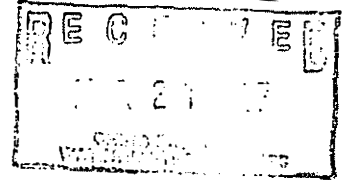


FILED - West District
San Bernardino County Clerk

MAR 20 1997

W. J. Gunn



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SUPERIOR AND MUNICIPAL COURT
STATE OF CALIFORNIA, COUNTY OF SAN BERNARDINO

CHINO BASIN MUNICIPAL WATER DISTRICT

NO. RCV 51010

Plaintiff

v.

ORDER

CITY OF CHINO, et al

Defendant

Copies of the items listed on Exhibit "A" attached hereto have been received by the Court, and Watermaster is hereby ordered to make copies available to parties to this case requesting all or a portion of the items listed on Exhibit "A" attached herein and herein incorporated by reference.

Dated: March 20, 1997


J. Michael Gunn
HON. J. MICHAEL GUNN
Judge

CHINO BASIN WATERMASTER
8632 Archibald Ave., Ste. 109
Rancho Cucamonga, CA 91730
TEL (909) 484-3888
FAX (909) 484-3890

TRANSMITTAL SHEET

DATE: March 20, 1997

TO: Honorable J. Michael Gunn
San Bernardino Superior Court
RC-H
11884 North Haven Blvd
Rancho Cucamonga, CA

FROM: Traci Stewart
Chief of Watermaster Services 

SUBJECT: March 11, 1997, Tentative Ruling Request for Documents

Enclosed, per page 15 of the Tentative Ruling and per verbal request of the Court Clerk received this date, are copies of:

1. February 15, 1978, Watermaster meeting minutes, Item 3 approving Service and Facilities Contract.
2. First Services and Facilities Contract approved by the Court on July 14, 1978.
3. February 5, 1992 Watermaster meeting minutes regarding Watermaster Program and modification of Contract (pg 4)
4. Notice of Inaugural Meeting of the Chino Basin Watermaster Steering Committee for June 16, 1992, with:
 - a. attendance sheet
 - b. draft minutes (see pg. 2, no formal minutes prepared)
 - c. draft Amended Services and Facilities Contract
5. August 5, 1992, Watermaster meeting minutes approving Contract (pg 4).
6. Approved Amended Services and Facilities Contract dated August 5, 1992.
7. March 25, 1993, Advisory Committee meeting minutes, page 3 & 4.
8. February 29, 1996 correspondence to Watermaster from Advisory Committee regarding Watermaster Transition Period.
9. March 13, 1996, response from Chino Basin MWD General Manager regarding transition.
10. December 20, 1996 letter notifying CBMWD transition is complete except for PERS.
11. Copy of PERS information:
 - a. January 9, 1997, "Contract between Chino Basin Watermaster and the Board of Administration PERS for an Actuarial Valuation as Stated Herein".
 - b. Paid invoice for Actuarial Valuation
 - c. February 7, 1997 transmittal from PERS of draft Resolution of Intention to enter into a PERS Contract.
 - d. February 14, 1997 transmittal and draft contract for formal ratification of Watermater.

MINUTES
OF
CHINO BASIN WATERMASTER

February 15, 1978

The organizational meeting of the Chino Basin Water-
master was held in the Chino Basin MWD board room on
February 15, 1978, at 9:00 a.m.

Watermaster Members present:

Carl B. Masingale	Chairman
Ernest L. Keechler	Treasurer
George A. Borba	Member
John G. Gilday	Member

Chino Basin MWD Staff present:

Fran Brommenschenkel	Administrator
Alice Lichti	Controller
Donald D. Stark	Attorney
Bud Carroll	James M. Montgomery Engineers
Eugene A. Nazarek	General Legal Counsel
Edna Morasse	Secretary
Ray Ferguson	General Manager
Thomas J. Homan	Asst. Gen. Mgr./Chief of Ops.

Watermaster Advisory Committee Members present:

Dennis Wilkins	City of Ontario
Phil Crocker	City of Ontario
Ken DeMent	Fontana Union
Lloyd Michael	Cucamonga County W.D.
Anita Ruud	Attorney General
Bob Nichlen	Reg. Water Quality Control Brd.
Roger Howell	Attorney, PVMWD
James N. Neller	Pomona Valley Water Co.
Hooite Ruge	Kaiser Steel
Ray Wathen	Calif. Institute for Men
Mason Kirkpatrick	Calif. Institute for Women
Bill Nelson	Ameron
M. D. Funk	Marygold Mutual Water Co.

Others Present:

Robert Bertschinger	
Peter Wong	Daily Report
Doug Layne	San Bernardino Co. Planning
Jim Schloone	Dept. of Water Resources

1. Officers. Watermaster was advised that the officers of CBMWD are, ex officio, the officers of Watermaster.

2. Watermaster Meeting Schedule. After discussion, Resolution 78-1

(establishing regular meeting dates for Watermaster on each fifth Wednesday to wit: March 29, 1978; May 31, 1978; August 30, 1978; and November 29, 1978)

was adopted by unanimous vote.

3. Service and Facilities Contract. It was reported that the Watermaster Advisory Committee on February 14, 1978 approved a form of Service and Facilities Contract between Watermaster and CBMWD. Stark clarified, in answer to a question, that the term "facilities" means the District office personnel and equipment necessary to handle Watermaster administration. Section 4, page 3, entitled "Supplemental Water" of the Services and Facilities Contract was clarified as meaning "all water sold by the District for replenishment purposes, will be sold at the purchase price, without surcharge." Resolution 78-2

(approving the Services and Facilities Contract)

was adopted by unanimous vote.

4. Mined Water Replacement, has been reviewed by staff who will recommend to CBMWD the adoption of a new rate policy. This program will allow producers two options: (1) to buy in lieu replenishment water under the provision of the Judgment; or (2) to buy MWD-qualified in lieu water from CBMWD or PVMWD.

Several producers are expected to purchase their in lieu water under the terms of the Judgment, with the majority being purchased under MWD's in lieu program. To facilitate this program, the Watermaster Advisory Committee recommended establishment of In Lieu Area No. 2, which will include the entire Chino Basin. After discussion, Resolution 78-3

(establishing In Lieu Area No. 2)

was adopted by unanimous vote.

5. Meeting Was Adjourned until Wednesday, February 22, 1978, at 9:00 a.m. There was discussion of several procedural items to be concluded at the adjourned meeting. These included: (1) Approval of Draft Watermaster Rules and Regulations and establishment of hearing date; (2) Approval

of Watermaster Budget for remainder of fiscal year 1977-78
and set hearing date for adoption.

6. Documents Distributed

(a) Agenda

(b) Services and Facilities Contract.

Jean Bronnenchobel

Recording Secretary

RESOLUTION 78-3

A RESOLUTION OF THE CHINO BASIN WATERMASTER
ESTABLISHING IN LIEU AREA NO. 2

WHEREAS, Chino Basin Watermaster needs to promote the use of available surface water supplies in lieu of pumping from the Chino Groundwater Basin to circumvent as much production in excess of operating safe yield in light of limited water spreading capacity and the requirement to maintain water levels; and

WHEREAS, Judgment in Chino Basin Case No. 164327 entitled "Chino Basin Municipal Water District v. City of Chino, et al" established In Lieu Area No. 1 for a specific limited purpose inadequate for the current need; and

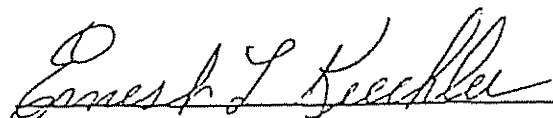
WHEREAS, the Metropolitan Water District of Southern California has initiated a temporary in lieu program under which several producers qualify to the benefit of the Chino Groundwater Basin.

NOW, THEREFORE, BE IT RESOLVED that Chino Basin Watermaster is authorized and empowered to establish and maintain In Lieu Area No. 2 at least until June 30, 1979 for the producers in the Basin who qualify under the in lieu provision of the Judgment (EXHIBIT "H", Section 11, page 75) and in lieu programs offered by the the Metropolitan Water District of Southern California and delivered by the Pomona Valley Municipal Water District and Chino Basin Municipal Water District.

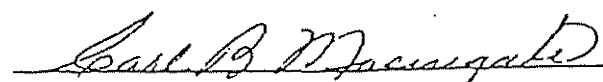
BE IT FURTHER RESOLVED that participating in the Metropolitan Water District of Southern California in lieu program will demonstrate the feasibility of such in lieu programs now and in the future.

THE FOREGOING RESOLUTION was approved and signed by me this 15th day of February, 1978.

ATTEST



Secretary of the Chino Basin
Watermaster



Chairman of the Chino Basin
Watermaster

NOTICE OF JULY 14, 1978 COURT ORDER

HONORABLE JUDGE DON A. TURNER OF SAN BERNARDINO SUPERIOR COURT ORDERED THE FOLLOWING:

- 1.) RALPH B. TE VELDE, JACK VAN LEEUWEN AND DRIFTWOOD DAIRY CORPORATION AT THEIR REQUEST ARE MADE PARTIES TO THE JUDGMENT AND WILL BE MEMBERS OF THE OVERLYING (AGRICULTURAL) POOL.
- 2.) REQUESTS OF SUBSEQUENT PERSONS TO BECOME PARTIES TO THE JUDGMENT MAY BE ACCEPTED BY WATERMASTER AND ACCUMULATED FOR FILING FROM TIME TO TIME WITH THE COURT UPON 48-HOUR NOTICE TO ANY PARTY OR TO ANY ATTORNEY OF RECORD WHO SHALL HAVE REQUESTED SUCH NOTICE; AND THAT PRIOR TO FILING WITH THE COURT, WATERMASTER SHALL BE PERMITTED TO TAKE ALL ADMINISTRATIVE STEPS PERTAINING TO THE JUDGMENT EXCEPT THAT NO ASSESSMENTS SHALL BE MADE UNTIL A FORMAL ORDER HAS BEEN ENTERED BY THIS COURT.
- 3.) SERVICES AND FACILITIES CONTRACT IS RATIFIED AND APPROVED.

1 DONALD D. STARK
A Professional Corporation
2 Suite 201 Airport Plaza
2061 Business Center Drive
3 Irvine, California 92715
Telephone: (714) 752-8971

4 CLAYSON, ROTHROCK & MANN
5 601 South Main Street
Corona, California 91720
6 Telephone: (714) 737-1910

7 Attorneys for Plaintiff
8

ORIGINAL FILED

JUN 30 1978
V. DENNIS WARDLE
COUNTY CLERK

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA

10 FOR THE COUNTY OF SAN BERNARDINO

11
12 CHINO BASIN MUNICIPAL WATER DISTRICT,)
13)

14 Plaintiff,)

No. 164327

15 v.)

