

# CHINO BASIN WATERMASTER



## NOTICE OF MEETING

**Thursday, January 27, 2022**

11:00 a.m. – Watermaster Board Meeting

***MEETING AVAILABLE BY REMOTE ACCESS ONLY  
(SEE AGENDA FOR DETAILS)***

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court,  
and to develop and implement an Optimum Basin Management Program*

# **CHINO BASIN WATERMASTER**

**Thursday, January 27, 2022**

11:00 a.m. – Watermaster Board Meeting

***AGENDA***

**CHINO BASIN WATERMASTER  
WATERMASTER BOARD MEETING**

11:00 a.m. – January 27, 2022

*Mr. Jim Curatalo, 2021 Chair*

**Meeting Available by Remote Access Only\***  
Click on this [link](#) to access by PC/Smart Device

**OR**

**Conference Call: (346) 248-7799**

**Meeting ID: 863 9886 6536**

**Access Code: 789983**

**AGENDA**

**CALL TO ORDER**

**ROLL CALL**

**PUBLIC COMMENTS**

**AGENDA – ADDITIONS/REORDER**

**INTRODUCTIONS – CALENDAR YEAR 2022 WATERMASTER BOARD MEMBERS**

Appropriative Pool	Betty Folsom (Jurupa Community Services District)
Appropriative Pool	Scott Burton (Monte Vista Water District)
Appropriative Pool	Jim Curatalo (Minor Representative)
Overlying (Non-Ag) Pool	Bob Bowcock (CalMat Co.)
Overlying (Ag) Pool	Jeff Pierson (Crops)
Overlying (Ag) Pool	Pete Hall (State)
Municipal	Steve Elie (Inland Empire Utilities Agency)
Municipal	Bob Kuhn (Three Valleys Municipal Water District)
Municipal	Mike Gardner (Western Municipal Water District)

**I. CALENDAR YEAR 2022 OFFICERS – ACTION**

**A. ELECTION OF OFFICERS**

Chair \_\_\_\_\_

Vice-Chair \_\_\_\_\_

Secretary/Treasurer \_\_\_\_\_

**II. 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**

Approve as presented:

1. Minutes of the Watermaster Board Meeting held November 18, 2021 (Pg 7)

**B. FINANCIAL REPORTS**

Receive and file as presented:

1. Cash Disbursements for the month of October 2021 *(Pg 15)*
2. Watermaster VISA Check Detail for the month of October 2021 *(Pg 28)*
3. Combining Schedule for the Period July 1, 2021 through October 31, 2021 *(Pg 31)*
4. Treasurer's Report of Financial Affairs for the Period October 1, 2021 through October 31, 2021 *(Pg 34)*
5. Budget vs. Actual Report for the Period July 1, 2021 through October 31, 2021 *(Pg 38)*
6. Cash Disbursements for the month of November 2021 *(Pg 61)*
7. Watermaster VISA Check Detail for the month of November 2021 *(Pg 77)*
8. Combining Schedule for the Period July 1, 2021 through November 30, 2021 *(Pg 80)*
9. Treasurer's Report of Financial Affairs for the Period November 1, 2021 through November 30, 2021 *(Pg 84)*
10. Budget vs. Actual Report for the Period July 1, 2021 through November 30, 2021 *(Pg 109)*
11. Cash Disbursements for December 2021 (Information Only) *(Pg 109)*

**C. CHINO BASIN WATERMASTER INVESTMENT POLICY *(Pg 123)***

Adopt Resolution 2022-01 – Resolution of the Chino Basin Watermaster, San Bernardino County, California, Re-Authorizing the Watermaster's Investment Policy.

**D. LOCAL AGENCY INVESTMENT FUND *(Pg 130)***

Adopt Resolution 2022-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF).

**E. CHINO BASIN WATERMASTER 44<sup>TH</sup> ANNUAL REPORT (FISCAL YEAR 2020/21) *(Pg 133)***

Adopt the 44<sup>th</sup> Annual Report, along with filing a copy with the Court, subject to any necessary non-substantive changes.

**F. NOTICE OF INTENT TO CHANGE THE OPERATING SAFE YIELD OF THE CHINO GROUNDWATER BASIN *(Pg 290)***

**G. 2022 HEARING OFFICER PANEL APPOINTMENT *(Pg 292)***

Appoint the recommended panel of five, to be reconsidered periodically and no less frequently than annually.

**H. RESOLUTION 2022-03 AUTHORIZING REMOTE TELECONFERENCE MEETINGS UNDER BROWN ACT *(Pg 300)***

Adopt Resolution 2022-03 Authorizing Remote Teleconference Meetings under the Ralph M. Brown Act.

**III. BUSINESS ITEMS**

**A. DRY YEAR YIELD PROGRAM *(Pg 306)***

None.

**B. 2022 UPDATE TO THE 2019 CHINO BASIN WATERMASTER RULES AND REGULATIONS *(Pg 1013)***

Approve the 2022 Update to the 2019 Chino Basin Watermaster Rules and Regulations.

**C. 2020 OBMP IMPLEMENTATION PLAN *(Pg 1185)***

Direct staff to include the budget for any studies and/or planning efforts necessary to advance implementation of the 2020 OBMP and CEQA review in the FY 2022/23 budget.

**IV. REPORTS/UPDATES**

**A. LEGAL COUNSEL**

1. San Bernardino County Superior Court Emergency Order
2. February 4, 2022 Hearing
3. Evergreen Storage Agreements
4. Kaiser Permanente Lawsuit

**B. ENGINEER**

1. Storage Q&A
2. Safe Yield Reset Methodology Update
3. GLMC Update
4. Proposed Hexavalent Chromium MCL NOP Comments

**C. CHIEF FINANCIAL OFFICER**

1. FY 2021/22 Assessment Package Payments Status
2. Upcoming FY 2021/22 Mid-Year Review

**D. GENERAL MANAGER**

1. WUE Rulemaking Update
2. Groundwater Management and Drinking Water Well Principles and Strategies
3. Exhibit "G" Physical Solution Transfers
4. 2021 Shriners Hospitals for Children Fundraiser
5. Jim Theirl's Passing
6. Other

**V. COMMITTEE MEMBER COMMENTS**

**VI. OTHER BUSINESS**

**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

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

**VIII. FUTURE MEETINGS AT WATERMASTER\***

01/27/22	Thu	11:00 a.m.	Watermaster Board
02/01/22	Tue	10:00 a.m.	Storage Q&A
02/10/22	Thu	9:00 a.m.	Appropriative Pool Committee Meeting
02/10/22	Thu	11:00 a.m.	Non-Agricultural Pool Committee Meeting
02/10/22	Thu	1:30 p.m.	Agricultural Pool Committee Meeting
02/17/22	Thu	9:00 a.m.	Advisory Committee Meeting
02/24/22	Thu	11:00 a.m.	Watermaster Board

\* Watermaster meetings are being held remotely at this time. We are continuing to assess pandemic conditions and will resume in-person meetings when practical. Remote access to the open portions of the meetings will be provided with each meeting notice.

**ADJOURNMENT**

# **CHINO BASIN WATERMASTER**

## **II. CONSENT CALENDAR**

### **A. MINUTES**

1. Watermaster Board Meeting held on November 18, 2021

**DRAFT MINUTES**  
**CHINO BASIN WATERMASTER**  
**WATERMASTER BOARD MEETING**

November 18, 2021

The Watermaster Board meeting was held via Zoom (conference call and web meeting) on November 18, 2021.

**WATERMASTER BOARD MEMBERS PRESENT ON CALL**

James Curatalo, Chair	Fontana Union Water Company
Jeff Pierson, Vice-Chair	Agricultural Pool – Crops
Bob Kuhn, Secretary/Treasurer	Three Valleys Municipal Water District
Bob Bowcock	CalMat Co.
Steve Elie	Inland Empire Utilities Agency
Betty Folsom	Jurupa Community Services District
Mike Gardner	Western Municipal Water District
Paul Hofer	Agricultural Pool – Crops
Peter Rogers	City of Chino Hills

**WATERMASTER STAFF PRESENT ON CALL**

Peter Kavounas	General Manager
Joseph Joswiak	Chief Financial Officer
Edgar Tellez Foster	Water Resources Mgmt. & Planning Dir.
Anna Nelson	Executive Services Director/Board Clerk
Justin Nakano	Water Resources Technical Manager
Frank Yoo	Data Services and Judgment Reporting Mgr.
Janine Wilson	Senior Accountant
Ruby Favela	Administrative Assistant
David Huynh	Senior Field Operations Specialist
Alonso Jurado	Senior Field Operations Specialist

**WATERMASTER CONSULTANTS PRESENT ON CALL**

Scott Slater	Brownstein Hyatt Farber Schreck, LLP
Brad Herrema	Brownstein Hyatt Farber Schreck, LLP
Andy Malone	West Yost
Garrett Rapp	West Yost

**OTHERS PRESENT ON CALL**

Gino Filippi	Agricultural Pool – Crops
Pete Hall	Agricultural Pool – State of CA – CIM
Marilyn Levin	Agricultural Pool – State of CA – DOJ
Brian Geye	California Speedway Corporation
Steve Anderson	Best Best & Krieger LLP
Gene Tanaka	Best Best & Krieger LLP
Amanda Coker	City of Chino
Dave Crosley	City of Chino
Eunice Ulloa	City of Chino
Ron Craig	City of Chino Hills
Scott Burton	City of Ontario
Courtney Jones	City of Ontario
Vanny Khu	City of Ontario
Chris Quach	City of Ontario
Nicole deMoet	City of Ontario
Braden Yu	City of Upland
Eduardo Espinoza	City of Upland
Mark Gibboney	Cucamonga Valley Water District
Rob Hills	Cucamonga Valley Water District
Gidti Ludesirishoti	Cucamonga Valley Water District

Jiwon Seung  
Tara Bravo  
Tarren Torres  
Ben Lewis  
Joshua Aguilar  
Andy Campbell  
Jean Cihigoyenetché  
Liz Hurst  
Justin Scott-Coe  
Justin Scott-Coe  
Kevin O'Toole  
Jeff Davis  
Brian Lee  
John Lopez  
Jeff Mosher  
David De Jesus  
Laura Roughton  
Ryan Shaw  
Richard Rees

Cucamonga Valley Water District  
CV Strategies  
Egoscue Law Group, Inc.  
Golden State Water Company  
Inland Empire Utilities Agency  
Inland Empire Utilities Agency  
Inland Empire Utilities Agency  
Inland Empire Utilities Agency  
Monte Vista Irrigation Company  
Monte Vista Water District  
Orange County Water District  
Provost & Pritchard Consulting Group  
San Antonio Water Company  
Santa Ana River Water Company  
Santa Ana Watershed Project Authority  
Three Valleys Municipal Water District  
Western Municipal Water District  
Western Municipal Water District  
Wood plc

### **CALL TO ORDER**

Chair Curatalo called the Watermaster Board meeting to order at 11:01 a.m.

### **FLAG SALUTE**

Chair Curatalo led the Watermaster Board in the flag salute.

### **ROLL CALL**

(0:00:53) Ms. Nelson conducted the roll call and announced that a quorum was present.

### **PUBLIC COMMENTS**

None

### **RECOGNITION OF OUTGOING MEMBER'S SERVICE ON WATERMASTER BOARD**

(0:02:27) Mr. Kavounas announced that Members Rogers and Curatalo are rotating off the Board next year, and thanked them for their service. He invited Chair Curatalo to comment on Member Rogers' service. Vice-Chair Pierson commented on Chair Curatalo's service. The Board took turns commending Member Rogers and Curatalo for their outstanding public service on the Watermaster Board.

### **AGENDA - ADDITIONS/REORDER**

(0:22:42) Mr. Kavounas indicated that Consent Calendar Item I.C. is being pulled for a separate vote and that Business Item II.F. is being reordered to take place before the Consent Calendar.

#### **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**

Approve as presented:

1. Minutes of the Watermaster Board Meeting held October 28, 2021



**B. FINANCIAL REPORTS**

Receive and file as presented:

1. Cash Disbursements for the month of September 2021
2. Watermaster VISA Check Detail for the month of September 2021
3. Combining Schedule for the Period July 1, 2021 through September 30, 2021
4. Treasurer's Report of Financial Affairs for the Period September 1, 2021 through September 30, 2021
5. Budget vs. Actual Report for the Period July 1, 2021 through September 30, 2021
6. Cash Disbursements for October 2021 (Information Only)

**C. APPLICATION: WATER TRANSACTION**

Approve the proposed transaction:

The transfer of 1,000.0 acre-feet of water from Santa Ana River Water Company to BlueTriton Brands, Inc. This transfer is made from Santa Ana River Water Company's Excess Carryover Account.

**D. ANNUAL FINDING OF SUBSTANTIAL COMPLIANCE WITH THE RECHARGE MASTER PLAN**

Adopt the finding that Watermaster is in substantial compliance with the Recharge Master Plan.

**E. 2020/21 ANNUAL REPORT OF THE GROUND-LEVEL MONITORING COMMITTEE**

Approve the 2020/21 Annual Report of the Ground-Level Monitoring Committee, along with filing a copy with the Court.

**F. FISCAL YEAR 2021/22 REVISED PAY SCHEDULE**

Adopt the revised Pay Schedule, effective January 1, 2022.

(0:46:15) A roll call vote was taken.

*Motion by Mr. Peter Rogers, seconded by Mr. Bob Kuhn, and passed by unanimous vote as attached to these minutes.*

***Moved to approve the Consent Calendar with the exception of Item I.C. and with a correction to the October 28, 2021, minutes as presented.***

(0:51:18) A roll call vote was taken.

*Motion by Mr. Steve Elie, seconded by Mr. Mike Gardner, and passed by majority vote as attached to these minutes.*

***Moved to approve Consent Calendar Item I.C. as presented.***

No votes were cast by Messrs. Hofer and Pierson on Consent Calendar Item I.C.

**II. BUSINESS ITEMS**

**A. FISCAL YEAR 2021/22 SCOPE AND BUDGET FOR THE SAFE YIELD RESET METHODOLOGY UPDATE (DISCUSSION ONLY)**

(0:52:22) Mr. Kavounas gave a report and invited Mr. Rapp of West Yost to give a presentation. A discussion ensued.

**B. FISCAL YEAR 2021/22 BUDGET AMENDMENT (FORM A-21-11-01)**

Adopt the Fiscal Year 2021/22 Budget Amendment (Form A-21-11-01).

(1:04:50) Mr. Kavounas gave a report.

(1:06:45) A roll call vote was taken.

*Motion by Mr. Mike Gardner, seconded by Vice-Chair Jeff Pierson, and passed by unanimous vote as attached to these minutes.*

***Moved to approve Business Item II.B. as presented.***

#### **C. DRY YEAR YIELD PROGRAM**

Direct staff to seek direction from the Appropriate Pool on the concerns raised by the City of Ontario regarding the Dry Year Yield Program.

(1:07:52) Mr. Kavounas gave a report. A discussion ensued.

(1:23:20) *Motion by Mr. Bob Bowcock, seconded by Vice-Chair Jeff Pierson, and passed by unanimous vote as attached to these minutes.*

(1:25:25) Mr. Gardner suggested asking the Appropriate Pool Committee to reconsider the item and to see if there is interest in pursuing a resolution. Additional discussion ensued.

(1:34:54) A roll call vote was taken.

*Motion by Mr. Bob Bowcock, seconded by Vice-Chair Jeff Pierson, and passed unanimously.*

***Moved to direct staff to seek input from parties, summarize the issue and present any recommendations at a future meeting.***

Mr. Hofer left meeting after Business Item II.C.

#### **D. FISCAL YEAR 2021/22 ASSESSMENT PACKAGE**

Approve the Fiscal Year 2021/22 Assessment Package as presented.

(1:39:02) Mr. Kavounas introduced Mr. Frank Yoo who provided a presentation to the Board on the Fiscal Year 2021/22 Assessment Package. A discussion ensued.

(1:50:25) A roll call vote was taken.

*Motion by Vice-Chair Pierson, seconded by Mr. Bob Kuhn, and passed unanimously.*

***Moved to approve Business Item II.D. as presented.***

#### **E. RESOLUTION TO LEVY REPLENISHMENT AND ADMINISTRATIVE ASSESSMENTS FOR FISCAL YEAR 2021/22**

Adopt Resolution 2021-05 as presented.

(1:52:20) Mr. Kavounas gave a report.

(1:53:32) A roll call vote was taken.

*Motion by Mr. Steve Elie, seconded by Mr. Mike Gardner, and passed unanimously*

***Moved to approve Business Item II.E. as presented.***

#### **F. SANTA ANA RIVER WATERSHED WEATHER MODIFICATION PILOT PROGRAM (DISCUSSION ONLY)**

(0:24:25) Mr. Mosher of SAWPA gave a report. A discussion ensued.

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

#### **A. LEGAL COUNSEL**

1. San Bernardino County Superior Court Emergency Order
2. November 5, 2021 Hearing
3. Rules & Regulations Update

4. Evergreen Storage Agreements
5. Kaiser Permanente Lawsuit

(1:55:16) Mr. Slater gave a report.

**B. ENGINEER**

1. Data Collection and Evaluation Workshop #1
2. Plan to Mitigate for Loss of Hydraulic Control
3. Responses to Storage Questions

(2:00:30) Mr. Garrett Rapp gave a report.

**C. CHIEF FINANCIAL OFFICER**

1. Fiscal Year 2021/22 Assessment Invoicing

(2:03:47) Mr. Joswiak gave a report.

**D. GENERAL MANAGER**

1. Personnel and Compensation Items
2. Chino Basin Sustainability
3. Watermaster's Holiday Charity Event
4. December Meetings
5. ACWA Election of Officers
6. Grant Funding Opportunities
7. Other

(2:04:49) Mr. Kavounas gave a report; A discussion ensued.

**IV. BOARD MEMBER COMMENTS**

Mr. Gardner wished everyone a Happy Thanksgiving.

Chair Curatalo wished everyone a happy holiday season.

**V. OTHER BUSINESS**

**VI. CONFIDENTIAL SESSION - POSSIBLE ACTION**

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

None.

**ADJOURNMENT**

Chair Curatalo adjourned the Watermaster Board meeting 1:15 p.m.

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

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

Attachments:

1. 20211118 Roll Call Vote Outcome for Consent Calendar
2. 20211118 Roll Call Vote Outcome for Business Items II.B., II.C., II.D., & II.E.

**Attachment 1 to 20211118 Watermaster Board Meeting Minutes**

<b>November 18, 2021 Watermaster Board Meeting Roll Call Vote Outcome</b>
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<b>Member</b>	<b>Alternate</b>	<b>Consent Calendar Items (w/o I.C.)</b>	<b>Consent Calendar Item I.C.</b>
Bowcock, Bob		yes	yes
Elie, Steve		yes	yes
Folsom, Betty		yes	yes
Gardner, Mike		yes	yes
Hofer, Paul		yes	no
Kuhn, Bob, Secretary/Treasurer		yes	yes
Pierson, Jeff, Vice-Chair		yes	no
Rogers, Peter		yes	yes
Curatalo, James, Chair		yes	yes
	<b>OUTCOME:</b>	<b>Passed Unanimously</b>	<b>Passed by Majority</b>

**Attachment 2 to 20211118 Watermaster Board Meeting Roll Call Vote Outcome for Business Items**

<b>Member</b>	<b>Alternate</b>	<b>Business Item II.B.</b>	<b>Business Item II.C.</b>	<b>Business Item II.D.</b>	<b>Business Item II.E.</b>
Bowcock, Bob		yes	yes	yes	yes
Elie, Steve		yes	yes	yes	yes
Folsom, Betty		yes	yes	yes	yes
Gardner, Mike		yes	yes	yes	yes
Hofer, Paul*		yes	yes		
Kuhn, Bob, Secretary/Treasurer		yes	yes	yes	yes
Pierson, Jeff, Vice-Chair		yes	yes	yes	yes
Rogers, Peter		yes	yes	yes	yes
Curatalo, James, Chair		yes	yes	yes	yes
<b>OUTCOME:</b>		<b>Passed Unanimously</b>	<b>Passed Unanimously</b>	<b>Passed Unanimously Among Those Present</b>	<b>Passed Unanimously Among Those Present</b>

\*Paul Hofer left meeting.

# CHINO BASIN WATERMASTER

## **II. CONSENT CALENDAR**

### **B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of October 2021
2. Watermaster VISA Check Detail for the month of October 2021
3. Combining Schedule for the Period July 1, 2021 through October 31, 2021
4. Treasurer's Report of Financial Affairs for the Period October 1, 2021 through October 31, 2021
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10. Budget vs. Actual Report for the Period July 1, 2021 through November 30, 2021
11. Cash Disbursements for December 2021 (Information Only)



# CHINO BASIN WATERMASTER

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Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

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PETER KAVOUNAS, P.E.  
General Manager

## STAFF REPORT

DATE: January 27, 2022  
TO: Board Members  
SUBJECT: Cash Disbursement Report - Financial Report B1 (October 31, 2021)  
(Consent Calendar Item II.B.1.)

### SUMMARY

Issue: Record of Cash Disbursements for the month of October 2021.

Recommendation: Receive and file Cash Disbursements for October 2021 as presented.

Financial Impact: Funds disbursed were included in the FY 2021/22 "Amended" Watermaster Budget.

### Future Consideration

**Watermaster Board – January 27, 2022:** Receive and File (Normal Course of Business)

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### ACTIONS:

**Appropriative Pool – January 13, 2022:** Received and filed

**Non-Agricultural Pool – January 13, 2022:** Moved unanimously to receive and file, without approval

**Agricultural Pool – January 13, 2022:** Received and filed

**Advisory Committee – January 20, 2022:** Received and filed

**Watermaster Board – January 27, 2022:**

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court,  
and to develop and implement an Optimum Basin Management Program*

## BACKGROUND

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

## DISCUSSION

Total cash disbursements during the month of October 2021 were \$576,954.44.

The most significant expenditures during the month were to West Yost Associates in the amount of \$297,492.67 (check number 23122 dated October 6, 2021); and Brownstein Hyatt Farber Schreck in the amount of \$36,489.84 (check number 23143 dated October 26, 2021).

## ATTACHMENTS

1. Financial Report – B1



**CHINO BASIN WATERMASTER**  
**Cash Disbursements For The Month of**  
**October 2021**

Type	Date	Num	Name	Memo	Account	Paid Amount
<b>General Journal</b>	<b>10/02/2021</b>	<b>10/02/2021</b>	<b>Payroll and Taxes for 09/19/21-10/02/21</b>	<b>Payroll and Taxes for 09/19/21-10/02/21</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
			ADP, LLC	Direct Deposits for 09/19/21-10/02/21	1012 - Bank of America Gen'l Ckg	31,114.86
			ADP, LLC	Payroll Taxes for 09/19/21-10/02/21	1012 - Bank of America Gen'l Ckg	11,994.39
			MISSIONSQUARE RETIREMENT	457(b) EE Deductions for 09/19/21-10/02/21	1012 - Bank of America Gen'l Ckg	5,765.46
			MISSIONSQUARE RETIREMENT	401(a) EE Deductions for 09/19/21-10/02/21	1012 - Bank of America Gen'l Ckg	1,694.48
TOTAL						<u>50,569.19</u>
<b>Bill Pmt -Check</b>	<b>10/05/2021</b>	<b>ACH 100521</b>	<b>CALPERS</b>	<b>1394905143</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/01/2021	1394905143		Medical Insurance Premiums - October 2021	60182.1 - Medical Insurance	11,327.95
TOTAL						<u>11,327.95</u>
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23093</b>	<b>ACCENT COMPUTER SOLUTIONS, INC.</b>	<b>147163</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/01/2021	147163		Monthly Services - October 2021	6052.4 - IT Managed Services	4,040.63
				Overwatch - October 2021	6052.5 - IT Data Backup/Storage	699.00
				OmniCloud - October 2021	6052.5 - IT Data Backup/Storage	170.00
				Office 365 Subscriptions/Business Premier - Octob	6052.4 - IT Managed Services	204.75
				Image office storage (per GB, per month)	6052.5 - IT Data Backup/Storage	546.00
TOTAL						<u>5,660.38</u>
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23094</b>	<b>ACWA JOINT POWERS INSURANCE AUTHORITY</b>	<b>0675100</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/01/2021	0675100		Prepayment - November 2021	1409 - Prepaid Life, BAD&D & LTD	244.93
				October 2021	60191 - Life & Disab.Ins Benefits	256.90
TOTAL						<u>501.83</u>
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23095</b>	<b>APPLEONE</b>	<b>01-6048935</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	09/22/2021	01-6048935		Brian Summers	6017.2 - Office Specialist Services	1,245.04
TOTAL						<u>1,245.04</u>
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23096</b>	<b>APPLIED COMPUTER TECHNOLOGIES</b>	<b>3461</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	09/30/2021	3461		Database Consulting - September 2021	6052.2 - Applied Computer Technol	3,850.00
TOTAL						<u>3,850.00</u>
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23097</b>	<b>BANALES D.C.</b>	<b>02417</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	09/29/2021	02417		Installation of plumbing equipment & items	1840 - Capital Assets	2,910.00
TOTAL						<u>2,910.00</u>
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23098</b>	<b>BURRTEC WASTE INDUSTRIES, INC.</b>	<b>N2112282821</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/05/2021	N2112282821		October 2021 - customer #21136525395	6024 - Building Repair & Maintenance	142.50
TOTAL						<u>142.50</u>

**CHINO BASIN WATERMASTER**  
**Cash Disbursements For The Month of**  
**October 2021**

Type	Date	Num	Name	Memo	Account	Paid Amount
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23099</b>	<b>DE BOOM, NATHAN</b>	<b>Ag Pool Member Compensation</b>	<b>1012 - Bank of America Gen'I Ckg</b>	
Bill	09/09/2021	9/09 Ag Pool Mtg		9/09/21 Ag Pool Mtg	8470 - Ag Meeting Attend -Special	125.00
Bill	09/20/2021	9/20 Special Ag Mtg		9/20/21 Special Ag Pool Mtg	8470 - Ag Meeting Attend -Special	125.00
TOTAL						250.00
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23100</b>	<b>ELIE, STEVEN</b>	<b>Board Member Compensation</b>	<b>1012 - Bank of America Gen'I Ckg</b>	
Bill	09/02/2021	9/02 Admin Mtg		9/02/21 Administrative meeting w/PK	6311 - Board Member Compensation	125.00
Bill	09/23/2021	9/23 Board Mtg		9/23/21 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23101</b>	<b>EMPOWER LAB</b>	<b>1999</b>	<b>1012 - Bank of America Gen'I Ckg</b>	
Bill	09/30/2021	1999		Empower Lab - September 2021	6193 - Employee Training	1,075.00
TOTAL						1,075.00
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23102</b>	<b>FEDAK &amp; BROWN LLP</b>	<b>Auditing Progress Billing</b>	<b>1012 - Bank of America Gen'I Ckg</b>	
Bill	09/30/2021			September 2021	6062 - Audit Services	4,850.00
TOTAL						4,850.00
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23103</b>	<b>FILIPPI, GINO</b>	<b>Ag Pool Member Compensation</b>	<b>1012 - Bank of America Gen'I Ckg</b>	
Bill	09/16/2021	9/16 Advisory Comm		9/16/21 Advisory Committee mtg	8470 - Ag Meeting Attend -Special	125.00
Bill	09/20/2021	9/20 Special Ag Mtg		9/20/21 Special Ag Pool mtg	8470 - Ag Meeting Attend -Special	125.00
Bill	09/23/2021	9/23 Board Mtg		9/23/21 Board Mtg	8470 - Ag Meeting Attend -Special	125.00
TOTAL						375.00
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23104</b>	<b>FOLSOM, BETTY</b>	<b>Board Member Compensation</b>	<b>1012 - Bank of America Gen'I Ckg</b>	
Bill	09/20/2021	9/20 Board Mtg Prep		9/20/21 Board prep call w/Curatalo & Rogers	6311 - Board Member Compensation	125.00
Bill	09/23/2021	9/23 Board Mtg		9/23/21 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23105</b>	<b>FONTANA UNION WATER COMPANY'</b>	<b>Board Member Compensation</b>	<b>1012 - Bank of America Gen'I Ckg</b>	
Bill	08/12/2021	8/12 AP Confidential		8/12/21 AP confidential session - Curatalo	6311 - Board Member Compensation	125.00
Bill	08/17/2021	8/17 Budget/Comp Mtg		8/17/21 Budget/Staff Comp. mtg. - Curatalo	6311 - Board Member Compensation	125.00
Bill	08/19/2021	8/19 AP and Advisory		8/19/21 AP confidential session - Curatalo	6311 - Board Member Compensation	125.00
Bill	08/24/2021	8/24 Mtg w/PK		8/24/21 Meeting w/PK - Curatalo	6311 - Board Member Compensation	125.00
Bill	08/26/2021	8/26 AP Confidential		8/26/21 AP confidential session - Curatalo	6311 - Board Member Compensation	125.00
Bill	08/31/2021	8/30 Mtg w/PK		8/31/21 Meeting w/PK - Curatalo	6311 - Board Member Compensation	125.00
Bill	09/02/2021	9/02 Admin Mtg		9/02/21 Meeting w/PK - Curatalo	6311 - Board Member Compensation	125.00
Bill	09/03/2021	9/03 Legal Counsel		9/03/21 Mtg. w/AP Legal Counsel - Curatalo	6311 - Board Member Compensation	125.00
Bill	09/07/2021	9/07 Admin Mtg		9/07/21 Mtg. w/Kavounas/ Kuhn - Curatalo	6311 - Board Member Compensation	125.00

**CHINO BASIN WATERMASTER**  
**Cash Disbursements For The Month of**  
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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	09/09/2021	9/09 Appro Pool Mtg		9/09/21 AP Meeting - Curatalo	6311 · Board Member Compensation	125.00
Bill	09/13/2021	9/13 Legal Counsel		9/13/21 Mtg. w/Legal Counsel - Curatalo	6311 · Board Member Compensation	125.00
Bill	09/14/2021	9/14 Legal Counsel		9/14/21 Mtg. w/Legal Counsel - Curatalo	6311 · Board Member Compensation	125.00
Bill	09/15/2021	9/15 Admin Mtg		9/15/21 Mtg. w/P. Kavounas - Curatalo	6311 · Board Member Compensation	125.00
Bill	09/16/2021	9/16 Appro Pool Conf		9/16/21 AP Confidential Session - Curatalo	6311 · Board Member Compensation	125.00
Bill	09/17/2021	9/17 Legal Counsel		9/17/21 Mtg. w/WM Legal Counsel - Curatalo	6311 · Board Member Compensation	125.00
Bill	09/21/2021	9/21 Board Agenda		9/21/21 Board Agenda preview mtg. - Curatalo	6311 · Board Member Compensation	125.00
Bill	09/23/2021	9/23 Board Mtg		9/23/21 Board meeting - Curatalo	6311 · Board Member Compensation	125.00
Bill	09/24/2021	9/24 Legal Counsel		9/24/21 Mtg. w/WM Legal Counsel - Curatalo	6311 · Board Member Compensation	125.00
Bill	09/27/2021	9/27 Board Members		9/27/21 Mtgs.w/WM Board Members - Curatalo	6311 · Board Member Compensation	125.00
TOTAL						2,375.00
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23106</b>	<b>JOHN DIAZ PAINTING</b>	<b>Office Painting</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	10/01/2021			Painting and remodel of women's restroom	1840 · Capital Assets	250.00
TOTAL						250.00
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23107</b>	<b>NELSON, ANNA</b>	<b>Employee Expense Reimbursement</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	09/29/2021	Emp Reimbursement		Reimbursement for adimin mtg. expenses	6141.3 · Admin Meetings	162.45
TOTAL						162.45
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23108</b>	<b>PIETERSMA, RONALD</b>	<b>Ag Pool Member Compensation</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	09/09/2021	9/09 Ag Pool Mtg		9/09/21 Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	09/20/2021	9/20 Special Ag Pool		9/20/21 Special Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
TOTAL						250.00
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23109</b>	<b>PITNEY BOWES GLOBAL FINANCIAL SERVICE 3105040076</b>		<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	10/01/2021	3105040076		Account #0011526621	6044 · Postage Meter Lease	430.63
TOTAL						430.63
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23110</b>	<b>PREMIERE GLOBAL SERVICES</b>	<b>30724506</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	09/29/2021	30724506		Fee - General	6022 · Telephone	39.00
				Service fee	6022 · Telephone	4.25
				Fee - Confidential	6022 · Telephone	39.00
				Service fee	6022 · Telephone	4.25
				Shortfall	6022 · Telephone	78.00
				Minimum commitment	6022 · Telephone	186.50
TOTAL						351.00
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23111</b>	<b>PURCHASE POWER</b>	<b>8000-9090-0016-8851</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	09/17/2021	8000909000168851		Postage refill - 9/17/21	6042 · Postage - General	499.50

**CHINO BASIN WATERMASTER**  
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Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						499.50
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23112</b>	<b>ROGERS, PETER</b>	<b>Board Member Compensation</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	09/20/2021	9/20 Mtg w/AP Chair		9/20/21 Meeting w/AP Chair	6311 - Board Member Compensation	125.00
Bill	09/23/2021	9/23 Board Mtg		9/23/21 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23113</b>	<b>RR FRANCHISING, INC.</b>	<b>Janitorial Services</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	09/23/2021	103643		Electrostatic spraying-office-Sep. 18, 2021	6024 - Building Repair & Maintenance	222.50
Bill	10/01/2021	103876		Monthly service - October 2021	6024 - Building Repair & Maintenance	915.00
TOTAL						1,137.50
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23114</b>	<b>STAPLES BUSINESS ADVANTAGE</b>	<b>8056333427</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	09/29/2021	8056333427		Invoice from 11/28/19 - copy paper	6031.1 - Copy Paper	188.51
TOTAL						188.51
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23115</b>	<b>STATE COMPENSATION INSURANCE FUND</b>	<b>1000293043</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/01/2021	1970970		Policy # 1970970 - Premium 9/26/21-1026/21	60183 - Worker's Comp Insurance	702.33
TOTAL						702.33
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23116</b>	<b>ULINE</b>	<b>Miscellaneous Office Supplies</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	09/16/2021	61263639		Trash cans and mats for office	6031.7 - Other Office Supplies	123.51
Bill	09/20/2021	61376028		Floor mat for office	6031.7 - Other Office Supplies	30.01
TOTAL						153.52
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23117</b>	<b>UNION 76</b>	<b>7076-2245-3035-5049</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	09/29/2021	7076224530355049		September 2021	6175 - Vehicle Fuel	336.94
TOTAL						336.94
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23118</b>	<b>VISION SERVICE PLAN</b>	<b>00-101789-0001</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	09/29/2021	813286689		Vision Insurance Premium - October 2021	60182.2 - Dental & Vision Ins	93.83
TOTAL						93.83
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23119</b>	<b>APPLEONE</b>	<b>01-6055168</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	09/29/2021	01-6055168		Brian Summers	6017.2 - Office Specialist Services	1,260.80
TOTAL						1,260.80
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23120</b>	<b>BOWCOCK, ROBERT</b>	<b>Board Member Compensation</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	09/09/2021	9/09 Non Ag Pool Mtg		9/09/21 Non-Ag Pool Meeting	6311 - Board Member Compensation	125.00
Bill	09/16/2021	9/16 Advisory Comm		9/16/21 Advisory Committee Meeting	6311 - Board Member Compensation	125.00

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**October 2021**

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	09/23/2021	9/23 Board Mtg		9/23/21 Board Meeting	6311 · Board Member Compensation	125.00
TOTAL						375.00
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23121</b>	<b>GEYE, BRIAN</b>	<b>Non-Ag Pool Member Compensation</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	09/09/2021	9/09 Non Ag Pool Mtg		9/09/21 Non-Ag Pool Meeting	8511 · Non-Ag Pool Member Compensation	125.00
Bill	09/16/2021	9/16 Advisory Comm		9/16/21 Advisory Committee Meeting	8511 · Non-Ag Pool Member Compensation	125.00
Bill	09/23/2021	9/23 Board Mtg		9/23/21 Board Meeting	8511 · Non-Ag Pool Member Compensation	125.00
TOTAL						375.00
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23122</b>	<b>WEST YOST</b>		<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	08/31/2021	2046564		2046564	6906.31 · OBMP-Pool, Adv. Board Mtgs	1,538.25
Bill	08/31/2021	2046565		2046565	6906.32 · OBMP-Other General Meetings	11,989.25
Bill	08/31/2021	2046566		2046566	6906.71 · OBMP-Data Req.-CBWM Staff	14,770.75
Bill	08/31/2021	2046567		2046567	6906.72 · OBMP-Data Req.-Non CBWM Staff	1,159.75
Bill	08/31/2021	2046568		2046568	6906.22 · Water Rights Compliance Rprting	10,752.25
Bill	08/31/2021	2046569		2046569	6906 · OBMP Engineering Services	5,701.25
Bill	08/31/2021	2046570		2046570	6906.1 · OBMP-Watermaster Model Update	11,506.75
Bill	08/31/2021	2046571		2046571	6906.81 · Prepare Annual Reports	920.50
Bill	08/31/2021	2046572		2046572	6906.15 · Integrated Model Mtgs-IEUA Cost	8,818.50
Bill	08/31/2021	2046573		2046573	7103.3 · Grdwtr Qual-Engineering	39,581.03
Bill	08/31/2021	2046574		2046574	7104.3 · Grdwtr Level-Engineering	8,475.89
Bill	08/31/2021	2046575		2046575	7107.2 · Grd Level-Engineering	6,283.61
Bill	08/31/2021	2046576		2046576	7107.2 · Grd Level-Engineering	519.75
Bill	08/31/2021	2046577		2046577	7107.2 · Grd Level-Engineering	404.25
				General Atomics	7107.3 · Grd Level-SAR Imagery	77,623.00
Bill	08/31/2021	2046578		2046578	7109.3 · Recharge & Well - Engineering	1,706.25
Bill	08/31/2021	2046579		2046579	7110.3 · Ag Prod. & Estimation-Eng. Serv	926.25
Bill	08/31/2021	2046580		2046580	7111.3 · Data Collection & Mgmt-Eng. Ser	1,157.25
Bill	08/31/2021	2046581		2046581	7202.2 · Engineering Svc	4,552.00
Bill	08/31/2021	2046582		2046582	7402 · PE4-Engineering	7,311.50
Bill	08/31/2021	2046583		2046583	7402.10 · PE4 - Northwest MZ1 Area Proj.	19,929.75
Bill	08/31/2021	2046584		2046584	7402 · PE4-Engineering	1,732.50
Bill	08/31/2021	2046585		2046585	7502 · PE6&7-Engineering	10,557.00
Bill	08/31/2021	2046586		2046586	7510 · PE6&7-IEUA Salinity Mgmt. Plan	12,776.25
Bill	08/31/2021	2046587		2046587	7614 · PE8&9-Develop S&R Master Plan	8,753.25
Bill	08/31/2021	2046588		2046588	6906.14 · Modeling for WSIP-100% IEUA	26,682.64
Bill	08/31/2021	2046589		2046589	7206.1 · SB88 Specs-Ensure Compliance	1,363.25
TOTAL						297,492.67
<b>Bill Pmt -Check</b>	<b>10/06/2021</b>	<b>23123</b>	<b>WESTERN MUNICIPAL WATER DISTRICT</b>	<b>Board Member Compensation</b>	<b>1012 · Bank of America Gen'l Ckg</b>	

**CHINO BASIN WATERMASTER**  
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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	09/09/2021	9/09 Appro Pool Mtg		9/09/21 AP meeting - Gardner	6311 · Board Member Compensation	125.00
Bill	09/16/2021	9/16 Advisory Comm		9/16/21 Advisory Comm. meeting - Gardner	6311 · Board Member Compensation	125.00
Bill	09/23/2021	9/23 Board Mtg		9/23/21 Board meeting - Gardner	6311 · Board Member Compensation	125.00
TOTAL						375.00
<b>General Journal</b>	<b>10/13/2021</b>	<b>21/10/25</b>	<b>HEALTH EQUITY</b>	<b>Health Equity Invoice 3101530</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
			HEALTH EQUITY	Health Equity Invoice 3101530	1012 · Bank of America Gen'l Ckg	74.26
TOTAL						74.26
<b>General Journal</b>	<b>10/15/2021</b>	<b>10/15/2021</b>	<b>ADP, LLC</b>	<b>ADP Tax Service for 09/18/21-590005889</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
			ADP, LLC	ADP Tax Service for 09/18/21-590005889	1012 · Bank of America Gen'l Ckg	155.50
			ADP, LLC	ADP Tax Service for 09/18/21-590005889	1012 · Bank of America Gen'l Ckg	155.50
TOTAL						311.00
<b>Check</b>	<b>10/15/2021</b>	<b>10/15/2021</b>	<b>Service Charge</b>	<b>Service Charge</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
				Service Charge	6039.1 · Banking Service Charges	1,228.59
TOTAL						1,228.59
<b>General Journal</b>	<b>10/21/2021</b>	<b>10/21/2021</b>	<b>Payroll and Taxes for 10/03/21-10/16/21</b>	<b>Payroll and Taxes for 10/03/21-10/16/21</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
			ADP, LLC	Direct Deposits for 10/03/21-10/16/21	1012 · Bank of America Gen'l Ckg	35,755.53
			ADP, LLC	Payroll and Taxes for 10/03/21-10/16/21	1012 · Bank of America Gen'l Ckg	12,859.34
			MISSIONSQUARE RETIREMENT	457(b) EE Deductions for 10/03/21-10/16/21	1012 · Bank of America Gen'l Ckg	5,765.46
			MISSIONSQUARE RETIREMENT	401(a) EE Deductions for 10/03/21-10/16/21	1012 · Bank of America Gen'l Ckg	1,694.48
TOTAL						56,074.81
<b>General Journal</b>	<b>10/19/2021</b>	<b>10/19/2021</b>	<b>HEALTH EQUITY</b>	<b>Health Equity Invoice 3115501</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
			HEALTH EQUITY	Health Equity Invoice 3115501	1012 · Bank of America Gen'l Ckg	747.35
TOTAL						747.35
<b>Bill Pmt -Check</b>	<b>10/07/2021</b>	<b>ACH 100721</b>	<b>PUBLIC EMPLOYEES' RETIREMENT SYSTEM</b>	<b>Payor #3493</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
General Journal	10/02/2021	10/07/2021	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPERS Retirement for 09/19/21-10/02/21	2000 · Accounts Payable	9,186.50
TOTAL						9,186.50
<b>Bill Pmt -Check</b>	<b>10/22/2021</b>	<b>23124</b>	<b>APPLEONE</b>	<b>Temporary Services</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	10/06/2021	01-6062812		Brian Summers	6017.2 · Office Specialist Services	1,245.04
Bill	10/13/2021	01-6072228		Brian Summers	6017.2 · Office Specialist Services	1,260.80
TOTAL						2,505.84
<b>Bill Pmt -Check</b>	<b>10/22/2021</b>	<b>23125</b>	<b>BANK OF AMERICA</b>	<b>XXXX-XXXX-XXXX-4026</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	09/30/2021	XXXX-XXXX-XXXX-4026		Panels for PK office walls	6025 · Building Interior Renovations	2,793.91

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<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Account</u>	<u>Paid Amount</u>
				Miscellaneous office supplies	6031.7 · Other Office Supplies	25.71
				Miscellaneous office supplies	6031.7 · Other Office Supplies	270.95
				Monthly amount due for Zoom Webinar	6022 · Telephone	35.59
				Adhesive for PK wall panels	6025 · Building Interior Renovations	50.47
				Miscellaneous office supplies	6031.7 · Other Office Supplies	347.79
				Miscellaneous office supplies	6031.7 · Other Office Supplies	24.92
				Miscellaneous office supplies	6025 · Building Interior Renovations	180.24
				Routers for office	6055 · Computer Hardware	86.29
				Miscellaneous office supplies	6031.7 · Other Office Supplies	6.68
				Miscellaneous office supplies	6031.7 · Other Office Supplies	59.08
				Miscellaneous office supplies	6031.7 · Other Office Supplies	13.41
				Miscellaneous office supplies	6031.7 · Other Office Supplies	112.09
				Miscellaneous office supplies	6031.7 · Other Office Supplies	39.83
				Copy paper	6031.1 · Copy Paper	453.84
				Miscellaneous office supplies	6031.7 · Other Office Supplies	42.29
				AN replacement monitor	6055 · Computer Hardware	234.60
				AN replacement monitor	6055 · Computer Hardware	234.60
				Mirror for men's restroom	6025 · Building Interior Renovations	242.28
				Miscellaneous office supplies	6031.7 · Other Office Supplies	114.62
				50% deposit on desktop and laptop	6055 · Computer Hardware	836.50
				Miscellaneous office supplies	6031.7 · Other Office Supplies	21.67
				Miscellaneous office supplies	6025 · Building Interior Renovations	152.44
				Miscellaneous office supplies	6025 · Building Interior Renovations	678.91
				Miscellaneous office supplies	6031.7 · Other Office Supplies	114.11
				Miscellaneous office supplies	6031.7 · Other Office Supplies	11.40
				Miscellaneous office supplies	6031.7 · Other Office Supplies	63.11
				Software license	6054 · Computer Software	52.51
				Miscellaneous office supplies	6031.7 · Other Office Supplies	36.44
				Miscellaneous office supplies	6031.7 · Other Office Supplies	35.85
				PK mtg w/Celeste Cantu	8312 · Meeting Expenses	16.20
				PK mtg w/John Bosler	8312 · Meeting Expenses	29.69
<b>TOTAL</b>						<b>7,418.02</b>
<b>Bill Pmt -Check</b>	<b>10/22/2021</b>	<b>23126</b>	<b>CORELOGIC INFORMATION SOLUTIONS</b>	<b>821021869</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	09/30/2021	82101863		September 2021	7103.7 · Grdwtr Qual-Computer Svc	62.50
				821021869	7101.4 · Prod Monitor-Computer	62.50
<b>TOTAL</b>						<b>125.00</b>
<b>Bill Pmt -Check</b>	<b>10/22/2021</b>	<b>23127</b>	<b>CUCAMONGA VALLEY WATER DISTRICT</b>	<b>Office Lease</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	10/19/2021			Lease due on November 1, 2021	1422 · Prepaid Rent	7,588.83

**CHINO BASIN WATERMASTER**  
**Cash Disbursements For The Month of**  
**October 2021**

Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						7,588.83
Bill Pmt -Check	10/22/2021	23128	EGOSCUE LAW GROUP, INC.	September 2021	1012 - Bank of America Gen'l Ckg	
Bill	09/30/2021			Ag Pool Legal Services - September 2021	8467 - Ag Legal & Technical Services	20,262.50
TOTAL						20,262.50
Bill Pmt -Check	10/22/2021	23129	FIRST LEGAL NETWORK LLC	40053469	1012 - Bank of America Gen'l Ckg	
Bill	09/30/2021	40053469		Court filings for September 2021	6061.5 - Court Filing Services	175.94
TOTAL						175.94
Bill Pmt -Check	10/22/2021	23130	FRONTIER COMMUNICATIONS	909-484-3890-050914-5	1012 - Bank of America Gen'l Ckg	
Bill	10/20/2021	90948438900509145		Office fax	6022 - Telephone	166.38
TOTAL						166.38
Bill Pmt -Check	10/22/2021	23131	GREAT AMERICA LEASING CORP.	30293478	1012 - Bank of America Gen'l Ckg	
Bill	10/20/2021	30293478		Invoice for October 2021	6043.1 - Ricoh Lease Fee	1,481.41
				Supply freight fee	6043.2 - Ricoh Usage & Maintenance Fee	8.57
TOTAL						1,489.98
Bill Pmt -Check	10/22/2021	23132	JOHN J. SCHATZ	AP Legal Services	1012 - Bank of America Gen'l Ckg	
Bill	09/30/2021			September 2021	8367 - Legal Service	17,974.00
TOTAL						17,974.00
Bill Pmt -Check	10/22/2021	23133	KUHN, BOB	Board Member Compensation	1012 - Bank of America Gen'l Ckg	
Bill	09/03/2021	9/03 Admin Mtg		9/03/21 Administrative Meeting	6311 - Board Member Compensation	125.00
Bill	09/07/2021	9/07 mtg w/Bd Chair		9/07/21 Meeting w/Board Chair and GM	6311 - Board Member Compensation	125.00
Bill	09/09/2021	9/09 Ag Pool Mtg		9/09/21 Ag Pool Meeting	6311 - Board Member Compensation	125.00
Bill	09/16/2021	9/16 Advisory Comm		9/16/21 Advisory Committee Meeting	6311 - Board Member Compensation	125.00
Bill	09/17/2021	9/17 Admin Mtg		9/17/21 Administrative Meeting	6311 - Board Member Compensation	125.00
Bill	09/21/2021	9/21 Exec Comm		9/21/21 Executive Committee Meeting	6311 - Board Member Compensation	125.00
Bill	09/23/2021	9/23 Board Mtg		9/23/21 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						875.00
Bill Pmt -Check	10/22/2021	23134	LOEB & LOEB LLP	1975400	1012 - Bank of America Gen'l Ckg	
Bill	09/30/2021	1975400		Non-Ag Pool Legal Services - Sept. 2021	8567 - Non-Ag Legal Service	2,154.60
TOTAL						2,154.60
Bill Pmt -Check	10/22/2021	23135	EASTVALE DEVELOPMENT - PIERSON	Ag Pool and Board Member Compensation	1012 - Bank of America Gen'l Ckg	
Bill	09/07/2021	9/07 Board Officers		9/07/21 Board Officers Check-in	6311 - Board Member Compensation	125.00
Bill	09/08/2021	9/08 Call w/Chair		9/08/21 Call w/Ag Pool Chair	8470 - Ag Meeting Attend -Special	125.00



**CHINO BASIN WATERMASTER**  
**Cash Disbursements For The Month of**  
**October 2021**

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	09/09/2021	9/09 Ag Pool Mtg		9/09/21 Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	09/15/2021	9/15 Call w/Chair		9/15/21 Call w/Ag Pool Chair	8470 · Ag Meeting Attend -Special	125.00
Bill	09/16/2021	9/16 Advisory Comm		9/16/21 Advisory Committee Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	09/17/2021	9/17 Call w/Chair		9/17/21 Call w/Ag Pool Chair	8470 · Ag Meeting Attend -Special	125.00
Bill	09/20/2021	9/20 Special Ag Mtg		9/20/21 Special Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	09/21/2021	9/21 Board Agenda		9/21/21 Board agenda preview	6311 · Board Member Compensation	125.00
Bill	09/23/2021	9/23 Board Mtg		9/23/21 Board Meeting	6311 · Board Member Compensation	125.00
Bill	09/27/2021	9/27 Call w/Bd Chair		9/27/21 Call w/Board Chair	6311 · Board Member Compensation	125.00
Bill	09/30/2021	9/30 Call w/Chair		9/30/21 Call w/Ag Pool Chair & legal counsel	8470 · Ag Meeting Attend -Special	125.00
Bill	09/30/2021	9/30 GLMC Mtg		9/30/21 GLMC Meeting	6311 · Board Member Compensation	125.00
TOTAL						1,500.00
<b>Bill Pmt -Check</b>	<b>10/22/2021</b>	<b>23136</b>	<b>READY REFRESH</b>	<b>0023230253</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	09/30/2021	0023230253		Office Water Bottle - September 2021	6031.7 · Other Office Supplies	118.24
TOTAL						118.24
<b>Bill Pmt -Check</b>	<b>10/22/2021</b>	<b>23137</b>	<b>RR FRANCHISING, INC.</b>	<b>104604</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	10/21/2021	104604		Deep cleaning of offices & meeting rooms	6024 · Building Repair & Maintenance	240.00
TOTAL						240.00
<b>Bill Pmt -Check</b>	<b>10/22/2021</b>	<b>23138</b>	<b>STAULA, MARY L</b>	<b>Retiree Medical</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	10/31/2021			Retiree Medical	60182.4 · Retiree Medical	19.24
TOTAL						19.24
<b>Bill Pmt -Check</b>	<b>10/22/2021</b>	<b>23139</b>	<b>TELLEZ-FOSTER, EDGAR</b>	<b>Employee Expense Reimbursement</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	10/07/2021	10/07 Ops Staff Mtg		Ops staff meeting on10/07/21	6141.3 · Admin Meetings	98.89
TOTAL						98.89
<b>Bill Pmt -Check</b>	<b>10/22/2021</b>	<b>23140</b>	<b>VANDEN HEUVEL, GEOFFREY</b>	<b>Ag Pool Member Compensation</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	09/09/2021	9/09 Ag Pool Mtg		9/09/21 Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	09/20/2021	9/20 Special Ag Pool		9/20/21 Special Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	09/30/2021	6/10 Ag Pool Mtg		6/10/21 Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	09/30/2021	7/08 Ag Pool Mtg		7/08/21 Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	09/30/2021	8/12 Special Ag Pool		8/12/21 Special Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	10/14/2021	10/14 Ag Pool Mtg		10/14/21 Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
TOTAL						750.00
<b>Bill Pmt -Check</b>	<b>10/22/2021</b>	<b>23141</b>	<b>VERIZON WIRELESS</b>	<b>9889893184</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	09/30/2021	9889893184		Acct #470810953-00002	6022 · Telephone	387.40
TOTAL						387.40

**CHINO BASIN WATERMASTER**  
**Cash Disbursements For The Month of**  
**October 2021**

Type	Date	Num	Name	Memo	Account	Paid Amount
<b>Bill Pmt -Check</b>	<b>10/22/2021</b>	<b>23142</b>	<b>WAXIE SANITARY SUPPLY</b>	<b>80367578</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/20/2021	80367578		Air purifier with stand	6038 - Other Office Equipment	396.25
TOTAL						<u>396.25</u>
<b>Bill Pmt -Check</b>	<b>10/22/2021</b>	<b>ACH 102221</b>	<b>PUBLIC EMPLOYEES' RETIREMENT SYSTEM</b>	<b>Payor #3493</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
General Journal	10/16/2021	10/16/2021	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPERS Retirement for 10/03/21-10/16/21	2000 - Accounts Payable	9,186.50
TOTAL						<u>9,186.50</u>
<b>General Journal</b>	<b>10/25/2021</b>	<b>10/25/2021</b>	<b>HEALTH EQUITY</b>	<b>Health Equity Invoice 3063261</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
			HEALTH EQUITY	Health Equity Invoice 3063261	1012 - Bank of America Gen'l Ckg	76.25
TOTAL						<u>76.25</u>
<b>Bill Pmt -Check</b>	<b>10/26/2021</b>	<b>23143</b>	<b>BROWNSTEIN HYATT FARBER SCHRECK</b>		<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	09/30/2021	862329		862329	6078 - BHFS Legal - Miscellaneous	19,488.60
Bill	09/30/2021	862330		Personnel matters	6073 - BHFS Legal - Personnel Matters	499.95
Bill	09/30/2021	862331		Audit Response	6078 - BHFS Legal - Miscellaneous	738.45
Bill	09/30/2021	862332		862332	6907.34 - Santa Ana River Water Rights	247.50
Bill	09/30/2021	862333		862333	6907.36 - Santa Ana River Habitat	247.50
Bill	09/30/2021	862334		862334	6275 - BHFS Legal - Advisory Committee	594.00
Bill	09/30/2021	862335		862335	6375 - BHFS Legal - Board Meeting	2,603.25
Bill	09/30/2021	862336		862336	8375 - BHFS Legal - Appropriative Pool	891.00
Bill	09/30/2021	862337		862337	8475 - BHFS Legal - Agricultural Pool	891.00
Bill	09/30/2021	862338		862338	8575 - BHFS Legal - Non-Ag Pool	891.00
Bill	09/30/2021	862339		862339	6071 - BHFS Legal - Court Coordination	1,352.25
Bill	09/30/2021	862340		862340	6072 - BHFS Legal - Rules & Regs	4,914.00
Bill	09/30/2021	862341		862341	6077 - BHFS Legal - Party Status Maint	1,237.50
Bill	09/30/2021	862342		862342	6907.47 - 2020 Safe Yield Reset	99.00
Bill	09/30/2021	862343		862343	6078.25 - Ely 3 Basin Investigation	1,610.10
				CourtCall - Sandler	6078.25 - Ely 3 Basin Investigation	94.00
				Filing Fee	6078.25 - Ely 3 Basin Investigation	90.74
TOTAL						<u>36,489.84</u>
<b>General Journal</b>	<b>10/26/2021</b>	<b>10/26/2021</b>	<b>HEALTH EQUITY</b>	<b>Health Equity Invoice 3130433</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
			HEALTH EQUITY	Health Equity Invoice 3130433	1012 - Bank of America Gen'l Ckg	27.24
TOTAL						<u>27.24</u>
<b>Bill Pmt -Check</b>	<b>10/26/2021</b>	<b>ACH 102621</b>	<b>PUBLIC EMPLOYEES' RETIREMENT SYSTEM</b>	<b>Payor #3493</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/01/2021	16570286		Annual Unfunded Accrued Liability-Plan 3299	60180 - Employers PERS Expense	8,989.42
TOTAL						<u>8,989.42</u>

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
October 2021

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Account</u>	<u>Paid Amount</u>
					Total Disbursements:	<u><u>576,954.44</u></u>



# CHINO BASIN WATERMASTER

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

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PETER KAVOUNAS, P.E.  
General Manager

## STAFF REPORT

DATE: January 27, 2022

TO: Board Members

SUBJECT: VISA Check Detail Report - Financial Report B2 (October 31, 2021)  
(Consent Calendar Item II.B.2.)

### SUMMARY

Issue: Record of VISA credit card payment disbursed for the month of October 2021.

Recommendation: Receive and file VISA Check Detail Report for October 2021 as presented.

Financial Impact: Funds disbursed were included in the FY 2021/22 "Amended" Watermaster Budget.

### Future Consideration

**Watermaster Board – January 27, 2022:** Receive and File (Normal Course of Business)

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### ACTIONS:

**Appropriative Pool – January 13, 2022:** Received and filed

**Non-Agricultural Pool – January 13, 2022:** Moved unanimously to receive and file, without approval

**Agricultural Pool – January 13, 2022:** Received and filed

**Advisory Committee – January 20, 2022:** Received and filed

**Watermaster Board – January 27, 2022:**

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court,  
and to develop and implement an Optimum Basin Management Program*

## BACKGROUND

A monthly VISA Check Detail report is provided to keep all members apprised of Watermaster expenditures charged against the General Manager and Chief Financial Officer's Bank of America VISA card.

## DISCUSSION

The total cash disbursements during the month of October 2021 was \$7,418.02. The payment was processed in the amount of \$7,418.02 (by check number 23125 dated October 22, 2021). The monthly charges for October 2021 of \$7,418.02 were for routine and customary expenditures and properly documented with receipts.

## ATTACHMENTS

1. Financial Report – B2

**CHINO BASIN WATERMASTER**  
**VISA Check Detail Report**  
**October 2021**

Type	Num	Date	Name	Memo	Account	Paid Amount
Bill Pmt -Check	10/22/2021	23125	BANK OF AMERICA	XXXX-XXXX-XXXX-4026	1012 · Bank of America Gen'l Ckg	
Bill	09/30/2021	XXXX-XXXX-XXXX-4026		Panels for PK office walls	6025 · Building Interior Renovations	2,793.91
				Miscellaneous office supplies	6031.7 · Other Office Supplies	25.71
				Miscellaneous office supplies	6031.7 · Other Office Supplies	270.95
				Monthly amount due for Zoom Webinar	6022 · Telephone	35.59
				Adhesive for PK wall panels	6025 · Building Interior Renovations	50.47
				Miscellaneous office supplies	6031.7 · Other Office Supplies	347.79
				Miscellaneous office supplies	6031.7 · Other Office Supplies	24.92
				Miscellaneous office supplies	6025 · Building Interior Renovations	180.24
				Routers for office	6055 · Computer Hardware	86.29
				Miscellaneous office supplies	6031.7 · Other Office Supplies	6.68
				Miscellaneous office supplies	6031.7 · Other Office Supplies	59.08
				Miscellaneous office supplies	6031.7 · Other Office Supplies	13.41
				Miscellaneous office supplies	6031.7 · Other Office Supplies	112.09
				Miscellaneous office supplies	6031.7 · Other Office Supplies	39.83
				Copy paper	6031.1 · Copy Paper	453.84
				Miscellaneous office supplies	6031.7 · Other Office Supplies	42.29
				AN replacement monitor	6055 · Computer Hardware	234.60
				AN replacement monitor	6055 · Computer Hardware	234.60
				Mirror for men's restroom	6025 · Building Interior Renovations	242.28
				Miscellaneous office supplies	6031.7 · Other Office Supplies	114.62
				50% deposit on desktop and laptop	6055 · Computer Hardware	836.50
				Miscellaneous office supplies	6031.7 · Other Office Supplies	21.67
				Miscellaneous office supplies	6025 · Building Interior Renovations	152.44
				Miscellaneous office supplies	6025 · Building Interior Renovations	678.91
				Miscellaneous office supplies	6031.7 · Other Office Supplies	114.11
				Miscellaneous office supplies	6031.7 · Other Office Supplies	11.40
				Miscellaneous office supplies	6031.7 · Other Office Supplies	63.11
				Software license	6054 · Computer Software	52.51
				Miscellaneous office supplies	6031.7 · Other Office Supplies	36.44
				Miscellaneous office supplies	6031.7 · Other Office Supplies	35.85
				PK mtg w/Celeste Cantu	8312 · Meeting Expenses	16.20
				PK mtg w/John Bosler	8312 · Meeting Expenses	29.69
					<b>Total Disbursements:</b>	<b>\$7,418.02</b>

TOTAL



# CHINO BASIN WATERMASTER

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**PETER KAVOUNAS, P.E.**  
General Manager

## STAFF REPORT

DATE: January 27, 2022

TO: Board Members

SUBJECT: Combining Schedule of Revenue, Expenses and Changes in Net Assets for the Period July 1, 2021 through October 31, 2021 - Financial Report B3 (October 31, 2021)  
(Consent Calendar Item II.B.3.)

### SUMMARY

Issue: Record of Revenue, Expenses and Changes in Net Assets for the Period July 1, 2021 through October 31, 2021.

Recommendation: Receive and file Combining Schedule of Revenue, Expenses and Changes in Net Assets for the Period July 1, 2021 through October 31, 2021 as presented.

Financial Impact: Funds disbursed were included in the FY 2021/22 "Amended" Watermaster Budget.

### Future Consideration

**Watermaster Board – January 27, 2022:** Receive and File (Normal Course of Business)

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### ACTIONS:

**Appropriative Pool – January 13, 2022:** Received and filed

**Non-Agricultural Pool – January 13, 2022:** Moved unanimously to receive and file, without approval

**Agricultural Pool – January 13, 2022:** Received and filed

**Advisory Committee – January 20, 2022:** Received and filed

**Watermaster Board – January 27, 2022:**

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court, and to develop and implement an Optimum Basin Management Program*

## BACKGROUND

A Combining Schedule of Revenue, Expenses and Changes in Net Assets for the period July 1, 2021 through October 31, 2021 is provided to keep all members apprised of the FY 2021/22 cumulative Watermaster revenues, expenditures and changes in net assets for the period listed.

## DISCUSSION

The Combining Schedule of Revenue, Expenses and Changes in Net Assets has been created from various financial reports and statements created from Intuit QuickBooks Enterprise Solutions 22.0, the Watermaster accounting system. The Combining Schedule provided balances to the supporting documentation in the Watermaster accounting system as presented.

## ATTACHMENTS:

1. Financial Report – B3



CHINO BASIN WATERMASTER  
COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE PERIOD JULY 1, 2021 THROUGH OCTOBER 31, 2021

Financial Report - B3

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION & SPECIAL PROJECTS			AP ESCROW ACCOUNT	GROUNDWATER REPLENISHMENT	LAIF VALUE ADJ.	GASB 75 BEG. NET POSITION	GRAND TOTALS	AMENDED BUDGET 2021-2022
			APPROPRIATIVE POOL	AG POOL	NON-AG POOL						
<b>Administrative Revenues:</b>											
Administrative Assessments			-	200,000	-					200,000	7,496,877
Interest Revenue			5,285	60	63					5,408	106,125
Mutual Agency Project Revenue	177,430									177,430	177,430
Miscellaneous Income	513									513	0
<b>Total Revenues</b>	<b>177,943</b>	<b>-</b>	<b>5,285</b>	<b>200,060</b>	<b>63</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>383,351</b>	<b>7,780,432</b>
<b>Administrative &amp; Project Expenditures:</b>											
Watermaster Administration	733,022									733,022	1,846,194
Watermaster Board-Advisory Committee	55,375									55,375	245,485
Ag Pool Legal Services - Ag Fund <sup>1</sup>				76,925						76,925	-
Pool Administration			88,966	30,822	16,455					136,243	411,698
Optimum Basin Mgmt Administration		279,514								279,514	1,480,696
OBMP Project Costs		1,002,469								1,002,469	4,517,867
Debt Service		529,029								529,029	529,029
Basin Recharge Improvements		-								-	1,693,292
<b>Total Administrative/OBMP Expenses</b>	<b>788,397</b>	<b>1,811,012</b>	<b>88,966</b>	<b>30,822</b>	<b>16,455</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,812,577</b>	<b>10,724,261</b>
Net Administrative/OBMP Expenses	(610,454)	(1,811,012)									
Allocate Net Admin Expenses To Pools	610,454		453,635	132,740	24,079						
Allocate Net OBMP Expenses To Pools		1,281,983	952,656	278,760	50,568						
Allocate Debt Service to App Pool		529,029	529,029								
Allocate Basin Recharge to App Pool		-	-								
Agricultural Expense Transfer*			442,321	(442,321)							
<b>Total Expenses</b>			<b>2,466,607</b>	<b>76,925</b>	<b>91,102</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,812,577</b>	<b>10,724,261</b>
Net Administrative Income			(2,461,321)	123,135	(91,039)					(2,429,226)	(2,943,829)
<b>Other Income/(Expense)</b>											
Replenishment Water Assessments							-			-	0
Desalter Replenishment Obligation							-			-	0
Exhibit "G" Non-Ag Pool Water			-							-	0
RTS Charges from IEUA							(35,030)			(35,030)	0
Interest Revenue			-	-	-		-			-	0
MWD Water Purchases										-	0
Non-Ag Stored Water Purchases										-	0
Exhibit "G" Non-Ag Pool Water			-							-	0
Groundwater Replenishment							-			-	0
LAIF - Fair Market Value Adjustment								-		-	0
Gain on Sale of Assets			-					-		-	0
Other Post-Employment Benefits (OPEB)			-							-	0
AP Escrow Account - Interest Earned						98				98	0
Refund-Basin O&M Expenses			-							-	0
Refund-Recharge Debt Service			-							-	0
Funding To/(From) Reserves										-	0
<b>Net Other Income/(Expense)</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>98</b>	<b>(35,030)</b>	<b>-</b>	<b>-</b>	<b>(34,932)</b>	<b>0</b>
Net Transfers To/(From) Reserves		(2,464,158)	(2,461,321)	123,135	(91,039)	98	(35,030)	-	-	(2,464,158)	(2,943,829)
Net Assets, July 1, 2021			8,924,389	127,547	128,927	161,296	(19,272)	829	(443,445)	8,880,272	
Net Assets, End of Period			6,463,068	250,681	37,888	161,394	(54,302)	829	(443,445)	6,416,114	6,416,114
Ag Pool Assessments Outstanding <sup>2</sup>				(140,792)							
Ag Pool Fund Balance				109,889							
<b>20/21 Assessable Production</b>			73,423.920	21,484.815	3,897.385					98,806.120	
<b>20/21 Production Percentages</b>			74.311%	21.744%	3.944%					100.000%	

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

Note <sup>1</sup> - Agricultural Pool Legal Services for Jul. 2021 through Sep. 2021

N:\Administration\Meetings - Agendas & Minutes\2022\Staff Reports\01 - January\Board\2022\202127 - B3 Combining Schedule\_October 2021.xls Note <sup>2</sup> - Outstanding balance of Agricultural Pool Special Assessments issued in September 2021 for \$200,000 is \$140,792.13



# CHINO BASIN WATERMASTER

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**PETER KAVOUNAS, P.E.**  
General Manager

## STAFF REPORT

DATE: January 27, 2022

TO: Board Members

SUBJECT: Treasurer's Report of Financial Affairs for the Period October 1, 2021 through October 31, 2021 - Financial Report B4 (October 31, 2021) (Consent Calendar Item II.B.4.)

### SUMMARY

Issue: Record of increases or decreases in the cash position, assets and liabilities of Watermaster for the Period of October 1, 2021 through October 31, 2021.

Recommendation: Receive and file Treasurer's Report of Financial Affairs for the Period October 1, 2021 through October 31, 2021 as presented.

Financial Impact: Funds disbursed were included in the FY 2021/22 "Amended" Watermaster Budget.

### Future Consideration

**Watermaster Board – January 27, 2022:** Receive and File (Normal Course of Business)

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### ACTIONS:

**Appropriative Pool – January 13, 2022:** Received and filed

**Non-Agricultural Pool – January 13, 2022:** Moved unanimously to receive and file, without approval

**Agricultural Pool – January 13, 2022:** Received and filed

**Advisory Committee – January 20, 2022:** Received and filed

**Watermaster Board – January 27, 2022:**

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court, and to develop and implement an Optimum Basin Management Program*

## BACKGROUND

A Treasurer's Report of Financial Affairs for the Period October 1, 2021 through October 31, 2021 is provided to keep all members apprised of the total cash in banks (Bank of America, LAIF, and CalTRUST); cash on deposit in trust with the County of San Bernardino as a result of the Cooperation and Reimbursement Agreement between Chino Basin Watermaster and County of San Bernardino dated May 25, 2017; and cash 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) and/or CalTRUST, 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 Intuit QuickBooks Enterprise Solutions 22.0, 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.

## ATTACHMENTS

1. Financial Report – B4

**CHINO BASIN WATERMASTER  
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD  
OCTOBER 1, 2021 THROUGH OCTOBER 31, 2021**

Financial Report - B4

**DEPOSITORIES:**

Cash on Hand - Petty Cash			\$	500
Bank of America				
Governmental Checking-Demand Deposits	\$	413,628		
Zero Balance Account - Payroll		(43,374)		370,254
Restricted Funds - AP Escrow				161,394
Trust Account - County of San Bernardino				845
Local Agency Investment Fund - Sacramento				7,576,306
<b>TOTAL CASH IN BANKS AND ON HAND</b>				<b>\$ 8,109,299</b>
TOTAL CASH IN BANKS AND ON HAND				8,664,779

**PERIOD INCREASE (DECREASE)**

**\$ (555,480)**

**CHANGE IN CASH POSITION DUE TO:**

Decrease/(Increase) in Assets: Accounts Receivable			\$	(8,819)
Assessments Receivable				59,208
Prepaid Expenses, Deposits & Other Current Assets				(517)
(Decrease)/Increase in Liabilities: Accounts Payable				(84,765)
Accrued Payroll, Payroll Taxes & Other Current Liabilities				(46,445)
Long Term Liabilities				3,682
Transfer to/(from) Reserves				(477,823)

**PERIOD INCREASE (DECREASE)**

**\$ (555,480)**

**SUMMARY OF FINANCIAL TRANSACTIONS:**

	Petty Cash	Gov't Checking Demand	Zero Balance Account Payroll	Restricted Funds AP Escrow	Trust Account County of San Bernardino	Local Agency Investment Funds	Totals
Balances as of 9/30/2021	\$ 500	\$ 356,167	\$ -	\$ 161,369	\$ 845	\$ 8,145,898	\$ 8,664,779
Deposits	-	634,458	(43,374)	25	-	5,408	596,518
Transfers	-	(147,799)	(92,035)	-	-	(575,000)	(814,834)
Withdrawals/Checks	-	(429,199)	92,035	-	-	-	(337,163)
Balances as of 10/31/2021	\$ 500	\$ 413,628	\$ (43,374)	\$ 161,394	\$ 845	\$ 7,576,306	\$ 8,109,299
<b>PERIOD INCREASE OR (DECREASE)</b>	<b>\$ -</b>	<b>\$ 57,461</b>	<b>\$ (43,374)</b>	<b>\$ 25</b>	<b>\$ -</b>	<b>\$ (569,592)</b>	<b>\$ (555,480)</b>

**CHINO BASIN WATERMASTER  
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD  
OCTOBER 1, 2021 THROUGH OCTOBER 31, 2021**

Financial Report - B4

**INVESTMENT TRANSACTIONS**

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
10/18/2021	Withdrawal		(575,000)				
<b>TOTAL INVESTMENT TRANSACTIONS</b>			<b>\$ (575,000)</b>	<b>\$0</b>			

\* The earnings rate for L.A.I.F. is a daily variable rate; 0.24% was the effective yield rate at the Quarter ended September 30, 2021.

**INVESTMENT STATUS  
October 31, 2021**

<u>Financial Institution</u>	<u>Principal Amount</u>	<u>Number of Days</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Local Agency Investment Fund	\$ 7,576,306			
<b>TOTAL INVESTMENTS</b>	<b>\$ 7,576,306</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

9641 San Bernardino Road, Rancho Cucamonga, CA 91730  
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PETER KAVOUNAS, P.E.  
General Manager

## STAFF REPORT

DATE: January 27, 2022

TO: Board Members

SUBJECT: Budget vs. Actual Report for the Period July 1, 2021 through October 31, 2021 -  
Financial Report B5 (October 31, 2021) (Consent Calendar Item II.B.5.)

### SUMMARY

Issue: Record of revenues and expenses of Watermaster for the Period of July 1, 2021 through October 31, 2021.

Recommendation: Receive and file Budget vs. Actual Report for the Period July 1, 2021 through October 31, 2021 as presented.

Financial Impact: Funds disbursed were included in the FY 2021/22 "Amended" Watermaster Budget.

### Future Consideration

**Watermaster Board – January 27, 2022:** Receive and File (Normal Course of Business)

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### ACTIONS:

**Appropriative Pool – January 13, 2022:** Received and filed

**Non-Agricultural Pool – January 13, 2022:** Moved unanimously to receive and file, without approval

**Agricultural Pool – January 13, 2022:** Received and filed

**Advisory Committee – January 20, 2022:** Received and filed

**Watermaster Board – January 27, 2022:**

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court,  
and to develop and implement an Optimum Basin Management Program*

## BACKGROUND

A Budget vs. Actual Report for the period July 1, 2021 through October 31, 2021 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; Optimum Basin Management Program Expenses; Project Expenses; and Other Income/Expenses. The Budget vs. Actual report has been created from Intuit QuickBooks Enterprise Solutions 22.0, 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.

## DISCUSSION

### CURRENT MONTH – OCTOBER 2021

Year-To-Date (YTD) for the four months ending October 31, 2021, all but two categories were at or below the projected budget.

The categories over budget were: (1) the Administration Salary/Benefits expenses (6010's) which were over budget by \$14,581 or 3.3% as a result of increased staff time and activities in the administrative functions. Please note that the overage is only in the administrative section, not with the entire consolidated staffing budget; and (2) Watermaster Legal Services (6070s) were over budget by \$36,740 or 33.5% as a result of increased activities in the areas of Rules and Regulations; the unbudgeted expenses for the Ely 3 Basin Investigation; and miscellaneous legal expenses during the last four months. Please note that the overage is only in the administrative section, not the entire consolidated BHFS budget.

Budget Amendment A-21-10-01 in the amount of \$72,000 was approved by the Advisory Committee on October 21, 2021 and approved by the Board on October 28, 2021. The account increased with the Budget Amendment was the Hydraulic Control-Mitigation Plan-50% IEUA (TO No. 6) (account 7508) which was increased by \$72,000 to include the Proposal to Prepare an Updated Plan for Mitigation of Temporary Loss of Hydraulic Control of the Chino Basin (Task Order No. 6). The Budget Amendment A-21-10-01 increased the total Watermaster "Amended" budget from \$7,708,432 to \$7,780,432.

Overall, the Watermaster (YTD) Actual Expenses were \$3,657,064 or 56.5% below the (YTD) Budgeted Expenses of \$6,469,641.

### PREVIOUSLY REPORTED ACTIONS (Descending Order)

#### July 2021:

The "Original" Approved budget for FY 2021/22 of \$7,276,213 was adopted by the Watermaster Board on May 27, 2021. Budget Amendment A-21-07-01 in the amount of \$147,031 and Budget Amendment A-21-07-02 in the amount of \$276,761 was adopted by the Watermaster Board on July 22, 2021. Budget Amendment A-21-08-01 in the amount of \$8,427 was approved by the Advisory Committee on August 19, 2021. The accounts increased with the Budget Amendments were the OBMP-Northwest MZ-1 Area Project (7402.1) increased by \$147,031; and the Safe Yield Reset Methodology Evaluation (7614) increased by \$285,188.

During the month of July 2021, the "Carry Over" funding was calculated. The Total "Carry Over" funding amount of \$2,943,828.87 has been posted to the general ledger accounts. The total amount of \$2,943,828.87 consisted of \$1,693,292.20 from Capital Improvement Projects, \$573,765.00 from Engineering Services, \$374,114.56 from OBMP Activities, \$207,566.95 from Pool Funding Accounts, and \$95,090.16 from Administration Services. More detailed information is provided regarding this issue under the "Carry Over" Funding section.

The "Amended" Budget for FY 2021/22 is \$10,652,260.87 which includes \$2,943,828.87 for the prior years "Carry Over" funding.

## SALARIES EXPENSE

### CURRENT MONTH – OCTOBER 2021

As of October 31, 2021, the total (YTD) Watermaster salary expenses were \$8,589 or 1.1% below the (YTD) budgeted amount of \$776,673. The overall staffing budget was developed with a staffing level of ten Full-Time Equivalents (FTE's), and staffing is currently at ten Full-Time Equivalents (FTE's).

Watermaster utilizes an in-house database time and attendance system to track and record staff's actual hours worked and records those hours to a specific project or activity. This time and attendance database of captured staff hours and activities is the basis for the bi-weekly payrolls which are processed using an external payroll processing service. Watermaster staff can record time to a large number of activities but the five most used categories are as follows (1) General Administrative activities; (2) Paid Leaves of vacation, sick or holiday; (3) Pools, Advisory or Board Meeting attendance; (4) OBMP activities; and (5) OBMP Implementation Program Elements 1 through 9 activities.

When the FY 2021/22 budget was developed, basic assumptions were used in allocating how staff's time would be spent and on which of the projects or activities. The staffing dollars were then allocated into those specific areas and budgeted on a 1/12 monthly budget. When actual staffing activities vary from the budgeted assumptions, a positive or negative variance can be created.

Currently the following actual allocations are tracking above the projected allocations due to Watermaster staff spending more time in these activities as follows: WM Staff Salaries for Administration (account 6011) above budget by \$30,512 or 8.0%; Watermaster Staff Overtime (account 6011.1) above budget by \$3,258 or 81.5%; 457(f) NQDC Plan (account 6011.4) above budget by \$138 or 1.2%; WM Staff Salaries for Advisory Committee (account 6201) above budget by \$139 or 1.3%; Groundwater Quality-WM Staff Salaries (account 7103.1) above budget by \$2,931 or 12.7%; Comprehensive Recharge-WM Staff Salaries (account 7201) above budget by \$1,867 or 9.8%; and PE 6&7 (account 7501) above budget by \$3,672 or 165.0%.

On October 8, 2021, Vanessa Aldaz (Administrative Assistant) who has been with Watermaster since February 10, 2020, submitted her official notice of resignation effective Friday, October 22, 2021. On Monday, October 25, 2021, Ruby Favela started her employment with Watermaster as the new Administrative Assistant.

The table summarizes the Year-To-Date (YTD) Actual Watermaster salary costs compared to the Year-To-Date (YTD) Budget as of October 31, 2021. Please be advised that the "\$ Over Budget" and the "% of Budget" columns are a comparison of the (YTD) Actual to the (YTD) Budget, not the 12-month Annual Budget. The 12-month Annual Budget column is presented only to provide the data in a full and complete format. The following details are provided:



	<u>Jul '21 - Oct '21</u> <u>Actual</u>	<u>Jul '21 - Oct '21</u> <u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>	<u>FY 2021/22</u> <u>Annual Budget</u>
<b>WM Salary Expense</b>					
6011 - WM Staff Salaries	412,446.53	381,935.00	30,511.53	107.99%	1,128,445.00
6011.1 - WM Staff Salaries - Overtime	7,258.36	4,000.00	3,258.36	181.46%	12,000.00
6011.4 - 457(f) NQDC Plan	11,907.76	11,770.00	137.76	101.17%	35,312.00
6017- Temporary Services	18,797.36	33,000.00	-14,202.64	56.96%	42,000.00
6201 - Advisory Committee - WM Staff Salaries	10,508.99	10,370.00	138.99	101.34%	30,636.00
6301 - Watermaster Board - WM Staff Salaries	12,341.39	16,502.00	-4,160.61	74.79%	48,754.00
8301 - Appropriative Pool - WM Staff Salaries	14,434.86	15,286.00	-851.14	94.43%	45,164.00
8401 - Agricultural Pool - WM Staff Salaries	7,498.98	13,018.00	-5,519.02	57.61%	38,461.00
8501 - Non-Agricultural Pool - WM Staff Salaries	5,075.21	9,002.00	-3,926.79	56.38%	26,596.00
6901 - OBMP - WM Staff Salaries	63,670.98	75,198.00	-11,527.02	84.67%	222,176.00
7101.1 - Production Monitor - WM Staff Salaries	29,585.45	34,510.00	-4,924.55	85.73%	101,960.00
7102.1 - In-line Meter - WM Staff Salaries	0.00	4,118.00	-4,118.00	0.0%	12,167.00
7103.1 - Grdwater Quality - WM Staff Salaries	26,022.52	23,092.00	2,930.52	112.69%	68,225.00
7104.1 - Grdwater Level - WM Staff Salaries	21,077.98	24,102.00	-3,024.02	87.45%	71,210.00
7107.1 - GrdLevel Monitoring - WM Staff Salarie	0.00	2,482.00	-2,482.00	0.0%	7,332.00
7108.1 - Hydraulic Control - WM Staff Salaries	860.00	1,581.00	-721.00	54.4%	4,671.00
7108.11 - Prado Basin - WM Staff Salaries	0.00	2,354.00	-2,354.00	0.0%	6,954.00
7201 - Comp Recharge - WM Staff Salaries	20,835.10	18,968.00	1,867.10	109.84%	56,041.00
7301 - PE3&5 - WM Staff Salaries	2,569.82	6,265.00	-3,695.18	41.02%	18,509.00
7401 - PE4 - WM Staff Salaries	0.00	3,826.00	-3,826.00	0.0%	11,306.00
7501 - PE6&7 - WM Staff Salaries	5,897.23	2,225.00	3,672.23	265.04%	6,575.00
7501.1 - PE 6&7 - WM Staff Salaries (Plume)	0.00	2,198.00	-2,198.00	0.0%	6,493.00
7601 - PE8&9 - WM Staff Salaries	5,629.18	8,362.00	-2,732.82	67.32%	24,705.00
<b>Subtotal WM Staff Costs</b>	<b>676,417.70</b>	<b>704,164.00</b>	<b>-27,746.30</b>	<b>96.06%</b>	<b>2,025,692.00</b>
60185 - Vacation	52,345.53	41,309.00	11,036.53	126.72%	93,925.00
60186 - Sick Leave	31,850.79	20,800.00	11,050.79	153.13%	62,400.00
60187 - Holidays	7,469.81	10,400.00	-2,930.19	71.83%	78,002.00
<b>Subtotal WM Paid Leaves</b>	<b>91,666.13</b>	<b>72,509.00</b>	<b>19,157.13</b>	<b>126.42%</b>	<b>234,327.00</b>
<b>Total WM Salary Costs</b>	<b>768,083.83</b>	<b>776,673.00</b>	<b>-8,589.17</b>	<b>98.89%</b>	<b>2,260,019.00</b>

PREVIOUSLY REPORTED ACTIONS (Descending Order)

July 2021:

For FY 2021/22 the amount of \$21,000 was “Carried-Over” from the previous fiscal year’s budget under the category of Temporary Services (6017). This expense is currently being used to fund one temporary employee who is scanning documents into the SharePoint system for the ongoing records management project.

LEGAL SERVICES

BROWNSTEIN HYATT FARBER SCHRECK EXPENSES

CURRENT MONTH – OCTOBER 2021

As of October 31, 2021, the total (YTD) Watermaster Legal Services expenses (consolidating the three categories of Watermaster Administrative Legal Services, Pool/Advisory/Board Meeting legal expenses, and OBMP legal expenses) were \$138,205 or 42.3% below the (YTD) budgeted amount of \$326,558.

The Watermaster Legal Services budget was developed jointly by the Watermaster staff and Brownstein Hyatt Farber Schreck staff with specific assumptions regarding the tasks and legal activities that would occur during FY 2021/22. The total legal services budget was developed by multiplying the number of hours that would be required to complete the specific tasks by the hourly rate. The “Approved” budget was adopted for the original amount of \$972,845.

WATERMASTER ADMINISTRATIVE LEGAL SERVICES:

Overall, the Watermaster Administrative Legal Services expense (6070s) as of October 31, 2021 was \$36,740 or 33.5% above the budgeted amount of \$109,687. The specific items within the Administrative Legal Services expenses (6070s) which were over budget were the Rules & Regulations expenses (6072) over budget by \$8,894 or 223.9%; Miscellaneous (6078) which were over budget by \$40,574 or 57.4%; and the Ely Basin Investigation (6078.25) which were over budget by \$7,555 or 100%. Please see Note 1 on the following page for a more detailed explanation of the miscellaneous types of expenses (6078).

The specific items within the Administrative Legal Services expenses (6070s) which were under budget were the expenses for Court Coordination (6071) under budget by \$4,271 or 31.2%; Personnel Matters (6073) which were under budget by \$1,248 or 31.2%; Interagency Issues (6074) under budget by \$13,200 or 100.0%; and Party Status Maintenance expenses (6077) under budget by \$1,565 or 37.6%.

WATERMASTER POOLS, ADVISORY AND BOARD LEGAL SERVICES:

The Pools, Advisory Committee and the Board meeting legal expenses from BHFS are captured by month within the accounts (6275, 6375, 6375.1, 8375, 8475 and 8575). The legal service costs associated with the Board Workshop(s) are also included as part of this group. Overall, this category of legal expenses as of October 31, 2021 was \$44,721 or 64.0% below the budgeted amount of \$69,880. Normal Brownstein Hyatt Farber Schreck meeting attendance during any given month includes attendance at all three pool meetings, one Advisory Committee meeting and one Board meeting.

There were no meetings held during the month of August 2021. The legal services budget was developed with the assumption of having eleven months of meetings, intentionally excluding the month of December 2021.

OBMP LEGAL SERVICES:

The OBMP legal expenses (accounts 6907.31 through 6907.90) were below the budget for the month. As of October 31, 2021, the category of OBMP legal expenses were \$130,224 or 88.6% below the budgeted amount of \$146,991. Within this category, there were no expenses over budget.

The table listed below summarizes the Brownstein Hyatt Farber Schreck (BHFS) expenses as of October 31, 2021 compared to the Year-To-Date (YTD) budget. Please be advised that the "\$ Over Budget" and the "% of Budget" columns are a comparison of the (YTD) Actual to the (YTD) Budget, not the 12-month Annual Budget. The 12-month Annual Budget column is presented only to provide the data in a full and complete format. The following details are provided:

	<u>Jul '21 - Oct '21</u> <u>Actual</u>	<u>Jul '21 - Oct '21</u> <u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>	<u>FY 2021/22</u> <u>Annual Budget</u>
<b>6070 · Watermaster Legal Services</b>					
6071 · BHFS Legal - Court Coordination	9,411.45	13,682.00	-4,270.55	68.79%	41,050.00
6072 · BHFS Legal - Rules & Regulations	12,867.30	3,973.00	8,894.30	323.87%	11,925.00
6073 · BHFS Legal - Personnel Matters	2,752.20	4,000.00	-1,247.80	68.81%	9,900.00
6074 · BHFS Legal - Interagency Issues	0.00	13,200.00	-13,200.00	0.0%	39,600.00
6076 · BHFS Legal - Storage Issues	0.00	0.00	0.00	0.0%	0.00
6077 · BHFS Legal - Party Status Maintenance	2,601.00	4,166.00	-1,565.00	62.43%	12,500.00
6078 · BHFS Legal - Miscellaneous (Note 1)	111,240.22	70,666.00	40,574.22	157.42%	212,000.00
6078.25 · BHFS - Ely # Basin Investigation	7,555.30	0.00	7,555.30	100.0%	0.00
<b>Total 6070 · Watermaster Legal Services</b>	<b>146,427.47</b>	<b>109,687.00</b>	<b>36,740.47</b>	<b>133.5%</b>	<b>326,975.00</b>
6275 · BHFS Legal - Advisory Committee	3,118.50	8,800.00	-5,681.50	35.44%	24,200.00
6375 · BHFS Legal - Board Meeting	14,800.05	28,080.00	-13,279.95	52.71%	77,220.00
6375.1 · BHFS Legal - Board Workshop(s)	0.00	0.00	0.00	0.0%	12,725.00
8375 · BHFS Legal - Appropriative Pool	2,380.50	11,000.00	-8,619.50	21.64%	30,250.00
8475 · BHFS Legal - Agricultural Pool	2,430.00	11,000.00	-8,570.00	22.09%	30,250.00
8575 · BHFS Legal - Non-Ag Pool	2,430.00	11,000.00	-8,570.00	22.09%	30,250.00
<b>Total BHFS Legal Services</b>	<b>25,159.05</b>	<b>69,880.00</b>	<b>-44,720.95</b>	<b>36.0%</b>	<b>204,895.00</b>
<b>6907.3 · WM Legal Counsel</b>					
6907.31 · Archibald South Plume	0.00	3,659.00	-3,659.00	0.0%	10,975.00
6907.32 · Chino Airport Plume	0.00	3,659.00	-3,659.00	0.0%	10,975.00
6907.33 · Desalter/Hydraulic Control	1,278.00	11,234.00	-9,956.00	11.38%	33,700.00
6907.34 · Santa Ana River Water Rights	247.50	6,250.00	-6,002.50	3.96%	18,750.00
6907.36 · Santa Ana River Habitat	2,227.50	9,117.00	-6,889.50	24.43%	27,350.00
6907.38 · Reg. Water Quality Cntrl Board	0.00	16,283.00	-16,283.00	0.0%	48,850.00
6907.39 · Recharge Master Plan	949.50	4,166.00	-3,216.50	22.79%	12,500.00
6907.40 · Storage Agreements	0.00	17,183.00	-17,183.00	0.0%	51,550.00
6907.41 · Prado Basin Habitat Sustainability	0.00	4,166.00	-4,166.00	0.0%	12,500.00
6907.42 · Safe Yield Recalculation	0.00	0.00	0.00	0.0%	0.00
6907.44 · SGMA Compliance	0.00	3,000.00	-3,000.00	0.0%	9,000.00
6907.45 · OBMP Update	0.00	27,300.00	-27,300.00	0.0%	81,900.00
6907.46 · Upper SAR Integrated Model	0.00	0.00	0.00	0.0%	0.00
6907.47 · 2020 Safe Yield Reset	12,064.05	13,400.00	-1,335.95	90.03%	40,200.00
6907.48 · Ely Basin Investigation	0.00	16,283.00	-16,283.00	0.0%	48,850.00
6907.90 · WM Legal Counsel - Unanticipated	0.00	11,291.00	-11,291.00	0.0%	33,875.00
<b>Total 6907 · WM Legal Counsel</b>	<b>16,766.55</b>	<b>146,991.00</b>	<b>-130,224.45</b>	<b>11.41%</b>	<b>440,975.00</b>
<b>Total Brownstein, Hyatt, Farber, Schreck Costs</b>	<b>188,353.07</b>	<b>326,558.00</b>	<b>-138,204.93</b>	<b>57.68%</b>	<b>972,845.00</b>

Note 1: The types of legal activities that have been charged against the "Miscellaneous" legal category account 6078 are as follows: (1) Correspondence and discussions with Watermaster staff regarding current issues/topics; (2) Correspondence with Watermaster staff regarding special projects (assessment package, replenishment obligations, annual report, audit report, business plan, etc.); (3) Brownstein's status review of ongoing Watermaster projects and issues; (4) Brownstein's update of the outstanding issues list; (5) Coordination of ongoing Watermaster projects; (6) Review of draft documents and contracts; (7) Review transfer documents; (8) Ground-Level Monitoring Committee reports/meetings; (9) Review process and criteria for SGMA reporting; (10) MVWD SCADA Agreement and installation; (11) Angelica Corporation Bankruptcy matter; (12) NRG/GENON Bankruptcy matter; (13) Pomona extensometer project, CEQA review and compliance; (14) Desalter Replenishment obligations, assessment methodologies, and ongoing issues; (15) Master Cost Sharing Agreement with IEUA; (16) Estimation and adoption of an evaporative loss policy for Recharge; (17) CalMat intervention; (18) Angelica's water rights transfer; (19) Exhibit "G" rate issues; (20) Right of Entry Agreements for various locations; (21) Assessment Packages-Updates and Review; (22) Ag Pool Contest; (23) Payment of Ag Legal Fees; (24) Ag Invoices; and (25) Miscellaneous legal research on current and pending issues.

**PREVIOUSLY REPORTED ACTIONS (Descending Order)**

None

**OBMP ENGINEERING SERVICES AND LEGAL COSTS**

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court, and to develop and implement an Optimum Basin Management Program*

CURRENT MONTH – OCTOBER 2021

Reviewing in total the OBMP Engineering Services and Legal Costs (consolidating the five categories of OBMP Watermaster Staff and SAWPA, OBMP Engineering Services, OBMP Legal Costs, OBMP Update Costs, and OBMP Other Expenses) for the four months ending October 31, 2021, the actual expenses of \$255,724 were below the budgeted amount of \$476,083 by \$220,359 or 46.3%. For a detailed discussion, the following is provided.

For October 31, 2021, the accounts 6901-6903 (Optimum Basin Mgmt. Program) section was above the Year-To-Date (YTD) budget by \$6,401 or 7.1%. Watermaster utilizes an in-house database time and attendance system to record and document staff's actual hours worked and also allocates those hours to a specific project or activity. Watermaster staff time could be charged to Administrative, OBMP, or Implementation Project categories. Recently, Watermaster staff spent less time on specific OBMP related areas as budgeted. As a result, Watermaster staff allocated less actual time to the OBMP project as budgeted, which resulted in an under-budget variance of \$11,527 or 15.3%. The remaining expense was the Santa Ana Watershed Project Authority (SAWPA) FY 2020/21 Basin Monitoring Program Task Force Contribution which was budgeted at \$15,032 and actual expenses were \$20,158 or \$5,126 or 34.1% above budget as of October 31, 2021.

For October 31, 2021, the accounts 6906 (Optimum Basin Mgmt. Program Engineering Services) section was below the Year-To-Date (YTD) budget by \$63,971 or 29.2%. The majority of expenses within this OBMP category were under budget (YTD), however, the accounts over budget were the OBMP-Watermaster Model Update (6906.1) which were over budget by \$6,385 or 57.8%; Water Rights Compliance Reporting expenses (6906.22) which were over budget by \$11,979 or 199.9%; OBMP-Other General Meetings expenses (6906.32) which were over budget by \$5,158 or 20.1%; Prepare Annual Report expenses (6906.81) which were over budget by \$334 or 6.8%; and the OBMP-Engineering Services-Other expenses (6906) which were over budget by \$3,527 or 25.3%. Within the 6906 categories, two accounts had funding "Carried-Over" from the previous fiscal year. The OBMP-Watermaster Model Update expenses (6906.1) had \$9,000 brought forward from the previous year and the Integrated Model Meetings-IEUA Costs expenses (6906.15) had \$14,594 brought forward from the previous year. These two amounts are included in the FY 2021/22 budget.

Within the category 6907 (Optimum Basin Mgmt. Program Legal Fees) are the remaining Brownstein Hyatt Farber Schreck (BHFS) Watermaster's legal expenses. Within the legal expense category, there were no line item activities above the budget. The individual legal projects/activities that were below budget for the Year-To-Date (YTD) period were the Archibald South Plume of \$3,659; the Chino Airport Plume of \$3,659; the Desalter/Hydraulic Control of \$9,956; Santa Ana River Water Rights of \$6,003; the Santa Ana River Habitat of \$6,889; the Regional Water Quality Control Board of \$16,283; the Recharge Master Plan expenses of \$3,217; Storage Agreements of \$17,183; the Prado Basin Habitat Sustainability of \$4,166; SGMA Compliance of \$3,000; the OBMP Update of \$27,300; the 2020 Safe Yield Reset of \$1,336; the Ely Basin Investigation expenses of \$16,283; and the WM Unanticipated legal expenses of \$11,291. For the four months ended October 31, 2021, the overall cumulative (YTD) budget was \$146,991 and the actual (BHFS) legal expenses totaled \$16,767 which resulted in an under-budget variance of \$130,224 or 88.6%.

The OBMP Update Costs (6908.1) were below the budget for the month. These expenses relate to the OBMP Update costs for the contract between Tom Dodson and Associates and CBWM to procure environmental review services for the 2020 OBMP Update. The contract had a remaining amount available of \$17,065 as of the year-ended June 30, 2021 and that amount was "Carried-Over" into the FY 2021/22 budget. The budget has a remaining balance as of October 31, 2021 of \$17,065.

The OBMP Other Expenses (6909's) were below the budget for the month. These expenses are typically conference calls, meeting expenses, supplies, annual inspection fees, and other miscellaneous type expenses. As of October 31, 2021, this category of expenses was \$2,698 or 88.8% below the budgeted amount of \$3,074.

Overall, the Optimum Basin Management Program (OBMP) category was \$255,724 actual (YTD) compared to a budget (YTD) of \$476,083 for an under budget of \$220,359 or 46.3% as of October 31, 2021.

The table listed below summarizes the Optimum Basin Management Program (OBMP) expenses as of October 31, 2021 compared to the Year-To-Date (YTD) budget. Please be advised that the "\$ Over Budget" and the "% of Budget" columns are a comparison of the (YTD) Actual to the (YTD) Budget, not the 12-month Annual Budget. The 12-month Annual Budget column is presented only to provide the data in a full and complete format. The following details are provided:

	Jul '21 - Oct '21 Actual	Jul '21 - Oct '21 Budget	\$ Over Budget	% of Budget	FY 2021/22 Annual Budget
<b>6900 - Optimum Basin Mgmt Plan</b>					
6901 - WM Staff Salaries	63,670.98	75,198.00	-11,527.02	84.67%	222,176.00
6903 - OBMP SAWPA Group	20,158.00	15,032.00	5,126.00	134.1%	15,032.00
<b>Total 6901-6903 - OBMP WM Staff/SAWPA</b>	<b>83,828.98</b>	<b>90,230.00</b>	<b>-6,401.02</b>	<b>92.91%</b>	<b>237,208.00</b>
<b>6906 - OBMP Engineering Services</b>					
6906.1 - OBMP - Watermaster Model Update	17,425.00	11,040.00	6,385.00	157.84%	15,112.00
6906.15 - Integrated Model Mtgs. - IEUA Costs	9,589.74	25,018.00	-15,428.26	38.33%	45,874.00
6906.21 - State of the Basin Report	0.00	0.00	0.00	0.0%	0.00
6906.22 - Water Rights Compliance Reporting	17,973.25	5,994.00	11,979.25	299.85%	17,984.00
6906.23 - SGMA Reporting Requirements	0.00	5,199.00	-5,199.00	0.0%	15,598.00
6906.24 - Compliance - SB88 and SWRCB	0.00	4,068.00	-4,068.00	0.0%	12,204.00
6906.26 - 2020 OBMP Update	0.00	0.00	0.00	0.0%	0.00
6906.31 - OBMP - Pool, Advisory, Board Mtgs.	16,355.25	36,000.00	-19,644.75	45.43%	108,000.00
6906.32 - OBMP - Other General Meetings	30,867.75	25,710.00	5,157.75	120.06%	77,134.00
6906.71 - OBMP - Data Requests - CBWM Staff	31,754.34	44,356.00	-12,601.66	71.59%	133,068.00
6906.72 - OBMP - Data Requests - Non CBWM	7,926.75	16,696.00	-8,769.25	47.48%	50,088.00
6906.73 - OBMP - Safe Yield Recalculation	0.00	0.00	0.00	0.0%	0.00
6906.74 - OBMP - Mat'l Phy. Injury Requests	156.00	25,799.00	-25,643.00	0.61%	77,398.00
6906.81 - Prepare Annual Reports	5,208.75	4,875.00	333.75	106.85%	14,626.00
6906 - OBMP Engineering Services - Other	17,495.00	13,968.00	3,527.00	125.25%	41,896.00
<b>Total 6906 - OBMP Engineering Services</b>	<b>154,751.83</b>	<b>218,723.00</b>	<b>-63,971.17</b>	<b>70.75%</b>	<b>608,982.00</b>
<b>6907 - OBMP Legal Fees</b>					
<b>6907.3 - WM Legal Counsel</b>					
6907.31 - Archibald South Plume	0.00	3,659.00	-3,659.00	0.0%	10,975.00
6907.32 - Chino Airport Plume	0.00	3,659.00	-3,659.00	0.0%	10,975.00
6907.33 - Desalter/Hydraulic Control	1,278.00	11,234.00	-9,956.00	11.38%	33,700.00
6907.34 - Santa Ana River Water Rights	247.50	6,250.00	-6,002.50	3.96%	18,750.00
6907.36 - Santa Ana River Habitat	2,227.50	9,117.00	-6,889.50	24.43%	27,350.00
6907.38 - Reg. Water Quality Cntrl Board	0.00	16,283.00	-16,283.00	0.0%	48,850.00
6907.39 - Recharge Master Plan	949.50	4,166.00	-3,216.50	22.79%	12,500.00
6907.40 - Storage Agreements	0.00	17,183.00	-17,183.00	0.0%	51,550.00
6907.41 - Prado Basin Habitat Sustainability	0.00	4,166.00	-4,166.00	0.0%	12,500.00
6907.44 - SGMA Compliance	0.00	3,000.00	-3,000.00	0.0%	9,000.00
6907.45 - OBMP Update	0.00	27,300.00	-27,300.00	0.0%	81,900.00
6907.46 - Upper SAR Integrated Model	0.00	0.00	0.00	0.0%	0.00
6907.47 - 2020 Safe Yield Reset	12,064.05	13,400.00	-1,335.95	90.03%	40,200.00
6907.48 - Ely Basin Investigation	0.00	16,283.00	-16,283.00	0.0%	48,850.00
6907.90 - WM Legal Counsel - Unanticipated	0.00	11,291.00	-11,291.00	0.0%	33,875.00
<b>Total 6907 - WM Legal Counsel</b>	<b>16,766.55</b>	<b>146,991.00</b>	<b>-130,224.45</b>	<b>11.41%</b>	<b>440,975.00</b>
<b>Total 6907 - OBMP Legal Fees</b>	<b>16,766.55</b>	<b>146,991.00</b>	<b>-130,224.45</b>	<b>11.41%</b>	<b>440,975.00</b>
<b>6908 - OBMP Updates</b>					
6908.1 - 2020 OBMP Update-Dodson & Assoc.	0.00	17,064.56	-17,064.56	0.0%	17,064.56
<b>Total 6908 - OBMP Updates</b>	<b>0.00</b>	<b>17,064.56</b>	<b>-17,064.56</b>	<b>0.0%</b>	<b>17,064.56</b>
<b>6909 - OBMP Other Expenses</b>					
6909.1 - OBMP Meetings	376.46	500.00	-123.54	75.29%	1,500.00
6909.3 - Other OBMP Expenses	0.00	908.00	-908.00	0.0%	2,724.00
6909.6 - OBMP Expenses - Miscellaneous	0.00	1,666.00	-1,666.00	0.0%	5,000.00
6909 - OBMP Other Expenses - Other	0.00	0.00	0.00	0.0%	0.00
<b>Total 6909 - OBMP Other Expenses</b>	<b>376.46</b>	<b>3,074.00</b>	<b>-2,697.54</b>	<b>12.25%</b>	<b>9,224.00</b>
<b>Total 6900 - Optimum Basin Mgmt Plan</b>	<b>255,723.82</b>	<b>476,082.56</b>	<b>-220,358.74</b>	<b>53.71%</b>	<b>1,313,453.56</b>

PREVIOUSLY REPORTED ACTIONS (Descending Order)

None

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ENGINEERING SERVICES - OBMP IMPLEMENTATION PROJECTS COSTS  
WEST YOST ASSOCIATES (formerly Wildermuth Environmental, Inc.)

CURRENT MONTH – OCTOBER 2021

As of October 31, 2021, the total (YTD) Engineering Services expenses were \$685,293 or 49.0% below the (YTD) budget amount of \$1,398,503. The OBMP Implementation Projects (consolidated accounts 7100s – 7700s) were all under budget of as of October 31, 2021 except for the Hydraulic Control-Lab Services expenses (7108.4) which were over budget by \$440 or 100%; the PE4-Engineering expenses (7402) which were over budget by \$1,452 or 3.1%; and PE 6&7-Engineering Services expenses (7502) which were over budget by \$9,902 or 26.5%.

Budget Amendment A-21-10-01 in the amount of \$72,000 was approved by the Advisory Committee on October 21, 2021 and approved by the Board on October 28, 2021. The account increased with the Budget Amendment was the Hydraulic Control-Mitigation Plan-50% IEUA (TO No. 6) (account 7508) which was increased by \$72,000 to include the Proposal to Prepare an Updated Plan for Mitigation of Temporary Loss of Hydraulic Control of the Chino Basin (Task Order No. 6). The Budget Amendment A-21-10-01 increased the total West Yost “Amended” budget from \$2,337,888 to \$2,409,888 and in addition the Carry-Over funding of \$573,765 which brings the West Yost “Amended” budget to \$2,983,653.

West Yost Associates provides Watermaster a Progress and Estimated Cost at Completion (ECAC) report each quarter. The purpose of this (ECAC) report is to update Watermaster on whether or not the Engineering Services budget will be above or below budget at the end of the fiscal year. If the Engineering Services budget is expected to be above budget at fiscal year-end, a Budget Amendment or Budget Transfer Form would need to be approved to ensure funding.

The second quarter (ECAC) report is scheduled for issuance and distribution in early February 2022 for the period July 1, 2021 through December 31, 2021.

The table listed below summarized the Year-To-Date (YTD) Actual West Yost Associates and other Engineering costs compared to the Year-To-Date (YTD) Budget as of October 31, 2021. Please be advised that the “\$ Over Budget” and the “% of Budget” columns are a comparison of the (YTD) Actual to the (YTD) Budget, not the 12-month Annual Budget. The 12-month Annual Budget column is presented only to provide the data in a full and complete format. The following details are provided:

	Jul '21 - Oct '21	Jul '21 - Oct '21	\$ Over Budget	% of Budget	FY 2021/22
	Actual	Budget			Annual Budget
6906 - OBMP Engineering Services - Other	17,495.00	13,968.00	3,527.00	125.25%	41,896.00
6906.1 - OBMP - Watermaster Model Update	17,425.00	11,040.00	6,385.00	157.84%	15,112.00
6906.15 - Integrated Model Mtgs-IEUA Cost	9,589.74	25,018.00	-15,428.26	38.33%	45,874.00
6906.21 - State of the Basin Report	0.00	0.00	0.00	0.0%	0.00
6906.22 - Water Rights Compliance Reporting	17,973.25	5,994.00	11,979.25	299.85%	17,984.00
6906.23 - SGMA Reporting Requirements	0.00	5,199.00	-5,199.00	0.0%	15,598.00
6906.24 - Compliance - SB88 and SWRCB	0.00	4,068.00	-4,068.00	0.0%	12,204.00
6906.26 - 2019 OBMP Update	0.00	0.00	0.00	0.0%	0.00
6906.31 - OBMP - Pool, Advisory, Board Mtgs.	16,355.25	36,000.00	-19,644.75	45.43%	108,000.00
6906.32 - OBMP - Other General Meetings	30,867.75	25,710.00	5,157.75	120.06%	77,135.00
6906.71 - OBMP - Data Requests - CBWM Staff	31,754.34	44,356.00	-12,601.66	71.59%	133,068.00
6906.72 - OBMP - Data Requests - Non CBWM	7,926.75	16,696.00	-8,769.25	47.48%	50,088.00
6906.73 - OBMP - Safe Yield Recalculation	0.00	0.00	0.00	0.0%	0.00
6906.74 - OBMP - Mat'l Physical Injury Requests	156.00	25,799.00	-25,643.00	0.61%	77,398.00
6906.81 - Prepare Annual Reports	5,208.75	4,875.00	333.75	106.85%	14,626.00
7103.3 - Grdwtr Qual-Engineering	89,489.66	92,697.00	-3,207.34	96.54%	206,089.00
7103.5 - Grdwtr Qual-Lab Svcs	40,750.00	42,087.00	-1,337.00	96.82%	63,261.00
7104.3 - Grdwtr Level-Engineering	50,222.68	67,598.00	-17,375.32	74.3%	202,793.00
7104.8 - Grdwtr Level-Contracted Services	0.00	3,334.00	-3,334.00	0.0%	10,000.00
7104.9 - Grdwtr Level-Capital Equipment	0.00	2,666.00	-2,666.00	0.0%	8,000.00
7107.2 - Grd Level-Engineering	20,022.74	21,847.00	-1,824.26	91.65%	65,542.00
7107.3 - Grd Level-SAR Imagery	79,817.50	113,334.00	-33,516.50	70.43%	170,000.00
7107.6 - Grd Level-Contract Svcs	0.00	28,751.00	-28,751.00	0.0%	86,254.00
7107.8 - Grd Level-Capital Equipment	0.00	7,877.00	-7,877.00	0.0%	16,086.00
7108.3 - Hydraulic Control-Engineering	0.00	0.00	0.00	0.0%	0.00
7108.31 - Hydraulic Control-PBHSP	346.49	22,418.00	-22,071.51	1.55%	67,254.00
7108.4 - Hydraulic Control-Lab Svcs	440.00	0.00	440.00	100.0%	0.00
7108.41 - Hydraulic Control-PBHSP	0.00	0.00	0.00	0.0%	0.00
7108.6 - Hydraulic Control-Outside Professionals	4,500.00	4,500.00	0.00	100.0%	4,500.00
7109.3 - Recharge & Well - Engineering	1,706.25	11,070.00	-9,363.75	0.0%	33,208.00
7110.3 - Ag Production & Estimation - Eng. Serv.	5,080.50	47,424.00	-42,343.50	0.0%	56,910.00
7111.3 - Data Collection & Mgmt. - Eng. Services	1,157.25	6,719.00	-5,561.75	0.0%	20,158.00
7202.2 - Comp Recharge-Engineering Services	25,235.60	138,254.00	-113,018.40	18.25%	174,764.00
7206.1 - SB88 Specs-Compliance-50% IEUA	681.62	72,971.00	-72,289.38	0.93%	54,694.00
7210 - OBMP - 2023 RMPU	461.50	37,732.00	-37,270.50	1.22%	37,732.00
7303 - PE3&5-Engineering - Other	712.00	7,428.00	-6,716.00	9.59%	22,284.00
7402 - PE4-Engineering	48,053.50	46,602.00	1,451.50	103.12%	139,806.00
7402.10 - PE4-MZ1 Pomona Project	48,901.50	138,106.00	-89,204.50	35.41%	236,127.00
7502 - PE6&7-Engineering	47,208.25	37,306.00	9,902.25	126.54%	111,916.00
7508 - HC Mitigation Plan-50% IEUA (TO #6)	0.00	8,000.00	-8,000.00	0.0%	72,000.00
7510 - PE6&7-IEUA Salinity Mgmt. Plan	19,940.23	73,975.00	-54,034.77	26.96%	73,975.00
7511 - PE6&7-SAWBMP Task Force-50% IEUA	0.00	8,802.00	-8,802.00	0.0%	26,405.00
7602 - PE8&9-Engineering	0.00	0.00	0.00	0.0%	0.00
7610 - PE8&9-Support 2020 Mgmt. Plan	0.00	43,220.00	-43,220.00	0.0%	43,220.00
7614 - OBMP-Support Imp. Safe Yield Court Order	73,731.00	95,062.00	-21,331.00	77.56%	371,692.00
<b>Total Engineering Services Costs</b>	<b>713,210.10</b>	<b>1,398,503.00</b>	<b>-685,292.90</b>	<b>51.0%</b>	<b>2,983,653.00</b> *

\* West Yost and Subcontractor Engineering Budget of \$2,409,888 plus Carryover Funds from FY 2020/21 of \$573,765.00  
Carryover Funds from FY 2020/21 of \$573,765.00 = \$9,000 (6906.1); \$14,594 (6906.15); \$85,000 (7107.3); \$3,772 (7107.8); \$42,682 (7110.3);  
\$120,000 (7202.2); \$54,694 (7206.1); \$37,732 (7210); \$89,096 (7402.10); \$73,975 (7510); and \$43,220 (7610)

PREVIOUSLY REPORTED ACTIONS (Descending Order)

September 2021:

The first ECAC report for the current fiscal year has been provided for the period ending September 30, 2021 and shows a projected under budget at fiscal year-end June 30, 2022 of \$80,942.

The Fiscal Year 2020/21 Progress and Estimated Cost at Completion for the Period July 1, 2021 through September 30, 2021 report from West Yost Associates is provided. Please access this link:

<https://cbwm.syncedtool.com/shares/file/us8be8WNibj/?modal=1>

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court, and to develop and implement an Optimum Basin Management Program*

Watermaster does not plan to present any Budget Transfers or Budget Amendments at this time.

July 2021:

The "Original" Approved budget for FY 2021/22 for Engineering Services was \$1,819,165. Budget Amendment A-21-07-01 in the amount of \$147,031 and Budget Amendment A-21-07-02 in the amount of \$276,761 were adopted by the Watermaster Board on July 22, 2021. Budget Amendment A-21-08-01 in the amount of \$8,427 was approved by the Advisory Committee on August 19, 2021. The accounts increased with the Budget Amendments were the OBMP-Northwest MZ-1 Area Project (7402.1) increased by \$147,031 and the Safe Yield Reset Methodology Evaluation (7614) increased by \$285,188. The "Amended" Engineering Services Budget after inclusion of the Budget Amendments was \$2,251,384. The Engineering Services budget was Amended with the addition of "Carry-Over" funding totaling \$573,765 which brought the Amended Budget amount to \$2,825,149.

The explanations regarding the Carry-Over amount of \$573,765 from FY 2020/21 to the FY 2021/22 budget is provided as follows:

1. Watermaster Model Update and Required Demonstrations (Account 6906.1): \$9,000. The requested Carry-Over is necessary to finalize the report on Model Update and Required Demonstrations, which was scheduled for completion in FY 2020/21.
2. IEUA - Integrated Model Meetings and Technical Review (Account 6906.15): \$29,188 (Watermaster's portion is \$14,594). The requested Carry-Over is necessary because this effort was planned for completion in FY 2020/21 but is now scheduled to be completed by December 2021.
3. Ground Level – SAR Imagery (Account 7107.3): \$85,000. The requested Carry-Over is necessary for the purchase and processing of satellite data by a subconsultant to estimate vertical ground motion. The work was completed in FY 2020/21, but the invoice has not yet been received from the subcontractor.
4. Ground Level – Capital Equipment (Account 7107.8): \$3,772. The requested Carry-Over is necessary for the of purchase materials and equipment for the Pomona Extensometer Facility. The work was started in FY 2020/21 but wasn't completed until August 2021.
5. Agriculture Production and Estimation (Account 7110.3): \$42,682. The requested Carry-Over is necessary to complete the Agriculture Production and Estimation work that was originally scheduled to be performed in FY 2019/20 and FY 2020/21 but was delayed to FY 2021/22.
6. PE2: Engineering Services for Other Recharge Improvement Projects (Account 7202.2): \$120,000. The requested Carry-Over is necessary to finalize this work in FY 2021/22. The work includes conducting a life-cycle analysis at the San Sevaine 1 and Etiwanda Debris conservation berms, and finalizing a technical memorandum describing the analysis and conclusions. The scope and schedule for this work was fine-tuned with input from IEUA and Watermaster Staff in FY 2020/21. The work is to be completed in FY 2021/22.
7. 2023 RMPU Recharge Master Plan Scoping (Account 7210): \$37,732. The requested Carry-Over is necessary to complete the scope, budget and report outline the 2023 RMPU. In June, the Parties determined that they were not interested in pursuing capital improvement projects was part of the 2023 RMPU. A scope, budget and report outline the 2023 RMPU still needs to be developed based on the input from the Parties.
8. Management Zone Strategies – Northwest MZ-1 (Account 7402.10): \$89,096. The requested Carry-Over is necessary because this is a multi-year project to develop a subsidence management plan for the Northwest MZ-1, and not all tasks planned/budgeted in FY 2020/21 were completed in FY 2020/21.



9. IEUA – Update Recycled Water Permit – Salinity (Account 7510): \$189,341 (Watermaster’s portion is \$73,975). The requested Carry-Over is necessary to complete the technical and regulatory compliance supportwork to update the Chino Basin Maximum Benefit Salt and Nutrient Management Plan. This multiyear project began FY 2017/18 and is scheduled to be completed by June 2022.
10. PE 8/9: Support Implementation of the 2020 Storage Management Plan (Account 7610): \$43,220. The requested Carry-Over is for as-requested technical support to Watermaster staff, updating the information required for a complete Storage and Recovery Program application, updating the Storage and Recovery Program application forms, and updating the process to evaluate an application. No implementation activities occurred in FY 2020/21. The entire budget is requested to be brought forward into FY 2021/22.
11. SB88 Specification to Ensure Compliance with Regulations (Account 7206.1) - GRCC and 50% IEUA Cost Share: \$54,694. The requested Carry-Over is necessary to (1) complete the technical memorandum evaluating the existing methodology to estimate stormwater diversions in the Chino Basin, and (2) provide as needed support to IEUA and Watermaster in implementing the recommendations describes in the technical memorandum. The administrative draft technical memorandum was completed in June 2021 and comments were received on August 11, 2021.

#### PRADO BASIN HABITAT SUSTAINABILITY PROGRAM

##### **Ongoing Costs**

Program costs that are ongoing (Ongoing Costs) will be cost-shared between Watermaster and IEUA, split on a 50/50 basis, subject to the following limitation: in each fiscal year, neither Watermaster nor IEUA shall be obligated to reimburse the other for Ongoing Costs that exceed the amount that the reimbursing party has budgeted for Ongoing Costs in that fiscal year, except as agreed upon by both parties in writing or as amended during the fiscal year. The first year expenses (FY 2016/17) to be cost shared were approximately \$300,000, with projected future years (FY 2017/18 and forward) estimated at approximately \$150,000. For the purposes of the agreement, Ongoing Costs are defined as the costs associated with the following Program activities:

1. A Riparian Habitat Monitoring Program, including, but not limited to, the following sub-tasks:
  - a. Design and implement a site-specific vegetation monitoring program with the United States Bureau of Reclamation (USBR) and Orange County Water District, pursuant to which USBR will perform site-specific vegetation surveys.
  - b. Manage and perform custom flight to collect a high resolution air photo of the Prado Basin Region.
  - c. Collect, check, and upload historical air photos and vegetation survey data in the Prado Basin region.
  - d. Collect, check, and upload historical Landsat data in the Prado Basin region.
2. A Climate Monitoring Program, including, but not limited to, the following sub-task:
  - a. Collect, check, and upload climatic data on an annual basis
3. Preparation of the AMP Annual Report (Annual Report), including, but not limited to, the following sub-tasks:
  - a. Water level monitoring, vegetation survey, photo monitoring, landsat data, climate data and analysis of the components.
  - b. Analyze data and prepare an administrative draft of the Annual Report for Watermaster/IEUA.
  - c. Incorporate the Watermaster and IEUA comments and prepare a draft Annual Report for review by the PBHSC.
  - d. Meet with PBHSC to review draft Annual Report.
  - e. Incorporate PBHSC comments and finalize the Annual Report.

4. Annual license fees for monitoring wells.
5. Project management and administration activities associated with the Program undertaken by a Party's consultant, including, but not limited to, the following sub-tasks:
  - a. Ad-Hoc Meetings
  - b. Preparation of scope and budget for the Program
  - c. Project administration and financial reporting
6. Other costs required to fulfill the requirements of Peace II Subsequent EIR mitigation measure 4.4-3. Watermaster shall be responsible for the costs associated with the Groundwater Level Monitoring Program, Groundwater Quality Monitoring Program, and Surface Water Monitoring Program.

Watermaster and IEUA shall each have responsibility for its own administrative costs, excluding the tasks and expenses included under Set-Up Costs and Ongoing Costs. Watermaster and IEUA will meet to review the cost-sharing structure under this agreement and negotiate necessary adjustments in good faith on at least an annual basis.

The Peace II SEIR does not explicitly state a duration for the monitoring and mitigation program. It is logical to assume that the program will last until the drawdown impacts, if any, on the riparian habitat from Peace II activities are fully manifested and not predicated to worsen, and that mitigation measures, if any are required, are fully implemented. This is not a perpetual agreement. Upon termination of the monitoring and any necessary mitigation obligations, the parties may elect to terminate the cost share agreement.

	West Yost Associates	50% Billing "TO" IEUA	50% Billing "FROM" IEUA	Costs For Watermaster
Jul. 2021 - Oct. 2021	\$ 693.00	\$ (346.50)	\$ -	\$ 346.50
<b>Totals</b>	<b>\$ 693.00</b>	<b>\$ (346.50)</b>	<b>\$ -</b>	<b>\$ 346.50</b>
	7108.31	7108.31	7108.31	
<b>Maximum Costs</b>	<b>\$ 143,508.00</b>	<b>\$ 71,754.00</b>	<b>\$ 71,754.00</b>	<b>\$ 71,754.00</b>

PREVIOUSLY REPORTED ACTIONS (Descending Order)  
 None

OTHER INCOME AND EXPENSE

There were no other significant items to report within the category of Other Income and Expenses for the month ending October 31, 2021.

PREVIOUSLY REPORTED ACTIONS (Descending Order)

September 2021:

On September 20, 2021, the Agricultural Pool unanimously passed an action to request that Watermaster staff immediately issue the Agricultural Pool Wellhead Production Assessment of Agricultural Pool wells. The Agricultural Pool further requested that the total amount to be assessed is equal to \$200,000 as apportioned among all wells based upon amount of water produced. Watermaster staff started to issue the invoices on September 20, 2021 and completed on September 21, 2021.

July 2021:

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court, and to develop and implement an Optimum Basin Management Program*

Per section VI.D.3 of the Groundwater Storage Program Funding Agreement No. 49960 in the Chino Basin with The Metropolitan Water District of Southern California, the FY 2021/22 annual administrative fee invoice was issued on July 6, 2021 in the amount of \$177,430.03 under invoice number 2021-07-CUP. Payment in the amount of \$177,430.03 was received and deposited on August 10, 2021.

The FY 2021/22 annual debt service expense (account 7690.1) of \$529,029 was paid directly to IEUA on July 8, 2021.

#### POOL LEGAL SERVICES FUND ACCOUNTING

Each Pool has a Fund Account created to pay their own legal service invoices. The legal services invoices are funded and paid using the Fund accounts (8467 for the OAP, 8567 for the ONAP, and 8367 for the AP). These Fund Accounts are replenished at the direction of each Pool, and the legal service invoices are approved by the Pool leadership and when paid by Watermaster, are deducted from the existing Fund Account balances. If the Fund Account for any Pool reaches zero, no further payments can be paid from the Fund and a replenishment action must be initiated by the Pool.

Along with the legal services Fund account for the OAP (8467), the OAP also has two other Fund accounts for Ag Pool Meeting Attendance expenses (8470), and Special Projects expenses (8471). These Fund accounts are also shown in the charts listed below.

Normally, the Watermaster Admin Reserve would not be used to fund any of the Pool's legal services invoices. However, for the Agricultural Pool, the amount of \$102,557.12 was used from the Watermaster Admin Reserve to fund the shortfall created when the November 19, 2020 Assessment invoices totaling \$500,000 were not paid in full. In fact, \$115,263.88 was paid, leaving a balance due of \$384,736.12 ( $\$115,263.88 + \$384,736.12 = \$500,000$ ) which still remains unpaid. Through November 2020, invoices totaling \$217,821.00 had been paid for the Agricultural Pool.

Please note the Assessment invoices issued on November 19, 2020 were due on December 21, 2020. The available cash of \$115,263.88 and payments issued of \$217,821.00 left a Fund balance shortfall of \$102,557.12 which was temporarily funded through Admin Reserves ( $\$217,821.00 - \$115,263.88 = \$102,557.12$ ). The Admin Reserve amount of \$102,557.12 will need to be refunded back to Watermaster.

**Fund Balance for Agricultural Pool  
 Account 8467 - Legal Services**

Beginning Balance July 1, 2020:	\$ -
Additions:	
Assessment issued November 19, 2020 for \$500,000 with outstanding balance of \$384,736.12	\$ 115,263.88
Admin Reserve used to cover shortfall *	\$ 102,557.12
Subtotal Additions:	\$ 217,821.00
From Agricultural Pool Reserve Funds	\$ 297,290.00
Total Additions:	\$ 515,111.00
Reductions:	
Invoices paid July 2020 - November 2020	\$ (217,821.00)
Invoices paid December 2020 - June 2021	\$ (220,365.00)
Invoices paid July 2021 - October 2021	\$ (76,925.00)
Subtotal Reductions:	\$ (515,111.00)
<b>Ending Fund Balance as of October 31, 2021</b>	<b>\$ -</b>

\* The Admin Reserve amount of \$102,557.12 will need to be refunded back to Watermaster.

**Agricultural Pool Reserve Funds  
 As shown the B-3 Financial Report**

Agricultural Pool Reserve Funds Balance as of June 30, 2020:	\$ 515,498.06
Additions:	
AP payments w/o Escrow instructions (\$165,694.75 - \$161,070.09)	\$ 4,624.66
Y-T-D Interest earned on Ag Pool Funds FY 2020/21, FY 2021/22	\$ 1,993.48
Payments rec'd on Wellhead Production invoices issued Sep. 2021	\$ 59,207.87
Subtotal Additions:	\$ 65,826.01
Reductions:	
Actual vs. Budget Shortfall from FY 2019/20	\$ (165,694.75)
Mediation invoice paid	\$ (8,450.00)
Subtotal Reductions:	\$ (174,144.75)
Invoices paid December 2020 - June 2021	\$ (220,365.00)
Invoices paid July 2021 - October 2021	\$ (76,925.00)
Total Reductions	\$ (471,434.75)
<b>Agricultural Pool Reserve Funds Balance as of October 31, 2021:</b>	<b>\$ 109,889.32</b>

Note: Balance of \$109,889.32 as shown on B-3 Financial Report

**Fund Balance For Agricultural Pool  
 Account 8470 - Meeting Compensation**

Beginning Balance July 1, 2021:	\$ 19,525.00
Additions:	
Assessment issued and paid	\$ -
Budget Transfers	\$ -
Subtotal Additions:	\$ -
Reductions:	
Compensation paid July 2021 - October 2021	\$ (10,250.00)
Subtotal Reductions:	\$ (10,250.00)
<b>Ending Fund Balance as of October 31, 2021</b>	<b>\$ 9,275.00</b>

**Fund Balance For Agricultural Pool  
 Account 8471 - Special Projects**

Beginning Balance July 1, 2021:	\$ 31,516.00
Additions:	
Assessment issued and paid	\$ -
Subtotal Additions:	\$ -
Reductions:	
Invoices paid July 2021 - October 2021	\$ (10,643.00)
Budget Transfers	\$ -
Subtotal Reductions:	\$ (10,643.00)
<b>Ending Fund Balance as of October 31, 2021</b>	<b>\$ 20,873.00</b>

<b>Fund Balance For Non-Agricultural Pool</b>	
<b>Account 8567 - Legal Services</b>	
Beginning Balance July 1, 2021:	\$ 32,320.70
Additions:	
Assessment issued and paid	\$ -
Reductions:	
Invoices paid July 2021 - October 2021	\$ (7,575.20)
<b>Ending Fund Balance as of October 31, 2021</b>	<b>\$ 24,745.50</b>

<b>Fund Balance For Appropriative Pool</b>	
<b>Account 8367 - Legal Services</b>	
Beginning Balance July 1, 2021:	\$ 62,391.25
Additions:	
Assessment issued and paid	\$ -
Subtotal Additions:	\$ -
Reductions:	
Invoices paid July 2021 - October 2021	\$ (47,800.00)
Accrued (not paid)	\$ (24,124.00)
Subtotal Reductions:	\$ (47,800.00)
<b>Ending Fund Balance as of October 31, 2021</b>	<b>\$ 14,591.25</b>

PREVIOUSLY REPORTED ACTIONS (Descending Order)  
 None

“CARRY OVER” FUNDING  
 BACKGROUND OF “CARRY OVER” FUNDING

CURRENT MONTH – OCTOBER 2021

As of October 31, 2021, the total (YTD) amount remaining of the “Carried Over” funding is \$2,586,371.78 (\$2,943,828.87 - \$357,457.09 = \$2,586,371.78).

The following details are provided:

"Carried Over" Expenses At June 30, 2021

Human Resources Services	\$ 6,000.00	A	6013	FY 2020/21	ADMIN
Temporary Services	\$ 21,000.00	B	6017	FY 2020/21	ADMIN
Other Office Equipment - Boardroom Upgrades	\$ 26,794.71	C	6038	FY 2019/20	ADMIN
Other Office Equipment - Boardroom Upgrades	\$ 41,295.45	C	6038	FY 2020/21	ADMIN
2020 OBMP Update - Tom Dodson & Associates	\$ 17,064.56	D	6908.1	FY 2020/21	OBMP
Meter Installation - New Meter Installation	\$ 175,400.00	E	7102.65	FY 2018/19	OBMP
Meter Installation - Calibration and Testing	\$ 181,650.00	F	7102.8	FY 2018/19	OBMP
OBMP - Watermaster Model Update	\$ 9,000.00	G	6906.1	FY 2020/21	ENG
Integrated Model - Meetings - 50% IEUA Costs	\$ 14,594.00	H	6906.15	FY 2020/21	ENG
Ground Level Monitoring - SAR Imagery	\$ 85,000.00	I	7107.3	FY 2020/21	ENG
Ground Level Monitoring - Capital Equipment	\$ 3,772.00	J	7107.8	FY 2020/21	ENG
Agriculture Production and Estimation	\$ 42,682.00	K	7110.3	FY 2020/21	ENG
PE2 - Comprehensive Recharge - Eng. Services	\$ 120,000.00	L	7202.2	FY 2020/21	ENG
SB88-Specs-Ensure Compliance-50% IEUA	\$ 54,694.00	M	7206.1	FY 2020/21	ENG
OBMP - 2023 RMPU	\$ 37,732.00	N	7210	FY 2020/21	ENG
PE4 - Northwest MZ-1 Area Project	\$ 89,096.00	O	7402.1	FY 2020/21	ENG
IEUA - Update Recycle Water Permit - Salinity	\$ 73,975.00	P	7510	FY 2020/21	ENG
PE8&9 - Support Imp. 2020 Storage Mgmt. Plan	\$ 43,220.00	Q	7610	FY 2020/21	ENG
Upper Santa Ana River HCP (TO #7)	\$ 15,062.88	R	7690.7	FY 2014/15	PROJ
Upper Santa Ana River HCP (TO #7)	\$ 5,000.00	R	7690.7	FY 2015/16	PROJ
Lower Day Basin RMPU (TO #2)	\$ 238,646.90	S	7690.8	FY 2016/17	PROJ
Funds on Hold for Projects/Refund	\$ 1,434,582.42	T	7690.9	FY 2017/18	PROJ
Appropriative Pool - Legal Services	\$ 62,391.25	U	8367	FY 2020/21	AP
Agricultural Pool - Legal & Technical Services	\$ 61,814.00	V	8467	FY 2020/21	OAP
Agricultural Pool - Mtg. Attendance Compensation	\$ 19,525.00	W	8470	FY 2020/21	OAP
Agricultural Pool - Special Project Funding	\$ 31,516.00	X	8471	FY 2020/21	OAP
Non-Agricultural Pool - Legal Services	\$ 32,320.70	Y	8567	FY 2020/21	ONAP
<b>Total Balance, July 1, 2021</b>	<b>\$ 2,943,828.87</b>				

"Carried Over" Balance, July 1, 2021	\$	2,943,828.87				
Less: (Invoices Received To Date FY 2021/22)						
Human Resources Services	\$	-	A	6013	FY 2020/21	ADMIN
Temporary Services	\$	(18,797.36)	B	6017	FY 2020/21	ADMIN
Other Office Equipment - Boardroom Upgrades	\$	(1,869.33)	C	6038	FY 2019/20	ADMIN
Other Office Equipment - Boardroom Upgrades	\$	-	C	6038	FY 2020/21	ADMIN
2020 OBMP Update - Tom Dodson & Associates	\$	-	D	6908.1	FY 2020/21	OBMP
Meter Installation - New Meter Installation	\$	-	E	7102.65	FY 2018/19	OBMP
Meter Installation - Calibration and Testing	\$	-	F	7102.8	FY 2018/19	OBMP
OBMP - Watermaster Model Update	\$	(9,000.00)	G	6906.1	FY 2020/21	ENG
Integrated Model - Meetings - 50% IEUA Costs	\$	(9,589.75)	H	6906.15	FY 2020/21	ENG
Ground Level Monitoring - SAR Imagery	\$	(79,817.50)	I	7107.3	FY 2020/21	ENG
Ground Level Monitoring - Capital Equipment	\$	-	J	7107.8	FY 2020/21	ENG
Agriculture Production and Estimation	\$	(5,080.50)	K	7110.3	FY 2020/21	ENG
PE2 - Comprehensive Recharge - Eng. Services	\$	(25,235.60)	L	7202.2	FY 2020/21	ENG
SB88-Specs-Ensure Compliance-50% IEUA	\$	(681.62)	M	7206.1	FY 2020/21	ENG
OBMP - 2023 RMPU	\$	(461.50)	N	7210	FY 2020/21	ENG
PE4 - Northwest MZ-1 Area Project	\$	(48,901.50)	O	7402.1	FY 2020/21	ENG
IEUA - Update Recycle Water Permit - Salinity	\$	(19,940.23)	P	7510	FY 2020/21	ENG
PE8&9 - Support Imp. 2020 Storage Mgmt. Plan	\$	-	Q	7610	FY 2020/21	ENG
Upper Santa Ana River HCP (TO #7)	\$	-	R	7690.7	FY 2014/15	PROJ
Upper Santa Ana River HCP (TO #7)	\$	-	R	7690.7	FY 2015/16	PROJ
Lower Day Basin RMPU (TO #2)	\$	-	S	7690.8	FY 2016/17	PROJ
Funds on Hold for Projects/Refund	\$	-	T	7690.9	FY 2017/18	PROJ
Appropriative Pool - Legal Services	\$	(47,800.00)	U	8367	FY 2020/21	AP
Agricultural Pool - Legal & Technical Services	\$	(61,814.00)	V	8467	FY 2020/21	OAP
Agricultural Pool - Mtg. Attendance Compensation	\$	(10,250.00)	W	8470	FY 2020/21	OAP
Agricultural Pool - Special Project Funding	\$	(10,643.00)	X	8471	FY 2020/21	OAP
Non-Agricultural Pool - Legal Services	\$	(7,575.20)	Y	8567	FY 2020/21	ONAP
<b>Updated Balance as of October 31, 2021</b>	<b>\$</b>	<b>2,586,371.78</b>				

Updated Balance as of October 31, 2021

Human Resources Services	\$ 6,000.00	A	6013	FY 2020/21	ADMIN
Temporary Services	\$ 2,202.64	B	6017	FY 2020/21	ADMIN
Other Office Equipment - Boardroom Upgrades	\$ 24,925.38	C	6038	FY 2019/20	ADMIN
Other Office Equipment - Boardroom Upgrades	\$ 41,295.45	C	6038	FY 2020/21	ADMIN
2020 OBMP Update - Tom Dodson & Associates	\$ 17,064.56	D	6908.1	FY 2020/21	OBMP
Meter Installation - New Meter Installation	\$ 175,400.00	E	7102.65	FY 2018/19	OBMP
Meter Installation - Calibration and Testing	\$ 181,650.00	F	7102.8	FY 2018/19	OBMP
OBMP - Watermaster Model Update	\$ -	G	6906.1	FY 2020/21	ENG
Integrated Model - Meetings - 50% IEUA Costs	\$ 5,004.25	H	6906.15	FY 2020/21	ENG
Ground Level Monitoring - SAR Imagery	\$ 5,182.50	I	7107.3	FY 2020/21	ENG
Ground Level Monitoring - Capital Equipment	\$ 3,772.00	J	7107.8	FY 2020/21	ENG
Agriculture Production and Estimation	\$ 37,601.50	K	7110.3	FY 2020/21	ENG
PE2 - Comprehensive Recharge - Eng. Services	\$ 94,764.40	L	7202.2	FY 2020/21	ENG
SB88-Specs-Ensure Compliance-50% IEUA	\$ 54,012.38	M	7206.1	FY 2020/21	ENG
OBMP - 2023 RMPU	\$ 37,270.50	N	7210	FY 2020/21	ENG
PE4 - Northwest MZ-1 Area Project	\$ 40,194.50	O	7402.1	FY 2020/21	ENG
IEUA - Update Recycle Water Permit - Salinity	\$ 54,034.77	P	7510	FY 2020/21	ENG
PE8&9 - Support Imp. 2020 Storage Mgmt. Plan	\$ 43,220.00	Q	7610	FY 2020/21	ENG
Upper Santa Ana River HCP (TO #7)	\$ 15,062.88	R	7690.7	FY 2014/15	PROJ
Upper Santa Ana River HCP (TO #7)	\$ 5,000.00	R	7690.7	FY 2015/16	PROJ
Lower Day Basin RMPU (TO #2)	\$ 238,646.90	S	7690.8	FY 2016/17	PROJ
Funds on Hold for Projects/Refund	\$ 1,434,582.42	T	7690.9	FY 2017/18	PROJ
Appropriative Pool - Legal Services	\$ 14,591.25	U	8367	FY 2020/21	AP
Agricultural Pool - Legal & Technical Services	\$ -	V	8467	FY 2020/21	OAP
Agricultural Pool - Mtg. Attendance Compensation	\$ 9,275.00	W	8470	FY 2020/21	OAP
Agricultural Pool - Special Project Funding	\$ 20,873.00	X	8471	FY 2020/21	OAP
Non-Agricultural Pool - Legal Services	\$ 24,745.50	Y	8567	FY 2020/21	ONAP
<b>Updated Balance as of October 31, 2021</b>	<b>\$ 2,586,371.78</b>				

**ADMINISTRATION SERVICES:**

Unspent funds related to ongoing projects and associated activities from the Administration Services budget from FY 2020/21 totaling \$95,090.16 were "Carried Over" into the current FY 2021/22 budget. These funds were from the Human Resources Services [A] in the amount of \$6,000 in account (6013); Temporary Services [B] in the amount of \$21,000 in account (6017); and Other Office Equipment-Boardroom Upgrades [C] in the amount of \$68,090.16 in account (6038). The total funds available are \$95,090.16.

**OBMP ACTIVITIES:**

The OBMP Update costs relate to the contract between Tom Dodson and Associates and CBWM to procure environmental review services for the 2020 OBMP Update. The original budget was \$225,500 and was approved during FY 2019/20. At the end of June 30, 2021 a remaining balance in the fund of \$17,064.56 was "Carried Over" into the current FY 2021/22 budget. The 2020 OBMP Update - Tom Dodson & Associates [D] in the amount of \$17,064.56 in account (6908.1).

Unspent funds related to ongoing projects and associated activities from the Agricultural area metering installation efforts budget from FY 2018/19 in several accounts totaling \$357,050 were "Carried Over" into the current FY 2021/22 budget. These funds were from the Meter Installation - New Meter Installation [E]



in the amount of \$175,400 in account (7102.65); and Meter Installation - Calibration and Testing [F] in the amount of \$181,650 in account (7102.8). The total funds available are \$374,114.56.

#### ENGINEERING SERVICES:

Unspent funds related to ongoing projects and associated activities from the Engineering Services budget from FY 2020/21 in several accounts totaling \$573,765 were "Carried Over" into the current FY 2021/22 budget. These funds were from the OBMP - Watermaster Model Update [G] in the amount of \$9,000 in account (6906.1); Integrated Model-Meetings-50% IEUA Costs [H] in the amount of \$14,594 in account (6906.15); Ground Level Monitoring-SAR Imagery [I] in the amount of \$85,000 in account (7107.3); Ground Level Monitoring-Capital Equipment [J] in the amount of \$3,772 in account (7107.8); Agriculture Production and Estimation [K] in the amount of \$42,682 in account (7110.3); PE2 - Comprehensive Recharge-Engineering Services [L] in the amount of \$120,000 in account (7202.2); SB88 Specs-Ensure Compliance-50% IEUA [M] in the amount of \$54,694 in account (7206.1); OBMP-2023 RMPU [N] in the amount of \$37,732 in account (7210); PE4 - Northwest MZ-1 Area Project [O] in the amount of \$89,096 in account (7402.1); PE6&7 - IEUA Salinity Management Plan [P] in the amount of \$73,975 in account (7510); and PE8&9 - Support Implementation 2020 Storage Management Plan [Q] in the amount of \$43,220 in account (7610). The total funds available are \$573,765.

#### ONGOING RECHARGE IMPROVEMENT PROJECTS:

The Upper Santa Ana River HCP-Task Order #7 [R] has a remaining funded balance of \$20,062.88 in account (7690.7); and the Lower Day Basin RMPU-Task Order #2 [S] has a remaining funded budget balance of \$238,646.90 in account (7690.8). The total funds available are \$258,709.78.

#### FUNDS ON HOLD FOR PROJECTS/REFUND:

The "Funds on Hold for Projects/Refund" [T] has a remaining budget from FY 2017/18 of \$1,434,582.42 in account (7690.9). By unanimous action of the Watermaster Board on June 24, 2021 the amount of \$1,234,582.42 is to be refunded to the Appropriative Pool with the upcoming November 2021 Assessment Package. The amount of \$200,000 will be kept on hold until the warranty period for the San Sevaine Project has expired, and no warranty issues are noted.

#### POOL RELATED FUNDING:

The remaining funding items are strictly Pool related and are added to the FY 2021/22 budget to ensure proper funding is recorded and tracked. The Appropriative Pool Legal Services [U] in the amount of \$62,391.25 in account (8367); the Agricultural Pool Legal and Technical Services [V] in the amount of \$61,814 in account (8467); the Agricultural Pool Meeting Attendance Compensation [W] in the amount of \$19,525 in account (8470); the Agricultural Pool Special Project Funding [X] in the amount of \$31,516 in account (8471); and the Non-Agricultural Pool Legal Services [Y] in the amount of \$32,320.70 in account (8567). The total funds available are \$207,566.95.

As invoices are received from the vendors and booked against these items listed above, the "Carried Over" balance will be reduced throughout the current fiscal year. At June 30, 2022, any remaining balances of the FY 2020/21 and prior years funding (if any), along with any new FY 2021/22 expenses, will then be "Carried Over" into the FY 2022/23 budget.

#### PREVIOUSLY REPORTED ACTIONS (Descending Order)

None

#### AUDIT FIELD WORK

#### CURRENT MONTH – OCTOBER 2021

The Annual Financial and Audit Reports were presented to the Watermaster Board by Fedak & Brown LLP at the October 28, 2021 Board meeting. The Annual Financial and Audit Reports for FY 2020/21 were posted to the Watermaster website on December 8, 2021 after the audit firm signed the documents.

PREVIOUSLY REPORTED ACTIONS (Descending Order)

July 2021:

The auditors from the audit firm of Fedak & Brown LLP started the interim field work on June 8, 2021 through June 9, 2021. The plan was for the auditors not to be onsite at the Watermaster office for the interim field audit. Instead, all of the audit schedules, accounts payable selections, accounts receivable selections, bank reconciliations, payroll and timesheet selections, and any other reports and information were provided to the auditors electronically via Dropbox software. This was the start of the interim field work for the period of July 1, 2020 through March 31, 2021.

The final field work for the period of April 1, 2021 through June 30, 2021 was started on September 1, 2021 and continued through September 3, 2021.

FY 2021/22 EXHIBIT "G" NON-AGRICULTURAL POOL SALE OF WATER

CURRENT MONTH – OCTOBER 2021

No Exhibit "G" activity for the month to report.

PREVIOUSLY REPORTED ACTIONS (Descending Order)

None

ASSESSMENTS AND OTHER INVOICING

CURRENT MONTH – OCTOBER 2021

FY 2021/22 Assessment Package

Watermaster held two Assessment Package Workshops: one on October 19, 2021 and the other on November 2, 2021. The purpose of the workshops was to provide the parties with information pertaining to the Assessment Package and opportunities to raise questions, concerns, and feedback.

During the month of November 2021, the FY 2021/22 Assessment Package is being presented to the Pool Committees for advice and assistance. It will then be presented to the Advisory Committee for advice and assistance, and Watermaster Board on November 18, 2021 for approval. If approved by the Board, invoices will be emailed to the Parties immediately following the Board's approval.

PREVIOUSLY REPORTED ACTIONS (Descending Order)

None

ATTACHMENTS

1. Financial Report – B5

	1/12th (8.33%) of the Total Budget				4/12th (33.34%) of the Total Budget				100% of the Total Budget			
	For The Month of October 2021				Year-To-Date as of October 31, 2021				Fiscal Year End as of June 30, 2022			
	Actual	Budget	\$ Over(Under)	% of Budget	Actual	Budget	\$ Over(Under)	% of Budget	Projected	Budget	\$ Over(Under)	% of Budget
<b>Income</b>												
4010 - Local Agency Subsidies	0.00	0.00	0.00	0.0%	177,430.03	177,430.00	0.03	100.0%	177,430.03	177,430.00	0.03	100.0%
4110 - Admin Asmnts-Approp Pool	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	8,064,546.25	7,957,032.00	107,514.25	101.35%
4120 - Admin Asmnts-Non-Agri Pool	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	330,845.00	330,845.00	0.00	100.0%
4130 - Admin Asmnts-Agricultural Pool	0.00	0.00	0.00	0.0%	200,000.00	0.00	200,000.00	100.0%	200,000.00	0.00	200,000.00	100.0%
4700 - Non Operating Revenues	3.96	0.00	3.96	100.0%	5,421.21	26,532.00	-21,110.79	20.43%	37,143.75	106,125.00	-68,981.25	35.0%
4900 - Miscellaneous Income	500.00	0.00	500.00	100.0%	500.00	0.00	500.00	100.0%	500.00	0.00	500.00	100.0%
<b>Total Income</b>	<b>503.96</b>	<b>0.00</b>	<b>503.96</b>	<b>100.0%</b>	<b>383,351.24</b>	<b>203,962.00</b>	<b>179,389.24</b>	<b>187.95%</b>	<b>8,810,465.03</b>	<b>8,571,432.00</b>	<b>239,033.03</b>	<b>102.79%</b>
<b>Gross Profit</b>	<b>503.96</b>	<b>0.00</b>	<b>503.96</b>	<b>100.0%</b>	<b>383,351.24</b>	<b>203,962.00</b>	<b>179,389.24</b>	<b>187.95%</b>	<b>8,810,465.03</b>	<b>8,571,432.00</b>	<b>239,033.03</b>	<b>102.79%</b>
<b>Expense</b>												
6010 - Admin. Salary/Benefit Costs	117,201.78	107,166.00	10,035.78	109.37%	462,885.90	448,305.00	14,580.90	103.25%	1,233,255.84	1,235,557.00	-2,301.16	99.81%
6020 - Office Building Expense	10,619.08	36,233.00	-25,613.92	29.31%	45,550.32	122,815.00	-77,264.68	37.09%	217,517.80	223,929.00	-6,411.20	97.14%
6030 - Office Supplies & Equip.	1,806.47	2,675.00	-868.53	67.53%	12,261.98	78,665.16	-66,403.18	15.59%	93,903.32	99,690.16	-5,786.84	94.2%
6040 - Postage & Printing Costs	2,875.16	6,453.00	-3,577.84	44.56%	9,641.67	14,956.00	-5,314.33	64.47%	34,853.96	37,460.00	-2,606.04	93.04%
6050 - Information Services	14,221.32	16,270.00	-2,048.68	87.41%	49,201.52	60,620.00	-11,418.48	81.16%	172,344.00	173,398.00	-1,054.00	99.39%
6060 - Contract Services	9,507.93	8,100.00	1,407.93	117.38%	19,216.03	36,900.00	-17,683.97	52.08%	52,832.40	56,545.00	-3,712.60	93.43%
6070 - Watermaster Legal Services	53,117.87	26,422.00	26,695.87	201.04%	146,427.47	109,687.00	36,740.47	133.5%	373,238.40	326,975.00	46,263.40	114.15%
6080 - Insurance	0.00	0.00	0.00	0.0%	40,581.57	44,470.00	-3,888.43	91.26%	45,081.57	46,797.00	-1,715.43	96.33%
6110 - Dues and Subscriptions	149.85	150.00	-0.15	99.9%	16,710.02	20,465.00	-3,754.98	81.65%	37,420.40	38,815.00	-1,394.60	96.41%
6140 - WM Admin Expenses	637.74	337.00	300.74	189.24%	1,150.86	1,350.00	-199.14	85.25%	3,054.20	4,750.00	-1,695.80	64.3%
6150 - Field Supplies	771.54	312.00	459.54	247.29%	771.54	1,125.00	-353.46	68.58%	2,750.00	2,750.00	0.00	100.0%
6170 - Travel & Transportation	1,639.91	1,945.00	-305.09	84.31%	6,507.79	7,875.00	-1,367.21	82.64%	23,231.16	24,170.00	-938.84	96.12%
6190 - Training, Conferences, Seminars	5,255.00	3,400.00	1,855.00	154.56%	9,813.16	13,600.00	-3,786.84	72.16%	37,532.64	40,800.00	-3,267.36	91.99%
6200 - Advisory Committee Expenses	3,720.78	4,952.00	-1,231.22	75.14%	13,627.49	19,338.00	-5,710.51	70.47%	51,325.64	55,336.00	-4,010.36	92.75%
6300 - Watermaster Board Expenses	12,975.69	14,453.00	-1,477.31	89.78%	41,747.51	57,067.00	-15,319.49	73.16%	175,021.20	190,149.00	-15,127.80	92.04%
8300 - Appr PI-WM & Pool Admin	29,022.60	15,209.00	13,813.60	190.83%	88,965.83	122,531.25	-33,565.42	72.61%	239,365.25	239,365.25	0.00	100.0%
8400 - Agri Pool-WM & Pool Admin	1,870.00	6,177.00	-4,307.00	30.27%	9,928.98	24,118.00	-14,189.02	41.17%	69,011.00	69,011.00	0.00	100.0%
8467 - Ag Legal & Technical Services	19,000.00	41,666.00	-22,666.00	45.6%	76,925.00	228,480.00	-151,555.00	33.67%	480,775.00	561,814.00	-81,039.00	85.58%
8470 - Ag Meeting Attend -Special	3,875.00	4,167.00	-292.00	92.99%	10,250.00	36,191.00	-25,941.00	28.32%	55,750.00	69,525.00	-13,775.00	80.19%
8471 - Ag Pool Expense	0.00	0.00	0.00	0.0%	10,643.00	31,516.00	-20,873.00	33.77%	35,643.00	116,516.00	-80,873.00	30.59%
8485 - Ag Pool - Misc. Exp. - Ag Fund	0.00	100.00	-100.00	0.0%	0.00	200.00	-200.00	0.0%	400.00	400.00	0.00	100.0%
8500 - Non-Ag PI-WM & Pool Admin	4,207.91	9,845.00	-5,637.09	42.74%	16,455.41	71,289.70	-54,834.29	23.08%	129,366.23	146,066.70	-16,700.47	88.57%
9400 - Depreciation Expense	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
9500 - Allocated G&A Expenditures	-22,862.73	-38,787.00	15,924.27	58.94%	-87,698.08	-155,146.00	67,447.92	56.53%	-314,462.04	-465,442.00	150,979.96	67.56%
6900 - Optimum Basin Mgmt Plan	47,972.27	105,950.00	-57,977.73	45.28%	255,723.82	476,082.56	-220,358.74	53.71%	1,305,404.12	1,313,453.56	-8,049.44	99.39%
9501 - G&A Expenses Allocated-OBMP	6,098.00	13,937.00	-7,839.00	43.75%	23,790.22	55,746.00	-31,955.78	42.68%	88,007.24	167,242.00	-79,234.76	52.62%
7101 - Production Monitoring	6,293.23	9,085.00	-2,791.77	69.27%	29,835.45	34,770.00	-4,934.55	85.81%	102,435.08	102,740.00	-304.92	99.7%
7102 - In-line Meter Installation	0.00	1,442.00	-1,442.00	0.0%	0.00	362,634.00	-362,634.00	0.0%	0.00	373,617.00	-373,617.00	0.0%
7103 - Grdwtr Quality Monitoring	25,600.43	26,684.00	-1,083.57	95.94%	156,813.87	162,696.00	-5,882.13	96.39%	350,862.92	352,035.00	-1,172.08	99.67%
7104 - Gdwtr Level Monitoring	23,453.49	25,677.00	-2,223.51	91.34%	71,300.66	101,616.00	-30,315.34	70.17%	301,701.00	303,753.00	-2,052.00	99.32%
7105 - Sur Wtr Qual Monitoring	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
7106 - Wtr Level Sensors Installation	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%

	1/12th (8.33%) of the Total Budget				4/12th (33.34%) of the Total Budget				100% of the Total Budget			
	For The Month of October 2021				Year-To-Date as of October 31, 2021				Fiscal Year End as of June 30, 2022			
	Actual	Budget	\$ Over(Under)	% of Budget	Actual	Budget	\$ Over(Under)	% of Budget	Projected	Budget	\$ Over(Under)	% of Budget
7107 - Ground Level Monitoring	3,407.64	21,542.00	-18,134.36	15.82%	99,840.24	174,823.00	-74,982.76	57.11%	345,730.40	346,810.00	-1,079.60	99.69%
7108 - Hydraulic Control Monitoring	193.51	6,632.00	-6,438.49	2.92%	6,146.49	30,853.00	-24,706.51	19.92%	79,008.48	83,379.00	-4,370.52	94.76%
7109 - Recharge & Well Monitoring Prog	0.00	2,768.00	-2,768.00	0.0%	1,706.25	11,070.00	-9,363.75	15.41%	31,325.00	33,208.00	-1,883.00	94.33%
7110 - Ag Production & Estimation	0.00	1,185.00	-1,185.00	0.0%	5,080.50	47,424.00	-42,343.50	10.71%	54,322.00	56,910.00	-2,588.00	95.45%
7111 - Improved Data Collection & Mgmt	0.00	1,680.00	-1,680.00	0.0%	1,157.25	6,719.00	-5,561.75	17.22%	18,129.00	20,158.00	-2,029.00	89.94%
7200 - PE2- Comp Recharge Pgm	7,487.56	281,079.00	-273,591.44	2.66%	314,037.57	802,238.00	-488,200.43	39.15%	1,449,208.48	1,458,198.00	-8,989.52	99.38%
7300 - PE3&5-Water Supply/Desalte	0.00	4,077.00	-4,077.00	0.0%	3,281.82	16,029.00	-12,747.18	20.47%	45,127.28	47,793.00	-2,665.72	94.42%
7400 - PE4- Mgmt Plan	9,656.00	25,112.00	-15,456.00	38.45%	96,955.00	189,368.00	-92,413.00	51.2%	387,196.00	389,739.00	-2,543.00	99.35%
7500 - PE6&7-CoopEfforts/SaltMgmt	10,986.72	20,683.00	-9,696.28	53.12%	73,045.71	132,506.00	-59,460.29	55.13%	295,214.40	297,364.00	-2,149.60	99.28%
7600 - PE8&9-StorageMgmt/Conj Use	50,825.52	25,980.00	24,845.52	195.63%	79,360.18	146,761.00	-67,400.82	54.07%	350,890.72	353,463.00	-2,572.28	99.27%
7690 - Recharge Improvements	0.00	0.00	0.00	0.0%	529,029.00	2,222,321.20	-1,693,292.20	23.81%	1,888,029.00	2,222,321.20	-334,292.20	84.96%
7700 - Inactive Well Protection Prgm	0.00	41.00	-41.00	0.0%	0.00	166.00	-166.00	0.0%	500.00	500.00	0.00	100.0%
9502 - G&A Expenses Allocated-Projects	16,764.73	24,850.00	-8,085.27	67.46%	63,907.86	99,400.00	-35,492.14	64.29%	226,454.80	298,200.00	-71,745.20	75.94%
<b>Total Expense</b>	<b>478,352.00</b>	<b>865,649.00</b>	<b>-387,297.00</b>	<b>55.26%</b>	<b>2,812,576.86</b>	<b>6,469,640.87</b>	<b>-3,657,064.01</b>	<b>43.47%</b>	<b>10,568,756.89</b>	<b>11,515,260.87</b>	<b>-946,503.98</b>	<b>91.78%</b>
<b>Net Ordinary Income</b>	<b>-477,848.04</b>	<b>-865,649.00</b>	<b>387,800.96</b>	<b>55.2%</b>	<b>-2,429,225.62</b>	<b>-6,265,678.87</b>	<b>3,836,453.25</b>	<b>38.77%</b>	<b>-1,758,291.86</b>	<b>-2,943,828.87</b>	<b>1,185,537.01</b>	<b>59.73%</b>
<b>Other Income</b>												
4210 - Approp Pool-Replenishment	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	1,648,962.59	0.00	1,648,962.59	100.0%
4220 - Non-Ag Pool-Replenishment	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	44,726.78	0.00	44,726.78	100.0%
4225 - Interest Income	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
4226 - LAIF Fair Market Value	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
4227 - AP Escrow Interest	24.67	0.00	24.67	100.0%	97.86	0.00	97.86	100.0%	292.76	0.00	292.76	100.0%
4600 - Groundwater Sales	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
4715 - Gain on Sale of Assets	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
<b>Total Other Income</b>	<b>24.67</b>	<b>0.00</b>	<b>24.67</b>	<b>100.0%</b>	<b>97.86</b>	<b>0.00</b>	<b>97.86</b>	<b>100.0%</b>	<b>1,693,982.13</b>	<b>0.00</b>	<b>1,693,982.13</b>	<b>100.0%</b>
<b>Other Expense</b>												
5010 - Groundwater Replenishment	0.00	0.00	0.00	0.0%	35,030.19	0.00	35,030.19	100.0%	35,030.19	0.00	35,030.19	100.0%
5100 - Other Water Purchases	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
9200 - Interest Expense	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	161,070.09	0.00	161,070.09	100.0%
9251 - Other Post Employment Benefits	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
9996 - Refund-Excess Reserves-Approp.	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
9996.5 - Refund-Basin O&M-Approp.	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	139,913.46	0.00	139,913.46	100.0%
9997 - Refund-Excess Reserves-NonAg	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
9997.5 - Refund-Basin O&M-NonAg	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	5,470.81	0.00	5,470.81	100.0%
9998 - Refund-Recharge Debt-Approp.	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	156,259.00	0.00	156,259.00	100.0%
9999 - To/(From) Reserves	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
<b>Total Other Expense</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>	<b>35,030.19</b>	<b>0.00</b>	<b>35,030.19</b>	<b>100.0%</b>	<b>497,743.55</b>	<b>0.00</b>	<b>497,743.55</b>	<b>100.0%</b>
<b>Net Other Income</b>	<b>24.67</b>	<b>0.00</b>	<b>24.67</b>	<b>100.0%</b>	<b>-34,932.33</b>	<b>0.00</b>	<b>-34,932.33</b>	<b>100.0%</b>	<b>1,196,238.58</b>	<b>0.00</b>	<b>1,196,238.58</b>	<b>100.0%</b>
<b>Net Income</b>	<b>-477,823.37</b>	<b>-865,649.00</b>	<b>387,825.63</b>	<b>55.2%</b>	<b>-2,464,157.95</b>	<b>-6,265,678.87</b>	<b>3,801,520.92</b>	<b>39.33%</b>	<b>-562,053.28</b>	<b>-2,943,828.87</b>	<b>2,381,775.59</b>	<b>19.09%</b>

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



# CHINO BASIN WATERMASTER

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PETER KAVOUNAS, P.E.  
General Manager

## STAFF REPORT

DATE: January 27, 2022  
TO: Board Members  
SUBJECT: Cash Disbursement Report - Financial Report B6 (November 30, 2021)  
(Consent Calendar Item II.B.6.)

### SUMMARY

Issue: Record of Cash Disbursements for the month of November 2021.

Recommendation: Receive and file Cash Disbursements for November 2021 as presented.

Financial Impact: Funds disbursed were included in the FY 2021/22 "Amended" Watermaster Budget.

### Future Consideration

**Watermaster Board – January 27, 2022:** Receive and File (Normal Course of Business)

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### ACTIONS:

**Appropriative Pool – January 13, 2022:** Received and filed

**Non-Agricultural Pool – January 13, 2022:** Moved unanimously to receive and file, without approval

**Agricultural Pool – January 13, 2022:** Received and filed

**Advisory Committee – January 20, 2022:** Received and filed

**Watermaster Board – January 27, 2022:**

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court,  
and to develop and implement an Optimum Basin Management Program*

## BACKGROUND

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

## DISCUSSION

Total cash disbursements during the month of November 2021 were \$426,915.08.

The most significant expenditure during the month was to West Yost Associates in the amount of \$203,761.42 (check number 23172 dated November 8, 2021).

## ATTACHMENTS

1. Financial Report – B6

**CHINO BASIN WATERMASTER**  
**Cash Disbursements For The Month of**  
**November 2021**

Type	Date	Num	Name	Memo	Account	Paid Amount
General Journal	11/02/2021	21/11/03	HEALTH EQUITY	Health Equity Invoice 3153433	1012 - Bank of America Gen'l Ckg	
			HEALTH EQUITY	Health Equity Invoice 3153433	1012 - Bank of America Gen'l Ckg	37.06
TOTAL						37.06
Bill Pmt -Check	11/03/2021	ACH 110321	CALPERS	1394905143	1012 - Bank of America Gen'l Ckg	
Bill	11/01/2021	1394905143		Medical Insurance Premiums - November 2021	60182.1 - Medical Insurance	11,327.95
TOTAL						11,327.95
General Journal	11/04/2021	11/04/2021	Payroll and Taxes for 10/17/21-10/30/21	Banking-Payroll and Taxes for 10/17/21-10/30/21	1012 - Bank of America Gen'l Ckg	
			ADP, LLC	Direct Deposits for 10/17/21-10/30/21	1012 - Bank of America Gen'l Ckg	31,342.37
			ADP, LLC	Payroll Taxes for 10/17/21-10/30/21	1012 - Bank of America Gen'l Ckg	12,031.13
			MISSIONSQUARE RETIREMENT	457(b) EE Deductions for 10/17/21-10/30/21	1012 - Bank of America Gen'l Ckg	5,723.71
			MISSIONSQUARE RETIREMENT	401(a) EE Deductions for 10/17/21-10/30/21	1012 - Bank of America Gen'l Ckg	1,610.99
TOTAL						50,708.20
Bill Pmt -Check	11/05/2021	ACH 110521	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	
General Journal	10/30/2021	11/05/2021	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPERS Retirement for 10/17/21-10/30/21	2000 - Accounts Payable	9,194.19
TOTAL						9,194.19
Bill Pmt -Check	11/08/2021	23144	ACCENT COMPUTER SOLUTIONS, INC.	147949	1012 - Bank of America Gen'l Ckg	
Bill	11/01/2021	147949		Monthly Services - November 2021	6052.4 - IT Managed Services	4,040.63
				Overwatch - November 2021	6052.5 - IT Data Backup/Storage	699.00
				OmniCloud - November 2021	6052.5 - IT Data Backup/Storage	170.00
				Office 365 Subscriptions/Business Premier - November 2021	6052.4 - IT Managed Services	217.25
				Image office storage (per GB, per month)	6052.5 - IT Data Backup/Storage	546.00
TOTAL						5,672.88
Bill Pmt -Check	11/08/2021	23145	ACWA JOINT POWERS INSURANCE AUTHORITY	10676702	1012 - Bank of America Gen'l Ckg	
Bill	11/05/2021	0676702		Prepayment - December 2021	1409 - Prepaid Life, BAD&D & LTD	250.92
				November 2021	60191 - Life & Disab.Ins Benefits	250.91
TOTAL						501.83
Bill Pmt -Check	11/08/2021	23146	APPLEONE	Temporary Services	1012 - Bank of America Gen'l Ckg	
Bill	10/27/2021	01-6079109		Brian Summers	6017.2 - Office Specialist Services	1,245.04
Bill	10/28/2021	01-6089125		Brian Summers	6017.2 - Office Specialist Services	1,260.80
Bill	11/03/2021	01-6096424		Brian Summers	6017.2 - Office Specialist Services	1,245.04
TOTAL						3,750.88
Bill Pmt -Check	11/08/2021	23147	APPLIED COMPUTER TECHNOLOGIES	3472	1012 - Bank of America Gen'l Ckg	

**CHINO BASIN WATERMASTER**  
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**November 2021**

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	10/31/2021	3472		Database Consulting Services - October 2021	6052.2 - Applied Computer Technol	3,850.00
TOTAL						3,850.00
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23148</b>	<b>BOWCOCK, ROBERT</b>	<b>Board Member Compensation</b>	<b>1012 - Bank of America Gen'I Ckg</b>	
Bill	10/14/2021	10/14 Non Ag Pool		10/14/21 Non Ag Pool Meeting	6311 - Board Member Compensation	125.00
Bill	10/21/2021	10/21 Advisory Comm		10/21/21 Advisory Committee Meeting	6311 - Board Member Compensation	125.00
Bill	10/28/2021	10/28 Board Mtg		10/28/21 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						375.00
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23149</b>	<b>BURRTEC WASTE INDUSTRIES, INC.</b>	<b>N2112348886</b>	<b>1012 - Bank of America Gen'I Ckg</b>	
Bill	11/04/2021	N2112348886		November 2021	6024 - Building Repair & Maintenance	142.50
TOTAL						142.50
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23150</b>	<b>DE BOOM, NATHAN</b>	<b>Ag Pool member Compensation</b>	<b>1012 - Bank of America Gen'I Ckg</b>	
Bill	10/14/2021	10/14 Ag Pool Mtg		10/14/21 Ag Pool Mtg	8470 - Ag Meeting Attend -Special	125.00
Bill	10/29/2021	10/29 Special Ag Mtg		10/29/21 Special Ag Pool Mtg	8470 - Ag Meeting Attend -Special	125.00
TOTAL						250.00
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23151</b>	<b>ELIE, STEVEN</b>	<b>Board Member Compensation</b>	<b>1012 - Bank of America Gen'I Ckg</b>	
Bill	10/13/2021	10/13 Board Workshop		10/13/21 Board Workshop	6311 - Board Member Compensation	125.00
Bill	10/28/2021	10/28 Board Mtg		10/28/21 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23152</b>	<b>EMPOWER LAB</b>	<b>2030</b>	<b>1012 - Bank of America Gen'I Ckg</b>	
Bill	10/31/2021	2030		Empower Lab - October 2021	6193 - Employee Training	1,075.00
TOTAL						1,075.00
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23153</b>	<b>FEDAK &amp; BROWN LLP</b>	<b>Auditing Services</b>	<b>1012 - Bank of America Gen'I Ckg</b>	
Bill	10/31/2021			October 2021	6062 - Audit Services	3,395.00
TOTAL						3,395.00
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23154</b>	<b>FILIPPI, GINO</b>	<b>Ag Pool Member Compensation</b>	<b>1012 - Bank of America Gen'I Ckg</b>	
Bill	10/14/2021	10/14 Ag Pool Mtg		10/14/21 Ag Pool Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	10/21/2021	10/21 Advisory Comm		10/21/21 Advisory Committee Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	10/28/2021	10/28 Board Mtg		10/28/21 Board Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	10/29/2021	10/29 Special Ag Mtg		10/29/21 Special Ag Pool Meeting	8470 - Ag Meeting Attend -Special	125.00
TOTAL						500.00
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23155</b>	<b>FOLSOM, BETTY</b>	<b>Board Member Compensation</b>	<b>1012 - Bank of America Gen'I Ckg</b>	
Bill	10/26/2021	10/26 Call w/CVWD		10/26/21 Monthly call w/CVWD and Chino Hills	6311 - Board Member Compensation	125.00



**CHINO BASIN WATERMASTER**  
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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	10/28/2021	10/28 Board Mtg		10/28/21 Board Meeting	6311 · Board Member Compensation	125.00
TOTAL						250.00
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23156</b>	<b>FONTANA UNION WATER COMPANY'</b>	<b>Board Member Compensation</b>	<b>1012 · Bank of America Gen'I Ckg</b>	
Bill	10/05/2021	10/05 Legal Counsel		10/05/21 Mtg w/ Watermaster Legal Counsel - Cur:6311	6311 · Board Member Compensation	125.00
Bill	10/08/2021	10/08 Mtg/AP Legal		10/08/21 Mtg w/AP Chair & Legal Counsel - Curata	6311 · Board Member Compensation	125.00
Bill	10/11/2021	10/11 Mtg w/GM		10/11/21 Mtg w/General Manager - Curatalo	6311 · Board Member Compensation	125.00
Bill	10/12/2021	10/12 Board Officers		10/12/21 Board Officer Check-in - Curatalo	6311 · Board Member Compensation	125.00
Bill	10/13/2021	10/13 Board Workshop		10/13/21 Board Workshop - Curatalo	6311 · Board Member Compensation	125.00
Bill	10/14/2021	10/14 Appro Pool Mtg		10/14/21 Appropriative Pool Meeting - Curatalo	6311 · Board Member Compensation	125.00
Bill	10/21/2021	10/21 Personnel Comm		10/21/21 Personnel Committee Meeting - Curatalo	6311 · Board Member Compensation	125.00
Bill	10/26/2021	10/26 Board Agenda		10/26/21 Board Agenda preview Meeting - Curatalo	6311 · Board Member Compensation	125.00
Bill	10/28/2021	10/28 Board Mtg		10/28/21 Board Meeting - Curatalo	6311 · Board Member Compensation	125.00
TOTAL						1,125.00
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23157</b>	<b>GEYE, BRIAN</b>	<b>Non-Ag Pool Member Compensation</b>	<b>1012 · Bank of America Gen'I Ckg</b>	
Bill	10/14/2021	10/14 Non Ag Pool		10/14/21 Non-Ag Pool Meeting	8511 · Non-Ag Pool Member Compensation	125.00
Bill	10/21/2021	10/21 Advisory Comm		10/21/21 Advisory Committee Meeting	8511 · Non-Ag Pool Member Compensation	125.00
Bill	10/21/2021	10/21 Personnel Comm		10/21/21 Personnel Committee Meeting	8511 · Non-Ag Pool Member Compensation	125.00
Bill	10/28/2021	10/28 Board Mtg		10/28/21 Board Meeting	8511 · Non-Ag Pool Member Compensation	125.00
TOTAL						500.00
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23158</b>	<b>ONTARIO, CITY OF</b>	<b>Encroachment Permit Fee</b>	<b>1012 · Bank of America Gen'I Ckg</b>	
Bill	10/27/2021			Encroachment permit #E202101001	7103.3 · Grdwtr Qual-Engineering	1,043.80
TOTAL						1,043.80
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23159</b>	<b>PETTY CASH</b>	<b>2900-2917</b>	<b>1012 · Bank of America Gen'I Ckg</b>	
Bill	10/28/2021	2900-2917		Miscellaneous office supplies	6031.7 · Other Office Supplies	111.26
				New hardware for new office doors	6025 · Building Interior Renovations	99.51
				Admin meeting supplies, card and gift card for AA	6141.3 · Admin Meetings	135.89
				PK mtg w/Chino Hills rep	8312 · Meeting Expenses	19.19
TOTAL						365.85
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23160</b>	<b>PREMIERE GLOBAL SERVICES</b>	<b>30746720</b>	<b>1012 · Bank of America Gen'I Ckg</b>	
Bill	10/28/2021	30746720		Fee - General	6022 · Telephone	39.00
				Fee - Confidential	6022 · Telephone	39.00
				Service fee	6022 · Telephone	8.50
				Call shortfall	6022 · Telephone	78.00
TOTAL						164.50

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Type	Date	Num	Name	Memo	Account	Paid Amount
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23161</b>	<b>R&amp;D PEST SERVICES</b>	<b>0280638</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	11/04/2021	0280638		Treat office and annex for pest control	6024 - Building Repair & Maintenance	100.00
TOTAL						100.00
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23162</b>	<b>ROGERS, PETER</b>	<b>Board Member Compensation</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/13/2021	10/13 Board Workshop		10/13/21 Board Workshop	6311 - Board Member Compensation	125.00
Bill	10/14/2021	10/14 Mtg w/Bd Chair		10/14/21 Meeting with Board Chair	6311 - Board Member Compensation	125.00
Bill	10/26/2021	10/26 AP Group Mtg		10/26/21 AP group meeting with Board Chair	6311 - Board Member Compensation	125.00
Bill	10/28/2021	10/28 Board Mtg		10/28/21 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						500.00
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23163</b>	<b>RR FRANCHISING, INC.</b>	<b>104813</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	11/02/2021	104813		Monthly service - cleaning of office and annex	6024 - Building Repair & Maintenance	915.00
TOTAL						915.00
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23164</b>	<b>SPECTRUM BUSINESS</b>	<b>Internet Fees</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/28/2021	2031978092321		9/23/21-10/22/21 - account #8245100652031978	6053 - Internet Expense	804.52
Bill	10/28/2021	2031978102321		10/23/21-11/22/21 - account #8245100652031978	6053 - Internet Expense	804.52
TOTAL						1,609.04
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23165</b>	<b>STANDARD INSURANCE CO.</b>	<b>Policy # 00-649299-0009</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/27/2021	006492990009		Policy # 00-649299-0009	60191 - Life & Disab.Ins Benefits	942.71
TOTAL						942.71
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23166</b>	<b>STATE COMPENSATION INSURANCE FUND</b>	<b>1000293044</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	11/01/2021	1000293044		Policy # 1970970 - Premium 10/26/21-1126/21	60183 - Worker's Comp Insurance	702.33
TOTAL						702.33
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23167</b>	<b>UNION 76</b>	<b>Vehicle Fuel Card</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/28/2021	7076224530355049		October 2021	6175 - Vehicle Fuel	169.91
TOTAL						169.91
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23168</b>	<b>UNITED HEALTHCARE</b>	<b>052589874648</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/27/2021	052589874648		Dental Insurance Premium - November 2021	60182.2 - Dental & Vision Ins	732.28
TOTAL						732.28
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23169</b>	<b>USA-FACT INC</b>	<b>Background Investigation and Criminal</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/27/2021	1102224		Background check -administrative assistant positio	6016 - New Employee Search Costs	420.49
Bill	10/29/2021	1102924		Background check -administrative assistant positio	6016 - New Employee Search Costs	26.37
TOTAL						446.86

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Type	Date	Num	Name	Memo	Account	Paid Amount
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23170</b>	<b>VERIZON WIRELESS</b>	<b>9890519493</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/27/2021	9890519493		Acct #470810953-00002	7103.7 - Grdwtr Qual-Computer Svc	58.03
TOTAL						58.03
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23171</b>	<b>VISION SERVICE PLAN</b>	<b>00-101789-0001</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/27/2021	00101789		Vision Insurance Premium - November 2021	60182.2 - Dental & Vision Ins	93.83
TOTAL						93.83
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23172</b>	<b>WEST YOST</b>		<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	09/30/2021	2046659		2046659	6906.31 - OBMP-Pool, Adv. Board Mtgs	5,587.00
Bill	09/30/2021	2046660		2046660	6906.32 - OBMP-Other General Meetings	487.50
Bill	09/30/2021	2046661		2046661	6906.71 - OBMP-Data Req.-CBWM Staff	4,954.84
Bill	09/30/2021	2046662		2046662	6906.72 - OBMP-Data Req.-Non CBWM Staff	4,233.00
Bill	09/30/2021	2046663		2046663	6906.22 - Water Rights Compliance Rprting	7,221.00
Bill	09/30/2021	2046664		2046664	6906 - OBMP Engineering Services	4,074.00
Bill	09/30/2021	2046665		2046665	6906.81 - Prepare Annual Reports	2,345.50
Bill	09/30/2021	2046666		2046666	6906.15 - Integrated Model Mtgs-IEUA Cost	1,944.25
Bill	09/30/2021	2046667		2046667	7103.3 - Grdwtr Qual-Engineering	13,978.91
				2046667	7103.5 - Grdwtr Qual-Lab Svcs	27,249.00
Bill	09/30/2021	2046668		2046668	7104.3 - Grdwtr Level-Engineering	9,810.45
Bill	09/30/2021	2046669		2046669	7107.2 - Grd Level-Engineering	4,191.12
Bill	09/30/2021	2046670		2046670	7108.31 - Hydraulic Control - PBHSP	404.25
Bill	09/30/2021	2046671		2046671	7110.3 - Ag Prod. & Estimation-Eng. Serv	2,535.00
Bill	09/30/2021	2046672		2046672	7202.2 - Engineering Svc	5,976.60
Bill	09/30/2021	2046673		2046673	7402 - PE4-Engineering	10,828.00
Bill	09/30/2021	2046674		2046674	7402.10 - PE4 - Northwest MZ1 Area Proj.	23,196.75
Bill	09/30/2021	2046675		2046675	7402 - PE4-Engineering	6,957.25
Bill	09/30/2021	2046676		2046676	7502 - PE6&7-Engineering	27,047.00
Bill	09/30/2021	2046677		2046677	7510 - PE6&7-IEUA Salinity Mgmt. Plan	5,644.50
Bill	09/30/2021	2046678		2046678	7614 - PE8&9-Develop S&R Master Plan	14,840.25
Bill	09/30/2021	2046679		2046679	6906.14 - Modeling for WSIP-100% IEUA	19,793.75
Bill	09/30/2021	2046680		2046680	7210 - OBMP - 2023 RMPU	461.50
TOTAL						203,761.42
<b>Bill Pmt -Check</b>	<b>11/08/2021</b>	<b>23173</b>	<b>WESTERN MUNICIPAL WATER DISTRICT</b>	<b>Board Member Compensation</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/13/2021	10/13 Board Workshop		10/13/21 Board Workshop - Michael Gardner	6311 - Board Member Compensation	125.00
Bill	10/14/2021	10/14 Appro Pool Mtg		10/14/21 Appropriative Pool mtg - Michael Gardner	6311 - Board Member Compensation	125.00
Bill	10/21/2021	10/21 Advisory Comm		10/21/21 Advisory Committee mtg - Michael Gardn	6311 - Board Member Compensation	125.00
Bill	10/28/2021	10/28 Board Mtg		10/28/21 Board meeting - Michael Gardner	6311 - Board Member Compensation	125.00

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Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						500.00
Bill Pmt -Check	11/08/2021	23174	ACCENT COMPUTER SOLUTIONS, INC.	148246	1012 - Bank of America Gen'l Ckg	
Bill	10/31/2021	148246		Balance due on desktop and laptop	6055 - Computer Hardware	939.91
TOTAL						939.91
General Journal	11/09/2021	11/09/2021	HEALTH EQUITY	Health Equity Invoice 3163858	1012 - Bank of America Gen'l Ckg	
			HEALTH EQUITY	Health Equity Invoice 3163858	1012 - Bank of America Gen'l Ckg	99.45
TOTAL						99.45
General Journal	11/12/2021	11/12/2021	ADP, LLC	ADP Tax Service for 10/16/21-591951860	1012 - Bank of America Gen'l Ckg	
			ADP, LLC	ADP Tax Service for 10/16/21-591951860	1012 - Bank of America Gen'l Ckg	167.60
			ADP, LLC	ADP Tax Service for 10/30/21-591951860	1012 - Bank of America Gen'l Ckg	161.55
TOTAL						329.15
Check	11/15/2021	11/15/2021	Service Charge	Service Charge	1012 - Bank of America Gen'l Ckg	
				Service Charge	6039.1 - Banking Service Charges	1,255.06
TOTAL						1,255.06
General Journal	11/16/2021	11/16/2021	HEALTH EQUITY	Health Equity Invoice 3176344	1012 - Bank of America Gen'l Ckg	
			HEALTH EQUITY	Health Equity Invoice 3176344	1012 - Bank of America Gen'l Ckg	43.31
TOTAL						43.31
General Journal	11/18/2021	11/18/2021	Payroll and Taxes for 10/31/21-11/13/21	Payroll and Taxes for 10/31/21-11/13/21	1012 - Bank of America Gen'l Ckg	
			ADP, LLC	Direct Deposits for 10/31/21-11/13/21	1012 - Bank of America Gen'l Ckg	33,587.10
			ADP, LLC	Payroll Taxes for 10/31/21-11/13/21	1012 - Bank of America Gen'l Ckg	13,078.18
			MISSIONSQUARE RETIREMENT	457(b) EE Deductions for 10/31/21-11/13/21	1012 - Bank of America Gen'l Ckg	5,723.71
			MISSIONSQUARE RETIREMENT	401(a) EE Deductions for 10/31/21-11/13/21	1012 - Bank of America Gen'l Ckg	1,698.67
TOTAL						54,087.66
Bill Pmt -Check	11/18/2021	ACH 111821	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	
General Journal	11/13/2021	11/18/2021	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPERS Retirement for 10/31/21-11/13/21	2000 - Accounts Payable	9,201.52
TOTAL						9,201.52
Bill Pmt -Check	11/22/2021	23175	ACOUSTICAL SOLUTIONS	135123	1012 - Bank of America Gen'l Ckg	
Bill	11/08/2021	135123		Noise barrier panels - PK office	1840 - Capital Assets	3,139.23
TOTAL						3,139.23
Bill Pmt -Check	11/22/2021	23176	APPLEONE	01-6109044	1012 - Bank of America Gen'l Ckg	
Bill	11/17/2021	01-6109044		Brian Summers	6017.2 - Office Specialist Services	1,240.72

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Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						1,240.72
Bill Pmt -Check	11/22/2021	23177	BANK OF AMERICA	XXXX-XXXX-XXXX-4026	1012 - Bank of America Gen'l Ckg	
Bill	10/31/2021	XXXX-XXXX-XXXX-4026		Uniforms for staff	6154 - Uniforms	657.65
				Norton subscription renewal	6054 - Computer Software	113.84
				Miscellaneous office supplies	6031.7 - Other Office Supplies	60.98
				Lunch for Team-Review of Assessment Package	6909.1 - OBMP Meetings	76.02
				Lunch for Team-Review of Assessment Package	6909.1 - OBMP Meetings	15.24
				PK mtg w/M. Tule, S. Adams	8312 - Meeting Expenses	31.47
				Zoom monthly subscription	6022 - Telephone	36.42
				Miscellaneous office supplies	6031.7 - Other Office Supplies	37.14
				Staff thank you cards	6141.3 - Admin Meetings	136.62
				Miscellaneous office supplies	6031.7 - Other Office Supplies	9.13
				Printing of Big Picture Report	6045 - Printing	292.45
				Uniforms for staff	6154 - Uniforms	45.10
				Miscellaneous office supplies	6031.7 - Other Office Supplies	241.85
				Miscellaneous office supplies	6031.7 - Other Office Supplies	17.64
				Lunch for Admin Assistant on last day	6141.3 - Admin Meetings	114.67
				Miscellaneous office supplies	6031.7 - Other Office Supplies	14.68
				Miscellaneous office supplies	6031.7 - Other Office Supplies	109.39
				Miscellaneous office supplies	6031.7 - Other Office Supplies	16.68
				Miscellaneous office supplies	6031.7 - Other Office Supplies	5.11
				Lunch for Peer Review Safe Yield Update meeting	6909.1 - OBMP Meetings	136.11
				Supplies for 10/28/21 staff meeting	6141.3 - Admin Meetings	28.22
				Report-The Core Values Index-Comprehensive Re	6112 - Subscriptions/Publications	136.48
				Uniforms for new Board Members	6313 - Board Member Expenses	61.72
				QB Enterprise Silver Edition software	6054 - Computer Software	1,855.35
				Miscellaneous office supplies	6031.7 - Other Office Supplies	7.83
				Miscellaneous office supplies	6031.7 - Other Office Supplies	11.78
				Miscellaneous office supplies	6031.7 - Other Office Supplies	22.67
				Miscellaneous office supplies	6031.7 - Other Office Supplies	70.55
				New employee welcome lunch	6141.3 - Admin Meetings	73.26
				Miscellaneous office supplies	6031.7 - Other Office Supplies	68.55
				Miscellaneous office supplies	6031.7 - Other Office Supplies	39.57
				Hearing transcript for November 5, 2021 hearing	6046 - Legal Publications/Services	339.75
				Miscellaneous office supplies	6031.7 - Other Office Supplies	89.68
				Miscellaneous office supplies	6031.7 - Other Office Supplies	15.70
				Employee training	6193 - Employee Training	3,456.60
				Registration for PK - ACWA 2021 Fall Conference	6193.2 - Conference - Registration Fee	350.67
				PK meeting w/J. Bosler	8312 - Meeting Expenses	30.13
				Printing of Big Picture Report	6045 - Printing	237.25

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Type	Date	Num	Name	Memo	Account	Paid Amount
				PK mtg w/C. Berch, C. Diggs	8312 · Meeting Expenses	30.52
TOTAL						9,094.47
<b>Bill Pmt -Check</b>	<b>11/22/2021</b>	<b>23178</b>	<b>CORELOGIC INFORMATION SOLUTIONS</b>	<b>82105923</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	10/31/2021	82105923		October 2021	7103.7 · Grdwtr Qual-Computer Svc	62.50
				82105923	7101.4 · Prod Monitor-Computer	62.50
TOTAL						125.00
<b>Bill Pmt -Check</b>	<b>11/22/2021</b>	<b>23179</b>	<b>CUCAMONGA VALLEY WATER DISTRICT</b>	<b>Office Lease</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/17/2021			Lease due on December 1, 2021	1422 · Prepaid Rent	7,588.83
TOTAL						7,588.83
<b>Bill Pmt -Check</b>	<b>11/22/2021</b>	<b>23180</b>	<b>DE HAAN, HENRY</b>	<b>Ag Pool Member Compensation</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	10/01/2021	9/09 Ag Pool Mtg		9/09/21 Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
TOTAL						125.00
<b>Bill Pmt -Check</b>	<b>11/22/2021</b>	<b>23181</b>	<b>FEENSTRA, BOB</b>	<b>Ag Pool Member Compensation</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	10/01/2021	5/10 Special Mtg		5/10/21 Special Meeting IEUA	8470 · Ag Meeting Attend -Special	125.00
Bill	10/01/2021	6/08 Negotiation Mtg		6/08/21 Negotiation Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	10/01/2021	6/16 Negotiation Mtg		6/16/21 Negotiation Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	10/01/2021	7/23 Negotiation Mtg		7/23/21 Negotiation Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	10/01/2021	9/15 Negotiation Mtg		9/15/21 Negotiation Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	10/14/2021	10/14 Ag Pool Mtg		10/14/21 Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	10/28/2021	10/28 Board Mtg		10/28/21 Board Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	10/29/2021	10/29 Special Ag Mtg		10/29/21 Special Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
TOTAL						1,000.00
<b>Bill Pmt -Check</b>	<b>11/22/2021</b>	<b>23182</b>	<b>FIRST LEGAL NETWORK LLC</b>	<b>40054520</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	10/31/2021	40054520		Court filings for October 2021	6061.5 · Court Filing Services	186.68
TOTAL						186.68
<b>Bill Pmt -Check</b>	<b>11/22/2021</b>	<b>23183</b>	<b>FRONTIER COMMUNICATIONS</b>	<b>909-484-3890-050914-5</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/19/2021	90948438900509145		Office fax	6022 · Telephone	166.03
TOTAL						166.03
<b>Bill Pmt -Check</b>	<b>11/22/2021</b>	<b>23184</b>	<b>GREAT AMERICA LEASING CORP.</b>	<b>30477000</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/17/2021	30477000		Invoice for November 2021 - standard payment	6043.1 · Ricoh Lease Fee	1,528.34
				Supply freight fee	6043.2 · Ricoh Usage & Maintenance Fee	8.57
				Usage for color images	6043.2 · Ricoh Usage & Maintenance Fee	195.29
TOTAL						1,732.20

**CHINO BASIN WATERMASTER**  
**Cash Disbursements For The Month of**  
**November 2021**

Type	Date	Num	Name	Memo	Account	Paid Amount
<b>Bill Pmt -Check</b>	<b>11/22/2021</b>	<b>23185</b>	<b>KUHN, BOB</b>	<b>Board Member Compensation</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/08/2021	10/08 Admin Mtg		10/08/21 Administrative Meeting	6311 - Board Member Compensation	125.00
Bill	10/12/2021	10/12 Exec Committee		10/12/21 Executive Committee Meeting	6311 - Board Member Compensation	125.00
Bill	10/13/2021	10/13 Board Workshop		10/13/21 Board Workshop	6311 - Board Member Compensation	125.00
Bill	10/14/2021	10/14 Appro Pool Mtg		10/14/21 Appropriative Pool Meeting	6311 - Board Member Compensation	125.00
Bill	10/21/2021	10/21 Advisory Comm		10/21/21 Advisory Committee Meeting	6311 - Board Member Compensation	125.00
Bill	10/26/2021	10/26 Board Agenda		10/26/21 Board Agenda Preview Meeting	6311 - Board Member Compensation	125.00
Bill	10/28/2021	10/28 Board Mtg		10/28/21 Board Meeting	6311 - Board Member Compensation	125.00
<b>TOTAL</b>						<b>875.00</b>
<b>Bill Pmt -Check</b>	<b>11/22/2021</b>	<b>23186</b>	<b>LOEB &amp; LOEB LLP</b>	<b>1979548</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/31/2021	1979548		Non-Ag Pool Legal Services - October 2021	8567 - Non-Ag Legal Service	2,034.80
<b>TOTAL</b>						<b>2,034.80</b>
<b>Bill Pmt -Check</b>	<b>11/22/2021</b>	<b>23187</b>	<b>NELSON, ANNA</b>	<b>Employee Expense Reimbursement</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	11/17/2021			Reimbursement for adimin meeting expenses	6141.3 - Admin Meetings	120.95
				Reimbursement for Notary Association	6193 - Employee Training	40.00
<b>TOTAL</b>						<b>160.95</b>
<b>Bill Pmt -Check</b>	<b>11/22/2021</b>	<b>23188</b>	<b>RR FRANCHISING, INC.</b>	<b>105494</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/31/2021	105494		Bi-weekly electrostatic spraying 10/02 and 10/16	6024 - Building Repair & Maintenance	445.00
<b>TOTAL</b>						<b>445.00</b>
<b>Bill Pmt -Check</b>	<b>11/22/2021</b>	<b>23189</b>	<b>SAN BERNARDINO COUNTY FLOOD CONTROL P-11998284</b>		<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	11/09/2021	P-11998284		Renewal of Permit P-11998284-San Sevaine Chan 6909.3	Other OBMP Expenses	1,488.00
<b>TOTAL</b>						<b>1,488.00</b>
<b>Bill Pmt -Check</b>	<b>11/22/2021</b>	<b>23190</b>	<b>STAULA, MARY L</b>	<b>Retiree Medical Payment</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	11/30/2021			Retiree Medical Payment	60182.4 - Retiree Medical	19.24
<b>TOTAL</b>						<b>19.24</b>
<b>Bill Pmt -Check</b>	<b>11/22/2021</b>	<b>23191</b>	<b>TELLEZ-FOSTER, EDGAR</b>	<b>Employee Expense Reimbursement</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	11/17/2021			Ops staff meeting on 11/04/21	6141.3 - Admin Meetings	101.89
<b>TOTAL</b>						<b>101.89</b>
<b>Bill Pmt -Check</b>	<b>11/22/2021</b>	<b>23192</b>	<b>VERIZON WIRELESS</b>	<b>9892095246</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/31/2021	9892095246		Acct #470810953-00002	6022 - Telephone	387.40
<b>TOTAL</b>						<b>387.40</b>

**CHINO BASIN WATERMASTER**  
**Cash Disbursements For The Month of**  
**November 2021**

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	11/22/2021	23193	WAXIE SANITARY SUPPLY	80463237	1012 - Bank of America Gen'I Ckg	
Bill	11/17/2021	80463237		Wall mount air purifiers	6038 - Other Office Equipment	4,616.85
TOTAL						4,616.85
Bill Pmt -Check	11/22/2021	23194	WESTERN AUDIO VISUAL	15918	1012 - Bank of America Gen'I Ckg	
Bill	11/09/2021	15918		Audio equipment rack move	6025 - Building Interior Renovations	2,944.00
TOTAL						2,944.00
Check	11/23/2021	23195	GENERAL ELECTRIC COMPANY	Refund of Prior Years ONAP Assessments	1012 - Bank of America Gen'I Ckg	
Credit Memo	11/18/2021	NAG22-07CR		Refund of prior years OAP expenses paid by ONAF 4127.5 · PY - ONAP Pd AP Expenses		35.26
TOTAL						35.26
Check	11/23/2021	23196	AMERON*	Refund of Prior Years ONAP Assessments	1012 - Bank of America Gen'I Ckg	
Credit Memo	11/18/2021	NAG22-14CR		Refund of prior years OAP expenses paid by ONAF 4127.5 · PY - ONAP Pd AP Expenses		165.56
TOTAL						165.56
Check	11/23/2021	23197	CALMAT (CONROCK)	Refund of Prior Years ONAP Assessments	1012 - Bank of America Gen'I Ckg	
Credit Memo	11/18/2021	NAG22-15CR		Refund of prior years OAP expenses paid by ONAF 4127.5 · PY - ONAP Pd AP Expenses		21.80
TOTAL						21.80
Check	11/23/2021	23198	GENON CALIFORNIA SOUTH, LP	Refund of Prior Years ONAP Assessments	1012 - Bank of America Gen'I Ckg	
Credit Memo	11/18/2021	NAG22-13CR		Refund of Basin O&M expenses	9997.5 · Refund-Basin O&M-NonAg	2.92
				Refund of prior years OAP expenses paid by ONAF 4127.5 · PY - ONAP Pd AP Expenses		7,176.24
TOTAL						7,179.16
Check	11/23/2021	23199	SUNKIST GROWERS, INC.*	Refund of Prior Years ONAP Assessments	1012 - Bank of America Gen'I Ckg	
Credit Memo	11/18/2021	NAG22-17CR		Refund of prior years OAP expenses paid by ONAF 4127.5 · PY - ONAP Pd AP Expenses		1,261.76
TOTAL						1,261.76
Check	11/23/2021	23200	PRAXAIR*	Refund of Prior Years ONAP Assessments	1012 - Bank of America Gen'I Ckg	
Credit Memo	11/18/2021	NAG22-16CR		Refund of prior years OAP expenses paid by ONAF 4127.5 · PY - ONAP Pd AP Expenses		597.70
TOTAL						597.70
General Journal	11/23/2021	11/23/2021	HEALTH EQUITY	Health Equity Invoice 3191267	1012 - Bank of America Gen'I Ckg	
			HEALTH EQUITY	Health Equity Invoice 3191267	1012 - Bank of America Gen'I Ckg	58.49
TOTAL						58.49
Bill Pmt -Check	11/24/2021	ACH 112421	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'I Ckg	
Bill	11/01/2021	16601029		Annual Unfunded Accrued Liability-Plan 3299	60180 · Employers PERS Expense	8,989.42
TOTAL						8,989.42



**CHINO BASIN WATERMASTER**  
**Cash Disbursements For The Month of**  
**November 2021**

Type	Date	Num	Name	Memo	Account	Paid Amount
General Journal	11/24/2021	11/24/2021	HEALTH EQUITY	Health Equity Invoice 3134280	1012 - Bank of America Gen'l Ckg	
			HEALTH EQUITY	Health Equity Invoice 3134280	1012 - Bank of America Gen'l Ckg	76.25
TOTAL						<u>76.25</u>
General Journal	11/30/2021	11/30/2021	HEALTH EQUITY	Health Equity Invoice 3217203	1012 - Bank of America Gen'l Ckg	
			HEALTH EQUITY	Health Equity Invoice 3217203	1012 - Bank of America Gen'l Ckg	91.28
TOTAL						<u>91.28</u>
					<b>Total Disbursements:</b>	<b><u><u>426,915.08</u></u></b>



# CHINO BASIN WATERMASTER

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

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**PETER KAVOUNAS, P.E.**  
General Manager

## STAFF REPORT

DATE: January 27, 2022  
TO: Board Members  
SUBJECT: VISA Check Detail Report - Financial Report B7 (November 30, 2021)  
(Consent Calendar Item II.B.7.)

### SUMMARY

Issue: Record of VISA credit card payment disbursed for the month of November 2021.

Recommendation: Receive and file VISA Check Detail Report for November 2021 as presented.

Financial Impact: Funds disbursed were included in the FY 2021/22 "Amended" Watermaster Budget.

### Future Consideration

**Watermaster Board – January 27, 2022:** Receive and File (Normal Course of Business)

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### ACTIONS:

**Appropriative Pool – January 13, 2022:** Received and filed

**Non-Agricultural Pool – January 13, 2022:** Moved unanimously to receive and file, without approval

**Agricultural Pool – January 13, 2022:** Received and filed

**Advisory Committee – January 20, 2022:** Received and filed

**Watermaster Board – January 27, 2022:**

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court, and to develop and implement an Optimum Basin Management Program*

## BACKGROUND

A monthly VISA Check Detail report is provided to keep all members apprised of Watermaster expenditures charged against the General Manager and Chief Financial Officer's Bank of America VISA card.

## DISCUSSION

The total cash disbursements during the month of November 2021 was \$9,094.47. The payment was processed in the amount of \$9,094.47 (by check number 23177 dated November 22, 2021). The monthly charges for November 2021 of \$9,094.47 were for routine and customary expenditures and properly documented with receipts.

## ATTACHMENTS

1. Financial Report – B7

**CHINO BASIN WATERMASTER**  
**VISA Check Detail Report**  
**November 2021**

Type	Num	Date	Name	Memo	Account	Paid Amount
Bill Pmt -Check	11/22/2021	23177	BANK OF AMERICA	XXXX-XXXX-XXXX-4026	1012 · Bank of America Gen'l Ckg	
Bill	10/31/2021	XXXX-XXXX-XXXX-4026		Uniforms for staff	6154 · Uniforms	657.65
				Norton subscription renewal	6054 · Computer Software	113.84
				Miscellaneous office supplies	6031.7 · Other Office Supplies	60.98
				Lunch for Team-Review of Assessment Package	6909.1 · OBMP Meetings	76.02
				Lunch for Team-Review of Assessment Package	6909.1 · OBMP Meetings	15.24
				PK mtg w/M. Tule, S. Adams	8312 · Meeting Expenses	31.47
				Zoom monthly subscription	6022 · Telephone	36.42
				Miscellaneous office supplies	6031.7 · Other Office Supplies	37.14
				Staff thank you cards	6141.3 · Admin Meetings	136.62
				Miscellaneous office supplies	6031.7 · Other Office Supplies	9.13
				Printing of Big Picture Report	6045 · Printing	292.45
				Uniforms for staff	6154 · Uniforms	45.10
				Miscellaneous office supplies	6031.7 · Other Office Supplies	241.85
				Miscellaneous office supplies	6031.7 · Other Office Supplies	17.64
				Lunch for Admin Assistant on last day	6141.3 · Admin Meetings	114.67
				Miscellaneous office supplies	6031.7 · Other Office Supplies	140.75
				Miscellaneous office supplies	6031.7 · Other Office Supplies	5.11
				Lunch for Peer Review Safe Yield Update meeting	6909.1 · OBMP Meetings	136.11
				Supplies for 10/28/21 staff meeting	6141.3 · Admin Meetings	28.22
				Report-The Core Values Index-Comprehensive Report	6112 · Subscriptions/Publications	136.48
				Uniforms for new Board Members	6313 · Board Member Expenses	61.72
				QB Enterprise Silver Edition software	6054 · Computer Software	1,855.35
				Miscellaneous office supplies	6031.7 · Other Office Supplies	42.28
				Miscellaneous office supplies	6031.7 · Other Office Supplies	70.55
				New employee welcome lunch	6141.3 · Admin Meetings	73.26
				Miscellaneous office supplies	6031.7 · Other Office Supplies	68.55
				Miscellaneous office supplies	6031.7 · Other Office Supplies	39.57
				Hearing transcript for November 5, 2021 hearing	6046 · Legal Publications/Services	339.75
				Miscellaneous office supplies	6031.7 · Other Office Supplies	89.68
				Miscellaneous office supplies	6031.7 · Other Office Supplies	15.70
				Employee training	6193 · Employee Training	3,456.60
				Registration for PK - ACWA 2021 Fall Conference	6193.2 · Conference - Registration Fee	350.67
				PK meeting w/J. Bosler	8312 · Meeting Expenses	30.13
				Printing of Big Picture Report	6045 · Printing	237.25
				PK mtg w/C. Berch, C. Diggs	8312 · Meeting Expenses	30.52
					<b>Total Disbursements:</b>	<b>\$9,094.47</b>

TOTAL



# CHINO BASIN WATERMASTER

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**PETER KAVOUNAS, P.E.**  
General Manager

## STAFF REPORT

DATE: January 27, 2022

TO: Board Members

SUBJECT: Combining Schedule of Revenue, Expenses and Changes in Net Assets for the Period July 1, 2021 through November 30, 2021 - Financial Report B8 (November 30, 2021)  
(Consent Calendar Item II.B.8.)

### SUMMARY

Issue: Record of Revenue, Expenses and Changes in Net Assets for the Period July 1, 2021 through November 30, 2021.

Recommendation: Receive and file Combining Schedule of Revenue, Expenses and Changes in Net Assets for the Period July 1, 2021 through November 30, 2021 as presented.

Financial Impact: Funds disbursed were included in the FY 2021/22 "Amended" Watermaster Budget.

### Future Consideration

**Watermaster Board – January 27, 2022:** Receive and File (Normal Course of Business)

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### ACTIONS:

**Appropriative Pool – January 13, 2022:** Received and filed

**Non-Agricultural Pool – January 13, 2022:** Moved unanimously to receive and file, without approval

**Agricultural Pool – January 13, 2022:** Received and filed

**Advisory Committee – January 20, 2022:** Received and filed

**Watermaster Board – January 27, 2022:**

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court,  
and to develop and implement an Optimum Basin Management Program*

## BACKGROUND

A Combining Schedule of Revenue, Expenses and Changes in Net Assets for the period July 1, 2021 through November 30, 2021 is provided to keep all members apprised of the FY 2021/22 cumulative Watermaster revenues, expenditures and changes in net assets for the period listed.

## DISCUSSION

The Combining Schedule of Revenue, Expenses and Changes in Net Assets has been created from various financial reports and statements created from Intuit QuickBooks Enterprise Solutions 22.0, the Watermaster accounting system. The Combining Schedule provided balances to the supporting documentation in the Watermaster accounting system as presented.

## ATTACHMENTS:

1. Financial Report – B8

CHINO BASIN WATERMASTER  
COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE PERIOD JULY 1, 2021 THROUGH NOVEMBER 30, 2021

Financial Report - B8

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION & SPECIAL PROJECTS			AP ESCROW ACCOUNT	GROUNDWATER REPLENISHMENT	LAIF VALUE ADJ.	GASB 75 BEG. NET POSITION	GRAND TOTALS	AMENDED BUDGET 2021-2022
			APPROPRIATIVE POOL	AG POOL	NON-AG POOL						
<b>Administrative Revenues:</b>											
Administrative Assessments			7,322,002	835,000	330,844					8,487,845	7,496,877
Interest Revenue			5,285	60	63					5,408	106,125
Mutual Agency Project Revenue	177,430									177,430	177,430
Miscellaneous Income	516									516	0
<b>Total Revenues</b>	<b>177,946</b>	<b>-</b>	<b>7,327,287</b>	<b>835,060</b>	<b>330,907</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,671,199</b>	<b>7,780,432</b>
<b>Administrative &amp; Project Expenditures:</b>											
Watermaster Administration	912,322									912,322	1,846,194
Watermaster Board-Advisory Committee	79,110									79,110	245,485
Ag Pool Legal Services - Ag Fund <sup>1</sup>				97,821						97,821	-
Pool Administration			122,107	37,343	24,922					184,371	411,698
Optimum Basin Mgmt Administration		324,576								324,576	1,480,696
OBMP Project Costs		2,180,307								2,180,307	4,604,371
Debt Service		529,029								529,029	529,029
Basin Recharge Improvements		-								-	1,693,292
<b>Total Administrative/OBMP Expenses</b>	<b>991,432</b>	<b>3,033,913</b>	<b>122,107</b>	<b>37,343</b>	<b>24,922</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,307,537</b>	<b>10,810,765</b>
Net Administrative/OBMP Expenses	(813,487)	(3,033,913)									
Allocate Net Admin Expenses To Pools	<u>813,487</u>		604,511	176,888	32,088						
Allocate Net OBMP Expenses To Pools		2,504,884	1,861,407	544,672	98,805						
Allocate Debt Service to App Pool		529,029	529,029								
Allocate Basin Recharge to App Pool		-	-								
Agricultural Expense Transfer*			758,903	(758,903)							
<b>Total Expenses</b>			<b>3,875,956</b>	<b>97,821</b>	<b>155,814</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,307,537</b>	<b>10,810,765</b>
<b>Net Administrative Income</b>			<b>3,451,331</b>	<b>737,239</b>	<b>175,092</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,363,662</b>	<b>(3,030,333)</b>
<b>Other Income/(Expense)</b>											
Replenishment Water Assessments							1,693,689			1,693,689	0
Desalter Replenishment Obligation							-			-	0
Exhibit "G" Non-Ag Pool Water			-							-	0
RTS Charges from IEUA							(35,030)			(35,030)	0
Interest Revenue			-	-	-		-			-	0
MWD Water Purchases										-	0
Non-Ag Stored Water Purchases										-	0
Exhibit "G" Non-Ag Pool Water			-							-	0
Groundwater Replenishment							-			-	0
LAIF - Fair Market Value Adjustment								-		-	0
Gain on Sale of Assets			-	-	-			-		-	0
Other Post-Employment Benefits (OPEB)			-	-	-			-		-	0
AP Escrow Account - Interest Earned						122				122	0
Refund-Basin O&M Expenses			(139,913)		(5,471)					(145,384)	0
Refund-Recharge Debt Service			(156,259)							(156,259)	0
Funding To/(From) Reserves										-	0
<b>Net Other Income/(Expense)</b>			<b>(296,172)</b>	<b>-</b>	<b>(5,471)</b>	<b>122</b>	<b>1,658,659</b>	<b>-</b>	<b>-</b>	<b>1,357,138</b>	<b>0</b>
<b>Net Transfers To/(From) Reserves</b>	<b>5,720,800</b>	<b>0</b>	<b>3,155,158</b>	<b>737,239</b>	<b>169,621</b>	<b>122</b>	<b>1,658,659</b>	<b>-</b>	<b>-</b>	<b>5,720,800</b>	<b>(3,030,333)</b>
<b>Net Assets, July 1, 2021</b>			<b>8,924,389</b>	<b>127,547</b>	<b>128,927</b>	<b>161,296</b>	<b>(19,272)</b>	<b>829</b>	<b>(443,445)</b>	<b>8,880,272</b>	
<b>Net Assets, End of Period</b>			<b>12,079,547</b>	<b>864,786</b>	<b>298,549</b>	<b>161,418</b>	<b>1,639,387</b>	<b>829</b>	<b>(443,445)</b>	<b>14,601,072</b>	<b>14,601,072</b>
Ag Pool Assessments Outstanding <sup>2</sup>				(760,546)							
Ag Pool Fund Balance				104,240							
<b>20/21 Assessable Production</b>			<b>73,423,920</b>	<b>21,484,815</b>	<b>3,897,385</b>					<b>98,806,120</b>	
<b>20/21 Production Percentages</b>			<b>74.311%</b>	<b>21.744%</b>	<b>3.944%</b>					<b>100.000%</b>	

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

Note <sup>1</sup> - Agricultural Pool Legal Services for Jul. 2021 through Nov. 2021

Note <sup>2</sup> - Outstanding balance of Agricultural Pool Special Assessments for \$200,000 is \$125,545.54 and \$635,000 invoicing is \$635,000



# CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91730  
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**PETER KAVOUNAS, P.E.**  
General Manager

## STAFF REPORT

DATE: January 27, 2022

TO: Board Members

SUBJECT: Treasurer's Report of Financial Affairs for the Period November 1, 2021 through November 30, 2021 - Financial Report B9 (November 30, 2021) (Consent Calendar Item II.B.9.)

### SUMMARY

Issue: Record of increases or decreases in the cash position, assets and liabilities of Watermaster for the Period of November 1, 2021 through November 30, 2021.

Recommendation: Receive and file Treasurer's Report of Financial Affairs for the Period November 1, 2021 through November 30, 2021 as presented.

Financial Impact: Funds disbursed were included in the FY 2021/22 "Amended" Watermaster Budget.

### Future Consideration

**Watermaster Board – January 27, 2022:** Receive and File (Normal Course of Business)

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### ACTIONS:

**Appropriative Pool – January 13, 2022:** Received and filed

**Non-Agricultural Pool – January 13, 2022:** Moved unanimously to receive and file, without approval

**Agricultural Pool – January 13, 2022:** Received and filed

**Advisory Committee – January 20, 2022:** Received and filed

**Watermaster Board – January 27, 2022:**

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court, and to develop and implement an Optimum Basin Management Program*



## BACKGROUND

A Treasurer's Report of Financial Affairs for the Period November 1, 2021 through November 30, 2021 is provided to keep all members apprised of the total cash in banks (Bank of America, LAIF, and CalTRUST); cash on deposit in trust with the County of San Bernardino as a result of the Cooperation and Reimbursement Agreement between Chino Basin Watermaster and County of San Bernardino dated May 25, 2017; and cash 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) and/or CalTRUST, 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 Intuit QuickBooks Enterprise Solutions 22.0, 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.

## ATTACHMENTS

1. Financial Report – B9

**CHINO BASIN WATERMASTER  
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD  
NOVEMBER 1, 2021 THROUGH NOVEMBER 30, 2021**

Financial Report - B9

**DEPOSITORIES:**

Cash on Hand - Petty Cash			\$	500
Bank of America				
Governmental Checking-Demand Deposits	\$	329,420		
Zero Balance Account - Payroll		(43,116)		286,303
Restricted Funds - AP Escrow				161,418
Trust Account - County of San Bernardino				845
Local Agency Investment Fund - Sacramento				7,576,306
<b>TOTAL CASH IN BANKS AND ON HAND</b>				<b>\$ 8,025,373</b>
TOTAL CASH IN BANKS AND ON HAND				8,109,299

**PERIOD INCREASE (DECREASE)**

**\$ (83,927)**

**CHANGE IN CASH POSITION DUE TO:**

Decrease/(Increase) in Assets:				
Accounts Receivable			\$	77,415
Assessments Receivable				(8,437,940)
Prepaid Expenses, Deposits & Other Current Assets				(2,848)
(Decrease)/Increase in Liabilities				
Accounts Payable				80,132
Accrued Payroll, Payroll Taxes & Other Current Liabilities				12,194
Long Term Liabilities				2,164
Transfer to/(from) Reserves				8,184,958

**PERIOD INCREASE (DECREASE)**

**\$ (83,927)**

**SUMMARY OF FINANCIAL TRANSACTIONS:**

	Petty Cash	Gov't Checking Demand	Zero Balance Account Payroll	Restricted Funds AP Escrow	Trust Account County of San Bernardino	Local Agency Investment Funds	Totals
Balances as of 10/31/2021	\$ 500	\$ 413,628	\$ (43,374)	\$ 161,394	\$ 845	\$ 7,576,306	\$ 8,109,299
Deposits	-	342,707	257	24	-	-	342,988
Transfers	-	(145,499)	(90,368)	-	-	-	(235,867)
Withdrawals/Checks	-	(281,416)	90,368	-	-	-	(191,048)
<b>Balances as of 11/30/2021</b>	<b>\$ 500</b>	<b>\$ 329,420</b>	<b>\$ (43,116)</b>	<b>\$ 161,418</b>	<b>\$ 845</b>	<b>\$ 7,576,306</b>	<b>\$ 8,025,373</b>
<b>PERIOD INCREASE OR (DECREASE)</b>	<b>\$ -</b>	<b>\$ (84,208)</b>	<b>\$ 257</b>	<b>\$ 24</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (83,927)</b>

**CHINO BASIN WATERMASTER  
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD  
NOVEMBER 1, 2021 THROUGH NOVEMBER 30, 2021**

**INVESTMENT TRANSACTIONS**

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield	
-								
<b>TOTAL INVESTMENT TRANSACTIONS</b>			<b>\$</b>	<b>-</b>				<b>\$0</b>

\* The earnings rate for L.A.I.F. is a daily variable rate; 0.24% was the effective yield rate at the Quarter ended September 30, 2021.

**INVESTMENT STATUS  
November 30, 2021**

<u>Financial Institution</u>	<u>Principal Amount</u>	<u>Number of Days</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Local Agency Investment Fund	\$ 7,576,306			
<b>TOTAL INVESTMENTS</b>	<b>\$ 7,576,306</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



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PETER KAVOUNAS, P.E.  
General Manager

## STAFF REPORT

DATE: January 27, 2022

TO: Board Members

SUBJECT: Budget vs. Actual Report for the Period July 1, 2021 through November 30, 2021 - Financial Report B10 (November 30, 2021) (Consent Calendar Item II.B.10.)

### SUMMARY

Issue: Record of revenues and expenses of Watermaster for the Period of July 1, 2021 through November 30, 2021.

Recommendation: Receive and file Budget vs. Actual Report for the Period July 1, 2021 through November 30, 2021 as presented.

Financial Impact: Funds disbursed were included in the FY 2021/22 "Amended" Watermaster Budget.

### Future Consideration

**Watermaster Board – January 27, 2022:** Receive and File (Normal Course of Business)

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### ACTIONS:

**Appropriative Pool – January 13, 2022:** Received and filed

**Non-Agricultural Pool – January 13, 2022:** Moved unanimously to receive and file, without approval

**Agricultural Pool – January 13, 2022:** Received and filed

**Advisory Committee – January 20, 2022:** Received and filed

**Watermaster Board – January 27, 2022:**

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court, and to develop and implement an Optimum Basin Management Program*

## BACKGROUND

A Budget vs. Actual Report for the period July 1, 2021 through November 30, 2021 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; Optimum Basin Management Program Expenses; Project Expenses; and Other Income/Expenses. The Budget vs. Actual report has been created from Intuit QuickBooks Enterprise Solutions 22.0, 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.

## DISCUSSION

### CURRENT MONTH – NOVEMBER 2021

Year-To-Date (YTD) for the five months ending November 30, 2021, all but three categories were at or below the projected budget.

The categories over budget were: (1) the Administration Salary/Benefits expenses (6010's) which were over budget by \$24,702 or 4.5% as a result of increased staff time and activities in the administrative functions. Please note that the overage is only in the administrative section, not with the entire consolidated staffing budget. (2) Watermaster Legal Services (6070s) were over budget by \$60,305 or 43.8% as a result of increased activities in the areas of Court Coordination; Rules and Regulations; the unbudgeted expenses for the Ely 3 Basin Investigation; and miscellaneous legal expenses during the last five months. Please note that the overage is only in the administrative section, not the entire consolidated BHFS budget. (3) the Groundwater Quality Monitoring expenses (7103s) were over budget by \$2,787 or 1.5%.

Budget Amendment A-21-11-01 in the amount of \$86,504 was approved by the Advisory Committee and the Board on November 18, 2021. The account increased with the Budget Amendment was the Support Implementation of the Safe Yield Court Order (account 7614) which was increased from \$285,188 to \$371,692 to perform the Safe Yield Reset Methodology Update. The Budget Amendment A-21-11-01 increased the total Watermaster "Amended" budget from \$7,780,432 to \$7,866,936. The amount of \$86,504 was not included within the FY 2021/22 Assessment invoicing. The funding for the amount of \$86,504 will be an allocation from the OBMP Reserve Fund which currently is \$757,602. After the allocation of \$86,504 the OBMP Reserve Fund will be \$671,098.

Overall, the Watermaster (YTD) Actual Expenses were \$2,868,335 or 40.0% below the (YTD) Budgeted Expenses of \$7,175,872.

### PREVIOUSLY REPORTED ACTIONS (Descending Order)

#### October 2021:

Budget Amendment A-21-10-01 in the amount of \$72,000 was approved by the Advisory Committee on October 21, 2021 and approved by the Board on October 28, 2021. The account increased with the Budget Amendment was the Hydraulic Control-Mitigation Plan-50% IEUA (TO No. 6) (account 7508) which was increased by \$72,000 to include the Proposal to Prepare an Updated Plan for Mitigation of Temporary Loss of Hydraulic Control of the Chino Basin (Task Order No. 6). The Budget Amendment A-21-10-01 increased the total Watermaster "Amended" budget from \$7,708,432 to \$7,780,432.

#### July 2021:

The "Original" Approved budget for FY 2021/22 of \$7,276,213 was adopted by the Watermaster Board on May 27, 2021. Budget Amendment A-21-07-01 in the amount of \$147,031 and Budget Amendment A-21-07-02 in the amount of \$276,761 was adopted by the Watermaster Board on July 22, 2021. Budget Amendment A-21-08-01 in the amount of \$8,427 was approved by the Advisory Committee on August 19, 2021. The accounts increased with the Budget Amendments were the OBMP-Northwest MZ-1 Area Project

(7402.1) increased by \$147,031; and the Safe Yield Reset Methodology Evaluation (7614) increased by \$285,188.

During the month of July 2021, the "Carry Over" funding was calculated. The Total "Carry Over" funding amount of \$2,943,828.87 has been posted to the general ledger accounts. The total amount of \$2,943,828.87 consisted of \$1,693,292.20 from Capital Improvement Projects, \$573,765.00 from Engineering Services, \$374,114.56 from OBMP Activities, \$207,566.95 from Pool Funding Accounts, and \$95,090.16 from Administration Services. More detailed information is provided regarding this issue under the "Carry Over" Funding section.

The "Amended" Budget for FY 2021/22 is \$10,652,260.87 which includes \$2,943,828.87 for the prior years "Carry Over" funding.

## SALARIES EXPENSE

### CURRENT MONTH – NOVEMBER 2021

As of November 30, 2021, the total (YTD) Watermaster salary expenses were \$12,467 or 1.3% below the (YTD) budgeted amount of \$964,964. The overall staffing budget was developed with a staffing level of ten Full-Time Equivalents (FTE's), and staffing is currently at ten Full-Time Equivalents (FTE's).

Watermaster utilizes an in-house database time and attendance system to track and record staff's actual hours worked and records those hours to a specific project or activity. This time and attendance database of captured staff hours and activities is the basis for the bi-weekly payrolls which are processed using an external payroll processing service. Watermaster staff can record time to a large number of activities but the five most used categories are as follows (1) General Administrative activities; (2) Paid Leaves of vacation, sick or holiday; (3) Pools, Advisory or Board Meeting attendance; (4) OBMP activities; and (5) OBMP Implementation Program Elements 1 through 9 activities.

When the FY 2021/22 budget was developed, basic assumptions were used in allocating how staff's time would be spent and on which of the projects or activities. The staffing dollars were then allocated into those specific areas and budgeted on a 1/12 monthly budget. When actual staffing activities vary from the budgeted assumptions, a positive or negative variance can be created.

Currently the following actual allocations are tracking above the projected allocations due to Watermaster staff spending more time in these activities as follows: WM Staff Salaries for Administration (account 6011) above budget by \$20,856 or 4.4%; Watermaster Staff Overtime (account 6011.1) above budget by \$6,634 or 132.7%; WM Staff Salaries for Advisory Committee (account 6201) above budget by \$3,294 or 25.4%; Appropriate Pool-WM Staff Salaries (account 8301) above budget by \$7,449 or 39.0%; Groundwater Quality-WM Staff Salaries (account 7103.1) above budget by \$635 or 2.2%; Comprehensive Recharge-WM Staff Salaries (account 7201) above budget by \$2,741 or 11.6%; PE 6&7 (account 7501) above budget by \$4,001 or 143.9%; and PE8&9-WM Staff Salaries (account 7601) above budget by \$1,073 or 10.3%.

The table summarizes the Year-To-Date (YTD) Actual Watermaster salary costs compared to the Year-To-Date (YTD) Budget as of November 30, 2021. Please be advised that the "\$ Over Budget" and the "% of Budget" columns are a comparison of the (YTD) Actual to the (YTD) Budget, not the 12-month Annual Budget. The 12-month Annual Budget column is presented only to provide the data in a full and complete format. The following details are provided:

	<u>Jul '21 - Nov '21</u> <u>Actual</u>	<u>Jul '21 - Nov '21</u> <u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>	<u>FY 2021/22</u> <u>Annual Budget</u>
<b>WM Salary Expense</b>					
6011 - WM Staff Salaries	498,275.37	477,419.00	20,856.37	104.37%	1,128,445.00
6011.1 - WM Staff Salaries - Overtime	11,634.43	5,000.00	6,634.43	232.69%	12,000.00
6011.4 - 457(f) NQDC Plan	14,362.50	14,713.00	-350.50	97.62%	35,312.00
6017- Temporary Services	23,469.44	36,000.00	-12,530.56	65.19%	42,000.00
6201 - Advisory Committee - WM Staff Salaries	16,255.73	12,962.00	3,293.73	125.41%	30,636.00
6301 - Watermaster Board - WM Staff Salaries	17,294.38	20,627.00	-3,332.62	83.84%	48,754.00
8301 - Appropriative Pool - WM Staff Salaries	26,557.11	19,108.00	7,449.11	138.98%	45,164.00
8401 - Agricultural Pool - WM Staff Salaries	10,631.18	16,272.00	-5,640.82	65.33%	38,461.00
8501 - Non-Agricultural Pool - WM Staff Salaries	7,838.84	11,252.00	-3,413.16	69.67%	26,596.00
6901 - OBMP - WM Staff Salaries	66,574.39	93,998.00	-27,423.61	70.83%	222,176.00
7101.1 - Production Monitor - WM Staff Salaries	29,585.45	34,510.00	-4,924.55	85.73%	101,960.00
7102.1 - In-line Meter - WM Staff Salaries	0.00	5,148.00	-5,148.00	0.0%	12,167.00
7103.1 - Grdwater Quality - WM Staff Salaries	29,499.80	28,865.00	634.80	102.2%	68,225.00
7104.1 - Grdwater Level - WM Staff Salaries	25,727.80	30,127.00	-4,399.20	85.4%	71,210.00
7107.1 - GrdLevel Monitoring - WM Staff Salarie	0.00	3,102.00	-3,102.00	0.0%	7,332.00
7108.1 - Hydraulic Control - WM Staff Salaries	860.00	1,977.00	-1,117.00	43.5%	4,671.00
7108.11 - Prado Basin - WM Staff Salaries	0.00	2,942.00	-2,942.00	0.0%	6,954.00
7201 - Comp Recharge - WM Staff Salaries	26,452.23	23,711.00	2,741.23	111.56%	56,041.00
7301 - PE3&5 - WM Staff Salaries	2,569.82	7,831.00	-5,261.18	32.82%	18,509.00
7401 - PE4 - WM Staff Salaries	0.00	4,783.00	-4,783.00	0.0%	11,306.00
7501 - PE6&7 - WM Staff Salaries	6,781.82	2,781.00	4,000.82	243.86%	6,575.00
7501.1 - PE 6&7 - WM Staff Salaries (Plume)	0.00	2,747.00	-2,747.00	0.0%	6,493.00
7601 - PE8&9 - WM Staff Salaries	11,526.43	10,453.00	1,073.43	110.27%	24,705.00
<b>Subtotal WM Staff Costs</b>	<b>825,896.72</b>	<b>866,328.00</b>	<b>-40,431.28</b>	<b>95.33%</b>	<b>2,025,692.00</b>
60185 - Vacation	58,442.86	46,636.00	11,806.86	125.32%	93,925.00
60186 - Sick Leave	41,228.24	26,000.00	15,228.24	158.57%	62,400.00
60187 - Holidays	26,928.69	26,000.00	928.69	103.57%	78,002.00
<b>Subtotal WM Paid Leaves</b>	<b>126,599.79</b>	<b>98,636.00</b>	<b>27,963.79</b>	<b>128.35%</b>	<b>234,327.00</b>
<b>Total WM Salary Costs</b>	<b>952,496.51</b>	<b>964,964.00</b>	<b>-12,467.49</b>	<b>98.71%</b>	<b>2,260,019.00</b>

PREVIOUSLY REPORTED ACTIONS (Descending Order)

October 2021:

On October 8, 2021, Vanessa Aldaz (Administrative Assistant) who has been with Watermaster since February 10, 2020, submitted her official notice of resignation effective Friday, October 22, 2021. On Monday, October 25, 2021, Ruby Favela started her employment with Watermaster as the new Administrative Assistant.

July 2021:

For FY 2021/22 the amount of \$21,000 was "Carried-Over" from the previous fiscal year's budget under the category of Temporary Services (6017). This expense is currently being used to fund one temporary employee who is scanning documents into the SharePoint system for the ongoing records management project.

LEGAL SERVICES

BROWNSTEIN HYATT FARBER SCHRECK EXPENSES

CURRENT MONTH – NOVEMBER 2021

As of November 30, 2021, the total (YTD) Watermaster Legal Services expenses (consolidating the three categories of Watermaster Administrative Legal Services, Pool/Advisory/Board Meeting legal expenses, and OBMP legal expenses) were \$152,327 or 37.3% below the (YTD) budgeted amount of \$408,702.

The Watermaster Legal Services budget was developed jointly by the Watermaster staff and Brownstein Hyatt Farber Schreck staff with specific assumptions regarding the tasks and legal activities that would occur during FY 2021/22. The total legal services budget was developed by multiplying the number of hours that would be required to complete the specific tasks by the hourly rate. The "Approved" budget was adopted for the original amount of \$972,845.

WATERMASTER ADMINISTRATIVE LEGAL SERVICES:

Overall, the Watermaster Administrative Legal Services expense (6070s) as of November 30, 2021 was \$60,305 or 43.8% above the budgeted amount of \$137,611. The specific items within the Administrative Legal Services expenses (6070s) which were over budget were Court Coordination expenses (6071) which were over budget by \$4,133 or 24.2%; Rules & Regulations expenses (6072) over budget by \$10,621 or 213.8%; Miscellaneous (6078) which were over budget by \$58,582 or 66.3%; and the Ely 3 Basin Investigation (6078.25) which were over budget by \$8,225 or 100%. Please see Note 1 on the following page for a more detailed explanation of the miscellaneous types of expenses (6078).

The specific items within the Administrative Legal Services expenses (6070s) which were under budget were the expenses for Personnel Matters (6073) which were under budget by \$2,149 or 39.1%; Interagency Issues (6074) under budget by \$16,500 or 100.0%; and Party Status Maintenance expenses (6077) under budget by \$2,607 or 50.1%.

WATERMASTER POOLS, ADVISORY AND BOARD LEGAL SERVICES:

The Pools, Advisory Committee and the Board meeting legal expenses from BHFS are captured by month within the accounts (6275, 6375, 6375.1, 8375, 8475 and 8575). The legal service costs associated with the Board Workshop(s) are also included as part of this group. Overall, this category of legal expenses as of November 30, 2021 was \$48,490 or 55.5% below the budgeted amount of \$87,350. Normal Brownstein Hyatt Farber Schreck meeting attendance during any given month includes attendance at all three pool meetings, one Advisory Committee meeting and one Board meeting.

The legal services budget was developed with the assumption of having eleven months of meetings, intentionally excluding the month of December 2021.

OBMP LEGAL SERVICES:

The OBMP legal expenses (accounts 6907.31 through 6907.90) were below the budget for the month. As of November 30, 2021, the category of OBMP legal expenses were \$164,143 or 89.3% below the budgeted amount of \$183,741. Within this category, there were no expenses over budget.

The table listed below summarizes the Brownstein Hyatt Farber Schreck (BHFS) expenses as of November 30, 2021 compared to the Year-To-Date (YTD) budget. Please be advised that the "\$ Over Budget" and the "% of Budget" columns are a comparison of the (YTD) Actual to the (YTD) Budget, not the 12-month Annual Budget. The 12-month Annual Budget column is presented only to provide the data in a full and complete format. The following details are provided:



	Jul '21 - Nov '21 Actual	Jul '21 - Nov '21 Budget	\$ Over Budget	% of Budget	FY 2021/22 Annual Budget
<b>6070 - Watermaster Legal Services</b>					
6071 - BHFS Legal - Court Coordination	21,235.50	17,103.00	4,132.50	124.16%	41,050.00
6072 - BHFS Legal - Rules & Regulations	15,588.45	4,967.00	10,621.45	313.84%	11,925.00
6073 - BHFS Legal - Personnel Matters	3,351.15	5,500.00	-2,148.85	60.93%	9,900.00
6074 - BHFS Legal - Interagency Issues	0.00	16,500.00	-16,500.00	0.0%	39,600.00
6076 - BHFS Legal - Storage Issues	0.00	0.00	0.00	0.0%	0.00
6077 - BHFS Legal - Party Status Maintenance	2,601.00	5,208.00	-2,607.00	49.94%	12,500.00
6078 - BHFS Legal - Miscellaneous (Note 1)	146,914.87	88,333.00	58,581.87	166.32%	212,000.00
6078.25 - BHFS - Ely 3 Basin Investigation	8,225.19	0.00	8,225.19	100.0%	0.00
<b>Total 6070 - Watermaster Legal Services</b>	<b>197,916.16</b>	<b>137,611.00</b>	<b>60,305.16</b>	<b>143.82%</b>	<b>326,975.00</b>
<b>6275 - BHFS Legal - Advisory Committee</b>	<b>4,356.00</b>	<b>11,000.00</b>	<b>-6,644.00</b>	<b>39.6%</b>	<b>24,200.00</b>
6375 - BHFS Legal - Board Meeting	23,848.20	35,100.00	-11,251.80	67.94%	77,220.00
6375.1 - BHFS Legal - Board Workshop(s)	0.00	0.00	0.00	0.0%	12,725.00
8375 - BHFS Legal - Appropriative Pool	3,519.00	13,750.00	-10,231.00	25.59%	30,250.00
8475 - BHFS Legal - Agricultural Pool	3,568.50	13,750.00	-10,181.50	25.95%	30,250.00
8575 - BHFS Legal - Non-Ag Pool	3,568.50	13,750.00	-10,181.50	25.95%	30,250.00
<b>Total BHFS Legal Services</b>	<b>38,860.20</b>	<b>87,350.00</b>	<b>-48,489.80</b>	<b>44.49%</b>	<b>204,895.00</b>
<b>6907.3 - WM Legal Counsel</b>					
6907.31 - Archibald South Plume	0.00	4,574.00	-4,574.00	0.0%	10,975.00
6907.32 - Chino Airport Plume	0.00	4,574.00	-4,574.00	0.0%	10,975.00
6907.33 - Desalter/Hydraulic Control	1,278.00	14,043.00	-12,765.00	9.1%	33,700.00
6907.34 - Santa Ana River Water Rights	247.50	7,812.00	-7,564.50	3.17%	18,750.00
6907.36 - Santa Ana River Habitat	2,227.50	11,396.00	-9,168.50	19.55%	27,350.00
6907.38 - Reg. Water Quality Cntrl Board	0.00	20,354.00	-20,354.00	0.0%	48,850.00
6907.39 - Recharge Master Plan	949.50	5,208.00	-4,258.50	18.23%	12,500.00
6907.40 - Storage Agreements	0.00	21,479.00	-21,479.00	0.0%	51,550.00
6907.41 - Prado Basin Habitat Sustainability	0.00	5,208.00	-5,208.00	0.0%	12,500.00
6907.42 - Safe Yield Recalculation	0.00	0.00	0.00	0.0%	0.00
6907.44 - SGMA Compliance	0.00	3,750.00	-3,750.00	0.0%	9,000.00
6907.45 - OBMP Update	0.00	34,125.00	-34,125.00	0.0%	81,900.00
6907.46 - Upper SAR Integrated Model	0.00	0.00	0.00	0.0%	0.00
6907.47 - 2020 Safe Yield Reset	14,895.90	16,750.00	-1,854.10	88.93%	40,200.00
6907.48 - Ely Basin Investigation	0.00	20,354.00	-20,354.00	0.0%	48,850.00
6907.90 - WM Legal Counsel - Unanticipated	0.00	14,114.00	-14,114.00	0.0%	33,875.00
<b>Total 6907 - WM Legal Counsel</b>	<b>19,598.40</b>	<b>183,741.00</b>	<b>-164,142.60</b>	<b>10.67%</b>	<b>440,975.00</b>
<b>Total Brownstein, Hyatt, Farber, Schreck Costs</b>	<b>256,374.76</b>	<b>408,702.00</b>	<b>-152,327.24</b>	<b>62.73%</b>	<b>972,845.00</b>

Note 1: The types of legal activities that have been charged against the "Miscellaneous" legal category account 6078 are as follows: (1) Correspondence and discussions with Watermaster staff regarding current issues/topics; (2) Correspondence with Watermaster staff regarding special projects (assessment package, replenishment obligations, annual report, audit report, business plan, etc.); (3) Brownstein's status review of ongoing Watermaster projects and issues; (4) Brownstein's update of the outstanding issues list; (5) Coordination of ongoing Watermaster projects; (6) Review of draft documents and contracts; (7) Review transfer documents; (8) Ground-Level Monitoring Committee reports/meetings; (9) Review process and criteria for SGMA reporting; (10) MVWD SCADA Agreement and installation; (11) Angelica Corporation Bankruptcy matter; (12) NRG/GENON Bankruptcy matter; (13) Pomona extensometer project, CEQA review and compliance; (14) Desalter Replenishment obligations, assessment methodologies, and ongoing issues; (15) Master Cost Sharing Agreement with IEUA; (16) Estimation and adoption of an evaporative loss policy for Recharge; (17) CalMat intervention; (18) Angelica's water rights transfer; (19) Exhibit "G" rate issues; (20) Right of Entry Agreements for various locations; (21) Assessment Packages-Updates and Review; (22) Ag Pool Contest; (23) Payment of Ag Legal Fees; (24) Ag Invoices; and (25) Miscellaneous legal research on current and pending issues.

**PREVIOUSLY REPORTED ACTIONS (Descending Order)**

**August 2021:**

There were no meetings held during the month of August 2021. The legal services budget was developed with the assumption of having eleven months of meetings, intentionally excluding the month of December 2021.

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## OBMP ENGINEERING SERVICES AND LEGAL COSTS

### CURRENT MONTH – NOVEMBER 2021

Reviewing in total the OBMP Engineering Services and Legal Costs (consolidating the five categories of OBMP Watermaster Staff and SAWPA, OBMP Engineering Services, OBMP Legal Costs, OBMP Update Costs, and OBMP Other Expenses) for the five months ending November 30, 2021, the actual expenses of \$298,735 were below the budgeted amount of \$581,185 by \$282,450 or 48.6%. For a detailed discussion, the following is provided.

For November 30, 2021, the accounts 6901-6903 (Optimum Basin Mgmt. Program) section was below the Year-To-Date (YTD) budget by \$22,298 or 20.5%. Watermaster utilizes an in-house database time and attendance system to record and document staff's actual hours worked and also allocates those hours to a specific project or activity. Watermaster staff time could be charged to Administrative, OBMP, or Implementation Project categories. Recently, Watermaster staff spent less time on specific OBMP related areas as budgeted. As a result, Watermaster staff allocated less actual time to the OBMP project as budgeted, which resulted in an under-budget variance of \$27,424 or 29.2%. The remaining expense was the Santa Ana Watershed Project Authority (SAWPA) FY 2020/21 Basin Monitoring Program Task Force Contribution which was budgeted at \$15,032 and actual expenses were \$20,158 or \$5,126 or 34.1% above budget as of November 30, 2021.

For November 30, 2021, the accounts 6906 (Optimum Basin Mgmt. Program Engineering Services) section was below the Year-To-Date (YTD) budget by \$76,966 or 29.9%. The majority of expenses within this OBMP category were under budget (YTD), however, the accounts over budget were the OBMP-Watermaster Model Update (6906.1) which were over budget by \$5,876 or 50.9%; Water Rights Compliance Reporting expenses (6906.22) which were over budget by \$10,480 or 139.9%; OBMP-Other General Meetings expenses (6906.32) which were over budget by \$8,037 or 25.0%; Prepare Annual Report expenses (6906.81) which were over budget by \$2,165 or 35.5%; and the OBMP-Engineering Services-Other expenses (6906) which were over budget by \$4,515 or 25.9%. Within the 6906 categories, two accounts had funding "Carried-Over" from the previous fiscal year. The OBMP-Watermaster Model Update expenses (6906.1) had \$9,000 brought forward from the previous year and the Integrated Model Meetings-IEUA Costs expenses (6906.15) had \$14,594 brought forward from the previous year. These two amounts are included in the FY 2021/22 budget.

Within the category 6907 (Optimum Basin Mgmt. Program Legal Fees) are the remaining Brownstein Hyatt Farber Schreck (BHFS) Watermaster's legal expenses. Within the legal expense category, there were no line item activities above the budget. The individual legal projects/activities that were below budget for the Year-To-Date (YTD) period were the Archibald South Plume of \$4,574; the Chino Airport Plume of \$4,574; the Desalter/Hydraulic Control of \$12,765; Santa Ana River Water Rights of \$7,565; the Santa Ana River Habitat of \$9,168; the Regional Water Quality Control Board of \$20,354; the Recharge Master Plan expenses of \$4,259; Storage Agreements of \$21,479; the Prado Basin Habitat Sustainability of \$5,208; SGMA Compliance of \$3,750; the OBMP Update of \$34,125; the 2020 Safe Yield Reset of \$1,854; the Ely Basin Investigation expenses of \$20,354; and the WM Unanticipated legal expenses of \$14,114. For the five months ended November 30, 2021, the overall cumulative (YTD) budget was \$183,741 and the actual (BHFS) legal expenses totaled \$19,598 which resulted in an under-budget variance of \$164,143 or 91.5%.

The OBMP Update Costs (6908.1) were below the budget for the month. These expenses relate to the OBMP Update costs for the contract between Tom Dodson and Associates and CBWM to procure environmental review services for the 2020 OBMP Update. The contract had a remaining amount available of \$17,065 as of the year-ended June 30, 2021 and that amount was "Carried-Over" into the FY 2021/22 budget. The budget has a remaining balance as of November 30, 2021 of \$17,065.

The OBMP Other Expenses (6909's) were below the budget for the month. These expenses are typically conference calls, meeting expenses, supplies, annual inspection fees, and other miscellaneous type expenses. As of November 30, 2021, this category of expenses was \$1,979 or 51.5% below the budgeted

amount of \$3,843.

Overall, the Optimum Basin Management Program (OBMP) category was \$298,735 actual (YTD) compared to a budget (YTD) of \$581,185 for an under budget of \$282,450 or 48.6% as of November 30, 2021.

The table listed below summarizes the Optimum Basin Management Program (OBMP) expenses as of November 30, 2021 compared to the Year-To-Date (YTD) budget. Please be advised that the "\$ Over Budget" and the "% of Budget" columns are a comparison of the (YTD) Actual to the (YTD) Budget, not the 12-month Annual Budget. The 12-month Annual Budget column is presented only to provide the data in a full and complete format. The following details are provided:

	Jul '21 - Nov '21 Actual	Jul '21 - Nov '21 Budget	\$ Over Budget	% of Budget	FY 2021/22 Annual Budget
<b>6900 - Optimum Basin Mgmt Plan</b>					
6901 - WM Staff Salaries	66,574.39	93,998.00	-27,423.61	70.83%	222,176.00
6903 - OBMP SAWPA Group	20,158.00	15,032.00	5,126.00	134.1%	15,032.00
<b>Total 6901-6903 - OBMP WM Staff/SAWPA</b>	<b>86,732.39</b>	<b>109,030.00</b>	<b>-22,297.61</b>	<b>79.55%</b>	<b>237,208.00</b>
<b>6906 - OBMP Engineering Services</b>					
6906.1 - OBMP - Watermaster Model Update	17,425.00	11,549.00	5,876.00	150.88%	15,112.00
6906.15 - Integrated Model Mtgs. - IEUA Costs	9,927.74	27,625.00	-17,697.26	35.94%	45,874.00
6906.21 - State of the Basin Report	0.00	0.00	0.00	0.0%	0.00
6906.22 - Water Rights Compliance Reporting	17,973.25	7,493.00	10,480.25	239.87%	17,984.00
6906.23 - SGMA Reporting Requirements	0.00	6,499.00	-6,499.00	0.0%	15,598.00
6906.24 - Compliance - SB88 and SWRCB	0.00	5,085.00	-5,085.00	0.0%	12,204.00
6906.26 - 2020 OBMP Update	0.00	0.00	0.00	0.0%	0.00
6906.31 - OBMP - Pool, Advisory, Board Mtgs.	21,894.50	45,000.00	-23,105.50	48.65%	108,000.00
6906.32 - OBMP - Other General Meetings	40,175.25	32,138.00	8,037.25	125.01%	77,134.00
6906.71 - OBMP - Data Requests - CBWM Staff	41,184.02	55,445.00	-14,260.98	74.28%	133,068.00
6906.72 - OBMP - Data Requests - Non CBWM	11,570.50	20,870.00	-9,299.50	55.44%	50,088.00
6906.73 - OBMP - Safe Yield Recalculation	0.00	0.00	0.00	0.0%	0.00
6906.74 - OBMP - Mat'l Phy. Injury Requests	156.00	32,249.00	-32,093.00	0.48%	77,398.00
6906.81 - Prepare Annual Reports	8,259.00	6,094.00	2,165.00	135.53%	14,626.00
6906 - OBMP Engineering Services - Other	21,974.25	17,459.00	4,515.25	125.86%	41,896.00
<b>Total 6906 - OBMP Engineering Services</b>	<b>190,539.51</b>	<b>267,506.00</b>	<b>-76,966.49</b>	<b>71.23%</b>	<b>608,982.00</b>
<b>6907 - OBMP Legal Fees</b>					
<b>6907.3 - WM Legal Counsel</b>					
6907.31 - Archibald South Plume	0.00	4,574.00	-4,574.00	0.0%	10,975.00
6907.32 - Chino Airport Plume	0.00	4,574.00	-4,574.00	0.0%	10,975.00
6907.33 - Desalter/Hydraulic Control	1,278.00	14,043.00	-12,765.00	9.1%	33,700.00
6907.34 - Santa Ana River Water Rights	247.50	7,812.00	-7,564.50	3.17%	18,750.00
6907.36 - Santa Ana River Habitat	2,227.50	11,396.00	-9,168.50	19.55%	27,350.00
6907.38 - Reg. Water Quality Cntrl Board	0.00	20,354.00	-20,354.00	0.0%	48,850.00
6907.39 - Recharge Master Plan	949.50	5,208.00	-4,258.50	18.23%	12,500.00
6907.40 - Storage Agreements	0.00	21,479.00	-21,479.00	0.0%	51,550.00
6907.41 - Prado Basin Habitat Sustainability	0.00	5,208.00	-5,208.00	0.0%	12,500.00
6907.44 - SGMA Compliance	0.00	3,750.00	-3,750.00	0.0%	9,000.00
6907.45 - OBMP Update	0.00	34,125.00	-34,125.00	0.0%	81,900.00
6907.46 - Upper SAR Integrated Model	0.00	0.00	0.00	0.0%	0.00
6907.47 - 2020 Safe Yield Reset	14,895.90	16,750.00	-1,854.10	88.93%	40,200.00
6907.48 - Ely Basin Investigation	0.00	20,354.00	-20,354.00	0.0%	48,850.00
6907.90 - WM Legal Counsel - Unanticipated	0.00	14,114.00	-14,114.00	0.0%	33,875.00
<b>Total 6907 - WM Legal Counsel</b>	<b>19,598.40</b>	<b>183,741.00</b>	<b>-164,142.60</b>	<b>10.67%</b>	<b>440,975.00</b>
<b>Total 6907 - OBMP Legal Fees</b>	<b>19,598.40</b>	<b>183,741.00</b>	<b>-164,142.60</b>	<b>10.67%</b>	<b>440,975.00</b>
<b>6908 - OBMP Updates</b>					
6908.1 - 2020 OBMP Update-Dodson & Assoc.	0.00	17,064.56	-17,064.56	0.0%	17,064.56
<b>Total 6908 - OBMP Updates</b>	<b>0.00</b>	<b>17,064.56</b>	<b>-17,064.56</b>	<b>0.0%</b>	<b>17,064.56</b>
<b>6909 - OBMP Other Expenses</b>					
6909.1 - OBMP Meetings	376.46	625.00	-248.54	60.23%	1,500.00
6909.3 - Other OBMP Expenses	1,488.00	1,135.00	353.00	131.1%	2,724.00
6909.6 - OBMP Expenses - Miscellaneous	0.00	2,083.00	-2,083.00	0.0%	5,000.00
6909 - OBMP Other Expenses - Other	0.00	0.00	0.00	0.0%	0.00
<b>Total 6909 - OBMP Other Expenses</b>	<b>1,864.46</b>	<b>3,843.00</b>	<b>-1,978.54</b>	<b>48.52%</b>	<b>9,224.00</b>
<b>Total 6900 - Optimum Basin Mgmt Plan</b>	<b>298,734.76</b>	<b>581,184.56</b>	<b>-282,449.80</b>	<b>51.4%</b>	<b>1,313,453.56</b>

PREVIOUSLY REPORTED ACTIONS (Descending Order)  
 None

ENGINEERING SERVICES - OBMP IMPLEMENTATION PROJECTS COSTS  
 WEST YOST ASSOCIATES (formerly Wildermuth Environmental, Inc.)

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court,  
 and to develop and implement an Optimum Basin Management Program*

CURRENT MONTH – NOVEMBER 2021

As of November 30, 2021, the total (YTD) Engineering Services expenses were \$989,644 or 60.7% below the (YTD) budget amount of \$1,631,359. The OBMP Implementation Projects (consolidated accounts 7100s – 7700s) were all under budget as of November 30, 2021 except for the Groundwater Quality Monitoring-Engineering expenses (7103.3) which were over budget by \$14,021 or 13.2%; Hydraulic Control-Lab Services expenses (7108.4) which were over budget by \$440 or 100%; and PE 6&7-Engineering Services expenses (7502) which were over budget by \$576 or 1.2%.

Budget Amendment A-21-11-01 in the amount of \$86,504 was approved by the Advisory Committee and the Board on November 18, 2021. The Engineering Services account increased with the Budget Amendment was the Support Implementation of the Safe Yield Court Order (account 7614) which was increased from \$285,188 to \$371,692 to perform the Safe Yield Reset Methodology Update. The Budget Amendment A-21-11-01 increased the total West Yost “Amended” budget from \$2,323,384 to \$2,409,888 and in addition the Carry-Over funding of \$573,765 which brings the West Yost “Amended” budget to \$2,983,653. The amount of \$86,504 was not included within the FY 2021/22 Assessment invoicing. The funding for the amount of \$86,504 will be an allocation from the OBMP Reserve Fund which currently is \$757,602. After the allocation of \$86,504 the OBMP Reserve Fund will be \$671,098.

West Yost Associates provides Watermaster a Progress and Estimated Cost at Completion (ECAC) report each quarter. The purpose of this (ECAC) report is to update Watermaster on whether or not the Engineering Services budget will be above or below budget at the end of the fiscal year. If the Engineering Services budget is expected to be above budget at fiscal year-end, a Budget Amendment or Budget Transfer Form would need to be approved to ensure funding.

The second quarter (ECAC) report is scheduled for issuance and distribution in early February 2022 for the period July 1, 2021 through December 31, 2021.

The table listed below summarized the Year-To-Date (YTD) Actual West Yost Associates and other Engineering costs compared to the Year-To-Date (YTD) Budget as of November 30, 2021. Please be advised that the “\$ Over Budget” and the “% of Budget” columns are a comparison of the (YTD) Actual to the (YTD) Budget, not the 12-month Annual Budget. The 12-month Annual Budget column is presented only to provide the data in a full and complete format. The following details are provided:

	Jul '21 - Nov '21	Jul '21 - Nov '21			FY 2021/22
	Actual	Budget	\$ Over Budget	% of Budget	Annual Budget
6906 - OBMP Engineering Services - Other	21,974.25	17,459.00	4,515.25	125.86%	41,896.00
6906.1 - OBMP - Watermaster Model Update	17,425.00	11,549.00	5,876.00	150.88%	15,112.00
6906.15 - Integrated Model Mtgs-IEUA Cost	9,927.74	27,625.00	-17,697.26	35.94%	45,874.00
6906.21 - State of the Basin Report	0.00	0.00	0.00	0.0%	0.00
6906.22 - Water Rights Compliance Reporting	17,973.25	7,493.00	10,480.25	239.87%	17,984.00
6906.23 - SGMA Reporting Requirements	0.00	6,499.00	-6,499.00	0.0%	15,598.00
6906.24 - Compliance - SB88 and SWRCB	0.00	5,085.00	-5,085.00	0.0%	12,204.00
6906.26 - 2020 OBMP Update	0.00	0.00	0.00	0.0%	0.00
6906.31 - OBMP - Pool, Advisory, Board Mtgs.	21,894.50	45,000.00	-23,105.50	48.65%	108,000.00
6906.32 - OBMP - Other General Meetings	40,175.25	32,138.00	8,037.25	125.01%	77,135.00
6906.71 - OBMP - Data Requests - CBWM Staff	41,184.02	55,445.00	-14,260.98	74.28%	133,068.00
6906.72 - OBMP - Data Requests - Non CBWM	11,570.50	20,870.00	-9,299.50	55.44%	50,088.00
6906.73 - OBMP - Safe Yield Recalculation	0.00	0.00	0.00	0.0%	0.00
6906.74 - OBMP - Mat'l Physical Injury Requests	156.00	32,249.00	-32,093.00	0.48%	77,398.00
6906.81 - Prepare Annual Reports	8,259.00	6,094.00	2,165.00	135.53%	14,626.00
7103.3 - Grdwtr Qual-Engineering	120,891.83	106,871.00	14,020.83	113.12%	206,089.00
7103.5 - Grdwtr Qual-Lab Svcs	40,750.00	47,359.00	-6,609.00	86.05%	63,261.00
7104.3 - Grdwtr Level-Engineering	70,491.72	84,498.00	-14,006.28	83.42%	202,793.00
7104.8 - Grdwtr Level-Contracted Services	0.00	4,167.00	-4,167.00	0.0%	10,000.00
7104.9 - Grdwtr Level-Capital Equipment	0.00	3,333.00	-3,333.00	0.0%	8,000.00
7107.2 - Grd Level-Engineering	26,514.39	27,309.00	-794.61	97.09%	65,542.00
7107.3 - Grd Level-SAR Imagery	79,817.50	120,417.00	-40,599.50	66.28%	170,000.00
7107.6 - Grd Level-Contract Svcs	0.00	35,939.00	-35,939.00	0.0%	86,254.00
7107.8 - Grd Level-Capital Equipment	0.00	8,903.00	-8,903.00	0.0%	16,086.00
7108.3 - Hydraulic Control-Engineering	0.00	0.00	0.00	0.0%	0.00
7108.31 - Hydraulic Control-PBHSP	1,608.36	28,023.00	-26,414.64	5.74%	67,254.00
7108.4 - Hydraulic Control-Lab Svcs	440.00	0.00	440.00	100.0%	0.00
7108.41 - Hydraulic Control-PBHSP	0.00	0.00	0.00	0.0%	0.00
7108.6 - Hydraulic Control-Outside Professionals	4,500.00	4,500.00	0.00	100.0%	4,500.00
7109.3 - Recharge & Well - Engineering	3,520.50	13,837.00	-10,316.50	0.0%	33,208.00
7110.3 - Ag Production & Estimation - Eng. Serv.	6,868.00	48,610.00	-41,742.00	0.0%	56,910.00
7111.3 - Data Collection & Mgmt. - Eng. Services	1,157.25	8,399.00	-7,241.75	0.0%	20,158.00
7202.2 - Comp Recharge-Engineering Services	27,826.60	142,818.00	-114,991.40	19.48%	174,764.00
7206.1 - SB88 Specs-Compliance-50% IEUA	681.62	77,540.00	-76,858.38	0.88%	54,694.00
7210 - OBMP - 2023 RMPU	461.50	37,732.00	-37,270.50	1.22%	37,732.00
7303 - PE3&5-Engineering - Other	712.00	9,285.00	-8,573.00	7.67%	22,284.00
7402 - PE4-Engineering	50,763.25	58,253.00	-7,489.75	87.14%	139,806.00
7402.10 - PE4-MZ1 Pomona Project	-147,667.19	150,358.00	-298,025.19	-98.21%	236,127.00
7502 - PE6&7-Engineering	47,208.25	46,632.00	576.25	101.24%	111,916.00
7508 - HC Mitigation Plan-50% IEUA (TO #6)	0.00	16,000.00	-16,000.00	0.0%	72,000.00
7510 - PE6&7-IEUA Salinity Mgmt. Plan	30,691.38	73,975.00	-43,283.62	41.49%	73,975.00
7511 - PE6&7-SAWBMP Task Force-50% IEUA	0.00	11,003.00	-11,003.00	0.0%	26,405.00
7602 - PE8&9-Engineering	0.00	0.00	0.00	0.0%	0.00
7610 - PE8&9-Support 2020 Mgmt. Plan	0.00	43,220.00	-43,220.00	0.0%	43,220.00
7614 - OBMP-Support Imp. Safe Yield Court Order	83,938.46	154,872.00	-70,933.54	54.2%	371,692.00
<b>Total Engineering Services Costs</b>	<b>641,714.93</b>	<b>1,631,359.00</b>	<b>-989,644.07</b>	<b>39.34%</b>	<b>2,983,653.00 *</b>

\* West Yost and Subcontractor Engineering Budget of \$2,409,888 plus Carryover Funds from FY 2020/21 of \$573,765.00  
 Carryover Funds from FY 2020/21 of \$573,765.00 = \$9,000 (6906.1); \$14,594 (6906.15); \$85,000 (7107.3); \$3,772 (7107.8); \$42,682 (7110.3);  
 \$120,000 (7202.2); \$54,694 (7206.1); \$37,732 (7210); \$89,096 (7402.10); \$73,975 (7510); and \$43,220 (7610)

PREVIOUSLY REPORTED ACTIONS (Descending Order)

October 2021:

Budget Amendment A-21-10-01 in the amount of \$72,000 was approved by the Advisory Committee on October 21, 2021 and approved by the Board on October 28, 2021. The account increased with the Budget

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Amendment was the Hydraulic Control-Mitigation Plan-50% IEUA (TO No. 6) (account 7508) which was increased by \$72,000 to include the Proposal to Prepare an Updated Plan for Mitigation of Temporary Loss of Hydraulic Control of the Chino Basin (Task Order No. 6). The Budget Amendment A-21-10-01 increased the total West Yost "Amended" budget from \$2,251,384 to \$2,323,384 and in addition the Carry-Over funding of \$573,765 which brings the West Yost "Amended" budget to \$2,897,149.

September 2021:

The first ECAC report for the current fiscal year has been provided for the period ending September 30, 2021 and shows a projected under budget at fiscal year-end June 30, 2022 of \$80,942.

The Fiscal Year 2020/21 Progress and Estimated Cost at Completion for the Period July 1, 2021 through September 30, 2021 report from West Yost Associates is provided. Please access this link:

<https://cbwm.syncedtool.com/shares/file/us8be8WNbj/?modal=1>

Watermaster does not plan to present any Budget Transfers or Budget Amendments at this time.

July 2021:

The "Original" Approved budget for FY 2021/22 for Engineering Services was \$1,819,165. Budget Amendment A-21-07-01 in the amount of \$147,031 and Budget Amendment A-21-07-02 in the amount of \$276,761 were adopted by the Watermaster Board on July 22, 2021. Budget Amendment A-21-08-01 in the amount of \$8,427 was approved by the Advisory Committee on August 19, 2021. The accounts increased with the Budget Amendments were the OBMP-Northwest MZ-1 Area Project (7402.1) increased by \$147,031 and the Safe Yield Reset Methodology Evaluation (7614) increased by \$285,188. The "Amended" Engineering Services Budget after inclusion of the Budget Amendments was \$2,251,384. The Engineering Services budget was Amended with the addition of "Carry-Over" funding totaling \$573,765 which brought the Amended Budget amount to \$2,825,149.

The explanations regarding the Carry-Over amount of \$573,765 from FY 2020/21 to the FY 2021/22 budget is provided as follows:

1. Watermaster Model Update and Required Demonstrations (Account 6906.1): \$9,000. The requested Carry-Over is necessary to finalize the report on Model Update and Required Demonstrations, which was scheduled for completion in FY 2020/21.
2. IEUA - Integrated Model Meetings and Technical Review (Account 6906.15): \$29,188 (Watermaster's portion is \$14,594). The requested Carry-Over is necessary because this effort was planned for completion in FY 2020/21 but is now scheduled to be completed by December 2021.
3. Ground Level – SAR Imagery (Account 7107.3): \$85,000. The requested Carry-Over is necessary for the purchase and processing of satellite data by a subconsultant to estimate vertical ground motion. The work was completed in FY 2020/21, but the invoice has not yet been received from the subcontractor.
4. Ground Level – Capital Equipment (Account 7107.8): \$3,772. The requested Carry-Over is necessary for the of purchase materials and equipment for the Pomona Extensometer Facility. The work was started in FY 2020/21 but wasn't completed until August 2021.
5. Agriculture Production and Estimation (Account 7110.3): \$42,682. The requested Carry-Over is necessary to complete the Agriculture Production and Estimation work that was originally scheduled to be performed in FY 2019/20 and FY 2020/21 but was delayed to FY2021/22.
6. PE2: Engineering Services for Other Recharge Improvement Projects (Account 7202.2): \$120,000. The requested Carry-Over is necessary to finalize this work in FY 2021/22. The work includes conducting a life-cycle analysis at the San Sevaine 1 and Etiwanda Debris conservation berms, and

finalizing a technical memorandum describing the analysis and conclusions. The scope and schedule for this work was fine-tuned with input from IEUA and Watermaster Staff in FY 2020/21. The work is to be completed in FY 2021/22.

7. 2023 RMPU Recharge Master Plan Scoping (Account 7210): \$37,732. The requested Carry-Over is necessary to complete the scope, budget and report outline the 2023 RMPU. In June, the Parties determined that they were not interested in pursuing capital improvement projects was part of the 2023 RMPU. A scope, budget and report outline the 2023 RMPU still needs to be developed based on the input from the Parties.
8. Management Zone Strategies – Northwest MZ-1 (Account 7402.10): \$89,096. The requested Carry-Over is necessary because this is a multi-year project to develop a subsidence management plan for the Northwest MZ-1, and not all tasks planned/budgeted in FY 2020/21 were completed in FY 2020/21.
9. IEUA – Update Recycled Water Permit – Salinity (Account 7510): \$189,341 (Watermaster's portion is \$73,975). The requested Carry-Over is necessary to complete the technical and regulatory compliance supportwork to update the Chino Basin Maximum Benefit Salt and Nutrient Management Plan. This multiyear project began FY 2017/18 and is scheduled to be completed by June 2022.
10. PE 8/9: Support Implementation of the 2020 Storage Management Plan (Account 7610): \$43,220. The requested Carry-Over is for as-requested technical support to Watermaster staff, updating the information required for a complete Storage and Recovery Program application, updating the Storage and Recovery Program application forms, and updating the process to evaluate an application. No implementation activities occurred in FY 2020/21. The entire budget is requested to be brought forward into FY 2021/22.
11. SB88 Specification to Ensure Compliance with Regulations (Account 7206.1) - GRCC and 50% IEUA Cost Share: \$54,694. The requested Carry-Over is necessary to (1) complete the technical memorandum evaluating the existing methodology to estimate stormwater diversions in the Chino Basin, and (2) provide as needed support to IEUA and Watermaster in implementing the recommendations describes in the technical memorandum. The administrative draft technical memorandum was completed in June 2021 and comments were received on August 11, 2021.

## PRADO BASIN HABITAT SUSTAINABILITY PROGRAM

### Ongoing Costs

Program costs that are ongoing (Ongoing Costs) will be cost-shared between Watermaster and IEUA, split on a 50/50 basis, subject to the following limitation: in each fiscal year, neither Watermaster nor IEUA shall be obligated to reimburse the other for Ongoing Costs that exceed the amount that the reimbursing party has budgeted for Ongoing Costs in that fiscal year, except as agreed upon by both parties in writing or as amended during the fiscal year. The first year expenses (FY 2016/17) to be cost shared were approximately \$300,000, with projected future years (FY 2017/18 and forward) estimated at approximately \$150,000. For the purposes of the agreement, Ongoing Costs are defined as the costs associated with the following Program activities:

1. A Riparian Habitat Monitoring Program, including, but not limited to, the following sub-tasks:
  - a. Design and implement a site-specific vegetation monitoring program with the United States Bureau of Reclamation (USBR) and Orange County Water District, pursuant to which USBR will perform site-specific vegetation surveys.
  - b. Manage and perform custom flight to collect a high resolution air photo of the Prado Basin Region.
  - c. Collect, check, and upload historical air photos and vegetation survey data in the Prado Basin region.
  - d. Collect, check, and upload historical Landsat data in the Prado Basin region.

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court, and to develop and implement an Optimum Basin Management Program*



2. A Climate Monitoring Program, including, but not limited to, the following sub-task:
  - a. Collect, check, and upload climatic data on an annual basis
3. Preparation of the AMP Annual Report (Annual Report), including, but not limited to, the following sub-tasks:
  - a. Water level monitoring, vegetation survey, photo monitoring, landsat data, climate data and analysis of the components.
  - b. Analyze data and prepare an administrative draft of the Annual Report for Watermaster/IEUA.
  - c. Incorporate the Watermaster and IEUA comments and prepare a draft Annual Report for review by the PBHSC.
  - d. Meet with PBHSC to review draft Annual Report.
  - e. Incorporate PBHSC comments and finalize the Annual Report.
4. Annual license fees for monitoring wells.
5. Project management and administration activities associated with the Program undertaken by a Party's consultant, including, but not limited to, the following sub-tasks:
  - a. Ad-Hoc Meetings
  - b. Preparation of scope and budget for the Program
  - c. Project administration and financial reporting
6. Other costs required to fulfill the requirements of Peace II Subsequent EIR mitigation measure 4.4-3. Watermaster shall be responsible for the costs associated with the Groundwater Level Monitoring Program, Groundwater Quality Monitoring Program, and Surface Water Monitoring Program.

Watermaster and IEUA shall each have responsibility for its own administrative costs, excluding the tasks and expenses included under Set-Up Costs and Ongoing Costs. Watermaster and IEUA will meet to review the cost-sharing structure under this agreement and negotiate necessary adjustments in good faith on at least an annual basis.

The Peace II SEIR does not explicitly state a duration for the monitoring and mitigation program. It is logical to assume that the program will last until the drawdown impacts, if any, on the riparian habitat from Peace II activities are fully manifested and not predicated to worsen, and that mitigation measures, if any are required, are fully implemented. This is not a perpetual agreement. Upon termination of the monitoring and any necessary mitigation obligations, the parties may elect to terminate the cost share agreement.

	West Yost Associates	50% Billing "TO" IEUA	50% Billing "FROM" IEUA	Costs For Watermaster
Jul. 2021 - Nov. 2021	\$ 3,216.75	\$ (1,608.38)	\$ -	\$ 1,608.38
<b>Totals</b>	<b>\$ 3,216.75</b>	<b>\$ (1,608.38)</b>	<b>\$ -</b>	<b>\$ 1,608.38</b>
	7108.31	7108.31	7108.31	
<b>Maximum Costs</b>	<b>\$ 143,508.00</b>	<b>\$ 71,754.00</b>	<b>\$ 71,754.00</b>	<b>\$ 71,754.00</b>

PREVIOUSLY REPORTED ACTIONS (Descending Order)  
 None

OTHER INCOME AND EXPENSE

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court, and to develop and implement an Optimum Basin Management Program*

There were no other significant items to report within the category of Other Income and Expenses for the month ending November 30, 2021.

#### PREVIOUSLY REPORTED ACTIONS (Descending Order)

September 2021:

On September 20, 2021, the Agricultural Pool unanimously passed an action to request that Watermaster staff immediately issue the Agricultural Pool Wellhead Production Assessment of Agricultural Pool wells. The Agricultural Pool further requested that the total amount to be assessed is equal to \$200,000 as apportioned among all wells based upon amount of water produced. Watermaster staff started to issue the invoices on September 20, 2021 and completed on September 21, 2021.

July 2021:

Per section VI.D.3 of the Groundwater Storage Program Funding Agreement No. 49960 in the Chino Basin with The Metropolitan Water District of Southern California, the FY 2021/22 annual administrative fee invoice was issued on July 6, 2021 in the amount of \$177,430.03 under invoice number 2021-07-CUP. Payment in the amount of \$177,430.03 was received and deposited on August 10, 2021.

The FY 2021/22 annual debt service expense (account 7690.1) of \$529,029 was paid directly to IEUA on July 8, 2021.

#### POOL LEGAL SERVICES FUND ACCOUNTING

Each Pool has a Fund Account created to pay their own legal service invoices. The legal services invoices are funded and paid using the Fund accounts (8467 for the OAP, 8567 for the ONAP, and 8367 for the AP). These Fund Accounts are replenished at the direction of each Pool, and the legal service invoices are approved by the Pool leadership and when paid by Watermaster, are deducted from the existing Fund Account balances. If the Fund Account for any Pool reaches zero, no further payments can be paid from the Fund and a replenishment action must be initiated by the Pool.

Along with the legal services Fund account for the OAP (8467), the OAP also has two other Fund accounts for Ag Pool Meeting Attendance expenses (8470), and Special Projects expenses (8471). These Fund accounts are also shown in the charts listed below.

