

FEE EXEMPT

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EXEMPT FROM FILING FEES
PURSUANT TO GOV. CODE, § 6103

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 COUNTY OF SAN BERNARDINO

11
12 CHINO BASIN MUNICIPAL WATER
13 DISTRICT,
14
15 Plaintiff,
16 v.
17 CITY OF CHINO, et al.,
18 Defendants.

CASE NO. RCVRS 51010

[ASSIGNED FOR ALL PURPOSES TO THE
HONORABLE GILBERT G. OCHOA]

**APPENDIX OF EVIDENCE IN
SUPPORT OF CITY OF ONTARIO'S
SUPPLEMENTAL BRIEF IN SUPPORT
OF OPPOSITION TO
WATERMASTER'S MOTION FOR
COURT APPROVAL OF CORRECTED
AND AMENDED FISCAL YEARS
2021/22 AND 2022/23 ASSESSMENT
PACKAGES**

VOL. 2: EXHIBITS 6-12

Date: August 14, 2026
Time: 10:00 a.m.
Department: R17


1 City of Ontario submits this appendix of evidence referenced in its Supplemental Brief in
 2 Support of Opposition to Watermaster’s Motion for Court Approval of Corrected and Amended
 3 Fiscal Years 2021/22 and 2022/23 Assessment Packages and Request for Judicial Notice, filed
 4 concurrently herewith.

Ex. No.	Description	Vol.
1.	Local Agency Agreement by and between Inland Empire Utilities Agency (“IEUA”) and Cucamonga County Water District, dated March 11, 2003, and Amendments Nos. 1-3	1
2.	Local Agency Agreement by and between IEUA and the City of Ontario, dated April 15, 2003	1
3.	Local Agency Agreement by and between IEUA and the City of Ontario and Jurupa Community Services District, dated January 12, 2004	1
4.	Watermaster’s Motion for Approval of Storage and Recovery Program Agreement (with Exhibit A only), filed May 12, 2004	1
5.	Order Approving Storage and Recovery Program Storage Agreement re Implementation of Dry Year Yield Storage Project, entered June 24, 2004	1
6.	Groundwater Storage Program Funding Agreement, Agreement No. 49960, dated March 1, 2003	2
7.	Order Concerning Groundwater Storage Program Funding Agreement – Agreement No. 49960, entered June 5, 2003	2
8.	Chino Basin Watermaster Rules and Regulations, updated 2022	2
9.	Minutes of the Watermaster Appropriative Pool – Special Meeting, held November 27, 2018.	2
10.	Order on the Motion to Approve Amendments to Appropriative Pool Pooling Plan, entered March 15, 2019	2
11.	Chino Basin Watermaster 2021/2022 Assessment Package (Production Year 2020/2021), approved November 18, 2021	2
12.	Chino Basin Watermaster Staff Report regarding the Fiscal Year 2021/22 Assessment Package, dated November 18, 2021	2

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Dated: July 10, 2026

STOEL RIVES LLP

By: 

ELIZABETH P. EWENS
MICHAEL B. BROWN

Attorneys for
City of Ontario

EXHIBIT 6

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.

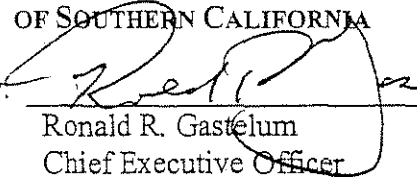
L. Amendment

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

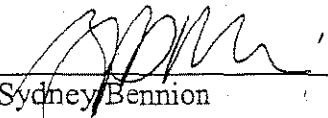
By: 

Ronald R. Gastelum
Chief Executive Officer

Date: 6-12-03

APPROVED AS TO FORM:

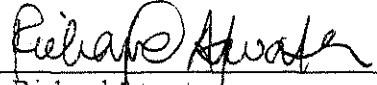
Jeffrey Kightlinger
General Counsel

By: 

Sydney Bennion
Assistant General Counsel

Date: 6/6/03

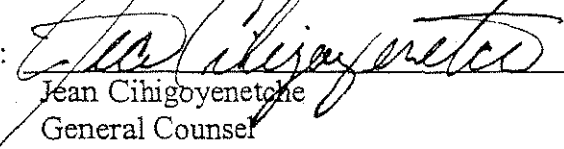
INLAND EMPIRE UTILITIES AGENCY

By: 

Richard Atwater
General Manager

Date: JUNE 19, 2003


APPROVED AS TO FORM:

By: 

Jean Cihigoyenetché
General Counsel

Date: 5-21-03

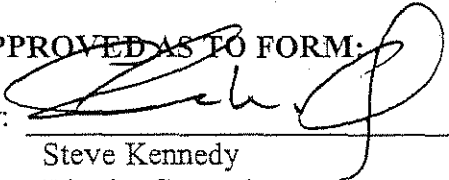
THREE VALLEYS MUNICIPAL WATER
DISTRICT

By: 

Richard W. Hansen
General Manager/Chief Engineer

Date: 6/19/03

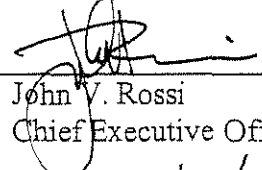
APPROVED AS TO FORM:

By: 

Steve Kennedy
District Counsel

Date: 6/4/03

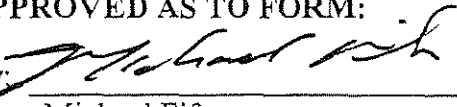
CHINO BASIN WATERMASTER

By: 

John V. Rossi
Chief Executive Officer

Date: 6/19/03

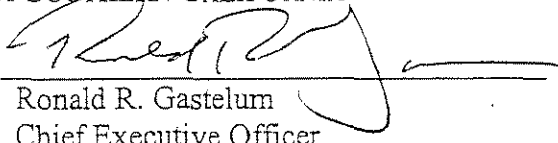
APPROVED AS TO FORM:

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

1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001
(916) 227-5791



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.



- 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.

OCT 13 2000

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.

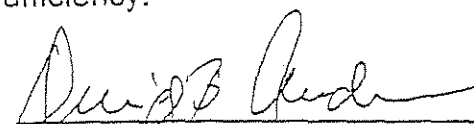
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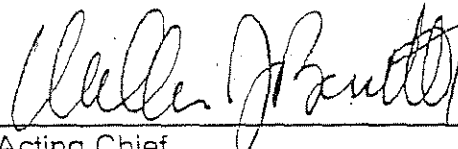
- 26. The State shall have the right to inspect the work being performed at any and all reasonable times during project construction. This right shall extend to any subcontracts, and your agency shall include provisions ensuring such access in all its contracts or subcontracts entered into for completion 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: 
 Chief Counsel
 Department of Water Resources

 for Bateni
 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, 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 rharding@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, 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	(0-15 points)
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

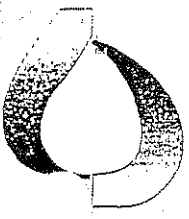
January 2000	Adopted Principles for Groundwater Storage
October 2000	Board Resolution for Proposition 13 Funds
November 1, 2000	Issue Request for Proposals
November 8, 2000	Pre-submittal Meeting
January 5, 2001	Proposals Received
January 2001	Review Proposals
January 2001	Interviews (If necessary)
February 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
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

Terry 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:

Wyatt L. Troxel
Director

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).

Greg 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."

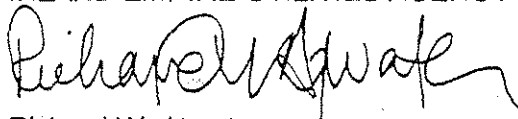
Lastly, a conjunctive use storage program with the Chino Basin has multiple benefits to MWD. Attached is a table which illustrates the type of benefits for the current MWD groundwater storage projects. We believe these multiple water supply/water quality benefits make Chino Basin storage unique in meeting 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
SAN JOAQUIN VALLEY					
Semitropic	X				
Arvin/Edison	X				X
Others	X				X
COLORADO RIVER AQUEDUCT					
Desert-Coachella	X				
Cadiz	X				X
Hayfield	X				X
Lower Coachella	X				
MWD SERVICE AREA					
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



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

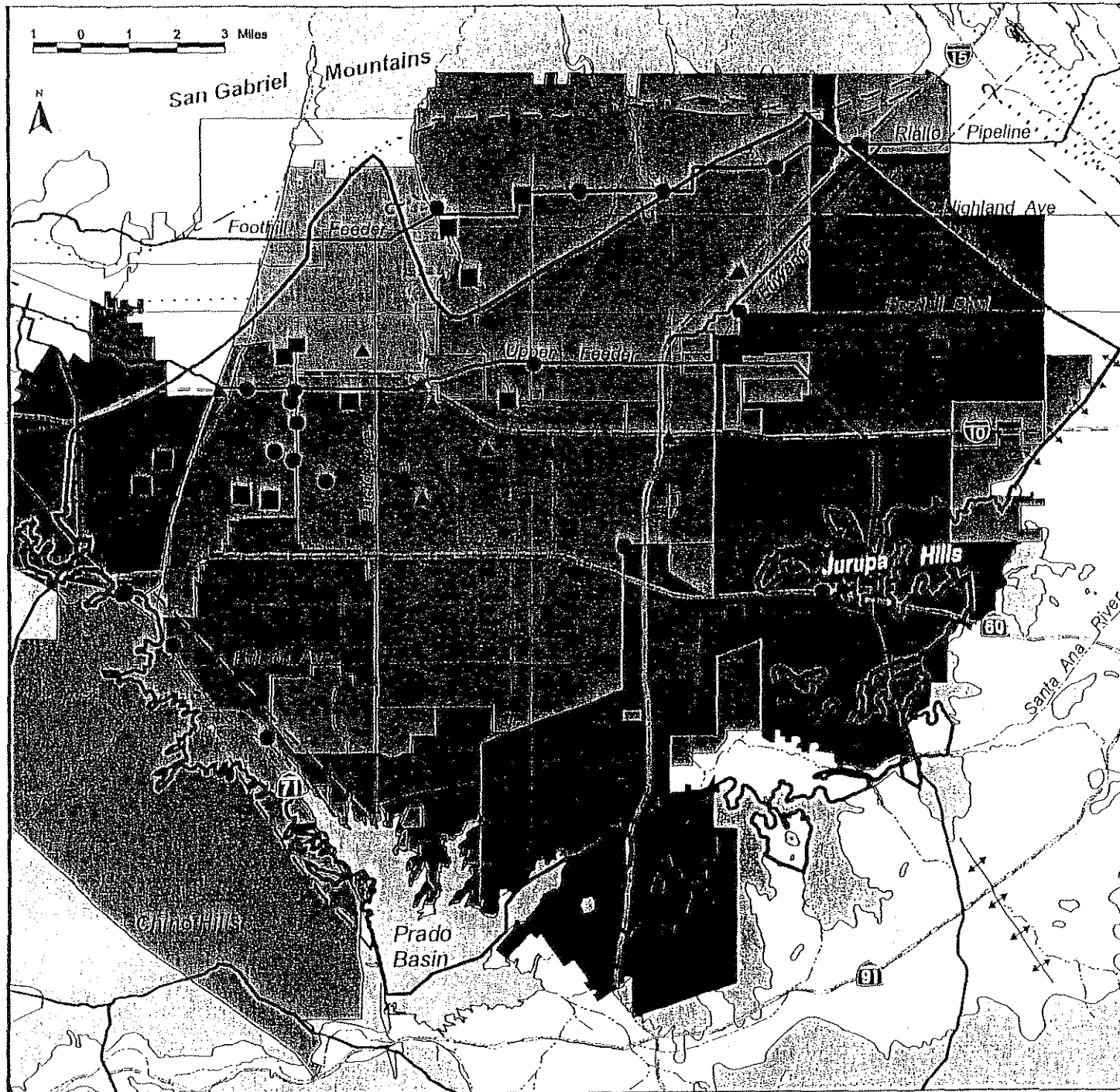
PRINCIPLE	PROJECT BENEFITS
Regional Benefits	37 of the projects will produce a dry-year yield, achieving more than 149,000 AFY at full implementation.
Project Partnerships	The proposed projects represent the consensus of the OBMP stakeholders.
Local Needs	Collectively, the projects will provide seasonal 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 1-2
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 ¹ 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 ²	\$159	\$110	\$194	-
MWD Benefit (\$/AF) ³	\$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

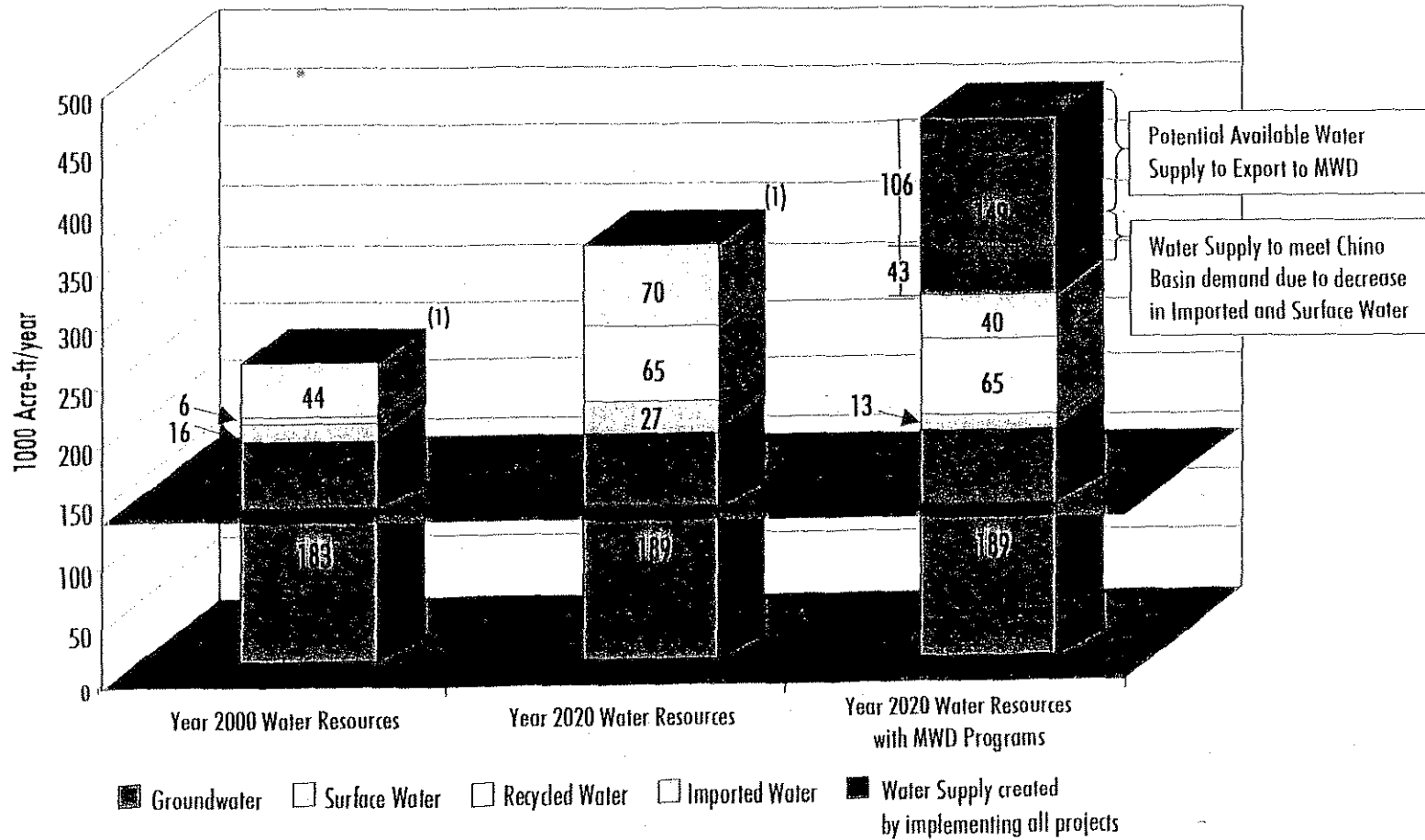




TABLE 2-1
Summary of Category I Projects

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 ¹ 05/03	Grant (50%) \$2,156,500 Capital \$4,313,000 O&M (\$/AF) ² Financing ³
2	Reservoir 2A Wellhead Treatment Facility Cucamonga County Water District	6,300	Design (mo.) 9 CEQA ND-1 ⁴ Construction (mo.) 12 Online Date ¹ 05/03	Grant (50%) \$3,561,000 Capital \$7,122,000 O&M (\$/AF) ² Financing ³
3	Reservoir 3 Wellhead Treatment Facility Cucamonga County Water District	9,700	Design (mo.) 9 CEQA ND-1 ⁴ Construction (mo.) 12 Online Date ¹ 05/03	Grant (50%) \$3,397,000 Capital \$6,794,000 O&M (\$/AF) ² Financing ³
4	Reservoir 3A Wellhead Treatment Facility Cucamonga County Water District	3,500	Design (mo.) 6 CEQA ND-1 ⁴ Construction (mo.) 10 Online Date ¹ 12/02	Grant (50%) \$925,000 Capital \$1,850,000 O&M (\$/AF) ² Financing ³
5	Wellhead Ion-Exchange Treatment #1 Fontana Water Company	3,700	Design (mo.) 4 CEQA ND-1 ⁴ Construction (mo.) 8 Online Date ¹ 08/02	Grant (50%) \$2,000,000 Capital \$4,000,000 O&M (\$/AF) ² Financing ³
6	Wellhead Ion-Exchange Treatment #2 Fontana Water Company	6,000	Design (mo.) 4 CEQA ND-1 ⁴ Construction (mo.) 8 Online Date ¹ 08/02	Grant (50%) \$3,200,000 Capital \$6,400,000 O&M (\$/AF) ² Financing ³
7	Wellhead Ion-Exchange Treatment Jurupa Community Service District	4,000	Design (mo.) 4 CEQA (mo.) 3 Construction (mo.) 12 Online Date ¹ 08/02	Grant (50%) \$2,500,000 Capital \$5,000,000 O&M (\$/AF) ² Financing ³
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 ¹ 11/02	Grant (50%) \$1,075,000 Capital \$2,150,000 O&M (\$/AF) ² Financing ³
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 ¹ 05/02	Grant (50%) \$437,500 Capital \$875,000 O&M (\$/AF) ² Financing ³
10	Wellhead Ion-Exchange & Transmission Line City of Ontario	5,000	Design (mo.) 12 CEQA ND-1 ⁴ Construction (mo.) 15 Online Date ¹ 11/03	Grant (50%) \$1,750,000 Capital \$3,500,000 O&M (\$/AF) ² Financing ³



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 ¹	6 NR ⁵ 12 01/03	Grant (50%) Capital O&M (\$/AF) ² Financing ³	\$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 ¹	4 5 6 03/02	Grant (50%) Capital O&M (\$/AF) ² Financing ³	\$1,020,000 \$2,040,000
13	Wellhead Ion-Exchange Treatment City of Upland	2,700	Design (mo.) CEQA Construction (mo.) Online Date ¹	4 ND-1 ⁴ 8 08/02	Grant (50%) Capital O&M (\$/AF) ² Financing ³	\$1,500,000 \$3,000,000

¹ Based on fund availability August, 2001

² As described in Section 2-D

³ Remaining capital will be paid by each local agency

⁴ Negative Declaration

⁵ 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 ¹ 05/03	Grant (50%) \$719,000 Capital \$1,438,000 O&M (\$/AF) ² Financing ³
2	State/Benson ASR City of Chino (Preservation of existing GW)	4,480	Design (mo.) 3 CEQA (mo.) 7 Construction (mo.) 18 Online Date ¹ 05/03	Grant (50%) \$238,000 Capital \$476,000 O&M (\$/AF) ² Financing ³
3	Phillips/ Central ASR City of Chino (Preservation of existing GW)	6,160	Design (mo.) 3 CEQA (mo.) 7 Construction (mo.) 18 Online Date ¹ 05/03	Grant (50%) \$1,001,000 Capital \$2,002,000 O&M (\$/AF) ² Financing ³
4	Interagency Connection & Distribution City of Chino Chino Hills, MWD, Ontario	5,377	Design (mo.) 9 CEQA (mo.) 6 Construction (mo.) 9 Online Date ¹ 02/03	Grant (50%) \$2,630,500 Capital \$5,261,000 O&M (\$/AF) ² Financing ³
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 ¹ 11/01	Grant (50%) \$45,000 Capital \$90,000 O&M (\$/AF) ² Financing ³
6	Well No. 36 Cucamonga County Water District	2,500	Design (mo.) 2 CEQA ND-1 Construction (mo.) 4 Online Date ¹ 03/02	Grant (50%) \$425,000 Capital \$850,000 O&M (\$/AF) ² Financing ³
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 ¹ 02/03	Grant (50%) \$1,973,500 Capital \$3,947,000 O&M (\$/AF) ² Financing ³
8	Cucamonga Basin Recharge Project Cucamonga County Water District	4,000	Design (mo.) 6 CEQA MND-6 Construction (mo.) 18 Online Date ¹ 05/03	Grant (50%) \$1,300,000 Capital \$2,600,000 O&M (\$/AF) ² Financing ³
9	Reactivate MWD Connections Inland Empire Utility Agency	-	Design (mo.) N/A CEQA NR Construction (mo.) N/A Online Date ¹ 07/02	Grant (50%) \$275,000 Capital \$550,000 O&M (\$/AF) ² Financing ³
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 ¹ 03/03	Grant (50%) \$500,000 Capital \$1,000,000 O&M (\$/AF) ² Financing ³

Groundwater Storage Programs



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.) 6 CEQA (mo.) 6 Construction (mo.) 12 Online Date ¹ 03/03	Grant (50%) \$500,000 Capital \$1,000,000 O&M (\$/AF) ² Financing ³
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 ¹ 03/03	Grant (50%) \$500,000 Capital \$1,000,000 O&M (\$/AF) ² Financing ³
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 ¹ 03/03	Grant (50%) \$500,000 Capital \$1,000,000 O&M (\$/AF) ² Financing ³
14	Well 15 Blending Station City of Ontario	2,000	Design (mo.) 6 CEQA ND-1 ⁴ Construction (mo.) 9 Online Date ¹ 12/02	Grant (50%) \$100,000 Capital \$200,000 O&M (\$/AF) ² Financing ³
15	Jurupa Connection City of Ontario JCSD, SAWPA	-	Design (mo.) 6 CEQA ND-1 ⁴ Construction (mo.) 6 Online Date ¹ 09/02	Grant (50%) \$37,500 Capital \$75,000 O&M (\$/AF) ² Financing ³
16	Chino II Desalter Transmission Facilities City of Ontario JCSD, SAWPA	-	Design (mo.) N/A CEQA N/A Construction (mo.) 6 Online Date ¹ 12/02	Grant (50%) \$425,000 Capital \$850,000 O&M (\$/AF) ² Financing ³
17	Well No. 36 City of Pomona	1,600	Design (mo.) 6 CEQA ND-1 ⁴ Construction (mo.) 12 Online Date ¹ 02/03	Grant (50%) \$200,000 Capital \$400,000 O&M (\$/AF) ² Financing ³
18	Booster 16A&B & Pipeline City of Pomona	-	Design (mo.) 6 CEQA ND-1 ⁴ Construction (mo.) 4 Online Date ¹ 07/02	Grant (50%) \$550,000 Capital \$1,100,000 O&M (\$/AF) ² Financing ³

¹ Based on Fund Availability August, 2001

² As described in Section 2-D

³ Remaining capital will be paid by each local agency

⁴ Negative Declaration

⁵ 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 ²	3 Grant (50%) ND-1 ¹ Capital 8 O&M (\$/AF) ³ 08/02 Financing ⁴
2	New Well - Plant 28 Monte Vista Water District	2,900	Design (mo.) CEQA Construction (mo.) Online Date ²	2 Grant (50%) Approved Capital 12 O&M (\$/AF) ³ 11/02 Financing ⁴
3	New Well #1 City of Ontario	3,000	Design (mo.) CEQA Construction (mo.) Online Date ²	Complete Grant (50%) ND-1 ¹ Capital 12 O&M (\$/AF) ³ 09/02 Financing ⁴
4	New Well #2 City of Ontario	3,000	Design (mo.) CEQA Construction (mo.) Online Date ²	9 Grant (50%) ND-1 ¹ Capital 12 O&M (\$/AF) ³ 06/03 Financing ⁴
5	New Well #3 City of Ontario	3,000	Design (mo.) CEQA Construction (mo.) Online Date ²	9 Grant (50%) ND-1 ¹ Capital 12 O&M (\$/AF) ³ 06/03 Financing ⁴
6	New Well #4 City of Ontario	3,000	Design (mo.) CEQA Construction (mo.) Online Date ²	9 Grant (50%) ND-1 ¹ Capital 12 O&M (\$/AF) ³ 06/03 Financing ⁴
7	New Well San Antonio Water Company Ontario, Upland, MWD	3,000	Design (mo.) CEQA (mo.) Construction (mo.) Online Date ²	6 Grant (50%) 4 Capital 6 O&M (\$/AF) ³ 03/02 Financing ⁴