16 CITY OF CHINO, et al.)

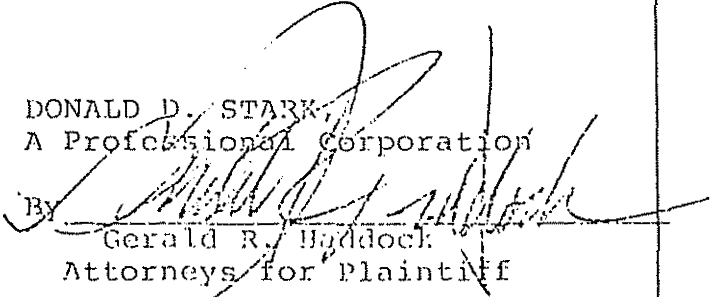
17 Defendants.)

NOTICE OF HEARING TO
APPROVE WATERMASTER
SERVICES CONTRACT;
FOR MATTERS
RELATING TO INTERVENTION;
AND FOR STATUS REPORT

18
19 PLEASE TAKE NOTICE that a hearing to approve Watermaster Ser-
20 vices Contract, for matters relating to Intervention and for Status
21 Report will be held on Friday, July 14, 1978, at 1:30 p.m., or as
22 soon thereafter as the matter may be heard, before the Honorable
23 Don A. Turner, in Department 2, Superior Court at 351 North Arrow-
24 head Avenue in San Bernardino, California.

25 DATED: June 27, 1978.

26 DONALD D. STARK,
A Professional Corporation

27 By 
Gerald R. Baddock
28 Attorneys for Plaintiff

SERVICES AND FACILITIES CONTRACT

THIS CONTRACT made and entered into this 15th day of February, 1978, by and between the Chino Basin Municipal Water District, hereafter referred to as "District," and Chino Basin Municipal Water District acting in its capacity as Watermaster pursuant to appointment of the Court in Judgment entered, Chino Basin Municipal Water District vs. City of Chino, et al., San Bernardino Superior Court No. 164327, hereafter referred to as "Watermaster";

W I T N E S S E T H:

WHEREAS, District is willing and able, through its staff and facilities, to provide certain services necessary in the performance of Watermaster's duties; and

WHEREAS, it is deemed to be in the best interest of Watermaster to contract with the District rather than to procure independent personnel and facilities for said services;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements herein made and contained, the parties hereto agree as follows:

1. SCOPE OF AGREEMENT. District agrees to provide services and facilities as designated in paragraph 5. hereof and as may be reasonably requested from time to time and consistent with District's primary obligation to serve the needs of District, and its Watermaster function, to be

performed for and on behalf of Watermaster, pursuant to the conditions imposed hereby unless terminated as set forth herein.

2. REIMBURSEMENT FOR SERVICES.

a. It is agreed by the parties that District shall be reimbursed by Watermaster for the cost of all services performed and facilities utilized pursuant to this contract. Such costs shall be determined through the application of generally accepted accounting principles and in compliance with the following guidelines:

1) All direct labor costs and related labor costs of personnel involved.

2) The cost of materials and/or supplies utilized.

3) The cost of computer time, postage and special xerox runs.

4) A percentage charge to cover general and administration overhead shall be added to items 1) - 3) above. The general and administration overhead shall be computed as set forth in Exhibit A, attached hereto and incorporated herein by this reference.

b. District shall be reimbursed the actual cost of insurance, materials and/or supplies purchased exclusively for Watermaster use.

c. District shall submit to Watermaster a monthly statement for services rendered by District to Watermaster

no later than the fifteenth (15) day of each next succeeding month. Payment thereof to be made by Watermaster to District within thirty (30) days of receipt of such statement.

3. CONTRACTED SERVICES. Consulting services shall be contracted for independently by Watermaster, including but not limited to legal, engineering and audit.

4. SUPPLEMENTAL WATER. Supplemental water for replenishment purposes as may be required by the Judgment, shall be sold by District to Watermaster at District's actual cost.

5. SERVICES AND FACILITIES TO BE PERFORMED BY THE DISTRICT. The services and/or facilities as set forth hereafter constitute a general outline of the duties that may or may not be requested by Watermaster, for District to perform from time to time. District is hereby requested by Watermaster to do and faithfully perform the following services and make facilities available as may be reasonable from time to time, for and on behalf of Watermaster throughout the term of this Contract:

a. Make available for the holding of Watermaster meetings and/or public hearings from time to time, the facilities of District. Prepare, copy and mail written findings and decisions of Watermaster public hearings, minutes, and other documents as may be necessary from time to time. Maintain and make available for inspection all records, including minutes of any meeting of Watermaster, the Watermaster Advisory Committee, and/or any

Pool Committee.

b. Make available to Watermaster said facilities, telephone equipment, supplies, other equipment, utilities and personnel, as may be necessary and requested by the Watermaster to perform the day to day operations of the Watermaster.

c. Prepare upon request of Watermaster appropriate agendas for all meetings of Watermaster. Prepare and distribute the annual Watermaster report. Process all the Watermaster correspondence.

d. Co-ordinate, maintain, and administer the meter service, carry-over rights, ground water storage and withdrawal procedures, supplemental water purchases and assignment, transfer and lease of decreed rights.

e. Receive and analyze producer reports and compile, organize and distribute production data summaries as needed. Compile necessary historical data for safe yield purposes.

f. Conduct in lieu and other negotiated procedures and co-ordinate such programs upon implementation.

g. Provide such incidental general engineering support as may be required.

h. Keep and maintain adequate accounts of all financial transactions of Watermaster, make deposits and disburse such funds as may be received by the Watermaster, and invest funds of the Watermaster as authorized.

i. Keep and maintain the appropriate fidelity and other bonds required by the Judgment and/or appropriate insurance as necessary. Keep and maintain records allocating costs and expenses of Watermaster as between the several pools. Issue assessments as levied by Watermaster, including notice thereof and perform collection procedures if required.

j. Cause to be performed an independent annual audit of Watermaster funds.

k. Prepare and distribute the annual Administrative Budget and incidental reports.

6. SPECIAL PROJECTS. It is anticipated by the parties hereto that special projects in addition to the day to day administrative duties set forth in paragraph 5. hereof may be required from time to time. All such special projects will be initiated only by separate work orders approved by the Watermaster Advisory Committee and Watermaster.

7. LIABILITY. District shall list Watermaster as an additional insured on its policies of liability insurance, or secure, if necessary, separate policies of liability insurance.

8. ENTIRE CONTRACT AND MODIFICATION. This Contract expresses the whole agreement between the parties, there being no representations, warranties or other agreements not herein expressly set forth or provided for. No change or modification of or addition to this Contract shall be valid unless the same shall be in writing and signed by both parties hereto.

9. BINDING CONTRACT. This Contract shall be binding upon and inure to the benefit of District, its successors and assigns and shall be binding upon and inure to the benefit of Watermaster.

10. PARAGRAPH HEADINGS/COUNTERPARTS. All paragraph headings herein are inserted for the convenience of the parties only. This Contract may be executed in several counterparts, each of which shall be deemed to be an original and which together will constitute one and the same instrument.

11. TERMINATION. This Contract may be terminated by either party, with or without cause, by giving six (6) months written notice to the other party. This Contract shall be automatically terminated whenever District shall cease to be Watermaster.

12. WAIVER. The waiver of, or failure to enforce any provision of this Contract, shall not operate as a waiver of such provisions, or any future breach of any such provisions.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed by their duly authorized representatives on the date first above appearing.

"WATERMASTER"

"DISTRICT"

By Carl B. Marmola
President

By Carl B. Marmola
President of the Board of
Directors of CHINO BASIN
MUNICIPAL WATER DISTRICT

ATTEST:

By *Ernest L. Keckler*
Secretary

ATTEST:

By *Ernest L. Keckler*
Secretary of the Board of
Directors of CHINO BASIN
MUNICIPAL WATER DISTRICT

APPROVED BY WATERMASTER ADVISORY COMMITTEE

By *A. C. Deanna*
President

PROPOSED BUDGET 1978/79
General Fund

NOTES TO GENERAL & ADMINISTRATIVE ABATEMENTS

The General and Administrative (G&A) Expense is a charge made to each and every non-General Fund or General Fund Special Project to cover the cost of administration of the District as a whole. These costs cannot be directly charged against a plant or a project and include such costs of operations as follows:

- Administration of the District
- Purchasing and paying the bills of the District
- Issuing statements and receiving payment therefore
- Routine Customer Services
- Collection and distribution of receipts among the taxing funds
- Engineering services of general benefit to the District
- General office maintenance, utilities and insurance
- Preparation of payroll for all employees
- Accounting work pertinent to all funds but not distinct to any (budget control, trial balance work, etc.)
- Any coverage or shortage incurred in arriving at a proper percentage for direct charges for payroll burden
- And anything left over in the General Fund at the close of audit.

The General and Administrative Expense percentage is derived from the prior year's audit, in this instance the audit for the year ended June 30, 1977.

	Total Expenses	Less Depreciation	Net Expenses	Page Number*
General Fund (Unabated)	\$ 644,404	\$ 33,344	\$611,060	11
Water Fund	682,075			8
Regional Waste Water Funds	1,513,529			8
Tertiary Funds	362,927			8
Non-Reclaimable Waste System	1,338,651			8
Improvement District "B"	173,099			8
Total Expenses	<u>\$4,714,685</u>		-	
Less G&A Applied	<u>222,550</u>			11
Total Expenses per Audit	<u>\$4,492,135</u>			7

$$\frac{\$ 611,060}{\$4,492,135} = 13.6\% \text{ Actual Percentage used for 1977/78}$$

Proposed Budget "Say" 13.6%

* Page number relative to audit for year ended June 30, 1977

**MINUTES
OF
QUARTERLY WATERMASTER MEETING
FEBRUARY 5, 1992**

The Quarterly Watermaster meeting was held on February 5, 1992, in the Chino Basin Municipal Water District Board Room at 8:30 a.m.

Watermaster Members Present:

Dwight French	Chairman
George Borba	Vice-Chairman
John Anderson	Secretary/Treasurer
Bill Hill	Member
Ann Dunihue	Member

Watermaster and CBMWD Staff Present:

Edwin James	CBMWD
Rick Teichert	CBMWD
Mary Murphy	Recording Secretary, CBMWD
Diana Leach	CBMWD
Kathy Beckley	CBMWD
Robb Quincey	CBMWD

Others Present:

Tom Shollenberger	Cucamonga CWD
Sandy Olson	Cucamonga CWD
Zora Lee	Chino Hills
Rob Hartman	Kaiser
Ken Kules	MWD
Nereus Richardson	Orange County WD
Don Peters	
Lovella Peters	

Chairman French called the meeting to order at 8:32 a.m. The pledge of allegiance was lead by Ann Dunihue.

Chairman French delayed the Presentation of Resolution of Commendation to Donald R. Peters until more Watermaster members were present.