Normally, the Watermaster Admin Reserve would not be used to fund any of the Pool's legal services invoices. However, for the Agricultural Pool, the amount of \$102,557.12 was used from the Watermaster Admin Reserve to fund the shortfall created when the November 19, 2020 Assessment invoices totaling \$500,000 were not paid in full. In fact, \$115,263.88 was paid, leaving a balance due of \$384,736.12 ( $\$115,263.88 + \$384,736.12 = \$500,000$ ) which still remains unpaid. Through November 2020, invoices totaling \$217,821.00 had been paid for the Agricultural Pool.

Please note the Assessment invoices issued on November 19, 2020 were due on December 21, 2020. The available cash of \$115,263.88 and payments issued of \$217,821.00 left a Fund balance shortfall of \$102,557.12 which was temporarily funded through Admin Reserves ( $\$217,821.00 - \$115,263.88 = \$102,557.12$ ). The Admin Reserve amount of \$102,557.12 will need to be refunded back to Watermaster.

The FY 2021/22 Assessment invoices were approved by the Advisory Committee and the Board on November 18, 2021 and those invoices were issued the same day. In addition to the Assessment invoices, the Pool Administration, Legal Services, and Special Projects fundings were also included for all three Pools. The funding requests were approved by each Pool and directed Watermaster to issue the invoices.

<b>Fund Balance for Agricultural Pool Account 8467 - Legal Services</b>		<b>Agricultural Pool Reserve Funds As shown the B-3 Financial Report</b>	
Beginning Balance July 1, 2020:	\$ -	Agricultural Pool Reserve Funds Balance as of June 30, 2020:	\$ 515,498.06
Additions:		Additions:	
Ag Pool Legal invoices issued Nov. 19, 2020 for \$500,000 with outstanding balance of \$384,736.12	\$ 115,263.88	AP payments w/o Escrow instructions (\$165,694.75 - \$161,070.09)	\$ 4,624.66
Admin Reserve used to cover shortfall *	\$ 102,557.12	Y-T-D Interest earned on Ag Pool Funds FY 2020/21, FY 2021/22	\$ 1,993.48
Ag Pool Legal invoices issued Nov. 18, 2021 for \$500,000 with outstanding balance of \$500,000	\$ 500,000.00	Payments rec'd on Wellhead Production invoices issued Sep. 2021	\$ 74,454.46
Subtotal Additions:	\$ 717,821.00	FY 2021/22 Administration, Legal, and Special Projects Invoiced *	\$ 635,000.00
From Agricultural Pool Reserve Funds	\$ 318,185.50	Subtotal Additions:	\$ 716,072.60
Total Additions:	\$ 1,036,006.50		
Reductions:		Reductions:	
Ag Pool invoices issued 11/18/21 outstanding **	\$ (500,000.00)	Actual vs. Budget Shortfall from FY 2019/20	\$ (165,694.75)
Invoices paid July 2020 - November 2020	\$ (217,821.00)	Mediation invoice paid	\$ (8,450.00)
Invoices paid December 2020 - June 2021	\$ (220,365.00)	FY 2021/22 Admin, Legal, and Special Proj. Invoices outstanding *	\$ (635,000.00)
Invoices paid July 2021 - November 2021	\$ (97,820.50)	Subtotal Reductions:	\$ (809,144.75)
Subtotal Reductions:	\$ (1,036,006.50)	Invoices paid December 2020 - June 2021	\$ (220,365.00)
		Invoices paid July 2021 - November 2021	\$ (97,820.50)
		Total Reductions	\$ (1,127,330.25)
<b>Ending Fund Balance as of November 30, 2021</b>	<b>\$ -</b>	<b>Agricultural Pool Reserve Funds Balance as of November 30, 2021:</b>	<b>\$ 104,240.41</b>

\* The Admin Reserve amount of \$102,557.12 will need to be refunded back to Watermaster.

\*\* FY 2021/22 Invoices for \$500,000 issued Nov. 18, 2021 and due on Dec. 20, 2021

Note: Balance of \$104,240.41 as shown on B-8 Financial Report

\* FY 2021/22 Invoices for \$635,000 issued Nov. 18, 2021 and due on Dec. 20, 2021

<b>Fund Balance For Agricultural Pool Account 8470 - Meeting Compensation</b>		<b>Fund Balance For Agricultural Pool Account 8471 - Special Projects</b>	
Beginning Balance July 1, 2021:	\$ 19,525.00	Beginning Balance July 1, 2021:	\$ 31,516.00
Additions:		Additions:	
Ag Pool invoices issued Nov. 18, 2021 not due yet	\$ 50,000.00	Ag Pool invoices issued Nov. 18, 2021 not due yet	\$ 85,000.00
Budget Transfers	\$ -	Subtotal Additions:	\$ 85,000.00
Subtotal Additions:	\$ 50,000.00		
Reductions:		Reductions:	
Ag Pool invoices issued 11/18/21 outstanding *	\$ (50,000.00)	Ag Pool invoices issued 11/18/21 outstanding *	\$ (85,000.00)
Compensation paid July 2021 - November 2021	\$ (12,500.00)	Invoices paid July 2021 - November 2021	\$ (10,643.00)
Subtotal Reductions:	\$ (62,500.00)	Budget Transfers	\$ -
		Subtotal Reductions:	\$ (95,643.00)
<b>Ending Fund Balance as of November 30, 2021</b>	<b>\$ 7,025.00</b>	<b>Ending Fund Balance as of November 30, 2021</b>	<b>\$ 20,873.00</b>

\* FY 2021/22 Invoices of \$50,000 issued Nov. 18, 2021 and due on Dec. 20, 2021

\* FY 2021/22 Invoices of \$85,000 issued Nov. 18, 2021 and due on Dec. 20, 2021

<b>Fund Balance For Non-Agricultural Pool</b>	
<b>Account 8567 - Legal Services</b>	
Beginning Balance July 1, 2021:	\$ 32,320.70
Additions:	
Pool Invoices issued 11/18/21 not due yet	\$ 50,000.00
Subtotal Additions:	<u>\$ 50,000.00</u>
Reductions:	
Pool invoices issued 11/18/21 outstanding *	\$ (50,000.00)
Invoices paid July 2021 - November 2021	\$ (11,764.60)
Subtotal Reductions:	<u>\$ (61,764.60)</u>
<b>Ending Fund Balance as of November 30, 2021</b>	<b><u>\$ 20,556.10</u></b>

\* FY 2021/22 Invoices of \$50,000 issued Nov. 18, 2021 and due on Dec. 20, 2021

<b>Fund Balance For Appropriative Pool</b>	
<b>Account 8367 - Legal Services</b>	
Beginning Balance July 1, 2021:	\$ 62,391.25
Additions:	
Pool invoices issued 11/18/21 not due yet	\$ 100,000.00
Subtotal Additions:	<u>\$ 100,000.00</u>
Reductions:	
Pool invoices issued 11/18/21 outstanding *	\$ (100,000.00)
Invoices paid July 2021 - November 2021	\$ (47,800.00)
Accrued (not paid)	\$ (44,004.00)
Subtotal Reductions:	<u>\$ (147,800.00)</u>
<b>Ending Fund Balance as of November 30, 2021</b>	<b><u>\$ 14,591.25</u></b>

\* FY 2021/22 Invoices of \$100,000 issued Nov. 18, 2021 and due on Dec. 20, 2021

PREVIOUSLY REPORTED ACTIONS (Descending Order)  
 None

“CARRY OVER” FUNDING  
 BACKGROUND OF “CARRY OVER” FUNDING

CURRENT MONTH – NOVEMBER 2021

As of November 30, 2021, the total (YTD) amount remaining of the “Carried Over” funding is \$1,284,455.82 (\$2,943,828.87 - \$1,659,373.05 = \$1,284,455.82).

The following details are provided:

"Carried Over" Expenses At June 30, 2021

Human Resources Services	\$ 6,000.00	A	6013	FY 2020/21	ADMIN
Temporary Services	\$ 21,000.00	B	6017	FY 2020/21	ADMIN
Other Office Equipment - Boardroom Upgrades	\$ 26,794.71	C	6038	FY 2019/20	ADMIN
Other Office Equipment - Boardroom Upgrades	\$ 41,295.45	C	6038	FY 2020/21	ADMIN
2020 OBMP Update - Tom Dodson & Associates	\$ 17,064.56	D	6908.1	FY 2020/21	OBMP
Meter Installation - New Meter Installation	\$ 175,400.00	E	7102.65	FY 2018/19	OBMP
Meter Installation - Calibration and Testing	\$ 181,650.00	F	7102.8	FY 2018/19	OBMP
OBMP - Watermaster Model Update	\$ 9,000.00	G	6906.1	FY 2020/21	ENG
Integrated Model - Meetings - 50% IEUA Costs	\$ 14,594.00	H	6906.15	FY 2020/21	ENG
Ground Level Monitoring - SAR Imagery	\$ 85,000.00	I	7107.3	FY 2020/21	ENG
Ground Level Monitoring - Capital Equipment	\$ 3,772.00	J	7107.8	FY 2020/21	ENG
Agriculture Production and Estimation	\$ 42,682.00	K	7110.3	FY 2020/21	ENG
PE2 - Comprehensive Recharge - Eng. Services	\$ 120,000.00	L	7202.2	FY 2020/21	ENG
SB88-Specs-Ensure Compliance-50% IEUA	\$ 54,694.00	M	7206.1	FY 2020/21	ENG
OBMP - 2023 RMPU	\$ 37,732.00	N	7210	FY 2020/21	ENG
PE4 - Northwest MZ-1 Area Project	\$ 89,096.00	O	7402.1	FY 2020/21	ENG
IEUA - Update Recycle Water Permit - Salinity	\$ 73,975.00	P	7510	FY 2020/21	ENG
PE8&9 - Support Imp. 2020 Storage Mgmt. Plan	\$ 43,220.00	Q	7610	FY 2020/21	ENG
Upper Santa Ana River HCP (TO #7)	\$ 15,062.88	R	7690.7	FY 2014/15	PROJ
Upper Santa Ana River HCP (TO #7)	\$ 5,000.00	R	7690.7	FY 2015/16	PROJ
Lower Day Basin RMPU (TO #2)	\$ 238,646.90	S	7690.8	FY 2016/17	PROJ
Funds on Hold for Projects/Refund	\$ 1,434,582.42	T	7690.9	FY 2017/18	PROJ
Appropriative Pool - Legal Services	\$ 62,391.25	U	8367	FY 2020/21	AP
Agricultural Pool - Legal & Technical Services	\$ 61,814.00	V	8467	FY 2020/21	OAP
Agricultural Pool - Mtg. Attendance Compensation	\$ 19,525.00	W	8470	FY 2020/21	OAP
Agricultural Pool - Special Project Funding	\$ 31,516.00	X	8471	FY 2020/21	OAP
Non-Agricultural Pool - Legal Services	\$ 32,320.70	Y	8567	FY 2020/21	ONAP
<b>Total Balance, July 1, 2021</b>	<b>\$ 2,943,828.87</b>				

"Carried Over" Balance, July 1, 2021	\$ 2,943,828.87				
Less: (Invoices Received To Date FY 2021/22)					
Human Resources Services	\$ -	A	6013	FY 2020/21	ADMIN
Temporary Services	\$ (21,000.00)	B	6017	FY 2020/21	ADMIN
Other Office Equipment - Boardroom Upgrades	\$ (6,486.18)	C	6038	FY 2019/20	ADMIN
Other Office Equipment - Boardroom Upgrades	\$ -	C	6038	FY 2020/21	ADMIN
2020 OBMP Update - Tom Dodson & Associates	\$ -	D	6908.1	FY 2020/21	OBMP
Meter Installation - New Meter Installation	\$ -	E	7102.65	FY 2018/19	OBMP
Meter Installation - Calibration and Testing	\$ -	F	7102.8	FY 2018/19	OBMP
OBMP - Watermaster Model Update	\$ (9,000.00)	G	6906.1	FY 2020/21	ENG
Integrated Model - Meetings - 50% IEUA Costs	\$ (9,927.75)	H	6906.15	FY 2020/21	ENG
Ground Level Monitoring - SAR Imagery	\$ (79,817.50)	I	7107.3	FY 2020/21	ENG
Ground Level Monitoring - Capital Equipment	\$ -	J	7107.8	FY 2020/21	ENG
Agriculture Production and Estimation	\$ (6,868.00)	K	7110.3	FY 2020/21	ENG
PE2 - Comprehensive Recharge - Eng. Services	\$ (27,826.60)	L	7202.2	FY 2020/21	ENG
SB88-Specs-Ensure Compliance-50% IEUA	\$ (681.62)	M	7206.1	FY 2020/21	ENG
OBMP - 2023 RMPU	\$ (461.50)	N	7210	FY 2020/21	ENG
PE4 - Northwest MZ-1 Area Project	\$ (72,917.25)	O	7402.1	FY 2020/21	ENG
IEUA - Update Recycle Water Permit - Salinity	\$ (30,691.38)	P	7510	FY 2020/21	ENG
PE8&9 - Support Imp. 2020 Storage Mgmt. Plan	\$ -	Q	7610	FY 2020/21	ENG
Upper Santa Ana River HCP (TO #7)	\$ -	R	7690.7	FY 2014/15	PROJ
Upper Santa Ana River HCP (TO #7)	\$ -	R	7690.7	FY 2015/16	PROJ
Lower Day Basin RMPU (TO #2)	\$ -	S	7690.8	FY 2016/17	PROJ
Funds on Hold for Projects/Refund	\$ (1,234,582.42)	T	7690.9	FY 2017/18	PROJ
Appropriative Pool - Legal Services	\$ (62,391.25)	U	8367	FY 2020/21	AP
Agricultural Pool - Legal & Technical Services	\$ (61,814.00)	V	8467	FY 2020/21	OAP
Agricultural Pool - Mtg. Attendance Compensation	\$ (12,500.00)	W	8470	FY 2020/21	OAP
Agricultural Pool - Special Project Funding	\$ (10,643.00)	X	8471	FY 2020/21	OAP
Non-Agricultural Pool - Legal Services	\$ (11,764.60)	Y	8567	FY 2020/21	ONAP
<b>Updated Balance as of November 30, 2021</b>	<b>\$ 1,284,455.82</b>				

Updated Balance as of November 30, 2021

Human Resources Services	\$ 6,000.00	A	6013	FY 2020/21	ADMIN
Temporary Services	\$ -	B	6017	FY 2020/21	ADMIN
Other Office Equipment - Boardroom Upgrades	\$ 20,308.53	C	6038	FY 2019/20	ADMIN
Other Office Equipment - Boardroom Upgrades	\$ 41,295.45	C	6038	FY 2020/21	ADMIN
2020 OBMP Update - Tom Dodson & Associates	\$ 17,064.56	D	6908.1	FY 2020/21	OBMP
Meter Installation - New Meter Installation	\$ 175,400.00	E	7102.65	FY 2018/19	OBMP
Meter Installation - Calibration and Testing	\$ 181,650.00	F	7102.8	FY 2018/19	OBMP
OBMP - Watermaster Model Update	\$ -	G	6906.1	FY 2020/21	ENG
Integrated Model - Meetings - 50% IEUA Costs	\$ 4,666.25	H	6906.15	FY 2020/21	ENG
Ground Level Monitoring - SAR Imagery	\$ 5,182.50	I	7107.3	FY 2020/21	ENG
Ground Level Monitoring - Capital Equipment	\$ 3,772.00	J	7107.8	FY 2020/21	ENG
Agriculture Production and Estimation	\$ 35,814.00	K	7110.3	FY 2020/21	ENG
PE2 - Comprehensive Recharge - Eng. Services	\$ 92,173.40	L	7202.2	FY 2020/21	ENG
SB88-Specs-Ensure Compliance-50% IEUA	\$ 54,012.38	M	7206.1	FY 2020/21	ENG
OBMP - 2023 RMPU	\$ 37,270.50	N	7210	FY 2020/21	ENG
PE4 - Northwest MZ-1 Area Project	\$ 16,178.75	O	7402.1	FY 2020/21	ENG
IEUA - Update Recycle Water Permit - Salinity	\$ 43,283.62	P	7510	FY 2020/21	ENG
PE8&9 - Support Imp. 2020 Storage Mgmt. Plan	\$ 43,220.00	Q	7610	FY 2020/21	ENG
Upper Santa Ana River HCP (TO #7)	\$ 15,062.88	R	7690.7	FY 2014/15	PROJ
Upper Santa Ana River HCP (TO #7)	\$ 5,000.00	R	7690.7	FY 2015/16	PROJ
Lower Day Basin RMPU (TO #2)	\$ 238,646.90	S	7690.8	FY 2016/17	PROJ
Funds on Hold for Projects/Refund	\$ 200,000.00	T	7690.9	FY 2017/18	PROJ
Appropriative Pool - Legal Services	\$ -	U	8367	FY 2020/21	AP
Agricultural Pool - Legal & Technical Services	\$ -	V	8467	FY 2020/21	OAP
Agricultural Pool - Mtg. Attendance Compensation	\$ 7,025.00	W	8470	FY 2020/21	OAP
Agricultural Pool - Special Project Funding	\$ 20,873.00	X	8471	FY 2020/21	OAP
Non-Agricultural Pool - Legal Services	\$ 20,556.10	Y	8567	FY 2020/21	ONAP
<b>Updated Balance as of November 30, 2021</b>	<b>\$ 1,284,455.82</b>				

ADMINISTRATION SERVICES:

Unspent funds related to ongoing projects and associated activities from the Administration Services budget from FY 2020/21 totaling \$95,090.16 were "Carried Over" into the current FY 2021/22 budget. These funds were from the Human Resources Services [A] in the amount of \$6,000 in account (6013); Temporary Services [B] in the amount of \$21,000 in account (6017); and Other Office Equipment-Boardroom Upgrades [C] in the amount of \$68,090.16 in account (6038). The total funds available are \$95,090.16.

OBMP ACTIVITIES:

The OBMP Update costs relate to the contract between Tom Dodson and Associates and CBWM to procure environmental review services for the 2020 OBMP Update. The original budget was \$225,500 and was approved during FY 2019/20. At the end of June 30, 2021 a remaining balance in the fund of \$17,064.56 was "Carried Over" into the current FY 2021/22 budget. The 2020 OBMP Update - Tom Dodson & Associates [D] in the amount of \$17,064.56 in account (6908.1).

Unspent funds related to ongoing projects and associated activities from the Agricultural area metering installation efforts budget from FY 2018/19 in several accounts totaling \$357,050 were "Carried Over" into the current FY 2021/22 budget. These funds were from the Meter Installation - New Meter Installation [E] in the amount of \$175,400 in account (7102.65); and Meter Installation - Calibration and Testing [F] in the amount of \$181,650 in account (7102.8). The total funds available are \$374,114.56.

#### ENGINEERING SERVICES:

Unspent funds related to ongoing projects and associated activities from the Engineering Services budget from FY 2020/21 in several accounts totaling \$573,765 were "Carried Over" into the current FY 2021/22 budget. These funds were from the OBMP - Watermaster Model Update [G] in the amount of \$9,000 in account (6906.1); Integrated Model-Meetings-50% IEUA Costs [H] in the amount of \$14,594 in account (6906.15); Ground Level Monitoring-SAR Imagery [I] in the amount of \$85,000 in account (7107.3); Ground Level Monitoring-Capital Equipment [J] in the amount of \$3,772 in account (7107.8); Agriculture Production and Estimation [K] in the amount of \$42,682 in account (7110.3); PE2 - Comprehensive Recharge-Engineering Services [L] in the amount of \$120,000 in account (7202.2); SB88 Specs-Ensure Compliance-50% IEUA [M] in the amount of \$54,694 in account (7206.1); OBMP-2023 RMPU [N] in the amount of \$37,732 in account (7210); PE4 - Northwest MZ-1 Area Project [O] in the amount of \$89,096 in account (7402.1); PE6&7 - IEUA Salinity Management Plan [P] in the amount of \$73,975 in account (7510); and PE8&9 - Support Implementation 2020 Storage Management Plan [Q] in the amount of \$43,220 in account (7610). The total funds available are \$573,765.

#### ONGOING RECHARGE IMPROVEMENT PROJECTS:

The Upper Santa Ana River HCP-Task Order #7 [R] has a remaining funded balance of \$20,062.88 in account (7690.7); and the Lower Day Basin RMPU-Task Order #2 [S] has a remaining funded budget balance of \$238,646.90 in account (7690.8). The total funds available are \$258,709.78.

#### FUNDS ON HOLD FOR PROJECTS/REFUND:

The "Funds on Hold for Projects/Refund" [T] has a remaining budget from FY 2017/18 of \$1,434,582.42 in account (7690.9). By unanimous action of the Watermaster Board on June 24, 2021 the amount of \$1,234,582.42 is to be refunded to the Appropriative Pool with the upcoming November 2021 Assessment Package. The amount of \$200,000 will be kept on hold until the warranty period for the San Sevaine Project has expired, and no warranty issues are noted.

#### POOL RELATED FUNDING;

The remaining funding items are strictly Pool related and are added to the FY 2021/22 budget to ensure proper funding is recorded and tracked. The Appropriative Pool Legal Services [U] in the amount of \$62,391.25 in account (8367); the Agricultural Pool Legal and Technical Services [V] in the amount of \$61,814 in account (8467); the Agricultural Pool Meeting Attendance Compensation [W] in the amount of \$19,525 in account (8470); the Agricultural Pool Special Project Funding [X] in the amount of \$31,516 in account (8471); and the Non-Agricultural Pool Legal Services [Y] in the amount of \$32,320.70 in account (8567). The total funds available are \$207,566.95.

As invoices are received from the vendors and booked against these items listed above, the "Carried Over" balance will be reduced throughout the current fiscal year. At June 30, 2022, any remaining balances of the FY 2020/21 and prior years funding (if any), along with any new FY 2021/22 expenses, will then be "Carried Over" into the FY 2022/23 budget.

PREVIOUSLY REPORTED ACTIONS (Descending Order)  
None

#### AUDIT FIELD WORK

#### CURRENT MONTH – NOVEMBER 2021



No current activity to report.

PREVIOUSLY REPORTED ACTIONS (Descending Order)

October 2021:

The Annual Financial and Audit Reports were presented to the Watermaster Board by Fedak & Brown LLP at the October 28, 2021 Board meeting. The Annual Financial and Audit Reports for FY 2020/21 were posted to the Watermaster website on December 8, 2021 after the audit firm signed the documents.

July 2021:

The auditors from the audit firm of Fedak & Brown LLP started the interim field work on June 8, 2021 through June 9, 2021. The plan was for the auditors not to be onsite at the Watermaster office for the interim field audit. Instead, all of the audit schedules, accounts payable selections, accounts receivable selections, bank reconciliations, payroll and timesheet selections, and any other reports and information were provided to the auditors electronically via Dropbox software. This was the start of the interim field work for the period of July 1, 2020 through March 31, 2021.

The final field work for the period of April 1, 2021 through June 30, 2021 was started on September 1, 2021 and continued through September 3, 2021.

FY 2021/22 EXHIBIT "G" NON-AGRICULTURAL POOL SALE OF WATER

CURRENT MONTH – NOVEMBER 2021

No Exhibit "G" activity for the month to report.

PREVIOUSLY REPORTED ACTIONS (Descending Order)

None

ASSESSMENTS AND OTHER INVOICING

CURRENT MONTH – NOVEMBER 2021

FY 2021/22 Assessment Package

Watermaster held one Assessment Package Workshop on November 2, 2021. The purpose of the workshop was to provide the parties with information pertaining to the Assessment Package and opportunities to raise questions, concerns, and feedback.

The FY 2021/22 Assessment Package was approved by the Advisory Committee and Watermaster Board on Thursday, November 18, 2021. The Assessment invoices were issued by Watermaster on Thursday, November 18, 2021 with payment due 30-days after invoice date. Payments will be due to Watermaster on Monday, December 20, 2021. As past practice, payment can be made to Watermaster by either a wire transfer or check. Per the judgment, late fees could be assessed for any Judgment related payment not received as of 4:00pm on Monday, December 20, 2021.

Per the Judgment Section VI, 55 (b) Payment. Each assessment shall be payable on or before thirty (30) days after notice, and shall be the obligation of the party or successor owning the water production facility at the time written notice of assessment is given, unless prior arrangement for payment by others has been made in writing and filed with Watermaster.

Per the Judgment Section VI, 55 (c) Delinquency. Any delinquent assessment shall bear interest at 10% per annum (or such greater rate as shall equal the average current cost of borrowed funds to the

Watermaster) from the due date thereof. Such delinquent assessment and interest may be collected in a show-cause proceeding herein instituted by the Watermaster, in which case the Court may allow Watermaster its reasonable costs of collection, including attorney's fees.

#### PREVIOUSLY REPORTED ACTIONS (Descending Order)

October 2021:

Watermaster held two Assessment Package Workshops: one on October 19, 2021 and the other on November 2, 2021. The purpose of the workshops was to provide the parties with information pertaining to the Assessment Package and opportunities to raise questions, concerns, and feedback.

During the month of November 2021, the FY 2021/22 Assessment Package is being presented to the Pool Committees for advice and assistance. It will then be presented to the Advisory Committee for advice and assistance, and Watermaster Board on November 18, 2021 for approval. If approved by the Board, invoices will be emailed to the Parties immediately following the Board's approval.

#### ATTACHMENTS

1. Financial Report – B10

	1/12th (8.33%) of the Total Budget				5/12th (41.17%) of the Total Budget				100% of the Total Budget			
	For The Month of November 2021				Year-To-Date as of November 30, 2021				Fiscal Year End as of June 30, 2022			
	Actual	Budget	\$ Over(Under)	% of Budget	Actual	Budget	\$ Over(Under)	% of Budget	Projected	Budget	\$ Over(Under)	% of Budget
<b>Income</b>												
4010 - Local Agency Subsidies	0.00	0.00	0.00	0.0%	177,430.03	177,430.00	0.03	100.0%	177,430.03	177,430.00	0.03	100.0%
4110 - Admin Asmnts-Approp Pool	8,064,546.25	7,957,032.00	107,514.25	101.35%	8,064,546.25	7,957,032.00	107,514.25	101.35%	8,064,546.25	7,957,032.00	107,514.25	101.35%
4120 - Admin Asmnts-Non-Agri Pool	223,299.19	330,845.00	-107,545.81	67.49%	223,299.19	330,845.00	-107,545.81	67.49%	330,845.00	330,845.00	0.00	100.0%
4130 - Admin Asmnts-Agricultural Pool	0.00	0.00	0.00	0.0%	200,000.00	0.00	200,000.00	100.0%	200,000.00	0.00	200,000.00	100.0%
4700 - Non Operating Revenues	2.40	0.00	2.40	100.0%	5,423.61	26,532.00	-21,108.39	20.44%	37,143.75	106,125.00	-68,981.25	35.0%
4900 - Miscellaneous Income	0.00	0.00	0.00	0.0%	500.00	0.00	500.00	100.0%	500.00	0.00	500.00	100.0%
<b>Total Income</b>	<b>8,287,847.84</b>	<b>8,287,877.00</b>	<b>-29.16</b>	<b>100.0%</b>	<b>8,671,199.08</b>	<b>8,491,839.00</b>	<b>179,360.08</b>	<b>102.11%</b>	<b>8,810,465.03</b>	<b>8,571,432.00</b>	<b>239,033.03</b>	<b>102.79%</b>
<b>Gross Profit</b>	<b>8,287,847.84</b>	<b>8,287,877.00</b>	<b>-29.16</b>	<b>100.0%</b>	<b>8,671,199.08</b>	<b>8,491,839.00</b>	<b>179,360.08</b>	<b>102.11%</b>	<b>8,810,465.03</b>	<b>8,571,432.00</b>	<b>239,033.03</b>	<b>102.79%</b>
<b>Expense</b>												
6010 - Admin. Salary/Benefit Costs	110,448.26	100,327.00	10,121.26	110.09%	573,334.16	548,632.00	24,702.16	104.5%	1,233,255.84	1,235,557.00	-2,301.16	99.81%
6020 - Office Building Expense	13,265.74	25,608.00	-12,342.26	51.8%	58,816.06	148,423.00	-89,606.94	39.63%	217,517.80	223,929.00	-6,411.20	97.14%
6030 - Office Supplies & Equip.	5,871.91	2,300.00	3,571.91	255.3%	18,133.89	80,965.16	-62,831.27	22.4%	93,903.32	99,690.16	-5,786.84	94.2%
6040 - Postage & Printing Costs	2,232.20	2,594.00	-361.80	86.05%	11,873.87	17,550.00	-5,676.13	67.66%	34,853.96	37,460.00	-2,606.04	93.04%
6050 - Information Services	10,327.40	14,040.00	-3,712.60	73.56%	59,528.92	74,660.00	-15,131.08	79.73%	172,344.00	173,398.00	-1,054.00	99.39%
6060 - Contract Services	361.68	9,195.00	-8,833.32	3.93%	19,577.71	46,095.00	-26,517.29	42.47%	52,832.40	56,545.00	-3,712.60	93.43%
6070 - Watermaster Legal Services	51,488.69	27,924.00	23,564.69	184.39%	197,916.16	137,611.00	60,305.16	143.82%	373,238.40	326,975.00	46,263.40	114.15%
6080 - Insurance	0.00	0.00	0.00	0.0%	40,581.57	44,470.00	-3,888.43	91.26%	45,081.57	46,797.00	-1,715.43	96.33%
6110 - Dues and Subscriptions	0.00	150.00	-150.00	0.0%	16,710.02	20,615.00	-3,904.98	81.06%	37,420.40	38,815.00	-1,394.60	96.41%
6140 - WM Admin Expenses	302.39	338.00	-35.61	89.46%	1,453.25	1,688.00	-234.75	86.09%	3,054.20	4,750.00	-1,695.80	64.3%
6150 - Field Supplies	0.00	0.00	0.00	0.0%	771.54	1,125.00	-353.46	68.58%	2,750.00	2,750.00	0.00	100.0%
6170 - Travel & Transportation	1,727.85	2,300.00	-572.15	75.12%	8,235.64	10,175.00	-1,939.36	80.94%	23,231.16	24,170.00	-938.84	96.12%
6190 - Training, Conferences, Seminars	1,235.00	3,400.00	-2,165.00	36.32%	11,048.16	17,000.00	-5,951.84	64.99%	37,532.64	40,800.00	-3,267.36	91.99%
6200 - Advisory Committee Expenses	6,984.24	4,834.00	2,150.24	144.48%	20,611.73	24,172.00	-3,560.27	85.27%	51,325.64	55,336.00	-4,010.36	92.75%
6300 - Watermaster Board Expenses	16,751.14	14,265.00	2,486.14	117.43%	58,498.65	71,332.00	-12,833.35	82.01%	175,021.20	190,149.00	-15,127.80	92.04%
8300 - Appr PI-WM & Pool Admin	33,140.75	15,035.00	18,105.75	220.42%	122,106.58	137,566.25	-15,459.67	88.76%	239,365.25	239,365.25	0.00	100.0%
8400 - Agri Pool-WM & Pool Admin	4,270.70	6,029.00	-1,758.30	70.84%	14,199.68	30,147.00	-15,947.32	47.1%	69,011.00	69,011.00	0.00	100.0%
8467 - Ag Legal & Technical Services	20,895.50	41,667.00	-20,771.50	50.15%	97,820.50	270,147.00	-172,326.50	36.21%	480,775.00	561,814.00	-81,039.00	85.58%
8470 - Ag Meeting Attend -Special	2,250.00	4,167.00	-1,917.00	54.0%	12,500.00	40,358.00	-27,858.00	30.97%	55,750.00	69,525.00	-13,775.00	80.19%
8471 - Ag Pool Expense	0.00	85,000.00	-85,000.00	0.0%	10,643.00	116,516.00	-105,873.00	9.13%	35,643.00	116,516.00	-80,873.00	30.59%
8485 - Ag Pool - Misc. Exp. - Ag Fund	0.00	0.00	0.00	0.0%	0.00	200.00	-200.00	0.0%	400.00	400.00	0.00	100.0%
8500 - Non-Ag PI-WM & Pool Admin	8,466.53	9,742.00	-1,275.47	86.91%	24,921.94	81,031.70	-56,109.76	30.76%	129,366.23	146,066.70	-16,700.47	88.57%
9400 - Depreciation Expense	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
9500 - Allocated G&A Expenditures	-17,960.90	-38,787.00	20,826.10	46.31%	-105,658.98	-193,933.00	88,274.02	54.48%	-314,462.04	-465,442.00	150,979.96	67.56%
6900 - Optimum Basin Mgmt Plan	43,010.94	105,102.00	-62,091.06	40.92%	298,734.76	581,184.56	-282,449.80	51.4%	1,305,404.12	1,313,453.56	-8,049.44	99.39%
9501 - G&A Expenses Allocated-OBMP	2,051.40	13,937.00	-11,885.60	14.72%	25,841.62	69,683.00	-43,841.38	37.09%	88,007.24	167,242.00	-79,234.76	52.62%
7101 - Production Monitoring	2,053.58	8,692.00	-6,638.42	23.63%	31,889.03	43,462.00	-11,572.97	73.37%	102,435.08	102,740.00	-304.92	99.7%
7102 - In-line Meter Installation	0.00	1,397.00	-1,397.00	0.0%	0.00	364,031.00	-364,031.00	0.0%	0.00	373,617.00	-373,617.00	0.0%
7103 - Grdwtr Quality Monitoring	35,092.74	26,424.00	8,668.74	132.81%	191,906.61	189,120.00	2,786.61	101.47%	350,862.92	352,035.00	-1,172.08	99.67%
7104 - Gdwtr Level Monitoring	24,918.86	25,404.00	-485.14	98.09%	96,219.52	127,020.00	-30,800.48	75.75%	301,701.00	303,753.00	-2,052.00	99.32%
7105 - Sur Wtr Qual Monitoring	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
7106 - Wtr Level Sensors Installation	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%

	1/12th (8.33%) of the Total Budget				5/12th (41.17%) of the Total Budget				100% of the Total Budget			
	For The Month of November 2021				Year-To-Date as of November 30, 2021				Fiscal Year End as of June 30, 2022			
	Actual	Budget	\$ Over(Under)	% of Budget	Actual	Budget	\$ Over(Under)	% of Budget	Projected	Budget	\$ Over(Under)	% of Budget
7107 - Ground Level Monitoring	6,491.65	21,512.00	-15,020.35	30.18%	106,331.89	196,335.00	-90,003.11	54.16%	345,730.40	346,810.00	-1,079.60	99.69%
7108 - Hydraulic Control Monitoring	1,261.87	6,589.00	-5,327.13	19.15%	7,408.36	37,442.00	-30,033.64	19.79%	79,008.48	83,379.00	-4,370.52	94.76%
7109 - Recharge & Well Monitoring Prog	1,814.25	2,767.00	-952.75	65.57%	3,520.50	13,837.00	-10,316.50	25.44%	31,325.00	33,208.00	-1,883.00	94.33%
7110 - Ag Production & Estimation	1,787.50	1,186.00	601.50	150.72%	6,868.00	48,610.00	-41,742.00	14.13%	54,322.00	56,910.00	-2,588.00	95.45%
7111 - Improved Data Collection & Mgmt	0.00	1,680.00	-1,680.00	0.0%	1,157.25	8,399.00	-7,241.75	13.78%	18,129.00	20,158.00	-2,029.00	89.94%
7200 - PE2- Comp Recharge Pgm	20,044.66	24,885.00	-4,840.34	80.55%	334,082.23	827,123.00	-493,040.77	40.39%	1,449,208.48	1,458,198.00	-8,989.52	99.38%
7300 - PE3&5-Water Supply/Desalte	0.00	4,006.00	-4,006.00	0.0%	3,281.82	20,035.00	-16,753.18	16.38%	45,127.28	47,793.00	-2,665.72	94.42%
7400 - PE4- Mgmt Plan	-193,858.94	25,068.00	-218,926.94	-773.33%	-96,903.94	214,436.00	-311,339.94	-45.19%	387,196.00	389,739.00	-2,543.00	99.35%
7500 - PE6&7-CoopEfforts/SaltMgmt	11,635.74	20,632.00	-8,996.26	56.4%	84,681.45	153,138.00	-68,456.55	55.3%	295,214.40	297,364.00	-2,149.60	99.28%
7600 - PE8&9-StorageMgmt/Conj Use	16,104.71	33,094.00	-16,989.29	48.66%	95,464.89	208,691.00	-113,226.11	45.75%	350,890.72	439,967.00	-89,076.28	79.75%
7690 - Recharge Improvements	1,234,582.42	0.00	1,234,582.42	100.0%	1,763,611.42	2,222,321.20	-458,709.78	79.36%	1,888,029.00	2,222,321.20	-334,292.20	84.96%
7700 - Inactive Well Protection Prgm	0.00	42.00	-42.00	0.0%	0.00	208.00	-208.00	0.0%	500.00	500.00	0.00	100.0%
9502 - G&A Expenses Allocated-Projects	15,909.50	24,850.00	-8,940.50	64.02%	79,817.36	124,250.00	-44,432.64	64.24%	226,454.80	298,200.00	-71,745.20	75.94%
<b>Total Expense</b>	<b>1,494,959.96</b>	<b>677,395.00</b>	<b>817,564.96</b>	<b>220.69%</b>	<b>4,307,536.82</b>	<b>7,175,871.87</b>	<b>-2,868,335.05</b>	<b>60.03%</b>	<b>10,568,756.89</b>	<b>11,601,764.87</b>	<b>-1,033,007.98</b>	<b>91.1%</b>
<b>Net Ordinary Income</b>	<b>6,792,887.88</b>	<b>7,610,482.00</b>	<b>-817,594.12</b>	<b>89.26%</b>	<b>4,363,662.26</b>	<b>1,315,967.13</b>	<b>3,047,695.13</b>	<b>331.59%</b>	<b>-1,758,291.86</b>	<b>-3,030,332.87</b>	<b>1,272,041.01</b>	<b>58.02%</b>
<b>Other Income</b>												
4210 - Approp Pool-Replenishment	1,648,962.59	0.00	1,648,962.59	100.0%	1,648,962.59	0.00	1,648,962.59	100.0%	1,648,962.59	0.00	1,648,962.59	100.0%
4220 - Non-Ag Pool-Replenishment	44,726.78	0.00	44,726.78	100.0%	44,726.78	0.00	44,726.78	100.0%	44,726.78	0.00	44,726.78	100.0%
4225 - Interest Income	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
4226 - LAIF Fair Market Value	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
4227 - AP Escrow Interest	23.88	0.00	23.88	100.0%	121.74	0.00	121.74	100.0%	292.76	0.00	292.76	100.0%
4600 - Groundwater Sales	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
4715 - Gain on Sale of Assets	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
<b>Total Other Income</b>	<b>1,693,713.25</b>	<b>0.00</b>	<b>1,693,713.25</b>	<b>100.0%</b>	<b>1,693,811.11</b>	<b>0.00</b>	<b>1,693,811.11</b>	<b>100.0%</b>	<b>1,693,982.13</b>	<b>0.00</b>	<b>1,693,982.13</b>	<b>100.0%</b>
<b>Other Expense</b>												
5010 - Groundwater Replenishment	0.00	0.00	0.00	0.0%	35,030.19	0.00	35,030.19	100.0%	35,030.19	0.00	35,030.19	100.0%
5100 - Other Water Purchases	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
9200 - Interest Expense	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	161,070.09	0.00	161,070.09	100.0%
9251 - Other Post Employment Benefits	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
9996 - Refund-Excess Reserves-Approp.	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
9996.5 - Refund-Basin O&M-Approp.	139,913.46	0.00	139,913.46	100.0%	139,913.46	0.00	139,913.46	100.0%	139,913.46	0.00	139,913.46	100.0%
9997 - Refund-Excess Reserves-NonAg	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
9997.5 - Refund-Basin O&M-NonAg	5,470.81	0.00	5,470.81	100.0%	5,470.81	0.00	5,470.81	100.0%	5,470.81	0.00	5,470.81	100.0%
9998 - Refund-Recharge Debt-Approp.	156,259.00	0.00	156,259.00	100.0%	156,259.00	0.00	156,259.00	100.0%	156,259.00	0.00	156,259.00	100.0%
9999 - To/(From) Reserves	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
<b>Total Other Expense</b>	<b>301,643.27</b>	<b>0.00</b>	<b>301,643.27</b>	<b>100.0%</b>	<b>336,673.46</b>	<b>0.00</b>	<b>336,673.46</b>	<b>100.0%</b>	<b>497,743.55</b>	<b>0.00</b>	<b>497,743.55</b>	<b>100.0%</b>
<b>Net Other Income</b>	<b>1,392,069.98</b>	<b>0.00</b>	<b>1,392,069.98</b>	<b>100.0%</b>	<b>1,357,137.65</b>	<b>0.00</b>	<b>1,357,137.65</b>	<b>100.0%</b>	<b>1,196,238.58</b>	<b>0.00</b>	<b>1,196,238.58</b>	<b>100.0%</b>
<b>Net Income</b>	<b>8,184,957.86</b>	<b>7,610,482.00</b>	<b>574,475.86</b>	<b>107.55%</b>	<b>5,720,799.91</b>	<b>1,315,967.13</b>	<b>4,404,832.78</b>	<b>434.72%</b>	<b>-562,053.28</b>	<b>-3,030,332.87</b>	<b>2,468,279.59</b>	<b>18.55%</b>

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

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Type	Date	Num	Name	Memo	Account	Paid Amount
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>ACH 120121</b>	<b>PUBLIC EMPLOYEES' RETIREMENT SYSTEM</b>	<b>Payor #3493</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
General Journal	11/27/2021	11/27/2021	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPERS Retirement for 11/14/21-11/27/21	2000 - Accounts Payable	9,201.51
TOTAL						9,201.51
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23201</b>	<b>ACCENT COMPUTER SOLUTIONS, INC.</b>	<b>148476</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	12/01/2021	148476		Monthly Services - December 2021	6052.4 - IT Managed Services	4,773.99
				Overwatch - December 2021	6052.5 - IT Data Backup/Storage	699.00
				OmniCloud - December 2021	6052.5 - IT Data Backup/Storage	170.00
				Office 365 Subscriptions/Business Premier - Decer	6052.4 - IT Managed Services	217.25
				Image office storage (per GB, per month)	6052.5 - IT Data Backup/Storage	546.00
TOTAL						6,406.24
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23202</b>	<b>APPLEONE</b>	<b>01-6118165</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	11/30/2021	01-6118165		Brian Summers	6017.2 - Office Specialist Services	1,260.80
TOTAL						1,260.80
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23203</b>	<b>APPLIED COMPUTER TECHNOLOGIES</b>	<b>3485</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	11/30/2021	3485		Database Consulting Services - November 2021	6052.2 - Applied Computer Technol	3,850.00
TOTAL						3,850.00
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23204</b>	<b>BROWNSTEIN HYATT FARBER SCHRECK</b>		<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/31/2021	868222		868222	6078 - BHFS Legal - Miscellaneous	44,043.75
				Research - Westlaw	6078 - BHFS Legal - Miscellaneous	80.77
Bill	10/31/2021	868223		868223	6907.33 - Desalter/Hydraulic Control	1,278.00
Bill	10/31/2021	868224		868224	6275 - BHFS Legal - Advisory Committee	891.00
Bill	10/31/2021	868225		868225	6375 - BHFS Legal - Board Meeting	3,690.00
Bill	10/31/2021	868226		868226	8375 - BHFS Legal - Appropriate Pool	594.00
Bill	10/31/2021	868227		868227	8475 - BHFS Legal - Agricultural Pool	594.00
Bill	10/31/2021	868228		868228	8575 - BHFS Legal - Non-Ag Pool	594.00
Bill	10/31/2021	868229		868229	6071 - BHFS Legal - Court Coordination	1,890.45
				Filling Fee - Curatalo	6071 - BHFS Legal - Court Coordination	94.00
				Filling Fee - Aldaz	6071 - BHFS Legal - Court Coordination	94.00
				Filling Fee - Kuhn	6071 - BHFS Legal - Court Coordination	94.00
				Filling Fee - Pierson	6071 - BHFS Legal - Court Coordination	94.00
				Filling Fee - Gardner	6071 - BHFS Legal - Court Coordination	94.00
				Filling Fee - Bowcock	6071 - BHFS Legal - Court Coordination	94.00
Bill	10/31/2021	868230		868230	6072 - BHFS Legal - Rules & Regs	3,880.80
Bill	10/31/2021	868231		868231	6907.39 - Recharge Master Plan	369.00
Bill	10/31/2021	868232		868232	6907.47 - 2020 Safe Yield Reset	3,325.95

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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	10/31/2021	868233		868233	6078.25 · Ely 3 Basin Investigation	2,564.10
				Court Call - Sandler	6078.25 · Ely 3 Basin Investigation	94.00
<b>TOTAL</b>						<b>64,453.82</b>
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23205</b>	<b>CALIFORNIA DEPT. OF TAX AND FEE ADM</b>	<b>Water Rights Fee</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/12/2021	094-014939		Water Rights Fee 094-014939	7205 · Comp Recharge-Other Expense	2,972.01
Bill	11/12/2021	094-014458		Water Rights Fee 094-014458	7205 · Comp Recharge-Other Expense	7,080.51
Bill	11/12/2021	094-014940		Water Rights Fee 094-014940	7205 · Comp Recharge-Other Expense	1,784.01
<b>TOTAL</b>						<b>11,836.53</b>
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23206</b>	<b>DE HAAN, HENRY</b>	<b>Ag Pool Member Compensation</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	10/14/2021	10/14 Ag Pool Mtg		10/14/21 Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	11/01/2021	8/12 Special Ag Mtg		8/12/21 Special Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	11/01/2021	9/20 Special Ag Pool		9/20/21 Special Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	11/11/2021	11/11 Ag Pool Mtg		11/11/21 Special Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
<b>TOTAL</b>						<b>500.00</b>
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23207</b>	<b>EMPOWER LAB</b>	<b>2068</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/30/2021	2068		Empower Lab - November 2021	6193 · Employee Training	1,075.00
<b>TOTAL</b>						<b>1,075.00</b>
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23208</b>	<b>FOLSOM, BETTY</b>	<b>Board Member Compensation</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/16/2021	11/16 Monthly Call		11/16/21 Monthly call w/CVWD, Chino Hills	6311 · Board Member Compensation	125.00
Bill	11/18/2021	11/18 Board Mtg		11/18/21 Board Meeting	6311 · Board Member Compensation	125.00
<b>TOTAL</b>						<b>250.00</b>
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23209</b>	<b>EASTVALE DEVELOPMENT COMPANY - PIERS</b>	<b>Board and Ag Pool Member Compensation</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	10/06/2021	10/06 Call w/Chair		10/06/21 Call w/Ag Pool chair	8470 · Ag Meeting Attend -Special	125.00
Bill	10/08/2021	10/08 Call w/Chair		10/08/21 Call w/Ag Pool chair	8470 · Ag Meeting Attend -Special	125.00
Bill	10/12/2021	10/12 Board Officers		10/12/21 Board Officers check-in	6311 · Board Member Compensation	125.00
Bill	10/13/2021	10/13 Call w/Chair		10/13/21 Call w/Ag Pool chair	8470 · Ag Meeting Attend -Special	125.00
Bill	10/13/2021	10/13 Workshop		10/13/21 Sustainability Workshop	6311 · Board Member Compensation	125.00
Bill	10/14/2021	10/14 Call w/Chair		10/14/21 Call w/Ag Pool chair	8470 · Ag Meeting Attend -Special	125.00
Bill	10/14/2021	10/14 Ag Pool Mtg		10/14/21 Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	10/15/2021	10/15 Call w/Chair		10/15/21 Call w/Ag Pool chair	8470 · Ag Meeting Attend -Special	125.00
Bill	10/19/2021	10/19 Call w/Chair		10/19/21 Call w/Ag Pool chair	8470 · Ag Meeting Attend -Special	125.00
Bill	10/19/2021	10/19 Assessment Pkg		10/19/21 Assessment Package Workshop	6311 · Board Member Compensation	125.00
Bill	10/20/2021	10/20 Call w/Chair		10/20/21 Call w/Ag Pool chair	8470 · Ag Meeting Attend -Special	125.00
Bill	10/21/2021	10/21 Advisory Comm		10/21/21 Advisory Committee Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	10/21/2021	10/21 Personnel Comm		10/21/21 Personnel Committee Meeting	6311 · Board Member Compensation	125.00

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Bill	10/25/2021	10/25 Call w/Chair		10/25/21 Call w/Ag Pool chair	8470 · Ag Meeting Attend -Special	125.00
Bill	10/26/2021	10/26 Board Agenda		10/26/21 Board Agenda Preview	6311 · Board Member Compensation	125.00
Bill	10/27/2021	10/27 Call w/Chair		10/27/21 Call w/Ag Pool chair	8470 · Ag Meeting Attend -Special	125.00
Bill	10/27/2021	10/27 Call w/Chair		10/27/21 Call w/Ag Pool chair	8470 · Ag Meeting Attend -Special	125.00
Bill	10/28/2021	10/28 Call w/Chair		10/28/21 Call w/Ag Pool chair	8470 · Ag Meeting Attend -Special	125.00
Bill	10/28/2021	10/28 Board Mtg		10/28/21 Board Meeting	6311 · Board Member Compensation	125.00
Bill	10/29/2021	10/29 Call w/Chair		10/29/21 Call w/Ag Pool chair	8470 · Ag Meeting Attend -Special	125.00
TOTAL						2,500.00
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23210</b>	<b>PURCHASE POWER</b>	<b>8000-9090-0016-8851</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/30/2021	8000909000168851		Postage refill - 11/05/21	6042 · Postage - General	500.00
TOTAL						500.00
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23211</b>	<b>READY REFRESH</b>	<b>0023230253</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	10/28/2021	0023230253		Office Water Bottle - October 2021	6031.7 · Other Office Supplies	25.86
TOTAL						25.86
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23212</b>	<b>RR FRANCHISING, INC.</b>	<b>105601</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/23/2021	105601		Electrostatic spraying of office and annex on 11/20	6024 · Building Repair & Maintenance	445.00
TOTAL						445.00
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23213</b>	<b>SPECTRUM BUSINESS</b>	<b>2031978112321</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/30/2021	2031978112321		11/23/21-12/22/21 - account #8245100652031978	6053 · Internet Expense	804.52
TOTAL						804.52
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23214</b>	<b>STANDARD INSURANCE CO.</b>	<b>Policy # 00-649299-0009</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/23/2021	006492990009		Policy # 00-649299-0009	60191 · Life & Disab.Ins Benefits	903.95
TOTAL						903.95
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23215</b>	<b>TELLEZ-FOSTER, EDGAR</b>	<b>Employee Reimbursement</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/30/2021	11/30 Admin Mtg		Ops staff meeting on 11/30/21	6141.3 · Admin Meetings	79.55
TOTAL						79.55
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23216</b>	<b>THREE VALLEYS MUNICIPAL WATER DIST</b>	<b>2/24/2022 Leadership Breakfast Registration</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/30/2021	2/24/22 Breakfast		Registration fee for PK, JJ, ETF and AN	6193.2 · Conference - Registration Fee	120.00
TOTAL						120.00
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23217</b>	<b>UNION 76</b>	<b>7076-2245-3035-5049</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/30/2021	7076224530355049		November 2021	6175 · Vehicle Fuel	187.85
TOTAL						187.85

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<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23218</b>	<b>UNITED HEALTHCARE</b>	<b>052583240966</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	11/13/2021	052583240966		Dental Insurance Premium - December 2021	60182.2 · Dental & Vision Ins	743.54
TOTAL						743.54
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23219</b>	<b>VERIZON WIRELESS</b>	<b>9892727017</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	11/13/2021	9892727017		Acct #642073270-00002	7103.7 · Grdwtr Qual-Computer Svc	58.03
TOTAL						58.03
<b>Bill Pmt -Check</b>	<b>12/01/2021</b>	<b>23220</b>	<b>VISION SERVICE PLAN</b>	<b>00-101789-0001</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	11/30/2021	813733598		Vision Insurancve Premium - December 2021	60182.2 · Dental & Vision Ins	93.83
TOTAL						93.83
<b>General Journal</b>	<b>12/02/2021</b>	<b>12/02/2021</b>	<b>Payroll and Taxes for 11/14/21-11/27/21</b>	<b>Payroll and Taxes for 11/14/21-11/27/21</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
			ADP, LLC	Direct Deposits for 11/14/21-11/27/21	1012 · Bank of America Gen'l Ckg	31,173.97
			ADP, LLC	Payroll and Taxes for 11/14/21-11/27/21	1012 · Bank of America Gen'l Ckg	11,942.23
			MISSIONSQUARE RETIREMENT	457(b) EE Deductions for 11/14/21-11/27/21	1012 · Bank of America Gen'l Ckg	5,855.23
			MISSIONSQUARE RETIREMENT	401(a) EE Deductions for 11/14/21-11/27/21	1012 · Bank of America Gen'l Ckg	1,698.67
TOTAL						50,670.10
<b>Bill Pmt -Check</b>	<b>12/03/2021</b>	<b>23221</b>	<b>WEST YOST</b>		<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/31/2021	2047045		2047045	6906.31 · OBMP-Pool, Adv. Board Mtgs	4,171.25
Bill	10/31/2021	2047046		2047046	6906.32 · OBMP-Other General Meetings	10,996.25
Bill	10/31/2021	2047047		2047047	6906.71 · OBMP-Data Req.-CBWM Staff	5,186.00
Bill	10/31/2021	2047048		2047048	6906.72 · OBMP-Data Req.-Non CBWM Staff	1,514.25
Bill	10/31/2021	2047049		2047049	6906 · OBMP Engineering Services	5,333.50
Bill	10/31/2021	2047050		2047050	6906.1 · OBMP-Watermaster Model Update	5,918.25
Bill	10/31/2021	2047051		2047051	6906.81 · Prepare Annual Reports	467.25
Bill	10/31/2021	2047052		2047052	6906.15 · Integrated Model Mtgs-IEUA Cost	1,064.50
Bill	10/31/2021	2047053		2047053	7103.3 · Grdwtr Qual-Engineering	12,360.68
				2047053	7103.5 · Grdwtr Qual-Lab Svcs	6,943.00
Bill	10/31/2021	2047054		2047054	7104.3 · Grdwtr Level-Engineering	18,583.62
Bill	10/31/2021	2047055		2047055	7107.2 · Grd Level-Engineering	204.39
Bill	10/31/2021	2047056		2047056	7107.2 · Grd Level-Engineering	2,771.00
Bill	10/31/2021	2047057		2047057	7107.2 · Grd Level-Engineering	432.25
Bill	10/31/2021	2047058		2047058	7108.31 · Hydraulic Control - PBHSP	288.75
Bill	10/31/2021	2047059		2047059	7202.2 · Engineering Svc	2,474.75
Bill	10/31/2021	2047060		2047060	7402 · PE4-Engineering	2,073.25
Bill	10/31/2021	2047061		2047061	7402.10 · PE4 - Northwest MZ1 Area Proj.	5,775.00
Bill	10/31/2021	2047062		2047062	7402 · PE4-Engineering	1,807.75



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Bill	10/31/2021	2047063		2047063	7502 · PE6&7-Engineering	5,948.25
Bill	10/31/2021	2047064		2047064	7510 · PE6&7-IEUA Salinity Mgmt. Plan	8,089.25
Bill	10/31/2021	2047065		2047065	7614 · PE8&9-Develop S&R Master Plan	50,137.50
TOTAL						152,540.69
<b>Bill Pmt -Check</b>	<b>12/03/2021</b>	<b>ACH 120321</b>	<b>CALPERS</b>	<b>1394905143</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	12/01/2021	1394905143		Medical Insurance Premiums - December 2021	60182.1 · Medical Insurance	14,006.25
TOTAL						14,006.25
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23222</b>	<b>FONTANA UNION WATER COMPANY'</b>	<b>Refund Escrow Funds</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	12/06/2021	Refund Escrow Funds		Refund of funds held in escrow-court order 12/03/29112.5 · Refund-Ag Pool Expenses to AP		9,826.76
TOTAL						9,826.76
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23223</b>	<b>APPLEONE</b>	<b>01-6126540</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/27/2021	01-6126540		Brian Summers	6017.2 · Office Specialist Services	925.52
TOTAL						925.52
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23224</b>	<b>BOWCOCK, ROBERT</b>	<b>Board Member Compensation</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/11/2021	11/11 Non Ag Pool		11/11/21 Non Ag Pool Meeting	6311 · Board Member Compensation	125.00
Bill	11/18/2021	11/18 Board Mtg		11/18/21 Board Meeting	6311 · Board Member Compensation	125.00
TOTAL						250.00
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23225</b>	<b>BURRTEC WASTE INDUSTRIES, INC.</b>	<b>N2112378910</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	12/02/2021	N2112378910		December 2021 - customer #21136525395	6024 · Building Repair & Maintenance	142.50
TOTAL						142.50
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23226</b>	<b>CHINO HILLS, CITY OF*</b>	<b>Escrow Refund</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	12/06/2021	Escrow Refund		Refund of funds held in escrow-court order 12/03/29112.5 · Refund-Ag Pool Expenses to AP		6,717.04
TOTAL						6,717.04
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23227</b>	<b>CHINO, CITY OF - FINANCE DEPT</b>	<b>Refund Escrow Funds</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	12/06/2021	Refund Escrow Funds		Refund of funds held in escrow-court order 12/03/29112.5 · Refund-Ag Pool Expenses to AP		29,835.46
TOTAL						29,835.46
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23228</b>	<b>CITY OF POMONA'</b>	<b>Refund Escrow Funds</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	12/06/2021	Refund Escrow Funds		Refund of funds held in escrow-court order 12/03/29112.5 · Refund-Ag Pool Expenses to AP		17,242.56
TOTAL						17,242.56
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23229</b>	<b>CUCAMONGA VALLEY WATER DISTRICT</b>	<b>Refund Escrow Funds</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	12/06/2021	Refund Escrow Funds		Refund of funds held in escrow-court order 12/03/29112.5 · Refund-Ag Pool Expenses to AP		7,189.55

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TOTAL						7,189.55
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23230</b>	<b>EGOSCUE LAW GROUP, INC.</b>	<b>Ag Pool Legal Services - October 2021</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	10/31/2021			October 2021 - General Counsel	8467 - Ag Legal & Technical Services	19,000.00
TOTAL						19,000.00
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23231</b>	<b>ELIE, STEVEN</b>	<b>Board Member Compensation</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	11/18/2021	11/18 Board Mtg		11/18/21 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						125.00
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23232</b>	<b>FILIPPI, GINO</b>	<b>Ag Pool Member Compensation</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	11/05/2021	11/05 Court Hearing		11/05/21 Court Hearing	8470 - Ag Meeting Attend -Special	125.00
Bill	11/11/2021	11/11 Ag Pool Mtg		11/11/21 Ag Pool Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	11/18/2021	11/18 Advisory Comm		11/18/21 Advisory Committee Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	11/18/2021	11/18 Board Mtg		11/18/21 Board Meeting	8470 - Ag Meeting Attend -Special	125.00
TOTAL						500.00
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23233</b>	<b>FONTANA UNION WATER COMPANY'</b>	<b>Board Member Compensation</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	11/02/2021	11/02 Assessment Pkg		11/02/21 Assessment Package Workshop - Curata	6311 - Board Member Compensation	125.00
Bill	11/05/2021	11/05 Court Hearing		11/05/21 Court Hearing - James Curatalo attendan	6311 - Board Member Compensation	125.00
Bill	11/09/2021	11/09 Board Officers		11/09/21 Board Officers check-in - Curatalo	6311 - Board Member Compensation	125.00
Bill	11/11/2021	11/11 Appro Pool Mtg		11/11/21 Appropriate Pool meeting - Curatalo	6311 - Board Member Compensation	125.00
Bill	11/16/2021	11/16 Board Agenda		11/16/21 Board agenda preview meeting - Curatalo	6311 - Board Member Compensation	125.00
Bill	11/17/2021	11/17 AP Conf Sess		11/17/21 Appropriate Pool confidential session -	6311 - Board Member Compensation	125.00
Bill	11/18/2021	11/18 Board Mtg		11/18/21 Board meeting - Curatalo attendance	6311 - Board Member Compensation	125.00
Bill	11/22/2021	11/22 Legal Counsel		11/22/21 Meeting w/Legal Counsel - Curatalo	6311 - Board Member Compensation	125.00
Bill	11/30/2021	11/30 DYY Discussion		11/30/21 DYY discussion - Curatalo	6311 - Board Member Compensation	125.00
TOTAL						1,125.00
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23234</b>	<b>FONTANA WATER COMPANY*</b>	<b>Refund Escrow Funds</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	12/06/2021	Refund Escrow Funds		Refund of funds held in escrow-court order 12/03/2	9112.5 - Refund-Ag Pool Expenses to AP	2,266.56
TOTAL						2,266.56
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23235</b>	<b>GEYE, BRIAN</b>	<b>Non-Ag Pool Member Compensation</b>	<b>1012 - Bank of America Gen'l Ckg</b>	
Bill	11/11/2021	11/11 Non Ag Pool		11/11/21 Non Ag Pool Meeting	8511 - Non-Ag Pool Member Compensation	125.00
Bill	11/18/2021	11/18 Advisory Comm		11/18/21 Advisory Committee Meeting	8511 - Non-Ag Pool Member Compensation	125.00
Bill	11/18/2021	11/18 Board Mtg		11/18/21 Board Meeting	8511 - Non-Ag Pool Member Compensation	125.00
TOTAL						375.00
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23236</b>	<b>GOLDEN STATE WATER CO</b>	<b>Refund Escrow Funds</b>	<b>1012 - Bank of America Gen'l Ckg</b>	

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Bill	12/06/2021	Refund Escrow Funds		Refund of funds held in escrow-court order 12/03/2 9112.5 · Refund-Ag Pool Expenses to AP		632.25
TOTAL						632.25
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23237</b>	<b>INLAND EMPIRE UTILITIES AGENCY</b>	<b>90030496</b>	<b>1012 · Bank of America Gen'I Ckg</b>	
Bill	12/07/2021	90030496		GW Recharge O&M Cost - FY 21/22 2nd quarter	7206 · Comp Recharge-O&M	266,823.75
TOTAL						266,823.75
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23238</b>	<b>JURUPA COMMUNITY SERVICES DISTRICT</b>	<b>Refund Escrow Funds</b>	<b>1012 · Bank of America Gen'I Ckg</b>	
Bill	12/06/2021	Refund Escrow Funds		Refund of funds held in escrow-court order 12/03/2 9112.5 · Refund-Ag Pool Expenses to AP		43,667.70
TOTAL						43,667.70
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23239</b>	<b>LEGAL SHIELD</b>	<b>EE Deductions</b>	<b>1012 · Bank of America Gen'I Ckg</b>	
Bill	10/31/2021	111802		Employee deductions - October 2021	60194 · Other Employee Insurance	161.40
Bill	11/30/2021	111802		Employee deductions - November 2021	60194 · Other Employee Insurance	135.50
TOTAL						296.90
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23240</b>	<b>LINDE GAS &amp; EQUIPMENT INC.</b>	<b>71694636</b>	<b>1012 · Bank of America Gen'I Ckg</b>	
Bill	11/30/2021	71694636		GW quality supplies	7103.6 · Grdwtr Qual-Supplies	92.76
TOTAL						92.76
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23241</b>	<b>MONTE VISTA IRRIGATION CO</b>	<b>Refund Escrow Funds</b>	<b>1012 · Bank of America Gen'I Ckg</b>	
Bill	12/06/2021	Refund Escrow Funds		Refund of funds held in escrow-court order 12/03/2 9112.5 · Refund-Ag Pool Expenses to AP		1,040.25
TOTAL						1,040.25
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23242</b>	<b>MONTE VISTA WATER DIST</b>	<b>Refund Escrow Funds</b>	<b>1012 · Bank of America Gen'I Ckg</b>	
Bill	12/06/2021	Refund Escrow Funds		Refund of funds held in escrow-court order 12/03/2 9112.5 · Refund-Ag Pool Expenses to AP		7,599.42
TOTAL						7,599.42
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23243</b>	<b>NICHOLSON TRUST*</b>	<b>Refund Escrow Funds</b>	<b>1012 · Bank of America Gen'I Ckg</b>	
Bill	12/06/2021	Refund Escrow Funds		Refund of funds held in escrow-court order 12/03/2 9112.5 · Refund-Ag Pool Expenses to AP		5.90
TOTAL						5.90
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23244</b>	<b>ONTARIO, CITY OF*</b>	<b>Refund Escrow Funds</b>	<b>1012 · Bank of America Gen'I Ckg</b>	
Bill	12/06/2021	Refund Escrow Funds		Refund of funds held in escrow-court order 12/03/2 9112.5 · Refund-Ag Pool Expenses to AP		27,204.29
TOTAL						27,204.29
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23245</b>	<b>PREMIERE GLOBAL SERVICES</b>	<b>30768152</b>	<b>1012 · Bank of America Gen'I Ckg</b>	
Bill	11/30/2021	30768152		Fee - General	6022 · Telephone	39.00
				Fee - Confidential	6022 · Telephone	39.00
				Service fee	6022 · Telephone	8.50

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				Call shortfall	6022 · Telephone	78.00
TOTAL						<u>164.50</u>
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23246</b>	<b>RAUCH COMMUNICATION CONSULTANTS, INC</b>	<b>Oct/Nov-2118</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	10/31/2021	Oct/Nov-2118		AR - work completed Sep. 1 through Oct. 31, 2021	6061.3 · Rauch	5,926.25
TOTAL						<u>5,926.25</u>
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23247</b>	<b>ROGERS, PETER</b>	<b>Board Member Compensation</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/18/2021	11/18 Board Mtg		11/18/21 Board Meeting	6311 · Board Member Compensation	125.00
TOTAL						<u>125.00</u>
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23248</b>	<b>RR FRANCHISING, INC.</b>	<b>105803</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	12/01/2021	105803		Monthly service for office and annex - December 21	6024 · Building Repair & Maintenance	915.00
TOTAL						<u>915.00</u>
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23249</b>	<b>SANTA ANA RIVER WATER COMPANY*</b>	<b>Refund Escrow Funds</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	12/06/2021	Refund Escrow Funds		Refund of funds held in escrow-court order 12/03/21	9112.5 · Refund-Ag Pool Expenses to AP	2,000.42
TOTAL						<u>2,000.42</u>
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23250</b>	<b>STATE COMPENSATION INSURANCE FUND</b>	<b>1000293045</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	12/02/2021	1970970		Policy # 1970970 - Premium 11/26/21-12/26/21	60183 · Worker's Comp Insurance	702.33
TOTAL						<u>702.33</u>
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23251</b>	<b>UPLAND, CITY OF</b>	<b>Refund Escrow Funds</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	12/06/2021	Refund Escrow Funds		Refund of funds held in escrow-court order 12/03/21	9112.5 · Refund-Ag Pool Expenses to AP	4,385.24
TOTAL						<u>4,385.24</u>
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23252</b>	<b>WEST END CONSOLIDATED WATER COMPAN'</b>	<b>Refund Escrow Funds</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	12/06/2021	Refund Escrow Funds		Refund of funds held in escrow-court order 12/03/21	9112.5 · Refund-Ag Pool Expenses to AP	1,456.69
TOTAL						<u>1,456.69</u>
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23253</b>	<b>WEST POINT MEDICAL CENTER</b>	<b>Pre-Employment Sceening and Testing</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	10/31/2021	GAR224346		Pre-employment tests for G. Garcia	6016 · New Employee Search Costs	105.00
Bill	10/31/2021	FAV224037		Pre-employment tests for R. Favela	6016 · New Employee Search Costs	105.00
TOTAL						<u>210.00</u>
<b>Bill Pmt -Check</b>	<b>12/07/2021</b>	<b>23254</b>	<b>WEST YOST</b>	<b>2047066</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	10/31/2021	2047066		2047066	6906.14 · Modeling for WSIP-100% IEUA	8,979.75
TOTAL						<u>8,979.75</u>

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General Journal	12/07/2021	12/07/2021	HEALTH EQUITY	Health Equity Invoice 3225481	1012 - Bank of America Gen'l Ckg	
			HEALTH EQUITY	Health Equity Invoice 3225481	1012 - Bank of America Gen'l Ckg	20.69
TOTAL						20.69
Bill Pmt -Check	12/09/2021	23255	OFFICE & ERGONOMIC SOLUTIONS, INC.	190	1012 - Bank of America Gen'l Ckg	
Bill	12/08/2021	33190		Office chair for Executive Assistant	6036 - Minor Office Furniture	355.58
TOTAL						355.58
Bill Pmt -Check	12/14/2021	23256	ACWA JOINT POWERS INSURANCE AUTHORITY	0678300	1012 - Bank of America Gen'l Ckg	
Bill	12/09/2021	0678300		Prepayment - January 2022	1409 - Prepaid Life, BAD&D & LTD	301.78
				December 2021	60191 - Life & Disab.Ins Benefits	266.49
TOTAL						568.27
Bill Pmt -Check	12/14/2021	23257	CORELOGIC INFORMATION SOLUTIONS	82110760	1012 - Bank of America Gen'l Ckg	
Bill	11/30/2021	82110760		November 2021	7103.7 - Grdwtr Qual-Computer Svc	62.50
				82110760	7101.4 - Prod Monitor-Computer	62.50
TOTAL						125.00
Bill Pmt -Check	12/14/2021	23258	EGOSCUE LAW GROUP, INC.	Ag Pool Legal Services - November 2021	1012 - Bank of America Gen'l Ckg	
Bill	11/30/2021			November 2021 - General Counsel	8467 - Ag Legal & Technical Services	20,895.50
TOTAL						20,895.50
Bill Pmt -Check	12/14/2021	23259	KESSLER ALAIR INSURANCE SERVICES, INC.	907304	1012 - Bank of America Gen'l Ckg	
Bill	12/08/2021	907304		General liability policy change	6085 - Business Insurance Package	154.88
TOTAL						154.88
Bill Pmt -Check	12/14/2021	23260	LOEB & LOEB LLP	1984669	1012 - Bank of America Gen'l Ckg	
Bill	11/30/2021	1984669		Non-Ag Pool Legal Services - November 2021	8567 - Non-Ag Legal Service	4,189.40
TOTAL						4,189.40
General Journal	12/14/2021	21/12/04	HEALTH EQUITY	Health Equity Invoice 3242963	1012 - Bank of America Gen'l Ckg	
			HEALTH EQUITY	Health Equity Invoice 3242963	1012 - Bank of America Gen'l Ckg	16.86
TOTAL						16.86
General Journal	12/16/2021	12/16/2021	Payroll and Taxes for 11/28/21-12/11/21	Payroll and Taxes for 11/28/21-12/11/21	1012 - Bank of America Gen'l Ckg	
			ADP, LLC	Direct Deposits for 11/28/21-12/11/21	1012 - Bank of America Gen'l Ckg	31,298.30
			ADP, LLC	Payroll and Taxes for 11/28/21-12/11/21	1012 - Bank of America Gen'l Ckg	12,426.94
			ADP, LLC	Checks for 11/28/21-12/11/21	1012 - Bank of America Gen'l Ckg	1,043.47
			MISSIONSQUARE RETIREMENT	457(b) EE Deductions for 11/28/21-12/11/21	1012 - Bank of America Gen'l Ckg	5,855.23
				401(a) EE Deductions for 11/28/21-12/11/21	1012 - Bank of America Gen'l Ckg	1,698.67

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TOTAL						52,322.61
Bill Pmt -Check	12/14/2021	23261	NELSON, ANNA	Employee Reimbursement	1012 - Bank of America Gen'l Ckg	
Bill	12/09/2021			Reimbursement for adimin meeting expenses	6141.3 - Admin Meetings	206.15
				Miscellaneous office supplies	6031.7 - Other Office Supplies	80.77
TOTAL						286.92
Bill Pmt -Check	12/16/2021	23262	APPLEONE	01-6133192	1012 - Bank of America Gen'l Ckg	
Bill	12/08/2021	01-6133192		Brian Summers	6017.2 - Office Specialist Services	1,260.80
TOTAL						1,260.80
Bill Pmt -Check	12/16/2021	23263	FIRST LEGAL NETWORK LLC	40055401	1012 - Bank of America Gen'l Ckg	
Bill	11/30/2021	40055401		Court filings for November 2021	6061.5 - Court Filing Services	361.68
TOTAL						361.68
Bill Pmt -Check	12/16/2021	23264	JOHN J. SCHATZ	AP Legal Services - October 2021	1012 - Bank of America Gen'l Ckg	
Bill	10/31/2021			October 2021	8367 - Legal Service	24,124.00
TOTAL						24,124.00
Bill Pmt -Check	12/16/2021	23265	LEGAL SHIELD	111802	1012 - Bank of America Gen'l Ckg	
Bill	12/15/2021	111802		Employee deductions - December 2021	60194 - Other Employee Insurance	135.50
TOTAL						135.50
Bill Pmt -Check	12/16/2021	23266	EASTVALE DEVELOPMENT CO. - PIERSON	Board and Ag Pool Member Compensation	1012 - Bank of America Gen'l Ckg	
Bill	11/02/2021	11/02 Assess Pkg		11/02/21 Assessment Package Workshop	6311 - Board Member Compensation	125.00
Bill	11/04/2021	11/04 Call w/Chair		11/04/21 Call w/Ag Pool chair	8470 - Ag Meeting Attend -Special	125.00
Bill	11/05/2021	11/05 Call w/Chair		11/05/21 Call w/Ag Pool Chair	8470 - Ag Meeting Attend -Special	125.00
Bill	11/05/2021	11/05 Court Hearing		11/05/21 Court Hearing	6311 - Board Member Compensation	125.00
Bill	11/08/2021	11/08 Special Ag Mtg		11/08/21 Special Ag Pool Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	11/09/2021	11/09 Call w/Chair		11/09/21 Call w/Ag Pool Chair	8470 - Ag Meeting Attend -Special	125.00
Bill	11/09/2021	11/09 Bd Officers		11/09/21 Board Officers Meeting	6311 - Board Member Compensation	125.00
Bill	11/10/2021	11/10 Call w/Hofer		11/10/21 Call with Board Member/Ag Pool Member	8470 - Ag Meeting Attend -Special	125.00
Bill	11/11/2021	11/11 Ag Pool Mtg		11/11/21 Ag Pool Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	11/16/2021	11/16 Board Agenda		11/16/21 Board Agenda checkin	6311 - Board Member Compensation	125.00
Bill	11/18/2021	11/18 Advisory Comm		11/18/21 Advisory Committee Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	11/18/2021	11/18 Call w/Chair		11/18/21 Call w/Ag Pool Chair	8470 - Ag Meeting Attend -Special	125.00
Bill	11/18/2021	11/18 Board Mtg		11/18/21 Board Meeting	6311 - Board Member Compensation	125.00
Bill	11/23/2021	11/23 Call w/Chair		11/23/21 Call w/Ag Pool Chair	8470 - Ag Meeting Attend -Special	125.00
Bill	11/29/2021	11/29 Call w/Chair		11/29/21 Call w/Ag Pool Chair	8470 - Ag Meeting Attend -Special	125.00
Bill	11/30/2021	11/30 Call w/Chair		11/30/21 Call w/Ag Pool Chair	8470 - Ag Meeting Attend -Special	125.00

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Bill	11/30/2021	11/30 DYY Mtg		11/30/21 DYY Meeting	6311 · Board Member Compensation	125.00
TOTAL						2,125.00
<b>Bill Pmt -Check</b>	<b>12/16/2021</b>	<b>23267</b>	<b>ROGERS, PETER</b>	<b>Board Member Compensation</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/16/2021	11/16 Mtg w/AP		11/16/21 Meeting w/AP and Board Chair	6311 · Board Member Compensation	125.00
TOTAL						125.00
<b>Bill Pmt -Check</b>	<b>12/16/2021</b>	<b>23268</b>	<b>SKILLPATH SEMINARS</b>	<b>Seminars</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	12/10/2021	8125801		G. Garcia and R. Favela - All Access Pass	6193 · Employee Training	698.00
Bill	12/10/2021	8125800		J. Wilson and A. Nelson - All Access Pass	6193 · Employee Training	698.00
TOTAL						1,396.00
<b>Bill Pmt -Check</b>	<b>12/16/2021</b>	<b>23269</b>	<b>VERIZON WIRELESS</b>	<b>9894317124</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/30/2021	9894317124		Acct #470810953-00002	6022 · Telephone	387.38
TOTAL						387.38
<b>Bill Pmt -Check</b>	<b>12/16/2021</b>	<b>23270</b>	<b>BROWNSTEIN HYATT FARBER SCHRECK</b>		<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	11/30/2021	870543		870543	6078 · BHFS Legal - Miscellaneous	35,674.65
Bill	11/30/2021	870544		WFH & Telecommuting Policy	6073 · BHFS Legal - Personnel Matters	598.95
Bill	11/30/2021	870545		870545	6275 · BHFS Legal - Advisory Committee	1,237.50
Bill	11/30/2021	870546		870546	6375 · BHFS Legal - Board Meeting	9,048.15
Bill	11/30/2021	870547		870547	8375 · BHFS Legal - Appropriative Pool	1,138.50
Bill	11/30/2021	870548		870548	8475 · BHFS Legal - Agricultural Pool	1,138.50
Bill	11/30/2021	870549		870549	8575 · BHFS Legal - Non-Ag Pool	1,138.50
Bill	11/30/2021	870550		870550	6071 · BHFS Legal - Court Coordination	11,817.00
				Ground Transportation - Tolls	6071 · BHFS Legal - Court Coordination	7.05
Bill	11/30/2021	870551		870551	6072 · BHFS Legal - Rules & Regs	2,721.15
Bill	11/30/2021	870552		870552	6907.47 · 2020 Safe Yield Reset	2,831.85
Bill	11/30/2021	870553		870553	6078.25 · Ely 3 Basin Investigation	579.15
				Filing Fee	6078.25 · Ely 3 Basin Investigation	90.74
TOTAL						68,021.69
<b>Bill Pmt -Check</b>	<b>12/16/2021</b>	<b>ACH 121621</b>	<b>PUBLIC EMPLOYEES' RETIREMENT SYSTEM</b>	<b>Payor #3493</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
General Journal	12/11/2021	12/11/2021	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPERS Retirement for 11/28/21-12/11/21	2000 · Accounts Payable	9,498.42
TOTAL						9,498.42
<b>General Journal</b>	<b>12/17/2021</b>	<b>12/17/2021</b>	<b>ADP Tax Service</b>	<b>ADP Tax Service</b>	<b>1012 · Bank of America Gen'l Ckg</b>	
			ADP, LLC	ADP Tax Service for 11/13/21-594271222	1012 · Bank of America Gen'l Ckg	167.60
			ADP, LLC	ADP Tax Service for 11/27/21-594271222	1012 · Bank of America Gen'l Ckg	155.50
TOTAL						323.10

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**Cash Disbursements For The Month of**  
**December 2021**

Financial Report - B11  
For Informational Purposes Only

Type	Date	Num	Name	Memo	Account	Paid Amount
General Journal	12/20/2021	12/20/2021	Payroll and Taxes for 12/21/21	Payroll and Taxes for 12/21/21	1012 - Bank of America Gen'l Ckg	
			ADP, LLC	Direct Deposits for 12/21/21	1012 - Bank of America Gen'l Ckg	20,504.11
			ADP, LLC	Payroll and Taxes for 12/21/21	1012 - Bank of America Gen'l Ckg	6,679.91
			MISSIONSQUARE RETIREMENT	401(a) EE Deductions for 12/21/21	1012 - Bank of America Gen'l Ckg	896.09
TOTAL						<u>28,080.11</u>
General Journal	12/21/2021	12/21/2021	HEALTH EQUITY	Health Equity Invoice 3257621	1012 - Bank of America Gen'l Ckg	
			HEALTH EQUITY	Health Equity Invoice 3257621	1012 - Bank of America Gen'l Ckg	25.00
TOTAL						<u>25.00</u>
Bill Pmt -Check	12/22/2021	23271	APPLEONE	01-6140268	1012 - Bank of America Gen'l Ckg	
Bill	12/17/2021	01-6140268		Brian Summers	6017.2 - Office Specialist Services	992.88
TOTAL						<u>992.88</u>
Bill Pmt -Check	12/22/2021	23272	CUCAMONGA VALLEY WATER DISTRICT	Office Lease	1012 - Bank of America Gen'l Ckg	
Bill	12/16/2021			Lease payment due January 1, 2022	1422 - Prepaid Rent	7,588.83
TOTAL						<u>7,588.83</u>
Bill Pmt -Check	12/22/2021	23273	FRONTIER COMMUNICATIONS	909-484-3890-050914-5	1012 - Bank of America Gen'l Ckg	
Bill	12/20/2021	90948438900509145		Office fax	6022 - Telephone	166.03
TOTAL						<u>166.03</u>
Bill Pmt -Check	12/22/2021	23274	GREAT AMERICA LEASING CORP.	30677658	1012 - Bank of America Gen'l Ckg	
Bill	12/17/2021	30677658		Invoice for December 2021	6043.1 - Ricoh Lease Fee	1,528.34
				Supply freight fee	6043.2 - Ricoh Usage & Maintenance Fee	8.57
TOTAL						<u>1,536.91</u>
Bill Pmt -Check	12/22/2021	23275	JOHN J. SCHATZ	Appropriative Pool Legal Services	1012 - Bank of America Gen'l Ckg	
Bill	11/30/2021			AP Legal Services - November 2021	8367 - Legal Service	19,880.00
TOTAL						<u>19,880.00</u>
Bill Pmt -Check	12/22/2021	23276	PETTY CASH	2918-2927	1012 - Bank of America Gen'l Ckg	
Bill	12/21/2021	2918-2927		Supplies for staff mtgs.	6141.3 - Admin Meetings	180.52
				Miscellaneous office supplies	6031.7 - Other Office Supplies	231.38
TOTAL						<u>411.90</u>
Bill Pmt -Check	12/22/2021	23277	READY REFRESH	0023230253	1012 - Bank of America Gen'l Ckg	
Bill	12/21/2021	0023230253		Office Water Bottle - Nov./Dec. 2021	6031.7 - Other Office Supplies	96.16
TOTAL						<u>96.16</u>



**CHINO BASIN WATERMASTER**  
**Cash Disbursements For The Month of**  
**December 2021**

Financial Report - B11  
For Informational Purposes Only

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	12/22/2021	23278	STANDARD INSURANCE CO.	Policy # 00-649299-0009	1012 - Bank of America Gen'l Ckg	
Bill	12/21/2021	00642990009		Policy # 00-649299-0009	60191 - Life & Disab.Ins Benefits	903.95
TOTAL						903.95
Bill Pmt -Check	12/22/2021	23279	STAULA, MARY L	Retiree Medical	1012 - Bank of America Gen'l Ckg	
Bill	12/31/2021			Retiree Medical	60182.4 - Retiree Medical	19.24
TOTAL						19.24
Bill Pmt -Check	12/22/2021	23280	VERIZON WIRELESS	9894957436	1012 - Bank of America Gen'l Ckg	
Bill	12/21/2021	9894957436		Acct #642073270-00002	7103.7 - Grdwtr Qual-Computer Svc	58.03
TOTAL						58.03
General Journal	12/25/2021	12/25/2021	Payroll and Taxes for 12/12/21-12/25/21	Payroll and Taxes for 12/12/21-12/25/21	1012 - Bank of America Gen'l Ckg	
				Direct Deposits for 12/12/21-12/25/21	1012 - Bank of America Gen'l Ckg	31,638.26
				Payroll and Taxes for 12/12/21-12/25/21	1012 - Bank of America Gen'l Ckg	11,744.30
			MISSIONSQUARE RETIREMENT	457(b) EE Deductions for 12/12/21-12/25/21	1012 - Bank of America Gen'l Ckg	5,855.23
			MISSIONSQUARE RETIREMENT	401(a) EE Deductions for 12/12/21-12/25/21	1012 - Bank of America Gen'l Ckg	1,698.67
TOTAL						50,936.46
General Journal	12/27/2021	12/27/2021	HEALTH EQUITY	Health Equity Invoice 3199808	1012 - Bank of America Gen'l Ckg	
			HEALTH EQUITY	Health Equity Invoice 3199808	1012 - Bank of America Gen'l Ckg	81.50
TOTAL						81.50
Bill Pmt -Check	12/28/2021	ACH 122821	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	
Bill	12/01/2021	16631105		Annual Unfunded Accrued Liability-Plan 3299	60180 - Employers PERS Expense	8,989.42
TOTAL						8,989.42
General Journal	12/28/2021	12/28/2021	HEALTH EQUITY	Health Equity Invoice 3280399	1012 - Bank of America Gen'l Ckg	
			HEALTH EQUITY	Health Equity Invoice 3280399	1012 - Bank of America Gen'l Ckg	17.66
TOTAL						17.66
Bill Pmt -Check	12/31/2021	ACH 123121	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	
General Journal	12/21/2021	12/21/2021	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPERS Retirement for 12/21/21	2000 - Accounts Payable	3,280.25
General Journal	12/25/2021	12/25/2021	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPERS Retirement for 12/12/21-12/25/21	2000 - Accounts Payable	8,364.54
TOTAL						11,644.79
<b>Total Disbursements:</b>						<b>1,108,385.57</b>

# **CHINO BASIN WATERMASTER**

## **II. CONSENT CALENDAR**

### **C. CHINO BASIN WATERMASTER INVESTMENT POLICY**

**RESOLUTION 2022-01**

**RESOLUTION OF THE CHINO BASIN WATERMASTER,  
SAN BERNARDINO COUNTY, CALIFORNIA,  
ESTABLISHING  
A WATERMASTER INVESTMENT POLICY**

**WHEREAS**, the normal and prudent operation of the Watermaster's daily business generates cash balances, operating and fund reserves; and

**WHEREAS**, the cash management system is designed to accurately monitor and forecast expenditures and revenues on behalf of Watermaster, thus enabling the Watermaster to invest funds to the fullest extent possible; and

**WHEREAS**, the cash funds are to be placed in investments authorized for public agencies of the State of California (Judgment Paragraph 23); and

**WHEREAS**, Watermaster deems it to be in the best interests of the parties to the Judgment to delegate the authority to invest and reinvest the funds of Watermaster to the Watermaster General Manager subject to the provisions of its Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.

**WHEREAS**, it is the Watermaster's policy to annually review, update, and adopt an investment policy;

**NOW, THEREFORE, BE IT RESOLVED**, by the Chino Basin Watermaster that:

- Section 1. The Chino Basin Watermaster 2022 Investment Policy, as attached, is adopted.
- Section 2. The authority to invest and reinvest funds of Watermaster is hereby delegated to the Watermaster General Manager (and his/her designees) subject to the provisions of said Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.
- Section 3. This resolution shall take effect from and after its date of adoption and Resolution 2021-01 is rescinded in its entirety.

**ADOPTED** by the Watermaster Board on this 27<sup>th</sup> day of January 2022.

APPROVED:

By: \_\_\_\_\_  
Chair, Watermaster Board

ATTEST:

By: \_\_\_\_\_  
Board Secretary/Treasurer  
Chino Basin Watermaster

STATE OF CALIFORNIA            )  
  ) ss  
COUNTY OF SAN BERNARDINO )

I, \_\_\_\_\_, Secretary/Treasurer of the Chino Basin Watermaster, DO  
HEREBY CERTIFY that the foregoing Resolution being No. 2022-01, was adopted at a regular meeting of  
the Chino Basin Watermaster Board on January 27, 2022 by the following vote:

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

CHINO BASIN WATERMASTER

\_\_\_\_\_  
Watermaster Secretary/Treasurer

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

## CHINO BASIN WATERMASTER

### 2022 INVESTMENT POLICY

#### 1.0 POLICY

**WHEREAS;** the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and

**WHEREAS;** the legislative body of a local agency may invest monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5922 and 53601 et seq.; and

**WHEREAS;** the General Manager ("GM") of the Chino Basin Watermaster ("Watermaster") shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the Board of Directors at a public meeting;

**NOW THEREFORE,** it shall be the policy of the Watermaster to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Watermaster and conforming to all statutes and judgments governing the investment of Watermaster funds.

#### 2.0 SCOPE

This investment policy applies to all financial assets of the Watermaster. These funds are accounted for in the annual Watermaster audit.

#### 3.0 PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Watermaster, which persons of prudence, discretion, and intelligence, exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard California Government Code (53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers (the GM and his/her designees) acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

#### **4.0 OBJECTIVES**

When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the Watermaster shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the Watermaster to meet all operating requirements which might be reasonably anticipated.

3. Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

#### **5.0 DELEGATION OF AUTHORITY**

Authority to manage the investment program is derived from the Restated Judgment Paragraph 23, and from California Government Code 53600, et seq. Management responsibility for the investment program is hereby delegated to the Advisory Committee, who, with the GM, shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts, as appropriate. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions, such as the Chief Financial Officer. No person may engage in an investment transaction except as provided under the terms of this policy and pursuant to Watermaster rules and regulations 2.16, derived from the Restated Judgment, Paragraph 23. The Board shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Under the provisions of California Government Code 53600.3, the GM is a trustee and a fiduciary subject to the prudent investor standard.

#### **6.0 ETHICS AND CONFLICTS OF INTEREST**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

#### **7.0 AUTHORIZED AND SUITABLE INVESTMENTS**

The Watermaster is empowered by California Government Code 53601 et seq. to invest

in the following:

1. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association, or a federal association (as defined by Section 5102 of the Financial Code), or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed \$500,000 in any one Bank at a time.
2. Local Agency Investment Fund (LAIF) in Sacramento, CA.
3. Investment Trust of California (CalTRUST).

Such investments shall be limited to securities that at the time of the investment have a term remaining to maturity of five years or less, or as provided above.

### **8.0 COLLATERALIZATION**

All certificates of deposit must be collateralized. Collateral must be held by a third-party trustee and valued on a monthly basis.

### **9.0 DIVERSIFICATION**

The Watermaster will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

### **10.0 REPORTING**

The Watermaster Chief Financial Officer shall prepare Monthly Investment Reports which reflect investment transactions for review by the Pool Committees and the Advisory Committee prior to presentation to the Watermaster Board at its next regularly scheduled meeting.

Following formats used in prior years, said Investment Report will reflect the following information:

- a. Funds held in each Bank at the beginning and ending of the reporting period; and
- b. Investments deposited and/or redeemed by type and by Bank (including interest rates, days invested and maturity yield rates) during the reporting period; and
- c. Investments outstanding at the close of the reporting period (including interest rates, days invested and maturity date); and
- d. Elements effecting the change in Watermaster's cash position; and

- e. A statement signed by the Chief Financial Officer as to the ability of the cash on hand to meet foreseen expenditures during the next six months.

**11.0 INVESTMENT POLICY ADOPTION**

The Investment Policy shall be adopted by resolution of the Watermaster on an annual basis. The Policy Statement will be reviewed by each Pool Committee. Should any Pool Committee recommend revisions to the Policy Statement, it shall be amended prior to presentation to the Advisory Committee for its review and comment. If necessary, the Policy Statement will be further amended to reflect the comments of the Advisory Committee. The final Policy Statement will then be presented to the Watermaster Board for adoption at the next regularly scheduled meeting.



# **CHINO BASIN WATERMASTER**

## **II. CONSENT CALENDAR**

### **D. LOCAL AGENCY INVESTMENT FUND**

**RESOLUTION 2022-02  
OF THE  
CHINO BASIN WATERMATER**

**AUTHORIZING INVESTMENT OF MONIES  
IN THE LOCAL AGENCY INVESTMENT FUND**

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

**WHEREAS**, the Chino Basin Watermaster was appointed on January 27, 1978, under San Bernardino Superior Court Case No. RCV RS51010 (formerly Case No. SCV164327) entitled Chino Basin Municipal Water District V. City of Chino, et al., with powers to authorize the investment or deposit of surplus funds pursuant to the California Government Code, Section 53600; and

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

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

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

_____	<u>Board Chair</u>	_____
(NAME)	(TITLE)	(SIGNATURE)
_____	<u>Board Vice-Chair</u>	_____
(NAME)	(TITLE)	(SIGNATURE)
_____	<u>Board Secretary/Treasurer</u>	_____
(NAME)	(TITLE)	(SIGNATURE)
<u>Peter Kavounas</u>	<u>General Manager</u>	_____
(NAME)	(TITLE)	(SIGNATURE)
<u>Joseph S. Joswiak</u>	<u>Chief Financial Officer</u>	_____
(NAME)	(TITLE)	(SIGNATURE)

**ADOPTED** by the Watermaster Board on this 27<sup>th</sup> day of January 2022.

APPROVED:

By: \_\_\_\_\_  
Chair, Watermaster Board

ATTEST:

By: \_\_\_\_\_  
Board Secretary/Treasurer  
Chino Basin Watermaster

STATE OF CALIFORNIA                    )  
  ) ss  
COUNTY OF SAN BERNARDINO        )

I, \_\_\_\_\_, Secretary/Treasurer of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 2022-02, was adopted at a regular meeting of the Chino Basin Watermaster Board on January 27, 2022 by the following vote:

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

CHINO BASIN WATERMASTER

\_\_\_\_\_  
Watermaster Secretary/Treasurer

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

# **CHINO BASIN WATERMASTER**

## **II. CONSENT CALENDAR**

**E. CHINO BASIN WATERMASTER 44<sup>th</sup> ANNUAL REPORT  
(FISCAL YEAR 2020/21)**



# CHINO BASIN WATERMASTER

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

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**PETER KAVOUNAS, P.E.**  
General Manager

## STAFF REPORT

DATE: January 27, 2022

TO: Board Members

SUBJECT: 44th Annual Report (Fiscal Year 2020/21) (Consent Calendar Item II.E.)

### SUMMARY:

Issue: Watermaster is required annually to file an Annual Report with the Court by January 31<sup>st</sup>. The 44th Annual Report (Fiscal Year 2020/21) has been drafted.

Recommendation: Adopt the 44th Annual Report, along with filing a copy with the Court, subject to any necessary non-substantive changes.

Financial Impact: The costs of preparing the Annual Report and filing it with the Court are included in the Watermaster budget as a cost of compliance with the Restated Judgment.

### Future Consideration

**Watermaster Board – January 27, 2022:** Adopt [Within WM Duties and Powers]

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### ACTIONS:

**Appropriative Pool – January 13, 2022:** Unanimously recommended Advisory Approval

**Non-Agricultural Pool – January 13, 2022:** Unanimously recommended its representatives to support at Advisory Committee and Watermaster Board subject to changes they deem necessary

**Agricultural Pool – January 13, 2022:** Unanimously recommended Advisory Approval

**Advisory Committee – January 20, 2022:** Unanimously recommended Board Approval

**Watermaster Board – January 27, 2022:**

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court, and to develop and implement an Optimum Basin Management Program*

## BACKGROUND

Paragraph 48 of the Restated Judgment requires that Watermaster file an Annual Report with the Court by January 31<sup>st</sup> each year. The Restated Judgment states that the Report shall apply to the preceding fiscal years' operation, contain details as to operation of the Pools, contain a certified audit of assessments and expenditures pursuant to this Physical Solution, and a review of Watermaster activity.

## DISCUSSION

The 44th Annual Report covering fiscal year 2020/21 has been drafted. The report summarizes Watermaster's activities during the fiscal year and includes the Assessment Package and the annual audit. Once adopted by the Board, the Annual Report will be filed with the Court.

At the January 13, 2022 Pool meetings, the Annual Report was unanimously recommended to the Advisory Committee. At the January 20, 2022 Advisory Committee meeting, the Annual Report was unanimously recommended to the Board for approval and filing with the Court.

## ATTACHMENTS

1. Final Draft of the CBWM 44th Annual Report (Fiscal Year 2020/21)  
Click on the link below to access:  
[https://cbwm.syncedtool.com/shares/folder/PaauzoQapiZ/?folder\\_id=97120874](https://cbwm.syncedtool.com/shares/folder/PaauzoQapiZ/?folder_id=97120874)



CHINO BASIN WATERMASTER  
**44<sup>TH</sup> ANNUAL  
REPORT**  
FISCAL YEAR 2020-21

DRAFT

SUPPORTING MORE THAN FOUR DECADES OF  
PARTNERSHIPS AND SOLUTIONS FOR A SUSTAINABLE FUTURE

# ADJUDICATION MILESTONES

# CBWM HAS HELPED ENSURE BASIN WATER SUPPLIES FOR DECADES

## 1970s

Conflicts over water threaten supply reliability, water quality, and the regional economy. In 1973 a pump tax is enacted to raise money to implement recharge projects.

## 1978

Chino Basin is adjudicated, and the Chino Basin Municipal Water District Board is appointed as Watermaster. Planning and funding are initiated to manage the Basin.

## 1998

The nine-member Watermaster Board is created and tasked with developing the Optimum Basin Management Program (OBMP).

## 1999

The OBMP is developed with stakeholder input, providing a detailed blueprint to ensure a reliable water supply and protect and enhance water quality.

## 2000

Stakeholders enter into the Peace Agreement, advancing the OBMP Implementation Plan. Basin monitoring begins in earnest, as does the first Desalter expansion.

## 2002

The Recharge Master Plan implementation and funding agreement advances the \$40 million Chino Basin Facilities Project, securing grant funding for approximately half the cost.

## 2004

The Regional Water Quality Control Board (RWQCB) adopts the Max Benefit Salinity Management Program, enabling implementation of a massive recycled water and supplemental water recharge program, and desalter expansion to achieve hydraulic control.

## 2007

Stakeholders enter into the Peace II Agreement for a second Desalter expansion to meet the Maximum Benefit commitments, securing tens of millions in grant funding and hundreds of millions in cost savings and benefits.

## 2013

The 2010 Recharge Master Plan Update (RMPU) is updated to reflect water providers' revised Urban Water Management Plans (2013 Amendment), forming the foundation for cost-effective recharge using storm, imported, and recycled water to improve water quality and ensure reliable supply. Recharge improvement projects are agreed to and begin.

## 2016

Pumping at the Chino Desalter Authority desalter wells continues to increase and hydraulic control is demonstrated. Desalter expansion continues.

## 2018

January marks the 40th anniversary of the Chino Basin Judgment. Appeals to the first Safe Yield Reset Court Order conclude, and the first Safe Yield Reset is adopted effective 2011; Safe Yield is set at 135,000 acre-feet per year (afy).

## 2020

The 2020 OBMP is developed with stakeholder input and adopted by the Board, updating the 20-year-old document. The Court orders a second Safe Yield Reset, setting the Safe Yield at 131,000 afy effective 2021.

## 2021

The Court approves an expansion of the current Storage Management Plan from 500,000 acre-feet to 700,000 acre-feet until 2030.



## A Message from Chino Basin Watermaster

**Despite a Two-Decade Dry Period, the Basin Continues to Provide Adequate Water.** Our region is in the midst of a severe drought, with rainfall last year a mere one-third of average, and with the last two decades being below average. In addition, we face competition for limited imported supplies, and must manage complex state and federal environmental, legal, and regulatory requirements.

Nonetheless, we have succeeded in providing adequate water supplies due to decades of excellent water management by the Parties, Inland Empire Utilities Agency (IEUA), Watermaster, and others within our Basin. Despite the wide range of interests represented—including small communities, large cities, and agricultural, urban, and industrial users—Watermaster and the Parties continue to collaborate effectively.

**The Highlight of This Year's Work Was the Approval of the 2020 OBMP.** This update follows 20 years of achievements under the original 2000 OBMP. The 2020 update of this central master planning document will guide us for the next 20 years.

**Additionally, We Were Successful in the Approval of the Local Storage Limitation Solution,** which provides for the long-term storage the Parties need to meet water demand across the Basin.

Of course, Watermaster also completed a wide range of other water supply and quality actions, as described in this report.

I remain confident that we will continue to build on the excellent work of the past and effectively respond to current and future challenges. This confidence is born of past success and the continuing collaboration of Watermaster and the many Parties and stakeholders in the Basin.

**Peter Kavounas, PE**  
**General Manager, Chino Basin Watermaster**

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**1999 THROUGH 2021 REPRESENTS A 22-YEAR DRY PERIOD PUNCTUATED BY JUST SIX WET YEARS. YET WE HAVE ADEQUATE WATER SUPPLIES, THANKS TO OUR LONG-TERM WATER MANAGEMENT.**

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PARTNERS IN BASIN MANAGEMENT



# 2020 OBMP APPROVED: FIRST TASK IS STORAGE MANAGEMENT

The OBMP is the master planning document for Watermaster's basin management activities to protect and enhance the groundwater quality and quantity. In 2020, Watermaster updated the OBMP for the first time since its development in 2000. While the goals of the 2020 OBMP remain the same as in 2000, the implementation plan will need to be updated by the Parties to reflect current needs.

## 2020 OBMP REPORT APPROVED

### THIS CENTRAL DOCUMENT WILL GUIDE WATERMASTER FOR THE COMING DECADES

In August and September 2020, a series of workshops were held to discuss the direction of the OBMPU. The Parties provided additional comments on the 2020 OBMP, which Watermaster responded to before incorporating them into the updated Plan. The Watermaster Board adopted the final 2020 OBMP Update Report on October 22, 2020. The 2000 OBMP guided Watermaster for 20 years and the updated 2020 OBMP should continue to guide it for another 20.

**IMPLEMENTATION OF THE OBMP TO DATE HAS PROVIDED APPROXIMATELY \$300 MILLION IN NET BENEFITS TO THE PARTIES, SUCH AS CREATING NEW STORAGE, CAPTURING RECYCLED WATER, AND ADDRESSING LAND SUBSIDENCE.**



### 2020 OBMP ELEMENTS REMAIN UNCHANGED

The updated plan retains the initial nine Program Elements of the 2000 OBMP while addressing evolving water management issues and challenges.

- 1) Monitoring Program
- 2) Recharge Program
- 3) Supply for Impaired Areas
- 4) Subsidence Management
- 5) Regional Supplemental Water Program
- 6) Cooperative Programs with Water Quality Regulators
- 7) Salt Nutrient Management Plan
- 8) Storage Management Plan
- 9) Storage and Recovery Programs

## IMPLEMENTATION PLANNING BEGINS TO MAKE 2020 OBMP ACTIONABLE

**Parties Set Initial Focus for OBMP Implementation.** Watermaster and IEUA held eight listening sessions on the OBMP Update and four workshops on storage. The Parties agreed that the immediate focus for 2020 OBMP implementation would be storage management and the Local Storage Limitation Solution. The Parties agreed to evaluate local storage, perform the environmental review, and complete a "Storage Implementation Plan Agreement" by June 30, 2021. All other 2020 OBMP implementation actions are deferred for the time being.

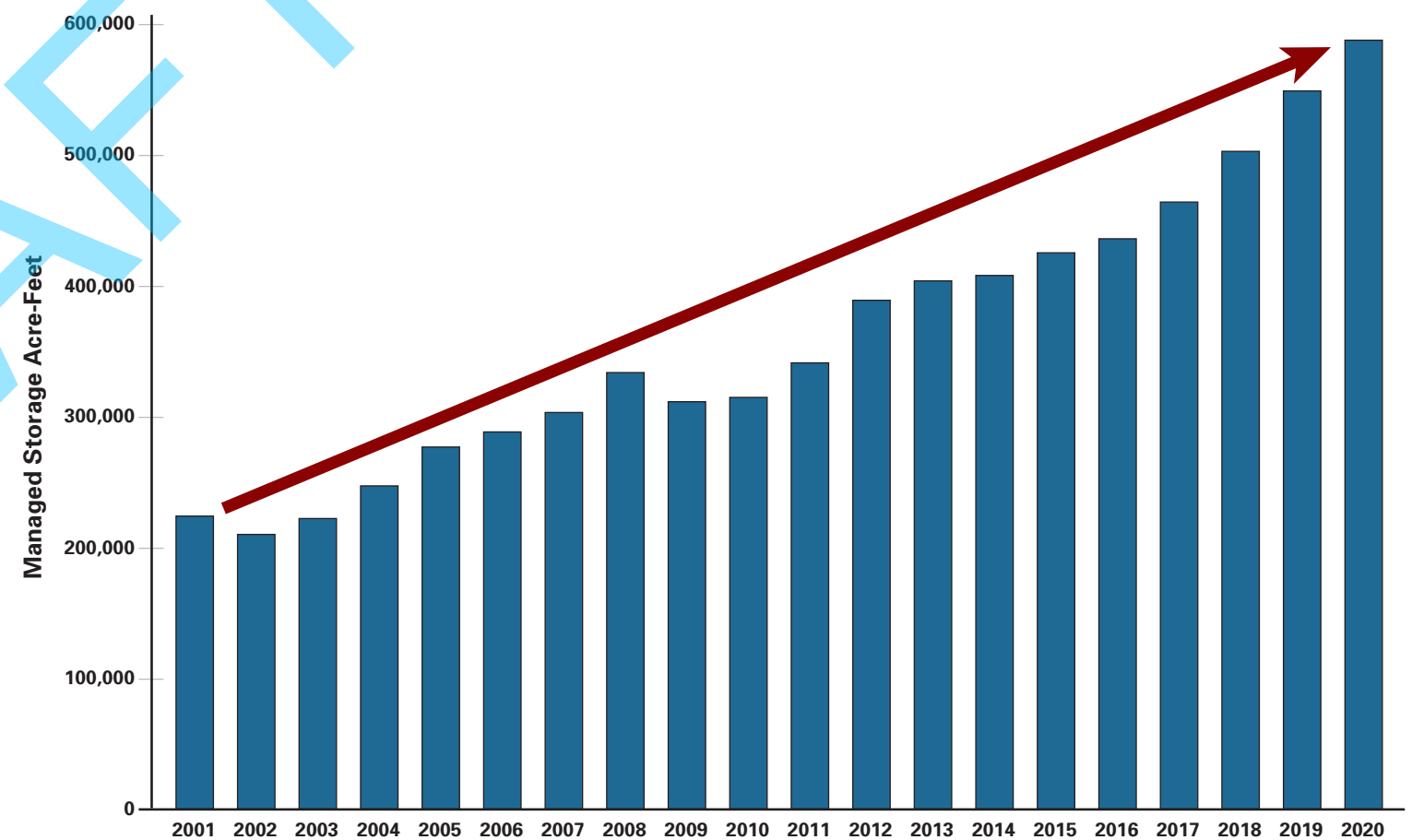
## OTHER ACTIONS NEEDED TO MAKE THE 2020 OBMP ACTIONABLE

### UPDATE THE MANAGEMENT AGREEMENTS AND UNDERTAKE FOCUSED ENVIRONMENTAL PROCESSES

**Programmatic California Environmental Quality Act (CEQA) Complete but Project-Level Analysis May Be Needed.** CEQA documentation is complete at the program level for the entire OBMP. As individual projects begin, additional project-level environmental documentation will be developed as needed.

**Management Agreements Updates Initiated.** A number of related agreements will need to be updated to reflect changes in the OBMP and the Implementation Plan as it evolves. In 2020–21, Watermaster began working with the Parties to draft the Peace Agreement Amendment for the Local Storage Limitation Solution.

### Managed Storage Has Been Steadily Increasing Over Time



The amount of water in managed storage accounts has grown steadily for the past 20 years and the amount permitted to be safely stored has recently increased to accommodate future increases. These actions are due to successful collaboration between the Watermaster Parties. Through their efforts, Watermaster and the Parties are maximizing the Basin's capacity to store water and meet long-term water supply needs.

# BASIN STORAGE CAPACITY INCREASED IN A WIN FOR ALL PARTIES

In 2016, the Parties' projections indicated that they expected to exceed the 500,000 acre-feet of storage permitted in Program Element 8 of the 2000 OBMP. In 2017, Watermaster began a series of technical studies enabling updates to the Peace Agreement and OBMP, making possible the recent increase to 700,000 acre-feet of storage.

## “LOCAL STORAGE LIMITATION SOLUTION” PROVIDES CERTAINTY FOR PARTIES

### BACKGROUND: ACTIONS SINCE 2017 MAKE LOCAL STORAGE LIMITATION SOLUTION POSSIBLE

For the past 20 years, Watermaster has managed groundwater storage according to the 2000 OBMP and under the Peace Agreement rules that established a Safe Storage Capacity of 500,000 acre-feet.

Beginning in 2017, Watermaster worked closely with the Parties and IEUA on studies and actions to clear the way for temporary storage increases — and ultimately, a long-term Local Storage Limitation Solution.

- **Environmental Analysis.** In 2017, Watermaster and IEUA conducted an environmental analysis to assess the possibility of increasing Safe Storage Capacity.
- **Temporary Capacity Increase.** In 2017, Watermaster and IEUA conducted the analysis needed to temporarily increase Safe Storage Capacity to 600,000 acre-feet from July 1, 2017, through June 30, 2021. Addendum No. 1 to the OBMP Environmental Impact Report (EIR) allowed up to 600,000 acre-feet of storage until June 2021.
- **Storage Framework Investigation.** In 2017 and 2018, Watermaster undertook the two-year Storage Framework Investigation to develop a long-term groundwater storage plan and ensure managed storage does not harm the Basin.
- **Storage Management Plan.** In 2019, Watermaster developed a Storage Management Plan to update the analysis and planning from 1999.
- **2020 OBMP.** The Storage Management Plan was prepared through a stakeholder process in parallel with the 2020 OBMP, and folded into Program Elements 8 and 9 of the OBMP process at the end of 2019. The Storage Management Plan outlined methods to analyze Storage and Recovery programs that were applied to analyze the Local Storage Limitation Solution.

**THE LOCAL STORAGE LIMITATION SOLUTION SOLVES THE POTENTIAL LOSS OF LOCAL STORAGE DUE TO A LACK OF ENVIRONMENTAL CLEARANCE.**

**CLOSE COLLABORATION WAS REQUIRED OVER FOUR YEARS TO NAVIGATE COMPLEX TECHNICAL, INSTITUTIONAL, REGULATORY, FINANCIAL, AND LEGAL CHALLENGES AND APPROVE THE LOCAL STORAGE LIMITATION SOLUTION.**

### THIS YEAR'S ACTIONS LEADING UP TO THE CAPACITY SOLUTION

Currently, the amount of water in managed storage is close to 600,000 acre-feet. Without the proper environmental review, the Parties would have had to remove stored water to stay below 500,000 acre-feet in June 2021.

**CEQA Analysis for Local Storage Limitation Solution.** Watermaster coordinated the preparation of technical and environmental analyses for an Addendum to the 2000 OBMP EIR to support the Local Storage Limitation Solution. The IEUA Board adopted the Addendum in March 2021 and Watermaster reported its adoption to the Court.

**Increase in Storage Approved.** On May 27, 2021, the Watermaster Board adopted resolution 2021-03, which sets the storage cap at 700,000 acre-feet until June 2030 and at 620,000 acre-feet until June 2035. This resolution was presented to the Court on June 25, 2021, and approved. This is now known as the Local Storage Limitation Solution.

### STORAGE PROGRAMS

#### DRY YEAR YIELD PROGRAM HAS NEARLY 23,000 ACRE-FEET IN STORAGE

The Dry Year Yield program is a collaborative project between Watermaster, IEUA, MWD, and Three Valleys Municipal Water District. It allows MWD to store up to 25,000 acre-feet per year in the Chino Basin (to a maximum of 100,000 acre-feet total) and extract it later. As of June 2021, there is 22,929 acre-feet remaining in the DYY account.

#### CREATIVE NEW APPROACH TO INCREASING RECHARGE TO BE TESTED

A new Managed Aquifer Recharge Project is ready to be tested during the next period of heavy rainfall. This test project is a collaboration between Watermaster, Fontana Water Company, and a private agricultural company. The project involves pumping excess treated water to a vineyard, where it percolates into the soil instead of being dumped downstream. The recharged water is then stored underground for future use.

**THE MAXIMUM BENEFIT PROGRAM HAS MADE IT POSSIBLE TO RECHARGE LARGE AMOUNTS OF RECYCLED WATER, IMPROVING THE WATER SUPPLY ACROSS THE BASIN.**



# 2013 RMPU PROJECTS MOVE TOWARD COMPLETION

The 2013 RMPU is a comprehensive program of recharge projects developed to enhance water supplies and protect and improve water quality in the Basin. The 2013 Amendment evaluated 27 water supply facility projects and approved five.

## 2013 RMPU PROJECT UPDATES

### ALL APPROVED 2013 RMPU PROJECTS ARE CONSTRUCTED OR UNDER CONSTRUCTION

The San Sevaine Basin and Victoria Basin projects have been completed. The remaining three projects are under construction: Lower Day Basin, Wineville/Jurupa/RP3/Force Main, and Montclair Basin.

**2013 RMPU PROJECTS WILL ADD ABOUT 11,850 ACRE-FEET PER YEAR OF STORMWATER AND RECYCLED WATER RECHARGE CAPACITY.**

### SAN SEVAINE PROJECT WINS PRESTIGIOUS AWARDS AND ADDS WATER TO THE BASIN

IEUA implemented the San Sevaine Basin Improvements Project in partnership with Watermaster. It will add about 642 acre-feet of stormwater and 4,100 acre-feet of recycled water per year to the Basin for groundwater recharge. Although it was just completed in January 2021, the project has already attracted attention from engineering organizations. The California Water Environment Association (CWEA) awarded it Engineering Project of the Year, and the San Bernardino-Riverside Branch of the American Society of Civil Engineers recognized the project for sustainable engineering.

### LOWER DAY PROJECT IS NEARING COMPLETION

Construction for the Lower Day Basin Project to increase stormwater diversion and Basin storage is nearing completion, with only minor tasks remaining. Final completion is expected by December 2021.

### CONSTRUCTION TO BEGIN ON LARGE WINEVILLE, JURUPA, RP3 & FORCE MAIN (23A) PROJECT

This year, Watermaster began the 23A Project, the largest 2013 RMPU project, which focuses on improving storage and recharge capacity using pumps and conveyance systems between basins and new diversion structures. Construction permits have been finalized and bidding has begun. Because material costs are higher due to the pandemic, the Parties approved additional funding for this project.

### MONTCLAIR BASIN DESIGN PLANS FINALIZED

Watermaster has finalized the design plans and specifications for Montclair Basin and is obtaining the required permits. Construction should begin in April 2022, following an extended wait for a US Army Corps of Engineers permit.



The Lower Day Improvement Project under construction. The completed project will increase stormwater diversion and Basin storage.

## LOW-INTEREST LOANS AND GRANTS LOWER THE COST OF RECHARGE WATER

**Loan Terms Changed to Maintain Future Financial Flexibility.** IEUA secured \$15.3 million in grant funding and low-interest loans for the 2013 RMPU projects. In 2020 and early 2021, Watermaster facilitated the Appropriative Pool Parties' review of a proposed refinancing. This was done because the State Water Resources Control Board changed the prepayment provisions in ways that could reduce Watermaster's ability to fund or refinance these loans in the future. A 20-year loan term for State Revolving Fund financing was selected. This significantly reduced the amount Parties pay each year. It also preserved IEUA's borrowing capacity.

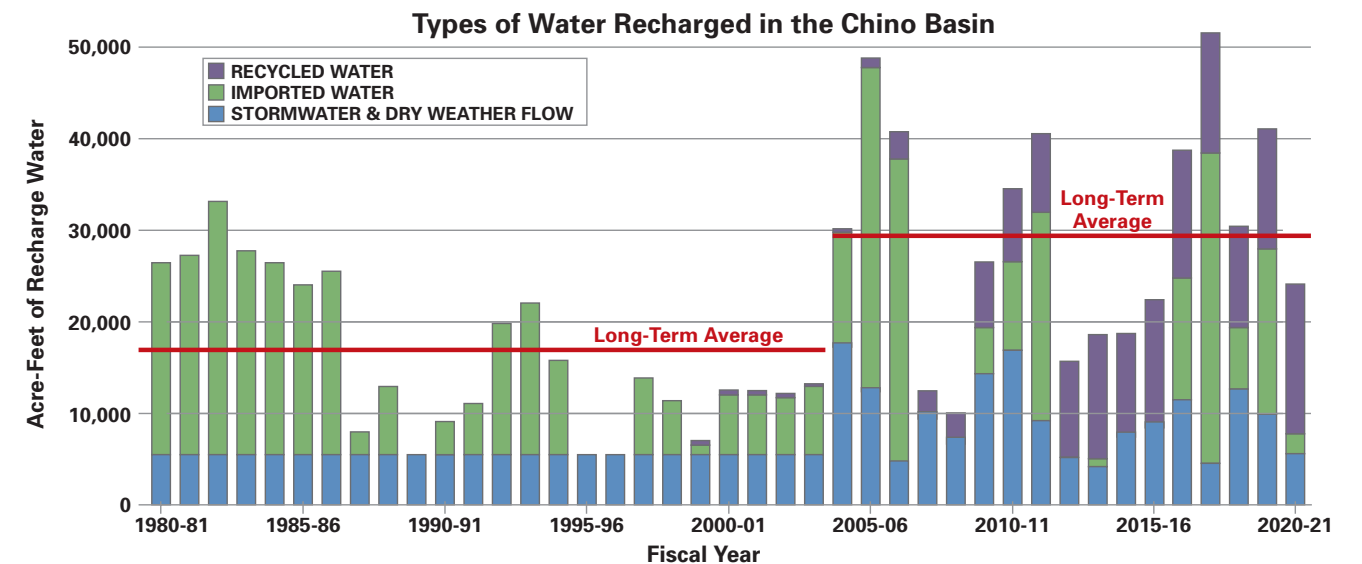
**GRANTS WILL COVER OVER HALF OF THE \$28.9 MILLION COST OF THE 2013 RMPU PROGRAM. LOW-INTEREST LOANS WILL COVER MOST OF THE REMAINING COSTS.**

## NEW ACCESS TO THE CHINO VALLEY MODEL BENEFITS STAKEHOLDERS

The Chino Valley Model (CVM) is a powerful tool that helps Watermaster fulfill its obligations and goals. For example, analysis from the CVM and its predecessors has contributed to achieving hydraulic control, developing the safe yield recalculation, increasing the use of Basin storage capacity, and more.

**New Access Aids Parties and Increases Transparency.** Parties have requested specific analyses from the CVM and information regarding its data and structure. In October 2020, Watermaster adopted resolution 2020-05, establishing a data portal, procedures, and a fee schedule for accessing information and documents related to the CVM. This access increases Watermaster's transparency with stakeholders.

**The Groundwater Model and Its Use.** The Chino Valley Model is custom software developed for and by Watermaster. Using extensive data on groundwater levels, flows, contamination, and more, the model is calibrated to predict groundwater levels, simulate how water flows in the Basin, and answer questions the Parties and Watermaster have about the Basin.



**Recharge Continues to Grow.** Chino Basin Watermaster and its partners began expanding recharge capacity in the Basin in 2004-05. Before that time, long-term average recharge was about 17,000 acre-feet per year. Since then, recharge has almost doubled to an average of about 30,000 acre-feet per year.

**WATERMASTER AND IEUA HAVE SUFFICIENT RECHARGE CAPACITY AVAILABLE TO MEET ALL RECHARGE AND REPLENISHMENT OBLIGATIONS THROUGH 2050.**

# NUMEROUS PROJECTS ARE HELPING TO ACHIEVE A SUSTAINABLE, HIGH-QUALITY WATER SUPPLY

Watermaster carries out a wide range of projects under the OBMP and other plans to meet water users' water supply and quality needs and safeguard the environment throughout the Basin.

## ONGOING MONITORING AT THE PRADO BASIN CONTINUES TO DETECT NO IMPACTS

The Prado Basin Habitat Sustainability Program (PBHSP) ensures that Peace II Agreement implementation does not cause adverse impacts to the local riparian habitat.

The Peace II Subsequent Environmental Impact Report established the Prado Basin Habitat Sustainability Committee (PBHSC) to develop and implement an Adaptive Management Plan. The committee includes Watermaster, IEUA, and the OCWD, and is open to all interested participants.

Fifth annual report recommends no mitigation measures at this time. This year, Watermaster gathered and evaluated extensive vegetation, groundwater, surface water, and climate monitoring data; prepared and presented the fifth annual report; conducted two PBHSC meetings; and facilitated preparation and approval of the PBHSP budget. Changes were observed in the groundwater levels in the upper reach of Mill Creek and in the riparian vegetation at the MC-3 area, but no mitigation measures are needed. Continued monitoring, analysis, and reporting are recommended, focusing on the two areas where notable changes were observed.

## CONTINUED MONITORING AND MANAGEMENT OF GROUND LEVEL SUBSIDENCE

Watermaster conducts the annual Ground Level Monitoring Program (GLMP) to minimize or eliminate land subsidence caused by use of the groundwater basin. Annual GLMP monitoring began in 2007 following adoption of the initial Subsidence Management Plan.

The conclusions of this year's GLMP are consistent with previous years. Subsidence is being successfully managed in the MZ-1 area, with very little permanent land subsidence. A work plan to deal with land subsidence in Northwest MZ-1 is being implemented.

## PROTECTING ACCESS TO MONITORING WELLS

Many of Watermaster's monitoring wells are owned by other parties. This year, Watermaster coordinated with the City of Ontario to transfer monitoring wells to Watermaster, enabling continued use of monitoring wells that otherwise would have been destroyed.

### SUBSIDENCE MANAGEMENT PLAN ACTIVITIES

- Began drafting the 2019–20 Annual Report.
- Continued high-resolution water level monitoring at wells; inspected and repaired equipment; collected, checked, and analyzed data to assess the functionality of the monitoring equipment.
- Performed maintenance, data collection, and verification at each extensometer facility.

### MZ-1 WORK PLAN ACTIVITIES

- Installed, tested, and calibrated the Pomona Extensometer facility (PX) monitoring and logging components. Began collecting depth-specific hydraulic head and aquifer-system deformation data at PX.
- Updated and re-calibrated the one-dimensional compaction model at MVWD-28 and constructed and calibrated a one-dimensional compaction model at PX. Both models will be used to simulate subsidence and evaluate strategies to mitigate subsidence.

## EXTENSIVE MONITORING SUPPORTS ALL WATER SUPPLY AND QUALITY PROGRAMS

### SUMMARY OF WATERMASTER'S EXTENSIVE MONITORING PROGRAMS

Surface Water Monitoring at 18 locations

Groundwater Level Monitoring at 1,200 wells

Ground-Level Monitoring at 190 sites

Groundwater Production Monitoring at 481 wells

Groundwater Quality Monitoring at 910 wells

Groundwater Recharge Monitoring with 365 samples taken

Prado Basin Vegetation Monitoring Data Via Satellites going back 40 years

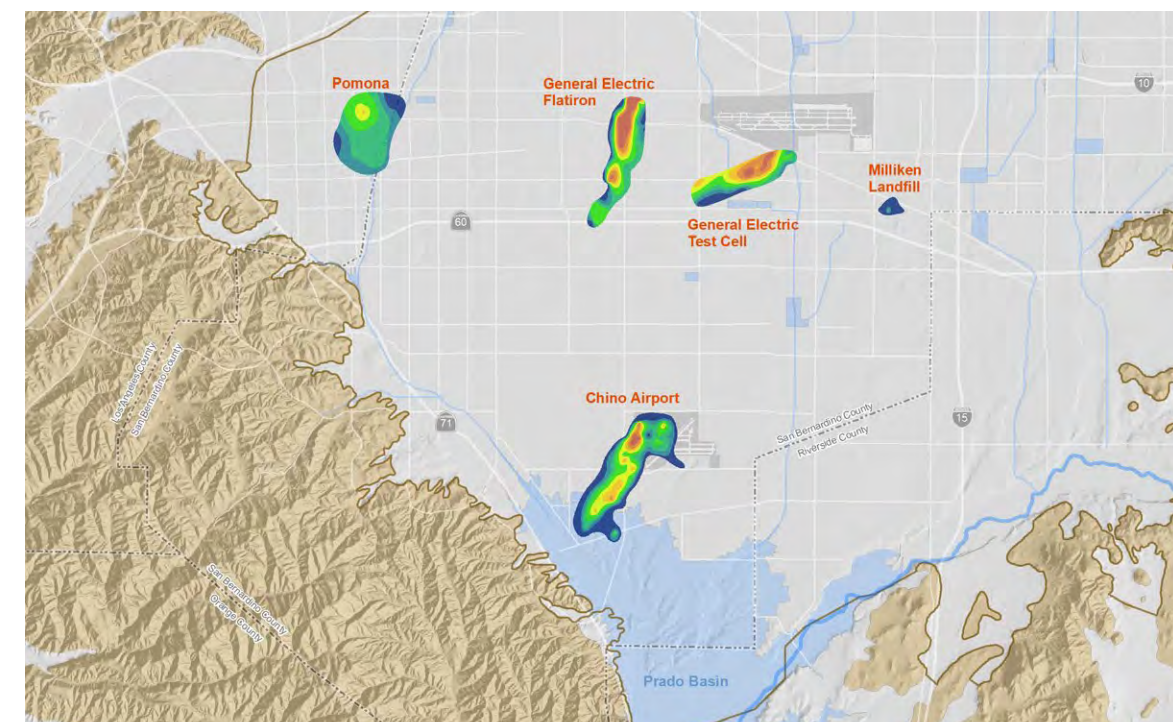
**WATERMASTER PERFORMS MONITORING AT MORE THAN 1,200 LOCATIONS ACROSS THE BASIN. THE INFORMATION IS ENTERED INTO A SOPHISTICATED RELATIONAL DATABASE AND IS USED TO SUPPORT A WIDE VARIETY OF PROGRAMS AND STUDIES.**

### CHINO DESALTER WELL FIELDS NEARLY COMPLETE

Well II-12 was completed in November 2020—the third in a trio of new wells (II-10, II-11, and II-12) that will provide raw water to the Chino II Desalter, ensuring that the well fields can deliver a total of 40,000 acre-feet per year. A dedicated pipeline to convey groundwater from the three wells should be complete in late 2021, making the project fully operational.

### COMPLETED PERIODIC CHARACTERIZATION OF CONTAMINATION PLUMES

Watermaster completed the most recent characterization of the Chino Airport, GE Test Cell, GE Flatiron, Milliken Landfill, and Pomona VOC contamination plumes. The plumes on the map show generalized illustrations of the estimated spatial extent of volatile organic compounds (VOCs) based on concentrations measured at wells from July 2015 to June 2020.



# SUCCESSFUL BASIN MANAGEMENT REQUIRES ADMINISTRATION, FINANCE & COMMUNICATION

Watermaster's staff invests substantial effort in maintaining efficient and effective operation, administration, and communication. These activities, although mostly behind the scenes, are critical to achieving our mission.

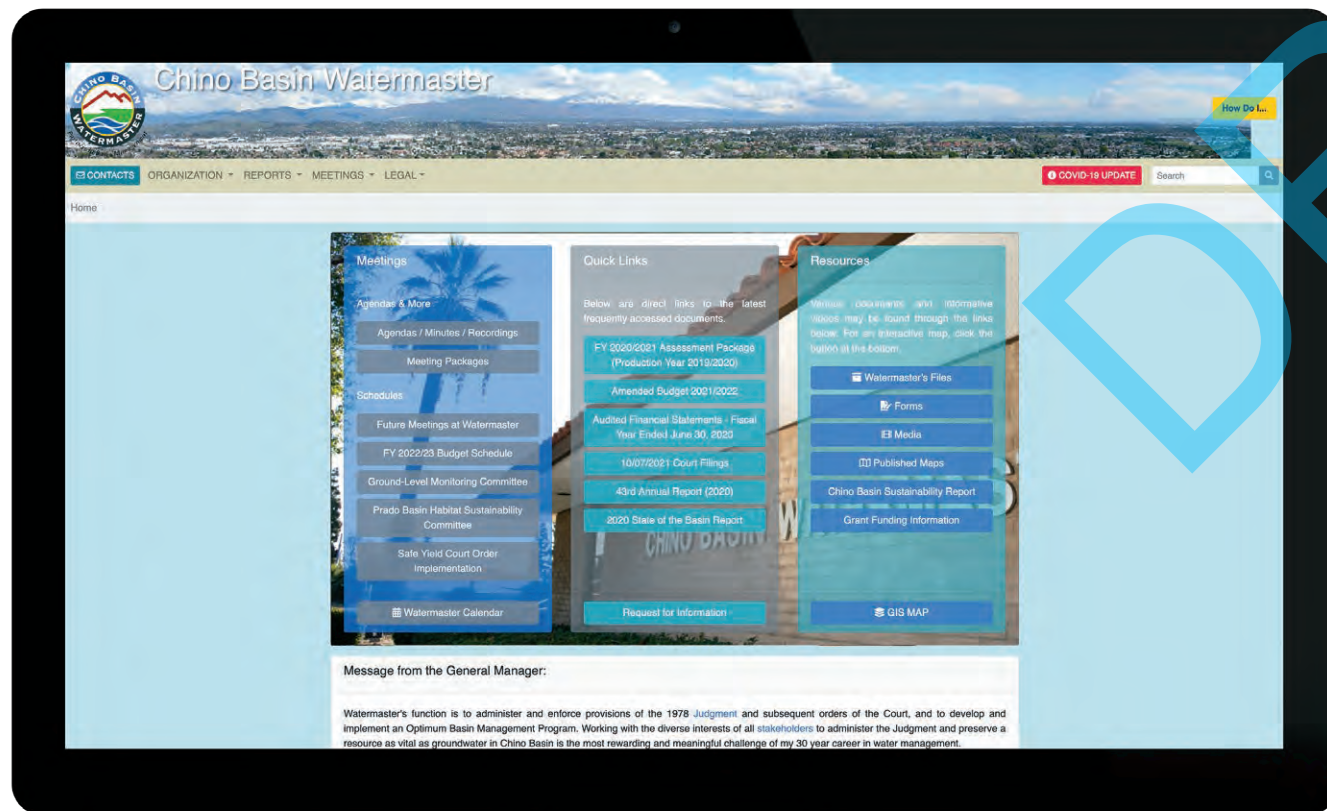
## COMMUNICATION AND ENGAGEMENT

### GENERAL MANAGER REMAINED ENGAGED WITH STAKEHOLDERS THROUGHOUT THE COVID-19 PANDEMIC

- Participated as a panelist in American Ground Water Trust webinar, "Managing Salinity in the Chino Groundwater Basin: A True Regional Partnership."
- Organized Chino Basin Day informational session with RWQCB, IEUA, and CDA.
- Continued outreach to Cucamonga Valley Water District, Ontario, Chino Hills, Fontana Water Company, and others.
- Held regular meetings with IEUA, Western Municipal Water District, and Three Valleys Municipal Water District.
- Ensured a smooth transition of Engineering services from WEI to West Yost.

### UPDATED WEBSITE IS MORE USER-FRIENDLY

In 2019, Watermaster migrated its website from an internal server to a third-party hosting service. The new web host gave staff the tools needed to develop a new website using feedback from various stakeholders. The updated, streamlined, and user-friendly website, built entirely in-house, was launched in February 2021.



## OTHER ACTIONS

### MAINTAINED EFFECTIVENESS DURING PANDEMIC

Watermaster staff worked throughout the COVID-19 pandemic to continue all operations, administration, planning, and support of governance processes.

### EXHIBIT G

Beginning in March 2019, the Court approved an amendment to Exhibit "G," the Non-Agricultural Pool Pooling Plan. This amendment gave the Non-Agricultural Pool the ability to set a price for water sold to the Appropriate Pool members, thereby resolving a complication that arose from a change in the Metropolitan Water District Rate structure. This year there were no Exhibit G transfers.

### COMPLETED ALL REQUIRED REPORTS

Along with the highlighted activities outlined in this report, Watermaster completed numerous required reports that support effective Basin management (Annual Report, semi-annual OBMP status reports, Maximum Benefit Reports, Ground Level Monitoring Committee Reports, SGMA Reports, and annual DWR diversion permit reports.)



A Senior Field Operations Specialist purging a well for water quality sampling.

## MAXIMUM BENEFIT PROGRAM IS KEY TO WIDE-RANGING BENEFITS

### ANNUAL REPORT DEMONSTRATES CONFORMANCE WITH REGIONAL BOARD REQUIREMENTS

The Chino Basin Maximum Benefit Annual Report was completed by Watermaster and IEUA and submitted to the Regional Water Quality Control Board in April 2021, demonstrating compliance with the program requirements.



Hydraulic control is the cornerstone of the Maximum Benefit program that was developed to keep water in the Basin for local use, improve water quality, allow increased recharge of recycled water, protect the Santa Ana River, and save hundreds of millions of dollars in long-term treatment and other costs.

**Watermaster Board**

**Appropriative Pool Representatives**

REPRESENTATIVE	MEMBER ENTITY
<b>James Curatalo</b> , Chair	Fontana Union Water Company
Alternate: <b>Robert DiPrimio</b>	
<b>Peter Rogers</b>	City of Chino Hills
Alternate: <b>Daniel Bobadilla</b>	
<b>Betty Folsom</b>	Jurupa Community Services District
Alternate: <b>Jane Anderson</b>	

**Agricultural Pool Representatives**

REPRESENTATIVE	MEMBER ENTITY
<b>Jeff Pierson</b> , Vice-Chair	Crops
Alternate: <b>Ron Pietersma</b>	Dairy
<b>Paul Hofer</b>	Crops
Alternate: <b>Robert Feenstra</b>	Dairy

**Municipal Water District Representatives**

REPRESENTATIVE	MEMBER ENTITY
<b>Bob Kuhn</b> , Secretary/Treasurer	
Alternate: <b>David De Jesus</b>	Three Valleys Municipal Water District
<b>Steve Elie</b>	Inland Empire Utilities Agency
Alternates: <b>Michael Camacho</b> (Jan–Aug), <b>Marco Tule</b> (Aug.–Dec.)	
<b>Don Galleano</b> (Jan–Jun), <b>Mike Gardner</b> (Jun–Dec)	Western Municipal Water District
Alternates: <b>Mike Gardner</b> (Jan–Jun), <b>Gracie Torres</b> (Jun–Sep) <b>Laura Roughton</b> (Sep–Dec)	

**Non-Agricultural Pool Representatives**

REPRESENTATIVE	MEMBER ENTITY
<b>Bob Bowcock</b>	CalMat Co.
Alternate: <b>Brian Geye</b>	California Speedway Corporation

**Staff**

<b>Peter Kavounas</b> , PE	General Manager
<b>Joseph Joswiak</b> , MBA	Chief Financial Officer
<b>Anna Nelson</b> , CAP, OM, TA	Executive Svcs. Director/Board Clerk
<b>Edgar Tellez Foster</b> , PhD	Water Resources Mgmt. and Planning Dir.
<b>Gabby Garcia</b> (Dec)	Executive Assistant II - Board Clerk
<b>Justin Nakano</b> , MPA	Water Resources Technical Manager
<b>Frank Yoo</b>	Data Services and Judgment Reporting Manager
<b>Janine Wilson</b> , CAP, OM, TA	Senior Accountant
<b>Ruby Favela</b> (Oct–Dec)	Administrative Assistant
<b>Vanessa Aldaz</b> (Jan–Oct)	Administrative Assistant
<b>David Huynh</b>	Senior Field Operations Specialist
<b>Alonso Jurado</b>	Senior Field Operations Specialist

**Advisory Committee**

**Agricultural Pool Representatives**

REPRESENTATIVE	MEMBER ENTITY
<b>Jeff Pierson</b> , Chair	Crops
<b>Ron LaBrucherie, Jr.</b>	Crops
<b>Nathan deBoom</b>	Dairy
<b>Henry DeHaan</b>	Dairy
<b>Robert Feenstra</b>	Dairy
<b>John Huitsing</b>	Dairy
<b>Ron Pietersma</b>	Dairy
<b>Geoffrey Vanden Heuvel</b>	Dairy
<b>Carol Boyd</b>	State of California-CIM
<b>Pete Hall</b>	State of California-CIM
Alternates to any Crops Seat:	
<b>Gino Filippi, Paul Hofer, Ruben Llamas</b>	Crops
Alternates to any State of California Seat:	
<b>Tamer Ahmed</b> (Jan–Oct), <b>Miles Terry Bettencourt</b> , <b>Larry Cain</b> , <b>Noah Golden-Krasner</b> , <b>Diana Frederick</b> (Oct–Dec), <b>Gregor Larabee</b> , <b>Marilyn Levin</b>	State of California-CIM

**Appropriative Pool Representatives**

REPRESENTATIVE	MEMBER ENTITY
<b>Chris Diggs</b> , Vice-Chair	City of Pomona
Alternate: <b>Nichole Horton</b>	
<b>Dave Crosley</b>	City of Chino
Alternates: <b>Amanda Coker</b> , <b>Amer Jakher</b> , <b>Vivian Castro</b>	
<b>Ron Craig</b>	City of Chino Hills
Alternate: <b>Mark Wiley</b>	
<b>John Bosler</b>	Cucamonga Valley Water District
Alternates: <b>Eduardo Espinoza</b> , <b>Praseetha Krishnan</b> (Jan–Nov)	
<b>Josh Swift</b>	Fontana Union Water Company
Alternates: <b>Eric Tarango</b> , <b>Seth Zielke</b>	
<b>Cris Fealy</b>	Fontana Water Company
Alternate: <b>Eric Tarango</b>	
<b>Chris Berch</b>	Jurupa Community Services District
Alternates: <b>Chander Letulle</b> , <b>Stephen Popelar</b>	
<b>Justin Scott-Coe</b>	Monte Vista Irrigation Company <sup>a</sup>
Alternate: <b>Stephanie Reimer</b>	
<b>Justin Scott-Coe</b>	Monte Vista Water District
Alternate: <b>Stephanie Reimer</b>	
<b>Scott Burton</b>	City of Ontario
Alternates: <b>Courtney Jones</b> , <b>Christopher Quach</b> (Aug–Dec)	
<b>Brian Lee</b>	San Antonio Water Company <sup>a</sup>
Alternate: <b>Teri Layton</b>	
<b>Rosemary Hoerning</b> (Jan–May), <b>Braden Yu</b> (May–Dec)	City of Upland
Alternates: <b>Nicole deMoet</b> (May–Dec), <b>Steven Ledbetter</b>	

**Non-Agricultural Pool Representatives**

REPRESENTATIVE	MEMBER ENTITY
<b>Brian Geye</b> , 2nd Vice-Chair	California Speedway Corporation
Alternate: <b>Bob Bowcock</b>	CalMat Co.
<b>Kathleen Brundage</b>	California Steel Industries, Inc.
Alternate: <b>Alma Heustis</b>	
<b>Christopher Quach</b>	City of Ontario (Non-Ag)
Alternate: <b>Courtney Jones</b>	

**Agricultural Pool Committee**

REPRESENTATIVE	MEMBER ENTITY
<b>Robert Feenstra</b> , Chair	Dairy
<b>Jeff Pierson</b> , Vice-Chair	Crops
<b>Ron LaBrucherie, Jr.</b>	Crops
Alternates to any Crops Seat:	
<b>Gino Filippi, Paul Hofer, Ruben Llamas</b>	Crops
<b>Nathan deBoom</b>	Dairy
<b>Henry DeHaan</b>	Dairy
<b>John Huitsing</b>	Dairy
<b>Ron Pietersma</b>	Dairy
<b>Geoffrey Vanden Heuvel</b>	Dairy
<b>Steven Raughley</b>	County of San Bernardino
Alternate: <b>Amanda Meere</b> (Jan–Nov)	
<b>Carol Boyd</b>	State of California-CIM
<b>Pete Hall</b>	State of California-CIM
<b>Jimmy Medrano</b>	State of California-CIM
Alternates to any State of California Seat: <b>Tamer Ahmed</b> (Jan–Oct), <b>Miles Terry Bettencourt</b> , <b>Larry Cain</b> , <b>Noah Golden-Krasner</b> , <b>Diana Frederick</b> (Oct–Dec), <b>Gregor Larabee</b> , <b>Marilyn Levin</b>	

**Non-Agricultural Pool Committee**

REPRESENTATIVE	MEMBER ENTITY
<b>Brian Geye</b> , Chair	California Speedway Corporation
Alternate: <b>Ray Wilkings</b> (Jan–Apr)	
<b>Bob Bowcock</b> , Vice-Chair	CalMat Co.
Alternate: <b>Kevin Sage</b>	
<b>Dennis Dooley</b>	9W Halo Western OpCo L.P.
Alternate: <b>William Urena</b>	
<b>Sam Rubenstein</b>	ANG II (Multi) LLC
<b>David Penrice</b>	Aqua Capital Management, LP (Jan–Aug)
<b>Kathleen Brundage</b>	California Steel Industries, Inc.
Alternate: <b>Alma Heustis</b>	
<b>Edward Kolodziej</b>	CCG Ontario, LLC
Alternate: <b>Paul Deutsch</b>	General Electric Company
<b>Natalie Costaglio</b>	Hamner Park Associates
Alternate: <b>Michael Adler</b>	A California Limited Partnership
<b>Angelo Simoes</b>	Linde, Inc.
Alternate: <b>Jose Galindo</b>	
<b>Justin Scott-Coe</b>	Monte Vista Water District (Non-Ag)
Alternate: <b>Stephanie Reimer</b>	
<b>Christopher Quach</b>	City of Ontario (Non-Ag)
Alternate: <b>Courtney Jones</b>	
<b>Steve Riboli</b>	Riboli Family and San Antonio Winery, Inc.
<b>Steven Raughley</b>	County of San Bernardino (Non-Ag)
Alternate: <b>Amanda Meere</b>	
<b>Danny Kim</b>	Space Center Mira Loma, Inc.
<b>Alberto Mendoza</b>	TAMCO
Alternates <b>Cinthia Heredia</b> , <b>Wade Fultz</b>	
<b>—</b>	West Venture Development Company

**Appropriative Pool Committee**

REPRESENTATIVE	MEMBER ENTITY
<b>John Bosler</b> , Chair	Cucamonga Valley Water District
Alternates: <b>Eduardo Espinoza</b> , <b>Praseetha Krishnan</b>	
<b>Scott Burton</b> , Vice-Chair	City of Ontario
Alternates: <b>Courtney Jones</b> , <b>Christopher Quach</b> (Aug–Dec)	
<b>Kevin Sage</b>	CalMat Co.
Alternate: <b>Bob Bowcock</b>	
<b>—</b>	(Arrowhead Mountain Spring Water Co.) (Jan–Jun)
<b>—</b>	BlueTriton Brands Inc. (Jun–Dec)
<b>Dave Crosley</b>	City of Chino
Alternates: <b>Amanda Coker</b> , <b>Amer Jakher</b> , <b>Vivian Castro</b>	
<b>Ron Craig</b>	City of Chino Hills
Alternate: <b>Mark Wiley</b>	
<b>Keith Kramer</b>	City of Fontana <sup>a</sup>
Alternate: <b>Armando Martinez</b>	
<b>Josh Swift</b>	Fontana Union Water Company
Alternates: <b>Eric Tarango</b> (Feb–Dec), <b>Seth Zielke</b>	
<b>Cris Fealy</b>	Fontana Water Company
Alternates: <b>Eric Tarango</b>	
<b>Ben Lewis</b>	Golden State Water Company <sup>a</sup>
Alternate: <b>Toby Moore</b>	
<b>Chris Berch</b>	Jurupa Community Services District
Alternates: <b>Chander Letulle</b> , <b>Steven Popelar</b>	
<b>Steven Andrews</b>	Marygold Mutual Water Company <sup>a</sup>
Alternate: <b>Justin Brokaw</b>	
<b>Justin Scott-Coe</b>	Monte Vista Irrigation Company <sup>a</sup>
Alternate: <b>Stephanie Reimer</b>	
<b>Justin Scott-Coe</b>	Monte Vista Water District
Alternate: <b>Stephanie Reimer</b>	
<b>Bob Bowcock</b>	NCL Co., LLC
Alternate: <b>Kevin Sage</b>	
<b>Kevin Sage</b>	Nestlé Waters North America
Alternate: <b>Bob Bowcock</b>	
<b>Geoffrey Kamansky</b>	Niagara Bottling, LLC <sup>a</sup>
Alternate: <b>Cassandra Hooks</b>	
<b>Cris Fealy</b>	Nicholson Family Trust <sup>a</sup>
Alternate: <b>Josh Swift</b>	
<b>Chad Blais</b>	City of Norco <sup>a</sup>
Alternate: <b>Sam Nelson</b>	
<b>Chris Diggs</b>	City of Pomona
Alternate: <b>Nichole Horton</b>	
<b>Brian Lee</b>	San Antonio Water Company <sup>a</sup>
Alternate: <b>Teri Layton</b>	
<b>Steven Raughley</b>	County of San Bernardino <sup>a</sup>
Alternate: <b>Amanda Meere</b>	
<b>Todd Minten</b> (Jan–May), <b>John Lopez</b> (May–Dec)	Santa Ana River Water Company <sup>a</sup>
Alternates: <b>John Lopez</b> (Jan–May), <b>Todd Minten</b> (May–Dec)	
<b>Rosemary Hoerning</b> (Jan–May), <b>Braden Yu</b> (May–Dec)	City of Upland
Alternates: <b>Steven Ledbetter</b> , <b>Nicole deMoet</b> (May–Dec)	
<b>Rosemary Hoerning</b> (Jan–May), <b>Braden Yu</b> (May–Dec)	West End Consolidated Water Co. <sup>a</sup>
Alternates: <b>Steven Ledbetter</b> , <b>Nicole deMoet</b> (May–Dec)	
<b>Rickey Manbahal</b>	West Valley Water District <sup>a</sup>
Alternates: <b>Joanne Chan</b> , <b>Van Jew</b>	

<sup>a</sup> Minor Producer.

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# Directory to Appendices

## 2020-21 Annual Report

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## COURT HEARINGS AND ORDERS FISCAL YEAR 2020-21

During the fiscal year 2020-21, several hearings were held relating to administration of the Judgment and implementation of the Optimum Basin Management Program (OBMP). Hearings and orders were as follows:

Hearing/Order Date	Primary Subject Matter
June 25, 2021 Hearing	<ul style="list-style-type: none"> <li>Chino Basin Watermaster's Motion Regarding Implementation of the Local Storage Limitation Solution</li> </ul>
May 28, 2021	<ul style="list-style-type: none"> <li>Order on Motion of Appropriative Pool Member Agencies re: Agricultural Pool Legal and Other Expenses</li> </ul>
May 28, 2021 Hearing	<ul style="list-style-type: none"> <li>Further Update on the Status of the Local Storage Limitation Solution</li> <li>Motion of Appropriative Pool Member Agencies re Agricultural Pool Legal and Other Expenses</li> </ul>
April 30, 2021	<ul style="list-style-type: none"> <li>Order Granting Chino Basin Watermaster's Request for the Court to Approve the Intervention of Richard Anderson</li> <li>Order Granting Chino Basin Watermaster's Request for Court to Receive and File Watermaster Semi-Annual OBMP Status Report 2020-2</li> </ul>
April 30, 2021 Hearing	<ul style="list-style-type: none"> <li>Request for Court to Approve the Intervention of Richard Anderson</li> <li>Request for Court to Receive and File Watermaster Semi-Annual OBMP Status Report 2020-2</li> <li>Further Update on the Status of the Local Storage Limitation Solution</li> </ul>
March 26, 2021	<ul style="list-style-type: none"> <li>Order Granting Chino Basin Watermaster's Request for Court to Receive and File Watermaster 43<sup>rd</sup> Annual Report</li> </ul>
March 26, 2021 Hearing	<ul style="list-style-type: none"> <li>Appropriative Pool Member Agencies Status Report re: Mediation; Agricultural Pool's Status Report Regarding Mediation</li> <li>Motion for Court to Receive and File Watermaster's 43<sup>rd</sup> Annual Report</li> <li>Fifth Supplement to Chino Basin Watermaster Status Report on the Update to the Optimum Basin Management Program</li> </ul>
January 8, 2021	<ul style="list-style-type: none"> <li>Order Granting Chino Basin Watermaster's Motion for Court to Receive and File the 2019/2020 Annual Report of the Ground-Level Monitoring Committee</li> </ul>
January 8, 2021 Hearing	<ul style="list-style-type: none"> <li>Appropriative Pool Member Agencies Status Report re: Mediation; Agricultural Pool's Status Report Regarding Mediation</li> <li>Motion for Court to Receive and File the 2019/2020 Annual Report of the Ground-Level Monitoring Committee</li> </ul>
December 11, 2020	<ul style="list-style-type: none"> <li>Order on Motion of Appropriative Pool Member Agencies Re: Agricultural</li> </ul>

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Pool Legal and Other Expenses

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December 11, 2020 Hearing	<ul style="list-style-type: none"> <li>• Motion of Appropriative Pool Member Agencies Re: Agricultural Pool Legal and Other Expenses</li> </ul>
November 13, 2020 Hearing	<ul style="list-style-type: none"> <li>• Motion of Appropriative Pool Member Agencies re: Agricultural Pool Legal and Other Expenses</li> </ul>
October 22, 2020	<ul style="list-style-type: none"> <li>• Order on Chino Basin Watermaster's Ex Parte Application to Continue October 23, 2020 Hearing on Motion of Appropriative Pool Member Agencies Re: Agricultural Pool Legal and Other Expenses</li> </ul>
October 16, 2020	<ul style="list-style-type: none"> <li>• Order on City of Chino's Ex Parte Application for an Order to Extend Time Under Judgment Paragraph 31(c) to Challenge Watermaster Action/Decision on August 25, 2020 to Issue Invoices to Pay Ag Pool Legal Expenses to Appropriators Including the City of Chino</li> </ul>
October 16, 2020 Hearing	<ul style="list-style-type: none"> <li>• City of Chino's Ex Parte Application for an Order to Extend Time Under Judgment Paragraph 31(c) to Challenge Watermaster Action/Decision on August 25, 2020 to Issue Invoices to Pay Ag Pool Legal Expenses to Appropriators Including the City of Chino</li> </ul>
September 25, 2020	<ul style="list-style-type: none"> <li>• Order Granting Chino Basin Watermaster's Request for the Court to Approve the Interventions of Nicholson Family Trust – Exempt Marital Trust and Hamner Park Associates</li> <li>• Order Denying Motion for Clarification of Court's March 2019 Order Granting Amendment to the Appropriative Pool Pooling Plan, Exhibit "H" to the Judgment</li> </ul>
September 25, 2020 Hearing	<ul style="list-style-type: none"> <li>• Chino Basin Watermaster Request for the Court to Approve Interventions</li> <li>• Motion for Clarification of Court's March 2019 Order Granting Amendment to the Appropriative Pool Pooling Plan, Exhibit "H" to the Judgment; Agricultural Pool's Request for Judicial Notice</li> <li>• Third Supplement to Status Report Regarding Update to the OBMP</li> </ul>
July 31, 2020	<ul style="list-style-type: none"> <li>• Order Granting Chino Basin Watermaster's Motion Regarding 2020 Safe Yield Reset, Amendment of Restated Judgment, Paragraph 6</li> <li>• Order Denying Overlying (Agricultural) Pool's Motion to Amend its Pooling Plan, Exhibit "F" of the Judgment</li> </ul>
July 10, 2020 Hearing	<ul style="list-style-type: none"> <li>• Chino Basin Watermaster's Motion Regarding 2020 Safe Yield Reset, Amendment of Restated Judgment, Paragraph 6</li> </ul>

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## RESOLUTIONS FISCAL YEAR 2020-2021

Resolution	Adopted	Summary of Resolution
2021-03	May 27, 2021	<p><i>Implementation of the Local Storage Limitation Solution</i></p> <p>It is recommended that the Court order that:</p> <ul style="list-style-type: none"> <li>• Watermaster manages all quantities of water held in storage in amounts from 200,001 AF up to a maximum of 700,000 AF until June 30, 2030 and thereafter a maximum of 620,000 until June 30, 2035, consistent with all provisions of the Peace Agreement and the Peace II Agreement applicable to the Local Storage of water within the Basin, without limitation, subject to further order of this Court;</li> <li>• Watermaster conform the Watermaster Rules and Regulations consistent with such order, subject to Court approval;</li> <li>• Watermaster implement the OBMP in conformance with such Order, the IEUA Addendum dated March 17, 2021 and the Court's April 28, 2017, March 15, 2019, and July 31, 2020 orders establishing a Safe Yield Reset process;</li> <li>• All of the parties' rights and remedies, whatever they may be, are expressly reserved, preserved and protected and made applicable to the quantities of stored water greater than 500,001 AF; and</li> <li>• The Court reserves jurisdiction to consider future proposal of Watermaster or the parties with regard to storage management.</li> </ul>
2021-02	January 28, 2021	<p><i>Authorizing Investment of Monies in the Local Agency Investment Fund</i></p> <ul style="list-style-type: none"> <li>• The Board of Directors does hereby authorize the deposit and withdrawal of Chino Basin Watermaster monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provide in that record.</li> <li>• The following Chino Basin Watermaster officers and designated employees or their successors in office/position shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund.</li> </ul>
2021-01	January 28, 2021	<p><i>Establishing a Watermaster Investment Policy</i></p> <ul style="list-style-type: none"> <li>• The Chino Basin Watermaster 2021 Investment Policy is adopted.</li> <li>• The authority to invest and reinvest funds of Watermaster is hereby delegated to the Watermaster General Manager (and his/her designees) subject to the provisions of said Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.</li> <li>• This resolution shall take effect from and after its date of adoption and Resolution 2020-01 is rescinded in its entirety.</li> </ul>
2020-07	November 19, 2020	<p><i>Levying Administrative, Replenishment, and Special Projects Assessments for Fiscal Year 2020-2021</i></p> <ul style="list-style-type: none"> <li>• The Chino Basin Watermaster levies the respective assessments for each pool effective November 19, 2020, as shown on Exhibit "A".</li> </ul>
2020-06	October 22, 2020	<p><i>Adoption of the 2020 Optimum Basin Management Program</i></p> <ul style="list-style-type: none"> <li>• The Board of Directors of the Chino Basin Watermaster adopts the 2020 Optimum Basin Management Report in its entirety.</li> <li>• The Chino Basin Watermaster Board encourages the parties to timely develop an Implementation Plan and an Implementation Agreement and support the necessary environmental review to start implementing the proposed activities on the 2020 OBMP.</li> </ul>
2020-05	October 22, 2020	<p><i>Procedure and Fee Schedule for Requesting Information and Documents Related to the Chino Valley Model</i></p> <ul style="list-style-type: none"> <li>• The attached procedure and fee schedule is to be followed in responding to requests for information and documents related to the Chino Valley Model; and</li> <li>• The procedure is to be reviewed and updated and presented to the Board for adoption, periodically but not less than every five years.</li> </ul>

**INTERVENTIONS AFTER JUDGMENT  
PRODUCTION YEAR 2020-21<sup>1</sup>**

<b>Appropriative Pool <sup>2</sup></b>	<b>Non-Agricultural Pool</b>	<b>Agricultural Pool</b>
Nicholson Family Trust – Exempt Marital Trust	Hamner Park Associates, LP	Richard Anderson

A complete list of interventions after judgment may be found in Watermaster’s History of Interventions After Judgment at the following link: [www.cbwm.org/docs/legaldocs/WatermastersHistoryofInterventionsAfterJudgment.pdf](http://www.cbwm.org/docs/legaldocs/WatermastersHistoryofInterventionsAfterJudgment.pdf)

<sup>1</sup> Production Year is July 1 to June 30.

<sup>2</sup> Dates in parentheses are the dates of Court orders or notices of ruling relating to interventions. Reference is made to the order or notice of ruling for further information. The intervening party may have received a transfer of water rights on a date other than the date of the order or notice of ruling.

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**WATERMASTER'S "NOTICE OF INTENT" TO  
CHANGE THE OPERATING SAFE YIELD OF THE  
CHINO GROUNDWATER BASIN**

**PLEASE TAKE NOTICE** that on this 28<sup>th</sup> day of January 2021, the Chino Basin Watermaster hereby adopts this **"Notice of Intent"** to change the Operating Safe Yield of the Chino Groundwater Basin pursuant to the Judgment entered in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino Superior Court, Case No. RCVRS 51010 (formerly Case No. 164327) as Restated (Exhibit "I", Paragraph 3.(b), Page 73).

**Approved by:**

**CHINO BASIN WATERMASTER  
BOARD OF DIRECTORS CHAIR**

**Signature:   /s/ James V. Curatalo**

**Attest:**

**CHINO BASIN WATERMASTER  
BOARD OF DIRECTORS SECRETARY/TREASURER**

**Signature:   /s/ Bob G. Kuhn**

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## APPROPRIATIVE RIGHTS

**As shown on Exhibit E of Judgment entered January 27, 1978**

<u>Party</u>	<u>Appropriative Right (Acre-Feet)</u>	<u>Share of Operating Safe Yield (Percent)</u>	<u>Share of Operating Safe Yield (Acre-Feet)</u>
City of Chino	5,271.7	6.693	3,670.067
City of Norco	289.5	0.368	201.545
City of Ontario	16,337.4	20.742	11,373.816
City of Pomona	16,110.5	20.454	11,215.852
City of Upland	4,097.2	5.202	2,852.401
Cucamonga County Water District	4,431.0	5.626	3,084.786
Jurupa Community Services District	1,104.1	1.402	768.655
Monte Vista County Water District	5,958.7	7.565	4,148.344
West San Bernardino County Water District	925.5	1.175	644.317
Etiwanda Water Company	768.0	0.975	534.668
Feldspar Gardens Mutual Water Company	68.3	0.087	47.549
Fontana Union Water Company	9,188.3	11.666	6,396.736
Marygold Mutual Water Company	941.3	1.195	655.317
Mira Loma Water Company	1,116.0	1.417	776.940
Monte Vista Irrigation Company	972.1	1.234	676.759
Mutual Water Company of Glen Avon Heights	672.2	0.853	467.974
Park Water Company	236.1	0.300	164.369
Pomona Valley Water Company	3,106.3	3.944	2,162.553
San Antonio Water Company	2,164.5	2.748	1,506.888
Santa Ana River Water Company	1,869.3	2.373	1,301.374
Southern California Water Company	1,774.5	2.253	1,235.376
West End Consolidated Water Company	1,361.3	1.728	947.714
Total	78,763.8	100.000	54,834.000

**As of June 30, 2021**

City of Chino	5,794.25	7.357	3,004.157
City of Chino Hills	3,032.86	3.851	1,572.517
City of Norco	289.50	0.368	150.269
City of Ontario	16,337.40	20.742	8,469.788
City of Pomona	16,110.50	20.454	8,352.186
City of Upland	4,097.20	5.202	2,124.185
Cucamonga Valley Water District	5,199.00	6.601	2,695.452
Jurupa Community Services District	2,960.60	3.759	1,534.950
Monte Vista Water District	6,929.15	8.797	3,592.167
West Valley Water District	925.50	1.175	479.800
Fontana Union Water Company	9,181.12	11.657	4,760.019
Fontana Water Company	1.44	0.002	0.817
Marygold Mutual Water Company	941.30	1.195	487.966
Monte Vista Irrigation Company	972.10	1.234	503.892
Niagara Bottling, LLC	0	0	0
Nicholson Family Trust	5.75	0.007	2.858
San Antonio Water Company	2,164.50	2.748	1,122.118
Santa Ana River Water Company	1,869.30	2.373	968.991
Golden State Water Company	591.05	0.750	306.255
West End Consolidated Water Company	1,361.30	1.728	705.612
San Bernardino County (Shooting Park)	0	0	0
Arrowhead Mountain Spring Water Company	0	0	0
City of Fontana	0	0	0
Calmat Co.	0	0	0
NCL Co., LLC	0	0	0
Total	78,763.82	100.000	40,834.000

## DISPOSITION OF ORIGINAL APPROPRIATIVE RIGHTS<sup>1</sup>

Original Party and Quantities	Current Party(s) as of June 30, 2021, and Original Quantities <sup>3</sup>
City of Chino (3,670.067 AF)	City of Chino (3,670.067 AF)
City of Norco (201.545 AF)	City of Norco (201.545 AF)
City of Ontario (11,373.816 AF)	City of Ontario (11,373.816 AF)
City of Pomona (11,215.852 AF)	City of Pomona (11,215.852 AF)
City of Upland (2,852.401 AF)	City of Upland (2,852.401 AF)
Cucamonga County Water District (3,084.786 AF)	Cucamonga Valley Water District (3,084.786 AF)
Jurupa Community Services District (768.655 AF)	Jurupa Community Services District (768.655 AF)
Monte Vista County Water District (4,148.344 AF)	Monte Vista Water District (4,148.344 AF)
West San Bernardino County Water District (644.317 AF)	West Valley Water District (644.317 AF)
Etiwanda Water Company (534.668 AF)	Cucamonga Valley Water District (534.668 AF)
Feldspar Gardens Mutual Water Company (47.549 AF)	Jurupa Community Services District (47.549 AF)
Fontana Union Water Company (6,396.736 AF)	Fontana Union Water Company (6,391.736 AF); Fontana Water Company (1.000 AF); Nicholson Family Trust (4.00 AF)
Marygold Mutual Water Company (655.317 AF)	Marygold Mutual Water Company (655.317 AF)
Mira Loma Water Company (776.940 AF)	Jurupa Community Services District (776.940 AF)
Monte Vista Irrigation Company (676.759 AF)	Monte Vista Irrigation Company (676.759 AF)
Mutual Water Company of Glen Avon Heights (467.974 AF)	Jurupa Community Services District (467.974 AF)
Park Water Company (164.369 AF)	City of Chino/City of Chino Hills/Monte Vista Water District (164.369 AF) <sup>2</sup>
Pomona Valley Water Company (2,162.553 AF)	City of Chino/City of Chino Hills/Monte Vista Water District (2,162.553 AF) <sup>2</sup>
San Antonio Water Company (1,506.888 AF)	San Antonio Water Company (1,506.888 AF)
Santa Ana River Water Company (1,301.374 AF)	Santa Ana River Water Company (1,301.374 AF)
Southern California Water Company (1,235.376 AF)	Golden State Water Company (411.476 AF) City of Chino/City of Chino Hills/Monte Vista Water District (823.900 AF) <sup>2</sup>
West End Consolidated Water Company (947.714 AF)	West End Consolidated Water Company (947.714 AF)

<sup>1</sup> A detailed history of the transactions/assignments that led to the current allocation of Appropriative Rights under the Judgment is contained in the History of Appropriative Rights at the following link: [www.cbwm.org/docs/legaldocs/HistoryofAppropriativeRights.pdf](http://www.cbwm.org/docs/legaldocs/HistoryofAppropriativeRights.pdf)

<sup>2</sup> The joint listing of parties separated by a "/" does not indicate any joint interest in the right indicated but indicates that these parties each have succeeded to a portion of the original right decreed in the 1978 Judgment. For additional information, see the History of Appropriative Rights.

<sup>3</sup> The amounts shown in this column are reflective of the original shares in the Operating Safe Yield (OSY) that was apportioned under the 1978 Judgment and do not include the 5,000 acre-foot decrease in OSY that occurred in FY 2017-18 after the exhaustion of the 200,000 AF controlled overdraft. For information as to each Party's current rights in OSY, see Appendix E-1 Appropriative Rights.



**NON-AGRICULTURAL RIGHTS  
(AS SHOWN ON EXHIBIT D OF JUDGMENT ENTERED JANUARY 27, 1978)**

<u>Party</u>	<u>Total Overlying Non-Agricultural Rights (Acre-Feet)</u>	<u>Share of Safe Yield (Acre-Feet)</u>
Ameron Steel Producers, Inc.	125	97.858
Carlsberg Mobile Home Properties, Ltd '73	593	464.240
Conrock Company	406	317.844
County of San Bernardino	171	133.870
Kaiser Steel Corporation	3,743	2,930.274
Quaker Chemical Co.	0	0
Red Star Fertilizer	20	15.657
Southern California Edison Co.	1,255	982.499
Southern Service Co. dba Blue Seal Linen	24	18.789
Space Center, Mira Loma	133	104.121
Sunkist Growers, Inc.	2,393	1,873.402
Union Carbide Corporation	546	427.446
Total	9,409	7,366.000

**NON-AGRICULTURAL RIGHTS<sup>1</sup>  
(AS OF JUNE 30, 2021)**

9W Halo Western OpCo L.P.	18.789
ANG II (Multi) LLC	0 <sup>2</sup>
Aqua Capital Management LP	0
California Speedway Corporation	1,000.000
California Steel Industries, Inc.	1,615.137
CalMat Co.	0
CCG Ontario, LLC	0
City of Ontario (Non-Ag)	3,920.567
County of San Bernardino (Non-Ag)	133.870
General Electric Company	0
Hamner Park Associates, a California Limited Partnership	464.240
Linde Inc.	1.000
Monte Vista Water District (Non-Ag)	50.000
Riboli Family and San Antonio Winery, Inc.	0
Space Center Mira Loma, Inc.	104.121
TAMCO	42.619
West Venture Development Company (Pending Court Disposition)	15.657
Total	7,366.000

<sup>1</sup>This list identifies the names of the members of the Non-Agricultural Pool according to the records of the Non-Agricultural Pool Committee. This list is not reflective of all "Active Parties" of the Non-Agricultural Pool, as that term is used in Paragraph 58 of the Restated Judgment.

<sup>2</sup>Per notice from ANG II (Multi) LLC to Watermaster staff dated January 2, 2020, 9W Halo Western OpCo L.P. holds its rights under a temporary lease between ANG II (Multi) LLC, as lessor, and 9W Halo Western OpCo L.P., as lessee, expiring on January 31, 2030.

**DISPOSITION OF ORIGINAL  
NON-AGRICULTURAL RIGHTS<sup>1</sup>**

<b>Original Party and Quantities</b>	<b>Current Party(s) and Quantities as of June 30, 2021</b>
Ameron Steel Producers (97.858 AF)	TAMCO (42.619 AF), City of Ontario (Non-Ag) (55.239 AF)
Carlsberg Mobile Home Properties, Ltd '73 (464.240 AF)	Hamner Park Associates, a California Limited Partnership (464.240 AF)
Conrock Company (317.844 AF)	City of Ontario (Non-Ag) (317.844 AF)
County of San Bernardino (133.870 AF)	County of San Bernardino (Non-Ag) (133.870 AF)
Kaiser Steel Corporation (2,930.274 AF)	California Speedway Corporation (1,000.000 AF), California Steel Industries, Inc. (1,615.137 AF), City of Ontario (Non-Ag) (265.137 AF), Monte Vista Water District (Non-Ag) (50.000 AF)
Red Star Fertilizer (15.657 AF)	West Venture Development Company (Pending Court Disposition) (15.657 AF)
Southern California Edison Co. (982.499 AF)	City of Ontario (Non-Ag) (982.499 AF)
Southern Service Co. dba Blue Seal Linen (18.789 AF)	9W Halo Western OpCo L.P. (18.789 AF)
Space Center, Mira Loma (104.121 AF)	Space Center Mira Loma, Inc. (104.121 AF)
Sunkist Growers, Inc. (1,873.402 AF)	City of Ontario (Non-Ag) (1,873.402 AF)
Union Carbide Corporation (427.446 AF)	City of Ontario (Non-Ag) (426.446 AF), Linde Inc. (1.000 AF)

<sup>1</sup> A detailed history of the transactions/assignments that led to the current allocation of Non-Agricultural Rights under the Judgment is contained in the History of Non-Agricultural Rights website link: [www.cbwm.org/docs/legaldocs/HistoryofNonAgriculturalRights.pdf](http://www.cbwm.org/docs/legaldocs/HistoryofNonAgriculturalRights.pdf)

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## HISTORY OF REALLOCATION OF UNPRODUCED AG POOL SAFE YIELD<sup>1</sup> (ACRE-FEET)

Production Year	Calculation of Water Rights Available for Reallocation due to Ag Pool Underproduction of Safe Yield <sup>5</sup>		Claims to Underproduced Ag Pool Safe Yield			Rights Available for Reallocation less Claimed Rights <sup>9,11</sup>	Total Reallocation of Unproduced Ag Pool Safe Yield <sup>10</sup>
	Assessable Ag Pool Production	Water Rights Available for Reallocation	Claims Resulting from Land Use Conversions <sup>6</sup>	Early Transfer Claims <sup>5,8,11</sup>	Total Claims		
83-84 <sup>2</sup>	59,033	n/a <sup>5</sup>	593	n/a	593	n/a	26,355
84-85	55,543	n/a	593	n/a	593	n/a	19,136
85-86	52,061	n/a	811	n/a	811	n/a	21,902
86-87	59,847	n/a	811	n/a	811	n/a	37,159
87-88	57,865	n/a	4,056	n/a	4,056	n/a	78,489
88-89 <sup>3</sup>	46,762	24,935	811	n/a	811	24,124	24,935
89-90	48,420	36,038	811	n/a	811	35,227	36,038
90-91	48,085	34,380	811	n/a	811	33,569	34,380
91-92	44,682	34,715	811	n/a	811	33,904	34,715
92-93	44,092	38,118	811	n/a	811	37,307	38,118
93-94	44,298	38,708	811	n/a	811	37,897	38,708
94-95	55,022	38,502	3,652	n/a	3,652	34,850	38,502
95-96	43,639	27,778	11,711	n/a	11,711	16,067	27,778
96-97	44,809	39,161	12,620	n/a	12,620	26,541	39,161
97-98	43,345	37,991	14,426	n/a	14,426	23,565	37,991
98-99	47,538	39,455	17,022	n/a	17,022	22,433	39,455
99-00 <sup>4</sup>	44,401	38,399	10,471	32,800	43,271	-4,872	38,399
00-01	39,954	42,846	13,920	32,800	46,720	-3,874	42,846
01-02	39,495	43,306	14,133	32,800	46,933	-3,627	43,306
02-03	37,457	45,343	16,480	32,800	49,280	-3,937	45,343
03-04	41,978	40,822	17,510	32,800	50,310	-9,488	40,822
04-05	34,450	48,350	19,013	32,800	51,813	-3,464	48,350
05-06	33,900	48,900	20,370	32,800	53,170	-4,270	48,900
06-07	37,295	45,505	22,158	32,800	54,958	-9,454	45,505
07-08	30,910	51,890	22,461	32,800	55,261	-3,371	51,890
08-09	32,143	50,657	22,730	32,800	55,530	-4,873	50,657
09-10	31,855	50,945	22,943	32,800	55,743	-4,798	50,945
10-11	31,342	51,458	23,033	32,800	55,833	-4,375	51,458
11-12	34,353	48,447	23,237	32,800	56,037	-7,590	48,447
12-13	34,458	48,342	23,773	32,800	56,573	-8,231	48,342
13-14	33,639	49,161	26,162	32,800	58,962	-9,801	49,161
14-15	28,521	54,279	26,768	22,511	49,279	5,000	54,279
15-16	26,167	56,633	27,450	24,183	51,633	5,000	56,633
16-17	26,863	55,937	28,296	22,642	50,937	5,000	55,937
17-18	28,461	54,339	29,031	20,308	49,339	5,000	54,339
18-19	21,786	61,014	29,972	26,042	56,014	5,000	61,014
19-20	21,841	60,959	30,997	24,962	55,959	5,000	60,959
20-21	21,485	61,315	31,717	20,599	52,315	9,000	61,315

<sup>1</sup> Source: Watermaster Annual Reports and Assessment Packages.

<sup>2</sup> Fiscal year 83-84 was the first-year that reallocation occurred under the Judgment.

<sup>3</sup> During fiscal year 87-88 the Appropriators agree to pay Ag Pool assessments and the reallocation procedure changed by agreement. Effective FY 88-89, the Ag Pool's unused water rights from the prior year are made available for reallocation to the Appropriative Pool in the following year (i.e. 82,800 AF less the total assessable production).

<sup>4</sup> During fiscal year 99-00 the Peace Agreement is signed. The Appropriators agree to pay the Ag Pool assessments for the life of the Peace Agreement and the reallocation procedure is changed by agreement. The Ag Pool's unused water rights (i.e. 82,800 AF less the total assessable production) are made available for reallocation to the Appropriative Pool in the current year.

<sup>5</sup> n/a indicates the information is not applicable for the given year.

<sup>6</sup> When land is converted from agricultural to urban uses, water rights are permanently transferred to the appropriative pool. This column represents the sum of the cumulative transfers that have resulted from land use changes over time. For example, in 85-86 land use conversions resulted in 218 acre-feet of conversions. Thus the total claims for 85-86 were 811: the sum of the conversions from prior years plus the new conversions for 85-86 (811 = 593 + 218).

<sup>7</sup> After a duplication of conversion areas was identified, Jurupa's Pre-Peace Agreement acres were adjusted to 337.6 acres and the Post-Peace Agreement acres were adjusted to 846.4 acres.

<sup>8</sup> During fiscal year 99-00 the Peace Agreement is signed and establishes that each year 32,800 acre-feet of Ag Pool rights will be pre-emptively transferred to the Appropriative Pool and the transfer will be distributed proportional to each member's share of the Operating Safe Yield.

<sup>9</sup> If the total claims to underproduced Ag Pool Safe Yield (C + D) are greater than the water rights available for reallocation (B) then the reallocation is limited to the amount of rights available. The reduction is distributed among the Parties in proportion to their share of the Operating Safe Yield.

<sup>10</sup> For production years 83-84 through 87-88, the allocation was computed in a different manner and so the generalized formula does not apply for these years.

<sup>11</sup> For production years 14-15 through 17-18, the Early Transfer Claims and Rights Available for Reallocation less Claimed Rights have been revised in accordance to the March 15, 2019 Court Order.

## HISTORY OF TOTAL ANNUAL GROUNDWATER PRODUCTION FROM THE CHINO BASIN (ACRE-FEET)\*

Production Year	Appropriative Pool <sup>13</sup>	Agricultural Pool <sup>13</sup>	Non-Agricultural Pool <sup>13</sup>	Chino Basin Desalters <sup>14</sup>	Department of Toxic Substances Control <sup>15</sup>	Total Production <sup>16</sup>
77-78	62,408	91,714	10,102 <sup>1</sup>	-	-	164,224
78-79	61,372	81,479	7,263	-	-	150,114
79-80	65,371	70,050	7,541	-	-	142,961
80-81	71,443	67,726	5,777	-	-	144,945
81-82	66,844	64,032	5,801	-	-	136,676
82-83	63,557	56,858	2,448	-	-	122,864
83-84	70,544	60,076	3,258	-	-	133,877
84-85	76,903	54,248	2,446	-	-	133,598
85-86	80,885	50,611	3,255	-	-	134,751
86-87	84,662	57,964	2,696	-	-	145,322
87-88	91,579 <sup>2</sup>	55,949	3,018	-	-	150,545
88-89	93,617 <sup>3</sup>	45,683	3,692	-	-	142,992
89-90	101,344 <sup>4</sup>	47,358	4,927	-	-	153,629
90-91	86,513 <sup>5</sup>	47,011	5,479	-	-	139,003
91-92	91,736 <sup>6</sup>	43,456	4,900	-	-	140,092
92-93	86,584 <sup>7</sup>	44,300	5,226	-	-	136,110
93-94	80,934 <sup>8</sup>	44,492	4,322	-	45	129,793
94-95	93,608 <sup>9</sup>	55,415	4,091	-	45	153,159
95-96	103,729 <sup>10</sup>	43,639	3,240	-	60	150,668
96-97	112,205	44,923	3,779	-	76	160,983
97-98	99,810 <sup>11</sup>	43,370	3,274 <sup>12</sup>	-	83	146,537
98-99	111,048	47,792	3,734	-	81	162,655
99-00	128,892	44,242	5,605	-	82	178,821
00-01	116,204	39,285	5,991	7,989	100	169,570
01-02	123,531	38,196	4,150	9,458	81	175,416
02-03	121,748	35,168	3,979	10,439	79	171,413
03-04	125,320	38,192	2,057	10,605	79	176,253
04-05	118,030	31,505	2,246	9,854	81	161,715
05-06	107,249	30,253	2,641	16,542	80	156,765
06-07	119,438	29,653	3,251	27,077	79	179,498
07-08	120,650	23,539	3,421	30,121	81	177,813
08-09	134,119	23,277	2,420	29,012	83	188,910
09-10	117,299	21,043	2,039	28,857	85	169,323
10-11	99,172	21,030	1,986	29,043	87	151,319
11-12	93,615	22,319 <sup>17</sup>	3,162	28,411	89	147,595
12-13	109,294	23,718 <sup>17</sup>	3,686	27,098	87	163,883
13-14	113,976	21,796 <sup>17</sup>	3,834	29,282	85	168,973
14-15	97,842	17,118 <sup>17</sup>	3,371	30,022	84	148,436
15-16	100,297	17,109 <sup>17</sup>	2,670	28,191	85	148,352
16-17	93,699	17,715 <sup>17</sup>	3,636	28,284	104	143,438
17-18	88,740	18,827	2,919	30,088	83	140,656
18-19	83,280	15,478	3,204	31,233	80	133,275
19-20	95,418	15,722	2,350	35,630	72	149,190
20-21	105,040	14,945	2,795	40,156	77	163,014

\* Total Production adjusted from prior annual reports to include previously omitted production from wells that have become non-active over time.

<sup>1</sup> Includes 3,945 AF of mined water pumped by Edison as agent for IEUA.

<sup>2</sup> Does not include 7,674.3 AF exchanged with MWDSC.

<sup>3</sup> Does not include 6,423.6 AF exchanged with MWDSC.

<sup>4</sup> Does not include 16,377.1 AF exchanged with MWDSC.

<sup>5</sup> Does not include 14,929.1 AF exchanged with MWDSC.

<sup>6</sup> Does not include 12,202.4 AF exchanged with MWDSC.

<sup>7</sup> Does not include 13,657.3 AF exchanged with MWDSC.

<sup>8</sup> Does not include 20,194.7 AF exchanged with MWDSC.

<sup>9</sup> Does not include 4,221.9 AF exchanged with MWDSC.

<sup>10</sup> Does not include 6,167.2 AF exchanged with MWDSC.

<sup>11</sup> Does not include 4,275.4 AF exchanged with MWDSC.

<sup>12</sup> Does not include 216.5 AF exchanged with MWDSC.

<sup>13</sup> Represents total physical production by Pools, not assessed production.

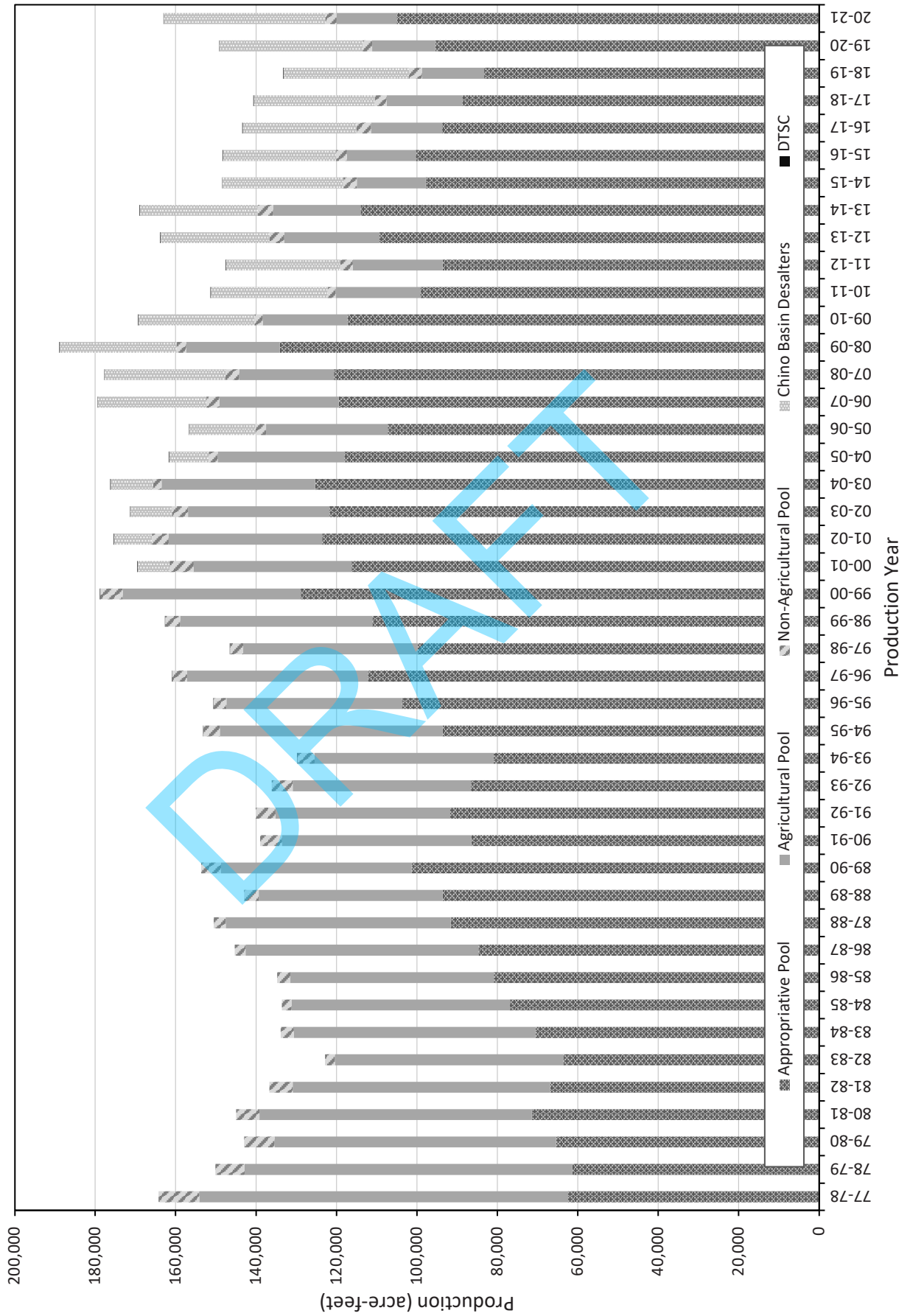
<sup>14</sup> Production by the Chino Basin Desalters is not considered assessable production; Desalter replenishment obligation accounting is shown in the Assessment Package

<sup>15</sup> Production by DTSC is accounted separately, by agreement, such that the production is not assessed by Watermaster.

<sup>16</sup> Total reflects physical production by pumpers and does not account for any adjustments that are made in the Assessment Packages.

<sup>17</sup> Total Agricultural Pool production revised due to incorrect multiplier used on an irrigation well meter.

# HISTORY OF TOTAL ANNUAL GROUNDWATER PRODUCTION FROM THE CHINO BASIN (ACRE-FEET)



**SUMMARY OF SUPPLEMENTAL SUPPLIES  
USED BY THE CHINO BASIN PARTIES<sup>1</sup>  
FISCAL YEAR 2020-21  
(ACRE-FEET)**

Parties	Other Groundwater Basins	Surface Diversions	Imported Water Deliveries				Recycled Water <sup>2</sup>	Total
			SBVMWD	MWDSC				
				IEUA	TVMWD	WMWD		
Chino, City of	-	-	-	4,691	-	-	5,642	10,333
Chino Hills, City of	-	-	-	1,500	-	-	1,668	3,168
Cucamonga Valley Water District <sup>3</sup>	4,915	3,797	-	13,925	-	-	1,222	23,859
Inland Empire Utilities Agency	-	-	-	-	-	-	628	628
Fontana Water Company <sup>4</sup>	10,247	5,033	-	11,923	-	-	425	27,626
Golden State Water Company <sup>5</sup>	4,146	-	-	-	5,153	-	-	9,299
Jurupa Community Services District <sup>6</sup>	341	-	-	-	-	-	-	341
Marygold Mutual Water Company <sup>7</sup>	-	-	349	-	-	-	-	349
Monte Vista Water District	-	-	-	6,132	-	-	343	6,475
Norco, City of <sup>8</sup>	6,010	-	-	-	-	42	-	6,052
Ontario, City of	-	-	-	5,851	-	-	8,543	14,394
Pomona, City of <sup>9</sup>	3,252	2,273	-	-	4,851	-	1,936	12,313
San Antonio Water Company <sup>10</sup>	7,410	5,369	-	-	-	-	-	12,779
San Bernardino, County of	-	-	-	-	-	-	277	277
Santa Ana River Water Company <sup>11</sup>	0	-	-	-	-	-	-	-
State of California, CIM <sup>12</sup>	0	-	-	-	-	-	-	-
Upland, City of <sup>13</sup>	866	2,299	-	4,424	-	-	772	8,362
West End Consolidated Water Company <sup>14</sup>	1,616	-	-	-	-	-	-	1,616
West Valley Water District <sup>15</sup>	9,061	5,333	4,542	-	-	-	-	18,936
<b>Total</b>	<b>47,864</b>	<b>24,104</b>	<b>4,891</b>	<b>48,446</b>	<b>10,004</b>	<b>42</b>	<b>21,457</b>	<b>156,808</b>

<sup>1</sup> The values reported herein represent the total supplemental water supply used by each Party within its entire service area. Some Parties have service area boundaries which extend outside the adjudicated Chino Basin boundary.

<sup>2</sup> Recycled water is supplied by IEUA unless stated otherwise.

<sup>3</sup> Other groundwater is produced from Cucamonga Basin. Surface water diversions are from Lloyd Michaels, Royer-Nesbit, and Arthur H. Bridge WTPs, and Deer Canyon.

<sup>4</sup> Other groundwater is produced from Colton/Rialto, Lytle, and "unnamed" Basins. Surface water diversions are from Lytle Creek.

<sup>5</sup> Other groundwater is produced from Six Basins.

<sup>6</sup> Other groundwater is produced from Riverside Basins.

<sup>7</sup> Treated water is delivered by West Valley Water District (WVWD), and represents a blend of multiple water sources available to WVWD, including imported water from SBVMWD and Lytle Creek Water.

<sup>8</sup> Other groundwater is produced from Arlington and Temescal Basins and a portion of the hydrologic Chino Basin that is outside the adjudicated boundary.

<sup>9</sup> Other groundwater is produced from Six Basins and Spadra Basin. Surface water diversions are from San Antonio Creek. Recycled water is served from the Pomona Water Reclamation Plant.

<sup>10</sup> Other groundwater is produced from Six Basins and Cucamonga Basin. Surface water diversions are from San Antonio Creek. Supplemental supplies shown herein do not include sales to the City of Upland - these supplies are shown as part of Upland's supply within this table.

<sup>11</sup> Other groundwater is produced from the portion of the hydrologic Chino Basin that is outside the adjudicated boundary.

<sup>12</sup> Recycled water includes water treated by CIM and reused on location for irrigation purposes.

<sup>13</sup> Other groundwater is produced from Six Basins and Cucamonga Basin. Supplemental supplies shown herein do not include sales to Golden State Water Company (GSWC) - these supplies are shown as part of GSWC's supply within this table.

<sup>14</sup> Other groundwater is produced from Six Basins and Cucamonga Basin.

<sup>15</sup> Other groundwater is produced from Rialto and Riverside Basins. Surface water diversions are from Lytle Creek.

**SUMMARY OF IMPORTED WATER DELIVERIES FROM  
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
TO THE CHINO BASIN PARTIES FOR FISCAL YEAR 2020-21  
(ACRE-FEET)<sup>1</sup>**

Month	Water Facilities Authority - CB-12						Reliant
	Upland	MVWD	Ontario	Chino	Chino Hills <sup>2</sup>	Sub-Total	CB-01
July	316	779	683	541	200	<b>2,519</b>	-
August	461	906	682	564	200	<b>2,813</b>	-
September	538	849	620	506	100	<b>2,613</b>	-
October	509	652	383	388	100	<b>2,032</b>	-
November	213	411	312	376	100	<b>1,412</b>	-
December	270	186	239	191	100	<b>986</b>	-
January	280	251	287	255	100	<b>1,173</b>	-
February	254	334	256	215	100	<b>1,159</b>	-
March	280	327	370	255	100	<b>1,332</b>	-
April	348	277	509	304	100	<b>1,538</b>	-
May	427	568	737	606	100	<b>2,439</b>	-
June	528	591	773	490	200	<b>2,582</b>	-
<b>Total</b>	<b>4,424</b>	<b>6,132</b>	<b>5,851</b>	<b>4,691</b>	<b>1,500</b>	<b>22,597</b>	-

Month	Fontana Water Co.	Cucamonga Valley Water District			Three Valleys MWD to Pomona	Three Valleys MWD to GSWC	Western MWD to Norco	Total
	CB-19	CB-07	CB-16	Sub-Total				
July	1,097	-	1,404	<b>1,404</b>	732	737	6	<b>6,496</b>
August	1,093	-	1,687	<b>1,687</b>	616	711	36	<b>6,956</b>
September	1,058	-	1,436	<b>1,436</b>	595	658	-	<b>6,360</b>
October	1,074	-	1,035	<b>1,035</b>	601	528	-	<b>5,269</b>
November	953	-	958	<b>958</b>	466	341	-	<b>4,131</b>
December	807	-	811	<b>811</b>	429	311	-	<b>3,344</b>
January	991	-	1,013	<b>1,013</b>	341	208	-	<b>3,727</b>
February	639	-	907	<b>907</b>	113	206	-	<b>3,024</b>
March	1,090	-	1,032	<b>1,032</b>	76	205	-	<b>3,736</b>
April	975	-	984	<b>984</b>	231	306	-	<b>4,035</b>
May	1,091	-	1,068	<b>1,068</b>	375	406	-	<b>5,380</b>
June	1,053	-	1,590	<b>1,590</b>	474	535	-	<b>6,233</b>
<b>Total</b>	<b>11,923</b>	-	<b>13,925</b>	<b>13,925</b>	<b>5,051</b>	<b>5,153</b>	<b>42</b>	<b>58,691</b>

<sup>1</sup> Does not include Dry Year Yield activity ("puts" or "takes").

<sup>2</sup> Total includes water delivered directly from WFA and from WFA through MVWD by agreement.



**TOTAL WATER CONSUMPTION BY THE CHINO BASIN PARTIES<sup>1</sup>  
(ACRE-FEET)**

Year	Chino Basin Extractions <sup>2</sup>	Supplemental Supplies <sup>3</sup>	Total
77-78	164,224	61,567	225,791
78-79	150,114	75,864	225,978
79-80	142,961	70,727	213,688
80-81	144,945	77,765	222,710
81-82	136,676	67,491	204,167
82-83	122,864	76,000	198,864
83-84	133,877	99,257	233,134
84-85	133,598	92,952	226,550
85-86	134,751	114,624	249,375
86-87	145,322	126,493	271,815
87-88	150,545	116,175	266,720
88-89	142,992	128,167	271,159
89-90	153,629	139,004	292,633
90-91	139,003	116,493	255,496
91-92	140,092	104,480	244,572
92-93	136,110	117,205	253,315
93-94	129,793	136,038	265,831
94-95	153,159	116,797	269,956
95-96	150,668	130,494	281,162
96-97	160,983	115,031	276,014
97-98	146,537	106,360	252,897
98-99	162,655	113,040	275,695
99-00	178,821	129,208	308,029
00-01	169,570	128,596	298,166
01-02	175,416	140,907	316,323
02-03	171,413	134,154	305,567
03-04	176,253	143,989	320,242
04-05	161,715	145,644	307,359
05-06	156,765	171,896	328,661
06-07	179,498	176,807	356,305
07-08	177,813	162,465	340,278
08-09	188,910	131,819	320,729
09-10	169,323	144,354	313,677
10-11	151,319	154,760	306,079
11-12	147,595	171,808	319,403
12-13	163,883	154,870	318,753
13-14	168,973	183,699	352,672
14-15	148,436	162,477	310,913
15-16	148,352	114,780	263,132
16-17	143,438	147,767	291,205
17-18	140,656	185,964	326,620
18-19	133,275	153,828	287,103
19-20	149,190	130,142	279,332
20-21	163,014	156,808	319,822

<sup>1</sup> The values reported herein are intended to represent the supplemental water supply used by each Party within its entire service area. Some Parties have service area boundaries which extend outside the adjudicated Chino Basin boundary. During the preparation of the FY14/15 Annual Report, it was determined that the collection and reporting of supplemental water supplies has been inconsistent over time, such that some parties reported estimates of water used within the boundary of Chino Basin and others provided the entire service area use, and some agencies varied their reporting methods over time. In many years, the reported data also excluded some Watermaster Parties. And, in some cases, the supplemental supplies included recharge water volumes. The values reported for the noted years are representative of total water consumption by the Chino Basin parties and are not directly comparable to values reported for prior years. Watermaster staff will be working with the Parties to update the historical information for consistency in future annual reports.

<sup>2</sup> Represents the total groundwater extraction values reported in Appendix H-1.

<sup>3</sup> Total does not include cyclic deliveries, water delivered by exchange, or water from direct spreading that was used for replenishment.

## SUMMARY OF CONJUNCTIVE USE, REPLENISHMENT, AND CYCLIC ACTIVITIES FISCAL YEAR 2020-21 (ACRE-FEET)

DYU Holding Account Summary:													
Conjunctive Use Resulting from Storage and Recovery Programs in the Chino Basin													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Loss	Put	Take	Ending Bal.
										(32.2)	0.0	(23,000.0)	22,928.8
Direct													Total
Monte Vista Water District													-
In-Lieu													-
Chino Basin Watermaster													-
Chino, City of													-
Chino Hills, City of													-
Cucamonga Valley Water District	(2,700.0)	(2,500.0)	(2,500.0)	(2,500.0)	(3,500.0)					(2,000.0)	(2,600.0)	(2,200.0)	(20,500.0)
Fontana Water Company				(2,500.0)									(2,500.0)
Junupa Community Services District													-
Monte Vista Water District													-
Ontario, City of													-
Pomona, City of													-
Upland, City of													-
	(2,700.0)	(2,500.0)	(2,500.0)	(5,000.0)		(3,500.0)				(2,000.0)	(2,600.0)	(2,200.0)	(23,000.0)
Total Storage / Withdrawals	(2,700.0)	(2,500.0)	(2,500.0)	(5,000.0)		(3,500.0)				(2,000.0)	(2,600.0)	(2,200.0)	(23,000.0)
Replenishment (and Preemptive Replenishment) Deliveries													
Watermaster's Replenishment Obligations:													
Cumulative Unmet Replenishment Obligation (CURO)													
Desalter Replenishment Obligation (DRO)													
Fiscal Year 2019/20 Overproduction													
Watermaster's Upcoming Replenishment Obligations:													
Fiscal Year 2020/21 CURO													
Fiscal Year 2020/21 DRO													
Fiscal Year 2020/21 Overproduction													
Direct*	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
ASR (Monte Vista Water District)													-
CB-11 (Deer Creek)													-
CB-13 (San Sevaine)													-
CB-14 (Elwanda)													-
CB-15 (Day Creek)													-
CB-18 (Elwanda Inter-tie)													-
CB-20 (West Cucamonga)					1,357.1	526.7							1,883.8
OC-59 (San Antonio)					1,357.1	526.7							1,883.8
In-Lieu													-
Services Connections													-
CB-12													-
CB-16													-
Purchased from Parties													-
Purchased from Cyclic Account													-
Pre-Purchased Previous Year(s)													-
Total Replenishment					1,357.1	526.7							1,883.8

## STORM AND SUPPLEMENTAL WATER RECHARGE BY BASIN FISCAL YEAR 2020-21 (ACRE-FEET)

	JULY			AUGUST			SEPTEMBER			OCTOBER			NOVEMBER			DECEMBER		
	ST	IMP	RC	ST	IMP	RC	ST	IMP	RC	ST	IMP	RC	ST	IMP	RC	ST	IMP	RC
<b>MZ 1</b>																		
<b>Aquifer Storage &amp; Recovery (ASR)</b>																		
MVWD	0	0	0	0	0	0	0	0	0	0	0	0	154	0	0	0	0	0
Chino Hills	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>San Antonio Channel</b>																		
Upland	0	0	0	0	0	0	0	0	0	0	0	0	5	358	0	52	68	0
College Heights	0	0	0	0	0	0	0	0	0	0	0	0	1	325	0	0	183	0
Montclair 1, 2 3 & 4	0	106	0	0	0	0	0	0	0	0	0	0	13	674	0	146	276	0
Brooks	0	0	150	0	0	121	0	0	126	0	0	85	11	0	0	43	0	0
<b>West Cucamonga Channel</b>																		
15th Street	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8th Street	3	0	137	3	0	105	3	0	94	7	0	91	37	0	49	34	0	0
7th Street	0	0	49	0	0	9	0	0	41	1	0	23	7	0	21	24	0	0
	3	106	335	3	0	234	3	0	260	8	0	199	228	1,357	70	300	527	0
<b>MZ 2</b>																		
<b>Cucamonga /Deer Creek Channels</b>																		
Turner 1 & 2	0	0	0	0	0	0	0	0	0	1	12	5	5	118	0	72	7	0
Turner 3 & 4	0	0	0	0	0	0	0	0	0	1	0	6	7	0	162	35	0	129
<b>Day Creek Channel</b>																		
Lower Day	0	0	0	0	0	0	0	0	0	0	0	0	9	0	0	32	0	0
<b>Etiwanda Channel</b>																		
Etiwanda Debris Basin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Victoria	0	0	188	0	0	169	0	0	176	0	0	183	32	0	105	44	0	37
<b>Managed Aquifer Recharge (MAR)</b>																		
Intex Property	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Minor Drainage</b>																		
Grove	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	63	0	0
<b>San Sevaire Channel</b>																		
San Sevaire 1, 2, 3 & 4	0	0	0	0	0	267	0	0	201	0	0	260	52	0	290	77	0	211
San Sevaire 5	0	0	0	0	0	0	0	0	0	0	0	0	3	0	0	84	0	0
<b>West Cucamonga Channel</b>																		
Ely 1, 2 & 3	0	0	227	2	0	23	3	0	1	3	0	154	35	0	58	63	0	159
<b>West Fontana Channel</b>																		
Hickory	1	0	54	2	0	74	0	0	81	0	0	26	1	0	0	55	0	0
	1	0	469	3	0	532	3	0	459	4	12	633	145	118	614	525	7	536
<b>MZ 3</b>																		
<b>Day Creek Channel</b>																		
Wineville	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Riverside	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>DeClez Channel</b>																		
DeClez	4	0	116	4	0	85	3	0	114	3	0	143	47	0	100	155	0	38
RP3 Cell 1, 3, & 4	0	0	349	0	0	530	1	0	604	0	0	470	0	0	715	18	0	700
RP3 Cell 2	3	0	5	4	0	0	6	0	128	6	0	334	8	0	86	22	0	116
<b>Etiwanda Channel</b>																		
Etiwanda Conservation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>San Sevaire Channel</b>																		
Jurupa	0	0	0	3	0	0	2	0	0	3	0	0	5	0	0	8	0	0
<b>West Fontana Channel</b>																		
Banana	0	0	0	0	0	0	0	0	0	0	0	166	12	0	137	63	0	115
	7	0	469	11	0	615	12	0	846	12	0	1,113	71	0	1,039	266	0	968
<b>Total</b>	<b>11</b>	<b>106</b>	<b>1,274</b>	<b>18</b>	<b>0</b>	<b>1,382</b>	<b>18</b>	<b>0</b>	<b>1,565</b>	<b>24</b>	<b>12</b>	<b>1,944</b>	<b>444</b>	<b>1,475</b>	<b>1,722</b>	<b>1,090</b>	<b>533</b>	<b>1,505</b>

Evaporative losses are applied to Imported and Recycled Water (1.5% November - March, 4.2% April - October).

ST = stormwater  
 IMP = imported water  
 RC = recycled water

JANUARY			FEBRUARY			MARCH			APRIL			MAY			JUNE			TOTAL						
ST	IMP	RC	ST	IMP	RC	ST	IMP	RC	ST	IMP	RC	ST	IMP	RC	ST	IMP	RC	ST	IMP	RC	ST	IMP	RC	ALL
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	154	0	0	154	
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
38	0	0	1	0	0	31	0	0	0	0	0	0	0	0	0	0	0	0	0	127	426	0	552	
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	509	0	509	
97	0	0	2	0	0	72	0	0	0	0	0	0	0	0	0	3	0	0	333	1,055	0	1,388		
57	0	82	5	0	75	41	0	24	0	0	164	0	0	53	0	0	53	156	0	933	0	1,088		
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
82	0	0	9	0	0	73	0	25	6	0	56	0	0	0	0	0	0	257	0	556	0	813		
55	0	0	21	0	0	22	0	0	5	0	40	10	0	0	6	0	0	151	0	182	0	332		
329	0	82	38	0	75	238	0	49	11	0	259	10	0	53	9	0	53	1,178	1,989	1,670	0	4,838		
189	25	0	12	75	0	103	0	0	24	0	0	62	0	0	136	2	0	604	239	5	0	847		
107	0	45	12	0	87	68	0	54	4	0	28	5	0	47	0	0	3	238	0	559	0	797		
37	0	0	1	0	0	23	0	0	0	0	0	0	0	0	0	0	0	102	0	0	0	102		
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
59	0	32	6	0	83	7	0	35	0	0	0	0	0	0	0	0	0	148	0	1,008	0	1,156		
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
73	0	0	0	0	0	30	0	0	0	0	0	0	0	0	0	0	0	165	0	0	0	165		
85	0	133	11	0	221	34	0	202	0	0	275	0	0	247	0	0	325	259	0	2,632	0	2,890		
58	0	0	13	0	0	27	0	0	0	0	0	0	0	0	0	0	0	186	0	0	0	186		
288	0	44	38	0	0	114	0	104	12	0	107	12	0	131	6	0	181	576	0	1,188	0	1,764		
35	0	0	0	0	0	56	0	0	0	0	0	0	0	0	0	0	0	150	0	235	0	385		
929	25	253	94	75	391	463	0	395	39	0	410	80	0	425	142	2	509	2,427	239	5,627	0	8,292		
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
152	0	1	3	0	0	137	0	3	7	0	31	5	0	146	6	0	146	526	0	924	0	1,450		
119	0	371	1	0	185	65	0	181	12	0	331	13	0	174	0	0	263	228	0	4,873	0	5,100		
52	0	110	9	0	189	39	0	170	5	0	141	10	0	325	9	0	189	173	0	1,792	0	1,965		
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
90	0	0	82	0	0	70	0	0	17	0	0	17	0	0	19	0	0	316	0	0	0	316		
88	0	38	1	0	37	52	0	37	2	0	121	0	0	97	0	0	94	218	0	843	0	1,060		
501	0	520	95	0	412	363	0	392	43	0	624	45	0	743	34	0	692	1,461	0	8,431	0	9,892		
1,758	25	855	227	75	877	1,063	0	836	93	0	1,293	134	0	1,221	185	2	1,255	5,065	2,228	15,728	0	23,022		

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**CHINO BASIN WATERMASTER**

**APPROVED**

**2021/2022 ASSESSMENT PACKAGE  
(PRODUCTION YEAR 2020/2021)**

**NOVEMBER 18, 2021**



# Chino Basin Watermaster Assessment Package

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Assessment Year 2021-2022 (Production Year 2020-2021)

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**Assessment Year 2021-2022 (Production Year 2020-2021)**  
**Water Production Overview**

**AGRICULTURAL POOL SUMMARY IN ACRE FEET**

Agricultural Pool Safe Yield	82,800.0
Agricultural Total Pool Production	(21,484.8)
	<b>61,315.2</b>
Safe Yield Reduction (Backfill)	(9,000.0)
Total Conversions	(31,716.6)
	<b>(40,716.6)</b>
Early Transfer:	<b>20,598.6</b>

<b>Well County</b>	<b>Physical Production</b>	<b>Voluntary Agreements</b>	<b>Total Ag Pool Production</b>
Los Angeles County	165.1	0.0	165.1
Riverside County	1,987.6	0.0	1,987.6
San Bernardino County	12,869.4	6,462.7	19,332.1
	<b>15,022.1</b>	<b>6,462.7</b>	<b>21,484.8</b>

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**Assessment Year 2021-2022 (Production Year 2020-2021)**  
**Assessment Fee Summary**

	AF Production	Non-Agricultural Pool		Replenishment Assessments		CURO Adjmnt	RTS Charges	Other Adjmnts	Total Assmnts Due
		\$22.27 AF/Admin	\$48.25 AF/OBMP	AF Over Annual Right	\$789.00 Per AF				
9W Halo Western OpCo L.P.	28.5	635.05	1,375.90	11.6	9,157.13	98.57	384.62	0.00	11,651.27
ANG II (Multi) LLC	0.0	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00
Aqua Capital Management LP	0.0	0.00	0.00	0.0	0.00	0.00	291.23	0.00	291.23
California Speedway Corporation	388.3	8,647.57	18,735.76	0.0	0.00	0.00	0.00	0.00	27,383.33
California Steel Industries, Inc.	1,301.8	28,991.93	62,813.68	0.0	0.00	0.00	0.00	0.00	91,805.61
CalMat Co.	0.0	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00
CCG Ontario, LLC	0.0	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00
City of Ontario (Non-Ag)	1,608.4	35,818.24	77,603.51	0.0	0.00	0.00	0.00	0.00	113,421.75
County of San Bernardino (Non-Ag)	72.6	1,617.18	3,503.77	0.0	0.00	0.00	0.00	0.00	5,120.95
General Electric Company	0.0	0.00	0.00	0.0	0.00	57.15	0.31	0.00	57.46
Hamner Park Associates, a California Limited Partnership	323.4	7,202.50	15,604.87	0.0	0.00	0.00	0.00	0.00	22,807.37
Linde Inc.	0.0	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00
Monte Vista Water District (Non-Ag)	22.1	492.17	1,066.32	0.0	0.00	0.00	0.00	0.00	1,558.49
Riboli Family and San Antonio Winery, Inc.	43.2	962.84	2,086.09	43.2	34,112.42	248.40	192.69	0.00	37,602.44
Space Center Mira Loma, Inc.	93.7	2,086.88	4,521.41	0.0	0.00	0.00	0.00	0.00	6,608.29
TAMCO	15.3	340.40	737.50	0.0	0.00	0.00	184.26	0.00	1,262.16
West Venture Development Company	0.0	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00
	<b>3,897.4</b>	<b>86,794.76</b>	<b>188,048.81</b>	<b>54.8</b>	<b>43,269.55</b>	<b>404.12</b>	<b>1,053.10</b>	<b>0.00</b>	<b>319,570.34</b>
	<b>2A</b>	<b>2B</b>	<b>2C</b>	<b>2D</b>	<b>2E</b>	<b>2F</b>	<b>2G</b>	<b>2H</b>	<b>2I</b>

Notes:

- 1) In September 2020, Praxair, Inc. changed its name to Linde Inc.
- 2) ANG II (Multi) LLC temporarily leased their rights to 9W Halo Western OpCo L.P. (as successor to Angelica) beginning on March 2010 through January 2030.



**Assessment Year 2021-2022 (Production Year 2020-2021)**  
**Water Production Overview**

	Physical Production	Assignments	Other Adjustments	Actual FY Production (Assmnt Pkg Column 4H)
9W Halo Western OpCo L.P.	28.5	0.0	0.0	28.5
ANG II (Multi) LLC	0.0	0.0	0.0	0.0
Aqua Capital Management LP	0.0	0.0	0.0	0.0
California Speedway Corporation	388.3	0.0	0.0	388.3
California Steel Industries, Inc.	1,301.8	0.0	0.0	1,301.8
CalMat Co.	0.0	0.0	0.0	0.0
CCG Ontario, LLC	0.0	0.0	0.0	0.0
City of Ontario (Non-Ag)	0.0	1,608.4	0.0	1,608.4
County of San Bernardino (Non-Ag)	0.0	72.6	0.0	72.6
General Electric Company	1,018.1	0.0	(1,018.1)	0.0
Hamner Park Associates, a California Limited Partnership	0.0	323.4	0.0	323.4
Linde Inc.	0.0	0.0	0.0	0.0
Monte Vista Water District (Non-Ag)	0.0	22.1	0.0	22.1
Riboli Family and San Antonio Winery, Inc.	43.2	0.0	0.0	43.2
Space Center Mira Loma, Inc.	0.0	93.7	0.0	93.7
TAMCO	15.3	0.0	0.0	15.3
West Venture Development Company	0.0	0.0	0.0	0.0
	<b>2,795.3</b>	<b>2,120.2</b>	<b>(1,018.1)</b>	<b>3,897.4</b>
	<b>3A</b>	<b>3B</b>	<b>3C</b>	<b>3D</b>

Notes:

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- 2) ANG II (Multi) LLC temporarily leased their rights to 9W Halo Western OpCo L.P. (as successor to Angelica) beginning on March 2010 through January 2030.

Other Adj:

- 1) General Electric Company extracted and subsequently injected 1,018.13 AF of water during the fiscal year.



Assessment Year 2021-2022 (Production Year 2020-2021)

# Water Production Summary

	Percent of Safe Yield	Carryover Beginning Balance	Prior Year Adjustments	Assigned Share of Safe Yield (AF)
9W Halo Western OpCo L.P.	0.256%	0.0	0.0	18.8
ANG II (Multi) LLC	0.000%	0.0	0.0	0.0
Aqua Capital Management LP	0.000%	0.0	0.0	0.0
California Speedway Corporation	13.605%	1,000.0	0.0	1,000.0
California Steel Industries, Inc.	21.974%	1,615.1	0.0	1,615.1
CallMat Co.	0.000%	0.0	0.0	0.0
CCG Ontario, LLC	0.000%	0.0	0.0	0.0
City of Ontario (Non-Ag)	53.338%	3,920.6	0.0	3,920.6
County of San Bernardino (Non-Ag)	1.821%	133.9	0.0	133.9
General Electric Company	0.000%	0.0	0.0	0.0
Hamner Park Associates, a California Limited Partnership	6.316%	464.2	0.0	464.2
Linde Inc.	0.014%	1.0	0.0	1.0
Monte Vista Water District (Non-Ag)	0.680%	50.0	0.0	50.0
Riboli Family and San Antonio Winery, Inc.	0.000%	0.0	0.0	0.0
Space Center Mira Loma, Inc.	1.417%	0.0	0.0	104.1
TAMCO	0.579%	42.6	0.0	42.6
West Venture Development Company	0.000%	0.0	0.0	0.0
	<b>100.00%</b>	<b>7,227.4</b>	<b>0.0</b>	<b>7,350.3</b>
	<b>4A</b>	<b>4B</b>	<b>4C</b>	<b>4D</b>

Notes:

- 1) In September 2020, Praxair, Inc. changed its name to Linde Inc.
- 2) ANG II (Multi) LLC temporarily leased their rights to 9W Halo Western OpCo L.P. (as successor to Angelica) beginning on March 2010 through January 2030.

**POOL 2**

Water Transaction Activity	Other Adjustments	Annual Production Right	Actual Fiscal Year Production	Net Over Production	Under Production Balances		
					Total Under-Produced	Carryover: Next Year Begin Bal	To Excess Carryover Account
(1.9)	0.0	16.9	28.5	11.6	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(100.0)	0.0	1,900.0	388.3	0.0	1,511.7	1,000.0	511.7
(161.5)	0.0	3,068.8	1,301.8	0.0	1,766.9	1,615.1	151.8
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(392.1)	0.0	7,449.1	1,608.4	0.0	5,840.7	3,920.6	1,920.1
(13.4)	0.0	254.4	72.6	0.0	181.7	133.9	47.9
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(46.4)	0.0	882.1	323.4	0.0	558.6	464.2	94.4
(0.1)	0.0	1.9	0.0	0.0	1.9	1.0	0.9
(5.0)	0.0	95.0	22.1	0.0	72.9	50.0	22.9
0.0	0.0	0.0	43.2	43.2	0.0	0.0	0.0
(10.4)	0.0	93.7	93.7	0.0	0.0	0.0	0.0
(4.3)	0.0	81.0	15.3	0.0	65.7	42.6	23.1
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>(735.0)</b>	<b>0.0</b>	<b>13,842.7</b>	<b>3,897.4</b>	<b>54.8</b>	<b>10,000.2</b>	<b>7,227.4</b>	<b>2,772.8</b>
<b>4E</b>	<b>4F</b>	<b>4G</b>	<b>4H</b>	<b>4I</b>	<b>4J</b>	<b>4K</b>	<b>4L</b>

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**Assessment Year 2021-2022 (Production Year 2020-2021)**

**Local Storage Accounts Summary**

	Local Excess Carry Over Storage Account (ECO)					Local Supplemental Storage Account				Combined
	Beginning Balance	0.07% Storage Loss	Transfers To / (From)	From Under-Production	Ending Balance	Beginning Balance	0.07% Storage Loss	Transfers To / (From)	Ending Balance	Ending Balance
9W Halo Western OpCo L.P.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ANG II (Multi) LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Aqua Capital Management LP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
California Speedway Corporation	1,419.9	(1.0)	(32.1)	511.7	1,898.5	0.0	0.0	0.0	0.0	1,898.5
California Steel Industries, Inc.	2,361.7	(1.7)	0.0	151.8	2,511.8	0.0	0.0	0.0	0.0	2,511.8
CalMat Co.	5.0	0.0	0.0	0.0	5.0	0.0	0.0	0.0	0.0	5.0
CCG Ontario, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
City of Ontario (Non-Ag)	3,461.4	(2.4)	(3,461.1)	1,920.1	1,918.0	0.0	0.0	0.0	0.0	1,918.0
County of San Bernardino (Non-Ag)	204.1	(0.1)	0.0	47.9	251.8	0.0	0.0	0.0	0.0	251.8
General Electric Company	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hamner Park Associates, a California Limited Partnership	1,627.6	(1.1)	0.0	94.4	1,720.9	0.0	0.0	0.0	0.0	1,720.9
Linde Inc.	63.5	0.0	0.0	0.9	64.3	0.0	0.0	0.0	0.0	64.3
Monte Vista Water District (Non-Ag)	95.1	(0.1)	0.0	22.9	117.9	0.0	0.0	0.0	0.0	117.9
Riboli Family and San Antonio Winery, Inc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Space Center Mira Loma, Inc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TAMCO	235.3	(0.2)	0.0	23.1	258.2	0.0	0.0	0.0	0.0	258.2
West Venture Development Company	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	<b>9,473.5</b>	<b>(6.6)</b>	<b>(3,493.2)</b>	<b>2,772.8</b>	<b>8,746.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>8,746.4</b>

5A 5B 5C 5D 5E 5F 5G 5H 5I 5J

Notes:

- 1) In September 2020, Praxair, Inc. changed its name to Linde Inc.
- 2) ANG II (Multi) LLC temporarily leased their rights to 9W Halo Western OpCo L.P. (as successor to Angelica) beginning on March 2010 through January 2030.
- 3) California Speedway Corporation dedicated 32.1 AF to satisfy a portion of BlueTriton Brands, Inc.'s 2021/22 DRO pursuant to an Exhibit "G" Section 10 Form A.
- 4) City of Ontario (Non-Ag) dedicated 3,461.1 AF to satisfy a portion of City of Ontario's 2021/22 DRO pursuant to an Exhibit "G" Section 10 Form A.



**Assessment Year 2021-2022 (Production Year 2020-2021)**

**Water Transaction Summary**

	Percent of Safe Yield	Assigned Share of Safe Yield (AF)	Water Transactions			Total Water Transactions
			10% of Operating Safe Yield ("Haircut")	Transfers (To) / From ECO Account	General Transfers / Exhibit G Water Sales	
9W Halo Western OpCo L.P.	0.256%	18.8	(1.9)	0.0	0.0	(1.9)
ANG II (Multi) LLC	0.000%	0.0	0.0	0.0	0.0	0.0
Aqua Capital Management LP	0.000%	0.0	0.0	0.0	0.0	0.0
California Speedway Corporation	13.605%	1,000.0	(100.0)	32.1	(32.1)	(100.0)
California Steel Industries, Inc.	21.974%	1,615.1	(161.5)	0.0	0.0	(161.5)
CalMat Co.	0.000%	0.0	0.0	0.0	0.0	0.0
CCG Ontario, LLC	0.000%	0.0	0.0	0.0	0.0	0.0
City of Ontario (Non-Ag)	53.338%	3,920.6	(392.1)	3,461.1	(3,461.1)	(392.1)
County of San Bernardino (Non-Ag)	1.821%	133.9	(13.4)	0.0	0.0	(13.4)
General Electric Company	0.000%	0.0	0.0	0.0	0.0	0.0
Hamner Park Associates, a California Limited Partnership	6.316%	464.2	(46.4)	0.0	0.0	(46.4)
Linde Inc.	0.014%	1.0	(0.1)	0.0	0.0	(0.1)
Monte Vista Water District (Non-Ag)	0.680%	50.0	(5.0)	0.0	0.0	(5.0)
Riboli Family and San Antonio Winery, Inc.	0.000%	0.0	0.0	0.0	0.0	0.0
Space Center Mira Loma, Inc.	1.417%	104.1	(10.4)	0.0	0.0	(10.4)
TAMCO	0.579%	42.6	(4.3)	0.0	0.0	(4.3)
West Venture Development Company	0.000%	0.0	0.0	0.0	0.0	0.0
	<b>100.000%</b>	<b>7,350.3</b>	<b>(735.0)</b>	<b>3,493.2</b>	<b>(3,493.2)</b>	<b>(735.0)</b>
	<b>6A</b>	<b>6B</b>	<b>6C</b>	<b>6D</b>	<b>6E</b>	<b>6F</b>

Notes:

- 1) In September 2020, Praxair, Inc. changed its name to Linde Inc.
- 2) ANG II (Multi) LLC temporarily leased their rights to 9W Halo Western OpCo L.P. (as successor to Angelica) beginning on March 2010 through January 2030.
- 3) California Speedway Corporation dedicated 32.1 AF to satisfy a portion of BlueTriton Brands, Inc.'s 2021/22 DRO pursuant to an Exhibit "G" Section 10 Form A.
- 4) City of Ontario (Non-Ag) dedicated 3,461.1 AF to satisfy a portion of City of Ontario's 2021/22 DRO pursuant to an Exhibit "G" Section 10 Form A.



**Assessment Year 2021-2022 (Production Year 2020-2021)**

**Cumulative Unmet Replenishment Obligation (CURO)**

Remaining Replenishment Obligation:	AF
Appropriative - 100	0.0
Appropriative - 15/85	0.0
Non-Agricultural - 100	0.0
	<b>0.0</b>

Replenishment Rates	
2021 Rate	\$789.00
2020 Rate	\$767.00

**Pool 2 Non-Agricultural**

Company	Outstanding Obligation (AF)	Fund Balance (\$)	Outstanding Obligation (\$)
9W Halo Western OpCo L.P.	0.0	(\$98.57)	\$98.57
ANG II (Multi) LLC	0.0	\$0.00	\$0.00
Aqua Capital Management LP	0.0	\$0.00	\$0.00
California Speedway Corporation	0.0	\$0.00	\$0.00
California Steel Industries, Inc.	0.0	\$0.00	\$0.00
CalMat Co.	0.0	\$0.00	\$0.00
CCG Ontario, LLC	0.0	\$0.00	\$0.00
City of Ontario (Non-Ag)	0.0	\$0.00	\$0.00
County of San Bernardino (Non-Ag)	0.0	\$0.00	\$0.00
General Electric Company	0.0	(\$57.15)	\$57.15
Hamner Park Associates, a California Limited Partnership	0.0	\$0.00	\$0.00
Linde Inc.	0.0	\$0.00	\$0.00
Monte Vista Water District (Non-Ag)	0.0	\$0.00	\$0.00
Riboli Family and San Antonio Winery, Inc.	0.0	(\$248.40)	\$248.40
Space Center Mira Loma, Inc.	0.0	\$0.00	\$0.00
TAMCO	0.0	\$0.00	\$0.00
West Venture Development Company	0.0	\$0.00	\$0.00
<b>Pool 2 Non-Agricultural Total</b>	<b>0.0</b>	<b>(\$404.12)</b>	<b>\$404.12</b>
	<b>7A</b>	<b>7B</b>	<b>7C</b>

Notes:

- 1) In September 2020, Praxair, Inc. changed its name to Linde Inc.
- 2) ANG II (Multi) LLC temporarily leased their rights to 9W Halo Western OpCo L.P. (as successor to Angelica) beginning on March 2010 through January 2030.
- 3) The 2021 replenishment rate includes MWD's Full Service Untreated Tier 1 volumic cost of \$777/AF, a \$10/AF surcharge from Three Valleys Municipal Water District, and a \$2/AF connection fee from Orange County Water District.





Assessment Year 2021-2022 (Production Year 2020-2021)

## Assessment Fee Summary

	AF Production and Exchanges	Appropriative Pool		Ag Pool SY Reallocation			Replenishment Assessments		
		\$22.27 AF/Admin	\$48.25 AF/OBMP	AF Total Realloc- ation	\$478,534 \$7.80 AF/Admin	\$1,036,584 \$16.91 AF/OBMP	\$118.35 AF/15%	\$670.65 AF/85%	\$789.00 AF/100%
BlueTriton Brands, Inc.	271.3	6,041.21	13,088.83	0.0	0.00	0.00	0.00	0.00	0.00
CalMat Co. (Appropriative)	0.0	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00
Chino Hills, City Of	2,459.6	54,775.92	118,677.05	2,417.9	18,870.15	40,875.88	81.46	0.00	0.00
Chino, City Of	2,762.4	61,518.20	133,284.84	11,194.4	87,366.39	189,250.10	91.49	0.00	0.00
Cucamonga Valley Water District	5,725.7	127,511.34	276,265.03	2,552.2	19,918.39	43,146.53	189.63	0.00	0.00
Desalter Authority	40,114.5	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00
Fontana Union Water Company	0.0	0.00	0.00	3,450.3	26,927.93	58,330.36	0.00	0.00	0.00
Fontana Water Company	11,065.3	246,424.59	533,901.50	834.6	6,513.57	14,109.47	366.47	0.00	0.00
Fontana, City Of	0.0	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00
Golden State Water Company	1,074.4	23,926.60	51,839.17	222.0	1,732.52	3,752.92	35.58	0.00	0.00
Jurupa Community Services District	10,609.9	236,282.61	511,927.96	16,328.0	127,432.12	276,039.11	351.39	0.00	0.00
Marygold Mutual Water Company	840.9	18,726.49	40,572.65	353.7	2,760.47	5,979.64	0.00	0.00	0.00
Monte Vista Irrigation Company	0.0	0.00	0.00	365.2	2,850.57	6,174.80	0.00	0.00	0.00
Monte Vista Water District	7,523.3	167,543.69	362,998.79	2,709.4	21,145.54	45,804.75	249.16	0.00	0.00
NCL Co, LLC	0.0	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00
Niagara Bottling, LLC	1,751.7	39,009.58	84,517.84	0.0	0.00	0.00	0.00	0.00	1,382,063.69
Nicholson Family Trust	0.0	0.00	0.00	2.1	16.17	35.03	0.00	0.00	0.00
Norco, City Of	0.0	0.00	0.00	108.9	850.09	1,841.43	0.00	0.00	0.00
Ontario, City Of	17,171.1	382,401.07	828,507.02	10,807.7	84,348.53	182,712.90	568.68	0.00	0.00
Pomona, City Of	9,192.2	204,709.23	443,521.33	6,054.1	47,249.20	102,349.61	0.00	0.00	0.00
San Antonio Water Company	676.5	15,066.28	32,642.48	813.4	6,347.94	13,750.69	22.41	0.00	0.00
San Bernardino, County of (Shooting Park)	17.2	382.44	828.60	0.0	0.00	0.00	0.57	11,517.07	0.00
Santa Ana River Water Company	175.5	3,908.34	8,467.78	702.4	5,481.68	11,874.23	5.81	0.00	0.00
Upland, City Of	2,107.0	46,923.13	101,663.28	1,539.7	12,016.74	26,030.24	69.78	0.00	0.00
West End Consolidated Water Co	0.0	0.00	0.00	511.5	3,991.72	8,646.72	0.00	0.00	0.00
West Valley Water District	0.0	0.00	0.00	347.8	2,714.28	5,879.58	0.00	0.00	0.00
	<b>113,538.4</b>	<b>1,635,150.72</b>	<b>3,542,704.15</b>	<b>61,315.2</b>	<b>478,534.00</b>	<b>1,036,584.00</b>	<b>2,032.43</b>	<b>11,517.07</b>	<b>1,382,063.69</b>
	<b>8A</b>	<b>8B</b>	<b>8C</b>	<b>8D</b>	<b>8E</b>	<b>8F</b>	<b>8G</b>	<b>8H</b>	<b>8I</b>

Notes:

- 1) IEUA is collecting the fourth of ten annual RTS charges for water purchased in FY 2016/17, and third of ten annual RTS charges for water purchased in FY 2017/18
- 2) "Other Adjustments" (Column [8R]) includes adjustments from replenishment purchase for DRO.
- 3) In April 2021, Nestle Waters North America Inc., who owns Arrowhead Mountain Spring Water brand, changed its name to BlueTriton Brands, Inc. and requested W

**POOL 3**

85/15 Activity			ASSESSMENTS DUE							
15% Producer Credits	15% Pro-rated Debits	CURO Adjmt	Total Production Based	Pomona Credit	Recharge Debt Payment	Recharge Imprvmt Project	RTS Charges	Other Adjmts	DRO	Total Due
0.00	0.00	(135.86)	18,994.18	0.00	0.00	0.00	7,519.14	0.00	0.00	26,513.32
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	25,247.02	0.40	258,527.88	2,567.35	20,372.91	0.00	1.04	0.00	0.00	281,469.18
0.00	28,354.64	0.45	499,866.11	4,904.69	38,920.66	0.00	0.05	0.00	0.00	543,691.51
0.00	58,771.84	0.92	525,803.68	4,400.69	34,921.20	0.00	12.09	0.00	0.00	565,137.66
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	85,258.29	7,771.37	61,668.91	0.00	0.00	0.00	0.00	154,698.57
(629,915.45)	113,580.68	1.79	284,982.62	1.33	10.58	0.00	9.15	0.00	0.00	285,003.67
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	11,028.12	0.18	92,315.09	500.00	3,967.72	0.00	0.50	0.00	0.00	96,783.31
0.00	108,906.10	1.73	1,260,941.02	2,506.01	19,886.20	0.00	5.81	0.00	0.00	1,283,339.04
0.00	0.00	0.00	68,039.25	796.67	6,321.90	0.00	764.52	0.00	0.00	75,922.34
0.00	0.00	0.00	9,025.37	822.67	6,528.22	0.00	0.00	0.00	0.00	16,376.26
0.00	77,223.33	1.23	674,966.49	5,864.70	46,538.68	0.00	4.87	0.00	0.00	727,374.74
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	18,212.89	1,523,804.00	0.00	0.00	0.00	23,935.00	723.57	198,558.16	1,747,020.73
0.00	0.00	0.00	51.20	4.67	37.03	0.00	0.00	(2.13)	0.00	90.77
0.00	0.00	0.00	2,691.52	245.33	1,946.83	0.00	0.00	0.00	0.00	4,883.68
0.00	176,254.23	2.79	1,654,795.22	13,828.07	109,731.20	0.00	11.25	0.00	0.00	1,778,365.74
0.00	0.00	0.00	797,829.37	(53,030.93)	108,207.59	0.00	0.00	0.00	0.00	853,006.03
0.00	6,944.27	0.11	74,774.18	1,832.01	14,537.72	0.00	0.57	0.00	0.00	91,144.48
0.00	176.27	56.71	12,961.66	0.00	0.00	0.00	270.81	5.01	1,946.46	15,183.94
0.00	1,801.41	0.03	31,539.28	1,582.01	12,553.86	0.00	964.56	(1.67)	0.00	46,638.04
0.00	21,627.56	0.34	208,331.07	3,468.02	27,520.09	0.00	1.39	0.00	0.00	239,320.57
0.00	0.00	0.00	12,638.44	1,152.01	9,141.62	0.00	0.00	0.00	0.00	22,932.07
0.00	0.00	0.00	8,593.86	783.34	6,216.09	0.00	476.35	(0.83)	0.00	16,068.81
<b>(629,915.45)</b>	<b>629,915.47</b>	<b>18,143.71</b>	<b>8,106,729.77</b>	<b>0.01</b>	<b>529,029.01</b>	<b>0.00</b>	<b>33,977.09</b>	<b>723.95</b>	<b>200,504.62</b>	<b>8,870,964.45</b>
<b>8J</b>	<b>8K</b>	<b>8L</b>	<b>8M</b>	<b>8N</b>	<b>8O</b>	<b>8P</b>	<b>8Q</b>	<b>8R</b>	<b>8S</b>	<b>8T</b>

atermaster to use the new company name.

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**Assessment Year 2021-2022 (Production Year 2020-2021)**

**Water Production Overview**

	Physical Production	Voluntary Agreements (w/ Ag)	Assignments (w/ Non-Ag)	Other Adjustments	Actual FY Production (Assmnt Pkg Column 10)
BlueTriton Brands, Inc.	271.3	0.0	0.0	0.0	271.3
CalMat Co. (Appropriative)	0.0	0.0	0.0	0.0	0.0
Chino Hills, City Of	2,528.6	(69.0)	0.0	0.0	2,459.6
Chino, City Of	6,133.0	(3,298.0)	(72.6)	0.0	2,762.4
Cucamonga Valley Water District	26,225.7	0.0	0.0	0.0	26,225.7
Desalter Authority	40,156.1	0.0	0.0	(41.6)	40,114.5
Fontana Union Water Company	0.0	0.0	0.0	0.0	0.0
Fontana Water Company	13,565.3	0.0	0.0	0.0	13,565.3
Fontana, City Of	0.0	0.0	0.0	0.0	0.0
Golden State Water Company	1,074.4	0.0	0.0	0.0	1,074.4
Jurupa Community Services District	11,160.9	0.0	(417.1)	(133.9)	10,609.9
Marygold Mutual Water Company	840.9	0.0	0.0	0.0	840.9
Monte Vista Irrigation Company	0.0	0.0	0.0	0.0	0.0
Monte Vista Water District	7,674.4	(124.4)	(22.1)	(4.7)	7,523.3
NCL Co, LLC	0.0	0.0	0.0	0.0	0.0
Niagara Bottling, LLC	1,751.7	0.0	0.0	0.0	1,751.7
Nicholson Family Trust	0.0	0.0	0.0	0.0	0.0
Norco, City Of	0.0	0.0	0.0	0.0	0.0
Ontario, City Of	21,750.8	(2,971.3)	(1,608.4)	0.0	17,171.1
Pomona, City Of	9,192.2	0.0	0.0	0.0	9,192.2
San Antonio Water Company	676.5	0.0	0.0	0.0	676.5
San Bernardino, County of (Shooting Park)	17.2	0.0	0.0	0.0	17.2
Santa Ana River Water Company	0.0	0.0	0.0	175.5	175.5
Upland, City Of	2,177.1	0.0	0.0	(70.1)	2,107.0
West End Consolidated Water Co	0.0	0.0	0.0	0.0	0.0
West Valley Water District	0.0	0.0	0.0	0.0	0.0
	<b>145,196.1</b>	<b>(6,462.7)</b>	<b>(2,120.2)</b>	<b>(74.8)</b>	<b>136,538.4</b>

Less Desalter Authority Production **(40,114.5)**

Total Less Desalter Authority Production **96,423.9**

9A
9B
9C
9D
9E

**Notes:**

1) In April 2021, Nestle Waters North America Inc., who owns Arrowhead Mountain Spring Water brand, changed its name to BlueTriton Brands, Inc. and requested Watermaster to use the new company name.

**Other Adj:**

- 1) CDA provided 41.645 AF to JCSD for irrigation at Orchard Park.
- 2) Monte Vista Water District received credit of 4.698 AF after evaporative losses due to Pump-to-Waste activities in which the water was recaptured into a recharge basin.
- 3) Santa Ana River Water Company exceeded its allotment with JCSD by 175.498 AF.
- 4) City of Upland received credit of 70.098 AF after evaporative losses due to Pump-to-Waste activities in which the water was recaptured into a recharge basin.



## Assessment Year 2021-2022 (Production Year 2020-2021)

# Water Production Summary

	Percent of Operating Safe Yield	Carryover Beginning Balance	Prior Year Adjustments	Assigned Share of Operating Safe Yield	Net Ag Pool Reallocation	Water Transaction Activity	Other Adjustments
BlueTriton Brands, Inc.	0.000%	0.0	0.0	0.0	0.0	271.3	0.0
CalMat Co. (Appropriative)	0.000%	0.0	0.0	0.0	0.0	0.0	0.0
Chino Hills, City Of	3.851%	1,726.6	0.0	1,572.5	2,417.9	0.0	0.0
Chino, City Of	7.357%	3,298.4	0.0	3,004.2	11,194.4	0.0	0.0
Cucamonga Valley Water District	6.601%	1,596.4	0.0	2,695.5	2,552.2	35.6	0.0
Desalter Authority	0.000%	0.0	0.0	0.0	0.0	0.0	0.0
Fontana Union Water Company	11.657%	0.0	0.0	4,760.0	3,450.3	(8,210.3)	0.0
Fontana Water Company	0.002%	0.9	0.0	0.8	834.6	10,229.0	0.0
Fontana, City Of	0.000%	0.0	0.0	0.0	0.0	0.0	0.0
Golden State Water Company	0.750%	323.6	0.0	306.3	222.0	222.5	0.0
Jurupa Community Services District	3.759%	1,685.3	0.0	1,535.0	16,328.0	0.0	0.0
Marygold Mutual Water Company	1.195%	399.3	0.0	488.0	353.7	0.0	0.0
Monte Vista Irrigation Company	1.234%	553.3	0.0	503.9	365.2	0.0	0.0
Monte Vista Water District	8.797%	3,944.0	0.0	3,592.2	2,709.4	500.0	0.0
NCL Co, LLC	0.000%	0.0	0.0	0.0	0.0	0.0	0.0
Niagara Bottling, LLC	0.000%	0.0	0.0	0.0	0.0	0.0	0.0
Nicholson Family Trust	0.007%	3.1	0.0	2.9	2.1	(6.5)	0.0
Norco, City Of	0.368%	165.0	0.0	150.3	108.9	0.0	0.0
Ontario, City Of	20.742%	9,299.5	0.0	8,469.8	10,807.7	0.0	0.0
Pomona, City Of	20.454%	9,170.3	0.0	8,352.2	6,054.1	0.0	0.0
San Antonio Water Company	2.748%	1,232.0	0.0	1,122.1	813.4	0.0	0.0
San Bernardino, County of (Shooting P	0.000%	0.0	0.0	0.0	0.0	0.0	0.0
Santa Ana River Water Company	2.373%	1,063.9	0.0	969.0	702.4	0.0	0.0
Upland, City Of	5.202%	2,332.3	0.0	2,124.2	1,539.7	0.0	0.0
West End Consolidated Water Co	1.728%	774.7	0.0	705.6	511.5	0.0	0.0
West Valley Water District	1.175%	526.8	0.0	479.8	347.8	0.0	0.0
	<b>100.00%</b>	<b>38,095.5</b>	<b>0.0</b>	<b>40,834.0</b>	<b>61,315.2</b>	<b>3,041.6</b>	<b>0.0</b>

Less Desalter Authority Production

Total Less Desalter Authority Production

10A

10B

10C

10D

10E

10F

10G

Notes:

- 1) As of July 1, 2020, the total Operating Safe Yield of the Appropriative Pool is 40,834 AF, allocated by percentage of Operating Safe Yield.
- 2) In April 2021, Nestle Waters North America Inc., who owns Arrowhead Mountain Spring Water brand, changed its name to BlueTriton Brands, Inc. and requested

**POOL 3**

Annual Production Right	Actual Fiscal Year Production	Storage and Recovery Program(s)	Total Production and Exchanges	Net Over-Production		Under Production Balances		
				85/15%	100%	Total Under-Produced	Carryover: Next Year Begin Bal	To Excess Carryover Account
271.3	271.3	0.0	271.3	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5,716.9	2,459.6	0.0	2,459.6	0.0	0.0	3,257.3	1,572.5	1,684.8
17,497.0	2,762.4	0.0	2,762.4	0.0	0.0	14,734.6	3,004.2	11,730.4
6,879.7	26,225.7	(20,500.0)	5,725.7	0.0	0.0	1,154.0	1,154.0	0.0
0.0	40,114.5	0.0	40,114.5	0.0	40,114.5	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11,065.3	13,565.3	(2,500.0)	11,065.3	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1,074.4	1,074.4	0.0	1,074.4	0.0	0.0	0.0	0.0	0.0
19,548.3	10,609.9	0.0	10,609.9	0.0	0.0	8,938.4	1,535.0	7,403.4
1,240.9	840.9	0.0	840.9	0.0	0.0	400.0	400.0	0.0
1,422.4	0.0	0.0	0.0	0.0	0.0	1,422.4	503.9	918.5
10,745.6	7,523.3	0.0	7,523.3	0.0	0.0	3,222.3	3,222.3	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	1,751.7	0.0	1,751.7	0.0	1,751.7	0.0	0.0	0.0
1.6	0.0	0.0	0.0	0.0	0.0	1.6	1.6	0.0
424.2	0.0	0.0	0.0	0.0	0.0	424.2	150.3	273.9
28,576.9	17,171.1	0.0	17,171.1	0.0	0.0	11,405.8	8,469.8	2,936.0
23,576.6	9,192.2	0.0	9,192.2	0.0	0.0	14,384.5	8,352.2	6,032.3
3,167.5	676.5	0.0	676.5	0.0	0.0	2,491.0	1,122.1	1,368.9
0.0	17.2	0.0	17.2	17.2	0.0	0.0	0.0	0.0
2,735.3	175.5	0.0	175.5	0.0	0.0	2,559.8	969.0	1,590.8
5,996.2	2,107.0	0.0	2,107.0	0.0	0.0	3,889.2	2,124.2	1,765.0
1,991.8	0.0	0.0	0.0	0.0	0.0	1,991.8	705.6	1,286.2
1,354.4	0.0	0.0	0.0	0.0	0.0	1,354.4	479.8	874.6
<b>143,286.3</b>	<b>136,538.4</b>	<b>(23,000.0)</b>	<b>113,538.4</b>	<b>17.2</b>	<b>41,866.1</b>	<b>71,631.2</b>	<b>33,766.4</b>	<b>37,864.8</b>
	<b>(40,114.5)</b>		<b>(40,114.5)</b>		<b>(40,114.5)</b>			
	<b>96,423.9</b>		<b>73,423.9</b>		<b>1,751.7</b>			
<b>10H</b>	<b>10I</b>	<b>10J</b>	<b>10K</b>	<b>10L</b>	<b>10M</b>	<b>10N</b>	<b>10O</b>	<b>10P</b>

Watermaster to use the new company name.

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**Assessment Year 2021-2022 (Production Year 2020-2021)**

**Local Excess Carry Over Storage Account Summary**

	Excess Carry Over Account (ECO)					
	Beginning Balance	0.07% Storage Loss	Transfers To / (From)	From Supplemental Storage	From Under-Production	Ending Balance
BlueTriton Brands, Inc.	720.9	(0.5)	(278.1)	0.0	0.0	442.3
CalMat Co. (Appropriative)	0.4	0.0	0.0	0.0	0.0	0.4
Chino Hills, City Of	11,924.2	(8.3)	(369.1)	0.0	1,684.8	13,231.5
Chino, City Of	114,505.8	(80.2)	(2,617.2)	0.0	11,730.4	123,538.9
Cucamonga Valley Water District	16,072.4	(11.3)	(846.7)	0.0	0.0	15,214.4
Desalter Authority	0.0	0.0	0.0	0.0	0.0	0.0
Fontana Union Water Company	0.0	0.0	0.0	0.0	0.0	0.0
Fontana Water Company	5,799.2	(4.1)	(3,883.0)	2,722.5	0.0	4,634.7
Fontana, City Of	0.0	0.0	0.0	0.0	0.0	0.0
Golden State Water Company	424.2	(0.3)	(484.6)	60.8	0.0	0.0
Jurupa Community Services District	31,861.3	(22.3)	(2,783.9)	0.0	7,403.4	36,458.5
Marygold Mutual Water Company	614.0	(0.4)	0.0	0.0	0.0	613.6
Monte Vista Irrigation Company	10,128.4	(7.1)	(177.3)	0.0	918.5	10,862.5
Monte Vista Water District	6,758.6	(4.7)	(1,490.1)	0.0	0.0	5,263.8
NCL Co, LLC	4.0	0.0	0.0	0.0	0.0	4.0
Niagara Bottling, LLC	0.0	0.0	0.0	0.0	0.0	0.0
Nicholson Family Trust	1.7	0.0	(1.0)	0.0	0.0	0.7
Norco, City Of	2,375.1	(1.7)	(52.9)	0.0	273.9	2,594.5
Ontario, City Of	39,260.7	(27.5)	0.0	0.0	2,936.0	42,169.2
Pomona, City Of	25,207.9	(17.6)	(4,259.1)	0.0	6,032.3	26,963.4
San Antonio Water Company	2,873.4	(2.0)	0.0	0.0	1,368.9	4,240.2
San Bernardino, County of (Shooting Park)	0.0	0.0	0.0	0.0	0.0	0.0
Santa Ana River Water Company	6,433.6	(4.5)	(366.1)	0.0	1,590.8	7,653.7
Upland, City Of	19,264.0	(13.5)	(878.8)	0.0	1,765.0	20,136.7
West End Consolidated Water Co	5,204.3	(3.6)	(162.1)	0.0	1,286.2	6,324.8
West Valley Water District	8,322.8	(5.8)	(1,168.8)	0.0	874.6	8,022.8
	<b>307,756.9</b>	<b>(215.4)</b>	<b>(19,819.0)</b>	<b>2,783.3</b>	<b>37,864.8</b>	<b>328,370.5</b>
	<b>11A</b>	<b>11B</b>	<b>11C</b>	<b>11D</b>	<b>11E</b>	<b>11F</b>

Notes:

- 1) Fontana Water Company transferred 2,722.510 AF from their Supplemental Storage account to offset their production year 2020/21 over-production obligations.
- 2) Golden State Water Company transferred 60.754 from their Supplemental Storage account and 161.780 AF from their Excess Carry Over Storage account to offset their production year 2020/21 over-production obligations.
- 3) In April 2021, Nestle Waters North America Inc., who owns Arrowhead Mountain Spring Water brand, changed its name to BlueTriton Brands, Inc. and requested Watermaster to use the new company name.





Assessment Year 2021-2022 (Production Year 2020-2021)

# Local Supplemental Storage Account Summary

	Recharged Recycled Account					Beginning Balance
	Beginning Balance	0.07% Storage Loss	Transfers To / (From)	Transfer to ECO Account	Ending Balance	
BlueTriton Brands, Inc.	0.0	0.0	0.0	0.0	0.0	0.0
CalMat Co. (Appropriative)	0.0	0.0	0.0	0.0	0.0	0.0
Chino Hills, City Of	11,105.8	(7.8)	1,416.0	0.0	12,514.0	4,789.4
Chino, City Of	8,508.6	(6.0)	0.0	0.0	8,502.6	1,051.8
Cucamonga Valley Water District	31,078.7	(21.8)	9,035.5	0.0	40,092.5	10,693.4
Desalter Authority	0.0	0.0	0.0	0.0	0.0	0.0
Fontana Union Water Company	0.0	0.0	0.0	0.0	0.0	0.0
Fontana Water Company	0.0	0.0	3,082.6	(2,722.5)	360.1	0.0
Fontana, City Of	44.0	0.0	0.0	0.0	44.0	0.0
Golden State Water Company	0.0	0.0	0.0	0.0	0.0	1,389.0
Jurupa Community Services District	4,832.4	(3.4)	0.0	0.0	4,829.0	0.0
Marygold Mutual Water Company	0.0	0.0	0.0	0.0	0.0	305.0
Monte Vista Irrigation Company	0.0	0.0	0.0	0.0	0.0	5,450.0
Monte Vista Water District	0.0	0.0	0.0	0.0	0.0	3,376.5
NCL Co, LLC	0.0	0.0	0.0	0.0	0.0	0.0
Niagara Bottling, LLC	0.0	0.0	0.0	0.0	0.0	0.0
Nicholson Family Trust	0.0	0.0	0.0	0.0	0.0	0.0
Norco, City Of	0.0	0.0	0.0	0.0	0.0	0.0
Ontario, City Of	49,233.2	(34.5)	(2,420.0)	0.0	46,778.8	8,050.1
Pomona, City Of	0.0	0.0	0.0	0.0	0.0	10,912.1
San Antonio Water Company	0.0	0.0	0.0	0.0	0.0	0.0
San Bernardino, County of (Shooting Park)	0.0	0.0	0.0	0.0	0.0	0.0
Santa Ana River Water Company	0.0	0.0	0.0	0.0	0.0	0.0
Upland, City Of	12,078.4	(8.5)	1,481.7	0.0	13,551.6	5,803.2
West End Consolidated Water Co	0.0	0.0	0.0	0.0	0.0	0.0
West Valley Water District	0.0	0.0	0.0	0.0	0.0	0.0
	<b>116,881.1</b>	<b>(81.8)</b>	<b>12,595.9</b>	<b>(2,722.5)</b>	<b>126,672.7</b>	<b>51,820.4</b>
	<b>12A</b>	<b>12B</b>	<b>12C</b>	<b>12D</b>	<b>12E</b>	<b>12F</b>

Notes:

- 1) City of Ontario elected not to take in their share of Recharged Recycled. Cucamonga Valley Water District subsequently elected to take in City of Ontario's
- 2) City of Ontario elected not to take in the 3,000 AF of City of Fontana's share of Recharged Recycled. Fontana Water Company subsequently elected to take
- 3) Golden State Water Company transferred 3.593 AF and 57.161 AF from their Quantified and New Supplemental storage accounts respectively to offset a
- 4) In April 2021, Nestle Waters North America Inc., who owns Arrowhead Mountain Spring Water brand, changed its name to BlueTriton Brands, Inc. and req

**POOL 3**

Quantified (Pre 7/1/2000) Account				New (Post 7/1/2000) Account					Combined
0.07% Storage Loss	Transfers To / (From)	Transfer to ECO Account	Ending Balance	Beginning Balance	0.07% Storage Loss	Transfers To / (From)	Transfer to ECO Account	Ending Balance	Ending Balance
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(3.4)	0.0	0.0	4,786.1	0.0	0.0	0.0	0.0	0.0	17,300.1
(0.7)	0.0	0.0	1,051.0	1,926.6	(1.3)	0.0	0.0	1,925.3	11,478.9
(7.5)	0.0	0.0	10,685.9	637.9	(0.4)	255.2	0.0	892.7	51,671.1
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	310.1	(0.2)	0.0	0.0	309.9	670.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	44.0
(1.0)	0.0	(3.6)	1,384.4	57.2	0.0	0.0	(57.2)	0.0	1,384.4
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,829.0
(0.2)	(292.5)	0.0	12.3	0.0	0.0	0.0	0.0	0.0	12.3
(3.8)	0.0	0.0	5,446.2	0.0	0.0	0.0	0.0	0.0	5,446.2
(2.4)	0.0	0.0	3,374.2	1.6	0.0	(1.6)	0.0	0.0	3,374.2
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	96.4	(0.1)	0.0	0.0	96.3	96.3
(5.6)	0.0	0.0	8,044.5	0.0	0.0	0.0	0.0	0.0	54,823.2
(7.6)	0.0	0.0	10,904.4	1,559.9	(1.1)	0.0	0.0	1,558.8	12,463.2
0.0	0.0	0.0	0.0	4,759.5	(3.3)	(104.5)	0.0	4,651.7	4,651.7
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	481.1	(0.3)	0.0	0.0	480.7	480.7
(4.1)	0.0	0.0	5,799.1	0.0	0.0	0.0	0.0	0.0	19,350.7
0.0	0.0	0.0	0.0	452.5	(0.3)	0.0	0.0	452.2	452.2
0.0	0.0	0.0	0.0	307.7	(0.2)	0.0	0.0	307.5	307.5
<b>(36.3)</b>	<b>(292.5)</b>	<b>(3.6)</b>	<b>51,488.1</b>	<b>10,590.5</b>	<b>(7.4)</b>	<b>149.0</b>	<b>(57.2)</b>	<b>10,675.0</b>	<b>188,835.7</b>
<b>12G</b>	<b>12H</b>	<b>12I</b>	<b>12J</b>	<b>12K</b>	<b>12L</b>	<b>12M</b>	<b>12N</b>	<b>12O</b>	<b>12P</b>

share.  
 e in all of City of Fontana's share, which they then transferred 2,722.510 AF to offset their production year 2020/21 over-production obligations.  
 ortion of their production year 2020/21 over-production obligations.  
 uested Watermaster to use the new company name.



**Assessment Year 2021-2022 (Production Year 2020-2021)**

**Other Storage and Replenishment Accounts**

<b>DESALTER REPLENISHMENT</b>	<b>Beginning Balance</b>	<b>Water Purchases</b>	<b>Transfers To</b>	<b>Transfers From</b>	<b>Ending Balance</b>
<b>CONTROLLED OVERDRAFT AND OFFSETS</b>					
Re-Op Offset Pre-Peace II / CDA	1,286.7	.....	0.0	0.0	1,286.7
Re-Op Offset Peace II Expansion	87,500.0	.....	0.0	(12,500.0)	75,000.0
Non-Ag OBMP Special Assessment	0.0	.....	735.0	(735.0)	0.0
Non-Ag Dedication	0.0	.....	0.0	0.0	0.0
	<b>88,786.7</b>		<b>735.0</b>	<b>(13,235.0)</b>	<b>76,286.7</b>

<b>DEDICATED REPLENISHMENT</b>	<b>Beginning Balance</b>	<b>Water Purchases</b>	<b>Transfers To</b>	<b>Transfers From</b>	<b>Ending Balance</b>
BlueTriton Brands, Inc.	0.0	0.0	32.1	(32.1)	0.0
CalMat Co. (Appropriative)	0.0	0.0	0.0	0.0	0.0
Chino Hills, City Of	602.9	0.0	0.0	(602.9)	0.0
Chino, City Of	0.0	0.0	0.0	0.0	0.0
Cucamonga Valley Water District	952.5	0.0	0.0	(952.5)	0.0
Fontana Union Water Company	0.0	0.0	1,674.7	(1,674.7)	0.0
Fontana Water Company	469.0	0.0	0.0	(469.0)	0.0
Fontana, City Of	0.0	0.0	0.0	0.0	0.0
Golden State Water Company	0.0	0.0	0.0	0.0	0.0
Jurupa Community Services District	0.0	0.0	0.0	0.0	0.0
Marygold Mutual Water Company	0.0	0.0	0.0	0.0	0.0
Monte Vista Irrigation Company	0.0	0.0	0.0	0.0	0.0
Monte Vista Water District	0.0	0.0	0.0	0.0	0.0
NCL Co, LLC	0.0	0.0	0.0	0.0	0.0
Niagara Bottling, LLC	0.0	0.0	0.0	0.0	0.0
Nicholson Family Trust	0.0	0.0	0.0	0.0	0.0
Norco, City Of	0.0	0.0	0.0	0.0	0.0
Ontario, City Of	0.0	0.0	3,461.1	(3,461.1)	0.0
Pomona, City Of	0.0	0.0	0.0	0.0	0.0
San Antonio Water Company	281.8	0.0	0.0	(281.8)	0.0
San Bernardino, County of (Shooting Park)	0.0	0.0	0.0	0.0	0.0
Santa Ana River Water Company	0.0	0.0	0.0	0.0	0.0
Upland, City Of	171.2	0.0	0.0	(171.2)	0.0
West End Consolidated Water Co	86.1	0.0	0.0	(86.1)	0.0
West Valley Water District	0.0	0.0	0.0	0.0	0.0
	<b>2,563.5</b>	<b>0.0</b>	<b>5,167.9</b>	<b>(7,731.4)</b>	<b>0.0</b>

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<b>STORAGE AND RECOVERY</b>	<b>Beginning Balance</b>	<b>Storage Loss</b>	<b>Transfers To</b>	<b>Transfers From</b>	<b>Ending Balance</b>
<b>METROPOLITAN WATER DISTRICT</b>					
Dry Year Yield / Conjunctive Use Program	45,961.0	(32.2)	0.0	(23,000.0)	22,928.8

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Notes:  
Water in column [13D] goes into column [21D] on page 21.1.



**Assessment Year 2021-2022 (Production Year 2020-2021)**

**Water Transaction Summary**

	Water Transactions				Total Water Transactions
	Assigned Rights	General Transfer	Transfers (To) / From ECO Account	Transfers (To) Desalter Replenishment	
BlueTriton Brands, Inc.	0.0	32.1	271.3	(32.1)	271.3
CalMat Co. (Appropriative)	0.0	0.0	0.0	0.0	0.0
Chino Hills, City Of	0.0	0.0	0.0	0.0	0.0
Chino, City Of	(500.0)	0.0	500.0	0.0	0.0
Cucamonga Valley Water District	(6,500.0)	6,535.6	0.0	0.0	35.6
Desalter Authority	0.0	0.0	0.0	0.0	0.0
Fontana Union Water Company	0.0	(6,535.6)	0.0	(1,674.7)	(8,210.3)
Fontana Water Company	7,506.5	0.0	2,722.5	0.0	10,229.0
Fontana, City Of	0.0	0.0	0.0	0.0	0.0
Golden State Water Company	0.0	0.0	222.5	0.0	222.5
Jurupa Community Services District	0.0	0.0	0.0	0.0	0.0
Marygold Mutual Water Company	0.0	0.0	0.0	0.0	0.0
Monte Vista Irrigation Company	0.0	0.0	0.0	0.0	0.0
Monte Vista Water District	500.0	0.0	0.0	0.0	500.0
NCL Co, LLC	0.0	0.0	0.0	0.0	0.0
Niagara Bottling, LLC	0.0	0.0	0.0	0.0	0.0
Nicholson Family Trust	(6.5)	0.0	0.0	0.0	(6.5)
Norco, City Of	0.0	0.0	0.0	0.0	0.0
Ontario, City Of	0.0	3,461.1	0.0	(3,461.1)	0.0
Pomona, City Of	0.0	0.0	0.0	0.0	0.0
San Antonio Water Company	0.0	0.0	0.0	0.0	0.0
San Bernardino, County of (Shooting Park)	0.0	0.0	0.0	0.0	0.0
Santa Ana River Water Company	0.0	0.0	0.0	0.0	0.0
Upland, City Of	0.0	0.0	0.0	0.0	0.0
West End Consolidated Water Co	0.0	0.0	0.0	0.0	0.0
West Valley Water District	(1,000.0)	0.0	1,000.0	0.0	0.0
	<b>0.0</b>	<b>3,493.2</b>	<b>4,716.3</b>	<b>(5,167.9)</b>	<b>3,041.6</b>
	<b>14A</b>	<b>14B</b>	<b>14C</b>	<b>14D</b>	<b>14E</b>

Notes:

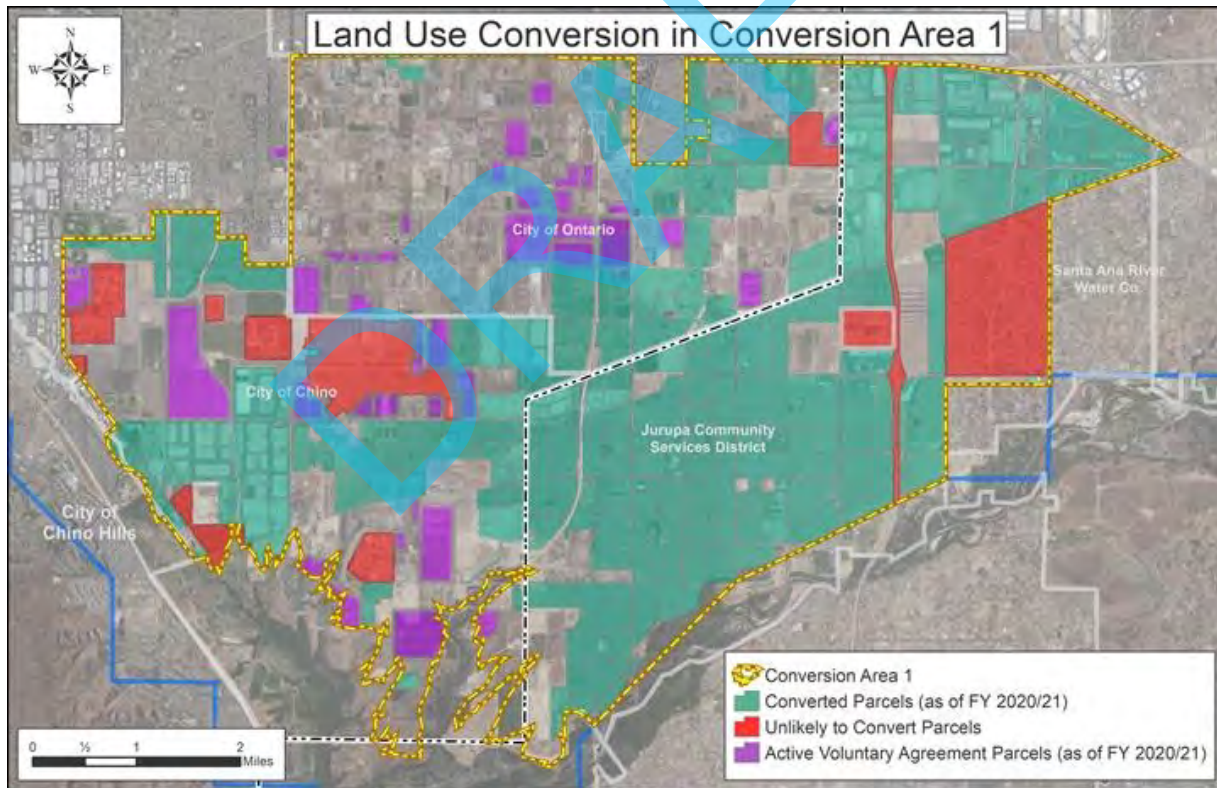
1) In April 2021, Nestle Waters North America Inc., who owns Arrowhead Mountain Spring Water brand, changed its name to BlueTriton Brands, Inc. and requested Watermaster to use the new company name.



**Assessment Year 2021-2022 (Production Year 2020-2021)**  
**Land Use Conversion Summary**

	Prior Conversion	Conversion @ 1.3 af/ac		Total Prior to Peace Agrmt Converted AF	Conversion @ 2.0 af/ac		Total Land Use Conversion Acre-Feet
		Acres	Acre-Feet		Acres	Acre-Feet	
Chino Hills, City Of	0.0	670.266	871.3	871.3	203.334	406.7	1,278.0
Chino, City Of	196.2	1,434.750	1,865.2	2,061.4	3,477.695	6,955.4	9,016.8
Cucamonga Valley Water District	0.0	460.280	598.4	598.4	0.000	0.0	598.4
Fontana Water Company	0.0	0.000	0.0	0.0	417.000	834.0	834.0
Jurupa Community Services District	0.0	2,756.920	3,584.0	3,584.0	5,815.718	11,631.4	15,215.4
Monte Vista Water District	0.0	48.150	62.6	62.6	21.510	43.0	105.6
Ontario, City Of	209.4	527.044	685.2	894.6	1,886.892	3,773.8	4,668.3
	<b>405.6</b>	<b>5,897.410</b>	<b>7,666.6</b>	<b>8,072.3</b>	<b>11,822.149</b>	<b>23,644.3</b>	<b>31,716.6</b>

15A      15B      15C      15D      15E      15F      15G



Notes:  
 In August 2020, 20 acres of eligible "Outside Conversion Area 1" parcels were transferred from City of Chino to Monte Vista Water District after it was realized that they are within MVWD's service area. This was accounted for in the previous Assessment Package; past years' credit was resolved through a water transaction in this year's Assessment Package (see page 23.1 for details).



**Assessment Year 2021-2022 (Production Year 2020-2021)**

**Agricultural Pool Reallocation Summary**

	% Share of Operating Safe Yield	Reallocation of Agricultural Pool Safe Yield			
		Safe Yield Reduction <sup>1</sup>	Land Use Conversions	Early Transfer	Total AG Pool Reallocation
BlueTriton Brands, Inc.	0.000%	0.0	0.0	0.0	0.0
CalMat Co. (Appropriative)	0.000%	0.0	0.0	0.0	0.0
Chino Hills, City Of	3.851%	346.6	1,278.0	793.3	2,417.9
Chino, City Of	7.357%	662.1	9,016.8	1,515.4	11,194.4
Cucamonga Valley Water District	6.601%	594.1	598.4	1,359.7	2,552.2
Desalter Authority	0.000%	0.0	0.0	0.0	0.0
Fontana Union Water Company	11.657%	1,049.1	0.0	2,401.2	3,450.3
Fontana Water Company	0.002%	0.2	834.0	0.4	834.6
Fontana, City Of	0.000%	0.0	0.0	0.0	0.0
Golden State Water Company	0.750%	67.5	0.0	154.5	222.0
Jurupa Community Services District	3.759%	338.3	15,215.4	774.3	16,328.0
Marygold Mutual Water Company	1.195%	107.6	0.0	246.2	353.7
Monte Vista Irrigation Company	1.234%	111.1	0.0	254.2	365.2
Monte Vista Water District	8.797%	791.7	105.6	1,812.1	2,709.4
NCL Co, LLC	0.000%	0.0	0.0	0.0	0.0
Niagara Bottling, LLC	0.000%	0.0	0.0	0.0	0.0
Nicholson Family Trust	0.007%	0.6	0.0	1.4	2.1
Norco, City Of	0.368%	33.1	0.0	75.8	108.9
Ontario, City Of	20.742%	1,866.8	4,668.3	4,272.6	10,807.7
Pomona, City Of	20.454%	1,840.9	0.0	4,213.2	6,054.1
San Antonio Water Company	2.748%	247.3	0.0	566.1	813.4
San Bernardino, County of (Shooting Park)	0.000%	0.0	0.0	0.0	0.0
Santa Ana River Water Company	2.373%	213.6	0.0	488.8	702.4
Upland, City Of	5.202%	468.2	0.0	1,071.5	1,539.7
West End Consolidated Water Co	1.728%	155.5	0.0	355.9	511.5
West Valley Water District	1.175%	105.8	0.0	242.0	347.8

	<b>100%</b>	<b>9,000.0</b>	<b>31,716.6</b>	<b>20,598.6</b>	<b>61,315.2</b>
Agricultural Pool Safe Yield	82,800.0				
Agricultural Pool Production	(21,484.8)	<b>16A</b>	<b>16B</b>	<b>16C</b>	<b>16E</b>
Safe Yield Reduction <sup>1</sup>	(9,000.0)				
Land Use Conversions	(31,716.6)				
Early Transfer [16D]	20,598.6				

Notes:

<sup>1</sup> Paragraph 10, Subdivision (a)(1) of Exhibit "H" of the Judgment states "to supplement, in the particular year, water available from Operating Safe Yield to compensate for any reduction in the Safe Yield by reason of recalculation thereof after the tenth year of operation hereunder."



Assessment Year 2021-2022 (Production Year 2020-2021)

# Cumulative Unmet Replenishment Obligation (CURO)

Remaining Replenishment Obligation:	AF	Replenishment Rates	
Appropriative - 100	0.0	2021 Rate	\$789.00
Appropriative - 15/85	0.0	2020 Rate	\$767.00
Non-Agricultural - 100	0.0		
	<b>0.0</b>		

**Pool 3 Appropriative**

Company	Outstanding Obligation (AF)	Fund Balance (\$)	Outstanding Obligation (\$)	AF Production and Exchanges
BlueTriton Brands, Inc.	0.0	\$135.86	(\$135.86)	271.3
CalMat Co. (Appropriative)	0.0	\$0.00	\$0.00	0.0
Chino Hills, City Of	0.0	\$0.00	\$0.00	2,459.6
Chino, City Of	0.0	\$0.00	\$0.00	2,762.4
Cucamonga Valley Water District	0.0	\$0.01	(\$0.01)	5,725.7
Desalter Authority	0.0	\$0.00	\$0.00	40,114.5
Fontana Union Water Company	0.0	\$0.00	\$0.00	0.0
Fontana Water Company	0.0	\$0.01	(\$0.01)	11,065.3
Fontana, City Of	0.0	\$0.00	\$0.00	0.0
Golden State Water Company	0.0	\$0.00	\$0.00	1,074.4
Jurupa Community Services District	0.0	\$0.00	\$0.00	10,609.9
Marygold Mutual Water Company	0.0	\$0.00	\$0.00	840.9
Monte Vista Irrigation Company	0.0	\$0.00	\$0.00	0.0
Monte Vista Water District	0.0	\$0.00	\$0.00	7,523.3
NCL Co, LLC	0.0	\$0.00	\$0.00	0.0
Niagara Bottling, LLC	0.0	(\$18,212.89)	\$18,212.89	1,751.7
Nicholson Family Trust	0.0	\$0.00	\$0.00	0.0
Norco, City Of	0.0	\$0.00	\$0.00	0.0
Ontario, City Of	0.0	\$0.01	(\$0.01)	17,171.1
Pomona, City Of	0.0	\$0.00	\$0.00	9,192.2
San Antonio Water Company	0.0	\$0.00	\$0.00	676.5
San Bernardino, County of (Shooting Park)	0.0	(\$66.72)	\$66.72	17.2
Santa Ana River Water Company	0.0	\$0.00	\$0.00	175.5
Upland, City Of	0.0	\$0.00	\$0.00	2,107.0
West End Consolidated Water Co	0.0	\$0.00	\$0.00	0.0
West Valley Water District	0.0	\$0.00	\$0.00	0.0
<b>Pool 3 Appropriative Total</b>	<b>0.0</b>	<b>(\$18,143.72)</b>	<b>\$18,143.72</b>	<b>113,538.4</b>
	17A	17B	17C	17D

Notes:

1) The 2021 replenishment rate includes MWD's Full Service Untreated Tier 1 volumic cost of \$777/AF, a \$10/AF surcharge from Three Valleys Municipal Water District,

**POOL 3**

85/15 Producers	Percent	15%	85%	100%	Total
xxxxxxxxxx	0.000%	xxxxxxxxxx	xxxxxxxxxx	(\$135.86)	(\$135.86)
xxxxxxxxxx	0.000%	xxxxxxxxxx	xxxxxxxxxx	\$0.00	\$0.00
2,459.6	4.008%	\$0.40	\$0.00	xxxxxxxxxx	\$0.40
2,762.4	4.501%	\$0.45	\$0.00	xxxxxxxxxx	\$0.45
5,725.7	9.330%	\$0.93	(\$0.01)	xxxxxxxxxx	\$0.92
xxxxxxxxxx	0.000%	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	\$0.00
0.0	0.000%	\$0.00	\$0.00	xxxxxxxxxx	\$0.00
11,065.3	18.031%	\$1.80	(\$0.01)	xxxxxxxxxx	\$1.79
xxxxxxxxxx	0.000%	xxxxxxxxxx	xxxxxxxxxx	\$0.00	\$0.00
1,074.4	1.751%	\$0.18	\$0.00	xxxxxxxxxx	\$0.18
10,609.9	17.289%	\$1.73	\$0.00	xxxxxxxxxx	\$1.73
xxxxxxxxxx	0.000%	xxxxxxxxxx	xxxxxxxxxx	\$0.00	\$0.00
0.0	0.000%	\$0.00	\$0.00	xxxxxxxxxx	\$0.00
7,523.3	12.259%	\$1.23	\$0.00	xxxxxxxxxx	\$1.23
xxxxxxxxxx	0.000%	xxxxxxxxxx	xxxxxxxxxx	\$0.00	\$0.00
xxxxxxxxxx	0.000%	xxxxxxxxxx	xxxxxxxxxx	\$18,212.89	\$18,212.89
0.0	0.000%	\$0.00	\$0.00	xxxxxxxxxx	\$0.00
0.0	0.000%	\$0.00	\$0.00	xxxxxxxxxx	\$0.00
17,171.1	27.981%	\$2.80	(\$0.01)	xxxxxxxxxx	\$2.79
xxxxxxxxxx	0.000%	xxxxxxxxxx	xxxxxxxxxx	\$0.00	\$0.00
676.5	1.102%	\$0.11	\$0.00	xxxxxxxxxx	\$0.11
17.2	0.028%	\$0.00	\$56.71	xxxxxxxxxx	\$56.71
175.5	0.286%	\$0.03	\$0.00	xxxxxxxxxx	\$0.03
2,107.0	3.433%	\$0.34	\$0.00	xxxxxxxxxx	\$0.34
0.0	0.000%	\$0.00	\$0.00	xxxxxxxxxx	\$0.00
0.0	0.000%	\$0.00	\$0.00	xxxxxxxxxx	\$0.00
<b>61,367.9</b>	<b>100.000%</b>	<b>\$10.00</b>	<b>\$56.68</b>	<b>\$18,077.03</b>	<b>\$18,143.71</b>
<b>17E</b>	<b>17F</b>	<b>17G</b>	<b>17H</b>	<b>17I</b>	<b>17J</b>

and a \$2/AF connection fee from Orange County Water District.





