FEE EXEMPT

ELLISON, SCHNEIDER & HARRIS L.L.P. 1 Anne J. Schneider, Esq. (Bar No. 72552) 2 2015 H Street Sacramento, California 95814-3109 3 Telephone: (916) 447-2166 4 SPECIAL REFEREE FILED - West District San Bernardino County Clerk 5 SEP 2 6 2000 6 By _ Swanthing 7 8 SUPERIOR COURT OF THE STATE OF CALIFORNIA 9 COUNTY OF SAN BERNARDINO, RANCHO CUCAMONGA DIVISION 10 CHINO BASIN MUNICIPAL WATER CASE NO. RCV 51010 11 DISTRICT. 12 Judge: Honorable J. Michael Gunn Plaintiff. 13 REPORT AND RECOMMENDATION CONCERNING MOTION TO EXTEND NINE-MEMBER BOARD 14 THE CITY OF CHINO. 15 Date: September 28, 2000 Defendants. Time: 2:00 p.m. Dept: 8 16 17 I. 18 INTRODUCTION 19 20 Background On April 29, 1997, I was appointed Special Referee to prepare a report and recommendation 21 22 on two then-pending motions: Motion for Order That Audit Commissioned by Watermaster Is Not a Watermaster Expense and Motion to Appoint Nine-Member Watermaster Board. At the same 23 24 time, the Court appointed the California Department of Water Resources (subject to its acceptance and agreement on mutually acceptable terms) as Interim Watermaster. In my Report and 25 Recommendation filed with the Court on December 15, 1997, I recommended the Court set aside 26 its previous order appointing the California Department of Water Resources as Interim Watermaster 27 and instead appoint a nine-member board as Watermaster for an interim period of 24 months. I 28

noted that the opposing parties' fear and prediction that the nine-member board would be controlled by the Advisory Committee was not a sufficient basis for concluding that a compelling reason existed not to appoint the proposed board. I cautioned, however, that the events leading up to the motion for appointment of a nine-member board demonstrated a need for additional Court guidance and oversight of Watermaster and its optimum basin management program ("OBMP") process. I advised the Court that it was apparent that the independent Watermaster functions contemplated in the Judgment had not been carried out effectively by the then-existing Watermaster and that they may not be carried out effectively by the interim board. I also advised the Court that if the nine-member board were to function successfully, the board would provide the Court with an OBMP before the end of the 24-month period.

B. Appointment of Nine-Member Board for Interim Period

In its order dated February 19, 1998, my recommendation was accepted, and the Court appointed a nine-member board consisting of representatives from the Overlying (Agricultural) Pool, the Overlying (Non-Agricultural) Pool, the Appropriative Pool, and three municipal water districts to serve as Interim Watermaster. The Court also ordered the Interim Watermaster to notice a hearing on or before October 28, 1999, to consider all parties' input as to the continuance of the nine-member board. The Court informed the parties that one of the measures that would be used in determining whether or not the nine-member board is able to function independently would be the progress on the adoption of an optimum basin management program.

Watermaster was directed "to develop an optimum basin management program, which encompasses the elements of the implementation program recommended by the task force (the Chino Basin Water Resources Management Task Force, which issued its Chino Basin Water Resources Management Study Final Summary Report in September 1995) and the implementation elements discussed at the recent hearing conducted by Special Referee Schneider." The Court also ordered Watermaster to make quarterly progress reports to the Court. The OBMP was to be submitted to the Court no later than September 30, 1999 and a hearing was set on October 28, 1999 to consider whether to approve and order full implementation of the program.

The deadline for approval of the OBMP was continued several times. The Court finally

approved the OBMP, consisting of the Phase I Report and Implementation Plan, subject to certain conditions precedent, on July 13, 2000. The hearing on the extension of the nine-member board appointment has also been continued several times, until September 28, 2000, so that all conditions precedent can have been satisfied before the extension of the appointment is heard.