¹ Negative Declaration

² Based on fund availability August, 2001

³ As described in Section 2-D

⁴ Remaining capital will be paid by each local agency



DRAWINGS/MAPS

Groundwater Storage Programs

INLAND EMPIRE UTILITY AGENCY



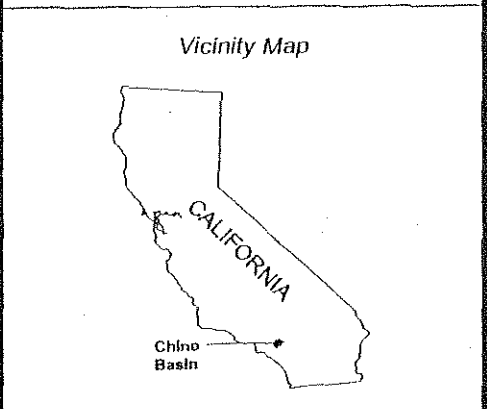
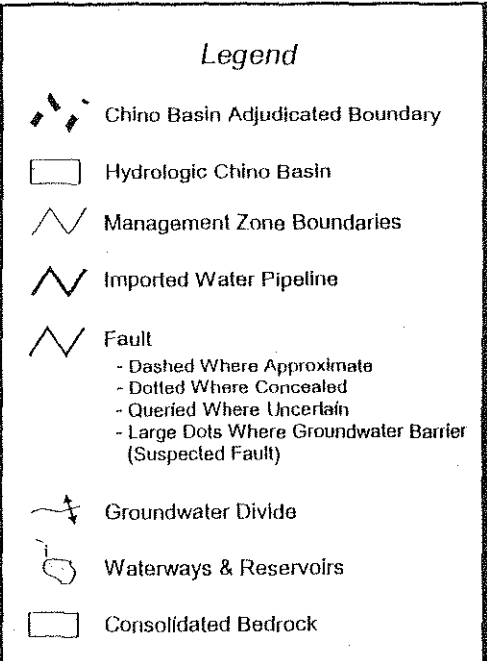
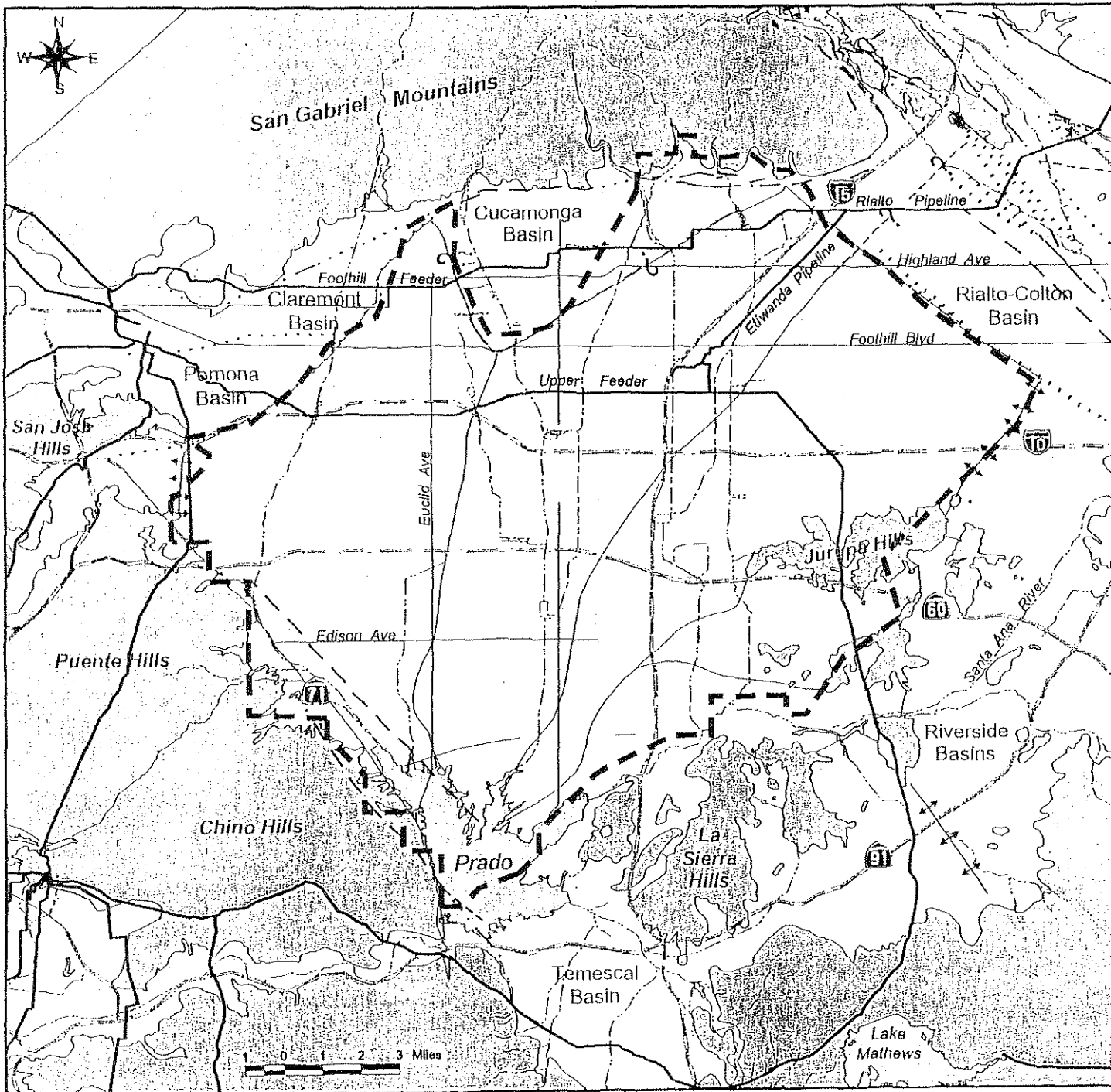
PROJECT DRAWING LIST

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	-	-

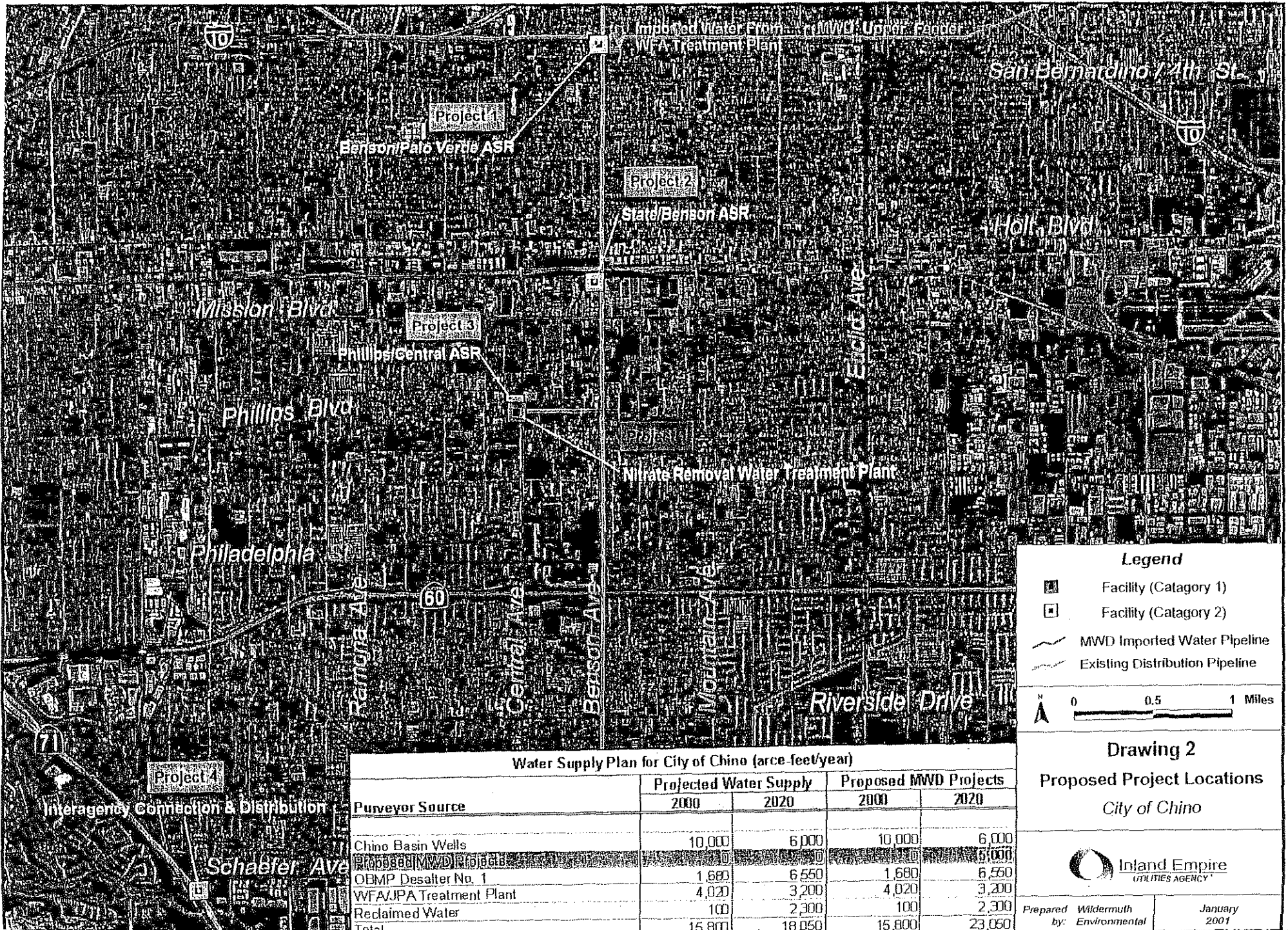
N/A – Not Applicable



Drawing 1
Chino Basin
and MWD Pipelines



Date: January 2001



Water Supply Plan for City of Chino (arce-feet/year)

Purveyor Source	Projected Water Supply		Proposed MWD Projects	
	2000	2020	2000	2020
Chino Basin Wells	10,000	6,000	10,000	6,000
Proposed MWD Projects	1,800	6,550	1,800	6,550
OBMP Desalter No. 1	1,800	6,550	1,800	6,550
WFA/JPA Treatment Plant	4,020	3,200	4,020	3,200
Reclaimed Water	100	2,300	100	2,300
Total	15,800	18,050	15,800	23,050

Legend

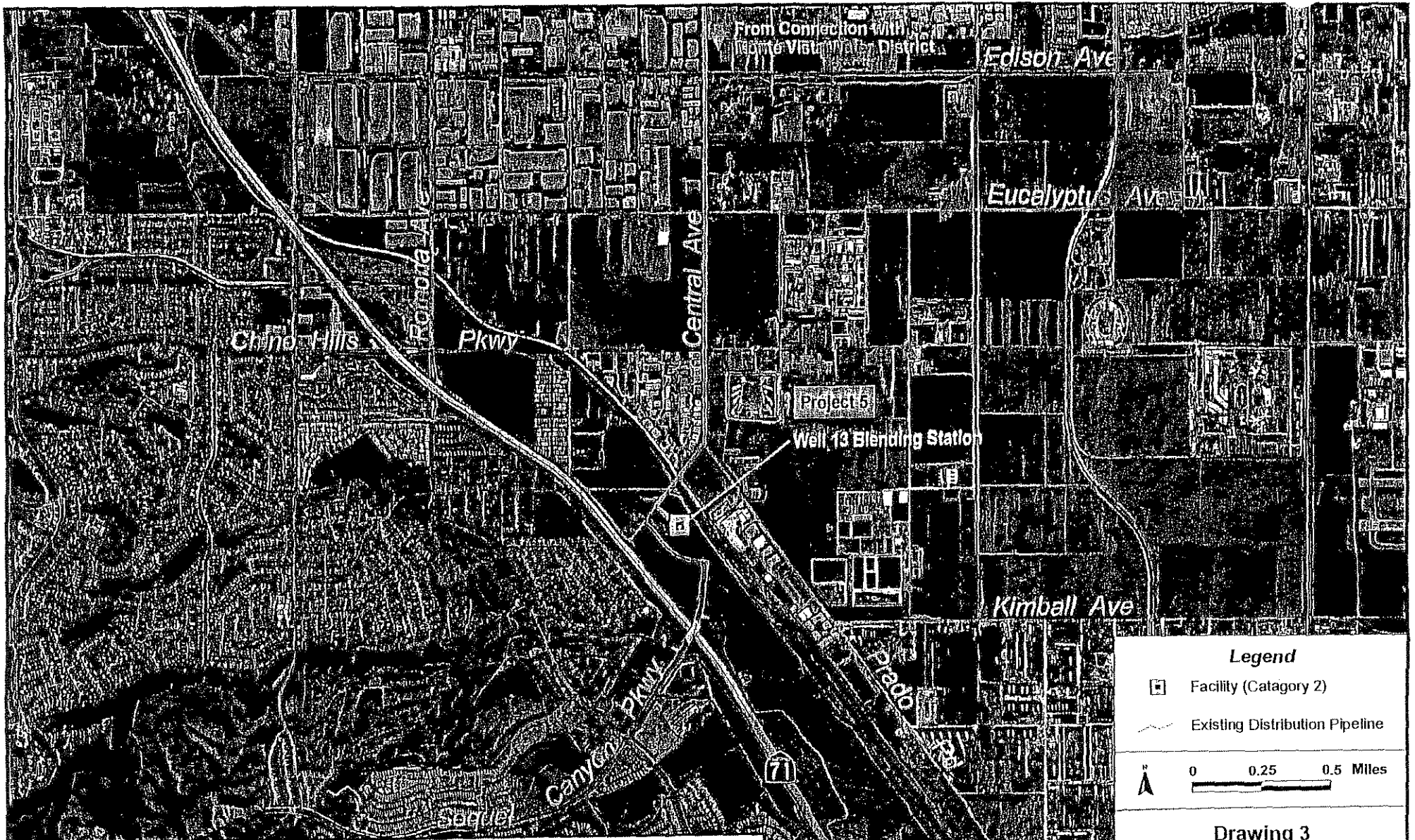
- Facility (Category 1)
- Facility (Category 2)
- MWD Imported Water Pipeline
- Existing Distribution Pipeline

0 0.5 1 Miles



Drawing 2
Proposed Project Locations
City of Chino

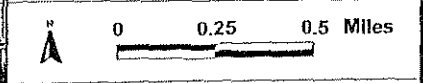
Inland Empire
 UTILITIES AGENCY

Prepared by: Wildermuth Environmental January 2001



Legend

-  Facility (Category 2)
-  Existing Distribution Pipeline

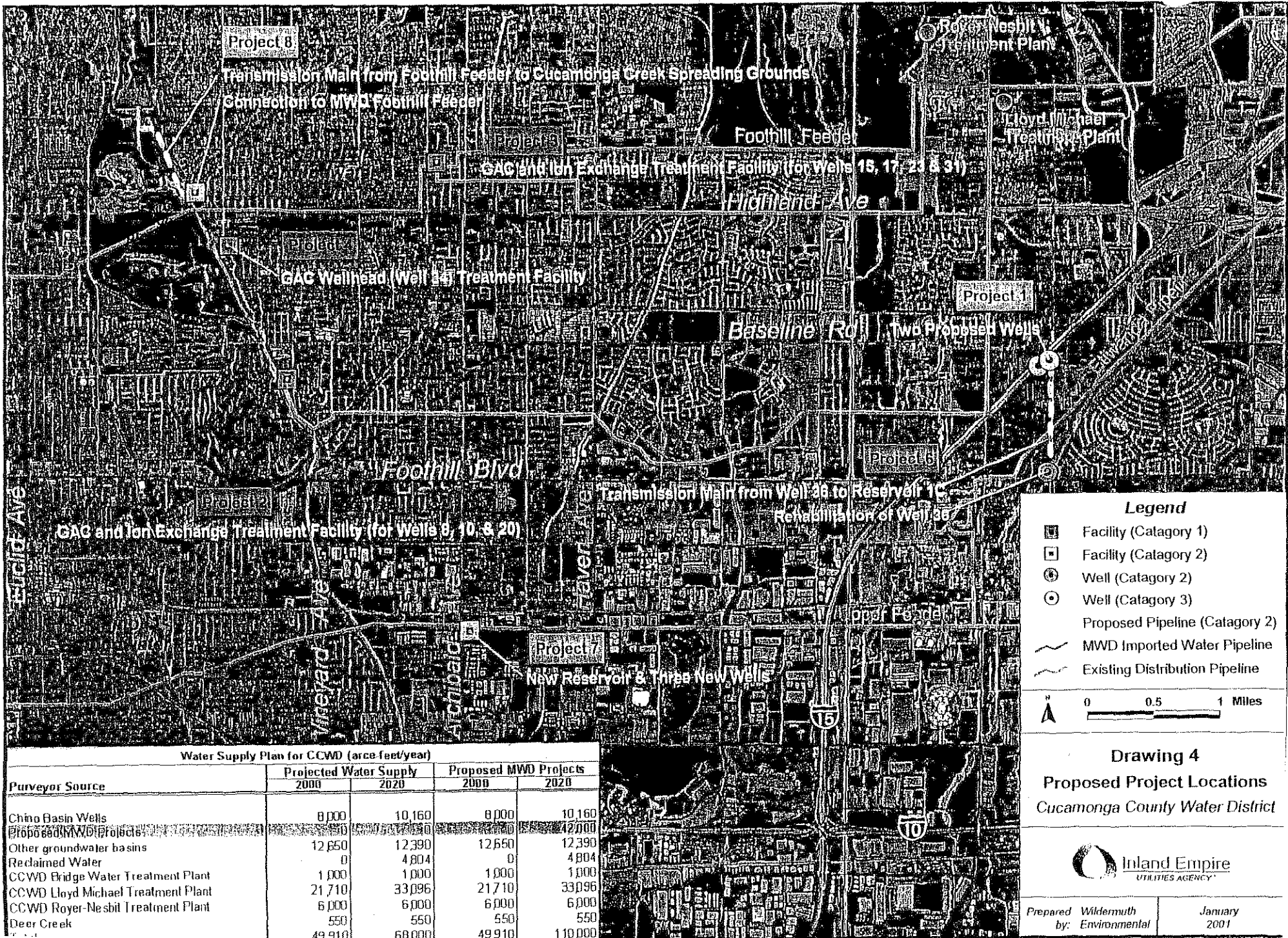


Drawing 3
Proposed Project Locations
 City of Chino Hills



Water Supply Plan for City of Chino Hills (arce-feet/year)				
Purveyor Source	Projected Water Supply		Proposed MWD Projects	
	2000	2020	2000	2020
Chino Basin Wells	3,610	3,610	3,610	3,610
Proposed MWD Projects	3,610	7,540	3,610	21,000
OBMP Desalter No. 1	1,120	7,540	1,120	7,540
Reclaimed Water	400	2,610	400	2,610
MWWD Supply (Chino GW)	12,510	9,480	12,510	9,480
	17,640	23,240	17,640	25,340

Prepared by: Wildermuth Environmental
 January 2001



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 by: Wildermuth Environmental
 January 2001

Water Supply Plan for CCWD (acres-feet/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	4,250	4,250	4,250	4,250
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-Nesbit Treatment Plant	6,000	6,000	6,000	6,000
Deer Creek	550	550	550	550
Total	49,910	68,000	49,910	110,000



Water Supply Plan for FWC (arce 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
Proposed MWD Projects	0	0	0	9,700
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
Total	46,800	61,100	46,800	65,800

Legend

- Facility (Category 1)
- MWD Imported Water Pipeline
- Existing Distribution Pipeline