## Assessment Year 2021-2022 (Production Year 2020-2021)

# Desalter Replenishment Accounting<sup>1</sup>

Production Year	Desalter Production			Desalter (aka Kaiser) Account PIIA, 6.2 (a)(i)	Paragraph 31 Settlement Agreements Dedication <sup>2</sup> PIIA, 6.2(a)(ii)	"Leave Behind" Losses PIIA, 6.2(a)(iv)
	Pre-Peace II Desalter Production	Peace II Desalter Expansion Production <sup>2</sup>	Total			
2000 / 2001	7,989.0	0.0	7,989.0	3,994.5	0.0	0.0
2001 / 2002	9,457.8	0.0	9,457.8	4,728.9	0.0	0.0
2002 / 2003	10,438.5	0.0	10,438.5	5,219.3	0.0	0.0
2003 / 2004	10,605.0	0.0	10,605.0	5,302.5	0.0	0.0
2004 / 2005	9,853.6	0.0	9,853.6	4,926.8	0.0	0.0
2005 / 2006	16,475.8	0.0	16,475.8	11,579.1	0.0	0.0
2006 / 2007	26,356.2	0.0	26,356.2	608.4	4,273.1	0.0
2007 / 2008	26,972.1	0.0	26,972.1	0.0	0.0	0.0
2008 / 2009	32,920.5	0.0	32,920.5	0.0	0.0	0.0
2009 / 2010	28,516.7	0.0	28,516.7	0.0	0.0	0.0
2010 / 2011	29,318.7	0.0	29,318.7	0.0	0.0	0.0
2011 / 2012	28,378.9	0.0	28,378.9	0.0	0.0	0.0
2012 / 2013	27,061.7	0.0	27,061.7	0.0	0.0	0.0
2013 / 2014	29,228.0	14.6	29,242.6	0.0	0.0	0.0
2014 / 2015	29,541.3	448.7	29,990.0	0.0	0.0	0.0
2015 / 2016	27,008.8	1,154.1	28,162.9	0.0	0.0	0.0
2016 / 2017	26,725.6	1,527.2	28,252.8	0.0	0.0	0.0
2017 / 2018	28,589.8	1,462.5	30,052.3	0.0	0.0	0.0
2018 / 2019	25,502.9	5,696.3	31,199.2	0.0	0.0	0.0
2019 / 2020	27,593.6	8,003.4	35,597.1	0.0	0.0	0.0
<b>2020 / 2021</b>	<b>31,944.8</b>	<b>8,169.7</b>	<b>40,114.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
2021 / 2022	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2022 / 2023	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2023 / 2024	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2024 / 2025	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2025 / 2026	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2026 / 2027	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2027 / 2028	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2028 / 2029	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
2029 / 2030	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0
	<b>760,479.4</b>	<b>116,476.5</b>	<b>876,955.9</b>	<b>36,359.6</b>	<b>4,273.1</b>	<b>0.0</b>
	<b>18A</b>	<b>18B</b>	<b>18C</b>	<b>18D</b>	<b>18E</b>	<b>18F</b>

**Notes:**

- <sup>1</sup> Original table format and content: WEI, Response to Condition Subsequent Number 7, November 2008. Table has since been revised as a result of the March 2009 Court Order.
- <sup>2</sup> Peace II Desalter Expansion was anticipated to have an annual production of approximately 10,000 AF.
- <sup>3</sup> 3,956.877 acre-feet + 316.177 acre-feet added as Non-Ag dedicated stored water per Paragraph 31 Settlement Agreements. Per Agreements, the water is due to the Desalter Expansion.
- <sup>4</sup> Six years of Desalter tracking (Production Year 2000-2001 through Production Year 2005/2006) may have incorrectly assumed that a significant portion of Desalter Production Year 2008/2009.
- <sup>5</sup> Pursuant to section 7.2(e)(ii) of the Peace II Agreement, the initial schedule for the Peace II Desalter Expansion controlled overdraft of 175,000 acre-feet had been set at 10,000 AF.
- <sup>6</sup> For the first 10 years following the Peace II Agreement (2006/2007 through 2015/2016), the Non-Ag "10% Haircut" water is apportioned among the specific desalter replenishment. However, to the extent there is no remaining desalter replenishment obligation in any year after applying the offsets set forth in 6.2(a), it will be due to the Desalter Expansion.
- <sup>7</sup> Per the Peace II Agreement, Section 6.2(b)(iii) (as amended by the March 15, 2019 Court Order), the Remaining Desalter Replenishment Obligation is to be as set forth in 6.2(b)(iii).
- <sup>8</sup> Due to the Re-Operation Schedule amendments in 2019, the Pre-Peace II Controlled Overdraft is left with a balance of 1,288.054 AF, which may be utilized at the discretion of the Basin.

Desalter Replenishment						Remaining Desalter Replenishment Obligation <sup>4,7</sup> PIIA, 6.2(b)(iii)
Safe Yield Contributed by Parties PIIA, 6.2(a)(v)	Controlled Overdraft / Re-Op, PIIA, 6.2(a)(vi)			Appropriative Pool DRO Contribution PIIA, 6.2(b)(ii)	Non-Ag OBMP Assessment (10% Haircut) <sup>6</sup> PIIA, 6.2(b)(i)	
	Allocation to Pre-Peace II Desalters <sup>4, 8</sup>	Allocation to All Desalters <sup>5</sup>	Balance			
0.0	0.0	0.0	0.0	0.0	0.0	3,994.5
0.0	0.0	0.0	0.0	0.0	0.0	4,728.9
0.0	0.0	0.0	0.0	0.0	0.0	5,219.3
0.0	0.0	0.0	0.0	0.0	0.0	5,302.5
0.0	0.0	0.0	0.0	0.0	0.0	4,926.8
0.0	0.0	0.0	400,000.0	0.0	0.0	4,896.7
0.0	21,474.7	0.0	378,525.3	0.0	0.0	0.0
0.0	26,972.1	0.0	351,553.2	0.0	0.0	0.0
0.0	61,989.1	0.0	289,564.1	0.0	0.0	(29,068.6)
0.0	28,516.7	0.0	261,047.4	0.0	0.0	0.0
0.0	29,318.7	0.0	231,728.7	0.0	0.0	0.0
0.0	28,378.9	0.0	203,349.7	0.0	0.0	0.0
0.0	27,061.7	0.0	176,288.1	0.0	0.0	0.0
0.0	0.0	12,500.0	163,788.1	10,000.0	0.0	6,742.6
0.0	0.0	12,500.0	151,288.1	10,000.0	0.0	7,490.0
0.0	0.0	12,500.0	138,788.1	10,000.0	0.0	5,662.9
0.0	0.0	12,500.0	126,288.1	10,000.0	735.0	5,017.8
0.0	0.0	12,500.0	113,788.1	10,000.0	735.0	6,817.3
0.0	0.0	12,500.0	101,288.1	10,000.0	735.0	7,964.2
0.0	0.0	12,500.0	88,788.1	10,000.0	735.0	12,362.0
<b>0.0</b>	<b>0.0</b>	<b>12,500.0</b>	<b>76,288.1</b>	<b>10,000.0</b>	<b>735.0</b>	<b>16,879.4</b>
0.0	0.0	12,500.0	63,788.1	10,000.0	735.0	16,765.0
0.0	0.0	12,500.0	51,288.1	10,000.0	735.0	16,765.0
0.0	0.0	12,500.0	38,788.1	10,000.0	735.0	16,765.0
0.0	0.0	12,500.0	26,288.1	10,000.0	735.0	16,765.0
0.0	0.0	5,000.0	21,288.1	10,000.0	735.0	24,265.0
0.0	0.0	5,000.0	16,288.1	10,000.0	735.0	24,265.0
0.0	0.0	5,000.0	11,288.1	10,000.0	735.0	24,265.0
0.0	0.0	5,000.0	6,288.1	10,000.0	735.0	24,265.0
0.0	0.0	5,000.0	1,288.1	10,000.0	735.0	24,265.0
<b>0.0</b>	<b>223,711.9</b>	<b>175,000.0</b>		<b>170,000.0</b>	<b>10,290.5</b>	<b>257,321.1</b>
<b>18G</b>	<b>18H</b>	<b>18I</b>	<b>18J</b>	<b>18K</b>	<b>18L</b>	<b>18M</b>

15, 2019 Court Order.

amended to have been dedicated as of June 30, 2007.

Desalter production was being offset by Desalter Induced Recharge. Condition Subsequent 7 included an adjustment of 29,070 AF against Desalter replenishment in

been amended to be allocated to Desalter replenishment over a 17-year period, beginning in 2013/14 and ending in 2029/30.

When members of the Appropriative Pool, per PIIA 9.2(a). In the eleventh year and in each year thereafter, it is dedicated to Watermaster to further offset desalter distributed pro rata among the members of the Appropriative Pool based upon each Producer's combined total share of OSY and the previous year's actual

assessed against the Appropriative Pool, pro-rata based on each Producer's combined total share of OSY and their Adjusted Physical Production.

at a later date to offset a future Desalter Replenishment Obligation.

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**Assessment Year 2021-2022 (Production Year 2020-2021)**

**Desalter Replenishment Obligation Contribution**

	Percent of Operating Safe Yield	Land Use Conversions	Percent of Land Use Conversions	85% DROC Based on % OSY	15% DROC Based on % of LUC	Total DRO Contribution
BlueTriton Brands, Inc.	0.000%	0.0	0.000%	0.0	0.0	0.0
CalMat Co. (Appropriative)	0.000%	0.0	0.000%	0.0	0.0	0.0
Chino Hills, City Of	3.851%	1,278.0	4.029%	327.3	60.4	387.8
Chino, City Of	7.357%	9,016.8	28.429%	625.3	426.4	1,051.8
Cucamonga Valley Water District	6.601%	598.4	1.887%	561.1	28.3	589.4
Fontana Union Water Company	11.657%	0.0	0.000%	990.8	0.0	990.8
Fontana Water Company	0.002%	834.0	2.630%	0.2	39.4	39.6
Fontana, City Of	0.000%	0.0	0.000%	0.0	0.0	0.0
Golden State Water Company	0.750%	0.0	0.000%	63.8	0.0	63.8
Jurupa Community Services District	3.759%	15,215.4	47.973%	319.5	719.6	1,039.1
Marygold Mutual Water Company	1.195%	0.0	0.000%	101.6	0.0	101.6
Monte Vista Irrigation Company	1.234%	0.0	0.000%	104.9	0.0	104.9
Monte Vista Water District	8.797%	105.6	0.333%	747.7	5.0	752.7
NCL Co, LLC	0.000%	0.0	0.000%	0.0	0.0	0.0
Niagara Bottling, LLC	0.000%	0.0	0.000%	0.0	0.0	0.0
Nicholson Family Trust	0.007%	0.0	0.000%	0.6	0.0	0.6
Norco, City Of	0.368%	0.0	0.000%	31.3	0.0	31.3
Ontario, City Of	20.742%	4,668.3	14.719%	1,763.1	220.8	1,983.9
Pomona, City Of	20.454%	0.0	0.000%	1,738.6	0.0	1,738.6
San Antonio Water Company	2.748%	0.0	0.000%	233.6	0.0	233.6
San Bernardino, County of (Shooting Park)	0.000%	0.0	0.000%	0.0	0.0	0.0
Santa Ana River Water Company	2.373%	0.0	0.000%	201.7	0.0	201.7
Upland, City Of	5.202%	0.0	0.000%	442.2	0.0	442.2
West End Consolidated Water Co	1.728%	0.0	0.000%	146.9	0.0	146.9
West Valley Water District	1.175%	0.0	0.000%	99.9	0.0	99.9
	<b>100.000%</b>	<b>31,716.6</b>	<b>100.000%</b>	<b>8,500.0</b>	<b>1,500.0</b>	<b>10,000.0</b>
	<b>19A</b>	<b>19B</b>	<b>19C</b>	<b>19D</b>	<b>19E</b>	<b>19F</b>

Notes:  
 Section 6.2(b)(ii) of the Peace II Agreement as the amendment is shown in the March 15, 2019 Court Order states: "The members of the Appropriative Pool will contribute a total of 10,000 afy toward Desalter replenishment, allocated among the Appropriative Pool members as follows: 1) 85% of the total (8,500 afy) will be allocated according to the Operating Safe Yield percentage of each Appropriative Pool members; and 2) 15% of the total (1,500 afy) will be allocated according to each land use conversion agency's percentage of the total land use conversion claims. The formula is to be adjusted annually based on the actual land use conversion allocations of the year."



Assessment Year 2021-2022 (Production Year 2020-2021)

## Remaining Desalter Replenishment Obligation (RDRO)

	Assigned Share of Operating Safe Yield	CALCULATING THE ADJUSTED		
		Physical Production	50% of Voluntary Agreements with Ag	Assignments with Non-Ag
BlueTriton Brands, Inc.	0.0	271.3	0.0	0.0
CalMat Co. (Appropriative)	0.0	0.0	0.0	0.0
Chino Hills, City Of	1,572.5	2,528.6	(34.5)	0.0
Chino, City Of	3,004.2	6,133.0	(1,649.0)	(72.6)
Cucamonga Valley Water District	2,695.5	26,225.7	0.0	0.0
Fontana Union Water Company	4,760.0	0.0	0.0	0.0
Fontana Water Company	0.8	13,565.3	0.0	0.0
Fontana, City Of	0.0	0.0	0.0	0.0
Golden State Water Company	306.3	1,074.4	0.0	0.0
Jurupa Community Services District	1,535.0	11,160.9	0.0	(417.1)
Marygold Mutual Water Company	488.0	840.9	0.0	0.0
Monte Vista Irrigation Company	503.9	0.0	0.0	0.0
Monte Vista Water District	3,592.2	7,674.4	(62.2)	(22.1)
NCL Co, LLC	0.0	0.0	0.0	0.0
Niagara Bottling, LLC	0.0	1,751.7	0.0	0.0
Nicholson Family Trust	2.9	0.0	0.0	0.0
Norco, City Of	150.3	0.0	0.0	0.0
Ontario, City Of	8,469.8	21,750.8	(1,485.7)	(1,608.4)
Pomona, City Of	8,352.2	9,192.2	0.0	0.0
San Antonio Water Company	1,122.1	676.5	0.0	0.0
San Bernardino, County of (Shooting Park)	0.0	17.2	0.0	0.0
Santa Ana River Water Company	969.0	0.0	0.0	0.0
Upland, City Of	2,124.2	2,177.1	0.0	0.0
West End Consolidated Water Co	705.6	0.0	0.0	0.0
West Valley Water District	479.8	0.0	0.0	0.0
	<b>40,834.0</b>	<b>105,040.0</b>	<b>(3,231.3)</b>	<b>(2,120.2)</b>
	20A	20B	20C	20D

Notes:

Section 6.2(b)(iii) of the Peace II Agreement as the amendment is shown in the March 15, 2019 Court Order states: "A Replenishment Assessment against the Appro member according to the combined total of the member's share of Operating Safe Yield and the member's Adjusted Physical Production."

**POOL 3**

PHYSICAL PRODUCTION			ALLOCATING THE RDRO		
Storage and Recovery Programs	Other Adjustments	Total Adjusted Physical Production	Total Production and OSY Basis (20A+20G)	Percentage (20H) / Sum(20H)	Total Remaining Desalter Replenishment Obligation
0.0	0.0	271.3	271.3	0.231%	39.0
0.0	0.0	0.0	0.0	0.000%	0.0
0.0	0.0	2,494.1	4,066.6	3.461%	584.2
0.0	0.0	4,411.4	7,415.5	6.312%	1,065.4
(20,500.0)	0.0	5,725.7	8,421.2	7.168%	1,209.8
0.0	0.0	0.0	4,760.0	4.051%	683.9
(2,500.0)	0.0	11,065.3	11,066.1	9.419%	1,589.8
0.0	0.0	0.0	0.0	0.000%	0.0
0.0	0.0	1,074.4	1,380.6	1.175%	198.4
0.0	(133.9)	10,609.9	12,144.9	10.337%	1,744.8
0.0	0.0	840.9	1,328.9	1.131%	190.9
0.0	0.0	0.0	503.9	0.429%	72.4
0.0	(4.7)	7,585.5	11,177.6	9.514%	1,605.9
0.0	0.0	0.0	0.0	0.000%	0.0
0.0	0.0	1,751.7	1,751.7	1.491%	251.7
0.0	0.0	0.0	2.9	0.002%	0.4
0.0	0.0	0.0	150.3	0.128%	21.6
0.0	0.0	18,656.8	27,126.6	23.089%	3,897.2
0.0	0.0	9,192.2	17,544.3	14.933%	2,520.6
0.0	0.0	676.5	1,798.6	1.531%	258.4
0.0	0.0	17.2	17.2	0.015%	2.5
0.0	175.5	175.5	1,144.5	0.974%	164.4
0.0	(70.1)	2,107.0	4,231.2	3.601%	607.9
0.0	0.0	0.0	705.6	0.601%	101.4
0.0	0.0	0.0	479.8	0.408%	68.9
<b>(23,000.0)</b>	<b>(33.2)</b>	<b>76,655.2</b>	<b>117,489.3</b>	<b>100.000%</b>	<b>16,879.4</b>
<b>20E</b>	<b>20F</b>	<b>20G</b>	<b>20H</b>	<b>20I</b>	<b>20J</b>

private Pool for any remaining Desalter replenishment obligation after applying both 6(b)(i) and 6(b)(ii), allocated pro-rata to each Appropriate Pool



Assessment Year 2021-2022 (Production Year 2020-2021)

## Desalter Replenishment Summary

	Desalter Replenishment Obligation in AF			Transfer from Dedicated Replenishment Account	Transfer from Excess Carry Over Storage Account
	Desalter Replenishment Obligation Contribution	Remaining Desalter Replenishment Obligation	Total Desalter Replenishment Obligation		
BlueTriton Brands, Inc.	0.0	(39.0)	(39.0)	32.1	6.9
CalMat Co. (Appropriative)	0.0	0.0	0.0	0.0	0.0
Chino Hills, City Of	(387.8)	(584.2)	(972.0)	602.9	369.1
Chino, City Of	(1,051.8)	(1,065.4)	(2,117.2)	0.0	2,117.2
Cucamonga Valley Water District	(589.4)	(1,209.8)	(1,799.2)	952.5	846.7
Fontana Union Water Company	(990.8)	(683.9)	(1,674.7)	1,674.7	0.0
Fontana Water Company	(39.6)	(1,589.8)	(1,629.5)	469.0	1,160.5
Fontana, City Of	0.0	0.0	0.0	0.0	0.0
Golden State Water Company	(63.8)	(198.4)	(262.1)	0.0	262.1
Jurupa Community Services District	(1,039.1)	(1,744.8)	(2,783.9)	0.0	2,783.9
Marygold Mutual Water Company	(101.6)	(190.9)	(292.5)	0.0	0.0
Monte Vista Irrigation Company	(104.9)	(72.4)	(177.3)	0.0	177.3
Monte Vista Water District	(752.7)	(1,605.9)	(2,358.6)	0.0	1,490.1
NCL Co, LLC	0.0	0.0	0.0	0.0	0.0
Niagara Bottling, LLC	0.0	(251.7)	(251.7)	0.0	0.0
Nicholson Family Trust	(0.6)	(0.4)	(1.0)	0.0	1.0
Norco, City Of	(31.3)	(21.6)	(52.9)	0.0	52.9
Ontario, City Of	(1,983.9)	(3,897.2)	(5,881.1)	3,461.1	0.0
Pomona, City Of	(1,738.6)	(2,520.6)	(4,259.1)	0.0	4,259.1
San Antonio Water Company	(233.6)	(258.4)	(492.0)	281.8	0.0
San Bernardino, County of (Shooting Park)	0.0	(2.5)	(2.5)	0.0	0.0
Santa Ana River Water Company	(201.7)	(164.4)	(366.1)	0.0	366.1
Upland, City Of	(442.2)	(607.9)	(1,050.1)	171.2	878.8
West End Consolidated Water Co	(146.9)	(101.4)	(248.3)	86.1	162.1
West Valley Water District	(99.9)	(68.9)	(168.8)	0.0	168.8
	<b>(10,000.0)</b>	<b>(16,879.4)</b>	<b>(26,879.4)</b>	<b>7,731.4</b>	<b>15,102.7</b>
	<b>21A</b>	<b>21B</b>	<b>21C</b>	<b>21D</b>	<b>21E</b>

Notes:

- 1) California Speedway Corporation dedicated 32.1 AF from their ECO storage account to satisfy a portion of BlueTriton Brands, Inc.'s 2021/22 DRO pursuant to an
- 2) City of Ontario (Non-Ag) dedicated 3,461.1 AF from their ECO storage account to satisfy a portion of City of Ontario's 2021/22 DRO pursuant to an Exhibit "G" Se

**POOL 3**

Total DRO Fulfillment Activity					Assessments	
Transfer from Recharged Recycled Storage Account	Transfer from Quantified Storage Account	Transfer from Post 7/1/2000 Storage Account	Replenishment Water Purchase	Total Transfers and Water Purchases	Residual DRO (AF)	Assessments Due On Residual DRO (\$)
0.0	0.0	0.0	0.0	39.0	0.0	0.00
0.0	0.0	0.0	0.0	0.0	0.0	0.00
0.0	0.0	0.0	0.0	972.0	0.0	0.00
0.0	0.0	0.0	0.0	2,117.2	0.0	0.00
0.0	0.0	0.0	0.0	1,799.2	0.0	0.00
0.0	0.0	0.0	0.0	1,674.7	0.0	0.00
0.0	0.0	0.0	0.0	1,629.5	0.0	0.00
0.0	0.0	0.0	0.0	0.0	0.0	0.00
0.0	0.0	0.0	0.0	262.1	0.0	0.00
0.0	0.0	0.0	0.0	2,783.9	0.0	0.00
0.0	292.5	0.0	0.0	292.5	0.0	0.00
0.0	0.0	0.0	0.0	177.3	0.0	0.00
713.2	0.0	155.4	0.0	2,358.6	0.0	0.00
0.0	0.0	0.0	0.0	0.0	0.0	0.00
0.0	0.0	0.0	0.0	0.0	(251.7)	198,558.16
0.0	0.0	0.0	0.0	1.0	0.0	0.00
0.0	0.0	0.0	0.0	52.9	0.0	0.00
2,420.0	0.0	0.0	0.0	5,881.1	0.0	0.00
0.0	0.0	0.0	0.0	4,259.1	0.0	0.00
0.0	0.0	210.2	0.0	492.0	0.0	0.00
0.0	0.0	0.0	0.0	0.0	(2.5)	1,946.46
0.0	0.0	0.0	0.0	366.1	0.0	0.00
0.0	0.0	0.0	0.0	1,050.1	0.0	0.00
0.0	0.0	0.0	0.0	248.3	0.0	0.00
0.0	0.0	0.0	0.0	168.8	0.0	0.00
<b>3,133.2</b>	<b>292.5</b>	<b>365.5</b>	<b>0.0</b>	<b>26,625.3</b>	<b>(254.1)</b>	<b>200,504.62</b>
<b>21F</b>	<b>21G</b>	<b>21H</b>	<b>21I</b>	<b>21J</b>	<b>21K</b>	<b>21L</b>

Exhibit "G" Section 10 Form A.  
Section 10 Form A.





**Assessment Year 2021-2022 (Production Year 2020-2021)**

**Assessment Calculation - Projected (Includes "10% Judgment**

**PRODUCTION BASIS**

2019/2020 Production and Exchanges in Acre-Feet (Actuals)

2020/2021 Production and Exchanges in Acre-Feet (Actuals)<sup>1</sup>

**BUDGET**

Judgment Administration <sup>2,3</sup>

OBMP & Program Elements 1-9 <sup>2</sup>

**Judgment Administration, OBMP & PE 1-9 Assessments**

**TOTAL BUDGET**

Less: Budgeted Interest Income

Less: Contributions from Outside Agencies

**Subtotal: CASH DEMAND**

**Add: OPERATING RESERVE**

Judgment Administration (10%)

OBMP & PE 1-9 (15%)

**Subtotal: OPERATING RESERVE**

**Less: Cash Balance on Hand Available for Assessments <sup>4</sup>**

**FUNDS REQUIRED TO BE ASSESSED**

Proposed Assessments

Judgment Administration, OBMP & PE 1-9 Assessments (Minimum \$5.00 Per Producer)

**Grand Total**

Prior Year Assessments, (Actuals) Information Only

**Grand Total**

Variance Between Proposed Assessments and Prior Year Assessments

**Grand Total**

Estimated Assessment as of "Amended" Budget July 22, 2021, Information Only

**Grand Total**

FY 2020/21 Budget <sup>5</sup>	FY 2021/22 Budget
\$2,021,670	\$2,200,720
\$6,103,889	\$5,050,683
\$8,125,559	\$7,251,403
(\$130,813)	(\$106,125)
(\$176,203)	(\$177,430)
\$7,818,543	\$6,967,848
\$202,167	\$220,072
\$915,583	\$757,602
\$1,117,750	\$977,674
(\$1,117,750)	(\$977,674)
\$7,818,543	\$6,967,848

[A]

[B]

[A] - [B]

Notes:

- <sup>1</sup> Due to the timing of when the Budget and the Assessment Package are prepared, actual production numbers on this page may differ from the Budget depending
- <sup>2</sup> Total costs are allocated to Pools by actual production percentages. Does not include Recharge Debt Payment, Recharge Improvement Projects, Replenishment
- <sup>3</sup> Judgment Administration excludes OAP, AP, and ONAP specific legal services, meeting compensation, or Special Funds. These items invoiced separately on the
- <sup>4</sup> June 30th fund balance (estimated) less funds required for Operating Reserves, Agricultural Pool Reserves, and Carryover replenishment obligations.
- <sup>5</sup> The previous fiscal year's budget numbers are from the previously approved Assessment Package and does not reflect numbers from any amended budget that

Administration and 15% OBMP & Program Elements 1-9 Operating Reserves")

ASSESSMENT	APPROPRIATIVE POOL		AGRICULTURAL POOL		NON-AG POOL	
	Judgment Administration	OBMP & PE 1-9	Judgment Administration	OBMP & PE 1-9	Judgment Administration	OBMP & PE 1-9
95,348,464	69,918,990	73.330%	21,841,407	22.907%	3,588,067	3.763%
98,806,120	73,423,920	74.311%	21,484,815	21.744%	3,897,385	3.944%
\$2,200,720	\$1,635,379		\$478,533		\$86,807	
\$5,050,683		\$3,753,218		\$1,098,242		\$199,223
\$7,251,403	\$1,635,379	\$3,753,218	\$478,533	\$1,098,242	\$86,807	\$199,223
\$7,251,403	\$1,635,379	\$3,753,218	\$478,533	\$1,098,242	\$86,807	\$199,223
(\$106,125)		(\$78,863)		(\$23,076)		(\$4,186)
(\$177,430)		(\$131,850)		(\$38,581)		(\$6,999)
\$6,967,848	\$1,635,379	\$3,542,505	\$478,533	\$1,036,584	\$86,807	\$188,038
\$220,072	\$163,538		\$47,853		\$8,681	
\$757,602		\$562,982		\$164,736		\$29,883
\$977,674	\$163,538	\$562,982	\$47,853	\$164,736	\$8,681	\$29,883
(\$977,674)	(\$163,538)	(\$562,982)	(\$47,853)	(\$164,736)	(\$8,681)	(\$29,883)
\$6,967,848	\$1,635,379	\$3,542,505	\$478,533	\$1,036,584	\$86,807	\$188,038
Per Acre-Foot	\$22.27	\$48.25	\$22.27	\$48.25	\$22.27	\$48.25
		\$70.52		\$70.52		\$70.52
Per Acre-Foot	\$21.20	\$60.80	\$21.20	\$60.80	\$21.20	\$60.80
		\$82.00		\$82.00		\$82.00
	\$1.07	(\$12.55)	\$1.07	(\$12.55)	\$1.07	(\$12.55)
		(\$11.48)		(\$11.48)		(\$11.48)
	\$18.56	\$39.54	\$18.56	\$39.54	\$18.56	\$39.54
		\$58.10		\$58.10		\$58.10

on any last minute corrections during the Assessment Package preparation process.  
 Water Purchases, or RTS charges.  
 Assessment invoices.

may have followed.



**ALL POOLS**

**Assessment Year 2021-2022 (Production Year 2020-2021)**

**Water Transaction Detail**

**Standard Transactions**

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	If 85/15 Rule Applies:			
						85%	15%	WM Pays	
Cucamonga Valley Water District	West Valley Water District Storage Account	11/9/2020	1,000.0	528.50	528,500.00				
Fontana Water Company	Cucamonga Valley Water District Annual Account	2/16/2021	7,500.0	559.44	4,195,800.00	3,566,430.00	629,370.00	Fontana Water Company	
	Nicholson Family Trust Annual Account	5/25/2021	6.5	559.44	3,636.36	3,090.91	545.45	Fontana Water Company	
Monte Vista Water District	Chino, City Of Storage Account	9/17/2020	500.0	0.00	0.00				
<i>One time correction for Land Use Conversion error.</i>									
			<b>9,006.5</b>		<b>4,727,936.36</b>	<b>3,569,520.91</b>	<b>629,915.45</b>		
<b>Total 15% Credits from all Transactions:</b>							<b>\$629,915.45</b>		

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**Assessment Year 2021-2022 (Production Year 2020-2021)**  
**Water Transaction Detail**

**Applied Recurring Transactions:**

<b>From:</b>	<b>To:</b>	<b>Quantity</b>	<b>\$ / Acre Feet</b>	
Fontana Union Water Company Annual Account - Assigned Share of Operating Safe Yield	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	<i>Transfer FUWC Share of Safe Yield to CVWD.</i>
Fontana Union Water Company Annual Account - Stormwater New Yield	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	<i>Transfer FUWC New Yield to CVWD.</i>
Fontana Union Water Company Annual Account - Diff - Potential vs. Net	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	<i>Transfer FUWC Ag Pool Reallocation Difference (Potential vs. Net) to CVWD.</i>
Fontana Union Water Company Annual Account - Transfer (To) / From	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	<i>Transfer FUWC water transfer rights to CVWD.</i>
Fontana Union Water Company Annual Account - Assigned Rights	Cucamonga Valley Water District Annual Account - Assigned Rights	All	0.00	<i>Transfer FUWC water transfer rights to CVWD.</i>
Fontana Union Water Company Annual Account - Total AG SY Reallocation	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	<i>Transfer FUWC Total Ag SY to CVWD.</i>
Fontana Union Water Company Annual Account - Desalter Replenishment Obligation	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	<i>Transfer of FUWC DRO</i>

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**ALL POOLS**

**Assessment Year 2021-2022 (Production Year 2020-2021)**

**Analysis of the 85/15 Rule Application to Water Transfers**

To	(Over)/Under Production Excluding Water Transfer(s)	From	Date of Submittal	Transfer Quantity	Is Buyer an 85/15 Party?	Is Transfer Being Placed into Annual Account?	Is Purpose of Transfer to Utilize SAWCO or West End Shares?	Amount of Transfer Eligible for 85/15 Rule
Cucamonga Valley Water District	7,654.0	West Valley Water District Storage Account	11/9/2020	1,000.0	Yes	Yes	No	0.0
Fontana Water Company	(10,229.0)	Cucamonga Valley Water District Annual Account	2/16/2021	7,500.0	Yes	Yes	No	7,500.0
		Nicholson Family Trust Annual Account	5/25/2021	6.5	Yes	Yes	No	6.5
Monte Vista Water District	2,722.3	Chino, City Of Storage Account	9/17/2020	500.0	Yes	Yes	No	0.0

*One time correction for Land Use Conversion error.*

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**ALL POOLS**

**Assessment Year 2021-2022 (Production Year 2020-2021)**

**Watermaster Replenishment Calculation**

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

Watermaster Replenishment Cost	\$777.00
Projected Spreading - OCWD Connection Fee	\$2.00
Projected Spreading - Delivery Surcharge	\$10.00
Pre-purchased Credit	\$0.00
<b>Total Replenishment Cost per acre foot (see footnote)</b>	<b>\$789.00</b>

<b>Replenishment Obligation:</b>	<b>AF @ \$789.00</b>	<b>15%</b>	<b>85%</b>	<b>Total</b>
Appropriative - 100	1,751.7			\$1,382,063.69
Appropriative - 15/85	17.2	\$2,032.42	\$11,517.07	\$13,549.50
Non-Agricultural - 100	54.8			\$43,269.55
	<b>1,823.7</b>			<b>\$1,438,882.73</b>

<b>Company</b>	<b>AF Production and Exchanges</b>	<b>85/15 Producers</b>	<b>Percent of Total 85/15 Producers</b>	<b>15% Replenishment Assessment</b>	<b>15% Water Transaction Debits</b>
BlueTriton Brands, Inc.	271.3			-	-
CalMat Co. (Appropriative)	0.0			-	-
Chino Hills, City Of	2,459.6	2,459.6	4.008%	\$81.46	\$25,247.02
Chino, City Of	2,762.4	2,762.4	4.501%	\$91.49	\$28,354.64
Cucamonga Valley Water District	5,725.7	5,725.7	9.330%	\$189.63	\$58,771.84
Desalter Authority	40,114.5			-	-
Fontana Union Water Company	0.0	0.0	0.000%	-	\$0.00
Fontana Water Company	11,065.3	11,065.3	18.031%	\$366.47	\$113,580.68
Fontana, City Of	0.0			-	-
Golden State Water Company	1,074.4	1,074.4	1.751%	\$35.58	\$11,028.12
Jurupa Community Services District	10,609.9	10,609.9	17.289%	\$351.39	\$108,906.10
Marygold Mutual Water Company	840.9			-	-
Monte Vista Irrigation Company	0.0	0.0	0.000%	-	\$0.00
Monte Vista Water District	7,523.3	7,523.3	12.259%	\$249.16	\$77,223.33
NCL Co, LLC	0.0			-	-
Niagara Bottling, LLC	1,751.7			-	-
Nicholson Family Trust	0.0	0.0	0.000%	-	\$0.00
Norco, City Of	0.0	0.0	0.000%	-	\$0.00
Ontario, City Of	17,171.1	17,171.1	27.981%	\$568.68	\$176,254.23
Pomona, City Of	9,192.2			-	-
San Antonio Water Company	676.5	676.5	1.102%	\$22.41	\$6,944.27
San Bernardino, County of (Shooting Park)	17.2	17.2	0.028%	\$0.57	\$176.27
Santa Ana River Water Company	175.5	175.5	0.286%	\$5.81	\$1,801.41
Upland, City Of	2,107.0	2,107.0	3.433%	\$69.78	\$21,627.56
West End Consolidated Water Co	0.0	0.0	0.000%	-	\$0.00
West Valley Water District	0.0	0.0	0.000%	-	\$0.00
<b>** Fee assessment total is 15% of Appropriative 15/85 replenishment obligation</b>	<b>113,538.4</b>	<b>61,367.9</b>	<b>**</b>	<b>\$2,032.43</b>	<b>\$629,915.47</b>

Transfers to  
**8G**

Transfers to  
**8K**

Notes: The 2021 rate includes a \$10 surcharge from Three Valleys Municipal Water District.



Assessment Year 2021-2022 (Production Year 2020-2021)

Readiness to Serve (RTS) Charges

Appropriative or Non-Agricultural Pool Party	FY 2016/2017 Water Purchases						
	Purchased Water in AF						
	20160623		20161216	20170418	85/15 Breakdown		
	RO	DRO	DRO	RO	AF @ 100%	AF @ 85/15	AF Total
BlueTriton Brands, Inc.	1,135.3	8.9	4.0	335.7	1,483.8	0.0	1,483.8
CalMat Co. (Appropriative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chino Hills, City Of	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chino, City Of	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cucamonga Valley Water District	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fontana Union Water Company	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fontana Water Company	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fontana, City Of	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Golden State Water Company	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Jurupa Community Services District	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Marygold Mutual Water Company	78.7	51.9	20.3	0.0	150.9	0.0	150.9
Monte Vista Irrigation Company	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Monte Vista Water District	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NCL Co, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Niagara Bottling, LLC	2,567.5	35.5	0.0	1,174.3	3,777.3	0.0	3,777.3
Nicholson Family Trust	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Norco, City Of	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ontario, City Of	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pomona, City Of	0.0	0.0	0.0	0.0	0.0	0.0	0.0
San Antonio Water Company	0.0	0.0	0.0	0.0	0.0	0.0	0.0
San Bernardino, County of (Shooting Park)	38.8	0.3	0.1	9.4	0.4	48.2	48.6
Santa Ana River Water Company	0.0	48.0	23.7	0.0	71.7	0.0	71.7
Upland, City Of	0.0	0.0	0.0	0.0	0.0	0.0	0.0
West End Consolidated Water Co	0.0	0.0	0.0	0.0	0.0	0.0	0.0
West Valley Water District	0.0	23.5	11.8	0.0	35.3	0.0	35.3
9W Halo Western OpCo L.P.	62.2	0.0	0.0	10.6	72.9	0.0	72.9
ANG II (Multi) LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Aqua Capital Management LP	57.5	0.0	0.0	0.0	57.5	0.0	57.5
California Speedway Corporation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
California Steel Industries, Inc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CalMat Co.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CCG Ontario, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0
City of Ontario (Non-Ag)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
County of San Bernardino (Non-Ag)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Electric Company	0.0	0.0	0.0	0.1	0.1	0.0	0.1
Hamner Park Associates, a California Limited Partnershi	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Linde Inc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Monte Vista Water District (Non-Ag)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Riboli Family and San Antonio Winery, Inc.	28.8	0.0	0.0	4.0	32.8	0.0	32.8
Space Center Mira Loma, Inc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TAMCO	19.8	0.0	0.0	16.5	36.4	0.0	36.4
West Venture Development Company	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	<b>3,988.7</b>	<b>168.0</b>	<b>59.9</b>	<b>1,550.5</b>	<b>5,718.8</b>	<b>48.2</b>	<b>5,767.0</b>
	26A	26B	26C	26D	26E	26F	26G

Notes:

- 1) This year's RTS includes the fourth of ten annual RTS charges for water purchased in FY 2016/17, and third of ten annual RTS charges for water purchased in FY 2017/18.
- 2) In April 2021, Nestle Waters North America Inc., who owns Arrowhead Mountain Spring Water brand, changed its name to BlueTriton Brands, Inc. and rebranded its products.







## Assessment Year 2021-2022 (Production Year 2020-2021) Assessment Package Notes

Page	Note
All (a)	A change in a Party's name will be reflected in the Assessment Package for the production year in which the name change occurred. For example, if a Party changed its name on June 30, 2021, it will be reflected in the FY 2021/2022 Assessment Package (for Production Year 2020/2021). Additionally, if a Party changed its name on July 1, 2021, it will be reflected in the FY 2022/2023 Assessment Package (for Production Year 2021/2022).
All (b)	To avoid the possibility of being mistakenly identified as one of other similarly named organizations, the Chino Basin Desalter Authority is referred to as Desalter Authority.
pg01	"Agricultural Total Pool Production" includes Voluntary Agreements between Appropriators and Agricultural Pool Parties.
pg04 (a)	Transfers in Column [4E] include the annual transfer of 10% of the Non-Ag Safe Yield to be utilized to offset the overall Desalter Replenishment Obligation in accordance with the Peace II Agreement Section 6.2, and also the Exhibit "G" physical solution.
pg04 (b)	Column [4H], "Actual Fiscal Year Production," includes physical production and Assignments between Appropriators and Non-Ag Pool Parties.
pg04 (c)	"Net Over Production" does not include evaporative loss. Additional water will be purchased in order to adequately cover evaporative losses. The rates are 1.5% from November through March, 4.2% from April through October.
pg05 (a)	Hydraulic Control was achieved on February 1, 2016. Pursuant to Paragraph 7.4(b) of the Peace II Agreement, Storage Loss is now calculated at 0.07%.
pg05 (b)	When applicable, Column [5C] includes the Exhibit "G" physical solution transfers to the Appropriative Pool.
pg06	Transfers in Column [6C] is the annual transfer of 10 percent of the Non-Ag Safe Yield to be utilized to offset the overall Desalter Replenishment Obligation in accordance with the Peace II Agreement Section 6.2.
pg07 (a)	The financial Outstanding Obligations are reconciled on pages 7.1 and 17.1.
pg07 (b)	Fund Balance is maintained on a spreadsheet by Watermaster.
pg07 (c)	Outstanding Obligation (\$) is calculated by multiplying Outstanding Obligation (AF) by the current rate, reduced by the Fund Balance (\$).
pg07 (d)	Fund Balance is the money collected by Watermaster, Outstanding Obligation (\$) is the money owed by the Parties or credited to the Parties.
pg08 (a)	Recharge Debt Payment expenses [8O] and Recharge Improvement Project expenses [8P] are each allocated on % OSY, based on the approved budget.
pg08 (b)	Pursuant to Paragraph 5.4(b) of the Peace Agreement, the City of Pomona shall be allowed a credit of up to \$2 million against OBMP Assessments through 2030. This equates to \$66,667 per year. TVMWD elected to discontinue payment of the "Pomona Credit," effective FY 2012/2013. It is now paid by the Appropriative Pool Parties, allocated on % OSY (Column [8N]).
pg09 (a)	Other Adjustments [9D] include water provided to another Appropriator, pump-to-waste that has been captured in a recharge basin (as verified by IEUA), and other miscellaneous recharge / injection of native water.
pg09 (b)	Evaporative Losses will be applied to recharged water from Pump-to-Waste activities beginning in October 2017. (Evaporative Loss Rates: 1.5% Nov - Mar; 4.2% Apr - Oct)
pg10 (a)	The Restated Judgment allowed an accumulated overdraft of 200,000 AF over 40 years. The total Operating Safe Yield is now 40,834 AF, allocated by percentage of Operating Safe Yield.
pg10 (b)	Column [10I], "Actual Fiscal Year Production," includes physical production, Voluntary Agreements, Assignments, and, if applicable, other adjustments. A detailed breakdown can be found on Page 9.1.
pg10 (c)	"Net Over Production" does not include evaporative loss. Additional water will be purchased in order to adequately cover evaporative losses. The rates are 1.5% from November through March, 4.2% from April through October.



## Assessment Year 2021-2022 (Production Year 2020-2021) Assessment Package Notes

Page	Note
pg11 (a)	The Assessment Package database is set up so that all water must go through the Party Annual Accounts on the way to or from ECO Storage Accounts, and through the ECO Storage Accounts on the way to or from Supplemental Storage Accounts (does not apply to water dedicated to offset the Desalter Replenishment Obligation).
pg11 (b)	Column [11C] includes transfers to the Desalter Replenishment Obligation.
pg12 (a)	The Assessment Package database is set up so that all water must go through the Party Annual Accounts on the way to or from ECO Storage Accounts, and through the ECO Storage Accounts on the way to or from Supplemental Storage Accounts (does not apply to water dedicated to offset the Desalter Replenishment Obligation).
pg12 (b)	Columns [12C], [12H], and [12M] include transfers to the Desalter Replenishment Obligation.
pg12 (c)	The first 3,000 AF of City of Fontana's recharged recycled water transfers to the City of Ontario, and all of the City of Montclair's recharged recycled water transfers to MVWD.
pg13 (a)	"Re-Operation Offset: Pre-Peace II Desalters" had an original beginning balance of 225,000.000 AF. The 29,070 AF correction required by Condition Subsequent 7 is included. (See Page 18.1)
pg13 (b)	"Re-Operation Offset: Peace II Expansion" had an original beginning balance of 175,000.000 AF. It will now be allocated to Desalter replenishment over a 17-year period, beginning in 2013/14 and ending in 2029/30, according to a schedule. (See Page 18.1)
pg13 (c)	There is no loss assessed on the native Basin water allocated to offset Desalter production as a result of Basin Reoperation as approved in the Peace II Agreement.
pg13 (d)	"Non-Ag Dedication" was used in a prior Assessment Package to indicate the Paragraph 31 Settlement Agreements Dedication.
pg13 (e)	The "Non-Ag" OBMP Special Assessment", also referred to as the "10% Haircut", will indicate the movement of water when it is being utilized to further offset the Desalter Replenishment Obligation. See [18L] on Page 18.1.
pg13 (f)	Columns [13C] and [13D] under "Dedicated Replenishment" include transfers of water from an Annual Account to DRO resulting from Party to Party transfers such as those executed with the Exhibit "G" Form A.
pg14	Transfers in Column [14A] include annual water transfers/leases between Appropriators and/or from Appropriators to Watermaster for replenishment purposes, and also the Exhibit "G" physical solution transfers from the Non-Ag Pool.
pg15 (a)	Most of the remaining eligible parcels for Land Use Conversion are within the Conversion Area 1 boundary.
pg15 (b)	"Unlikely to Convert Parcels" regardless of eligibility are not likely to convert due to pre-existing land use. Eligibility will be determined on a case by case basis.
pg16	Beginning with the 2015/16 Assessment Package, the Agricultural Pool Safe Yield Reallocation is now being calculated with a new formula in accordance with the March 15, 2019 Court Order.
pg17 (a)	The financial Outstanding Obligations are reconciled on pages 7.1 and 17.1.
pg17 (b)	Fund Balance is maintained on a spreadsheet by Watermaster.
pg17 (c)	Outstanding Obligation is calculated by multiplying Outstanding Obligation (AF) by the current rate, reduced by the Fund Balance.
pg17 (d)	Fund Balance is the money collected by Watermaster, Outstanding Obligation (\$) is the money owed by the Parties or credited to the Parties.
pg21 (a)	Any balance in a Dedicated Replenishment Account is utilized first to satisfy new or carried over Desalter Replenishment Obligation beginning with the fiscal year such water was made available. The balance, if any, can be found on page 13.1.
pg21 (b)	Due to an agreement between CVWD and FUWC, all of FUWC's rights are automatically transferred to CVWD. A recurring transaction was created so that a portion of that water gets returned to FUWC to satisfy their DRO.



Assessment Year 2021-2022 (Production Year 2020-2021)

## Assessment Package Notes

Page	Note
pg22	The table on this page is a replica of the table found in the Watermaster Budget.
pg24	The column titled "(Over)/Under Production Excluding Water Transfer(s)" excludes Exhibit "G" water sales and water transfers between Appropriators and to Watermaster (if any). ([10B] + [10C] + [10D] + [10E] + [14B] - [10K])
pg25 (a)	The "15% Water Transaction Debits" total is the "Total 15% Credits from all Transaction" from Page 23.1.
pg25 (b)	"Replenishment Obligation" does not include evaporative loss. Additional water will be purchased in order to adequately cover evaporative losses. The rates are 1.5% from November through March, 4.2% from April through October.
pg26 (a)	Beginning with fiscal year 2016/17, water purchased through the IEUA will be charged with an annual RTS fee over a ten year period commencing two years after the initial purchase. This fee will vary year to year based on a ten-year rolling average.
pg26 (b)	RTS will be allocated based on the total RTS charge for the year and not on the calculated cost per acre-foot.

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Assessment Year 2021-2022 (Production Year 2020-2021)

Assessment Package References and Definitions

Column	Title	Description
2A	<b>AF Production</b>	Actual fiscal year production by each Party. Copied from [4H].
2B	<b>Non-Agricultural Pool - AF/Admin</b>	Production [2A] <times> per acre-foot Admin fee.
2C	<b>Non-Agricultural Pool - AF/OBMP</b>	Production [2A] <times> per acre-foot OBMP fee.
2D	<b>Replenishment Assessments - AF Exceeding Annual Right</b>	Over-production for each Party beyond their annual production right. Copied from [4I].
2E	<b>Replenishment Assessments - \$767 Per AF</b>	Amount overproduced [2D] <times> the current replenishment rate.
2F	<b>CURO Adjustment</b>	Monetary amount needed (or to be credited) for each Party's Cumulative Unmet Replenishment Obligation (CURO). Calculated on Page 7.1.
2G	<b>RTS Charges</b>	Annual Readiness to Serve charges for water purchased in prior years.
2H	<b>Other Adjustments</b>	Used as necessary for any other monetary adjustments needed to the Assessment Package.
2I	<b>Total Assessments Due</b>	Total fees assessed based on Party production. [2B] + [2C] + [2E] + [2F] + [2G] + [2H].
3A	<b>Physical Production</b>	Fiscal year physical production by each Party.
3B	<b>Assignments</b>	Total of water received from an Appropriator by each Party.
3C	<b>Other Adjustments</b>	Any other adjustments that result in off-set of the fiscal year's production.
3D	<b>Actual FY Production (Assmnt Pkg Column 4H)</b>	Total adjusted production for the fiscal year. Also known as Assessable Production. [3A] + [3B] + [3C].
4A	<b>Percent of Safe Yield</b>	The Party's yearly percentage of Safe Yield.
4B	<b>Carryover Beginning Balance</b>	The beginning balance in each Annual Account. This number carries forward from the ending balance in the previous period Assessment Package.
4C	<b>Prior Year Adjustments</b>	This number reflects the adjusted production rights from a previous Assessment Package, in the event that corrections are needed.
4D	<b>Assigned Share of Safe Yield (AF)</b>	The Party's yearly volume of Safe Yield.
4E	<b>Water Transaction Activity</b>	Total of one-time water transfers between Parties for this period, including the annual transfer of 10 percent of the Non-Ag Safe Yield to be utilized to offset the overall Desalter Replenishment Obligation, as stated in the Peace II Agreement, and Exhibit G.
4F	<b>Other Adjustments</b>	This number reflects adjusted production rights, in the event that corrections are needed.
4G	<b>Annual Production Right</b>	Current Year Production Right. [4B] + [4C] + [4D] + [4E] + [4F].



Assessment Year 2021-2022 (Production Year 2020-2021)

Assessment Package References and Definitions

Column	Title	Description
4H	<b>Actual Fiscal Year Production</b>	Fiscal year production, including Assignments, from CBWM's production system (as verified by each Party on their Water Activity Report). Also known as Assessable Production.
4I	<b>Net Over Production</b>	Over-production, if any, for each Party beyond their annual production right. $[4H] <minus> [4G]$ , equaling more than zero.
4J	<b>Under Production Balances - Total Under-Produced</b>	Production rights $[4G] <minus>$ production $[4H]$ , equaling more than zero.
4K	<b>Under Production Balances - Carryover: Next Year Begin Bal</b>	Either total under-produced $[4J]$ or share of Safe Yield $[4D]$ , whichever is less.
4L	<b>Under Production Balances - To Excess Carryover Account</b>	Total under-produced $[4J] <minus>$ Carryover to next year $[4K]$ , equaling more than zero.
5A	<b>Local Excess Carry Over Storage Account (ECO) - Beginning Balance</b>	The beginning balance in each ECO account. This number will carry forward from the ending balance in the previous period Assessment Package.
5B	<b>Local Excess Carry Over Storage Account (ECO) - 0.07% Storage Loss</b>	Beginning balance $[5A] <times> -0.0007$ .
5C	<b>Local Excess Carry Over Storage Account (ECO) - Transfers To / (From)</b>	Total of water transferred to and from the ECO Account.
5D	<b>Local Excess Carry Over Storage Account (ECO) - From Under-Production</b>	Total of water transferred from the Annual Account due to under production. Copied from $[4L]$ .
5E	<b>Local Excess Carry Over Storage Account (ECO) - Ending Balance</b>	The current balance in each ECO account. $[5A] + [5B] + [5C] + [5D]$ .
5F	<b>Local Supplemental Storage Account - Beginning Balance</b>	The beginning balance in each Supplemental Account. This number will carry forward from the ending balance in the previous period Assessment Package.
5G	<b>Local Supplemental Storage Account - 0.07% Storage Loss</b>	Beginning balance $[5F] <times> -0.0007$ .
5H	<b>Local Supplemental Storage Account - Transfers To / (From)</b>	Total of water transferred to and from the Annual and/or ECO Account.
5I	<b>Local Supplemental Storage Account - Ending Balance</b>	The current balance in each Supplemental Account. $[5F] + [5G] + [5H]$ .
5J	<b>Combined - Ending Balance</b>	The combined amount in all local storage accounts. $[5E] + [5I]$ .
6A	<b>Percent of Safe Yield</b>	The Party's yearly percentage of Operating Safe Yield.
6B	<b>Assigned Share of Safe Yield (AF)</b>	The Party's yearly volume of Operating Safe Yield.
6C	<b>Water Transactions - 10% of Operating Safe Yield ("Haircut")</b>	Operating Safe Yield $[6B] <times> -0.1$
6D	<b>Water Transactions - Transfers (To) / From ECO Account</b>	Total of water transferred between the Annual Account and ECO Account.
6E	<b>Water Transactions - General Transfers / Exhibit G Water Sales</b>	Total of water transfers between Parties for this period including Exhibit G Water Sales.
6F	<b>Water Transactions - Total Water Transactions</b>	Total water transactions. $[6C] + [6D] + [6E]$ . This column is used to populate $[4E]$ .



Assessment Year 2021-2022 (Production Year 2020-2021)

Assessment Package References and Definitions

Column	Title	Description
7A	<b>Outstanding Obligation (AF)</b>	The amount of obligation carried over from prior Assessment Package(s) that were not met due to various reason, including but not limited to MWD not having replenishment water available to purchase.
7B	<b>Fund Balance (\$)</b>	The amount of money collected or owed for replenishment assessments from prior Assessment Package(s).
7C	<b>Outstanding Obligation (\$)</b>	The amount of money that each Party owes or is credited based on current replenishment rate. [7A] <times> [CURRENT RATE] <minus> [7B].
8A	<b>AF Production and Exchanges</b>	Total production and exchanges. Copied from [10K].
8B	<b>Appropriative Pool - AF/Admin</b>	Production and Exchanges [8A] <times> per acre-foot Admin fee.
8C	<b>Appropriative Pool - AF/OBMP</b>	Production and Exchanges [8A] <times> per acre-foot OBMP fee.
8D	<b>Ag Pool SY Reallocation - AF Total Reallocation</b>	Reallocation of Ag Pool Safe Yield. Copied from [10E] and [16E].
8E	<b>Ag Pool SY Reallocation - AF/Admin</b>	Party Ag Pool reallocation [8D] <divided by> Total Ag Pool Reallocation [8D Total] <times> total dollar amount needed for Ag Pool Administration.
8F	<b>Ag Pool SY Reallocation - AF/OBMP</b>	Party Ag Pool reallocation [8D] <divided by> Total Ag Pool Reallocation [8D Total] <times> total dollar amount needed for Ag Pool OBMP.
8G	<b>Replenishment Assessments - AF/15%</b>	For Parties participating in the 85/15 Rule: Percentage of total 85/15 participant production <times> required credit amount. Copied from Page 25.1.
8H	<b>Replenishment Assessments - AF/85%</b>	For parties participating in the 85/15 Rule: Total volume overproduced [10L] <times> 85% of the replenishment rate.
8I	<b>Replenishment Assessments - AF/100%</b>	For parties not participating in the 85/15 Rule: Total volume overproduced [10M] <times> 100% of the replenishment rate.
8J	<b>85/15 Water Transaction Activity - 15% Producer Credits</b>	For parties participating in the 85/15 Rule: Credit amount equals 15% of the cost of the water purchased. Total to be credited copied from Page 23.1.
8K	<b>85/15 Water Transaction Activity - 15% Pro-rated Debits</b>	For parties participating in the 85/15 Rule: Percentage of total 85/15 participant production <times> required credit amount. Copied from Page 25.1.
8L	<b>CURO Adjustment</b>	Monetary amount needed (or to be credited) for each Party's Cumulative Unmet Replenishment Obligation (CURO). Calculated on Page 17.1.
8M	<b>ASSESSMENTS DUE - Total Production Based</b>	Total fees assessed based on Party production. [8B] + [8C] + [8E] + [8F] + [8G] + [8H] + [8I] + [8J] + [8K] + [8L].
8N	<b>ASSESSMENTS DUE - Pomona Credit</b>	Debit amount to Pomona <times> -1 <times> percent share of Operating Safe Yield [10A].
8O	<b>ASSESSMENTS DUE - Recharge Debt Payment</b>	Total recharge debt payment <times> percent share of Operating Safe Yield [10A].
8P	<b>ASSESSMENTS DUE - Recharge Improvement Project</b>	Total Recharge Improvement Project <times> Percent Share of Operating Safe Yield [10A].



Assessment Year 2021-2022 (Production Year 2020-2021)

## Assessment Package References and Definitions

Column	Title	Description
8Q	<b>ASSESSMENTS DUE - RTS Charges</b>	Annual Readiness to Serve charges for water purchased in prior years.
8R	<b>ASSESSMENTS DUE - Other Adjustments</b>	Used as necessary for any other monetary adjustments needed to the Assessment Package.
8S	<b>ASSESSMENTS DUE - DRO</b>	Total assessments due for Desalter Replenishment. Copied from [21L].
8T	<b>ASSESSMENTS DUE - Total Due</b>	Total assessments. [8M] + [8N] + [8O] + [8P] + [8Q] + [8R] + [8S].
9A	<b>Physical Production</b>	Fiscal year physical production by each Party.
9B	<b>Voluntary Agreements (w/ Ag)</b>	Total of water provided to Agricultural Pool Parties.
9C	<b>Assignments (w / Non-Ag)</b>	Total of water provided to Non-Agricultural Pool Parties.
9D	<b>Other Adjustments</b>	Total of water received from, or provided to, another Appropriator. Also includes production off-sets.
9E	<b>Actual FY Production (Assmnt Pkg Column 10I)</b>	Total adjusted production for the fiscal year. [9A] + [9B] + [9C] + [9D].
10A	<b>Percent of Operating Safe Yield</b>	The Party's yearly percentage of Operating Safe Yield.
10B	<b>Carryover Beginning Balance</b>	The beginning balance in each Annual Account. This number carries forward from the ending balance in the previous period Assessment Package.
10C	<b>Prior Year Adjustments</b>	This number reflects the adjusted production rights from a previous Assessment Package, in the event that corrections are needed.
10D	<b>Assigned Share of Operating Safe Yield</b>	The Party's yearly volume of Operating Safe Yield.
10E	<b>Net Ag Pool Reallocation</b>	Reallocation of Ag Pool Safe Yield. Copied from [16E]. The calculations that lead to this are made on Page 16.1.
10F	<b>Water Transaction Activity</b>	Water transactions. Copied from [14E]. The calculations that lead to this are made on Page 14.1.
10G	<b>Other Adjustments</b>	This number reflects adjusted production rights, in the event that corrections are needed.
10H	<b>Annual Production Right</b>	Current Year Production Right. [10B] + [10C] + [10D] + [10E] + [10F] + [10G].
10I	<b>Actual Fiscal Year Production</b>	Fiscal year production, including Assignments and Voluntary Agreements, from CBWM's production system (as verified by each Party on their Water Activity Report). Includes a sub note subtracting Desalter production.
10J	<b>Storage and Recover Program(s)</b>	Total exchanges for the period (July 1 - June 30) including MZ1 forbearance and DYY deliveries (as reported to CBWM by IEUA and TVMWD and as verified by each Party on their Water Activity Report). A DYY in-lieu "put" is shown as a positive number and a DYY "take is shown as a negative number.
10K	<b>Total Production and Exchanges</b>	Actual production [10I] <plus> Storage and Recovery exchanges [10J]. Includes a sub note subtracting Desalter production. Also known as Assessable Production.



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Assessment Package References and Definitions

Column	Title	Description
10L	<b>Net Over-Production - 85/15%</b>	For 85/15 Rule participants: Production rights [10H] <minus> total production and exchanges [10K], equaling less than zero.
10M	<b>Net Over-Production - 100%</b>	For non-85/15 Rule participants: Production rights [10H] <minus> total production and exchanges [10K], equaling less than zero. Includes a sub note subtracting Desalter production.
10N	<b>Under Production Balances - Total Under-Produced</b>	Production rights [10H] <minus> total production and exchanges [10K], equaling more than zero.
10O	<b>Under Production Balances - Carryover: Next Year Begin Bal</b>	Either total under-produced [10N] or share of Operating Safe Yield [10D], whichever is less.
10P	<b>Under Production Balances - To Excess Carryover Account</b>	Total under produced [10N] <minus> Carryover to next year [10O], equaling more than zero.
11A	<b>Excess Carry Over Account (ECO) - Beginning Balance</b>	The beginning balance in each ECO account. This carries forward from the ending balance in the previous period Assessment Package.
11B	<b>Excess Carry Over Account (ECO) - 0.07% Storage Loss</b>	Beginning balance [11A] <times> -0.0007.
11C	<b>Excess Carry Over Account (ECO) - Transfers To / (From)</b>	Total of water transferred to and from ECO and the Annual Account. Also includes Desalter Replenishment Obligation transfers.
11D	<b>Excess Carry Over Account (ECO) - From Supplemental Storage</b>	Total of water transferred to and from Local Supplemental Storage accounts, as shown on Page 12.1.
11E	<b>Excess Carry Over Account (ECO) - From Under-Production</b>	Total of water transferred from the Annual Account due to under production. Copied from [10P].
11F	<b>Excess Carry Over Account (ECO) - Ending Balance</b>	The current balance in each ECO account. [11A] + [11B] + [11C] + [11D] + [11E].
12A	<b>Recharged Recycled Account - Beginning Balance</b>	The beginning balance in each Recharged Recycled Account. This number carries forward from the ending balance in the previous period Assessment Package.
12B	<b>Recharged Recycled Account - 0.07% Storage Loss</b>	Beginning balance [12A] <times> -0.0007.
12C	<b>Recharged Recycled Account - Transfers To / (From)</b>	Total recharged recycled water credited to each Party for the year, as provided by IEUA. Also includes Desalter Replenishment Obligation transfers.
12D	<b>Recharged Recycled Account - Transfer to ECO Account</b>	Total of water transferred to the ECO Account, as shown on Page 11.1.
12E	<b>Recharged Recycled Account - Ending Balance</b>	The current balance in each Recharged Recycled account. [12A] + [12B] + [12C] + [12D].
12F	<b>Quantified (Pre 7/1/2000) Account - Beginning Balance</b>	The beginning balance in each Quantified Supplemental Account. This number carries forward from the ending balance in the previous period Assessment Package.
12G	<b>Quantified (Pre 7/1/2000) Account - 0.07% Storage Loss</b>	Beginning balance [12F] <times> -0.0007.
12H	<b>Quantified (Pre 7/1/2000) Account - Transfers To / (From)</b>	Total of water transferred to and from the Annual Account. Also includes Desalter Replenishment Obligation transfers.
12I	<b>Quantified (Pre 7/1/2000) Account - Transfer to ECO Account</b>	Total of water transferred to the ECO Account, as shown on Page 11.1.





Assessment Year 2021-2022 (Production Year 2020-2021)

Assessment Package References and Definitions

Column	Title	Description
12J	<b>Quantified (Pre 7/1/2000) Account - Ending Balance</b>	The current balance in each Quantified Supplemental account. [12F] + [12G] + [12H] + [12I].
12K	<b>New (Post 7/1/2000) Account - Beginning Balance</b>	The beginning balance in each New Supplemental Account. This number carries forward from the ending balance in the previous period Assessment Package.
12L	<b>New (Post 7/1/2000) Account - 0.07% Storage Loss</b>	Beginning balance [12K] <times> -0.0007.
12M	<b>New (Post 7/1/2000) Account - Transfers To / (From)</b>	Total of water transferred to and from the Annual Account. Also includes Desalter Replenishment Obligation transfers.
12N	<b>New (Post 7/1/2000) Account - Transfer to ECO Account</b>	Total of water transferred to the ECO Account, as shown on Page 11.1.
12O	<b>New (Post 7/1/2000) Account - Ending Balance</b>	The current balance in each New Supplemental Account. [12K] + [12L] + [12M] + [12N].
12P	<b>Combined - Ending Balance</b>	The combined amount in all supplemental storage accounts [12E] + [12J] + [12O].
13A	<b>Dedicated Replenishment - Beginning Balance</b>	The beginning balances in each Dedicated Replenishment account. These numbers carry forward from the ending balances in the previous period Assessment Package.
13B	<b>Dedicated Replenishment - Water Purchases</b>	Where applicable, the total of water purchased by each Dedicated Replenishment account.
13C	<b>Dedicated Replenishment - Transfers To</b>	Where applicable, the total of water transferred to each Dedicated Replenishment account. Includes transfers from Exhibit "G" Section 10 Form A, and transfers from the Annual Account.
13D	<b>Dedicated Replenishment - Transfers From</b>	Total of water transferred from each Dedicated Replenishment account. Amounts in this column goes to column [21D] on page 21.1.
13E	<b>Dedicated Replenishment - Ending Balance</b>	The current balances in each Dedicated Replenishment account. [13A] + [13B] + [13C] + [13D].
13F	<b>Storage and Recovery - Beginning Balance</b>	The beginning balance in the Storage and Recovery (DYY) Account. This number carries forward from the ending balance in the previous period Assessment Package.
13G	<b>Storage and Recovery - Storage Loss</b>	Beginning balance [13F] <times> -0.0007.
13H	<b>Storage and Recovery - Transfers To</b>	Total of water transferred to the Storage and Recovery Account ("puts").
13I	<b>Storage and Recovery - Transfers From</b>	Total of water transferred from the Storage and Recovery Account ("takes").
13J	<b>Storage and Recovery - Ending Balance</b>	The current balance in the Storage and Recovery Account. [13F] + [13G] + [13H] + [13I].
14A	<b>Water Transactions - Assigned Rights</b>	Total of assigned transactions for this period, including annual water transfers/leases between Appropriators and/or from Appropriators to Watermaster for replenishment purposes, and also the Exhibit "G" physical solution transfers from the Non-Ag Pool.
14B	<b>Water Transactions - General Transfer</b>	Total of water transfers between Parties for this period.
14C	<b>Water Transactions - Transfers (To) / From ECO Account</b>	Total of water transferred between the Annual Account and ECO Account.



Assessment Year 2021-2022 (Production Year 2020-2021)

Assessment Package References and Definitions

Column	Title	Description
14D	<b>Water Transactions - Transfers (To) Desalter Replenishment</b>	Total of water transferred from the ECO Account to the Desalter Replenishment Account.
14E	<b>Water Transactions - Total Water Transactions</b>	Total water transactions. [14A]+ [14B] + [14C] + [14D]. This column is used to populate [10F].
15A	<b>Prior Conversion</b>	Prior Land Use Conversion in acre-feet.
15B	<b>Conversion @ 1.3 af/ac - Acres</b>	Converted parcels in acres at 1.3 acre-feet per acre.
15C	<b>Conversion @ 1.3 af/ac - Acre-Feet</b>	Converted parcels in acre-feet at 1.3 acre-feet per acre. [15B] <times> 1.3.
15D	<b>Total Prior to Peace Agrmt Converted AF</b>	Total Land Use Conversion in acre-feet prior to the Peace Agreement. [15A] + [15C].
15E	<b>Conversion @ 2.0 af/ac - Acres</b>	Converted parcels in acres at 2.0 acre-feet per acre.
15F	<b>Conversion @ 2.0 af/ac - Acre-Feet</b>	Converted parcels in acre-feet at 2.0 acre-feet per acre. [15E] <times> 2.0.
15G	<b>Total Land Use Conversion Acre-Feet</b>	Total Land Use Conversion in acre-feet for each Party. [15D] + [15F].
16A	<b>% Share of Operating Safe Yield</b>	The Party's yearly percentage of Operating Safe Yield. Copied from [10A].
16B	<b>Reallocation of Agricultural Pool Safe Yield - Safe Yield Reduction</b>	The Party's percent share of Operating Safe Yield [16A] multiplied by 5,000.
16C	<b>Reallocation of Agricultural Pool Safe Yield - Land Use Conversions</b>	Total land use conversions claimed on Page 15.1 (as verified by each Party on their Water Activity Report). Copied from [15G].
16D	<b>Reallocation of Agricultural Pool Safe Yield - Early Transfer</b>	The remaining Agricultural Pool Safe Yield (82,800 <minus> Agricultural Pool Production <minus> Safe Yield Reduction <minus> Land Use Conversion) multiplied by percent share of Operating Safe Yield [16A].
16E	<b>Reallocation of Agricultural Pool Safe Yield - Total Ag Pool Reallocation</b>	Each Party's Agricultural Pool Reallocation. [16B] + [16C] + [16D]. This column is used to populate [10E].
17A	<b>Outstanding Obligation (AF)</b>	The amount of obligation carried over from prior Assessment Package(s) that were not met due to various reasons, including but not limited to MWD not having replenishment water available to purchase.
17B	<b>Fund Balance (\$)</b>	The amount of money collected or owed for replenishment assessments from prior Assessment Packages(s).
17C	<b>Outstanding Obligation (\$)</b>	The amount of money that each Party owes or is credited based on current replenishment rate. [17A] <times> [CURRENT RATE] <minus> [17B].
17D	<b>AF Production and Exchanges</b>	Each Party's total production and exchanges. Copied from [10K].
17E	<b>85/15 Producers</b>	The total production and exchanges of 85/15 Producers only.
17F	<b>Percent</b>	The percentage of each 85/15 Producer's total production and exchanges [17E] divided by the sum of [17E].



Assessment Year 2021-2022 (Production Year 2020-2021)

Assessment Package References and Definitions

Column	Title Description
17G	<b>15%</b> If an 85/15 Producer, then the 85/15 Producers' total Outstanding Obligation (\$) at 15%, multiplied by their production and exchanges percentage. [17C] total of 85/15 Producers <times> 15% <times> [17F].
17H	<b>85%</b> If an 85/15 Producer, then the Outstanding Obligation (\$) at 85%.
17I	<b>100%</b> If not an 85/15 Producer, then the Outstanding Obligation (\$) at 100%.
17J	<b>Total</b> The total CURO for the year. [17G] + [17H] + [17I].
18A	<b>Desalter Production - Pre-Peace II Desalter Production</b> Production from the Pre-Peace II Desalter Wells.
18B	<b>Desalter Production - Peace II Desalter Expansion Production</b> Production from the Peace II Desalter Expansion Wells.
18C	<b>Desalter Production - Total</b> The combined production from all Desalter Wells. [18A] + [18B].
18D	<b>Desalter Replenishment - Desalter (aka Kaiser) Account PIIA, 6.2(a)(i)</b> Credit applied to the total Desalter Production from the Kaiser account.
18E	<b>Desalter Replenishment - Paragraph 31 Settlement Agreements Dedication PIIA, 6.2(a)(ii)</b> Credit applied to the total Desalter Production from "dedication of water from the Overlying (Non-Agricultural) Pool Storage Account or from any contribution arising from an annual authorized Physical Solution Transfer in accordance with amended Exhibit G to the Judgment."
18F	<b>Desalter Replenishment - "Leave Behind" Losses PIIA, 6.2(a)(iv)</b> Credit applied to the total Desalter Production from "any declared losses from storage in excess of actual losses enforced as a "Leave Behind"."
18G	<b>Desalter Replenishment - Safe Yield Contributed by Parties PIIA, 6.2(a)(v)</b> Credit applied to the total Desalter Production from "Safe Yield that may be contributed by the parties."
18H	<b>Desalter Replenishment - Controlled Overdraft / Re-Op, PIIA, 6.2(a)(vi) - Allocation to Pre-Peace II Desalters</b> The 225,000 AF portion of the 400,000 AF Controlled Overdraft that was originally allocated to the Pre-Peace II Desalter production.
18I	<b>Desalter Replenishment - Controlled Overdraft / Re-Op, PIIA, 6.2(a)(vi) - Allocation to All Desalters</b> The 175,000 AF portion of the 400,000 AF Controlled Overdraft that was originally allocated to the Peace II Desalter Expansion production but is now allocated to all Desalter production per set schedule.
18J	<b>Desalter Replenishment - Controlled Overdraft / Re-Op, PIIA, 6.2(a)(vi) - Balance</b> The remaining balance of the 400,000 AF Controlled Overdraft.
18K	<b>Desalter Replenishment - Appropriative Pool DRO Contribution PIIA, 6.2(b)(ii)</b> The 10,000 AF contribution to the Desalter Replenishment Obligation by the Appropriative Pool.
18L	<b>Desalter Replenishment - Non-Ag OBMP Assessment (10% Haircut) PIIA, 6.2(b)(i)</b> The 10% of the Non-Agricultural Pool Safe Yield used to offset the total Desalter Replenishment Obligation beginning with production year 2016/2017.
18M	<b>Remaining Desalter Replenishment Obligation PIIA, 6.2(b)(iii)</b> Total Desalter Production minus Desalter Replenishment. [18C] - [18D] - [18E] - [18F] - [18G] - [18H] - [18I] - [18K] - [18L].
19A	<b>Percent of Operating Safe Yield</b> The Party's yearly percentage of Operating Safe Yield. Copied from [10A].
19B	<b>Land Use Conversions</b> Total Land Use Conversion in acre-feet for each Party. Copied from [15G].
19C	<b>Percent of Land Use Conversions</b> Each Party's pro rata share of Land Use Conversions [19B] from the total of [19B].



Assessment Year 2021-2022 (Production Year 2020-2021)

Assessment Package References and Definitions

Column	Title	Description
19D	<b>85% DROC Based on Percent OSY</b>	Each Party's share of the 10,000 AF Desalter Replenishment Obligation based on OSY. $10,000 \times 0.85 \times [19A]$ .
19E	<b>15% DROC Based on Percent of LUC</b>	Each Party's share of the 10,000 AF Desalter Replenishment Obligation based on Percent of Land Use Conversions. $10,000 \times 0.15 \times [19C]$ .
19F	<b>Total Desalter Replenishment</b>	Each Party's share of the 10,000 AF Desalter Replenishment Obligation. $[19D] + [19E]$ .
20A	<b>Assigned Share of Operating Safe Yield</b>	The Party's yearly volume of Operating Safe Yield. Copied from [10D].
20B	<b>Physical Production Adjustment Calculation - Physical Production</b>	Fiscal year physical production by each Party. Copied from [9A].
20C	<b>Physical Production Adjustment Calculation - 50% of Voluntary Agreements with Ag</b>	Total of water provided to Agricultural Pool Parties multiplied by 50%. $[9B] \times 0.50$ .
20D	<b>Physical Production Adjustment Calculation - Assignments with Non-Ag</b>	Total of water provided to Non-Agricultural Pool Parties. Copied from [9C].
20E	<b>Physical Production Adjustment Calculation - Storage and Recovery Programs</b>	Total exchanges for the period (July 1 - June 30) including MZ1 forbearance and DYY deliveries (as reported to CBWM by IEUA and TVMWD and as verified by each Party on their Water Activity Report). Copied from [10J].
20F	<b>Physical Production Adjustment Calculation - Other Adjustments</b>	Total of water received from, or provided to, another Appropriator. Also includes production off-sets. Copied from [9D] but does not include production adjustments to prevent a negative annual production to a Party.
20G	<b>Physical Production Adjustment Calculation - Total Adjusted Production</b>	Each Party's Adjusted Physical Production. $[20B] + [20C] + [20D] + [20E] + [20F]$ .
20H	<b>RDRO Calculation - Total Production and OSY Basis</b>	The sum of each Party's Adjusted Physical Production and Assigned Share of Operating Safe Yield. $[20A] + [20G]$ .
20I	<b>RDRO Calculation - Percentage</b>	The percentage of each Party's Adjusted Physical Production and Assigned Share of Operating Safe Yield basis. $[20H]$ divided by the sum of $[20H]$ .
20J	<b>RDRO Calculation - Individual Party RDRO</b>	Each Party's pro rata share of the Remaining Desalter Replenishment Obligation. $[20I] \times \text{Total RDRO}$ .
21A	<b>Desalter Replenishment Obligation in AF - Desalter Replenishment Obligation Contribution (DROC)</b>	Each Party's share of the 10,000 AF Desalter Replenishment Obligation Contribution. Copied from [19F].
21B	<b>Desalter Replenishment Obligation in AF - Remaining Desalter Replenishment Obligation (RDRO)</b>	Each Party's pro rata share of the Remaining Desalter Replenishment Obligation. Copied from [20J].
21C	<b>Desalter Replenishment Obligation in AF - Total Desalter Replenishment Obligation</b>	The sum of Desalter Replenishment Obligation Contribution, and Remaining Desalter Replenishment Obligation. $[21A] + [21B]$ .
21D	<b>Total DRO Fulfillment Activity - Transfer from Dedicated Replenishment Account</b>	Total of water transferred from Desalter Dedicated Replenishment Account to satisfy the desalter replenishment obligation.
21E	<b>Total DRO Fulfillment Activity - Transfer from Excess Carry Over Storage Account</b>	Total of water transferred from Excess Carry Over Storage Account to satisfy the desalter replenishment obligation.
21F	<b>Total DRO Fulfillment Activity - Transfer from Recharged Recycled Storage Account</b>	Total of water transferred from Recharged Recycle Storage Account to satisfy the desalter replenishment obligation.
21G	<b>Total DRO Fulfillment Activity - Transfer from Quantified Storage Account</b>	Total of water transferred from Quantified Storage Account to satisfy the desalter replenishment obligation.



Assessment Year 2021-2022 (Production Year 2020-2021)

Assessment Package References and Definitions

Column	Title Description
21H	<b>Total DRO Fulfillment Activity - Transfer from Post 7/1/2000 Storage Account</b> Total of water transferred from Post 7/1/2000 Storage Account to satisfy the desalter replenishment obligation.
21I	<b>Total DRO Fulfillment Activity - Replenishment Water Purchase</b> Total of water purchased to satisfy the desalter replenishment obligation.
21J	<b>Total DRO Fulfillment Activity - Total Transfers and Water Purchases</b> The sum of all transfers and purchases to satisfy the desalter replenishment obligation. [21D] + [21E] + [21F] + [21G] + [21H] + [21I].
21K	<b>Assessments - Residual DRO (AF)</b> Total residual Desalter Replenishment Obligation after transfers and purchases. [21C] + [21J].
21L	<b>Assessments - Assessments Due On Residual DRO (\$)</b> Total assessments due for Desalter Replenishment. [21K] <times> [Current Replenishment Rate]. This column is used to populate [8S].
26A	<b>FY 2016/2017 Water Purchases - Purchased Water in AF - 20160623 - RO</b> The amount of water purchased to satisfy the accumulated replenishment obligation through the end of production year 2014/15. Water was delivered in October 2016.
26B	<b>FY 2016/2017 Water Purchases - Purchased Water in AF - 20160623 - DRO</b> The amount of water purchased to be used towards the Desalter Replenishment Obligation. Water was delivered in October 2016.
26C	<b>FY 2016/2017 Water Purchases - Purchased Water in AF - 20161216 - DRO</b> The amount of water purchased to be used towards the Desalter Replenishment Obligation. Water was delivered in December 2016.
26D	<b>FY 2016/2017 Water Purchases - Purchased Water in AF - 20170418 - RO</b> The amount of water purchased to satisfy production year 2015/16 replenishment obligation. Water was delivered in April 2018.
26E	<b>FY 2016/2017 Water Purchases - Purchased Water in AF - 85/15 Breakdown - AF @ 100%</b> The amount of water purchased subject to 100% RTS rate. This applies to: DRO water; RO water of non-85/15 Pool 3 producers; and RO water of Pool 2 producers. 1) Pool 3, 85/15 Ineligible: [26A] + [26B] + [26C] + [26D]. 2) Pool 3, 85/15 Eligible: [26B] + [26C]. 3) Pool 2: [26A] + [26D].
26F	<b>FY 2016/2017 Water Purchases - Purchased Water in AF - 85/15 Breakdown - AF @ 85/15</b> The amount of water purchased subject to the 85/15 Rule. This applies to RO water of 85/15 Pool 3 producers. 1) Pool 3, 85/15 Eligible: [26A] + [26D].
26G	<b>FY 2016/2017 Water Purchases - Purchased Water in AF - 85/15 Breakdown - AF Total</b> Total water purchased by each Appropriative Pool or Non-Agricultural Pool Party. [26E] + [26F].
26H	<b>FY 2016/2017 Water Purchases - 2015/16 Prod &amp; Exch From 85/15 Producers - Acre-Feet</b> Total production and exchanges of 85/15 Producers from fiscal year 2015/16. This is the basis of the 85/15 Rule for water purchased in fiscal year 2016/17.
26I	<b>FY 2016/2017 Water Purchases - 2015/16 Prod &amp; Exch From 85/15 Producers - Percent</b> The percentage of each 85/15 Producer's total production and exchanges. [26H] divided by the sum of [26H].
26J	<b>FY 2016/2017 Water Purchases - Year 3 RTS Charges - 15%</b> If an 85/15 Producer, then each 85/15 Producer's share of the total RTS charge of 85/15 eligible water. "Total RTS Charge" <divided by> "Total Water Purchased" <times> 0.15 <times> [26F] Total <times> [26I].
26K	<b>FY 2016/2017 Water Purchases - Year 3 RTS Charges - 85%</b> If an 85/15 Producer, then their RTS charge of 85/15 eligible water at 85%. "Total RTS Charge" <divided by> "Total Water Purchased" <times> [26F] <times> 0.85.
26L	<b>FY 2016/2017 Water Purchases - Year 3 RTS Charges - 100%</b> RTS charge on all water not subject to the 85/15 Rule. "Total RTS Charge" <divided by> "Total Water Purchased" <times> [26E].
26M	<b>FY 2017/2018 Water Purchase - Purchased Water in AF - 20171211 - RO</b> The amount of water purchased to satisfy replenishment obligations through the end of production year 2014/15. Water was delivered in December 2017.



Assessment Year 2021-2022 (Production Year 2020-2021)

## Assessment Package References and Definitions

Column	Title	Description
26N	<b>FY 2017/2018 Water Purchase - Purchased Water in AF - 20171211 - DRO</b>	The amount of water purchased to be used towards the Desalter Replenishment Obligation. Water was delivered in December 2017.
26O	<b>FY 2017/2018 Water Purchase - 2016/17 Prod &amp; Exch From 85/15 Producers - Acre-Feet</b>	Total production and exchanges of 85/15 Producers from fiscal year 2016/17. This is the basis of the 85/15 Rule for water purchased in fiscal year 2017/18.
26P	<b>FY 2017/2018 Water Purchase - 2016/17 Prod &amp; Exch From 85/15 Producers - Percent</b>	The percentage of each 85/15 Producer's total production and exchanges. [26O] divided by the sum of [26O].
26Q	<b>FY 2017/2018 Water Purchase - Year 2 RTS Charges - 15%</b>	If an 85/15 Producer, then each 85/15 Producer's share of the total RTS charge of 85/15 eligible water in [26M].
26R	<b>FY 2017/2018 Water Purchase - Year 2 RTS Charges - 85%</b>	If an 85/15 Producer, then their RTS charge of 85/15 eligible water in [26M] at 85%.
26S	<b>FY 2017/2018 Water Purchase - Year 2 RTS Charges - 100%</b>	RTS charge on all water in [26N] and water not subject to the 85/15 Rule in [26M].
26T	<b>TOTAL RTS CHARGES</b>	Total RTS Charge. [26J] + [26K] + [26L] + [26Q] + [26R] + [26S].

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## HISTORIC ASSESSMENTS PER ACRE-FOOT OF PRODUCTION

Assessment Year	Agricultural Pool <sup>1</sup> (\$/AF)	Non-Ag Pool (\$/AF)	Appropriative Pool <sup>2</sup> (\$/AF)	Gross Replenishment Water Rate (\$/AF)
77-78	0.29	0.32	0.42	
78-79	0.65	1.29	0.77	51.00
79-80	0.54	0.20	0.51	56.20
80-81	0.32	0.00	0.00	62.51
81-82	0.10	0.00	0.00	63.78
82-83	0.10	0.00	0.00	81.46
83-84	0.10	0.00	0.00	102.18
84-85	0.10	0.00	0.10	154.00
85-86	0.10	0.00	0.45	149.39
86-87	0.10	0.00	0.41	155.10
87-88	0.10	0.00	0.25	155.42
88-89	0.09	0.00	0.67	155.33
89-90	3.27	0.00	0.48	115.00
90-91	2.31	0.00	0.43	117.55
91-92	3.53	0.12	0.11	132.55
92-93	7.03	4.07	3.41	169.89
93-94	12.37	6.67	2.51	210.69
94-95	9.86	3.24	2.06	222.00
95-96	11.68	3.43	1.57	233.15
96-97	19.70	7.55	3.69	233.15
97-98	15.19	6.56	2.73	237.15
98-99	19.04	9.85	7.77	243.00
99-00	26.30	14.12	11.75	243.00
00-01	18.15	25.79	24.74	242.00
01-02	34.37	29.93	25.42	243.00
02-03	35.69	26.72	21.35	244.00
03-04	34.10	25.39	22.90	244.00
04-05	26.15	25.43	25.43	250.00
05-06	19.91	27.94	27.94	251.00
06-07	28.23	40.72	40.72	251.00
07-08	29.76	36.30	36.30	257.00
08-09	29.93	50.24	50.24	309.00
09-10	32.50	51.21	51.21	380.00
10-11	30.90	49.41	49.41	541.00
11-12	29.93	49.14	49.14	574.00
12-13	35.88	50.60	50.60	607.00
13-14	28.79	40.39	40.39	608.00
14-15	27.71	40.49	40.49	610.00
15-16	30.24	57.54	57.54	611.00
16-17	25.96	56.18	56.18	596.00
17-18	34.40	71.63	71.63	668.00
18-19	38.01	72.57	72.57	697.00
19-20	26.78	74.99	74.99	743.00
20-21	29.38	82.00	82.00	767.00
21-22	24.71	70.52	70.52	789.00

<sup>1</sup> \$/AF of water reallocated to the Appropriative Pool.

<sup>2</sup> Excludes amounts related to the debt service of the Recharge Improvement Project, and supplemental and replenishment water purchases.

## SUMMARY BUDGET FISCAL YEAR 2020-21

	FY 19-20		FY 20-21		Amended vs. Amended
	Approved Budget	Amended Budget	Approved Budget	Amended Budget	
4000 Mutual Agency Revenue	\$ 171,906	\$ 171,906	\$ 176,203	\$ 176,203	\$ 4,297
4110 Appropriative Pool Assessments	8,000,731	8,100,731	8,378,995	8,798,719	697,988
4120 Non-Agricultural Pool Assessments	364,566	364,566	321,945	369,220	4,654
4730 Prorated Interest Income	75,124	75,124	130,813	130,813	55,689
4900 Miscellaneous Income	-	-	-	-	-
<b>Total Income</b>	<b>8,612,327</b>	<b>8,712,327</b>	<b>9,007,955</b>	<b>9,474,955</b>	<b>762,628</b>
<b>Administrative Expenses</b>					
6010 Salary Costs	1,155,864	1,155,864	1,198,051	1,198,051	42,187
6020 Office Building Expense	117,379	117,379	121,072	121,072	3,693
6030 Office Supplies & Equip.	72,750	72,750	134,550	134,550	61,800
6040 Postage & Printing Costs	47,142	47,142	34,446	34,446	(12,696)
6050 Information Services	169,656	169,656	171,484	171,484	1,828
6060 WM Special Contract Services	44,300	44,300	45,100	45,100	800
6070 Watermaster Legal Services	266,115	266,115	201,065	201,065	(65,050)
6080 Insurance Expense	43,426	43,426	45,342	45,342	1,916
6110 Dues and Subscriptions	36,792	36,792	37,003	37,003	211
6150 Field Supplies & Equipment	2,550	2,550	2,750	2,750	200
6170 Travel & Transportation	65,170	65,170	24,170	24,170	(41,000)
6190 Conferences & Seminars	37,857	37,857	38,800	38,800	943
6200 Advisory Committee Expenses	49,680	49,680	50,983	50,983	1,303
6300 Watermaster Board Expenses	184,467	184,467	186,455	186,455	1,988
8300 Appropriative Pool Administration	168,609	268,609	201,218	201,218	(67,391)
8400 Agricultural Pool Administration	472,313	472,313	473,910	673,910	201,597
8500 Non-Agricultural Pool Administration	127,951	127,951	133,946	133,946	5,995
9400 Depreciation Expense	-	-	-	-	-
9500 Allocated G&A Expenditures	(476,762)	(476,762)	(463,775)	(463,775)	12,987
<b>Total Administrative Expenses</b>	<b>2,585,259</b>	<b>2,685,259</b>	<b>2,636,570</b>	<b>2,836,570</b>	<b>151,311</b>
<b>General OBMP Expenditures</b>					
6900 Optimum Basin Mgmt Program	1,957,015	2,182,515	1,636,905	1,903,905	(278,610)
6950 Cooperative Efforts	-	-	-	-	-
9501 Allocated G&A Expenditures	126,325	126,325	130,257	130,257	3,932
<b>Total General OBMP Expenses</b>	<b>2,083,340</b>	<b>2,308,840</b>	<b>1,767,162</b>	<b>2,034,162</b>	<b>(274,678)</b>
<b>OBMP Implementation Projects</b>					
7101 Production Monitoring	78,073	78,073	88,893	88,893	10,820
7102 In-Line Meter Installation/Maintenance	21,378	21,378	14,545	14,545	(6,833)
7103 Groundwater Quality Monitoring	359,100	359,100	331,618	331,618	(27,482)
7104 Groundwater Level Monitoring	284,537	284,537	290,805	290,805	6,268
7105 Recharge Basin Water Quality Monitoring	-	-	-	-	-
7107 Ground Level Monitoring	294,451	333,683	235,206	235,206	(98,477)
7108 Hydraulic Control Monitoring Program	135,837	135,837	84,990	84,990	(50,847)
7109 Recharge & Well Monitoring Program	25,260	25,260	32,512	32,512	7,252
7110 Agriculture Production and Estimation	-	-	23,060	23,060	23,060
7111 Implementation of Data Collection and Management	-	-	19,696	19,696	19,696
7200 OBMP Pgm Element 2 - Comp Recharge	1,425,415	1,425,415	1,903,173	1,903,173	477,758
7300 OBMP Pgm Element 3 & 5 - Water Supply Plan - Desalter	34,374	34,374	46,474	46,474	12,100
7400 OBMP Pgm Element 4 - Mgmt Zone Strategies	131,577	328,338	391,637	391,637	63,299
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	146,182	223,318	205,983	205,983	(17,335)
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	23,168	23,168	67,117	67,117	43,949
7700 Inactive Well Protection Program	500	500	500	500	-
7690 Recharge Improvement Debt Projects	633,440	633,440	534,496	534,496	(98,944)
9502 Allocated G&A Expenditures	350,437	350,437	333,518	333,518	(16,919)
<b>Total OBMP Implementation Projects</b>	<b>3,943,729</b>	<b>4,256,857</b>	<b>4,604,223</b>	<b>4,604,223</b>	<b>347,365</b>
<b>Total Expenses</b>	<b>8,612,327</b>	<b>9,250,956</b>	<b>9,007,955</b>	<b>9,474,955</b>	<b>223,999</b>
<b>Net Ordinary Income</b>	-	<b>(538,629)</b>	-	-	<b>538,629</b>
<b>9900 To / From Reserves</b>	-	<b>(539,629)</b>	-	-	<b>539,629</b>
<b>Net Other Income</b>	-	<b>538,629</b>	-	-	<b>(538,629)</b>
<b>Net Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



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## **Chino Basin Watermaster**

### **Annual Financial Report**

**For the Fiscal Years Ended June 30, 2021 and 2020**

## Our Mission Statement

*“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”*

<u>Represents</u>	<u>Name</u>	<u>Title</u>	<u>Current Term</u>
Agricultural	Paul Hofer	Member	Ongoing <sup>1</sup>
Agricultural	Jeff Pierson	Vice-Chair	Ongoing <sup>1</sup>
Non-Agricultural	Robert Bowcock	Member	Ongoing <sup>1</sup>
Appropriative	James Curatalo	Chair	January 2022 <sup>1,2</sup>
Appropriative	Betty Folsom	Member	January 2023 <sup>1,2</sup>
Appropriative	Peter Rogers	Member	January 2022 <sup>1,2</sup>
Municipal	Steve Elie	Member	Ongoing <sup>1</sup>
Municipal	Mike Gardner	Member	Ongoing <sup>1</sup>
Municipal	Bob G. Kuhn	Secretary/Treasurer	Ongoing <sup>1</sup>

<sup>1</sup> The Watermaster Board serves at the direction of Judge Reichert (San Bernardino County Superior Court, Case No. RCVRS 51010) and was re-appointed for a five-year term, effective January 2019 through January 25, 2024 (Board approval on November 15, 2018).

<sup>2</sup> The current Appropriative Pool rotation sequence for Board membership effective January 2016 was approved by the Appropriative Pool on November 17, 2015.

**Chino Basin Watermaster  
Peter Kavounas PE, General Manager  
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, 2021 and 2020**

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**Chino Basin Watermaster  
Annual Financial Report  
For the Fiscal Years Ended June 30, 2021 and 2020**

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## **Introductory Section**

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October 28, 2021

Chino Basin Watermaster Board

## **Introduction**

It is our pleasure to submit the Annual Financial Report for the Chino Basin Watermaster (Watermaster) for the fiscal years ended June 30, 2021 and 2020, following guidelines set forth by the Governmental Accounting Standards Board. 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. RCVRS 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. 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". Pursuant to the Judgment, the Chino Basin Municipal Water District (CBMWD) five member Board of Directors was initially appointed as "Watermaster". Pursuant to a recommendation of the Advisory Committee, the Honorable J. Michael Gunn appointed a nine-member board as Watermaster on February 19, 1998.

The General Manager administers the day-to-day operations of the Watermaster in accordance with policies and procedures established by the Board. The Watermaster staff includes ten regular, full-time employees. Each of the Watermaster's three Pools, the Advisory Committee, and the Board meet monthly.

### **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. RCVRS 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 Implementation Plan (OBMP-IP) which includes extensive monitoring, further developing recharge capabilities, storage and recovery programs, 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. In 2019, Watermaster started to update the OBMP which was originally adopted in 2000. The updated OBMP will provide a foundation for the next 20 years to enhance Basin water supplies, to protect and enhance water quality, and enhance Basin management. After an intensive stakeholder engagement process, the Watermaster Board adopted the 2020 OBMP on October 22, 2020.

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 tempered economic growth within the region. The economic outlook for the Southern California region is one of cautious growth.

### **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 that 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 Advisory Committee annually approves, and the Board 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 has adopted an investment policy that conforms to state law, Watermaster's ordinance and resolutions, prudent money management, and the "prudent person" standards. The objectives of the Investment Policy are 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, Optimum 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 Fedak & Brown LLP has conducted the audit of the Watermaster’s financial statements. Their unmodified Independent Auditor’s Report appears in the Financial Section.

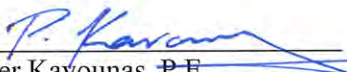
**Other References**

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.

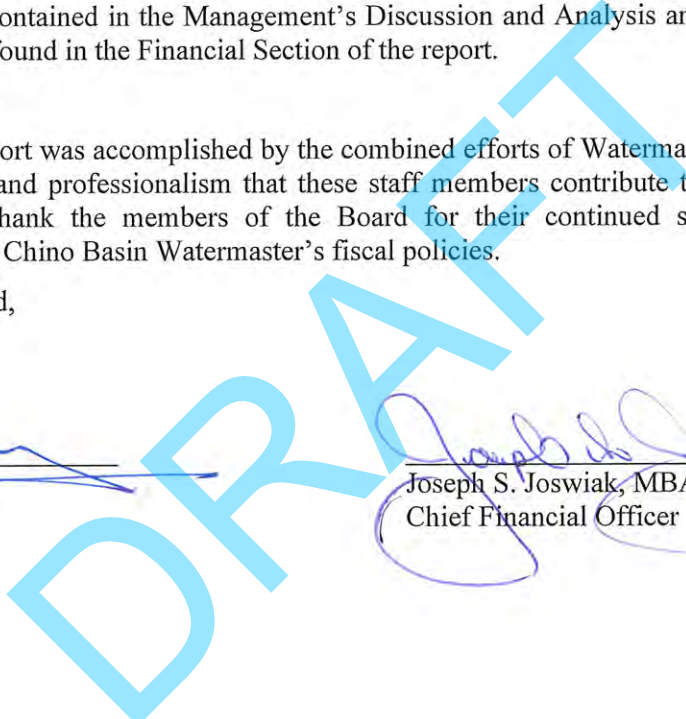
**Acknowledgements**

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 for their continued support in planning and implementation of the Chino Basin Watermaster’s fiscal policies.

Respectfully submitted,

  
Peter Kavounas, P.E.  
General Manager

  
Joseph S. Joswiak, MBA  
Chief Financial Officer



**Financial Section**

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Charles Z. Fedak, CPA, MBA  
Christopher J. Brown, CPA, CGMA  
Andy Beck, CPA

## Fedak & Brown LLP

Certified Public Accountants

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### Independent Auditor's Report

Chino Basin Watermaster Board  
Rancho Cucamonga, California

#### Report on the Financial Statements

We have audited the accompanying financial statements of the Chino Basin Watermaster (Watermaster) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Watermaster's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Watermaster, as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Independent Auditor's Report, continued

### *Emphasis-of-Matter*

#### *Restatement of Net Position*

As discussed in Note 10 to the financial statements, as of and for the year ended June 30, 2020, the Watermaster restated its account balance and related transactions for the compensated absences accrual. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 11 and the required supplementary information on pages 43 through 46 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. 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 audits 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.

#### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Watermaster's basic financial statements. The introductory section on pages 1 through 3 and combining schedules of revenue, expenses, and changes in net position on pages 47 and 48, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of revenue, expenses, and changes in net position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining schedules of revenue, expenses, and changes in net position are fairly stated in all material respects in relation to the basic financial statements 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.

**Independent Auditor's Report, continued**

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021, on our consideration of the Watermaster's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Watermaster's internal control over financial reporting and compliance. This report can be found on pages 49 and 50.

*Fedak & Brown LLP*

**Fedak & Brown LLP**  
Cypress, California  
October 28, 2021

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**Chino Basin Watermaster**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

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, 2021 and 2020. We encourage readers to consider the information presented here with additional information that we have furnished in conjunction with the transmittal letter in the Introductory Section and with the accompanying basic financial statements and related notes, which follow this section.

**Financial Highlights**

- In 2021, the Watermaster's net position increased by 12.30% or \$987,173 to \$9,013,270 as a result of ongoing operations. In 2020, the Watermaster's net position decreased by 3.02% or \$249,850 to \$8,026,097 as a result of ongoing operations.
- In 2021, the Watermaster's operating revenues increased by 3.49% or \$370,432 to \$10,971,613. The Watermaster's operating revenues increased by 8.33% or \$815,337 to \$10,601,181 in 2020.
- In 2021, the Watermaster's non-operating revenues decreased by 96.47% or \$210,225 to \$7,700. The Watermaster's non-operating revenues decreased by 20.87% or \$57,469 to \$217,925 in 2020.
- In 2021, the Watermaster's operating expenses decreased by 9.22% or \$987,276 to \$9,725,939. The Watermaster's operating expenses decreased by 7.64% or \$886,682 to \$10,713,215 in 2020.
- In 2021, the Watermaster's non-operating expenses decreased 28.55% or \$95,844 to \$239,830. The Watermaster's non-operating expenses increased by 481.43% or \$277,942 to \$335,674 in 2020.

**Required Financial Statements**

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position 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 Position includes all of the Watermaster's investments in resources (assets), deferred outflows of resources, obligations to creditors (liabilities), and deferred inflows of resources. 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 revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. 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 Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Watermaster in a way that helps answer this question.

**Chino Basin Watermaster**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**Financial Analysis of the Watermaster, continued**

These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 position* and changes in it. You can think of the Watermaster's net position – assets and deferred outflow of resources, less liabilities and deferred inflows of resources – as one way to measure the Watermaster's financial health, or *financial position*. Over time, *increases or decreases* in an organization's net position is 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. The Watermaster is funded on a year-by-year basis through a court-mandated process.

**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 16 through 42.

**Statements of Net Position**

	2021	As Restated 2020	Change	As Restated 2019	Change
<b>Assets:</b>					
Current assets	\$ 11,455,581	10,250,006	1,205,575	10,340,912	(90,906)
Capital assets, net	120,813	88,478	32,335	68,106	20,372
<b>Total assets</b>	<b>11,576,394</b>	<b>10,338,484</b>	<b>1,237,910</b>	<b>10,409,018</b>	<b>(70,534)</b>
<b>Deferred outflows of resources</b>	<b>471,937</b>	<b>384,196</b>	<b>87,741</b>	<b>337,794</b>	<b>46,402</b>
<b>Liabilities:</b>					
Current liabilities	828,591	784,649	43,942	823,878	(39,229)
Non-current liabilities	2,170,486	1,887,372	283,114	1,637,126	250,246
<b>Total liabilities</b>	<b>2,999,077</b>	<b>2,672,021</b>	<b>327,056</b>	<b>2,461,004</b>	<b>211,017</b>
<b>Deferred inflows of resources</b>	<b>35,984</b>	<b>24,562</b>	<b>11,422</b>	<b>9,861</b>	<b>14,701</b>
<b>Net position:</b>					
Net investment in capital assets	120,813	88,478	32,335	68,106	20,372
Restricted	845	845	-	845	-
Unrestricted	8,891,612	7,936,774	954,838	8,206,996	(270,222)
<b>Total net position</b>	<b>\$ 9,013,270</b>	<b>8,026,097</b>	<b>987,173</b>	<b>8,275,947</b>	<b>(249,850)</b>

As noted earlier, net position may serve over time as a useful indicator of an organization's financial position. In the case of the Watermaster, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,013,270 and \$8,026,097 as of June 30, 2021 and 2020, respectively.

Compared to prior year, net position of the Watermaster increased 12.30% or \$987,173. The Watermaster's total net position is made up of three components: (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

**Chino Basin Watermaster**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**Statements of Net Position, continued**

A portion of the Watermaster's net position, 1.34% or 1.10% as of June 30, 2021 and 2020, respectively, reflects the Watermaster's investment in capital assets (net of accumulated depreciation) less any related debt (where applicable) 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.

At the end of fiscal years 2021 and 2020, the Watermaster reflected a positive balance in its unrestricted net position of \$8,891,612 and \$7,936,774, respectively, that may be utilized in future years. See note 11 for further discussion.

**Statements of Revenues, Expenses and Changes in Net Position**

	<u>2021</u>	<u>As Restated 2020</u>	<u>Change</u>	<u>As Restated 2019</u>	<u>Change</u>
<b>Revenues:</b>					
Operating revenues	\$ 10,971,613	10,601,181	370,432	9,785,844	815,337
Non-operating revenues	7,700	217,925	(210,225)	275,394	(57,469)
<b>Total revenues</b>	<u>10,979,313</u>	<u>10,819,106</u>	<u>160,207</u>	<u>10,061,238</u>	<u>757,868</u>
<b>Expenses:</b>					
Operating expense	9,725,939	10,713,215	(987,276)	11,599,897	(886,682)
Depreciation	26,371	20,067	6,304	15,824	4,243
Non-operating expense	239,830	335,674	(95,844)	57,732	277,942
<b>Total expenses</b>	<u>9,992,140</u>	<u>11,068,956</u>	<u>(1,076,816)</u>	<u>11,673,453</u>	<u>(604,497)</u>
<b>Changes in net position</b>	<u>987,173</u>	<u>(249,850)</u>	<u>1,237,023</u>	<u>(1,612,215)</u>	<u>1,362,365</u>
<b>Net position, beginning of period, as previously stated</b>	8,026,097	8,275,947	(249,850)	9,767,437	(1,491,490)
<b>Prior period adjustment (note 10)</b>	-	-	-	120,725	(120,725)
<b>Net position, beginning of period, as restated</b>	<u>8,026,097</u>	<u>8,275,947</u>	<u>(249,850)</u>	<u>9,888,162</u>	<u>(1,612,215)</u>
<b>Net position, end of period</b>	<u>\$ 9,013,270</u>	<u>8,026,097</u>	<u>987,173</u>	<u>8,275,947</u>	<u>(249,850)</u>

The statements of revenues, expenses, and changes of net position show how the Watermaster's net position changed during the fiscal years. In the case of the Watermaster, net position increased 12.30% or \$987,173 to \$9,013,270 as a result of ongoing operations for the year ended June 30, 2021; and net position decreased 3.02% or \$249,850 to \$8,026,097 as a result of ongoing operations for the year ended June 30, 2020.

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

In 2021, the Watermaster's total revenues increased 1.48% or \$160,207 to \$10,979,313. The Watermaster's operating revenues increased 3.49% or \$370,432 to \$10,971,613, due primarily to an increase of \$672,590 in administrative assessments, which was offset by a decrease of \$300,822 in replenishment water revenue. The Watermaster's non-operating revenues decreased 96.47% or \$210,225 to \$7,700, due to a decrease in investment earnings.



**Chino Basin Watermaster**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**Statements of Revenues, Expenses and Changes in Net Position, continued**

In 2020, the Watermaster's total revenues increased 7.53% or \$757,868 to \$10,819,106. The Watermaster's operating revenues increased 8.33% or \$815,337 to \$10,601,181, due primarily to an increase of \$869,133 in replenishment water revenue, which was offset by a decrease of \$60,399 in administrative assessments. The Watermaster's non-operating revenues decreased 20.87% or \$57,469 to \$217,925, due to a decrease in investment earnings.

In 2021, the Watermaster's total expenses decreased 9.73% or \$1,076,816 to \$9,992,140. The Watermaster's operating expenses decreased 9.22% or \$987,276 to \$9,725,939, due primarily to decreases of \$605,580 in groundwater replenishment and other water purchases, \$248,987 in Watermaster administration, and \$181,232 in optimum basin management plan; which were offset by an increase of \$51,523 in pool, advisory, and board administration. The Watermaster's non-operating expenses decreased 28.55% or \$95,844 to \$239,830, due to a decrease in reverse distribution.

In 2020, the Watermaster's total expenses decreased 5.18% or \$604,497 to \$11,068,956. The Watermaster's operating expenses decreased 7.64% or \$886,682 to \$10,713,215, due primarily to a decrease of \$3,106,511 in optimum basin management plan; which was offset by increases of \$1,500,832 in groundwater replenishment and other water purchases, \$399,748 in Watermaster administration, and \$319,249 in pool, advisory, and board administration. The Watermaster's non-operating expenses increased 481.43% or \$277,942 to \$335,674, due to an increase in reverse distribution.

**Capital Asset Administration**

At the end of fiscal years 2021 and 2020, the Watermaster's investment in capital assets amounted to \$120,813 and \$88,478 (net of accumulated depreciation), respectively. This investment in capital assets includes leasehold improvements, office equipment, and vehicles. The capital assets of the Watermaster are more fully analyzed in note 3 to the basic financial statements.

Changes in capital assets in 2021 were as follows:

	<u>Balance 2020</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2021</u>
Capital assets:				
Depreciable assets	\$ 335,161	58,706	(98,932)	294,935
Accumulated depreciation	(246,683)	(26,371)	98,932	(174,122)
Total capital assets	<u>\$ 88,478</u>	<u>32,335</u>	<u>-</u>	<u>120,813</u>

Changes in capital assets in 2020 were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2020</u>
Capital assets:				
Depreciable assets	\$ 315,073	40,440	(20,352)	335,161
Accumulated depreciation	(246,967)	(20,068)	20,352	(246,683)
Total capital assets	<u>\$ 68,106</u>	<u>20,372</u>	<u>-</u>	<u>88,478</u>

**Chino Basin Watermaster**  
*Management's Discussion and Analysis, continued*  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**Conditions Affecting Current Financial Position**

The COVID-19 pandemic in the United States has caused business disruption through labor shortages and closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. However, the related financial impact on the Watermaster and the duration cannot be estimated at this time.

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

**Requests for Information**

This financial report is designed to provide the Watermaster's present users, including funding sources, customers, stakeholders, and other interested parties with a general overview of the Watermaster's finances and to demonstrate Watermaster's accountability with an overview of 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, Joseph S. Joswiak, at Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA 91730 or (909) 484-3888.

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# **Basic Financial Statements**

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**Chino Basin Watermaster  
Statements of Net Position  
June 30, 2021 and 2020**

	<u>2021</u>	<u>As Restated 2020</u>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 10,842,000	9,602,443
Cash and cash equivalents - restricted (note 2)	845	845
Accounts receivable	563,815	204,138
Accrued interest receivable	8,969	36,163
Prepaid expenses and other current assets	39,952	406,417
<b>Total current assets</b>	<u>11,455,581</u>	<u>10,250,006</u>
<b>Non-current assets:</b>		
Capital assets, net (note 3)	120,813	88,478
<b>Total non-current assets</b>	<u>120,813</u>	<u>88,478</u>
<b>Total assets</b>	<u>11,576,394</u>	<u>10,338,484</u>
<b>Deferred outflows of resources:</b>		
Deferred outflows of resources (notes 4 and 9)	471,937	384,196
<b>Total deferred outflows of resources</b>	<u>471,937</u>	<u>384,196</u>
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	670,034	642,163
Accrued salaries and benefits	64,443	55,639
Long-term liabilities – due within one year:		
Compensated absences (note 5)	94,114	86,847
<b>Total current liabilities</b>	<u>828,591</u>	<u>784,649</u>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (note 5)	174,782	161,286
Total OPEB liability (note 6)	316,979	254,785
Net pension liability (note 9)	1,431,357	1,308,658
Employee compensation plan (note 8)	247,368	162,643
<b>Total non-current liabilities</b>	<u>2,170,486</u>	<u>1,887,372</u>
<b>Total liabilities</b>	<u>2,999,077</u>	<u>2,672,021</u>
<b>Deferred inflows of resources:</b>		
Deferred inflows of resources (notes 4 and 9)	35,984	24,562
<b>Total deferred inflows of resources</b>	<u>35,984</u>	<u>24,562</u>
<b>Net position: (note 11)</b>		
Net investment in capital assets	120,813	88,478
Restricted	845	845
Unrestricted	8,891,612	7,936,774
<b>Total net position</b>	<u>\$ 9,013,270</u>	<u>8,026,097</u>

See accompanying notes to the basic financial statements

**Chino Basin Watermaster**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>As Restated 2020</u>
<b>Operating revenues:</b>		
Administrative assessments	\$ 9,302,963	8,630,373
Replenishment water revenue	1,495,550	1,796,372
Other revenue	<u>173,100</u>	<u>174,436</u>
Total operating revenue	<u>10,971,613</u>	<u>10,601,181</u>
<b>Operating expenses:</b>		
Groundwater replenishment and other water purchases	1,511,362	2,119,942
Optimum basin management plan	4,491,480	4,672,712
Watermaster administration	2,578,188	2,827,175
Pool, advisory, and board administration	<u>1,144,909</u>	<u>1,093,386</u>
Total operating expense	<u>9,725,939</u>	<u>10,713,215</u>
Operating income (loss) before depreciation	1,245,674	(112,034)
Depreciation expense	<u>(26,371)</u>	<u>(20,067)</u>
<b>Operating income (loss)</b>	<u>1,219,303</u>	<u>(132,101)</u>
<b>Non-operating revenue (expense):</b>		
Reserve distribution	(239,830)	(335,674)
Investment earnings	<u>7,700</u>	<u>217,925</u>
Total non-operating expense, net	<u>(232,130)</u>	<u>(117,749)</u>
<b>Changes in net position</b>	987,173	(249,850)
<b>Net position, beginning of period (note 10)</b>	<u>8,026,097</u>	<u>8,275,947</u>
<b>Net position, end of period</b>	<u>\$ 9,013,270</u>	<u>8,026,097</u>

See accompanying notes to the basic financial statements

**Chino Basin Watermaster**  
**Statements of Cash Flows**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Cash received from stakeholders	\$ 10,611,936	10,464,035
Cash paid to employees for salaries and wages	(1,373,675)	(1,286,506)
Cash paid to vendors and suppliers for materials and services	<u>(7,735,062)</u>	<u>(9,303,876)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>1,503,199</u>	<u>(126,347)</u>
<b>Cash flows from non-capital financing activities:</b>		
Payments for non-operating expenses	<u>(239,830)</u>	<u>(335,674)</u>
<b>Net cash used in non-capital financing activities</b>	<u>(239,830)</u>	<u>(335,674)</u>
<b>Cash flows from capital financing activities:</b>		
Acquisition of capital assets	<u>(58,706)</u>	<u>(40,439)</u>
<b>Net cash used in capital financing activities</b>	<u>(58,706)</u>	<u>(40,439)</u>
<b>Cash flows from investing activities:</b>		
Investment earnings received	<u>34,894</u>	<u>249,753</u>
<b>Net cash provided by investing activities</b>	<u>34,894</u>	<u>249,753</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,239,557	(252,707)
<b>Cash and cash equivalents at the beginning of year</b>	<u>9,603,288</u>	<u>9,855,995</u>
<b>Cash and cash equivalents at the end of year</b>	<u>\$ 10,842,845</u>	<u>9,603,288</u>
<b>Reconciliation of cash and cash equivalents to statements of net position:</b>		
Cash and cash equivalents	\$ 10,842,000	9,602,443
Cash and cash equivalents - restricted	<u>845</u>	<u>845</u>
<b>Total cash and cash equivalents</b>	<u>\$ 10,842,845</u>	<u>9,603,288</u>

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See accompanying notes to the basic financial statements

**Chino Basin Watermaster**  
**Statements of Cash Flows, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ <u>1,219,303</u>	<u>(132,101)</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>		
Depreciation	26,371	20,067
<b>Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:</b>		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(359,677)	(137,146)
Prepaid expenses and other current assets	366,465	(56,483)
Deferred outflows of resources	(87,741)	(46,402)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and accrued expense	27,871	(63,474)
Accrued salaries and benefits	8,804	10,682
Compensated absences	20,763	38,748
Total OPEB liability	62,194	40,002
Net pension liability	122,699	120,496
Employee compensation plan	84,725	64,563
Deferred inflows of resources	<u>11,422</u>	<u>14,701</u>
<b>Total adjustments</b>	<u>283,896</u>	<u>5,754</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 1,503,199</u>	<u>(126,347)</u>

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See accompanying notes to the basic financial statements

**Chino Basin Watermaster  
Notes to the Financial Statements  
For the Fiscal Years Ended June 30, 2021 and 2020**

**(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 the 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, provided 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 Pool committees 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 2020-2021 expenses are based on the 2019-2020 production volume.

<b>Production Volume</b>	<b>Fiscal Year 2021</b>		<b>Fiscal Year 2020</b>	
	<b>Acre Feet</b>	<b>Percentage</b>	<b>Acre Feet</b>	<b>Percentage</b>
Appropriative Pool	73,424	74.31%	69,919	73.33%
Agricultural Pool	21,485	21.74%	21,841	22.91%
Non-agricultural Pool	3,897	3.94%	3,588	3.76%
Total production volume	<u>98,806</u>	<u>100.00%</u>	<u>95,348</u>	<u>100.00%</u>

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 un-pumped 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 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, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(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 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Watermaster solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the Watermaster's proprietary fund.

The Watermaster has adopted the following GASB pronouncements in the current year:

*Governmental Accounting Standards Board Statement No. 84*

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

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

**C. Financial Reporting, continued**

*Governmental Accounting Standards Board Statement No. 90*

In August 2018, the GASB issued Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position**

**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, deferred outflows, liabilities, and deferred inflows, and disclosures of contingent assets, deferred outflows, liabilities, and deferred inflows at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

**2. Uncertainty**

The COVID-19 outbreak in the United States has caused business disruption through labor shortages and closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruptions. However, the related financial impact on the Watermaster and the duration cannot be estimated at this time.

**3. Cash and Cash Equivalents**

Substantially all 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, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

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

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position**

**4. Investments**

The Watermaster has adopted an investment policy directing the General Manager to invest and reinvest funds subject to the provisions of the Watermaster's Investment Policy and the ongoing review and control of the Watermaster and the Watermaster Advisory Committee in accordance with California Government Code section 53600.

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.

**5. 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, 2021 and 2020.

**6. Prepaid Expenses**

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

**7. 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

**8. Deferred Outflows of Resources**

The statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents the consumption of resources applicable to future periods and, therefore, will not be recognized as an outflow of resources (expenditure) until that time. The Watermaster has the following items that qualify for reporting in this category:

*Post-Employment Benefits Other Than Pensions (OPEB)*

- Deferred outflow for the net change in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with post-employment benefits through the Plan.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

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

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position**

**8. Deferred Outflows of Resources, continued**

*Post-Employment Benefits Other Than Pensions (OPEB), continued*

- Deferred outflow which is equal to the employer contributions made after the measurement date of the total OPEB liability. This amount will be amortized-in-full against the total OPEB liability in the next fiscal year.

*Pensions*

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net difference between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over a 5 year period.
- Deferred outflow for the net difference in actual and proportionate share of employer contribution which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net adjustment due to the changes in proportions of the net pension liability which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

**9. Compensated Absences**

The Watermaster's policy is to permit eligible employees to accumulate earned vacation up to a total of 320 hours. Employees may receive pay in lieu of using vacation for up to one-half of their annual vacation accrual if: (1) within the prior twelve months, the employee has used vacation in an amount equal to at least half of their annual vacation accrual rate; and (2) the employee has a minimum remaining accrued vacation balance of at least 40 hours. Eligible employees accrue and accumulate sick leave based on Watermaster policy. Twice a year, employees may buy-back accrued sick leave at 50% of their current pay provided that at least 480 hours of accrued sick leave remain after the cash-out. Upon termination of employment, employees are paid all unused vacation. Unused sick time is paid out based on Watermaster policy.

**10. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Watermaster's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

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

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position**

**10. Pensions**

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Dates: June 30, 2019 and 2018
- Measurement Dates: June 30, 2020 and 2019
- Measurement Periods: July 1, 2019 to June 30, 2020 and July 1, 2018 to June 30, 2019

**11. Deferred Inflows of Resources**

Deferred inflows of resources represent the acquisition of resources that is applicable to future periods.

*Post-Employment Benefits Other Than Pensions (OPEB)*

- Deferred inflow for the net difference between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with post-employment benefits through the Plan.

*Pensions*

- Deferred inflow for the net change in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

**12. Water Production Assessments**

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

**13. 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.

**14. Net Position**

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net investment in capital assets** – Consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** – Consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- **Unrestricted** – Consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted components of net position.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(2) Cash and Investments**

Cash and investments as of June 30 are classified in the accompanying financial statements as follows:

	<b>2021</b>	<b>2020</b>
Cash and investments	\$ 10,842,000	9,602,443
Cash and investments - restricted	845	845
Total cash and investments	\$ 10,842,845	9,603,288

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

	<b>2021</b>	<b>2020</b>
Cash on hand	\$ 500	500
Deposits held in trust with County of San Bernardino	845	845
Deposits with financial institutions	846,571	771,623
Local Agency Investment Fund (LAIF)	9,994,929	8,830,320
Total cash and investments	\$ 10,842,845	9,603,288

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

	<b>2021</b>	<b>2020</b>
Deposits held with the California Local Agency Investment Fund (LAIF)	291 days	191 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.

***Investment in California State Investment Pool***

The Watermaster is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 and is under the management of the Treasurer of the State of California with oversight provided by the Local Agency Investment Advisory Board. 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. Bank balances are secured by the pledging of a pool of eligible securities to collateralize the Watermaster's deposits with the bank in accordance with the Code.

The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

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

***Custodial Credit Risk***

The custodial credit risk for *deposits* is the risk that, in the event of 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 custodial credit risk for *investments* is the risk that, in the event of 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. 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).

The California Government Code and the Watermaster's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, 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 public agencies. California law also allows financial institutions to secure Watermaster deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2021 and 2020, bank balances are federally insured up to \$250,000 and the remaining balance is collateralized in accordance with the Code.

***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***

Generally, 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; however, LAIF is not rated.

***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 represented 5% or more of total Watermaster's investment at June 30, 2021 and 2020.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(3) Capital Assets**

Changes in capital assets for 2021 were as follows:

	<u>Balance 2020</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2021</u>
Depreciable assets:				
Computer equipment	\$ 107,551	-	(69,848)	37,703
Furniture and fixtures	89,499	58,706	(29,084)	119,121
Leasehold improvements	23,443	-	-	23,443
Vehicles and equipment	114,668	-	-	114,668
Total depreciable assets	<u>335,161</u>	<u>58,706</u>	<u>(98,932)</u>	<u>294,935</u>
Accumulated depreciation:				
Computer equipment	(107,552)	-	69,848	(37,704)
Furniture and fixtures	(58,321)	(14,935)	29,084	(44,172)
Leasehold improvements	(23,443)	-	-	(23,443)
Vehicles and equipment	(57,367)	(11,436)	-	(68,803)
Total accumulated depreciation	<u>(246,683)</u>	<u>(26,371)</u>	<u>98,932</u>	<u>(174,122)</u>
Total capital assets, net	<u>\$ 88,478</u>			<u>120,813</u>

Changes in capital assets for 2020 were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2020</u>
Depreciable assets:				
Computer equipment	\$ 107,551	-	-	107,551
Furniture and fixtures	89,499	-	-	89,499
Leasehold improvements	23,443	-	-	23,443
Vehicles and equipment	94,580	40,440	(20,352)	114,668
Total depreciable assets	<u>315,073</u>	<u>40,440</u>	<u>(20,352)</u>	<u>335,161</u>
Accumulated depreciation:				
Computer equipment	(107,552)	-	-	(107,552)
Furniture and fixtures	(49,690)	(8,631)	-	(58,321)
Leasehold improvements	(23,443)	-	-	(23,443)
Vehicles and equipment	(66,282)	(11,437)	20,352	(57,367)
Total accumulated depreciation	<u>(246,967)</u>	<u>(20,068)</u>	<u>20,352</u>	<u>(246,683)</u>
Total capital assets, net	<u>\$ 68,106</u>			<u>88,478</u>



**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(4) Deferred Outflows and Inflows of Resources**

Changes in deferred outflows and inflows of resources for 2021 were as follows:

	<u>Balance 2020</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance 2021</u>
Deferred outflows of resources				
Deferred pension outflows	\$ 368,597	412,576	(378,770)	402,403
Deferred OPEB outflows	15,599	62,731	(8,796)	69,534
Total deferred outflows of resources	<u>\$ 384,196</u>	<u>475,307</u>	<u>(387,566)</u>	<u>471,937</u>
	<u>Balance 2020</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance 2021</u>
Deferred inflows of resources				
Deferred pension inflows	\$ 22,880	50,491	(63,162)	10,209
Deferred OPEB inflows	1,682	26,687	(2,594)	25,775
Total deferred inflows of resources	<u>\$ 24,562</u>	<u>77,178</u>	<u>(65,756)</u>	<u>35,984</u>

Changes in deferred outflows and inflows of resources for 2020 were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance 2020</u>
Deferred outflows of resources				
Deferred pension outflows	\$ 337,794	314,438	(283,635)	368,597
Deferred OPEB outflows	-	15,599	-	15,599
Total deferred outflows of resources	<u>\$ 337,794</u>	<u>330,037</u>	<u>(283,635)</u>	<u>384,196</u>
	<u>Balance 2019</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance 2020</u>
Deferred inflows of resources				
Deferred pension inflows	\$ 4,973	45,986	(28,079)	22,880
Deferred OPEB inflows	4,888	1,682	(4,888)	1,682
Total deferred inflows of resources	<u>\$ 9,861</u>	<u>47,668</u>	<u>(32,967)</u>	<u>24,562</u>

**(5) Compensated Absences**

Changes to compensated absences for 2021 were as follows:

<u>Balance 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2021</u>	<u>Due Within One Year</u>	<u>Due in more than one year</u>
\$ 248,133	163,909	(143,146)	268,896	94,114	174,782

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(5) Compensated Absences, continued**

Changes to compensated absences for 2020 were as follows:

<u>Balance</u> <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2020</u>	<u>Due Within</u> <u>One Year</u>	<u>Due in more</u> <u>than one year</u>
\$ 209,385	178,410	(139,662)	248,133	86,847	161,286

**(6) Other Post-Employment Benefits Payable**

***Plan Description***

The Watermaster's defined benefit other post-employment benefit (OPEB) plan (Plan) provides OPEB for all permanent and vested full-time employees. The Plan is a single-employer defined benefit OPEB plan administered by the Watermaster. The Watermaster's Board has the authority to establish and amend the benefit terms and financing requirements of the Plan. Watermaster participates in a CalPERS Health Program, a community-rated program for its medical coverage. Watermaster does not have an OPEB trust established and no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

***Benefits Provided***

The Plan provides a contribution equal to 50% for eligible retirees and surviving spouses in receipt of a pension benefit from CalPERS. An employee is eligible for this employer contribution provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit within 120 days of retirement from the Watermaster.

Vesting requires at least 5 years of CalPERS total service. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for the employer contribution upon death of the retiree. Board members during or prior to 1994 are also eligible for Watermaster contribution at retirement.

***Employee Covered by Benefit Terms***

As of June 30, 2021 and 2020, the following employees were covered by the benefit terms:

	<u>2021</u>	<u>2020</u>
Active employees	9	9
Inactive employees or beneficiaries currently receiving benefit payments	5	5
Total plan membership	<u>14</u>	<u>14</u>

***Total OPEB Liability***

The Watermaster's total OPEB liability of \$316,979 and \$254,785 was measured as of December 31, 2020 and 2019, respectively, and was determined by an actuarial valuation as of January 1, 2020.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(6) Other Post-Employment Benefits Payable, continued**

*Actuarial Assumptions and Other Inputs*

The total OPEB liability in the June 30, 2021 and 2020, actuarial valuation, which was measured at December 31, 2020 and 2019, respectively, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	January 1, 2020
Measurement Date	December 31, 2020 and December 31, 2019
Actuarial cost method	Entry Age Normal cost method in accordance with the requirements of GASB Statement No. 75
Inflation	2.75% per annum
Salary increases	3.0% per annum, in aggregate
Discount rate	2.12% and 2.66% as of June 30, 2021 and 2020, respectively; the discount rate is based on the resulting rate using the average of 3-20 year municipal bond rate indices: S&P Municipal Bond 20-Year High Grade Rate Index, Bond Buyer Go 20 - Municipal Bond Index, Fidelity 20-year Go Municipal Bond Index
Healthcare cost trend rates	2021: 6.25% decreasing to an ultimate rate of 4.5%. 2020: 6.50% decreasing to an ultimate rate of 4.5%.

*Changes in the Total OPEB Liability*

Changes in the total OPEB liability as of June 30, 2021 (measured at December 31, 2020) were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability/(Asset) (c) = (a) - (b)</u>
Balance at July 1, 2020	\$ 254,785	-	254,785
Changes during the year:			
Service cost	23,005	-	23,005
Interest	9,009	-	9,009
Changes in assumptions	59,799	-	59,799
Difference between actual and expected experience	(26,687)	-	(26,687)
Contributions - employer	-	2,932	(2,932)
Benefit payments	(2,932)	(2,932)	-
Net change	62,194	-	62,194
Balance at June 30, 2021	\$ 316,979	-	316,979

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(6) Other Post-Employment Benefits Payable, continued**

*Changes in the Total OPEB Liability, continued*

Changes in the total OPEB liability as of June 30, 2020 (measured at December 31, 2019) were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability/(Asset) (c) = (a) - (b)</u>
Balance at July 1, 2019	\$ 214,783	-	214,783
Changes during the year:			
Service cost	17,062	-	17,062
Interest	8,739	-	8,739
Changes in assumptions	17,923	-	17,923
Contributions - employer	-	3,722	(3,722)
Benefit payments	(3,722)	(3,722)	-
Net change	40,002	-	40,002
Balance at June 30, 2020	\$ 254,785	-	254,785

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the Watermaster as of June 30, 2021, as well as what the Watermaster's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current discount rate:

	<u>Discount Rate - 1% 1.12%</u>	<u>Current Discount Rate 2.12%</u>	<u>Discount Rate + 1% 3.12%</u>
	Total OPEB liability	\$ 386,131	316,979

The following presents the total OPEB liability of the Watermaster as of June 30, 2020, as well as what the Watermaster's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66%) or 1-percentage-point higher (3.66%) than the current discount rate:

	<u>Discount Rate - 1% 1.66%</u>	<u>Current Discount Rate 2.66%</u>	<u>Discount Rate + 1% 3.66%</u>
	Total OPEB liability	\$ 306,298	254,785

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(6) Other Post-Employment Benefits Payable, continued**

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following presents the net OPEB liability of the Watermaster as of June 30, 2021, as well as what the Watermaster's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	5.25% HMO/ PPO decreasing to 3.50%	6.25% HMO/ PPO decreasing to 4.50%	7.25% HMO/ PPO decreasing to 5.50%
	<u>HMO/PPO</u>	<u>HMO/PPO</u>	<u>HMO/PPO</u>
Total OPEB liability	\$ <u>248,352</u>	<u>316,979</u>	<u>411,719</u>

The following presents the net OPEB liability of the Watermaster as of June 30, 2020, as well as what the Watermaster's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	5.50% HMO/ PPO decreasing to 3.50%	6.50% HMO/ PPO decreasing to 4.50%	7.50% HMO/ PPO decreasing to 5.50%
	<u>HMO/PPO</u>	<u>HMO/PPO</u>	<u>HMO/PPO</u>
Total OPEB liability	\$ <u>205,211</u>	<u>254,785</u>	<u>321,455</u>

***OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB***

For the fiscal years ended June 30, 2021 and 2020, the Watermaster recognized OPEB expense of \$32,352 and \$21,197, respectively. As of June 30, the Watermaster reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>2021</u>		<u>2020</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ 66,602	-	15,599	-
Difference between actual and expected experience	-	(25,775)	-	(1,682)
Contributions subsequent to measurement date	<u>2,932</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>69,534</u>	<u>(25,775)</u>	<u>15,599</u>	<u>(1,682)</u>

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(6) Other Post-Employment Benefits Payable, continued**

*OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB, continued*

At June 30, 2021 and 2020, there were amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB which are required to be recognized in OPEB expense over future periods. OPEB related amounts will be recognized as OPEB expense as follows:

<b>Fiscal Year</b> <b>Ending</b> <b>June 30</b>	<b>Deferred</b> <b>Outflows of</b> <b>Resources</b>
2022	4,165
2023	4,165
2024	4,162
2025	2,130
2026	11,827
Thereafter	14,378

**(7) Deferred Compensation Savings Plan**

For the benefit of its employees, the Watermaster participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Watermaster is in compliance with this legislation. Therefore, these assets are not the legal property of the Watermaster, and are not subject to claims of the Watermaster's general creditors. Market value of all plan assets held in trust as of June 30, 2021 and 2020 was \$2,162,622 and \$1,587,857, respectively.

The Watermaster has implemented GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since the Watermaster has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

**(8) Nonqualified Employee Compensation Plan**

Effective June 1, 2015, the Watermaster established a Nonqualified Deferred Compensation Plan (Plan). The purpose of this Plan is to provide deferred compensation for selected public employees to participate in the Plan. The Plan is intended to be an unfunded deferred compensation plan that complies with the requirements of Section 457(f) and 409A of the Internal Revenue Code of 1986. Each Plan Participant shall be entitled to elect and forego all or any portion, as either a dollar amount or a percentage, of the Participant's salary and/or bonus that may become payable by the Employer for a Plan year after all applicable deductions and withholdings. Such election shall be evidenced by a Deferral Agreement.

On June 30, 2021 and 2020, the Watermaster made an employer contribution of \$84,724 and \$64,564, respectively, to the Plan for the benefit of its eligible employee for the 12 consecutive month period from July 1, 2020 to June 30, 2021, and July 1, 2019 to June 30, 2020, respectively.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(8) Nonqualified Employee Compensation Plan, continued**

For each of Watermaster's regular payroll periods beginning on and after July 1, 2015 through the remainder of the Employment Term (from June 30, 2014 up to the expiration date of June 30, 2017), the Watermaster agreed to make an employer contribution to the Plan for the benefit of the eligible employee equal to 8% of the corresponding salary including any incentive compensation paid during that payroll period; provided that the eligible employee is still employed with Watermaster on the payday of that payroll period.

On June 22, 2017, Watermaster agreed to make an employer contribution to the Plan for the benefit of another eligible employee equal to 4% of the corresponding salary effective for payroll period following July 1, 2017; and shall continue to be provided on each paycheck date thereafter until the Board takes further action.

The balance of the Watermaster's Employee Compensation Plan as of June 30, 2021 and 2020 totaled \$247,368 and \$162,643, respectively.

**(9) Defined Benefit Pension Plan**

***Plan Description***

All qualified permanent and probationary employees are eligible to participate in the Watermaster's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Watermaster's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the Watermaster's CalPERS 2.5% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. All employees hired after January 1, 2013 are eligible for the Watermaster's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(9) Defined Benefit Pension Plan, continued**

*Benefits provided, continued*

The Watermaster participates in the Plan's miscellaneous risk pool. The provisions and benefits for the Plan's miscellaneous risk pool in effect at June 30, 2021 and 2020, are summarized as follows:

	<b>Miscellaneous Plan</b>	
	<b>Classic</b>	<b>PEPRA</b>
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	2020 - 7.951%	2020 - 6.750%
	2021 - 7.953%	2021 - 6.750%
Required employer contribution rates	2020 - 11.432%	2020 - 6.985%
	2021 - 12.361%	2021 - 7.732%

*Contributions*

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates, for all public employers, be determined on an annual basis by the actuary and shall be effective on July 1 following notice of the change in rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Watermaster is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the years ended June 30, the contributions recognized as part of pension expense for the Plan were as follows:

	<b>Miscellaneous</b>	
	<b>2021</b>	<b>2020</b>
Contributions – employer	\$ 202,432	173,396

*Net Pension Liability*

As of June 30, the Watermaster reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	<b>2021</b>	<b>2020</b>
Miscellaneous plan	\$ 1,431,357	1,308,658

The Watermaster's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020 and 2019 (the measurement dates), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and 2018 (the valuation dates), rolled forward to June 30, 2020 and 2019, using standard update procedures.



**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(9) Defined Benefit Pension Plan, continued**

*Net Pension Liability, continued*

The Watermaster's proportion of the net pension liability was based on a projection of the Watermaster's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Watermaster's proportionate share of the pension liability for the Plan's miscellaneous risk pool as of the measurement date June 30, 2020 was as follows:

	<b>Miscellaneous</b>
Proportion – June 30, 2020	0.01277%
Increase in proportion	0.00039%
Proportion – June 30, 2021	0.01316%

The Watermaster's proportionate share of the pension liability for the Plan's miscellaneous risk pool as of the measurement date June 30, 2019 was as follows:

	<b>Miscellaneous</b>
Proportion – June 30, 2019	0.01233%
Increase in proportion	0.00044%
Proportion – June 30, 2020	0.01277%

***Deferred Pension Outflows (Inflows) of Resources***

For the fiscal years ended June 30, 2021 and 2020, the Watermaster recognized pension expense of \$76,222 and \$310,032, respectively.

As of June 30, 2021 and 2020, the Watermaster reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Description</b>	<b>2021</b>		<b>2020</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to the measurement date	\$ 230,502	-	202,432	-
Differences between actual and expected experience	73,762	-	83,850	-
Changes in assumptions	-	(10,209)	40,282	-
Net difference between projected and actual earnings on plan investments	42,521	-	-	(22,880)
Differences between actual contribution and proportionate share of contribution	3,483	-	1,820	-
Net adjustment due to changes in proportions of net pension liability	52,135	-	40,213	-
Total	\$ 402,403	(10,209)	368,597	(22,880)

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(9) Defined Benefit Pension Plan, continued**

*Deferred Pension Outflows (Inflows) of Resources, continued*

As of June 30, 2021 and 2020, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$230,502 and \$202,432, respectively, and will be recognized as a reduction of the net pension liability in the fiscal years ended June 30, 2022 and 2021.

At June 30, 2021, other amounts reported as deferred outflows and inflows of resources related to the pensions, which will be recognized as pension expense as follows:

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Deferred Net</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2022	\$ 41,004
2023	60,208
2024	39,547
2025	20,933

*Actuarial assumptions*

The total pension liabilities in the June 30, 2019 and 2018, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation Dates	June 30, 2019 and 2018
Measurement Dates	June 30, 2020 and 2019
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation rate	2020 and 2019 – 2.50%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period Upon Which Actuarial Experience Survey Assumptions Were Based	2020 and 2019 – 1997-2015
Post Retirement Benefit Increase	2020 and 2019 – Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

\* The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(9) Defined Benefit Pension Plan, continued**

***Discount Rate***

The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, the amortization and smoothing periods recently adopted by CalPERS were utilized. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10</u>	<u>Real Return Year 11+</u>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

***Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate***

The following table presents the Watermaster's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the Watermaster's proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(9) Defined Benefit Pension Plan, continued**

*Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate, continued*

As of June 30, 2021, the Watermaster's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	<b>Discount Rate - 1% 6.15%</b>	<b>Current Discount Rate 7.15%</b>	<b>Discount Rate + 1% 8.15%</b>
Watermaster's net pension liability	\$ 2,218,185	1,431,357	781,226

As of June 30, 2020, the Watermaster's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	<b>Discount Rate - 1% 6.15%</b>	<b>Current Discount Rate 7.15%</b>	<b>Discount Rate + 1% 8.15%</b>
Watermaster's net pension liability	\$ 2,049,334	1,308,658	697,283

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 44 through 46 for the Required Supplementary Information.

**(10) Prior Period Adjustment**

During 2021, the Watermaster determined compensated absences were overstated. As a result, the Watermaster has recorded a prior period adjustment to restate compensated absences. The effect of the above change is summarized as follows:

	<b>Net Position</b>
Net position at July 1, 2018, as previously stated	\$ 9,767,437
Effect of 2019 compensated absence adjustment	120,725
Change in net position at June 30, 2019	(1,612,215)
Net position at June 30, 2019, as restated	8,275,947
Effect of 2020 compensated absence adjustment	12,273
Change in net position at June 30, 2020	(262,123)
Net position at June 30, 2020, as restated	\$ 8,026,097

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(11) Net Position**

Calculation of net position as of June 30, is as follows:

	<u>2021</u>	<u>2020</u>
Net investment in capital assets:		
Capital assets, net	\$ 120,813	88,478
Total net investment in capital assets	<u>120,813</u>	<u>88,478</u>
Restricted:		
Restricted - cash and cash equivalents	<u>845</u>	<u>845</u>
Total restricted	<u>845</u>	<u>845</u>
Unrestricted:		
Non-spendable net position:		
Prepaid expenses and deposits	<u>39,952</u>	<u>406,417</u>
Total non-spendable net position	<u>39,952</u>	<u>406,417</u>
Spendable net position:		
Undesignated net position reserve	<u>8,851,660</u>	<u>7,530,357</u>
Total spendable net position	<u>8,851,660</u>	<u>7,530,357</u>
Total unrestricted net position	<u>8,891,612</u>	<u>7,936,774</u>
Total net position	<u>\$ 9,013,270</u>	<u>8,026,097</u>

**(12) 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, 2021:

- 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; \$300,000 Rented To You Limit; \$15,000 Medical Expenses Limit (Any One Person).
- Commercial Excess Liability: Limits of Liability are \$10,000 Retained Limit, \$8,000,000 Each Occurrence, \$8,000,000 General Aggregate Limit, \$8,000,000 Products/Completed Operations to Aggregate.
- Automobile: \$1,000,000 Combined Bodily Injury and Property Damage Single Limit (Each Accident); \$1,000,000 Uninsured Motorists Single Limit. \$1,000 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.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(12) Risk Management, continued**

- Director & Officers Liability: \$1,000,000 Liability Coverage; Employment Practices Liability: \$1,000,000 Liability Coverage. Director and Officer/Crisis Management: \$25,000 to \$100,000 with liability limits varying by type of coverage.
- Workers' compensation: Total annual premium is \$6,494.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2021, that have effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 87***

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by 18 months. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 89***

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

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

***Governmental Accounting Standards Board Statement No. 91***

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 92***

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

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

***Governmental Accounting Standards Board Statement No. 93***

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR.

This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 94***

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.



**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

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

***Governmental Accounting Standards Board Statement No. 96***

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 97***

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

**Chino Basin Watermaster**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

**(14) Commitments and Contingencies**

*Grant Awards*

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

*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.

**(15) Subsequent Events**

Events occurring after June 30, 2021, have been evaluated for possible adjustment to the financial statements or disclosure as of October 28, 2021, which is the date the financial statements were available to be issued.

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**Required Supplementary Information**

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**Chino Basin Watermaster**  
**Schedules of Changes in the Watermaster's Total OPEB Liability and Related Ratios**  
**For the Year Ended June 30, 2021**  
**Last Ten Years\***

**Defined Benefit OPEB Plan**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 23,005	17,062	18,418	16,048
Interest	9,009	8,739	7,571	7,073
Change in assumptions	59,799	17,923	(17,582)	14,256
Difference between actual and expected experience	(26,687)	-	-	-
Benefit payments	(2,932)	(3,722)	(2,423)	(2,308)
<b>Net change in total OPEB liability</b>	62,194	40,002	5,984	35,069
<b>Total OPEB liability - beginning of year</b>	254,785	214,783	208,799	173,730
<b>Total OPEB liability - end of year (a)</b>	\$ 316,979	254,785	214,783	208,799
<b>Covered - employee payroll</b>	N/A	N/A	N/A	N/A
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	N/A	N/A	N/A	N/A

**Note:**

\* The Watermaster has presented information for those years for which information is available until a full 10-year trend is compiled.

*Changes in benefit terms* – None noted.

*Changes in assumptions* – The changes in actuarial assumptions include changes in discount rates as follows:

- Fiscal year 2018: 3.35%
- Fiscal year 2019: 3.80%
- Fiscal year 2020: 2.66%
- Fiscal year 2021: 2.12%

**Chino Basin Watermaster  
Schedules of the Watermaster's Proportionate Share of the Net Pension Liability  
As of June 30, 2021  
Last Ten Years\***

Description	Fiscal Year				
	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Watermaster's proportion of the net pension liability	0.01316%	0.01277%	0.01233%	0.12210%	0.01206%
Watermaster's proportionate share of the net pension liability	\$ 1,431,357	1,308,658	1,188,162	1,210,470	1,043,862
Watermaster's covered-employee payroll	\$ 1,198,184	1,091,719	1,031,755	860,266	979,741
Watermaster's proportionate share of the net pension liability as a percentage of its covered-employee payroll	119.46%	119.87%	115.16%	140.71%	106.54%
Plan's fiduciary net position as a percentage of the plan's total pension liability	75.79%	76.24%	75.76%	73.43%	75.36%
Plan's proportionate share of aggregate employer contributions	\$ 200,222	173,953	141,457	126,549	118,862
					99,615

**Notes:**

**Changes in Benefit Terms** – Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

**Changes of Assumptions** – The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

**Chino Basin Watermaster  
Schedules of the Watermaster's Proportionate Share of the Net Pension Liability  
As of June 30, 2021  
Last Ten Years\***

**Notes, continued:**

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period, and remained adjusted for administrative expenses..

\* Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2015, was the first year of implementation required by GASB 68 & 71, therefore, only six years are shown.

**Chino Basin Watermaster  
Schedules of Pension Plan Contributions  
As of June 30, 2021  
Last Ten Years\***

Description	Fiscal Year					
	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Actuarially determined contribution	\$ 220,388	192,849	155,931	151,169	132,932	110,292
Contributions in relation to the actuarially determined contribution	(230,502)	(202,432)	(151,517)	(114,507)	(133,410)	(133,410)
Contribution deficiency (excess)	(10,114)	(9,583)	4,414	36,662	(478)	(23,118)
Covered payroll	1,198,184	1,091,719	1,031,755	860,266	979,741	888,483
Contributions as a percentage of covered-employee payroll	19.24%	18.54%	14.69%	13.31%	13.62%	15.02%

**Note to the Schedule of Pension Plan Contributions:**

\* Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2016, was the first year of implementation required by GASB 68 & 71, therefore, only six years are shown.

# Supplemental Information Section

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## Chino Basin Watermaster Combining Schedule of Revenue, Expenses and Changes in Net Position For the Fiscal Year Ended June 30, 2021

	Watermaster Administration	Optimum Basin Management	Pool Administration and Special Projects			AP Escrow Account	Groundwater Replenishment	LAIF Value Adj.	GASB 75 Beg. Net Position	Grand Totals	Amended Budget 2020-2021
			Appropriative Pool	Agricultural Pool	Non-Ag Pool						
<b>Administrative Revenues:</b>											
Administrative Assessments			8,933,741		369,221				9,302,963	9,302,939	
Interest Revenue	173,102		46,952	1,934	869				49,755	130,813	
Mutual Agency Project Revenue	35								173,102	176,203	
Miscellaneous Income											
<b>Total Revenues</b>	<b>173,138</b>		<b>8,980,693</b>	<b>1,934</b>	<b>370,091</b>				<b>9,525,856</b>	<b>9,609,955</b>	
<b>Administrative &amp; Project Expenditures:</b>											
Watermaster Administration	2,084,595								2,084,595	1,637,557	
Watermaster Board-Advisory Committee	231,794								231,794	237,438	
Ag Pool Misc. Expense - Ag Fund 1			8,450						8,450	400	
Ag Pool Legal Services - Ag Fund 2			220,365						220,365	-	
Pool Administration			333,407		106,878				764,571	1,143,674	
Optimum Basin Mgmt Administration	1,434,526								1,434,526	2,121,839	
OBMP Project Costs	3,118,389								3,118,389	4,787,906	
Debt Service	378,237								378,237	534,496	
Basin Recharge Improvements										1,693,292	
<b>Total Administrative/OBMP Expenses</b>	<b>2,316,389</b>	<b>4,931,152</b>	<b>333,407</b>	<b>324,286</b>	<b>106,878</b>				<b>8,240,927</b>	<b>12,156,603</b>	
<b>Net Administrative/OBMP Expenses</b>	<b>(2,143,251)</b>	<b>(4,931,152)</b>									
Allocate Net Admin Expenses To Pools			1,592,673	466,037	84,540						
Allocate Net OBMP Expenses To Pools	4,352,915		3,398,322	990,005	164,589						
Allocate Debt Service to App Pool	378,237		378,237								
Allocate Basin Recharge to App Pool											
Agricultural Expense Transfer*			1,780,328	(1,780,328)							
<b>Total Expenses</b>	<b>7,482,967</b>	<b>228,815</b>	<b>7,482,967</b>	<b>(228,815)</b>	<b>356,007</b>				<b>8,240,927</b>	<b>12,156,603</b>	
<b>Net Administrative Income</b>	<b>1,497,726</b>		<b>(228,881)</b>		<b>14,084</b>				<b>1,284,929</b>	<b>(2,546,648)</b>	
<b>Other Income/(Expense)</b>											
Replenishment Water Assessments						1,495,550			1,495,550	-	
Desalter Replenishment Obligation											
Exhibit "C" Non-Ag Pool Water											
RTS Changes from IEUA									(44,475)		
Interest Revenue											
MWD Water Purchases											
Non-Ag Stored Water Purchases											
Exhibit "C" Non-Ag Pool Water											
Groundwater Replenishment											
LAIF - Fair Market Value Adjustment							(42,340)		(42,340)		
Gain on Sale of Assets											
Other Post-Employment Benefits (OPEB)											
Prior Year Adjustment - Ag Pool Expense			165,695	(165,695)							
AP Special Assessment - Ag Pool Exp.			(165,695)	4,625		161,070					
AP Escrow Account - Interest Earned						226			226		
Refund-Basin O&M Expenses			(127,582)						(132,666)		
Refund-Recharge Debt Service			(107,164)		(5,084)				(107,164)		
Funding To/(From) Reserves											
Net Other Income/(Expense)			(234,746)	(161,070)	(5,084)	161,296	(42,340)		(297,756)		
<b>Net Transfers To/(From) Reserves</b>	<b>987,173</b>		<b>1,262,980</b>	<b>687,951</b>	<b>9,000</b>	<b>161,296</b>	<b>(42,340)</b>		<b>987,173</b>	<b>(2,546,648)</b>	
<b>Net Assets, July 1, 2020</b>											
<b>Net Assets, End of Period</b>			<b>7,806,091</b>	<b>515,498</b>	<b>108,243</b>		<b>43,169</b>	<b>(443,445)</b>	<b>8,026,097</b>	<b>9,013,270</b>	
<b>20/21 Assessable Production</b>			<b>9,069,071</b>	<b>127,547</b>	<b>117,243</b>	<b>161,296</b>	<b>829</b>	<b>(443,445)</b>	<b>9,013,270</b>	<b>9,013,270</b>	
<b>20/21 Production Percentages</b>			<b>73,423,920</b>	<b>21,484,815</b>	<b>3,897,385</b>				<b>98,806,120</b>	<b>100,000%</b>	
			<b>74,311%</b>	<b>21,744%</b>	<b>3,944%</b>						

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

Note 1 - Agricultural Pool 50% Mediation Services

## Chino Basin Watermaster Combining Schedule of Revenue, Expenses and Changes in Net Position For the Fiscal Year Ended June 30, 2020

	Watermaster Administration	Optimum Basin Management	Pool Administration and Special Projects		Groundwater Replenishment	LAIF Value Adj.	GASB 75 Beg. Net Position	Grand Totals	Amended Budget 2019-2020
			Appropriative Pool	Agricultural Pool					
<b>Administrative Revenues:</b>									
Administrative Assessments			8,265,837					8,630,373	8,465,297
Interest Revenue	171,905		172,301	10,354				185,106	75,124
Mutual Agency Project Revenue	94							171,905	171,906
Miscellaneous Income									
<b>Total Revenues</b>	<b>171,999</b>		<b>8,438,138</b>	<b>10,354</b>				<b>8,987,479</b>	<b>8,712,327</b>
<b>Administrative &amp; Project Expenditures:</b>									
Watermaster Administration	1,802,514							1,802,514	1,639,738
Watermaster Board-Advisory Committee	179,693							179,693	183,147
Ag Pool Misc. Expense - Ag Fund									400
Pool Administration			258,169	624,838				978,631	836,473
Optimum Basin Mgmt Administration		2,514,835						2,514,835	2,391,840
OBMP Project Costs		2,611,392						2,611,392	3,930,468
Debt Service		526,276						526,276	633,440
Basin Recharge Improvements									1,634,782
<b>Total Administrative/OBMP Expenses</b>	<b>1,982,207</b>	<b>5,652,503</b>	<b>258,169</b>	<b>624,838</b>	<b>95,624</b>			<b>8,613,341</b>	<b>11,250,288</b>
<b>Net Administrative/OBMP Expenses</b>	<b>(1,810,208)</b>	<b>(5,652,503)</b>							
Allocate Net Admin Expenses To Pools	1,810,208		1,334,925	414,663					
Allocate Net OBMP Expenses To Pools		5,126,227	3,824,059.89	1,174,261					
Allocate Debt Service to App Pool			526,276						
Allocate Bas in Recharge to App Pool									
Agricultural Expense Transfer*			2,213,762	(2,213,762)					
<b>Total Expenses</b>	<b>1,571,992</b>		<b>284,150</b>	<b>82,838</b>				<b>8,613,341</b>	<b>11,250,288</b>
<b>Net Administrative Income</b>	<b>280,946</b>		<b>10,354</b>					<b>374,138</b>	<b>(2,537,961)</b>
<b>Other Income/(Expense)</b>									
Replenishment Water Assessments					1,059,430			1,059,430	
Desalter Replenishment Obligation					61,942			61,942	
Exhibit "G" Non-Ag Pool Water			675,000					675,000	
RTS Charges from IEUA					(31,147)			(31,147)	
Interest Revenue					5,738			5,738	
MWD Water Purchases									
Non-Ag Stored Water Purchases									
Exhibit "G" Non-Ag Pool Water									
Groundwater Replenishment									
LAIF - Fair Market Value Adjustment						26,985			
Gain on Sale of Assets			2,438					2,438	
Other Post-Employment Benefits (OPEB)									
Refund-Excess Reserves			(271,110)					(271,110)	
Refund-Recharge Debt			(64,564)					(64,564)	
Funding To/(From) Reserves									
<b>Net Other Income/(Expense)</b>	<b>(333,237)</b>		<b>95</b>	<b>26,985</b>	<b>(317,832)</b>	<b>26,985</b>		<b>(623,988)</b>	<b>(225,500)</b>
<b>Net Transfers To/(From) Reserves</b>	<b>(249,850)</b>		<b>10,354</b>	<b>82,933</b>	<b>(317,832)</b>	<b>26,985</b>		<b>(249,850)</b>	<b>(2,312,461)</b>
	(0)								
<b>Net Assets, July 1, 2019</b>	<b>7,858,381</b>		<b>505,144</b>	<b>25,310</b>	<b>314,372</b>	<b>16,184</b>		<b>8,275,947</b>	
<b>Net Assets, End of Period</b>	<b>7,806,091</b>		<b>515,498</b>	<b>108,243</b>	<b>(3,460)</b>	<b>43,169</b>		<b>8,026,097</b>	<b>8,026,097</b>
<b>19/20 Assessable Production</b>	<b>69,918,990</b>		<b>21,841,407</b>	<b>3,588,067</b>				<b>95,348,464</b>	
<b>19/20 Production Percentages</b>	<b>73.330%</b>		<b>22.907%</b>	<b>3.763%</b>				<b>100.000%</b>	

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

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# **Report on Internal Controls and Compliance**

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Charles Z. Fedak, CPA, MBA  
Christopher J. Brown, CPA, CGMA  
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**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on Audits of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Chino Basin Watermaster Board  
Rancho Cucamonga, California

We have audited, in accordance with the 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, the financial statements of the Chino Basin Watermaster (Watermaster) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprises the Watermaster's basic financial statements, and have issued our report thereon dated October 28, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the Watermaster's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Watermaster's internal control. Accordingly, we do not express an opinion on the effectiveness of the Watermaster's internal control.

A *deficiency in internal control* 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Watermaster's financial statements are free from 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 audits 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*.

**Independent Auditor's Report on Internal Controls Over Financial Reporting  
and on Compliance and Other Matters Based on Audits of Financial Statements  
Performed in Accordance with *Government Auditing Standards*, (continued)**

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Watermaster's internal control or on compliance. This report is an integral part of audits performed in accordance with *Government Auditing Standards* in considering the Watermaster's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Fedak & Brown LLP*

**Fedak & Brown LLP**  
Cypress, California  
October 28, 2021

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**CHINO BASIN WATERMASTER STAFF 2021**



# **CHINO BASIN WATERMASTER**

## **II. CONSENT CALENDAR**

### **F. NOTICE OF INTENT TO CHANGE THE OPERATING SAFE YIELD OF THE CHINO GROUNDWATER BASIN**

# NOTICE OF INTENT

## Watermaster's "Notice of Intent" to Change the Operating Safe Yield of the Chino Groundwater Basin

**PLEASE TAKE NOTICE** that on this 27<sup>th</sup> day of January 2022, the Chino Basin Watermaster hereby adopts this "**Notice of Intent**" to change the Operating Safe Yield of the Chino Groundwater Basin pursuant to the Judgment entered in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino Superior Court, Case No. RCVRS 51010 (formerly Case No. 164327) as Restated (Exhibit "I", Paragraph 3.(b), Page 73).

**Approved by:**

**CHINO BASIN WATERMASTER  
BOARD OF DIRECTORS CHAIR**

**Signature:** \_\_\_\_\_

**Attest:**

**CHINO BASIN WATERMASTER  
BOARD OF DIRECTORS SECRETARY/TREASURER**

**Signature:** \_\_\_\_\_

# **CHINO BASIN WATERMASTER**

## **II. CONSENT CALENDAR**

### **G. 2022 HEARING OFFICER PANEL APPOINTMENT**



# CHINO BASIN WATERMASTER

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

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**PETER KAVOUNAS, P.E.**  
General Manager

## STAFF REPORT

DATE: January 27, 2022

TO: Board Members

SUBJECT: 2022 Hearing Officer Panel Appointment (Consent Calendar Item II.G.)

### SUMMARY:

Issue: According to Watermaster Rules and Regulations, Article X, Section 10.22, Watermaster needs to develop and maintain a panel of five individuals that have technical expertise and some familiarity with the Basin to serve as a pool from which a hearing officer can be selected should the need arise relating to applications, contests, and complaints.

Recommendation: Appoint the recommended panel of five, to be reconsidered periodically and no less frequently than annually.

Financial Impact: There is no financial impact associated with the recommendation.

### Future Consideration

**Watermaster Board – January 27, 2022:** Approval [Within WM Duties and Powers]

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### ACTIONS:

**Watermaster Board – January 27, 2022:**

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court, and to develop and implement an Optimum Basin Management Program*

## BACKGROUND

Parties may make an application to Watermaster for Recharge, Transfer, Storage Agreements, Recapture, or participation in a Storage and Recovery Program. The Watermaster Rules and Regulations provide a process for applications, including contesting an application by another party. The Watermaster Rules and Regulations also provide a process for complaints as to an action causing Material Physical Injury. In case a contest or complaint requires a hearing, the Watermaster Rules and Regulations provide:

10.22 Designation of Hearing Officer for Applications, Contests and Complaints. The Watermaster Board shall develop and maintain a panel of five individuals that have technical expertise and some familiarity with the Basin. The hearing officer shall be selected by the mutual agreement of each side. If mutual agreement cannot be reached, each side to any hearing on an Application or Complaint shall rank their preferred hearing officer from one (1) to five (5). The panel member receiving the highest total score shall be selected by the Watermaster Board as the Hearing Officer, unless he or she is unable to serve in which case the panel member receiving the next highest rank shall be selected. Ties shall be broken by vote of the Watermaster Board. Watermaster may add or remove new members to the five-member panel from time to time or as circumstances may warrant. There shall be only two sides in any hearing and intervenors shall be assigned to a side.

The duties of a hearing officer are also described in the Rules and Regulations:

10.23 Duty of the Hearing Officer. The hearing officer shall conduct the hearings in accordance with the provisions of this Article. It shall be the responsibility of the hearing officer to compile the record, develop proposed findings and recommendations supported by substantial evidence in the record within thirty days of the hearing and transmit the record to the Advisory Committee and thereafter the Watermaster Board for further action. The hearing officer shall have and shall exercise the power to regulate all proceedings in any matter before it, and to take and do all acts and measures necessary or proper for the efficient performance of its duties.

In January 2021, the Watermaster Board appointed five individuals to the panel. One of the panelists, Mr. Rossi, has expressed his inability to continue to be considered as a potential hearing officer. Watermaster staff has evaluated and offers Mr. Brian Brady as the fifth option (See Attachment 1 for his CV).

## DISCUSSION

The five individuals being recommended for appointment to the panel in 2022 are shown below:

1. Kurt Berchtold (Regional Water Quality Control Board – Executive Officer, Retired)
2. Anthony Brown (Aquilologic – CEO & Principal Hydrologist)
3. Behrooz Mortazavi, Ph.D., P.E. (Water Resources Engineers, Inc. – Principal)
4. Felicia Marcus (Attorney/consultant; former State Water Resources Control Board Chair)
5. Brian Brady (Brian J. Brady & Associates)

Staff also recommends a periodic evaluation of the members of the panel, no less frequently than annually, to maintain the panel's relevance.

## ATTACHMENTS

1. Brian Brady CV

**BRIAN J. BRADY, P.E. QUALIFICATIONS**

**- ATTACHED BEHIND THIS PAGE -**

## **Brian J. Brady, P.E.**

Brian J. Brady has over 35 years of engineering and management experience in both the public and private sectors of western electric and water utilities. He maintains an independent management consulting practice, focusing on water resource assessment, asset valuation (including water rights) and strategic operations of water and electric utilities.

Dr. Brady most recently served as General Manager of the Fallbrook Public Utility District (FPUD), and partnered with Camp Pendleton Marine Base to develop critically needed local water supplies (Santa Margarita River Conjunctive Use Project). He also served as a member of the Board of Directors of the San Diego County Water Authority.

From 2008-2011 he was the General Manager of the Imperial Irrigation District (IID), a water and power authority encompassing 6,500 square miles in southern California. IID is the largest irrigation district in the United States at 3.1 million acre-feet in annual deliveries, and is also the third largest public sector electric utility in California (1,000 MW peak demand.)

From 2003 to 2007, as General Manager of Rancho California Water District (RCWD), Dr. Brady directed the operations of the Temecula-based district's water, wastewater and reclamation divisions. Prior to Rancho California Water District, he served as general manager of the Water Replenishment District of Southern California (WRD), and was responsible for groundwater protection, enhancement and replenishment over a 400-square mile region of Los Angeles County.

From 1995 to 2000, he was Chairman and CEO of the Dominguez Water Company, an investor-owned utility in Long Beach, California. Under his leadership, Dominguez became the dominant broker of groundwater rights in Los Angeles County. Additionally, Dr. Brady led the expansion of Dominguez operations into Sonoma, Marin and Lake Counties in northern California through the negotiated purchases of private and mutual water systems.

He is past President of the Board of Directors of the Irvine Ranch Water District (IRWD), and a former board member of the Orange County Sanitation District (OCSD). Additionally, he has served as Governor Brown's appointee to the Colorado River Board of California.

Dr. Brady is a registered Civil Engineer, and earned his BSE degree in Water Resource Management from Loyola University of Los Angeles (now Loyola Marymount University)'s College of Engineering. His MBA, with an emphasis in Finance, is from the University of Southern California (USC)'s Marshall School of Business. He received his doctorate degree – an Ed.D with an emphasis in Organizational Leadership – from Pepperdine University's Graduate School of Education and Psychology

## **RESUME**

**Brian J. Brady, P.E.**

**PROFESSIONAL EXPERIENCE**

**Principal**

**Brian J. Brady & Associates (2000 - Present)**

Principal of an independent management consulting practice specializing in water resource assessment, asset valuation (including water rights) and strategic positioning of both public and private water utilities. Clients have included the Water Replenishment District of Southern California (WRD), the Inland Empire Utilities Agency, Chevron Texaco, University of Southern California, California Portland Cement, Riverside LAFCO, Exxon Mobil, Municipal Water District of Orange County, the Central and West Basin Municipal Water Districts, Borrego Water District, East Valley Water District, Santa Ana Watershed Association, Conaway Preservation Group and several private water utility investors.

**General Manager**

**Fallbrook Public Utilities District (FPUD) (2011- 2018)**

Reporting to a five-member Board of Directors, was responsible for operations of the Fallbrook Public Utility District (FPUD), which provides water, wastewater and reclamation services to north San Diego County. Partnered with Camp Pendleton Marine Base to develop critically needed local water supplies (Santa Margarita River Conjunctive Use Project). Member of the Santa Margarita River Watershed Watermaster Steering Committee. Represented the District on the Board of Directors of the San Diego County Water Authority and served as the Governor's appointee to the Colorado River Board of California.

**General Manager**

**Imperial Irrigation District (IID) (2008-11)**

As the appointed CEO by a five-member elected board of directors, provided executive leadership to the IID electric and water operations within southern California's Imperial and Coachella Valleys. Annual operating and capital budgets exceed \$850 million, with a staff of 1,400. Responsible for implementing the landmark Qualification Settlement Agreement (QSA) among the IID, Metropolitan Water District and the San Diego Water Authority, and for spearheading major initiatives to develop renewable energy projects.

**General Manager**

**Rancho California Water District (RCWD) (2003-2008)**

Reporting to a seven-member Board of Directors, was responsible for operations of the Temecula-based district's water, wastewater and reclamation divisions. Continued rapid expansion in the municipal, industrial and agricultural business segments during 2003-2004 fiscal year resulted in a nearly 14 percent increase in overall system demands. Lead an aggressive integrated water resources strategy to meet system build out forecasts. Managed the extraction and recharge operations of the Temecula Valley Groundwater Aquifer.



**Chairman, CEO****Dominguez Services Corporation (1995 - 2000)**

As authorized by the Company's Board of Directors, was responsible for overall corporate policy, strategy and operations of Dominguez Services Corporation's utility and non-utility business units. In the first thirty-six months with the Company, expanded water utility operations into northern California and increased unregulated water brokering and subsidiary operations. In the same period, the Company's market capitalization rose by more than 250%, and annual shareholder returns averaged 33%. In November of 1998, completed merger negotiations with California Water Service, attaining the highest asset valuation of any U.S. investor-owned water or gas utility at that time.

**Assistant General Manager****Public Utilities Department, City of Anaheim (1992-1995)**

Directed the operation of the City's electric utility, gross annual revenues of \$250 million. Responsible for electric integrated resource planning, acquisition and scheduling; demand side management; engineering functions; electric field construction; environmental services; commercial and industrial business development; and both electric and water system dispatch operations.

**Vice President and General Manager****Energy Services Inc. (1988-1992)**

Chief Operating Officer of a wholly owned subsidiary of Southern California Edison Company. Developed and positioned the operation to provide utility related services (pump/turbine/motor repair, engineering support, cogeneration operating services, utility R & D technology transfer, fuel oil storage leasing contracts, privatized maintenance services). Client base developed in the first three years of operation included over 200 companies in the U.S., Canada, Mexico and the Pacific Rim.

**Manager, Energy Management****Southern California Edison Company (1983-1988)**

Developed and marketed new electric load management programs and electric rate options to industrial and commercial customers. Partnered with local governmental agencies in analyzing and economizing energy use. Responsible for developing and marketing end-use electro-technologies (the forerunner to Edison's "CTAC") to assist industrial and commercial customers in becoming more competitive in the marketplace.

**Manager of Valuation****Southern California Edison Company (1980-1983)**

Manager of department of engineers, accountants, and other technical staff providing economic, depreciation and cost of service studies; valuations and base data for rate cases. Served as expert rate case witness before federal and state regulatory commissions. As the company's Chief Valuation Engineer, certified to financial institutions the fair value of company operating assets and real estate for trust indenture purposes.

## **EDUCATION**

**Bachelor of Science in Engineering (BSE)** emphasis: Water Resource Management  
Loyola University of Los Angeles College of Engineering (now Loyola Marymount University)

**Master of Business Administration (MBA)**, emphasis: Finance  
University of Southern California Marshall School of Business

**Doctor of Education (Ed.D)**, emphasis: Organizational Leadership  
Pepperdine University Graduate School of Education & Psychology  
Doctoral research: Skill development for appointed and elected water officials

### **Additional Graduate level studies:**

Massachusetts Institute of Technology, Stanford University, Western Michigan University,  
United States International University

## **ELECTED AND APPOINTED OFFICES**

Board of Directors, Rancho California Water District – 2020-present  
Board of Directors, Liberty Utilities – 2017-2021  
Board of Directors, San Diego County Water Authority – 2011-2018  
Board of Directors, Association of California Water Agencies – 2010 – 2011; 2016-2018  
Board of Directors , Colorado River Board of California – 2015-2017  
Board of Directors, Park Water Company (The Carlyle Group) – 2013-2016  
State Legislative Committee, Association of California Water Agencies – 2013-2015  
Federal Affairs Committee, Association of California Water Agencies – 2013-2015  
Executive Committee, California Transmission Planning Group – 2009-2011  
Board of Governors, California Municipal Utilities Association – 2009-2011  
Board of Directors, Large Public Power Council – 2008-2011  
Board of Directors, Southern California Public Power Authority – 1992-1995; 2008-2011  
Board of Directors, Irvine Ranch Water District – 1998-2004  
Board of Directors, Orange County Sanitation District – 2001-2004  
Board of Directors, National Public Projects Coalition – 2004-2008  
Board of Directors, Association of Groundwater Agencies – 2000-2001  
Board of Directors, National Association of Water Companies – 1997-2000  
Executive Council, California Water Association – 1995-2000

## **OTHER CREDENTIALS**

Registered Civil Engineer, State of California  
Member, Phi Delta Kappa (international honor society)

# **CHINO BASIN WATERMASTER**

## **II. CONSENT CALENDAR**

**H. RESOLUTION 2022-03 AUTHORIZING REMOTE TELECONFERENCE  
MEETINGS UNDER THE BROWN ACT**



# CHINO BASIN WATERMASTER

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

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**PETER KAVOUNAS, P.E.**  
General Manager

## STAFF REPORT

DATE: January 27, 2022

TO: Board Members

SUBJECT: Resolution 2022-03 Authorizing Remote Teleconference Meetings Under Brown Act  
(Consent Calendar Item II.H.)

### SUMMARY:

Issue: The Watermaster Board needs to adopt specific findings to continue to hold remote teleconference meetings during the COVID-19 pandemic consistent with amendments to the Ralph M. Brown Act (Brown Act) by Assembly Bill (AB) 361.

Recommendation: Adopt Resolution 2022-03 Authorizing Remote Teleconference Meetings under the Ralph M. Brown Act.

Financial Impact: None

### Future Consideration

**Watermaster Board – January 27, 2022:** Adoption

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### ACTIONS:

**Watermaster Board – January 27, 2022:**

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court,  
and to develop and implement an Optimum Basin Management Program*

## BACKGROUND

Since March 2020, the Watermaster Board has been meeting remotely due to the COVID-19 pandemic. The Governor's Executive Order No. N-29-20 (Executive Order) suspended the Brown Act's requirements for standard teleconferencing during the COVID-19 pandemic provided that notice and accessibility requirements are met, members of the public are allowed to observe and address the legislative body at the meeting, and that a legislative body of a local agency has a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, as specified. The provisions of the Executive Order, however, expired on September 30, 2021.

## DISCUSSION

In recognition that the pandemic remains ongoing, on September 16, 2021, the Governor signed AB 361, an urgency measure, amending the Brown Act and authorizing remote teleconference public meetings under certain circumstances. AB 361 took effect on October 1, 2021, and expires on January 1, 2024. Though not strictly required to comply with the Brown Act, Watermaster's policy is to operate generally in accordance with the Brown Act's requirements. If the Watermaster Board desires to continue to meet remotely, it should comply with the Brown Act as amended by AB 361.

AB 361 applies to meetings during a state of emergency as declared by the Governor. There also must be either imposed or recommended measures to promote social distancing by state or local officials, or a finding by the legislative body that meeting in person would present imminent risks to the health or safety of attendees as a result of the emergency. The bill, however, does not require legislative bodies to continue to hold teleconference or hybrid public meetings.

AB 361 also requires several procedural safeguards to protect public participation during a remote meeting, which are generally consistent with the Watermaster Board's current remote meeting practices. Key safeguards include: (1) the public must have the ability to address the legislative body directly, and must be provided information on how to address the body; (2) the public must have either a call-in or internet-based service option; (3) the legislative body must stop the meeting in the event of a disruption of the call-in or internet-based option; and (4) the legislative body must allow for a reasonable time for real-time comments, including time to register to provide remote public comments. Should the Watermaster Board decide to hold teleconference meetings, as it has during the COVID-19 pandemic, it should comply with these requirements.

If the Watermaster Board elects to hold one or more meetings by teleconference, it will need to adopt the proposed Resolution. Watermaster findings are required every 30 days in order to continue holding remote teleconference meetings. Thus, if the Watermaster Board elects to continue remote teleconference meetings, the Board will need to make similar findings at each meeting. The last Resolution (Resolution 2021-04) was adopted at the Board's regular meeting held on October 28, 2021 and was effective until November 26, 2021. The Watermaster Board was dark in December 2021 and thus a Resolution was not needed last month.

## ATTACHMENTS

1. Resolution 2022-03 (Draft)

RESOLUTION NO. 2022-03  
OF THE  
CHINO BASIN WATERMASTER

AUTHORIZING REMOTE TELECONFERENCE MEETINGS  
OF THE CHINO BASIN WATERMASTER BOARD  
FOR THE PERIOD JANUARY 27 – FEBRUARY 26, 2022

1. **WHEREAS**, the Chino Basin Watermaster (Watermaster) is committed to preserving and fostering public access and participation in meetings of Watermaster Board (Watermaster Meetings), consistent with its policy to generally operate in accordance with the Ralph M. Brown Act (Gov. Code § 54950 *et seq.*) (Brown Act), so that any member of the public may attend and participate as the Watermaster conducts its business; and
2. **WHEREAS**, the Brown Act contains special provisions for remote teleconference participation in meetings when the Governor has declared a state of emergency pursuant to Government Code section 8625, and either state or local officials have imposed or recommended measures to promote social distancing, or an in-person meeting would present imminent risks to the health and safety of attendees (Gov. Code § 54953(e)); and
3. **WHEREAS**, such conditions now exist within the County of San Bernardino (County). On March 4, 2020, Governor Gavin Newsom issued a Proclamation of a State of Emergency for the COVID-19 pandemic. As an arm of the court, Watermaster has followed guidance issued by the County Superior Court. On July 21, 2021, the Presiding Judge of the Superior Court, the Honorable Michael A. Sachs issued the Fourth Amendment to General Order: Face Coverings and Social Distance, requiring face coverings at all times indoors. Although the General Order does not require social distancing, the County Superior Court required social distancing until its June 30, 2021 Third Amendment to General Order: Face Coverings and Social Distance. Social distancing is also a known and effective method in reducing the spread of COVID-19. On January 5, 2022, and due to the COVID-19 surge as a result of the Omicron variant, the Court issued a further notice limiting public access to Courtrooms and encouraged the public to limit attendance and appear for court hearings remotely.
4. **WHEREAS**, Watermaster finds that the current situation with regard to COVID-19, and particularly the Delta variant, is causing, and will continue to cause, risks to the safety of persons within the County and finds that Watermaster shall conduct Watermaster Meetings with remote teleconference participation in the manner authorized by Government Code Section 54953, subdivision (e) and in compliance with the requirements to provide public access in Government Code Section 54953, subdivision (e)(2); and
5. **NOW THEREFORE, WATERMASTER DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

**Section 2.** Affirmation that Local Emergency Conditions Persist. The Watermaster Board hereby considers the conditions of the state of emergency in the Chino Basin and finds that local emergency conditions persist throughout the Chino Basin, and due to the high transmission rate of the Omicron variant, risk to unvaccinated and vaccinated individuals, greater risk of transmission at indoor gatherings, and significant increase in the County's number of

COVID-19 cases since December, meeting in person could present imminent risk to the health and safety of Board members and the public.

**Section 3.** Remote Teleconference Meetings. shall conduct Watermaster Meetings with remote teleconference participation in the manner authorized by Government Code Section 54953, subdivision (e), and in compliance with the requirements to provide public access in Government Code Section 54953, subdivision (e)(2).

**Section 4.** Effective Date. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of February 26, 2022, or such time as Watermaster adopts a resolution in accordance with Government Code Section 54953, subdivision (e)(3) to extend the time during which meetings may continue to be held via remote teleconference in compliance with that section.

**PASSED AND ADOPTED** by the Chino Basin Watermaster Board, this 27<sup>th</sup> day of January 2022, by the following vote:

APPROVED:

By: \_\_\_\_\_  
Board Chair  
Chino Basin Watermaster

ATTEST:

By: \_\_\_\_\_  
Board Secretary/Treasurer  
Chino Basin Watermaster

STATE OF CALIFORNIA            )  
  ) ss  
COUNTY OF SAN BERNARDINO    )

I, \_\_\_\_\_, Secretary/Treasurer of the Chino Basin Watermaster, DO  
HEREBY CERTIFY that the foregoing Resolution being No. 2022-03, was adopted at a regular  
meeting of the Chino Basin Watermaster Board on January 27, 2022, by the following vote:

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

CHINO BASIN WATERMASTER

\_\_\_\_\_  
Watermaster Board Secretary/Treasurer

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



# CHINO BASIN WATERMASTER

## III. BUSINESS ITEMS A. DRY YEAR YIELD



# CHINO BASIN WATERMASTER

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

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**PETER KAVOUNAS, P.E.**  
General Manager

## STAFF REPORT

DATE: January 27, 2022

TO: Board Members

SUBJECT: Dry Year Yield Program – Information Only (Business Item III.A.)

### SUMMARY:

Issue: The City of Ontario, one of the Appropriative Members that participates in the MWD/IEUA/TVWMD/CBWM Dry-Year Yield Program (“DYY Program”), has raised concerns regarding the legitimacy of adjustments made to the stored water “take” mechanism in 2019. The concerns raised did not reflect a substantive claim of Material Physical Injury (MPI), but instead focus on the financial consequences on the Watermaster accounting and the levying of annual production assessments by Watermaster. The Watermaster Board has requested staff to consult with the parties, prepare a summary of the issue, and make any pertinent recommendations.

Recommendation: None

Financial Impact: There is no financial impact to Watermaster as a result of the above recommendation.

### Future Consideration

**Watermaster Board – January 27, 2022:** Information only

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### ACTIONS:

**Watermaster Board – November 18, 2021:** Directed staff to consult with the parties and prepare a report on the issue.

**Appropriative Pool – January 13, 2022:** Provided advice and assistance

**Non-Agricultural Pool – January 13, 2022:** Provided advice and assistance

**Agricultural Pool – January 13, 2022:** Did not provide advice or assistance

**Advisory Committee – January 20, 2022:** Did not provide any advice or assistance

**Watermaster Board – January 27, 2022:**

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court,  
and to develop and implement an Optimum Basin Management Program*

## BACKGROUND

The City of Ontario (City) has raised both procedural and financial concerns regarding Watermaster's administration of the DYY Program and claims the FY 2021/2022 Assessment Package should not have been approved until its concerns were addressed. Those concerns were communicated in a letter to Watermaster dated November 1, 2021 (Attachment 1) and during the November 10, 2021 Appropriative Pool meeting. The concerns arise from a change in the stored water "take" mechanism and the administration of the Annual Operating Plan by an Operating Committee composed of representatives from the Metropolitan Water District of Southern California ("MWD"), the Inland Empire Utilities Agency ("IEUA"), the Three Valleys Municipal Water District ("TVMWD"), and Watermaster.

Watermaster believes that the City's concerns are not directed at Watermaster's arithmetic calculation of assessments arising from the operations of the DYY Program. Nor do the City's contentions appear to raise substantive issues regarding the physical impacts that may result from the storage in and recovery of stored water in the Basin under the DYY Program. Rather, they raise procedural issues and allege financial harm arising under the Annual Operating Plan and involve the actions of more than a single appropriator, IEUA, and MWD. More specifically, its concerns appear to be predominantly: (i) the precedent of how aspects of the Program's administration are adjusted and (ii) the specific financial consequences resulting from MWD's, IEUA's, TVMWD's and Watermaster's willingness to extend the recovery of imported water stored in the Basin from dry years to all years for the remainder of the Program.

For these reasons, Watermaster disagrees with the City's linking of the DYY Program concerns to Watermaster's approval of the annual Assessment Package and believes the matter should be considered among the affected members of the Appropriative Pool and thereafter by the Operating Committee, as may be needed. Any resulting changes can be reflected in adjustments to the Assessment Package as has been the common practice of Watermaster.

This item was presented to the Appropriative Pool in November 2021 as an information item. At its November 18, 2021 meeting, the Watermaster Board directed staff to consult with the Appropriative Pool and all interested parties about the issue.

## DISCUSSION

### Dry Year Yield Program – Overview

The following is a high-level overview of the program. Full details can be found in Attachment 2, a compendium of related information that has been circulated to the Pool and Advisory Committees and is linked at the end of this staff report.

The DYY Program is a Storage and Recovery program and includes a funding agreement where MWD agreed to provide specific financial and physical benefits to the parties and to the Basin in exchange for the right to store water. Storage is accomplished through IEUA and TVMWD under their separate agreements with members of the Appropriative Pool. The imported water stored in MWD's account may be withdrawn later by the parties under terms agreed to with MWD. Watermaster exerts oversight through a Court-approved Storage and Recovery Agreement and its seat on the Operating Committee.

Parties are required to produce the water and pay MWD for the delivery, and they receive an operational credit. As a condition of the program, MWD has invested \$27.5 million in local infrastructure, and makes an annual payment to Watermaster (\$177,430 for FY 2021/22), which lowers the parties' administrative assessments. The DYY Program was conditioned upon the Court approval of the Storage and Recovery Agreement, and both were reviewed and approved in 2004. The DYY Program is currently in its third cycle of put and take operation.

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court, and to develop and implement an Optimum Basin Management Program*

Although the Storage and Recovery Agreement has remained unchanged, there have been adjustments to the DYY Program since its inception, including an amendment to the DYY Program in 2015 that revised the Performance Criteria to be met during an MWD call; and a further change by letter agreement by the signatories to the DYY Program contract in 2019 which allowed parties to voluntarily extract water from the account as an alternative to producing water only during an MWD call.

### The City of Ontario's Concerns

The City's expressed concerns are grouped as shown below. This summary is offered to help the Board appreciate the nature of City's allegations and is not intended as a substitute for the City's right to state its current or future positions and supporting rationale. The City makes the following contentions:

1. Watermaster Performance regarding the DYY Program
  - [a] Watermaster did not perform an MPI analysis of the 2019 agreement for its effect on the Basin; in addition, Watermaster did not analyze the financial effects on the parties of the 2019 change.
  - [b] Watermaster did not bring the 2019 changes to the Pool and Advisory Committees for advice
  - [c] The Court Order approving the DYY Program includes language for Watermaster to approve an annual Operating Plan; Watermaster has not done so.
2. DYY Administration
  - [a] The 2019 change to the DYY Program was agreed to without the City's approval. The sub-agency agreements among IEUA and the parties should have also been changed at the same time.
  - [b] The 2019 change to the DYY Program changed the nature of the program by virtue of changing the Performance Criteria since the voluntary "takes" do not have an Imported Water Performance criterion to meet; while imported water was put in the basin, when the Imported Water baseline was waived for voluntary "takes" the program was no longer an imported water Storage and Recovery program.
  - [c] The decisions of the Operating Committee certifying 2020/2021 "takes" from the account by CVWD and FWC did not properly apply the Performance criteria that were approved in 2015.
  - [d] The Operating Committee allowed FWC to take water from the program account; FWC does not have a sub-agency agreement with IEUA.
  - [e] Because of its baseline, the City could not have taken an equal amount of water from the DYY account as CVWD was able to do.
  - [f] While a similar take was included in last year's Assessment Package, the transactions as reflected in the 2021/22 Assessment Package are shown incorrectly and should be reversed. Last years' approval is not a "get out of jail free" card.
3. Financial Effects
  - [a] The 2019 changes to the DYY Program are silent as to how assessments apply to water that is voluntarily produced.
  - [b] The water that was produced by CVWD and FWC should be treated as an exchange of stored water and subject to Watermaster and DRO assessments.
  - [c] Counting the produced water as a DYY "take" represents a cost shift to the City and other parties.

Watermaster's Responsive Position Regarding the City of Ontario's Concerns

The following are responsive to the enumerated concerns above:

1. Watermaster Performance regarding the DYY Program

[a] Watermaster performed MPI analysis for the entire program at its inception. In addition, Watermaster has evaluated storage with the Storage Framework Investigation and the Storage Management program, both of which included consideration of the DYY Program assuming it were being fully utilized. As a practical matter, it is well understood that cumulative storage and water levels are not materially impacted by seasonal recovery of stored water. This was recently evidenced by the Local Storage Limitation Solution, which was analyzed for MPI, adopted by Watermaster, had CEQA evaluation performed by IEUA, and approved by the Court in 2021. The 2019 changes did not and do not suggest the need for any further analyses. The changes that were agreed to in 2019 were suggested by IEUA member agencies and went through a year-and-a-half long open and transparent review.

[b] Watermaster reported the proposed 2019 changes to the "take" mechanism to the Pool Committees and the Board, as well as the DYY Program parties' intent to document the changes through an acknowledgment letter.

[c] The DYY program has gone through two put and take cycles. The DYY Program parties' practice from the start has been that the Annual Operating Plan is reviewed by the Operating Committee, on which Watermaster occupies one of five seats. During the first cycle, water was put and taken by various parties, including Ontario, and the function of the Operating Committee in this role was never questioned.

2. DYY Administration

[a] The DYY Program is a contract among four agencies (IEUA, TVMWD, MWD, and Watermaster.) In 2019 each of them agreed to the program changes, which were recommended by parties to the Judgment within the Appropriative Pool, after consulting with their stakeholders.

[b] The 2019 change to the DYY Program enhanced MWD's confidence in the DYY Program as it created greater ability for the stored water in MWD's account to be produced during its term, expiring in 2028. The DYY Program is still operated with the confines of the approved Storage and Recovery Agreement and an imported water program.

[c] The Operating Committee certified the Production Year 2020/21 "takes" from the account by CVWD and FWC, since they met the Performance Criteria for voluntary "takes".

[d] After discussion with the Operating Committee FWC was allowed to take water from the program account after having offered the opportunity to all other agencies; the voluntary "take" Performance Criteria were applied.

[e] The City was offered the opportunity to voluntarily "take" from the DYY Program account; its ability to do so depended on the Performance Criteria, just like every other agency. The City, in its complete discretion, chose not to do so in both Production Years 2019/20 and 2020/21.

[f] Watermaster staff believes that the transactions in both the 2020/21 and the 2021/22 Assessment Packages properly reflect the understood rules and directions for certified DYY Program "takes".

### 3. Financial Effects

[a] Watermaster believes that the 2019 changes did not change the nature of the DYY Program, as it is and remains an imported water Storage and Recovery program overseen by Watermaster through the Storage and Recovery Agreement and through its seat on the Operating Committee. The 2019 changes have been in effect for over two years and there has not been any discussion, until now, that the program puts and takes should be treated differently going forward than the current directions for Storage and Recovery Programs' puts and takes.

[b] The water that was taken from MWD's account by CVWD and FWC is considered a take from a Storage and Recovery account and as such, consistent with ten prior Assessment Packages, it is not subject to Watermaster assessments or DRO obligation.

[c] The effect of the CVWD and FWC "takes" can only be represented as a cost shift if one assumes that those agencies would have pumped the same amount pursuant to their own water rights instead of taking imported water, and even then, it can only be the case if all other parties had chosen to not perform in a manner similar to CVWD and FWC.

#### Addressing the City of Ontario's Concerns

As noted above, there is ample background to conclude that the 2019 adjustments to the DYY program's stored water "take" mechanism presented no physical threat of any kind to the Basin. The City's concerns are entirely directed at Watermaster's administration of the DYY Program and specifically the manner in which Watermaster agreed to the adjustments to the stored water "take" mechanism and how Watermaster administers the DYY Program through the Annual Operating Plan, including when and how adjustments and approvals are processed and agreed, at Watermaster, and at the Operating Committee.

Watermaster processed the proposed adjustment to the Annual Operation Plan through an open vetting over a 12-month period with IEUA and the members of the Appropriate Pool. Status reports were provided to stakeholders of what was being considered by the Operating Committee and why. The four parties to the DYY Funding Agreement concluded that the suggested adjustments could be accomplished without an amendment to the DYY Funding Agreement and instead selected the prior practice of using a letter agreement among the Operating Committee representatives.

The City's objections to the 2019 letter agreement are principally procedural in nature. In short, they contend that Watermaster should have followed a process in which it processed the 2019 letter agreement by requesting specific actions by the Pool Committees, the Advisory Committee, and approval by Board action that directed the General Manager to execute the 2019 letter agreement.

The City's allegations regarding the DYY Program do not raise credible concerns the 2019 adjustments to the stored water "take" mechanism would cause Material Physical Injury. They are procedural and financial and are most appropriately addressed in the proper venue:

First, the City's contention that the 2019 agreement should have triggered a contract amendment requiring direction from the Watermaster Board to the General Manager can be addressed at the discretion of the Board at any time insofar as future actions are concerned. However, the fact is that the 2019 agreement was executed by the General Manager as the representative of Watermaster with months'-long notice to the parties and without any questions or concerns. The letter agreement process was endorsed by all four DYY parties as proper under the agreement among them.

Second, the contention that the 2019 letter agreement changed the original intent of the program can be most appropriately handled by the Operating Committee, with representatives of all four parties to the Agreement. Watermaster has sought input from the DYY contract parties. Particularly, Watermaster asked two questions: [1] whether the changes after the 2019 agreement change the fundamental essence of the

DYY program by eliminating the imported water baseline requirement; and [2] if there was any harm to the parties by the extraction of the DYY water voluntarily.

MWD has indicated that the funding for this program comes from the water supply rate as opposed to the demand-management rate, meaning that, to MWD, this program is, in essence, a groundwater extraction enhancement program and not a demand management tool, therefore, they consider the increase in extraction of groundwater from the DYY account through voluntary “takes” as consistent with the program’s intent.

On the second question, MWD indicated that the effect of the voluntary withdrawals is the reduced availability of water for mandatory calls, however, this is also a benefit for the parties since mandatory calls have been practically eliminated by the voluntary “takes”.

Responses from the other parties to the DYY Program, specifically IEUA and TVMWD were similar.

On January 5, 2021 and at the direction of the Board, Watermaster facilitated a meeting between the representatives of the City of Ontario, Cucamonga Valley Water District, and Fontana Water Company to discuss the implementation of the Dry Year Yield Program moving forward.

Watermaster brought the matter to the Pool Committees for their consideration and input. Specifically, Watermaster staff requested the Pool Committees to offer any advice on [a] whether there has been any harm [if unchanged, could there be harm in the future]; [b] whether the accounting and assessments for “takes” under the 2019 provisions should be handled differently than they have been, possibly resulting in a revision to previous Assessment Packages, and [c] whether the Pool has advice/direction for Watermaster to present to the Operating Committee any modifications to the DYY program going forward.

The City of Ontario and Monte Vista Water District indicated they will provide written communication as their advice and assistance. The City of Chino Hills expressed that the voluntary withdrawals from the DYY account helped the stakeholders ease the pressure of exceeding the Safe Storage Capacity before the Local Storage Limitation Solution was implemented. The Non-Agricultural Pool provided the following comment as advice and assistance: “The Non-Agricultural Pool recognizes that Watermaster’s role is to administer the provisions of the Chino Basin Judgment as an arm of the Court. We want to ensure that Watermaster is strictly following Court Orders and Agreements throughout their implementation including administering amendments with the same formality and neutrality in which they were originally approved. Last November, the Board directed staff and legal counsel to evaluate Watermaster’s implementation of the Dry Year Yield Program in terms of consistency with the related Court Order and the corresponding concerns on the FY 2021/22 Assessment Package. Absent a resolution on this matter, we request that these findings be brought back through the Pool process for further advice and recommendation to the Advisory Committee and Board.” The Overlying Agricultural Pool did not offer any advice or assistance.

The Advisory Committee did not offer further advice or assistance during its January 20, 2022 meeting.

Watermaster staff will be presenting a summary of the issue to the Watermaster Board. After an extensive vetting process with stakeholders, staff has identified two recommendations as follows:

- Parties could reach agreement on forward implementation of the DYY Program under existing terms and conditions that addresses the City’s concerns; or,
- Parties could recommend one or more DYY modifications to IEUA, its Member Agencies, and Watermaster to consider and propose to the Operating Committee, leading to a DYY contract modification.

Since neither of the recommendations require Board action staff has no recommended action for the Board to consider.

ATTACHMENTS

1. Letter dated November 1, 2021 from City of Ontario to Chino Basin Watermaster titled "Questions and Comments on the Draft Fiscal Year 2021-22 Assessment Package"
2. Click on this [link](#) to access the Package of Dry Year Yield Program-Related Information



CITY OF



ONTARIO

303 EAST B STREET | ONTARIO, CALIFORNIA 91764

(909) 395-2000 FAX (909) 395-2070 OntarioCA.gov

PAUL S. LEON  
MAYOR

SHEILA MAUTZ  
CITY CLERK

ALAN D. WAPNER  
MAYOR PRO TEM

JAMES R. MILHISER  
TREASURER

JIM W. BOWMAN  
DEBRA DORST-PORADA  
RUBEN VALENCIA  
COUNCIL MEMBERS

SCOTT OCHOA  
CITY MANAGER

November 1, 2021

Peter Kavounas, General Manager  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730  
Email: [pkavounas@cbwm.org](mailto:pkavounas@cbwm.org)

**Re: Questions and Comments on the Draft Fiscal Year 2021-2022 Assessment Package**

Dear Peter:

The City of Ontario (Ontario) appreciates the opportunity to provide comments and submit questions on the draft Fiscal Year 2021-2022 Assessment Package.

The draft Fiscal Year 2021-2022 Assessment Package identifies a total of 23,000 AF of groundwater production produced from the storage account established for the Metropolitan Water District's (MWD) Chino Basin Conjunctive Use Program (CUP). The Chino Basin CUP and related Chino Basin Watermaster (Watermaster) storage agreements were approved through the Watermaster process in 2003 and 2004. The most recent Amendment No. 8 to the Chino Basin CUP is dated January 23, 2015 and included changes to the Exhibit G Operating Party Performance Criteria. The Operating Party Performance Criteria establishes, among other things, qualifying production as the measurement of a reduction to imported water deliveries and a corresponding replacement with the Chino Basin groundwater stored under this program. Ontario's understanding is that the storage and withdrawal of supplemental water under the Chino Basin CUP can only be done pursuant to a properly approved written agreement with Watermaster and shall not have an adverse impact on other produces.

Ontario requests that Watermaster explain the basis for exempting water produced from MWD's CUP, as identified in the draft Fiscal Year 2021-2022 Assessment Package, from the Watermaster assessment and the Desalter Replenishment Obligation (DRO) assessment. The exemption appears to be based, at least in part, on a March 20, 2019 letter agreement (2019 Letter) from the MWD and signed by Watermaster, Inland Empire Utilities Agency and Three

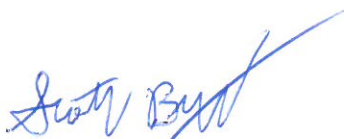
Valleys Municipal Water District with the subject line of "Chino Basin Groundwater Storage Actions and Voluntary Purchase Methodology". Specifically, Ontario would like responses to the following:

1. How did Watermaster evaluate the impacts of this significant change in the recovery of water originally stored under the Chino Basin CUP?
2. Explain and illustrate how the Exhibit G Performance Criteria is being met.
3. The 2019 Letter does not address the topic of Watermaster Assessments. The mechanics of this transaction appear to be more of a stored water purchase & transfer between MWD and individual Parties producing the water. Why is the production of this water not subject to the same assessments as other production by individual Parties?
4. When evaluating the 2019 Letter and the proposed changes, describe the Watermaster approval process. The contemplated changes in the 2019 Letter did not go through the Pools, Advisory Committee, or the Board. What was the basis for forgoing this process?
5. How was it determined that agencies who are not signatories to the Chino Basin CUP approved by Watermaster are allowed to participate in the recovery of water stored under this program?
6. How was it determined that broad based benefit was still being achieved?

The 2019 Letter fundamentally changed the recovery side of this Watermaster approved storage and recovery program without obtaining an approved written agreement through the Watermaster process. Additionally, the implications of these changes were not represented and/or evaluated to determine the impacts on individual parties.

Ontario appreciates the opportunity to provide comments on the draft Fiscal Year 2021-2022 Assessment Package and looks forward to working collaboratively with Watermaster and the various stakeholders towards a resolution of these concerns.

Sincerely,



Scott Burton, P.E.  
Utilities General Manager

CC: Appropiative Pool Parties

# CHINO BASIN WATERMASTER



## Dry Year Yield Program Information

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court,  
and to develop and implement an Optimum Basin Management Program*

# Dry Year Yield Program (DYY) Overview

## I. Overview of the DYY Program

In June 2003, The Metropolitan Water District of Southern California (MWD), Inland Empire Utilities Agency (IEUA), Three Valleys Municipal Water District (TVMWD) and Chino Basin Watermaster (CBWM) signed Agreement No. 49960 for a Groundwater Storage Program, DYY, within the Chino Basin. The program was signed to achieve the following key objectives:

- Minimize direct deliveries during drought/emergency situations
- Reduce summertime peaking on MWD's Rialto Pipeline
- Deliver State Water Project (SWP) supplies to help meet Basin Plan salinity objectives
- Improve water quality through well-head treatment
- Regional water supply benefits to MWD service area
- Provide agencies flexibility to buy from the DYY account at any time (2019 contract amendments)

The general terms of the Agreement are as follows:

- \$27.5 million investment from MWD
- 100,000 AF storage account
- 33,000 AF annual yield
- 25-year term
- MWD assessed losses
- MWD gives participants O&M credit
- MWD will pay CBWM the amount of \$132,000 per year for administration of the program. This amount will increase by 2.5% or the calculated CPI from May to May, whatever is less.<sup>1</sup>

The Performance Criteria for the Program are:

- I. IEUA & TVMWD agree to reduce imported water deliveries by approximately 33,000 AF from preceding 12-month period during the next 12-month period during a "call" year.
- II. IEUA, TVMWD & CBWM, through their agreements with Operating Parties, will pump during the next 12 months up to 33,000 AF from the MWD storage account during a "call" year; and
- III. Chino Basin pumping by Operating Parties in the DYY Program with the Appropriative Pool will increase over the previous year by 33,000 AF<sup>1</sup>.
- IV. Per the 2019 letter agreement from the "Chino Basin Groundwater Storage Actions and Voluntary Purchase Methodology", Parties could purchase water stored after June 1, 2017 by pumping over their groundwater baseline as defined in Exhibit G.

---

<sup>1</sup> Modified by 8<sup>th</sup> Amendment. The Operating Committee determines whether the criteria have been met and can vary from the agreement.

## **II. Approval Process**

- Funding Agreement approved by AC and Board on 3/27/2003 (Exhibit II.A)
- Funding Agreement signed by MWD, IEUA, TVWM and WM on 6/12/2003 (Exhibit II.B)
- Ordered by the Court 6/05/2003 (Exhibit II.C)
- Storage and Recovery Agreement approved by AC and Board on 3/25/2004 (Exhibit II.D)
- Storage and Recovery Ordered by the Court on 6/24/2004 (Exhibit II.E)
- Who are the Operating parties: City of Chino (Exhibit II.F), City of Chino Hills (Exhibit II.G), CVWD (Exhibit II.H), Jurupa, MVWD (Exhibit II.I), Ontario (Exhibit II.J), Pomona, and Upland

## **III. Function of the Operating Committee**

Per the 2003 Groundwater Storage Program Funding Agreement (Section VI), the Operating Committee's is composed of 5 members, two MWD and three representatives chosen by IEUA, TVMWD and Watermaster. The duties of the operating committee are described in Section VI of the 2003 Groundwater Storage Program and were updated in the 8<sup>th</sup> Amendment.

IEUA and TVMWD role in certifying takes

Section VI.B.4, "IEUA and TVMWD Obligations" states that they are responsible to "Certify the amount of water in the Metropolitan Storage Account pursuant to the Operating Committee and accounting; . . ." for the Operating Parties in their respective areas. Since the majority of the Operating Parties are within the IEUA service area, initial certification verification is handled by IEUA and distributed to the other Operating Committee representatives.

## **IV. Amendments to the Program**

Amendment #1 – May 6, 2004 - Allows for additional time for the completion of the facilities for the participating agencies. Approved by GM signature. (Exhibit IV.A)

Amendment #2 – August 31, 2004 - Allows for additional time for the completion of the facilities for the participating agencies. Approved by GM signature. (Exhibit IV.B)

Amendment #3 – 2005 - Allows for additional time for the completion of the facilities for the participating agencies. Approved by GM signature. (Exhibit IV.C)

Amendment #4 – May 16, 2008 – Allows for additional time for the completion of the facilities for the participating agencies. Approved by GM signature. (Exhibit IV.D)

Amendment #5 – March, 2009 – Change to Recital H to add additional funding to the project that became available through Prop 13. Approved by GM signature. (Exhibit IV.E)

Amendment #6 - September 2, 2009 – Allows for City of Chino to be reimbursed for Call year water expenses through their Benson Water Treatment Plant rather than the funded ion exchange facility identified in Exhibit H in call years 2008-2010. Approved by GM signature. (Exhibit IV.F)

Amendment #7 – July 2010 - Clarifies in call year May 1, 2010 through April 20, 2011 the water produced and available for DYY credits from the Benson Treatment Plant cannot exceed the City of Chino’s proportional share of the called amount. Approved by GM signature. (Exhibit IV.G)

Amendment #8 – January 23, 2015 – Adjustments to provisions within the Agreement, revises Exhibit F (Accounting methodology) and deletes and replaces the provisions of Exhibits G (Performance criteria). Approved by Advisory Committee and Board. (Exhibit IV.H)

**V. 2019 adjustment to definition of “takes”**

In 2017, MWD requested a “Put” cycle with the DYY program in response to heavy rainfall in the region. The total amount allowable to “Put” in a single year was reached very quickly and the Watermaster Board approved for Fiscal year 17/18 only, to allow an additional 25,000 acre-feet to be stored in the DYY account.

The Parties expressed concern with their ability to perform should a “Call” cycle occur, while MWD had concerns on the amount they could call each year with the changes to Exhibit G in Amendment 8. Extensive discussions on when the call may occur, as well as the fate of the stored water at the expiration of the DYY agreement in 2028 were had. In April 2018, discussions began with the Watermaster Parties and the Operating Committee on the possibility of an Early Withdrawal provision. MWD, with appreciation for the recent increase of the storage cap, offered an Early Withdrawal provision in February 2019.

Voluntary Extraction Letter Agreement (2019) (Exhibit V.A):

- MWD requested adding water to the DYY account in FY 16/17 and 17/18. Approximately 45,000 AF were added during this time through recharge and ASR injection.
- However, MWD purchases were an average of ~53,000 AF. During FY 15/16, the region would not have been able to extract more than ~6,000 AF in a call year.
- As a result, MWD agreed to expand the terms for extraction/ performance from the account to allow for voluntary extractions so that water was not left stranded at the end of the agreement. Note that any water left in the DYY account at the end of the program (2028) would be billed to the Chino Basin.

At the September Pool meetings and Board meeting, the Watermaster GM informed the parties about the intent to sign the letter agreement to allow for Voluntary Withdrawals. No opposition was expressed. The final letter was sent to the three General Managers (Watermaster, IEUA, and TVMWD) in February 2019. (See Exhibits V.B & V.C)



**VII. CVWD/FWC “takes” from DYY during the last two years**

Each year on behalf of the Operating Committee, IEUA reaches out to the Watermaster Appropriators to gauge interest to voluntarily pull water from the DYY account. The most recent inquiry was sent on April 27, 2021 (Exhibit VII.A).

Of the Parties that expressed interest, CVWD and FWC committed to the Voluntary extraction. (Exhibit VII.B).

In 19/20 CVWD voluntarily extracted 17,394 acre-feet.

In 20/21 CVWD voluntarily extracted 20,500 acre-feet and FWC extracted 2500 acre-feet.

The Baseline for CVWD was 5,536 af based on their share of Operating Safe Yield + Ag Reallocation.

The Baseline for FWC was 836 af based on their share of Operating Safe Yield + Ag Reallocation.

**VIII. Watermaster analyses of the effects of DYY on Storage**

Watermaster has continued to evaluate the effects of DYY operations on storage. Since Amendment #8 (2015), Watermaster has conducted the technical study to support the First Addendum to the OBMP PEIR (2017), the Storage Framework Investigation (2018), The Storage Management Plan in the context of the 2020 OBMP Update (2019). In March 2020, Watermaster issued a Notice of Potential Limitation of Storage that detailed the Safe Storage Capacity of the Chino Basin (600,000 acre-feet) and Watermaster’s ability to regulate Storage in case of an exceedance. The Local Storage Limitation Solution technical work to support the Second Addendum to the OBMP SEIR (2021) followed the Notice of Potential Limitation of Storage and it was a cooperative effort between the Parties, Watermaster and IEUA to provide certainty and reliability to the region’s stored water, increasing the Safe Storage Capacity to 700,000 acre-feet until 2030.

**IX. Other changes to calculation of Assessments**

Watermaster periodically reviews the databases and calculations that go into the Assessment Package. As part of the normal course of business Watermaster has modified the calculations and formulas at the request of the parties or as a result of a Court order. Most notably, during the period of 2013-2019, the Appropriative Pool negotiated changes to the allocation of Desalter Replenishment Obligation that resulted in changes in how assessments were calculated. During 2019, Watermaster conducted the revision of Assessment Packages dating back to 2014 to 2019 according to the March 15, 2019 order.

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<sup>i</sup> For FY 2019/2020, MWD paid CBWM \$171,905.17



# **CHINO BASIN WATERMASTER**

## **Exhibit II.A**

# CHINO BASIN WATERMASTER



## NOTICE OF MEETINGS

March 27, 2003

March 27, 2003 @ 10:00 a.m. - Advisory Committee Meeting

@ 1:00 p.m. - Watermaster Board Meeting

*at the office of the  
Chino Basin Watermaster  
8632 Archibald Avenue, Suite 109  
Rancho Cucamonga, CA 91730  
Tele. (909) 484-3888  
FAX (909) 484-3890  
[www.cbwm.org](http://www.cbwm.org)*

# AGENDA

## **CHINO BASIN WATERMASTER ADVISORY COMMITTEE**

10:00 a.m. – March 27, 2003

### **CALL TO ORDER**

### **AGENDA - ADDITIONS/REORDER**

#### **I. CONSENT CALENDAR**

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

##### **A. MINUTES**

1. Draft minutes of the Advisory Committee Meeting held January 30, 2003
2. Draft minutes of the Advisory Committee Meeting held February 27, 2003

##### **B. FINANCIAL REPORTS**

1. Cash Disbursement Report – February 2003
2. Combining Schedule Of Revenue, Expenses And Changes In Working Capital For The Period July 1, 2002 through January 31, 2003
3. Treasurer's Report of Financial Affairs For The Period December 1, through January 31, 2003
4. 2002-03 Actual YTD Revenues And Expenses Compared With Adopted 2002-03 Budget

##### **C. WATER TRANSACTION**

Lease of Production Rights from the City of Pomona to the Fontana Water Company in the amount of 2,500 acre-feet for Fiscal Year 2002-03  
(Notice mailed December 11, 2002 Pool Committees approved January 16, 2003)

#### **II. BUSINESS ITEMS - POSSIBLE ACTION**

##### **A. OBMP STATUS REPORT #6**

Consider approval of OBMP Status Report #6 to be filed with the Court on March 31, 2003.

##### **B. CONSIDER NOTICE TO TERMINATE CURRENT OFFICE LEASE**

Consider approval of providing notice to current management company of intent to move the offices of Watermaster on or about September 30, 2003.

##### **C. PRESENTATION ON CURRENT STATUS OF WATER QUALITY PROGRAM**

Mark Wildermuth will present the current status of Watermaster's water quality program (Program Element 6)

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

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

1. Chino Land & Water SBSC Case No. RCV 06484
2. Attorney/Managers Meeting(s)
3. Niagara Water Company Well Production

**B. CEO/STAFF REPORT**

- 1. MZ-1 Interim Monitoring Program for March 12, 2003
- 2. Dry Year Yield Project
- 3. Recharge Improvement Project
- 4. Replenishment Water Order
- 5. SB34 Legislation

**C. INLAND EMPIRE UTILITIES AGENCY**

- 1. MWD Update - Martha Davis
  - Colorado River - QSA
- 2. Conservation Programs - Dave Hill
  - Draft Water Conservation Information Package
  - Grant Programs
- 3. Legislative Update - Martha Davis
  - Proposition 50 - SB21
  - Santa Ana River Conservancy (AB 496)
  - Water Recycling/Title 16
  - Federal and State Legislative Issues
- 4. Other

**D. OTHER AGENCY REPORTS**

**IV. COMMITTEE MEMBER COMMENTS**

**V. OTHER BUSINESS**

**VI. FUTURE MEETINGS**

April 10, 2003	10:00 a.m.	Joint Meeting – Appropriative & Non-Ag Pools
	1:00 p.m.	Ag Pool Meeting
April 24, 2003	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting
*May 15, 2003	10:00 a.m.	Joint Meeting - Appropriative & Non-Ag Pools
	1:00 p.m.	Ag Pool Meeting
*May 29, 2003	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

(\*Please Note: May meetings have been moved to the 3<sup>rd</sup> and 5<sup>th</sup> Thursdays)

**FUTURE EVENTS**

April 8 & 9, 2003	AGWA/WEF Water Quality Conference @ Ontario Doubletree
April 11, 2003	Tentative Recharge Basin Project Groundbreaking
May 7, 8, 9, 2003	ACWA Conference @ Lake Tahoe

**Adjourn**

# **AGENDA**

## **CHINO BASIN WATERMASTER WATERMASTER BOARD**

1:00 p.m. – March 27, 2003

### **CALL TO ORDER**

### **PLEDGE OF ALLEGIANCE & INVOCATION**

### **PUBLIC COMMENTS**

### **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 for Watermaster Board Meeting held January 30, 2003

##### **B. FINANCIAL REPORTS**

1. Cash Disbursement Report – February 2003
2. Combining Schedule Of Revenue, Expenses And Changes In Working Capital For The Period July 1, 2002 through January 31, 2003
3. Treasurer's Report of Financial Affairs For The Period December 1, through January 31, 2003
4. 2002-03 Actual YTD Revenues And Expenses Compared With Adopted 2002-03 Budget

##### **C. WATER TRANSACTION**

Lease of Water Production Rights from the City of Pomona to the Fontana Water Company in the amount of 2,500 acre-feet for Fiscal Year 2002-03  
(Notice mailed December 11, 2002 Pool Committees approved January 16, 2003)

#### **II. BUSINESS ITEMS - POSSIBLE ACTION**

##### **A. OBMP STATUS REPORT #6**

Consider approval of OBMP Status Report No. 6 for filing with the Court on or before March 31, 2003.

##### **B. CONSIDER NOTICE TO TERMINATE CURRENT OFFICE LEASE**

Consider approval of providing notice to current management company by April 1 of intent to move the offices of Watermaster on or about September 30, 2003.

##### **C. PRESENTATION ON CURRENT STATUS OF WATER QUALITY PROGRAM**

Mark Wildermuth will present the current status of Watermaster's water quality program (Program Element No. 6)

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

- 1. Chino Land & Water SBSC Case No. RCV 06484
- 2. Attorney/Managers Meeting(s)
- 3. Niagara Water Company Well Production

**B. CEO/STAFF REPORT**

- 1. MZ-1 Interim Monitoring Program for March 12, 2003
- 2. Dry Year Yield Project
- 3. Recharge Improvement Project
- 4. Replenishment Water Order
- 5. SB34 Legislation

**C. AGWA REPORT**

- 1. Minutes for the meeting held January 21, 2003
- 2. Minutes for the meeting held February 18, 2003
- 3. Agenda for the meeting March 17, 2003

**IV. BOARD MEMBER COMMENTS**

**V. OTHER BUSINESS**

**VI. CONFIDENTIAL SESSION - POSSIBLE ACTION**

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster Board meeting for the purpose of discussion and possible action regarding Personnel Matters and/or Potential Litigation.

**VIII. FUTURE MEETINGS**

April 10, 2003	10:00 a.m.	Joint Meeting – Appropriative & Non-Ag Pools
	1:00 p.m.	Ag Pool Meeting
April 24, 2003	10:00 a.m.	Advisory Committee Meeting
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(\*Please Note: May meetings have been moved to the 3<sup>rd</sup> and 5<sup>th</sup> Thursdays)

**FUTURE EVENTS**

April 8 & 9, 2003	AGWAWWF Water Quality Conference @ Ontario Doubletree
April 11, 2003	Tentative Recharge Basin Project Groundbreaking
May 7, 8, 9, 2003	ACWA Conference @ Lake Tahoe

**Adjourn**

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# **CHINO BASIN WATERMASTER**

March 27, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

## **AGENDA PACKAGE MATERIALS**



# CHINO BASIN WATERMASTER

March 27, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

## I. CONSENT CALENDAR

A. MINUTES



**Draft Minutes**  
**CHINO BASIN WATERMASTER**  
**ADVISORY COMMITTEE MEETING**  
*January 30, 2003*

The Advisory Committee Meeting was held at the offices of the Chino Basin Watermaster, 8632 Archibald Ave., Suite 109, Rancho Cucamonga, CA, on January 30, 2003 at 10:00 a.m.

**ADVISORY COMMITTEE MEMBERS PRESENT**

Nathan DeBoom, Chair	Dairy, Milk Producers Council
Steve Arbelbide, Vice-Chair	California Steel Industries
Ken Jeske, 2 <sup>nd</sup> Vice-Chair	City of Ontario
<u>Agricultural Pool</u>	
Robert DeBerard	Crops
Jack Hagerman	State of California Institute for Men
Jeff Pierson	Crops, Unitex Corporation
<u>Non-Agricultural Pool</u>	
Vic Barrion	Reliant Energy, Etiwanda LLC
<u>Appropriative Pool</u>	
Gerald Black	Fontana Union Water Company
Jim Bryson	Fontana Water Company
Dave Crosley	City of Chino
Robert DeLoach	Cucamonga County Water District
Raul Garibay	City of Pomona
Mike Maestas	City of Chino Hills
Carol McGreevy	Jurupa Community Services District
Ray Wellington	San Antonio Water Company

**Watermaster Pool Members Present**

Rich Atwater	Appropriative Pool, Inland Empire Utilities Agency
James Jenkins	Non-Agricultural Pool, County Department of Airports
Bill Stafford	Appropriative Pool, Marygold Mutual Water Company
Bill Thompson	Appropriative Pool, City of Norco

**Watermaster Board Members Present**

Mike McGraw	Fontana Water Company
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**Watermaster Staff Present**

John Rossi	Chief Executive Officer
Sheri Rojo	Finance Manager
Mary Staula	Recording Secretary

**Watermaster Consultants Present**

Michael Fife	Hatch & Parent
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**Other Presents**

Dave Hill	Inland Empire Utilities Agency
Martha Davis	Inland Empire Utilities Agency
Sandra Elrod	Inland Empire Utilities Agency
Rita Kurth	Cucamonga County Water District
Henry Pepper	City of Pomona
Diane Sanchez	State Department of Water Resources

The Advisory Committee meeting was called to order by Chair deBoom at 10:05 a.m.

**AGENDA - ADDITIONS/REORDER**

Request to add II.B. Letter to SAWPA regarding Proposition 13 Funds

**RECOGNITION OF SERVICE**

Steve Arbelbide, California Steel Industries, was presented with a plaque expressing appreciation for the years he has dedicated to Watermaster activities. Mr. Arbelbide thanked the staff for their support and everyone for the education he has received as a result of his involvement with Watermaster.

**I. CONSENT CALENDAR****A. MINUTES**

1. Minutes of the Joint Meeting of the Non-Agricultural Pool, Appropriative Pool and Advisory Committee held December 12, 2002

**B. FINANCIAL REPORTS**

1. Cash Disbursement Report - December 2002
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2002 through November 30, 2002
3. Treasurer's Report of Financial Affairs for the Period November 1 through November 30, 2002
4. 2002-03 Actual YTD Revenues and Expenses Compared with Adopted 2002-03 Budget

**C. INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2002****D. NOTICE OF INTENT TO CHANGE OPERATING SAFE YIELD OF CHINO BASIN (pursuant to Judgment Exhibit 1 Paragraph 2(b))****E. RESOLUTION 03-01, AUTHORIZING AND DESIGNATING SIGNATORIES OF DEPOSITORY AGREEMENTS, DEPOSITORY CARDS AND DEPOSITS, TRANSFERS AND WITHDRAWALS OF FUNDS****F. DRAFT TWENTY-FIFTH ANNUAL REPORT**

Motion by DeLoach, second by Black, and by majority vote

Abstention: Wellington on B through E. He did not receive supporting materials prior to the meeting.

***Moved, to approve Consent Calendar Items A through F, as presented.***

**II. BUSINESS ITEMS****A. MAXIMUM BENEFIT ANALYSIS**

The contract issued to Risk Sciences to perform a maximum benefit analysis was approved and is complete. Staff requested authorization to pay administrative costs related to the contract, incurred by Santa Ana Watershed Project Authority (SWPA) in the amount of \$31,220.

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

***Moved, to approve staff recommendation to process payment of Invoice No. 50041 in the amount of \$31,220 for administrative costs incurred by SAWPA.***

Item II.B added

**B. LETTER TO SAWPA REGARDING PROPOSITION 13 FUNDS**

Mr. Rossi reported that due to the current budget crises, the State has indicated they might withhold future grant monies. A hearing will take place February 11 for testimonies on related issues. Staff asked for authorization to send a letter to SAWPA expressing concerns from Watermaster's perspective and encouraging them to meet commitments.

Mr. DeLoach said the CEO does not need authorization to send the letter but he might consider having the letter signed by Watermaster's Board Chair.

### III. REPORTS/UPDATES

#### A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

##### 1. Attorney/Managers Meeting(s)

General Legal Counsel Fife reported that an attorney/managers meeting would be held in February. A specific date has not been set.

##### 2. Colonies Project, Recharge Related Issues

Although a decision has not been made regarding Watermaster involvement, Counsel Fife has been asked to monitor the issues surrounding the Colonies Project and provide status updates. Currently, the Regional Water Quality Control Board has a "cease and desist order" on the project and any change in the status will be reported next month.

##### 3. Niagara Bottling Company

Appropriate measures are being taken to ensure that Niagara Bottling Company files a "Petition In Intervention" into the Judgement due to past and present production from an on-site well of approximately 300-400 acre-feet annually. To date, Niagara Bottling Company has not been willing to file the petition to resolve the matter. General Legal Council Fife will draft a legal complaint against Niagara Bottling Company for failure to intervene for attorney/managers to review at their February meeting.

##### 4. Chino Land & Water, SBSC Case No. RCV 064284

General Legal Counsel Fife said that a hearing is scheduled for February 6 to respond to the demurrers filed in this case. Immediately following the hearing, he will update Watermaster staff of any Court action or Court order.

Counsel Fife added that Watermaster's Twenty-fifth Annual Report would be filed with the Court tomorrow if approved by the Watermaster Board later this afternoon.

#### B. CEO/STAFF REPORT

##### 1. Watermaster Project Meeting Updates

- MZ1 Program

Mr. Rossi said the MZ1 Technical Committee has met four times to discuss the MZ1 draft monitoring work plan and associated budget. Mr. Wildermuth will give a presentation in February detailing the plan.

- MWD Dry Year Yield Program

An application for \$27.5 million DWR grant funds for the Dry Year Yield Program was submitted on behalf of seven agencies on January 2. Both technical and contract engineering people have been meeting to work through the \$1.6 million advanced funding to accomplish the CEQA work. A master agreement is being negotiated between MWD and IEUA and details should be available for reporting next month.

- Recharge Improvements Operating Agreements

Mr. Rossi reported that \$20 million in Proposition 13 funds would come through IEUA for the purpose of improving storm water, recycled water and recharge water. Four agencies (IEUA, SB County Flood Control District, Chino Basin Water Conservation District and Chino Basin Watermaster) have approved the Recharge Operations Agreement. Work will now focus on soliciting bids for improvements in several phases.

- American Association of Environmental Engineers Recognition

Mr. Rossi announced that Black & Veatch has submitted Watermaster's Optimum Basin Management Program (OBMP) to the American Association of Environmental Engineers for recognition of excellence in planning water supply and water quality improvements.

##### 2. Watermaster Administrative Updates

- Montclair Basins-Spreading (6500 AF)

Watermaster concluded spreading activities in Montclair Basin of 6500 acre-feet supplemental water in December.

- **Board Member Appointments**  
Mr. Rossi announced the new Watermaster Board appointments:  
Vic Barrion, Reliant Energy, Etiwanda (Non-Agricultural Pool replacement)  
Dan Rodriguez, City of Pomona (new Appropriative Pool member)  
Bob Kuhn, Three Valleys Municipal Water District (replacing Muriel O'Brien)  
Mike Whitehead, Nicholson Trust, Non-Major Producer (new Appropriative Pool member)
- 3. **Other Updates**
  - **Senator Soto's Legislation SB34**  
Discussions are on-going regarding legislation concerning a possible water quality authority. Mr. Rossi will deliver updates as discussions move forward.

### C. **INLAND EMPIRE UTILITIES AGENCY REPORT**

1. **MWD Conjunctive Use Program/Dry Year Yield**  
Mr. Atwater reported that a benefit of moving forward on the MWD Conjunctive Use Program would allow agencies to manage their peaks and incur cost savings.
2. **MWD Rate Structure Update**  
MWD will hold a public hearing on February 11 to discuss the water rates structure for calendar year 2004. Proposed rates will increase the treatment surcharge by \$10 acre-foot and change the capacity reservation charge for WFA and Cucamonga. Implementation of the proposed rate structure will not have a direct impact on Watermaster.
3. **IRP Update**  
Mr. Hill said a Board Workshop was held January 29 to discuss the IRP Update presented by Steve Arcala and Tim Blair. The workshop included various questions regarding the possibility of a full, 2.25 million acre-feet Colorado River aqueduct for normal hydrology and enhanced conservation; however, this was not confirmed. MWD will continue to work with IEUA's Board to fulfill the demands and expectations already set forth.
4. **Conservation Programs**
  - **Water Awareness Program**  
Mr. Hill noted that as a part of introducing the concept of water awareness, IEUA will send out sample table tents to more than 300 restaurants in the Inland Empire. Interested parties are requested to respond via fax.
  - **Water Rebate Program**  
Over 900 rebates have been issued through the Program. The goal is to issue 1,000 rebates in IEUA's service area. Mr. Hill said the goal should be met in February. With MWD funding, this program can continue through the end of calendar year 2003.
  - **Pool Rebate Program**  
Pool rebates began a few weeks ago and ten rebates have been issued. This pilot program is set to issue 250 rebates by the end of June. The pool rebate marketing materials are available at Leslie's Pool Supply stores. In relation to this rebate program, feedback will be used to develop a 5-1/2 year strategy plan.

ICP proposals must be submitted to MWD before February 7 to qualify for available funding (\$275,000) to implement the following:

- a. Pool Cover Survey Project
  - b. Float Control Device Project
  - c. Restaurant Steamer Study Joint Project
  - d. Landscape Management Program
  - e. School Education Program
5. **Legislative Update**  
Ms. Davis called attention to the legislation update in the package, although there are a few additional items to report:
    - a. California legislators continue to focus on FY 2003-04 budgets.
    - b. The Governor has agreed to drop the Vehicle License Fee proposal. If initiated, agencies would have experienced a 10% to 18% budget cut.

- c. Budget trailer bills have been approved both by the Senate and Assembly, deleting the cap on waste discharge fees and authorizing the State Water Resources Control Board to set fees based on cost recovery.
- d. Property tax shifts are still being negotiated; there is no concrete proposal as of yet.
- e. State agencies administering Proposition 50 funds through grant programs. IEAU is working with Watermaster and retail agencies to research and develop priority projects for achieving water quality and water supplement benefits.
- f. The Senate approved the Omnibus Bill for FY 2003 funding, pending an upcoming conference between the Senate and House.
- g. Continuing to move forward with authorization on FY 2004 funding for water quality improvement, local recycling and groundwater clean up.

**6. Communications Programs**

- A leadership breakfast will be held February 25 at 7:30 a.m., Doubletree Hotel. Mr. Rossi will report on water conservation activities and review highlights of the rebate program during a water demonstration.
- The Dolphin Group has put together the final marketing packet to be submitted to local newspapers, councils, boards, and chambers upon approval.

**7. Other**  
None

**D. OTHER AGENCY REPORTS**

None

**IV. POOL MEMBER COMMENTS**

None

**V. OTHER BUSINESS**

Mr. Rossi reminded everyone of the AGWA and WEF Groundwater Conference April 8 & 9.

**VI. FUTURE MEETINGS**

February 13, 2003	10:00 a.m.	Joint Meeting of the Non-Agricultural & Appropriative Pool
	1:00 p.m.	Agricultural Pool Meeting
February 27, 2003	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

The meeting adjourned at 11:00 a.m.

\_\_\_\_\_  
Secretary

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

**Draft Minutes**  
**CHINO BASIN WATERMASTER**  
**ADVISORY COMMITTEE MEETING**  
*February 27, 2003*

The Advisory Committee Meeting was held at the offices of the Chino Basin Watermaster, 8632 Archibald Ave., Suite 109, Rancho Cucamonga, CA, on February 27, 2003 at 10:00 a.m.

**ADVISORY COMMITTEE MEMBERS PRESENT**

Nathan DeBoom, Chair	Dairy, Milk Producers Council
<u>Agricultural Pool</u>	
Robert DeBerard	Crops
Jack Hagerman	State of California Institute for Men
<u>Non-Agricultural Pool</u>	
Vic Barrion	Reliant Energy, Etiwanda LLC
<u>Appropriative Pool</u>	
Gerald Black	Fontana Union Water Company
Dave Crosley	City of Chino
Robert DeLoach	Cucamonga County Water District
Mohamed El Amany	City of Ontario
Raul Garibay	City of Pomona
Mark Kinsey	Monte Vista Water District
Mike Maestas	City of Chino Hills
Michael McGraw	Fontana Water Company
Carol McGreevy	Jurupa Community Services District
J. Arnold Rodriguez	Santa Ana River Company
Ray Wellington	San Antonio Water Company

**Watermaster Pool Members Present**

Martha Davis	Appropriative Pool, Inland Empire Utilities Agency
Bill Stafford	Appropriative Pool, Marygold Mutual Water Company

**Watermaster Staff Present**

John Rossi	Chief Executive Officer
Sheri Rojo	Finance Manager
Devonia Williams	Temporary Recording Secretary

**Watermaster Consultants Present**

Michael Fife	Hatch & Parent
Scott Slater	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental, Inc.

**Other Presents**

Sandra Elrod	Inland Empire Utilities Agency
Josephine Johnson	Monte Vista Water District
Barrett Kehl	Chino Basin Water Conservation District
Tom Love	Inland Empire Utilities Agency
Diane Sanchez	State Department of Water Resources

The Advisory Committee meeting was called to order by Chair deBoom at 10:05 a.m.

**AGENDA - ADDITIONS/REORDER**

None

**I. CONSENT CALENDAR****A. FINANCIAL REPORTS**

1. Cash Disbursement Report – January 2003
2. Combining Schedule Of Revenue, Expenses And Changes In Working Capital For The Period July 1, 2002 through December 31, 2002
3. Treasurer's Report of Financial Affairs For The Period December 1, through December 31, 2002
4. 2002-03 Actual YTD Revenues And Expenses Compared With Adopted 2002-03 Budget

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

***Moved to approve Consent Calendar Items A.1 through 4, as presented.***

**II. BUSINESS ITEMS****A. PRESENT MWD DRY YEAR YIELD PROJECT AGREEMENT**

Mr. Rossi reported that after several meetings, the participating agencies to this Agreement reached a consensus on funding allocations, performance obligation targets and other project facility elements for the Dry Year Yield Project. To date, grant funding has been approved, the CEQA deadline was met, and an analysis for calculating the present value of cash flow streams generated by the project was prepared by Black & Veatch and included in the agenda package. The Pool Committees forwarded a recommendation that staff move forward. As requested by JCSD, IEUA provided a written summary of the basin-wide benefits of the Chino Basin Conjunctive Use Dry Year proposed project with MWD.

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

***Moved, to approve staff begin processing the Dry Year Yield Project Agreement between Metropolitan Water District (MWD), Inland Empire Utilities Agency (IEUA) and Watermaster, the related storage application and the engineering analysis.***

In response to the February 24, 2003 letter provided, Mr. Wellington wanted to ensure that a matrix is designed to compare the terms of this project with key elements contained in the OBMP Implementation Plan and the Peace Agreement in order to meet the long term funding expectations of the Appropriators. Mr. Rossi suggested that legal staff prepare findings based on the concept/criteria of this business deal for committee approval in March. Legal Counsel Slater requested direction for legal staff to cure any discrepancies in the agreement before implementing a final version. Counsel provided a memorandum of review of Metropolitan Dry Year Yield Master Agreement as a handout.

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

***Moved, to amend above motion to include direction to General Legal Counsel to investigate, allowing for modification to the Dry Year Yield Project Agreement of any discrepancies found between agreements before moving forward with the final Dry Year Yield Project Agreement.***

**B. CONSIDER IMPLEMENTATION OF MZ1 MONITORING WORK PLAN**

The Interim Plan for the Management of Subsidence that Watermaster filed with the Court established parameters for collecting data associated with subsidence in MZ1. As a result of many meetings, a Monitoring Work Plan has been developed that outlines several monitoring elements including aquifer stress tests, land surface surveys and the use of satellite imagery. The related budget outlines specific tasks, engineering costs and other direct costs for each task. The Plan and related budget were included in the agenda package and reviewed at the meeting. Staff was asked to define the budgetary limits on the MZ1 Budget, Work Plan.

The Court requires Watermaster file a long-term plan for the management of subsidence in MZ1 three years from the date of the Interim Plan. Staff requested approval to implement the Monitoring Work Plan and the reallocation of funds in the FY 2002-03 approved budget for the associated costs.

Motion by Wellington, second by Crosley, and by unanimous vote

***Moved, to recommend the Board approve the Monitoring Work Plan for MZ1 subsidence and the reallocation of funds for the associated costs.***

### III. REPORTS/UPDATES

#### A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Chino Land & Water SBSC Case No. RCV 06484  
At a hearing held February 6, Superior Court Judge Norell dismissed this case after considering papers filed for and against the demurrer.
2. Attorney/Managers Meeting(s)  
An Attorney/Managers Meeting was held February 16 to discuss the dismissal of the Chino Land Water Company case and potential legal action against Niagara Water Company.
3. Niagara Water Company Well Production  
After corresponding with representatives of Niagara Water Company regarding their well production and obligation to intervene into the Chino Basin Judgment, it was Legal Counsel's opinion that Watermaster should move forward with legal action in the matter.

#### B. CEO/STAFF REPORT

1. Update regarding fees and charges related to the SCIWP funded projects (attachment)  
Mr. Rossi provided recent information that additional fees and charges may be imposed on agencies with approved SCIWP funded projects. A brief discussion ensued.
2. Status Update regarding Recharge Improvement Project  
The Recharge Operations Agreement received approval by all four parties and is currently with the County for execution. The first Operating Committee Meeting between the four agencies will be scheduled in the near future. More information should be available for reporting at the March meetings.
3. Discussion regarding SB34 Legislation  
Letters from Monte Vista Water District and the City of Rialto to Senator Soto regarding SB34 were handed out as information. It was determined that Watermaster would not submit anything with regard to the Senator regarding SB34 at this time. The committees will continue discussions in March with regard to this legislation.

#### C. INLAND EMPIRE UTILITIES AGENCY

1. MWD Update  
Mr. Love, IEUA, provided an update on various MWD activities such as imported water sales (Tier 1/Tier 2), the revised capacity reservation charge proposal and the MWD annual progress report to the California State Legislature.
2. Colorado River and CALFED Activities  
Mr. Love briefly reported on Colorado River and CALFED activities on behalf of Mr. Atwater.
3. Conservation Programs  
Ms. Davis reviewed the current six-month conservation/communication programs proposed and implemented by IEUA.
4. Legislative Update  
With regard to legislative issues, Ms. Davis discussed the trickling down affects of mid-year state budget cuts. With regard to ERAF Property Tax Shifts, IEUA is continuing to participate in local and regional coalitions to track them and to date; there are no concrete proposals.



Senator Machado supports allocation of Proposition 50 funds through competitive grant programs administered by State agencies. IEUA and Watermaster are working with retail agencies to develop a list of priority projects that will provide water quality and water supply benefits and coordinating with SAPA and MWD on Proposition 50 funding requests.

A January Legislative Report on the current state budget crisis was provided. In order to balance the FY 2002/03 state budget, \$10 billion cuts and/or fee increases are being considered at a special session. A chart was provided listing IEUA's bills of interest going through the special and regular sessions of the Legislature.

The Dolphin Group continues to pursue a number of efforts and issues on behalf of the Chino Basin Coalition. Their update was on page 111 of the agenda package.

- 5. Other
- None

**IV. COMMITTEE MEMBER COMMENTS**

None

**V. OTHER BUSINESS**

None

**VI. FUTURE MEETINGS**

March 13, 2003	10:00 a.m.	Joint Meeting – Appropriative & Non-Ag Pools
	1:00 p.m.	Ag Pool Meeting
March 27, 2003	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

There being no further business to come before the Advisory Committee, the meeting was adjourned.

\_\_\_\_\_  
Secretary

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

Draft Minutes  
**CHINO BASIN WATERMASTER**  
**ANNUAL MEETING**  
**WATERMASTER BOARD**  
*January 30, 2003*

A Board meeting was held at the offices of the Chino Basin Watermaster, 8632 Archibald Avenue, Suite 109, Ranch Cucamonga, CA, on January 30, 2003 at 1:00pm.

**WATERMASTER BOARD MEMBERS PRESENT**

Vic Barrion	Non-Agricultural Pool, Reliant Energy, Etiwanda LLC
Terry Catlin	Inland Empire Utilities Agency
Paul Hofer	Agricultural Pool, Crops
Bob Kuhn	Three Valleys Municipal Water District
Dan Rodriguez	Appropriative Pool, City of Pomona
Donald Schroeder	Western Municipal Water District
Michael Whitehead	Appropriative Pool, Nicholson Trust

**WATERMASTER BOARD ALTERNATES PRESENT**

Glenn Duncan	City of Chino
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**WATERMASTER BOARD MEMBERS ABSENT**

Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
Dennis Yates	City of Chino

**Agricultural Pool Members Present**

Robert DeBerard	Crops
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**Appropriative Pool Members Present**

Mark Kinsey	Monte Vista Water District
Rita Kurth	Cucamonga County Water District
Mike McGraw	Fontana Water Company
Henry Pepper	City of Pomona
Dan Rodriguez	City of Pomona
Gerald Black	Fontana Union water Company
Dave Crosley	City of Chino
Rich Atwater	Inland Empire Utilities Agency
Glenn Duncan	City of Chino
Jim Bryson	Fontana Water Company

**Non-Agricultural Pool Members Present**

Bob Bowcock	Vulcan Materials Company
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**Watermaster Staff Present**

John Rossi	Chief Executive Officer
Sheri Rojo	Finance Manager
Michelle Lauffer	Water Resources Specialist
Mary Staula	Recording Secretary/Administrative Assistant

**Watermaster Consultants Present**

Michael Fife	Hatch & Parent
Tim Buynak	Hatch & Parent
Dave Argo	Black & Veatch

**Others Present**

David DeJesus	Three Valleys Municipal Water District
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Barbara Gilbert  
Bob Kuhn  
Diane Sanchez

Western Municipal Water District  
Three Valleys Municipal Water District  
Department of Water Resources

Chairman McGraw called the meeting to order at 1:05 p.m. and led the flag salute followed by a moment of silence to reflect on the duties before Watermaster.

**AGENDA - ADDITIONS/REORDER**

None

**PUBLIC COMMENTS**

None

**RECOGNITION - Steve Arbelbide**

Steve Arbelbide, California Steel Industries, was presented with a plaque expressing appreciation for the years he dedicated to Watermaster activities, including his service time on the Watermaster Board. Mr. Arbelbide thanked staff for their support, for team efforts he participated in, and for the education he received through his involvement with Watermaster.

**I. CALENDAR YEAR 2003 OFFICERS**

**A. ELECTION OF OFFICERS Calendar-Year 2003 Watermaster Board**

Nominations were heard for the slate of officers to serve on the Watermaster Board during calendar year 2003.

Motion by Hofer, second by Barrion, and by unanimous vote

*Moved, to approve Board Member Yates serve as Chair during calendar year 2003.*

Motion by Hofer, second by Duncan, and by unanimous vote

*Moved, to approve Board Member Catlin serve as Vice-Chair during calendar year 2003.*

Motion by Catlin, second by Duncan, and by unanimous vote

*Moved, to approve Board Member Rodriguez serve as Secretary/Treasurer during calendar year 2003.*

**CALENDAR YEAR 2003 WATERMASTER BOARD OFFICERS:**

<b>Chair</b>	<u>Dennis Yates, City of Chino</u>
<b>Vice-Chair</b>	<u>Terry Catlin, Inland Empire Utilities Agency</u>
<b>Secretary/Treasurer</b>	<u>Dan Rodriguez, City of Pomona</u>

**RECOGNITION – Mike McGraw (Fontana Water Company)**

On behalf of staff and the parties of Watermaster, Mr. Rossi expressed appreciation to Mr. McGraw for his hard work while serving as the Chair of the Watermaster Board during calendar year 2002.

**II. CONSENT CALENDAR**

**A. MINUTES**

- 1. Minutes of the Watermaster Board Meeting held December 12, 2002

**B. FINANCIAL REPORTS**

- 1. Cash Disbursement Report - December 2002
- 2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2002 through November 30, 2002
- 3. Treasurer's Report of Financial Affairs for the Period November 1 through November 30, 2002
- 4. 2002-03 Actual YTD Revenues and Expenses Compared with Adopted 2002-03 Budget

- C. **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2002**
- D. **NOTICE OF INTENT TO CHANGE OPERATING SAFE YIELD OF CHINO BASIN (Pursuant to Judgment Exhibit 1 Paragraph 2(b))**
- E. **RESOLUTION 03-01, AUTHORIZING AND DESIGNATING SIGNATORIES OF DEPOSITORY AGREEMENTS, DEPOSITORY CARDS AND DEPOSITS, TRANSFERS AND WITHDRAWALS OF FUNDS**
- F. **DRAFT TWENTY-FIFTH ANNUAL REPORT**

Motion by Duncan, second by Rodriguez, and by unanimous vote

*Moved, to approve Consent Calendar Items A through F, as presented.*

### III. **BUSINESS ITEMS**

#### A. **MAXIMUM BENEFIT ANALYSIS**

Mr. Rossi explained that a contract was approved and issued to Risk Sciences to perform a maximum benefit analysis. The work has been completed and staff is requesting authorization to pay administrative costs related to the contract. SAWPA incurred costs in the amount of \$31,220 while administering the contract, attending meetings and assisting Watermaster in this effort. The Pools and Advisory Committee forwarded a recommendation for approval.

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

*Moved, to approve staff recommendation to process payment of Invoice No. 50041 in the amount of \$31,220 for administrative costs incurred by SAWPA.*

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

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

General Legal Counsel Fife (Counsel Fife) reported in addition to the following items that Watermaster's Twenty-Fifth Annual Report would be filed with the Court tomorrow.

1. **Attorney/Managers Meeting(s)**

General Legal Counsel Fife reported that an attorney/managers meeting would be held in February. A specific date has not been set.

2. **Colonies Project, Recharge Related Issues**

Counsel Fife reported that the Colonies Project is currently under a cease and desist order. Although there has been no decision to initiate Watermaster involvement, he will continue to monitor the issues and provide updates until resolution has been reached with regard to the Cucamonga County Basin.

3. **Niagara Bottling Company**

Appropriate measures are being taken to ensure that Niagara Bottling Company files a "Petition In Intervention" into the Judgement due to past and present production from an on-site well of approximately 300-400 acre-feet annually. To date, Niagara Bottling Company has not been willing to file the petition to resolve the matter. General Legal Council Fife will draft a legal complaint against Niagara Bottling Company for failure to intervene for attorney/managers to review at their February meeting

4. **Chino Land & Water, SBSC Case No. RCV 064284**

Counsel Fife stated that a hearing is scheduled for February 6 to respond to the demurrers filed in this case. Immediately following the hearing, he will update Watermaster staff of any Court action or Court order.

**B. CEO/STAFF REPORT****1. Watermaster Project Meeting Updates**

- **MZ1 Program**

Mr. Rossi said the MZ1 Technical Committee has met four times to discuss the MZ1 draft monitoring work plan and associated budget. Mr. Wildermuth will give a presentation in February detailing the plan.

- **MWD Dry Year Yield Program**

An application for \$27.5 million DWR grant funds for the Dry Year Yield Program was submitted on behalf of seven agencies on January 2. Both technical and contract engineering people have been meeting to work through the \$1.6 million advanced funding to accomplish the CEQA work. A master agreement is being negotiated between MWD and IEUA and details should be available for reporting next month.

- **Recharge Improvements Operating Agreements**

Mr. Rossi reported that \$20 million in Proposition 13 funds would come through IEUA for the purpose of improving storm water, recycled water and recharge water. The four-party Recharge Operations Agreement between IEUA, SB County Flood Control District, Chino Basin Water Conservation District and Chino Basin Watermaster has been approved by each agency. Work will now focus on soliciting bids for improvements in several phases.

- **American Association of Environmental Engineers Recognition**

Mr. Rossi announced that Black & Veatch has submitted Watermaster's Optimum Basin Management Program (OBMP) to the American Association of Environmental Engineers for recognition of excellence in planning water supply and water quality improvements.

**2. Watermaster Administrative Updates**

- **Montclair Basins-Spreading (6500 AF)**

Watermaster concluded spreading 6500 acre-feet of supplemental water in the Montclair Basin last month to meet its obligation in the Peace Agreement.

**3. Other Updates**

- **Senator Soto's Legislation SB34**

Discussions are on-going regarding legislation concerning a possible water quality authority. Mr. Rossi will deliver updates as discussions move forward.

- **AGWA**

AGWA met at the offices of Watermaster on January 21, 2003. The key focus of the meeting was MWD's Colorado River water supply, specifically the Colorado River Quantification Settlement Agreement. Additionally, MWD is developing a new program for the sale of replenishment and in-lieu water that they hope to implement by July 2003. They will not have replenishment water available until the maintenance at Lake Matthews is complete.

The February 18 AGWA meeting will also be held at the offices of Watermaster. At that meeting, Mr. Argo will give a presentation on the Dry Year Yield Program.

**IV. BOARD MEMBER COMMENTS**

New members expressed appreciation for the opportunity to become more involved in the good work being accomplished in Chino Basin.

**V. OTHER BUSINESS**

None

**VI. CONFIDENTIAL SESSION**

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster Board Meeting for the purpose of discussion and possible action regarding Personnel Matters and/or Potential Litigation.

The Watermaster Board adjourned to Confidential Session and upon reconvening at 2:40 p.m. Counsel Fife reported that the following action was taken:

***Motion to authorize CEO Rossi to implement the Watermaster administration and engineering services restructure proposal recommended by the Personnel Committee.***

**VII. FUTURE MEETINGS**

February 13, 2003	10:00 a.m.	Joint Meeting of the Non-Agricultural & Appropriative Pool
	1:00 p.m.	Agricultural Pool Meeting
February 27, 2003	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

There being no further business to come before the Board, the meeting adjourned at 2:40 p.m.

\_\_\_\_\_  
Secretary

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



# CHINO BASIN WATERMASTER

March 27, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

## I. CONSENT CALENDAR

B. FINANCIAL REPORTS



# CHINO BASIN WATERMASTER

8632 Archibald Avenue, Suite 109, Rancho Cucamonga, Ca 91730  
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

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**JOHN V. ROSSI**  
Chief Executive Officer

**TRACI STEWART**  
Chief of Watermaster Services

## STAFF REPORT

**DATE:** March 27, 2003

**TO:** Advisory Committee Members  
Watermaster Board Members

**SUBJECT:** CASH DISBURSEMENT REPORT – February 2003

### SUMMARY

**Issue** – Record of cash disbursements for the month of February 2003.

**Recommendation** – Staff recommends the Cash Disbursements for February 2003 be received and filed as presented.

**Fiscal Impact** – All funds disbursed were included in the FY 2002-03 Watermaster Budget.

### BACKGROUND

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

### DISCUSSION

Total cash disbursements during the month of February were \$934,131.80. The most significant expenditures during that month were Inland Empire Utilities Agency in the amount of \$255,612; Wildermuth Environmental Inc. in the amount of \$125,703; City of Upland in the amount of \$111,173; and Hatch & Parent in the amount of \$66,045.



12:00 PM  
02/28/03  
Accrual Basis

CHINO BASIN WATERMASTER  
Cash Disbursement Detail Report  
February 2003

Type	Date	Num	Name	Amount
Feb 03				
General Journal	2/1/2003	03/01/12	PAYROLL	-15,447.03
General Journal	2/1/2003	03/01/11	PAYROLL	-9,421.00
General Journal	2/1/2003	03/01/11	PAYROLL	-15,472.51
Check	2/1/2003	5429	PETTY CASH	-429.78
Check	2/4/2003	5361	TOGO'S	-81.90
Bill Pmt -Check	2/4/2003	5362	COSTCO	-574.24
Bill Pmt -Check	2/4/2003	5363	DALIA'S PIZZA MARKET	-506.27
Bill Pmt -Check	2/4/2003	5364	MCGRAW, MICHAEL	-250.00
Bill Pmt -Check	2/4/2003	5365	MWH LABORATORIES	-1,014.00
Bill Pmt -Check	2/4/2003	5366	PARK PLACE COMPUTER SOLUTIONS, INC.	-1,700.00
Bill Pmt -Check	2/4/2003	5367	PAYCHEX	-204.80
Bill Pmt -Check	2/4/2003	5368	PETTY CASH	-451.45
Bill Pmt -Check	2/4/2003	5369	VELASQUEZ JANITORIAL	-175.00
Bill Pmt -Check	2/4/2003	5370	VERIZON	-498.95
Check	2/6/2003	5371	STEWART, TRACI L.	0.00
Check	2/6/2003	5372	STEWART, TRACI L.	0.00
Bill Pmt -Check	2/6/2003	5373	APPLIED COMPUTER TECHNOLOGIES	-2,383.90
Bill Pmt -Check	2/6/2003	5374	REID & HELLYER	-1,516.00
Bill Pmt -Check	2/6/2003	5375	UNITED PARCEL SERVICE	-457.22
Check	2/10/2003	5377	STEWART, TRACI L.	-19,430.52
Check	2/10/2003	5378	LAUFFER, MICHELLE D	-13,708.67
Check	2/14/2003	5379	MARYGOLD MUTUAL WATER CO.	-25,270.00
Check	2/14/2003	5380	MONTE VISTA IRRIGATION COMPANY	-66,045.13
Check	2/14/2003	5381	NICHOLSON TRUST	-52.33
Check	2/14/2003	5382	SAN ANTONIO WATER COMPANY	-58,805.52
Check	2/14/2003	5383	UPLAND, CITY OF	-111,173.13
Bill Pmt -Check	2/14/2003	5384	CHEVRON	-367.71
Bill Pmt -Check	2/14/2003	5385	ELLISON, SCHNEIDER & HARRIS, LLP	-8,773.03
Bill Pmt -Check	2/14/2003	5386	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	2/14/2003	5387	INLAND COUNTIES INSURANCE SERVICES, INC.	-413.97
Bill Pmt -Check	2/14/2003	5388	INLAND EMPIRE UTILITIES AGENCY	-255,612.40
Bill Pmt -Check	2/14/2003	5389	LOS ANGELES TIMES	-39.92
Bill Pmt -Check	2/14/2003	5390	MCCALL'S METER SALES & SERVICE	-3,634.75
Bill Pmt -Check	2/14/2003	5391	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-3,981.29
Bill Pmt -Check	2/14/2003	5392	PUMP CHECK	-14,340.29
Bill Pmt -Check	2/14/2003	5393	RICOH BUSINESS SYSTEMS-Lease	-3,591.31
Bill Pmt -Check	2/14/2003	5394	RICOH BUSINESS SYSTEMS-Maintenance	-586.42
Bill Pmt -Check	2/14/2003	5395	SANTA ANA WATERSHED PROJECT AUTHORITY	-1,000.00
Bill Pmt -Check	2/14/2003	5396	SOUTHERN CALIFORNIA EDISON	-564.60
Bill Pmt -Check	2/14/2003	5397	STATE COMPENSATION INSURANCE FUND	-630.20
Bill Pmt -Check	2/14/2003	5398	WHEELER METER MAINTENANCE	-10,609.17
Bill Pmt -Check	2/14/2003	5399	WILDERMUTH ENVIRONMENTAL INC	-58,097.87
Bill Pmt -Check	2/14/2003	5400	WORLDCOM	-945.95
Check	2/14/2003	5401	ACWA SERVICES CORPORATION	0.00
Check	2/14/2003	5402	ACWA SERVICES CORPORATION	-74.46
Bill Pmt -Check	2/14/2003	5403	PUMP CHECK	-882.34
Check	2/18/2003	5405	TOGO'S	-93.75
Bill Pmt -Check	2/27/2003	5406	ARROWHEAD MOUNTAIN SPRING WATER	-35.28
Bill Pmt -Check	2/27/2003	5407	BANK OF AMERICA	-840.60
Bill Pmt -Check	2/27/2003	5408	BLACK & VEATCH CORPORATION	-4,057.50
Bill Pmt -Check	2/27/2003	5409	CALPERS	-1,492.12
Bill Pmt -Check	2/27/2003	5410	CITIZENS CONFERENCING	-46.80
Bill Pmt -Check	2/27/2003	5411	COSTCO	-80.00
Bill Pmt -Check	2/27/2003	5412	DELUXE BUSINESS FORMS & SUPPLIES	-98.16
Bill Pmt -Check	2/27/2003	5413	HATCH AND PARENT	-56,792.43
Bill Pmt -Check	2/27/2003	5414	INLAND EMPIRE UTILITIES AGENCY	-132.25
Bill Pmt -Check	2/27/2003	5415	MCCALL'S METER SALES & SERVICE	-8,327.51
Bill Pmt -Check	2/27/2003	5416	MWH LABORATORIES	-30.00
Bill Pmt -Check	2/27/2003	5417	NEXTEL COMMUNICATIONS	-419.95
Bill Pmt -Check	2/27/2003	5418	OFFICE DEPOT	-914.23
Bill Pmt -Check	2/27/2003	5419	PUMP CHECK	-715.00
Bill Pmt -Check	2/27/2003	5420	QUILL	-142.94
Bill Pmt -Check	2/27/2003	5421	RANCHO TECH LLC	-4,368.00
Bill Pmt -Check	2/27/2003	5422	RICOH BUSINESS SYSTEMS-Maintenance	-5.92
Bill Pmt -Check	2/27/2003	5423	RODRIGUEZ, DAN	-135.80
Bill Pmt -Check	2/27/2003	5424	STANDARD INSURANCE CO.	-420.41
Bill Pmt -Check	2/27/2003	5425	TLC STAFFING	-1,406.72
Bill Pmt -Check	2/27/2003	5426	UNITEK TECHNOLOGY INC.	-1,087.21
Bill Pmt -Check	2/27/2003	5427	WHEELER METER MAINTENANCE	-2,816.00

12:00 PM  
02/28/03  
Accrual Basis

CHINO BASIN WATERMASTER  
Cash Disbursement Detail Report  
February 2003

Type	Date	Num	Name	Amount
Bill Pmt -Check	2/27/2003	5428	WILDERMUTH ENVIRONMENTAL INC	-67,605.51
Bill Pmt -Check	2/27/2003	5430	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-4,957.62
General Journal	2/27/2003	03/02/1	PAYROLL	-33,139.19
General Journal	2/27/2003	03/02/2	PAYROLL	-9,592.04
General Journal	2/27/2003	03/02/2	PAYROLL	-12,048.34
Bill Pmt -Check	2/28/2003	5431	BARRION, VICTOR A	-250.00
Bill Pmt -Check	2/28/2003	5432	CITISTREET	-5,576.26
Bill Pmt -Check	2/28/2003	5433	PARK PLACE COMPUTER SOLUTIONS, INC.	-1,400.00
Bill Pmt -Check	2/28/2003	5434	PUMP CHECK	-314.26
Bill Pmt -Check	2/28/2003	5435	RAUCH COMMUNICATION CONSULTANTS, LLC	-2,285.05
Bill Pmt -Check	2/28/2003	5436	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-3,164.92
Feb 03				<u>-934,131.80</u>

CHINO BASIN WATERMASTER  
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL  
 FOR THE  
 PERIOD JULY 1, 2002 THROUGH JANUARY 31, 2003

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2002-03
Administrative Revenues										
Administrative Assessments			\$4,470,784.83		\$149,042.18				\$4,619,827.01	\$3,797,572
Interest Revenue			30,443.60	\$5,826.92	1,788.52			\$35.54	38,094.58	132,890
Mutual Agency Project Revenue	\$ 26,628.93								26,628.93	0
Grant Income									0.00	0
Miscellaneous Income									0.00	0
<b>Total Revenues</b>	<b>26,628.93</b>	<b>\$0.00</b>	<b>4,501,228.43</b>	<b>5,826.92</b>	<b>150,830.70</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>35.54</b>	<b>4,684,550.52</b>	<b>3,930,462</b>
Administrative & Project Expenditures										
Watermaster Administration	422,402.86								422,402.86	752,208
Watermaster Board-Advisory Committee	23,259.59								23,259.59	60,392
Pool Administration			8,169.22	36,902.79	3,082.03				48,154.04	139,782
Optimum Basin Mgmt Administration		\$ 572,243.78							572,243.78	891,634
OBMP Project Costs		1,693,336.60							1,693,336.60	3,324,257
Education Funds Use									0.00	375
Mutual Agency Project Costs	44,823.30								44,823.30	2,500
<b>Total Administrative/OBMP Expenses</b>	<b>490,485.75</b>	<b>2,265,580.38</b>	<b>8,169.22</b>	<b>36,902.79</b>	<b>3,082.03</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,804,220.17</b>	<b>5,171,148</b>
Net Administrative/OBMP Income	(463,856.82)	(2,265,580.38)								
Allocate Net Admin Income To Pools	463,856.82		.337,915.74	110,427.36	15,513.72				0.00	0
Allocate Net OBMP Income To Pools		2,265,580.38	1,650,456.01	539,351.92	75,772.46				0.00	0
Agricultural Expense Transfer			684,057.07	(684,057.07)					0.00	0
<b>Total Expenses</b>	<b>2,680,598.04</b>	<b>2,625.00</b>	<b>94,368.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,804,220.17</b>	<b>5,171,148</b>
<b>Net Administrative Income</b>	<b>1,820,630.39</b>	<b>3,201.92</b>	<b>56,462.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35.54</b>	<b>1,880,330.35</b>	<b>(1,240,686)</b>
Other Income/(Expense)										
Replenishment Water Purchases						1,432,608.71			1,432,608.71	615,000
MZ1 Supplemental Water Assessments						1,586,000.00			1,586,000.00	1,670,049
Water Purchases									0.00	0
MZ1 Imported Water Purchase									0.00	(699,000)
Groundwater Replenishment						(1,333,066.90)			(1,333,066.90)	(1,586,049)
<b>Net Other Income</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,685,541.81</b>	<b>0.00</b>	<b>0.00</b>	<b>1,685,541.81</b>	<b>0</b>
<b>Net Transfers To/(From) Reserves</b>	<b>1,820,630.39</b>	<b>3,201.92</b>	<b>56,462.50</b>	<b>1,685,541.81</b>	<b>-</b>	<b>-</b>	<b>35.54</b>	<b>3,565,872.16</b>	<b>(1,240,686)</b>	
Working Capital, July 1, 2002	2,916,003.13	468,150.31	175,804.57	204,947.95	158,250.86	2,845.07	3,926,001.89			
<b>Working Capital, End Of Period</b>	<b>\$ 4,736,633.52</b>	<b>\$ 471,352.23</b>	<b>\$ 232,267.07</b>	<b>\$ 1,890,489.76</b>	<b>\$ 158,250.86</b>	<b>\$ 2,880.61</b>	<b>\$ 7,491,874.05</b>			
01/02 Production			120,855.574	39,494.349	5,548.481				165,898.404	
01/02 Production Percentages			72.849%	23.806%	3.345%				100.000%	

**CHINO BASIN WATERMASTER  
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD  
JANUARY 1 THROUGH JANUARY 31, 2003**

**SUMMARY at 1/31/2003**

<b>DEPOSITORIES:</b>			
Cash on Hand - Petty Cash		\$	500.00
Bank of America			
Governmental Checking-Demand Deposits	\$50,761.30		
Savings Deposits	9,580.81		
Zero Balance Account - Payroll	0.00		60,342.11
Local Agency Investment Fund - Sacramento			7,814,317.05
<b>TOTAL CASH IN BANKS AND ON HAND</b>	<b>1/31/2003</b>	<b>\$</b>	<b>7,875,159.16</b>
<b>TOTAL CASH IN BANKS AND ON HAND</b>	<b>12/31/2002</b>		<b>2,258,866.35</b>
<b>PERIOD INCREASE (DECREASE)</b>		<b>\$</b>	<b>5,616,292.81</b>

**CHANGE IN CASH POSITION DUE TO:**

Decrease/(Increase) in Assets:	Accounts Receivable	13,873.33
	Assessments Receivable	6,253,101.72
	Prepaid Expenses, Deposits & Other Current Assets	1,153.17
(Decrease)/Increase in Liabilities:	Accounts Payable	(371,927.74)
	Accrued Payroll, Payroll Taxes & Other Current Liabilities	40,588.08
	Transfer to/(from) Reserves	(320,495.75)
<b>PERIOD INCREASE (DECREASE)</b>		<b>\$ 5,616,292.81</b>

**SUMMARY OF FINANCIAL TRANSACTIONS:**

	Petty Cash	Gov'tl Checking Demand	Zero Balance Account Payroll	Savings	Local Agency Investment Funds	Totals
Balances as of 12/31/2002	\$500.00	\$148,205.50	\$0.00	\$9,580.81	\$2,100,580.04	\$2,258,866.35
Deposits		6,256,057.58	0.00	0.00	13,737.01	6,269,794.59
Transfers		(5,740,280.29)	40,280.29	0.00	5,700,000.00	0.00
Withdrawals/Checks		(613,221.49)	(40,280.29)	0.00	0.00	(653,501.78)
<b>Balances as of 1/31/2003</b>	<b>\$500.00</b>	<b>\$50,761.30</b>	<b>\$0.00</b>	<b>\$9,580.81</b>	<b>\$7,814,317.05</b>	<b>\$7,875,159.16</b>
<b>PERIOD INCREASE OR (DECREASE)</b>	<b>\$0.00</b>	<b>(\$97,444.20)</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$5,713,737.01</b>	<b>\$5,616,292.81</b>

**CHINO BASIN WATERMASTER  
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD  
JANUARY 1 THROUGH JANUARY 31, 2003**

**INVESTMENT TRANSACTIONS**

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
1/10/2003	Deposit	L.A.I.F.	2,600,000.00				
1/14/2003	Withdrawal	L.A.I.F.	(400,000.00)				
1/15/2003	Interest	L.A.I.F.	13,737.01				
1/30/2003	Deposit	L.A.I.F.	3,500,000.00				
<b>TOTAL INVESTMENT TRANSACTIONS</b>			<b>\$5,713,737.01</b>	<b>\$0.00</b>			

\* The earnings rate for L.A.I.F. is a daily variable rate; 2.31% was the effective yield rate at the Quarter ended December 31, 2002.

**INVESTMENT STATUS**

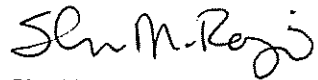
January 31, 2003

<u>Financial Institution</u>	<u>Principal Amount</u>	<u>Number of Days</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Local Agency Investment Fund	\$7,814,317.05			
Time Certificates of Deposit	0.00			
<b>TOTAL INVESTMENTS</b>	<b>\$7,814,317.05</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,



Sheri M. Rojo, CPA  
Finance Manager  
Chino Basin Watermaster

**CHINO BASIN WATERMASTER**  
**2002/2003 ACTUAL YEAR TO DATE REVENUES AND EXPENSES**  
**COMPARED WITH ADOPTED 2002/2003 BUDGET**

	<u>Jul '02 - Jan 03</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4010 · Local Agency Subsidies	26,628.93	20,000.00	6,628.93	133.15%
4110 · Admin Asmnts-Approp Pool	4,470,784.83	3,580,590.00	890,194.83	124.86%
4120 · Admin Asmnts-Non-Agri Pool	149,042.18	196,982.00	-47,939.82	75.66%
4200 · Grants	0.00	0.00	0.00	0.0%
4700 · Non Operating Revenues	38,094.58	132,890.00	-94,795.42	28.67%
4900 · Miscellaneous income	0.00	0.00	0.00	0.0%
<b>Total Income</b>	<b>4,684,550.52</b>	<b>3,930,462.00</b>	<b>754,088.52</b>	<b>119.19%</b>
<b>Gross Profit</b>	<b>4,684,550.52</b>	<b>3,930,462.00</b>	<b>754,088.52</b>	<b>119.19%</b>
<b>Expense</b>				
6010 · Salary Costs	285,441.57	414,173.00	-128,731.43	68.92%
6020 · Office Building Expense	46,651.48	123,845.00	-77,193.52	37.67%
6030 · Office Supplies & Equip.	16,000.95	27,500.00	-11,499.05	58.19%
6040 · Postage & Printing Costs	33,810.69	72,450.00	-38,639.31	46.67%
6050 · Information Services	47,571.47	101,800.00	-54,228.53	46.73%
6061 · Other Consultants	14,944.46	29,000.00	-14,055.54	51.53%
6062 · Audit Services	0.00	5,000.00	-5,000.00	0.0%
6063 · Public Relations Consultan	0.00	12,000.00	-12,000.00	0.0%
6065 · MWD Connection Fee	6,500.00	15,600.00	-9,100.00	41.67%
6066 · Engineering Services	0.00	90,000.00	-90,000.00	0.0%
6067.1 · General Counsel	62,186.98	71,000.00	-8,813.02	87.59%
6067.2 · Legal Services -Markot	90.36	5,000.00	-4,909.64	1.81%
6080 · Insurance	8,280.99	11,210.00	-2,929.01	73.87%
6110 · Dues and Subscriptions	11,878.89	13,500.00	-1,621.11	87.99%
6140 · Other WM Admin Expenses	1,189.11	2,300.00	-1,110.89	51.7%
6150 · Field Supplies	1,910.06	3,950.00	-2,039.94	48.36%
6170 · Travel & Transportation	16,422.99	25,500.00	-9,077.01	64.4%
6190 · Conferences & Seminars	7,682.35	14,500.00	-6,817.65	52.98%
6200 · Advisory Comm - WM Board	8,121.19	17,870.00	-9,748.81	45.45%
6300 · Watermaster Board Expenses	15,138.40	42,522.00	-27,383.60	35.6%
8300 · Appr PI-WM & Pool Admin	8,169.22	16,310.00	-8,140.78	50.09%
8400 · Agri Pool-WM & Pool Admin	10,801.19	18,710.00	-7,908.81	57.73%
8467 · Agri-Pool Legal Services	20,226.60	83,000.00	-62,773.40	24.37%
8470 · Ag Meeting Attend -Special	5,875.00	17,300.00	-11,425.00	33.96%
8500 · Non-Ag PI-WM & Pool Admin	3,082.03	4,462.00	-1,379.97	69.07%
6500 · Education Funds Use Expens	0.00	375.00	-375.00	0.0%
9500 · Allocated G&A Expenditures	-138,159.49	-286,120.00	147,960.51	48.29%
	<b>493,816.49</b>	<b>952,757.00</b>	<b>-458,940.51</b>	<b>51.83%</b>
6900 · Optimum Basin Mgmt Plan	488,123.72	810,777.00	-322,653.28	60.2%
6950 · Mutual Agency Projects	44,823.30	2,500.00	42,323.30	1,792.93%
9501 · G&A Expenses Allocated-OBMP	39,296.76	80,857.00	-41,560.24	48.6%
	<b>572,243.78</b>	<b>894,134.00</b>	<b>-321,890.22</b>	<b>64.0%</b>

**CHINO BASIN WATERMASTER**  
**2002/2003 ACTUAL YEAR TO DATE REVENUES AND EXPENSES**  
**COMPARED WITH ADOPTED 2002/2003 BUDGET**

	<u>Jul '02 - Jan 03</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7101 · Production Monitoring	17,390.69	61,062.00	-43,671.31	28.48%
7102 · In-line Meter Installation	233,935.93	439,399.00	-205,463.07	53.24%
7103 · Grdwtr Quality Monitoring	110,273.04	321,829.00	-211,555.96	34.26%
7104 · Gdwtr Level Monitoring	54,258.55	205,916.00	-151,657.45	26.35%
7105 · Sur Wtr Qual Monitoring	19,924.65	85,161.00	-65,236.35	23.4%
7106 · Wtr Level Sensors Install	16,595.99	34,501.00	-17,905.01	48.1%
7107 · Ground Level Monitoring	367,980.60	801,070.00	-433,089.40	45.94%
7200 · PE2- Comp Recharge Pgm	118,799.10	184,168.00	-65,368.90	64.51%
7300 · PE3&5-Water Supply/Desalte	5,300.00	123,587.00	-118,287.00	4.29%
7400 · PE4-MZ1 Mgmt Plan	138,362.14	81,172.00	57,190.14	170.46%
7500 · PE6&7-CoopEfforts/SaltMgmt	100,571.05	58,299.00	42,272.05	172.51%
7600 · PE8&9-StorageMgmt/Conj Use	26,655.45	102,830.00	-76,174.55	25.92%
7690 · Recharge Improvement Debt Pymt	429,250.00	620,000.00	-190,750.00	69.23%
9502 · G&A Expenses Allocated-Projects	98,862.71	205,263.00	-106,400.29	48.16%
	<u>1,738,159.90</u>	<u>3,324,257.00</u>	<u>-1,586,097.10</u>	<u>52.29%</u>
<b>Total Expense</b>	<u>2,804,220.17</u>	<u>5,171,148.00</u>	<u>-2,366,927.83</u>	<u>54.23%</u>
<b>Net Ordinary Income</b>	1,880,330.35	-1,240,686.00	3,121,016.35	-151.56%
<b>Other Income/Expense</b>				
<b>Other Income</b>				
4231 · MZ1 Assigned Water Sales	0.00	615,000.00	-615,000.00	0.0%
4210 · Approp Pool-Replenishment	1,424,041.36			
4220 · Non-Ag Pool-Replenishment	8,567.35			
4230 · MZ1 Sup Wtr Assessment	1,586,000.00	1,670,049.00	-84,049.00	94.97%
<b>Total Other Income</b>	<u>3,018,608.71</u>	<u>2,285,049.00</u>	<u>733,559.71</u>	<u>132.1%</u>
<b>Other Expense</b>				
5012.4 · MZ1 Imported Water Purchase	0.00	699,000.00	-699,000.00	0.0%
5010 · Groundwater Replenishment	1,333,066.90	1,586,049.00	-252,982.10	84.05%
9999 · To/(From) Reserves	3,565,872.16	-1,240,686.00	4,806,558.16	-287.41%
<b>Total Other Expense</b>	<u>4,898,939.06</u>	<u>1,044,363.00</u>	<u>3,854,576.06</u>	<u>469.08%</u>
<b>Net Other Income</b>	<u>-1,880,330.35</u>	<u>1,240,686.00</u>	<u>-3,121,016.35</u>	<u>-151.56%</u>
<b>Net Income</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>



# **CHINO BASIN WATERMASTER**

March 27, 2003

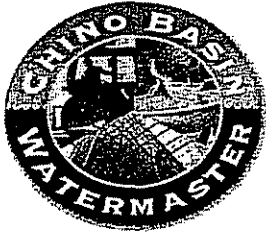
10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

## **I. CONSENT CALENDAR**

### **C. WATER TRANSACTION**





# CHINO BASIN WATERMASTER

8632 Archibald Avenue, Suite 109, Rancho Cucamonga, Ca 91730  
Tel: (909) 484.3888 Fax: (909) 484-3890 www.cbwm.org

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**JOHN V. ROSSI**  
Chief Executive Officer

**TRACI STEWART**  
Chief of Watermaster Services

**DATE:** January 16, 2003  
**TO:** Watermaster Committee Members  
**SUBJECT:** Summary and Analysis of Application for Water Transaction

## Summary

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

**Issue -** Lease of Water Production Rights from the City of Pomona to the Fontana Water Company in the amount of 2,500 acre-feet for fiscal year 2002-03.

