

CHINO BASIN WATERMASTER



NOTICE OF MEETING

Thursday, February 19, 2026

9:00 a.m. – Advisory Committee Meeting

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

**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING**

9:00 a.m. – February 19, 2026

Mr. Scott Burton, Chair

Mr. Jeff Pierson, Vice-Chair

At The Offices Of

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

(Meeting can also be taken remotely via Zoom at this [link](#))

AGENDA

CALL TO ORDER

ROLL CALL

AGENDA – ADDITIONS/REORDER

SAFETY MINUTE

I. CONSENT CALENDAR

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

A. MINUTES

Approve as presented:

Minutes of the Advisory Committee Meeting held on January 15, 2026 (Page 1)

B. FINANCIAL REPORTS

Receive and file as presented:

Monthly Financial Reports for the Reporting Period Ended December 31, 2025 (Page 6)

**C. APPLICATION: RECHARGE – UP TO 2,500 AF OF STATE PROJECT WATER BY ASR INJECTION
UNTIL MARCH 2031 BY CITY OF CHINO HILLS (Page 22)**

Recommend to the Watermaster Board to approve the City of Chino Hills Application for Recharge and direct Watermaster staff to account for any recharge into the Chino Basin in the appropriate storage account.

II. BUSINESS ITEMS

**A. CALCULATION OF EXCESS CASH RESERVES BASED ON OPERATING CASH RESERVE
POLICY 4.17 (Page 33)**

Recommend the Watermaster Board find that 1) the reports supporting the Calculation of Excess Cash Reserves, along with the Attachments meet the requirements of Watermaster Policy 4.17, 2) that no excess cash reserves, based on the Policy, exist at this time, and 3) authorize staff to use the existing cash reserves for the continued funding of operations until the FY 2025/26 Assessment Package process is finalized and the remainder of FY 2025/26 Assessments are paid.

B. SAN GABRIEL BAND OF MISSION INDIANS REQUEST FOR INTERVENTION INTO THE APPROPRIATIVE POOL (*Page 43*)

Recommend Watermaster filing the request for intervention with the Court.

C. REVIEW OF THE REQUIREMENTS IN THE APRIL 28, 2017 COURT ORDER REGARDING THE RESET OF SAFE YIELD (*Page 47*)

Provide advice and assistance to the Watermaster Board.

III. REPORTS/UPDATES

A. WATERMASTER LEGAL COUNSEL

1. January 30, 2026 Court Hearing (Ontario Motion for Attorney's Fees and Costs; Watermaster Motion for Court to Receive and File the 2024/2025 Annual Report for the Ground-Level Monitoring Program)
2. February 20, 2026 Court Hearing (Proposed Order following Court of Appeal Remittitur in Consolidated Cases No. E080457 and E0821270)
3. March 20, 2026 Court Hearing (Watermaster Motion for Court to Receive and File 48th Annual Report)
4. Court of Appeal Consolidated Cases No. E080457 and E082127 (City of Ontario appeal re: Fiscal Year 2021-22 and 2022-23 Assessment Packages)
5. Inland Empire Utilities Agency, et al. v. LS-Fontana LLC (C.D. Cal Cases Nos.: 5:25-cv-00809, 5:25 cv01159)

B. ENGINEER

1. 2025 Safe Yield Reevaluation
2. Recommended Scope and Budget for the GLMP/PBHSP for FY 2026/27

C. GENERAL MANAGER

1. Request for Proposal (RFP) for Watermaster Audit Services
2. Watermaster Board Strategic Planning Workshop Update
3. National Groundwater Awareness Week March 8 – 14, 2026
4. Other

D. INLAND EMPIRE UTILITIES AGENCY (*Page 127*)

1. Metropolitan Water District Activities Report (Written)
2. Water Supply Conditions (Written)
3. State and Federal Legislative Reports (Written)

E. OTHER METROPOLITAN MEMBER AGENCY REPORTS

IV. INFORMATION

A. RECHARGE INVESTIGATIONS AND PROJECTS COMMITTEE (PROJECT 23a STATUS) (*Page 144*)

V. COMMITTEE MEMBER COMMENTS

VI. OTHER BUSINESS

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

A Confidential Session may be held during the Advisory Committee meeting for the purpose of discussion and possible action.

None

VIII. FUTURE MEETINGS AT WATERMASTER

02/24/26	Tue	9:00 a.m.	Groundwater Recharge Coordinating Committee (GRCC)
02/26/26	Thu	9:30 a.m.	Watermaster Orientation (in person only)
02/26/26	Thu	11:00 a.m.	Watermaster Board
03/05/26	Thu	10:00 a.m.	Ground-Level Monitoring Committee (GLMC)
03/12/26	Thu	9:00 a.m.	Appropriative Pool Committee
03/12/26	Thu	11:00 a.m.	Non-Agricultural Pool Committee
03/12/26	Thu	1:30 p.m.	Agricultural Pool Committee
03/19/26	Thu	9:00 a.m.	Advisory Committee
03/19/26	Thu	9:15 a.m.	Fiscal Year 2026/27 Budget Release (During Advisory Committee)
03/19/26	Thu	10:00 a.m.	Prado Basin Habitat Sustainability Committee (PBHSC)
03/26/26	Thu	9:30 a.m.	Watermaster Orientation (in person only)
03/26/26	Thu	11:00 a.m.	Watermaster Board

ADJOURNMENT

DRAFT MINUTES
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

January 15, 2026

The Advisory Committee meeting was held at the Chino Basin Watermaster offices located at 9641 San Bernardino Road, Rancho Cucamonga, CA, and via Zoom (conference call and web meeting) on January 15, 2026.

ADVISORY COMMITTEE MEMBERS PRESENT

• **NON-AGRICULTURAL POOL COMMITTEE MEMBERS PRESENT AT WATERMASTER**

Scott Burton, Chair	City of Ontario
Bob Bowcock	CalMat Co.

• **NON-AGRICULTURAL POOL COMMITTEE MEMBERS PRESENT ON ZOOM**

Brian Geye	California Speedway Corporation
Alexis Mascarinas	City of Ontario (Non-Ag)

• **AGRICULTURAL POOL COMMITTEE MEMBERS PRESENT AT WATERMASTER**

Jeff Pierson, Vice-Chair	Crops
Bob Feenstra	Dairy
Jimmy Medrano	State of California
Tariq Awan	State of California

• **AGRICULTURAL POOL COMMITTEE MEMBERS PRESENT ON ZOOM**

Carol Boyd	State of California
Imelda Cadigal	State of California
Jimmy Medrano	State of California
Lewis Callahan	State of California
Michael Maeda	State of California

• **APPROPRIATIVE POOL COMMITTEE MEMBERS PRESENT AT WATERMASTER**

Ron Craig	City of Chino Hills
Chad Nishida	City of Ontario
Chris Diggs	City of Pomona
Amanda Coker for John Bosler	Cucamonga Valley Water District
Justin Castruita	Fontana Union Water Company
Justin Scott-Coe	Monte Vista Irrigation Company
Justin Scott-Coe	Monte Vista Water District
Brian Lee	San Antonio Water Company

• **APPROPRIATIVE POOL COMMITTEE MEMBERS PRESENT ON ZOOM**

Hye Jin Lee, Second Vice-Chair	City of Chino
Courtney Jones	City of Ontario
Chris Berch	Jurupa Community Services District
John Lopez	Santa Ana River Water Company

• **MUNICIPAL REPRESENTATIVES PRESENT AT WATERMASTER**

Sylvie Lee	Three Valleys Municipal Water District
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• **MUNICIPAL REPRESENTATIVES PRESENT ON ZOOM**

Matt Litchfield	Three Valleys Municipal Water District
Laura Roughton	Western Municipal Water District

WATERMASTER BOARD MEMBERS PRESENT ON ZOOM

Mike Gardner

Western Municipal Water District

WATERMASTER STAFF PRESENT

Todd Corbin	General Manager
Edgar Tellez Foster	Water Resources Mgmt. & Planning Director
Anna Nelson	Director of Administration
Justin Nakano	Water Resources Technical Manager
Frank Yoo	Data Services and Judgment Reporting Manager
Daniela Uriarte	Senior Accountant
Ruby Favela Quintero	Executive Assistant
Alonso Jurado	Water Resources Sr. Associate
Kirk Richard Dolar	Administrative Analyst
Jordan Garcia	Water Resources Associate
Erik Vides	Senior Field Operations Specialist

WATERMASTER CONSULTANTS PRESENT AT WATERMASTER

Brad Herrema
Andy Malone

Brownstein Hyatt Farber Schreck, LLP
West Yost

OTHERS PRESENT AT WATERMASTER

Gino Filippi
Eduardo Espinoza
Megan Sims
Bryan Smith
Jesse Pompa

Agricultural Pool – Crops
Cucamonga Valley Water District
Fontana Water Company
Jurupa Community Services District
Jurupa Community Services District

OTHERS PRESENT ON ZOOM

Ben Orosco	City of Chino
Curtis Burton	City of Chino
Nichole Horton	City of Pomona
Jiwon Seung	Cucamonga Valley Water District
Derek Hoffman	Fennemore Law
Toby Moore	Golden State Water Company
John Schatz	John J. Schatz, Attorney at Law
Aimee Zhao	Inland Empire Utilities Agency
Eddie Lin	Inland Empire Utilities Agency
John Russ	Inland Empire Utilities Agency
Michael Hurley	Inland Empire Utilities Agency
Manny Martinez	Monte Vista Water District
Kevin O'Toole	Orange County Water District
David De Jesus	Three Valleys Municipal Water District
Jorge Marquez	Three Valleys Municipal Water District
Mallory O'Conor	Western Municipal Water District
Rick Rees	WSP USA

CALL TO ORDER

Chair Scott Burton called the Advisory Committee meeting to order at 9:00 a.m.

ROLL CALL

(00:01:44) Ms. Nelson conducted the roll call and announced that a quorum was present.

AGENDA – ADDITIONS/REORDER

None

SAFETY MINUTE

(00:04:07) Mr. Corbin reminded everyone to perform their annual inspections of furnaces and fireplaces, and to check carbon monoxide detectors to keep safe with the recent drop in temperatures.

I. CONSENT CALENDAR

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

A. MINUTES

Approve as presented:

Minutes of the Advisory Committee Meeting held on December 18, 2025

B. FINANCIAL REPORTS

Receive and file as presented:

Monthly Financial Reports for the Reporting Period Ended November 30, 2025

C. CHINO BASIN WATERMASTER 2026 INVESTMENT POLICY – RESOLUTION NO. 2026-01

Recommend Board adoption of the Watermaster Investment Policy and corresponding Resolution 2026-01.

D. APPLICATION: WATER TRANSACTION – 5.09 AF FROM SAN ANTONIO WATER COMPANY TO CALMAT CO. (APPROPRIATIVE)

Provide advice and assistance to the Watermaster Board on the proposed transaction.

E. APPLICATION: WATER TRANSACTION – 8.14 AF FROM SAN ANTONIO WATER COMPANY TO CUCAMONGA VALLEY WATER DISTRICT

Provide advice and assistance to the Watermaster Board on the proposed transaction.

F. APPLICATION: WATER TRANSACTION – 2.04 AF FROM SAN ANTONIO WATER COMPANY TO FONTANA WATER COMPANY

Provide advice and assistance to the Watermaster Board on the proposed transaction.

G. APPLICATION: WATER TRANSACTION – 738.05 AF FROM SAN ANTONIO WATER COMPANY TO CITY OF UPLAND

Provide advice and assistance to the Watermaster Board on the proposed transaction.

H. APPLICATION: WATER TRANSACTION – 738.05 AF FROM CITY OF UPLAND TO FONTANA WATER COMPANY

Provide advice and assistance to the Watermaster Board on the proposed transaction.

(00:05:02)

Motion by Mr. Chris Diggs, seconded by Vice-Chair Jeff Pierson, there being no dissent, the motion was deemed passed unanimously among those present.

Moved to approve the Consent Calendar as presented.

II. BUSINESS ITEMS

A. CHINO BASIN WATERMASTER 48TH ANNUAL REPORT (FISCAL YEAR 2024/25)

Recommend to the Watermaster Board to adopt the 48th Annual Report, along with filing a copy with the Court, subject to any necessary non-substantive changes.

(00:05:36) Mr. Edgar Tellez Foster prefaced the item and offered the presentation given at the Pools meetings last week. The Committee passed on the presentation.

(00:06:13)

Motion by Mr. Justin Scott-Coe, seconded by Mr. Chris Diggs, there being no dissent, the motion was deemed passed unanimously among those present.

Moved to approve the Business Item II.A. as presented.

B. BUDGET AMENDMENT A-26-01-01 – REFINEMENT OF SAFE YIELD REEVALUATION TECHNICAL WORK

Approve the budget amendment as presented.

(00:06:42) Mr. Corbin gave a report. A discussion ensued.

(9:07 a.m.) Mr. Ron Craig joined the meeting.

(9:09 a.m.) Ms. Megan Sims and Mr. Justin Castruita joined the meeting.

(9:14 a.m.) Mr. Bob Feenstra joined the meeting.

(00:51:38)

Motion by Mr. Ron Craig, seconded by Mr. Chris Diggs, to approve the budget amendment as presented, include the Safe Yield Reevaluation as a topic at the upcoming February strategic planning session, and treat the budget amendment funding as an Appropriative Pool special assessment. The motion passed by majority 93.064 volume votes in favor, with a no vote by Monte Vista Water District.

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

III. REPORTS/UPDATES

A. WATERMASTER LEGAL COUNSEL

1. January 30, 2026 Court Hearing (Ontario Motion for Attorney's Fees and Costs)
2. February 6, 2026 Court Hearing (Proposed Order following Court of Appeal Remittitur in Consolidated Cases No. E080457 and E082127)
3. Court of Appeal Consolidated Cases No. E080457 and E082127 (City of Ontario appeal re: Fiscal Year 2021-22 and 2022-23 Assessment Packages)
4. Inland Empire Utilities Agency, et al. v. LS-Fontana LLC (C.D. Cal Cases Nos.: 5:25-cv-00809, 5:25 cv01159)

(00:57:06) Mr. Herrema gave a report.

B. ENGINEER

1. 2026 Task Orders

(00:59:06) Mr. Malone gave a report.

C. GENERAL MANAGER

1. Fiscal Year 2025/26 Exhibit "G" Physical Solution Transfers
2. Calendar Year 2026 Letters of CBWM Representation
3. Calendar Year 2026 Hearing Officer Panel
4. Optimum Basin Management Program – Economic Analysis (Update)
5. CBWM Annual Fundraiser (Spark of Love Toy Drive))
6. Other

(01:00:20) For Item 1 Mr. Corbin reported that one Non-Agricultural party submitted an Intent to Sell Form for the Exhibit G sale cycle and notice would be sent to Appropriators by end of month should they wish to purchase. For Item 2, he noted that almost all representative letters had been received. For Item 3, he reported that four of the five Hearing Officers would continue in their roles, with Mr. Joe Grindstaff replacing Ms. Felicia Marcus. For Item 4, he reported that there is a technical analysis being prepared and would be shared with parties when complete. For Item 5, he reported that Watermaster's year-end fundraiser, which supported the City of Rancho Cucamonga Fire Department's Spark of Love Toy Drive, was very successful, thanks to the party's support.

D. INLAND EMPIRE UTILITIES AGENCY

1. Metropolitan Water District Activities Report (Written)
2. Water Supply Conditions (Written)
3. State and Federal Legislative Reports (Written)

This was an informational item, and no oral report was given.

E. OTHER METROPOLITAN MEMBER AGENCY REPORTS

None

IV. COMMITTEE MEMBER COMMENTS

None

V. OTHER BUSINESS

None

VI. CONFIDENTIAL SESSION - POSSIBLE ACTION

A Confidential Session may be held during the Advisory Committee meeting for the purpose of discussion and possible action.

None

ADJOURNMENT

Chair Burton adjourned the Advisory Committee meeting at 10:04 a.m.

Secretary: _____

Approved: _____



CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91730
909.484.3888 www.cbwm.org

STAFF REPORT

DATE: February 2026

TO: Watermaster Committees & Board

SUBJECT: Monthly Financial Reports (For the Reporting Period Ended December 31, 2025)
(Consent Calendar Item I.B.)

Issue: Record of Monthly Financial Reports for the reporting period ended December 31, 2025 [Normal Course of Business]

Recommendation: Receive and file Monthly Financial Reports for the reporting period ended December 31, 2025 as presented.

Financial Impact: Unless otherwise noted, all expenditures were included in the Fiscal Year 2025/26 budget as approved by the Advisory Committee and adopted by the Watermaster Board in May 2025, and subsequently amended in July 2025, and in January 2026.

ACTIONS:

Appropriative Pool – February 12, 2026 [Final]: Received and filed.

Non-Agricultural Pool – February 12, 2026 [Final]: Received and filed without approval.

Agricultural Pool – February 12, 2026 [Final]: Received and filed.

Advisory Committee – February 19, 2026 [Recommended]: Receive and file.

Watermaster Board – February 26, 2026 [Recommended]: Receive and file.

BACKGROUND

A monthly financial reporting packet is provided to keep all members apprised of Watermaster revenues, expenditures, and other financial activities. Monthly reports include the following:

1. Cash Disbursements – Summarized report of all payments made during the reporting month.
2. Credit Card Expense Detail – Detail report of all credit card activity during the reporting month.
3. Combining Schedule of Revenues, Expenses & Changes in Net Assets – Detail report of all revenue and expense activity for the fiscal year to date (YTD), summarized by pool category.
4. Treasurer's Report – Summary of Watermaster investment holdings and anticipated earnings as of month end.
5. Budget to Actual Report – Detail report of actual revenue and expense activity, shown for reporting month and YTD, comparatively to the amended budget and carryover budget.
6. Monthly Variance Report & Supplemental Schedules – Supporting schedule providing explanation for major budget variances, additional tables detailing pool fund balances, salaries expense, legal expense, and engineering expense.

DISCUSSION

Detailed explanations of major variances and other additional information can be found on the "Monthly Variance Report & Supplemental Schedules."

Watermaster staff is available to provide additional explanations or respond to any questions on these reports during the monthly meetings as requested.

ATTACHMENT

1. Monthly Financial Reports (Period Ended December 31, 2025)



Chino Basin Watermaster
Cash Disbursements
December 2025

Date	Number	Vendor Name	Description	Amount
12/03/2025	ACH 12.3.25	JOHN J. SCHATZ	November AP legal services	\$ (4,244.00)
12/04/2025	25799	UNITED HEALTHCARE	December dental insurance coverage	(1,190.72)
12/04/2025	25801	VERIZON WIRELESS	November internet services for extensometer site	(38.01)
12/04/2025	25789	CALIFORNIA DEPARTMENT OF TAX AND FEE ADM	2025 Water Rights permits with SWRCB	(14,306.40)
12/04/2025	25798	STANDARD INSURANCE CO.	December life and disability coverage	(1,100.18)
12/04/2025	25795	SAN BERNARDINO COUNTY - DEPT. AIRPORTS	December rent for extensometer site	(190.98)
12/04/2025	25794	READY REFRESH	Office water dispenser November lease and deliveries	(92.20)
12/04/2025	25790	CLARK PEST CONTROL	Bi-monthly pest control services	(104.00)
12/04/2025	25802	VISION SERVICE PLAN	December vision insurance premiums	(122.09)
12/04/2025	25800	VC3, INC.	November IT services	(3,726.21)
12/04/2025	25797	SOUTHERN CALIFORNIA EDISON	Utilities: Electric - Annex	(175.85)
12/04/2025	25792	GREAT AMERICA LEASING CORP.	October copy machine lease	(1,044.10)
12/04/2025	25796	SOCALGAS	Utilities: Gas	(75.20)
12/04/2025	25791	CUCAMONGA VALLEY WATER DISTRICT - UTILITY	Utilities: Water	(424.16)
12/04/2025	25793	GREEN LEAF LANDSCAPING	Landscaping improvements at office entry	(3,250.00)
12/10/2025	ACH 12.10.25	CALPERS	December medical insurance premiums	(18,177.31)
12/11/2025	25803	UNION 76	November fuel purchases	(102.20)
12/11/2025	25804	ELIE, STEVEN		(125.00)
12/11/2025	25805	ACWA JOINT POWERS INSURANCE AUTHORITY	January life insurance	(284.78)
12/11/2025	25806	GEYE, BRIAN		(1,500.00)
12/11/2025	25807	VELTO, BILL		(500.00)
12/11/2025	25808	DE BOOM, NATHAN		(125.00)
12/11/2025	25809	CUCAMONGA VALLEY WATER DISTRICT	January lease	(12,319.51)
12/11/2025	25810	INLAND EMPIRE UTILITIES AGENCY	FY 25/26 Recharge Water Program debt service	(565,507.00)
12/11/2025	25811	FILIPPI, GINO		(625.00)
12/11/2025	25812	RUBEN LLAMAS		(125.00)
12/11/2025	25813	VANGUARD CLEANING SYSTEMS	December janitorial service and November electrostatic spraying	(1,220.00)
12/11/2025	25814	BROWNSTEIN HYATT FARBER SCHRECK	October legal services	(99,076.16)
12/11/2025	25815	FEENSTRA, BOB		(625.00)
12/11/2025	25816	ZVIRBULIS, MARTIN		(750.00)
12/11/2025	25817	BOWCOCK, ROBERT		(750.00)
12/11/2025	25818	GREAT AMERICA LEASING CORP.	November copy machine lease	(1,044.10)
12/11/2025	25819	BURRTEC WASTE INDUSTRIES, INC.	Utilities: Waste	(168.79)
12/11/2025	25820	CURATALO, JAMES		(1,000.00)
12/11/2025	25821	FRONTIER COMMUNICATIONS	December alarm system landline connection and office Teams phones	(1,188.15)
12/11/2025	25822	CORELOGIC INFORMATION SOLUTIONS	November geographic package services	(125.00)
12/11/2025	25823	BAY ALARM COMPANY	January burglar, fire, and security alarm monitoring services	(256.69)
12/11/2025	25824	EGOSCUÉ LAW GROUP, INC.	November OAP Legal Services	(18,050.00)
12/18/2025	25829	ELIE, STEVEN		(250.00)
12/18/2025	25830	LEGAL SHIELD	December employee paid legal insurance	(119.55)
12/18/2025	25831	SOUTHERN CA EDISON	Utilities: Electric - Main building	(1,576.61)
12/18/2025	25832	WESTERN MUNICIPAL WATER DISTRICT		(125.00)
12/18/2025	25833	URIARTE, DANIELA	Holiday Luncheon Reimbursement - Supplies and gifts	(131.35)
12/18/2025	25834	FEENSTRA, BOB		(750.00)
12/18/2025	25835	CALIFORNIA BANK & TRUST	Account ending 6198 - See detail attached	(2,603.62)
12/18/2025	25836	VC3, INC.	Adobe pro license - E. Vides	(287.88)
12/18/2025	25837	BOWCOCK, ROBERT		(375.00)
12/18/2025	25838	VERIZON WIRELESS	December internet services for Field Ops tablets	(239.16)
12/18/2025	25839	READY REFRESH	Office water dispenser December lease and deliveries	(152.16)
12/18/2025	25840	RUBEN LLAMAS		(125.00)
12/23/2025	25841	VERIZON WIRELESS	December internet services for extensometer site	(38.01)
12/23/2025	25842	HR DIRECT	2026 Federal and State HR posters	(105.54)
12/23/2025	25843	PIERSON, JEFFREY		(5,750.00)
12/23/2025	25844	SOCALGAS	Utilities: Gas	(105.70)
12/23/2025	25845	STANDARD INSURANCE CO.	January life and disability coverage	(1,100.18)
12/23/2025	25846	CUCAMONGA VALLEY WATER DISTRICT - UTILITY	Utilities: Water	(421.80)
12/23/2025	25847	SAN BERNARDINO COUNTY - DEPT. AIRPORTS	January rent for extensometer site	(190.98)
12/26/2025	ACH 12.26.25	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	December Unfunded Accrued Liability-Plan 3299	(14,363.08)
12/26/2025	ACH 12.26.25	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	December Unfunded Accrued Liability-Plan 27239	(379.08)

Total for Month \$ (782,918.49)



Chino Basin Watermaster
Credit Card Expense Detail
December 2025

Date	Number	Description	Expense Account	Amount
12/18/2025	25835	CALIFORNIA BANK & TRUST		
		Dumpling Master - Lunch - E. Tellez-Foster, IEUA	6141.1 Meeting Supplies	(62.81)
		Amazon - Amazon Web Services - October 2025	6056 Website Services	(355.56)
		Panera Bread - OPS meeting	6141.1 Meeting Supplies	(76.02)
		Sanamluang Thai Cuisine - Ely inspection meeting - E. Tellez-Foster, A. Jurado	6141.1 Meeting Supplies	(45.35)
		The Deli - Lunch meeting - E. Tellez-Foster, T. Corbin, B. Herrema, A. Malone	6141.1 Meeting Supplies	(64.87)
		Microsoft Software - Mapping and visualization software subscription	6054 Computer Software	(15.00)
		REV Subscription - Speech to text transcription services	6112 Subscriptions/Publications	(29.99)
		Mimi's Cafe - Lunch meeting - T. Corbin, J. Schatz	6141.1 Meeting Supplies	(55.04)
		Kickbackjacks - Breakfast meeting - T. Corbin, C. Berch, C. Diggs	6141.1 Meeting Supplies	(68.93)
		Apera Instruments - Turbidity meter calibration solutions	7103.6 Grdwtr Qual-Supplies	(205.00)
		Amazon - Emergency kit supplies, USB C charger	6031.7 General Office Supplies	(89.77)
		Amazon - Emergency kit supply bags - Refund	6031.7 General Office Supplies	23.53
		Mr. Dumpling - Admin team meeting	6141.1 Meeting Supplies	(84.27)
		Albertsons - Coffee creamer	6031.7 General Office Supplies	(15.06)
		Costco - Meeting snacks and drinks	6312 Board Meeting Expenses	(121.74)
		Costco - Office supplies	6031.7 General Office Supplies	(315.76)
		BambooHR - HR and payroll system - November 2025	6061.2 HRIS System	(298.99)
		Pizza Hut - Staff lunch - A. Nelson, F. Yoo, J. Garcia, K. Dolar	6141.1 Meeting Supplies	(56.95)
		BlueHost - Monthly software renewal - Standard VPN server with cPanel	6056 Website Services	(91.99)
		Zoom - Pro annual subscription (11/16/25 - 11/15/26)	6112 Subscriptions/Publications	(479.70)
		Dollar Tree - Staff holiday gift bags	6031.7 General Office Supplies	(26.94)
		FedEx - Board meeting package - J. Pierson	6042 Postage - General	(10.45)
		FedEx - Board meeting package - S. Elie	6042 Postage - General	(10.45)
		Corky's Kitchen - Monthly staff meeting - Dessert	6141.1 Meeting Supplies	(46.51)

Total for Month \$ (2,603.62)



Chino Basin Watermaster
Combining Schedule of Revenues, Expenses & Changes in Net Assets
For the Period of July 1, 2025 through December 31, 2025
(Unaudited)

	JUDGMENT ADMIN.	OPTIMUM BASIN MGMT.	TOTAL JUDGMENT ADMIN & OBMP	POOL ADMINISTRATION & SPECIAL PROJECTS			ADOPTED BUDGET 2025-2026		
				AP POOL	OAP POOL	ONAP POOL	GROUND WATER REPLENISH.	GRAND TOTALS	WITH CARRYOVER
Administrative Revenues:									
Administrative Assessments	\$ 6,578,699	\$ -	\$ 6,578,699	\$ -	\$ -	\$ 31,000	\$ -	\$ 6,609,699	\$ 11,453,849
Interest Revenue	-	150,587	150,587	8,939	26,788	1,466	514	188,293	368,030
Groundwater Replenishment	-	-	-	-	-	-	105,187	105,187	-
Mutual Agency Project Revenue	195,850	-	195,850	-	-	-	-	195,850	195,850
Miscellaneous Income	-	-	-	-	-	-	-	-	-
Total Administrative Revenues	6,774,548	150,587	6,925,135	8,939	26,788	32,466	105,701	7,099,028	12,017,729
Administrative & Project Expenditures:									
Watermaster Administration	1,492,862	-	1,492,862	-	-	-	-	1,492,862	2,789,042
Watermaster Board-Advisory Committee	184,619	-	184,619	-	-	-	-	184,619	442,947
Optimum Basin Mgmt Administration	-	491,269	491,269	-	-	-	-	491,269	1,236,522
OBMP Project Costs	-	2,137,978	2,137,978	-	-	-	-	2,137,978	4,699,276
Pool Legal Services	-	-	-	12,286	88,238	935	-	101,459	-
Pool Meeting Compensation	-	-	-	-	19,500	3,625	-	23,125	-
Pool Special Projects	-	-	-	-	-	-	-	-	-
Pool Administration	-	-	-	-	-	-	-	-	411,149
Debt Service	-	565,507	565,507	-	-	-	-	565,507	2,438,793
Agricultural Expense Transfer ¹	-	-	-	107,738	(107,738)	-	-	-	-
Replenishment Water Assessments	-	-	-	-	-	-	62,834	62,834	-
Total Administrative Expenses	1,677,481	3,194,755	4,872,236	120,024	-	4,560	62,834	5,059,654	12,017,729
Net Ordinary Income	5,097,068	(3,044,168)	2,052,900	(111,084)	26,788	27,906	42,866	2,039,375	-
Other Income/(Expense)									
Refund-Recharge Debt Service	-	-	-	-	-	-	-	-	-
Carryover Budget	-	-	-	-	-	-	-	-	553,870
Net Other Income/(Expense)	-	-	-	-	-	-	-	-	553,870
Net Transfers To/(From) Reserves	\$ 5,097,068	\$ (3,044,168)	\$ 2,052,900	\$ (111,084)	\$ 26,788	\$ 27,906	\$ 42,866	\$ 2,039,375	\$ 553,870
Net Assets, July 1, 2025			9,139,181	586,974	1,468,387	79,752	42,777	11,317,071	
Refund-Excess Operating Reserves			-	-	-	-	-	-	
Net Assets, End of Period	11,192,081			475,890	1,495,175	107,657	85,643	13,356,446	
Pool Assessments Outstanding				(86,315)	(586,852)	(632)			
Pool Fund Balance				\$ 389,575	\$ 908,323	\$ 107,025			

¹ Fund balance transfer as agreed to in the Peace Agreement.



Chino Basin Watermaster

Treasurer's Report

December 2025

	Type	Monthly Yield	Cost	Market	% Total
Cash & Investments					
Local Agency Investment Fund (LAIF) *	Investment	4.03%	\$ 680,480	\$ 681,965	5.5%
CA CLASS Prime Fund **	Investment	3.88%	\$ 5,098,475	\$ 5,099,396	40.8%
CA CLASS Pool Restricted Funds **	Investment	3.88%	\$ 1,404,923	\$ 1,405,177	11.3%
Bank of America	Checking		\$ 5,300,675	\$ 5,300,675	42.4%
Bank of America	Payroll		-	-	0.0%
Total Cash & Investments			\$ 12,484,553	\$ 12,487,212	100.0%

* The LAIF Market Value factor is updated quarterly in September, December, March, and June.

** The CLASS Prime Fund Net Asset Value factor is updated monthly.

Certification

I certify that (1) all investment actions executed since the last report have been made in full compliance with Chino Basin Watermaster's Investment Policy, and (2) Funds on hand are sufficient to meet all foreseen and planned administrative and project expenditures for the next six months.

Anna Nelson, Director of Administration

Prepared By:

Daniela Uriarte, Senior Accountant



Chino Basin Watermaster
Budget to Actual
For the Period July 1, 2025 to December 31, 2025
(Unaudited)

		December 2025	YTD Actual	FY 25 Carryover Budget	FY 26 Adopted Budget	\$ Over / (Under) Budget	% of Budget
1	Administration Revenue						
2	Local Agency Subsidies	\$ -	\$ 195,850	\$ -	\$ 195,850	\$ -	100%
3	Admin Assessments-Appropriative Pool	-	6,426,042	-	11,131,622	(4,705,580)	58%
4	Admin Assessments-Non-Ag Pool	-	152,657	-	322,227	(169,570)	47%
5	Total Administration Revenue	-	6,774,548	-	11,649,699	(4,875,151)	58%
6	Other Revenue						
7	Appropriative Pool-Replenishment	-	81,011	-	-	81,011	N/A
8	Non-Ag Pool-Replenishment	(0)	24,176	-	-	24,176	N/A
9	Interest Income	18,748	150,587	-	368,030	(217,443)	41%
10	Miscellaneous Income	-	-	-	-	-	N/A
11	Total Other Revenue	18,748	255,774	-	368,030	(112,256)	69%
12	Total Revenue	18,748	7,030,322	-	12,017,729	(4,987,407)	58%
13	Judgment Administration Expense						
14	Judgment Administration	52,386	356,927	14,344	910,511	(567,928)	39%
15	Admin. Salary/Benefit Costs	93,975	530,818	-	1,127,840	(597,022)	47%
16	Office Building Expense	18,125	127,866	-	228,535	(100,669)	56%
17	Office Supplies & Equip.	2,653	14,134	10,038	35,750	(31,654)	31%
18	Postage & Printing Costs	2,547	7,964	-	27,190	(19,226)	29%
19	Information Services	5,513	42,078	-	224,400	(182,322)	19%
20	Contract Services	558	27,520	-	103,950	(76,430)	26%
21	Watermaster Legal Services	89,453	358,609	-	346,011	12,598	104%
22	Insurance	-	65,894	-	55,000	10,894	120%
23	Dues and Subscriptions	223	31,075	-	40,900	(9,825)	76%
24	Watermaster Administrative Expenses	1,154	5,324	-	9,630	(4,306)	55%
25	Field Supplies	141	2,062	-	3,900	(1,838)	53%
26	Travel & Transportation	1,757	11,205	-	35,600	(24,395)	31%
27	Training, Conferences, Seminars	-	14,833	-	43,500	(28,667)	34%
28	Advisory Committee Expenses	6,071	41,766	-	111,785	(70,019)	37%
29	Watermaster Board Expenses	17,924	142,853	-	331,162	(188,309)	43%
30	ONAP - WM & Administration	8,348	31,500	-	123,585	(92,085)	25%
31	OAP - WM & Administration	9,796	38,235	-	140,528	(102,293)	27%
32	Appropriative Pool- WM & Administration	16,290	71,916	-	147,036	(75,120)	49%
33	Allocated G&A Expenditures	(36,177)	(245,098)	-	(403,675)	158,577	61%
34	Total Judgment Administration Expense	290,737	1,677,481	24,382	3,643,138	(1,990,039)	46%
35	Optimum Basin Management Plan (OBMP)						
36	Optimum Basin Management Plan	99,478	491,269	59,443	1,236,522	(804,696)	38%
37	Groundwater Quality Monitoring	-	1,576	-	4,500	(2,924)	35%
38	Groundwater Level Monitoring	47,895	284,953	15,800	500,880	(231,727)	55%
39	Program Element (PE)2- Comp Recharge	18,125	590,216	55,000	1,968,267	(1,433,051)	29%
40	PE3&5-Water Supply/Desalte	33,473	82,379	9,100	173,320	(100,041)	45%
41	PE4- Management Plan	39,975	261,645	124,788	604,076	(467,219)	36%
42	PE6&7-CoopEfforts/SaltMgmt	26,922	257,034	96,394	772,078	(611,438)	30%
43	PE8&9-StorageMgmt/Conj Use	33,750	415,076	168,963	272,480	(26,367)	94%
44	Recharge Improvements	565,507	565,507	-	2,438,793	(1,873,286)	23%
45	Administration Expenses Allocated-OBMP	9,333	67,938	-	139,094	(71,156)	49%
46	Administration Expenses Allocated-PE 1-9	26,844	177,160	-	264,581	(87,421)	67%
47	Total OBMP Expense	901,303	3,194,755	529,488	8,374,591	(5,709,324)	36%
48	Other Expense						
49	Groundwater Replenishment	-	62,834	-	42,777	20,058	147%
50	Other Expenses	-	-	-	-	-	N/A
51	Total Other Expense	-	62,834	-	42,777	20,058	147%
52	Total Expenses	1,192,040	4,935,070	553,870	12,060,506	(7,679,305)	39%
53	Increase / (Decrease) to Reserves	\$ (1,173,292)	\$ 2,095,252		\$ (42,777)	\$ 2,138,029	



Chino Basin Watermaster

Monthly Variance Report & Supplemental Schedules

For the period July 1, 2025 to December 31, 2025

(Unaudited)

Budget to Actual

The Budget to Actual report summarizes the operating and non-operating revenues and expenses of Chino Basin Watermaster for the fiscal year-to-date (YTD). Columns are included for current monthly and YTD activity shown comparatively to the FY 26 amended budget and FY 25 carryover budget. The final two columns indicate the amount over or under budget, and the YTD percentage of total budget used. As of December 31st, the target budget percentage is generally 50%.