C. Motion before the Court

As Interim Watermaster, the nine-member board has filed a Motion to Extend the Nine-Member Board for a Full Five-Year Term. The motion requests the Court to order that the current nine-member structure of the Watermaster Board continue in effect for a full five-year term. Watermaster asserts that all of the conditions precedent set forth in the Court's July 13, 2000 order have been satisfied:

- 1. Unanimous approval of the Peace Agreement was obtained by August 1, 2000. On August 3, 2000, the Watermaster Board "adopted" the Agreement. However, Western Municipal Water District's "ratification" of the Agreement was not unconditional. Watermaster reports the need for further negotiations related to the purchase of desalted water. A negotiated settlement of this issue is expected to be presented at the hearing on September 28, 2000.
- Certification of the Programmatic Environmental Impact Report ("PEIR") was completed on July 12, 2000.
- 3. The California Legislature has appropriated \$235,000,000 for the benefit of the Santa Ana Watershed Project Authority ("SAWPA") and allocated this sum to the State Water Resources Control Board ("SWRCB") for distribution. SAWPA has submitted an application to SWRCB for distribution of these funds, including \$56,000,000 to be used to fund the Chino II desalter and an expansion of the Chino I desalter. Watermaster's motion did not explain how the \$121,000,000 condition precedent is satisfied. It would be helpful to have Watermaster Counsel provide a report on funding status at the September 28, 2000 hearing.
- Watermaster has submitted a schedule for its adoption and Court approval of Revised
 Rules and Regulations (to be accomplished no later than December 31, 2000.)

Watermaster proposes to present draft revised rules and regulations to the Joint Pools and the Advisory Committee on October 12, 2000, to obtain Joint Pool and Advisory Committee approval on November 16, 2000, and to obtain Watermaster Board approval on November 30, 2000. The Court will set a date for a hearing on the Revised Rules and Regulations and Court approval.

- 5. Watermaster has submitted a draft pro forma implementation schedule and a proposed process for submission to the Court of detailed periodic reports regarding implementation of the OBMP. As noted in the discussion below, this draft implementation schedule is not complete. Watermaster proposes that its first progress report will be submitted on October 31, 2000. Watermaster proposes that its second progress report will be submitted on January 31, 2001, in conjunction with the annual report. Thereafter, Watermaster proposes to submit progress reports to the Court every six months.
- 6. Watermaster anticipates Court approval of all Judgment modifications in furtherance of the OBMP. (See Special Referee's September 13, 2000 Report and Recommendation Regarding Watermaster's Motion to Amend Judgment as to the need for additional briefing concerning Judgment modifications.)

Watermaster seeks an order stating that:

- The current nine-member structure of the Watermaster Board shall continue in effect for a full five-year term.
- 2. Watermaster is authorized to perform all managerial and administrative functions as specified in the Judgment, including the execution of all administrative and employment contracts.
- 3. Watermaster shall propose a schedule for rotation of its Board members no later than October 31, 2000.

The City of Chino has filed an Opposition to Motion to Extend the Nine-Member Board for a Full Five-Year Term. Although it supports the continuation of the current nine-member board structure, the City of Chino seeks Court guidance with respect to the establishment of "criteria,"

procedures and schedules for the rotation of Appropriative Pool members" serving on the nine-member board. The City of Chino claims that the members of the Appropriative Pool have been unable to reach unanimity on the issue of rotation on the nine-member board.

The City of Chino therefore proposes that the Court order continuation of the current nine-member structure of the board, subject to the establishment of criteria, procedures and a schedule for rotation which would require that total long-term length and frequency of service by all entities represented by Appropriative Pool members on the board since its inception would be "as equal as possible, consistent with all other criteria." Sequence of service would be rotated so that no entity would be represented on the board again until all other eligible entities have served one term on the board. Duplication of representation would be avoided. Finally, continuity of representation of Appropriative Pool members would be assured by selection of staggered terms for Appropriative Pool members.

The Appropriative Pool has scheduled a meeting to discuss the issue of rotation before the September 28, 2000 hearing.

II

DISCUSSION

A. Extension of Appointment of Nine-Member Board

It is not clear from the moving papers whether the appointment sought is for an additional three years, or whether the appointment sought is for a new term of five years. However, the language used in the moving papers suggests that the board expects that the term of the interim appointment will be included in the board's first full five-year term. This would also be consistent with the Court's February 19, 1998 Ruling appointing the board for an interim period beginning on March 1, 1998 and ending on June 30, 2000.