## Recommendation –

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

## Fiscal Impact –

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

## Background

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

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

## Water Transaction Summary & Analysis

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

- Lease of Water Production Rights from the City of Pomona to the Fontana Water Company in the amount of 2,500 acre-feet for fiscal year 2002-03.

Notice of the water transaction(s) identified above was mailed December 11, 2002 along with the materials submitted by the requestors.

### **DISCUSSION**

This transfer occurs between a producer located primarily in Management Zone 1 to a producer located primarily in Management Zone 3. The transfer is consistent with maintaining the hydrologic balance in MZ1.

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

**NOTICE OF APPLICATION(S) RECEIVED**

Date of Applications: **December 3, 2002**      Date of this notice: **December 11, 2002**

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

- A. Lease of water production rights from the City of Pomona to the Fontana Water Company in the amount of 2,500.000 acre-feet .

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

Agricultural Pool:	January 16, 2002
Appropriative Pool:	January 16, 2002
Non-Agricultural Pool:	January 16, 2002

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

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

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

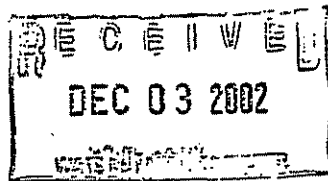
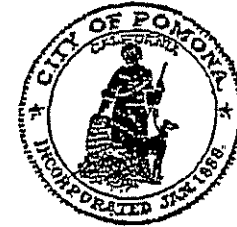
Watermaster address:

Chino Basin Watermaster  
8632 Archibald Ave., Suite 109  
Rancho Cucamonga, CA 91730

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

THE CITY OF  
**POMONA**

Utility Services Department



HENRY PEPPER  
Utility Services Director

VIA TELEFAX (909) 484-3890 AND U.S. MAIL

December 3, 2002

Ms. Traci Stewart  
Chief of Watermaster Services  
Chino Basin Watermaster  
8632 Archibald Avenue, Suite 109  
Rancho Cucamonga, CA 91730

**RE: Lease of Water Production Rights in Chino Basin, FY 2002/2003**

Dear Traci:

This letter is to notify Watermaster of the lease of 2,500 acre feet of water from the City of Pomona's production rights to Fontana Water Company. This lease is made first from the City of Pomona's net underproduction in FY 2002/2003, with any remainder to be recaptured from storage. Enclosed are executed Chino Basin Watermaster Form Nos. 5 and 7. Please advise Mike McGraw and me as to when this matter will be scheduled on the appropriate Watermaster agendas.

Sincerely,



Henry Pepper  
Utility Services Director

HP:gc

Enclosures: Chino Basin Watermaster Form Nos. 5 and 7

cc: Michael J. McGraw, General Manager, Fontana Water Company  
Jim Taylor, Water/Wastewater Operations Manager

Lusadmin\henry\TS FY 02/03 Lease to Fontana Water Co.

APPLICATION  
TO  
ASSIGN, TRANSFER OR LEASE WATER RIGHTS

Fiscal Year 2002 - 2003

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,  
The City of Pomona (Lessor) has leased to Fontana Water Company (Lessee), commencing on July 1, 2002 and terminating on June 30, 2003 the quantity of 2,500 acre-feet of corresponding shares of Initial Operating Safe Yield (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Lessor or its predecessor in interest in Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO; et al.," RCV 51010 (formerly Case No. SCV 164327).

Said lease was conditioned upon:

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

TO BE EXECUTED by both Lessor and Lessee and if separately requested by Watermaster, to be accompanied by a map of the service area where the water was used by Lessor, and if separately requested by Watermaster, a map of the service area where the water is intended to be used by Lessee.

\*FORM 10 - SUPPLEMENT TO APPLICATIONS MUST BE SUBMITTED WITH ALL APPLICATIONS

DATED: 11/8/02

LESSOR

The City of Pomona

505 S. Garey Avenue, P.O. Box 660

Pomona, CA 91769

By: 

Henry Pepper, Utility Services Director  
(print or type above name)

LESSEE

Fontana Water Company

5440 Nueva Avenue

Fontana, CA 92335

By: 

Michael L. Whitehead, President  
(print or type above name)  
San Gabriel Water Company dba  
Fontana Water Company

Watermaster Approval

APPROVAL CONDITIONED Yes [ ] No [ ]

APPLICATION FOR\*  
SALE OR TRANSFER OF RIGHT TO WATER IN STORAGE  
UNDER LOCAL STORAGE AGREEMENT # 15

TRANSFER FROM

City of Pomona

Name of Party

505 S. Carey Avenue, Box 600

Street Address

Pomona CA 91769

City State Zip Code

Telephone: 909-620-2283

11/8/02

Date Requested

Date Approved

2,500 AF

Amount Requested Amount Approved

Facsimile: 909-620-2090

Henry Pepper; Utility Services Director  
Authorized Signature of Party

TRANSFER TO LOCAL STORAGE AGREEMENT # \_\_\_\_\_

TRANSFER TO

Fontana Water Company

Attach Recapture Form 5

Name of Party

844D Nuevo Avenue

Street Address

Fontana CA 92335

City State Zip Code

Telephone: 909-822-2201

Facsimile: 909-823-5046

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

\*FORM 10 - SUPPLEMENT TO APPLICATIONS MUST BE SUBMITTED WITH THIS APPLICATION  
Attach additional documentation requested by Watermaster, if any

Michael L. Whitehead

Watermaster Approval

Authorized Signature of Party  
Michael L. Whitehead, President, San Gabriel Valley Water Company dba Fontana Water Company

APPROVAL CONDITIONED Yes [ ] No [ ]



# CHINO BASIN WATERMASTER

March 27, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

## II. BUSINESS ITEM

### A. OBMP STATUS REPORT #6



# CHINO BASIN WATERMASTER

8632 Archibald Avenue, Suite 109, Rancho Cucamonga, Ca 91730  
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

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**JOHN V. ROSSI**  
Chief Executive Officer

## STAFF REPORT

**DATE:** March 27, 2003

**TO:** Advisory Committee Members  
Watermaster Board Pool Members

**SUBJECT:** OBMP Implementation - Status Report No. 6

### SUMMARY

**Issue** – Compliance with Court Order requiring OBMP implementation progress reports.

**Recommendation** – Staff recommends:

- Approval of Status Report No. 6,
- Authorize its filing with the Court prior to March 31, 2003, and
- Authorize staff and legal counsel to make non-substantive edits as necessary.

**Fiscal Impact** – None

### BACKGROUND

In accordance with the September 28, 2000 Order, progress reports are due to the Court on the last day of March and September of each year. Watermaster had indicated to the Court its intention to accelerate the reporting schedule from semi-annual to quarterly due to the rapid pace of OBMP implementation. In a subsequent Order on October 17, 2002, the Court requested Watermaster provide periodic reports concerning various issues relating to the Interim Plan by the last day of June and December of each year. These reporting items are included within Watermaster's regular quarterly reports.

### DISCUSSION

The reporting period for Status Report No. 6 is December 2002, January 2003, and February 2003. It utilizes the same format previously filed as a baseline from which to update the Court. The attached draft report outlines the progress and status of Watermaster programs and projects.



# **Chino Basin Watermaster Status Report No. 6**

**(Covering December 2002 through February 2003)**



**DRAFT**

**March 2003**



# Draft Chino Basin Watermaster Status Report No. 6

## OPTIMUM BASIN MANAGEMENT PROGRAM

In its Order of September 28, 2000 extending the term of the nine-member Watermaster Board, the Court ordered Watermaster to provide semiannual reports regarding the progress of OBMP implementation. By a subsequent Order of October 17, 2002, the Court added additional reporting items. In Status Report Number 4, filed with the Court on September 30, 2002, Watermaster notified the Court that Watermaster intended to voluntarily accelerate the reporting schedule due to the rapid pace of OBMP implementation. In its Annual Report that was filed with the Court on January 31, 2003, Watermaster provided its intended schedule for future reporting. (See Watermaster 25<sup>th</sup> Annual Report Exhibit B.)

This Status Report Number 6 is filed pursuant to this schedule and will report on the period from December 1, 2002 to February 28, 2003.

### PROGRAM ELEMENT 1 – DEVELOP AND IMPLEMENT COMPREHENSIVE MONITORING PROGRAM

#### Groundwater Level Monitoring

**Four Active Monitoring Programs.** Watermaster has four active groundwater level monitoring programs operating in the Chino Basin – a semiannual Basinwide program, two semi-monthly programs associated with the Chino-I and Chino-II Desalter well fields, and an intensive water-level monitoring program associated with land-surface monitoring (see Land Surface Monitoring below) in Management Zone 1.

**Semiannual Water-Level Monitoring Program.** Watermaster initiated the semi-annual Basin-wide groundwater-level monitoring program in 1999. The Fall 2002 round of testing began in October and was completed in December 2002. The Spring 2003 round of testing will begin in April and will be completed in June 2003.

**Chino I and Chino II Desalter Well Field Monitoring Programs.** Watermaster staff continued to collect groundwater level data at about 250 wells twice per month in and around the Chino-I and Chino-II Desalter well fields during this reporting period.

**Ongoing MZ-1 Interim Monitoring Program.** Watermaster consultants have initiated a groundwater-level monitoring program to collect data at about 45 wells in the southern portion of MZ-1 (City of Chino area). Data is being collected manually at all wells at least once per month and by automated pressure transducers at selected wells at least once every 15 minutes.

**Application for the Local Groundwater Assistance Fund.** Watermaster filed an application for \$250,000 from the Local Groundwater Assistance Fund, sponsored by the California Department of Water Resources (DWR). This funding would allow construction of piezometric monitoring wells for measuring Chino Basin groundwater levels in the Prado Flood Control Basin near the Santa Ana River. The wells would inform



## Draft Chino Basin Watermaster Status Report No. 6

Watermaster if OBMP projects are causing groundwater to discharge into the Santa Ana River. Watermaster expects to hear from the DWR before the end of April 2003.

### Groundwater-Quality Monitoring

During Fall 2001 and Spring 2002, Watermaster completed a reduced-scale groundwater quality monitoring survey for wells in the capture zone of the existing and proposed desalter wells. Partial funding was provided through the California State Water Resources Control Board under Section 205(j) of the Federal Clean Water Act, Agreement Number 00-199-250-0. The draft 205(j) Report was submitted to the SWRCB in October 2002.

**Complexity of Quality Conditions, Changing Regulations Prevent Development of Key Well Program.** As reported in the Status Report No. 4, a key well program was not developed for groundwater quality because of the complexity of the water-quality conditions encountered in the basin during the initial monitoring round and the constantly evolving water-quality regulations. Based on information collected during the next three-year round of sampling, Watermaster plans to review the development of a key well program.

**Began Three-Year Sampling Program of All Accessible Private Wells.** During this quarter, Watermaster began the first year of another three-year sampling program in which all accessible private wells in the southern portion of Chino Basin will be sampled (about 150 wells per year). Through the end of February 2003, about 100 wells had been sampled.

**Continued Cooperative Monitoring of Most Other Wells In Basin.** The remaining 50 wells will be sampled before the end of the next quarter. Watermaster is continuing the cooperative monitoring program described in the Implementation Plan. Watermaster obtains data every six months from the Department of Health Services for the municipal water agencies and from the Department of Toxic Substances Control and the Regional Board for most of the other wells in the Basin. All this data is contained in a relational database.

### Extensive Range Of Substances Being Tested

- All groundwater samples are being analyzed for general mineral and general physical parameters.
- Wells that were not previously sampled and analyzed for constituents that were added to the evolving groundwater quality-monitoring program (e.g., hexavalent chromium, silica, barium, etc.) in 1999-2001, are being sampled for those constituents.
- Wells within or near the two Volatile Organic Compound (VOC) plumes are being analyzed for VOCs, in addition to the other parameters.
- All wells are being analyzed for perchlorate due to its widespread presence in the 1999-2001 sampling program.
- Analysis for 1,2,3-trichloropropane has been added to the monitoring program for all wells. This chemical was detected in several wells above 50 parts per trillion (old detection limit).



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**New Testing Method Measures Parts Per Trillion of TCP.** In the 2002-03 monitoring program, a new analytical methodology is being used to achieve a detection limit of 5 ppt for 1,2,3-TCP, which is its California Action Level. The wells chosen for the 2002-03 monitoring program are primarily located between the Chino I Desalter well field and the Santa Ana River. These wells were prioritized for 2002-03 to aid in the development of a monitoring program to demonstrate hydraulic control in the southern portion of Chino Basin. (See the hydraulic control discussion in Program Elements 6 and 7 below.)

### Groundwater Production Monitoring

**Two Additional Meter Vendors Retained. All Meters Scheduled for Installation Before July 2003.** The primary activity with regard to production monitoring continues to be the installation of meters on wells operated by members of the Agricultural Pool. Initially, Watermaster counted about 570 active agricultural wells. Watermaster's intends to equip 420 of these wells with operating meters. The other 150 wells were forecasted to be inactive or destroyed within two years. As of January 31, 2003, 295 of these wells are metered with the remainder to be metered by June 30, 2003. Four vendors are installing the remaining meters.

**All Producing Wells Are Monitored Quarterly.** Watermaster staff reads private wells with meters. A method appropriate to the Chino Basin area is used to estimate production at privately owned wells that do not have meters.

**Need For Water Use Disposal Form To Be Reviewed.** The OBMP Implementation Plan includes a provision that requires the producers to submit a water use and disposal form describing the sources of water used by each producer and how that water is disposed of after each use. The water use and disposal form and reporting has not been implemented, because much of the information that would have been collected using this form is being collected as part of other monitoring activities and analyses. Watermaster anticipates discussions regarding the need for this form after completion of the Dry Year Yield Engineering Analysis and completion of phase 1 of the hydraulic control-monitoring program.

### Surface Water Monitoring

**Measure Water Quality and Water Levels In Recharge Basins.** Watermaster conducts a surface water-monitoring program to measure the water quality of water in recharge basins and the water levels in some of these basins. The purpose of this program is to estimate the volume and quality of recharge. This information will be used in subsequent years to estimate the safe yield of the basin and for other management purposes. During this reporting period, Watermaster staff has collected water quality samples at selected recharge basins following rainstorms if storm water is stored in the basins.

IN THIS REPORTING PERIOD. Thirty-two (32) composite samples (including repeat sampling) have been collected from November 8, 2002 through March 3, 2003. Sampling will continue through the remainder of the 2002-03 storm season.

**Surface Water Monitoring For Santa Ana River To Begin In May 2003.** One of the goals of the OBMP is to maximize Chino Basin yield. One of the key ways to maximize yield is to minimize groundwater discharge to the Santa Ana River and, in some reaches



## Draft Chino Basin Watermaster Status Report No. 6

of the River, to maximize recharge of the Santa Ana River into the Chino Basin. Watermaster developed a surface-water monitoring program for the Santa Ana River that, in conjunction with Watermaster groundwater-monitoring programs, will be used to characterize what reaches of the River are gaining water from, or losing water to, the Basin, and to determine if significant discharge of Chino Basin groundwater to the Santa Ana River is occurring. Surface water monitoring for the Santa Ana River is scheduled to begin in May 2003. A conceptual monitoring plan involving the Inland Empire Utilities Agency, Orange County Water District, Regional Water Quality Control Board, and Watermaster was finalized.

IN THIS REPORTING PERIOD. IEUA, OCWD, Regional Board and Watermaster determined that the conceptual monitoring plan was adequate and determined to move forward with the development of a detailed workplan to implement a surface water and groundwater-monitoring program. The workplan is in preparation and should be completed by the end of March 2003.

### Land Surface Monitoring

Watermaster staff is developing a multifaceted land-surface monitoring program to develop data that will assist in the development of a long-term management plan for Management Zone 1. The monitoring program consists of three main elements:

1. An aquifer-system monitoring facility located in the southern portion of Management Zone 1 – an area that has experienced concentrated and differential land subsidence and ground fissuring. One major component of the aquifer-system monitoring facility is multiple-depth piezometers that measure water level and pressure changes at 11 different depths. Another major component will be a dual borehole extensometer that measures deformation within the aquifer-system at deep and shallow levels. The extensometer is expected to be installed in June of 2003. Together, the two devices will correlate the hydraulic and mechanical responses of the aquifer system to different aquifer-stresses, such as pumping at wells.
2. Synthetic aperture radar interferometry (InSAR) that will measure land surface deformation across the entire Chino Basin.
3. Benchmark surveys along selected profiles of Chino Basin. The benchmark surveys will (1) establish a datum from which to measure future land surface deformation, (2) "ground-truth" the InSAR data, (3) allow determination of historical subsidence at any historical benchmarks that can be recovered, and (4) evaluate the effectiveness of the long-term management plan. During the current period, the MZ-1 Technical Committee approved the proposed selected profiles for benchmark surveys.

**New Monitoring Equipment Installed at Piezometers and Nearby Wells.** Permanent transducers and data logging equipment were installed at the piezometers and are recording depth-specific groundwater-level data. Where possible, transducers were installed in wells owned by the cities of Chino and Chino Hills, and are recording groundwater-level data and "on/off" pumping cycles at production wells. The State of



## Draft Chino Basin Watermaster Status Report No. 6

California (CIM) has yet to approve an access agreement, and as a result, water level and production monitoring has not begun at CIM wells.

**Alternative Monitoring Equipment Installed At Other Wells Where Necessary.** Some wells owned by the cities of Chino and Chino Hills cannot be equipped with transducers. In these cases, alternative equipment that monitors parameters within the discharge pipe or pump motor electrical system will be used to record "on/off" pumping cycles at such production wells. This equipment will be tested in March 2003. It is anticipated that all monitoring equipment be installed by April 2003 assuming an access agreement is executed with CIM.

**Reconnaissance-level pumping tests are planned for April 2003 and are being discussed at the MZ-1 Technical Committee meetings** (see Program Element 4 below). These pumping tests will reveal the effects of nearby pumping on water-levels at the piezometers, and will assist in the final design of the extensometer and the design of a comprehensive aquifer-system testing program that will follow the completion of the extensometer.

**No significant activity occurred with regard to InSAR monitoring during this period.**

**Benchmark Survey Approved.** The MZ-1 Technical Committee approved the final design of the benchmark survey profiles and monument distribution during this period. A sub-consultant is being contracted to install the monuments beginning in March 2003. The initial ground-level survey is planned for April 2003 by same sub-consultant.

**Watermaster Approves Monitoring Work Plan and Budget.** At the February 27, 2003 meetings of the Advisory Committee and Watermaster Board, the Land Surface Monitoring plan and related \$178,000 budget were approved.

### **Well Construction, Abandonment and Destruction Monitoring**

Watermaster staff monitors the condition of wells on a regular basis. Wells that may be improperly destroyed or abandoned are reported to Riverside and San Bernardino Counties as they are discovered.

Watermaster staff inspected 107 abandoned wells during a 2002-03 field inspection. It was determined that 72 of the wells were properly abandoned and 35 wells would require some modification to meet the standard for a properly abandoned well. A repair program was prepared and approved by Watermaster. Prior to startup of repair, a review of currently abandoned wells has been initiated and an additional 25 wells have been identified as abandoned. Field inspection of these is under way. Upon completion of inspection, the wells needing "repair" will be added to the 35 wells previously identified. Because of continued development in the agricultural area (additional abandoned and destroyed wells), the number of abandoned wells in need of "repair" may change. A repair program contract is being prepared. Field repair is expected to begin in April 2003, with completion in three to six months. Riverside and San Bernardino Counties will be advised of the results. Ongoing land development will require continued well abandonment activity by Watermaster.



# Draft Chino Basin Watermaster Status Report No. 6

## PROGRAM ELEMENT 2 – DEVELOP AND IMPLEMENT COMPREHENSIVE RECHARGE PROGRAM

The recharge element of the OBMP is one of the centerpieces of the OBMP since it is through the enhancement of the recharge capacity of the Basin that water in the Basin that is available for use can be maximized.

### Recharge of 6,500 Acre-Feet of Supplemental Water in Management Zone 1

Through the end of December, approximately, 500 acre-feet of Supplemental Water had been spread at the Montclair Basins in Management Zone 1.

**A Management Zone 3 technical committee had been established to address issues regarding recycled water recharge in Management Zone 3.** Representatives participating on the Committee are from Jurupa Community Services District, Inland Empire Utilities Agency, Watermaster, Fontana Water Company, Ontario and Western Municipal Water District. In addition, IEUA and JCSD have executed an MOU regarding the recycled water recharge that resolved their concerns. Concerns expressed by the Western Representative have not yet been resolved but are anticipated to be resolved both by the maximum benefit demonstration that has been submitted to the RWQCB and through the MZ3 committee process.

### Recharge Facilities Improvement Project Design Status

- **Dec. 2002** Complete civil work for Bid Package No. 1. Issue Bid Package No. 1, which includes the Banana, College Heights, Lower Day, RP-3, Turner No. 1, and Turner No. 2,3, & 4 Facilities. Order rubber dams. Conduct job walk for Bid Package No. 1 on December 16. Over 40 potential bidders attended. Issued final plans and specifications for bidding on December 31.
- **Jan 2003** Conduct second job walk for contractors.
- **Feb 2003** Bids for Package No. 1 due on February 10. Award of contract by IEUA on February 19. Receive non jurisdictional determinations from USACE for 12 flow-by basins.
- **Mar 2003** Issue NTP by March 19. Complete civil work for Bid Package No. 2 consisting of rubber dams and inlet structures and basin improvements at Ely, Declerz and 8<sup>th</sup> Street, Upland, and Victoria Basins. Advertise Bid Package No. 2. Obtain regulatory clearances and permits. Issue Bid Package No. 2, conduct job walk, and receive bids.
- **April 2003** Approve contract for Bid Package No. 2 and issue NTP.
- **Mar 2004** Construction of the Chino Recharge Basin Facilities Improvement Project to be completed.



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## Brooks Street Basin Diversion Structure and Pipeline

Engineering work performed for the Brooks Street Basin included continued design of the drop inlet structure within San Antonio Creek Channel and the diversion pipeline into Brooks Street Basin. An alternative diversion pipeline profile is being analyzed that would utilize jack & bore construction methods due to the proposed depth of the pipe. The alternative offers the advantage of less disruption of the landowners business than typical cut and fills type pipeline construction, proposed originally.

## Pre-Purchase of Rubber Dams

Rubber dams will constructed/installed at the following locations:

- o Basin/Channel
- o College Height Basin/San Antonio Channel
- o Lower Day Basin/Day Creek Channel
- o RP-3 Basins/Declez Channel
- o Turner Basin No. 1/Cucamonga Channel

Coordination meetings were held with Bridgestone, IEUA and T&A during the month of December to finalize the purchase order and conference calls were conducted to coordinate design and bidding efforts with Bridgestone. The rubber dams will be limited to a height of 1/3 the height of the flood control channel, avoiding topping the channel in a 500-year storm.

The IEUA Board of Directors approved the purchase order with Bridgestone at the December 18, 2002 Board Meeting. Delivery of hardware is expected in six weeks, and delivery of the rubber dams will take approximately 4 months

## Future Design Packages

**Six additional design packages will be bid during the next 6 months.**

### BID PACKAGE NO. 2A AND 2B-EXPECTED CONTRACT AWARD IN APRIL 2003

- o Declez Basin
- o Eighth Street Basins
- o Ely Basins
- o Upland Basin
- o Victoria Basin
- o Brooks Street Drop Inlet/Pipeline
- o College Heights Rubber Dam
- o Lower Day Basin Rubber Dam
- o RP-3 Basins Rubber Dam
- o Turner No. 1 Basin Rubber Dam
- o Turner Nos. 2,3, & 4/Turner No. 1 Drop Inlet Structure





# Draft Chino Basin Watermaster Status Report No. 6

## Future Design Packages

**Six additional design packages continued.**

### BID PACKAGE NO. 3 –EXPECTED CONTRACT AWARD ON MAY 13

- Hickory Basin Pump Station
- Jurupa Pump Station

### BID PACKAGE NO. 4-EXPECTED CONTRACT AWARD ON MAY 26

- Hickory Basin Force main
- Jurupa Basin Force main

### BID PACKAGE NO. 5-CONTRACT AWARD DATE TO BE DETERMINED:

- Etiwanda Conservation Ponds – Bid package No. 5

### BID PACKAGE NO. 6: CONTRACT AWARD DATE TO BE DETERMINED

- SCADA Control System

### BID PACKAGE NO. 7: CONTRACT AWARD DATE TO BE DETERMINED

- MWD Turnouts



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PROGRAM ELEMENT 3 –  
DEVELOP AND IMPLEMENT WATER SUPPLY PLAN FOR THE IMPAIRED AREAS OF  
THE BASIN; AND

PROGRAM ELEMENT 5 –  
DEVELOP AND IMPLEMENT REGIONAL SUPPLEMENTAL WATER PROGRAM

## Status Report on Desalters

These program elements focus on the shift of production in the Southern end of the Basin away from agricultural uses toward urban uses. Without the OBMP, this land use conversion would have resulted in a decrease in production in the Southern end of the Basin, which would ultimately have led to rising water levels. If groundwater levels in the Southern end of the Basin rise too high, then water may “spill” out of the Basin and into the Santa Ana River. Such uncontrolled spillage could reduce the overall Safe Yield of the Basin and must be managed by optimization.

Directly tied to the threat of rising water levels in the Southern area is the impaired ability of producers in the Southern end of the Basin to pump water due to water quality concerns. The ability to compensate for the loss of agricultural production with increased appropriative production is inhibited because of water quality concerns in this part of the Basin. Production in this area therefore requires water treatment. This issue is addressed through the construction of desalter facilities.

## Status Report on the Chino Desalters

In May 2001, the Santa Ana Watershed Project Authority (SAWPA) completed the first Chino Basin desalter. This desalter was built to have a capacity of up to eight million gallons per day (mgd).

In the year 2000, California voters passed Proposition 13 (the Water Bond) that included significant funding opportunities to construct additional desalters in the Chino Basin. In order to take best advantage of this funding opportunity, a joint powers agency now known as the Chino Basin Desalter Authority (CDA) was formed to purchase the Chino I Desalter from SAWPA and to construct and operate the Chino I Expansion and Chino II Desalters. The formation of this entity has been described in great detail to the Court in previous progress reports.

**The Chino I Desalter Expansion Project.** This includes construction of 4.9 million gallons per day (mgd) of expanded treatment capacity (nitrate removal) in parallel with the existing treatment facilities, as well as associated raw water and product water delivery facilities. The Chino I Desalter was originally constructed by SAWPA to provide a total of 9,200 acre-feet per year of product water deliveries. The expansion project aims to



## Draft Chino Basin Watermaster Status Report No. 6

provide an additional 5,000 acre-feet per year of water deliveries. The product water will have TDS and nitrate concentrations of 350 mg/L and 25 mg/L, respectively. The CDA authorized the drilling and awarded a contract for the Chino I Desalter Expansion wells.

Watermaster staff and consultants have been involved in reviewing the proposed well designs for new wells for the Chino I desalter. Watermaster's role has been to make sure that the well designs are consistent with the intent of the OBMP and Peace Agreement. Three of the four Desalter 1 expansion wells have been drilled. The fourth well is pending.

**\$1.5 million Savings Achieved.** Revised product water delivery alignments were made which created approximately \$1.5 million in savings.

**The Chino II Desalter Project.** This includes 10 mgd of new treatment capacity, as well as raw water and product water delivery facilities. The final design of the Chino II Desalter is planned for completion in May 2003. The sites for the Chino II raw water supply wells are in the final stages of acquisition. Also, the well drilling contracts are under development.



## Draft Chino Basin Watermaster Status Report No. 6

### PROGRAM ELEMENT 4 – DEVELOP AND IMPLEMENT COMPREHENSIVE GROUNDWATER MANAGEMENT PLAN FOR MANAGEMENT ZONE 1

Program Element 4 details the steps to be taken by Watermaster to reduce or abate subsidence and fissuring in Management Zone 1.

**Progress Made By The MZ1 Technical Committee.** The MZ1 Technical Committee twice during this reporting period. At these meetings, the MZ-1 Interim Monitoring Program, with schedule and budget, was reviewed, revised, and approved for recommendation to Watermaster Pool committees and board. Committee representatives also were informed of the status of the various efforts to implement the monitoring program. A date of March 12, 2003 has been selected for the next meeting.

**A meeting occurred during this period with the City of Chino Hills, Monte Vista Water District, and Watermaster staff regarding the use of deep well injection as a possible element of the MZ-1 long-term management plan.** This concept will be discussed in more detail at the next MZ-1 Technical Committee meeting.

Other ongoing monitoring efforts under the Interim Plan are reported above under the Land Surface Monitoring section of Program Element 1.

**There have been no observed impacts of volunteer participation in the Interim Plan.** Installation of the monitoring equipment is not complete, but should be by the end of January 2003. Logic leads one to expect that reducing production in the area will not exacerbate the problem of subsidence and fissuring, and may help reduce the potential for its occurrence to the extent it is production related.



# Draft Chino Basin Watermaster Status Report No. 6

## PROGRAM ELEMENT 6 – DEVELOP AND IMPLEMENT COOPERATIVE PROGRAMS WITH THE REGIONAL WATER QUALITY CONTROL BOARD, SANTA ANA REGION (REGIONAL BOARD) AND OTHER AGENCIES TO IMPROVE BASIN MANAGEMENT; AND

### PROGRAM ELEMENT 7 – DEVELOP AND IMPLEMENT SALT MANAGEMENT PROGRAM

**Cooperative Programs with Regional Board and other Entities.** The "water quality committee" as envisioned in the OBMP Implementation Plan has not been formally constituted. Since the development of the OBMP, Watermaster has worked closely with the Regional Water Quality Control Board, the Department of Toxic Substances Control, and others to define water quality challenges and to refine the water quality management criteria in the Chino Basin. During the next period, (starting in March 2003) Watermaster will start a process to review water quality conditions in the Basin and to consider future water quality management activities beyond the Chino Basin desalting program.

**Water Quality Management.** In response to the results of Regional Board and Watermaster's groundwater-quality monitoring programs (Program Element 1) Watermaster has refined its water quality monitoring to identify and characterize water-quality anomalies such as the VOC anomaly north of the Chino I Desalter well field. Watermaster staff is participating in the process to develop TMDL's for Reach 3 of the Santa Ana River and other water bodies in the lower Chino Basin. Watermaster staff is coordinating with the Regional Water Quality Control Board with regard to surface water quality and the Department of Toxic Substances Control with regarding to developing a monitoring program to track perchlorate in groundwater in the Glen Avon area.

### **Watermaster and Regional Board Propose TDS and Nitrogen Objectives to Promote Maximum Benefit of Waters Available to the Chino Basin**

Watermaster staff has been working with the TIN/TDS Task Force to revise the subbasin boundaries, and the TIN and TDS objectives for the Chino Basin to promote maximum beneficial use of waters in the basin (as opposed to the Regional Board's current, more rigid antidegradation-based objectives). The maximum beneficial use approach will increase water supplies and lower costs over time while meeting water quality requirements. In December 2002, Watermaster proposed specific subbasin boundaries, and TIN and TDS objectives for the Chino Basin to the RWQCB at a workshop regarding the Basin Plan update. The TIN/TDS Task Force and the Regional Water Board have reacted favorably to the Watermaster proposal, have modified it slightly, and it is Watermaster's belief that the modified Watermaster proposal will be included in the Basin Plan update that will occur in 2003.

**Cooperative Effort to Determine State of Hydraulic Control.** One outstanding issue to resolve regarding the Basin Plan changes is to develop a monitoring plan to evaluate the state of hydraulic control in the southern end of the basin. Hydraulic control is one tool that can be used to maximize the safe yield of the basin. Watermaster staff developed a monitoring program for OBMP purposes and described this effort in the Initial State of the Basin Report (October 2002). The execution of this monitoring program is included in



## **Draft Chino Basin Watermaster Status Report No. 6**

Program Element 1. IEUA, OCWD and the Regional Board are very interested in the hydraulic control management concept as a means to protect the water quality of the Santa Ana River. Hydraulic control will become a commitment of Watermaster if the proposed subbasin boundaries, and TIN and TDS objectives for the Chino Basin are adopted. Watermaster, OCWD and Regional Board staffs are working to develop a monitoring program to assess the state of hydraulic control and to provide information to Watermaster to manage future production and recharge. The initial phase of the monitoring program should be initiated this fiscal year and completed by June 30, 2003. This program will change or adapt over time as new information is developed and will last for several years. The coordination and review of the hydraulic control monitoring data and the development of management programs to maintain hydraulic control have been added to Program Element 6 and 7.

### **Salt Budget Tool Was Used To Establish TDS Objectives**

Watermaster has developed a salt budget tool to estimate the current and future salt loads to the Basin and the salt benefits of the OBMP. This tool was used to establish TDS objectives for the northern part of the Basin based on maximum beneficial use of water available to the region. These projections were based on the water supply plan in the Implementation Plan and include alternative recycled water and State Project water recharge scenarios. Watermaster consultants are currently preparing a letter report describing the salt budget and how it will benefit the Chino Basin. This letter will be submitted to Watermaster for consideration by the parties by March 31, 2003.



## Draft Chino Basin Watermaster Status Report No. 6

**PROGRAM ELEMENT 8 – DEVELOP AND IMPLEMENT GROUNDWATER STORAGE  
MANAGEMENT PROGRAM; AND**

**PROGRAM ELEMENT 9 – DEVELOP AND IMPLEMENT STORAGE AND RECOVERY  
PROGRAM**

This section summarizes the work accomplished to date and the work planned over the next few months for the Chino Basin Dry Year Yield (DYY) Program. The DYY Program is a conjunctive use program between the Metropolitan Water District of Southern California (Metropolitan) and several Basin appropriators, which would develop a maximum of 100,000 AF of storage. This Program also explores the potential for using up to 500,000 AF of safe storage capacity.

**Conducted CEQA Coordination.** Inland Empire Utilities Agency (IEUA) presented the CEQA Findings of Consistency (FOC) to its Board for certification in December 2002. Subsequent to the Board's approval of the FOC, an addendum to the FOC was prepared on behalf of Cucamonga County Water District for addition of a third well to its initially proposed DYY facilities. It is anticipated that approval of this Addendum will occur during the next few months.

**Confirm Facilities and Locations.** Additional effort was made to confirm the DYY Program facilities and locations. Each participating agency was given the opportunity to review its facility preferences and make modifications, if necessary. Several agencies requested additional facilities or modifications to previously proposed facilities, and yet to finalize their facility preferences.

**Develop Preliminary Design Report.** The Preliminary Design Report (PDR) is under development and a draft will be prepared during the next few months. The PDR will be split into multiple volumes, one for each participating agency. Preliminary facility layout drawings and pipeline plans and profiles have been completed. Detailed descriptions of each groundwater treatment and well facility will be addressed over the next few months.

**Conduct Groundwater Modeling.** The groundwater model is near completion and simulations of DYY Program scenarios will be conducted. The model results will be summarized in the PDR.

**Develop Shift Obligation and Funding Approach.** Participants in the DYY Program will be required to reduce (shift) their imported water usage by a predetermined amount during a dry year. The project participants have agreed on a funding allocation methodology and have submitted written requests for funding and shift obligation levels subject to individual agency approvals of the final contract terms.

**Develop Funding and Local Agency Agreements.** A draft Groundwater Storage Program Funding Agreement between Metropolitan, IEUA, Three Valleys Municipal Water District (TVMWD), and Watermaster was prepared and presented to Metropolitan. A draft Local Agency Agreement between IEUA and Watermaster was also prepared. This Local Agency Agreement includes input from all of the participating agencies. These draft agreements will be finalized over the next few months.



# Draft Chino Basin Watermaster Status Report No. 6

## ADMINISTRATIVE UPDATE

### Watermaster Staff Restructured

Watermaster created the new Chief Executive Officer position in November 2000, which was subsequently filled in July of 2001. The Watermaster Board, at its June 17, 2002 meeting, formed a Personnel Committee. The committee is comprised of three Board members, Terry Catlin, Mike McGraw, and Dennis Yates, the Advisory Committee Chair Ken Jeske, the Appropriative Pool Chair Ray Wellington, and the Ag Pool appointee Nathan DeBoom. With the Board rotation in January 2003, Mike McGraw is no longer on the Board or the Committee.

**Unanimous Decision of Personnel Committee.** The committee met with staff and Watermaster's employment attorney to develop a revised organizational structure to better meet the various demands on Watermaster staff. After five meetings, the Committee, staff, and counsel made a unanimous recommendation to the Board to revise the organization. The revision includes the following:

- 1) Creation and recruitment of Executive Asst., Secretary, and Project Engineer positions
- 2) Recruitment of the existing Senior Engineer position
- 3) Elimination of three positions
  - a. Election to terminate the contract of the Chief of Watermaster Services
  - b. Termination of the employment of the Water Resource Specialist
  - c. The Administrative Assistant will retire in October 2003

**Many factors were considered in developing the new structure. Some of the wide-ranging considerations in the restructurings include:** Watermaster's ongoing responsibilities and projects, current and anticipated workload, short- and long-term needs of Watermaster, position responsibilities and requirements, supervision and delegation of work and positions, efficiencies and excesses, necessary skills and supervision, actual job duties and descriptions, current positions and their duties and descriptions, as well as the costs of the positions and the Watermaster budget.

**Key Change: Non-Permanent Projects Will Rely on Consultants.** The Chief Executive Officer and Committee recommended that Watermaster should utilize outside consultants for projects that are non-permanent, while defining internal staff positions that concentrate on long-term functions. Although Watermaster continues to perform duties related to the Optimum Basin Management Plan, the question will remain for a few years as to whether the current workload will be maintained or decreased as projects pass from development to operations. Because Watermaster does not own and operate facilities, such projects as the MWD Dry Year Yield Project, the Recharge Facilities Improvement Project, and the longer term Storage and Recovery Project will consume large amounts of staff time for a limited time. Once the projects move into design and construction, the development, negotiation, and planning aspects will ebb. However, certain activities such as long-term monitoring, accounting for basin production, recurring reporting, and court filings will continue unabated into the future and be staffed by permanent employees.





# **Draft Chino Basin Watermaster Status Report No. 6**

## **CONCLUSION**

Watermaster efforts to implement the Optimum Basin Management Program continue at a rapid pace. Watermaster looks forward to continuing this trend in order to further optimize the Chino Basin as a resource to the parties to the judgment and the communities served.



# **CHINO BASIN WATERMASTER**

March 27, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

## **II. BUSINESS ITEM**

### **B. OFFICE LEASE**



# CHINO BASIN WATERMASTER

8632 Archibald Avenue, Suite 109, Rancho Cucamonga, Ca 91730  
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

**JOHN V. ROSSI**  
Chief Executive Officer

## STAFF REPORT

**DATE:** March 27, 2003  
**TO:** Advisory Committee Members  
Watermaster Board Members  
**SUBJECT:** Provide Notice to Terminate Current Office Lease

### SUMMARY

**Issue** – Watermaster's current office lease includes an early termination clause if the management firm is provided six-months notice.

**Recommendation** - Staff recommends that the Advisory Committee and the Watermaster Board authorize staff to provide notice to Rancho Tech. LLC of Watermaster's intent to terminate its lease on or about September 30, 2003.

**Fiscal Impact** – Preliminary estimates indicate that Watermaster's new lease, electricity, and security will fall within the same budget parameters currently expended for a much larger space. Additional costs associated with re-location to CCWD's old office facilities on San Bernardino Road and other related expenditures such as moving and improvement expenses would be submitted in the proposed Fiscal Year 2003-2004 budget.

### BACKGROUND

In 1996, the Watermaster signed a five-year lease to occupy offices at 8632 Archibald in the City of Rancho Cucamonga. In March of 2001, the lease was amended for an additional three-year period and included a one-time early termination on September 30, 2003, if a six-month notice is given before April 1, 2003.

### DISCUSSION

Staff has been researching opportunities to relocate the Watermaster offices. CCWD made an offer to Watermaster to lease its office building on San Bernardino Road once their remaining employees relocate to new facilities. In November 2001, the Board took an action directing staff to pursue this opportunity to relocate and to negotiate lease terms with CCWD for further consideration.

During the past twelve months, the offices adjacent to and surrounding Watermaster have been leased to the County Department of Motor Vehicles and Department of Social Services. Having the Department of Motor Vehicles as a neighbor has impacted parking and caused security concerns. When County Social Services moves into the building west of Watermaster in April 2003, up to 200 employees will occupy the building and serve the public. Staff anticipates a major impact with parking and security, in particular on meeting days. It may be necessary for Watermaster to consider alternative meeting locations until such time as the offices can be relocated. In the interim, staff will continue to work with the management firm regarding the parking situation.

In approximately 60 days, staff should have the new proposed lease terms for CCWD's building and will submit them through the Watermaster process for consideration.



# **CHINO BASIN WATERMASTER**

March 27, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

## **II. BUSINESS ITEM**

### **C. WATER QUALITY PROGRAM**

**Status Report on  
Watermaster's Water Quality  
Management Activities**

March 14, 2003

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**Outline of Discussion**

- Water quality activities pre OBMP
- Water quality activities included in the OBMP
- Programs underway per OBMP Implementation Plan
- Where do we go from here

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**Watermaster Water Quality  
Activities Pre – OBMP**

- Limited monitoring in Ag area and collaborative effort outside the Ag area
- Supported the first 8-mgd of Chino Basin desalter
- Participated in the Chino Basin Water Resources Management Study
- Terse relationship with the RWQCB

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**Other Water Quality Activities  
Pre – OBMP**

- Wellhead treatment initiatives by individual producers such as Pomona and others
- RWQCB C&A Orders and related activities at
  - Kaiser Steel, Alumax, GE Flatiron, GE Test Cell, Chino Airport, others
- EPA Superfund Sites including Stringfellow and others

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**Water Quality Activities  
Included in the OBMP**

- Comprehensive monitoring program to assess water quality conditions in groundwater and surface water (Program Element 1)
- Development of modeling tools and assessment of treatment technologies (Program Elements 3, 5, 8 and 9)

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**Water Quality Activities  
Included in the OBMP**

- Construction of recharge basins that increase the recharge of storm water – benefit to surface and ground water quality (Program Element 2)
- Construction of ground water treatment systems by CDA and others (Program Elements 3&5)

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### Water Quality Activities Included in the OBMP

- Establishment TDS and N objectives to promote use of recycled water (Program Elements 3 and 6)
- Coordination of activities with RWQCB (Program Element 6)

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### Comprehensive Water Quality Monitoring

- Watermaster initiated comprehensive water quality monitoring program:
  - Samples 150 to 200 wells annually in southern Chino Basin
  - Obtain water quality data from non-ag pumpers from DHS and others
  - Obtains reports and data from RWQCB, DHS, DTSC, Counties and others

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### Comprehensive Water Quality Monitoring

- Watermaster initiated comprehensive water quality monitoring program:
  - Maintains a comprehensive database
    - Construction and lithologic data from wells
    - Groundwater level and quality
    - Migrating from MS Access-based to EQUIS SQL-based system
  - Support investigations by others

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## Comprehensive Water Quality Monitoring

- Watermaster initiated comprehensive water quality monitoring program:
  - Have developed a comprehensive geographical information system for characterizing groundwater conditions in the Chino Basin

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## Development of Modeling Tools

- A new three-dimensional flow model has been developed for the Chino Basin as part of the dry-year yield investigations
- Model is being used to estimate
  - propagation of water quality anomalies or plumes in the Basin
  - losses from storage program, etc

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## Development of Modeling Tools

- Model utilizes the USGS MODFLOW and related programs for flow and transport in *Groundwater Vistas*
- Use a series of support models to compute
  - storm water runoff,
  - storm water recharge,
  - deep percolation of precipitation and applied water, etc.

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**Development of Modeling Tools**

- Model is based on three-dimensional characterization that used;
  - all available well logs
  - InSAR
  - water quality data
- There are associated solute and particle-tracking models that can be used  
MODFLOW

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**Development of Modeling Tools**

- We are working hard to complete the modeling report – draft will be out by end of the month

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**Cooperative activities with RWQCB & Others PE 6**

- Program Element 6 says Watermaster will:
  - Form an ad hoc Water Quality Committee that includes RWQCB and others
  - Refine monitoring activities to support detection of water quality anomalies
  - Conduct investigation to assist RWQCB for mutual benefit
  - Seek funding sources from outside sources to accelerate detection and cleanup

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**Cooperative activities with  
RWQCB & Others PE 6**

- There has been no activity in Program Element 6
- Time for Watermaster to:
  - review the activities described in Program Element 6
  - refine as necessary
  - implement

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**Where Do We Go  
From Here?**

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# CHINO BASIN WATERMASTER

March 27, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

## III. REPORTS/UPDATES

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

1. MZ-1 Interim Monitoring Program

# WE INC.

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Wildermuth Environmental, Inc.  
415 North El Camino Real Suite A  
San Clemente, California 92672  
Tel. 949/498-9294  
Fax 949/498-1712  
www.wild-environment.com

March 12, 2003

Chino Basin Watermaster  
*Attention: John Rossi*  
8632 Archibald Avenue, Suite 109  
Rancho Cucamonga, California 91730

*Subject: Progress Report for MZ-1 Interim Monitoring Program for March 12, 2003.*

Dear John:

The Management Zone 1 (MZ-1) Technical Committee approved the scope and schedule for the MZ-1 Interim Monitoring Program (IMP) at the January 29, 2003 meeting. The IMP is described in the IMP Work Plan dated January 8, 2003.

The Court has requested quarterly reports that describe the progress of the IMP implementation. This letter summarizes our progress for the reporting period December 2002 to February 2003, and our expected progress for future reporting periods.

## **BENCHMARK SURVEYS**

The objective of this task is to perform repeated benchmark surveys that will measure vertical (and in some cases horizontal) ground surface deformation along selected profiles within Chino Basin – mainly in MZ-1. The benchmark surveys will (1) establish a datum from which to measure land surface deformation during the IMP period, (2) allow determination of historical subsidence at any historical benchmarks that can be recovered, (3) “ground-truth” the InSAR data, and (4) evaluate the effectiveness of the long-term management plan.

*Final Design/Specs/Contract for Benchmark Monument Network.* The final design of the benchmark monument network was approved by the MZ-1 Technical Committee at the January 29, 2003 meeting. This network is shown on Figure 1 attached to this letter. A contract with Associated Engineers, Inc. (AE) to perform both the monument installations and the first survey has been executed.

*Conduct Spring 2003 Ground-Level Survey.* AE is authorized to order materials and begin construction of the benchmark monument network immediately. The target for completion of the initial benchmark survey is end of April 2003.

## **InSAR**

Like the benchmark surveys, the objective of this task is to characterize ground surface deformation in Chino Basin using Synthetic Aperture Radar Interferometry (InSAR). This analysis will be performed for a historical period (1992-2002) and on an on-going basis

thereafter. The advantage of InSAR is that it provides a measure of land surface deformation over a continuous grid of the land surface.

Work on this task has been postponed until Summer 2003 in order to concentrate fully on the other elements of the IMP.

#### **AQUIFER-SYSTEM MONITORING**

The objective of this task is to measure the stresses within the aquifer-system that cause the land surface deformation that will be measured by benchmark surveys, InSAR, and the extensometers (described below). The centerpiece of the aquifer-system monitoring program is the Ayala Park Extensometer – a highly sophisticated monitoring facility consisting of two multi-piezometers and dual-extensometer. This facility will monitor the hydraulics and mechanics of the underlying aquifer-system as the aquifer-system undergoes various stresses due to groundwater production and recharge.

*Ayala Park Extensometer.* The final design specifications for extensometer construction are complete and the bid package will be mailed to prospective drillers by March 14, 2003. The target date for extensometer completion and the commencement of data collection is July 1, 2003.

*Ayala Park Piezometers.* Piezometer construction and development was completed in Fall 2002. Please find attached (under separate cover) the geologic and well completion logs for the piezometers. These logs will be included in a comprehensive well completion report that will follow construction of the extensometer.

Permanent transducers and data loggers were installed at the piezometer vaults and began collecting water-level data during the reporting period. These data are shown on Figure 2 attached to this letter with the following observations:

- Water-levels at all of the piezometers are exhibiting increasing water-levels from November 2002 to March 2003.
- The two shallowest piezometers (PA-11 and PA-10) have a separate and distinct water-level response to nearby pumping as compared to the other deeper piezometers – revealing the existence of distinct shallow and deep aquifer-systems.
- The water-level data indicates a downward vertical hydraulic gradient from the water table to about 1,100 feet-bgs.
- The water-level data indicates an upward vertical hydraulic gradient below about 1,100 feet-bgs.

One piezometer (PB-3 completed from 949-969 feet-bgs) is likely damaged and, hence, its water-level data is questionable and not included on Figure 2. In our opinion, the investigation is virtually un-compromised, and we have no immediate plans to attempt to re-habilitate PB-3.

*Instrumentation of Surrounding Wells.* Where possible, nearby wells owned by the cities of Chino and Chino Hills have been equipped with pressure transducers and are recording water-level data. Some nearby wells can not accommodate a transducer. Alternative methods of monitoring are currently being researched and tested, including discharge pressure, discharge temperature, and or the well's electrical system. The target date for equipping all nearby wells owned by Chino and Chino Hills is early April 2003.

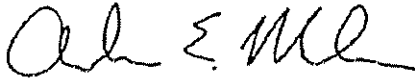
No wells owned by CIM have been equipped with transducers or other monitoring equipment because an access agreement has not yet been signed between Watermaster and CIM.

March 12, 2003

*Reconnaissance Pumping Tests.* Prior to completion of the extensometer (July 1, 2003) Watermaster proposes to conduct aquifer stress tests (pumping tests) and monitor water levels and groundwater production at nearby monitoring wells and production wells. The objectives and proposed methods of this testing and monitoring are attached as Exhibit 1 to this letter.

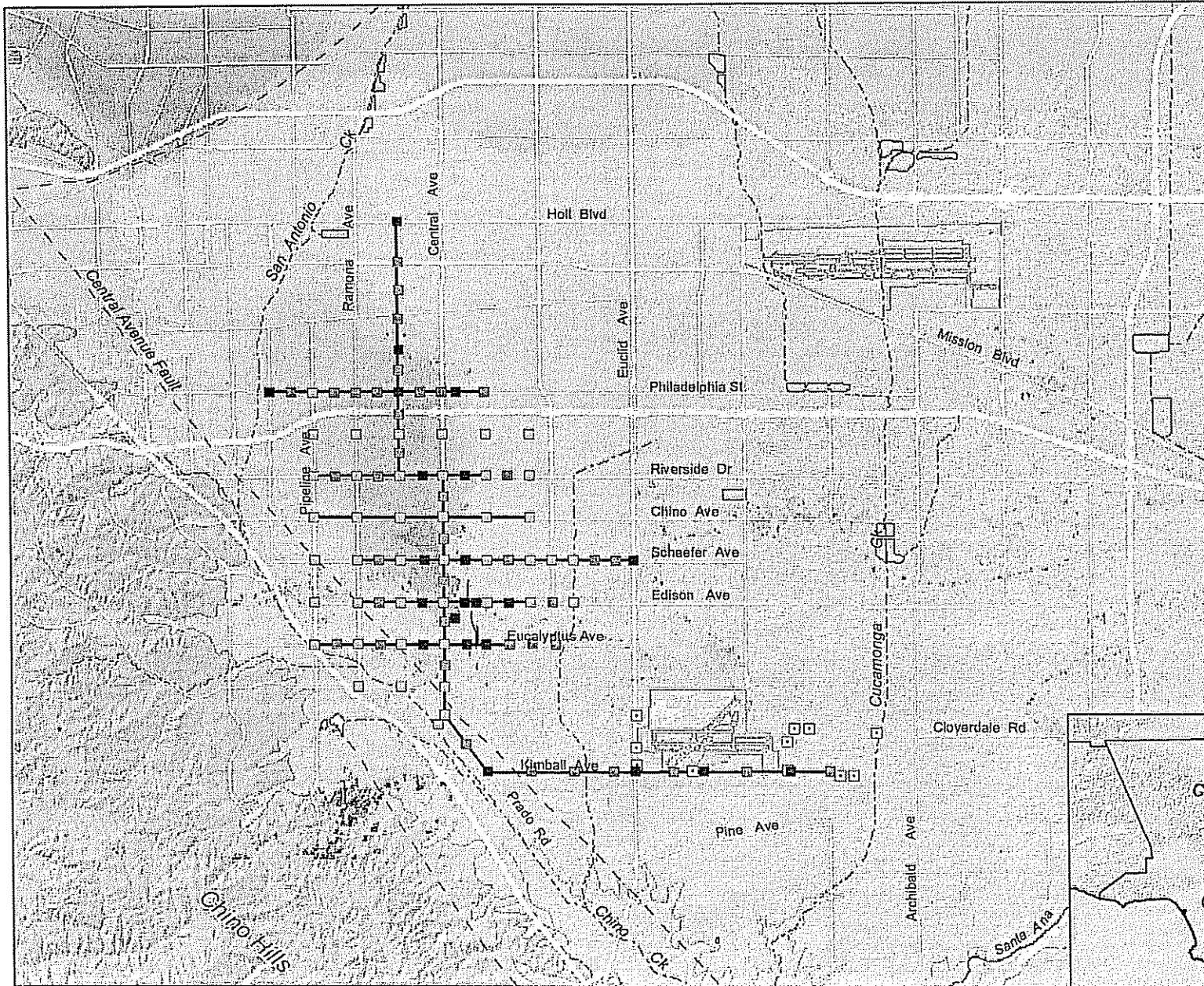
If you have any questions, please don't hesitate to call me at 949.498.9294 or send me e-mail at [amalone@wildh2o.com](mailto:amalone@wildh2o.com).

Best Regards,

A handwritten signature in black ink, appearing to read "Andrew E. Malone". The signature is fluid and cursive, with the first name "Andrew" being the most prominent part.

Andrew E. Malone  
Senior Scientist

cc: Mark Wildermuth, P.E.

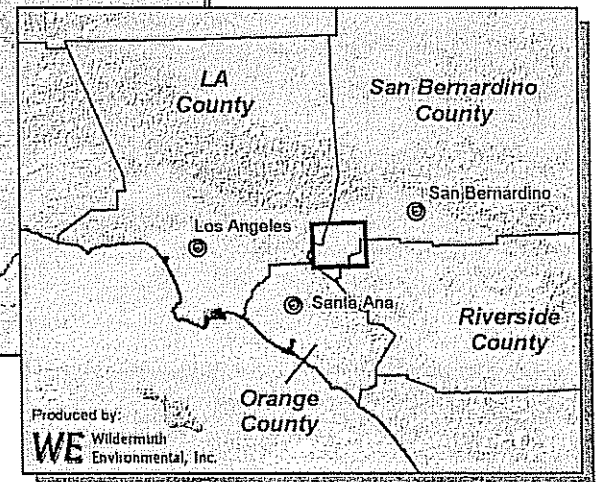
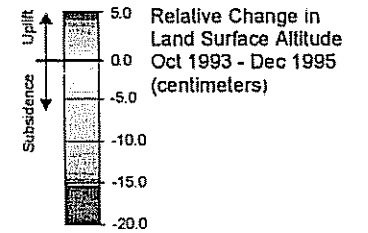


**Benchmark Survey Features**

- Proposed Survey Line
- Proposed Class-A Monument
- Existing Class-B Monument
- Proposed Class-B Monument

**Other Features**

- Chino-I Desalter Well
- ~ Ground Fissure (1994)



**Benchmark Surveys**  
MZ-1 Interim Plan Monitoring Program



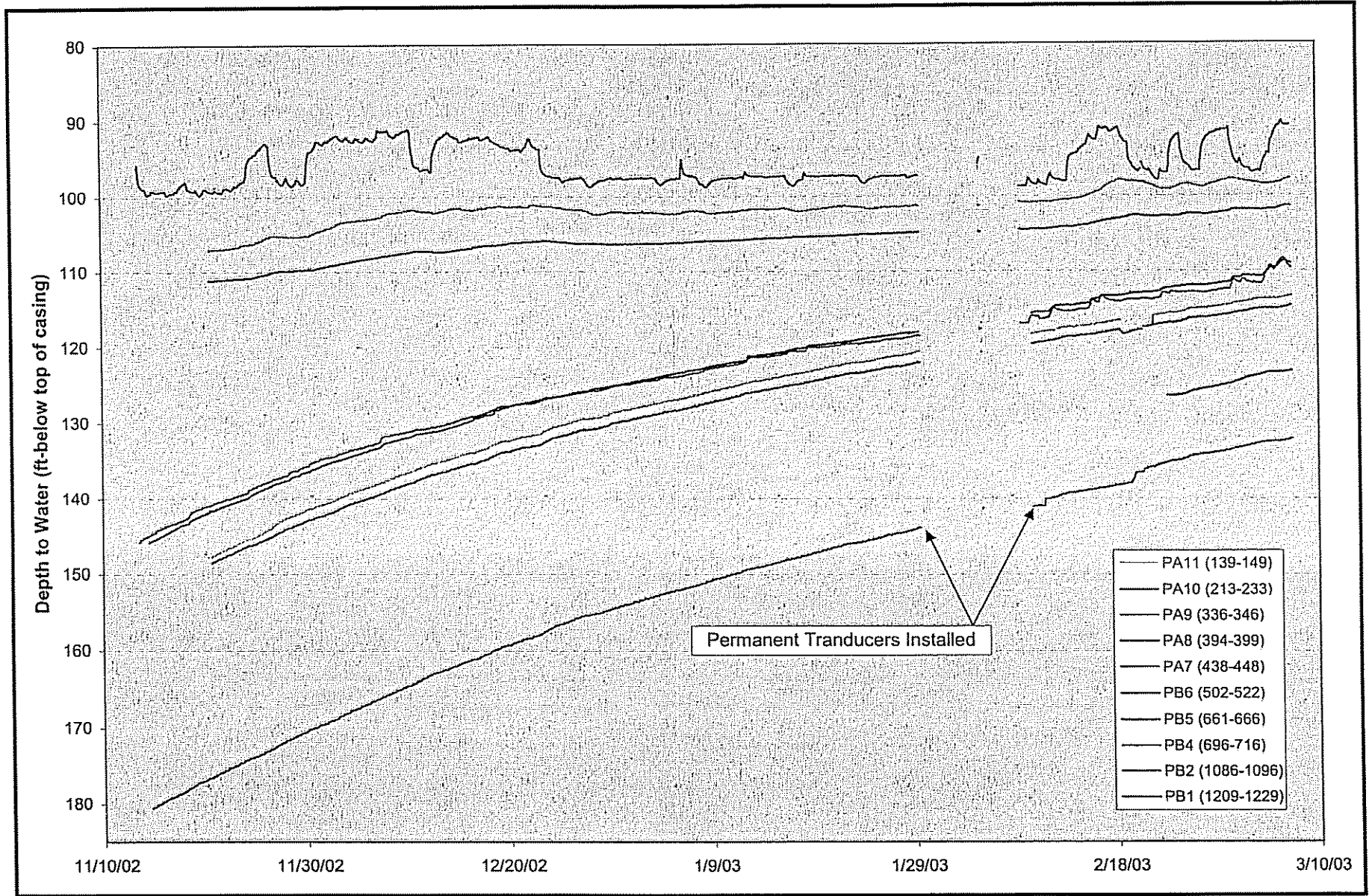
**Figure 1**



Author: AEM  
Date: 20030310  
File: bm\_surveys\_scope.mxd

Produced by:  
**WE** Wildermuth  
Environmental, Inc.

**Figure 2: Groundwater-Level Time History**  
 Ayala Park Plezometers {11/14/2002 thru 3/7/2003}





## EXHIBIT 1

### AQUIFER-SYSTEM TESTING

#### RECONNAISSANCE PHASE

#### BACKGROUND

Two multiple-depth piezometers at Ayala Park were constructed and completed in the Fall of 2002. The multiple-depth piezometers consist of ten (10) isolated completions at various depths through approximately 1,200 feet of aquifer sediments. Pressure transducers equipped with data-loggers continuously record piezometric levels (one record every 15 minutes) at each piezometer.

The *reconnaissance phase* of aquifer-system monitoring occurs during the several months following piezometer construction and prior the construction and completion of the extensometer (July 1, 2003). During this phase Watermaster proposes to, among other activities, conduct aquifer stress tests (pumping tests) and monitor water levels and groundwater production at nearby monitoring wells and production wells.

#### PURPOSE

Aquifer-system stresses will be applied through controlled pumping at wells nearest to the Ayala Park piezometers. Continuous monitoring of pumping and the water levels at the piezometers (and other nearby wells) will demonstrate how pore pressure changes propagate horizontally and vertically through the aquifer-system. Analyses of these data will assist in the development of the *comprehensive phase* of aquifer-system testing and monitoring, assist in the design of the shallow extensometer, and, potentially, provide estimates of aquifer-system parameters for later use in groundwater flow models.

#### PROPOSED METHODS

Watermaster proposes that reconnaissance pumping tests be conducted separately in both the shallow aquifer-system and the deep aquifer-system. The candidate shallow wells are Chino Hills-1A, CIM-1, CIM-11A, and CIM-3. The candidate deep wells are Chino Hills-15B and Chino Hills-19.

##### *Shallow Aquifer-System Testing*

The well owners have indicated to Watermaster that the shallow wells listed above pump continuously, with short periods of inactivity. The proposed pumping test for the shallow aquifer-system would require nine consecutive days of controlled pumping at all four wells:

Day 1: All four shallow wells pumping

Day 2: Chino Hills-1A off; all others pumping

Day 3: All four shallow wells pumping



Day 4: CIM-1 off; all others pumping

Day 5: All four shallow wells pumping

Day 6: CIM-3 off; all others pumping

Day 7: All four shallow wells pumping

Day 8: CIM-11A off; all others pumping

Day 9: All four shallow wells pumping

It would also be required that during these nine days of shallow aquifer-system testing that other nearby shallow wells either pump continuously or do not pump at all. These wells include: Chino-4, Chino-6, and CIM-1A. All other wells are not restricted.

#### ***Deep Aquifer-System Testing***

The well owners have indicated to Watermaster that the deep wells listed above have not been pumped since last year (except for water quality sampling). The proposed pumping test for the deep aquifer-system would require five consecutive days of controlled pumping:

Day 1: All deep wells off

Day 2: Chino Hills-15B pumping; all others off

Day 3: All deep wells off

Day 4: Chino Hills-19 pumping; all others off

Day 5: All deep wells off

It would also be required that during these five days of deep aquifer-system testing that Chino Hills-17, Chino Hills-1B, Chino Hills-14, Chino Hills-16, and Chino Hills-7D do not pump, and that CIM-11A pump continuously. All other wells are not restricted.



A decorative border of stars surrounds the text. The top and bottom edges feature a horizontal row of stars. The left and right edges feature vertical columns of stars, with the bottom corners being rounded.

# **CHINO BASIN WATERMASTER**

March 27, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

## **III. REPORTS/UPDATES**

### **C. INLAND EMPIRE UTILITIES AGENCY REPORT**



Inland Empire  
UTILITIES AGENCY

**CHINO BASIN WATERMASTER  
ADVISORY COMMITTEE  
March 27, 2003**

**AGENDA**

**INTER-AGENCY WATER MANAGERS' REPORT**

**Chino Basin Watermaster  
8632 Archibald Ave., Suite 109  
Rancho Cucamonga, CA 91730**

**30 – 40 Minutes**

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**PROPOSED ITEMS:**

1. MWD Update – Martha Davis
  - Colorado River – QSA
2. Conservation Programs – Dave Hill
  - Draft Water Conservation Information Package
  - Grant Programs
3. Legislative Update – Martha Davis
  - Proposition 50 – SB 21
  - Santa Ana River Conservancy (AB 496)
  - Water Recycling/Title 16
  - Federal and State Legislative Issues
4. Other


**Attachments:**

- *IEUA March 19<sup>th</sup> Legislative Report*
- *FY 2003 Federal Appropriation Requests*



Inland Empire  
UTILITIES AGENCY

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Date: March 19, 2003 ;  
To: Honorable Board of Directors  
Through: Public and Legislative Affairs Committee  
(March 12, 2003)  
From: Richard W. Atwater  
Chief Executive Officer/General Manager  
Submitted by: Martha Davis   
Executive Manager of Policy Development  
Subject: Legislative Report

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### RECOMMENDATION

This is an informational item regarding an update on State and Federal legislative activities.

### BACKGROUND

Please find attached the legislative reports on the status of State and Federal activities from Geyer and Associates, the Dolphin Group and Agricultural Resources.

### PRIOR BOARD ACTION

None.

### IMPACT ON BUDGET

There is no impact on the budget.

Martha Davis

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From: Geyerw [geyerw@pacbell.net]  
Sent: Thursday, February 27, 2003 3:36  
To: Richard Atwater; Martha Davis  
Subject: Legislative report Feb 27 2003

## MEMORANDUM

TO: Rich Atwater and Martha Davis  
FROM: Jennifer West and Bill Geyer  
DATE: February 27, 2003  
RE: February Legislative Report

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Last Friday was the deadline for bill introductions for the regular 2003 Legislative session. More than 2,600 bills were introduced. Some are not yet in print. The attached bill list includes those bills that might be of most interest to IEUA and some that we are already working on. Others may be added as further review establishes their significance.

### **Budget**

The 02/03 budget remains out of balance by at least \$10 billion, despite a special session that began in early December that was supposed to immediately slash current year spending. The Governor has said progress will soon be made on this year's cuts. Concurrently, the 03/04 budget debates have begun and hearings are beginning. Recently the Legislative Analyst's Office released their analysis of the Governor's 03/04 budget, which said that it was an optimistic plan, but if implemented, could put the state back into the black.

### **ERAF**

Neither the Governor nor the LAO recommended an 03/04 property revenue shift from special districts, although rumors have been circulating that large scale property tax shifts and local government reorganization are essential if the state is to pull out its current predicament. If a leadership decision is made on this issue, it is likely to emerge as part of a special session package of bills.

### **Proposition 50**

Senator Machado is holding a series of meetings to establish criteria for most sections of Proposition 50, with the general goal of establishing competitive grant programs awarded by the agencies. The groups are supposed to complete their work by March 14 when budget discussions will begin. There are 13 other Proposition 50 bills that earmark various pot of funding for specific projects and purposes. (They are included in the IEUA bill list.) Machado has said all these bills would be held in his committee on suspense.

One of the biggest unanswered questions is how much money will be available to Southern California when/if a deal is reached on the QSA. It is assumed that at least \$300 million will come from various Prop. 50 categories, including Chap. 8 funds, of which \$250 million is available for Southern California. The Governor is directly involved in the QSA negotiations and is heavily invested in seeing the agreement signed. The question is how much Prop. 50 funding will the Governor and Legislature allow to be earmarked to make this happen. We are working with the lobbyists for MWD and SAWPA to make sure that they understand that IEUA, as a member agency, should have its priorities included in their requests.

AB 1300 (Laird) Prop. 50: Reporting	Requires Secretary of Resources to prepare annual report on Prop. 50 expenditures.		
AB 1406 (Wolk) Prop.50: Earmark	Earmarks unspecified amount of funds from Prop. 50 for mosquito abatement projects related to wetlands.		
AB 1484 (Pavley) Prop. 50: QSA	Earmarks an unspecified amount in Prop. 50 funds to facilitate the QSA.		
SB 21 (Machado) Prop. 50 Implementation	Spot bill to enact Proposition 50 implementation language. Machado says he wants Prop. 50 funds to be awarded as competitive grants through the agencies. A series of meetings are being held. IEUA is participating in the process.		Senate Rules
SB 411 (Ducheny) Prop. 50: Salton Sea	Appropriates an unspecified amount of Prop. 50 funds, from an unspecified section of the initiative, to the Resource Agency to finance a restoration plan for the Salton Sea.		
SB 511 (Escutia) Prop 50: Urban Areas	Spot bill to ensure that urban areas and areas with "special needs" receive an equitable amount of Prop. 50 funds.		
SB 564 (Ackerman) Prop. 50: Orange County	Appropriates \$15 million from Prop. 50 to be made available for water efficient landscape management technologies and to significantly reduce urban runoff in urban communities.		
SB 994 (Hollingsworth) Prop 50: Salton Sea	Appropriates \$50 million from Prop 50 to the WCB for projects approves by DWR to mitigate environmental impacts associated with the Colorado River deal.		
<b>Drinking Water Contaminates</b>			
AB 83 (Corbett) Drinking Water Reports	Requires each bottled water vendor to prepare and distribute an annual consumer confidence report. Requires unannounced inspections by DHS of bottled water facilities, the cost of which would be reimbursed by the water company.		Assembly
SB 34 (Soto) Inland Empire	Vehicle for addressing the perchlorate problem in the Chino Basin and surrounding groundwater basins. Fontana Water Company is the sponsor.		Senate Rules



## Inland Empire Utilities Agency

February 28, 2003

Bill # / Title	Summary	Position	Status
<b>Propositions 50 and 40</b>			
AB 107 (Corbett) Prop. 50: EBMUD	Earmarks \$23 million from Prop. 50's water security account to EBMUD for capital improvements to its water security system.		Assembly
AB 120 (Wyland) Prop. 50:Earmark	Earmarks \$1.1 million from Prop. 50 for SWRCB grants to the Southern California Caulerpa Action Team to eradicate Caulerpa taxifolia in the Auga Hedionda Lagoon.		Assembly
AB 704 (Hancock) Prop 40 Funds	Earmarks unspecified amount of Prop. 40 funds for the East Bay Regional Park District.		
AB 817 (Pacheco) Prop. 50: Earmark	Appropriates \$15 million in Prop. 50 funds from the Clean Water and Water Quality section of the bond for a SWRCB education program on water quality.		
AB 859 (Nakano) Prop.50: Earmark	Appropriates \$30 million in Prop. 50 Chap. 8 funds to the Coastal Conservancy for an ocean observing system. Chap. 8 funds must be split between DWR and SWRCB.		
AB 866 (Pavley) Watershed/Prop.40	Adds water conservation, water use efficiency and water supply reliability to the list of elements that can be in the Integrated Watershed Management Program, which was created last year to allocate Prop. 40 funds. Also specifies that the Santa Monica Bay Restoration Commission shall appropriate the \$20 million earmarked in Prop. 50 for the Santa Monica Bay.		
AB 1054 (Spitzer) Prop. 40 Orange County	Appropriates \$20 million in Prop. 40 funds to Orange County. These funds would come from the \$300 million category for clean beaches, coastal waters, and lakes.		
AB 1110 (Harman) Prop. 50: Earmark	Earmarks unspecified water security funds from Prop. 50 for the Anaheim Public Utilities Department.		

Groundwater Perchlorate	Senator Soto is considering establishing a JPA-like agency. Jurisdiction, governance and "mission" still need to be established. IEUA has been working with the Senator to try to establish an acceptable local solution.		
SB 50 (Sher) Bottled Water	Contains intent language to submit bottled water to similar standards as those contained in the California Safe Drinking Water Act.		Senate
SB 311 (Sher) Drinking Water	Specifies when the public can ask for external peer review of OEHHA's drinking water hazard assessment.		
SB 922 (Soto) Contaminates Drinking Water	Requires the SWRCB or RWQCB in any drinking water cleanup and abatement order to make the discharger replace and pay for the contaminated drinking water.		
SB 1004 (Soto) Perchlorate	Requires that the SWRCB be notified when perchlorate is discharged into waters of the state, or when it is likely to be discharged into waters of the state, unless the discharge is in compliance with a waste discharge requirement. Failure to notify is punishable by fines up to \$5,000 per day. Also requires perchlorate manufacturers to provide water suppliers with the total number of pounds of perchlorate discharged into state waters by their facility.		
SB 1020 (Soto) Perchlorate	Intent language that would require a health facility to provide notification to county health departments and regulatory agencies if the health facility is using well water contaminated by perchlorate. Would require that the health facility develop a remediation plan to remove perchlorate from the well water.	...	
<b>Water Supply/Future Bonds</b>			
AB 93 (Canciamilla) Water Bond 04	Placeholder for an 04' water bond. Machado also intends to pursue an 04' water bond. Some in the environmental community have indicated they will accept a water bond with "Cal-Fed approved" storage proposals. Cal-Fed is not likely to have finished its environmental analysis of storage proposals in time for an 04' bond.		Assembly
AB 314 (Kehoe) Desalination	Intent language to facilitate the development of desalination projects.		

AB 531 (Kehoe) Infrastructure Bond 04	Would place a \$10 billion measure on the 04 ballot that would finance local infrastructure and economic development projects. Funds would be issued from the Infrastructure Bank and would require at least a 50% match.		
AB 740 (Pavley) Water Bond 04	\$2.9 billion "Clean Air, Clean Water and Coastal Protection" bond measure for the 04' ballot.		
AB 877 (Maddox) Urban Runoff Appropriated Water	Declares that urban runoff that has been discharged from a municipal storm sewer system into a natural coastal creek is unappropriated water.		
AB 1002 (LaMalfa) Bay Delta	Cal-Fed spot bill		
AB 1011 (Richman/ Canciamilla) ACA 11 Allocation	ACA 11 allocations. 15% of the funds would go for state competitive grant programs for cities, counties, water districts or wastewater agencies for water supply, water recycling, wastewater and storm water. 50% of the funds would be for transportation projects.		
AB 1562 (Keene) Water Storage	Spot bill on storage.		
SB 479 (Machado) Water transfers	Prohibits the SWRCB from approving long-term water transfers if the transfer would result in substantial negative third party impacts.		
SB 750 (Machado) Water Bond 04	Spot bill for 04 water bond.		
SB 794 (Battin) Cal-Fed	Cal-Fed spot bill.		
<b>Groundwater</b>			
AB 1107 (Liu) Groundwater Data	Requires AB 599 committee to develop uniform groundwater data standards. Requires regulatory agencies to adopt any standard that are developed pursuant to the bill.		
AB 1159 (Liu) Groundwater Data	Creates a workgroup to make recommendations for groundwater database standards and for the collection and transfer of groundwater data.		

AB 1522 (Parra) Groundwater	Requires the CVRWQCB to prepare a groundwater report that identifies potential groundwater supplies within its jurisdiction.		
SB 543 (Machado) Groundwater	Authorizes SWRCB to file action with the superior court to prevent the impairment of rights to groundwater.		
SB 909 (Machado) Groundwater Data	Spot bill on groundwater for possible "clean up" of SB 1938 from last year.		
<b>Water Conservation/Water Supply Land Use</b>			
AB 306 (Kehoe) Water Meters	Requires water purveyors by 2008 to install meters on all residential and agricultural service connections constructed prior to 1992. By 2009, requires water purveyor to charge customers for water based on actual volume of deliveries. MWD is in support of the measure.		
AB 334 (Goldberg) Recycled Water	Intent language to implement the recommendations of the 2002 Recycled Water Task Force.		
AB 562 (Spitzer) Recycled Water	Placeholder for recommendations from the Recycled Water Task Force.		
AB 607 (Plescica) Landscape Water Conservation	Sponsored by the Landscape Contractors, the measure would enact the Landscape Water Conservation Rate Structure Act.		
AB 654 (Ag Water Committee) UWMP	UWMP spot bill.		
AB 721 (Matthews) Urban Growth Boundaries	Requires than an urban growth boundary be established in every land use element, indicating where growth may occur for the next 20 years. Author says she will not pursue the bill.		
AB 741 (Canciamilla) Water Shortage	Spot bill on the statute dealing with the declaration of water shortage emergencies by water districts.		
AB 888 (McCarthy)	Allows the governing body of a public water supply to declare a water shortage		

Water Shortages	emergency if there is insufficient water for agriculture. Likely to be a very controversial bill.		
AB 1015 (Laird) Land Use Water Supply	Requires all general plans be amended by 2006 to identify existing and planned sources of water supply, including groundwater, that will serve existing and future development in normal and dry years. Requires that the city and county prepare the water supply information in consultation with the water supplier or regional water management group. Allows the local agency to assess fees for the preparation of water supply component of the plan. State AG the likely sponsor of the bill.		
AB 1659 (S. Horton) Gray Water	Requires DWR to propose a reduced fee schedule for water districts service connections to residential customers who agree to use gray water for their irrigation systems.		
SB 312 (Machado) Landscape Water Conservation	Intent language to modify the model landscape conservation ordinance. IEUA has been working with MWD and other water agencies on language for the bill.		
SB 318 (Alpert) UWMP: Desal	Requires UWMP to describe the opportunities for development of desalinated water. Desal. is defined to mean the treatment of seawater and does not include brackish water.		
SB 1000 (Aanestad) Beneficial Uses	Allows a water right permit holder that has implemented water conservation measures to receive credit for the conserved water in any extension proceeding before the SWRCB.		
<b>Water Quality/Water Quality Penalties and Fees</b>			
ACA 10 (Harman) Nonpoint Source	Allows local jurisdiction to raise rates for storm water and urban runoff management by a simple majority vote.		
AB 10X (Oropeza) Waste Discharge Fees	Removes cap on waste discharge fees for POTWs. Allows SWRCB to set an annual fee for POTWs and dairies holding NPDES permits. Contains open-ended recoverable costs, including groundwater monitoring and surface water		Enrollment

	monitoring.		
AB 58 (Bates) SWRCB Fine Allocation	Amends Section 13308 of the Water Code. Requires that 75% of the civil liability penalties collected go to RWQCB and 25% go to the SWRCB. The concern is that the SWRCB is not using fine monies for RWQCB monitoring activities.		Assembly Rules
AB 760 (Maldonado) Water Penalties	Spot bill on mandatory minimum penalties.		
AB 897 (Jackson) Water Quality Objectives	Deletes the requirement in Porter-Cologne that requires economic considerations be taken into account when water quality objectives are established.		
AB 951 (Bates) Municipal storm water	Intent language to improve the municipal storm water permit system.		
AB 1353 (Matthews) Waste Discharge	States that annual discharge fees cannot be charged if it can demonstrated that pollution is not entering waters of the state. Not clear if this applies only to waiver holders or NPDES permit holders as well.		
AB 1375 (Daucher) Municipal sewers	Changes waste discharge enforcement standards for municipal separate storm sewer systems to a "maximum extent practicable" standard set forth in the CWA.		
AB 1517 (Plescia) Stormwater	Creates permit and management system for municipal storm water.	...	
SB 214 (Morrow) Waste Discharge Requirements	Changes waste discharge enforcement standards for municipal separate storm sewer systems to a "maximum extent practicable" standard set forth in the CWA.		
SB 304 (Morrow) Storm Water	Spot bill on storm water.		
SB 803 (Soto) Stormwater	Legislative intent to establish a uniform means of compliance with storm water runoff requirement on a regional basis.		
SB 923 (Sher) Water Quality	Requires annual fees be assessed for waste discharge waivers. The fee would be established by the regional water boards to cover the costs of administering the waiver. Deletes the requirement that a regional water board must first notify		

	someone violating Water Code Section 13264 before civil liability fines are issued.		
<b>Quantification Settlement Agreement/Salton Sea</b>			
SB 117 (Machado/Kuehl) QSA	Intent language that the Legislature wants to the QSA to be signed and that the QSA be consistent with the state's commitment to the restoration of the Salton Sea.		
SB 277 (Ducheny) Salton Sea	Spot bill on the Salton Sea and California's entitlement to the use of 4.4 million AF of Colorado River water.		
SB 317 (Kuehl) Salton Sea/FPS	Authorized the take of fully protected species as part of the QSA. States legislative intent to allocate a minimum of \$50 million from Prop. 50 for the QSA.		
<b>Watersheds</b>			
AB 66 (Leslie) Adopt A Waterway	Authorizes Resource Agency to enter into agreements to accept funds, equipment or services from any person for maintenance or environmental enhancement of a state waterway.		Assembly Rules
AB 496 (Correa) Santa Ana Conservancy	Creates a state conservancy for the three-county Santa Ana River area. Co-authors include McLeod, Maddox and Harman.		
AB 1405 (Wolk) Watersheds	Sponsored by RCRC. Spot bill on watershed.		
<b>MISC.</b>			
AB 589 (Ridley-Thomas) MWD Employees	Specifies various salary distinction for MWD employees.		
AB 847 (Pavley) Coastal Conservancy	Specifies that the Coastal Conservancy's duties include protecting sensitive habitat areas and improving coastal water quality. Probably a spot bill.		
AB 1532 (Nakano) SWP Security	Intent bill to require DWR to establish a pilot project to undertake real-time monitoring to protect the security of the SWP.		

SB 83 (Soto) Assessments	Sponsored by Three Valleys, the bill addresses preapproved assessments from Proposition 218.		
SB 196 (Kuehl) RWQCB Appointments	Specifies that the city council member and a county supervisor serve on the RWQCB rather than someone from city or county "government."		
SB 783 (Margett) Water Rights	Spot bill for water rights permits.		



## Martha Davis

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**From:** Geyerw [geyerw@pacbell.net]  
**Sent:** Thursday, February 27, 2003 5:20  
**To:** Martha Davis  
**Subject:** Recap 50 meetings

Martha --

Here is a quick recap of the Desal/contaminate meeting and the Water Quality large group meeting which happened today.

- 100 million for Desal/Contaminate Removal. It was decided that \$50 million will be for Desal and \$50 million will go towards contaminate removal. (Some desal people wanted more than 50% not accepted by group.)
- Desal definition includes brackish water
- It was decided not to put in a specific split on the desal funds between the ocean desal and the brackish. It will be up to DWR to come up with criteria. I think politically this is good.
- It was decided not to put in a north/south split on the total desal funds.
- Criteria should include priority for projects ready to go.

### Contaminate Removal

- \$50 million for contaminate removal including perchlorate.
- DSH will come up with criteria for funding. DHS criteria will include "loss of the resource" to be a high priority for funding. This was in response to my question about giving priority to communities losing their water supply due to contaminants.

### Water Quality/Clean Water Program

- \$100 million for Clean Water Program. Of this \$20 million is in this year's budget for the CAI-Fed drinking water quality program to be spent on Delta projects. So the total is really \$80 million.
- SWRCB controls these funds and proposes to get them out through their existing NPS grant program and the small communities grant program. In Gov.s budget SWRCB recommends a 50/50 split between the small communities program and the NPS program (which is supposed to be very broad)
- This is not a section where we could secure contaminate removal funds.

### Safe Drinking Water

- Meeting on Monday on the 60%
- I did not object to DSH wanting to combine multiple Chapter funds to address specific contaminants.
- When asked by O'Conner I said the issue on contaminants is not the combining of the chapter funds, but rather how much funding in general will be available for this purpose. I said we should know more after Monday's meeting. Spath emphasized (which he did not do in the first meeting) that he was "concerned" with MWDs proposal to take the 60% because it would affect the revolving fund.

(Spath can probably meet with Rich on Tuesday at 11 a.m. I need to confirm with Spath scheduler. We

need to make sure we talk before the 10 a.m. meeting on Monday.)

:

## SUBCOMMITTEE NO. 3 ON NATURAL RESOURCES

MARCH 5, 2003

Proposition 50, cont'd.

The following table (Table 5) provides a break-down of funding in Proposition 50 by category, and indicates the amounts proposed for expenditure by the Governor in the 2002-04 budget.

Table 5.

PROPOSITION 50  
(dollars in Thousands)

	Total Allocated in Bond	Total set aside	2002-03 expenditures**	Proposed 2003-04 expenditures	Remaining available
Water Security	\$50,000	\$2,150	\$0	\$15,060	\$31,790
Safe Drinking Water	435,000	24,425	0	102,062	308,513
Clean Water and Water Quality	370,000	29,700	20,500	87,944	231,856
Contaminant & Salt Removal Technologies	100,000	7,960	0	26,950	65,090
California Bay-Delta Authority	825,000	48,606	46,600	326,645	403,149
Integrated Regional Water Management	640,000	45,283	16,540	153,897	424,280
Colorado River	70,000	4,950	0	54,000	11,050
Coastal Watershed and Wetlands Protection	950,000	46,843	195,633	\$17,685	\$89,789
TOTAL	\$3,440,000	\$210,917	\$279,323	\$1,084,243	\$1,865,517

\*\* Amounts assume approval of mid-year shifts proposed by the Governor in December of 2002.

COMMENTS:
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As noted in the previous discussion of Proposition 40, the Subcommittee has requested specific information from the Resources Agency and the State Water Resources Control Board with regard to these bonds. Specifically, :

- What level of funds were appropriated, committed and expended by department and bond category?
- A list of projects funded and their location.
- What have been the actual administrative program delivery costs and percentage of funds expended for each department and category? What was the bond issuance costs?
- How many permanent and temporary FYs have you hired with bond funds?
- Have the bond-funded projects achieved their objectives (as stated in either the bond or statute)? Have any evaluation mechanisms been put in place?
- Are there any changes to these programs you might recommend for better implementation or prioritization of the bond funds?



## MEMORANDUM

TO: RLC Members in the Three County Santa Ana River Region  
John Hunter, Irvine Company  
Sat Tamaribuchi, Irvine Company  
Beth Beeman, Irvine Ranch Water District  
Norris Brandt, Irvine Ranch Water District  
Joe Grindstaff, SAWPA  
Daniel Cozad, SAWPA  
Bob Feenstra, Milk Producers Council  
Rich Atwater, IEUA  
Martha Davis, IEUA  
Macie Cleary-Milan, Transportation Corridor Agency  
Rob Thornton, Nossaman et al  
Kathy Cole, MWD  
Norm Flette, MWD

FROM: Bill Geyer and Jennifer West

DATE: March 11, 2003

RE: AB 496 (Correa) Santa Ana River Conservancy

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AB 496 (Correa), which creates a state conservancy for the three-county Santa Ana River region, is set for hearing March 24 in Assembly Natural Resources. In general, Assemblyman Correa wants to create a conservancy so that the region will be "more" eligible for existing or future bond funding (both Propositions 40 and 50 were written with earmarks for all state conservancies). We have spoken to some of you about this concept and, as of yet, have not heard clear direction beyond the observation that Correa is working hard on the bill and apparently making it an important plank in his campaign for Orange County supervisor.

We did want to flag a number of issues with the current version of the bill. As written, AB 496 leaves the membership of the conservancy board blank. However, the bill appears to contemplate a traditional state-run conservancy where the state insists on control of the majority of the appointees, state employees run the day-to-day operation of the conservancy, and the state pays the administrative costs.

A possible alternative to a state-run conservancy would be to form a local, state recognized, joint powers authority (JPA) that has a statutory working relationship with the state. This local voluntary JPA would be accountable to a locally appointed governing board and would be paid for by JPA members, which could include the three

counties, and participating cities and water districts. This concept was discussed last year with Mary Nichols in the context of a Sacramento area proposal (which died for lack of local consensus) and she generally thought that a state recognized regional conservancy could have sufficient standing to receive bond funds and state cooperation (on the SAWPA/Proposition 13 model).

Other issues raised by AB 496 as drafted include:

- It authorizes the conservancy to create a three county “River Parkway Open Space Plan”, giving this proposed state entity some planning authority over the region. The conservancy does have to respect local land use regulations. However, local governments do not have concurrent approval authority over the plan, nor approval authority over conservancy activities within their jurisdiction (unlike some other state conservancy programs.)
- There are significant provisions deterring the conservancy from interfering with water issues or the activities of water agencies. Do water agencies think these are adequate?
- The conservancy is given not just transaction and property spinoff authority, but is expected to hold and manage property. It does not have eminent domain authority. What public and private entities might it be competing with?
- The boundaries of the conservancy are not clear. For example, it is unclear whether San Diego Creek or other areas that were part of the “old” Santa Ana River watershed would be considered part of the conservancy territory.
- There is a provision that other operating state conservancies in the area would have to work out territorial issues. Both the Coastal Conservancy and the Santa Monica Mountains Conservancy operate in the region.

### **Conclusion**

Two key policy questions are 1) whether the Santa Ana River watershed needs a new conservancy to attract funds, undertake projects, and manage resources, and 2) if so, should that conservancy be a conventional state controlled and operated entity, or a state recognized but locally controlled and operated body.

Assemblyman Correa and his staff seem very willing to work with us and have asked for our member’s feedback on the bill. If possible, please let us know what you think of the measure by the end of this week if possible.

MEMORANDUM

TO: RLC MEMBERS  
INTERESTED PARTIES :  
FROM: BILL GEYER  
DATE: FEBRUARY 27, 2003  
SUBJECT: AB 1492 (Laird): WILLIAMSON ACT ENFORCEMENT

Assemblyman John Laird (D - Santa Cruz) has introduced legislation to create statutory enforcement requirements for Williamson Act violations. The bill also contains a section further limiting the ability to do lot line adjustments on Williamson Act land. Laird's consultant indicated that he was the sponsor, although they had gotten the language from the Department of Conservation, and that the purpose of the bill was to deal with circumstances where something had been illegally built upon Williamson Act land.

I have begun a more thorough review of the proposal. My initial reaction is that both issues are far more complicated than portrayed to, or by, the author, and the language may reflect the department's positioning itself for existing or anticipated litigation:

1) Enforcement

There have been a few black and white cases over the years where the existence of a Williamson Act contract has simply been overlooked or ignored in the development process. Recent legislation on annexation makes this less likely to reoccur in the future. In the past, these situations have usually been settled by a retroactive cancellation. Some additional or liquidated damages approach, as proposed in the bill, could have merit. My main concern with the language relates to the presumption of breach of contract if the use is not "expressly" authorized by the contract or local ordinances. I don't think all contracts and ordinances are drafted that way, and that a better rule would be that a use is expressly prohibited. Either way, there is actually a tremendous potential for gray areas with respect to issues like preexisting uses, non-conforming uses, compatible uses, and land divisions. This is further complicated by the variation in contract provisions, the interplay between the contract and the police power in agricultural preserve "uniform rules," and the spate of new legislation adopted in the last decade. Beyond this, some (but not all) contracts already have breach or enforcement provisions. A provision encouraging discussion or mediating contested perceived violations between the contracting parties might be appropriate.

# Chino Basin / OBMP Coalition

## Status Report

February 2003

The Dolphin Group (DGI) and Lang, Hansen, O'Malley, and Miller (LHOM) continue to pursue a number of efforts and issues on behalf of the Chino Basin Coalition and Chino Basin Watermaster. Following is a brief update on activities:

- 1) **2002 Legislation Implementation** – Both firms are currently working to ensure both coalition sponsored measures (AB 2228 & SB 1755), which took effect on 1/1/03, are fully and effectively implemented. Draft net metering tariffs were developed and reviewed in February. Both PG&E and Edison will be filing the revised tariffs in early March. We are also currently monitoring CPUC deliberations/decisions regarding distributed generation and the potential impacts of “departing load” charges on local projects.
- 2) **Digester Funding** – Additional progress has been made in the effort to gain the \$3 million in additional funding included in last year's budget. The State Department of General Services recently approved the IEUA contract with the CEC.
- 3) **New Potential Funding for Digesters** – LHOM is currently working with IEUA staff to gain an additional \$2 million in funding for local digester programs. Recent discussions with the CEC staff suggest that an additional \$2 million may be available through the digester pilot program administered by Western United Resource Development (WURD).
- 4) **Prop. 40 and Prop. 50 Implementation / Appropriation** – DGI is currently identifying potential opportunities for coalition projects under both Prop. 40 and Prop. 50. Legislation, SB 21 (Machado) has already been introduced to implement Prop. 50 water programs, and a number of stakeholder meetings are being conducted to fine tune the legislation.
- 5) **2004 / 2006 Water Bond** – Legislation (AB 93) to place another water bond before statewide voters in either 2004 or 2006 has been introduced by Assembly Water Parks and Wildlife Chair, Assemblyman Joe Canciamilla (D-Pittsburg). Assemblymember Fran Pavley has also introduced AB 740, the so-called Clean Air, Clean Water and Coastal



Protection Act of 2004, a \$2.9 billion State General Obligation Bond. DGI will be working with the authors' staffs to maximize potential funding opportunities for coalition projects.

:

# *Agricultural Resources*

635 Maryland Avenue, N.E.  
Washington, D.C. 20002-5811  
(202) 546-5115  
(202) 546-4472-fax  
[agresources@erols.com](mailto:agresources@erols.com)

February 28, 2003

## Legislative Report

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**TO:** Richard W. Atwater  
General Manager, Inland Empire Utility Agency

**FR:** David M. Weiman  
Agricultural Resources  
LEGISLATIVE REPRESENTATIVE, IEUA

**SU:** Legislative Report, February 03

### Highlights:

- Administration Budget Released
- DOI/BuRec Propose to Slash Funding for Water Recycling Program
- Water Recycling – OMB Program Review
- Administration Meetings with SAWPA
- Oversight Hearing Proposed
- Rep. Napolitano Names Ranking Democrat on Key Water Subcommittee
- Rep. Joe Baca named to Resources Committee
- IEUA Meetings with Chairman Pombo, with MPC

*Administration FY 04 Budget Request.* On February 3, the Administration submitted its proposed FY 04 budget (for the next fiscal year, beginning October 1, 2003 and extending through September 30, 2004) for the entire Federal Government.

*Interior and BuRec Propose to Slash Funding for Water Recycling.* The Bureau of Reclamation is part of the US Department of the Interior. The DOI/BuRec budget recommended that funding be provided for existing projects only, no new starts and a 33% reduction of proposed spending (from \$18 million down to approximately \$12 million. The Budget documents

developments with Chairman Pombo. It is our understanding that the Subcommittee will announce the Oversight Hearing shortly.

*Committee Assignments – Rep. Napolitano Named Ranking Democrat, Subcommittee on Water and Power.* Rep. Nick Rahall (D-WV) selected Rep. Grace Napolitano to serve as ranking democrat. Rep. Napolitano’s congressional district now touches a portion of the SAWPA service area.

*Committee Assignments – Rep. Joe Baca Named To Resources Committee.* Mr. Baca was selected to serve on the Resources Committee for the 108<sup>th</sup> Congress. He is seeking an appointment to the Water Subcommittee. Other water recycling proponents have also been named to the committee.

*Chairman Pombo.* IEUA and MPC’s Bob Feenstra met with Chairman Pombo to discuss the Manure Management Strategy – with an emphasis of how this program helps address air quality problems and the water recycling program. We also discussed how the “drought-proofing” strategy in the Chino Basin helps

*IEUA Continues to Work With Various Partners.* On an on-going basis in Washington, IEUA continues to work with:

- \* Metropolitan Water District of Southern California
- \* Milk Producer’s Council
- \* SAWPA
- \* Water Environment Federation (WEF)
- \* Association of California Water Agencies (ACWA)
- \* WaterReuse

#####



# Santa Ana Watershed Project Authority

COMMISSION FOR THE PROJECT AUTHORITY

EASTERN MUNICIPAL WATER DISTRICT  
INLAND EMPIRE UTILITIES AGENCY  
ORANGE COUNTY WATER DISTRICT  
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT  
WESTERN MUNICIPAL WATER DISTRICT

February 21, 2003

GENERAL MANAGER

P JOSEPH GRINDSTAFF

The Honorable Jerry Lewis  
United States House of Representatives  
2112 Rayburn House Office Building  
Washington, D. C. 20515

Dear Representative Lewis:

The development of safe, clean and reliable water supplies is critical to the economic and environmental future of both California and the West. The Santa Ana Watershed Project Authority (SAWPA) has been working in collaboration with water agencies in Southern California to develop the Southern California Integrated Watershed Program (SCIWP), which will create over 300,000 acre-feet of new water supplies that will meet the needs of 20% of the State's population. These projects will contribute solutions to pressing water problems facing the West, particularly the conflict of the Colorado River. SCIWP provides an integrated plan that, when implemented, will enable the Santa Ana Watershed to be independent of imported water supplies during droughts, improve the quality and safety of existing water resources, restore habitat for native supplies, enhance flood control, and create new wetlands and open space within the region.

The Santa Ana Integrated Watershed Plan (attached) is supported by SAWPA's member agencies and the watershed and by our Congressional members. SAWPA and its Member Agencies have reviewed well over 250 projects and selected the following priority projects for federal funding in FY 2004. Each has significant local and state matching funds and will provide important national, regional and local benefits.

## I. Funding Requests:

### **A. Central and Riverside/Corona Feeder and Water Treatment Project**

Contaminants and significant earthquakes dangers are impacting water supplies for over 1 million people in the upper watershed. This project both removes contamination such as TCE, PCE, perchlorate, radon and others from water at the bottom of the Bunkerhill basin and Riverside/Colton Basins, as well as creates safe clean drinking water from water that is now the cause of potential liquefaction in an earthquake. This project would serve the cities of Redlands, Yucaipa, Riverside, Corona, Lake Elsinore, and others in San Bernardino and Riverside Counties. This project will also implement drought proofing and allow groundwater banking in these basins. When completed, the project will result in at least 40,000 acre feet of new water supply and new groundwater storage capability for over 100,000 acre feet for use in time of drought thereby reducing the demand on the State Water Project and Colorado River system. Critical new start funding is sought for this project.

Total Project Cost: \$151 million  
State/Local Contribution: \$95 million  
FY '04 Funding Request: \$8 million



The Honorable Jerry Lewis  
February 21, 2003  
Page 2

**II. Continued Funding for On-going Programs:**

**United States Army Corps of Engineers and United States Bureau of Reclamation Planning Studies**

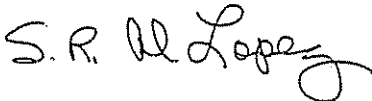
Several joint participation studies by the U.S. Army Corps of Engineers (USACE) and the U.S. Bureau of Reclamation (BoR) require additional funding to provide planning for urgently needed programs in the watershed:

- Increase USACE budget for the Upper Santa Ana Environmental Study from \$150,000 to \$250,000 and allow local match to be in project funds.
- Increase USACE budget for the San Jacinto and Lake Elsinore Back Basin Studies from \$100,000 each to \$300,000 each.
- Fund the authorized USACE Upper Santa Ana Watershed Model for \$400,000.
- Fund the authorized BoR Lake Elsinore/San Jacinto Study (formerly Mystic Lake) for \$400,000.

SAWPA has broad support for its program, not only within the watershed of the Santa Ana River, but also throughout the entire state of California since it greatly reduces Southern California's fragile dependence on imported Colorado River and State Project water. SAWPA and its Member Agencies would greatly appreciate your support for these important activities in the coming fiscal year.

Sincerely,

Santa Ana Watershed Project Authority

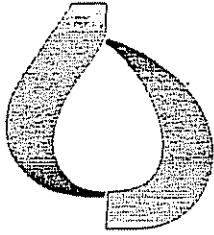


S. R. Al Lopez  
Commission Chair



P. Joseph Grindstaff  
General Manager

PJG:DC:pb  
attachment  
k:\federal funding\2003 Appropriations Ltr Lewis



**Inland Empire**  
UTILITIES AGENCY

## Six-Month Water Conservation/Educational Promotional Events

### *January*

#### **High Efficiency Clothes Washer Rebate**

- Get up to \$100 when you purchase a qualified new Energy Star rated clothes washer between now and June 30, 2003. See your local retailer.

#### **Water Conservation Tip**

- Running only full loads in the dishwasher or clothes washer can save **800 Gallons** of water each month.

### *February*

February 14, 15 & 16, 2003 – Home and Garden Show, Ontario Convention Center.

February 25, 2003 - Inland Empire Utilities Agency's Water Association Leadership Breakfast, Double Tree Hotel, Ontario.

#### **Water Broom Rebate**

- Earn up to \$100 on the purchase of a water broom. For more information visit Watermiser's web site at [www.watermiser.com](http://www.watermiser.com).

#### **Water Conservation Tip**

- Turning off the hose while washing your car saves **150 Gallons** of water.

### *March*

March 12, 2003 - Fontana Arbor Day Celebration, Mary Vagle Museum & Nature Center.

March 17, 2003 – IEUA hosted Special Districts Dinner, Panda Inn Ontario

March 19, 2003 – IEUA Board Meeting presentation of HECW rebate check to 1,000 rebate customer

#### **High Efficiency Clothes Washer Rebate**

- Get up to \$100 when you purchase a qualified new Energy Star rated Clothes washer between now and June 30, 2003. See your local retailer.

#### **Water Conservation Tip**

- Low-flow showerheads save **5 Gallons** of water per shower.

## April

April 5, 2003 – Fontana Earth Day, Mary Vagle Museum and Nature Center

April 5, 2003 - City of Ontario Ultra-Low-Flow toilet distribution, Ontario Public Works Yard.

April 12, 2003- City of Chino Ultra-Low-Flow toilet distribution, Chino City Hall.

April 26 & 27, 2003- Upland Lemon Festival, Downtown Upland.

April 26, 2003 - California State University San Bernardino Environmental Expo.

April 26, 2003 - Monte Vista Ultra-Low-Flow toilet distribution, Montclair High School.

### **Ultra-Low Flush Toilets Rebate**

- Simply purchase a new toilet at any local retailer, fill out the application, attach the original receipt, and IEUA will give you a rebate of \$50 (limit two per household).

### **Water Conservation Tip**

- Low-Flow toilets save **3.5 Gallons** of water with each flush.

## May

May 6 & 7, 2003 - Orange County Children's Water Festival, Hidden Valley Park, Irvine.

May 3, 2003 - Cucamonga County Water Awareness Day, District Administrative Facilities.

May 10, 2003 - Inland Empire Utilities Agency's Regional Ultra-Low Flush Toilet distribution, Chino Basin Water Conservation District, Montclair.

### **Pre-Rinse Spray Head Replacement Promotion**

- The pre-rinse nozzles are currently being offered and installed at restaurants within IEUA's service area.

### **Water Conservation Tip**

- Choosing water-efficient plants and sprinkler controls that adjust to the weather can shave \$200 off your annual water bill.

## June

June 7, 2003 – Chino/Chino Hills Dairy Festival, Chino Jr. Fair Grounds.

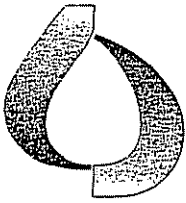
### **Swimming Pool Covers**

- Get a \$50 rebate when you purchase a Qualifying Swimming Pool Cover. See your local retailer.

### **Water Conservation Tip**

- Turning off the faucet while shaving, washing or brushing your teeth saves **1.5 Gallons** of water each minute.

Rebates are available for residents of the cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Rancho Cucamonga and Upland. For more information call 1-800-492-0661



**Inland Empire**  
UTILITIES AGENCY\*

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www.ieua.org  
A Municipal Water District

Richard W. Atwater  
Chief Executive Officer  
General Manager

March 14, 2003

Board of Directors

John L. Anderson  
President

The Honorable Diane Feinstein  
United States Senate  
331 Hart Senate Office Building  
Washington, D.C. 20510

Terry Catlin  
Vice President

*Subject: Chino Basin Renewable Energy Project -- FY 2004 Funding Request  
San Bernardino County, California*

Angel Santiago  
Secretary/Treasurer

Dear: Senator Feinstein:

Wyatt L. Troxel  
Director

The Inland Empire Utilities Agency has undertaken an exciting and innovative energy program that is leading the development of new clean biogas energy in California.

Gene Koopman  
Director

*Initial funding for this project was provided in FY 2002 budget. We respectfully request your support for the inclusion of \$5.0 million in the FY 2004 Energy and Water Development Appropriations Bill to continue the progress of this award winning program and support the development of state-of-the-art technologies for producing clean, renewable energy from organic materials.*

Through a partnership with the Inland Empire Utilities Agency (IEUA), the Department of Energy is developing advanced technologies for the use of methane fuels derived from anaerobic digestion of organic materials, including dairy manure, biosolids and food and green material. The RP-5 Biomass Renewable Energy Project is comprised of a series of full scale demonstration projects that will showcase innovative combinations of primary and secondary generation systems that will attain energy efficiencies of 65% or more. This program will set a national standard for the production of green bio-energy and the development of efficient energy generation technology, as well as highlight innovative private-public efforts to reduce global warming gases.

The key reasons for this request for continued funding for the Chino Basin Renewable Energy Project are:



- (1) This project is designed to be a national research and demonstration program on biomass and renewable power that will contribute to the development of commercially-implementable clean and efficient energy technologies for the nation;
- (2) This project will help achieve the President's goal of reducing greenhouse gas intensity of the U.S. Economy by 18 percent within the next ten years.
- (3) The direct benefits of this investment include a significant reduction of pollutants and global warming gases including carbon dioxide, sulfurous gases, and airborne particulates that degrade regional air quality;
- (4) This investment will address the urgent need to resolve the Chino Basin dairy pollution problem and will establish a model for addressing similar confined animal feedlot (CAFO) and organic management problems across the country. The Chino Basin has the largest concentration of dairy cows in the United States.

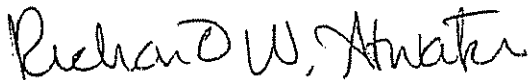
The Inland Empire Utilities Agency is seeking a one-half cost share for Phase II of the Chino Basin Renewable Energy Program:

Total Project Cost – Phase II \$10 million  
Local/State Contributions -- \$5 million  
*FY 04 Funding Request -- \$5 million*

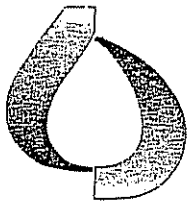
Thank you again for your consideration of our request. The Chino Basin Renewable Energy Program will help develop an urgently needed biogas technologies that will help provide answers to the critical air, water and energy challenges facing our nation's agricultural industry.

The Inland Empire Utilities Agency would greatly appreciate your support for this important program. Please do not hesitate to call Martha Davis or myself should you have questions.

Sincerely,



Richard W. Atwater  
Chief Executive Officer/General Manager



# Inland Empire

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A Municipal Water District

Richard W. Atwater  
Chief Executive Officer  
General Manager

March 14, 2003

Board of Directors

John L. Anderson  
President

The Honorable Diane Feinstein  
United States Senate  
331 Hart Senate Office Building  
Washington, D.C. 20510

Terry Catlin  
Vice President

*Subject: Dairy Manure Management Project -- FY 2004 Funding Request  
San Bernardino County, California*

Angel Santiago  
Secretary/Treasurer

Dear: Senator Feinstein:

Wyatt L. Troxel  
Director

The Inland Empire Utilities Agency, in cooperation with the Milk Producers Council, is implementing an urgently needed organics management and manure removal program in the Chino Basin to demonstrate the use of new technologies that will enable the dairy industry to meet federal water and air quality regulations and remain a vibrant industry in California and throughout the United States.

Gene Koopman  
Director

*Initial funding for this program was authorized in the FY 2001 budget. We respectfully request your support for the inclusion of \$5.0 million in the FY 2004 Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Bill to continue the progress of this award winning program and support the development of a state-of-the-art organics management and manure removal project.*

Through a partnership with the Inland Empire Utilities Agency (IEUA), the California Energy Commission, Milk Producers Council and Synagro, the U.S. Department of Agriculture and the Natural Resources Conservation Service are demonstrating advanced technologies for the beneficial use of manure, bio-solids, and food and green material. The Chino Basin Dairy Manure Management Program is setting a national standard for the production of green energy and high quality fertilizer at the same time it improves air and water quality, including a significant reduction in global warming gases.

With the \$5 million grant authorized in the FY 2001 budget, IEUA completed the construction of a pilot anaerobic digester project (RP-5 Renewable Energy Project) that demonstrates a combination of unique composting, anaerobic digestion and renewable energy technologies. The project is on-line, and the biogas it produces is generating over .75 megawatts of clean power that is being used to operate a desalting

facility for the Chino groundwater basin. In 2002, the State of California accorded IEUA its highest environmental honor in recognition of the achievements of this unique project and partnership.

The key reasons for this request for continued funding of the Chino Basin Dairy Manure Management Program are:

- (1) This investment will address the urgent need to resolve the Chino Basin dairy pollution problem and will establish a national model for addressing similar feedlot and organic management problems across the country. Currently, the Chino Basin has the largest concentration of dairy cows in the United States.
- (2) The Santa Ana River supplies over 75 percent of the drinking water for the more than 4 million people who reside within the watershed. Protecting the quality of this critical local surface and groundwater supply is vital to Southern California, but is also an essential element to achieving the California 4.4 plan. Protection of these waters also contributes to the protection of the San Francisco Bay Delta, and supports a Statewide CALFED Bay-Delta solution
- (3) The direct benefits of this investment include a significant reduction of pollutants including carbon dioxide, sulfurous gases and airborne particulates that degrade regional air quality. The California South Coast Air Quality Board has singled out the dairy manure management technologies being implemented by IEUA in the Chino Basin as the "Best Management Practices" for achieving compliance with composting and other air quality regulations. This request is consistent with the President's "Clean Skies" program and the administration's goal to reduce the intensity of greenhouse gases by 18 percent within the next ten years.
- (4) This project is designed to be a national research and demonstration program on organics management that will contribute to the development of projects nationwide addressing serious water quality, manure management, and energy issues facing the country, including compliance with the recently released Concentrated Animal Feedlot Operations (CAFO) rules. IEUA has established an extensive peer review program involving nationally recognized experts in agriculture, energy, water and air.

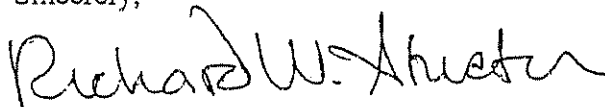
The Inland Empire Utilities Agency is seeking a one-half cost share for Phase II of the Dairy Manure Management program.

Total Project Cost -- Phase II \$10 million  
Local/State Contributions -- \$5 million  
*FY 04 Funding Request -- \$5 million*

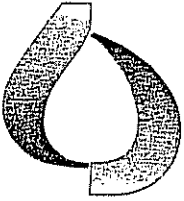
Thank you again for your consideration of this vital funding request. The Dairy Manure Management Program will help develop an urgently organics management and manure removal program in Southern California, and will help provide answers to the critical air, water and energy challenges facing our nation's agricultural industry.

The Inland Empire Utilities Agency would greatly appreciate your support for this important program. Please do not hesitate to call Martha Davis or myself should you have questions.

Sincerely,

A handwritten signature in cursive script that reads "Richard W. Atwater". The signature is written in black ink and is positioned above the printed name and title.

Richard W. Atwater  
Chief Executive Officer/General Manager



# Inland Empire

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Washington, D.C. 20510

Terry Catlin  
Vice President

Angel Santiago  
Secretary/Treasurer

*Subject: Chino Basin Conjunctive Use FY 2004 Funding Request  
San Bernardino County, California*

Dear: Senator Feinstein:

Wyatt L. Troxel  
Director

The Inland Empire Utilities Agency is implementing an urgently needed water development program in the Chino groundwater basin that will create over 500,000 acre-feet of new storage within Southern California.

Gene Koopman  
Director

*Initial funding for this project was provided in FY 2003 budget. We respectfully request your support for the inclusion of \$2.5 million in the FY 2004 Energy and Water Development Appropriations Bill to provide essential funding for the continued implementation of this water development project.*

The Chino Basin Conjunctive Use Program is a critical component of the Optimum Basin Management Program (OBMP) Peace Agreement, and is supported by the Chino Basin Watermaster, Santa Ana Watershed Project Authority, Metropolitan Water District of Southern California and local agencies within the Chino Basin. The program is included in the Southern California Comprehensive Water Reuse Study completed by the U.S. Bureau of Reclamation in 2001.

Under this conjunctive use program, storm water, imported water and recycled water will be used to improve groundwater quality in the Chino Basin as well as to enhance the development of new water supplies that will significantly contribute to drought-proofing of the region. In addition, new well treatment facilities will be constructed that will assist in the treatment of serious groundwater contaminants impacting local water supplies including perchlorate, arsenic and chlorinated hydrocarbons. In the last 12 months, rising levels of groundwater contaminants have caused wells in the Chino Basin to be removed from production and have increased the region's dependence on MWD's imported water supplies.

Phase I of the conjunctive use program is a fast-track initiative that will result in 25,000 acre-feet of new water supplies and more than 75,000 acres feet of new storage by 2005. This phase also includes construction of a wellhead treatment project to address the water quality concern of the Jurupa Community Services District. In addition, a conjunctive use recharge element is being developed in partnership with MWD. We are seeking a 25% cost federal cost share for Phase I of the Conjunctive Use Program.

Total Project Cost – Phase I	\$64.0 million
State/Local Contribution	\$50.0 million
<i>FY '04 Funding Request</i>	<i>\$ 2.5 million</i>

Thank you again for your consideration of this funding request. The Chino Basin Conjunctive Use Program will help develop urgently needed water supplies for Southern California, and will help our region reduce its dependence on Colorado River water supplies and achieve the requirements of the 4.4 plan.

The Inland Empire Utilities Agency and its retail agencies would greatly appreciate your support for this important water development program. Please do not hesitate to call Martha Davis or myself should you have questions.

Sincerely,



Richard W. Atwater  
Chief Executive Officer/General Manager



# CHINO BASIN WATERMASTER

March 27, 2003

10:00 a.m. – Advisory Committee

1:00 p.m. – Watermaster Board

## III. REPORTS/UPDATES

### **C. AGWA REPORT**

1. Minutes for the meeting held January 21, 2003
2. Minutes for the meeting held February 18, 2003
3. Agenda for the meeting March 17, 2003

DRAFT  
 MINUTES OF THE  
 ASSOCIATION OF GROUND WATER AGENCIES (AGWA)  
 BOARD OF DIRECTORS MEETING  
 HELD TUESDAY, JANUARY 21, 2003 - 1:30 P.M.  
 AT CHINO BASIN WATERMASTER

Dr. Bruce Mowry, Chairman, called the meeting to order.

Directors/Alternates present:

Bruce Mowry, Chairman	Water Replenishment District of Southern California
John Rossi, Vice Chairman	Chino Basin Watermaster
Carol Williams, Secretary/CFO	Main San Gabriel Basin Watermaster
Bill Straub	Main San Gabriel Basin Watermaster
Ron Palmer	Raymond Basin Management Board
Burnell Cavender	San Bernardino Valley Water Conversation District
Rick Hansen	Six Basins Watermaster
John Otto	Tehachapi-Cummings County Water District
Mel Blevins	Upper Los Angeles River Area Watermaster

Affiliates present:

Lesley Thornburg	Cadiz, Inc.
Cindi LaCamera	Metropolitan Water District of Southern California

Others present:

Josephine Johnson	Chino Basin Watermaster
David Bolin	Komex H2O Science
Nina Jazmadarian	McGuire Environmental
Ken Breitag	Main San Gabriel Basin Watermaster
Frank Forbes	Main San Gabriel Basin Watermaster
Edgar Fandalian	Metropolitan Water District of Southern California
Jan Matusek	Metropolitan Water District of Southern California
Fred Fudacz	Nossaman, Guthner, Knox and Elliott, LLP
Jack Woodbury	San Bernardino Valley Conservation District
Sue McClurg	Water Education Foundation

MINUTES/FINANCIAL STATEMENTS

On a motion by Director Blevins, seconded by Director Palmer and unanimously carried, the minutes from the November 18 and December 16, 2002 meeting were approved. The Chairman stated that the Financial Statements for December 2002 were available for review, and then he ordered the Financial Statements to be received and filed.

PRESENTATION

The Colorado River Quantification Settlement Agreement - Mr.



Frank Forbes introduced Mr. Jan Matussek of the Metropolitan Water Agency of Southern California. Mr. Matussek is a Principal Engineer in the Water Resources Management Group at MWD. He has been responsible for forecasting MWD's supply from the Colorado River, and he has been involved in developing a number of agreements regarding Colorado River water. Mr. Forbes also noted that Dennis Underwood from MWD had planned to give today's presentation, but he has been called to Sacramento by the Governor to attempt to salvage a Quantification Settlement Agreement (QSA) for the Colorado River water.

Mr. Matussek began by giving some background on the Colorado River water issue. In 1999, after the Secretary of the Interior requested a QSA among California water agencies to provide a baseline for determining future transfers from the River, the State, Imperial Irrigation District (IID), Coachella Valley Water District (CVWD), MWD and San Diego County Water Authority (SDCWA) completed negotiations on terms for a proposed QSA. Meanwhile, the six other Colorado River basin states negotiated terms under which they would continue to make surplus Colorado River water available to California over a 15-year period.

Mr. Matussek stated, however, that the California entities were unable to execute a QSA by the December 31, 2002, deadline set by the Department of the Interior (DOI), primarily because of the emergence of concerns for the Salton Sea from reduced agricultural use of water in the Imperial Valley under the QSA. In an attempt to address these concerns, proposals were made for reducing and delaying water transfers from IID. Also, land fallowing was substituted for introduction of agricultural water efficiency measures, and the Legislature passed SB 482 in order to provide protection to IID from environmental impacts resulting from reduced flows to the Salton Sea.

The parties had negotiated a proposed QSA in October 2002; however, new demands presented by IID in December 2002 precluded execution of an agreement by the December 31 deadline. Among these demands were a \$150 million State loan guarantee to provide for repayment of IID debt should the QSA be terminated before year 45; appropriation of \$200 million in Proposition 50 funds for six different uses; that IID be compensated for flows to the Salton Sea and for the QSA parties to use "best efforts" to cause the U.S. Fish and Wildlife Service and the California Department of Fish and Game to approve a habitat conservation plan.

Mr. Matussek stressed that MWD is committed to executing a QSA and that its board had approved the agreement resulting from the October negotiations. Since the end of last year Governor Davis has met with the four agencies that would be party to a QSA, and he has directed Department of Water Resources Director Tom Hannigan to lead further negotiations. The Governor has also directed the Infrastructure and Economic Development Bank to pursue a loan guarantee for IID water conservation projects.

In the meantime, without an executed QSA, surplus Colorado River water is only available when flood control releases are anticipated, but with Lake Mead currently at only 65% of capacity this is not expected to occur any time soon. DOI has approved water orders for 2003 totaling 4.4 million AF for California, including 713,500 AF for MWD and 2,769,600 AF for IID, 204,900 AF less than IID had requested. IID has responded by filing a lawsuit against DOI challenging its role as watermaster of the Colorado River. The lawsuit also claims that IID's water rights have been violated,

that DOI has failed to comply with obligations relative to the Salton Sea, and that DOI is in violation of the separation of powers doctrine and the Tenth Amendment of the U.S. Constitution.

Mr. Matussek reported, though, that MWD is moving forward with other plans for developing water supplies. For one, it is negotiating principles for a land management, crop rotation and water supply program with the Palo Verde Irrigation District. This program would consist of two separate agreements and would span 35 years. The plan would involve removing up to 26,500 acres from agricultural production per year, and participating property owners, after receiving an initial \$3,170 per acre of land signed up to be part of the program, would receive \$550 per acre of land not irrigated. The property owner would then pay for all of the other costs of maintaining the land.

Also, MWD is moving forward on its plans for lining of the All American and Coachella Canals. It is expected that the All-American Canal project will save 67,700 AF per year and the Coachella project will save another 26,000 AF.

Mr. Matussek reported that under current expected conditions, including a 40% allocation from the State Water Project, multi-year banking programs and transfer options from the Sacramento Valley, MWD will be able to meet its expected demands for 2003 of 2.2 million AF. This supply also includes 804,000 AF from the Colorado River, 80,000 AF of which would come through a project with the Central Arizona Conservation District and 55,000 AF from the Palo Verde Irrigation District.

However, under dry conditions, where it received only 20% of its SWP allocation, MWD would still be able to provide up to 2.5 million AF through enhanced conservation (200,000 AF), additional multi-year banking transfers (76,000 AF), SWP carry-over in the San Luis Reservoir (130,000 AF), and withdrawals from surface storage (426,000 AF). Mr. Matussek stressed that MWD expects to meet all of its member agencies' projected water demands over the next 20 years, assuming average or wet years. It can supply for 15 years, assuming multiple dry years within that span, and it can provide adequate supply for each of the next 10 years, in the event each of those years is drier than normal. Taking into consideration all of the water supplies in development, MWD will be able to meet all projected water demands over the next 20 years, even with a major drought. It will also be able to provide a 15-20% reserve supply and to make sufficient water available for replenishment of local and regional storage.

In answer to a question relative to statements from MWD that, even with cutbacks in Colorado River water, it had enough water for two years and then later statements that it had a 20-year supply, Mr. Matussek explained that MWD has enough water available to provide for its needs over the next two years in the event of the worst drought imaginable. Assuming, however, that Southern California experiences average wet years and that MWD completes water projects which it currently has under development, MWD expects to be able to manage the water supply to meet water needs for 20 years. Mr. Matussek further noted that MWD would be issuing a 20-year water supply report in February.

#### DISCUSSION AND ACTIONS

Request for Affiliate Membership - AMEC Earth & Environmental, Inc. -  
Mr. Breitag distributed information received from AMEC Earth &

Environmental, Inc., describing that engineering firm's organization and services, and he explained that a request for affiliate membership in AGWA had come from AMEC's San Diego offices. Along with its request for membership AMEC had also sent a check for \$500 to cover one year's dues in AGWA.

The Chairman stated that it is important that AGWA affiliate members regularly attend meetings and that they are involved in AGWA's activities. Compared to this the \$500 annual dues paid by an affiliate member is not so important. He added that he did not know much about AMEC and that he would be interested to know whether a representative from AMEC plans to attend AGWA meetings. He further noted that many of AGWA's current affiliates do not regularly attend meetings but that he is appreciative of those who do.

On motion made by Director Cavender, seconded by Director Rossi, and unanimously carried, AGWA directed that AMEC be asked to make a presentation about its company and its intent to participate in AGWA at the February AGWA meeting and that determination of whether to accept AMEC as an affiliate member would be made at that time.

#### STANDING COMMITTEE REPORTS

Metropolitan Water District of Southern California Liaison Committee - Director Palmer reported that the dominant topic at MWD continues to be the fate of water from the Colorado River. He also noted that MWD is putting its new rate structure in place and that it is expected the MWD board will consider approval of conjunctive use plans with Raymond Basin and Chino Basin at its January board meeting.

Director Hansen noted that he had seen MWD's 10-year forecast and that it called for increases in rates each year on all of the different rate components. MWD will also re-open the process for submitting LRP applications early this year.

Director Palmer also noted that he is now Raymond Basin's alternate to AGWA and that AGWA should consider appointing someone else as its liaison to MWD. The Chairman suggested that, perhaps, Director Palmer and Raymond Basin's new representative to AGWA, Tony Zampiello, might be able to jointly handle this responsibility.

Director Rossi asked if MWD had a new plan for sale of Replenishment and In-Lieu water. Ms. Cindi LaCamera of MWD replied that there is a new program being developed which, as proposed, would utilize an operating plan concept. Under the program a water agency would submit to MWD a baseline operating plan at the beginning of each year reflecting how much groundwater it expected to produce for the year. MWD is currently working on a certification form to be used for this purpose, and it is hoped that the plan can be implemented by July 2003.

The Chairman asked Ms. LaCamera when replenishment water would again be available, given the maintenance currently going on at Lake Matthews. Ms. LaCamera replied that replenishment water would not be available until after the maintenance is complete in a couple of months and that MWD will be in a better position to know if it will be able to sell replenishment water at that time; however, the situation is looking more promising, especially since the State Water Project allocation is now up to 45%.

Director Williams asked Ms. LaCamera if it is true that the seasonal storage rate would now be in effect year-round. Ms. LaCamera answered that this is indeed true, assuming there is replenishment

water available for sale.

General Communications/Public Information Committee - Director Williams reported that the Communications Committee had no items to note.

Program Committee - Director Blevins introduced Ms. Sue McClurg of the Water Education Foundation (WEF), and Ms. McClurg distributed a draft agenda for AGWA's 2003 groundwater conference. Ms. McClurg also reported that a "save the date" flyer is currently being printed and that it should be mailed out later in the week. The flyer will be sent to AGWA's regular mailing list and to WEF's press release distribution list, and it is already available on both WEF's and AGWA's websites.

Director Blevins noted that Ms. McClurg is still looking for moderators for some of the panels planned for the conference and that he had volunteered to moderate one of the panels. Ms. McClurg added that it was hoped that AGWA members would volunteer to moderate each of the panels, and she asked if members had additional suggestions for speakers or panel members. She noted that the Program Committee had tried to get someone from the State Office of Environmental Health Hazard Assessment (OEHHA) to come down from Sacramento for one of the panels but that OEHHA's travel is being limited due to State budget problems.

Director Blevins commented that OEHHA, along with the Regional Water Quality Control Board, is soon expected to release a 1,300-page report detailing hexavalent chromium contamination in the San Fernando Valley Basins. He also noted that his office is currently printing a 300-page report outlining all groundwater contamination in the Basins. He stated that there should be something on the AGWA conference agenda which relates to these reports and that this might fit into the panel planned for 9:45 a.m. on the conference's first day.

The Chairman asked when the full conference brochure would be mailed out. Ms. McClurg replied that she hoped to have information to the graphic artist by the end of the week and to have the brochure to the printer by the end of next week.

Legislative Committee - The Chairman stated that there has not yet been much legislative activity of note in the new session but that this Friday, January 24, will be the last day to submit bill requests to the Office of Legislative Counsel and that February 21 will be the last day to introduce new bills. He further noted that it seems the message coming from Sacramento is to not bother to ask for money unless the funds would come out of one of the recent water bonds.

Director Cavender noted that at the previous AGWA meeting members had discussed SB 34, introduced by Senator Nell Soto, which would establish an Inland Empire Water Quality Authority. He stated that it there is concern, as the bill is currently written, about the broad power such an agency might have over groundwater management, although it may be politically difficult to oppose the legislation given its intent to secure funds for cleanup of local groundwater contamination. Director Cavender suggested that an advisory group among Inland Empire groundwater officials be formed to meet with Senator Soto's staff to assist in further crafting of the bill.

Director Rossi stated that he had the opportunity to discuss the bill with Senator Soto and that the formation of a water quality authority has been promoted by local private water producers as a

way of imitating the success of the San Gabriel Basin Water Quality Authority (SGBWQA) in securing government funding for groundwater cleanup. There has also been concern about the ability of the Regional Board to pursue the parties responsible for the contamination in the Inland Empire and that a local water quality authority might better be able to do this work.

Director Williams noted that water producers in the San Gabriel Valley support SGBWQA now that they are able to appoint members to its board, but this was not always the case. In answer to a question, Director Williams further explained that the SGBWQA has a seven-member board, consisting of representatives of the three municipal water districts within the San Gabriel Valley, representatives of two local cities and two representatives from among San Gabriel Valley water producers. Also, she explained that SGBWQA started out as a joint powers authority but, in order to get more funding, it was legislatively created and given assessment power over local water rights. Originally, SGBWQA was set up to exist for five years, but its existence has now been extended a few times.

Assembly Groundwater Policy Committee - The Chairman stated that he has received no feedback from Speaker Herb Wesson about the policy document submitted to the Assembly. The document was sent around the same time the State budget situation reached a crisis state, and the Speaker has been heavily involved with the budget since that time. The Chairman noted that the document sent to the Assembly was not portrayed as an AGWA document, but he suggested that, if AGWA wished, it could develop a more thorough statement which could then be sent to the Speaker on behalf of AGWA.

#### OTHER

Director Blevins stated that he had two items he wished to report. First, in the week of January 27, the Upper Los Angeles River Area Watermaster would be filing a report with the Superior Court detailing the history of hexavalent chromium contamination in the San Fernando Basin.

Also, Director Blevins stated that the Upper Los Angeles River Area Watermaster had filed an amicus curiae brief in a case currently before the State Appellate Court between WRD and Central Basin producers relative to control of groundwater storage capacity. Director Blevins stated that his agency is concerned about the impact of the case on other groundwater basins and that he strongly believes that groundwater storage is a resource that must be tied to water rights.

The Chairman stated that it would be interesting for AGWA to conduct a workshop on this topic. Now that the original Superior Court decision, which stated that the Central Basin producers do not control groundwater storage capacity along with their pumping rights, has been appealed, an Appellate Court ruling could set a statewide precedent.

Mr. Fred Fudacz agreed with the Chairman, adding that there is so little law pertaining to storage rights that a court ruling at this level would have a tremendous effect on groundwater activity.

The Chairman also stated that the Regional Water Quality Control Board, in considering renewal of two NPDES permits governing groundwater discharge to surface water bodies for well development

and maintenance, is trying to set unreasonably high standards for this discharged water. He stated that many local water agencies are already involved with this issue, but he asked members if they would like AGWA to take a position in the matter. Mr. Bill Straub stated that the Regional Board is meeting to consider the issue on February 20.

#### FUTURE AGENDA ITEMS

Director Rossi stated that he could make a presentation at the February AGWA meeting about the conjunctive use agreement which the Chino Basin is developing with MWD.

Director Blevins stated that it might also be informative for Mike McGuire to give a presentation to AGWA about work to develop a treatment method for hexavalent chromium.

Additionally, the Chairman stated that AGWA might also want to consider holding a workshop, probably in March, to review current State legislation of interest to AGWA members and to discuss what positions AGWA might take on certain bills.

#### NEXT MEETING

The Chairman stated that the next meeting would be held on Tuesday, February 18, 2003, at 1:30 a.m. at the offices of the Chino Basin Watermaster located in Rancho Cucamonga, CA.

Carol Williams, Secretary/CFO

ATTEST:

Dr. Bruce Mowry, Chairman

DRAFT  
 MINUTES OF THE  
 ASSOCIATION OF GROUND WATER AGENCIES (AGWA)  
 BOARD OF DIRECTORS MEETING  
 HELD TUESDAY, FEBRUARY 18, 2003 - 1:30 P.M.  
 AT CHINO BASIN WATERMASTER

Mr. John Rossi, Vice Chairman, called the meeting to order.

Directors/Alternates present:

John Rossi, Vice Chairman	Chino Basin Watermaster
Behrooz Mortazavi	Eastern Municipal Water District
Ron Palmer	Raymond Basin Management Board
Burnell Cavender	San Bernardino Valley Water Conversation District
Mel Blevins	Upper Los Angeles River Area Watermaster

Affiliates present:

Edgar Fandialan	Metropolitan Water District of Southern California
Barbara Witt	Metropolitan Water District of Southern California

Others present:

Dave Argo	Black & Veatch
Kelly Rowe	Camp Dresser & McKee
Josephine Johnson	Chino Basin Watermaster
Nina Jazmadarian	McGuire Environmental
Ken Breitag	Main San Gabriel Basin Watermaster
Frank Forbes	Main San Gabriel Basin Watermaster
Alfred Smith	Nossaman, Guthner, Knox and Elliott, LLP
Rick Whetsel	Santa Ana Watershed Project Authority
Jack Woodbury	San Bernardino Valley Conservation District
Janet Divan	Three Valleys Municipal Water District
Adeline Yoong	Water Replenishment District of Southern California

#### MINUTES/FINANCIAL STATEMENTS

It was noted by the Vice Chairman that the quorum required for conducting Board business was not present. The Vice Chairman also stated that the Financial Statements for January 2003 were available for review, and then he ordered the Financial Statements to be received and filed.

#### PRESENTATION

Chino Basin Dry Year Yield Program - The Vice Chairman began the program by explaining that this conjunctive use agreement with the Metropolitan Water District of Southern California (MWD) is expected to be executed soon. In addition to MWD and Chino Basin Watermaster, the project is being conducted in conjunction with the Inland Empire Utilities Agency and Three Valleys Municipal Water District. Local parties have been working on the program since Proposition 13 was passed in March 2000. In January 2001 an application was submitted to MWD,

and in April 2001 MWD approved the application, allocating \$9 million in Prop. 13 funds from the Department of Water Resources (DWR) and an additional \$19.5 million of MWD funds for the program. The Vice Chairman then introduced Mr. Dave Argo, Senior Vice President with Black & Veatch, to further describe the program.

Mr. Argo explained that this Dry Year Yield Program is actually part of a larger process in the Chino Basin over for the last two to three years which has culminated in the "Peace Agreement." With the spirit of cooperation established by this agreement several major projects have been launched, including the expansion of the Chino I Desalter and the construction of the Chino II Desalter. Another notable project involves improvements to groundwater recharge basins throughout the area. All of these projects together are expected to cost about \$150 million.

The goals of the agreement are to enhance Basin water supplies, protect and enhance water quality, enhance management of the Basin, and to equitably finance the Basin management plan, and he noted that the Dry Year Yield program with MWD helps to provide these things. The first step in formulating such a conjunctive use program was to determine the local assets which would make such a program beneficial to MWD. A program like this is predicated on being able to move water that MWD has delivered to a groundwater basin out of the basin and into MWD's system. This may require infrastructure improvements, but it also means that MWD will not allow water to be put into its pipelines unless it meets the ambient water quality of the water already in the pipelines. Mr. Argo noted that this is a big challenge, since it is difficult to find groundwater in Southern California which is not contaminated with at least nitrates.

Mr. Argo stated that, recognizing the challenges of Basin contamination, the Chino Basin agencies needed to determine how much water could be stored in the Basin for MWD and how much could be over-produced to deliver water back to MWD. Currently, about 140,000 AF of groundwater is pumped each year, and approximately 60,000 AF is purchased each year from MWD. A study was done on the pumping capacity of local wells, and it was found that these wells would provide sufficient capacity to provide for the Dry Year Yield program; however, wellhead treatment capacity would need to be increased significantly. These additional treatment facilities would be required to not only clean up nitrates but also perchlorate. Consequently, as part of the program six new ion-exchange treatment facilities are planned for construction throughout the Basin. Mr. Argo noted that MWD was so pleased with the possibilities of the program in the Chino Basin that it has proposed, at its expense, the development of additional wells in the Basin, enough to bring the capacity of the program up to 33,000 AF/yr.

Mr. Argo completed his presentation by noting that it appears that the agreement with MWD will be finalized in about a month and that all of the CEQA work has already been completed. The next step will be to finalize design of the needed facilities.

Director Cavender asked how much natural recharge the Chino Basin currently receives. The Vice Chairman answered that currently the Basin receives about 10,000 AF; however, a \$50 million project is currently underway which is expected to increase this amount to over 30,000 AF. Additionally, Inland Empire Utilities Agency is working on a \$120 million reclaimed water master plan which could significantly increase groundwater recharge, depending upon how much recharge is allowed by the State Department of Health Services.

The Vice Chairman also noted that the water which the Chino Basin receives from MWD as part of this Dry Year Yield program would be put



into the ground at a deferred rate. In other words, the water is not paid for at the time it is delivered, but is paid for when it is extracted. At time of extraction MWD will pay pumping costs and will reimburse the Basin for treatment costs. Finally, the Vice Chairman reported that the proposed Dry Year Yield program agreement is expected to have a term of 25 years.

#### DISCUSSION AND ACTIONS

Request for Affiliate Membership - AMEC Earth & Environmental, Inc. - Mr. Ken Breitag reported that he had contacted the gentleman who had applied for affiliate membership in AGWA on behalf of AMEC, and it was learned that this gentleman no longer works for AMEC. Mr. Breitag stated that he was referred to another gentleman in AMEC's Phoenix office, and that Mr. Breitag's call to the Phoenix office has not been returned. Consequently, it appears that AMEC may no longer be interested in membership with AGWA.

Groundwater Power Point Presentation Development - Mr. Breitag stated that, pursuant to the development by the Water Education Foundation of a PowerPoint presentation for AGWA about groundwater issues, WEF has asked members for copies of existing charts, photos, graphics, etc., which might be useful to include in the presentation. Mr. Breitag asked that any such items be sent to him or to Glenn Totten at the Foundation. He also stated that it is preferable to receive such items in digital format.

#### STANDING COMMITTEE REPORTS

Metropolitan Water District of Southern California Liaison Committee - Director Palmer reported that the MWD board approved three new conjunctive use programs at its last meeting and that there are approximately five more such programs which the Board should soon approve. He also reported that the negotiations which MWD is a part of regarding a quantification settlement agreement for Colorado River water have become more acrimonious. The negotiations are still ongoing, but there has been no recent news of any positive development. Director Palmer further reported that MWD has decided to purchase 97,200 AF this year from rice farmers in the Sacramento Valley and that the options which MWD is exercising on this water are good for this year only.

Additionally, Director Palmer stated that he had heard no recent reports about an agreement on year-round replenishment water from MWD. Ms. Barbara Witt of MWD stated that currently the certification form for this purpose is being finalized and the program is expected to be ready in July.

Finally, Director Palmer noted that at its last meeting the MWD board approved the beginning of a fluoridation program for the water it serves and that Lake Matthews operations are currently shut down for maintenance work.

General Communications/Public Information Committee - Mr. Ken Breitag reported that there were no Committee items to report.

Program Committee - Director Blevins distributed copies of the newly-completed brochure for AGWA's conference in April. He noted that the Director of the State Office of Environmental Health Hazard Assessment, Joan Denton, is a confirmed speaker and that, mostly, the speakers for the conference have been confirmed. Director Blevins

also noted that the cost of the conference for AGWA members is \$250 per person, whereas the cost for others is \$300 per person. He further noted that Director Palmer would be honored at the conference.

Director Blevins stated that he believes the conference is coming together well and that he is very pleased with the Water Education Foundation's work on the conference.

Mr. Breitag noted that the brochure is also available on both AGWA's and WEF's websites, and that WEF last week sent out the brochure to its press release list, which includes over 5,000 names.

Additionally, Director Blevins distributed copies of a letter received from WEF relative to financial arrangements for this year's conference. The letter also states that at AGWA's March meeting WEF will present a draft of the PowerPoint presentation it is developing for communication by AGWA with lawmakers.

At this time Ms. Rita Sudman and Ms. Sue McClurg of the Water Education Foundation joined the meeting by phone from Sacramento. Mr. Breitag noted that he was aware that there had been difficulty in communicating with State Senator Byron Sher about his availability to speak at the conference. Ms. Sudman stated that there had still been no response to a letter sent to Senator Sher, and she asked if any AGWA members were acquainted with him. Director Blevins stated that he did not have special access to the Senator but that he would call him if necessary.

Ms. Sudman noted that over 5,000 conference brochures had been sent out the previous Friday and that she thought they look very good. AGWA members agreed.

Director Blevins asked Ms. Sudman if WEF still intended to share a draft of the PowerPoint presentation it is developing for AGWA at the March meeting. Ms. Sudman stated that this is still the plan and that WEF is still in need of graphics, photos and other materials which might be useful for inserting in the presentation.

Director Palmer asked if there are other parties connected with WEF which might be interested in participating financially in the development of this presentation, especially since these parties may also be using the presentation.

Ms. Sudman stated that she did not know of another entity that might be in a position to contribute financially to the project but that she expects that the presentation will ultimately be available for sale through WEF.

The Vice Chairman noted that in Ms. Sudman's letter she wrote that WEF expected to need more than the amount already approved by AGWA for development of the presentation, and he asked how much money this might be. Ms. Sudman replied that she could not imagine the project requiring more than an additional couple of thousand dollars. She explained that among the plans for the project is that, once the presentation is completed, a press release will be sent out about it and that this press release alone would likely cost about \$1,700. She asked the members if they agreed that this is an important part of the project, and the members agreed that it would seem to be.

The Vice Chairman also noted that there was concern that the PowerPoint presentation was being developed such that it is geared toward the general public, not toward lawmakers as intended. Ms. Sudman replied that the presentation is being geared toward lawmakers but that, given the level of background most lawmakers have with groundwater concepts

and issues, the approach would be much the same as if it were geared toward the general public. She also stated that WEF conducts regular brown-bag sessions with legislative staff members and that it might be useful to test out the presentation at one of these sessions.

On the subject of the conference, Ms. Sudman stated that WEF still needs to receive presentations from those who will speak at the event so that these presentations can be included in the binders distributed to conference attendees. The deadline for receiving these presentations at WEF is March 25. She further stated that, if AGWA again expects to accommodate exhibitors at this year's conference, these exhibitors need to be recruited and that sponsors should be identified for the reception planned at the conference honoring Director Palmer.

Finally, Director Blevins reported that his agency has developed a 300-page report chronicling the history of hexavalent chromium contamination in the San Fernando Valley and that if any member would like a copy of the report to please contact him.

Legislative Committee - Ms. Adeline Yoong of WRD distributed lists of current committee assignments for those legislative committees which AGWA members are most likely to interact with. She also reported that the deadline for new bills to be introduced in the Assembly and Senate is this Friday, February 21. She noted that a number of bills relative to Proposition 50 funding have already been introduced and that Senator Mike Machado, Chairman of the Senate Agriculture and Water Resources Committee, has indicated that he intends to put out the language for any Prop. 50 legislation. Ms. Yoong commented that Prop. 50 differs from Prop. 13 in that funding for Prop. 13 programs was controlled by DWR, whereas Prop. 50 funding will be dictated by the Legislature.

Director Cavender stated that he understands that Senator Soto's SB 34, which would create the Inland Empire Water Quality Authority, is on hold. The Vice Chairman stated that this is apparently the case and that the senator is interested in talking to any parties who have input on the proposal.

#### FUTURE AGENDA ITEMS

Director Blevins reported that he would communicate with Mike McGuire of McGuire Environmental Consultants about doing a presentation on development of treatment methods for hexavalent chromium for AGWA's March meeting.

In addition, it was decided that, given the State legislative calendar, that it would be timely for AGWA to have an expanded Legislative Committee report at the March meeting and that AGWA should consider setting aside a major part of the April meeting for an expanded discussion on pending legislation.

#### NEXT MEETING

The Chairman stated that the next meeting would be held on Monday, March 17, 2003, at 1:30 p.m. at the offices of the Main San Gabriel Basin Watermaster located in Azusa, CA.

Carol Williams, Secretary/CFO

ATTEST:

## ASSOCIATION OF GROUND WATER AGENCIES

Monday, March 17, 2003 - 1:30 p.m.

Main San Gabriel Basin Watermaster  
City of Azusa Light and Water Administration Facility  
725 North Azusa Avenue  
Azusa, CA  
(626) 815-1300

•

1. Determination of Quorum/Introductions
2. Approve minutes from January 21 and February 18, 2003 meetings  
Receive and file Financial Statements for February 2003
3. Presentation: Treatment Process Development for Hexavalent  
Chromium - Dr. Michael J. McGuire, McGuire  
Environmental Consultants
4. Discussion and Actions
  - a. WEF Groundwater PowerPoint Presentation
5. Committee Reports
  - a. MWD Liaison Committee (R. Palmer)
  - b. General Communications/Public Information Committee  
(C. Williams)
  - c. Program Committee (M. Blevins)
  - d. Legislative Committee (B. Mowry)
6. Other
7. Future Agenda Items
8. Next Meeting: Monday, April 21, 2003, 1:30 p.m. - Chino Basin  
Watermaster
9. Adjourn

Chairman Bruce Mowry Presiding

# **CHINO BASIN WATERMASTER**

## **Exhibit II.B**

**AGREEMENT NO. 49960**  
**GROUNDWATER STORAGE PROGRAM**  
**FUNDING AGREEMENT**

**BY AND AMONG**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**AND**

**INLAND EMPIRE UTILITIES AGENCY**

**AND**

**THREE VALLEYS MUNICIPAL WATER DISTRICT**

**AND**

**CHINO BASIN WATERMASTER**

**DATED AS OF \_\_\_\_\_, 2003**

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# GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT

**THIS GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT** (this "Agreement"), dated as of March 1, 2003, is entered into by and among **THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA** ("Metropolitan"), a public entity of the State of California, **INLAND EMPIRE UTILITIES AGENCY**, a municipal water district of the State of California ("IEUA"), **THREE VALLEYS MUNICIPAL WATER DISTRICT**, a municipal water district of the State of California ("TVMWD") and **CHINO BASIN WATERMASTER**, an entity established by the Superior Court of the State of California as described in Recital F below ("Watermaster").

## I. RECITALS

- A. In March 2000, California voters approved Proposition 13 ("Prop. 13") authorizing the State of California to sell \$1.97 billion in general obligation bonds for water related projects throughout the State. The Governor's Budget Act for 2000, Chapter 52, Statutes of 2000, appropriated to the California Department of Water Resources ("DWR") local assistance grants for groundwater storage and supply reliability projects in the amount of \$161,544,000 by budget item 3860-01-6027, payable from the Interim Reliable Water Supply and Water Quality Infrastructure and Managed Subaccount.
- B. Metropolitan subsequently was selected by DWR as a grant recipient for \$45 million (the "Prop. 13 Funds") to be used for groundwater storage projects within its service area. In a letter dated October 13, 2000 (the "DWR Funding Letter") (see Exhibit A attached hereto), DWR set forth the specific terms and conditions of the grant to Metropolitan.
- C. On September 20, 2000, Metropolitan sent a letter to its twenty-six member public agencies (consisting of cities, municipal water districts and a county water authority within its 5,155 square-mile service area covering portions of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties), requesting a list of groundwater storage projects to be considered for Prop. 13 Funding. On November 1, 2000, Metropolitan delivered to those member public agencies that indicated an interest in the Prop. 13 groundwater storage programs the Request for Proposals for Participation in Groundwater Storage Programs Using Proposition 13 Funds, RFP No. WRM-2 (the "RFP") (see Exhibit B attached hereto). Metropolitan subsequently conducted a Pre-Submittal Workshop, open to the public, on November 8, 2000, to address any concerns or questions regarding the RFP.
- D. Metropolitan anticipated that programs funded by the Prop. 13 Funds would store water (by various methods) that Metropolitan imports from the State Water Project and the Colorado River. This stored water would be pumped by the member agency (or a sub-agency) with a corresponding reduction in surface water

deliveries from Metropolitan. As a result, Metropolitan would have a greater amount of water to distribute within its service area. In addition, such groundwater storage programs are part of a larger effort to meet water supply demands in Southern California, as specifically set forth in the Integrated Water Resources Plan ("IRP") approved by Metropolitan's Board of Directors in 1996, and the Groundwater Storage Principles (see Appendix A of Exhibit B attached hereto) adopted in connection therewith by Metropolitan's Board of Directors in January 2000.

- E. IEUA and TVMWD are both municipal water districts formed in 1950 and have been member agencies of Metropolitan since their formation. IEUA was formerly known as Chino Basin Municipal Water District. IEUA serves a portion of San Bernardino County and has one or more designated representatives on Metropolitan's Board of Directors. TVMWD was formerly known as Pomona Valley Municipal Water District. TVMWD serves a portion of Los Angeles County and has one or more designated representatives on Metropolitan's Board of Directors.
- F. The Watermaster was established under the Judgment in the Superior Court of California for County of San Bernardino, entitled, "Chino Basin Municipal Water District v. City of Chino, et al.," entered into on January 27, 1978 ("**Judgment**"). The Watermaster is responsible for managing the Chino Groundwater Basin ("Chino Basin") in the most beneficial manner and for equitably administering and enforcing the provisions of the Judgment.
- G. Metropolitan has the following storage agreements with IEUA and Chino Basin Watermaster beginning in 1979:
  - 1. Cyclic Storage Agreement approved by the Court in January 1979.
  - 2. The MWD Trust Storage Agreement approved by the Court in August 1986.
  - 3. The Short-Term Conjunctive Use Agreement (CB-5) approved in September 1993.
- H. On January 19, 2001, the Proposal for Chino Basin Groundwater Storage Project (the "**Proposal**") was submitted by IEUA for Metropolitan's consideration (see Exhibit C attached hereto). On April 10, 2001, Metropolitan notified IEUA that the program described in its Proposal had been selected for further consideration (see Exhibit D attached hereto) and that it was eligible for up to \$9 million of the Prop. 13 Funds. The Program is also eligible for disbursement of up to \$ 18.5 million of other funds administered by Metropolitan. The Prop. 13 Funds plus the Metropolitan funds specifically allocated to the proposed Program are referred to herein as the "**Program Funds.**"
- I. During further development of the Program, the City of Pomona was identified as a participating retail agency (Operating Party) for implementation of the Program. The City of Pomona is a sub-agency of TVMWD, and TVMWD has therefore joined this Agreement.

- J. Accordingly, the parties hereto (each a "Party" and, collectively, the "Parties") desire to enter into a mutually beneficial agreement for a groundwater storage program funded by Program Funds that will achieve reasonable and beneficial conjunctive use of Metropolitan's water supply to provide 33,000 acre-feet of additional pumping capacity in the Chino Basin in accordance with this Agreement and the Groundwater Storage Principles referenced above. This Agreement describes the terms of the Program agreed to among Metropolitan, the Watermaster, IEUA, and TVMWD which includes the terms for the storage and delivery of stored water from Metropolitan, the construction of groundwater production facilities, and the funding of such facilities. All of the elements together as described in this Agreement shall constitute the "Program".
- K. Pursuant to the provisions of California Environmental Quality Act (CEQA) and the State CEQA Guidelines, IEUA, acting as lead agency, prepared and processed a Final Program Environmental Impact Report (Final PEIR) for the Chino Basin Watermaster Optimum Basin Management Program (OBMP) which included conjunctive use Storage and Recovery Program of 500,000 acre-feet (the "Storage and Recovery Program"). Among other things, the Final PEIR evaluated the environmental effects associated with the construction activities that are tied to and funded by this Agreement. On July 12, 2000, IEUA certified the Final PEIR and approved the OBMP.
- L. Subsequent to certification of the Final PEIR, IEUA found that it needed to make minor modifications to the proposed construction activities. IEUA determined that these modifications would not result in any significant new environmental effects, substantially increase the severity of previously identified effects, or require any new mitigation measures beyond those examined by and proposed in the Final PEIR. IEUA prepared a Finding of Consistency (i.e., Addendum) documenting this determination, which it certified on December 18, 2002.
- M. TVMWD and Metropolitan, acting as responsible agencies, have reviewed the information contained in the Final PEIR and Finding of Consistency, and have adopted IEUA's findings concerning the environmental effects associated with the construction activities that are tied to and funded by this Agreement.
- N. As of the date of this Agreement, no legal action has been filed challenging the Final PEIR, the Finding of Consistency, or any determination and approvals issued by IEUA, TVMWD or Metropolitan that relate to the Program or this Agreement.
- O. IEUA and Watermaster are funding a \$45 million Recharge Master Plan capital improvement program, separate and apart from this agreement, that will increase significantly the ability for Metropolitan to store water through direct replenishment into Metropolitan's storage account. Under the OBMP the parties to the Judgment have agreed to expand the existing Chino I Desalter from 8 mgd

to 14 mgd and build the Chino II Desalter at a capacity of 10 mgd to produce and treat approximately 25,000 AF per year of poor quality water to minimize downstream water quality impacts on the Orange County Water District (OCWD) consistent with the OBMP Program Environmental Impact Report and Chino I expansion/Chino II Desalter Environmental Impact Report and the Memorandum of Understanding with OCWD.

**NOW, THEREFORE**, in consideration of the foregoing Recitals, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

## **II. EFFECTIVE DATE AND TERM**

### **A. Effective Date**

Upon execution by all Parties, this Agreement shall be deemed effective as of March 1, 2003 (the "Effective Date").

### **B. Termination Date**

This Agreement shall initially terminate on the date which is twenty-five years after the Effective Date, unless sooner terminated in accordance herewith (the "Initial Termination Date"). Notwithstanding the foregoing, this Agreement will renew for a five-year period commencing on the Initial Termination Date, and each fifth anniversary thereof (each, a "Renewal Date"), if written consent of all parties is filed with Metropolitan at least 90 days prior to each termination date. This Agreement shall absolutely terminate and be of no further force or effect on the date that is fifty years after the Effective Date (the "Final Termination Date").

## **III. CONDITIONS PRECEDENT TO FUNDING OBLIGATION AND PROGRAM IMPLEMENTATION**

Metropolitan's funding obligations with respect to construction of the Facilities (as set forth in Article V below) are subject to the satisfaction of the following conditions precedent, or waiver of the condition(s) precedent, by Metropolitan:

### **A. CEQA.**

Any and all environmental reviews and supporting documentation ("CEQA Documents") required to implement the Program and/or this Agreement shall have been completed, certified and approved by the Parties in accordance with CEQA and its guidelines. Further, the time period for commencing a legal action challenging any of these CEQA Documents, or challenging any certifications, findings, determinations, approvals or authorizations that are related to or based

upon such CEQA Documents, shall have lapsed with no such legal action having been filed.

**B. DWR Commitment**

The conditions necessary to receive Prop. 13 Funds under the DWR Funding Letter shall have been satisfied, and DWR shall be committed to disbursing the Prop. 13 Funds to Metropolitan in accordance with the DWR Funding Letter, the Schedule and the Budget.

**C. Permits and Approvals**

Any authorizations, consents, licenses, permits and approvals from any Governmental Authority (as defined hereafter) or person as may be required by applicable law to construct and operate the Program (including, without limitation, the approvals or consents from other groundwater users in the Chino Basin, or parties whose approval is required by any judgment in an adjudicated basin, and approval and recognition of this Agreement by the San Bernardino Superior Court with continuing jurisdiction over the Judgment (collectively, the **"Required Approvals"**) shall have been obtained. IEUA shall have delivered reasonably satisfactory evidence of such Required Approvals to Metropolitan. None of the Required Approvals shall impose any condition to such approval that a Party finds unacceptable, and any acceptable conditions to the Required Approvals shall have been satisfied or waived by the person imposing such condition or will be satisfied by the Program as then contemplated.

**"Governmental Authority"** means any federal, state, local or other governmental, regulatory or administrative agency, governmental commission, department, board, subdivision, court, tribunal, or other governmental arbitrator, arbitral body or other authority.

**D. No Litigation**

IEUA, TVMWD, and Watermaster shall have certified that, except as disclosed in writing to Metropolitan and accepted by Metropolitan in its reasonable discretion, there is no litigation, including any arbitration, investigation or other proceeding, pending before any court, arbitrator or Governmental Authority, nor any such litigation threatened, nor any decree, order or injunction issued by any court, arbitrator or Governmental Authority and remaining in effect, which relates to Program Funds or the Program or which prevents or hinders (or seeks to prevent or hinder) implementation of the Program, or which raises a question as to the validity of this Agreement, or any of the other Program agreements.

The date upon which each of the foregoing conditions has been satisfied or waived by Metropolitan, as set forth in a written notice from Metropolitan to IEUA, shall be the **"Funding Obligation Date."**



#### IV. PROGRAM PLANNING AND CONSTRUCTION

##### A. Planning

###### 1. General Description of Program

The Program includes the following components:

- a. Metropolitan shall have the right to: (1) deliver and store imported water supplies in the Chino Basin at up to a rate of 25,000 acre-feet per year and up to 100,000 AF in storage at any time (“**Maximum Storage Amount**”), subject to higher amounts if approved in advance by the Chino Basin Watermaster, and (2) cause Chino Basin stored water to be produced at a rate of 33,000 AF per year, pursuant to the Exhibit G “Performance Criteria” of this Agreement, the Chino Basin Judgment and the Watermaster Rules and Regulations. Watermaster will provide for rights to store and extract water from the Chino Basin.
- b. The proposed groundwater storage Program consists of the facilities described in Exhibit H (the “**Facilities**”). The agencies within the service areas of IEUA and TVMWD responsible for operating the respective Facilities (“**Operating Parties**”) are also listed in Exhibit H. IEUA and TVMWD will enter into agreements with the **Operating Parties** within their respective service areas that will require such **Operating Parties** to operate and maintain the Facilities.
- c. Water provided for storage by Metropolitan hereunder (“**Program Water**”) will be untreated water, as defined in Section 4104 of Metropolitan’s Administrative Code. Water stored by spreading or injection in the Chino Basin must meet the applicable water quality requirements as required by the Watermaster and any other regulatory agency with jurisdiction over the Chino Basin.
- d. Metropolitan will fund the construction of the Facilities in accordance with this Agreement.

###### 2. Operational Capacity Thresholds

The Program “**Operational Capacity Thresholds**” are:

- a. *Storage.* Water can be stored in the following ways: (1) spreading, (2) injection, (3) in-lieu deliveries (pursuant to the administration procedures described in Exhibit F) and transfer from existing Metropolitan storage accounts consistent with the Chino Basin

Judgment. Metropolitan can store water in the Chino Basin at a rate of 25,000 AF per year, unless a greater amount is approved by the Watermaster.

- b. *Extraction.* At a minimum, the Facilities, when combined with the existing groundwater production capacity of the Operating Parties as defined in Exhibit H, if necessary, shall be designed to have the capacity to extract water from the Chino Basin at a rate of 33,000 AF per year. Prior to the completion of all Facilities, the minimum extraction capacity shall be a pro rata portion of the extraction capacity based on the Facilities then completed.

3. Submission of Plans, Schedule and Budget

On or before September 1, 2004, IEUA shall deliver to Metropolitan the engineering and construction plans and specifications (the "**Plans**"), a construction schedule (the "**Schedule**") and a construction budget (the "**Budget**") for the Facilities . At a minimum:

- a. The Plans shall describe in reasonable detail the construction and design of the Facilities, and shall conform to any requirements of DWR;
- b. The Schedule shall state the date of construction commencement, the anticipated completion date (which shall occur no later than March 8, 2008, ), key milestone dates in the interim (each a "**Milestone Date**") including timing of discrete program elements ("**Discrete Program Elements**") and major tasks ("**Tasks**") within them; and
- c. The Budget shall contain an itemized summary of Program costs including costs of the contractors, consultants, and other service providers, and all materials anticipated to be purchased in connection with the Program. For the purpose of Metropolitan's payment of invoices from Program Funds ("**Invoice**") pursuant to Section V(D), the Budget shall be divided into phases corresponding to the Milestone Dates, Discrete Program Elements and Tasks set forth in the Schedule.

4. Review and Approval of Schedule and Budget

- a. Metropolitan shall review and approve or disapprove, by written notice to IEUA, the Schedule and Budget for the Facilities within ten (10) business days after Metropolitan's receipt thereof (once so approved, the "**Approved Budget**" and the "**Approved Schedule**"). If Metropolitan has not acted on the schedule or budget within ten (10)

business days after Metropolitan's receipt, the schedule or budget shall be deemed approved.

- b. For all Facilities funded in whole or part with Prop. 13 funds, all Metropolitan approvals shall be conditional upon DWR approvals. IEUA acknowledges and agrees that Metropolitan intends to submit the Schedule and Budget to the DWR for its review and approval, and Metropolitan shall disapprove the Schedule and/or Budget upon DWR's disapproval of the Schedule and/or Budget.
- c. If Metropolitan (or DWR, if applicable) disapproves of the Schedule and/or Budget, Metropolitan shall specify the reasons for the disapproval in its disapproval notice to IEUA. Metropolitan shall thereafter promptly meet with IEUA to correct any deficiencies to the Schedule and/or Budget such that the Schedule and Budget are reasonably acceptable to Metropolitan, DWR (if applicable) and IEUA.
- d. Notwithstanding any requirements of DWR as noted in clause (b) above, or any other terms or conditions set forth herein, neither DWR nor Metropolitan shall have any responsibility for reviewing or approving the Plans, and IEUA assumes all responsibility for the proper design, planning, and specifications of the Facilities.
- e. IEUA, may, as warranted, update the Approved Schedule and Approved Budget for the Facilities to reflect changes as necessary. However, under no condition may the Completion Date exceed March 8, 2008, or the total budget exceed the specified amount allocated as Program Funds unless such overages shall be the responsibility of IEUA. Review and approval of the proposed update shall follow the above procedure.

**B. Construction**

**1. Contracting**

IEUA shall retain, or cause to be retained through agreements with the Operating Parties, qualified contractor(s) and consultants to design and construct the Facilities. All contracts let for project construction shall be let by competitive bid procedures that assure award of the contract to the lowest responsible bidder, except as may be otherwise authorized under the enabling authority for IEUA and/or the California Public Contract Code.

2. Construction Supervision and Responsibility

- a. *Diligent Prosecution of Facility Construction.* IEUA agrees to faithfully and diligently complete, or cause to be completed, the construction of the Facilities in accordance with the Plans, Approved Budget and Approved Schedule.
- b. *Supervision.* As among Metropolitan, IEUA, TVMWD, and the Watermaster, IEUA shall be responsible for all work in connection with the construction of the Facilities and for persons engaged in the performance of such work.
- c. *Compliance with Laws.* IEUA shall ensure that all construction in connection with the Program complies with any applicable federal, state and local laws, rules and regulations, including, without limitation, environmental, procurement and safety laws, rules, regulations and ordinance.
- d. *Contracting Disputes.* IEUA shall be responsible for any and all disputes arising out of its contracts for work on the Program, including, without limitation, any bid disputes and payment disputes with contractors or subcontractors. Metropolitan will not mediate disputes between IEUA, TVMWD, their Operating Parties and any other entity in connection herewith.

3. Inspection Right

During reasonable business hours, Metropolitan and/or the DWR, with respect to Facilities funded with Prop. 13 Funds (and any of their designated representatives or agents), may enter upon the Program site and inspect the on-going and/or completed construction activities.

Metropolitan agrees to exercise commercially reasonable efforts to deliver advance written notice to IEUA of any such visit to the Program site (it being acknowledged, however, by IEUA that the DWR may inspect the Program site at any and all reasonable times without prior notice pursuant to the terms of the DWR Funding Letter).

4. Completion of Construction

- a. *Completion Date.* IEUA shall assure that Completion of the Facilities occurs not later than March 8, 2008. "Completion" means (x) performance of the construction in a good and workmanlike manner, free and clear of mechanics', materialmens' and other liens or security interests, claims or encumbrances relating to such construction, subject only to completion of punch list items which do not materially interfere with the use or

functionality of the Facilities, and (y) the payment of all costs to the persons entitled thereto less retainage or reserves for punch list items.

- b. *Completion Notification and Certification.* IEUA shall notify Metropolitan within ten business days after Completion of Facilities by each Operating Party. Such notification shall include a certification from the IEUA, the general contractor (if applicable) and a California Registered Civil Engineer affirming Completion and that the Facilities: (i) are as described in Exhibit H; (ii) have been constructed substantially in accordance with the Plans; (iii) have been adequately tested and meet the Operational Capacity Thresholds; and (iv) are otherwise sufficient to achieve the goals of the Program (as stated in Exhibit H).

5. Ownership of Project

Metropolitan will have no ownership interest in the Facilities. The Operating Parties shall have sole ownership and control of the Facilities, and the real property interests in connection therewith, subject to the rights and obligations of the Parties under this Agreement.

**V. PROJECT CONSTRUCTION FUNDING (NOT INCLUDING OPERATION AND MAINTENANCE/ENERGY COST FUNDING)**

**A. Metropolitan Funding Obligation**

1. After the Funding Obligation Date, subject to and in accordance with the terms and conditions of Section V(C) below, Metropolitan hereby agrees to fund the payment of eligible costs for constructing the Facilities in accordance with the Approved Budget (the "**Program Construction Costs**") in an amount not to exceed \$27.5 million, inclusive of design and construction of Facilities and the costs to comply with CEQA. Of these Program Construction Costs, \$9 million is being funded by Prop 13 Funds.

**B. Cost Overruns**

1. IEUA agrees to pay, and Metropolitan shall have no liability for, any costs of constructing the Facilities in excess of the amounts set forth in the applicable Approved Budget (on line-item and aggregate bases); provided, however, that upon written request from IEUA, Metropolitan shall approve, conditional upon DWR approval, reallocation of any demonstrated costs savings from one line-item of the Approved Budget to

another line item in order to cover any cost overruns for the \$9 million funded by Prop. 13 Funds for specific Program facilities.

2. Should bids for construction of the Program Facilities exceed the Approved Budget by more than 5%, IEUA may review such cost increase with Metropolitan to determine the appropriate way to proceed with the Program. Metropolitan and IEUA may mutually agree to a cost share, a change in scope of the Program, or to discontinue the Program.
3. IEUA agrees to reimburse Metropolitan for any of its costs intended to be reimbursed with Prop. 13 Funds that are disapproved by DWR, within thirty (30) days of receipt of invoice from Metropolitan for such reimbursement. IEUA agrees to pay interest computed at an annual rate equal to that earned by Surplus Money Investment Fund (SMIF) rate as provided for in Government Code Sections 16480 et seq., calculated monthly, on any outstanding amounts so invoiced by Metropolitan, beginning thirty days after the date such invoice is received until paid.

### **C. Disbursement Protocol**

#### **1. Invoice Payment.**

Commencing on the Funding Obligation Date, and continuing not more often than monthly thereafter, IEUA may submit for Metropolitan's consideration and payment from the Program Funds an Invoice for costs incurred. Each Invoice shall set forth in reasonable detail those Program Construction Costs that have been incurred since submittal of the prior Invoice and shall reference Discrete Program Elements and Tasks as outlined in the Approved Budget and Schedule. Each Invoice shall be accompanied by a Progress Report pursuant to Section X (B)(1). Work accomplished on each Discrete Program Element shall be briefly described, and the percent complete shall be presented with the percent and actual amounts expended to date on each Discrete Program Element. Metropolitan shall review and approve or disapprove (in part or whole) the Invoice and provide payment of Program Funds to IEUA for all approved portions of the Invoice within 30 days of receipt. If Metropolitan disapproves any portion of an Invoice, it shall state its reasons for such disapproval in writing and cooperate in good faith with IEUA, to promptly achieve a mutually acceptable revision to the disallowed portion of the Invoice. Metropolitan agrees to pay interest at the rate and in the manner specified in Section V(B)(2) on approved portions of invoices paid more than thirty (30) days after receipt of such invoice by Metropolitan.

2. Certification of Expenditures

With each Invoice submitted for Program Construction Costs, IEUA shall also provide its written certification and a written certification from the general contractor, if any, affirming that invoiced amounts were utilized exclusively for construction of the Facilities in accordance with the Plans and Approved Budget. Such certification shall be accompanied by evidence of payment for services and/or materials delivered in connection with the construction of the Facilities.

3. Disbursement of Program Funds

Upon Metropolitan's payment of Program Funds pursuant to an Invoice, Metropolitan shall have fulfilled its obligation with respect to such payment, and shall have no obligations to ensure disbursement to the appropriate Party(ies) entitled thereto.

**VI. OPERATING COMMITTEE**

**A. Operating Committee**

1. Composition of Committee.

A committee (the "Operating Committee") shall be established for the specific purposes specified herein. The Operating Committee shall have five members, two representatives from Metropolitan and three representatives chosen by IEUA, TVMWD, and Watermaster in any manner determined by IEUA, TVMWD, and Watermaster. The local agencies listed in Exhibit H may also attend meetings of the Operating Committee. With respect to any matter on which the Operating Committee cannot reach unanimous agreement, the Operating Committee shall submit such matter for determination by a consultant and/or arbitration panel in accordance with Section XIII(A).

2. Meeting of Operating Committee

The Operating Committee shall meet:

- a. as reasonably often as necessary to implement operations and take other needed action pursuant to this Agreement. Such tasks will include preparation of Operating Committee's certification to Watermaster regarding monthly storage achieved utilizing methodology specified in Exhibit F (Accounting Methodology).
- b. within thirty days after the execution of this Agreement; and thereafter at least sixty days prior to the end of each fiscal year

(which fiscal year shall run from July 1 through June 30) to develop Program Annual Operating Plan for the subsequent year and to review need for adjustments to Electrical Costs and Operation and Maintenance Costs; and

- c. by August 31 of each year review prior fiscal year performance for storage and/or extraction in conformance with the Annual Operating Plan and Exhibit G, Performance Criteria; and for assessment of per-acre-foot Electrical Costs and Operation and Maintenance Costs to be paid by Metropolitan.

3. Annual Operating Plan

- a. The Annual Operating Plan shall provide an estimated schedule and location for all storage and extraction under this Agreement and in conformance with Exhibit G (Performance Criteria) on a monthly basis for the upcoming fiscal year and documentation of adequate available capacity with respect to the Program Facilities capacity to accommodate Metropolitan's rights pursuant to Section VII hereof. Initial operation of the Metropolitan Storage Account prior to completion of Facilities funded under this Agreement shall be accomplished under the Annual Operating Plan. Until all Facilities are completed, partial performance shall be pro rata according to the proportion of Facilities listed in Exhibit H which are then complete.
- b. The Annual Operating Plan shall provide sufficient information to allow the Operating Committee and Watermaster to assess potential impacts from the Program on the Chino Basin and the Judgment Parties, such as : (1) current and projected water levels in the basin; and (2) short-term and long-term projections of Chino Basin water supply and water quality. The Operating Committee and the Watermaster may request additional information from the Operating Parties.
- c. Consistent with Section VIII(A) below, the Annual Operating Plan shall not limit Metropolitan's ability to modify its call for extraction or storage of water upon fifteen (15) days advance notice as provided in Sections VII(A) and VII(C). Watermaster reserves the right to approve the location and amount of storage and extraction pursuant to this Agreement, in accordance with the Judgment, OBMP and its policies applicable to the Judgment Parties.
- d. Storage and extraction operations under this Agreement shall be in accordance with the provisions of the Annual Operating Plan as



adopted or as amended to accommodate changed circumstances or new information. The Annual Operating Plan may be amended: (1) at the request of a member of the Operating Committee and with the concurrence of the Operating Committee and approval of the Watermaster (2) as a requirement of the Watermaster in the implementation of the Judgment and OBMP with specific adjustments proposed by consensus of the Operating Committee and approved by the Watermaster.

4. Specific Duties

Without limiting the foregoing, the Operating Committee shall:

- a. Properly account for the amounts of all water stored and extracted and submit a report of these amounts achieved for the Metropolitan Storage Account to Watermaster and Metropolitan on a monthly basis but not more than two months in arrears. At the end of the fiscal year, an annual reconciliation shall be performed of storage and extraction, and any adjustments to the monthly submittals shall be submitted to the Watermaster and to Metropolitan in a timely manner for consideration in the preparation of the Watermaster's annual assessment package.
- b. Within two months following formal issuance of Watermaster's annual report, perform an annual reconciliation of Metropolitan and IEUA's and TVMWD's records with Watermaster's annual report and Metropolitan's water billing inclusive of credits for the Operation and Maintenance Costs and Electrical Costs, and prepare any needed paperwork for adjustments to the billing.
- c. Consistent with Section VIII(A) below, confirm that sufficient excess operable production capacity was maintained for the conjunctive use Program during the prior year, unless different criteria are agreed upon by the Operating Committee.
- d. Prepare and deliver to the Parties, on or before September 1 of each year, a written annual report outlining the Program Annual Operating Plan for the subsequent year, and the Operating Committee's actions during the prior year (the "**Operating Committee Annual Report**").
- e. Every five years, commencing upon the Completion Date, the Operating Committee shall review the maintenance charge set forth in Section VI(D)(1) of this Agreement. To such end, the Operating Committee shall conduct a survey of operation and maintenance costs with respect to facilities within the Program

Basin and which are comparable to the Facilities. Based on such survey and other information the Operating Committee deems relevant, the Operating Committee shall approve a new Operation and Maintenance Cost for the next five-year period.

- f. Every year commencing upon Completion Date, determine the electrical power unit rates(s) (dollars per AF of Stored Water Deliveries) for the respective Operating Party(ies) to extract water. The electrical power cost to extract Program Water (the "Electrical Costs") shall be equal to Stored Water Deliveries (as defined in Section VII(C) below) for the applicable period multiplied by the applicable electrical power unit rate(s) for the Operating Party(ies) that extracted the water. The Operating Committee shall ensure that the electrical power unit rate per acre-foot of extracted water calculated for each Operating Party is reflective of actual energy costs.

#### **B. IEUA and TVMWD Obligations**

Subject to Section VI(C), IEUA and TVMWD hereby agree to do, or to cause through agreements with the Operating Parties in their respective service areas, the following:

1. Cause the Facilities to be operated and maintained in as good and efficient condition as upon their construction, ordinary and reasonable wear and depreciation excepted, and otherwise in accordance with industry standards (and DWR standards and requirements, if any);
2. Provide for all repairs, renewals, and replacements necessary to the efficient operation of the Facilities;
3. To the extent existing facilities are utilized for the Program, provide for all repairs, renewals, and replacements necessary to the efficient operation of such existing facilities;
4. Certify the amount of water in the Metropolitan Storage Account pursuant to the Operating Committee accounting; and
5. Upon call by Metropolitan for Stored Water Delivery, operate Facilities, combined with the existing infrastructure, at Operational Capacity Thresholds necessary to meet performance targets as outlined in Exhibit G.

#### **C. Watermaster Obligations**

Watermaster hereby agrees to:

1. Maintain records of the amounts of all water stored in and extracted from the Chino Basin pursuant to this Agreement and consistent with the Judgment and Rules and Regulations, and provide to Metropolitan an amount specified in an account to be designated as the **Metropolitan Storage Account**. Watermaster will maintain a monthly statement regarding the account as information becomes available and will document in its annual report all water stored in and withdrawn from the Metropolitan Storage Account. Watermaster shall account for Metropolitan stored water as follows:
  - a. The amount of any water stored in the Chino Basin on behalf of Metropolitan prior to the Effective Date of this Agreement shall be credited to the Metropolitan Storage Account on the Effective Date pursuant to the procedure set forth in Exhibit E.
  - b. Watermaster shall credit water which Metropolitan delivers for storage to the Metropolitan Storage Account on an acre-foot for acre-foot basis, less any losses assessed.
  - c. Losses assessed by Watermaster against the Metropolitan Storage Account will be equivalent to losses assessed Judgment parties for participation in the Storage and Recovery Program.
  - d. Watermaster shall debit the Metropolitan Storage Account one acre-foot for each acre-foot of water produced from the account. Watermaster accounting for water produced from the Metropolitan Storage Account shall specify quantities produced by each Operating Party.
  - e. Watermaster shall obtain from Operating Committee on a monthly basis its report of the amount of storage achieved using the methodology specified in Section VII(B) and Exhibit F of this Agreement.
2. Report the total active and inactive annual extraction capacity of the Operating Parties in the Watermaster's annual report.

**D. Metropolitan Obligations**

In accordance with the procedures set forth in clause (E) below, Metropolitan hereby agrees to:

1. Pay costs of operating and maintaining the Facilities at the unit rate (dollars per AF of Stored Water Deliveries) determined by the Operating Committee for the Operating Party(ies) that extracted water as adjusted when and as required by Section VI(A)(4)(e) (the "**Operation and**

**Maintenance Costs**”). Operation and Maintenance Costs will include a dollar per AF amount for each AF produced by an Operating Party from Metropolitan’s Storage Account through the funded ion exchange facilities equal to the Operating Party’s variable costs of treating Metropolitan’s State Water Project surface deliveries (expressed as dollar per AF of treating such water). Such variable costs shall exclude capital, debt service, or replacement costs and include only variable operating and maintenance costs at the Water Facilities Authority Treatment Plant, CCWD Lloyd Michael Filtration Plant, or the Miramar Treatment Plant. The dollar per AF cost shall be calculated by dividing the variable costs by the quantity of water produced by the treatment plants. The dollar per acre-foot shall be determined by the Operating Committee pursuant to Section VI(A)(4)(e);

2. Pay the Electrical Costs as determined in Section VI(A)(4)(f) to extract water from the basin, if any, equal to **Stored Water Deliveries** (as defined in Section VII(C) below) for the applicable period for the Operating Party(ies) that extracted the water; and
3. From and after the first full year in which water is stored in the Program Basin on Metropolitan’s behalf, and on or prior to July 1 of each subsequent year, pay an administrative fee in an annual amount of \$132,000 to the Watermaster (as such amount is adjusted on each anniversary of the execution of this Agreement by the lesser of 2.5% or the Retail Consumer Price Index for the City of Los Angeles published by the Engineering News Record), for the incremental costs and expenses of administering the Program during such year. Such administrative fee is subject to adjustment from time to time as approved by the Operating Committee.

**E. Payment of Operation and Maintenance Costs and Electrical Costs**

1. Amounts owing by Metropolitan pursuant to Section VI(D) for Operation and Maintenance Costs and Electrical Costs shall be paid through a credit to Metropolitan’s monthly invoice for the Stored Water Delivery to TVMWD or IEUA, as applicable, pursuant to Section VII(D). Upon the credit to Metropolitan’s invoice for the Operation and Maintenance Costs and Electrical Costs, Metropolitan will have satisfied its funding obligations with respect thereto.

**F. Annual Reconciliation**

1. Reconciliation of Metropolitan Storage Account and Costs.

As noted in Section VI(A)(4)(a) above, the Operating Committee will conduct an annual reconciliation of the prior year’s credits and debits to

the Metropolitan Storage Account. If such reconciliation reveals that the actual amount of water delivered by Metropolitan for storage pursuant to Section VII(A)(1), or the actual amount of Stored Water Deliveries, as defined in Section VII(C) below, during the prior year were not accurately accounted for, then the Operating Committee shall reflect this in its year-end assessment of storage and extraction provided to the Watermaster. The Watermaster shall determine the manner in which any credits or debits to the Metropolitan Storage Account shall be made.

The Operating Committee shall complete its reporting and processing of any prior year adjustments to the Metropolitan water invoice within two months of the formal issuance of the Watermaster's annual report, as provided in Section VI(A)(4)(b).

## **VII. GROUNDWATER STORAGE AND EXTRACTION**

### **A. Metropolitan's Storage Account Rights**

1. During any fiscal year of the term of this Agreement, Metropolitan may deliver up to 25,000 AF of Program Water for storage in the Program Basin with an equivalent amount to be accounted for in the Metropolitan Storage Account pursuant hereto; provided, however, that total Program Water stored on behalf of Metropolitan in the Program Basin, pursuant to this Agreement, shall never exceed the Maximum Storage Amount unless approved by the Watermaster. Deliveries shall be subject to the prior approval of the Watermaster pursuant to the policies described in subsection 5 below. Metropolitan shall not be obligated to pay any fees associated with basin utilization.
2. Metropolitan may make such deliveries to IEUA or TVMWD on fifteen (15) days advance notice to such Party and Watermaster. Watermaster will credit the Metropolitan Storage Account by the amount of Program Water delivered to IEUA or TVMWD.
3. Upon notification by Metropolitan pursuant to Section VII(A)(2), IEUA or TVMWD and Watermaster may either: (a) directly store the amount of any such delivery of Program Water in the Chino Basin (e.g., by injection or spreading); or (b) store the amount of any such delivery of Program Water in the Chino Basin by in lieu storage, i.e., by reducing pumping from the Chino Basin by the amount of such delivery.
4. The quantity of Program Water delivered to the Metropolitan Storage Account in any given month shall be determined in accordance with the accounting methodology set forth in Exhibit F.

5. The Watermaster's Storage and Recovery Policies shall be applied to Program Water stored under this Agreement in a non-discriminatory manner consistent with the application of such policies to any other participant in the Storage and Recovery Program, including all parties to the Judgment. Furthermore, the Watermaster shall not impose any policies upon the Program Water, whether or not imposed on other parties, that would materially alter the benefits provided to or the obligations imposed upon Metropolitan under this Agreement. Without limiting the foregoing, the Watermaster shall not impose any policies that would create any significant discrepancies between the amount of Program Water delivered by Metropolitan for storage in the Program Basin and the amount of Program Water that Metropolitan is entitled to extract from such basin pursuant to this Agreement.

**B. Certification of Deliveries to Metropolitan Water Account**

1. Metropolitan shall deliver available Program Water to IEUA or TVMWD at the appropriate service connection for storage in the Metropolitan Storage Account consistent with the Annual Operating Plan. In any month where imported water is delivered to the Chino Basin through a Metropolitan service connection, the Party receiving Program Water shall certify the facts concerning the quantities of such deliveries to Metropolitan and Watermaster in writing or electronically in a format satisfactory to Metropolitan by a responsible officer of such Party.
2. Metropolitan will credit the appropriate IEUA or TVMWD invoice at the applicable rate for each acre-foot of water certified by such Party for that service connection.
3. Certifications of Program Water for a given billing period must be received by Metropolitan before 3:30 p.m. on the third working day after the end of the month to receive credit on the bill for that billing period or any preceding billing period.
4. No certification received after six months following the end of any month in which a credit for Program Water is claimed will be accepted.

**C. Extraction of Stored Water**

1. In lieu of providing all or some of its regular surface water deliveries to IEUA or TVMWD, Metropolitan may, on fifteen (15) days advance notice, deliver water to such Party on the first of the following month by requesting such Party to debit the Metropolitan Water Account (each such delivery being a "Stored Water Delivery"); provided, however, that unless permitted by Watermaster, such Stored Water Deliveries shall not, in any fiscal year exceed the lesser of (a) 33% of the Maximum Storage

Amount or (b) the amount then remaining in the Metropolitan Storage Account. Metropolitan's regular surface water deliveries to IEUA and TVMWD will be reduced by the amount of such Stored Water Delivery. During an emergency or unforeseen operational condition, IEUA and TVMWD will use their best efforts in responding to Metropolitan's request for a Stored Water Delivery.

2. IEUA and TVMWD, as applicable, shall pump the amount of the Stored Water Delivery from the Chino Basin in lieu of receiving its regular surface water deliveries in accordance with specific direction from the Watermaster.
3. IEUA and TVMWD shall have twelve months to comply with Metropolitan's extraction request in accordance with the performance criteria described in Exhibit "G" to this Agreement.

**D. Payment for Extraction of Stored Water**

Upon call by Metropolitan for Stored Water Delivery, Metropolitan shall invoice IEUA or TVMWD for the amount reported as extracted by the Operating Committee pursuant to Section VI(A)(4)(a), and such Party shall pay to Metropolitan the then applicable full-service rate (or its equivalent, as determined by Metropolitan in its reasonable discretion) as if such Stored Water Deliveries were surface water deliveries through its service connection. The invoice from Metropolitan shall include credits for the Operation and Maintenance Costs and the Electrical Costs associated with the Stored Water Delivery. Where prior storage accounts are credited to the Metropolitan Water Account pursuant to Section VI(C)(1)(a), this water shall constitute the Stored Water Delivery prior to any water credited to the Metropolitan Water Account after the Effective Date, and shall be paid for at the appropriate rate indicated in Exhibit E.

**VIII. OTHER USES OF FACILITIES**

**A. Allowed Use**

IEUA and TVMWD may use Program Facilities for purposes unrelated to the Program so long as such use does not interfere with the Program and the excess operable production capacity is maintained as necessary for performance under this Program, unless monthly operable production capacity on other than a monthly basis is agreed to by the Operating Committee.

- B. IEUA and Watermaster shall certify to the Operating Committee that there will exist at all times excess operable production capacity in the Chino Basin of at least an annual extraction of 33,000AF or 33% of Maximum Storage Amount for performance under this conjunctive use Program.

**IX. REPRESENTATIONS, WARRANTIES AND AFFIRMATIVE COVENANTS OF PARTIES**

**A. Of IEUA and TVMWD**

IEUA and TVMWD respectively represent, warrant and covenant as follows:

1. Power and Authority

That it is a municipal water district, duly organized and validly existing under the laws of the State of California; that it has all necessary power and authority to enter into this Agreement and to perform its obligations hereunder on the terms set forth in this Agreement, and that the execution and delivery hereof by it and the performance of its obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which it is a party or by which it is bound.

2. Authorization; Valid Obligation

That all proceedings required to be taken by or on behalf of such Party to authorize it to make, deliver and carry out the terms of this Agreement have been duly and properly taken, and that this Agreement is its valid and binding obligation enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

3. No Litigation

To the best of its knowledge, there is no litigation, proceeding or investigation pending or threatened, to which it is or would be a party, or which does or would bind or relate to the Program Basin, directly or indirectly, which, individually or in the aggregate, if adversely determined, might materially and adversely affect its ability to perform its obligations under this Agreement, or which raises a question as to the validity of this Agreement, or any action to be taken hereunder.

4. Compliance with Laws

In the performance of its obligations hereunder, such Party and its contractors and subcontractors will comply with all applicable laws, regulations and ordinances, including, without limitation:



- a. the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), and the regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.);
- b. Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5) and the regulations or standards adopted by the DWR relating thereto;
- c. the nondiscrimination program requirements of Government Code, Section 12990, and Title 2, California Code of Regulations, Section 8103;
- d. Section 3700 of the California Labor Code, requiring every employer to be insured against liability for workers' compensation or to undertake self insurance in accordance with the provisions of that code, and such Party affirms that it will comply with such provisions before commencing the construction of the Facilities and will exercise best efforts to make the its contractors and subcontractors aware of this provision;
- e. the Drug-Free Workplace Act of 1990 (Government Code 8350 et seq.) and have or will provide a drug-free workplace; and
- f. the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant thereto.

Such party and its contractors and subcontractors will give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Such Party and its contractors will include the nondiscrimination and compliance provisions of this clause in all contracts and subcontracts let for the construction of the Facilities.

5. Compliance with DWR Requirements

The Plans comply with any DWR requirements, including any requirements set forth in the DWR Funding Letter. During the performance of its obligations herein, such Party will comply with any DWR requirements, including any requirements set forth in the DWR Funding Letter.

6. No Construction

That construction of the Facilities and related work (including planning activities) did not commence prior to the Effective Date.

7. Capacity

Such Party and its contractors, subcontractors and their respective agents will at all times act in an independent capacity and not purport to act as, or represent to others that they are, officers, employees, representatives or agents of Metropolitan, DWR or the State of California.

8. Oversight and Supervision of Construction

Such Party will oversee and supervise all contractors and keep control of all work and provisions of services and materials in connection with the Program.

9. Maintain Ownership of Program Property

Such Party will not sell, abandon, lease, transfer, exchange, mortgage, hypothecate or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Program.

10. Protection of Others' Rights

Such Party will fully protect and preserve the rights of overlying landowners, other groundwater users or water rights holders, parties whose approval is required by any judgment in an adjudicated basin, and all groundwater management agencies or other applicable regulatory agencies, and will take the necessary actions (including groundwater monitoring and mitigation and/or limiting extraction of groundwater) to protect such rights.

**B. Of Watermaster**

Watermaster and its contractors, subcontractors and their respective agents will at all times act in an independent capacity and not purport to act as, or represent to others that they are, officers, employees, representatives or agents of Metropolitan, DWR or the State of California. Watermaster represents, warrants and covenants as follows:

1. Power and Authority

That Watermaster is a court-appointed entity created through the Judgement, duly organized and validly existing under the laws of the State

of California; that it has all necessary power and authority to enter into this Agreement and to perform its obligations hereunder on the terms set forth in this Agreement, and that the execution and delivery hereof by Watermaster and the performance by Watermaster of Watermaster's obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which Watermaster is a party or by which Watermaster is bound.

2. Authorization; Valid Obligation

That all proceedings required to be taken by or on behalf of Watermaster to authorize it to make, deliver and carry out the terms of this Agreement have been duly and properly taken, and that this Agreement is a valid and binding obligation of Watermaster enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

3. No Litigation

To the best of Watermaster's knowledge, there is no litigation, proceeding or investigation pending or threatened, to which Watermaster is or would be a party, or which does or would bind or relate to the Chino Basin, directly or indirectly, which, individually or in the aggregate, if adversely determined, might materially and adversely affect the ability of Watermaster to perform its obligations under this Agreement, or which raises a question as to the validity of this Agreement, or any action to be taken hereunder.

4. Compliance with Laws

In the performance of its obligations hereunder, Watermaster will comply with all applicable laws, regulations and ordinances, including, without limitation:

- a. the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), and the regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.);
- b. Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5) and the regulations or standards adopted by the DWR relating thereto;

- c. the nondiscrimination program requirements of Government Code, Section 12990, and Title 2, California Code of Regulations, Section 8103;
- d. Section 3700 of the California Labor Code, requiring every employer to be insured against liability for workers' compensation or to undertake self insurance in accordance with the provisions of that code, and Watermaster affirms that it will comply with such provisions before commencing the construction of the Facilities and will exercise best efforts to make the its contractors and subcontractors aware of this provision;
- e. the Drug-Free Workplace Act of 1990 (Government Code 8350 et seq.) and have or will provide a drug-free workplace; and
- f. the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant thereto.

Watermaster will give written notice of its obligations under this clause to labor organizations with which it has a collective bargaining or other agreement.

5. Compliance with DWR Funding Letter

During the performance of its obligations herein, Watermaster will comply with the terms and provisions of the DWR Funding Letter (Exhibit A), as applicable.

6. Capacity

Watermaster and its contractors, subcontractors and their respective agents will at all times act in an independent capacity and not purport to act as, or represent to others that they are, officers, employees, representatives or agents of Metropolitan, DWR or the State of California.

**C. Of Metropolitan**

Metropolitan represents, warrants and covenants as follows:

1. Power and Authority

That Metropolitan is a public agency and quasi-municipal corporation, duly organized and validly existing under the laws of the State of California; that it has all necessary power and authority to enter into this Agreement and to perform its obligations hereunder on the terms set forth

in this Agreement, and that the execution and delivery hereof by Metropolitan and the performance by Metropolitan of Metropolitan's obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which Metropolitan is a party or by which Metropolitan is bound.

2. Authorization; Valid Obligation

That all proceedings required to be taken by or on behalf of Metropolitan to authorize it to make, deliver and carry out the terms of this Agreement have been duly and properly taken, and that this Agreement is a valid and binding obligation of Metropolitan enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

3. No Litigation

To the best of Metropolitan's knowledge, there is no litigation, proceeding or investigation pending or threatened, to which Metropolitan is or would be a party, directly or indirectly, which, individually or in the aggregate, if adversely determined, might materially and adversely affect the ability of Metropolitan to perform its obligations under this Agreement, or which raises a question as to the validity of this Agreement, or any action to be taken hereunder.

**X. RECORD KEEPING, REPORTING, INSPECTION AND AUDIT**

**A. Record Keeping**

1. IEUA shall maintain audit and accounting procedures and written accounts with respect to the Program that are in accordance with generally accepted accounting principles and practices, consistently applied. IEUA shall keep complete and accurate records of all receipts, disbursements, and interest earned on expenditures of Program Funds.
2. IEUA and its respective contractors and subcontractors shall maintain copies of all contracts, agreements, and other documents relating to the Program for a minimum of three years following Program completion.
3. IEUA and TVMWD shall keep on file, for the useful life of the Facilities, as-built plans and the specifications of the Facilities. Such documents shall be made available for inspection by the State, Metropolitan, and upon reasonable notice.

4. IEUA shall require its contractors and subcontractors to maintain books, records, and other documents pertinent to their work in accordance with generally accepted accounting principles and practices, consistently applied.

**B. Reporting**

1. Construction Progress Reports

During construction of the Facilities, a monthly progress report shall accompany each Invoice submitted by IEUA to Metropolitan (each a "Progress Report"), certified by a designated official of such Party, providing in reasonable detail, a description of (a) the work accomplished during the invoice period and the percent complete on each Discrete Program Element (b) and the amount of Program Construction Funds expended on each Discrete Program Element and Tasks, the purposes of those expenditures, the total amount expended and remaining of the budget for that Discrete Program Element. In the absence of a monthly Invoice, IEUA shall deliver the Progress Report detailing progress and expenditures for the month, and reporting on status of construction activities within 30-days after the month.

2. O&M Reports

Commencing on the first day of the month which is ninety days following the Completion Date, and unless otherwise determined by the Operating Committee, on a semi-annual basis thereafter throughout the term of this Agreement, IEUA and TVMWD shall deliver to Metropolitan and the Operating Committee a report (an "O&M Report") summarizing the operational and maintenance activities conducted in connection with the Program during the prior period.

**C. Inspection**

Metropolitan and the DWR may inspect the aforementioned books, records and any other Program-related information at any time, upon reasonable advance notice to IEUA or TVMWD, as applicable.

**D. Audit Rights and Obligations**

1. Pursuant to California Government Code Section 8546.7, IEUA and its contractors and subcontractors shall be subject to the examination and audit by the State Auditor for a period of three years after Program completion. IEUA agrees that, IEUA and its contractors and subcontractors shall be subject to examination and audit by Metropolitan and DWR for such period.

2. Within thirty days after the Completion of a Program Facility, IEUA shall, at its expense, cause an audit of all Program Construction Costs and expenses with respect to such Facility to be conducted by an independent certified public accountant and deliver to Metropolitan a report prepared by such accountant in connection therewith.

## **XI. INDEMNITY**

### **A. General Indemnity**

Each Party hereto shall indemnify, defend and hold harmless the other Party and its elected officials, officers and employees from and against any and all lawsuits, actions, causes of action, claims and damages and any and all court costs and attorneys' fees related thereto ("Claims"), in any way arising out of or connected with the performance or nonperformance of the indemnifying Party's duties or the discharge of or failure to discharge that Party's obligations hereunder to the maximum extent permitted by law.

### **B. IEUA Specific Indemnity**

Without limiting the foregoing indemnity, IEUA hereby agrees to indemnify, defend and hold harmless TVMWD, Metropolitan and Watermaster, their elected officials, officers and employees from and against any and all Claims, in any way arising out of or connected with the Program, including any Claims by DWR or any other branch, agency or department of the State of California in connection with the Program (except for a breach of the DWR Funding Letter attributable to Metropolitan) or breach of its obligations hereunder, or otherwise to the extent of such Party's responsibility hereunder or to the extent that such Party caused or exacerbated such or other Claim(s).

### **C. TVMWD Specific Indemnity**

Without limiting the foregoing indemnity, TVMWD hereby agrees to indemnify, defend and hold harmless IEUA, Metropolitan and Watermaster, their elected officials, officers and employees from and against any and all Claims, in any way arising out of or connected with the Program, including any Claims by DWR or any other branch, agency or department of the State of California in connection with the Program (except for a breach of the DWR Funding Letter attributable to Metropolitan) or breach of its obligations hereunder, or otherwise to the extent of such Party's responsibility hereunder or to the extent that such Party caused or exacerbated such or other Claim(s).

### **D. Watermaster Specific Indemnity**

Without limiting the indemnity in clause(A) above, Watermaster hereby agrees to indemnify, defend and hold harmless Metropolitan and IEUA and TVMWD, and

their elected officials, officers and employees from and against any and all Claims, in any way arising out of or connected with the Program, including any Claims by DWR or any other branch, agency or department of the State of California in connection with the Program (except for a breach of the DWR Funding Letter attributable to Metropolitan or IEUA's and TVMWD's breach of its obligations hereunder), or otherwise to the extent of Watermaster's responsibility hereunder or to the extent that it caused or exacerbated such Claim(s).

**E. Metropolitan Specific Indemnity**

Without limiting the indemnity in clause (A) above, Metropolitan hereby agrees to indemnify, defend and hold harmless IEUA and TVMWD and Watermaster, their elected officials, officers and employees from and against any and all Claims arising out of or connected with a failure under or breach of the DWR Funding Letter by Metropolitan, or otherwise to the extent of Metropolitan's responsibility hereunder or to the extent that it caused or exacerbated such or other Claim(s).

**XII. INSURANCE**

**A. General Required Coverages**

IEUA and TVMWD through agreement with their respective Operating Parties shall procure, pay for and keep in full force and effect, at all times during the term of this Agreement the following insurance (to the extent not already maintained by IEUA and TVMWD or their respective Operating Parties):

1. Commercial general liability insurance insuring IEUA and TVMWD against liability for personal injury, bodily injury, death and damage to property (including the Facilities) arising from IEUA's and TVMWD's performance under this Agreement. Said insurance shall include coverage in an amount equal to at least Five Million Dollars (\$5,000,000), and shall contain "blanket contractual liability" and "broad form property damage" endorsements insuring IEUA's and TVMWD's performance of its obligations to indemnify Metropolitan as set forth herein (the "CGL Insurance"); and
2. Pursuant to Section 3700 of the California Labor Code, workers' compensation insurance with employer's liability in the amounts required by any applicable laws (the "Workers' Compensation Insurance").
3. IEUA and TVMWD will provide proof of automobile liability insurance as required by the State of California Department of Motor Vehicles.



**B. Specific Policy Requirements**

Each policy of insurance required to be carried pursuant to this Agreement: (1) shall, except with respect to Worker's Compensation Insurance, name Metropolitan as an additional insured; (2) shall be in a form reasonably satisfactory to Metropolitan; (3) shall be carried with companies reasonably acceptable to Metropolitan; (4) shall provide that such policy shall not be subject to cancellation, lapse or change except after at least thirty (30) days prior written notice to Metropolitan, and (5) shall, except with respect to the Environmental Liability Insurance required under clause (D) below, be on an "occurrence" basis and not on a "claims-made" basis.

**C. Deductibles/Self-Insurance.**

The insurance required by this Section XII may contain deductibles or self-insured retentions. IEUA and TVMWD through agreement with their respective Operating Parties shall be solely responsible for any such deductibles and/or self-insured retentions applicable to the coverages specified in Section XII(A). Metropolitan, at its option, may require IEUA and TVMWD to secure a surety bond or an irrevocable and unconditional letter of credit in order to ensure payment of such deductibles or self-insured retention. Insurance policies that contain deductibles or self-insured retentions in excess of \$25,000 per occurrence shall not be acceptable without the prior approval of Metropolitan.

1. Insurance Certificates.

Metropolitan reserves the right to require certified complete copies of any insurance certificates required by this Agreement but the receipt of such certificates shall not confer responsibility upon Metropolitan as to sufficiency of coverage.

2. Acceptability of Insurers

All insurance required by this Agreement shall be placed with insurers admitted to transact business in the State of California for the applicable class of insurance, as required by §700 of the California Insurance Code. Each insurer shall have a current Best Insurance Guide rating of not less than AVII, unless a lower rating is approved in writing by Metropolitan. Similarly, each self-insurer (including, if applicable, IEUA, TVMWD and/or its Operating Parties) shall have a self-insured liability program that is based upon excess liability policies rated at AVII or higher, unless otherwise approved in writing by Metropolitan.

#### **D. Environmental Liability Insurance**

1. If IEUA, TVMWD and Metropolitan agree to procure environmental liability insurance, IEUA and TVMWD shall obtain and Metropolitan shall pay 50% of the cost of the policy of environmental liability insurance that, at a minimum, shall cover: (1) the costs of on-site and off-site clean-up of pollution conditions relating to or arising from the Program (including natural resource damages, changes in water quality regulatory requirements and/or changes in the quality of water in the basin below original water quality readings); and (2) losses resulting from tort claims for bodily injury and property damage resulting from pollution conditions relating to or arising from the Program. Such insurance shall have limits of liability and terms and conditions (including premiums) reasonably approved by Metropolitan. Notwithstanding the foregoing, if Metropolitan reasonably agrees that, despite IEUA's and TVMWD's good faith and diligent efforts to obtain such environmental liability insurance, the coverage required herein is not available on commercially reasonable terms, IEUA and TVMWD shall obtain the coverage that most closely approximates the coverage required herein that is available on commercially reasonable terms or consider other risk financing alternatives. Metropolitan shall pay 50% of the cost of any such alternative coverage or risk financing alternative selected by IEUA and TVMWD, provided that the terms and conditions (including premiums) have been reasonably approved by Metropolitan.
2. For purposes of this Section XII(B), the "costs" of environmental liability insurance, alternative coverage or risk financing alternatives to be shared by the parties as provided in the prior paragraph shall include (1) insurance premiums and other up-front or periodic costs of coverage; (2) deductibles payable in connection with claims; and (3) any out-of-pocket costs (including court costs, attorneys' fees and other litigation expenses) incurred in connection with enforcement or collection under the policy, alternative coverage or other risk financing alternative.

### **XIII. DISPUTE RESOLUTION; DEFAULTS AND REMEDIES**

#### **A. Dispute Resolution**

If any dispute arises between or among the Parties regarding interpretation or implementation of this Agreement (or the Operating Committee is unable to reach agreement on a matter being considered by it), the Parties will endeavor to resolve the dispute by using the services of a mutually acceptable consultant. The fees and expenses of the consultant shall be shared equally by the Parties. Except for disputes relating to exercises of Metropolitan discretion pursuant to Sections V(C); VII(A); VII(C); VII(D); XII(A) and XIII(B), if a consultant cannot be agreed upon, or if the consultant's recommendations are not acceptable to all

Parties (or, in the case of the Operating Committee, to the members thereof), and unless the Parties (or members of the Operating Committee) otherwise agree, such dispute shall be settled by arbitration in accordance with the Rules of the American Arbitration Association in the County of Los Angeles, California. The arbitration panel acting pursuant to said rules may order any legal or equitable relief permitted by California law, including, without limitation, (1) declaratory and injunctive relief, (2) **SPECIFIC PERFORMANCE OF THE TERMS, CONDITIONS AND OBLIGATIONS OF THIS AGREEMENT**, (3) monetary liability, or (4) any other relief (including, without limitation, termination of this Agreement, as set forth in Section XIII(B) below) consistent with the purposes of this Agreement and applicable to the matter. The arbitration panel shall also be empowered to make final and binding determinations with respect to matters before the Operating Committee, where the members of the Committee were unable to reach agreement. Judgment upon the award rendered by the arbitration panel may be entered and enforced by any court having jurisdiction thereof.

**B. Defaults and Remedies**

1. Should IEUA or TVMWD, each acting through agreement with its respective Operating Parties, fail to fully perform in the extraction of Program Water from the Metropolitan Water Storage Account in accordance with Exhibit G in response to a call from Metropolitan that has been approved by the Watermaster, and upon a determination by the Operating Committee that full performance could and should have occurred, then Metropolitan shall invoice to IEUA or to TVMWD, as appropriate, water delivered equal to the quantity in acre-feet of non-performance at two times the Tier 2 full service water rate (or its equivalent, as determined by Metropolitan in its reasonable discretion) currently then in effect ("**Nonperformance Penalty**").
  
2. Should the Operating Committee in its review of incomplete performance, as specified in paragraph B (1) above, determine that unanticipated operational or water quality considerations precluded full performance, the Operating Committee shall not recommend to Metropolitan that the Nonperformance Penalty be assessed. In such case, IEUA or TVMWD, whichever is the responsible Member Agency, shall work with the nonperforming Operating Party to promptly set out a mutually agreeable course of action and schedule to correct the deficiency and present such to the Operating Committee for its concurrence. Future nonperformance outside of the agreed-upon schedule (provided that the Operating Committee has concurred with such schedule) would be subject to the Nonperformance Penalty.

**C. Termination**

1. Notwithstanding anything to the contrary herein, upon a breach of any provision of this Agreement by IEUA, TVMWD or Watermaster or any of them, Metropolitan may terminate this Agreement as to the breaching Party, by written notice to IEUA, TVMWD and Watermaster. Upon such termination, the breaching Party shall be required to reimburse Metropolitan for all Program Funds advanced to such Party by Metropolitan pursuant to this Agreement. Further, Metropolitan may require the breaching Party to purchase in equal installments over a 5-year period, at Metropolitan's then applicable full-service rate (or its equivalent, as determined by Metropolitan in its reasonable discretion), the balance of any water then identified in the Metropolitan Water Account. Upon full reimbursement and payment of the amounts required pursuant to this Section XIII(C), this Agreement shall be fully terminated as to the breaching Party.
2. Notwithstanding anything to the contrary herein, upon a breach of any provision of this Agreement by Metropolitan, IEUA and TVMWD may terminate its participation in this Agreement by written notice to Metropolitan. Upon such termination, the terminating Party shall be responsible to purchase in equal installments over a 5 year period, at Metropolitan's then applicable full-service rate (or its equivalent as determined by Metropolitan in its reasonable discretion), the balance of any water then identified in the Metropolitan Storage Account.

**D. Remedies Are Cumulative**

The rights and remedies of the Parties are cumulative, and the exercise by any Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same breach or any other breach by the other Party.

**XIV. FORCE MAJEURE EVENTS**

**A. Excuse to Performance**

In addition to specific provisions of the Agreement, lack of performance by any Party shall not be deemed to be a breach of this Agreement, where delays or defaults are due to acts of God, or the elements, accident, casualty, labor disturbances, unavailability or delays in delivery of any product, labor, fuel, service or materials, failure or breakdown of equipment, strikes, lockouts, or other labor disturbances, acts of the public enemy, orders or inaction of any kind from the government of the United States, the State of California, or any other governmental, military or civil authority (other than Metropolitan, IEUA, TVMWD or Watermaster), war, insurrections, riots, epidemics, landslides,

lightning, droughts, floods, fires, earthquakes, arrests, civil disturbances, explosions, freight embargoes, lack of transportation, breakage or accidents to vehicles, or any other inability of any Party, whether similar or dissimilar to those enumerated or otherwise, which are not within the control of the Party claiming such inability or disability, which such Party could not have avoided by exercising due diligence and care and with respect to which such Party shall use all reasonable efforts that are practically available to it in order to correct such condition (such conditions being herein referred to as "Force Majeure Events").

**B. Responding to Force Majeure Events**

The Parties agree that in the event of a Force Majeure Event which substantially interferes with the implementation of this Agreement, the Parties will use their best efforts to negotiate an interim or permanent modification to this Agreement which responds to the Force Majeure Event and maintains the principles pursuant to which this Agreement was executed.

**XV. MISCELLANEOUS**

**A. Entire Agreement**

This Agreement constitutes the entire agreement between the Parties pertaining to the matters provided for herein and, except as herein provided, supersedes all prior and/or contemporaneous agreements and understanding, whether written or oral, between the Parties relating to the matters provided for herein.

**B. Interpretation**

The Parties have participated in the drafting of this Agreement and the Agreement shall not be construed for or against any Party. The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against any of the Parties hereto and Section 1654 of the Civil Code has no application to interpretation of this Agreement. In addition, this Agreement shall be construed to the maximum extent possible in conformance with Prop. 13, the DWR Funding Letter, the IRP, the Groundwater Storage Principles, the RFP, and the Proposal. Notwithstanding anything to the contrary herein, to the extent this Agreement conflicts with the RFP and/or Proposal, this Agreement shall control.

**C. Further Assurances**

Each Party, upon the request of the other, agrees to perform such further acts and to execute and deliver such other documents as are reasonably necessary to carry out the provisions of this instrument.

**D. Counterparts**

This Agreement, and any document or instrument entered into, given or made pursuant to this Agreement or authorized hereby, and any amendment or supplement thereto may be executed in two or more counterparts, and by each party on a separate counterpart, each of which, when executed and delivered, shall be an original and all of which together shall constitute one instrument, with the same force and effect as though all signatures appeared on a single document. Any signature page of this Agreement or of such an amendment, supplement, document or instrument may be detached from any counterpart without impairing the legal effect of any signatures thereon, and may be attached to another counterpart identical in form thereto but having attached to it one or more additional signature pages. In proving this Agreement or any such amendment, supplement, document or instrument, it shall not be necessary to produce or account for more than one counterpart thereof signed by the Party against whom enforcement is sought.

**E. Assignment**

No Party shall transfer this Agreement, in whole or in part, or any of its interests hereunder, to any other person or entity, without the prior written consent of the other Parties. Any attempt to transfer or assign this Agreement, or any privilege hereunder, without such written consent shall be void and confer no right on any person or entity that is not a Party to this Agreement. Nothing contained herein shall prevent the Parties from subcontracting for the performance of obligations hereunder, provided, however, no such subcontracting shall relieve the Parties from the performance of their respective obligations hereunder.

**F. Venue**

Any legal actions initiated pursuant to this Agreement or otherwise with respect to its subject matter must be instituted in the Superior Court of the County of Los Angeles, State of California, or in the Federal District Court in the Central District of California.

**G. Governing Law; Attorneys Fees and Costs**

The laws of the State of California shall govern the interpretation and enforcement of this Agreement. The non-prevailing party in any claim, suit or other action, including use of the dispute resolution as provided for in Section XIII(A), brought by such party shall pay to the prevailing party the costs of such prevailing party's attorneys fees and expenses and all other costs and expenses incurred by the prevailing party in defense of such action.

**H. Notice**

Formal written notices, demands, correspondence and communications between the Parties authorized by this Agreement shall be sufficiently given if personally served or dispatched by registered or certified mail, first-class, postage prepaid, return receipt requested, to the Parties as follows:

To IEUA: Inland Empire Utilities Agency  
General Manager  
P.O. Box 697  
Rancho Cucamonga, CA 91729

To TVMWD: Three Valleys Municipal Water District  
General Manager  
1021 E. Miramar Avenue  
Claremont, CA 91711

To Watermaster: Chino Basin Watermaster  
Chief Executive Officer  
8632 Archibald Avenue, Suite 109  
Rancho Cucamonga, CA 91730

To Metropolitan: The Metropolitan Water District  
of Southern California  
Chief Executive Officer  
700 No. Alameda Street  
Los Angeles, California 90012

Such written notices, demands, correspondence and communications may be sent in the same manner to such other persons and addresses as either Party may, from time to time, reasonably designate by mail as provided in this Section. Notice shall be deemed given when received by mail or when personally served.

**I. Successors**

This Agreement shall bind and inure to the benefit of the Parties, and their respective successors and assigns.

**J. Severability**

Should any provisions of this Agreement prove to be invalid or illegal, such invalidity or illegality shall in no way affect, impair or invalidate any other provisions hereof, and such remaining provisions shall remain in full force and effect; provided, however, if the illegality or invalidity of any provision

undermines the intent of the Parties, then the Parties shall attempt in good faith to amend the agreement in order to fulfill the intent of the Parties. If the Parties are unable to so amend the Agreement, then the Agreement shall terminate and be of no further force or effect.

**K. Time is of the Essence**

Time is of the essence with respect to the performance of every provision of this Agreement in which time of performance is a factor.

**L. Amendment**

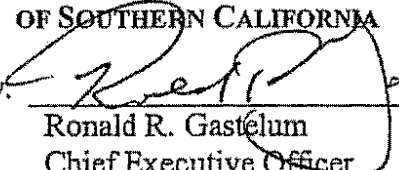
This Agreement may be amended only in writing duly executed by the Parties hereto. Notwithstanding the foregoing, individual items listed in Exhibit H are subject to adjustment pursuant to the procedure set forth in Exhibit H.

*[Remainder of Page Intentionally Blank – Signature Pages Follow]*



IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first set forth above.


**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

By:   
Ronald R. Gastelum  
Chief Executive Officer

Date: 6-12-03

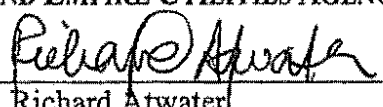
**APPROVED AS TO FORM:**

**Jeffrey Kightlinger  
General Counsel**

By:   
Sydney Bennion  
Assistant General Counsel

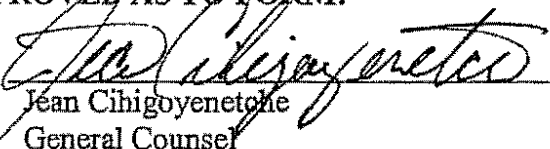
Date: 6/6/03

**INLAND EMPIRE UTILITIES AGENCY**

By:   
Richard Atwater  
General Manager


Date: JUNE 19, 2003

**APPROVED AS TO FORM:**

By:   
Jean Cihigoyenetche  
General Counsel

Date: 5-21-03

**THREE VALLEYS MUNICIPAL WATER  
DISTRICT**

By:   
Richard W. Hansen  
General Manager/Chief Engineer

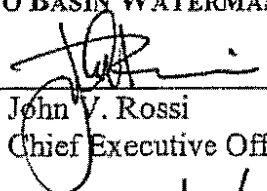
Date: 6/19/03

**APPROVED AS TO FORM:**

By:   
Steve Kennedy  
District Counsel

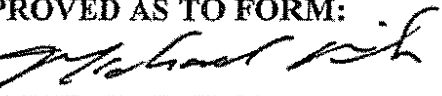
Date: 6/4/03

**CHINO BASIN WATERMASTER**

By:   
John V. Rossi  
Chief Executive Officer

Date: 6/19/03

**APPROVED AS TO FORM:**

By:   
Michael Fife  
General Counsel

Date: 6-3-03

THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

By:   
\_\_\_\_\_  
Ronald R. Gastelum  
Chief Executive Officer

Date: 6/19/03

**EXHIBIT A**

**DWR FUNDING LETTER**

## DEPARTMENT OF WATER RESOURCES

416 NINTH STREET, P.O. BOX 942836  
SACRAMENTO, CA 94236-0001  
916) 653-5791



OCT 13 2000

Mr. Phillip J. Pace, Chairman  
Board of Directors  
Metropolitan Water District of  
Southern California  
Post Office Box 54153  
Los Angeles, California 90054-0153

Interim Water Supply Construction Grant Commitment Safe Drinking Water, Clean Water,  
Watershed Protection and Flood Protection Act (Proposition 13, Chapter 9, Article 4)

Dear Mr. Pace:

The Governor's Budget Act for 2000, Chapter 52, Statutes of 2000, appropriated to the Department of Water Resources local assistance grant funds in the amount of \$161,544,000 by budget item 3860-01-6027, payable from the Interim Reliable Water Supply and Water Quality Infrastructure and Management Subaccount. The Metropolitan Water District's Southern California Water Supply Reliability Projects Program has been selected for funding from this appropriation. This letter agreement serves as our commitment of \$45 million for these projects.

This letter sets forth the terms and conditions under which the transfer of funds will be made from DWR to MWD. Before the funds can be transferred your agency must complete the following:

- Submit to DWR a formally adopted resolution of your governing body, accepting the grant, designating a representative to sign this letter agreement, and designating a project director to be your agency's representative for the administration of the project and liaison with DWR for submission of required documents.
- Sign and date both originals of this agreement and return one signed original to:

Division of Planning and Local Assistance  
Department of Water Resources  
Post Office Box 942836  
Sacramento, California 94236-0001  
Attention: Linda Buchanan Herzberg

- Provide to DWR a copy of all memoranda of understanding or other cooperative agreements between your agency and all other participating agencies for the program.

Mr. Phillip J. Pace, Chairman

OCT 13 2000  
Page 2

- Provide to DWR an itemized budget projection of project costs and an invoice, on your letterhead, stating the purpose of the funds as outlined in this letter agreement. In addition, please provide a summary of the sources and amounts of other funding for the program in addition to the grant provided by this letter agreement.
- Provide to DWR a detailed description of the proposed projects, including a narrative description that details the purpose and defines the scope of each project. Include with your description a detailed list of project components to be funded by this grant and a time line for completion with major benchmarks noted. In addition, attach a map indicating the locations of the projects.

By signature of this letter agreement the Metropolitan Water District of Southern California agrees to comply with the following terms and conditions for completion of your project:

1. Your agency agrees to faithfully and expeditiously perform or cause to be performed all project work, to apply State funds received only to eligible project costs and to expeditiously commence and to continue efficient and economical operation of the projects in accordance with applicable law. You further agree to provide for all repairs, renewals, and replacements necessary to the efficient operation of the projects; and to maintain them in as good and efficient condition as upon their construction, ordinary and reasonable wear and depreciation excepted.
2. Your agency, its contractors, subcontractors, and their respective agents and employees required for performing any work in connection with the projects shall act in an independent capacity and not as officers, employees or agents of the State.
3. Your agency is solely responsible for design, construction, operation and maintenance of the projects.
4. Your agency shall be responsible for obtaining any and all permits, licenses and approvals required for the design, construction or operation of the projects. You shall also be responsible for observing and complying with any applicable federal, State and local laws, rules or regulations affecting such work, specifically including, but not limited to, environmental, procurement and safety laws, rules, regulations and ordinances.

5. Your agency must comply with all applicable requirements of the California Environmental Quality Act and the National Environmental Policy Act and complete appropriate environmental documentation including, but not limited to, any required environmental impact reports, environmental impact statements, negative declarations, mitigation agreements and environmental permits, prior to beginning construction.
6. Your agency, its contractors and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), the regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5) and the regulations or standards adopted by the awarding State Agency to implement such article. Your agency, its contractors and subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Your agency shall include the nondiscrimination and compliance provisions of this clause in all contracts and subcontracts let for the construction of the project.
7. Your agency agrees, unless exempted, to comply with the nondiscrimination program requirements of Government Code, Section 12990, and Title 2, California Code of Regulations, Section 8103.
8. Your agency shall comply with the provisions of Section 3700 of the California Labor Code, requiring every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and you affirm that the agency will comply with such provisions before commencing the construction of the projects and will make the agency's contractors and subcontractors aware of this provision.
9. Your agency, its contractors or subcontractors agree to comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code 8350 et seq.) and have or will provide a drug-free workplace.
10. Your agency agrees to comply with the Americans with Disabilities Act of 1990, (42 U.S.C. 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.

11. Your agency shall be responsible for work and for persons or entities engaged in work, including, but not limited to, subcontractors, suppliers and providers of services. You shall give personal supervision to any work required for the projects or employ a competent representative with the authority to act for your agency. Your agency shall give attention to completion of the projects, and shall keep work under control.
12. Your agency shall be responsible for any and all disputes arising out of its contracts for work on the projects, including but not limited to bid disputes and payment disputes with your contractors and subcontractors. The State will not mediate disputes between your agency and any other entity concerning responsibility for performance of work.
13. All contracts let for project construction shall be let by competitive bid procedures that assure award of the contract to the lowest responsible bidder, except as may be otherwise authorized under your agency's enabling authority.
14. Procurement of necessary supplies or equipment shall be undertaken in such a manner as to encourage fair and competitive treatment of potential suppliers.
15. During project planning and construction, your agency shall provide semiannual progress reports detailing the activities completed for the reporting period, the amount of funds expended and the purpose of those expenditures. The first report shall be due six months from the date of your agency's signature on this letter agreement. Subsequent reports shall be due every six months thereafter.
16. The Southern California Water Supply Reliability Projects Program shall be completed not later than March 8, 2009.
17. Upon completion of each project your agency shall provide for a final inspection and a written certification by a California Registered Civil Engineer that the project has been completed in accordance with final plans and specifications and any modifications thereto. Such certification shall be submitted to the State with a copy of the final report of project expenditures required in Item 18 below. You shall keep on file, for the useful life of the projects, As Built plans and specifications for each project. Such documents shall be made available for inspection by the State upon reasonable notice.
18. Upon program completion your agency shall furnish to the State, within 60 days, a final statement of incurred eligible costs.

OCT 13 2000

19. Within a period of 60 days from program completion, your agency shall remit to the State any unexpended funds that were disbursed that were not needed to pay eligible project costs.
20. Your agency shall account for the money disbursed separately from all other agency funds. You shall maintain audit and accounting procedures that are in accordance with generally accepted accounting principles and practices consistently applied. You shall keep complete and accurate records of all receipts, disbursements, and interest earned on expenditures of such funds. Your agency shall require its contractors or subcontractors to maintain books, records, and other documents pertinent to their work in accordance with generally accepted accounting principles and practices. Records are subject to inspection by the State at any and all reasonable times, upon reasonable notice.
21. All money disbursed for your program shall be deposited, administered, and accounted for pursuant to the provisions of law applicable to your agency.
22. During regular office hours, each of the parties to this letter agreement and their duly authorized representatives shall have the right to inspect and to make copies of any books, records, or reports of either party pertaining to the projects. Each of the parties shall maintain and shall make available at all times for such inspection accurate records of all its costs, disbursements, and receipts with respect to these projects.
23. Pursuant to Government Code Section 8546.7, your agency and its subcontractors shall be subject to the examination and audit of the State for a period of three years after program completion. All of your records or those of your subcontractors shall be preserved for this purpose for at least three years after program completion.
24. The State reserves the right to conduct an audit at any time between the execution of this letter agreement and the completion of the program, with the costs of such audit borne by the State. Within 60 days of program completion, the State shall require your agency to conduct, at your agency's expense, a final financial and compliance audit of revenue and expenditures. Such audit shall be conducted and a report prepared by an independent Certified Public Accountant in compliance with generally accepted auditing standards and California government auditing standards. Upon its completion, said report shall be submitted to the State for review and acceptance.
25. The State shall withhold 10 percent of the total program funding until the audit report, required in Item 24 above, is received and accepted by the State.



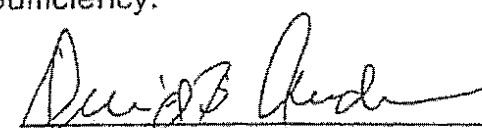
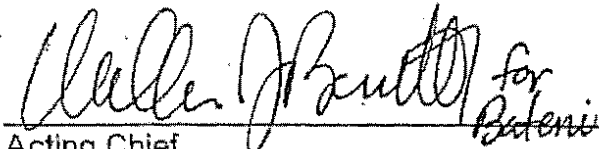
OCT 13 2000

- 26. The State shall have the right to inspect the work being performed at any and all reasonable times during project construction. This right shall extend to any subcontracts, and your agency shall include provisions ensuring such access in all its contracts or subcontracts entered into for completion of the projects.
- 27. Your agency shall not sell, abandon, lease, transfer, exchange, mortgage, hypothecate, or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with any of the projects, or with your agency's service of water, without prior approval of the State.
- 28. Your agency agrees to indemnify the State and its officers, agents, and employees against and to hold the same free and harmless from any and all claims, demands, damages, losses, costs, expenses, or liability due or incident to, either in whole or in part, and whether directly or indirectly, arising out of the program.


Your expeditious handling of this letter agreement is appreciated. If you have any questions, please contact Linda Buchanan Herzberg at (916) 327-1663.

Sincerely,

Approved as to Legal Form and Sufficiency:

By: <u></u> Chief Counsel Department of Water Resources	By: <u> for Bantini</u> Acting Chief Division of Planning and Local Assistance
--	--

Metropolitan Water District of Southern California

By:  Date: 11/14/2000

Title: General Manager

Enclosure

cc: (See attached list.)

Ms. Linda Adams  
Chief Deputy Assembly Relations  
Governor's Office, First Floor  
Sacramento, California 95814

Honorable Richard G. Polanco  
Member of the Senate  
State Capitol, Room 313  
Sacramento, California 95814

Honorable Jim Costa  
Member of the Senate  
State Capitol, Room 5100  
Sacramento, California 95814

Honorable Robert M. Hertzberg  
Speaker of the Assembly  
State Capitol, Room 320  
Sacramento, California 95814

Honorable Thomas Calderone  
Member of the Assembly  
State Capitol, Room 2148  
Sacramento, California 95814

Honorable Antonio Villaraigosa  
Member of the Assembly  
State Capitol, Room 219  
Sacramento, California 95814

Mr. Robert Harding  
Senior Engineer  
Water Resource Management  
Metropolitan Water District of  
Southern California  
700 North Alameda Street  
Los Angeles, California 90012

Mr. Ronald R. Gastelum  
General Manager  
Metropolitan Water District of  
Southern California  
Post Office Box 54153  
Los Angeles, California 90054-0153

**REQUEST FOR PROPOSAL**

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

**REQUEST FOR PROPOSALS FOR  
PARTICIPATION IN GROUNDWATER  
STORAGE PROGRAMS USING  
PROPOSITION 13 FUNDS**

**RFP No. WRM-2**

**NOTICE:**

Public Pre-Submittal Workshop

November 8, 2000

1:00 p.m. to 3:00 p.m.

700 North Alameda Street

Room US1-102

Los Angeles, California 90012

All potential applicants are encouraged to attend

Proposals will be received until 2:00 p.m. on January 5, 2001,  
at the Metropolitan Water District of Southern California,  
700 North Alameda Street, Room 3-132  
Los Angeles, California, 90012

**LOS ANGELES, CALIFORNIA**

**November 1, 2000**

**PARTICIPATION IN GROUNDWATER  
STORAGE PROGRAMS USING  
PROPOSITION 13 FUNDS**

**REQUEST FOR PROPOSALS**

- A. Background
- B. Need for Groundwater Storage Programs
- C. Process Overview
- D. Who Can Submit?
- E. Selection Process
- F. Scoring Criteria
- G. Schedule
- H. Performance Targets and Adjustments
- I. Proposal Guidelines

Figure 1 Groundwater Storage Program Implementation Process

Table 1 Performance Provisions

Exhibit 1 Economic Analysis Worksheet

Appendix A Metropolitan's Groundwater Storage Principles

## Water Resources Management Groundwater Storage

In March 2000, 65 percent of California voters approved Proposition 13 (Prop 13) authorizing the state of California to sell \$1.97 billion in general obligation bonds for water-related projects throughout the state. The Governor's Annual Budget Revision document in May 2000, included \$763.3 million in expenditures from Prop 13. In June 2000, the State Senate and Assembly approved a budget bill for fiscal year 2000-01, which earmarked \$69 million to fund water supply reliability programs within Metropolitan's service area. The Governor's office designated Metropolitan as the recipient of those Prop 13 funds. Of that \$69 million, \$45 million is specified to finance groundwater storage projects within the Metropolitan Water District of Southern California's (Metropolitan) service area.

This RFP is designed to promote an objective process for distributing this \$45 million. Metropolitan invites your agency to submit a proposal for the development of groundwater storage projects that contribute to the overall water supply for its six-county service area. Selected projects will be eligible for financial assistance from funds received by Metropolitan through the passage of Prop 13. Contained within is information requested for analyzing proposals. All selected projects must conform to state of California and Metropolitan audit requirements.

### Questions

Questions regarding the Request for Proposals (RFP) may be presented at the public pre-submittal workshop on November 8, 2000. Written questions regarding this RFP also may be submitted prior to the meeting. Responses to questions will be provided during or after the workshop and posted on Metropolitan's web site, [www.mwd.dst.ca.us](http://www.mwd.dst.ca.us), under "Breaking News." Address written questions to:

Robert Harding  
Metropolitan Water District of Southern California  
Post Office Box 54153  
Los Angeles, California 90054-0153  
FAX (213) 217-6119

Inquiries regarding the schedule, location or mailing address should be directed to Robert Harding at [bharding@mwd.dst.ca.us](mailto:bharding@mwd.dst.ca.us) or (213) 217-6582

## **Public Pre-Submittal Workshop Notice**

Purpose: Discuss the Prop 13 Groundwater Storage RFP and answer questions

Date: November 8, 2000

Time: 1:00 p.m. – 3:00 p.m.

Address: 700 North Alameda St., Rm. US1-102  
Los Angeles, California 90012

While attendance is not mandatory, all interested parties and prospective applicants are encouraged to attend. Following the workshop, responses to questions, information updates and clarifications will be posted on Metropolitan's web site, [www.mwd.dst.ca.us](http://www.mwd.dst.ca.us), under "Breaking News."

### **Due Date**

Proposals will be accepted at The Metropolitan Water District of Southern California, 700 North Alameda St. – Room 3-132, Los Angeles, California, 90012 until **2:00 p.m. on January 5, 2001**. Six copies of each proposal must be submitted. Proposals received after the due date and time will be returned unopened.

### **A. BACKGROUND**

Metropolitan is a California public agency. Metropolitan imports water from the Colorado River and the State Water Project (SWP) to supply its 27 Member Agencies that serve 17 million people living within a 5,200-square-mile service area. Existing Metropolitan facilities include the 242-mile-long Colorado River Aqueduct with five pumping plants, a distribution system featuring seven functional reservoirs, five water filtration plants, 43 pressure control structures, 16 power plants, and about 775 miles of pipelines. Metropolitan also participates in groundwater storage projects outside of its service area and develops local water resources to maintain regional supply reliability.

Metropolitan is one of 29 agencies that contracts with the California State Department of Water Resources (DWR) for SWP supplies. It is anticipated that programs submitted under this RFP would store water imported from the SWP and the Colorado River Aqueduct. Facilities funded under this RFP will pump previously stored water for delivery to overlying demand in the respective basin. There will be a corresponding reduction in surface deliveries to the agency. This will increase the amount of water available within Metropolitan's service area.

### **B. NEED FOR GROUNDWATER STORAGE**

In January 1996, Metropolitan's Board of Directors approved the Integrated Water Resources Plan (IRP) that forms the framework for meeting demands within the service area out to the year 2020. Included within the IRP is a groundwater storage component of 450,000 acre-feet of total storage and 150,000 acre-feet per year of yield. The IRP identifies groundwater storage as a cost-effective way to meet projected dry-year demands, and Metropolitan is committed to

developing groundwater storage programs within its service area. In January 2000, to further and expand the use of groundwater storage as part of a regional, integrated resource reliability program, Metropolitan's Board approved principles (Appendix A) to guide the development of groundwater storage within the District's service area.

### **C. PROCESS OVERVIEW**

Selected projects will be eligible to receive funding assistance only if an agreement for a groundwater storage program with Metropolitan is executed. A review committee (Section E) will evaluate project proposals. After the review committee's recommended project list is reported to Metropolitan's Board for information, MWD staff will meet with each project sponsor and respective member agency to negotiate agreement terms. Upon completion and approval of environmental documentation by the project sponsor's governing body, per the California Environmental Quality Act (CEQA), each project and the terms of the agreement will be forwarded to Metropolitan's Board for consideration. If approved by Metropolitan's Board, the agreement would be finalized and executed. Metropolitan will execute the agreement only after all other parties have signed. Program funds will be disbursed to the projects on a reimbursable basis. MWD retains the right to reject any and all proposals and revise the terms of this RFP.

### **D. WHO CAN SUBMIT?**

The RFP is open to agencies that responded to Metropolitan's September 20, 2000 letter requesting a preliminary list of groundwater storage projects. Applications for Prop 13 funds for groundwater storage consideration must be made through the project sponsor's respective Metropolitan Member Agency.

### **E. SELECTION PROCESS**

The review committee is expected to be comprised of five people, including three water resource professionals (consultants) selected by Metropolitan staff, and two members of Metropolitan's staff. The committee will provide an objective evaluation of project proposals and will identify the mix of project proposals that best meets the region's needs, consistent with Metropolitan's Board-adopted principles (Appendix A).

### **F. SCORING CRITERIA**

Please refer to the Format/Content Requirements for a detailed description of the required proposal information.

The review committee will use the scoring criteria provided below to rank project proposals. The scoring categories are based on Metropolitan's Board-adopted principles for groundwater storage programs. In addition, based on regional water supply practices, the review committee will identify and weigh each proposal's significant strengths, weaknesses and miscellaneous



issues. Recommendations will reflect the collective findings of the committee. Interviews of project sponsors may be requested by the review committee. Projects that score zero in any of the categories listed below will be disqualified

1. Regional Benefit	(0-20 points)
2. Partnership (Local Support)	(0-15 points)
3. Address Local Needs	(0-15 points)
4. Water Quality or Supply Impacts	(0-15 points)
5. Protect Metropolitan's Financial Integrity	(0-15 points)
6. Meets Overlying Demand	(0- 5 points)
7. Shared Risk	<u>(0-15 points)</u>
Maximum Score:	100 points

#### **G. SCHEDULE**

Information on the recommended list of projects for inclusion in the Groundwater Storage Programs is expected to be reported to Metropolitan's Board in March 2001. Thereafter, Metropolitan staff will finalize agreement terms. Upon completion and approval of environmental documentation by the project sponsor's governing body, each project will be presented to Metropolitan's Board for consideration. The schedule is included as Figure 1. If approved by Metropolitan's Board, agencies will have until July 1, 2001 to finalize agreements. If an agreement is not finalized, another project may be selected for funding.

#### **H. PERFORMANCE TARGETS AND ADJUSTMENTS**

All groundwater storage agreements will include performance targets. Targets allow Metropolitan to adjust or withdraw financial commitments to projects that fail to meet proposed development and production commitments. Failure to meet performance provisions will result in Metropolitan adjusting its financial commitment to the project. The schedule for performance targets is included as Table 1.

#### **I. PROPOSAL GUIDELINES**

To ensure these projects are developed within Metropolitan's service area, a Metropolitan Member Agency must sponsor project proposals. Projects selected through this process will be subject to all state of California and Metropolitan audit guidelines. The proposal shall include a signed statement from the sponsoring MWD Member Agency's water manager to Metropolitan's General Manager supporting the project and requesting Prop 13 funding. Proposals shall include a transmittal letter signed by the project sponsor's manager. The letter must include the following language:

"I am informed and believe and do certify under penalty of perjury that the information contained in this proposal is true and that the supporting data is accurate and complete."

The following format and content requirements shall be adhered to for project proposals to be considered responsive. Applicants should use the numbering and lettering system outlined in

these guidelines. Concise, informative proposals within the page limitations are encouraged. Ambiguous proposals will result in lower scores.

Limitations for each section of the proposal follow and must not be exceeded. The proposal must be on 8 1/2 x 11-inch paper, with black and white text (with font no smaller than 12-point, and table/graphics with text no smaller than 10 point). The proposals must be stapled on the left side or upper left hand corner; no other type of binding will be accepted. **Proposals that are not in conformance with the following format/content requirements will be considered non-responsive and shall be rejected.**

FORMAT/CONTENT REQUIREMENTS

For the purposes of these proposals, "project sponsor" shall mean the agency that is contractually responsible for project implementation.

1. Minimum Requirements (4 pages maximum)

Explain how the project complies with each of the following minimum requirements for Groundwater Storage Program participation.

- 1A. The project must meet Metropolitan's Board-approved principles described in No. 3 below.
- 1B. The project must include construction of substantive new facilities. New facilities are those that increase the ability of the entity to pump, store, treat or transport water to be conjunctively used to increase dry-year yield for Metropolitan's service area.
- 1C. The project must comply with the Metropolitan Water District Act and all other applicable laws, specifically any required state and Metropolitan audit requirements.
- 1D. Proposals shall include the anticipated date of environmental certification. The project shall comply with the provisions of the California Environmental Quality Act (CEQA) before Metropolitan's Board considers its approval. Metropolitan anticipates functioning as a Responsible Agency. Metropolitan may reject participation in a project solely on failure to comply with CEQA.
- 1E. The project shall not be existing or under construction prior to agreement execution. Projects that have entered Design-Build contracts are considered under construction.

2. Project Description (8 pages maximum plus maps and/or figures)

Provide a thorough description of the project including:

- 2A. Project title and lead sponsoring agency, and information related to the management of the basin, including AB 3030 plans, management entities, or the adjudication.
  - 2B. Project participants/cooperating agencies;
  - 2C. Project schedule including design, environmental documentation, construction, operation, production and major milestones;
  - 2D. Project cost factors including grants, capital, O&M and financing. Use the Economic Analysis Worksheet attached as Exhibit 1 to show the estimated cost in dollars per acre-foot. Exhibit 1 is enclosed on a computer disk as an Excel worksheet.
  - 2E. Provide project map(s) showing location of proposed project, primary facilities and proposed user sites including interties and points of connection;
  - 2F. Describe existing water supply/distribution facilities and user sites related to the project service area, and discuss existing water quality issues within the basin.
3. Detailed Information for Scoring (4 pages maximum per scoring item)

**3A. Regional Benefit (scoring range 0-20 points)**

Describe the regional benefit of the facilities constructed.

- 3A(i) Describe how the project will produce a dry-year yield for regional benefit.
- 3A(ii) Describe the seasonal nature, if any, of project production.
- 3A(iii) Describe the institutional arrangements for curtailing imported firm water deliveries during a three-year shortage.
- 3A(iv) Discuss the project's and groundwater basin's ability to sustain production during a three-year shortage.
- 3A(v) Explain how the change in basin operations will be incorporated into the basin management plan or adjudication.

**3B. Project Partnership (scoring range 0-15 points)**

- 3B(i) Describe the level of local and regional support for the program and how the entities involved or potentially affected are supporting the project.
- 3B(ii) Provide status of CEQA documentation and schedule.
- 3B(iii) Discuss uncertainties, if any, in project planning.
- 3B(v) Describe the governing body endorsements needed for approval of the project.

- 3B(viii) Describe any positive or negative community reaction to the proposed project.
- 3B(ix) Describe any Metropolitan actions required by the project in addition to the requested financial assistance.
- 3B(x) Provide the status of any feasibility or engineering studies needed for the project.

**3C. Local Needs Addressed (scoring range 0-15 points)**

- 3C(i) Show how the project will address the needs of the local proponents.
- 3C(ii) Show how the project will protect the interests of local entities that are not participating in the program.

**3D. Water Supply or Water Quality Impacts (scoring range 0-15 points)**

- 3D(i) Describe how the proposed project would impact water supply or water quality within the basin.
- 3D(ii) Describe how any negative impacts would be mitigated. Unmitigated impacts will result in a score of zero (0) in this section 3D.
- 3D(iii) Describe anticipated regulatory requirements for the project.
- 3D(iv) Address status and schedule for acquiring regulatory approvals and permits.

**3E. Address Potential Impacts to Metropolitan's Financial Integrity (scoring range 0-15 points)**

- 3E(i) Address whether the project would affect purchase of imported surface water supplies from Metropolitan.
- 3E(ii) Describe how any negative impacts would be mitigated. Unmitigated impacts will result in a score of zero (0) in this section 3E.
- 3E(iii) Discuss status and strategy for project financing.
- 3E(iv) Show the cost per acre-foot of dry-year yield as determined by the methodology shown in Exhibit 1.

**3F. Describe How Project will meet overlying demand (scoring range 0-5 points)**

- 3F(i) Show how the total amount of program storage can be stored within a four-year period.
- 3F(ii) Show how the program meets the IRP goal of a 3:1 ratio of total storage capacity to annual yield.

**3G. Describe how participating entities will share the project risk (scoring range 0-15 points)**

- 3G(i) Describe the project risks.
- 3G(ii) Describe how these will be managed.
- 3G(iii) Describe any indemnification necessary to implement the project.

Figure 1  
Groundwater Storage Program  
Implementation Process  
And Schedule

Initial Timeline

January 2000	Adopted Principles for Groundwater Storage
October 2000	Board Resolution for Proposition 13 Funds
November 1, 2000	Issue Request for Proposals
November 8, 2000	Pre-submittal Meeting
January 5, 2001	Proposals Received
January 2001	Review Proposals
January 2001	Interviews (If necessary)
February 2001	Select Projects
March 2001	Information Letter to Metropolitan Board
By July1, 2001	Finalize Agreements
September 2002	Metropolitan Board Approval Execute Agreements

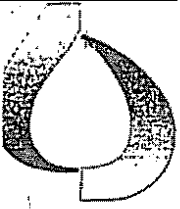
Table 1  
Performance Targets

<u>Date</u>	<u>Target</u>	<u>Consequence if Target Not Achieved</u>
January 5, 2001	Receive Proposals	Proposal will be rejected
July 1, 2001	Finalize Agreements	Proposal will be rejected
September 1, 2002	Completion and certification of all environmental documents necessary to comply with CEQA.	Proposal will be rejected
September 2003	Construction Initiated	Agreements Terminated

**EXHIBIT 1 - ECONOMIC ANALYSIS WORKSHEET**  
**(See Excel Spreadsheet: RFP Cost Template.xls)**

**THE PROPOSAL**





# Inland Empire

UTILITIES AGENCY

9400 Cherry Ave., Bldg. A • Fontana, CA 92335  
P.O. Box 697 • Rancho Cucamonga, CA 91729  
TEL (909) 357-0241 • FAX (909) 357-3884  
[www.ieua.org](http://www.ieua.org)  
A Municipal Water District

Richard W. Atwater  
Chief Executive Officer  
General Manager

January 18, 2001

Board of Directors

John L. Anderson  
President

Mr. Ronald R. Gastelum, General Manager  
The Metropolitan Water District of Southern California  
700 N. Alameda Street  
Los Angeles, California 90012

Berry Catlin  
Vice President

Subject: Proposal for Groundwater Storage Programs Using Proposition 13 Funds  
(MWD) (RFP No. WRM-2)

Anne W. Dunihue  
Secretary/Treasurer

Dear Mr. Gastelum:

On behalf of the Chino Basin Watermaster (and the stakeholders to the Chino Basin Optimum Basin Management Program (OBMP)), and in cooperation with Western Municipal Water District and Three Valleys Municipal Water District, Inland Empire Utilities Agency is pleased to submit this proposal for participation in MWD's Groundwater Storage Programs (utilizing Prop.13 funds). This proposal is consistent with the OBMP "Peace Agreement" and the Programmatic EIR (certified by IEUA in July, 2000).

Wyatt L. Troxel  
Director

John Koopman  
Director

The key benefits of the approach presented in this proposal are summarized below:

- Provides a potential dry year yield of more than 149,000 acre-feet per year (AFY).
- Reduces summertime peaking on MWD's Rialto Pipeline, which allows additional low TDS SWP supplies to be blended at the Weymouth and Diemer filtration plants.
- Delivers SWP supplies to Chino Basin area via East Branch/Rialto Pipeline to meet SARWQCB Basin Plan salinity objectives.
- Improves the water quality of the Chino Basin through well-head treatment facilities.
- Minimizes (or eliminates) MWD surface water deliveries during future drought/emergencies, the goal is to have sufficient local production to meet peak summer retail water demands.
- Allows MWD to export stored water into Upper Feeder (or Rialto Pipeline) for delivery to other member agencies.
- Provides peaking benefits, which allow MWD both short-term and long-term operation flexibility, including the ability to load shed SWP pumping during periods when energy is limited.

Mr. Ronald R. Gastelum, General Manager  
The Metropolitan Water District of Southern California  
January 18, 2001  
Page Two

- ◆ Provides significant regional economic benefits to the entire Metropolitan service area/avoids \$250 million MWD capital expenditures and allows potential salinity benefits/energy savings of over \$7 million per year.

IEUA's current MWD purchases (fiscal year 2000-2001) exceed 60,000 AF. The adopted IEUA Urban Water Management Plan (December, 2000) forecasts MWD deliveries to the IEUA service area will increase to over 100,000 AFY by 2020. Therefore, the proposed Chino Basin Groundwater Conjunctive Use Program would enhance Metropolitan's "Financial Integrity."

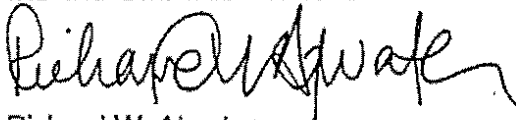
Lastly, a conjunctive use storage program with the Chino Basin has multiple benefits to MWD. Attached is a table which illustrates the type of benefits for the current MWD groundwater storage projects. We believe these multiple water supply/water quality benefits make Chino Basin storage unique in meeting the regional needs identified in MWD's adopted Integrated Water Resources Plan.

As requested on Page 6 of Metropolitan's Request for Proposal (RFP), I am informed and believe and do certify under penalty of perjury that the information contained in this proposal is true and that the supporting data is accurate and complete.

On behalf of IEUA, the Watermaster, and the Chino Basin stakeholders, I wish to express our excitement about the opportunity to work with Metropolitan. We look forward to your review of the proposal and would be pleased to meet to discuss the individual projects described in the Chino Basin proposal.

Sincerely,

INLAND EMPIRE UTILITIES AGENCY



Richard W. Atwater  
Chief Executive Officer  
General Manager

Enclosure

cc: Traci Stewart, Chief of Watermaster Services, CBWM  
Rick Hansen, Three Valleys MWD  
Don Harriger, Western MWD

# MWD GROUNDWATER STORAGE PROGRAM BENEFITS

## TYPE OF BENEFITS

	Drought/Dry Year Carryover	Emergency and Operational Shutdown	Seasonal Winter Storage	MWD System Peaking	Water Quality
<b>SAN JOAQUIN VALLEY</b>					
Semitropic	X				
Arvin/Edison	X				X
Others	X				X
<b>COLORADO RIVER AQUEDUCT</b>					
Desert-Coachella	X				
Cadiz	X				X
Hayfield	X				X
Lower Coachella	X				
<b>MWD SERVICE AREA</b>					
North Las Posas	X	X	X	X	
Raymond Basin	X	X	X	X	X
Chino Basin	X	X	X	X	X



PROPOSAL TO

METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

FOR

PARTICIPATION IN GROUNDWATER  
STORAGE PROGRAMS USING  
PROPOSITION 13 FUNDING

PREPARED BY

INLAND EMPIRE UTILITY AGENCY

ON BEHALF OF THE

CHINO BASIN WATERMASTER

January 19, 2001



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# SECTION 1.0

## MINIMUM REQUIREMENTS



This section of our proposal presents Inland Empire Utility Agency's (IEUA's) program concept for requested Proposition 13 project funding and addresses the five issues (1A through 1E) identified in Metropolitan's Request for Proposal (RFP).

IEUA - in cooperation with the Chino Basin Watermaster and the stakeholders in the Chino Basin Optimum Basin Management Plan (OBMP) - proposes a program concept for project selection and implementation. This proposal describes 38 projects, each of which will meet one or more of Metropolitan's project principles. (See Table 1-1.) The projects are divided into three categories, summarized in Table 1-2 and depicted geographically on Figure 1-1.

From this menu of projects, we will work with Metropolitan to achieve the optimum combination of "firming projects" to provide dry year supplies when not available from Metropolitan and to increase Metropolitan's operational flexibility. We will give Metropolitan a performance contract, guaranteeing a specified amount of water "on demand." These projects will set the framework for ultimate conjunctive use throughout the Basin with the eventual development of supplies that could be exported to other parts of Metropolitan's service area.

### 1A. COMPLIANCE WITH METROPOLITAN'S PRINCIPLES

Metropolitan's Board of Directors has approved seven principles with which candidate projects must comply. As shown in Table 1-1, the projects we propose match well with the Board-approved principles.

TABLE 1-1  
 Summary of Compliance with Metropolitan's Principles

PRINCIPLE	PROJECT BENEFITS
Regional Benefits	37 of the projects will produce a dry-year yield, achieving more than 149,000 AFY at full implementation.
Project Partnerships	The proposed projects represent the consensus of the OBMP stakeholders.
Local Needs	Collectively, the projects will provide seasonal peaking benefits, dry-year yield, and improved water quality and will help balance recharge of the Basin.
Water Supply/Water Quality	36 of the projects will produce improved water quality within the Basin, and 37 of the projects will provide opportunities for Metropolitan to enhance blending of State Water Project and Colorado River water.
Metropolitan's Financial Integrity	Project implementation will not decrease Metropolitan sales to IEUA. Sales will actually increase by more than 25,000 AFY in future normal and wet years.
Overlying Demand	The regional conjunctive use program will effectively meet overlying demands via in-lieu deliveries. The complete program can actually exceed IRP goals of a 3:1 ratio.
Risk Management	By providing diversification and allowing Metropolitan to avoid the risk of stored water losses, our proposed program is virtually "risk-free."



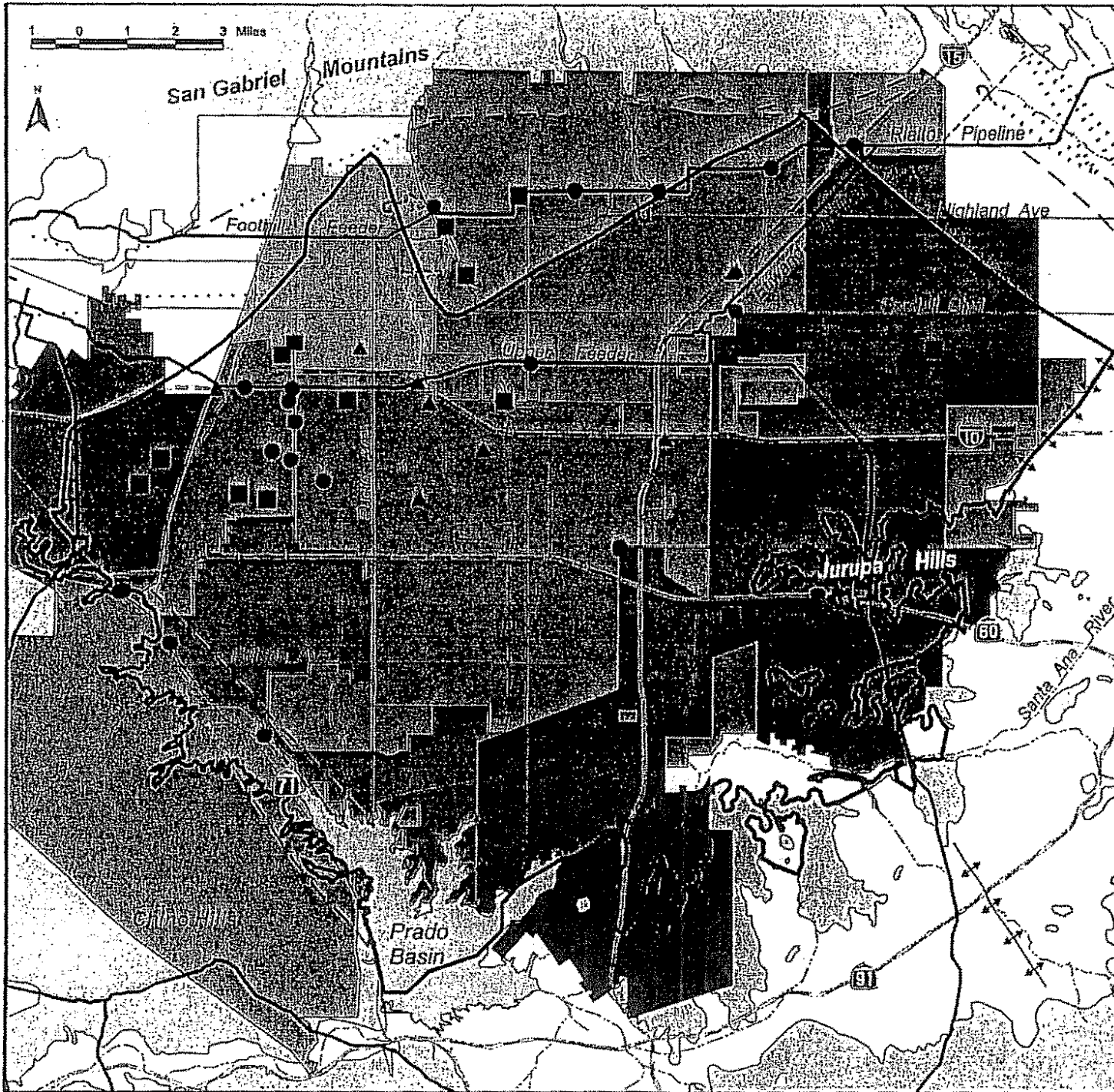
TABLE I-2  
Summary of Projects

ITEM	CATEGORY 1	CATEGORY 2	CATEGORY 3	TOTAL
No. of Projects	13	18	7	38
Project Type	Wellhead treatment with IX	Assorted production facilities	New wells	
On-line Date <sup>1</sup> Range	March 2002- November 2003	March 2002- June 2003	March 2002- June 2003	
Range of Dry Year Yield Increase Per Project (AFY)	1,450 AFY to 13,441 AFY	1,600 AFY to 11,000 AFY	2,900 AFY to 5,000 AFY	
Total Dry Year Yield Increase (AFY)	73,491	52,925	22,900	149,316
Water Quality Improvement Projects	13	16	7	36
Metropolitan's Benefits				
Blending	\$38,160,000	\$28,170,000	\$12,670,000	\$79,000,000
Deferral of R.P. Expansion	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000
Peaking Capacity	\$6,614,000	\$4,763,000	\$2,061,000	\$13,438,000
Estimated Cost	\$48,744,000	\$23,839,000	\$7,500,000	\$80,083,000
Grant Request (50%)	\$24,372,000	\$11,920,000	\$7,500,000	\$40,042,000
MWD Unit Cost of Water <sup>2</sup>	\$159	\$110	\$194	--
MWD Benefit (\$/AF) <sup>3</sup>	\$1,163	\$1,222	\$1,459	--

1 Reflects schedule if Metropolitan can fund prior to August 2001.

2 Calculated using Metropolitan's preferred methodology. More details are provided in Section 3E.

3 Includes value of water at \$435/AF.



**Legend**

- Proposed Projects by Category**
- Category 1
  - Category 2
  - ▲ Category 3
- Water Service Areas**
- City of Chino
  - City of Chino Hills
  - City of Claremont
  - City of Norco
  - City of Ontario
  - City of Pomona
  - City of Upland
  - Cucamonga County Water District
  - Fontana Water Company
  - Jurupa Community Services District
  - Monte Vista Water District
  - San Antonio Water Company
  - West San Bernardino County Water District
  - Other WSA
- ~ Chino Basin Hydrologic Boundary
- ~ Imported Water Pipeline
- ~ Fault  
*(dashed where approximate, dotted where concealed, queried where uncertain, large dots where groundwater barrier)*
- ⊕ Groundwater Divide
- Waterways & Reservoirs
- Consolidated Bedrock

**Figure 1-1**  
**Proposed Project Locations**  
**and Water Service Areas**  
**in the Chino Basin**



Date: January 2001





## 1B. CONSTRUCTION OF SUBSTANTIVE NEW FACILITIES

All of the proposed projects include construction of substantive new facilities that will provide local redundancy to Metropolitan's supplies during times of drought or emergency and will allow Metropolitan increased flexibility to meet the needs of other parts of its service area. All projects will be configured so that new capacity can be used in lieu of taking water from the Rialto Pipeline. The projects will also provide peaking benefits and possible deferral of major new delivery facilities, such as double-barreling of the Rialto Pipeline. In addition, the projects provide a quantifiable benefit to Metropolitan in terms of enhanced blending capability at the Weymouth and Diemer Water Treatment Plants.

## 1C. METROPOLITAN REQUIREMENTS

All of the proposed projects will comply with the Metropolitan Water District Act and all other applicable laws, specifically any required state financial accounting standards and Metropolitan audit requirements.

## 1D. ENVIRONMENTAL CERTIFICATION

Tables 2-1, 2-2, and 2-3 in Section 2 include environmental certification information. All 38 proposed projects fall under the Program Environmental Impact Report (EIR) prepared for the OBMP. As specific projects move forward, additional review will be required. It is anticipated that most of the projects will qualify for a negative Declaration or a Categorical Exemption. All projects are expected to meet California Environmental Quality Act (CEQA) requirements.

## 1E. AGREEMENT EXECUTION

We understand that projects shall not be existing or under construction prior to agreement execution. We also understand that Metropolitan considers that projects that have entered Design-Build contracts are considered under construction.



---

## SECTION 2.0 PROJECT DESCRIPTIONS



This section of our proposal presents more detailed information on the 38 projects introduced in Section 1. For each project, we address the requirements listed on Page 8 of Metropolitan's RFP. Following introductory text, we present detailed tables for the Category 1, Category 2, and Category 3 Projects (Tables 2-1, 2-2, and 2-3, respectively). These categories represent a menu of options by project type and do not represent priority.

We also present an overview map showing how the projects are configured with respect to Metropolitan's Rialto Pipeline. Following the overview map, we present 11 project location maps tied to participating agencies: City of Chino, City of Chino Hills, Cucamonga County Water District, Fontana Water Company, IEUA, Jurupa Community Services District, Monte Vista Water District, City of Ontario, City of Pomona, San Antonio Water Company, and the City of Upland.

## 2A MANAGEMENT INFORMATION

IEUA is the sponsoring agency in conjunction with the Watermaster stakeholders. Because the proposed projects comply with the OBMP, they will meet AB 3030 and other requirements for groundwater management plans.

## 2B PROJECT PARTICIPANTS/PARTICIPATING AGENCIES

The 11 participating agencies are identified in the second paragraph above.

## 2C PROJECT SCHEDULE

As shown in Table 2-1, 2-2, and 2-3, the on-line date for the 38 projects ranges from November 2001 to November 2003. This assumes funding available in August of this year. If funding could be made available sooner, the on-line dates would range from August 2001 through July 2003 (see Table 1-2).

## 2D COST FACTORS

The three tables also present cost information. This information, discussed in more detail in Sections 3E(iii) and 3E(iv), was developed using Metropolitan's Economic Analysis Worksheet. Costs assume a 50 percent capital contribution from Metropolitan. Operation costs were averaged for the range of projects based on "typical" costs for treatment, pumping, and replenishment. Treatment costs (for Category 1 projects only) were assumed at \$85/AF. Well pumping (all categories) was assumed at \$60/AF. Replenishment (all categories) was assumed at \$90/AF. Replenishment costs assume Metropolitan would be responsible for the replenishment obligation and that \$90/AF reflects the cost of pumping SWP water through



the East Branch. All other costs associated with the projects were assumed to be borne by the local agencies.

## 2E MAPS

As stated above, project maps are provided at the end of this section showing locations of proposed projects, primary facilities and proposed user sites, and other requested information.

## 2F WATER SUPPLY/DISTRIBUTION AND WATER QUALITY ISSUES

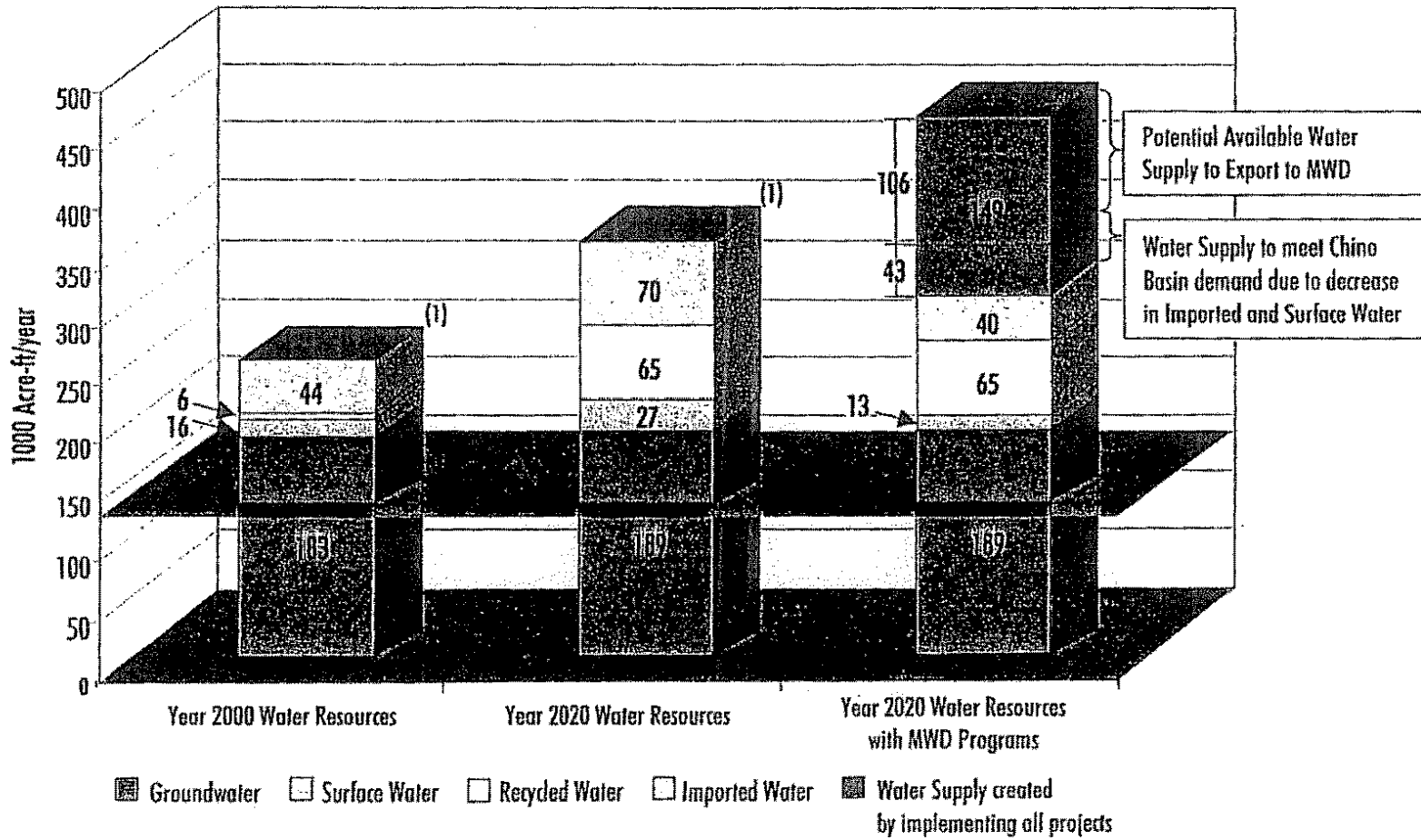
IEUA's strategic location relative to Metropolitan's service area enables the Program Concept presented in this proposal to offer you unusual flexibility and exciting conjunctive use opportunities.

The Chino Basin is one of the largest groundwater basins in Southern California with about 5 million acre-feet (MAF) of water in the Basin and an unused storage capacity of about 1 MAF. Through the cooperative program envisioned by IEUA, the Watermaster, and the OBMP stakeholders, these twin resources - groundwater and unused storage capacity - can be put to beneficial use.

Figure 2-1 on the following page shows the mix of resources needed to meet the 2020 demand with and without the projects identified in this proposal. The figure also shows the current resources mix to meet existing demand, based on IEUA's Urban Water Management Plan 2000 (adopted December 7, 2000). Figure 2-1 also shows additional water that could be available within the Upper and Lower Feeder service area during dry years. By 2020, up to an additional 100,000 acre-feet of water could be available for potential export to Metropolitan. During wet years, the projects would be utilized and the Basin would take additional deliveries of water to offset any excess pumping that occurred during dry periods.

An additional benefit to Metropolitan – as California grapples with a serious energy crises – would be the ability to shed electrical load by reducing State Water Project pumping during critical periods when energy supplies are limited.

