ELLISON & SCHNEIDER
Anne J. Schneider, Esq. (State Bar # 72552)
2015 H STREET
SACRAMENTO, CALIFORNIA 95814-3109
TELEPHONE: (916) 447-2166

SPECIAL REFEREE

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN BERNARDINO

WEST DISTRICT

CHINO BASIN MUNICIPAL WATER DISTRICT, Plaintiff, vs. CITY OF CHINO et al., Defendants.	Case No.: RCV 51010 NOTICE OF FILING CHINO BASIN WATERMASTER QUARTERLY PROGRESS REPORT ON THE OPTIMUM BASIN MANAGEMENT PROGRAM DATE FILED: June 5, 1998 DEPT: H Specially assigned to the Honorable Judge J. Michael Gunn

TO: THE PARTIES HERETO AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that in accordance with the Court's ruling entered on February 19, 1998, the following were filed on June 5, 1998:

NOTICE OF FILING OF THE CHINO BASIN WATERMASTER QUARTERLY PROGRESS REPORT ON THE OPTIMUM BASIN MANAGEMENT PROGRAM

ATTACHMENT A: OBMP RESPONSE SUMMARY

ATTACHMENT B: BRIEF DISCUSSION OF HOW THE OBMP WILL BE DEVELOPED

ATTACHMENT C: PROJECT SCHEDULE

ATTACHMENT D: OUTLINE OF THE PROGRAM DOCUMENT CONTAINING THE ENGINEERING TASKS AND SUMMARY OF FINANCIAL SCOPE OF WORK

ATTACHMENT E: RFQ/P FOR FINANCIAL CONSULTANT SERVICES

Anne J. Schneider, Esq.
Special Referee

financing methodology for presentation to the Watermaster Board in early June.

Additionally, presentation and discussion of the full range of management concepts will begin in June, and the scope will reflect this discussion. This approach is intended to facilitate development of an OBMP which best balances the needs and interests expressed early in the process and in the Judgment. Discussion regarding various management concepts is anticipated to be intense until approximately the end of August. Discussion, review and fine-tuning of the most promising concepts will then begin until consensus is reached on what the OBMP should consist of and how best to implement it. The final report will contain this program and implementation schedule. If consensus cannot be reached on essential facets of the OBMP, the Watermaster Board is ready to make recommendations to the Special Referee and the Court to make sure the OBMP is completed. The Watermaster Committees have indicated that they will support the Watermaster Board in this role.

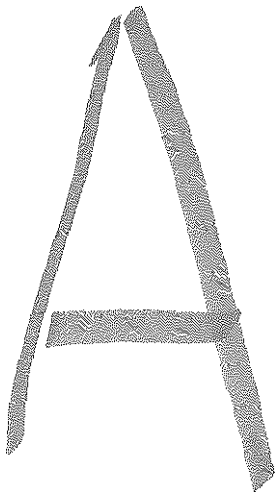
The Special Referee recommends progress reports be made that correlate with the schedule established to complete the OBMP. Quarterly reports will be submitted by June 8, 1998, September 15, 1998, December 15, 1998, March 17, 1999 and June 15, 1999.

The Watermaster and Special Referee have discussed the efforts which are ongoing to prepare the OBMP scope of work for Special Referee review. The Special Referee will report to the Court by July 30, 1998, after reviewing that document. The Watermaster and Special Referee anticipate that, following that review and report, subsequent quarterly progress reports will address substantive issues and concepts arising in the OBMP development process, as well as continue to report on the process involved.

Respectfully submitted

Chief of Watermaster Services

Special Referee



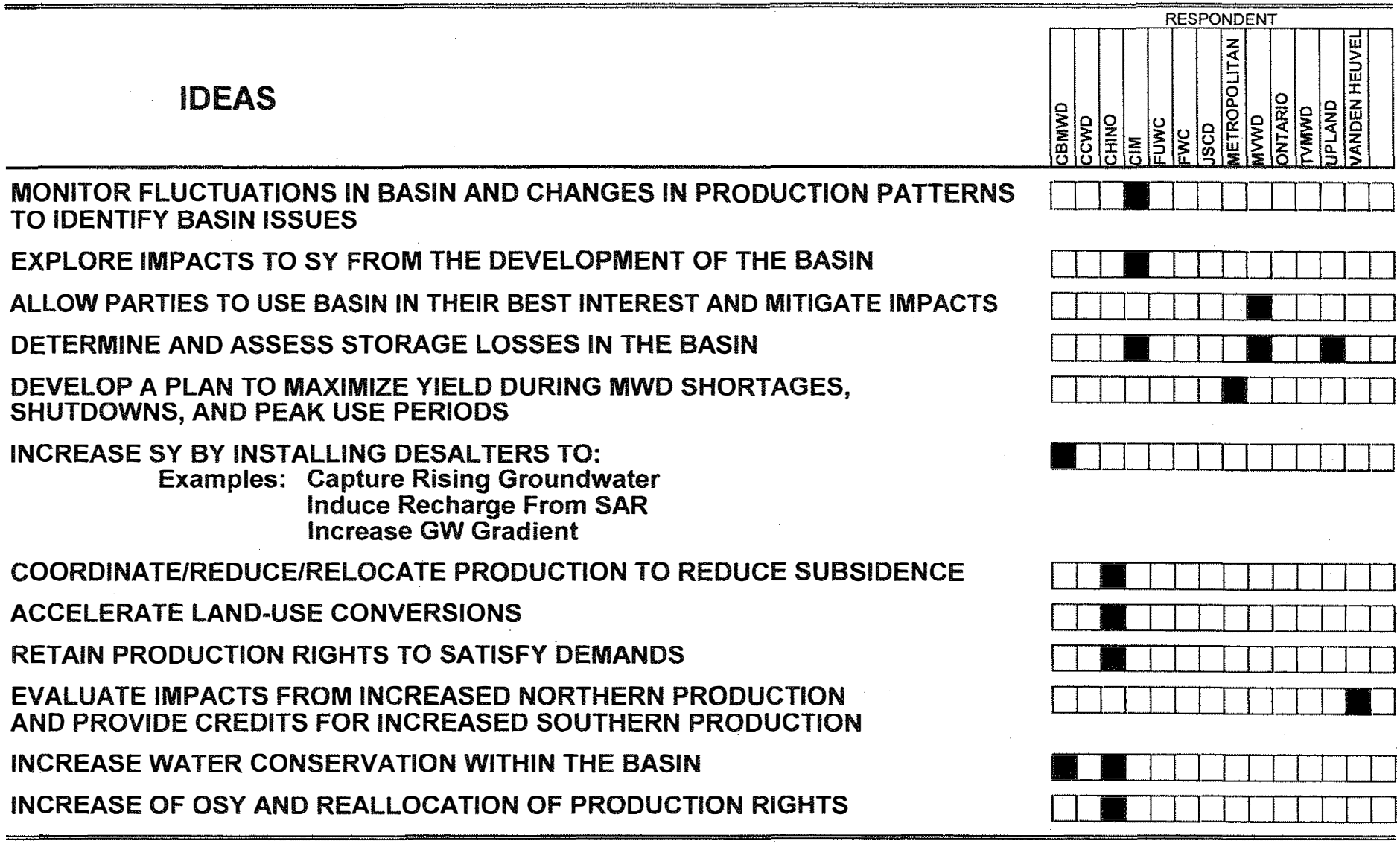
CHINO BASIN WATERMASTER
OPTIMUM BASIN MANAGEMENT PLAN RESPONSE SUMMARY

PREPARED FOR CHINO BASIN WATERMASTER
BY WILDERMUTH ENVIRONMENTAL, INC.

Mark J. Wildermuth
Water Resources Engineers

CHINO BASIN WATERMASTER
OPTIMUM BASIN MANAGEMENT PLAN RESPONSE SUMMARY

NEED/INTEREST -- SAFE YIELD(SY)



CHINO BASIN WATERMASTER
OPTIMUM BASIN MANAGEMENT PLAN RESPONSE SUMMARY

NEED/INTEREST -- SAFE YIELD(SY)

IDEAS	RESPONDENT: CBMWD	CCWD	CHINO	CIM	FUWC	FWC	JSCD	METROPOLITAN	MVWD	ONTARIO	TVMWD	UPLAND	VANDEN HEUVEL
MAINTAIN EXISTING SUPPLY/TRANSFER/OVER PRODUCTION METHODOLOGY		■								■			
FLEXIBLE SUPPLY/TRANSFER/OVER PRODUCTION METHODOLOGY									■			■	
INCREASE SY BASED ON PAST ENGINEERING STUDIES						■							
PROMOTE PRODUCTION IN SOUTH TO PROTECT AND ENHANCE SY AND MINIMIZE LOSSES							■		■				
COORDINATE/REDUCE/RELOCATE PRODUCTION TO ENSURE SY PRODUCED										■			
DEDICATE INCREASES IN SY TO AGENCIES FOR SPECIFIC BASIN MANAGEMENT PROJECTS		■					■		■			■	
Examples: Reduce/relocate agency pumping Production in poor quality areas Treatment of poor water quality New production in areas where basin losses occur Other													
DEVELOP KNOWLEDGE TO ENSURE WATER PRODUCTION IS RELIABLE									■				
NEED FOR CITY TO CONTINUE TO RELY ON STABLE SY, INCLUDING REALLOCATION IN ACCORDANCE WITH ORIGINAL ADJUDICATION										■			
DO NOT INCLUDE ORIGINAL SY & METHODS OF REALLOCATION IN THE OBMP										■			
ASSURE COMPLETE AND ACCURATE REPORTING OF WATER USE IN BASIN			■										

CHINO BASIN WATERMASTER
OPTIMUM BASIN MANAGEMENT PLAN RESPONSE SUMMARY

NEED/INTEREST – COSTS

IDEAS	RESPONDENT: CBMWD	CCWD	CHINO	CIM	FUWC	FWC	JSCD	METROPOLITAN	MVWD	ONTARIO	TVMWD	UPLAND	VANDEN HEUVEL	GUTIERREZ
ALL ASSESSMENTS BORNE BY ALL PARTIES (INCLUDING CLEAN-UP COSTS)		■					■					■		
ASSESSMENTS ATTRIBUTABLE TO BENEFITING/RESPONSIBLE/PRODUCING PARTIES (INCLUDING CLEAN-UP COSTS)						■			■					■
SEEK FINANCIAL AID TO MEET MANAGEMENT GOALS (INCLUDES GRANTS AND LOANS FOR AG., FLOOD CONTROL, ETC.)						■			■				■	
DEVELOP INCENTIVES TO ENCOURAGE BASIN MANAGEMENT OBJECTIVES				■		■						■		
DEVELOP EQUITY AND THE PERCEPTION OF EQUITY IN THE OPERATION OF THE BASIN (INCLUDING CLEAN-UP COSTS)									■					
ESTABLISH FUNDING MECHANISMS TO IMPROVE WATER QUALITY										■				

Examples:
- Reduce/relocate agency pumping
- Provide grant funding allocations for treated GW
- Waive fees for pumping in poor quality areas
- Corrective activities/agreements
- Bonuses to reduce water costs back down to MWD rates
- Credit AG pool for overproduction of poor water
- Others

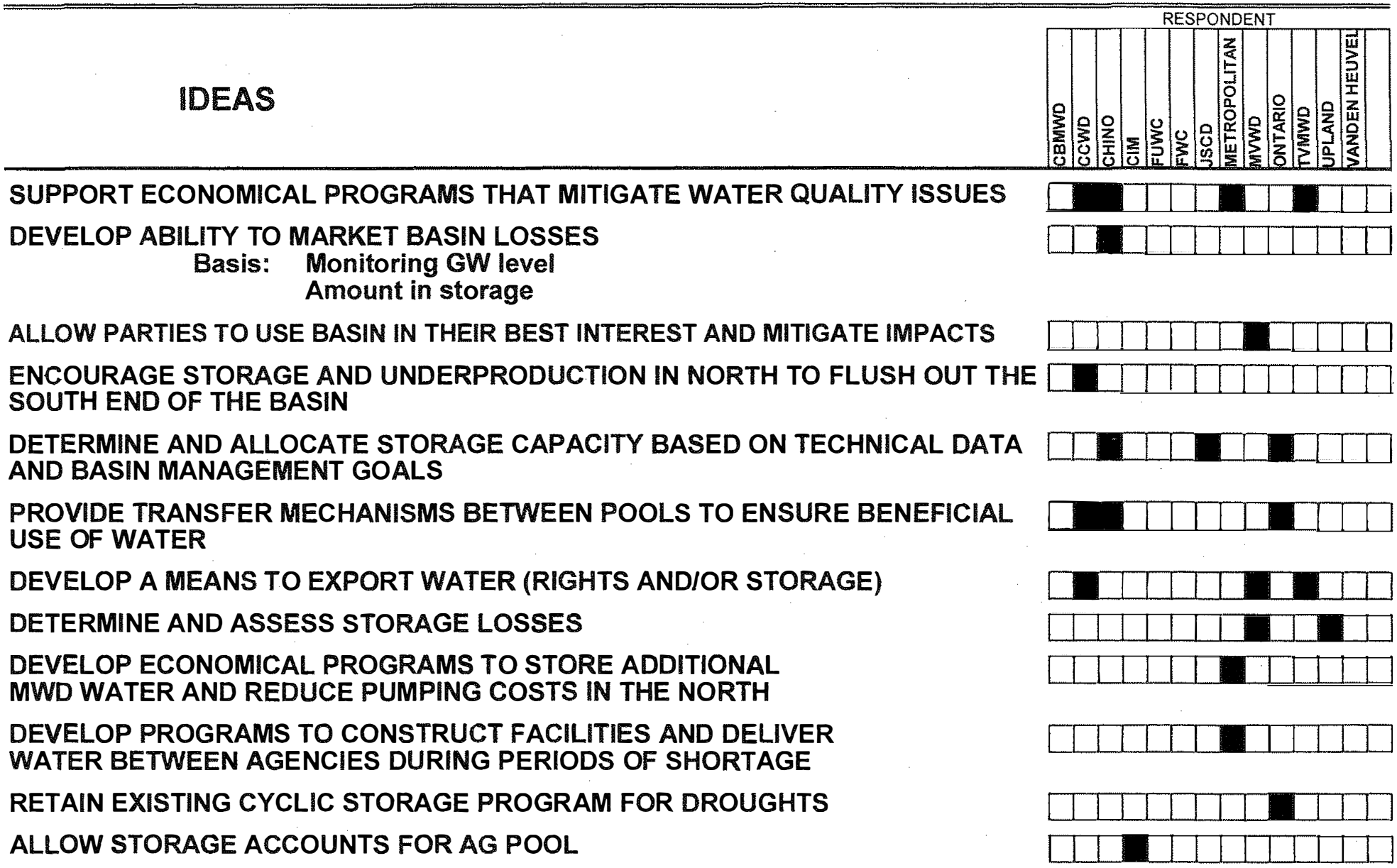
CHINO BASIN WATERMASTER
OPTIMUM BASIN MANAGEMENT PLAN RESPONSE SUMMARY

NEED/INTEREST – COSTS

IDEAS	RESPONDENT: CBMWD	CCWD	CHINO	CIM	FUWC	FWC	JSCD	METROPOLITAN	MVWD	ONTARIO	TVMWD	UPLAND	VANDEN HEUVEL	MVIC
SELL SURPLUS AG WATER TO FUND CLEAN-UP				■										
ESTABLISH SPECIAL ASSESSMENTS/TAXES TO ENCOURAGE BASIN MANAGEMENT OBJECTIVES			■											
Basis: Historic Versus Current Production														
Historic Versus Current Land Uses														
Need														
Parcel Tax														
Other														
PHASE OUT 85/15 RULE			■									■		
IDENTIFY REALISTIC AND ECONOMICALLY FEASIBLE LONG-TERM GOALS						■								
DEVELOP RELIABLE AND ECONOMIC SOURCES TO STABILIZE RATES									■					
CREDIT PRODUCERS THAT IMPORT WATER TO THE BASIN					■									
ALLOW PARTIES TO USE BASIN IN THEIR BEST INTEREST AND MITIGATE IMPACTS								■						
ACTIVELY SEEK TO PARTNER WITH OTHER PARTIES WHO ARE INTERESTED IN SOLVING OUR PROBLEMS													■	
REPLENISHMENT VIA MWD AND UNPRODUCED WATER PURCHASES														■

