

FEE EXEMPT

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8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **FOR THE COUNTY OF SAN BERNARDINO – RANCHO CUCAMONGA DISTRICT**
10

11 CHINO BASIN MUNICIPAL WATER
DISTRICT,

12
13 Plaintiff,

14 v.

15 CITY OF CHINO, et al.,

16 Defendants.
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18
19

CASE NUMBER: RCV 51010

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

**CITY OF CHINO'S OPPOSITION TO
WATERMASTER'S MOTION
REGARDING 2015 SAFE YIELD RESET
AGREEMENT, AMENDMENT OF
RESTATED JUDGMENT, PARAGRAPH 6**

[Filed concurrently with Objections to
Declaration of Mark Wildermuth and Proposed
Order, Objections to Declaration of Peter
Kavounas and Proposed Order, Declaration of
David G. Crosley and Declaration of Robert
Shibatani]

Date: February 26, 2016

Time: 1:30 p.m.

Dept.: R6

(FEE- EXEMPT PURSUANT TO GOVERNMENT
CODE § 6103)

23 **TO: THE COURT, PARTIES AND ATTORNEYS OF RECORD**

24 The City of Chino ("CHINO") submits this Opposition to the Motion by Watermaster
25 dated October 23, 2015 ("Motion") that seeks court findings and orders directing Watermaster
26 to implement the 2015 Safe Yield and Reset Agreement ("SYRA"). This Opposition is filed
27 concurrently with Objections to the Evidence contained in the Motion and the Declarations of
28 David G. Crosley and Robert Shibatani.

Document No. 25770

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1 MEMORANDUM OF POINTS AND AUTHORITIES

2 I.

3 SUMMARY OF ARGUMENT

4 The Motion states that the Parties behind the 2015 Safe Yield and Reset Agreement
5 (SYRA) seek to re-allocate the Basin Safe Yield to reduce their obligation to pay the cost to
6 replenish the water produced by the Desalters, even though they had agreed to do so in the
7 Peace Agreements. They attempt to disguise their goal by calling it an “*accounting of the*
8 *recharge of the Basin*” – their **code** for re-allocating the Basin Safe Yield.

9 The City of Chino (“CHINO”) opposes the Motion, because the SYRA would deprive
10 CHINO of its rights to receive and use the waters of the Chino Basin as it has done for the
11 past 38 years and because the SYRA would impose tremendously adverse impacts on CHINO
12 and its residents. The Jurupa Community Services District (JCSO) is similarly impacted.

13 CHINO summarizes its grounds for opposing the Motion as follows:

- 14 1. The Court cannot order Watermaster to implement the SYRA because it would
15 constitute an illegal redefinition of CHINO’S water rights under the Judgment.
- 16 2. The Court cannot order Watermaster to implement the SYRA because the Parties
17 are collaterally estopped from re-litigating the allocation of Chino Basin waters.
- 18 3. The Court cannot order Watermaster to implement the SYRA because it lacks
19 jurisdiction to reallocate the waters of the Chino Basin.
- 20 4. The Court cannot modify its prior orders because Watermaster has failed to prove a
21 change in the circumstances that gave rise to the prior orders.
- 22 5. The Court should reject the SYRA as it is not an agreement of the Parties.
- 23 6. The Court should reject the SYRA as the Parties are equitably estopped from
24 avoiding the obligation of the Peace Agreements while retaining the benefits.
- 25 7. The Court should reject the SYRA because the Public Entity Parties and
26 Watermaster have not complied with the California Environmental Quality Act.
- 27 8. The Court should reject the SYRA because the Public Entity Parties have not
28 complied with Article I, Section 19 of the California Constitution.

1 The Motion also asks the Court to reduce the Basin's Historic Safe Yield from its
2 140,000 value. CHINO opposes the reduction on the following grounds:

- 3 1. The method used to "evaluate" Safe Yield deviates from the Judgment's Expansive
4 Safe Yield Standard.
- 5 2. The data provided fails to support a reduction of the Basin Safe Yield value.
- 6 3. Good water policy requires retaining the Historic Basin Safe Yield.

7 II.

8 INTRODUCTION

9 The SYRA is an attempt by certain Parties to the Judgment to reduce their obligation to
10 pay for the water needed to replenish the water that is produced by the Desalters, which they
11 agreed to pay for when they signed the Peace Agreements as their contribution toward the
12 financing of the desalters and in consideration of general and specific benefits they received
13 and will continue receiving – and which Watermaster was ordered to enforce.

14 The SYRA seeks to accomplish its purpose through a series of reallocations of Basin
15 water – contrary to the Judgment and the Peace Agreements. It starts with a taking of Basin
16 Safe Yield water in an amount equal to fifty percent (50%) of the annual amount of water
17 produced by the Desalters - up to 20,000 acre-feet per year (AFY) – that triggers a taking of a
18 like amount of water from the Unproduced Agricultural Pool Water. These reallocations will
19 deplete the amount of the Unproduced Agricultural Pool Water from which CHINO and
20 JCSD are entitled to receive to satisfy their Land Use Conversion Claims. Based upon the
21 2014 production year, CHINO will experience a loss of 3,405 AFY for fifteen (15) years that
22 totals 51,075 acre-feet. JCSD will experience a loss of 5,125 AFY for fifteen (15) years that
23 totals 76,875 acre-feet.

24 In addition, the SYRA seeks to accomplish its purpose by the creation of a "storage
25 reserve" through the imposition of a prohibition on the use or sale of 130,000 acre-feet of
26 water held only in the Carry-Over storage accounts of the appropriators – contrary to the
27 Judgment. Furthermore, the allocations to the storage reserve are inequitable among the
28 appropriators. First, the SYRA exempts the water held in the appropriators' Supplement

1 Water storage accounts. Second, the SYRA takes water from the appropriators' Carry-Over
2 storage accounts and the allocations from those accounts are based upon the relative amount
3 of water held in storage on July 1, 2015. Therefore, CHINO, with the largest amount of
4 Carry-Over water in storage – namely 65,508 acre feet – would be required to contribute the
5 most water to the storage reserve. Because CHINO has 28% of all water held in Carry-Over
6 storage accounts, CHINO would be required to contribute 28% of the 130,000 acre feet
7 storage reserve or 36,400 acre feet of water. That huge contribution represents 57% of
8 CHINO'S Carry-Over water held in storage! No other appropriator is required to contribute
9 as much in total water or as much as a percentage of its total water in storage. A majority of
10 appropriators are willing to accept the prohibition in exchange for the Agricultural Pool's
11 support of their scheme.

12 Therefore, the total impact of the SYRA on CHINO is **87,832 acre-feet**. At the
13 current price of \$515 per acre foot, the value of this loss in money is **\$45,233,480**.

14 Finally, the SYRA also seeks to reduce the Basin's historic Safe Yield from 140,000 to
15 135,000 AFY through a method of determining the Safe Yield that deviates from the
16 Judgment's Safe Yield Standard; and the Motion fails to provide adequate support for the
17 proposed reduction of the historic Basin Safe Yield.

18 This 5,000 AFY reduction of the Basin Safe Yield also would further reduce the
19 Operating Safe Yield, which triggers another depletion of the Unproduced Agricultural Pool
20 Water, reaching a total depletion of 25,000 AFY under the SYRA.

21 The factual and legal basis of CHINO's opposition is set forth below.

22 III.

23 FACTUAL BACKGROUND

24 A. The Judgment Provides an Expansive Basin Safe Yield Standard

25 The purpose of the Safe Yield is to be a standard that allows for the maximum
26 utilization of the waters of the Chino Basin for all those of us who have rights to it and who
27 depend upon it. The Safe Yield is an aide to this greater purpose. As Paragraph 39 of the
28 Judgment states:

1 The Purpose of these provisions is to establish a legal and practical means for
2 making the maximum reasonable beneficial use of the waters of the Chino Basin
3 by providing the optimum economic, long-term conjunctive utilization of surface
4 waters, ground waters and supplemental water to meet the requirements of water
5 users having rights in or dependent upon the Chino Basin.

6 To this end, the Basin's Safe Yield standard was defined expansively with the purpose
7 of achieving the production of the maximum amount of water for the benefit of those within
8 the Chino Basin. Paragraph 4 (x) is a directive:

9 Safe Yield – *The long-term average annual quantity of groundwater . . . which*
10 *can be produced from the basin under cultural conditions of a particular year*
11 *without causing an undesirable result.*

12 It is a soul that inspires the maximum production of the Basin's water with a barometer
13 for undesirable results. It is an aid to the great purpose of the Judgment – to bless us with the
14 water we need.