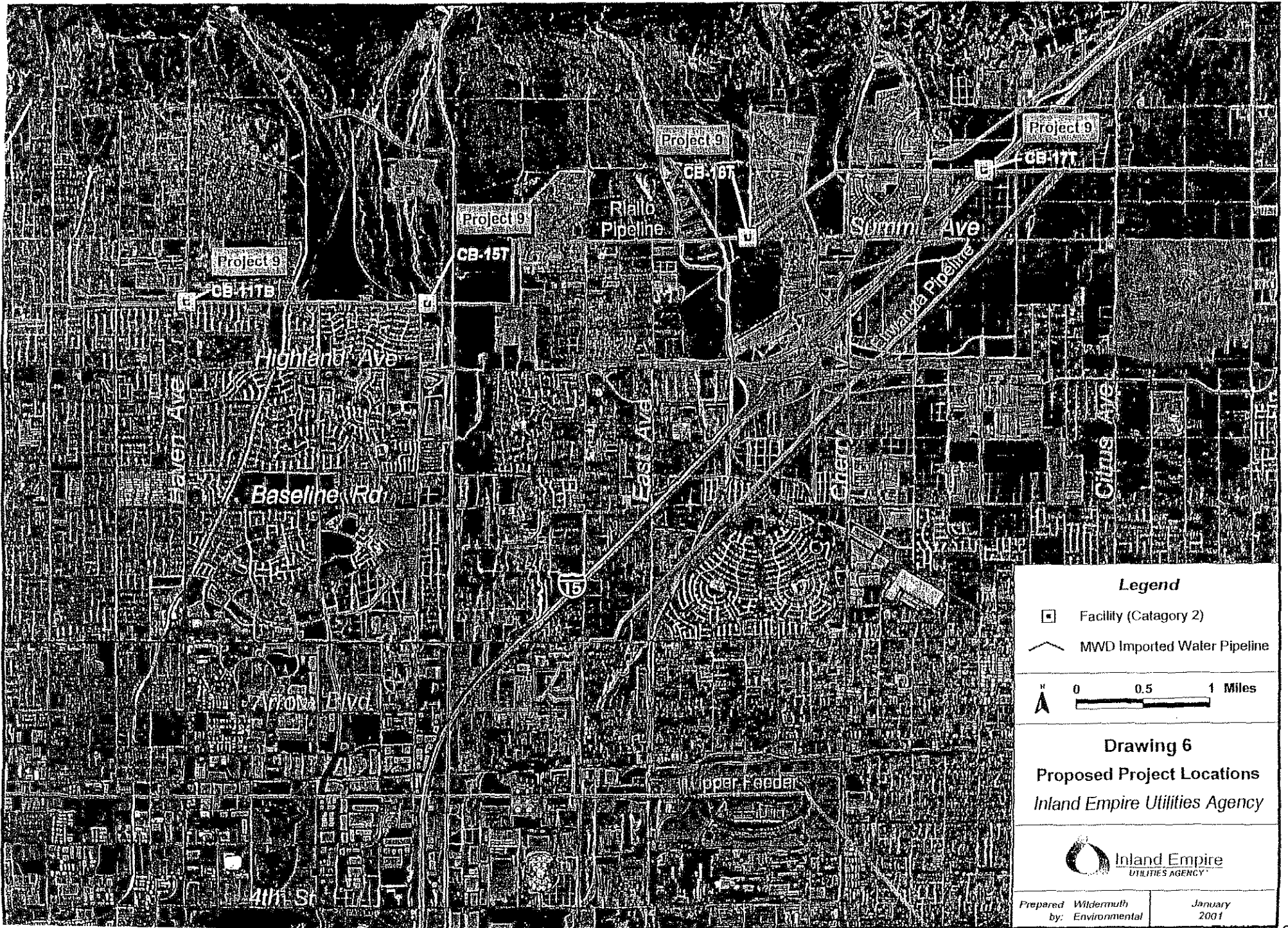
N

0 0.25 0.5 Miles

Drawing 5
Proposed Project Locations
Fontana Water Company

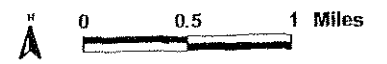


Prepared by: Wildermuth Environmental
 January 2001



Legend

- Facility (Category 2)
- MWD Imported Water Pipeline

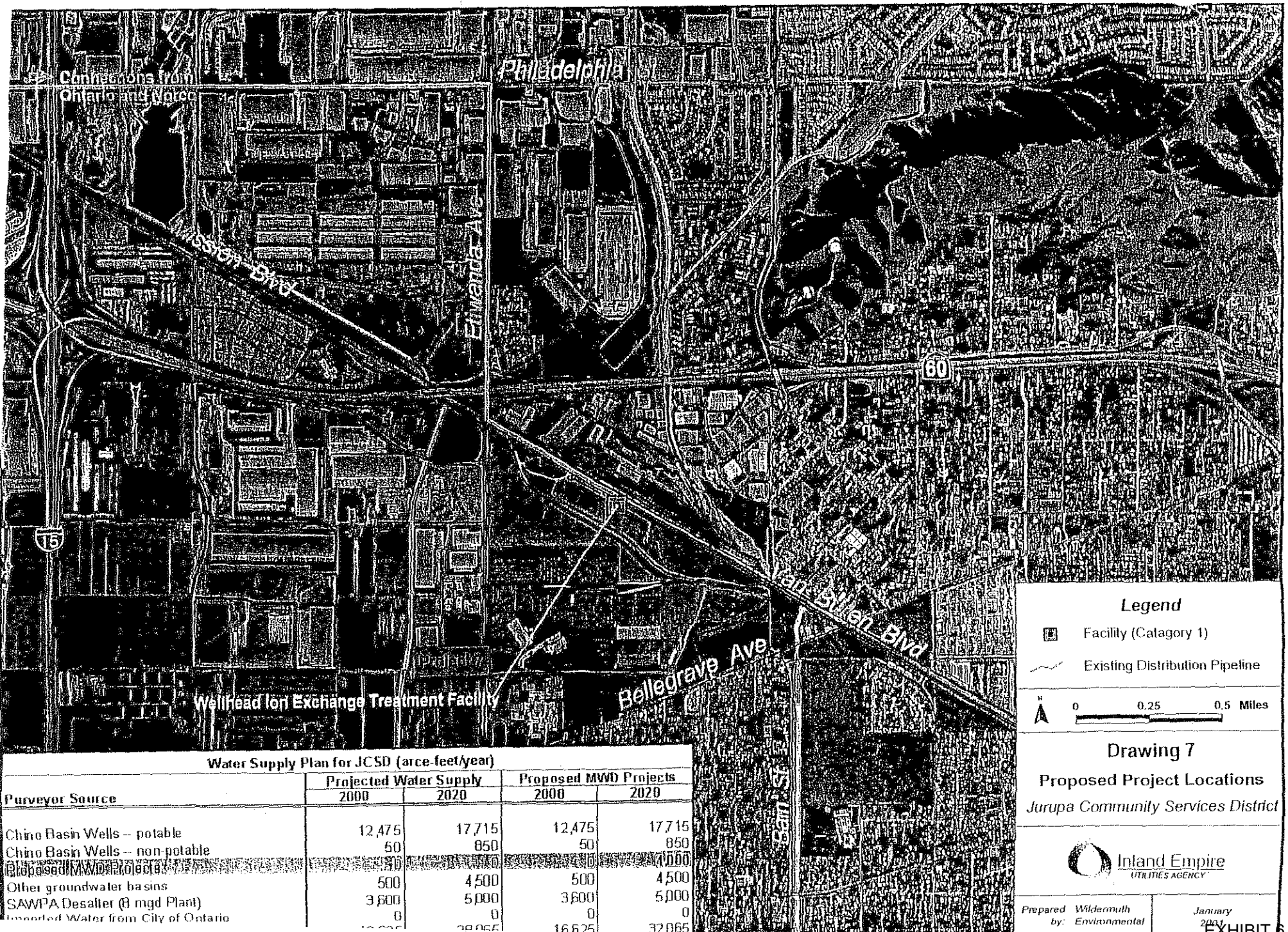


Drawing 6
Proposed Project Locations
Inland Empire Utilities Agency



Prepared by: Wildermuth Environmental

January 2001



Legend

- Facility (Category 1)
- Existing Distribution Pipeline

0
0.25
0.5 Miles

Drawing 7

Proposed Project Locations

Jurupa Community Services District

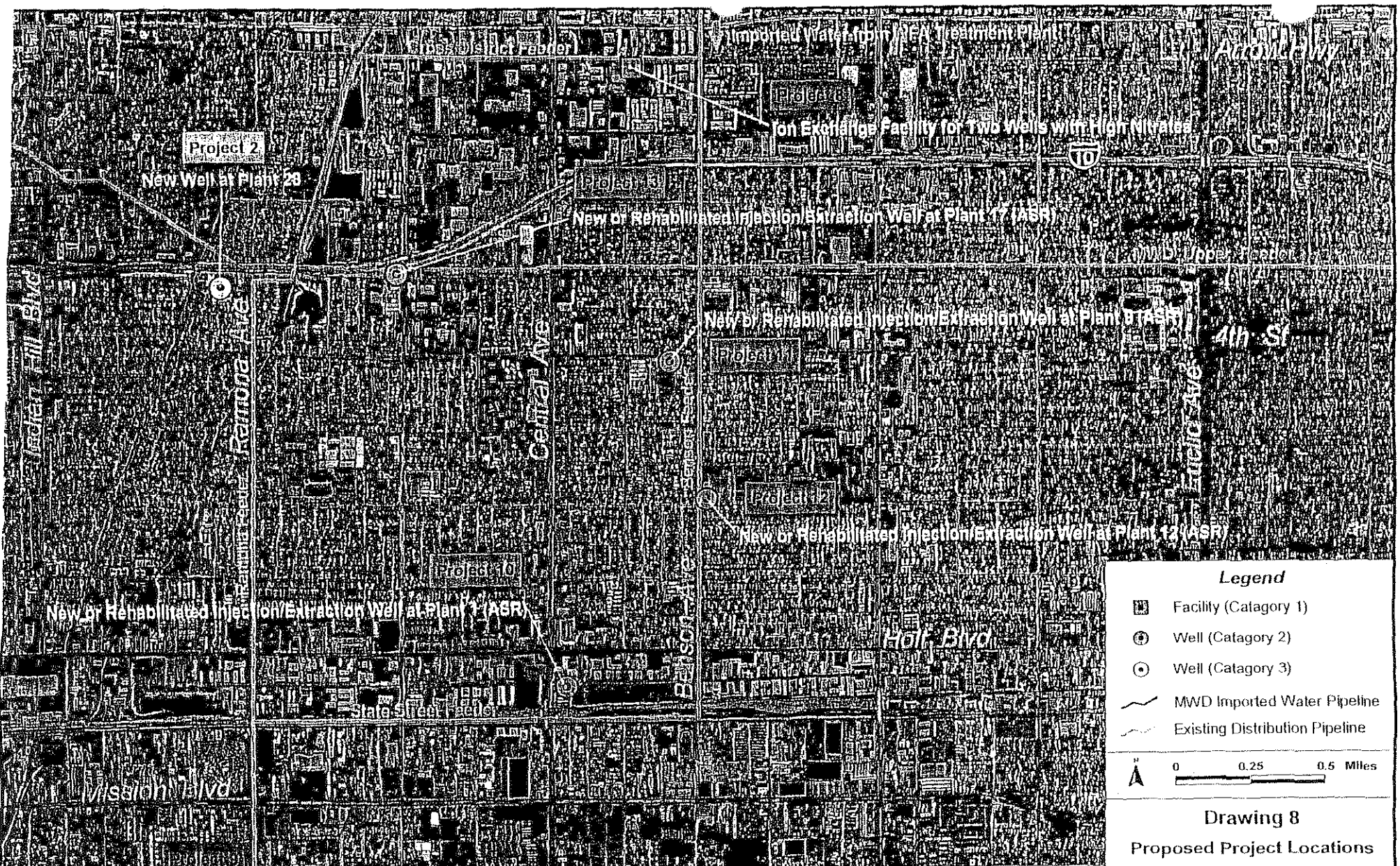
Inland Empire
UTILITIES AGENCY

Prepared by: Wildermuth Environmental

January 2007

EXHIBIT 6

Water Supply Plan for JCSD (acfe/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	30	30	30	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
	16,625	28,055	16,625	32,065



Water Supply Plan for MWD (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	14,087	8,890	14,087	8,890
WFAJPA Treatment Plant	24,067	32,050	24,067	32,050
Total				

Legend

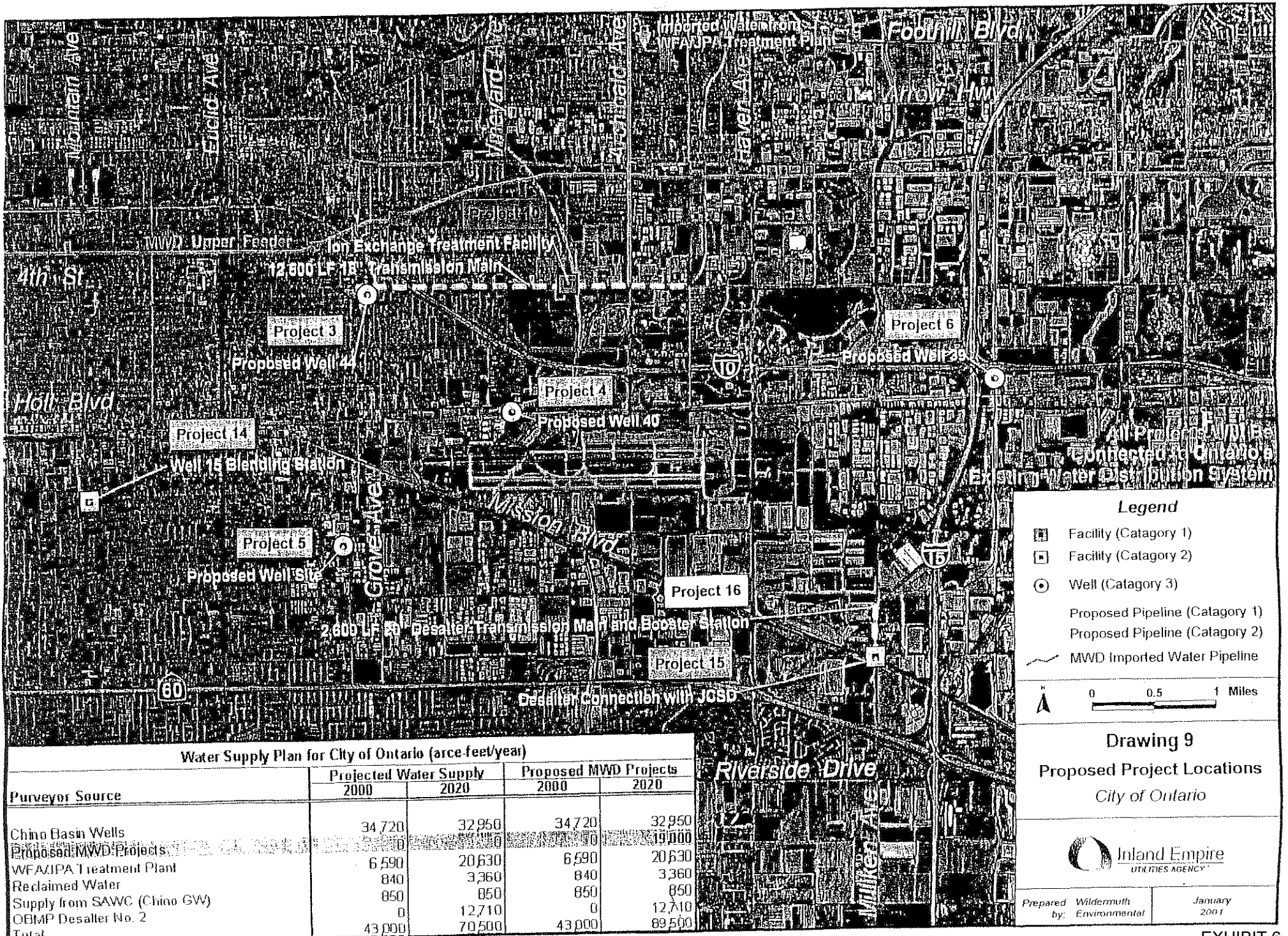
- Facility (Category 1)
- Well (Category 2)
- Well (Category 3)
- MWD Imported Water Pipeline
- Existing Distribution Pipeline

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

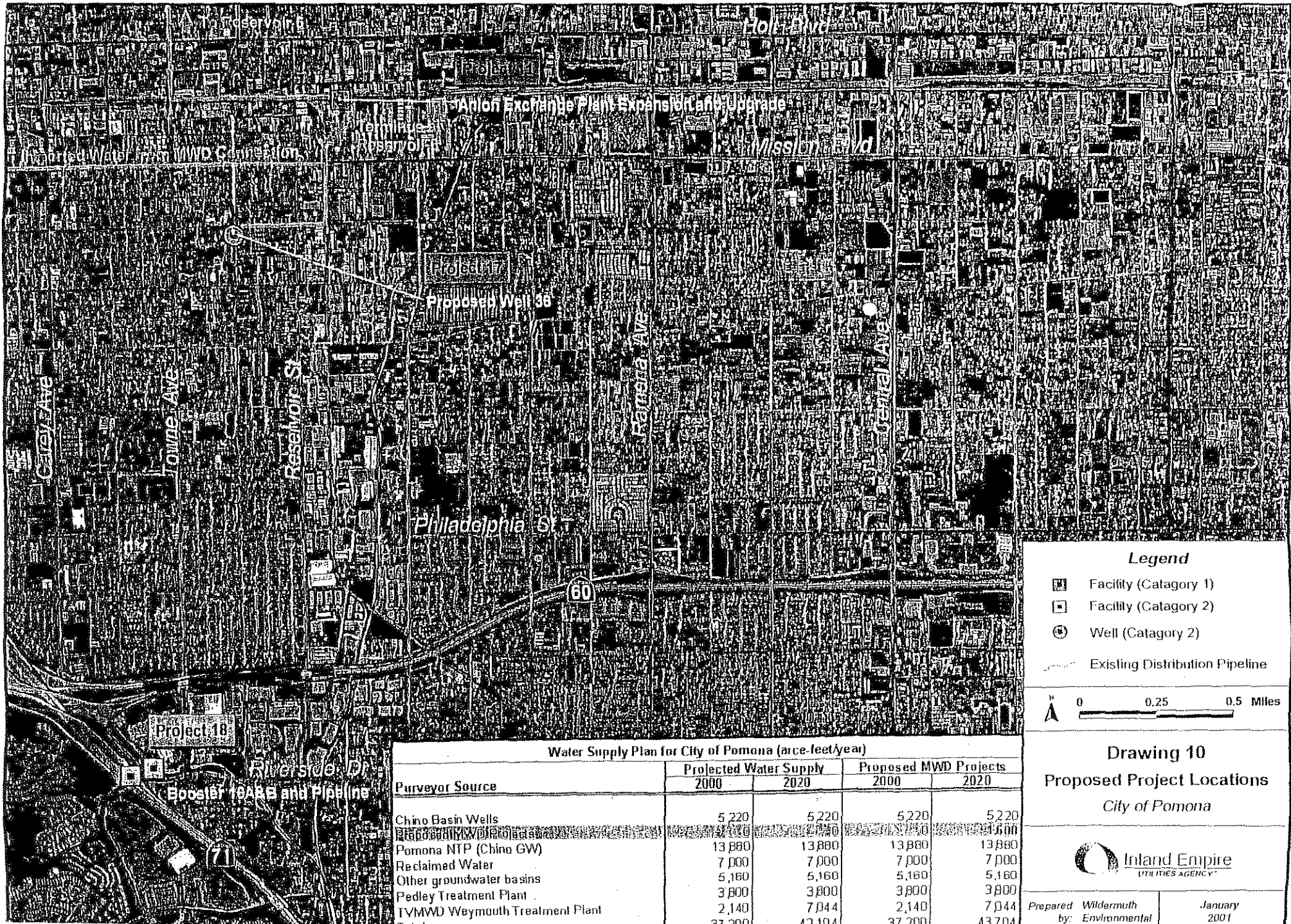
0 0.5 1 Miles

Drawing 9
Proposed Project Locations
 City of Ontario

Inland Empire
 UTILITIES AGENCY

Prepared by: Wildcrumth Environmental
 January 2001

Water Supply Plan for City of Ontario (acre-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	6,590	20,630	6,590	20,630
WFA/PA Treatment Plant	840	3,360	840	3,360
Reclaimed Water	850	850	850	850
Supply from SAWC (Chino GW)	0	12,710	0	12,710
OBMP Desalter No. 2	43,000	70,500	43,000	89,500
Total				



Legend

- Facility (Category 1)
- Facility (Category 2)
- Well (Category 2)
- Existing Distribution Pipeline

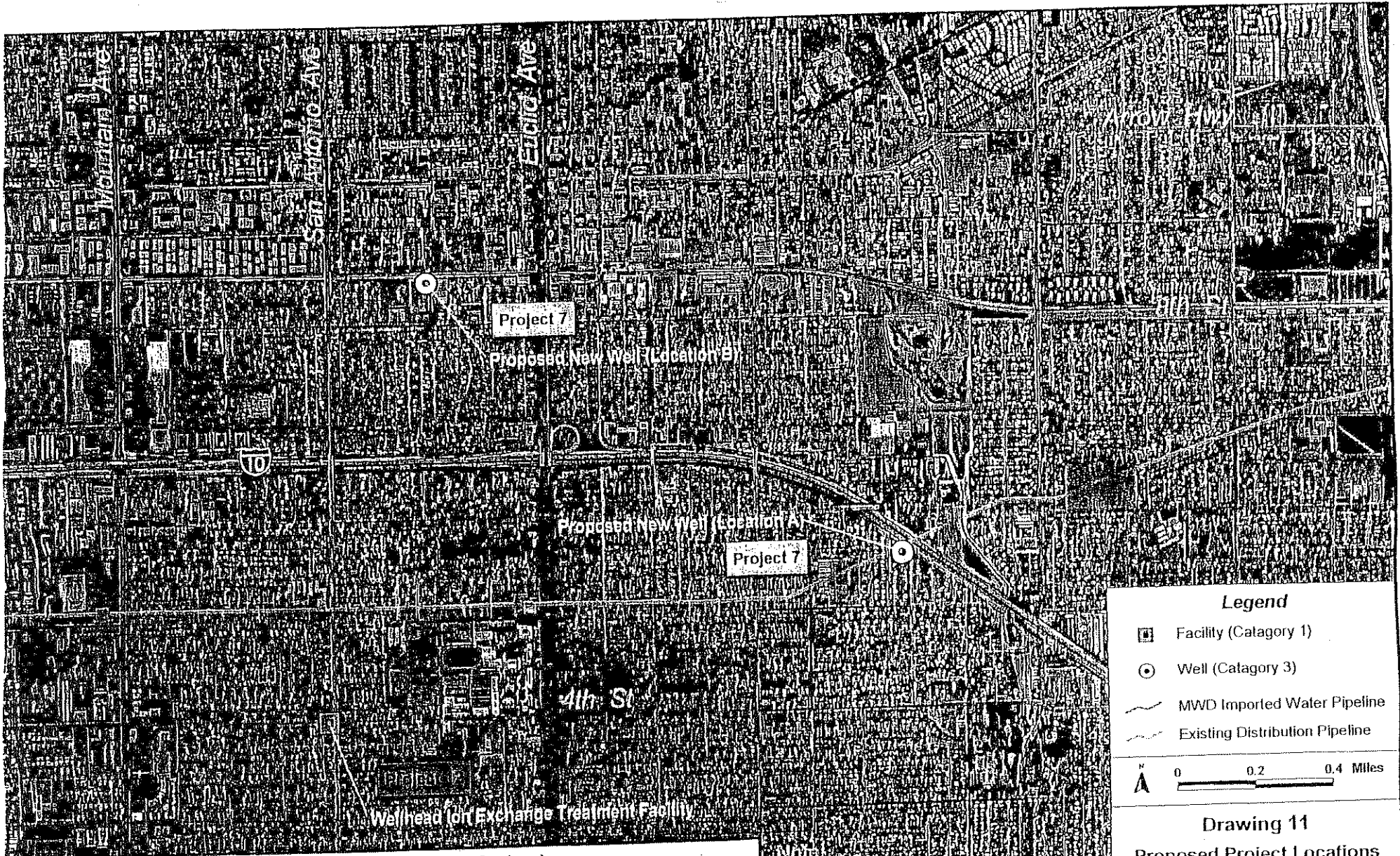
0
0.25
0.5 Miles

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
Orange County WWD	13,800	13,800	13,800	13,800
Pomona NTP (Chino GW)	7,000	7,000	7,000	7,000
Reclaimed Water	5,160	5,160	5,160	5,160
Other groundwater basins	3,800	3,800	3,800	3,800
Pedley Treatment Plant	2,140	7,044	2,140	7,044
IVMWD Weymouth Treatment Plant	37,200	42,104	37,200	43,704
Total				

Drawing 10
Proposed Project Locations
City of Pomona

Prepared by: Wildermuth Environmental January 2001



Water Supply Plan for SAWC (acre-feet/year)

Purveyor Source	Projected Water Supply		Proposed MWD Projects	
	2000	2020	2000	2020
Chino Basin	70	1,110	70	1,110
Proposed MWD Projects	400	400	400	400
Other groundwater basins	0	0	0	0
San Antonio Canyon	1,020	1,020	1,020	1,020
San Antonio Tunnel				

Note: Due to the proximity to MWD's Upper Feather pipeline, the facility and new well could be jointly equipped to serve as a utility site location for community use storage and recovery.

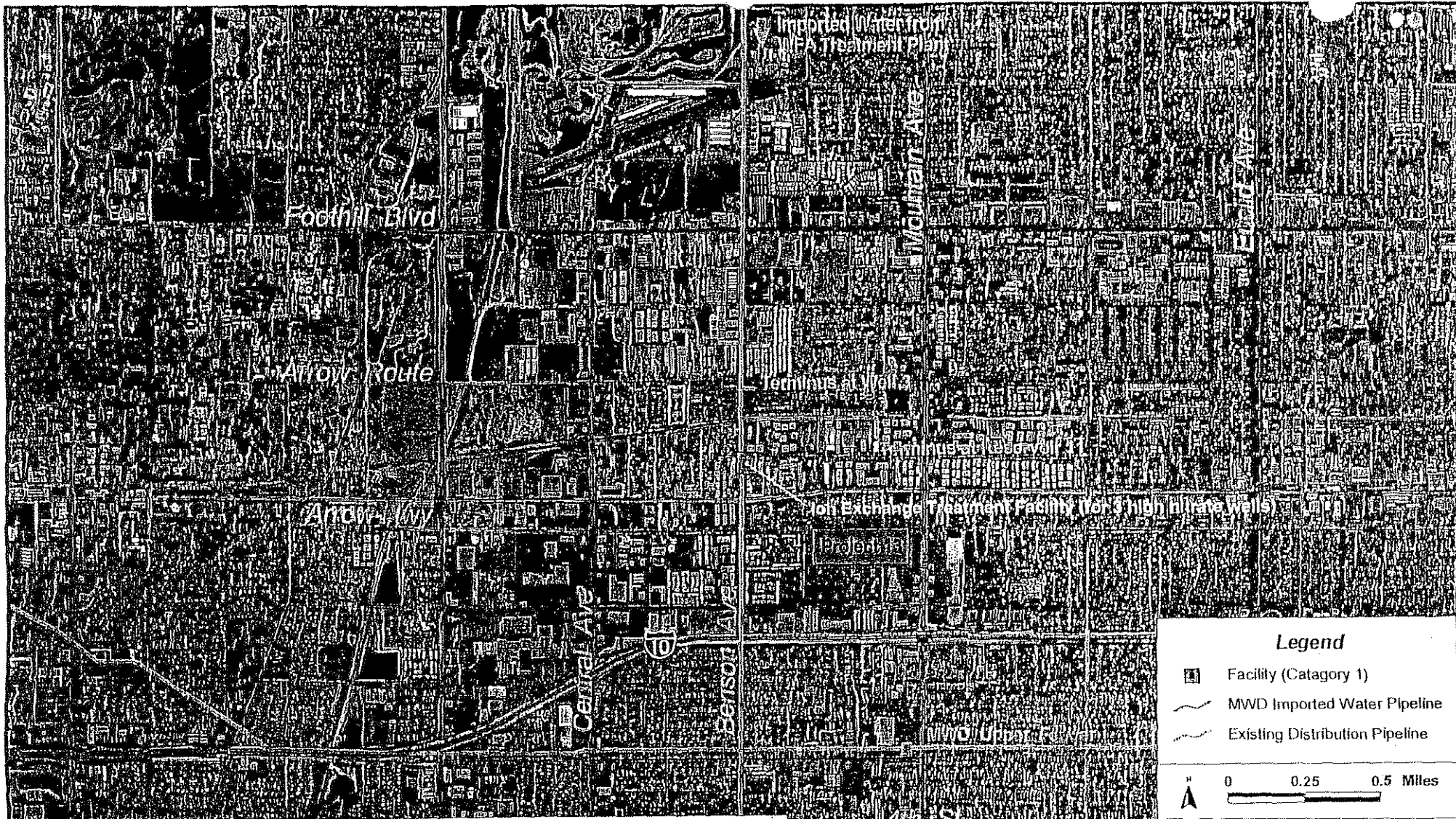
Legend

- 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

Prepared by: Wildermuth Environmental January 2001



Water Supply Plan for City of Upland (arce-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	0	0	0	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
Total	22,000	24,000	22,000	26,700

Legend

- Facility (Category 1)
- MWD Imported Water Pipeline
- Existing Distribution Pipeline

0 0.25 0.5 Miles

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.

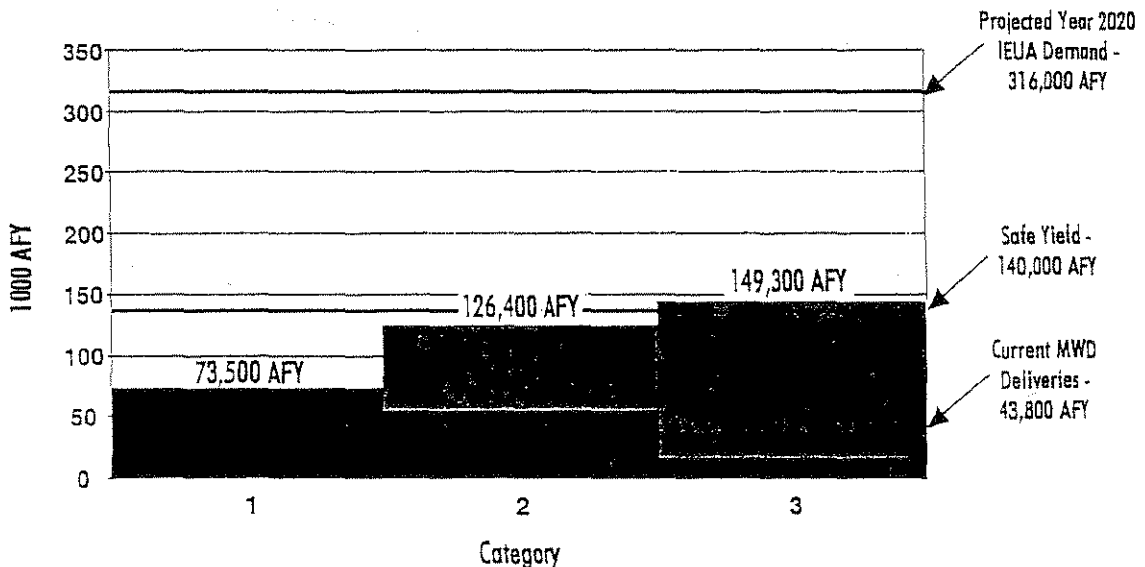
The dry year yield potential of the proposed projects can be summarized via four types of projects. These project types include groundwater production facilities, ASR facilities, wellhead treatment facilities, and transmission and interconnection improvements. The groundwater production projects include 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

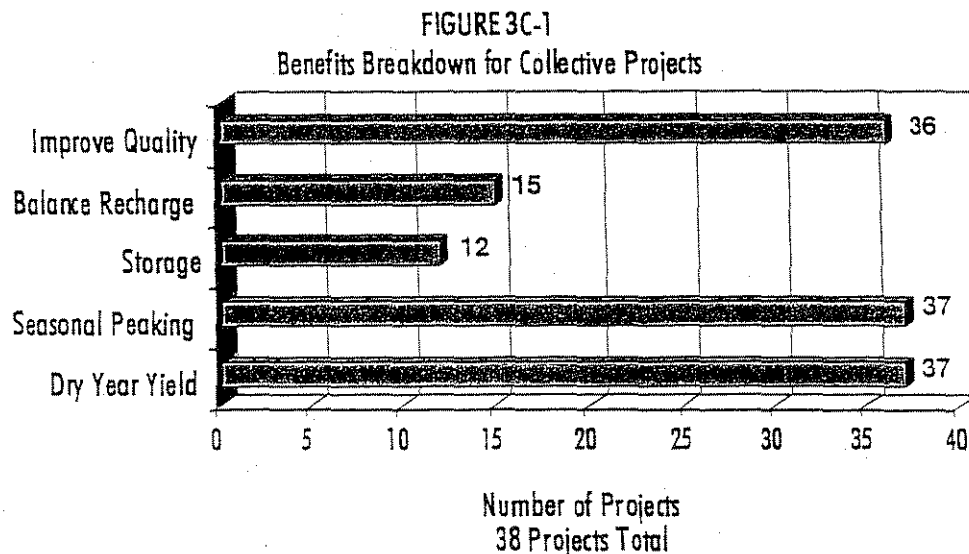




TABLE 3C-1
Summary of Projects

Project Name	Description	Quantity New Yield (AFY)	Project Cost
Category 1			
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
TOTAL		73,491	\$48,744,000
Category 2			
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
TOTAL		52,925	\$23,839,000
Category 3			
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
TOTAL		22,900	\$7,500,000
GRAND TOTAL		149,316	\$80,083,000

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.