Figure 2-1  
Chino Basin Water Resource Mix



INLAND EMPIRE UTILITY AGENCY  
 Groundwater Storage Programs



TABLE 2-1  
Summary of Category 1 Projects

Project No.	Project Title/Lead Agency/ Part. Agency	Dry Year Yield (AFY)	Schedule Milestones		Cost Factors	
1	Nitrate Removal Water Treatment Plant City of Chino (preservation of existing well capacity)	13,441	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	3 Ongoing 18 05/03	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$2,156,500 \$4,313,000
2	Reservoir 2A Wellhead Treatment Facility Cucamonga County Water District	6,300	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	9 ND-1 <sup>4</sup> 12 05/03	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$3,561,000 \$7,122,000
3	Reservoir 3 Wellhead Treatment Facility Cucamonga County Water District	9,700	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	9 ND-1 <sup>4</sup> 12 05/03	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$3,397,000 \$6,794,000
4	Reservoir 3A Wellhead Treatment Facility Cucamonga County Water District	3,500	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	6 ND-1 <sup>4</sup> 10 12/02	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$925,000 \$1,850,000
5	Wellhead Ion-Exchange Treatment #1 Fontana Water Company	3,700	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	4 ND-1 <sup>4</sup> 8 08/02	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$2,000,000 \$4,000,000
6	Wellhead Ion-Exchange Treatment #2 Fontana Water Company	6,000	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	4 ND-1 <sup>4</sup> 8 08/02	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$3,200,000 \$6,400,000
7	Wellhead Ion-Exchange Treatment Jurupa Community Service District	4,000	Design (mo.) CEQA (mo.) Construction (mo.) Online Date <sup>1</sup>	4 3 12 08/02	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$2,500,000 \$5,000,000
8	Wellhead Ion-Exchange for 2 Wells at Plant 4 Monte Vista Water District	4,700	Design (mo.) CEQA (mo.) Construction (mo.) Online Date <sup>1</sup>	6 7 9 11/02	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$1,075,000 \$2,150,000
9	Wellhead Ion-Exchange Treatment at Well 2 Monte Vista Water District	1,450	Design (mo.) CEQA (mo.) Construction (mo.) Online Date <sup>1</sup>	3 7 6 05/02	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$437,500 \$875,000
10	Wellhead Ion-Exchange & Transmission Line City of Ontario	5,000	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	12 ND-1 <sup>4</sup> 15 11/03	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$1,750,000 \$3,500,000



Project No.	Project Title/Lead Agency/ Part Agency	Dry Year Yield (AFY)	Schedule Milestones		Cost Factors	
11	Anion Exchange Plant Expansion & Upgrade City of Pomona	10,000	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	6 NR <sup>5</sup> 12 01/03	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$850,000 \$1,700,000
12	Retrofit well and Wellhead Ion-Exchange Treatment San Antonio Water Company Ontario, Upland, MWD	3,000	Design (mo.) CEQA (mo.) Construction (mo.) Online Date <sup>1</sup>	4 5 6 03/02	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$1,020,000 \$2,040,000
13	Wellhead Ion-Exchange Treatment City of Upland	2,700	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	4 ND-1 <sup>4</sup> 8 08/02	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$1,500,000 \$3,000,000

<sup>1</sup> Based on fund availability August, 2001

<sup>2</sup> As described in Section 2-D

<sup>3</sup> Remaining capital will be paid by each local agency

<sup>4</sup> Negative Declaration

<sup>5</sup> Not Required



SECTION 2 PROJECT DESCRIPTIONS  
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

TABLE 2-2  
Summary of Category 2 Projects

Project No.	Project Title/Lead Agency/ Part. Agency	Dry Year Yield (AFY)	Schedule Milestones		Cost Factors	
1	Benson/Palo Verde ASR  City of Chino/MVWD (New production)	5,040	Design (mo.) CEQA (mo.) Construction (mo.) Online Date <sup>1</sup>	3 7 18 05/03	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$719,000 \$1,438,000
2	State/Benson ASR  City of Chino (Preservation of existing GW)	4,480	Design (mo.) CEQA (mo.) Construction (mo.) Online Date <sup>1</sup>	3 7 18 05/03	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$238,000 \$476,000
3	Phillips/ Central ASR  City of Chino (Preservation of existing GW)	6,160	Design (mo.) CEQA (mo.) Construction (mo.) Online Date <sup>1</sup>	3 7 18 05/03	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$1,001,000 \$2,002,000
4	Interagency Connection & Distribution City of Chino Chino Hills, MWD, Ontario	5,377	Design (mo.) CEQA (mo.) Construction (mo.) Online Date <sup>1</sup>	9 6 9 02/03	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$2,630,500 \$5,261,000
5	Well 13 Blending station  City of Chino Hills (Enables more desalted water to Chino & Ontario)	2,100	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	1 ND-1 1 11/01	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$45,000 \$90,000
6	Well No. 36  Cucamonga County Water District	2,500	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	2 ND-1 <sup>4</sup> 4 03/02	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$425,000 \$850,000
7	CCWD/MWD Chino Basin Groundwater Use Project Cucamonga County Water District	11,000	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	6 ND-2 <sup>4</sup> 12 02/03	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$1,973,500 \$3,947,000
8	Cucamonga Basin Recharge Project Cucamonga County Water District	4,000	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	6 MND-6 <sup>5</sup> 18 05/03	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$1,300,000 \$2,600,000
9	Reactivate MWD Connections  Inland Empire Utility Agency	-	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	N/A NR N/A 07/02	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$275,000 \$550,000
10	Rehabilitate or New Well (ASR) - Plant I Monte Vista Water District	2,167	Design (mo.) CEQA (mo.) Construction (mo.) Online Date <sup>1</sup>	6 6 12 03/03	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$500,000 \$1,000,000

Groundwater Storage Programs





SECTION 2 PROJECT DESCRIPTIONS  
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Project No.	Project Title/Lead Agency/ Part Agency	Dry Year Yield (AFY)	Schedule Milestones		Cost Factors	
11	Rehabilitate or New Well (ASR) - Plant 9 Monte Vista Water District	2,167	Design (mo.) CEQA (mo.) Construction (mo.) Online Date <sup>1</sup>	6 6 12 03/03	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$500,000 \$1,000,000
12	Rehabilitate or New Well (ASR) - Plant 12 Monte Vista Water District	2,167	Design (mo.) CEQA (mo.) Construction (mo.) Online Date <sup>1</sup>	6 6 12 03/03	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$500,000 \$1,000,000
13	Rehabilitate or New Well (ASR) - Plant 17 Monte Vista Water District	2,167	Design (mo.) CEQA (mo.) Construction (mo.) Online Date <sup>1</sup>	6 6 12 03/03	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$500,000 \$1,000,000
14	Well 15 Blending Station  City of Ontario	2,000	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	6 ND-1 <sup>4</sup> 9 12/02	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$100,000 \$200,000
15	Jurupa Connection  City of Ontario JCSD, SAWPA	-	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	6 ND-1 <sup>4</sup> 6 09/02	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$37,500 \$75,000
16	Chino II Desalter Transmission Facilities City of Ontario JCSD, SAWPA	-	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	N/A N/A 6 12/02	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$425,000 \$850,000
17	Well No. 36  City of Pomona	1,600	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	6 ND <sup>4</sup> 12 02/03	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$200,000 \$400,000
18	Booster 16A&B & Pipeline  City of Pomona	-	Design (mo.) CEQA Construction (mo.) Online Date <sup>1</sup>	6 ND <sup>4</sup> 4 07/02	Grant (50%) Capital O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>	\$550,000 \$1,100,000

<sup>1</sup> Based on Fund Availability August, 2001

<sup>2</sup> As described in Section 2-D

<sup>3</sup> Remaining capital will be paid by each local agency

<sup>4</sup> Negative Declaration

<sup>5</sup> Mitigated Negative Declaration



TABLE 2-3  
Summary of Category 3 Projects

Project No.	Project Title/Lead Agency/Part. Agency	Dry Year Yield (AFY)	Schedule Milestones	Cost Factors
1	2 New Wells Cucamonga County Water District	5,000	Design (mo.) CEQA Construction (mo.) Online Date <sup>2</sup>	3 Grant (50%) ND-1 <sup>1</sup> Capital 8 O&M (\$/AF) <sup>3</sup> 08/02 Financing <sup>4</sup>
2	New Well - Plant 28 Monte Vista Water District	2,900	Design (mo.) CEQA Construction (mo.) Online Date <sup>2</sup>	2 Grant (50%) Approved Capital 12 O&M (\$/AF) <sup>3</sup> 11/02 Financing <sup>4</sup>
3	New Well #1 City of Ontario	3,000	Design (mo.) CEQA Construction (mo.) Online Date <sup>2</sup>	Complete Grant (50%) ND-1 <sup>1</sup> Capital 12 O&M (\$/AF) <sup>3</sup> 09/02 Financing <sup>4</sup>
4	New Well #2 City of Ontario	3,000	Design (mo.) CEQA Construction (mo.) Online Date <sup>2</sup>	9 Grant (50%) ND-1 <sup>1</sup> Capital 12 O&M (\$/AF) <sup>3</sup> 06/03 Financing <sup>4</sup>
5	New Well #3 City of Ontario	3,000	Design (mo.) CEQA Construction (mo.) Online Date <sup>2</sup>	9 Grant (50%) ND-1 <sup>1</sup> Capital 12 O&M (\$/AF) <sup>3</sup> 06/03 Financing <sup>4</sup>
6	New Well #4 City of Ontario	3,000	Design (mo.) CEQA Construction (mo.) Online Date <sup>2</sup>	9 Grant (50%) ND-1 <sup>1</sup> Capital 12 O&M (\$/AF) <sup>3</sup> 06/03 Financing <sup>4</sup>
7	New Well San Antonio Water Company Ontario, Upland, MWD	3,000	Design (mo.) CEQA (mo.) Construction (mo.) Online Date <sup>2</sup>	6 Grant (50%) 4 Capital 6 O&M (\$/AF) <sup>3</sup> 03/02 Financing <sup>4</sup>

<sup>1</sup> Negative Declaration

<sup>2</sup> Based on fund availability August, 2001

<sup>3</sup> As described in Section 2-D

<sup>4</sup> Remaining capital will be paid by each local agency



# DRAWINGS/MAPS

*Groundwater Storage Programs*

INLAND EMPIRE UTILITY AGENCY



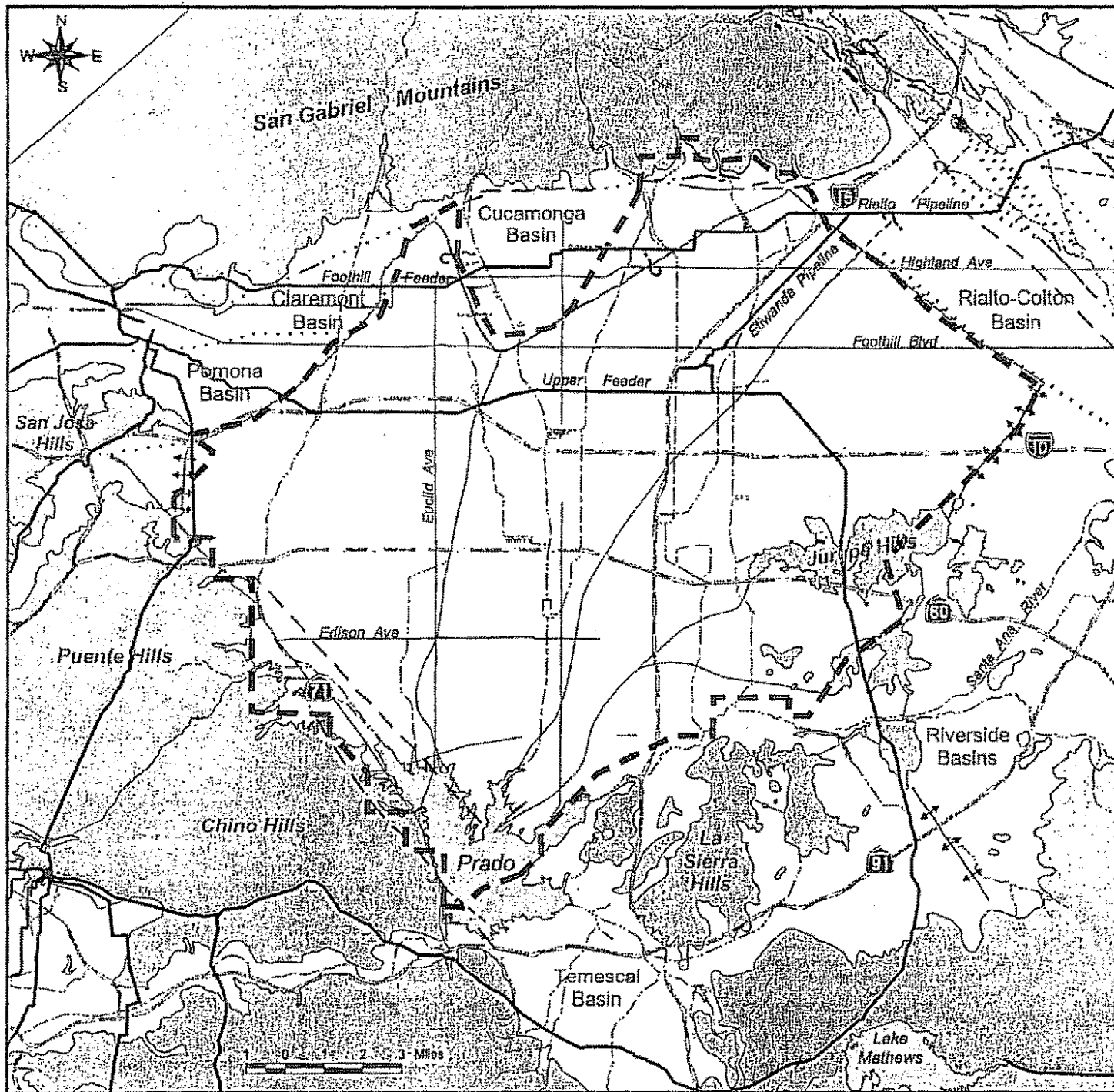
## PROJECT DRAWING LIST

The first drawing shows Metropolitan's Rialto/Etiwanda/Upper Feeder Service Area. The subsequent drawings show the location of proposed projects, primary facilities, and proposed user sites including interties and points of connection. Most of the major purveyors in the Chino Basin Area have existing interconnections to Metropolitan's water system and, by overproducing in dry years, can provide immediate dry year yield to Metropolitan. Agencies in the Chino Basin that do not have a direct connection to Metropolitan's system also can provide water through an exchange. Fontana Water Company would use existing interconnections through Cucamonga County Water District for water supply. Jurupa Community Service District would use an existing or new intertie with the City of Ontario, and San Antonio Water Company would use an existing or a new point of connection with the City of Upland water distribution system. The drawings are presented in the following order:

### CATEGORIES

	1	2	3
1. MWD/Rialto/Etiwanda/Upper Feeder Service Area	N/A	N/A	N/A
2. City of Chino Projects	1	4	-
3. City of Chino Hills Project	-	1	-
4. Cucamonga County Water District Projects	3	3	1
5. Fontana Water Company Projects	2	-	-
6. IEUA Project	-	1	-
7. Jurupa Community Service District Project	1	-	-
8. Monte Vista Water District Projects	2	4	1
9. City of Ontario Projects	1	3	4
10. City of Pomona Projects	1	2	-
11. San Antonio Water Company Projects	1	-	1
12. City of Upland Project	1	-	-

N/A - Not Applicable



**Legend**

- Chino Basin Adjudicated Boundary
- Hydrologic Chino Basin
- Management Zone Boundaries
- Imported Water Pipeline
- Fault
  - Dashed Where Approximate
  - Dotted Where Concealed
  - Queried Where Uncertain
  - Large Dots Where Groundwater Barrier (Suspected Fault)
- Groundwater Divide
- Waterways & Reservoirs
- Consolidated Bedrock

**Vicinity Map**



**Drawing 1**  
**Chino Basin**  
**and MWD Pipelines**







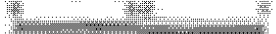
Date: January 2001







**Legend**

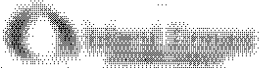
-  Public Property 1
-  Public Property 2
-  Environmental Sensitive Areas
-  Boundary/Property Lines

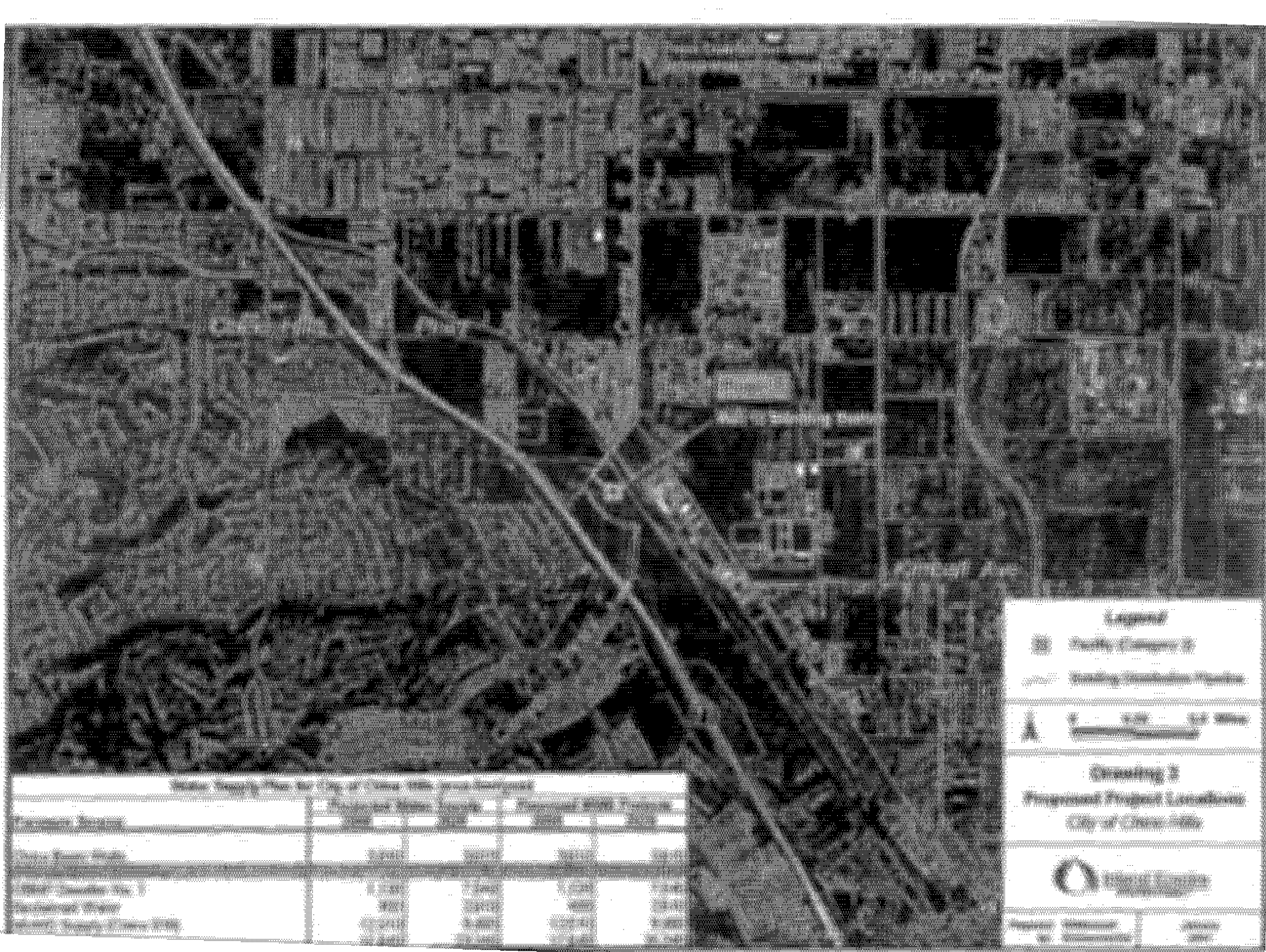
**Scale**  
 0 100 200 Feet

**Map Legend**



Symbol	Description
	Public Property 1
	Public Property 2
	Environmental Sensitive Areas
	Boundary/Property Lines

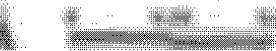
**Sheet 2**  
 Proposed Project Location  
 City of Olathe



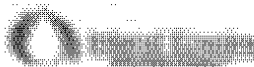


**Legend**



 **Dedicated Property**  
 **Existing/Proposed Streets**

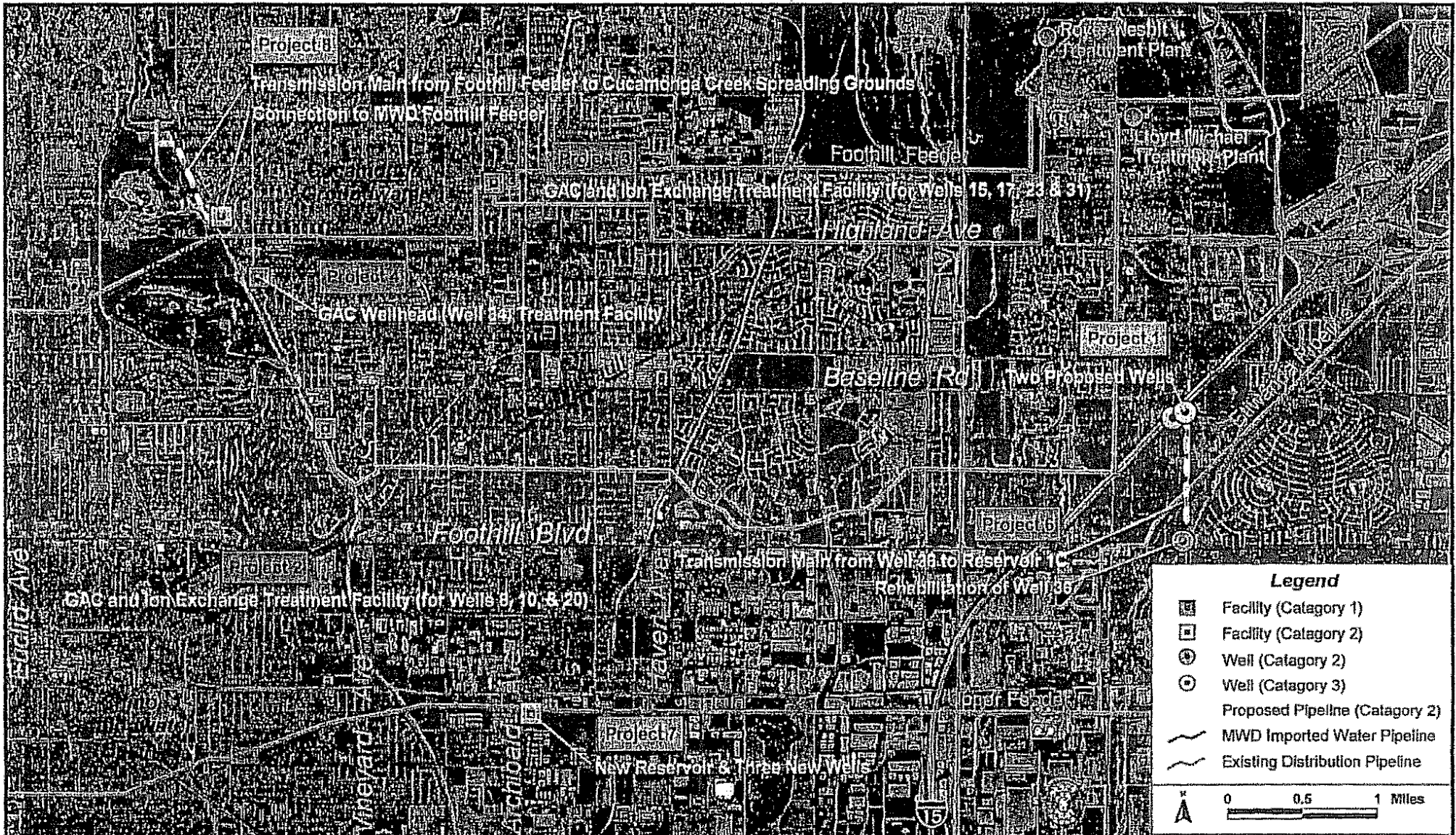


**Drawing 2**  
**Proposed Project Location**  
**City of Cincinnati**



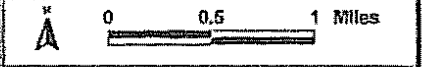
DATE: \_\_\_\_\_  
 BY: \_\_\_\_\_

Legend				
Symbol	Description	Color	Line Style	Weight
	Dedicated Property	Black	Solid	2
	Existing/Proposed Streets	Black	Double	2



**Legend**

- Facility (Category 1)
- Facility (Category 2)
- Well (Category 2)
- Well (Category 3)
- Proposed Pipeline (Category 2)
- MWD Imported Water Pipeline
- Existing Distribution Pipeline

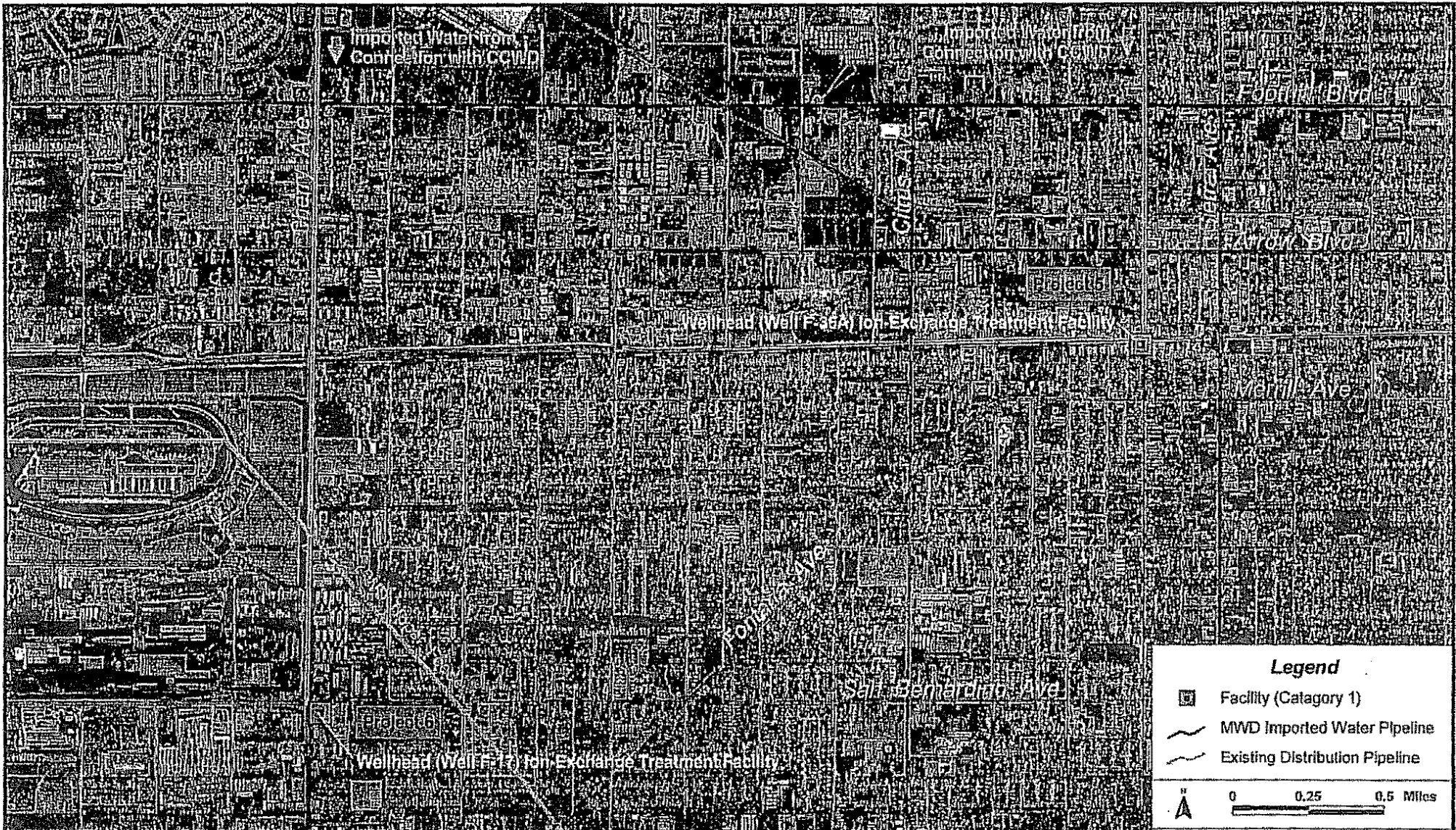


Water Supply Plan for CCWD (ac-ft/year)				
Purveyor Source	Projected Water Supply		Proposed MWD Projects	
	2000	2020	2000	2020
Chino Basin Wells	8,000	10,160	8,000	10,160
Proposed MWD Projects	0	2,710	0	42,000
Other groundwater basins	12,650	12,390	12,650	12,390
Reclaimed Water	0	4,804	0	4,804
CCWD Bridge Water Treatment Plant	1,000	1,000	1,000	1,000
CCWD Lloyd Michael Treatment Plant	21,710	33,096	21,710	33,096
CCWD Royer-Nasbit Treatment Plant	6,000	6,000	6,000	6,000
Deer Creek	550	550	550	550
<b>Total</b>	<b>49,910</b>	<b>68,000</b>	<b>49,910</b>	<b>110,000</b>

**Drawing 4**  
**Proposed Project Locations**  
**Cucamonga County Water District**

Prepared by: Wildermuth Environmental      January 2001





Water Supply Plan for FWC (acre-feet/year)				
Purveyor Source	Projected Water Supply		Proposed MWD Projects	
	2000	2020	2000	2020
Chino Basin Wells	16,700	24,800	16,700	24,800
Other Groundwater Basins	12,700	12,700	12,700	12,700
Reclaimed Water	0	3,370	0	3,370
Supply from CCWD - Purchased Water	10,000	5,000	10,000	0
Fontana Water Treatment Plant	0	15,230	0	15,230
Sandhill Treatment Plant	7,400	0	7,400	0
<b>Total</b>	<b>46,800</b>	<b>61,100</b>	<b>46,800</b>	<b>65,800</b>

**Legend**

- Facility (Category 1)
- MWD Imported Water Pipeline
- Existing Distribution Pipeline

0
0.25
0.5 Miles

**Drawing 5**  
Proposed Project Locations  
Fontana Water Company

**Inland Empire**  
UTILITIES AGENCY

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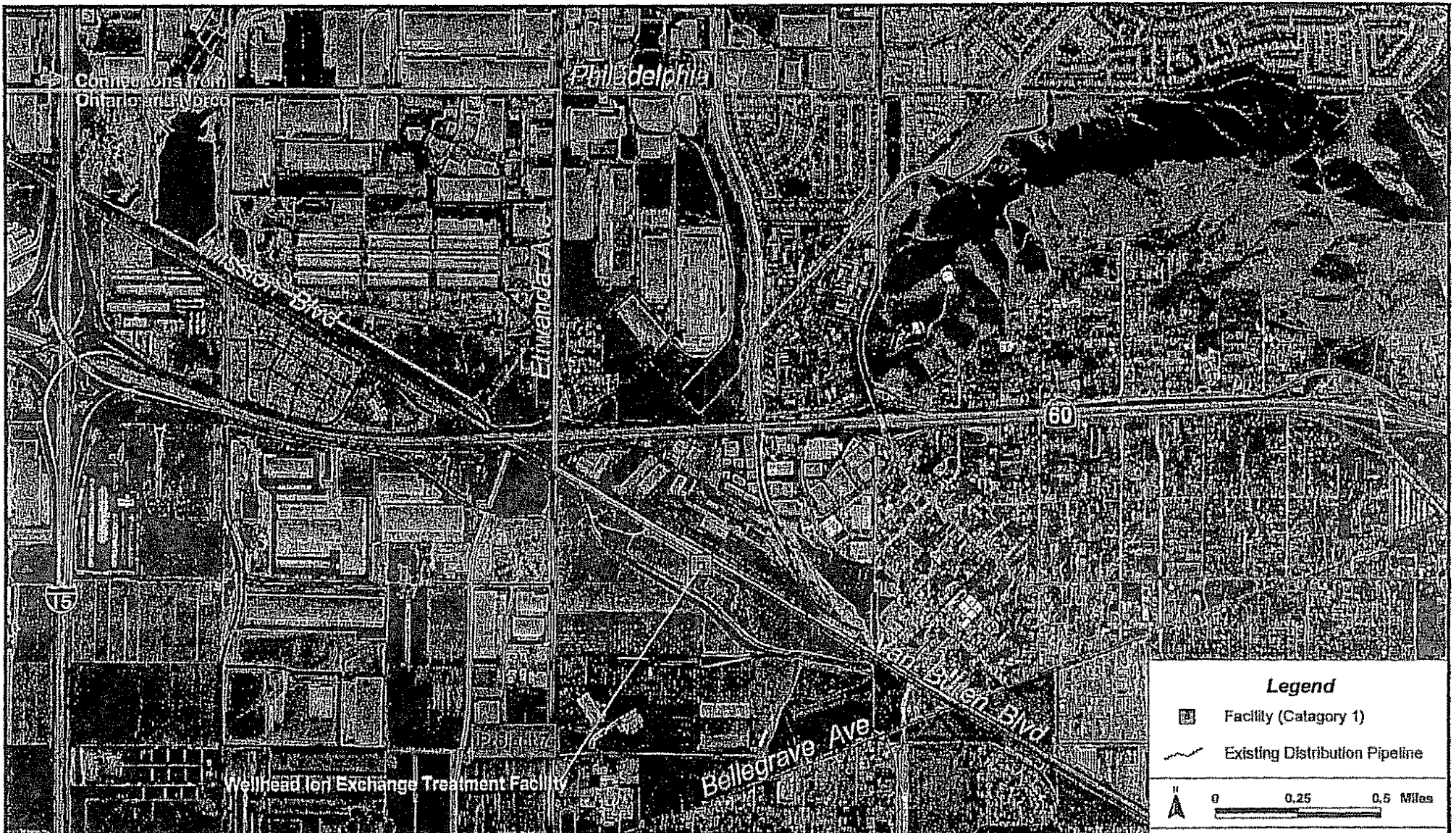
**Legend**

- Existing Structures
- Proposed New Structures
- Proposed New Structures

**Drawing 5**

Proposed Project Location  
Central Energy Office Agency





Wellhead Ion Exchange Treatment Facility

Water Supply Plan for JCSD (acre-feet/year)

Purveyor Source	Projected Water Supply		Proposed MWD Projects	
	2000	2020	2000	2020
Chino Basin Wells – potable	12,475	17,715	12,475	17,715
Chino Basin Wells – non-potable	50	850	50	850
Proposed MWD Projects	1,900	1,000	1,900	1,000
Other groundwater basins	500	4,500	500	4,500
SAWPA Desalter (8 mgd Plant)	3,600	5,000	3,600	5,000
Imported Water from City of Ontario	0	0	0	0
	18,575	28,065	16,625	32,065

**Legend**

- Facility (Category 1)
- Existing Distribution Pipeline

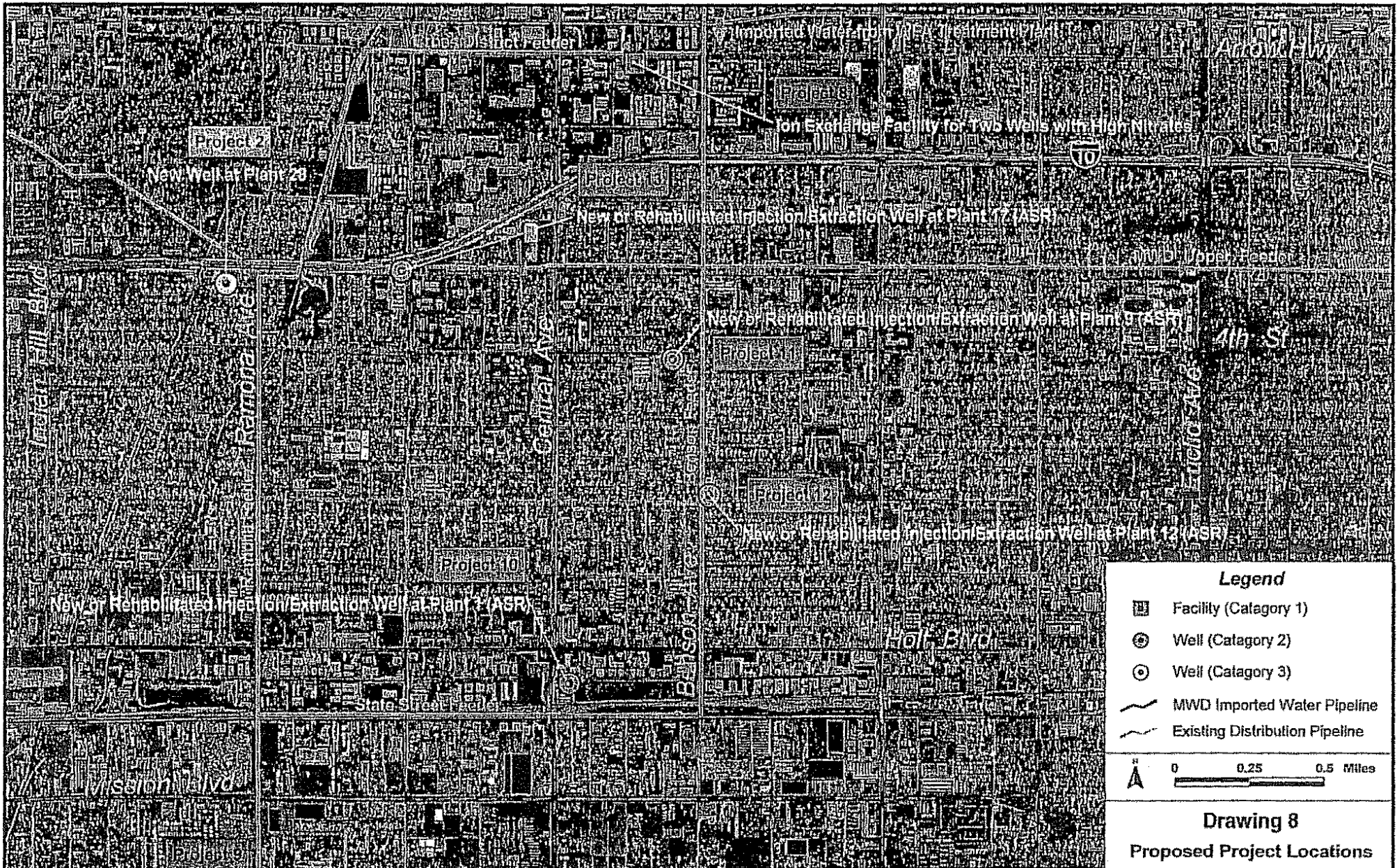
0 0.25 0.5 Miles

**Drawing 7**

**Proposed Project Locations**

Jurupa Community Services District

Prepared by: Wildermuth Environmental January 2001



Water Supply Plan for MVWD (acre-feet/year)				
Purveyor Source	Projected Water Supply		Proposed MWD Projects	
	2000	2020	2000	2020
Chino Basin Wells	9,980	23,160	9,980	5,442
Proposed MWD Projects			17,730	17,730
WFAJPA Treatment Plant	14,087	8,890	14,087	8,890
<b>Total</b>	<b>24,067</b>	<b>32,050</b>	<b>24,067</b>	<b>32,050</b>

**Legend**

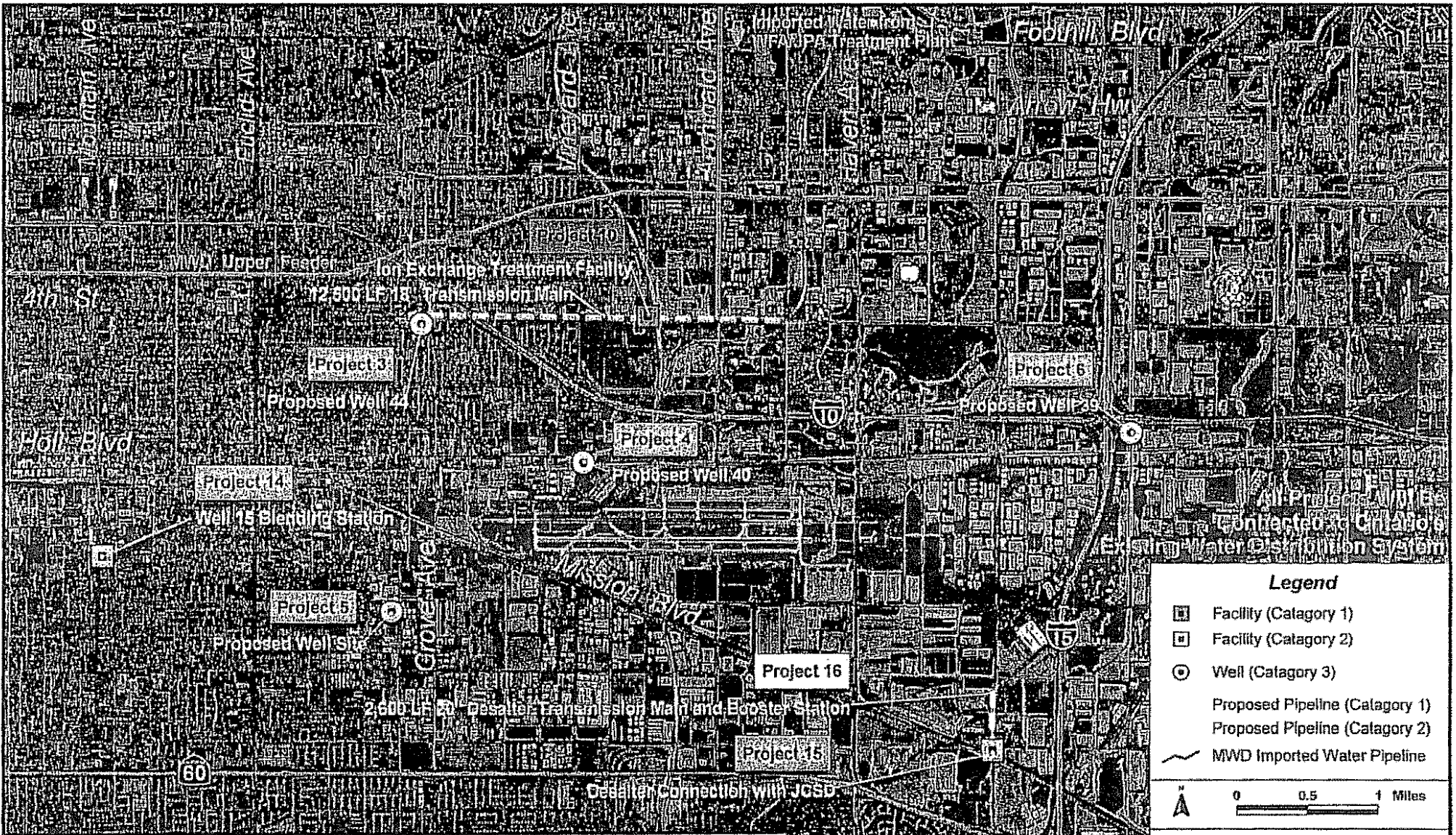
- Facility (Category 1)
- Well (Category 2)
- Well (Category 3)
- MWD Imported Water Pipeline
- Existing Distribution Pipeline

0 0.25 0.5 Miles

**Drawing 8**  
Proposed Project Locations  
Monte Vista Water District

Inland Empire  
UTILITIES AGENCY

Prepared by: Wildermuth Environmental  
January 2001



**Legend**

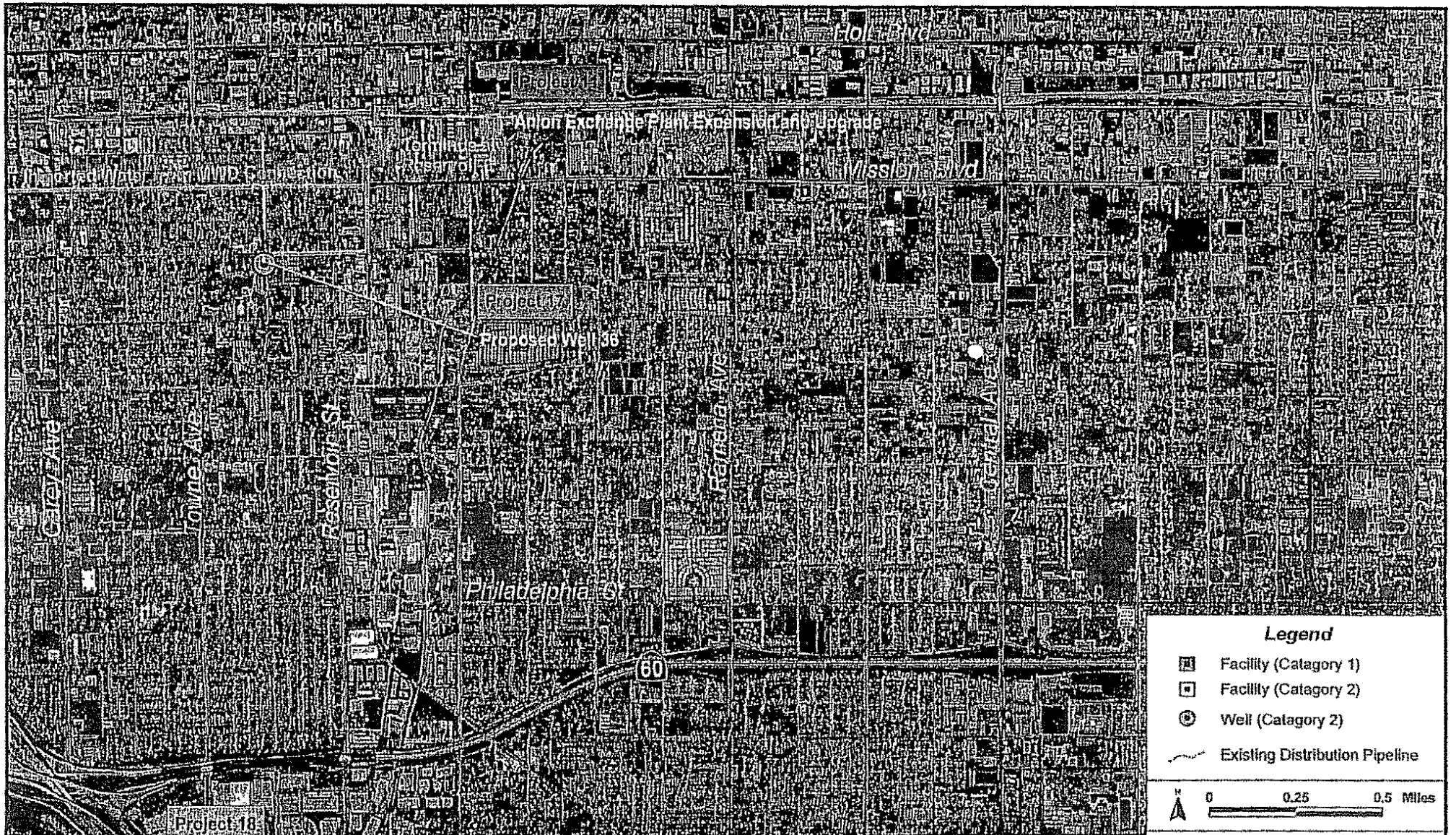
- Facility (Category 1)
- Facility (Category 2)
- Well (Category 3)
- Proposed Pipeline (Category 1)
- Proposed Pipeline (Category 2)
- MWD Imported Water Pipeline

0 0.5 1 Miles

Water Supply Plan for City of Ontario (arcs-feet/year)				
Purveyor Source	Projected Water Supply		Proposed MWD Projects	
	2000	2020	2000	2020
Chino Basin Wells	34,720	32,950	34,720	32,950
Proposed MWD Projects	0	0	0	19,000
WFA/JPA Treatment Plant	6,590	20,630	6,590	20,630
Reclaimed Water	840	3,360	840	3,360
Supply from SAWC (Chino GW)	850	850	850	850
OBMP Desaller No. 2	0	12,710	0	12,710
<b>Total</b>	<b>43,000</b>	<b>70,500</b>	<b>43,000</b>	<b>89,500</b>

**Drawing 9**  
**Proposed Project Locations**  
 City of Ontario

Prepared by: Wildermuth Environmental  
 January 2001



**Legend**

- Facility (Category 1)
- Facility (Category 2)
- Well (Category 2)
- Existing Distribution Pipeline

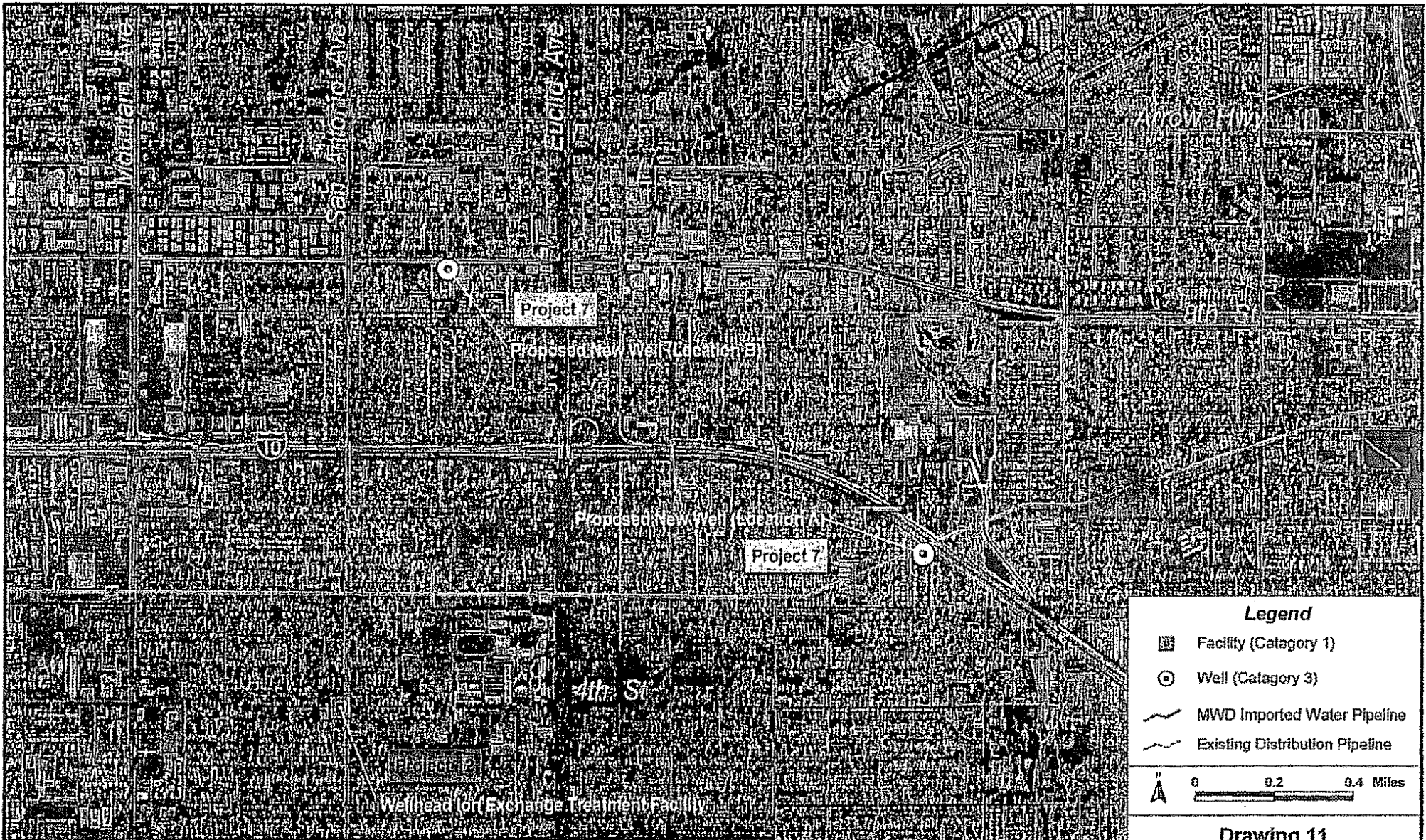
0
0.25
0.5 Miles

**Water Supply Plan for City of Pomona (acre-feet/year)**

Purveyor Source	Projected Water Supply		Proposed MWD Projects	
	2000	2020	2000	2020
Chino Basin Wells	5,220	5,220	5,220	5,220
Pomona NTP (Chino GW)	13,880	13,880	13,880	13,880
Reclaimed Water	7,000	7,000	7,000	7,000
Other groundwater basins	5,160	5,160	5,160	5,160
Pedley Treatment Plant	3,800	3,800	3,800	3,800
TYMWD Waymouth Treatment Plant	2,140	7,044	2,140	7,044
<b>Total</b>	<b>37,200</b>	<b>42,104</b>	<b>37,200</b>	<b>43,704</b>

**Drawing 10**  
Proposed Project Locations  
City of Pomona

Prepared by: Wildermuth Environmental	January 2001
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Water Supply Plan for SAWC (arcs-feet/year)

Purveyor Source	Projected Water Supply		Proposed MWD Projects	
	2000	2020	2000	2020
Chino Basin	70	1,110	70	1,110
Proposed MWD Project	0	0	0	0
Other groundwater basins	400	400	400	400
San Antonio Canyon	0	0	0	0
San Antonio Tunnel	1,020	1,020	1,020	1,020

Note: Due to the proximity of MWD's Upper River pipeline to the facility and new well, the facility and new well could be easily equipped to serve as a dual use treatment and/or continuous use storage well to GWU.

**Legend**

- Facility (Category 1)
- Well (Category 3)
- MWD Imported Water Pipeline
- Existing Distribution Pipeline




0 0.2 0.4 Miles



**Drawing 11**  
**Proposed Project Locations**  
 San Antonio Water Company





**Legend**

-  Facility (Category 1)
-  MWD Imported Water Pipeline
-  Existing Distribution Pipeline


0    0.25    0.5 Miles  


**Water Supply Plan for City of Upland (acre-feet/year)**

Purveyor Source	Projected Water Supply		Proposed MWD Projects	
	2000	2020	2000	2020
Chino Basin Wells	2,429	3,050	2,429	3,050
Proposed MWD Projects				2,700
Supply from SAWC (non-Chino GW)	4,920	4,520	4,920	4,520
Supply from SAWC (San Antonio Canyon TP)	2,411	2,690	2,411	2,690
Supply from WECWC (Chino GW)	0	1,500	0	1,500
Supply from WECWC (other GW basins)	4,650	4,650	4,650	4,650
WFA Treatment Plant	7,590	7,590	7,590	7,590
<b>Total</b>	<b>22,000</b>	<b>24,000</b>	<b>22,000</b>	<b>26,700</b>

**Drawing 12**  
**Proposed Project Locations**  
*City of Upland*



Prepared by: Wildermuth Environmental  
 January 2001





SECTION 3.0  
DETAILED INFORMATION  
FOR SCORING



### 3A. REGIONAL BENEFIT

Since February 1998, the Chino Basin stakeholders have met twice per month to develop the Optimum Basin Management Program (OBMP). Development of the OBMP required three parallel processes: institutional, engineering, and financial. The institutional process defined the management agenda, directed the engineering and financial processes, and built institutional support for OBMP implementation. The engineering process developed planning data and management elements, and evaluated the technical and economic financing plans for the management elements. The financial process developed alternative financing plans for the OBMP through its evolution.

In June 1998, the stakeholders began the process of developing management goals for the OBMP that address the issues, needs, and interests of the Chino Basin producers. The four management goals of the OBMP are as follows:

- Enhance Basin Water Supplies
- Protect and Enhance Water Quality
- Enhance Management of the Basin
- Equitably Finance the OBMP

#### 3A(i) Dry-Year Yield for Regional Benefit

The proposed projects will enhance Metropolitan's dry-year yield while providing a regional benefit for Chino Basin agencies. This additional dry-year yield is realized through increased groundwater production capacity, expanded ASR (Aquifer Storage and Recovery) capabilities, increased wellhead treatment capacity, and enhanced water-wheeling potential. Each of the 38 proposed projects provides Metropolitan with increased dry year yield capacity while providing the facilities necessary to implement a regional conjunctive use program. Such a program would provide Chino Basin agencies with increased water supply reliability, redundancy and future drought protection.

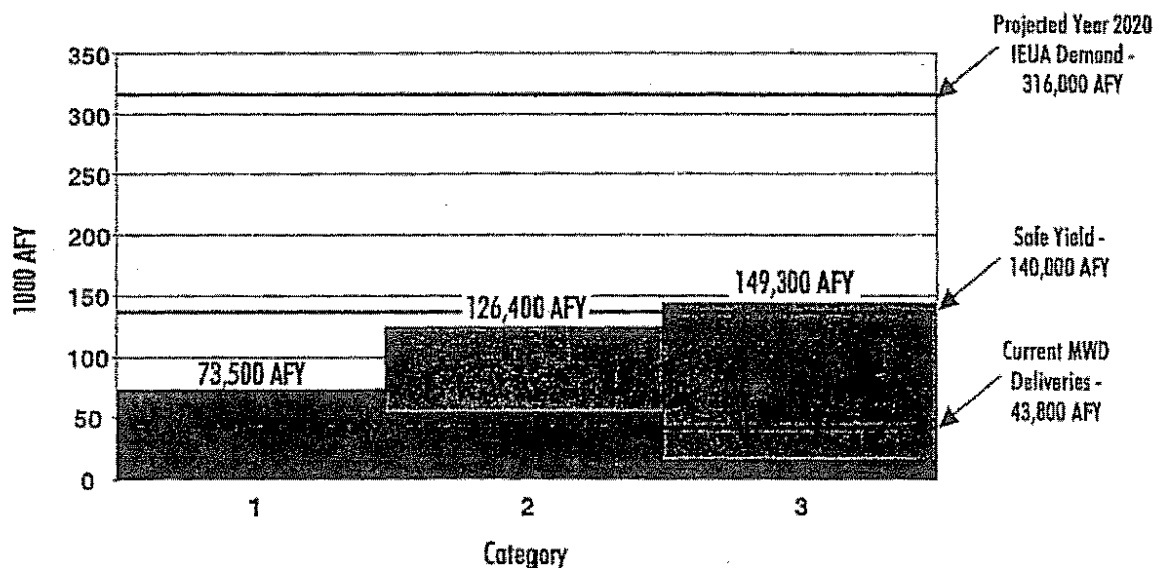
The dry year yield potential of the proposed projects can be summarized via four types of projects. These project types include groundwater production facilities, ASR facilities, wellhead treatment facilities, and transmission and interconnection improvements. The groundwater production projects include the construction of new wells and appurtenant facilities. The construction of new wells will provide an increase in groundwater production capacity necessary to meet demands during periods of reduced Metropolitan supply. New ASR facilities, including new injection wells and modifications to existing ones, will enhance replenishment capabilities and the ability to implement a regional conjunctive use program. ASR facilities also provide a water quality benefit.



The construction of new wellhead treatment facilities will enable the use of previously inactive wells taken off-line due to poor groundwater quality, thus providing increased basin production capacity. The proposed wellhead treatment facilities include new ion-exchange (IX) facilities, modifications to existing IX facilities, and blending stations. Finally, improvements to existing agency interconnections and construction of new transmission capacity will enhance the ability to wheel water between agencies, thus increasing the water supply reliability and water system redundancy necessary to increase Metropolitan's dry year yield.

Currently, Metropolitan deliveries to the IEUA service area have exceeded 50,000 AFY during the past several years and are projected to increase to approximately 100,000 AFY in 2020. The projected year 2020 IEUA total water demand is approximately 316,000 AFY, which constitutes an increase in approximately 74,000 AFY from current demands. This 30 percent increase in water demand will to a large extent be met through an increase in interruptible imported water deliveries and recycled water. Implementing the proposed projects will enable Metropolitan to meet this increase in imported water demand during dry periods, thereby providing Metropolitan with an increase in dry year yield. Figure 3A-1 summarizes the dry-year yield benefit provided to Metropolitan through the implementation of Category 1, 2, and 3 projects.

FIGURE 3A-1  
Dry Year Yield Benefits





Implementation of all of these projects, when combined with the safe yield, will provide dry year reliability. Because prolonged use of these local supplies would exceed the Basin's safe yield, Metropolitan can be assured that these projects would only be used during dry years and that Metropolitan's deliveries would not be reduced in normal and wet years.

### 3A(ii) Seasonal Nature of Project Production

The proposed projects will be constructed with the flexibility of operating year-round. The facilities and provisions necessary to achieve year-round production will be constructed, which will reduce the impact of not being able to produce during periods of reduced imported water deliveries. The facilities have been sized for operation during critical peak dry year periods. This ensures that the projects can reliably reduce imported water deliveries, even during peak or critical dry periods.

### 3A(iii) Institutional Arrangements for Curtailing Firm Deliveries

In order for any regional project to be successfully implemented, coherence between participating agencies must be formed and maintained. The agencies identifying the proposed projects have previously worked together under the guidance of the Chino Basin Watermaster to develop the historic Peace Agreement. The Peace Agreement provides the framework for the collaborative effort of Chino Basin agencies to implement the proposed projects.

The specific institutional arrangements required for those projects involving transmission and interconnection improvements are covered by the intent of the Peace Agreement. Final institutional arrangements among the participating agencies, the Watermaster, and Metropolitan would be required to define an appropriate delivery schedule to efficiently distribute both in-lieu or direct Metropolitan deliveries.

### 3A(iv) Ability To Sustain Production During a Three-year Shortage

The Chino Basin is the largest basin available for conjunctive use in Southern California (5 million AF of storage). Members of the Chino Basin appropriate pool already conduct interagency storage account transfers and the construction of the proposed facilities would enhance this capability. At the end of the 1999/2000 fiscal year, the total volume of groundwater in the storage accounts was approximately 170,000 AF. Assuming a worst-case scenario, the total volume of groundwater available in the Chino Basin is more than adequate to supplement approximately three years of imported supply. Implementation of all of the projects presented in this proposal, would make available approximately 149,000 AF — more than what Metropolitan would provide over a three-year period (approximately 129,000 AF).



The construction of the proposed facilities would also enhance the recharge capability of the Chino Basin agencies. During periods of surplus imported supply (wet years), the Chino Basin storage account could be replenished via direct or in-lieu deliveries and/or recharged via direct or in-lieu spreading facilities or injection wells (e.g., ASR), such as those proposed. Also, the Chino Basin Watermaster is currently developing a recharge master plan intended to further the recharge capacity of the Chino Basin and in turn, increase the Basin's ability to sustain production during a three-year shortage of imported supply.

### 3A(v) Incorporation of Change in Basin Operations into Management Plan

Any changes in Basin operations would be documented accordingly. The projects being submitted under this proposal are consistent with the goals of the OBMP. As previously stated, the basin management plan submitted under the OBMP provides the basis for future projects to ensure regional support and enhancement of Chino Basin resources. Any project and subsequent policy issues have already been addressed in the OBMP and the Programmatic EIR (certified by IEUA in July 2000). Changes to the existing adjudication are not necessary. It is inherent that the proposed projects benefit the members of the Chino Basin while providing Metropolitan with increased dry year yield.



### 3B. PROJECT PARTNERSHIPS

Many agencies are involved in water management within the Chino Basin. IEUA is working in cooperation with each of these agencies to achieve water supply reliability, water quality, and watershed management goals for the Santa Ana River Watershed and the Southern California region. We present our Program Concept to Metropolitan with confidence because our proposed projects represent a high level of interagency cooperation and support.

#### 3B(i) Local and Regional Support

IEUA serves the Cities of Chino, Chino Hills, Montclair, Ontario, and Upland, as well as Monte Vista Water District, Cucamonga County Water District, and Fontana Water Company. Approximately 700,000 people reside in the Agency's 242 square-mile service area. These agencies and the people they represent support wise water management, as exemplified by the 38 projects named in this proposal.

IEUA also has a representative on the Chino Basin Watermaster Board. The Watermaster was established in 1978 in a Judgment entered in the Superior Court of California. The Watermaster has the responsibility for developing and implementing the Chino Basin OBMP. In July 2000, the Watermaster's planning process culminated in the adoption of a "Peace Agreement." The Peace Agreement outlines the schedule and actions for implementing the OBMP. The Watermaster and the OBMP stakeholders are in concurrence with the concepts and projects presented herein.

The proposed projects will benefit all Chino Basin agencies. They will be implemented to meet the goals of the OBMP and to confirm the Basin's ability and desire to participate in a regional conjunctive use project. Committees in the Chino Basin met to develop a list of projects to be submitted under this proposal. These 38 projects are part of a collective effort to enhance the management of the Chino Basin and provide a regional conjunctive use benefit. The projects are supported by the historic Peace Agreement to collectively manage the Basin. Our proposal is being submitted from all of the agencies in the Chino Basin through IEUA as a representative agency.

#### 3B(ii) CEQA Status

Tables 2-1, 2-2, and 2-3 in Section 2 include environmental certification information. All 38 proposed projects fall under the Program Environmental Impact Report (EIR) prepared for the OBMP. As specific projects move forward, additional review will be required. It is anticipated that most of the projects will qualify for a negative Declaration or a Categorical Exemption. All projects are expected to meet California Environmental Quality Act (CEQA) requirements.



### 3B(iii) Potential Planning Uncertainties

The projects presented in this proposal have an unusually low degree of planning uncertainties. These projects were developed as part of a regional program to collectively and efficiently manage the resources of the Chino Basin. The Peace Agreement confirms the Basin's interest in providing such a regional benefit. The development of the OBMP and the effort behind implementing the Peace Agreement are the bases for the planning effort of the proposed projects.

### 3B(iv) Endorsements Needed for Project Approval

The 1978 Judgment requires that the Watermaster develop a management plan for the Chino Groundwater Basin that meets water quality and water quantity objectives for the region, and approval of the projects identified in this proposal would be through the Watermaster. As already stated, the Watermaster and the OBMP stakeholders concur with the concepts presented in this proposal.

### 3B(v) Community Reaction

Community reaction should be positive. Any attempt to improve the quality and availability of good-quality drinking water would be perceived as favorable.

Flows that otherwise would be lost will remain within the Basin, contributing to yield maintenance. In addition, the projects will help keep the poor quality rising groundwater from creating adverse environmental impacts associated with prolonged inundation of sensitive wetland habitats in the Prado Basin.

The projects will also help recover poor quality groundwater. When poor quality groundwater is withdrawn, treated, and reused, the water returning to the groundwater table will be of higher quality. This should have an immediate positive impact on downstream sources (the Santa Ana River) and ultimately have a beneficial water quality impact within the Basin itself.

### 3B(vi) Metropolitan Actions

As described in Section 2C, the schedule for the proposed projects could be accelerated. We are ready to go! Since the Programmatic EIR has been completed per the OBMP, it is hoped that Metropolitan would be able to accelerate the funding schedule.



### 3B(vii) Project Status

The 38 projects listed in this proposal have evolved from the OBMP Phase 1 Report (August 1999) and the Program EIR (May 2000). A recharge master plan is now underway. In addition, the OBMP stakeholders have met to identify the range of Category 1, Category 2, and Category 3 projects to increase dry year yield, improve water quality, and accomplish the other objectives described in this proposal.

As stated in Section 1, all of the proposed projects include construction of substantive new facilities that will provide local redundancy to Metropolitan's supplies during times of drought or emergency and will allow Metropolitan increased flexibility to meet the needs of other parts of its service area. All projects will be configured so that new capacity can be used in lieu of taking water from the Rialto Pipeline. This not only provides Metropolitan with water supply benefits, but has a quantifiable benefit in terms of enhanced blending capability at the Weymouth and Diemer Water Treatment Plants.

The projects are also available to provide flow to local agencies during periods of high demand when the hydraulic capacity of the Rialto Pipeline is exceeded. This supply redundancy will allow Metropolitan to possibly defer costly expansion of the Rialto Pipeline.

The schedules for the various projects are summarized in Tables 2-1, 2-2, and 2-3 in Section 2. As shown in the tables, the on-line date for the 38 projects ranges from November 2001 to November 2003. This assumes funding available in August of this year. If funding could be made available sooner, the on-line dates would be accelerated by approximately four months (see Table 1-2).





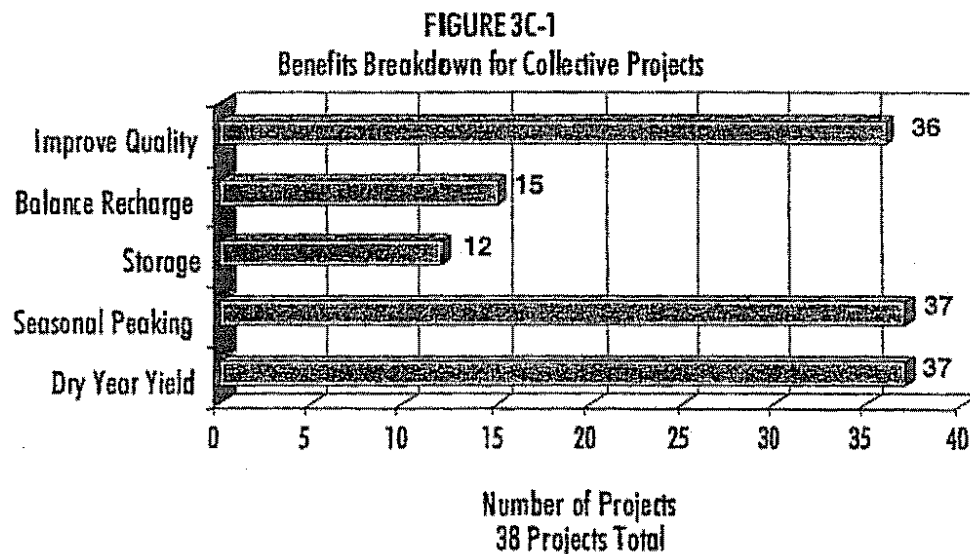
### 3C. LOCAL NEEDS ADDRESSED

#### 3C(i) Addressing the Needs of Local Proponents

The proposed projects meet the interests and needs of the Chino Basin agencies, as defined in the OBMP. As previously stated, the OBMP presents the foundation for future water resources development and recommends facilities that would optimize the Chino Basin's water resources and conjunctive use potential. The following section summarizes how the local needs of the project proponents are addressed through the implementation of the proposed projects.

The needs of the local proponents are addressed through a regional management approach of the Chino Basin service area. Implementation of the proposed projects will be coordinated with the OBMP effort to ensure efficient water resources management. The projects will enable local agencies to maximize the beneficial use of local groundwater supplies, providing the region with new local water sources and a "drought-proofing" strategy.

Figure 3C-1 summarize the benefits realized through the implementation of the proposed projects shown in Table 3C-1. The local benefits include improved water quality, balanced recharge capabilities, enhanced storage capabilities, increased seasonal peaking abilities, and





SECTION 3 DETAILED INFORMATION FOR SCORING

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

TABLE 3C-1  
Summary of Projects

Project Name	Description	Quantity New Yield (AFY)	Project Cost
<b>Category 1</b>			
Nitrate Removal Water Treatment Plant / City of Chino (Chino)	Reclaim poor water quality GW for beneficial use	13,441	\$4,313,000
Reservoir 2A Wellhead Treatment Facility / Cucamonga County Water District (CCWD)	Construct GAC treatment facility for 3 wells	6,300	\$7,122,000
Reservoir 3 Wellhead Treatment Facility / CCWD	Construct GAC treatment facility for 4 wells	9,700	\$6,794,000
Reservoir 3A Wellhead Treatment Facility / CCWD	Construct GAC treatment facility	3,500	\$1,850,000
Wellhead Ion-Exchange (IX) #1 / Fontana Water Company (FWC)	Facilities for high nitrate and TDS and distribution	3,700	\$4,000,000
Wellhead IX #2 / FWC	Wellhead treatment facilities for high nitrate and TDS and distribution	6,000	\$6,400,000
Wellhead IX / Jurupa Community Service District	Treat 3,500 gpm well water with nitrates and connection to Ontario	4,000	\$5,000,000
Wellhead IX for 2 Wells at Plant 4 / Monte Vista Water District (MVWD)	Nitrate removal and new production of 4,700 AFY	4,700	\$2,150,000
Wellhead IX at Well 2 / MVWD	Nitrate removal and new production of 1,450 AFY	1,450	\$875,000
Wellhead IX & Transmission Line / City of Ontario (Ontario)	Construct approx. 12,500 LF of 18" main and an ion-exchange treatment facility	5,000	\$3,500,000
Anion Exchange Plant Expansion & Upgrade / City of Pomona (Pomona)	Modify existing 15 MGD plant to treat nitrate	10,000	\$1,700,000
Retrofit Well & Wellhead IX / San Antonio Water Company (SAWC)	Facilities for high nitrates w/ future connection to Ontario, Upland or other MWD user agency	3,000	\$2,040,000
Wellhead IX / City of Upland	Construct treatment facilities for 3 high nitrate wells	2,700	\$3,000,000
<b>TOTAL</b>		<b>73,491</b>	<b>\$48,744,000</b>
<b>Category 2</b>			
Benson/Palo Verde ASR / Chino & MVWD	Construct high volume well - convey WFA water to site for injection and production (new production)	5,040	\$1,438,000
State/Benson ASR / Chino	Modifications to existing GW production facilities (preservation of existing GW)	4,480	\$476,000
Phillips/Central ASR / Chino	Modifications to existing GW production facilities	6,160	\$2,002,000
West Chino Basin Interagency Connection & Distribution / Chino	Enable regional distribution of Chino Basin Groundwater. Interconnections between water systems	5,377	\$5,261,000



SECTION 3 DETAILED INFORMATION FOR SCORING

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Project Name	Description	Quantity New Yield (AFY)	Project Cost
Well 13 Blending Station / City of Chino Hills	Well 13 Nitrate Blending Station	2,100	\$90,000
Well No. 36 / CCWD	Rehabilitate existing well and install new pumping & discharge line to Reservoir 1C.	2,500	\$850,000
CCWD/MWD Chino Basin Groundwater Use / CCWD	Expansion of existing facilities at Res. #1 to deliver ground water into MWD system	11,000	\$3,947,000
Cucamonga Basin Recharge Project / CCWD	Increase water production capabilities from new gw sources w/in Chino Basin to deliver gw to MWD	4,000	\$2,600,000
Reactivate MWD Connect. / IEUA	Facilities to reactivate dismantled MWD connections	n/a	\$550,000
Rehabilitate or Build New Well (ASR) - Plant 1 / MVWD	Construct an injection/extraction well near Benson Feeder where GW nitrate levels are high	2,167	\$1,000,000
Rehabilitate or Build New Well (ASR) - Plant 9 / MVWD	Construct an injection/extraction well near Benson Feeder where GW nitrate levels are high	2,167	\$1,000,000
Rehabilitate or Build New Well (ASR) - Plant 12 / MVWD	Construct an injection/extraction well near Benson Feeder where GW nitrate levels are high	2,167	\$1,000,000
Rehabilitate or Build New Well (ASR) - Plant 17 / MVWD	Construct an injection/extraction well near Ramona Feeder where GW nitrate levels are high	2,167	\$1,000,000
Well 15 Blending Station / City of Ontario (Ontario)	Blend 34 mg/l nitrate water with water from well (1660 gpm) prior to entering distribution system	2,000	\$200,000
Jurupa Desalter II Connection / Ontario	Construct 18" interconnection between Ontario and JCSD dist. System (participating agencies: JCSD and SAWPA)	n/a	\$75,000
Chino II Desalter Transmission Facilities / Ontario	Construct approx. 2,600 LF of 20" pipeline (participating agencies: JCSD and SAWPA)	n/a	\$850,000
Well No. 36 / Pomona	High nitrate well that will connect anion's exchange plant	1,600	\$400,000
Booster 16A&B and Pipeline / Pomona	Provide backup to existing booster No.12	n/a	\$1,100,000
<b>TOTAL</b>		<b>52,925</b>	<b>\$23,839,000</b>
<b>Category 3</b>			
2 New Wells / CCWD)	Construct 2 wells at District's Res. 1C site	5,000	\$1,500,000
New Well - Plant 28 / MVWD	Construct new well - water to be used at a nitrate blending station	2,900	\$1,000,000
New Well #1 / Ontario	Construct & equip well	3,000	\$1,000,000
New Well #2 / Ontario	Construct & equip well	3,000	\$1,000,000
New Well #3 / Ontario	Construct & equip well	3,000	\$1,000,000
New Well #4 / Ontario	Construct & equip well	3,000	\$1,000,000
New Well / SAWC	Construct and equip new well with future connection to Ontario, Upland or other MWD user agency	3,000	\$1,000,000
<b>TOTAL</b>		<b>22,900</b>	<b>\$7,500,000</b>
<b>GRAND TOTAL</b>		<b>149,316</b>	<b>\$80,083,000</b>

Groundwater Storage Programs



### 3C(ii) Protecting the Interests of Non-Participating Entities

As part of the OBMP development, the Chino Basin stakeholders adopted several core values as a guide for future basin management. Each of the 38 projects submitted under this proposal addresses the following core values: water quality, long view, increased local supplies, groundwater storage/conjunctive use, and cost of groundwater supplies. As described below, the proposed projects address these core values, while balancing the use of imported/local supplies to increase water reliability.

- *Water quality.* All producers in the Chino Basin desire to produce water of a quality that is safe and suitable for the intended beneficial use. Increased wellhead treatment capacity as well as blending facilities will ensure compliance with this core value.
- *Long view.* Each of the Chino Basin producers desires a long-term and stable planning environment to develop local water resources management projects. The producers, independently and through the Chino Basin Watermaster, strive to take the long view in their planning assumptions and decisions to ensure a stable and robust management program. The proposed projects were identified with this core value in mind and represent the forward thinking necessary to implement a regional conjunctive use program.
- *Increased local supplies.* All producers are dependent on high-quality imported water for direct uses and for groundwater replenishment. Because imported supplies may be less available during dry periods, the producers will strive to minimize their dependency on imported water and to increase use of local supplies during drought. The proposed projects address this core value by adding additional groundwater production capacity, thereby reducing dependency on imported supplies and increasing local water system redundancy, thus providing Metropolitan with an increase in dry-year yield.
- *Groundwater storage/conjunctive use.* Unused groundwater storage capacity in the Chino Basin is a precious natural resource. The producers will manage the unused storage capacity to maximize the water quality and reliability and minimize the cost of water supply for all producers. The groundwater storage core value was administered to encourage the development of a regional conjunctive use program. The proposed projects will enable such a project to be implemented.
- *Cost of groundwater supplies.* The producers are committed to finding ways to subsidize the cost of using poor quality groundwater in a cost-effective and efficient manner. Increased groundwater production and wellhead treatment capacity will increase Metropolitan's dry-year yield and with Metropolitan's assistance, will provide an affordable and additional reliable water resource during periods of drought.



### 3D. WATER SUPPLY OR WATER QUALITY IMPACTS

As discussed throughout this proposal, the water supply and water quality impacts of the proposed projects would be positive.

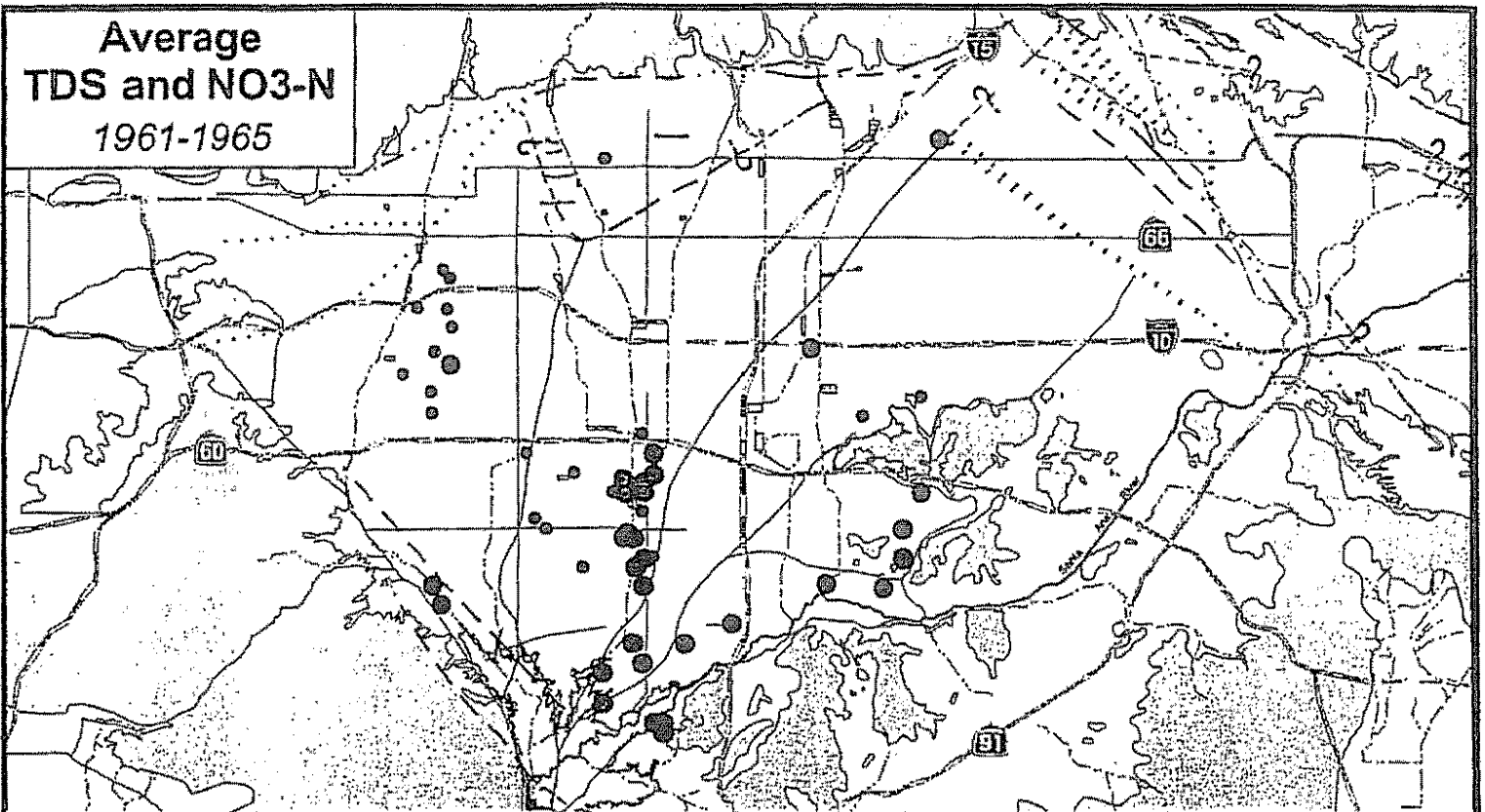
#### 3D(i) Water Supply/Quality Impacts within the Basin

OBMP related water quality studies show that high concentrations of Total Dissolved Solids (TDS) and nitrates exists in the southern portion of the Basin. Figure 3D-1 shows the past and most recent water quality data throughout the Basin. It is apparent that groundwater quality has been deteriorating greatly with time. As shown on Figure 3C-1, 36 of the 38 projects presented in this proposal would have a water quality benefit to the Basin. These projects involve pumping and treating groundwater from various locations throughout the Basin to achieve drinking water standards. Groundwater pumped from the Basin, treated, reused and returned to the Basin will ultimately have a beneficial impact on water quality by lowering TDS and nitrate levels before returning water to the Basin. Although not all of these projects are exactly similar to other Metropolitan storage programs, they still provide Metropolitan with the same end results: a dry year supply. They also provide other regional benefits.

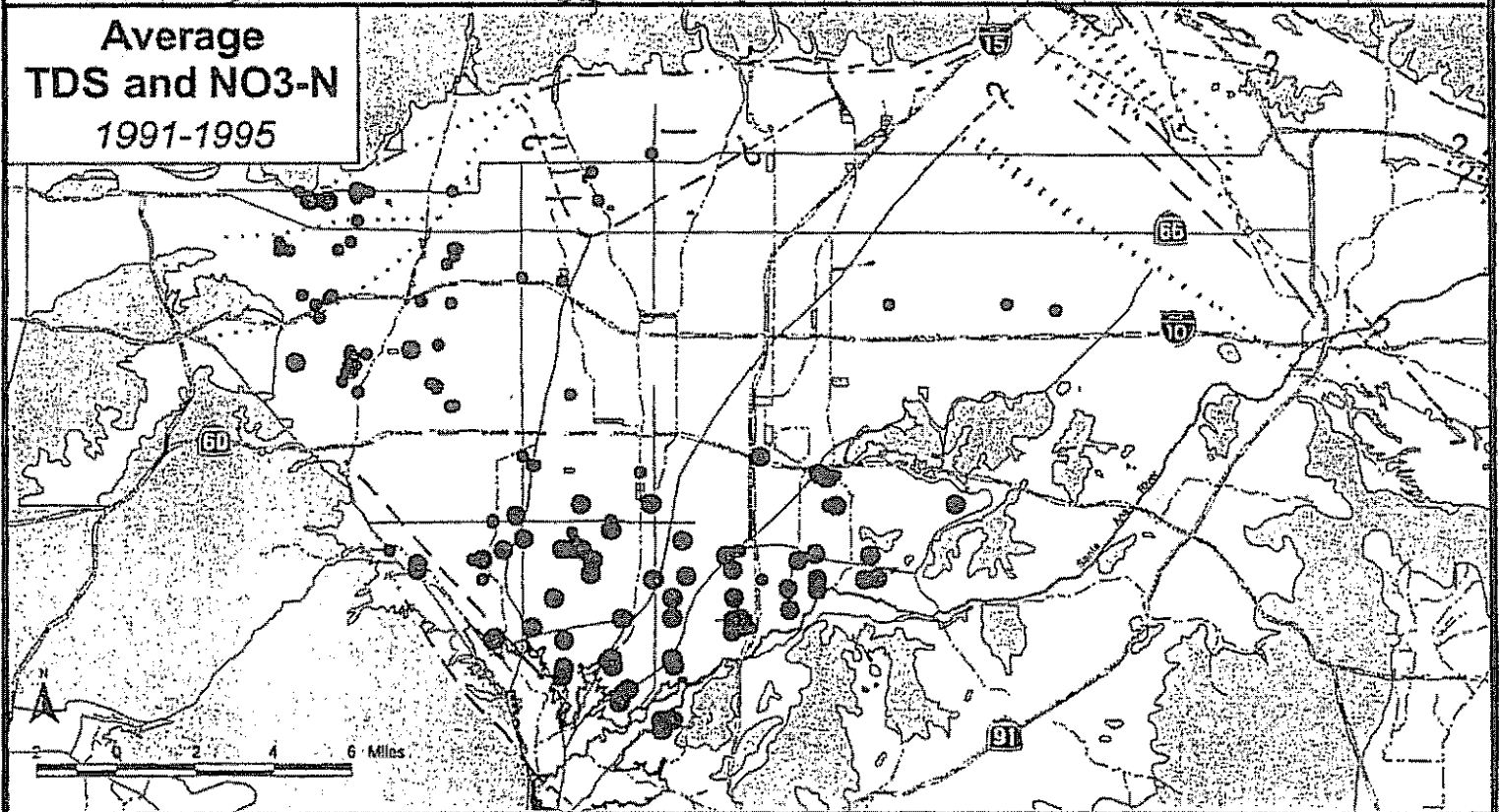
From a perspective of water supply, our approach provides Metropolitan dry year supply in advance of placing any water in storage. Depending on the total amount of financing from Metropolitan, we can make available more than 149,000 AF. Metropolitan can use these supplies not only for long-term dry-year yield, but on a short-term basis when there is a high demand for water, and/or energy is limited.

Given the State's current energy crisis, it may become necessary for Metropolitan to stop pumping. Chino Basin supply availability could allow Metropolitan to reduce pumping of State Water Project supplies by more than 149,000 AF. By the ability to shed electrical load at critical periods when energy supplies are limited, Metropolitan could save millions of dollars in energy costs and help prevent rolling blackouts.

**Average  
TDS and NO3-N  
1961-1965**



**Average  
TDS and NO3-N  
1991-1995**



**Legend**

- Well with Average NO3-N > 10 m/L
- Well with Average TDS > 500 m/L
- Hydrologic Chino Basin
- Management Zone Boundary

**Figure 3D-1**  
Impaired Groundwater  
in the Chino Basin  
TDS and NO3-N

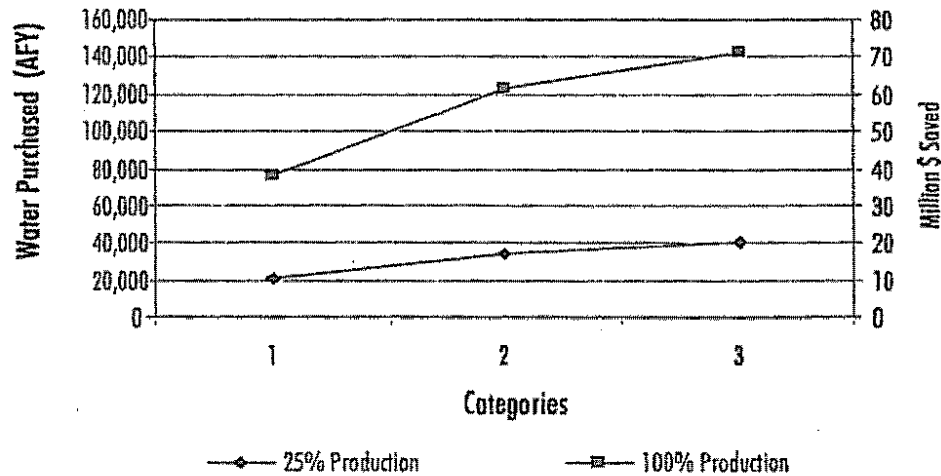


Date: January 2001



Implementation of the proposed projects could provide Metropolitan an additional water quality benefit. The recently-completed Salinity Management Study Final Report (June 1999) indicated a benefit of \$95 million for every 100 mg/L of TDS reduction in Metropolitan's water supply. Thus, if the proposed projects are implemented, additional State Project water would be available for blending at the Weymouth and Diemer Water Filtration Plants. Figure 3D-2 quantifies the water quality savings benefit for the Category 1, 2, and 3 projects at 100 percent and 25 percent production levels.

FIGURE 3D-2  
Water Quality Benefits



The cumulative projected dry-year yield for the 38 projects is more than 149,000 AFY, which exceeds the amount of imported water currently used within the Basin. This assumes that all of the projects are completed and reach 100 percent of their projected production. It may be more accurate to assume that not all of the projects will be in full production all of the time. However, even if only 25 percent of production is achieved, Metropolitan would realize substantial water quality benefits.

### 3D(ii) Potential Negative Impacts

No negative impacts are anticipated. Construction of the proposed projects will improve water quality and increase water supply availability for the Chino Basin.



### 3D(iii) Anticipated Regulatory Requirements

The Department of Health Services (DOHS) requires permits for all water sources. The local agencies will obtain the required new water supply permits from DOHS.

The Final Program EIR for the OBMP shows that it is necessary to maintain the production capacity of the Basin to prevent a loss in safe yield. Without implementing measures to maintain the safe yield, approximately 40,000 AFY would flow out of the Basin and into the Santa Ana River. A number of these projects achieve the goals of the OBMP and are therefore included in the Draft EIR. However, further environmental regulatory requirements will be necessary for each separate project.

### 3D(iv) Status and Schedule

It is estimated to take approximately two to four months for a new water source permit to be approved by the DOHS. The status and schedule for acquiring other regulatory approvals varies for each independent project and will be addressed as the projects proceed.





### 3E. POTENTIAL IMPACT TO METROPOLITAN'S FINANCIAL INTEGRITY

This section discusses a potential implementation and financial plan for the Chino Basin groundwater storage projects that contribute within Metropolitan's service area.

#### 3E(i) Effects on Purchase of Imported Surface Water

Funding of the submitted projects will reduce Metropolitan's imported water more than 149,000 AF in dry years. These "firming" projects for the Chino Basin would provide flexibility and reliability for Metropolitan's system by allowing the Basin to be self-sufficient when imported supplies are unavailable (drought or emergency periods).

Participating agencies would commit to the purchase of fixed amounts of imported water supply from Metropolitan and would not affect purchase of imported surface water supplies. Depending on the level of supplies available, Metropolitan would have the flexibility to determine water delivery to the Chino Basin. During dry or drought years, Metropolitan would request the agencies to produce water within the Basin to meet overlying demand in-lieu of surface delivery. Following the end of the drought periods, the resultant Chino Basin replenishment obligation would be handled at least in part in the same manner.

The Chino Basin, with an unused storage capacity of about 1 MAF, is located in a strategic position for the Metropolitan distribution system. Construction of the project facilities would meet the demand in the Chino Basin and also have the ability to export extra pumping capacity into Metropolitan's system. Aside from reducing imported water demand within the Chino Basin to provide Metropolitan dry year yield, Metropolitan would be able to utilize the facilities beyond the internal needs of the Basin. In the future, Metropolitan would have the ability to pump portions of this water back into the system, to increase water deliveries and improve water quality. The projects submitted for funding would make available increased groundwater pumping in the Basin and allow future development of these supplies for other Metropolitan service areas.

The proposed projects would provide the needed redundancy and flexibility to Metropolitan's system. The local dry year projects would provide regional savings and increase reliability resulting from the development of local resources.

The facilities would provide short term "firming" supply for dry year yield. As future water demands increase in the Chino Basin, the demand for direct delivery of imported water for the Chino Basin is projected to increase from about 50,000 acre-feet in 2000 to 100,000 acre-feet by 2020, as indicated in IEUA's Urban Water Management Plan Year 2000 Update. This increase in demand will require more imported water from Metropolitan to meet the region's needs.



If funded, these projects would sustain water production during shortage and enhance recharge capability and allow the Basin to be managed conjunctively. The following list shows the benefits from implementing Chino Basin projects:

- (1) Provide more than 149,000 AFY dry year supply.
- (2) Reduce summertime peaking on Metropolitan's Rialto Pipeline.
- (3) Deliver more State Water Project supplies to the Weymouth and Diemer plants via the East Branch/Rialto Pipeline to meet Basin Plan Salinity Objectives.
- (4) Minimize (or eliminate) Metropolitan's surface water deliveries during future droughts/emergencies.
- (5) Allow Metropolitan to possibly export water into the Upper and Lower Feeder service areas for other Member Agencies.

### 3E(ii) Mitigation of Negative Impacts

No negative impacts are anticipated to result from construction of the proposed projects. The conjunctive use programs would not result in adverse water quality impact on the Chino Basin nor to Metropolitan. Development of these local resources reduces the demand on Metropolitan's system and therefore reduces the need for additional investment in regional infrastructure. The development of the local projects would defer the time when Metropolitan would need to expand the Rialto Pipeline. Metropolitan will have the flexibility to dictate the amount of imported water to service the Basin through the transmission line during crucial periods such as droughts or in cases of emergency.

### 3E(iii) Project Financing

This proposal present 38 projects for funding consideration. These projects have been categorized into three groups: Category 1, Category 2, and Category 3. This subsection discusses a potential implementation and financing plan for the proposed projects. A 6 percent interest rate and an amortization period of 20 years with an inflation rate on costs of 3 percent is presented along with a discussion of Proposition 13 funding needed to prioritize and equitably finance the facilities discussed in this proposal.

The Chino Basin stakeholders and applicants have agreed and are submitting 38 projects for 50 percent Proposition 13 funding. The remaining funding would be developed by the respective project sponsoring agency through local financing payment using various local resources.



### 3E(iv) Cost Per Acre-Foot Dry-Year Yield

Modifications to the economic analysis methodology provided in Metropolitan's RFP were done to accurately reflect the cost and funding required on the proposed projects. The modifications provide a financial approach using an overall menu of projects on a category basis. Financial analyses were done for Categories 1, 2, and 3, rather than per each of the 38 projects. This approach was taken to meet the format and page requirement of Metropolitan's RFP. Economic analysis worksheets have been developed for each Category 1, 2, and 3 project, and are available upon request.

These programs provide flexibility and redundancy in Metropolitan's system. This would give Metropolitan the ability to provide water services in a more efficient and reliable way to its service area. For example, if, during a dry year, Chino Basin overpumps an extra 20,000 AFY above the allotted safe yield (140,000 AFY), or 160,000 AFY, the overproduction would need to be replenished. Therefore, during wet years and normal years, an additional 20,000 AFY of imported water would need to be provided by Metropolitan to meet this replenishment obligation. The Chino Basin agencies will have the ability to take extra water "in-lieu" of pumping the groundwater. The economic analysis methodology spreadsheet has been modified to reflect these types of operating conditions.

The economic analyses assume takes from Chino Basin at five-year interval starting in year 2005. Puts to storage would occur the following year for the same total annual take capacity. Category 1 economic analyses assume Metropolitan would provide 50 percent capital funding from Proposition 13, an \$85/AF O&M cost for wellhead treatment, \$60/AF pumping cost associated with takes from storage, and a \$90/AF replenishment cost, which corresponds to put to storage. Categories 2 and 3 assume that Metropolitan would provide 50 percent capital funding as well as pumping and replenishment costs.

Table 3E-1 summarizes the project cost per acre-foot of dry year yield for the three categories.

TABLE 3E-1  
Project Cost per Acre-Foot Dry-Year Yield

PROJECT DESCRIPTION	COST PER ACRE-FOOT OF DRY YEAR YIELD
Category 1	\$159
Category 2	\$110
Category 3	\$194



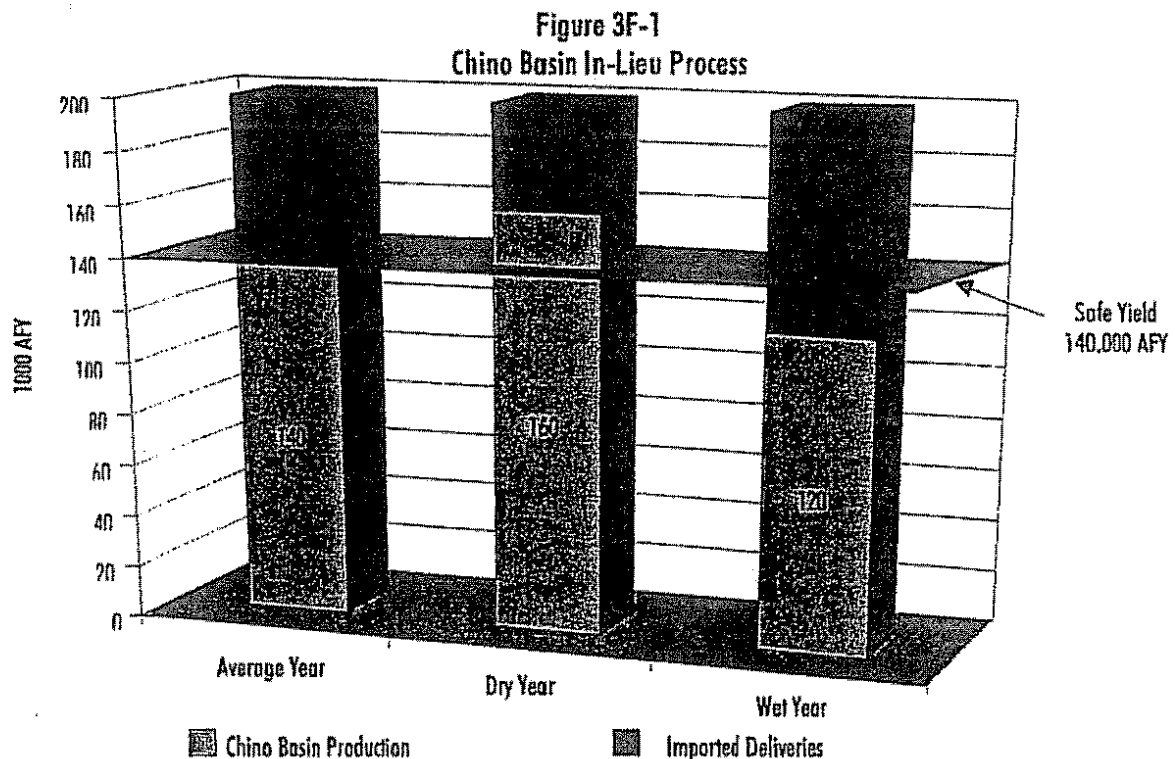
### 3F. DESCRIBE HOW PROJECTS WILL MEET OVERLYING DEMAND

#### 3F(i) Storage Within a Four-year Period

The Chino Basin is the largest basin available for conjunctive use in Southern California. The Basin has 5 MAF of storage of which 1 MAF is unused. Currently, water agencies have approximately 170,000 AF of storage in excess of the Basin's safe yield. The OBMP Peace Agreement has approved 500,000 AF for additional dry year storage. This storage capacity would be sufficient to accommodate several years of imported deliveries. The proposed projects would enable the basin to be recharged during periods of surplus imported supply via direct deliveries in-lieu of groundwater production.

Figure 3F-1 illustrates how the existing Chino Basin groundwater resources can be utilized in-lieu of direct imported deliveries.

This example on the figure shows that an additional 20,000 AF of groundwater could be extracted during a dry year to meet demand. Implementation of these projects would allow Chino Basin pumpers to significantly increase their dry year pumping ability. The magnitude of the Basin allows overproduction for considerably more than four years.





The Chino Basin is in a unique position to develop a regional conjunctive use program that will efficiently meet overlying demands via in-lieu deliveries. Several of the proposed projects, including injection wells and other ASR facilities, will increase the Chino Basin's "put and take" capacity, while new wells and wellhead treatment projects primarily will increase the "take" capacity of the Basin.

### 3F(ii) Meeting the IRP 3:1 Goal

As shown in the discussion above, the complete program presented in this proposal could actually exceed RIP goals of a 3:1 ratio.



### 3G RISK MANAGEMENT

The projects described in this proposal are virtually "risk free."

#### 3G(i) Description of Project Risks

Metropolitan can be assured that high quality water supplies would be available as needed, without threat of loss of or contamination of stored supplies. Several of the proposed projects provide treatment to ensure the water produced meets all regulatory standards. Furthermore, since these projects do not require Metropolitan to prestore water in the Chino Basin, concerns over loss of or contamination of stored water would be eliminated.

#### 3G(ii) Approach to Risk Management

Our Program Concept approach provides a menu of alternatives in-lieu of a single project. This diversification minimizes Metropolitan's risks by not putting "all of Metropolitan's eggs into one basket."

The Chino Basin stakeholders through the Peace Agreement have reached accord on the OBMP, which outlines ("requires") management of the available groundwater resource to optimize not only the local area resources, but also our regional resources.

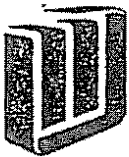
The variety of projects we have developed accomplishes these goals both locally and regionally. Assisting the local agencies with project implementation provides Metropolitan the flexibility to utilize groundwater resources when imported supplies are short. Under the Peace Agreement, the Chino Basin agencies need Metropolitan's help to finance projects that provide the redundancy to allow them to work with Metropolitan or over produce the groundwater basin when imported supplies are not readily available.

The Chino Basin agencies look forward to entering into a cooperative agreement with Metropolitan to start the implementation of these projects that will ultimately lead to being able to produce more than 149,000 AF of water. The agencies are ready to enter into a contract with and to guarantee these supplies to Metropolitan.

#### 3G(iii) Indemnification

The OBMP is mandated by the Court. Metropolitan is thus assured that, with the implementation of these projects, the contract supplies would be available when needed.

**METROPOLITAN AWARD LETTER**



**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Office of the General Manager

April 10, 2001

Mr. Richard W. Atwater  
Chief Executive Officer/General Manager  
Inland Empire Utilities Agency  
P.O. Box 697  
Rancho Cucamonga, CA 91729-0697

Chino Basin Programs  
Participation in Groundwater Storage Programs Using Proposition 13 Funding

Thank you for your submittal to the Request for Proposal for Participation in Groundwater Storage Programs Using Proposition 13 Funding (RFP No. WRM-2). We are pleased to inform you that the Selection Committee has identified your proposal to be included in the shortlist to receive Prop 13 funding.

In April 2001, the Metropolitan Board of Directors directed staff to finalize agreement terms for conjunctive-use program included in the shortlist. Several milestone targets are identified in the RFP as requirements for continued consideration for funding (Table 1 - Performance Targets from RFP WRM-2). Each proposal is required to meet the targets and deadlines to receive funding. If a shortlisted proposal does not meet all of the requirements specified in the RFP, Metropolitan will have the option to disqualify such proposal and finalize agreement terms with a proposal in the waitlist.

We anticipate sending a draft agreement in the near future. As noted in the enclosed schedule, the RFP requires program agreement terms to be finalized by August 2001.

Please contact Robert Harding at (213) 217-6582 if you have any questions.

Very truly yours,

Ronald R. Gastelum  
General Manager

EF:cl  
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Enclosure



**REQUEST FOR PROPOSALS FOR PARTICIPATION IN GROUNDWATER  
STORAGE PROJECTS USING PROPOSITION 13 FUNDS (RFP No. WRM-2)****TABLE 1  
PERFORMANCE TARGETS**

<b>Date</b>	<b>Target</b>	<b>Consequence if Target is Not Achieved</b>
January 19, 2001	Receive Proposals	Proposal will be rejected
August 1, 2001	Finalize Agreement Terms	Proposal will be rejected
September 1, 2002	Completion and certification of all environmental documents necessary to comply with CEQA	Proposal will be rejected
September 2003	Construction Initiated	Agreements Terminated

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**PROCEDURE FOR INITIAL CALCULATION OF  
METROPOLITAN STORAGE ACCOUNT**

Exhibit E is to itemize a pre-existing storage account to be rolled over into Metropolitan's Storage Account. This rollover water is to be called and sold to IEUA on a first in/first out basis. The applicable water rate to be paid for each rolled over account is specified in this exhibit, as is the responsibility for extraction costs, facility maintenance fees, etc.

<b>Water Account</b>	<b>Quantity of Water Transferred (Acre-feet)</b>	<b>Water Rate to be Paid when called under this Agreement for firm delivery</b>	<b>Responsibility for Costs: Electrical and Operation &amp; Maintenance Costs</b>	<b>Losses</b>
Trust Storage Account	4,739	Untreated replenishment rate at the time the water is called under this Agreement	IEUA	None
Trust Storage Account (2003 Interim Conjunctive Use Program)	X <sup>1</sup>	Untreated replenishment rate at the time the water is called under this Agreement	IEUA	None

<sup>1</sup> Acre-feet of water stored by Metropolitan in the Chino Basin with the authorization of the Watermaster since March 1, 2003 under the 2003 Interim Conjunctive Use Program letter agreement dated April 4, 2003.

## ACCOUNTING METHODOLOGY

### Annual Operating Plan

Commencing upon the Effective Date of this Agreement and thereafter prior to the beginning of each fiscal year, the Operating Committee will develop an Annual Operating Plan to forecast IEUA's and TVMWD's operations for the coming year in terms of groundwater production and imported water delivery absent the Program, as well as intended storage through in-lieu deliveries, injection and direct spreading, and extraction. Deliveries to the Metropolitan Storage Account through in-lieu deliveries, injection, or direct spreading will be determined using methodologies detailed in this Exhibit F.

The Annual Operating Plan must reflect IEUA's and TVMWD's monthly operations in terms of groundwater production and imported water deliveries absent the Program. If water is to be stored through direct injection or spreading or in-lieu deliveries, the Annual Operating Plan must indicate the months when the deliveries to the Chino Basin are expected to occur. If water is to be extracted, the operating schedule must reflect the amount of imported water that will be delivered from the Metropolitan Storage Account each month.

Upon call by Metropolitan for storage or extraction, the Operating Committee shall prepare a revision to the Annual Operating Plan for submission to Metropolitan, IEUA, TVMWD, and Watermaster, which would indicate the revised monthly storage or extraction amounts for the Metropolitan Storage Account. Metropolitan shall invoice for extracted Stored Water Delivery on a monthly basis at the firm water rate minus pumping and Operations and Maintenance Costs, according to the revised Annual Operating Plan. Any adjustments to the quantities billed shall be made during the year-end reconciliation.

### Calculation of Storage and Extraction

IEUA and TVMWD shall account for all water stored and extracted in the Chino Basin by their respective subagencies and each submit its certification of these total amounts and the subset of these amounts achieved for the Metropolitan Storage Account. IEUA and TVMWD shall each submit this certification to Metropolitan and the Watermaster on a monthly basis. At the end of each fiscal year, IEUA and TVMWD shall perform an annual assessment of total storage and extraction and the subset achieved for the Metropolitan Storage Account. Any adjustments to the monthly submittals shall be provided by IEUA to Metropolitan and to the Watermaster in a timely manner for consideration in the preparation of the Watermaster's annual report.

All accounting for the Metropolitan Storage Account shall conform to the following unless otherwise agreed by Metropolitan, IEUA, TVMWD, and Watermaster:

a. Initial storage balance upon execution of this Agreement shall be consistent with Exhibit E "Procedure for Initial Calculation of Metropolitan Storage Account". This initial storage balance is firm water to be billed at the rate designated in Exhibit E upon its extraction. This water, when extracted, shall be part of IEUA's firm water allocation pursuant to the rate structure. This water shall be first in, and first out of the Metropolitan Storage Account.

b. All other water delivered to the Metropolitan Storage Account shall be "new wet-water storage" to the Chino Basin, and not accomplished through an accounting transfer of pre-existing storage. New storage is achieved through demonstrated in-lieu delivery spreading, or injection of imported water supplied by Metropolitan.

c. Monthly amounts certified by IEUA or TVMWD as in-lieu storage cannot exceed:

1. extraction capacity available within IEUA's or TVMWD's service area in the month certified, and
2. amount of firm water purchased by IEUA or TVMWD from Metropolitan in the month certified.

In-lieu storage amount will be equal to the difference between the amount pumped during the year and the sum of the pumping rights, but in no case shall be larger than the quantity of water purchased from Metropolitan or the pumping capacity.

Within two months following the formal issuance of Watermaster's annual report, the Operating Committee shall perform an annual reconciliation of Metropolitan and IEUA's and TVMWD's records with the Watermaster report with respect to total storage and/or extraction from the Metropolitan Storage Account and Metropolitan's water billing inclusive of credits for the Operation and Maintenance Costs and Electrical Costs, and prepare any needed paperwork for adjustments to the billing.

**Chino Basin Conjunctive Use "Dry Year" Storage Project  
Performance Criteria**

Metropolitan may, on fifteen (15) days notice, require Program Agency to meet the objectives of the project as follows:

- 1) IEUA and TVMWD agree to reduce imported water deliveries by approximately 33,000 AF from the preceding 12 month period during the next 12 month period; and
- 2) IEUA, TVMWD and Chino Basin Watermaster through their agreements with Operating Parties will cause to be pumped during the next 12 months 33,000 AF from the Metropolitan Storage Account; and
- 3) Chino Basin pumping by the Operating Parties in the Dry Year program within the Chino Basin appropriate pool will increase over the previous year by 33,000 AF.

All three performance targets do not need to be met precisely (+ or - 10 percent.) As an example, IEUA and TVMWD would meet the objectives of the program if all three of the following occurred:

- |           |  |
|-----------|--|
| 30,000 AF | Reduced imported full service deliveries when compared to the preceding 12 months. |
| 31,000 AF | Pump from Metropolitan Storage Account.  |
| 34,000 AF | Increase pumping by Operating Parties, when compared to the preceding year.        |

However, the Operating Committee may mutually agree that performance targets are met even though a performance target is not met (a scenario when retail conservation were to exceed 15 - 25 percent or if other local supplies were developed, e.g., dramatic increase in recycled water use, may reduce the opportunity for the retail agencies to pump 33,000 AF from the Metropolitan Storage Account.) In this case, the Operating Committee would need to agree on the variance procedures for accepting a modified performance target after the episode. It should be generally agreed that additional use and production of all local supplies native to the Chino Basin area should not be restricted or cause IEUA, TVMWD or Chino Basin Watermaster (or the Operating Parties) to be out of compliance of the performance target. It should also be agreed that if IEUA and TVMWD retailers demand firm water from Metropolitan over the twelve month period, the pumped water would come from the Metropolitan Storage Account up to 33,000AF.

The objective of the program is to provide 33,000 acre-feet of additional pumping capacity in the Chino Basin for dry year use, to allow Metropolitan, IEUA and TVMWD the flexibility to utilize the Facilities in the most efficient manner possible (including normal year and wet years) and to ensure that upon a call of Metropolitan's stored water, Facilities will be used to provide an additional supply of water to meet IEUA's and TVMWD's needs. A partial call will be addressed through a pro rata performance of all three objectives .

## Exhibit H

### DESCRIPTION OF PROGRAM FACILITIES & OPERATING PARTIES

Ion Exchange Nitrate Removal Facility	Capacity	Funding Allocation	Location
Pomona	2,000 AFY	\$1,700,000	First & San Lorenzo
Monte Vista County Water District	1,544 AFY	\$1,428,200	Palo Verde & Benson
City of Chino	1,159 AFY	\$1,072,043	Palo Verde & Benson
City of Upland	3,001 AFY	\$2,776,064	Ninth & Mountain
City of Chino Hills	1,448 AFY	\$1,338,938	Chino Hills Pkwy & Ramona
Cucamonga County Water District	3,088 AFY	\$2,856,400 <sup>(1)</sup>	Amethyst & Apricot
City of Ontario	1,544 AFY	\$1,428,200 <sup>(1)</sup>	Cucamonga & 4 <sup>th</sup>
Fontana Water Company	1,733 AFY	\$1,293,065	San Bernardino & Cherry; Juniper & Ceres
Jurupa Community Services District	2,000 AFY	\$1,494,000	Etiwanda & 60-fwy
<b>Total Treatment Facilities Capacity :</b>	<b>17,517 AFY</b>	<b>\$15,386,910</b>	---
Well Facilities	Capacity	Funding Allocation	Location
Monte Vista County Water District	2,419 AFY	\$1,572,581	Monte Vista & Richton
Cucamonga County Water District	6,532 AFY	\$4,245,968 <sup>(1)</sup>	East Avenue & I-15; Cleveland & 7 <sup>th</sup>
City of Ontario	6,532 AFY	\$4,245,968 <sup>(1)</sup>	3 of 5 potential sites around City of Ontario
<b>Total Well Capacity:</b>	<b>15,483 AFY</b>	<b>\$10,064,517</b>	---
<b>Total Extraction Capacity (Treatment + Well Capacity):</b>	<b>33,000 AFY</b>	<b>\$25,451,427 <sup>(2)</sup></b>	

1). Some of the facilities constructed by the City of Ontario and Cucamonga County Water District will be funded by Proposition 13 Funds.

2). The Total Program Costs is \$27.5 million. This exhibit estimates that \$2 million will be spent on CEQA, pre-design, and modeling plus \$48,573 in unallocated reserve funds.

The foregoing list is a preliminary list of the Parties as of the Effective Date. Individual items on this Exhibit H may be adjusted from time to time by written notice from IEUA or TVMWD, as applicable, and Watermaster to Metropolitan. Each such notice shall specify the items to be adjusted and the amount of adjustment and shall certify to Metropolitan that after making such adjustment the Operational Capacity Thresholds continue to be met. Each notice which meets the requirements of this paragraph shall modify this Exhibit H to the extent provided in the notice.

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# **CHINO BASIN WATERMASTER**

## **Exhibit II.C**

JUN 05 2003

By Wanda L. Downing Deputy

SUPERIOR COURT FOR THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SAN BERNARDINO

CHINO BASIN MUNICIPAL WATER  
DISTRICT,

Plaintiff,

vs.

CITY OF CHINO, et al.,

Defendants

CASE NO. RCV 51010

ORDER CONCERNING  
GROUNDWATER STORAGE  
PROGRAM FUNDING AGREEMENT--  
AGREEMENT NO. 49960.

Date: June 5, 2003

Dept: 8

Time: 1:30 p.m.

Background

Program Element 9 of the court-approved Implementation Plan for the Chino Basin Optimum Basin Management Program ("OBMP") calls for the development and implementation of storage and recovery programs to ensure that Chino Basin water and storage capacity are put to maximum beneficial use. The initial target for the cumulative quantity of water to be held in storage is an additional 500,000 acre-feet. (Implementation Plan, Program Element 9, subdivision (c)(iv)(a).) In developing storage and recovery programs, Watermaster is to give first priority to storage and

1 recovery programs that provide broad mutual benefits to the parties to the Judgment.  
2 (*Id.* at subdivision (c)(iv)(b).)

3 Watermaster has taken the first step in developing storage and recovery  
4 programs, by negotiating a Dry Year Yield ("DYY") Program for the Basin.  
5 Watermaster seeks review, under paragraph 31 of the Judgment, of its approval on  
6 March 27, 2003, of the Groundwater Storage Program Funding Agreement No. 49960  
7 ("Funding Agreement"). The Funding Agreement contains the financial terms for a new  
8 100,000 acre-foot storage account for Metropolitan Water District of Southern  
9 California ("MWD").<sup>1</sup>

10 Watermaster requests an order from this Court "declaring that the [Funding]  
11 Agreement is consistent with its responsibilities under the Peace Agreement."<sup>2</sup> (Motion,  
12 p. 2, lines 2-3.) Watermaster asserts that the question to be decided by the Court is  
13 whether or not the Funding Agreement satisfies Watermaster's commitments under  
14 section 5.2 (c) of the Peace Agreement. Consistent with the Implementation Plan, the  
15 Peace Agreement provides, at section 5.2(c)(iv)(b), that Watermaster is to give first  
16 priority to storage and recovery programs that provide broad mutual benefits to the  
17 parties to the Judgment.

18  
19 Discussion

20 A. Funding Agreement is not a "Storage Agreement" as that term is used in the  
21 Judgment.

22 The Judgment provides, at paragraph 28, that groundwater storage agreements  
23 are to contain terms that will preclude operations having a substantial adverse impact  
24 on other producers. The Judgment further provides, at Exhibit "I," that groundwater  
25 storage agreements are to contain specified information related to storage.

26  
27  
28 <sup>1</sup> MWD has three existing storage accounts.

<sup>2</sup> All references to "Peace Agreement" are to the Chino Basin Peace Agreement, dated June 29, 2000.

1 Watermaster takes the position that the Funding Agreement itself is not a  
2 "Storage Agreement," as that term is used in the Judgment. "[W]hile the [Funding]  
3 Agreement commits the parties to allocate 100,000 AF of the 500,000 AF Storage and  
4 Recovery Program to Metropolitan, the specific location and operation of the facilities  
5 necessary to accomplish this commitment must still be analyzed by Watermaster  
6 under the Material Physical Injury standard of the Peace Agreement and Rules and  
7 Regulations. This approval will take the form of Watermaster approval of the Local  
8 Agency Agreements by way of a Storage and Recovery Application filed under Article  
9 X of Watermaster's Rules and Regulations.

10 "The [Funding] Agreement itself contemplates the necessity of such further  
11 Watermaster approval. The Agreement contains the provisions that: 'Watermaster  
12 reserves the right to approve the location and amount of storage and extraction  
13 pursuant to this Agreement, in accordance with the Judgment, OBMP and its policies  
14 applicable to the Judgment Parties.' [Citation.]" (Motion, p. 8, lines 11-22.) The Court  
15 is concerned that the quoted language does not clearly state that a Storage  
16 Agreement allowing use of the 100,000 acre-foot storage account contemplated by the  
17 Funding Agreement has not yet been completed and must still be approved by both  
18 Watermaster and this Court. As noted, Watermaster indicates that approval of a  
19 Storage Agreement will be in "the form of Watermaster approval of the Local Agency  
20 Agreements by way of a Storage and Recovery Application filed under Article X of  
21 Watermaster's Rules and Regulations." It is not clear to the Court how or in what form  
22 this approval process will be conducted. However, it is clear that until Watermaster  
23 and this Court approve the Local Agency Agreements and Storage and Recovery  
24 Application, or some equivalent approval process is completed, the storage and  
25 recovery program cannot be undertaken. The Judgment mandates that the Funding  
26 Agreement be reviewed in this context.

27 ///

28 ///

1 B. The Court's review of the evidence is "de novo."

2 Under paragraph 31 of the Judgment the Court's review of any Watermaster  
3 action or decision is "de novo." Watermaster's findings, if any, may be received in  
4 evidence at the hearing but shall not constitute presumptive or prima facie proof of any  
5 fact in issue. Of course, this does not mean that Watermaster's decision is entitled to  
6 no weight at all. (Cf. *Fukuda v. City of Angels* (1999) 20 Cal. 4<sup>th</sup> 805, 817.) The key is  
7 that the Court looks at the evidence anew.

8  
9 C. The weight of the evidence supports the finding of "broad mutual benefit."

10 As noted in the introduction, both the Implementation Plan for the OBMP and the  
11 Peace Agreement, which facilitates implementation of the OBMP, provide criteria to  
12 guide Watermaster in evaluating a storage and recovery program. "Watermaster shall  
13 prioritize its efforts to regulate and condition the storage and recovery of water  
14 developed in a Storage and Recovery Program for the mutual benefit of the parties to  
15 the Judgment and give first priority to Storage and Recovery Programs that provide  
16 broad mutual benefits..." (Implementation Plan, Program Element 9, subdivision  
17 (c)(iv)(b); Peace Agreement, section 5.2 (c)(iv)(b).)

18 In support of its motion, Watermaster offers a copy of the Funding Agreement  
19 itself (Exhibit 1), copies of the two Watermaster staff reports, upon which the Advisory  
20 Committee and Board's decisions were based (Exhibits 2 & 3), and copies of previous  
21 storage agreements with MWD (Exhibits 4-6). The Court has received no objections to  
22 the evidence, nor any opposition to the motion. The evidence submitted establishes  
23 the following.

24 In November 2000, MWD issued a request for proposals for groundwater  
25 storage programs using funds from Proposition 13. In January 2001, Watermaster and  
26 IEUA jointly submitted a proposal to MWD for a groundwater conjunctive use storage  
27 program. In April 2001, MWD approved the proposal, which includes funding in the  
28 amount of \$27.5 million to be used for new production facilities--wells and wellhead

1 treatment facilities. The new facilities will provide new pumping capacity for  
2 participating parties. Of the \$27.5 million, \$9 million will come from the California  
3 Department of Water Resources ("DWR"), using Proposition 13 funds, and \$19.5  
4 million will come from MWD. MWD will advance \$1.6 million to IEUA for costs  
5 associated with CEQA compliance and preliminary engineering studies, including  
6 modeling of the Basin. CEQA approvals were completed in December 2002.

7 The term of the storage program is 25 years, with optional five-year renewal  
8 terms, up to a maximum term of 50 years. The storage target for the program is  
9 100,000 acre-feet per year, which is to be stored by MWD in wet years. The annual  
10 yield target is 33,000 acre-feet per year, which is to be produced from the Basin in  
11 times of imported water shortages, using the new facilities. A key point in the program  
12 is that MWD will allow local control and use of the facilities to be constructed. Hence,  
13 the new facilities will provide infrastructure that will be of general benefit to Basin  
14 pumpers.

15 Several Appropriative Pool members will be participating in the Program: Cities  
16 of Chino, Chino Hills, Ontario, Pomona<sup>3</sup>, Upland, and the Cucamonga County and  
17 Monte Vista Water Districts. San Antonio Water Company, Fontana Water Company  
18 and Jurupa Community Services District have also initiated negotiations concerning  
19 their participation. When MWD delivers in-lieu water into the new storage account, that  
20 water is to be provided to the participating entity at no cost, resulting in a deferred  
21 water cost. When MWD calls for extraction of the water, it will pay the operation and  
22 maintenance costs of the extraction facilities attributed to its use of the facilities, and  
23 also will pay the unit electrical cost for pumping the stored water. Further, MWD will  
24 pay an administrative fee of \$132,000 to offset the Watermaster staff time necessary to  
25 administer the program, which will require detailed record keeping. The administrative  
26 fee will be escalated using the lesser of 2.5% or the consumer price index.

27  
28 <sup>3</sup> Three Valley Municipal Water District is a party to the Funding Agreement to facilitate the City of  
Pomona's participation.

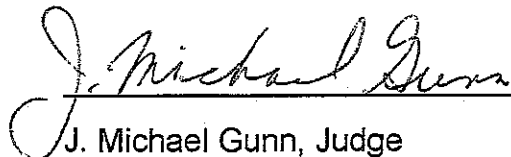
1 The benefits, costs and obligations of the Funding Agreement will be passed on  
2 to the participating entities. Further, the DYY Program will have general benefits for  
3 Basin Pumpers. The DYY Program benefits were addressed in Watermaster's Dry  
4 Year Yield Project Memorandum ("DYY Memorandum"), dated February 13, 2003  
5 (Exhibit 2); they are listed on page 6 of the DYY Memorandum. Black and Veatch  
6 estimated cash flows for benefits and costs over the life of the program, and prepared a  
7 financial analysis (Attachment III to the DYY Memorandum), which quantifies program  
8 benefits. Black and Veatch also prepared a conceptual facilities report related to the  
9 DYY Program (Attachment XII to the DYY Memorandum). Black and Veatch concludes  
10 the DYY Program "will effectively meet overlying demands via in-lieu water deliveries.  
11 Furthermore, the program meets the goals of the Basin's ... (OBMP), which are:  
12 Enhance basin water supplies [¶] Protect and enhance water quality [¶] Enhance  
13 management of the basin [¶] Equitably finance the OBMP" (Attachment XII, p. 5.)

14 Ruling

15 The Court finds that the weight of the evidence supports Watermaster's finding  
16 that the DYY Program, as described in the Funding Agreement, will provide broad  
17 mutual benefits to the parties to the Judgment.

18 The Court further finds that Watermaster's approval of the Funding Agreement  
19 is consistent with its responsibilities under the Peace Agreement, which, in turn,  
20 facilitates implementation of the court-approved OBMP.

21  
22  
23 Dated: June 5, 2003

  
J. Michael Gunn, Judge



*Watermaster Files*

FILED-Rancho Cucamonga District  
SAN BERNARDINO COUNTY  
SUPERIOR COURT

**CHINO BASIN WATERMASTER**

Case No. RCV 51010

Chino Basin Municipal Water District v. The City of Chino

JUN 12 2003

By *Wanda DeWine* Deputy  
*Q Jensen*

**PROOF OF SERVICE**

I declare that:

I am employed in the County of San Bernardino, California. I am over the age of 18 years and not a party to the within action. My business address is Chino Basin Watermaster, 8632 Archibald Avenue, Suite 109, Rancho Cucamonga, California 91730; telephone (909) 484-3888.

On June 11, 2003 I served the following that were heard on:

June 5, 2003, 1:30 p.m., Dept. R8

- A. **Order Concerning Groundwater Storage Program Funding Agreement – Agreement No. 49960**
- B. **Order Receiving Watermaster's 25<sup>th</sup> Annual Report and Status Reports Nos. 5 & 6; Order Confirming Intervention of Niagara Bottling Company**

BY MAIL: in said cause, by placing a true copy thereof enclosed with postage thereon fully prepaid, for delivery by United States Postal Service mail at Rancho Cucamonga, California, addresses as follows:

**See attached service list:**  
Attorney Service List  
Mailing List 1

BY PERSONAL SERVICE: I caused such envelope to be delivered by hand to the addressee.

BY FACSIMILE: I transmitted said document by fax transmission from (909) 484-3890 to the fax number(s) indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting fax machine.

BY ELECTRONIC MAIL: I transmitted notice of availability of electronic documents by electronic transmission to the email address indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting electronic mail device.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on June 11, 2003 in Rancho Cucamonga, California.

*Mary Staula*  
Mary Staula  
Chino Basin Watermaster

**Attorney Service List**

**Updated 6/11/03**

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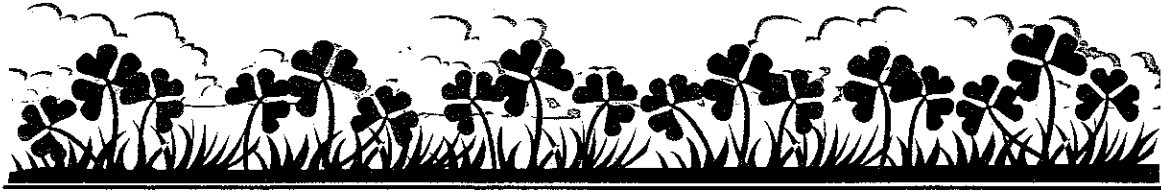
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# **CHINO BASIN WATERMASTER**

## **Exhibit II.D**



# **CHINO BASIN WATERMASTER**

**Thursday, March 25, 2004**

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

## **AGENDA PACKAGE**

**CHINO BASIN WATERMASTER  
ADVISORY COMMITTEE**

10:00 a.m. – March 25, 2004  
**At The Offices Of  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, Ca 91730**

**AGENDA**

**CALL TO ORDER**

**AGENDA - ADDITIONS/REORDER**

**I. CONSENT CALENDAR**

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

**A. MINUTES**

1. Minutes of the Advisory Committee meeting held February 26, 2004 *(Page 1)*

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of February 2004 *(Page 15)*
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2003 through January 31, 2004 *(Page 19)*
3. Treasurer's Report of Financial Affairs for the Period January 1 through January 31, 2004 *(Page 21)*
4. Profit & Loss Budget vs. Actual July 2003 through January 2004 *(Page 23)*

**II. BUSINESS ITEMS**

**A. IEUA STORAGE AGREEMENT**

Consider Approval of The Dry Year Yield Program's Storage Agreement with IEUA & TVMWD *(Page 25)*

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Monte Vista Water District Motion – Hearing April 22, 2004
2. Chino Land & Water Appellate Court Final Decision
3. MZ1 Workshop with Special Referee
4. Wilson v. Chino Basin Watermaster

**B. CEO/STAFF REPORT**

1. Mark Wildermuth Will Make a Presentation Regarding OBMP Progress through December 31, 2003
2. Update Regarding AGWA Strategic Planning Session *(Page 35)*
3. Update Regarding MWD Perchlorate Task Force *(Page 41)*
4. Update Regarding Recharge

**C. INLAND EMPIRE UTILITIES AGENCY**

1. Request for Letters of Support for AB 2525 – Clarification of “Action Level” Water Quality Terminology – Martha Davis (Page 51)
2. Water Resources Report – David Hill (Page 63)
3. Water Conservation Status Report – Dave Hill (Page 69)
4. Recycled Water Program – Tom Love (Page 71)
5. State/Federal Legislation – Martha Davis (Page 79)
6. Public Relations (Outreach Update) – Sondra Elrod (Page 99)

**IV. INFORMATION**

1. Response to Monte Vista Water District Letter Dated December 11, 2003 Regarding Assessment Package (Page 101)

**V. COMMITTEE MEMBER COMMENTS**

**VI. OTHER BUSINESS**

**VII. FUTURE MEETINGS**

March 23, 2004	9:00 a.m.	Groundwater Recharge Coordinating Committee Meeting
March 25, 2004	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting
April 6, 2004	2:00 p.m.	Water Quality Meeting
April 7, 2004	9:00 a.m.	MZ1 Technical Group Meeting
April 8, 2004	3:00 p.m.	Joint Appropriative & Non-Agricultural Pool Meeting
April 13, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
April 22, 2004	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

**Meeting Adjourn**

**CHINO BASIN WATERMASTER  
BOARD MEETING**

1:00 p.m. – March 25, 2004  
At The Offices Of  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, Ca 91730

**AGENDA**

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**AGENDA - ADDITIONS/REORDER**

**I. CONSENT CALENDAR**

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

**A. MINUTES**

1. Minutes of the Watermaster Board meeting held March 1, 2004 (*Page 1*)

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of February 2004 (*Page 15*)
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2. Update Regarding AGWA Strategic Planning Session (*Page 35*)
3. Update Regarding MWD Perchlorate Task Force (*Page 41*)

- 4. Update Regarding Recharge
- 5. Discussion Regarding Interim Plan for the Management of Subsidence

**IV. INFORMATION**

- 1. Response to Monte Vista Water District Letter Dated December 11, 2003 Regarding Assessment Package (*Page 101*)

**V. COMMITTEE MEMBER COMMENTS**

**VI. OTHER BUSINESS**

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	1:00 p.m.	Watermaster Board Meeting

**Meeting Adjourn**



# **CHINO BASIN WATERMASTER**

**Thursday, March 25, 2004**

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

## **I. CONSENT CALENDAR**

### **A. MINUTES**

1. Advisory Committee Meeting –  
February 26, 2004

**Draft Minutes**  
**CHINO BASIN WATERMASTER**  
**ADVISORY COMMITTEE MEETING**  
*February 26, 2004*

The Advisory Committee Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on February 26, 2004 at 10:00 a.m.

**ADVISORY COMMITTEE MEMBERS PRESENT**

**Agricultural Pool**

Nathan deBoom, Vice-Chair	Milk Producers Council
Jack Hagerman	State of California, CIM
John Huitsing	Milk Producers Council

**Non-Agricultural Pool**

Bob Bowcock	Vulcan Materials Company (Calmat Division)
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**Appropriative Pool**

Ken Jeske, Chair	City of Ontario
Mike Maestas	City of Chino Hills
Raul Garibay	City of Pomona
Michael McGraw	Fontana Water Company
Gerald Black	Fontana Union Water Company
Bill Stafford	Marygold Water Company
J. Arnold Rodriguez	Santa Ana River Water Company
Dave Crosley	City of Chino
Henry Pepper	City of Pomona

**Watermaster Staff Present**

John Rossi	Chief Executive Officer
Gordon Treweek	Project Engineer
Danielle Maurizio	Senior Engineer
Sheri Rojo	Finance Manager
Sheri Lynne Molino	Recording Secretary

**Watermaster Consultants Present**

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental, Inc.

**Other Presents**

Dave Hill	Inland Empire Utilities Agency
Sondra Elrod	Inland Empire Utilities Agency
Steven G. Lee	Agricultural Pool Legal Counsel
Josephine Johnson	Monte Vista Water District
Gerard Thibeault	Regional Water Quality Control Board

The Advisory Committee meeting was called to order by Chair Jeske at 10:04 a.m.

**AGENDA - ADDITIONS/REORDER**

It was asked that section III REPORTS/UPDATES, under B. CEO/STAFF REPORT, item 1 be presented prior to section II BUSINESS ITEMS due to time constraints for Mr. Wildermuth.



**I. CONSENT CALENDAR****A. MINUTES**

1. Minutes of the Advisory Committee Annual meeting held January 29, 2004
2. Minutes of the Appropriative Pool Special Conference Call held January 21, 2004

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of January 2004
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2003 through December 31, 2003
3. Treasurer's Report of Financial Affairs for the Period December 1, 2003 through December 31, 2003
4. Profit & Loss Budget vs. Actual July 2003 through December 2003

**C. WATER TRANSACTION**

1. Consider Approval for Transaction of Notice of Sale or Transfer from West San Bernardino County Water District to Cucamonga Valley Water District in the Amount of 500 acre-feet

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

*Moved to approve Consent Calendar Items A through C, as presented*

This item was taken out of sequence per request under agenda additions/reorder.

**III. REPORTS/UPDATES****B. CEO/STAFF REPORT**

Mark Wildermuth Will Make a Presentation Regarding OBMP Progress through December 31, 2003

Mr. Wildermuth gave the second portion of the OBMP Progress presentation which focused on Desalter production and its impact on the basin. Mr. Wildermuth reminded the Committee that he had previously given the presentation on Hydraulic Control and will be covering topics such as Groundwater Monitoring, Water Quality Committee, MZ1 Management Plan, and Balance of Recharge and Discharge in his future presentations. Mr. Wildermuth reviewed several maps that detailed TDS levels, Nitrate, and water quality anomalies. Lastly, he reviewed current Desalter activities which brought about a brief discussion. Questions were presented, whereupon Mr. Wildermuth felt his responses would be best answered at the March meetings after discussion with Mr. Rossi and review of gathered information.

**II. BUSINESS ITEMS****A. REQUEST FROM CITY OF CHINO CREDIT AGAINST OBMP ASSESSMENTS (FORM 7)**

Mr. Rossi confirmed the recommendation by the Pools to seek review by Mark Wildermuth for various languages contained in the Peace Agreement and Rules and Regulations with respect to the issue of requested credit against OBMP Assessments. Mr. Rossi reviewed page 48 titled "Table 1 Initial List of Programs and Projects for Form 7 Applications" detailing the left column for "Program Element and Activity" and the right column for "Potential Action by a Party that Could be Eligible for Credit Against OBMP Assessment or for Reimbursement". Questions were presented regarding the effect on assessments and the request to receive a matrix reviewing various comments be brought back at the next meeting for discussion. A discussion ensued and several interpretations were received. Mr. Rossi stated that he was anticipating receiving comments from the Committee members from recent Pool meetings along with the Advisory and Watermaster Board, at which time he will be able to present back accumulated comments. These comments will be compiled and brought back to the March meetings.

**B. DISCUSS ASSISTANCE TO REGIONAL WATER QUALITY CONTROL BOARD ON WATER QUALITY ANOMOLY SOUTH OF ONTARIO AIRPORT**

Mr. Rossi commented by unanimous Pool recommendation, which was an authorization in an amount not to exceed \$25,000 for counsel assistance to the RWQCB, he was offering this information to the Advisory Committee for comment. A brief discussion ensued and a recommendation was presented.

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

***Moved to approve counsel assistance for the Regional Board not to exceed \$25,000***

**C. BASIN PLAN AMENDMENT**

Legal counsel was tasked to provide an analysis of consistency of the Basin Plan Amendment, the Peace Agreement, and associated documents. Counsel Fife offered a presentation which examined the a) Judgment, b) Peace Agreement, c) OBMP (Phase I Report and Implementation Plan), d) Court Orders, and e) Rules and Regulations. Counsel Fife stated the Basin Plan Amendment contains both "Maximum Benefit" standards as well as "antidegradation" standards. Counsel Fife described the Maximum Benefit component of the Basin Plan Amendment as adopted by RWQCB and emphasized two issues addressed by the Peace Agreement: the Desalter schedule requirement and IEUA's waste discharge exceedance desalter requirement. The schedule for implementation for the next 20 mgd of desalter capacity, pursuant to the Peace Agreement that implements the Chino Basin OBMP, and as required by the San Bernardino Superior Court, must be submitted to the Regional Board by the Chino Basin Watermaster by October 1, 2005 was discussed in length. Counsel Fife read the September 28, 2000 Court Order, and sections of the Implementation Plan, Program Element 3 found on page 23 and 26. It was noted that the Desalter schedule requirement was defined primarily by the Court and the OBMP, and not by the Basin Plan Amendment. Counsel Fife noted that the parties could decide not to submit a schedule to RWQCB and the consequence would be reversion to antidegradation standards. Counsel Fife also reviewed the Basin Plan Amendment language regarding IEUA's waste discharge exceedance desalter requirement and a discussion ensued. The Peace Agreement sections regarding commitments relative to the next desalter were discussed in terms of their relationship to the Basin Plan Amendment.

A discussion took place in regards to Counsel Fife's presentation which included the topic of salt credits. Counsel Fife mentioned that salt credits could be very relevant in the Basin Plan Amendment if the Regional Board reverts to the use of the antidegradation standards.

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Chino Land & Water – Hearing on March 3, 2004 in Riverside  
Counsel Fife reported that oral argument in the appeal of this case is scheduled for March 3, 2004 at 8:30 am in Riverside. Each side will be given 15 minutes for argument.
2. MZ1 Workshop with Special Referee  
Counsel Fife commented that this meeting as originally scheduled was delayed in order to allow for more data to be collected. A new workshop will be scheduled, likely for sometimes in May.
3. DYY Storage Agreement and Court Approval  
A storage agreement for final approval of the DYY project is near completion. Counsel has worked with IEUA to develop storage agreement terms and it is anticipated that the draft agreement will be presented to the Pools in March.

4. Basin Plan Amendment Review  
Item 4 was covered by Counsel Fife's previous presentation and no further comment was made.
5. SWRCB Water Right Fee  
Counsel Fife commented due to the statewide budget issues, the SWRCB has moved forward with implementation of a recent law that allows them to impose a fee upon SWRCB permitted water rights. Because Watermaster holds such rights in the San Sevine system, the SWRCB has sent a bill to Watermaster. Because of the limited amount of Watermaster's rights, and the relatively small amount of the fee, the cost to Watermaster will be about \$1200. Counsel reports that other groups who are more significantly impacted have initiated litigation against the SWRCB.

Counsel Fife added below comment to III REPORTS/UPDATES section A. GENERAL LEGAL COUNSEL REPORT

Counsel Fife referenced the additional handout on the back table regarding the January 26, 2004 Loeb & Loeb letter written to Mr. Rossi of the Chino Basin Watermaster requesting copies of any and all documentation on the subject of the former Kaiser facility near Fontana, California.

*It was declared by Mr. Ken Jeske of the City of Ontario, that at which time any motion regarding this issue was made, he would have to abstain from voting pursuant to the City of Ontario's settlement agreement.*

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

1. Mark Wildermuth Will Make a Presentation Regarding OBMP Progress through December 31, 2003  
This item was taken out of order and placed prior to II BUSINESS ITEMS.
2. Discuss MWD Rate Increase Proposal  
Due to time constraints no comments were made regarding this item.
3. Update Regarding the Water Quality Committee Meeting of February 5, 2004  
Due to time constraints no comments were made regarding this item.
4. Update Regarding Reimbursement of \$169,209 for Recharge Improvement Costs  
Due to time constraints no comments were made regarding this item.
5. Discuss Process of Establishing Future Desalter Ad Hoc Committee  
Mr. Rossi stated he thought it necessary to form an Ad Hoc Committee to specifically deal with the future desalter implementation processes and asked the opinion of the Committee members. It was noted there would be numerous negotiations on this issue and feed back was welcome. Mr. Rossi informed the Committee that he had met with Scott Slater three months ago to discuss issues and brainstorm on objectives and realities for upcoming desalter needs. A reminder was made that the Court must have a written outline for future desalters filed by September 2005 and that it would take approximately 6 to 9 months for the planning which is why it is vital to form an Ad Hoc Committee as quickly as possible.

A recess was called at 11:18 a.m. by Chair Jeske.

The Advisory Committee Meeting was reconvened at 11:32 a.m. by Chair Jeske.

**C. INLAND EMPIRE UTILITIES AGENCY**

1. MWD IRP/Long Range Finance Plan Update – Dave Hill (oral)  
Mr. Hill presented a handout titled Member Agency Workshop dated February 19, 2004 Long Range Finance Plan that was not included in the package. Mr. Hill commented briefly on the contents of this report
2. Dry Year Yield Update – Rich Atwater (oral)  
No comment was made on this item.
3. Regional Recycled Water Program Status Report – Dave Hill (attached)  
Mr. Hill reviewed the IEUA Regional Recycled Water Program Status Report dated February 2004.
4. Proposition 50 Grant Opportunities Status Report – Dave Hill (oral)  
Mr. Hill presented a handout titled Proposition 50 Information and Schedule Southern California Water Dialogue dated February 10, 2004 that was not included in the package. Mr. Hill reviewed this hand out and commented that there are funds available and that IEUA was working on criteria development to move forward on obtaining these funds.
5. Water Resources Report – David Hill (attached)  
Mr. Hill spoke on the highlights of the February 2004 Water Resources Update which included 1) Santa Ana Watershed Project Authority, 2) Metropolitan Water District of Southern California, 3) CALFED, Updates, 4) Colorado River, Updates and Issues, 5) Water Conservation Activity Summary, 6) State Water Plan, and 7) Water Resources Coordination Calendar.
6. Water Conservation Status Report – Dave Hill (attached)  
Mr. Hill summarized the various programs in the February 26, 2004 Water Conservation Report.
7. Recycled Water Program – Dave Hill (attached)  
Mr. Hill presented the current Active Projects – Phase I in the January 2004 Recycled Water Summary.
8. Chino Basin Facilities Improvement Project (Recharge) – Dave Hill (attached)  
Mr. Hill made no comment on this item.
9. State/Federal Legislation – Dave Hill (attached)  
Mr. Hill stated that this report was attached to the packet and had no further comment on this item.
10. Public Relations (Outreach Update) – Sondra Elrod  
Ms. Elrod reviewed the upcoming calendar of events, and highlighted the recent agency tours that took place earlier in February. Ms. Elrod commented on the agency outreach programs for the month of February.

**IV. INFORMATION**

Mr. Rossi informed the Committee that the refund had been received and Watermaster's portion was \$188,114.90 from Metropolitan Water District. Watermaster is analyzing the various ways to divide up the refund and Mr. Rossi commented that it should be equitably distributed. Further update will follow at the March meetings.

**V. POOL MEMBER COMMENTS**

No comments were made on this item.

**VI. OTHER BUSINESS**

No comments were made on this item.

**VII. FUTURE MEETINGS**

February 26, 2004	10:00 a.m.	Advisory Committee Meeting
March 1, 2004	1:00 p.m.	Watermaster Board Meeting
March 11, 2004	3:00 p.m.	Joint Appropriative & Non-Ag Pool Meeting
March 16, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
March 23, 2004	2:00 p.m.	Water Quality Committee Meeting
March 25, 2004	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

The Advisory Committee Meeting Adjourned at 11:55 a.m.

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

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



# **CHINO BASIN WATERMASTER**

**Thursday, March 25, 2004**

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

## **I. CONSENT CALENDAR**

### **A. MINUTES**

1. Watermaster Board Meeting –  
March 1, 2004

***Draft Minutes***  
**CHINO BASIN WATERMASTER**  
**BOARD MEETING**  
*March 1, 2004*

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on March 1, at 1:00 p.m.

**WATERMASTER BOARD MEMBERS PRESENT**

Robert Neufeld, Chair	Fontana Union Water Company
Terry Catlin, Vice-Chair	Inland Empire Utilities Agency
Dan Rodriguez, Secretary	City of Pomona
Bob Kuhn	Three Valleys Municipal Water District
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
Bill Kruger	City of Chino Hills
Bob Bowcock	Vulcan Materials Company (Calmat Division)
Robert Feenstra	Milk Producers Council
Phil Rosentrater	Western Municipal Water District

**Watermaster Staff Present**

John Rossi	Chief Executive Officer
Gordon Treweek	Project Engineer
Danielle Maurizio	Senior Engineer
Sheri Rojo	Finance Manager
Sherri Lynne Molino	Recording Secretary

**Watermaster Consultants Present**

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental, Inc.

**Others Present**

Vic Barrion	Reliant Energy, Etiwanda LLC
Mike Maestas	City of Chino Hills
Josephine Johnson	Monte Vista Water District
Mark Kinsey	Monte Vista Water District
Ken Jeske	City of Ontario
Dave Crosley	City of Chino
Raul Garibay	City of Pomona
Henry Pepper	City of Pomona
Robert DeLoach	Cucamonga Valley Water District
Rita Kurth	Cucamonga Valley Water District
Gerard Thibeault	Regional Water Quality Control Board
Jean Cihigoyenetché	Inland Empire Utilities Agency

The Board meeting was called to order by Chair Nuefeld at 1:00 p.m.

**AGENDA - ADDITIONS/REORDER**

It was asked that section III REPORTS/UPDATES, under B. CEO/STAFF REPORT, item 1 be presented prior to section II BUSINESS ITEMS due time constraints for Mr. Wildermuth.

**I. CONSENT CALENDAR****A. MINUTES**

1. Minutes of the Watermaster Board Annual meeting held January 29, 2004
2. Minutes of the Appropriative Pool Special Conference Call held January 21, 2004

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of January 2004
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2003 through December 31, 2003
3. Treasurer's Report of Financial Affairs for the Period December 1, 2003 through December 31, 2003
4. Profit & Loss Budget vs. Actual July 2003 through December 2003
5. SWRCB Water Right Fee

**C. WATER TRANSACTION**

1. Consider Approval for Transaction of Notice of Sale or Transfer from West San Bernardino County Water District to Cucamonga Valley Water District in the Amount of 500 acre-feet

*Motion by Catlin, second by Kruger, and by unanimous vote*

*Moved to approve Consent Calendar Items A through C, as presented*

This item was taken out of sequence per request under agenda additions/reorder.

**III. REPORTS/UPDATES****B. CEO/STAFF REPORT**

1. Mark Wildermuth Will Make a Presentation Regarding OBMP Progress through December 31, 2003

Mr. Wildermuth gave the second portion of the OBMP Progress presentation which focused on Desalter production and its impact on the basin. Mr. Wildermuth reminded the Board that he had previously given the presentation on Hydraulic Control and noted that he will cover other OBMP activities in subsequent meetings. Mr. Wildermuth reviewed several maps that detailed TDS levels, Nitrate, and water quality anomalies. Lastly, he reviewed current Desalter activities highlighting three points 1) Preserve/enhance the Safe Yield, 2) Put degraded groundwater to beneficial use, and 3) Hydraulic control of groundwater outflow. Mr. Wildermuth read the September 2000 Court Order which read, "The Court hereby gives notice to the parties that a primary concern of the Court in any future application of reappointment of the nine-member board will be in the parties' continued commitment to provide for future desalters and preserve the safe yield in accordance with the OBMP". This brought about a brief discussion regarding the MZ1 three year study period and it was noted that this item needs to be on the Agenda for March. Questions were presented, whereupon Mr. Wildermuth felt his responses would be brought back to the Board members at the March meetings after discussion with Mr. Rossi and review of gathered information.

**II. BUSINESS ITEMS****A. REQUEST FROM CITY OF CHINO CREDIT AGAINST OBMP ASSESSMENTS (FORM 7)**

Mr. Rossi commented that discussions started in the October/November time frame regarding the credit the City of Chino was requesting for facilities they are building. The gathering of comments from the Pools, Advisory Committee and finally the Board, will be brought back for review. A brief analysis of page 46 of the packet on Projects, Programs and Activities that Could be Eligible was made. Mr. Rossi stated that there was a Draft City of Ontario Form 7 Application on the back table for information purposes and is looking for input on that as well as the City of Chino's Form 7. The question whether the credit would be limited to the annual



assessments was presented. A discussion ensued regarding this question and one concern noted was, the possibility of zeroing out assessments due to credits along with the credit being required to be consistent with the OBMP.

This item is for information only and comments are being formulated from each meeting and will be addressed at the March meetings for comment.

**B. DISCUSS ASSISTANCE TO REGIONAL WATER QUALITY CONTROL BOARD ON WATER QUALITY ANOMOLY SOUTH OF ONTARIO AIRPORT**

Mr. Rossi informed Board members the Pools and Advisory Committee unanimously recommended approval to provide counsel assistance to write up draft clean up and abatement orders for the Regional Board and was bringing this recommendation to the Board. Mr. Rossi added comment that the Agricultural Pool recommended the approval after receiving an overview and a question and answer session given by Mr. Thibeault at the Pool meetings in February. A discussion ensued regarding the previous Pool and Advisory meetings which reviewed concerns and comments.

Verbatim statements at the request of Board members are as follows:

*Geoff Vanden Heuvel said, "I appreciate Gerry Thibeault visiting with the Ag Pool and the Ag Pool did decide to support this and as a representative of the Ag Pool I will support it. I do have grave misgivings about it though. I don't think this is the right way to do public policy, I think the government ought to fund its own enforcement. The public shouldn't be depending on third parties to provide financing to do enforcement of the law. Again, I think its a bad way to do public policy and so I have a principled opposition to this, but I realize the practical concerns and the importance of the issue and I also appreciate Gerry's visiting with the Ag Pool and taking all of our questions and we had a very good discussion and in the scope of things, I will support the upcoming motion to endorse this, although I want my reservations noted in the minutes".*

*Chair Neufeld said, "I would certainly agree with Mr. Vanden Heuvel. I would agree that maybe what we need to do is, as a part of this, we undertake this as a Board to look at this issue to see what we can do to support these other agencies in being able to find the necessary funding that they need from the state because I certainly do not agree that we should be there to do these things that is really the responsibly of those agencies and through no fault of their own they are unable to do that. So while I am supportive of the motion that comes before us here I also want the record to reflect that I am certainly opposed to this becoming a regular policy for this agency or any other public agency to support the police actions that are required by law for other agencies to do as part of their responsibility".*

*Motion by Feenstra and second by Kruger, and by unanimous vote*

***Moved to approve up to \$25,000 to place assistance for the Regional Board to prepare draft clean up and abatement orders***

Dialog continued between Board members and the question of a time frame was asked of Mr. Thibeault along with a scenario of actions with a time frame after the Potentially Responsible Party (PRP) receives the clean up and abatement order. Mr. Thibeault felt that the majority of time spent would be for reviewing the response from the PRP than actually preparing the draft clean up and abatement orders. With this answer, Mr. Feenstra wanted to withdraw his prior motion although Chair Neufeld stated to leave the motion as standing for discussion purposes.

Discussion ensued at length and the Board was perplexed at the answer of the time frame due to the fact that this was the first mention that assistance was not only for preparation of draft clean up and abatement orders but for reviewing responses. It was noted that more

discussion and information was needed before a motion was made. Chair Nuefeld inquired, at this time, if Mr. Feenstra and Mr. Bowcock wanted to withdraw their motion.

*Motion withdrawn by Feenstra and second withdrawn by Bowcock, and by unanimous vote*

**Moved to withdraw first motion to rectify motion and provide more clarity to the direction the funds will used and in what time frame**

Mr. Rossi offered suggested wording for the motion to read as, "Move to authorize up to \$25,000 to provide consulting assistance to the RWQCB for the preparation of draft clean up and abatement orders within 120 days, and to authorize any unexpended funds to be utilized in support of the clean up and abatement orders to be expended no later than September 30, 2004".

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

**Moved to have a discussion on Mr. Rossi's suggested language for motion**

It was recommended to go out a year instead of six months and a report must be given by September 30, 2004 on what is going on with the progress by Watermaster. Also, it was suggested that a closer leash on the issue other than 120 days is needed for progress reports. It was suggested to set a date of 90 days to hear a review from the Regional Board and to be immediately copied on any and all responses and/or correspondence to the Regional Board and to receive summary reports on this discussion. Lastly, a question was presented to Counsel Fife as to whether Watermaster would be exposed to any liability of lawsuit from potential PRPs for having provided this assistance to the Regional Board.

Counsel Fife answered, that counsel had looked at this question in an anticipation of the discussion at the Agricultural Pool level, at the request of Mr. Brommenschenkel. Counsel Fife noted that one of the requirements of providing this assistance to the Regional Board is that Watermaster cannot control the Regional Board, that they must maintain their full discretion as to how to spend the money, how to pursue the PRP, etc. Watermaster is simply giving them the resources to do this task and because of that liability concerns should be minimal. Watermaster is not telling the Regional Board to do any specific action; we are simply giving them the resources to pursue an enforcement task which they have already identified. In a broader sense the only source of liability counsel's research revealed was where PRPs were pursued for some type of improper purpose. Such as, we don't like the people -- we are going after them because we don't like them, something like that. Counsel Fife indicated that there are reams of documentation that support the idea that we are going after these PRPs as an attempt to resolve legitimate water quality problems.

Mr. Rossi added that he would be meeting with Jennifer West in Sacramento to review this issue with her as requested in recent meetings to apprise legislative members of these current situations.

With all comments received, Chair Neufeld requested a motion be presented to the Board members.

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

**Moved to authorize up to \$25,000 to provide consulting assistance to the Regional Board for the preparation of draft clean up and abatement orders within 90 days and authorize any unexpended funds to be utilized in support of the clean up and abatement orders no later than February 28, 2005. Watermaster staff shall report quarterly on this project**

**C. BASIN PLAN AMENDMENT**

Legal counsel was tasked to provide an analysis of consistency of the Basin Plan Amendment, the Peace Agreement, and associated documents. Counsel Fife offered a presentation which examined the a) Judgment, b) Peace Agreement, c) OBMP (Phase I Report and Implementation Plan), d) Court Orders, and e) Rules and Regulations. Counsel Fife stated the Basin Plan Amendment contains both "Maximum Benefit" standards as well as "antidegradation" standards. Counsel Fife described the Maximum Benefit component of the Basin Plan Amendment as adopted by RWQCB and emphasized two issues addressed by the Peace Agreement: the Desalter schedule requirement and IEUA's waste discharge exceedance desalter requirement. The schedule for implementation for the next 20 mgd of desalter capacity, pursuant to the Peace Agreement that implements the Chino Basin OBMP, and as required by the San Bernardino Superior Court, must be submitted to the Regional Board by the Chino Basin Watermaster by October 1, 2005 was discussed in length. Counsel Fife read the September 28, 2000 Court Order, and sections of the Implementation Plan, Program Element 3 found on page 23 and 26. It was noted that the Desalter schedule requirement was defined primarily by the Court and the OBMP, and not by the Basin Plan Amendment. Counsel Fife noted that the parties could decide not to submit a schedule to RWQCB and the consequence would be reversion to antidegradation standards. Counsel Fife also reviewed the Basin Plan Amendment language regarding IEUA's waste discharge exceedance desalter requirement and a discussion ensued. The Peace Agreement sections regarding commitments relative to the next desalter were discussed in terms of their relationship to the Basin Plan Amendment.

Comment was received regarding Agriculture still being in the area and taking advantage of that in investigating Desalter III possibilities. Also noting it was felt that we are replacing Agricultural production with Desalter production. A discussion ensued as to what the court is requiring as far as a schedule for a continued commitment to this portion of the OBMP and argument was received with regard to reduced Agricultural data. Counsel Fife stated that the only guidance so far provided by the Court is that it will be expecting to see a schedule which demonstrates a continued commitment to implement the desalter component of the OBMP.

Counsel Fife mentioned that the decision of the next desalter needs to be driven by hydraulics and this needs to be discussed further. Concerns of language consistency were presented and Counsel Fife stated that there is no inconsistency found and felt it was consistent with the Peace Agreement. An inquiry if the SWRQB could expedite approval of Basin Plan Amendment was presented. Mr. Thibeault affirmed that they could hear it sooner. This comment was asked to be added to the agenda for a motion.

*Motion by Vanden Heuvel, second by Kruger, and by unanimous vote*  
**Moved to add this item to the agenda for possible action**

*Motion by Vanden Heuvel, second by Kruger, and by unanimous vote*  
**Moved to consider requesting SWRQB to expedite approval of Basin Plan Amendment**

**III. REPORTS/UPDATES****A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. Chino Land & Water – Hearing on March 3, 2004 in Riverside**

Counsel Fife reported that oral argument in the appeal of this case is scheduled for March 3, 2004 at 8:30 am in Riverside. Each side will be given 15 minutes for argument.

2. MZ1 Workshop with Special Referee  
Counsel Fife commented that this meeting as originally scheduled was delayed in order to allow for more data to be collected. A new workshop will be scheduled, likely for sometimes in May.
3. DYY Storage Agreement and Court Approval  
A storage agreement for final approval of the DYY project is near completion. Counsel has worked with IEUA to develop storage agreement terms and it is anticipated that the draft agreement will be presented to the Pools in March.
4. Basin Plan Amendment Review  
Item 4 was covered by Counsel Fife's previous presentation and no further comment was made.
5. SWRCB Water Right Fee  
Due to the statewide budget issues, the SWRCB has moved forward with implementation of a recent law that allows them to impose a fee upon SWRCB permitted water rights. Because Watermaster holds such rights in the San Sevaine system, the SWRCB has sent a bill to Watermaster. Because of the limited amount of Watermaster's rights, and the relatively small amount of the fee, the cost to Watermaster will be about \$1200. Counsel reports that other groups who are more significantly impacted have initiated litigation against the SWRCB.

Counsel Fife added below comment to III REPORTS/UPDATES section A. GENERAL LEGAL COUNSEL REPORT

Counsel Fife referenced the additional handout on the back table regarding the January 26, 2004 Loeb & Loeb letter written to Mr. Rossi of the Chino Basin Watermaster requesting copies of any and all documentation on the subject of the former Kaiser facility near Fontana, California.

**B. CEO/STAFF REPORT**

1. Mark Wildermuth Will Make a Presentation Regarding OBMP Progress through December 31, 2003  
This item was taken out of order and placed prior to II BUSINESS ITEMS.
2. Discuss MWD Rate Increase Proposal  
Mr. Rossi commented that Metropolitan was raising their rates and that Watermaster was concerned about replenishment rates and that the CFO from Metropolitan agreed to meet with Mr. Atwater and himself regarding this issue.
3. Update Regarding the Water Quality Committee Meeting of February 5, 2004  
Mr. Rossi presented what topics were discussed at the Water Quality Committee meeting and noted Dr. Rhodes Trussell gave a presentation on Regulation and Removal of Perchlorate. Mr. Rossi noted that the first set of data from the Chino Airport TCE had come out; although he had not yet seen it. There was a discussion on this topic at the meeting. A discussion ensued with regard to the settlement negotiations with Kaiser. Counsel Fife was asked to review the agreement once it was completed.
4. Update Regarding Reimbursement of \$169,209 for Recharge Improvement Costs  
Mr. Rossi informed the Board about the reimbursement check received and felt that these funds needed to be placed in a reserve account until the 7<sup>th</sup> bid package was finalized.

5. Discuss Process of Establishing Future Desalter Ad Hoc Committee

Mr. Rossi stated he felt it could be necessary to form an Ad Hoc Committee to specifically deal with the future desalter implementation processes and asked the thoughts of the Board members. Mr. Rossi informed the Board that he had met with Scott Slater three months ago to discuss issues and brainstorm on objectives and realities for upcoming desalter discussions. A reminder was made that the Court must have a written report for future desalters filed by September 2005 and that it would take approximately 6 to 9 months for the planning. Mr. Rossi noted the received concerns and stated that he will be soliciting comments to begin this discussion process and welcomed participation and will appreciate suggestions being brought back to the March meeting.

IV. INFORMATION

1. Refund of \$188,114.90 From MWD for Fiscal Year 2002/2003

Mr. Rossi informed the Committee that the refund had been received and Watermaster's portion was \$188,114.90 from Metropolitan Water District. Watermaster is analyzing the various ways to divide up the refund and Mr. Rossi commented that it should be equitably distributed. Further update will follow at the March meetings.

V. POOL MEMBER COMMENTS

Mr. Feenstra inquired if he was able to submit suggestions and/or comments on the various requests since he was a substitute. It was noted that all comments were welcome to assist in moving forward on issues. Mr. Neufeld requested that an update on the recent storms and current construction activities be added to the agenda for next month.

VI. OTHER BUSINESS

Mr. Rossi acknowledged the AGWA committee last year had low attendance along with less eagerness displayed than in previous years however was pleased to report that at the last meeting there was good attendance and the committee had a very productive session and felt there was a sense of renewed enthusiasm within the group.

Mr. Rossi also mentioned that Mr. Joe Scalmanini will be in attendance at the upcoming MZ1 Technical Group/Injection Well Demonstration Project meeting being held at the Chino City Hall facility on March 10, 2004.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

This item was cancelled and no further comment was made for this item.

VIII. FUTURE MEETINGS

February 26, 2004	10:00 a.m.	Advisory Committee Meeting
March 1, 2004	1:00 p.m.	Watermaster Board Meeting
March 11, 2004	3:00 p.m.	Joint Appropriative & Non-Ag Pool Meeting
March 16, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
March 23, 2004	2:00 p.m.	Water Quality Committee Meeting
March 25, 2004	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

The Watermaster Board Meeting Adjourned at 3:35 p.m.

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

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

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# CHINO BASIN WATERMASTER

**Thursday, March 25, 2004**

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

## **I. CONSENT CALENDAR**

### **B. FINANCIAL REPORTS**

1. Cash Disbursements February 2004
2. Combining Schedule of Revenue, Expenses and changes in Working Capital for the Periods July 1, 2003 through January 31, 2004
3. Treasurer's Report of Financial Affairs for January 1 through January 31, 2004
4. Profit & Loss Budget vs. Actual July 2003 through January 2004



# CHINO BASIN WATERMASTER

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

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**JOHN V. ROSSI**  
Chief Executive Officer

## STAFF REPORT

**DATE:** March 11, 2004  
March 16, 2004  
March 25, 2004

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** Cash Disbursement Report – February 2004

### SUMMARY

**Issue** – Record of cash disbursements for the month of February 2004.

**Recommendation** – Staff recommends the Cash Disbursements for February 2004 be received and filed as presented.

**Fiscal Impact** – All funds disbursed were included in the FY 2003-04 Watermaster Budget.

### BACKGROUND

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

### DISCUSSION

Total cash disbursements during the month of February 2004 were \$629,541.60. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of \$108,123.41 and Black & Veatch Corporation in the amount of \$24,587.50



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**CHINO BASIN WATERMASTER**  
**Cash Disbursement Detail Report**  
**February 2004**

Type	Date	Num	Name	Amount
Feb 04				
General Journal	2/4/2004	04/02/4	PAYROLL	-4,125.97
General Journal	2/4/2004	04/02/4	PAYROLL	-14,471.98
Bill Pmt -Check	2/12/2004	8394	VERIZON	-37.73
Bill Pmt -Check	2/12/2004	8395	A & R TIRE	-1,165.83
Bill Pmt -Check	2/12/2004	8396	ACWA SERVICES CORPORATION	-58.44
Bill Pmt -Check	2/12/2004	8397	APPLIED COMPUTER TECHNOLOGIES	-1,786.40
Bill Pmt -Check	2/12/2004	8398	ARROWHEAD MOUNTAIN SPRING WATER	-23.09
Bill Pmt -Check	2/12/2004	8399	BARRION, VICTOR A	-125.00
Bill Pmt -Check	2/12/2004	8400	BLACK & VEATCH CORPORATION	-3,211.25
Bill Pmt -Check	2/12/2004	8401	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	2/12/2004	8402	CALIFORNIA WATER AWARENESS CAMPAIGN	-375.00
Bill Pmt -Check	2/12/2004	8403	CATLIN, TERRY	-125.00
Bill Pmt -Check	2/12/2004	8404	CHEVRON	-403.96
Bill Pmt -Check	2/12/2004	8405	INLAND COUNTIES INSURANCE SERVICES, INC.	-342.22
Bill Pmt -Check	2/12/2004	8406	KRUGER, W. C. "BILL"	-125.00
Bill Pmt -Check	2/12/2004	8407	KUHN, BOB	-125.00
Bill Pmt -Check	2/12/2004	8408	MATSON, JANET	-1,785.00
Bill Pmt -Check	2/12/2004	8409	MWH LABORATORIES	-2,270.00
Bill Pmt -Check	2/12/2004	8410	MWH MONTGOMERY WATSON HARZA	-1,823.00
Bill Pmt -Check	2/12/2004	8411	NEUFELD, ROBERT	-125.00
Bill Pmt -Check	2/12/2004	8412	OFFICE DEPOT	-461.75
Bill Pmt -Check	2/12/2004	8413	PAYCHEX	-222.70
Bill Pmt -Check	2/12/2004	8414	PUMP CHECK	-1,419.50
Bill Pmt -Check	2/12/2004	8415	PURCHASE POWER	-1.09
Bill Pmt -Check	2/12/2004	8416	RAUCH COMMUNICATION CONSULTANTS, LLC	-2,605.68
Bill Pmt -Check	2/12/2004	8417	RBM LOCK & KEY	-39.49
Bill Pmt -Check	2/12/2004	8418	RETAIL SERVICES	-331.57
Bill Pmt -Check	2/12/2004	8419	RICKLY HYDROLOGICAL CO.	-5.00
Bill Pmt -Check	2/12/2004	8420	RICOH BUSINESS SYSTEMS-Maintenance	-655.66
Bill Pmt -Check	2/12/2004	8421	RODRIGUEZ, DAN	-125.00
Bill Pmt -Check	2/12/2004	8422	SOLOINIST CANADA LTD.	-40.06
Bill Pmt -Check	2/12/2004	8423	TLC STAFFING	-1,714.02
Bill Pmt -Check	2/12/2004	8424	USA-FACT INC	-183.20
Bill Pmt -Check	2/12/2004	8425	USPS/PITNEY BOWES	-2,000.00
Bill Pmt -Check	2/12/2004	8426	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	2/12/2004	8427	VELASQUEZ JANITORIAL	-900.00
Bill Pmt -Check	2/12/2004	8428	VERIZON	-514.55
Bill Pmt -Check	2/12/2004	8429	WILLIAM DEWEY	-30.00
Bill Pmt -Check	2/12/2004	8430	YATES, DENNIS	-125.00
Bill Pmt -Check	2/12/2004	8392	PUMP CHECK	-1,120.00
Bill Pmt -Check	2/12/2004	8393	STATE COMPENSATION INSURANCE FUND	-805.86
Bill Pmt -Check	2/12/2004	8431	BANK OF AMERICA	-347.11
Bill Pmt -Check	2/12/2004	8432	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	2/12/2004	8433	INLAND EMPIRE UTILITIES AGENCY	-6,666.67
Bill Pmt -Check	2/12/2004	8434	MEDIA JIM	-750.00
Bill Pmt -Check	2/12/2004	8435	MYRON L COMPANY	-45.97
Bill Pmt -Check	2/20/2004	8436	STATE WATER RESOURCES CONTROL BD	-495.00
Bill Pmt -Check	2/20/2004	8437	BLACK & VEATCH CORPORATION	-24,587.50
Bill Pmt -Check	2/20/2004	8438	COSTCO WHOLESALE MEMBERSHIP	-80.00
Bill Pmt -Check	2/20/2004	8439	CUCAMONGA COUNTY WATER DISTRICT	-4,900.00
Bill Pmt -Check	2/20/2004	8440	ELLISON, SCHNEIDER & HARRIS, LLP	-10,880.84
Bill Pmt -Check	2/20/2004	8441	HATCH AND PARENT	-23,881.60
Bill Pmt -Check	2/20/2004	8442	INLAND EMPIRE UTILITIES AGENCY	-120.75
Bill Pmt -Check	2/20/2004	8443	MCI	-900.15
Bill Pmt -Check	2/20/2004	8444	MWH LABORATORIES	-1,180.00
Bill Pmt -Check	2/20/2004	8445	PUMP CHECK	-1,574.48
Bill Pmt -Check	2/20/2004	8446	RICOH BUSINESS SYSTEMS-Lease	-387.24
Bill Pmt -Check	2/20/2004	8447	STATE WATER RESOURCES CONTROL BD	-891.00
Bill Pmt -Check	2/20/2004	8448	TLC STAFFING	-1,780.80
Bill Pmt -Check	2/20/2004	8449	UNITED PARCEL SERVICE	-411.74
Bill Pmt -Check	2/20/2004	8450	UNITEK TECHNOLOGY INC.	-408.37
Bill Pmt -Check	2/20/2004	8451	WHEELER METER MAINTENANCE	-3,343.39
Bill Pmt -Check	2/20/2004	8452	WILDERMUTH ENVIRONMENTAL INC	-108,123.41
Bill Pmt -Check	2/20/2004	8453	PETTY CASH	-381.88
Bill Pmt -Check	2/20/2004	8454	PUMP CHECK	-1,540.00
General Journal	2/20/2004	04/02/7	PAYROLL	-3,876.86
General Journal	2/20/2004	04/02/7	PAYROLL	-14,471.98
Bill Pmt -Check	2/23/2004	8455	WILDERMUTH ENVIRONMENTAL INC	-3,504.75
				<b>-261,711.49</b>

Feb 04

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CHINO BASIN WATERMASTER  
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL  
 FOR THE  
 PERIOD JULY 1, 2003 THROUGH JANUARY 31, 2004

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2003-04
Administrative Revenues										
Administrative Assessments			4,614,056		122,460				4,736,516	\$3,940,516
Interest Revenue			18,862	3,756	1,141				23,781	112,025
Mutual Agency Project Revenue		169,209						22	169,209	0
Grant Income									-	0
Miscellaneous Income	471								-	0
Total Revenues	471	169,209	4,632,918	3,756	123,601	-	-	22	4,929,977	4,052,541
Administrative & Project Expenditures										
Watermaster Administration	512,398								512,398	617,732
Watermaster Board-Advisory Committee	22,418								22,418	43,442
Pool Administration			8,076	186,110	2,037				196,223	255,148
Optimum Basin Mgmt Administration		473,019							473,019	1,034,064
OBMP Project Costs		1,367,061							1,367,061	3,365,079
Education Funds Use									-	375
Mutual Agency Project Costs	41,416								41,416	85,004
Total Administrative/OBMP Expenses	576,232	1,840,080	8,076	186,110	2,037				2,612,535	5,400,844
Net Administrative/OBMP Income	(575,761)	(1,670,871)							-	
Allocate Net Admin Income To Pools	575,761		427,126	131,585	17,049				-	0
Allocate Net OBMP Income To Pools		1,670,871	1,239,530	381,864	49,477				-	0
Agricultural Expense Transfer			695,409	(695,409)					-	0
Total Expenses			2,370,142	4,150	68,563				-	0
Net Administrative Income			2,262,776	(394)	55,038				2,317,442	(1,348,303)
Other Income/(Expense)										
Replenishment Water Purchases						4,155,749			4,155,749	0
MZ1 Supplemental Water Assessments						1,585,854			1,585,854	2,189,500
Water Purchases									-	0
MZ1 Imported Water Purchase									-	0
Groundwater Replenishment									(356,600)	(2,273,500)
Net Other Income						(356,600)			(356,600)	0
						5,385,003			5,385,003	(84,000)
Net Transfers To/(From) Reserves			2,262,776	(394)	55,038	5,385,003		22	7,702,445	(1,432,303)
Working Capital, July 1, 2003			2,813,947	466,069	188,310	266,503	158,251	2,532	3,895,611	
Working Capital, End Of Period			5,076,723	465,675	243,348	5,651,506	158,251	2,554	11,598,056	
02/03 Production			121,586.420	37,457.315	4,853.247				163,896.982	
02/03 Production Percentages			74.185%	22.854%	2.961%				100.000%	

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**CHINO BASIN WATERMASTER  
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD  
JANUARY 1 THROUGH JANUARY 31, 2004**

**SUMMARY at 1/31/2004**

**DEPOSITORIES:**

Cash on Hand - Petty Cash			\$	500
Bank of America				
Governmental Checking-Demand Deposits	\$	57,594		
Savings Deposits		9,617		
Zero Balance Account - Payroll		-		67,211
Local Agency Investment Fund - Sacramento				<u>11,593,854</u>
<b>TOTAL CASH IN BANKS AND ON HAND</b>				<b>\$ 11,661,565</b>
TOTAL CASH IN BANKS AND ON HAND	1/31/2004			1,791,074
	12/31/2003			
<b>PERIOD INCREASE (DECREASE)</b>				<b><u>\$ 9,870,491</u></b>

**CHANGE IN CASH POSITION DUE TO:**

Decrease/(Increase) in Assets:	Accounts Receivable	\$ 176,835
	Assessments Receivable	10,165,474
	Prepaid Expenses, Deposits & Other Current Assets	157,455
(Decrease)/Increase in Liabilities	Accounts Payable	(333,923)
	Accrued Payroll, Payroll Taxes & Other Current Liabilities	15,055
	Transfer to/(from) Reserves	<u>(310,405)</u>
<b>PERIOD INCREASE (DECREASE)</b>		<b><u>\$ 9,870,491</u></b>

**SUMMARY OF FINANCIAL TRANSACTIONS:**

	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Savings	Local Agency Investment Funds	Totals
Balances as of 12/31/2003	\$ 500	\$ 95,745	\$ -	\$ 9,617	\$ 1,685,212	\$ 1,791,074
Deposits		10,491,390	-	-	8,642	10,500,032
Transfers		(9,936,771)	36,771	-	9,900,000	-
Withdrawals/Checks		(592,770)	(36,771)	-	-	(629,541)
Balances as of 1/31/2004	<u>\$ 500</u>	<u>\$ 57,594</u>	<u>\$ -</u>	<u>\$ 9,617</u>	<u>\$ 11,593,854</u>	<u>\$ 11,661,565</u>
<b>PERIOD INCREASE OR (DECREASE)</b>	<b>\$ -</b>	<b>\$ (38,151)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,908,642</b>	<b>\$ 9,870,491</b>

**CHINO BASIN WATERMASTER  
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD  
JANUARY 1 THROUGH JANUARY 31, 2004**

**INVESTMENT TRANSACTIONS**

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
1/31/2004	Interest	L.A.I.F.	\$ 8,642.00				
1/20/2004	Deposit	L.A.I.F.	5,900,000				
1/30/2004	Deposit	L.A.I.F.	\$ 4,000,000				
<b>TOTAL INVESTMENT TRANSACTIONS</b>			<b>\$ 9,908,642</b>				

\* The earnings rate for L.A.I.F. is a daily variable rate; 1.63% was the effective yield rate at the Quarter ended September 30, 2003.

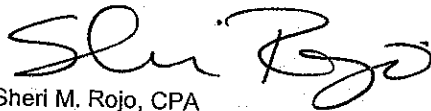
**INVESTMENT STATUS  
January 31, 2004**

<u>Financial Institution</u>	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 11,593,854			
Time Certificates of Deposit				
<b>TOTAL INVESTMENTS</b>	<b>\$ 11,593,854</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,



Sheri M. Rojo, CPA  
Finance Manager  
Chino Basin Watermaster

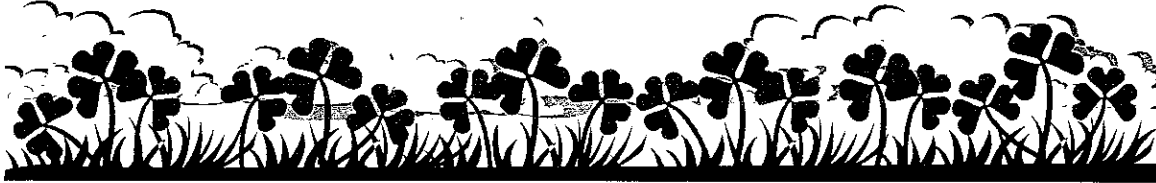
CHINO BASIN WATERMASTER  
Profit & Loss Budget vs. Actual  
July 2003 through January 2004

	<u>Jul '03 - Jan 04</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4010 · Local Agency Subsidies	169,208.96	0.00	169,208.96	100.00%
4110 · Admin Asmnts-Approp Pool	4,614,055.82	3,931,695.00	682,360.82	117.36%
4120 · Admin Asmnts-Non-Agri Pool	122,460.43	88,201.00	34,259.43	138.84%
4700 · Non Operating Revenues	24,251.33	112,025.00	-87,773.67	21.65%
<b>Total Income</b>	<u>4,929,976.54</u>	<u>4,131,921.00</u>	<u>798,055.54</u>	<u>119.31%</u>
<b>Gross Profit</b>	4,929,976.54	4,131,921.00	798,055.54	119.31%
<b>Expense</b>				
6010 · Salary Costs	281,858.69	385,900.00	-104,041.31	73.04%
6020 · Office Building Expense	133,605.74	108,995.00	24,610.74	122.58%
6030 · Office Supplies & Equip.	38,822.98	41,000.00	-2,177.02	94.69%
6040 · Postage & Printing Costs	40,732.78	66,400.00	-25,667.22	61.35%
6050 · Information Services	67,512.19	105,750.00	-38,237.81	63.84%
6061 · Other Consultants	7,534.91	29,000.00	-21,465.09	25.98%
6062 · Audit Services	3,839.00	5,000.00	-1,161.00	76.78%
6063 · Public Relations Consultan	0.00	12,000.00	-12,000.00	0.00%
6067.1 · General Counsel	17,861.86	75,000.00	-57,138.14	23.82%
6080 · Insurance	12,261.20	16,710.00	-4,448.80	73.38%
6110 · Dues and Subscriptions	8,413.10	14,500.00	-6,086.90	58.02%
6140 · Other WM Admin Expenses	1,230.61	0.00	1,230.61	100.00%
6150 · Field Supplies	535.35	4,250.00	-3,714.65	12.60%
6170 · Travel & Transportation	35,236.57	46,300.00	-11,063.43	76.11%
6190 · Conferences & Seminars	11,965.47	16,000.00	-4,034.53	74.78%
6200 · Advisory Comm - WM Board	8,258.98	15,071.00	-6,812.02	54.80%
6300 · Watermaster Board Expenses	14,159.44	28,371.00	-14,211.56	49.91%
8300 · Appr PI-WM & Pool Admin	8,076.00	14,471.00	-6,395.00	55.81%
8400 · Agri Pool-WM & Pool Admin	158,011.52	166,979.00	-8,967.48	94.63%
8467 · Agri-Pool Legal Services	23,948.08	51,000.00	-27,051.92	46.96%
8470 · Ag Meeting Attend -Special	4,150.00	16,000.00	-11,850.00	25.94%
8500 · Non-Ag PI-WM & Pool Admin	2,036.78	6,698.00	-4,661.22	30.41%
6500 · Education Funds Use Expens	0.00	375.00	-375.00	0.00%
9500 · Allocated G&A Expenditures	-149,012.84	-309,073.00	160,060.16	48.21%
<b>Subtotal G&amp;A Expenditures</b>	<u>731,038.41</u>	<u>916,697.00</u>	<u>-185,658.59</u>	<u>79.75%</u>
6900 · Optimum Basin Mgmt Plan	436,752.90	942,065.00	-505,312.10	46.36%
6950 · Mutual Agency Projects	41,416.37	85,004.00	-43,587.63	48.72%
9501 · G&A Expenses Allocated-OBMP	36,265.65	91,999.00	-55,733.35	39.42%
<b>Subtotal OBMP Expenditures</b>	<u>514,434.92</u>	<u>1,119,068.00</u>	<u>-604,633.08</u>	<u>45.97%</u>
7101 · Production Monitoring	41,747.41	79,283.00	-37,535.59	52.66%
7102 · In-line Meter Installation	27,600.74	131,380.00	-103,779.26	21.01%
7103 · Grdwtr Quality Monitoring	189,276.06	274,613.00	-85,336.94	68.93%
7104 · Gdwtr Level Monitoring	67,250.62	157,852.00	-90,601.38	42.60%
7105 · Sur Wtr Qual Monitoring	28,496.84	133,595.00	-105,098.16	21.33%
7106 · Wtr Level Sensors Install	0.00	26,835.00	-26,835.00	0.00%
7107 · Ground Level Monitoring	83,330.52	202,283.00	-118,952.48	41.20%



**CHINO BASIN WATERMASTER**  
**Profit & Loss Budget vs. Actual**  
**July 2003 through January 2004**

	<u>Jul '03 - Jan 04</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7108 · Hydraulic Control Monitoring	119,346.56	718,227.00	-598,880.44	16.62%
7200 · PE2- Comp Recharge Pgm	96,304.56	531,434.00	-435,129.44	18.12%
7300 · PE3&5-Water Supply/Desalte	1,620.01	47,499.00	-45,878.99	3.41%
7400 · PE4-MZ1 Mgmt Plan	139,310.05	187,308.00	-47,997.95	74.38%
7500 · PE6&7-CoopEfforts/SaltMgmt	23,761.37	51,820.00	-28,058.63	45.85%
7600 · PE8&9-StorageMgmt/Conj Use	60,037.15	146,179.00	-86,141.85	41.07%
7690 · Recharge Improvement Debt Pymt	376,169.00	429,250.00	-53,081.00	87.63%
7700 · Inactive Well Protection Prgm	62.45	30,447.00	-30,384.55	0.21%
9502 · G&A Expenses Allocated-Projects	112,747.18	217,074.00	-104,326.82	51.94%
<b>Subtotal Special Project Expenditures</b>	<u>1,367,060.52</u>	<u>3,365,079.00</u>	<u>-1,998,018.48</u>	<u>40.63%</u>
<b>Total Expense</b>	<u>2,612,533.85</u>	<u>5,400,844.00</u>	<u>-2,788,310.15</u>	<u>48.37%</u>
<b>Net Ordinary Income</b>	2,317,442.69	-1,268,923.00	3,586,365.69	-182.63%
<b>Other Income/Expense</b>				
<b>Other Income</b>				
4231 · MZ1 Assigned Water Sales	0.00	615,000.00	-615,000.00	0.00%
4210 · Approp Pool-Replenishment	4,144,461.10	0.00	4,144,461.10	100.00%
4220 · Non-Ag Pool-Replenishment	11,288.32	0.00	11,288.32	100.00%
4230 · MZ1 Sup Wtr Assessment	1,585,853.60	1,574,500.00	11,353.60	100.72%
<b>Total Other Income</b>	<u>5,741,603.02</u>	<u>2,189,500.00</u>	<u>3,552,103.02</u>	<u>262.23%</u>
<b>Other Expense</b>				
5010 · Groundwater Replenishment	356,600.70	2,273,500.00	-1,916,899.30	15.69%
9999 · To/(From) Reserves	7,702,445.01	-1,352,923.00	9,055,368.01	-569.32%
<b>Total Other Expense</b>	<u>8,059,045.71</u>	<u>920,577.00</u>	<u>7,138,468.71</u>	<u>875.43%</u>
<b>Net Other Income</b>	<u>-2,317,442.69</u>	<u>1,268,923.00</u>	<u>-3,586,365.69</u>	<u>-182.63%</u>
<b>Net Income</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>



# **CHINO BASIN WATERMASTER**

**Thursday, March 25, 2004**

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

## **II. BUSINESS ITEMS**

### **A. IEUA Storage Agreement**

Consider Approval of The Dry Year  
Yield Program's Storage Agreement  
with The IEUA



# CHINO BASIN WATERMASTER

8632 Archibald Avenue, Suite 109, Rancho Cucamonga, Ca 91730  
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

JOHN V. ROSSI  
Chief Executive Officer

## STAFF REPORT

**DATE:** March 11, 2004  
March 16, 2004  
March 25, 2004

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** MWD/IEUA/TVMWD GROUNDWATER STORAGE ACCOUNT

### SUMMARY

*Issue* – Approval of Storage Agreement for IEUA/TVMWD/MWD Groundwater Storage Program

*Recommendations* – Staff recommends that the Pools, Advisory Committee and Watermaster Board approve the IEUA/TVMWD/MWD groundwater storage agreement and direct counsel to transmit the agreement to the Court for approval.

*Fiscal Impact* – Approval of this item has no financial impact. Financial impacts were analyzed as part of the Master Agreement approval process.

### BACKGROUND

On April 2, 2003 Inland Empire Utilities Agency ("IEUA") submitted an Application under Article X of the Watermaster Rules and Regulations for a 100,000 acre-foot storage account in Watermaster's Storage and Recovery Program. This storage account will be used to implement the terms of the Groundwater Storage Program Funding Agreement (Agreement No. 49960) ("Funding Agreement") that was executed by IEUA, Three Valleys Municipal Water District, Watermaster, and the Metropolitan Water District of Southern California ("Metropolitan") on June 19, 2003.

Pursuant to Watermaster's Rules and Regulations § 10.10, Watermaster provided Notice of this Application on April 30, 2003. This Notice included the Application and supporting materials as well as a staff report which summarized the Application, the Article X procedures relative to applications to participate in the Storage and Recovery Program, and a brief summary and analysis of the potential for Material Physical Injury to any person or the Basin due to the 100,000 acre-foot account. This analysis for the potential for Material Physical Injury was based upon the previous CEQA analysis for the project, and a preliminary analysis performed by Wildermuth Environmental. The referenced CEQA analysis was the Programmatic Environmental Impact Report for the Chino Basin Optimum Basin Management Program, which was certified by IEUA on July 12, 2000. With specific reference to the Dry Year Yield storage project with MWD, the PEIR was supplemented by a Findings of Consistency certified by IEUA on December 28, 2002. As a further supplement, Wildermuth Environmental, Inc., under a subcontract agreement with Black & Veatch Corp., produced a Chino Basin Dry-Year Yield Program Modeling Report, which analyzed the operation of the contemplated storage under reasonably foreseeable basin management conditions not developed at the time of the PEIR.

At the August 2003 Pool Committee meetings, the Application and Watermaster's analysis were considered. Watermaster's staff report recommended approval of the Application. All pools recommended unanimously that the Advisory Committee and Board approve the Application.

In order to provide all parties an opportunity to fully consider the Application along with the completed Report, the Application was not considered by the Advisory Committee and Board until their October meetings. There were no contests to the Application, and thus, pursuant to the Rules and Regulations, Watermaster was permitted to approve the Application without holding a hearing. On October 23, 2003, the Advisory Committee and Board considered the Application. Based upon the findings of no Material Physical Injury, both bodies unanimously recommended approval.

Based on this approval, staff and legal counsel have negotiated a storage agreement with IEUA and TVMWD which will allow for the creation of a storage account in order to implement the terms of the Funding Agreement.

This storage agreement contains assurances of Watermaster's discretionary powers in order to continue to monitor the implementation of the Dry Year Yield project to ensure that it does not cause Material Physical Injury to any party or to the Basin. It is protective of Watermaster's duties under the Judgment and carries forward the commitments of the parties embodied in the Funding Agreement and described through the Application approval process.

All three Pools have unanimously recommended that the Advisory Committee and Board approve the agreement and direct legal counsel to file it with the Court for final approval.

**STORAGE AND RECOVERY PROGRAM  
STORAGE AGREEMENT  
BETWEEN CHINO BASIN WATERMASTER, INLAND EMPIRE  
UTILITIES AGENCY AND THREE VALLEYS MUNICIPAL WATER  
DISTRICT REGARDING IMPLEMENTATION OF THE DRY YEAR  
YIELD PROJECT**

This Storage Agreement is entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 2004 between the Chino Basin Watermaster ("Watermaster"), the Inland Empire Utilities Agency ("IEUA"), and Three Valleys Municipal Water District ("TVMWD").

**WHEREAS**, the parties to the Judgment executed the Peace Agreement on June 29, 2000 and Watermaster resolved to implement the Judgment in accordance with its terms.

**WHEREAS**, Exhibit B to the Peace Agreement was the Implementation Plan: Optimum Basin Management Program ("Implementation Plan") and the Court ordered Watermaster to proceed in accordance with the Peace Agreement and Implementation Plan on \_\_\_\_\_, 2000.

**WHEREAS**, Program Element 8 of the Implementation Plan set for a plan for the development of groundwater storage and Element 9 of the Implementation Plan set forth a plan for developing and implementing a Storage and Recovery Program.

**WHEREAS**, page 38 of the Implementation Plan set forth the baseline against which storage activities would be evaluated and that "Safe Storage is an estimate of the maximum storage in the Basin that will not cause significant water quality and high groundwater related problems."

**WHEREAS**, page 38 of the Implementation Plan set forth the baseline for "Safe Storage Capacity" within which Watermaster could safely approve further storage and recovery without causing water quality degradation and high groundwater related problems and estimated the quantity of Safe Storage Capacity at 500,000 acre-feet, "including water in the existing storage accounts."

**WHEREAS**, Watermaster's annual report for 2002 listed a total quantity of water in storage to be \_\_\_\_\_ acre-feet leaving \_\_\_\_\_ of Safe Storage.

**WHEREAS**, the IEUA certified the Programmatic Environmental Impact Report ("PEIR") for Watermaster's Optimum Basin Management Program on July 12, 2000. This PEIR analyzed the impacts associated with a 100,000-300,000 acre-foot storage and recovery program and found no significant impacts from such a program.

**WHEREAS**, Watermaster, IEUA and TVMWD have entered into an agreement with the Metropolitan Water District of Southern California ("Metropolitan") titled Groundwater Storage Program Funding Agreement No. 49960 ("Funding Agreement") attached hereto as Exhibit "A."

**WHEREAS**, on June 5, 2003 the Court retaining continuing jurisdiction over the case *Chino Basin Municipal Water District v. City of Chino* San Bernardino Superior Court Case No. RCV 51010, determined that the terms of the Funding Agreement satisfy the requirements of the Peace Agreement section 5.2(c) which called for a maximum quantity of \_\_\_\_\_ to be placed into storage.

**WHEREAS**, the Funding Agreement required further agreements with members of the Appropriative Pool and compliance with the Watermaster's Rules and Regulations, namely the filing and approval of an Application for approval of a Storage and Recovery Program pursuant to Article 10.7 and Watermaster's subsequent execution of a Storage Agreement in accordance with the Judgment.

**WHEREAS**, an applicant for approval of a Storage and Recovery Agreement must comply with the approved forms in accordance with Appendix 1 to the Rules and Regulations and the proposed forms require the statement of compliance with the requirements of the California Environmental Quality Act.

**WHEREAS**, IEUA certified a Finding of Consistency of the specific project contemplated by the Funding Agreement on December 18, 2002 that would be implemented through a Storage and Recovery Agreement with Watermaster.

**WHEREAS**, IEUA has submitted an Application for a storage account pursuant to Article X of Watermaster's Rules and Regulations for the storage and recovery of up to 100,000 acre-feet of water, within the Safe Storage Capacity as defined in the Court Approved Implementation Plan.

**WHEREAS**, the Cities of Chino, Chino Hills, Ontario, Pomona, and Upland and Cucamonga Valley Water District, Inland Empire Utilities Agency, Monte Vista Water District, Jurupa Community Services District and Three Valleys Municipal Water District have executed Local Agency Agreements ("Participating Appropriators") whereby they would use facilities owned or controlled by them to implement the Storage and Recovery of Water as contemplated by the Funding Agreement.

**WHEREAS**, the Local Agency Agreements were uniform but for the facilities identified and an example of the approved form of a Local Agency Agreement is attached hereto as Exhibit "B."

**WHEREAS**, Watermaster caused extensive additional analysis of the Application to be completed in the event that Watermaster at the request of the parties to the Judgment and in its subsequent exercise of discretion, elected to adopt an operational plan for the Basin that attempts to secure greater hydraulic control of groundwater to avoid waste of water to the Santa Ana River.

**WHEREAS**, the additional analysis completed at the direction of Watermaster demonstrated that there

would be no Material Physical Injury that results from the execution of the Storage and Recovery Agreement in the event, that at the request of the Parties to the Judgment Watermaster elects to approve a basin management plan that increases hydraulic control.

**WHEREAS**, no person shall store water in, and recover water from the Chino Groundwater Basin through the Storage and Recovery Program, without a Storage and Recovery agreement with Watermaster.

**WHEREAS**, the Application has been approved unanimously by all Pools, the Advisory Committee and the Board and no opposition was expressed to the proposed application for a Storage and Recovery Agreement. The date of approval by the Advisory Committee and Board was October 23, 2003 and Watermaster is prepared to execute a Storage and Recovery Agreement in accordance with the Judgment.

**NOW IT IS HEREBY AGREED THAT:**

I. Definitions.

- A. "Court" shall mean the Court maintaining jurisdiction of the 1978 Judgment.
- B. "1978 Judgment" or "Judgment" shall mean the stipulated judgment in the case *Chino Basin Municipal Water District v. City of Chino* San Bernardino Superior Court Case No. RCV 51010.
- C. "Material Physical Injury" shall mean material injury that is attributable to the recharge, transfer, storage and recovery, management, movement or production of water, or implementation of the OBMP, including, but not limited to, degradation of water quality, liquefaction, land subsidence, increases in pump lift (lower water levels) and adverse impacts associated with rising groundwater. Material Physical Injury does not include "economic injury" that results from other than physical causes. Once fully mitigated, physical injury shall no longer be considered to be material. It is the intention of this definition that the term "Material Physical Injury" have the same meaning as used in the Peace Agreement section 1.1(y) and Watermaster's Rules and Regulations section 1.1(uu).
- D. "Peace Agreement" shall mean the agreement dated June 29, 2000 among the various parties to the Judgment identified therein and approved by Watermaster as it existed on that date and without regard to any subsequent amendment thereto unless such amendments are approved by each party to the Peace Agreement, Watermaster and the Court.
- E. "Storage and Recovery Program" shall mean the use of the available storage capacity of the Basin by any person under the direction and control of Watermaster pursuant to a

storage and recovery agreement but excluding "Local Storage," including the right to export water for use outside the Chino Basin and typically of broad and mutual benefit to the parties to the Judgment. It is the intention of this definition that the term "Storage and Recovery Program" shall have the same meaning as used in the Peace Agreement section 1.1(uu) and Watermaster's Rules and Regulations section 1.1(af).

II. Storage Right. Subject to the terms of this Agreement, IEUA and TVMWD may store up to 100,000 acre-feet of Supplemental Water within the Safe Storage Capacity of the Chino Basin for the sole purpose of implementing the terms of the Funding Agreement and as further provided in the Local Agency Agreements.

III. No Material Physical Injury. The Storage and Recovery of Supplemental Water stored under this Agreement will not cause Material Physical Injury or a substantial adverse impact to any party to the 1978 Judgment or to the Basin itself.

A. Facilities. The facilities used to store and recover Supplemental Water will be as described in the Local Agency Agreements between IEUA, TVMWD and the Participating Appropriators.

1. Ownership and control of the storage and recovery facilities will be maintained by the members of the Participating Appropriators or their designees.

2. Any modification of facilities that is materially different from those contemplated by the Local Agency Agreements will require the filing of a new application in accordance with the provisions of Article X, Section 10.7 of the Rules and Regulations.

3. Watermaster reserves continuing review of the Storage and Recovery of Supplemental Water pursuant to the Annual Operating Plan under Article IV hereof, to consider any site specific concerns.

B. Safe Storage Capacity. The storage of Supplemental Water under this Agreement, when combined with other available water held in all existing storage accounts will not exceed the cumulative maximum of 500,000 acre-feet at any time without further approval of Watermaster and the Court.

IV. Annual Operating Plan.

A. IEUA, TVMWD and Watermaster shall participate on the Operating Committee composed of IEUA, Watermaster, Three Valleys Municipal Water District ("Three Valleys"), and Metropolitan as defined by the Funding Agreement.

B. Pursuant to the Funding Agreement, use of the storage account will be according to the terms described in each Annual Operating Plan.



- C. The Annual Operating Plan shall provide sufficient information to allow the Operating Committee and Watermaster to assess potential impacts from the Storage and Recovery of Supplemental Water under this Agreement on the Chino Basin and the Judgment parties, such as: (1) current and projected water levels in the basin; and (2) short-term and long-term projections of Chino Basin water supply and water quality. Watermaster shall not approve an Annual Operating Plan that does not, in Watermaster's discretionary judgment, provide sufficient detail to allow Watermaster to assess the potential for Material Physical Injury to be caused by the Storage and Recovery of Supplemental Water.
  - D. The Annual Operating Plan shall provide an estimated schedule and location for all Storage and Recovery of Supplemental Water under this Storage Agreement on a monthly basis for the upcoming fiscal year.
  - E. The Initial Annual Operating Plan shall not become effective until approved by Watermaster.
  - F. Watermaster shall not approve an Annual Operating Plan that may cause Material Physical Injury, nor shall Watermaster approve an Annual Operating Plan that conflicts with other OBMP projects or programs, including, but not limited to, the Interim or Long Term Plan for the Management of Subsidence in Management Zone 1, the maintenance of hydraulic control or the operation of the Chino Basin desalters as such programs may be amended and approved by Watermaster in accordance with the Judgment and the Peace Agreement.
  - G. Neither IEUA, TVMWD nor Watermaster will approve an Annual Operating Plan that will conflict with Watermaster's responsibilities to provide for the replenishment needs of the Chino Basin.
  - H. Any substantial variance from the terms of the Annual Operating Plan shall require further Watermaster approval.
- V. Delivery Maximum. The maximum rate of placement of water into storage by IEUA and TVMWD through the Participating Appropriator's facilities shall be 25,000 acre-feet in any year, unless Watermaster in its discretion authorizes additional annual deliveries up to the cumulative maximum of 100,000 acre-feet.
- VI. Withdrawal Maximum. The maximum rate of recapture of water from storage by IEUA and TVMWD through the Participating Appropriator's facilities shall be the lesser of (a) 33,000 acre-feet per year, or (b) the amount of water remaining in the IEUA and TVMWD Storage and Recovery account.
- VII. Regulation of Water in Storage. IEUA and TVMWD acknowledge that any Storage and Recovery of Supplemental Water under this Agreement shall occur only under Watermaster's control and regulation

in accordance with the Judgment and the Peace Agreement. However, Watermaster agrees that the Watermaster's Storage and Recovery Policies shall be applied to water stored pursuant to this Agreement in a non-discriminatory manner consistent with the application of such policies to any other participant in the Storage and Recovery Program, including all parties to the Judgment. Watermaster shall not impose any policies upon the water stored pursuant to this Agreement, whether or not imposed on other parties, that would materially alter the benefits provided to or the obligations imposed upon Metropolitan under the Funding Agreement. Without limiting the foregoing, Watermaster shall not impose any policies that would create any significant discrepancies between the amount of water placed into storage and the amount of water that is available for recapture.

VIII. Priority of Rights. IEUA and TVMWD will fully protect and preserve the rights of overlying landowners, other groundwater users or water right holders, parties whose approval is required by the 1978 Judgment and the Watermaster, and will take the necessary actions (including groundwater monitoring and mitigation and/or limiting extraction of groundwater) to protect such rights.

IX. Non-Assignment of Storage Capacity. IEUA and TVMWD's rights under this Agreement, inclusive of any claim to storage capacity, is not assignable. However, Supplemental Water recovered from storage may be assigned, sold, leased or transferred as herein or subsequently approved.

X. Losses and Accounting for Stored Water. Watermaster shall maintain records of the amounts of all water stored in and extracted from the Chino Basin pursuant to this Agreement and all other Storage Agreements and will not approve additional Storage Agreements if such approval(s) will result in more than 500,000 acre-feet of water being stored within the Basin at any time without further approval of Watermaster and the Court. Watermaster's accounting shall not include any credit for return flows from the use of water extracted from storage. Watermaster's accounting will include the assignment of losses according to a procedure utilized for all water stored in the Storage and Recovery Program.

XI. Cancellation of that Certain Agreement Between Watermaster and Metropolitan Water District, commonly referred to as the "MWD Trust Storage Agreement" dated May 7, 1986. Upon Court approval of this Agreement, the MWD Trust Agreement dated May 7, 1986 is hereby terminated in its entirety and of no further force and effect. Upon cancellation, any Supplemental Water then held in storage under the Trust Agreement at the date of cancellation will be deemed transferred and preserved for storage and recovery under the terms of this Agreement.

XII. Term. This Storage Agreement shall be effective upon approval of the Court and shall remain in effect until expiration of the Funding Agreement pursuant to part II.B. of the Funding Agreement.

XIII. Conflicts. Conflicts under this Agreement shall be resolved by the Court. Conflicts under this Agreement shall be submitted to the Court pursuant to paragraph 15 of the 1978 Judgment.

**CHINO BASIN WATERMASTER**

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

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

Approved as to Form:

\_\_\_\_\_

**INLAND EMPIRE UTILITIES AGENCY**

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

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

Approved as to Form:

\_\_\_\_\_

**THREE VALLEYS MUNICIPAL WATER DISTRICT**

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

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

Approved as to Form:

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# **CHINO BASIN WATERMASTER**

**Thursday, March 25, 2004**

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

## **III. REPORTS/UPDATES**

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

2. Update Regarding AGWA Strategic Planning Session

**ASSOCIATION OF GROUNDWATER AGENCIES**  
**Board of Directors**  
**February 27, 2004**

**STRATEGIC PLANNING WORKSHOP**

**INTRODUCTION**

At the AGWA strategic planning workshop for the Board of Directors held on February 27, 2004, Board members addressed the future of the organization. Prior to the meeting, Rauch Communications was hired by AGWA to conduct pre-meeting interviews with Board members and others, and then to facilitate the strategic planning process.

The agenda for the meeting included discussion of 1) the mission of AGWA, 2) how and why AGWA was formed, 3) what AGWA has done successfully, 4) where AGWA has not been successful, 5) what AGWA's future should be, and 6) AGWA's future staffing considerations.

Discussion centered on revitalizing the organization to:

- Provide a central point for information gathering and dissemination on groundwater basin issues
- Address and move real issues to give Board members a meaningful reason to attend meetings
- Move both defensively and proactively on legislation, as required.
- Have a voice at the table with Metropolitan Water District of Southern California relative to groundwater-related policy and rate development
- Develop a real voice in Sacramento regarding Southern California groundwater basin issues

**PAST AND CURRENT ISSUES**

AGWA was founded in 1993-94 by a group of groundwater agencies to become a united voice in addressing conjunctive use and MWD programs. AGWA became a proponent of conjunctive use and produced a set of conjunctive use principles. A clear distinction was made between conjunctive use as replenishment versus conjunctive use as storage.

A discussion of the experiences of working with MWD followed, along with an examination of what the common interests of AGWA members are versus their individual interests. Legislation, regulation, public education and funding were found to be central issues of interest to all members, while specific MWD policies and rates are unique to Southern California agencies.

AGWA's most meaningful near term issues were determined to be

- Regulatory issues, including dealing with the Regional and State Boards, DHS and other bodies
- Legislative issues, especially knowledge of pending bills in the Legislature
- Grant funding opportunities
- Working more effectively with MWD
- Outreach, information gathering and dissemination, meetings and conferences

### **ACTION PROGRAM**

As a consequence, the Board's recommendation was to form four new Committees to address the following:

1. Regulatory Issues
2. Legislative Issues
3. Metropolitan Water District Issues
4. Communications

The basic charter of each committee, the assignment of Board members, and the initial action assignments given to each are described below.

### **General Committee Responsibilities**

Each committee is charged with:

- Doing relevant exploratory work on specific issues
- Defining and recommending annual goals for AGWA action
- Reporting back to the Board of Directors to receive direction and endorsement
- Being accountable to the Board to deliver on the tasks approved by the Board
- Including other AGWA regular members and Affiliate members to participate in the work.

## **REGULATORY ISSUES COMMITTEE**

### **Issue**

Regulators such as the Regional Boards, the State Board and DHS are becoming increasingly involved with groundwater issues. The issues are often primarily technical. A key impact on groundwater agencies is the difficulties encountered with permitting. Regional Boards also seem to apply inconsistent standards between regions, so that achieving reasonable statewide standards for groundwater agencies is difficult.

### **Action**

Technical representatives from a number of agencies have been meeting regularly, though informally, to address some of these issues. Current participants include Eastern Municipal Water District, Calleguas Municipal Water

District, Orange County Water District, Water Replenishment District, LA County Department of Water and Power, and others.

1. Join this group. Where possible, incorporate their activities with AGWA activities and interests.

### **Board Assignments**

Virginia Grebbien, Behrooz Mortazavi, Robb Whitaker

## **LEGISLATIVE COMMITTEE**

### **Issue A: Legislative Involvement**

Much of the action affecting groundwater agencies takes place in Sacramento and Washington DC, the centers of legislation and regulation affecting our members. The Groundwater Resources Association is already involved in legislative information gathering and lobbying activities of interest to AGWA. Also, Water Replenishment District compiles a list of pending legislation affecting its interests, as do statewide organizations such as ACWA, WateReuse and others. Several groundwater agencies also have individual legislative information resources.

### **Action**

1. Form a Legislative Committee. Develop a reasonable legislative agenda for AGWA.
2. Tap into existing information resources to develop information that is of interest to groundwater agencies and our members. Include resources available through ACWA, WateReuse, AGWA member agencies, and others.
3. Send members of the AGWA Board and others to attend GRA meetings in order to tune in to activities that are pertinent to AGWA. Determine what these are, and recommend effective ways for AGWA to link up with GRA to pursue common interests, if possible.
4. Collect and disseminate information about legislation potentially affecting groundwater basin management entities. Note key hearings, meetings, or other activities regarding the state legislature or state government, that potentially affect groundwater basin management entities.
5. Gradually develop ways to directly involve AGWA in legislative activities by writing letters, lobbying, bill writing and similar active participation. Ultimately this may lead, in stages, to hiring a lobbyist for AGWA.

### **Issue B: Grant Funding**

Various AGWA members currently retain consultants that gather information on grant funding opportunities, determine ways to prepare the most effective grant



proposals, identify which individuals it is best to work with, and so forth. These consultants also do lobbying and work to influence legislation. One helpful activity is participating in the early rule making for state bonds and grants

**Action**

Hire a consultant to carry out this activity, initially in a limited way. Seek ways to participate in the writing of bond legislation.

**Board Assignments**

Rick Iger, Carol Williams, Tom Crowley

**“MWDSC” COMMITTEE**

**Issue**

Metropolitan Water District of Southern California (“MWDSC”) is the dominant water agency in the region. It now includes groundwater as a critical resource in its long-range water planning, and is actively pursuing various projects for storage in groundwater basins. Though its imported water activities are critical to southern California water planning and implementation, it is not the only avenue for obtaining and storing groundwater supplies. Note that MWDSC has not often turned to AGWA as an information resource.

**Action**

AGWA members who are MWDSC agencies are encouraged to join this committee to follow MWDSC planning, pricing, and implementation actions. There are doubtless influences that AGWA can bring to bear on MWDSC actions. As a first step, the committee is requested to form an agenda for its activities.

**Board Assignments**

Rick Hansen, Tony Zampiello

**COMMUNICATIONS COMMITTEE**

**Issue**

Association members require information about groundwater issues of all kinds – regulatory, legislative, actions by other agencies, Metropolitan information, and so forth – in order to function effectively within their home agency. AGWA needs a system for acquiring this information and then disseminating it promptly and meaningfully to members.

**Action**

Develop a communications plan for the Association. Include the current activities, which consist principally of the monthly Board meetings and the annual

conference. Add to this the development of information-gathering resources, a newsletter, the Web, and perhaps other activities. Consider ways to make Board meetings more meaningful through the use of outside speakers, consultants and other inputs.

### **Board Assignments**

John Rossi, Mel Blevins, Ken Breitag

### **SUMMARY: REVITALIZING AGWA**

The consensus of the planning group was that AGWA needs a change in how the organization functions. Rather than the current method of discussion, development, and implementation of issues and their related solutions at each Board meeting, the Board recommends that AGWA move to the formal Committee structure described above. Committee members would be responsible for:

- Developing the agenda of tasks for their respective Committee
- Proposing action plans on each issue and/or task
- Receiving direction and approval from the Board
- Scheduling meetings between bimonthly Board meetings to perform the work assigned to the Committee
- Be accountable to the Board for completion of the tasks assigned.

The planning group felt strongly that off-line Committee meetings should accomplish the detailed specifics, and then bring the summarized work product to Board meetings. The group felt that it is important to continue the current practice of discussing current groundwater basin issues and hearing relevant presentations at Board meetings.

### **RECOMMENDATIONS**

The group recommends that the AGWA Board consider taking the following actions:

1. Implement the four new Committees
2. Assign members as recommended to the Committees
3. Implement the new committee responsibilities
4. Change the AGWA Board meetings to bi-monthly.

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# **CHINO BASIN WATERMASTER**

**Thursday, March 25, 2004**

10:00 a.m. – Advisory Committee Meeting

1:00 p.m. – Watermaster Board Meeting

## **III. REPORTS/UPDATES**

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

3. Update Regarding MWD Perchlorate Task Force



**MWD**  
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

**Date:** March 12, 2004  
**To:** Perchlorate Task Force  
**From:** Ronald R. Gastelum, Chief Executive Officer  
**Subject:** Status Report

1. The task force member list is attached.
2. Metropolitan has provided comments to the Dept. of Health Services on proposed grant criteria for Proposition 50, Chapter 4 section 79530(b) to help facilitate funding for perchlorate remediation projects in our service area.
3. The Metropolitan Washington D.C. lobbying team has advanced funding recommendations in response to member agency requests for funding perchlorate remediation and research projects. A copy of the funding requests is attached. We would like to know of any other such member agency funding requests that we should support.
4. The surveys to member agencies for well closures due to perchlorate contamination have been sent and responses have been received.
5. A technical review meeting will be scheduled at Metropolitan's headquarters to review the results of the survey in the near future.
6. Metropolitan along with other local, state, and member agencies are actively opposing perchlorate contaminant liability exemptions proposed by the Dept. of Defense. A formal policy position will be proposed to Metropolitan's Board in late March.
7. California's Office of Environmental Health Hazard Assessment recommended a PHG at 6 ppb. California's Department of Health Services has responded by increasing the Action Level from 4 ppb to 6 ppb.
8. Metropolitan, joined by EPA Region IX and other Colorado River contractors, was successful in obtaining state of Nevada cooperation in setting a more aggressive effluent limit for the ongoing remediation efforts by Kerr-McGee in the Las Vegas Wash. An interim effluent limit of 80 ppb was proposed and this limit has been replaced with a final effluent limit of 18 ppb.

Ronald R. Gastelum

RRG:bsk

Attachments

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# **CHINO BASIN WATERMASTER**

## **Exhibit II.E**

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FILED  
SUPERIOR COURT  
COUNTY OF SAN BERNARDINO  
RANCHO CUCAMONGA DISTRICT

JUN 24 2004

BY Wanda Lewis  
DEPUTY

SUPERIOR COURT FOR THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SAN BERNARDINO

CHINO BASIN MUNICIPAL WATER  
DISTRICT,

Plaintiff,

vs.

CITY OF CHINO, et al.,

Defendants

CASE NO. RCV 51010

ORDER APPROVING STORAGE AND  
RECOVERY PROGRAM  
STORAGE AGREEMENT RE  
IMPLEMENTATION OF DRY YEAR  
YIELD STORAGE PROJECT

Date: June 24, 2004

Dept: R8

Time: 1:30 p.m.

///

Background

On July 13, 2000, this Court ordered Chino Basin Watermaster ("Watermaster") to adopt the goals and plans of the Optimum Basin Management Program ("OBMP") Phase I Report, dated August 19, 1999, (Phase I Report) and to implement them through the Implementation Plan for the OBMP for the Chino Basin ("Implementation Plan"), in a manner consistent with the Chino Basin Peace Agreement, dated June 29, 2000, ("Peace Agreement") and the Implementation Plan. The goals of the Phase I



1 Report include the development of conjunctive-use programs, to optimize the use of  
2 the Chino Basin for in-basin producers and the people of California. (Phase I Report,  
3 p. 3-3.) In furtherance of this goal, the Implementation Plan provides for the  
4 development of storage and recovery programs.

5 In carrying out the Implementation Plan, Watermaster negotiated a Dry Year  
6 Yield Program ("DYY Program") for Chino Basin. On June 5, 2003, this Court found  
7 that the DYY Program, as described in the Groundwater Storage Program Funding  
8 Agreement No. 49960 ("Funding Agreement"), will provide broad mutual benefits to the  
9 parties to the Judgment and is consistent with Watermaster's responsibilities under  
10 the Peace Agreement, which facilitates implementation of the OBMP. Watermaster  
11 now seeks court approval of the "Storage And Recovery Program Storage Agreement  
12 Between Chino Basin Watermaster, Inland Empire Utilities Agency and Three Valleys  
13 Municipal Water District Regarding Implementation of the Dry Year Yield Project"  
14 ("DYY Storage Agreement"). The DYY Storage Agreement authorizes Inland Empire  
15 Utilities Agency, Three Valleys Municipal Water District and many of their retail  
16 agencies to participate with Metropolitan Water District of Southern California  
17 ("MWD") in the use of a maximum of 100,000 acre-feet of storage space in Chino  
18 Basin, through in-lieu recharge.

#### 19 Discussion

20 "[F]ull jurisdiction, power and authority are retained and reserved to the Court"  
21 to enable the Court "to make such further or supplemental order or directions as may  
22 be necessary or appropriate" to interpret, enforce or carry out the Judgment.  
23 (Judgment, ¶ 15.) Subsurface storage space in a groundwater basin is a public  
24 resource, which must be put to beneficial use under Article X, section 2 of the  
25 California Constitution. (*Central and West Basin Water Replenishment District v.*  
26 *Southern California Water Company* (2003) 109 Cal.App.4<sup>th</sup> 891, 905, mod. 110  
27 Cal.App.4<sup>th</sup> 352.)

1 Groundwater storage in Chino Basin is directed and controlled by  
2 Watermaster. The Judgment provides that no use shall be made of the storage  
3 capacity of Chino Basin except pursuant to written agreement with Watermaster.  
4 (Judgment, ¶ 12.) The Judgment further provides that the reservoir capacity of the  
5 Basin may be utilized for storage and conjunctive use of supplemental water, if  
6 undertaken under Watermaster control and regulation. (Judgment, ¶ 11.) Finally, the  
7 Judgment provides that agreements for storage "shall first be approved by written  
8 order of the Court" and must include terms that will "preclude operations which will  
9 have a substantial adverse impact on other producers." (Judgment, ¶ 28.)

10 Currently, there are three types of storage accounts: Excess Carry-Over  
11 Storage, Local Storage of Supplemental Water, and Non-Party Storage Accounts.  
12 According to Watermaster's 26<sup>th</sup> Annual Report, at the end of fiscal 2002-2003 there  
13 were 108,178.61 acre-feet in Excess Carry-Over Storage and 81,179.810 acre-feet in  
14 Local Storage of Supplemental Water. Non-Party Storage consists of MWD's three  
15 existing storage accounts: Cyclic Storage Account (32,700 acre-feet), Trust Storage  
16 Account (13,100 acre-feet), and Short-Term Conjunctive Use Account (no water  
17 currently stored.) A fourth account will be created under the DYY Storage Agreement.  
18 Once the DYY Storage Account is created, the Trust Storage Account will be closed  
19 and water currently stored in that account will be transferred to the DYY Storage  
20 Account and accounted for in that account. In addition, Watermaster anticipates that  
21 no new water will be placed into the Cyclic Storage Account and the existing stored  
22 water will be gradually removed, until it is empty.

23 The Implementation Plan provides that the amount of storage that can safely be  
24 used by producers and Watermaster is about 500,000 acre-feet, including water in  
25 existing storage accounts. Storage in excess of this amount will preemptively require  
26 mitigation. (Implementation Plan, p. 38.) Under the terms of the DYY Storage  
27 Agreement, there will be no more than 100,000 acre-feet of supplemental water stored  
28 in the Basin. Existing storage is approximately 235,000 acre-feet. Hence, the

1 proposed storage is well within the estimated safe storage capacity of the Basin, as  
2 defined in the Implementation Plan.

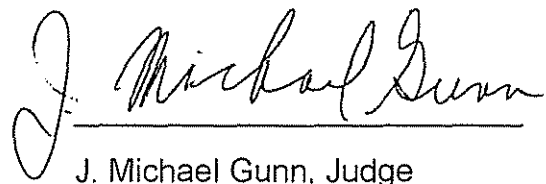
3 The DYY Storage Agreement calls for the development of Annual Operating  
4 Plans, which will provide estimated schedules and locations for the delivery of all  
5 water into and out of storage, on a monthly basis, for the upcoming fiscal year. The  
6 Annual Operating Plan is to be submitted to Watermaster for approval and is to have  
7 sufficient detail to allow Watermaster to assess the potential for any adverse impacts  
8 on producers. Pursuant to Judgment paragraph 28, Watermaster may not approve an  
9 Annual Operating Plan that will have a substantial adverse impact on producers.

10 No contests were filed to the application for approval of the DYY Storage  
11 Agreement. All three pools unanimously approved the DYY Storage Agreement on  
12 March 16, 2004. The Advisory Committee and Board of Directors unanimously  
13 approved the DYY Storage Agreement on March 25, 2004.

14 Good cause appearing therefore, the Court finds that the DYY Storage  
15 Agreement is consistent with the Judgment and Implementation Plan, and is unlikely to  
16 have any adverse impacts on a party to the Judgment. Watermaster's Motion for  
17 Approval of the DYY Storage Agreement is hereby GRANTED; the DYY Storage  
18 Agreement is hereby approved for the storage of a maximum of 100,000 acre feet.  
19 Starting with the OBMP quarterly status report covering the time period ending June  
20 30, 2004, Watermaster shall include a report of operations under the DYY Storage  
21 Agreement.

22 ///

23 Dated: June 24, 2004

  
J. Michael Gunn, Judge

CHINO BASIN WATERMASTER

Case No. RCV 51010

Chino Basin Municipal Water District v. The City of Chino

PROOF OF SERVICE

I declare that:

I am employed in the County of San Bernardino, California. I am over the age of 18 years and not a party to the within action. My business address is Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California 91730; telephone (909) 484-3888.

On June 24, 2004 I served the following:

**ORDER APPROVING STORAGE AND RECOVERY PROGRAM STORAGE AGREEMENT RE IMPLEMENTATION OF DRY YEAR YIELD STORAGE PROJECT**

BY MAIL: in said cause, by placing a true copy thereof enclosed with postage thereon fully prepaid, for delivery by United States Postal Service mail at Rancho Cucamonga, California, addresses as follows:

**See attached service list:**  
Mailing List 1

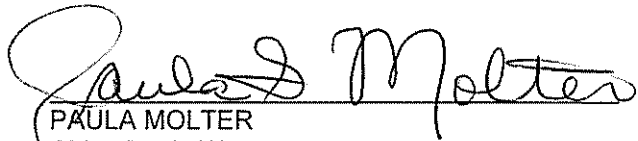
BY PERSONAL SERVICE: I caused such envelope to be delivered by hand to the addressee.

BY FACSIMILE: I transmitted said document by fax transmission from (909) 484-3890 to the fax number(s) indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting fax machine.

BY ELECTRONIC MAIL: I transmitted notice of availability of electronic documents by electronic transmission to the email address indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting electronic mail device.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on June 24, 2004 in Rancho Cucamonga, California.

  
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# **CHINO BASIN WATERMASTER**

## **Exhibit II.F**

3 Orig: J. Gleason  
1 XC: City Clerk

5/6/03 #10

## LOCAL AGENCY AGREEMENT

This Agreement is entered into as of May 6, 2003, the Effective Date of the Metropolitan Agreement by the Inland Empire Utilities Agency, a municipal water district duly organized and existing under the laws of the State of California ("IEUA"), and the City of Chino, a general law city duly organized and existing under the laws of the State of California ("Chino").

### WITNESSETH

WHEREAS, in March 2000, California voters approved Proposition 13 ("Prop. 13") authorizing the State of California to sell \$1.97 billion in general obligation bonds for water related projects throughout the State. The Governor's Budget Act for 2000, Chapter 52, Statutes of 2000, appropriated to the California Department of Water Resources ("DWR") local assistance grants for groundwater storage and supply reliability projects in the amount of \$161,544,000 by budget item 3860-01-6027, payable from the Interim Reliable Water Supply and Water Quality Infrastructure and Managed Subaccount; and

WHEREAS, The Metropolitan Water District of Southern California ("Metropolitan") subsequently was selected by DWR as a grant recipient for \$45 million (the "Prop 13 Funds") to be used for groundwater storage projects within the service area of Metropolitan. In a letter dated October 13, 2000, DWR set forth the specified terms and conditions of this grant to Metropolitan; and

WHEREAS, on September 20, 2000, Metropolitan sent a letter to its 26-member public agencies requesting their presentation to Metropolitan of a list of groundwater storage projects to be considered for funding by Prop 13 Funds. On November 1, 2000, Metropolitan delivered to those member public agencies that indicated an interest in the Prop 13 groundwater storage programs, a Request for Proposals for Participation in Groundwater Storage Programs Using Proposition 13 Funds, RFP No. WRM-2 (the "RFP"); and

WHEREAS, Metropolitan anticipated that such Proposals would result in the storage of water that Metropolitan would import from the State Water Project and the Colorado River. This stored water then could be pumped by the member agency, or sub-agency, with a corresponding reduction in requirements for surface water deliveries from Metropolitan. As a result, Metropolitan would have a greater amount of water to distribute within its service area. In addition, such groundwater storage programs constitute a part of a larger effort of Metropolitan to meet water supply demands in Southern California, as set forth in the Integrated Water Resources Plan approved by Metropolitan's Board of Directors in 1996, and the Groundwater Storage Principles adopted in connection therewith by Metropolitan's Board of Directors in January 2000; and

WHEREAS, IEUA entered into a Groundwater Storage Project Funding Agreement (the "Metropolitan Agreement") with Metropolitan, and the Three Valleys Municipal Water District and Chino Basin Watermaster effective as of March 1, 2003, a copy of which is attached hereto as Exhibit C, pursuant to which funding will be provided from Prop 13 and other Metropolitan funds to finance the facilities listed on Exhibit A hereto as "Local Agency Facilities," which are deemed necessary to enhance a groundwater storage program in the Chino Basin; and

WHEREAS, IEUA desires to pass through to the Local Agency any funds received by IEUA under the Metropolitan Agreement which are allocable to the Local Agency Facilities for use by any Local Agency to construct such Local Agency Facilities; and

WHEREAS, such Local Agency Facilities intended for construction and use by Chino consist of the Benson and Palo Verde well, intended to be jointly financed, constructed and operated by Chino and the Monte Vista Water District ("MVWD") pursuant to the funding of such Local Agency Facilities under the Metropolitan Agreement; and

WHEREAS, the operation of such well requires a brine disposal facility to be operated by IEUA, which shall consist of either the reactivation of the existing West Edison Brine Line, or the construction of new line in Benson Avenue for brine discharge to the NRW System in Phillips Boulevard.

WHEREAS, in exchange for such funding, the parties to the Metropolitan Agreement intended that each Local Agency would assume all obligations of IEUA under the Metropolitan Agreement relating to such Local Agency Facilities intended for construction and operation by that Local Agency, whether imposed by Metropolitan, DWR or another entity, including but not limited to the obligations recited in Sections III, IV, V, VII, X, XI and XII of the Metropolitan Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Definitions. All capitalized terms used herein and not otherwise defined shall have the meanings give them in the Metropolitan Agreement.

Section 2. Effective Date; Termination Date. This Agreement shall become effective upon the Effective Date of the Metropolitan Agreement and shall terminate upon the termination of the Metropolitan Agreement. However, in the event that not all of the Local Agencies for which funding is provided for those Local Agency Facilities described in Exhibit A of the Metropolitan Agreement execute a Local Agency Agreement substantially similar to this Agreement, the Metropolitan Agreement is not intended to terminate, but remain in full force and effect, with any uncommitted funding reallocated to other participating Local Agencies for other Local Agency Facilities, whether or not described in Exhibit A to the Metropolitan Agreement, which serve the same Metropolitan storage objectives. In any event, the full amount of Prop 13 Funds and other Metropolitan Funds provided for such Local Agency Facilities under the Metropolitan Agreement shall be provided for other such Local Agency Facilities to be constructed and operated by participating Local Agencies.

Section 3. Funding of Local Agency Facilities. All amounts allocated to the Local Agency Facilities disbursed to IEUA under Section V and Exhibit A of the Metropolitan Agreement shall be paid to the identified Local Agency for construction of the Local Agency Facilities.

Section 4. Local Agency Duties-Generally. Chino agrees to perform all of IEUA's duties under the Metropolitan Agreement relating to those Local Agency Facilities intended to be constructed and used by Chino pursuant to such Metropolitan Agreement funding (the "Chino Facilities"), it being the intention of IEUA and Chino that Chino will be directly responsible for all aspects of constructing, operating and maintaining the Chino Facilities in accordance with such duties.

Section 5. Local Agency Duties-Illustrative List. The following duties are illustrative of those agreed to be performed by Chino, but do not limit Chino's responsibilities hereunder.

(a) Construction Duties. Perform all of IEUA's duties with respect to the construction of the Chino Facilities. Such duties include but are not limited to (i) obtaining the Required Approvals applicable to the Facilities pursuant to Section III(C) of the Metropolitan Agreement, (ii) providing for the planning and pre-construction requirements of Section IV(A) of the Metropolitan Agreement which relate to the Chino Facilities, (iii) providing for the construction of the Chino Facilities in accordance with Section IV(B) of the Metropolitan Agreement, and (iv) completing construction of the Chino Facilities in accordance with the timeline set forth in Section IV(B) of the Metropolitan Agreement including retaining and supervising qualified contractors.

(b) Cost Overruns. Pay for all cost overruns allocable to the Chino Facilities pursuant to Section V(B) of the Metropolitan Agreement, and any amounts due to Metropolitan pursuant to Section V(B)(2) of such Agreement. Should bids for construction of the Chino Facilities exceed the Approved Budget required by the Metropolitan Agreement by more than 5 percent, IEUA will review such cost increase with Chino to determine the appropriate way to proceed with the program and Chino thereafter may authorize payment of an additional share of such bid costs, or a change in the scope of the project to reduce such costs to the amount provided in the Approved Budget, or a discontinuation of Chino Facilities construction, in accordance with Section V(B)(2) of the Metropolitan Agreement.

(c) Operation and Maintenance. Perform the following duties imposed on IEUA in the Metropolitan Agreement:

(i) Maintain and operate the Chino Facilities in as good and efficient condition as upon their construction, ordinary and reasonable wear and depreciation excepted, and in compliance with industry standards including any DWR standards and requirements;

(ii) Provide for all repairs, renewals, and replacements necessary for such maintenance and operation; and

(iii) Operate the Chino Facilities, combined with the existing infrastructure of Chino, at Operational Capacity Thresholds necessary to meet performance targets as outlined in Exhibit G of the Metropolitan Agreement upon call by Metropolitan for Stored Water Delivery.

(d) Delivery of Metropolitan Water. Watermaster and IEUA will allocate Metropolitan water supplied by Metropolitan's Storage Account (replenishment, injection or in lieu) through an annual operating plan approved by IEUA and Watermaster. To the extent that Chino is allocated Metropolitan in lieu water in such plan, rates and charges to be paid by Chino for such in lieu deliveries of such water shall be based upon IEUA rates and charges adopted by its Board of Directors for the Metropolitan Dry Year Storage Program from time to time.

(e) Groundwater and Pumping Responsibilities. Chino agrees that Metropolitan has the right to demand that Chino pump stored water from the Chino Basin groundwater in compliance with any applicable rule or regulation of the Chino Basin Watermaster. Chino shall pump such stored water on a pro rata basis determined by IEUA on the basis of all applicable groundwater pumpers that have agreements with IEUA substantially similar to this Agreement upon Metropolitan's request of a Stored Water Delivery in accordance with Section VII(C) of the Metropolitan Agreement, and Exhibit B hereto. Chino shall be reimbursed by Metropolitan for operation and maintenance expenses incurred when pumping stored water upon Metropolitan's demand, in accordance with Section VII(D) of the Metropolitan Agreement.

(f) Record Keeping, Reporting, Inspection and Audit Duties. Chino shall perform all of IEUA's record keeping, reporting, inspection and audit duties which relate to the Local Agency Facilities, in accordance with Section X of the Metropolitan Agreement.

(g) Indemnity. Chino immediately shall reimburse IEUA for any amounts expended for compliance with Section XI of the Metropolitan Agreement which are allocable to the Local Agency Facilities.

(h) Insurance. Chino shall be responsible for providing and paying for all insurance with respect to the Chino Facilities required by Section XII of the Metropolitan Agreement.

Section 6. Representations, Warranties and Covenants. Chino and IEUA represent, warrant, and covenant as follows:

(a) Power and Authority. That Chino is a general law city and IEUA is a Municipal Water District, both duly organized and validly existing under the laws of the State of California; that they have all necessary power and authority to enter into this Agreement and to perform its obligations hereunder on the terms set forth in this Agreement, and that the execution and delivery hereof by them and the performance of their obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which they are a party or by which they are bound.

(b) Authorization; Valid Obligation. That all proceedings required to be taken by or on behalf of Chino and IEUA to authorize them to make, deliver and carry out the terms of this Agreement have been duly and properly taken, and that this Agreement is their valid and binding obligation enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

(c) No Litigation. To the best of the knowledge of Chino and IEUA, there is no litigation, proceeding or investigation pending or threatened, to which they are or would be party, or which relates to the Chino Basin, directly or indirectly, which, individually or in the aggregate, if adversely determined, might materially and adversely affect their ability to perform their obligations under this Agreement, or which raises a question as to the validity of this Agreement, or any action to be taken hereunder.

(d) Compliance with Laws. In the performance of its obligations hereunder, Chino and IEUA and its contractors and subcontractors will comply with all applicable laws, regulations and ordinances, including, without limitation, those listed in Section IX of the Metropolitan Agreement.

(e) No Construction. That construction of the Local Agency Facilities and related work (including planning activities) did not commence prior to the Effective Date.



(f) Capacity. Chino and its contractors, subcontractors and its respective agents will at all times act in an independent capacity and not purport to act as, or represent to others that they are, officers, employees, representatives or agents of Metropolitan, DWR or the State of California.

(g) Oversight and Supervision of Construction. Chino will oversee and supervise all contractors and keep control of all work and provisions of services and materials in connection with the Program.

(h) Maintain Ownership of Program Property. Chino will not sell, abandon, lease, transfer, exchange, mortgage, hypothecate or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Chino Facilities, without the written consent of IEUA.

(i) Protection of Others' Rights. Chino and IEUA will fully protect and preserve the rights of overlying landowners, other groundwater users or water rights holders, parties whose approval is required by any judgment in an adjudicated basin, and all groundwater management agencies or other applicable regulatory agencies, and will take the necessary actions (including groundwater monitoring and mitigation and/or limiting extractions of groundwater) to protect such rights.

#### Section 7. Miscellaneous.

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

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

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

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

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

If to IEUA: Inland Empire Utilities Agency  
9400 Cherry Avenue, Bldg. A  
Fontana, CA 92335  
Attention: Treasurer

With a copy to: Stradling Yocca Carlson & Rauth  
660 Newport Center Drive, Suite 1600  
Newport Beach, CA 92660  
Attention: Douglas Brown

If to Chino: City of Chino  
Public Works Department  
13220 Central Avenue  
P.O. Box 667  
Chino, CA 91708-0667  
Attention: Director of Public Works

With a copy to: Jimmy L. Gutierrez  
A Professional Corporation  
12616 Central Avenue  
Chino, CA 91710

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

(f) Merger of Prior Agreements. This Agreement and the exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof.

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

IN WITNESS WHEREOF, IEUA and CHINO have executed this Agreement with the approval of their respective governing body.

INLAND EMPIRE UTILITIES AGENCY

By: Richard M. Swartz  
General Manager

CITY OF CHINO

By: [Signature]  
City Manager

ATTEST:

Annex J Carner 6/2/03  
City Clerk

EXHIBIT A

LOCAL AGENCY FACILITIES

CHINO

AMOUNT OF FUNDING CHINO WILL RECEIVE:

\$1,072,075

FOR THE FOLLOWING FACILITIES:

Joint City of Chino/Monte Vista Water District groundwater production well and associated water treatment facilities located at Palo Verde Boulevard and Benson Avenue, City of Montclair.

CITY OF CHINO  
FACILITIES TO BE CONSTRUCTED

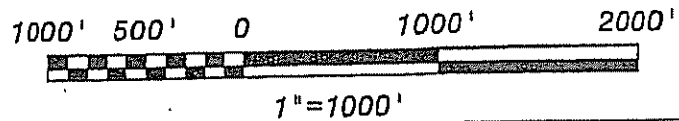
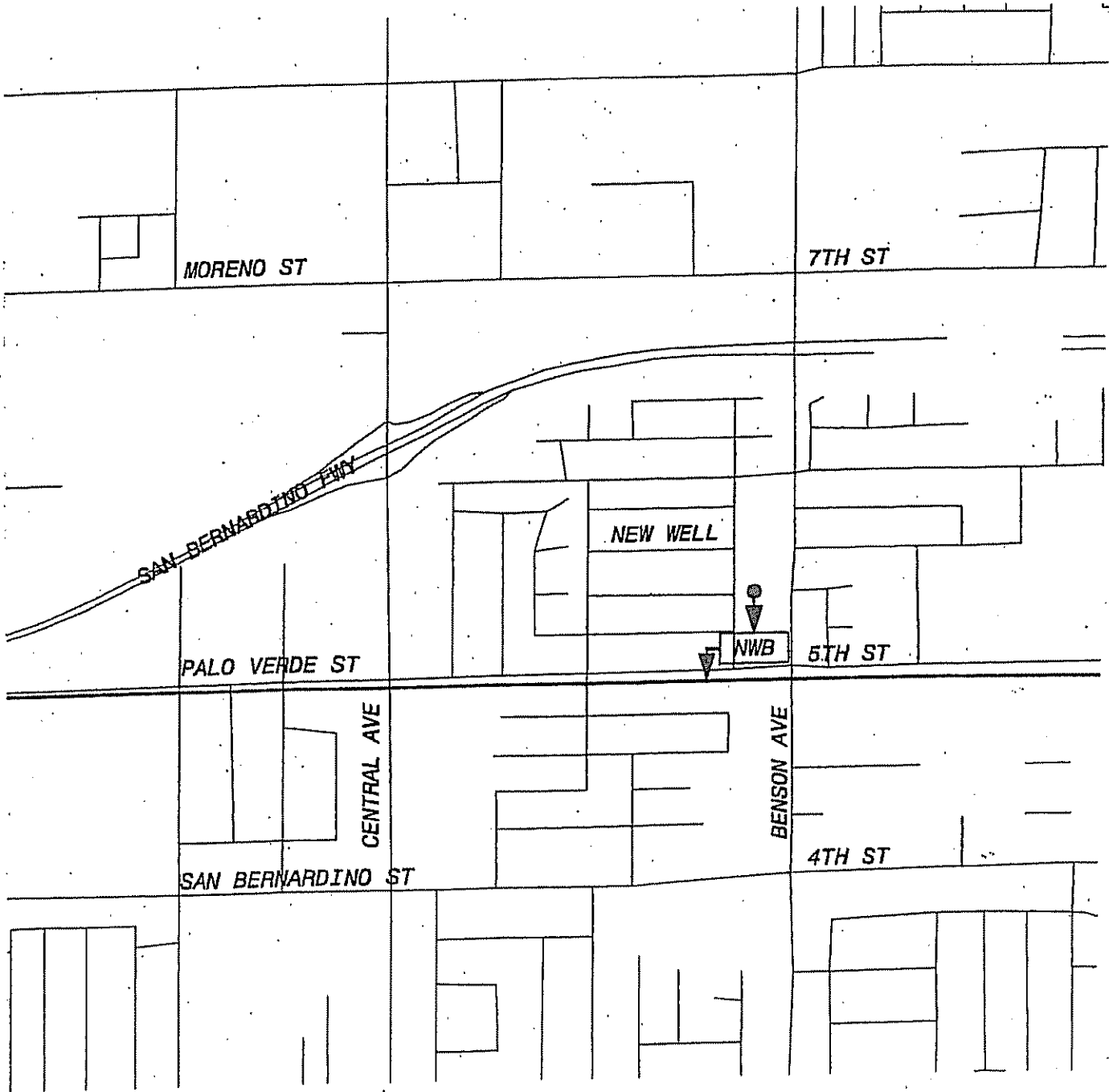


EXHIBIT B

PERFORMANCE TARGETS

CHINO

Dry Year Shift obligation of 1,159 AF over 12-month period

1,159 AF imported water reduction  
1,159 AF pumped from MWD storage account  
1,159 AF increase in Chino overall local supply production  
all three criteria must be met plus or minus 10 percent

Failure to perform would result in Chino being charged a rate equal to two times the MWD Tier 2 rates in effect at such time for each AF of the Dry Year Shift obligation not met.

EXHIBIT C

METROPOLITAN AGREEMENT

# **CHINO BASIN WATERMASTER**

## **Exhibit II.G**





## CITY OF CHINO HILLS

2001 GRAND AVENUE  
CHINO HILLS, CALIFORNIA 91709  
(909) 364-2600 ♦ (909) 364-2695 FAX

City Council:  
Ed M. Graham  
W.C. "Bill" Kruger  
Gary G. Larson  
Gwenn E. Norton-Perry  
James S. Thalman

August 6, 2003

Mr. Richard W. Atwater, CEO/General Manager  
Inland Empire Utilities Agency  
6075 Kimball Ave., Bldg. A  
Chino, CA 91710

Dear Mr. Atwater:

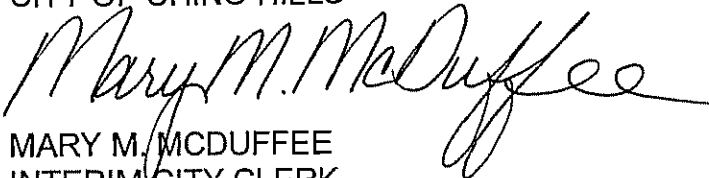
RE: 25-Year Dry Year Yield Water Agreement/Local Agency Agreement  
Chino Hills Agreement No. A03-95 (Groundwater Storage Program  
Funding Agreement No. 49960)

At their regular meeting held July 8, 2003, the City Council of the City of Chino Hills authorized execution of a 25-Year Dry Year Yield Agreement with Metropolitan Water District (MWD), Inland Empire Utilities Agency (IEUA), Three Valleys Municipal Water District (TVMWD) and Chino Basin Watermaster. Enclosed for your records is a fully executed copy of said Agreement.

Should you have any questions, please contact Pat Hagler, Public Facilities and Operations Director at (909) 364-2801.

Very truly yours,

CITY OF CHINO HILLS

  
MARY M. MCDUFFEE  
INTERIM CITY CLERK

MM:nm  
Enclosure

cc Pat Hagler, Public Facilities and Operations Director, w/Encl.  
Judy Lancaster, Finance Director, w/Encl.

LOCAL AGENCY AGREEMENT

Dated as of July 1, 2003

By and Among

INLAND EMPIRE UTILITIES AGENCY

And

CITY OF CHINO HILLS

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**EXHIBITS**

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## LOCAL AGENCY AGREEMENT

This Agreement is entered into as of July 1, 2003, by and among the Inland Empire Utilities Agency ("IEUA"), a municipal water district duly organized and existing under the laws of the State of California, and the Monte City of Chino Hills, ("Local Agency").

### WITNESSETH:

WHEREAS, in March 2000, California voters approved Proposition 13 ("Prop. 13") authorizing the State of California to sell \$1.97 billion in general obligation bonds for water related projects throughout the State. The Governor's Budget Act for 2000, Chapter 52, Statutes of 2000, appropriated to the California Department of Water Resources ("DWR") local assistance grants for groundwater storage and supply reliability projects in the amount of \$161,544,000 by budget item 3860-01-6027, payable from the Interim Reliable Water Supply and Water Quality Infrastructure and Managed Subaccount; and

WHEREAS, Metropolitan was subsequently selected by DWR as a grant recipient for \$45 million (the "Prop. 13 Funds") to be used for groundwater storage projects within its service area. In a letter dated October 13, 2000, DWR set forth the specific terms and conditions of the grant to Metropolitan; and

WHEREAS, on September 20, 2000, Metropolitan sent a letter to its twenty-six member public agencies (consisting of cities, municipal water districts and a county water authority within its 5,155 square-mile service area covering portions of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties), requesting a list of groundwater storage projects to be considered for Prop.13 Funding. On November 1, 2000, Metropolitan delivered to those member public agencies that indicated an interest in the Prop. 13 groundwater storage programs a Request for Proposals for Participation in Groundwater Storage Programs Using Proposition 13 Funds, RFP No. WRM-2 (the "RFP"); and

WHEREAS, Metropolitan anticipated that programs funded by the Prop. 13 Funds would store water (by various methods) that Metropolitan imports from the State Water Project and the Colorado River. This stored water would be pumped by the member agency (or a sub-agency) with a corresponding reduction in surface water deliveries from Metropolitan. As a result, Metropolitan would have a greater amount of water to distribute within its service area. In addition, such groundwater storage programs are part of a larger effort to meet water supply demands in Southern California, as specifically set forth in the Integrated Water Resources Plan approved by Metropolitan's Board of Directors in 1996, and the Groundwater Storage Principles adopted in connection therewith by Metropolitan's Board of Directors in January 2000; and

WHEREAS, IEUA has entered into a Groundwater Storage Project Funding Agreement (the "Metropolitan Agreement") with Metropolitan, Three Valleys Municipal Water District and Chino Basin Watermaster whereby, among other things, funding will be provided to finance the City of Chino Hills facilities listed on Exhibit A hereto (the "Local Agency Facilities") which are necessary to enhance a groundwater storage program in the Chino Basin; and

WHEREAS, IEUA desires to pass through to the Local Agency funding received by IEUA under the Metropolitan Agreement which are allocable to the Local Agency Facilities for use by the Local Agency to construct the Local Agency Facilities; and

WHEREAS, in exchange for such funding, the parties hereto intend that the Local Agency assume all obligations of IEUA under the Metropolitan Agreement and all obligations relating to the Local Agency Facilities, whether such obligations are imposed by Metropolitan, DWR or another entity, such obligations including but not limited to the obligations recited in Sections III, IV, V, VII, X, XI and XII of the Metropolitan Agreement;

NOW THEREFORE, the parties hereto do agree as follows:

Section 1. Definitions. All capitalized terms used herein and not otherwise defined shall have the meanings given in the Metropolitan Agreement.

Section 2. Effective Date; Termination Date. This Agreement shall become effective upon the Effective Date of the Metropolitan Agreement and shall terminate 25 years following the effective date.

Section 3. IEUA Duties. In exchange for the Local Agency duties and obligations established under the provisions of this Agreement, IEUA shall reimburse the Local Agency an amount equal to \$1,338,938 for project related expenditures associated with the construction of one or more of the Local Agency Facilities listed on Exhibit A. IEUA acknowledges and agrees that the Local Agency Facilities shall be comprised of one or more of the facilities listed in Exhibit A. Payment by IEUA to the Local Agency shall be in accordance with the provisions of the Metropolitan Agreement in Exhibit C.

Section 4. Local Agency Duties Generally. Local Agency hereby accepts and agrees to perform all of IEUA's duties under the Metropolitan Agreement relating to the Local Agency Facilities, it being the intention of IEUA and Local Agency that Local Agency will be directly responsible for all aspects of constructing, operating and maintaining the Local Agency Facilities in accordance with the Metropolitan Agreement. Local Agency shall only be required to increase its overall local groundwater production capacity in an amount equal to that percentage of 1,448 acre feet that equals the percentage of IEUA payment to the Local Agency of the \$1,338,938.

Section 5. Illustrative List of Local Agency Duties. Among the duties Local Agency shall perform are those set forth below in this Section. Such duties are merely illustrative of the duties Local Agency shall perform and do not limit Local Agency's responsibilities hereunder.

(a) Construction Duties. Local Agency shall perform all of IEUA's duties with respect to the construction of the Local Agency Facilities which are set forth in the Metropolitan Agreement. Such duties include but are not limited to (i) obtaining the Required Approvals applicable to the Local Agency Facilities pursuant to Section III(C) of the Metropolitan Agreement, (ii) providing for the planning and preconstruction requirements of Section IV(A) of the Metropolitan Agreement which relate to the Local Agency Facilities, (iii) providing for the construction of the Local Agency Facilities in accordance with Section IV(B) of the Metropolitan Agreement, and (iv) completing construction of the Local Agency Facilities in accordance with the timeline set forth in Section IV(B) of the Metropolitan Agreement including retaining and supervising qualified contractors.

(b) Cost Overruns. Local Agency agrees to pay for any cost overruns allocable to the Local Agency Facilities pursuant to Section V(B). In addition, Local Agency shall pay any amounts due to Metropolitan pursuant to Section V(B)(2) which is allocable to the Local Agency Facilities. Should bids for construction of the Local Agency Facilities exceed the Approved Budget by more than five percent (5%), IEUA will review such cost increase with the Local Agency to determine the appropriate way to proceed with the program and the Local Agency may authorize a cost share, to change the scope of the project, or to discontinue the project, all in accordance with Section V(B)(2) of the Metropolitan Agreement.

(c) Operation and Maintenance Duties. With respect to the Local Agency Facilities, Local Agency agrees to perform those certain duties listed in the Metropolitan Agreement, namely:

(i) Cause the Local Agency Facilities to be operated and maintained in as good and efficient condition as upon their construction, ordinary and reasonable wear and depreciation excepted, and otherwise in accordance with industry standards (and DWR standards and requirements, if any);

(ii) Provide for all repairs, renewals, and replacements necessary to the efficient operation of the Local Agency Facilities;

(iii) To the extent existing facilities are utilized for the Program, provide for all repairs, renewals, and replacements necessary to the efficient operation of such existing facilities; and

(iv) Upon call by Metropolitan for Stored Water Delivery, operate Facilities, combined with the existing infrastructure, at Operational Capacity Thresholds necessary to meet performance targets as outlined in Exhibit G of the Metropolitan Agreement.

(d) Delivery of Metropolitan Water. Watermaster and IEUA will allocate Metropolitan water supplied by Metropolitan's Storage Account (replenishment, injection or in lieu) through an annual operating plan to be approved by IEUA and Watermaster. To the extent that Local Agency is allocated Metropolitan in lieu water, rate and charges paid by the Local Agency for such in lieu deliveries shall be based upon IEUA rates and charges adopted its Board of Directors for the Metropolitan Dry Year Storage Program from time-to-time.

(e) Groundwater and Pumping Responsibilities. Local Agency acknowledges and agrees that Metropolitan has the right to demand the pumping of stored water in the Chino groundwater basin in the maximum amount indicated herein. Local Agency shall reduce its imported water and provide for the pumping of stored water upon Metropolitan's request of a Stored Water Delivery, all in accordance with Section VII(C) of the Metropolitan Agreement, and consistent with Exhibit B hereto; provided, that the maximum amount in any given year shall not exceed that percentage of the amount in Exhibit B that equals the percentage of IEUA payment to the Local Agency of the \$1,338,938. Local Agency shall be reimbursed by Metropolitan for operation and maintenance expenses incurred when pumping stored water upon Metropolitan's demand, all in accordance with Section VII(D) of the Metropolitan Agreement.

(f) Recordkeeping, Reporting, Inspection and Audit Duties. Local Agency shall perform all of IEUA's recordkeeping, reporting, inspection and audit duties which relate to the Local Agency Facilities, all in accordance under Section X of the Metropolitan Agreement.

(g) Indemnity. Local Agency shall immediately reimburse IEUA for any amounts expended for compliance with Section XI of the Metropolitan Agreement which are allocable or which in any way relate to the Local Agency Facilities.

(h) Insurance. Local Agency shall be responsible for providing and paying for all insurance with respect to the Local Agency Facilities required by Section XII of the Metropolitan Agreement.

Section 6. Representations, Warranties and Covenants. Local Agency represents, warrants and covenants as follows:

(a) Power and Authority The City of Chino Hills has all necessary power and authority to enter into this Agreement and to perform its obligations hereunder on the terms set forth in this Agreement, and that the execution and delivery hereof by it and the performance of its obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which it is a party or by which it is a party or by which it is bound.

(b) Authorization; Valid Obligation. That all proceedings required to be taken by or on behalf of Local Agency to authorize it to make, deliver and carry out the terms of this Agreement have been duly and properly taken, and that this Agreement is its valid and binding obligation enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

(c) No Litigation. To the best of Local Agency's knowledge, there is no litigation, proceeding or investigation pending or threatened, to which it is or would be a party, or which does or would bind or relate to the Chino Basin, directly or indirectly, which, individually or in the aggregate, if adversely determined, might materially and adversely affect its ability to perform its obligations under this Agreement, or which raises a question as to the validity of this Agreement, or any action to be taken hereunder.

(d) Compliance with Laws. In the performance of its obligations hereunder, Local Agency and its contractors and subcontractors will comply with all applicable laws, regulations and ordinances, including, without limitation, those listed in Section IX of the Metropolitan Agreement.

Local Agency and its contractors and subcontractors will give written notice of its obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Local Agency and its contractors will include the nondiscrimination and compliance provisions of this clause in all contracts and subcontracts let for the construction of the Local Agency Facilities.

(e) Compliance with DWR Requirements. The Plans will comply with any DWR requirements, including any requirements set forth in the DWR Funding Letter. During the performance of its obligations herein, Local Agency will comply with any DWR requirements, including any requirements set forth in the DWR Funding Letter.

(f) No Construction. That construction of the Local Agency Facilities and related work (including planning activities) did not commence prior to the Effective Date.

(g) Capacity. Local Agency and its contractors, subcontractors and its respective agents will at all times act in an independent capacity and not purport to act as, or represent to others that they are, officers, employees, representatives or agents of Metropolitan, DWR or the State of California.

(h) Oversight and Supervision of Construction. Local Agency will oversee and supervise all contractors and keep control of all work and provisions of services and materials in connection with the Program.

(i) Maintain Ownership of Program Property. Local Agency will not sell, abandon, lease, transfer, exchange, mortgage, hypothecate or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Program. Without the written consent of IEUA, which consent shall not unreasonably be withheld, IEUA shall have the burden of persuasion with respect to the unreasonableness of any proposed Local Agency action regarding the property. Local Agency shall use reasonable efforts to avoid material legal injury to third parties and to comply with lawful regulatory agency requirements in the construction and operation of MVWD Local Agency Facilities.

Section 7. Miscellaneous.

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

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

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

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

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

If to IEUA:                      Inland Empire Utilities Agency  
6075 Kimball Ave, Bldg. A  
Chino, California 91710  
Attention: Treasurer



With a copy to: Stradling Yocca Carlson & Rauth  
660 Newport Center Drive, Suite 1600  
Newport Beach, California 92660  
Attention: Douglas Brown

If to Watermaster: Chino Basin Watermaster  
8632 Archibald Avenue, Suite 109  
Rancho Cucamonga, California 91730  
Attention: Executive Director

If to Local Agency: City of Chino Hills  
2001 Grand Avenue  
Chino Hills, California 91709  
Attention: General Manager

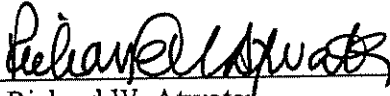
or to such other address as either party may from time to time specify in writing to the other party. Any notice shall be deemed delivered when actually delivered, if such delivery is in person, upon deposit with the U.S. Postal Service, if such delivery is by certified mail, upon deposit with the overnight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

(f) Merger of Prior Agreements. This Agreement and the Exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof.

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

IN WITNESS WHEREOF, IEUA has executed this Agreement with the approval of its governing body, Watermaster has executed this Agreement with the approval of its governing body, and Local Agency has executed this Agreement in accordance with the authorization of its governing body.

INLAND EMPIRE UTILITIES AGENCY

By:   
Richard W. Atwater  
Chief Executive Officer/General Manager

CITY OF CHINO HILLS

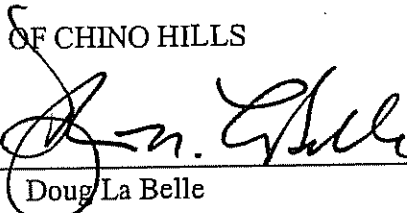
By:   
Doug La Belle  
City Manager

EXHIBIT A

CITY OF CHINO HILLS

LOCAL AGENCY FACILITIES

1. The City of Chino Hills ion exchange treatment facility will be located on the northwestern corner of Chino Hills Parkway and Monte Vista Avenue in the City of Chino Hills.
2. The ion exchange facility will treat groundwater from the Pellisier Well.
3. The ion exchange treatment facility will be designed to treat groundwater with an average nitrate concentration of 84 mg/L to a capacity of 1,300 gpm.
4. The brine waste will be discharged into the IEUA/SARI system (100 foot estimated 8 inch lathal) on Chino Hills Parkway.

EXHIBIT B

PERFORMANCE TARGETS

CITY OF CHINO HILLS

Dry Year Shift obligation of 1,448 AF over 12-month period

- 1,448 AF reduced imported water reduction
  - 1,448 AF pumped from Metropolitan Water District storage account
  - 1,448 AF increase in City of Chino Hills overall local supply production
- all three criteria must be met plus or minus 10 percent

Failure to perform would result in City of Chino Hills being charged a rate equal to two times the Metropolitan Tier 2 rates in effect at such time for each acre-foot of the Dry Year Shift obligation not met.

 IEUA

\_\_\_\_ Local Agency

EXHIBIT C  
METROPOLITAN WATER DISTRICT  
AGREEMENT NO. 49960

**AGREEMENT NO. 49960**  
**GROUNDWATER STORAGE PROGRAM**  
**FUNDING AGREEMENT**

**BY AND AMONG**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**AND**

**INLAND EMPIRE UTILITIES AGENCY**

**AND**

**THREE VALLEYS MUNICIPAL WATER DISTRICT**

**AND**

**CHINO BASIN WATERMASTER**

**DATED AS OF \_\_\_\_\_, 2003**

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# GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT

**THIS GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT** (this "Agreement"), dated as of March 1, 2003, is entered into by and among **THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA** ("Metropolitan"), a public entity of the State of California, **INLAND EMPIRE UTILITIES AGENCY**, a municipal water district of the State of California ("IEUA"), **THREE VALLEYS MUNICIPAL WATER DISTRICT**, a municipal water district of the State of California ("TVMWD") and **CHINO BASIN WATERMASTER**, an entity established by the Superior Court of the State of California as described in Recital F below ("Watermaster").

## I. RECITALS

- A. In March 2000, California voters approved Proposition 13 ("Prop. 13") authorizing the State of California to sell \$1.97 billion in general obligation bonds for water related projects throughout the State. The Governor's Budget Act for 2000, Chapter 52, Statutes of 2000, appropriated to the California Department of Water Resources ("DWR") local assistance grants for groundwater storage and supply reliability projects in the amount of \$161,544,000 by budget item 3860-01-6027, payable from the Interim Reliable Water Supply and Water Quality Infrastructure and Managed Subaccount.
- B. Metropolitan subsequently was selected by DWR as a grant recipient for \$45 million (the "Prop. 13 Funds") to be used for groundwater storage projects within its service area. In a letter dated October 13, 2000 (the "DWR Funding Letter") (see Exhibit A attached hereto), DWR set forth the specific terms and conditions of the grant to Metropolitan.
- C. On September 20, 2000, Metropolitan sent a letter to its twenty-six member public agencies (consisting of cities, municipal water districts and a county water authority within its 5,155 square-mile service area covering portions of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties), requesting a list of groundwater storage projects to be considered for Prop. 13 Funding. On November 1, 2000, Metropolitan delivered to those member public agencies that indicated an interest in the Prop. 13 groundwater storage programs the Request for Proposals for Participation in Groundwater Storage Programs Using Proposition 13 Funds, RFP No. WRM-2 (the "RFP") (see Exhibit B attached hereto). Metropolitan subsequently conducted a Pre-Submittal Workshop, open to the public, on November 8, 2000, to address any concerns or questions regarding the RFP.
- D. Metropolitan anticipated that programs funded by the Prop. 13 Funds would store water (by various methods) that Metropolitan imports from the State Water Project and the Colorado River. This stored water would be pumped by the member agency (or a sub-agency) with a corresponding reduction in surface water

deliveries from Metropolitan. As a result, Metropolitan would have a greater amount of water to distribute within its service area. In addition, such groundwater storage programs are part of a larger effort to meet water supply demands in Southern California, as specifically set forth in the Integrated Water Resources Plan ("IRP") approved by Metropolitan's Board of Directors in 1996, and the Groundwater Storage Principles (see Appendix A of Exhibit B attached hereto) adopted in connection therewith by Metropolitan's Board of Directors in January 2000.

- E. IEUA and TVMWD are both municipal water districts formed in 1950 and have been member agencies of Metropolitan since their formation. IEUA was formerly known as Chino Basin Municipal Water District. IEUA serves a portion of San Bernardino County and has one or more designated representatives on Metropolitan's Board of Directors. TVMWD was formerly known as Pomona Valley Municipal Water District. TVMWD serves a portion of Los Angeles County and has one or more designated representatives on Metropolitan's Board of Directors.
- F. The Watermaster was established under the Judgment in the Superior Court of California for County of San Bernardino, entitled, "Chino Basin Municipal Water District v. City of Chino, et al.," entered into on January 27, 1978 ("**Judgment**"). The Watermaster is responsible for managing the Chino Groundwater Basin ("**Chino Basin**") in the most beneficial manner and for equitably administering and enforcing the provisions of the Judgment.
- G. Metropolitan has the following storage agreements with IEUA and Chino Basin Watermaster beginning in 1979:
1. Cyclic Storage Agreement approved by the Court in January 1979.
  2. The MWD Trust Storage Agreement approved by the Court in August 1986.
  3. The Short-Term Conjunctive Use Agreement (CB-5) approved in September 1993.
- H. On January 19, 2001, the Proposal for Chino Basin Groundwater Storage Project (the "**Proposal**") was submitted by IEUA for Metropolitan's consideration (see Exhibit C attached hereto). On April 10, 2001, Metropolitan notified IEUA that the program described in its Proposal had been selected for further consideration (see Exhibit D attached hereto) and that it was eligible for up to \$9 million of the Prop. 13 Funds. The Program is also eligible for disbursement of up to \$ 18.5 million of other funds administered by Metropolitan. The Prop. 13 Funds plus the Metropolitan funds specifically allocated to the proposed Program are referred to herein as the "**Program Funds**."
- I. During further development of the Program, the City of Pomona was identified as a participating retail agency (Operating Party) for implementation of the Program. The City of Pomona is a sub-agency of TVMWD, and TVMWD has therefore joined this Agreement.

- J. Accordingly, the parties hereto (each a "Party" and, collectively, the "Parties") desire to enter into a mutually beneficial agreement for a groundwater storage program funded by Program Funds that will achieve reasonable and beneficial conjunctive use of Metropolitan's water supply to provide 33,000 acre-feet of additional pumping capacity in the Chino Basin in accordance with this Agreement and the Groundwater Storage Principles referenced above. This Agreement describes the terms of the Program agreed to among Metropolitan, the Watermaster, IEUA, and TVMWD which includes the terms for the storage and delivery of stored water from Metropolitan, the construction of groundwater production facilities, and the funding of such facilities. All of the elements together as described in this Agreement shall constitute the "Program".
- K. Pursuant to the provisions of California Environmental Quality Act (CEQA) and the State CEQA Guidelines, IEUA, acting as lead agency, prepared and processed a Final Program Environmental Impact Report (Final PEIR) for the Chino Basin Watermaster Optimum Basin Management Program (OBMP) which included conjunctive use Storage and Recovery Program of 500,000 acre-feet (the "Storage and Recovery Program"). Among other things, the Final PEIR evaluated the environmental effects associated with the construction activities that are tied to and funded by this Agreement. On July 12, 2000, IEUA certified the Final PEIR and approved the OBMP.
- L. Subsequent to certification of the Final PEIR, IEUA found that it needed to make minor modifications to the proposed construction activities. IEUA determined that these modifications would not result in any significant new environmental effects, substantially increase the severity of previously identified effects, or require any new mitigation measures beyond those examined by and proposed in the Final PEIR. IEUA prepared a Finding of Consistency (i.e., Addendum) documenting this determination, which it certified on December 18, 2002.
- M. TVMWD and Metropolitan, acting as responsible agencies, have reviewed the information contained in the Final PEIR and Finding of Consistency, and have adopted IEUA's findings concerning the environmental effects associated with the construction activities that are tied to and funded by this Agreement.
- N. As of the date of this Agreement, no legal action has been filed challenging the Final PEIR, the Finding of Consistency, or any determination and approvals issued by IEUA, TVMWD or Metropolitan that relate to the Program or this Agreement.
- O. IEUA and Watermaster are funding a \$45 million Recharge Master Plan capital improvement program, separate and apart from this agreement, that will increase significantly the ability for Metropolitan to store water through direct replenishment into Metropolitan's storage account. Under the OBMP the parties to the Judgment have agreed to expand the existing Chino I Desalter from 8 mgd

to 14 mgd and build the Chino II Desalter at a capacity of 10 mgd to produce and treat approximately 25,000 AF per year of poor quality water to minimize downstream water quality impacts on the Orange County Water District (OCWD) consistent with the OBMP Program Environmental Impact Report and Chino I expansion/Chino II Desalter Environmental Impact Report and the Memorandum of Understanding with OCWD.

NOW, THEREFORE, in consideration of the foregoing Recitals, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

## II. EFFECTIVE DATE AND TERM

### A. Effective Date

Upon execution by all Parties, this Agreement shall be deemed effective as of March 1, 2003 (the "Effective Date").

### B. Termination Date

This Agreement shall initially terminate on the date which is twenty-five years after the Effective Date, unless sooner terminated in accordance herewith (the "Initial Termination Date"). Notwithstanding the foregoing, this Agreement will renew for a five-year period commencing on the Initial Termination Date, and each fifth anniversary thereof (each, a "Renewal Date"), if written consent of all parties is filed with Metropolitan at least 90 days prior to each termination date. This Agreement shall absolutely terminate and be of no further force or effect on the date that is fifty years after the Effective Date (the "Final Termination Date").

## III. CONDITIONS PRECEDENT TO FUNDING OBLIGATION AND PROGRAM IMPLEMENTATION

Metropolitan's funding obligations with respect to construction of the Facilities (as set forth in Article V below) are subject to the satisfaction of the following conditions precedent, or waiver of the condition(s) precedent, by Metropolitan:

### A. CEQA.

Any and all environmental reviews and supporting documentation ("CEQA Documents") required to implement the Program and/or this Agreement shall have been completed, certified and approved by the Parties in accordance with CEQA and its guidelines. Further, the time period for commencing a legal action challenging any of these CEQA Documents, or challenging any certifications, findings, determinations, approvals or authorizations that are related to or based

upon such CEQA Documents, shall have lapsed with no such legal action having been filed.

**B. DWR Commitment**

The conditions necessary to receive Prop. 13 Funds under the DWR Funding Letter shall have been satisfied, and DWR shall be committed to disbursing the Prop. 13 Funds to Metropolitan in accordance with the DWR Funding Letter, the Schedule and the Budget.

**C. Permits and Approvals**

Any authorizations, consents, licenses, permits and approvals from any Governmental Authority (as defined hereafter) or person as may be required by applicable law to construct and operate the Program (including, without limitation, the approvals or consents from other groundwater users in the Chino Basin, or parties whose approval is required by any judgment in an adjudicated basin, and approval and recognition of this Agreement by the San Bernardino Superior Court with continuing jurisdiction over the Judgment (collectively, the "Required Approvals") shall have been obtained. IEUA shall have delivered reasonably satisfactory evidence of such Required Approvals to Metropolitan. None of the Required Approvals shall impose any condition to such approval that a Party finds unacceptable, and any acceptable conditions to the Required Approvals shall have been satisfied or waived by the person imposing such condition or will be satisfied by the Program as then contemplated.

"Governmental Authority" means any federal, state, local or other governmental, regulatory or administrative agency, governmental commission, department, board, subdivision, court, tribunal, or other governmental arbitrator, arbitral body or other authority.

**D. No Litigation**

IEUA, TVMWD, and Watermaster shall have certified that, except as disclosed in writing to Metropolitan and accepted by Metropolitan in its reasonable discretion, there is no litigation, including any arbitration, investigation or other proceeding, pending before any court, arbitrator or Governmental Authority, nor any such litigation threatened, nor any decree, order or injunction issued by any court, arbitrator or Governmental Authority and remaining in effect, which relates to Program Funds or the Program or which prevents or hinders (or seeks to prevent or hinder) implementation of the Program, or which raises a question as to the validity of this Agreement, or any of the other Program agreements.

The date upon which each of the foregoing conditions has been satisfied or waived by Metropolitan, as set forth in a written notice from Metropolitan to IEUA, shall be the "Funding Obligation Date."



## IV. PROGRAM PLANNING AND CONSTRUCTION

### A. Planning

#### 1. General Description of Program

The Program includes the following components:

- a. Metropolitan shall have the right to: (1) deliver and store imported water supplies in the Chino Basin at up to a rate of 25,000 acre-feet per year and up to 100,000 AF in storage at any time ("**Maximum Storage Amount**"), subject to higher amounts if approved in advance by the Chino Basin Watermaster, and (2) cause Chino Basin stored water to be produced at a rate of 33,000 AF per year, pursuant to the Exhibit G "Performance Criteria" of this Agreement, the Chino Basin Judgment and the Watermaster Rules and Regulations. Watermaster will provide for rights to store and extract water from the Chino Basin.
- b. The proposed groundwater storage Program consists of the facilities described in Exhibit H (the "**Facilities**"). The agencies within the service areas of IEUA and TVMWD responsible for operating the respective Facilities ("**Operating Parties**") are also listed in Exhibit H. IEUA and TVMWD will enter into agreements with the **Operating Parties** within their respective service areas that will require such **Operating Parties** to operate and maintain the Facilities.
- c. Water provided for storage by Metropolitan hereunder ("**Program Water**") will be untreated water, as defined in Section 4104 of Metropolitan's Administrative Code. Water stored by spreading or injection in the Chino Basin must meet the applicable water quality requirements as required by the Watermaster and any other regulatory agency with jurisdiction over the Chino Basin.
- d. Metropolitan will fund the construction of the Facilities in accordance with this Agreement.

#### 2. Operational Capacity Thresholds

The Program "**Operational Capacity Thresholds**" are:

- a. *Storage.* Water can be stored in the following ways: (1) spreading, (2) injection, (3) in-lieu deliveries (pursuant to the administration procedures described in Exhibit F) and transfer from existing Metropolitan storage accounts consistent with the Chino Basin .

Judgment. Metropolitan can store water in the Chino Basin at a rate of 25,000 AF per year, unless a greater amount is approved by the Watermaster.

- b. *Extraction.* At a minimum, the Facilities, when combined with the existing groundwater production capacity of the Operating Parties as defined in Exhibit H, if necessary, shall be designed to have the capacity to extract water from the Chino Basin at a rate of 33,000 AF per year. Prior to the completion of all Facilities, the minimum extraction capacity shall be a pro rata portion of the extraction capacity based on the Facilities then completed.

3. Submission of Plans, Schedule and Budget

On or before September 1, 2004, IEUA shall deliver to Metropolitan the engineering and construction plans and specifications (the "**Plans**"), a construction schedule (the "**Schedule**") and a construction budget (the "**Budget**") for the Facilities . At a minimum:

- a. The Plans shall describe in reasonable detail the construction and design of the Facilities, and shall conform to any requirements of DWR;
- b. The Schedule shall state the date of construction commencement, the anticipated completion date (which shall occur no later than March 8, 2008, ), key milestone dates in the interim (each a "**Milestone Date**") including timing of discrete program elements ("**Discrete Program Elements**") and major tasks ("**Tasks**") within them; and
- c. The Budget shall contain an itemized summary of Program costs including costs of the contractors, consultants, and other service providers, and all materials anticipated to be purchased in connection with the Program. For the purpose of Metropolitan's payment of invoices from Program Funds ("**Invoice**") pursuant to Section V(D), the Budget shall be divided into phases corresponding to the Milestone Dates, Discrete Program Elements and Tasks set forth in the Schedule.