Revenues

Lines 1-5 Administration Revenue – Includes local agency subsidies and administrative assessment for the Appropriative, Agricultural and Non-Agricultural Pools.

- Line 2 Local Agency Subsidies includes the annual Dry Year Yield (DYY) administrative fee received. This account is at 100% of budget due to the timing of payment.

Lines 6-12 Other Revenue – Includes Pool replenishment assessments, interest income, miscellaneous income, and carryover budget from prior years.

Expenses

Lines 13-34 Judgment Administration Expense – Includes Watermaster general administrative expenses, contract services, insurance, office and other administrative expenses. Below is a summary of notable account variances at month end:

- Line 16 Office Building Expense includes office lease, telephone, utilities, repair and maintenance, and building interior renovation costs. The account is at 56% of budget due to the timing of the office lease payment.
- Line 21 Watermaster Legal Services includes outside legal counsel expenses. The account is over budget due to increased administration matters and court coordination not originally anticipated in the budget.
- Line 22 Insurance includes general liability insurance, directors' and officers' liability, umbrella coverage, environmental pollution liability and other various insurance policies. The account is over budget due to an unanticipated increase in the cost of Municipalities Umbrella coverage, as well as the implementation of a Cyber insurance policy that was not included in the original budget.
- Line 23 Dues and Subscriptions include annual dues for ACWA, CA Groundwater Coalition, SHRM, and other miscellaneous subscriptions. The account is at 76% of budget due to the timing of subscription renewals.
- Line 24 Watermaster Administrative Expenses include meeting supplies, meeting expenses, and miscellaneous administrative fees. The account is at 55% of budget primarily due to higher meeting-related expenses, driven by an increase in meeting frequency not originally considered in the budget.
- Line 25 Field Supplies include expenses for small tools and equipment, safety shoes, and uniforms. The account is at 53% of budget due to the timing of uniform purchases.

Lines 35-47 Optimum Basin Management Plan (OBMP) Expense – Includes legal, engineering, groundwater level monitoring, allocated administrative expenses, and other expenses.

Lines 48-51 Other Expense – Includes groundwater replenishment, settlement expenses, and various refunds as appropriate.



Chino Basin Watermaster
Monthly Variance Report & Supplemental Schedules
For the period July 1, 2025 to December 31, 2025
(Unaudited)

Pool Services Fund Accounting

Each Pool has a fund account created to pay their own legal service invoices. The legal services invoices are funded and paid using the fund accounts (8467 for the Overlying Agricultural Pool (OAP), 8567 for the Overlying Non-Agricultural Pool (ONAP), and 8367 for the Appropriate Pool (AP)). Along with the legal services fund account for the OAP (8467), the OAP also has two other fund accounts for Ag Pool Meeting Attendance expenses (8470), and Special Projects expenses (8471). The ONAP also has a meeting compensation fund account (8511). Additionally, the OAP has a reserve fund that is held by Watermaster and spent at the direction of the OAP. The AP also has account 8368 relating to the Tom Harder contract. These fund accounts are replenished at the direction of each Pool, and the legal service invoices are approved by the Pool leadership and when paid by Watermaster, are deducted from the existing fund account balances. If the fund account for any pool reaches zero, no further payments can be paid from the fund, and a replenishment action must be initiated by the Pool.

The following tables detail the fund balance accounts as of December 31, 2025 (continued next page):

Fund Balance For Non-Agricultural Pool Account 8567 - Legal Services		Fund Balance For Appropriative Pool Account 8367 - Legal Services	
Beginning Balance July 1, 2025:	\$ 77,376.71	Beginning Balance July 1, 2025:	\$ 224,225.46
Additions:		Additions:	
Interest Earnings	1,465.64	Interest Earnings	8,939.19
Payments received on ONAP Assessment invoices issued 11/25/25	24,490.40	Subtotal Additions:	<u>8,939.19</u>
Subtotal Additions:	<u>25,956.04</u>		
Reductions:		Reductions:	
Invoices paid July 2025 - December 2025	(935.00)	Invoices paid July 2025 - December 2025	(12,286.00)
Subtotal Reductions:	<u>(935.00)</u>	Subtotal Reductions:	<u>(12,286.00)</u>
Available Fund Balance as of December 31, 2025	\$ 102,397.75	Available Fund Balance as of December 31, 2025	\$ 220,878.65

Fund Balance For Non-Agricultural Pool Account 8511 - Meeting Compensation		Fund Balance For Appropriative Pool Account 8368 - Tom Harder Contract	
Beginning Balance July 1, 2025:	\$ 2,375.00	Beginning Balance July 1, 2025:	\$ 20,577.61
Additions:		Additions:	
Payments received on ONAP Assessment invoices issued 11/25/25	5,877.70	Subtotal Additions:	<u>-</u>
Subtotal Additions:	<u>5,877.70</u>		
Reductions:		Reductions:	
Compensation paid July 2025 - December 2025	(3,625.00)	Invoices paid July 2025 - December 2025	<u>-</u>
Subtotal Reductions:	<u>(3,625.00)</u>	Subtotal Reductions:	<u>-</u>
Available Fund Balance as of December 31, 2025	\$ 4,627.70	Available Fund Balance as of December 31, 2025	\$ 20,577.61



Chino Basin Watermaster
Monthly Variance Report & Supplemental Schedules
For the period July 1, 2025 to December 31, 2025
(Unaudited)

Pool Services Fund Accounting – Cont.

Fund Balance for Agricultural Pool**Account 8467 - Legal Services (Held by AP)**

Beginning Balance July 1, 2025:	\$ 225,597.51
Reductions:	
Invoices paid July 2025 - December 2025	(88,237.50)
Subtotal Reductions:	<u>(88,237.50)</u>
Available Fund Balance as of December 31, 2025	<u>\$ 137,360.01</u>

Agricultural Pool Reserve Funds**As shown on the Combining Schedules**

Beginning Balance July 1, 2025:	\$ 881,534.98
Additions:	
YTD Interest earned on Ag Pool Funds FY 26	26,787.54
Transfer of Funds from AP to Special Fund for Legal Service Invoices	88,237.50
Total Additions:	<u>115,025.04</u>
Reductions:	
Legal service invoices paid July 2025 - December 2025	(88,237.50)
Subtotal Reductions:	<u>(88,237.50)</u>
Agricultural Pool Reserve Funds Balance as of November 30, 2025:	<u>\$ 908,322.52</u>

Fund Balance For Agricultural Pool**Account 8470 - Meeting Compensation (Held by AP)**

Beginning Balance July 1, 2025:	\$ 18,069.65
Reductions:	
Compensation paid July 2025 - December 2025	(19,500.00)
Subtotal Reductions:	<u>(19,500.00)</u>
Available Fund Balance as of December 31, 2025	<u>\$ (1,430.35) *</u>

Fund Balance For Agricultural Pool**Account 8471 - Special Projects (Held by AP)**

Beginning Balance July 1, 2025:	\$ 12,189.00
Reductions:	
Invoices paid July 2025 - December 2025	-
Subtotal Reductions:	<u>-</u>
Available Fund Balance as of December 31, 2025	<u>\$ 12,189.00</u>

*Transfer of funds scheduled in January 29, 2026 per communication with AP chair and legal counsel.



Chino Basin Watermaster

Monthly Variance Report & Supplemental Schedules

For the period July 1, 2025 to December 31, 2025

(Unaudited)

Watermaster Salary Expenses

The following table details the Year-To-Date (YTD) Actual Watermaster burdened salary costs compared to the FY 26 adopted budget. The “\$ Over Budget” and the “% of Budget” columns are a comparison of the YTD actual to the annual budget. As of December 31st, the target budget percentage is generally 50%.

	Year to Date Actual	FY 25-26 Budget	\$ Over / (Under) Budget	% of Budget
WM Salary Expense				
5901.1 · Judgment Admin - Doc. Review	60,236	74,466	(14,230)	80.9%
5901.3 · Judgment Admin - Field Work	594	14,357	(13,763)	4.1%
5901.5 · Judgment Admin - General	4,385	55,535	(51,150)	7.9%
5901.7 · Judgment Admin - Meeting	28,611	45,648	(17,037)	62.7%
5901.9 · Judgment Admin - Reporting	-	21,742	(21,742)	0.0%
5910 · Judgment Admin - Court Coord./Attendance	2,282	28,837	(26,555)	7.9%
5911 · Judgment Admin - Exhibit G	575	6,396	(5,821)	9.0%
5921 · Judgment Admin - Production Monitoring	-	9,471	(9,471)	0.0%
5931 · Judgment Admin - Recharge Applications	2,006	33,092	(31,086)	6.1%
5941 · Judgment Admin - Reporting	-	44,602	(44,602)	0.0%
5951 · Judgment Admin - Rules & Regs	-	11,350	(11,350)	0.0%
5961 · Judgment Admin - Safe Yield	57,142	106,006	(48,864)	53.9%
5971 · Judgment Admin - Storage Agreements	4,215	20,671	(16,456)	20.4%
5981 · Judgment Admin - Water Accounting/Database	57,840	112,036	(54,196)	51.6%
5991 · Judgment Admin - Water Transactions	5,643	13,062	(7,419)	43.2%
6011.11 · WM Staff - Overtime	3,217	18,000	(14,783)	17.9%
6011.10 · Admin - Accounting	138,133	280,410	(142,277)	49.3%
6011.15 · Admin - Building Admin	7,137	31,040	(23,903)	23.0%
6011.20 · Admin - Conference/Seminars	31,394	50,660	(19,266)	62.0%
6011.25 · Admin - Document Review	54,868	54,110	758	101.4%
6011.50 · Admin - General	154,201	278,870	(124,669)	55.3%
6011.60 · Admin - HR	27,830	100,980	(73,150)	27.6%
6011.70 · Admin - IT	35,758	72,830	(37,072)	49.1%
6011.80 · Admin - Meeting	72,922	93,640	(20,718)	77.9%
6011.90 · Admin - Team Building	14,022	33,490	(19,468)	41.9%
6011.95 · Admin - Training (Give/Receive)	28,100	79,580	(51,480)	35.3%
6017 · Temporary Services	-	28,250	(28,250)	0.0%
6201 · Advisory Committee	21,516	61,397	(39,881)	35.0%
6301 · Watermaster Board	48,334	101,669	(53,335)	47.5%
8301 · Appropriative Pool	46,958	89,707	(42,749)	52.3%
8401 · Agricultural Pool	18,375	83,199	(64,824)	22.1%
8501 · Non-Agricultural Pool	13,099	66,256	(53,157)	19.8%
6901.1 · OBMP - Document Review	23,915	50,364	(26,449)	47.5%
6901.3 · OBMP - Field Work	2,116	9,471	(7,355)	22.3%
6901.5 · OBMP - General	26,055	52,005	(25,950)	50.1%
6901.7 · OBMP - Meeting	33,238	33,487	(249)	99.3%
6901.9 · OBMP - Reporting	3,448	39,176	(35,728)	8.8%
7104.1 · PE1 - Monitoring Program	126,285	166,708	(40,423)	75.8%
7201 · PE2 - Comprehensive Recharge	55,509	49,649	5,860	111.8%
7301 · PE3&5 - Water Supply/Desalter	-	19,189	(19,189)	0.0%
7301.1 · PE5 - Reg. Supply Water Prgm.	576	16,759	(16,183)	3.4%
7401 · PE4 - MZ1 Subsidence Mgmt. Plan	182	25,595	(25,413)	0.7%
7501 · PE6 - Coop. Programs/Salt Mgmt.	8,515	22,984	(14,469)	37.0%
7501.1 · PE 7 - Salt Nutrient Mgmt. Plan	594	16,786	(16,192)	3.5%
7601 · PE8&9 - Storage Mgmt./Recovery	39,759	33,288	6,471	119.4%
Subtotal WM Staff Costs	1,260,495	2,656,820	(1,396,325)	47%
60184.1 · Administrative Leave	4,534	-	4,534	100.0%
60185 · Vacation	50,554	110,082	(59,528)	45.9%
60185.1 · Comp Time	3,572	-	3,572	100.0%
60186 · Sick Leave	23,775	81,688	(57,913)	29.1%
60187 · Holidays	28,752	102,102	(73,350)	28.2%
Subtotal WM Paid Leaves	111,187	293,872	(182,685)	38%
Total WM Salary Costs	1,371,682	2,950,692	(1,579,010)	46.5%



Chino Basin Watermaster

Monthly Variance Report & Supplemental Schedules

For the period July 1, 2025 to December 31, 2025

(Unaudited)

Engineering

The following table details the Year-To-Date (YTD) Actual Engineering costs compared to the FY 26 adopted budget. The “\$ Over Budget” and the “% of Budget” columns are a comparison of the YTD actual to the annual budget. As of December 31st, the target budget percentage is generally 50%.

		Year to Date Actual	FY 25-26 Budget	\$ Over / (Under) Budget	% of Budget
Engineering Services Costs					
5901.8 · Judgment Admin - Meetings-Engineering Services	\$ -	\$ 38,909	\$ (38,909)	0.0%	
5906.71 · Judgment Admin - Data Requests-CBWM Staff	66,935	109,124	(42,190)	61.3%	
5906.72 · Judgment Admin - Data Requests-Non-CBWM Staff	17,020	56,483	(39,463)	30.1%	
5925 · Judgment Admin - Ag Production & Estimation	18,502	31,992	(13,490)	57.8%	
5935 · Judgment Admin - Mat'l Physical Injury Requests	2,251	41,668	(39,417)	5.4%	
5945 · Judgment Admin - WM Annual Report Preparation	12,260	17,762	(5,502)	69.0%	
5965 · Judgment Admin - Support Data Collection & Mgmt Process	16,431	17,302	(872)	95.0%	
6206 · Advisory Committee Meetings-WY Staff	9,672	22,624	(12,952)	42.8%	
6306 · Watermaster Board Meetings-WY Staff	14,856	22,624	(7,768)	65.7%	
8306 · Appropriative Pool Meetings-WY Staff	14,172	22,624	(8,452)	62.6%	
8406 · Agricultural Pool Meetings-WY Staff	9,734	22,624	(12,890)	43.0%	
8506 · Non-Agricultural Pool Meetings-WY Staff	7,615	22,624	(15,009)	33.7%	
6901.8 · OBMP - Meetings-WY Staff	21,003	38,909	(17,907)	54.0%	
6901.95 · OBMP - Reporting-WY Staff	39,295	66,832	(27,538)	58.8%	
6906 · OBMP Engineering Services - Other	27,109	65,810	(38,701)	41.2%	
6906.1 · OBMP Watermaster Model Update	38,996	8,176	30,820	477.0%	
7104.3 · Grdwtr Level-Engineering	143,953	274,794	(130,841)	52.4%	
7104.8 · Grdwtr Level-Contracted Services	5,850	29,128	(23,278)	20.1%	
7104.9 · Grdwtr Level-Capital Equipment	5,063	19,000	(13,937)	26.6%	
7202 · PE2-Comp Recharge-Engineering Services	3,764	23,350	(19,587)	16.1%	
7202.2 · PE2-Comp Recharge-Engineering Services	93,019	181,496	(88,477)	51.3%	
7302 · PE3&5-PBHSP Monitoring Program	48,958	77,792	(28,834)	62.9%	
7303 · PE3&5-Engineering - Other	8,425	21,080	(12,655)	40.0%	
7306 · PE3&5-Engineering - Outside Professionals	24,421	31,500	(7,079)	77.5%	
7402 · PE4-Engineering	100,578	301,531	(200,953)	33.4%	
7402.10 · PE4-Northwest MZ1 Area Project	140,080	169,378	(29,298)	82.7%	
7403 · PE4-Eng. Services-Contracted Services-InSar	17,600	28,600	(11,000)	61.5%	
7406 · PE4-Engineering Services-Outside Professionals	-	55,155	(55,155)	0.0%	
7408 · PE4-Engineering Services-Network Equipment	1,640	19,107	(17,467)	8.6%	
7502 · PE6&7-Engineering	164,216	365,564	(201,348)	44.9%	
7502.2 · PE7-Groundwtr Quality Model	-	70,216	(70,216)	0.0%	
7505 · PE6&7-Laboratory Services	31,501	41,300	(9,799)	76.3%	
7510 · PE6&7-IEUA Salinity Mgmt. Plan	8,731	9,522	(791)	91.7%	
7511 · PE6&7-SAWBMP Task Force-50% IEUA	18,920	28,022	(9,102)	67.5%	
7517 · Surface Water Monitoring Plan-Chino Creek - 50% IEUA	24,558	28,434	(3,876)	86.4%	
7520 · Preparation of Water Quality Mgmt. Plan	-	39,250	(39,250)	0.0%	
7610 · PE8&9-Support 2020 Mgmt. Plan	-	21,720	(21,720)	0.0%	
7614 · PE8&9-Support Imp. Safe Yield Court Order	375,317	79,656	295,661	471.2%	
7615 · PE8&9-Develop 2025 Storage Plan	-	137,816	(137,816)	0.0%	
Total Engineering Services Costs	\$ 1,532,442	\$ 2,659,500	\$ (1,127,056)	57.6%	

* West Yost and Subcontractor Engineering Budget of \$2,659,500 plus Carryover Funds from FY 2024/25 of \$508,838



Chino Basin Watermaster
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(Unaudited)

Legal

The following table details the YTD Brownstein Hyatt Farber Schreck (BHFS) expenses and costs compared to the FY 26 adopted budget. The “\$ Over Budget” and the “% of Budget” columns are a comparison of the YTD actual to the annual budget. As of December 31st, the target budget percentage is generally 50%.

	Year to Date Actual	FY 25-26 Budget	\$ Over / (Under) Budget	% of Budget
6070 · Watermaster Legal Services				
6071 · BHFS Legal - Court Coordination	\$ 191,668	\$ 76,000	\$ 115,668	252.2%
6072 · BHFS Legal - Rules & Regulations	-	10,495	(10,495)	0.0%
6073 · BHFS Legal - Personnel Matters	33,522	28,150	5,372	119.1%
6074 · BHFS Legal - Interagency Issues	-	40,536	(40,536)	0.0%
6077 · BHFS Legal - Party Status Maintenance	-	13,590	(13,590)	0.0%
6078 · BHFS Legal - Miscellaneous (Note 1)	133,419	177,240	(43,821)	75.3%
Total 6070 · Watermaster Legal Services	358,609	346,011	12,598	103.6%
6275 · BHFS Legal - Advisory Committee	10,578	27,764	(17,186)	38.1%
6375 · BHFS Legal - Board Meeting	55,965	88,704	(32,739)	63.1%
6375.1 · BHFS Legal - Board Workshop(s)	-	29,215	(29,215)	0.0%
8375 · BHFS Legal - Appropriative Pool	10,786	34,705	(23,919)	31.1%
8475 · BHFS Legal - Agricultural Pool	10,126	34,705	(24,579)	29.2%
8575 · BHFS Legal - Non-Ag Pool	10,786	34,705	(23,919)	31.1%
Total BHFS Legal Services	98,241	249,798	(151,557)	39.3%
6907.3 · WM Legal Counsel				
6907.31 · Archibald South Plume	-	12,565	(12,565)	0.0%
6907.32 · Chino Airport Plume	-	12,565	(12,565)	0.0%
6907.33 · Desalter/Hydraulic Control	-	38,680	(38,680)	0.0%
6907.34 · Santa Ana River Water Rights	6,050	21,405	(15,356)	28.3%
6907.38 · Reg. Water Quality Cntrl Board	-	63,200	(63,200)	0.0%
6907.39 · Recharge Master Plan	7,826	14,270	(6,444)	54.8%
6907.41 · Prado Basin Habitat Sustainability	-	10,290	(10,290)	0.0%
6907.44 · SGMA Compliance	-	10,290	(10,290)	0.0%
6907.45 · OBMP Update	6,636	177,240	(170,604)	3.7%
6907.47 · 2020 Safe Yield Reset	28,001	151,180	(123,179)	18.5%
6907.50 · San Sevaine Basin Discharge - State Court	-	54,130	(54,130)	0.0%
6907.51 · San Sevaine Basin Discharge CWA Litigation	168,389	150,440	17,949	111.9%
6907.90 · WM Legal Counsel - Unanticipated	-	38,885	(38,885)	0.0%
Total 6907 · WM Legal Counsel	268,487	755,140	(486,653)	35.6%
Total Brownstein, Hyatt, Farber, Schreck Costs	\$ 725,337	\$ 1,350,949	\$ (625,612)	53.7%



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(Unaudited)

Optimum Basin Management Plan (OBMP)

The following table details the Year-To-Date (YTD) Actual OBMP costs compared to the FY 26 adopted budget. The “\$ Over Budget” and the “% of Budget” columns are a comparison of the YTD actual to the annual budget. As of December 31st, the target budget percentage is generally 50%.

	Year to Date Actual	FY 25-26 Budget	\$ Over / (Under) Budget	% of Budget
6900 · Optimum Basin Mgmt Plan				
6901.1 · OBMP - Document Review-WM Staff	\$ 23,915	\$ 50,364	\$ (26,449)	47.5%
6901.3 · OBMP - Field Work-WM Staff	2,116	9,471	(7,355)	22.3%
6901.5 · OBMP - General-WM Staff	26,055	52,005	(25,950)	50.1%
6901.7 · OBMP - Meeting-WM Staff	33,238	33,487	(249)	99.3%
6901.8 · OBMP - Meeting-West Yost	21,003	38,909	(17,907)	54.0%
6901.9 · OBMP - Reporting-WM Staff	3,448	39,176	(35,728)	8.8%
6901.95 · OBMP - Reporting-West Yost	39,295	66,832	(27,538)	58.8%
Total 6901 · OBMP WM and West Yost Staff	149,070	290,244	(141,174)	51.4%
6903 · OBMP - SAWPA				
6903 · OBMP - SAWPA Group	7,608	18,952	(11,344)	40.1%
Total 6903 · OBMP - SAWPA	7,608	18,952	(11,344)	40.1%
6906 · OBMP Engineering Services				
6906.1 · OBMP - Watermaster Model Update	38,996	8,176	30,820	477.0%
6906.21 · State of the Basin Report	-	-	-	0.0%
6906 · OBMP Engineering Services - Other	27,109	65,810	(38,701)	41.2%
Total 6906 · OBMP Engineering Services	66,105	73,986	(7,882)	89.3%
6907 · OBMP Legal Fees				
6907.31 · Archibald South Plume	-	12,565	(12,565)	0.0%
6907.32 · Chino Airport Plume	-	12,565	(12,565)	0.0%
6907.33 · Desalter/Hydraulic Control	-	38,680	(38,680)	0.0%
6907.34 · Santa Ana River Water Rights	6,050	21,405	(15,356)	28.3%
6907.36 · Santa Ana River Habitat	-	-	-	0.0%
6907.38 · Reg. Water Quality Cntrl Board	-	63,200	(63,200)	0.0%
6907.39 · Recharge Master Plan	7,826	14,270	(6,444)	54.8%
6907.41 · Prado Basin Habitat Sustainability	-	10,290	(10,290)	0.0%
6907.44 · SGMA Compliance	-	10,290	(10,290)	0.0%
6907.45 · OBMP Update	6,636	177,240	(170,604)	3.7%
6907.47 · 2020 Safe Yield Reset	28,001	151,180	(123,179)	18.5%
6907.50 · San Sevaine Basin Discharge - State	-	54,130	(54,130)	0.0%
6907.51 · San Sevaine Basin Discharge CWA	168,389	150,440	17,949	111.9%
6907.90 · WM Legal Counsel - Unanticipated	-	38,885	(38,885)	0.0%
Total 6907 · OBMP Legal Fees	268,487	755,140	(486,653)	35.6%
6909 · OBMP Other Expenses				
6909.6 · OBMP Expenses - Miscellaneous	-	96,000	(96,000)	0.0%
Total 6909 · OBMP Other Expenses	-	98,200	(98,200)	0.0%
Total 6900 · Optimum Basin Mgmt Plan	\$ 491,269	\$ 1,236,522	\$ (745,253)	39.7%



Chino Basin Watermaster
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Judgment Administration

The following table details the Year-To-Date (YTD) Actual Judgment Administration costs compared to the FY 26 adopted budget. The “\$ Over Budget” and the “% of Budget” columns are a comparison of the YTD actual to the annual budget. As of December 31st, the target budget percentage is generally 50%.

		Year to Date	FY 25-26	\$ Over / (Under) Budget	% of Budget
		Actual	Budget		
5901 · Admin-WM Staff					
5901.1 · Admin-Doc. Review-WM Staff	\$ 60,236	\$ 74,466	\$ (14,230)	80.9%	
5901.3 · Admin-Field Work-WM Staff	594	14,357	(13,763)	4.1%	
5901.5 · Admin-General-WM Staff	4,385	55,535	(51,150)	7.9%	
5901.7 · Admin-Meeting-WM Staff	28,611	45,648	(17,037)	62.7%	
5901.8 · Admin-Meeting - West Yost	-	38,909	(38,909)	0.0%	
5901.9 · Admin-Reporting-WM Staff	-	21,742	(21,742)	0.0%	
Total 5901 · Admin-WM Staff	93,826	250,657	(156,831)	37.4%	
5900 · Judgment Admin Other Expenses					
5906.71 · Admin-Data Req-CBWM Staff	66,935	109,124	(42,190)	61.3%	
5906.72 · Admin-Data Req-Non CBWM Staff	17,020	56,483	(39,463)	30.1%	
5910 · Court Coordination/Attend-WM	2,282	28,837	(26,555)	7.9%	
5911 · Exhibit G-WM Staff	575	6,396	(5,821)	9.0%	
5921 · Production Monitoring-WM Staff	-	9,471	(9,471)	0.0%	
5925 · Ag Prod & Estimation-West Yost	18,502	31,992	(13,490)	57.8%	
5931 · Recharge Applications-WM Staff	2,006	33,092	(31,086)	6.1%	
5935 · Admin-Mat'l Phy Inj Requests	2,251	41,668	(39,417)	5.4%	
5941 · Reporting-WM Staff	-	44,602	(44,602)	0.0%	
5945 · WM Annual Report Prep-West Yost	12,260	17,762	(5,502)	69.0%	
5951 · Rules & Regs-WM Staff	-	11,350	(11,350)	0.0%	
5961 · Safe Yield-WM Staff	57,142	106,006	(48,864)	53.9%	
5965 · Support Data Collect-West Yost	16,431	17,302	(872)	95.0%	
5971 · Storage Agreements-WM Staff	4,215	20,671	(16,456)	20.4%	
5981 · Water Acct/Database-WM Staff	57,840	112,036	(54,196)	51.6%	
5991 · Water Transactions-WM Staff	5,643	13,062	(7,419)	43.2%	
Total 5900 · Judgment Admin Other Expenses	263,101	659,854	(396,753)	39.9%	
Total 5900 · Judgment Administration	\$ 356,927	\$ 910,511	\$ (553,584)	39.2%	



Chino Basin Watermaster
Monthly Variance Report & Supplemental Schedules
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(Unaudited)

“Carry Over” Funding:

The “Carry Over” funding was calculated at the start of FY 26. The Total “Carry Over” funding amount of \$553,870 has been posted to the general ledger accounts. The total amount consisted of \$508,838 from Engineering Services, \$34,994 from OBMP Activities, and \$10,038 from Administration Services. More detailed information is provided on the table below.

Carry Over Budget Detail FY 2025/26

Account	Description	Amount	Fiscal Year	Type
6038	Other Office Equipment - Boardroom Upgrades	\$ 10,038	FY 2020/21	ADMIN
7545	Meter Installation - New Meter Installation, Calibration and Testing	34,994	FY 2018/19	OBMP
5925	Agriculture Production and Estimation	4,344	FY 2024/25	ENG
5965	Support for Implementation of Improved Data Collection and Management Process	10,000	FY 2024/25	ENG
6906.1	Watermaster Model Application and Required Demonstrations	59,443	FY 2024/25	ENG
7104.3	Groundwater Level Monitoring Program	15,800	FY 2024/25	ENG
7202.2	Comprehensive Recharge Program	55,000	FY 2024/25	ENG
7302	PBHSP Monitoring Program- 50% IEUA Cost Share	9,100	FY 2024/25	ENG
7402.1	PE4/MZ-1: Subsidence Management Plan for Northwest MZ-1	124,788	FY 2024/25	ENG
7502	Groundwater Quality Monitoring and Reporting Program and as-needed Consulting	41,400	FY 2024/25	ENG
7517	Implementation of Chino Creek Monitoring Program - IEUA Cost Share	20,000	FY 2024/25	ENG
7614	Support Implementation of the Safe Yield Court Order	168,963	FY 2024/25	ENG
Total Carryover Budget		\$ 553,870		



CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91730
909.484.3888 www.cbwm.org

STAFF REPORT

DATE: February 19, 2026

TO: Advisory Committee Members

SUBJECT: Application: Recharge – Up To 2,500 AF Of State Project Water By ASR Injection Until March 2031 By City Of Chino Hills (Consent Calendar Item I.C.)

Issue: On December 3, 2025, The City of Chino Hills submitted an Application for Recharge for up to a total of 2,500 acre-feet of State Project Water to be recharged by injection through their ASR wells until March 2031.

Recommendation: Recommend to the Watermaster Board to approve the City of Chino Hills Application for Recharge and direct Watermaster staff to account for any recharge into the Chino Basin in the appropriate storage account.

Financial Impact: None

ACTIONS:

Appropriative Pool – January 08, 2026 [Final]: Provided advice and assistance.

Non-Agricultural Pool – January 08, 2026 [Final]: Provided advice and assistance.

Agricultural Pool – January 08, 2026 [Final]: Provided advice and assistance.

Advisory Committee – February 19, 2026 [Recommended]: Advice and assistance.

Watermaster Board – February 26, 2026 [Recommended]: Approval.

BACKGROUND

The Court approved the Peace Agreement, the OBMP Implementation Plan and the goals and objectives identified in the OBMP Phase I Report on July 13, 2000, and ordered the Chino Basin Watermaster (Watermaster) to proceed in a manner consistent with the Peace Agreement. Under the Peace Agreement, Watermaster approval is required for Applications to store, recapture, recharge or transfer water, as well as for Applications for credits or reimbursements and storage and recovery programs.

Where there is no Material Physical Injury (MPI), Watermaster must approve the application. Where the request for Watermaster approval is submitted by a Party to the Judgment, there is a rebuttable presumption that most of the proposed activities do not result in MPI to a Party to the Judgment or the Basin (Storage and Recovery Programs do not have this presumption).

On December 3, 2025, the City of Chino Hills (Chino Hills) submitted an Application for Recharge (Attachment 1). The Application identified the maximum quantity of recharge to be 2,500 acre-feet from 2026 to 2031.

The form presented at the Pool Committee meetings on January 8, 2026, contained a typo indicating the incorrect well number. That error has since been corrected.

DISCUSSION

Currently, Chino Hills does not have a permit with the Regional Water Quality Control Board (RWQCB) to inject water into the Chino Basin and therefore must meet the permitting requirements before any recharge event can begin. Approval of the Recharge Application and the findings of the MPI will assist Chino Hills in their permitting process.

The MPI analysis (Attachment 3) recommends that the City of Chino Hills prepare and submit a quarterly report to Watermaster that includes information on timing of injection and extraction, as well as groundwater level impacts so that the potential for liquefaction can be monitored once activities begin. Once approved and fully permitted, Chino Hills will have the ability to inject State Project Water into the Chino Basin to add to their own Local Supplemental Storage Account. If Chino Hills intends to recharge into their Local Supplemental Storage Account, they must complete Form 2b *Request to Recharge Supplemental Water by a Person* to Watermaster. During the Recharge event, Watermaster will collect data to ensure the water is accounted for. Upon completion of the recharge event, Chino Hills will be required to submit Form 2c *Report of Supplemental Water Recharge by a Person* to Watermaster for final review and accounting.

Prior to recapture, an Application to Recapture Water in Storage will need to be submitted. If the method and location of recapture from storage is to exchange with other groundwater producers in the Basin, when such an exchange is proposed, Chino Hills and the transacting Party will need to submit the appropriate water transaction forms, which includes the recapture plan. Per the Peace II Agreement and achievement of Hydraulic Control, losses will be applied to all water placed into a Local Supplemental storage account in a manner consistent to all other water held in storage.

Pursuant to Article X of the Judgment, Section 10.10, "Watermaster Summary and Notification of a Pending Application," notice is provided below in Attachment 2.

At the January 8, 2026 Pool Committees meetings, the item was presented and unanimously recommended to the Advisory Committee and Board for its approval in February 2026.