15 Due to its importance, the Judgment reposes sole authority to set the Basin Safe Yield
16 on the Court. It is a non-delegable authority and discretion. [Judgment, Paragraph 15(a).]

17 In his July 13, 2000 Order, Judge Gunn recognized this purpose of the Judgment
18 ("2000 Court Order"). (Page 1, Lines 1-6.) It also states that the Court's motivation for the
19 OBMP was the quality of the water in the Basin. (Page 1, Lines 13-21.) The Court does not
20 order a re-determination of the Basin's Historic Safe Yield value. It does not even mention
21 the Safe Yield. Then, the Court issued this Order: "*Watermaster shall proceed in a manner*
22 *consistent with the Peace Agreement and the OBMP Implementation Plan.*"

23 The OBMP only provides for an assessment of the Basin's Safe Yield and the updating
24 and application of agricultural production data – nothing more.

25 Program Element 9 of the OBMP Implementation provides for the "*safe yield and loss*
26 *rate to be assessed every ten years starting in year 2010/14*" and that the "*ten-year period of*
27 *2000/01 to 2009/10 will be used to compute the safe yield.*" The period of 2000/01 to 2009/10
28 was selected "*because it will contain accurate production data and groundwater level data*"

1 because "*Watermaster does not have accurate production data from agricultural producers.*"
2 (OBMP Page 44-45).

3 It is interesting to note that certain Parties and even Watermaster staff have interpreted
4 these scant provisions of the OBMP to mean that the Court order mandates a change of the
5 Basin's Historic Safe Yield value of 140,000 acre feet per year. Clearly, it does not.

6 Furthermore, Program Element 9 does not authorize a deviation from the purpose and
7 meaning of the Basin's expansive Safe Yield standard. It does not exclude the use of any
8 other type of data or any data before or after the 2000/01 to 2009/10 period. While it states
9 that a numerical model will be required, it does not relinquish the determination of the Basin's
10 Safe Yield to a mathematical model that attempts to simulate certain physical phenomenon of
11 the Chino Groundwater Basin only. It does not exclude the use of future precipitation data. It
12 does not direct us to ignore the globe's shifting climates.

13 Although the Physical Solution was initially designed to address the uncontrolled
14 production of water from the Basin prior to 1977, it was never intended to proscribe the use of
15 Basin Water for the future – especially with the acknowledgement of the shift in land uses and
16 the area's growth. Clearly, Paragraph 39 and the definition of the Basin's Safe Yield
17 demonstrate the true purpose of the Judgment. The time is here to rethink how we apply the
18 Judgment's expansive Safe Yield standard.

19 **B. The Judgement Declares the Rights of the Parties to Use the Waters of the**
20 **Chino Basin and Establishes a Physical Solution**

21 In 1977, some 1200 parties stipulated to the Judgment herein. On January 27, 1978,
22 the court adopted the Stipulation as the Judgment herein. (December 19, 1977 Hearing
23 Transcripts, Page 68.)

24 The Judgment declares the rights of the Parties to use the water of the Chino Basin;
25 and it adopts and imposes a Physical Solution for the Parties' use of the waters of the Chino
26 Basin by finding that the Physical Solution complies with the reasonable and beneficial use
27 mandate of Section 2 of Article X of the California Constitution. The Physical Solution
28 provides that the Parties having rights in the Chino Basin may make "*the maximum*

1 *reasonable beneficial use of the waters of the Chino Basin*” to meet their requirements
2 pursuant to the Judgment’s water allocation provisions and subject to the requirement to
3 replenish basin water produced by an overlying pool in excess of its share of the Basin Safe
4 Yield or the Operating Safe Yield in the case of the Appropriative Pool. Judgment, ¶¶39, 42
5 and 44.

6 As explained in *City of Santa Maria v. Adam* (2012) 211 Cal.App.4th. 266, 288, the
7 phrase Physical Solution “*is used in water-rights cases to describe an agreed upon or*
8 *judicially imposed resolution of conflicting claims in a manner that advances the*
9 *constitutional rule of reasonable beneficial use of the state’s water supply.*”

10 Indeed, the purpose of Section 2 of Article X “*was to ensure that the state’s water*
11 *resources would be available for the constantly increasing needs of all of its people.*” *Central*
12 *and West Basin Water Replenishment District v. Southern California Water Co.* (2003) 109
13 *Cal.App.4th* 891, 904. As such, Section 2 of Article X “*is applicable to the settlement of all*
14 *water controversies.*” *Miller & Lux v. San Joaquin L. & P. Corp* (1937) 8 Cal.2d 427, 435.

15 As Part of the Physical Solution, the Judgment set the Basin Safe Yield at 140,000 acre
16 feet per year and retained jurisdiction in the Court to redetermine it under Paragraphs 6, 15(a)
17 and 1(x). The Judgment allocates the Basin Safe Yield to the Overlying Agricultural Pool, the
18 Overlying Non-Agricultural Pool and the Appropriative Pool by fixed amounts to the first two
19 pools and the remaining amount to the Appropriative Pool subject to changes in the Safe
20 Yield. Judgment, ¶44.

21 Under Article II of the Judgment entitled DECLARATION OF RIGHTS, Part B
22 entitled WATER RIGHTS IN SAFE YIELD declares the water rights of the Appropriators.
23 Specifically, Paragraph 9 entitled “Appropriative Rights” declares as follows:

24 *The parties listed in Exhibit “E” are the owners of appropriative rights,*
25 *including rights by prescription, in the unadjusted amounts therein set forth, and*
26 *by reason thereof are entitled under the Physical Solution to share in the*
27 *remaining Safe Yield, after satisfaction of overlying rights and rights of the State*
28 *of California, and in the Operating Safe Yield in the Chino Basin, in the annual*

1 *shares set forth in Exhibit "E".*

2 Exhibit "E" to the Judgment lists the appropriators and each appropriator's share of the
3 Operating Safe Yield as an absolute amount and as a percentage of the Operating Safe Yield.

4 The declaration of rights in Paragraph 9 means that CHINO, as an appropriator, is
5 entitled to (i) its share of the Operating Safe Yield and (ii) its share of the Safe Yield that
6 remains after the overlying rights of the Agricultural Pool and the State of California have
7 been satisfied. When the Agricultural Pool fails to produce all of its Basin Safe Yield
8 allocated under Paragraph 44, that unproduced portion is reallocated to the Appropriative
9 Pool. Section 10 of Exhibit "H" to the Judgment requires any Unproduced Agricultural Pool
10 Water to be allocated to the members of the Appropriative Pool - first to satisfy the Land Use
11 Conversion claims of its members. In other words, CHINO is entitled to its allocated share of
12 the Operating Safe Yield and its share of the Unproduced Agricultural Pool Water.

13 But, there is more. Paragraph 9 of the Judgment also declares:

14 *(a) Loss of Priorities. . . in light of the complexity of determining appropriative*
15 *priorities and the need for conserving and making maximum beneficial use of the*
16 *water resources of the State, each and all of the parties listed in Exhibit "E" are*
17 *estopped and barred from asserting special priorities or preferences, inter se.*
18 *All of said appropriative rights are accordingly deemed and considered of equal*
19 *priority." (Emphasis added).*

20 This further declaration of rights of each appropriator as among other appropriators
21 means that the Judgment's allocation of Safe Yield constitutes both a determination of the
22 appropriators' "beneficial use" of the waters of the Chino Basin and each appropriator's right
23 to its portion of the Safe Yield under the Judgment free from claims of other appropriators.

24 The forgoing explanation of the rights of an appropriator as among other appropriators
25 is supported by the Transcripts of the December 19, 1977 hearing on the Stipulated Judgment
26 in the dialogue between Judge Weiner and Attorney Don Stark:

- 27 1. Attorney Stark explained the basis of the determination of appropriative rights: "*Now,*
28 *what this formula comes down to is that in a rather complex sense the parties have*

1 come to agreement on methods by which each of these three segments of producers are
2 willing to repay the cost of their over-production. First the way in which they
3 allocated between the pools and then how they allocated within each pool. The
4 determination of right as to the appropriative pool is, we believe, first of all, it is a
5 stipulated determination . . .” Transcripts, 74:9-17.

6 2. Attorney Stark explained the basis of the equal priority of the rights among the
7 appropriators: “The problem simply on its face was so complex that the parties in that
8 pool stipulated that all of their appropriative rights were of equal priority.”
9 Transcripts, Page 75:8-16.