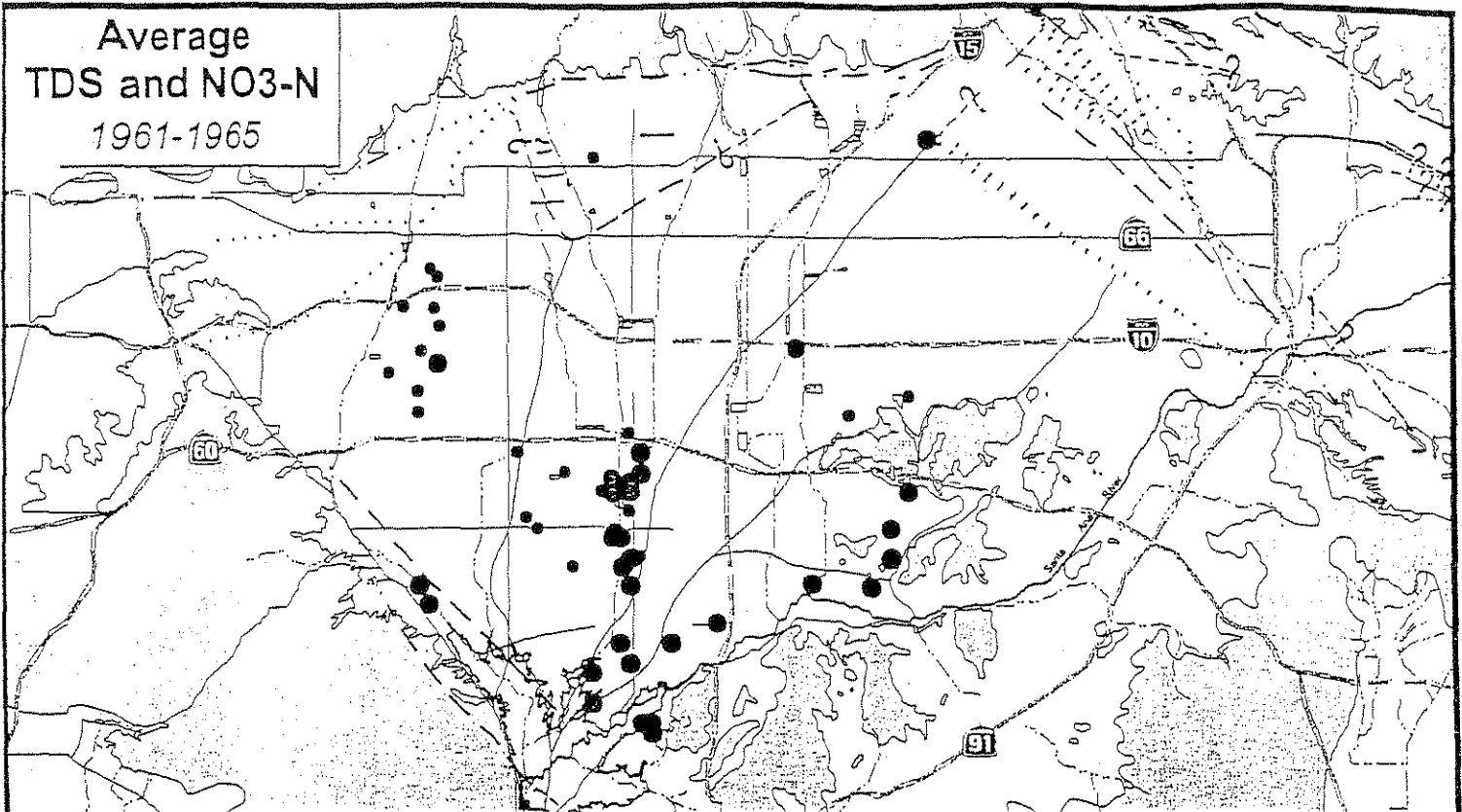
3D(i) Water Supply/Quality Impacts within the Basin

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.

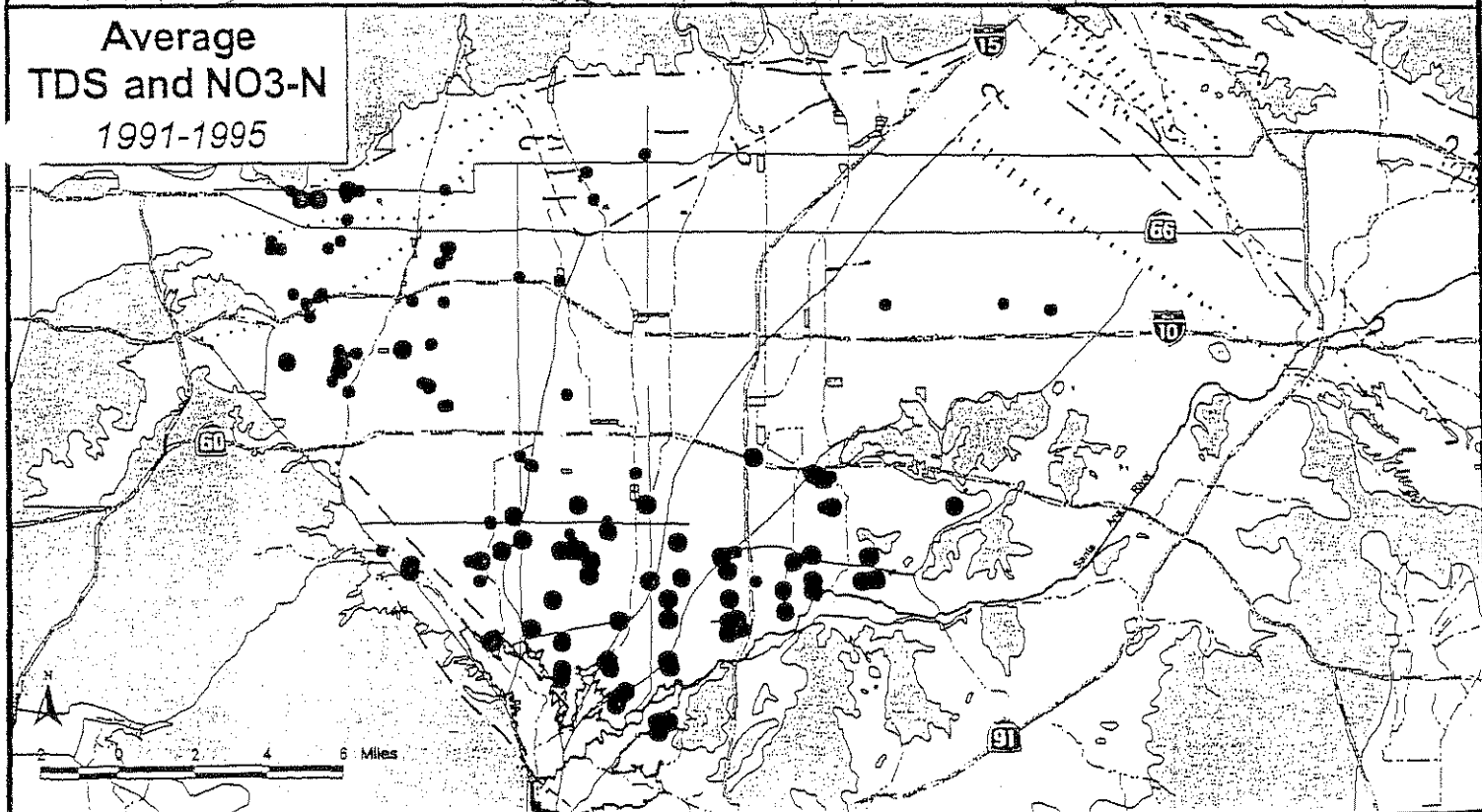
From a perspective of water supply, our approach provides Metropolitan dry year supply in advance of placing any water in storage. Depending on the total amount of financing from Metropolitan, we can make available more than 149,000 AF. Metropolitan can use these supplies not only for long-term dry-year 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

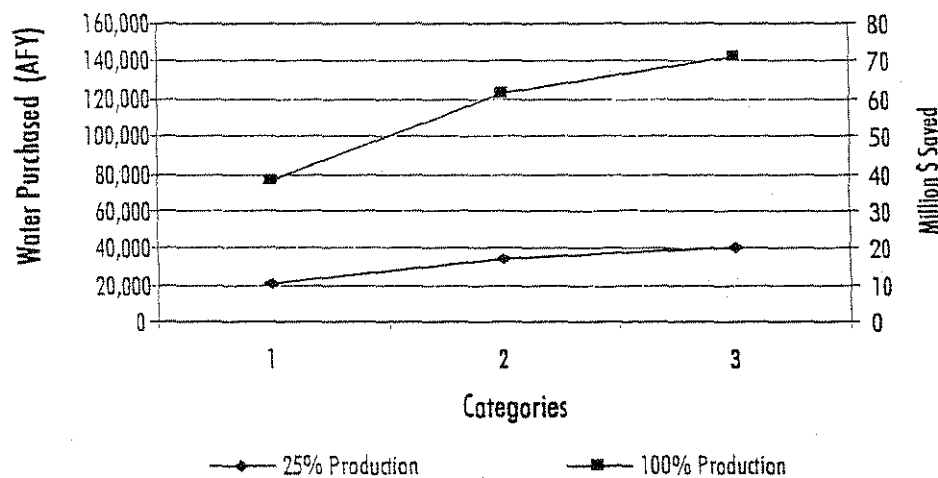


Date: January 2001



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 ARCE-FOOT OF DRY YEAR YIELD
Category 1	\$159
Category 2	\$110
Category 3	\$194



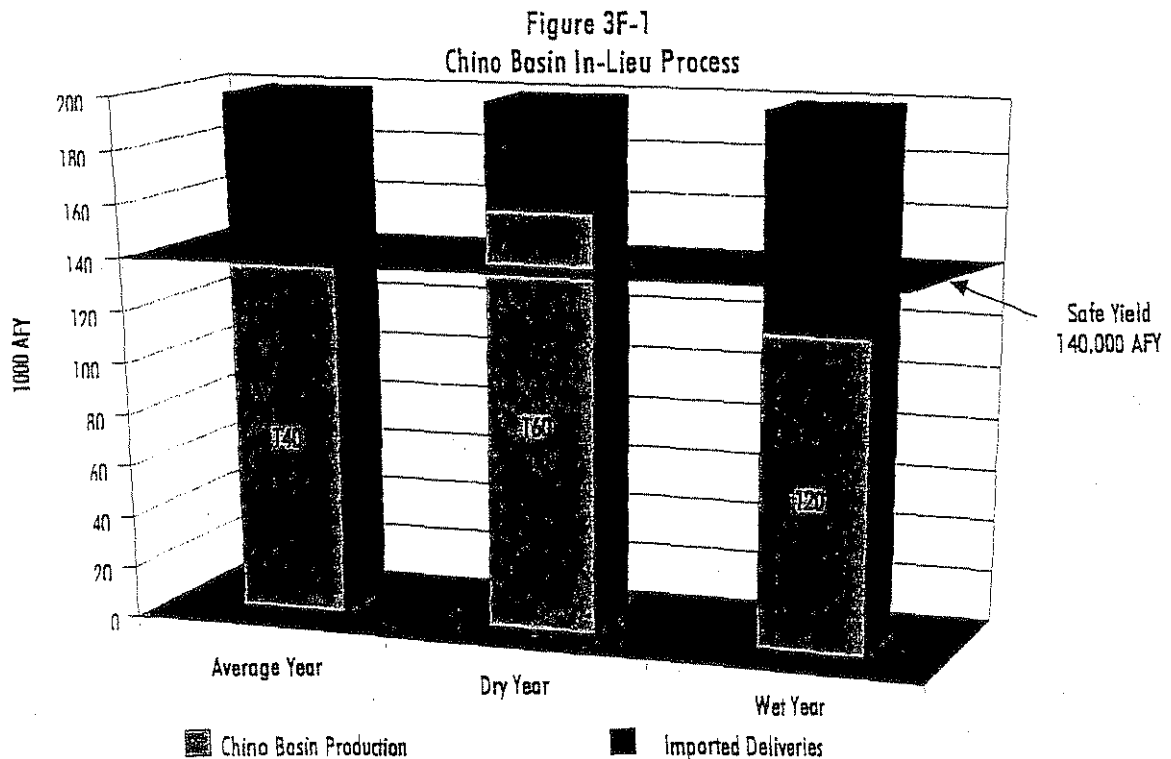
3F. DESCRIBE HOW PROJECTS WILL MEET OVERLYING DEMAND

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,

A handwritten signature in black ink, appearing to read 'R. Gastelum'.

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 ¹	Untreated replenishment rate at the time the water is called under this Agreement	IEUA	None

¹ 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 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

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 ⁽¹⁾	Amethyst & Apricot
City of Ontario	1,544 AFY	\$1,428,200 ⁽¹⁾	Cucamonga & 4 th
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
Total Treatment Facilities Capacity :	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 ⁽¹⁾	East Avenue & I-15; ? Cleveland & 7 th
City of Ontario	6,532 AFY	\$4,245,968 ⁽¹⁾	3 of 5 potential sites around City of Ontario
Total Well Capacity:	15,483 AFY	\$10,064,517	—
Total Extraction Capacity (Treatment + Well Capacity):	33,000 AFY	\$25,451,427 ⁽²⁾	

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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EXHIBIT 7

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").¹

10 Watermaster requests an order from this Court "declaring that the [Funding]
11 Agreement is consistent with its responsibilities under the Peace Agreement."² (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 ¹ MWD has three existing storage accounts.

² 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. 4th 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, Pomona³, 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 ³ Three Valley Municipal Water District is a party to the Funding Agreement to facilitate the City of
Pomona's participation.

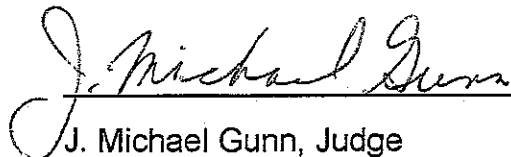
1 The benefits, costs and obligations of the Funding Agreement will be passed on
2 to the participating entities. Further, the DYY Program will have general benefits for
3 Basin Pumpers. The DYY Program benefits were addressed in Watermaster's Dry
4 Year Yield Project Memorandum ("DYY Memorandum"), dated 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 25th 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

MARILYN LEVIN
STATE OF CALIFORNIA
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EXHIBIT 8

CHINO BASIN WATERMASTER
RULES AND REGULATIONS

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 "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 2022 Update to the 2019 Chino Basin Watermaster Rules and Regulations as authorized pursuant to the Judgment, adopted by the Watermaster on January 27, 2022 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).]
- (jjjj) "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(wv).]
- (llll) "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) "TVMWD" means Three Valleys Municipal Water District (referred to in the Judgment as Pomona Valley Municipal Water District). [Peace Agreement § 1.1(yy).]
- (nnnn) "Uniform Groundwater Rules and Regulations" (UGRR) means the Uniform Groundwater Rules and Regulations that were in effect on December 31, 2000.
- (oooo) "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 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, 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). 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 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 e-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 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 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 appropriative 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 moves the Court to reset the 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.¹
- (iv) Adjusted Physical Production is the Appropriative Pool member's total combined physical production (i.e., all groundwater pumped or produced

¹ 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. 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 (i)(i) and (i)(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 (i)(i) and (i)(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.

EXHIBIT A



Reset Technical Memorandum

To:	Peter Kavounas, General Manager of the Chino Basin Watermaster
From:	Mark Wildermuth and Andy Malone
Date:	August 10, 2015
Subject:	Methodology to Reset Safe Yield Using Long-Term Average Hydrology and Current and Projected Future Cultural Conditions
Job No.:	007-014-076

The Safe Yield of the Chino Basin is defined within the Judgment as:

The *long-term average* annual quantity of ground water (excluding replenishment 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. (emphasis added)

The “long-term average annual quantity of ground water which can be produced from the Basin” is directly related to the long-term average hydrologic conditions, such as precipitation. The “cultural conditions” refer to the overlying land uses and water-management practices that affect the net recharge to the Basin, including but not limited to, impervious cover, channel lining, land use conversions from agricultural to urban uses, installation and operation of the Chino Desalter well fields, construction of recharge basins and the location and magnitude of groundwater pumping, etc.

The Judgment additionally provides for a Physical Solution to provide maximum flexibility and adaptability in order that Watermaster and the Court may be free to use existing and future technological, social, institutional and economic options, in order to maximize beneficial use of the waters of Chino Basin. (Restated Judgment, ¶ 40).

Subject to these requirements, Watermaster developed an optimum basin management program [OBMP] that both preserved the quantity of the Basin’s waters and maximized their beneficial use. (Restated Judgment, ¶ 41).

Watermaster’s OBMP Implementation Plan called for an initial redetermination of Basin’s Safe Yield in 2010/2011, using monitoring data that would be gathered for the first time during 2000/01 through 2009/10. (OBMP Implementation Plan, pages 44-45

[Program Element 8 – Develop and Implement Groundwater Storage Management Program, Program Element 9 – Develop and Implement Storage and Recovery Programs]). This requirement is additionally carried forward in Section 6.5 of Watermaster’s Rules and Regulations, which states that the “Safe Yield shall be recalculated in year 2010/11 based upon data from the ten-year period 2000/01 to 2009/10.”

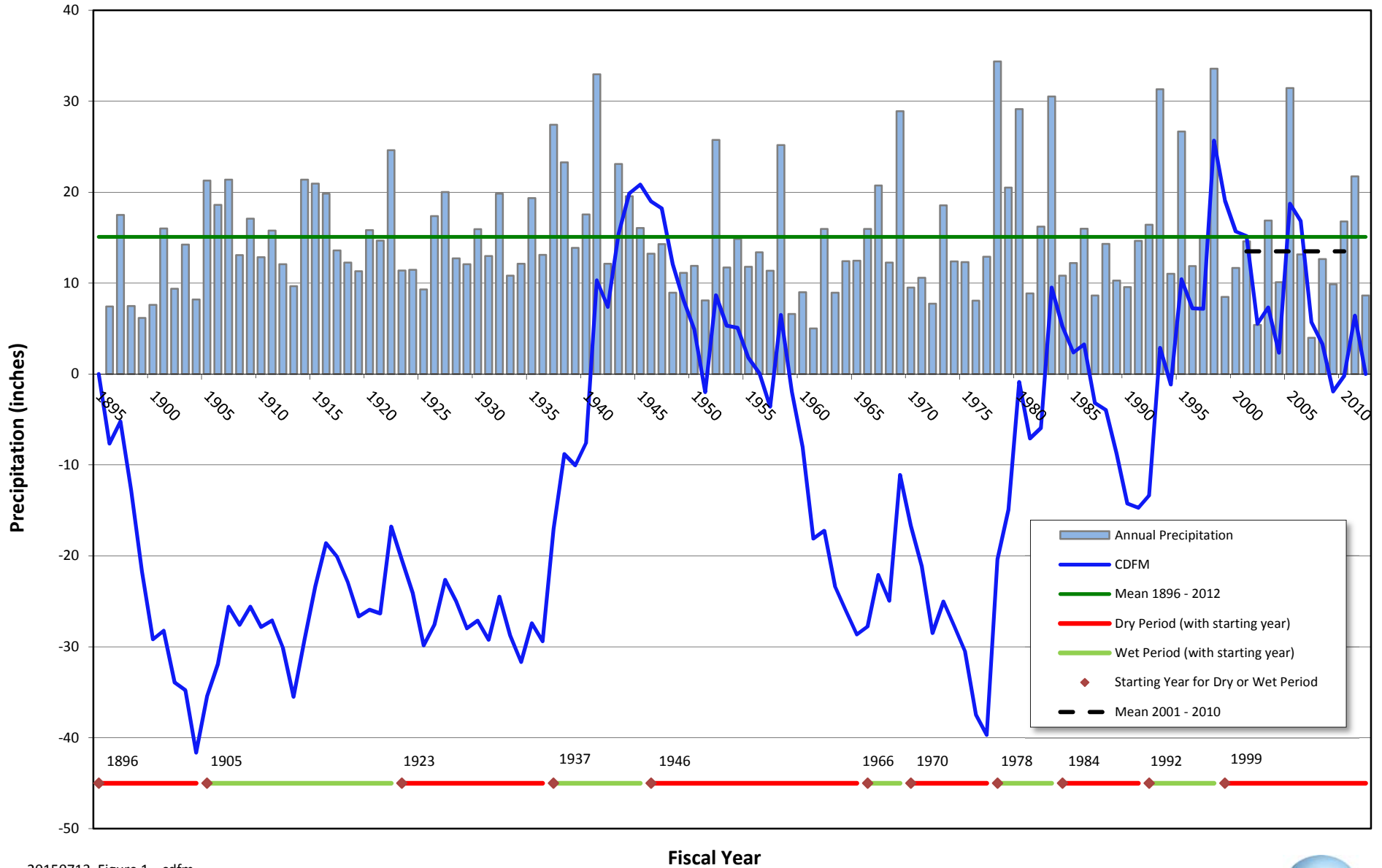
The methodology to redetermine the Safe Yield for 2010/11 and the recommended methodology for future Safe Yield evaluations is listed below. This methodology is consistent with professional custom, standard and practice, and the definition of Safe Yield in the Judgment and the Physical Solution.

1. Use the data collected during 2000/01 to 2009/10 (and in the case of subsequent resets newly collected data) in the re-calibration process for the Watermaster’s groundwater-flow model.
2. Use a long-term historical record of precipitation falling on current and projected future land uses to estimate the long-term average net recharge to the Basin.
3. Describe the current and projected future cultural conditions, including, but not limited to the plans for pumping, stormwater recharge and supplemental-water recharge.
4. With the information generated in [1] through [3] above, use the groundwater-flow model to redetermine the net recharge to the Chino Basin taking into account the then existing current and projected future cultural conditions.
5. Qualitatively evaluate whether the groundwater production at the net recharge rate estimated in [4] above will cause or threaten to cause "undesirable results" or "Material Physical Injury". If groundwater production at net recharge rate estimated in [4] above will cause or threaten to cause "undesirable results" or "Material Physical Injury" then Watermaster will identify and implement prudent measures necessary to mitigate "undesirable results" or "Material Physical Injury", set the value of Safe Yield to ensure there is no "undesirable results" or "Material Physical Injury", or implement a combination of mitigation measures and a changed Safe Yield.