CONSENT CALENDAR

After review of the Consent Calendar, items F (Amended Watermaster 1991/1992 Administrative and Replenishment Assessment Package), G (Time Extension for the Chino Basin Water Resources Management Task Force Study), and J (Chino Basin Groundwater Monitoring Program), were removed at the request of Director Bill Hill. The following motion was made by Director Dunihue, seconded by Director Hill:

were removed at the request of Director Bill Hill. The following motion was made by Director Dunihue, seconded by Director Hill:

MOVED, that Consent Calendar Items A, B, C, D, E, H, and I, as recommended by the Advisory Committee, be approved as follows:

- A. Approve the Minutes of November 6, 1991.
- B. Adopt Resolution 92-1 establishing a zero base appropriations limitation for Fiscal Year 1991-1992.
- C. Approve the Treasurer's Report of Financial Affairs for the period ending November 30, 1991.
- D. Approve the lease agreement between Cucamonga County Water District and Fontana Union Water Company, in the amount of 9,827.657 acre feet, and covering the period July 1, 1991 through June 30, 1992.
- E. Approve the Petition in Intervention - Stipulation for Arrowhead Mountain Spring Water Company.
- H. Ratify the procurement of general and automobile liability insurance.
- I. Enter into an agreement with Southern California Edison Company permitting Edison to take delivery of in-lieu water.

Motion carried by unanimous vote.

Consent Calendar Item F: 1991/1992 Administrative and Replenishment Assessment Package.

Ed James explained the amendments to the original assessment package.

Consent Calendar Item G: Time Extension for the Chino Basin Water Resources Management Task Force Study.

Ed James explained that the original agreement for the Task Force Study expired December 31, 1991, and a two-year extension to the original participation agreement had been approved by the Advisory Committee.

Consent Calendar Item J: Chino Basin Groundwater Monitoring Program.

There being no discussion, the following motion was made by Director Dunihue, seconded by Director Hill.

MOVED, Consent Calendar Items F, G, and J be approved as presented.

Motion carried by unanimous vote.

VOUCHER LIST

Rick Teichert presented vouchers 2523 through 2536 for ratification, and voucher 2537 for approval. There being no discussion, the following motion was made by Director Anderson, seconded by Director Dunihue:

MOVED, Vouchers 2523 through 2536 be ratified, and voucher 2537 be approved.

Motion carried by unanimous vote.

WATERMASTER FISCAL YEAR 1991/1992 BUDGET CONDITION

Mr. James gave a brief presentation on the condition of the FY 91/92 Watermaster Budget, including the staff time that will be required to bring the program current. Mr. James addressed the need to hire a part-time employee to administer the meter testing/installation program. Mr. James stated the Advisory Committee approved borrowing up to \$112,000 from the SB222 fund to cover budget overrides, and to hire a part-time person. The SB222 fund would be reimbursed through FY 1992/1993 assessments.

In response to Mr. James' concern that Watermaster had not been invoiced by legal counsel for 1½ years, Attorney Smith stated he would have an invoice issued by the end of the day. After a brief discussion, the following motion was made by Director Hill, seconded by Director Anderson:

MOVED, that Watermaster receive staff's report on the condition of the Watermaster Fiscal Year 1991/1992 budget, and approve the borrowing of \$112,000 from SB222 fund to cover budget overrides and the hiring of a part-time employee.

Motion carried by unanimous vote.

PRESENTATION OF RESOLUTION OF COMMENDATION TO DONALD R. PETERS

The Watermaster Board of Directors presented a Resolution of Commendation to Donald R. Peters for dedicating more than 44 years of his life to a career in public service.

WATERMASTER PROGRAM

At this time, Chairperson French requested Agenda 7C regarding the administration of the Watermaster program be addressed.

Tom Shollenberger of Cucamonga County Water District stated the Advisory Ad-Hoc Committee had concluded it's meetings concerning renegotiation of the Services and Facilities Contract between Watermaster and Chino Basin MWD. Mr. Shollenberger further stated it was the Advisory Committee's recommendation that the Watermaster program remain at Chino Basin with the understanding that the organizational chart be adjusted to identify the position of Watermaster Services; that a budget be established for Watermaster Services; that a committee be formed from the Advisory Committee to work with Watermaster Administrative Services in establishing the budget; and the Contract be modified to accommodate the changes. In addition, the Advisory Committee recommended that legal counsel review the percentage of vote from the Advisory Committee which mandates action by Watermaster, specifically the 80% rule.

Chairperson French stated the Board would receive the information presented by Mr. Shollenberger; and requested staff work out the details with the Advisory Committee.

ONE TIME STORAGE AGREEMENT

Ed James explained that Metropolitan Water District had a one time storage program in which Watermaster could buy additional water outside the IICP program. Mr. James stated if water becomes available, a contract to purchase additional water will be presented to Watermaster for approval. A brief discussion followed with Chairperson French expressing concern that Watermaster not lose the opportunity to purchase water due to some technicality.

MWD'S LONG AND SHORT-TERM GROUNDWATER STORAGE PROGRAM

Ken Kules of Metropolitan Water District gave a presentation regarding their proposed Long and Short-term Groundwater Storage Program.

STAFF REPORT

A. Replenishment Activities

Ed James gave a brief presentation on Chino Basin Watermaster Replenishment Activities.

B. MWD's Proposed water rate increase

Ed James presented the Board with MWD's proposed water rates for Fiscal Year 1992-93.

- C. Purchase of Non-Agricultural Pool Storage Water for replenishment purposes.

Guido Smith gave a summary of his legal opinion regarding the purchase of Non-Agricultural Pool water in storage for replenishment purposes. No action was taken.

- D. Agreement between Chino Basin Watermaster and the San Bernardino County Flood Control District.

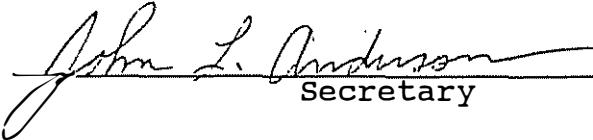
Ed James stated that a draft of this contract had been sent to the Flood Control District for their comments. The final contract will be presented to Watermaster for approval in May.

OTHER BUSINESS

There was no other business brought before the Board at this time.

ADJOURN

Chairperson French adjourned the meeting at 9:25 a.m.


Secretary

WATERMASTER

DWIGHT F. FRENCH, Chairman
GEORGE A. BORBA, Vice-Chairman
JOHN L. ANDEPSON, Secretary/Treasurer
ANNE W. DUNIHUE, Member
BILL HILL, Member



EDWIN D. JAMES

Watermaster Services

Telephone (714) 987-1712

**NOTICE
OF
INAUGURAL MEETING
OF THE
CHINO BASIN WATERMASTER STEERING COMMITTEE
8555 ARCHIBALD AVENUE, RANCHO CUCAMONGA**

TUESDAY, JUNE 16, 1992

10:00 A.M.

AGENDA

1. CALL TO ORDER - EDWIN JAMES, CHIEF OF WATERMASTER SERVICES
2. DRAFT PROPOSED RULES AND REGULATIONS FOR THE WATERMASTER STEERING COMMITTEE - INCLUDED WITH AGENDA
3. DRAFT AMENDED SERVICES AND FACILITIES CONTRACT WITH CHINO BASIN MUNICIPAL WATER DISTRICT - INCLUDED WITH AGENDA
4. SOUTHERN CALIFORNIA WATER COMPANY - DELINQUENT SPECIAL ASSESSMENT - DISCUSSION ITEM
5. WATER RESOURCES FIELD INSPECTOR POSITION - DISCUSSION ITEM
6. DRAFT POLICY ON PURCHASE OF NON-AGRICULTURAL WATER BY OTHER THAN NON-AGRICULTURAL POOL MEMBERS - AVAILABLE AT MEETING
7. DESALTERS / CONJUNCTIVE USE - DISCUSSION ITEM
8. OTHER BUSINESS
9. ADJOURN

ATTENDANCE SHEET

Advisory Steering Committee
Tuesday, June 16, 1992

1. Roger Harkin Ag Pool
2. Gerald Black Southern Union corp
3. Tom Skeltonberger CLWD
4. Mike Teall ONTARIO
5. David Cooper SUNKIST
6. ROB HARTMAN Kaiser Steel Resources
7. W.C. MASKER NORCO
8. Tom P. [unclear] [unclear]
9. Kathy Beckley CBWM
10. Marilyn Leven Attorney General's office
11. Robert H. DeBerard Ag Pool
12. Gene Koopman Ag Pool - M.P.C.
13. Mike Gutierrez So. Cal. Water Co.
14. Mary Murphy
15. Ed James
16. Guido Smith
- 17.
- 18.
- 19.
- 20.
- 21.
- 22.
- 23.
- 24.

DRAFT

MINUTES
OF
THE INAUGURAL MEETING
OF THE
CHINO BASIN WATERMASTER STEERING COMMITTEE
Tuesday, June 16, 1992

The inaugural meeting of the Steering Committee was held June 16, 1992 at 10:00 a.m. in the Board Room of Chino Basin Municipal Water District.

Agricultural Pool Members:

Roger Larkin	CIW
Robert DeBerard	Ag Pool
Gene Koopman	Milk Producers
Marilyn Levin	Attorney General's Office

Appropriative Pool Members:

Gerald Black	Fontana Union WC
Tom Shollenberger	Cucamonga County WD
Mike Teal	City of Ontario
Bill Masker	City of Norco
Tom Smith	City of Chino
Mike Gutierrez	So. Calif. Water Co.

Non-Agricultural Pool Members:

Rob Hartman	Kaiser Steel Resources
David Cooper	Sunkist

Others Present:

Edwin James	Chief of Watermaster Serv.
Kathy Beckley	CBMWD
Mary Murphy	CBMWD
Guido Smith	Attorney for Watermaster

CALL TO ORDER

Acting Chairman Edwin James called the meeting to order at 10:05 a.m.

**DRAFT PROPOSED RULES AND REGULATIONS FOR THE
WATERMASTER STEERING COMMITTEE**

Edwin James presented for review the "Proposed Rules and Regulations for the Watermaster Steering Committee". Discussion ensued on the draft. Mr. James stated that Ira Pace, West San

Bernardino County Water District, was unable to attend the meeting, and had requested during a telephone conversation that (1) the definition of "quorum" be more clearly defined; and (2) any recommendation from the Steering Committee to the Advisory Committee receive a majority vote. Mike Teal questioned if the membership had to be formal, or all Pool members be allowed to attend meetings and participate in discussions. Tom Shollenberger stated that it was his understanding the Steering Committee was created to assure interaction between the Pool Committees and Watermaster staff, and provide direction to Watermaster staff as required. Bill Masker questioned whether the steering Committee's directing work assignments for Watermaster would pose potential conflicts with CBMWD.

In answer to a question from Mr. Masker about the equity of the Committee's representatives including five Appropriative Pool members, one Agricultural Pool member and one Non-Agricultural Pool, Mr. James explained that this number was selected in an attempt to keep the group small, and attain diversity of all interests.

Attorney Guido Smith stated that a quorum is not necessary for this committee. Mr. Smith further stated that the intent of this committee was to remain informal and address the needs of the Watermaster. Tom Shollenberger suggested that the Ag Pool and Non-Ag Pool appoint alternate representatives to the Committee.

Mr. Guido Smith explained the Steering Committee is a pre-review committee that will review significant issues prior to action by the respective Pool Committees. The Steering Committee should have the power to direct staff to develop additional information as required to enable Pools, or the Advisory Committee, to make informed decisions.