ATTACHMENTS

1. City of Chino Hills Form 2a – Application for Supplemental Water Recharge
2. Notice Forms
3. December 23, 2025 letter from West Yost to Watermaster: *Analysis of Material Physical Injury for the City of Chino Hills Recharge Application, Submitted to Chino Basin Watermaster on December 19, 2025*

Form 2a - Application for Supplemental Water Recharge

Applicant Information and Recharge Request			
Person	City of Chino Hills	Date Requested	12/03/2025
Contact (individual)	Mark Wiley, Utilities Operations Mgr.	Date Approved	
Street Address	14000 City Center Drive	Proposed Period of Time Covered by Recharge Application (mm/yyyy to mm/yyyy)	03/2026 - 03/2031
City	Chino Hills		
State	CA		
Zip Code	91709	Requested Total Amount of Recharge Over the Application Period (AF)	2,500
Telephone	909-364-2854		
Fax		Approved Total Amount of Recharge Over the Application Period (AF)	
Email	mwiley@chinohills.org		

Source(s) of Supply (check box and provide supporting information)	
<input checked="" type="checkbox"/>	State Water Project
<input type="checkbox"/>	Colorado River Aqueduct
Local Supplemental (identify source and attach source)	
<input type="checkbox"/>	water quality characterization including TDS and TN; use as many sheets as necessary)
Recycled Water (identify source and attach source water quality characterization including TDS and TN; use as many sheets as necessary)	
Other (identify source and attach source water quality characterization including TDS and TN; use as many sheets as necessary)	

Method of Recharge (check box and provide supporting information)	
<input type="checkbox"/>	Surface Spreading
Recharge Basin Name(s)	
Expected Period of Recharge (mm/dd to mm/dd)	
Depth to Water in Recharge Area (ft-bgs)	
Water Quality in Recharge Area (attach characterization)	
<input checked="" type="checkbox"/>	Injection
Well Names and Locations (attach well completion report if not on file with the Watermaster)	
Expected Period of Recharge (mm/dd to mm/dd)	
Depth to Water in Recharge Area (ft-bgs)	
Water Quality in Recharge Area (attach characterization)	
<input type="checkbox"/>	In-Lieu Exchange
Treatment Plant and Turnout	
Share of Safe Yield (percent and AFY)	
Carryover Right, if Applicable (AF)	
Water in Storage (AF)	
Pumping Capacity (mgd or AFM)	
Expected Period of Recharge (mm/dd to mm/dd)	
Depth to Water in Area Impacted by In-Lieu Recharge (ft-bgs)	
Water Quality in Area Impacted by In-Lieu Recharge (attach characterization)	



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

RECHARGE

Date of Notice:

January 02, 2026

This notice is to advise interested persons that the attached application(s) will come before the Watermaster Board on or after 30 days from the date of this notice.

APPLICATION FOR RECHARGE

The attached staff report will be included in the meeting package at the time the transfer begins the Watermaster process.

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **December 19, 2025** Date of this notice: **January 02, 2026**

Please take notice that the following Application has been received by Watermaster:

- Notice of Application for Recharge – On December 19, 2025, The City of Chino Hills submitted an Application for Recharge for up to 2,500 acre-feet from March 1, 2026 until March 31, 2031.

This **Application** will first be considered by each of the respective pool committees on the following dates:

Appropriative Pool: January 08, 2026

Non-Agricultural Pool: January 08, 2026

Agricultural Pool: January 08, 2026

This **Application** will be scheduled for consideration by the Advisory Committee **no earlier than thirty days from the date of this notice and a minimum of twenty-one calendar days** after the last pool committee reviews it.

After consideration by the Advisory Committee, the **Application** will be considered by the Board.

Unless the **Application** is amended, as **Contests** must be submitted a minimum of fourteen (14) days prior to the Advisory Committee's consideration of an **Application**, parties to the Judgment may file **Contests** to the **Application** with Watermaster **within seven calendar days** of when the last pool committee considers it. Any **Contest** must be in writing and state the basis of the **Contest**.

Watermaster address:

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

Tel: (909) 484-3888
Web: www.cbwm.org
recharge_storage@cbwm.org



ATTACHMENT 3

25 Edelman
Irvine CA 92618

949.420.3030 phone
530.756.5991 fax
westyost.com

December 23, 2025

Project No.: 941-80-25-03
SENT VIA: EMAIL

Chino Basin Watermaster
Attention: Mr. Todd Corbin, General Manager
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

**SUBJECT: Analysis of Material Physical Injury for the City of Chino Hills Recharge Application,
Submitted to Chino Basin Watermaster on December 19, 2025**

Dear Mr. Corbin:

Pursuant to your direction, West Yost Associates, Inc. (West Yost) conducted a material physical injury (MPI) analysis on a Recharge Application submitted by the City of Chino Hills (Chino Hills) to the Chino Basin Watermaster on December 19, 2025 (hereafter, December 19, 2025 recharge application). The MPI analysis was completed pursuant to the Watermaster Rules and Regulations and Peace Agreement.

In 2016, Watermaster approved a procedure for the recharge of supplemental water. This procedure includes three main steps:

1. Apply for and obtain Watermaster approval to recharge Supplemental Water
2. Plan, schedule, coordinate, and execute a Supplemental Water recharge event
3. Provide the monitoring and accounting necessary to enable the applicant and Watermaster to measure and record the volume of water was physically recharged during a recharge event

Under Step 1, Any Person seeking to recharge Supplemental Water is required to complete Watermaster Form No. 2a *Application for Recharge*.¹ Watermaster staff reviews the completed application and conducts an analysis to determine if the proposed recharge as described in the recharge application will cause potential MPI.

Pursuant to the Peace Agreement (page 8), MPI is defined as:

“[...] material injury that is attributable to 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 and adverse impacts associated with rising groundwater.”

¹ <https://www.cbwm.org/pages/forms/>

Article 10 of the Watermaster Rules and Regulations (paragraph 10.10) requires that:

“[...] Watermaster prepare a written summary and analysis (which will include an analysis of the potential for material physical injury) of the Application and provide the Parties with a copy of the written summary and advanced notice of the date of Watermaster’s scheduled consideration and possible action on any pending Applications.”

The MPI analysis presented herein is based on our professional experience and judgment in the Chino Basin, including the past analyses of monitoring data, past evaluations of storage programs, past groundwater modeling of various groundwater management alternatives, and prior MPI analyses.

CHINO HILL'S DECEMBER 19, 2025 RECHARGE APPLICATION

Chino Hills proposes to recharge up to 2,500 acre-feet (af) of State Water Project (SWP) water into the Chino Basin during the 5-year period of March 1, 2026 to February 28, 2031 (500 af per year). Chino Hills proposes to use its Well 16 (CH-16) to inject treated water, including SWP water treated at the Agua de Lejos Treatment Plant owned by the Water Facilities Authority (WFA) and treated groundwater from Monte Vista Water District (MVWD). CH-16 is located at the northwest corner of Schaefer and Ramona Avenues. CH-16 is screened across the deep confined aquifer system, with a screen interval of 430 to 940 ft-below ground surface (bgs). In the vicinity of CH-16, the deep aquifer system ranges from about 250 to 1,250 feet below ground surface (bgs). A shallow unconfined aquifer system overlies the deep aquifer system. Current (2025) depth to groundwater in the vicinity of CH-16 is approximately 80 ft-bgs in both the shallow and deep aquifer systems.

West Yost evaluated for the following to determine the potential for MPI from the proposed recharge:

- Impacts to groundwater levels that could result in liquefaction, land subsidence, and/or increases in pump lifts at wells.
- Impacts to the balance of recharge and discharge in every area and subarea of the Chino Basin.
- Impacts to groundwater quality.

Potential Impacts to Groundwater Levels

The proposed project will produce a localized increase in groundwater levels in the vicinity of CH-16 when the recharge occurs via injection. The temporary increase in groundwater levels will be followed by a return to the groundwater levels that would occur had the water not been recharged. The impacts of these localized changes in groundwater levels are described below:

- *Liquefaction.* CH-16 is screened across the deep confined aquifer system. The threat of liquefaction is based on the impacts the deep injection activities on groundwater levels in the shallow aquifer system. Based on historical data from deep and shallow wells in the area, variations in piezometric levels in the deep aquifer system have only a slight impact on groundwater levels in the shallow aquifer system. Variations in the deep aquifer system, ranging from 180 to 350 feet have corresponding variations in the shallow aquifer system

ranging from about 10 to 20 feet.² The current depth to water in the deep and shallow aquifers is described below:

- In the deep aquifer system, depth to groundwater as of September 2025 was about 88 ft-bgs, as measured at well CH-07C – located about 1,500 feet south of CH-16.
- In the shallow aquifer system, depth to groundwater as of September 2025 ranged between 58 to 105 ft-bgs, as measured at wells C-Schaefer 3921 and City of Chino Wells 4 and 6 – all located within a mile radius of CH-16.

Depth to water in both aquifer systems is below 50 feet bgs, the depth at which there may be a threat of liquefaction.³ However, the depth to water in the shallow aquifer system (C-Schaefer 3921) is only 8 feet deeper. Thus, an increase in groundwater levels in the shallow aquifer system of more than 8 feet may result in a threat of liquefaction.

- *Land subsidence*. Land subsidence due to changes in groundwater levels typically occurs with declining groundwater levels. Thus, there will be no threat of aquifer-system compaction and land subsidence due to the localized increases in groundwater levels caused by the recharge.
- *Pumping lifts*. Because of the temporary increases in groundwater levels, pumping lifts and pumping costs may be slightly reduced for wells in the vicinity of the recharge.

Potential Impacts to the Balance of Recharge and Discharge in Every Area and Subarea

Chino Hills did not provide information on how it plans to recover the recharged water, so the location of future recovery remains unknown; thus, the balance of recharge and discharge has not been analyzed.

Potential Impacts to Water Quality

The source of the supplemental water in Chino Hills' December 19, 2025 recharge application is the SWP treated at the WFA plant and treated groundwater from MVWD. West Yost obtained water quality data of the WFA and MVWD and these data indicate no exceedances of primary California Title 22 maximum contaminant levels (MCLs).

Potential Impacts to Receiving Waters

The proposed recharge water is of equal or better quality than current groundwater in the area of recharge; hence, recharge of this water will likely improve the general water quality in the vicinity of CH-16.

We compared observed concentrations of chemicals regulated under Title 22 drinking water regulations at wells located near CH-16 to the MCLs. The contaminants with observations exceeding MCLs in the vicinity of CH-16 were 1,2,3-Trichloropropane (TCP) and nitrate. The "Groundwater Quality" section of the 2024 State of the Basin Report (West Yost, 2025)⁴ shows the maximum observed concentrations of

² See Figure 2-1 in the *Management Zone 1 Interim Monitoring Program MZ-1 Summary Report* (WEI, February 2006).

³ Fife, Donald et al. *Geologic Hazards in Southwestern San Bernardino County, California*. California Division of Mines and Geology, 1976.

⁴ <https://arcg.is/1mfKvi>

these and other constituents at municipal wells in the Chino Basin during the five-year period of July 2019 to June 2024.

In 2021, Watermaster conducted a groundwater modeling study to evaluate a 100,000 af storage and recovery program in the Chino Basin, which included recharge at the recharge basins and four Monte Vista injection wells in MZ1. The study concluded that the "displacements [of contaminant plumes due to the storage and recovery program] are negligible and are not potential MPI."⁵

Based on the water quality of the recharge source water, the water quality at nearby wells, the results of the groundwater modeling studies, and the location and magnitude of the proposed recharge, our professional opinion is that the proposed recharge will not change the direction and/or speed of movement of known contaminant plumes in the Chino Basin.

Basin Plan Compliance

The proposed recharge will occur in the Chino North Groundwater Management Zone (GMZ). The 2004 Regional Water Quality Control Plan for the Santa Ana Basin (Basin Plan) has maximum benefit-based TDS and nitrate (expressed as nitrogen) concentration objectives in the Chino-North GMZ of 420 milligrams per liter (mg/L) and 5 mg/L, respectively. Pursuant to the Basin Plan, Watermaster and the IEUA are required to manage artificial recharge in Chino North GMZ such that the five-year, volume-weighted average TDS and nitrate concentrations of the recycled water, imported water, and new stormwater recharged across all recharge facilities does not exceed the maximum benefit-based Basin Plan objectives.

Water quality data from the proposed water sources indicate that:

- Treated SWP water from WFA: TDS concentration averaged 228 mg/L (ranging from 170 to 260 mg/L) and nitrate concentration averaged 0.7 mg/L (ranging from below the detection limit to 1.6 mg/L) based on water quality data from the 2024 Water Quality Report to WFA Member Agencies report.⁶
- Treated water from MVWD: TDS concentration averaged 235 mg/L (ranging from 190 to 375 mg/L) and nitrate concentration averaged 2.5 (ranging from below the detection limit to 5.9 mg/L) based on water quality data from MVWD 2024 Annual Water Quality Report.⁷

The current ambient TDS and nitrate concentrations in the Chino-North GMZ (covering the 20-year period from 2001 to 2021) are 360 mg/L and 10.8 mg/L,⁸ respectively. Thus, the proposed recharge will not encroach on the current assimilative capacity or interfere with Watermaster and the IEUA's regulatory obligations.

Conclusion

Based on the information available at this time, our professional opinion is that the only potential MPI due to Chino Hills' proposed recharge as described in its December 19, 2025 recharge application is a

⁵ West Yost (2021). *Evaluation of the Local Storage Limitation Solution*. February 2021.

⁶ <https://www.wfajpa.org/uploads/files/2024WFA%20Annual%20WQ%20Report.pdf>

⁷ <https://www.mvwd.org/ArchiveCenter/ViewFile/Item/217>

⁸ West Yost (2023). *2021 Ambient Water Quality Pilot Study*. Prepared for the Santa Ana Watershed Project Authority Basin Monitoring Program Task Force. October 2023.

threat of liquefaction. Due to this concern, West Yost recommends that Chino Hills prepare and submit a quarterly report to the Watermaster that includes the following information:

- Timing and volume of injection activities at CH-16
- Timing and volume of pumping activities at CH-16
- Relative impacts of the injection and extraction activities on groundwater levels in both the shallow and deep aquifer systems using the following wells.⁹
 - Deep aquifer system: CH-07C
 - Shallow aquifer system: C-Schaefer 3921 and City of Chino Wells 4 and 6

Please contact me if you have any questions or concerns regarding this MPI analysis.

Sincerely,
WEST YOST



Carolina Sanchez, PE
Senior Engineer
RCE #85598

cc: Justin Nakano

⁹ Watermaster collects groundwater-levels at these wells on a quarterly basis. Chino Hills can request this data from Watermaster to support the preparation of the quarterly report.



CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91730

909.484.3888 www.cbwm.org

STAFF REPORT

DATE: February 19, 2026

TO: Advisory Committee Members

SUBJECT: Calculation of Excess Cash Reserves Based on Operating Cash Reserve Policy 4.17
(Business Item II.A.)

Issue: To review the calculation of excess operating cash reserves prepared by Watermaster staff in accordance with Watermaster Policy 4.17. [Normal Course of Business]

Recommendation: Recommend the Watermaster Board find that 1) the reports supporting the Calculation of Excess Cash Reserves, along with the Attachments meet the requirements of Watermaster Policy 4.17, 2) that no excess cash reserves, based on the Policy, exist at this time, and 3) authorize staff to use the existing cash reserves for the continued funding of operations until the FY 2025/26 Assessment Package process is finalized and the remainder of FY 2025/26 Assessments are paid.

Financial Impact: Based on the attached schedule, an estimated Excess Cash Reserve (Shortfall) of \$4,312,728.58 exists due to the partial levy of FY 2025/26 Assessments.

ACTIONS:

Appropriative Pool – February 12, 2026 [Final]: Defer return of reserves

Non-Agricultural Pool – February 12, 2026 [Final]: Defer return of reserves

Agricultural Pool – February 12, 2026 [Final]: No excess cash reserves exist and no return of reserves per Policy

Advisory Committee – February 19, 2026 [Recommended]: No excess cash reserves exist and no return of reserves per Policy

Watermaster Board – February 26, 2026 [Recommended]: Receive and File report, recognize Excess Cash Reserve Shortfall and continue using existing reserves to fund Watermaster operations until the remaining FY 2025-26 Assessments are paid.

BACKGROUND

The methodology for the calculation of excess cash reserves was established by Board approval of Watermaster Policy 4.17 (Policy) on March 22, 2012.

Per the 2012 staff report memorializing this policy, the practice of establishing an operating cash reserve first began in fiscal year 1980/81. It was established and changed over the years as follows:

• Fiscal Year 1980/81	25% Operating Cash Reserve
• Fiscal Year 1993/94	33% Operating Cash Reserve
• Fiscal Year 2001/02	33% Operating Cash Reserve + 33% General and Administrative Exp Reserve + 15% Budgeted OBMP & Project Exp Reserve
• Fiscal Year 2006/07	33% Operating Cash Reserve + 30% General and Administrative Exp Reserve + 30% Budgeted OBMP & Project Exp Reserve

The Policy was subsequently changed and codified in its current version in 2012. The methodology includes a six-month Working Capital Reserve plus a 10 percent Administrative Operating Reserve and a 15 percent OBMP/Project Operating Reserve. In addition, the methodology accounts for carryover expenses, Recharge Improvement Debt Payments, over-production replenishment obligations, and return of excess cash reserves if applicable.

DISCUSSION

The calculation of excess cash reserves is brought before the three Watermaster Pool Committees this month for advice and assistance since Watermaster-held funds include both production-based assessments, paid by the Appropriate and Overlying (Non-Agricultural) Pools and Special Assessments of those Pools in addition to the Overlying (Agricultural) Pool. Watermaster staff has conducted a detailed review of the necessary elements of the calculation to ensure compliance with the methodology detailed in the Policy as well as to identify other pertinent elements not addressed in the Policy which are important to bring to the attention of the Watermaster parties before final credits, if any, are issued. Section 4.17.10 (Return of Excess Cash Reserves) of the Policy states:

During the Assessment process, normally conducted in November, Watermaster staff will determine if any Excess Cash Reserves exist (excluding any amounts pertaining to the Recharge Improvement Debt Payments). If Excess Cash Reserves exist, these funds will be distributed to the parties as a credit on the Assessment invoice. The distribution of Excess Cash Reserves will be based upon the percentage of Total Assessment dollars paid by each party against the Total Assessments Paid. For example, if a party paid 3 percent of the Total Assessment dollars, they would receive a 3 percent portion of the available Excess Cash Reserve.

The Policy's annual determination of Excess Cash Reserves is presented in the documentation attached to this report. It includes presenting the calculation of Excess Cash Reserves along with detailed supporting schedules for the major elements of the calculation to all the Pools. Those sections include Operating Cash Reserve Policy Requirements, Pool Special Assessment Fund Balances, and Carryover Budget Detail. It is important for all parties to understand how "Excess Cash Reserves" are determined and allow the Pools to provide direction relating to Pool Special Assessment funds and Carryover Budget which is finalized after the fiscal year-end audit.

Policy 4.17 (Attachment 1) is provided for review and comment. In the Determination of Excess Cash Reserves (Attachment 2), two sections are identified to separate funds held by Watermaster. The first section titled, "Restricted Funds", accounts for the Special Assessments of each Pool. These are not eligible

for general Watermaster administrative or project expenses and are only used based on the approval and direction of the Pools. The second section titled, "Designated Funds", accounts for funds needed to supplement the approved budget. These funds represent a "carryover" from the approved funding of the prior year and categorized into four sections. A detailed report of the Carryover Budget is provided (Attachment 5) for full transparency.

The Carryover Budget (Attachment 5) was discussed at the Pool meetings on August 14, 2025. The Appropriative Pool (AP) requested that the carryover funds from the Jurupa Basin Berm, Trash Boom, and Ramp projects and Undesignated project funds totaling \$660,000.00 be transferred to reserves and not included as part of the Carryover Budget request. If funds are needed for these or any other projects, the AP requested a new item be brought back through the Watermaster process. The balance of the carryover funds totaling \$553,869.68 was approved as presented. The actions by the Overlying Non-Agricultural and Agricultural Pools were consistent with the AP's action. The proposed Carryover Budget was presented to the Advisory Committee on August 21, 2025, where it was approved by majority with one abstention by Monte Vista Water District, and it was unanimously approved by the Board on August 28, 2025.

The Appropriative Pool has asked Watermaster to include an option to apply all excess cash reserves, attributable to the Appropriative Pool, to fund a portion of the remaining project costs for Project 23(a) [Wineville-Jurupa-RP3] recharge project. This budget amendment can be initiated at the direction of the Pool.

The RIPComm meeting was held on January 22, 2026 and the status of relevant projects to the Committee were discussed. Project 23(a) is expected to be completed in March 2026. While the remaining project funding has not yet been fully secured, efforts are underway to obtain financing through State Revolving Fund loans.

An initial Excess Cash Reserve balance for all funds of \$562,132.24 is presented in Attachment 2. Factoring the negative cash flow effects of the partial levy of assessment in the FY 2025/26 Interim Assessment process, a resulting final Excess Cash Reserve Shortfall of \$4,312,728.58 exists as presented. The shortfall results in no excess cash reserves available for refund per Policy 4.17.

The Pools on February 12, 2026 discussed this item and provided advice and assistance to *not* refund any portion of reserves based on the calculation report. The Appropriative Pool requested Watermaster staff ensure that the specific refunds for double billing of the Terms of Agreement legal fees, the IEUA Debt Service, and the Carryover Budget be factored in the budget request for the next fiscal year when it is presented. The Non-Agricultural Pool supported the deferment of excess cash reserve balances. The Agricultural Pool motioned to clarify that based on the report in Attachment 2, no excess cash reserves exist since it indicates a shortfall, and therefore no refund of reserves should be made. The recommendation to the Advisory Committee has been amended to reflect the actions of the Pools.

ATTACHMENTS

1. Watermaster Operating Cash Reserve Policy 4.17
2. Determination of Excess Cash Reserves (Draft)
3. Operating Cash Reserve Policy Requirements
4. Pool Special Assessment Fund Balances 6/30/2025
5. Carryover Budget Fiscal Year 2025/26

Chino Basin Watermaster WATERMASTER POLICY			
Subject	Policy Number	Date Adopted	Date Revised
OPERATING CASH RESERVE POLICY	4.17	03/22/2012	

Purpose

4.17.1 The purpose of this policy is to establish an Operating Cash Reserve Policy for Chino Basin Watermaster.

Background

4.17.2 The annual Watermaster budget begins on July 1 each year but the Assessments are not often collected until December. Watermaster's main source of operating income is derived from the annual Assessments. There is a need to carry Cash Flow Reserves at the beginning of each fiscal year.

The Watermaster budget is approved before the end of the fiscal year. Watermaster Assessments are collected annually to fund Watermaster operations based upon the "Approved" Watermaster budget. There is no contingency provision provided for in the Watermaster budget. There is no mechanism or process to fund for any unanticipated expenses or projects. To provide a funding source for unanticipated expenses, Watermaster historically has maintained Operating Cash Reserves to cover these unexpected expenses.

Policy

4.17.3 Working Capital Cash Reserve: Watermaster will maintain a Working Capital Reserve amount at the beginning of each fiscal year equal to six months of the annual budget to ensure that Watermaster can meet its budgeted financial obligations. The required Working Capital Reserve amount will be based upon the current "Approved" fiscal year budget. In the event that the annual budget has not been approved, the Working Capital Reserve amount will be based upon the previous fiscal year's "Approved" budget plus ten percent.

4.17.4 Operating Cash Reserve – Administrative: During the budget process, Watermaster shall provide for an Operating Cash Reserve of 10 percent of the "Proposed" General Administrative (GA) fiscal year budget.

4.17.5 Operating Cash Reserve – OPBM/Projects: During the budget process, Watermaster shall provide for an Operating Cash Reserve of 15 percent of the “Proposed” Optimum Basin Management Program (OBMP) and Project (Project) fiscal year budget.

4.17.6 Carry-over Expenses: During the budget process, Watermaster may need to carryover unfinished capital projects or related expenses from one fiscal year to the next. These expenses will be included in the next year’s budget. However, because these unfinished capital projects or related expenses have been previously funded from the Assessment process, they will be excluded from the next Assessment. They will also be excluded from the Operating Cash Reserve calculations in Sections 4.17.4 and 4.17.5 listed above. Any such carryover of funds from one fiscal year to the next will be brought to the attention of the parties during the normal budget process.

If the carryover unfinished capital projects and related expenses are greater than what was previously funded, the difference shall be included as part of the “Proposed” budget or by use of the appropriate Operating Cash Reserve.

4.17.7 Recharge Improvement Debt Payments: As part of the Watermaster budget process, Watermaster staff will determine if any adjustments (increase or decrease) to the Recharge Improvement Debt Payments are required. If the previous year’s Recharge Improvement Debt Payment assessment amount is higher than the actual previous year’s expenses, a decrease in the expense category will be processed for the current budget. If the previous year’s Recharge Improvement Debt Payment assessment amount is lower than the previous year’s actual expenses, an increase in the expense category will be processed.

4.17.8 Overproduction Replenishment Funds: As part of the Watermaster annual Assessment process, overproducers are charged an amount equal to their overproduction to replenish the supply of water. Watermaster will use these funds to purchase water whenever water is available. Watermaster will maintain a Replenishment Water Reserve for these funds. These funds will be maintained on a case by case, unit value basis for each overproducer. Any purchase of Replenishment Water made from these funds will offset the oldest overproduction first. After purchase of Replenishment Water, any excess funds will be returned on a case by case unit cost basis. When Replenishment Water is available, if the cost is greater than the amount on hand for that purchase, a “Special Assessment” or other authorized sources of funding to the applicable overproducer will be processed to fund the purchase of Replenishment

Water. Other authorized sources of funding may include pre-paid deposits, advanced payments or billing/invoice to individual parties from Watermaster.

4.17.9 Unanticipated Project/Programs: Watermaster currently does not maintain an Operating Cash Reserve for future or unanticipated Projects/Programs. If and when unanticipated Projects/Programs occur, a “Special Assessment” or other authorized sources of funding to the applicable parties will be processed to fund the unanticipated expenses. Other authorized sources of funding may include pre-paid deposits, advanced payments or billing/invoice to individual parties from Watermaster.

4.17.10 Return of Excess Cash Reserves: During the Assessment process, normally conducted in November, Watermaster staff will determine if any Excess Cash Reserves exist (excluding any amounts pertaining to the Recharge Improvement Debt Payments). If Excess Cash Reserves exist, these funds will be distributed to the parties as a credit on the Assessment invoice. The distribution of Excess Cash Reserves will be based upon the percentage of Total Assessment dollars paid by each party against the Total Assessments Paid. For example, if a party paid 3 percent of the Total Assessment dollars, they would receive a 3 percent portion of the available Excess Cash Reserve credit.



Chino Basin Watermaster

Determination of Excess Cash Reserves

(Draft)

June 30, 2025

Cash Balances

Petty Cash	\$ 500.00
BofA Checking Account	(383,791.94)
CLASS Account	11,685,864.87
LAIF Account (Including Fair Market Value Adj.)	<u>666,629.96</u>
	\$ 11,969,202.89
Less: Current Liabilities	
Accounts Payable	\$ (842,225.29)
Payroll Liabilities - Vacation/Sick/Comp	<u>(180,426.69)</u>
	\$ (1,022,651.98)
Net Cash Balance	<u>\$ 10,946,550.91</u>

Reserve Policy RequirementsRestricted Reserves:

Six (6) Months Working Capital - Reserve	\$ (6,008,864.69)
10% Judgment Admin - Reserve	(364,313.86)
15% OBMP and PE 1-9 - Reserve	<u>(890,369.67)</u>

Net Cash Balance Required per Policy**Restricted Funds**

<u>Pool Special Assessment Fund Balances:</u>	
Agricultural Pool Special Fund	\$ (881,506.50)
Non-Agricultural Pool - Legal Services	
Non-Agricultural Pool - Meeting Compensation	<u>\$ (2,375.00)</u>
	\$ (80,300.49)
Appropriative Pool - Held for Agricultural Pool - Legal Services	
Appropriative Pool - Held for Agricultural Pool - Mtg. Attendance Compensation	<u>\$ (225,597.51)</u>
Appropriative Pool - Held for Agricultural Pool - Special Project Funding	(18,319.65)
Appropriative Pool - Legal Services	(12,189.00)
Appropriative Pool - Consultant Services	<u>(224,223.23)</u>
	\$ (20,577.61)
Appropriative Pool - TOA Settlement Agreement Invoice (6/17/22) billed twice	<u>\$ (500,907.00)</u>
	\$ (1,462,713.99)
	(75,868.00)
<u>Groundwater Replenishment Funds Collected:</u>	
	<u>\$ (180,234.43)</u>

Reimbursements and Refunds Due at Assessment Invoicing:

Debt Service Refund - FY 2021/22	\$ (145,043.00)
Debt Service Refund - FY 2022/23	(18,441.00)
Debt Service Refund - FY 2024/25	<u>(24,700.00)</u>

Designated Funds

<u>Carryover Budget:</u>	
Administration	\$ (10,037.93)
OBMP	(34,994.00)
Engineering	<u>(508,838.00)</u>

Recharge Improvement Projects:

Jurupa Basin Berm & Trash Boom	\$ (358,000.00)
Jurupa Basin Ramp	(102,000.00)
Funds on Hold for Projects/Refund	<u>(200,000.00)</u>

Other:

Refund Reserve Used by AP for Ag Legal	\$ (102,557.12)
Refund Reserve Used by AP for Ag Legal included above	<u>102,557.12</u>

Net Cash in Excess/(Shortfall)**\$ 562,132.34****Effects of FY 25/26 Interim Assessments**

Draft FY 25/26 AP Assessment	\$ (11,229,256.80)
Less: Interim FY 25/26 AP Assessment billed	<u>6,507,052.68</u>
	\$ (4,722,204.12)
Draft FY 25/26 ONAP Assessment	\$ (329,490.33)
Less: Interim FY 25/26 ONAP Assessment billed	<u>176,833.53</u>
	\$ (152,656.80)

Net Cash in Excess/(Shortfall)**\$ (4,312,728.58)**

**Chino Basin Watermaster
Operating Cash Reserve Policy Requirements**

ATTACHMENT 3

	FY 2024/25 Approved Budget	FY 2025/26 Approved Budget	Reserve Policy %	Reserve Policy \$ Amount
Revenue				
Administration Revenue				
Local Agency Subsidies	191,070	195,850		
Admin Assessments-Appropriative Pool	9,521,030	11,131,623		
Admin Assessments-Non-Ag Pool	312,750	322,227		
Total Administration Revenue	10,024,850	11,649,699		
Other Revenue				
Interest Income	478,500	368,030		
Miscellaneous Income	-	-		
Total Other Revenue	478,500	368,030		
Total Revenue	10,503,350	12,017,729		
Expenses				
Judgment Administration Expense				
Judgment Administration Costs	721,010	910,511		
Administration Salary Costs	1,032,120	1,127,840		
Office Building Expense	234,470	228,535		
Office Supplies & Equip.	56,390	45,380		
Postage and Printing Costs	32,950	27,190		
Information Services	232,530	224,400		
WM Special Contract Services	111,460	103,950		
Watermaster Legal Services	414,060	346,011		
Insurance Expense	50,950	55,000		
Dues and Subscriptions	25,900	40,900		
Field Supplies & Equipment	3,200	3,900		
Travel and Transportation	104,960	35,600		
Conferences and Seminars	49,370	43,500		
Advisory Committee Expenses	134,130	111,785		
Watermaster Board Expenses	288,290	331,162		
Appropriative Pool Administration	125,500	147,036		
Agricultural Pool Administration	124,220	140,528		
Non-Agricultural Pool Administration	120,940	123,585		
Allocated Administration Expenses	(540,830)	(403,675)		
Total Judgment Administration Expenses	3,321,620	3,643,139	10%	364,313.9
OBMP Expenses & Program Elements 1-9				
Optimum Basin Mgmt Program	1,437,940	1,236,523	15%	185,478.40
Groundwater Quality Monitoring	-	4,500		
Groundwater Level Monitoring	585,050	500,880	15%	75,131.97
OBMP Pgm Element 2 - Comp Recharge	1,774,300	1,968,267	15%	295,240.06
OBMP Pgm Element 3 & 5 - Water Supply Plan	122,010	173,320	15%	25,997.93
OBMP Pgm Element 4 - Mgmt Zone Strategies	412,400	604,076	15%	90,611.36
OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	669,380	772,078	15%	115,811.69
OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	867,050	272,480	15%	40,872.03
Recharge Improvement Debt & Projects	772,770	2,438,793	0%	N/A
Allocated Administration Expenses - OBMP	232,750	139,094	15%	20,864.10
Allocated Administration Expenses - PE 1-9	308,080	264,581	15%	39,687.13
Total OBMP Program Elements 1-9	7,181,730	8,374,591		889,694.67
Total Expenses	10,503,350	12,017,729		6,008,865
Net Income/(Loss)	-	-		



Chino Basin Watermaster
Pool Special Assessment Fund Balance
June 30, 2025

ATTACHMENT 4

Fund Balance for Agricultural Pool Account 8467 - Legal Services (Held by AP)		Agricultural Pool Reserve Funds As shown on the Combining Schedules	
Beginning Balance July 1, 2024*:	\$ 388,647.51	Beginning Balance July 1, 2024*:	\$ 818,112.17
Reductions:		Additions:	
Invoices paid July 2024 - June 2025	(163,050.00)	YTD Interest earned on Ag Pool Funds FY 25	63,394.33
Subtotal Reductions:	<u>(163,050.00)</u>	Transfer of Funds from AP to Special Fund for Legal Service Invoices	163,050.00
Available Fund Balance as of June 30, 2025	\$ 225,597.51	Total Additions:	<u>226,444.33</u>
*Balance includes payments received totaling \$262,832.38 for Settlement Agreement outstanding invoices issued Apr. 15, 2022 and Jun. 17, 2022.		Reductions:	
		Legal service invoices paid July 2024 - June 2025	(163,050.00)
		Subtotal Reductions:	<u>(163,050.00)</u>
		Agricultural Pool Reserve Funds Balance as of June 30, 2025:	
		*Balance includes payments of \$102,245.10 and \$42,025.61 received in FY 24 for outstanding invoices issued Sep. 9, 2022 and Apr. 20, 2023 for Ag Pool legal services, respectively.	
Fund Balance For Agricultural Pool Account 8470 - Meeting Compensation (Held by AP)		Fund Balance For Agricultural Pool Account 8471 - Special Projects (Held by AP)	
Beginning Balance July 1, 2024:	\$ 17,694.65	Beginning Balance July 1, 2024:	\$ 51,643.00
Additions:		Reductions:	
Budget Transfers ¹	30,000.00	Invoices paid July 2024 - June 2025	(9,454.00)
Subtotal Additions:	<u>30,000.00</u>	Budget Transfers ¹	<u>(30,000.00)</u>
Reductions:		Subtotal Reductions:	<u>(39,454.00)</u>
Compensation paid July 2024 - June 2025	(29,375.00)	Available Fund Balance as of June 30, 2025	\$ 12,189.00
Subtotal Reductions:	<u>(29,375.00)</u>	1 Transfer scheduled in April 16, 2025 per communication with OAP legal counsel.	
Available Fund Balance as of June 30, 2025	\$ 18,319.65		
1 Transfer scheduled in April 16, 2025 per communication with OAP legal counsel.			
Fund Balance For Non-Agricultural Pool Account 8567 - Legal Services		Fund Balance For Appropriative Pool Account 8367 - Legal Services	
Beginning Balance July 1, 2024:	\$ 63,483.09	Beginning Balance July 1, 2024:	\$ (9,472.87)
Additions:		Additions:	
Interest Earnings	3,401.40	Interest Earnings	19,563.00
Payments received on ONAP Assessment invoices issued 11/26/24	<u>25,000.00</u>	Payments received on AP Assessment invoices issued 11/18/21	27,343.35
Subtotal Additions:	<u>28,401.40</u>	Payments received on AP Assessment invoices issued 4/21/22	39,013.34
Reductions:		Payments received on AP Assessment invoices issued 10/14/22	70,478.86
Invoices paid July 2024 - June 2025	(13,959.00)	Payments received on AP Assessment invoices issued 4/19/23	26,262.54
Subtotal Reductions:	<u>(13,959.00)</u>	Payments received on AP Assessment invoices issued 10/30/23	68,282.61
Available Fund Balance as of June 30, 2025	\$ 77,925.49	Payments received on AP Assessment invoices issued 11/26/24	67,701.53
		Payments received for appeal legal expenses 2/28/25	31,498.58
		Subtotal Additions:	<u>350,143.81</u>
		Reductions:	
		Invoices paid July 2024 - June 2025	(116,447.71)
		Subtotal Reductions:	<u>(116,447.71)</u>
		Available Fund Balance as of June 30, 2025	\$ 224,223.23
Fund Balance For Non-Agricultural Pool Account 8511 - Meeting Compensation		Fund Balance For Appropriative Pool Account 8368 - Tom Harder Contract	
Beginning Balance July 1, 2024:	\$ 2,250.00	Beginning Balance July 1, 2024:	\$ 20,577.61
Additions:		Additions:	
Payments received on ONAP Assessment invoices issued 11/26/24	<u>6,000.00</u>	Subtotal Additions:	<u>-</u>
Subtotal Additions:	<u>6,000.00</u>	Reductions:	
Reductions:		Invoices paid July 2024 - June 2025	<u>-</u>
Compensation paid July 2024 - June 2025	(5,875.00)	Subtotal Reductions:	<u>-</u>
Subtotal Reductions:	<u>(5,875.00)</u>	Available Fund Balance as of June 30, 2025	\$ 20,577.61
Available Fund Balance as of June 30, 2025	\$ 2,375.00		



**Chino Basin Watermaster
Carryover Budget Detail
Fiscal Year 2025/26**

ATTACHMENT 5

Description	Amount	Account	Fiscal Year	Type
Other Office Equipment - Boardroom Upgrades	\$ 10,037.93	6038	FY 2020/21	ADMIN
Subtotal	\$ 10,037.93			
Meter Installation - New Meter Installation, Calibration and Testing	\$ 34,994.00	7540	FY 2018/19	OBMP
Subtotal	\$ 34,994.00			
Agriculture Production and Estimation	\$ 4,344.00	5925	FY 2024/25	ENG
Support for Implementation of Improved Data Collection and Management Process	10,000.00	5965	FY 2024/25	ENG
Watermaster Model Application and Required Demonstrations	59,443.00	6906.1	FY 2024/25	ENG
Groundwater Level Monitoring Program	15,800.00	7104.3	FY 2024/25	ENG
Comprehensive Recharge Program	55,000.00	7202.2	FY 2024/25	ENG
PBHSP Monitoring Program- 50% IEUA Cost Share	9,100.00	7302	FY 2024/25	ENG
PE4/MZ-1: Subsidence Management Plan for Northwest MZ-1	124,788.00	7402.1	FY 2024/25	ENG
Groundwater Quality Monitoring and Reporting Program and as-needed Consulting	41,400.00	7502	FY 2024/25	ENG
Implementation of Chino Creek Monitoring Program - IEUA Cost Share	20,000.00	7517	FY 2024/25	ENG
Support Implementation of the Safe Yield Court Order	168,963.00	7614	FY 2024/25	ENG
Subtotal	\$ 508,838.00			
Balance at 7/31/25	\$ 553,869.93			



CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91730
909.484.3888 www.cbwm.org

STAFF REPORT

DATE: February 19, 2026

TO: Advisory Committee Members

SUBJECT: San Gabriel Band of Mission Indians Request for Intervention into Appropriative Pool (Business Item II.B.)