**Figure 1 Annual Precipitation Over the Chino Basin and Cumulative Departure from Mean (CDFM)
Precipitation**

Based on Monthly Precipitation Estimates from PRISM



20150713 Figure 1-- cdfm
Created 03/05/2013
Printed 7/13/2015



EXHIBIT B

Attachment: Peace Agreement, Section 7.2 (e)(ii)

Schedule for Use of Re-Operation Water**, and
 Calculation of Remaining Desalter Replenishment Obligation (DRO)
 Production from 2017-18 through 2029-30 is estimated

Production Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Peace I Desalter Production	29,227.997	29,541.300	27,008.810	26,275.588	30,000.000	30,000.000	30,000.000	30,000.000	30,000.000
Peace II Desalter Production	14.555	448.690	1,154.052	1,527.215	10,000.000	10,000.000	10,000.000	10,000.000	10,000.000
Appropriative Pool DRO Contribution	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)
Re-Operation Water**	(12,500.000)	(12,500.000)	(12,500.000)	(12,500.000)	(12,500.000)	(12,500.000)	(12,500.000)	(12,500.000)	(12,500.000)
Non-Agricultural Pool Assessment	0.000	0.000	0.000	(735.000)	(735.000)	(735.000)	(735.000)	(735.000)	(735.000)
Remaining DRO	6,742.552	7,489.990	5,662.862	4,567.803	16,765.000	16,765.000	16,765.000	16,765.000	16,765.000

Production Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Peace I Desalter Production	30,000.000	30,000.000	30,000.000	30,000.000	30,000.000	30,000.000	30,000.000	30,000.000
Peace II Desalter Production	10,000.000	10,000.000	10,000.000	10,000.000	10,000.000	10,000.000	10,000.000	10,000.000
Appropriative Pool "DRO Contribution	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)
Re-Operation Water**	(12,500.000)	(12,500.000)	(12,500.000)	(5,000.000)	(5,000.000)	(5,000.000)	(5,000.000)	(5,000.000)
Non-Agricultural Pool Assessment	(735.000)	(735.000)	(735.000)	(735.000)	(735.000)	(735.000)	(735.000)	(735.000)
Remaining DRO	16,765.000	16,765.000	16,765.000	24,265.000	24,265.000	24,265.000	24,265.000	24,265.000

EXHIBIT C

Attachment: Peace II Agreement, Section 6.2(b)(ii)

Allocation of Appropriative Pool Desalter Replenishment Obligation (DRO) Contributions (by agency)

Production Year 2013-14 Desalter Replenishment Obligation (DRO) Contribution:

10,000.000 AF

Appropriative Pool Party	Production Year 2013/14 Common Data (Headings from Approved 2014/2015 Assessment Package)			Methodology for 85/15 split between shares of Operating Safe Yield and % of Land Use Conversions		
	a	b	c = %b	d = (DRO Contrib*.85)*a	e = (DRO Contrib*.15)*c	f = d + e
	Percent of Operating Safe Yield (Column 2A)	Land Use Conversions (Page 12A)*	Percent of Land Use Conversions	85% DRO Contribution Based on Percent of Operating Safe Yield	15% DRO Contribution Based on Percent of Land Use Conversions	Desalter Replenishment Obligation Contribution
Arrowhead Mtn Spring Water Co	0.000%	0.000	0.000%	0.000	0.000	0.000
Chino Hills, City of	3.851%	1,133.906	4.334%	327.335	65.013	392.348
Chino, City of	7.357%	7,623.064	29.138%	625.345	437.074	1,062.419
Cucamonga Valley Water District	6.601%	598.364	2.287%	561.085	34.308	595.393
Fontana Union Water Company	11.657%	0.000	0.000%	990.845	0.000	990.845
Fontana Water Company	0.002%	834.000	3.188%	0.170	47.818	47.988
Fontana, City of	0.000%	0.000	0.000%	0.000	0.000	0.000
Golden State Water Company	0.750%	0.000	0.000%	63.750	0.000	63.750
Jurupa Community Services District	3.759%	13,876.196	53.040%	319.515	795.602	1,115.117
Marygold Mutual Water Company	1.195%	0.000	0.000%	101.575	0.000	101.575
Monte Vista Irrigation Company	1.234%	0.000	0.000%	104.890	0.000	104.890
Monte Vista Water District	8.797%	55.075	0.211%	747.745	3.158	750.903
Niagara Bottling, LLC	0.000%	0.000	0.000%	0.000	0.000	0.000
Nicholson Trust	0.007%	0.000	0.000%	0.595	0.000	0.595
Norco, City of	0.368%	0.000	0.000%	31.280	0.000	31.280
Ontario, City of	20.742%	2,041.095	7.802%	1,763.070	117.028	1,880.098
Pomona, City of	20.454%	0.000	0.000%	1,738.590	0.000	1,738.590
San Antonio Water Company	2.748%	0.000	0.000%	233.580	0.000	233.580
San Bernardino, County of (Shooting Park)	0.000%	0.000	0.000%	0.000	0.000	0.000
Santa Ana River Water Company	2.373%	0.000	0.000%	201.705	0.000	201.705
Upland, City of	5.202%	0.000	0.000%	442.170	0.000	442.170
West End Consolidated Water Co	1.728%	0.000	0.000%	146.880	0.000	146.880
West Valley Water District	1.175%	0.000	0.000%	99.875	0.000	99.875
	100.000%	26,161.700	100.000%	8,500.000	1,500.000	10,000.000

Attachment: Peace II Agreement, Section 6.2 (b)(iii)

Allocation of Appropriative Pool Remaining Desalter Replenishment Obligation (RDRO)

Production Year 2013-14:	acre-feet
CDA Production - Peace I Allocation	29,227.997
CDA Production - Peace II Allocation	14.555
Total Desalter Replenishment Obligation (Total DRO):	29,242.552
Desalter Replenishment Obligation Contribution (DROC)	(10,000.000)
Re-Operation Water	(12,500.000)
RDRO	6,742.552

Appropriative Pool Party	Operating Safe Yield	Production Year 2013/14 Common Data (From Approved 2014/2015 Assessment Package - Appendix A)						Methodology for Calculation of Adjusted Physical Production (APP)	Methodology for Calculation of "RDRO"
	a	b	c	d	e	f	APP = [b+(c*50%)+d+e+f]	Individual Party RDRO = ((a+APP)/(Total a + Total APP)) * RDRO	
	Assessment Paackage Page 2A: Column 2D	Physical Production	Voluntary Agreements (w/Ag)	Assignments (w/Non-Ag)	Storage and Recovery Programs	Other Adjustments	*Note: APP for City of Chino does not include "Other Adjustments" for this period		
Arrowhead Mtn Spring Water Co	0.000	379.111	0.000	0.000	0.000	0.000	379.111	15.905	
Chino Hills, City of	2,111.422	2,150.925	(286.221)	0.000	0.000	5,359.300	7,367.115	397.669	
Chino, City of	4,033.857	6,725.430	(6,686.440)	(104.278)	0.000	65.288	3,277.932	306.764	
Cucamonga Valley Water District	3,619.454	16,121.550	0.000	0.000	0.000	0.000	16,121.550	828.227	
Fontana Union Water Company	6,391.736	0.000	0.000	0.000	0.000	0.000	0.000	268.163	
Fontana Water Company	1.000	15,377.579	0.000	0.000	0.000	0.000	15,377.579	645.203	
Fontana, City of	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Golden State Water Company	411.476	736.362	0.000	0.000	0.000	0.000	736.362	48.157	
Jurupa Community Services District	2,061.118	18,406.630	0.000	(379.499)	0.000	(8.784)	18,018.347	842.427	
Marygold Mutual Water Company	655.317	1,314.734	0.000	0.000	0.000	0.000	1,314.734	82.653	
Monte Vista Irrigation Company	676.759	0.000	0.000	0.000	0.000	0.000	0.000	28.393	
Monte Vista Water District	4,823.954	12,521.892	(151.480)	0.000	0.000	(5,371.667)	7,074.485	499.195	
Niagara Bottling, LLC	0.000	1,342.588	0.000	0.000	0.000	0.000	1,342.588	56.328	
Nicholson Trust	4.000	0.000	0.000	0.000	0.000	0.000	0.000	0.168	
Norco, City of	201.545	0.000	0.000	0.000	0.000	0.000	0.000	8.456	
Ontario, City of	11,373.816	21,980.342	(4,428.101)	(1,855.196)	0.000	0.000	17,911.096	1,228.639	
Pomona, City of	11,215.852	12,909.293	0.000	0.000	0.000	0.000	12,909.293	1,012.163	
San Antonio Water Company	1,506.888	1,159.242	0.000	0.000	0.000	0.000	1,159.242	111.857	
San Bernardino, County of (Shooting Park)	0.000	16.390	0.000	0.000	0.000	0.000	16.390	0.688	
Santa Ana River Water Company	1,301.374	0.000	0.000	0.000	0.000	48.515	48.515	56.634	
Upland, City of	2,852.401	2,822.046	0.000	0.000	0.000	0.000	2,822.046	238.070	
West End Consolidated Water Co	947.714	0.000	0.000	0.000	0.000	0.000	0.000	39.761	
West Valley Water District	644.317	0.000	0.000	0.000	0.000	0.000	0.000	27.032	
	54,834.000	113,964.114	(11,552.242)	(2,338.973)	0.000	92.652	105,876.384	6,742.552	

EXHIBIT 9

MINUTES
CHINO BASIN WATERMASTER
APPROPRIATIVE POOL – SPECIAL MEETING

November 27, 2018

The Appropriative Pool special meeting was held via conference call using the Chino Basin Watermaster conference call on November 27, 2018.

APPROPRIATIVE POOL MEMBERS PRESENT ON CALL

Teri Layton, Chair	San Antonio Water Company
Van Jew, Vice-Chair	Monte Vista Water District
Rosemary Hoerning	City of Upland
Courtney Jones for Scott Burton	City of Ontario
John Bosler	Cucamonga Valley Water District
Todd Corbin	Jurupa Community Services District
Dave Crosley	City of Chino
Eric Tarango	Fontana Union Water Company
Cris Fealy	Fontana Water Company
Darron Poulsen	City of Pomona

OTHERS PRESENT ON CALL

Manny Martinez	Monte Vista Water District
Eric Grubb	Cucamonga Valley Water District
Steve Popelar	Jurupa Community Services District
Rob Donlan	Ellison, Schneider, & Harris LLP
Jimmy Gutierrez	Jimmy L. Gutierrez, A Law Corporation
Raul Garibay	City of Pomona

CALL TO ORDER

Chair Layton called the Appropriative Pool special meeting to order at 9:00 a.m.

AGENDA - ADDITIONS/REORDER

None

I. CONFIDENTIAL SESSION - POSSIBLE ACTION

The Pool went into confidential session to discuss Appropriative Pool Strategic Planning. Confidential session concluded at 9:40 a.m. with the following reportable action:

Motion by Mr. Cris Fealy, seconded by Mr. John Bosler, and by unanimous vote

Moved to approve the “2018 Agreement to Appropriative Pool Pooling Plan and CAMA Amendments (11/21/2018 version)” and conditioned upon the subsequent approval of each of Appropriative Pool member’s governing body intends to sign said agreement. Further, the Pool directs its counsel to join in the motion to approve the Appropriative Pool Pooling Plan and CAMA Amendments.

ADJOURNMENT

Chair Layton adjourned the Appropriative Pool special meeting at 9:40 a.m.

Secretary: _____

Approved: _____ January 10, 2019

EXHIBIT 10

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16 Fax: (951) 686-3083

17 Attorneys for Defendant and Appellant
18 CUCAMONGA VALLEY WATER DISTRICT

19 [Other Attorneys on Next Page]

20 SUPERIOR COURT OF THE STATE OF CALIFORNIA
21 COUNTY OF SAN BERNARDINO

22 CHINO BASIN MUNICIPAL WATER
23 DISTRICT,

24 Petitioner,

25 v.

26 CITY OF CHINO, et al.,

27 Defendants.

Exempt from Filing Fees
Per Gov't Code § 6103

FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN BERNARDINO
SAN BERNARDINO CIVIL DIVISION

MAR 15 2019

BY 
ASHLEY LAWLESS, DEPUTY

Case No. RCVRS 51010
Judge: Stanford E. Reichert

~~[Proposed]~~ ORDER

[filed with Notice of Mot. and Mot. to
Approve Amendments to Appropriative
Pool Pooling Plan and Ct.-Approved
Management Agreements; and Decl. of
Sarah Christopher Foley]

Date: March 15, 2019
Time: 1:30 p.m.
Dept.: S35

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~~PROPOSED~~ ORDER

On March 15, 2019, in Department S35 of the above-entitled Court, the Motion to Approve Amendments to Appropriative Pool Pooling Plan and Court-Approved Management Agreements by Defendants and Appellants Cucamonga Valley Water District, Monte Vista Water District, and City of Pomona and Defendants and Respondents City of Chino, Jurupa Community Services District, and City of Ontario ("Motion to Approve") came on for hearing, the Honorable Stanford E. Reichert, Judge presiding. The parties stated their appearances on the record.

After consideration of the papers filed in connection with the Motion to Approve and arguments of counsel, the Court hereby:

(1) Approves amendments to the Appropriative Pool Pooling Plan, ~~the Peace Agreement, and the Peace II Agreement~~ ("Appropriative Pool Pooling Plan" ~~and CAMA Amendments~~) that are attached hereto, ~~and~~ *amendments attached hereto.*

2. Watermaster shall proceed in accordance with Resolution 2017-03 and the amendments attached thereto.

~~(2) Orders Watermaster to implement the Judgment in accordance with the Appropriative Pool Pooling Plan and CAMA Amendments that are attached hereto.~~

3. Directing Watermaster to proceed to redetermine Safe Yield as set forth on pages 15-18 of the Court's April 28, 2017, order.
IT IS SO ORDERED.

Dated: _____, ___, 2019

Honorable Stanford E. Reichert
Judge of the Superior Court

4. Except as explicitly set forth above the motion is denied.

Date: 3-15-19



IT IS SO ORDERED
Stanford E. Reichert

JUDGE
STANFORD E. REICHERT

ATTACHMENT

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- 4 -

~~Proposed~~ Order

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Exhibit A

Proposed Changes to Appropriative Pool Pooling Plan and CAMA

1. Appropriative Pool Pooling Plan. The introductory sentence to Exhibit H, ¶10 of the Judgment is amended to read as follows:

10. Unallocated Safe Yield Water. To the extent that, in any ~~year~~ *five years*, any portion of the share of Safe Yield allocated to the Overlying (Agricultural) Pool is not produced, such water shall be available for reallocation to members of the Appropriative Pool, as follows:

2. Early Transfer

A. Section 1.1(o) of the Peace Agreement is amended to read as follows:

(o) "Early Transfer" means the reallocation of Safe Yield not Produced by the Agricultural Pool to the Appropriative Pool on an annual basis *after the allocations in subdivisions (a)(1) and (a)(2) of* ~~rather than according to the five year increment described in Paragraph 10 of Exhibit "H" of the Judgment;~~

B. Section 5.3(g) of the Peace Agreement is amended to read as follows:

(g) Watermaster shall approve an "Early Transfer" of water to the Appropriative Pool ~~in an amount not less than 32,800 acre-feet per year that is the expected approximate quantity of water not Produced by the Agricultural Pool~~ *on an annual basis* ~~The quantity of water subject to Early Transfer under this paragraph shall be the greater of (i) 32,800 acre feet of (ii) 32,800 acre feet plus the actual quantity of water not Produced by the Agricultural Pool for that Fiscal Year that is remaining after all the land use conversions are satisfied pursuant to 5.3(h) below.~~

- (i) The Early Transfer water shall be annually allocated among the members of the Appropriative Pool in accordance with their pro-rata share of the initial Safe Yield.
- (ii) 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.
- (iii) 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.
- (iv) The parties to the Judgment and Watermaster shall Produce water in accordance with the Operating Safe Yield and shall procure sufficient quantities of Replenishment Water to satisfy over-Production requirements, whatever they may be, and avoid Material Physical Injury to any party to the Judgment or the Basin;

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(v) Nothing herein shall be construed as modifying the procedures or voting rights within or by the members of the Agricultural Pool.

3. **Conversion Claims.** Subparagraph (b)(3)(i) of Exhibit H, ¶ 10 of the Judgment is amended to read as follows:

(i) For the term of the Peace Agreement *and any extension thereof*, in any year in which sufficient unallocated Safe Yield from the Overlying (Agricultural) Pool is available for such conversion claims, Watermaster shall allocate to each appropriator with a conversion claim 2.0 acre-feet of unallocated Safe Yield water for each converted acre for which conversion has been approved and recorded by the Watermaster.

4. **Controlled Overdraft.** Pursuant to section 7.2(e)(ii) of the Peace II Agreement, 175,000 acre-feet of controlled overdraft (Re-Operation water) will be allocated to Desalter replenishment over a 17-year period, beginning in 2013-14 and ending in 2029-30, according to the schedule attached as Exhibit A.

5. **New Yield.** Section 7.1 of the Peace II Agreement, entitled "New Yield Attributable to Desalters," is deleted. It is replaced by new section 6.2(b)(ii) as set forth in section 6 below.

6. **Desalter Replenishment.** Section 6.2(b) of the Peace II Agreement is amended to read as follows:

(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 8(e) 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 6.2(a), the OBMP Special Assessment levied by Watermaster will be distributed as provided in section 9.2 below. The Special OBMP Assessment will be assessed pro-rata on each member's share of Safe Yield, followed by

(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:*

(1) *85% of the total (8,500 afy) will be allocated according to the Operating Safe Yield percentage of each Appropriative Pool member; 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, based on the actual land use conversion allocations of the year.*

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The annual desalter replenishment obligation contribution of each Appropriative Pool member will be calculated using the following formula:

*Desalter replenishment obligation contribution = (8,500 * % Appropriator's share of total initial 49,834 afy Operating Safe Yield) + (1,500 * % 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 __ to this Peace II Agreement, as amended.

(iii) (ii)-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. pro-rata based on each Producer's combined total share of Operating Safe Yield and the previous year's actual production. Desalter Production is excluded from this calculation. A sample calculation of the allocation of the remaining desalter obligation is shown in Exhibit __ to this Peace II Agreement. However, if there is a material reduction in the net cost of Desalter product water to the purchasers of product water, Watermaster may re-evaluate whether to continue the exclusion of Desalter Production but only after giving due regard to the contractual commitment of the parties.

(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%).

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(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)), 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) ~~(iii)~~ *The quantification of any Party's share of Operating Safe Yield does not include either land use conversions or Early Transfers.*

7. **Allocation of Non-Agricultural Pool OBMP Special Assessment.** The introductory sentence of section 9.2(a) of the Peace II Agreement is amended to read as follows:

a. For a period of ten years from the effective date of the Peace II Measures, any water (or financial equivalent) that may be contributed from the Overlying (Non-Agricultural) Pool in accordance with paragraph 8(e)-5(c) of Exhibit G to the Judgment (as amended) will be apportioned among the members of the Appropriative Pool in each year as follows:

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28 27 26 25 24 23 22 21 20 19 18 17 16 15 14 13 12 11 10 9 8 7 6 5 4 3 2 1

Attachment: Peace Agreement, Section 7.2 (e)(ii)
 Schedule for Use of Re-Operation Water**, and
 Calculation of Remaining Desalter Replenishment Obligation (DRO)
 Production from 2017-18 through 2029-30 is estimated

Production Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Peace I Desalter Production	29,227.997	29,541.300	27,008.810	26,275.588	30,000.000	30,000.000	30,000.000	30,000.000	30,000.000
Peace II Desalter Production	14.555	448.690	1,154.052	1,527.215	10,000.000	10,000.000	10,000.000	10,000.000	10,000.000
Appropriative Pool DRO Contribution	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)
Re-Operation Water** Non-Agricultural Pool Assessment	0.000	0.000	0.000	(735.000)	(735.000)	(735.000)	(735.000)	(735.000)	(735.000)
Remaining DRO	6,742.552	7,489.990	5,662.862	4,567.803	16,765.000	16,765.000	16,765.000	16,765.000	16,765.000

Production Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Peace I Desalter Production	30,000.000	30,000.000	30,000.000	30,000.000	30,000.000	30,000.000	30,000.000	30,000.000
Peace II Desalter Production	10,000.000	10,000.000	10,000.000	10,000.000	10,000.000	10,000.000	10,000.000	10,000.000
Appropriative Pool "DRO Contribution	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)	(10,000.000)
Re-Operation Water** Non-Agricultural Pool Assessment	(735.000)	(735.000)	(735.000)	(735.000)	(735.000)	(735.000)	(735.000)	(735.000)
Remaining DRO	16,765.000	16,765.000	16,765.000	24,265.000	24,265.000	24,265.000	24,265.000	24,265.000

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Order

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Attachment: Peace II Agreement, Section 6.2(b)(ii)

Allocation of Appropriative Pool Desalter Replenishment Obligation (DRO) Contributions (by agency)

Production Year 2013-14 Desalter Replenishment Obligation (DRO) Contribution: **10,000,000 AF**

Appropriative Pool Party	Production Year 2013/14 Common Data (Headings from Approved 2014/2015 Assessment Package)			Methodology for 85/15 split between shares of Operating Safe Yield and % of Land Use Conversions		
	a	b	c = %b	d = (DRO Contrib*.85)*a	e = (DRO Contrib*.15)*c	f = d + e
	Percent of Operating Safe Yield (Column 2A)	Land Use Conversions (Page 12A)*	Percent of Land Use Conversions	85% DRO Contribution Based on Percent of Operating Safe Yield	15% DRO Contribution Based on Percent of Land Use Conversions	Desalter Replenishment Obligation Contribution
Arrowhead Mtn Spring Water Co	0.000%	0.000	0.000%	0.000	0.000	0.000
Chino Hills, City of	3.851%	1,133.906	4.334%	327.335	65.013	392.348
Chino, City of	7.357%	7,623.064	29.138%	625.345	437.074	1,062.419
Cucamonga Valley Water District	6.601%	598.364	2.287%	561.085	34.308	595.393
Fontana Union Water Company	11.657%	0.000	0.000%	990.845	0.000	990.845
Fontana Water Company	0.002%	834.000	3.188%	0.170	47.818	47.988
Fontana, City of	0.000%	0.000	0.000%	0.000	0.000	0.000
Golden State Water Company	0.750%	0.000	0.000%	63.750	0.000	63.750
Jurupa Community Services District	3.759%	13,876.196	53.040%	319.515	795.602	1,115.117
Marygold Mutual Water Company	1.195%	0.000	0.000%	101.575	0.000	101.575
Monte Vista Irrigation Company	1.234%	0.000	0.000%	104.890	0.000	104.890
Monte Vista Water District	8.797%	55.075	0.211%	747.745	3.158	750.903
Niagara Bottling, LLC	0.000%	0.000	0.000%	0.000	0.000	0.000
Nicholson Trust	0.007%	0.000	0.000%	0.595	0.000	0.595
Norco, City of	0.368%	0.000	0.000%	31.280	0.000	31.280
Ontario, City of	20.742%	2,041.095	7.802%	1,763.070	117.028	1,880.098
Pomona, City of	20.454%	0.000	0.000%	1,738.590	0.000	1,738.590
San Antonio Water Company	2.748%	0.000	0.000%	233.580	0.000	233.580
San Bernardino, County of (Shooting Park)	0.000%	0.000	0.000%	0.000	0.000	0.000
Santa Ana River Water Company	2.373%	0.000	0.000%	201.705	0.000	201.705
Upland, City of	5.202%	0.000	0.000%	442.170	0.000	442.170
West End Consolidated Water Co	1.728%	0.000	0.000%	146.880	0.000	146.880
West Valley Water District	1.175%	0.000	0.000%	99.875	0.000	99.875
	100.000%	26,161.700	100.000%	8,500.000	1,500.000	10,000.000

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Attachment: Peace II Agreement, Section 6.2 (b)(iii)
Allocation of Appropriative Pool Remaining Desalter Replenishment Obligation (RDRO)

Production Year 2013-14:	acre-feet
CDA Production - Peace I Allocation	29,227.997
CDA Production - Peace II Allocation	14.555
Total Desalter Replenishment Obligation (Total DRD):	29,242.552
Desalter Replenishment Obligation Contribution (DROC)	(10,000.000)
Re-Operation Water	(12,500.000)
RDRO	6,742.552

Appropriative Pool Party	Operating Safe Yield	Production Year 2013/14 Common Data (From Approved 2014/2015 Assessment Package - Appendix A)					Methodology for Calculation of Adjusted Physical Production (APP)	Methodology for Calculation of "RDRO"
	a	b	c	d	e	f	APP = [b+(c*50%)+d+e+f]	Individual Party RDRO = ((a+APP)/(Total a + Total APP)) * RDRO
	Assessment Package Page 2A: Column 2D	Physical Production	Voluntary Agreements (w/Ag)	Assignments (w/Non-Ag)	Storage and Recovery Programs	Other Adjustments	*Note: APP for City of Chino does not include "Other Adjustments" for this period	
Arrowhead Mtn Spring Water Co	0.000	379.111	0.000	0.000	0.000	0.000	379.111	15.905
Chino Hills, City of	2,111.422	2,150.925	(286.221)	0.000	0.000	5,359.300	7,367.115	397.669
Chino, City of	4,033.857	6,725.430	(6,686.440)	(104.278)	0.000	65.288	3,277.932	306.764
Cucamonga Valley Water District	3,619.454	16,121.550	0.000	0.000	0.000	0.000	16,121.550	828.227
Fontana Union Water Company	6,391.736	0.000	0.000	0.000	0.000	0.000	0.000	268.163
Fontana Water Company	1.000	15,377.579	0.000	0.000	0.000	0.000	15,377.579	645.203
Fontana, City of	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	411.476	736.362	0.000	0.000	0.000	0.000	736.362	48.157
Jurupa Community Services District	2,061.118	18,406.630	0.000	(799.499)	0.000	(8.764)	18,018.347	842.427
Manlyold Mutual Water Company	655.317	1,314.734	0.000	0.000	0.000	0.000	1,314.734	82.653
Monte Vista Irrigation Company	676.759	0.000	0.000	0.000	0.000	0.000	0.000	28.393
Monte Vista Water District	4,823.954	12,521.892	(131.480)	0.000	0.000	(5,771.667)	7,074.485	499.195
Niagara Bottling, LLC	0.000	1,342.588	0.000	0.000	0.000	0.000	1,342.588	56.328
Nicholson Trust	4.000	0.000	0.000	0.000	0.000	0.000	0.000	0.168
Norco, City of	201.545	0.000	0.000	0.000	0.000	0.000	0.000	8.456
Ontario, City of	11,373.816	21,980.342	(6,428.101)	(1,859.193)	0.000	0.000	17,911.096	1,228.639
Pomona, City of	11,215.852	12,909.293	0.000	0.000	0.000	0.000	12,909.293	1,012.163
San Antonio Water Company	1,506.888	1,159.242	0.000	0.000	0.000	0.000	1,159.242	111.857
San Bernardino, County of (Shooting Park)	0.000	16.390	0.000	0.000	0.000	0.000	16.390	0.688
Santa Ana River Water Company	1,301.374	0.000	0.000	0.000	0.000	48.515	48.515	56.634
Upland, City of	2,852.401	2,822.046	0.000	0.000	0.000	0.000	2,822.046	238.070
West End Consolidated Water Co	947.714	0.000	0.000	0.000	0.000	0.000	0.000	39.761
West Valley Water District	644.317	0.000	0.000	0.000	0.000	0.000	0.000	27.032
	54,834.000	113,964.114	(11,552.242)	(1,338.973)	0.000	92.652	105,876.384	6,742.552

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Order

EXHIBIT 11



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)
	61,315.2
Safe Yield Reduction (Backfill)	(9,000.0)
Total Conversions	(31,716.6)
	(40,716.6)
Early Transfer:	20,598.6

Well County	Physical Production	Voluntary Agreements	Total Ag Pool Production
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
	15,022.1	6,462.7	21,484.8



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
	3,897.4	86,794.76	188,048.81	54.8	43,269.55	404.12	1,053.10	0.00	319,570.34
	2A	2B	2C	2D	2E	2F	2G	2H	2I

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
	2,795.3	2,120.2	(1,018.1)	3,897.4
	3A	3B	3C	3D

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.

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)	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
9W Halo Western OpCo L.P.	0.256%	0.0	0.0	18.8	(1.9)	0.0	16.9	28.5	11.6	0.0	0.0	0.0
ANG II (Multi) LLC	0.000%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Aqua Capital Management LP	0.000%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
California Speedway Corporation	13.605%	1,000.0	0.0	1,000.0	(100.0)	0.0	1,900.0	388.3	0.0	1,511.7	1,000.0	511.7
California Steel Industries, Inc.	21.974%	1,615.1	0.0	1,615.1	(161.5)	0.0	3,068.8	1,301.8	0.0	1,766.9	1,615.1	151.8
CalMat Co.	0.000%	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0
City of Ontario (Non-Ag)	53.338%	3,920.6	0.0	3,920.6	(392.1)	0.0	7,449.1	1,608.4	0.0	5,840.7	3,920.6	1,920.1
County of San Bernardino (Non-Ag)	1.821%	133.9	0.0	133.9	(13.4)	0.0	254.4	72.6	0.0	181.7	133.9	47.9
General Electric Company	0.000%	0.0	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	6.316%	464.2	0.0	464.2	(46.4)	0.0	882.1	323.4	0.0	558.6	464.2	94.4
Linde Inc.	0.014%	1.0	0.0	1.0	(0.1)	0.0	1.9	0.0	0.0	1.9	1.0	0.9
Monte Vista Water District (Non-Ag)	0.680%	50.0	0.0	50.0	(5.0)	0.0	95.0	22.1	0.0	72.9	50.0	22.9
Riboli Family and San Antonio Winery, Inc.	0.000%	0.0	0.0	0.0	0.0	0.0	0.0	43.2	43.2	0.0	0.0	0.0
Space Center Mira Loma, Inc.	1.417%	0.0	0.0	104.1	(10.4)	0.0	93.7	93.7	0.0	0.0	0.0	0.0
TAMCO	0.579%	42.6	0.0	42.6	(4.3)	0.0	81.0	15.3	0.0	65.7	42.6	23.1
West Venture Development Company	0.000%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	100.00%	7,227.4	0.0	7,350.3	(735.0)	0.0	13,842.7	3,897.4	54.8	10,000.2	7,227.4	2,772.8
	4A	4B	4C	4D	4E	4F	4G	4H	4I	4J	4K	4L

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.