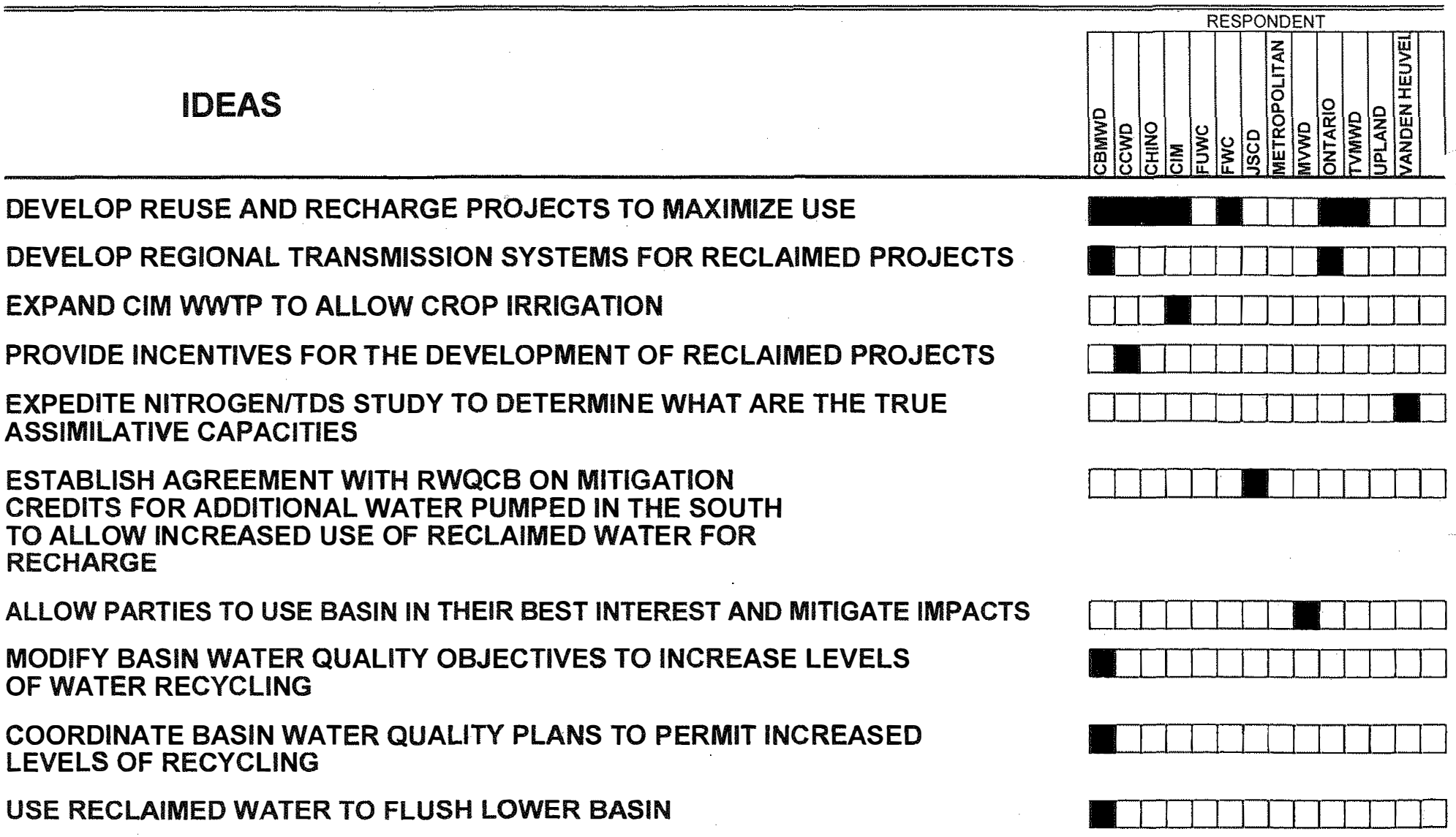
CHINO BASIN WATERMASTER
OPTIMUM BASIN MANAGEMENT PLAN RESPONSE SUMMARY

NEED/INTEREST -- CONJUNCTIVE USE/STORAGE



CHINO BASIN WATERMASTER
OPTIMUM BASIN MANAGEMENT PLAN RESPONSE SUMMARY

NEED/INTEREST -- RECLAIMED WATER



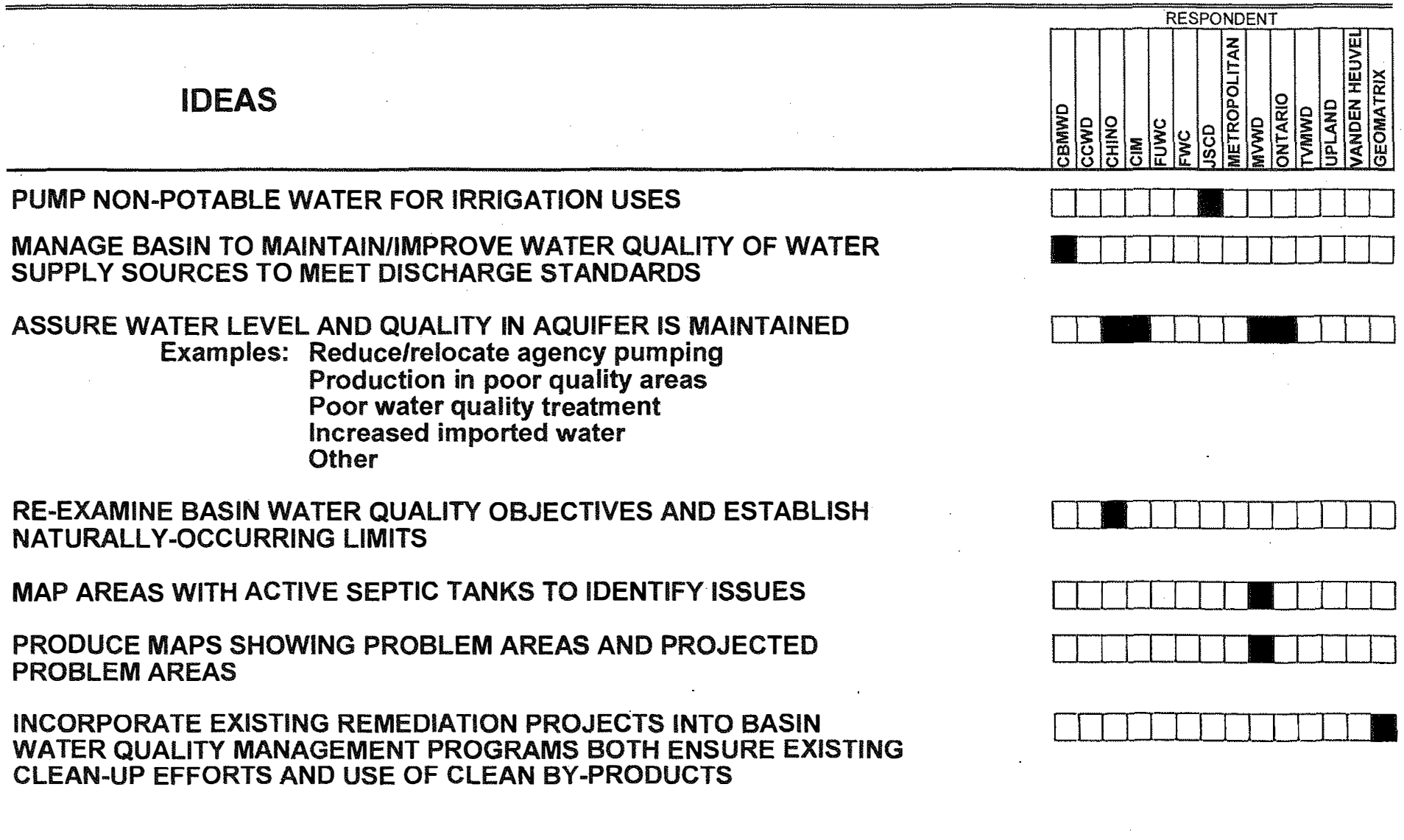
CHINO BASIN WATERMASTER
OPTIMUM BASIN MANAGEMENT PLAN RESPONSE SUMMARY

NEED/INTEREST -- QUALITY/QUANTITY

IDEAS	RESPONDENT: CBMWD	CCWD	CHINO	CIM	FUWC	FWC	JSCD	METROPOLITAN	MVWD	ONTARIO	TVMWD	UPLAND	VANDEN HEUVEL	GUTIERREZ
DETERMINE RESPONSIBILITY AND/OR ACCOUNTABILITY FOR EXISTING WATER QUALITY AND QUANTITY ISSUES			■			■			■					
SUPPORT AND/OR ENCOURAGE THE CONSTRUCTION OF TREATMENT PROCESSES TO CLEAN-UP NON-POTABLE GW FOR USE Examples: Well head treatment Wetlands to denitrify dairy wastes In-situ technologies Desalters Dilution and other solutions	■	■								■		■		■
ENCOURAGE BASIN ACTIVITIES TO PROTECT QUALITY/QUANTITY Examples: Protect/manage watershed Removal of unused manure and contaminants Regulations to eliminate nitrate and contaminant usage Dairy sewer connections Accelerate on-going activities Dilute basin with SWP water	■		■			■			■					■
DEVELOP SELLABLE AND/OR EXPORTABLE WATER INSURANCE RIGHTS TO REPLENISH OVERPRODUCTION DURING DROUGHT AND/OR ENCOURAGE BASIN CLEAN-UP									■					
DEVELOP A MEANS TO EXPORT WATER TO ENCOURAGE BASIN CLEAN-UP									■		■			

CHINO BASIN WATERMASTER
OPTIMUM BASIN MANAGEMENT PLAN RESPONSE SUMMARY

NEED/INTEREST -- QUALITY/QUANTITY



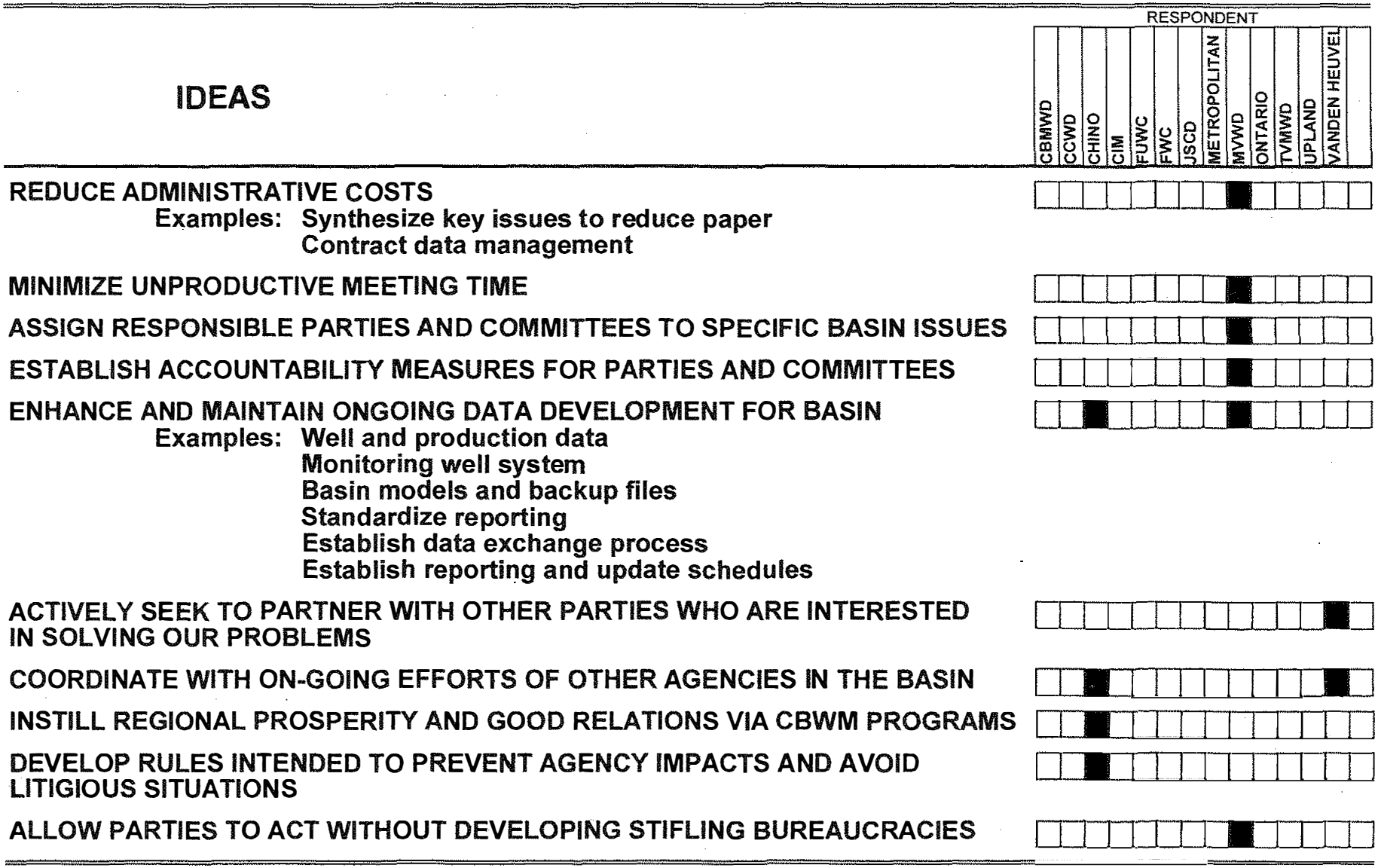
CHINO BASIN WATERMASTER
OPTIMUM BASIN MANAGEMENT PLAN RESPONSE SUMMARY

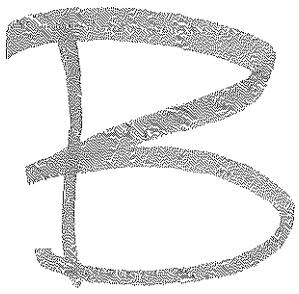
NEED/INTEREST -- NATURAL AND IMPORTED WATER RECHARGE

IDEAS	RESPONDENT: CBMWD	CCWD	CHINO	CIM	FUWC	FWC	JSCD	METROPOLITAN	MVWD	ONTARIO	TVMWD	UPLAND	VANDEN HEUVEL
SUPPORT SOLE AND/OR COOPERATIVE EFFORTS TO DEVELOP ADDITIONAL ECONOMICALLY FEASIBLE RECHARGE FACILITIES FOR BOTH NATURAL AND IMPORTED WATER	■	■				■		■	■				
DEVELOP PROGRAM TO INCREASE RECHARGE OF NATURAL RUNOFF AND CREATE A MECHANISM TO PLEDGE THE VALUE OF THE INCREASE IN SAFE YIELD FROM THESE "NEW WATER" SOURCES TO HELP PAY FOR THE CONSTRUCTION OF THESE FACILITIES												■	
DEVELOP ALTERNATIVE AND/OR LESS EXPENSIVE IMPORTED WATER OPTIONS	■		■			■							
ESTABLISH WATER QUALITY SUBSIDY TO ENCOURAGE REPLENISHMENT OF HIGH QUALITY IMPORTED WATER												■	
MAXIMIZE USE OF RECHARGE FACILITIES	■					■							

CHINO BASIN WATERMASTER
OPTIMUM BASIN MANAGEMENT PLAN RESPONSE SUMMARY

NEED/INTEREST -- HUMAN, ADMINISTRATIVE, AND DATA RESOURCES





OPTIMUM BASIN MANAGEMENT PROGRAM

HOW THE OPTIMUM BASIN MANAGEMENT PROGRAM WILL BE DEVELOPED

The development of the Optimum Basin Management Program requires three parallel processes: institutional, engineering and financial. The institutional process defines the management agenda, directs the engineering and financial processes and builds an institutional consensus for Optimum Basin Management Program implementation. The engineering process develops planning data, evaluates the technical and economic performance of the Optimum Basin Management Program proposals, and provides this information to the institutional and the financial processes. The financial process will develop alternative financing plans for the Optimum Basin Management Program as it evolves and provide this information to the institutional and engineering processes. These processes will provide feedback to each other as the Optimum Basin Management Program is developed.