10 3. Attorney Stark also explained that the unproduced agricultural water was allocated to
11 the Appropriative Pool: “the majority feeling in the pool is the trend will be in the
12 opposite direction and in fact there are provisions in the appropriative pool to deal
13 with this: that is, where agriculture gets under 82,000 and they leave water in the
14 ground so to speak. Where does that water go? Who gets to produce it? And it goes
15 to the appropriative pool and the appropriative pool itself has got a very elaborate
16 provision as to how that’s going to be divided up if it happens.” Transcripts, 79:1-9.

17 Furthermore, the Plaintiff’s Post Trial Memorandum filed on July 12, 1968 “to assist
18 the Court in such continuing jurisdiction” was submitted about the “nature of the action and
19 the principle characteristics of the Judgment”:

20 3. Appropriative Rights. The twenty-two parties in the “Appropriative Pool”
21 have rights which are appropriative and prescriptive in nature. Under
22 adjudication of such rights to ground water each would have had differing
23 priorities and quantities. The complexity of such determination was avoided by
24 resorting to principles of mutual prescription in the Judgment. Thus, all of the
25 parties who are appropriators have been adjudged that their rights have equal
26 priority.

27 7. Unallocated Safe Yield. It is contemplated that over a long period of years,
28 agricultural production may well fall substantially below the aggregate amount

1 of the Safe Yield right allocated to the pool. That Safe Yield right will remain
2 available for agricultural use, but in a given year or a series of years there may
3 be a substantial amount of the Safe Yield water which is not pumped by the
4 Overlying Agricultural Pool parties. The Judgment adopts a formula for
5 allocating that unpumped water among the members of the Appropriative Pool
6 by first, replacing any reduction in the Safe Yield (the full impact of which falls
7 on the Appropriative Pool), and then recognize the conversion of agricultural
8 land to municipal and domestic purposes.

9 It also is important to recognize that the Judgment withholds jurisdiction from the
10 Court to order a re-allocation of Basin Safe Yield between the Pools and among members of
11 the Appropriative Pool different from the allocations declared by the Judgment. Paragraph
12 15(c) of the Judgment states that the court lacks jurisdiction on matters pertaining to the "*The*
13 *determination of specific quantitative rights and shares in the declared Safe Yield or*
14 *Operating Safe Yield herein declared in Exhibits "D" and "E".* The language of this
15 exclusion of jurisdiction is broad and encompasses all of the quantitative rights and shares to
16 the Operating Safe Yield and the Safe Yield of the members of the Appropriative Pool. The
17 language of exclusion overlaps with Paragraph 9, which provides for the allocation of Basin
18 Safe Yield and Operating Safe Yield to and among the members of the Appropriative Pool
19 and prohibits any special priorities or preferences among the appropriators. This is what the
20 Parties to the stipulation intended as explained by Attorney Stark - otherwise they would not
21 have added Paragraph 15(c).

22 Lastly, appropriators have the right to store their unused water for future use or sale.
23 Judgment, Exhibit H, Sections 12 and 13; Watermaster Rule 1.1(o). Section 12 of Exhibit H
24 states: "*Any appropriator who produces less than his assigned share of Operating Safe Yield*
25 *may carry such unexercised right forward for exercise in subsequent years.*" Section 13 of
26 Exhibit H also states: "*Appropriative rights, and corresponding shares of Operating Safe*
27 *Yield may be assigned or may be leased or licensed to another appropriator for exercise in a*
28 *given year.*"

1 Because these provisions of the Judgment declare the rights of the appropriators to the
2 use of the waters of the Chino Basin as the beneficial use of said waters, they are significant
3 here in prohibiting re-allocations of the Basin Safe Yield for uses other than those so
4 declared. Specifically, they prohibit the taking of Basin Safe Yield to offset the Basin water
5 produced by the Desalters. They also prohibit the taking, or the imposition of restrictions on
6 the use of Basin water held in storage by an appropriator.

7 **C. The OBMP, Peace Agreements, Watermaster Resolutions and Court**
8 **Orders Require Watermaster and the Parties to Support the Desalters and**
9 **to Pay to Replenish the Water Produced by the Desalters**

10 On July 13, 2000, Judge Gunn ordered Watermaster to “*adopt the goals and plans of*
11 *the Phase I Report and implement them through the Implementation Plan*” and “*proceed in a*
12 *manner consistent with the Peace Agreement and the OBMP Implementation Plan*” (hereafter
13 the “2000 Court Order”). As part of the 2000 Court Order, Judge Gunn made findings that
14 Watermaster and the Parties to the Peace Agreement committed to carry out the elements of
15 the OBMP in accordance with the Peace Agreement and that Watermaster’s support and
16 approval of the Peace Agreement is in furtherance of the Physical Solution in the Judgment
17 and of Article X, Section 2 of the California Constitution. (2000 Court Order, Page 4). Prior
18 thereto, Watermaster had adopted Resolution 2000-05 on June 29, 2000 resolving “*that it will*
19 *proceed in accordance with the OBMP Implementation Plan and the Peace Agreement*” and
20 requesting an order to implement them. (2000 Court Order, Page 3).

21 Program Element 3 of the OBMP Implementation Plan provides for an increase of
22 water production “*in the southern part of the Basin to maintain safe yield*” and commits
23 Watermaster to exercise its best efforts to “*Start expansion of the Chino I Desalter and the*
24 *construction of the Chino II Desalter.*” (OBMP Page 23-25).

25 Article VII of the Peace Agreement also describes a plan for the design, construction
26 and ownership of the Desalters by other public entities. Section 7.1 states “*The OBMP*
27 *requires construction and operation of Desalters.*” Section 7.5 requires replenishment water
28 for the Desalters and lists four exclusive sources of water in order of priority for that purpose.

1 The fourth source is the purchase of replenishment water by Watermaster and the levying of
2 assessments on the Parties to the Agreement to pay for the replenishment water. The Peace
3 Agreement excludes Basin Safe Yield as a source to offset Desalter produced water unless a
4 Party contributes a share of its Safe Yield in lieu of making payments.

5 The 2000 Court Order is the Court's direction to Watermaster to require the Parties to
6 pay for the cost of the replenishment water.

7 On December 21, 2007, Judge Gunn made this order: "*Watermaster's adoption of*
8 *Resolution 07-05 is approved and Watermaster shall proceed in accordance with the terms of*
9 *the resolution and documents attached thereto.*" (hereafter the "2007 Court Order"). The
10 2007 Court Order is the direction Watermaster requested in Resolution 07-05 that reads as
11 follows: "12. *The Peace II measures collectively consist of . . . (d) Watermaster's approval of*
12 *and further agreement to act in accordance with the Peace II Agreement, including the*
13 *provisions related to Future Desalters . . . upon a further order of the Court directing*
14 *Watermaster to proceed in accordance with its terms.*" Moreover, the Parties acknowledged
15 Watermaster's obligation to implement the Peace II Agreement Measures in Article IV,
16 Paragraph 4.2 of the Peace II Agreement, which reads: "*No Party to this Agreement shall*
17 *oppose Watermaster's adoption of Resolution 07-05 and implementation of the Peace II*
18 *Measures . . .*"

19 The Peace II Agreement is important because it follows and amplifies the method of
20 providing replenishment water for the Desalters established in the Peace Agreement. The
21 Peace II Agreement adds sources of water to offset the Desalter production and specifies how
22 assessments to pay for replenishment water for the Desalter production are to be imposed on
23 members of the Appropriative Pool and the Overlying Non-Agricultural Pool.

24 It is equally important to recognize that the Peace II Agreement did not add Basin Safe
25 Yield as a source to offset the water produced by the Desalters unless a Party contributes a
26 share of its Safe Yield in lieu of making payments. In fact, Paragraph 6.1 of Peace II
27 Agreement reconfirms the Desalter water replenishment provisions of the Peace Agreement,
28 which reads:

1 *The Parties acknowledge that the hierarchy for providing Replenishment Water*
2 *for the Desalters is set forth in Article 7, paragraph 7.5 of the Peace Agreement,*
3 *and that this section controls the sources of water that will be offered to offset*
4 *Desalter Production.*

5 Similarly, Paragraph 6.2 of the Peace II Agreement reads:

6 *To facilitate Hydraulic Control through Basin Re-Operation, in accordance with*
7 *the 2007 Supplement to the OBMP Implementation Plan and the amended*
8 *Exhibits G and I to the Judgment, additional sources of water will be made*
9 *available for purposes of Desalter production and thereby some or all of the*
10 *replenishment obligation. With these available sources, the Replenishment*
11 *Obligation attributable to Desalter production in any year will be determined by*
12 *Watermaster as follows:*

13 Paragraph 6.2(a) then directs Watermaster to calculate the amount of the Desalter
14 production in the preceding year and apply credits against that production from the listed
15 water sources. Paragraph 6.2(b) next restates the authorization to Watermaster to impose
16 assessments on members of the Overlying Non-Agricultural Pool and the Appropriative Pool
17 to meet the remaining Replenishment obligation.