After lengthy discussion, the Committee concurred that no specific rules will apply to the Steering Committee at this time; meeting notices will be mailed to all Pool Committee members; and minutes will be taken and made available upon request.

**DRAFT AMENDED SERVICES AND FACILITIES CONTRACT WITH
CHINO BASIN MUNICIPAL WATER DISTRICT**

After brief discussion, and at the suggestion of Guido Smith, the Committee determined that sentences two through four of Item 6 be deleted. The first sentence of Item 6 should read: "Any District staff working on or providing assistance to the Watermaster program shall receive their direction from and report to the Advisory Committee." The revised contract will be presented at the July Committee meetings for approval. Upon approval by the Advisory Committee, the contract will be presented to Watermaster and Chino Basin MWD for signature.

**SOUTHERN CALIFORNIA WATER COMPANY - DELINQUENT
SPECIAL ASSESSMENT**

Edwin James reported that Watermaster staff had met with representatives of So. Calif. Water Co. (SCWC) and resolved SCWC's special assessment obligation. Mr. James stated SCWC had agreed to sell to Watermaster during FY91-92, 144.615 AF at \$130 per acre-foot, and during FY92-93, 89.874 AF at \$169 per acre-foot to satisfy their delinquent special assessment obligation.

WATER RESOURCES FIELD INSPECTOR POSITION

Mr. James stated that he had received five resumes for the Water Resources Field Inspector position, and there were three strong possibilities. Mr. James further stated Chino Basin MWD does not include benefits for part-time employees, and he was optimistic the position would be filed with this knowledge.

**DRAFT POLICY ON PURCHASE OF NON-AGRICULTURAL WATER
BY OTHER THAN NON-AGRICULTURAL POOL MEMBERS**

Guido Smith presented an outline of criteria to be included in the Non-AG water purchase policy. After a brief discussion, Mr. Smith stated that if the outline was acceptable to the Steering Committee, he would draft the policy for review by the Pool Committees. Edwin James requested that comments on the outline be directed to Watermaster Staff by June 19, 1992.

NOTICE OF ASSIGNMENT OF WATER RIGHTS

Edwin James reported that although putting water into the cyclic and replenishment account by exchange has always been allowed, it has not been done previously. Mr. James presented a draft Notice of Assignment of Water Rights for Cucamonga County Water District and Chino Basin Watermaster with the question of who should sign the agreement. Guido Smith stated that to remain consistent with other legal documents, Watermaster should sign the Assignment.

DESALTERS / CONJUNCTIVE USE - DISCUSSION ITEM

Mr. James requested permission to work with SAWPA on the desalter/conjunctive use program in order to improve the program for Watermaster. After discussion, it was agreed to have Mr. James work with SAWPA.

OTHER BUSINESS/ADJOURN

There being no further business, Edwin James adjourned the meeting at 12:11 p.m.

AMENDED
SERVICES AND FACILITIES CONTRACT

THIS CONTRACT made and entered into this day of
 , by and between the Chino Basin Municipal Water District,
hereafter referred to as "District," and Chino Basin Municipal
Water District acting in its capacity as Watermaster pursuant to
appointment of the Court in Judgment entered, Chino Basin Municipal
Water District vs. City of Chino, et al., San Bernardino Superior
Court Case No. ~~164327~~ WCV51010 (formerly Case No. SCV164327),
hereafter referred to as "Watermaster";

W I T N E S S E T H:

WHEREAS, District is willing and able, through its staff and
facilities, to provide certain services necessary in the
performance of Watermaster's duties; and

WHEREAS, it is deemed to be in the best interest of
Watermaster to contract with the District rather than to procure
independent personnel and facilities for said services;

NOW, THEREFORE, in consideration of the mutual promises,
covenants and agreements herein made and contained, the parties
hereto agree as follows:

1. SCOPE OF AGREEMENT. District agrees to provide services
and facilities as designated in paragraph 5. hereof and as may be
reasonably requested from time to time and consistent with
District's primary obligation to serve the needs of District, and
its Watermaster function, to be performed for and on behalf of
Watermaster, pursuant to the conditions imposed hereby unless
terminated as set forth herein.

2. REIMBURSEMENT FOR SERVICES.

a. It is agreed by the parties that District shall be
reimbursed by Watermaster for the cost of all services
performed and facilities utilized pursuant to this Contract.
Such costs shall be determined through the application of
generally accepted accounting principles and in compliance
with the following guidelines:

- 1) All direct labor costs and related labor costs

of personnel involved.

2) The cost of materials and/or supplies utilized.

3) The cost of computer time, postage and special photocopy runs.

4) A percentage charge to cover general and administration overhead shall be added to items 1) - 3) above. The general and administration overhead shall be computed as set forth in Exhibit A, attached hereto and incorporated herein by this reference.

b. District shall be reimbursed the actual cost of insurance, materials and/or supplies purchased exclusively for Watermaster use.

c. District shall submit to Watermaster a monthly statement for services rendered by District to Watermaster no later than the fifteenth (15) of each month succeeding month. Payment thereof to be made by Watermaster to District within thirty (30) days of receipt of such statement.

3. CONTRACTED SERVICES. Consulting services shall be contracted for independently by Watermaster, including but not limited to legal, engineering and audit.

4. SUPPLEMENTAL WATER. Supplemental water for replenishment purposes as may be required by the Judgment, shall be sold by District to Watermaster at District's actual cost.

5. SERVICES AND FACILITIES TO BE PERFORMED BY THE DISTRICT. The services and/or facilities as set forth hereafter constitute a general outline of the duties that may or may not be requested by Watermaster, for District to perform from time to time. District is hereby requested by Watermaster to do and faithfully perform the following services and make facilities available as may be reasonable from time to time, for and on behalf of Watermaster throughout the term of this Contract:

a. Make available for the holding of Watermaster meetings and/or public hearings from time to time, the facilities of District. Prepare, copy and mail written findings and decisions of Watermaster public hearings,

minutes, and other documents as may be necessary from time to time. Maintain and make available for inspection all records, including minutes of any meeting of Watermaster, the Watermaster Advisory Committee, and/or any Pool Committee.

b. Make available to Watermaster said facilities, telephone equipment, supplies, other equipment, utilities and personnel, as may be necessary and requested by the Watermaster to perform the day to day operations of the Watermaster.

c. Prepare, upon request of Watermaster, appropriate agendas for all meetings of Watermaster. Prepare and distribute the annual Watermaster report. Process all the Watermaster correspondence.

d. Coordinate, maintain, and administer the meter service, carry-over rights, ground water storage and withdrawal procedures, supplemental water purchases and assignment, transfer and lease of decreed rights.

e. Receive and analyze producer reports and compile, organize and distribute production data summaries as needed. Compile necessary historical data for safe yield purposes.

f. Conduct in lieu and other negotiated procedures and coordinate such programs upon implementation.

g. Provide such incidental general engineering support as may be required.

h. Keep and maintain adequate accounts of all financial transactions of Watermaster, make deposits and disburse such funds as may be received by the Watermaster, and invest funds of the Watermaster as authorized.

i. Keep and maintain the appropriate fidelity and other bonds required by the Judgment and/or appropriate insurance as necessary. Keep and maintain records allocating costs and expenses of Watermaster as between the several pools. Issue assessments as levied by Watermaster, including notice thereof and perform collection procedures if required.

j. Cause to be performed an independent annual audit of

Watermaster funds.

k. Prepare and distribute the annual Administrative Budget and incidental reports.

6. DISTRICT EMPLOYEES WORKING FOR WATERMASTER. Any District staff working on or providing assistance to the Watermaster shall receive their direction from ^{for purposes to} the Advisory Committee. District staff working on Watermaster functions will report directly to the District General Manager. All functions and activities that are performed through the District shall follow all policies and procedures set forth by the District. Any contract or project performed directly for Watermaster will follow all policies and procedures set forth by Watermaster. *Paragraph*

6.7. SPECIAL PROJECTS. It is anticipated by the parties hereto that special projects, in addition to the day to day administrative duties set forth in paragraph 5. hereof, may be required from time to time. All such special projects will be initiated only by separate work orders approved by the Watermaster Advisory Committee and Watermaster. *DRAFT*

7.8. LIABILITY. District shall list Watermaster as an additional named insured on its policies of liability insurance, or secure, if necessary, separate policies of liability insurance.

8.9. ENTIRE CONTRACT AND MODIFICATION. This Contract expresses the whole agreement between the parties, there being no representations, warranties or other agreements not herein expressly set forth or provided for. No change, or modification of, or condition to this Contract shall be valid unless the same shall be in writing and signed by both parties hereto.

9.10. BINDING CONTRACT. This Contract shall be binding upon and inure to the benefit of District, its successors and assigns, and shall be binding upon and inure to the benefit of Watermaster.

10.11. PARAGRAPH HEADINGS/COUNTERPARTS. All paragraph headings herein are inserted for the convenience of the parties only. This Contract may be executed in several counterparts, each of which shall be deemed to be an original and which together will

constitute one and the same instrument.

11.12. TERMINATION. This Contract may be terminated by either party, with or without cause, by giving six (6) months written notice to the other party. This Contract shall be automatically terminated whenever District shall cease to be Watermaster.

12.13. WAIVER. The waiver of, or failure to enforce any provision of this Contract, shall not operate as a waiver of such provisions, or any future breach of any such provisions.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed by their duly authorized representatives on the date first above appearing.

"WATERMASTER"

"DISTRICT"

By _____
President

By _____
President of the Board of
Directors of CHINO BASIN
MUNICIPAL WATER DISTRICT

ATTEST:

ATTEST:

By _____
Secretary

By _____
Secretary of the Board of
Directors of CHINO BASIN
MUNICIPAL WATER DISTRICT

APPROVED BY WATERMASTER ADVISORY COMMITTEE

By _____
President

ADOPTED BUDGET 1991/92
General Fund

NOTES TO GENERAL & ADMINISTRATIVE ABATEMENTS

The General and Administrative (G&A) Expense is a charge made to each and every non-General Fund or General Fund Special Project to cover the cost of administration of the District as a whole. These costs cannot be directly charged against a plant or a project and include such costs of operations as follows:

- Administration of the District
- Purchasing and paying the bills of the District
- Issuing statements and receiving payment therefore
- Routine Customer Services
- Collection and distribution of receipts among the taxing funds
- Engineering services of general benefit to the District
- General office maintenance, utilities and insurance
- Preparation of payroll for all employees
- Accounting work pertinent to all funds but not distinct to any (budget control, trial balance work, etc.)
- Any coverage or shortage incurred in arriving at a proper percentage for direct charges for payroll burden
- And anything left over in the General Fund at the close of audit.

The General and Administrative Expense percentage is derived from the prior year's audit, in this instance the audit for the year ended June 30, 1990.