Issue: On January 11, 2026, Watermaster received a request for intervention into the Appropriative Pool from San Gabriel Band of Mission Indians led by the Gabrieleno Tongva Tribal Council. [Within WM Duties and Powers]

Recommendation: Recommend Watermaster filing the request for intervention with the Court.

Financial Impact: None.

ACTIONS:

Appropriative Pool – February 12, 2026 [Final]: Provided advice and assistance.

Non-Agricultural Pool – February 12, 2026 [Final]: Provided advice and assistance.

Agricultural Pool – February 12, 2026 [Final]: Provided advice and assistance.

Advisory Committee – February 19, 2026 [Recommended]: Advice and assistance.

Watermaster Board – February 26, 2026 [Recommended]: Approval.

BACKGROUND

By letter dated January 11, 2026, the San Gabriel Band of Mission Indians led by the Gabrieleno Tongva Tribal Council— not a party to the Judgment – submitted a request to intervene into the Appropriative Pool for the purpose of accepting a transfer¹ of stored water from NCL Co, LLC. If and when this intervention request is approved by Watermaster Board and then filed with the Court, the water transaction will then be noticed and presented through the standard approval process.

Interventions into the Chino Basin Judgment are governed by paragraph 60 of the Restated Judgment: “Any non-party assignee of the adjudicated appropriative rights of any appropriator, or any other person newly proposing to produce water from the Chino Basin, may become a party to this Judgment upon filing a petition in intervention. Said intervention must be confirmed by order of [the] Court. Such intervenor shall thereafter be a party bound by [the] Judgment and entitled to the rights and privileges accorded under the Physical Solution herein, through the pool to which the Court shall assign such intervenor.”

Watermaster’s practice has been to accept intervention requests informally by way of a letter and then process the request through the Pool Committees, Advisory Committee, and ultimately present to the Watermaster Board for its approval. After this internal process, the request for intervention is then filed with the Court for approval along with Watermaster’s recommendation as to its disposition.

The Restated Judgment provides that Parties changing the character of their use or new parties intervening into the Restated Judgment will be assigned to the proper Pool by the order of the Court authorizing such intervention (Restated Judgment, ¶43). It further provides that a producer is assigned to the Appropriative Pool if it is an owner of appropriative rights (Restated Judgment, ¶43(c)).

The Appropriative Pool Pooling Plan, Exhibit “H” to the Restated Judgment, describes the membership of the Appropriative Pool at the time of the Judgment as including “Any city, district or other public entity and public utility – either regulated under Public Utilities Commission jurisdiction, or exempt therefrom as a non-profit mutual water company (other than those assigned to the Overlying (Agricultural) Pool)” (Restated Judgment, Exhibit “H”, §1). Since the time of the Judgment’s entrance, at least five non-purveyor entities have previously intervened and been assigned by the Court – consistent with Watermaster’s recommendation – to the Appropriative Pool: Arrowhead Mountain Springs Water Company in 1993, Nicholson Trust in 2001 or 2002, Niagara Bottling, LLC in 2003, CalMat Co. and NCL Co, LLC in 2017, and each of these entities remains a member of the Appropriative Pool to this day. Similar to this intervention, none of these entities own any Appropriative rights except for Nicholson Family Trust where it was the recipient of a portion of the former rights of Fontana Union Water Company, and NCL Co, LLC where it was the recipient of stored water that arose under an Appropriative Right.

DISCUSSION

San Gabriel Band of Mission Indians has requested to be intervened into the Appropriative Pool for the purpose of accepting the transfer of 4 acre-feet of stored water from NCL, Co LLC. NCL, Co LLC holds this water under a valid Local Excess Carry Over storage agreement after receiving it from CalMat Co. (Appropriative), who received it from San Antonio Water Company as one of its shareholders. If the intervention and later water transaction is approved, NCL will have no water in storage remaining.

San Gabriel Band of Mission Indians intends to be a member of the Appropriative Pool to receive and exercise Appropriative rights. To the extent that it does not produce the water it receives from CalMat Co. (Appropriative), it would then be required to initiate a Storage Agreement with Watermaster. Watermaster staff interprets the language of the Appropriative Pool Pooling Plan (Exhibit H, §1) referenced above as a description of the members of the Pool at the time of the Judgment, and not a limit to membership in the Pool to water purveyors. Furthermore, given the prior intervention of non-purveyor entities into the

¹ Consolidated Forms 3, 4 & 5 for this water transfer were simultaneously submitted, but the transfer is not being presented for consideration at this time.

Appropriative Pool for similar purposes, Watermaster staff believes intervention by San Gabriel Band of Mission Indians into the Appropriative Pool to be appropriate in this instance. On this basis, Watermaster staff recommends the approval of the request for intervention.

On February 12, 2026, the intervention request was presented to the Pool Committees for consideration. The Appropriative Pool Committee unanimously recommended that this item be deferred to next month to allow more time for the Committee to consider all the issues associated with the request; the Overlying (Non-Agricultural) Pool Committee unanimously recommended its representatives to support at the Advisory Committee and Watermaster Board meetings subject to changes they deem appropriate; the Overlying (Agricultural) Pool Committee unanimously recommended to defer this item until the Appropriative Pool Committee obtains additional information regarding the intervention request.

ATTACHMENT

1. January 11, 2026 Letter – Intervention into Chino Basin Watermaster

Date: 1/11/2026

Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730
Attn: Todd M. Corbin, General Manager

Subject: Intervention into Chino Basin Watermaster

Dear Mr. Corbin:

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

Number of wells: 1Permission is granted to obtain drilling logs from: YesLocation(s) of wells (including addresses, parcel numbers, and landmarks): 4711 Huntington Drive, Claremont, California 91763 (existing Calmat well)

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

Industrial**Property Owner (Well Owner) Information:**Name: Calmat Co.Address: 405 North Indian Hill Boulevard, Claremont, California 91711Phone: (909) 621-1266 Email: bbowcock@irmwater.com**Property Occupant (Well User) Information (if different from Owner):**Name: San Gabriel Band of Mission Indians Led by the Gabrieleno Tongva Tribal CouncilAddress: 203 East Mission Road, San Gabriel, Ca 91776Phone: (626) 483-3564 Email: chiefanthony@att.net**Representative Handling Intervention:**Name: Robert Bowcock Title: Resource ManagerAddress: 405 North Indian Hill Boulevard, Claremont, CA 91711Phone: (909) 621-1266 Email: bbowcock@irmwater.com

Sincerely

Signed:

Print name: Robert Bowcock



CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91730
909.484.3888 www.cbwm.org

STAFF REPORT

DATE: February 19, 2026

TO: Advisory Committee Members

SUBJECT: Review of the Requirements in the April 28, 2017 Court Order Regarding the Reset of Safe Yield (Business Item II.C.)

Issue: To review and discuss the requirements in the April 28, 2017 court order regarding the reset of Safe Yield. [Within WM Duties and Powers]

Recommendation: Provide advice and assistance to the Watermaster Board.

Financial Impact: None

ACTIONS:

Advisory Committee – February 19, 2026 [Recommended]: Advice and assistance.
Watermaster Board – February 26, 2026 [Recommended]: Advice and assistance

BACKGROUND

At the January 15, 2026 Advisory Committee Meeting, an item considering a budget amendment to fund the recommendations of the peer review consultant for refinements to the Chino Valley Model in conjunction with the 2025 Safe Yield technical work was discussed. The Advisory Committee approved the budget amendment. Included in the motion for approval was a request of the Watermaster Board to review and discuss, at its February Board Workshop, the interpretation of the sections of the 2017 court order which apply to the 2025 Safe Yield Reevaluation technical analysis. The item is presented to both the Advisory Committee and the Watermaster Board this month for discussion.

The 2017 court order is a 75-page document evaluating a proposed Safe Yield Reset Agreement with the purpose of resetting the safe yield of the basin effective July 1, 2010. Judge Reichert ruled against the order, as presented, and detailed eight elements to be followed which can be found in Section II.A of the order.

4.1 Safe Yield Reset – “...effective July 1, 2010 and continuing until June 30, 2020, the Safe Yield for the Basin is reset at 135,000 AFY.”

4.2 Schedule Reset – “Watermaster will initiate a process to evaluate and reset the Safe Yield by July 1, 2020 as further provided in this order. Subject to the provisions of Paragraph 4.3 below, the Safe Yield, as it is reset effective July 1, 2020 will continue until June 30, 2030.”

4.3 Interim Correction - “In addition to the scheduled reset set forth in Paragraph 4.2 above, the Safe Yield may be reset in the event that, with the recommendation and advice of the Pools and Advisory Committee and in the exercise of prudent management discretion described in Paragraph 4.5(c), 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.”

4.4 Safe Yield Reset Methodology – “The Safe Yield has been reset effective July 1, 2010 and 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.”

4.5 Annual Data Collection and Evaluation – This paragraph includes the following Watermaster responsibilities: (a) to ensure all production by parties is “metered, reported and reflected in Watermaster’s approved Assessment Packages;” (b) to collect data concerning cultural conditions on annual basis; (c) to evaluate the potential need for “prudent management discretion to avoid or mitigate undesirable results...” (d) to “develop a budget for the annual data collection, data evaluation and any scheduled modeling efforts...”

4.6 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.”

4.7 Peer Review – “The Pools shall be provided with reasonable opportunity, no less frequently than annually, for peer review of the collection of data and application of the data collected in regard to the activities described in Paragraphs 4.4, 4.5, and 4.6 above.”

4.8 No Retroactive Accounting – The safe yield reset shall be effective as of July 1, 2010. Watermaster will not change prior accounting of the prior allocation of Safe Yield and Operating Safe Yield for production years prior to July 1, 2014.

The Advisory Committee comments and questions posed at its January 15, 2026 meeting focused on the Watermaster requirements once the technical analysis of the safe yield reevaluation is completed. Paragraph 4.3 – *Interim Correction* is a central reference of the court’s requirements.

DISCUSSION

The Watermaster responsibilities for the reevaluation of Safe Yield stems from a number of the requirements in the 2017 court order.

First, in compliance with Paragraph 4.6, the requirement to update the model began in 2024. While the initial work to update the model was completed by June 2025, Watermaster, through the direction of the Board, continued the work to include an independent peer review of the model (Paragraph 4.7) and an additional task order to refine the model based on the recommendations of the peer review consultant. These final refinements will result in the completion of the update to the model by June 2026.

Second, Paragraph 4.6 also states a “model evaluation of Safe Yield” shall take place. This requirement was also addressed in the same task order to update the model. A draft Safe Yield Reevaluation Report was completed in October 2025 and will be updated with final comments once the final refinements to the model are completed and evaluated. The Pools, Advisory Committee and Watermaster Board have agreed with the process taken to update the model and evaluate its results as a requirement of Paragraph 4.6.

Third, in compliance with Paragraph 4.5, the requirement is to ensure all production is measured, collected annually, and evaluated for the potential emergence of undesirable results. The requirement to evaluate basin conditions was satisfied in conjunction with the actions taken to satisfy Paragraph 4.6 as described above.

Once the technical work is completed and the model is updated and its results are evaluated, Paragraph 4.3 must be considered since the work is for a mid-cycle evaluation. As stated in Paragraph 4.3, in addition to the scheduled reset in 2020, “the Safe Yield may be reset in the event that, with the recommendation and advice of the Pools and Advisory Committee and in the exercise of prudent management discretion described in Paragraph 4.5(c), 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.” Based upon the initial draft Tentative Safe Yield of 117,500 acre-feet per year (AFY), the net change from the current 131,000 AFY is 13,500 AFY or 10.31% which exceeds the threshold in Paragraph 4.3. There is a requirement in the 2020 Safe Yield Reset that the Safe Yield *must* be reset if a change of 2.5% in Safe Yield is the result of the new State Water Resources Control Board’s water conservation ordinance, however, this is not the case with regard to the 2025 evaluation.

An important question to discuss is what factors the stakeholders determine to be the most important in consideration of exercising “prudent management discretion.” This feedback is valuable to share with the Watermaster Board as they prepare to consider the results of the Safe Yield Reevaluation Report in the coming months.

Because elements of the 2017 court order relate to the roles of the Advisory Committee, and the Watermaster Board, the requirements are presented to both for awareness, discussion, feedback, advice and assistance with no formal action to be taken at this time.

ATTACHMENT

1. April 28, 2017 Court Order

Fee Exempt

1 SCOTT S. SLATER (State Bar No. 117317)
2 BRADLEY J. HERREMA (State Bar No. 228976)
3 **BROWNSTEIN HYATT FARBER SCHRECK, LLP**
4 1020 State Street
Santa Barbara, CA 93101-2711
Telephone: 805.963.7000
Facsimile: 805.965.4333

5 Attorneys for
CHINO BASIN WATERMASTER

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF SAN BERNARDINO

1 CHINO BASIN MUNICIPAL WATER DISTRICT,

Case No. RCV 51010

[Assigned for All Purposes to the
Honorable Stanford E. Reichert]

**NOTICE OF RULINGS AFTER HEARING
ON WATERMASTER'S MOTION
REGARDING 2015 SAFE YIELD RESET
AGREEMENT, AMENDMENT OF
RESTATED JUDGMENT, PARAGRAPH 6**

DATE: April 28, 2017
TIME: 1:30 p.m.
DEPT.: S35

TO ALL PARTIES AND TO THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that, on April 28, 2017 at 1:30 p.m. in Department S35 of the above-entitled Court, the Honorable Stanford E. Reichert conducted a hearing and issued its Additional/Final Further Revised Proposed Order Re SYRA and Additional/Final Rulings and Order for Oral Argument, a copy of which is attached hereto as Exhibit 1, and its ORDERS for Watermaster's Motion Regarding 2015 Safe Yield Reset Agreement, Amendment of Restated Judgment. Paragraph 6, a copy of the Orders is attached hereto as Exhibit 2.

The Court additionally granted each of Watermaster's October 28, 2016 Motion for Court

1 Approval of Temporary Substitute Rate for Physical Solution Transfers Under Exhibit "G" to the
2 Judgment, Watermaster's December 12, 2016 Request for Court to Receive and File 38th
3 Watermaster Annual Report, and Watermaster's March 24, 2017 Request for Court to Receive
4 and File Watermaster Semi-Annual OBMP Status Reports.

5 Dated: April 28, 2017

6 BROWNSTEIN HYATT FARBER
7 SCHRECK, LLP

8 By: 

9 SCOTT S. SLATER
10 BRADLEY J. HERREMA
11 ATTORNEYS FOR
12 CHINO BASIN WATERMASTER

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FILED
SUPERIOR COURT
COUNTY OF SAN BERNARDINO
SAN BERNARDINO DISTRICT
APR 28 2017
BY 
Tiffany Kretzmeier, 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
} ORDERS for Watermaster's Motion Regarding 2015 Safe Yield Reset Agreement, Amendment of Restated Judgement, Paragraph 6
} Date: April 28, 2017
} Time: 1:30 PM
} Department: S35

Watermaster's Motion Regarding 2015 Safe Yield Reset Agreement, Amendment of Restated Judgment, Paragraph 6, joined by The Chino Basin Overlying (Agricultural) Pool Committee and The Inland Empire Utilities Agency ("IEUA") and opposed by Jurupa Community Services District ("JCSO") and the City of Chino ("Chino") is granted in part and denied in part for the reasons set forth herein. The court grants the motion with respect to amending the restated judgment to reset the Safe Yield of the basin to 135,000 AFY.

However, the court denies all other parts of SYRA including the motions to amend the schedule for access to Re-Operation Water and. The court denies the motion to institute Safe Storage Management Measures. The court makes additional orders regarding priorities and with respect to access for Re-Operation Desalter

1 water as set forth herein.

2 Additionally, the court orders that the Safe Yield reset to 135,000 AFY is an
3 event that requires a “recalculation” with the definition of Judgment, Exhibit “H”
4 ¶10.

5

6 REQUEST FOR JUDICIAL NOTICE

7 The court grants requests for judicial notice of JCSD as follows:

- 8 1. Restated Judgment (“Judgment”) in case number RCV 51010.
- 9 2. Implementation Plan Optimum Basin Management Program for the Chino Basin
10 (“OBMP Implementation Plan”).
- 11 3. Chino Basin Watermaster Rules and Regulations (“Rules and Regulations”).
- 12 4. 2015 Safe Yield Reset Agreement (“SYRA”).
- 13 5. Order Concerning Motion for Approval of Peace II Documents (“2007 Order”)
14 in case number RCV 51010.
- 15 6. 2000 Peace Agreement Chino Basin (“Peace I Agreement” or “Peace I”).
- 16 7. Watermaster Compliance with Condition Subsequent Number Eight: Proposed
17 Order Submitted Concurrently.
- 18 8. Peace II Agreement: party support for Watermaster’s OBMP Implementation
19 Plan, Settlement and Release of Claims Regarding Future Desalters (“Peace II
20 Agreement” or “Peace II”).

21

22 JOINDERS AND FILINGS

23 A. Watermaster's motion regarding 2015 Safe Yield Reset Agreement,
24 amendment of restated Judgement, Paragraph 6.

25 1. City of Chino's objections to declaration of Kavounas submitted with
26 Watermaster's Motion regarding 2015 Safe Yield Reset Agreement, Amendment of
27 Restated Judgment, Paragraph 6

28 Rulings in separate document.

1 2. City of Chino's objections to declaration of Wildermuth submitted with
2 Watermaster's Motion regarding 2015 Safe Yield Reset Agreement, Amendment of
3 Restated Judgment, Paragraph 6

4 Rulings in separate document.

5 B. The following parties joined in Watermaster's motion:

- 6 1. Overlying (Agricultural) Pool
- 7 2. Inland Empire Utilities Agency

8 C. Oppositions to Watermaster's motion

- 9 1. City of Chino with supporting documents
 - 10 a) Declaration of Robert Shibatani, physical hydrologist
 - 11 b) Declaration of David Crosley, civil engineer, water and environmental
12 manager for City of Chino
- 13 2. Jurupa Community Services District (JCSD) with supporting documents
 - 14 a) Request for judicial notice identified above
 - 15 b) Declaration of Todd Corbin, general manager of JCSD
 - 16 c) Declaration of Robert Donlan, attorney

17 D. Watermaster's reply to oppositions to motion regarding 2015 Safe Yield Reset
18 Agreement, amendment of Restate Judgement, Paragraph 6

- 19 1. Supplemental declaration of Kavounas
 - 20 a) City of Chino's objections Kavounas supplemental declaration in
21 support of Watermaster's reply the Chino opposition
 - 22 b) Watermaster's Response to City of Chino's objections to supplemental
23 declaration of Peter Kavounas in support of Watermaster's reply to
24 Chino's Opposition to Motion regarding 2015 Safe Yield Reset
25 Agreement, Amendment of Restated Judgment, Paragraph 6

26 I) Motion to strike denied. The court finds that the declaration did not
27 raise new issues.

28 II) All objections overruled.

1 2. Supplemental declaration of Wildermuth

2 a) City of Chino's objections to Wildermuth supplemental declaration in

3 support of Watermaster's reply to Chino opposition.

4 b) Watermaster's Response to City of Chino's objections to supplemental

5 declaration of Mark Wildermuth in support of Watermaster's reply to

6 Chino's Opposition to Motion regarding 2015 Safe Yield Reset

7 Agreement, Amendment of Restated Judgment, Paragraph 6.

8 I) Motion to strike denied. The court finds that the declaration did not

9 raise new issues.

10 II) All objections overruled.

11 3. Declaration of Danielle Maurizio, assistant general manager of Chino

12 Basin

13 a) City of Chino's objections to supplemental declaration of Danielle D.

14 Maurizio in support of Watermaster's reply to chino opposition

15 b) Watermaster's Response to City of Chino's objections to supplemental

16 declaration of Danielle E. Maurizio in support of Watermaster's reply to

17 Chino's Opposition to Motion regarding 2015 Safe Yield Reset

18 Agreement, Amendment of Restated Judgment, Paragraph 6

19 I) Motion to strike denied. The court finds that the declaration did not

20 raise new issues.

21 II) All objections overruled.

22 4. Joinders in Watermaster's reply to oppositions

23 a) Overlying (Agricultural) Pool

24 b) City of Pomona and (in one pleading document)

25 I) City of Upland

26 II) Monte Vista Water District

27 III) Cucamonga Valley Water District

28 IV) Fontana Union Water Company

1 E. In an order Dated March 22, 2016, the court served the parties with questions
2 and a request for further briefing in response to the questions. The responses were
3 as follows:

- 4 1. Jurupa Community Services District response to Judge Reichert's
5 request for clarification filed April 1, 2016.
- 6 2. City of Chino's responses to Judge Reichert's questions, filed April 1,
7 2016.
- 8 3. Watermaster's response to order for additional briefing filed April 1,
9 2016.
- 10 a) Chino's reply to Watermaster's response to order for additional briefing,
11 filed April 11, 2016.
- 12 b) Jurupa Community Services District's additional response to Judge
13 Reichert's request for clarification, filed April 11, 2016
- 14 4. Watermaster's further response to order for additional briefing, filed
15 April 11, 2016

16 F. At the hearing on February 22, 2017, the court ordered that the parties may
17 file questions regarding the court's tentative draft order, and the court set a briefing
18 schedule. In response, the court received the following:

- 19 1. Filed March 10, 2017-Chino Basin Watermaster response to February
20 22, 2017 order
- 21 2. Filed March 10, 2017-City of Chino's response to issue in section II of
22 Judge Reichert's revised proposed order re SYRA
- 23 3. Filed March 10, 2017-Responding AP members (Monte Vista Water
24 District, Cucamonga Valley Water District, City of Pomona, and City of Upland)
25 filed March 10, 2017
- 26 4. Filed March 24, 2017-Chino Basin Watermaster further response to
27 February 22, 2017 order
- 28 5. Filed March 24, 2017-City of Chino's response to court authorized

1 further briefing re revised tentative order re Watermaster's motion re 2015 Safe Yield
2 reset Agreement

3 6. Filed March 24, 2017-City of Chino's response to Chino Basin
4 Watermaster's response to February 22, 2017 order

5 7. Filed March 24, 2017-City of Ontario's response regarding issue for
6 further briefing

7 8. Filed March 24, 2017-Jurupa Community Services District opposition
8 to Monte Vista Water District's response to court's February 22, 2017 order re SYRA
9 and response to questions [joins in the opposition filed by the City of Ontario]

10 9. Filed March 24, 2017-Responding AP members response to both
11 Watermaster and City of Chino's further briefing re revised tentative order re
12 Watermaster's motion re 2015 Safe Yield Reset Agreement

13 10. Filed April 4, 2017-errata to City of Chino's response to Chino Basin
14 Watermaster's response to February 22, 2017 order

15 11. Filed April 7, 2017-Chino Basin Watermaster further response to
16 February 22, 2017 order

17 12. Filed April 7, 2017-City of Chino's reply to responses of Watermaster,
18 AP Members, Ontario and Jurupa

19 13. Filed April 7, 2017-Jurupa Community Services District's limited reply
20 to City of Chino's response to Chino Basin Watermaster's response to February 22,
21 2017 order, dated March 24, 2017

22 14. Filed April 7, 2017-Responding AP Members reply to opposition briefs
23 re revised tentative order re Watermaster's motion re 2015 Safe Yield Reset
24 Agreement

25 15. Filed April 27, 2017, request by Chino basin desalter authority member
26 agencies regarding desalter pumping

1 **SEPTEMBER 23, 2016, HEARING AND ADDITIONAL BRIEFING**

2 After extensive briefing and consideration, on September 23, 2016, the court
3 held a hearing on the 2015 SYRA and related motions. Before the hearing, the court
4 had issued a lengthy (over 60 pages) proposed order. At the hearing on September
5 23, there was extensive oral argument, and the court concluded that some aspects of
6 the court's proposed order were confusing or erroneous. Therefore, the ordered that
7 there be even further briefing, and the court ordered additional briefing through
8 questions by the parties about the proposed order. In its order entitled "Revised
9 Proposed Order Re SYRA in Response to Questions: Issues for Further Briefing,"
10 and the current order, the court addressed the parties' questions.

11

12

13 **I. INTRODUCTION, DEFINITIONS, BACKGROUND**

14 A. The 1978 judgment in *Chino Basin Municipal Water District v. City of Chino* (San
15 Bernardino Superior Court Case No. 51010) set the Safe Yield of the Chino Basin at
16 140,000 acre-feet per year (AFY), but reserved continuing jurisdiction to the court to
17 amend the Judgment, *inter alia*, to redetermine the Safe Yield after the first 10 years
18 of operation of the Physical Solution established under the Judgment. The Physical
19 Solution identified three groups of parties (Pools) with water interests in the Chino
20 Basin, and set forth their allocations as follows:

21 Pool	22 Allocation	23 Acre-feet Yearly Allocation
24 Overlying (Agricultural)	25 414,000 acre-feet in any five (5) consecutive years [note: 26 $414,000 \div 5 = 82,800$ per year]	27 82,800
28 Overlying (Non-agricultural)	29 7,366 acre-feet	30 7,366

1	Pool**		
2	Appropriative	49,834 acre-feet	49,834
3	Pool***		
4		Yearly total allocation	140,000

5 *The members of this pool included dairy farms.

6 **The members of this pool include businesses which use water in their production
7 processes.

8 ***The members of this pool include cities and water companies. They
9 “appropriate” the water by pumping and selling it.

10 Over the course of the Court-Approved Management Agreements (set forth in
11 the next section), the court allowed up to 600,000 AF of water to be
12 produced/pumped out of the Chino Basin without any replenishment obligation.
13 “While the parties are not limited in the quantities of water they may produce, the
14 Judgment requires that beyond the permitted Controlled Overdraft comprising an
15 initial 200,000 AF and an additional 400,000 AF of Re-operation water (Restated
16 Judgment, Exhibit “I”, ¶¶ 2.(b), 3.(a)), there must be a bucket for bucket
17 replenishment [and associated cost to the producer/pumper] to offset production in
18 excess of the Basin’s Safe Yield. (Restated Judgment, ¶¶ 13, 42).” (Watermaster’s
19 Response to Questions for Clarification in Final Orders for Watermaster’s Motion
20 Regarding 2015 Safe Yield Reset Agreement, Amendment of Restated Judgment,
21 Paragraph 6, page 2, line 23 to page 3, line 4, filed October 28, 2016.)

22 The court notes that this total “controlled overdraft” i.e., pumping without
23 replenishment cost, (aka “Re-Operation Water”) of 600,000 AF has just about been
24 exhausted.

25 This motion is the first time the court has redetermined the Safe Yield since
26 the Judgment was entered in 1978.

27
28 B. Since the entry of the judgment, the court has previously approved agreements to

1 implement the Physical Solution (“Court Approved Management Agreements” aka
2 “CAMA”). There is no dispute that the court has the authority and duty to
3 independently review the evidence de novo and determine whether proposals by
4 Watermaster or any party comply with the Judgment and the Court Approved
5 Management Agreements. (Restated Judgment ¶31(d).) The Court Approved
6 Management Agreements are:

7 1. The Chino Basin Peace Agreement (Peace I Agreement), dated June 29,
8 2000, as subsequently amended in September 2004 and December 2007.

9 a. In 2000 the parties executed Peace Agreement Chino Basin (Peace I
10 Agreement) and agreed to Watermaster’s adoption of the Optimum
11 Basin Management Plan (OBMP) Implementation Plan. At about the
12 same time, the court ordered Watermaster to proceed in a manner
13 consistent with Peace I and the OBMP, including Program Element 8
14 (Develop and Implement Groundwater Storage Management Program)
15 and Program Element 9 (Develop and Implement Storage and
16 Recovery Programs). The implementation plan acknowledged the need
17 to obtain better production data through the metering of non-exempt
18 production within the Basin. Program Elements 8 and 9 provided for
19 Watermaster to redetermine and reset the Basin’s Safe Yield in the year
20 2010/11. The basis of the redetermination and reset would be
21 production data derived from the collection of additional data regarding
22 the parties’ production (i.e., parties who pumped water out of the Basin)
23 within the basin during the 10-year period 2000/01 through 2009/10.
24 The study for redetermination and reset was not completed until 2015,
25 and the motion regarding determination and reset was not filed until
26 October 2015.

27 b. The Peace I Agreement introduced the installation of Desalters in the
28 southwest portion of the Basin. The Desalters pump ground water

1 from the aquifer and supply that water to water companies and other
2 users. By pumping water out of the aquifer, the Desalters also lowered
3 the ground water table to help obtain Hydrologic Control, i.e.,
4 preventing Chino Basin ground water from reaching the Santa Ana
5 River south of the Basin. The Santa Ana River is a major source of
6 water for Orange County, and water impurities and contaminants, some
7 of which came from the Chino Basin dairy farms (“salts”) were in the
8 groundwater flowing from the Basin into the Santa Ana River. The
9 Desalter capacity has now expanded to 40 MGD (40 million gallons per
10 day) as provided in the OBMP Implementation Plan to protect against a
11 decline in Safe Yield and for water quality benefits, but the court
12 reserved the question of how “Future Desalter” capacity would be
13 addressed. The Chino Basin Desalter Authority (CDA), which includes
14 the City of Chino, participated in the construction of the Desalters
15 which represented a substantial engineering and financial undertaking.
16 These Desalters were completed and fully operational in 2006.

17 2. The Peace II Measures (court approved on December 21, 2007).

18 a. In 2007, the parties entered into the Peace II Agreement. The objective
19 was to increase the Desalter capacity to 40 MGD to achieve the OBMP
20 Implementation Plan objectives. In order to do this, the parties
21 designed and financed an additional 10 million gallons per day (MGD)
22 of expanded Desalter capacity. The expansion of the Desalters to the
23 full plant capacity will be completed in 2017. With the completion of
24 this construction, Hydraulic Control will be achieved. Hydraulic
25 Control now means only a de minimus amount of groundwater will
26 flow from the Chino Basin south into the Santa Ana River. In fact, the
27 Desalters now have lowered the water table in the south end of the
28 Basin so that ground water is now flowing from the Santa Ana River

north into the Chino Basin. This is called Re-Operation water.

3. The Optimum Basin Management Plan (OBMP) Implementation Plan dated June 29, 2000, was supplemented in December 2007.

4. The Recharge Master Plan, dated 1998, was updated in 2010 and amended in 2013.

5. The Watermaster Rules and Regulations dated June 2000, as amended

6. The October 8, 2010 Order Approving Watermaster's Compliance with Condition Subsequent Number Eight and Approving Procedures to be used to Allocate Surplus Agricultural Pool Water in the Event of a Decline in Safe Yield.

7. Watermaster Resolution 2010-04 (“Resolution of the Chino Basin Watermaster regarding Implementation of the Peace II Agreement and the Phase III Desalter Expansion in Accordance with the December 21, 2007 Order of the San Bernardino Superior Court”).