18 The 2007 Court Order is the direction to Watermaster to implement the foregoing
19 provisions of Peace II Agreement.

20 Finally, it is most important to recognize that the Peace Agreement and the Peace II
21 Agreement provide great benefits to the members of each Pool, as well as very specific and
22 substantial benefits to members of the three Pools that would not have been realized without
23 the Peace Agreements. It is even more important to recognize that the Parties to the SYRA do
24 not propose to give back these great benefits but they do propose to avoid one half of their
25 obligation to pay for water to replenish the water produced by the Desalters at the expense of
26 CHINO and JCSD.

27 Under the Peace Agreements and the OBMP, all of the Parties to the Judgment receive
28 the benefits from a stable Safe Yield, the desalting of Basin Water and the achievement of

1 Hydraulic Control through the construction and operation of the desalters. As a result of the
2 Desalters, the Parties have benefited from the preservation of the Safe Yield, the reduction of
3 the loss of Basin Water to the Santa Ana River to a negligible quantity and the improved
4 quality of water leaving the Chino Basin and flowing downstream. All of these benefits have
5 been realized by the programs and requirements of the OBMP and the Peace Agreements –
6 many of which have not been financed by the Parties and others that have been financed by
7 some Parties such as the members of the Chino Basin Desalter Authority (Chino, Chino Hills,
8 JCSD, Norco, Ontario, SARWC and Western Municipal Water District).

9 Through the Peace Agreements, the Members of the Overlying Agricultural Pool have
10 been relieved of their obligation to pay assessments for the cost of Watermaster's operations.
11 (Paragraphs 5.4(a), Peace Agreement). These same members including the State of California
12 were given the right to enter into "voluntary agreements" that allow them to avoid the costs of
13 producing water from their own wells. (Paragraph 5.3(h)(i), Peace Agreement). The
14 members of the Overlying Non-Agricultural Pool have received the right to sell their surplus
15 water to each other or Watermaster (Paragraph 4.4(a-b), Peace Agreement) and to
16 Watermaster (Paragraph 3.1(a)(v), Peace II Agreement). In fact, these new benefits were the
17 subject of an action between the appropriators and the Overlying Non-Agricultural Pool in
18 which the Overlying Non-Agricultural Pool prevailed on appeal.

19 Similarly, the members of the Appropriative Pool have received the right to participate
20 in annual allocations of the Unproduced Agricultural Pool Water instead of every five years
21 called "Early Transfers" (Paragraph 5.3(f-g), Peace Agreement) and the right to an equal
22 priority of Early Transfers with Land Use Conversion Claims, which have a higher priority
23 under the Judgment, in order to maximize the amount of their Early Transfer water to the
24 appropriators that do not have Land Use Conversion Claims. (Paragraph 3.1(a)(i) and
25 Attachment "F", Peace II Agreement).

26 It is necessary to remember that these great benefits to the Parties and the Chino Basin
27 have been realized through the Peace Agreements; but the SYRA does not propose to give
28 back any of them. It is also important to remember that with the benefits come the obligations

1 including the obligation of the Parties to pay their share of the costs to replenish the water
2 produced by the Desalters, which they all agreed to pay when they entered into the Peace
3 Agreements.

4 **D. Chino's Perpetual Allocations of Basin Water Pursuant to the Judgment**

5 Every year, Watermaster allocates the Basin Safe Yield to each Party to the Judgment
6 according to its rights as declared in the Judgment by designating the amount of Basin Safe
7 Yield, in acre feet, allocated to each Party for its use in that year. Each Party chooses whether
8 to use the water, sell the water or store the water for future use or sale.

9 As to the members of the Appropriative Pool, Watermaster's allocations include each
10 member's share of the Operating Safe Yield (OSY) based on its percentage of the Operating
11 Safe Yield, each member's share of the Unproduced Agricultural Pool Water for Land Use
12 Conversion Claims (LUC) and each member's share of the Unproduced Agricultural Pool
13 Water for Early Transfers (ET). [Judgment, Paragraph 9, Exhibit E and Exhibit H, Section
14 10].

15 The Watermaster also confirms each appropriator's Carry-Over Water for the year and
16 its total Carry-Over Water held in storage. [Judgment, Exhibit H, Sections 12 and 13;
17 Watermaster Rule 1.1(o)].

18 On November 25, 2014, the Watermaster Board allocated the Basin Safe Yield to each
19 Party to the Judgment and confirmed the amount of water in each party's storage accounts.
20 The specific allocations were presented to the Watermaster Board as Agenda Item II.A
21 entitled "Chino Basin Watermaster 2014/15 Assessment Package" that the Watermaster
22 Board approved on that date (the "Assessment Package").

23 Watermaster's allocation to CHINO for that year is summarized as follows:

24 The Year's Share of OSY: 4,034 acre feet.

25 The Year's Share of LUC: 7,623 acre feet reduced to 6,355 acre feet.

26 The Year's Share of ET: 2,413 acre feet reduced to 2,011 acre feet.

27 **The Year's total allocation: 12,402 acre feet.**
28

1 Watermaster's confirmation of CHINO'S Carry-Over water is summarized as follows:

2 The Year's Carry Over: 12,402 acre feet.

3 **Total Stored Carry Over: 65,507 acre feet.**

4 (Crosley Declaration, Paragraphs 5, 12).

5 On July 2, 2015, Watermaster approved CHINO'S sale of 6,500 acre feet of water
6 from CHINO'S Carry-Over Storage Account to the Fontana Water Company at a price of
7 \$515.63 per acre foot totaling \$3,351.595. (Crosley Declaration, ¶13).

8 The allocations of the Basin Safe Yield to the Parties to the Judgment by Watermaster
9 in the Assessment Package represent the best interpretation of the water allocation provisions
10 of the Judgment, because the allocations were approved by the Parties and Watermaster.
11 Also, the meaning of the water allocation provisions of the Judgment as applied in the
12 Assessment Package by the Parties and Watermaster affords the most reliable evidence of the
13 parties' intentions.

14 **IV.**

15 **THE MOTION IS UNPERSUASIVE**

16 **A. The Request to Reduce the Historic Basin Safe Yield of 140,000 Acre Feet**
17 **Deviates from the Judgment's Expansive Safe Yield Standard and Fails to**
18 **Provide an Adequate Explanation in Support of the Request**

19 The SYRA proposes to reduce the historic Basin Safe Yield of 140,000 to 135,000
20 acre feet per year through the provisions in Articles 2, 3 and 4 and a document called the
21 "Reset Technical Memorandum" attached to the SYRA as Exhibit A (the "Tech Memo").

22 The Motion offers the following unsupported expert opinion of Mark Wildermuth,
23 objected to by CHINO but, referenced here to demonstrate the inadequacies of the support for
24 the proposal to reduce the Basin's Safe Yield value:

25 *Using the 2013 Model and the methodology described in the Reset Technical*
26 *Memorandum, the Safe Yield for the 2010/2011-2019/2020 time period identified*
27 *in the OBMP Implementation Plan and Watermaster's Rules and Regulations is*
28 *approximately 135,000 afy. (Wildermuth Declaration, ¶12.)*

1 While it is clear that the 2013 Model was used, the Motion fails to explain what data it
2 produced and how the data was used. The Motion implies that the 2013 Model provides all of
3 the data needed to "evaluate" the Safe Yield. However, the data produced by the 2013 Model
4 is limited to data about water levels from which the water recharged into the Basin is
5 calculated; but those calculations are estimates of what happens in the reality of a subsurface
6 physical world that is unseen. Therefore, those estimates have a range of values; and a range
7 of values for each of the several models within the 2013 Model. Most likely, this is the
8 reason Mr. Wildermuth states that the Safe Yield "*is approximately 135,000 afy.*"

9 In addition, the 2013 Model relies on past "long-term average" precipitation as though
10 the Judgment's Safe Yield definition refers to precipitation. It does not. It refers to
11 "production." The reality is that the 2013 Model was utilized to estimate the amount of water
12 that will be recharged into the Basin in future years; but it relied on past precipitation data to
13 do so. It did not consider available data about future precipitation. (See Shibatani
14 Declaration, ¶¶27-34.)