Pursuant to the Court's February 19, 1998 Ruling, the nine-member board shall consist of (1) two members from the Overlying (Agricultural) Pool appointed by the Overlying (Agricultural) Pool; (2) one member from the Overlying (Non-Agricultural) Pool appointed by the Overlying (Non-Agricultural) Pool; (3) three members from the Appropriative Pool appointed by the Appropriative Pool; (4) one member appointed by the Board of Three Valleys Municipal Water

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District; (5) one member appointed by the Board of Western Municipal Water District; and (6) one member appointed by the Board of Chino Basin Municipal Water District.

The Court's February 19, 1998 Ruling provides that "[e]xcept as to members of the first Watermaster Board, Watermaster Board members shall serve staggered three-year terms." At least 60 days prior to the end of the Interim Appointment, each Pool and the three municipal water districts were directed to extend the term of one member for one year and the term of a second member for two years. The appointments by the "Municipal Water District boards, the Appropriative Pool and the Overlying (Non-Agricultural) Pool shall be made on a rotating basis with all members afforded an equal opportunity to serve." "Appointments by the Overlying (Agricultural) Pool shall be rotated among categories of agricultural producers with each category of producers having an equal opportunity to serve. The State of California shall be included as one of the categories of producers rotating from the Overlying (Agricultural) Pool, unless the State of California is currently serving in a vacant municipal water district position."

The members of the Watermaster Board shall vote on a one-person, one-vote basis. "If one of the three municipal water districts elects not to serve ... a representative from the State of California will be seated in its place. Any member of the Appropriative Pool which owns or has a controlling interest in another member of the Appropriative Pool will not be allowed to serve concurrently with said other member of the Appropriative Pool on the Watermaster Board." "No individual will be allowed to serve concurrently on the Watermaster Board while serving as a member of the Advisory Committee and/or the respective Pool Committee, with the exception of representatives from the Overlying (Non-Agricultural) Pool. This shall not prevent the same member agency or entity with a representative on the Chino Basin Advisory Committee from appointing a different representative to the Watermaster Board. Additionally, participating agencies with governing bodies are strongly encouraged to have elected officials serve as their representative on the Watermaster Board."

The City of Chino's proposal for criteria, procedures, and a schedule appears to be consistent with the requirements of the Court's February 19, 1998 Ruling. The City of Chino's Opposition notes, however, that "the members of the Appropriative Pool have been unable to reach any

 unanimity of agreement on such rotation." A review of the Appropriative Pool Committee Rules and Regulations indicates that the Appropriative Pool can conduct its business on the basis of one vote per member or by weighted vote. In other words, the Appropriative Pool Committee Rules and Regulations do not require unanimity.

B. Adoption of Revised Rules and Regulations for the Chino Basin

The Peace Agreement regarding the Chino Groundwater Basin, dated June 29, 2000 ("Peace Agreement"), calls for specific provisions to be adopted with respect to numerous issues, including the following:

- Recharge and Replenishment: (a) establish criteria for the use of water from different sources for replenishment; (b) establish procedures to ensure proper accounting; (c) adopt a policy that will ensure that areas of declining groundwater will be supplied with recharge; (d) prepare annual accounting.
- Storage and Recovery: (a) adopt procedures for Watermaster regulation of storage capacity; (b) adopt uniform Local Storage Agreement for Supplemental Water; (c) establish procedures and adopt forms for giving public notice of applications for storage and recovery and providing for public hearings and judicial review of Watermaster decisions; (d) adopt procedures for Watermaster to establish limits on water held in storage; (e) adopt procedures for Watermaster to regulate conditions of storage and recovery; (f) provide for judicial review of storage and recovery agreements.
- Transfers: (a) adopt procedures for providing advance notice of proposed transfers,
 along with a public hearing and judicial review.
- Assessments, Credits and Reimbursements: (a) adopt procedures to evaluate requests
 for OBMP credits against future OBMP assessments; (b) assign salt credits to
 members of Appropriative Pool; (c) provide for assessments for meters.

The Peace Agreement thus presages revisions to the Rules and Regulations for Chino Basin.

The existing Rules and Regulations for the Basin consist of the following:

• Chino Basin Watermaster Rules and Regulations (Articles I through III) as amended

from time to time, including by Resolution No. 98-7, Resolution No. 96-6, Resolution No. 85-2, Resolution 78-1 and Watermaster Rules and Regulations Concerning Well Meter Testing (adding Rule 3.07.1.)