	Total Expenses	Less Depreciation	Net Expenses	Page Number*
Internal General Fund (Unabated)	\$ 3,909,720	\$455,180	\$3,454,540	11
Water Fund	697,454			8
Regional Waster Water Funds	17,037,816			8
Tertiary Funds	4,220,680			8
Co-Composting Fund	269,016			
Non-Reclaimable Waste System	2,816,785			8
AD #1 Fund	1,820			
Total Expenses	\$35,223,291			
Less G&A Applied	2,028,331			11
Total Expenses per Audit	\$33,194,960			7

$$\frac{\$3,454,540}{\$3,194,960} = 10.41\% \text{ Actual Percentage used for } 1991/92$$

Proposed Budget "Say" 13.6%

* Page number relative to audit for year ended June 30, 1977.

EXHIBIT "A"

COMPLETED

MINUTES OF QUARTERLY WATERMASTER MEETING AUGUST 5, 1992

The Quarterly Watermaster meeting was held on August 5 1992, in the Chino Basin Municipal Water District Board Room at 8:30 a.m.

Watermaster Members Present:

Dwight French	Chairman
John Anderson	Secretary/Treasurer
Bill Hill	Member
Ann Dunihue	Member

Watermaster and CBMWD Staff Present:

Edwin James	Chief, Watermaster Services
Mary Murphy	Recording Secretary, CBWM
Diana Leach	CBMWD
Kathy Beckley	Watermaster
Guido Smith	Watermaster Attorney
Thomas J. Homan	CBMWD

Others Present:

Tom Shollenberger	Cucamonga CWD
Sandy Olson	Cucamonga CWD
Gerald Black	Fontana Union Water Co.
Jeff McGrand	KenKo, Inc.
Jerry Ferguson	KenKo, Inc.

Chairman French called the meeting to order at 8:30 a.m. The pledge of allegiance was lead by Director Bill Hill.

CONSENT CALENDAR

- A. Minutes of May 6, 1992.
- B. Statement of Revenue and Expense and Fund Balance for the period ended May 31, 1992.

- C. Treasurer's Report of Financial Affairs for the period ending May 31, 1992.
- D. Water Rights Lease Agreements covering the period of July 1, 1991 through June 30, 1992:

From: Cucamonga County Water District
To: Chino Basin Watermaster
Amount: 6,548.8 acre feet

From: City of Chino Hills
To: Chino Basin Watermaster
Amount: 1,105.2 acre feet

From: Monte Vista Water District
To: Chino Basin Watermaster
Amount: 184.2 acre feet

From: Southern California Edison Company
To: Chino Basin Watermaster
Amount: 390.5 acre feet

From: City of Ontario
To: Chino Basin Watermaster
Amount: 1,904.9 acre feet

From: City of Pomona
To: Chino Basin Watermaster
Amount: 2,004.0 acre feet

From: City of Chino
To: Chino Basin Watermaster
Amount: 73.7 acre feet

From: Southern California Water Company
To: Chino Basin Watermaster
Amount: 144.615 acre feet

From: City of Upland
To: Chino Basin Watermaster
Amount: 237.0 acre feet

E. Local Storage Agreements:

Ameron Steel Fabrication Division, Agreement No. 6.2, in the amount of 500 acre feet

West End Consolidated Water Company, Agreement No. 13.2, in the amount of 6,000 acre feet

City of Pomona, Agreement No. 15.3, in the amount of 10,000 acre feet

Monte Vista Water District, Agreement No. 27, in the amount of 2,500 acre feet

Fontana Water Company, a division of San Gabriel Valley Water Company, Agreement No. 28, in the amount of 5,000 acre feet

Chino Basin Watermaster, Agreement No. 29, in the amount of 10,000 acre feet

F. Notice of Intent to Recapture Water in Storage, submitted by Fontana Water Company, a division of San Gabriel Valley Water Company, to recapture 2,238.315 acre feet of water in storage to offset FY 91-92 over-production.

G. Notice of sale of 500 acre feet of water in storage from Monte Vista Irrigation Company to the City of Chino's local storage account.

H. Adjustment of compensation for legal services rendered by Guido R. Smith.

I. Adjustment to the FY 92/93 special assessment for the Chino Basin Water Resource Study.

Motion by Ann Dunihue, seconded by George Borba and by unanimous vote:

Moved to approve Consent Calendar Items A through I:

VOUCHER LIST

Motion by John Anderson, seconded by Anne Dunihue and by unanimous vote:

Moved to ratify vouchers numbered 2552 through 2583 as presented.

**AMENDED SERVICES AND FACILITIES CONTRACT BETWEEN
CHINO BASIN WATERMASTER AND CHINO BASIN
MUNICIPAL WATER DISTRICT**

Motion by Anne Dunihue, seconded by John Anderson and by unanimous vote:

Moved to accept the Amended Services and Facilities Contract Between Chino Basin Watermaster and Chino Basin Municipal Water District.

**RESOLUTION 92-4 OF THE CHINO BASIN WATERMASTER, SAN BERNARDINO
COUNTY, CALIFORNIA, AMENDING WATERMASTER RULES AND REGULATIONS**

**RESOLUTION 92-5 OF THE CHINO BASIN WATERMASTER, SAN BERNARDINO
COUNTY, CALIFORNIA, ADOPTING AND IMPLEMENTING A SPECIAL
PROGRAM FOR ABANDONMENT OF WATER IN STORAGE BY MEMBERS
OF THE OVERLYING (NON-AGRICULTURAL) POOL; ESTABLISHING A
SPECIAL ACCOUNT FOR RETENTION OF SUCH ABANDONED WATER BY
WATERMASTER; ESTABLISHING FUNDING FOR, AND ESTABLISHING
GUIDELINES FOR APPLICATION OF ANY SURPLUS FUND THAT MAY
BE GENERATED BY, OPERATION OF THE PROGRAM**

Attorney Guido Smith explained that Resolution 92-4 amends the current Watermaster Rules and Regulations to allow the adoption of a program allowing abandonment of water stored by members of the Overlying (Non-Agricultural) Pool for use by Watermaster benefiting the Basin in general. Resolution 92-5 implements the establishment of the program based on the changes in the Rules and Regulations that are adopted in 92-4.

Motion by Bill Hill, seconded by Anne Dunihue and by unanimous vote:

Moved to adopt Resolution 92-4 and Resolution 92-5 amending Chino Basin Watermaster Rules and Regulations as submitted.

**SOCIO ECONOMIC STUDY - ACCEPTANCE OF JUNE 24, 1992 FINAL
REPORT ENTITLED "SOCIO-ECONOMIC CONDITIONS OF THE CHINO
BASIN WATERMASTER PROGRAM" PREPARED BY JAMES M.
MONTGOMERY, CONSULTING ENGINEERS, INC.**

Edwin James explained that by the year 2000, Chino Basin will have an additional 100,000 acre-feet of water in storage. Programs are currently being formed to

decrease this amount. The Report made no recommendations.

Motion by Anne Dunihue, seconded by George Borba and by unanimous vote:

Moved to accept the Socio Economic Study as submitted.

SHORT TERM STORAGE AGREEMENT WITH METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Edwin James explained that although Southern California currently has sufficient water supplies, Northern California is below normal. Metropolitan Water District has been notified that they will possibly receive only ten (10) percent of their State Water Project allocation next year. This would adversely affect Southern California's water supply. At this time, Metropolitan is looking for agencies to store water now in order to have water on hand next year. The Short Term Storage Agreement is being developed to solve this problem. Under this Agreement Metropolitan would deliver up to 5,000 acre-feet to the Chino Basin through In-Lieu means. This would save agencies pumping costs and have no adverse effects on ground water. This program would not adversely effect agencies that are unable to participate. Metropolitan would be limited to 1,000 acre-feet per month extraction over a two year period. Unused water would be placed in the Trust Storage Account, giving Watermaster the ability to purchase it in the future. This program has no connection to the Conjunctive Use Program.

Motion by Bill Hill, seconded by Anne Dunihue and by unanimous vote:

Moved to accept the Short Term Storage Agreement with Metropolitan Water District of Southern California as presented.

STAFF REPORT

REPLENISHMENT ACTIVITIES: Edwin James reported that Watermaster now has 5,200 acre-feet of water in storage. The Seasonal Storage program saved Watermaster approximately \$1,000,000.

DRAFT MEMORANDUM OF UNDERSTANDING for the Long Term Storage Program proposed by the Metropolitan Water District of Southern California. Edwin James stated that MWD, CBMWD, Three Valleys, Western and Watermaster are currently negotiating to store 50,000 acre-feet in the Basin. The Watermaster Steering Committee will meet on August 11 to work on the details.

MINUTES of the June 16, 1992 Watermaster Steering Committee Meeting. Edwin James explained that the Watermaster Steering Committee was formed to provide direction to Watermaster staff in addressing Watermaster issues and developing

policies and procedures. The meetings will be kept informal; minutes will be taken and placed in Watermaster Board of Directors meeting packages for information only.

KAISER STEEL/CALIFORNIA STEEL INDUSTRIES, INC. - Allocation of water production. Attorney Guido Smith explained that California Steel Industries, Inc. has been allowed to intervene in the Judgment. There is question whether or not water produced by Kaiser and delivered to California Steel should be assessed to Kaiser as replenishment water. If the water produced by Kaiser and delivered to California Steel is not overlying (non-agricultural) use that water should be considered appropriate in nature and would require replenishment by Kaiser for delivery to California Steel. Although several meetings have been held, the matter has not yet been resolved and several other issues have arisen.

WATER METER WORKSHOP HELD JUNE 23, 1992/PRODUCTION REPORTING. Kathy Beckley reported that Watermaster has hired Jim Theirl as Watermaster Field Inspector.

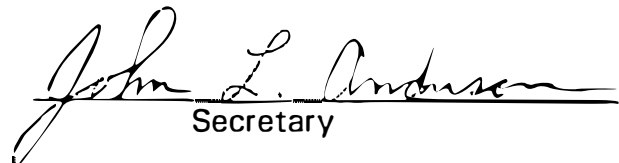
Ms. Beckley further reported that the June 23, 1992 Water Meter Workshop was not attended by many but was very successful.

OTHER BUSINESS

There was no other business brought before the Watermaster Board of Directors.

ADJOURN

Chairperson French adjourned the meeting at 9:09 a.m.


Secretary

AMENDED SERVICES AND FACILITIES CONTRACT

THIS CONTRACT made and entered into this 5th day of August 1992, by and between the Chino Basin Municipal Water District, hereafter referred to as "District," and Chino Basin Municipal Water District acting in its capacity as Watermaster pursuant to appointment of the Court in Judgment entered, Chino Basin Municipal Water District vs. City of Chino, et al., San Bernardino Superior Court Case No. WCV51010 (formerly Case No. SCV164327), hereafter referred to as "Watermaster";

W I T N E S S E T H:

WHEREAS, District is willing and able, through its staff and facilities, to provide certain services necessary in the performance of Watermaster's duties; and

WHEREAS, it is deemed to be in the best interest of Watermaster to contract with the District rather than to procure independent personnel and facilities for said services;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements herein made and contained, the parties hereto agree as follows:

1. SCOPE OF AGREEMENT. District agrees to provide services and facilities as designated in paragraph 5. hereof and as may be reasonably requested from time to time and consistent with District's primary obligation to serve the needs of District, and its Watermaster function, to be performed for and on behalf of Watermaster, pursuant to the conditions imposed hereby unless terminated as set forth herein.