The Institutional Process

The institutional process will work as follows.

Develop Initial Management Concepts. Members of Watermaster will develop proposed management concepts or implementation plans that describe their vision of the Optimum Basin Management Program, what it will include and how it will work. The proposals should reflect the needs and interests that were previously identified for the Optimum Basin Management Program. These proposals would be presented to the group for discussion and the discussion will center on finding those components of the proposals that best balance the competing needs and interests for basin utilization. Proposals that have institutional support will be forwarded to the engineering and financial consultants for reconnaissance-level, technical, economic and financial analyses. The results of the engineering and financial analyses will be forwarded back to Watermaster for review and fine-tuning. This will be a protracted and iterative process that should continue as long as necessary within the time constraints described in Judge Gunn's ruling. Watermaster should meet every two to three weeks to present and review proposals beginning in June 1998. The engineering and financial consultants will analyze proposals as quickly as possible. The initial proposals will probably take longer to analyze than subsequent proposals.

Develop Final Proposal. Members of Watermaster will, after review and discussion of all Optimum Basin Management Program proposals, recommend an Optimum Basin Management Program. The engineering and financial consultants will prepare the final Optimum Basin Management Program documents for submittal to the Special Referee and the Court.

Implement the Optimum Basin Management Program. To be determined in the final Optimum Basin Management Program approved by the Court

Engineering Process

The engineering process is fairly well defined. Exhibit A is a scope of work for the engineering process. The tasks include:

Task 1 Develop Optimum Basin Management Program Criteria
Task 2 Assess Current State of the Basin
Task 3 Describe Water Demands and Water Supply Plans
Task 4 Develop the Components of the Optimum Basin Management Program
Task 5 Develop Implementation Plan
Task 6 Finalize Optimum Basin Management Program Document

The first three tasks define the planning environment that forms the basis for the Optimum Basin Management Program. Tasks 4 and 5 respond to the institutional process and include evaluation of Optimum Basin Management Program proposals and the preparation of an implementation plan. The Optimum Basin Management Program document will be developed in Task 6.

Financial Process

The financial process will review the Optimum Basin Management Program proposals that have been through the institutional and engineering processes. It includes the following tasks:

List the available funding sources that are appropriate
Describe the terms and conditions for these sources
Describe the requirements and procedures for obtaining funding from these sources
Describe the timeline for obtaining funding from these sources
Develop robust financial plan for the final Optimum Basin Management Program
- Palette of funding sources
- Administrative activities
- Institutional activities (lobbying, partnering, etc.)

The scope of work for the financial process will be included in Exhibit B (not included).

SCHEDULE

Figure 1 shows the phasing of the tasks and the parallel processes for the development of the Optimum Basin Management Program. The timing of specific milestones has been tailored to fit the schedule in Judge Gunn's ruling. Review points for the Special Referee have been included during the development of the Optimum Basin Management Program.

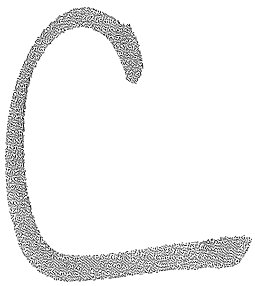
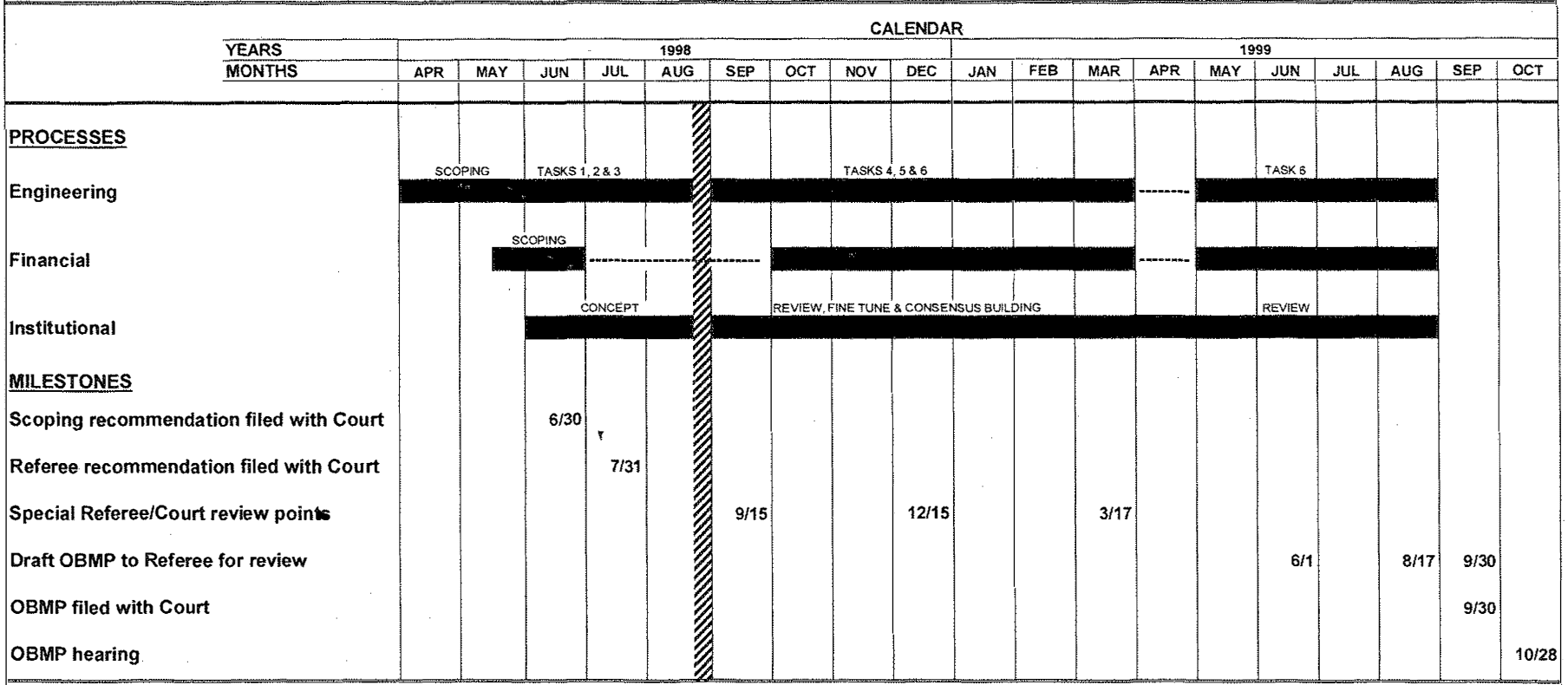
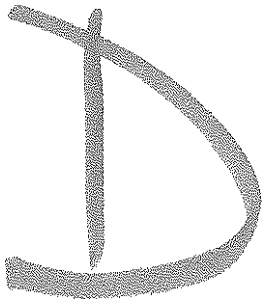


FIGURE 1
OPTIMUM BASIN MANAGEMENT PLAN
PROJECT SCHEDULE





OUTLINE OF PROGRAM DOCUMENT

The outline presented below is a suggestion of what the result of the Optimum Basin Management Program development process will produce for approval by the court and implementation by Watermaster. The intent suggested here is to *start with the end in mind.* Two things will evolve from this outline: the scope of work that is necessary to develop the Optimum Basin Management Program and an expectation of the program content. The Optimum Basin Management Program document will at a minimum contain five sections:

Section 1	Optimum Basin Management Program Criteria
Section 2	Current State of the Basin
Section 3	Water Demands and Water Supply Plans
Section 4	Components of the Optimum Basin Management Program
Section 5	Implementation Plan

Section 1 defines the Optimum Basin Management Program criteria and thereby the scope of the Optimum Basin Management Program. Section 2 describes the historical change in storage, current groundwater quality and recent changes in groundwater quality. Section 3 describes the need for groundwater in the Chino Basin and how the producers would likely act without the Optimum Basin Management Program. Section 4 describes the components of the Optimum Basin Management Program that are necessary to accomplish the mission of the Optimum Basin Management Program and to satisfy the demands described in Section 3 with the resource described in Section 2. Section 5 describes the implementation plan for the Optimum Basin Management Program including timing and financial aspects.

Section 1 Optimum Basin Management Program Criteria

The purpose of this section is to define the physical limits of the Basin, interests within the Basin, goals and objectives, mission statement, and key definitions and assumptions of the Optimum Basin Management Program.

Description of the Basin. The description will include the Basin's boundaries (legal and physical), area, volume, geology, climate and hydrology in a manner written for basin managers (as opposed to geologist and engineers). The hydrologic description will include historical inflows and outflows. This information is readily available from the CBWRMS and other studies.

Mission Statement. The purpose of the Optimum Basin Management Program is to develop a groundwater management program within the provisions of the Judgment that

enhances the safe yield and the water quality of the basin, enabling all groundwater users to produce water from the basin in a cost effective manner.

Core Values. The Groundwater Management Program supports the following core values:

Water Quality - All producers desire to produce water of a quality that is safe and suitable for the intended beneficial use.

Long View - All producers desire a long term, stable planning environment to develop local water resources management projects. The producers, independently and through Watermaster, will strive to take the long view in their planning assumptions and decisions to ensure a stable and robust management plan.

Increased Local Supplies - All producers will, for an undetermined time into the future, be dependent on high quality imported water for direct uses and for groundwater replenishment. Because high quality imported supplies may not be available, the producers will strive to minimize their dependency on imported water and to increase their dependency on local supplies when economically justified.

Groundwater Storage - Unused groundwater storage capacity in the Chino Basin is a precious natural resource. The producers will manage the unused storage capacity to maximize the water quality and reliability and minimize the cost of water supply for all producers. The plan will encourage the development of regional conjunctive use programs.

Storm Water Recharge - The producers will strive to increase storm water recharge and thereby maintain and enhance the safe yield and water quality

Reclaimed Water Recharge - The safe yield of the Chino Basin will be enhanced through the recharge of reclaimed water. The producers will strive to maximize the recharge of reclaimed water to enhance the safe yield of the basin.

Cost Of Groundwater Supplies - The plan is committed to finding ways to subsidize the cost of utilization for poor quality groundwater

Interests within the Basin. An inventory of the interests within the basin will be described in the Optimum Basin Management Program.

Program Goals. Based on consensus, a clear statement of the program goals will be developed for the interests described in the Optimum Basin Management Program

Definitions and Planning Assumptions. The definition of some terms used in the Optimum Basin Management Program will be stated. For example the term *optimal* will

be defined so that we will know if the Optimum Basin Management Program satisfies the definition. An example of a key planning assumption to be decided is what will be assumed for Metropolitan Water District of Southern California's (Metropolitan) imported water cost, and whether or not we will allow these costs (or Metropolitan programs) to influence the Optimum Basin Management Program. Economic evaluation methods and criteria are another example of key definitions and assumptions that need to be described in herein.

State and Federal Regulations. State and Federal regulations regarding drinking water and reclaimed water will be described including numerical criteria and the relationship between source water quality and reclaimed water quality discharged to the environment. The numerical criteria include drinking water quality standards, receiving-water quality standards, waste discharge requirements, and waste increments. The proposed *drinking water source water assessment and protection* regulations and *regulations for planned recharge projects that use reclaimed water* will be summarized and their relevancy to the Optimum Basin Management Program will be discussed.

Section 2 Current State of the Basin

Estimates of the historical groundwater storage and water quality will be prepared to show how the availability and quality of groundwater have changed in response to climate, land use and basin management practices. These estimates will be based on the groundwater monitoring work done by Watermaster, the state of the watershed work being done by the Regional Water Quality Control Board, the CBWRMS, and other sources. Historical groundwater production patterns will be illustrated with maps and tables. Pollution sources and their strengths will be identified. The purpose of this section is to develop as complete an assessment of the state of the basin as possible. This section will have the following subsections and content:

Groundwater Storage Time History

Methodology for Estimating Groundwater Storage

Time History of Groundwater Storage for the Basin

- Five to ten maps showing groundwater levels throughout the basin
- Table showing the time history of groundwater storage in the basin
- Time history plot of groundwater storage over time

Localized Time Histories of Groundwater Storage

- Table showing the time histories of groundwater storage for each subarea
- Time history plots of groundwater storage over time for the subarea (grouped)

Factors that Change Groundwater Storage

- Table comparing groundwater storage to time histories of climate, groundwater pumping, volume in storage accounts and artificial recharge
- Time history plot comparing groundwater storage to time histories of climate, groundwater pumping, volume in storage accounts and artificial recharge

Groundwater Production Time History

Sources of Groundwater Production Data

Historical Groundwater Production

- Tables showing groundwater production by type (pool), and by subarea
- Time history plots of groundwater production by type (pool) and by subarea
- Five to ten maps showing spatial distribution of groundwater production

Factors that Impact Groundwater Production

- Table comparing groundwater production to time histories of climate, water quality, and land use.
- Time history plot comparing groundwater storage to time histories of climate, groundwater pumping, volume in storage accounts and artificial recharge

Historical and Current Groundwater Quality

Sources of Groundwater Quality Data

Sources of Water Quality Degradation

Non-point Sources

- Series of TDS, nitrate, herbicide and pesticide maps spanning the period 1960 to 1997
- Series of land use maps for the period 1933 through 1993
- Series of representative TDS, nitrate herbicide and pesticide time histories spanning the period 1960 to for subareas
- Tables showing the current concentration and mass of TDS and nitrate for the basin as a whole and the subareas

Point Sources

- Map showing the location of known and suspected point sources and associated water quality anomalies

Role of the Vadose Zone

Section 3 Water Demands Water Supply Plans

The purpose of this section is to describe current production patterns and how production patterns could change in the future. Estimates of historical, current and future water demands and the cost of production from the Chino Basin will be developed for all municipal and industrial producers and agricultural producers in the aggregate. The water supply plans of municipal and industrial producers will be described. A change in future production patterns could result in a loss of yield if groundwater production is shifted north to find better water quality or better production capability. The criteria to develop groundwater treatment facilities in the southern part of the basin as the land converts from agricultural to urban uses will be developed. Costs associated with production will be estimated. The work done in the CBWRMS will be used as a starting point for this section. This section will have the following subsections:

Methodology for Estimating Demands

Sources of Demand Data

Historical and Current Water Demands

- Tables listing the time history of water demand by entity
- Time history plots grouped by type and total

Current Water Supply Plans and Costs

- Tables showing water supply plans and cost for each appropriator, overlying non-agricultural producer and the overlying agricultural pool in aggregate

Future Water Demands, Supply Plans and Costs

- Tables showing future (stepped and ultimate, depending on availability) water supply plans and cost for each appropriator, overlying non-agricultural producer and the overlying agricultural pool in aggregate
- Map(s) (one to two) showing the spatial distribution of future groundwater production

Source Water Supply

- Tables showing the current and future TDS and nitrate concentrations in the water supply for each appropriator, overlying non-agricultural producer and the overlying agricultural pool in aggregate

Section 4 Components of the Optimum Basin Management Program

This section will contain descriptions of components of the Optimum Basin Management Program. These components will be described in enough detail to allow Watermaster to design appropriate projects and to develop agreements regarding the operation of the Basin. The components described below are based on several years of study by Watermaster. Other components may be necessary and added to the current process. The Optimum Basin Management Program will be modified over time and the components described in the first Optimum Basin Management Program can be modified, deleted and/or new components can be added in subsequent revisions to the Optimum Basin Management Program.