- Chino Basin Watermaster Uniform Groundwater Storage Rules and Regulations
 (Parts 1 through 4 and Forms 1 through 6.)
- Overlying (Non-Agricultural) Pool Committee Rules and Regulations (Articles I & II.)
- Overlying (Agricultural) Pool Committee Rules and Regulations (Articles I & II)
- Appropriative Pool Committee Rules and Regulations (Articles 1 & 2.)
- Watermaster Advisory Committee Rules and Regulations (Articles 1 & 2)

A review of the notices sent for recent meetings held by the Joint Pools and Advisory Committee demonstrates the need for Watermaster to conduct a comprehensive review and revision of the Rules and Regulations for Chino Basin. Some issues raised by the notices are minor. For example, it has been proposed that the time for election of officers for each pool committee and the advisory committee be changed from the first meeting each year to the meeting held in October of each year in order that it coincide with the assessment package and calculation of volume vote. This is logical, but both the Judgment and the current rules and regulations contain provisions respecting these issues. The Judgment at ¶ 37 (a) provides that at "its first meeting in each year, each Pool Committee and the Advisory Committee shall elect [officers]...." The Judgment at ¶ 37 (b) provides that the Pool and Advisory Committee rules will specify meeting places and times. Although this is a minor issue, it points to the fact that a comprehensive revision of the Rules and Regulations for Chino Basin is necessary, and that Watermaster must be mindful of both Judgment provisions and existing rules and regulations.

A more substantive example is the recent approval of requests for the recapture of stored water and for transfer of stored water from one appropriator to another. Recognizing the lack of rules and regulations implementing the Peace Agreement, Watermaster devised a form of notice of transfer of water. It is unclear whether the form was approved by the Advisory Committee; however, it seems to have served its function. In response to the notice, comments were filed with the Chief

of Watermaster Services noting certain deficiencies in the application and pointing out the need for the development of uniform procedures and processes which will permit the timely analysis of such transfers.

The Chino Basin Watermaster Uniform Groundwater Storage Rules and Regulations contain specific provisions with respect to applications for storage. Rule 2.5 provides that "[a]ny party desiring to store supplemental water in the Chino Basin for subsequent recapture shall file an application with Watermaster (see Form 1 attached) setting forth the applicant's proposed method of operation, the maximum amount of water sought to be stored, the proposed method of storage and the facilities contemplated therefor." Under Rule 2.8, Watermaster is obligated to make continuing studies and adopt appropriate procedures and recommendations to minimize losses of stored water in Chino Basin. As to Local Storage, under Rule 2.1 Watermaster is directed to "make an initial determination of Local Storage Requirements, which have priority and preference over use of storage capacity for export." Watermaster is given authority under the rules to review and to revise outstanding Local Groundwater Storage Agreements, and "redetermine, if appropriate, the Local Storage Requirement. Any such redetermination shall likewise" be confirmed by Watermaster resolution. (Rule 2.4.)

There is presently pending before Watermaster a request to reclassify 33,009.165 acre-feet of water in a local storage account to supplemental water "nunc pro tunc." While the requester offers a formula to be used by the Watermaster in determining whether or not to approve said request, it is not clear that the present rules and regulations provide for such a "reclassification." It is important that Revised Rules and Regulations for Chino Basin be in place before Watermaster addresses such a request, and that Watermaster not proceed without clear and comprehensive regulations upon which to base its actions.

At my request, Joe Scalmanini has reviewed the Peace Agreement with a revision of the rules and regulations in mind. Mr. Scalmanini made several comments and recommendations. There are new definitions introduced in the Peace Agreement. Setting aside the question whether amendment of the Judgment is required, it is important that the Revised Rules and Regulations for Chino Basin include all the definitions contained in the Peace Agreement as well as the definitions contained in

the Judgment. The Revised Rules and Regulations should address issues raised by the new definitions. For example, the definition of "New Yield" includes desalted water from Chino Desalter I and Chino Desalter II as one of the components, in contrast to the fundamental presumption that desalters were intended to preserve existing pumping (and thus safe yield) as agricultural land use changes to municipal land use. Section 4.5 of the Peace Agreement provides that Exhibit I to the Judgment shall be construed to authorize Watermaster to include New Yield as a component of Operating Safe Yield. The Revised Rules and Regulations should clarify the definition of "New Yield" and provide detail that will support the expansion of "Operating Safe Yield" to include "New Yield." The Revised Rules and Regulations should provide a clear and comprehensive basis for Watermaster accounting of all water extracted from, added to, and stored in the Chino Basin, and inclusion of clear and complete definitions in the Revised Rules and Regulations will make this task manageable, and will facilitate redetermination of Safe Yield in the future.