C. Additional background for motion

1. At the September 24, 2015 Watermaster Board Meeting, the board adopted Resolution 2015-06: Resolution of the Chino Basin Watermaster regarding the 2015 Safe Yield Reset Agreement (SYRA).

2. Through a Facilitation and Non-Disclosure Agreement (FANDA), Watermaster attempted to obtain agreement as to all issues regarding Safe Yield redetermination and reset allocation. Those issues included not only a reset of the Safe Yield from 140,000 acre-feet per year to 135,000 acre-feet per year, but also Watermaster's accounting for reallocations related to Court Approved Management Agreements, and a method of allocations for water storage called the Safe Storage Management Agreements.

a) The FANDA process took place starting in November 2014, and through at least 30 meetings, by May 27, 2015, all but one of the then-active parties to the FANDA reached a non-binding agreement among

their negotiating representatives on certain key principles (apparently also called the “term sheet”) embodied in the Safe Yield Summary of Non-Binding Key Principles Derived from the Facilitated Process.

- b) The parties continued to negotiate, with a goal of reducing the Key Principles into a binding instrument for execution by September 1, 2015. That agreement is identified as the 2015 Safe Yield Reset Agreement (SYRA). The Appropriative Pool, the Overlying (Agricultural) Pool, and the Three Valleys Municipal Water District approved the 22-page agreement, as did many other parties. The City of Chino refused to sign the agreement.
- c) On September 24, 2015, the board at its regular meeting adopted resolution 2015-06, and previously – on September 17, 2015 – the advisory committee approved resolution 2015-06: “Resolution of Chino Basin Watermaster regarding 2015 Safe Yield Reset Agreement (SYRA).”
- d) Watermaster’s instant motion asks the court to address the issues covered in the SYRA as follows:
 - I) The reset of the Basin Safe Yield from 140,000 acre-foot per year (AFY) to 135,000 AFY pursuant to the Restated Judgment, the OBMP Implementation Plan, and Watermaster’s Rules and Regulations;
 - II) The manner in which Watermaster should account for various components of the recharge to the Basin implementing the Court-Approved Management Agreements; and
 - III) Establishment of Safe Storage Management Measures (SSMM) intended to ensure that withdrawals of groundwater from authorized storage accounts within the Basin are safe, sustainable, and will not cause Material Physical Injury or undesirable results.

1 D. SUMMARY RULNGS:

2 In its motion, Watermaster requests an order acknowledging the 2015 Safe
3 Yield Reset Agreement and ordering Watermaster to proceed in accordance with its
4 terms with respect to amending the restated judgment to reset the Safe Yield of the
5 Basin from 135,000 AFY to 135,000 AFY and amending the schedule for access to
6 Re-Operation water. For the reasons set forth herein, the court grants the motion
7 with respect to amending the restated judgment to reset the Safe Yield of the basin to
8 135,000 AFY. However, the court denies the rest of the motions including the motions
9 to amend the schedule for access to Re-operation water and the motion to institute
10 Safe Storage Management Measures. The court makes additional orders with respect
11 to Desalter water as set forth herein.

12

13 II. Severability of SYRA

14 Watermaster has questioned whether the court can sever SYRA and enforce
15 certain sections and not others. For the following reasons, except for the Safe Yield
16 reset itself, the court has concluded that it cannot enforce some of sections and not
17 others:

18 A. Watermaster itself has argued that SYRA is an integrated document which
19 cannot be divided.

20 1. Watermaster's "Response to Questions for Clarification, etc." filed
21 October 28, 2016, states: "the SYRA is the product of the Facilitation and Non-
22 Disclosure Agreement (FANDA) process, during which the parties to that agreement
23 comprehensively settled and compromised their disagreements, so as to enable
24 Watermaster to implement the CAMA's through and following the reset of Safe
25 Yield."

26 a) The court does not find a basis for this characterization. *Most* of the
27 parties settled and compromised their disagreements, but not all,
28 notably the city of Chino and Jurupa Community Services District.

1 2. Watermaster further argues that approving “some, but not all, of
2 SYRA’s provisions can materially advantage one party over another, in that the full
3 benefit of the parties intended settlement and compromise is not achieved, as one or
4 more parties may be denied the consideration for which it bargained.”

5 a) For the reasons set forth below, the court refuses to adopt SYRA in
6 whole. Following Watermaster’s own all-or-nothing argument, the
7 court must conclude that not only is there no legal basis to enforce part
8 of SYRA, but also that it is fundamentally unfair to the parties to
9 enforce portions of SYRA for which the parties did not bargain.

10 3. However, the court concludes there is a qualitative difference between
11 the safe yield reset and the balance of SYRA.

12 a) The request to reduce the Safe Yield to 135,000 AFY is a legal
13 determination for the court.

14 b) The request to reduce Safe Yield is based on the Reset Technical
15 Memorandum report and model. That memorandum has nothing to do
16 with interactions, bargaining, or allocations among the parties.

17 I) There ample technical and scientific support for the reset in the
18 Technical Memorandum and the 2013 Chino Basin Groundwater
19 Model Update and Recalculation of Safe Yield Pursant to the Peace
20 Agreement prepared by Wildermuth Environmental, Inc. dated
21 October 2015.

22 c) The request to reduce Safe Yield is in response to the court order itself
23 to evaluate the yield every 10 years

24 I) Although the study should have been done in 2010, at least it was
25 completed in 2015.

26 II) None of the other aspects of SYRA were pursuant to a court order.

27 III) The safe yield reset is a legal determination for the court. There
28 is no “bargained-for exchange” for the court to consider.

d) Therefore for these reasons and those set forth in section III below III the court adopts the following provisions of Article 4-SAFE YIELD RESET TO 135,000 AFY of the SYRA AND ORDERS AS FOLLOWS:

5 4.1 Safe Yield Reset. Consistent with the prior orders of the Court pursuant to its
6 continuing jurisdiction, effective July 1, 2010 and continuing until June 30, 2020, the
7 Safe Yield for the Basin is reset at 135,000 AFY. For all purposes arising under the
8 Judgment, the Peace Agreements and the OBMP Implementation Plan, the Safe
9 Yield shall be 135,000 AFY, without exception, unless and until Safe Yield is reset in
10 accordance with the procedures set forth in this order, and determined by the Court
11 pursuant to its retained continuing jurisdiction.

13 4.2 Scheduled Reset. Watermaster will initiate a process to evaluate and reset the
14 Safe Yield by July 1, 2020 as further provided in this order. Subject to the provisions
15 of Paragraph 4.3 below, the Safe Yield, as it is reset effective July 1, 2020 will
16 continue until June 30, 2030. Watermaster will initiate the reset process no later than
17 January 1, 2019, in order to ensure that the Safe Yield, as reset, may be approved by
18 the court no later than June 30, 2020. Consistent with the provisions of the OBMP
19 Implementation Plan, thereafter Watermaster will conduct a Safe Yield evaluation
20 and reset process no less frequently than every ten years. This Paragraph is deemed
21 to satisfy Watermaster's obligation, under Paragraph 3.(b) of Exhibit "I" to the
22 Restated Judgment, to provide notice of a potential change in Operating Safe Yield.

24 4.3 Interim Correction. In addition to the scheduled reset set forth in Paragraph
25 4.2 above, the Safe Yield may be reset in the event that, with the recommendation
26 and advice of the Pools and Advisory Committee and in the exercise of prudent
27 management discretion described in Paragraph 4.5(c), below, Watermaster
28 recommends to the court that the Safe Yield must be changed by an amount greater

1 (more or less) than 2.5% of the then-effective Safe Yield.

2

3 4.4 Safe Yield Reset Methodology. The Safe Yield has been reset effective July 1,

4 2010 and shall be subsequently evaluated pursuant to the methodology set forth in

5 the Reset Technical Memorandum. The reset will rely upon long-term hydrology and

6 will include data from 1921 to the date of the reset evaluation. The long-term

7 hydrology will be continuously expanded to account for new data from each year,

8 through July 2030, as it becomes available. This methodology will thereby account

9 for short-term climatic variations, wet and dry. Based on the best information

10 practicably available to Watermaster, the Reset Technical Memorandum sets forth a

11 prudent and reasonable professional methodology to evaluate the then prevailing

12 Safe Yield in a manner consistent with the Judgment, the Peace Agreements, and the

13 OBMP Implementation Plan. In furtherance of the goal of maximizing the

14 beneficial use of the waters of the Chino Basin, Watermaster, with the

15 recommendation and advice of the Pools and Advisory Committee, may supplement

16 the Reset Technical Memorandum's methodology to incorporate future advances in

17 best management practices and hydrologic science as they evolve over the term of

18 this order.

19

20 4.5 Annual Data Collection and Evaluation. In support of its obligations to

21 undertake the reset in accordance with the Reset Technical Memorandum and this

22 order, Watermaster shall annually undertake the following actions:

23 (a) Ensure that, unless a Party to the Judgment is excluded from reporting,

24 all production by all Parties to the Judgment is metered, reported, and reflected in

25 Watermaster's approved Assessment Packages;

26 (b) Collect data concerning cultural conditions annually with cultural

27 conditions including, but not limited to, land use, water use practices, production,

28 and facilities for the production, generation, storage, recharge, treatment, or

1 transmission of water;

2 (c) Evaluate the potential need for prudent management discretion to avoid
3 or mitigate undesirable results including, but not limited to, subsidence, water quality
4 degradation, and unreasonable pump lifts. Where the evaluation of available data
5 suggests that there has been or will be a material change from existing and projected
6 conditions or threatened undesirable results, then a more significant evaluation,
7 including modeling, as described in the Reset Technical Memorandum, will be
8 undertaken; and,

9 (d) As part of its regular budgeting process, develop a budget for the
10 annual data collection, data evaluation, and any scheduled modeling efforts, including
11 the methodology for the allocation of expenses among the Parties to the Judgment.
12 Such budget development shall be consistent with section 5.4(a) of the Peace
13 Agreement.

14
15 4.6 Modeling. Watermaster shall cause the Basin Model to be updated and a
16 model evaluation of Safe Yield, in a manner consistent with the Reset Technical
17 Memorandum, to be initiated no later than January 1, 2024, in order to ensure that
18 the same may be completed by June 30, 2025.

19
20 4.7 Peer Review. The Pools shall be provided with reasonable opportunity, no
21 less frequently than annually, for peer review of the collection of data and the
22 application of the data collected in regard to the activities described in Paragraphs
23 4.4, 4.5, and 4.6 above.

24
25 4.8 No Retroactive Accounting. Notwithstanding that the initial Safe Yield reset,
26 described in Paragraph 4.1 above, shall be effective as of July 1, 2010, Watermaster
27 will not, in any manner, including through the approval of its Assessment Packages,
28 seek to change prior accounting of the prior allocation of Safe Yield and Operating

1 Safe Yield among the Parties to the Judgment for production years prior to July 1,
2 2014.

3

4

5 **III. THE COURT FURTHER ORDERS AS FOLLOWS:**

6 A. The court amends the restated judgment ¶6 and sets the safe yield to 135,000
7 AFY for the following reasons:

8 1. The court accepts the findings and conclusions of Wildermuth for the
9 following reasons. Those conclusions are set forth in the reset Technical
10 Memorandum.

11 a) Wildermuth has been the authoritative resource for the parties and the
12 court during the pendency of the case for the last 15 years.

13 b) Wildermuth has performed a detailed analysis with substantiated facts
14 and findings in the reset technical memorandum, the supplemental
15 declaration of Mark Wildermuth in support of Watermaster's reply to
16 oppositions to the motion regarding 2015 Safe Yield Reset Agreement,
17 and the memo to restated judgment, paragraph 6 aka Wildermuth
18 supplemental declaration.

19 c) The court accepts the net recharge approach and calculations set forth
20 in the Wildermuth report.

21 d) The Wildermuth report gives the most comprehensive analysis and
22 credible evaluation of the historic condition of the Basin.

23 e) The court does not accept the conclusions of Robert Shibatani for the
24 following reasons:

25 I) Shibatani recognizes that the net recharge calculation is a legitimate
26 approach to a determination of Safe Yield.

27 II) The Shibatani approach is unnecessarily quantitative. The Wildermuth
28 analysis allows for the definitions required for the analysis of the Chino

1 Basin, including cultural conditions and undesirable results.

2 III) Wildermuth has considered the effects of climate change of
3 Basin precipitation. The court accepts Wildermuth's conclusion that
4 there are not any better predictive modeling scenarios generally available
5 at this time accurately calibrated to the historical rainfall and are
6 therefore not reliable as a predictive tool.

7 2. The Restated Judgment's definition of Safe Yield includes the
8 consideration of the evolutionary land-use conditions the need to protect the Basin
9 against undesirable results.

10 3. No party has objected to the reduction in Safe Yield, except the city of
11 Chino. Chino's objections were discussed and rejected/overruled for the reasons set
12 forth in Joinders and Filings, Section A.2 above.

13 4. The reduction safe yield is consistent with the Court-Approved
14 Management Agreements.

15 5. The court finds that the provisions of SYRA set for in Section II above
16 set forth an approach to a determination of future Safe Yield determinations in a
17 manner consistent with the Court Approved Management Agreements.

18 a) The declaration of Peter Wildermuth and the supporting
19 documentation, analysis supports the court's conclusion.
20 b) Wildermuth declaration, paragraph 14, states his opinion that the Basin
21 protection measures to which the parties have agreed and the 2015 Safe
22 Yield Reset Agreement will ensure that the Basin is not harmed by
23 extraction of 135,000 AFY through fiscal 2020. However, again the
24 court emphasizes that its ruling is not based on the agreement of the
25 parties. The court's ruling is based upon the Restated Judgment, the
26 Court Approved Management Agreements, and its legal conclusions
27 supported by the technical analyses identified in the court's order.

28 I) Although the court concludes the Safe Storage Management Measures

are useful and advisable, the court concludes there is no specific factual basis requiring the Safe Yield reset to include Safe Storage Management Measures. Therefore the court concludes that even without the Safe Storage Management Measures, reduction of Safe Yield to 135,000 AFY will not harm the Basin.

II) The 2013 Chino Basin Groundwater Model Update and Recalculation of Safe Yield Pursuant to the Peace Agreement is sufficiently documented and the court finds the data reliable.

c) Wildermuth declaration, paragraph 15, states that the Basin protection measures to which the parties have agreed and the 2015 Safe Yield Reset Agreement, including the Safe Storage Management Measures, will ensure that the Basin is not harmed by extractions of the 20,000 AF that was allocated in the past 4 years and would have been allocated if the Safe Yield have been reset to 135,000 AFY in 2011.

I) However, again Wildermuth does not specifically address the necessity of the Safe Storage Measures with respect to complying with the Court Approved Management Agreements. Therefore, the court again concludes that even without the Safe Storage Management Measures, reduction of Safe Yield to 135,000 AFY will not harm the Basin.

II) Again, the 2013 Chino Basin Groundwater Model Update and Recalculation of Safe Yield Pursuant to the Peace Agreement is sufficiently documented and the court finds the data reliable.

d) Therefore, the court concludes that the extraction of 135,000 AFY is consistent with the Court Approved Management Agreements and does not create any undesirable result or Material Physical Injury to the Basin.

B. The measures set forth in Article 4 are consistent with the Physical Solution under the judgment and Article X, section 2 of the California Constitution.

1
2 C. Paragraph 6 of the Restated Judgment is hereby amended to read as follows:
3 “Safe Yield. The Safe Yield of the Basin is 135,000 acre feet per year.”

4 1. The effective date of this amendment of Paragraph 6 of the Restated
5 Judgement is July 1, 2010.

6
7
8 **IV. SAFE YIELD RESET AGREEMENT (SYRA): WATERMASTER**
9 **ALLOCATION HISTORY, EARLY TRANSFERS, AND THE**
10 **DESALTERS**

11 A. The 1978 Judgment as amended

12 1. The 1978 Judgment ¶44 made the following allocation of rights to Safe
13 Yield in the Chino Basin (“the physical solution”):

Pool	Allocation
Overlying (Agricultural) Pool	414,000 acre-feet in any 5 consecutive years (82,800 acre-feet per year)* **
Overlying (Non-agricultural) Pool	7366 acre-feet per year**
Appropriative Pool	49,834 acre-feet per year
Total	140,000 acre-feet per year

21 *Note: $414,000 \div 5 = 82,800$. 82,800 acre-feet per year has been the basis of
22 calculations for the Appropriative Pool going forward from the judgment.

23 **Note: the rights of the members of the Overlying (Agricultural) Pool and
24 the Overlying (Non-Agricultural) Pool are fixed (Restated Judgment ¶8, ¶44, see also
25 Exhibits “C” and “D” to the Restated Judgment). Therefore the effect of a
26 decline of the safe yield is borne entirely by the members of the Appropriative
27 Pool (Restated Judgment ¶9).

28 2. The Judgment ¶1(x) defines Safe Yield as “the long-term average annual

1 quantity of groundwater (excluding replenishment or stored water but including
2 return flow to the basin from use of replenishment or stored water) which can be
3 produced [*i.e.*, pumped] from the basin under cultural conditions of the particular
4 year without causing an undesirable result.”

5 3. The judgment fixed the amount of water production (pumping) that
6 could be allocated to the Overlying (Agricultural) Pool and the Overlying (Non-
7 agricultural) Pool. However, the Appropriative Pool allocation could be changed.

8 a) The court concludes that the disputes in the oppositions concern
9 relationship between unproduced (*i.e.*, unpumped) Overlying
10 Agricultural Pool water (aka Ag Pool water) and the water available to
11 the Appropriative Pool.

12 4. Exhibit “I” to the judgment is the Engineering Appendix. It discusses
13 Hydraulic Control and Re-Operation, which are described in more detail below.
14 Section 3 defines Operating Safe Yield as consisting in any “year of the
15 Appropriative Pool’s share of Safe Yield of the Basin, plus any controlled overdraft
16 of the Basin which Watermaster may authorize.”

17 a) Section 3(b) states that “in no event shall Operating Safe Yield in any
18 year be less than the Appropriative Pool’s share of Safe Yield, nor shall
19 it exceed such share of Safe Yield by more than 10,000 acre feet. The
20 initial Operating Safe Yield is hereby set at 54,834 acre feet per year.”

21 I) The figure of 54,834 acre feet per year is the initial 1978 Judgment
22 allocation of 49,834 acre-feet per year plus 5,000 acre feet per year. The
23 additional 5,000 AFY comes from 200,000 acre-feet of overdraft (water
24 pumped without a replenishment obligation) allocated by the Judgment
25 to the Appropriative Pool. This overdraft total was later increased by
26 400,000 AF to a total of 600,000 AF. The overdraft will be exhausted
27 in 2016/2017. (Watermaster Motion Regarding 2015 Safe Yield Reset
28 Agreement, Amendment of Restated Judgement, Paragraph 6, page 3,

1 line 27.)

2 b) Operating Safe Yield has also come to mean water that the
3 Appropriative Pool could produce/pump without having to purchase
4 replenishment water. (Exhibit "H" ¶5.)

5 5. Exhibit "H" to the judgment described the Appropriative Pool Pooling
6 Plan, paragraph 10 described "Unallocated Safe Yield Water" as follows: "to the
7 extent that, in any 5 years, any portion of the share of Safe Yield allocated to the
8 Overlying (Agricultural) Pool is not produced, such water shall be available for
9 reallocation to members of the Appropriative Pool as follows:

10 (a) Priorities. Such allocation shall be made in the following sequence:

11 (1) to supplement, in the particular year, water available from Operating Safe
12 Yield to compensate for any reduction in the Safe Yield by reason of
13 recalculation thereof after the tenth year of operation hereunder. [This
14 Exhibit H ¶10(a)(1) priority is sometimes called 'unproduced Agricultural Pool
15 water' or 'unproduced Ag Pool water.' The current credited production
16 (pumping) for agricultural groundwater is about 33,600 AFY, but that includes
17 agricultural land irrigated with reclaimed water. The actual groundwater
18 production for agricultural purposes is about 22,000 AFY. (Jurupa Services
19 District's response to Judge Reichert's Request for Clarification, March 22,
20 2016, page 2, lines 8–10.)]

21 (2) pursuant to conversion claims as defined in Subparagraph (b) hereof.

22 (3) as a supplement to Operating Safe Yield, without regard to reductions in
23 Safe Yield."

24 6. In an order dated November 17, 1995, Conversion Claims were defined
25 in Exhibit "H" ¶10(b) [this is the Subparagraph (b) to which the preceding
26 paragraph—page 23, line 21—refers]. Peace I modified this definition in Exhibit "H"
27 ¶10(b) to state as follows:

28 (b) Conversion Claims. The following procedures may be utilized by any

1 appropriator:

2 1) Record of Unconverted Agricultural Acreage. Watermaster shall maintain
3 on an ongoing basis a record with appropriate related maps of all agricultural
4 acreage within the Chino Basin subject to being converted to appropriative
5 water use pursuant to the provisions of this paragraph. An initial
6 identification of such acreage as of June 30, 1995 is attached hereto as
7 Appendix 1.

8 (2) Record of Water Service Conversion. Any appropriator who undertakes
9 to permanently provide water service to lands subject to conversion may
10 report such intent to change water service to Watermaster. Watermaster
11 should thereupon verify such change in water service and shall maintain a
12 record and account for each appropriator of the total acreage involved.
13 Should, at any time, converted acreage return to water service from the
14 Overlying (Agricultural) Pool, Watermaster shall return such acreage to
15 unconverted status and correspondingly reduce or eliminate any allocation
16 accorded to the appropriator involved.

17 (3) Allocation of Safe Yield Rights

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

24 (ii) In any year in which the unallocated Safe Yield water from the Overlying
25 (Agricultural) Pool is not sufficient to satisfy all outstanding conversion claims
26 pursuant to subparagraph (i) herein above, Watermaster shall establish
27 allocation percentages for each appropriator with conversion claims. The
28 percentages shall be based upon the ratio of the total of such converted

1 acreage approved and recorded for each appropriator's [sic] account in
2 comparison to the total of converted acreage approved and recorded for all
3 appropriators. Watermaster shall apply such allocation percentage for each
4 appropriator to the total unallocated Safe Yield water available for conversion
5 claims to derive the amount allocable to each appropriator.

6 7. CONCLUSION: With the 1995 amendments, the Judgment set a
prioritized list of claims upon unproduced Ag Pool water.

8 Ag Pool water--1995 Judgment amendment

9 82,800 AFY of the Ag Pool's water available to the Appropriative Pool with
10 Appropriative Pool claims prioritized as follows:

11 (1) to supplement, in the particular year, water available from Operating Safe
12 Yield to compensate for any reduction in the Safe Yield by reason of recalculation
13 thereof after the tenth year of operation as required by the Judgment;
14 (2) pursuant to conversion claims as defined in Subparagraph (b of Exhibit "H"
15 ¶10(b);
16 (3) as a supplement to Operating Safe Yield, without regard to reductions in Safe
17 Yield.

18 The court notes that there is currently more than 49,000 AFY of unproduced
19 Agricultural Pool water available. (Jurupa Services District's response to Judge
20 Reichert's Request for Clarification, March 22, 2016, page 2, lines 10–14.)

22 B. The 2000 Peace Agreement aka Peace I

23 1. With the agreements made in Peace I, the elements of Desalters and of
24 water transfers entered the water allocations to the parties.

25 2. Peace I Section V-Watermaster Performance defined how Watermaster
26 was to perform regarding procedures for Recharge and Replenishment. In paragraph
27 ¶5.3(g), Watermaster was ordered to approve an "Early Transfer" from the
28 Agricultural Pool to the Appropriative Pool of not less than 32,800 acre-feet per year

1 which was the expected approximate quantity of water not produced by the
2 Agricultural Pool. ¶5.3(g)(i) further stated that “the quantity of water subject to Early
3 Transfer under this paragraph shall be the greater of (i) 32,800 acre-feet or (ii) 32,800
4 acre-feet plus the actual quantity of water not produced by the Agricultural Pool for
5 that Fiscal Year that is remaining after all the land use conversions are satisfied
6 pursuant to” the following provision: “the Early Transfer water shall be annually
7 allocated among members of the Appropriative Pool in accordance with their pro-
8 rata share of the initial Safe Yield.” The court notes that after this deduction, the
9 Safe Yield water available to the Agricultural Pool became 50,000 acre-feet per year.

10 3. Peace I also introduced the construction and operation of Desalters in
11 Section VII. ¶7.5 described replenishment for the Desalters provided from the
12 following sources in the following order:

13 a) Watermaster Desalter replenishment account composed of 25,000 acre-feet
14 of water abandoned by Kaiser and other water previously dedicated by the
15 Appropriative Pool;

16 b) New Yield of the Basin, unless the water Produced and treated by the
17 Desalters is dedicated by purchaser of the Desalter water to offset the price of
18 Desalter water to the extent of the dedication;

19 c) Safe Yield of the Basin, unless the water Produced and treated by the
20 Desalters is dedicated by a purchaser of the desalinated water to offset the price of
21 Desalter water to the extent of the dedication; [and then]

22 d) Additional Replenishment Water purchased by Watermaster, the cost of
23 which shall be levied as an Assessment by Watermaster.

24 4. The court also concludes that the conversion claims have priority over
25 the Early Transfers because the conversion claims pre-existed the Early Transfer
26 allocations. The conversion claims came into existence with the 1995 Judgment
27 amendment. The Early Transfers came into existence with Peace I in 2000. The
28 Early Transfers must be interpreted in the context of the pre-existing 1995 Judgment

1 amendment.

2 5. CONCLUSION: With Peace I, there were major changes regarding the
3 allocation of water among the parties as set forth in the following table.

4 Ag Pool water	5 Status and/or change 6 result	7 Comments
8 1995 Judgment 9 amendment	10 82,800 AFY of the Ag 11 Pool's water available to 12 the Appropriate Pool with 13 Appropriate Pool claims 14 prioritized as follows: 15 (1) to supplement, in the 16 particular year, water 17 available from Operating 18 Safe Yield to compensate 19 for any reduction in the 20 Safe Yield by reason of 21 recalculation thereof after 22 the tenth year of 23 operation hereunder. 24 (2) pursuant to conversion 25 claims as defined in 26 Subparagraph (b) hereof. 27 (3) as a supplement to 28 Operating Safe Yield, without regard to reductions in Safe Yield.	
2000 Peace I-Desalters start construction and	Early Transfers of 32,800 AFY of Ag Pool water	New Yield (with conditions) is source of

1 pumping water 2 3 4 5 6 7 8 9 10 11 12	going straight to the Appropriative Pool (leaving 50,000 AFY to Ag Pool). The remaining Ag Pool water is subject to Appropriative Pool's prioritized claims.	water to replenish water pumped by the Desalters. Under Peace I therefore Desalters do not affect Safe Yield or Operating Safe Yield. Water produced/pumped by the Desalters is not added to or subtracted from Safe Yield of the Basin.
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13 The court concludes that Peace I interrelated Early Transfers and conversion
14 claims in the following way. The Appropriative Pool received unproduced Ag Pool
15 water in at least the amount of 32,800 AFY, but the Appropriative Pool could receive
16 more unproduced Ag Pool water if 1) the Ag Pool did not produce/pump its leftover
17 50,000 AFY and 2) also after subtracting from the 50,000 AFY the Appropriative
18 Pool's conversion claims at the rate of 2 acre-feet per year per converted acre.

19 However, the court also concludes that Peace I did not rearrange the priority
20 of allocation claims on unproduced/unpumped water. The priorities of the
21 judgment remain. Specifically, the priority set forth in Judgment, Exhibit "H,"
22 Paragraph 10.

23 EXAMPLE 1: So, for example in a particular year,

- 24 1. If one Appropriative Pool producer/pumper (e.g., municipality, such as the City of
25 Chino) had 1000 acres of converted land resulting in 2000 acre-feet of conversion
26 claims (1000 acres x 2.0 acre feet of water/one acre converted), and assuming those
27 were the only conversion claims; and
- 28 2. If the Ag Pool produced/pumped only 33,600 AFY leaving 49,200 AFY available

1 for further allocation (82,800 AFY – 33,600 AFY = 49,200 AFY; the court notes that
2 33,600 AFY is the approximate Ag Pool credited production [Jurupa response to
3 court's clarification request, page 2, lines 9-10], but the court is using this figure only
4 for illustration); then,

5 3. The Ag Pool water that would be available to the Appropriative Pool would be
6 based on the following calculation

Example 1-A	Explanation	Comments
Initial Ag Pool allocation	82,800 AFY	
Ag Pool production/pumping	- 33,600 AFY	Assumption
Initial balance after production	49,200 AFY	(82,800 acre-feet – 33,600 acre-feet = 49,200 acre-feet per year)
Conversion claims	- 2000 acre-feet	1000 acres x 2.0 acre feet of water/one acre converted = 2000 acre-feet per year. The subtraction for satisfying conversion claims comes before any reallocation. The conversion claims are applied first because they are set forth in the 1995 Amendment to the Judgment
Ag Pool balance after reduction for conversion claims	47,200 AFY	(49,200 acre-feet - 2000 acre-feet = 47,200 acre-feet per year) Balance: Ag Pool water available to Appropriative Pool after conversion priority claims pursuant to Judgment Exhibit

1		“H” Paragraph 10.
2	Reduction for Early Transfers	- 32,800 AFY
3		The Early Transfer is now applied because Early Transfers were instituted in Peace I in 2000. The Early Transfer from 82,800 AFY allocation leaving 50,000 AFY for the Ag Pool itself to produce/pump and for additional claims by the Appropriative Pool pursuant to Peace I and Peace II.*
4	Balance: Ag Pool water available to the Appropriative Pool after conversion priority claims and Early Transfers	14,400 AFY
5		(47,200 acre-feet -32,800 acre-feet = 14,400 acre-feet per year.)
6		This is the total Ag Pool water available for reallocation to Appropriative Pool for production/pumping after subtraction of conversion priority claims of 2,000 acre-feet per year from and the 32,800 Early Transfer from the allotment of Ag Pool water.**
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*It appears to the court that for convenience, many parties first simply take the reduction of the 32,800 acre-feet for Early Transfers and start these calculations with 50,000 acre-feet of Ag Pool water.

1. That calculation is simply to start with the 50,000 acre-feet of unproduced/unpumped Ag Pool water and then subtract the amount 33,600 acre-feet that was actually pumped in this example. The result is 16,400 acre-

1 feet available for conversion claims.

2 2. Then subtract the 2,000 acre-feet for conversion claims to get the 14,400 acre-
3 feet of Ag Pool water available for allocation to the Appropriative Pool.
4 3. However, this procedure is inconsistent with the judgment and Peace
5 Agreements as interpreted by the court for the reasons stated above.

6 **The also court notes that the particular producer who serviced the converted acres
7 would actually be able to pump the additional conversion claim water as an
8 allocation.

9
10 EXAMPLE 2: The following example demonstrates complications arising
11 from a decrease in the amount of Ag Pool water available to the Appropriative Pool.
12 If the Ag Pool produced/pumped more than 48,000 AFY there would be no
13 available water for the Appropriative Pool.

14 Example 2	15	16 Comment
15 Initial Ag Pool 16 allocation	17 82,800 AFY	
17 Ag Pool 18 production/pumping	19 48,000 AFY	20 Assumption
19 Initial balance after 20 production	21 34,800 AFY	22 $82,800 \text{ acre-feet} - 48,000 \text{ acre-feet} =$ 23 $34,800 \text{ acre-feet per year}$
21 Conversion claims	22 - 2000 acre- 23 feet	24 The subtraction for satisfying 25 conversion claims before any reallocation. ($1000 \text{ acres} \times 2.0 \text{ acre}$ feet of water/one acre converted = 2000 acre-feet).
26 Balance:	27 32,800 AFY	28 $34,800 \text{ acre-feet} - 2,000 \text{ acre-feet} =$ 32,800 acre-feet per year. Ag Pool Water Available after conversion

		priority claims pursuant to Judgment Exhibit "H" Paragraph
Reduction for Early Transfers	- 32,800 AFY	Early Transfer of 32,800 AFY from 82,800 AFY allocation leaving 50,000 AFY for the Ag Pool itself to produce/pump. Any water which the Ag Pool did not produce/pump water up to the 50,000 AFY would be available for allocation to the Appropriative Pool pursuant to Peace I and Peace II.
Balance: Ag Pool water available after conversion priority claims and Early Transfers	0 AFY	32,800 acre-feet -32,800 acre-feet = 0 acre-feet per year. There would be no Ag Pool water available for reallocation to Appropriative Pool after subtraction of conversion priority claims of 2,000 acre-feet and the 32,800 Early Transfer of unproduced/unpumped from the allotment of Ag Pool water.
<p>Conclusion:</p> <p>Under this scenario, the Appropriative Pool would not get any additional allocation from Ag Pool water</p>		

6. Regarding replenishment for the Desalters, Peace I ¶7.5 sets forth the hierarchy of sources of replenishment water for the Desalters as follows:

Replenishment Water. Replenishment for the Desalters shall be provided from the following sources in the following order of priority.

(a) Watermaster Desalter Replenishment account composed of 25,000

1 acre-feet of water abandoned by Kaiser pursuant to the "Salt Offset
2 Agreement" dated October 21, 1993, between Kaiser and the RWQB, and
3 other water previously dedicated by the Appropriate Pool.

4 (b) New Yield of the Basin, unless the water Produced and treated by
5 the Desalters is dedicated by a purchaser of the desalters water to offset the
6 price of the salted water to the extent of the dedication;

7 (c) Safe Yield of the Basin, unless the water Produced and treated by
8 the Desalters is dedicated by a purchaser of the the salted water to offset the
9 price of the salted water to the extent of the dedication;

10 (d) Additional Replenishment Water purchased by Watermaster, the
11 cost of which shall be levied as an Assessment by Watermaster.
12

13 C. The 2007 Peace II Agreement (Peace II)

14 1. Peace II Agreement Article VI-Groundwater Production by and
15 Replenishment for Desalters and Article VII-Yield Accounting further defined the
16 accounting for the Desalters and Desalter Production Offsets.

17 2. Peace II Paragraph 6.2(a)(iii) states as follows in pertinent part:

18 Peace II Desalter Production Offsets. To facilitate Hydraulic Control through
19 Basin Re-Operation, [court note: that is, water pumped as part of the 600,000
20 AF controlled overdraft] in accordance with the 2007 Supplement to the
21 OBMP Implementation Plan and the amended Exhibits G and I to the
22 Judgment, additional sources of water will be made available for purposes of
23 Desalter Production and thereby some or all of a Replenishment obligation.
24 With these available sources, the Replenishment obligation attributable to
25 Desalter production in any year will be determined by Watermaster as follows:

26 (a) Watermaster will calculate the total Desalter Production for the
27 preceding year and then apply a credit against the total quantity from: . . .

28 (iii) New Yield (other than Stormwater (Peace Agreement Section

1 7.5(b)); . . .

2 v) Safe Yield that may be contributed by the parties (Peace
3 Agreement Section 7.5(c));

4 (vi) any Production of groundwater attributable to the controlled
5 overdraft authorized pursuant to amended Exhibit I to the Judgment.