Groundwater Storage Management. This component consists of the establishment of implementation criteria that encourage best use of the available groundwater storage volume for individual producers and the producers in aggregate. Individual producers want to store water temporarily in the groundwater basin to better manage their water supply systems. Some of this water is lost to the Santa Ana River and how these losses are accounted for will be determined. The same is true when water is temporarily stored as either cyclic storage or in a conjunctive use program. This section will have the following subsections:

Losses to River from Storage

Cyclic Storage and Conjunctive Use

- Maps showing the location of cyclic storage and conjunctive use features
- Tables and figures that describe cyclic storage and conjunctive use operations and losses from storage

Limits on Local Storage Accounts, Cyclic Storage and Conjunctive Use

- Tables and figures that show the volume of water in local storage accounts, proposed storage limits, and accounting for losses
- Tables and figures that show the volume of water in cyclic storage and other storage accounts, their proposed storage limits, and accounting for losses

The technical work to support this component for the first Optimum Basin Management Program has mostly been done by Watermaster.

Safe Yield Management. This component includes a description of how production and recharge effect safe yield. The tradeoffs between moving future municipal groundwater production north to avoid the construction of expensive groundwater treatment facilities in the south will be described. Areas of localized overdraft will be delineated. The study of production patterns will be done early in the development of the Optimum Basin Management Program.

The optimization of the recharge of local water including runoff and reclaimed water will increase safe yield. A significant part of this work has been done and has been reported in the Phase 1 Recharge Master Plan. The Phase 1 findings should be incorporated in the Optimum Basin Management Program and the subsequent phases of the Recharge Master Plan efforts should be implemented as part of the Optimum Basin Management Program. This section will have the following subsections:

Methodology for Analyzing Production Patterns

Optimizing Production Patterns

- Tables, figures and Maps illustrating the relationship of the spatial distribution of production on safe yield

Optimizing Recharge of Local Water

Runoff

- Revised tables, figures and maps from the *Recharge Master Plan showing* the recommended storm water, reclaimed water and imported water recharge plan

Costs

- Revised tables and figures that show cost and the phasing of facilities and associated costs over time

Water Quality Management. Water quality is one of the primary motivators of the Optimum Basin Management Program. Water quality management will vary by constituent. Mineral constituents such as nitrate or TDS are expensive to treat, regional in extent, and are usually the results of non-point sources such as agriculture. Organics are relatively inexpensive to treat, travel in distinguishable plumes and are usually associated with point sources. Other constituents of concern include radionuclides, some

metals and perchlorate. Watermaster and the Regional Board have developed a comprehensive database for water quality up through the middle of 1997. A summary of water quality interests by constituent and point of discharge (if known) will be prepared. A series of groundwater treatment projects will be described to provide water of suitable quality for use by producers in the basin. This section will have the following subsections:

Groundwater Quality Challenge
- Maps and tables that describe the groundwater quality for each appropriator, overlying non-agricultural producer and the overlying agricultural pool in aggregate

Groundwater Supply Quality Improvement Projects
Alternatives
- Maps, tables and figures illustrating facilities layouts and descriptions, operating plans, beneficiaries and costs

Phasing of Promising Alternatives and Cost
- Maps, tables and figures illustrating facilities layouts and descriptions, operating plans, beneficiaries and costs

Groundwater Exchange with Outside of the Basin Interests
Alternatives
- Maps, tables and figures illustrating facilities layouts and descriptions, operating plans, beneficiaries and costs

Phasing of Promising Alternatives and Cost
- Maps, tables and figures illustrating facilities layouts and descriptions, operating plans, beneficiaries and costs

Integrating the Plan Components. The components described above need to be integrated in the Optimum Basin Management Program. This part of the document describes: the interrelationship of the components and the optimum range of implementation for each component based on the definition of optimality described in Section 1; institutional framework; and principles of agreement that are necessary to implement the components. This section will have the following subsections.

Range of Implementation Levels and Associated Costs for each Component for the Optimum Basin Management Program

Synergies and Tensions Among the Components

Recommended Range in Implementation Levels for each Component

- Maps, tables and figures illustrating facilities layouts and descriptions, operating plans, beneficiaries and costs

Institutional Framework

Principles of Agreement

Section 5 Implementation Plan

This section describes how the components of the Optimum Basin Management Program described in Section 4 will be mated with the temporal need for these components and how the components will be implemented. One premise of the program to be determined is how the components will be implemented, as they are actually needed or on a fixed time schedule. The implementation plan will identify a specific list of actions, the entities responsible for implementation and the basis for implementation. Alternatives for financing the program including the use of outside sources of capital will be described. Equitable repayment schemes based on consensus based criteria will be described and a repayment scheme will be recommended. This Section will have the following subsections:

Action Items to Implement the Optimum Basin Management Program

Timeline for Component Implementation

- Maps, tables and figures illustrating component location and phasing

Detailed Action Item List – including: narrative/quantitative description of the action; dependencies on other actions/components; parties involved in the action; institutional arrangements that need to be completed to launch the action; and cost.

Financing the Optimum Basin Management Program

Capital Requirements

- Tables and figures that show the capital requirements over time

Funding Programs and Sources

Local State and Federal Government Sources – including descriptions of the programs, terms and conditions for these sources, requirements and procedures for obtaining funding from these sources, and a timeline for obtaining funding from these sources.

Institutional Sources – same as above as appropriate.

Revenue Generation and Repayment Plans

Recommended Financial Plan

Technical Appendices – Contains Task Memorandums for Engineering Work

Financial Appendices – Contains Task Memorandums for Financial Work

EXHIBIT A – SCOPE OF WORK FOR THE ENGINEERING PROCESS

This scope of work has been prepared to describe the tasks necessary to complete the Optimum Basin Management Program report as described in the proposed outline. The scope of work and its deliverables (presentations, technical memorandums, workshops and draft section reports) are structured to provide constant information flow to Watermaster and feedback from Watermaster to guide the development of the program. The attached spreadsheet is a summary cost opinion and schedule to complete this scope of work.

Task 1 Develop Optimum Basin Management Program Criteria

The purpose of Task 1 is to define the physical limits of the Basin, interests within the Basin, goals and objectives, and key definitions and assumptions of the Optimum Basin Management Program. The task deliverable is a draft of Section 1 of the Optimum Basin Management Program. This task consists of five subtasks as described below:

1.1 Develop Simple Physical and Hydrologic Description of Basin

A simple physical description of the basin will be prepared that will include the Basin's boundaries (legal and physical), area, volume, geology, climate and hydrology in a manner written for basin managers (as opposed to geologists and engineers). The hydrologic description will include historical inflows and outflows. This information is readily available from the CBWRMS and other available reports.

1.2 Describe Interests Within the Basin

An inventory of interests within the basin will be described, and those interests to be addressed by the Optimum Basin Management Program will be identified. Some of these interests have recently been submitted to Watermaster by some of the stakeholders during the Optimum Basin Management Plan scoping process. Other interest submittals will be solicited from stakeholders that have not commented. All interests will be categorized and summarized in tables and text.

1.3 Develop Optimum Basin Management Plan Goals

Given the interests that can be addressed by the Optimum Basin Management Program and the mission statement developed by Watermaster, a set of draft program goals will be developed. These goals along with the results of Tasks 1.1 and 1.2 will be submitted to Watermaster in a memorandum format. Watermaster will review the program goals memorandum and provide written and oral comments at regularly scheduled meetings. The program goals memorandum will be revised based on these comments. It is anticipated that the memorandum will be revised two to three times. The program goals memorandum will consist of about 20 to 25 pages of text with an unknown number of tables, figures and maps.

1.4 Develop Key Definitions and Planning Assumptions

The definition of terms used in the Optimum Basin Management Program will be stated. For example the term *optimal* will be defined so that we will know if the Optimum Basin Management Program satisfies the definition. An example of a key planning assumption to be decided is what will be assumed for Metropolitan Water District of Southern California's (Metropolitan) imported

water cost, and whether or not we will allow these costs (or Metropolitan programs) to influence the Optimum Basin Management Program. Assumptions regarding economic evaluation methods and criteria will also be made. If necessary, these assumptions can change during the study. State and Federal regulations regarding drinking water and reclaimed water will be described including numerical criteria and the relationship between source water quality and reclaimed water quality discharged to the environment. The numerical criteria include drinking water quality standards, receiving-water quality standards, waste discharge requirements, and waste increments. The proposed *drinking water source water assessment and protection* regulations and *regulations for planned recharge projects that use reclaimed water* will be summarized and its relevancy to the Optimum Basin Management Program will be discussed. A short memorandum will be prepared in draft form for review by Watermaster. Watermaster will review the program definitions and assumptions memorandum and provide written and oral comments at regularly scheduled meetings. The definitions and assumptions memorandum will be revised based on these comments. It is anticipated that the memorandum will be revised two to three times. The definitions and assumptions memorandum will consist of about 20 to 25 pages of text with unknown number of tables, figures and maps.

1.5 Prepare *Section 1 Optimum Basin Management Program Criteria*

A draft Section 1 will be prepared using products of Tasks 1.1 through 1.4 and the comments received on the task memorandums. Copies of draft Section 1 will be prepared and submitted to Watermaster for review and comment. The draft Section 1 will contain approximately 20 to 35 pages of text with numerous tables, figures and maps.

Task 2 Assess Current State of the Basin

The objective of this task is to prepare a concise description of the recent changes in groundwater storage and water quality of the Basin. The task deliverable is a draft Section 2 of the Optimum Basin Management Program.

Estimates of the historical groundwater storage, groundwater production, and water quality will be prepared to show how the availability and quality of groundwater have changed in response to climate, land use and basin management practices. These estimates will be based on the groundwater monitoring work done by Watermaster, the *State of the Watershed* work done by the Regional Water Quality Control Board (in preparation), the CBWRMS, and other sources. Pollution sources and their strengths will be identified. Maps and time history plots will be prepared to illustrate the findings. This task consists of four subtasks as described below:

2.1 Describe Time Histories of Groundwater Storage for the Basin and Subareas within the Basin

Groundwater level maps will be developed for 5 to 10 different years for the period 1960 through 1998. The selection of the years to be mapped will be based in part on extremes in the precipitation record, annual pumping volumes and available data. The groundwater in storage in the basin will be estimated for each of the years that groundwater levels are mapped. Groundwater level time history plots will be developed for a set of representative wells (20 to 30) distributed throughout the Basin. The change in storage in the Basin as a whole and in several (up to 10) subareas of the Basin will be estimated and correlated to climate, production, production in nearby areas, volume of storage accounts, and artificial recharge.

2.2 Describe Temporal and Spatial Distribution of Groundwater Production

The groundwater production histories for the Chino Basin will be compiled for all known producing wells in the Chino Basin. A production time history will be developed with maps to show the changes in the spatial pattern and magnitude of groundwater production in the Basin. Groundwater production information is readily available from Watermaster. The change in groundwater production in the Basin as a whole and in several (up to 10) subareas of the Basin will be estimated and correlated to climate, water quality and land use changes. The safe yield estimates developed for the Judgment and more recent estimates presented in the Phase 1 Report for the *Recharge Master Plan Report* will be described. The impact of past and future activities that could affect safe yield will be described.

2.3 Describe Temporal and Spatial Distribution of Groundwater Quality

A time series of maps showing the change in concentration of TDS, nitrate, and selected metal and organic constituents will be developed to show the spatial and temporal patterns of groundwater quality. Chemical time histories for a set of representative wells (20 to 30) distributed throughout the Basin will be developed and graphically compared to climatic indices, drinking water standards and Basin Plan objectives. Water quality trends in the Basin as a whole and in several (up to 10) subareas of the Basin will be described and correlated to land use, historical waste discharge, climate, and artificial recharge. Water quality anomalies from known point sources (such as industrial sites and landfills) and unknown sources will be described based on readily available information.

The vadose zone contamination interest described in past Basin Planning documents, the Metropolitan Storage Program Environmental Impact Report, and the CBWRMS will be characterized in the context of current and future water quality.

2.4 Prepare *Section 2 Current State of the Basin*

A draft Section 2 will be prepared using products of Tasks 2.1 through 2.3. Copies of draft Section 2 will be prepared and submitted to Watermaster for review and comment. The draft Section 2 will contain approximately 30 to 35 pages of text with numerous tables, figures and maps.

Task 3 Describe Water Demands and Water Supply Plans

The objectives of this task are to develop estimates of current and future water demands for all Chino Basin groundwater producers, and to describe water supply plans with and without the Optimum Basin Management Program. This work was done in the early 1990's for the CBWRMS. The work proposed herein will update and expansion of this earlier work. The deliverable for this task is a draft Section 3 of the Optimum Basin Management Program.

Estimates of historical, current and future water demands and the cost of production from the Chino Basin will be developed for all municipal and industrial producers and agricultural producers in aggregate. The water supply plans of municipal and industrial producers will be described. The need for groundwater treatment facilities in the southern part of the basin will be projected. Costs associated with current and future production will be estimated using the criteria, assumptions and methods developed in

Task 1. The work done in the CBWRMS will be used as a starting point for this section. This Task consists of four subtasks as described below:

3.1 Estimate Current and Future Water Demands for Each Member of the Appropriative and Overlying non-Agricultural pools and the Overlying Agricultural Pool in Aggregate

Task 3.1.1 Obtain information from producers. Each member of the appropriative and overlying non-agricultural pools will review the data and assumptions used to develop water demand projections from the CBWRMS and provide comments and revisions, as necessary, to update the information for their entity. The types of data used for demand forecasts are land use (or other units of water use), assumed temporal change in land use, and associated unit water duties. Water supply plan information includes the identification of each source, seasonal capacity and demand on each source. Each member of the overlying non-agricultural pool and appropriative pool will be contacted and requested to review the CBWRMS for their water supply plans, current and projected demands; and to provide comments and suggested changes. One presentation at a meeting will be made to review the CBWRMS methodology and to provide direction to the members.