2. REIMBURSEMENT FOR SERVICES.

a. It is agreed by the parties that District shall be reimbursed by Watermaster for the cost of all services performed and facilities utilized pursuant to this Contract. Such costs shall be determined through the application of generally accepted accounting principles and in compliance with the following guidelines:

1) All direct labor costs and related labor costs of personnel involved.

2) The cost of materials and/or supplies utilized.

3) The cost of computer time, postage and special photocopy runs.

4) A percentage charge to cover general and administration overhead shall be added to items 1) - 3) above. The general and administration overhead shall be computed as set forth in Exhibit A, attached hereto and incorporated herein by this reference.

b. District shall be reimbursed the actual cost of insurance, materials and/or supplies purchased exclusively for Watermaster use.

c. District shall submit to Watermaster a monthly statement for services rendered by District to Watermaster no later than the fifteenth (15) of each next succeeding month. Payment thereof to be made by Watermaster to District within thirty (30) days of receipt of such statement.

3. CONTRACTED SERVICES. Consulting services shall be contracted for independently by Watermaster, including but not limited to legal, engineering and audit.

4. SUPPLEMENTAL WATER. Supplemental water for replenishment purposes as may be required by the Judgment, shall be sold by District to Watermaster at District's actual cost.

5. SERVICES AND FACILITIES TO BE PERFORMED BY THE DISTRICT. The services and/or facilities as set forth hereafter constitute a general outline of the duties that may or may not be requested by Watermaster, for District to perform from time to time. District is hereby requested by Watermaster to do and faithfully perform the following services and make facilities available as may be reasonable from time to time, for and on behalf of Watermaster throughout the term of this Contract:

a. Make available for the holding of Watermaster meetings and/or public hearings from time to time, the facilities of District. Prepare, copy and mail written

findings and decisions of Watermaster public hearings, minutes, and other documents as may be necessary from time to time. Maintain and make available for inspection all records, including minutes of any meeting of Watermaster, the Watermaster Advisory Committee, and/or any Pool Committee.

b. Make available to Watermaster said facilities, telephone equipment, supplies, other equipment, utilities and personnel, as may be necessary and requested by the Watermaster to perform the day to day operations of the Watermaster.

c. Prepare, upon request of Watermaster, appropriate agendas for all meetings of Watermaster. Prepare and distribute the annual Watermaster report. Process all the Watermaster correspondence.

d. Coordinate, maintain, and administer the meter service, carry-over rights, ground water storage and withdrawal procedures, supplemental water purchases and assignment, transfer and lease of decreed rights.

e. Receive and analyze producer reports and compile, organize and distribute production data summaries as needed. Compile necessary historical data for safe yield purposes.

f. Conduct in lieu and other negotiated procedures and coordinate such programs upon implementation.

g. Provide such incidental general engineering support as may be required.

h. Keep and maintain adequate accounts of all financial transactions of Watermaster, make deposits and disburse such funds as may be received by the Watermaster, and invest funds of the Watermaster as authorized.

i. Keep and maintain the appropriate fidelity and other bonds required by the Judgment and/or appropriate insurance as necessary. Keep and maintain records allocating costs and expenses of Watermaster as between the several pools. Issue assessments as levied by Watermaster, including notice thereof and perform collection procedures if required.

j. Cause to be performed an independent annual audit of Watermaster funds.

k. Prepare and distribute the annual Administrative Budget and incidental reports.

6. DISTRICT EMPLOYEES WORKING FOR WATERMASTER. Any District staff working on or providing assistance to the Watermaster program shall receive their direction from and report to the Advisory Committee.

7. SPECIAL PROJECTS. It is anticipated by the parties hereto that special projects, in addition to the day to day administrative duties set forth in paragraph 5. hereof, may be required from time to time. All such special projects will be initiated only by separate work orders approved by the Watermaster Advisory Committee and Watermaster.

8. LIABILITY. District shall list Watermaster as an additional named insured on its policies of liability insurance, or secure, if necessary, separate policies of liability insurance.

9. ENTIRE CONTRACT AND MODIFICATION. This Contract expresses the whole agreement between the parties, there being no representations, warranties or other agreements not herein expressly set forth or provided for. No change, or modification of, or condition to this Contract shall be valid unless the same shall be in writing and signed by both parties hereto.

10. BINDING CONTRACT. This Contract shall be binding upon and inure to the benefit of District, its successors and assigns, and shall be binding upon and inure to the benefit of Watermaster.

11. PARAGRAPH HEADINGS/COUNTERPARTS. All paragraph headings herein are inserted for the convenience of the parties only. This Contract may be executed in several counterparts, each of which shall be deemed to be an original and which together will constitute one and the same instrument.

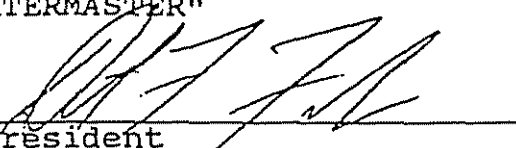
12. TERMINATION. This Contract may be terminated by either party, with or without cause, by giving six (6) months written notice to the other party. This Contract shall be automatically terminated whenever District shall cease to be Watermaster.

13. WAIVER. The waiver of, or failure to enforce any provision of this Contract, shall not operate as a waiver of such provisions, or any future breach of any such provisions.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed by their duly authorized representatives on the date first above appearing.

"WATERMASTER"

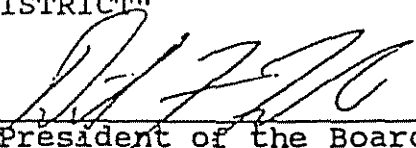
By



President

"DISTRICT"

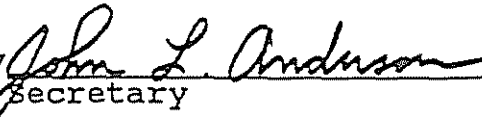
By



President of the Board of
Directors of CHINO BASIN
MUNICIPAL WATER DISTRICT

ATTEST:

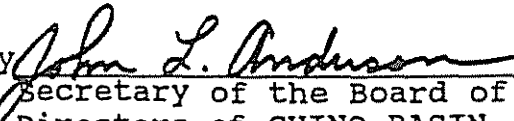
By



Secretary

ATTEST:

By



Secretary of the Board of
Directors of CHINO BASIN
MUNICIPAL WATER DISTRICT

APPROVED BY WATERMASTER ADVISORY COMMITTEE

By



Chairman

contract

ADOPTED BUDGET 1991/92
General Fund

NOTES TO GENERAL & ADMINISTRATIVE ABATEMENTS

The General and Administrative (G&A) Expense is a charge made to each and every non-General Fund or General Fund Special Project to cover the cost of administration of the District as a whole. These costs cannot be directly charged against a plant or a project and include such costs of operations as follows:

- Administration of the District
- Purchasing and paying the bills of the District
- Issuing statements and receiving payment therefore
- Routine Customer Services
- Collection and distribution of receipts among the taxing funds
- Engineering services of general benefit to the District
- General office maintenance, utilities and insurance
- Preparation of payroll for all employees
- Accounting work pertinent to all funds but not distinct to any (budget control, trial balance work, etc.)
- Any coverage or shortage incurred in arriving at a proper percentage for direct charges for payroll burden
- And anything left over in the General Fund at the close of audit.

The General and Administrative Expense percentage is derived from the prior year's audit, in this instance the audit for the year ended June 30, 1991.

	Total Expenses	Less Depreciation	Net Expenses
Internal General Fund (Unabated)	\$ 3,909,720	\$455,180	\$3,454,540
Water Fund	697,454		
Regional Waster Water Funds	17,037,816		
Tertiary Funds	4,220,680		
Co-Composting Fund	269,016		
Non-Reclaimable Waste System	2,816,785		
AD #1 Fund	<u>1,820</u>		
Total Expenses	\$35,223,291		
Less G&A Applied	<u>2,028,331</u>		
Total Expenses per Audit	<u>\$33,194,960</u>		
$\frac{\$3,454,540}{\$33,194,960} = 10.41\% \text{ Actual Percentage used for 1991/92}$			

D. Resolution 93-2
RESOLUTION OF THE CHINO BASIN
WATERMASTER, SAN BERNARDINO COUNTY,
CALIFORNIA, ESTABLISHING A ZERO BASE
APPROPRIATIONS LIMIT FOR FISCAL YEAR
1993/1994. (For full text, see Resolution Book.)

**RESOLUTION
93-2**

2. VOUCHER LIST

Voucher No.'s 2608 through 2615 were received and filed.

VOUCHERS

3. ELECTION OF OFFICERS

Motion by Mike Teal, second by Pat Malloy and by unanimpus vote.

MOVED, to appoint the following slate of officers to the Advisory Committee for 1993/1994.

**ADVISORY
COMMITTEE
OFFICERS**

Tom Shollenberger	Chairperson
Roger Larkin	First Vice-Chairperson
Rob Hartman	Second Vice-Chairperson
Edwin James	Secretary
John L. Anderson	Treasurer

4. REAPPOINTMENT OF WATERMASTER

Tom Shollenberger mentioned that at the Appropriative Pool meeting, several members expressed concern with regard to members of the Watermaster Board of Directors acting on behalf of the Watermaster without first informing the Advisory Committee. Action was taken at the March 11, 1993, Appropriative Pool meeting by majority vote, to recommend to the Advisory Committee to delay reappointment of Chino Basin Municipal Water District as Watermaster until such time as the Advisory Committee and it's representative pools could receive assurance that the Watermaster would not act independent of the

Advisory Committee. It was noted that the Agricultural Pool as well as the Non-Agricultural Pool approved the reappointment of Chino Basin as Watermaster. Mr. Shollenberger also said that a special meeting of the Watermaster Board of Directors was held on March 17, 1993 at which time Mr. Hill as Chairman of the Board, came forward to speak on behalf of the Watermaster Board. At the meeting, Mr. Hill explained that at no time did any member of the Board of Directors intend that comments that were expressed be construed to be at the direction of the Watermaster. Following discussion, a motion was made by Tom Shollenberger, seconded by Mike Teal and by unanimous vote:

**WATERMASTER
APPOINTMENT**

MOVED, to reappoint the Chino Basin Municipal Water District Board of Directors as Watermaster.