4. Review and Approval of Schedule and Budget

- a. Metropolitan shall review and approve or disapprove, by written notice to IEUA, the Schedule and Budget for the Facilities within ten (10) business days after Metropolitan's receipt thereof (once so approved, the "**Approved Budget**" and the "**Approved Schedule**"). If Metropolitan has not acted on the schedule or budget within ten (10)

business days after Metropolitan's receipt, the schedule or budget shall be deemed approved.

- b. For all Facilities funded in whole or part with Prop. 13 funds, all Metropolitan approvals shall be conditional upon DWR approvals. IEUA acknowledges and agrees that Metropolitan intends to submit the Schedule and Budget to the DWR for its review and approval, and Metropolitan shall disapprove the Schedule and/or Budget upon DWR's disapproval of the Schedule and/or Budget.
- c. If Metropolitan (or DWR, if applicable) disapproves of the Schedule and/or Budget, Metropolitan shall specify the reasons for the disapproval in its disapproval notice to IEUA. Metropolitan shall thereafter promptly meet with IEUA to correct any deficiencies to the Schedule and/or Budget such that the Schedule and Budget are reasonably acceptable to Metropolitan, DWR (if applicable) and IEUA.
- d. Notwithstanding any requirements of DWR as noted in clause (b) above, or any other terms or conditions set forth herein, neither DWR nor Metropolitan shall have any responsibility for reviewing or approving the Plans, and IEUA assumes all responsibility for the proper design, planning, and specifications of the Facilities.
- e. IEUA, may, as warranted, update the Approved Schedule and Approved Budget for the Facilities to reflect changes as necessary. However, under no condition may the Completion Date exceed March 8, 2008, or the total budget exceed the specified amount allocated as Program Funds unless such overages shall be the responsibility of IEUA. Review and approval of the proposed update shall follow the above procedure.

## **B. Construction**

### **1. Contracting**

IEUA shall retain, or cause to be retained through agreements with the Operating Parties, qualified contractor(s) and consultants to design and construct the Facilities. All contracts let for project construction shall be let by competitive bid procedures that assure award of the contract to the lowest responsible bidder, except as may be otherwise authorized under the enabling authority for IEUA and/or the California Public Contract Code.

2. Construction Supervision and Responsibility

- a. *Diligent Prosecution of Facility Construction.* IEUA agrees to faithfully and diligently complete, or cause to be completed, the construction of the Facilities in accordance with the Plans, Approved Budget and Approved Schedule.
- b. *Supervision.* As among Metropolitan, IEUA, TVMWD, and the Watermaster, IEUA shall be responsible for all work in connection with the construction of the Facilities and for persons engaged in the performance of such work.
- c. *Compliance with Laws.* IEUA shall ensure that all construction in connection with the Program complies with any applicable federal, state and local laws, rules and regulations, including, without limitation, environmental, procurement and safety laws, rules, regulations and ordinance.
- d. *Contracting Disputes.* IEUA shall be responsible for any and all disputes arising out of its contracts for work on the Program, including, without limitation, any bid disputes and payment disputes with contractors or subcontractors. Metropolitan will not mediate disputes between IEUA, TVMWD, their Operating Parties and any other entity in connection herewith.

3. Inspection Right

During reasonable business hours, Metropolitan and/or the DWR, with respect to Facilities funded with Prop. 13 Funds (and any of their designated representatives or agents), may enter upon the Program site and inspect the on-going and/or completed construction activities. Metropolitan agrees to exercise commercially reasonable efforts to deliver advance written notice to IEUA of any such visit to the Program site (it being acknowledged, however, by IEUA that the DWR may inspect the Program site at any and all reasonable times without prior notice pursuant to the terms of the DWR Funding Letter).

4. Completion of Construction

- a. *Completion Date.* IEUA shall assure that Completion of the Facilities occurs not later than March 8, 2008. "Completion" means (x) performance of the construction in a good and workmanlike manner, free and clear of mechanics', materialmens' and other liens or security interests, claims or encumbrances relating to such construction, subject only to completion of punch list items which do not materially interfere with the use or

functionality of the Facilities, and (y) the payment of all costs to the persons entitled thereto less retainage or reserves for punch list items.

- b. *Completion Notification and Certification.* IEUA shall notify Metropolitan within ten business days after Completion of Facilities by each Operating Party. Such notification shall include a certification from the IEUA, the general contractor (if applicable) and a California Registered Civil Engineer affirming Completion and that the Facilities: (i) are as described in Exhibit H; (ii) have been constructed substantially in accordance with the Plans; (iii) have been adequately tested and meet the Operational Capacity Thresholds; and (iv) are otherwise sufficient to achieve the goals of the Program (as stated in Exhibit H).

5. Ownership of Project

Metropolitan will have no ownership interest in the Facilities. The Operating Parties shall have sole ownership and control of the Facilities, and the real property interests in connection therewith, subject to the rights and obligations of the Parties under this Agreement.

V. **PROJECT CONSTRUCTION FUNDING (NOT INCLUDING OPERATION AND MAINTENANCE/ENERGY COST FUNDING)**

A. **Metropolitan Funding Obligation**

1. After the Funding Obligation Date, subject to and in accordance with the terms and conditions of Section V(C) below, Metropolitan hereby agrees to fund the payment of eligible costs for constructing the Facilities in accordance with the Approved Budget (the "Program Construction Costs") in an amount not to exceed \$27.5 million, inclusive of design and construction of Facilities and the costs to comply with CEQA. Of these Program Construction Costs, \$9 million is being funded by Prop 13 Funds.

B. **Cost Overruns**

1. IEUA agrees to pay, and Metropolitan shall have no liability for, any costs of constructing the Facilities in excess of the amounts set forth in the applicable Approved Budget (on line-item and aggregate bases); provided, however, that upon written request from IEUA, Metropolitan shall approve, conditional upon DWR approval, reallocation of any demonstrated costs savings from one line-item of the Approved Budget to

another line item in order to cover any cost overruns for the \$9 million funded by Prop. 13 Funds for specific Program facilities.

2. Should bids for construction of the Program Facilities exceed the Approved Budget by more than 5%, IEUA may review such cost increase with Metropolitan to determine the appropriate way to proceed with the Program. Metropolitan and IEUA may mutually agree to a cost share, a change in scope of the Program, or to discontinue the Program.
3. IEUA agrees to reimburse Metropolitan for any of its costs intended to be reimbursed with Prop. 13 Funds that are disapproved by DWR, within thirty (30) days of receipt of invoice from Metropolitan for such reimbursement. IEUA agrees to pay interest computed at an annual rate equal to that earned by Surplus Money Investment Fund (SMIF) rate as provided for in Government Code Sections 16480 *et seq.*, calculated monthly, on any outstanding amounts so invoiced by Metropolitan, beginning thirty days after the date such invoice is received until paid.

### **C. Disbursement Protocol**

#### **1. Invoice Payment.**

Commencing on the Funding Obligation Date, and continuing not more often than monthly thereafter, IEUA may submit for Metropolitan's consideration and payment from the Program Funds an Invoice for costs incurred. Each Invoice shall set forth in reasonable detail those Program Construction Costs that have been incurred since submittal of the prior Invoice and shall reference Discrete Program Elements and Tasks as outlined in the Approved Budget and Schedule. Each Invoice shall be accompanied by a Progress Report pursuant to Section X (B)(1). Work accomplished on each Discrete Program Element shall be briefly described, and the percent complete shall be presented with the percent and actual amounts expended to date on each Discrete Program Element. Metropolitan shall review and approve or disapprove (in part or whole) the Invoice and provide payment of Program Funds to IEUA for all approved portions of the Invoice within 30 days of receipt. If Metropolitan disapproves any portion of an Invoice, it shall state its reasons for such disapproval in writing and cooperate in good faith with IEUA, to promptly achieve a mutually acceptable revision to the disallowed portion of the Invoice. Metropolitan agrees to pay interest at the rate and in the manner specified in Section V(B)(2) on approved portions of invoices paid more than thirty (30) days after receipt of such invoice by Metropolitan.

2. Certification of Expenditures

With each Invoice submitted for Program Construction Costs, IEUA shall also provide its written certification and a written certification from the general contractor, if any, affirming that invoiced amounts were utilized exclusively for construction of the Facilities in accordance with the Plans and Approved Budget. Such certification shall be accompanied by evidence of payment for services and/or materials delivered in connection with the construction of the Facilities.

3. Disbursement of Program Funds

Upon Metropolitan's payment of Program Funds pursuant to an Invoice, Metropolitan shall have fulfilled its obligation with respect to such payment, and shall have no obligations to ensure disbursement to the appropriate Party(ies) entitled thereto.

## VI. OPERATING COMMITTEE

### A. Operating Committee

1. Composition of Committee.

A committee (the "Operating Committee") shall be established for the specific purposes specified herein. The Operating Committee shall have five members, two representatives from Metropolitan and three representatives chosen by IEUA, TVMWD, and Watermaster in any manner determined by IEUA, TVMWD, and Watermaster. The local agencies listed in Exhibit H may also attend meetings of the Operating Committee. With respect to any matter on which the Operating Committee cannot reach unanimous agreement, the Operating Committee shall submit such matter for determination by a consultant and/or arbitration panel in accordance with Section XIII(A).

2. Meeting of Operating Committee

The Operating Committee shall meet:

- a. as reasonably often as necessary to implement operations and take other needed action pursuant to this Agreement. Such tasks will include preparation of Operating Committee's certification to Watermaster regarding monthly storage achieved utilizing methodology specified in Exhibit F (Accounting Methodology).
- b. within thirty days after the execution of this Agreement; and thereafter at least sixty days prior to the end of each fiscal year

(which fiscal year shall run from July 1 through June 30) to develop Program Annual Operating Plan for the subsequent year and to review need for adjustments to Electrical Costs and Operation and Maintenance Costs; and

- c. by August 31 of each year review prior fiscal year performance for storage and/or extraction in conformance with the Annual Operating Plan and Exhibit G, Performance Criteria; and for assessment of per-acre-foot Electrical Costs and Operation and Maintenance Costs to be paid by Metropolitan.

3. Annual Operating Plan

- a. The Annual Operating Plan shall provide an estimated schedule and location for all storage and extraction under this Agreement and in conformance with Exhibit G (Performance Criteria) on a monthly basis for the upcoming fiscal year and documentation of adequate available capacity with respect to the Program Facilities capacity to accommodate Metropolitan's rights pursuant to Section VII hereof. Initial operation of the Metropolitan Storage Account prior to completion of Facilities funded under this Agreement shall be accomplished under the Annual Operating Plan. Until all Facilities are completed, partial performance shall be pro rata according to the proportion of Facilities listed in Exhibit H which are then complete.
- b. The Annual Operating Plan shall provide sufficient information to allow the Operating Committee and Watermaster to assess potential impacts from the Program on the Chino Basin and the Judgment Parties, such as : (1) current and projected water levels in the basin; and (2) short-term and long-term projections of Chino Basin water supply and water quality. The Operating Committee and the Watermaster may request additional information from the Operating Parties.
- c. Consistent with Section VIII(A) below, the Annual Operating Plan shall not limit Metropolitan's ability to modify its call for extraction or storage of water upon fifteen (15) days advance notice as provided in Sections VII(A) and VII(C). Watermaster reserves the right to approve the location and amount of storage and extraction pursuant to this Agreement, in accordance with the Judgment, OBMP and its policies applicable to the Judgment Parties.
- d. Storage and extraction operations under this Agreement shall be in accordance with the provisions of the Annual Operating Plan as



adopted or as amended to accommodate changed circumstances or new information. The Annual Operating Plan may be amended: (1) at the request of a member of the Operating Committee and with the concurrence of the Operating Committee and approval of the Watermaster (2) as a requirement of the Watermaster in the implementation of the Judgment and OBMP with specific adjustments proposed by consensus of the Operating Committee and approved by the Watermaster.

4. Specific Duties

Without limiting the foregoing, the Operating Committee shall:

- a. Properly account for the amounts of all water stored and extracted and submit a report of these amounts achieved for the Metropolitan Storage Account to Watermaster and Metropolitan on a monthly basis but not more than two months in arrears. At the end of the fiscal year, an annual reconciliation shall be performed of storage and extraction, and any adjustments to the monthly submittals shall be submitted to the Watermaster and to Metropolitan in a timely manner for consideration in the preparation of the Watermaster's annual assessment package.
- b. Within two months following formal issuance of Watermaster's annual report, perform an annual reconciliation of Metropolitan and IEUA's and TVMWD's records with Watermaster's annual report and Metropolitan's water billing inclusive of credits for the Operation and Maintenance Costs and Electrical Costs, and prepare any needed paperwork for adjustments to the billing.
- c. Consistent with Section VIII(A) below, confirm that sufficient excess operable production capacity was maintained for the conjunctive use Program during the prior year, unless different criteria are agreed upon by the Operating Committee.
- d. Prepare and deliver to the Parties, on or before September 1 of each year, a written annual report outlining the Program Annual Operating Plan for the subsequent year, and the Operating Committee's actions during the prior year (the "Operating Committee Annual Report").
- e. Every five years, commencing upon the Completion Date, the Operating Committee shall review the maintenance charge set forth in Section VI(D)(1) of this Agreement. To such end, the Operating Committee shall conduct a survey of operation and maintenance costs with respect to facilities within the Program

Basin and which are comparable to the Facilities. Based on such survey and other information the Operating Committee deems relevant, the Operating Committee shall approve a new Operation and Maintenance Cost for the next five-year period.

- f. Every year commencing upon Completion Date, determine the electrical power unit rates(s) (dollars per AF of Stored Water Deliveries) for the respective Operating Party(ies) to extract water. The electrical power cost to extract Program Water (the "Electrical Costs") shall be equal to Stored Water Deliveries (as defined in Section VII(C) below) for the applicable period multiplied by the applicable electrical power unit rate(s) for the Operating Party(ies) that extracted the water. The Operating Committee shall ensure that the electrical power unit rate per acre-foot of extracted water calculated for each Operating Party is reflective of actual energy costs.

#### **B. IEUA and TVMWD Obligations**

Subject to Section VI(C), IEUA and TVMWD hereby agree to do, or to cause through agreements with the Operating Parties in their respective service areas, the following:

1. Cause the Facilities to be operated and maintained in as good and efficient condition as upon their construction, ordinary and reasonable wear and depreciation excepted, and otherwise in accordance with industry standards (and DWR standards and requirements, if any);
2. Provide for all repairs, renewals, and replacements necessary to the efficient operation of the Facilities;
3. To the extent existing facilities are utilized for the Program, provide for all repairs, renewals, and replacements necessary to the efficient operation of such existing facilities;
4. Certify the amount of water in the Metropolitan Storage Account pursuant to the Operating Committee accounting; and
5. Upon call by Metropolitan for Stored Water Delivery, operate Facilities, combined with the existing infrastructure, at Operational Capacity Thresholds necessary to meet performance targets as outlined in Exhibit G.

#### **C. Watermaster Obligations**

Watermaster hereby agrees to:

1. Maintain records of the amounts of all water stored in and extracted from the Chino Basin pursuant to this Agreement and consistent with the Judgment and Rules and Regulations, and provide to Metropolitan an amount specified in an account to be designated as the **Metropolitan Storage Account**. Watermaster will maintain a monthly statement regarding the account as information becomes available and will document in its annual report all water stored in and withdrawn from the Metropolitan Storage Account. Watermaster shall account for Metropolitan stored water as follows:
  - a. The amount of any water stored in the Chino Basin on behalf of Metropolitan prior to the Effective Date of this Agreement shall be credited to the Metropolitan Storage Account on the Effective Date pursuant to the procedure set forth in Exhibit E.
  - b. Watermaster shall credit water which Metropolitan delivers for storage to the Metropolitan Storage Account on an acre-foot for acre-foot basis, less any losses assessed.
  - c. Losses assessed by Watermaster against the Metropolitan Storage Account will be equivalent to losses assessed Judgment parties for participation in the Storage and Recovery Program.
  - d. Watermaster shall debit the Metropolitan Storage Account one acre-foot for each acre-foot of water produced from the account. Watermaster accounting for water produced from the Metropolitan Storage Account shall specify quantities produced by each Operating Party.
  - e. Watermaster shall obtain from Operating Committee on a monthly basis its report of the amount of storage achieved using the methodology specified in Section VII(B) and Exhibit F of this Agreement.
2. Report the total active and inactive annual extraction capacity of the Operating Parties in the Watermaster's annual report.

**D. Metropolitan Obligations**

In accordance with the procedures set forth in clause (E) below, Metropolitan hereby agrees to:

1. Pay costs of operating and maintaining the Facilities at the unit rate (dollars per AF of Stored Water Deliveries) determined by the Operating Committee for the Operating Party(ies) that extracted water as adjusted when and as required by Section VI(A)(4)(e) (the "**Operation and**

**Maintenance Costs**”). Operation and Maintenance Costs will include a dollar per AF amount for each AF produced by an Operating Party from Metropolitan’s Storage Account through the funded ion exchange facilities equal to the Operating Party’s variable costs of treating Metropolitan’s State Water Project surface deliveries (expressed as dollar per AF of treating such water). Such variable costs shall exclude capital, debt service, or replacement costs and include only variable operating and maintenance costs at the Water Facilities Authority Treatment Plant, CCWD Lloyd Michael Filtration Plant, or the Miramar Treatment Plant. The dollar per AF cost shall be calculated by dividing the variable costs by the quantity of water produced by the treatment plants. The dollar per acre-foot shall be determined by the Operating Committee pursuant to Section VI(A)(4)(e);

2. Pay the Electrical Costs as determined in Section VI(A)(4)(f) to extract water from the basin, if any, equal to **Stored Water Deliveries** (as defined in Section VII(C) below) for the applicable period for the Operating Party(ies) that extracted the water; and
3. From and after the first full year in which water is stored in the Program Basin on Metropolitan’s behalf, and on or prior to July 1 of each subsequent year, pay an administrative fee in an annual amount of \$132,000 to the Watermaster (as such amount is adjusted on each anniversary of the execution of this Agreement by the lesser of 2.5% or the Retail Consumer Price Index for the City of Los Angeles published by the Engineering News Record), for the incremental costs and expenses of administering the Program during such year. Such administrative fee is subject to adjustment from time to time as approved by the Operating Committee.

**E. Payment of Operation and Maintenance Costs and Electrical Costs**

1. Amounts owing by Metropolitan pursuant to Section VI(D) for Operation and Maintenance Costs and Electrical Costs shall be paid through a credit to Metropolitan’s monthly invoice for the Stored Water Delivery to TVMWD or IEUA, as applicable, pursuant to Section VII(D). Upon the credit to Metropolitan’s invoice for the Operation and Maintenance Costs and Electrical Costs, Metropolitan will have satisfied its funding obligations with respect thereto.

**F. Annual Reconciliation**

1. Reconciliation of Metropolitan Storage Account and Costs.

As noted in Section VI(A)(4)(a) above, the Operating Committee will conduct an annual reconciliation of the prior year’s credits and debits to

the Metropolitan Storage Account. If such reconciliation reveals that the actual amount of water delivered by Metropolitan for storage pursuant to Section VII(A)(1), or the actual amount of Stored Water Deliveries, as defined in Section VII(C) below, during the prior year were not accurately accounted for, then the Operating Committee shall reflect this in its year-end assessment of storage and extraction provided to the Watermaster. The Watermaster shall determine the manner in which any credits or debits to the Metropolitan Storage Account shall be made.

The Operating Committee shall complete its reporting and processing of any prior year adjustments to the Metropolitan water invoice within two months of the formal issuance of the Watermaster's annual report, as provided in Section VI(A)(4)(b).

## VII. GROUNDWATER STORAGE AND EXTRACTION

### A. Metropolitan's Storage Account Rights

1. During any fiscal year of the term of this Agreement, Metropolitan may deliver up to 25,000 AF of Program Water for storage in the Program Basin with an equivalent amount to be accounted for in the Metropolitan Storage Account pursuant hereto; provided, however, that total Program Water stored on behalf of Metropolitan in the Program Basin, pursuant to ~~this Agreement~~, shall never exceed the Maximum Storage Amount unless approved by the Watermaster. Deliveries shall be subject to the prior approval of the Watermaster pursuant to the policies described in subsection 5 below. Metropolitan shall not be obligated to pay any fees associated with basin utilization.
2. Metropolitan may make such deliveries to IEUA or TVMWD on fifteen (15) days advance notice to such Party and Watermaster. Watermaster will credit the Metropolitan Storage Account by the amount of Program Water delivered to IEUA or TVMWD.
3. Upon notification by Metropolitan pursuant to Section VII(A)(2), IEUA or TVMWD and Watermaster may either: (a) directly store the amount of any such delivery of Program Water in the Chino Basin (e.g., by injection or spreading); or (b) store the amount of any such delivery of Program Water in the Chino Basin by in lieu storage, i.e., by reducing pumping from the Chino Basin by the amount of such delivery.
4. The quantity of Program Water delivered to the Metropolitan Storage Account in any given month shall be determined in accordance with the accounting methodology set forth in Exhibit F.

5. The Watermaster's Storage and Recovery Policies shall be applied to Program Water stored under this Agreement in a non-discriminatory manner consistent with the application of such policies to any other participant in the Storage and Recovery Program, including all parties to the Judgment. Furthermore, the Watermaster shall not impose any policies upon the Program Water, whether or not imposed on other parties, that would materially alter the benefits provided to or the obligations imposed upon Metropolitan under this Agreement. Without limiting the foregoing, the Watermaster shall not impose any policies that would create any significant discrepancies between the amount of Program Water delivered by Metropolitan for storage in the Program Basin and the amount of Program Water that Metropolitan is entitled to extract from such basin pursuant to this Agreement.

**B. Certification of Deliveries to Metropolitan Water Account**

1. Metropolitan shall deliver available Program Water to IEUA or TVMWD at the appropriate service connection for storage in the Metropolitan Storage Account consistent with the Annual Operating Plan. In any month where imported water is delivered to the Chino Basin through a Metropolitan service connection, the Party receiving Program Water shall certify the facts concerning the quantities of such deliveries to Metropolitan and Watermaster in writing or electronically in a format satisfactory to Metropolitan by a responsible officer of such Party.
2. Metropolitan will credit the appropriate IEUA or TVMWD invoice at the applicable rate for each acre-foot of water certified by such Party for that service connection.
3. Certifications of Program Water for a given billing period must be received by Metropolitan before 3:30 p.m. on the third working day after the end of the month to receive credit on the bill for that billing period or any preceding billing period.
4. No certification received after six months following the end of any month in which a credit for Program Water is claimed will be accepted.

**C. Extraction of Stored Water**

1. In lieu of providing all or some of its regular surface water deliveries to IEUA or TVMWD, Metropolitan may, on fifteen (15) days advance notice, deliver water to such Party on the first of the following month by requesting such Party to debit the Metropolitan Water Account (each such delivery being a "Stored Water Delivery"); provided, however, that unless permitted by Watermaster, such Stored Water Deliveries shall not, in any fiscal year exceed the lesser of (a) 33% of the Maximum Storage

Amount or (b) the amount then remaining in the Metropolitan Storage Account. Metropolitan's regular surface water deliveries to IEUA and TVMWD will be reduced by the amount of such Stored Water Delivery. During an emergency or unforeseen operational condition, IEUA and TVMWD will use their best efforts in responding to Metropolitan's request for a Stored Water Delivery.

2. IEUA and TVMWD, as applicable, shall pump the amount of the Stored Water Delivery from the Chino Basin in lieu of receiving its regular surface water deliveries in accordance with specific direction from the Watermaster.
3. IEUA and TVMWD shall have twelve months to comply with Metropolitan's extraction request in accordance with the performance criteria described in Exhibit "G" to this Agreement.

**D. Payment for Extraction of Stored Water**

Upon call by Metropolitan for Stored Water Delivery, Metropolitan shall invoice IEUA or TVMWD for the amount reported as extracted by the Operating Committee pursuant to Section VI(A)(4)(a), and such Party shall pay to Metropolitan the then applicable full-service rate (or its equivalent, as determined by Metropolitan in its reasonable discretion) as if such Stored Water Deliveries were surface water deliveries through its service connection. The invoice from Metropolitan shall include credits for the Operation and Maintenance Costs and the Electrical Costs associated with the Stored Water Delivery. Where prior storage accounts are credited to the Metropolitan Water Account pursuant to Section VI(C)(1)(a), this water shall constitute the Stored Water Delivery prior to any water credited to the Metropolitan Water Account after the Effective Date, and shall be paid for at the appropriate rate indicated in Exhibit E.

**VIII. OTHER USES OF FACILITIES**

**A. Allowed Use**

IEUA and TVMWD may use Program Facilities for purposes unrelated to the Program so long as such use does not interfere with the Program and the excess operable production capacity is maintained as necessary for performance under this Program, unless monthly operable production capacity on other than a monthly basis is agreed to by the Operating Committee.

- B. IEUA and Watermaster shall certify to the Operating Committee that there will exist at all times excess operable production capacity in the Chino Basin of at least an annual extraction of 33,000AF or 33% of Maximum Storage Amount for performance under this conjunctive use Program.

**IX. REPRESENTATIONS, WARRANTIES AND AFFIRMATIVE COVENANTS OF PARTIES**

**A. Of IEUA and TVMWD**

IEUA and TVMWD respectively represent, warrant and covenant as follows:

1. Power and Authority

That it is a municipal water district, duly organized and validly existing under the laws of the State of California; that it has all necessary power and authority to enter into this Agreement and to perform its obligations hereunder on the terms set forth in this Agreement, and that the execution and delivery hereof by it and the performance of its obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which it is a party or by which it is bound.

2. Authorization; Valid Obligation

That all proceedings required to be taken by or on behalf of such Party to authorize it to make, deliver and carry out the terms of this Agreement have been duly and properly taken, and that this Agreement is its valid and binding obligation enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

3. No Litigation

To the best of its knowledge, there is no litigation, proceeding or investigation pending or threatened, to which it is or would be a party, or which does or would bind or relate to the Program Basin, directly or indirectly, which, individually or in the aggregate, if adversely determined, might materially and adversely affect its ability to perform its obligations under this Agreement, or which raises a question as to the validity of this Agreement, or any action to be taken hereunder.

4. Compliance with Laws

In the performance of its obligations hereunder, such Party and its contractors and subcontractors will comply with all applicable laws, regulations and ordinances, including, without limitation:



- a. the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), and the regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.);
- b. Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5) and the regulations or standards adopted by the DWR relating thereto;
- c. the nondiscrimination program requirements of Government Code, Section 12990, and Title 2, California Code of Regulations, Section 8103;
- d. Section 3700 of the California Labor Code, requiring every employer to be insured against liability for workers' compensation or to undertake self insurance in accordance with the provisions of that code, and such Party affirms that it will comply with such provisions before commencing the construction of the Facilities and will exercise best efforts to make the its contractors and subcontractors aware of this provision;
- e. the Drug-Free Workplace Act of 1990 (Government Code 8350 et seq.) and have or will provide a drug-free workplace; and
- f. the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant thereto.

Such party and its contractors and subcontractors will give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Such Party and its contractors will include the nondiscrimination and compliance provisions of this clause in all contracts and subcontracts let for the construction of the Facilities.

#### 5. Compliance with DWR Requirements

The Plans comply with any DWR requirements, including any requirements set forth in the DWR Funding Letter. During the performance of its obligations herein, such Party will comply with any DWR requirements, including any requirements set forth in the DWR Funding Letter.

6. No Construction

That construction of the Facilities and related work (including planning activities) did not commence prior to the Effective Date.

7. Capacity

Such Party and its contractors, subcontractors and their respective agents will at all times act in an independent capacity and not purport to act as, or represent to others that they are, officers, employees, representatives or agents of Metropolitan, DWR or the State of California.

8. Oversight and Supervision of Construction

Such Party will oversee and supervise all contractors and keep control of all work and provisions of services and materials in connection with the Program.

9. Maintain Ownership of Program Property

Such Party will not sell, abandon, lease, transfer, exchange, mortgage, hypothecate or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Program.

10. Protection of Others' Rights

Such Party will fully protect and preserve the rights of overlying landowners, other groundwater users or water rights holders, parties whose approval is required by any judgment in an adjudicated basin, and all groundwater management agencies or other applicable regulatory agencies, and will take the necessary actions (including groundwater monitoring and mitigation and/or limiting extraction of groundwater) to protect such rights.

**B. Of Watermaster**

Watermaster and its contractors, subcontractors and their respective agents will at all times act in an independent capacity and not purport to act as, or represent to others that they are, officers, employees, representatives or agents of Metropolitan, DWR or the State of California. Watermaster represents, warrants and covenants as follows:

1. Power and Authority

That Watermaster is a court-appointed entity created through the Judgement, duly organized and validly existing under the laws of the State

of California; that it has all necessary power and authority to enter into this Agreement and to perform its obligations hereunder on the terms set forth in this Agreement, and that the execution and delivery hereof by Watermaster and the performance by Watermaster of Watermaster's obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which Watermaster is a party or by which Watermaster is bound.

2. Authorization; Valid Obligation

That all proceedings required to be taken by or on behalf of Watermaster to authorize it to make, deliver and carry out the terms of this Agreement have been duly and properly taken, and that this Agreement is a valid and binding obligation of Watermaster enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

3. No Litigation

To the best of Watermaster's knowledge, there is no litigation, proceeding or investigation pending or threatened, to which Watermaster is or would be a party, or which does or would bind or relate to the Chino Basin, directly or indirectly, which, individually or in the aggregate, if adversely determined, might materially and adversely affect the ability of Watermaster to perform its obligations under this Agreement, or which raises a question as to the validity of this Agreement, or any action to be taken hereunder.

4. Compliance with Laws

In the performance of its obligations hereunder, Watermaster will comply with all applicable laws, regulations and ordinances, including, without limitation:

- a. the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), and the regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.);
- b. Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5) and the regulations or standards adopted by the DWR relating thereto;

- c. the nondiscrimination program requirements of Government Code, Section 12990, and Title 2, California Code of Regulations, Section 8103;
- d. Section 3700 of the California Labor Code, requiring every employer to be insured against liability for workers' compensation or to undertake self insurance in accordance with the provisions of that code, and Watermaster affirms that it will comply with such provisions before commencing the construction of the Facilities and will exercise best efforts to make the its contractors and subcontractors aware of this provision;
- e. the Drug-Free Workplace Act of 1990 (Government Code 8350 et seq.) and have or will provide a drug-free workplace; and
- f. the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant thereto.

Watermaster will give written notice of its obligations under this clause to labor organizations with which it has a collective bargaining or other agreement.

5. Compliance with DWR Funding Letter

During the performance of its obligations herein, Watermaster will comply with the terms and provisions of the DWR Funding Letter (Exhibit A), as applicable.

6. Capacity

Watermaster and its contractors, subcontractors and their respective agents will at all times act in an independent capacity and not purport to act as, or represent to others that they are, officers, employees, representatives or agents of Metropolitan, DWR or the State of California.

**C. Of Metropolitan**

Metropolitan represents, warrants and covenants as follows:

1. Power and Authority

That Metropolitan is a public agency and quasi-municipal corporation, duly organized and validly existing under the laws of the State of California; that it has all necessary power and authority to enter into this Agreement and to perform its obligations hereunder on the terms set forth

in this Agreement, and that the execution and delivery hereof by Metropolitan and the performance by Metropolitan of Metropolitan's obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which Metropolitan is a party or by which Metropolitan is bound.

2. Authorization; Valid Obligation

That all proceedings required to be taken by or on behalf of Metropolitan to authorize it to make, deliver and carry out the terms of this Agreement have been duly and properly taken, and that this Agreement is a valid and binding obligation of Metropolitan enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

3. No Litigation

To the best of Metropolitan's knowledge, there is no litigation, proceeding or investigation pending or threatened, to which Metropolitan is or would be a party, directly or indirectly, which, individually or in the aggregate, if adversely determined, might materially and adversely affect the ability of Metropolitan to perform its obligations under this Agreement, or which raises a question as to the validity of this Agreement, or any action to be taken hereunder.

**X. RECORD KEEPING, REPORTING, INSPECTION AND AUDIT**

**A. Record Keeping**

1. IEUA shall maintain audit and accounting procedures and written accounts with respect to the Program that are in accordance with generally accepted accounting principles and practices, consistently applied. IEUA shall keep complete and accurate records of all receipts, disbursements, and interest earned on expenditures of Program Funds.
2. IEUA and its respective contractors and subcontractors shall maintain copies of all contracts, agreements, and other documents relating to the Program for a minimum of three years following Program completion.
3. IEUA and TVMWD shall keep on file, for the useful life of the Facilities, as-built plans and the specifications of the Facilities. Such documents shall be made available for inspection by the State, Metropolitan, and upon reasonable notice.

4. IEUA shall require its contractors and subcontractors to maintain books, records, and other documents pertinent to their work in accordance with generally accepted accounting principles and practices, consistently applied.

## **B. Reporting**

### **1. Construction Progress Reports**

During construction of the Facilities, a monthly progress report shall accompany each Invoice submitted by IEUA to Metropolitan (each a "Progress Report"), certified by a designated official of such Party, providing in reasonable detail, a description of (a) the work accomplished during the invoice period and the percent complete on each Discrete Program Element (b) and the amount of Program Construction Funds expended on each Discrete Program Element and Tasks, the purposes of those expenditures, the total amount expended and remaining of the budget for that Discrete Program Element. In the absence of a monthly Invoice, IEUA shall deliver the Progress Report detailing progress and expenditures for the month, and reporting on status of construction activities within 30-days after the month.

### **2. O&M Reports**

Commencing on the first day of the month which is ninety days following the Completion Date, and unless otherwise determined by the Operating Committee, on a semi-annual basis thereafter throughout the term of this Agreement, IEUA and TVMWD shall deliver to Metropolitan and the Operating Committee a report (an "O&M Report") summarizing the operational and maintenance activities conducted in connection with the Program during the prior period.

## **C. Inspection**

Metropolitan and the DWR may inspect the aforementioned books, records and any other Program-related information at any time, upon reasonable advance notice to IEUA or TVMWD, as applicable.

## **D. Audit Rights and Obligations**

1. Pursuant to California Government Code Section 8546.7, IEUA and its contractors and subcontractors shall be subject to the examination and audit by the State Auditor for a period of three years after Program completion. IEUA agrees that, IEUA and its contractors and subcontractors shall be subject to examination and audit by Metropolitan and DWR for such period.

2. Within thirty days after the Completion of a Program Facility, IEUA shall, at its expense, cause an audit of all Program Construction Costs and expenses with respect to such Facility to be conducted by an independent certified public accountant and deliver to Metropolitan a report prepared by such accountant in connection therewith.

## **XI. INDEMNITY**

### **A. General Indemnity**

Each Party hereto shall indemnify, defend and hold harmless the other Party and its elected officials, officers and employees from and against any and all lawsuits, actions, causes of action, claims and damages and any and all court costs and attorneys' fees related thereto ("Claims"), in any way arising out of or connected with the performance or nonperformance of the indemnifying Party's duties or the discharge of or failure to discharge that Party's obligations hereunder to the maximum extent permitted by law.

### **B. IEUA Specific Indemnity**

Without limiting the foregoing indemnity, IEUA hereby agrees to indemnify, defend and hold harmless TVMWD, Metropolitan and Watermaster, their elected officials, officers and employees from and against any and all Claims, in any way arising out of or connected with the Program, including any Claims by DWR or any other branch, agency or department of the State of California in connection with the Program (except for a breach of the DWR Funding Letter attributable to Metropolitan) or breach of its obligations hereunder, or otherwise to the extent of such Party's responsibility hereunder or to the extent that such Party caused or exacerbated such or other Claim(s).

### **C. TVMWD Specific Indemnity**

Without limiting the foregoing indemnity, TVMWD hereby agrees to indemnify, defend and hold harmless IEUA, Metropolitan and Watermaster, their elected officials, officers and employees from and against any and all Claims, in any way arising out of or connected with the Program, including any Claims by DWR or any other branch, agency or department of the State of California in connection with the Program (except for a breach of the DWR Funding Letter attributable to Metropolitan) or breach of its obligations hereunder, or otherwise to the extent of such Party's responsibility hereunder or to the extent that such Party caused or exacerbated such or other Claim(s).

### **D. Watermaster Specific Indemnity**

Without limiting the indemnity in clause(A) above, Watermaster hereby agrees to indemnify, defend and hold harmless Metropolitan and IEUA and TVMWD, and

their elected officials, officers and employees from and against any and all Claims, in any way arising out of or connected with the Program, including any Claims by DWR or any other branch, agency or department of the State of California in connection with the Program (except for a breach of the DWR Funding Letter attributable to Metropolitan or IEUA's and TVMWD's breach of its obligations hereunder), or otherwise to the extent of Watermaster's responsibility hereunder or to the extent that it caused or exacerbated such Claim(s).

**E. Metropolitan Specific Indemnity**

Without limiting the indemnity in clause (A) above, Metropolitan hereby agrees to indemnify, defend and hold harmless IEUA and TVMWD and Watermaster, their elected officials, officers and employees from and against any and all Claims arising out of or connected with a failure under or breach of the DWR Funding Letter by Metropolitan, or otherwise to the extent of Metropolitan's responsibility hereunder or to the extent that it caused or exacerbated such or other Claim(s).

**XII. INSURANCE**

**A. General Required Coverages**

IEUA and TVMWD through agreement with their respective Operating Parties shall procure, pay for and keep in full force and effect, at all times during the term of this Agreement the following insurance (to the extent not already maintained by IEUA and TVMWD or their respective Operating Parties):

1. Commercial general liability insurance insuring IEUA and TVMWD against liability for personal injury, bodily injury, death and damage to property (including the Facilities) arising from IEUA's and TVMWD's performance under this Agreement. Said insurance shall include coverage in an amount equal to at least Five Million Dollars (\$5,000,000), and shall contain "blanket contractual liability" and "broad form property damage" endorsements insuring IEUA's and TVMWD's performance of its obligations to indemnify Metropolitan as set forth herein (the "**CGL Insurance**"); and
2. Pursuant to Section 3700 of the California Labor Code, workers' compensation insurance with employer's liability in the amounts required by any applicable laws (the "**Workers' Compensation Insurance**").
3. IEUA and TVMWD will provide proof of automobile liability insurance as required by the State of California Department of Motor Vehicles.



## B. Specific Policy Requirements

Each policy of insurance required to be carried pursuant to this Agreement: (1) shall, except with respect to Worker's Compensation Insurance, name Metropolitan as an additional insured; (2) shall be in a form reasonably satisfactory to Metropolitan; (3) shall be carried with companies reasonably acceptable to Metropolitan; (4) shall provide that such policy shall not be subject to cancellation, lapse or change except after at least thirty (30) days prior written notice to Metropolitan, and (5) shall, except with respect to the Environmental Liability Insurance required under clause (D) below, be on an "occurrence" basis and not on a "claims-made" basis.

## C. Deductibles/Self-Insurance.

The insurance required by this Section XII may contain deductibles or self-insured retentions. IEUA and TVMWD through agreement with their respective Operating Parties shall be solely responsible for any such deductibles and/or self-insured retentions applicable to the coverages specified in Section XII(A). Metropolitan, at its option, may require IEUA and TVMWD to secure a surety bond or an irrevocable and unconditional letter of credit in order to ensure payment of such deductibles or self-insured retention. Insurance policies that contain deductibles or self-insured retentions in excess of \$25,000 per occurrence shall not be acceptable without the prior approval of Metropolitan.

### 1. Insurance Certificates.

Metropolitan reserves the right to require certified complete copies of any insurance certificates required by this Agreement but the receipt of such certificates shall not confer responsibility upon Metropolitan as to sufficiency of coverage.

### 2. Acceptability of Insurers

All insurance required by this Agreement shall be placed with insurers admitted to transact business in the State of California for the applicable class of insurance, as required by §700 of the California Insurance Code. Each insurer shall have a current Best Insurance Guide rating of not less than AVII, unless a lower rating is approved in writing by Metropolitan. Similarly, each self-insurer (including, if applicable, IEUA, TVMWD and/or its Operating Parties) shall have a self-insured liability program that is based upon excess liability policies rated at AVII or higher, unless otherwise approved in writing by Metropolitan.

## **D. Environmental Liability Insurance**

1. If IEUA, TVMWD and Metropolitan agree to procure environmental liability insurance, IEUA and TVMWD shall obtain and Metropolitan shall pay 50% of the cost of the policy of environmental liability insurance that, at a minimum, shall cover: (1) the costs of on-site and off-site clean-up of pollution conditions relating to or arising from the Program (including natural resource damages, changes in water quality regulatory requirements and/or changes in the quality of water in the basin below original water quality readings); and (2) losses resulting from tort claims for bodily injury and property damage resulting from pollution conditions relating to or arising from the Program. Such insurance shall have limits of liability and terms and conditions (including premiums) reasonably approved by Metropolitan. Notwithstanding the foregoing, if Metropolitan reasonably agrees that, despite IEUA's and TVMWD's good faith and diligent efforts to obtain such environmental liability insurance, the coverage required herein is not available on commercially reasonable terms, IEUA and TVMWD shall obtain the coverage that most closely approximates the coverage required herein that is available on commercially reasonable terms or consider other risk financing alternatives. Metropolitan shall pay 50% of the cost of any such alternative coverage or risk financing alternative selected by IEUA and TVMWD, provided that the terms and conditions (including premiums) have been reasonably approved by Metropolitan.
2. For purposes of this Section XII(B), the "costs" of environmental liability insurance, alternative coverage or risk financing alternatives to be shared by the parties as provided in the prior paragraph shall include (1) insurance premiums and other up-front or periodic costs of coverage; (2) deductibles payable in connection with claims; and (3) any out-of-pocket costs (including court costs, attorneys' fees and other litigation expenses) incurred in connection with enforcement or collection under the policy, alternative coverage or other risk financing alternative.

## **XIII. DISPUTE RESOLUTION; DEFAULTS AND REMEDIES**

### **A. Dispute Resolution**

If any dispute arises between or among the Parties regarding interpretation or implementation of this Agreement (or the Operating Committee is unable to reach agreement on a matter being considered by it), the Parties will endeavor to resolve the dispute by using the services of a mutually acceptable consultant. The fees and expenses of the consultant shall be shared equally by the Parties. Except for disputes relating to exercises of Metropolitan discretion pursuant to Sections V(C); VII(A); VII(C); VII(D); XII(A) and XIII(B), if a consultant cannot be agreed upon, or if the consultant's recommendations are not acceptable to all

Parties (or, in the case of the Operating Committee, to the members thereof), and unless the Parties (or members of the Operating Committee) otherwise agree, such dispute shall be settled by arbitration in accordance with the Rules of the American Arbitration Association in the County of Los Angeles, California. The arbitration panel acting pursuant to said rules may order any legal or equitable relief permitted by California law, including, without limitation, (1) declaratory and injunctive relief, (2) **SPECIFIC PERFORMANCE OF THE TERMS, CONDITIONS AND OBLIGATIONS OF THIS AGREEMENT**, (3) monetary liability, or (4) any other relief (including, without limitation, termination of this Agreement, as set forth in Section XIII(B) below) consistent with the purposes of this Agreement and applicable to the matter. The arbitration panel shall also be empowered to make final and binding determinations with respect to matters before the Operating Committee, where the members of the Committee were unable to reach agreement. Judgment upon the award rendered by the arbitration panel may be entered and enforced by any court having jurisdiction thereof.

**B. Defaults and Remedies**

1. Should IEUA or TVMWD, each acting through agreement with its respective Operating Parties, fail to fully perform in the extraction of Program Water from the Metropolitan Water Storage Account in accordance with Exhibit G in response to a call from Metropolitan that has been approved by the Watermaster, and upon a determination by the Operating Committee that full performance could and should have occurred, then Metropolitan shall invoice to IEUA or to TVMWD, as appropriate, water delivered equal to the quantity in acre-feet of non-performance at two times the Tier 2 full service water rate (or its equivalent, as determined by Metropolitan in its reasonable discretion) currently then in effect ("**Nonperformance Penalty**").
  
2. Should the Operating Committee in its review of incomplete performance, as specified in paragraph B (1) above, determine that unanticipated operational or water quality considerations precluded full performance, the Operating Committee shall not recommend to Metropolitan that the Nonperformance Penalty be assessed. In such case, IEUA or TVMWD, whichever is the responsible Member Agency, shall work with the nonperforming Operating Party to promptly set out a mutually agreeable course of action and schedule to correct the deficiency and present such to the Operating Committee for its concurrence. Future nonperformance outside of the agreed-upon schedule (provided that the Operating Committee has concurred with such schedule) would be subject to the Nonperformance Penalty.

### **C. Termination**

1. Notwithstanding anything to the contrary herein, upon a breach of any provision of this Agreement by IEUA, TVMWD or Watermaster or any of them, Metropolitan may terminate this Agreement as to the breaching Party, by written notice to IEUA, TVMWD and Watermaster. Upon such termination, the breaching Party shall be required to reimburse Metropolitan for all Program Funds advanced to such Party by Metropolitan pursuant to this Agreement. Further, Metropolitan may require the breaching Party to purchase in equal installments over a 5-year period, at Metropolitan's then applicable full-service rate (or its equivalent, as determined by Metropolitan in its reasonable discretion), the balance of any water then identified in the Metropolitan Water Account. Upon full reimbursement and payment of the amounts required pursuant to this Section XIII(C), this Agreement shall be fully terminated as to the breaching Party.
2. Notwithstanding anything to the contrary herein, upon a breach of any provision of this Agreement by Metropolitan, IEUA and TVMWD may terminate its participation in this Agreement by written notice to Metropolitan. Upon such termination, the terminating Party shall be responsible to purchase in equal installments over a 5 year period, at Metropolitan's then applicable full-service rate (or its equivalent as determined by Metropolitan in its reasonable discretion), the balance of any water then identified in the Metropolitan Storage Account.

### **D. Remedies Are Cumulative**

The rights and remedies of the Parties are cumulative, and the exercise by any Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same breach or any other breach by the other Party.

## **XIV. FORCE MAJEURE EVENTS**

### **A. Excuse to Performance**

In addition to specific provisions of the Agreement, lack of performance by any Party shall not be deemed to be a breach of this Agreement, where delays or defaults are due to acts of God, or the elements, accident, casualty, labor disturbances, unavailability or delays in delivery of any product, labor, fuel, service or materials, failure or breakdown of equipment, strikes, lockouts, or other labor disturbances, acts of the public enemy, orders or inaction of any kind from the government of the United States, the State of California, or any other governmental, military or civil authority (other than Metropolitan, IEUA, TVMWD or Watermaster), war, insurrections, riots, epidemics, landslides,

lightning, droughts, floods, fires, earthquakes, arrests, civil disturbances, explosions, freight embargoes, lack of transportation, breakage or accidents to vehicles, or any other inability of any Party, whether similar or dissimilar to those enumerated or otherwise, which are not within the control of the Party claiming such inability or disability, which such Party could not have avoided by exercising due diligence and care and with respect to which such Party shall use all reasonable efforts that are practically available to it in order to correct such condition (such conditions being herein referred to as "**Force Majeure Events**").

**B. Responding to Force Majeure Events**

The Parties agree that in the event of a Force Majeure Event which substantially interferes with the implementation of this Agreement, the Parties will use their best efforts to negotiate an interim or permanent modification to this Agreement which responds to the Force Majeure Event and maintains the principles pursuant to which this Agreement was executed.

**XV. MISCELLANEOUS**

**A. Entire Agreement**

This Agreement constitutes the entire agreement between the Parties pertaining to the matters provided for herein and, except as herein provided, supersedes all prior and/or contemporaneous agreements and understanding, whether written or oral, between the Parties relating to the matters provided for herein.

**B. Interpretation**

The Parties have participated in the drafting of this Agreement and the Agreement shall not be construed for or against any Party. The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against any of the Parties hereto and Section 1654 of the Civil Code has no application to interpretation of this Agreement. In addition, this Agreement shall be construed to the maximum extent possible in conformance with Prop. 13, the DWR Funding Letter, the IRP, the Groundwater Storage Principles, the RFP, and the Proposal. Notwithstanding anything to the contrary herein, to the extent this Agreement conflicts with the RFP and/or Proposal, this Agreement shall control.

**C. Further Assurances**

Each Party, upon the request of the other, agrees to perform such further acts and to execute and deliver such other documents as are reasonably necessary to carry out the provisions of this instrument.

**D. Counterparts**

This Agreement, and any document or instrument entered into, given or made pursuant to this Agreement or authorized hereby, and any amendment or supplement thereto may be executed in two or more counterparts, and by each party on a separate counterpart, each of which, when executed and delivered, shall be an original and all of which together shall constitute one instrument, with the same force and effect as though all signatures appeared on a single document. Any signature page of this Agreement or of such an amendment, supplement, document or instrument may be detached from any counterpart without impairing the legal effect of any signatures thereon, and may be attached to another counterpart identical in form thereto but having attached to it one or more additional signature pages. In proving this Agreement or any such amendment, supplement, document or instrument, it shall not be necessary to produce or account for more than one counterpart thereof signed by the Party against whom enforcement is sought.

**E. Assignment**

No Party shall transfer this Agreement, in whole or in part, or any of its interests hereunder, to any other person or entity, without the prior written consent of the other Parties. Any attempt to transfer or assign this Agreement, or any privilege hereunder, without such written consent shall be void and confer no right on any person or entity that is not a Party to this Agreement. Nothing contained herein shall prevent the Parties from subcontracting for the performance of obligations hereunder, provided, however, no such subcontracting shall relieve the Parties from the performance of their respective obligations hereunder.

**F. Venue**

Any legal actions initiated pursuant to this Agreement or otherwise with respect to its subject matter must be instituted in the Superior Court of the County of Los Angeles, State of California, or in the Federal District Court in the Central District of California.

**G. Governing Law; Attorneys Fees and Costs**

The laws of the State of California shall govern the interpretation and enforcement of this Agreement. The non-prevailing party in any claim, suit or other action, including use of the dispute resolution as provided for in Section XIII(A), brought by such party shall pay to the prevailing party the costs of such prevailing party's attorneys fees and expenses and all other costs and expenses incurred by the prevailing party in defense of such action.

## H. Notice

Formal written notices, demands, correspondence and communications between the Parties authorized by this Agreement shall be sufficiently given if personally served or dispatched by registered or certified mail, first-class, postage prepaid, return receipt requested, to the Parties as follows:

- To IEUA: Inland Empire Utilities Agency  
General Manager  
P.O. Box 697  
Rancho Cucamonga, CA 91729
- To TVMWD: Three Valleys Municipal Water District  
General Manager  
1021 E. Miramar Avenue  
Claremont, CA 91711
- To Watermaster: Chino Basin Watermaster  
Chief Executive Officer  
8632 Archibald Avenue, Suite 109  
Rancho Cucamonga, CA 91730
- To Metropolitan: The Metropolitan Water District  
of Southern California  
Chief Executive Officer  
700 No. Alameda Street  
Los Angeles, California 90012

Such written notices, demands, correspondence and communications may be sent in the same manner to such other persons and addresses as either Party may, from time to time, reasonably designate by mail as provided in this Section. Notice shall be deemed given when received by mail or when personally served.

## I. Successors

This Agreement shall bind and inure to the benefit of the Parties, and their respective successors and assigns.

## J. Severability

Should any provisions of this Agreement prove to be invalid or illegal, such invalidity or illegality shall in no way affect, impair or invalidate any other provisions hereof, and such remaining provisions shall remain in full force and effect; provided, however, if the illegality or invalidity of any provision

undermines the intent of the Parties, then the Parties shall attempt in good faith to amend the agreement in order to fulfill the intent of the Parties. If the Parties are unable to so amend the Agreement, then the Agreement shall terminate and be of no further force or effect.

**K. Time is of the Essence**

Time is of the essence with respect to the performance of every provision of this Agreement in which time of performance is a factor.

**L. Amendment**


This Agreement may be amended only in writing duly executed by the Parties hereto. Notwithstanding the foregoing, individual items listed in Exhibit H are subject to adjustment pursuant to the procedure set forth in Exhibit H.

*[Remainder of Page Intentionally Blank – Signature Pages Follow]*



IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first set forth above.


**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

By:   
Ronald R. Gastelum  
Chief Executive Officer

Date: 6-12-03

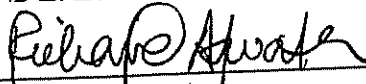
**APPROVED AS TO FORM:**

**Jeffrey Kightlinger**  
General Counsel

By:   
Sydney Bennion  
Assistant General Counsel

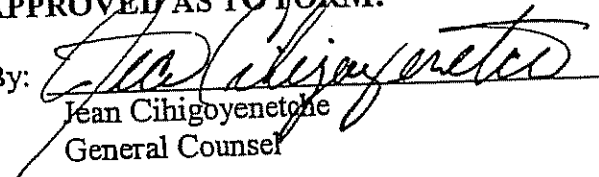
Date: 6/6/03

**INLAND EMPIRE UTILITIES AGENCY**

By:   
Richard Atwater  
General Manager


Date: JUNE 19, 2003

**APPROVED AS TO FORM:**

By:   
Jean Cihigoyenetché  
General Counsel

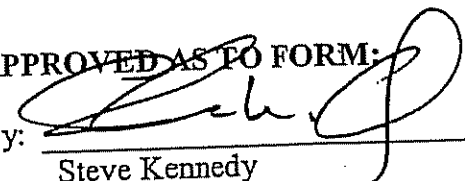
Date: 5-21-03

**THREE VALLEYS MUNICIPAL WATER  
DISTRICT**

By:   
Richard W. Hansen  
General Manager/Chief Engineer


Date: 6/19/03

**APPROVED AS TO FORM:**

By:   
Steve Kennedy  
District Counsel

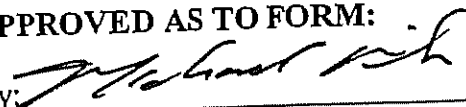
Date: 6/4/03

**CHINO BASIN WATERMASTER**

By:   
John V. Rossi  
Chief Executive Officer

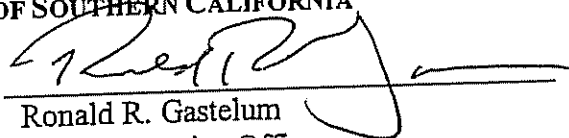
Date: 6/19/03

**APPROVED AS TO FORM:**

By:   
Michael Fife  
General Counsel

Date: 6-3-03

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

By:   
\_\_\_\_\_  
Ronald R. Gastelum  
Chief Executive Officer

Date: 6/19/03

**EXHIBIT A**

**DWR FUNDING LETTER**

## DEPARTMENT OF WATER RESOURCES

16 NINTH STREET, P.O. BOX 942836  
SACRAMENTO, CA 94236-0001  
161 653-5791



OCT 13 2000

Mr. Phillip J. Pace, Chairman  
Board of Directors  
Metropolitan Water District of  
Southern California  
Post Office Box 54153  
Los Angeles, California 90054-0153

Interim Water Supply Construction Grant Commitment Safe Drinking Water, Clean Water,  
Watershed Protection and Flood Protection Act (Proposition 13, Chapter 9, Article 4)

Dear Mr. Pace:

The Governor's Budget Act for 2000, Chapter 52, Statutes of 2000, appropriated to the Department of Water Resources local assistance grant funds in the amount of \$161,544,000 by budget item 3860-01-6027, payable from the Interim Reliable Water : Supply and Water Quality Infrastructure and Management Subaccount. The Metropolitan Water District's Southern California Water Supply Reliability Projects Program has been selected for funding from this appropriation. This letter agreement serves as our commitment of \$45 million for these projects.

This letter sets forth the terms and conditions under which the transfer of funds will be made from DWR to MWD. Before the funds can be transferred your agency must complete the following:

- Submit to DWR a formally adopted resolution of your governing body, accepting the grant, designating a representative to sign this letter agreement, and designating a project director to be your agency's representative for the administration of the project and liaison with DWR for submission of required documents.
- Sign and date both originals of this agreement and return one signed original to:

Division of Planning and Local Assistance  
Department of Water Resources  
Post Office Box 942836  
Sacramento, California 94236-0001  
Attention: Linda Buchanan Herzberg

- Provide to DWR a copy of all memoranda of understanding or other cooperative agreements between your agency and all other participating agencies for the program.

Mr. Phillip J. Pace, Chairman

OCT 13 2000  
Page 2

- Provide to DWR an itemized budget projection of project costs and an invoice, on your letterhead, stating the purpose of the funds as outlined in this letter agreement. In addition, please provide a summary of the sources and amounts of other funding for the program in addition to the grant provided by this letter agreement.
- Provide to DWR a detailed description of the proposed projects, including a narrative description that details the purpose and defines the scope of each project. Include with your description a detailed list of project components to be funded by this grant and a time line for completion with major benchmarks noted. In addition, attach a map indicating the locations of the projects.

By signature of this letter agreement the Metropolitan Water District of Southern California agrees to comply with the following terms and conditions for completion of your project:

1. Your agency agrees to faithfully and expeditiously perform or cause to be performed all project work, to apply State funds received only to eligible project costs and to expeditiously commence and to continue efficient and economical operation of the projects in accordance with applicable law. You further agree to provide for all repairs, renewals, and replacements necessary to the efficient operation of the projects; and to maintain them in as good and efficient condition as upon their construction, ordinary and reasonable wear and depreciation excepted.
2. Your agency, its contractors, subcontractors, and their respective agents and employees required for performing any work in connection with the projects shall act in an independent capacity and not as officers, employees or agents of the State.
3. Your agency is solely responsible for design, construction, operation and maintenance of the projects.
4. Your agency shall be responsible for obtaining any and all permits, licenses and approvals required for the design, construction or operation of the projects. You shall also be responsible for observing and complying with any applicable federal, State and local laws, rules or regulations affecting such work, specifically including, but not limited to, environmental, procurement and safety laws, rules, regulations and ordinances.

5. Your agency must comply with all applicable requirements of the California Environmental Quality Act and the National Environmental Policy Act and complete appropriate environmental documentation including, but not limited to, any required environmental impact reports, environmental impact statements, negative declarations, mitigation agreements and environmental permits, prior to beginning construction.
6. Your agency, its contractors and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), the regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5) and the regulations or standards adopted by the awarding State Agency to implement such article. Your agency, its contractors and subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Your agency shall include the nondiscrimination and compliance provisions of this clause in all contracts and subcontracts let for the construction of the project.
7. Your agency agrees, unless exempted, to comply with the nondiscrimination program requirements of Government Code, Section 12990, and Title 2, California Code of Regulations, Section 8103.
8. Your agency shall comply with the provisions of Section 3700 of the California Labor Code, requiring every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and you affirm that the agency will comply with such provisions before commencing the construction of the projects and will make the agency's contractors and subcontractors aware of this provision.
9. Your agency, its contractors or subcontractors agree to comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code 8350 et seq.) and have or will provide a drug-free workplace.
10. Your agency agrees to comply with the Americans with Disabilities Act of 1990, (42 U.S.C. 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.

11. Your agency shall be responsible for work and for persons or entities engaged in work, including, but not limited to, subcontractors, suppliers and providers of services. You shall give personal supervision to any work required for the projects or employ a competent representative with the authority to act for your agency. Your agency shall give attention to completion of the projects, and shall keep work under control.
12. Your agency shall be responsible for any and all disputes arising out of its contracts for work on the projects, including but not limited to bid disputes and payment disputes with your contractors and subcontractors. The State will not mediate disputes between your agency and any other entity concerning responsibility for performance of work.
13. All contracts let for project construction shall be let by competitive bid procedures that assure award of the contract to the lowest responsible bidder, except as may be otherwise authorized under your agency's enabling authority.
14. Procurement of necessary supplies or equipment shall be undertaken in such a manner as to encourage fair and competitive treatment of potential suppliers.
15. During project planning and construction, your agency shall provide semiannual progress reports detailing the activities completed for the reporting period, the amount of funds expended and the purpose of those expenditures. The first report shall be due six months from the date of your agency's signature on this letter agreement. Subsequent reports shall be due every six months thereafter.
16. The Southern California Water Supply Reliability Projects Program shall be completed not later than March 8, 2009.
17. Upon completion of each project your agency shall provide for a final inspection and a written certification by a California Registered Civil Engineer that the project has been completed in accordance with final plans and specifications and any modifications thereto. Such certification shall be submitted to the State with a copy of the final report of project expenditures required in Item 18 below. You shall keep on file, for the useful life of the projects, As Built plans and specifications for each project. Such documents shall be made available for inspection by the State upon reasonable notice.
18. Upon program completion your agency shall furnish to the State, within 60 days, a final statement of incurred eligible costs.

19. Within a period of 60 days from program completion, your agency shall remit to the State any unexpended funds that were disbursed that were not needed to pay eligible project costs.
20. Your agency shall account for the money disbursed separately from all other agency funds. You shall maintain audit and accounting procedures that are in accordance with generally accepted accounting principles and practices consistently applied. You shall keep complete and accurate records of all receipts, disbursements, and interest earned on expenditures of such funds. Your agency shall require its contractors or subcontractors to maintain books, records, and other documents pertinent to their work in accordance with generally accepted accounting principles and practices. Records are subject to inspection by the State at any and all reasonable times, upon reasonable notice.
21. All money disbursed for your program shall be deposited, administered, and accounted for pursuant to the provisions of law applicable to your agency.
22. During regular office hours, each of the parties to this letter agreement and their duly authorized representatives shall have the right to inspect and to make copies of any books, records, or reports of either party pertaining to the projects. Each of the parties shall maintain and shall make available at all times for such inspection accurate records of all its costs, disbursements, and receipts with respect to these projects.
23. Pursuant to Government Code Section 8546.7, your agency and its subcontractors shall be subject to the examination and audit of the State for a period of three years after program completion. All of your records or those of your subcontractors shall be preserved for this purpose for at least three years after program completion.
24. The State reserves the right to conduct an audit at any time between the execution of this letter agreement and the completion of the program, with the costs of such audit borne by the State. Within 60 days of program completion, the State shall require your agency to conduct, at your agency's expense, a final financial and compliance audit of revenue and expenditures. Such audit shall be conducted and a report prepared by an independent Certified Public Accountant in compliance with generally accepted auditing standards and California government auditing standards. Upon its completion, said report shall be submitted to the State for review and acceptance.
25. The State shall withhold 10 percent of the total program funding until the audit report, required in Item 24 above, is received and accepted by the State.



- 26. The State shall have the right to inspect the work being performed at any and all reasonable times during project construction. This right shall extend to any subcontracts, and your agency shall include provisions ensuring such access in all its contracts or subcontracts entered into for completion of the projects.
- 27. Your agency shall not sell, abandon, lease, transfer, exchange, mortgage, hypothecate, or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with any of the projects, or with your agency's service of water, without prior approval of the State.
- 28. Your agency agrees to indemnify the State and its officers, agents, and employees against and to hold the same free and harmless from any and all claims, demands, damages, losses, costs, expenses, or liability due or incident to, either in whole or in part, and whether directly or indirectly, arising out of the program.

Your expeditious handling of this letter agreement is appreciated. If you have any questions, please contact Linda Buchanan Herzberg at (916) 327-1663.

Sincerely,

Approved as to Legal Form  
and Sufficiency:

By: *David B. Guder*  
Chief Counsel  
Department of Water Resources

*William J. Bunt* for *Beleni*  
Acting Chief  
Division of Planning and Local Assistance

Metropolitan Water District of Southern California

By: *Ronald J. [Signature]* Date: 11/14/2000  
Title: General Manager

Enclosure

cc: (See attached list.)

Ms. Linda Adams  
Chief Deputy Assembly Relations  
Governor's Office, First Floor  
Sacramento, California 95814

Honorable Richard G. Polanco  
Member of the Senate  
State Capitol, Room 313  
Sacramento, California 95814

Honorable Jim Costa  
Member of the Senate  
State Capitol, Room 5100  
Sacramento, California 95814

Honorable Robert M. Hertzberg  
Speaker of the Assembly  
State Capitol, Room 320  
Sacramento, California 95814

Honorable Thomas Calderone  
Member of the Assembly  
State Capitol, Room 2148  
Sacramento, California 95814

Honorable Antonio Villaraigosa  
Member of the Assembly  
State Capitol, Room 219  
Sacramento, California 95814

Mr. Robert Harding  
Senior Engineer  
Water Resource Management  
Metropolitan Water District of  
Southern California  
700 North Alameda Street  
Los Angeles, California 90012

Mr. Ronald R. Gastelum  
General Manager  
Metropolitan Water District of  
Southern California  
Post Office Box 54153  
Los Angeles, California 90054-0153

**Exhibit B**

**REQUEST FOR PROPOSAL**

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

**REQUEST FOR PROPOSALS FOR  
PARTICIPATION IN GROUNDWATER  
STORAGE PROGRAMS USING  
PROPOSITION 13 FUNDS**

**RFP No. WRM-2**

**NOTICE:**

**Public Pre-Submittal Workshop**

**November 8, 2000**

**1:00 p.m. to 3:00 p.m.**

**700 North Alameda Street**

**Room US1-102**

**Los Angeles, California 90012**

**All potential applicants are encouraged to attend**

**Proposals will be received until 2:00 p.m. on January 5, 2001,  
at the Metropolitan Water District of Southern California,  
700 North Alameda Street, Room 3-132  
Los Angeles, California, 90012**

**LOS ANGELES, CALIFORNIA  
November 1, 2000**

**PARTICIPATION IN GROUNDWATER  
STORAGE PROGRAMS USING  
PROPOSITION 13 FUNDS**

**REQUEST FOR PROPOSALS**

- A. Background
- B. Need for Groundwater Storage Programs
- C. Process Overview
- D. Who Can Submit?
- E. Selection Process
- F. Scoring Criteria
- G. Schedule
- H. Performance Targets and Adjustments
- I. Proposal Guidelines

Figure 1 Groundwater Storage Program Implementation Process

Table 1 Performance Provisions

Exhibit 1 Economic Analysis Worksheet

Appendix A Metropolitan's Groundwater Storage Principles

## Water Resources Management Groundwater Storage

In March 2000, 65 percent of California voters approved Proposition 13 (Prop 13) authorizing the state of California to sell \$1.97 billion in general obligation bonds for water-related projects throughout the state. The Governor's Annual Budget Revision document in May 2000, included \$763.3 million in expenditures from Prop 13. In June 2000, the State Senate and Assembly approved a budget bill for fiscal year 2000-01, which earmarked \$69 million to fund water supply reliability programs within Metropolitan's service area. The Governor's office designated Metropolitan as the recipient of those Prop 13 funds. Of that \$69 million, \$45 million is specified to finance groundwater storage projects within the Metropolitan Water District of Southern California's (Metropolitan) service area.

This RFP is designed to promote an objective process for distributing this \$45 million. Metropolitan invites your agency to submit a proposal for the development of groundwater storage projects that contribute to the overall water supply for its six-county service area. Selected projects will be eligible for financial assistance from funds received by Metropolitan through the passage of Prop 13. Contained within is information requested for analyzing proposals. All selected projects must conform to state of California and Metropolitan audit requirements.

### Questions

Questions regarding the Request for Proposals (RFP) may be presented at the public pre-submittal workshop on November 8, 2000. Written questions regarding this RFP also may be submitted prior to the meeting. Responses to questions will be provided during or after the workshop and posted on Metropolitan's web site, [www.mwd.dst.ca.us](http://www.mwd.dst.ca.us), under "Breaking News." Address written questions to:

Robert Harding  
Metropolitan Water District of Southern California  
Post Office Box 54153  
Los Angeles, California 90054-0153  
FAX (213) 217-6119

Inquiries regarding the schedule, location or mailing address should be directed to Robert Harding at [bharding@mwd.dst.ca.us](mailto:bharding@mwd.dst.ca.us) or (213) 217-6582

## Public Pre-Submittal Workshop Notice

Purpose: Discuss the Prop 13 Groundwater Storage RFP and answer questions  
Date: November 8, 2000  
Time: 1:00 p.m. – 3:00 p.m.  
Address: 700 North Alameda St., Rm. US1-102  
Los Angeles, California 90012

While attendance is not mandatory, all interested parties and prospective applicants are encouraged to attend. Following the workshop, responses to questions, information updates and clarifications will be posted on Metropolitan's web site, [www.mwd.dst.ca.us](http://www.mwd.dst.ca.us), under "Breaking News."

### Due Date

Proposals will be accepted at The Metropolitan Water District of Southern California, 700 North Alameda St. – Room 3-132, Los Angeles, California, 90012 until **2:00 p.m. on January 5, 2001**. Six copies of each proposal must be submitted. Proposals received after the due date and time will be returned unopened.

### A. BACKGROUND

Metropolitan is a California public agency. Metropolitan imports water from the Colorado River and the State Water Project (SWP) to supply its 27 Member Agencies that serve 17 million people living within a 5,200-square-mile service area. Existing Metropolitan facilities include the 242-mile-long Colorado River Aqueduct with five pumping plants, a distribution system featuring seven functional reservoirs, five water filtration plants, 43 pressure control structures, 16 power plants, and about 775 miles of pipelines. Metropolitan also participates in groundwater storage projects outside of its service area and develops local water resources to maintain regional supply reliability.

Metropolitan is one of 29 agencies that contracts with the California State Department of Water Resources (DWR) for SWP supplies. It is anticipated that programs submitted under this RFP would store water imported from the SWP and the Colorado River Aqueduct. Facilities funded under this RFP will pump previously stored water for delivery to overlying demand in the respective basin. There will be a corresponding reduction in surface deliveries to the agency. This will increase the amount of water available within Metropolitan's service area.

### B. NEED FOR GROUNDWATER STORAGE

In January 1996, Metropolitan's Board of Directors approved the Integrated Water Resources Plan (IRP) that forms the framework for meeting demands within the service area out to the year 2020. Included within the IRP is a groundwater storage component of 450,000 acre-feet of total storage and 150,000 acre-feet per year of yield. The IRP identifies groundwater storage as a cost-effective way to meet projected dry-year demands, and Metropolitan is committed to

developing groundwater storage programs within its service area. In January 2000, to further and expand the use of groundwater storage as part of a regional, integrated resource reliability program, Metropolitan's Board approved principles (Appendix A) to guide the development of groundwater storage within the District's service area.

### **C. PROCESS OVERVIEW**

Selected projects will be eligible to receive funding assistance only if an agreement for a groundwater storage program with Metropolitan is executed. A review committee (Section E) will evaluate project proposals. After the review committee's recommended project list is reported to Metropolitan's Board for information, MWD staff will meet with each project sponsor and respective member agency to negotiate agreement terms. Upon completion and approval of environmental documentation by the project sponsor's governing body, per the California Environmental Quality Act (CEQA), each project and the terms of the agreement will be forwarded to Metropolitan's Board for consideration. If approved by Metropolitan's Board, the agreement would be finalized and executed. Metropolitan will execute the agreement only after all other parties have signed. Program funds will be disbursed to the projects on a reimbursable basis. MWD retains the right to reject any and all proposals and revise the terms of this RFP.

### **D. WHO CAN SUBMIT?**

The RFP is open to agencies that responded to Metropolitan's September 20, 2000 letter requesting a preliminary list of groundwater storage projects. Applications for Prop 13 funds for groundwater storage consideration must be made through the project sponsor's respective Metropolitan Member Agency.

### **E. SELECTION PROCESS**

The review committee is expected to be comprised of five people, including three water resource professionals (consultants) selected by Metropolitan staff, and two members of Metropolitan's staff. The committee will provide an objective evaluation of project proposals and will identify the mix of project proposals that best meets the region's needs, consistent with Metropolitan's Board-adopted principles (Appendix A).

### **F. SCORING CRITERIA**

Please refer to the Format/Content Requirements for a detailed description of the required proposal information.

The review committee will use the scoring criteria provided below to rank project proposals. The scoring categories are based on Metropolitan's Board-adopted principles for groundwater storage programs. In addition, based on regional water supply practices, the review committee will identify and weigh each proposal's significant strengths, weaknesses and miscellaneous



issues. Recommendations will reflect the collective findings of the committee. Interviews of project sponsors may be requested by the review committee. Projects that score zero in any of the categories listed below will be disqualified

- |   |                      |
|---|----------------------|
| 1. Regional Benefit                           | (0-20 points)        |
| 2. Partnership (Local Support)                | (0-15 points)        |
| 3. Address Local Needs                        | (0-15 points)        |
| 4. Water Quality or Supply Impacts            | (0-15 points)        |
| 5. Protect Metropolitan's Financial Integrity | (0-15 points)        |
| 6. Meets Overlying Demand                     | (0- 5 points)        |
| 7. Shared Risk                                | <u>(0-15 points)</u> |
| Maximum Score:                                | 100 points           |

#### G. SCHEDULE

Information on the recommended list of projects for inclusion in the Groundwater Storage Programs is expected to be reported to Metropolitan's Board in March 2001. Thereafter, Metropolitan staff will finalize agreement terms. Upon completion and approval of environmental documentation by the project sponsor's governing body, each project will be presented to Metropolitan's Board for consideration. The schedule is included as Figure 1. If approved by Metropolitan's Board, agencies will have until July 1, 2001 to finalize agreements. If an agreement is not finalized, another project may be selected for funding.

#### H. PERFORMANCE TARGETS AND ADJUSTMENTS

All groundwater storage agreements will include performance targets. Targets allow Metropolitan to adjust or withdraw financial commitments to projects that fail to meet proposed development and production commitments. Failure to meet performance provisions will result in Metropolitan adjusting its financial commitment to the project. The schedule for performance targets is included as Table 1.

#### I. PROPOSAL GUIDELINES

To ensure these projects are developed within Metropolitan's service area, a Metropolitan Member Agency must sponsor project proposals. Projects selected through this process will be subject to all state of California and Metropolitan audit guidelines. The proposal shall include a signed statement from the sponsoring MWD Member Agency's water manager to Metropolitan's General Manager supporting the project and requesting Prop 13 funding. Proposals shall include a transmittal letter signed by the project sponsor's manager. The letter must include the following language:

"I am informed and believe and do certify under penalty of perjury that the information contained in this proposal is true and that the supporting data is accurate and complete."

The following format and content requirements shall be adhered to for project proposals to be considered responsive. Applicants should use the numbering and lettering system outlined in

these guidelines. Concise, informative proposals within the page limitations are encouraged. Ambiguous proposals will result in lower scores.

Limitations for each section of the proposal follow and must not be exceeded. The proposal must be on 8 1/2 x 11-inch paper, with black and white text (with font no smaller than 12-point, and table/graphics with text no smaller than 10 point). The proposals must be stapled on the left side or upper left hand corner; no other type of binding will be accepted. **Proposals that are not in conformance with the following format/content requirements will be considered non-responsive and shall be rejected.**

### FORMAT/CONTENT REQUIREMENTS

For the purposes of these proposals, "project sponsor" shall mean the agency that is contractually responsible for project implementation.

1. Minimum Requirements (4 pages maximum)

Explain how the project complies with each of the following minimum requirements for Groundwater Storage Program participation.

- 1A. The project must meet Metropolitan's Board-approved principles described in No. 3 below.
- 1B. The project must include construction of substantive new facilities. New facilities are those that increase the ability of the entity to pump, store, treat or transport water to be conjunctively used to increase dry-year yield for Metropolitan's service area.
- 1C. The project must comply with the Metropolitan Water District Act and all other applicable laws, specifically any required state and Metropolitan audit requirements.
- 1D. Proposals shall include the anticipated date of environmental certification. The project shall comply with the provisions of the California Environmental Quality Act (CEQA) before Metropolitan's Board considers its approval. Metropolitan anticipates functioning as a Responsible Agency. Metropolitan may reject participation in a project solely on failure to comply with CEQA.
- 1E. The project shall not be existing or under construction prior to agreement execution. Projects that have entered Design-Build contracts are considered under construction.

2. Project Description (8 pages maximum plus maps and/or figures)

Provide a thorough description of the project including:

- 2A. Project title and lead sponsoring agency, and information related to the management of the basin, including AB 3030 plans, management entities, or the adjudication.
- 2B. Project participants/cooperating agencies;
- 2C. Project schedule including design, environmental documentation, construction, operation, production and major milestones;
- 2D. Project cost factors including grants, capital, O&M and financing. Use the Economic Analysis Worksheet attached as Exhibit 1 to show the estimated cost in dollars per acre-foot. Exhibit 1 is enclosed on a computer disk as an Excel worksheet.
- 2E. Provide project map(s) showing location of proposed project, primary facilities and proposed user sites including interties and points of connection;
- 2F. Describe existing water supply/distribution facilities and user sites related to the project service area, and discuss existing water quality issues within the basin.

3. Detailed Information for Scoring (4 pages maximum per scoring item)

**3A. Regional Benefit** (scoring range 0-20 points)

Describe the regional benefit of the facilities constructed.

- 3A(i) Describe how the project will produce a dry-year yield for regional benefit.
- 3A(ii) Describe the seasonal nature, if any, of project production.
- 3A(iii) Describe the institutional arrangements for curtailing imported firm water deliveries during a three-year shortage.
- 3A(iv) Discuss the project's and groundwater basin's ability to sustain production during a three-year shortage.
- 3A(v) Explain how the change in basin operations will be incorporated into the basin management plan or adjudication.

**3B. Project Partnership** (scoring range 0-15 points)

- 3B(i) Describe the level of local and regional support for the program and how the entities involved or potentially affected are supporting the project.
- 3B(ii) Provide status of CEQA documentation and schedule.
- 3B(iii) Discuss uncertainties, if any, in project planning.
- 3B(v) Describe the governing body endorsements needed for approval of the project.

- 3B(viii) Describe any positive or negative community reaction to the proposed project.
- 3B(ix) Describe any Metropolitan actions required by the project in addition to the requested financial assistance.
- 3B(x) Provide the status of any feasibility or engineering studies needed for the project.
- 3C. Local Needs Addressed** (scoring range 0-15 points)
- 3C(i) Show how the project will address the needs of the local proponents.
- 3C(ii) Show how the project will protect the interests of local entities that are not participating in the program.
- 3D. Water Supply or Water Quality Impacts** (scoring range 0-15 points)
- 3D(i) Describe how the proposed project would impact water supply or water quality within the basin.
- 3D(ii) Describe how any negative impacts would be mitigated. Unmitigated impacts will result in a score of zero (0) in this section 3D.
- 3D(iii) Describe anticipated regulatory requirements for the project.
- 3D(iv) Address status and schedule for acquiring regulatory approvals and permits.
- 3E. Address Potential Impacts to Metropolitan's Financial Integrity** (scoring range 0-15 points)
- 3E(i) Address whether the project would affect purchase of imported surface water supplies from Metropolitan.
- 3E(ii) Describe how any negative impacts would be mitigated. Unmitigated impacts will result in a score of zero (0) in this section 3E.
- 3E(iii) Discuss status and strategy for project financing.
- 3E(iv) Show the cost per acre-foot of dry-year yield as determined by the methodology shown in Exhibit 1.
- 3F. Describe How Project will meet overlying demand** (scoring range 0-5 points)
- 3F(i) Show how the total amount of program storage can be stored within a four-year period.
- 3F(ii) Show how the program meets the IRP goal of a 3:1 ratio of total storage capacity to annual yield.
- 3G. Describe how participating entities will share the project risk** (scoring range 0-15 points)
- 3G(i) Describe the project risks.
- 3G(ii) Describe how these will be managed.
- 3G(ii) Describe any indemnification necessary to implement the project.

Figure 1  
Groundwater Storage Program  
Implementation Process  
And Schedule

Initial Timeline

January 2000	Adopted Principles for Groundwater Storage
October 2000	Board Resolution for Proposition 13 Funds
November 1, 2000	Issue Request for Proposals
November 8, 2000	Pre-submittal Meeting
January 5, 2001	Proposals Received
January 2001	Review Proposals
January 2001	Interviews (If necessary)
February 2001	Select Projects
March 2001	Information Letter to Metropolitan Board
By July 1, 2001	Finalize Agreements
September 2002	Metropolitan Board Approval Execute Agreements

Table 1  
Performance Targets

<u>Date</u>	<u>Target</u>	<u>Consequence if Target Not Achieved</u>
January 5, 2001	Receive Proposals	Proposal will be rejected
July 1, 2001	Finalize Agreements	Proposal will be rejected
September 1, 2002	Completion and certification of all environmental documents necessary to comply with CEQA.	Proposal will be rejected
September 2003	Construction Initiated	Agreements Terminated

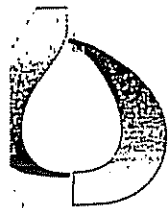
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**EXHIBIT 1 - ECONOMIC ANALYSIS WORKSHEET**  
**(See Excel Spreadsheet: RFP Cost Template.xls)**

# Exhibit C

## THE PROPOSAL





# Inland Empire

UTILITIES AGENCY

9400 Cherry Ave., Bldg. A • Fontana, CA 92335  
P.O. Box 697 • Rancho Cucamonga, CA 91729  
TEL (909) 357-0241 • FAX (909) 357-3884  
www.ieua.org  
A Municipal Water District

hard W. Atwater  
of Executive Officer  
General Manager

January 18, 2001

Board of Directors

ohn L. Anderson  
resident

Mr. Ronald R. Gastelum, General Manager  
The Metropolitan Water District of Southern California  
700 N. Alameda Street  
Los Angeles, California 90012

erry Catlin  
ce President

Subject: Proposal for Groundwater Storage Programs Using Proposition 13 Funds  
(MWD) (RFP No. WRM-2)

enne W. Dunihue  
ecretary/Treasurer

Dear Mr. Gastelum:

On behalf of the Chino Basin Watermaster (and the stakeholders to the Chino Basin Optimum Basin Management Program (OBMP)), and in cooperation with Western Municipal Water District and Three Valleys Municipal Water District, Inland Empire Utilities Agency is pleased to submit this proposal for participation in MWD's Groundwater Storage Programs (utilizing Prop.13 funds). This proposal is consistent with the OBMP "Peace Agreement" and the Programmatic EIR (certified by IEUA in July, 2000).

lyatt L. Troxel  
irector

Koopman  
ctor

The key benefits of the approach presented in this proposal are summarized below:

- Provides a potential dry year yield of more than 149,000 acre-feet per year:(AFY).
- Reduces summertime peaking on MWD's Rialto Pipeline, which allows additional low TDS SWP supplies to be blended at the Weymouth and Diemer filtration plants.
- Delivers SWP supplies to Chino Basin area via East Branch/Rialto Pipeline to meet SARWQCB Basin Plan salinity objectives.
- Improves the water quality of the Chino Basin through well-head treatment facilities.
- Minimizes (or eliminates) MWD surface water deliveries during future drought/emergencies, the goal is to have sufficient local production to meet peak summer retail water demands.
- Allows MWD to export stored water into Upper Feeder (or Rialto Pipeline) for delivery to other member agencies.
- Provides peaking benefits, which allow MWD both short-term and long-term operation flexibility, including the ability to load shed SWP pumping during periods when energy is limited.

Mr. Ronald R. Gastelum, General Manager  
The Metropolitan Water District of Southern California  
January 18, 2001  
Page Two

- Provides significant regional economic benefits to the entire Metropolitan service area/avoids \$250 million MWD capital expenditures and allows potential salinity benefits/energy savings of over \$7 million per year.

IEUA's current MWD purchases (fiscal year 2000-2001) exceed 60,000 AF. The adopted IEUA Urban Water Management Plan (December, 2000) forecasts MWD deliveries to the IEUA service area will increase to over 100,000 AFY by 2020. Therefore, the proposed Chino Basin Groundwater Conjunctive Use Program would enhance Metropolitan's "Financial Integrity."


Lastly, a conjunctive use storage program with the Chino Basin has multiple benefits to MWD. Attached is a table which illustrates the type of benefits for the current MWD groundwater storage projects. We believe these multiple water supply/water quality benefits make Chino Basin storage unique in meeting the regional needs identified in MWD's adopted Integrated Water Resources Plan.

As requested on Page 6 of Metropolitan's Request for Proposal (RFP), I am informed and believe and do certify under penalty of perjury that the information contained in this proposal is true and that the supporting data is accurate and complete.

On behalf of IEUA, the Watermaster, and the Chino Basin stakeholders, I wish to express our excitement about the opportunity to work with Metropolitan. We look forward to your review of the proposal and would be pleased to meet to discuss the individual projects described in the Chino Basin proposal.

Sincerely,

INLAND EMPIRE UTILITIES AGENCY



Richard W. Atwater  
Chief Executive Officer  
General Manager

Enclosure

cc: Traci Stewart, Chief of Watermaster Services, CBWM  
Rick Hansen, Three Valleys MWD  
Don Harriger, Western MWD

# MWD GROUNDWATER STORAGE PROGRAM BENEFITS

## TYPE OF BENEFITS

	Drought/Dry Year Carryover	Emergency and Operational Shutdown	Seasonal Winter Storage	MWD System Peaking	Water Quality
<b>SAN JOAQUIN VALLEY</b>					
Semitropic	X				X
Arvin Edison	X				X
Others	X				
<b>COLORADO RIVER AQUEDUCT</b>					
Desert-Coachella	X				X
Cadiz	X				X
Hayfield	X				
Lower Coachella	X				
<b>MWD SERVICE AREA</b>					
North Las Posas	X	X	X	X	X
Raymond Basin	X	X	X	X	X
Chino Basin	X	X	X	X	X



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PROPOSAL TO  
METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

FOR

PARTICIPATION IN GROUNDWATER  
STORAGE PROGRAMS USING  
PROPOSITION 13 FUNDING

PREPARED BY

INLAND EMPIRE UTILITY AGENCY

ON BEHALF OF THE

CHINO BASIN WATERMASTER

January 19, 2001



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# SECTION 1.0 MINIMUM REQUIREMENTS



This section of our proposal presents Inland Empire Utility Agency's (IEUA's) program concept for requested Proposition 13 project funding and addresses the five issues (1A through 1E) identified in Metropolitan's Request for Proposal (RFP).

IEUA - in cooperation with the Chino Basin Watermaster and the stakeholders in the Chino Basin Optimum Basin Management Plan (OBMP) - proposes a program concept for project selection and implementation. This proposal describes 38 projects, each of which will meet one or more of Metropolitan's project principles. (See Table 1-1.) The projects are divided into three categories, summarized in Table 1-2 and depicted geographically on Figure 1-1.

From this menu of projects, we will work with Metropolitan to achieve the optimum combination of "firming projects" to provide dry year supplies when not available from Metropolitan and to increase Metropolitan's operational flexibility. We will give Metropolitan a performance contract, guaranteeing a specified amount of water "on demand." These projects will set the framework for ultimate conjunctive use throughout the Basin with the eventual development of supplies that could be exported to other parts of Metropolitan's service area.

### 1A. COMPLIANCE WITH METROPOLITAN'S PRINCIPLES

Metropolitan's Board of Directors has approved seven principles with which candidate projects must comply. As shown in Table 1-1, the projects we propose match well with the Board-approved principles.

TABLE 1-1  
 Summary of Compliance with Metropolitan's Principles

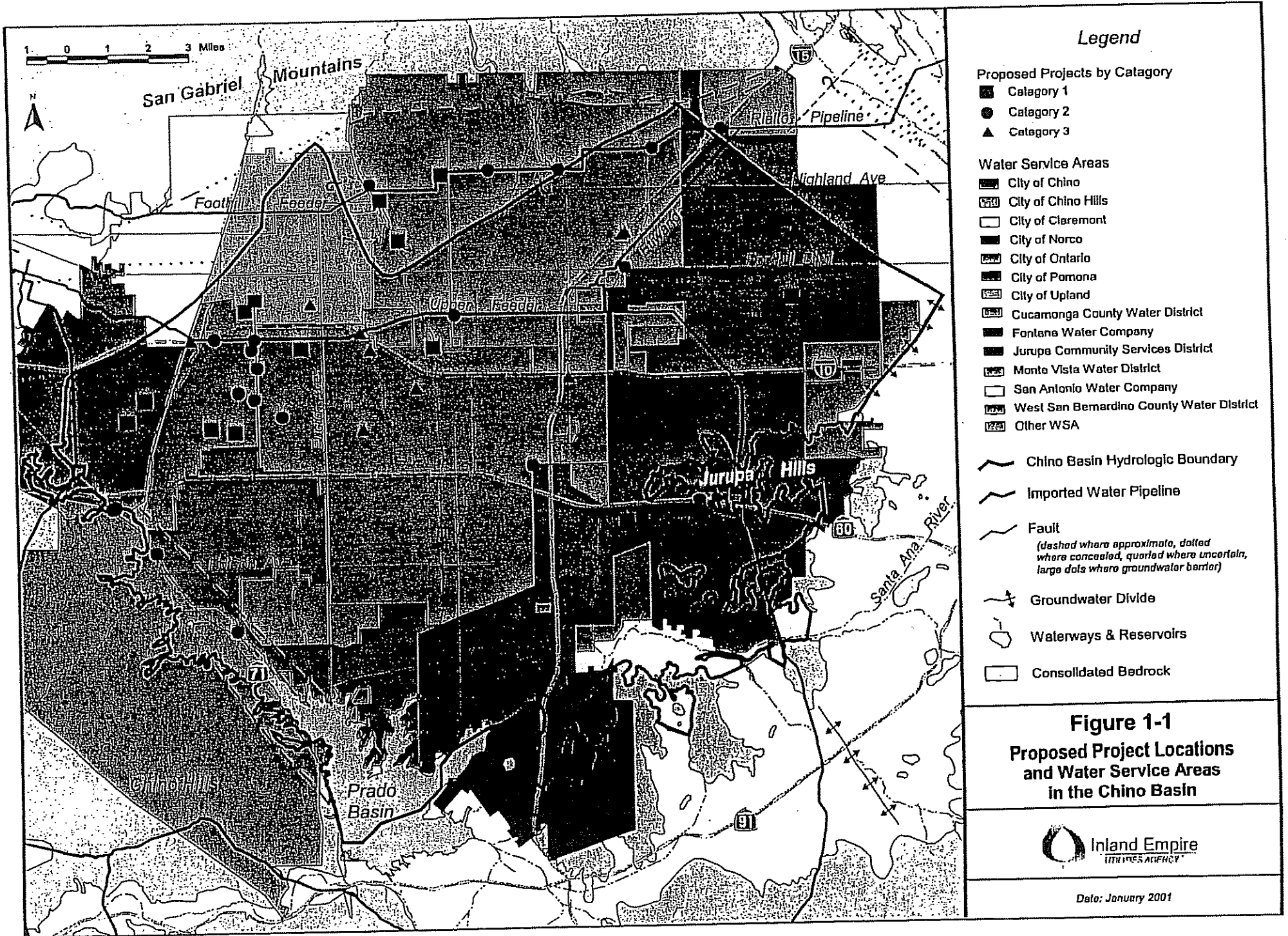
PRINCIPLE	PROJECT BENEFITS
Regional Benefits	37 of the projects will produce a dry-year yield, achieving more than 149,000 AFY at full implementation.
Project Partnerships	The proposed projects represent the consensus of the OBMP stakeholders.
Local Needs	Collectively, the projects will provide seasonal peaking benefits, dry-year yield, and improved water quality and will help balance recharge of the Basin.
Water Supply/Water Quality	36 of the projects will produce improved water quality within the Basin, and 37 of the projects will provide opportunities for Metropolitan to enhance blending of State Water Project and Colorado River water.
Metropolitan's Financial Integrity	Project implementation will not decrease Metropolitan sales to IEUA. Sales will actually increase by more than 25,000 AFY in future normal and wet years.
Overlying Demand	The regional conjunctive use program will effectively meet overlying demands via in-lieu deliveries. The complete program can actually exceed IRP goals of a 3:1 ratio.
Risk Management	By providing diversification and allowing Metropolitan to avoid the risk of stored water losses, our proposed program is virtually "risk-free."



TABLE I-2  
Summary of Projects

ITEM	CATEGORY 1	CATEGORY 2	CATEGORY 3	TOTAL
No. of Projects	13	18	7	38
Project Type	Wellhead treatment with IX	Assorted production facilities	New wells	
On-line Date <sup>1</sup> Range	March 2002- November 2003	March 2002- June 2003	March 2002- June 2003	
Range of Dry Year Yield Increase Per Project (AFY)	1,450 AFY to 13,441 AFY	1,600 AFY to 11,000 AFY	2,900 AFY to 5,000 AFY	
Total Dry Year Yield Increase (AFY)	73,491	52,925	22,900	149,316
Water Quality Improvement Projects	13	16	7	36
Metropolitan's Benefits				
Blending	\$38,160,000	\$28,170,000	\$12,670,000	\$79,000,000
Deferral of R.P. Expansion	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000
Peaking Capacity	\$6,614,000	\$4,763,000	\$2,061,000	\$13,438,000
Estimated Cost	\$48,744,000	\$23,839,000	\$7,500,000	\$80,083,000
Grant Request (50%)	\$24,372,000	\$11,920,000	\$7,500,000	\$40,042,000
MWD Unit Cost of Water <sup>2</sup>	\$159	\$110	\$194	--
MWD Benefit (\$/AF) <sup>3</sup>	\$1,163	\$1,222	\$1,459	--

- 1 Reflects schedule if Metropolitan can fund prior to August 2001.
- 2 Calculated using Metropolitan's preferred methodology. More details are provided in Section 3E.
- 3 Includes value of water at \$435/AF.







## 1B. CONSTRUCTION OF SUBSTANTIVE NEW FACILITIES

All of the proposed projects include construction of substantive new facilities that will provide local redundancy to Metropolitan's supplies during times of drought or emergency and will allow Metropolitan increased flexibility to meet the needs of other parts of its service area. All projects will be configured so that new capacity can be used in lieu of taking water from the Rialto Pipeline. The projects will also provide peaking benefits and possible deferral of major new delivery facilities, such as double-barreling of the Rialto Pipeline. In addition, the projects provide a quantifiable benefit to Metropolitan in terms of enhanced blending capability at the Weymouth and Diemer Water Treatment Plants.

## 1C. METROPOLITAN REQUIREMENTS

All of the proposed projects will comply with the Metropolitan Water District Act and all other applicable laws, specifically any required state financial accounting standards and Metropolitan audit requirements.

## 1D. ENVIRONMENTAL CERTIFICATION

Tables 2-1, 2-2, and 2-3 in Section 2 include environmental certification information. All 38 proposed projects fall under the Program Environmental Impact Report (EIR) prepared for the OBMP. As specific projects move forward, additional review will be required. It is anticipated that most of the projects will qualify for a negative Declaration or a Categorical Exemption. All projects are expected to meet California Environmental Quality Act (CEQA) requirements.

## 1E. AGREEMENT EXECUTION

We understand that projects shall not be existing or under construction prior to agreement execution. We also understand that Metropolitan considers that projects that have entered Design-Build contracts are considered under construction.



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SECTION 2.0  
PROJECT DESCRIPTIONS



This section of our proposal presents more detailed information on the 38 projects introduced in Section 1. For each project, we address the requirements listed on Page 8 of Metropolitan's RFP. Following introductory text, we present detailed tables for the Category 1, Category 2, and Category 3 Projects (Tables 2-1, 2-2, and 2-3, respectively). These categories represent a menu of options by project type and do not represent priority.

We also present an overview map showing how the projects are configured with respect to Metropolitan's Rialto Pipeline. Following the overview map, we present 11 project location maps tied to participating agencies: City of Chino, City of Chino Hills, Cucamonga County Water District, Fontana Water Company, IEUA, Jurupa Community Services District, Monte Vista Water District, City of Ontario, City of Pomona, San Antonio Water Company, and the City of Upland.

## 2A MANAGEMENT INFORMATION

IEUA is the sponsoring agency in conjunction with the Watermaster stakeholders. Because the proposed projects comply with the OBMP, they will meet AB 3030 and other requirements for groundwater management plans.

## 2B PROJECT PARTICIPANTS/PARTICIPATING AGENCIES

The 11 participating agencies are identified in the second paragraph above.

## 2C PROJECT SCHEDULE

As shown in Table 2-1, 2-2, and 2-3, the on-line date for the 38 projects ranges from November 2001 to November 2003. This assumes funding available in August of this year. If funding could be made available sooner, the on-line dates would range from August 2001 through July 2003 (see Table 1-2).

## 2D COST FACTORS

The three tables also present cost information. This information, discussed in more detail in Sections 3E(iii) and 3E(iv), was developed using Metropolitan's Economic Analysis Worksheet. Costs assume a 50 percent capital contribution from Metropolitan. Operation costs were averaged for the range of projects based on "typical" costs for treatment, pumping, and replenishment. Treatment costs (for Category 1 projects only) were assumed at \$85/AF. Well pumping (all categories) was assumed at \$60/AF. Replenishment (all categories) was assumed at \$90/AF. Replenishment costs assume Metropolitan would be responsible for the replenishment obligation and that \$90/AF reflects the cost of pumping SWP water through



the East Branch. All other costs associated with the projects were assumed to be borne by the local agencies.

## 2E MAPS

As stated above, project maps are provided at the end of this section showing locations of proposed projects, primary facilities and proposed user sites, and other requested information.

## 2F WATER SUPPLY/DISTRIBUTION AND WATER QUALITY ISSUES

IEUA's strategic location relative to Metropolitan's service area enables the Program Concept presented in this proposal to offer you unusual flexibility and exciting conjunctive use opportunities.

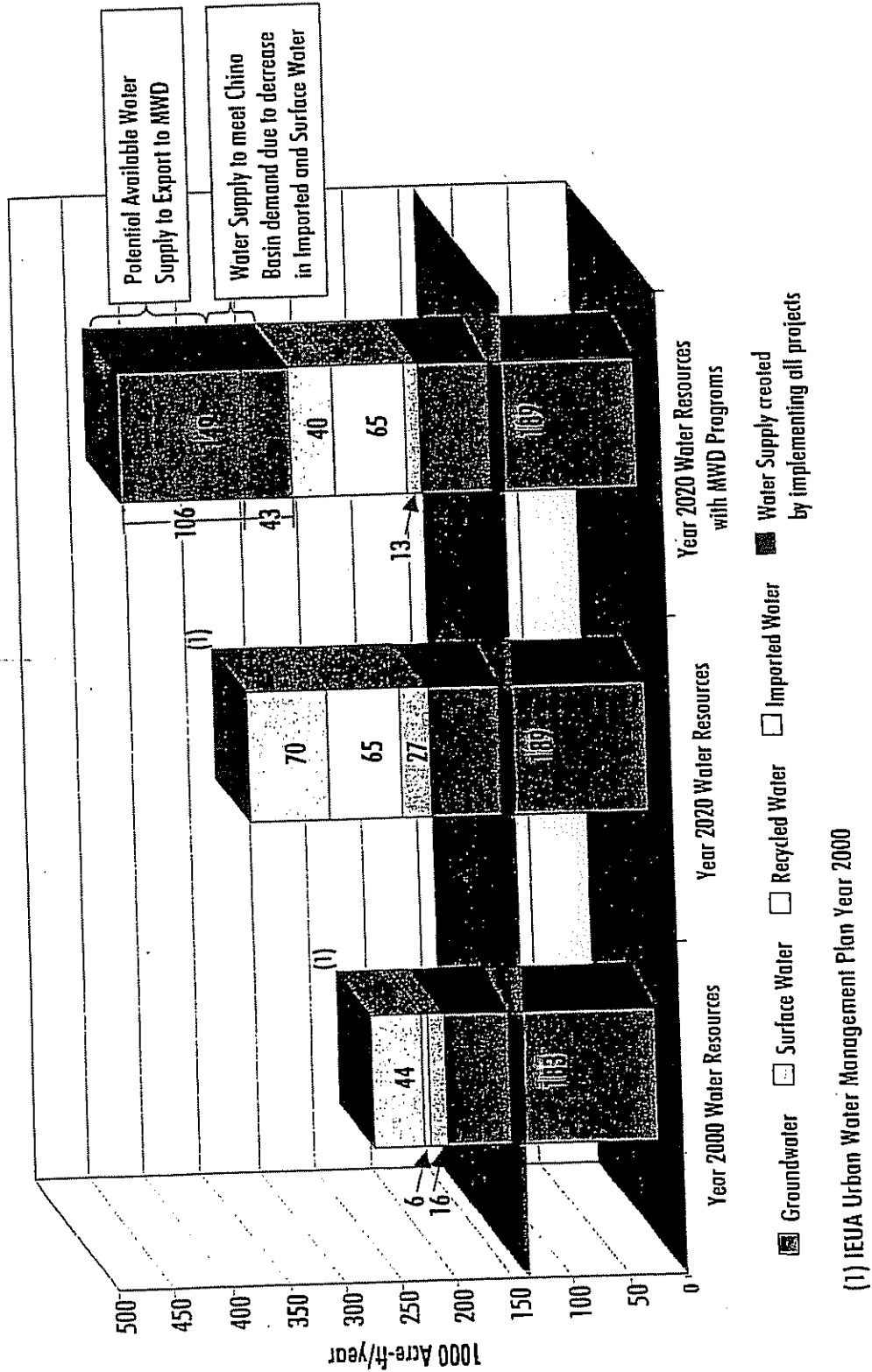
The Chino Basin is one of the largest groundwater basins in Southern California with about 5 million acre-feet (MAF) of water in the Basin and an unused storage capacity of about 1 MAF. Through the cooperative program envisioned by IEUA, the Watermaster, and the OBMP stakeholders, these twin resources - groundwater and unused storage capacity - can be put to beneficial use.

Figure 2-1 on the following page shows the mix of resources needed to meet the 2020 demand with and without the projects identified in this proposal. The figure also shows the current resources mix to meet existing demand, based on IEUA's Urban Water Management Plan 2000 (adopted December 7, 2000). Figure 2-1 also shows additional water that could be available within the Upper and Lower Feeder service area during dry years. By 2020, up to an additional 100,000 acre-feet of water could be available for potential export to Metropolitan. During wet years, the projects would be utilized and the Basin would take additional deliveries of water to offset any excess pumping that occurred during dry periods.

An additional benefit to Metropolitan - as California grapples with a serious energy crisis - would be the ability to shed electrical load by reducing State Water Project pumping during critical periods when energy supplies are limited.



Figure 2-1  
 Chino Basin Water Resource Mix



(1) IEUA Urban Water Management Plan Year 2000

Groundwater Storage Programs



TABLE 2-1  
Summary of Category I Projects

Project No.	Project Title/Lead Agency/ Part. Agency	Dry Year Yield (AFY)	Schedule Milestones	Cost Factors
1	Nitrate Removal Water Treatment Plant City of Chino (preservation of existing well capacity)	13,441	Design (mo.) 3 CEQA Ongoing Construction (mo.) 18 Online Date <sup>1</sup> 05/03	Grant (50%) \$2,156,500 Capital \$4,313,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
2	Reservoir 2A Wellhead Treatment Facility Cucamonga County Water District	6,300	Design (mo.) 9 CEQA ND-1 <sup>4</sup> Construction (mo.) 12 Online Date <sup>1</sup> 05/03	Grant (50%) \$3,561,000 Capital \$7,122,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
3	Reservoir 3 Wellhead Treatment Facility Cucamonga County Water District	9,700	Design (mo.) 9 CEQA ND-1 <sup>4</sup> Construction (mo.) 12 Online Date <sup>1</sup> 05/03	Grant (50%) \$3,397,000 Capital \$6,794,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
4	Reservoir 3A Wellhead Treatment Facility Cucamonga County Water District	3,500	Design (mo.) 6 CEQA ND-1 <sup>4</sup> Construction (mo.) 10 Online Date <sup>1</sup> 12/02	Grant (50%) \$925,000 Capital \$1,850,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
5	Wellhead Ion-Exchange Treatment #1 Fontana Water Company	3,700	Design (mo.) 4 CEQA ND-1 <sup>4</sup> Construction (mo.) 8 Online Date <sup>1</sup> 08/02	Grant (50%) \$2,000,000 Capital \$4,000,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
6	Wellhead Ion-Exchange Treatment #2 Fontana Water Company	6,000	Design (mo.) 4 CEQA ND-1 <sup>4</sup> Construction (mo.) 8 Online Date <sup>1</sup> 08/02	Grant (50%) \$3,200,000 Capital \$6,400,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
7	Wellhead Ion-Exchange Treatment Jurupa Community Service District	4,000	Design (mo.) 4 CEQA (mo.) 3 Construction (mo.) 12 Online Date <sup>1</sup> 08/02	Grant (50%) \$2,500,000 Capital \$5,000,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
8	Wellhead Ion-Exchange for 2 Wells at Plant 4 Monte Vista Water District	4,700	Design (mo.) 6 CEQA (mo.) 7 Construction (mo.) 9 Online Date <sup>1</sup> 11/02	Grant (50%) \$1,075,000 Capital \$2,150,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
9	Wellhead Ion-Exchange Treatment at Well 2 Monte Vista Water District	1,450	Design (mo.) 3 CEQA (mo.) 7 Construction (mo.) 6 Online Date <sup>1</sup> 05/02	Grant (50%) \$437,500 Capital \$875,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
10	Wellhead Ion-Exchange & Transmission Line City of Ontario	5,000	Design (mo.) 12 CEQA ND-1 <sup>4</sup> Construction (mo.) 15 Online Date <sup>1</sup> 11/03	Grant (50%) \$1,750,000 Capital \$3,500,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>



SECTION 2 PROJECT DESCRIPTIONS  
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Project No.	Project Title/Lead Agency/ Part. Agency	Dry Year Yield (AFY)	Schedule Milestones	Cost Factors
11	Anion Exchange Plant Expansion & Upgrade City of Pomona	10,000	Design (mo.) 6 CEQA NR <sup>5</sup> Construction (mo.) 12 Online Date <sup>1</sup> 01/03	Grant (50%) \$850,000 Capital \$1,700,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
12	Retrofit well and Wellhead Ion-Exchange Treatment San Antonio Water Company Ontario, Upland, MWD	3,000	Design (mo.) 4 CEQA (mo.) 5 Construction (mo.) 6 Online Date <sup>1</sup> 03/02	Grant (50%) \$1,020,000 Capital \$2,040,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
13	Wellhead Ion-Exchange Treatment City of Upland	2,700	Design (mo.) 4 CEQA ND-1 <sup>4</sup> Construction (mo.) 8 Online Date <sup>1</sup> 08/02	Grant (50%) \$1,500,000 Capital \$3,000,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>

<sup>1</sup> Based on fund availability August, 2001

<sup>2</sup> As described in Section 2-D

<sup>3</sup> Remaining capital will be paid by each local agency

<sup>4</sup> Negative Declaration

<sup>5</sup> Not Required



TABLE 2-2  
Summary of Category 2 Projects

Project No.	Project Title/Lead Agency/ Part. Agency	Dry Year Yield (AFY)	Schedule Milestones	Cost Factors
1	Benson/Palo Verde ASR  City of Chino/MVWD (New production)	5,040	Design (mo.) 3 CEQA (mo.) 7 Construction (mo.) 18 Online Date <sup>1</sup> 05/03	Grant (50%) \$719,000 Capital \$1,438,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
2	State/Benson ASR  City of Chino (Preservation of existing GW)	4,480	Design (mo.) 3 CEQA (mo.) 7 Construction (mo.) 18 Online Date <sup>1</sup> 05/03	Grant (50%) \$238,000 Capital \$476,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
3	Phillips/ Central ASR  City of Chino (Preservation of existing GW)	6,160	Design (mo.) 3 CEQA (mo.) 7 Construction (mo.) 18 Online Date <sup>1</sup> 05/03	Grant (50%) \$1,001,000 Capital \$2,002,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
4	Interagency Connection & Distribution City of Chino Chino Hills, MWD, Ontario	5,377	Design (mo.) 9 CEQA (mo.) 6 Construction (mo.) 9 Online Date <sup>1</sup> 02/03	Grant (50%) \$2,630,500 Capital \$5,261,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
5	Well 13 Blending station  City of Chino Hills (Enables more desalted water to Chino & Ontario)	2,100	Design (mo.) 1 CEQA ND-1 Construction (mo.) 1 Online Date <sup>1</sup> 11/01	Grant (50%) \$45,000 Capital \$90,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
6	Well No. 36  Cucamonga County Water District	2,500	Design (mo.) 2 CEQA ND-1 Construction (mo.) 4 Online Date <sup>1</sup> 03/02	Grant (50%) \$425,000 Capital \$850,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
7	CCWD/MWD Chino Basin Groundwater Use Project Cucamonga County Water District	11,000	Design (mo.) 6 CEQA ND-2 Construction (mo.) 12 Online Date <sup>1</sup> 02/03	Grant (50%) \$1,973,500 Capital \$3,947,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
8	Cucamonga Basin Recharge Project Cucamonga County Water District	4,000	Design (mo.) 6 CEQA MND-6 Construction (mo.) 18 Online Date <sup>1</sup> 05/03	Grant (50%) \$1,300,000 Capital \$2,600,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
9	Reactivate MWD Connections  Inland Empire Utility Agency	-	Design (mo.) N/A CEQA NR Construction (mo.) N/A Online Date <sup>1</sup> 07/02	Grant (50%) \$275,000 Capital \$550,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
10	Rehabilitate or New Well (ASR) - Plant I Monte Vista Water District	2,167	Design (mo.) 6 CEQA (mo.) 6 Construction (mo.) 12 Online Date <sup>1</sup> 03/03	Grant (50%) \$500,000 Capital \$1,000,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>

Groundwater Storage Programs





SECTION 2 PROJECT DESCRIPTIONS  
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Project No.	Project Title/Lead Agency/ Part Agency	Dry Year Yield (AF) <sup>1</sup>	Schedule Milestones	Cost Factors
11	Rehabilitate or New Well (ASR) - Plant 9 Monte Vista Water District	2,167	Design (mo.) 6 CEQA (mo.) 6 Construction (mo.) 12 Online Date <sup>1</sup> 03/03	Grant (50%) \$500,000 Capital \$1,000,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
12	Rehabilitate or New Well (ASR) - Plant 12 Monte Vista Water District	2,167	Design (mo.) 6 CEQA (mo.) 6 Construction (mo.) 12 Online Date <sup>1</sup> 03/03	Grant (50%) \$500,000 Capital \$1,000,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
13	Rehabilitate or New Well (ASR) - Plant 17 Monte Vista Water District	2,167	Design (mo.) 6 CEQA (mo.) 6 Construction (mo.) 12 Online Date <sup>1</sup> 03/03	Grant (50%) \$500,000 Capital \$1,000,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
14	Well 15 Blending Station City of Ontario	2,000	Design (mo.) 6 CEQA ND-1 <sup>4</sup> Construction (mo.) 9 Online Date <sup>1</sup> 12/02	Grant (50%) \$100,000 Capital \$200,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
15	Jurupa Connection City of Ontario JCSD, SAWPA	-	Design (mo.) 6 CEQA ND-1 <sup>4</sup> Construction (mo.) 6 Online Date <sup>1</sup> 09/02	Grant (50%) \$37,500 Capital \$75,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
16	Chino II Desalter Transmission Facilities City of Ontario JCSD, SAWPA	-	Design (mo.) N/A CEQA N/A Construction (mo.) 6 Online Date <sup>1</sup> 12/02	Grant (50%) \$425,000 Capital \$850,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
17	Well No. 36 City of Pomona	1,600	Design (mo.) 6 CEQA ND <sup>4</sup> Construction (mo.) 12 Online Date <sup>1</sup> 02/03	Grant (50%) \$200,000 Capital \$400,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>
18	Booster 16A&B & Pipeline City of Pomona	-	Design (mo.) 6 CEQA ND <sup>4</sup> Construction (mo.) 4 Online Date <sup>1</sup> 07/02	Grant (50%) \$550,000 Capital \$1,100,000 O&M (\$/AF) <sup>2</sup> Financing <sup>3</sup>

<sup>1</sup> Based on Fund Availability August, 2001

<sup>2</sup> As described in Section 2-D

<sup>3</sup> Remaining capital will be paid by each local agency

<sup>4</sup> Negative Declaration

<sup>5</sup> Mitigated Negative Declaration



TABLE 2-3  
Summary of Category 3 Projects

Project No.	Project Title/Lead Agency/Part. Agency	Dry Year Yield (AFY)	Schedule Milestones	Cost Factors
1	2 New Wells Cucamonga County Water District	5,000	Design (mo.) 3 CEQA ND-1 <sup>1</sup> Construction (mo.) 8 Online Date <sup>2</sup> 08/02	Grant (50%) \$750,000 Capital \$1,500,000 O&M (\$/AF) <sup>3</sup> Financing <sup>4</sup>
2	New Well - Plant 28 Monte Vista Water District	2,900	Design (mo.) 2 CEQA Approved Construction (mo.) 12 Online Date <sup>2</sup> 11/02	Grant (50%) \$500,000 Capital \$1,000,000 O&M (\$/AF) <sup>3</sup> Financing <sup>4</sup>
3	New Well #1 City of Ontario	3,000	Design (mo.) Complete CEQA ND-1 <sup>1</sup> Construction (mo.) 12 Online Date <sup>2</sup> 09/02	Grant (50%) \$500,000 Capital \$1,000,000 O&M (\$/AF) <sup>3</sup> Financing <sup>4</sup>
4	New Well #2 City of Ontario	3,000	Design (mo.) 9 CEQA ND-1 <sup>1</sup> Construction (mo.) 12 Online Date <sup>2</sup> 06/03	Grant (50%) \$500,000 Capital \$1,000,000 O&M (\$/AF) <sup>3</sup> Financing <sup>4</sup>
5	New Well #3 City of Ontario	3,000	Design (mo.) 9 CEQA ND-1 <sup>1</sup> Construction (mo.) 12 Online Date <sup>2</sup> 06/03	Grant (50%) \$500,000 Capital \$1,000,000 O&M (\$/AF) <sup>3</sup> Financing <sup>4</sup>
6	New Well #4 City of Ontario	3,000	Design (mo.) 9 CEQA ND-1 <sup>1</sup> Construction (mo.) 12 Online Date <sup>2</sup> 06/03	Grant (50%) \$500,000 Capital \$1,000,000 O&M (\$/AF) <sup>3</sup> Financing <sup>4</sup>
7	New Well San Antonio Water Company Ontario, Upland, MWD	3,000	Design (mo.) 6 CEQA (mo.) 4 Construction (mo.) 6 Online Date <sup>2</sup> 03/02	Grant (50%) \$500,000 Capital \$1,000,000 O&M (\$/AF) <sup>3</sup> Financing <sup>4</sup>

<sup>1</sup> Negative Declaration

<sup>2</sup> Based on fund availability August, 2001

<sup>3</sup> As described in Section 2-D

<sup>4</sup> Remaining capital will be paid by each local agency



# DRAWINGS/MAPS

*Groundwater Storage Programs*

INLAND EMPIRE UTILITY AGENCY



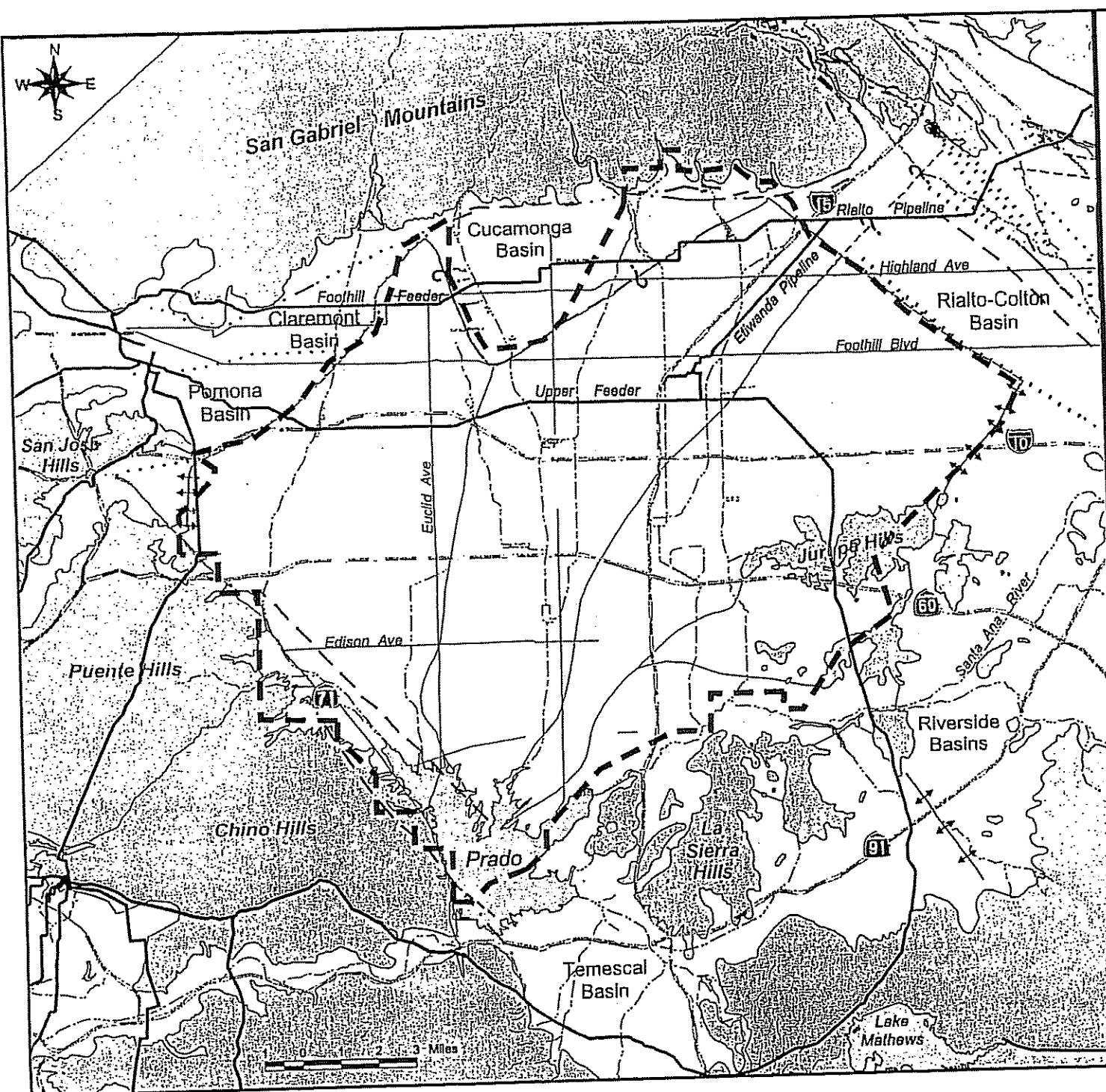
## PROJECT DRAWING LIST

The first drawing shows Metropolitan's Rialto/Etiwanda/Upper Feeder Service Area. The subsequent drawings show the location of proposed projects, primary facilities, and proposed user sites including interties and points of connection. Most of the major purveyors in the Chino Basin Area have existing interconnections to Metropolitan's water system and, by overproducing in dry years, can provide immediate dry year yield to Metropolitan. Agencies in the Chino Basin that do not have a direct connection to Metropolitan's system also can provide water through an exchange. Fontana Water Company would use existing interconnections through Cucamonga County Water District for water supply. Jurupa Community Service District would use an existing or new intertie with the City of Ontario, and San Antonio Water Company would use an existing or a new point of connection with the City of Upland water distribution system. The drawings are presented in the following order:

### CATEGORIES

	1	2	3
1. MWD/Rialto/Etiwanda/Upper Feeder Service Area	N/A	N/A	N/A
2. City of Chino Projects	1	4	-
3. City of Chino Hills Project	-	1	-
4. Cucamonga County Water District Projects	3	3	1
5. Fontana Water Company Projects	2	-	-
6. IEUA Project	-	1	-
7. Jurupa Community Service District Project	1	-	-
8. Monte Vista Water District Projects	2	4	1
9. City of Ontario Projects	1	3	4
10. City of Pomona Projects	1	2	-
11. San Antonio Water Company Projects	1	-	1
12. City of Upland Project	1	-	-

N/A - Not Applicable



### Legend

- Chino Basin Adjudicated Boundary
- Hydrologic Chino Basin
- Management Zone Boundaries
- Imported Water Pipeline
- Fault
  - Dashed Where Approximate
  - Dotted Where Concealed
  - Queried Where Uncertain
  - Large Gaps Where Groundwater Barrier (Suspected Fault)
- Groundwater Divide
- Waterways & Reservoirs
- Consolidated Bedrock



## Drawing 1

### Chino Basin and MWD Pipelines



Date: January 2001



**Legend**

- Facility (Category 1)
- Facility (Category 2)
- MWD Imported Water Pipeline
- Existing Distribution Pipeline

0 0.5 1 miles

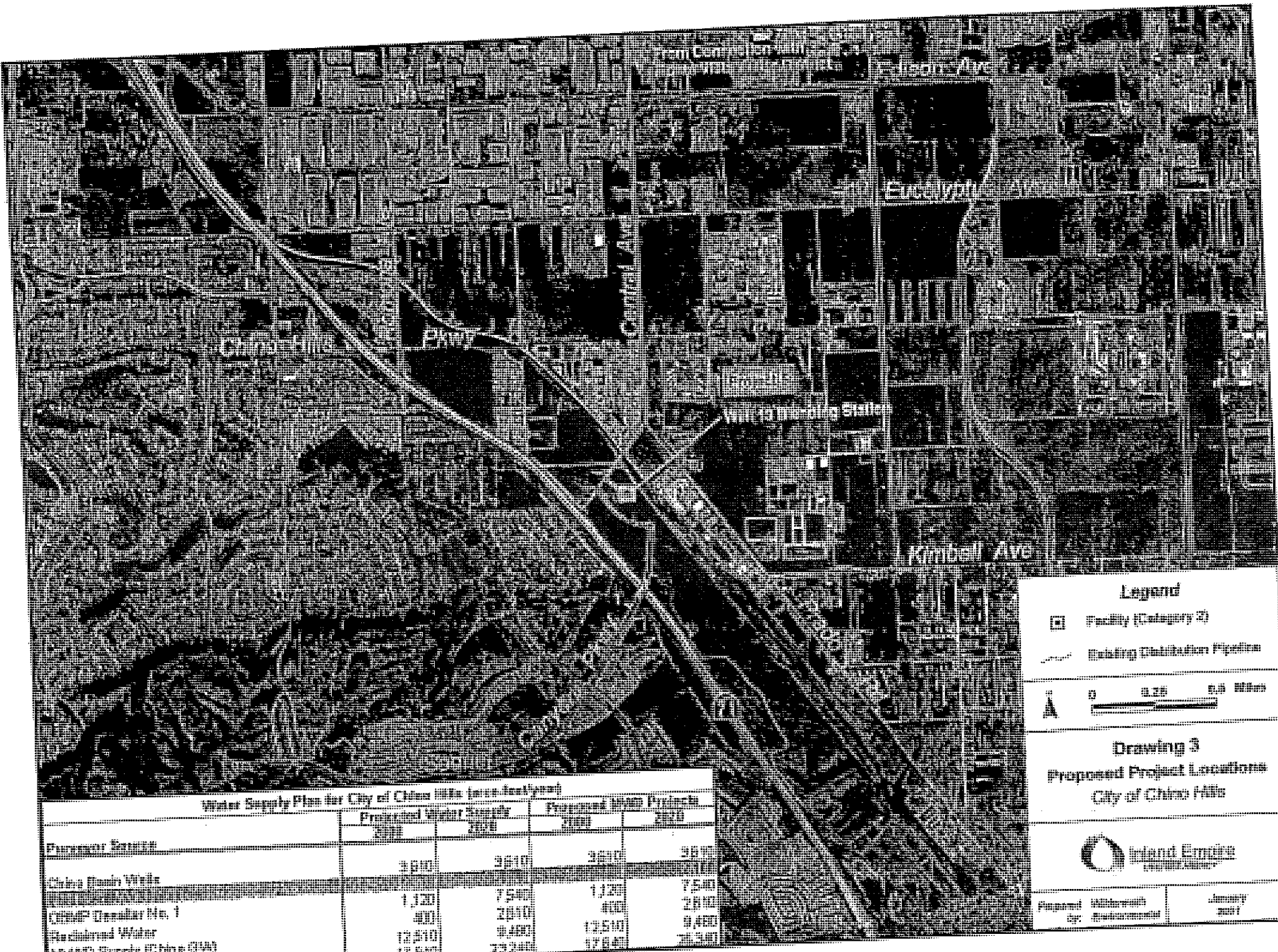
**Drawing 2**  
**Proposed Project Locations**  
**City of Chino**

Integral Engine  
 ENGINEERS ARCHITECTS

Prepared by: [Name] Date: January 2004

**Water Supply Plan for City of Chino (acre-feet/year)**



Proposed Source	Projected Water Supply		Proposed MWD Products	
	2000	2020	2000	2020
Chino Basin Works	10,000	10,000	10,000	10,000
Chino Damiller Res.	1,000	5,000	1,000	5,000
MWD/MSFA Treatment Plant	100	2,000	100	2,000
Manufactured Water	15,000	15,000	15,000	15,000
<b>Total</b>	<b>16,100</b>	<b>32,000</b>	<b>26,100</b>	<b>32,000</b>



Water Supply Plan for City of Chino Hills (per 1000 year)

Demand Source	Proposed Water Supply		Proposed WWD Projects	
	2024	2026	2024	2026
Chino Basin Wells	3600	3610	3600	3610
CRMP Decoder No. 1	1320	750	1120	750
Reclaimed Water	400	2000	400	2000
So. East Resale (Chino GW)	13510	9400	13510	9400
	17830	23260	17830	23260

Legend

-  Facility (Category 3)
-  Existing Distribution Pipeline



Drawing 3  
Proposed Project Locations  
City of Chino Hills



Prepared by:  Inland Empire  
or:  Inland Empire  
January 2017



**Legend**

- Facility (Category 1)
- Facility (Category 2)
- Well (Category 2)
- Well (Category 3)
- Proposed Pipeline (Category 2)
- MWD Imported Water Pipeline
- Existing Distribution Pipeline

0 0.5 1 Miles

**Drawing 4**  
**Proposed Project Locations**  
**Cucamonga County Water District**

Prepared: Mitchell  
 Inc. Environmental  
 January  
 2021

**Water Supply Plan for COWD (continued)**

Parameter/Entity	Proposed 2021 Capacity		Proposed 2030 Capacity	
	MGD	MGD	MGD	MGD
<b>Category 1 Wells</b>	0.000	7.000	0.000	0.000
<b>Category 2 Wells</b>	13.000	13.000	13.000	13.000
Other groundwater basins	0	4.000	0	4.000
Recycled Water	0	1.000	0	1.000
COWD George Water Treatment Plant	1.000	1.000	1.000	1.000
COWD Lloyd Michael Treatment Plant	21.700	21.700	21.700	21.700
COWD Hoop-Michael Treatment Plant	0.000	0.000	0.000	0.000
Clear Creek	0.000	0.000	0.000	0.000
<b>Total</b>	<b>35.700</b>	<b>46.700</b>	<b>35.700</b>	<b>46.700</b>





**Water Supply Plan for FYC (area in gpm)**

Resource Source	Proposed Water Supply		Unplanned Water Products	
	2018	2024	2018	2024
Other Deep Wells	80,000	24,000	80,000	24,000
Other Groundwater Wells	12,000	12,000	12,000	12,000
Reclaimed Water	0	3,000	0	3,000
Supply from COWD - Purified Water	80,000	6,000	80,000	0
Fontana Water Treatment Plant	0	16,000	0	16,000
Spadell Treatment Plant	7,000	0	7,000	0
	87,000	49,000	169,000	42,000

**Legend**

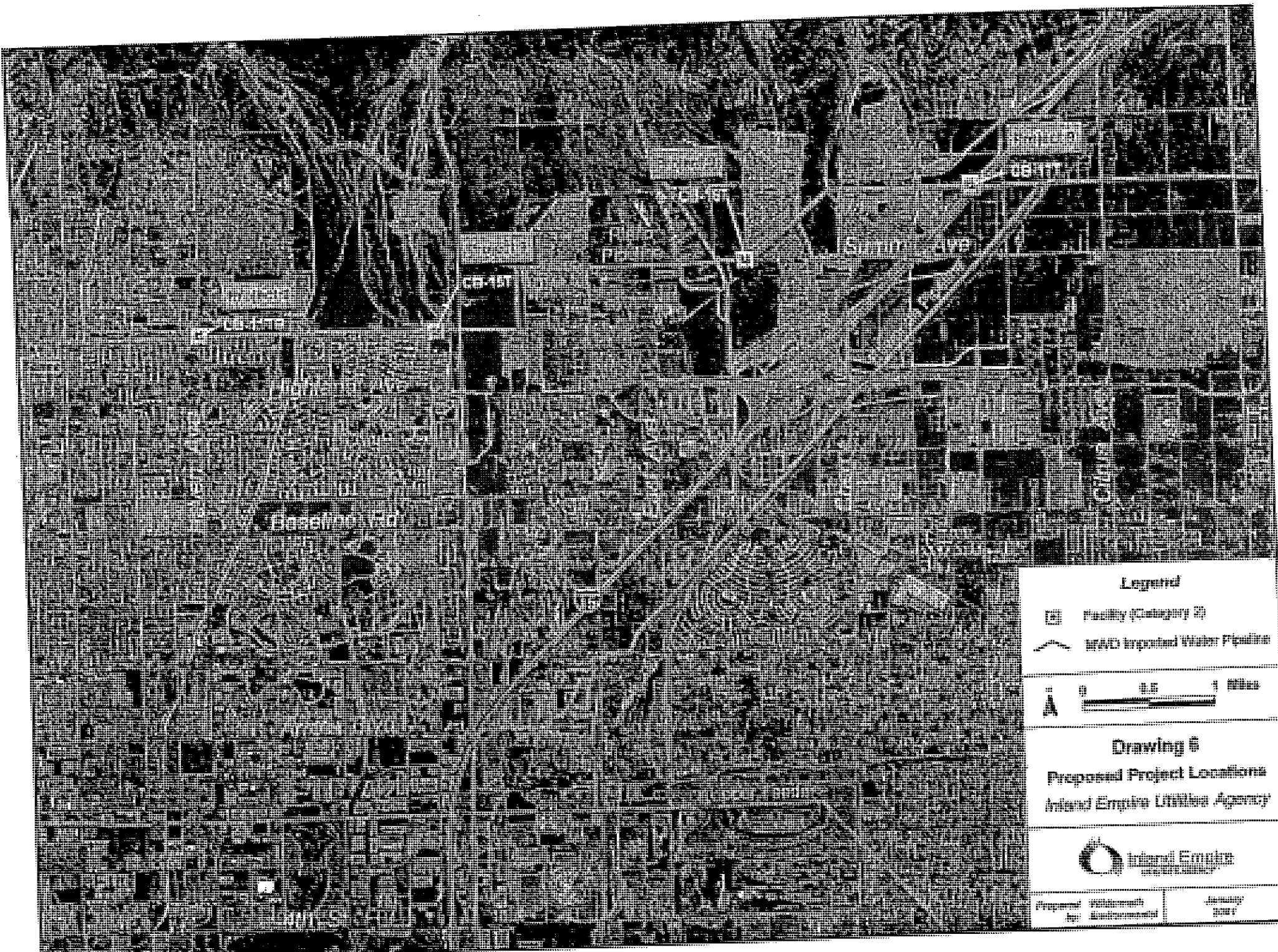
- Facility (Category C)
- MWD Imported Water Pipeline
- Existing Distribution Pipeline

0 0.5 1.0 Miles



**Drawing 5**  
**Proposed Project Locations**  
**Fontana Water Company**

**Inland Empire**  
WATER SERVICES

Prepared by: **Waterworks**  
 for: **Fontana Water Company**      **January 2017**



**Legend**

-  Facility (Category 2)
-  WAD Imported Water Pipeline



**Drawing 6**  
**Proposed Project Locations**  
**Inland Empire Utilities Agency**



Prepared by:  **January 2007**



**Legend**

- Facility (Category 1)
- Existing Distribution Pipeline

**Scale**  
 0 0.25 0.5 Miles

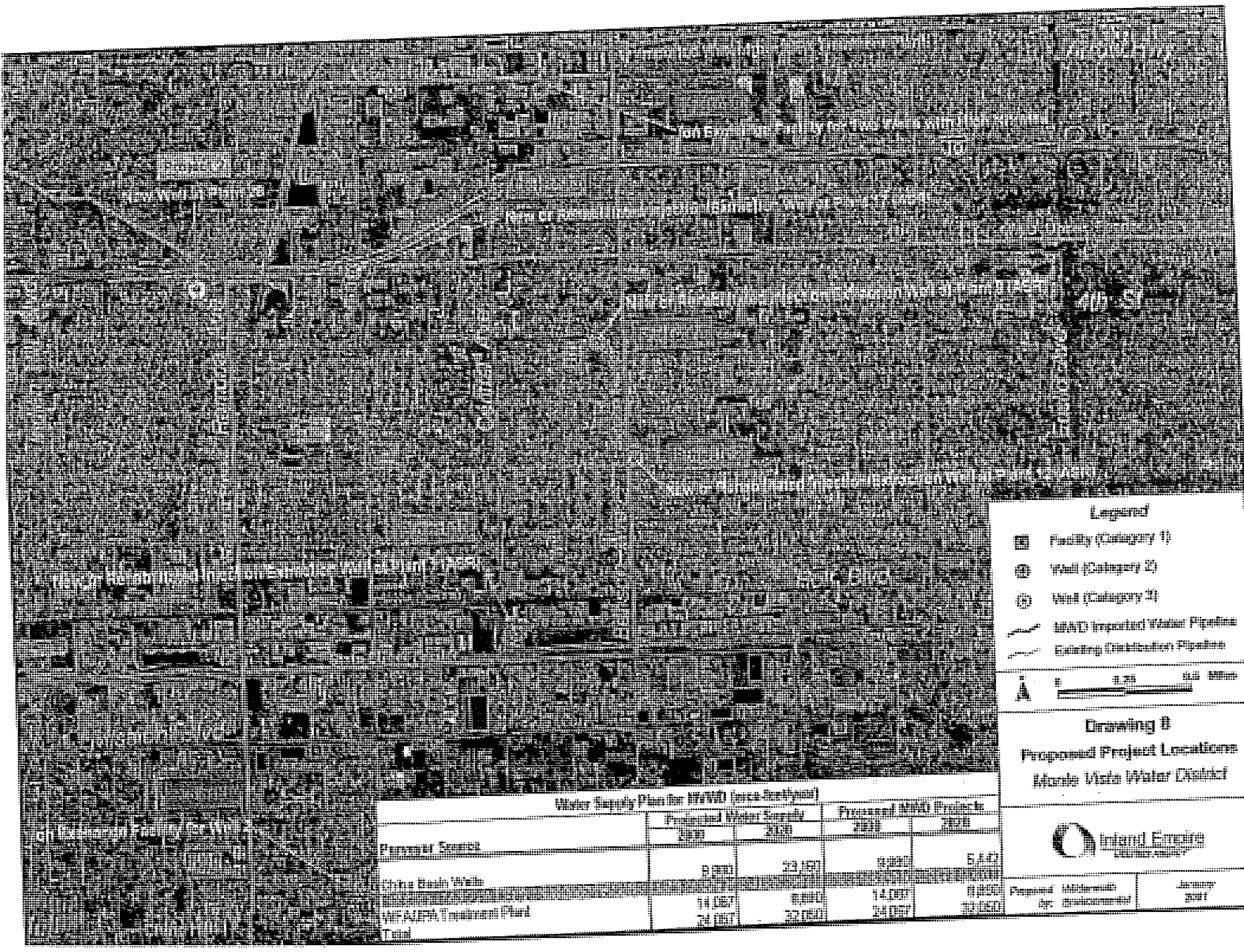
**Drawing 7**  
 Proposed Project Locations  
 Arroyo Community Services District



Prepared by: **Inland Empire Construction**  
 January 2017

**Water Supply Plan for JCSD (ass. 2017)**

Pursuant Source	Proposed Water Supply		Proposed WWD Projects	
	2018	2020	2018	2020
China Basin Wells - potable	12,475	17,718	12,475	17,718
China Basin Wells - non-potable	0	0	0	0
Other groundwater basins	600	4,500	600	4,500
WSPFA Decanting (6 mgd Plant)	3,000	5,000	3,000	5,000
Other	0	0	0	0
<b>Total</b>	<b>16,075</b>	<b>27,218</b>	<b>16,075</b>	<b>27,218</b>



**Legend**

- Facility (Category 1)
- Well (Category 2)
- Well (Category 3)
- MWD Imported Water Pipeline
- Existing Distribution Pipeline

**Scale:** 1" = 1.25 miles

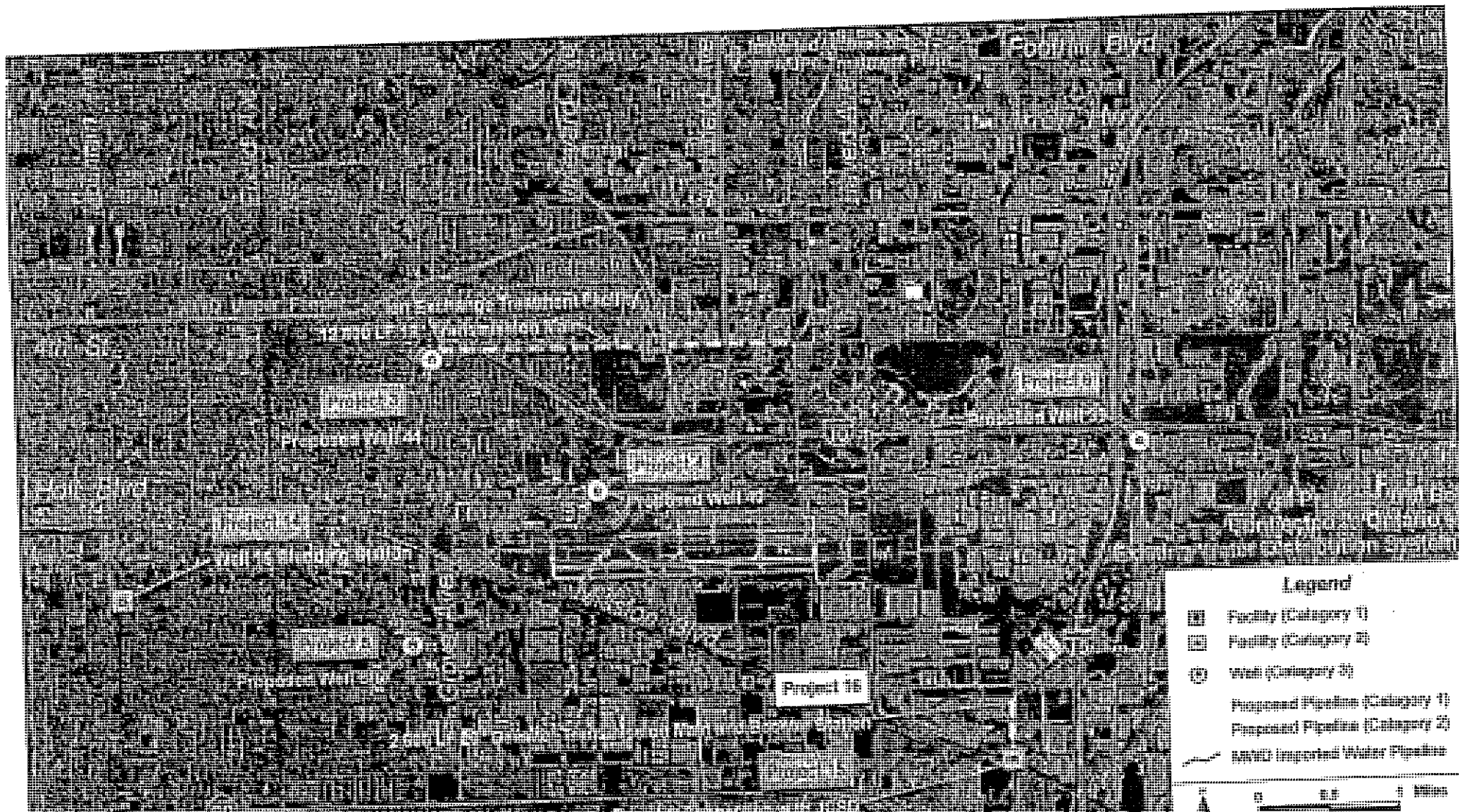
**Drawing B**  
**Proposed Project Locations**  
**Mono Vista Water District**

**Inland Empire**  
Water Authority

Prepared: 1/18/2011  
 or: 01/18/2011

January 2011

Water Supply Plan for MWD (price \$4.00/acre-foot)		Proposed MWD Projects		
	Proposed Water Supply		Proposed MWD Projects	
	2010	2020	2010	2020
Proposed Service				
City of Mono Wells	8,000	23,100	0,000	5,100
MWD/EP&S Treatment Plant	14,000	0,000	14,000	0,000
<b>Total</b>	<b>22,000</b>	<b>23,100</b>	<b>14,000</b>	<b>5,100</b>



**Legend**

- Facility (Category 1)
- Facility (Category 2)
- Well (Category 3)
- Proposed Pipeline (Category 1)
- Proposed Pipeline (Category 2)
- MWD Imported Water Pipeline

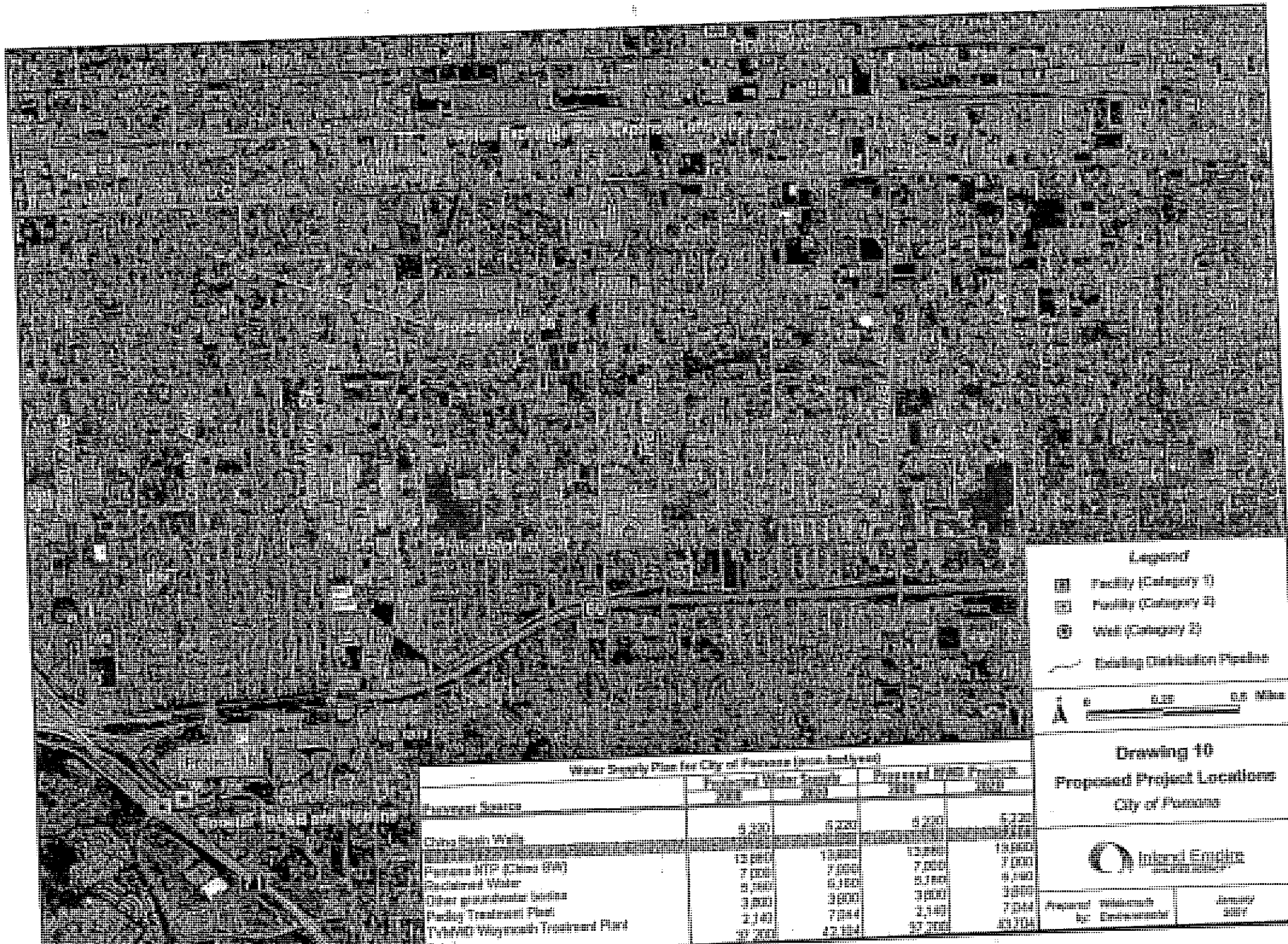


**Drawing 9**  
**Proposed Project Locations**  
 City of Ontario



Prepared in accordance with the Environmental Impact Statement  
 January 2001

Water Supply Plan for City of Ontario (per facility)				
Proposed Source	Projected Water Supply		Projected MWD Projects	
	2000	2020	2000	2020
Chico Peak Wells	34,720	33,000	34,720	33,000
WPAUPA Treatment Plant	6,000	30,000	6,000	30,000
Reclaimed Water	650	650	650	650
Supply from BAYCO (Chico GW)	0	13,710	0	13,710
CEMP Baseline No. 2	43,000	70,000	43,000	70,000



- Legend**
- Facility (Category 1)
  - Facility (Category 2)
  - Well (Category 2)
  - Existing Distribution Pipeline



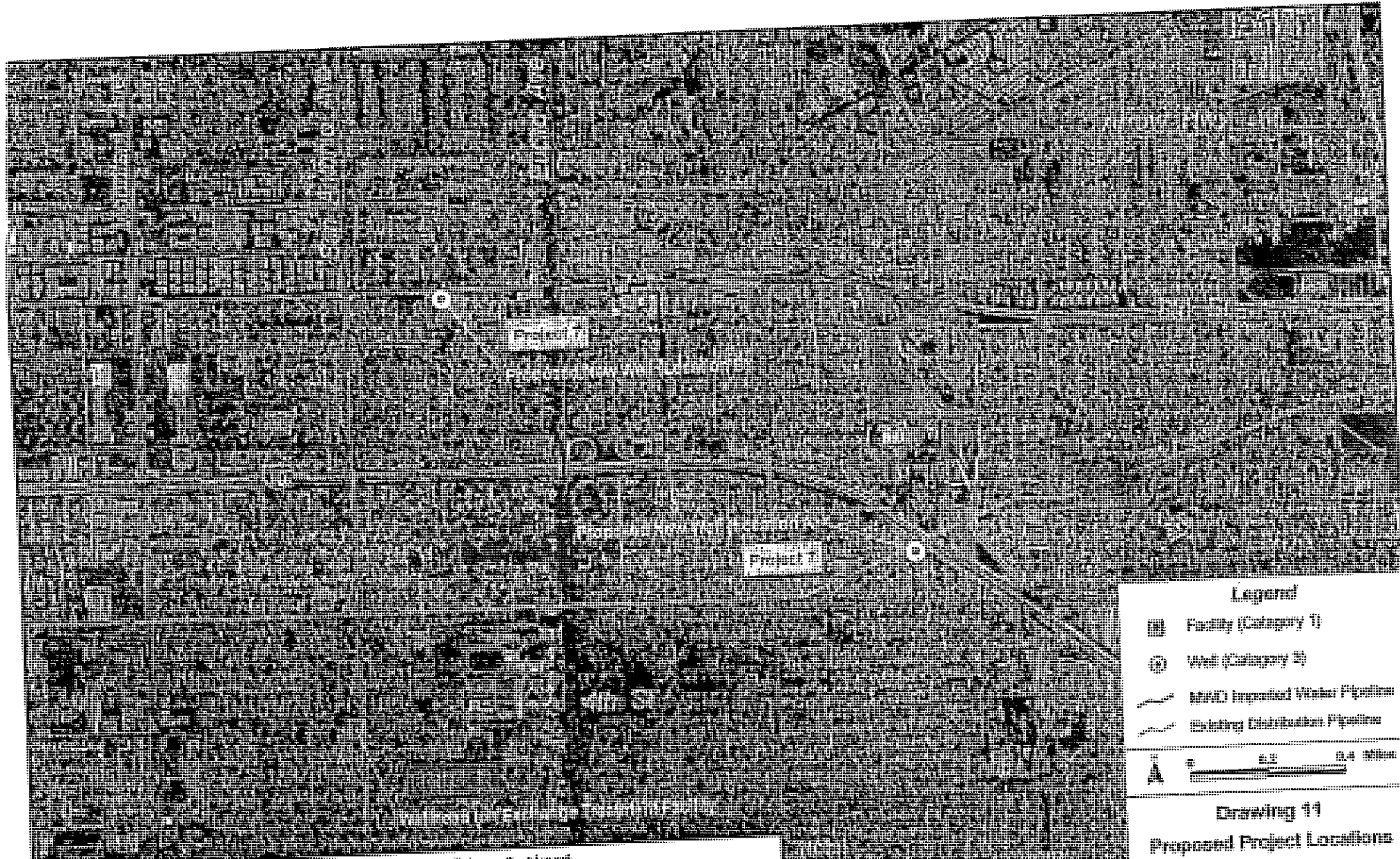
**Drawing 10**  
**Proposed Project Locations**  
 City of Pomona



**Water Supply Plan for City of Pomona (continued)**

Proposed Source	Estimated Water Supply		Days of Water Reserve	
	MGD	MGD	Days	Days
Chico Basin Well	0.200	0.200	0.200	0.200
Chico Basin Well	12.000	12.000	12.000	12.000
Pomona WTP (Chico SW)	7.000	7.000	7.000	7.000
Redlands Water	0.200	0.200	0.200	0.200
Other groundwater basins	0.000	0.000	0.000	0.000
Packey Treatment Plant	2.100	7.000	2.100	7.000
Trinity Weymouth Treatment Plant	0.700	0.700	0.700	0.700

Prepared and issued by: **Environmental** January 2007



**Legend**

- Facility (Category 1)
- Well (Category 2)
- MWD Imported Water Pipeline
- Existing Distribution Pipeline

0.2
0.4 Miles

**Drawing 11**  
**Proposed Project Locations**  
**San Antonio Water Company**

Water Supply Plan for SAWC (per 2014 year)				
Purveyor Section	Proposed Water Supply		Proposed MWD Imports	
	2010	2020	2010	2020
Chino Basin	70	1,110	70	1,110
Other distribution basins	400	400	400	400
Other distribution basins from Antonio Canyon	0	0	0	0
<b>Total</b>	<b>1,070</b>	<b>1,510</b>	<b>1,070</b>	<b>1,510</b>

**Inland Empire**  
Water Agency

Prepared by: **Environment**

January 2014



**Legend**

- Facility (Category 1)
- MWD-imposed Water Pipeline
- Existing Distribution Pipeline

0      0.25      0.5 Miles

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**Drawing 12**  
Proposed Project Locations  
City of Upland

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Inland Empire  
WATER AUTHORITY

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Prepared by:	Waterworks Department	January 2007
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Water Supply Plan for City of Upland (area only)				
Parameter Selected	Estimated Water Supply		Proposed Water Projects	
	2000	2001	2000	2001
Chico Basin Wells	2,470	3,071	2,470	3,071
Supply from BAWC (non-Chico GW)	4,930	4,930	4,930	4,930
Supply from BAWC (San Antonio Canyon TP)	2,411	1,600	2,411	1,600
Supply from WECAPC (Chico GW)	0	1,600	0	1,600
Supply from WECAPC (Chico GW)	4,600	4,600	4,600	4,600
Supply from WECAPC (other GW basins)	7,500	7,500	7,500	7,500
WFA Treatment Plant	20,000	24,000	20,000	24,000





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SECTION 3.0  
DETAILED INFORMATION  
FOR SCORING



### 3A. REGIONAL BENEFIT

Since February 1998, the Chino Basin stakeholders have met twice per month to develop the Optimum Basin Management Program (OBMP). Development of the OBMP required three parallel processes: institutional, engineering, and financial. The institutional process defined the management agenda, directed the engineering and financial processes, and built institutional support for OBMP implementation. The engineering process developed planning data and management elements, and evaluated the technical and economic financing plans for the management elements. The financial process developed alternative financing plans for the OBMP through its evolution.

In June 1998, the stakeholders began the process of developing management goals for the OBMP that address the issues, needs, and interests of the Chino Basin producers. The four management goals of the OBMP are as follows:

- Enhance Basin Water Supplies
- Protect and Enhance Water Quality
- Enhance Management of the Basin
- Equitably Finance the OBMP

#### 3A(i) Dry-Year Yield for Regional Benefit

The proposed projects will enhance Metropolitan's dry-year yield while providing a regional benefit for Chino Basin agencies. This additional dry-year yield is realized through increased groundwater production capacity, expanded ASR (Aquifer Storage and Recovery) capabilities, increased wellhead treatment capacity, and enhanced water-wheeling potential. Each of the 38 proposed projects provides Metropolitan with increased dry year yield capacity while providing the facilities necessary to implement a regional conjunctive use program. Such a program would provide Chino Basin agencies with increased water supply reliability, redundancy and future drought protection.

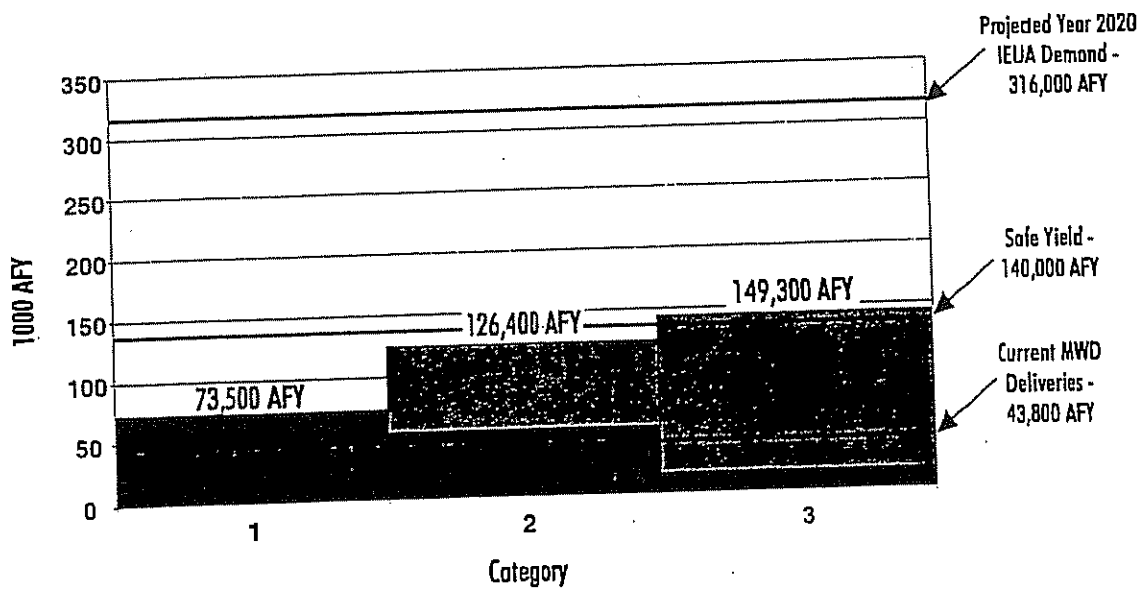
The dry year yield potential of the proposed projects can be summarized via four types of projects. These project types include groundwater production facilities, ASR facilities, wellhead treatment facilities, and transmission and interconnection improvements. The groundwater production projects include the construction of new wells and appurtenant facilities. The construction of new wells will provide an increase in groundwater production capacity necessary to meet demands during periods of reduced Metropolitan supply. New ASR facilities, including new injection wells and modifications to existing ones, will enhance replenishment capabilities and the ability to implement a regional conjunctive use program. ASR facilities also provide a water quality benefit.



The construction of new wellhead treatment facilities will enable the use of previously inactive wells taken off-line due to poor groundwater quality, thus providing increased basin production capacity. The proposed wellhead treatment facilities include new ion-exchange (IX) facilities, modifications to existing IX facilities, and blending stations. Finally, improvements to existing agency interconnections and construction of new transmission capacity will enhance the ability to wheel water between agencies, thus increasing the water supply reliability and water system redundancy necessary to increase Metropolitan's dry year yield.

Currently, Metropolitan deliveries to the IEUA service area have exceeded 50,000 AFY during the past several years and are projected to increase to approximately 100,000 AFY in 2020. The projected year 2020 IEUA total water demand is approximately 316,000 AFY, which constitutes an increase in approximately 74,000 AFY from current demands. This 30 percent increase in water demand will to a large extent be met through an increase in interruptible imported water deliveries and recycled water. Implementing the proposed projects will enable Metropolitan to meet this increase in imported water demand during dry periods, thereby providing Metropolitan with an increase in dry year yield. Figure 3A-1 summarizes the dry year yield benefit provided to Metropolitan through the implementation of Category 1, 2, and 3 projects.

FIGURE 3A-1  
Dry Year Yield Benefits





Implementation of all of these projects, when combined with the safe yield, will provide dry year reliability. Because prolonged use of these local supplies would exceed the Basin's safe yield, Metropolitan can be assured that these projects would only be used during dry years and that Metropolitan's deliveries would not be reduced in normal and wet years.

### 3A(ii) Seasonal Nature of Project Production

The proposed projects will be constructed with the flexibility of operating year-round. The facilities and provisions necessary to achieve year-round production will be constructed, which will reduce the impact of not being able to produce during periods of reduced imported water deliveries. The facilities have been sized for operation during critical peak dry year periods. This ensures that the projects can reliably reduce imported water deliveries, even during peak or critical dry periods.

### 3A(iii) Institutional Arrangements for Curtailing Firm Deliveries

In order for any regional project to be successfully implemented, coherence between participating agencies must be formed and maintained. The agencies identifying the proposed projects have previously worked together under the guidance of the Chino Basin Watermaster to develop the historic Peace Agreement. The Peace Agreement provides the framework for the collaborative effort of Chino Basin agencies to implement the proposed projects.

The specific institutional arrangements required for those projects involving transmission and interconnection improvements are covered by the intent of the Peace Agreement. Final institutional arrangements among the participating agencies, the Watermaster, and Metropolitan would be required to define an appropriate delivery schedule to efficiently distribute both in-lieu or direct Metropolitan deliveries.

### 3A(iv) Ability To Sustain Production During a Three-year Shortage

The Chino Basin is the largest basin available for conjunctive use in Southern California (5 million AF of storage). Members of the Chino Basin appropriative pool already conduct interagency storage account transfers and the construction of the proposed facilities would enhance this capability. At the end of the 1999/2000 fiscal year, the total volume of groundwater in the storage accounts was approximately 170,000 AF. Assuming a worst-case scenario, the total volume of groundwater available in the Chino Basin is more than adequate to supplement approximately three years of imported supply. Implementation of all of the projects presented in this proposal, would make available approximately 149,000 AF — more than what Metropolitan would provide over a three-year period (approximately 129,000 AF).



The construction of the proposed facilities would also enhance the recharge capability of the Chino Basin agencies. During periods of surplus imported supply (wet years), the Chino Basin storage account could be replenished via direct or in-lieu deliveries and/or recharged via direct or in-lieu spreading facilities or injection wells (e.g., ASR), such as those proposed. Also, the Chino Basin Watermaster is currently developing a recharge master plan intended to further the recharge capacity of the Chino Basin and in turn, increase the Basin's ability to sustain production during a three-year shortage of imported supply.

### 3A(v) Incorporation of Change in Basin Operations into Management Plan

Any changes in Basin operations would be documented accordingly. The projects being submitted under this proposal are consistent with the goals of the OBMP. As previously stated, the basin management plan submitted under the OBMP provides the basis for future projects to ensure regional support and enhancement of Chino Basin resources. Any project and subsequent policy issues have already been addressed in the OBMP and the Programmatic EIR (certified by IEUA in July 2000). Changes to the existing adjudication are not necessary. It is inherent that the proposed projects benefit the members of the Chino Basin while providing Metropolitan with increased dry year yield.



### 3B. PROJECT PARTNERSHIPS

Many agencies are involved in water management within the Chino Basin. IEUA is working in cooperation with each of these agencies to achieve water supply reliability, water quality, and watershed management goals for the Santa Ana River Watershed and the Southern California region. We present our Program Concept to Metropolitan with confidence because our proposed projects represent a high level of interagency cooperation and support.

#### 3B(i) Local and Regional Support

IEUA serves the Cities of Chino, Chino Hills, Montclair, Ontario, and Upland, as well as Monte Vista Water District, Cucamonga County Water District, and Fontana Water Company. Approximately 700,000 people reside in the Agency's 242 square-mile service area. These agencies and the people they represent support wise water management, as exemplified by the 38 projects named in this proposal.

IEUA also has a representative on the Chino Basin Watermaster Board. The Watermaster was established in 1978 in a Judgment entered in the Superior Court of California. The Watermaster has the responsibility for developing and implementing the Chino Basin OBMP. In July 2000, the Watermaster's planning process culminated in the adoption of a "Peace Agreement." The Peace Agreement outlines the schedule and actions for implementing the OBMP. The Watermaster and the OBMP stakeholders are in concurrence with the concepts and projects presented herein.

The proposed projects will benefit all Chino Basin agencies. They will be implemented to meet the goals of the OBMP and to confirm the Basin's ability and desire to participate in a regional conjunctive use project. Committees in the Chino Basin met to develop a list of projects to be submitted under this proposal. These 38 projects are part of a collective effort to enhance the management of the Chino Basin and provide a regional conjunctive use benefit. The projects are supported by the historic Peace Agreement to collectively manage the Basin. Our proposal is being submitted from all of the agencies in the Chino Basin through IEUA as a representative agency.

#### 3B(ii) CEQA Status

Tables 2-1, 2-2, and 2-3 in Section 2 include environmental certification information. All 38 proposed projects fall under the Program Environmental Impact Report (EIR) prepared for the OBMP. As specific projects move forward, additional review will be required. It is anticipated that most of the projects will qualify for a negative Declaration or a Categorical Exemption. All projects are expected to meet California Environmental Quality Act (CEQA) requirements.



### 3B(iii) Potential Planning Uncertainties

The projects presented in this proposal have an unusually low degree of planning uncertainties. These projects were developed as part of a regional program to collectively and efficiently manage the resources of the Chino Basin. The Peace Agreement confirms the Basin's interest in providing such a regional benefit. The development of the OBMP and the effort behind implementing the Peace Agreement are the bases for the planning effort of the proposed projects.

### 3B(iv) Endorsements Needed for Project Approval

The 1978 Judgment requires that the Watermaster develop a management plan for the Chino Groundwater Basin that meets water quality and water quantity objectives for the region, and approval of the projects identified in this proposal would be through the Watermaster. As already stated, the Watermaster and the OBMP stakeholders concur with the concepts presented in this proposal.

### 3B(v) Community Reaction

Community reaction should be positive. Any attempt to improve the quality and availability of good-quality drinking water would be perceived as favorable.

Flows that otherwise would be lost will remain within the Basin, contributing to yield maintenance. In addition, the projects will help keep the poor quality rising groundwater from creating adverse environmental impacts associated with prolonged inundation of sensitive wetland habitats in the Prado Basin.

The projects will also help recover poor quality groundwater. When poor quality groundwater is withdrawn, treated, and reused, the water returning to the groundwater table will be of higher quality. This should have an immediate positive impact on downstream sources (the Santa Ana River) and ultimately have a beneficial water quality impact within the Basin itself.

### 3B(vi) Metropolitan Actions

As described in Section 2C, the schedule for the proposed projects could be accelerated. We are ready to go! Since the Programmatic EIR has been completed per the OBMP, it is hoped that Metropolitan would be able to accelerate the funding schedule.



### 3B(vii) Project Status

The 38 projects listed in this proposal have evolved from the OBMP Phase 1 Report (August 1999) and the Program EIR (May 2000). A recharge master plan is now underway. In addition, the OBMP stakeholders have met to identify the range of Category 1, Category 2, and Category 3 projects to increase dry year yield, improve water quality, and accomplish the other objectives described in this proposal.

As stated in Section 1, all of the proposed projects include construction of substantive new facilities that will provide local redundancy to Metropolitan's supplies during times of drought or emergency and will allow Metropolitan increased flexibility to meet the needs of other parts of its service area. All projects will be configured so that new capacity can be used in lieu of taking water from the Rialto Pipeline. This not only provides Metropolitan with water supply benefits, but has a quantifiable benefit in terms of enhanced blending capability at the Weymouth and Diemer Water Treatment Plants.

The projects are also available to provide flow to local agencies during periods of high demand when the hydraulic capacity of the Rialto Pipeline is exceeded. This supply redundancy will allow Metropolitan to possibly defer costly expansion of the Rialto Pipeline.

The schedules for the various projects are summarized in Tables 2-1, 2-2, and 2-3 in Section 2. As shown in the tables, the on-line date for the 38 projects ranges from November 2001 to November 2003. This assumes funding available in August of this year. If funding could be made available sooner, the on-line dates would be accelerated by approximately four months (see Table 1-2).





### 3C. LOCAL NEEDS ADDRESSED

#### 3C(i) Addressing the Needs of Local Proponents

The proposed projects meet the interests and needs of the Chino Basin agencies, as defined in the OBMP. As previously stated, the OBMP presents the foundation for future water resources development and recommends facilities that would optimize the Chino Basin's water resources and conjunctive use potential. The following section summarizes how the local needs of the project proponents are addressed through the implementation of the proposed projects.

The needs of the local proponents are addressed through a regional management approach of the Chino Basin service area. Implementation of the proposed projects will be coordinated with the OBMP effort to ensure efficient water resources management. The projects will enable local agencies to maximize the beneficial use of local groundwater supplies, providing the region with new local water sources and a "drought-proofing" strategy.

Figure 3C-1 summarize the benefits realized through the implementation of the proposed projects shown in Table 3C-1. The local benefits include improved water quality, balanced recharge capabilities, enhanced storage capabilities, increased seasonal-peaking abilities, and

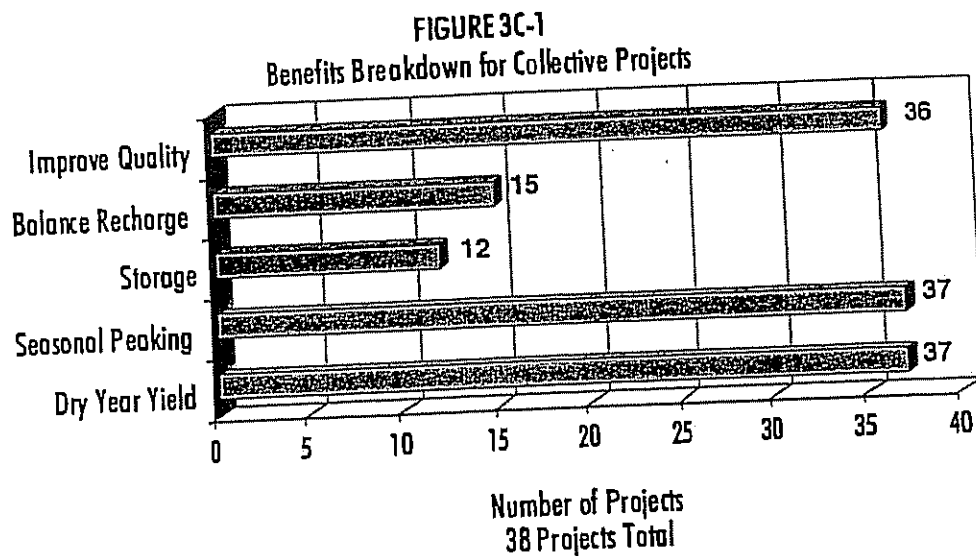




TABLE 3C-1  
Summary of Projects

Project Name	Description	Quantity New Yield (AFY)	Project Cost
<b>Category 1</b>			
Nitrate Removal Water Treatment Plant / City of Chino (Chino)	Reclaim poor water quality GW for beneficial use	13,441	\$4,313,000
Reservoir 2A Wellhead Treatment Facility / Cucamonga County Water District (CCWD)	Construct GAC treatment facility for 3 wells	6,300	\$7,122,000
Reservoir 3 Wellhead Treatment Facility / CCWD	Construct GAC treatment facility for 4 wells	9,700	\$6,794,000
Reservoir 3A Wellhead Treatment Facility / CCWD	Construct GAC treatment facility	3,500	\$1,850,000
Wellhead Ion-Exchange (IX) #1 / Fontana Water Company (FWC)	Facilities for high nitrate and TDS and distribution	3,700	\$4,000,000
Wellhead IX #2 / FWC	Wellhead treatment facilities for high nitrate and TDS and distribution	6,000	\$6,400,000
Wellhead IX / Jurupa Community Service District	Treat 3,500 gpm well water with nitrates and connection to Ontario	4,000	\$5,000,000
Wellhead IX for 2 Wells at Plant 4 / Monte Vista Water District (MVWD)	Nitrate removal and new production of 4,700 AFY	4,700	\$2,150,000
Wellhead IX at Well 2 / MVWD	Nitrate removal and new production of 1,450 AFY	1,450	\$875,000
Wellhead IX & Transmission Line / City of Ontario (Ontario)	Construct approx. 12,500 LF of 18" main and an ion-exchange treatment facility	5,000	\$3,500,000
Anion Exchange Plant Expansion & Upgrade / City of Pomona (Pomona)	Modify existing 15 MGD plant to treat nitrate	10,000	\$1,700,000
Retrofit Well & Wellhead IX / San Antonio Water Company (SAWC)	Facilities for high nitrates w/ future connection to Ontario, Upland or other MWD user agency	3,000	\$2,040,000
Wellhead IX / City of Upland	Construct treatment facilities for 3 high nitrate wells	2,700	\$3,000,000
<b>TOTAL</b>		<b>73,491</b>	<b>\$48,744,000</b>
<b>Category 2</b>			
Benson/Palo Verde ASR / Chino & MVWD	Construct high volume well - convey WFA water to site for injection and production (new production)	5,040	\$1,438,000
State/Benson ASR / Chino	Modifications to existing GW production facilities (preservation of existing GW)	4,480	\$476,000
Phillips/Central ASR / Chino	Modifications to existing GW production facilities	6,160	\$2,002,000
West Chino Basin Interagency Connection & Distribution / Chino	Enable regional distribution of Chino Basin Groundwater. Interconnections between water systems	5,377	\$5,261,000



SECTION 3 DETAILED INFORMATION FOR SCORING  
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Project Name	Description	Quantity New Yield (AFY)	Project Cost
Well 13 Blending Station / City of Chino Hills	Well 13 Nitrate Blending Station	2,100	\$90,000
Well No. 36 / CCWD	Rehabilitate existing well and install new pumping & discharge line to Reservoir 1C.	2,500	\$850,000
CCWD/MWD Chino Basin Groundwater Use / CCWD	Expansion of existing facilities at Res. #1 to deliver ground water into MWD system	11,000	\$3,947,000
Cucamonga Basin Recharge Project / CCWD	Increase water production capabilities from new gw sources w/in Chino Basin to deliver gw to MWD	4,000	\$2,600,000
Reactivate MWD Connect. / IEUA	Facilities to reactivate dismantled MWD connections	n/a	\$550,000
Rehabilitate or Build New Well (ASR) - Plant 1 / MVWD	Construct an injection/extraction well near Benson Feeder where GW nitrate levels are high	2,167	\$1,000,000
Rehabilitate or Build New Well (ASR) - Plant 9 / MVWD	Construct an injection/extraction well near Benson Feeder where GW nitrate levels are high	2,167	\$1,000,000
Rehabilitate or Build New Well (ASR) - Plant 12 / MVWD	Construct an injection/extraction well near Benson Feeder where GW nitrate levels are high	2,167	\$1,000,000
Rehabilitate or Build New Well (ASR) - Plant 17 / MVWD	Construct an injection/extraction well near Ramona Feeder where GW nitrate levels are high	2,167	\$1,000,000
Well 15 Blending Station / City of Ontario (Ontario)	Blend 34 mg/l nitrate water with water from well (1660 gpm) prior to entering distribution system	2,000	\$200,000
Jurupa Desalter II Connection / Ontario	Construct 18" interconnection between Ontario and JCSD dist. System (participating agencies: JCSD and SAWPA)	n/a	\$75,000
Chino II Desalter Transmission Facilities / Ontario	Construct approx. 2,600 LF of 20" pipeline (participating agencies: JCSD and SAWPA)	n/a	\$850,000
Well No. 36 / Pomona	High nitrate well that will connect anion's exchange plant	1,600	\$400,000
Booster 16A&B and Pipeline / Pomona	Provide backup to existing booster No.12	n/a	\$1,100,000
<b>TOTAL</b>		<b>52,925</b>	<b>\$23,839,000</b>
<b>Category 2</b>			
2 New Wells / CCWD	Construct 2 wells at District's Res. 1C site	5,000	\$1,500,000
New Well - Plant 28 / MVWD	Construct new well - water to be used at a nitrate blending station	2,900	\$1,000,000
New Well #1 / Ontario	Construct & equip well	3,000	\$1,000,000
New Well #2 / Ontario	Construct & equip well	3,000	\$1,000,000
New Well #3 / Ontario	Construct & equip well	3,000	\$1,000,000
New Well #4 / Ontario	Construct & equip well	3,000	\$1,000,000
New Well / SAWC	Construct and equip new well with future connection to Ontario, Upland or other MWD user agency	3,000	\$1,000,000
<b>TOTAL</b>		<b>22,900</b>	<b>\$7,500,000</b>
<b>GRAND TOTAL</b>		<b>149,316</b>	<b>\$80,083,000</b>



### 3C(ii) Protecting the Interests of Non-Participating Entities

As part of the OBMP development, the Chino Basin stakeholders adopted several core values as a guide for future basin management. Each of the 38 projects submitted under this proposal addresses the following core values: water quality, long view, increased local supplies, groundwater storage/conjunctive use, and cost of groundwater supplies. As described below, the proposed projects address these core values, while balancing the use of imported/local supplies to increase water reliability.

- **Water quality.** All producers in the Chino Basin desire to produce water of a quality that is safe and suitable for the intended beneficial use. Increased wellhead treatment capacity as well as blending facilities will ensure compliance with this core value.
- **Long view.** Each of the Chino Basin producers desires a long-term and stable planning environment to develop local water resources management projects. The producers, independently and through the Chino Basin Watermaster, strive to take the long view in their planning assumptions and decisions to ensure a stable and robust management program. The proposed projects were identified with this core value in mind and represent the forward thinking necessary to implement a regional conjunctive use program.
- **Increased local supplies.** All producers are dependent on high-quality imported water for direct uses and for groundwater replenishment. Because imported supplies may be less available during dry periods, the producers will strive to minimize their dependency on imported water and to increase use of local supplies during drought. The proposed projects address this core value by adding additional groundwater production capacity, thereby reducing dependency on imported supplies and increasing local water system redundancy, thus providing Metropolitan with an increase in dry-year yield.
- **Groundwater storage/conjunctive use.** Unused groundwater storage capacity in the Chino Basin is a precious natural resource. The producers will manage the unused storage capacity to maximize the water quality and reliability and minimize the cost of water supply for all producers. The groundwater storage core value was administered to encourage the development of a regional conjunctive use program. The proposed projects will enable such a project to be implemented.
- **Cost of groundwater supplies.** The producers are committed to finding ways to subsidize the cost of using poor quality groundwater in a cost-effective and efficient manner. Increased groundwater production and wellhead treatment capacity will increase Metropolitan's dry-year yield and with Metropolitan's assistance, will provide an affordable and additional reliable water resource during periods of drought.



### 3D. WATER SUPPLY OR WATER QUALITY IMPACTS

As discussed throughout this proposal, the water supply and water quality impacts of the proposed projects would be positive.

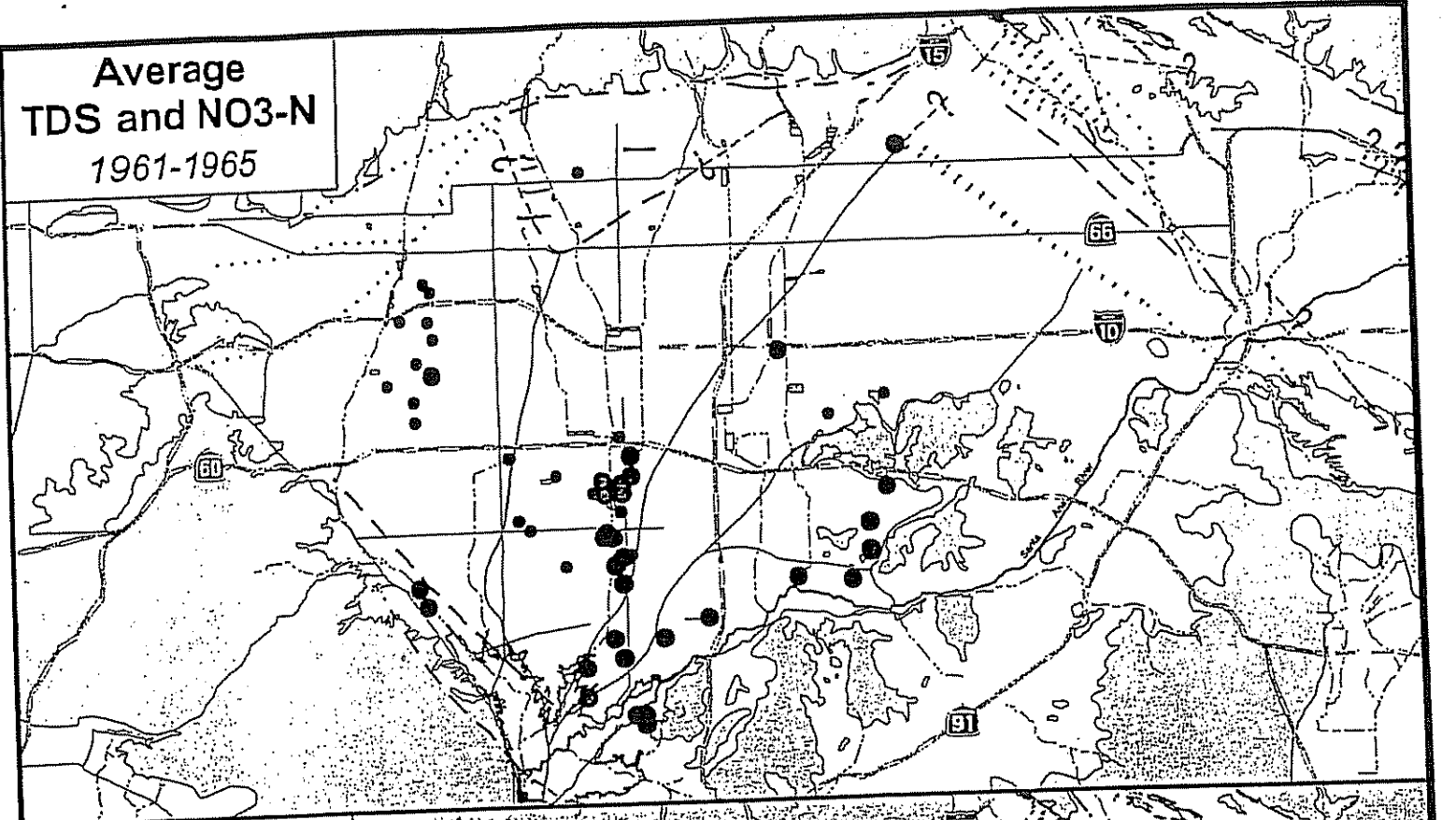
#### 3D(i) Water Supply/Quality Impacts within the Basin

OBMP related water quality studies show that high concentrations of Total Dissolved Solids (TDS) and nitrates exist in the southern portion of the Basin. Figure 3D-1 shows the past and most recent water quality data throughout the Basin. It is apparent that groundwater quality has been deteriorating greatly with time. As shown on Figure 3C-1, 36 of the 38 projects presented in this proposal would have a water quality benefit to the Basin. These projects involve pumping and treating groundwater from various locations throughout the Basin to achieve drinking water standards. Groundwater pumped from the Basin, treated, reused and returned to the Basin will ultimately have a beneficial impact on water quality by lowering TDS and nitrate levels before returning water to the Basin. Although not all of these projects are exactly similar to other Metropolitan storage programs, they still provide Metropolitan with the same end results: a dry year supply. They also provide other regional benefits.

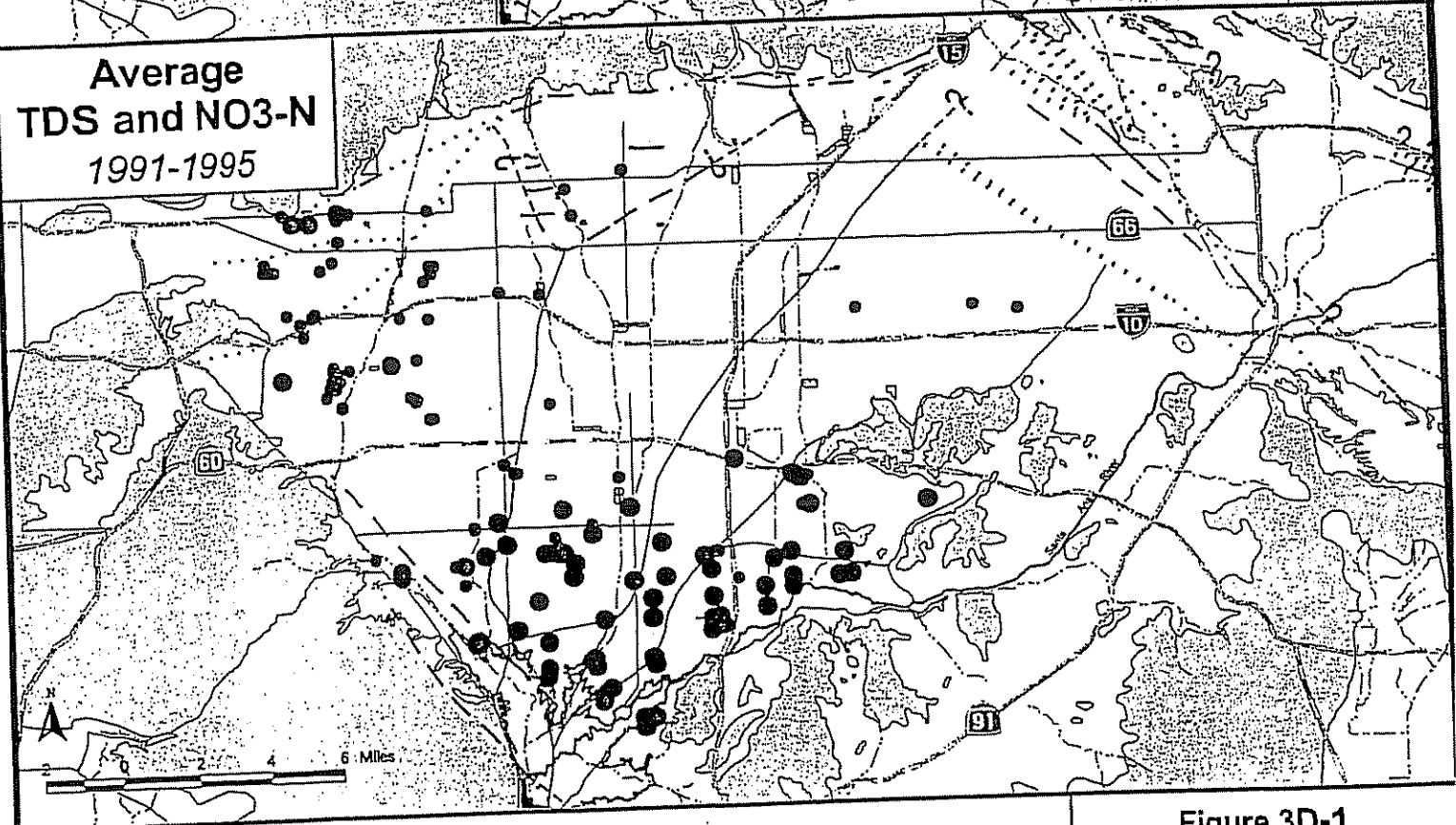
From a perspective of water supply, our approach provides Metropolitan dry year supply in advance of placing any water in storage. Depending on the total amount of financing from Metropolitan, we can make available more than 149,000 AF. Metropolitan can use these supplies not only for long-term dry-year yield, but on a short-term basis when there is a high demand for water, and/or energy is limited.

Given the State's current energy crisis, it may become necessary for Metropolitan to stop pumping. Chino Basin supply availability could allow Metropolitan to reduce pumping of State Water Project supplies by more than 149,000 AF. By the ability to shed electrical load at critical periods when energy supplies are limited, Metropolitan could save millions of dollars in energy costs and help prevent rolling blackouts.

Average  
TDS and NO3-N  
1961-1965



Average  
TDS and NO3-N  
1991-1995



**Legend**

- Well with Average NO3-N > 10 m/L
- Well with Average TDS > 500 m/L
- Hydrologic Chino Basin
- Management Zone Boundary

**Figure 3D-1**  
Impaired Groundwater  
in the Chino Basin  
TDS and NO3-N

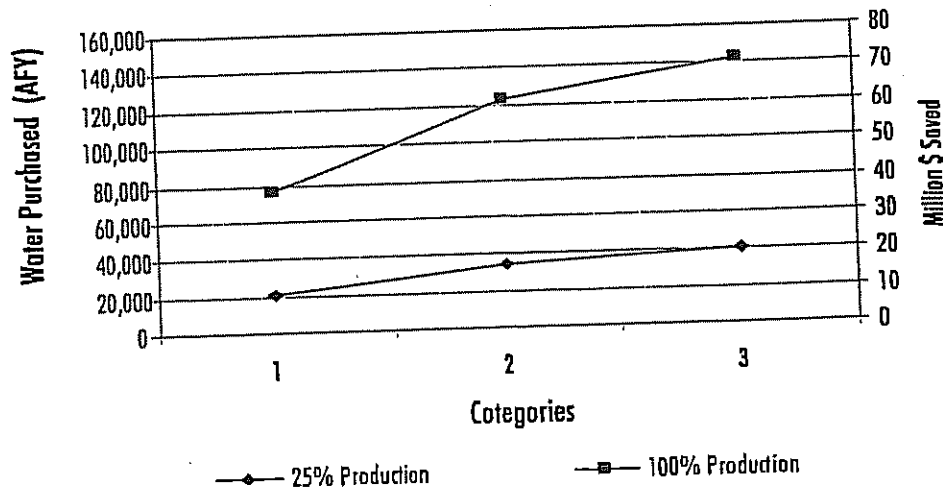


Date: January 2001



Implementation of the proposed projects could provide Metropolitan an additional water quality benefit. The recently-completed Salinity Management Study Final Report (June 1999) indicated a benefit of \$95 million for every 100 mg/L of TDS reduction in Metropolitan's water supply. Thus, if the proposed projects are implemented, additional State Project water would be available for blending at the Weymouth and Diemer Water Filtration Plants. Figure 3D-2 quantifies the water quality savings benefit for the Category 1, 2, and 3 projects at 100 percent and 25 percent production levels.

FIGURE 3D-2  
Water Quality Benefits



The cumulative projected dry-year yield for the 38 projects is more than 149,000 AFY, which exceeds the amount of imported water currently used within the Basin. This assumes that all of the projects are completed and reach 100 percent of their projected production. It may be more accurate to assume that not all of the projects will be in full production all of the time. However, even if only 25 percent of production is achieved, Metropolitan would realize substantial water quality benefits.

### 3D(ii) Potential Negative Impacts

No negative impacts are anticipated. Construction of the proposed projects will improve water quality and increase water supply availability for the Chino Basin.



### 3D(iii) Anticipated Regulatory Requirements

The Department of Health Services (DOHS) requires permits for all water sources. The local agencies will obtain the required new water supply permits from DOHS.

The Final Program EIR for the OBMP shows that it is necessary to maintain the production capacity of the Basin to prevent a loss in safe yield. Without implementing measures to maintain the safe yield, approximately 40,000 AFY would flow out of the Basin and into the Santa Ana River. A number of these projects achieve the goals of the OBMP and are therefore included in the Draft EIR. However, further environmental regulatory requirements will be necessary for each separate project.

### 3D(iv) Status and Schedule

It is estimated to take approximately two to four months for a new water source permit to be approved by the DOHS. The status and schedule for acquiring other regulatory approvals varies for each independent project and will be addressed as the projects proceed.





### 3E. POTENTIAL IMPACT TO METROPOLITAN'S FINANCIAL INTEGRITY

This section discusses a potential implementation and financial plan for the Chino Basin groundwater storage projects that contribute within Metropolitan's service area.

#### 3E(i) Effects on Purchase of Imported Surface Water

Funding of the submitted projects will reduce Metropolitan's imported water more than 149,000 AF in dry years. These "firming" projects for the Chino Basin would provide flexibility and reliability for Metropolitan's system by allowing the Basin to be self-sufficient when imported supplies are unavailable (drought or emergency periods).

Participating agencies would commit to the purchase of fixed amounts of imported water supply from Metropolitan and would not affect purchase of imported surface water supplies. Depending on the level of supplies available, Metropolitan would have the flexibility to determine water delivery to the Chino Basin. During dry or drought years, Metropolitan would request the agencies to produce water within the Basin to meet overlying demand in lieu of surface delivery. Following the end of the drought periods, the resultant Chino Basin replenishment obligation would be handled at least in part in the same manner.

The Chino Basin, with an unused storage capacity of about 1 MAF, is located in a strategic position for the Metropolitan distribution system. Construction of the project facilities would meet the demand in the Chino Basin and also have the ability to export extra pumping capacity into Metropolitan's system. Aside from reducing imported water demand within the Chino Basin to provide Metropolitan dry year yield, Metropolitan would be able to utilize the facilities beyond the internal needs of the Basin. In the future, Metropolitan would have the ability to pump portions of this water back into the system, to increase water deliveries and improve water quality. The projects submitted for funding would make available increased groundwater pumping in the Basin and allow future development of these supplies for other Metropolitan service areas.

The proposed projects would provide the needed redundancy and flexibility to Metropolitan's system. The local dry year projects would provide regional savings and increase reliability resulting from the development of local resources.

The facilities would provide short term "firming" supply for dry year yield. As future water demands increase in the Chino Basin, the demand for direct delivery of imported water for the Chino Basin is projected to increase from about 50,000 acre-feet in 2000 to 100,000 acre-feet by 2020, as indicated in IEUA's Urban Water Management Plan Year 2000 Update. This increase in demand will require more imported water from Metropolitan to meet the region's needs.



If funded, these projects would sustain water production during shortage and enhance recharge capability and allow the Basin to be managed conjunctively. The following list shows the benefits from implementing Chino Basin projects:

- (1) Provide more than 149,000 AFY dry year supply.
- (2) Reduce summertime peaking on Metropolitan's Rialto Pipeline.
- (3) Deliver more State Water Project supplies to the Weymouth and Diemer plants via the East Branch/Rialto Pipeline to meet Basin Plan Salinity Objectives.
- (4) Minimize (or eliminate) Metropolitan's surface water deliveries during future droughts/emergencies.
- (5) Allow Metropolitan to possibly export water into the Upper and Lower Feeder service areas for other Member Agencies.

### 3E(ii) Mitigation of Negative Impacts

No negative impacts are anticipated to result from construction of the proposed projects. The conjunctive use programs would not result in adverse water quality impact on the Chino Basin nor to Metropolitan. Development of these local resources reduces the demand on Metropolitan's system and therefore reduces the need for additional investment in regional infrastructure. The development of the local projects would defer the time when Metropolitan would need to expand the Rialto Pipeline. Metropolitan will have the flexibility to dictate the amount of imported water to service the Basin through the transmission line during crucial periods such as droughts or in cases of emergency.

### 3E(iii) Project Financing

This proposal present 38 projects for funding consideration. These projects have been categorized into three groups: Category 1, Category 2, and Category 3. This subsection discusses a potential implementation and financing plan for the proposed projects. A 6 percent interest rate and an amortization period of 20 years with an inflation rate on costs of 3 percent is presented along with a discussion of Proposition 13 funding needed to prioritize and equitably finance the facilities discussed in this proposal.

The Chino Basin stakeholders and applicants have agreed and are submitting 38 projects for 50 percent Proposition 13 funding. The remaining funding would be developed by the respective project sponsoring agency through local financing payment using various local resources.



3E(iv) Cost Per Acre-Foot Dry-Year Yield

Modifications to the economic analysis methodology provided in Metropolitan's RFP were done to accurately reflect the cost and funding required on the proposed projects. The modifications provide a financial approach using an overall menu of projects on a category basis. Financial analyses were done for Categories 1, 2, and 3, rather than per each of the 38 projects. This approach was taken to meet the format and page requirement of Metropolitan's RFP. Economic analysis worksheets have been developed for each Category 1, 2, and 3 project, and are available upon request.

These programs provide flexibility and redundancy in Metropolitan's system. This would give Metropolitan the ability to provide water services in a more efficient and reliable way to its service area. For example, if, during a dry year, Chino Basin overpumps an extra 20,000 AFY above the allotted safe yield (140,000 AFY), or 160,000 AFY, the overproduction would need to be replenished. Therefore, during wet years and normal years, an additional 20,000 AFY of imported water would need to be provided by Metropolitan to meet this replenishment obligation. The Chino Basin agencies will have the ability to take extra water "in-lieu" of pumping the groundwater. The economic analysis methodology spreadsheet has been modified to reflect these types of operating conditions.

The economic analyses assume takes from Chino Basin at five-year interval starting in year 2005. Puts to storage would occur the following year for the same total annual take capacity. Category 1 economic analyses assume Metropolitan would provide 50 percent capital funding from Proposition 13, an \$85/AF O&M cost for wellhead treatment, \$60/AF pumping cost associated with takes from storage, and a \$90/AF replenishment cost, which corresponds to put to storage. Categories 2 and 3 assume that Metropolitan would provide 50 percent capital funding as well as pumping and replenishment costs.

Table 3E-1 summarizes the project cost per acre-foot of dry year yield for the three categories.

TABLE 3E-1  
 Project Cost per Acre-Foot Dry-Year Yield

PROJECT DESCRIPTION	COST PER ARCE-FOOT OF DRY YEAR YIELD
Category 1	\$159
Category 2	\$110
Category 3	\$194



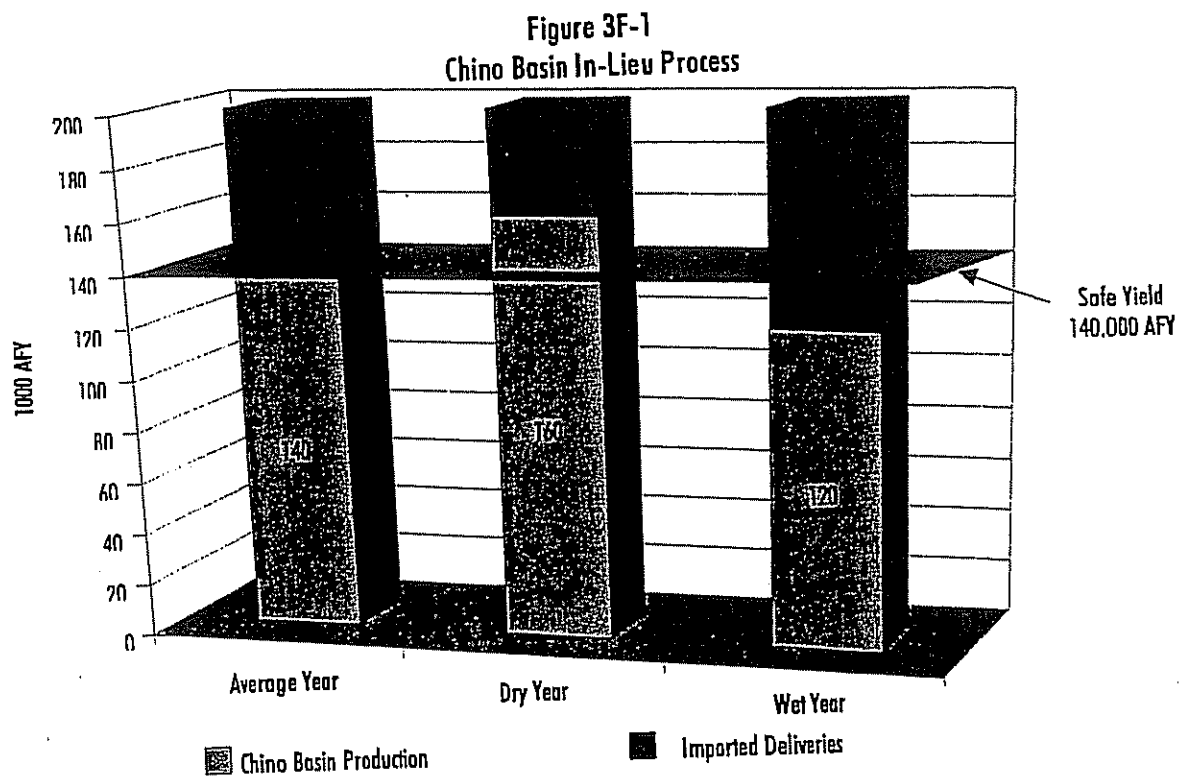
### 3F. DESCRIBE HOW PROJECTS WILL MEET OVERLYING DEMAND

#### 3F(i) Storage Within a Four-year Period

The Chino Basin is the largest basin available for conjunctive use in Southern California. The Basin has 5 MAF of storage of which 1 MAF is unused. Currently, water agencies have approximately 170,000 AF of storage in excess of the Basin's safe yield. The OBMP Peace Agreement has approved 500,000 AF for additional dry year storage. This storage capacity would be sufficient to accommodate several years of imported deliveries. The proposed projects would enable the basin to be recharged during periods of surplus imported supply via direct deliveries in-lieu of groundwater production.

Figure 3F-1 illustrates how the existing Chino Basin groundwater resources can be utilized in-lieu of direct imported deliveries.

This example on the figure shows that an additional 20,000 AF of groundwater could be extracted during a dry year to meet demand. Implementation of these projects would allow Chino Basin pumpers to significantly increase their dry year pumping ability. The magnitude of the Basin allows overproduction for considerably more than four years.





The Chino Basin is in a unique position to develop a regional conjunctive use program that will efficiently meet overlying demands via in-lieu deliveries. Several of the proposed projects, including injection wells and other ASR facilities, will increase the Chino Basin's "put and take" capacity, while new wells and wellhead treatment projects primarily will increase the "take" capacity of the Basin.

### 3F(ii) Meeting the IRP 3:1 Goal

As shown in the discussion above, the complete program presented in this proposal could actually exceed RIP goals of a 3:1 ratio.



### 3G RISK MANAGEMENT

The projects described in this proposal are virtually "risk free."

#### 3G(i) Description of Project Risks

Metropolitan can be assured that high quality water supplies would be available as needed, without threat of loss of or contamination of stored supplies. Several of the proposed projects provide treatment to ensure the water produced meets all regulatory standards. Furthermore, since these projects do not require Metropolitan to prestore water in the Chino Basin, concerns over loss of or contamination of stored water would be eliminated.

#### 3G(ii) Approach to Risk Management

Our Program Concept approach provides a menu of alternatives in-lieu of a single project. This diversification minimizes Metropolitan's risks by not putting "all of Metropolitan's eggs into one basket."

The Chino Basin stakeholders through the Peace Agreement have reached accord on the OBMP, which outlines ("requires") management of the available groundwater resource to optimize not only the local area resources, but also our regional resources.

The variety of projects we have developed accomplishes these goals both locally and regionally. Assisting the local agencies with project implementation provides Metropolitan the flexibility to utilize groundwater resources when imported supplies are short. Under the Peace Agreement, the Chino Basin agencies need Metropolitan's help to finance projects that provide the redundancy to allow them to work with Metropolitan or over produce the groundwater basin when imported supplies are not readily available.

The Chino Basin agencies look forward to entering into a cooperative agreement with Metropolitan to start the implementation of these projects that will ultimately lead to being able to produce more than 149,000 AF of water. The agencies are ready to enter into a contract with and to guarantee these supplies to Metropolitan.

#### 3G(iii) Indemnification

The OBMP is mandated by the Court. Metropolitan is thus assured that, with the implementation of these projects, the contract supplies would be available when needed.

**Exhibit D**

**METROPOLITAN AWARD LETTER**



**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Office of the General Manager

April 10, 2001

Mr. Richard W. Atwater  
Chief Executive Officer/General Manager  
Inland Empire Utilities Agency  
P.O. Box 697  
Rancho Cucamonga, CA 91729-0697

Chino Basin Programs ·  
Participation in Groundwater Storage Programs Using Proposition 13 Funding

Thank you for your submittal to the Request for Proposal for Participation in Groundwater Storage Programs Using Proposition 13 Funding (RFP No. WRM-2). We are pleased to inform you that the Selection Committee has identified your proposal to be included in the shortlist to receive Prop 13 funding.

In April 2001, the Metropolitan Board of Directors directed staff to finalize agreement terms for conjunctive-use program included in the shortlist. Several milestone targets are identified in the RFP as requirements for continued consideration for funding (Table 1 - Performance Targets from RFP WRM-2). Each proposal is required to meet the targets and deadlines to receive funding. If a shortlisted proposal does not meet all of the requirements specified in the RFP, Metropolitan will have the option to disqualify such proposal and finalize agreement terms with a proposal in the waitlist.

We anticipate sending a draft agreement in the near future. As noted in the enclosed schedule, the RFP requires program agreement terms to be finalized by August 2001.

Please contact Robert Harding at (213) 217-6582 if you have any questions.

Very truly yours,

Ronald R. Gastelum  
General Manager

EF:cl  
o:\cluster10\shared\corres\prop 13 shortlist-ltr.doc

Enclosure



REQUEST FOR PROPOSALS FOR PARTICIPATION IN GROUNDWATER  
STORAGE PROJECTS USING PROPOSITION 13 FUNDS (RFP No. WRM-2)

TABLE 1  
PERFORMANCE TARGETS

Date	Target	Consequence if Target is Not Achieved
January 19, 2001	Receive Proposals	Proposal will be rejected
August 1, 2001	Finalize Agreement Terms	Proposal will be rejected
September 1, 2002	Completion and certification of all environmental documents necessary to comply with CEQA	Proposal will be rejected
September 2003	Construction Initiated	Agreements Terminated

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**PROCEDURE FOR INITIAL CALCULATION OF  
METROPOLITAN STORAGE ACCOUNT**

Exhibit E is to itemize a pre-existing storage account to be rolled over into Metropolitan's Storage Account. This rollover water is to be called and sold to IEUA on a first in/first out basis. The applicable water rate to be paid for each rolled over account is specified in this exhibit, as is the responsibility for extraction costs, facility maintenance fees, etc.

Water Account	Quantity of Water Transferred (Acre-feet)	Water Rate to be Paid when called under this Agreement for firm delivery	Responsibility for Costs: Electrical and Operation & Maintenance Costs	Losses
Trust Storage Account	4,739	Untreated replenishment rate at the time the water is called under this Agreement	IEUA	None
Trust Storage Account (2003 Interim Conjunctive Use Program)	X <sup>1</sup>	Untreated replenishment rate at the time the water is called under this Agreement	IEUA	None

<sup>1</sup> Acre-feet of water stored by Metropolitan in the Chino Basin with the authorization of the Watermaster since March 1, 2003 under the 2003 Interim Conjunctive Use Program letter agreement dated April 4, 2003.

## ACCOUNTING METHODOLOGY

### Annual Operating Plan

Commencing upon the Effective Date of this Agreement and thereafter prior to the beginning of each fiscal year, the Operating Committee will develop an Annual Operating Plan to forecast IEUA's and TVMWD's operations for the coming year in terms of groundwater production and imported water delivery absent the Program, as well as intended storage through in-lieu deliveries, injection and direct spreading, and extraction. Deliveries to the Metropolitan Storage Account through in-lieu deliveries, injection, or direct spreading will be determined using methodologies detailed in this Exhibit F.

The Annual Operating Plan must reflect IEUA's and TVMWD's monthly operations in terms of groundwater production and imported water deliveries absent the Program. If water is to be stored through direct injection or spreading or in-lieu deliveries, the Annual Operating Plan must indicate the months when the deliveries to the Chino Basin are expected to occur. If water is to be extracted, the operating schedule must reflect the amount of imported water that will be delivered from the Metropolitan Storage Account each month.

Upon call by Metropolitan for storage or extraction, the Operating Committee shall prepare a revision to the Annual Operating Plan for submission to Metropolitan, IEUA, TVMWD, and Watermaster, which would indicate the revised monthly storage or extraction amounts for the Metropolitan Storage Account. Metropolitan shall invoice for extracted Stored Water Delivery on a monthly basis at the firm water rate minus pumping and Operations and Maintenance Costs, according to the revised Annual Operating Plan. Any adjustments to the quantities billed shall be made during the year-end reconciliation.

### Calculation of Storage and Extraction

IEUA and TVMWD shall account for all water stored and extracted in the Chino Basin by their respective subagencies and each submit its certification of these total amounts and the subset of these amounts achieved for the Metropolitan Storage Account. IEUA and TVMWD shall each submit this certification to Metropolitan and the Watermaster on a monthly basis. At the end of each fiscal year, IEUA and TVMWD shall perform an annual assessment of total storage and extraction and the subset achieved for the Metropolitan Storage Account. Any adjustments to the monthly submittals shall be provided by IEUA to Metropolitan and to the Watermaster in a timely manner for consideration in the preparation of the Watermaster's annual report.

All accounting for the Metropolitan Storage Account shall conform to the following unless otherwise agreed by Metropolitan, IEUA, TVMWD, and Watermaster:

a. Initial storage balance upon execution of this Agreement shall be consistent with Exhibit E "Procedure for Initial Calculation of Metropolitan Storage Account". This initial storage balance is firm water to be billed at the rate designated in Exhibit E upon its extraction. This water, when extracted, shall be part of IEUA's firm water allocation pursuant to the rate structure. This water shall be first in, and first out of the Metropolitan Storage Account.

b. All other water delivered to the Metropolitan Storage Account shall be "new wet-water storage" to the Chino Basin, and not accomplished through an accounting transfer of pre-existing storage. New storage is achieved through demonstrated in-lieu delivery spreading, or injection of imported water supplied by Metropolitan.

c. Monthly amounts certified by IEUA or TVMWD as in-lieu storage cannot exceed:

1. extraction capacity available within IEUA's or TVMWD's service area in the month certified, and
2. amount of firm water purchased by IEUA or TVMWD from Metropolitan in the month certified.

In-lieu storage amount will be equal to the difference between the amount pumped during the year and the sum of the pumping rights, but in no case shall be larger than the quantity of water purchased from Metropolitan or the pumping capacity.

Within two months following the formal issuance of Watermaster's annual report, the Operating Committee shall perform an annual reconciliation of Metropolitan and IEUA's and TVMWD's records with the Watermaster report with respect to total storage and/or extraction from the Metropolitan Storage Account and Metropolitan's water billing inclusive of credits for the Operation and Maintenance Costs and Electrical Costs, and prepare any needed paperwork for adjustments to the billing.

## Chino Basin Conjunctive Use "Dry Year" Storage Project Performance Criteria

Metropolitan may, on fifteen (15) days notice, require Program Agency to meet the objectives of the project as follows:

- 1) IEUA and TVMWD agree to reduce imported water deliveries by approximately 33,000 AF from the preceding 12 month period during the next 12 month period; and
- 2) IEUA, TVMWD and Chino Basin Watermaster through their agreements with Operating Parties will cause to be pumped during the next 12 months 33,000 AF from the Metropolitan Storage Account; and
- 3) Chino Basin pumping by the Operating Parties in the Dry Year program within the Chino Basin appropriate pool will increase over the previous year by 33,000 AF.

All three performance targets do not need to be met precisely (+ or - 10 percent.) As an example, IEUA and TVMWD would meet the objectives of the program if all three of the following occurred:

30,000 AF	Reduced imported full service deliveries when compared to the preceding 12 months.
31,000 AF	Pump from Metropolitan Storage Account.
34,000 AF	Increase pumping by Operating Parties, when compared to the preceding year.

However, the Operating Committee may mutually agree that performance targets are met even though a performance target is not met (a scenario when retail conservation were to exceed 15 - 25 percent or if other local supplies were developed, e.g., dramatic increase in recycled water use, may reduce the opportunity for the retail agencies to pump 33,000 AF from the Metropolitan Storage Account.) In this case, the Operating Committee would need to agree on the variance procedures for accepting a modified performance target after the episode. It should be generally agreed that additional use and production of all local supplies native to the Chino Basin area should not be restricted or cause IEUA, TVMWD or Chino Basin Watermaster (or the Operating Parties) to be out of compliance of the performance target. It should also be agreed that if IEUA and TVMWD retailers demand firm water from Metropolitan over the twelve month period, the pumped water would come from the Metropolitan Storage Account up to 33,000AF.

The objective of the program is to provide 33,000 acre-feet of additional pumping capacity in the Chino Basin for dry year use, to allow Metropolitan, IEUA and TVMWD the flexibility to utilize the Facilities in the most efficient manner possible (including normal year and wet years) and to ensure that upon a call of Metropolitan's stored water, Facilities will be used to provide an additional supply of water to meet IEUA's and TVMWD's needs. A partial call will be addressed through a pro rata performance of all three objectives .

## Exhibit H

### DESCRIPTION OF PROGRAM FACILITIES & OPERATING PARTIES

Ion Exchange/Nitrate Removal Facility	Capacity	Funding Allocation	Location
Pomona	2,000 AFY	\$1,700,000	First & San Lorenzo
Monte Vista County Water District	1,544 AFY	\$1,428,200	Palo Verde & Benson
City of Chino	1,159 AFY	\$1,072,043	Palo Verde & Benson
City of Upland	3,001 AFY	\$2,776,064	Ninth & Mountain
City of Chino Hills	1,448 AFY	\$1,338,938	Chino Hills Pkwy & Ramona
Cucamonga County Water District	3,088 AFY	\$2,856,400 <sup>(1)</sup>	Amethyst & Apricot
City of Ontario	1,544 AFY	\$1,428,200 <sup>(1)</sup>	Cucamonga & 4 <sup>th</sup>
Fontana Water Company	1,733 AFY	\$1,293,065	San Bernardino & Cherry; Juniper & Ceres
Jurupa Community Services District	2,000 AFY	\$1,494,000	Etiwanda & 60-fwy
<b>Total Treatment Facilities Capacity :</b>	17,517 AFY	\$15,386,910	—
Well Facilities	Capacity	Funding Allocation	Location
Monte Vista County Water District	2,419 AFY	\$1,572,581	Monte Vista & Richton
Cucamonga County Water District	6,532 AFY	\$4,245,968 <sup>(1)</sup>	East Avenue & I-15; Cleveland & 7 <sup>th</sup>
City of Ontario	6,532 AFY	\$4,245,968 <sup>(1)</sup>	3 of 5 potential sites around City of Ontario
<b>Total Well Capacity:</b>	15,483 AFY	\$10,064,517	—
<b>Total Extraction Capacity (Treatment + Well Capacity):</b>	33,000 AFY	\$25,451,427 <sup>(2)</sup>	

1). Some of the facilities constructed by the City of Ontario and Cucamonga County Water District will be funded by Proposition 13 Funds.

2). The Total Program Costs is \$27.5 million. This exhibit estimates that \$2 million will be spent on CEQA, pre-design, and modeling plus \$48,573 in unallocated reserve funds.

The foregoing list is a preliminary list of the Parties as of the Effective Date. Individual items on this Exhibit H may be adjusted from time to time by written notice from IEUA or TVMWD, as applicable, and Watermaster to Metropolitan. Each such notice shall specify the items to be adjusted and the amount of adjustment and shall certify to Metropolitan that after making such adjustment the Operational Capacity Thresholds continue to be met. Each notice which meets the requirements of this paragraph shall modify this Exhibit H to the extent provided in the notice.

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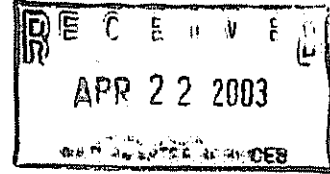
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# **CHINO BASIN WATERMASTER**

## **Exhibit II.H**



LOCAL AGENCY AGREEMENT

Dated as of March 11, 2003

By and Among

INLAND EMPIRE UTILITIES AGENCY,

and

CUCAMONGA COUNTY WATER DISTRICT

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## LOCAL AGENCY AGREEMENT

This Agreement is entered into as of March 27, 2003, by and among the Inland Empire Utilities Agency ("IEUA"), a municipal water district duly organized and existing under the laws of the State of California, , and the Local Agency ("Local Agency"), Cucamonga County Water District, duly organized and existing under the laws of the State of California

### WITNESSETH:

WHEREAS, in March 2000, California voters approved Proposition 13 ("Prop. 13") authorizing the State of California to sell \$1.97 billion in general obligation bonds for water related projects throughout the State. The Governor's Budget Act for 2000, Chapter 52, Statutes of 2000, appropriated to the California Department of Water Resources ("DWR") local assistance grants for groundwater storage and supply reliability projects in the amount of \$161,544,000 by budget item 3860-01-6027, payable from the Interim Reliable Water Supply and Water Quality Infrastructure and Managed Subaccount; and

WHEREAS, Metropolitan was subsequently selected by DWR as a grant recipient for \$45 million (the "Prop. 13 Funds") to be used for groundwater storage projects within its service area. In a letter dated October 13, 2000, DWR set forth the specific terms and conditions of the grant to Metropolitan; and

WHEREAS, on September 20, 2000, Metropolitan sent a letter to its twenty-six member public agencies (consisting of cities, municipal water districts and a county water authority within its 5,155 square-mile service area covering portions of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties), requesting a list of groundwater storage projects to be considered for Prop. 13 Funding. On November 1, 2000, Metropolitan delivered to those member public agencies that indicated an interest in the Prop. 13 groundwater storage programs, a Request for Proposals for Participation in Groundwater Storage Programs Using Proposition 13 Funds, RFP No. WRM-2 (the "RFP"); and

WHEREAS, Metropolitan anticipated that programs funded by the Prop. 13 Funds would store water (by various methods) that Metropolitan imports from the State Water Project and the Colorado River. This stored water would be pumped by the member agency (or a sub-agency) with a corresponding reduction in surface water deliveries from Metropolitan. As a result, Metropolitan would have a greater amount of water to distribute within its service area. In addition, such groundwater storage programs are part of a larger effort to meet water supply demands in Southern California, as specifically set forth in the Integrated Water Resources Plan approved by Metropolitan's Board of Directors in 1996, and the Groundwater Storage Principles adopted in connection therewith by Metropolitan's Board of Directors in January 2000; and

WHEREAS, IEUA has entered into a Groundwater Storage Project Funding Agreement (the "Metropolitan Agreement") with Metropolitan, Three Valleys Municipal Water District and Chino Basin Watermaster whereby, among other things, funding will be provided to finance the facilities listed on Exhibit A hereto (the "Local Agency Facilities") which are necessary to enhance a groundwater storage program in the Chino Basin; and

WHEREAS, IEUA desires to pass through to the Local Agency any amounts received by IEUA under the Metropolitan Agreement which are allocable to the Local Agency Facilities for use by the Local Agency to construct the Local Agency Facilities; and

WHEREAS, in exchange for such amounts, the parties hereto intend that the Local Agency assume all obligations of IEUA under the Metropolitan Agreement and all obligations relating to the Local Agency Facilities, whether such obligations are imposed by Metropolitan, DWR or another entity, such obligations including but not limited to the obligations recited in Sections III, IV, V, VII, X, XI and XII of the Metropolitan Agreement;

NOW THEREFORE, the parties hereto do agree as follows:

Section 1. Definitions. All capitalized terms used herein and not otherwise defined shall have the meanings given in the Metropolitan Agreement.

Section 2. Effective Date; Termination Date. This Agreement shall become effective upon the Effective Date of the Metropolitan Agreement and shall terminate upon the termination of the Metropolitan Agreement.

Section 3. Funding of Local Agency Facilities. All amounts allocable to the Local Agency Facilities disbursed to IEUA under Section V of the Metropolitan Agreement shall be paid to Local Agency for construction of the Local Agency Facilities.

Section 4. Local Agency Duties Generally. Local Agency hereby accepts and agrees to perform all of IEUA's duties under the Metropolitan Agreement relating to the Local Agency Facilities, it being the intention of IEUA and Local Agency that Local Agency will be directly responsible for all aspects of constructing, operating and maintaining the Local Agency Facilities in accordance with the Metropolitan Agreement.

Section 5. Illustrative List of Local Agency Duties. Among the duties Local Agency shall perform are those set forth below in this Section. Such duties are merely illustrative of the duties Local Agency shall perform and do not limit Local Agency's responsibilities hereunder.

(a) Construction Duties. Local Agency shall perform all of IEUA's duties with respect to the construction of the Local Agency Facilities which are set forth in the Metropolitan Agreement. Such duties include but are not limited to (i) obtaining the Required Approvals applicable to the Local Agency Facilities pursuant to Section III(C) of the Metropolitan Agreement, (ii) providing for the planning and preconstruction requirements of Section IV(A) of the Metropolitan Agreement which relate to the Local Agency Facilities, (iii) providing for the construction of the Local Agency Facilities in accordance with Section IV(B) of the Metropolitan Agreement, and (iv) completing construction of the Local Agency Facilities in accordance with the timeline set forth in Section IV(B) of the Metropolitan Agreement including retaining and supervising qualified contractors.

(b) Cost Overruns. Local Agency agrees to pay for any cost overruns allocable to the Local Agency Facilities pursuant to Section V(B). In addition, Local Agency shall pay any amounts due to Metropolitan pursuant to Section V(B)(2) which are allocable to the Local Agency Facilities.

(c) Operation and Maintenance Duties. With respect to the Local Agency Facilities, Local Agency agrees to perform those certain duties listed in the Metropolitan Agreement, namely:

(i) Cause the Local Agency Facilities to be operated and maintained in as good and efficient condition as upon their construction, ordinary and reasonable wear and depreciation excepted, and otherwise in accordance with industry standards (and DWR standards and requirements, if any);

(ii) Provide for all repairs, renewals, and replacements necessary to the efficient operation of the Local Agency Facilities;

(iii) To the extent existing facilities are utilized for the Program, provide for all repairs, renewals, and replacements necessary to the efficient operation of such existing facilities;

and

(iv) Upon call by Metropolitan for Stored Water Delivery, operate Facilities, combined with the existing infrastructure, at Operational Capacity Thresholds necessary to meet performance targets as outlined in Exhibit G of the Metropolitan Agreement.

(d) Delivery of Metropolitan Water. Watermaster and IEUA will allocate Metropolitan water supplied by Metropolitan's Storage Account (replenishment, injection or in lieu) through an annual operating plan to be approved by IEUA and Watermaster. To the extent that Local Agency is allocated Metropolitan in lieu water, rate and charges paid by the Local Agency for such in lieu deliveries shall be based upon IEUA rates and charges adopted by its Board of Directors for the Metropolitan Dry Year Storage Program from time-to-time.

(e) Groundwater and Pumping Responsibilities. Local Agency acknowledges that Metropolitan has the right to demand the pumping of stored water in the Chino groundwater basin. Local Agency shall provide for the pumping of stored water (on a pro rata basis determined by IEUA on the basis of all applicable groundwater pumpers that have agreements with IEUA similar to this Agreement) upon Metropolitan's request of a Stored Water Delivery, all in accordance with Section VII(C) of the Metropolitan Agreement, and consistent with Exhibit B hereto. Local Agency shall be reimbursed by Metropolitan for operation and maintenance expenses incurred when pumping stored water upon Metropolitan's demand, all in accordance with Section VII(D) of the Metropolitan Agreement.

(f) Recordkeeping, Reporting, Inspection and Audit Duties. Local Agency shall perform all of IEUA's recordkeeping, reporting, inspection and audit duties which relate to the Local Agency Facilities, all in accordance under Section X of the Metropolitan Agreement.

(g) Indemnity. Local Agency shall immediately reimburse IEUA for any amounts expended for compliance with Section XI of the Metropolitan Agreement which are allocable or which in any way relate to the Local Agency Facilities.

(h) Insurance. Local Agency shall be responsible for providing and paying for all insurance with respect to the Local Agency Facilities required by Section XII of the Metropolitan Agreement.

Section 6. Representations, Warranties and Covenants. Local Agency represents, warrants and covenants as follows:

(a) Power and Authority. That it is a Water District, duly organized and validly existing under the laws of the State of California; that it has all necessary power and authority to enter into this Agreement and to perform its obligations hereunder on the terms set forth in this Agreement, and that the execution and delivery hereof by it and the performance of its obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which it is a party or by which it is a party or by which it is bound.

(b) Authorization: Valid Obligation. That all proceedings required to be taken by or on behalf of Local Agency to authorize it to make, deliver and carry out the terms of this Agreement have been duly and properly taken, and that this Agreement is its valid and binding obligation enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

(c) No Litigation. To the best of Local Agency's knowledge, there is no litigation, proceeding or investigation pending or threatened, to which it is or would be a party, or which does or would bind or relate to the Chino Basin, directly or indirectly, which, individually or in the aggregate, if adversely determined, might materially and adversely affect its ability to perform its obligations under this Agreement, or which raises a question as to the validity of this Agreement, or any action to be taken hereunder.

(d) Compliance with Laws. In the performance of its obligations hereunder, Local Agency and its contractors and subcontractors will comply with all applicable laws, regulations and ordinances, including, without limitation, those listed in Section IX of the Metropolitan Agreement.

Local Agency and its contractors and subcontractors will give written notice of its obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Local Agency and its contractors will include the nondiscrimination and compliance provisions of this clause in all contracts and subcontracts let for the construction of the Local Agency Facilities.

(e) Compliance with DWR Requirements. The Plans will comply with any DWR requirements, including any requirements set forth in the DWR Funding Letter. During the performance of its obligations herein, Local Agency will comply with any DWR requirements, including any requirements set forth in the DWR Funding Letter.

(f) No Construction. That construction of the Local Agency Facilities and related work (including planning activities) did not commence prior to the Effective Date.

(g) Capacity. Local Agency and its contractors, subcontractors and its respective agents will at all times act in an independent capacity and not purport to act as, or represent to others that they are, officers, employees, representatives or agents of Metropolitan, DWR or the State of California.



(h) Oversight and Supervision of Construction. Local Agency will oversee and supervise all contractors and keep control of all work and provisions of services and materials in connection with the Program.

(i) Maintain Ownership of Program Property. Local Agency will not sell, abandon, lease, transfer, exchange, mortgage, hypothecate or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Program.

(j) Protection of Others' Rights. Local Agency will fully protect and preserve the rights of overlying landowners, other groundwater users or water rights holders, parties whose approval is required by any judgment in an adjudicated basin, and all groundwater management agencies or other applicable regulatory agencies, and will take the necessary actions (including groundwater monitoring and mitigation and/or limiting extractions of groundwater) to protect such rights.

Section 7. Miscellaneous.

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

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

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

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

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

If to IEUA:                      Inland Empire Utilities Agency  
9400 Cherry Avenue, Bldg. A  
Fontana, California 92335  
Attention: Richard W. Atwater, General Manager

With a copy to:                      Stradling Yocca Carlson & Rauth  
660 Newport Center Drive, Suite 1600  
Newport Beach, California 92660  
Attention: Douglas Brown

If to Watermaster: Chino Basin Watermaster  
8632 Archibald Avenue, Suite 109  
Rancho Cucamonga, California 91730  
Attention: John Rossi, Chief Executive Officer

If to Local Agency: Cucamonga County Water District  
10440 Ashford Street  
Rancho Cucamonga, CA 91729  
Attention: Robert A. DeLoach, General Manager/CEO

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

(f) Merger of Prior Agreements. This Agreement and the exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof.

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

IN WITNESS WHEREOF, IEUA has executed this Agreement with the approval of its governing body, Watermaster has executed this Agreement with the approval of its governing body, and Local Agency has executed this Agreement in accordance with the authorization of its governing body.

INLAND EMPIRE UTILITIES AGENCY

By: Richard M. Quate  
General Manager

CUCAMONGA COUNTY WATER DISTRICT

By: Robert A. Zellmer  
General Manager/Chief Executive Officer

EXHIBIT A

LOCAL AGENCY FACILITIES

**CUCAMONGA COUNTY WATER DISTRICT**

**AMOUNT OF FUNDING CCWD WILL RECEIVE:**

**\$7,102,368**

**FOR THE FOLLOWING FACILITIES**

**NORTH CENTRAL IX TREATMENT PLANT - 1,500 gpm**

Reservoir 3 - Apricot Street & Amethyst Avenue - northeast corner  
Ion Exchange for Nitrates (plus other possible technologies - e.g. granular activated carbon for DBCPs)

**WELLS TO BE TREATED:**

15, 17, 31 (wells 13, 23, 26, 33 also available)

**WATER LINES INSTALLED:**

100 ft. 16" waterline on site  
17,000 ft. 6" pipeline to connect treatment plant with existing non-reclaimable waste water (NRW) line

**CCWD NEW WELLS TO BE INSTALLED:**

**RESERVOIR 1C SITE**

East Avenue & I-15 Freeway  
2 - 2,000 gpm wells

**RESERVOIR 1B SITE**

Cleveland Avenue & 7th Street  
1 - 2,000 gpm well

EXHIBIT B

PERFORMANCE TARGETS

Example

Cucamonga County Water District

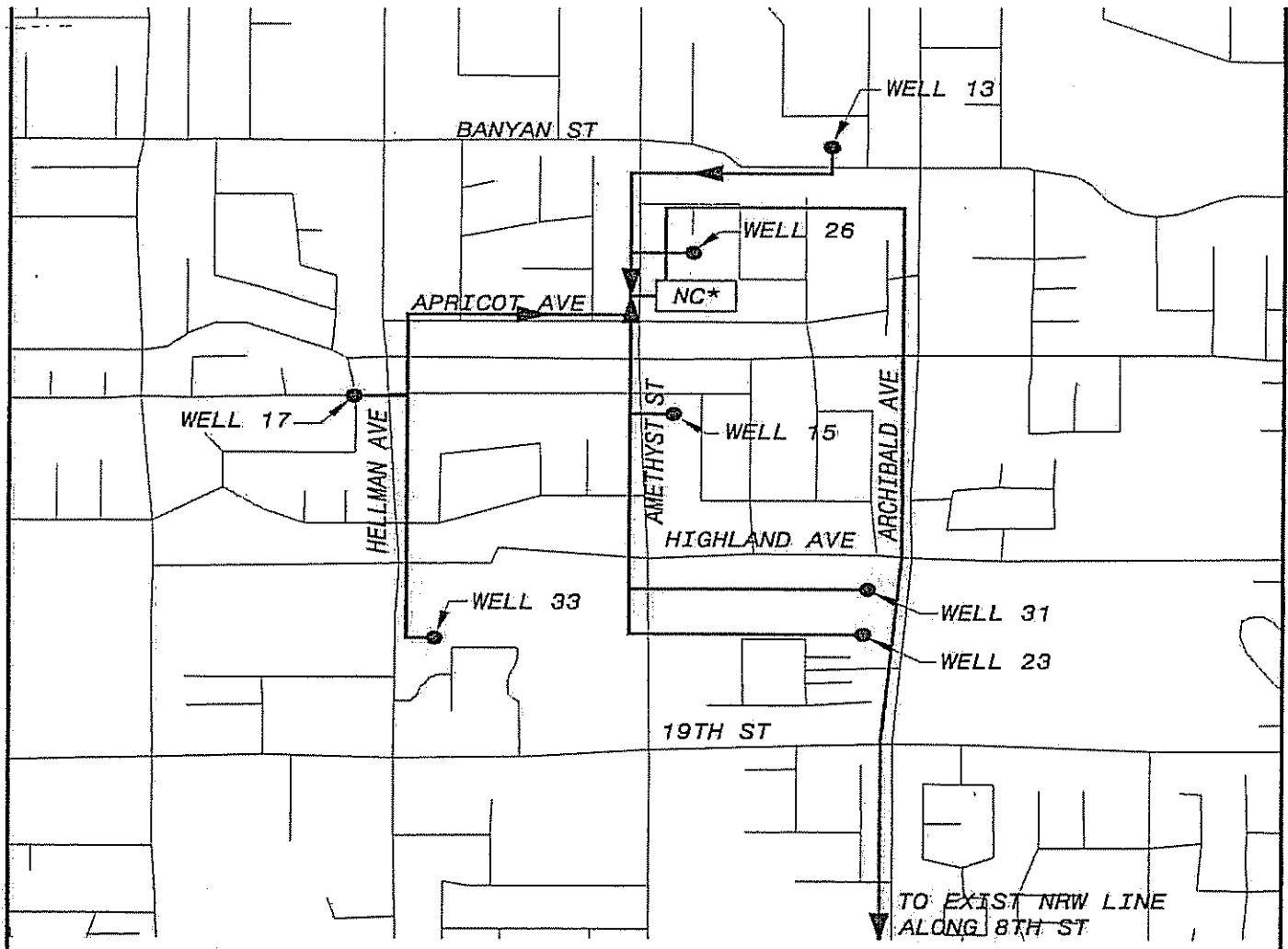
Dry Year Shift obligation of 9,620 AF over 12-month period

9,620 AF reduced imported water reduction  
9,620 AF pumped from MWD storage account  
9,620 AF increase in CCWD overall local supply production  
all three criteria must be met plus or minus 10 percent

Failure to perform would result in CCWD being charged a rate equal to two times the Tier 2 MWD full service untreated rates or comparable rate in the future in effect at such time for each AF of the Dry Year Shift obligation not met

CUCAMONGA COUNTY WATER DISTRICT

North Central Water Treatment Facility



\* THE SEVEN FEEDWATER WELLS PROJECTED FOR THE NORTH CENTRAL TREATMENT FACILITY ARE ALREADY MANIFOLDED TOGETHER TO THE PROPOSED SITE.

CUCAMONGA COUNTY WATER DISTRICT

New Wells to Be Installed

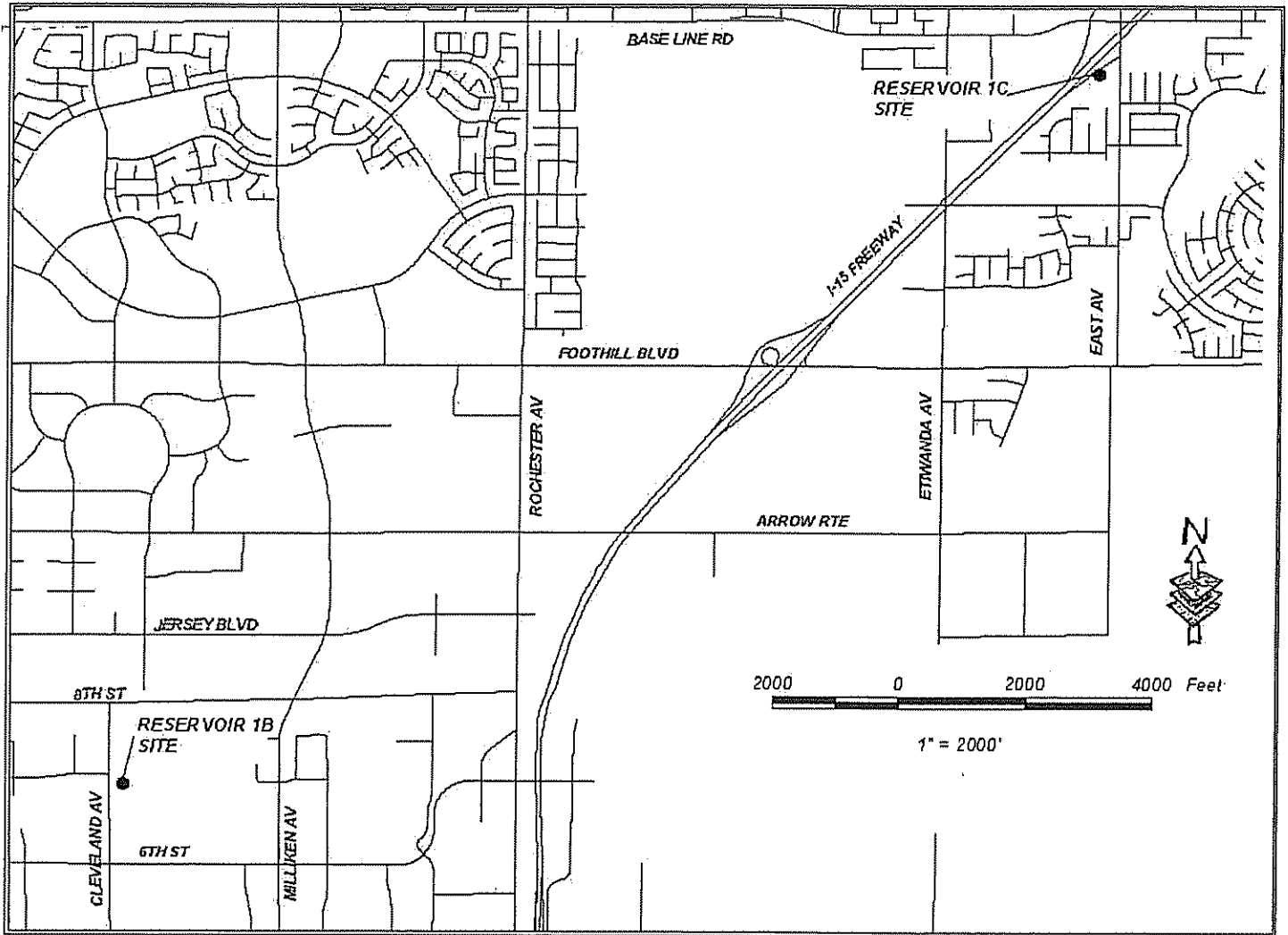


EXHIBIT B

PERFORMANCE TARGETS

Example

Cucamonga County Water District

Dry Year Shift obligation of 9,620 AF over 12-month period

9,620 AF reduced imported water reduction  
9,620 AF pumped from MWD storage account  
9,620 AF increase in CCWD overall local supply production  
all three criteria must be met plus or minus 10 percent

Failure to perform would result in MVWD being charged a rate equal to two times the Tier 2 MWD full service untreated rates or comparable rate in the future in effect at such time for each AF of the Dry Year Shift obligation not met



EXHIBIT C

AGREEMENT NO. 49960

GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT

BY AND AMONG

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

AND

INLAND EMPIRE UTILITIES AGENCY

AND

THREE VALLEYS MUNICIPAL WATER DISTRICT

AND

CHINO BASIN WATERMASTER

**GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT**

**BY AND AMONG**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**AND**

**INLAND EMPIRE UTILITIES AGENCY**

**AND**

**THREE VALLEYS MUNICIPAL WATER DISTRICT**

**AND**

**CHINO BASIN WATERMASTER**

**DATED AS OF \_\_\_\_\_, 200\_**

**Items that need to be added or resolved:**

- p.2 Section I.G. List of agreements currently in force
- p.3 Section I.K. TVMWD CEQA compliance
- p.6 Section IV1d. Trust storage agreement language.
- p. 16 SectionVI D. O&M costs covered by Met—add Brian's language.
- p.23 SectionIX B. Description of watermaster
- p.32 SectionXIII B. Does Rich still want to add penalty language for failure to maintain well capacity?
- Exhibit F Review rewrite. Exhibit H: Need additional info on program facilities as noted.

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## GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT

**THIS GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT** (this "Agreement"), dated as of March 1, 2003, is entered into by and among **THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA** ("Metropolitan"), a public entity of the State of California, **INLAND EMPIRE UTILITIES AGENCY**, a municipal water district of the State of California ("IEUA"), **THREE VALLEYS MUNICIPAL WATER DISTRICT**, a municipal water district of the State of California ("TVMWD") and **CHINO BASIN WATERMASTER**, an entity established by the Superior Court of the State of California as described in Recital F below ("Watermaster").

### I. RECITALS

- A. In March 2000, California voters approved Proposition 13 ("Prop. 13") authorizing the State of California to sell \$1.97 billion in general obligation bonds for water related projects throughout the State. The Governor's Budget Act for 2000, Chapter 52, Statutes of 2000, appropriated to the California Department of Water Resources ("DWR") local assistance grants for groundwater storage and supply reliability projects in the amount of \$161,544,000 by budget item 3860-01-6027, payable from the Interim Reliable Water Supply and Water Quality Infrastructure and Managed Subaccount.
- B. Metropolitan subsequently was selected by DWR as a grant recipient for \$45 million (the "Prop. 13 Funds") to be used for groundwater storage projects within its service area. In a letter dated October 13, 2000 (the "DWR Funding Letter") (see Exhibit A attached hereto), DWR set forth the specific terms and conditions of the grant to Metropolitan.
- C. On September 20, 2000, Metropolitan sent a letter to its twenty-six member public agencies (consisting of cities, municipal water districts and a county water authority within its 5,155 square-mile service area covering portions of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties), requesting a list of groundwater storage projects to be considered for Prop. 13 Funding. On November 1, 2000, Metropolitan delivered to those member public agencies that indicated an interest in the Prop. 13 groundwater storage programs the Request for Proposals for Participation in Groundwater Storage Programs Using Proposition 13 Funds, RFP No. WRM-2 (the "RFP") (see Exhibit B attached hereto). Metropolitan subsequently conducted a Pre-Submittal Workshop, open to the public, on November 8, 2000, to address any concerns or questions regarding the RFP.
- D. Metropolitan anticipated that programs funded by the Prop. 13 Funds would store water (by various methods) that Metropolitan imports from the State Water Project and the Colorado River. This stored water would be pumped by the member agency (or a sub-agency) with a corresponding reduction in surface water



deliveries from Metropolitan. As a result, Metropolitan would have a greater amount of water to distribute within its service area. In addition, such groundwater storage programs are part of a larger effort to meet water supply demands in Southern California, as specifically set forth in the Integrated Water Resources Plan ("IRP") approved by Metropolitan's Board of Directors in 1996, and the Groundwater Storage Principles (see Appendix A of Exhibit B attached hereto) adopted in connection therewith by Metropolitan's Board of Directors in January 2000.

- E. IEUA and TVMWD are both municipal water districts formed in 1950 and have been member agencies of Metropolitan since their formation. IEUA was formerly known as Chino Basin Municipal Water District. IEUA serves a portion of San Bernardino County and has one or more designated representatives on Metropolitan's Board of Directors. TVMWD was formerly known as Pomona Valley Municipal Water District. TVMWD serves a portion of Los Angeles County and has one or more designated representatives on Metropolitan's Board of Directors.
- F. The Watermaster was established under the Judgment in the Superior Court of California for County of San Bernardino, entitled, "Chino Basin Municipal Water District v. City of Chino, et al.," entered into on January 27, 1978 ("Judgment"). The Watermaster is responsible for managing the Chino Groundwater Basin ("Chino Basin") in the most beneficial manner and for equitably administering and enforcing the provisions of the Judgment.
- G. Metropolitan has the following storage agreements with IEUA and Chino Basin Watermaster beginning in 1979:
  - 1. Cyclic Storage Agreement approved by the Court in January 1979.
  - 2. The MWD Trust Storage Agreement approved by the Court in August 1986.
  - 3. The Short-Term Conjunctive Use Agreement (CB-5) approved in September 1993.
- H. On January 19, 2001, the Proposal for Chino Basin Groundwater Storage Project (the "Proposal") was submitted by IEUA for Metropolitan's consideration (see Exhibit C attached hereto). On April 10, 2001, Metropolitan notified IEUA that the program described in its Proposal had been selected for further consideration (see Exhibit D attached hereto) and that it was eligible for up to \$9 million of the Prop. 13 Funds. The Program is also eligible for disbursement of up to \$ 18.5 million of other funds administered by Metropolitan. The Prop. 13 Funds plus the Metropolitan funds specifically allocated to the proposed Program are referred to herein as the "Program Funds."
- I. During further development of the Program, the City of Pomona was identified as a participating retail agency (Operating Party) for implementation of the Program. The City of Pomona is a sub-agency of TVMWD, and TVMWD has therefore joined this Agreement.

- J. Accordingly, the parties hereto (each a "Party" and, collectively, the "Parties") desire to enter into a mutually beneficial agreement for a groundwater storage program funded by Program Funds that will achieve reasonable and beneficial conjunctive use of Metropolitan's water supply to provide 33,000 acre-feet of additional pumping capacity in the Chino Basin in accordance with this Agreement and the Groundwater Storage Principles referenced above. This Agreement describes the terms of the Program agreed to among Metropolitan, the Watermaster, IEUA, and TVMWD which includes the terms for the storage and delivery of stored water from Metropolitan, the construction of groundwater production facilities, and the funding of such facilities. All of the elements together as described in this Agreement shall constitute the "Program".
- K. Pursuant to the provisions of California Environmental Quality Act (CEQA) and the State CEQA Guidelines, IEUA, acting as lead agency, prepared and processed a Final Program Environmental Impact Report (Final PEIR) for the Chino Basin Watermaster Optimum Basin Management Program (OBMP) which included conjunctive use Storage and Recovery Program of 500,000 acre-feet (the "Storage and Recovery Program"). Among other things, the Final PEIR evaluated the environmental effects associated with the construction activities that are tied to and funded by this Agreement. On July 12, 2000, IEUA certified the Final PEIR and approved the OBMP.
- L. Subsequent to certification of the Final PEIR, IEUA found that it needed to make minor modifications to the proposed construction activities. IEUA determined that these modifications would not result in any significant new environmental effects, substantially increase the severity of previously identified effects, or require any new mitigation measures beyond those examined by and proposed in the Final PEIR. IEUA prepared a Finding of Consistency (i.e., Addendum) documenting this determination, which it certified on December 18, 2002.
- M. TVMWD and Metropolitan, acting as responsible agencies, have reviewed the information contained in the Final PEIR and Finding of Consistency, and have adopted IEUA's findings concerning the environmental effects associated with the construction activities that are tied to and funded by this Agreement.
- N. As of the date of this Agreement, no legal action has been filed challenging the Final PEIR, the Finding of Consistency, or any determination and approvals issued by IEUA, TVMWD or Metropolitan that relate to the Program or this Agreement.
- O. IEUA and Watermaster are funding a \$45 million Recharge Master Plan capital improvement program, separate and apart from this agreement, that will increase significantly the ability for Metropolitan to store water through direct replenishment into Metropolitan's storage account. Under the OBMP the parties to the Judgment have agreed to expand the existing Chino I Desalter from 8 mgd

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to 14 mgd and build the Chino II Desalter at a capacity of 10 mgd to produce and treat approximately 25,000 AF per year of poor quality water to minimize downstream water quality impacts on the Orange County Water District (OCWD) consistent with the OBMP Program Environmental Impact Report and Chino I expansion/Chino II Desalter Environmental Impact Report and the Memorandum of Understanding with OCWD.

NOW, THEREFORE, in consideration of the foregoing Recitals, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

**II. EFFECTIVE DATE AND TERM**

**A. Effective Date**

Upon execution by all Parties, this Agreement shall be deemed effective as of March 1, 2003 (the "Effective Date").

**B. Termination Date**

This Agreement shall initially terminate on the date which is twenty-five years after the Effective Date, unless sooner terminated in accordance herewith (the "Initial Termination Date"). Notwithstanding the foregoing, this Agreement will renew for a five-year period commencing on the Initial Termination Date, and each fifth anniversary thereof (each, a "Renewal Date"), if written consent of all parties is filed with Metropolitan at least 90 days prior to each termination date. This Agreement shall absolutely terminate and be of no further force or effect on the date that is fifty years after the Effective Date (the "Final Termination Date").

**III. CONDITIONS PRECEDENT TO FUNDING OBLIGATION AND PROGRAM IMPLEMENTATION**

Metropolitan's funding obligations with respect to construction of the Facilities (as set forth in Article V below) are subject to the satisfaction of the following conditions precedent, or waiver of the condition(s) precedent, by Metropolitan:

**A. CEQA.**

Any and all environmental reviews and supporting documentation ("CEQA Documents") required to implement the Program and/or this Agreement shall have been completed, certified and approved by the Parties in accordance with CEQA and its guidelines. Further, the time period for commencing a legal action challenging any of these CEQA Documents, or challenging any certifications, findings, determinations, approvals or authorizations that are related to or based

upon such CEQA Documents, shall have lapsed with no such legal action having been filed.

**B. DWR Commitment**

The conditions necessary to receive Prop. 13 Funds under the DWR Funding Letter shall have been satisfied, and DWR shall be committed to disbursing the Prop. 13 Funds to Metropolitan in accordance with the DWR Funding Letter, the Schedule and the Budget.

**C. Permits and Approvals**

Any authorizations, consents, licenses, permits and approvals from any Governmental Authority (as defined hereafter) or person as may be required by applicable law to construct and operate the Program (including, without limitation, the approvals or consents from other groundwater users in the Chino Basin, or parties whose approval is required by any judgment in an adjudicated basin, and approval and recognition of this Agreement by the San Bernardino Superior Court with continuing jurisdiction over the Judgment (collectively, the "Required Approvals") shall have been obtained. IEUA shall have delivered reasonably satisfactory evidence of such Required Approvals to Metropolitan. None of the Required Approvals shall impose any condition to such approval that a Party finds unacceptable, and any acceptable conditions to the Required Approvals shall have been satisfied or waived by the person imposing such condition or will be satisfied by the Program as then contemplated.

"Governmental Authority" means any federal, state, local or other governmental, regulatory or administrative agency, governmental commission, department, board, subdivision, court, tribunal, or other governmental arbitrator, arbitral body or other authority.

**D. No Litigation**

IEUA, TVMWD, and Watermaster shall have certified that, except as disclosed in writing to Metropolitan and accepted by Metropolitan in its reasonable discretion, there is no litigation, including any arbitration, investigation or other proceeding, pending before any court, arbitrator or Governmental Authority, nor any such litigation threatened, nor any decree, order or injunction issued by any court, arbitrator or Governmental Authority and remaining in effect, which relates to Program Funds or the Program or which prevents or hinders (or seeks to prevent or hinder) implementation of the Program, or which raises a question as to the validity of this Agreement, or any of the other Program agreements.

The date upon which each of the foregoing conditions has been satisfied or waived by Metropolitan, as set forth in a written notice from Metropolitan to IEUA, shall be the "Funding Obligation Date."

#### IV. PROGRAM PLANNING AND CONSTRUCTION

##### A. Planning

###### 1. General Description of Program

The Program includes the following components:

- a. Metropolitan shall have the right to: (1) deliver and store imported water supplies in the Chino Basin at up to a rate of 25,000 acre-feet per year and up to 100,000 AF in storage at any time ("**Maximum Storage Amount**"), subject to higher amounts if approved in advance by the Chino Basin Watermaster, and (2) cause Chino Basin stored water to be produced at a rate of 33,000 AF per year, pursuant to the Exhibit G "Performance Criteria" of this Agreement, the Chino Basin Judgment and the Watermaster Rules and Regulations. Watermaster will provide for rights to store and extract water from the Chino Basin.
- b. The proposed groundwater storage Program consists of the facilities described in Exhibit H (the "**Facilities**"). The agencies within the service areas of IEUA and TVMWD responsible for operating the respective Facilities ("**Operating Parties**") are also listed in Exhibit H. IEUA and TVMWD will enter into agreements with the **Operating Parties** within their respective service areas that will require such **Operating Parties** to operate and maintain the Facilities.
- c. Water provided for storage by Metropolitan hereunder ("**Program Water**") will be untreated water, as defined in Section 4104 of Metropolitan's Administrative Code. Water stored by spreading or injection in the Chino Basin must meet the applicable water quality requirements as required by the Watermaster and any other regulatory agency with jurisdiction over the Chino Basin.
- d. Metropolitan will fund the construction of the Facilities in accordance with this Agreement.

###### 2. Operational Capacity Thresholds

The Program "**Operational Capacity Thresholds**" are:

- a. *Storage.* Water can be stored in the following ways: (1) spreading, (2) injection, (3) in-lieu deliveries (pursuant to the administration procedures described in Exhibit F) and transfer from existing Metropolitan storage accounts consistent with the Chino Basin

Judgment. Metropolitan can store water in the Chino Basin at a rate of 25,000 AF per year, unless a greater amount is approved by the Watermaster.

- b. *Extraction.* At a minimum, the Facilities, when combined with the existing groundwater production capacity of the Operating Parties as defined in Exhibit H, if necessary, shall be designed to have the capacity to extract water from the Chino Basin at a rate of 33,000 AF per year. Prior to the completion of all Facilities, the minimum extraction capacity shall be a pro rata portion of the extraction capacity based on the Facilities then completed.

3. Submission of Plans, Schedule and Budget

On or before September 1, 2004, IEUA shall deliver to Metropolitan the engineering and construction plans and specifications (the "**Plans**"), a construction schedule (the "**Schedule**") and a construction budget (the "**Budget**") for the Facilities. At a minimum:

- a. The Plans shall describe in reasonable detail the construction and design of the Facilities, and shall conform to any requirements of DWR;
- b. The Schedule shall state the date of construction commencement, the anticipated completion date (which shall occur no later than March 8, 2008, ), key milestone dates in the interim (each a "**Milestone Date**") including timing of discrete program elements ("**Discrete Program Elements**") and major tasks ("**Tasks**") within them; and
- c. The Budget shall contain an itemized summary of Program costs including costs of the contractors, consultants, and other service providers, and all materials anticipated to be purchased in connection with the Program. For the purpose of Metropolitan's payment of invoices from Program Funds ("**Invoice**") pursuant to Section V(D), the Budget shall be divided into phases corresponding to the Milestone Dates, Discrete Program Elements and Tasks set forth in the Schedule.

4. Review and Approval of Schedule and Budget

- a. Metropolitan shall review and approve or disapprove, by written notice to IEUA, the Schedule and Budget for the Facilities within ten (10) business days after Metropolitan's receipt thereof (once so approved, the "**Approved Budget**" and the "**Approved Schedule**"). If Metropolitan has not acted on the schedule or budget within ten (10)

business days after Metropolitan's receipt, the schedule or budget shall be deemed approved.

- b. For all Facilities funded in whole or part with Prop. 13 funds, all Metropolitan approvals shall be conditional upon DWR approvals. IEUA acknowledges and agrees that Metropolitan intends to submit the Schedule and Budget to the DWR for its review and approval, and Metropolitan shall disapprove the Schedule and/or Budget upon DWR's disapproval of the Schedule and/or Budget.
- c. If Metropolitan (or DWR, if applicable) disapproves of the Schedule and/or Budget, Metropolitan shall specify the reasons for the disapproval in its disapproval notice to IEUA. Metropolitan shall thereafter promptly meet with IEUA to correct any deficiencies to the Schedule and/or Budget such that the Schedule and Budget are reasonably acceptable to Metropolitan, DWR (if applicable) and IEUA.
- d. Notwithstanding any requirements of DWR as noted in clause (b) above, or any other terms or conditions set forth herein, neither DWR nor Metropolitan shall have any responsibility for reviewing or approving the Plans, and IEUA assumes all responsibility for the proper design, planning, and specifications of the Facilities.
- e. IEUA, may, as warranted, update the Approved Schedule and Approved Budget for the Facilities to reflect changes as necessary. However, under no condition may the Completion Date exceed March 8, 2008, or the total budget exceed the specified amount allocated as Program Funds unless such overages shall be the responsibility of IEUA. Review and approval of the proposed update shall follow the above procedure.

**B. Construction**

1. Contracting

IEUA shall retain, or cause to be retained through agreements with the Operating Parties, qualified contractor(s) and consultants to design and construct the Facilities. All contracts let for project construction shall be let by competitive bid procedures that assure award of the contract to the lowest responsible bidder, except as may be otherwise authorized under the enabling authority for IEUA and/or the California Public Contract Code.

2. Construction Supervision and Responsibility

- a. *Diligent Prosecution of Facility Construction.* IEUA agrees to faithfully and diligently complete, or cause to be completed, the construction of the Facilities in accordance with the Plans, Approved Budget and Approved Schedule.
- b. *Supervision.* As among Metropolitan, IEUA, TVMWD, and the Watermaster, IEUA shall be responsible for all work in connection with the construction of the Facilities and for persons engaged in the performance of such work.
- c. *Compliance with Laws.* IEUA shall ensure that all construction in connection with the Program complies with any applicable federal, state and local laws, rules and regulations, including, without limitation, environmental, procurement and safety laws, rules, regulations and ordinance.
- d. *Contracting Disputes.* IEUA shall be responsible for any and all disputes arising out of its contracts for work on the Program, including, without limitation, any bid disputes and payment disputes with contractors or subcontractors. Metropolitan will not mediate disputes between IEUA, TVMWD, their Operating Parties and any other entity in connection herewith.

3. Inspection Right

During reasonable business hours, Metropolitan and/or the DWR, with respect to Facilities funded with Prop. 13 Funds (and any of their designated representatives or agents), may enter upon the Program site and inspect the on-going and/or completed construction activities. Metropolitan agrees to exercise commercially reasonable efforts to deliver advance written notice to IEUA of any such visit to the Program site (it being acknowledged, however, by IEUA that the DWR may inspect the Program site at any and all reasonable times without prior notice pursuant to the terms of the DWR Funding Letter).

4. Completion of Construction

- a. *Completion Date.* IEUA shall assure that Completion of the Facilities occurs not later than March 8, 2008. "Completion" means (x) performance of the construction in a good and workmanlike manner, free and clear of mechanics', materialmens' and other liens or security interests, claims or encumbrances relating to such construction, subject only to completion of punch list items which do not materially interfere with the use or



functionality of the Facilities, and (y) the payment of all costs to the persons entitled thereto less retainage or reserves for punch list items.

- b. *Completion Notification and Certification.* IEUA shall notify Metropolitan within ten business days after Completion of Facilities by each Operating Party. Such notification shall include a certification from the IEUA, the general contractor (if applicable) and a California Registered Civil Engineer affirming Completion and that the Facilities: (i) are as described in Exhibit H; (ii) have been constructed substantially in accordance with the Plans; (iii) have been adequately tested and meet the Operational Capacity Thresholds; and (iv) are otherwise sufficient to achieve the goals of the Program (as stated in Exhibit H).

5. Ownership of Project

Metropolitan will have no ownership interest in the Facilities. The Operating Parties shall have sole ownership and control of the Facilities, and the real property interests in connection therewith, subject to the rights and obligations of the Parties under this Agreement.

V. PROJECT CONSTRUCTION FUNDING (NOT INCLUDING OPERATION AND MAINTENANCE/ENERGY COST FUNDING)

A. Metropolitan Funding Obligation; Shortfalls

1. After the Funding Obligation Date, subject to and in accordance with the terms and conditions of Section V(C) below, Metropolitan hereby agrees to fund the payment of *eligible* costs for constructing the Facilities in accordance with the Approved Budget (the "**Program Construction Costs**") in an amount not to exceed \$27.5 million, inclusive of design and construction of Facilities and the costs to comply with CEQA ("**Funding Obligation**"). *However, IEUA, TMMWD and Watermaster understand and acknowledge that \$9 million of these Program Construction Costs are being funded by Prop. 13 Funds. In the event that DWR fails to provide all or a part of such funds for eligible costs as required by the DWR Funding Letter, Metropolitan shall be entitled, at its option, to make up such shortfall through other funding sources (subject to any necessary approvals or authorizations for such funding) or to have the size of the Program reduced, as set forth in paragraph (2) below.*
2. *Subject to paragraph (3) below, if less than \$27.5 million is made available toward eligible Program Construction Costs pursuant to Metropolitan's Funding Obligation ("**Funding Shortfall**"), then the size of the Program shall be reduced in an appropriate manner as agreed upon*

*by the Operating Committee. Reductions in Program size may include reductions in Facilities constructed, Operational Capacity Thresholds and Maximum Storage Amount. However, in no event shall such Program reductions be greater in proportion than that which the Funding Shortfall bears to Funding Obligation. The Term of the Agreement and other operating terms will not be affected by any Funding Shortfall.*

3. *The size of the Program shall not be reduced where the amount of eligible Program Construction Costs incurred by IEUA or TVMWD is less than the amount of funds made available by Metropolitan. Similarly, the size of the Program shall not be reduced where the Program Construction Costs incurred by IEUA or TVMWD that are determined to be ineligible for reimbursement under this Agreement.*

**B. Cost Overruns**

1. IEUA agrees to pay, and Metropolitan shall have no liability for, any costs of constructing the Facilities in excess of the amounts set forth in the applicable Approved Budget (on line-item and aggregate bases); provided, however, that upon written request from IEUA, Metropolitan shall approve, conditional upon DWR approval, reallocation of any demonstrated costs savings from one line-item of the Approved Budget to another line item in order to cover any cost overruns for the \$9 million funded by Prop. 13 Funds for specific Program facilities.
2. Should bids for construction of the Program Facilities exceed the Approved Budget by more than 5%, IEUA may review such cost increase with Metropolitan to determine the appropriate way to proceed with the Program. Metropolitan and IEUA may mutually agree to a cost share, a change in scope of the Program, or to discontinue the Program.
3. IEUA agrees to reimburse Metropolitan for any of its costs intended to be reimbursed with Prop. 13 Funds that are disapproved by DWR, within thirty (30) days of receipt of invoice from Metropolitan for such reimbursement. IEUA agrees to pay interest computed at an annual rate equal to that earned by Surplus Money Investment Fund (SMIF) rate as provided for in Government Code Sections 16480 et seq., calculated monthly, on any outstanding amounts so invoiced by Metropolitan, beginning thirty days after the date such invoice is received until paid.

**Deleted:** Of these Program Construction Costs, \$9 million is funded by Prop. 13 Funds. Metropolitan shall fund the payment of Program Construction Costs from the Prop. 13 Funds and from other funds provided by Metropolitan (which may include the proceeds of future grants awarded to Metropolitan for disbursement).

**Deleted:**

**C. Disbursement Protocol**

1. Invoice Payment.

Commencing on the Funding Obligation Date, and continuing not more often than monthly thereafter, IEUA may submit for Metropolitan's consideration and payment from the Program Funds an Invoice for costs incurred. Each Invoice shall set forth in reasonable detail those Program Construction Costs that have been incurred since submittal of the prior Invoice and shall reference Discrete Program Elements and Tasks as outlined in the Approved Budget and Schedule. Each Invoice shall be accompanied by a Progress Report pursuant to Section X (B)(1). Work accomplished on each Discrete Program Element shall be briefly described, and the percent complete shall be presented with the percent and actual amounts expended to date on each Discrete Program Element. Metropolitan shall review and approve or disapprove (in part or whole) the Invoice and provide payment of Program Funds to IEUA for all approved portions of the Invoice within 30 days of receipt. If Metropolitan disapproves any portion of an Invoice, it shall state its reasons for such disapproval in writing and cooperate in good faith with IEUA, to promptly achieve a mutually acceptable revision to the disallowed portion of the Invoice. Metropolitan agrees to pay interest at the rate and in the manner specified in Section V(B)(2) on approved portions of invoices paid more than thirty (30) days after receipt of such invoice by Metropolitan.

2. Certification of Expenditures

With each Invoice submitted for Program Construction Costs, IEUA shall also provide its written certification and a written certification from the general contractor, if any, affirming that invoiced amounts were utilized exclusively for construction of the Facilities in accordance with the Plans and Approved Budget. Such certification shall be accompanied by evidence of payment for services and/or materials delivered in connection with the construction of the Facilities.

3. Disbursement of Program Funds

Upon Metropolitan's payment of Program Funds pursuant to an Invoice, Metropolitan shall have fulfilled its obligation with respect to such payment, and shall have no obligations to ensure disbursement to the appropriate Party(ies) entitled thereto.

## VI. OPERATING COMMITTEE

### A. Operating Committee

#### 1. Composition of Committee.

A committee (the "Operating Committee") shall be established for the specific purposes specified herein. The Operating Committee shall have five members, two representatives from Metropolitan and three representatives chosen by IEUA, TVMWD, and Watermaster in any manner determined by IEUA, TVMWD, and Watermaster. The local agencies listed in Exhibit H may also attend meetings of the Operating Committee. With respect to any matter on which the Operating Committee cannot reach unanimous agreement, the Operating Committee shall submit such matter for determination by a consultant and/or arbitration panel in accordance with Section XIII(A).

#### 2. Meeting of Operating Committee

The Operating Committee shall meet:

- a. as reasonably often as necessary to implement operations and take other needed action pursuant to this Agreement. Such tasks will include preparation of Operating Committee's certification to Watermaster regarding monthly storage achieved utilizing methodology specified in Exhibit F (Accounting Methodology).
- b. within thirty days after the execution of this Agreement; and thereafter at least sixty days prior to the end of each fiscal year (which fiscal year shall run from July 1 through June 30) to develop Program Annual Operating Plan for the subsequent year and to review need for adjustments to Electrical Costs and Operation and Maintenance Costs; and
- c. by August 31 of each year review prior fiscal year performance for storage and/or extraction in conformance with the Annual Operating Plan and Exhibit G, Performance Criteria; and for assessment of per-acre-foot Electrical Costs and Operation and Maintenance Costs to be paid by Metropolitan.

#### 3. Annual Operating Plan

- a. The Annual Operating Plan shall provide an estimated schedule and location for all storage and extraction under this Agreement and in conformance with Exhibit G (Performance Criteria) on a monthly basis for the upcoming fiscal year and documentation of

adequate available capacity with respect to the Program Facilities capacity to accommodate Metropolitan's rights pursuant to Section VII hereof. Initial operation of the Metropolitan Storage Account prior to completion of Facilities funded under this Agreement shall be accomplished under the Annual Operating Plan. Until all Facilities are completed, partial performance shall be pro rata according to the proportion of Facilities listed in Exhibit H which are then complete.

- b. The Annual Operating Plan shall provide sufficient information to allow the Operating Committee and Watermaster to assess potential impacts from the Program on the Chino Basin and the Judgment Parties, such as : (1) current and projected water levels in the basin; and (2) short-term and long-term projections of Chino Basin water supply and water quality. The Operating Committee and the Watermaster may request additional information from the Operating Parties.
- c. Consistent with Section VIII(A) below, the Annual Operating Plan shall not limit Metropolitan's ability to modify its call for extraction or storage of water upon fifteen (15) days advance notice as provided in Sections VII(A) and VII(C). Watermaster reserves the right to approve the location and amount of storage and extraction pursuant to this Agreement, in accordance with the Judgment, OBMP and its policies applicable to the Judgment Parties.
- d. Storage and extraction operations under this Agreement shall be in accordance with the provisions of the Annual Operating Plan as adopted or as amended to accommodate changed circumstances or new information. The Annual Operating Plan may be amended: (1) at the request of a member of the Operating Committee and with the concurrence of the Operating Committee and approval of the Watermaster (2) as a requirement of the Watermaster in the implementation of the Judgment and OBMP with specific adjustments proposed by consensus of the Operating Committee and approved by the Watermaster.

4. Specific Duties

Without limiting the foregoing, the Operating Committee shall:

- a. Properly account for the amounts of all water stored and extracted and submit a report of these amounts achieved for the Metropolitan Storage Account to Watermaster and Metropolitan on a monthly basis but not more than two months in arrears. At the end of the

fiscal year, an annual reconciliation shall be performed of storage and extraction, and any adjustments to the monthly submittals shall be submitted to the Watermaster and to Metropolitan in a timely manner for consideration in the preparation of the Watermaster's annual assessment package.

- b. Within two months following formal issuance of Watermaster's annual report, perform an annual reconciliation of Metropolitan and IEUA's and TVMWD's records with Watermaster's annual report and Metropolitan's water billing inclusive of credits for the Operation and Maintenance Costs and Electrical Costs, and prepare any needed paperwork for adjustments to the billing.
- c. Consistent with Section VIII(A) below, confirm that sufficient excess operable production capacity was maintained for the conjunctive use Program during the prior year, unless different criteria are agreed upon by the Operating Committee.
- d. Prepare and deliver to the Parties, on or before September 1 of each year, a written annual report outlining the Program Annual Operating Plan for the subsequent year, and the Operating Committee's actions during the prior year (the "**Operating Committee Annual Report**").
- e. Every five years, commencing upon the Completion Date, the Operating Committee shall review the maintenance charge set forth in Section VI(D)(1) of this Agreement. To such end, the Operating Committee shall conduct a survey of operation and maintenance costs with respect to facilities within the Program Basin and which are comparable to the Facilities. Based on such survey and other information the Operating Committee deems relevant, the Operating Committee shall approve a new Operation and Maintenance Cost for the next five-year period.
- f. Every year commencing upon Completion Date, determine the electrical power unit rates(s) (dollars per AF of Stored Water Deliveries) for the respective Operating Party(ies) to extract water. The electrical power cost to extract Program Water (the "Electrical Costs") shall be equal to Stored Water Deliveries (as defined in Section VII(C) below) for the applicable period multiplied by the applicable electrical power unit rate(s) for the Operating Party(ies) that extracted the water. The Operating Committee shall ensure that the electrical power unit rate per acre-foot of extracted water calculated for each Operating Party is reflective of actual energy costs.

**B. IEUA and TVMWD Obligations**

Subject to Section VI(C), IEUA and TVMWD hereby agree to do, or to cause through agreements with the Operating Parties in their respective service areas, the following:

1. Cause the Facilities to be operated and maintained in as good and efficient condition as upon their construction, ordinary and reasonable wear and depreciation excepted, and otherwise in accordance with industry standards (and DWR standards and requirements, if any);
2. Provide for all repairs, renewals, and replacements necessary to the efficient operation of the Facilities;
3. To the extent existing facilities are utilized for the Program, provide for all repairs, renewals, and replacements necessary to the efficient operation of such existing facilities;
4. Certify the amount of water in the Metropolitan Storage Account pursuant to the Operating Committee accounting; and
5. Upon call by Metropolitan for Stored Water Delivery, operate Facilities, combined with the existing infrastructure, at Operational Capacity Thresholds necessary to meet performance targets as outlined in Exhibit G.

**C. Watermaster Obligations**

Watermaster hereby agrees to:

1. Maintain records of the amounts of all water stored in and extracted from the Chino Basin pursuant to this Agreement and consistent with the Judgment and Rules and Regulations, and provide to Metropolitan an amount specified in an account to be designated as the **Metropolitan Storage Account**. Watermaster will maintain a monthly statement regarding the account as information becomes available and will document in its annual report all water stored in and withdrawn from the Metropolitan Storage Account. Watermaster shall account for Metropolitan stored water as follows:
  - a. The amount of any water stored in the Chino Basin on behalf of Metropolitan prior to the Effective Date of this Agreement shall be credited to the Metropolitan Storage Account on the Effective Date pursuant to the procedure set forth in Exhibit E.
  - b. Watermaster shall credit water which Metropolitan delivers for

storage to the Metropolitan Storage Account on an acre-foot for acre-foot basis, less any losses assessed.