Task 3.1.2 Compile changes into a memorandum for agency review. The suggested changes will be compiled in a letter report and distributed back to the members for review and comments. The letter report will consist of about five to seven pages of text and 20 to 30 tables.

3.2 Update Demand Estimates and Water Supply Plans for Each Member of the Appropriative and Overlying non-Agricultural pools and the Overlying Agricultural Pool in Aggregate

Task 3.2.1 Revise CBWRMS water demand forecasts. Using the updated data developed in Task 3.1, new water demand forecasts will be prepared and described in tabular and graphical formats.

Task 3.2.2 Revise the CBWRMS water supply plans. The water supply plans associated with the demands will be described in tabular and map formats. The water supply plans will be developed on an annual basis considering seasonal and climatic extremes. A task memorandum that summarizes these results will be prepared and submitted to Watermaster for review and comment. The water demand and supply plan information will be revised based on comments received on the task memorandum. The task memorandum will consist of about 10 to 15 pages of text and about 20 to 30 tables.

3.3 Estimate the Cost of Groundwater Production for Each Member of the Appropriative and Overlying non-Agricultural pools and the Overlying Agricultural Pool in Aggregate

Task 3.3.1 Obtain groundwater production costs information from the appropriative and overlying non-agricultural pools. A uniform information request form will be developed and provided to the producers in the appropriative and overlying non-agricultural pools. The form will itemize capital and operations and maintenance costs (fixed and variable), so that production costs can be compared among producers in a consistent manner. The request form will be explained to the members at a meeting. Each member of the appropriative and overlying non-agricultural pools will respond to this information request in a timely manner.

Task 3.3.2 Estimate cost of groundwater production. Using the data collected in Task 3.3.1 and the water supply plan forecasts in Task 3.2, the current and projected costs of groundwater production will be estimated. A task memorandum that summarizes these results will be prepared and submitted to Watermaster for review and comment. The groundwater production costs information will be revised based on comments received on the task memorandum. The task memorandum will consist of about five to ten pages of text and about 20 to 30 tables.

3.4 Estimate the Composite TDS and Nitrate Concentrations of the Water Supplies for Each Member of the Appropriative and Overlying non-Agricultural pools and the Overlying Agricultural Pool in Aggregate

Task 3.4.1 Estimate trends in water supply system composite TDS and nitrate concentrations from observed source data and compare to estimates prepared by purveyor. The trend in TDS and nitrate concentration for each well used by the producers in the appropriative and overlying non-agricultural pools will be estimated from TDS and nitrate concentration data from each well. The trend in TDS and nitrate concentration for non-well sources will be estimated based on available data and engineering judgment. The composite supply TDS and nitrate concentration will be based on these results and the water supply plans developed in Task 3.2. TDS and nitrogen interests related to water supply will be characterized from the water supply system composites. A brief task memorandum will be prepared and distributed to members for review and comment. The task memorandum will consist of about five to ten pages of text and an unknown number of tables, figures and maps.

Task 3.4.2 Estimate the waste increments and waste discharge concentrations to groundwater and the Santa Ana River. CBMWD, Upland, JCSD and the WRRWTP-JPA will provide their current and recent past estimates of the TDS waste increments from municipal and industrial use, and waste discharge TDS and nitrogen concentrations from reclamation plants. Estimates of the TDS and nitrate waste increments and waste discharge concentrations to groundwater will be obtained from the CBWRMS and the TIN/TDS study. An estimate of the projected TDS in reclaimed water will be prepared.

Task 3.4.3 Demonstrate the sensitivity of reclaimed water quality to source water quality. The sensitivity of TDS in reclaimed water produced by reclamation plants to TDS in supply sources will be assessed by looking at the trends in TDS in groundwater and other sources, individually and in combination with other sources. A task memorandum will be prepared and distributed to members for review and comment. The task memorandum will consist of about five to ten pages of text and an unknown number of tables, figures and maps.

3.5 Prepare *Section 3 Water Demands and Water Supply Plans*

A draft Section 3 will be prepared using products of Tasks 3.1 through 3.4 and the comments received on the task memorandums. Copies of draft Section 3 will be prepared and submitted to Watermaster for review and comment. The draft Section 3 will contain approximately 30 to 35 pages of text with numerous tables, figures and maps.

Task 4 Develop the Components of the Optimum Basin Management Program

The purpose of this task is to develop Program components that, when implemented, will meet the Program objectives developed in Task 1. These components will be developed in enough detail to allow Watermaster to design appropriate projects and to develop agreements regarding the operation of the Basin. The deliverable for this task will be a draft of Section 4 of the Optimum Basin Management Program. This task consists of seven subtasks as described below:

4.1 Develop Groundwater Storage Management Plan Component

Task 4.1.1 Describe processes for losses from storage, and obtain consensus on methodology and current thinking on storage limits. The previous letter report developed by *Mark J.*

Wildermuth, Water Resources Engineers, and the most current proposal developed by Watermaster staff will be distributed to the members for review. A memorandum summarizing the current status of storage limits will be prepared and transmitted with the above.

Task 4.1.2 Develop technical and administrative procedures to set storage limits and to account for losses for water stored in local storage accounts, cyclic storage accounts, and supplemental water storage accounts. This subtask will be an iterative process. Proposals for these procedures will be developed and submitted to Watermaster prior to a regularly scheduled meeting. A presentation on the proposal will be made at the meeting. Comments received will be incorporated and the process will be repeated two to three times. Each proposal will be written in memorandum format and consist of about five to ten pages of text with associated tables and figures.

4.2 Develop Safe Yield Management Plan Component

Task 4.2.1 Describe process for loss of yield if production shifts from the south to the north. A presentation will be made at a regularly scheduled meeting to describe the underlying physical processes that control the relationship between production location and safe yield.

Task 4.2.2 Reconnaissance-level evaluation of the loss of yield that will occur if production is shifted north. The Rapid Assessment Model will be used to evaluate the loss of yield if production in the southern part of the basin is moved northward. A baseline groundwater production plan will be developed that maintains groundwater production in the south, and an alternative plan will be developed where groundwater production is moved northward to areas of potable groundwater quality. These plans will be simulated with the RAM tool. The annual increase in groundwater outflow from the basin that will occur when production is moved north is equivalent to the change in yield. Sensitivity studies will be done to characterize the change in yield as a range.

Task 4.2.3 Review Phase 1 Recharge Master Plan, revise findings and adopt key findings. A memorandum will be prepared that describes and updates the key findings of the Phase 1 Recharge Master Plan.

Task 4.2.4 Estimate costs and benefits of the safe yield management component. The costs and benefits associated with changing groundwater production patterns (Task 4.2.2) and artificial recharge will be described using the format and criteria described in Task 1.5. The cost and benefits due to changing (or not changing) groundwater production patterns will be primarily based on avoided replenishment costs. The costs and benefits for artificial recharge will be primarily an update of the cost and benefit analysis done in the Phase 1 Recharge Master Plan Report.

Task 4.2.5 Prepare Task 4.2 Memorandum. A task memorandum will be prepared to document the findings of Task 4.2. The memorandum will consist of about 15 to 20 pages of text and contain numerous tables, figures and maps.

4.3 Develop Water Quality Management Plan Component

Task 4.3.1 Describe the historical, current and anticipated challenges to produce water of suitable quality for each member of the appropriative and overlying non-agricultural pools, and the overlying agricultural pool in the aggregate. This task is an expansion of Task 3.4.1 and will include other contaminants that have been found or threaten groundwater use in the Chino Basin.

Task 4.3.2 Develop list of local and/or regional projects to ensure that groundwater quality will improve or can be treated and put to beneficial use. A list of projects will be developed to

produce groundwater of suitable quality for beneficial use. These projects could include in situ and well head treatment, well field relocation (dodge and drill), and dilution. For each project the following will be developed:

- An operating plan
- Facilities layout and description
- Direct beneficiaries
- Costs

The cost analysis will be based on the criteria and format developed in Task 1.5, the groundwater quality conditions described in Tasks 3.4.1 and 4.3.1. The project list and descriptions developed in the CBWRMS will be used as a starting point.

Task 4.3.3 Evaluate potential for groundwater exchange with outside basin interests. Another way to provide potable water to the southern part of the Chino Basin would be to provide treated imported water (or other potable imported supplies) to the cities of Chino, Chino Hills, Norco and Ontario, and JCSD, in lieu of treated groundwater. The additional cost of pipelines and treatment plants necessary to provide treated state project water to these areas would be offset by allowing water agencies outside of the basin to purchase un-pumped groundwater yield. In theory, the maximum cost of water developed by this project should be less than the cost of treated imported water. This alternative will be evaluated in this task. Meetings will be held with Orange County Water District, Municipal Water District of Orange County, Orange County producers, and Watermaster and Chino Basin producers. Up to three alternative plans to accomplish the exchange will be evaluated. Each exchange plan will be evaluated in an identical manner as the water quality projects are in Task 4.3.2.

Task 4.3.4 Prepare Task 4.3 Memorandum. A task memorandum will be prepared to document the findings of Task 4.3. The memorandum will consist of about 25 to 30 pages of text and contain numerous tables, figures and maps.

4.4 Describe a Range of Implementation Levels and Associated Costs for each Component for the Optimum Basin Management Program

Task 4.4.1 Describe the synergies and tensions among the components. The components described in Tasks 4.1, 4.2 and 4.3 are not mutually independent. In some cases the components are complementary and in others they are in conflict. For example, the relocation of groundwater production to avoid groundwater quality problems may reduce the yield of the basin. Artificial recharge can augment safe yield and sometimes improve or degrade groundwater quality.

Task 4.4.2 Recommend a range in implementation levels and costs for each component. Based on the results of Tasks 4.1 through 4.3 and Task 1, a range of implementation levels for each component will be recommended. The range will be based on technical feasibility, water demands and cost.

Task 4.4.3 Prepare Task 4.4 Memorandum. A task memorandum will be prepared to document the findings of Task 4.4. The memorandum will consist of about 10 to 15 pages of text and contain numerous tables, figures and maps.

4.5 Describe Consistency of Optimum Basin Management Program Components with Responsibilities and Authorities of Watermaster Pursuant to the Judgment and Other Agencies

Task 4.5.1 Describe institutional framework. List and describe entities that can participate in the implementation of the Optimum Basin Management Program, and for each entity describe its:

- Geographic jurisdiction
- Responsibilities and powers
- Other attributes
- Ability to implement components of the Optimum Basin Management Program

The need for a new entity (such as a Joint Powers Agency) will be assessed based on the responsibilities and powers of existing entities and the responsibilities and powers needed to implement the Optimum Basin Management Program components.

Task 4.5.2 Prepare Task 4.5 Memorandum. A task memorandum will be prepared to document the findings of Task 4.5. The memorandum will consist of about 15 to 20 pages of text and contain an unknown number of tables, figures and maps.

4.6 Develop Principles of Agreement

Task 4.6.1 Develop initial set of principles of agreement. Agreements and other types of legal documents will need to be developed to implement the Optimum Basin Management Program components. In this task, the principles of these agreements will be described for each component and the entities that would participate in those agreements will be identified. A draft Task memorandum will be prepared and submitted to members for review and comment.

Task 4.6.2 Conduct meetings and workshops to forge consensus. Meetings with individual entities and a workshop will be done to obtain comments and suggestions, and to help move Watermaster to consensus. The task memorandum will be revised as necessary during the course of this task.

4.7 Prepare *Section 4 Components of the Optimum Basin Management Program*

A draft Section 4 will be prepared using products of Tasks 4.1 through 4.6 and the comments received on the task memorandums. Copies of draft Section 4 will be prepared and submitted to Watermaster for review and comment. The draft Section 4 will contain approximately 50 to 75 pages of text with numerous tables, figures and maps.

Task 5 Develop Implementation Plan

This section describes how the components of the Optimum Basin Management Program described in Section 4 will be mated with the temporal need for these components and how the components will be implemented. The deliverable for this task is a draft Section 5 of the Optimum Basin Management Program. This task consists of four subtasks as described below:

5.1 Define the Actions to Implement the Optimum Basin Management Program

Task 5.1.1 Develop approximate criteria for phasing of components. An initial timeline will be developed that will show the approximate phasing and staging of the Optimum Basin Management Program components based on projected water demands and other factors. Other factors include the availability of supplemental supplies, regulatory compliance (mandated groundwater cleanup, etc.) and economics. Potential variations in the timeline due to climatic and regional economic factors will be developed.

Task 5.1.2 Develop list of action items. Develop a list of actions necessary to implement the components of the Optimum Basin Management Program that for each component include:

- Narrative/quantitative description of the action
- Dependencies on other actions/components
- Parties involved in the action
- Institutional arrangements that need to be completed to launch the action
- Cost

The time line developed in Task 5.1.1 will be expanded to show the timing and schedule dependencies of individual actions.

Task 5.1.3 Prepare Task 5.1 Memorandum. A task memorandum will be prepared to document the findings of Task 5.1. The memorandum will consist of about 10 to 15 pages of text and contain an unknown number of tables, figures and maps.

5.2 Financing the Optimum Basin Management Program

Task 5.2.1 Estimate the capital needs over time for the components of the Optimum Basin Management Program. Using the costs developed in Task 4 and the time line from Task 5.1, a future projection of the capital needs to implement the Optimum Basin Management Program will be developed.

Task 5.2.2 Describe funding sources. Funding sources available for the components of the Optimum Basin Management Plan will be listed and described. The description will include the applicability to various components or sub-components, and terms and conditions.

Task 5.2.3 Describe revenue and repayment schemes. Describe revenue generation and repayment mechanisms within Watermaster or other assessment schemes that can be used to pay for the components in the Optimum Basin Management Plan.

Task 5.2.4 Prepare Task 5.2 Memorandum. A task memorandum will be prepared to document the findings of Task 5.2. The memorandum will consist of about 5 to 10 pages of text and contain an unknown number of tables, figures and maps.

5.3 Conduct meetings and workshops to forge consensus.

Meetings with individual entities and a workshop will be held to obtain comments, suggestions and help move Watermaster to consensus. The task memorandums developed in Tasks 5.1 and 5.2 will be revised as necessary during the course of this task.

5.4 Prepare *Section 5 Implementation Plan*

A draft Section 5 will be prepared using products of Tasks 5.1 through 5.3 and the comments received on the task memorandums. Copies of draft Section 5 will be prepared and submitted to Watermaster for review and comment. The draft Section 5 will contain approximately 35 to 40 pages of text with numerous tables, figures and maps.