15 The 2013 Model does not produce data about the "long-term average quantity of
16 ground water which can be produced from the Basin." It only produces data that estimates the
17 amount of water that has been recharged into the Basin in the past, which is then used to
18 extrapolate a future amount of recharge. (See Shibatani Declaration, ¶¶27-34.)

19 The 2013 Model does not produce data that can be used to determine the occurrence of
20 any undesirable result or to connect an undesirable result to any level of production, which is
21 a major inadequacy of the usefulness of the 2013 Model. (See Shibatani Declaration, ¶¶21-
22 26.) This is seen in the Tech Memo.

23 The inadequacy may explain why the Tech Memo resorts to using a "*qualitative*"
24 rather than a quantitative evaluation of the relationship between a given level of production
25 and a measurable undesirable result. In addition, the fact that the Tech Memo excludes a
26 quantitative approach from the determination of an undesirable result means that this essential
27 element of the Safe Yield definition has been dismissed. Moreover, the Tech Memo assures
28 that it will never use an undesirable result analysis to evaluate an amount of water for

1 production from the basin other than the amount determined by the “net recharge” method as
2 advocated by the Tech Memo. (See Item 5, Page 2 of SYRA Exhibit A.)

3 In essence, the “net recharge” methodology advocated by the Tech Memo locks out the
4 public from “making the maximum reasonable beneficial use of the waters of the Chino
5 Basin” as envisioned by Paragraph 39 of the Judgment.

6 **B. SYRA Paragraph 5.2(b) Contravenes the Water Allocation Provisions of**
7 **the Judgment and is Inconsistent with the Peace Agreements Because it**
8 **would Take Basin Safe Yield to Offset the Water Produced by the**
9 **Desalters and thereby Reduce the Parties’ Obligation to Replenish the**
10 **Water Produced by the Desalters**

11 The SYRA contains two provisions that are objectionable to CHINO, because they
12 contravene the water allocation provisions of the Judgment by which CHINO has received
13 and used Basin Safe Yield for the past 38 years and because they impose tremendous adverse
14 impacts on CHINO, as well as JCSD. And, the SYRA acknowledges that the purpose of
15 these provisions is to offset the water produced by the Desalters and thereby reduce the
16 Parties’ obligation to pay the cost to replenish the water produced by the Desalters.

17 The objectionable provisions of the SYRA pertaining to CHINO’S water allocations
18 are Paragraphs 5.2(b) and 6.2. Beginning with SYRA Paragraph 5.2(b), it reads as follows:

19 *For the production years of 2015-2030, Watermaster shall account for induced*
20 *recharge that arises from or is attributable to the Desalters as equal to fifty (50)*
21 *percent of the total Desalter Production during each applicable production year*
22 *up to a maximum of twenty-thousand (20,000) AFY of recharge. Consistent with*
23 *Paragraph 6.2(a)(iii) of Peace II Agreement, Watermaster shall deem the*
24 *induced recharge as having been produced by the Desalters. During each*
25 *applicable production year, Watermaster shall reduce Safe Yield by an amount*
26 *equal to fifty (50) percent of the total Desalter Production, up to a maximum of*
27 *20,000 AFY, and require a corresponding supplementation by the reallocation of*
28 *available unproduced Agricultural Pool’s share of the Basin’s Safe Yield.*

1 Watermaster agrees that Paragraph 5.2(b) would operate to take the Safe Yield and re-
2 allocate it to offset the water produced by the Desalters. The Motion states:

3 *Paragraph 5.2(b) contains the parties' agreement as to the methodology for*
4 *estimation of the quantity of Desalter-Induced Recharge that . . . is allocated to*
5 *offset Desalter Production.* [Motion, 16:3-5].

6 *Paragraph 5.2(b) of the Agreement includes the parties' agreement as to how*
7 *this quantity will be estimated (50% of the Desalter Production), and that it will*
8 *be allocated to Desalter Production and not to the Parties to the Judgment as*
9 *part of their allocation of the Safe Yield.* [Motion, 16:20-21].

10 Thus, SYRA Paragraph 5.2(b) contravenes the Judgment and it is inconsistent with the
11 Peace Agreements. SYRA Paragraph 5.2(b) contravenes the Judgment, because it takes Basin
12 Safe Yield for a purpose prohibited by Section 10(a) of Exhibit H, which only permits the use
13 of Unproduced Agricultural Pool Water to satisfy the Land Use Conversion Claims of the
14 appropriators - including those of CHINO and JCSD – and then the Early Transfer claims of
15 all appropriators. Similarly, the Peace Agreements do not provide Safe Yield as a source of
16 water to offset the water produced by the Desalters, unless a Party contributes a share of its
17 Safe Yield in lieu of making payments. But, SYRA Paragraph 5.2(b) would add Safe Yield
18 as a source for that purpose.

19 It is clear what SYRA Paragraph 5.2(b) would do; but its language attempts to disguise
20 its purpose with a veneer of plausibility. It does so by employing two fictions. The first
21 fiction is in its attempt to rely on Paragraph 6.2(a)(iii) of the Peace II Agreement, which is a
22 provision that allows Watermaster to apply a “credit” (reduction) against the water produced
23 by the Desalters. Reading Paragraph 6.2(a)(iii) alone dissolves the fiction, because Paragraph
24 6.2(a)(iii) permits a “credit” against Desalter production only for “New Yield” – not induced
25 recharge. The attempt merely substitutes the term “induced recharge” for the term “New
26 Yield” in the Peace Agreements. SYRA Paragraph 5.2(b) does not state that Paragraph
27 6.2(a)(iii) of the Peace II Agreement is made operable. If it did, there would be no need for
28 SYRA Paragraph 5.2(b).

1 In addition, SYRA Paragraph 5.2(b) directs Watermaster to take an amount of water
2 equal to 50% of the Desalter Production, up to 20,000 AFY, from the Basin Safe Yield and
3 then supplement that reduction of the Safe Yield from the Unproduced Agricultural Pool
4 Water. This step employs a second fiction, which is the use of the arbitrary amount of 50% of
5 the Desalter production as the basis of setting the amount of Basin Safe Yield to be taken to
6 offset the water produced by the Desalters.

7 Regardless of the language of SYRA Paragraph 5.2(b), Section 10(a) of Exhibit H of
8 the Judgment prohibits the use of Unproduced Agricultural Pool Water to offset the water
9 produced by the Desalters. Section 10(a) establishes the exclusive uses of Unproduced
10 Agricultural Pool Water and the priority of such water among members of the Appropriative
11 Pool. The first priority of that water is to restore any reduction to the Operating Safe Yield
12 due to a decline of the Safe Yield. The second priority of that water is to satisfy the Land Use
13 Conversion Claims of the appropriators. The third priority of that water is to supplement the
14 Operating Safe Yield. Likewise, SYRA Paragraph 5.2(b) is inconsistent with the Peace
15 Agreements, because they do not commit Basin Safe Yield to offset the water produced by the
16 Desalters.

17 In short, neither the Judgment nor Peace Agreements permit the use of Basin Safe
18 Yield to offset Desalter Production.

19 **C. SYRA Paragraph 6.2 Contravenes the Water Allocation Provisions of the**
20 **Judgment by Taking Stored Water to Create a Storage Reserve**

21 SYRA Paragraph 6.2 seeks to create a "storage reserve" consisting of 130,000 acre feet
22 of basin water to address a certain undisclosed need by taking native basin water from the
23 appropriators that already has been allocated and confirmed in their storage accounts.
24 Specifically, the taking is in the form of a prohibition against the use or sale of native water
25 held in the appropriators' Carry-Over storage accounts. Whatever the need, it does not reach
26 water in the appropriators' supplemental storage accounts, as that water is not proposed to
27 contribute to the solution. Likewise, the need does not reach the water of the members of the
28 Overlying Pools as their water is not proposed to contribute to the solution.

1 In addition, the contribution to the storage reserve is being allocated inequitably as
2 among the appropriators. In fact, the appropriator with the largest amount of Carry-Over
3 water held in storage – namely CHINO that has 65,508 acre feet in storage – is required to
4 contribute the most! Because CHINO has 28% of all water held in Carry-Over storage
5 accounts, CHINO is required to contribute 28% of the 130,000 acre feet storage reserve or
6 36,400 acre feet of water. That huge contribution represents 57% of CHINO’S Carry-Over
7 water held in storage! No other appropriator is required to contribute as much.