The Revised Rules and Regulations should support Watermaster's actions and activities related to specific provisions in the Peace Agreement. For example, Peace Agreement Sections 5.1(e)(iii) and (viii), which specify that Watermaster shall exercise its best efforts to direct recharge relative to production in each area and sub-area of the Basin to achieve long term balance within all areas and sub-areas of the Chino Basin, and to maintain long-term hydrologic balance between total recharge and discharge within all areas and sub-areas, should be supported by rules and regulations describing how Watermaster will assess whether this goal is being achieved.

The Revised Rules and Regulations should encompass Peace Agreement Section 5.1(g), which specifies that Watermaster shall arrange for the recharge of 6,500 acre feet per year of supplemental water in one or more of three spreading facilities for a period of five years. There is no technical analysis supporting these arrangements. The rules and regulations might clarify, for example, that these recharge activities will be evaluated as part of the Recharge Master Plan effort (OBMP Program Element 2.)

Similarly, the Revised Rules and Regulations should address the 50,000 acre feet limit on cumulative local storage (Peace Agreement Sections 5.2(b)(iv) and (vii)) and how that limit will be imposed. The rules should resolve the discrepancy between the Peace Agreement and the

Implementation Plan regarding the initial target for the cumulative quantity of water to be stored (500,000 acre feet in addition to existing storage vs. 500,000 acre feet including existing storage accounts) pursuant to Recharge and Recovery programs. The rules should specify how Ag Pool underproduction will be calculated and include a technical explanation of the change in the calculation of converted water rights. These are examples of what the Revised Rules and Regulations should cover; obviously this is not a comprehensive list.

C. Periodic Reporting Requirements

Watermaster asserts that formal reports to the Court consume a considerable amount of time, therefore periodic progress reports should be limited to twice a year. Watermaster proposes to submit its first progress report to the Court on October 31, 2000. Watermaster proposes to submit a second progress report on January 31, 2001, and thereafter, every six months.

Requiring the parties to provide the Court with frequent progress reports on implementation of the OBMP will serve the Court in its continuing jurisdiction, and will serve to ensure that the Watermaster is performing its independent function and keeping to the schedule adopted for OBMP implementation. Because the Implementation Plan does not describe how Watermaster will routinely demonstrate that the Implementation Plan is being carried out and that implementation of the OBMP is resulting in water quality improvements, regular and forthcoming reporting by Watermaster is essential. Elaborate reports are not required. Rather, a simple method may be devised to communicate to the Court, and regular reporting can effectively be coupled with regular Court hearings. I recommend that regular reports be made as follows:

Report No. 1	March 31, 2001
Report No. 2	September 30, 2001
Report No. 3	March 31, 2002
Report No. 4	September 30, 2002
Report No. 5	March 31, 2003
Report No. 6	September 30, 2003

Report No. 6 would coincide with the end of the appointment of the Nine-Member Board, and would be the basis for consideration of continuing the appointment. The Court can, as it sees fit, schedule hearings to coincide with some or all of these reports. Alternatively, the Court may from time to time direct the Special Referee to conduct a workshop in lieu of a court hearing. The

- Complete Implementation Schedule and Corresponding Budget. (See discussion below.)
- Initial Status of Program Elements. A complete description of initial actions underway toward implementation of the various Program Elements, e.g., summary of specifications and contracts for meter installations; scope and contract for completion of the Recharge Master Plan; scope and budgets for various components of desalter expansion/new construction (wells, transmission pipelines, desalter facilities, waste discharge lines, distribution piping); explanation of Agricultural Pool underproduction and transfer, etc.
- Issues and Problems. A summary of any problems which impact the timely implementation and/or operation of any aspects of the OBMP, e.g., water level impacts of desalter well operation on existing water supply wells.
- Baseline Groundwater Basin Conditions. Based on historical monitoring, describe "baseline" groundwater basin conditions (water levels, water quality, pumpage, subsidence, storage, etc.) against which future groundwater basin conditions, and thus the effectiveness of the OBMP, can be measured.
- Compliance with PEIR. A summary of all the mitigation measures in the PEIR and indication of how they will be satisfied, particularly as related to timely construction/installation of facilities that are critical to implementation of the OBMP, e.g., individual well and desalter sites, pipeline routes, recharge basins, etc.