Task 6 Finalize Optimum Basin Management Program Document

The purpose of this task is to combine the draft sections of the Optimum Basin Management Program into one complete draft report for review by Watermaster and a final report for the Special Referee and the court. The deliverables will be a draft report and a final report. This task consists of two subtasks as described below:

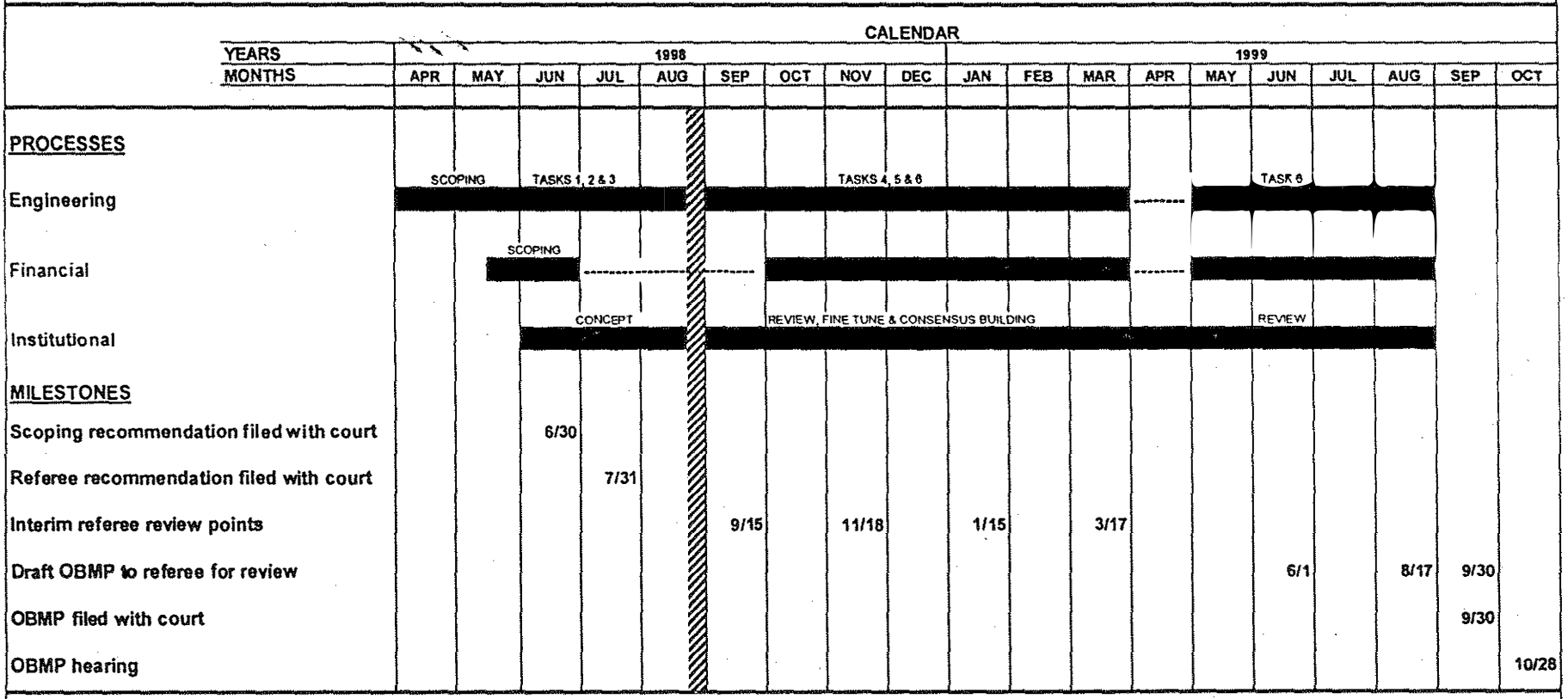
6.1 Compile Task Reports and Associated Comments into a Draft Report

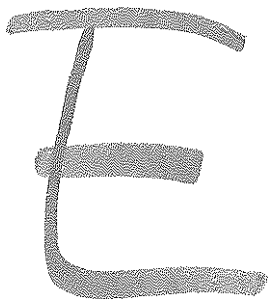
A draft report will be compiled from draft Sections 1 through 5. The task memoranda and supporting technical work will be included as technical appendices. The draft report will be submitted to Watermaster for review and comment. Comments will be received in writing and at regularly scheduled meetings

6.2 Prepare Final Report

Comments on the draft report will be incorporated and included in a final report. The final report will be submitted to Watermaster. Watermaster will submit the final report to the Special Referee and the court.

FIGURE 1
OPTIMUM BASIN MANAGEMENT PLAN
PROJECT SCHEDULE





CHINO BASIN WATERMASTER

8632 Archibald Ave., Suite 109, Rancho Cucamonga, CA 91730
TEL: (909) 484-3888 • FAX: (909) 484-3890

TRACI STEWART
Chief of Watermaster Services

May 20, 1998

REQUEST FOR QUALIFICATIONS/PROPOSALS

Qualifications/Proposals are invited for the following service:

Financial Consultant

Time is of the Essence

A Financial Consultant is necessary to help secure financing and to help develop funding mechanisms for implementation of an Optimum Basin Management Program currently being prepared for the Chino Basin. The OBMP, including the financial implementation plan, must be completed by August 1, 1999. Consultants/Firms are encouraged to be creative in their Qualifications/Proposals. Interested firms are requested to return their qualifications/proposals by 12:00 noon, June 10, 1998, by fax.

Services will be required immediately following ratification of an Agreement for Financial Consultant Services by Watermaster. Consultants/Firms are advised that meetings normally occur on the second and fourth Thursdays of each month and that "turn around" time for items requested during meetings is anticipated to be not more that one to two weeks in some cases. A brief summary of how the Optimum Basin Management Program will be developed, how the financial implementation plan development fits into the development process, and a time schedule are provided for your information as Attachment A.

Questions that are not answered by information provided may be asked of Traci Stewart, Chief of Watermaster Services, on Wednesday, June 3, 1998 between the hours of 1:00 to 4:00 p.m. by calling (909) 484-3888 [FAX (909) 484-3890].

Any or all proposals may be rejected and/or any informality therein may be waived through the Watermaster process prior to ratification of the Agreement by Watermaster. Each proposal shall constitute an offer to perform the service described herein for the fees quoted.

Yours truly,

Traci Stewart
Chief of Watermaster Services

Enclosures

ATTACHMENT "A"

OPTIMUM BASIN MANAGEMENT PROGRAM

How the Optimum Basin Management Program Will Be Developed

The development of the Optimum Basin Management Program requires three parallel processes: institutional, engineering and financial. The institutional process defines the management agenda, directs the engineering and financial processes and builds an institutional consensus for Optimum Basin Management Program implementation. The engineering process develops planning data, evaluates the technical and economic performance of the Optimum Basin Management Program proposals, and provides this information to the institutional and the financial processes. The financial process will develop alternative financing plans for the Optimum Basin Management Program as it evolves and provide this information to the institutional and engineering processes. These processes will provide feedback to each other as the Optimum Basin Management Program is developed.

The Institutional Process

The institutional process will work as follows.

Develop Initial Management Concepts. Members of Watermaster will develop proposed management concepts or implementation plans that describe their vision of the Optimum Basin Management Program, what it will include and how it will work. The proposals should reflect the needs and interests that were previously identified for the Optimum Basin Management Program. These proposals would be presented to the group for discussion and the discussion will center on finding those components of the proposals that best balance the competing needs and interests for basin utilization. Proposals that have institutional support will be forwarded to the engineering and financial consultants for reconnaissance-level, technical, economic and financial analyses. The results of the engineering and financial analyses will be forwarded back to Watermaster for review and fine-tuning. This will be a protracted and iterative process that should continue as long as necessary within the time constraints described in Judge Gunn's ruling. Watermaster should meet every two to three weeks to present and review proposals beginning in June 1998. The engineering and financial consultants will analyze proposals as quickly as possible. The initial proposals will probably take longer to analyze than subsequent proposals.

Develop Final Proposal. Members of Watermaster will, after review and discussion of all Optimum Basin Management Program proposals, recommend an Optimum Basin Management Program. The engineering and financial consultants will prepare the final Optimum Basin Management Program documents for submittal to the Special Referee and the Court.

Implement the Optimum Basin Management Program. To be determined in the final Optimum Basin Management Program approved by the Court

Engineering Process

The engineering process is fairly well defined. Exhibit A is a scope of work for the engineering process. The tasks include:

Task 1 Develop Optimum Basin Management Program Criteria
Task 2 Assess Current State of the Basin
Task 3 Describe Water Demands and Water Supply Plans
Task 4 Develop the Components of the Optimum Basin Management Program
Task 5 Develop Implementation Plan
Task 6 Finalize Optimum Basin Management Program Document

The first three tasks define the planning environment that forms the basis for the Optimum Basin Management Program. Tasks 4 and 5 respond to the institutional process and include evaluation of Optimum Basin Management Program proposals and the preparation of an implementation plan. The Optimum Basin Management Program document will be developed in Task 6.

Financial Process

The financial process will review the Optimum Basin Management Program proposals that have been through the institutional and engineering processes. It includes the following tasks:

List the available funding sources that are appropriate
Describe the terms and conditions for these sources
Describe the requirements and procedures for obtaining funding from these sources
Describe the timeline for obtaining funding from these sources
Develop robust financial plan for the final Optimum Basin Management Program
- Palette of funding sources
- Administrative activities
- Institutional activities (lobbying, partnering, etc.)

The scope of work for the financial process will be included in Exhibit B (not included).

SCHEDULE

Figure 1 shows the phasing of the tasks and the parallel processes for the development of the Optimum Basin Management Program. The timing of specific milestones has been tailored to fit the schedule in Judge Gunn's ruling. Review points for the Special Referee have been included during the development of the Optimum Basin Management Program.

Chino Basin Watermaster

REQUEST FOR QUALIFICATIONS/PROPOSALS - NUMBER WMFC6909A
FINANCIAL CONSULTANT SERVICES

Qualifications/Proposals are being requested to provide Financial Consultant Services to Watermaster beginning immediately upon ratification of an agreement for Financial Consultant Services by Watermaster. Services will be to develop a financial implementation plan as part of the Optimum Basin Management Program currently being prepared by Watermaster. Please fax and mail your proposal, including all items to be provided per this request by June 10, 1998. Faxes should be received not later than 12:00 noon at (909) 484-3890. Questions regarding the Watermaster process that are not answered by the information presented may be asked of Ms. Traci Stewart, Chief of Watermaster Services, on Wednesday, June 3, 1998, from 1:00 to 4:00 p.m. by calling (909) 484-3888. Acceptable certificates of insurance will be required from the selected firm.

The Chino Basin Watermaster was created pursuant to the Judgment entered on January 27, 1978, in the Superior Court of the State of California for the County of San Bernardino, Court Case No. RCV 51010, entitled "Chino Basin Municipal Water District v. City of Chino, et al, and thus is a public agency under the jurisdiction of the Court.

Pursuant to the Judgment, use and management of the Chino Groundwater Basin occurs through the Watermaster process during fiscal years ending June 30. Assessments are levied to cover the costs of administration of the Judgment, special projects necessary for management decisions and replenishment of groundwater extracted that exceeds the amounts allowed under the Judgment. Three types of producers and the pool designations for each type are as follows:

1. Overlying (Agricultural) Pool – made up of farmers, dairymen, the State of California, etc. pumping groundwater from the basin underlying their property.

2. Appropriative Pool – made up of the municipalities, water districts and other water companies listed on Attachment B, who pump groundwater to provide water to consumers within their service areas.

3. Overlying (Non-Agricultural) Pool – made up of the industries listed on Attachment B that pump groundwater from the basin underlying their property.

Annually, a fiscal year budget allocating costs among the Pools is adopted and production is reported quarterly by the producers. Following adoption of the budget and receipt of final production data, assessments are levied in accordance with the Judgment and Rules and Regulations adopted by each Pool.

Staff and consultants work in support of the Watermaster process. Subsequent to receipt of qualifications/proposals, interviews may be conducted with partners proposed to provide services to develop the financial implementation plan for an Optimum Basin Management Program. A recommendation regarding an agreement for Watermaster Financial Consultant will then be forwarded to Watermaster for ratification. A draft agreement in attached as Attachment C.

Watermaster has five full-time employees, four working under the direction of the Chief of Watermaster Services. Additionally, agreements are in place to provide the Watermaster process with support from consultants for engineering, accounting, information management, and other related services necessary to administer the Judgment.

Qualifications/Proposals to provide Financial Consultant services should address and/or include:

1. Firm qualifications.
2. Relevant experience or expertise of the partner(s) to be designated the primary responsibility for fulfilling the terms of the Agreement (resumes are acceptable).
3. Proposed fee schedule.
4. List of references and current clients (covering the last 3 to 5 years).
5. Disclosure regarding current clients who are parties to the Judgment.
6. A statement as to whether a waiver of conflict from those parties can be provided.

Thank you in advance for responding to this request.

ATTACHMENT "B"

OVERLYING (NON-AGRICULTURAL) POOL
Ameron
Angelica Rental Service
California Steel Industries, Inc. (CSI)
Calmat (Conrock)
General Electric Firm
Kaiser Ventures Inc. (KVI)
Mobile Community Management for Swan Lake Mobile Home Park
Praxair
San Bernardino County Dept. of Airports
Sunkist Growers Inc.
Southern California Edison (SCE)
Space Center Mira Loma
Speedway Development Corporation

APPROPRIATIVE POOL COMMITTEE
Arrowhead Mountain Springs Water Firm
Chino Basin Municipal Water District
Chino, City of
Chino Hills, City of
Cucamonga County Water District
Fontana, City of
Fontana Union Water Firm
Fontana Water Firm
Jurupa Community Services District
Los Serranos Country Club
Marygold Mutual Water Firm
Monte Vista Irrigation Firm
Monte Vista Water District
Norco, City of
Ontario, City of
Pomona, City of
Pyrite Canyon Group
San Antonio West End-Water County
Santa Ana River Water Firm
San Bernardino, County of
Southern California Water Firm
City of Upland
West San Bernardino County Water District

ATTACHMENT "C"
SAMPLE AGREEMENT

CHINO BASIN WATERMASTER

AGREEMENT NUMBER: WMFC6909A
FOR
FINANCIAL CONSULTANT SERVICES

THIS AGREEMENT (the "Agreement"), is made and entered into pursuant to the Judgment, as amended, in San Bernardino County Superior Court Case No. RCV 51010 this _____ day of _____, 1998, by and between Chino Basin Watermaster (hereinafter referred to as "Watermaster") and (FIRM NAME), of (CITY, STATE) (hereinafter referred to as "Consultant"), for Financial Consultant Services.

NOW, THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties agree as follows:

1. All direction related to this Agreement shall come from Watermaster, either directly from the Pool Committees, the Advisory Committee, the Watermaster, or from the Chief of Watermaster Services. The primary representative from Watermaster is:

   Contact: Traci Stewart
   Chief of Watermaster Services
   8632 Archibald Avenue, Suite 109
   Rancho Cucamonga, California 91730

   Telephone: (909) 484-3888 Facsimile: (909) 484-3890

2. FINANCIAL CONSULTANT ASSIGNMENT: Special inquiries related to this Agreement shall be referred to the following consultant, who shall be charged with the responsibility of meeting the financial consultant needs under this Agreement:

   Contact: (CONSULTANT)
   (FIRM NAME)
   (ADDRESS)
   (CITY, STATE, ZIP)
   (TELEPHONE NO.) (FACSIMILE NO.)

   The consultant may be changed only by obtaining prior consent from Watermaster.