8 SYRA Paragraph 6.2 reads, in pertinent part, as follows:

9 *A Safe Storage Reserve is established in the amount of one hundred thirty*
10 *thousand (130,000) AF. . . (a) The Safe Storage Reserve shall be composed of*
11 *water in the non-Supplemental Water stored water accounts of members of the*
12 *Appropriative Pool, apportioned among them in accordance with their relative*
13 *percentages of their quantity of non-Supplemental Water held in groundwater*
14 *storage on July 1, 2015, consistent with the illustration shown in Exhibit “C,”*
15 *attached hereto, which utilizes existing July 1, 2014 information.*

16 CHINO objects to the taking of water from its Carry-Over storage account and to the
17 inequitable method of allocating the 130,000 acre feet of water to the storage reserve. The
18 taking of 36,400 acre feet of water from CHINO’S Carry-Over storage account is
19 impermissible for several reasons.

20 First, Sections 12 and 13 of Exhibit H of the Judgment permit an appropriator to store
21 its surplus water for future use or sale. Section 12 provides: *“Any appropriator who produces*
22 *less than his assigned share of Operating Safe Yield may carry such unexercised right forward*
23 *for exercise in subsequent years.”* Section 13 also provides: *“Appropriative rights, and*
24 *corresponding shares of Operating Safe Yield may be assigned or may be leased or licensed to*
25 *another appropriator for exercise in a given year.”*

26 Second, the water CHINO holds in its Carry-Over storage accounts has been confirmed
27 by the Pools, Advisory Committee and Watermaster every past year in their approval of the
28 Assessment Packages. Most recently, Watermaster approved the current Assessment Package

1 on November 25, 2014 as shown in the Pool 3 Local Excess Carry-Over Storage Account
2 Summary. It shows the total number of acre feet of Carry-Over water in storage held by all
3 appropriators as 231,679 acre feet. It also shows that CHINO holds 65,508 acre feet of Carry-
4 Over water in its storage account, more than any other Appropriator, and represents 28.3
5 percent of all Carry-Over water in storage. (Crosley Declaration, ¶12.)

6 Third, the allocation method is inequitable, because the Overlying Pools are not
7 contributing to the need, the appropriators' supplemental water is not contributing to the need
8 and the appropriators are required to contribute water from their Carry-Over storage accounts
9 based upon the relative amount of that stored water on July 1, 2015.

10 Lastly, no effort has been made to compensate CHINO for the taking of its water.
11 Therefore, if a true need exists to create a Storage Reserve, Watermaster or the Parties that
12 initiated or support the request should be willing to pay for it. Likewise, the Public Entity
13 Parties that initiated or support the request have failed to comply with the eminent domain law,
14 which they are required to perform before taking this water from CHINO.

15 **D. SYRA Adversely Impact CHINO by Taking 51,075 Acre Feet of Water**
16 **from CHINO'S Land Use Conversion Claims and 36,757 Acre Feet from**
17 **CHINO'S Carry-Over Water in Storage**

18 The adverse impact of SYRA Paragraph 5.2(b) on CHINO and JCSD occurs, because
19 SYRA Paragraph 5.2(b) depletes the Unproduced Agricultural Pool Water upon which
20 CHINO and JCSD rely to satisfy their Land Use Conversion Claims. Currently, that "bucket"
21 of Unproduced Agricultural Pool Water contains 49,161 acre feet. SYRA Paragraph 5.2(b)
22 would reduce the bucket by 20,000 acre feet per year. It reduces that bucket from 49,161 to
23 29,161 acre feet per year. If the Safe Yield is reduced by 5,000 acre feet, the bucket would be
24 reduced to 24,161 acre feet per year.

25 Assuming that the current bucket of Unproduced Agricultural Pool Water would be
26 reduced by 20,000 acre feet per year under SYRA Paragraph 5.2(b), the adverse impact of
27 that reduction on CHINO'S Land Use Conversion Claims is shown below.

28 ///

Chino's Share of Basin Safe Yield comes from 2 allocations (Buckets):

Bucket No. 1

- From Operating Safe Yield: 54,834 acre feet (AF)
- Chino's share: 7.357%
- Chino receives 4,034 AF

Bucket No. 2

- From Unproduced Agricultural Water: 49,161 AF
- Chino's Land Use Conversion Claim amount: 7,623 AF
- Chino's Early Transfer Share: 2,413 AF
- Chino receives 8,368 AF (17.021% of 49,161AF)

SYRA Paragraph 5.2(b) would change the above allocations as follows:

- Reduce Bucket No. 2 by 20,000 AF
- Bucket No. 2 will be reduced from 49,161 to 29,161 AF
- Chino will receive: 4,963 AF (17.021% x 29,161AF) instead of 8,368 AF
- Chino loses 3,405 AF per year (8,368 – 4,963)
- Chino loses **51,075 AF** over 15 years (3,405 x 15)

Finally, the value of these water losses to CHINO is:

- Value of annual loss = \$1,753,575 (3,405 x \$515)
- Value of 15 year loss = **\$26,303,625** (51,075 x \$515)

The quantities of water shown above are taken from the Assessment Package for the 2013-14 Production Year. According to the Assessment Package, CHINO was entitled to receive 7,623 acre feet from the Unproduced Agricultural Pool Water bucket to satisfy its Land Use Conversion claims. CHINO also was entitled to receive 2,413 acre feet in Early Transfers for a total of 10,036 acre feet from the Unproduced Agricultural Pool Water bucket. However, CHINO received 8,368 acre feet, because the amount of the Unproduced Agricultural Pool Water was insufficient to satisfy all of the appropriators' Land Use Conversion and Early Transfer claims. In that year, the total amount of all Appropriators' claims was 58,962 acre feet, but the Unproduced Agricultural Pool Water bucket contained

49,161 acre feet. The shortage of 9,800 acre feet caused the appropriators to receive reduced allocations as shown in the Assessment Package including CHINO. [2014-2015 Land Use Conversion Summary, Pages 11A and 11B].

What is significant is that the current shortage in the Unproduced Agricultural Pool Water bucket to satisfy CHINO'S Land Use Conversion claims would increase under SYRA Paragraph 5.2(b) and lead to even smaller allocations to CHINO for its Land Use Conversion claims as shown above.

As to JCSD, the adverse impact of such a reduction on its Land Use Conversion Claims is as follows:

JCSD'S Share of Basin Safe Yield comes from 2 allocations (Buckets):

Bucket No. 1

- From Operating Safe Yield: 54,834 acre feet (AF)
- JCSD'S share: 3.759%
- JCSD receives 2,061AF

Bucket No. 2

- From Un-Produced Agricultural Water: 49,161 AF
- JCSD'S Land Use Conversion Claim amount: 13,876 AF
- JCSD'S Early Transfer Share: 1,232 AF
- JCSD'S receives 12,598 AF (25.625% of 49,161AF)

Second, SYRA Paragraph 5.2(b) would change the above allocations as follows:

- Reduce Bucket No. 2 by 20,000 AF
- Bucket No. 2 will be reduced from 49,161 to 29,161 AF
- JCSD will receive: 7,472 AF (25.625% x 29,161AF) instead of 12,598 AF
- JCSD loses 5,126 AF per year (12,598 – 7,472)
- JCSD loses **76,890 AF** over 15 years (5,125 x 15)

Finally, the value of these water losses to JCSD is:

- Value of annual loss = \$2,639,890 (5,126 x \$515)
- Value of 15 year loss = **\$39,598,350** (76,890 x \$515)

1 In summary, CHINO will lose 51,075 AF of water over 15 years valued at \$26,303,625
2 from the reductions to CHINO'S Land Use Conversion Claims from the adverse impact under
3 SYRA Paragraph 5.2(b). These losses are in addition to the loss of 36,757 AF of water from
4 CHINO'S storage account valued at \$18,930,044. Therefore, the total loss to CHINO in
5 water is 87,832 AF and the total value of that loss at current prices is \$45,233,480.

6 **E. Watermaster's Reasons for Requesting an Order to Direct Watermaster to**
7 **Implement the SYRA are Without Merit and Improper**

8 Watermaster is not a signatory to the SYRA.

9 However, Watermaster brings the Motion requesting an order to implement the SYRA.
10 Its reasons for doing so are without merit and improper.

11 1. Watermaster Improperly Advocates for Certain Parties

12 By making the Motion for an order requesting Watermaster to implement the SYRA,
13 Watermaster is advocating an agenda of certain Parties against other Parties to the Judgment.
14 Watermaster's authority under the Judgment does not extend to advocacy on behalf of any
15 Party or Parties. In addition, the 2000 Court Order warned Watermaster against doing so.

16 More importantly, the 2000 Court Order and the 2007 Court Order already have
17 directed Watermaster to enforce the Peace Agreements. (Motion, 3:15-18; 5:9-13) Thus,
18 Watermaster disobeys those orders by advocating for their reversal without any basis other
19 than they are desired by certain Parties.