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
	9,473.5	(6.6)	(3,493.2)	2,772.8	8,746.4	0.0	0.0	0.0	0.0	8,746.4
	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
	100.000%	7,350.3	(735.0)	3,493.2	(3,493.2)	(735.0)
	6A	6B	6C	6D	6E	6F

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
	0.0

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
Pool 2 Non-Agricultural Total	0.0	(\$404.12)	\$404.12
	7A	7B	7C

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			85/15 Activity		CURO Adjmt	ASSESSMENTS DUE							
		\$22.27 AF/Admin	\$48.25 AF/OBMP	AF Total Reallocation	\$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%	15% Producer Credits	15% Pro-rated Debits		Total Production Based	Pomona Credit	Recharge Debt Payment	Recharge Imprvmt Project	RTS Charges	Other Adjmts	DRO	Total Due
BlueTriton Brands, Inc.	271.3	6,041.21	13,088.83	0.0	0.00	0.00	0.00	0.00	0.00	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
CalMat Co. (Appropriative)	0.0	0.00	0.00	0.0	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	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	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
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	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
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	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
Desalter Authority	40,114.5	0.00	0.00	0.0	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	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	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
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	(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
Fontana, City Of	0.0	0.00	0.00	0.0	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	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	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
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	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
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	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
Monte Vista Irrigation Company	0.0	0.00	0.00	365.2	2,850.57	6,174.80	0.00	0.00	0.00	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
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	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
NCL Co, LLC	0.0	0.00	0.00	0.0	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	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	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
Nicholson Family Trust	0.0	0.00	0.00	2.1	16.17	35.03	0.00	0.00	0.00	0.00	0.00	0.00	51.20	4.67	37.03	0.00	0.00	(2.13)	0.00	90.77
Norco, City Of	0.0	0.00	0.00	108.9	850.09	1,841.43	0.00	0.00	0.00	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
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	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
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	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
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	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
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	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
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	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
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	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
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	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
West Valley Water District	0.0	0.00	0.00	347.8	2,714.28	5,879.58	0.00	0.00	0.00	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
	113,538.4	1,635,150.72	3,542,704.15	61,315.2	478,534.00	1,036,584.00	2,032.43	11,517.07	1,382,063.69	(629,915.45)	629,915.47	18,143.71	8,106,729.77	0.01	529,029.01	0.00	33,977.09	723.95	200,504.62	8,870,964.45
	8A	8B	8C	8D	8E	8F	8G	8H	8I	8J	8K	8L	8M	8N	8O	8P	8Q	8R	8S	8T

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 Watermaster to use the new company name.



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 10I)
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
	145,196.1	(6,462.7)	(2,120.2)	(74.8)	136,538.4

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

POOL 3

	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	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
BlueTriton Brands, Inc.	0.000%	0.0	0.0	0.0	0.0	271.3	0.0	271.3	271.3	0.0	271.3	0.0	0.0	0.0	0.0	0.0
CalMat Co. (Appropriative)	0.000%	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
Chino Hills, City Of	3.851%	1,726.6	0.0	1,572.5	2,417.9	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
Chino, City Of	7.357%	3,298.4	0.0	3,004.2	11,194.4	0.0	0.0	17,497.0	2,762.4	0.0	2,762.4	0.0	0.0	14,734.6	3,004.2	11,730.4
Cucamonga Valley Water District	6.601%	1,596.4	0.0	2,695.5	2,552.2	35.6	0.0	6,879.7	26,225.7	(20,500.0)	5,725.7	0.0	0.0	1,154.0	1,154.0	0.0
Desalter Authority	0.000%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	40,114.5	0.0	40,114.5	0.0	40,114.5	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fontana Water Company	0.002%	0.9	0.0	0.8	834.6	10,229.0	0.0	11,065.3	13,565.3	(2,500.0)	11,065.3	0.0	0.0	0.0	0.0	0.0
Fontana, City Of	0.000%	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
Golden State Water Company	0.750%	323.6	0.0	306.3	222.0	222.5	0.0	1,074.4	1,074.4	0.0	1,074.4	0.0	0.0	0.0	0.0	0.0
Jurupa Community Services District	3.759%	1,685.3	0.0	1,535.0	16,328.0	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
Marygold Mutual Water Company	1.195%	399.3	0.0	488.0	353.7	0.0	0.0	1,240.9	840.9	0.0	840.9	0.0	0.0	400.0	400.0	0.0
Monte Vista Irrigation Company	1.234%	553.3	0.0	503.9	365.2	0.0	0.0	1,422.4	0.0	0.0	0.0	0.0	0.0	1,422.4	503.9	918.5
Monte Vista Water District	8.797%	3,944.0	0.0	3,592.2	2,709.4	500.0	0.0	10,745.6	7,523.3	0.0	7,523.3	0.0	0.0	3,222.3	3,222.3	0.0
NCL Co, LLC	0.000%	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
Niagara Bottling, LLC	0.000%	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
Nicholson Family Trust	0.007%	3.1	0.0	2.9	2.1	(6.5)	0.0	1.6	0.0	0.0	0.0	0.0	0.0	1.6	1.6	0.0
Norco, City Of	0.368%	165.0	0.0	150.3	108.9	0.0	0.0	424.2	0.0	0.0	0.0	0.0	0.0	424.2	150.3	273.9
Ontario, City Of	20.742%	9,299.5	0.0	8,469.8	10,807.7	0.0	0.0	28,576.9	17,171.1	0.0	17,171.1	0.0	0.0	11,405.8	8,469.8	2,936.0
Pomona, City Of	20.454%	9,170.3	0.0	8,352.2	6,054.1	0.0	0.0	23,576.6	9,192.2	0.0	9,192.2	0.0	0.0	14,384.5	8,352.2	6,032.3
San Antonio Water Company	2.748%	1,232.0	0.0	1,122.1	813.4	0.0	0.0	3,167.5	676.5	0.0	676.5	0.0	0.0	2,491.0	1,122.1	1,368.9
San Bernardino, County of (Shooting P	0.000%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.2	0.0	17.2	17.2	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	2,735.3	175.5	0.0	175.5	0.0	0.0	2,559.8	969.0	1,590.8
Upland, City Of	5.202%	2,332.3	0.0	2,124.2	1,539.7	0.0	0.0	5,996.2	2,107.0	0.0	2,107.0	0.0	0.0	3,889.2	2,124.2	1,765.0
West End Consolidated Water Co	1.728%	774.7	0.0	705.6	511.5	0.0	0.0	1,991.8	0.0	0.0	0.0	0.0	0.0	1,991.8	705.6	1,286.2
West Valley Water District	1.175%	526.8	0.0	479.8	347.8	0.0	0.0	1,354.4	0.0	0.0	0.0	0.0	0.0	1,354.4	479.8	874.6
	100.00%	38,095.5	0.0	40,834.0	61,315.2	3,041.6	0.0	143,286.3	136,538.4	(23,000.0)	113,538.4	17.2	41,866.1	71,631.2	33,766.4	37,864.8
Less Desalter Authority Production									(40,114.5)		(40,114.5)		(40,114.5)			
Total Less Desalter Authority Production									96,423.9		73,423.9		1,751.7			
	10A	10B	10C	10D	10E	10F	10G	10H	10I	10J	10K	10L	10M	10N	10O	10P

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 Watermaster to use the new company name.



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
	307,756.9	(215.4)	(19,819.0)	2,783.3	37,864.8	328,370.5
	11A	11B	11C	11D	11E	11F

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					Quantified (Pre 7/1/2000) Account					New (Post 7/1/2000) Account					Combined
	Beginning Balance	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	Beginning Balance	0.07% Storage Loss	Transfers To / (From)	Transfer to ECO Account	Ending Balance	Ending Balance
BlueTriton Brands, Inc.	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
CalMat Co. (Appropriative)	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
Chino Hills, City Of	11,105.8	(7.8)	1,416.0	0.0	12,514.0	4,789.4	(3.4)	0.0	0.0	4,786.1	0.0	0.0	0.0	0.0	0.0	17,300.1
Chino, City Of	8,508.6	(6.0)	0.0	0.0	8,502.6	1,051.8	(0.7)	0.0	0.0	1,051.0	1,926.6	(1.3)	0.0	0.0	1,925.3	11,478.9
Cucamonga Valley Water District	31,078.7	(21.8)	9,035.5	0.0	40,092.5	10,693.4	(7.5)	0.0	0.0	10,685.9	637.9	(0.4)	255.2	0.0	892.7	51,671.1
Desalter Authority	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
Fontana Union Water Company	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
Fontana Water Company	0.0	0.0	3,082.6	(2,722.5)	360.1	0.0	0.0	0.0	0.0	0.0	310.1	(0.2)	0.0	0.0	309.9	670.0
Fontana, City Of	44.0	0.0	0.0	0.0	44.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	44.0
Golden State Water Company	0.0	0.0	0.0	0.0	0.0	1,389.0	(1.0)	0.0	(3.6)	1,384.4	57.2	0.0	0.0	(57.2)	0.0	1,384.4
Jurupa Community Services District	4,832.4	(3.4)	0.0	0.0	4,829.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,829.0
Marygold Mutual Water Company	0.0	0.0	0.0	0.0	0.0	305.0	(0.2)	(292.5)	0.0	12.3	0.0	0.0	0.0	0.0	0.0	12.3
Monte Vista Irrigation Company	0.0	0.0	0.0	0.0	0.0	5,450.0	(3.8)	0.0	0.0	5,446.2	0.0	0.0	0.0	0.0	0.0	5,446.2
Monte Vista Water District	0.0	0.0	0.0	0.0	0.0	3,376.5	(2.4)	0.0	0.0	3,374.2	1.6	0.0	(1.6)	0.0	0.0	3,374.2
NCL Co, LLC	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
Niagara Bottling, LLC	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
Nicholson Family Trust	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
Norco, City Of	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
Ontario, City Of	49,233.2	(34.5)	(2,420.0)	0.0	46,778.8	8,050.1	(5.6)	0.0	0.0	8,044.5	0.0	0.0	0.0	0.0	0.0	54,823.2
Pomona, City Of	0.0	0.0	0.0	0.0	0.0	10,912.1	(7.6)	0.0	0.0	10,904.4	1,559.9	(1.1)	0.0	0.0	1,558.8	12,463.2
San Antonio Water Company	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,759.5	(3.3)	(104.5)	0.0	4,651.7	4,651.7
San Bernardino, County of (Shooting Park)	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
Santa Ana River Water Company	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
Upland, City Of	12,078.4	(8.5)	1,481.7	0.0	13,551.6	5,803.2	(4.1)	0.0	0.0	5,799.1	0.0	0.0	0.0	0.0	0.0	19,350.7
West End Consolidated Water Co	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	452.5	(0.3)	0.0	0.0	452.2	452.2
West Valley Water District	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	307.7	(0.2)	0.0	0.0	307.5	307.5
	116,881.1	(81.8)	12,595.9	(2,722.5)	126,672.7	51,820.4	(36.3)	(292.5)	(3.6)	51,488.1	10,590.5	(7.4)	149.0	(57.2)	10,675.0	188,835.7
	12A	12B	12C	12D	12E	12F	12G	12H	12I	12J	12K	12L	12M	12N	12O	12P

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 share.
 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 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.
 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 portion of their production year 2020/21 over-production obligations.
 4) 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)

Other Storage and Replenishment Accounts

DESALTER REPLENISHMENT	Beginning Balance	Water Purchases	Transfers To	Transfers From	Ending Balance
CONTROLLED OVERDRAFT AND OFFSETS					
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
	88,786.7		735.0	(13,235.0)	76,286.7

DEDICATED REPLENISHMENT	Beginning Balance	Water Purchases	Transfers To	Transfers From	Ending Balance
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
	2,563.5	0.0	5,167.9	(7,731.4)	0.0

13A

13B

13C

13D

13E

STORAGE AND RECOVERY	Beginning Balance	Storage Loss	Transfers To	Transfers From	Ending Balance
METROPOLITAN WATER DISTRICT					
Dry Year Yield / Conjunctive Use Program	45,961.0	(32.2)	0.0	(23,000.0)	22,928.8
	13F	13G	13H	13I	13J

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
	0.0	3,493.2	4,716.3	(5,167.9)	3,041.6
	14A	14B	14C	14D	14E

Notes:

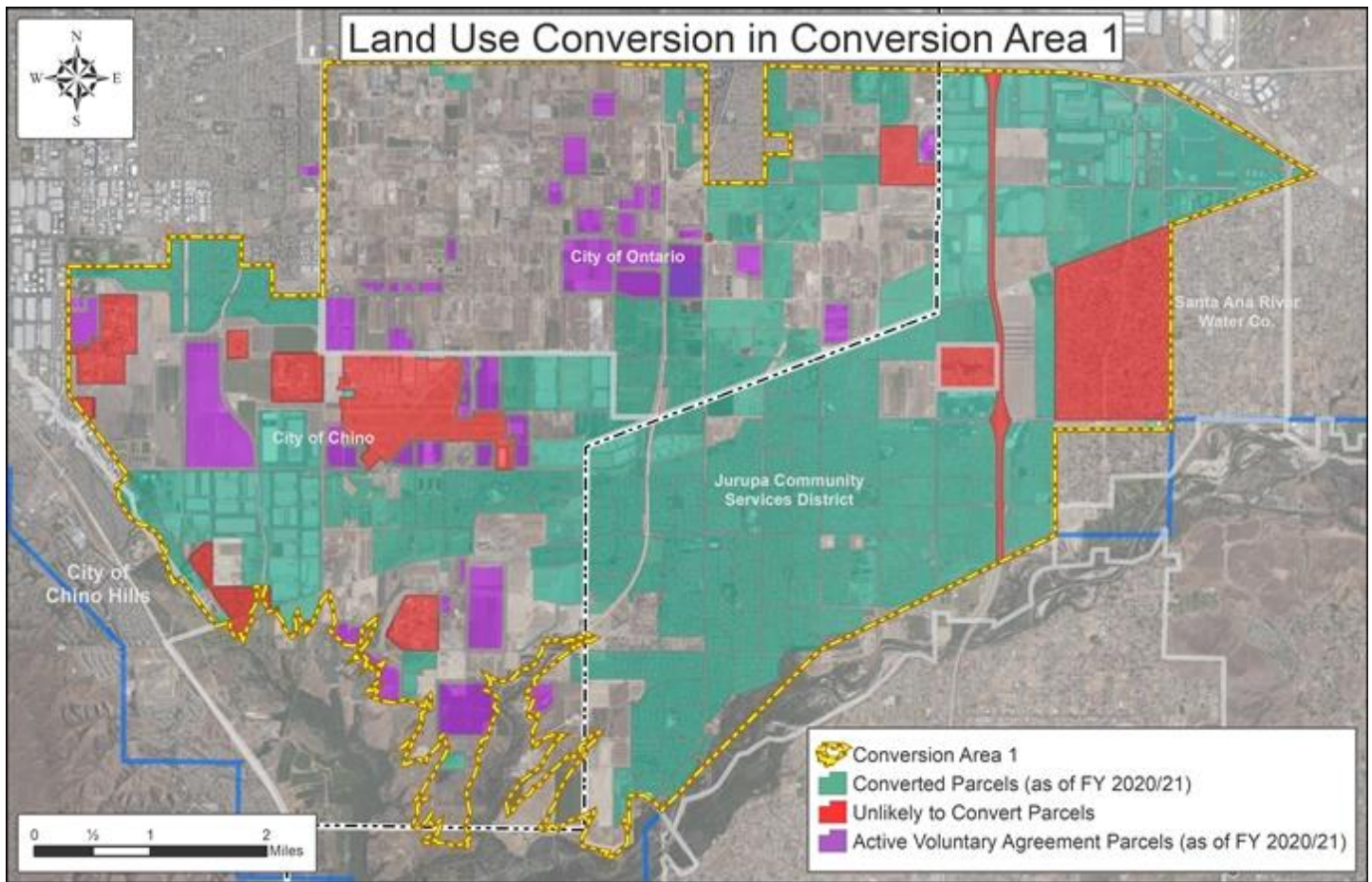
1) In April 2021, Nestle Waters North America Inc., who owns Arrowhead Mountain Spring Water brand, changed its name to BlueTriton Brands, Inc. and requested Watermaster to use the new company name.



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
	405.6	5,897.410	7,666.6	8,072.3	11,822.149	23,644.3	31,716.6
	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 ¹	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	
Agricultural Pool Safe Yield	82,800.0	100%	9,000.0	31,716.6	20,598.6	61,315.2
Agricultural Pool Production	(21,484.8)	16A	16B	16C	16D	16E
Safe Yield Reduction¹	(9,000.0)					
Land Use Conversions	(31,716.6)					
Early Transfer [16D]	20,598.6					

Notes:

¹ 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."



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				
	0.0				

Company	Outstanding Obligation (AF)	Fund Balance (\$)	Outstanding Obligation (\$)	AF Production and Exchanges	85/15 Producers	Percent	15%	85%	100%	Total
BlueTriton Brands, Inc.	0.0	\$135.86	(\$135.86)	271.3	XXXXXXXXXX	0.000%	XXXXXXXXXX	XXXXXXXXXX	(\$135.86)	(\$135.86)
CalMat Co. (Appropriative)	0.0	\$0.00	\$0.00	0.0	XXXXXXXXXX	0.000%	XXXXXXXXXX	XXXXXXXXXX	\$0.00	\$0.00
Chino Hills, City Of	0.0	\$0.00	\$0.00	2,459.6	2,459.6	4.008%	\$0.40	\$0.00	XXXXXXXXXX	\$0.40
Chino, City Of	0.0	\$0.00	\$0.00	2,762.4	2,762.4	4.501%	\$0.45	\$0.00	XXXXXXXXXX	\$0.45
Cucamonga Valley Water District	0.0	\$0.01	(\$0.01)	5,725.7	5,725.7	9.330%	\$0.93	(\$0.01)	XXXXXXXXXX	\$0.92
Desalter Authority	0.0	\$0.00	\$0.00	40,114.5	XXXXXXXXXX	0.000%	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	\$0.00
Fontana Union Water Company	0.0	\$0.00	\$0.00	0.0	0.0	0.000%	\$0.00	\$0.00	XXXXXXXXXX	\$0.00
Fontana Water Company	0.0	\$0.01	(\$0.01)	11,065.3	11,065.3	18.031%	\$1.80	(\$0.01)	XXXXXXXXXX	\$1.79
Fontana, City Of	0.0	\$0.00	\$0.00	0.0	XXXXXXXXXX	0.000%	XXXXXXXXXX	XXXXXXXXXX	\$0.00	\$0.00
Golden State Water Company	0.0	\$0.00	\$0.00	1,074.4	1,074.4	1.751%	\$0.18	\$0.00	XXXXXXXXXX	\$0.18
Jurupa Community Services District	0.0	\$0.00	\$0.00	10,609.9	10,609.9	17.289%	\$1.73	\$0.00	XXXXXXXXXX	\$1.73
Marygold Mutual Water Company	0.0	\$0.00	\$0.00	840.9	XXXXXXXXXX	0.000%	XXXXXXXXXX	XXXXXXXXXX	\$0.00	\$0.00
Monte Vista Irrigation Company	0.0	\$0.00	\$0.00	0.0	0.0	0.000%	\$0.00	\$0.00	XXXXXXXXXX	\$0.00
Monte Vista Water District	0.0	\$0.00	\$0.00	7,523.3	7,523.3	12.259%	\$1.23	\$0.00	XXXXXXXXXX	\$1.23
NCL Co, LLC	0.0	\$0.00	\$0.00	0.0	XXXXXXXXXX	0.000%	XXXXXXXXXX	XXXXXXXXXX	\$0.00	\$0.00
Niagara Bottling, LLC	0.0	(\$18,212.89)	\$18,212.89	1,751.7	XXXXXXXXXX	0.000%	XXXXXXXXXX	XXXXXXXXXX	\$18,212.89	\$18,212.89
Nicholson Family Trust	0.0	\$0.00	\$0.00	0.0	0.0	0.000%	\$0.00	\$0.00	XXXXXXXXXX	\$0.00
Norco, City Of	0.0	\$0.00	\$0.00	0.0	0.0	0.000%	\$0.00	\$0.00	XXXXXXXXXX	\$0.00
Ontario, City Of	0.0	\$0.01	(\$0.01)	17,171.1	17,171.1	27.981%	\$2.80	(\$0.01)	XXXXXXXXXX	\$2.79
Pomona, City Of	0.0	\$0.00	\$0.00	9,192.2	XXXXXXXXXX	0.000%	XXXXXXXXXX	XXXXXXXXXX	\$0.00	\$0.00
San Antonio Water Company	0.0	\$0.00	\$0.00	676.5	676.5	1.102%	\$0.11	\$0.00	XXXXXXXXXX	\$0.11
San Bernardino, County of (Shooting Park)	0.0	(\$66.72)	\$66.72	17.2	17.2	0.028%	\$0.00	\$56.71	XXXXXXXXXX	\$56.71
Santa Ana River Water Company	0.0	\$0.00	\$0.00	175.5	175.5	0.286%	\$0.03	\$0.00	XXXXXXXXXX	\$0.03
Upland, City Of	0.0	\$0.00	\$0.00	2,107.0	2,107.0	3.433%	\$0.34	\$0.00	XXXXXXXXXX	\$0.34
West End Consolidated Water Co	0.0	\$0.00	\$0.00	0.0	0.0	0.000%	\$0.00	\$0.00	XXXXXXXXXX	\$0.00
West Valley Water District	0.0	\$0.00	\$0.00	0.0	0.0	0.000%	\$0.00	\$0.00	XXXXXXXXXX	\$0.00
Pool 3 Appropriative Total	0.0	(\$18,143.72)	\$18,143.72	113,538.4	61,367.9	100.000%	\$10.00	\$56.68	\$18,077.03	\$18,143.71
	17A	17B	17C	17D	17E	17F	17G	17H	17I	17J

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, and a \$2/AF connection fee from Orange County Water District.



Assessment Year 2021-2022 (Production Year 2020-2021)
Desalter Replenishment Accounting¹

Production Year	Desalter Production			Desalter Replenishment									Remaining Desalter Replenishment Obligation ^{4,7} PIIA, 6.2(b)(iii)	
	Pre-Peace II Desalter Production	Peace II Desalter Expansion Production ²	Total	Desalter (aka Kaiser) Account PIIA, 6.2 (a)(i)	Paragraph 31 Settlement Agreements Dedication ³ PIIA, 6.2(a)(ii)	"Leave Behind" Losses PIIA, 6.2(a)(iv)	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) ⁶ PIIA, 6.2(b)(i)		
								Allocation to Pre-Peace II Desalters ^{4,8}	Allocation to All Desalters ⁵	Balance				
2000 / 2001	7,989.0	0.0	7,989.0	3,994.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,994.5
2001 / 2002	9,457.8	0.0	9,457.8	4,728.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,728.9
2002 / 2003	10,438.5	0.0	10,438.5	5,219.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5,219.3
2003 / 2004	10,605.0	0.0	10,605.0	5,302.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5,302.5
2004 / 2005	9,853.6	0.0	9,853.6	4,926.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,926.8
2005 / 2006	16,475.8	0.0	16,475.8	11,579.1	0.0	0.0	0.0	0.0	0.0	0.0	400,000.0	0.0	0.0	4,896.7
2006 / 2007	26,356.2	0.0	26,356.2	608.4	4,273.1	0.0	0.0	21,474.7	0.0	378,525.3	0.0	0.0	0.0	0.0
2007 / 2008	26,972.1	0.0	26,972.1	0.0	0.0	0.0	0.0	26,972.1	0.0	351,553.2	0.0	0.0	0.0	0.0
2008 / 2009	32,920.5	0.0	32,920.5	0.0	0.0	0.0	0.0	61,989.1	0.0	289,564.1	0.0	0.0	0.0	(29,068.6)
2009 / 2010	28,516.7	0.0	28,516.7	0.0	0.0	0.0	0.0	28,516.7	0.0	261,047.4	0.0	0.0	0.0	0.0
2010 / 2011	29,318.7	0.0	29,318.7	0.0	0.0	0.0	0.0	29,318.7	0.0	231,728.7	0.0	0.0	0.0	0.0
2011 / 2012	28,378.9	0.0	28,378.9	0.0	0.0	0.0	0.0	28,378.9	0.0	203,349.7	0.0	0.0	0.0	0.0
2012 / 2013	27,061.7	0.0	27,061.7	0.0	0.0	0.0	0.0	27,061.7	0.0	176,288.1	0.0	0.0	0.0	0.0
2013 / 2014	29,228.0	14.6	29,242.6	0.0	0.0	0.0	0.0	0.0	12,500.0	163,788.1	10,000.0	0.0	0.0	6,742.6
2014 / 2015	29,541.3	448.7	29,990.0	0.0	0.0	0.0	0.0	0.0	12,500.0	151,288.1	10,000.0	0.0	0.0	7,490.0
2015 / 2016	27,008.8	1,154.1	28,162.9	0.0	0.0	0.0	0.0	0.0	12,500.0	138,788.1	10,000.0	0.0	0.0	5,662.9
2016 / 2017	26,725.6	1,527.2	28,252.8	0.0	0.0	0.0	0.0	0.0	12,500.0	126,288.1	10,000.0	735.0	0.0	5,017.8
2017 / 2018	28,589.8	1,462.5	30,052.3	0.0	0.0	0.0	0.0	0.0	12,500.0	113,788.1	10,000.0	735.0	0.0	6,817.3
2018 / 2019	25,502.9	5,696.3	31,199.2	0.0	0.0	0.0	0.0	0.0	12,500.0	101,288.1	10,000.0	735.0	0.0	7,964.2
2019 / 2020	27,593.6	8,003.4	35,597.1	0.0	0.0	0.0	0.0	0.0	12,500.0	88,788.1	10,000.0	735.0	0.0	12,362.0
2020 / 2021	31,944.8	8,169.7	40,114.5	0.0	0.0	0.0	0.0	0.0	12,500.0	76,288.1	10,000.0	735.0	0.0	16,879.4
2021 / 2022	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0	0.0	0.0	12,500.0	63,788.1	10,000.0	735.0	0.0	16,765.0
2022 / 2023	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0	0.0	0.0	12,500.0	51,288.1	10,000.0	735.0	0.0	16,765.0
2023 / 2024	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0	0.0	0.0	12,500.0	38,788.1	10,000.0	735.0	0.0	16,765.0
2024 / 2025	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0	0.0	0.0	12,500.0	26,288.1	10,000.0	735.0	0.0	16,765.0
2025 / 2026	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0	0.0	0.0	5,000.0	21,288.1	10,000.0	735.0	0.0	24,265.0
2026 / 2027	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0	0.0	0.0	5,000.0	16,288.1	10,000.0	735.0	0.0	24,265.0
2027 / 2028	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0	0.0	0.0	5,000.0	11,288.1	10,000.0	735.0	0.0	24,265.0
2028 / 2029	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0	0.0	0.0	5,000.0	6,288.1	10,000.0	735.0	0.0	24,265.0
2029 / 2030	30,000.0	10,000.0	40,000.0	0.0	0.0	0.0	0.0	0.0	5,000.0	1,288.1	10,000.0	735.0	0.0	24,265.0
	760,479.4	116,476.5	876,955.9	36,359.6	4,273.1	0.0	0.0	223,711.9	175,000.0		170,000.0	10,290.5		257,321.1
	18A	18B	18C	18D	18E	18F	18G	18H	18I	18J	18K	18L		18M

Notes:
¹ 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 15, 2019 Court Order.
² Peace II Desalter Expansion was anticipated to have an annual production of approximately 10,000 AF.
³ 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 deemed to have been dedicated as of June 30, 2007.
⁴ 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 was being offset by Desalter Induced Recharge. Condition Subsequent 7 included an adjustment of 29,070 AF against Desalter replenishment in Production Year 2008/2009.
⁵ 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 amended to be allocated to Desalter replenishment over a 17-year period, beginning in 2013/14 and ending in 2029/30.
⁶ 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 seven 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 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 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 production.
⁷ 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 assessed against the Appropriative Pool, pro-rata based on each Producer's combined total share of OSY and their Adjusted Physical Production.
⁸ 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 a later date to offset a future Desalter Replenishment Obligation.