- c. Losses assessed by Watermaster against the Metropolitan Storage Account will be equivalent to losses assessed Judgment parties for participation in the Storage and Recovery Program.
  - d. Watermaster shall debit the Metropolitan Storage Account one acre-foot for each acre-foot of water produced from the account. Watermaster accounting for water produced from the Metropolitan Storage Account shall specify quantities produced by each Operating Party.
  - e. Watermaster shall obtain from Operating Committee on a monthly basis its report of the amount of storage achieved using the methodology specified in Section VII(B) and Exhibit F of this Agreement.
2. Report the total active and inactive annual extraction capacity of the Operating Parties in the Watermaster's annual report.

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#### **D. Metropolitan Obligations**

In accordance with the procedures set forth in clause (E) below, Metropolitan hereby agrees to:

1. Pay costs of operating and maintaining the Facilities at the unit rate (dollars per AF of Stored Water Deliveries) determined by the Operating Committee for the Operating Party(ies) that extracted water as adjusted when and as required by Section VI(A)(4)(e) (the "**Operation and Maintenance Costs**"). Operation and Maintenance Costs will include a dollar per AF amount for each AF produced by an Operating Party from Metropolitan's Storage Account through the funded ion exchange facilities equal to the Operating Party's variable costs of treating Metropolitan's State Water Project surface deliveries (expressed as dollar per AF of treating such water). Such variable costs shall exclude capital, debt service, or replacement costs and include only variable operating and maintenance costs at the Water Facilities Authority Treatment Plant, CCWD Lloyd Michael Filtration Plant, or the Miramar Treatment Plant. The dollar per AF cost shall be calculated by dividing the variable costs by the quantity of water produced by the treatment plants. The dollar per acre-foot shall be determined by the Operating Committee pursuant to Section VI(A)(4)(e);
2. Pay the Electrical Costs as determined in Section VI(A)(4)(f) to extract water from the basin, if any, equal to **Stored Water Deliveries** (as defined



in Section VII(C) below) for the applicable period for the Operating Party(ies) that extracted the water; and

3. From and after the first full year in which water is stored in the Program Basin on Metropolitan's behalf, and on or prior to July 1 of each subsequent year, pay an administrative fee in an annual amount of \$132,000 to the Watermaster (as such amount is adjusted on each anniversary of the execution of this Agreement by the lesser of 2.5% or the Retail Consumer Price Index for the City of Los Angeles published by the Engineering News Record), for the incremental costs and expenses of administering the Program during such year. Such administrative fee is subject to adjustment from time to time as approved by the Operating Committee.

**E. Payment of Operation and Maintenance Costs and Electrical Costs**

1. Amounts owing by Metropolitan pursuant to Section VI(D) for Operation and Maintenance Costs and Electrical Costs shall be paid through a credit to Metropolitan's monthly invoice for the Stored Water Delivery to TVMWD or IEUA, as applicable, pursuant to Section VII(D). Upon the credit to Metropolitan's invoice for the Operation and Maintenance Costs and Electrical Costs, Metropolitan will have satisfied its funding obligations with respect thereto.

**F. Annual Reconciliation**

1. Reconciliation of Metropolitan Storage Account and Costs.

As noted in Section VI(A)(4)(a) above, the Operating Committee will conduct an annual reconciliation of the prior year's credits and debits to the Metropolitan Storage Account. If such reconciliation reveals that the actual amount of water delivered by Metropolitan for storage pursuant to Section VII(A)(1), or the actual amount of Stored Water Deliveries, as defined in Section VII(C) below, during the prior year were not accurately accounted for, then the Operating Committee shall reflect this in its year-end assessment of storage and extraction provided to the Watermaster. The Watermaster shall determine the manner in which any credits or debits to the Metropolitan Storage Account shall be made.

The Operating Committee shall complete its reporting and processing of any prior year adjustments to the Metropolitan water invoice within two months of the formal issuance of the Watermaster's annual report, as provided in Section VI(A)(4)(b).

## VII. GROUNDWATER STORAGE AND EXTRACTION

### A. Metropolitan's Storage Account Rights

1. During any fiscal year of the term of this Agreement, Metropolitan may deliver up to 25,000 AF of Program Water for storage in the Program Basin with an equivalent amount to be accounted for in the Metropolitan Storage Account pursuant hereto; provided, however, that total Program Water stored on behalf of Metropolitan in the Program Basin, pursuant to this Agreement, shall never exceed the Maximum Storage Amount unless approved by the Watermaster. Deliveries shall be subject to the prior approval of the Watermaster pursuant to the policies described in subsection 5 below. Metropolitan shall not be obligated to pay any fees associated with basin utilization.
2. Metropolitan may make such deliveries to IEUA or TVMWD on fifteen (15) days advance notice to such Party and Watermaster. Watermaster will credit the Metropolitan Storage Account by the amount of Program Water delivered to IEUA or TVMWD.
3. Upon notification by Metropolitan pursuant to Section VII(A)(2), IEUA or TVMWD and Watermaster may either: (a) directly store the amount of any such delivery of Program Water in the Chino Basin (e.g., by injection or spreading); or (b) store the amount of any such delivery of Program Water in the Chino Basin by in lieu storage, i.e., by reducing pumping from the Chino Basin by the amount of such delivery.
4. The quantity of Program Water delivered to the Metropolitan Storage Account in any given month shall be determined in accordance with the accounting methodology set forth in Exhibit F.
5. The Watermaster's Storage and Recovery Policies shall be applied to Program Water stored under this Agreement in a non-discriminatory manner consistent with the application of such policies to any other participant in the Storage and Recovery Program, including all parties to the Judgment. Furthermore, the Watermaster shall not impose any policies upon the Program Water, whether or not imposed on other parties, that would materially alter the benefits provided to or the obligations imposed upon Metropolitan under this Agreement. Without limiting the foregoing, the Watermaster shall not impose any policies that would create any significant discrepancies between the amount of Program Water delivered by Metropolitan for storage in the Program Basin and the amount of Program Water that Metropolitan is entitled to extract from such basin pursuant to this Agreement.

**B. Certification of Deliveries to Metropolitan Water Account**

1. Metropolitan shall deliver available Program Water to IEUA or TVMWD at the appropriate service connection for storage in the Metropolitan Storage Account consistent with the Annual Operating Plan. In any month where imported water is delivered to the Chino Basin through a Metropolitan service connection, the Party receiving Program Water shall certify the facts concerning the quantities of such deliveries to Metropolitan and Watermaster in writing or electronically in a format satisfactory to Metropolitan by a responsible officer of such Party.
2. Metropolitan will credit the appropriate IEUA or TVMWD invoice at the applicable rate for each acre-foot of water certified by such Party for that service connection.
3. Certifications of Program Water for a given billing period must be received by Metropolitan before 3:30 p.m. on the third working day after the end of the month to receive credit on the bill for that billing period or any preceding billing period.
4. No certification received after six months following the end of any month in which a credit for Program Water is claimed will be accepted.

**C. Extraction of Stored Water**

1. In lieu of providing all or some of its regular surface water deliveries to IEUA or TVMWD, Metropolitan may, on fifteen (15) days advance notice, deliver water to such Party on the first of the following month by requesting such Party to debit the Metropolitan Water Account (each such delivery being a "Stored Water Delivery"); provided, however, that unless permitted by Watermaster, such Stored Water Deliveries shall not, in any fiscal year exceed the lesser of (a) 33% of the Maximum Storage Amount or (b) the amount then remaining in the Metropolitan Storage Account. Metropolitan's regular surface water deliveries to IEUA and TVMWD will be reduced by the amount of such Stored Water Delivery. During an emergency or unforeseen operational condition, IEUA and TVMWD will use their best efforts in responding to Metropolitan's request for a Stored Water Delivery.
2. IEUA and TVMWD, as applicable, shall pump the amount of the Stored Water Delivery from the Chino Basin in lieu of receiving its regular surface water deliveries in accordance with specific direction from the Watermaster.

3. IEUA and TVMWD shall have twelve months to comply with Metropolitan's extraction request in accordance with the performance criteria described in Exhibit "G" to this Agreement.

**D. Payment for Extraction of Stored Water**

Upon call by Metropolitan for Stored Water Delivery, Metropolitan shall invoice IEUA or TVMWD for the amount reported as extracted by the Operating Committee pursuant to Section VI(A)(4)(a), and such Party shall pay to Metropolitan the then applicable full-service rate (or its equivalent, as determined by Metropolitan in its reasonable discretion) as if such Stored Water Deliveries were surface water deliveries through its service connection. The invoice from Metropolitan shall include credits for the Operation and Maintenance Costs and the Electrical Costs associated with the Stored Water Delivery. Where prior storage accounts are credited to the Metropolitan Water Account pursuant to Section VI(C)(1)(a), this water shall constitute the Stored Water Delivery prior to any water credited to the Metropolitan Water Account after the Effective Date, and shall be paid for at the appropriate rate indicated in Exhibit E.

**VIII. OTHER USES OF FACILITIES**

**A. Allowed Use**

IEUA and TVMWD may use Program Facilities for purposes unrelated to the Program so long as such use does not interfere with the Program and the excess operable production capacity is maintained as necessary for performance under this Program, unless monthly operable production capacity on other than a monthly basis is agreed to by the Operating Committee.

- B. IEUA and Watermaster shall certify to the Operating Committee that there will exist at all times excess operable production capacity in the Chino Basin of at least an annual extraction of 33,000AF or 33% of Maximum Storage Amount for performance under this conjunctive use Program.

**IX. REPRESENTATIONS, WARRANTIES AND AFFIRMATIVE COVENANTS OF PARTIES**

**A. Of IEUA and TVMWD**

IEUA and TVMWD respectively represent, warrant and covenant as follows:

**1. Power and Authority**

That it is a municipal water district, duly organized and validly existing under the laws of the State of California; that it has all necessary power and authority to enter into this Agreement and to perform its obligations

hereunder on the terms set forth in this Agreement, and that the execution and delivery hereof by it and the performance of its obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which it is a party or by which it is bound.

2. Authorization; Valid Obligation

That all proceedings required to be taken by or on behalf of such Party to authorize it to make, deliver and carry out the terms of this Agreement have been duly and properly taken, and that this Agreement is its valid and binding obligation enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

3. No Litigation

To the best of its knowledge, there is no litigation, proceeding or investigation pending or threatened, to which it is or would be a party, or which does or would bind or relate to the Program Basin, directly or indirectly, which, individually or in the aggregate, if adversely determined, might materially and adversely affect its ability to perform its obligations under this Agreement, or which raises a question as to the validity of this Agreement, or any action to be taken hereunder.

4. Compliance with Laws

In the performance of its obligations hereunder, such Party and its contractors and subcontractors will comply with all applicable laws, regulations and ordinances, including, without limitation:

- a. the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), and the regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.);
- b. Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5) and the regulations or standards adopted by the DWR relating thereto;
- c. the nondiscrimination program requirements of Government Code, Section 12990, and Title 2, California Code of Regulations, Section 8103;

- d. Section 3700 of the California Labor Code, requiring every employer to be insured against liability for workers' compensation or to undertake self insurance in accordance with the provisions of that code, and such Party affirms that it will comply with such provisions before commencing the construction of the Facilities and will exercise best efforts to make the its contractors and subcontractors aware of this provision;
- e. the Drug-Free Workplace Act of 1990 (Government Code 8350 et seq.) and have or will provide a drug-free workplace; and
- f. the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant thereto.

Such party and its contractors and subcontractors will give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Such Party and its contractors will include the nondiscrimination and compliance provisions of this clause in all contracts and subcontracts let for the construction of the Facilities.

5. Compliance with DWR Requirements

The Plans comply with any DWR requirements, including any requirements set forth in the DWR Funding Letter. During the performance of its obligations herein, such Party will comply with any DWR requirements, including any requirements set forth in the DWR Funding Letter.

6. No Construction

That construction of the Facilities and related work (including planning activities) did not commence prior to the Effective Date.

7. Capacity

Such Party and its contractors, subcontractors and their respective agents will at all times act in an independent capacity and not purport to act as, or represent to others that they are, officers, employees, representatives or agents of Metropolitan, DWR or the State of California.

8. Oversight and Supervision of Construction

Such Party will oversee and supervise all contractors and keep control of all work and provisions of services and materials in connection with the Program.

9. Maintain Ownership of Program Property

Such Party will not sell, abandon, lease, transfer, exchange, mortgage, hypothecate or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Program.

10. Protection of Others' Rights

Such Party will fully protect and preserve the rights of overlying landowners, other groundwater users or water rights holders, parties whose approval is required by any judgment in an adjudicated basin, and all groundwater management agencies or other applicable regulatory agencies, and will take the necessary actions (including groundwater monitoring and mitigation and/or limiting extraction of groundwater) to protect such rights.

**B. Of Watermaster**

Watermaster and its contractors, subcontractors and their respective agents will at all times act in an independent capacity and not purport to act as, or represent to others that they are, officers, employees, representatives or agents of Metropolitan, DWR or the State of California. Watermaster represents, warrants and covenants as follows:

1. Power and Authority

That Watermaster is a court-appointed entity created through the Judgement, duly organized and validly existing under the laws of the State of California; that it has all necessary power and authority to enter into this Agreement and to perform its obligations hereunder on the terms set forth in this Agreement, and that the execution and delivery hereof by Watermaster and the performance by Watermaster of Watermaster's obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which Watermaster is a party or by which Watermaster is bound.

2. Authorization; Valid Obligation

That all proceedings required to be taken by or on behalf of Watermaster to authorize it to make, deliver and carry out the terms of this Agreement have been duly and properly taken, and that this Agreement is a valid and binding obligation of Watermaster enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

3. No Litigation

To the best of Watermaster's knowledge, there is no litigation, proceeding or investigation pending or threatened, to which Watermaster is or would be a party, or which does or would bind or relate to the Chino Basin, directly or indirectly, which, individually or in the aggregate, if adversely determined, might materially and adversely affect the ability of Watermaster to perform its obligations under this Agreement, or which raises a question as to the validity of this Agreement, or any action to be taken hereunder.

4. Compliance with Laws

In the performance of its obligations hereunder, Watermaster will comply with all applicable laws, regulations and ordinances, including, without limitation:

- a. the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), and the regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.);
- b. Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5) and the regulations or standards adopted by the DWR relating thereto;
- c. the nondiscrimination program requirements of Government Code, Section 12990, and Title 2, California Code of Regulations, Section 8103;
- d. Section 3700 of the California Labor Code, requiring every employer to be insured against liability for workers' compensation or to undertake self insurance in accordance with the provisions of that code, and Watermaster affirms that it will comply with such provisions before commencing the construction of the Facilities



and will exercise best efforts to make the its contractors and subcontractors aware of this provision;

- e. the Drug-Free Workplace Act of 1990 (Government Code 8350 et seq.) and have or will provide a drug-free workplace; and
- f. the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant thereto.

Watermaster will give written notice of its obligations under this clause to labor organizations with which it has a collective bargaining or other agreement.

5. Compliance with DWR Funding Letter

During the performance of its obligations herein, Watermaster will comply with the terms and provisions of the DWR Funding Letter (Exhibit A), as applicable.

6. Capacity

Watermaster and its contractors, subcontractors and their respective agents will at all times act in an independent capacity and not purport to act as, or represent to others that they are, officers, employees, representatives or agents of Metropolitan, DWR or the State of California.

**C. Of Metropolitan**

Metropolitan represents, warrants and covenants as follows:

1. Power and Authority

That Metropolitan is a public agency and quasi-municipal corporation, duly organized and validly existing under the laws of the State of California; that it has all necessary power and authority to enter into this Agreement and to perform its obligations hereunder on the terms set forth in this Agreement, and that the execution and delivery hereof by Metropolitan and the performance by Metropolitan of Metropolitan's obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which Metropolitan is a party or by which Metropolitan is bound.

2. Authorization; Valid Obligation

That all proceedings required to be taken by or on behalf of Metropolitan to authorize it to make, deliver and carry out the terms of this Agreement have been duly and properly taken, and that this Agreement is a valid and binding obligation of Metropolitan enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

3. No Litigation

To the best of Metropolitan's knowledge, there is no litigation, proceeding or investigation pending or threatened, to which Metropolitan is or would be a party, directly or indirectly, which, individually or in the aggregate, if adversely determined, might materially and adversely affect the ability of Metropolitan to perform its obligations under this Agreement, or which raises a question as to the validity of this Agreement, or any action to be taken hereunder.

**X. RECORD KEEPING, REPORTING, INSPECTION AND AUDIT**

**A. Record Keeping**

1. IEUA shall maintain audit and accounting procedures and written accounts with respect to the Program that are in accordance with generally accepted accounting principles and practices, consistently applied. IEUA shall keep complete and accurate records of all receipts, disbursements, and interest earned on expenditures of Program Funds.
2. IEUA and its respective contractors and subcontractors shall maintain copies of all contracts, agreements, and other documents relating to the Program for a minimum of three years following Program completion.
3. IEUA and TVMWD shall keep on file, for the useful life of the Facilities, as-built plans and the specifications of the Facilities. Such documents shall be made available for inspection by the State, Metropolitan, and upon reasonable notice.
4. IEUA shall require its contractors and subcontractors to maintain books, records, and other documents pertinent to their work in accordance with generally accepted accounting principles and practices, consistently applied.

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**B. Reporting**

1. Construction Progress Reports

During construction of the Facilities, a monthly progress report shall accompany each Invoice submitted by IEUA to Metropolitan (each a "Progress Report"), certified by a designated official of such Party, providing in reasonable detail, a description of (a) the work accomplished during the invoice period and the percent complete on each Discrete Program Element (b) and the amount of Program Construction Funds expended on each Discrete Program Element and Tasks, the purposes of those expenditures, the total amount expended and remaining of the budget for that Discrete Program Element. In the absence of a monthly Invoice, IEUA shall deliver the Progress Report detailing progress and expenditures for the month, and reporting on status of construction activities within 30-days after the month.

2. O&M Reports

Commencing on the first day of the month which is ninety days following the Completion Date, and unless otherwise determined by the Operating Committee, on a semi-annual basis thereafter throughout the term of this Agreement, IEUA and TVMWD shall deliver to Metropolitan and the Operating Committee a report (an "O&M Report") summarizing the operational and maintenance activities conducted in connection with the Program during the prior period.

**C. Inspection**

Metropolitan and the DWR may inspect the aforementioned books, records and any other Program-related information at any time, upon reasonable advance notice to IEUA or TVMWD, as applicable.

**D. Audit Rights and Obligations**

1. Pursuant to California Government Code Section 8546.7, IEUA and its contractors and subcontractors shall be subject to the examination and audit by the State Auditor for a period of three years after Program completion. IEUA agrees that, IEUA and its contractors and subcontractors shall be subject to examination and audit by Metropolitan and DWR for such period.
2. Within thirty days after the Completion of a Program Facility, IEUA shall, at its expense, cause an audit of all Program Construction Costs and expenses with respect to such Facility to be conducted by an independent

certified public accountant and deliver to Metropolitan a report prepared by such accountant in connection therewith.

**XI. INDEMNITY**

**A. General Indemnity**

Each Party hereto shall indemnify, defend and hold harmless the other Party and its elected officials, officers and employees from and against any and all lawsuits, actions, causes of action, claims and damages and any and all court costs and attorneys' fees related thereto ("Claims"), in any way arising out of or connected with the performance or nonperformance of the indemnifying Party's duties or the discharge of or failure to discharge that Party's obligations hereunder to the maximum extent permitted by law.

**B. IEUA Specific Indemnity**

Without limiting the foregoing indemnity, IEUA hereby agrees to indemnify, defend and hold harmless TVMWD, Metropolitan and Watermaster, their elected officials, officers and employees from and against any and all Claims, in any way arising out of or connected with the Program, including any Claims by DWR or any other branch, agency or department of the State of California in connection with the Program (except for a breach of the DWR Funding Letter attributable to Metropolitan) or breach of its obligations hereunder, or otherwise to the extent of such Party's responsibility hereunder or to the extent that such Party caused or exacerbated such or other Claim(s).

**C. TVMWD Specific Indemnity**

Without limiting the foregoing indemnity, TVMWD hereby agrees to indemnify, defend and hold harmless IEUA, Metropolitan and Watermaster, their elected officials, officers and employees from and against any and all Claims, in any way arising out of or connected with the Program, including any Claims by DWR or any other branch, agency or department of the State of California in connection with the Program (except for a breach of the DWR Funding Letter attributable to Metropolitan) or breach of its obligations hereunder, or otherwise to the extent of such Party's responsibility hereunder or to the extent that such Party caused or exacerbated such or other Claim(s).

**D. Watermaster Specific Indemnity**

Without limiting the indemnity in clause(A) above, Watermaster hereby agrees to indemnify, defend and hold harmless Metropolitan and IEUA and TVMWD, and their elected officials, officers and employees from and against any and all Claims, in any way arising out of or connected with the Program, including any Claims by DWR or any other branch, agency or department of the State of

California in connection with the Program (except for a breach of the DWR Funding Letter attributable to Metropolitan or IEUA's and TVMWD's breach of its obligations hereunder), or otherwise to the extent of Watermaster's responsibility hereunder or to the extent that it caused or exacerbated such Claim(s).

**E. Metropolitan Specific Indemnity**

Without limiting the indemnity in clause (A) above, Metropolitan hereby agrees to indemnify, defend and hold harmless IEUA and TVMWD and Watermaster, their elected officials, officers and employees from and against any and all Claims arising out of or connected with a failure under or breach of the DWR Funding Letter by Metropolitan, or otherwise to the extent of Metropolitan's responsibility hereunder or to the extent that it caused or exacerbated such or other Claim(s).

**XII. INSURANCE**

**A. General Required Coverages**

IEUA and TVMWD through agreement with their respective Operating Parties shall procure, pay for and keep in full force and effect, at all times during the term of this Agreement the following insurance (to the extent not already maintained by IEUA and TVMWD or their respective Operating Parties):

1. Commercial general liability insurance insuring IEUA and TVMWD against liability for personal injury, bodily injury, death and damage to property (including the Facilities) arising from IEUA's and TVMWD's performance under this Agreement. Said insurance shall include coverage in an amount equal to at least Five Million Dollars (\$5,000,000), and shall contain "blanket contractual liability" and "broad form property damage" endorsements insuring IEUA's and TVMWD's performance of its obligations to indemnify Metropolitan as set forth herein (the "CGL Insurance"); and
2. Pursuant to Section 3700 of the California Labor Code, workers' compensation insurance with employer's liability in the amounts required by any applicable laws (the "Workers' Compensation Insurance").
3. IEUA and TVMWD will provide proof of automobile liability insurance as required by the State of California Department of Motor Vehicles.

**B. Specific Policy Requirements**

Each policy of insurance required to be carried pursuant to this Agreement: (1) shall, except with respect to Worker's Compensation Insurance, name Metropolitan as an additional insured; (2) shall be in a form reasonably

satisfactory to Metropolitan; (3) shall be carried with companies reasonably acceptable to Metropolitan; (4) shall provide that such policy shall not be subject to cancellation, lapse or change except after at least thirty (30) days prior written notice to Metropolitan, and (5) shall, except with respect to the Environmental Liability Insurance required under clause (D) below, be on an "occurrence" basis and not on a "claims-made" basis.

**C. Deductibles/Self-Insurance.**

The insurance required by this Section XII may contain deductibles or self-insured retentions. IEUA and TVMWD through agreement with their respective Operating Parties shall be solely responsible for any such deductibles and/or self-insured retentions applicable to the coverages specified in Section XII(A). Metropolitan, at its option, may require IEUA and TVMWD to secure a surety bond or an irrevocable and unconditional letter of credit in order to ensure payment of such deductibles or self-insured retention. Insurance policies that contain deductibles or self-insured retentions in excess of \$25,000 per occurrence shall not be acceptable without the prior approval of Metropolitan.

1. Insurance Certificates.

Metropolitan reserves the right to require certified complete copies of any insurance certificates required by this Agreement but the receipt of such certificates shall not confer responsibility upon Metropolitan as to sufficiency of coverage.

2. Acceptability of Insurers

All insurance required by this Agreement shall be placed with insurers admitted to transact business in the State of California for the applicable class of insurance, as required by §700 of the California Insurance Code. Each insurer shall have a current Best Insurance Guide rating of not less than AVII, unless a lower rating is approved in writing by Metropolitan. Similarly, each self-insurer (including, if applicable, IEUA, TVMWD and/or its Operating Parties) shall have a self-insured liability program that is based upon excess liability policies rated at AVII or higher, unless otherwise approved in writing by Metropolitan.

**D. Environmental Liability Insurance**

If IEUA, TVMWD and Metropolitan agree to procure environmental liability insurance, IEUA and TVMWD shall obtain and Metropolitan shall pay 50% of the cost of the policy of environmental liability insurance that, at a minimum, shall cover: (1) the costs of on-site and off-site clean-up of pollution conditions relating to or arising from the Program (including natural resource damages, changes in water quality regulatory requirements and/or changes in the quality of

water in the basin below original water quality readings); and (2) losses resulting from tort claims for bodily injury and property damage resulting from pollution conditions relating to or arising from the Program. Such insurance shall have limits of liability and terms and conditions (including premiums) reasonably approved by Metropolitan. Notwithstanding the foregoing, if Metropolitan reasonably agrees that, despite IEUA's and TVMWD's good faith and diligent efforts to obtain such environmental liability insurance, the coverage required herein is not available on commercially reasonable terms, IEUA and TVMWD shall obtain the coverage that most closely approximates the coverage required herein that is available on commercially reasonable terms or consider other risk financing alternatives. Metropolitan shall pay 50% of the cost of any such alternative coverage or risk financing alternative selected by IEUA and TVMWD, provided that the terms and conditions (including premiums) have been reasonably approved by Metropolitan.

For purposes of this Section XII(B), the "costs" of environmental liability insurance, alternative coverage or risk financing alternatives to be shared by the parties as provided in the prior paragraph shall include (1) insurance premiums and other up-front or periodic costs of coverage; (2) deductibles payable in connection with claims; and (3) any out-of-pocket costs (including court costs, attorneys' fees and other litigation expenses) incurred in connection with enforcement or collection under the policy, alternative coverage or other risk financing alternative.

### **XIII. DISPUTE RESOLUTION; DEFAULTS AND REMEDIES**

#### **A. Dispute Resolution**

If any dispute arises between or among the Parties regarding interpretation or implementation of this Agreement (or the Operating Committee is unable to reach agreement on a matter being considered by it), the Parties will endeavor to resolve the dispute by using the services of a mutually acceptable consultant. The fees and expenses of the consultant shall be shared equally by the Parties. Except for disputes relating to exercises of Metropolitan discretion pursuant to Sections V(C); VII(A); VII(C); VII(D); XII(A) and XIII(B), if a consultant cannot be agreed upon, or if the consultant's recommendations are not acceptable to all Parties (or, in the case of the Operating Committee, to the members thereof), and unless the Parties (or members of the Operating Committee) otherwise agree, such dispute shall be settled by arbitration in accordance with the Rules of the American Arbitration Association in the County of Los Angeles, California. The arbitration panel acting pursuant to said rules may order any legal or equitable relief permitted by California law, including, without limitation, (1) declaratory and injunctive relief, (2) **SPECIFIC PERFORMANCE OF THE TERMS, CONDITIONS AND OBLIGATIONS OF THIS AGREEMENT**, (3) monetary liability, or (4) any other relief (including, without limitation, termination of this Agreement, as set forth in Section XIII(B) below) consistent

with the purposes of this Agreement and applicable to the matter. The arbitration panel shall also be empowered to make final and binding determinations with respect to matters before the Operating Committee, where the members of the Committee were unable to reach agreement. Judgment upon the award rendered by the arbitration panel may be entered and enforced by any court having jurisdiction thereof.

**B. Defaults and Remedies**

1. Should IEUA or TVMWD, each acting through agreement with its respective Operating Parties, fail to fully perform in the extraction of Program Water from the Metropolitan Water Storage Account in accordance with Exhibit G in response to a call from Metropolitan that has been approved by the Watermaster, and upon a determination by the Operating Committee that full performance could and should have occurred, then Metropolitan shall invoice to IEUA or to TVMWD, as appropriate, water delivered equal to the quantity in acre-feet of non-performance at two times the Tier 2 full service water rate (or its equivalent, as determined by Metropolitan in its reasonable discretion) currently then in effect ("Nonperformance Penalty").

2. Should the Operating Committee in its review of incomplete performance, as specified in paragraph B (1) above, determine that unanticipated operational or water quality considerations precluded full performance, the Operating Committee shall not recommend to Metropolitan that the Nonperformance Penalty be assessed. In such case, IEUA or TVMWD, whichever is the responsible Member Agency, shall work with the nonperforming Operating Party to promptly set out a mutually agreeable course of action and schedule to correct the deficiency and present such to the Operating Committee for its concurrence. Future nonperformance outside of the agreed-upon schedule (provided that the Operating Committee has concurred with such schedule) would be subject to the Nonperformance Penalty.

**C. Termination**

1. Notwithstanding anything to the contrary herein, upon a breach of any provision of this Agreement by IEUA, TVMWD or Watermaster or any of them, Metropolitan may terminate this Agreement as to the breaching Party, by written notice to IEUA, TVMWD and Watermaster. Upon such termination, the breaching Party shall be required to reimburse Metropolitan for all Program Funds advanced to such Party by Metropolitan pursuant to this Agreement. Further, Metropolitan may require the breaching Party to purchase in equal installments over a 5-year period, at Metropolitan's then applicable full-service rate (or its equivalent, as determined by Metropolitan in its reasonable discretion), the balance of any water then identified in the Metropolitan Water Account.



Upon full reimbursement and payment of the amounts required pursuant to this Section XIII(C), this Agreement shall be fully terminated as to the breaching Party.

2. Notwithstanding anything to the contrary herein, upon a breach of any provision of this Agreement by Metropolitan, IEUA and TVMWD may terminate its participation in this Agreement by written notice to Metropolitan. Upon such termination, the terminating Party shall be responsible to purchase in equal installments over a 5 year period, at Metropolitan's then applicable full-service rate (or its equivalent as determined by Metropolitan in its reasonable discretion), the balance of any water then identified in the Metropolitan Storage Account.

**D. Remedies Are Cumulative**

The rights and remedies of the Parties are cumulative, and the exercise by any Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same breach or any other breach by the other Party.

**XIV. FORCE MAJEURE EVENTS**

**A. Excuse to Performance**

In addition to specific provisions of the Agreement, lack of performance by any Party shall not be deemed to be a breach of this Agreement, where delays or defaults are due to acts of God, or the elements, accident, casualty, labor disturbances, unavailability or delays in delivery of any product, labor, fuel, service or materials, failure or breakdown of equipment, strikes, lockouts, or other labor disturbances, acts of the public enemy, orders or inaction of any kind from the government of the United States, the State of California, or any other governmental, military or civil authority (other than Metropolitan, IEUA, TVMWD or Watermaster), war, insurrections, riots, epidemics, landslides, lightning, droughts, floods, fires, earthquakes, arrests, civil disturbances, explosions, freight embargoes, lack of transportation, breakage or accidents to vehicles, or any other inability of any Party, whether similar or dissimilar to those enumerated or otherwise, which are not within the control of the Party claiming such inability or disability, which such Party could not have avoided by exercising due diligence and care and with respect to which such Party shall use all reasonable efforts that are practically available to it in order to correct such condition (such conditions being herein referred to as "Force Majeure Events").

**B. Responding to Force Majeure Events**

The Parties agree that in the event of a Force Majeure Event which substantially interferes with the implementation of this Agreement, the Parties will use their

best efforts to negotiate an interim or permanent modification to this Agreement which responds to the Force Majeure Event and maintains the principles pursuant to which this Agreement was executed.

**XV. MISCELLANEOUS**

**A. Entire Agreement**

This Agreement constitutes the entire agreement between the Parties pertaining to the matters provided for herein and, except as herein provided, supersedes all prior and/or contemporaneous agreements and understanding, whether written or oral, between the Parties relating to the matters provided for herein.

**B. Interpretation**

The Parties have participated in the drafting of this Agreement and the Agreement shall not be construed for or against any Party. The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against any of the Parties hereto and Section 1654 of the Civil Code has no application to interpretation of this Agreement. In addition, this Agreement shall be construed to the maximum extent possible in conformance with Prop. 13, the DWR Funding Letter, the IRP, the Groundwater Storage Principles, the RFP, and the Proposal. Notwithstanding anything to the contrary herein, to the extent this Agreement conflicts with the RFP and/or Proposal, this Agreement shall control.

**C. Further Assurances**

Each Party, upon the request of the other, agrees to perform such further acts and to execute and deliver such other documents as are reasonably necessary to carry out the provisions of this instrument.

**D. Counterparts**

This Agreement, and any document or instrument entered into, given or made pursuant to this Agreement or authorized hereby, and any amendment or supplement thereto may be executed in two or more counterparts, and by each party on a separate counterpart, each of which, when executed and delivered, shall be an original and all of which together shall constitute one instrument, with the same force and effect as though all signatures appeared on a single document. Any signature page of this Agreement or of such an amendment, supplement, document or instrument may be detached from any counterpart without impairing the legal effect of any signatures thereon, and may be attached to another counterpart identical in form thereto but having attached to it one or more additional signature pages. In proving this Agreement or any such amendment, supplement, document or instrument, it shall not be necessary to produce or

account for more than one counterpart thereof signed by the Party against whom enforcement is sought.

**E. Assignment**

No Party shall transfer this Agreement, in whole or in part, or any of its interests hereunder, to any other person or entity, without the prior written consent of the other Parties. Any attempt to transfer or assign this Agreement, or any privilege hereunder, without such written consent shall be void and confer no right on any person or entity that is not a Party to this Agreement. Nothing contained herein shall prevent the Parties from subcontracting for the performance of obligations hereunder, provided, however, no such subcontracting shall relieve the Parties from the performance of their respective obligations hereunder.

**F. Venue**

Any legal actions initiated pursuant to this Agreement or otherwise with respect to its subject matter must be instituted in the Superior Court of the County of Los Angeles, State of California, or in the Federal District Court in the Central District of California.

**G. Governing Law; Attorneys Fees and Costs**

The laws of the State of California shall govern the interpretation and enforcement of this Agreement. The non-prevailing party in any claim, suit or other action, including use of the dispute resolution as provided for in Section XIII(A), brought by such party shall pay to the prevailing party the costs of such prevailing party's attorneys fees and expenses and all other costs and expenses incurred by the prevailing party in defense of such action.

**H. Notice**

Formal written notices, demands, correspondence and communications between the Parties authorized by this Agreement shall be sufficiently given if personally served or dispatched by registered or certified mail, first-class, postage prepaid, return receipt requested, to the Parties as follows:

To IEUA: Inland Empire Utilities Agency  
General Manager  
P.O. Box 697  
Rancho Cucamonga, CA 91729

To TVMWD: Three Valleys Municipal Water District  
General Manager

1021 E. Miramar Avenue  
Claremont, CA 91711

To Watermaster: Chino Basin Watermaster  
Chief Executive Officer  
8632 Archibald Avenue, Suite 109  
Rancho Cucamonga, CA 91730

To Metropolitan: The Metropolitan Water District  
of Southern California  
Chief Executive Officer  
700 No. Alameda Street  
Los Angeles, California 90012

Such written notices, demands, correspondence and communications may be sent in the same manner to such other persons and addresses as either Party may, from time to time, reasonably designate by mail as provided in this Section. Notice shall be deemed given when received by mail or when personally served.

**I. Successors**

This Agreement shall bind and inure to the benefit of the Parties, and their respective successors and assigns.

**J. Severability**

Should any provisions of this Agreement prove to be invalid or illegal, such invalidity or illegality shall in no way affect, impair or invalidate any other provisions hereof, and such remaining provisions shall remain in full force and effect; provided, however, if the illegality or invalidity of any provision undermines the intent of the Parties, then the Parties shall attempt in good faith to amend the agreement in order to fulfill the intent of the Parties. If the Parties are unable to so amend the Agreement, then the Agreement shall terminate and be of no further force or effect.

**K. Time is of the Essence**

Time is of the essence with respect to the performance of every provision of this Agreement in which time of performance is a factor.

**L. Amendment**

This Agreement may be amended only in writing duly executed by the Parties hereto. Notwithstanding the foregoing, individual items listed in Exhibit H are subject to adjustment pursuant to the procedure set forth in Exhibit H.

March 28, 2003 DRAFT

*[Remainder of Page Intentionally Blank – Signature Pages Follow]*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first set forth above.

THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

By: \_\_\_\_\_  
Ronald R. Gastelum  
Chief Executive Officer

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

APPROVED AS TO FORM:  
**Jeffrey Kightlinger**  
General Counsel

By: \_\_\_\_\_  
(Name)  
Assistant General Counsel

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

INLAND EMPIRE UTILITIES AGENCY

By: \_\_\_\_\_  
Richard Atwater  
General Manager

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
(Name)  
General Counsel

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

THREE VALLEYS MUNICIPAL WATER  
DISTRICT

By: \_\_\_\_\_  
(Name)  
General Manager

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
(Name)  
General Counsel

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

CHINO BASIN WATERMASTER

By: \_\_\_\_\_  
(Name)  
Watermaster

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
(Name)  
General Counsel

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

**EXHIBIT A**

**DWR FUNDING LETTER**

**Exhibit B**

**REQUEST FOR PROPOSAL**



## Exhibit C

### THE PROPOSAL

**Exhibit D**

**METROPOLITAN AWARD LETTER**

**Exhibit E**

**PROCEDURE FOR INITIAL CALCULATION OF  
METROPOLITAN STORAGE ACCOUNT**

Exhibit E is to itemize a pre-existing storage account to be rolled over into the conjunctive use Program Metropolitan Storage Account. This rollover water is to be called and sold to IEUA on a first in/first out basis. The applicable water rate to be paid for each rolled over account is specified in this exhibit, as is the responsibility for extraction costs, facility maintenance fees, etc.

Water Account	Quantity of Water Transferred (Acre-feet)	Water Rate to be Paid when called under this Agreement for firm delivery	Responsibility for Costs: Electrical and Operation & Maintenance Costs	Losses
Trust Storage Account	4,739	Untreated replenishment rate at the time the water is called under this Agreement	IEUA	None
Trust Storage Account	X <sup>1</sup>	Untreated firm rate at the time the water is called under this Agreement	Metropolitan	Losses assigned at same rate as to other storage water in Chino Basin

<sup>1</sup> Acre-feet of water stored by Metropolitan in the Chino Basin with the authorization of the Watermaster during the period beginning March 1, 2003 through the Effective Date.

## Exhibit F

### ACCOUNTING METHODOLOGY

#### Annual Operating Plan

Commencing upon the Effective Date of this Agreement and thereafter prior to the beginning of each fiscal year, the Operating Committee will develop an Annual Operating Plan to forecast IEUA's and TVMWD's operations for the coming year in terms of groundwater production and imported water delivery absent the Program, as well as intended storage through in-lieu deliveries, injection and direct spreading, and extraction. Deliveries to the Metropolitan Storage Account through in-lieu deliveries, injection, or direct spreading will be determined using methodologies detailed in this Exhibit F.

The Annual Operating Plan must reflect IEUA's and TVMWD's monthly operations in terms of groundwater production and imported water deliveries absent the Program. If water is to be stored through direct injection or spreading or in-lieu deliveries, the Annual Operating Plan must indicate the months when the deliveries to the Chino Basin are expected to occur. If water is to be extracted, the operating schedule must reflect the amount of imported water that will be delivered from the Metropolitan Storage Account each month.

Upon call by Metropolitan for storage or extraction, the Operating Committee shall prepare a revision to the Annual Operating Plan for submission to Metropolitan, IEUA, TVMWD, and Watermaster, which would indicate the revised monthly storage or extraction amounts for the Metropolitan Storage Account. Metropolitan shall invoice for extracted Stored Water Delivery on a monthly basis at the firm water rate minus pumping and Operations and Maintenance Costs, according to the revised Annual Operating Plan. Any adjustments to the quantities billed shall be made during the year-end reconciliation.

#### Calculation of Storage and Extraction

IEUA and TVMWD shall account for all water stored and extracted in the Chino Basin by their respective subagencies and each submit its certification of these total amounts and the subset of these amounts achieved for the Metropolitan Storage Account. IEUA and TVMWD shall each submit this certification to Metropolitan and the Watermaster on a monthly basis. At the end of each fiscal year, IEUA and TVMWD shall perform an annual assessment of total storage and extraction and the subset achieved for the Metropolitan Storage Account. Any adjustments to the monthly submittals shall be provided by IEUA to Metropolitan and to the Watermaster in a timely manner for consideration in the preparation of the Watermaster's annual report.

All accounting for the Metropolitan Storage Account shall conform to the following unless otherwise agreed by Metropolitan, IEUA, TVMWD, and Watermaster:

a. Initial storage balance upon execution of this Agreement shall be consistent with Exhibit E "Procedure for Initial Calculation of Metropolitan Storage Account". This initial storage balance is firm water to be billed at the rate designated in Exhibit E upon its extraction. This water, when extracted, shall be part of IEUA's firm water allocation pursuant to the rate structure. This water shall be first in, and first out of the Metropolitan Storage Account.

b. All other water delivered to the Metropolitan Storage Account shall be "new wet-water storage" to the Chino Basin, and not accomplished through an accounting transfer of pre-existing storage. New storage is achieved through demonstrated in-lieu delivery spreading, or injection of imported water supplied by Metropolitan.

c. Monthly amounts certified by IEUA or TVMWD as in-lieu storage cannot exceed:

1. extraction capacity available within IEUA's or TVMWD's service area in the month certified, and
2. amount of firm water purchased by IEUA or TVMWD from Metropolitan in the month certified.

In-lieu storage amount will be equal to the difference between the amount pumped during the year and the sum of the pumping rights, but in no case shall be larger than the quantity of water purchased from Metropolitan or the pumping capacity.

Within two months following the formal issuance of Watermaster's annual report, the Operating Committee shall perform an annual reconciliation of Metropolitan and IEUA's and TVMWD's records with the Watermaster report with respect to total storage and/or extraction from the Metropolitan Storage Account and Metropolitan's water billing inclusive of credits for the Operation and Maintenance Costs and Electrical Costs, and prepare any needed paperwork for adjustments to the billing.

## Exhibit G

### Chino Basin Conjunctive Use "Dry Year" Storage Project Performance Criteria

Metropolitan may, on fifteen (15) days notice, require Program Agency to meet the objectives of the project as follows:

- 1) IEUA and TVMWD agree to reduce imported water deliveries by approximately 33,000 AF from the preceding 12 month period during the next 12 month period; and
- 2) IEUA, TVMWD and Chino Basin Watermaster through their agreements with Operating Parties will cause to be pumped during the next 12 months 33,000 AF from the Metropolitan Storage Account; and
- 3) Chino Basin pumping by the Operating Parties in the Dry Year program within the Chino Basin appropriative pool will increase over the previous year by 33,000 AF.

All three performance targets do not need to be met precisely (+ or - 10 percent.) As an example, IEUA and TVMWD would meet the objectives of the program if all three of the following occurred:

- |           |  |
|-----------|--|
| 30,000 AF | Reduced imported full service deliveries when compared to the preceding 12 months. |
| 31,000 AF | Pump from Metropolitan Storage Account.  |
| 34,000 AF | Increase pumping by Operating Parties, when compared to the preceding year.        |

However, the Operating Committee may mutually agree that performance targets are met even though a performance target is not met (a scenario when retail conservation were to exceed 15 - 25 percent or if other local supplies were developed, e.g., dramatic increase in recycled water use, may reduce the opportunity for the retail agencies to pump 33,000 AF from the Metropolitan Storage Account.) In this case, the Operating Committee would need to agree on the variance procedures for accepting a modified performance target after the episode. It should be generally agreed that additional use and production of all local supplies native to the Chino Basin area should not be restricted or cause IEUA, TVMWD or Chino Basin Watermaster (or the Operating Parties) to be out of compliance of the performance target. It should also be agreed that if IEUA and TVMWD retailers demand firm water from Metropolitan over the twelve month period, the pumped water would come from the Metropolitan Storage Account up to 33,000AF.

The objective of the program is to provide 33,000 acre-feet of additional pumping capacity in the Chino Basin for dry year use, to allow Metropolitan, IEUA and TVMWD the flexibility to utilize the Facilities in the most efficient manner possible (including normal year and wet years) and to ensure that upon a call of Metropolitan's stored water, Facilities will be used to provide an additional supply of water to meet IEUA's and TVMWD's needs. A partial call will be addressed through a pro rata performance of all three objectives.

## Exhibit H

### DESCRIPTION OF PROGRAM FACILITIES & OPERATING PARTIES

[NOTE: Need to include updated list of Operating Parties, the Facilities to be constructed, operated and maintained by each, the yield to be produced by each, and the funding amount and source allocated to each. IEUA to provide final version of exhibit.]

Agency	Facility Name	Location
<b>Ion Exchange Nitrate Removal Facility</b>		
City of Chino	Southwest A	Phillips Blvd & Central Ave
	Southwest A alternative	Benson Ave, south of Francis St
	Northwest B	Palo Verde St & Benson Ave
City of Chino Hills	Southwest C	State St & Ramona Ave
	Southwest D	Chino Hills Pkwy & Ramona Ave
CCWD	North Central	Apricot St & Amethyst Ave
MVWD	Southwest B	Monte Vista Ave, btwn Phillips Blvd & Grand Ave
	Northwest B	Palo Verde St & Benson Ave
City of Ontario	Central	Cucamonga Ave, btwn Fourth St & I St
City of Pomona	West	First St & San Lorenzo St
City of Upland	Northwest A	Ninth Ave, west of Mountain Ave
<b>Well Facilities</b>	<b>Quantity</b>	
CCWD	2	East Ave & I-15 Fwy
MVWD	1	Monte Vista Ave & Richton St
City of Ontario*	1	Monte Vista Ave & Richton St
	1	Seventh St & Grove Ave
	1	1150 Hellman Ave
	1	Concours & Milliken Ave
	1	1335 Hoyt Blvd
	1	G St & Grove Ave
	1	Belmont St & Grove Ave
	1	Jurupa St & Dupont Ave
	SAWC	1



\*City of Ontario will select four of the seven listed well sites

The foregoing list is a preliminary list based on reasonable expectations of the Parties as of the Effective Date. Individual items on this Exhibit H may be adjusted from time to time by written notice from IEUA or TVMWD, as applicable, and Watermaster to Metropolitan. Each such notice shall specify the items to be adjusted and the amount of adjustment and shall certify to Metropolitan that after making such adjustment the Operational Capacity Thresholds continue to be met. Each notice which meets the requirements of this paragraph shall modify this Exhibit H to the extent provided in the notice.

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# **CHINO BASIN WATERMASTER**

## **Exhibit II.I**

**LOCAL AGENCY AGREEMENT**

**Dated as of April 17, 2003**

**By and Among**

**INLAND EMPIRE UTILITIES AGENCY**

**And**

**MONTE VISTA WATER DISTRICT**

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## LOCAL AGENCY AGREEMENT

This Agreement is entered into as of April 17, 2003, by and among the Inland Empire Utilities Agency ("IEUA"), a municipal water district duly organized and existing under the laws of the State of California, and the Monte Vista Water District, ("Local Agency"), a County Water District organized pursuant to County Water District Law; Division 12, Section 30000 et seq. of the Water Code.

### WITNESSETH:

WHEREAS, in March 2000, California voters approved Proposition 13 ("Prop. 13") authorizing the State of California to sell \$1.97 billion in general obligation bonds for water related projects throughout the State. The Governor's Budget Act for 2000, Chapter 52, Statutes of 2000, appropriated to the California Department of Water Resources ("DWR") local assistance grants for groundwater storage and supply reliability projects in the amount of \$161,544,000 by budget item 3860-01-6027, payable from the Interim Reliable Water Supply and Water Quality Infrastructure and Managed Subaccount; and

WHEREAS, Metropolitan was subsequently selected by DWR as a grant recipient for \$45 million (the "Prop. 13 Funds") to be used for groundwater storage projects within its service area. In a letter dated October 13, 2000, DWR set forth the specific terms and conditions of the grant to Metropolitan; and

WHEREAS, on September 20, 2000, Metropolitan sent a letter to its twenty-six member public agencies (consisting of cities, municipal water districts and a county water authority within its 5,155 square-mile service area covering portions of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties), requesting a list of groundwater storage projects to be considered for Prop.13 Funding. On November 1, 2000, Metropolitan delivered to those member public agencies that indicated an interest in the Prop. 13 groundwater storage programs a Request for Proposals for Participation in Groundwater Storage Programs Using Proposition 13 Funds, RFP No. WRM-2 (the "RFP"); and

WHEREAS, Metropolitan anticipated that programs funded by the Prop. 13 Funds would store water (by various methods) that Metropolitan imports from the State Water Project and the Colorado River. This stored water would be pumped by the member agency (or a sub-agency) with a corresponding reduction in surface water deliveries from Metropolitan. As a result, Metropolitan would have a greater amount of water to distribute within its service area. In addition, such groundwater storage programs are part of a larger effort to meet water supply demands in Southern California, as specifically set forth in the Integrated Water Resources Plan approved by Metropolitan's Board of Directors in 1996, and the Groundwater Storage Principles adopted in connection therewith by Metropolitan's Board of Directors in January 2000; and

WHEREAS, IEUA has entered into a Groundwater Storage Project Funding Agreement (the "Metropolitan Agreement") with Metropolitan, Three Valleys Municipal Water District and Chino Basin Watermaster whereby, among other things, funding will be provided to finance the Monte Vista Water District facilities listed on Exhibit A hereto (the "Local Agency Facilities") which are necessary to enhance a groundwater storage program in the Chino Basin; and



WHEREAS, IEUA desires to pass through to the Local Agency funding received by IEUA under the Metropolitan Agreement which are allocable to the Local Agency Facilities for use by the Local Agency to construct the Local Agency Facilities; and

WHEREAS, in exchange for such funding, the parties hereto intend that the Local Agency assume all obligations of IEUA under the Metropolitan Agreement and all obligations relating to the Local Agency Facilities, whether such obligations are imposed by Metropolitan, DWR or another entity, such obligations including but not limited to the obligations recited in Sections III, IV, V, VII, X, XI and XII of the Metropolitan Agreement;

NOW THEREFORE, the parties hereto do agree as follows:

Section 1. Definitions. All capitalized terms used herein and not otherwise defined shall have the meanings given in the Metropolitan Agreement.

Section 2. Effective Date; Termination Date. This Agreement shall become effective upon the Effective Date of the Metropolitan Agreement and shall terminate 25 years following the effective date.

Section 3. IEUA Duties. In exchange for the Local Agency duties and obligations established under the provisions of this Agreement, IEUA shall reimburse the Local Agency an amount equal to \$3,107,012 for project related expenditures associated with the construction of one or more of the Local Agency Facilities listed on Exhibit A. IEUA acknowledges and agrees that the Local Agency Facilities shall be comprised of one or more of the facilities listed in Exhibit A. Payment by IEUA to the Local Agency shall be in accordance with the provisions of the Metropolitan Agreement. IEUA further agrees to fund all costs necessary to reactivate that portion of the existing brine disposal system, commonly know as West Edison Non-Reclaimable Waste Line, necessary to permit brine disposal from the joint City of Chino/MVWD Ion Exchange Facility located at the Palo Verde Street and Benson Avenue site to the West Edison Non-Reclaimable Waste Line. IEUA's obligation to fund all costs necessary to reactivate the West Edison Non-Reclaimable Waste Line shall be exclusive of and in addition to IEUA's payment to the Local Agency of the \$3,107,012. IEUA further agrees that it will complete all necessary improvements to permit reactivation of this portion of the West Edison Non-Reclaimable Waste Line by no later than December 2006, or as mutually agreed to by IEUA and the Local Agency.

Section 4. Local Agency Duties Generally. Local Agency hereby accepts and agrees to perform all of IEUA's duties under the Metropolitan Agreement relating to the Local Agency Facilities, it being the intention of IEUA and Local Agency that Local Agency will be directly responsible for all aspects of constructing, operating and maintaining the Local Agency Facilities in accordance with the Metropolitan Agreement. Local Agency shall only be required to increase its overall local groundwater production capacity in an amount equal to that percentage of 4,000 acre feet that equals the percentage of IEUA payment to the Local Agency of the \$3,107,102.

Section 5. Illustrative List of Local Agency Duties. Among the duties Local Agency shall perform are those set forth below in this Section. Such duties are merely illustrative of the duties Local Agency shall perform and do not limit Local Agency's responsibilities hereunder.

(a) Construction Duties. Local Agency shall perform all of IEUA's duties with respect to the construction of the Local Agency Facilities which are set forth in the Metropolitan Agreement.

Such duties include but are not limited to (i) obtaining the Required Approvals applicable to the Local Agency Facilities pursuant to Section III(C) of the Metropolitan Agreement, (ii) providing for the planning and preconstruction requirements of Section IV(A) of the Metropolitan Agreement which relate to the Local Agency Facilities, (iii) providing for the construction of the Local Agency Facilities in accordance with Section IV(B) of the Metropolitan Agreement, and (iv) completing construction of the Local Agency Facilities in accordance with the timeline set forth in Section IV(B) of the Metropolitan Agreement including retaining and supervising qualified contractors.

(b) Cost Overruns. Local Agency agrees to pay for any cost overruns allocable to the Local Agency Facilities pursuant to Section V(B). In addition, Local Agency shall pay any amounts due to Metropolitan pursuant to Section V(B)(2) which is allocable to the Local Agency Facilities. Should bids for construction of the Local Agency Facilities exceed the Approved Budget by more than five percent (5%), IEUA will review such cost increase with the Local Agency to determine the appropriate way to proceed with the program and the Local Agency may authorize a cost share, to change the scope of the project, or to discontinue the project, all in accordance with Section V(B)(2) of the Metropolitan Agreement.

(c) Operation and Maintenance Duties. With respect to the Local Agency Facilities, Local Agency agrees to perform those certain duties listed in the Metropolitan Agreement, namely:

(i) Cause the Local Agency Facilities to be operated and maintained in as good and efficient condition as upon their construction, ordinary and reasonable wear and depreciation excepted, and otherwise in accordance with industry standards (and DWR standards and requirements, if any);

(ii) Provide for all repairs, renewals, and replacements necessary to the efficient operation of the Local Agency Facilities;

(iii) To the extent existing facilities are utilized for the Program, provide for all repairs, renewals, and replacements necessary to the efficient operation of such existing facilities; and

(iv) Upon call by Metropolitan for Stored Water Delivery, operate Facilities, combined with the existing infrastructure, at Operational Capacity Thresholds necessary to meet performance targets as outlined in Exhibit G of the Metropolitan Agreement.

(d) Delivery of Metropolitan Water. Watermaster and IEUA will allocate Metropolitan water supplied by Metropolitan's Storage Account (replenishment, injection or in lieu) through an annual operating plan to be approved by IEUA and Watermaster. To the extent that Local Agency is allocated Metropolitan in lieu water, rates and charges paid by the Local Agency for such in lieu deliveries shall be based upon IEUA rates and charges adopted its Board of Directors for the Metropolitan Dry Year Storage Program from time-to-time.

(e) Groundwater and Pumping Responsibilities. Local Agency acknowledges and agrees that Metropolitan has the right to demand the pumping of stored water in the Chino groundwater basin in the maximum amount indicated herein. Local Agency shall reduce its imported water and provide for the pumping of stored water upon Metropolitan's request of a Stored Water Delivery, all in accordance with Section VII(C) of the Metropolitan Agreement, and consistent with Exhibit B hereto; provided, that the maximum amount in any given year shall not exceed that percentage of the

amount in Exhibit B that equals the percentage of IEUA payment to the Local Agency of the \$3,107,012. Local Agency shall be reimbursed by Metropolitan for operation and maintenance expenses incurred when pumping stored water upon Metropolitan's demand, all in accordance with Section VII(D) of the Metropolitan Agreement.

(f) Recordkeeping, Reporting, Inspection and Audit Duties. Local Agency shall perform all of IEUA's recordkeeping, reporting, inspection and audit duties which relate to the Local Agency Facilities, all in accordance under Section X of the Metropolitan Agreement.

(g) Indemnity. Local Agency shall immediately reimburse IEUA for any amounts expended for compliance with Section XI of the Metropolitan Agreement which are allocable or which in any way relate to the Local Agency Facilities.

(h) Insurance. Local Agency shall be responsible for providing and paying for all insurance with respect to the Local Agency Facilities required by Section XII of the Metropolitan Agreement.

Section 6. Representations, Warranties and Covenants. Local Agency represents, warrants and covenants as follows:

(a) Power and Authority. [NOT APPLICABLE TO EVERYONE] That it is a County Water District organized pursuant to County Water District Law; Division 12, Section 30000 et seq. of the California Water Code; that it has all necessary power and authority to enter into this Agreement and to perform its obligations hereunder on the terms set forth in this Agreement, and that the execution and delivery hereof by it and the performance of its obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which it is a party or by which it is a party or by which it is bound.

(b) Authorization; Valid Obligation. That all proceedings required to be taken by or on behalf of Local Agency to authorize it to make, deliver and carry out the terms of this Agreement have been duly and properly taken, and that this Agreement is its valid and binding obligation enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

(c) No Litigation. To the best of Local Agency's knowledge, there is no litigation, proceeding or investigation pending or threatened, to which it is or would be a party, or which does or would bind or relate to the Chino Basin, directly or indirectly, which, individually or in the aggregate, if adversely determined, might materially and adversely affect its ability to perform its obligations under this Agreement, or which raises a question as to the validity of this Agreement, or any action to be taken hereunder.

(d) Compliance with Laws. In the performance of its obligations hereunder, Local Agency and its contractors and subcontractors will comply with all applicable laws, regulations and ordinances, including, without limitation, those listed in Section IX of the Metropolitan Agreement.

Local Agency and its contractors and subcontractors will give written notice of its obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Local Agency and its contractors will include the nondiscrimination and

compliance provisions of this clause in all contracts and subcontracts let for the construction of the Local Agency Facilities.

(e) Compliance with DWR Requirements. The Plans will comply with any DWR requirements, including any requirements set forth in the DWR Funding Letter. During the performance of its obligations herein, Local Agency will comply with any DWR requirements, including any requirements set forth in the DWR Funding Letter.

(f) No Construction. That construction of the Local Agency Facilities and related work (including planning activities) did not commence prior to the Effective Date.

(g) Capacity. Local Agency and its contractors, subcontractors and its respective agents will at all times act in an independent capacity and not purport to act as, or represent to others that they are, officers, employees, representatives or agents of Metropolitan, DWR or the State of California.

(h) Overnight and Supervision of Construction. Local Agency will oversee and supervise all contractors and keep control of all work and provisions of services and materials in connection with the Program.

(i) Maintain Ownership of Program Property. Local Agency will not sell, abandon, lease, transfer, exchange, mortgage, hypothecate or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Program. Without the written consent of IEUA, which consent shall not unreasonably be withheld, IEUA shall have the burden of persuasion with respect to the unreasonableness of any proposed Local Agency action regarding the property. Local Agency shall use reasonable efforts to avoid material legal injury to third parties and to comply with lawful regulatory agency requirements in the construction and operation of MVWD Local Agency Facilities.

#### Section 7. Miscellaneous.

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

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

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

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

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

If to IEUA: Inland Empire Utilities Agency  
9400 Cherry Avenue, Bldg. A  
Fontana, California 92335  
Attention: Treasurer

With a copy to: Stradling Yocca Carlson & Rauth  
660 Newport Center Drive, Suite 1600  
Newport Beach, California 92660  
Attention: Douglas Brown

If to Watermaster: Chino Basin Watermaster  
8632 Archibald Avenue, Suite 109  
Rancho Cucamonga, California 91730  
Attention: Executive Director

If to Local Agency: Monte Vista Water District  
Post Office Box 71  
Montclair, California 91763  
Attention: General Manager

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

(f) Merger of Prior Agreements. This Agreement and the Exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof.

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

IN WITNESS WHEREOF, IEUA has executed this Agreement with the approval of its governing body, Watermaster has executed this Agreement with the approval of its governing body, and Local Agency has executed this Agreement in accordance with the authorization of its governing body.

INLAND EMPIRE UTILITIES AGENCY

By: *Richard W. Atwater*  
Richard W. Atwater  
Chief Executive Officer/General Manager

MONTE VISTA WATER DISTRICT

By: *Robb D. Quincey*  
Robb D. Quincey, President  
Board of Directors

By: *Mark N. Kinsey*  
Mark N. Kinsey  
General Manager

**EXHIBIT A**

**MONTE VISTA WATER DISTRICT**

**LOCAL AGENCY FACILITIES**

1. Groundwater Production Well generally located at the intersection of Richton Street and Monte Vista Avenue, City of Montclair.
2. Joint City of Chino/Monte Vista Groundwater Production Well and Ion-Exchange Facility located at Palo Verde and Benson Avenue, City of Montclair.
3. Aquifer Storage and Recovery Well located at Monte Vista Water District Plant 9 Site, 5617 San Bernardino Street, City of Montclair.
4. Aquifer Storage and Recovery Well located at Monte Vista Water District Plant 12 Site on the corner of G Street and Benson Avenue, City of Montclair.
5. Ion-Exchange Facility at Monte Vista Water District Plant 2/Well 2 Site, 4775 Grand Avenue, City of Montclair.

 IEUA

 Local Agency

**EXHIBIT B**

**PERFORMANCE TARGETS**

**MONTE VISTA WATER DISTRICT**

**Dry Year Shift obligation of 4,000 AF over 12-month period**

- 4,000 AF reduced imported water reduction**
  - 4,000 AF pumped from Metropolitan Water District storage account**
  - 4,000 AF increase in Monte Vista Water District overall local supply production**
- all three criteria must be met plus or minus 10 percent**

**Failure to perform would result in Monte Vista Water District being charged a rate equal to two times the Metropolitan Tier 2 rates in effect at such time for each acre-foot of the Dry Year Shift obligation not met.**

*[Handwritten Signature]* IEUA  
*[Handwritten Signature]* Local Agency



# **CHINO BASIN WATERMASTER**

## **Exhibit II.J**

DRAFT

LOCAL AGENCY AGREEMENT

Dated as of April\_\_\_\_, 2003

By and Among

INLAND EMPIRE UTILITIES AGENCY,

And

THE CITY OF ONTARIO

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**EXHIBITS**

Exhibit A City of Ontario - Local Agency Facilities.....A-1

Exhibit B City of Ontario - Performance Target.....B-1

## LOCAL AGENCY AGREEMENT

This Agreement is entered into as of \_\_\_\_\_, 2003, by and among the Inland Empire Utilities Agency ("IEUA"), a municipal water district duly organized and existing under the laws of the State of California, and the City of Ontario, ("Local Agency"), a general law city, duly organized and validly existing under the laws of the State of California.

### WITNESSETH:

WHEREAS, in March 2000, California voters approved Proposition 13 ("Prop. 13") authorizing the State of California to sell \$1.97 billion in general obligation bonds for water related projects throughout the State. The Governor's Budget Act for 2000, Chapter 52, Statutes of 2000, appropriated to the California Department of Water Resources ("DWR") local assistance grants for groundwater storage and supply reliability projects in the amount of \$161,544,000 by budget item 3860-01-6027, payable from the Interim Reliable Water Supply and Water Quality Infrastructure and Managed Subaccount; and

WHEREAS, Metropolitan was subsequently selected by DWR as a grant recipient for \$45 million (the "Prop. 13 Funds") to be used for groundwater storage projects within its service area. In a letter dated October 13, 2000, DWR set forth the specific terms and conditions of the grant to Metropolitan; and

WHEREAS, on September 20, 2000, Metropolitan sent a letter to its twenty-six member public agencies (consisting of cities, municipal water districts and a county water authority within its 5,155 square-mile service area covering portions of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties), requesting a list of groundwater storage projects to be considered for Prop.13 Funding. On November 1, 2000, Metropolitan delivered to those member public agencies that indicated an interest in the Prop. 13 groundwater storage programs, a Request for Proposals for Participation in Groundwater Storage Programs Using Proposition 13 Funds, RFP No. WRM-2 (the "RFP"); and

WHEREAS, Metropolitan anticipated that programs funded by the Prop. 13 Funds would store water (by various methods) that Metropolitan imports from the State Water Project and the Colorado River. This stored water would be pumped by the member agency (or a sub-agency) with a corresponding reduction in surface water deliveries from Metropolitan. As a result, Metropolitan would have a greater amount of water to distribute within its service area. In addition, such groundwater storage programs are part of a larger effort to meet water supply demands in Southern California, as specifically set forth in the Integrated Water Resources Plan approved by Metropolitan's Board of Directors in 1996, and the Groundwater Storage Principles adopted in connection therewith by Metropolitan's Board of Directors in January 2000; and

WHEREAS, IEUA has entered into a Groundwater Storage Project Funding Agreement (the "Metropolitan Agreement") with Metropolitan, Three Valleys Municipal Water District and Chino Basin Watermaster whereby, among other things, funding will be provided to finance the City of Ontario's facilities listed on Exhibit A hereto (the "Local Agency Facilities") which are necessary to enhance a groundwater storage program in the Chino Basin; and

WHEREAS, IEUA desires to pass through to the Local Agency funding received by IEUA under the Metropolitan Agreement which are allocable to the Local Agency Facilities for use by the Local Agency to construct the Local Agency Facilities; and

WHEREAS, in exchange for such funding, the parties hereto intend that the Local Agency assume all obligations of IEUA under the Metropolitan Agreement and all obligations relating to the Local Agency Facilities, whether such obligations are imposed by Metropolitan, DWR or another entity, such obligations including but not limited to the obligations recited in Sections III, IV, V, VII, X, XI and XII of the Metropolitan Agreement;

NOW THEREFORE, the parties hereto do agree as follows:

Section 1. Definitions. All capitalized terms used herein and not otherwise defined shall have the meanings given in the Metropolitan Agreement.

Section 2. Effective Date; Termination Date. This Agreement shall become effective upon the Effective Date of the Metropolitan Agreement and shall terminate 25 years following the effective date.

Section 3. IEUA Duties. In exchange for the Local Agency duties and obligations established under the provisions of this Agreement, IEUA shall reimburse the Local Agency an amount equal to \$5,674,168 for project related expenditures associated with the construction of one or more of the Local Agency Facilities listed on Exhibit A. IEUA acknowledges and agrees that the Local Agency Facilities shall be comprised of one or more of the facilities listed in Exhibit A. Payment by IEUA to the Local Agency shall be in accordance with the provisions of the Metropolitan Agreement.

Section 4. Local Agency Duties Generally. Local Agency hereby accepts and agrees to perform all of IEUA's duties under the Metropolitan Agreement relating to the Local Agency Facilities, it being the intention of IEUA and Local Agency that Local Agency will be directly responsible for all aspects of constructing, operating and maintaining the Local Agency Facilities in accordance with the Metropolitan Agreement. Local Agency shall only be required to increase its overall local groundwater production capacity in an amount equal to that percentage of 8,076 acre feet that equals the percentage of IEUA payment to the Local Agency of the \$5,674,168.

Section 5. Illustrative List of Local Agency Duties. Among the duties Local Agency shall perform are those set forth below in this Section. Such duties are merely illustrative of the duties Local Agency shall perform and do not limit Local Agency's responsibilities hereunder.

(a) Construction Duties. Local Agency shall perform all of IEUA's duties with respect to the construction of the Local Agency Facilities which are set forth in the Metropolitan Agreement. Such duties include but are not limited to (i) obtaining the Required Approvals applicable to the Local Agency Facilities pursuant to Section III(C) of the Metropolitan Agreement, (ii) providing for the planning and preconstruction requirements of Section IV(A) of the Metropolitan Agreement which relate to the Local Agency Facilities, (iii) providing for the construction of the Local Agency Facilities in accordance with Section IV(B) of the Metropolitan Agreement, and (iv) completing construction of the Local Agency Facilities in accordance with the timeline set forth in Section IV(B) of the Metropolitan Agreement including retaining and supervising qualified contractors.

(b) Cost Overruns. Local Agency agrees to pay for any cost overruns allocable to the Local Agency Facilities pursuant to Section V(B). In addition, Local Agency shall pay any amounts due to Metropolitan pursuant to Section V(B)(2) which is allocable to the Local Agency Facilities. Should bids for construction of the Local Agency Facilities exceed the Approved Budget by more than five percent (5%), IEUA will review such cost increase with the Local Agency to determine the appropriate way to proceed with the program and the Local Agency may authorize a cost share, to change the scope of the project, or to discontinue the project, all in accordance with Section V(B)(2) of the Metropolitan Agreement.

(c) Operation and Maintenance Duties. With respect to the Local Agency Facilities, Local Agency agrees to perform those certain duties listed in the Metropolitan Agreement, namely:

(i) Cause the Local Agency Facilities to be operated and maintained in as good and efficient condition as upon their construction, ordinary and reasonable wear and depreciation excepted, and otherwise in accordance with industry standards (and DWR standards and requirements, if any);

(ii) Provide for all repairs, renewals, and replacements necessary to the efficient operation of the Local Agency Facilities;

(iii) To the extent existing facilities are utilized for the Program, provide for all repairs, renewals, and replacements necessary to the efficient operation of such existing facilities; and

(iv) Upon call by Metropolitan for Stored Water Delivery, operate Facilities, combined with the existing infrastructure, at Operational Capacity Thresholds necessary to meet performance targets as outlined in Exhibit G of the Metropolitan Agreement.

(d) Delivery of Metropolitan Water. Watermaster and IEUA will allocate Metropolitan water supplied by Metropolitan's Storage Account (replenishment, injection or in lieu) through an annual operating plan to be approved by IEUA and Watermaster. To the extent that Local Agency is allocated Metropolitan in lieu water, rate and charges paid by the Local Agency for such in lieu deliveries shall be based upon IEUA rates and charges adopted its Board of Directors for the Metropolitan Dry Year Storage Program from time-to-time.

(e) Groundwater and Pumping Responsibilities. Local Agency acknowledges and agrees that Metropolitan has the right to demand the pumping of stored water in the Chino groundwater basin in the maximum amount indicated herein. Local Agency shall reduce its imported water and provide for the pumping of stored water upon Metropolitan's request of a Stored Water Delivery, all in accordance with Section VII(C) of the Metropolitan Agreement, and consistent with Exhibit B hereto; provided, that the maximum amount in any given year shall not exceed that percentage of the amount in Exhibit B that equals the percentage of IEUA payment to the Local Agency of the \$5,674,168. Local Agency shall be reimbursed by Metropolitan for operation and maintenance expenses incurred when pumping stored water upon Metropolitan's demand, all in accordance with Section VII(D) of the Metropolitan Agreement.

(f) Recordkeeping, Reporting, Inspection and Audit Duties. Local Agency shall perform all of IEUA's recordkeeping, reporting, inspection and audit duties which relate to the Local Agency Facilities, all in accordance under Section X of the Metropolitan Agreement.

(g) Indemnity. Local Agency shall immediately reimburse IEUA for any amounts expended for compliance with Section XI of the Metropolitan Agreement which are allocable or which in any way relate to the Local Agency Facilities.

(h) Insurance. Local Agency shall be responsible for providing and paying for all insurance with respect to the Local Agency Facilities required by Section XII of the Metropolitan Agreement.

Section 6. Representations, Warranties and Covenants. Local Agency represents, warrants and covenants as follows:

(a) Power and Authority. That it is a general law city, duly organized and validly existing under the laws of the State of California; that it has all necessary power and authority to enter into this Agreement and to perform its obligations hereunder on the terms set forth in this Agreement, and that the execution and delivery hereof by it and the performance of its obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which it is a party or by which it is a party or by which it is bound.

(b) Authorization; Valid Obligation. That all proceedings required to be taken by or on behalf of Local Agency to authorize it to make, deliver and carry out the terms of this Agreement have been duly and properly taken, and that this Agreement is its valid and binding obligation enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

(c) No Litigation. To the best of Local Agency's knowledge, there is no litigation, proceeding or investigation pending or threatened, to which it is or would be a party, or which does or would bind or relate to the Chino Basin, directly or indirectly, which, individually or in the aggregate, if adversely determined, might materially and adversely affect its ability to perform its obligations under this Agreement, or which raises a question as to the validity of this Agreement, or any action to be taken hereunder.

(d) Compliance with Laws. In the performance of its obligations hereunder, Local Agency and its contractors and subcontractors will comply with all applicable laws, regulations and ordinances, including, without limitation, those listed in Section IX of the Metropolitan Agreement.

Local Agency and its contractors and subcontractors will give written notice of its obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Local Agency and its contractors will include the nondiscrimination and compliance provisions of this clause in all contracts and subcontracts let for the construction of the Local Agency Facilities.

(e) Compliance with DWR Requirements. The Plans will comply with any DWR requirements, including any requirements set forth in the DWR Funding Letter. During the performance of its obligations herein, Local Agency will comply with any DWR requirements, including any requirements set forth in the DWR Funding Letter.

(f) No Construction. That construction of the Local Agency Facilities and related work (including planning activities) did not commence prior to the Effective Date.

(g) Capacity. Local Agency and its contractors, subcontractors and its respective agents will at all times act in an independent capacity and not purport to act as, or represent to others that they are, officers, employees, representatives or agents of Metropolitan, DWR or the State of California.

(h) Oversight and Supervision of Construction. Local Agency will oversee and supervise all contractors and keep control of all work and provisions of services and materials in connection with the Program.

(i) Maintain Ownership of Program Property. Local Agency will not sell, abandon, lease, transfer, exchange, mortgage, hypothecate or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Program without the written consent of IEUA, which consent shall not unreasonably be withheld. IEUA shall have the burden of persuasion with respect to the unreasonableness of any proposed Local Agency action regarding the property. Local Agency shall use reasonable efforts to avoid material legal injury to third parties and to comply with lawful regulatory agency requirements in the construction and operation of Local Agency Facilities.

Section 7. Miscellaneous.

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

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

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

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

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

If to IEUA:	Inland Empire Utilities Agency 9400 Cherry Avenue, Bldg. A Fontana, California 92335 Attention: Treasurer
-------------	--



With a copy to:           Stradling Yocca Carlson & Rauth  
660 Newport Center Drive, Suite 1600  
Newport Beach, California 92660  
Attention: Douglas Brown

If to Watermaster:       Chino Basin Watermaster  
8632 Archibald Avenue, Suite 109  
Rancho Cucamonga, California 91730  
Attention: \_\_\_\_\_

If to Local Agency:      City Of Ontario  
303 B Street  
Ontario, California 91763  
Attention: Gregory Devereaux, City Manager

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

(f) Merger of Prior Agreements. This Agreement and the Exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof.

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

IN WITNESS WHEREOF, IEUA has executed this Agreement with the approval of its governing body, Watermaster has executed this Agreement with the approval of its governing body, and Local Agency has executed this Agreement in accordance with the authorization of its governing body.

INLAND EMPIRE UTILITIES AGENCY

By: \_\_\_\_\_  
President

CITY OF ONTARIO

By: \_\_\_\_\_  
Gregory C. Devereaux  
City Manager

EXHIBIT A

CITY OF ONTARIO

LOCAL AGENCY FACILITIES

1. Ion-Exchange Facility located at John Galvin Park, south side of Forth Street between Cucamonga Avenue and Grove Avenue.
2. Three Aquifer Storage and Recovery Wells located at three of the five following locations:
  - 2.1 North side of Concoors Avenue, wesst of Milliken Avenue.
  - 2.2 Southeast corner of Grove Avenue and 7<sup>th</sup> Street.
  - 2.3 Memorial Grove Park near the intersection of Grove Avenue and "G" Street.
  - 2.4 Northeast corner of Jurupa Street and Dupont Street.
  - 2.5 Northeast corner of Belmont Street and Grove Avenue.

EXHIBIT B

PERFORMANCE TARGETS

CITY OF ONTARIO

Dry Year Shift obligation of 8,076 AF over 12-month period

8,076 AF reduced imported water reduction  
8,076 AF pumped from Metropolitan Water District storage account  
8,076 AF increase in City of Ontario's overall local supply production  
all three criteria must be met plus or minus 10 percent

Failure to perform would result in City of Ontario being charged a rate equal to two times the Metropolitan Tier 2 rates in effect at such time for each acre-foot of the Dry Year Shift obligation not met.

# **CHINO BASIN WATERMASTER**

## **Exhibit IV.A**



**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Executive Office

May 18, 2004

Mr. Richard Atwater, General Manager  
Inland Empire Utilities Agency  
P.O. Box 9020  
Chino Hills, CA 91709

Mr. Richard Hansen  
General Manager/Chief Engineer  
Three Valleys Municipal Water District  
1021 E. Miramar Avenue  
Claremont, CA 91711

Mr. John Rossi, Chief Executive Officer  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730

Dear Messrs. Atwater, Hansen and Rossi:

Amendment No. 1 to the Groundwater Storage Program Funding Agreement in the Chino Basin

Enclosed are four signed originals of the Amendment No. 1 to the Groundwater Storage Program Funding Agreement in the Chino Basin (Agreement). The Amendment No. 1 was executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement. The amendment allows additional time for the completion of the milestone for submittal of plans and specifications for the City of Ontario's Ion Exchange Wellhead Treatment Plant. Please direct any questions to Ms. Kathy Kunysz at (213) 217-6272 or to Mr. James Bodnar at (213) 217-6099.

Very truly yours,

A handwritten signature in black ink that reads "Stephen N. Arakawa".

Stephen N. Arakawa  
Manager, Water Resource Management Group

JB:adminwrm  
O:\Bodnar\JB\_Amendment No. 1 Chino CUP-transmittal.doc

Enclosures

RECEIVED

MAY 20 2004

INLAND EMPIRE  
UTILITIES AGENCY

**AMENDMENT NO. 1  
TO  
GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960**

**BY AND AMONG**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**AND**

**INLAND EMPIRE UTILITIES AGENCY**

**AND**

**THREE VALLEYS MUNICIPAL WATER DISTRICT**

**AND**

**CHINO BASIN WATERMASTER**

**DATED AS OF ~~APRIL~~ <sup>May</sup> 6, 2004**

**AMENDMENT NO. 1 TO GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960**

**THIS AMENDMENT NO. 1 TO GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT NO. 49960** (this "Amendment No. 1"), dated as of ~~April~~ <sup>May</sup> 6, 2004, is entered into by and among **THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA** ("**Metropolitan**"), a public entity of the State of California, **INLAND EMPIRE UTILITIES AGENCY**, a municipal water district of the State of California ("**IEUA**"), **THREE VALLEYS MUNICIPAL WATER DISTRICT**, a municipal water district of the State of California ("**TVMWD**") and **CHINO BASIN WATERMASTER**, an entity established by the Superior Court of the State of California to manage the Chino Groundwater Basin ("**Watermaster**"). Hereafter, Metropolitan, IEUA, TVMWD and Watermaster may be referred to collectively as "Parties."

**RECITALS**

- A. In June 2003, the Parties entered into an agreement titled, "Agreement No. 49960 Groundwater Program Storage Funding Agreement" ("**Agreement**") pursuant to which Metropolitan agreed to provide certain funding in support of the Chino Basin Groundwater Storage Program ("**Program**") being implemented by IEUA and TVMWD.
- B. Under the terms and conditions of the Agreement, Metropolitan's obligation to provide funding is contingent upon IEUA meeting certain milestones with respect to the design, construction and completion of the various Program facilities listed in Exhibit H to the Agreement ("**Facilities**"). Specifically, Section IV.A.3 of the Agreement requires that IEUA deliver to Metropolitan engineering and construction plans and specifications for all such Facilities on or before September 1, 2004.
- C. However, with respect to one such Facility, the City of Ontario's Ion Exchange Wellhead Treatment Plant ("**Ontario Treatment Plant**"), IEUA has determined that additional time is needed to prepare the required engineering and construction plans and specifications ("**Plans**"). Accordingly, IEUA is requesting that the deadline for submission of such Plans to Metropolitan be extended for approximately one year.
- D. Notwithstanding this extension, IEUA has indicated construction of the Ontario Treatment Plant still will be completed by no later than March 8, 2008, as required under Section IV.B.4 of the Agreement. Based upon such representation, Metropolitan is amenable to granting the requested extension.

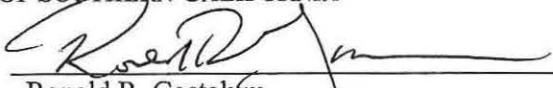
**NOW, THEREFORE**, in consideration of the foregoing Recitals, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

AMENDMENT

1. The deadline for submission of the Plans for the Ontario Treatment Plant is hereby extended from September 1, 2004 to September 20, 2005. Plans for all other Program Facilities shall be submitted by IEUA to Metropolitan on or before September 1, 2004, as required under Section IV.A.3. of the Agreement.
2. Except as, and to the extent specifically and expressly modified by this Amendment No. 1, the Agreement is, and shall continue to be, in full force and effect. This Amendment does not constitute a waiver of any provisions, terms or conditions of the Agreement or of any failure to comply with such provisions, terms or conditions.
3. This Amendment No. 1 may be executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement.


IN WITNESS WHEREOF, the Parties have caused this Amendment No. 1 to be executed as of the date first set forth above.

THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

By:   
Ronald R. Gastelum  
Chief Executive Officer

Date: 5/6/04

INLAND EMPIRE UTILITIES AGENCY

By:   
Richard Atwater  
General Manager

Date: 5/24/04

THREE VALLEYS MUNICIPAL WATER DISTRICT

By: \_\_\_\_\_  
Richard W. Hansen  
General Manager/Chief Engineer

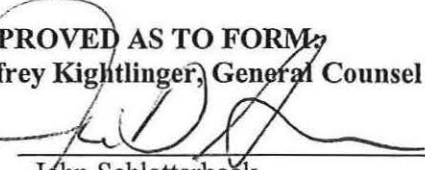
Date: \_\_\_\_\_

CHINO BASIN WATERMASTER

By: \_\_\_\_\_  
John V. Rossi  
Chief Executive Officer

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

APPROVED AS TO FORM:  
Jeffrey Kightlinger, General Counsel

By:   
John Schlotterbeck  
Deputy General Counsel

Date: 5/5/04

APPROVED AS TO FORM:

By: \_\_\_\_\_  
General Counsel

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Steve Kennedy  
District Counsel

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Michael Fife  
General Counsel

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



**AMENDMENT NO. 1  
TO  
GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960**

**BY AND AMONG**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**AND**

**INLAND EMPIRE UTILITIES AGENCY**

**AND**

**THREE VALLEYS MUNICIPAL WATER DISTRICT**

**AND**

**CHINO BASIN WATERMASTER**

**DATED AS OF <sup>May</sup> ~~APRIL~~ 6, 2004**

**AMENDMENT NO. 1 TO GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960**

**THIS AMENDMENT NO. 1 TO GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT NO. 49960** (this "Amendment No. 1"), dated as of ~~April~~<sup>May</sup> 6, 2004, is entered into by and among **THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA** ("Metropolitan"), a public entity of the State of California, **INLAND EMPIRE UTILITIES AGENCY**, a municipal water district of the State of California ("IEUA"), **THREE VALLEYS MUNICIPAL WATER DISTRICT**, a municipal water district of the State of California ("TVMWD") and **CHINO BASIN WATERMASTER**, an entity established by the Superior Court of the State of California to manage the Chino Groundwater Basin ("Watermaster"). Hereafter, Metropolitan, IEUA, TVMWD and Watermaster may be referred to collectively as "Parties."

**RECITALS**

- A. In June 2003, the Parties entered into an agreement titled, "Agreement No. 49960 Groundwater Program Storage Funding Agreement" ("**Agreement**") pursuant to which Metropolitan agreed to provide certain funding in support of the Chino Basin Groundwater Storage Program ("**Program**") being implemented by IEUA and TVMWD.
- B. Under the terms and conditions of the Agreement, Metropolitan's obligation to provide funding is contingent upon IEUA meeting certain milestones with respect to the design, construction and completion of the various Program facilities listed in Exhibit H to the Agreement ("**Facilities**"). Specifically, Section IV.A.3 of the Agreement requires that IEUA deliver to Metropolitan engineering and construction plans and specifications for all such Facilities on or before September 1, 2004.
- C. However, with respect to one such Facility, the City of Ontario's Ion Exchange Wellhead Treatment Plant ("**Ontario Treatment Plant**"), IEUA has determined that additional time is needed to prepare the required engineering and construction plans and specifications ("**Plans**"). Accordingly, IEUA is requesting that the deadline for submission of such Plans to Metropolitan be extended for approximately one year.
- D. Notwithstanding this extension, IEUA has indicated construction of the Ontario Treatment Plant still will be completed by no later than March 8, 2008, as required under Section IV.B.4 of the Agreement. Based upon such representation, Metropolitan is amenable to granting the requested extension.

**NOW, THEREFORE**, in consideration of the foregoing Recitals, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

AMENDMENT

- 1. The deadline for submission of the Plans for the Ontario Treatment Plant is hereby extended from September 1, 2004 to September 20, 2005. Plans for all other Program Facilities shall be submitted by IEUA to Metropolitan on or before September 1, 2004, as required under Section IV.A.3. of the Agreement.
- 2. Except as, and to the extent specifically and expressly modified by this Amendment No. 1, the Agreement is, and shall continue to be, in full force and effect. This Amendment does not constitute a waiver of any provisions, terms or conditions of the Agreement or of any failure to comply with such provisions, terms or conditions.
- 3. This Amendment No. 1 may be executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 1 to be executed as of the date first set forth above.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

APPROVED AS TO FORM: Jeffrey Kightlinger, General Counsel

By: \_\_\_\_\_  
Ronald R. Gastelum  
Chief Executive Officer

By: \_\_\_\_\_  
John Schlotterbeck  
Deputy General Counsel

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

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

INLAND EMPIRE UTILITIES AGENCY

APPROVED AS TO FORM:

By: Richard Atwater  
Richard Atwater  
General Manager

By: \_\_\_\_\_  
General Counsel

Date: 4/22/04

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

THREE VALLEYS MUNICIPAL WATER DISTRICT

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Richard W. Hansen  
General Manager/Chief Engineer

By: \_\_\_\_\_  
Steve Kennedy  
District Counsel

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

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

CHINO BASIN WATERMASTER

APPROVED AS TO FORM:

By: \_\_\_\_\_  
John V. Rossi  
Chief Executive Officer

By: \_\_\_\_\_  
Michael Fife  
General Counsel

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

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



**AMENDMENT NO. 1  
TO  
GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960**

**BY AND AMONG**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**AND**

**INLAND EMPIRE UTILITIES AGENCY**

**AND**

**THREE VALLEYS MUNICIPAL WATER DISTRICT**

**AND**

**CHINO BASIN WATERMASTER**

**DATED AS OF <sup>May</sup>~~APRIL~~ 6, 2004**

**AMENDMENT NO. 1 TO GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960**

**THIS AMENDMENT NO. 1 TO GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT NO. 49960** (this "**Amendment No. 1**"), dated as of ~~April~~<sup>MAY</sup> 6, 2004, is entered into by and among **THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA** ("**Metropolitan**"), a public entity of the State of California, **INLAND EMPIRE UTILITIES AGENCY**, a municipal water district of the State of California ("**IEUA**"), **THREE VALLEYS MUNICIPAL WATER DISTRICT**, a municipal water district of the State of California ("**TVMWD**") and **CHINO BASIN WATERMASTER**, an entity established by the Superior Court of the State of California to manage the Chino Groundwater Basin ("**Watermaster**"). Hereafter, Metropolitan, IEUA, TVMWD and Watermaster may be referred to collectively as "**Parties.**"

**RECITALS**

- A. In June 2003, the Parties entered into an agreement titled, "Agreement No. 49960 Groundwater Program Storage Funding Agreement" ("**Agreement**") pursuant to which Metropolitan agreed to provide certain funding in support of the Chino Basin Groundwater Storage Program ("**Program**") being implemented by IEUA and TVMWD.
- B. Under the terms and conditions of the Agreement, Metropolitan's obligation to provide funding is contingent upon IEUA meeting certain milestones with respect to the design, construction and completion of the various Program facilities listed in Exhibit H to the Agreement ("**Facilities**"). Specifically, Section IV.A.3 of the Agreement requires that IEUA deliver to Metropolitan engineering and construction plans and specifications for all such Facilities on or before September 1, 2004.
- C. However, with respect to one such Facility, the City of Ontario's Ion Exchange Wellhead Treatment Plant ("**Ontario Treatment Plant**"), IEUA has determined that additional time is needed to prepare the required engineering and construction plans and specifications ("**Plans**"). Accordingly, IEUA is requesting that the deadline for submission of such Plans to Metropolitan be extended for approximately one year.
- D. Notwithstanding this extension, IEUA has indicated construction of the Ontario Treatment Plant still will be completed by no later than March 8, 2008, as required under Section IV.B.4 of the Agreement. Based upon such representation, Metropolitan is amenable to granting the requested extension.

**NOW, THEREFORE**, in consideration of the foregoing Recitals, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

AMENDMENT

- 1. The deadline for submission of the Plans for the Ontario Treatment Plant is hereby extended from September 1, 2004 to September 20, 2005. Plans for all other Program Facilities shall be submitted by IEUA to Metropolitan on or before September 1, 2004, as required under Section IV.A.3. of the Agreement.
- 2. Except as, and to the extent specifically and expressly modified by this Amendment No. 1, the Agreement is, and shall continue to be, in full force and effect. This Amendment does not constitute a waiver of any provisions, terms or conditions of the Agreement or of any failure to comply with such provisions, terms or conditions.
- 3. This Amendment No. 1 may be executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 1 to be executed as of the date first set forth above.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: \_\_\_\_\_  
Ronald R. Gastelum  
Chief Executive Officer

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

APPROVED AS TO FORM:  
Jeffrey Kightlinger, General Counsel

By: \_\_\_\_\_  
John Schlotterbeck  
Deputy General Counsel

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

INLAND EMPIRE UTILITIES AGENCY

By: \_\_\_\_\_  
Richard Atwater  
General Manager

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
General Counsel

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

THREE VALLEYS MUNICIPAL WATER DISTRICT

By: Richard W. Hansen  
Richard W. Hansen  
General Manager/Chief Engineer

Date: 4/20/04

APPROVED AS TO FORM:

By: Steve Kennedy  
Steve Kennedy  
District Counsel

Date: 4/20/04

CHINO BASIN WATERMASTER

By: \_\_\_\_\_  
John V. Rossi  
Chief Executive Officer

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Michael Fife  
General Counsel

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

**AMENDMENT NO. 1  
TO  
GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960**

**BY AND AMONG**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**AND**

**INLAND EMPIRE UTILITIES AGENCY**

**AND**

**THREE VALLEYS MUNICIPAL WATER DISTRICT**

**AND**

**CHINO BASIN WATERMASTER**

**DATED AS OF <sup>May</sup> ~~APRIL~~ 6, 2004**



**AMENDMENT NO. 1 TO GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960**

**THIS AMENDMENT NO. 1 TO GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT NO. 49960** (this "Amendment No. 1"), dated as of ~~April~~<sup>May</sup> 6, 2004, is entered into by and among **THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA** ("**Metropolitan**"), a public entity of the State of California, **INLAND EMPIRE UTILITIES AGENCY**, a municipal water district of the State of California ("**IEUA**"), **THREE VALLEYS MUNICIPAL WATER DISTRICT**, a municipal water district of the State of California ("**TVMWD**") and **CHINO BASIN WATERMASTER**, an entity established by the Superior Court of the State of California to manage the Chino Groundwater Basin ("**Watermaster**"). Hereafter, Metropolitan, IEUA, TVMWD and Watermaster may be referred to collectively as "Parties."

**RECITALS**

- A. In June 2003, the Parties entered into an agreement titled, "Agreement No. 49960 Groundwater Program Storage Funding Agreement" ("**Agreement**") pursuant to which Metropolitan agreed to provide certain funding in support of the Chino Basin Groundwater Storage Program ("**Program**") being implemented by IEUA and TVMWD.
- B. Under the terms and conditions of the Agreement, Metropolitan's obligation to provide funding is contingent upon IEUA meeting certain milestones with respect to the design, construction and completion of the various Program facilities listed in Exhibit H to the Agreement ("**Facilities**"). Specifically, Section IV.A.3 of the Agreement requires that IEUA deliver to Metropolitan engineering and construction plans and specifications for all such Facilities on or before September 1, 2004.
- C. However, with respect to one such Facility, the City of Ontario's Ion Exchange Wellhead Treatment Plant ("**Ontario Treatment Plant**"), IEUA has determined that additional time is needed to prepare the required engineering and construction plans and specifications ("**Plans**"). Accordingly, IEUA is requesting that the deadline for submission of such Plans to Metropolitan be extended for approximately one year.
- D. Notwithstanding this extension, IEUA has indicated construction of the Ontario Treatment Plant still will be completed by no later than March 8, 2008, as required under Section IV.B.4 of the Agreement. Based upon such representation, Metropolitan is amenable to granting the requested extension.

**NOW, THEREFORE**, in consideration of the foregoing Recitals, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

AMENDMENT

- 1. The deadline for submission of the Plans for the Ontario Treatment Plant is hereby extended from September 1, 2004 to September 20, 2005. Plans for all other Program Facilities shall be submitted by IEUA to Metropolitan on or before September 1, 2004, as required under Section IV.A.3. of the Agreement.
- 2. Except as, and to the extent specifically and expressly modified by this Amendment No. 1, the Agreement is, and shall continue to be, in full force and effect. This Amendment does not constitute a waiver of any provisions, terms or conditions of the Agreement or of any failure to comply with such provisions, terms or conditions.
- 3. This Amendment No. 1 may be executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 1 to be executed as of the date first set forth above.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: \_\_\_\_\_  
Ronald R. Gastelum  
Chief Executive Officer

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

INLAND EMPIRE UTILITIES AGENCY

By: \_\_\_\_\_  
Richard Atwater  
General Manager

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

THREE VALLEYS MUNICIPAL WATER DISTRICT

By: \_\_\_\_\_  
Richard W. Hansen  
General Manager/Chief Engineer

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

CHINO BASIN WATERMASTER

By: \_\_\_\_\_  
John V. Rossi  
Chief Executive Officer

Date: 4/22/04

APPROVED AS TO FORM:  
Jeffrey Kightlinger, General Counsel

By: \_\_\_\_\_  
John Schlotterbeck  
Deputy General Counsel

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
General Counsel

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Steve Kennedy  
District Counsel

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Michael Fife  
General Counsel

Date: 4/22/04

# **CHINO BASIN WATERMASTER**

## **Exhibit IV.B**



**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Original for records

c.c. D Hill

9/12/04

Executive Office

September 8, 2004

Richard Atwater, General Manager  
Inland Empire Utilities Agency  
P.O. Box 9020  
Chino Hills, California 91709

Richard Hansen  
General Manager/Chief Engineer  
Three Valleys Municipal Water District  
1021 E. Miramar Avenue  
Claremont, California 91711

Sheri Rojo  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, California 91730

Dear Messrs. Atwater, Hansen and Ms. Rojo:

Amendment No. 2 to the Groundwater Storage Program Funding Agreement in the Chino Basin

Enclosed are executed originals of Amendment No. 2 to the Groundwater Storage Program Funding Agreement in the Chino Basin. Note that the signatures for Inland Empire Utilities Agency and Chino Basin Watermaster are located on the same agreement. The amendment allows additional time for the completion of the milestone for submittal of plans and specifications. Please direct any questions to Ms. Kathy Kunysz at (213) 217-6272 or to Mr. James Bodnar at (213) 217-6099.

Very truly yours,

Stephen N. Arakawa  
Manager, Water Resources Management Group

JB:adminwrm  
O:\BODNAR\JB\_Amendmt No. 2 Chino CUP-transmittal.doc

Enclosures

AMENDMENT NO. 2  
TO  
GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960

BY AND AMONG

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

AND

INLAND EMPIRE UTILITIES AGENCY

AND

THREE VALLEYS MUNICIPAL WATER DISTRICT

AND

CHINO BASIN WATERMASTER

DATED AS OF August 31, 2004

**AMENDMENT NO. 2 TO GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960**

THIS AMENDMENT NO. 2 TO GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT NO. 49960 (this "Amendment No. 2"), dated as of *August 31*, 2004, is entered into by and among THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ("Metropolitan"), a public entity of the State of California, INLAND EMPIRE UTILITIES AGENCY, a municipal water district of the State of California ("IEUA"), THREE VALLEYS MUNICIPAL WATER DISTRICT, a municipal water district of the State of California ("TVMWD") and CHINO BASIN WATERMASTER, an entity established by the Superior Court of the State of California to manage the Chino Groundwater Basin ("Watermaster"). Hereafter, Metropolitan, IEUA, TVMWD and Watermaster may be referred to collectively as "Parties."

**RECITALS**

- A. In June 2003, the Parties entered into an agreement titled, "Agreement No. 49960 Groundwater Program Storage Funding Agreement" ("Agreement") pursuant to which Metropolitan agreed to provide certain funding in support of the Chino Basin Groundwater Storage Program ("Program") being implemented by IEUA and TVMWD.
- B. Under the terms and conditions of the Agreement, Metropolitan's obligation to provide funding is contingent upon IEUA meeting certain milestones with respect to the design, construction and completion of the various Program facilities listed in Exhibit H to the Agreement ("Facilities"). Specifically, Section IV.A.3 of the Agreement requires that IEUA deliver to Metropolitan engineering and construction plans and specifications for all such Facilities on or before September 1, 2004.
- C. However, with respect to many of the facilities, IEUA has determined that additional time is needed to prepare the required engineering and construction plans and specifications ("Plans"). Accordingly, IEUA is requesting that the deadline for submission of such Plans to Metropolitan be extended for approximately one year.
- D. Notwithstanding this extension, IEUA has indicated construction of the facilities will still be completed by no later than March 8, 2008, as required under Section IV.B.4 of the Agreement. Based upon such representation, Metropolitan is amenable to granting the requested extension.

NOW THEREFORE, in consideration of the foregoing Recitals, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

AMENDMENT

1. The deadline for submission of the Plans for the Facilities, as required under Section IV.A.3 of the Agreement, is hereby extended from September 1, 2004 to September 20, 2005.
2. Except as, and to the extent specifically and expressly modified by this Amendment No. 2, the Agreement is, and shall continue to be, in full force and effect.
3. This Amendment No. 2 may be executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement.

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IN WITNESS WHEREOF, the Parties have caused this Amendment No. 2 to be executed as of the date first set forth above.

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

By: \_\_\_\_\_  
Ronald R. Gastelum  
Chief Executive Officer

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

**INLAND EMPIRE UTILITIES AGENCY**

By: Richard Atwater  
Richard Atwater  
General Manager

Date: 8/17/04

**THREE VALLEYS MUNICIPAL  
WATER DISTRICT**

By: \_\_\_\_\_  
Richard W. Hansen  
General Manager/Chief Engineer

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

**CHINO BASIN WATERMASTER**

By: Shirley Rojas  
Chief Executive Officer

Date: 8/17/04

APPROVED AS TO FORM:  
Jeffrey Kightlinger, General Counsel

By: \_\_\_\_\_  
Setha E. Schlang  
Deputy General Counsel

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

APPROVED AS TO FORM:

By: Jean Eihigoyenstone  
Jean Eihigoyenstone  
General Counsel

Date: 8-18-04

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Steve Kennedy  
District Counsel

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

APPROVED AS TO FORM:

By: Michael Fife  
Michael Fife  
General Counsel

Date: 8/17/04

In quadruplicates  
o:\a\s\contracts\_Other agreements\GroundwaterStorage\_agreements\Agreement 49960 Amend 2-Chino CUP.doc



IN WITNESS WHEREOF, the Parties have caused this Amendment No. 2 to be executed as of the date first set forth above.

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

By: \_\_\_\_\_  
Ronald R. Gastelum  
Chief Executive Officer

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

APPROVED AS TO FORM:  
Jeffrey Kightlinger, General Counsel

By: \_\_\_\_\_  
Setha E. Schlang  
Deputy General Counsel

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

**INLAND EMPIRE UTILITIES AGENCY**

By: \_\_\_\_\_  
Richard Atwater  
General Manager

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Jean Cihigoyenetone  
General Counsel

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

**THREE VALLEYS MUNICIPAL  
WATER DISTRICT**

By: Michael K. Holmer for  
Richard W. Hansen  
General Manager/Chief Engineer

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

APPROVED AS TO FORM:

By: [Signature]  
Steve Kennedy  
District Counsel

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

**CHINO BASIN WATERMASTER**

By: \_\_\_\_\_  
Chief Executive Officer

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Michael Fife  
General Counsel

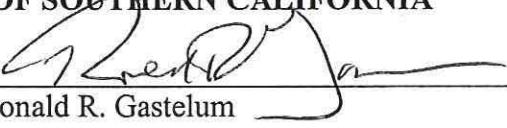
Date: \_\_\_\_\_

In quadruplicates

o:\a\s\contracts\_Other agreements\GroundwaterStorage\_agreements\Agreement 49960 Amend 2-Chino CUP.doc

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 2 to be executed as of the date first set forth above.

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

By:   
Ronald R. Gastelum  
Chief Executive Officer

Date: 8/31/04

**INLAND EMPIRE UTILITIES AGENCY**

By: \_\_\_\_\_  
Richard Atwater  
General Manager

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

**THREE VALLEYS MUNICIPAL  
WATER DISTRICT**

By: \_\_\_\_\_  
Richard W. Hansen  
General Manager/Chief Engineer

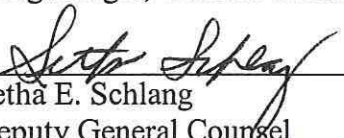
Date: \_\_\_\_\_

**CHINO BASIN WATERMASTER**

By: \_\_\_\_\_  
Chief Executive Officer

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

APPROVED AS TO FORM:  
Jeffrey Kightlinger, General Counsel

By:   
Setha E. Schlang  
Deputy General Counsel

Date: 8/31/04

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Jean Cihigoyenetone  
General Counsel

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Steve Kennedy  
District Counsel

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Michael Fife  
General Counsel

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

In quadruplicates

# **CHINO BASIN WATERMASTER**

## **Exhibit IV.C**



**MWD**  
 METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

*Originals  
 mailed to  
 MWD  
 8-9-05*

RECEIVED

JUL 27 2005

I.E.U.A.

Executive Office

July 22, 2005

Mr. Richard Atwater  
 General Manager  
 Inland Empire Utilities Agency  
 P.O. Box 9020  
 Chino Hills, CA 91709

Mr. Richard Hansen  
 General Manager/Chief Engineer  
 Three Valleys Municipal Water District  
 1021 E. Miramar Avenue  
 Claremont, CA 91711

Mr. Ken Manning  
 Chino Basin Watermaster  
 9641 San Bernardino Road  
 Rancho Cucamonga, CA 91730

Dear Messrs. Atwater, Hansen and Manning:

Amendment No. 3 to the Groundwater Storage Program Funding Agreement in the Chino Basin

Enclosed are four originals of the Amendment No. 3 to the Groundwater Storage Program Funding Agreement in the Chino Basin. The amendment allows additional time for the completion of the milestone for submittal of plans and specifications for the participating agencies. Please execute the four originals of the amendment on behalf of your agency and return them to Mr. James Bodnar at Metropolitan. Once all parties have executed the amendment, a complete set will be forwarded to your agency. Please direct any questions to Ms. Kathy Kunysz at (213) 217-6272 or to Mr. James Bodnar at (213) 217-6099.

Very truly yours,

*Stephen N. Arakawa*

Stephen N. Arakawa  
 Manager, Water Resources Management

JB:adminwrm

Enclosures

AMENDMENT NO. 3

TO

GROUNDWATER STORAGE PROGRAM

FUNDING AGREEMENT NO. 49960

BY AND AMONG

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

AND

INLAND EMPIRE UTILITIES AGENCY

AND

THREE VALLEYS MUNICIPAL WATER DISTRICT

AND

CHINO BASIN WATERMASTER

DATED AS OF \_\_\_\_\_, 2005

**AMENDMENT NO. 3 TO GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960**

THIS AMENDMENT NO. 3 TO GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT NO. 49960 (this "Amendment No. 3"), dated as of \_\_\_\_\_, 2005, is entered into by and among THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ("Metropolitan"), a public entity of the State of California, INLAND EMPIRE UTILITIES AGENCY, a municipal water district of the State of California ("IEUA"), THREE VALLEYS MUNICIPAL WATER DISTRICT, a municipal water district of the State of California ("TVMWD") and CHINO BASIN WATERMASTER, an entity established by the Superior Court of the State of California to manage the Chino Groundwater Basin ("Watermaster"). Hereafter, Metropolitan, IEUA, TVMWD and Watermaster may be referred to collectively as "Parties."

**RECITALS**

- A. In June 2003, the Parties entered into an agreement titled, "Agreement No. 49960 Groundwater Program Storage Funding Agreement" ("Agreement") pursuant to which Metropolitan agreed to provide certain funding in support of the Chino Basin Groundwater Storage Program ("Program") being implemented by IEUA and TVMWD.
- B. Under the terms and conditions of the Agreement, Metropolitan's obligation to provide funding is contingent upon IEUA meeting certain milestones with respect to the design, construction and completion of the various Program facilities listed in Exhibit H to the Agreement ("Facilities"). Specifically, Section IV.A.3 of the Agreement requires that IEUA deliver to Metropolitan engineering and construction plans and specifications for all such Facilities on or before September 20, 2005.
- C. However, with respect to many of the facilities, IEUA has determined that additional time is needed to prepare the required engineering and construction plans and specifications ("Plans"). Accordingly, IEUA is requesting that the deadline for submission of such Plans to Metropolitan be extended for approximately fifteen months.
- D. Notwithstanding this extension, IEUA has indicated construction of the facilities will still be completed by no later than March 8, 2008, as required under Section IV.B.4 of the Agreement. Based upon such representation, Metropolitan is amenable to granting the requested extension.

THEREFORE, in consideration of the foregoing Recitals, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

AMENDMENT

1. The deadline for submission of the Plans for the Facilities, as required under Section IV.A.3. of the Agreement, is hereby extended from September 20, 2005 to December 31, 2006.
2. Except as, and to the extent specifically and expressly modified by this Amendment No. 3, the Agreement is, and shall continue to be, in full force and effect.
3. This Amendment No. 3 may be executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement.

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IN WITNESS WHEREOF, the Parties have caused this Amendment No. 3 to be executed as of the date first set forth above.

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

By: \_\_\_\_\_  
Dennis B. Underwood  
CEO/General Manager

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

**INLAND EMPIRE UTILITIES AGENCY**

By: Richard Atwater  
Richard Atwater  
General Manager

Date: JULY 28, 2005

**THREE VALLEYS MUNICIPAL  
WATER DISTRICT**

By: \_\_\_\_\_  
Richard W. Hansen  
General Manager/Chief Engineer

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

**CHINO BASIN WATERMASTER**

By: \_\_\_\_\_  
Ken Manning  
Chief Executive Officer

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

In quadruplicate

**APPROVED AS TO FORM:  
Jeffrey Kightlinger, General Counsel**

By: \_\_\_\_\_  
Setha E. Schlang  
Deputy General Counsel

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

**APPROVED AS TO FORM:**

By: Jean Cihigoyenetone  
Jean Cihigoyenetone  
General Counsel

Date: 8-8-05

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Steve Kennedy  
District Counsel

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

**APPROVED AS TO FORM:**

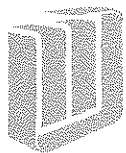
By: \_\_\_\_\_  
Michael Fife  
General Counsel

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



# **CHINO BASIN WATERMASTER**

## **Exhibit IV.D**



**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Executive Office

May 19, 2008

Mr. Richard Atwater  
General Manager  
Inland Empire Utilities Agency  
P.O. Box 9020  
Chino Hills, CA 91709

Mr. Richard Hansen  
General Manager/Chief Engineer  
Three Valleys Municipal Water District  
1021 E. Miramar Avenue  
Claremont, CA 91711

Mr. Ken Manning  
Chief Executive Officer  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730

Dear Messrs. Atwater, Hansen and Manning:

Amendment No. 4 to the Groundwater Storage Program Funding Agreement in the Chino Basin

Enclosed are three executed originals of the Amendment No. 4 to the Groundwater Storage Program Funding Agreement in the Chino Basin. The amendment allows additional time for the completion of the facilities for the participating agencies. Please direct any questions to Ms. Kathy Kunysz at (213) 217-6272 or to Mr. Matthew Hacker at (213) 217-6756.

Very truly yours,

Matthew Hacker  
Resource Specialist, Water Resource Management

MH:tw

o:\a\s\c\2008\MDH\_A49960 Amend 4 Chino CUP executed transmittal.doc

Enclosures

AMENDMENT NO. 4

TO

GROUNDWATER STORAGE PROGRAM

FUNDING AGREEMENT NO. 49960

BY AND AMONG

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

AND

INLAND EMPIRE UTILITIES AGENCY

AND

THREE VALLEYS MUNICIPAL WATER DISTRICT

AND

CHINO BASIN WATERMASTER

DATED AS OF May 16, 2008

**AMENDMENT NO. 4 TO GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960**

THIS AMENDMENT NO. 4 TO GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT NO. 49960 (this "Amendment No. 4"), dated as of \_\_\_\_\_, 2008, is entered into by and among THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ("Metropolitan"), a public entity of the State of California, INLAND EMPIRE UTILITIES AGENCY, a municipal water district of the State of California ("IEUA"), THREE VALLEYS MUNICIPAL WATER DISTRICT, a municipal water district of the State of California ("TVMWD") and CHINO BASIN WATERMASTER, an entity established by the Superior Court of the State of California to manage the Chino Groundwater Basin ("Watermaster"). Hereafter, Metropolitan, IEUA, TVMWD and Watermaster may be referred to collectively as "Parties."

**RECITALS**

- A. In June 2003, the Parties entered into an agreement titled, "Agreement No. 49960 Groundwater Program Storage Funding Agreement" ("Agreement") pursuant to which Metropolitan agreed to provide certain funding in support of the Chino Basin Groundwater Storage Program ("Program") being implemented by IEUA and TVMWD. Amendment Nos. 1, 2 and 3 extended the time to complete plans and specifications for the various Program facilities listed in Exhibit H to the Agreement ("Facilities").
- B. Under the terms and conditions of the Agreement, Metropolitan's obligation to provide funding is contingent upon IEUA and TVMWD's completion of the Facilities by March 8, 2008.
- C. However, with respect to some of the facilities, IEUA has determined that additional time is needed to complete the Facilities. Accordingly, IEUA is requesting that the completion date for the Program Facilities be extended to October 31, 2008.
- D. The Parties hereby desire by this Amendment No. 4 to extend the milestone date for funding expenditures for completion of Program Facilities to October 31, 2008, while maintaining the milestone date of March 8, 2008 for purposes of performance under this Agreement, and otherwise continuing the Agreement as amended in full force and effect.

THEREFORE, in consideration of the foregoing Recitals, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

## AMENDMENT

1. Section IV. PROGRAM PLANNING AND CONSTRUCTION, subsection A.2.b is hereby revised to read:

- b. *Extraction.* At a minimum, the Facilities, when combined with the existing groundwater production capacity of the Operating parties as defined in Exhibit H, if necessary, shall be designed to have the capacity to extract water from the Chino Basin at a rate of 33,000 AF per year. Prior to March 8, 2008, the minimum extraction capacity shall be a pro rata portion of the extraction capacity based on the facilities then completed. As of March 8, 2008, and thereafter, the minimum program capacity to extract water from the Chino Basin shall be 33,000 AF per year regardless of the facilities then completed.

2. Section IV. PROGRAM PLANNING AND CONSTRUCTION, subsection A.3.b is hereby revised to read:

- b. The Schedule shall state the date of construction commencement, the anticipated completion date (which shall occur no later than October 31, 2008,), key milestone dates in the interim (each a “**Milestone Date**”) including timing of discrete program elements (“**Discrete Program Elements**”) and major tasks (“**Tasks**”) within them; and

3. Section IV. PROGRAM PLANNING AND CONSTRUCTION, subsection A.4.e is hereby revised to read:

- e. IEUA, may, as warranted, update the Approved Schedule and Approved Budget for the Facilities to reflect changes as necessary. However, under no condition may the Completion Date exceed October 31, 2008, or the total budget exceed the specified amount allocated as Program Funds unless such overages shall be the responsibility of IEUA. Review and approval of the proposed update shall follow the above procedure.

4. Section IV. PROGRAM PLANNING AND CONSTRUCTION, subsection B.4.a is hereby revised to read:

- a. *Completion Date.* IEUA shall assure that Completion of the Facilities occurs no later than October 31, 2008. “**Completion**” means (x) performance of the construction in a good and workmanlike manner, free and clear of mechanics’, materialmens’ and other liens or security interests, claims or encumbrances relating to such construction, subject only to completion of punch list items which do not materially interfere with the use or functionality of the Facilities, and (y) the payment of all costs to the persons entitled thereto less retainage or reserves for punch list items.

5. Section X. RECORD KEEPING, REPORTING, INSPECTION AND AUDIT, subsection D.2.a is hereby revised to read:

a. Within thirty days after the Completion of a Program Facility, or October 31, 2008, whichever comes first, IEUA shall, at its expense cause an audit of all Program Construction Costs and expenses with respect to such Facility to be conducted by an independent certified public accountant and deliver to Metropolitan a report prepared by such accountant in connection therewith. In the event that a Program Facility is not completed by October 31, 2008, IEUA shall complete the audit based upon construction progress and Program Funds expended to date. Immediately upon completion, the applicable Operating Party shall submit its Notice of Completion for said Program Facility. All Program Facility audits shall be complete and submitted to Metropolitan no later than December 31, 2008.

6. Except as, and to the extent specifically and expressly modified by this Amendment No. 4, the Agreement is, and shall continue to be, in full force and effect.

7. This Amendment No. 4 may be executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement.

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IN WITNESS WHEREOF, the Parties have caused this Amendment No. 4 to be executed as of the date first set forth above.

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

Jeffrey Kightlinger  
General Manager

By: Stephen N. Arakawa  
Stephen N. Arakawa  
Manager, Water Resource Management

Date: 5/16/08

**INLAND EMPIRE UTILITIES AGENCY**

By: Richard Atwater  
Richard Atwater  
General Manager

Date: April 10, 2008

**THREE VALLEYS MUNICIPAL WATER DISTRICT**

By: Richard W. Hansen  
Richard W. Hansen  
General Manager/Chief Engineer

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

**CHINO BASIN WATERMASTER**

By: Ken Manning  
Ken Manning  
Chief Executive Officer

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

In quadruplicate

**APPROVED AS TO FORM:**

Karen L. Tachiki  
General Counsel

By: Setha E. Schlang  
Setha E. Schlang  
Senior Deputy General Counsel

Date: 5/15/08

**APPROVED AS TO FORM:**

By: Jean Cihigoyenotone  
Jean Cihigoyenotone  
General Counsel

Date: 4-14-08

**APPROVED AS TO FORM:**

By: Steve Kennedy  
Steve Kennedy  
District Counsel

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

**APPROVED AS TO FORM:**

By: Michael Fife  
Michael Fife  
General Counsel

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

# **CHINO BASIN WATERMASTER**

## **Exhibit IV.E**



**AMENDMENT NO. 5  
TO  
GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960**

**BY AND AMONG**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**AND**

**INLAND EMPIRE UTILITIES AGENCY**

**AND**

**THREE VALLEYS MUNICIPAL WATER DISTRICT**

**AND**

**CHINO BASIN WATERMASTER**

**DATED AS OF MARCH 2009**

**AMENDMENT NO. 5 TO GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960**

**THIS AMENDMENT NO. 5 TO GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT NO. 49960** (this “**Amendment No. 5**”), dated as of March 6, 2009, is entered into by and among **THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA** (“**Metropolitan**”), a public entity of the State of California, **INLAND EMPIRE UTILITIES AGENCY**, a municipal water district of the State of California (“**IEUA**”), **THREE VALLEYS MUNICIPAL WATER DISTRICT**, a municipal water district of the State of California (“**TVMWD**”) and **CHINO BASIN WATERMASTER**, an entity established by the Superior Court of the State of California to manage the Chino Groundwater Basin (“**Watermaster**”). Hereafter, Metropolitan, IEUA, TVMWD and Watermaster may be referred to collectively as “Parties.”

**RECITALS**

- A. In June 2003, the Parties entered into an agreement titled, “Agreement No. 49960 Groundwater Program Storage Funding Agreement” (“**Agreement**”) pursuant to which Metropolitan has stored water in the Chino Basin.
- B. Recital H of the Agreement defines the Program Funds allocated to the Chino Basin Groundwater Storage Project (Project) and specifies that the project is eligible for up to \$9 million of the Prop. 13 funds and up to \$18.5 million of other funds administered by Metropolitan. It has been determined that \$386,027.14 of the Prop. 13 grant previously allocated to other approved groundwater storage projects will not be expended, and Metropolitan has reallocated these Prop. 13 funds to the Prop. 13 budget for this Chino Basin Groundwater Storage Project in lieu of a like amount of the other funds administered by Metropolitan. The total budget amount for the Chino Basin project will not be altered.

**NOW, THEREFORE**, in consideration of the foregoing Recital, the Parties hereby agree as follows:

**AMENDMENT**

- 1. Recital H is revised to read as follows:

On January 19, 2001, the Proposal for Chino Basin Groundwater Storage Project (the “Proposal”) was submitted by IEUA for Metropolitan’s consideration (see Exhibit C attached hereto). On April 10, 2001, Metropolitan notified IEUA that the program described in its Proposal had been selected for further consideration (see Exhibit D attached hereto) and that it was eligible for up to \$9 million of the Prop. 13 funds. The Program is also eligible for disbursement of up to \$18.5 million of other funds administered by Metropolitan. In March 2009, \$386,027.14 of additional Prop. 13 funds became available for use for approved groundwater storage projects. The \$386,027.14 of additional Prop. 13 funds have been added to the Prop. 13 budget for the program and subtracted from the budget of other funds administered by Metropolitan for this program. The total budget amount for the Chino Basin project has not changed. The Prop. 13 Funds plus the Metropolitan funds specifically allocated to the proposed Program are referred to herein as the “Program Funds”. This adjustment to the budgeted Program Funds applies throughout the Agreement.

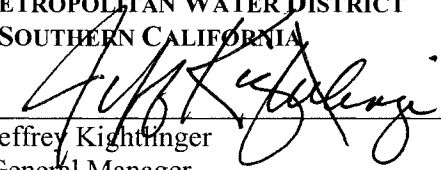
- 2. Except as, and to the extent specifically and expressly modified by this Amendment No. 5, the Agreement is, and shall continue to be, in full force and effect. This Amendment does not

constitute a waiver of any provisions, terms or conditions of the Agreement or of any failure to comply with such provisions, terms or conditions.

- 3. This Amendment No. 5 may be executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement.

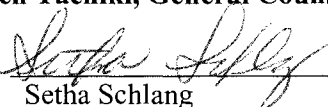
**IN WITNESS WHEREOF**, the Parties have caused this Amendment No. 5 to be executed as of the date first set forth above.

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

By:   
Jeffrey Kightlinger  
General Manager

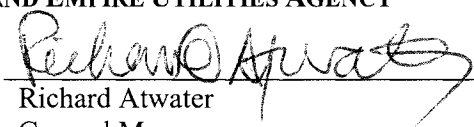
Date: 3/30/09

**APPROVED AS TO FORM:  
Karen Tachiki, General Counsel**

By:   
Setha Schlang  
Senior Deputy General Counsel

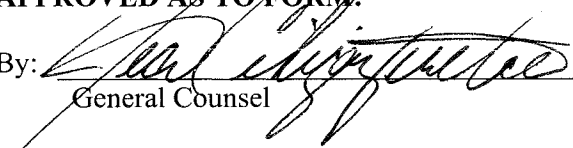
Date: 3/26/09

**INLAND EMPIRE UTILITIES AGENCY**

By:   
Richard Atwater  
General Manager

Date: 3/18/09

**APPROVED AS TO FORM:**

By:   
General Counsel

Date: 3-18-09

**THREE VALLEYS MUNICIPAL WATER DISTRICT**

By: \_\_\_\_\_  
Richard W. Hansen  
General Manager/Chief Engineer

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

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Steve Kennedy  
District Counsel

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

**CHINO BASIN WATERMASTER**

By: \_\_\_\_\_  
Ken Manning  
Chief Executive Officer

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

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Michael Fife  
General Counsel

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

constitute a waiver of any provisions, terms or conditions of the Agreement or of any failure to comply with such provisions, terms or conditions.

- This Amendment No. 5 may be executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement.

**IN WITNESS WHEREOF**, the Parties have caused this Amendment No. 5 to be executed as of the date first set forth above.

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

By: \_\_\_\_\_  
Jeffrey Kightlinger  
General Manager

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

**APPROVED AS TO FORM:  
Karen Tachiki, General Counsel**

By: \_\_\_\_\_  
Setha Schlang  
Senior Deputy General Counsel

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

**INLAND EMPIRE UTILITIES AGENCY**

By: \_\_\_\_\_  
Richard Atwater  
General Manager


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

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
General Counsel

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

**THREE VALLEYS MUNICIPAL WATER DISTRICT**

By:  \_\_\_\_\_  
Richard W. Hansen  
General Manager/Chief Engineer

Date: 3/19/09

**APPROVED AS TO FORM:**

By:  \_\_\_\_\_  
Steve Kennedy  
District Counsel

Date: 3/19/09

**CHINO BASIN WATERMASTER**

By: \_\_\_\_\_  
Ken Manning  
Chief Executive Officer

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

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Michael Fife  
General Counsel

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

constitute a waiver of any provisions, terms or conditions of the Agreement or of any failure to comply with such provisions, terms or conditions.

- 3. This Amendment No. 5 may be executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement.

**IN WITNESS WHEREOF**, the Parties have caused this Amendment No. 5 to be executed as of the date first set forth above.

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

By: \_\_\_\_\_  
Jeffrey Kightlinger  
General Manager

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

**APPROVED AS TO FORM:  
Karen Tachiki, General Counsel**

By: \_\_\_\_\_  
Setha Schlang  
Senior Deputy General Counsel

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

**INLAND EMPIRE UTILITIES AGENCY**

By: \_\_\_\_\_  
Richard Atwater  
General Manager

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

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
General Counsel

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

**THREE VALLEYS MUNICIPAL WATER DISTRICT**

By: \_\_\_\_\_  
Richard W. Hansen  
General Manager/Chief Engineer


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

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Steve Kennedy  
District Counsel


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

**CHINO BASIN WATERMASTER**

By: \_\_\_\_\_  
  
Ken Manning  
Chief Executive Officer

Date: 3/26/09

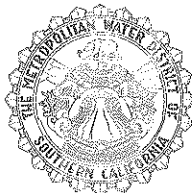
**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
  
Michael Fife  
General Counsel

Date: 3/26/09

# **CHINO BASIN WATERMASTER**

## **Exhibit IV.F**



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

*Office of the General Manager*

Mr. Richard Atwater  
General Manager  
Inland Empire Utilities Agency  
P.O. Box 9020  
Chino Hills, CA 91709-9020

Mr. Richard Hansen  
General Manager  
Three Valleys Municipal Water District  
1021 East Miramar Avenue  
Claremont, CA 91711-2052

Mr. Ken Manning  
Executive Officer  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730

Dear Messrs. Atwater, Hansen and Manning:

Amendment No. 6 to the  
Chino Basin Groundwater Storage Program Funding Agreement No. 49960 (DYY)

Transmitted herewith is a fully executed original of Amendment No. 6 to the Chino Basin Groundwater Storage Program Funding Agreement No. 49960 (DYY) for your records. Thank you for the prompt processing of this amendment. We look forward to working with you on this program.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kathleen M. Kunysz".

Kathleen M. Kunysz  
Program Manager

KMK:tt

Enclosure

AMENDMENT NO. 6  
TO  
GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960

BY AND AMONG

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

AND

INLAND EMPIRE UTILITIES AGENCY

AND

THREE VALLEYS MUNICIPAL WATER DISTRICT

AND

CHINO BASIN WATERMASTER

DATED AS OF September 2, 2009



**AMENDMENT NO. 6 TO GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960**

**THIS AMENDMENT NO. 6 TO GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT NO. 49960** (this “**Amendment No. 6**”), dated as of Sept. 2, 2009 is entered into by and among **THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA** (“**Metropolitan**”), a public entity of the State of California, **INLAND EMPIRE UTILITIES AGENCY**, a municipal water district of the State of California (“**IEUA**”), **THREE VALLEYS MUNICIPAL WATER DISTRICT**, a municipal water district of the State of California (“**TVMWD**”) and **CHINO BASIN WATERMASTER**, an entity established by the Superior Court of the State of California to manage the Chino Groundwater Basin (“**Watermaster**”). Hereafter, Metropolitan, IEUA, TVMWD and Watermaster may be referred to collectively as “Parties.”

**RECITALS**

- A. In June 2003, the Parties entered into an agreement titled, “Agreement No. 49960 Groundwater Program Storage Funding Agreement” (“**Agreement**”) pursuant to which Metropolitan has stored water in the Chino Basin, as amended by the First Amendment effective May 6, 2004, the Second Amendment effective August 31, 2004, the Third Amendment effective August 16, 2005, the Fourth Amendment effective May 16, 2008, and the Fifth Amendment effective March 6, 2009.
- B. Metropolitan initiated a twelve-month call for production of 33,000 AF of stored water from the Metropolitan Storage Account in Chino Basin that began on May 1, 2008. City of Chino, an IEUA Operating Party, had not completed its funded ion exchange facility identified in Agreement Exhibit H and used another ion exchange facility (the Benson Water Treatment Plant) that the City owns and operates to produce its share of the called water during this call. The Agreement specifies that Operation and Maintenance costs will include specified reimbursement for costs of producing called water through funded ion exchange facilities. Due to the unique circumstance of this call following so closely on completion of funded facilities, the Parties agree that the City of Chino’s costs for producing stored water for the Metropolitan call should be reimbursed consistent with the Agreement formula for funded ion exchange facilities for the call period May 1, 2008 through April 30, 2009. Reimbursement for the City’s costs are not to exceed what it would have received through the funded facility which will be on-line for future calls.

**NOW, THEREFORE**, in consideration of the foregoing Recitals, the Parties hereby agree to amend the Agreement with this Amendment No. 6 as follows:

**AMENDMENT**

1. Section IV.D.1. is amended to ADD the following:
- In the initial call year May 1, 2008 through April 30, 2009, the City of Chino may submit certifications and be reimbursed for up to 1,043.1 AF of water produced from the Metropolitan Storage Account, subject to reconciliation of produced amounts, through the Benson Water Treatment Plant ion exchange facilities. Reimbursement shall follow the formula set out in this paragraph as if the treated water were produced through the funded facility.

2. Except as, and to the extent specifically and expressly modified by this Amendment No. 6, the Agreement is, and shall continue to be, in full force and effect. This Amendment does not constitute a waiver of any provisions, terms or conditions of the Agreement or of any failure to comply with such provisions, terms or conditions.
3. This Amendment No. 6 may be executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement.

**IN WITNESS WHEREOF**, the Parties have caused this Amendment No. 6 to be executed as of the date first set forth above.

THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

Jeffrey Kightlinger  
General Manager

By: Stephen M. Arakawa  
Stephen N. Arakawa  
Manager, Water Resource Management

Date: 9/2/09

APPROVED AS TO FORM:

Karen L. Tachiki  
General Counsel

By: Setha E. Schlang  
Setha E. Schlang  
Senior Deputy General Counsel

Date: 8/11/09

INLAND EMPIRE UTILITIES AGENCY

By: \_\_\_\_\_  
Richard Atwater  
General Manager

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Jean Cihigoyenetché  
General Counsel

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

THREE VALLEYS MUNICIPAL  
WATER DISTRICT

By: Richard W. Hansen  
Richard W. Hansen  
General Manager/Chief Engineer

Date: 8/21/09

APPROVED AS TO FORM:

By: Steve Kennedy  
Steve Kennedy  
District Counsel

Date: 8/21/09

CHINO BASIN WATERMASTER

By: \_\_\_\_\_  
Ken Manning  
Chief Executive Officer

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Michael Fife  
General Counsel

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

2. Except as, and to the extent specifically and expressly modified by this Amendment No. 6, the Agreement is, and shall continue to be, in full force and effect. This Amendment does not constitute a waiver of any provisions, terms or conditions of the Agreement or of any failure to comply with such provisions, terms or conditions.
3. This Amendment No. 6 may be executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement.

**IN WITNESS WHEREOF**, the Parties have caused this Amendment No. 6 to be executed as of the date first set forth above.

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

Jeffrey Kightlinger  
General Manager

By: \_\_\_\_\_  
Stephen N. Arakawa  
Manager, Water Resource Management

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

**INLAND EMPIRE UTILITIES AGENCY**

By: Richard Atwater  
Richard Atwater  
General Manager

Date: 8/17/2008

**THREE VALLEYS MUNICIPAL  
WATER DISTRICT**

By: \_\_\_\_\_  
Richard W. Hansen  
General Manager/Chief Engineer

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

**CHINO BASIN WATERMASTER**

By: \_\_\_\_\_  
Ken Manning  
Chief Executive Officer

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

**APPROVED AS TO FORM:**

Karen L. Tachiki  
General Counsel

By: Setha E. Schlang  
Setha E. Schlang  
Senior Deputy General Counsel

Date: 8/11/09

**APPROVED AS TO FORM:**

By: Jean Chigoyenche  
Jean Chigoyenche  
General Counsel

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

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Steve Kennedy  
District Counsel

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

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Michael Fife  
General Counsel

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

2. Except as, and to the extent specifically and expressly modified by this Amendment No. 6, the Agreement is, and shall continue to be, in full force and effect. This Amendment does not constitute a waiver of any provisions, terms or conditions of the Agreement or of any failure to comply with such provisions, terms or conditions.
3. This Amendment No. 6 may be executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement.

**IN WITNESS WHEREOF**, the Parties have caused this Amendment No. 6 to be executed as of the date first set forth above.

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**


Jeffrey Kightlinger  
General Manager

By: \_\_\_\_\_  
Stephen N. Arakawa  
Manager, Water Resource Management

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

**APPROVED AS TO FORM:**

Karen L. Tachiki  
General Counsel

By:   
Setha E. Schlang  
Senior Deputy General Counsel

Date: 8/11/09

**INLAND EMPIRE UTILITIES AGENCY**

By: \_\_\_\_\_  
Richard Atwater  
General Manager

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

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Jean Cihigoyenette  
General Counsel

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

**THREE VALLEYS MUNICIPAL  
WATER DISTRICT**

By: \_\_\_\_\_  
Richard W. Hansen  
General Manager/Chief Engineer

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

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Steve Kennedy  
District Counsel

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

**CHINO BASIN WATERMASTER**

By:   
Ken Manning  
Chief Executive Officer

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

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Michael Fife  
General Counsel

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

# **CHINO BASIN WATERMASTER**

## **Exhibit IV.G**

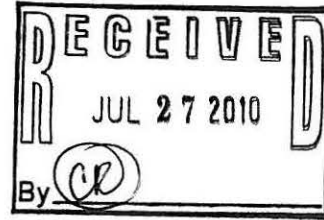
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THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

Office of the General Manager

July 22, 2010



Mr. Tom A. Love  
CEO/General Manager  
Inland Empire Utilities Agency  
P.O. Box 9020  
Chino Hills, CA 91709-9020

Mr. Richard Hansen  
General Manager  
Three Valleys Municipal Water District  
1021 East Miramar Avenue  
Claremont, CA 91711-2052

Mr. Ken Manning  
Executive Officer  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730

Dear Messrs. Love, Hansen, and Manning:

Fully Executed Amendment No. 7 to Groundwater Storage Program Funding Agreement No. 44960

Enclosed for your records is a fully executed original copy of the Amendment No. 7 to Groundwater Storage Program Funding Agreement No. 44960 between The Metropolitan Water District of Southern California, Inland Empire Utilities Agency, Three Valleys Municipal Water District, and Chino Basin Watermaster.

Thank you for the prompt processing of this amendment. We look forward to working with you on this program. If you have any questions, please contact me at (213) 217-6272 or via email at [kkunysz@mwdh2o.com](mailto:kkunysz@mwdh2o.com).

Sincerely,

  
Kathleen M. Kunysz  
Program Manager

KMK:jc

o:\a\s\c\2010\KMK\_executed letter Chino Cup Amend No. 7 Agr. No. 44960.doc

Enclosure

AMENDMENT NO. 7  
TO  
GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960

BY AND AMONG

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

AND

INLAND EMPIRE UTILITIES AGENCY

AND

THREE VALLEYS MUNICIPAL WATER DISTRICT

AND

CHINO BASIN WATERMASTER

DATED AS OF July 2010

**AMENDMENT NO. 7 TO GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960**

**THIS AMENDMENT NO. 7 TO GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT NO. 49960** (this “**Amendment No. 7**”), dated as of July 2010, is entered into by and among **THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA** (“**Metropolitan**”), a public entity of the State of California, **INLAND EMPIRE UTILITIES AGENCY**, a municipal water district of the State of California (“**IEUA**”), **THREE VALLEYS MUNICIPAL WATER DISTRICT**, a municipal water district of the State of California (“**TVMWD**”) and **CHINO BASIN WATERMASTER**, an entity established by the Superior Court of the State of California to manage the Chino Groundwater Basin (“**Watermaster**”). Hereafter, Metropolitan, IEUA, TVMWD and Watermaster may be referred to collectively as “**Parties**.”

**RECITALS**

- A. In June 2003, the Parties entered into an agreement titled, “Agreement No. 49960 Groundwater Program Storage Funding Agreement” (“**Agreement**”) pursuant to which Metropolitan has stored water in the Chino Basin, as amended by the First Amendment effective May 6, 2004, the Second Amendment effective August 31, 2004, the Third Amendment effective August 16, 2005, the Fourth Amendment effective May 16, 2008, the Fifth Amendment effective March 6, 2009, and the Sixth Amendment dated as of September 2, 2009.
- B. Metropolitan initiated a twelve-month call for production of 33,000 AF of stored water from the Metropolitan Storage Account in Chino Basin that began on May 1, 2008. A second twelve-month call for production of an additional 33,000 AF of stored water was made effective May 1, 2009, and a third twelve-month call for the balance of stored water (approximately 17,000 AF) was effective on May 1, 2010. For the initial call, City of Chino, an IEUA Operating Party, had not completed its funded ion exchange facility identified in Agreement Exhibit H and used another ion exchange facility (the Benson Water Treatment Plant) that the City owns and operates to produce its share of the called water during the first call. For the second call, the City of Chino has recently indicated that new, unanticipated difficulties have required the continued use of the Benson Water Treatment Plant to meet Metropolitan’s call. For the third upcoming call, the City of Chino anticipates continued use of the Benson Water Treatment Plant to meet Metropolitan’s call.
- C. The Agreement specifies that Operation and Maintenance costs will include specified reimbursement for costs of producing called water through funded ion exchange facilities in an amount equivalent to the cost of treating surface water as set forth in Section X.D.1. of the Agreement. Due to the unique circumstance of these calls, the Parties agree that the City of Chino’s costs for producing stored water for the Metropolitan call should be reimbursed consistent with the Agreement formula for funded ion exchange facilities for the call period May 1, 2008 through April 30, 2009, May 1, 2009 through April 30, 2010, and May 1, 2010 through April 30, 2011. Reimbursement for the City’s costs are not to exceed what it would have received through the funded facility, and shall not exceed a proportional share of the reduced call amount for the period May 1, 2010 through April 30, 2011.

**NOW, THEREFORE**, in consideration of the foregoing Recitals, the Parties hereby agree to amend the Agreement with this Amendment No. 7 as follows:



**AMENDMENT**

1. Section IV.D.1., which was added to the Agreement in Amendment No. 6, is hereby DELETED.

2. Section VI.D.4 is hereby ADDED to the Agreement as follows:

a. In the call years May 1, 2008 through April 30, 2009, May 1, 2009 through April 30, 2010, and May 1, 2010 through April 30, 2011, the City of Chino may submit certifications and be reimbursed for up to 1,043.1 AF of water produced from the Metropolitan Storage Account, subject to reconciliation of produced amounts, through the Benson Water Treatment Plant ion exchange facilities. In the call year May 1, 2010 through April 30, 2011 a partial call of the 33,000 AF call amount has been made, and the AF eligible for the credit for water produced through the Benson Water Treatment Plant for the call shall not exceed the City of Chino's proportional share of responsibility for the reduced call amount. Reimbursement shall follow the formula set out in this Agreement in section VI.D.1 as if the treated water were produced through the funded facility.

3. Except as, and to the extent specifically and expressly modified by this Amendment No. 7, the Agreement is, and shall continue to be, in full force and effect. This Amendment does not constitute a waiver of any provisions, terms or conditions of the Agreement or of any failure to comply with such provisions, terms or conditions.

4. This Amendment No. 7 may be executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement.

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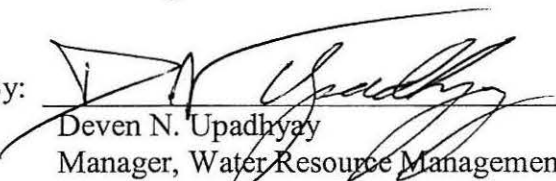
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IN WITNESS WHEREOF, the Parties have caused this Amendment No. 7 to be executed as of the date first set forth above.

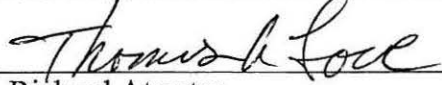
**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

Jeffrey Kightlinger  
General Manager

By:   
Deven N. Upadhyay  
Manager, Water Resource Management

Date: 7/29/10

**INLAND EMPIRE UTILITIES AGENCY**

By:   
Richard Atwater  
General Manager

Date: 5/25/10

**THREE VALLEYS MUNICIPAL  
WATER DISTRICT**

By: \_\_\_\_\_  
Richard W. Hansen  
General Manager/Chief Engineer

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

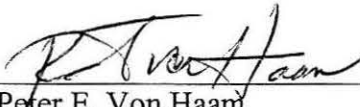
**CHINO BASIN WATERMASTER**

By: \_\_\_\_\_  
Ken Manning  
Chief Executive Officer

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

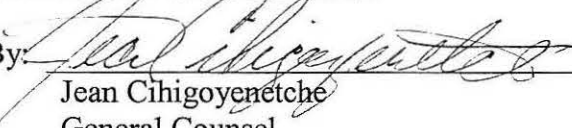
**APPROVED AS TO FORM:**

Karen L. Tachiki  
General Counsel

By:   
Peter E. Von Haam  
Senior Deputy General Counsel

Date: 6/30/10

**APPROVED AS TO FORM:**

By:   
Jean Cihigoyenétche  
General Counsel

Date: 6-9-10

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Steve Kennedy  
District Counsel

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

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Michael Fife  
General Counsel

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

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 7 to be executed as of the date first set forth above.

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

Jeffrey Kightlinger  
General Manager

By: \_\_\_\_\_  
Deven N. Upadhyay  
Manager, Water Resource Management

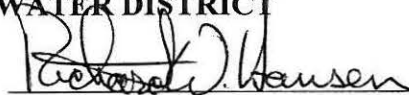
Date: \_\_\_\_\_

**INLAND EMPIRE UTILITIES AGENCY**

By: \_\_\_\_\_  
Richard Atwater  
General Manager

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

**THREE VALLEYS MUNICIPAL  
WATER DISTRICT**

By:  \_\_\_\_\_  
Richard W. Hansen  
General Manager/Chief Engineer

Date: 5/21/10

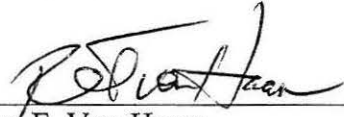
**CHINO BASIN WATERMASTER**

By: \_\_\_\_\_  
Ken Manning  
Chief Executive Officer

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

**APPROVED AS TO FORM:**

Karen L. Tachiki  
General Counsel

By:  \_\_\_\_\_  
Peter E. Von Haam  
Senior Deputy General Counsel

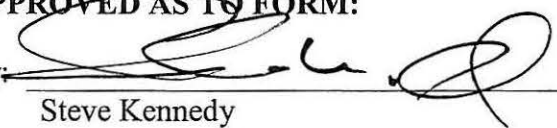
Date: 6/30/10

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Jean Cihigoyenetché  
General Counsel

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

**APPROVED AS TO FORM:**

By:  \_\_\_\_\_  
Steve Kennedy  
District Counsel

Date: June 23, 2010

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Michael Fife  
General Counsel

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

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 7 to be executed as of the date first set forth above.

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

Jeffrey Kightlinger  
General Manager

By: \_\_\_\_\_  
Deven N. Upadhyay  
Manager, Water Resource Management

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

**INLAND EMPIRE UTILITIES AGENCY**

By: \_\_\_\_\_  
Richard Atwater  
General Manager

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

**THREE VALLEYS MUNICIPAL  
WATER DISTRICT**

By: \_\_\_\_\_  
Richard W. Hansen  
General Manager/Chief Engineer

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

**CHINO BASIN WATERMASTER**

By: \_\_\_\_\_  
  
Ken Manning  
Chief Executive Officer

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

**APPROVED AS TO FORM:**

Karen L. Tachiki  
General Counsel

By: \_\_\_\_\_  
Peter E. Von Haam  
Senior Deputy General Counsel

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

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Jean Cihigoyenette  
General Counsel

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

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Steve Kennedy  
District Counsel

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

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Michael Fife  
General Counsel

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

# **CHINO BASIN WATERMASTER**

## **Exhibit IV.H**



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

*Office of the General Manager*

Mr. Joseph Grindstaff  
General Manager  
Inland Empire Utilities Agency  
6075 Kimball Avenue  
Chino, CA 91708

Mr. Rick Hansen  
General Manager  
Three Valleys Municipal Water District  
1021 East Miramar Avenue  
Claremont, CA 91711-2052

Mr. Peter Kavounas  
General Manager  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730

Dear Messrs. Grindstaff, Hansen and Kavounas:

Amendment No. 8 to the Agreement for the Chino Basin Groundwater Storage Program

Enclosed herewith is an original fully-executed copy of Amendment No. 8 to the Agreement for the Chino Basin Groundwater Storage Program.

We look forward to working with Inland Empire Utilities Agency, Three Valleys Municipal Water District, Chino Basin Watermaster and all the Operating Parties for the successful implementation of this groundwater storage program. We greatly appreciate the efforts of all to identify revisions to improve the efficiency and benefit of the program for all.

Very truly yours,

A handwritten signature in black ink that reads "Kathleen Kunysz".

Kathleen M. Kunysz  
Program Manager, Water Resource Management

KK:tt

Enclosure

**AMENDMENT NO. 8  
TO  
GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960**

**BY AND AMONG**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**AND**

**INLAND EMPIRE UTILITIES AGENCY**

**AND**

**THREE VALLEYS MUNICIPAL WATER DISTRICT**

**AND**

**CHINO BASIN WATERMASTER**

**DATED AS OF *January 23<sup>rd</sup>*, 2015**

**AMENDMENT NO. 8 TO GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960**

**THIS AMENDMENT NO. 8 TO GROUNDWATER STORAGE PROGRAM  
FUNDING AGREEMENT NO. 49960** (this “**Amendment No. 8**”), dated as of

*January 23<sup>rd</sup>*, 2015, is entered into by and among **THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA** (“**Metropolitan**”), a public entity of the State of California, **INLAND EMPIRE UTILITIES AGENCY**, a municipal water district of the State of California (“**IEUA**”), **THREE VALLEYS MUNICIPAL WATER DISTRICT**, a municipal water district of the State of California (“**TVMWD**”) and **CHINO BASIN WATERMASTER**, an entity established by the Superior Court of the State of California to administer and enforce the Chino Groundwater Basin Judgment (“**Watermaster**”). Hereafter, Metropolitan, IEUA, TVMWD and Watermaster may be referred to collectively as “**Parties.**”

**RECITALS**

A. In June 2003, the Parties entered into an agreement titled, “Agreement No. 49960 Groundwater Program Storage Funding Agreement” (“**Agreement**”) pursuant to which Metropolitan has stored water in the Chino Basin.

B. By April 2008, over 88,000 acre-feet were stored in the Metropolitan Storage Account pursuant to the terms of the Agreement. Metropolitan subsequently made three calls for production of stored water from 2008 through 2011. Based upon the storage and extraction experience of the Parties, the Parties now wish to make adjustments to the Agreement to improve and clarify measurement of storage and extraction from the Metropolitan Storage Account, to clarify how performance of calls will be evaluated, and to revise administrative milestones and make miscellaneous updates.

C. This Amendment No. 8 makes adjustments to the provisions within the Agreement, revises Exhibit F, and deletes and replaces the provisions of Exhibit G to the Agreement.

D. The Operating Committee’s current version of Exhibit H (Description of Program Facilities and Operating Parties) is also attached to this Amendment No. 8.

**NOW, THEREFORE**, in consideration of the foregoing Recitals, the Parties hereby agree as follows:

**AMENDMENT**

1. Section IV.A.2.a. is revised to read as follows:

a. Storage. Water can be stored in the following ways: (1) spreading, (2) injection, (3) in-lieu deliveries (pursuant to the administration procedures described in Exhibit G) and transfer from existing Metropolitan storage accounts consistent with the Chino Basin Judgment.



Metropolitan can store water in the Chino Basin at a rate of 25,000 AF per year, unless a greater amount is approved by the Watermaster.

2. Section VI.A.2. is revised to read as follows:

The Operating Committee shall meet:

a. As reasonably often as necessary to implement operations and take other needed action pursuant to this Agreement. Such tasks will include preparation of Operating Committee's certification to Watermaster regarding monthly storage achieved utilizing methodology specified in Exhibits F (Accounting Methodology) and G (Performance Criteria);

b. Within thirty days after the execution of this Agreement; and thereafter in years that Metropolitan requests to store or extract water within sixty days of Metropolitan's request develop Program Annual Operating Plan for the subsequent year; and

c. By June 30 of each year review prior fiscal year performance for storage and/or extraction in conformance with the Annual Operating Plan and Exhibit G, Performance Criteria; review need for adjustments to Electrical Costs and Operation and Maintenance Costs for prior fiscal year; and for assessment of per-acre-foot Electrical Costs and Operation and Maintenance Costs to be paid by Metropolitan.

3. Sections VI.A.4.a. and d. are revised to read as follows:

a. Properly account for the amounts of all water stored and extracted and submit a report of these amounts achieved for the Metropolitan Storage Account to Watermaster and Metropolitan on a monthly basis but not more than two months in arrears. Any adjustments to the monthly submittals shall be submitted to the Watermaster and to Metropolitan in a timely manner for consideration in the preparation of the Watermaster's annual assessment package. Within one year following the end of the fiscal year, an annual reconciliation shall be performed of storage and extraction.

d. Prepare and deliver to the Parties, on or before June 30 of each year, a written annual report outlining the Operating Committee's actions during the prior fiscal year (the "**Operating Committee Annual Report.**")

4. Section VI.C.1.e. is revised as follows:

e. Watermaster shall obtain from Operating Committee on a monthly basis its report of the amount of storage achieved using the methodology specified in Section VII(B) and Exhibits F and G of this Agreement.

5. Section VII.A.4. is revised to read as follows:

4. The quantity of any Program Water delivered to the Metropolitan Storage Account in any given month shall be determined in accordance with the accounting methodology set forth in Exhibits F and G.

6. Section XIII.B. is revised to read as follows:

1. Should IEUA or TVMWD, each acting through agreement with its respective Operating Parties, fail to fully perform in accordance with Exhibit G in response to a call from Metropolitan that has been approved by the Watermaster, and upon a determination by the Operating Committee that full performance could and should have occurred, then Metropolitan shall invoice to IEUA or to TVMWD, as appropriate, water delivered equal to the quantity in acre-feet of non-performance at two times the Tier 2 full service water rate (or its equivalent, as determined by Metropolitan in its reasonable discretion) currently then in effect (“**Nonperformance Penalty**”). The parties and the Operating Parties have expressly agreed on the conditions that qualify for a waiver of non-performance penalties under section 2, below, as set forth in Exhibit G.

2. Should the Operating Committee in its review of incomplete performance, as specified in paragraph B (1) above, determine that unanticipated operational or water quality considerations precluded full performance, the Operating Committee shall not recommend to Metropolitan that the Nonperformance Penalty be assessed. In such case, IEUA or TVMWD, whichever is the responsible Member Agency, shall work with the nonperforming Operating Party to promptly set out a mutually agreeable course of action and schedule to correct the deficiency and present such to the Operating Committee for its concurrence. Future nonperformance outside of the agreed-upon schedule (provided that the Operating Committee has concurred with such schedule) would be subject to the Nonperformance Penalty.

7. Section XV.H. is revised to read as follows:

#### **H. Notice**

Formal written notices, demands, correspondence and communications between the Parties authorized by this Agreement shall be sufficiently given if personally served or dispatched by registered or certified mail, first-class, postage prepaid, return receipt requested, to the Parties as follows:

To IEUA:  
Inland Empire Utilities Agency  
General Manager  
6075 Kimball Avenue  
Chino, CA 91708

To TVMWD:  
Three Valleys Municipal Water District  
General Manager  
1021 E. Miramar Avenue  
Claremont, CA 91711

To Watermaster:  
Chino Basin Watermaster  
General Manager  
9641 San Bernardino Road,  
Rancho Cucamonga, CA 91730

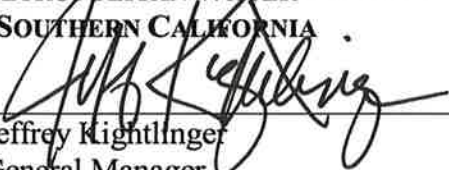
To Metropolitan:  
The Metropolitan Water District  
of Southern California  
General Manager  
700 No. Alameda Street  
Los Angeles, California 90012

Such written notices, demands, correspondence and communications may be sent in the same manner to such other persons and addresses as either Party may, from time to time, reasonably designate by mail as provided in this Section. Notice shall be deemed given when received by mail or when personally served.

8. Exhibit F is revised as attached at the end of this Amendment No. 8.
9. Exhibit G is deleted and replaced. Replacement Exhibit G is attached at the end of this Amendment No. 8.
10. The Operating Committee's current version of Exhibit H (Description of Program Facilities and Operating Parties) is also attached to this Amendment No. 8 for reference only. No changes are made to this Exhibit with this Amendment No. 8.
11. Except as, and to the extent specifically and expressly modified by this Amendment No. 8, the Agreement is, and shall continue to be, in full force and effect. This Amendment does not constitute a waiver of any provisions, terms or conditions of the Agreement or of any failure to comply with such provisions, terms or conditions.
12. This Amendment No. 8 may be executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement.

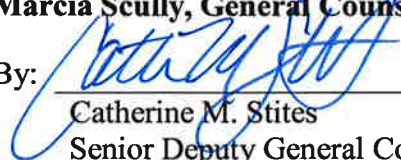
IN WITNESS WHEREOF, the Parties have caused this Amendment No. 8 to be executed as of the date first set forth above.

**THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA**

By:   
Jeffrey Knightlinger  
General Manager

Date: 1/23/15

**APPROVED AS TO FORM:  
Marcia Scully, General Counsel**

By:   
Catherine M. Stites  
Senior Deputy General Counsel

Date: 7/23/14

**INLAND EMPIRE UTILITIES AGENCY**

By:   
Joseph Grindstaff  
General Manager


Date: 1/5/15

**APPROVED AS TO FORM:**

By:   
General Counsel

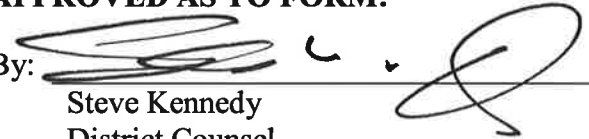
Date: 1.7.15

**THREE VALLEYS MUNICIPAL WATER  
DISTRICT**

By:   
Richard W. Hansen  
General Manager/Chief Engineer


Date: 9/4/14

**APPROVED AS TO FORM:**

By:   
Steve Kennedy  
District Counsel

Date: 9/22/14

**CHINO BASIN WATERMASTER**

By:   
Peter Kavounas  
General Manager

Date: 10/28/14

**APPROVED AS TO FORM:**

By:   
General Counsel

Date: 10/20/2014

## **ACCOUNTING METHODOLOGY**

### **Annual Operating Plan**

Commencing upon the Effective Date of this Agreement and thereafter prior to the beginning of each fiscal year, the Operating Committee will develop an Annual Operating Plan to forecast IEUA's and TVMWD's operations for the coming year in terms of groundwater production and imported water delivery absent the Program, as well as intended storage through in-lieu deliveries, injection and direct spreading, and extraction. Deliveries to the Metropolitan Storage Account through in-lieu deliveries, injection, or direct spreading will be determined using methodologies detailed in this Exhibit F.

The Annual Operating Plan must reflect IEUA's and TVMWD's monthly operations in terms of groundwater production and imported water deliveries absent the Program. If water is to be stored through direct injection or spreading or in-lieu deliveries, the Annual Operating Plan must indicate the months when the deliveries to the Chino Basin are expected to occur. If water is to be extracted, the operating schedule must reflect the amount of imported water that will be delivered from the Metropolitan Storage Account each month.

Upon call by Metropolitan for storage or extraction, the Operating Committee shall prepare a revision to the Annual Operating Plan for submission to Metropolitan, IEUA, TVMWD, and Watermaster, which would indicate the revised monthly storage or extraction amounts for the Metropolitan Storage Account. Metropolitan shall invoice for extracted Stored Water Delivery on a monthly basis at the firm water rate minus pumping and Operations and Maintenance Costs, according to the revised Annual Operating Plan. Any adjustments to the quantities billed shall be made during the year-end reconciliation.

### **Calculation of Storage and Extraction**

IEUA and TVMWD shall account for all water stored and extracted in the Chino Basin by their respective subagencies and each submit its certification of these total amounts and the subset of these amounts achieved for the Metropolitan Storage Account. IEUA and TVMWD shall each submit this certification to Metropolitan and the Watermaster on a monthly basis. At the end of each fiscal year, IEUA and TVMWD shall perform an annual assessment of total storage and extraction and the subset achieved for the Metropolitan Storage Account. Any adjustments to the monthly submittals shall be provided by IEUA to Metropolitan and to the Watermaster in a timely manner for consideration in the preparation of the Watermaster's annual report.

All accounting for the Metropolitan Storage Account shall conform to the following unless otherwise agreed by Metropolitan, IEUA, TVMWD, and Watermaster:

a. Initial storage balance upon execution of this Agreement shall be consistent with Exhibit E “Procedure for Initial Calculation of Metropolitan Storage Account”. This initial storage balance is firm water to be billed at the rate designated in Exhibit E upon its extraction. This water, when extracted, shall be part of IEUA’s firm water allocation pursuant to the rate structure. This water shall be first in, and first out of the Metropolitan Storage Account.

b. All other water delivered to the Metropolitan Storage Account shall be “new wet-water storage” to the Chino Basin, and not accomplished through an accounting transfer of pre-existing storage. New storage is achieved through demonstrated in-lieu delivery spreading, or injection of imported water supplied by Metropolitan.

c. Monthly amounts certified by IEUA or TVMWD as in-lieu storage shall meet criteria specified in Exhibit G.

The Operating Committee shall perform an annual reconciliation of Metropolitan and IEUA’s and TVMWD’s records with the Watermaster report with respect to total storage and/or extraction from the Metropolitan Storage Account and Metropolitan’s water billing inclusive of credits for the Operation and Maintenance Costs and Electrical Costs, and prepare any needed paperwork for adjustments to the billing.

## Exhibit G

### Chino Basin Conjunctive Use Program (CUP) "Dry Year" Storage Project Performance Criteria

The intent of the below Performance Criteria is to allow Metropolitan to reduce imported water deliveries to the Operating Parties and replace it with stored Chino Basin groundwater, making available additional imported water supply for delivery to other Metropolitan member agencies.

#### Performance

Metropolitan may, on thirty (30) days' notice, require Program Agency to meet the objectives of the project as follows:

- 1) During the next 12 month period, IEUA and TVMWD through their agreements with Operating Parties will cause a reduction of imported water deliveries by 33,000 AF (+/- 10 percent), at the service connection, from the Imported Water Baseline.
- 2) At no time shall a Metropolitan call result in a reduction in imported water deliveries below 40,000 AF. As long as the imported water deliveries by the Operating Parties total less than or equal to 40,000 AF, performance will have been met.
- 3) If a Metropolitan CUP call is made during implementation of Metropolitan's Water Supply Allocation Plan (WSAP), the amount of the CUP call shall be adjusted for the purposes of the WSAP performance, such that the 40,000 AF performance objective for CUP is met. The Operating Parties will still be expected to comply with all provisions of the WSAP. For purposes of the CUP, the full call amount (without adjustment for WSAP performance) would be deducted from the Storage Account and billed for by Metropolitan.
- 4) Metropolitan will pay O&M, Power and Treatment credits only on Chino groundwater production over the Chino Groundwater Baseline.
- 5) Metropolitan will bill for, and the Storage Account will be reduced by 33,000 AF.
- 6) If Performance Criteria is not met, the Penalty Rate will be applied on any unmet reduction of imported water delivery at the service connection.
- 7) A partial call will be addressed through a pro rata performance.
- 8) Any Chino Basin Groundwater produced above the Chino Groundwater Baseline but below the 33,000 AF call amount will be moved to the Operating Parties' supplemental storage accounts.

#### Chino Groundwater Baseline

For the purposes of Performance, an Operating Party's Chino Groundwater Baseline shall be set at the beginning of the performance period as the lesser of the following:

- 1) The average physical production adjusted upward for in-lieu CUP storage and downward for CUP extraction certified by Chino Basin Watermaster in the three (3) previous years beginning with the prior fiscal year (i.e. the baseline for a call during fiscal year 2014-15 would average years 2010-11, 2011-12 and 2012-13 and would not include 2013-14) ; or,
- 2) The average sum of the Operating Safe Yield and Net Ag Re-Allocation pumping rights, as reported in columns titled "Assigned Share of Operating Safe Yield" and "Net Ag Pool Reallocation" of the table titled "Pool 3 Water Production Summary," of the Chino Basin

Watermaster Annual Report or Annual Assessment Package, less any rights utilized to meet Chino Basin Desalter replenishment obligations, as shown in the Chino Basin Watermaster Annual Report or Annual Assessment Package, in the three (3) previous years beginning with the prior fiscal year.

### **Imported Water Baseline**

The Imported Baseline shall be equal to the average imported water deliveries in the three (3) previous years beginning with the prior fiscal year. The imported water deliveries in each year is adjusted downward for in-lieu CUP storage and adjusted upward for CUP extraction.

### **In-Lieu Storage Guidelines**

For in-lieu storage, the following criteria shall apply:

- 1) Certification of in-lieu CUP storage by an Operating Party shall be the lesser of the following:
  - a. Decrease in Chino groundwater production relative to the Chino Groundwater Baseline; or
  - b. Increase in imported water deliveries to the Operating Parties above the Imported Water Baseline by at least the certified amount. In the event that the increase in imported water deliveries is less than the decrease in Chino Basin groundwater production, the certified amount shall be equal to the increase in imported water deliveries.
- 2) Participation in in-lieu storage is optional. Therefore, in-lieu storage is based upon individual Operating Party performance.
- 3) No Operating Party may certify in-lieu storage during any fiscal year in which that Operating Party incurs a replenishment obligation.

### **Operating Committee**

#### Baseline Adjustments

The Operating Committee may mutually agree to adjust the Chino Groundwater Baseline or the Imported Water Baseline to account for changed conditions. The Operating Committee may adjust the baselines due to factors such as new production wells, wells taken out of service, planned outages that would significantly affect ability to deliver supplies, significant retail conservation, and/or dramatic increase in local supplies (recycled water, desalted groundwater, etc.). Increases or decreases in total demand shall not result in a baseline adjustment unless it can be shown that the change is a result of significant retail conservation. Normal demand variations due to hydrologic or economic factors are not eligible for baseline adjustments. Any request for baseline adjustment must accompany sufficient documentation to allow the Operating Committee to evaluate the request. All baseline adjustment requests must be submitted before the storage/call year with the Annual Operating Plan.

#### Performance Targets

The Operating Committee may mutually agree to modify performance targets due to severe and unexpected conditions. It should be generally agreed that additional use and production of all local supplies available to the Operating Parties should not be restricted or cause IEUA, TVMWD or the Operating Parties to be out of compliance of a performance target. The Operating Committee may agree to adjust the imported water performance target due to severe and unexpected conditions, such as but not limited to the following:



- a. Significant loss in total local supply capacity (groundwater, desalter and recycled); and/or OR
- b. Significant increase in total demand.
- c.

Any adjustment related to the performance targets does not apply to the requirements for receiving O&M, Power and Treatment credits or the amount deducted from the storage account. The full call amount would be deducted from the storage account and billed by Metropolitan regardless of any performance adjustment. Detailed documentation of the severe and unexpected conditions must be provided to allow the Operating Committee to evaluate the request.

**Examples**

The following examples demonstrate situations where non-performance penalties may be waived pursuant to Section XIII.B. of the Agreement.

**Example 1 - Base Example**

Call Amount	33,000 AF
Baseline Service Connection Deliveries	70,000 AF
Call Year Service Connection Deliveries	<u>40,000 AF</u>
Reduction at Service Connection	30,000 AF
Baseline Groundwater Production	80,000 AF
Call Year Groundwater Production	<u>95,000 AF</u>
Increase in Groundwater Production	<b>15,000 AF</b>

Performance is met because the actual service connection deliveries were equal to 40,000 AF. 33,000 AF is billed for and deducted from account. O&M, Power and Treatment credits are given on 15,000 AF and the remaining 18,000 AF that was paid for, but not pumped, will be moved to the Operating Parties' supplemental storage accounts.

**Example 2 – Increase in Local Supply Capacity**

Call Amount		33,000 AF
Baseline Service Connection Deliveries	(-5,000AF)	65,000 AF
Call Year Service Connection Deliveries		<u>35,000 AF</u>
Reduction at Service Connection		30,000 AF
Baseline Groundwater Production (+5,000AF)		85,000 AF
Call Year Groundwater Production		<u>100,000 AF</u>
Increase in Groundwater Production		<b>15,000 AF</b>

\*In this example, Agency A increases its local supply capacity by expanding a treatment plant by 5,000 AF. This would allow Agency A to increase its production. As a result, the Operating Committee agreed to increase the Baseline Groundwater Production by 5,000 AF and decrease the Imported Water Baseline by 5,000 AF.

Performance is met because the actual service connection deliveries reduction was 30,000 AF. 33,000 AF is billed for and deducted from account. O&M, Power and Treatment credits are given on 15,000 AF and the remaining 18,000 AF that was paid for, but not pumped, will be moved to the Operating Parties' supplemental storage accounts.

**Example 3– Reduced Demands (-5,000 AF)**

Call Amount	33,000 AF
Baseline Service Connection Deliveries (-3,000 AF)	67,000 AF
Call Year Service Connection Deliveries	<b><u>40,000 AF</u></b>
Reduction at Service Connection	27,000 AF
Baseline Groundwater Production (-2,000 AF)	78,000 AF
Call Year Groundwater Production	<u>95,000 AF</u>
Increase in Groundwater Production	<b>17,000 AF</b>

\*In this example, the Operating Committee determined that the installation of ultra-low flow toilets in Agency A's service area would result in a demand reduction of 5,000 AF. This reduction was expected to change both the imported and groundwater baselines. As a result, Agency A's imported water baseline was adjusted down by 3,000 AF and the groundwater baseline was adjusted down by 2,000 AF by the Operating Committee.

Performance is met because the actual service connection deliveries were 40,000 AF. 33,000 AF is billed for and deducted from account. O&M, Power and Treatment credits are given on 17,000 AF and the remaining 16,000 AF that was paid for, but not pumped, will be moved to the Operating Parties' supplemental storage accounts.

**Example 4 – Loss of Local Supply with Groundwater Baseline Adjustment of -5,000 AF and Imported Water +5,000 AF\***

Call Amount	33,000 AF
Adjusted Baseline Service Connection Deliveries (+5,000 AF)	75,000 AF
Call Year Service Connection Deliveries	<b><u>45,000 AF</u></b>
Reduction at Service Connection	30,000 AF
Adjusted Baseline Groundwater Production (-5,000 AF)	75,000 AF
Call Year Groundwater Production	<u>90,000 AF</u>
Increase in Groundwater Production	<b>15,000 AF</b>

\*In this example, Agency A has had six wells go out of service permanently. It will take at least 12 months to drill new wells. As a result of the outage, Agency A's total well capacity has been reduced by 5,000 AF. The Operating Committee agrees to a 5,000 AF baseline reduction on ground water and increase baseline imported water deliveries by 5,000 AF.

Performance is met because the actual service connection deliveries were reduced by 30,000 AF. 33,000 AF is billed for and deducted from account. O&M, Power and Treatment credits are

given on 15,000 AF and the remaining 18,000 AF that was paid for, but not pumped, will be moved to the Operating Parties' supplemental storage accounts.

**Example 5 – Water Supply Allocation Overlap**

Call Amount	33,000 AF
WSAP Level 2	10%
Baseline Service Connection Deliveries	60,000 AF
WSAP Adjusted Baseline Service Connection Deliveries	55,000 AF *
Call Year Service Connection Deliveries	<b><u>40,000 AF</u></b>
Reduction at Service Connection	15,000 AF
Baseline Groundwater Production	80,000 AF
Call Year Groundwater Production	<u>100,000 AF</u>
Increase in Groundwater Production	<b>20,000 AF</b>

*\*For illustrative purposes only.*

*Level 2 WSAP = (Total Demand – Local Supplies) x 90% + Adjustments*

Performance is met for CUP because the actual service connection deliveries were equal to 40,000 AF. 33,000 AF is billed for and deducted from account. Power and O&M credits are given on 20,000 AF and the remaining 13,000 AF that was paid for, but not pumped, will be moved to the Operating Parties' supplemental storage accounts. For the WSAP, it is assumed that the adjusted call amount is 15,000 AF.

**Example 6 – 10 Percent Performance Range**

Call amount	33,000 AF
Baseline Service Connection Deliveries	80,000 AF
Call Year Service Connection Deliveries	<b><u>50,000 AF</u></b>
Reduction at Service Connection	30,000 AF
Baseline Groundwater Production	80,000 AF
Call Year Groundwater Production	<u>100,000 AF</u>
Increase in Groundwater Production	<b>20,000 AF</b>

Performance is met because the Operating Parties reduced service connection deliveries by 30,000 AF, which is within +/- 10 percent of 33,000. 33,000 AF is billed for and deducted from account. O&M, Power and Treatment credits are given on 20,000 AF and the remaining 13,000 AF that was paid for, but not pumped, will be moved to the Operating Parties' supplemental storage accounts.

### **Example 7 – Non-Performance**

Call amount	33,000 AF
Baseline Service Connection Deliveries	60,000 AF
Call Year Service Connection Deliveries	<u>45,000 AF</u>
Reduction at Service Connection	15,000 AF
Baseline Groundwater Production	80,000 AF
Call Year Groundwater Production	<u>95,000 AF</u>
Increase in Groundwater Production	15,000 AF

Performance is **not** met. The actual service connection deliveries are greater than 40,000 and the reduction in service connection deliveries are less than 33,000 +/- 10 percent. 33,000 AF is billed for and deducted from account. O&M, Power and Treatment credits are given on 15,000 AF and the remaining 18,000 AF that was paid for, but not pumped, will be moved to the Operating Parties' supplemental storage accounts. 5,000 AF is billed at the Penalty Rate of 2x Tier 2.

### **Example 8 – “Agency A” In-lieu Storage**

Baseline Service Connection Deliveries	15,000 AF
Storage Year Service Connection Deliveries	<u>20,000 AF</u>
Increase at Service Connection	<b>5,000 AF</b>
Baseline Groundwater Production	20,000 AF
Storage Year Groundwater Production	<u>10,000 AF</u>
Decrease in Groundwater Production	10,000 AF

In this example, “Agency A” would be eligible for 5,000 AF of in-lieu storage. The increase in service connection deliveries (5,000 AF) are less than the decrease in groundwater production (10,000 AF).

**Exhibit H**

**DESCRIPTION OF PROGRAM FACILITIES & OPERATING PARTIES**

<b>Ion Exchange Nitrate Removal Facility</b>	<b>Capacity (in AFY)</b>	<b>Funding Allocation</b>	<b>Project Name &amp; Location</b>
City of Pomona	2,000	\$1,700,000.00	Anion Exchange Nitrate Removal Facility Upgrade and Expansion Project, Located @ First & San Lorenzo
Monte Vista County Water District	1,544	\$1,428,200.00	Well 33, Located @ Palo Verde & Benson
City of Chino	1,159	\$1,072,043.00	
City of Upland	3,001	\$2,776,064.00	Plant No. 12 Ion Exchange Facility, Located @ Ninth & Mountain
City of Chino Hills	1,448	\$1,338,938.00	Pellisier Well (Well #20), Located @ Chino Hills Pkwy & Ramona
City of Ontario	1,544	\$1,428,200.00	Well 52/Well 44, Located @ Cucamonga & 4th
Jurupa Community Services District	2,000	\$1,494,000.00	Roger D. Teagarden Ion Exchange Water Treatment Plant, Located @ Etiwanda & 60 Freeway
IEUA Brine Line	-	\$804,898.22	
<b>Total Treatment Facilities Capacity:</b>	<b>12,696</b>	<b>\$12,042,343.22</b>	
<b>Well Facilities</b>	<b>Capacity (in AFY)</b>	<b>Funding Allocation</b>	<b>Project Name &amp; Location</b>
Monte Vista County Water District	2,419	\$1,572,581.00	Well 31, Located @ Monte Vista & Richton
Cucamonga County Water District	11,353	\$8,395,433.00	Wells # 39 - 42, 2 Additional Wells 44 & 45 were Added in place of the Ion Exchange, Well 43 submitted for replacement of 44 & 45, Located @ East Ave. & I-15; Cleveland & 7th ; (9591 & 9673 San Bernardino Road ; Gun Grove)
City of Ontario	6,532	\$4,245,968.00	Wells # 45, 46 & 47, Located @ Campus & E St., 8th St., & Concourse Ave.
<b>Total Well Capacity:</b>	<b>20,304</b>	<b>\$14,213,982.00</b>	
<b>Total Extraction Capacity (Treatment + Well Capacity):</b>	<b>33,000</b>	<b>\$26,256,325.22</b>	Note: \$1,243,674.78 used for environmental costs to bring total project cost to \$27.5 million.

# **CHINO BASIN WATERMASTER**

## **Exhibit V.A**



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

Office of the General Manager

March 20, 2019

Mr. Kirby Brill  
Interim General Manager  
Inland Empire Utilities Agency  
6075 Kimball Avenue  
Chino, CA 91708

Mr. Matthew Litchfield  
General Manager  
Three Valleys Municipal Water District  
1021 E. Miramar Avenue  
Claremont, CA 91711

Mr. Peter Kavounas  
General Manager  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730

Dear Messrs. Brill, Litchfield, and Kavounas:

Chino Basin Groundwater Storage Actions and Voluntary Purchase Methodology

Enclosed for your files are copies of the fully executed letter agreement "Chino Basin Groundwater Storage Actions and Voluntary Purchase Methodology."

If you have any questions, please contact me at (213) 217-6756, or via email at mhacker@mwdh2o.com.

Sincerely,

A handwritten signature in black ink, appearing to read "MHacker".

Matthew Hacker  
Senior Resource Specialist

MH:rh

Enclosure



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

*Office of the General Manager*

February 5, 2019

Mr. Kirby Brill  
Interim General Manager  
Inland Empire Utilities Agency  
6075 Kimball Avenue  
Chino, CA 91708

Mr. Matthew Litchfield  
General Manager  
Three Valleys Municipal Water District  
1021 E. Miramar Avenue  
Claremont, CA 91711

Mr. Peter Kavounas  
General Manager  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730

Dear Messrs. Brill, Litchfield, and Kavounas:

Chino Basin Groundwater Storage Actions and Voluntary Purchase Methodology

This letter documents agreement among Metropolitan, Inland Empire Utilities Agency (IEUA), Three Valleys Municipal Water District (Three Valleys), and the Chino Basin Watermaster (Watermaster) for storage of water above the initial 25,000 acre-feet cap in the Chino Basin Conjunctive Use Program (CUP). Normally, CUP water is stored in advance by Metropolitan for use during dry years and emergencies to reduce deliveries at the service connection. By letter dated June 23, 2017, Metropolitan called for up to 25,000 acre-feet to be stored in its CUP account through June 30, 2018. The parties stored about 39,000 acre-ft. Metropolitan appreciates the effort that the parties have shown to maximize storage during this period. This letter documents adjustments to the method of determining extraction from the account, in recognition of these efforts to store additional water.



Messrs. Brill, Litchfield, and Kavounas:

Page 2

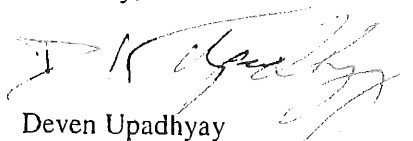
February 5, 2019

By agreement of the parties, any water stored after June 1, 2017, would be purchased from the account by IEUA and Three Valleys when the parties pump over the groundwater baseline as defined in Exhibit G. A copy of Exhibit G is enclosed in this letter. This pumping could be the result of a response to a call for pumping made by Metropolitan or it could be through normal operational decisions made by the individual parties in a given year. Except during a call, the increase in pumping would be voluntary and performance would be measured by the parties that elect to increase their pumping. Call provisions would remain unchanged. The parties will receive O&M, power, and treatment credits and be billed for the water when the parties pump over the groundwater baseline as defined in Exhibit G. Voluntary purchases will be accomplished as follows:

- IEUA and Three Valleys will submit certifications for CUP storage as normal. These certified amounts will be added to the storage account.
- Credits will be applied if a Party chooses voluntarily to purchase stored water by increasing groundwater pumping. The first and any instance in which an individual party's pumping is above its groundwater baseline as described in Exhibit G, the party will submit a certification for extraction from the account. Metropolitan will invoice IEUA and Three Valleys for the additional pumping at the prevailing untreated water rate at that time and will pay the O&M, power, and treatment credits as outlined in the Section VI.E of the Agreement. IEUA, Three Valleys, and the Watermaster will debit the purchased amounts from Metropolitan's CUP account.

If you concur with these provisions, please execute this letter signifying your concurrence and return to Metropolitan.

Sincerely,



Deven Upadhyay  
Assistant General Manager/COO

MH:vh


Enclosure

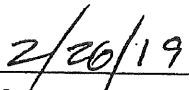
Messrs. Brill, Litchfield, and Kavounas:

Page 3

February 5, 2019

CONCUR:

  
\_\_\_\_\_  
Kirby Brill  
Interim General Manager

  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Matthew Litchfield  
General Manager

\_\_\_\_\_  
Date

\_\_\_\_\_  
Peter Kavounas  
General Manager

\_\_\_\_\_  
Date

Messrs. Brill, Litchfield, and Kavounas:

Page 3

February 5, 2019

CONCUR:

\_\_\_\_\_  
Kirby Brill  
Interim General Manager

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Matthew Litchfield  
General Manager

\_\_\_\_\_  
Date 2/25/19

\_\_\_\_\_  
Peter Kavounas  
General Manager

\_\_\_\_\_  
Date

Messrs. Brill, Litchfield, and Kavounas:

Page 3

February 5, 2019

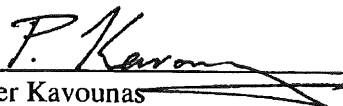
CONCUR:

\_\_\_\_\_  
Kirby Brill  
Interim General Manager

\_\_\_\_\_  
Date

\_\_\_\_\_  
Matthew Litchfield  
General Manager

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Peter Kavounas  
General Manager

\_\_\_\_\_  
2/19/19  
Date

# **CHINO BASIN WATERMASTER**

## **Exhibit V.B**

**MINUTES**  
**CHINO BASIN WATERMASTER**  
**APPROPRIATIVE POOL MEETING**  
September 13, 2018

The Appropriative Pool meeting was held at the offices of Chino Basin Watermaster located at 9641 San Bernardino Road, Rancho Cucamonga, CA on September 13, 2018.

**APPROPRIATIVE POOL MEMBERS PRESENT**

Teri Layton, Chair  
Van Jew, Vice-Chair  
Todd Corbin  
Raul Garibay for Darron Poulsen  
John Bosler  
Ron Craig  
Ben Lewis  
Cris Fealy  
Eric Tarango  
Rosemary Hoerning  
Katie Gienger for Scott Burton  
Dave Crosley

San Antonio Water Company  
Monte Vista Water District  
Jurupa Community Services District  
City of Pomona  
Cucamonga Valley Water District  
City of Chino Hills  
Golden State Water Company  
Fontana Water Company  
Fontana Union Water Company  
City of Upland  
City of Ontario  
City of Chino

**WATERMASTER BOARD MEMBERS PRESENT**

Bob Kuhn  
Eunice Ulloa

Three Valleys Municipal Water District  
City of Chino

**WATERMASTER STAFF PRESENT**

Peter Kavounas  
Joseph Joswiak  
Edgar Tellez Foster  
Anna Nelson  
Justin Nakano

General Manager  
Chief Financial Officer  
Senior Environmental Engineer  
Executive Services Director/Board Clerk  
Water Resources Senior Associate

**WATERMASTER CONSULTANTS PRESENT**

Brad Herrema  
Mark Wildermuth  
Andy Malone  
Carolina Sanchez

Brownstein Hyatt Farber Schreck, LLP  
Wildermuth Environmental, Inc.  
Wildermuth Environmental, Inc.  
Wildermuth Environmental, Inc.

**OTHERS PRESENT**

Curtis Paxton  
Shaun Stone  
Scott Burton  
Eric Grubb  
Courtney Jones  
Steve Sentes  
Chris Diggs  
Joshua Aguilar  
Amanda Coker  
Manny Martinez  
John Schatz

Chino Basin Desalter Authority  
Inland Empire Utilities Agency  
City of Ontario  
Cucamonga Valley Water District  
City of Ontario  
Chino Basin Water Conservation District  
City of Pomona  
Inland Empire Utilities Agency  
City of Chino  
Monte Vista Water District  
John J. Schatz, Attorney at Law

**CALL TO ORDER**

Chair Layton called the Appropriative Pool meeting to order at 9:00 a.m.

**AGENDA – ADDITIONS/REORDER**

(0:00:19) Chair Layton called for confidential session to be taken first due to time constraint for the Appropriative Pool legal counsel.

(0:01:06) Chair Layton called for Business Item II.D. to be taken following confidential session, and invited Mr. Corbin to speak. See reportable action in sequence below.

**I. CONSENT CALENDAR**

**A. MINUTES**

Approve as presented:

1. Minutes of the Appropriative Pool Meeting held August 9, 2018

**B. FINANCIAL REPORTS**

Receive and file as presented:

1. Cash Disbursements for the month of July 2018
2. Watermaster VISA Check Detail for the month of July 2018
3. Combining Schedule for the Period July 1, 2018 through July 31, 2018
4. Treasurer's Report of Financial Affairs for the Period July 1, 2018 through July 31, 2018
5. Budget vs. Actual Report for the Period July 1, 2018 through July 31, 2018

**C. OBMP SEMI-ANNUAL STATUS REPORTS 2018-1**

Recommend to the Advisory Committee recommend to the Watermaster Board to adopt the Semi-Annual OBMP Status Report 2018-1, along with filing a copy with the Court, subject to any necessary non-substantive changes.

**D. CONSIDERATION OF APPLICATION FOR LOCAL STORAGE AGREEMENTS – OVERLYING (NON-AGRICULTURAL) POOL**

Recommend to the Advisory Committee to recommend that Watermaster Board approves the application for local storage agreements as presented.

(0:05:35) Ms. Hoerning asked for Item I.D. be pulled from the agenda for separate discussion and made a motion to approve Consent Calendar Items I.A – I.C. and was seconded by Vice-Chair Jew.

(0:05:55) Mr. Kavounas reported that Item I.C., OBMP Semi-Annual Status Report 2018-1, has a minor wording change to refine the intended meaning of the report on page 60, third bullet-point.

(0:07:04) The maker of the motion accepted the changes that Mr. Kavounas reported.

(0:07:20) Vote Taken

*Motion by Ms. Rosemary Hoerning, seconded by Vice-Chair Van Jew, and by unanimous vote  
**Moved to approve Consent Calendar Items I.A. – I.C. as presented.***

(0:07:33) Ms. Hoerning asked questions regarding Item I.D. A discussion ensued.

(0:27:09) Motion introduced by Mr. Crosley and seconded by Chair Layton. Further discussion ensued.

(0:29:12) Vote Taken

*Motion by Mr. Dave Crosley, seconded by Chair Teri Layton, and by unanimous vote  
**Moved to defer Consent Calendar Item I.D., reach out to the Non-Ag Pool to discuss, and bring back to October 2018 Pool meeting.***

**II. BUSINESS ITEMS**

**A. FISCAL YEAR 2018/19 BUDGET TRANSFER (FORM T-18-07-01)**

Recommend to the Advisory Committee to approve Fiscal Year 2018/19 Budget Transfer (Form T-18-07-01).

(0:30:20) Mr. Joswiak gave a report. A discussion ensued.

Mr. Corbin left at 10:46 a.m.

(0:44:54)

*Motion by Mr. Van Jew, seconded by Mr. Ron Craig, and by unanimous vote*

***Moved to approve Business Item II.A. as presented.***

**B. 2018 RECHARGE MASTER PLAN UPDATE AND RESOLUTION NO. 2018-04**

Recommend Advisory Committee to recommend to Watermaster Board to approve the 2018 RMPU as presented and adopt Resolution No. 2018-04.

(0:45:35) Ms. Sanchez from Wildermuth Environmental, Inc. gave a presentation. A discussion ensued.

(0:58:51)

*Motion by Mr. Ron Craig, seconded by Ms. Rosemary Hoerning, and by unanimous vote*

***Moved to approve Business Item II.B. as presented.***

**C. TASK ORDER NO. 4 UNDER MASTER AGREEMENT FOR COLLABORATIVE PROJECTS: CHINO BASIN CONJUNCTIVE USE ENVIRONMENTAL WATER STORAGE/EXCHANGE PROGRAM EVALUATION AND CONCEPTUAL DESIGN SUPPORT.**

Recommend to the Advisory Committee to approve Task Order No. 4 Under Master Agreement for Collaborative Projects: Chino Basin Conjunctive Use Environmental Water Storage/Exchange Program Evaluation and Conceptual Design Support.

(0:59:16) Mr. Kavounas prefaced Business Item II.C. and introduced Mr. Aguilar from Inland Empire Utilities Agency to give a report.

Vice-Chair Jew left the meeting at 11:12 a.m.

Ms. Hoerning left the meeting at 11:13 a.m.

(0:59:53) Mr. Aguilar gave a report.

(1:03:43) Ms. Gienger requested to modify the language on page 115, regarding the last sentence of the first bullet-point under *Proposed* to read "The proposed maximum storage capacity..." Further discussion ensued.

(1:10:46)

*Motion by Mr. John Bosler, seconded by Mr. Raul Garibay, and by unanimous vote*

***Moved to approve Business Item II.C. as presented with the modifications as stated above.***

Abstention by Mr. Ron Craig – City of Chino Hills



**D. SAFE YIELD RESET-RELATED AGREEMENT DISCUSSION**

Discussion and possible action.

This item was taken first after Confidential Session.

(0:02:55) Motion introduced by Mr. Corbin, seconded by Ms. Gienger: The Appropriative Pool approves the 2018 Agreement to Judgment and CAMA Amendments including Exhibit A, subject to the following four conditions:

1. That there is a clarification that the Desalter Replenishment formula with respect to adjusted physical production included in this document includes the production of Exhibit "G," Section 9 transferred water from the Non-Ag Pool to the Appropriative Pool. That was an element that was discussed and our goal here is to just make sure that the language is consistent to what we believe the agreement is between the parties, so we'd like to add that.
2. That the Non-Ag Pooling Plan that is going to be discussed at some point in the future, and I believe today on the Non-Ag Pool agenda, that that Pooling Plan be refined for consistency with this element so that both documents are consistent with each other in relation specifically to Exhibit "G," Section 9.
3. That the Appropriative Pool parties intend to recommend this agreement to their governing boards and that this approval is conditional upon that approval of each of the governing boards.
4. The Appropriative Pool further request confirmation from Watermaster that the agreements provide sufficient clarity for Watermaster to implement them without ambiguity. Some evaluation from Watermaster that what you have before you can be implemented, and any clarification needs to happen, then let's do it before it moves to the Court for approval.

(0:05:16) *Vote taken*

*Motion by Mr. Todd Corbin, seconded by Ms. Katie Gienger, and by unanimous vote*

***Motion to approve Business Item II.D. as shown above.***

**III. REPORTS/UPDATES****A. LEGAL COUNSEL REPORT**

1. Appeal of April 28, 2017 Order
2. August 24, 2018 Hearing

(1:11:30) Mr. Kavounas reported on behalf of Mr. Herrema, who left to attend the Non-Agricultural Pool Meeting.

**B. ENGINEER REPORT**

1. Storage Framework
2. Fiscal Year 2017/18 GLMC Annual Report

(1:13:00) Mr. Malone gave a report.

**C. CFO REPORT**

None

**D. GM REPORT**

- 1. Proposed Changes to DYY Program Operation
- 2. CDA Production
- 3. Changes to the Overlying (Non-Agricultural) Pool Pooling Plan
- 4. Other

(1:14:22) Mr. Kavounas gave a report, and announced that Watermaster will be sending out a "Save-The-Date" notice for its 40<sup>th</sup> Judgment Anniversary event on December 4, 2018 at 4:00 p.m. He also provided a status update on the Assessment Packages, and commented on the CalDesal membership. A discussion ensued.

**IV. INFORMATION**

- 1. Cash Disbursements for August 2018
- 2. Recharge Investigations and Projects Committee (RIPCom)

**VI. POOL MEMBER COMMENTS**

(1:20:06) Mr. Craig commented that at least one agency (maybe more) are challenging the TCP MCL. A discussion ensued.

(1:22:56) Mr. Corbin informed the Pool that he updated Non-Agricultural Pool on the actions the Appropriative Pool took regarding Consent Calendar Item I.D. and Business Item II.D., and that the Non-Agricultural Pool will discuss further in its confidential session.

**VI. OTHER BUSINESS**

None

**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

Chair Layton called for a confidential session at 9:01 a.m. to discuss Business Item II.D., Safe Yield-Related Agreement, and Appropriative Pool Strategic Planning. Confidential session concluded at 10:13 a.m. with no reportable action .

The Appropriative Pool considered Item II.D immediately following the Confidential Session.

**ADJOURNMENT**

Chair Layton adjourned the Appropriative Pool meeting at 11:38 a.m.

Secretary: 

Approved: October 11, 2018

# **CHINO BASIN WATERMASTER**

## **Exhibit V.C**

**MINUTES**  
**CHINO BASIN WATERMASTER**  
**WATERMASTER BOARD MEETING**

September 27, 2018

The Watermaster Board meeting was held at the offices of the Chino Basin Watermaster located at 9641 San Bernardino Road, Rancho Cucamonga, CA on September 27, 2018.

**WATERMASTER BOARD MEMBERS PRESENT**

Jeff Pierson, Vice-Chair  
Bob Kuhn, Secretary/Treasurer  
Josh Swift for Robert DiPrimio  
Bob Bowcock  
Eunice Ulloa  
Paul Hofer  
Steve Elie  
Gino Filippi  
Don Galleano

Agricultural Pool – Crops  
Three Valleys Municipal Water District  
Fontana Water Company  
CalMat Co.  
City of Chino  
Agricultural Pool – Crops  
Inland Empire Utilities Agency  
City of Upland  
Western Municipal Water District

**WATERMASTER BOARD MEMBER ABSENT**

Robert DiPrimio

Fontana Water Company

**WATERMASTER STAFF PRESENT**

Peter Kavounas  
Joseph Joswiak  
Edgar Tellez Foster  
Anna Nelson  
Justin Nakano

General Manager  
Chief Financial Officer  
Senior Environmental Engineer  
Executive Services Director/Board Clerk  
Water Resources Senior Associate

**WATERMASTER CONSULTANTS PRESENT**

Scott Slater  
Brad Herrema  
Mark Wildermuth  
Andy Malone  
Carolina Sanchez

Brownstein Hyatt Farber Schreck, LLP  
Brownstein Hyatt Farber Schreck, LLP  
Wildermuth Environmental, Inc.  
Wildermuth Environmental, Inc.  
Wildermuth Environmental, Inc.

**OTHERS PRESENT**

Ron Craig  
Todd Corbin  
Joanne Chan  
Curtis Paxton  
Teri Layton  
Brian Lee  
Van Jew  
Chris Berch  
Betty Anderson  
Dave Crosley  
Amanda Coker  
Bob Feenstra  
Darron Poulsen  
Steve Corrington  
Brian Geye  
David De Jesus  
Art Kidman  
Matt Litchfield  
Rosemary Hoerning

City of Chino Hills  
Jurupa Community Services District  
West Valley Water District  
Chino Basin Desalter Authority  
San Antonio Water Company  
San Antonio Water Company  
Monte Vista Water District  
Inland Empire Utilities Agency  
Jurupa Community Services District  
City of Chino  
City of Chino  
Agricultural Pool – Dairy  
City of Pomona  
MIH Water Treatment  
California Speedway Corporation  
Three Valleys Municipal Water District  
Kidman Gagen Law, LLP  
Three Valleys Municipal Water District  
City of Upland

Manny Martinez  
Tim Barr  
Halla Razak  
Eric Grubb

Monte Vista Water District  
Western Municipal Water District  
Inland Empire Utilities Agency  
Cucamonga Valley Water District

**CALL TO ORDER**

Vice-Chair Jeff Pierson chaired the meeting and called the Watermaster Board meeting to order at 11:00 a.m.

**PLEDGE OF ALLEGIANCE**

**PUBLIC COMMENTS**

None

**AGENDA – ADDITIONS/REORDER**

None

**I. CONSENT CALENDAR**

**A. MINUTES**

Approve as presented:

- 1. Minutes of the Watermaster Board Meeting held August 23, 2018

**B. FINANCIAL REPORTS**

Receive and file as presented:

- 1. Cash Disbursements for the month of July 2018
- 2. Watermaster VISA Check Detail for the month of July 2018
- 3. Combining Schedule for the Period July 1, 2018 through July 31, 2018
- 4. Treasurer’s Report of Financial Affairs for the Period July 1, 2018 through July 31, 2018
- 5. Budget vs. Actual Report for the Period July 1, 2018 through July 31, 2018

**C. OBMP SEMI-ANNUAL STATUS REPORT 2018-1**

Adopt the Semi-Annual OBMP Status Report 2018-1, along with filing a copy with the Court, subject to any necessary non-substantive changes.

**D. WATER TRANSACTIONS**

Approve the proposed transaction:

The purchase of 500.000 acre-feet of water from West Valley Water District by Cucamonga Valley Water District. This purchase is made from West Valley Water District’s Excess Carryover Account. Date of application: July 11, 2018.

(0:01:21)

*Motion by Ms. Eunice Ulloa, seconded by Mr. Steve Elie and by unanimous vote.*

***Moved to approve Consent Calendar as presented.***

**II. BUSINESS ITEMS**

**A. FISCAL YEAR 2018/19 BUDGET TRANSFER (FORM T-18-07-01)**

Adopt Fiscal Year 2018/19 Budget Transfer (Form T-18-07-01) as presented.

(0:01:57) Mr. Kavounas gave an introduction for Item II.A. and asked if the Board would like for Mr. Joswiak to give a more detailed presentation. The Board declined to have the presentation provided.

(0:02:47)

*Motion by Mr. Don Galleano, seconded by Mr. Paul Hofer, and by unanimous vote.*

***Moved to approve Business Item II.A. as presented.***

**B. 2018 RECHARGE MASTER PLAN UPDATE AND RESOLUTION NO. 2018-04**

Approve the 2018 RMPU as presented, adopt Resolution No. 2018-04, and authorize General Counsel to make the appropriate filing requesting the Court's approval.

(0:03:25) Mr. Kavounas introduced Mr. Nakano to give a presentation.

(0:12:27) Motion by Mr. Elie, seconded by Ms. Ulloa. A discussion ensued.

(0:13:34) *Vote Taken*

*Motion by Mr. Steve Elie, seconded by Ms. Eunice Ulloa, and by unanimous vote.*

***Moved to approve the 2018 Recharge Master Plan Update as presented, adopt the Resolution 2018-04 including any findings, and authorize general counsel to make the appropriate findings.***

(0:13:45) Ms. Ulloa thanked Watermaster staff and other participants on a job well done with the 2018 Recharge Master Plan Update.

**C. TASK ORDER NO. 4 UNDER MASTER AGREEMENT FOR COLLABORATIVE PROJECTS: CHINO BASIN CONJUNCTIVE USE ENVIRONMENTAL WATER STORAGE/EXCHANGE PROGRAM EVALUATION AND CONCEPTUAL DESIGN SUPPORT**

Approve Task Order No. 4 Under Master Agreement for Collaborative Projects: Chino Basin Conjunctive Use Environmental Water Storage/Exchange Program Evaluation and Conceptual Design Support and authorize the General Manager to execute the agreement on behalf of Watermaster.

(0:14:12) Mr. Kavounas gave a report.

(0:15:10)

*Motion by Mr. Bob Bowcock, seconded by Mr. Bob Kuhn, and by unanimous vote.*

***Moved to approve Business Item II.C. as presented.***

**III. REPORTS/UPDATES**

**A. LEGAL COUNSEL REPORT**

1. Appeal of April 28, 2017 Order
2. August 24, 2018 Court Hearing

(0:15:50) Mr. Slater gave a report. A discussion ensued.

**B. ENGINEER REPORT**

1. Storage Framework
2. Fiscal Year 2017/18 GLMC Annual Report

(0:19:43) Mr. Malone gave a report.

**C. CFO REPORT**

None

**D. GM REPORT**

1. Proposed Changes to DYY Program Operation
2. CDA Production
3. 40<sup>th</sup> Judgment Anniversary Commemoration
4. Other

(0:21:32) Mr. Kavounas gave a report and announced Mr. Rick Hansen's retirement as General Manager from Three Valleys Municipal Water District.

**IV. INFORMATION**

1. Cash Disbursements for August 2018

**V. BOARD MEMBER COMMENTS**

None

**VI. OTHER BUSINESS**

None

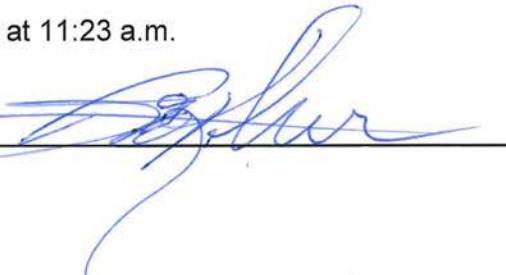
**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

None

**ADJOURNMENT**

Vice-Chair Pierson adjourned the Watermaster Board meeting at 11:23 a.m.

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



Approved: \_\_\_\_\_ October 25, 2018

# **CHINO BASIN WATERMASTER**

## **Exhibit VII.A**



## Edgar Tellez Foster

---

**From:** Elizabeth Hurst <ehurst@ieua.org>  
**Sent:** Tuesday, April 27, 2021 1:55 PM  
**To:** 'Dave Crosley'; Coker, Amanda; Mark Wiley; Ron Craig (); Chris\_Diggs@ci.pomona.ca.us; Nicole DeMoet; Courtney Jones (CJJones@ontarioca.gov); Rob Hills; 'cifealy@fontanawater.com'; Bill Schwartz  
**Cc:** Hacker,Matthew D; Timothy Kellett; Edgar Tellez Foster; Justin Nakano; Sylvie Lee  
**Subject:** FY2021/22 call for interest in voluntary withdrawals from DYY Account

Dear All,

Metropolitan Water District does not anticipate making a call from the DYY in FY 2021/22. By the end of this fiscal year we anticipate ~25,000 AF to remain in the account. If your agency is interested in voluntarily withdrawing water from the Dry Year Yield CUP account please respond to this email by May 11<sup>th</sup> with the following information:

1. amount of water you would like to extract
2. general operating plan for extraction/certification by month

Best,  
Liz

**Elizabeth Hurst**  
Senior Environmental Resource Planner



*"Water Smart - Thinking in Terms of Tomorrow"*

6075 Kimball Ave / Chino, California 91708

Tel: 909-993-1634 / Fax: EMail: [ehurst@ieua.org](mailto:ehurst@ieua.org) Website: [www.ieua.org](http://www.ieua.org)

**Connect with us**



# **CHINO BASIN WATERMASTER**

## **Exhibit VII.B**

Exhibit VII.II

a. Below is the approved 2021 Operations Plan for CVWD

CVWD	July	August	September	October	November	December	January	February	March	April	May	June	Total
FY19/20	2,548	2,852	2,206	1,874	1,280	971	844	780	1,204	1,710	1,988	1,743	20,000
FY20/21	2,700	2,500	2,500	5,000	-	3,500	-	-	-	1,000	2,600	2,700	22,500
FY21/22	2,700	2,100	2,300	2,100	1,900	1,900	650	650	700	1,000	1,000	1,000	18,000

b. Below is the approved 2021 Operations Plan for FWC

FWC	July	August	September	October	November	December	January	February	March	April	May	June	Total
FY19/20	-	-	-	-	-	-	-	-	-	-	-	-	-
FY20/21	-	-	-	2,500	-	-	-	-	-	-	-	-	2,500
FY21/22	1,000	1,000	1,000	1,000	-	-	150	150	150	150	200	200	5,000

# **CHINO BASIN WATERMASTER**

## **III. BUSINESS ITEMS**

### **B. 2022 UPDATE TO THE 2019 CHINO BASIN WATERMASTER RULES AND REGULATIONS**



# CHINO BASIN WATERMASTER

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

---

PETER KAVOUNAS, P.E.  
General Manager

## STAFF REPORT

DATE: January 27, 2022

TO: Board Members

SUBJECT: 2022 Update to the 2019 Chino Basin Watermaster Rules and Regulations  
(Business Item III.B.)

### SUMMARY:

Issue: The 2019 Chino Basin Watermaster Rules and Regulations need to be updated to reflect the July 21, 2021 Court Order regarding the Local Storage Limitation Solution.

Recommendation: Approve the 2022 Update to the 2019 Chino Basin Watermaster Rules and Regulations.

Financial Impact: There is no financial impact to Watermaster as a result of the above recommendation.

### Future Consideration

**Watermaster Board – January 27, 2022:** Approval [Upon Advisory Committee Approval]

---

### ACTIONS:

**Appropriative Pool – January 13, 2022:** Offered advice and assistance

**Non-Agricultural Pool – January 13, 2022:** Moved to direct the Pool representatives to support at the Advisory Committee and Watermaster Board meetings subject to changes which they deem appropriate. The NAP's approval of changes to the Rules and Regulations is subject to the understanding that neither the incorporation into the Rules and Regulations of language from Court orders and/or from operative Watermaster documents such as Peace II (including abbreviated and/or paraphrase language from such orders and documents) nor the omission of other language has any effect on the meaning or effect of such orders or documents, and also does not create an independent effect by virtue of being restated, abbreviated or paraphrased in the Rules and Regulations, it being the NAP's further understanding that the changes to the Rules and Regulations are being made solely as an accommodation to some Parties who have asked to see language that they consider important compiled into a single document, and that Watermaster staff believes that the Rules and Regulations are a suitable document for this kind of compilation.

**Agricultural Pool – January 13, 2022:** Recommended Advisory Committee approval

**Advisory Committee – January 20, 2022:** Approved by majority vote

**Watermaster Board – January 27, 2022:**

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court, and to develop and implement an Optimum Basin Management Program*

## BACKGROUND

The present Watermaster Rules and Regulations were last revised in 2019 following a process that began in 2017 and concluded with adoption by the Watermaster Board in October 2019.

The 2019 update was a revision of the Rules and Regulations (R&R) drafted in early 2001 through an intensive process among the parties to revise the prior version; that process lasted 5 months and involved meeting more than once a week. The R&R were presented to the Special Referee, the Pool and Advisory committees, and the Watermaster Board. The Court approved the revised R&R and directed the parties to further revise the R&R to respond to the Special Referee's comments. The completed revisions to the R&R were adopted and approved by the Court in June 2001.

## DISCUSSION

The Court's July 21, 2021 Order re Motion Regarding Implementation of the Local Storage Limitation Solution ("Order") requires Watermaster to conform its Rules and Regulations so they are consistent with the Order.

A draft revision of the current Rules and Regulations was circulated on November 10, 2021 to the parties (Attachment 1). The proposed revisions are focused on provisions of the Order and do not represent an overall update to the Watermaster Rules and Regulations. Comments were received from the State of California and the City of Ontario (Attachment 2) by the requested date of December 10, 2021.

The draft was revised in response to the comments that were received; the Draft 2022 Update to the 2019 Chino Basin Watermaster Rules and Regulations (2022 R&R) is shown in redline (Attachment 3).

The City of Chino and Monte Vista Water District submitted additional comments to Watermaster on January 11, 2022 (Attachment 4.) These comments did not result in further amendments to the Draft Update, and responses to the comments were provided during the Appropriative Pool Committee meeting. No further comments were provided by the Pool Committees.

The item was considered during the January 20, 2022 Advisory Committee meeting. The City of Chino stated that it was not satisfied with staff's response during the January 13, 2022 Pool Committee meeting, and its concerns remain unaddressed. The Advisory Committee approved the proposed update by majority vote, with the City of Chino casting the dissenting vote. Watermaster General Manager indicated that he and General Counsel Herrema will be coordinating a meeting with the City of Chino to further discuss the City's concerns.

## ATTACHMENTS

1. Draft 2019 R&R Revisions Circulated on November 10, 2021
2. December 10, 2021 Comments from State of California and City of Ontario
3. January 13, 2022 Draft 2022 R&R (Redlined)
4. January 11, 2022 Comments from the City of Chino and MVWD

CHINO BASIN WATERMASTER  
RULES AND REGULATIONS

| ~~2019~~2021 Update to ~~June 2001~~October 2019 version

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## ARTICLE I GENERAL PROVISIONS

### 1.0 Title.

This document shall be known and may be referred to as the "~~2019~~2021 Update to the ~~2001~~2019 Chino Basin Watermaster Rules and Regulations" adopted pursuant to the Judgment.

### 1.1 Definitions.

As used in these Rules and Regulations, these terms, including any grammatical variations thereof shall have the following meanings.

- (a) "Active Parties" means all parties to the Judgment other than those who have filed a written waiver of service of notices with Watermaster, pursuant to Paragraph 58 of the Judgment. [Judgment ¶ 4(a).]
- (b) "Adjusted Physical Production" shall have the definition given in section 7.5(b)(iv).
- (c) "Agricultural Pool" shall have the meaning of Overlying (Agricultural) Pool as used in the Judgment and shall include all its members. [Peace Agreement § 1.1(a).]
- (d) "Agricultural Pool Committee" shall mean the designated representatives and alternates who serve on behalf of the Agricultural Pool.
- (e) "Annual or Year" means a fiscal year, July 1 through June 30 following, unless the context shall clearly indicate a contrary meaning. [Judgment ¶ 4(b).]
- (f) "Annual Production Right" means the total amount of water available to the Appropriate Pool in any year from all available sources (e.g., Carry-Over Water, assigned share of Operating Safe Yield, Transfers, New Yield, water Recaptured from Storage, land-use conversions, Early Transfer) which Watermaster shall determine can be Produced by the members of the Appropriate Pool free of a Replenishment Obligation.
- (g) "Answer" means the written response that may be filed to a Complaint or the reply to a Contest pursuant to the provisions of Article X.
- (h) "Applicant" means a person that files an Application for Watermaster approval of an action pursuant to Article X.
- (i) "Application" means a request filed by any person pursuant to the provisions of Article X, seeking (i) Watermaster approval of Recharge, Transfer, Recapture or

Qualifying Storage operations or activities or (ii) for Watermaster approval of a credit or reimbursement.

- (j) "Appropriative Pool" shall have the meaning as used in the Judgment and shall include all its members. [Peace Agreement § 1.1(b).]
- (k) "Basin Water" means Groundwater within the Chino Basin which is part of the Safe Yield, Operating Safe Yield, New Yield), or Replenishment Water in the Basin as a result of operations under the Physical Solution decreed in the Judgment. Basin Water does not include "Stored Water" under the Judgment and the Peace Agreement. [Judgment ¶ 4(d).]
- (l) "Best Efforts" means reasonable diligence and reasonable efforts under the totality of the circumstances. [Peace Agreement § 1.1(d).] Note: a rule of construction applies to this definition. See section 1.2(e) below.
- (m) "CBWCD" means the Chino Basin Water Conservation District. [Peace Agreement § 1.1(e).]
- (n) "Carry-Over Right" means the annual unpumped share of Safe Yield and Operating Safe Yield that is reserved to be pumped first the following year by the members of the Non-Agricultural Pool and the Appropriative Pool respectively. [Based on the Judgment Exhibit "G" ¶ 7 and Exhibit "H" ¶ 12.]
- (o) "Carry-Over Water" means the un-Produced water in any year that may accrue to a member of the Non-Agricultural Pool or the Appropriative Pool and that is Produced first each subsequent Fiscal Year or stored as Excess Carry-Over. (Judgment Exhibit H ¶ 12.)
- (p) "CEQA" means the California Environmental Quality Act, Public Resources Code Sections 21000 et seq; 14 California Code of Regulations 15000 et seq. [Peace Agreement § 1.1(f).]
- (q) "Chino Basin" or "Basin" means the Groundwater basin underlying the area shown on Exhibit "B" to the Judgment and within the boundaries described on Exhibit "K" to the Judgment. [Judgment ¶ 4(f) and Peace Agreement § 1.1(g).]
- (r) "Chino Basin Watershed" means the surface drainage area tributary to and overlying Chino Basin. [Judgment ¶ 4(g) and Peace Agreement § 1.1(h).]
- (s) "Chino I Desalter," also known as the SAWPA Desalter, means the Desalter owned and operated by PC 14 with a present capacity of approximately eight (8) million gallons per day (mgd) and in existence on the Effective Date. [Peace Agreement § 1.1(i).]

- (t) "Chino I Desalter Expansion" means the planned expansion of the Chino I Desalter from its present capacity of approximately eight (8) mgd to a capacity of up to fourteen (14) mgd. [Peace Agreement § 1.1(j).]
- (u) "Chino II Desalter" means a new Desalter not in existence on the Effective Date with a design capacity of approximately ten (10) mgd, to be constructed and operated consistent with the OBMP and to be located on the eastside of the Chino Basin. [Peace Agreement § 1.1(k).]
- (v) "Chino North Management Zone" means the Chino North Management Zone, as it is illustrated in the 2004 Basin Plan amendment (Regional Water Quality Control Board Resolution R8-2004-0001, "Resolution Amending the Water Quality Control Plan for the Santa Ana River Basin to Incorporate an Updated Total Dissolved Solids (TDS) and Nitrogen Management Plan for the Santa Ana Region Including Revised Groundwater Subbasin Boundaries, Revised TDS and Nitrate-Nitrogen Quality Objectives for Groundwater, Revised TDS and Nitrogen Wasteload Allocations, and Revised Reach Designations, TDS and Nitrogen Objectives and Beneficial Uses for Specific Surface Waters").
- (w) "Committee(s)" means any of the Pool Committees or the Watermaster Advisory Committee as the context may compel.
- (x) "Complainant" means a party to the Judgment that files a Complaint pursuant to Article X.
- (y) "Complaint" means a claim filed by a party to the Judgment with Watermaster pursuant to the provisions of Article X.
- (z) "Contest" means an objection filed by a party to the Judgment pursuant to the provisions of Article X.
- (aa) "Contestant" means a party to the Judgment that files a Contest pursuant to the provisions of Article X.
- (bb) "Court" means the court exercising continuing jurisdiction under the Judgment. [Peace Agreement § 1.1(1).]
- (cc) ["Court's Findings and Order, dated July 21, 2021" shall mean the Court's Findings and Order Re Motion Regarding Implementation of the Local Storage Limitation Solution, dated July 21, 2021.](#)
- (dd) ~~(ee)~~ "Court's Findings and Order, dated March 15, 2019" shall mean the Court's Findings and Order Regarding Amendments to Restated Judgment, Peace Agreement, Peace II Agreement, and Re-Operation Schedule, dated March 15, 2019.

- (ee) ~~(dd)~~ "Date of Execution" means the first day following the approval and execution of the Peace Agreement by the last Party to do so which date is August 1, 2000. [Peace Agreement § 1.1(m).]
- (ff) ~~(ee)~~ "Desalter" and "Desalters" means the Chino I Desalter, Chino I Desalter Expansion, the Chino II Desalter, related facilities and Future Desalters, consisting of all the capital facilities and processes that remove salt from Basin Water, including extraction wells, transmission facilities for delivery of groundwater to the Desalter, Desalter treatment and delivery facilities for the desalted water including pumping and storage facilities, and treatment and disposal capacity in the SARI System. [Peace Agreement § 1.1(n).]
- (gg) ~~(ff)~~ "Early Transfer" means the reallocation of Safe Yield in accordance with the Peace Agreement where water from the Agricultural Pool is made available to the Appropriative Pool on an annual basis. [Peace Agreement § 1.1(o).]
- (hh) ~~(gg)~~ "Effective Date" refers to the Effective Date of the Peace Agreement and means October 1, 2000. [Peace Agreement § 1.1(p).]
- (ii) ~~(hh)~~ "Excess Carry-Over Water" means Carry-Over Water which in aggregate quantities exceeds a party's share of Safe Yield in the case of the Non-Agricultural Pool, or the assigned share of Operating Safe Yield in the case of the Appropriative Pool, in any year.
- (jj) ~~(ii)~~ "Future Desalters" means enlargement of the Chino I Desalter to a capacity greater than the Chino I Expansion or enlargement of the Chino II Desalter and any other new Desalter facilities that may be needed to carry out the purposes of the OBMP over the term of the Peace Agreement. [Peace Agreement § 1.1(q).]
- (kk) ~~(jj)~~ "General law" means all applicable state and federal laws. [Peace Agreement § 1.1(r).]
- (ll) ~~(kk)~~ "Groundwater" means all water beneath the surface of the ground. [Judgment ¶ 4(h) and Peace Agreement § 1.1(s).]
- (mm) ~~(ll)~~ "Groundwater Storage Agreement" means either a Local Storage Agreement or an agreement in connection with a Storage and Recovery Program.
- (nn) ~~(mm)~~ "Hydraulic Control" means the reduction of groundwater discharge from the Chino North Management Zone to the Santa Ana River to de minimus quantities. [Peace II Agreement § 1.1(b).]
- (oo) ~~(nn)~~ "Hydrologic Balance" means the maintenance of total inflow at a level generally equivalent to total outflow as measured over an appreciable period of

time that is sufficient to account for periodic changes in climate and watershed, basin and land management conditions.

- (pp) ~~(oo)~~ "IEUA" means the Inland Empire Utilities Agency, referred to in the Judgment as Chino Basin Municipal Water District. [Peace Agreement § 1.1(t).]
- (qq) ~~(pp)~~ "In-lieu Recharge" means taking supplies of Supplemental Water in lieu of pumping groundwater otherwise subject to Production as an allocated share of Operating Safe Yield, as provided in Exhibit "H" Paragraph 11 of the Judgment. [Peace Agreement § 1.1(u).]
- (rr) ~~(qq)~~ "Judgment" means the Judgment dated January 27, 1978, in San Bernardino County Case No. 164327 (redesignated as San Bernardino County Case No. RCV RS51010) as restated pursuant to Order Adopting Restated Judgment, dated September 27, 2012, amended pursuant to Order Approving Amendments to Restated Judgment and Rules and Regulations Regarding Compensation of Watermaster Board Members, dated August 22, 2014, Orders for Watermaster's Motion Regarding 2015 Safe Yield Reset Agreement, Amendment of Restated Judgment, Paragraph 6, dated April 28, 2017, Court's Findings and Order, dated March 15, 2019, [Order Granting Motion for Court Approval of Amendments to Restated Judgment Regarding Compensation of Watermaster Pool and Advisory Committee Members, dated June 26, 2020, Orders Regarding Chino Basin Watermaster Motion Regarding 2020 Safe Yield Reset, Amendment of Restated Judgment, Paragraph 6, dated July 31, 2020,](#) and other such amendments. [See Peace Agreement § 1.1(v).]
- (ss) ~~(rr)~~ "Leave Behind" means a contribution to the Basin from water held in storage within the Basin under a Storage and Recovery Agreement that may be established by Watermaster from time to time that may reflect any or all of the following: (i) actual losses; (ii) equitable considerations associated with Watermaster's management of storage agreements; and (iii) protection of the long-term health of the Basin against the cumulative impacts of simultaneous recovery of groundwater under all storage agreements. [Peace II Agreement § 1.1(c).]
- (tt) ~~(ss)~~ "Local Imported Water" is water from any origin, native or foreign which was not available for use or included in the calculation of Safe Yield of the Chino Basin at the time the Judgment was entered. [Based on Judgment 49(c).] Local Imported Water is reported by Watermaster in its annual report.
- (uu) ~~(tt)~~ "Local Storage" means water held in a storage account pursuant to a Local Storage Agreement between a party to the Judgment and Watermaster. Local Storage accounts may consist of: (i) a Producer's unproduced Excess Carry-Over Water or (ii) a party to the Judgment's Supplemental Water, up to a cumulative maximum of one hundred thousand (100,000) acre-feet for all parties to the



Judgment stored in the Basin on or after July 1, 2000 or (iii) that amount of Supplemental Water previously stored in the Basin on or before July 1, 2000 and quantified in accordance with the provisions and procedures set forth in Section 7.2 of these Rules and Regulations, or (iv) that amount of water which is or may be stored in the Basin pursuant to a Storage Agreement with Watermaster which exists and has not expired before July 1, 2010. [Peace Agreement § 1.1(x).]

(vv) ~~(uu)~~ "Local Storage Agreement" means a Groundwater Storage Agreement for Local Storage.

(ww) ~~(vv)~~ "Material Physical Injury" means material injury that is attributable to the Recharge, Transfer, Storage and Recovery, management, movement or Production of water, or implementation of the OBMP, including, but not limited to, degradation of water quality, liquefaction, land subsidence, increases in pump lift (lower water levels) and adverse impacts associated with rising Groundwater. Material Physical Injury does not include "economic injury" that results from other than physical causes. Once fully mitigated, physical injury shall no longer be considered to be material. [Peace Agreement § 1.1(y).]

(xx) "Maximum Local Storage Quantity" means the maximum quantity of water that may be held in Local Storage, when combined with Carry-Over Water, is 700,000 acre-feet until June 30, 2030. After June 30, 2030, the Maximum Local Storage Quantity shall be reduced to 620,000 acre-feet until June 30, 2035. [Court's Findings and Order, dated July 21, 2021.]

(yy) ~~(ww)~~ "Metropolitan Water District" or "MWD" means the Metropolitan Water District of Southern California. [Peace Agreement § 1.1(z).]

(zz) ~~(xx)~~ "Minimal Producer" means any producer whose Production does not exceed ten (10) acre-feet per year. [Judgment ¶ 4(j).]

(aaa) ~~(yy)~~ "New Yield" means proven increases in yield in quantities greater than historical amounts from sources of supply including, but not limited to, capture of rising water, capture of available storm flow, operation of the Desalters and related facilities, induced Recharge and other management activities implemented and operational after June 1, 2000. [Peace Agreement § 1.1(aa).]

(bbb) ~~(zz)~~ "Non-Agricultural Pool" shall have the meaning as used in the Judgment for the Overlying (Non-Agricultural) Pool and shall include all its members. [Peace Agreement § 1.1(bb).]

(ccc) ~~(aaa)~~ "OBMP" means the Optimum Basin Management Program, which consists of the OBMP Phase I Report and the OBMP Implementation Plan, which shall be

implemented consistent with the provisions of Article V of the Peace Agreement. [July 13, 2000 Court Order.]

- (ddd) ~~(bbb)~~ "OBMP Assessments" means assessments levied by Watermaster for the purpose of implementing the OBMP. [Peace Agreement § 1.1(cc).] Note: a rule of construction applies to this definition. See section 1.2(f) below.
- (eee) ~~(eee)~~ "OBMP Implementation Plan" means Exhibit "B" to the Peace Agreement, as supplemented by the 2007 Supplement thereto.
- (fff) ~~(ddd)~~ "OCWD" means the Orange County Water District. [Peace Agreement § 1.1(dd).]
- (ggg) ~~(eee)~~ "Operating Safe Yield" means the annual amount of Groundwater which Watermaster shall determine, pursuant to criteria specified in Exhibit "I" to the Judgment, can be Produced from Chino Basin by the Appropriative Pool parties free of Replenishment obligation under the Physical Solution. [Judgment ¶ 4(1) and Peace Agreement § 1.1(ee).]
- (hhh) ~~(fff)~~ "Overdraft" means a condition wherein the total annual Production from the Basin exceeds the Safe Yield thereof, as provided in the Judgment. [Judgment ¶ 4(m) and Peace Agreement § 1.1(ff).]
- (iii) ~~(ggg)~~ "Overlying Right" means the appurtenant right of an owner of lands overlying Chino Basin to Produce water from the Basin for overlying beneficial use on such lands. [Judgment ¶ 4(n).]
- (jjj) ~~(hhh)~~ "PC 14" means Project Committee No. 14, members of SAWPA, composed of IEUA, WMWD, and OCWD, pursuant to Section 18 of the SAWPA Joint Exercise of Powers Agreement which now constitutes the executive Authority through which SAWPA acts with respect to the Chino I Desalter and other facilities, programs and projects. [Peace Agreement § 1.1(ll).]
- (kkk) ~~(iii)~~ "Party" or "Parties" means a Party to the Peace Agreement or Peace II Agreement. [Peace Agreement § 1.1(gg); Peace II Agreement § 1.1(e).]
- (lll) ~~(jjj)~~ "Party" or "parties to the Judgment" means a party to the Judgment. [Peace Agreement § 1.1(hh).]
- (mmm) ~~(kkk)~~ "Peace Agreement" means the agreement dated June 29, 2000 among various parties to the Judgment identified therein and approved by Watermaster, as amended by the First Amendment to Peace Agreement dated September 2, 2004, the Second Amendment to Peace Agreement, dated September 21, 2007, and as shown in Attachment A to the Court's Findings and Order, dated March 15, 2019.

- (nnn) ~~(III)~~ "Peace II Agreement" means the agreement dated September 21, 2007 among various parties to the Judgment identified therein and approved by Watermaster, as amended as shown in Attachment A to the Court's Findings and Order, dated March 15, 2019.
- (ooo) ~~(mmm)~~ "Person" means any individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, water district and other entity of whatever nature including but not limited to the State of California and the Department of Water Resources. [Judgment ¶ 4(o).]
- (ppp) ~~(nnn)~~ "Physical Solution" shall have the meaning of the Physical Solution as described in the Judgment.
- (qqq) ~~(ooo)~~ "Produce" or "Produced" means to pump or extract groundwater from the Chino Basin. [Judgment 4(q) and Peace Agreement § 1.1(ii).]
- (rrr) ~~(ppp)~~ "Producer" means any person who Produces water from the Chino Basin. [Judgment ¶ 4(r) and Peace Agreement § 1.1(jj).]
- (sss) ~~(qqq)~~ "Production" means the annual quantity, stated in acre-feet, of water Produced from the Chino Basin. [Judgment ¶ 4(s) and Peace Agreement § 1.1(kk).]
- (ttt) ~~(rrr)~~ "Public Hearing" means a hearing of Watermaster held pursuant to the Judgment other than as provided in Article X herein.
- (uuu) ~~(sss)~~ "Qualifying Storage" means the storage of Supplemental Water, Excess Carry-Over Water after July 1, 2010 or to participate in a Storage and Recovery Program.
- (vvv) ~~(ttt)~~ "Qualifying Storage Agreement" means an agreement with Watermaster to store Supplemental Water, Excess Carry-Over Water after July 1, 2010 or to store water by participation in a Storage and Recovery Program.
- (www) ~~(uuu)~~ "Recapture" and "Recover" means the withdrawal of water stored in the Basin under a Groundwater Storage Agreement.
- (xxx) ~~(vvv)~~ "Recharge" and "Recharge Water" means the introduction of water into the Basin, directly or indirectly, through injection, percolation, delivering water for use in-lieu of Production or other method. Recharge references the physical act of introducing water into the Basin. Recharge includes Replenishment Water but not all Recharge is Replenishment Water. [Peace Agreement § 1.1(nn).] Note: a rule of construction applies to this definition. See section 1.2(g) below.

- (yyy) ~~(www)~~ "Recycled Water" means water which, as a result of treatment of wastewater, is suitable for a direct beneficial use or a controlled use that would not otherwise occur and is therefore considered a valuable resource, referred to as "reclaimed water" in the Judgment. [Judgment ¶ 4(u) and Peace Agreement § 1.1(pp).]
- (zzz) ~~(xxx)~~ "Re-Operation" means the controlled overdraft of the Basin by the managed withdrawal of groundwater Production for the Desalters and the potential increase in the cumulative un-replenished Production from 200,000 acre-feet authorized by paragraph 3 of the Engineering Appendix Exhibit I to the Judgment, to 600,000 acre-feet for the express purpose of securing and maintaining Hydraulic Control as a component of the Physical Solution. [Peace II Agreement § 1.1(d).] The Court-approved schedule for access to Re-Operation water during the period of 2013-14 through 2029-30 is attached hereto as Exhibit "B."
- (aaaa) ~~(yyy)~~ "Reset Technical Memorandum" means the memorandum attached hereto and incorporated herein as Exhibit "A," which sets forth the methodology pursuant to which the Safe Yield is evaluated or reset.
- (bbbb) ~~(zzz)~~ "Replenishment Obligation" means the quantity of water that Watermaster must purchase to replace Production by any Pool during the preceding Fiscal Year which exceeds that Pool's allocated share of Safe Yield or Operating Safe Yield in the case of the Appropriative Pool. The quantity of a Producer's Over-Production and the Replenishment Obligation is determined after Watermaster takes into account any Transfers of water or any Recovery from storage in the same year, and takes into account the Appropriative Pool obligation as a result of the implementation of the Peace Agreement, if any. [Judgment ¶ 45.]
- (cccc) ~~(aaaa)~~ "Replenishment Water" means Supplemental Water used to Recharge the Basin pursuant to the Physical Solution, either directly by percolating the water into the Basin or indirectly by delivering the water for use in-lieu of Production and use of Safe Yield or Operating Safe Yield. [Judgment ¶ 4(v) and Peace Agreement § 1.1(oo).]
- (dddd) ~~(bbb)~~ "Responsible Party" means the owner, co-owner, lessee or other person(s) designated by multiple parties interested in a well as the person responsible for purposes of filing reports with Watermaster pursuant to the Judgment ¶ 4(w). [Judgment, ¶ 4(w).]
- (eeee) ~~(eee)~~ "Rules and Regulations" means this ~~2019~~2021 Update to the ~~2001~~2019 Chino Basin Watermaster Rules and Regulations as authorized pursuant to the Judgment, adopted by the Watermaster on ~~October 24, 2019~~DATE and as they may be amended from time to time. They are to be distinguished from the previous Watermaster ~~Rules and Regulations and the Uniform Groundwater~~

Rules and Regulations that were repealed and replaced by the same action adopting and approving these Rules and Regulations.

(ffff) ~~(dddd)~~ "Safe Yield" means the long-term average annual quantity of groundwater (excluding Replenishment Water or Stored Water but including return flow to the Basin from use of Replenishment or Stored Water) which can be Produced from the Basin under cultural conditions of a particular year without causing an undesirable result. [Judgment ¶ 4(x) and Peace Agreement § 1.1(qq).]

(gggg) ~~(eeee)~~ "SAWPA" means the Santa Ana Watershed Project Authority. [Peace Agreement § 1.1(ss).]

(hhhh) ~~(ffff)~~ "Sphere of Influence" has the same meaning as set forth in Government Code Section 56076.

(iiii) ~~(gggg)~~ "Storage and Recovery Program" means the use of the available storage capacity of the Basin by any person under the direction and control of Watermaster pursuant to a Court approved Groundwater Storage Agreement but excluding "Local Storage," including the right to export water for use outside the Chino Basin and typically of broad and mutual benefit to the parties to the Judgment. [Peace Agreement § 1.1(uu).]

(jjjj) ~~(hhhh)~~ "Stored Water" means Supplemental Water held in storage, as a result of direct spreading, injection or in-lieu delivery, for subsequent withdrawal and use pursuant to a Groundwater Storage Agreement with Watermaster. [Judgment ¶ 4(aa) and Peace Agreement § 1.1(vv).]

(kkkk) ~~(iiii)~~ "Supplemental Water" means water imported to Chino Basin from outside the Chino Basin Watershed and Recycled Water. [Judgment ¶ 4(bb) and Peace Agreement § 1.1(ww).]

(llll) ~~(jjjj)~~ "Transfer" means the assignment (excepting an assignment by a member of the Non-Agricultural Pool or the Agricultural Overlying Pool), lease, or sale of a right to Produce water to another Producer within the Chino Basin or to another person or entity for use outside the Basin upon the person's intervention in conformance with the Judgment. [Peace Agreement § 1.1(xx).]

(mmmm) ~~(kkkk)~~ "TVMWD" means Three Valleys Municipal Water District (referred to in the Judgment as Pomona Valley Municipal Water District). [Peace Agreement § 1.1(yy).]

(nnnn) ~~(llll)~~ "Uniform Groundwater Rules and Regulations" (UGRR) means the Uniform Groundwater Rules and Regulations that were in effect on December 31, 2000.

(oooo) ~~(mmmm)~~ "Watermaster" means Watermaster as the term is used in the Judgment. [Peace Agreement § 1.1 (zz).]

(pppp) ~~(nnnn)~~ "WMWD" means Western Municipal Water District. [Judgment ¶ 4(cc) and Peace Agreement § 1.1(bbb).]

## 1.2 Rules of Construction

- (a) Unless the context clearly requires otherwise:
  - (i) The plural and singular forms include the other;
  - (ii) "Shall," "will," "must," and "agrees" are each mandatory;
  - (iii) "may" is permissive;
  - (iv) "or" is not exclusive;
  - (v) "includes" and "including" are not limiting; and
  - (vi) "between" includes the ends of the identified range.
- (b) The masculine gender shall include the feminine and neuter genders and vice versa.
- (c) Reference to any agreement, document, instrument, or report means such agreement, document, instrument or report as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof
- (d) Except as specifically provided herein, reference to any law, statute, ordinance, regulation or the like means such law as amended, modified, codified or reenacted, in whole or in part and in effect from time to time, including any rules and regulations promulgated thereunder. [Peace Agreement § 1.2.]
- (e) "Best Efforts" as defined in section 1.1 (k) above, shall be construed to mean that indifference and inaction do not constitute Best Efforts. However, futile action(s) are not required. [Peace Agreement § 1.1(d).]
- (f) OBMP Assessments as defined in section 1.1(zz) above, shall be deemed Administrative Expenses under Paragraph 54 of the Judgment. OBMP Assessments do not include assessments levied as provided in Section 5.1(g) of the Peace Agreement. Upon the expiration of the Peace Agreement, no conclusion of "general benefit" may be drawn based upon the manner in which the

assessments have been made during the term of the Peace Agreement. [Peace Agreement § 1.1(cc).]

- (g) The definition of the terms Recharge and Recharge Water in section 1.1(tt) above, shall not be construed to limit or abrogate the authority of CBWCD under general law. [Peace Agreement § 1.1(nn).]
- (h) The right of a party to receive a credit if Watermaster compels a Groundwater Production facility to be shut down and/or moved under section 4.5 below, shall not be construed in determining the extent of Watermaster's authority under the Judgment, if any, to compel the shut-down of a well.
- (i) These Rules and Regulations should not be construed as placing any limitation on the export of Supplemental Water other than as may be provided in the Judgment, except as may be necessary as a condition to prevent Material Physical Injury (see specifically section 8.3 below).

- 1.3 Consistency with Judgment, Peace Agreement, and Peace II Agreement. These Rules and Regulations shall be construed consistent with the Judgment, the Peace Agreement, and the Peace II Agreement. In the event of a conflict between these Rules and Regulations and the Judgment, the Peace Agreement, or the Peace II Agreement, the Judgment, the Peace Agreement, and Peace II Agreement shall prevail. In the event of a conflict between the Peace Agreement, or the Peace II Agreement and the Judgment, the Judgment shall control.
- 1.4 No Prejudice. No provision of these Rules and Regulations shall be used to construe the power and authority of the Advisory Committee or the Watermaster Board inter-se under the Judgment.
- 1.5 Amendment of Rules. These Rules and Regulations may be amended by Watermaster only upon the prior approval of the Watermaster Advisory Committee.
- 1.6 Repeal of Existing Rules and Regulations. Watermaster's existing Rules and Regulations ~~and the Uniform Groundwater Rules and Regulations shall be~~ are repealed upon the adoption of this ~~2019~~2021 Update to the ~~2001~~2019 Chino Basin Watermaster Rules and Regulations and along with the previously repealed Uniform Groundwater Rules and Regulations, they will have no further force and effect. However, all other rules and regulations, which includes the Rules for the Advisory Committee and for each of the three Pools, shall remain in effect.

## ARTICLE II ADMINISTRATION

- 2.0 Principal Office. The principal office of Watermaster shall be the Chino Basin Watermaster business office, currently located at 9641 San Bernardino Road, Rancho Cucamonga, California 91730, telephone number 909-484-3888, fax number 909-484-3890, and e-mail [info@cbwm.org](mailto:info@cbwm.org), or at such other location or locations as may be designated from time to time by Watermaster Resolution and filed with the Court.
- 2.1 Records. The minutes of Watermaster meetings shall be open to inspection and maintained at the principal office. [Based on Judgment ¶ 37(d).] Copies of minutes may be obtained upon payment of the duplication costs thereof. Copies of other records may be obtained on the payment of the duplication costs thereof and pursuant to Watermaster policy. Watermaster shall maintain a website (presently [www.cbwm.org](http://www.cbwm.org)). Watermaster Staff shall publish those records and other matters that it deems to be of interest to the parties to the Judgment, the general public or the Court on its website.
- 2.2 Regular Meetings. Regular meetings shall be held at the principal office of Watermaster pursuant to Watermaster policy at such time(s) as may be contained in the necessary notice(s) thereof [Based on Judgment ¶ 37 (b).] As a matter of policy, Watermaster shall generally operate in accordance with the provisions of the California Open Meetings Law (Brown Act). However, in the event of conflict, the procedures set forth in these Rules and Regulations shall control.
- 2.3 Special Meetings. Special meetings may be called at any time by a majority of the Watermaster Board by delivering notice thereof at least twenty-four (24) hours before the time of each such meeting in the case of personal delivery (including faxes and electronic mail), and ninety-six (96) hours in the case of mail. [Based on Judgment ¶ 37 (c).]
- 2.4 Adjournment. Any meeting may be adjourned to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. A copy of the order or notice of adjournment shall be conspicuously posted forthwith on or near the door of the place where the meeting was held. [Based on Judgment ¶ 37 (e).]
- 2.5 Public Meetings/Hearings. All meetings, whether regular or special, shall be open to the public unless they are properly designated as a confidential session. Whenever a Public Hearing shall be required therein, written notice of such public hearing containing the time, date and place of Public Hearing, together with the matter to be heard thereat, shall be given to all Active Parties and each such person who has requested, in writing, notice of such meeting, at least ten (10) days prior to said Public Hearing. At such Public Hearing, evidence shall be taken with regard to only the matters noticed, unless a sufficient urgency shall exist to the contrary, and full findings and decisions shall be issued and made available for public inspection. Notwithstanding the provisions of this section 2.5, the provisions of Article X shall control when applicable.



2.6 Confidential Sessions.

- (1) The Watermaster Board may hold confidential sessions authorized by this Rule .A confidential session may be held by the Watermaster Board and, at a minimum, the chairs of the three Pools (Appropriative, Agricultural and Non-Agricultural) to, in a manner consistent with the Judgment:
  - (i) meet with counsel to discuss or act on pending or threatened litigation involving Watermaster; or
  - (ii) discuss personnel matters of Watermaster employees involving individual employees; or
  - (iii) discuss contract negotiations involving Watermaster.
- (2) Minutes shall not be taken for confidential sessions of the Watermaster Board, but a confidential memorandum shall be prepared to describe attendance and votes on decisions.
- (3) Notice of confidential sessions of the Watermaster Board shall be as provided in section 2.7.
- (4) A report on any action taken at the confidential session of the Watermaster Board shall be given both immediately following the conclusion of the confidential session and at the next regular meeting of the Watermaster Board.
- (5) The Advisory Committee may hold a confidential session on any matter authorized by its own resolution.

2.7 Notice. Notices shall be given in writing to all Active Parties and each such person who has requested notice in writing, and shall specify the time and place of the meeting and the business to be transacted at the meeting. Notice may be provided by either facsimile or electronic mail delivery if the party so consents to such delivery. [Based on Judgment ¶ 37(c).] Delivery of notice shall be deemed made on the date personally given or within ninety-six (96) hours of deposit thereof in the United States mail, first class, postage prepaid, addressed to the designee and at the address in the latest designation filed by such person. Copies of all notices shall be published on the Watermaster website. Watermaster will maintain a current list of the names of active parties and their addresses for the purpose of providing service, and will maintain a current list of the names and addresses of all parties to the Judgment. [Judgment ¶ 58.]

2.8 Quorum. A majority of the Board acting as Watermaster shall constitute a quorum for the transaction of the affairs or business. [Based on Judgment ¶ 35.]

2.9 Voting Procedures. Only action by affirmative vote of a majority of the members of the Watermaster Board present and acting as Watermaster shall be effective. All actions may

be adopted by voice vote, but upon demand of any member of a Board acting as Watermaster, the roll shall be called and the ayes and noes recorded in the minutes of the proceedings. Every member of a Board acting as Watermaster, in attendance, unless disqualified by reason of an opinion of the Watermaster counsel that the member of the board has a conflict of interest, shall be required to vote.

- 2.10 Conflict of Interest. Watermaster is an interest based governing structure in which various interests must be represented in decision-making. It is expected and preferred that each interest be allowed to participate in Watermaster decisions except as provided in these Rules and Regulations. Each member of the Watermaster Board or the Advisory Committee shall vote on matters before the Board or Advisory Committee unless that member has a conflict of interest as described in this Rule or other provision of general law. No member of the Watermaster Board or Advisory Committee may vote, participate in meetings or hearings pertaining to, or otherwise use his or her position to influence a Watermaster decision in which he knows or has reason to know he has both a direct personal and financial interest.
- (a) Subject to the qualification provided for in section 2.10(b) herein, a member of the Watermaster Board or Advisory Committee is deemed to have a direct personal and financial interest in a decision where it is reasonably foreseeable that the decision will have a material effect on the Watermaster member, members of his or her immediate family, or the Watermaster member's other business, property, and commercial interests.
  - (b) To be classified as a direct personal and financial interest, the particular matter must be distinguishable from matters of general interest to the respective pool (Appropriative, Non-Agricultural, or Agricultural) or party to the Judgment, which the Watermaster member has been appointed to represent on the Watermaster Board or Advisory Committee. The member must stand to personally gain discrete and particular advantage from the outcome of the decision beyond that generally realized by any other person or the interests he or she represents. Moreover, Watermaster representatives are expressly intended to act in a representative capacity for their constituents. A member of the Board or Advisory Committee shall not be considered to have a discrete and particular financial advantage unless a decision may result in their obtaining a financial benefit that is not enjoyed by any other person. In those instances where the Board member or Advisory Committee member does have a conflict of interest, that respective interest may be represented by that interest's designated alternate and the Board or Advisory Committee member with the identified conflict of interest may address the Board or Committee or participate in the hearing or meeting as a party to the Judgment.
- 2.11 Minutes. The secretary (or in the absence thereof any person so designated at said meeting) shall cause the preparation and subscription of the minutes of each meeting and make available a copy thereof to all Active Parties and each person who has filed a

request for copies of all minutes or notices in writing. The minutes shall constitute notice of all actions therein reported. Unless a reading of the minutes is ordered by a majority of the members of the Board acting as Watermaster, minutes may be approved without reading. [Based on Judgment ¶ 37(d).] Watermaster shall publish a copy of its minutes on the Watermaster website.

- 2.12 Rules of Order. Except as may be provided herein, the procedures of the conduct of any meeting shall be governed by the latest revised edition of Roberts' Rules of Order. However, such rules, adopted to expedite the transaction of the business in an orderly fashion, are deemed to be procedural only and failure to strictly observe such rules shall not affect the jurisdiction or invalidate any action taken at a meeting that is otherwise held in conformity with law.
- 2.13 Compensation. Members of Watermaster shall receive compensation from Watermaster for attendance at meetings, regular or special, in an amount as approved by the Court, together with reasonable expenses related to the respective activities thereof, subject to applicable provisions of law. A Watermaster Board member has three Options with regard to payment of compensation. Option 1 is to have the payment payable directly to the Board member under the Board member's name; Option 2 is to have the payment payable directly to the Board member's employer/agency; and Option 3 is for the Board member to waive the compensation payment. Option 1 or 2 requires completion and submission of a signed W •9 form. [Based on Judgment ¶ 18 (as amended).]
- 2.14 Employment of Experts and Agents. Watermaster may employ or retain such administrative, engineering, geologic, accounting, legal or other specialized personnel and consultants as it may deem appropriate and shall require appropriate bonds from all officers and employees handling Watermaster funds. Watermaster shall maintain records for purposes of allocating costs of such services as well as of all other expenses of Watermaster administration as between the several pools established by the Physical Solution of the Judgment. No member of the Watermaster Advisory Committee or any Pool Committee may be employed or compensated by Watermaster for professional or other services rendered to such committee or to Watermaster other than as provided in section 2.13 above. [Based on Judgment ¶ 20.]
- 2.15 Acquisition of Facilities. Watermaster may purchase, lease, acquire and hold all necessary facilities and equipment; provided, that it is not the intent of the Judgment that Watermaster acquire any interest in real property or substantial capital assets. [Judgment ¶ 19 and Peace Agreement § 5.1(h).]
- 2.16 Investment of Funds. Watermaster may hold and invest all Watermaster funds in investments authorized from time to time for public agencies of the State of California, taking into consideration the need to increase the earning power of such funds and to safeguard the integrity thereof. [Based on Judgment ¶ 23.]

- 2.17 Borrowing. Watermaster may borrow from time to time, amounts not to exceed the annual anticipated receipts of Watermaster during such year. [Judgment ¶ 24.]
- 2.18 Contracts. Watermaster may enter into contracts and agreements for the performance of any of its powers pursuant to the Judgment.
- 2.19 Cooperation with Other Agencies. Watermaster may, subject to the prior recommendation of the Advisory Committee, act jointly or cooperate with agencies of the United States of America, and the State of California or any political subdivisions, municipalities, districts or any person to the end that the purpose of the Physical Solution of the Judgment may be fully and economically carried out. [Based on Judgment ¶ 26.]
- 2.20 Annual Administrative Budget. Watermaster shall submit to the Advisory Committee, after Pool Committee review and approval, an administrative budget and recommendation for action for each subsequent Fiscal Year on or before March 1. The Advisory Committee shall review and submit the budget and their recommendations to Watermaster on or before April 1, next following. Watermaster shall hold a public hearing on the budget which was approved by Advisory Committee at an April meeting of each year and adopt the annual administrative budget which shall include the administrative items for each committee. The administrative budget shall set forth budgeted items in sufficient detail as necessary to make a proper allocation of expenses among the several pools, together with Watermaster's proposed allocation. The budget shall contain such additional comparative information or explanation as the Advisory Committee may recommend from time to time. Expenditures within the budgeted items may thereafter be made by Watermaster in the exercise of its powers, as matter of course. Any budget transfer in excess of 20% of a budget category, or modification of the administrative budget during any year shall be first submitted to the Advisory Committee for review and recommendation. [Based on Judgment ¶ 30.]
- 2.21 Annual Report. Watermaster shall prepare and make available an annual report, which shall be filed on or before January 31 of each year and shall contain details as to the operation of each of the pools, a certified audit of all assessments and expenditures pursuant to the Physical Solution of the Judgment and a review of Watermaster activities. [Based on Judgment ¶ 48.] The annual report shall generally include an update on the status of the parties' efforts to implement the OBMP. On a biannual basis, the annual report shall include an engineering appendix which contains a more specific "state of the Basin" report including an update on the status of individual OBMP related activities such as monitoring results and Watermaster's analysis of Hydrologic Balance. The annual report shall also include a compilation of any amendments to these Rules and Regulations made by Watermaster during the prior twelve (12) months and serve as notice to the Court of the amendments.
- 2.22 Studies. Watermaster may, with concurrence of the Advisory Committee or affected Pool Committee and in accordance with Paragraph 54(b) of the Judgment, undertake relevant

studies of hydrologic conditions, both quantitative and qualitative, and operating aspects of implementation of the Chino Basin OBMP. [Judgment ¶ 27.]

- 2.23 Demonstrated CEQA Compliance. Watermaster shall not approve any request made under the Judgment or these Rules and Regulations where the proposed action also constitutes a "project" within the meaning of CEQA unless the Watermaster finds that the person requesting Watermaster approval has demonstrated CEQA compliance.
- 2.24 Notice of Litigation. Watermaster shall provide reasonable notice to the parties to the Judgment of any threatened or existing litigation affecting Watermaster or that challenges the legality, validity, or enforceability of the Judgment, the Peace Agreement, the OBMP Implementation Plan or the Rules and Regulations.
- 2.25 Defense of Judgment. Watermaster shall reasonably defend the Judgment, the Peace Agreement, the Peace II Agreement, the OBMP Implementation Plan, and these Rules and Regulations against challenges brought by persons who are not parties to the Judgment. These costs incurred by Watermaster in defending the Judgment, the Peace Agreement, the Peace II Agreement, the OBMP Implementation Plan, and these Rules and Regulations shall be considered a Watermaster general administrative expense. However, the State of California shall not be obligated to reimburse Watermaster for any legal or administrative costs incurred in such defense. [Based on Peace Agreement § 4.1.]
- 2.26 Written Reports. All reports required to be provided by Watermaster under these Rules and Regulations shall be provided in written form unless the context requires otherwise.
- 2.27 Interventions. Watermaster will receive and make recommendations regarding petitions for intervention and accumulate them for filing with the Court from time to time. [Judgment ¶ 60 and Order re Intervention Procedures, July 14, 1978.]
- 2.28 Advisory Committee and Pool Administration. Administration of each of the three Pools is not governed by these Rules and Regulations. Each of these entities has its own rules and shall thereby be governed by those rules. The Advisory Committee shall also be governed by its own rules and procedures. However, when these Rules and Regulations make express reference to the Advisory Committee and the context requires such a construction, these Rules and Regulations shall control.

### **ARTICLE III MONITORING**

- 3.0 Scope. Watermaster will carry out the monitoring activities described under Program Element 1 of the OBMP and, as described in the OBMP Implementation Plan. Monitoring procedures not described by this Article III, shall be implemented through the development of appropriate Watermaster policies and procedures as necessary. Any such policies and procedures adopted by resolution or minute action shall be reported to the Court in Watermaster's annual report.
- 3.1 Meters. This section sets forth Watermaster's rules and procedures for monitoring Groundwater Production by metering.
- (a) Reporting. Any person Producing in excess of ten (10) acre-feet per year shall install and maintain in good operating condition, at the cost of each such person except as provided in (b) below, such meters as Watermaster may deem necessary. Any such measuring device shall be subject to regular inspection and testing as the Watermaster may, from time to time, require, but at a minimum every two years. [Judgment ¶ 21.]
  - (b) Watermaster shall provide a meter testing service with a complete line of carefully calibrated test equipment. Any Producer may request an evaluation of any or all of its water meters at any time. Watermaster shall only pay for tests initiated by Watermaster and for all tests on meters owned by Watermaster
  - (c) Agricultural Pool Meters.
    - (i) Any assessment levied by Watermaster on the members of the Agricultural Pool to fund the installation of meters which is set forth in the Judgment, paragraph 21 regarding metering, shall be paid by the Appropriative Pool. Members of the Agricultural Pool, shall have no obligation to pay for or assume any duty with regard to the installation of meters. The obligation to install and maintain and replace meters on wells owned or operated by members of the Agricultural Pool shall be that of the Watermaster. [Peace Agreement § 5.6(a).]
    - (ii) Agricultural Pool meters shall be installed within thirty-six (36) months of the Date of Execution. Watermaster shall be responsible for providing the meter, as well as paying the cost of any installation, maintenance, inspection, testing, calibrating and repairing. The members of the Agricultural Pool shall provide reasonable access during business hours to a location reasonably appropriate for installation, inspection, testing, calibrating and repairing of a meter. [Peace Agreement § 5.6(b).] However, the State of California reserves its right to continue to install, operate, maintain, inspect, test and repair its own meters on wells owned

or operated by the State, unless it consents to installation by Watermaster in which case Watermaster assumes the cost. [Peace Agreement § 5.6(c).]

- (iii) Watermaster shall test every Agricultural Pool meter other than those owned by the State of California on an active well under Watermaster's jurisdiction at least once every two years.

3.2 Reporting by Producers. Each party, or Responsible Party Producing water from the Basin, shall file with Watermaster on forms provided therefore, a quarterly report of the total water Production of that Producer during the preceding calendar quarter, together with such additional information as Watermaster and/or the affected Pool Committee may require. The report shall be due on the 15th day of the month next succeeding the end of each respective calendar quarter, i.e., April 15, July 15, October 15 and January 15, except for minimal Producers, whose reports are due annually by July 15. [Judgment ¶ 47.] Watermaster shall annually estimate the quantity of water Produced by "minimal producers" by any reasonable means, including but not limited to the use of a water duty factor dependent upon the type of use and/or acreage.

3.3 Error Corrections. All reports or other information submitted to Watermaster by the parties shall be subject to a four-year limitations period regarding the correction of errors contained in such submittals. In addition, all information generated by Watermaster shall be subject to the same four-year limitations period. All corrections to errors shall apply retroactively for no more than four years.

**ARTICLE IV**  
**ASSESSMENTS, REIMBURSEMENTS AND CREDITS**

- 4.0 Scope. This Article sets forth Watermaster's rules and procedures regarding, assessments, reimbursements and credits.
- 4.1 Assessments. Watermaster shall levy assessments against the parties (other than Minimal Producers complying herewith) based upon Production during the preceding Production period. The assessment shall be levied by Watermaster pursuant to the pooling plan adopted for the applicable pool. [Based on Judgment ¶ 53.] Assessments shall cover the cost of Replenishment Water and the expenses of Watermaster administration which shall be categorized as either (a) general, or (b) special project expense.
- (a) General Administrative Watermaster Expense shall include office rental, general personnel expense, supplies and office equipment and related incidental expense and general overhead. [Judgment ¶ 54(a).]
  - (b) Special Project Expense shall consist of special engineering, economic or other studies, litigation expense, meter testing or other major operating expenses. Each such project shall be assigned a task order number and shall be separately budgeted and accounted for. [Judgment ¶ 54(b).]
  - (c) General Watermaster administrative expense shall be allocated and assessed against the respective pools based upon allocations made by the Watermaster, who shall make such allocations based upon generally-accepted cost accounting methods. [Judgment ¶ 54.]
  - (d) Special project expense shall be allocated to a specific pool, or any portion thereof, only upon the basis of prior express assent and finding of benefit by the appropriate Pool Committee, or pursuant to written order of the Court. [Judgment ¶ 54.]
  - (e) Minimal Producers shall be exempted from payment of assessments upon filing of the Production reports referred to in section 3.2 hereof and payment of an annual five dollar (\$5.00) administrative fee with the annual Production report. [Based on Judgment ¶ 52.] In addition, any Minimal Producer who is a member of the Appropriate Pool or the Non-Agricultural Pool and who has no quantified right to Produce water, shall pay a replenishment assessment upon the water that it Produces.
  - (f) Notwithstanding the foregoing, Watermaster shall levy assessments for the 6,500 acre-feet per year as provided in section 5.1(g) of the Peace Agreement and the cost and allocation of this Supplemental Water shall be apportioned pro rata among the members of the Appropriate Pool under the Judgment according to the Producer's assigned share of Operating Safe Yield. [Peace Agreement §



5.1(g)(ii) (inclusion of word "Operating" to correct mis-phrasing of Peace Agreement as required by the context in the Peace Agreement).]

4.2 OBMP Assessments. Watermaster Assessments for implementation of the OBMP shall be considered a Watermaster Administrative Expense pursuant to paragraph 54 of the Judgment.

4.3 Assessment - Procedure. Assessments shall be levied and collected as follows:

- (a) Notice of Assessment. Watermaster shall give written notice of all applicable assessments to each party as provided in the Judgment not later than October 31 of each year [Judgment ¶ 55(a).];
- (b) Payment. Each assessment shall be payable on or before thirty (30) days after the date of invoice, and shall be the primary obligation of the party or successor owning the water Production facility at the time written notice of assessment is given, even though prior arrangement for payment by others has been made in writing and filed with Watermaster [Judgment ¶ 55(b).]; and
- (c) Delinquency. Any delinquent assessment shall incur a late charge of ten (10%) percent per annum (or such greater rate as shall equal the average current cost of borrowed funds to the Watermaster) from the due date thereof. Delinquent assessments and late charge may be collected in a show-cause proceeding instituted by the Watermaster, in which case the Court may allow Watermaster's reasonable cost of collection, including attorney's fees. [Judgment ¶ 55(c).]

4.4 Assessment Adjustments. The Watermaster shall make assessment adjustments in whole or in part for assessments to any Producer as a result of erroneous Production reports or otherwise as necessary for the reporting period as either a credit or debit in the next occurring assessment package unless otherwise decided by Watermaster.

- (a) All assessments will be based on the assumption that appropriate, timely filed and pending Applications will be approved by Watermaster. If any such Applications are not approved, a supplemental assessment may be levied.
- (b) Assessment adjustments may be necessary due to overstated Production, understated Production, or errors in the assessment package discovered after the assessments have been approved.
- (c) Watermaster may cause an investigation and report to be made concerning questionable reports of Production from the Basin.
- (d) Watermaster may seek to collect delinquent assessments and interest in a show-cause proceeding in which case the Court may allow Watermaster its reasonable costs of collection, including attorney's fees. [Judgment ¶ 55(c).]

Alternately, Watermaster may bring suit in a court having jurisdiction against any Producer for the collection of any delinquent assessments and interest thereon. The court, in addition to any delinquent assessments, may award interest and reasonable costs including attorney's fees.

- 4.5 Credits Against OBMP Assessments and Reimbursements. Watermaster shall exercise reasonable discretion in making its determination regarding credits against OBMP Assessments and reimbursements, considering the importance of the project or program to the successful completion of the OBMP, the available alternative funding sources, and the professional engineering and design standards as may be applicable under the circumstances. However, Watermaster shall not approve such a request for reimbursement or credit against future OBMP Assessments under this section where the Producer or party to the Judgment was otherwise legally compelled to make the improvement. [Peace Agreement § 5.4(d).]
- (a) Any party to the Judgment may make Application for credits against OBMP assessments or for reimbursement by filing a timely Application pursuant to the provisions of this section and Article X of these Rules and Regulations.
  - (b) A party to the Judgment is eligible to be considered for credits or reimbursement for those documented capital, operations and maintenance expenses, including the cost of shutting down and/or relocating Groundwater Production facilities, that are reasonably incurred in the implementation of any project or program that carries out the purposes of the OBMP and specifically relates to the prevention of subsidence in the Basin, upon approval of the request by Watermaster. [Peace Agreement § 5.4(d), as amended.] The purposes of the OBMP shall be those goals set forth in the Phase I Report as implemented through the OBMP Implementation Plan in a manner consistent with the Peace Agreement. [July 13, 2000 Court Order.]
  - (c) Any Producer that Watermaster compels to shut down and/or move a Groundwater Production facility that is in existence on August 1, 2000 shall have the right to receive a credit against future Watermaster assessments or reimbursement up to the reasonable cost of the replacement Groundwater Production facility, including the legal rate of interest on California Judgments. [Peace Agreement § 5.4(e).] In its sole discretion, Watermaster may determine to issue full reimbursement upon approval of the Application or to issue a credit against future Watermaster assessments. However, in the event Watermaster elects to provide a credit in lieu of reimbursement, it must have fully compensated the Producer for the reasonable cost of the replacement Groundwater Production facility through any combination of credits and reimbursements within five years from the date of the Application, unless the Producer consents in writing to a longer period. Note: this section is subject to a rule of construction. See section 1.2(h) above.

- (d) An Application to Watermaster for reimbursement or a credit against OBMP Assessments shall be considered timely, if and only if the Application has been approved by Watermaster in advance of construction or the offer by a party to dedicate the facility to carry out the purposes of the OBMP as described in (b) above. [Based on Peace Agreement § 5.4(d).]
- 4.6 Agricultural Pool Assessments and Expenses. During the term of the Peace Agreement, all Assessments and expenses of the Agricultural Pool including those of the Agricultural Pool Committee shall be paid by the Appropriative Pool. This includes but is not limited to OBMP Assessments, assessments pursuant to paragraphs 20, 21, 22, 30, 42, 51, 53, 54 (both general administrative expenses and special project expenses), 55, and Exhibit F (Agricultural Pool Pooling Plan) of the Judgment except however in the event the total Agricultural Pool Production exceeds 414,000 acre-feet in any five consecutive year period as defined in the Judgment, the Agricultural Pool shall be responsible for its Replenishment Obligation pursuant to paragraph 45 of the Judgment. [Peace Agreement § 5.4(a).]
- 4.7 Replenishment Assessments. Watermaster shall levy and collect assessments in each year, pursuant to the respective pooling plans, in the amount of the Replenishment Obligation (including any Desalter Replenishment) for any pool during the preceding year. [Based on Judgment ¶ 51.]
- 4.8 Desalter Replenishment Assessments and Credits. The price of Desalted water to a purchaser of Desalted water does not include the cost of Replenishment. The source of Replenishment shall be those provided in Article VII herein, Article VII of the Peace Agreement, and Article VI of the Peace II Agreement. However, a purchaser of Desalted water may elect to obtain a reduced Assessment levied by Watermaster by dedicating by Transfer, or assignment, some or all of its Production rights to Watermaster for the purpose of satisfying Desalter Replenishment. The amount of the credit granted by Watermaster shall be equal to the value of the cost of Replenishment Water then available from the MWD as interruptible, untreated water or the then prevailing value of the avoided Replenishment Obligation, whichever is less. For purposes of determining Replenishment assessments, water Produced by the Desalters shall be considered Production by the Appropriative Pool.
- 4.9 Consistency with Peace Agreement. The procurement of Replenishment Water and the levy of Assessments shall be consistent with the provisions of section 5.4(a) of the Peace Agreement.
- 4.10 OBMP Committee. Watermaster shall establish a subcommittee (OBMP Committee) for the purpose of coordinating fund raising efforts in furtherance of the OBMP.
- (a) The subcommittee shall hold a regularly scheduled meeting a minimum of once every quarter.

- (b) Prior to each subcommittee meeting, Watermaster shall prepare a summary of the funds, loans or grants secured for the purpose of implementing the OBMP over the past three months and distribute any information it may possess regarding the availability of other potential funds, loans or grants.

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**ARTICLE V  
PHYSICAL SOLUTION**

- 5.0 Scope. This Article generally sets forth the standards for Watermaster implementation of the Physical Solution established by the Judgment, including the application of these standards to Watermaster conduct and decisions under the Judgment, these Rules and Regulations and the OBMP.
- 5.1 Physical Solution. It is essential that this Physical Solution provide maximum flexibility and adaptability to use existing future, technological, social, institutional and economic options to maximize beneficial use of the waters of the Chino Basin. [Judgment ¶ 40.]
- 5.2 Watermaster Control. Watermaster, with the advice of the Advisory and Pool Committees, is granted discretionary powers in order to develop its OBMP. [Based on Judgment ¶ 41.]
- 5.3 Basin Management Parameters. Watermaster shall consider the following parameters in implementing the Physical Solution under Articles VI - X of these Rules and Regulations:
- (a) Pumping Patterns. Chino Basin is a common supply for all persons and agencies utilizing its waters. It is an objective in management of the Basin's waters that no Producer be deprived of access to said waters by reason of unreasonable pumping patterns, nor by regional or localized Recharge of Replenishment Water, insofar as such result may be practically avoided. [Judgment Exhibit "I".]
  - (b) Water Quality. Maintenance and improvement of water quality is a prime consideration and function of management decisions by Watermaster. [Judgment Exhibit "I".]
  - (c) Economic Considerations. Financial feasibility, economic impact and the cost of optimum use of the Basin's resources and the physical facilities of the parties are objectives and concerns equal in importance to water quantity and quality parameters. [Judgment Exhibit "I".]

**ARTICLE VI**  
**SAFE YIELD AND OPERATING SAFE YIELD**

- 6.0 Scope. This Article sets forth the rules and procedures that are applicable to Watermaster's regulation, control, and management of Safe Yield and Operating Safe Yield.
- 6.1 Annual Production Right. The Annual Production Right shall be calculated by Watermaster pursuant to the Judgment and the Peace Agreement.
- 6.2 New Yield. The Judgment provides that Safe Yield may need to be periodically adjusted based on more accurate and updated data and based on evidence of increased capture of native water and increased return flow from use of Replenishment or Stored Water. Safe Yield can only be re-determined periodically when long-term data or evidence is developed in support thereof. In order to encourage maximization of Basin Water under the Physical Solution, New Yield shall be accounted for by Watermaster in interim periods between re-determinations of Safe Yield.
- (a) Proven increases in yield in quantities greater than the historical level of contribution from certain Recharge sources may result from changed conditions including, but not limited to, the increased capture of rising water, increased capture of available storm flow, and other management activities. These increases are considered New Yield.
  - (b) To the extent the New Yield arises from conditions, programs or projects implemented and operational after July 1, 2000, it is available for allocation by Watermaster as a component of the Annual Production Right for each member of the Appropriative Pool.
  - (c) As part of the documentation for the assessments and annual report for each year, Watermaster will provide a summary and analysis of the historical recharge and whether there are changed conditions that have resulted in a quantity of New Yield.
  - (d) Except as described in section 6.2(f) below, pursuant to the Peace Agreement and the Peace II Agreement, any New Yield shall first be assigned to offsetting Desalter Replenishment Obligations in the immediately following year and as reasonably required to satisfy expected future Replenishment Obligations arising from the Desalter. If there is water in the Watermaster Desalter Replenishment Account to satisfy the Desalter Replenishment Obligation for the year, the New Yield shall be made available to the Appropriative Pool to satisfy a Replenishment Obligation consistent with section 7.5(a)(3) herein.
  - (e) New Yield is expected to result from a variety of conditions, including but not limited to enhanced Basin management, increased stormwater Recharge, induced

Recharge from operation of the Desalters, injection, and changes in land use patterns. Watermaster has established an initial baseline quantity of stormflow Recharged in the Basin under historical conditions in the amount of 5,600 acre-feet per year. Any party to the Judgment may request Watermaster to re-examine this initial estimate of the baseline quantity and to adjust the quantity in accordance with best available technology and substantial evidence.

- (f) The storm flow component of Recharge determined by Watermaster to be part of New Yield shall be allocated to the Appropriators according to their percentages of Safe Yield under the Judgment. Notwithstanding section 7.5(c) of the Peace Agreement, those amounts will continue to be dedicated in those percentages to the Appropriators if that storm flow Recharge is subsequently determined to be Safe Yield. [First Amendment to Peace Agreement, ¶ 2.]

6.3 Accounting of Unallocated Agricultural Portion of Safe Yield.

- (a) In each year, the 82,800 acre-feet being that portion of the Safe Yield made available to the Agricultural Pool under the Judgment, shall be made available in the following sequence:
  - (i) To the Agricultural Pool to satisfy all demands for overlying Agricultural Pool lands;
  - (ii) To supplement, in the particular year, water available from Operating Safe Yield to compensate for any reduction in the Safe Yield by reason of recalculation thereof;
  - (iii) To land use conversions that were completed prior to October 1, 2000;
  - (iv) To land use conversions that have been completed after October 1, 2000; and
  - (v) To the Early Transfer of the quantity of water not Produced by the Agricultural Pool that is remaining after all the land use conversions are satisfied pursuant to section 5.3(h) of the Peace Agreement from the Agricultural Pool to the Appropriative Pool in accordance with their pro-rata assigned share of Operating Safe Yield.
- (b) In the event actual Production by the Agricultural Pool exceeds 414,000 acre-feet in any five years, the Agricultural Pool shall procure sufficient quantities of Replenishment Water to satisfy over-Production obligations, whatever they may be.

6.4 Conversion Claims. The following procedures may be utilized by any Appropriator:

- (a) Record of Unconverted Agricultural Acreage. Watermaster shall maintain on an ongoing basis a record, with appropriate related maps, of all agricultural acreage within the Chino Basin subject to being converted to appropriate water use pursuant to the provisions of this subparagraph.
- (b) Record of Water Service Conversion. Any Appropriator who undertakes to permanently provide water service to any portion of a legal parcel subject to conversion shall report such change to Watermaster. Watermaster shall ensure that when a partial conversion occurs, that the water use on the acreage is properly metered. For all or any portion of the legal parcel that is proposed for conversion, Watermaster shall thereupon verify such change in water service and shall maintain a record and account for each Appropriator of the total acreage involved. Should, at any time, all or any portion of the converted acreage return to agricultural overlying use, Watermaster shall return such acreage that returns to agricultural use to unconverted status and correspondingly reduce or eliminate any allocation accorded to the Appropriator involved.

6.5 Recalculation of Safe Yield.

- (a) Initial Prior Safe Yield ~~Reset~~ Effective Resets. Pursuant to the Court's Orders for Watermaster's Motion Regarding 2015 Safe Yield Reset Agreement, Amendment of Restated Judgment, Paragraph 6, dated April 28, 2017, effective July 1, 2010 and continuing until June 30, 2020, the Safe Yield for the Basin ~~is~~ was reset at 135,000 AFY. Pursuant to the Orders Regarding Chino Basin Watermaster Motion Regarding 2020 Safe Yield Reset, Amendment of Restated Judgment, Paragraph 6, dated July 31, 2020, effective July 1, 2020 and continuing until June 30, 2030, the Safe Yield for the Basin was reset at 131,000 AFY. For all purposes arising under the Judgment, the Peace Agreements and the OBMP Implementation Plan, the Safe Yield shall be ~~135,000~~ 131,000 AFY, without exception, unless and until Safe Yield is reset in accordance with the procedures set forth in this Section 6.5, and determined by the Court pursuant to its retained continuing jurisdiction.
- (b) Scheduled ~~Reset~~ Resets. Watermaster will initiate a process to evaluate and reset the Safe Yield by July 1, ~~2020~~ 2030 as further provided in this Section 6.5. Subject to the provisions of Section 6.5(c) below, the Safe Yield, as it is reset effective July 1, ~~2020~~ 2030 will continue until June 30, ~~2030~~ 2040. Watermaster will initiate the reset process, taking into account then prevailing best management practices and advances in hydrological science, no later than ~~January~~ July 1, ~~2019~~ 2028, in order to ensure that the Safe Yield, as reset, may be approved by the court no later than June 30, ~~2020~~ 2030. (Orders Regarding Chino Basin Watermaster Motion Regarding 2020 Safe Yield Reset, Amendment of Restated Judgment, Paragraph 6, dated July 31, 2020 at 15.) Watermaster must present its evaluation and recommendation regarding Safe Yield for the period July 1, 2030, and ending June 30, 2040, to the Parties to the Judgment no later than January 1, 2030.



(Orders Regarding Chino Basin Watermaster Motion Regarding 2020 Safe Yield Reset, Amendment of Restated Judgment, Paragraph 6, dated July 31, 2020 at 15.) Consistent with the provisions of the OBMP Implementation Plan, thereafter Watermaster will conduct a Safe Yield evaluation and reset process no less frequently than every ten years. This Section 6.5(b) is deemed to satisfy Watermaster's obligation, under Paragraph 3.(b) of Exhibit "I" to the Judgment, to provide notice of a potential change in Operating Safe Yield.

(c) Interim Correction. In addition to the scheduled reset set forth in Section 6.5(b) above, the Safe Yield may be reset in the event that~~;~~:

(i) with the recommendation and advice of the Pools and Advisory Committee and in the exercise of prudent management discretion described in Section 6.5(e)(iii), below, Watermaster recommends to the court that the Safe Yield must be changed by an amount greater (more or less) than 2.5% of the then-effective Safe Yield.

(ii) The California State Water Resources Control Board develops water conservation measures prior to June 30, 2030, that result in a reduction in urban irrigation in the Chino Basin (i.e., reduced Evapotranspiration Adjustment Factors), as required by Water Code § 10609, et seq., that is reasonably likely to materially reduce recharge in the Chino Basin and Watermaster recommends to the court that the Safe Yield must be changed by an amount greater (more or less) than 2.5% of the then-effective Safe Yield. (Orders Regarding Chino Basin Watermaster Motion Regarding 2020 Safe Yield Reset, Amendment of Restated Judgment, Paragraph 6, dated July 31, 2020 at 15.)

(d) Safe Yield Reset Methodology. The Safe Yield shall be subsequently evaluated pursuant to the methodology set forth in the Reset Technical Memorandum. The reset will rely upon long-term hydrology and will include data from 1921 to the date of the reset evaluation. The long-term hydrology will be continuously expanded to account for new data from each year, through July 2030, as it becomes available. This methodology will thereby account for short-term climatic variations, wet and dry. Based on the best information practicably available to Watermaster, the Reset Technical Memorandum sets forth a prudent and reasonable professional methodology to evaluate the then prevailing Safe Yield in a manner consistent with the Judgment, the Peace Agreements, and the OBMP Implementation Plan. In furtherance of the goal of maximizing the beneficial use of the waters of the Chino Basin, Watermaster, with the recommendation and advice of the Pools and Advisory Committee, may supplement the Reset Technical Memorandum's methodology to incorporate future advances in best management practices and hydrologic science as they evolve over the term of this order.