Reports Nos. 2 - 6

- Schedule Status. A summary of actual vs. projected schedule (such as the Exhibit "E" chart, revised to include all the OBMP Program Elements) to give the Court a sense of accomplished progress versus what is projected at the present time.
- Budget Status. A summary of actual budget expenditures vs. projected budget requirements/commitments to give the Court a sense of accomplished progress in terms of work completed relative to budget expenditures; this would also give the Court a sense of budget adequacy (whether there are any budget-related constraints to implementation of any of the

Program Elements or, conversely, any budget-related improvements as a result of outside funding, fees for use of basin storage, etc.)

- Status of Program Elements. A summary of progress on each of the Program Elements, including description of any problems which are encountered that impede progress on implementation to give the Court a sense of work completed as well as work ongoing toward implementation (e.g., meters installed, wells measured for water levels and/or sampled for water quality, details of completed parts of the Recharge Master Plan, desalter well field design and construction, desalter design, transfer and/or storage agreements, etc.)
 - Groundwater Basin Conditions. Based on ongoing monitoring of the basin (Program Element 1), describe conditions in the basin in the context of the OBMP (changes as a result of implementing the OBMP), including groundwater levels and trends throughout the basin, groundwater quality and trends throughout the basin, pumpage by Pool as well as by distribution in Management Zones (or other subareas of the basin), distribution of recharge by Management Zones (or other subareas of the basin), land subsidence, groundwater storage including any water stored pursuant to Program Elements 8 or 9, etc. This section of ongoing progress reports should give the Court a sense of the technical success of the OBMP, in terms of whatever has been accomplished to date as well as what is underway (in design, in construction, etc.) It should also include an assessment of the effectiveness of the OBMP as originally conceived in the context of how the basin actually responds; in that light, as appropriate, it should include a discussion of evolving needs to modify the OBMP when basin conditions so dictate.
- Ongoing Compliance with EIR. A summary of the status of addressing all of the required
 mitigation measures in the EIR, in the context of construction or installation of facilities that
 are critical to implementation of the OBMP, e.g., individual well and desalter sites, pipeline
 routes, recharge basins, etc.

D. Schedule and Budget Reporting

Watermaster submitted the Exhibit "E" "Draft Implementation Schedule for the Chino Basin Optimum Basin Management Program" chart which identifies in detail tasks to be accomplished to

implement the OBMP, including start and finish dates for each task. This is a key document. Another key document is Table 4-14 contained in the Phase I Report, which sets forth a complete schedule of estimated budget commitments for OBMP implementation. These two pro forma documents could serve well as the basis of reporting regularly to the Court and the public.

Exhibit "E" has glaring omissions. Even though it purports to include tasks to be done by Watermaster as well as tasks to be "done by others to implement the OBMP under the review of Watermaster," there are no tasks listed for, nor any mention of, Program Elements 3 and 5, which include desalters. There is no mention of the mitigation measures contained in the Programmatic Environmental Impact Report. Exhibit "E" does not include monitoring of agricultural production meters. There are additional omissions that are apparent if the Implementation Plan is compared to Exhibit "E."

Exhibit "E" would be an appropriate tool to keep track of the OBMP Implementation Plan projections that at least 40,000 acre feet per year of desalting capacity is needed to maintain safe yield.

The Peace Agreement predicates any future desalting capacity on a reevaluation of the need for additional desalting after the earlier of ten years or the conversion of 20,000 acres of agricultural land. (If the agricultural water duty is 2.0 acre feet per acre per year, by the time 20,000 acres of agricultural land is converted, agricultural pumping will have been reduced by the 40,000 acre feet per year envisioned in the OBMP Phase I Report and in the Implementation Plan. If the numbers are even close to correct, there could have been a significant impact on Safe Yield as a result of that conversion, but a "reevaluation" of the need for desalting will not yet have been done.)