3. ORDER OF PRECEDENCE: The documents referenced below represent the Agreement Documents. Where any conflicts exist between the General Terms and Conditions of this Agreement, or amendments attached, then the governing order of precedence shall be as follows:

   A. Amendments to Agreement number WMFC6909A.
   B. Agreement number WMFC6909A.
   C. Watermaster Request for Proposals number WMFC6909A.
   D. Consultant's proposal dated (DATE).

4. SCOPE OF WORK AND SERVICES:

   Under the Chino Basin Judgment, Watermater is tasked with developing an Optimum Basin Management

Program (OBMP) for implementation in the Chino Basin. In the Judgment, the purpose of preparing an OBMP is to provide a practical means for making the maximum reasonable beneficial use of the waters of the Chino Basin. The OBMP will accomplish this by providing for the optimum economic, long-term, conjunctive utilization of surface waters, ground waters and supplemental water necessary to meet the requirements of water users having rights in or dependent upon Chino Basin.

Consultant shall provide such financial consultant services as are requested by Watermaster in connection with the development of a financial implementation plan for the Optimum Basin Management Program as required in San Bernardino County Superior Court Case No. RCV 51010. The Financial Implementation Plan shall identify and evaluate financing alternatives and develop the funding mechanisms for on-going Optimum Basin Management Program implementation. These services shall include, but are not limited to the following:

A. Meet or consult with the Watermaster, Advisory Committee, Pool Committees and staff as requested.

B. Attend such meetings as requested.

C. Provide review, analyses, advice, recommendations, opinions, and consultations on OBMP implementation and matters of concern and interest to Watermaster as follows:

1. List all available funding sources that are appropriate including grants and low interest loans & discuss how they'll fit into the OBMP.
2. Describe the terms and conditions for these sources.
3. Describe the requirements and procedures for obtaining funding from these sources.
4. Describe the timeline for obtaining funding from these sources.
5. Develop robust financial implementation plan for the final Optimum Basin Management Program including a "palette of sources", necessary administrative activities, and recommended institutional activities (lobbying, partnering, etc.).

D. Provide representation in financial or other matters of interest and concern to Watermaster as requested.

E. Monitor on-going financial opportunities of interest and concern to Watermaster for development of an Optimum Basin Management Program under the Judgment.

F. Provide such other services as may be requested by Watermaster.

Consultant services and responsibilities shall include and be in accordance with the following:

5. TERM:

A. Proposals are requested for a one-year period to commence immediately upon ratification of this Agreement by the Watermaster.

B. After the initial year, this Agreement may be renewed on a year-to-year basis for up to four additional years subject to submission of a mutually acceptable fee schedule and for implementation of the OBMP. Such renewal shall be confirmed by Watermaster action.

6. COMPENSATION:

A. Regular Services: Consultant will charge on an hourly rate basis which will be attached hereto as Fee Schedule "A", or as may be amended from time to time. Consultant may add new financial or parafinancial consultants upon receiving consent from Watermaster, or from the Chief of

Watermaster Services. The hourly rates which Consultant charges will be amended only by obtaining prior consent from Watermaster.

B. Expenses:

1. Ordinary Expenses. In addition to fees for services, the Consultant will be reimbursed for its actual, reasonable out-of-pocket expenses incurred in connection with provision of the services identified herein. Reimbursable ordinary expenses shall include, but not be limited to: special postage costs, overnight delivery costs, messenger costs, computer research, and document reproduction. No overhead or administrative charge will be applied to out-of-pocket expenses.

2. Extraordinary Expenses. Reimbursable extraordinary expenses shall be for charges for which Consultant has obtained prior approval. Such expenses shall include, but not be limited to, Consultant's expert witnesses and unusual travel expenses. No overhead or administrative charge will be applied to extraordinary expenses.

C. Billings and Payment:

1. Billing Statements. Consultant shall submit billing statements monthly in arrears. Each billing statement shall include:

   a. the name or designation of each consultant providing services,
   b. the time billed by each on a daily basis, indicating the quantity of time for each service provided,
   c. a description of the service provided,
   d. the hourly rate for each consultant in accordance with the Fee Schedule as may be amended from time to time,
   e. total monthly fees billed,
   f. a description of all ordinary and extraordinary expenses (with date of approval), and
   g. total monthly expenses billed.

2. Payments. Consultant's approved invoices shall be paid monthly, within 30 calendar days of receipt of the monthly billing statement.

7. INSURANCE: During the term of this Agreement, the Consultant shall maintain at Consultant's sole expense, the following insurance.

A. Minimum Scope of Insurance:

1. General Liability: $500,000.00 combined single limit per occurrence for bodily injury, personal injury and property damages. Coverage shall be at least as broad as Insurance Services Office form number GLI 00 02 (Ed. 1/73) covering Comprehensive General Liability, Insurance Services Office form number GL 04 04 03 81 covering Broad Form Comprehensive General Liability or Insurance Services Office Commercial General Liability coverage "occurrence" form CG 00 01 11 85.

2. Automobile Liability: $500,000.00 combined single limit per accident for bodily injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 01 87 covering Automobile Liability, code 1 "any auto" and endorsement CA 00 25 (Ed. 01 86).

3. Workers' Compensation and Employers' Liability: Workers' compensation limits as required by the Labor Code of the State of California and Employers' Liability limits of $500,000.00 per occurrence.

4. Professional Liability insurance in the amount of $1,000,000.00 per claim on a claims-made basis.

B. Deductibles: Any deductibles must be declared to and approved by Watermaster.

C. Other Insurance Provisions: The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability and Automobile Liability Coverage

a. Chino Basin Watermaster, its officers, officials, employees and volunteers are to be covered as additional insureds, endorsements GL 20 11 07 66, CG2010 1185 and/or CA 20 01 (Ed. 01 78), as respects to: liability arising out of activities performed by or on behalf of the Consultant, products and completed operations of the Consultant, premises owned, occupied or used by the Consultant, and automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to Chino Basin Watermaster, its officers, officials, employees or volunteers.

b. The Consultant's insurance coverage shall be primary insurance in respect to Chino Basin Watermaster, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by Chino Basin Watermaster, its officers, officials, employees, or volunteers shall be in excess of the Consultant's insurance and shall not contribute with it.

c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to Chino Basin Watermaster, its officers, officials, employees or volunteers.

d. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

e. The Consultant may satisfy the limit requirements in a single policy or multiple policies. Any such additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.

2. Workers' Compensation and Employers' Liability Coverage

The insurer shall agree to waive all rights of subrogation against Chino Basin Watermaster, its officers, officials, employees and volunteers for losses arising from services performed by the Consultant for Watermaster.

3. All Coverage

Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Chief of Watermaster Services.

D. Acceptability of Insurers: With the exception of Professional Liability Insurance, all insurance is to be placed with insurers with a Best's rating of no less than A:VII, and who are admitted insurers in

the State of California. Professional Liability Insurance is to be placed with insurers with a Best's rating of no less than B:VII, and who are admitted insurers in the State of California.

E. Verification of Coverage: Consultant shall furnish the Chief of Watermaster Services with certificates of insurance and with original endorsements affecting coverage required by Chino Basin Watermaster for themselves. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be approved by Watermaster or by the Chief of Watermaster Services before work commences. Complete, certified copies of all required insurance policies, may be required at any time.

F. Submittal of Certificates: Consultant shall submit all required certificates and endorsements naming Chino Basin Watermaster as an additional insured to the Chief of Watermaster Services.

8. FINANCIAL CONSULTANT RELATIONS AND RESPONSIBILITIES

A. Professional Responsibility: The Consultant shall be responsible to the level of competency presently maintained by other practicing professionals performing the same or similar type of services.

B. Status of Consultant: The Consultant is retained as an independent Consultant of Watermaster only, for the sole purpose of rendering the services described herein, and is not an employee at the Watermaster office. Consultant shall disclose and provide Waiver(s) of Conflict from all parties to the Judgment who are currently represented by the Consultant.

C. Observing Laws and Ordinances: The Consultant shall keep fully informed of all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Agreement, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Consultant shall at all times observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, Watermaster, its officers, employees and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by the Consultant or its employees.

D. Subcontract Services: Any Subcontracts for the performance of any services pursuant to this Agreement shall be subject to the written approval of the Chief of Watermaster Services.

E. Liens: Consultant shall pay all sums of money that become due from any labor, services, materials or equipment furnished to Consultant on account of said services to be rendered or said materials to be furnished under this Agreement and that may be secured by any lien against Watermaster. Consultant shall fully discharge each such lien at the time performance of the obligation secured matures and becomes due.

F. Indemnification: The Consultant agrees to protect, defend, indemnify and hold harmless Watermaster, its officers, directors, agents, employees, servants, and volunteers free and harmless from any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (including employees of Chino Basin Watermaster and the Consultant) and damage to property, directly or indirectly out of the obligations herein undertaken or out of the operations conducted by the Consultant, its employees, agents, representatives or Subcontractors under or in connection with this Agreement, whether or not there is concurrent, passive or active negligence on the part of Watermaster, or its employees, agents, officers, directors, servants and volunteers.

The Consultant further agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands or suits at the sole expense of the Consultant.

G. Conflict of Interest: No official of Watermaster who is authorized in such capacity and on behalf of Watermaster to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Agreement, or any Subcontract relating to services or tasks to be performed pursuant to this Agreement, shall become directly or indirectly personally interested in this Agreement.

H. Equal Opportunity: During the performance of this Agreement, the Consultant shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin.

I. Attorneys Fees : In the event an action is commenced by a party to this Agreement against the other to enforce its rights or obligations arising from this Agreement, the prevailing party in such action, in addition to any other relief and recovery ordered by the Court or arbitration, shall be entitled to recover all statutory cost, plus reasonable attorneys' fees, as established by the Court.

9. OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY: Any and all partial or complete reports, notes, computations, lists, and/or other materials, documents, information, or data prepared by Consultant pertaining to this Agreement, are confidential and shall be available from the moment of their preparation, and Consultant shall deliver same whenever requested to do so by Watermaster. Consultant agrees that same shall not be made available to any individual or organization, private or public, without prior written consent, or as may be ordered or requested by the Court.

10. NOTICES: Any notice may be served upon the parties hereto by delivering it in person (including by fax), or by depositing it in a United States Mail deposit box with the postage thereon fully prepaid, addressed to the contacts as specified in Paragraphs 1 and 2 herein.

Notices may be sent by hand delivery, fax, first class mail, or overnight delivery. Any notice given hereunder shall be deemed effective in the case of personal delivery, upon receipt thereof, or, in the case of mailing, at the moment of deposit in the course of transmission with the United States Postal Service.

11. SUCCESSORS AND ASSIGNS: No assignment of the duties or benefits of the Consultant under this Agreement may be reassigned, transferred or otherwise disposed of without obtaining prior written consent from Watermaster; and any such purported or attempted reassignment, transfer or disposal without prior written consent shall be null, void and of no financial consultant effect whatsoever.

12. INTEGRATION: The Agreement Documents represent the entire Agreement among the parties as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the Agreement Documents. This Agreement may not be modified, altered or amended except by prior written approval of the parties hereto.

13. GOVERNING LAW: This Agreement is to be construed and interpreted in accordance with the laws of the State of California.

14. TERMINATION: This Agreement may be terminated at any time. Consultant services shall terminate by delivery to Consultant of a 90 calendar day written termination notice issued by Watermaster. Consultant may terminate this Agreement with a 90 calendar day written termination notice. Any termination by Consultant shall be consistent with its obligations for protection of client interest as required by applicable law and rules governing the provision of financial consultant services.

15. FORCE MAJEURE: Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, acts of God, etceteras.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be entered as of the day and year written above.

Dated:_____ CHINO BASIN WATERMASTER

By: _____
Chairman

Attest:

By: _____
Secretary, Watermaster

Dated:_____ (FIRM NAME)

By: _____
Consultant

Agreement Approved:_____ WATERMASTER ADVISORY COMMITTEE

Action Dated:_____ By: _____

CHINO BASIN MUNICIPAL WATER DISTRICT V. CITY OF CHINO et al.
CASE NO. RCV 51010

PROOF OF SERVICE

I, Michelle Lauffer, declare:

1. I am over the age of 18 and not a party to this action. My business address is Chino Basin Watermaster, 8632 Archibald Avenue, Suite 109, Rancho Cucamonga, California 91730.

2. On today's date, I served the document identified below by placing a true and correct copy of same in sealed envelopes addressed to each of the addresses shown on the attached mailing lists.

1) NOTICE OF FILING OF THE CHINO BASIN WATERMASTER QUARTERLY PROGRESS REPORT ON THE OPTIMUM BASIN MANAGEMENT PROGRAM

3. I then placed said envelopes for collection, processing and mailing by Chino Basin Watermaster personnel with the United States Postal Service on today's date, following Chino Basin Watermaster's ordinary business practices. Pursuant to these practices, with which I am familiar, such sealed, addressed envelopes are deposited in the ordinary course of business with the United States Postal Service on the same date they are collected and processed, with postage thereon fully prepaid.

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

Executed on June 5, 1998, at Rancho Cucamonga, California.

Michelle Lauffer

ATTORNEY SERVICE LIST

Arnold Alvarez Glasman
Alvarez-Glasman & Cloven
c/o Pomona City Hall
505 S. Garey Ave
Pomona, CA 91766

Jean Cihigoyenetche
Cihigoyenetche, Grossberg & Clouse
Chino Basin Municipal Water District
3602 Inland Empire Blvd, Ste C315
Ontario, CA 91764

Jimmy Gutierrez
City of Chino
El Central Real Plaza
12612 Central Ave.
Chino, CA 91710

Mark D. Hensley
Burke, Williams & Sorenson
City of Chino Hills
611 W. 6th St, Ste 2500
Los Angeles, CA 90017

Steven Kennedy
Brunick, Alvarez & Battersby
Three Valleys Municipal Water District
P.O. Box 6425
San Bernardino, CA 92412

Jeffrey Kightlinger
Metropolitan Water District
340 S. Grand Ave
Los Angeles, CA 90071

Marilyn Levin
Office of the Attorney General
300 S. Spring St.
11th Floor, N. Tower
Los Angeles, CA 90013-1204

Dan McKinney
Reid & Hellyer
3880 Lemon Street, 5th Floor
Riverside, CA 92502-1300

John Schatz
c/o Santa Margarita Water District
Jurupa Community Service District
PO Box 2279
Mission Viejo, CA 92690-2279

Ellison & Schneider
Anne Schneider
2015 H Street
Sacramento, CA 95814

William J. Brunick Esq.
Brunick, Alvarez & Battersby
P O Box 6425
San Bernardino, CA 92412

Robert Dougherty
Covington & Crowe
City of Ontario
1131 W 6th St
Ontario, CA 91762

Boyd Hill
Richards, Watson & Gershon
333 S Hope St, 38th Fl
Los Angeles, CA 90071-1469

James L. Markman
Richards, Watson & Gershon
City of Upland
P.O. Box 1059
Brea, CA 92622-1059

Arthur Kidman
McCormick, Kidman & Behrens
Monte Vista Water District
695 Town Center Dr, Ste 1400
Costa Mesa, CA 92626-1924

Wayne K. Lemieux
Lemieux & O'Neill
200 N Westlake Blvd, Ste 100
Westlake Village, CA 91362-3755

Thomas H. McPeters
McPeters, McAlearney, Shimoff, Hatt
FUWC,MVIC,SAWCO,WECWD
4 W Redlands Blvd, 2nd Floor
Redlands, CA 92373