- (e) Annual Data Collection and Evaluation. In support of its obligations to undertake the reset in accordance with the Reset Technical Memorandum and this Section 6.5, Watermaster shall annually undertake the following actions:
- (i) Ensure that, unless a Party to the Judgment is excluded from reporting, all production by all Parties to the Judgment is metered, reported, and reflected in Watermaster's approved Assessment Packages;
  - (ii) Collect data concerning cultural conditions annually with cultural conditions including, but not limited to, land use, water use practices, production, and facilities for the production, generation, storage, recharge, treatment, or transmission of water;
  - (iii) Evaluate the potential need for prudent management discretion to avoid or mitigate undesirable results including, but not limited to, subsidence, water quality degradation, and unreasonable pump lifts. Where the evaluation of available data suggests that there has been or will be a material change from existing and projected conditions or threatened undesirable results, then a more significant evaluation, including modeling, as described in the Reset Technical Memorandum, will be undertaken; and,
  - (iv) As part of its regular budgeting process, develop a budget for the annual data collection, data evaluation, and any scheduled modeling efforts, including the methodology for the allocation of expenses among the Parties to the Judgment. Such budget development shall be consistent with section 5.4(a) of the Peace Agreement.
- (f) Modeling. Watermaster shall cause the Basin model to be updated and a model evaluation of Safe Yield, in a manner consistent with the Reset Technical Memorandum, to be initiated no later than January 1, 2024, in order to ensure that the same may be completed by June 30, 2025.
- (g) Peer Review. The Pools shall be provided with reasonable opportunity, no less frequently than annually, for peer review of the collection of data and the application of the data collected in regard to the activities described in Section 6.5(d), (e), and (f) above.
- (h) No Retroactive Accounting. Notwithstanding that the initial Safe Yield reset, described in Section 6.5(a) above, ~~shall be~~ was effective as of July 1, 2010, Watermaster will not, in any manner, including through the approval of its Assessment Packages, seek to change prior accounting of the prior allocation of Safe Yield and Operating Safe Yield among the Parties to the Judgment for Production Years prior to July 1, 2014.

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## ARTICLE VII RECHARGE

7.0 Scope. This Article sets forth the standards that are applicable to Watermaster's review of Recharge actions by all persons that may be subject to the Judgment as well as Watermaster's efforts to administer, direct, and arrange for Recharge in accordance with the Judgment.

### 7.1 In General

- (a) Watermaster shall administer, direct and arrange for the Recharge of all water in a manner pursuant to the Judgment, the Peace and Peace II Agreements and the OBMP in a manner that causes no Material Physical Injury to any party to the Judgment or the Chino Basin. Nothing herein shall be construed as committing a Party to provide Supplemental Water upon terms and conditions that are not deemed acceptable to that party. This means that no party to the Judgment shall be individually and independently obligated to purchase or acquire Supplemental Water on behalf of another party to the Judgment. [Peace Agreement § 5.1(e).] Applications to engage in Recharge activities shall be processed in accordance with the provisions of Article X using the forms provided by Watermaster attached hereto as Appendix 1.
- (b) Watermaster shall exercise its Best Efforts to:
  - (i) Protect and enhance the Safe Yield of the Chino Basin through Replenishment and Recharge [Peace Agreement § 5.1(e).];
  - (ii) Ensure there is sufficient Recharge capacity for Recharge water to meet the goals of the OBMP and the future water supply needs within the Chino Basin [Peace Agreement § 5.1(e).];
  - (iii) Evaluate the long term Hydrologic Balance within all areas and subareas of the Chino Basin;
  - (iv) Make its initial report on the then existing state of Hydrologic Balance by July 1, 2003, including any recommendations on Recharge actions which may be necessary under the OBMP. Thereafter Watermaster shall make written reports on the long term Hydrologic Balance in the Chino Basin every two years;
  - (v) Use and consider the information provided in the reports under (iv) above, when modifying or updating the Recharge Master Plan and in implementing the OBMP;

- (vi) Evaluate the potential or threat for any Material Physical Injury to any party to the Judgment or the Chino Basin, including, but not limited to, any Material Physical Injury that may result from any Transfer of water in storage or water rights which is proposed in place of physical Recharge of water to Chino Basin in accordance with the provisions of section 5.3 of the Peace Agreement [Peace Agreement § 5.1(e).];
  - (vii) Cooperate with owners of existing Recharge facilities to expand/improve/preserve Recharge facilities identified in the Recharge Master Plan; arrange for the construction of the works and facilities necessary to implement the quantities of Recharge identified in the OBMP Implementation Plan [Peace Agreement § 5.1(e)(ix)] and cooperate with appropriate entities to construct and operate the new Recharge facilities that are identified in the Recharge Master Plan;
  - (viii) Ensure that its Recharge efforts under the Recharge Master Plan are consistent with the Judgment, and the Peace Agreement;
  - (ix) Establish and periodically update criteria for the use of water from different sources for Replenishment purposes [Peace Agreement § 5.1(e)(v).];
  - (x) Ensure a proper accounting of all sources of Recharge to the Chino Basin [Peace Agreement § 5.1(e)(vi).];
  - (xi) Recharge the Chino Basin with water in any area where Groundwater levels have declined to such an extent that there is an imminent threat of Material Physical Injury to any party to the Judgment or the Basin [Peace Agreement § 5.1(e)(vii).];
  - (xii) Maintain long-term Hydrologic Balance between total Recharge and discharge within all areas and sub-areas [Peace Agreement § 5.1(e)(viii).]; and
  - (xiii) Use water of the lowest cost and the highest quality, giving preference as far as possible to the augmentation and the Recharge of native storm water. [Peace Agreement § 5.1(f).]
- (c) Recharge Master Plan. The Recharge Master Plan will address how the Basin will be contemporaneously managed to secure and maintain Hydraulic Control and subsequently operated at a new equilibrium at the conclusion of the period of Re-Operation. The Recharge Master Plan will be jointly approved by IEUA and Watermaster and shall contain recharge estimations and summaries of the projected water supply availability as well as the physical means to accomplish the recharge projections. Specifically, the Recharge Master Plan will reflect an

appropriate schedule for planning, design, and physical improvements as may be required to provide reasonable assurance that following the full beneficial use of the groundwater withdrawn in accordance with the Basin Re-Operation and authorized controlled overdraft, that sufficient Replenishment capability exists to meet the reasonable projections of Desalter Replenishment obligations. With the concurrence of IEUA and Watermaster, the Recharge Master Plan will be updated and amended as frequently as necessary with Court approval and not less than every five (5) years. [Peace II Agreement § 8.1.]

- (i) Coordination. The members of the Appropriative Pool will coordinate the development of their respective Urban Water Management Plans and Water Supply Master Plans with Watermaster as follows. [Peace II Agreement § 8.2.]
  - a) Each Appropriator that prepares an Urban Water Management Plan and Water Supply Plans will provide Watermaster with copies of its existing and proposed plans.
  - b) Watermaster will use the Urban Water Management Plans in evaluating the adequacy of the Recharge Master Plan and other OBMP Implementation Plan program elements.
  - c) Each Appropriator will provide Watermaster with a draft in advance of adopting any proposed changes to its Urban Water Management Plans and in advance of adopting any material changes to their Water Supply Master Plans respectively in accordance with the customary notification routinely provided to other third parties to offer Watermaster a reasonable opportunity to provide informal input and informal comment on the proposed changes.
  - d) Any Party that experiences the loss or the imminent threatened loss of a material water supply source will provide reasonable notice to Watermaster of the condition and the expected impact, if any, on the projected groundwater use.
- (ii) In preparation of the Recharge Master Plan, Watermaster will consider whether existing groundwater production facilities owned or controlled by producers within Management Zone 1 may be used in connection with an aquifer storage and recovery ("ASR") project so as to further enhance recharge in specific locations and to otherwise meet the objectives of the Recharge Master Plan. [Peace II Agreement § 8.4(d)(2).]

- (d) Watermaster shall not own Recharge projects, including but not limited to spreading grounds, injection wells, or diversion works. [Peace Agreement § 5.1(h).]
- (e) Watermaster may own and hold water rights in trust for the benefit of the parties to the Judgment. Subject to this exception, Watermaster shall not own land or interests in real property. [Peace Agreement § 5.1(h).] Watermaster shall obtain Court approval prior to acquiring any water rights in trust for the benefit of the parties to the Judgment. In addition, Watermaster shall conform all existing permits to ensure that title is held in trust for the benefit of the parties to the Judgment.
- (f) Watermaster shall arrange, facilitate and provide for Recharge by entering into contracts with appropriate persons, which may provide facilities and operations for physical Recharge of water as required by the Judgment and the Peace Agreement, or pursuant to the OBMP. Any such contracts shall include appropriate terms and conditions, including terms for the location and payment of costs necessary for the operation and maintenance of facilities, if any. [Peace Agreement § 5.1(h).]
- (g) Watermaster shall provide an annual accounting of the amount of Recharge and the location of the specific types of Recharge. [Peace Agreement § 5.1(j).]

7.2 Recharge of Supplemental Water. All Recharge of the Chino Basin with Supplemental Water shall be subject to Watermaster approval obtained by Application made to Watermaster in accordance with provisions of Article X. [Peace Agreement § 5.1(a).] In reviewing any such Application, Watermaster shall comply with the following.

- (a) Watermaster will ensure that any person may make Application to Watermaster to Recharge the Chino Basin with Supplemental Water pursuant to Article X, including the exercise of the right to offer to sell In-Lieu Recharge Water to Watermaster as provided in the Judgment and the Peace Agreement in a manner that is consistent with the OBMP and the law. [Peace Agreement § 5.1(b).]
- (b) Watermaster shall not approve an Application by any party to the Judgment under Article X if it is inconsistent with the terms of the Peace Agreement, or will cause any Material Physical Injury to any party to the Judgment or the Basin. [Peace Agreement § 5.1(b).]
- (c) Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by the Recharge of Supplemental Water shall be fully and reasonably mitigated as a condition of approval. In the event the Material Physical Injury cannot be fully and reasonably mitigated, the request for Recharge of Supplemental Water must be denied. [Peace Agreement § 5.1(b).]

- (d) Absent a clear showing as to peculiar circumstances or changes, Recharge of the Chino Basin with Supplemental Water conducted through spreading grounds shall be assessed: (i) a 1.5% evaporation loss if the Recharge occurs in November through March; or (ii) a 4.2% evaporation loss if the Recharge occurs in April through October. Such loss shall be a one-time adjustment applicable to the Party engaging in Recharge. Losses for Recharge through injection wells shall be determined on a case by case basis. [Judgment at ¶41.]

7.3 Recharge of 6,500 Acre-Feet of Supplemental Water in Management Zone 1. Consistent with its overall obligations to manage the Chino Basin to ensure hydrologic balance within each management zone, for the duration of the Peace Agreement (until June of 2030), Watermaster will ensure that a minimum of 6,500 acre-feet of wet water recharge occurs within Management Zone 1 on an annual basis. However, to the extent that water is unavailable for recharge or there is no replenishment obligation in any year, the obligation to recharge 6,500 acre-feet will accrue and be satisfied in subsequent years. [Peace II Agreement § 8.4(d).]

- (a) Watermaster will implement this measure in a coordinated manner so as to facilitate compliance with other agreements among the parties, including but not limited to the Dry-Year Yield Agreements.
- (b) Five years from the effective date of the Peace II Measures, Watermaster will cause an evaluation of the minimum recharge quantity for Management Zone 1. After consideration of the information developed, the observed experiences in complying with the Dry Year Yield Agreements as well as any other pertinent information, Watermaster may increase the minimum requirement for Management Zone 1 to quantities greater than 6,500 acre-feet per year. In no circumstance will the commitment to recharge 6,500 acre-feet be reduced for the duration of the Peace Agreement. [Peace II Agreement § 8.4(e).]

7.4 Sources of Replenishment Water. Supplemental Water may be obtained by Watermaster from any available source. Watermaster shall, however, seek to obtain the best available quality of Supplemental Water at the most reasonable cost for recharge in the Basin. It is anticipated that Supplemental Water for Replenishment of Chino Basin may be available at different rates to the various pools to meet their Replenishment Obligations. If such is the case, each pool will be assessed only that amount necessary for the cost of Replenishment Water to that pool, at the rate available to the pool, to meet its Replenishment Obligation. In this connection, available resources may include, but are not limited to:

- (a) Maximum beneficial use of Recycled Water, which shall be given a high priority by Watermaster [Judgment ¶ 49(a).];



- (b) State Project Water subject to applicable service provisions of the State's water service contracts [Judgment ¶ 49(b).];
- (c) Local Imported Water through facilities and methods for importation of surface and Groundwater supplies from adjacent basins and watersheds [Judgment ¶ 49(c).]; and
- (d) Available supplies of Metropolitan Water District water from its Colorado River Aqueduct. [Judgment ¶ 49(d).]

7.5 Desalter Replenishment. Notwithstanding the provisions of section 7.4, above, for the initial term of the Peace Agreement, the Replenishment obligation attributable to Desalter production in any year will be determined by Watermaster as follows [Peace Agreement § 7.5; Peace II Agreement § 6.2.]:

- (a) Watermaster will calculate the total Desalter Production for the preceding year and then apply a credit against the total quantity from:
  - (i) the Watermaster Desalter replenishment account composed of 25,000 acre-feet of water abandoned by Kaiser Ventures pursuant to the "Salt Offset Agreement" dated October 21, 1993, between Kaiser Ventures and the RWQCB, and other water previously dedicated by the Appropriate Pool [Peace Agreement § 7.5(a).];
  - (ii) dedication of water from the Overlying (Non-Agricultural) Pool Storage Account or from any contribution arising from an annual authorized Physical Solution Transfer in accordance with amended Exhibit G to the Judgment;
  - (iii) New Yield that may be made available to Watermaster through a combination of management programs, actions or facilities, other than the Stormwater component of New Yield, as determined on an annual basis [Peace Agreement § 7.5(b).];
  - (iv) any declared losses from storage in excess of actual losses enforced as a "Leave Behind";
  - (v) Safe Yield that may be contributed by the parties [Peace Agreement § 7.5(c).];
  - (vi) any Production of groundwater attributable to the controlled overdraft authorized pursuant to Exhibit I to the Judgment, as amended.
- (b) To the extent available credits are insufficient to fully offset the quantity of groundwater production attributable to the Desalters, Watermaster will use water or revenue obtained by levying the following assessments among the members of

the Overlying (Non-Agricultural) Pool and the Appropriative Pool to meet any remaining replenishment obligation as follows.

- (i) A Special OBMP Assessment against the Overlying (Non-Agricultural) Pool as more specifically authorized and described in amendment to Exhibit "G" paragraph 5 (c) to the Judgment will be dedicated by Watermaster to further off-set replenishment of the Desalters. However, to the extent there is no remaining replenishment obligation attributable to the Desalters in any year after applying the off-sets set forth in 7.5(a), the OBMP Special Assessment levied by Watermaster will be distributed as provided in Section 9.2 of the Peace II Agreement. The Special OBMP Assessment will be assessed pro-rata on each member's share of Safe Yield.
- (ii) The members of the Appropriative Pool will contribute a total of 10,000 afy toward Desalter replenishment, allocated among Appropriative Pool members as follows:
  - 85% of the total (8,500 afy) will be allocated according to the Operating Safe Yield percentage of each Appropriative Pool member; and
  - 15% of the total (1,500 afy) will be allocated according to each land use conversion agency's percentage of the total land use conversion claims, based on the actual land use conversion allocations of the year.

The annual desalter replenishment obligation contribution of each Appropriative Pool member will be calculated using the following formula:

$$\text{Desalter replenishment obligation contribution} = (8,500 * \% \text{ Appropriator's share of total initial } 49,834 \text{ afy Operating Safe Yield}) + (1,500 * \% \text{ Appropriator's proportional share of that year's total conversion claims})$$

A sample calculation of the desalter replenishment obligation contribution for each Appropriative Pool member is shown on Exhibit 4 to the Peace II Agreement, as amended.

- (iii) A Replenishment Assessment against the Appropriative Pool for any remaining Desalter replenishment obligation after applying both 6(b)(i) and 6(b)(ii), allocated pro-rata to each Appropriative Pool member according to the combined total of the member's share of Operating Safe Yield and the member's Adjusted Physical Production, as defined below.

Desalter Production is excluded from this calculation. A sample calculation of the allocation of the remaining desalter obligation is shown in Exhibit 4 to the Peace II Agreement.<sup>1</sup>

- (iv) Adjusted Physical Production is the Appropriative Pool member's total combined physical production (i.e., all groundwater pumped or produced by the Appropriative Pool member's groundwater wells in the Chino Basin, including water transferred from the Non- Agricultural Pool under Exhibit G, ¶9 of the Judgment), with the following adjustments:
- (1) In the case of assignments among Appropriative Pool members, or between Appropriative Pool members and Non-Agricultural Pool members under Exhibit G, ¶6 of the Judgment, resulting in pumping or production by one party to the Judgment for use by another party to the Judgment, the production for purposes of Adjusted Physical Production shall be assigned to the party making beneficial use of the water, not the actual producer.
  - (2) Production offset credits pursuant to voluntary agreements under section 5.3(i) of the Peace Agreement are calculated at 50% of the total voluntary agreement credit in the determination of Adjusted Physical Production for an Appropriative Pool member participating in a voluntary agreement for that year. In the determination of Adjusted Physical Production, the voluntary agreement credit is subtracted from physical production. Reduction of the voluntary agreement credit from 100% to 50% is applicable only to the calculation of the Adjusted Physical Production hereunder; but in all other applications, the voluntary agreement credit shall remain unchanged (i.e. remain at 100%).
  - (3) Production associated with approved storage and recovery programs (e.g., Dry Year Yield recovery program with MWD) is not counted in Adjusted Physical Production, except for in-lieu participation in such programs: in-lieu put quantities shall be added to physical production, and in-lieu take quantities shall be subtracted from physical production.
  - (4) Metered pump-to-waste Production that is determined by Watermaster to be subsequently recharged to the groundwater basin is deducted from physical production; unmetered pump-to-waste production that is determined by Watermaster not

<sup>1</sup> This sample calculation is attached hereto as Exhibit "C."

to be subsequently recharged to the groundwater basin is added to physical production.

(5) The Appropriative Pool may approve, by unanimous vote, the inclusion of other items in the determination of Adjusted Physical Production, with the exception of Non- Agricultural Pool water assigned or transferred under Exhibit G, ¶6 or ¶10 of the Judgment.

(v) Any member of the Non-Agricultural Pool that is also a member of the Appropriative Pool may elect to transfer (a) some or all of the annual share of Operating Safe Yield of the transferor in and for the year in which the transfer occurs (except that such transfer shall exclude any dedication to the Watermaster required by section 6.2(b)(1) of the Peace II Agreement), and (b) any quantity of water held in storage by the transferor (including without limitation carryover and excess carryover) to any member of the Appropriative Pool, in either case at any price that the transferor and transferee may deem appropriate and for the purpose of satisfying the transferee's desalter replenishment obligation. The transferee's desalter replenishment obligation shall be credited by the number of acre-feet so transferred.

(vi) For the purposes of this section 7.5(b), the quantification of any Party's share of Operating Safe Yield does not include either land use conversions or Early Transfers.

7.6 Method of Replenishment. Watermaster may accomplish Replenishment by any reasonable method, including spreading and percolation, injection of water into existing or new facilities, in-lieu procedures and acquisition of unproduced water from members of the Non-Agricultural and Appropriative Pools. [Judgment ¶ 50.]

7.7 Accumulations. In order to minimize fluctuations in assessments and to give Watermaster flexibility in the purchase and spreading of Replenishment Water, Watermaster may make reasonable accumulations of Replenishment Water assessment proceeds. Interest earned on such retained funds shall be added to the account of the pool from which the funds were collected and shall be applied only to the purchase of Replenishment Water. [Judgment ¶ 56.]

7.8 In-Lieu and Other Negotiated Procedures. To the extent good management practices dictate that recharge of the Basin be accomplished by taking surface supplies of Supplemental Water in lieu of Groundwater otherwise subject to Production as an allocated share of Operating Safe Yield, the following in-lieu procedures or other additional procedures as may be negotiated by Watermaster and approved by the Watermaster Advisory Committee shall prevail [Judgment Exhibit "H" ¶ 11.]:

- (a) Designation of In-Lieu Areas. In-lieu areas may be designated by order of Watermaster upon recommendation or approval of the Watermaster Advisory Committee. Watermaster has previously designated the entire Chino Basin as an in-lieu area. In-lieu areas may be enlarged, reduced or eliminated by subsequent order; provided, however, that designation of an in-lieu area shall be for a minimum fixed term sufficient to justify necessary capital investment. However, should in-lieu Area No.1, which has been established by the Court, be reduced or eliminated, it shall require prior order of the Court.
- (b) Method of Operation. Any member of the Appropriative Pool Producing water within a designated in-lieu area who is willing to abstain for any reason from Producing any portion of its share of Operating Safe Yield in any year, may offer such unpumped water to Watermaster on a form to be provided therefor. In such event, Watermaster shall purchase said water in place, in lieu of spreading Replenishment Water, which may be otherwise required to make up for over Production. The purchase price for in-lieu water shall be the lesser of:
- (i) Watermaster's current cost of Replenishment Water, plus the cost of spreading; or
  - (ii) The cost of supplemental surface supplies to the Appropriator, less
    - a) said Appropriator's average cost of Groundwater Production, and
    - b) the applicable Production assessment where the water is Produced.

## ARTICLE VIII STORAGE

8.0 Scope. This Article sets forth Watermaster's obligations and responsibilities regarding the management, regulation and control of storage within the Basin.

8.1 In General.

- (a) Watermaster Control. A substantial amount of available Groundwater storage capacity exists in the Basin that is not used for storage or regulation of Basin Waters. It is essential that the use of storage capacity of the Basin be undertaken only under Watermaster control and regulation so as to protect the integrity of the Basin. Watermaster will exercise regulation and control of storage primarily through the execution of Groundwater Storage Agreements. [Judgment ¶ 11.]
- (b) Categories of Groundwater Storage Agreements. There are different categories of storage and different types of Groundwater Storage agreements. Only those Groundwater Storage agreements defined as "Qualifying Storage agreements" require new Watermaster approval. The agreements identified in section 8.1(f)(iii) herein do not require new Watermaster approval. Qualifying Storage agreements will be processed by Watermaster in accordance with the forms provided by Watermaster and attached hereto as Appendix 1.
- (c) Court Notification and Approval. Before it is effective, any Storage and Recovery Agreement entered into pursuant to a Storage and Recovery Program shall first receive Court Approval. With respect to all other Groundwater Storage Agreements, Watermaster shall notify the Court after approval.
- (d) Relationship Between Recapture and Storage. Recapture of water held in a storage account will generally be approved by Watermaster as a component of and coincident with a Groundwater Storage Agreement for Qualifying Storage. However, an Applicant for Qualifying Storage may request, and Watermaster may approve, a Groundwater Storage Agreement where the plan for recovery is not yet known. In such cases, the Applicant may request Watermaster approval of the Qualifying Storage only and subsequently submit and process an independent Application for Recapture under the provisions of Article X.
- (e) Storage of Safe Yield as Carry-Over Water. Any member of the Appropriative Pool or member of the Non-Agricultural Pool who Produces less than its assigned share of Operating Safe Yield or Safe Yield, respectively, may carry such unexercised right forward for exercise in subsequent years. Watermaster shall be required to keep an accounting of Carry-Over Water in connection with said Carry-Over Rights. The first water Produced in any subsequent year, shall be deemed to be in exercise of that Carry-Over Right. If the aggregate remaining Carry-Over Water available to any member of the Appropriative Pool, or member

of the Non-Agricultural Pool with Safe Yield, in a given year exceeds its assigned share of Operating Safe Yield after its demands are met, such Producer shall, as a condition of preserving such Excess Carry-Over Water execute a Local Storage Agreement with Watermaster. A member of the Appropriative Pool shall have the option to pay the gross assessment applicable to said Carry-Over Right in the year in which it occurred. [Judgment Exhibit "G," and Exhibit "H" ¶ 12.]

(f) Storage of Supplemental Water. The rules and procedures for the storage of Supplemental Water are set forth as follows.

(i) Supplemental Water. Each party, its officers, agents, employees, successors, and assigns, has been enjoined and restrained from storing Supplemental Water in Chino Basin for withdrawal, or causing withdrawal of water stored, except pursuant to the terms of a Groundwater Storage Agreement with Watermaster. Any Supplemental Water recharged by any person within Chino Basin, except pursuant to these Rules and Regulations and a Groundwater Storage Agreement, is deemed abandoned and shall not be considered Stored Water. [Judgment ¶ 14.]

(ii) Application for Storage of Supplemental Water. Watermaster will ensure that any person, including but not limited to the State of California and the Department of Water Resources may make Application to Watermaster to store and Recover water from the Chino Basin as provided herein in a manner that is consistent with the OBMP and the law. Watermaster shall not approve an Application to store and Recover water if it is inconsistent with the terms of the Peace Agreement or will cause any Material Physical Injury to any party to the Judgment or the Basin. Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by the storage and Recovery of water shall be reasonably and fully mitigated as a condition of approval. In the event the Material Physical Injury cannot be mitigated, the request for storage and Recovery must be denied. [Peace Agreement § 5.2(a)(iii).] Applications for the storage of Supplemental Water shall be processed in accordance with the provisions of Article X.

~~(iii) Pre-existing Groundwater Storage Agreements. In accordance with the Peace Agreement, pre-existing Groundwater Storage Agreements are revived and extended as follows:~~

~~a) Any Local Storage Agreement that would have expired pursuant to its terms on or before July 1, 2000 and which is determined to have water in storage account is revived and extended by these Rules and Regulations until July 1, 2010 subject to the limitations set forth in these Rules and Regulations; and~~

~~b) In addition, a Producer that has a Local Storage Agreement for Supplemental Water that will expire after July 1, 2000 pursuant to its terms and that has Supplemental Water in a storage account as of its original date of termination, shall be revived and extended by these Rules and Regulations to July 1, 2010. The extension shall only be valid for that quantity of Supplemental Water that is then in the storage account at the end of the term set forth in the Local Storage Agreement.~~

~~(iv) Quantification of Supplemental Water Held in Local Storage on July 1, 2000.~~

~~a) Quantification of Groundwater Held in Local Storage. Upon the request of any Producer, Watermaster shall quantify the amount of Groundwater held in Local Storage by that Producer. Groundwater held in Local Storage by a party to the Judgment, the majority of whose stock is owned by another party to the Judgment, may be treated as the Stored Water of the majority shareholder for purposes of quantification of the amount of such Groundwater as Supplemental Water under this section 8.1(f)(iv) only.~~

~~b) Limitations. Watermaster's quantification of Groundwater in Local Storage pursuant to a Local Storage Agreement as of July 1, 2000 as Supplemental Water and Supplemental Water held in Local Storage as provided in section 8.1(f)(iii) above shall not be subject to the 100,000 acre-foot limitation on Supplemental Water held in Local Storage set forth in the Peace Agreement, section 5.2(b)(iv)(1), as amended, and these Rules and Regulations. However, all other Supplemental Water held in a Local Storage Account not quantified as such by Watermaster by May 31, 2001 shall be conclusively presumed to be Basin Water which shall also be subject to a Local Storage Agreement. While a party that obtains a quantification of Supplemental Water pursuant to this section is exempt from the 100,000 acre-foot limitation on the cumulative quantity of Supplemental Water that may be held in Local Storage, the exemption is limited. First, a party that obtains a Watermaster determination that quantifies some quantity of Groundwater as Supplemental Water pursuant to this Section shall not be entitled to replace the Supplemental Water Produced from Local Storage with new Supplemental Water without regard to the 100,000 acre-foot limitation on Local Storage of Supplemental Water. This means that the 100,000 acre-foot limitation applies to all Supplemental Water that is physically Recharged and stored in the Basin under a Local Storage Agreement after July 1, 2000. A~~



~~Producer shall not have the right to replace the Groundwater quantified as Supplemental Water under this Section with other Supplemental Water following its initial Transfer or Recapture from Local Storage. Second, the recovery of the Supplemental Water stored under this provision by any Producer shall not cause Material Physical Injury to any party to the Judgment or the Basin.~~

~~e) Calculation. For users of Supplemental Water, the quantity of Supplemental Water held by a Producer in Local Storage as of July 1, 2000 is deemed to be the lesser of:~~

~~1) the quantity of water held by the Producer in Local Storage;  
or~~

~~2) the quantity of Supplemental Water used by the Producer prior to July 1, 2000.~~

(g) Rules and Procedures in General.

- (i) Any person desiring to store Supplemental Water in the Basin shall make appropriate Application therefor with the Watermaster pursuant to the provisions of this Article and Article X. Supplemental Water stored or Recharged in the Basin, except pursuant to a Groundwater Storage Agreement with Watermaster, shall be deemed abandoned and not classified as Stored Water. [Judgment ¶ 14.]
- (ii) Guidelines and Criteria. Any person, whether a party to the Judgment or not, may make reasonable beneficial use of the available groundwater storage capacity of Chino Basin for storage of Water pursuant to written agreement with the Watermaster as provided herein. [Judgment ¶ 12.]
- (iii) In the allocation of storage capacity, the needs and requirements of lands overlying Chino Basin and the owners of rights in the Safe Yield or Operating Safe Yield of the Basin shall have priority and preference over storage for export. [Judgment ¶ 12.]
- (iv) It is an objective in management of the Basin's waters that no Producer shall be deprived of access to the Basin's waters by reason of unreasonable pumping patterns, nor by regional or localized Recharge of Replenishment Water, insofar as such result may be practically avoided. [Judgment Exhibit "I" ¶ 1(a).]
- (v) Maintenance and improvement of water quality shall be given prime consideration. [Judgment Exhibit "I" ¶ 1(b).]

- (vi) Financial feasibility, economic impact and the cost and optimum utilization of the Basin's resources and the physical facilities of the parties to the Judgment shall be considered equal in importance to water quantity and quality parameters. [Judgment Exhibit "I" ¶ 1(c).]
- (h) Contents of Groundwater Storage Agreements. Each Groundwater Storage Agreement shall include but not be limited to the following components [Judgment Exhibit "I" ¶ 3.]:
  - (i) The quantities and the term of the storage right, which shall specifically exclude credit for any return flows;
  - (ii) A statement of the priorities of the storage right as against overlying, Safe Yield uses, and other storage rights;
  - (iii) The delivery rates, together with schedules and procedures for spreading, injection or in-lieu deliveries of Supplemental Water for direct use;
  - (iv) The calculation of storage water losses and annual accounting for water in storage; and
  - (v) The establishment and administration of withdrawal schedules, locations and methods.
- (i) Accounting. Watermaster shall calculate additions, extractions and losses of all Stored Water in Chino Basin, and any losses of water supplies or Safe Yield of Chino Basin resulting from such Stored Water, and keep and maintain for public record, an annual accounting thereof. [Judgment ¶ 29.]
- (j) No Material Physical Injury. Watermaster will ensure that any party to the Judgment may Recapture water in a manner consistent with the Peace Agreement, the OBMP, the Judgment and these Rules and Regulations. Watermaster shall not approve a Recapture plan if it is inconsistent with the terms of Peace Agreement or will cause Material Physical Injury to any party to the Judgment or the Basin. Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by the Recapture of water by any person shall be fully and reasonably mitigated as a condition of approval. In the event the Material Physical Injury cannot be fully and reasonably mitigated, the request for Recapture must be denied.

8.2 Local Storage: Special Considerations. Under a Local Storage Agreement with Watermaster, every party to the Judgment shall be permitted to store its Excess Carry-Over Water and Supplemental Water in the Chino Basin according to the following provisions:

- (a) ~~Until July 1, 2010~~ For the term of the Peace Agreement, Watermaster shall ensure that: (a) the quantity of water actually held in local storage under a Local Storage Agreement with Watermaster is confirmed and protected and (b) each party to the Judgment shall have the right to store its Excess Carry-Over Water. ~~Thereafter, a party to the Judgment may continue to Produce the actual quantity of Excess Carry-Over Water and Supplemental Water held in its storage account,~~ subject only to the loss provisions set forth herein. ~~All Producers with a Local Storage Agreement for either Excess Carry-Over Water or Supplemental water shall be deemed to have received an extension of~~
- (b) ~~For the applicable term in each of their respective Local Storage Agreements as provided in section 8.1(f)(iii)(a) (b) above. However, such extensions shall be subject to the limitations set forth herein; e.g. the requirement that Local Storage does not cause Material Physical Injury, and the 100,000 acre-foot limitation on the cumulative total of Supplemental Water that may be placed in Local Storage after July 1, 2000. However, a Producer that obtains a determination regarding a request for classification of some quantity of Groundwater as Supplemental Water pursuant to section 8.1 above, shall also be deemed to have received an extension of their Local Storage Agreement until July 1, 2010, but only for that Supplemental Water actually stored in the Basin as of July 1, 2000. A Producer shall not have the right to replace the Groundwater classified as Supplemental Water pursuant to section 8.1 with other Supplemental Water following its initial Production from Local Storage without regard to the 100,000 acre-foot limitation.~~
- ~~(b)~~ ~~Until July 1, 2010~~ ~~or for such additional period as Watermaster, in its discretion, may establish~~ the Peace Agreement, any party to the Judgment may make Application to Watermaster for a Local Storage Agreement pursuant to the provisions of this Article and Article X, whereby it may store Supplemental Water in the Chino Basin. [Peace Agreement § 5.2(b)(ii).]
- (c) In accordance with Article X, Watermaster shall provide written notice to all interested parties of the proposed Local Storage Agreement prior to approving the agreement.
- (d) 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 Agreements, other than amounts classified as Supplemental Water under the procedure set forth in section 8.1 above, for all parties to the Judgment does not exceed the ~~cumulative total of 100,000 acre-feet~~ Maximum Local Storage Quantity; (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; (3) the agreement will not result in any Material Physical Injury to any party to the Judgment or the Basin. Watermaster may approve a proposed agreement with conditions that mitigate any threatened or potential Material

Physical Injury. [Peace Agreement § 5.2(b)(iv); Second Amendment to Peace Agreement.]

- (e) There shall be a rebuttable presumption that the Local Storage Agreement for Supplemental Water does not result in Material Physical Injury to a party to the Judgment or the Basin. [Peace Agreement § 5.2(b)(v).]
- (f) In the event more than one party to the Judgment submits a request for an agreement to store Supplemental Water pursuant to a Local Storage Agreement, Watermaster shall give priority to the first party to file a bona fide written request which shall include the name of the party to the Judgment, the source, quantity and quality of the Supplemental Water, an identification of the party to the Judgment's access to or ownership of the Recharge facilities, the duration of the Local Storage and any other information Watermaster shall reasonably request. Watermaster shall not grant any person the right to store more than the then-existing amount of available Local Storage. The amount of Local Storage available for the storage of Supplemental Water shall be determined by subtracting the previously approved and allocated quantity of storage capacity for Supplemental Water and Excess Carryover Water from the ~~cumulative maximum of 100,000 acre-feet.~~ [Peace Agreement § 5.2(b)(vii), Second Amendment to Peace Agreement] Maximum Local Storage Quantity. [Court's Findings and Order, dated July 21, 2021.] This means Watermaster shall not approve requests for the storage of Supplemental Water and Excess Carryover Water in excess of the ~~cumulative total of 100,000 acre feet limitation~~ Maximum Local Storage Quantity. Priorities among the parties to the Judgment shall be on the basis that the completed Applications filed first in time under the provisions of Article X shall have a priority in right up to the amount of the quantity approved by Watermaster.
- ~~(g) — Any Producer that does not have a Local Storage Agreement extended by the terms of section 8.1 above, may file an Application with Watermaster for a Local Storage Agreement to place Excess Carry-Over Water in a Local Storage account. The Excess Carry-Over Water may be held in Local Storage without regard to the 100,000 acre feet cumulative limitation on Supplemental Water until July 1, 2010. Thereafter, or at such later date that Watermaster may, in its discretion, establish, Producers shall obtain a Local Storage Agreement with Watermaster to store Excess Carry-Over Water in a Local Storage Account.~~
- (g) ~~(h)~~ After July 1, ~~2010~~2035, Watermaster shall have discretion to place reasonable limits on the further accrual of Excess Carry-Over Water and Supplemental Water in Local Storage. However, during the term of the Peace Agreement, Watermaster shall not limit the accrual of Excess Carry-Over Water for Fontana Union Mutual Water Company and Cucamonga County Water District when accruing Excess Carry-Over Water in Local Storage pursuant to the Settlement Agreement Among Fontana Union Water Company, Kaiser Steel Resources Inc., San Gabriel Valley Water Company and Cucamonga County Water District dated February 7, 1992,

to a quantity less than 25,000 acre-feet for the term of the Peace Agreement. [Peace Agreement § 5.2(b)(x).]

- (h) ~~(h)~~ Watermaster shall evaluate the need for limits on water held in Local Storage to determine whether the accrual of additional Local Storage by the parties to the Judgment should be conditioned, curtailed or prohibited if it is necessary to provide priority for the use of storage capacity for those Storage and Recovery Programs that provide broad mutual benefits to the parties to the Judgment as provided in this paragraph and section 5.2(c) of the Peace Agreement. [Peace Agreement § 5.2(b)(xi).]
- (i) ~~(i)~~ Watermaster will impose a uniform loss against all water in storage in an amount of 2 (two) percent where the Party holding the storage account: (i) has previously contributed to the implementation of the OBMP as a Party to the Judgment, is in compliance with their continuing covenants under the Peace and Peace II Agreements or in lieu thereof they have paid or delivered to Watermaster “financial equivalent” consideration to offset the cost of past performance prior to the implementation of the OBMP and (ii) promised continued future compliance with Watermaster’s Rules and Regulations. Where a Party has not satisfied the requirements of subsection (j)(i) and (j)(ii) herein, Watermaster will assess a 6 (six) percent loss. Following a Watermaster determination that Hydraulic Control has been achieved, Watermaster will assess losses of less than 1 (one) percent where the Party satisfies subsection (j)(i) and (j)(ii). [Peace II Agreement § 7.4.]
- (j) ~~(j)~~ Watermaster shall allow water held in storage to be Transferred pursuant to the provisions of section 5.3 of the Peace Agreement as provided in Article X. Storage capacity is not Transferable. [Peace Agreement § 5.2(b)(xiii).]
- (k) ~~(k)~~ Monetary payment shall not be accepted as a form of mitigation for Material Physical Injury where the injury is not confined to a specific party or parties. Where the Material Physical Injury is confined to a specific party or parties, monetary payment may be accepted as a form of mitigation, if acceptable to the affected party or parties.
- (l) ~~(l)~~ Applicants for Local Storage of Supplemental Water agreements shall submit such Application prior to initiation of the placement of the Supplemental Water into storage except as provided in sections 8.1 and 8.2 above.
- (m) ~~(m)~~ Any Supplemental Water stored or recharged in the Basin, except pursuant to a Local Storage Agreement for Supplemental Water with Watermaster, shall be deemed abandoned and not classified as Stored Water. [Judgment ¶ 14.]

8.3 Groundwater Storage and Recovery Program; Special Considerations. The parties, through Watermaster, may initiate a regional Storage and Recovery (sometimes called

"conjunctive use") Program, for the mutual benefit of the Appropriators and the Non-Agricultural Pool in the Chino Basin according to the following provisions:

- (a) Watermaster will ensure that no person shall store water in, and recover water from the Basin, other than pursuant to a Local Storage Agreement, without a Storage and Recovery agreement with Watermaster [Peace Agreement § 5.2(c)(i).];
- (b) A proposed Applicant for a Storage and Recovery Program must submit the information set forth in Article X to Watermaster prior to Watermaster's consideration of an Application for a Storage and Recovery agreement;
- (c) As a precondition of any project, program or contract regarding the use of Basin storage capacity pursuant to a Storage and Recovery Program, Watermaster shall first request proposals from qualified persons [Peace Agreement § 5.2(c)(iii).];
- (d) Watermaster shall be guided by the following criteria in evaluating any request to store and recover water from the Basin by a party to the Judgment or any person under a Storage and Recovery Program.
  - (i) The initial target for the cumulative quantity of water held in storage is 500,000 acre-feet in addition to the existing storage accounts. The 500,000 acre-feet target may be comprised of any combination of participants and is in excess of up to an additional 100,000 acre-feet of Supplemental Water and Excess Carry-Over Rights that may be stored under Local Storage Agreements.
  - (ii) Watermaster shall prioritize its efforts to regulate and condition the storage and recovery of water developed in a Storage and Recovery Program for the mutual benefit of the parties to the Judgment and give first priority to Storage and Recovery Programs that provide broad mutual benefits. [Peace Agreement § 5.2(c)(iv).];
- (e) The members of the Appropriative Pool and the Non-Agricultural Pool shall be exclusively entitled to the compensation paid for a Storage and Recovery Program irrespective of whether it be in the form of money, revenues, credits, proceeds, programs, facilities, or other contributions (collectively "compensation") with the benefits of such compensation to be spread as broadly as possible as directed by the Non-Agricultural and the Appropriative Pools [Peace Agreement § 5.2(c)(v).];
- (f) The compensation received from the use of available storage capacity under a Storage and Recovery Program, may be used to offset the Watermaster's cost of operation, to reduce any assessments on the parties to the Judgment within the Appropriative and Non-Agricultural Pools, and to defray the costs of capital

projects as may be requested by the members of the Non-Agricultural Pools and the Appropriative Pool [Peace Agreement § 5.2(c)(vi).];

- (g) Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by storage and recovery of water, whether Local Storage and recovery or pursuant to a Storage and Recovery Program, shall be reasonably and fully mitigated as a condition of approval [Peace Agreement §§ 5.2(a)(iii) and 5.2(c)(viii) (labeled “(xiii)”];
- (h) Watermaster reserves discretion to negotiate appropriate terms and conditions or to deny any request to enter into a Storage and Recovery Program Agreement. With respect to persons who are not parties to the Judgment, Watermaster reserves complete discretion to ensure that maximum compensation, as defined in section (e) above, is received. Watermaster shall base any decision to approve or disapprove any proposed Storage and Recovery Program Agreement upon the record as provided in Article X. However, it may not approve a proposed Storage and Recovery Program Agreement unless it has first imposed conditions to reasonably and fully mitigate any threatened or potential Material Physical Injury [Peace Agreement § 5.2(c)(ix).];
- (i) Any party to the Judgment may seek review of the Watermaster's decision regarding a Storage and Recovery Program Agreement as provided in Article X;
- (j) Nothing herein shall be construed as prohibiting the export of Supplemental Water stored under a Storage and Recovery Program and pursuant to a Storage and Recovery Agreement; and
- (k) The Parties shall indemnify and defend the State of California and the members of the Agricultural Pool against any lawsuit or administrative proceedings, without limitation, arising from Watermaster's adoption, approval, management, or implementation of a Storage and Recovery Program.
- (l) Any losses from storage assessed as a Leave Behind in excess of actual losses (“dedication quantity”) will be dedicated by Watermaster towards groundwater Production by the Desalters to thereby avoid a Desalter replenishment obligation that may then exist in the year of recovery. Any dedication quantity which is not required to offset Desalter Production in the year in which the loss is assessed, will be made available to the members of the Appropriative Pool. The dedication quantity will be pro-rated among the members of the Appropriative Pool in accordance with each Producer’s combined total share of Operating Safe Yield and the previous year’s actual production. However, before any member of the Appropriative Pool may receive a distribution of any dedication quantity, they must be in full compliance with the 2007 Supplement to the OBMP

Implementation Plan and current in all applicable Watermaster assessments.  
[Peace II Agreement § 7.5.]

8.4 Recapture.

- (a) All Recapture of water held in a storage account under a Groundwater Storage Agreement shall be subject to the requirement that the Recovery of the water not result in Material Physical Injury to a party to the Judgment or the Basin.
- (b) Recapture of water held in a Local Storage Account that pre-exists the adoption of these Rules and Regulations and that was extended by Watermaster in accordance with Article V of the Peace Agreement and these Rules and Regulations until July 1, 2005, shall be in accordance with the provisions of the plan for Recapture previously approved by Watermaster. Any amendments to an approved Recapture plan shall require additional Watermaster's approval under the provisions of Article X .
- (c) A person with an approved plan for Recapture shall have the right to process amendments to the previously approved plan in accordance with the provisions of Article X.

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## ARTICLE IX TRANSFERS

- 9.0 Scope. Any Transfer shall be made only in accordance with the Judgment, the Peace Agreement section 5.3, the Peace II Agreement, the OBMP and this Article IX.
- 9.1 In General. Watermaster will ensure that any party to the Judgment may Transfer water in a manner that is consistent with the Judgment, the Peace and Peace II Agreements, the OBMP and the law. Watermaster shall approve a Transfer if it is consistent with the terms of the Peace Agreement and Peace II Agreement, and will not cause any Material Physical Injury to any party to the Judgment or the Basin. Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by the Transfer of water shall be fully and reasonably mitigated as a condition of approval. In the event the Material Physical Injury cannot be fully and reasonably mitigated, the request for Transfer must be denied. Upon receipt of written request by Watermaster, a party to the Judgment shall exercise Best Efforts to provide Watermaster with a preliminary projection of any anticipated Transfer of Production within the Year.
- 9.2 Application to Transfer. A party to the Judgment may make Application to Watermaster to Transfer water as provided in the Judgment under the procedures set forth in Article X.
- (a) Watermaster shall provide reasonable advance written notice to all the Active Parties of a proposed Transfer, prior to approving the Transfer as provided in Article X.
  - (b) Watermaster shall approve the Transfer of water as provided in the Judgment so long as the individual Transfer does not result in any Material Physical Injury to any party to the Judgment or the Basin. Watermaster may approve a proposed Transfer with conditions that fully and reasonably mitigate any threatened or potential Material Physical Injury.
  - (c) There shall be a rebuttable presumption that the Transfer and the Production by the transferee does not result in Material Physical Injury to a party to the Judgment or the Basin.
  - (d) Watermaster shall base any decision to approve or disapprove any proposed Transfer upon the record after considering potential impacts associated with the individual Transfer alone and without regard to impacts attributable to any other Transfers. [Peace Agreement § 5.3(b)(v).] However, nothing herein shall be construed as impairing or restraining Watermaster's duty and discretion with regard to cumulative impacts in the context of section 9.3.

- (e) Transfers which occur between the same parties in the same year shall be considered as a single Transfer for the purpose of determining Material Physical Injury.

9.3 Integrated Watermaster Review. In reviewing Transfers under these Rules and Regulations, Watermaster shall exercise reasonable discretion. Watermaster shall review each proposed Transfer based upon the record before it and considering the potential impacts of the proposed Transfer alone. However, Watermaster shall also consider the cumulative impacts of Transfers generally when carrying out its responsibilities to implement the OBMP and Recharge and monitoring programs authorized by these Rules and Regulations or the Judgment.

- (a) Watermaster will evaluate the cumulative physical impact of Transfers on the Basin, if any, by July 1, 2003, and a minimum of once every two years thereafter.
- (b) Watermaster will take the results of its evaluation into account when carrying out its obligations under section 7.1 of these Rules and Regulations.

9.4 Transfer of Non-Agricultural Pool Production Rights. Watermaster shall approve the Transfer or lease of the quantified Production rights of Non-Agricultural Producers within the Non-Agricultural Pool subject to the provisions of section 9.2(b) above. The members of the Overlying (Non-Agricultural) Pool shall have the discretionary right to Transfer or lease their quantified Production rights and carry-over water held in storage accounts in quantities that each member may from time to time individually determine as Transfers in furtherance of the Physical Solution:

- (a) within the Overlying (Non-Agricultural) Pool;
- (b) to Watermaster in conformance with the procedures described in the Peace Agreement between the Parties therein, dated June 29, 2000; or
- (c) to Watermaster and thence to members of the Appropriative Pool in accordance with the following guidelines set forth in the Overlying (Non-Agricultural) Pool Pooling Plan:
  - (i) By December 31 of each year, the members of the Overlying (Non-Agricultural) Pool shall notify Watermaster of the amount of water each member shall make available in their individual discretion for purchase by the Appropriators. The Pool Committee of the Overlying (Non-Agricultural) Pool may, by affirmative action of its members from time to time, establish a price for such water or a method pursuant to which such price will be established. By January 31 of each year, Watermaster shall provide a Notice of Availability of each Appropriator's pro-rata share of such water;

- (ii) Except as they may be limited by paragraph 9.4(v) below, each member of the Appropriative Pool will have, in their discretion, a right to purchase its pro-rata share of the supply made available from the Overlying (Non-Agricultural) Pool at the price at which the water is being offered. Each Appropriative Pool member's pro-rata share of the available supply will be based on each Producer's combined total share of Operating Safe Yield and the previous year's actual Production by each party;
- (iii) If any member of the Appropriative Pool fails to irrevocably commit to their allocated share by March 1 of each year, its share of the Overlying (Non-Agricultural) Pool water will be made available to all other members of the Appropriative Pool according to the same proportions as described in 9.3(ii) above and at the price at which the water is being offered. Each member of the Appropriative Pool shall complete its payment for its share of water made available by June 30 of each year.
- (iv) Commensurate with the cumulative commitments by members of the Appropriative Pool pursuant to (ii) and (iii) above, Watermaster will purchase the surplus water made available by the Overlying (Non-Agricultural) Pool water on behalf of the members of the Appropriative Pool on an annual basis at which the water is being offered and each member of the Appropriative Pool shall complete its payment for its determined share of water made available by June 30 of each year.
- (v) Any surplus water cumulatively made available by all members of the Overlying (Non-Agricultural) Pool that is not purchased by Watermaster after completion of the process set forth herein will be pro-rated among the members of the Pool in proportion to the total quantity offered for transfer in accordance with this provision and may be retained by the Overlying (Non-Agricultural) Pool member without prejudice to the rights of the members of the Pool to make further beneficial use or transfer of the available surplus.
- (vi) Each Appropriator shall only be eligible to purchase their pro-rata share under this procedure if the party is: (i) current on all their assessments; and (ii) in compliance with the OBMP.
- (vii) The right of any member of the Overlying (Non-Agricultural) Pool to transfer water in accordance with this Paragraph 9.3(i)-(iii) in any year is dependent upon Watermaster making a finding that the member of the Overlying (Non-Agricultural) Pool is using recycled water where it is both physically available and appropriate for the designated end use in lieu of pumping groundwater.

- (viii) Nothing herein shall be construed to affect or limit the rights of any Party to offer or accept an assignment as authorized by the Judgment Exhibit “G” paragraph 6 above, or to affect the rights of any Party under a valid assignment.
- (d) In addition, the parties to the Judgment with rights within the Non-Agricultural Pool shall have the additional right to Transfer their rights to Watermaster for the purposes of Replenishment for a Desalter or for a Storage and Recovery Program.
- (e) Any member of the Non-Agricultural Pool (including without limitation any member of the Non-Agricultural Pool that is also a member of the Appropriative Pool) may elect to transfer (a) some or all of the annual share of Operating Safe Yield of the transferor in and for the year in which the transfer occurs (except that such transfer shall exclude any dedication to Watermaster required by Section 5(c) of Exhibit “G” to the Judgment), and (b) any quantity of water held in storage by the transferor (including without limitation carryover and excess carryover) to any member of the Appropriative Pool, in either case at any price that the transferor and transferee may deem appropriate and for the purpose of satisfying the transferee's desalter replenishment obligation. Any such transfer shall be effective upon delivery by the transferor or transferee to Watermaster staff of written notice of such transfer in the form attached hereto as Form 12. The transferee's desalter replenishment obligation shall be credited by the number of acre feet so transferred.

#### 9.5 Early Transfer.

- (a) Pursuant to the Peace Agreement, Watermaster approved an Early Transfer of the quantity of water not Produced by the Agricultural Pool that is remaining after all the land use conversions are satisfied pursuant to section 5.3(h) of the Peace Agreement to the Appropriative Pool. The quantity of water subject to Early Transfer under this section shall be the quantity of water not Produced by the Agricultural Pool that is remaining after all the land use conversions are satisfied pursuant to section 5.3(h) of the Peace Agreement.
  - (i) The Transfer shall not limit the Production right of the Agricultural Pool under the Judgment to Produce up to 82,800 acre-feet of water in any year or 414,000 acre-feet in any five years as provided in the Judgment. [Peace Agreement § 5.3(g)(ii).]
  - (ii) The combined Production of all parties to the Judgment shall not cause a Replenishment assessment on the members of the Agricultural Pool. The Agricultural Pool shall be responsible for any Replenishment obligation created by the Agricultural Pool Producing more than 414,000 acre-feet in any five-year period. [Peace Agreement § 5.3(g)(iii).]

- (iii) Nothing herein shall be construed as modifying the procedures or voting rights within or by the members of the Agricultural Pool. [Peace Agreement § 5.3(g)(v).]
- (b) The amount of water converted from agricultural use to urban use prior to execution of the Peace Agreement was 2.6 acre-feet per acre, with 1.3 acre-feet per acre being allocated collectively to all members of the Appropriative Pool with an assigned share of Operating Safe Yield and 1.3 acre-feet per acre being allocated to that Appropriator providing service for that urban use. The rate of 2.6 acre-feet per acre shall be changed to a total of 2.0 acre-feet per acre, all of which shall be allocated upon the conversion of the land use to that party to the Judgment which is a member of the Appropriative Pool, on the Effective Date of the Peace Agreement, and whose Sphere of Influence or authorized service area contains the land ("purveyor"). Upon such conversion of water use the purveyor will pledge that the amount of water needed for such urban land use, when such urban land use is established, up to 2.0 acre-feet of water per acre of land per year will be made available for service for such converted land by purveyor under its then existing standard laws, regulations, rules and policies, or for service arranged by such purveyor, subject only to prohibition of such service by a federal, state agency or court with jurisdiction to enforce such prohibition. The owner of such converted land shall have the right to enforce such pledge by specific performance or writ of mandate under the terms of the Peace Agreement. No monetary damages shall be awarded.

9.6 Voluntary Agreement. The members of the Agricultural Pool, including the State of California, shall have the right to engage in a voluntary agreement with an Appropriator which has a service area contiguous to or inclusive of the agricultural land, to provide water allocated from the Agricultural Pool to the overlying land for agricultural use on behalf of the member of the Agricultural Pool unless otherwise prohibited by general law. The Appropriator providing service shall be entitled to a pumping credit to offset Production pursuant to the Peace Agreement section 5.3(i). This provision will be construed as permitting Watermaster to accept new voluntary agreements only to the extent that such voluntary agreements occur within areas eligible for conversion as described in Attachment 1 to the Judgment, previously added to the Judgment as an amendment of the Order of the Court dated November 17, 1995.

9.7 Assignment of Overlying Rights. In addition to the Voluntary Agreement under section 9.6 above, should an Appropriator take an assignment of rights from a Non-Agricultural Pool member, the agreement shall provide that the Appropriator may undertake to provide water service to such overlying land, but only to the extent necessary to provide water service to said overlying lands. Watermaster shall make available to members of the Non-Agricultural Pool and/or Appropriative Pool, a standard form which shall be completed and filed with Watermaster. Any assignment, lease and/or license shall be

ineffective unless provided on the standard form approved by Watermaster and filed with Watermaster. [Based on Judgment Exhibit "H" ¶ 13; Exhibit "G" ¶ 6.]

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**ARTICLE X**  
**APPLICATIONS, CONTESTS AND COMPLAINTS**

- 10.0 Purpose. This Article sets forth the Watermaster rules and procedures for processing requests by a person for: (i) Watermaster approval of Recharge and Transfer; (ii) Qualifying Storage and Recapture; (iii) amendments to previously approved Applications; (iv) reimbursement or a credit for costs incurred by a party to the Judgment in furtherance of the OBMP; and (v) a Complaint for redress arising from an alleged Material Physical Injury to a party to the Judgment or the Basin. However, the procedures described in this Article X shall not be construed to apply to Watermaster actions, decisions, or rules other than as expressly set forth herein. All proceedings hereunder shall be conducted in an expeditious manner.
- 10.1 Notice and Opportunity to be Heard. Watermaster shall provide reasonable notice and opportunity to be heard to any person requesting Watermaster review or approval of any matter arising under this Article.
- 10.2 Judicial Review.
- (a) The Complaint procedures set forth in this Article X are not intended to constitute an exclusive remedy or constitute a requirement that a party to the Judgment exhaust this discretionary remedy. However, a party to the Judgment may elect to avail itself of the procedures set forth herein by filing a Complaint and requesting relief from any actual or threatened Material Physical Injury to any person or to the Basin where the alleged injury arises from the Recharge, Transfer or Qualifying Storage or Recapture of water by any person other than Watermaster.
- (b) Once a party to the Judgment elects to pursue redress under the provisions of this Article, it shall exhaust this process until conclusion unless there is a sudden, unexpected event or emergency that causes a need for immediate judicial review or in the event that the Watermaster has failed to take action on a longstanding request. Thus, other than in the event of an emergency or where Watermaster has engaged in undue delay, a party to the Judgment may not seek judicial review of a Watermaster action on a pending Application or Complaint until the Watermaster Board has taken final action under the provisions of this Article. However, the procedures described in this Article X shall not preclude any party from seeking judicial review of any action, decision or rule of Watermaster in accordance with paragraph 31 of the Judgment.
- 10.3 Applications for Watermaster Approval: In General. Any party to the Judgment requesting approval by Watermaster for the Recharge, Transfer, Qualifying Storage or Recapture of water in the Basin, or reimbursements or credits against OBMP Assessments, or any person requesting approval of an agreement to participate in a

Storage and Recovery Program, may make Application to Watermaster as provided in these Rules and Regulations.

- (a) Requests for Watermaster approval shall be processed by Application to the Watermaster.
- (b) All Applications shall be submitted to Watermaster in compliance with the requirements set forth in this Article. Approved forms for use by persons requesting Watermaster approval pursuant to this section are attached hereto as Appendix 1. Watermaster shall have no obligation to process incomplete Applications.
- (c) No person shall obtain a right to engage in the activities subject to an Application to Watermaster under these Rules and Regulations or the Judgment unless and until the proposed action is approved by Watermaster as provided herein.
- (d) Upon approval by Watermaster, the person shall have the right to proceed in accordance with the terms and conditions of the Watermaster approval. The rights of a party shall be construed consistent with the Judgment and subject to the terms and conditions set forth in Watermaster's approval.

10.4 Recharge Applications. Any party to the Judgment may make a request for Watermaster approval to engage in Recharge by submitting an Application to Watermaster that includes the following information.

- (a) The identity of the person proposing to engage in Recharge;
- (b) The quantity of water to be Recharged;
- (c) The quality of water to be Recharged;
- (d) The duration of the Recharge;
- (e) The method of the Recharge; and
- (f) The facilities to be used in the Recharge, and their location.

10.5 Transfer Applications. Any party to the Judgment may request Watermaster's approval for a Transfer by submitting an Application to Watermaster. A party to the Judgment that Produces water may in the same Fiscal Year request approval of a Transfer to offset all or a portion of its Replenishment Obligation, subject to the Watermaster's authority to approve or reject the Application under the provisions of this Article. An Application for Transfer shall include the following information:

- (a) The identity of the transferee and transferor;



- (b) The maximum quantity of water to be Transferred;
- (c) The duration of the Recovery of the quantity of water Transferred;
- (d) The location of the Production facilities from which the water will be Transferred, if known;
- (e) The location of the Production facilities from which the Transferred water will be Recaptured and Produced, if known; and
- (f) The rate of extraction at which the Transferred water will be Recaptured and Produced.

10.6 Qualifying Storage Agreements. A party to the Judgment may request Watermaster's approval of a Local Storage Agreement to store Supplemental Water, or, after July 1, 2005, a party to the Judgment may request Watermaster's approval of the accumulation of Excess Carry-Over Water in the event the party's aggregate Carry-Over Water exceeds its share of assigned Operating Safe Yield or Safe Yield. Prior to July 1, 2005, a party to the Judgment shall also be required to obtain a Local Storage Agreement to store Excess Carry-Over Water, and Watermaster shall approve such agreements under uniform terms and conditions. In addition, so long as there is then less than 100,000 acre-feet of Supplemental Water that was placed in Local Storage after July 1, 2000, a party to the Judgment's request to store Supplemental Water under a Local Storage Agreement shall be approved by Watermaster. The Applicant may include a plan for Recapture within the request for approval of the Qualifying Storage or subsequently identify the proposed plan for Recapture under an independent Application for Recapture or combine the request for subsequent approval in an Application for Transfer.

- (a) Any party to the Judgment may file an Application to store Supplemental Water pursuant to a Local Storage Agreement. The Application shall include the following information:
  - (i) The identity of the person(s) that will Recharge, Store and Recover the water;
  - (ii) The quantity of Supplemental Water to be Stored and Recovered;
  - (iii) The proposed schedule and method for the Recharge of water for Storage, if any;
  - (iv) The proposed schedule for Recovery, if any;
  - (v) The location of the Recharge facilities through which the Stored water will be Recharged, if any;

- (vi) The location of the Production facilities through which the Stored water will be Recovered, if known; and
  - (vii) The water levels and water quality of groundwater in the areas likely to be affected by the storage and Recovery.
- (b) Each Producer shall have the right to store its un-Produced Carry-Over Water in the Basin. Excess Carry-Over Water placed into Local Storage after July 1, 2005 shall require a Local Storage Agreement with Watermaster. A Producer may file an Application prior to July 1, 2005 for a Local Storage Agreement for Excess Carry-Over Water that will be placed into Local Storage after July 1, 2005. Such an Application shall include the following information:
- (i) The identity of the person(s) that will store and Recover the Carry-Over Water;
  - (ii) The quantity of Carry-Over Water to be stored and Recovered;
  - (iii) The proposed schedule for the Recovery, to the extent known;
  - (iv) The location of the Production facilities through which the stored Carry-Over Water will be Recovered, to the extent known; and
  - (v) The water levels and water quality of Groundwater in the areas likely to be affected by the Production of the stored Carry-Over Water.

10.7 Storage and Recovery Program. Any person may request Watermaster's approval of an Agreement to participate in a Storage and Recovery Program by submitting an Application to Watermaster that, at a minimum, includes the following information:

- (a) The identity of the person(s) that will Recharge, store and Recover the water as well as its ultimate place of use;
- (b) The quantity of water to be Stored and Recovered;
- (c) The proposed schedule for the Recharge of water for storage, if any;
- (d) The proposed schedule and method for Recovery;
- (e) The location of the Recharge facilities through which the Stored Water will be Recharged;
- (f) The location of the Production facilities through which the Stored Water will be Recovered;

- (g) The water levels and water quality of the Groundwater in the areas likely to be affected by the Storage and Recovery, if known; and
- (h) Any other information that Watermaster requires to be included.

10.8 Recapture. Any person may file an Application for approval of its Recovery of water held in storage. Recapture of water may be approved by Watermaster as a component of and coincident with a request for approval of Qualifying Storage or a Transfer. However, an Applicant for Qualifying Storage may request, and Watermaster may approve, a Groundwater Storage Agreement where the plan for Recovery is not yet known. An Application for Recapture shall include the following information:

- (a) The identity of the person(s) that Recharged and stored the water;
- (b) The identity of the person(s) that will Recover the water as well as its ultimate place of use;
- (c) The quantity of water to be Recovered;
- (d) The proposed schedule for Recovery;
- (e) The location of the Production facilities through which the Stored Water will be Recovered;
- (f) The existing water levels and water quality of the Groundwater in the areas likely to be affected by the Recovery; and
- (g) Any other information that Watermaster requires to be included.

10.9 Credits Against OBMP Assessments and Reimbursements. Any Producer, including the State of California, may make Application to Watermaster to obtain a credit against OBMP Assessments or for reimbursements by filing an Application that includes the following information:

- (a) The identity of the party to the Judgment;
- (b) The specific purposes of the OBMP satisfied by the proposed project;
- (c) The time the project is proposed to be implemented and a schedule for completion;
- (d) The projected cumulative project costs; and

- (e) The specific capital or operations and maintenance expenses incurred in the implementation of any project or program, including the cost of relocating Groundwater Production facilities.
- 10.10 Watermaster Summary and Notification of a Pending Application. Upon Watermaster's receipt of an Application for Recharge, Transfer, Storage, Recapture or for a credit or reimbursement, Watermaster shall prepare a written summary and an analysis (which will include an analysis of the potential for Material Physical Injury) of the Application and provide Active Parties with a copy of the written summary and advance notice of the date of Watermaster's scheduled consideration and possible action on any pending Applications. The notice shall be accompanied by the Watermaster summary and analysis and it shall reasonably describe the contents of the Application and the action requested by the Applicant. Watermaster shall provide the following minimum notice to the Active Parties:
- (a) Applications for Recharge: 30 (thirty) days.
  - (b) Applications for Transfer: 30 (thirty) days.
  - (c) Applications for Storage and Recovery: 90 (ninety) days.
  - (d) Local Storage Agreement or Recapture: 30 (thirty) days.
- 10.11 All Applications Considered by Pool Committees. All Applications shall be considered by the Pool Committees. Following its completion of the summary and analysis and the issuance of the required notice as provided in section 10.10, Watermaster Staff shall place the Application on the first available Pool Committee Agenda for each of the respective Pool Committees for consideration, discussion, recommendations or proposed conditions. The Application shall not be considered by the Advisory Committee until at least twenty-one (21) days after the last of the three Pool Committee meetings to consider the matter.
- 10.12 Watermaster Investigations of Applications. Watermaster may, in its discretion, cause an investigation of the Groundwater or the portion of the Basin affected by a pending Application. Any party to the proceeding may be requested to confer and cooperate with the Watermaster, its staff or consultants to carry out such investigations.
- 10.13 Contesting an Application. Following consideration of an Application by each Pool Committee, a Contest to the Application may be filed by any party to the Judgment. Contests to Applications filed by parties to the Judgment or other persons requesting Watermaster's approval pursuant to this Article shall be submitted in writing a minimum of fourteen (14) days prior to the date scheduled for Advisory Committee consideration and possible action. The Contest shall describe the basis for the Contest and the

underlying facts and circumstances. Watermaster shall provide notice of the Contest to the Active Parties.

10.14 Contents of a Contest.

- (a) Each Contest shall include the name and address of the Contestant and show that the Contestant has read either the application or the related notice.
- (b) If the Contest is based upon the allegation that the proposed action may result in Material Physical Injury to a party to the Judgment or the Basin, there shall be an allegation of the specific injury to the Contestant or to the Basin which may result from the proposed action and an identification of any then available evidence to support the allegation. If the Contest identifies documentary evidence other than Watermaster records or files, the Contestant shall serve copies of the documentary evidence on Watermaster and the Applicant seven (7) days prior to the hearing. If relevant to the Contest, the Contestant shall provide Watermaster with the location of the Contestant's extraction and place of use. The location shall be described with sufficient accuracy so that the position thereof relative to the proposed action may be determined. If relevant to the Contest, the Contestant shall describe the Contestant's purpose of use.
- (c) If a Contest is based upon other grounds it shall summarize the grounds of the Contest.
- (d) The Contest shall set forth any conditions or amendments to the proposed action which, if agreed upon, would result in withdrawal of the Contest.
- (e) If Watermaster finds the Contest fails to comply with this provision, it may reject the Contest and deny the request for hearing if the Contestant fails to correct the defect and file a proper Contest within five (5) business days of the Watermaster's rejection. In any instance where a rebuttable presumption is applicable, the Watermaster shall include a statement in the rejection of the Contest that the Contestant has failed to reference any potential substantial evidence to overcome the presumption of no Material Physical Injury.

10.15 Extensions of Time and Continuance for Good Cause. An Applicant or Contestant may request an extension of time to file a Contest and Answer or for a continuance of a scheduled hearing and the request may be granted by Watermaster staff where good cause exists.

10.16 Applicant May Answer the Contest. An Applicant or project proponent may elect to file a written Answer to any Contest.

- (a) Contents. An Answer shall be responsive to the allegations contained in the Contest.
- (b) Time for Filing. Answers shall be filed at least seven (7) days prior to the scheduled hearing. If the Applicant intends to rely on documentary evidence other than Watermaster records or files, the Applicant shall serve copies of the documentary evidence upon Watermaster and the Contestant a minimum of three (3) days prior to the hearing.

10.17 Uncontested Applications by Parties to the Judgment.

- (a) The Advisory Committee and Board shall consider and may approve any uncontested Application. No hearing shall be required for an uncontested Application by a party to the Judgment unless there is good cause to hold a hearing. Where good cause appears, the Advisory Committee and the Board may deny, condition, or continue an uncontested Application. However, Watermaster shall not deny an Application until it has referred the matter to a hearing officer. In the case of a proposed denial or conditional approval, and upon the request of the Applicant, Watermaster shall schedule an appropriate and timely hearing in general conformity with this Article X.
- (b) An uncontested Application shall be considered at the first regularly scheduled meeting of the Advisory Committee following the expiration of the Contest period.
- (c) The Advisory Committee shall consider the Application, the staff Summary and Analysis and staff report and any rebuttable presumption that may be applicable and make any determinations under the Judgment in accordance with the provisions of section 10.25 herein.
- (d) Following consideration by the Advisory Committee, the matter shall be transmitted to the Board for consideration. The Board shall also consider the Application, the staff summary and Analysis and staff report and any rebuttable presumption that may be applicable, as well as the Advisory Committee action consistent with the Judgment. The Board's determination shall be made in accordance with the provisions of section 10.25 herein.
- (e) In each case where Watermaster the Advisory Committee or Board denies or conditions an uncontested Application made by a party to the Judgment, it must support its determination by substantial evidence and act in a manner that is consistent with the Judgment and the Peace Agreement.

- 10.18 Contested Applications. In each case where a Contest is filed, the matter shall be set for hearing by Watermaster staff in coordination with the hearing officer and the parties to the proceeding.
- 10.19 Applications by Persons not Parties to the Judgment. In its sole discretion, Watermaster may review, consider, process and decide upon Applications made by persons not parties to the Judgment. However, Watermaster may not approve or conditionally approve such an Application without first holding a hearing in accordance with this Article X.
- 10.20 Complaints in General. Any party to the Judgment may file a Complaint with Watermaster alleging that the conduct of another person is causing or will cause Material Physical Injury in violation of these Rules and Regulations, the Judgment and the Peace Agreement.
- (a) The Complaint shall identify the name of the Complainant, the specific action or conduct that is causing or will or may cause Material Physical Injury, and any recommended mitigation measures or conditions that might avoid or reduce the alleged Material Physical Injury.
  - (b) Upon receipt of the Complaint by Watermaster, it shall prepare a summary of the allegations and serve the summary along with a notice of the Complaint to the parties to the Judgment within 30 (thirty) days from filing.
  - (c) Any party to the Judgment may file an Answer to the Complaint within 14 (fourteen) days of the date of the notice of Complaint or other time as may be prescribed in the Watermaster notice of the Complaint.
  - (d) Watermaster shall schedule a hearing on the Complaint within 30 (thirty) days of the notice of the Complaint.
  - (e) A party to the Judgment's failure to appear or Contest a hearing on the approval of an Application of any matter before Watermaster shall not be a bar to the party's right to file a Complaint as provided herein. However, a party shall not be permitted to file a Complaint if it knew or should have known of a particular harm that that party would suffer and had a reasonable opportunity to object at the time of the original approval process but did not file such a Contest.
  - (f) Any party to the Judgment may request an extension of time to file an Answer or to continue the hearing, which may be granted for good cause by Watermaster.
  - (g) Any party to a Complaint proceeding that intends to rely upon documentary evidence at the hearing, other than Watermaster documents or files, shall serve copies of the evidence upon Watermaster and the other parties to the proceeding a minimum of seven (7) days in advance of the hearing.

- (h) Watermaster may, in its discretion, cause an investigation of the injury alleged to exist by the pending Complaint. Any party to the proceeding may be requested to confer and cooperate with the Watermaster, its staff or consultants to carry out such investigations.
- 10.21 All Complaints Considered by Pool Committees. All Complaints shall be considered by the Pool Committees. Following consideration by the respective Pool Committees, if the Complaint is not dismissed any person(s) directly impacted by the Complaint may file an Answer in accordance with the provisions of section 10.16 and the Complaint shall be set for hearing.
- 10.22 Designation of Hearing Officer for Applications, Contests and Complaints. The Watermaster Board shall develop and maintain a panel of five individuals that have technical expertise and some familiarity with the Basin. The hearing officer shall be selected by the mutual agreement of each side. If mutual agreement cannot be reached, each side to any hearing on an Application or Complaint shall rank their preferred hearing officer from one (1) to five (5). The panel member receiving the highest total score shall be selected by the Watermaster Board as the Hearing Officer, unless he or she is unable to serve in which case the panel member receiving the next highest rank shall be selected. Ties shall be broken by vote of the Watermaster Board. Watermaster may add or remove new members to the five member panel from time to time or as circumstances may warrant. There shall be only two sides in any hearing and intervenors shall be assigned to a side.
- 10.23 Duty of the Hearing Officer. The hearing officer shall conduct the hearings in accordance with the provisions of this Article. It shall be the responsibility of the hearing officer to compile the record, develop proposed findings and recommendations supported by substantial evidence in the record within thirty days of the hearing and transmit the record to the Advisory Committee and thereafter the Watermaster Board for further action. The hearing officer shall have and shall exercise the power to regulate all proceedings in any matter before it, and to take and do all acts and measures necessary or proper for the efficient performance of its duties.
- 10.24 Procedure at Hearings on Applications, Contests and Complaints
- (a) Parties Recognized at Hearing. Only the Applicant(s), Contestant(s), Watermaster staff and other party or parties to the Judgment which the hearing officer, in its discretion, allows to intervene as Applicant or Contestant, may be allowed to appear at the hearing.
- (b) Appearances. Persons appearing on their own behalf shall identify themselves at the beginning of the hearing. When a person is represented by an agent or attorney, such agent or attorney shall likewise enter an appearance before the



hearing officer and thereafter will be recognized as fully controlling the case on behalf of that party to the proceeding.

- (c) Conduct of Hearings. Hearings shall be open to the public. The hearing officer has and shall exercise the power to regulate all proceedings in any manner before it, and to do all acts and take all measures necessary or proper for the efficient performance of its duties. The hearing officer may rule on the admissibility of evidence and may exercise such further and incidental authority as necessary for the conduct of the proceedings.
- (d) Evidence. The hearing need not be conducted according to technical rules of evidence and witnesses. Any relevant, non-repetitive evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs. Hearsay evidence may be used for the purpose of supplementing or explaining any direct evidence but shall not be sufficient by itself to support a finding unless it would be admissible over objection in civil actions.
- (e) Rebuttable Presumption. A rebuttable presumption under these Rules and Regulations means that the presumption shall be sufficient to approve an Application, unless a party to the Judgment opposing the Application produces substantial evidence to rebut the presumption. Once the party to the Judgment opposing the Application produces substantial evidence in support of their contention that an action may cause Material Physical Injury to a party to the Judgment or the Basin, the presumption shall be deemed rebutted.
- (f) Official Notice. Before or after submission of a matter for decision, official notice may be taken by the Hearing Officer of such facts as may be judicially noticed by the courts of this State.
- (g) Evidence by Reference. Public records of Watermaster which are relevant to the subject of the hearing and books, reports or other papers and pleadings which have been prepared by Watermaster and submitted previously to the Court, may in the discretion of the hearing officer, be received into evidence as exhibits without the need of supplying copies to Watermaster or other parties to the proceeding.
- (h) Examination of Witnesses. Each party to the proceeding shall have the right to call and examine witnesses and introduce exhibits. Watermaster staff and consultants may participate in the hearing as appropriate, using their technical knowledge and experience for the primary purpose of developing a full, fair and accurate record, including the questioning of any witness or the agents for any party to the proceeding
- (i) Order of Procedure. There shall be an opening statement by Watermaster staff, summarizing the subject matter and purpose of the hearing and the procedures to

be followed. The designated hearing officer will then ask all persons wishing to participate in the hearing to identify themselves. Staff shall present any written reports, or summary of any findings resulting from an investigation of the Application or the Complaint. The Applicant or the Complainant shall then proceed in the case in chief, followed by the Contestant(s) or the Respondents. The Applicant and the Complainant will then be afforded an opportunity to present any responsive evidence. The hearing officer may allow further response as the interests of justice may require. Questions from the hearing officer or Watermaster staff shall be appropriate at any time.

- (j) Opening Statements and Closing Briefs. Prior to presenting their case, any party to the proceeding may file a written opening statement, or may make an oral opening statement, the length of which may be prescribed by the hearing officer. At the close of the hearing, if the hearing officer deems it advisable, time will be allowed for the filing of written briefs.
- (k) Record. The record of the hearing shall consist of all documents submitted for consideration as well as all testimony presented. Tape recordings of all testimony shall be made. Any party, at that party's sole expense, may have a court reporter present at the hearing.
- (l) Completion of Record. The Hearing Officer may request assistance from Watermaster staff and general counsel in completing the record, proposed findings and recommendations. The Hearing Officer shall transmit his or her proposed findings to the Advisory Committee within thirty days of the close of the hearing. The proposed findings of the hearing officer shall be based upon substantial evidence in the record.

#### 10.25 Watermaster Determinations.

- (a) Watermaster shall consider and may approve, deny, or condition any contested Application. Prior to rendering a determination on a contested Application or a Complaint, both the Advisory Committee or the Board may also each remand the matter for further findings by the hearing officer a maximum of one time each. The hearing officer shall conduct any additional hearings and complete its review and rehearing and transmit its subsequent report to the Advisory Committee within thirty days from the date of notice from Watermaster of the need for additional findings.
- (b) A contested Application or a Complaint shall be considered at the first regularly scheduled meeting of the Advisory Committee following the transmittal of the record, proposed findings of fact and recommendations by the hearing officer and no later than 30 days from the date of the hearing. The Advisory Committee shall consider the Application, the staff summary and analysis and staff report, any rebuttable presumption, the Contest, Answer, the record, proposed findings of fact

and any recommendations of the hearing officer. The Advisory Committee may amend, modify, accept or reject the report of the hearing officer, or it may direct the hearing officer to conduct a re-hearing to receive additional evidence, direct the filing of additional briefs or request oral argument.

- (i) The findings and decision adopted by the Advisory Committee shall be supported by citations to substantial evidence in the record.
  - (ii) If the Advisory Committee fails to base its decision on substantial evidence in the record or fails to consider the proposed findings of fact developed by the Hearing Officer, subject to the right of the Advisory Committee to remand for further findings, any Advisory Committee mandate shall not be binding on the Watermaster Board. This provision shall not be considered in construing the power of the Watermaster Board or the Advisory Committee that may exist under the Judgment.
- (c) Following consideration by the Advisory Committee, the matter shall be transmitted to the Board for consideration within the next thirty (30) days. The Board shall also consider the Application, the staff summary, analysis and staff report, any rebuttable presumption that may be applicable, the Contest, the Answer, the record, the proposed findings of fact and recommendations of the hearing officer, as well as the Advisory Committee action consistent with the Judgment. The Watermaster Board may amend, modify, accept or reject the report of the hearing officer, or it may direct the hearing officer to conduct a re-hearing to receive additional evidence, direct the filing of additional briefs or request oral argument. If the Board directs the hearing officer to conduct a re-hearing, then the proposed findings of fact and any recommendations shall be transmitted to the Advisory Committee for re-consideration prior to transmittal to the Board.
- (d) Watermaster Action. In acting upon a Complaint, or by approving, denying or conditioning in whole or in part any Application under this Article, the determinations made by the Watermaster Advisory Committee and Board shall be based upon substantial evidence in the record developed by the hearing officer and then before the Advisory Committee and Board. In making such determinations, the Advisory Committee and Board shall act in a manner consistent with the Judgment, the Peace Agreement and these Rules and Regulations. Each shall support its determinations by written findings. Each shall consider all relevant evidence presented and give due consideration to the policies and purposes set forth in the Judgment as well as Article X, section 2 of the Peace Agreement and the OBMP Implementation Plan.
- (e) No Restriction on Rights to Judicial Review Following Determination by Watermaster. Nothing herein shall be construed as imposing any limitation on any party's rights to seek judicial review of a Watermaster decision under this Article pursuant to paragraph 31 of the Judgment once Watermaster has rendered a

decision on the respective Application or, in the case of a Complaint, to seek judicial review of a Watermaster decision where a party to the Judgment has elected to pursue Watermaster review of an action under this Article.

- (f) Emergency Review. In the event of a sudden, unforeseen and unexpected emergency impacting the health, safety and welfare of a party to the Judgment or the Basin, the party to the Judgment may seek immediate judicial review in accordance with the provisions of the Judgment and the Local Rules.
- (g) Undue Delay. Absent a Watermaster determination that extraordinary circumstances exist, Watermaster shall render its final decision on any Application filed under this Article within 180 days from the date the Application is deemed complete by Watermaster Staff. In the event Watermaster fails to offer a satisfactory response to repeated requests by a party to the Judgment to approve, deny or condition an Application or to rule on a Complaint, a party to the Judgment may request judicial review of the matter prior to the final Watermaster action.
- (h) Effective Date of Watermaster Action.
  - (i) For purposes of judicial review, any action determination or rule of Watermaster shall be the date on which the decision is filed.
  - (ii) For the purposes of determining the date on which an approved Application pursuant to Article X shall be considered effective, the approval shall relate back to date the completed Application is filed.

#### 10.26 Application, Contests, Complaints Fees and Expenses.

- (a) Each party to the proceeding shall bear its own costs and expenses associated with the proceeding.
- (b) Watermaster's summary and analysis and participation in any hearing under this Article X shall be considered a general Watermaster administrative expense.
- (c) Upon request by the Agricultural Pool, Non-Agricultural Pool, or Appropriative Pool, the parties shall renegotiate this section 10.26. This renegotiation shall consider, but shall not be limited to, the adoption of a Court-approved resolution to address potential costs, fees and procedures incurred by parties to the Judgment and Watermaster in resolving frivolous and repetitiously unsuccessful similar contests.
- (d) Nothing herein shall be construed as precluding the right or claim by any party to the Judgment to request a reviewing Court under paragraph 31 of the Judgment to

award litigation fees and costs to the extent such fees and costs may be available under general law.

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December 10, 2021

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RE: *Chino Basin Municipal Water District v. City of Chino, et al.*  
 Comments on Proposed Amendments to Watermaster Rules and Regulations  
San Bernardino County Superior Court Case No. RCV 51010

Dear Mr. Kavounas:

The State of California, as a party to the judgment, submits the following comments on Watermaster's November 10, 2021 proposed revision to its Rules and Regulations (Revision). We understand the Revision is being undertaken pursuant to the trial court's July 21, 2021 "Order Re Motion Regarding Implementation of the Local Storage Limitation Solution" (LSLS Order). Our comments are offered in that context and do not extend to other prospective edits to Watermaster's Rules and Regulations.

## COMMENTS ON PROPOSED REVISION

### Table of Contents

The page numbers listed in the Table of Contents were not updated in the Revision and therefore are inaccurate.

### Definitions

While you have not revised the definitions for "Chino I Desalter Expansion" and "Chino I Desalter," at subparagraphs (s) and (t) on pages 2 and 3, they both refer to a "present capacity of approximately eight (8) mgd . . ." Is this an accurate description of "present" conditions? If not, we propose that these definitions also be revised to reflect actual "present" conditions.

The definition of "Local Storage," at subparagraph (uu) on page 5, identifies "a cumulative maximum of 100,000 acre-feet" limit for supplemental water under local storage

agreements for parties to the judgment. However, at subparagraph (d) on page 48 of the Revision, that 100,000 acre-feet limitation has been replaced with “Maximum Local Storage Quantity” (defined at subparagraph (xx) on page 6 pursuant to the LSLs). Please clarify why this paragraph specifies that the limit is Maximum Local Storage Quantity. Please also clarify what you mean by the “amounts classified as Supplemental Water under the procedure set forth in section 8.1 above.” (Revision, ¶ 8.2(d), p. 48.)

### Administration

Paragraph 2.0 on page 13 uses the term “e-mail” but the remainder of the document refers to “electronic mail.” We assume there is no distinction but suggest one term be used consistently throughout the Revision.

### Safe Yield and Operating Safe Yield, Interim Correction

Paragraph 6.5(c) of the Revision does not track the trial court’s July 31, 2020 Safe Yield Reset Order (Order). It reads instead as a modification of the Order.

The Order provides that if the State Water Resources Control Board’s conservation measures result in a reduction in urban irrigation that is reasonably likely to materially reduce recharge, “Watermaster *shall* conduct a reevaluation of the Safe Yield in the Chino Basin. If the State’s measures are determined to change the Safe Yield ... by more than 2.5% during the Reset Term, Watermaster *will* promptly move the court to reset the Safe Yield. . . . (Order, ¶ V, p. 15, italics added.) The Revision removes these mandatory actions by requiring Watermaster to only make a recommendation to the court. (Revision, ¶ 6.5(d), p. 30.) Paragraph 6.5(c) should be revised to accurately reflect Watermaster’s nondiscretionary obligations under the Order.

### Storage

Paragraph 8.1(b) on page 43 references “agreements identified in section 8.1(f)(iii),” but section 8.1(f)(iii) is deleted.

Paragraph 8.2(i) on page 50 references “subsection (j)(i) and (j)(ii),” but there are no such subsections.

## **CONCLUSION**

The State appreciates the opportunity to comment on this initial effort to revise Watermaster’s Rules and Regulations. Thank you for considering our feedback. We look

Peter Kavounas, P.E., General Manager  
December 10, 2021  
Page 3

forward to reviewing an updated draft, and we reserve the right to further comment as the Revision is developed.

If you have any questions or wish to discuss our concerns, please do not hesitate to contact us.

Sincerely,

/s/ Carol A.Z. Boyd

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## BY EMAIL

December 10, 2021

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### **Re: Comments on Proposed Changes to Watermaster Rules and Regulations**

Dear Peter and Brad:

The City of Ontario ("Ontario") appreciates this opportunity to comment on the proposed changes to the Chino Basin Watermaster's Rules and Regulations ("Regulations"), as it is critically important that these documents be clear and implementable. Generally, it is Ontario's belief that a complete and orderly review of the entirety of the Regulations is needed to ensure consistency with all Court-ordered documents.

Absent the desire to update the Regulations in its entirety, Ontario would like to reiterate its formal comments previously made during the review of proposed changes to the Regulations in 2019 and recognize that while some concerns were addressed, most comments are still applicable. The previously transmitted letters dated August 2, 2019 and October 3, 2019 are attached for your convenience.

Additionally, Ontario has the following comments to the 2021 Regulations proposed changes.

- Section 6.5, "Recalculation of Safe Yield," subsection (c) (i), Revise language to directly reflect the entirety of Section V. of the Orders Regarding Chino Basin Watermaster Motion Regarding the 2020 Safe Yield Reset, Amendment of the Restated Judgment, Paragraph 6, dated July 31, 2020.

- Section 8.2, “Local Storage: Special Considerations,” subsection (a), the following sentence “Thereafter a party to the Judgement may continue to Produce the actual quantity of Excess Carry-Over Water and Supplemental Water in its storage account,” should remain and not be deleted as proposed.

Ontario appreciates Watermaster’s efforts to update the Regulations and the opportunity to provide comments and participate in the process.

Sincerely,

A handwritten signature in blue ink that reads "Courtney Jones". The signature is written in a cursive, flowing style.

Courtney Jones, P.E.

Water Resources and Regulatory Affairs Director

Enclosures: Comments on Proposed Changes to Watermaster Rules and Regulations (2019)

Comments Submitted by Ontario on Proposed Changes to Watermaster Rules and Regulations (2019)

cc: Appropriative Pool Chair

Non-Agricultural Pool Chair

Agricultural Pool Chair

Scott Burton, Utilities General Manager, City of Ontario



PAUL S. LEON  
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**BY EMAIL**

October 3, 2019

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**Re: Comments Submitted by Ontario on Proposed Changes to Watermaster Rules and Regulations**

Dear Peter:

In a letter dated August 2, 2019, and transmitted via e-mail on August 30, 2019, the City of Ontario ("Ontario") submitted formal comments on the proposed changes to the Watermaster Rules and Regulations ("Regulations"). On September 12, 2019, the Appropriative Pool Committee reviewed at its regular meeting an updated draft of the Regulations. Watermaster presented the updated draft and indicated that it was in response to comments received both verbally and in writing.

Ontario's comments were separated into three general comments with eight examples as well as an additional eight specific comments. The most recent draft of the Regulations incorporates three out of the 16 requested changes. Watermaster has not provided an explanation to Ontario as to why the other 13 changes were not incorporated. In addition, at the September 12, 2019, Appropriative Pool Committee meeting, Watermaster indicated that it did not intend to respond directly to Ontario's letter.

It is unclear why most of Ontario's comments have not been incorporated, and as a result, Ontario views the draft updated Regulations as inconsistent with the March 2019 Court Order. Ontario requests a written response from Watermaster addressing each change suggested by

Ontario in its letter and providing the rationale for not incorporating it into the latest draft. The previously submitted letter is attached for your convenience.

In addition, following its review of the most recent draft, Ontario has two additional comments. First, the Regulations do not discuss the fact that the Land Use Conversion factor of 2.0 is in effect for the term of Peace 1 *and any extension thereof* (emphasis added). Second, the Regulations do not incorporate the revised Re-Operation schedule adopted as part of the recent court order.

Ontario appreciates Watermaster's efforts to update the Regulations and the opportunity to provide comments and participate in the process. As stated in the prior comment letter, it is critically important that the Regulations be clear and implementable, as well as consistent with Court-ordered documents. To achieve this goal, which Ontario believes to be shared amongst Watermaster and the parties, Ontario respectfully requests the transparency of a detailed response to its comments, including the comments submitted previously and those submitted as part of this follow-up letter.

Sincerely,



Katie Gienger, P.E.

Water Resources Manager

Enclosure: Comments on Proposed Changes to Watermaster Rules and Regulations

cc: Appropiative Pool Chair

Non-Agricultural Pool Chair

Agricultural Pool Chair

Scott Burton, Utilities General Manager, City of Ontario



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**BY EMAIL**

August 2, 2019

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**Re: Comments on Proposed Changes to Watermaster Rules and Regulations**

Dear Peter:

The City of Ontario ("Ontario") appreciates this opportunity to comment on the proposed changes to Chino Basin Watermaster's Rules and Regulations ("Regulations"), as it is critically important that these documents be clear and implementable. Ontario submits the following comments on the proposed changes to the Regulations that Watermaster referred to the parties for comment.

**I. General Comments**

**A. Watermaster Should Clarify an Overall Purpose for the Regulations that Is Consistent with the Judgment and the Peace Agreements.**

Currently the Regulations consist of a collection of provisions and language taken directly from the Judgment, the Peace Agreements, and Court orders (collectively, the "CAMA"). The Regulations could become more useful and streamlined if their overall purpose was clarified as the CAMA are legally binding regardless of whether their provisions are incorporated into the Regulations. Clarifying an overall purpose in writing will assist the parties in reviewing and approving the Regulations.

The Judgment and the Peace Agreements include a number of provisions to guide the development of the Regulations, which could be used as a starting point to formulate a clear statement of purpose, including the following:

- Section 18 of the Restated Judgment requires that “[u]pon recommendation by the Advisory Committee, Watermaster shall make and adopt, after public hearing, appropriate rules and regulations for conduct of Watermaster affairs, including, meeting schedules and procedures, and compensation of members of Watermaster.” (Emphasis added.)
- Section 28 of the Restated Judgment requires that “Watermaster shall adopt, with the approval of the Advisory Committee, uniformly applicable rules and a standard form of agreement for storage of supplemental water, pursuant to criteria therefore set forth in Exhibit ‘I.’” (Emphasis added.)
- Section 41 of the Restated Judgment states that: “Watermaster, with the advice of the Advisory and Pool Committees, is granted discretionary powers in order to develop an optimum basin management program for Chino Basin, including both water quantity and quality considerations. Withdrawals and supplemental water replenishment of Basin Water, and the full utilization of the water resources of Chino Basin, must be subject to procedures established by and administered through Watermaster with the advice and assistance of the Advisory and Pool Committees composed of the affected producers. Both the quantity and quality of said water resources may thereby be preserved and the beneficial utilization of the Basin maximized.” (Emphasis added; see also Recitals to Watermaster Resolution No. 07-05.)
- Exhibit “G” to the Restated Judgment, at Section 9, indicates that the Regulations should include procedures for physical solution transfers of quantified production rights by the Non-Agricultural Pool “to Watermaster and thence to members of the Appropriative Pool . . .” (See also Peace II at Attachment “I”.)
- Under Peace II, Watermaster is supposed to “make conforming changes to [the Regulations] to eliminate any inconsistencies with the Peace II measures and to more effectively implement the measures from time to time.” (Peace II, § 3.1(a) and Exhibit “1,” Attachment “F,” emphasis added.)

Articulating a clear statement of purpose would provide a more manageable set of Regulations, as well as guidance on what should be included in the Regulations, as they are updated and amended. For all of these reasons, Ontario respectfully requests that Watermaster develop and articulate a clear purpose of the Regulations to help make them a more useful tool for basin management.

**B. Watermaster Should Explain Differences Between the CAMA and the Regulations, Especially Where the Regulations Cite, But Do Not Adopt, the Language of the CAMA.**

While the overwhelming majority of the Regulations are taken verbatim from the CAMA, a handful of provisions cite, but do not adopt the language of the CAMA. Such provisions are not clearly identified and are easy to miss within the Regulations, as illustrated in the bulleted examples below. It is unclear if these provisions differ from the CAMA.

- Section 4.5(b) of the Regulations applies only to “a party,” but this section cites to Peace I § 5.4(d), as amended, which applies to “[a]ny Producer or party.” Additionally, Section 4.5(b) of the Regulations allows credits for “the cost of shutting down . . . Groundwater Production facilities”; whereas Peace I § 5.4(d), as amended, provides such credits only for “relocating” and not for “shutting down” groundwater production facilities.
- Section 7.5 of the Regulations regarding “Desalter Replenishment” consists of a mix of terms taken from both Peace Agreements. Watermaster retained some of the same cross-references that appear in the Peace Agreements, while replacing other such cross-references with citations to the other portions of the Regulations. (See, e.g., Regulations, § 7.5(b)(i).)
- Section 8.2(j) of the Regulations, regarding uniform losses to be assessed on water in local storage, cites to Peace II, § 7.4. However, Section 8.2(j) of the Regulations omits a substantial amount of language that appears in the corresponding provisions of Peace II, which language explains the basis for determining the various loss factors that may be applied by Watermaster.
- Certain provisions of the Regulations claim to be “consistent with” the CAMA, although they are not identical to the CAMA. (E.g., the footnote to Regulations, § 4.5(b) states that it is “[c]onsistent with Second Amendment to Peace Agreement” [emphasis added].) It would be helpful for Watermaster to explain what is different from the CAMA and why.

In order to ensure that all parties have an equal opportunity to review, understand, and comment upon Watermaster’s interpretations of the CAMA, Ontario respectfully requests that for provisions in the Regulations, such as these—which appear to have been altered or adapted from the language of the CAMA—Watermaster includes language to explain its interpretation of the CAMA or other reasons for divergence from or expansion upon the CAMA.

**C. Where the Regulations are Taken Directly from the CAMA, Watermaster Should Consistently and Clearly Cite Applicable Terms of the CAMA.**

Where the Regulations recite parts of the CAMA, it is extremely helpful that Watermaster typically includes citations to the corresponding CAMA provisions. However, some Regulations do not provide such citations. For example:

- Section 6.3, “Accounting of Unallocated Agricultural Portion of Safe Yield,” subsections (a)(ii) and (a)(iii), reference a bifurcation of priorities as between land use conversions completed prior to October 1, 2000 and land use conversions completed after October 1,

2000. This bifurcation is not supported by a citation, and therefore the source of the Regulation is unclear.

- Section 1.1(rr) of the Regulations omits any citation to support the part of the definition of “Local Storage” which sets the storage cap at 100,000 AF.

Where a Regulation can be supported by reference to the CAMA, appropriate citations should be provided. If the language cannot be supported with citations because it diverges from the terms of the CAMA, Ontario respectfully requests that divergent elements be identified and explained.

Additionally, it can be difficult to interpret some of the citations in the Regulations because of formatting issues. For example:

- Proposed revisions to the Regulations refer to “Exhibit 4 to the Peace II Agreement, as amended.” (See, e.g., Section 7.5(b)(ii), (iii).) Anyone who may refer to a copy of the Peace II Agreement for its Exhibit 4 will not find it there, because Exhibit 4 is not an attachment to Peace II. To find Exhibit 4, one must know that it is part of the attachments to the Court’s Findings and Order, dated March 15, 2019. This is not intuitive and therefore a more informative description is desirable.
- The Regulations repeatedly refer to Exhibit “1” to Peace II, as Exhibit “I.” (See, e.g., Regulations, at fn. 1, 2, 4, 7, 8, 9, 15, 16, 17, 20, 21, 23, 24.) Other documents, such as the Judgment, do have an Exhibit “I,” whereas Peace II does not.

These seemingly minor issues can be confusing in light of the complexity of the Regulations and the CAMA, as well as their voluminous exhibits and attachments. For these reasons, it is desirable to present citations with the greatest possible degree of clarity.

## **II. Comments on Specific Provisions**

In addition to the general comments set forth above, Ontario requests that Watermaster consider the following specific comments.

### **A. Additional Definitions Need to Be Updated in Light of the Court’s March 15, 2019 Order.**

Several definitions in the Regulations require clarifications in light of the Court’s Findings and Order Regarding Amendments to Restated Judgment, Peace Agreement, Peace II Agreement, and Re-Operation Schedule, dated March 15, 2019 (hereinafter referred to as the “Court’s Findings and Order, dated March 15, 2019”), as show in the bulleted list below.

- To help prevent confusion that may arise in the future, Section 1.1 of the Regulations, “Definitions,” should include a definition of “Adjusted Physical Production.” For the sake of simplicity, the definition could cross-reference Section 7.5(b)(iv).



- It would be helpful to create a new defined term for the Court's Findings and Order, dated March 15, 2019. The full and complete title of that document is confusing. For example, the Regulations contain citations to "Attachment A to the Court's Findings and Order Regarding Amendments to Restated Judgment, Peace Agreement, Peace II Agreement, and Re-Operation Schedule, dated March 15, 2019." (See, e.g., Sections 1.1(iii), (jjj).) This document title references several documents and terms that are defined in their own right, such as the Peace Agreement and Peace II Agreement, and it is difficult to tell which of the documents Attachment A belongs to.
- Section 1.1(dd): The definition of "Early Transfer" should be updated to cite not only the Peace Agreement §1.1(o), but also the Court's Findings and Order, dated March 15, 2019, at Attachment A, Ex. A, §2, which modify this definition.
- Section 1.1(oo): The definition of "Judgment" should more clearly identify Court orders that amend the Judgment. Because of the way the definition is currently written, it suggests that documents such as the Peace Agreement and Peace II Agreement are amendments to the Judgment, which is not the case and conflicts with Section 1.3 of the Regulations that confirms the Judgment's precedence over the Peace Agreements.

**B. Safe Yield Recalculation Needs Clarifications.**

The Regulations at Section 6.5 incorporate provisions from the Court Orders, dated April 28, 2017, at p. 15 of 75, §§4.2-4.3, regarding recalculation of safe yield. Ontario believes these provisions need clarification in light of the Court Findings and Order, dated March 15, 2019. This clarification and any further suggested clarifying revisions to the quoted CAMA have been shown in brackets as per widely accepted MLA and APA writing standards.

- Section 6.5(a) of the Regulations should recognize the prohibition against retroactive accounting, to avoid confusion between 6.5(a) and 6.5(h):

Initial Safe Yield Reset. Effective July 1, 2010 and continuing until June 30, 2020, the Safe Yield for the Basin is reset at 135,000 AFY. For all purposes arising under the Judgment, the Peace Agreements and the OBMP Implementation Plan, the Safe Yield shall be 135,000 AFY, without exception [save only the prohibition against retroactive accounting (§6.5(h) below)], unless and until Safe Yield is reset in accordance with the procedures set forth in this Section 6.5, and determined by the Court pursuant to its retained continuing jurisdiction.

- Section 6.5(b) of the Regulations should recognize that the next Safe Yield Reset might not be completed by July 1, 2020:

Scheduled Reset. Watermaster will initiate a process to evaluate and reset the Safe Yield by July 1, 2020 as further provided in this Section 6.5. Subject to the provisions of Section 6.5(c) below, the Safe Yield, as it is reset

effective July 1, 2020 [assuming the Court orders it by July 1, 2020] will continue until June 30, 2030. Watermaster will initiate the reset process no later than January 1, 2019, in order to ensure that the Safe Yield, as reset, may be approved by the court no later than June 30, 2020. . . .

- Section 6.5(c) of the Regulations should recognize that Court approval is required for any interim correction of Safe Yield:

Interim Correction. In addition to the scheduled reset set forth in Section 6.5(b) above, the Safe Yield may be reset in the event that, with the recommendation and advice of the Pools and Advisory Committee and in the exercise of prudent management discretion described in Section 6.5(e)(iii), below, Watermaster recommends to the court [and the Court approves] that the Safe Yield must be changed by an amount greater (more or less) than 2.5% of the then-effective Safe Yield.

**C. The Regulations Should Clarify the Application of Section 5(b)(iv)(1) for Parties with Dual Memberships**

The Regulations at Section 7.5(b)(iv) incorporate provisions from the Court Orders, dated March 15, 2019 regarding the Replenishment Assessment against the Appropriative Pool for remaining Desalter Replenishment Obligation. The practice and understanding amongst Watermaster and the parties is that this provision also applies to parties with dual membership (Peace II, § 4.4).

- Section 7.5(b)(iv)(1) of the Regulations should be clarified as shown below.

In the case of assignments among Appropriative Pool members, or between Appropriative Pool members and the Non-Agricultural Pool members under Exhibit G, ¶6 of the Judgment, resulting in pumping or production by one party to the Judgment for use by another party to the Judgment [or, in the case of dual pool membership, use by the same party under its Non-Agricultural Pool membership], the production for purposes of Adjusted Physical Production shall be assigned to the party making beneficial use of the water, not the actual producer.

**III. Conclusion**

Watermaster has stated that it desires to undertake an orderly process of reviewing and updating the Regulations. Ontario agrees with Watermaster's desire to engage in an orderly process and believes that the best way to accomplish that aim is, first, to engage with the parties to develop an agreed-upon statement of purpose for the Regulations.

Ontario appreciates Watermaster's efforts to update the Regulations and the opportunity to provide comments and participate in the process.

Sincerely,



Katie Gienger, P.E.

Water Resources Manager

CHINO BASIN WATERMASTER  
RULES AND REGULATIONS

| ~~2021~~2022 Update to October 2019 version

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**ARTICLE I  
GENERAL PROVISIONS**

1.0 Title.

This document shall be known and may be referred to as the "~~2021~~2022 Update to the 2019 Chino Basin Watermaster Rules and Regulations" adopted pursuant to the Judgment.

1.1 Definitions.

As used in these Rules and Regulations, these terms, including any grammatical variations thereof shall have the following meanings.

- (a) "Active Parties" means all parties to the Judgment other than those who have filed a written waiver of service of notices with Watermaster, pursuant to Paragraph 58 of the Judgment. [Judgment ¶ 4(a).]
- (b) "Adjusted Physical Production" shall have the definition given in section 7.5(b)(iv).
- (c) "Agricultural Pool" shall have the meaning of Overlying (Agricultural) Pool as used in the Judgment and shall include all its members. [Peace Agreement § 1.1(a).]
- (d) "Agricultural Pool Committee" shall mean the designated representatives and alternates who serve on behalf of the Agricultural Pool.
- (e) "Annual or Year" means a fiscal year, July 1 through June 30 following, unless the context shall clearly indicate a contrary meaning. [Judgment ¶ 4(b).]
- (f) "Annual Production Right" means the total amount of water available to the Appropriative Pool in any year from all available sources (e.g., Carry-Over Water, assigned share of Operating Safe Yield, Transfers, New Yield, water Recaptured from Storage, land-use conversions, Early Transfer) which Watermaster shall determine can be Produced by the members of the Appropriative Pool free of a Replenishment Obligation.
- (g) "Answer" means the written response that may be filed to a Complaint or the reply to a Contest pursuant to the provisions of Article X.
- (h) "Applicant" means a person that files an Application for Watermaster approval of an action pursuant to Article X.
- (i) "Application" means a request filed by any person pursuant to the provisions of Article X, seeking (i) Watermaster approval of Recharge, Transfer, Recapture or Qualifying Storage operations or activities or (ii) for Watermaster approval of a credit or reimbursement.

- (j) "Appropriative Pool" shall have the meaning as used in the Judgment and shall include all its members. [Peace Agreement § 1.1(b).]
- (k) "Basin Water" means Groundwater within the Chino Basin which is part of the Safe Yield, Operating Safe Yield, New Yield), or Replenishment Water in the Basin as a result of operations under the Physical Solution decreed in the Judgment. Basin Water does not include "Stored Water" under the Judgment and the Peace Agreement. [Judgment ¶ 4(d).]
- (l) "Best Efforts" means reasonable diligence and reasonable efforts under the totality of the circumstances. [Peace Agreement § 1.1(d).] Note: a rule of construction applies to this definition. See section 1.2(e) below.
- (m) "CBWCD" means the Chino Basin Water Conservation District. [Peace Agreement § 1.1(e).]
- (n) "Carry-Over Right" means the annual unpumped share of Safe Yield and Operating Safe Yield that is reserved to be pumped first the following year by the members of the Non-Agricultural Pool and the Appropriative Pool respectively. [Based on the Judgment Exhibit "G" ¶ 7 and Exhibit "H" ¶ 12.]
- (o) "Carry-Over Water" means the un-Produced water in any year that may accrue to a member of the Non-Agricultural Pool or the Appropriative Pool and that is Produced first each subsequent Fiscal Year or stored as Excess Carry-Over. (Judgment Exhibit H ¶ 12.)
- (p) "CEQA" means the California Environmental Quality Act, Public Resources Code Sections 21000 et seq; 14 California Code of Regulations 15000 et seq. [Peace Agreement § 1.1(f).]
- (q) "Chino Basin" or "Basin" means the Groundwater basin underlying the area shown on Exhibit "B" to the Judgment and within the boundaries described on Exhibit "K" to the Judgment. [Judgment ¶ 4(f) and Peace Agreement § 1.1(g).]
- (r) "Chino Basin Watershed" means the surface drainage area tributary to and overlying Chino Basin. [Judgment ¶ 4(g) and Peace Agreement § 1.1(h).]
- (s) "Chino I Desalter," also known as the SAWPA Desalter, means the Desalter owned and operated by PC 14 with a present capacity of approximately eight (8) million gallons per day (mgd) and in existence on the Effective Date. [Peace Agreement § 1.1(i).]
- (t) "Chino I Desalter Expansion" means the planned expansion of the Chino I Desalter from its present capacity of approximately eight (8) mgd to a capacity of up to fourteen (14) mgd. [Peace Agreement § 1.1(j).]

- (u) "Chino II Desalter" means a new Desalter not in existence on the Effective Date with a design capacity of approximately ten (10) mgd, to be constructed and operated consistent with the OBMP and to be located on the eastside of the Chino Basin. [Peace Agreement § 1.1(k).]
- (v) "Chino North Management Zone" means the Chino North Management Zone, as it is illustrated in the 2004 Basin Plan amendment (Regional Water Quality Control Board Resolution R8-2004-0001, "Resolution Amending the Water Quality Control Plan for the Santa Ana River Basin to Incorporate an Updated Total Dissolved Solids (TDS) and Nitrogen Management Plan for the Santa Ana Region Including Revised Groundwater Subbasin Boundaries, Revised TDS and Nitrate-Nitrogen Quality Objectives for Groundwater, Revised TDS and Nitrogen Wasteload Allocations, and Revised Reach Designations, TDS and Nitrogen Objectives and Beneficial Uses for Specific Surface Waters").
- (w) "Committee(s)" means any of the Pool Committees or the Watermaster Advisory Committee as the context may compel.
- (x) "Complainant" means a party to the Judgment that files a Complaint pursuant to Article X.
- (y) "Complaint" means a claim filed by a party to the Judgment with Watermaster pursuant to the provisions of Article X.
- (z) "Contest" means an objection filed by a party to the Judgment pursuant to the provisions of Article X.
- (aa) "Contestant" means a party to the Judgment that files a Contest pursuant to the provisions of Article X.
- (bb) "Court" means the court exercising continuing jurisdiction under the Judgment. [Peace Agreement § 1.1(1).]
- (cc) "Court's Findings and Order, dated July 21, 2021" shall mean the Court's Findings and Order Re Motion Regarding Implementation of the Local Storage Limitation Solution, dated July 21, 2021.
- (dd) "Court's Findings and Order, dated March 15, 2019" shall mean the Court's Findings and Order Regarding Amendments to Restated Judgment, Peace Agreement, Peace II Agreement, and Re-Operation Schedule, dated March 15, 2019.
- (ee) "Date of Execution" means the first day following the approval and execution of the Peace Agreement by the last Party to do so which date is August 1, 2000. [Peace Agreement § 1.1(m).]

- (ff) "Desalter" and "Desalters" means the Chino I Desalter, Chino I Desalter Expansion, the Chino II Desalter, related facilities and Future Desalters, consisting of all the capital facilities and processes that remove salt from Basin Water, including extraction wells, transmission facilities for delivery of groundwater to the Desalter, Desalter treatment and delivery facilities for the desalted water including pumping and storage facilities, and treatment and disposal capacity in the SARI System. [Peace Agreement § 1.1(n).]
- (gg) "Early Transfer" means the reallocation of Safe Yield in accordance with the Peace Agreement where water from the Agricultural Pool is made available to the Appropriative Pool on an annual basis. [Peace Agreement § 1.1(o).]
- (hh) "Effective Date" refers to the Effective Date of the Peace Agreement and means October 1, 2000. [Peace Agreement § 1.1(p).]
- (ii) "Excess Carry-Over Water" means Carry-Over Water which in aggregate quantities exceeds a party's share of Safe Yield in the case of the Non-Agricultural Pool, or the assigned share of Operating Safe Yield in the case of the Appropriative Pool, in any year.
- (jj) "Future Desalters" means enlargement of the Chino I Desalter to a capacity greater than the Chino I Expansion or enlargement of the Chino II Desalter and any other new Desalter facilities that may be needed to carry out the purposes of the OBMP over the term of the Peace Agreement. [Peace Agreement § 1.1(q).]
- (kk) "General law" means all applicable state and federal laws. [Peace Agreement § 1.1(r).]
- (ll) "Groundwater" means all water beneath the surface of the ground. [Judgment ¶ 4(h) and Peace Agreement § 1.1(s).]
- (mm) "Groundwater Storage Agreement" means either a Local Storage Agreement or an agreement in connection with a Storage and Recovery Program.
- (nn) "Hydraulic Control" means the reduction of groundwater discharge from the Chino North Management Zone to the Santa Ana River to de minimus quantities. [Peace II Agreement § 1.1(b).]
- (oo) "Hydrologic Balance" means the maintenance of total inflow at a level generally equivalent to total outflow as measured over an appreciable period of time that is sufficient to account for periodic changes in climate and watershed, basin and land management conditions.
- (pp) "IEUA" means the Inland Empire Utilities Agency, referred to in the Judgment as Chino Basin Municipal Water District. [Peace Agreement § 1.1(t).]

- (qq) "In-lieu Recharge" means taking supplies of Supplemental Water in lieu of pumping groundwater otherwise subject to Production as an allocated share of Operating Safe Yield, as provided in Exhibit "H" Paragraph 11 of the Judgment. [Peace Agreement § 1.1(u).]
- (rr) "Judgment" means the Judgment dated January 27, 1978, in San Bernardino County Case No. 164327 (redesignated as San Bernardino County Case No. RCV RS51010) as restated pursuant to Order Adopting Restated Judgment, dated September 27, 2012, amended pursuant to Order Approving Amendments to Restated Judgment and Rules and Regulations Regarding Compensation of Watermaster Board Members, dated August 22, 2014, Orders for Watermaster's Motion Regarding 2015 Safe Yield Reset Agreement, Amendment of Restated Judgment, Paragraph 6, dated April 28, 2017, Court's Findings and Order, dated March 15, 2019, Order Granting Motion for Court Approval of Amendments to Restated Judgment Regarding Compensation of Watermaster Pool and Advisory Committee Members, dated June 26, 2020, Orders Regarding Chino Basin Watermaster Motion Regarding 2020 Safe Yield Reset, Amendment of Restated Judgment, Paragraph 6, dated July 31, 2020, and other such amendments. [See Peace Agreement § 1.1(v).]
- (ss) "Leave Behind" means a contribution to the Basin from water held in storage within the Basin under a Storage and Recovery Agreement that may be established by Watermaster from time to time that may reflect any or all of the following: (i) actual losses; (ii) equitable considerations associated with Watermaster's management of storage agreements; and (iii) protection of the long-term health of the Basin against the cumulative impacts of simultaneous recovery of groundwater under all storage agreements. [Peace II Agreement § 1.1(c).]
- (tt) "Local Imported Water" is water from any origin, native or foreign which was not available for use or included in the calculation of Safe Yield of the Chino Basin at the time the Judgment was entered. [Based on Judgment 49(c).] Local Imported Water is reported by Watermaster in its annual report.
- (uu) "Local Storage" means water held in a storage account pursuant to a Local Storage Agreement between a party to the Judgment and Watermaster. Local Storage accounts may consist of: (i) a Producer's unproduced Excess Carry-Over Water or (ii) a party to the Judgment's Supplemental Water, up to a cumulative maximum of one hundred thousand (100,000) acre-feet for all parties to the Judgment stored in the Basin on or after July 1, 2000 or (iii) that amount of Supplemental Water previously stored in the Basin on or before July 1, 2000 and quantified in accordance with the provisions and procedures set forth in Section 7.2 of these Rules and Regulations, or (iv) that amount of water which is or may be stored in the Basin pursuant to a Storage Agreement with Watermaster which exists and has not expired before July 1, 2010. [Peace Agreement § 1.1(x).] As to that portion of the Maximum Local Storage Quantity in excess of the initial 500,000 AF Safe

Storage Capacity, Local Storage accounts may consist of Producers' Excess Carry-Over Water or parties' to the Judgment's Supplemental Water.

- (vv) "Local Storage Agreement" means a Groundwater Storage Agreement for Local Storage.
- (ww) "Material Physical Injury" means material injury that is attributable to the Recharge, Transfer, Storage and Recovery, management, movement or Production of water, or implementation of the OBMP, including, but not limited to, degradation of water quality, liquefaction, land subsidence, increases in pump lift (lower water levels) and adverse impacts associated with rising Groundwater. Material Physical Injury does not include "economic injury" that results from other than physical causes. Once fully mitigated, physical injury shall no longer be considered to be material. [Peace Agreement § 1.1(y).]
- (xx) "Maximum Local Storage Quantity" means the maximum quantity of water that may be held in Local Storage, when combined with Carry-Over Water, is 700,000 acre-feet until June 30, 2030. After June 30, 2030, the Maximum Local Storage Quantity shall be reduced to 620,000 acre-feet until June 30, 2035. [Court's Findings and Order, dated July 21, 2021.]
- (yy) "Metropolitan Water District" or "MWD" means the Metropolitan Water District of Southern California. [Peace Agreement § 1.1(z).]
- (zz) "Minimal Producer" means any producer whose Production does not exceed ten (10) acre-feet per year. [Judgment ¶ 4(j).]
- (aaa) "New Yield" means proven increases in yield in quantities greater than historical amounts from sources of supply including, but not limited to, capture of rising water, capture of available storm flow, operation of the Desalters and related facilities, induced Recharge and other management activities implemented and operational after June 1, 2000. [Peace Agreement § 1.1(aa).]
- (bbb) "Non-Agricultural Pool" shall have the meaning as used in the Judgment for the Overlying (Non-Agricultural) Pool and shall include all its members. [Peace Agreement § 1.1(bb).]
- (ccc) "OBMP" means the Optimum Basin Management Program, which consists of the OBMP Phase I Report and the OBMP Implementation Plan, which shall be implemented consistent with the provisions of Article V of the Peace Agreement. [July 13, 2000 Court Order.]
- (ddd) "OBMP Assessments" means assessments levied by Watermaster for the purpose of implementing the OBMP. [Peace Agreement § 1.1(cc).] Note: a rule of construction applies to this definition. See section 1.2(f) below.

- (eee) "OBMP Implementation Plan" means Exhibit "B" to the Peace Agreement, as supplemented by the 2007 Supplement thereto.
- (fff) "OCWD" means the Orange County Water District. [Peace Agreement § 1.1(dd).]
- (ggg) "Operating Safe Yield" means the annual amount of Groundwater which Watermaster shall determine, pursuant to criteria specified in Exhibit "I" to the Judgment, can be Produced from Chino Basin by the Appropriative Pool parties free of Replenishment obligation under the Physical Solution. [Judgment ¶ 4(1) and Peace Agreement § 1.1(ee).]
- (hhh) "Overdraft" means a condition wherein the total annual Production from the Basin exceeds the Safe Yield thereof, as provided in the Judgment. [Judgment ¶ 4(m) and Peace Agreement § 1.1(ff).]
- (iii) "Overlying Right" means the appurtenant right of an owner of lands overlying Chino Basin to Produce water from the Basin for overlying beneficial use on such lands. [Judgment ¶ 4(n).]
- (jjj) "PC 14" means Project Committee No. 14, members of SAWPA, composed of IEUA, WMWD, and OCWD, pursuant to Section 18 of the SAWPA Joint Exercise of Powers Agreement which now constitutes the executive Authority through which SAWPA acts with respect to the Chino I Desalter and other facilities, programs and projects. [Peace Agreement § 1.1(ll).]
- (kkk) "Party" or "Parties" means a Party to the Peace Agreement or Peace II Agreement. [Peace Agreement § 1.1(gg); Peace II Agreement § 1.1(e).]
- (lll) "Party" or "parties to the Judgment" means a party to the Judgment. [Peace Agreement § 1.1(hh).]
- (mmm) "Peace Agreement" means the agreement dated June 29, 2000 among various parties to the Judgment identified therein and approved by Watermaster, as amended by the First Amendment to Peace Agreement dated September 2, 2004, the Second Amendment to Peace Agreement, dated September 21, 2007, and as shown in Attachment A to the Court's Findings and Order, dated March 15, 2019.
- (nnn) "Peace II Agreement" means the agreement dated September 21, 2007 among various parties to the Judgment identified therein and approved by Watermaster, as amended as shown in Attachment A to the Court's Findings and Order, dated March 15, 2019.
- (ooo) "Person" means any individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, water district and other entity of whatever nature including

but not limited to the State of California and the Department of Water Resources. [Judgment ¶ 4(o).]

- (ppp) "Physical Solution" shall have the meaning of the Physical Solution as described in the Judgment.
- (qqq) "Produce" or "Produced" means to pump or extract groundwater from the Chino Basin. [Judgment 4(q) and Peace Agreement § 1.1(ii).]
- (rrr) "Producer" means any person who Produces water from the Chino Basin. [Judgment ¶ 4(r) and Peace Agreement § 1.1(jj).]
- (sss) "Production" means the annual quantity, stated in acre-feet, of water Produced from the Chino Basin. [Judgment ¶ 4(s) and Peace Agreement § 1.1(kk).]
- (ttt) "Public Hearing" means a hearing of Watermaster held pursuant to the Judgment other than as provided in Article X herein.
- (uuu) "Qualifying Storage" means the storage of Supplemental Water, Excess Carry-Over Water after July 1, 2010 or to participate in a Storage and Recovery Program.
- (vvv) "Qualifying Storage Agreement" means an agreement with Watermaster to store Supplemental Water, Excess Carry-Over Water after July 1, 2010 or to store water by participation in a Storage and Recovery Program.
- (www) "Recapture" and "Recover" means the withdrawal of water stored in the Basin under a Groundwater Storage Agreement.
- (xxx) "Recharge" and "Recharge Water" means the introduction of water into the Basin, directly or indirectly, through injection, percolation, delivering water for use in-lieu of Production or other method. Recharge references the physical act of introducing water into the Basin. Recharge includes Replenishment Water but not all Recharge is Replenishment Water. [Peace Agreement § 1.1(nn).] Note: a rule of construction applies to this definition. See section 1.2(g) below.
- (yyy) "Recycled Water" means water which, as a result of treatment of wastewater, is suitable for a direct beneficial use or a controlled use that would not otherwise occur and is therefore considered a valuable resource, referred to as "reclaimed water" in the Judgment. [Judgment ¶ 4(u) and Peace Agreement § 1.1(pp).]
- (zzz) "Re-Operation" means the controlled overdraft of the Basin by the managed withdrawal of groundwater Production for the Desalters and the potential increase in the cumulative un-replenished Production from 200,000 acre-feet authorized by paragraph 3 of the Engineering Appendix Exhibit I to the Judgment, to 600,000 acre-feet for the express purpose of securing and maintaining Hydraulic Control as a component of the Physical Solution. [Peace II Agreement § 1.1(d).] The Court-



approved schedule for access to Re-Operation water during the period of 2013-14 through 2029-30 is attached hereto as Exhibit "B."

- (aaaa) "Reset Technical Memorandum" means the memorandum attached hereto and incorporated herein as Exhibit "A," which sets forth the methodology pursuant to which the Safe Yield is evaluated or reset.
- (bbbb) "Replenishment Obligation" means the quantity of water that Watermaster must purchase to replace Production by any Pool during the preceding Fiscal Year which exceeds that Pool's allocated share of Safe Yield or Operating Safe Yield in the case of the Appropriative Pool. The quantity of a Producer's Over-Production and the Replenishment Obligation is determined after Watermaster takes into account any Transfers of water or any Recovery from storage in the same year, and takes into account the Appropriative Pool obligation as a result of the implementation of the Peace Agreement, if any. [Judgment ¶ 45.]
- (cccc) "Replenishment Water" means Supplemental Water used to Recharge the Basin pursuant to the Physical Solution, either directly by percolating the water into the Basin or indirectly by delivering the water for use in-lieu of Production and use of Safe Yield or Operating Safe Yield. [Judgment ¶ 4(v) and Peace Agreement § 1.1(oo).]
- (dddd) "Responsible Party" means the owner, co-owner, lessee or other person(s) designated by multiple parties interested in a well as the person responsible for purposes of filing reports with Watermaster pursuant to the Judgment ¶ 4(w). [Judgment, ¶ 4(w).]
- (eeee) "Rules and Regulations" means this ~~2021~~2022 Update to the 2019 Chino Basin Watermaster Rules and Regulations as authorized pursuant to the Judgment, adopted by the Watermaster on DATE and as they may be amended from time to time. They are to be distinguished from the previous Watermaster Rules and Regulations that were repealed and replaced by the same action adopting and approving these Rules and Regulations.
- (ffff) "Safe Yield" means the long-term average annual quantity of groundwater (excluding Replenishment Water or Stored Water but including return flow to the Basin from use of Replenishment or Stored Water) which can be Produced from the Basin under cultural conditions of a particular year without causing an undesirable result. [Judgment ¶ 4(x) and Peace Agreement § 1.1(qq).]
- (gggg) "SAWPA" means the Santa Ana Watershed Project Authority. [Peace Agreement § 1.1(ss).]
- (hhhh) "Sphere of Influence" has the same meaning as set forth in Government Code Section 56076.

- (iii) "Storage and Recovery Program" means the use of the available storage capacity of the Basin by any person under the direction and control of Watermaster pursuant to a Court approved Groundwater Storage Agreement but excluding "Local Storage," including the right to export water for use outside the Chino Basin and typically of broad and mutual benefit to the parties to the Judgment. [Peace Agreement §1.1(uu).]
- (jjj) "Stored Water" means Supplemental Water held in storage, as a result of direct spreading, injection or in-lieu delivery, for subsequent withdrawal and use pursuant to a Groundwater Storage Agreement with Watermaster. [Judgment ¶ 4(aa) and Peace Agreement § 1.1(vv).]
- (kkkk) "Supplemental Water" means water imported to Chino Basin from outside the Chino Basin Watershed and Recycled Water. [Judgment ¶ 4(bb) and Peace Agreement § 1.1(ww).]
- (lll) "Transfer" means the assignment (excepting an assignment by a member of the Non-Agricultural Pool or the Agricultural Overlying Pool), lease, or sale of a right to Produce water to another Producer within the Chino Basin or to another person or entity for use outside the Basin upon the person's intervention in conformance with the Judgment. [Peace Agreement § 1.1(xx).]
- (mmm) "TVMWD" means Three Valleys Municipal Water District (referred to in the Judgment as Pomona Valley Municipal Water District). [Peace Agreement § 1.1(yy).]
- (nnn) "Uniform Groundwater Rules and Regulations" (UGRR) means the Uniform Groundwater Rules and Regulations that were in effect on December 31, 2000.
- (ooo) "Watermaster" means Watermaster as the term is used in the Judgment. [Peace Agreement § 1.1 (zz).]
- (pppp) "WMWD" means Western Municipal Water District. [Judgment ¶ 4(cc) and Peace Agreement § 1.1(bbb).]

## 1.2 Rules of Construction

- (a) Unless the context clearly requires otherwise:
  - (i) The plural and singular forms include the other;
  - (ii) "Shall," "will," "must," and "agrees" are each mandatory;
  - (iii) "may" is permissive;
  - (iv) "or" is not exclusive;

- (v) "includes" and "including" are not limiting; and
- (vi) "between" includes the ends of the identified range.
- (b) The masculine gender shall include the feminine and neuter genders and vice versa.
- (c) Reference to any agreement, document, instrument, or report means such agreement, document, instrument or report as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof
- (d) Except as specifically provided herein, reference to any law, statute, ordinance, regulation or the like means such law as amended, modified, codified or reenacted, in whole or in part and in effect from time to time, including any rules and regulations promulgated thereunder. [Peace Agreement § 1.2.]
- (e) "Best Efforts" as defined in section 1.1 (k) above, shall be construed to mean that indifference and inaction do not constitute Best Efforts. However, futile action(s) are not required. [Peace Agreement § 1.1(d).]
- (f) OBMP Assessments as defined in section 1.1(zz) above, shall be deemed Administrative Expenses under Paragraph 54 of the Judgment. OBMP Assessments do not include assessments levied as provided in Section 5.1(g) of the Peace Agreement. Upon the expiration of the Peace Agreement, no conclusion of "general benefit" may be drawn based upon the manner in which the assessments have been made during the term of the Peace Agreement. [Peace Agreement § 1.1(cc).]
- (g) The definition of the terms Recharge and Recharge Water in section 1.1(ttt) above, shall not be construed to limit or abrogate the authority of CBWCD under general law. [Peace Agreement § 1.1(nn).]
- (h) The right of a party to receive a credit if Watermaster compels a Groundwater Production facility to be shut down and/or moved under section 4.5 below, shall not be construed in determining the extent of Watermaster's authority under the Judgment, if any, to compel the shut-down of a well.
- (i) These Rules and Regulations should not be construed as placing any limitation on the export of Supplemental Water other than as may be provided in the Judgment, except as may be necessary as a condition to prevent Material Physical Injury (see specifically section 8.3 below).

1.3 Consistency with Judgment, Peace Agreement, and Peace II Agreement. These Rules and Regulations shall be construed consistent with the Judgment, the Peace Agreement, and the Peace II Agreement. In the event of a conflict between these Rules and Regulations and the Judgment, the Peace Agreement, or the Peace II Agreement, the Judgment, the Peace

Agreement, and Peace II Agreement shall prevail. In the event of a conflict between the Peace Agreement, or the Peace II Agreement and the Judgment, the Judgment shall control.

- 1.4 No Prejudice. No provision of these Rules and Regulations shall be used to construe the power and authority of the Advisory Committee or the Watermaster Board inter-se under the Judgment.
- 1.5 Amendment of Rules. These Rules and Regulations may be amended by Watermaster only upon the prior approval of the Watermaster Advisory Committee.
- 1.6 Repeal of Existing Rules and Regulations. Watermaster's existing Rules and Regulations are repealed upon the adoption of this ~~2021~~2022 Update to the 2019 Chino Basin Watermaster Rules and Regulations and along with the previously repealed Uniform Groundwater Rules and Regulations, they will have no further force and effect. However, all other rules and regulations, which includes the Rules for the Advisory Committee and for each of the three Pools, shall remain in effect.

## ARTICLE II ADMINISTRATION

- 2.0 Principal Office. The principal office of Watermaster shall be the Chino Basin Watermaster business office, currently located at 9641 San Bernardino Road, Rancho Cucamonga, California 91730, telephone number 909-484-3888, fax number 909-484-3890, and e-mail [info@cbwm.org](mailto:info@cbwm.org), or at such other location or locations as may be designated from time to time by Watermaster Resolution and filed with the Court.
- 2.1 Records. The minutes of Watermaster meetings shall be open to inspection and maintained at the principal office. [Based on Judgment ¶ 37(d).] Copies of minutes may be obtained upon payment of the duplication costs thereof. Copies of other records may be obtained on the payment of the duplication costs thereof and pursuant to Watermaster policy. Watermaster shall maintain a website (presently [www.cbwm.org](http://www.cbwm.org)). Watermaster Staff shall publish those records and other matters that it deems to be of interest to the parties to the Judgment, the general public or the Court on its website.
- 2.2 Regular Meetings. Regular meetings shall be held at the principal office of Watermaster pursuant to Watermaster policy at such time(s) as may be contained in the necessary notice(s) thereof [Based on Judgment ¶ 37 (b).] As a matter of policy, Watermaster shall generally operate in accordance with the provisions of the California Open Meetings Law (Brown Act). However, in the event of conflict, the procedures set forth in these Rules and Regulations shall control.
- 2.3 Special Meetings. Special meetings may be called at any time by a majority of the Watermaster Board by delivering notice thereof at least twenty-four (24) hours before the time of each such meeting in the case of personal delivery (including faxes and ~~electronic mail~~ ~~e-mail~~), and ninety-six (96) hours in the case of mail. [Based on Judgment ¶ 37 (c).]
- 2.4 Adjournment. Any meeting may be adjourned to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. A copy of the order or notice of adjournment shall be conspicuously posted forthwith on or near the door of the place where the meeting was held. [Based on Judgment ¶ 37 (e).]
- 2.5 Public Meetings/Hearings. All meetings, whether regular or special, shall be open to the public unless they are properly designated as a confidential session. Whenever a Public Hearing shall be required therein, written notice of such public hearing containing the time, date and place of Public Hearing, together with the matter to be heard thereat, shall be given to all Active Parties and each such person who has requested, in writing, notice of such meeting, at least ten (10) days prior to said Public Hearing. At such Public Hearing, evidence shall be taken with regard to only the matters noticed, unless a sufficient urgency shall exist to the contrary, and full findings and decisions shall be issued and made available for public inspection. Notwithstanding the provisions of this section 2.5, the provisions of Article X shall control when applicable.

2.6 Confidential Sessions.

- (1) The Watermaster Board may hold confidential sessions authorized by this Rule .A confidential session may be held by the Watermaster Board and, at a minimum, the chairs of the three Pools (Appropriative, Agricultural and Non-Agricultural) to, in a manner consistent with the Judgment:
  - (i) meet with counsel to discuss or act on pending or threatened litigation involving Watermaster; or
  - (ii) discuss personnel matters of Watermaster employees involving individual employees; or
  - (iii) discuss contract negotiations involving Watermaster.
- (2) Minutes shall not be taken for confidential sessions of the Watermaster Board, but a confidential memorandum shall be prepared to describe attendance and votes on decisions.
- (3) Notice of confidential sessions of the Watermaster Board shall be as provided in section 2.7.
- (4) A report on any action taken at the confidential session of the Watermaster Board shall be given both immediately following the conclusion of the confidential session and at the next regular meeting of the Watermaster Board.
- (5) The Advisory Committee may hold a confidential session on any matter authorized by its own resolution.

2.7 Notice. Notices shall be given in writing to all Active Parties and each such person who has requested notice in writing, and shall specify the time and place of the meeting and the business to be transacted at the meeting. Notice may be provided by either facsimile or ~~electronic~~ maile-mail delivery if the party so consents to such delivery. [Based on Judgment ¶ 37(c).] Delivery of notice shall be deemed made on the date personally given or within ninety-six (96) hours of deposit thereof in the United States mail, first class, postage prepaid, addressed to the designee and at the address in the latest designation filed by such person. Copies of all notices shall be published on the Watermaster website. Watermaster will maintain a current list of the names of active parties and their addresses for the purpose of providing service, and will maintain a current list of the names and addresses of all parties to the Judgment. [Judgment ¶ 58.]

2.8 Quorum. A majority of the Board acting as Watermaster shall constitute a quorum for the transaction of the affairs or business. [Based on Judgment ¶ 35.]

2.9 Voting Procedures. Only action by affirmative vote of a majority of the members of the Watermaster Board present and acting as Watermaster shall be effective. All actions may

be adopted by voice vote, but upon demand of any member of a Board acting as Watermaster, the roll shall be called and the ayes and noes recorded in the minutes of the proceedings. Every member of a Board acting as Watermaster, in attendance, unless disqualified by reason of an opinion of the Watermaster counsel that the member of the board has a conflict of interest, shall be required to vote.

2.10 Conflict of Interest. Watermaster is an interest based governing structure in which various interests must be represented in decision-making. It is expected and preferred that each interest be allowed to participate in Watermaster decisions except as provided in these Rules and Regulations. Each member of the Watermaster Board or the Advisory Committee shall vote on matters before the Board or Advisory Committee unless that member has a conflict of interest as described in this Rule or other provision of general law. No member of the Watermaster Board or Advisory Committee may vote, participate in meetings or hearings pertaining to, or otherwise use his or her position to influence a Watermaster decision in which he knows or has reason to know he has both a direct personal and financial interest.

(a) Subject to the qualification provided for in section 2.10(b) herein, a member of the Watermaster Board or Advisory Committee is deemed to have a direct personal and financial interest in a decision where it is reasonably foreseeable that the decision will have a material effect on the Watermaster member, members of his or her immediate family, or the Watermaster member's other business, property, and commercial interests.

(b) To be classified as a direct personal and financial interest, the particular matter must be distinguishable from matters of general interest to the respective pool (Appropriative, Non-Agricultural, or Agricultural) or party to the Judgment, which the Watermaster member has been appointed to represent on the Watermaster Board or Advisory Committee. The member must stand to personally gain discrete and particular advantage from the outcome of the decision beyond that generally realized by any other person or the interests he or she represents. Moreover, Watermaster representatives are expressly intended to act in a representative capacity for their constituents. A member of the Board or Advisory Committee shall not be considered to have a discrete and particular financial advantage unless a decision may result in their obtaining a financial benefit that is not enjoyed by any other person. In those instances where the Board member or Advisory Committee member does have a conflict of interest, that respective interest may be represented by that interest's designated alternate and the Board or Advisory Committee member with the identified conflict of interest may address the Board or Committee or participate in the hearing or meeting as a party to the Judgment.

2.11 Minutes. The secretary (or in the absence thereof any person so designated at said meeting) shall cause the preparation and subscription of the minutes of each meeting and make available a copy thereof to all Active Parties and each person who has filed a request for copies of all minutes or notices in writing. The minutes shall constitute notice of all actions

therein reported. Unless a reading of the minutes is ordered by a majority of the members of the Board acting as Watermaster, minutes may be approved without reading. [Based on Judgment ¶ 37(d).] Watermaster shall publish a copy of its minutes on the Watermaster website.

- 2.12 Rules of Order. Except as may be provided herein, the procedures of the conduct of any meeting shall be governed by the latest revised edition of Roberts' Rules of Order. However, such rules, adopted to expedite the transaction of the business in an orderly fashion, are deemed to be procedural only and failure to strictly observe such rules shall not affect the jurisdiction or invalidate any action taken at a meeting that is otherwise held in conformity with law.
- 2.13 Compensation. Members of Watermaster shall receive compensation from Watermaster for attendance at meetings, regular or special, in an amount as approved by the Court, together with reasonable expenses related to the respective activities thereof, subject to applicable provisions of law. A Watermaster Board member has three Options with regard to payment of compensation. Option 1 is have the payment payable directly to the Board member under the Board member's name; Option 2 is to have the payment payable directly to the Board member's employer/agency; and Option 3 is for the Board member to waive the compensation payment. Option 1 or 2 requires completion and submission of a signed W •9 form. [Based on Judgment ¶ 18 (as amended).]
- 2.14 Employment of Experts and Agents. Watermaster may employ or retain such administrative, engineering, geologic, accounting, legal or other specialized personnel and consultants as it may deem appropriate and shall require appropriate bonds from all officers and employees handling Watermaster funds. Watermaster shall maintain records for purposes of allocating costs of such services as well as of all other expenses of Watermaster administration as between the several pools established by the Physical Solution of the Judgment. No member of the Watermaster Advisory Committee or any Pool Committee may be employed or compensated by Watermaster for professional or other services rendered to such committee or to Watermaster other than as provided in section 2.13 above. [Based on Judgment ¶ 20.]
- 2.15 Acquisition of Facilities. Watermaster may purchase, lease, acquire and hold all necessary facilities and equipment; provided, that it is not the intent of the Judgment that Watermaster acquire any interest in real property or substantial capital assets. [Judgment ¶ 19 and Peace Agreement § 5.1(h).]
- 2.16 Investment of Funds. Watermaster may hold and invest all Watermaster funds in investments authorized from time to time for public agencies of the State of California, taking into consideration the need to increase the earning power of such funds and to safeguard the integrity thereof. [Based on Judgment ¶ 23.]
- 2.17 Borrowing. Watermaster may borrow from time to time, amounts not to exceed the annual anticipated receipts of Watermaster during such year. [Judgment ¶ 24.]



- 2.18 Contracts. Watermaster may enter into contracts and agreements for the performance of any of its powers pursuant to the Judgment.
- 2.19 Cooperation with Other Agencies. Watermaster may, subject to the prior recommendation of the Advisory Committee, act jointly or cooperate with agencies of the United States of America, and the State of California or any political subdivisions, municipalities, districts or any person to the end that the purpose of the Physical Solution of the Judgment may be fully and economically carried out. [Based on Judgment ¶ 26.]
- 2.20 Annual Administrative Budget. Watermaster shall submit to the Advisory Committee, after Pool Committee review and approval, an administrative budget and recommendation for action for each subsequent Fiscal Year on or before March 1. The Advisory Committee shall review and submit the budget and their recommendations to Watermaster on or before April 1, next following. Watermaster shall hold a public hearing on the budget which was approved by Advisory Committee at an April meeting of each year and adopt the annual administrative budget which shall include the administrative items for each committee. The administrative budget shall set forth budgeted items in sufficient detail as necessary to make a proper allocation of expenses among the several pools, together with Watermaster's proposed allocation. The budget shall contain such additional comparative information or explanation as the Advisory Committee may recommend from time to time. Expenditures within the budgeted items may thereafter be made by Watermaster in the exercise of its powers, as matter of course. Any budget transfer in excess of 20% of a budget category, or modification of the administrative budget during any year shall be first submitted to the Advisory Committee for review and recommendation. [Based on Judgment ¶ 30.]
- 2.21 Annual Report. Watermaster shall prepare and make available an annual report, which shall be filed on or before January 31 of each year and shall contain details as to the operation of each of the pools, a certified audit of all assessments and expenditures pursuant to the Physical Solution of the Judgment and a review of Watermaster activities. [Based on Judgment ¶ 48.] The annual report shall generally include an update on the status of the parties' efforts to implement the OBMP. On a biannual basis, the annual report shall include an engineering appendix which contains a more specific "state of the Basin" report including an update on the status of individual OBMP related activities such as monitoring results and Watermaster's analysis of Hydrologic Balance. The annual report shall also include a compilation of any amendments to these Rules and Regulations made by Watermaster during the prior twelve (12) months and serve as notice to the Court of the amendments.
- 2.22 Studies. Watermaster may, with concurrence of the Advisory Committee or affected Pool Committee and in accordance with Paragraph 54(b) of the Judgment, undertake relevant studies of hydrologic conditions, both quantitative and qualitative, and operating aspects of implementation of the Chino Basin OBMP. [Judgment ¶ 27.]
- 2.23 Demonstrated CEQA Compliance. Watermaster shall not approve any request made under the Judgment or these Rules and Regulations where the proposed action also constitutes a

"project" within the meaning of CEQA unless the Watermaster finds that the person requesting Watermaster approval has demonstrated CEQA compliance.

- 2.24 Notice of Litigation. Watermaster shall provide reasonable notice to the parties to the Judgment of any threatened or existing litigation affecting Watermaster or that challenges the legality, validity, or enforceability of the Judgment, the Peace Agreement, the OBMP Implementation Plan or the Rules and Regulations.
- 2.25 Defense of Judgment. Watermaster shall reasonably defend the Judgment, the Peace Agreement, the Peace II Agreement, the OBMP Implementation Plan, and these Rules and Regulations against challenges brought by persons who are not parties to the Judgment. These costs incurred by Watermaster in defending the Judgment, the Peace Agreement, the Peace II Agreement, the OBMP Implementation Plan, and these Rules and Regulations shall be considered a Watermaster general administrative expense. However, the State of California shall not be obligated to reimburse Watermaster for any legal or administrative costs incurred in such defense. [Based on Peace Agreement § 4.1.]
- 2.26 Written Reports. All reports required to be provided by Watermaster under these Rules and Regulations shall be provided in written form unless the context requires otherwise.
- 2.27 Interventions. Watermaster will receive and make recommendations regarding petitions for intervention and accumulate them for filing with the Court from time to time. [Judgment ¶ 60 and Order re Intervention Procedures, July 14, 1978.]
- 2.28 Advisory Committee and Pool Administration. Administration of each of the three Pools is not governed by these Rules and Regulations. Each of these entities has its own rules and shall thereby be governed by those rules. The Advisory Committee shall also be governed by its own rules and procedures. However, when these Rules and Regulations make express reference to the Advisory Committee and the context requires such a construction, these Rules and Regulations shall control.

### **ARTICLE III MONITORING**

- 3.0 Scope. Watermaster will carry out the monitoring activities described under Program Element 1 of the OBMP and, as described in the OBMP Implementation Plan. Monitoring procedures not described by this Article III, shall be implemented through the development of appropriate Watermaster policies and procedures as necessary. Any such policies and procedures adopted by resolution or minute action shall be reported to the Court in Watermaster's annual report.
- 3.1 Meters. This section sets forth Watermaster's rules and procedures for monitoring Groundwater Production by metering.
- (a) Reporting. Any person Producing in excess of ten (10) acre-feet per year shall install and maintain in good operating condition, at the cost of each such person except as provided in (b) below, such meters as Watermaster may deem necessary. Any such measuring device shall be subject to regular inspection and testing as the Watermaster may, from time to time, require, but at a minimum every two years. [Judgment ¶ 21.]
  - (b) Watermaster shall provide a meter testing service with a complete line of carefully calibrated test equipment. Any Producer may request an evaluation of any or all of its water meters at any time. Watermaster shall only pay for tests initiated by Watermaster and for all tests on meters owned by Watermaster
  - (c) Agricultural Pool Meters.
    - (i) Any assessment levied by Watermaster on the members of the Agricultural Pool to fund the installation of meters which is set forth in the Judgment, paragraph 21 regarding metering, shall be paid by the Appropriate Pool. Members of the Agricultural Pool, shall have no obligation to pay for or assume any duty with regard to the installation of meters. The obligation to install and maintain and replace meters on wells owned or operated by members of the Agricultural Pool shall be that of the Watermaster. [Peace Agreement § 5.6(a).]
    - (ii) Agricultural Pool meters shall be installed within thirty-six (36) months of the Date of Execution. Watermaster shall be responsible for providing the meter, as well as paying the cost of any installation, maintenance, inspection, testing, calibrating and repairing. The members of the Agricultural Pool shall provide reasonable access during business hours to a location reasonably appropriate for installation, inspection, testing, calibrating and repairing of a meter. [Peace Agreement § 5.6(b).] However, the State of California reserves its right to continue to install, operate, maintain, inspect, test and repair its own meters on wells owned or operated

by the State, unless it consents to installation by Watermaster in which case Watermaster assumes the cost. [Peace Agreement § 5.6(c).]

- (iii) Watermaster shall test every Agricultural Pool meter other than those owned by the State of California on an active well under Watermaster's jurisdiction at least once every two years.

3.2 Reporting by Producers. Each party, or Responsible Party Producing water from the Basin, shall file with Watermaster on forms provided therefore, a quarterly report of the total water Production of that Producer during the preceding calendar quarter, together with such additional information as Watermaster and/or the affected Pool Committee may require. The report shall be due on the 15th day of the month next succeeding the end of each respective calendar quarter, i.e., April 15, July 15, October 15 and January 15, except for minimal Producers, whose reports are due annually by July 15. [Judgment ¶ 47.] Watermaster shall annually estimate the quantity of water Produced by "minimal producers" by any reasonable means, including but not limited to the use of a water duty factor dependent upon the type of use and/or acreage.

3.3 Error Corrections. All reports or other information submitted to Watermaster by the parties shall be subject to a four-year limitations period regarding the correction of errors contained in such submittals. In addition, all information generated by Watermaster shall be subject to the same four-year limitations period. All corrections to errors shall apply retroactively for no more than four years.

**ARTICLE IV  
ASSESSMENTS, REIMBURSEMENTS AND CREDITS**

- 4.0 Scope. This Article sets forth Watermaster's rules and procedures regarding, assessments, reimbursements and credits.
- 4.1 Assessments. Watermaster shall levy assessments against the parties (other than Minimal Producers complying herewith) based upon Production during the preceding Production period. The assessment shall be levied by Watermaster pursuant to the pooling plan adopted for the applicable pool. [Based on Judgment ¶ 53.] Assessments shall cover the cost of Replenishment Water and the expenses of Watermaster administration which shall be categorized as either (a) general, or (b) special project expense.
- (a) General Administrative Watermaster Expense shall include office rental, general personnel expense, supplies and office equipment and related incidental expense and general overhead. [Judgment ¶ 54(a).]
  - (b) Special Project Expense shall consist of special engineering, economic or other studies, litigation expense, meter testing or other major operating expenses. Each such project shall be assigned a task order number and shall be separately budgeted and accounted for. [Judgment ¶ 54(b).]
  - (c) General Watermaster administrative expense shall be allocated and assessed against the respective pools based upon allocations made by the Watermaster, who shall make such allocations based upon generally-accepted cost accounting methods. [Judgment ¶ 54.]
  - (d) Special project expense shall be allocated to a specific pool, or any portion thereof, only upon the basis of prior express assent and finding of benefit by the appropriate Pool Committee, or pursuant to written order of the Court. [Judgment ¶ 54.]
  - (e) Minimal Producers shall be exempted from payment of assessments upon filing of the Production reports referred to in section 3.2 hereof and payment of an annual five dollar (\$5.00) administrative fee with the annual Production report. [Based on Judgment ¶ 52.] In addition, any Minimal Producer who is a member of the Appropriative Pool or the Non-Agricultural Pool and who has no quantified right to Produce water, shall pay a replenishment assessment upon the water that it Produces.
  - (f) Notwithstanding the foregoing, Watermaster shall levy assessments for the 6,500 acre-feet per year as provided in section 5.1(g) of the Peace Agreement and the cost and allocation of this Supplemental Water shall be apportioned pro rata among the members of the Appropriative Pool under the Judgment according to the Producer's assigned share of Operating Safe Yield. [Peace Agreement § 5.1(g)(ii) (inclusion

of word "Operating" to correct mis-phrasing of Peace Agreement as required by the context in the Peace Agreement).]

- 4.2 OBMP Assessments. Watermaster Assessments for implementation of the OBMP shall be considered a Watermaster Administrative Expense pursuant to paragraph 54 of the Judgment.
- 4.3 Assessment - Procedure. Assessments shall be levied and collected as follows:
- (a) Notice of Assessment. Watermaster shall give written notice of all applicable assessments to each party as provided in the Judgment not later than October 31 of each year [Judgment ¶ 55(a).];
  - (b) Payment. Each assessment shall be payable on or before thirty (30) days after the date of invoice, and shall be the primary obligation of the party or successor owning the water Production facility at the time written notice of assessment is given, even though prior arrangement for payment by others has been made in writing and filed with Watermaster [Judgment ¶ 55(b).]; and
  - (c) Delinquency. Any delinquent assessment shall incur a late charge of ten (10%) percent per annum (or such greater rate as shall equal the average current cost of borrowed funds to the Watermaster) from the due date thereof. Delinquent assessments and late charge may be collected in a show-cause proceeding instituted by the Watermaster, in which case the Court may allow Watermaster's reasonable cost of collection, including attorney's fees. [Judgment ¶ 55(c).]
- 4.4 Assessment Adjustments. The Watermaster shall make assessment adjustments in whole or in part for assessments to any Producer as a result of erroneous Production reports or otherwise as necessary for the reporting period as either a credit or debit in the next occurring assessment package unless otherwise decided by Watermaster.
- (a) All assessments will be based on the assumption that appropriate, timely filed and pending Applications will be approved by Watermaster. If any such Applications are not approved, a supplemental assessment may be levied.
  - (b) Assessment adjustments may be necessary due to overstated Production, understated Production, or errors in the assessment package discovered after the assessments have been approved.
  - (c) Watermaster may cause an investigation and report to be made concerning questionable reports of Production from the Basin.
  - (d) Watermaster may seek to collect delinquent assessments and interest in a show-cause proceeding in which case the Court may allow Watermaster its reasonable costs of collection, including attorney's fees. [Judgment ¶ 55(c).] Alternately,

Watermaster may bring suit in a court having jurisdiction against any Producer for the collection of any delinquent assessments and interest thereon. The court, in addition to any delinquent assessments, may award interest and reasonable costs including attorney's fees.

- 4.5 Credits Against OBMP Assessments and Reimbursements. Watermaster shall exercise reasonable discretion in making its determination regarding credits against OBMP Assessments and reimbursements, considering the importance of the project or program to the successful completion of the OBMP, the available alternative funding sources, and the professional engineering and design standards as may be applicable under the circumstances. However, Watermaster shall not approve such a request for reimbursement or credit against future OBMP Assessments under this section where the Producer or party to the Judgment was otherwise legally compelled to make the improvement. [Peace Agreement § 5.4(d).]
- (a) Any party to the Judgment may make Application for credits against OBMP assessments or for reimbursement by filing a timely Application pursuant to the provisions of this section and Article X of these Rules and Regulations.
  - (b) A party to the Judgment is eligible to be considered for credits or reimbursement for those documented capital, operations and maintenance expenses, including the cost of shutting down and/or relocating Groundwater Production facilities, that are reasonably incurred in the implementation of any project or program that carries out the purposes of the OBMP and specifically relates to the prevention of subsidence in the Basin, upon approval of the request by Watermaster. [Peace Agreement § 5.4(d), as amended.] The purposes of the OBMP shall be those goals set forth in the Phase I Report as implemented through the OBMP Implementation Plan in a manner consistent with the Peace Agreement. [July 13, 2000 Court Order.]
  - (c) Any Producer that Watermaster compels to shut down and/or move a Groundwater Production facility that is in existence on August 1, 2000 shall have the right to receive a credit against future Watermaster assessments or reimbursement up to the reasonable cost of the replacement Groundwater Production facility, including the legal rate of interest on California Judgments. [Peace Agreement § 5.4(e).] In its sole discretion, Watermaster may determine to issue full reimbursement upon approval of the Application or to issue a credit against future Watermaster assessments. However, in the event Watermaster elects to provide a credit in lieu of reimbursement, it must have fully compensated the Producer for the reasonable cost of the replacement Groundwater Production facility through any combination of credits and reimbursements within five years from the date of the Application, unless the Producer consents in writing to a longer period. Note: this section is subject to a rule of construction. See section 1.2(h) above.
  - (d) An Application to Watermaster for reimbursement or a credit against OBMP Assessments shall be considered timely, if and only if the Application has been

approved by Watermaster in advance of construction or the offer by a party to dedicate the facility to carry out the purposes of the OBMP as described in (b) above. [Based on Peace Agreement § 5.4(d).]

- 4.6 Agricultural Pool Assessments and Expenses. During the term of the Peace Agreement, all Assessments and expenses of the Agricultural Pool including those of the Agricultural Pool Committee shall be paid by the Appropriative Pool. This includes but is not limited to OBMP Assessments, assessments pursuant to paragraphs 20, 21, 22, 30, 42, 51, 53, 54 (both general administrative expenses and special project expenses), 55, and Exhibit F (Agricultural Pool Pooling Plan) of the Judgment except however in the event the total Agricultural Pool Production exceeds 414,000 acre-feet in any five consecutive year period as defined in the Judgment, the Agricultural Pool shall be responsible for its Replenishment Obligation pursuant to paragraph 45 of the Judgment. [Peace Agreement § 5.4(a).]
- 4.7 Replenishment Assessments. Watermaster shall levy and collect assessments in each year, pursuant to the respective pooling plans, in the amount of the Replenishment Obligation (including any Desalter Replenishment) for any pool during the preceding year. [Based on Judgment ¶ 51.]
- 4.8 Desalter Replenishment Assessments and Credits. The price of Desalted water to a purchaser of Desalted water does not include the cost of Replenishment. The source of Replenishment shall be those provided in Article VII herein, Article VII of the Peace Agreement, and Article VI of the Peace II Agreement. However, a purchaser of Desalted water may elect to obtain a reduced Assessment levied by Watermaster by dedicating by Transfer, or assignment, some or all of its Production rights to Watermaster for the purpose of satisfying Desalter Replenishment. The amount of the credit granted by Watermaster shall be equal to the value of the cost of Replenishment Water then available from the MWD as interruptible, untreated water or the then prevailing value of the avoided Replenishment Obligation, whichever is less. For purposes of determining Replenishment assessments, water Produced by the Desalters shall be considered Production by the Appropriative Pool.
- 4.9 Consistency with Peace Agreement. The procurement of Replenishment Water and the levy of Assessments shall be consistent with the provisions of section 5.4(a) of the Peace Agreement.
- 4.10 OBMP Committee. Watermaster shall establish a subcommittee (OBMP Committee) for the purpose of coordinating fund raising efforts in furtherance of the OBMP.
  - (a) The subcommittee shall hold a regularly scheduled meeting a minimum of once every quarter.
  - (b) Prior to each subcommittee meeting, Watermaster shall prepare a summary of the funds, loans or grants secured for the purpose of implementing the OBMP over the



past three months and distribute any information it may possess regarding the availability of other potential funds, loans or grants.

**ARTICLE V  
PHYSICAL SOLUTION**

- 5.0 Scope. This Article generally sets forth the standards for Watermaster implementation of the Physical Solution established by the Judgment, including the application of these standards to Watermaster conduct and decisions under the Judgment, these Rules and Regulations and the OBMP.
- 5.1 Physical Solution. It is essential that this Physical Solution provide maximum flexibility and adaptability to use existing future, technological, social, institutional and economic options to maximize beneficial use of the waters of the Chino Basin. [Judgment ¶ 40.]
- 5.2 Watermaster Control. Watermaster, with the advice of the Advisory and Pool Committees, is granted discretionary powers in order to develop its OBMP. [Based on Judgment ¶ 41.]
- 5.3 Basin Management Parameters. Watermaster shall consider the following parameters in implementing the Physical Solution under Articles VI - X of these Rules and Regulations:
- (a) Pumping Patterns. Chino Basin is a common supply for all persons and agencies utilizing its waters. It is an objective in management of the Basin's waters that no Producer be deprived of access to said waters by reason of unreasonable pumping patterns, nor by regional or localized Recharge of Replenishment Water, insofar as such result may be practically avoided. [Judgment Exhibit "I".]
  - (b) Water Quality. Maintenance and improvement of water quality is a prime consideration and function of management decisions by Watermaster. [Judgment Exhibit "I".]
  - (c) Economic Considerations. Financial feasibility, economic impact and the cost of optimum use of the Basin's resources and the physical facilities of the parties are objectives and concerns equal in importance to water quantity and quality parameters. [Judgment Exhibit "I".]

**ARTICLE VI**  
**SAFE YIELD AND OPERATING SAFE YIELD**

- 6.0 Scope. This Article sets forth the rules and procedures that are applicable to Watermaster's regulation, control, and management of Safe Yield and Operating Safe Yield.
- 6.1 Annual Production Right. The Annual Production Right shall be calculated by Watermaster pursuant to the Judgment and the Peace Agreement.
- 6.2 New Yield. The Judgment provides that Safe Yield may need to be periodically adjusted based on more accurate and updated data and based on evidence of increased capture of native water and increased return flow from use of Replenishment or Stored Water. Safe Yield can only be re-determined periodically when long-term data or evidence is developed in support thereof. In order to encourage maximization of Basin Water under the Physical Solution, New Yield shall be accounted for by Watermaster in interim periods between re-determinations of Safe Yield.
- (a) Proven increases in yield in quantities greater than the historical level of contribution from certain Recharge sources may result from changed conditions including, but not limited to, the increased capture of rising water, increased capture of available storm flow, and other management activities. These increases are considered New Yield.
  - (b) To the extent the New Yield arises from conditions, programs or projects implemented and operational after July 1, 2000, it is available for allocation by Watermaster as a component of the Annual Production Right for each member of the Appropriative Pool.
  - (c) As part of the documentation for the assessments and annual report for each year, Watermaster will provide a summary and analysis of the historical recharge and whether there are changed conditions that have resulted in a quantity of New Yield.
  - (d) Except as described in section 6.2(f) below, pursuant to the Peace Agreement and the Peace II Agreement, any New Yield shall first be assigned to offsetting Desalter Replenishment Obligations in the immediately following year and as reasonably required to satisfy expected future Replenishment Obligations arising from the Desalter. If there is water in the Watermaster Desalter Replenishment Account to satisfy the Desalter Replenishment Obligation for the year, the New Yield shall be made available to the Appropriative Pool to satisfy a Replenishment Obligation consistent with section 7.5(a)(3) herein.
  - (e) New Yield is expected to result from a variety of conditions, including but not limited to enhanced Basin management, increased stormwater Recharge, induced Recharge from operation of the Desalters, injection, and changes in land use patterns. Watermaster has established an initial baseline quantity of stormflow

Recharged in the Basin under historical conditions in the amount of 5,600 acre-feet per year. Any party to the Judgment may request Watermaster to re-examine this initial estimate of the baseline quantity and to adjust the quantity in accordance with best available technology and substantial evidence.

- (f) The storm flow component of Recharge determined by Watermaster to be part of New Yield shall be allocated to the Appropriators according to their percentages of Safe Yield under the Judgment. Notwithstanding section 7.5(c) of the Peace Agreement, those amounts will continue to be dedicated in those percentages to the Appropriators if that storm flow Recharge is subsequently determined to be Safe Yield. [First Amendment to Peace Agreement, ¶ 2.]

6.3 Accounting of Unallocated Agricultural Portion of Safe Yield.

- (a) In each year, the 82,800 acre-feet being that portion of the Safe Yield made available to the Agricultural Pool under the Judgment, shall be made available in the following sequence:
  - (i) To the Agricultural Pool to satisfy all demands for overlying Agricultural Pool lands;
  - (ii) To supplement, in the particular year, water available from Operating Safe Yield to compensate for any reduction in the Safe Yield by reason of recalculation thereof;
  - (iii) To land use conversions that were completed prior to October 1, 2000;
  - (iv) To land use conversions that have been completed after October 1, 2000; and
  - (v) To the Early Transfer of the quantity of water not Produced by the Agricultural Pool that is remaining after all the land use conversions are satisfied pursuant to section 5.3(h) of the Peace Agreement from the Agricultural Pool to the Appropriative Pool in accordance with their pro-rata assigned share of Operating Safe Yield.
- (b) In the event actual Production by the Agricultural Pool exceeds 414,000 acre-feet in any five years, the Agricultural Pool shall procure sufficient quantities of Replenishment Water to satisfy over-Production obligations, whatever they may be.

6.4 Conversion Claims. The following procedures may be utilized by any Appropriator:

- (a) Record of Unconverted Agricultural Acreage. Watermaster shall maintain on an ongoing basis a record, with appropriate related maps, of all agricultural acreage

within the Chino Basin subject to being converted to appropriate water use pursuant to the provisions of this subparagraph.

- (b) Record of Water Service Conversion. Any Appropriator who undertakes to permanently provide water service to any portion of a legal parcel subject to conversion shall report such change to Watermaster. Watermaster shall ensure that when a partial conversion occurs, that the water use on the acreage is properly metered. For all or any portion of the legal parcel that is proposed for conversion, Watermaster shall thereupon verify such change in water service and shall maintain a record and account for each Appropriator of the total acreage involved. Should, at any time, all or any portion of the converted acreage return to agricultural overlying use, Watermaster shall return such acreage that returns to agricultural use to unconverted status and correspondingly reduce or eliminate any allocation accorded to the Appropriator involved.

#### 6.5 Recalculation of Safe Yield.

- (a) Prior Safe Yield Resets. Pursuant to the Court's Orders for Watermaster's Motion Regarding 2015 Safe Yield Reset Agreement, Amendment of Restated Judgment, Paragraph 6, dated April 28, 2017, effective July 1, 2010 and continuing until June 30, 2020, the Safe Yield for the Basin was reset at 135,000 AFY. Pursuant to the Orders Regarding Chino Basin Watermaster Motion Regarding 2020 Safe Yield Reset, Amendment of Restated Judgment, Paragraph 6, dated July 31, 2020, effective July 1, 2020 and continuing until June 30, 2030, the Safe Yield for the Basin was reset at 131,000 AFY. For all purposes arising under the Judgment, the Peace Agreements and the OBMP Implementation Plan, the Safe Yield shall be 131,000 AFY, without exception, unless and until Safe Yield is reset in accordance with the procedures set forth in this Section 6.5, and determined by the Court pursuant to its retained continuing jurisdiction.
- (b) Scheduled Resets. Watermaster will initiate a process to evaluate and reset the Safe Yield by July 1, 2030 as further provided in this Section 6.5. Subject to the provisions of Section 6.5(c) below, the Safe Yield, as it is reset effective July 1, 2030 will continue until June 30, 2040. Watermaster will initiate the reset process, taking into account then prevailing best management practices and advances in hydrological science, no later than July 1, 2028, in order to ensure that the Safe Yield, as reset, may be approved by the court no later than June 30, 2030. (Orders Regarding Chino Basin Watermaster Motion Regarding 2020 Safe Yield Reset, Amendment of Restated Judgment, Paragraph 6, dated July 31, 2020 at 15.) Watermaster must present its evaluation and recommendation regarding Safe Yield for the period July 1, 2030, and ending June 30, 2040, to the Parties to the Judgment no later than January 1, 2030. (Orders Regarding Chino Basin Watermaster Motion Regarding 2020 Safe Yield Reset, Amendment of Restated Judgment, Paragraph 6, dated July 31, 2020 at 15.) Consistent with the provisions of the OBMP Implementation Plan, thereafter Watermaster will conduct a Safe Yield evaluation

and reset process no less frequently than every ten years. This Section 6.5(b) is deemed to satisfy Watermaster's obligation, under Paragraph 3.(b) of Exhibit "I" to the Judgment, to provide notice of a potential change in Operating Safe Yield.

- (c) Interim Correction. In addition to the scheduled reset set forth in Section 6.5(b) above, the Safe Yield may be reset in the event that:
- (i) with the recommendation and advice of the Pools and Advisory Committee and in the exercise of prudent management discretion described in Section 6.5(e)(iii), below, Watermaster recommends to the court that the Safe Yield must be changed by an amount greater (more or less) than 2.5% of the then-effective Safe Yield.
  - (ii) The California State Water Resources Control Board develops water conservation measures prior to June 30, 2030, that result in a reduction in urban irrigation in the Chino Basin (i.e., reduced Evapotranspiration Adjustment Factors), as required by Water Code § 10609, et seq., that is reasonably likely to materially reduce recharge in the Chino Basin and such measures are determined to change the Safe Yield by more than 2.5% of the then-effective Safe Yield, and Watermaster ~~recommends to~~ moves the court ~~Court that to reset~~ the Safe Yield ~~must be changed by an amount greater (more or less) than 2.5% of the then-effective Safe Yield accordingly.~~ (Orders Regarding Chino Basin Watermaster Motion Regarding 2020 Safe Yield Reset, Amendment of Restated Judgment, Paragraph 6, dated July 31, 2020 at 15.)
- (d) Safe Yield Reset Methodology. The Safe Yield shall be subsequently evaluated pursuant to the methodology set forth in the Reset Technical Memorandum. The reset will rely upon long-term hydrology and will include data from 1921 to the date of the reset evaluation. The long-term hydrology will be continuously expanded to account for new data from each year, through July 2030, as it becomes available. This methodology will thereby account for short-term climatic variations, wet and dry. Based on the best information practicably available to Watermaster, the Reset Technical Memorandum sets forth a prudent and reasonable professional methodology to evaluate the then prevailing Safe Yield in a manner consistent with the Judgment, the Peace Agreements, and the OBMP Implementation Plan. In furtherance of the goal of maximizing the beneficial use of the waters of the Chino Basin, Watermaster, with the recommendation and advice of the Pools and Advisory Committee, may supplement the Reset Technical Memorandum's methodology to incorporate future advances in best management practices and hydrologic science as they evolve over the term of this order.
- (e) Annual Data Collection and Evaluation. In support of its obligations to undertake the reset in accordance with the Reset Technical Memorandum and this Section 6.5, Watermaster shall annually undertake the following actions:

- (i) Ensure that, unless a Party to the Judgment is excluded from reporting, all production by all Parties to the Judgment is metered, reported, and reflected in Watermaster's approved Assessment Packages;
  - (ii) Collect data concerning cultural conditions annually with cultural conditions including, but not limited to, land use, water use practices, production, and facilities for the production, generation, storage, recharge, treatment, or transmission of water;
  - (iii) Evaluate the potential need for prudent management discretion to avoid or mitigate undesirable results including, but not limited to, subsidence, water quality degradation, and unreasonable pump lifts. Where the evaluation of available data suggests that there has been or will be a material change from existing and projected conditions or threatened undesirable results, then a more significant evaluation, including modeling, as described in the Reset Technical Memorandum, will be undertaken; and,
  - (iv) As part of its regular budgeting process, develop a budget for the annual data collection, data evaluation, and any scheduled modeling efforts, including the methodology for the allocation of expenses among the Parties to the Judgment. Such budget development shall be consistent with section 5.4(a) of the Peace Agreement.
- (f) Modeling. Watermaster shall cause the Basin model to be updated and a model evaluation of Safe Yield, in a manner consistent with the Reset Technical Memorandum, to be initiated no later than January 1, 2024, in order to ensure that the same may be completed by June 30, 2025.
- (g) Peer Review. The Pools shall be provided with reasonable opportunity, no less frequently than annually, for peer review of the collection of data and the application of the data collected in regard to the activities described in Section 6.5(d), (e), and (f) above.
- (h) No Retroactive Accounting. Notwithstanding that the initial Safe Yield reset, described in Section 6.5(a) above, was effective as of July 1, 2010, Watermaster will not, in any manner, including through the approval of its Assessment Packages, seek to change prior accounting of the prior allocation of Safe Yield and Operating Safe Yield among the Parties to the Judgment for Production Years prior to July 1, 2014.

## **ARTICLE VII RECHARGE**

7.0 Scope. This Article sets forth the standards that are applicable to Watermaster's review of Recharge actions by all persons that may be subject to the Judgment as well as Watermaster's efforts to administer, direct, and arrange for Recharge in accordance with the Judgment.

7.1 In General

- (a) Watermaster shall administer, direct and arrange for the Recharge of all water in a manner pursuant to the Judgment, the Peace and Peace II Agreements and the OBMP in a manner that causes no Material Physical Injury to any party to the Judgment or the Chino Basin. Nothing herein shall be construed as committing a Party to provide Supplemental Water upon terms and conditions that are not deemed acceptable to that party. This means that no party to the Judgment shall be individually and independently obligated to purchase or acquire Supplemental Water on behalf of another party to the Judgment. [Peace Agreement § 5.1(e).] Applications to engage in Recharge activities shall be processed in accordance with the provisions of Article X using the forms provided by Watermaster attached hereto as Appendix 1.
- (b) Watermaster shall exercise its Best Efforts to:
  - (i) Protect and enhance the Safe Yield of the Chino Basin through Replenishment and Recharge [Peace Agreement § 5.1(e).];
  - (ii) Ensure there is sufficient Recharge capacity for Recharge water to meet the goals of the OBMP and the future water supply needs within the Chino Basin [Peace Agreement § 5.1(e).];
  - (iii) Evaluate the long term Hydrologic Balance within all areas and subareas of the Chino Basin;
  - (iv) Make its initial report on the then existing state of Hydrologic Balance by July 1, 2003, including any recommendations on Recharge actions which may be necessary under the OBMP. Thereafter Watermaster shall make written reports on the long term Hydrologic Balance in the Chino Basin every two years;
  - (v) Use and consider the information provided in the reports under (iv) above, when modifying or updating the Recharge Master Plan and in implementing the OBMP;



- (vi) Evaluate the potential or threat for any Material Physical Injury to any party to the Judgment or the Chino Basin, including, but not limited to, any Material Physical Injury that may result from any Transfer of water in storage or water rights which is proposed in place of physical Recharge of water to Chino Basin in accordance with the provisions of section 5.3 of the Peace Agreement [Peace Agreement § 5.1(e).];
  - (vii) Cooperate with owners of existing Recharge facilities to expand/improve/preserve Recharge facilities identified in the Recharge Master Plan; arrange for the construction of the works and facilities necessary to implement the quantities of Recharge identified in the OBMP Implementation Plan [Peace Agreement § 5.1(e)(ix)] and cooperate with appropriate entities to construct and operate the new Recharge facilities that are identified in the Recharge Master Plan;
  - (viii) Ensure that its Recharge efforts under the Recharge Master Plan are consistent with the Judgment, and the Peace Agreement;
  - (ix) Establish and periodically update criteria for the use of water from different sources for Replenishment purposes [Peace Agreement § 5.1(e)(v).];
  - (x) Ensure a proper accounting of all sources of Recharge to the Chino Basin [Peace Agreement § 5.1(e)(vi).];
  - (xi) Recharge the Chino Basin with water in any area where Groundwater levels have declined to such an extent that there is an imminent threat of Material Physical Injury to any party to the Judgment or the Basin [Peace Agreement § 5.1(e)(vii).];
  - (xii) Maintain long-term Hydrologic Balance between total Recharge and discharge within all areas and sub-areas [Peace Agreement § 5.1(e)(viii).]; and
  - (xiii) Use water of the lowest cost and the highest quality, giving preference as far as possible to the augmentation and the Recharge of native storm water. [Peace Agreement § 5.1(f).]
- (c) Recharge Master Plan. The Recharge Master Plan will address how the Basin will be contemporaneously managed to secure and maintain Hydraulic Control and subsequently operated at a new equilibrium at the conclusion of the period of Re-Operation. The Recharge Master Plan will be jointly approved by IEUA and Watermaster and shall contain recharge estimations and summaries of the projected water supply availability as well as the physical means to accomplish the recharge projections. Specifically, the Recharge Master Plan will reflect an appropriate schedule for planning, design, and physical improvements as may be required to

provide reasonable assurance that following the full beneficial use of the groundwater withdrawn in accordance with the Basin Re-Operation and authorized controlled overdraft, that sufficient Replenishment capability exists to meet the reasonable projections of Desalter Replenishment obligations. With the concurrence of IEUA and Watermaster, the Recharge Master Plan will be updated and amended as frequently as necessary with Court approval and not less than every five (5) years. [Peace II Agreement § 8.1.]

- (i) Coordination. The members of the Appropriative Pool will coordinate the development of their respective Urban Water Management Plans and Water Supply Master Plans with Watermaster as follows. [Peace II Agreement § 8.2.]
  - a) Each Appropriator that prepares an Urban Water Management Plan and Water Supply Plans will provide Watermaster with copies of its existing and proposed plans.
  - b) Watermaster will use the Urban Water Management Plans in evaluating the adequacy of the Recharge Master Plan and other OBMP Implementation Plan program elements.
  - c) Each Appropriator will provide Watermaster with a draft in advance of adopting any proposed changes to its Urban Water Management Plans and in advance of adopting any material changes to their Water Supply Master Plans respectively in accordance with the customary notification routinely provided to other third parties to offer Watermaster a reasonable opportunity to provide informal input and informal comment on the proposed changes.
  - d) Any Party that experiences the loss or the imminent threatened loss of a material water supply source will provide reasonable notice to Watermaster of the condition and the expected impact, if any, on the projected groundwater use.
- (ii) In preparation of the Recharge Master Plan, Watermaster will consider whether existing groundwater production facilities owned or controlled by producers within Management Zone 1 may be used in connection with an aquifer storage and recovery ("ASR") project so as to further enhance recharge in specific locations and to otherwise meet the objectives of the Recharge Master Plan. [Peace II Agreement § 8.4(d)(2).]
- (d) Watermaster shall not own Recharge projects, including but not limited to spreading grounds, injection wells, or diversion works. [Peace Agreement § 5.1(h).]

- (e) Watermaster may own and hold water rights in trust for the benefit of the parties to the Judgment. Subject to this exception, Watermaster shall not own land or interests in real property. [Peace Agreement § 5.1(h).] Watermaster shall obtain Court approval prior to acquiring any water rights in trust for the benefit of the parties to the Judgment. In addition, Watermaster shall conform all existing permits to ensure that title is held in trust for the benefit of the parties to the Judgment.
- (f) Watermaster shall arrange, facilitate and provide for Recharge by entering into contracts with appropriate persons, which may provide facilities and operations for physical Recharge of water as required by the Judgment and the Peace Agreement, or pursuant to the OBMP. Any such contracts shall include appropriate terms and conditions, including terms for the location and payment of costs necessary for the operation and maintenance of facilities, if any. [Peace Agreement § 5.1(h).]
- (g) Watermaster shall provide an annual accounting of the amount of Recharge and the location of the specific types of Recharge. [Peace Agreement § 5.1(j).]

7.2 Recharge of Supplemental Water. All Recharge of the Chino Basin with Supplemental Water shall be subject to Watermaster approval obtained by Application made to Watermaster in accordance with provisions of Article X. [Peace Agreement § 5.1(a).] In reviewing any such Application, Watermaster shall comply with the following.

- (a) Watermaster will ensure that any person may make Application to Watermaster to Recharge the Chino Basin with Supplemental Water pursuant to Article X, including the exercise of the right to offer to sell In-Lieu Recharge Water to Watermaster as provided in the Judgment and the Peace Agreement in a manner that is consistent with the OBMP and the law. [Peace Agreement § 5.1(b).]
- (b) Watermaster shall not approve an Application by any party to the Judgment under Article X if it is inconsistent with the terms of the Peace Agreement, or will cause any Material Physical Injury to any party to the Judgment or the Basin. [Peace Agreement § 5.1(b).]
- (c) Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by the Recharge of Supplemental Water shall be fully and reasonably mitigated as a condition of approval. In the event the Material Physical Injury cannot be fully and reasonably mitigated, the request for Recharge of Supplemental Water must be denied. [Peace Agreement § 5.1(b).]
- (d) Absent a clear showing as to peculiar circumstances or changes, Recharge of the Chino Basin with Supplemental Water conducted through spreading grounds shall be assessed: (i) a 1.5% evaporation loss if the Recharge occurs in November through March; or (ii) a 4.2% evaporation loss if the Recharge occurs in April through October. Such loss shall be a one-time adjustment applicable to the Party

engaging in Recharge. Losses for Recharge through injection wells shall be determined on a case by case basis. [Judgment at ¶41.]

7.3 Recharge of 6,500 Acre-Feet of Supplemental Water in Management Zone 1. Consistent with its overall obligations to manage the Chino Basin to ensure hydrologic balance within each management zone, for the duration of the Peace Agreement (until June of 2030), Watermaster will ensure that a minimum of 6,500 acre-feet of wet water recharge occurs within Management Zone 1 on an annual basis. However, to the extent that water is unavailable for recharge or there is no replenishment obligation in any year, the obligation to recharge 6,500 acre-feet will accrue and be satisfied in subsequent years. [Peace II Agreement § 8.4(d).]

- (a) Watermaster will implement this measure in a coordinated manner so as to facilitate compliance with other agreements among the parties, including but not limited to the Dry-Year Yield Agreements.
- (b) Five years from the effective date of the Peace II Measures, Watermaster will cause an evaluation of the minimum recharge quantity for Management Zone 1. After consideration of the information developed, the observed experiences in complying with the Dry Year Yield Agreements as well as any other pertinent information, Watermaster may increase the minimum requirement for Management Zone 1 to quantities greater than 6,500 acre-feet per year. In no circumstance will the commitment to recharge 6,500 acre-feet be reduced for the duration of the Peace Agreement. [Peace II Agreement § 8.4(e).]

7.4 Sources of Replenishment Water. Supplemental Water may be obtained by Watermaster from any available source. Watermaster shall, however, seek to obtain the best available quality of Supplemental Water at the most reasonable cost for recharge in the Basin. It is anticipated that Supplemental Water for Replenishment of Chino Basin may be available at different rates to the various pools to meet their Replenishment Obligations. If such is the case, each pool will be assessed only that amount necessary for the cost of Replenishment Water to that pool, at the rate available to the pool, to meet its Replenishment Obligation. In this connection, available resources may include, but are not limited to:

- (a) Maximum beneficial use of Recycled Water, which shall be given a high priority by Watermaster [Judgment ¶ 49(a).];
- (b) State Project Water subject to applicable service provisions of the State's water service contracts [Judgment ¶ 49(b).];
- (c) Local Imported Water through facilities and methods for importation of surface and Groundwater supplies from adjacent basins and watersheds [Judgment ¶ 49(c).]; and

- (d) Available supplies of Metropolitan Water District water from its Colorado River Aqueduct. [Judgment ¶ 49(d).]

7.5 Desalter Replenishment. Notwithstanding the provisions of section 7.4, above, for the initial term of the Peace Agreement, the Replenishment obligation attributable to Desalter production in any year will be determined by Watermaster as follows [Peace Agreement § 7.5; Peace II Agreement § 6.2.]:

- (a) Watermaster will calculate the total Desalter Production for the preceding year and then apply a credit against the total quantity from:
  - (i) the Watermaster Desalter replenishment account composed of 25,000 acre-feet of water abandoned by Kaiser Ventures pursuant to the "Salt Offset Agreement" dated October 21, 1993, between Kaiser Ventures and the RWQCB, and other water previously dedicated by the Appropriative Pool [Peace Agreement § 7.5(a).];
  - (ii) dedication of water from the Overlying (Non-Agricultural) Pool Storage Account or from any contribution arising from an annual authorized Physical Solution Transfer in accordance with amended Exhibit G to the Judgment;
  - (iii) New Yield that may be made available to Watermaster through a combination of management programs, actions or facilities, other than the Stormwater component of New Yield, as determined on an annual basis [Peace Agreement § 7.5(b)];
  - (iv) any declared losses from storage in excess of actual losses enforced as a "Leave Behind";
  - (v) Safe Yield that may be contributed by the parties [Peace Agreement § 7.5(c)];
  - (vi) any Production of groundwater attributable to the controlled overdraft authorized pursuant to Exhibit I to the Judgment, as amended.
- (b) To the extent available credits are insufficient to fully offset the quantity of groundwater production attributable to the Desalters, Watermaster will use water or revenue obtained by levying the following assessments among the members of the Overlying (Non-Agricultural) Pool and the Appropriative Pool to meet any remaining replenishment obligation as follows.
  - (i) A Special OBMP Assessment against the Overlying (Non-Agricultural) Pool as more specifically authorized and described in amendment to Exhibit "G" paragraph 5 (c) to the Judgment will be dedicated by Watermaster to

further off-set replenishment of the Desalters. However, to the extent there is no remaining replenishment obligation attributable to the Desalters in any year after applying the off-sets set forth in 7.5(a), the OBMP Special Assessment levied by Watermaster will be distributed as provided in Section 9.2 of the Peace II Agreement. The Special OBMP Assessment will be assessed pro-rata on each member's share of Safe Yield.

- (ii) The members of the Appropriative Pool will contribute a total of 10,000 afy toward Desalter replenishment, allocated among Appropriative Pool members as follows:
- 85% of the total (8,500 afy) will be allocated according to the Operating Safe Yield percentage of each Appropriative Pool member; and
  - 15% of the total (1,500 afy) will be allocated according to each land use conversion agency's percentage of the total land use conversion claims, based on the actual land use conversion allocations of the year.

The annual desalter replenishment obligation contribution of each Appropriative Pool member will be calculated using the following formula:

$$\begin{aligned} \text{Desalter replenishment obligation contribution} &= (8,500 * \% \\ &\text{Appropriator's share of total initial 49,834 afy Operating Safe Yield}) \\ &+ (1,500 * \% \text{ Appropriator's proportional share of that year's total} \\ &\text{conversion claims}) \end{aligned}$$

A sample calculation of the desalter replenishment obligation contribution for each Appropriative Pool member is shown on Exhibit 4 to the Peace II Agreement, as amended.

- (iii) A Replenishment Assessment against the Appropriative Pool for any remaining Desalter replenishment obligation after applying both 6(b)(i) and 6(b)(ii), allocated pro-rata to each Appropriative Pool member according to the combined total of the member's share of Operating Safe Yield and the member's Adjusted Physical Production, as defined below. Desalter Production is excluded from this calculation. A sample calculation of the allocation of the remaining desalter obligation is shown in Exhibit 4 to the Peace II Agreement.<sup>1</sup>
- (iv) Adjusted Physical Production is the Appropriative Pool member's total combined physical production (i.e., all groundwater pumped or produced

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<sup>1</sup> This sample calculation is attached hereto as Exhibit "C."

by the Appropriative Pool member's groundwater wells in the Chino Basin, including water transferred from the Non- Agricultural Pool under Exhibit G, ¶9 of the Judgment), with the following adjustments:

- (1) In the case of assignments among Appropriative Pool members, or between Appropriative Pool members and Non-Agricultural Pool members under Exhibit G, ¶6 of the Judgment, resulting in pumping or production by one party to the Judgment for use by another party to the Judgment, the production for purposes of Adjusted Physical Production shall be assigned to the party making beneficial use of the water, not the actual producer.
  - (2) Production offset credits pursuant to voluntary agreements under section 5.3(i) of the Peace Agreement are calculated at 50% of the total voluntary agreement credit in the determination of Adjusted Physical Production for an Appropriative Pool member participating in a voluntary agreement for that year. In the determination of Adjusted Physical Production, the voluntary agreement credit is subtracted from physical production. Reduction of the voluntary agreement credit from 100% to 50% is applicable only to the calculation of the Adjusted Physical Production hereunder; but in all other applications, the voluntary agreement credit shall remain unchanged (i.e. remain at 100%).
  - (3) Production associated with approved storage and recovery programs (e.g., Dry Year Yield recovery program with MWD) is not counted in Adjusted Physical Production, except for in-lieu participation in such programs: in-lieu put quantities shall be added to physical production, and in-lieu take quantities shall be subtracted from physical production.
  - (4) Metered pump-to-waste Production that is determined by Watermaster to be subsequently recharged to the groundwater basin is deducted from physical production; unmetered pump-to-waste production that is determined by Watermaster not to be subsequently recharged to the groundwater basin is added to physical production.
  - (5) The Appropriative Pool may approve, by unanimous vote, the inclusion of other items in the determination of Adjusted Physical Production, with the exception of Non- Agricultural Pool water assigned or transferred under Exhibit G, ¶6 or ¶10 of the Judgment.
- (v) Any member of the Non-Agricultural Pool that is also a member of the Appropriative Pool may elect to transfer (a) some or all of the annual share

of Operating Safe Yield of the transferor in and for the year in which the transfer occurs (except that such transfer shall exclude any dedication to the Watermaster required by section 6.2(b)(1) of the Peace II Agreement), and (b) any quantity of water held in storage by the transferor (including without limitation carryover and excess carryover) to any member of the Appropriative Pool, in either case at any price that the transferor and transferee may deem appropriate and for the purpose of satisfying the transferee's desalter replenishment obligation. The transferee's desalter replenishment obligation shall be credited by the number of acre-feet so transferred.

(vi) For the purposes of this section 7.5(b), the quantification of any Party's share of Operating Safe Yield does not include either land use conversions or Early Transfers.

- 7.6 Method of Replenishment. Watermaster may accomplish Replenishment by any reasonable method, including spreading and percolation, injection of water into existing or new facilities, in-lieu procedures and acquisition of unproduced water from members of the Non-Agricultural and Appropriative Pools. [Judgment ¶ 50.]
- 7.7 Accumulations. In order to minimize fluctuations in assessments and to give Watermaster flexibility in the purchase and spreading of Replenishment Water, Watermaster may make reasonable accumulations of Replenishment Water assessment proceeds. Interest earned on such retained funds shall be added to the account of the pool from which the funds were collected and shall be applied only to the purchase of Replenishment Water. [Judgment ¶ 56.]
- 7.8 In-Lieu and Other Negotiated Procedures. To the extent good management practices dictate that recharge of the Basin be accomplished by taking surface supplies of Supplemental Water in lieu of Groundwater otherwise subject to Production as an allocated share of Operating Safe Yield, the following in-lieu procedures or other additional procedures as may be negotiated by Watermaster and approved by the Watermaster Advisory Committee shall prevail [Judgment Exhibit "H" ¶ 11.]:
- (a) Designation of In-Lieu Areas. In-lieu areas may be designated by order of Watermaster upon recommendation or approval of the Watermaster Advisory Committee. Watermaster has previously designated the entire Chino Basin as an in-lieu area. In-lieu areas may be enlarged, reduced or eliminated by subsequent order; provided, however, that designation of an in-lieu area shall be for a minimum fixed term sufficient to justify necessary capital investment. However, should in-lieu Area No.1, which has been established by the Court, be reduced or eliminated, it shall require prior order of the Court.
- (b) Method of Operation. Any member of the Appropriative Pool Producing water within a designated in-lieu area who is willing to abstain for any reason from



Producing any portion of its share of Operating Safe Yield in any year, may offer such unpumped water to Watermaster on a form to be provided therefor. In such event, Watermaster shall purchase said water in place, in lieu of spreading Replenishment Water, which may be otherwise required to make up for over Production. The purchase price for in-lieu water shall be the lesser of:

- (i) Watermaster's current cost of Replenishment Water, plus the cost of spreading; or
- (ii) The cost of supplemental surface supplies to the Appropriator, less
  - a) said Appropriator's average cost of Groundwater Production, and
  - b) the applicable Production assessment where the water is Produced.

## ARTICLE VIII STORAGE

- 8.0 Scope. This Article sets forth Watermaster's obligations and responsibilities regarding the management, regulation and control of storage within the Basin.
- 8.1 In General.
- (a) Watermaster Control. A substantial amount of available Groundwater storage capacity exists in the Basin that is not used for storage or regulation of Basin Waters. It is essential that the use of storage capacity of the Basin be undertaken only under Watermaster control and regulation so as to protect the integrity of the Basin. Watermaster will exercise regulation and control of storage primarily through the execution of Groundwater Storage Agreements. [Judgment ¶ 11.]
  - (b) Categories of Groundwater Storage Agreements. There are different categories of storage and different types of Groundwater Storage agreements. Only those Groundwater Storage agreements defined as "Qualifying Storage agreements" require new Watermaster approval. ~~The agreements identified in section 8.1(f)(iii) herein do not require new Watermaster approval.~~ Qualifying Storage agreements will be processed by Watermaster in accordance with the forms provided by Watermaster and attached hereto as Appendix 1.
  - (c) Court Notification and Approval. Before it is effective, any Storage and Recovery Agreement entered into pursuant to a Storage and Recovery Program shall first receive Court Approval. With respect to all other Groundwater Storage Agreements, Watermaster shall notify the Court after approval.
  - (d) Relationship Between Recapture and Storage. Recapture of water held in a storage account will generally be approved by Watermaster as a component of and coincident with a Groundwater Storage Agreement for Qualifying Storage. However, an Applicant for Qualifying Storage may request, and Watermaster may approve, a Groundwater Storage Agreement where the plan for recovery is not yet known. In such cases, the Applicant may request Watermaster approval of the Qualifying Storage only and subsequently submit and process an independent Application for Recapture under the provisions of Article X.
  - (e) Storage of Safe Yield as Carry-Over Water. Any member of the Appropriative Pool or member of the Non-Agricultural Pool who Produces less than its assigned share of Operating Safe Yield or Safe Yield, respectively, may carry such unexercised right forward for exercise in subsequent years. Watermaster shall be required to keep an accounting of Carry-Over Water in connection with said Carry-Over Rights. The first water Produced in any subsequent year, shall be deemed to be in exercise of that Carry-Over Right. If the aggregate remaining Carry-Over Water available to any member of the Appropriative Pool, or member of the Non-

Agricultural Pool with Safe Yield, in a given year exceeds its assigned share of Operating Safe Yield after its demands are met, such Producer shall, as a condition of preserving such Excess Carry-Over Water execute a Local Storage Agreement with Watermaster. A member of the Appropriative Pool shall have the option to pay the gross assessment applicable to said Carry-Over Right in the year in which it occurred. [Judgment Exhibit "G," and Exhibit "H" ¶ 12.]

(f) Storage of Supplemental Water. The rules and procedures for the storage of Supplemental Water are set forth as follows.

(i) Supplemental Water. Each party, its officers, agents, employees, successors, and assigns, has been enjoined and restrained from storing Supplemental Water in Chino Basin for withdrawal, or causing withdrawal of water stored, except pursuant to the terms of a Groundwater Storage Agreement with Watermaster. Any Supplemental Water recharged by any person within Chino Basin, except pursuant to these Rules and Regulations and a Groundwater Storage Agreement, is deemed abandoned and shall not be considered Stored Water. [Judgment ¶ 14.]

(ii) Application for Storage of Supplemental Water. Watermaster will ensure that any person, including but not limited to the State of California and the Department of Water Resources may make Application to Watermaster to store and Recover water from the Chino Basin as provided herein in a manner that is consistent with the OBMP and the law. Watermaster shall not approve an Application to store and Recover water if it is inconsistent with the terms of the Peace Agreement or will cause any Material Physical Injury to any party to the Judgment or the Basin. Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by the storage and Recovery of water shall be reasonably and fully mitigated as a condition of approval. In the event the Material Physical Injury cannot be mitigated, the request for storage and Recovery must be denied. [Peace Agreement § 5.2(a)(iii).] Applications for the storage of Supplemental Water shall be processed in accordance with the provisions of Article X.

(g) Rules and Procedures in General.

(i) Any person desiring to store Supplemental Water in the Basin shall make appropriate Application therefor with the Watermaster pursuant to the provisions of this Article and Article X. Supplemental Water stored or Recharged in the Basin, except pursuant to a Groundwater Storage Agreement with Watermaster, shall be deemed abandoned and not classified as Stored Water. [Judgment ¶ 14.]

(ii) Guidelines and Criteria. Any person, whether a party to the Judgment or not, may make reasonable beneficial use of the available groundwater

storage capacity of Chino Basin for storage of Water pursuant to written agreement with the Watermaster as provided herein. [Judgment ¶ 12.]

- (iii) In the allocation of storage capacity, the needs and requirements of lands overlying Chino Basin and the owners of rights in the Safe Yield or Operating Safe Yield of the Basin shall have priority and preference over storage for export. [Judgment ¶ 12.]
  - (iv) It is an objective in management of the Basin's waters that no Producer shall be deprived of access to the Basin's waters by reason of unreasonable pumping patterns, nor by regional or localized Recharge of Replenishment Water, insofar as such result may be practically avoided. [Judgment Exhibit "I" ¶ 1(a).]
  - (v) Maintenance and improvement of water quality shall be given prime consideration. [Judgment Exhibit "I" ¶ 1(b).]
  - (vi) Financial feasibility, economic impact and the cost and optimum utilization of the Basin's resources and the physical facilities of the parties to the Judgment shall be considered equal in importance to water quantity and quality parameters. [Judgment Exhibit "I" ¶ 1(c).]
- (h) Contents of Groundwater Storage Agreements. Each Groundwater Storage Agreement shall include but not be limited to the following components [Judgment Exhibit "I" ¶ 3.]:
- (i) The quantities and the term of the storage right, which shall specifically exclude credit for any return flows;
  - (ii) A statement of the priorities of the storage right as against overlying, Safe Yield uses, and other storage rights;
  - (iii) The delivery rates, together with schedules and procedures for spreading, injection or in-lieu deliveries of Supplemental Water for direct use;
  - (iv) The calculation of storage water losses and annual accounting for water in storage; and
  - (v) The establishment and administration of withdrawal schedules, locations and methods.
- (i) Accounting. Watermaster shall calculate additions, extractions and losses of all Stored Water in Chino Basin, and any losses of water supplies or Safe Yield of Chino Basin resulting from such Stored Water, and keep and maintain for public record, an annual accounting thereof. [Judgment ¶ 29.]

- (j) No Material Physical Injury. Watermaster will ensure that any party to the Judgment may Recapture water in a manner consistent with the Peace Agreement, the OBMP, the Judgment and these Rules and Regulations. Watermaster shall not approve a Recapture plan if it is inconsistent with the terms of Peace Agreement or will cause Material Physical Injury to any party to the Judgment or the Basin. Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by the Recapture of water by any person shall be fully and reasonably mitigated as a condition of approval. In the event the Material Physical Injury cannot be fully and reasonably mitigated, the request for Recapture must be denied.

8.2 Local Storage: Special Considerations. Under a Local Storage Agreement with Watermaster, every party to the Judgment shall be permitted to store its Excess Carry-Over Water and Supplemental Water in the Chino Basin according to the following provisions:

- (a) For the term of the Peace Agreement, Watermaster shall ensure that: (a) the quantity of water actually held in local storage under a Local Storage Agreement with Watermaster is confirmed and protected and (b) each party to the Judgment shall have the right to store its Excess Carry-Over Water. Thereafter, a party to the Judgment may continue to Produce the actual quantity of water held pursuant to a Local Storage Agreement, subject only to the loss provisions set forth herein.
- (b) For the term of the Peace Agreement, any party to the Judgment may make Application to Watermaster for a Local Storage Agreement pursuant to the provisions of this Article and Article X, whereby it may store Supplemental Water in the Chino Basin. [Peace Agreement § 5.2(b)(ii).]
- (c) In accordance with Article X, Watermaster shall provide written notice to all interested parties of the proposed Local Storage Agreement prior to approving the agreement.
- (d) 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 Agreements, other than amounts classified as Supplemental Water under the procedure set forth in section 8.1 above, for all parties to the Judgment does not exceed the Maximum Local Storage Quantity; (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; (3) the agreement will not result in any Material Physical Injury to any party to the Judgment or the Basin. Watermaster may approve a proposed agreement with conditions that mitigate any threatened or potential Material Physical Injury. [Peace Agreement § 5.2(b)(iv); Second Amendment to Peace Agreement.]

- (e) There shall be a rebuttable presumption that the Local Storage Agreement for Supplemental Water does not result in Material Physical Injury to a party to the Judgment or the Basin. [Peace Agreement § 5.2(b)(v).]
- (f) In the event more than one party to the Judgment submits a request for an agreement to store Supplemental Water pursuant to a Local Storage Agreement, Watermaster shall give priority to the first party to file a bona fide written request which shall include the name of the party to the Judgment, the source, quantity and quality of the Supplemental Water, an identification of the party to the Judgment's access to or ownership of the Recharge facilities, the duration of the Local Storage and any other information Watermaster shall reasonably request. Watermaster shall not grant any person the right to store more than the then-existing amount of available Local Storage. The amount of Local Storage available for the storage of Supplemental Water shall be determined by subtracting the previously approved and allocated quantity of storage capacity for Supplemental Water and Excess Carryover Water from the Maximum Local Storage Quantity. [Court's Findings and Order, dated July 21, 2021.] This means Watermaster shall not approve requests for the storage of Supplemental Water and Excess Carryover Water in excess of the Maximum Local Storage Quantity. Priorities among the parties to the Judgment shall be on the basis that the completed Applications filed first in time under the provisions of Article X shall have a priority in right up to the amount of the quantity approved by Watermaster.
- (g) After July 1, 2035, Watermaster shall have discretion to place reasonable limits on the further accrual of Excess Carry-Over Water and Supplemental Water in Local Storage. However, during the term of the Peace Agreement, Watermaster shall not limit the accrual of Excess Carry-Over Water for Fontana Union Mutual Water Company and Cucamonga County Water District when accruing Excess Carry-Over Water in Local Storage pursuant to the Settlement Agreement Among Fontana Union Water Company, Kaiser Steel Resources Inc., San Gabriel Valley Water Company and Cucamonga County Water District dated February 7, 1992, to a quantity less than 25,000 acre-feet for the term of the Peace Agreement. [Peace Agreement § 5.2(b)(x).]
- (h) Watermaster shall evaluate the need for limits on water held in Local Storage to determine whether the accrual of additional Local Storage by the parties to the Judgment should be conditioned, curtailed or prohibited if it is necessary to provide priority for the use of storage capacity for those Storage and Recovery Programs that provide broad mutual benefits to the parties to the Judgment as provided in this paragraph and section 5.2(c) of the Peace Agreement. [Peace Agreement § 5.2(b)(xi).]
- (i) Watermaster will impose a uniform loss against all water in storage in an amount of 2 (two) percent where the Party holding the storage account: (i) has previously contributed to the implementation of the OBMP as a Party to the Judgment, is in

compliance with their continuing covenants under the Peace and Peace II Agreements or in lieu thereof they have paid or delivered to Watermaster “financial equivalent” consideration to offset the cost of past performance prior to the implementation of the OBMP and (ii) promised continued future compliance with Watermaster’s Rules and Regulations. Where a Party has not satisfied the requirements of subsection (j)(i) and (j)(ii) herein, Watermaster will assess a 6 (six) percent loss. Following a Watermaster determination that Hydraulic Control has been achieved, Watermaster will assess losses of less than 1 (one) percent where the Party satisfies subsection (j)(i) and (j)(ii). [Peace II Agreement § 7.4.]

- (j) Watermaster shall allow water held in storage to be Transferred pursuant to the provisions of section 5.3 of the Peace Agreement as provided in Article X. Storage capacity is not Transferable. [Peace Agreement § 5.2(b)(xiii).]
- (k) Monetary payment shall not be accepted as a form of mitigation for Material Physical Injury where the injury is not confined to a specific party or parties. Where the Material Physical Injury is confined to a specific party or parties, monetary payment may be accepted as a form of mitigation, if acceptable to the affected party or parties.
- (l) Applicants for Local Storage of Supplemental Water agreements shall submit such Application prior to initiation of the placement of the Supplemental Water into storage except as provided in sections 8.1 and 8.2 above.
- (m) Any Supplemental Water stored or recharged in the Basin, except pursuant to a Local Storage Agreement for Supplemental Water with Watermaster, shall be deemed abandoned and not classified as Stored Water. [Judgment ¶ 14.]

8.3 Groundwater Storage and Recovery Program; Special Considerations. The parties, through Watermaster, may initiate a regional Storage and Recovery (sometimes called "conjunctive use") Program, for the mutual benefit of the Appropriators and the Non-Agricultural Pool in the Chino Basin according to the following provisions:

- (a) Watermaster will ensure that no person shall store water in, and recover water from the Basin, other than pursuant to a Local Storage Agreement, without a Storage and Recovery agreement with Watermaster [Peace Agreement § 5.2(c)(i).];
- (b) A proposed Applicant for a Storage and Recovery Program must submit the information set forth in Article X to Watermaster prior to Watermaster's consideration of an Application for a Storage and Recovery agreement;
- (c) As a precondition of any project, program or contract regarding the use of Basin storage capacity pursuant to a Storage and Recovery Program, Watermaster shall first request proposals from qualified persons [Peace Agreement § 5.2(c)(iii).];

- (d) Watermaster shall be guided by the following criteria in evaluating any request to store and recover water from the Basin by a party to the Judgment or any person under a Storage and Recovery Program.
  - (i) The initial target for the cumulative quantity of water held in storage is 500,000 acre-feet in addition to the existing storage accounts. The 500,000 acre-feet target may be comprised of any combination of participants and is in excess of up to an additional 100,000 acre-feet of Supplemental Water and Excess Carry-Over Rights that may be stored under Local Storage Agreements.
  - (ii) Watermaster shall prioritize its efforts to regulate and condition the storage and recovery of water developed in a Storage and Recovery Program for the mutual benefit of the parties to the Judgment and give first priority to Storage and Recovery Programs that provide broad mutual benefits. [Peace Agreement § 5.2(c)(iv).];
- (e) The members of the Appropriative Pool and the Non-Agricultural Pool shall be exclusively entitled to the compensation paid for a Storage and Recovery Program irrespective of whether it be in the form of money, revenues, credits, proceeds, programs, facilities, or other contributions (collectively "compensation") with the benefits of such compensation to be spread as broadly as possible as directed by the Non-Agricultural and the Appropriative Pools [Peace Agreement § 5.2(c)(v).];
- (f) The compensation received from the use of available storage capacity under a Storage and Recovery Program, may be used to offset the Watermaster's cost of operation, to reduce any assessments on the parties to the Judgment within the Appropriative and Non-Agricultural Pools, and to defray the costs of capital projects as may be requested by the members of the Non-Agricultural Pools and the Appropriative Pool [Peace Agreement § 5.2(c)(vi).];
- (g) Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by storage and recovery of water, whether Local Storage and recovery or pursuant to a Storage and Recovery Program, shall be reasonably and fully mitigated as a condition of approval [Peace Agreement §§ 5.2(a)(iii) and 5.2(c)(viii) (labeled "(xiii)");
- (h) Watermaster reserves discretion to negotiate appropriate terms and conditions or to deny any request to enter into a Storage and Recovery Program Agreement. With respect to persons who are not parties to the Judgment, Watermaster reserves complete discretion to ensure that maximum compensation, as defined in section (e) above, is received. Watermaster shall base any decision to approve or disapprove any proposed Storage and Recovery Program Agreement upon the record as provided in Article X. However, it may not approve a proposed Storage and Recovery Program Agreement unless it has first imposed conditions to



reasonably and fully mitigate any threatened or potential Material Physical Injury [Peace Agreement § 5.2(c)(ix).];

- (i) Any party to the Judgment may seek review of the Watermaster's decision regarding a Storage and Recovery Program Agreement as provided in Article X;
- (j) Nothing herein shall be construed as prohibiting the export of Supplemental Water stored under a Storage and Recovery Program and pursuant to a Storage and Recovery Agreement; and
- (k) The Parties shall indemnify and defend the State of California and the members of the Agricultural Pool against any lawsuit or administrative proceedings, without limitation, arising from Watermaster's adoption, approval, management, or implementation of a Storage and Recovery Program.
- (l) Any losses from storage assessed as a Leave Behind in excess of actual losses (“dedication quantity”) will be dedicated by Watermaster towards groundwater Production by the Desalters to thereby avoid a Desalter replenishment obligation that may then exist in the year of recovery. Any dedication quantity which is not required to offset Desalter Production in the year in which the loss is assessed, will be made available to the members of the Appropriative Pool. The dedication quantity will be pro-rated among the members of the Appropriative Pool in accordance with each Producer’s combined total share of Operating Safe Yield and the previous year’s actual production. However, before any member of the Appropriative Pool may receive a distribution of any dedication quantity, they must be in full compliance with the 2007 Supplement to the OBMP Implementation Plan and current in all applicable Watermaster assessments. [Peace II Agreement § 7.5.]

#### 8.4 Recapture.

- (a) All Recapture of water held in a storage account under a Groundwater Storage Agreement shall be subject to the requirement that the Recovery of the water not result in Material Physical Injury to a party to the Judgment or the Basin.
- (b) Recapture of water held in a Local Storage Account that pre-exists the adoption of these Rules and Regulations and that was extended by Watermaster in accordance with Article V of the Peace Agreement and these Rules and Regulations until July 1, 2005, shall be in accordance with the provisions of the plan for Recapture previously approved by Watermaster. Any amendments to an approved Recapture plan shall require additional Watermaster's approval under the provisions of Article X.
- (c) A person with an approved plan for Recapture shall have the right to process amendments to the previously approved plan in accordance with the provisions of Article X.

## **ARTICLE IX TRANSFERS**

- 9.0 Scope. Any Transfer shall be made only in accordance with the Judgment, the Peace Agreement section 5.3, the Peace II Agreement, the OBMP and this Article IX.
- 9.1 In General. Watermaster will ensure that any party to the Judgment may Transfer water in a manner that is consistent with the Judgment, the Peace and Peace II Agreements, the OBMP and the law. Watermaster shall approve a Transfer if it is consistent with the terms of the Peace Agreement and Peace II Agreement, and will not cause any Material Physical Injury to any party to the Judgment or the Basin. Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by the Transfer of water shall be fully and reasonably mitigated as a condition of approval. In the event the Material Physical Injury cannot be fully and reasonably mitigated, the request for Transfer must be denied. Upon receipt of written request by Watermaster, a party to the Judgment shall exercise Best Efforts to provide Watermaster with a preliminary projection of any anticipated Transfer of Production within the Year.
- 9.2 Application to Transfer. A party to the Judgment may make Application to Watermaster to Transfer water as provided in the Judgment under the procedures set forth in Article X.
- (a) Watermaster shall provide reasonable advance written notice to all the Active Parties of a proposed Transfer, prior to approving the Transfer as provided in Article X.
  - (b) Watermaster shall approve the Transfer of water as provided in the Judgment so long as the individual Transfer does not result in any Material Physical Injury to any party to the Judgment or the Basin. Watermaster may approve a proposed Transfer with conditions that fully and reasonably mitigate any threatened or potential Material Physical Injury.
  - (c) There shall be a rebuttable presumption that the Transfer and the Production by the transferee does not result in Material Physical Injury to a party to the Judgment or the Basin.
  - (d) Watermaster shall base any decision to approve or disapprove any proposed Transfer upon the record after considering potential impacts associated with the individual Transfer alone and without regard to impacts attributable to any other Transfers. [Peace Agreement § 5.3(b)(v).] However, nothing herein shall be construed as impairing or restraining Watermaster's duty and discretion with regard to cumulative impacts in the context of section 9.3.
  - (e) Transfers which occur between the same parties in the same year shall be considered as a single Transfer for the purpose of determining Material Physical Injury.

- 9.3 Integrated Watermaster Review. In reviewing Transfers under these Rules and Regulations, Watermaster shall exercise reasonable discretion. Watermaster shall review each proposed Transfer based upon the record before it and considering the potential impacts of the proposed Transfer alone. However, Watermaster shall also consider the cumulative impacts of Transfers generally when carrying out its responsibilities to implement the OBMP and Recharge and monitoring programs authorized by these Rules and Regulations or the Judgment.
- (a) Watermaster will evaluate the cumulative physical impact of Transfers on the Basin, if any, by July 1, 2003, and a minimum of once every two years thereafter.
  - (b) Watermaster will take the results of its evaluation into account when carrying out its obligations under section 7.1 of these Rules and Regulations.
- 9.4 Transfer of Non-Agricultural Pool Production Rights. Watermaster shall approve the Transfer or lease of the quantified Production rights of Non-Agricultural Producers within the Non-Agricultural Pool subject to the provisions of section 9.2(b) above. The members of the Overlying (Non-Agricultural) Pool shall have the discretionary right to Transfer or lease their quantified Production rights and carry-over water held in storage accounts in quantities that each member may from time to time individually determine as Transfers in furtherance of the Physical Solution:
- (a) within the Overlying (Non-Agricultural) Pool;
  - (b) to Watermaster in conformance with the procedures described in the Peace Agreement between the Parties therein, dated June 29, 2000; or
  - (c) to Watermaster and thence to members of the Appropriative Pool in accordance with the following guidelines set forth in the Overlying (Non-Agricultural) Pool Pooling Plan:
    - (i) By December 31 of each year, the members of the Overlying (Non-Agricultural) Pool shall notify Watermaster of the amount of water each member shall make available in their individual discretion for purchase by the Appropriators. The Pool Committee of the Overlying (Non-Agricultural) Pool may, by affirmative action of its members from time to time, establish a price for such water or a method pursuant to which such price will be established. By January 31 of each year, Watermaster shall provide a Notice of Availability of each Appropriator's pro-rata share of such water;
    - (ii) Except as they may be limited by paragraph 9.4(v) below, each member of the Appropriative Pool will have, in their discretion, a right to purchase its pro-rata share of the supply made available from the Overlying (Non-Agricultural) Pool at the price at which the water is being offered. Each

Appropriative Pool member's pro-rata share of the available supply will be based on each Producer's combined total share of Operating Safe Yield and the previous year's actual Production by each party;

- (iii) If any member of the Appropriative Pool fails to irrevocably commit to their allocated share by March 1 of each year, its share of the Overlying (Non-Agricultural) Pool water will be made available to all other members of the Appropriative Pool according to the same proportions as described in 9.3(ii) above and at the price at which the water is being offered. Each member of the Appropriative Pool shall complete its payment for its share of water made available by June 30 of each year.
- (iv) Commensurate with the cumulative commitments by members of the Appropriative Pool pursuant to (ii) and (iii) above, Watermaster will purchase the surplus water made available by the Overlying (Non-Agricultural) Pool water on behalf of the members of the Appropriative Pool on an annual basis at which the water is being offered and each member of the Appropriative Pool shall complete its payment for its determined share of water made available by June 30 of each year.
- (v) Any surplus water cumulatively made available by all members of the Overlying (Non-Agricultural) Pool that is not purchased by Watermaster after completion of the process set forth herein will be pro-rated among the members of the Pool in proportion to the total quantity offered for transfer in accordance with this provision and may be retained by the Overlying (Non-Agricultural) Pool member without prejudice to the rights of the members of the Pool to make further beneficial use or transfer of the available surplus.
- (vi) Each Appropriator shall only be eligible to purchase their pro-rata share under this procedure if the party is: (i) current on all their assessments; and (ii) in compliance with the OBMP.
- (vii) The right of any member of the Overlying (Non-Agricultural) Pool to transfer water in accordance with this Paragraph 9.3(i)-(iii) in any year is dependent upon Watermaster making a finding that the member of the Overlying (Non-Agricultural) Pool is using recycled water where it is both physically available and appropriate for the designated end use in lieu of pumping groundwater.
- (viii) Nothing herein shall be construed to affect or limit the rights of any Party to offer or accept an assignment as authorized by the Judgment Exhibit "G" paragraph 6 above, or to affect the rights of any Party under a valid assignment.

- (d) In addition, the parties to the Judgment with rights within the Non-Agricultural Pool shall have the additional right to Transfer their rights to Watermaster for the purposes of Replenishment for a Desalter or for a Storage and Recovery Program.
- (e) Any member of the Non-Agricultural Pool (including without limitation any member of the Non-Agricultural Pool that is also a member of the Appropriative Pool) may elect to transfer (a) some or all of the annual share of Operating Safe Yield of the transferor in and for the year in which the transfer occurs (except that such transfer shall exclude any dedication to Watermaster required by Section 5(c) of Exhibit "G" to the Judgment), and (b) any quantity of water held in storage by the transferor (including without limitation carryover and excess carryover) to any member of the Appropriative Pool, in either case at any price that the transferor and transferee may deem appropriate and for the purpose of satisfying the transferee's desalter replenishment obligation. Any such transfer shall be effective upon delivery by the transferor or transferee to Watermaster staff of written notice of such transfer in the form attached hereto as Form 12. The transferee's desalter replenishment obligation shall be credited by the number of acre feet so transferred.

#### 9.5 Early Transfer.

- (a) Pursuant to the Peace Agreement, Watermaster approved an Early Transfer of the quantity of water not Produced by the Agricultural Pool that is remaining after all the land use conversions are satisfied pursuant to section 5.3(h) of the Peace Agreement to the Appropriative Pool. The quantity of water subject to Early Transfer under this section shall be the quantity of water not Produced by the Agricultural Pool that is remaining after all the land use conversions are satisfied pursuant to section 5.3(h) of the Peace Agreement.
  - (i) The Transfer shall not limit the Production right of the Agricultural Pool under the Judgment to Produce up to 82,800 acre-feet of water in any year or 414,000 acre-feet in any five years as provided in the Judgment. [Peace Agreement § 5.3(g)(ii).]
  - (ii) The combined Production of all parties to the Judgment shall not cause a Replenishment assessment on the members of the Agricultural Pool. The Agricultural Pool shall be responsible for any Replenishment obligation created by the Agricultural Pool Producing more than 414,000 acre-feet in any five-year period. [Peace Agreement § 5.3(g)(iii).]
  - (iii) Nothing herein shall be construed as modifying the procedures or voting rights within or by the members of the Agricultural Pool. [Peace Agreement § 5.3(g)(v).]
- (b) The amount of water converted from agricultural use to urban use prior to execution of the Peace Agreement was 2.6 acre-feet per acre, with 1.3 acre-feet per acre being

allocated collectively to all members of the Appropriative Pool with an assigned share of Operating Safe Yield and 1.3 acre-feet per acre being allocated to that Appropriator providing service for that urban use. The rate of 2.6 acre-feet per acre shall be changed to a total of 2.0 acre-feet per acre, all of which shall be allocated upon the conversion of the land use to that party to the Judgment which is a member of the Appropriative Pool, on the Effective Date of the Peace Agreement, and whose Sphere of Influence or authorized service area contains the land ("purveyor"). Upon such conversion of water use the purveyor will pledge that the amount of water needed for such urban land use, when such urban land use is established, up to 2.0 acre-feet of water per acre of land per year will be made available for service for such converted land by purveyor under its then existing standard laws, regulations, rules and policies, or for service arranged by such purveyor, subject only to prohibition of such service by a federal, state agency or court with jurisdiction to enforce such prohibition. The owner of such converted land shall have the right to enforce such pledge by specific performance or writ of mandate under the terms of the Peace Agreement. No monetary damages shall be awarded.

- 9.6 Voluntary Agreement. The members of the Agricultural Pool, including the State of California, shall have the right to engage in a voluntary agreement with an Appropriator which has a service area contiguous to or inclusive of the agricultural land, to provide water allocated from the Agricultural Pool to the overlying land for agricultural use on behalf of the member of the Agricultural Pool unless otherwise prohibited by general law. The Appropriator providing service shall be entitled to a pumping credit to offset Production pursuant to the Peace Agreement section 5.3(i). This provision will be construed as permitting Watermaster to accept new voluntary agreements only to the extent that such voluntary agreements occur within areas eligible for conversion as described in Attachment 1 to the Judgment, previously added to the Judgment as an amendment of the Order of the Court dated November 17, 1995.
- 9.7 Assignment of Overlying Rights. In addition to the Voluntary Agreement under section 9.6 above, should an Appropriator take an assignment of rights from a Non-Agricultural Pool member, the agreement shall provide that the Appropriator may undertake to provide water service to such overlying land, but only to the extent necessary to provide water service to said overlying lands. Watermaster shall make available to members of the Non-Agricultural Pool and/or Appropriative Pool, a standard form which shall be completed and filed with Watermaster. Any assignment, lease and/or license shall be ineffective unless provided on the standard form approved by Watermaster and filed with Watermaster. [Based on Judgment Exhibit "H" ¶ 13; Exhibit "G" ¶ 6.]

**ARTICLE X**  
**APPLICATIONS, CONTESTS AND COMPLAINTS**

- 10.0 Purpose. This Article sets forth the Watermaster rules and procedures for processing requests by a person for: (i) Watermaster approval of Recharge and Transfer; (ii) Qualifying Storage and Recapture; (iii) amendments to previously approved Applications; (iv) reimbursement or a credit for costs incurred by a party to the Judgment in furtherance of the OBMP; and (v) a Complaint for redress arising from an alleged Material Physical Injury to a party to the Judgment or the Basin. However, the procedures described in this Article X shall not be construed to apply to Watermaster actions, decisions, or rules other than as expressly set forth herein. All proceedings hereunder shall be conducted in an expeditious manner.
- 10.1 Notice and Opportunity to be Heard. Watermaster shall provide reasonable notice and opportunity to be heard to any person requesting Watermaster review or approval of any matter arising under this Article.
- 10.2 Judicial Review.
- (a) The Complaint procedures set forth in this Article X are not intended to constitute an exclusive remedy or constitute a requirement that a party to the Judgment exhaust this discretionary remedy. However, a party to the Judgment may elect to avail itself of the procedures set forth herein by filing a Complaint and requesting relief from any actual or threatened Material Physical Injury to any person or to the Basin where the alleged injury arises from the Recharge, Transfer or Qualifying Storage or Recapture of water by any person other than Watermaster.
- (b) Once a party to the Judgment elects to pursue redress under the provisions of this Article, it shall exhaust this process until conclusion unless there is a sudden, unexpected event or emergency that causes a need for immediate judicial review or in the event that the Watermaster has failed to take action on a longstanding request. Thus, other than in the event of an emergency or where Watermaster has engaged in undue delay, a party to the Judgment may not seek judicial review of a Watermaster action on a pending Application or Complaint until the Watermaster Board has taken final action under the provisions of this Article. However, the procedures described in this Article X shall not preclude any party from seeking judicial review of any action, decision or rule of Watermaster in accordance with paragraph 31 of the Judgment.
- 10.3 Applications for Watermaster Approval: In General. Any party to the Judgment requesting approval by Watermaster for the Recharge, Transfer, Qualifying Storage or Recapture of water in the Basin, or reimbursements or credits against OBMP Assessments, or any person requesting approval of an agreement to participate in a Storage and Recovery Program, may make Application to Watermaster as provided in these Rules and Regulations.

- (a) Requests for Watermaster approval shall be processed by Application to the Watermaster.
- (b) All Applications shall be submitted to Watermaster in compliance with the requirements set forth in this Article. Approved forms for use by persons requesting Watermaster approval pursuant to this section are attached hereto as Appendix 1. Watermaster shall have no obligation to process incomplete Applications.
- (c) No person shall obtain a right to engage in the activities subject to an Application to Watermaster under these Rules and Regulations or the Judgment unless and until the proposed action is approved by Watermaster as provided herein.
- (d) Upon approval by Watermaster, the person shall have the right to proceed in accordance with the terms and conditions of the Watermaster approval. The rights of a party shall be construed consistent with the Judgment and subject to the terms and conditions set forth in Watermaster's approval.

10.4 Recharge Applications. Any party to the Judgment may make a request for Watermaster approval to engage in Recharge by submitting an Application to Watermaster that includes the following information.

- (a) The identity of the person proposing to engage in Recharge;
- (b) The quantity of water to be Recharged;
- (c) The quality of water to be Recharged;
- (d) The duration of the Recharge;
- (e) The method of the Recharge; and
- (f) The facilities to be used in the Recharge, and their location.

10.5 Transfer Applications. Any party to the Judgment may request Watermaster's approval for a Transfer by submitting an Application to Watermaster. A party to the Judgment that Produces water may in the same Fiscal Year request approval of a Transfer to offset all or a portion of its Replenishment Obligation, subject to the Watermaster's authority to approve or reject the Application under the provisions of this Article. An Application for Transfer shall include the following information:

- (a) The identity of the transferee and transferor;
- (b) The maximum quantity of water to be Transferred;
- (c) The duration of the Recovery of the quantity of water Transferred;



- (d) The location of the Production facilities from which the water will be Transferred, if known;
- (e) The location of the Production facilities from which the Transferred water will be Recaptured and Produced, if known; and
- (f) The rate of extraction at which the Transferred water will be Recaptured and Produced.

10.6 Qualifying Storage Agreements. A party to the Judgment may request Watermaster's approval of a Local Storage Agreement to store Supplemental Water, or, after July 1, 2005, a party to the Judgment may request Watermaster's approval of the accumulation of Excess Carry-Over Water in the event the party's aggregate Carry-Over Water exceeds its share of assigned Operating Safe Yield or Safe Yield. Prior to July 1, 2005, a party to the Judgment shall also be required to obtain a Local Storage Agreement to store Excess Carry-Over Water, and Watermaster shall approve such agreements under uniform terms and conditions. In addition, so long as there is then less than 100,000 acre-feet of Supplemental Water that was placed in Local Storage after July 1, 2000, a party to the Judgment's request to store Supplemental Water under a Local Storage Agreement shall be approved by Watermaster. The Applicant may include a plan for Recapture within the request for approval of the Qualifying Storage or subsequently identify the proposed plan for Recapture under an independent Application for Recapture or combine the request for subsequent approval in an Application for Transfer.

- (a) Any party to the Judgment may file an Application to store Supplemental Water pursuant to a Local Storage Agreement. The Application shall include the following information:
  - (i) The identity of the person(s) that will Recharge, Store and Recover the water;
  - (ii) The quantity of Supplemental Water to be Stored and Recovered;
  - (iii) The proposed schedule and method for the Recharge of water for Storage, if any;
  - (iv) The proposed schedule for Recovery, if any;
  - (v) The location of the Recharge facilities through which the Stored water will be Recharged, if any;
  - (vi) The location of the Production facilities through which the Stored water will be Recovered, if known; and
  - (vii) The water levels and water quality of groundwater in the areas likely to be affected by the storage and Recovery.

- (b) Each Producer shall have the right to store its un-Produced Carry-Over Water in the Basin. Excess Carry-Over Water placed into Local Storage after July 1, 2005 shall require a Local Storage Agreement with Watermaster. A Producer may file an Application prior to July 1, 2005 for a Local Storage Agreement for Excess Carry-Over Water that will be placed into Local Storage after July 1, 2005. Such an Application shall include the following information:
  - (i) The identity of the person(s) that will store and Recover the Carry-Over Water;
  - (ii) The quantity of Carry-Over Water to be stored and Recovered;
  - (iii) The proposed schedule for the Recovery, to the extent known;
  - (iv) The location of the Production facilities through which the stored Carry-Over Water will be Recovered, to the extent known; and
  - (v) The water levels and water quality of Groundwater in the areas likely to be affected by the Production of the stored Carry-Over Water.

10.7 Storage and Recovery Program. Any person may request Watermaster's approval of an Agreement to participate in a Storage and Recovery Program by submitting an Application to Watermaster that, at a minimum, includes the following information:

- (a) The identity of the person(s) that will Recharge, store and Recover the water as well as its ultimate place of use;
- (b) The quantity of water to be Stored and Recovered;
- (c) The proposed schedule for the Recharge of water for storage, if any;
- (d) The proposed schedule and method for Recovery;
- (e) The location of the Recharge facilities through which the Stored Water will be Recharged;
- (f) The location of the Production facilities through which the Stored Water will be Recovered;
- (g) The water levels and water quality of the Groundwater in the areas likely to be affected by the Storage and Recovery, if known; and
- (h) Any other information that Watermaster requires to be included.

10.8 Recapture. Any person may file an Application for approval of its Recovery of water held in storage. Recapture of water may be approved by Watermaster as a component of and

coincident with a request for approval of Qualifying Storage or a Transfer. However, an Applicant for Qualifying Storage may request, and Watermaster may approve, a Groundwater Storage Agreement where the plan for Recovery is not yet known. An Application for Recapture shall include the following information:

- (a) The identity of the person(s) that Recharged and stored the water;
- (b) The identity of the person(s) that will Recover the water as well as its ultimate place of use;
- (c) The quantity of water to be Recovered;
- (d) The proposed schedule for Recovery;
- (e) The location of the Production facilities through which the Stored Water will be Recovered;
- (f) The existing water levels and water quality of the Groundwater in the areas likely to be affected by the Recovery; and
- (g) Any other information that Watermaster requires to be included.

10.9 Credits Against OBMP Assessments and Reimbursements. Any Producer, including the State of California, may make Application to Watermaster to obtain a credit against OBMP Assessments or for reimbursements by filing an Application that includes the following information:

- (a) The identity of the party to the Judgment;
- (b) The specific purposes of the OBMP satisfied by the proposed project;
- (c) The time the project is proposed to be implemented and a schedule for completion;
- (d) The projected cumulative project costs; and
- (e) The specific capital or operations and maintenance expenses incurred in the implementation of any project or program, including the cost of relocating Groundwater Production facilities.

10.10 Watermaster Summary and Notification of a Pending Application. Upon Watermaster's receipt of an Application for Recharge, Transfer, Storage, Recapture or for a credit or reimbursement, Watermaster shall prepare a written summary and an analysis (which will include an analysis of the potential for Material Physical Injury) of the Application and provide Active Parties with a copy of the written summary and advance notice of the date of Watermaster's scheduled consideration and possible action on any pending Applications. The notice shall be accompanied by the Watermaster summary and analysis and it shall

reasonably describe the contents of the Application and the action requested by the Applicant. Watermaster shall provide the following minimum notice to the Active Parties:

- (a) Applications for Recharge: 30 (thirty) days.
- (b) Applications for Transfer: 30 (thirty) days.
- (c) Applications for Storage and Recovery: 90 (ninety) days.
- (d) Local Storage Agreement or Recapture: 30 (thirty) days.

10.11 All Applications Considered by Pool Committees. All Applications shall be considered by the Pool Committees. Following its completion of the summary and analysis and the issuance of the required notice as provided in section 10.10, Watermaster Staff shall place the Application on the first available Pool Committee Agenda for each of the respective Pool Committees for consideration, discussion, recommendations or proposed conditions. The Application shall not be considered by the Advisory Committee until at least twenty-one (21) days after the last of the three Pool Committee meetings to consider the matter.

10.12 Watermaster Investigations of Applications. Watermaster may, in its discretion, cause an investigation of the Groundwater or the portion of the Basin affected by a pending Application. Any party to the proceeding may be requested to confer and cooperate with the Watermaster, its staff or consultants to carry out such investigations.

10.13 Contesting an Application. Following consideration of an Application by each Pool Committee, a Contest to the Application may be filed by any party to the Judgment. Contests to Applications filed by parties to the Judgment or other persons requesting Watermaster's approval pursuant to this Article shall be submitted in writing a minimum of fourteen (14) days prior to the date scheduled for Advisory Committee consideration and possible action. The Contest shall describe the basis for the Contest and the underlying facts and circumstances. Watermaster shall provide notice of the Contest to the Active Parties.

10.14 Contents of a Contest.

- (a) Each Contest shall include the name and address of the Contestant and show that the Contestant has read either the application or the related notice.
- (b) If the Contest is based upon the allegation that the proposed action may result in Material Physical Injury to a party to the Judgment or the Basin, there shall be an allegation of the specific injury to the Contestant or to the Basin which may result from the proposed action and an identification of any then available evidence to support the allegation. If the Contest identifies documentary evidence other than Watermaster records or files, the Contestant shall serve copies of the documentary evidence on Watermaster and the Applicant seven (7) days prior to the hearing. If

relevant to the Contest, the Contestant shall provide Watermaster with the location of the Contestant's extraction and place of use. The location shall be described with sufficient accuracy so that the position thereof relative to the proposed action may be determined. If relevant to the Contest, the Contestant shall describe the Contestant's purpose of use.

- (c) If a Contest is based upon other grounds it shall summarize the grounds of the Contest.
- (d) The Contest shall set forth any conditions or amendments to the proposed action which, if agreed upon, would result in withdrawal of the Contest.
- (e) If Watermaster finds the Contest fails to comply with this provision, it may reject the Contest and deny the request for hearing if the Contestant fails to correct the defect and file a proper Contest within five (5) business days of the Watermaster's rejection. In any instance where a rebuttable presumption is applicable, the Watermaster shall include a statement in the rejection of the Contest that the Contestant has failed to reference any potential substantial evidence to overcome the presumption of no Material Physical Injury.

10.15 Extensions of Time and Continuance for Good Cause. An Applicant or Contestant may request an extension of time to file a Contest and Answer or for a continuance of a scheduled hearing and the request may be granted by Watermaster staff where good cause exists.

10.16 Applicant May Answer the Contest. An Applicant or project proponent may elect to file a written Answer to any Contest.

- (a) Contents. An Answer shall be responsive to the allegations contained in the Contest.
- (b) Time for Filing. Answers shall be filed at least seven (7) days prior to the scheduled hearing. If the Applicant intends to rely on documentary evidence other than Watermaster records or files, the Applicant shall serve copies of the documentary evidence upon Watermaster and the Contestant a minimum of three (3) days prior to the hearing.

10.17 Uncontested Applications by Parties to the Judgment.

- (a) The Advisory Committee and Board shall consider and may approve any uncontested Application. No hearing shall be required for an uncontested Application by a party to the Judgment unless there is good cause to hold a hearing. Where good cause appears, the Advisory Committee and the Board may deny, condition, or continue an uncontested Application. However, Watermaster shall not deny an Application until it has referred the matter to a hearing officer. In the case

of a proposed denial or conditional approval, and upon the request of the Applicant, Watermaster shall schedule an appropriate and timely hearing in general conformity with this Article X.

- (b) An uncontested Application shall be considered at the first regularly scheduled meeting of the Advisory Committee following the expiration of the Contest period.
- (c) The Advisory Committee shall consider the Application, the staff Summary and Analysis and staff report and any rebuttable presumption that may be applicable and make any determinations under the Judgment in accordance with the provisions of section 10.25 herein.
- (d) Following consideration by the Advisory Committee, the matter shall be transmitted to the Board for consideration. The Board shall also consider the Application, the staff summary and Analysis and staff report and any rebuttable presumption that may be applicable, as well as the Advisory Committee action consistent with the Judgment. The Board's determination shall be made in accordance with the provisions of section 10.25 herein.
- (e) In each case where Watermaster the Advisory Committee or Board denies or conditions an uncontested Application made by a party to the Judgment, it must support its determination by substantial evidence and act in a manner that is consistent with the Judgment and the Peace Agreement.

10.18 Contested Applications. In each case where a Contest is filed, the matter shall be set for hearing by Watermaster staff in coordination with the hearing officer and the parties to the proceeding.

10.19 Applications by Persons not Parties to the Judgment. In its sole discretion, Watermaster may review, consider, process and decide upon Applications made by persons not parties to the Judgment. However, Watermaster may not approve or conditionally approve such an Application without first holding a hearing in accordance with this Article X.

10.20 Complaints in General. Any party to the Judgment may file a Complaint with Watermaster alleging that the conduct of another person is causing or will cause Material Physical Injury in violation of these Rules and Regulations, the Judgment and the Peace Agreement.

- (a) The Complaint shall identify the name of the Complainant, the specific action or conduct that is causing or will or may cause Material Physical Injury, and any recommended mitigation measures or conditions that might avoid or reduce the alleged Material Physical Injury.
- (b) Upon receipt of the Complaint by Watermaster, it shall prepare a summary of the allegations and serve the summary along with a notice of the Complaint to the parties to the Judgment within 30 (thirty) days from filing.

- (c) Any party to the Judgment may file an Answer to the Complaint within 14 (fourteen) days of the date of the notice of Complaint or other time as may be prescribed in the Watermaster notice of the Complaint.
- (d) Watermaster shall schedule a hearing on the Complaint within 30 (thirty) days of the notice of the Complaint.
- (e) A party to the Judgment's failure to appear or Contest a hearing on the approval of an Application of any matter before Watermaster shall not be a bar to the party's right to file a Complaint as provided herein. However, a party shall not be permitted to file a Complaint if it knew or should have known of a particular harm that that party would suffer and had a reasonable opportunity to object at the time of the original approval process but did not file such a Contest.
- (f) Any party to the Judgment may request an extension of time to file an Answer or to continue the hearing, which may be granted for good cause by Watermaster.
- (g) Any party to a Complaint proceeding that intends to rely upon documentary evidence at the hearing, other than Watermaster documents or files, shall serve copies of the evidence upon Watermaster and the other parties to the proceeding a minimum of seven (7) days in advance of the hearing.
- (h) Watermaster may, in its discretion, cause an investigation of the injury alleged to exist by the pending Complaint. Any party to the proceeding may be requested to confer and cooperate with the Watermaster, its staff or consultants to carry out such investigations.

10.21 All Complaints Considered by Pool Committees. All Complaints shall be considered by the Pool Committees. Following consideration by the respective Pool Committees, if the Complaint is not dismissed any person(s) directly impacted by the Complaint may file an Answer in accordance with the provisions of section 10.16 and the Complaint shall be set for hearing.

10.22 Designation of Hearing Officer for Applications, Contests and Complaints. The Watermaster Board shall develop and maintain a panel of five individuals that have technical expertise and some familiarity with the Basin. The hearing officer shall be selected by the mutual agreement of each side. If mutual agreement cannot be reached, each side to any hearing on an Application or Complaint shall rank their preferred hearing officer from one (1) to five (5). The panel member receiving the highest total score shall be selected by the Watermaster Board as the Hearing Officer, unless he or she is unable to serve in which case the panel member receiving the next highest rank shall be selected. Ties shall be broken by vote of the Watermaster Board. Watermaster may add or remove new members to the five member panel from time to time or as circumstances may warrant. There shall be only two sides in any hearing and intervenors shall be assigned to a side.

10.23 Duty of the Hearing Officer. The hearing officer shall conduct the hearings in accordance with the provisions of this Article. It shall be the responsibility of the hearing officer to compile the record, develop proposed findings and recommendations supported by substantial evidence in the record within thirty days of the hearing and transmit the record to the Advisory Committee and thereafter the Watermaster Board for further action. The hearing officer shall have and shall exercise the power to regulate all proceedings in any matter before it, and to take and do all acts and measures necessary or proper for the efficient performance of its duties.

10.24 Procedure at Hearings on Applications, Contests and Complaints

- (a) Parties Recognized at Hearing. Only the Applicant(s), Contestant(s), Watermaster staff and other party or parties to the Judgment which the hearing officer, in its discretion, allows to intervene as Applicant or Contestant, may be allowed to appear at the hearing.
- (b) Appearances. Persons appearing on their own behalf shall identify themselves at the beginning of the hearing. When a person is represented by an agent or attorney, such agent or attorney shall likewise enter an appearance before the hearing officer and thereafter will be recognized as fully controlling the case on behalf of that party to the proceeding.
- (c) Conduct of Hearings. Hearings shall be open to the public. The hearing officer has and shall exercise the power to regulate all proceedings in any manner before it, and to do all acts and take all measures necessary or proper for the efficient performance of its duties. The hearing officer may rule on the admissibility of evidence and may exercise such further and incidental authority as necessary for the conduct of the proceedings.
- (d) Evidence. The hearing need not be conducted according to technical rules of evidence and witnesses. Any relevant, non-repetitive evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs. Hearsay evidence may be used for the purpose of supplementing or explaining any direct evidence but shall not be sufficient by itself to support a finding unless it would be admissible over objection in civil actions.
- (e) Rebuttable Presumption. A rebuttable presumption under these Rules and Regulations means that the presumption shall be sufficient to approve an Application, unless a party to the Judgment opposing the Application produces substantial evidence to rebut the presumption. Once the party to the Judgment opposing the Application produces substantial evidence in support of their contention that an action may cause Material Physical Injury to a party to the Judgment or the Basin, the presumption shall be deemed rebutted.



- (f) Official Notice. Before or after submission of a matter for decision, official notice may be taken by the Hearing Officer of such facts as may be judicially noticed by the courts of this State.
- (g) Evidence by Reference. Public records of Watermaster which are relevant to the subject of the hearing and books, reports or other papers and pleadings which have been prepared by Watermaster and submitted previously to the Court, may in the discretion of the hearing officer, be received into evidence as exhibits without the need of supplying copies to Watermaster or other parties to the proceeding.
- (h) Examination of Witnesses. Each party to the proceeding shall have the right to call and examine witnesses and introduce exhibits. Watermaster staff and consultants may participate in the hearing as appropriate, using their technical knowledge and experience for the primary purpose of developing a full, fair and accurate record, including the questioning of any witness or the agents for any party to the proceeding
- (i) Order of Procedure. There shall be an opening statement by Watermaster staff, summarizing the subject matter and purpose of the hearing and the procedures to be followed. The designated hearing officer will then ask all persons wishing to participate in the hearing to identify themselves. Staff shall present any written reports, or summary of any findings resulting from an investigation of the Application or the Complaint. The Applicant or the Complainant shall then proceed in the case in chief, followed by the Contestant(s) or the Respondents. The Applicant and the Complainant will then be afforded an opportunity to present any responsive evidence. The hearing officer may allow further response as the interests of justice may require. Questions from the hearing officer or Watermaster staff shall be appropriate at any time.
- (j) Opening Statements and Closing Briefs. Prior to presenting their case, any party to the proceeding may file a written opening statement, or may make an oral opening statement, the length of which may be prescribed by the hearing officer. At the close of the hearing, if the hearing officer deems it advisable, time will be allowed for the filing of written briefs.
- (k) Record. The record of the hearing shall consist of all documents submitted for consideration as well as all testimony presented. Tape recordings of all testimony shall be made. Any party, at that party's sole expense, may have a court reporter present at the hearing.
- (l) Completion of Record. The Hearing Officer may request assistance from Watermaster staff and general counsel in completing the record, proposed findings and recommendations. The Hearing Officer shall transmit his or her proposed findings to the Advisory Committee within thirty days of the close of the hearing.

The proposed findings of the hearing officer shall be based upon substantial evidence in the record.

10.25 Watermaster Determinations.

- (a) Watermaster shall consider and may approve, deny, or condition any contested Application. Prior to rendering a determination on a contested Application or a Complaint, both the Advisory Committee or the Board may also each remand the matter for further findings by the hearing officer a maximum of one time each. The hearing officer shall conduct any additional hearings and complete its review and rehearing and transmit its subsequent report to the Advisory Committee within thirty days from the date of notice from Watermaster of the need for additional findings.
- (b) A contested Application or a Complaint shall be considered at the first regularly scheduled meeting of the Advisory Committee following the transmittal of the record, proposed findings of fact and recommendations by the hearing officer and no later than 30 days from the date of the hearing. The Advisory Committee shall consider the Application, the staff summary and analysis and staff report, any rebuttable presumption, the Contest, Answer, the record, proposed findings of fact and any recommendations of the hearing officer. The Advisory Committee may amend, modify, accept or reject the report of the hearing officer, or it may direct the hearing officer to conduct a re-hearing to receive additional evidence, direct the filing of additional briefs or request oral argument.
  - (i) The findings and decision adopted by the Advisory Committee shall be supported by citations to substantial evidence in the record.
  - (ii) If the Advisory Committee fails to base its decision on substantial evidence in the record or fails to consider the proposed findings of fact developed by the Hearing Officer, subject to the right of the Advisory Committee to remand for further findings, any Advisory Committee mandate shall not be binding on the Watermaster Board. This provision shall not be considered in construing the power of the Watermaster Board or the Advisory Committee that may exist under the Judgment.
- (c) Following consideration by the Advisory Committee, the matter shall be transmitted to the Board for consideration within the next thirty (30) days. The Board shall also consider the Application, the staff summary, analysis and staff report, any rebuttable presumption that may be applicable, the Contest, the Answer, the record, the proposed findings of fact and recommendations of the hearing officer, as well as the Advisory Committee action consistent with the Judgment. The Watermaster Board may amend, modify, accept or reject the report of the hearing officer, or it may direct the hearing officer to conduct a re-hearing to receive additional evidence, direct the filing of additional briefs or request oral argument.

If the Board directs the hearing officer to conduct a re-hearing, then the proposed findings of fact and any recommendations shall be transmitted to the Advisory Committee for re-consideration prior to transmittal to the Board.

- (d) Watermaster Action. In acting upon a Complaint, or by approving, denying or conditioning in whole or in part any Application under this Article, the determinations made by the Watermaster Advisory Committee and Board shall be based upon substantial evidence in the record developed by the hearing officer and then before the Advisory Committee and Board. In making such determinations, the Advisory Committee and Board shall act in a manner consistent with the Judgment, the Peace Agreement and these Rules and Regulations. Each shall support its determinations by written findings. Each shall consider all relevant evidence presented and give due consideration to the policies and purposes set forth in the Judgment as well as Article X, section 2 of the Peace Agreement and the OBMP Implementation Plan.
- (e) No Restriction on Rights to Judicial Review Following Determination by Watermaster. Nothing herein shall be construed as imposing any limitation on any party's rights to seek judicial review of a Watermaster decision under this Article pursuant to paragraph 31 of the Judgment once Watermaster has rendered a decision on the respective Application or, in the case of a Complaint, to seek judicial review of a Watermaster decision where a party to the Judgment has elected to pursue Watermaster review of an action under this Article.
- (f) Emergency Review. In the event of a sudden, unforeseen and unexpected emergency impacting the health, safety and welfare of a party to the Judgment or the Basin, the party to the Judgment may seek immediate judicial review in accordance with the provisions of the Judgment and the Local Rules.
- (g) Undue Delay. Absent a Watermaster determination that extraordinary circumstances exist, Watermaster shall render its final decision on any Application filed under this Article within 180 days from the date the Application is deemed complete by Watermaster Staff. In the event Watermaster fails to offer a satisfactory response to repeated requests by a party to the Judgment to approve, deny or condition an Application or to rule on a Complaint, a party to the Judgment may request judicial review of the matter prior to the final Watermaster action.
- (h) Effective Date of Watermaster Action.
  - (i) For purposes of judicial review, any action determination or rule of Watermaster shall be the date on which the decision is filed.
  - (ii) For the purposes of determining the date on which an approved Application pursuant to Article X shall be considered effective, the approval shall relate back to date the completed Application is filed.

10.26 Application, Contests, Complaints Fees and Expenses.

- (a) Each party to the proceeding shall bear its own costs and expenses associated with the proceeding.
- (b) Watermaster's summary and analysis and participation in any hearing under this Article X shall be considered a general Watermaster administrative expense.
- (c) Upon request by the Agricultural Pool, Non-Agricultural Pool, or Appropriative Pool, the parties shall renegotiate this section 10.26. This renegotiation shall consider, but shall not be limited to, the adoption of a Court-approved resolution to address potential costs, fees and procedures incurred by parties to the Judgment and Watermaster in resolving frivolous and repetitiously unsuccessful similar contests.
- (d) Nothing herein shall be construed as precluding the right or claim by any party to the Judgment to request a reviewing Court under paragraph 31 of the Judgment to award litigation fees and costs to the extent such fees and costs may be available under general law.

**From:** Crosley, Dave <[dcrosley@cityofchino.org](mailto:dcrosley@cityofchino.org)>

**Sent:** Tuesday, January 11, 2022 3:43 PM

**To:** Peter Kavounas <[PKavounas@cbwm.org](mailto:PKavounas@cbwm.org)>; Herrema, Brad <[BHerrema@bhfs.com](mailto:BHerrema@bhfs.com)>

**Cc:** Coker, Amanda <[acoker@cityofchino.org](mailto:acoker@cityofchino.org)>

**Subject:** Proposed Revisions (2022 update to the October 2019 version) to Chino Basin Watermaster Rules & Regulations

Hello Peter and Brad,

Based on our review of the subject material we have the following comments/requested changes:

- 1) 1.1 (xx). Delete “means the maximum quantity of water that may be held in Local Storage when combined with Carry-Over Water.” Simply state the numbers and corresponding timeframes. The suggested revised definition should read as follows “Maximum Local Storage Quantity is 700,000 acre-feet until June 30, 2030. After June 30, 2030 the Maximum Local Storage Quantity shall be reduced to 620,000 acre-feet until June 30, 2035. [Court’s Findings and Order, dated July 21, 2021.]”.
- 2) 6.5 (c) (ii). Because of the 2.5% threshold described in 6.5 (c) (i), (ii) is unnecessary. However, if (i) is to remain (since it was part of the court’s order by reference), then there should be an expanded description of (or reference to) a constrained process that indicates how and when pertinent determinations are made and who makes those determinations.
- 3) 8.2 (f). In the 2<sup>nd</sup> to last sentence, the phrase “and Excess Carryover Water” should be deleted. Watermaster approves a local storage agreement as a mechanism to perfect a Party’s (Appropriator or Overlying Non-agricultural Pool member) right to preserve Excess Carryover.
- 4) 8.2 (g). “Excess Carry-Over” should be deleted from the 1<sup>st</sup> sentence as it is inappropriate to impose a time limit on the Judgment-guaranteed right to preserve Excess Carryover. Watermaster may condition (e.g. to mitigate MPI) the preservation of Excess Carryover if it is preserved in an amount that causes adverse impact, but Watermaster may not impose a “limit” on the amount of Excess Carryover preserved.

Our apologies for sending these comments to you so late.

Thanks,  
Dave

**From:** Justin Scott-Coe <[jscottcoe@mvwd.org](mailto:jscottcoe@mvwd.org)>

**Sent:** Tuesday, January 11, 2022 5:42 PM

**To:** Herrema, Brad <[BHerrema@bhfs.com](mailto:BHerrema@bhfs.com)>; Peter Kavounas <[PKavounas@cbwm.org](mailto:PKavounas@cbwm.org)>

**Cc:** Andrew Gagen <[agagen@kidmanlaw.com](mailto:agagen@kidmanlaw.com)>; Stephanie Reimer <[SReimer@mvwd.org](mailto:SReimer@mvwd.org)>; Bill Schwartz <[bschwartz@mvwd.org](mailto:bschwartz@mvwd.org)>

**Subject:** RE: Chino Basin Watermaster Updated Rules & Regulations (Draft Circulation for Parties' Review - Comments Due 12/10/21)

Dear Brad and Peter,

First, a very Happy New Year to both of you and the entire Watermaster team.

Second, our sincere apologies for sending these comments to you so late. Our initial review did not result in comments; however, upon subsequent review we identified the following recommended changes:

- 1.1(xx): This definition only cites the 7/21/21 Court's Findings and Order, but includes the language "when combined with Carry-Over Water" that is not supported by the 7/21/21 Court's Findings and Order. We recommend either removing this language or adding an additional citation that supports this language.
- 8.2(f): Similar to 1.1(xx), the addition of the phrases "and Excess Carryover Water" is not supported by the 7/21/21 Court's Findings and Order. Similarly, we recommend either removing this language or adding an additional citation that supports this language.

Thank you!

Best,  
Justin



Justin Scott-Coe, PhD, CSDM  
General Manager  
Monte Vista Water District  
O: 909.267.2125 | C: 909.238.6199



**From:** Anna Nelson <[atruongnelson@cbwm.org](mailto:atruongnelson@cbwm.org)>

**Sent:** Wednesday, November 10, 2021 5:28 PM

**To:** Anna Nelson <[atruongnelson@cbwm.org](mailto:atruongnelson@cbwm.org)>

**Subject:** Chino Basin Watermaster Updated Rules & Regulations (Draft Circulation for Parties' Review - Comments Due 12/10/21)

Dear Watermaster Stakeholders,

Attached is the proposed revision to the Watermaster Rules and Regulations to comply with the Judge's Order regarding the Local Storage Limitation Solution. Please review and send your comments to Brad Herrema ([bherrema@bhfs.com](mailto:bherrema@bhfs.com)) and Peter Kavounas ([pkavounas@cbwm.org](mailto:pkavounas@cbwm.org)) by cob Friday December 10, 2021. Comments will be considered and a workshop will be scheduled if necessary. The draft revised Rules and Regulations will be presented to Pool Committees for advice and assistance before Advisory Committee and Board consideration and ultimately filing with the Court.

Regards,  
Anna

**Anna Truong Nelson, CAP, OM, TA**  
Executive Services Director  
Board Clerk  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730

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# **CHINO BASIN WATERMASTER**

## **III. BUSINESS ITEMS**

### **C. 2020 OBMP IMPLEMENTATION PLAN**





# CHINO BASIN WATERMASTER

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**PETER KAVOUNAS, P.E.**  
General Manager

## STAFF REPORT

DATE: January 27, 2022

TO: Board Members

SUBJECT: 2020 OBMP Implementation Plan (Business Item III.C.)

### SUMMARY:

Issue: Implementation of the 2020 Optimum Basin Management Program (2020 OBMP) will require studies and/or other planning work. The Watermaster Board has requested the advice and assistance of the Pool Committees on the subject, especially with a focus on Storage and Recovery Programs.

Recommendation: Direct staff to include the budget for any studies and/or planning efforts necessary to advance implementation of the 2020 OBMP and CEQA review in the FY 2022/23 budget.

Financial Impact: Financial impact will be determined based on any recommended actions.

### Future Consideration

**Watermaster Board – January 27, 2022:** Budget for any studies and/or planning efforts necessary to advance implementation of the 2020 OBMP and CEQA review

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### ACTIONS:

**Appropriative Pool – January 13, 2022:** Provided advice and assistance

**Non-Agricultural Pool – January 13, 2022:** Provided advice and assistance

**Agricultural Pool – January 13, 2022:** Did not provide any advice or assistance

**Advisory Committee – January 20, 2022:** Recommended the Board to budget for OBMP IP development and CEQA review

**Watermaster Board – January 27, 2022:**

*Watermaster's function is to administer and enforce provisions of the Judgment and subsequent orders of the Court, and to develop and implement an Optimum Basin Management Program*

## BACKGROUND

In September 2018, Watermaster initiated the process to update its Optimum Basin Management Program (OBMP). The original (2000) OBMP contains a set of management programs that improve the reliability and long-term sustainability of the Chino Basin and the water supply reliability of the Judgment Parties. The framework for developing the OBMP—including the goals of the Parties, the hydrologic understanding of the Basin, the institutional and regulatory environment, an assessment of the impediments to achieving the Parties' goals, and the actions required to remove the impediments and achieve the goals—were all based on 1998-1999 conditions.

Many, though not all, of the projects and management programs envisioned in the 2000 OBMP have been implemented through close cooperation among all the parties, IEUA, and Watermaster. The understanding of the hydrology and hydrogeology of the Chino Basin has improved since 2000, and new water-management issues have been identified. Of particular importance was the need to update the Watermaster's Storage Management Plan to accommodate current planning projections. Additionally, the PEIR and SEIR for the OBMP are nineteen and nine years old, respectively. Because the knowledge of the basin's characteristics has improved since these CEQA documents were adopted, water management challenges have intensified, and environmental considerations have changed, it was determined that an updated PEIR will better support decision-making, investment, and grant applications for ongoing and new management actions under the OBMP.

The 2020 OBMP Update was facilitated using a collaborative stakeholder process like that employed for the development of the 2000 OBMP. Throughout 2019, Watermaster held a series of public listening sessions to support the development of the 2020 OBMP. The purpose of the listening sessions was to obtain information, ideas, and feedback from the stakeholders to define their issues, needs, and wants; their collective goals for the 2020 OBMP Update; impediments to achieving the goals; the management actions required to remove the impediments; and a proposed plan to implement the management actions.

The Watermaster Board adopted the 2020 OBMP at their regular meeting on October 22, 2020.

## DISCUSSION

The management plan described in Section 4 of the 2020 OBMPU retains the nine Program Elements (PEs) defined in the 2000 OBMP and is based on the ongoing 2000 OBMP implementation actions and includes the new implementation actions defined in the 2020 OBMP Update process. Implementation of the management plan described in Section 4 may or may not result in the construction of new facilities, and nothing in this document obligates Watermaster or the Parties to implement the optimization recommendations. However, some of the implementation actions included in the management plan are required by Watermaster to administer the Physical Solution or comply with other Watermaster or regulatory requirements. These required implementation actions may or may not result in the development and implementation of projects. Exhibit 17 of the 2020 OBMP (Attachment 1) summarizes the complete management plan, inclusive of all PEs. Exhibit 17 lists each implementation action and characterizes if they originated from the 2000 OBMP or the 2020 OBMP Update and whether Watermaster deems their implementation required to administer the Physical Solution of the Judgment or to comply with other regulatory or Watermaster requirements, including the basis for the requirements.

As part of the 2020 OBMP Update process, Watermaster initiated a process to support the parties in the drafting of the OBMP Implementation Plan Update in March 2020. The Implementation Plan is required to implement the parties' suggested activities included in the 2020 OBMP Update. The OBMP Implementation Plan Update would be the vehicle through which parties would agree to implement the activities and it would be memorialized in an Implementation Agreement.

The process to develop an OBMP Implementation Plan Update and an Implementation Agreement was paused in consideration of the COVID-19 pandemic.

To implement the actions identified through this process, the OBMP Update requires environmental review pursuant to the California Environmental Quality Act (CEQA), in which IEUA is acting as the lead agency for the project, since the Peace Agreement and the Peace II Agreement established that IEUA would serve as the lead agency for the OBMP PEIR and the 2007 Supplemental EIR.

Parties are being requested to offer their advice to the Watermaster Board with respect to the implementation actions shown in Attachment 1, the development of an OBMP IP update, and the necessary environmental review for the 2020 OBMP. These advanced actions enhance optimum basin management and since they will take a considerable amount of time, the sooner they are started, the better it will be for all stakeholders. Additionally there are more opportunities for grant funding of projects if planning actions are completed. Parties are encouraged to consider the benefit of proactive basin management and continuous evaluation moving forward.

The item was presented to the three Pool committees. Some Appropriative Pool members expressed interest in continuing with the process to update the OBMP Implementation Plan and to budget for the necessary CEQA review. Other members of the Appropriative pool expressed their interest in developing an update to the OBMP Implementation Plan first before moving forward with CEQA review. The Overlying Non-Agricultural Pool provided advice and assistance. The Overlying Agricultural Pool did not offer any advice or assistance.

This item was presented to the Advisory Committee and the Committee recommended, by majority vote, to the Watermaster Board to include in the upcoming budget the necessary funds to support the development of the OBMP Implementation Plan Update and the necessary CEQA review. The comments during the Advisory Committee consideration mirrored those made during the Appropriative Pool Committee meeting on January 13, 2022.

## ATTACHMENTS

1. Implementation Actions for the 2020 OBMP Update by PEs (2020 OBMP Exhibit 17)

**Exhibit 17  
Implementation Actions for the 2020 Optimum Basin Management Program Update by Program Element**

Implementation Actions for the Next 20 Years by Program Element	Action Added in 2000* or 2020?	Schedule (Yr 1-3, 4-20, or 1-20)	Is the Action Required by Watermaster to Administer the Physical Solution or Comply with Other Regulatory or Court Requirements?	
			Yes/No	Basis
<b>Program Element 1 - Develop and Implement Comprehensive Monitoring Program</b>				
Watermaster will continue to conduct the required monitoring and reporting programs, including collection of: groundwater production, groundwater level, groundwater quality, ground level, surface water, climate, water supply planning, biological, and well construction/destruction monitoring data.	2000*	Years 1-20	Yes	This action included in the 2000 OBMP IP is required by the July 2000 Court Order to implement the Peace Agreement. The monitoring requirements have evolved over time. The requirements are described in Table 2 of the OBMP Update Report, which lists each Watermaster monitoring and reporting program and the associated entity (e.g. Court, Regional Board, etc.) requiring each program.
Perform review and update of Watermaster's regulatory and Court-ordered monitoring and reporting programs and document in a work plan: <i>OBMP Monitoring and Reporting Work Plan</i> .	2020	Years 1-3	No	These actions will allow the Parties to offer more direct input in the implementation of the required monitoring programs, but it is not necessary for Watermaster to convene this process to comply with the monitoring requirements. Watermaster annually reviews ongoing monitoring to achieve efficiency.
Perform periodic review and update of the <i>OBMP Monitoring and Reporting Work Plan</i> (or other guidance documents developed by Watermaster) and modify the monitoring and reporting programs, as appropriate.	2020	Years 4-20	No	
<b>Program Element 2 - Develop and Implement Comprehensive Recharge Program</b>				
Continue to convene the Recharge Investigations and Projects Committee.	2000	Years 1-20	Yes	These actions included in the 2000 OBMP IP are required by the July 2000 Court Order to implement the Peace Agreement. The Peace II Agreement and the Special Referee's December 2007 Report further establish the requirement and need for the recharge program. In its December 2007 Order, the Court ordered the implementation of the Peace II Agreement.
Complete the 2023 Recharge Master Plan Update (RMPU).	2000*	Years 1-3	Yes	
Implement recharge projects based on need and available resources.	2000	Years 1-20	Yes	
Update the RMPU no less than every five years (2028, 2033, 2038).	2000	Years 4-20	Yes	
<b>Program Element 3 - Develop and Implement a Water Supply Plan for Impaired Areas</b>				
n/a				As described in Section 3.2.3.2 of the 2020 OBMP Update report, there are no separate implementation actions for PE3 in the 2020 OBMP. The ongoing operation of the Chino Basin Desalters, which were the subject of the implementation actions of PE 3 in the 2000 OBMP is now part of PE 7 to Develop and Implement a Salt Management Program.
<b>Program Element 4 - Develop and Implement Comprehensive Groundwater Management Plan for Management Zone 1</b>				
Implement Watermaster's Subsidence Management Plan, and adapt it as necessary.	2000*	Years 1-20	Yes	These actions included in the 2000 OBMP are required by the July 2000 Court Order to implement the Peace Agreement. The Peace II Agreement established further requirements for the continued recharge in MZ-1 through the term of the Peace Agreement.
Watermaster will arrange for the physical recharge of at least 6,500 any of Supplemental Water in MZ-1 as an annual average. Watermaster may re-evaluate the minimum annual quantity of Supplemental Water recharge in MZ-1 and may increase this quantity through the term of the Peace Agreement.	2000*	Years 1-20	Yes	

**Exhibit 17**

**Implementation Actions for the 2020 Optimum Basin Management Program Update by Program Element**

Implementation Actions for the Next 20 Years by Program Element	Action Added in 2000* or 2020?	Schedule (Yr 1-3, 4-20, or 1-20)	Is the Action Required by Watermaster to Administer the Physical Solution or Comply with Other Regulatory or Court Requirements?	
			Yes/No	Basis
<b>Program Element 5 - Develop and Implement Regional Supplemental Water Program</b>				
The IEUA will maximize the reuse of its recycled water in the Chino Basin.	2000*	Years 1-20	Yes	Pursuant to the Basin Plan, IEUA and Watermaster are required to maximize recycled water reuse in the Chino-North GMZ consistent with the Maximum Benefit SNMP.
The IEUA, the TVMWD, the WMWD, and/or other Party acting as a coordinating agency will establish or expand future recycled water planning efforts to maximize the reuse of all available sources of recycled water.	2020	Years 1-20	No	Although these actions optimize the management of all available recycled water supplies to achieve water supply reliability, they are not required by Watermaster to administer the Physical Solution or other regulatory requirements. These implementation actions are included as part of the 2020 OBMP Update to complement regional planning efforts, not to duplicate them.
Watermaster will support the IEUA, the TVMWD, the WMWD, and/or others in their efforts to maximize recycled water reuse to ensure these efforts are integrated with Watermaster's groundwater and salinity management efforts.	2020	Years 1-20	No	
The IEUA, the TVMWD, the WMWD, and/or other Party acting as a coordinating agency will establish or expand future integrated water resources planning efforts to address water supply reliability for all Watermaster Parties.	2020	Years 1-20	No	Although these actions optimize the management of all available water supplies to achieve water supply reliability, they are not required by Watermaster to administer the Physical Solution or other regulatory requirements. These implementation actions are included as part of the 2020 OBMP Update to complement regional planning efforts, not to duplicate them.
Watermaster will support the IEUA, the TVMWD, the WMWD, and/or others in their efforts to improve water supply reliability to ensure those efforts are integrated with Watermaster's groundwater management efforts.	2020	Years 1-20	No	
<b>Program Element 6 - Develop and Implement Cooperative Programs with the Regional Board and Other Agencies to Improve Basin Management</b>				
Re-convene the water quality committee and meet periodically to update groundwater quality management priorities.	2000*	Years 1-3	Yes	Paragraph 41 of the Judgment states: "Watermaster Control. Watermaster, with the advice of the Advisory and Pool Committees, is granted discretionary powers in order to develop an optimum basin management program for Chino Basin, including both water quantity and quality considerations. Withdrawals and supplemental water replenishment of Basin Water, and the full utilization of the water resources of Chino Basin, must be subject to procedures established by and administered through Watermaster with the advice and assistance of the Advisory and Pool Committees composed of the affected producers. Both the quantity and quality of said water resources may thereby be preserved and the beneficial utilization of the Basin maximized." (Pgs. 19-20 of the Restated Judgment) If water quality is not considered and effectively managed, the Parties may not be able to utilize their water rights, which could result in negative impacts to the basin, such as reductions in net recharge, loss of hydraulic control, and movement of contaminant plumes. Effective management of water quality in the Basin to preserve maximum beneficial use can only be accomplished through a systematic assessment of the emerging contaminant threats to the use of groundwater resources, and thoughtfully preparing a plan to respond to those threats.
Develop and implement an initial emerging contaminants monitoring plan.	2020	Years 1-3	Yes	
Prepare a water quality assessment of the Chino Basin to evaluate the need for a <i>Groundwater Quality Management Plan</i> and prepare a long-term emerging contaminants monitoring plan.	2020	Years 1-3	Yes	
Develop and implement a <i>Groundwater Quality Management Plan</i> and periodically update it.	2020	Years 4-20	Yes	
Implement long-term emerging contaminants monitoring plan.	2020	Years 4-20	Yes	
Continue to conduct investigations to assist the parties and/or the Regional Board in accomplishing mutually beneficial objectives as needed.	2000	Years 1-20	Yes	This action included in the 2000 OBMP is required by the July 2000 Court Order to implement the Peace Agreement. Recommendations for investigations will be made to Watermaster by the Water Quality Committee.
Continue to support the Parties in identifying funding from outside sources to finance cleanup efforts.	2000	Years 1-20	Yes	This action included in the 2000 OBMP is required by the July 2000 Court Order to implement the Peace Agreement. Requests for support will be made to Watermaster by the Water Quality Committee.
Implement projects of mutual interest.	2000	Years 1-20	No	The implementation of projects is not required by the 2000 OBMP IP, however Watermaster is required to support the Parties, as requested by the Committee, and as appropriate.

**Exhibit 17**

**Implementation Actions for the 2020 Optimum Basin Management Program Update by Program Element**

Implementation Actions for the Next 20 Years by Program Element	Action Added in 2000* or 2020?	Schedule (Yr 1-3, 4-20, or 1-20)	Is the Action Required by Watermaster to Administer the Physical Solution or Comply with Other Regulatory or Court Requirements?	
			Yes/No	Basis
<b>Program Element 7 - Develop and Implement Salt Management Plan</b>				
Continue to implement the maximum benefit salt and nutrient management plan pursuant to the Basin Plan.	2000*	Years 1-20	Yes	Watermaster and IEUA must perform these actions pursuant to the maximum benefit SNMP in the Basin Plan.
Complete the 2020 update of TDS and nitrate projections to evaluate compliance with maximum benefit salt and nutrient management plan, and, if necessary, based on the outcome, prepare a plan and schedule to implement a salt offset compliance strategy.	2020	Years 1-3	Yes	Watermaster and IEUA have already begun this project and are required to complete it by the Regional Board to obtain a revised recycled water compliance program related to total dissolved solids concentrations.
Starting in 2025 and every five years thereafter, update water quality projections to evaluate compliance with the maximum benefit salt and nutrient management plan.	2020	Years 4-20	Yes	Watermaster and IEUA will be required to perform these actions pursuant to an anticipated amendment to the maximum benefit SNMP in the Basin Plan.
<b>Program Element 8/9 - Develop and Implement Groundwater Storage Program <i>and</i> Develop and Implement Storage and Recovery Programs</b>				
Complete and submit to the Court the 2020 Safe Yield Recalculation.	2000*	Years 1-3	Yes	The 2000 OBMP IP identified the ten-year recalculation requirement, which is binding on Watermaster through the 2000 Court Order. Additionally, section 4.2 of the April 2017 Court Order that followed the 2015 Safe Yield Reset further establishes the date by which the next 10-year updates must occur (2020) and affirms the 10-year update frequency.
Complete and submit to the Court the 2020 Storage Management Plan (SMP).	2020	Years 1-3	Yes	Paragraph 41 of the Judgment requires "...procedures to be established and administered through Watermaster with the advice and assistance of the Advisory and Pool Committees for the withdrawals and supplemental water replenishment of Basin water..." The SMP in the 2000 OBMP is insufficient to meet the needs of the Parties as storage already exceeds the limits in the established procedures. A new SMP is required to issue storage agreements as of July 1, 2020. And, the CEQA coverage for the existing SMP expires in July 2021.
Develop a <i>Storage and Recovery Master Plan</i> to support the design of optimized storage and recovery programs that are consistent with the 2020 Storage Management Plan and provide the Watermaster with criteria to review, condition, and approve applications in a manner that is consistent with the Judgment and the Peace Agreement.	2020	Years 1-3	Yes	Section 5.2.c.iv.(b) of the Peace Agreement states that "Watermaster shall prioritize its efforts to regulate and condition the storage and recovery of water developed in a Storage and Recovery Program for the mutual benefit of the Parties to the Judgment and give first priority to Storage and Recovery Programs that provide broad mutual benefits." Watermaster must document the basis by which it will review, condition, and approve applications in a manner that is predictable, uniform, and consistent with the Peace Agreement and the 2020 SMP. A master plan is the most efficient process to do this.
Assess losses from storage accounts based on the findings of the 2020 Safe Yield Recalculation.	2000*	Years 1-3	Yes	Section 5.2.b.xii of the Peace Agreement requires that Watermaster shall set the annual rate of loss from Local Storage for parties to the Judgment at zero through 2005. Thereafter, the rate of loss from Local Storage for parties to the Judgment will be 2% until recalculated based upon the based available scientific information. Losses will be deducted annually from each party to the Judgment's storage account. The loss rate is assessed as part of the Safe Yield recalculation.
Update the Storage Management Plan in 2025 and every five years thereafter, and when: the Safe Yield is recalculated, Watermaster determines a review and update is warranted based new information and/or the needs of the parties or the basin, and at least five years before the aggregate amount of managed storage by the parties is projected to fall below 340,000 af.	2020	Years 4-20	Yes	The 2020 SMP is based on present planning projections and technical understanding of the basin. This information can change over time and the limits established in the 2020 SMP must be revisited from time to time to ensure it meets the needs of the Parties. These triggers for updating the SMP are defined in the 2020 SMP.
Perform Safe Yield recalculation every 10 years.	2000	Years 4-20	Yes	See above basis for the 2020 Safe Yield recalculation.
Update the storage loss rate following each recalculation of Safe Yield and during periodic updates of the SMP.	2020	Years 4-20	Yes	See above basis for assessing losses based on the 2020 Safe Yield recalculation. The loss rate may also be evaluated in future SMP updates.

\*For the 2000 OBMP implementation actions annotated with a "\*", the description of the action has been modernized to reflect current terminology, reports, and requirements established after the 2000 OBMP was finalized.