Exhibit "E" should be an evolving document. It includes preparation of, for example, the Recharge Master Plan. The schedule will have to be revised at such time as that plan is completed, to show specific recharge projects, quantities, and timing. A table such as Table 4-14 would also track these developments and include corresponding budget information for the specific programs.

E. Watermaster Compliance with Established Procedures for Judicial Review and Enforcement

Part and parcel with the need to adopt a revised set of rules and regulations to guide the

Watermaster in performing its duties, Watermaster must be mindful that in implementing the OBMP it is acting in a manner consistent with the Judgment and with the Court's previous orders with respect to procedures to be used for judicial review and enforcement of Watermaster actions. It appears that Watermaster has been at times inattentive to procedures heretofore adopted by the Court.

For example, pursuant to the Court's Order Re Intervention Procedures dated July 14, 1978, Watermaster may accept petitions in intervention and accumulate them for subsequent filing from time to time in an ex parte court proceeding. Watermaster may also take all administrative steps pertaining to the Judgment, but no assessments may be imposed on intervenors until the Court has entered a formal order. Thus, while it may be appropriate for Watermaster to accumulate intervention petitions to present to the Court on an annual basis, an application for order approving the interventions is required. Including a list of new intervenors in the annual report is not adequate; a separate court order approving the interventions must be obtained.

Under the Court's "Order Approving the Uniform Local Storage Agreement; Amplifying and Clarifying Procedures under Paragraph 28 of the Judgment; Approving a Cyclic Storage Agreement" dated January 5, 1979, a standard form of Local Storage Agreement has been approved for use by Watermaster without further Court approval; however Court approval must be obtained for each groundwater storage agreement for cyclic and/or conjunctive use before it shall become effective. The notices of recent pool meetings suggest that additional forms of storage agreement may be needed. Should the parties wish to modify the standard form of Local Storage Agreement, or adopt additional standard forms, Court approval is required under the Judgment. Plainly, the Court's January 5, 1979 Order requires each agreement for cyclic and/or conjunctive use to be submitted for Court approval. Watermaster should bear this in mind in adopting Revised Rules and Regulations.

This, again, is not a comprehensive discussion. One of the conditions precedent in the Court's July 13, 2000 Order is obtaining Court approval of Revised Rules and Regulations for Chino Basin by December 31, 2000. The Watermaster's proposed schedule is to present draft rules and regulations to Joint Pools and Advisory Committee on October 12, 2000, to obtain Joint Pool and Advisory Committee approval on November 16, 2000, and to obtain Watermaster Board approval

1	on November	30, 2000. A hearing date shall be set by the Court.
2		III
3	-	RECOMMENDATION
4	It is m	y recommendation that the nine-member board be appointed for an additional three
5	years, until Se	eptember 30, 2003, subject to the following directions:
6	1.	Watermaster adoption and Court approval of Revised Rules and Regulations for
7		Chino Basin by December 31, 2000. (The Court should set a hearing date for
8		approval of the Revised Rules and Regulations at the September 28, 2000 hearing.)
9	2.	Submission of Reports Nos. 1 through 6 in accordance with the schedule set forth in
10		the discussion above.
11	3.	Inclusion in such reports of schedule and budget information essentially in a form
12		equivalent to Exhibit "E" and Table 4-14 of the Phase I Report.
13		
14	Dated:	September 25, 2000
15		,
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17		Anne J. Schneider, Special Referee
18		rumo 3. Dominico, Special resideo
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PROOF OF SERVICE

I declare that:

I am employed in the County of San Bernardino, California. I am over the age of 18 years and not a party to the within action. My business address is Chino Basin Watermaster, 8632 Archibald Avenue, Suite 109, Rancho Cucamonga, California 91730; telephone (909) 484-3888.

On September 26, 2000, I served the attached:

Chino Basin Watermaster Hearing Date: 9/28/2000 2:00 p.m.

• REPORT & RECOMMENDATION CONCERNING MOTION TO EXTEND NINE-MEMBER BOARD

in said cause, by placing a true copy thereof enclosed with postage thereon fully prepaid, for delivery by United States Postal Service mail at Rancho Cucamonga, California, addressed as follows:

See attached service lists:

- Attorney Service List
- Mailing List A

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed at Rancho Cucamonga, California, on September 26, 2000.

Muhelle hard D

Md L

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