5. METER INSTALLATION SPECIAL PROJECT

Edwin James, Chief of Watermaster Services presented the Agricultural Pool Meter Testing Special Project. He said the project included \$160,000 for the purchase and installation of hour meters, payment of the \$69 permit fee for wells located within San Bernardino County, above ground plumbing modifications required to achieve accurate well efficiency tests, and the one time repair of existing non-functioning in-line flow meters that were installed in 1978. Mr. James stated that action was taken at the March 11, 1993 Agricultural Pool Committee meeting confirming the committee's intention to designate this as an Agricultural Pool special project with the Appropriative Pool covering the cost. Members of the Appropriative Pool expressed concerns with regard to paying for the project if there was no direct benefit. It was decided by minute action taken by the Appropriative Pool that if the Meter Testing Special Program resulted in more water being produced by the Agricultural Pool, the Agricultural Pool would reimburse the Appropriative Pool for the cost of the project. Staff was directed to define a specific scope of work regarding the services that would be covered under the special project and develop guidelines that would enable Watermaster to calculate if the Agricultural Pool production increased because of this project.



CHINO BASIN WATERMASTER

9400 Cherry Ave., Bldg. A, Fontana, CA 92335 • P.O. Box 697, Rancho Cucamonga, CA 91729-0697
TEL: (909) 357-0241 • FAX: (909) 357-3870

TRACI STEWART
Chief of Watermaster Services

February 29, 1996

Mr. Bill Hill, Chairman
Board of Directors
Chino Basin Municipal Water District

Subject: Watermaster Transition Period

Gentlemen:

I appeared before your Board on February 7 and February 21, 1996 to seek the Board's support for the recent recommendation of the Chino Basin Advisory Committee that Chino Basin Municipal Water District (CBMWD) be replaced as Watermaster. Based upon the discussions at those meetings and our own personal communications, I understand that CBMWD is willing to be relieved of its duties as Watermaster. As requested by me at those meetings, I would appreciate formal action of the Board confirming this fact.

Assuming the court approves the recommendation of the Advisory Committee, I also requested the Board to direct CBMWD staff to make the transition away from CBMWD as smooth and uneventful as possible. As you are aware, a smooth transition is important to assure that there is no interruption in the services provided by Watermaster and that the five people currently performing the Watermaster services administrative functions are not adversely affected.

The proposed transition will require time to locate and obtain offices, procure insurance and apply for necessary memberships, tax ID numbers, etc. To enable these tasks to be accomplished, I request the following specific items from CBMWD.

1. CBMWD continue to provide and re-bill Watermaster for accounting and payroll services until such time as like services can be put in place independent of CBMWD.

2. CBMWD continue to provide and re-bill Watermaster for employee benefits currently available to Watermaster Services staff until such time as like employee benefits can be obtained independent of CBMWD.

3. CBMWD provide originals of all Watermaster records it has accumulated (CBMWD may retain copies for its files) including employee records, bank and investment statements, invoices, agreements and contracts, financial statements and audits, annual reports, magnetic media if any, etc.

4. CBMWD continue to provide facilities and services, and insurance coverage until such time as new premises may be procured and continue to provide insurance coverage for those premises as a remote CBMWD location until new insurance may be procured.

5. CBMWD facilitate the orderly transfer of signature authority and investment responsibility for Watermaster funds and continue to disburse funds appropriately until such time as a new investment policy is in place and signature authority is transferred.

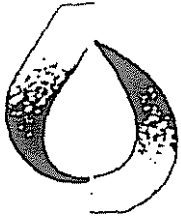
There may be additional areas where CBMWD's cooperation may be helpful in ensuring that this transfer of responsibility takes place in an orderly fashion. I would hope that CBMWD's staff could provide any additional help that may be needed.

I thank you in advance for your anticipate cooperation.

Sincerely,



Tom Shollenberger, Chairman
Watermaster Advisory Committee



CHINO BASIN
MUNICIPAL WATER DISTRICT

9400 Cherry Ave, Bldg. A • Fontana, CA 92335
P.O. Box 697 • Rancho Cucamonga, CA 91729
TEL (909) 357-0241 • FAX (909) 357-3884

March 13, 1996

Mr. Thomas Shollenberger
Chairman, Watermaster
Advisory Committee
9400 Cherry Ave., Bldg. A
Fontana, CA 92335

Dear Mr. ~~Shollenberger~~ ^{Tom}:

I am in receipt of your letter of February 29, 1996, to Chairman Hill, addressing issues regarding the replacement of Watermaster, and seeking an orderly transition of the associated financial and administrative duties to a new venue. While I cannot confirm your statement that "CBMWD is willing to be relieved of its duties as Watermaster", as the District's Board voted to oppose this action due in part to the proposal by the Advisory Committee appointing themselves as Watermaster, I can assure the Watermaster Advisory Committee that the Chino Basin Municipal Water District (District) staff will cooperate to the fullest extent possible in the orderly transition of the financial and administrative services.

To accomplish the orderly transition of services, the District makes the following suggestions:

1. All present arrangements, functions and terms will remain in place until the Watermaster staff is relocated to a new location.
2. All financial, accounting and payroll functions will be performed by the District through the remainder of the current, 1995/96 fiscal year, at the present contractual terms.
3. The Fiscal Year 1995/96 audit and annual financial statement preparation functions will be performed by the District.
4. The Watermaster Advisory Committee will make every reasonable effort to assume all post Fiscal Year 1995/96 financial, accounting and payroll functions commencing July 1, 1996.

Mr. Thomas Shollenberger
March 13, 1996
Page Two

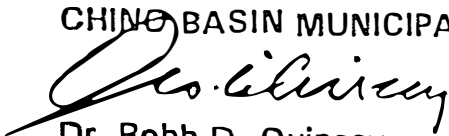
5. For payroll and fringe benefit purposes, the District will retain Watermaster staff as District employees through the last payroll paid in the second quarter of 1996, June 21, 1996. If the Watermaster has not secured a contract with the State of California Public Employees Retirement System (PERS) by June 30, 1996, the District will continue to retain Watermaster staff as District employees through the quarter in which such contract is obtained.
6. The District will provide the Watermaster originals or copies of all pertinent records retained by the District. Such records will be provided on a reasonable schedule, upon your specific delineation of those records in question.
7. If necessary, the District will provide insurance coverage on new premises secured by Watermaster for a reasonable time until Watermaster procures such insurance coverage.
8. The District will facilitate the transfer of signature authority and investment responsibility in a responsible manner dictated by the transfer of responsibilities as defined in this letter.

Beginning July 1, 1996, the District would propose to bill the Watermaster for the actual wage and burden costs incurred by the District for the Watermaster staff. In addition, all services performed by the District, on behalf of Watermaster, would be billed to Watermaster at the actual costs incurred by the District, plus 1.5% for a general and administrative fee, associated with the maintenance of the benefit package and the processing of the biweekly payroll.

Again, please rest assured that my staff and I will do whatever we can to assist in an efficient and orderly transition, including those items above, as well as any items that have yet to be identified by yourself or the District.

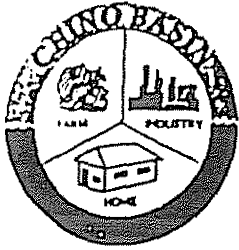
Very truly yours,

CHINO BASIN MUNICIPAL WATER DISTRICT



Dr. Robb D. Quincey
Chief Executive Officer
General Manager

c: Bill Hill, Chairman CBMWD;
Larry Rudder, CBMWD; Lee Penrice, CBMWD;
Patricia Andrews, CBMWD; Patrick King, CBMWD; Mark Kinsey, CBMWD



CHINO BASIN WATERMASTER

8632 Archibald Ave., Suite 109, Rancho Cucamonga, CA 91730

TEL: (909) 484-3858 • FAX: (909) 484-3890

TRACI STEWART

Chief of Watermaster Services

December 20, 1996

VIA FAX & MAIL

Robb Quincey
CEO/GM
Chino Basin Municipal Water District
P.O. Box 697
Rancho Cucamonga, CA 91729-0697

SUBJECT: Completion of Transition of Watermaster

Recently, I reviewed the February 29, 1996 letter, the March 13, 1996 response, and other related correspondence regarding the transition of the administrative functions and staff of Watermaster. This memo is to thank you for all that you and the staff at CBMWD have done to assist us with a smooth transition, to request completion of items 3- and 6 from each letter respectively regarding the transfer of records, and to request completion of the transfer of title to the Watermaster vehicle into the name of Chino Basin Watermaster. I have enclosed copies of some of the relevant documentation regarding this request to save staff research time.

At this time, the transition of the administrative functions and staff of Watermaster is complete with the exception of the payroll function (time sheets and paychecks) necessary to maintain the employee benefits and PERS. I have been in contact with PERS, and the representative recently indicated she would like to complete our application by the end of March 1997. As I am not sure what completion entails, I will keep you and the District apprised of information as it arrives.

Please let me know when I can expect title to the Watermaster truck and provide me with a schedule to transfer the remaining records, not later than January 6, 1997. Again, thank you and the CBMWD staff for facilitating such a smooth transition and I look forward to serving the Chino Basin water users with you in the future.

Sincerely,

Traci Stewart
Chief of Watermaster Services

Enclosures

c: Watermaster Board
Watermaster Committee Members & Interested Parties

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Actuarial and Employer Services Division
Public Agency Contract Services
P.O. Box 942709
Sacramento, CA 94229-2709
(916) 326-3420

**CONTRACT
OF THE
CHINO BASIN WATERMASTER
WITH THE
BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR AN ACTUARIAL VALUATION AS STATED HEREIN**

By this AGREEMENT made this 9th day of January, 1997, in accordance with and subject to the provisions of the Public Employees' Retirement Law by and between the Watermaster of the Chino Basin Watermaster hereinafter referred to as Public Agency, and the Board of Administration, Public Employees' Retirement System, hereinafter referred to as Board, Public Agency and Board agree as follows:

- A. Public Agency herewith retains the services of said Board to perform the valuations required by Section 20466 of the Public Employees' Retirement Law for the purpose of determination by the Board of Administration of the Public Employees' Retirement System of the contributions to be made by Public Agency if a contract is entered into with said Board which provides for benefits as described in the attached "Exhibit".
- B. Public Agency will pay \$700.00 to the Retirement System upon completion of the actuarial valuation, such fee being based on the number of membership categories involved.
- C. Any and all data and information requested by the Board from Public Agency for use in compilation of this valuation shall be furnished upon request. The actuarial tables and procedures to be used in the valuation shall be in accordance with the tables approved by said Board of Administration. Board shall have sole control of the valuation and its judgement in the determination thereof shall be final and conclusive. All work sheets and final results and reports, the product of the valuation, shall be and remain the property of the Board.