Timothy J. Ryan
San Gabriel Valley Water Company
Fontana Water Company
11142 Garvey Avenue
El Monte, CA 91734

Gene Tanaka
Best, Best & Krieger LLP
CCWD,KVI,WMWD
P.O. Box 1028
Riverside, CA 92502

Chino Basin Watermaster
8632 Archibald Ave, Ste 109
Rancho Cucamonga, CA 91730

AAA AA
MAILING LIST 1
UPDATED 06/03/98

HAROLD ANDERSEN
MONTE VISTA IRRIGATION CO
2529 W TEMPLE ST
LOS ANGELES CA 90026-4619

CHET ANDERSON
SOUTHERN CALIFORNIA WATER CO
401 S SAN DIMAS CANYON RD
SAN DIMAS CA 91773

JOHN L. ANDERSON
CHINO BASIN WATERMASTER BOARD
12455 HOLLY AVE
CHINO CA 91710-2633

RICHARD ANDERSON
BEST BEST & KRIEGER
P.O. BOX 1028
RIVERSIDE CA 92501

RICHARD ANDERSON
1365 W FOOTHILL BLVD STE 1
UPLAND CA 91786

A W ARAIZA
WEST SAN BERNARDINO C W D
P.O. BOX 920
RIALTO CA 92378-0920

STEVE ARBELBIDE
CHINO BASIN WATERMASTER BOARD
417 PONDEROSA TR
CALIMESA CA 92320

RODNEY BAKER
P.O. BOX 438
COULTERVILLE CA 95311-0438

DANIEL BERGMAN
PYRITE CANYON GROUP INC
3200 C PYRITE ST
RIVERSIDE CA 92509

BOB BEST
NAT'L RESOURCES CONS SVS
25809 BUSINESS CENTER DR B
REDLANDS CA 92374

GERALD BLACK
FONTANA UNION WATER COMPANY
P.O. BOX 838
RANCHO CUCAMONGA CA 91729-083

KATHIE BLYSKAL
SUNKIST GROWERS INC
760 E SUNKIST ST
ONTARIO CA 91761

PATTI BONAWITZ
CHINO BASIN MWD
P.O. BOX 697
RANCHO CUCAMONGA CA 91729-0697

GEORGE BORBA JR
7965 EUCALYPTUS AVE
CHINO CA 91710-9065

BEVERLY BRADEN
WEST END CONS WATER CO
P.O. BOX 460
UPLAND CA 91785

KATHRYN H K BRANMAN
MOBILE COMMUNITY MGMT CO
1801 E EDINGER AVE #260
SANTA ANA CA 92705-4754

RICK BUFFINGTON
STATE OF CALIFORNIA - CIM
P.O. BOX 1031
CHINO CA 91710

TERRY CATLIN
CHINO BASIN WATERMASTER BOARD
2344 IVY CT
UPLAND CA 91784

MANAGER
CITY OF FONTANA
8353 SIERRA AVE
FONTANA CA 92335-3598

TERRY COOK
KAISER VENTURES INC
3633 E INLAND EMP BLVD STE 850
ONTARIO CA 91764

GEORGE COSBY
CALMAT PROPERTIES CO
3200 N SAN FERNANDO RD
LOS ANGELES CA 90065

DAVE CROSLEY
CITY OF CHINO
5050 SCHAEFER AVE
CHINO CA 91710-5549

DULCIE CROWDER
COUNTY OF SAN BERNARDINO
777 E RIALTO AVE
SAN BERNARDINO CA 92415-0763

STEVE CUMMINGS
155 BUCKNELL AVE
VENTURA CA 93003-3919

JIM DABER
METROPOLITAN WATER DISTRICT
P.O. BOX 54153
LOS ANGELES CA 90054-0153

RICK DARNELL
SOUTHERN CALIFORNIA EDISON
8996 ETIWANDA AVE
ETIWANDA CA 91739-9697

ROBERT DEBERARD
CHAIRMAN-AG POOL
P.O. BOX 1223
UPLAND CA 91785-1223

ROBERT DELOACH
CUCAMONGA COUNTY WATER DIST
P.O. BOX 638
RANCHO CUCA CA 91729-0838

BILL DENDY
BILL DENDY & ASSOCIATES
429 F ST SUITE 2
DAVIS CA 95616-4111

GREG DEVEREAUX
CITY OF ONTARIO
303 E "B" ST
ONTARIO CA 91764

GERALD A. DUBOIS
CHINO BASIN WATERMASTER BOARD
303 E B ST
ONTARIO CA 91764

DICK DYKSTRA
10129 SCHAEFER
ONTARIO CA 91761-7873

RALPH FRANK
2566 OVERLAND AVE # 680
LOS ANGELES CA 90064-3398

SAM FULLER
SAN BERNARDINO VALLEY MWD
P.O. BOX 5906
SAN BERNARDINO CA 92412-5906

MARK GAGE P E
GEOMATRIX CONSULTANTS INC
100 PINE ST 10TH FL
SAN FRANCISCO CA 94111

JIM GALLAGHER
SOUTHERN CALIFORNIA WATER CO
2143 CONVENTION CTR WAY STE 110
ONTARIO CA 91764

ALLAN E GLUCK
N AMERICAN COMM REAL EST
123 S. FIGUEROA ST STE 190 B
LOS ANGELES CA 90012-5517

JOE GRINDSTAFF
MONTE VISTA WATER DISTRICT
P.O. BOX 71
MONTCLAIR CA 91763-0071

JACK HAGERMAN
CALIFORNIA INSTITUTION FOR MEN
4158 CENTER ST
NORCO CA 91760

DEBRA HANKINS
GENERAL ELECTRIC COMPANY
114 SANSOME ST14TH FL
SAN FRANCISCO CA 94104

RICK HANSEN
THREE VALLEYS M W D
P.O. BOX 1300
CLAREMONT CA 91711

DONALD HARRIGER
CHINO BASIN WATERMASTER BOARD
P.O. BOX 5286
RIVERSIDE CA 92517-5286

CARL HAUGE
DEPT OF WATER RESOURCES
1020 9TH ST 3RD FL
SACRAMENTO CA 95814

SCOTT HENDRIX
ARROWHEAD WATER COMP
5772 JURUPA RD
ONTARIO CA 91761-3672

ATTORNEY AT LAW
HIGGS FLETCHER & MACK
401 W A STREET
SAN DIEGO CA 92101-7908

PAUL HOFER
CHINO BASIN WATERMASTER BOARD
11248 S TURNER AVE
ONTARIO CA 91761

EDWIN JAMES
JURUPA COMMUNITY SERVICES DIST
8621 JURUPA RD
RIVERSIDE CA 92509-3229

NINA JAZMADARIAN
METROPOLITAN WATER DISTRICT
P.O. BOX 54153
LOS ANGELES CA 90054-0153

KEN JESKE
CITY OF ONTARIO
1425 S BON VIEW AVE
ONTARIO CA 91761-4406

JOSEPHINE JOHNSON
CHINO BASIN WATERMASTER BOARD
3635 RIVERSIDE DR
CHINO CA 91710

BARRETT KEHL
CHINO BASIN WATER CONS DIST
P.O. BOX 2400
MONTCLAIR CA 91763-0900

VERN KNOOP
DEPT OF WATER RESOURCES
770 FAIRMONT AVE
GLENDALE CA 91203-1035

GENE KOOPMAN
CHAIRMAN-ADVISORY COMMITTEE
13898 ARCHIBALD AVE
ONTARIO CA 91761-7979

J KOPALD & L HAIT
KOPALD & MARK
8888 OLYMPIC BLVD
BEVERLY HILLS CA 90211

MANAGER
KRONICK MOSKOVITZ TIEDEMANN & GIRARD
400 CAPITOL MALL 27TH FL
SACRAMENTO CA 95814-4417

A.A. KRUEGER
CHINO BASIN WATERMASTER BOARD
3736 TOWNE PARK CR
POMONA CA 91767

KENNETH KULES
METROPOLITAN WATER DISTRICT
P.O. BOX 54153
LOS ANGELES CA 90054-0153

ARTHUR LITTLEWORTH
BEST BEST & KRIEGER
P.O. BOX 1028
RIVERSIDE CA 92501

ALAN MARKS
CTY OF SAN BRDO CTY COUNSEL
157 W 5TH ST
SAN BERNARDINO CA 92415

MIKE MCGRAW
FONTANA WATER COMPANY
P.O. BOX 987
FONTANA CA 92334-0887

DAN MCKINNEY
REID & HELLYER
P.O. BOX 1300
RIVERSIDE CA 92502-1300

BILL MILLS
ORANGE COUNTY WATER DIST
P.O. BOX 8300
FOUNTAIN VALLEY CA 92728-8300

RUBEN MONTES
SAN BERNARDINO CTY FLD CONT DIST
825 E THIRD ST
SAN BERNARDINO CA 92415

JIM MOODY
CITY OF UPLAND
P.O. BOX 460
UPLAND CA 91786-0460

CHRIS NAGLER
DEPT OF WATER RESOURCES
770 FAIRMONT AVE SUITE 102
GLENDALE CA 91203-1035

ROBERT NEUFELD
CHINO BASIN WATERMASTER BOARD
11217 TERRA VISTA "B"
RANCHO CUCAMONGA CA 91730

DANA OLDENKAMP
MILK PRODUCERS COUNCIL
3214 CENTURION PL
ONTARIO CA 91761

ROBERT OLISLAGERS
CNTY OF SAN BERNARDINO
7000 MERRILL AVE BOX 1
CHINO CA 91710-9027

BOB PAGE
DAILY BULLLETIN
P.O. BOX 4000
ONTARIO CA 91761

HENRY PEPPER
POMONA - PUBLIC WORKS DEPARTMENT
P.O. BOX 660
POMONA CA 91769-0660

JEFFREY PIERSON
UNITEX MGMT CORP/CORONA FARMS
3090 PULLMAN ST STE 209
COSTA MESA CA 92626

ROBB D QUINCEY
CHINO BASIN MWD
P.O. BOX 697
RCHO CUCA CA 91729-0697

LEE R REDMOND III
KAISER VENTURES INC
3633 E INLAND EMP BLVD STE 850
ONTARIO CA 91764

BILL RICE
RWQCB - SANTA ANA REGION
3737 MAIN ST STE 500
RIVERSIDE CA 92501-3339

DAVID RINGEL
MONTGOMERY WATSON
P.O. BOX 7009
PASADENA CA 91109-7009

ARNOLD RODRIGUEZ
SANTA ANA RIVER WATER CO
10530 54TH ST
MIRA LOMA CA 91752-2331

GLEN ROJAS
CITY OF CHINO
P.O. BOX 667
CHINO CA 91708-0667

MICHAEL RUDINICA
RBF & ASSOCIATES
14725 ALTON PARKWAY
IRVINE CA 92619-7057

MANAGER
RUTAN & TUCKER
611 ANTON BLVD STE 1400
COSTA MESA CA 92626

PATRICK SAMPSON
P.O. BOX 660
POMONA CA 91769

JOSEPH C SCALMANINI
500 FIRST ST
WOODLAND CA 95695

JOE SCHENK
CITY OF NORCO
P.O. BOX 428
NORCO CA 91760-0428

DONALD SCHROEDER
CHINO BASIN WATERMASTER BOARD
3700 MINTERN
RIVERSIDE CA 92509

DAVID SCRIVEN
KRIEGER & STEWART
3602 UNIVERSITY AVE
RIVERSIDE CA 92501

CHARLES SIHLER
CITY OF POMONA PUBLIC WORKS DEPT.
P.O. BOX 660
POMONA CA 91769-0660

GUS JAMES SKROPOS
CHINO BASIN WATERMASTER BOARD
303 E B ST
ONTARIO CA 91764

MARILYN SMITH
SECRETARY TO THE ONTARIO CITY COUNCIL
303 E "B" STREET
ONTARIO CA 91764

MICHAEL SMITH
NICHOLS STEAD BOILEAU & KOSTOFF
223 W FOOTHILL BLVD #200
CLAREMONT CA 91711-2708

MS. PHIL SMITH
STATE OF CA
P.O. BOX 942883
SACRAMENTO CA 94283-0001

BILL STAFFORD
MARYGOLD MUTUAL WATER CO
9715 ALDER ST
BLOOMINGTON CA 92316-1637

DAVID STARNES
MOBILE COMMUNITY MGMT CO
1801 E EDINGER AVE STE 230
SANTA ANA CA 92705

MIKE STENBERG
PRAXAIR
6735 AIRPORT DR
ONTARIO CA 91761

ED STRAUB
CALIFORNIA SPEEDWAY
P.O. BOX 9300
FONTANA CA 92334-9300

SWRCB
DIVISION OF WATER RIGHTS
P.O. BOX 2000
SACRAMENTO CA 95809-2000

LENNA TANNER
CITY CLERK - CITY OF CHINO
P.O. BOX 667
CHINO CA 91708-0667

JIM TAYLOR
CITY OF CHINO HILLS
2001 GRAND AVE
CHINO HILLS CA 91709-4868

JERRY THIBEAULT
RWQCB - SANTA ANA REGION
3737 MAIN ST STE 500
RIVERSIDE CA 92501-3339

MICHAEL THIES
SPACE CENTER MIRA LOMA INC
3401 S ETIWANDA AVE BLDG 503
MIRA LOMA CA 91752-1126

ANNE T THOMAS
BEST BEST & KRIEGER
P.O. BOX 1028
RIVERSIDE CA 92502-1028

JOHN THORNTON
PSOMAS AND ASSOCIATES
3187 RED HILL AVE, SUITE 250
COSTA MESA CA 92626

SUSAN TRAGER
LAW OFFICES OF SUSAN M TRAGER
2100 SE MAIN ST STE 104
IRVINE CA 92614-6238

HAROLD TREDWAY
10841 PARAMOUNT BLVD
DOWNEY CA 90241

ARLAN VAN LEEUWEN
FAIRVIEW FARMS
6829 PINE AVE
CHINO CA 91709

GEOFFREY VANDEN HEUVEL
CHINO BASIN WATERMASTER BOARD
7551 KIMBALL AVE
CHINO CA 92710-9269

ERICK VAUGHN
ANGELICA RENTAL SERVICE
P.O. BOX 1209
BREA CA 92822-1209

WILLIAM C. WALKER JR.
CHINO BASIN WATERMASTER BOARD
3768 E GRAND AVE
POMONA CA 91766

JAMES WARD
THOMPSON & COLGATE
P.O. BOX 1299
RIVERSIDE CA 92502

MARK WARD
AMERON INTERNATIONAL
13032 SLOVER AVE
FONTANA CA 92335-6990

RAY WELLINGTON
SAN ANTONIO WATER COMPANY
139 N EUCLID AVE
UPLAND CA 91786-6036

CHARLES R. WHITE
DEPT WATER RESOURCES-SO DIST
770 FAIRMONT AVE
GLENDALE CA 91203-1035

MICHAEL WHITEHEAD
SAN GABRIEL VALLEY WATER CO
P.O. BOX 6010
EL MONTE CA 91734

MARK WILDERMUTH
WILDERMUTH ENVIRONMENTAL INC
415 N EL CAMINO REAL STE A
SAN CLEMENTE CA 92672

JEROME WILSON
CHINO BASIN WATERMASTER BOARD
6035 FALLING TREE LN
ALTA LOMA CA 91737