20 2. The SYRA Does Not Have the Consent of All Parties to the Judgment

21 The SYRA is not an agreement of the Parties to the Judgment.

22 The Motion states the SYRA is an agreement of "*certain parties to the Judgment.*"
23 (Motion, 1:7) It states the SYRA has been approved and executed by the Appropriative Pool,
24 the Overlying Agricultural Pool and the Three Valleys Municipal District. (Motion 9:12-14).
25 However, such approvals are immaterial, because those entities are not Parties to the
26 Judgment. In footnote 6, it states that it is expected the "*remaining parties to the Agreement*"
27 will approve and execute the Agreement prior to the hearing on the motion. (Motion, 9:14).

28 ///

1 The Motion attaches the SYRA without any signatures and with signature lines for less
2 than all of the Parties to the Judgment – suggesting that the SYRA can be enforceable without
3 the consent of all Parties to the Judgment. It contains signature lines for only twelve (12) of
4 the sixteen (16) remaining appropriators of those identified in Exhibit E to the Judgment. It
5 does not contain signature lines for any of the eleven (11) members of the Overlying Non-
6 Agricultural Pool identified in Exhibit D to the Judgment, although less than eleven remain.
7 It does not contain signature lines for any of the members of the Overlying Agricultural Pool
8 identified in Exhibit C to the Judgment. The absence of such signature lines further suggests
9 that there is no intent to obtain the consent of the Parties for whom there is no signature line
10 on the SYRA.

11 The SYRA does contain signature lines for the three Pools, but they are not Parties to
12 the Judgment, as they were organized by the Judgment to assist Watermaster in performance
13 of its functions under Paragraph 32 of the Judgment. The Judgment does not authorize the
14 Pools to advance policy directives that would contravene the rights of any Party to the
15 Judgment. Furthermore, the Judgment does not authorize the Pools to enter into contracts on
16 behalf of any of its members. Paragraph 38(a) of the Judgment only gives the pools authority
17 *“for developing policy recommendations for administration of its particular pool.”* Paragraph
18 43 of the Judgment states the pools are established *“for Watermaster administration of, and*
19 *for the allocation of responsibility for, and payment of, costs of replenishment water and*
20 *other aspects of the Physical Solution.”* Certainly, there is no evidence that any Pool is
21 authorized by its members to contract on their behalf.

22 It is important to note that the Appropriative Pool will not sign the SYRA, because
23 there is a lack of unanimity among the pool membership. (Crosley Declaration ¶21).

24 The SYRA contains signature lines for the three municipal water districts that are
25 members of the Watermaster Board, but they are not Parties to the Judgment. Thus, the
26 consent of the municipal water districts is immaterial.

27 Therefore, the SYRA is not an agreement of the Parties to the Judgment, it cannot be
28 the basis of any change to the rights of any Party to the Judgment, and it cannot be approved

1 by the Court.

2 3. Watermaster's Motion Violates the Court's Orders that Direct Watermaster to
3 Implement the Parties' Replenishment Obligation

4 Currently, Watermaster is under two court orders to implement the Peace Agreements.
5 The Motion agrees. *"The Court, through its July 13, 2000 Order, ordered Watermaster to*
6 *proceed in a manner consistent with each."* (Motion, 3:17-18.) In 2007, the *"Court ordered*
7 *Watermaster to proceed as provided in the Peace II Measures."* (Motion, 5:11-12).

8 SYRA Paragraph 5.2(b) would reverse the direction of these orders by directing
9 Watermaster to take 20,000 acre feet from the Basin Safe Yield and use it to "account for" an
10 offset of the water produced by the Desalters. This re-direction would thereby reduce the
11 Parties' obligation to pay the cost of replenishment water required by Paragraph 7.5 of the
12 Peace Agreement and Paragraph 6.2(b) of the Peace II Agreement (hereafter the
13 "Replenishment Obligation"). The Motion admits to this purpose:

- 14 • *"The Agreement and its supporting technical analysis expressly now provide*
15 *stakeholder direction to Watermaster by equitably resolving competing*
16 *concerns."* (Motion, 1:20-22)
- 17 • *The Agreement . . . addresses three primary subject matter areas: (ii) the*
18 *manner in which Watermaster should account for various components of the*
19 *recharge to the Basin in implementing the Court-Approved Management*
20 *Agreements."* (Motion, 9:18-22)
- 21 • *"The parties' agreements in these areas are intended to guide Watermaster's*
22 *implementation of the Judgment and the further agreements and orders*
23 *thereunder."* (Motion, 10:1-2)

24 Watermaster offers no justification for the desired "accounting" or "re-direction" -
25 except the assertion that certain Parties agree to it. Nothing more! The Motion states:

26 *The signatories to the Agreement are consenting to the Court ordering*
27 *Watermaster to proceed in accordance with its terms. The Court's order would*
28 *be binding on all Parties to the Judgment pursuant to its continuing jurisdiction.*

1 (*Restated Judgment ¶15.*)” (Motion, 10:3-7).

2 Having made the assertion, Watermaster fails to explain how an “agreement” of certain
3 Parties can bind all of the Parties to a Judgment that was reached by a stipulation of all of the
4 Parties to the Judgment! Likewise, Watermaster fails to explain how such an “agreement”
5 can support a Court order that would impose extremely harsh consequences on CHINO and
6 JCSD without their consent and without any consideration for their losses. Lastly,
7 Watermaster fails to explain the Court’s jurisdiction to make such an order.

8 4. Peace II Agreement Does Not Authorize the Use of Desalter-Induced Recharge
9 to Offset the Water Produced by the Desalters

10 Watermaster argues that under the Peace Agreements, it “*allocates and account for*
11 *recharge to the Basin.*” (Motion, 12:15-17) Watermaster argues that SYRA Paragraph 5.2
12 provides for the “*treatment of recharge to the Basin that has been induced by the operation of*
13 *the Desalters (Desalter-Induced Recharge).*” (Motion, 15:26-27.) Watermaster does not
14 define Desalter-Induced Recharge, but it likely refers to the water from the Santa Ana River
15 that flows into the Basin called the Santa Ana River Underflow (SARU).

16 Watermaster also argues that it has been accounting for the SARU/Desalter-Induced
17 Recharge. (Motion, 16:1-2.). Yet, Watermaster provides no explanation or evidence in
18 support if such accounting exists. In fact, Appendix B to the Assessment Package contains a
19 column to show the amounts of any Santa Ana River Underflow New Yield (SARUNY) that
20 refers to Paragraph 6.2(a)(iii) of Peace II Agreement, but the column contains no entries for
21 any year from 2001. The Appendix demonstrates Watermaster’s belief that there is no
22 SARU/Desalter-Induced Recharge that constitutes New Yield within the meaning of
23 Paragraph 1.1(aa) of the Peace Agreement. However, the fact that SYRA attempts to
24 introduce the term “Desalter-Induced Recharge” proves that New Yield does not exist. If
25 New Yield did exist, there would be no need for the new term or the SYRA. Paragraph 7.1 of
26 the Peace II Agreement permits Watermaster to make a finding that New Yield attributable to
27 the Desalters does exist, Watermaster fails to submit evidence that it has made such a finding.

28 ///

1 Watermaster then argues either that Paragraphs 6.2(a)(iii) and 7.1 of the Peace II
2 Agreement authorize Watermaster to offset the water produced by the Desalters with the
3 Desalter-Induced Recharge/SARU or that Paragraphs 6.2(a)(iii) and 7.1 should be amended to
4 authorize such a credit. (Motion 16:3-23.)

5 If Watermaster argues Peace II Agreement authorizes the use of the SARU/Desalter-
6 Induced Recharge to offset the water produced by the Desalter, it is wrong. If it were true,
7 there would be no need for SYRA Paragraph 5.2(b) and Watermaster could have done so
8 under Paragraph 7.1. The argument fails, because Watermaster offers no evidence that it has
9 made such an accounting. The argument also fails, because Paragraphs 6.2(a)(iii) and 7.1 of
10 Peace II Agreement do not authorize a credit for Desalter-Induced Recharge, because they
11 authorize a credit for New Yield only.

12 If Watermaster argues that SYRA Paragraph 5.2(b) is intended to amend Paragraphs
13 6.2(a)(iii) and 7.1 of Peace II by replacing the term "New Yield" with the term "Desalter-
14 Induced Recharge," the amendment is impermissible, because the consent of the Parties for
15 the amendment does not exist and for the many other reasons offered in this opposition.