6 [The Judgment allowed for a temporary controlled overdraft, *i.e.*,
7 initially 200,000 AF and then an additional 400,000 AF total
8 production/pumping starting in 2007 and ending in 2026 without
9 replenishment, in order to achieve Hydraulic Control. (Safe Yield Reset
10 Implementation Desalter Replenishment Accounting Illustration (per
11 Peace II Agreement, Section 6.2 (PIIA, 6.2) and June 11, 2015 Key
12 Principles)–Exhibit C to Attachment 1, Watermaster’s Motion regarding
13 2015 Safe Yield Reset Agreement, Amendment of Restated Judgment,
14 Paragraph 6.]

15 Paragraph 7.1 provides as follows:

16 New Yield Attributable to the Desalters. Watermaster will make an annual
17 finding as to the quantity of New Yield that is made available by Basin Re-
18 Operation including that portion that is specifically attributable to the Existing
19 and Future Desalters. Any subsequent recalculation of New Yield as Safe
20 Yield by Watermaster will not change the priority set forth above for
21 offsetting Desalter production as set forth in Article VII, Section 7.5 of the
22 Peace Agreement. For the initial term of the Peace Agreement, neither
23 Watermaster nor the Parties will request that Safe Yield be recalculated in a
24 manner that incorporates New Yield *attributable to the Desalters* [emphasis in
25 original] into a determination of Safe Yield so that this source of supply will be
26 available for Desalter Production rather than for use by individual parties to
27 the Judgment.

28 2. Additionally, in 2007 Peace II ¶1.1(d) defined Re-Operation as “the

1 controlled overdraft [pumping without replenishment] of the Basin by the managed
2 withdrawal of groundwater Production for the Desalters and the potential increase in
3 the cumulative un-replenished Production from 200,000 [acre-feet] authorized by
4 paragraph 3 Engineering Appendix Exhibit I to the Judgment, to 600,000 acre-feet
5 for the express purpose of securing and maintaining Hydraulic Control as a
6 component of the Physical Solution.” The Peace II agreement amended the Restated
7 Judgment’s Engineering Appendix to specify the additional 400,000 acre-feet that
8 would be dedicated exclusively to the purpose of Desalter replenishment (Restated
9 Judgement Exhibit “I” §2(b)[3]).

10 3. Peace II, Paragraph 6.2(a)(iii) gives Watermaster a basis to calculate the
11 total Desalter production from the preceding year and then apply against that
12 production/pumping a “credit” (*i.e.*, a reduction) which included a number of
13 factors, including New Yield referencing Peace I, paragraph 7.5(b). This credit
14 procedure is an important issue going forward for the administration of water
15 allocations:

16 a) Peace I, paragraph 1.1(aa) defines New Yield as “proven increases in
17 yield in quantities greater than historical amounts from sources of
18 supply including, but not limited to, operation of the Desalters
19 (including the Chino I Desalter), induced Recharge and other
20 management activities implemented in operational after June 1, 2000.”

21 I) The court concludes that New Yield in the above paragraph means
22 water produced/pumped by the Desalters, because that is how yield is
23 always used, e.g., Safe Yield, Operating Safe Yield, etc., and the source
24 of supply is the Desalters as identified in the definition.

25 II) So, New Yield includes water produced/pumped by the Desalters.

26 b) Peace I, paragraph 1.1(nn) defines “Recharge and Recharge Water as
27 “introduction of water to the Basin, directly or indirectly, . . .” Recharge
28 references the physical act of introducing water to the Basin.”

- c) The conclusion of the court is that after Peace II, the definition New Yield now includes both Desalter operation, *i.e.*, production/pumping from the Desalters, and induced Recharge (*i.e.*, groundwater flowing back into the Basin from the Santa Ana River as the result of Desalter operation).
- d) Peace II was consistent with Peace I. Peace II provided that the parties would avoid some or all or a replenishment obligation for Desalter production by getting credit/reduction against that production from sources such as New Yield which includes induced Recharge.

I) Peace I defined New Yield to include “operation of the Desalters” and “induced Recharge.”

II) The court concludes that the Peace I and Peace II when read together recognized that some of the water which the Desalters produced/pumped came from induced recharge from the Santa Ana River.

III) Peace II was not explicit in stating that the Desalter production offset should follow the priorities of Peace I ¶7.5, but the court concludes that the replenishment water, *i.e.*, Desalter-induced recharge, must follow the priorities of Peace I.

(a) The agreements must be read together and interpreted together because they form a context for each other.

e) In its response to Judge Reichert’s questions, Chino argued that SYRA’s failure to give a specific definition to “Desalter-induced recharge” was purposeful because the failure allowed SYRA to use “Desalter-induced recharge” synonymously with New Yield. The court does not find “Desalter-induced recharge” to be synonymous with New Yield. The court finds that “Desalter-induced recharge” is only synonymous with “induced Recharge.” Therefore Desalter-Inducted Recharge is included

1 in the definition of New Yield, as set forth in Peace I ¶1(aa): “induced
2 Recharge and other management activities implemented in operational
3 after June 1, 2000” includes Desalter-induced recharge.

4 I) . The court further finds that “Desalter-induced recharge” and
5 “induced Recharge” mean water flowing back into the Basin from the
6 Santa Ana River due to production/pumping by the Desalters lowering
7 the ground water table in the Basin. Finally, the court notes that New
8 Yield includes Desalter production and Desalter-induced recharge.

9 (a) This result is exactly what the Desalters were designed to
10 accomplish. They have achieved Hydraulic Control, meaning they
11 have lowered the water table at the south end of the Basin, so that
12 only a de minimus amount of Basin water is flows into the Santa
13 Ana River.

14 (b) In fact the Desalters have accomplished their design objective so
15 well that now some water flows from the Santa Ana River into the
16 Chino Basin. The court finds that his water is New Yield as set
17 forth above.

18 II) The court further finds that “Desalter-induced recharge” aka “induced
19 Recharge” is measureable, part of which comes from the Santa Ana
20 River, and is set forth in Watermaster’s response to the court’s
21 questions. This water is also known as Santa Ana River Underflow or
22 SARU.

23 4. Peace II specified Desalter production/pumping replenishment to
24 include induced Recharge, controlled overdraft, and other sources set forth in Peace
25 II ¶6.2(a). The Peace I and Peace II agreements did not specify any additional
26 sources of Desalter replenishment, such as Ag Pool water or Safe Yield.

27 5. CONCLUSION:

28 Now, after Peace II, there were additional sources of water for the Basin, the

1 Desalter operation/Desalter-induced recharge, as well as the historical overdraft, as
2 summarized below.

3 Ag Pool water	4	Comments
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28	1995 Judgment amendment 82,800 AFY of the Ag Pool's water available to the Appropriate Pool with Appropriative Pool claims prioritized as follows: (1) to supplement, and 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. (2) pursuant to conversion claims as defined in Subparagraph (b) hereof. (3) as a supplement to Operating Safe Yield, without regard to reductions in Safe Yield.	
2000 Peace I-Desalters start construction and pumping water	Early Transfers of 32,800 AFY of Ag Pool water now go to the Appropriative Pool	New Yield (with conditions) is source of water to replenish water pumped by the

	<p>(leaving 50,000 AFY to Ag Pool). The remaining Ag Pool water is subject to Appropriative Pool's prioritized claims.</p> <p>Peace I §1.1(aa) defines New Yield to include water produced/pumped from the Desalters.</p>	<p>Desalters. Water produced/pumped by the Desalters is New Yield and sourced by induced recharge and overdraft. As New Yield, water pumped by the Desalters is not Safe Yield or Safe Operating Yield. That water is "yield" attributable to specific sources of supply not included in Safe Yield.</p> <p>(Watermaster's Response to Order for Additional Briefing, page 5, line 22-23.)</p> <p>Therefore at the time of Peace I Desalter operations did not affect Safe Yield or Operating Safe Yield. Water produced/pumped by the Desalters was not added to or subtracted from yield of the Basin.</p> <p>Water</p>
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1		produced/pumped by the Desalters had a separate allocation.
2	2007 Peace II-overdraft increased	Additional 400,000 AF above the 200,000 AF provided in the Judgment for a total of 600,000 AF.
3	Peace II Desalters	This is a diminishing pumping allocation as the overdraft goes to 0 in 2017. Its purpose was to help establish Hydraulic Control.
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The court concludes that Peace II did not change any of the priorities for claims on actual water production. Peace II addressed Desalter replenishment and production/pumping but did not affect the priorities for allocations of unproduced Ag Pool water.

1 **V. SYRA ARTICLE 5-STORMWWATER RECHARGE PLAN AND**
2 **WATERMASTER ACCOUNTING ANALYSIS**

3 In the instant motion, Watermaster asks the court to approve 1) a stormwater
4 recharge plan, and 2) an accounting for allocation transfers as set forth in the Safe
5 Yield and Reset Agreement (SYRA). The court will address these proposals
6 separately.

7 A. Stormwater Recharge—SYRA ¶5.1

8 1. Although there have been no objections to this aspect of SYRA, the
9 court denies its enforcement because the court finds that SYRA's provisions
10 regarding anything other than they Safe Yield reset cannot be severed for the reasons
11 set forth in Section II above.

12
13 B. Desalter-Induced Recharge Allocations, Early Transfers, Land Use
14 Conversion—SYRA ¶5.2 and SYRA ¶5.3.

15 1. Because these provisions are major sources of contention among the
16 parties, the court will set them forth in their entirety.

17 SYRA ¶5.2 sets forth the following provisions regarding Desalter Induced
18 Recharge, and SYRA ¶5.3 sets forth the following provisions regarding Post 2030
19 Land Use Conversions and Early Transfers.

20 5.2 Desalter-Induced Recharge. After the Effective Date and until
21 termination of this Agreement, the parties expressly consent to Watermaster's
22 accounting for Basin recharge arising from or attributable to the Desalters as
23 follows:

24 (a) 2001-2014 Desalter-Induced Recharge. Induced recharge that
25 arises from or is attributable to the Desalters for the period of production
26 years 2001-2014 shall be accounted for as Safe Yield, in the manner it has been
27 distributed through approved Watermaster Assessment Packages, shall not be
28 considered New Yield, and shall not be considered to have been available for

1 production by the Desalters.

2 (b) 2015-2030 Desalter-Induced Recharge. For the production years
3 of 2015- 2030, Watermaster shall account for induced recharge that arises
4 from or is attributable to the Desalters as equal to fifty (50) percent of the total
5 Desalter Production during each applicable production year up to a maximum
6 of twenty-thousand (20,000) AFY of recharge. Consistent with Paragraph
7 6.2(a)(iii) of the Peace II Agreement, Watermaster shall deem the induced
8 recharge as having been produced by the Desalters. During each applicable
9 production year, Watermaster shall reduce Safe Yield by an amount equal to
10 fifty (50) percent of the total Desalter Production, up to a maximum of
11 twenty-thousand (20,000) AFY, and require a corresponding supplementation
12 by the reallocation of available unproduced Agricultural Pool's share of the
13 Basin's Safe Yield.

14

15 Claims for reallocation of the remaining unproduced quantity of the
16 Agricultural Pool's share of Safe Yield shall be satisfied consistent with section
17 6.3(c) of Watermaster's Rules and Regulations, as amended as part of the
18 Peace II Measures, and the October 8, 2010 Order Approving Watermaster's
19 Compliance with Condition Subsequent Number Eight and Approving
20 Procedures to be used to Allocated Surplus Agricultural Pool Water in the
21 Event of a Decline in Safe Yield.

22 (c) 2031-2060 Desalter-Induced Recharge. Should the term of the
23 Peace Agreement be extended pursuant to Paragraph 8.4 thereof, the
24 treatment of Desalter-Induced Recharge shall be subject to the negotiation of
25 a new and separate agreement among the Parties to the Judgment. The
26 accounting provided for in Section 5.2(b), above, shall be without prejudice to
27 the negotiation of such a new and separate agreement among the Parties to the
28 Judgment. Unless otherwise agreed by the Parties or ordered by the court,

during the extension term, Watermaster shall not consider such recharge to require supplementation by the reallocation of a portion of the unproduced Agricultural Pool's share of Safe Yield.

5.3 Post-2030 Priority among Land Use Conversion and Early Transfer Claims. At the expiration of the Peace II Agreement, the Peace II provisions relating to the distribution of surplus water by the Agricultural Pool requiring that claims for the Early Transfer of 32,800 AFY and for Land Use Conversion be treated equally are expressly repealed including (i) the amendment to Section 6.3(c) of Watermaster's Rules and Regulations, pursuant to the Peace II measures, and (ii) Section III.(6) of the October 8, 2010 Order Approving Watermaster's Compliance with Condition Subsequent Number Eight and Approving Procedures to be used to Allocate Surplus Agricultural Pool Water in the Event of a Decline in Safe Yield. In any Peace Agreement extension term, the previous changes to Restated Judgment, Exhibit "H", Paragraph 10(b)(3)(i) effectuated by Paragraph 4.4(c) of the Peace Agreement, which, to the extent sufficient unallocated Safe Yield from the Agricultural Pool is available for conversion claims, allocate 2.0 acre-feet of unallocated Safe Yield water for each converted acre, shall remain in effect.

C. The court summarizes the effect of these SYRA proposals ¶5.2 and ¶5.3 as follows:

Ag Pool water		Comments
1995 Judgment amendment	82,800 AFY of the Ag Pool's water available to the Appropriate Pool with Appropriative Pool claims prioritized as follows:	

	<p>(1) to supplement, and 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.</p> <p>(2) pursuant to conversion claims as defined in Subparagraph (b) hereof.</p> <p>(3) as a supplement to Operating Safe Yield, without regard to reductions in Safe Yield.</p>	
2000 Peace I—Desalters start construction and pumping water	<p>Early Transfers of 32,800 AFY of Ag Pool water now goes to the Appropriative Pool (leaving 50,000 AFY to Ag Pool). The remaining Ag Pool water is subject to Appropriative Pool's prioritized claims.</p>	<p>New Yield (with conditions) is source of water to replenish water pumped by the Desalters. Therefore Desalters do not affect Safe Yield or Operating Safe Yield. Water produced/pumped by the Desalters is not added to or subtracted from Safe Yield or</p>

		Operating Safe Yield of the Basin.
2007 Peace II- overdraft increased	Additional 400,000 AF above the 200,000 AF provided in the Judgment for a total of 600,000 AF.	This is a diminishing pumping allocation as the overdraft goes to 0 in 2017.
SYRA proposal: (see column to right for <i>Steps 1-3</i>): <i>Step 4:</i> SYRA ¶5.2(b) subtracts 50% of total Desalter production up to 20,000 AFY from Ag Pool Water and then adds that 50% of total Desalter production up to 20,000 AFY to Safe Yield (to make up for the subtraction in <i>Step 3</i>).*	SYRA proposal <i>Step 1:</i> The Desalter production/pumping up to 20,000 AFY is allocated to the Desalters, not as Safe Yield or Safe Operating Yield [or New Yield]. <i>Step 2:</i> Under SYRA ¶5.2(b) one-half of the source of Desalter production up to 20,000 AFY is attributed to “Desalter-induced recharge.” Desalter-induced Recharge means water flowing back into the Basin from the Santa Ana River. <i>Step 3:</i> SYRA then subtracts the other half of Desalter production up to 20,000 AFY from Safe Yield.	

Additional SYRA Effects: *Step 5* (see above for *Steps 1-4*)

The Ag Pool water allocation is reduced by up to 20,000 AFY for the Desalters.

1 SYRA is unclear where the priority lies with respect to priority of allocation as
2 required by Judgment Exhibit "H" Paragraph 10. The court orders that those
3 priorities must be followed. Because the court has ordered that those priorities be
4 followed, court concludes that it cannot order these provisions of SYRA in
5 addition to SYRA's not being severable. At best SYRA is ambiguous with respect
6 to following the priorities set by the Judgment and the Court Approved
7 Management Agreements. At worst, SYRA contradicts them.

8 *So, the court concludes that previous to SYRA, the Desalter water
9 production/pumping could be offset from a prioritized list of sources including New
10 Yield (induced recharge). Now under SYRA:

11 1) All of the induced recharge gets allocated to water produced/pumped by
12 the Desalters.

13 2) Watermaster reduces Safe Yield by 50% of the Desalter production up to
14 20,000 AFY.

15 3) Then, Watermaster adds to Safe Yield 50% of the Desalter production up
16 to 20,000 AFY, from water allocated to the Ag Pool, to make up for (aka backfill) the
17 reduction in Safe Yield allocated to Desalter production.

18 4) This means that the availability of Ag Pool water goes down and thereby the
19 availability of unproduced Ag Pool water for the priorities set forth in the Judgment
20 and the Court Approved Management Agreements. The priorities are also set forth in
21 Watermaster Rules and Regulations ¶6.3(a).

22 5) Elaborating on Example 1-A from Section IV.B.5 of this order above, the
23 court's analysis is as follows

Example 1-B	Explanation	Comment
Initial Ag Pool allocation	82,800 AFY	Judgment
Ag Pool production/pumping	- 33,600 AFY	Assumption based the current credited production (pumping)

		<p>for agricultural groundwater is about 33,600 AFY, but that includes agricultural land irrigated with reclaimed water. [The actual groundwater production for agricultural purposes is about 22,000 AFY. Jurupa Services District's response to Judge Reichert's Request for Clarification, March 22, 2016 page 2, lines 8-10.]</p>
Initial balance after production	49,200 AFY	82,800 acre-feet – 33,600 acre-feet = 49,200 acre-feet
Conversion claims	- 2000 acre-feet	Assumption: The subtraction for satisfying conversion claims before any reallocation. (1000 acres x 2.0 acre feet of water/one acre converted = 2000 acre-feet).
Balance:	47,200 AFY	49,200 acre-feet - 2000 acre-feet = 47,200 acre-feet. Ag Pool Water available after conversion priority claims pursuant to Judgment Exhibit "H" Paragraph 10
Reduction for Early Transfers	- 32,800 AFY	Basic Early Transfer from 82,800 AFY allocation leaving 50,000 AFY for the Ag Pool itself to produce/pump and for

1	2	3	additional claims by the Appropriative Pool pursuant to Peace I and Peace II.*
4	5	6	7
8	9	10	11
12	13	14	15
16	17	18	19
20	21	22	23
24	25	26	27
28			

Now, to examine the effect of SYRA on the Appropriative Pool:

Starting balance available Ag Pool water	14,400 AFY	Total Ag Pool water available for production/pumping from the example above
Desalter reallocation	- 20,000 AFY	SYRA Desalter reallocation: 20,000 AFY of Desalter production is allocated from Ag Pool water to Safe Yield.
Balance:	- 5,600 AFY	A negative amount. This plausible scenario assumes 2,000 AFY of conversion claims. The negative balance shows that this scenario under SYRA would not leave sufficient Ag Pool water for

that amount of conversion claims. In order to meet conversion claims and Early Transfer allocations, the Ag Pool would only be able to produce/pump 26,000 AFY, well below their current credited pumping. Calculation follows:

82,800/initial allocation

$$- 26,000/\text{pumped} = 56,800$$

56,800 – 2,000/conversion claims = 54,800

$$54,800 - 32,800/\text{Early Transfer} = 20,000$$

20,000 – 20,000/Desalter reduction from Ag Pool Allocation = 0

The court concludes that there is no basis in the Judgement or any of the Court Approved Management Agreements for the post SYRA result identified in the plausible scenario above.

D. Further Analysis and orders:

1. In addition to SYRA's not being severable, the court denies Watermaster's motion with respect to the implementation of ¶5.2 and ¶5.3 of SYRA for the following reason:

a) The court concludes that SYRA paragraphs 5.2 and 5.3 fundamentally change the allocations of Appropriative Pool and of Ag Pool water.

Those fundamental changes are inconsistent with the Judgment and the

Court Approved Management Agreements

- b) Peace I and Peace II both define Desalter production as within the definition of New Yield and therefore outside of the definition of Safe Yield. Through a several step re-allocation reassignment described above and summarized in this section of the court's order, SYRA now moves Desalter production into Safe Yield. The parties have not demonstrated any legal ~~or practical requirement basis~~ which allows this. Peace I and Peace II prohibit this.
- c) The court concludes that Peace II Agreement Paragraphs 6.2(a)(iii) and 7.1 provide that through 2030 (the initial term of Peace I Agreement as set forth in ¶8.2) recharge attributable to the Desalters is allocated for Desalter Production and not allocated as Safe Yield producible (*i.e.*, water available to be pumped without a replenishment obligation by purchase or otherwise).
 - I) Peace II ¶7.1 excluded New Yield attributable to the Desalters from a determination of Safe Yield, at least for the 30 year term of Peace Agreement.
 - II) Peace I ¶1.1(aa) defines New Yield to include induced recharge.
 - (a) The court finds that induced recharge includes Desalter-induced recharge.
 - III) The court finds that Peace I ¶7.5 defines replenishment water for the Desalters includes New Yield, but not Safe Yield.
 - IV) The court finds that Peace II ¶7.1 states that no party can incorporate New Yield attributable to the Desalters into Safe Yield.
 - (a) In contradiction to Peace I and Peace II, SYRA ¶5.2(a) explicitly defines Desalter-induced recharge as Safe Yield, in contradiction to Peace I and Peace II.
 - V) In contradiction to the Peace I and Peace II, the court finds that

1 SYRA attempts to incorporate New Yield from the Desalters into
2 Safe Yield through the accounting method of 1) taking Desalter
3 induced yield water coming from Desalter-induced recharge, then 2)
4 moving that water into Safe Yield, then 3) backfilling Safe Yield
5 from unproduced Ag Pool water.

6 (a) This is an unacceptable circumvention of the court's orders
7 based on Peace I and Peace II.

8 d) The analysis above shows that these SYRA provisions are contrary to
9 the Judgment and the Court Approved Management Agreements,
10 specifically Peace I and Peace II. These SYRA provisions can prevent
11 the application of the Judgment provisions regarding conversion claims.
12 They are invalid.

13 e) There is no basis in the Judgment or the Court Approved Management
14 Agreements for the attribution of water production from Desalters into
15 the definition of Safe Yield.

16 f) There is no basis in the Judgment or any of the Court Approved
17 Management Agreements for the splitting and reallocation of Desalter
18 production/pumping to one-half to Desalter-induced recharge and one-
19 half to Safe Yield.

20 g) There is no basis in the Judgment or any of the Court Approved
21 Management Agreements to reallocate Ag Pool water to Safe Yield to
22 make up for the Safe Yield reallocated to the Desalters.

23 h) Due to the Desalters, there is now recharge coming from the Santa Ana
24 River back into the Chino Basin. SYRA Paragraph 5.2(b) takes the
25 Peace I and Peace II agreements one step—wrongfully—farther by
26 identifying how this recharge quantity will be estimated, *i.e.*, 50% of
27 Desalter Production, and then further specifies that amount of recharge
28 will be allocated to Desalter production and not to the parties as part of

their allocation of the Safe Yield. There is no legal basis in the Judgment or the Court Approved Management Agreements for this redefinition of Safe Yield to include of 50% of Desalter Production up to 20,000 AFY through a mechanism of passing the amounts through the Appropriative Pool allocation.

- i) SYRA attempts now to remove the special exception for New Yield from Desalter induced recharge and production and incorporate it into Safe Yield. The mechanism by which SYRA attempts to do this is by 1) taking half of the Desalter production and sourcing that production/pumping from Desalter induced recharge from the Santa Ana River and 2) sourcing the other half from the Appropriative Pool through unproduced Ag Pool water. The court concludes and finds that this attempt is not justified because it can interfere with the priority of claims on unproduced Ag Pool water set forth in the judgment and the Court-Approved Management Agreements.

I) The court notes that Peace II, Article VII-Yield Accounting, ¶7.2(d) discusses a contingency if Western Municipal Water District (WMWD) and the Appropriative Pool “do not reach agreement on apportionment of controlled overdraft of Future Desalters, then no later than August 31, 2009, the members of the Appropriative Pool will submit a plan to Watermaster that achieves the identified goals of increasing the physical capacity of the Desalters and potable water use of approximately 40,000 acre-feet of groundwater production from the Desalters from the Basin no later than 2012.”

II) The court concludes that the Desalter production of 40,000 acre-feet has been under discussion since Peace II in 2007.

III) However, the court cannot accept the resolution set forth in SYRA for the reasons stated in this order.

j) SYRA ¶5.2 and ¶5.3 contradict and conflict with Peace I and Peace II.

I) Peace II ¶7.1 requires neither Watermaster nor the parties to request that safe yield be recalculated in a manner that incorporates New Yield *attributable to the Desalters* into the determination of Safe Yield so that this source of supply will be available for Desalter Production rather than for use by individual parties to the judgment. (Emphasis in original.)

II) SYRA now includes New Yield in the determination of Safe Yield in two ways.

- (a) First, SYRA takes up to 20,000 AFY away from Safe Yield through Desalter Production.
- (b) Second, SYRA adds back up to 20,000 AFY to Safe Yield from unproduced Ag Pool water.
- (c) The net change to Safe Yield is 0, but available Ag Pool water for allocation is reduced up to 20,000 AFY. This re-allocation and re-accounting, is not justified or supported in the Peace I, Peace II, Watermaster Rules and Regulations, or the court's orders of implementation, the Judgment, or the CAMAs.
- (d) The following chain shows SYRA's violations of the previous orders:
 - (i) Desalter-induced recharge is New Yield. (Peace ¶1(aa).)
 - (ii) Peace II ¶7.1 prevents New Yield from being incorporated within Safe Yield.
 - (iii) SYRA moves 20,000 AFY of Desalter-induced recharge to the Ag Pool.
 - (iv) Then SYRA moves the 20,000 of Desalter-induced recharge (now characterized as Ag Pool Water) into

Safe Yield.

- (v) Therefore, SRYA recalculates Safe Yield to incorporate New Yield in violation of Peace II ¶7.1
- (vi) Moving the 20,000 AFY of Desalter-induced Recharge through the portal of the Ag Pool water does not change its definition of New Yield.

k) The court does not find a legal ~~or factual~~ basis for determining a post-2030 priority among land use conversion and early transfer claims. The priority is set forth in the judgment and as specified in this order

l) In addition to SYRA's not being severable, the court's 2010 order does not require the implementation of ¶5.2 or ¶5.3.

Section III.(6) of the October 8, 2010 order states:

Watermaster is ordered to utilize the procedures regarding the reallocation of surplus Agricultural Pool water the event of a decline in Safe Yield as described in the December 2008 staff report and the December 4, 2008 memorandum from legal counsel. Specifically, in the event that Operating Safe Yield is reduced because of a reduction in Safe Yield, Watermaster will follow the hierarchy provided for in the Judgment, exhibit "H," by first applying the unproduced Agricultural Pool water to compensate Appropriative Pool members for the reduction in Safe Yield. (Judgment, Exhibit "H," paragraph 10 (a).) If there is unallocated water left, Watermaster will then follow the remainder of the hierarchy and reallocate unallocated Agricultural Pool water next to conversion claims then to supplement the Operating Safe Yield without regard to reductions in Safe Yield according to the guidance provided by Peace Agreement I & II and Watermaster's rules and regulations as amended. If, after

1 applying the unallocated Agricultural Pool water to compensate
2 the Appropriate Pool members for the reduction in Safe Yield,
3 the actual combined production from the Safe Yield made
4 available to the Agricultural Pool, which includes overlying
5 Agricultural Pool uses combined with land use conversions and
6 the Early Transfer, exceeds 82,800 in any year, the amount of
7 water available to members of the Appropriative Pool shall be
8 reduced pro rata in proportion to the benefits received according
9 to the procedures outlined in Watermaster Rules and
10 Regulations.

11 I) In considering the reference to Watermaster Rules and
12 Regulations in the preceding paragraph, if the order is vague, the court
13 now clarifies it. In the instant order, the court has clarified that
14 Watermaster must follow the priorities set forth in the Judgment for
15 allocations of unproduced Ag Pool water.

16 II) The court has the continuing jurisdiction to interpret and apply
17 its previous orders in light of changing circumstances. In light of the
18 instant motion, the court is doing so.

19 III) JCSD correctly points out that pursuant to the Judgment
20 ¶15 the court is authorized “to make such further or supplemental
21 orders or directions as may be necessary or appropriate for
22 interpretation, enforcement or tearing out of this judgment”

23 IV) Because there has not been a reset in Safe Yield, the court
24 does not find that there has been a detrimental reliance on the court’s
25 October 8, 2010 Order. This would not be the first time that the
26 court’s orders and interpretations thereof have the subject of further
27 litigation.

28 V) Watermaster’s further response to order for additional briefing,

1 filed April 11, page 3, lines 15-19 states:

2 Both responses provided by the City of Chino and JCSD omit
3 the key fact: Section 6.3(c) Watermaster Rules and Regulations,
4 as amended pursuant to Peace II measures provides that water
5 unused by members of the Agricultural Pool shall be divided
6 equally between Land Use Conversions and Early Transfers. The
7 Court's October 8, 2010 Order provides that this shall be done
8 even if the safe yield declines. For the first time, approximately
9 five years following this Order, the City and JCSD would set it
10 aside and thereby unwind accounting, court approvals, and
11 agreements impliedly if not expressly made in reliance thereon.

12 m) No party has offered any specific detriment that would occur from the
13 court's instant orders regarding the priorities.

14 n) Watermaster is relying on its own interpretation of its own rules and
15 regulations which the court does not accept for the reasons set forth
16 herein. The court has clarified its October 8, 2010 Order.

17 I) Watermaster cannot use its own interpretations of the court's
18 orders to contradict the court's interpretation. The final decision is the
19 court's, not Watermaster's.

20 II) If there is any ambiguity that Watermaster finds the current
21 circumstances for the application of that Order III.(6) the court clarifies
22 it now. SYRA's reference to that order's provision does not help in its
23 clarification or application.

24 III) Watermaster argues that "in the event that Operating Safe
25 Yield is reduced because of a reduction in Safe Yield, Watermaster will
26 follow the reallocation hierarchy provided for in the Appropriative Pool
27 Pooling Plan by first applying the unallocated Ag Pool water to
28 compensate the Appropriate Pool members for the reduction in safe

1 yield. (Restated Judgment, exhibit "H), paragraph 10 (a).) If, thereafter,
2 there is unallocated water left, Watermaster then followed the
3 remainder of the hierarchy and reallocate unallocated agricultural Pool
4 water next to land use conversion claims and Early Transfer, and then
5 to supplement the Operating Safe Yield without regard reductions in
6 safe yield." (Watermaster's Reply to Oppositions to Motion regarding
7 2015 Safe Yield Recent Agreement, Amendment Restated Judgment,
8 Paragraph 6, page 24, lines 7-14.)

9 IV) This argument equates land use conversion claims and
10 Early transfer claims. This argument is incorrect for the reasons stated
11 herein. Additionally:

12 (a) The court's order filed October 8, 2010, paragraph III.(6)
13 is quoted in full in section "I" above:

14 (b) This paragraph III.(6) provides no basis to equate land use
15 conversions and Early Transfers. The specific language of the
16 order requires Watermaster to follow the hierarchy in Judgment,
17 Exhibit "H" which does not include, or even mention, Early
18 Transfers. Early transfers were an aspect of Peace I, and the
19 court has interpreted and ordered the hierarchy to require
20 conversion claims to have priority over Early Transfer claims.

21 o) Additionally, the court rejects and denies the implementation of SYRA
22 ¶5.3 specifically because, as with SYRA ¶5.2, this provision has the
23 same problems of interpretation of the court's 2010 Order Approving
24 Watermaster's Compliance with Condition Subsequent Number Eight
25 and Approving Procedures to be used to Allocate Surplus Agricultural
26 Pool Water in the Event of a Decline in Safe Yield.

27 p) Watermaster's erroneous interpretation of the order of priorities is not a
28 basis to continue that erroneous interpretation. If Watermaster has to

1 make a reallocation, then it must do so in order to follow the court's
2 order. A wrong practice can be long-standing, and still be wrong. A
3 wrong practice cannot be a basis of prejudice.

4 q) The court rejects any argument that this issue is subject to issue
5 preclusion. The specific issues raised by the oppositions to the motion
6 have not been specifically addressed by the court. They are not barred
7 by laches. The issues have been timely raised within the context of the
8 instant motion, and the court always retains jurisdiction to modify its
9 orders as those orders are drawn to the attention of the court, and the
10 court determines they require modification for the reasons set forth in
11 this order.

12

13 E. Dispute re priority of claims

14 A dispute has arisen concerning the priority of claims. The dispute concerns
15 the priority of allocation claims to unproduced/unpumped Ag Pool water. The 1978
16 Judgment, Exhibit "H," Paragraph 10 was very specific as set forth in section A of
17 this ruling above. For convenience, it is repeated here.

18 Paragraph 10 described "Unallocated Safe Yield Water" as follows:

19 To the extent that, in any 5 years, any portion of the share of Safe Yield
20 allocated to the Overlying (Agricultural) Pool is not produced, such
21 water shall be available for reallocation to members of the
22 Appropriative Pool as follows:

23 (a) Priorities. Such allocation shall be made in the following sequence:
24 (1) to supplement, and the particular year, water available from
25 Operating Safe Yield to compensate for any reduction in the Safe Yield
26 by reason of recalculation thereof after the tenth year of operation
27 hereunder.

28 (2) pursuant to conversion claims as defined in Subparagraph (b)

1 hereof.

2 (3) as a supplement to Operating Safe Yield, without regard to
3 reductions in Safe Yield.”

4 Confusion has arisen with respect to the relationship between the Judgment,
5 Exhibit “H,” Paragraph 10 on the one hand, and Watermaster Rules and Regulations
6 ¶6.3(a) on the other. Watermaster Rules and Regulations ¶6.3(a) states as follows:

7 Accounting of Unallocated Agricultural Portion of Safe Yield. In each
8 year, the 82,800 acre-feet being that portion of the Safe Yield Made
9 available to the Agricultural Pool under the Judgment, shall be made
10 available:

- 11 (i) To the Agricultural Pool to satisfy all demands for overlying
12 Agricultural Pool lands;
- 13 (ii) To land-use conversions were completed prior to October 1,
14 2000;
- 15 (iii) To land use conversions that have been completed after October
16 1, 2000; and
- 17 (iv) To the Early Transfer of 32,800 acre-feet from the Agricultural
18 Pool to the Appropriative Pool in accordance with their pro-rather
19 assigned share of Operating State Yield.

20 The confusion arises because Watermaster Rules and Regulation ¶6.3(a) does
21 not explicitly confirm the priority of allegations set forth in the Judgment and as
22 ordered by the court.

23 Chino has argued that

24 [T]he members of the Appropriative Pool have received the right to
25 participate in annual allocations of the Unproduced Agricultural Pool
26 Water instead of every five years called “Early Transfers” (Paragraph
27 5.3(f-g), Peace Agreement) and the right to an equal priority of Early
28 Transfers with Land Use Conversion Claims, which have a higher

1 priority under the Judgment, in order to maximize the amount of their
2 Early Transfer water to the appropriators do not have Land Use
3 Conversion Claims. (Paragraph 3.1(a)(i) and Attachment "F", Peace II
4 Agreement). City of Chino's Opposition Watermaster Motion
5 regarding 2015 Safe Yield Reset Agreement, Amendment of Restated
6 Judgment, Paragraph 6, page 13, lines 19-25.