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
	100.000%	31,716.6	100.000%	8,500.0	1,500.0	10,000.0
	19A	19B	19C	19D	19E	19F

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						ALLOCATING THE RDRO		
		Physical Production	50% of Voluntary Agreements with Ag	Assignments with Non-Ag	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
BlueTriton Brands, Inc.	0.0	271.3	0.0	0.0	0.0	0.0	271.3	271.3	0.231%	39.0
CalMat Co. (Appropriative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.0
Chino Hills, City Of	1,572.5	2,528.6	(34.5)	0.0	0.0	0.0	2,494.1	4,066.6	3.461%	584.2
Chino, City Of	3,004.2	6,133.0	(1,649.0)	(72.6)	0.0	0.0	4,411.4	7,415.5	6.312%	1,065.4
Cucamonga Valley Water District	2,695.5	26,225.7	0.0	0.0	(20,500.0)	0.0	5,725.7	8,421.2	7.168%	1,209.8
Fontana Union Water Company	4,760.0	0.0	0.0	0.0	0.0	0.0	0.0	4,760.0	4.051%	683.9
Fontana Water Company	0.8	13,565.3	0.0	0.0	(2,500.0)	0.0	11,065.3	11,066.1	9.419%	1,589.8
Fontana, City Of	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.0
Golden State Water Company	306.3	1,074.4	0.0	0.0	0.0	0.0	1,074.4	1,380.6	1.175%	198.4
Jurupa Community Services District	1,535.0	11,160.9	0.0	(417.1)	0.0	(133.9)	10,609.9	12,144.9	10.337%	1,744.8
Marygold Mutual Water Company	488.0	840.9	0.0	0.0	0.0	0.0	840.9	1,328.9	1.131%	190.9
Monte Vista Irrigation Company	503.9	0.0	0.0	0.0	0.0	0.0	0.0	503.9	0.429%	72.4
Monte Vista Water District	3,592.2	7,674.4	(62.2)	(22.1)	0.0	(4.7)	7,585.5	11,177.6	9.514%	1,605.9
NCL Co, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.0
Niagara Bottling, LLC	0.0	1,751.7	0.0	0.0	0.0	0.0	1,751.7	1,751.7	1.491%	251.7
Nicholson Family Trust	2.9	0.0	0.0	0.0	0.0	0.0	0.0	2.9	0.002%	0.4
Norco, City Of	150.3	0.0	0.0	0.0	0.0	0.0	0.0	150.3	0.128%	21.6
Ontario, City Of	8,469.8	21,750.8	(1,485.7)	(1,608.4)	0.0	0.0	18,656.8	27,126.6	23.089%	3,897.2
Pomona, City Of	8,352.2	9,192.2	0.0	0.0	0.0	0.0	9,192.2	17,544.3	14.933%	2,520.6
San Antonio Water Company	1,122.1	676.5	0.0	0.0	0.0	0.0	676.5	1,798.6	1.531%	258.4
San Bernardino, County of (Shooting Park)	0.0	17.2	0.0	0.0	0.0	0.0	17.2	17.2	0.015%	2.5
Santa Ana River Water Company	969.0	0.0	0.0	0.0	0.0	175.5	175.5	1,144.5	0.974%	164.4
Upland, City Of	2,124.2	2,177.1	0.0	0.0	0.0	(70.1)	2,107.0	4,231.2	3.601%	607.9
West End Consolidated Water Co	705.6	0.0	0.0	0.0	0.0	0.0	0.0	705.6	0.601%	101.4
West Valley Water District	479.8	0.0	0.0	0.0	0.0	0.0	0.0	479.8	0.408%	68.9
	40,834.0	105,040.0	(3,231.3)	(2,120.2)	(23,000.0)	(33.2)	76,655.2	117,489.3	100.000%	16,879.4
	20A	20B	20C	20D	20E	20F	20G	20H	20I	20J

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 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."



Desalter Replenishment Summary

	Desalter Replenishment Obligation in AF			Total DRO Fulfillment Activity							Assessments	
	Desalter Replenishment Obligation Contribution	Remaining Desalter Replenishment Obligation	Total Desalter Replenishment Obligation	Transfer from Dedicated Replenishment Account	Transfer from Excess Carry Over Storage Account	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 (\$)
BlueTriton Brands, Inc.	0.0	(39.0)	(39.0)	32.1	6.9	0.0	0.0	0.0	0.0	39.0	0.0	0.00
CalMat Co. (Appropriative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Chino Hills, City Of	(387.8)	(584.2)	(972.0)	602.9	369.1	0.0	0.0	0.0	0.0	972.0	0.0	0.00
Chino, City Of	(1,051.8)	(1,065.4)	(2,117.2)	0.0	2,117.2	0.0	0.0	0.0	0.0	2,117.2	0.0	0.00
Cucamonga Valley Water District	(589.4)	(1,209.8)	(1,799.2)	952.5	846.7	0.0	0.0	0.0	0.0	1,799.2	0.0	0.00
Fontana Union Water Company	(990.8)	(683.9)	(1,674.7)	1,674.7	0.0	0.0	0.0	0.0	0.0	1,674.7	0.0	0.00
Fontana Water Company	(39.6)	(1,589.8)	(1,629.5)	469.0	1,160.5	0.0	0.0	0.0	0.0	1,629.5	0.0	0.00
Fontana, City Of	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Golden State Water Company	(63.8)	(198.4)	(262.1)	0.0	262.1	0.0	0.0	0.0	0.0	262.1	0.0	0.00
Jurupa Community Services District	(1,039.1)	(1,744.8)	(2,783.9)	0.0	2,783.9	0.0	0.0	0.0	0.0	2,783.9	0.0	0.00
Marygold Mutual Water Company	(101.6)	(190.9)	(292.5)	0.0	0.0	0.0	292.5	0.0	0.0	292.5	0.0	0.00
Monte Vista Irrigation Company	(104.9)	(72.4)	(177.3)	0.0	177.3	0.0	0.0	0.0	0.0	177.3	0.0	0.00
Monte Vista Water District	(752.7)	(1,605.9)	(2,358.6)	0.0	1,490.1	713.2	0.0	155.4	0.0	2,358.6	0.0	0.00
NCL Co, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Niagara Bottling, LLC	0.0	(251.7)	(251.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(251.7)	198,558.16
Nicholson Family Trust	(0.6)	(0.4)	(1.0)	0.0	1.0	0.0	0.0	0.0	0.0	1.0	0.0	0.00
Norco, City Of	(31.3)	(21.6)	(52.9)	0.0	52.9	0.0	0.0	0.0	0.0	52.9	0.0	0.00
Ontario, City Of	(1,983.9)	(3,897.2)	(5,881.1)	3,461.1	0.0	2,420.0	0.0	0.0	0.0	5,881.1	0.0	0.00
Pomona, City Of	(1,738.6)	(2,520.6)	(4,259.1)	0.0	4,259.1	0.0	0.0	0.0	0.0	4,259.1	0.0	0.00
San Antonio Water Company	(233.6)	(258.4)	(492.0)	281.8	0.0	0.0	0.0	210.2	0.0	492.0	0.0	0.00
San Bernardino, County of (Shooting Park)	0.0	(2.5)	(2.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(2.5)	1,946.46
Santa Ana River Water Company	(201.7)	(164.4)	(366.1)	0.0	366.1	0.0	0.0	0.0	0.0	366.1	0.0	0.00
Upland, City Of	(442.2)	(607.9)	(1,050.1)	171.2	878.8	0.0	0.0	0.0	0.0	1,050.1	0.0	0.00
West End Consolidated Water Co	(146.9)	(101.4)	(248.3)	86.1	162.1	0.0	0.0	0.0	0.0	248.3	0.0	0.00
West Valley Water District	(99.9)	(68.9)	(168.8)	0.0	168.8	0.0	0.0	0.0	0.0	168.8	0.0	0.00
	(10,000.0)	(16,879.4)	(26,879.4)	7,731.4	15,102.7	3,133.2	292.5	365.5	0.0	26,625.3	(254.1)	200,504.62
	21A	21B	21C	21D	21E	21F	21G	21H	21I	21J	21K	21L

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 Exhibit "G" Section 10 Form A.
 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" Section 10 Form A.



Assessment Year 2021-2022 (Production Year 2020-2021)

Assessment Calculation - Projected (Includes "10% Judgment Administration and 15% OBMP & Program Elements 1-9 Operating Reserves")

PRODUCTION BASIS

2019/2020 Production and Exchanges in Acre-Feet (Actuals)

2020/2021 Production and Exchanges in Acre-Feet (Actuals)¹

BUDGET

Judgment Administration ^{2,3}

OBMP & Program Elements 1-9 ²

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 ⁴

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 ⁵	FY 2021/22 Budget	ASSESSMENT	APPROPRIATIVE POOL		AGRICULTURAL POOL		NON-AG POOL	
		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%
			Judgment Administration	OBMP & PE 1-9	Judgment Administration	OBMP & PE 1-9	Judgment Administration	OBMP & PE 1-9
\$2,021,670	\$2,200,720	\$2,200,720	\$1,635,379		\$478,533		\$86,807	
\$6,103,889	\$5,050,683	\$5,050,683		\$3,753,218		\$1,098,242		\$199,223
\$8,125,559	\$7,251,403	\$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
(\$130,813)	(\$106,125)	(\$106,125)		(\$78,863)		(\$23,076)		(\$4,186)
(\$176,203)	(\$177,430)	(\$177,430)		(\$131,850)		(\$38,581)		(\$6,999)
\$7,818,543	\$6,967,848	\$6,967,848	\$1,635,379	\$3,542,505	\$478,533	\$1,036,584	\$86,807	\$188,038
\$202,167	\$220,072	\$220,072	\$163,538		\$47,853		\$8,681	
\$915,583	\$757,602	\$757,602		\$562,982		\$164,736		\$29,883
\$1,117,750	\$977,674	\$977,674	\$163,538	\$562,982	\$47,853	\$164,736	\$8,681	\$29,883
(\$1,117,750)	(\$977,674)	(\$977,674)	(\$163,538)	(\$562,982)	(\$47,853)	(\$164,736)	(\$8,681)	(\$29,883)
\$7,818,543	\$6,967,848	\$6,967,848	\$1,635,379	\$3,542,505	\$478,533	\$1,036,584	\$86,807	\$188,038
	[A]	Per Acre-Foot	\$22.27	\$48.25	\$22.27	\$48.25	\$22.27	\$48.25
				\$70.52		\$70.52		\$70.52
	[B]	Per Acre-Foot	\$21.20	\$60.80	\$21.20	\$60.80	\$21.20	\$60.80
				\$82.00		\$82.00		\$82.00
	[A] - [B]		\$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

Notes:

¹ 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 on any last minute corrections during the Assessment Package preparation process.

² Total costs are allocated to Pools by actual production percentages. Does not include Recharge Debt Payment, Recharge Improvement Projects, Replenishment Water Purchases, or RTS charges.

³ Judgment Administration excludes OAP, AP, and ONAP specific legal services, meeting compensation, or Special Funds. These items invoiced separately on the Assessment invoices.

⁴ June 30th fund balance (estimated) less funds required for Operating Reserves, Agricultural Pool Reserves, and Carryover replenishment obligations.

⁵ The previous fiscal year's budget numbers are from the previously approved Assessment Package and does not reflect numbers from any amended budget that may have followed.



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>									
			9,006.5		4,727,936.36	3,569,520.91	629,915.45		
Total 15% Credits from all Transactions:								\$629,915.45	



Assessment Year 2021-2022 (Production Year 2020-2021)

Water Transaction Detail

Applied Recurring Transactions:

From:	To:	Quantity	\$ / Acre Feet	
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>



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
<i>One time correction for Land Use Conversion error.</i>								



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
Total Replenishment Cost per acre foot (see footnote)	\$789.00

Replenishment Obligation:	AF @ \$789.00	15%	85%	Total
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
	1,823.7			\$1,438,882.73

Company	AF Production and Exchanges	85/15 Producers	Percent of Total 85/15 Producers	15% Replenishment Assessment	15% Water Transaction Debits
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
** Fee assessment total is 15% of Appropriative 15/85 replenishment obligation	113,538.4	61,367.9	**	\$2,032.43	\$629,915.47

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

ALL POOLS

Total Water Purchased: 6,912.9 AF Total RTS Charge: \$35,030.19 (\$5.07/AF)

Appropriative or Non-Agricultural Pool Party	FY 2016/2017 Water Purchases										FY 2017/2018 Water Purchase						TOTAL RTS CHARGES				
	Purchased Water in AF							2015/16 Prod & Exch From 85/15 Producers			Year 4 RTS Charges			Purchased Water in AF		2016/17 Prod & Exch From 85/15 Producers		Year 3 RTS Charges			
	20160623		20161216	20170418	85/15 Breakdown			Acre-Feet	Percent	15% \$0.76	85% \$4.31	100% \$5.07	RO	DRO	Acre-Feet	Percent		15% \$0.76	85% \$4.31	100% \$5.07	
	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	0.0	0.000%	0.00	0.00	7,518.68	0.1	0.0	0.0	0.000%	0.00	0.00	0.46	7,519.14	
CalMat Co. (Appropriative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
Chino Hills, City Of	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,548.3	2.009%	0.74	0.00	0.00	0.0	0.0	2,152.0	3.002%	0.30	0.00	0.00	1.04	
Chino, City Of	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	388.9	0.543%	0.05	0.00	0.00	0.05	
Cucamonga Valley Water District	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20,534.7	26.648%	9.77	0.00	0.00	0.0	0.0	16,562.0	23.104%	2.32	0.00	0.00	12.09	
Fontana Union Water Company	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
Fontana Water Company	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15,317.2	19.877%	7.29	0.00	0.00	0.0	0.0	13,250.5	18.484%	1.86	0.00	0.00	9.15	
Fontana, City Of	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
Golden State Water Company	0.0	0.0	0.0	0.0	0.0	0.0	0.0	807.4	1.048%	0.38	0.00	0.00	0.0	0.0	850.3	1.186%	0.12	0.00	0.00	0.50	
Jurupa Community Services District	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8,952.8	11.618%	4.26	0.00	0.00	0.0	0.0	11,023.2	15.377%	1.55	0.00	0.00	5.81	
Marygold Mutual Water Company	78.7	51.9	20.3	0.0	150.9	0.0	150.9	0.0	0.000%	0.00	0.00	764.52	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	764.52	
Monte Vista Irrigation Company	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
Monte Vista Water District	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8,203.7	10.646%	3.90	0.00	0.00	0.0	0.0	6,865.0	9.577%	0.96	0.00	0.00	4.87	
NCL Co, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
Niagara Bottling, LLC	2,567.5	35.5	0.0	1,174.3	3,777.3	0.0	3,777.3	0.0	0.000%	0.00	0.00	19,141.00	946.1	0.0	0.0	0.000%	0.00	0.00	4,794.00	23,935.00	
Nicholson Family Trust	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
Norco, City Of	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
Ontario, City Of	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18,053.8	23.429%	8.59	0.00	0.00	0.0	0.0	18,970.2	26.463%	2.66	0.00	0.00	11.25	
Pomona, City Of	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
San Antonio Water Company	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,030.8	1.338%	0.49	0.00	0.00	0.0	0.0	537.7	0.750%	0.08	0.00	0.00	0.57	
San Bernardino, County of (Shooting Park)	38.8	0.3	0.1	9.4	0.4	48.2	48.6	9.4	0.012%	0.00	207.75	2.02	13.2	0.8	13.0	0.018%	0.00	57.02	4.01	270.81	
Santa Ana River Water Company	0.0	48.0	23.7	0.0	71.7	0.0	71.7	0.0	0.000%	0.00	0.00	363.24	0.0	118.7	0.0	0.000%	0.00	0.00	601.32	964.56	
Upland, City Of	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,600.7	3.375%	1.24	0.00	0.00	0.0	0.0	1,071.9	1.495%	0.15	0.00	0.00	1.39	
West End Consolidated Water Co	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
West Valley Water District	0.0	23.5	11.8	0.0	35.3	0.0	35.3	0.0	0.000%	0.00	0.00	178.63	0.0	58.8	0.0	0.000%	0.00	0.00	297.72	476.35	
9W Halo Western OpCo L.P.	62.2	0.0	0.0	10.6	72.9	0.0	72.9	0.0	0.000%	0.00	0.00	369.27	3.0	0.0	0.0	0.000%	0.00	0.00	15.34	384.62	
ANG II (Multi) LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
Aqua Capital Management LP	57.5	0.0	0.0	0.0	57.5	0.0	57.5	0.0	0.000%	0.00	0.00	291.23	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	291.23	
California Speedway Corporation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
California Steel Industries, Inc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
CalMat Co.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
CCG Ontario, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
City of Ontario (Non-Ag)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
County of San Bernardino (Non-Ag)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
General Electric Company	0.0	0.0	0.0	0.1	0.1	0.0	0.1	0.0	0.000%	0.00	0.00	0.31	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.31	
Hamner Park Associates, a California Limited Partnershi	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
Linde Inc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
Monte Vista Water District (Non-Ag)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
Riboli Family and San Antonio Winery, Inc.	28.8	0.0	0.0	4.0	32.8	0.0	32.8	0.0	0.000%	0.00	0.00	166.02	5.3	0.0	0.0	0.000%	0.00	0.00	26.67	192.69	
Space Center Mira Loma, Inc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
TAMCO	19.8	0.0	0.0	16.5	36.4	0.0	36.4	0.0	0.000%	0.00	0.00	184.24	0.0	0.0	0.0	0.000%	0.00	0.00	0.02	184.26	
West Venture Development Company	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.0	0.0	0.0	0.000%	0.00	0.00	0.00	0.00	
	3,988.7	168.0	59.9	1,550.5	5,718.8	48.2	5,767.0	77,058.9	100.0%	36.66	207.75	28,979.16	967.7	178.2	71,684.9	100.0%	10.06	57.02	5,739.54	35,030.21	
	26A	26B	26C	26D	26E	26F	26G	26H	26I	26J	26K	26L	26M	26N	26O	26P	26Q	26R	26S	26T	

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 requested Watermaster to use the new company name.



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.



Assessment Year 2021-2022 (Production Year 2020-2021)

Assessment Package References and Definitions

Column	Title Description
2A	AF Production Actual fiscal year production by each Party. Copied from [4H].
2B	Non-Agricultural Pool - AF/Admin Production [2A] <times> per acre-foot Admin fee.
2C	Non-Agricultural Pool - AF/OBMP Production [2A] <times> per acre-foot OBMP fee.
2D	Replenishment Assessments - AF Exceeding Annual Right Over-production for each Party beyond their annual production right. Copied from [4I].
2E	Replenishment Assessments - \$767 Per AF Amount overproduced [2D] <times> the current replenishment rate.
2F	CURO Adjustment Monetary amount needed (or to be credited) for each Party's Cumulative Unmet Replenishment Obligation (CURO). Calculated on Page 7.1.
2G	RTS Charges Annual Readiness to Serve charges for water purchased in prior years.
2H	Other Adjustments Used as necessary for any other monetary adjustments needed to the Assessment Package.
2I	Total Assessments Due Total fees assessed based on Party production. [2B] + [2C] + [2E] + [2F] + [2G] + [2H].
3A	Physical Production Fiscal year physical production by each Party.
3B	Assignments Total of water received from an Appropriator by each Party.
3C	Other Adjustments Any other adjustments that result in off-set of the fiscal year's production.
3D	Actual FY Production (Assmnt Pkg Column 4H) Total adjusted production for the fiscal year. Also known as Assessable Production. [3A] + [3B] + [3C].
4A	Percent of Safe Yield The Party's yearly percentage of Safe Yield.
4B	Carryover Beginning Balance The beginning balance in each Annual Account. This number carries forward from the ending balance in the previous period Assessment Package.
4C	Prior Year Adjustments This number reflects the adjusted production rights from a previous Assessment Package, in the event that corrections are needed.
4D	Assigned Share of Safe Yield (AF) The Party's yearly volume of Safe Yield.
4E	Water Transaction Activity 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	Other Adjustments This number reflects adjusted production rights, in the event that corrections are needed.
4G	Annual Production Right 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	Actual Fiscal Year Production 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	Net Over Production Over-production, if any, for each Party beyond their annual production right. $[4H] <minus> [4G]$, equaling more than zero.
4J	Under Production Balances - Total Under-Produced Production rights $[4G] <minus>$ production $[4H]$, equaling more than zero.
4K	Under Production Balances - Carryover: Next Year Begin Bal Either total under-produced $[4J]$ or share of Safe Yield $[4D]$, whichever is less.
4L	Under Production Balances - To Excess Carryover Account Total under-produced $[4J] <minus>$ Carryover to next year $[4K]$, equaling more than zero.
5A	Local Excess Carry Over Storage Account (ECO) - Beginning Balance The beginning balance in each ECO account. This number will carry forward from the ending balance in the previous period Assessment Package.
5B	Local Excess Carry Over Storage Account (ECO) - 0.07% Storage Loss Beginning balance $[5A] <times> -0.0007$.
5C	Local Excess Carry Over Storage Account (ECO) - Transfers To / (From) Total of water transferred to and from the ECO Account.
5D	Local Excess Carry Over Storage Account (ECO) - From Under-Production Total of water transferred from the Annual Account due to under production. Copied from $[4L]$.
5E	Local Excess Carry Over Storage Account (ECO) - Ending Balance The current balance in each ECO account. $[5A] + [5B] + [5C] + [5D]$.
5F	Local Supplemental Storage Account - Beginning Balance The beginning balance in each Supplemental Account. This number will carry forward from the ending balance in the previous period Assessment Package.
5G	Local Supplemental Storage Account - 0.07% Storage Loss Beginning balance $[5F] <times> -0.0007$.
5H	Local Supplemental Storage Account - Transfers To / (From) Total of water transferred to and from the Annual and/or ECO Account.
5I	Local Supplemental Storage Account - Ending Balance The current balance in each Supplemental Account. $[5F] + [5G] + [5H]$.
5J	Combined - Ending Balance The combined amount in all local storage accounts. $[5E] + [5I]$.
6A	Percent of Safe Yield The Party's yearly percentage of Operating Safe Yield.
6B	Assigned Share of Safe Yield (AF) The Party's yearly volume of Operating Safe Yield.
6C	Water Transactions - 10% of Operating Safe Yield ("Haircut") Operating Safe Yield $[6B] <times> -0.1$
6D	Water Transactions - Transfers (To) / From ECO Account Total of water transferred between the Annual Account and ECO Account.
6E	Water Transactions - General Transfers / Exhibit G Water Sales Total of water transfers between Parties for this period including Exhibit G Water Sales.
6F	Water Transactions - Total Water Transactions 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	Outstanding Obligation (AF) 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	Fund Balance (\$) The amount of money collected or owed for replenishment assessments from prior Assessment Package(s).
7C	Outstanding Obligation (\$) The amount of money that each Party owes or is credited based on current replenishment rate. [7A] <times> [CURRENT RATE] <minus> [7B].
8A	AF Production and Exchanges Total production and exchanges. Copied from [10K].
8B	Appropriative Pool - AF/Admin Production and Exchanges [8A] <times> per acre-foot Admin fee.
8C	Appropriative Pool - AF/OBMP Production and Exchanges [8A] <times> per acre-foot OBMP fee.
8D	Ag Pool SY Reallocation - AF Total Reallocation Reallocation of Ag Pool Safe Yield. Copied from [10E] and [16E].
8E	Ag Pool SY Reallocation - AF/Admin Party Ag Pool reallocation [8D] <divided by> Total Ag Pool Reallocation [8D Total] <times> total dollar amount needed for Ag Pool Administration.
8F	Ag Pool SY Reallocation - AF/OBMP Party Ag Pool reallocation [8D] <divided by> Total Ag Pool Reallocation [8D Total] <times> total dollar amount needed for Ag Pool OBMP.
8G	Replenishment Assessments - AF/15% 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	Replenishment Assessments - AF/85% For parties participating in the 85/15 Rule: Total volume overproduced [10L] <times> 85% of the replenishment rate.
8I	Replenishment Assessments - AF/100% For parties not participating in the 85/15 Rule: Total volume overproduced [10M] <times> 100% of the replenishment rate.
8J	85/15 Water Transaction Activity - 15% Producer Credits For parties participating in the 85/15 Rule: Credit amount equals 15% of the cost of the water purchased. Total to be credited copied from Page 23.1.
8K	85/15 Water Transaction Activity - 15% Pro-rated Debits For parties participating in the 85/15 Rule: Percentage of total 85/15 participant production <times> required credit amount. Copied from Page 25.1.
8L	CURO Adjustment Monetary amount needed (or to be credited) for each Party's Cumulative Unmet Replenishment Obligation (CURO). Calculated on Page 17.1.
8M	ASSESSMENTS DUE - Total Production Based Total fees assessed based on Party production. [8B] + [8C] + [8E] + [8F] + [8G] + [8H] + [8I] + [8J] + [8K] + [8L].
8N	ASSESSMENTS DUE - Pomona Credit Debit amount to Pomona <times> -1 <times> percent share of Operating Safe Yield [10A].
8O	ASSESSMENTS DUE - Recharge Debt Payment Total recharge debt payment <times> percent share of Operating Safe Yield [10A].
8P	ASSESSMENTS DUE - Recharge Improvement Project 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	ASSESSMENTS DUE - RTS Charges Annual Readiness to Serve charges for water purchased in prior years.
8R	ASSESSMENTS DUE - Other Adjustments Used as necessary for any other monetary adjustments needed to the Assessment Package.
8S	ASSESSMENTS DUE - DRO Total assessments due for Desalter Replenishment. Copied from [21L].
8T	ASSESSMENTS DUE - Total Due Total assessments. [8M] + [8N] + [8O] + [8P] + [8Q] + [8R] + [8S].
9A	Physical Production Fiscal year physical production by each Party.
9B	Voluntary Agreements (w/ Ag) Total of water provided to Agricultural Pool Parties.
9C	Assignments (w / Non-Ag) Total of water provided to Non-Agricultural Pool Parties.
9D	Other Adjustments Total of water received from, or provided to, another Appropriator. Also includes production off-sets.
9E	Actual FY Production (Assmnt Pkg Column 10I) Total adjusted production for the fiscal year. [9A] + [9B] + [9C] + [9D].
10A	Percent of Operating Safe Yield The Party's yearly percentage of Operating Safe Yield.
10B	Carryover Beginning Balance The beginning balance in each Annual Account. This number carries forward from the ending balance in the previous period Assessment Package.
10C	Prior Year Adjustments This number reflects the adjusted production rights from a previous Assessment Package, in the event that corrections are needed.
10D	Assigned Share of Operating Safe Yield The Party's yearly volume of Operating Safe Yield.
10E	Net Ag Pool Reallocation Reallocation of Ag Pool Safe Yield. Copied from [16E]. The calculations that lead to this are made on Page 16.1.
10F	Water Transaction Activity Water transactions. Copied from [14E]. The calculations that lead to this are made on Page 14.1.
10G	Other Adjustments This number reflects adjusted production rights, in the event that corrections are needed.
10H	Annual Production Right Current Year Production Right. [10B] + [10C] + [10D] + [10E] + [10F] + [10G].
10I	Actual Fiscal Year Production 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	Storage and Recover Program(s) Total exchanges for the period (July 1 - June 30) including MZ1 forbearance and DYY deliveries (as reported to CBWM by IEUA and TVMWD and as verified by each Party on their Water Activity Report). A DYY in-lieu "put" is shown as a positive number and a DYY "take" is shown as a negative number.
10K	Total Production and Exchanges Actual production [10I] <plus> Storage and Recovery exchanges [10J]. Includes a sub note subtracting Desalter production. Also known as Assessable Production.