Witness our hands the day and year first above written.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY Kenneth W. Marzion
KENNETH W. MARZION, CHIEF
ACTUARIAL & EMPLOYER SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

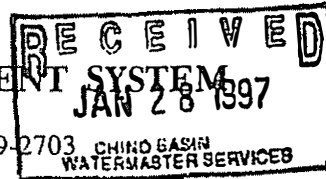
WATERMASTER
OF THE
CHINO BASIN WATERMASTER

BY John L. Anderson
TITLE Secretary/Treasurer

5047

ORIGINAL - To Agency
DUPLICATE - To Agency
TRIPPLICATE - Accountant
QUADRUPPLICATE - Cashier
QUINTUPPLICATE - To Numeric File

STATE OF CALIFORNIA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
P.O. BOX 942703
SACRAMENTO, CALIFORNIA 94229-2703



INVOICE

No. 3493

Payor Number: # 3493

To Address [CHINO BASIN WATERMASTER
8632 ARCHIBALD AVENUE, SUITE 109
RANCHO CUCAMONGA, CA 91730
ATTN: MS.T STEWART, CHIEF OF WATERMASTER SERVICES]

Date January 22 1997

DESCRIPTION	RATE PER MEMBER	AMOUNT
For actuarial studies performed in the conduct of a valuation to determine the cost of participation in the Retirement System. VALUATION FEE VALUATION FEE - PROSPECTIVE AGENCY		\$ 700.00
OK FOR PAYMENT <u>Juan Stewart</u> <u>1/29/97</u> ACCOUNT NUMBER <u>60181</u>		P/P
Please refer all questions to <u>ELLIE WRIGHT</u>	PAID ON <u>1/29/97</u>	
at <u>(916) 326-3625</u>	BY <u>[Signature]</u>	
A/R TYPE CODE <u>43</u>	CHECK NUMBER <u>50472</u>	

MAKE SEPARATE REMITTANCE PAYABLE TO PUBLIC EMPLOYEES' RETIREMENT SYSTEM

**Actuarial & Employer Services Division**

P.O. Box 942709

Sacramento, CA 94229-2709

Telecommunications Device for the Deaf- (916) 326-3240

(916) 326-3420

FAX (916) 658-1586

FAX TRANSMITTALDate: **February 7, 1997**To: **Traci**Agency: **Chino Basin Watermaster**Fax#: **(909) 484-3890**From: **Ellie Wright**Number of pages (including cover sheet): **2**

If you do not receive the total pages transmitted, please call me at (916) 326-3625.

Notes or Comments:

**RESOLUTION OF INTENTION
TO APPROVE A CONTRACT
BETWEEN THE
BOARD OF ADMINISTRATION
OF THE
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE

OF THE**

WHEREAS, the Public Employees' Retirement Law permits the participation of public agencies in the Public Employees' Retirement System, making their employees members of said System, and sets forth the procedure by which participation may be accomplished; and

WHEREAS, one of the steps required in the procedure is the adoption by the governing body of the public agency of a resolution giving notice of intention to approve a contract for such participation of said agency in the Public Employees' Retirement System, which resolution shall contain a summary of the major provisions of the proposed retirement plan; and

WHEREAS, attached is a summary of the major provisions of the proposed plan;

NOW, THEREFORE, BE IT RESOLVED, that the governing body of the above agency gives, and it does hereby give notice of intention to approve a contract between said governing body and the Board of Administration of the Public Employees' Retirement System, providing for participation of said agency in said retirement system, a copy of said contract and a copy of the summary of the major provisions of the proposed plan being attached hereto, as an "Exhibit", and by this reference made a part hereof.

By _____
Presiding Officer

Title _____

Date adopted and approved



Actuarial & Employer Services Division

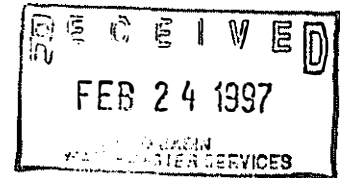
P.O. Box 942709

Sacramento, CA 94229-2709

Telecommunications Device for the Deaf - (916) 326-3240

(916) 326-3420

FAX (916) 658-1586



February 14, 1997

Reply to Section 220

Ms. Traci Stewart
Chief of Watermaster Services
Chino Basin Watermaster
8632 Archibald Avenue, Suite 109
Rancho Cucamonga, CA 91730

Dear Ms. Stewart:

Enclosed are two copies of the Resolution of Intention for adoption by the governing body declaring your agency's intent to enter into a contract to provide the 2% @ 60 Full formula; Section 20042 (One Year Final Compensation); Section 21024 (Military Service Credit as Public Service) and 0% prior service credit for local miscellaneous members.

Also enclosed are the following documents:

1. Form CON-12, Certification of Governing Body's Action.
2. Form CON-12A, Certification of Compliance With Government Code Section 7507.
3. New Member Ballot.
4. Summary of Major Provisions (2% @ 60 Formula).
5. Form CON-15N, Certification of Employee Election.
6. Form CON-24b, Third Level of 1959 Survivor Benefits Ballot.
7. Form CON-18, 1959 Survivor Benefits Certification of Employee Election.
8. Agreement to Pool 1959 Survivor Benefits Assets and Liabilities.

After the governing body has adopted the enclosed Resolution of Intention declaring its intention to enter into a contract, an election is required to permit the employees proposed to be included in this system to express by secret ballot their approval or disapproval of the retirement proposal, pursuant to Government Code Section 20469. A ballot for the employees' election is enclosed. The results of the election are to be certified on the enclosed Form CON-15N, Certification of Employee Election. The contract shall not be approved if a majority of the affected members vote to disapprove the proposed plan.

The employer rate for local miscellaneous members is estimated to be 9.539%.

Estimate the miscellaneous payroll for the next twelve months and multiply by 9.539% to compute the total annual cost. As your contract reads, the employer rate is subject to change with future amendments and/or experience and other factors.

The employer cost for the Third Level of 1959 Survivor Benefits is \$1.50 per month per covered member. Agencies are billed annually and payments may vary depending on the funding reserve level. In addition, members covered by the 1959 Survivor Benefits contribute \$2.00 per month.

Government Code Section 7507 requires that the total annual costs of the proposed contract be made public at a public meeting at least two weeks prior to the adoption of the final Resolution. The agency is to certify compliance on the enclosed Certification of Compliance with Government Code Section 7507.

Please note the local miscellaneous member contribution rate will be 7% of reportable earnings, as of the effective date of the contract.

After your governing body has adopted the Resolution of Intention, the next procedure with respect to the 1959 Survivor Benefits is to allow each current employee, proposed to be included in this system, to make an individual election. Members in employment on the effective date of the contract may elect whether to be covered. Participation is required of all future entrants into membership. The supervision of this election and the details of its conduct are under the control and direction of your agency.

A ballot, Form CON-24b including the summary of benefits is to be distributed to all eligible employees to complete and sign. The original ballots must be returned to this office along with a listing, in duplicate, of the employees, their Social Security numbers and category (miscellaneous, fire, police, etc.) wherein the employees are grouped according to those: 1) who elected coverage; 2) who did not elect coverage; and 3) who did not return the ballot. Employees who do not return the ballot within the prescribed time limitation thereby elect not to be covered. The list should confirm the results of the election, which are certified on the enclosed Form

CON-18, 1959 Survivor Benefits Certification of Employee Election. NOTE: Any employees hired after the election or employed prior to or on the effective date of the contract must also be given the opportunity to elect coverage.

Two copies of the Agreement to Pool 1959 Survivor Benefits Assets and Liabilities are enclosed for signature. The agreement will acknowledge that public agencies subject to Section 21573 will have all assets and liabilities pooled into a single account based on term insurance rates, for local miscellaneous members.

In summary, the following documents must be returned to this office before we can forward the actual contracts and other final documents necessary to complete the proposed contract. **DO NOT HOLD THESE DOCUMENTS PENDING ADOPTION OF THE FINAL RESOLUTION.**

ORIGINAL SIGNATURES ARE REQUIRED

1. Resolution of Intention, original or certified copy.
2. Certification of Governing Body's Action (CON-12), original.
3. Certification of Compliance with Government Code Section 7507, (CON-12A), original or certified copy.
4. Certification of Employee Election (CON-15N).
5. Third Level of 1959 Survivor Benefits Ballots (CON-24b).
6. 1959 Survivor Benefits Certification of Employee Election (CON-18).
7. Summary listing of employees for 1959 Survivor Benefits.
8. Agreement to Pool 1959 Survivor Benefits Assets and Liabilities, two original or certified copies.

If your agency adopts the Resolution of Intention on March 6, 1997, the earliest date the final Resolution may be adopted is March 26, 1997. There must be a 20 day period between the adoption of the Resolution of Intention and the adoption of the final Resolution, pursuant to Government Code Section 20471. THERE ARE NO EXCEPTIONS TO THIS LAW.

The effective date of this contract cannot be earlier than the first day of a payroll period following the effective date of the final Resolution.

You will receive an invoice from our Fiscal Services Division for the services involved in the conduct of the actuarial valuation.

The enclosed executed copy of the valuation contract is returned for your files.

Whenever possible we would prefer the documents provided with this letter to be used by the agency. Revisions to any of the documents may require legal review which could delay the anticipated effective date of the contract.

If you have any questions regarding this letter or the enclosed material, please do not hesitate to contact me at (916) 326-3625.

Sincerely,



Ellie Wright
Employer Representative
Public Agency Contract Services

EW:dl

Enclosures

cc: San Bernardino County Field Office

Training and Assistance Unit

DRAFT

EXHIBIT

**CONTRACT
BETWEEN THE
BOARD OF ADMINISTRATION
OF THE
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
GOVERNING BODY
OF THE
CHINO BASIN WATERMASTER**

In consideration of the covenants and agreement hereafter contained and on the part of both parties to be kept and performed, the governing body of above public agency, hereafter referred to as "Public Agency", and the Board of Administration, Public Employees' Retirement System, hereafter referred to as "Board", hereby agree as follows:

1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 60 for local miscellaneous members.
2. Public Agency shall participate in the Public Employees' Retirement System from and after _____ making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.
3. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
 - a. Employees other than local safety members (herein referred to as local miscellaneous members).
4. Any exclusion(s) shall remain in effect until such time as the Public Employees' Retirement System determines that continuing said exclusion(s) would risk a finding of non-compliance with any federal tax laws or regulations. If such a determination is contemplated, the Public Employees' Retirement System will meet with the Public Agency to discuss the matter and coordinate any required changes or amendments to the contract.

In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:

- a. **SAFETY EMPLOYEES; AND**
 - b. **MEMBERS OF THE GOVERNING BODY FIRST ELECTED OR APPOINTED PRIOR TO JULY 1, 1994. (Elected or appointed officials who are first elected or appointed on or after July 1, 1994 or to a term of office not consecutive with a term held on June 30, 1994 are excluded pursuant to Government Code Section 20322).**
5. The percentage of final compensation to be provided for local miscellaneous members for each year of credited prior service is 0% and the percentage of final compensation to be provided for each year of credited current service is 100% and determined in accordance with Section 21251.13 of said Retirement Law (2% @ 60 Full formula).
 6. Public Agency elects to be subject to the following optional provisions:
 - a. Section 20042 (One-Year Final Compensation).
 - b. Section 21024 (Military Service Credit as Public Service), Statutes of 1976.
 7. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members of said Retirement System.
 8. Public Agency shall also contribute to said Retirement System as follows:
 - a. Public Agency shall contribute \$1.50 per member, per month on account of the liability for the 1959 Survivor Benefits provided under Section 21573 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members.
 - b. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.

- c. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.
9. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.
 10. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

GOVERNING BODY
OF THE
CHINO BASIN WATERMASTER

BY _____
KENNETH W. MARZION, CHIEF
ACTUARIAL & EMPLOYER SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

Attest:

Clerk