7 Attachment "F" refers to the Watermaster Rules and Regulations 6.3(c). As
8 stated above, the court finds Watermaster Rules and Regulations 6.3(c) ambiguous.

9 The court finds that the Judgment must govern and take priority and
10 precedent for the interpretation of any Watermaster rule or regulation, including
11 Watermaster Rules and Regulations 6.3(c).

12

13 **At this time, the court additionally orders as follows:**

14 A. The order of priorities set forth in the Judgment, Exhibit "H," Paragraph
15 10 must be followed; and

16 B. Watermaster Rules and Regulations ¶ 6.3, and particularly ¶¶6.3(a) and (c),
17 are to be interpreted to follow the priorities set forth in Judgment, Exhibit "H,"
18 Paragraph 10. In particular, the court orders conversion claims are to receive a
19 higher priority than Early Transfer claims for the following reasons:

20 (1) The conversion claims are set forth in the judgment;
21 (2) Early Transfer claims were a creation of Peace I;
22 (3) Early Transfer claims did not affect the priority of claims set forth in
23 the judgment;

24 (4) Early Transfer claims were ordered after the judgment and so must
25 be considered subordinate to the original terms of the judgment.

26 (5) The parties to Peace I made their agreement in the context of the
27 judgment and therefore used the Judgement priorities as a basis for additional
28 allocations of Ag Pool water.

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3 **VI. SAFE STORAGE MANAGEMENT MEASURES**

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A. Through the facilitation and nondisclosure agreement (FANDA) Watermaster attempted to facilitate an agreement among all parties avoid an accelerated cumulative draw on Excess Carry Over stored water in order to avoid undue risks. SYRA had provisions to establish a mechanism for a safe storage reserve of 130,000 AF of water in the non-Supplemental Water storage accounts of the members of the Appropriative Pool as a reserve sufficient to protect the Basin. However, the concern for basin protection was balanced with temporary needs in the event of an emergency or to support Desalter Replenishment. Up to 100,000 AF could be accessed in the event of an emergency subject to conditions

a) The plan which Watermaster attempted to facilitate is identified in SYRA as “the safe storage reserve and safe storage management plan” or the safe storage management measures (SSMM).

b) The City of Chino (Chino) has the largest component of Excess Carry-Over water and was the most significantly affected party.

c) Chino refused to agree to SSMM.

B. The court rejects the adoption of the Safe Storage Management Measures set forth in the SYRA Article 6. The court is not going to set forth the provisions of SYRA Article 6 because the court is rejects the article as a whole.

C. The court rejects Article 6 of SYRA for the following reasons:

1. SYRA is not severable as set forth above.
2. Watermaster states that access to safe storage in the short term is extremely remote.
3. The volume in stored water accounts of Appropriative Pool members is

1 about 357,000 AF as of June 30, 2014.

2 4. The Judgment Parties presently lack the infrastructure capability (wells
3 and pipelines) that would produce the quantity of water from storage that would
4 trigger production from the safe storage reserve that is identified in SYRA.

5 5. Article 6 is essentially a statement of intent without specificity of
6 implementation. The court refuses to consider or authorize an inchoate plan.

7 a) Although Watermaster argues that the Safe Storage Management
8 Agreement provisions are still subject to “stakeholder process get to be
9 initiated” (Watermaster’s Reply to Oppositions to Motion regarding
10 2015 Safe Yield Reset Agreement, Amendment of Restated Judgment,
11 Paragraph 6, page 1, line 18), the court does not approve policy
12 statements and therefore rejects any implementation.

13 6. The Safe Storage Technical Memorandum (Exhibit E to the motion)
14 does not set forth a factual basis for the court to order the parties to proceed with
15 the provisions of Article 6. While the memorandum states that the SSMM will not
16 cause Material Physical Injury or undesirable results, the memorandum does not
17 include that the SSMM are essential to the OBMP.

18 7. The court notes that from 2000 to 2014, the short-term actual measured
19 net recharge was less total rights allocated to the judgment Parties by as much as
20 130,000 AF.

21 a) From this the court concludes that during this period from 2000 to
22 2014, after offsets for production, there was recharge to the basin in
23 excess of what water was actually produced by as much as 130,000 AF.
24 b) This recharge was accounted for in the storage of Excess Carry-Over
25 water.

26 8. The court does not reach the arguments of Chino that the SSMM
27 constitutes a “taking”.

28 9. The safe storage measures are not required by the physical solution of

1 the Judgment, Peace I, Peace II, the court approved management agreements, the
2 OBMP, the court orders of implementation, or Article X, section 2 of the California
3 Constitution.

6 **VII. The Safe Yield Reset and Ag Pool Water: Recalculation**

7 A. The court finds that the Safe Yield reset to 135,000 AFY is a “recalculation”
8 within the definition of Judgment, Exhibit “H” ¶10.

9 1. SYRA used the term “reset” to describe lowering the Safe Yield to
10 135,000 AFY.

11 a) Now that the court has rejected all of SYRA except the lowering of Safe
12 Yield to 135,000 AFY, the court finds that “reset” is a legally unjustified
13 and legally incorrect term for describing the lowering the Safe Yield to
14 135,000 AFY. For the reasons stated herein, the court finds that
15 lowering the Safe Yield to 135,000 is a recalculation within the
16 definition of Judgment, Exhibit “H” ¶10(a)(1). For the rest of this
17 order, the court will correctly use the term recalculation for lowering the
18 Safe Yield from 140,000 AFY to 135,000 AFY.

19 b) Wildermuth himself calls it a recalculation. Exhibit 1 to his declaration
20 is entitled Declaration of Mark Wildermuth-2013 Chino Basin
21 Groundwater Model Update and *Recalculation* of Safe Yield Pursuant to
22 all the Peace Agreements. [Emphasis added.]

23 c) The recalculation to 135,000 is pursuant to the “tenth year” of
24 operation evaluation required by the Judgment.

25 d) Watermaster and the City of Ontario argue to the contrary, but the
26 “reset” lowering of Safe Yield fits any ordinary definition of the word
27 “recalculation.”

28 I) The whole point of the SYRA motion, related motions, and series of

1 hearings has been for the court to determine how to integrate the
2 reduction of the Safe Yield from 140,000 AFY to 135,000 AFY.
3 The court finds this reduction to be a recalculation of the Safe Yield
4 into the current reality of the Chino Basin.

5 (a) In the context of SYRA, the use of the term “reset” might have
6 made some legal sense. However, now that the court has
7 rejected everything but the reduction, the label “reset” has no
8 basis in fact or law.

9 II) The court cannot find any other way to reconcile these provisions and
10 their interpretations while keeping the ruling consistent with reality.

11 The reduction in Safe Yield is a recalculation, no matter how subtle the
12 attorneys’ arguments are.

13 2. Therefore, the court finds and orders that the first 5,000 AFY of any
14 unproduced Ag Pool water now has a top priority over any other claims, such as
15 conversion claims and early transfers, and that 5,000 AFY of Ag Pool water be
16 allocated to Operating Safe Yield pursuant to Judgment Exhibit H ¶10(a).

17 a) This 5,000 AFY has top priority because it is part of the Judgment.
18 b) To further illustrate the court’s orders, based on the tables in sections
19 IV.B.5 and V.C.5 above

Example 1-B	Explanation	Comment
Initial Ag Pool allocation	82,800 AFY	Judgment
Subtract 5,000 AFY	- 5,000	Safe Yield recalculation reduction pursuant to Judgment Exhibit H ¶10
Ag Pool production/pumping	- 33,600 AFY	Assumption based the current credited production (pumping) for agricultural groundwater is

		<p>about 33,600 AFY, but that includes agricultural land irrigated with reclaimed water. The actual groundwater production for agricultural purposes is about 22,000 AFY. Jurupa Services District's response to Judge Reichert's Request for Clarification, March 22, 2016 page 2, lines 8–10.]</p>
Initial balance after production and reset	44,200 AFY	82,800 acre-feet – 5,000 - 33,600 acre-feet = 44,200 acre-feet
Conversion claims	- 2000 acre-feet	Assumption: The subtraction for satisfying conversion claims before any reallocation. (1000 acres x 2.0 acre feet of water/one acre converted = 2000 acre-feet).
Balance:	42,200 AFY	44,200 acre-feet - 2000 acre-feet = 42,200 acre-feet. Ag Pool Water available after conversion priority claims pursuant to Judgment Exhibit "H" Paragraph 10
Reduction for Early Transfers	- 32,800 AFY	Basic Early Transfer from 82,800 AFY allocation leaving 50,000 AFY for the Ag Pool itself to produce/pump and for additional claims by the

		Appropriative Pool pursuant to Peace I and Peace II.
Balance	9,400 AFY	(42,200 acre-feet -32,800 acre-feet = 14,400 acre-feet. This is the Ag Pool water available for reallocation to Appropriative Pool after subtraction of the recalculation reallocation, the conversion priority claims of 2,000 acre-feet from and the 32,800 Early Transfer of unproduced/unpumped from the allotment of Ag Pool water.

VIII. Safe Yield Reset and Desalter-Induced Recharge

The court concludes and orders that Desalter-Induced Recharge is only to be applied to offset Desalter production. The court's analysis involves going back to the basics of the judgment and the Peace Agreements.

A. The Revised Judgment

1. The Judgment ¶I.4.(x) defines "Safe Yield" as "the long-term average annual quantity of groundwater . . . which can be produced from the Basin under cultural conditions of a particular year without causing an undesirable result."

2. The Judgment ¶I.4.(l) defines "Operating Safe Yield" as "the annual amount of water which Watermaster shall determine, pursuant to the criteria specified in Exhibit "I", can be produced from Chino Basin by the Appropriative Pool parties free of replenishment obligation under the Physical Solution herein.

a) Exhibit "I" is the Engineering Appendix which has come to include the

1 definitions of Hydraulic Control, Re-Operation water, and Desalter
2 production.

3 Judgment Exhibit "H" ¶10 Unallocated Safe Yield Water states:
4 "to the extent that, in any five years, any portion of the share of
5 Safe Yield allocated to the Overlying (Agricultural) pool is not
6 produced, such water shall be available for reallocation to members of
7 the appropriative pool, as follows:

8 (a) Priorities.-Such allocation shall be made in the following sequence:

9 (1) to supplement, in the particular year, water available from
10 Operating Safe Yield to compensate for any reduction in the Safe Yield
11 by reason of recalculation thereof after the tenth year of operation
12 hereunder.

13 (2) pursuant to conversion claims as defined in Subparagraph (b)
14 hereof.

15 (3) as a supplement to Operating Safe Yield, without regard to
16 reductions in Safe Yield.

17
18 B. The 2000 Peace Agreement I

19 1. Peace I Section I(ee) defines "Operating Safe Yield" as the "annual
20 amount of groundwater which Watermaster shall determine, pursuant to criteria
21 specified in Exhibit "I" to the judgment, can be produced from Chino Basin by the
22 Appropriative Pool free of Replenishment obligation under the Physical Solution.
23 Watermaster shall include any New Yield in determining Operating Safe Yield."

24 a) This is a modification of the definition of "Operating Safe Yield" from
25 the Judgment. In fact, the court notes "IV-Mutual Covenants, ¶ 4.5
26 Construction of "Operating Yield" Under the Judgment. Exhibit I to
27 the Judgment shall be construed to authorize Watermaster to include
28 New Yield as a component of Operating Safe Yield."

1
2 C. The 2007 Peace Agreement II

3 1. Article VII Yield Accounting, ¶7.1 New Yield Attributable to the
4 Desalters states “for the initial term of the Peace Agreement, neither Watermaster
5 nor the Parties will request that Safe Yield be recalculated in a manner that
6 incorporates New Yield *attributable to the Desalters* into the determination of Safe Yield
7 so that this source of supply will be available for Desalter Production rather than for
8 use by individual parties to the Judgment.” (Emphasis in original.)

9
10 D. The Safe Yield Recalculation and Desalter-Induced Recharge

11 1. Watermaster correctly states that that desalter induced recharge can
12 only be used to offset desalter production. From this Watermaster concludes that
13 Safe Yield of 135,000 acre-feet per year must include Desalter-induced recharge.
14 This conclusion is wrong.

15 a) Through many avenues, Watermaster has attempted to include
16 Desalter-Induced Recharge (with the new abbreviation of “DIR”)
17 within the definition of Safe Yield.

18 b) Watermaster has never explicitly offered an explanation of why
19 Watermaster has attempted so diligently to convince the court to
20 include Desalter-Induced Recharge within the definition of Safe Yield.

21 I) The court considers that Watermaster’s explanation might include an
22 argument that if Desalter-Induced Recharge is not included within the
23 definition of Safe Yield, the parties could produce/pump water from
24 Desalters without limit, with the result that water could be drained from
25 the Santa Ana River without limit. That result would be not only
26 detrimental to the hydrology of the entire region, but also legally
27 unjustified.

28 c) In its latest argument, Watermaster has offered to “sequester” the

portion of Safe Yield attributable to Desalter-Induced Recharge.

- I) The court does not accept this characterization of Desalter production/pumping allocation because it is simply a characterization of an accounting.
- II) The “sequestration” has no basis in the CAMA’s and adds a new, vague, undefined term to an already complicated structure of accounting.
- III) Watermaster argues “that Desalter-Induced Recharge is an inflow to the Basin and therefore a component of Safe Yield.”
 - (a) The court rejects this argument because it contradicts the requirement of Peace II that for the initial term of the Peace Agreement, Safe Yield will not be recalculated to include New Yield attributable to the Desalters.
 - (b) Desalter-Induced Recharge is the source of (and offset to) New Yield attributable to the Desalters. That New Yield cannot be included in Safe Yield. So, so under Peace II, Safe Yield also does not include Desalter-Induced Recharge. (Peace I ¶ 1.1(aa)-definition of New Yield; Peace I ¶7.5-Replenishment Water; Peace II ¶6.2-Peace II Desalter Production Offsets.)
- IV) The Responding AP Members argue that the court can only be consistent in its orders if the court resets the Safe Yield to 115,000 AFY. The court also rejects this argument for the following reasons.
 - (a) Using Watermaster's own proposal, the court recognizes that there is some logic to the position of the Responding AP Members because 1) if the 20,000 AFY is “sequestered” that it is not available for production/pumping without a replenishment obligation and 2) then the reality is the safe yield should be 135,000 AFY - 20,000 AFY for a net of 115,000 AFY.
 - (b) However, the court concludes that the structure set up by the

1 Judgment, Peace I, and Peace II require that there be separate
2 analyses for Safe Yield and New Yield attributable to the Desalters.

3 (i) The analysis for Safe Yield is illustrated in this order Sec. VII.5.a
4 above.

5 (ii) The analysis for Desalter-Induced Recharge and New Yield
6 attributable to the Desalters is described in Peace I and Peace II
7 and the further order as set forth herein.

8 (iii) Watermaster has been accounting for these analyses since 2007,
9 so it should not be a problem for Watermaster to continue to
10 do so.

11 (c) The Responding AP Members also argues that the technical
12 reports show that the basin can safely only sustain 135,000 AFY.

13 (d) However, in Exhibit 1 to the Declaration of Mark Wildermuth -
14 2013 Chino Basin Groundwater Model Update and Recalculation of
15 Safe Yield Pursuant to Peace Agreements, section 1.2.3, "the
16 updated Watermaster Model was used to estimate Santa Ana River
17 Underflow New Yield (SARUNY) from the desalters and
18 reoperation from both the calibration and planning periods.

19 SARUNY means the same thing as that term *Desalter Induced Recharge*
20 as used in the 2015 Safe Yield Reset Agreement." This definition is
21 repeated in section 7.3.7.

22 (e) The Wildermuth declaration filed March 10, 2017, with the Chino
23 Basin Watermaster Response to February 22, 2017 Order section
24 7.3.7 which states:

25 (i) "The net Santa Ana River recharge in the fiscal year spending
26 July 1999 through June 2000 [one year] is the baseline from
27 which to measure SARUNY, which was estimated to be
28 -2,153 acre-ft/yr, indicating that the Chino Basin discharged to

1 the Santa Ana River more water than was recharged by the River
2 into the Basin. . . . Table 7-10 compares Chino Desalter
3 production and SARUNY over the period of July 2000 through
4 July 2030. . . . The effect of 's the Chino Desalters and
5 reoperation becomes clear in 2005 when SARUNY reaches about
6 50 percent of CDA production. The New Yield results from the
7 implementation of the Chino Desalters is consistent with the
8 planning estimates that were assumed during the development of
9 the Peace Agreements.'

10 (f) Table 7-10 shows that starting in 2017, the ratio of new yield to
11 CDA production is about an average of 45 percent, meaning that
12 New Yield Desalter-Induced Recharge those years is about 45% of
13 the Desalter production.

14 (g) From these facts the court concludes that the Wildermuth Safe Yield
15 reset/recalculation has taken into account the Desalter-Induced
16 Recharge and production, so there is no need to reduce the Safe
17 Yield ~~to~~ 115,000 AFY as argued by the Responding AP Members.

18 (h) The Peace Agreement offsets for new yield production attributable
19 to the Desalters are an accounting requirement process, not a feature
20 of determination of Safe Yield.

21 (i) The court also concludes that the reset/recalculation has included
22 the contractual features of the Peace Agreements, and one of those
23 features is that Safe Yield not be recalculated to incorporate New
24 Yield attributable to the Desalters. Wildermuth has considered this
25 feature.

26 (j) Again, therefore the safe yield of 135,000 AFY does not include
27 New Yield attributable to the Desalters.

28 2. The court still concludes for the term of Peace I (*i.e.*, until 2030), Safe

1 Yield not be recalculated in a manner that incorporates New Yield attributable to the
2 Desalters into the determination of Safe Yield.

- 3 a) The 20,000 AFY of Desalter-Induced Recharge is not included with the
4 definition of Safe Yield for the term of the Peace Agreements. To rule
5 otherwise would contradict the Peace Agreements.
- 6 b) The court analogizes its ruling to the controlled overdraft allowed to
7 achieve hydraulic control. That aspect of production/pumping was not
8 allocated to Safe Yield. The court orders that Desalter-Induced
9 Recharge New Yield remain unallocated to Safe Yield.
- 10 c) The court does not address the City of Chino's briefing regarding the
11 Safe Yield Implementation Replenishment Accounting Illustration (Per
12 Peace II agreement, Section 6.2 (PIIA, 6.2) and June 11, 2015 Key
13 Principles) Watermaster motion filed October 23, 2015, Exhibit "F"
14 Attachment 2 for the following reasons:
 - 15 I) Chino asks if the Column G – Desalter-Induced Recharge
16 replenishment water was coming from Desalter production.
 - 17 II) Footnote 4 for this Column G states that "the desalter-induced
18 recharge projection in the table is now shown at 50% of the annual total
19 desalter production for years 2015 through 2030. Desalter -induced
20 recharge from 2001 to 2014 (187,000 acre-feet) will be deemed Safe
21 Yield and not available to offset Desalter production."
 - 22 III) As part of its order that SYRA cannot be implemented, the court
23 rejects the Safe Yield Reset Implementation Desalter Replenishment
24 Accounting Illustration.
 - 25 IV) The City of Ontario has argued that Desalter Induced Recharge
26 to offset Desalter production should be "backfilled" from Safe Yield.
27 The court rejects this argument for the following reasons:
 - 28 (a) This is merely a characterization of what SYRA proposed to do, and,

1 for the reasons already stated, the court has rejected SYRA except
2 for the Safe Yield recalculation.

3 (b) The Judgment, the Peace Agreements, and the CAMA's do not
4 support this accounting, again for the reasons already stated.

5 (c) Again, for the reasons stated herein, the court rejects that Ontario's
6 argument that a Safe Yield recalculation to 135,000 AFY is not a
7 "Safe Yield recalculation." The argument has no merit and is
8 completely unpersuasive.

9 (d) The court finds that the definitions of Safe Yield and New Yield are
10 sufficiently set forth in the Judgment, Peace I and Peace II.

11 (i) Watermaster does not point to any specific conflict between the
12 court's current/instant order and the court's order implementing
13 Watermaster Resolution 07-05, and the court finds none.

14 (ii) The court reaffirms the definitions of Peace II which have been
15 in effect for 10 years, and of course the definitions of the
16 Judgement and Peace I.

17 (iii) The court finds no basis for Watermaster's attempt to define
18 Desalter-Induced Recharge into directly, indirectly, Safe Yield or
19 by a "sequester."

20 (iv) In reaffirming the definitions of the Judgment, Peace I, and
21 Peace II, the court of course also notes the definition of "Safe
22 Yield" in the Judgment ¶I.1(x) inclusive of "undesirable result,"
23 and the "Material Physical Injury" of Peace I ¶I.1 (y).

24 V) The court finds and orders that Desalter production is not Safe Yield
25 and Desalter production is to be offset only as provided in Peace II.

28 **IX. Additional Bases for Rulings**

1 A. The court has refused to implement the sections of SYRA identified above for
2 the reasons set forth above. In the court's view, those reasons are sufficient under
3 the law. Therefore, the court has not addressed other objections raised by the
4 parties, such as those of the City of Chino, that Watermaster has failed to prove a
5 change in circumstances, that Watermaster has improperly advocated for certain
6 parties, that the parties are collaterally estopped from re-litigating the parties' rights,
7 that the parties are equitably estopped from reducing their replenishment obligations,
8 that SYRA fails to comply with CEQA, that SYRA provisions resulted in an unlawful
9 taking of Chino's property.

10
11 B. Although the court understands the necessity of accounting for Desalter
12 induced recharge from the Santa Ana River, the court does not find a basis in the
13 law, the Judgment, or the Court Approved Management Agreements for
14 simultaneously reducing Safe Yield and adding unproduced/unpumped Ag Pool
15 water to account for Desalter induced recharge.

16 1. Watermaster argues that the court should approve SYRA because it is
17 only a confirmation of "interpretation of the manner in which Watermaster should
18 comply with the provisions of the Court Approved Management Agreements.
19 (Watermaster's Reply to Oppositions to Motion regarding 2015 Safe Yield Reset
20 Agreement, Amendment of Restated Judgment, Paragraph 6, page 10, line 26.)

21 a) The court does not accept this argument. The court interprets SYRA as
22 an attempt for a major qualitative revision of the Court Approved
23 Management Agreements, but the Court Approved Management
24 Agreements do not support the SYRA revision for the reasons stated
25 herein.

26 2. The court finds that the rulings herein will not cause material physical
27 injury or an undesirable result.

28 a) Although many parties have approved SYRA, parties' approval or

1 disapproval of SYRA is not a legal basis for the court to enforce SYRA.
2 The court must look to the previous agreements of the parties, the
3 previous court orders, the Court Approved Management Agreements,
4 the Judgement, and the California Constitution.

5

6 Date: 4-28-17

7

8 S Reichert

9

10 Judge Stanford E. Reichert
11 San Bernardino County Superior Court

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CHINO BASIN WATERMASTER

ADVISORY COMMITTEE

February 19, 2026

INLAND EMPIRE UTILITIES AGENCY REPORTS

The following items are provided for receive and file.

- Metropolitan Water District Activities Report
- Water Supply Conditions
- State and Federal Legislative Reports

IEUA's Summary on Metropolitan Water District of Southern California (MWD) Board Activities

Submitted February 2026

For More Information Contact:

-  Eddie Lin
-  elin@ieua.org
-  909.993.1740

See www.MWDh2o.com for the latest information from MWD and tune into livestream broadcasts of meetings.

MWD Holds Public Hearing on Achievements in Conservation, Recycling, and Groundwater Recovery

On January 12th, the MWD Board of Directors held a public hearing on MWD's conservation, recycling, and groundwater storage and recycling achievements. MWD's cumulative investment to date has reached \$1.7 billion, generating 8,883,274 AF of water development and conservation. A full report is published on MWD's website, 2026-annual-achievement-report.pdf.



MWD January 12, 2026

Local Resources Program (LRP) Update

On January 12th, the MWD One Water and Adaptation Committee received an update on the LRP. The LRP is a pay-for performance program, where MWD pays for the development of local supplies based on production. The intent is to develop local supplies within MWD's service area. LRP agreements last 25 years, and when the local LRP project agreement concludes, MWD stops payment, but the local supply often remains. The result is approximately 50% of the recycled water and groundwater production in the MWD service area being LRP funded, with roughly two thirds of those supplies former LRP funded and one third currently funded by the LRP. MWD has provided millions in LRP funding for both IEUA's recycled water system and the Chino Basin Desalters.

MWD is currently reviewing the LRP via workshops with member agencies. The workshops will explore gaps and barriers to local resource development and are a place to discuss the potential need for a new LRP framework.

MWD Approves Sepulveda Feeder Reach 2 Rehabilitation

On January 12th, the MWD Engineering, Operations, & Technology Committee awarded a \$61,242,000 construction contract to J.F. Shea Construction Inc. for prestressed concrete cylinder pipe (PCCP) rehabilitation of the Sepulveda Feeder Reach 2. PCCP was seen as a cost-effective alternative to steel pipes in the 1960's and 1970's

but has since been found to be prone to failure. MWD has been inspecting PCCP lines since 1989, and in 2011 established a plan to rehabilitate PCCP lines. Priority rehabilitation PCCP lines include the Rialto Pipeline (which supplies IEUA's service area), Calabasas Feeder, Sepulveda Feeder, Second Lower Feeder, and Allen-McColloch Pipeline.

An inspection in April 2025 identified 48 pipe segments of the Sepulveda Feeder Reach 2 with heavy PCCP line wear. The approved project will reline the entire 3.8-mile reach, minimizing service interruptions to member agencies and the public.

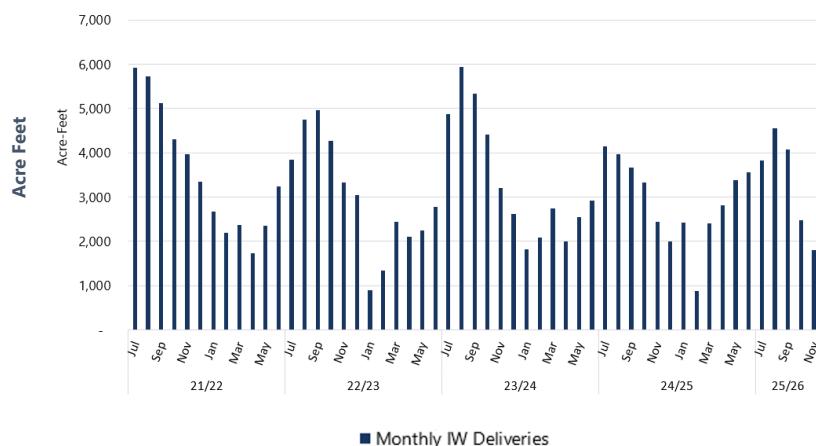
The total project cost to rehabilitate Sepulveda Feeder Reach 2 is \$80 million, with the additional spending going towards MWD labor, technical services from HDR Engineering Inc., and other miscellaneous expenses. Construction is scheduled to last through April 2027.



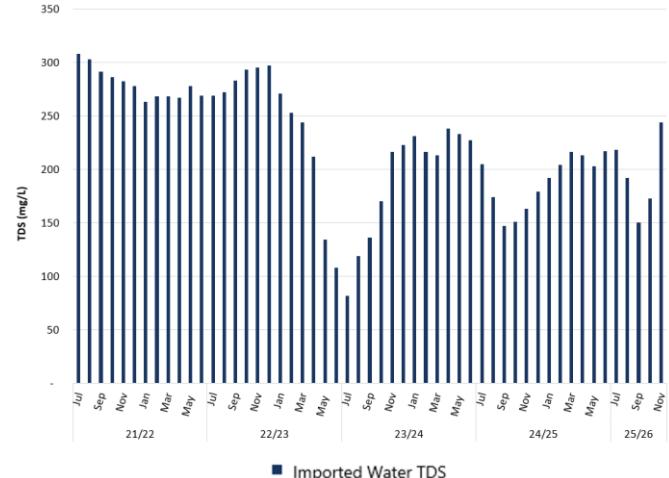
MWD PCCP Location Map – MWD January 12, 2026

Imported Water

Full Service Imported Water Deliveries Summary
(FY 2020/21 to 2025/26)

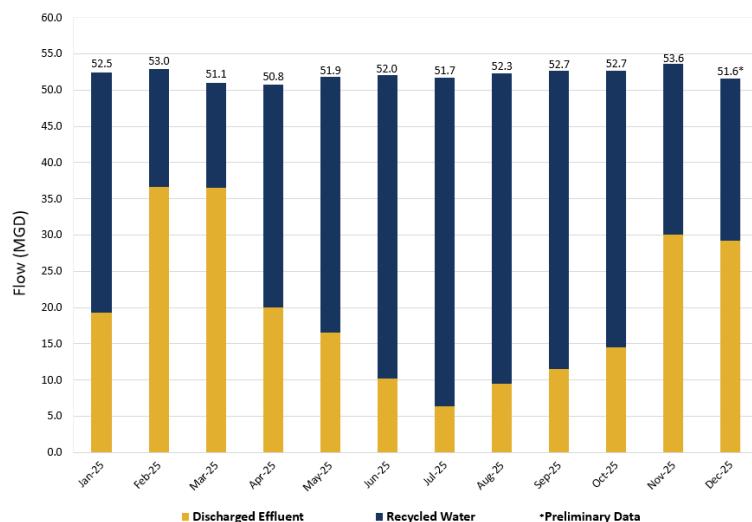


Imported Water TDS Summary
(FY 2020/21 to 2025/26)

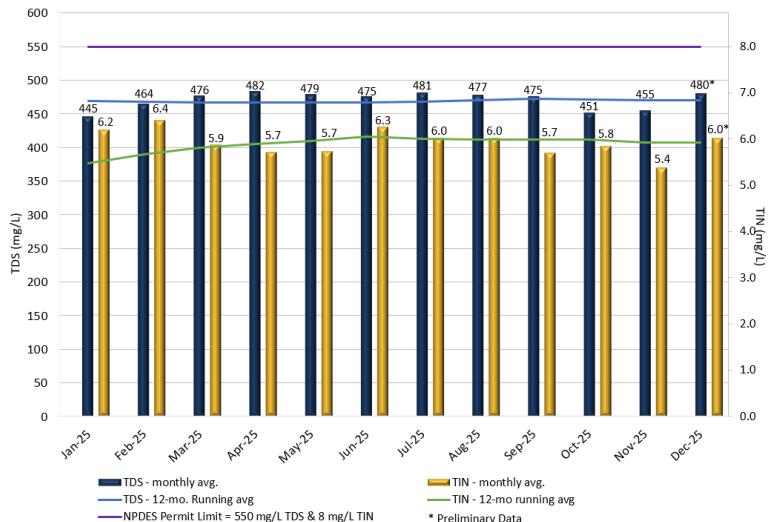


Recycled Water

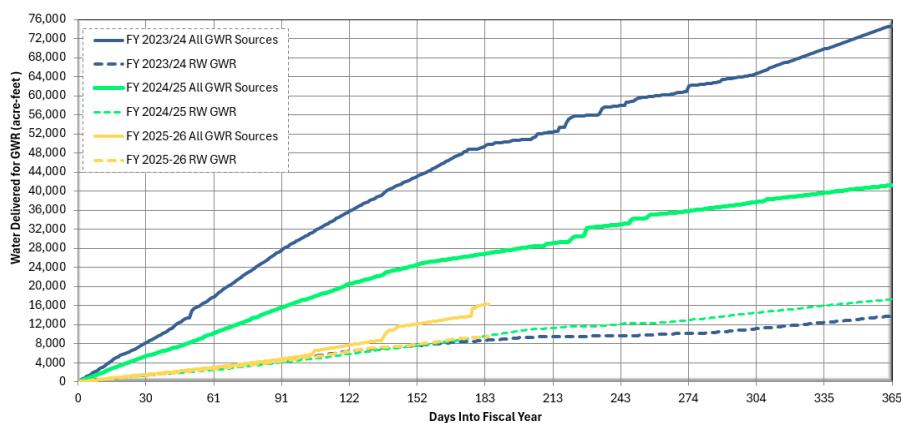
Discharged Effluent & Recycled



Agencywide Effluent TDS & TIN



Groundwater Recharge



DECEMBER 2025 NOTES:

- Total stormwater and dry weather flow recharged is preliminarily estimated at 2,567 acre-feet.
- Recycled water delivered for recharge totaled 1,503.4 acre-feet.
- There was no imported water recharged in the Chino Basin from MWD.
- Chino Basin Watermaster will remove 1.5% for evaporation losses from delivered supplemental water sources (imported water and recycled water).
- Considering evaporation losses, total recharge is preliminarily estimated at 4,047.8 acre-feet.