Assessment Year 2021-2022 (Production Year 2020-2021)

Assessment Package References and Definitions

Column	Title Description
10L	Net Over-Production - 85/15% For 85/15 Rule participants: Production rights [10H] <minus> total production and exchanges [10K], equaling less than zero.
10M	Net Over-Production - 100% 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	Under Production Balances - Total Under-Produced Production rights [10H] <minus> total production and exchanges [10K], equaling more than zero.
10O	Under Production Balances - Carryover: Next Year Begin Bal Either total under-produced [10N] or share of Operating Safe Yield [10D], whichever is less.
10P	Under Production Balances - To Excess Carryover Account Total under produced [10N] <minus> Carryover to next year [10O], equaling more than zero.
11A	Excess Carry Over Account (ECO) - Beginning Balance The beginning balance in each ECO account. This carries forward from the ending balance in the previous period Assessment Package.
11B	Excess Carry Over Account (ECO) - 0.07% Storage Loss Beginning balance [11A] <times> -0.0007.
11C	Excess Carry Over Account (ECO) - Transfers To / (From) Total of water transferred to and from ECO and the Annual Account. Also includes Desalter Replenishment Obligation transfers.
11D	Excess Carry Over Account (ECO) - From Supplemental Storage Total of water transferred to and from Local Supplemental Storage accounts, as shown on Page 12.1.
11E	Excess Carry Over Account (ECO) - From Under-Production Total of water transferred from the Annual Account due to under production. Copied from [10P].
11F	Excess Carry Over Account (ECO) - Ending Balance The current balance in each ECO account. [11A] + [11B] + [11C] + [11D] + [11E].
12A	Recharged Recycled Account - Beginning Balance The beginning balance in each Recharged Recycled Account. This number carries forward from the ending balance in the previous period Assessment Package.
12B	Recharged Recycled Account - 0.07% Storage Loss Beginning balance [12A] <times> -0.0007.
12C	Recharged Recycled Account - Transfers To / (From) Total recharged recycled water credited to each Party for the year, as provided by IEUA. Also includes Desalter Replenishment Obligation transfers.
12D	Recharged Recycled Account - Transfer to ECO Account Total of water transferred to the ECO Account, as shown on Page 11.1.
12E	Recharged Recycled Account - Ending Balance The current balance in each Recharged Recycled account. [12A] + [12B] + [12C] + [12D].
12F	Quantified (Pre 7/1/2000) Account - Beginning Balance The beginning balance in each Quantified Supplemental Account. This number carries forward from the ending balance in the previous period Assessment Package.
12G	Quantified (Pre 7/1/2000) Account - 0.07% Storage Loss Beginning balance [12F] <times> -0.0007.
12H	Quantified (Pre 7/1/2000) Account - Transfers To / (From) Total of water transferred to and from the Annual Account. Also includes Desalter Replenishment Obligation transfers.
12I	Quantified (Pre 7/1/2000) Account - Transfer to ECO Account 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	Quantified (Pre 7/1/2000) Account - Ending Balance The current balance in each Quantified Supplemental account. [12F] + [12G] + [12H] + [12I].
12K	New (Post 7/1/2000) Account - Beginning Balance The beginning balance in each New Supplemental Account. This number carries forward from the ending balance in the previous period Assessment Package.
12L	New (Post 7/1/2000) Account - 0.07% Storage Loss Beginning balance [12K] <times> -0.0007.
12M	New (Post 7/1/2000) Account - Transfers To / (From) Total of water transferred to and from the Annual Account. Also includes Desalter Replenishment Obligation transfers.
12N	New (Post 7/1/2000) Account - Transfer to ECO Account Total of water transferred to the ECO Account, as shown on Page 11.1.
12O	New (Post 7/1/2000) Account - Ending Balance The current balance in each New Supplemental Account. [12K] + [12L] + [12M] + [12N].
12P	Combined - Ending Balance The combined amount in all supplemental storage accounts [12E] + [12J] + [12O].
13A	Dedicated Replenishment - Beginning Balance The beginning balances in each Dedicated Replenishment account. These numbers carry forward from the ending balances in the previous period Assessment Package.
13B	Dedicated Replenishment - Water Purchases Where applicable, the total of water purchased by each Dedicated Replenishment account.
13C	Dedicated Replenishment - Transfers To 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	Dedicated Replenishment - Transfers From Total of water transferred from each Dedicated Replenishment account. Amounts in this column goes to column [21D] on page 21.1.
13E	Dedicated Replenishment - Ending Balance The current balances in each Dedicated Replenishment account. [13A] + [13B] + [13C] + [13D].
13F	Storage and Recovery - Beginning Balance 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	Storage and Recovery - Storage Loss Beginning balance [13F] <times> -0.0007.
13H	Storage and Recovery - Transfers To Total of water transferred to the Storage and Recovery Account ("puts").
13I	Storage and Recovery - Transfers From Total of water transferred from the Storage and Recovery Account ("takes").
13J	Storage and Recovery - Ending Balance The current balance in the Storage and Recovery Account. [13F] + [13G] + [13H] + [13I].
14A	Water Transactions - Assigned Rights 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	Water Transactions - General Transfer Total of water transfers between Parties for this period.
14C	Water Transactions - Transfers (To) / From ECO Account 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	Water Transactions - Transfers (To) Desalter Replenishment Total of water transferred from the ECO Account to the Desalter Replenishment Account.
14E	Water Transactions - Total Water Transactions Total water transactions. [14A]+ [14B] + [14C] + [14D]. This column is used to populate [10F].
15A	Prior Conversion Prior Land Use Conversion in acre-feet.
15B	Conversion @ 1.3 af/ac - Acres Converted parcels in acres at 1.3 acre-feet per acre.
15C	Conversion @ 1.3 af/ac - Acre-Feet Converted parcels in acre-feet at 1.3 acre-feet per acre. [15B] <times> 1.3.
15D	Total Prior to Peace Agrmt Converted AF Total Land Use Conversion in acre-feet prior to the Peace Agreement. [15A] + [15C].
15E	Conversion @ 2.0 af/ac - Acres Converted parcels in acres at 2.0 acre-feet per acre.
15F	Conversion @ 2.0 af/ac - Acre-Feet Converted parcels in acre-feet at 2.0 acre-feet per acre. [15E] <times> 2.0.
15G	Total Land Use Conversion Acre-Feet Total Land Use Conversion in acre-feet for each Party. [15D] + [15F].
16A	% Share of Operating Safe Yield The Party's yearly percentage of Operating Safe Yield. Copied from [10A].
16B	Reallocation of Agricultural Pool Safe Yield - Safe Yield Reduction The Party's percent share of Operating Safe Yield [16A] multiplied by 5,000.
16C	Reallocation of Agricultural Pool Safe Yield - Land Use Conversions Total land use conversions claimed on Page 15.1 (as verified by each Party on their Water Activity Report). Copied from [15G].
16D	Reallocation of Agricultural Pool Safe Yield - Early Transfer 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	Reallocation of Agricultural Pool Safe Yield - Total Ag Pool Reallocation Each Party's Agricultural Pool Reallocation. [16B] + [16C] + [16D]. This column is used to populate [10E].
17A	Outstanding Obligation (AF) 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	Fund Balance (\$) The amount of money collected or owed for replenishment assessments from prior Assessment Packages(s).
17C	Outstanding Obligation (\$) The amount of money that each Party owes or is credited based on current replenishment rate. [17A] <times> [CURRENT RATE] <minus> [17B].
17D	AF Production and Exchanges Each Party's total production and exchanges. Copied from [10K].
17E	85/15 Producers The total production and exchanges of 85/15 Producers only.
17F	Percent 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	15%	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	85%	If an 85/15 Producer, then the Outstanding Obligation (\$) at 85%.
17I	100%	If not an 85/15 Producer, then the Outstanding Obligation (\$) at 100%.
17J	Total	The total CURO for the year. [17G] + [17H] + [17I].
18A	Desalter Production - Pre-Peace II Desalter Production	Production from the Pre-Peace II Desalter Wells.
18B	Desalter Production - Peace II Desalter Expansion Production	Production from the Peace II Desalter Expansion Wells.
18C	Desalter Production - Total	The combined production from all Desalter Wells. [18A] + [18B].
18D	Desalter Replenishment - Desalter (aka Kaiser) Account PIIA, 6.2 (a)(i)	Credit applied to the total Desalter Production from the Kaiser account.
18E	Desalter Replenishment - Paragraph 31 Settlement Agreements Dedication PIIA, 6.2(a)(ii)	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	Desalter Replenishment - "Leave Behind" Losses PIIA, 6.2(a)(iv)	Credit applied to the total Desalter Production from "any declared losses from storage in excess of actual losses enforced as a "Leave Behind".
18G	Desalter Replenishment - Safe Yield Contributed by Parties PIIA, 6.2(a)(v)	Credit applied to the total Desalter Production from "Safe Yield that may be contributed by the parties."
18H	Desalter Replenishment - Controlled Overdraft / Re-Op, PIIA, 6.2(a)(vi) - Allocation to Pre-Peace II Desalters	The 225,000 AF portion of the 400,000 AF Controlled Overdraft that was originally allocated to the Pre-Peace II Desalter production.
18I	Desalter Replenishment - Controlled Overdraft / Re-Op, PIIA, 6.2(a)(vi) - Allocation to All Desalters	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	Desalter Replenishment - Controlled Overdraft / Re-Op, PIIA, 6.2(a)(vi) - Balance	The remaining balance of the 400,000 AF Controlled Overdraft.
18K	Desalter Replenishment - Appropriative Pool DRO Contribution PIIA, 6.2(b)(ii)	The 10,000 AF contribution to the Desalter Replenishment Obligation by the Appropriative Pool.
18L	Desalter Replenishment - Non-Ag OBMP Assessment (10% Haircut) PIIA, 6.2(b)(i)	The 10% of the Non-Agricultural Pool Safe Yield used to offset the total Desalter Replenishment Obligation beginning with production year 2016/2017.
18M	Remaining Desalter Replenishment Obligation PIIA, 6.2(b)(iii)	Total Desalter Production minus Desalter Replenishment. [18C] - [18D] - [18E] - [18F] - [18G] - [18H] - [18I] - [18K] - [18L].
19A	Percent of Operating Safe Yield	The Party's yearly percentage of Operating Safe Yield. Copied from [10A].
19B	Land Use Conversions	Total Land Use Conversion in acre-feet for each Party. Copied from [15G].
19C	Percent of Land Use Conversions	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	85% DROC Based on Percent OSY Each Party's share of the 10,000 AF Desalter Replenishment Obligation based on OSY. $10,000 \times 0.85 \times [19A]$.
19E	15% DROC Based on Percent of LUC 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	Total Desalter Replenishment Each Party's share of the 10,000 AF Desalter Replenishment Obligation. $[19D] + [19E]$.
20A	Assigned Share of Operating Safe Yield The Party's yearly volume of Operating Safe Yield. Copied from [10D].
20B	Physical Production Adjustment Calculation - Physical Production Fiscal year physical production by each Party. Copied from [9A].
20C	Physical Production Adjustment Calculation - 50% of Voluntary Agreements with Ag Total of water provided to Agricultural Pool Parties multiplied by 50%. $[9B] \times 0.50$.
20D	Physical Production Adjustment Calculation - Assignments with Non-Ag Total of water provided to Non-Agricultural Pool Parties. Copied from [9C].
20E	Physical Production Adjustment Calculation - Storage and Recovery Programs 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	Physical Production Adjustment Calculation - Other Adjustments 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	Physical Production Adjustment Calculation - Total Adjusted Production Each Party's Adjusted Physical Production. $[20B] + [20C] + [20D] + [20E] + [20F]$.
20H	RDRO Calculation - Total Production and OSY Basis The sum of each Party's Adjusted Physical Production and Assigned Share of Operating Safe Yield. $[20A] + [20G]$.
20I	RDRO Calculation - Percentage 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	RDRO Calculation - Individual Party RDRO Each Party's pro rata share of the Remaining Desalter Replenishment Obligation. $[20I] \times \text{Total RDRO}$.
21A	Desalter Replenishment Obligation in AF - Desalter Replenishment Obligation Contribution (DROC) Each Party's share of the 10,000 AF Desalter Replenishment Obligation Contribution. Copied from [19F].
21B	Desalter Replenishment Obligation in AF - Remaining Desalter Replenishment Obligation (RDRO) Each Party's pro rata share of the Remaining Desalter Replenishment Obligation. Copied from [20J].
21C	Desalter Replenishment Obligation in AF - Total Desalter Replenishment Obligation The sum of Desalter Replenishment Obligation Contribution, and Remaining Desalter Replenishment Obligation. $[21A] + [21B]$.
21D	Total DRO Fulfillment Activity - Transfer from Dedicated Replenishment Account Total of water transferred from Desalter Dedicated Replenishment Account to satisfy the desalter replenishment obligation.
21E	Total DRO Fulfillment Activity - Transfer from Excess Carry Over Storage Account Total of water transferred from Excess Carry Over Storage Account to satisfy the desalter replenishment obligation.
21F	Total DRO Fulfillment Activity - Transfer from Recharged Recycled Storage Account Total of water transferred from Recharged Recycle Storage Account to satisfy the desalter replenishment obligation.
21G	Total DRO Fulfillment Activity - Transfer from Quantified Storage Account 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	Total DRO Fulfillment Activity - Transfer from Post 7/1/2000 Storage Account Total of water transferred from Post 7/1/2000 Storage Account to satisfy the desalter replenishment obligation.
21I	Total DRO Fulfillment Activity - Replenishment Water Purchase Total of water purchased to satisfy the desalter replenishment obligation.
21J	Total DRO Fulfillment Activity - Total Transfers and Water Purchases The sum of all transfers and purchases to satisfy the desalter replenishment obligation. [21D] + [21E] + [21F] + [21G] + [21H] + [21I].
21K	Assessments - Residual DRO (AF) Total residual Desalter Replenishment Obligation after transfers and purchases. [21C] + [21J].
21L	Assessments - Assessments Due On Residual DRO (\$) Total assessments due for Desalter Replenishment. [21K] <times> [Current Replenishment Rate]. This column is used to populate [8S].
26A	FY 2016/2017 Water Purchases - Purchased Water in AF - 20160623 - RO 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	FY 2016/2017 Water Purchases - Purchased Water in AF - 20160623 - DRO The amount of water purchased to be used towards the Desalter Replenishment Obligation. Water was delivered in October 2016.
26C	FY 2016/2017 Water Purchases - Purchased Water in AF - 20161216 - DRO The amount of water purchased to be used towards the Desalter Replenishment Obligation. Water was delivered in December 2016.
26D	FY 2016/2017 Water Purchases - Purchased Water in AF - 20170418 - RO The amount of water purchased to satisfy production year 2015/16 replenishment obligation. Water was delivered in April 2018.
26E	FY 2016/2017 Water Purchases - Purchased Water in AF - 85/15 Breakdown - AF @ 100% 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	FY 2016/2017 Water Purchases - Purchased Water in AF - 85/15 Breakdown - AF @ 85/15 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	FY 2016/2017 Water Purchases - Purchased Water in AF - 85/15 Breakdown - AF Total Total water purchased by each Appropriative Pool or Non-Agricultural Pool Party. [26E] + [26F].
26H	FY 2016/2017 Water Purchases - 2015/16 Prod & Exch From 85/15 Producers - Acre-Feet 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	FY 2016/2017 Water Purchases - 2015/16 Prod & Exch From 85/15 Producers - Percent The percentage of each 85/15 Producer's total production and exchanges. [26H] divided by the sum of [26H].
26J	FY 2016/2017 Water Purchases - Year 3 RTS Charges - 15% 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	FY 2016/2017 Water Purchases - Year 3 RTS Charges - 85% 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	FY 2016/2017 Water Purchases - Year 3 RTS Charges - 100% RTS charge on all water not subject to the 85/15 Rule. "Total RTS Charge" <divided by> "Total Water Purchased" <times> [26E].
26M	FY 2017/2018 Water Purchase - Purchased Water in AF - 20171211 - RO 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	FY 2017/2018 Water Purchase - Purchased Water in AF - 20171211 - DRO The amount of water purchased to be used towards the Desalter Replenishment Obligation. Water was delivered in December 2017.
26O	FY 2017/2018 Water Purchase - 2016/17 Prod & Exch From 85/15 Producers - Acre-Feet 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	FY 2017/2018 Water Purchase - 2016/17 Prod & Exch From 85/15 Producers - Percent The percentage of each 85/15 Producer's total production and exchanges. [26O] divided by the sum of [26O].
26Q	FY 2017/2018 Water Purchase - Year 2 RTS Charges - 15% 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	FY 2017/2018 Water Purchase - Year 2 RTS Charges - 85% If an 85/15 Producer, then their RTS charge of 85/15 eligible water in [26M] at 85%.
26S	FY 2017/2018 Water Purchase - Year 2 RTS Charges - 100% RTS charge on all water in [26N] and water not subject to the 85/15 Rule in [26M].
26T	TOTAL RTS CHARGES Total RTS Charge. [26J] + [26K] + [26L] + [26Q] + [26R] + [26S].

EXHIBIT 12

II. BUSINESS ITEMS
C. DRY YEAR YIELD PROGRAM (Watermaster Board Only)



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: November 18, 2021
TO: Board Members
SUBJECT: Dry Year Yield Program (Business Item II.C.)
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. None of the concerns raise a substantive claim of Material Physical Injury, but instead focus on the financial consequences on the Watermaster accounting and the levying of annual assessments by Watermaster.

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

Financial Impact: There is no financial impact to Watermaster as a result of the above recommendation.

Future Consideration

Watermaster Board – November 18, 2021: Provide direction to staff [Within WM Duties and Powers]

ACTIONS:

Watermaster Board – November 18, 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

BACKGROUND

The City of Ontario (City) has raised both procedural and financial concerns regarding Watermaster's administration of the DYY Program and claims the Assessment Package should not be approved until its concerns are 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 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 following 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 reasons for linking the DYY Program concerns to 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.

DISCUSSION

Dry Year Yield Program – Brief 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 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 second cycle of operation.

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.

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

The City'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's Concerns

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, analyzed for MPI, adopted by Watermaster and approved by the Court earlier this year. The 2019 changes did not and do not suggest the need for any further analyses. The proposed changes that were agreed to in 2019 were suggested by IEUA's member agencies and went through a year-and-a-half long open and transparent review.

[b] The DYY program has gone through two put and take cycles. The 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.

[c] 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.

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, 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] The Operating Committee allowed FWC 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 believes that the transactions in both the prior and the current Assessment Package 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,

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

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; as such, consistent with all 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'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. They have no bearing on the arithmetic inputs into the Assessment Package that is being presented to the Board for its consideration under a separate agenda item. Should any of the transactions in the Assessment Package warrant a change as a result of future deliberations and agreements, Watermaster has the ability to revise a prior approved Assessment Package and has in fact done that on several occasions.

Watermaster chose to process the proposed adjustment to the Annual Operation Plan through an open vetting over a 12-month period with IEUA and the members of the Appropriative 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 to the Annual Operating Plan 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 character. In short, they contend that Watermaster should have followed a process in which it formally processed the 2019 letter agreement, requiring 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 seeks redress for the financial consequences associated with its lack of understanding that they believe they would have achieved had the process they deem proper occurred. As evidence, they cite to correspondence noting that they reserved their right to object at a later date.

For the reasons stated, 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. The letter agreement process was endorsed by all four DYY parties.

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 would convene a meeting of the Operating Committee to discuss further potential

modifications. However before doing so, it must first seek input from the entire Appropriative Pool to ensure that all points of view are fairly represented.

Third, the City's concern about how to characterize voluntary "takes" from the DYY Program in the Assessment Package for the purpose of calculating assessments and DRO obligation should be discussed by the Appropriative Pool parties. If directed by the Board and the Appropriative Pool, Watermaster staff would add the item to the AP agenda and provide assistance as needed by the Pool members.

Watermaster staff's recommendation is that the Board direct staff to raise the City's concerns regarding the DYY Program with the Appropriative Pool at a subsequent meeting. Any proposed changes can be discussed with the Operating Committee and potential future action by the Board. If changes to the Program result in retroactive adjustments to the DYY Program they can be accounted for through adjustments to the Assessments.

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. Package of [Dry Year Yield Program-related information](#)

CITY OF**ONTARIO**

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COUNCIL MEMBERSSCOTT 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

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

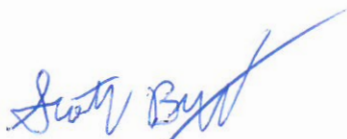
Valleys Municipal Water District with the subject line of "Chino Basin Groundwater Storage Actions and Voluntary Purchase Methodology". Specifically, Ontario would like responses to the following:

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: Appropriative Pool Parties

CHINO BASIN WATERMASTER

Case No. RCVRS 51010

Chino Basin Municipal Water District v. City of Chino, et al.

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 action within. My business address is Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California 91730; telephone (909) 484-3888.

On July 10, 2026, I served the following:

1. APPENDIX OF EVIDENCE IN SUPPORT OF CITY OF ONTARIO'S SUPPLEMENTAL BRIEF IN SUPPORT OF OPPOSITION TO WATERMASTER'S MOTION FOR COURT APPROVAL OF CORRECTED AND AMENDED FISCAL YEARS 2021/22 AND 2022/23 ASSESSMENT PACKAGES
VOL. 2: EXHIBITS 6-12

/ X / BY MAIL: in said cause, by placing a true copy thereof enclosed with postage thereon fully prepaid, for delivery by the 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.

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I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on July 10, 2026, in Rancho Cucamonga, California.



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