The Metropolitan Water District of Southern California

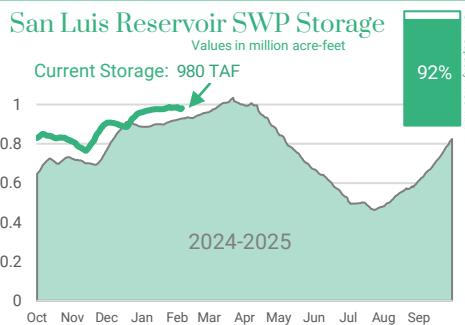
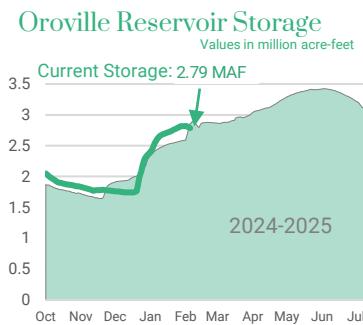
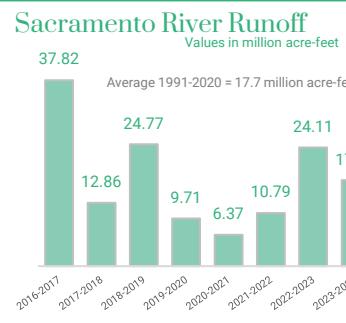
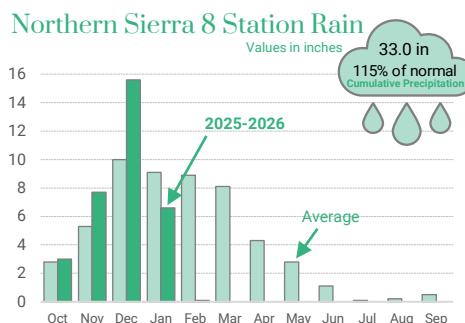
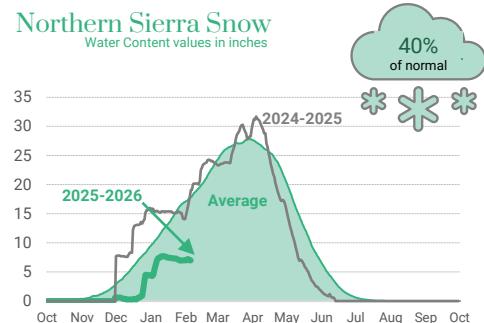
Water Supply Conditions Report - <https://www.mwdh2o.com/WSCR>

Questions? Reach out via the form: <https://forms.office.com/g/Gj3aReAuCm>

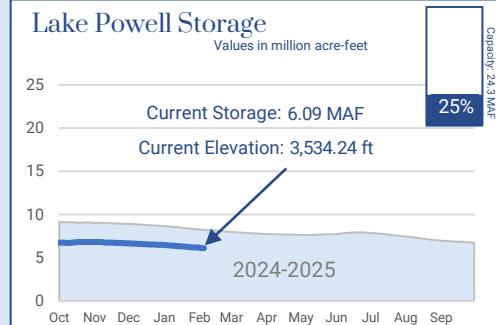
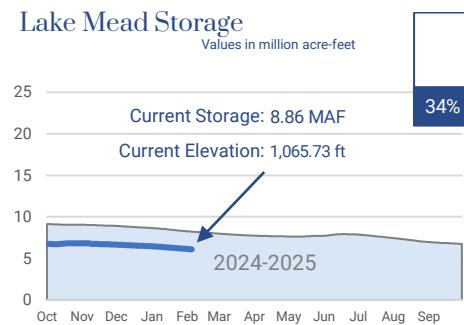
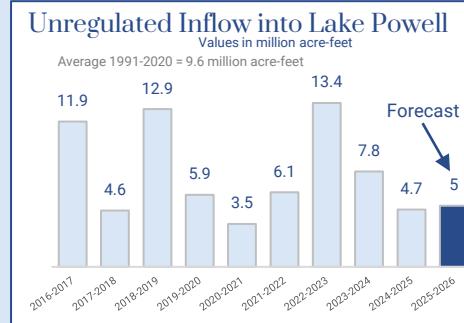
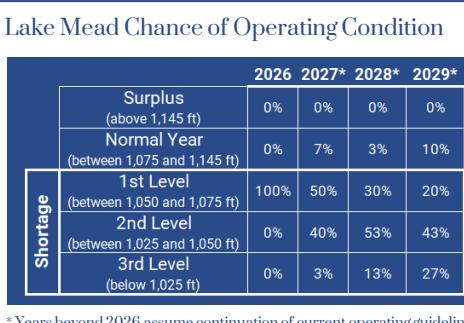
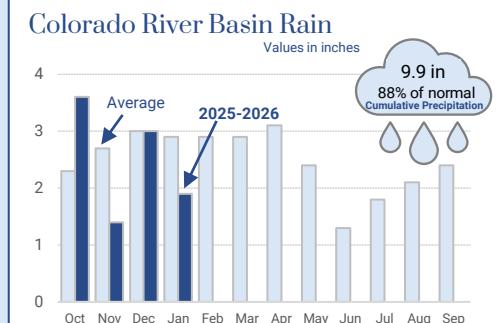
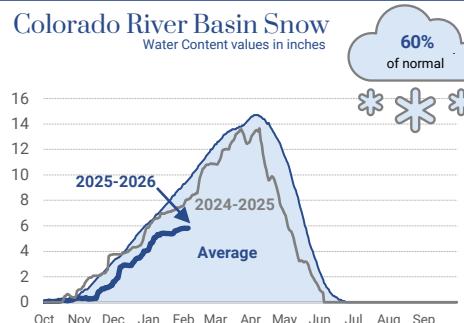
Water Year 2025-2026

As of: 02/05/2026

State Water Project



Colorado River



Reservoir storage in Southern California: https://www.bewaterwise.com/reservoir-water-storage/2.2.4_reservoir_storage.pdf

Inland Empire Utilities Agency, a Municipal Water District Federal Update

January 27, 2026

Fiscal Year 2026 Appropriations Update

In January, both the House and Senate continued their work to pass the remaining appropriations bills. On January 23, President Trump signed [H.R. 6938](#), the three-bill minibus package including Commerce-Justice-Science, Energy & Water Development, and Interior-Environment appropriations bills. The House has advanced the remaining FY26 appropriations measures: Defense, Financial Services-General Government, Homeland Security, Labor-HHS-Education, State-Foreign Operations, and Transportation-HUD. These six bills were transmitted to the Senate as a single consolidated package last week. The Senate is now considering that package, but its path forward remains uncertain. Senate Democrats are pushing to separate the Homeland Security appropriations bill from the other five measures, while Senate Republicans are signaling their intention to move forward with the package as sent by the House. If the Senate amends the package in any way, the legislation would need to return to the House for further action. The House is not scheduled to return until next week, and the current continuing resolution is set to expire this Friday, raising the prospect of a partial government shutdown.

GAO Publishes Report on Large-Scale Recycling Grant Program

On January 8, the Government Accountability Office (GAO) released a [report](#) evaluating the Bureau of Reclamation's implementation of the Large-Scale Water Recycling Program authorized under the *Infrastructure Investment and Jobs Act* (IIJA). GAO found that Reclamation's grant selection process and the five projects selected to date—totaling approximately \$308 million, primarily in Southern California and Utah—aligned with statutory IIJA criteria. The selected projects are expected to reduce reliance on the Colorado River, expand water supplies for millions of users, and support tens of thousands of jobs once completed. GAO also identified implementation challenges, including limits on funding feasibility studies, the absence of a statutory dollar cap on individual project awards, workforce capacity constraints, and delays tied to departmental grant reviews. GAO recommended that the Department of the Interior report its implementation experience to Congress, including potential legislative changes to improve the program if reauthorized or to inform similar efforts. Interior concurred with the recommendation.

LEGISLATIVE ACTIVITY

Rep. Doug LaMalfa Passes Away. On January 6, Rep. Doug LaMalfa (R-CA), a fourth-generation rice farmer, passed away at age 65. LaMalfa represented California's 1st congressional district—covering much of rural Northern California—from 2013 until his death. Throughout his congressional career, he focused on issues central to his largely agricultural and forested district, including water access, forest management, wildfire mitigation, and rural economic stability. Prior to serving in Congress, LaMalfa was a member of the California State Assembly from 2002 to 2008 and the California State Senate from 2008 to 2012.

California Governor Newsom Sets Special Election to Fill CA-01 Seat. On January 16, Governor Gavin Newsom scheduled a June 2 special primary to fill the remainder of late Rep. Doug LaMalfa in California's 1st congressional district. All candidates will appear on a single ballot; if no candidate receives a majority, the top two finishers will advance to an August 4 runoff. The special election will be conducted using the district's current boundaries, while the regularly scheduled general election will use the newly redrawn lines adopted under Proposition 50.

Bipartisan Bill Introduced to Improve USDA Water Assistance for Rural Communities. On January 13, Senators Adam Schiff (D-CA) and Jon Husted (R-OH) introduced the *Emergency Rural Water Response Act* ([S. 3620](#)), which would expand eligibility and allowable uses under the Department of Agriculture's (USDA) Emergency Community Water Assistance Grant (ECWAG) program. The bill would broaden the types of water infrastructure and emergency response activities eligible for ECWAG funding and raise the population threshold for eligible communities from 10,000 to 35,000. The expanded assistance is intended to help communities respond more quickly to water system disruptions caused by wildfires, floods, droughts, and other emergencies. Similar legislation ([H.R. 4879](#)) was introduced in the House by Representatives Jim Costa (D-CA) and Chuck Edwards (R-NC) in August 2025.

CONGRESSIONAL LETTERS

Congressional Democrats Raise Concerns Over Proposed ESA Rules. Eighty-seven House and Senate Democrats sent a [letter](#) to Interior Secretary Doug Burgum and Commerce Secretary Howard Lutnick expressing concerns about the administration's proposed changes to *Endangered Species Act* (ESA) regulations. The lawmakers warned that the proposals could weaken core protections, citing potential impacts on Section 7 consultation requirements and the elimination of the ESA's longstanding "blanket 4(d) rule," which currently extends key safeguards to species listed as threatened. The letter argues that the changes could increase risks to imperiled species while creating uncertainty for conservation efforts and regulated entities.

FEDERAL AGENCY ACTIONS AND PERSONNEL CHANGES

President Trump Signs Executive Order to Extend FEMA Review Council. On January 23, President Trump signed an [executive order](#) to extend the Federal Emergency Management Agency (FEMA) Review Council through March 25, 2026, delaying its scheduled termination by 60 days. The council, created in January 2025 to assess the future role and structure of FEMA, was set to expire after one year absent presidential action. The extension comes as the Council's final report has not yet been publicly released following the cancellation of a planned December meeting.

White House Names Senior Advisor to Office of Intergovernmental Affairs. Daniel Gustafson has been named Senior Advisor and Associate Director for Intergovernmental Affairs at the White House Office of Intergovernmental Affairs. He previously served as Deputy Director of the Office of Intergovernmental and External Affairs at the Department of the Interior.

OMB Orders Federal Funding Review for 14 States and Washington, D.C. On January 20, the Office of Management and Budget (OMB) [directed](#) most federal agencies to compile detailed reports on federal funding provided to 14 states—California, Colorado, Connecticut, Delaware, Illinois, Massachusetts, Minnesota, New Jersey, New York, Oregon, Rhode Island, Vermont, Virginia and Washington—and Washington, D.C. The review applies to all agencies except the Departments of Defense and Veterans Affairs and requires agencies to report FY25 obligations and estimated FY26 funding across grants, loans, contracts, and other federal awards. OMB described the initiative as a data-gathering exercise intended to inform potential administrative or legislative efforts to reduce improper or fraudulent spending and stated that it does not involve withholding funds. Agency responses are due to OMB by January 28, 2026.

Army Corps Finalizes Nationwide Permits. On January 7, the Army Corps of Engineers [announced](#) the reissuance of 56 existing nationwide permits and the issuance of one new nationwide permit governing activities in wetlands and other waters regulated under Section 404 of the *Clean Water Act* and Section 10 of the *Rivers and Harbors Act*. One existing permit—Nationwide Permit 56 related to finfish mariculture—will not be reissued. The action follows a rulemaking process that began in June 2025.

CEQ Publishes NEPA Final Rule. On January 8, the Council on Environmental Quality (CEQ) published a [final rule](#) that formally adopts the interim final rule from February 2025 and removes all of CEQ's regulations that implemented the *National Environmental Policy Act* (NEPA) from the Code of Federal Regulations. As a result, federal agencies will now rely on the statutory text of NEPA and their own agency-specific procedures for environmental reviews rather than a uniform set of CEQ regulations. The final rule took effect immediately.

DOE Cancels, Revises \$83 Billion in Energy Loans. On January 22, the Department of Energy (DOE) [announced](#) it will restructure, revise, or eliminate roughly \$83 billion in loan obligations approved under the Biden administration, following a review of the Department's clean energy financing portfolio. The agency said nearly \$30 billion in loans have been canceled or are in the process of being de-obligated, with another \$53 billion slated for revision. Formerly known as the Loan Programs Office, the unit—now renamed the Office of Energy

Dominance Financing—has eliminated about \$9.5 billion in financing for wind and solar projects and plans to redirect funding toward natural gas and nuclear investments.

EPA Proposes National Drinking Water Standard for Perchlorate. On January 6, the Environmental Protection Agency (EPA) published a proposed National Primary Drinking Water Regulation for perchlorate under the Safe Drinking Water Act. EPA will hold a virtual public hearing on February 19, 2026. Comments are due by March 9, 2026.

FEMA Associate Administrator for External Affairs Appointed. Victoria Barton has assumed the role of Associate Administrator for the Office of External Affairs at the Federal Emergency Management Agency (FEMA). Barton most recently served as Counselor to the Secretary of Homeland Security and brings experience across emergency management, disaster recovery, housing, and legislative affairs, with prior roles at DHS, the Department of Defense, HUD, and in the private sector supporting major recovery programs.

Reclamation Releases Draft EIS for Post-2026 Colorado River Operations. On January 9, the Bureau of Reclamation released a draft Environmental Impact Statement (EIS) outlining options for managing Colorado River reservoirs after the current operating agreements expire in 2026. The draft evaluates five potential operational alternatives—but does not select a preferred option. Reclamation plans to make a final decision on post-2026 operations before October 1, 2026. Comments are due by March 2, 2026.

##



January 27, 2026

To: Inland Empire Utilities Agency

From: Michael Boccadoro
Beth Olhasso

RE: January Report

Overview:

A weeks-long dry spell is leaving water managers concerned as spring inches closer and closer. The Christmas storms were very helpful, but the lack of precipitation and relatively warm weather has caused the snowpack to drop from 74 percent of normal to 58 percent of normal in just a month. Currently, the snowpack is at just 35 percent of April 1 average.

Reservoir levels remain strong, as much of the melting snow has been captured and reservoirs are being managed for flood control. Lake Oroville is sitting at 82 percent capacity, 138 percent of normal; Lake Shasta is sitting at 80 percent of capacity, 125 percent of average; while San Luis Reservoir is at 77 percent of capacity, 106 percent average for this time of year.

Water use in data centers is getting an increased amount of attention recently. Data center energy use continues to be the more robust discussion, and is the topic of an informational hearing in the Assembly, however water use is also starting to cause concern. The Public Policy Institute of California (PPIC), the New York Times, CalEPA and others are all starting to talk about water availability and the need to use recycled water. It remains to be seen if the Legislature will take another crack at water use in data centers in 2026.

A partnership between water managers, rice growers, state and federal government and others is releasing possibly the largest-ever amount of salmon fry ever into rice fields converted to wetlands for rearing and release back into the Pacific Ocean.

Governor Newsom released his 2026-27 preliminary budget projecting a “modest shortfall” of \$2.9 billion for the upcoming fiscal year, down sharply from previous estimates in a nearly \$349 billion budget proposal that relies heavily on continued windfalls from tech and AI stocks. It’s significantly rosier than the grim outlook by the nonpartisan Legislative Analyst’s Office, which in November projected an \$18 billion deficit.

The Legislature is back in Sacramento for the second year of the two-year session. January 31 is the final day for two-year bills to pass out of their house of origin. There is only one significant water bill moving in the two-year rush. AB 35 (Alvarez) would provide an exemption from the Administrative Procedures Act for programs that administer bond funds from Proposition 4. A large coalition of water, environmental, labor and local government organizations has joined together to promote the legislation. The bill passed over to the Senate and proponents will push for early consideration.

February 20 is the deadline for new bills to be introduced. Not many bills have “crossed the desk” yet in 2026, but the rush is expected in the final days before the deadline.

Inland Empire Utilities Agency Status Report – January 2026

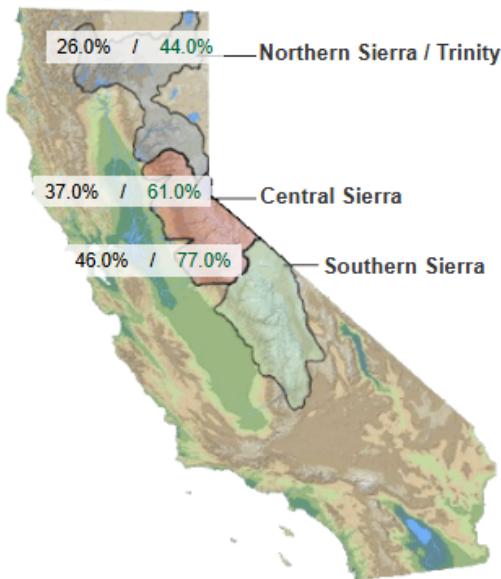
Water Supply Conditions

The gains made by the snowpack at the end of 2025 are rapidly melting. While the melt is getting collected, a snowpack at just 35 percent of April 1 average is very concerning for long-term water supply. San Luis reservoir is at 106 percent of historical average and 77 percent capacity. Lake Oroville is at 82 percent capacity, 138 percent of normal; Lake Shasta is sitting at 80 percent of capacity, 125 percent of average for this time of the year.

Provided by the California Cooperative Snow Surveys

Data For: 27-Jan-2026

% Apr 1 Avg. / % Normal for this Date



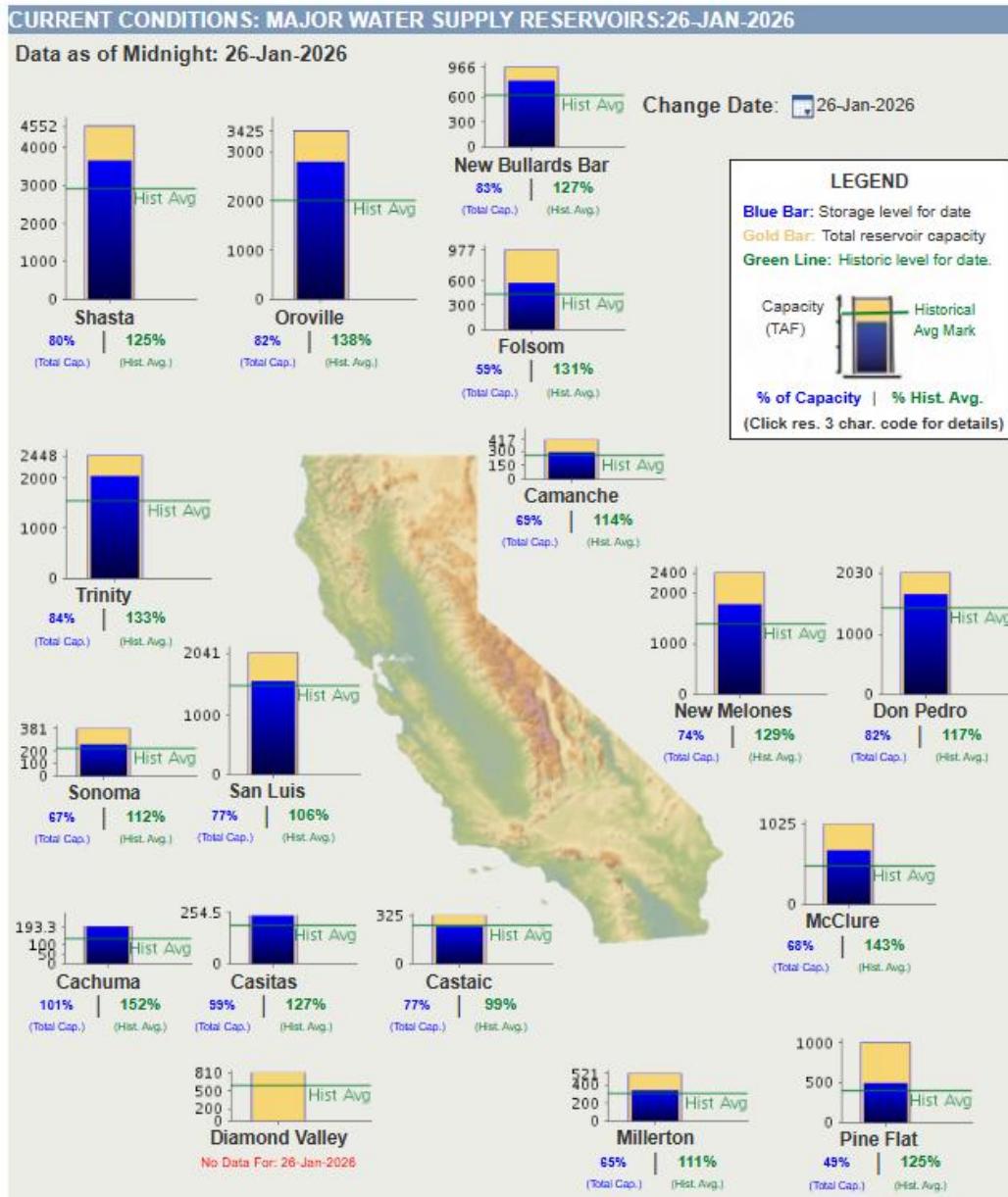
Change Date :

NORTH	
Data For:	27-Jan-2026
Number of Stations Reporting	32
Average snow water equivalent	7.1"
Percent of April 1 Average	26%
Percent of normal for this date	44%

CENTRAL	
Data For:	27-Jan-2026
Number of Stations Reporting	53
Average snow water equivalent	10.0"
Percent of April 1 Average	37%
Percent of normal for this date	61%

SOUTH	
Data For:	27-Jan-2026
Number of Stations Reporting	23
Average snow water equivalent	11.5"
Percent of April 1 Average	46%
Percent of normal for this date	77%

STATEWIDE SUMMARY	
Data For:	27-Jan-2026
Number of Stations Reporting	108
Average snow water equivalent	9.5"
Percent of April 1 Average	35%
Percent of normal for this date	58%



Water Use in Data Centers

Discussions around water use in data centers is starting to pick up. While electricity use in data centers has been a hot topic, water has taken a back seat. Governor Newsom vetoed a bill, AB 93 (Papan) that would have required data centers to be more transparent about water use.

The Public Policy Institute of California (PPIC) is starting a [blog series](#) on how artificial intelligence may impact California water.

The New York Times [discusses](#) how Microsoft's pledge to cut water use doesn't align with data center expansion.

What is [reported](#) to possibly be the largest data center in the world is trying to start construction without environmental review in Imperial County. The facility is reported to likely use 840 acre-feet of water per year.

Additionally, the federal EPA is using its Water Reuse Program to help AI data centers meet their massive cooling-water needs by promoting the use of recycled and reclaimed water, aligning with the Trump administration's goal of making the U.S. the "AI capital of the world."

The agency is reviewing state water reuse regulations, especially those governing cooling applications, to see how they can better support data centers while strengthening local water supplies. This includes treatment standards like oxidation, disinfection, coagulation, and filtration.

EPA is also exploring additional, unspecified ways to support water reuse for data centers and has signaled that it may promote reuse of oil and gas wastewater through a pending reconsideration of effluent limitation guidelines—though that rulemaking has been delayed. At the same time, community backlash against data centers is growing due to water and energy concerns, especially in water-scarce regions. Environmental, civil rights, and consumer groups are calling for moratoriums, and local opposition has already delayed or blocked hundreds of billions of dollars in projects.

In response, major tech companies like Microsoft and Amazon are pledging to reduce water use, expand recycled water systems, replenish more water than they consume, and adopt new cooling technologies that dramatically cut or eliminate water demand.

The Assembly Utilities & Energy Committee and the Assembly Privacy and Consumer Protection Committee are having a hearing on January 28 on the impacts of data centers on the energy sector. It is also rumored that the Assembly Water, Parks & Wildlife Committee, chaired by Assemblymember Papan, will hold a similar hearing on the water impacts.

Legislators have ample opportunity to introduce new legislation regarding water use at data centers with three weeks left to introduce bills.

Massive Salmon Fry Release Aims to Restore Populations

A broad coalition of farmers, fishermen, water managers, researchers, conservation groups, and the U.S. Fish and Wildlife Service has released 1.8 million fall-run salmon fry from Coleman National Fish Hatchery into winter-flooded rice fields in Yolo County, California, marking one of the largest efforts of its kind.

The multiyear project uses working rice fields as floodplain-like habitat, giving young salmon access to abundant natural food. Research shows salmon raised in flooded fields grow two to five times faster than those confined to river channels, improving their chances of surviving the journey to the Pacific and returning as adults.

Led by The Bridge Group, the initiative builds on UC Davis and California Trout research and aims to release about two million fry annually over the next decade. Scientists will track survival, harvest contribution, and adult returns using genetic monitoring, and other technology.

Support comes from USDA NRCS, the Bureau of Reclamation, UC Davis, and multiple fishing and farming organizations. Participants see the project as a scalable, collaborative strategy to rebuild salmon populations by mimicking historical floodplain conditions in a changing climate.

Newsom's Proposed Budget Highlights Climate and Water Spending, Leaves Key Questions for Utilities

Gov. Gavin Newsom's proposed 2026–27 California budget continues to prioritize climate change and water resilience, even as the state faces ongoing fiscal constraints and uncertainty around long-term funding stability. While administration officials emphasize continuity and leadership amid federal policy shifts, water utilities and local agencies are left parsing how much of the proposed spending translates into practical, implementable support for water supply reliability and infrastructure.

Overall, the budget maintains substantial reliance on cap-and-invest revenues, bond funding approved by voters in 2024, and special funds to advance climate, water, transportation, housing, and wildfire goals. The proposal now heads to the Legislature, where lawmakers are expected to scrutinize tradeoffs, timelines, and implementation details.

Climate Programs Drive Major Spending Decisions

Climate policy remains a central organizing principle of the budget. The administration points to the recent extension of California's cap-and-invest program through 2045 as providing long-term certainty for emissions reductions and climate investments. The budget assumes continued auction revenue to support a wide range of programs, including high-speed rail, wildfire mitigation, clean transportation, and community investments.

From a utility perspective, the continued dependence on cap-and-invest raises familiar questions about revenue volatility, regulatory complexity, and the degree to which funds ultimately flow to projects that improve core water and energy infrastructure rather than broader climate objectives.

Water Funding Focused on Resilience, Not Operations

For water agencies, the most direct funding comes from the administration's proposal to spend \$792 million from the \$10 billion climate and water bond approved by voters in 2024. According to the budget, those funds would support:

- Water storage projects,
- Groundwater recharge and sustainability efforts,
- Stream and river restoration,
- Water recycling projects
- A range of water resilience and infrastructure projects.

While utilities broadly support investments in storage and groundwater replenishment, the bond-funded approach underscores that much of the state's water spending remains project-specific

and competitive, rather than providing ongoing funding for operations, maintenance, or regulatory compliance costs increasingly borne by local agencies.

Transportation and Energy Compete for Climate Dollars

The proposal includes \$1 billion annually for high-speed rail and another \$1 billion in discretionary climate funding, alongside more than \$2 billion for wildfire and forest management at Cal Fire. In addition, the governor proposes \$200 million for a new state incentive program to encourage light-duty zero-emission vehicle purchases following the elimination of federal EV tax credits.

While these initiatives are framed as climate priorities, they also compete for the same limited pool of cap-and-invest revenues that fund water, energy affordability, and community programs—raising questions about long-term budget balance if auction proceeds decline.

Implementation and Regulatory Costs Continue to Grow

Questions for Budget Subcommittees

As budget negotiations unfold, water utilities are likely to focus on:

- Whether bond-funded water projects align with regional supply and groundwater priorities,
- How climate-driven land-use and housing investments affect local infrastructure planning,
- The sustainability of cap-and-invest revenues as a funding source for water-related programs,
- And whether future budgets will address ongoing operational and regulatory costs, not just capital projects.

Budget subcommittees will meet to discuss elements of the proposal in the coming weeks.

Legislative Update

The legislature resumed full activity in early January, marking the start of the second year of the two-year legislative session. Bills still in their house of origin have until January 31 to pass to the other house. While members work on their two-year bills, they have also started introducing new legislation ahead of the February 20 bill introduction deadline.

WCA staff have not identified any new bills of significance to IEUA that have been introduced, but a bulk of new legislation is still yet to come.

Two-Year Bills:

AB 35 (Alvarez) would provide an Administrative Procedures Act Exemption for Proposition 4 bond funds. The legislation will help get bond funds out faster. The bill has over 40 co-authors and has not received a single no vote. It has moved to the Senate where proponents will try to move the bill quickly.

Other two-year bills IEUA has been following are not moving.

IEUA Bill List- January 2026

Bills With Positions

Measure	Author	Topic	Last Amend	Status	Location	Calendar	Brief Summary	Notes
AB 35	<u>Alvarez, D</u>	Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024: Administrative Procedure Act: exemption: program guidelines and selection criteria.	01/14/2026	1/27/2026 In Senate. Read first time. To Com. on RLS. for assignment.	Senate Rules		The bill would require a state entity that receives funding from Proposition 4 to administer a competitive grant program established using the Administrative Procedure Act exemption to do certain things, including develop draft project solicitation and evaluation guidelines and to submit those guidelines to the Secretary of the Natural Resources Agency, except as provided. The bill would require the Secretary of the Natural Resources Agency to post an electronic form of the guidelines submitted by a state entity and the subsequent verifications on the Natural Resources Agency's internet website.	CASA, WaterReuse, ACWA, CSDA, CMUA all support SUPPORT
SB 601	<u>Allen, D</u>	Water: waste discharge.	07/10/2025	Two-Year Bill	Assembly Appropriations		<i>This bill would authorize the state board to adopt water quality control plans for nexus waters, which the bill would define as all waters of the state that are not also navigable, except as specified. The bill would require any water quality standard that was submitted to, and approved by, or is awaiting approval by, the United States Environmental Protection Agency or the state board that applied to nexus waters as of May 24, 2023, to remain in effect, as provided.</i>	Coastkeeper sponsor OPPOSE

Watch Bills

Measure	Author	Topic	Last Amend	Status	Location	Calendar	Brief Summary	Notes
SB 654	<u>Stern, D</u>	California Environmental Protection Agency: contract: registry: greenhouse gas emissions that result from the water-energy nexus.		05/22/2025 - Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 4/21/2025)(May be acted upon Jan 2026)	05/22/2025 - Senate 2 YEAR		The California Environmental Protection Agency is required to oversee the development of a registry for greenhouse gas emissions that result from the water-energy nexus using the best available data. Current law provides that participation in the registry is voluntary and open to any entity conducting business in the state. Existing law authorizes the agency to enter into a contract with a qualified nonprofit organization to do specified things, including to recruit broad participation in the registry from all economic sectors and regions of the state. Current law limits the term of the term of the contract to 3 years, except as provided. This bill would instead require the agency to oversee the administration of the above-described registry and would authorize the agency to enter into a new contract, limited to a term of 3 years and with a total budget of \$2,000,000, to do specified things, including to recruit broad participation in the registry from all economic sectors and regions of the state to meet the different needs of water users throughout the state by various means, as provided. (Based on 02/20/2025 text)	

Acronym List

AB	Assembly Bill
ACF	Advanced Clean Fleets
ACWA	Association of California Water Agencies
BRIC	Building Resilient Infrastructure and Communities
CARB	California Air Resources Board
CASA	California Association of Sanitation Agencies
CEC	California Energy Commission
CEQA	California Environmental Quality Act
CMUA	California Municipal Utilities Association
CSDA	California Special Districts Association
CVP	Central Valley Project
DOE	Department of Energy
DWR	Department of Water Resources
EPA	Environmental Protection Agency
FEMA	Federal Emergency Management Agency
FDA	United States Food and Drug Administration
HHS	Health and Human Services
HUD	Housing and Urban Development
IRWD	Irvine Ranch Water District
LNG	Liquefied Natural Gas
MilCon	Military Construction
MWD	Municipal Water District / Metropolitan Water District of Southern California
OMB	Office of Management and Budget
POTW	Publicly Owned Treatment Works
PSPS	Public Safety Power Shutoff
SB	Senate Bill
SCE	Southern California Edison
SWC	State Water Contractors
SWRCB	State Water Resources Control Board
VA	Veterans Affairs

Project Status: Wineville/Jurupa/RP3 Basin Improvements

Budget:

- Authorized capital budget: \$28,846,016

Available Funding:

- \$15.4 M in SRF Loan at 0.55%
- \$10.8 M is State and Federal Grants

Cost Summary:

- Actual/POs Cost: **\$28,525,941**
- Remaining Budget: **\$320,075**

Completed scope items

- Rubber dam system at Wineville Basin's spillway
- Control slide gates within Wineville Basin
- Basin grading for a new pump station at Wineville
- Power, controls, and communication systems at Wineville
- 2-miles of 30-Inch Pipeline passing through Fontana and Ontario.
- Stormwater diversion to Jurupa Basin.
- Rubber Dam Controls and SCADA Connections

Updates:

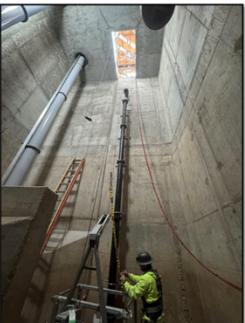
- See detailed schedule of the remaining tasks:
 - Installation and testing of the pumps at Wineville are nearing completion
 - The installation of the Jurupa Pump is in progress
 - Project is expected to be completed on or before March 2026

Task at Wineville Basin	Scheduled Start Date	Scheduled End Date
Procure anchors	Jan 5, 2026	Jan 13, 2026
Three-day shipping	Jan 13, 2026	Jan 15, 2026
Fabricate & install 18-inch flange-by-flange spool; install in discharge piping	Jan 13, 2026	Jan 15, 2026
Pick up motors from IEUA warehouse (P-1, P-2)	Jan 15, 2026	Jan 15, 2026
Deliver anchors to job site	Jan 16, 2026	Jan 16, 2026
Install pump anchors	Jan 16, 2026	Jan 16, 2026
Install air vacs and drain piping	Jan 16, 2026	Jan 19, 2026
Install pump motors	Jan 19, 2026	Jan 20, 2026
Install small-diameter instrumentation piping	Jan 20, 2026	Jan 20, 2026
Grout under pump baseplate	Jan 19, 2026	Jan 20, 2026
Conduit and wiring	Jan 21, 2026	Feb 5, 2026
Grease pump and tubing installation	Jan 21, 2026	Jan 23, 2026
Pump startup	Feb 3, 2026	Feb 6, 2026

Task at Jurupa Basin	Scheduled Start Date	Scheduled End Date
Move equipment and materials from Wineville to Jurupa	Jan 23, 2026	Jan 23, 2026
Deliver pump and motor	Jan 26, 2026	Jan 26, 2026
Remove skylight and plate covering pump opening to wet well	Jan 26, 2026	Jan 26, 2026
Begin/continue setting and adjusting pump; set motor	Jan 26, 2026	Jan 28, 2026
Install pump anchors	Jan 27, 2026	Jan 28, 2026
Install pump column supports	Jan 29, 2026	Jan 30, 2026
Discharge pipe modifications and installation	Jan 30, 2026	Feb 6, 2026
Install small-diameter instrumentation piping	Feb 6, 2026	Feb 6, 2026
Conduit and wiring	Feb 10, 2026	Feb 17, 2026
Install air vacs and drain piping	Feb 12, 2026	Feb 12, 2026
Grease pump and tubing installation	Feb 13, 2026	Feb 13, 2026
Pump startup	Feb 18, 2026	Feb 19, 2026
Punchlist, cleanup, painting, closeout (Both Sites)	Feb 23, 2026	Feb 27, 2026



Inside the Wet Well



Inside Wet Well – Pumps



Inside Wet Well – Pump



Inside Wet Well – Sump Pump



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Instrumentation



Grouting Base Plate



Electrical work



Electrical continues

Budget Impact : Wineville/Jurupa/RP3 Basin Improvements

Increase Total Budget to \$28,846,016

Existing Loan and Grants:

Funding Agreement No.	Funding Type	Funding Amount
SWRCB-SRF (D2101012)	Loan (at 0.55%)	\$15,367,428
SWRCB-Prop 1 (D1712672)	Grant	\$9,803,381
USBR (R18AAP00077-05)	Grant	\$750,000
USBR (R16AAP00142)	Grant	\$290,000
	Total:	\$26,200,809

Approximately \$2.65 M will not be covered by a loan and grants