16 Finally, Watermaster appears to argue that SYRA Paragraph 5.2(b) means that
17 "Paragraph 10 of the Appropriative Pooling Plan" (Exhibit H to the Judgment) permits the
18 allocation of Operating Safe Yield to offset the water produced by the Desalters.
19 (Motion 16:24 to 17:10.) Watermaster is wrong. Paragraph 10 is not in SYRA Paragraph
20 5.2(b). Second, Paragraph 10 does not authorize the use of Basin Safe Yield to offset the
21 water produced by the Desalters. Third, the argument that the Basin Safe Yield can be
22 recalculated by subtracting out the exact amount of water desired to offset the water produced
23 by the Desalters (50% of the Desalter production up to 20,000 acre feet) is contrary to the
24 meaning of the Safe Yield, the rights of the Appropriators and the Physical Solution. Finally,
25 there is no showing that Watermaster gave five years prior Notice about the amount and time
26 of a change in the Operating Safe Yield required by Section 3(b) of Exhibit I of the Judgment.
27 [Judgment, ¶¶ 15(a), 6, 4(x), 9, 15(b), 15(c), 39, 44, Exhibit E, Exhibit H and Exhibit I.]

28 ///

1 5. Watermaster Does Not Show Any Substantive Need that Requires the SYRA

2 Throughout the Motion, Watermaster alleges the challenges, concerns, consequences,
3 dangers and issues that allegedly connect the Safe Yield Re-Determination to the need to
4 reduce the Safe Yield, to take Basin Safe Yield to offset the water produced by the Desalters,
5 and to take or restrict the use of Carry-Over water in storage. Watermaster makes the
6 following allegations of need:

- 7 • The motion presents a recommended approach “*to redress a series of issues*
8 *that devolve from the rest.*” (Motion, 1:3-4).
- 9 • Input and direction was provided by Parties to the Judgment to “*address the*
10 *cascading consequences from the reset of Safe Yield.*” (Motion, 1:16-17)
- 11 • The Parties to the Judgment “*identified issues that derived from*
12 *Watermaster’s administration of the Restated Judgment, the Peace*
13 *Agreement, as amended, the Peace II Agreement, the Watermaster Rules and*
14 *Regulations and the Court Orders in implementation thereof.*” (Motion,
15 1:17-20)
- 16 • The Parties to the Judgment “*endeavored to address to address various issues*
17 *and challenges related to Watermaster accounting in light of a decline in*
18 *Safe Yield.*” (Motion, 5:24-26)
- 19 • The Appropriative Pool requested Watermaster to convene meetings for “*pool*
20 *members to reach consensus as to the issues that might cascade from the*
21 *redetermination and reset of the Basin’s Safe Yield.*” (Motion, 7:23-26)

22 However, the declarations submitted with the Motion do not describe the issues that
23 lead to the measures in the SYRA. The declaration of Mark Wildermuth refers to measures in
24 the SYRA in general, but he does not identify any issue that gave rise to a particular measure.
25 (Wildermuth Declaration ¶14 and 15.) The declaration of Danielle Maurizio provides no such
26 information. The Declaration of Peter Kavounas fails to describe any issue despite his work
27 with the Pools, the Advisory Committee and workshops where there was discussion about
28 “consensus as to the Safe Yield reevaluation and reset issues.” (Kavounas Declaration ¶13

1 and 15.)

2 Watermaster has not identified the issues in any substantive way, the solutions for each
3 issue and the relationship between each issue and each “measure” in the SYRA.

4 The absence of such information suggests that no legitimate issues were the basis of
5 the measures in the SYRA. The language about such issues that led to the measures appears
6 to be nothing more than a veneer of plausibility to justify the SYRA. The absence of such
7 information is further evidence that the real motivation for the SYRA is money – or the
8 attempt to avoid the Replenishment Obligation.

9 V.

10 **RULES GOVERNING ADJUDICATED WATER RIGHTS**

11 The Motion requests orders directing Watermaster to implement the SYRA, which
12 contains provisions that would amend Paragraph 6 of the Judgment by reducing the Historic
13 Basin Safe Yield and provisions that would reallocate the Basin Safe Yield among the Parties.

14 Therefore, the Court’s determination about the Motion’s substantive requests should be
15 guided by the Judgment itself and the Court’s prior orders, as well as the rules about
16 interpreting stipulated judgments and modifying court orders.

17 One rule is that a Stipulated Judgment is a final determination as to the respective
18 rights of the parties to the waters of the Chino Basin. *Hi-Desert County Water District v.*
19 *Blue Skies Country Club* (1994) 23 Cal.App.4th 1723; *Moreno Mutual Irrigation Co. v.*
20 *Beaumont Irrigation District* (1949) 94 Cal.App.2d 76.

21 In *Hi-Desert*, the Fourth District Court of Appeal, Division Two, explained how to
22 approach motions for orders deciding parties’ rights to water distribution, in light of an
23 existing stipulated judgment establishing water rights. The court explained that such a
24 stipulated judgment finally governs the parties’ water rights; and that court orders that
25 redefine the parties’ rights in contravention of the judgment are improper. *Id.* at pp. 1730,
26 1733.

27 To decide whether a proposed order improperly operates to redefine the parties’ rights,
28 the court looks both to contract law and to California water law. *Hi-Desert, supra*, 23

1 Cal.App.4th at p. 1733.

2 Contract law applies because a stipulated judgment, entered into after negotiation
3 between the parties and approved by the court, is tantamount to a contract. *Id.* at p. 1732. It
4 is therefore subject to interpretation and construction. *Ibid.* The rules of contracts apply,
5 particularly the rule that the contract must be construed as a whole, effecting harmony among
6 and giving meaning to all of the contract's parts. *Id.* at pp. 1733-1734.

7 Water law comes into play, because in interpreting the judgment the Court does not
8 look only to the specific amounts of water granted parties, but also to the judgment's
9 definition of each party's water rights. *Id.* at pp. 1730, 1733. Granting parties rights to water
10 that do not accord with the judgment's definition of their rights contradicts the judgment.
11 *E.g., id.* at p. 1734.

12 Further, the conduct of the parties to the stipulated judgment after execution (and
13 before any controversy arises about the judgment's effect) are given great weight. That
14 conduct is the most reliable evidence of the parties' intentions. *Id.* at p. 1736.

15 Here, the judicially-approved contracts to be interpreted are not only the stipulated
16 judgment, but the two subsequent orders directing Watermaster to implement the provisions
17 of the Peace Agreement and the Peace II Agreement that were approved by the Court in those
18 orders. To the extent the SYRA contradicts the parties' rights as established by those
19 agreements and California water law, the SYRA cannot be approved.

20 Because the Stipulated Judgment and the 2000 Court Order and the 2007 Court Order
21 were equitable orders, the Court's authority on modifying them is based on the court's
22 inherent authority as codified in Code of Civil Procedure section 533 (modification of
23 injunctions in general) and Civil Code section 3424, subdivision (a) (addressing final
24 injunctions).

25 In 1995, this inherent authority was codified in Code of Civil Procedure section 533
26 and Civil Code section 3424, subdivision (a). *Professional Engineers v. Department of*
27 *Transportation* (1997) 15 Cal.4th 543, 562. These statutes codify a long-settled judicial
28 recognition of the inherent power of the court to amend an injunction in the interest of justice

1 when there has been a change in the controlling facts upon which the injunction rested.
2 *Balboa Island Village Inn, Inc. v. Lemen* (2007) 40 Cal.4th 1141, 1161. When it can be
3 shown that circumstances have so changed that an injunction is no longer necessary or
4 desirable, the trial court has power to amend it in the interests of providing justice for all
5 parties in interest. *Palo Alto-Menlo Park Yellow Cab Co. v. Santa Clara County Transit Dist.*
6 (1976) 65 Cal.App.3d 121, 130.

7 Both statutes and the case authority they are based on set forth the same requirement
8 for modifying an injunction: “a showing that there has been a material change in the facts
9 upon which the injunction was granted, that the law upon which the injunction was granted
10 has changed, or that the ends of justice would be served by the modification or dissolution of
11 the injunction.” (Civil Code section 3424, subdivision (a).)

12 “[G]ranted, denying, dissolving, or refusing to dissolve a permanent or preliminary
13 injunction rests in the sound discretion of the trial court upon a consideration of all the
14 particular circumstances of each individual case” *Professional Engineers v.*
15 *Department of Transportation* (1997) 15 Cal.4th 543, 562.

16 A showing that a change in the facts or the law, or that the ends of justice require
17 changing the order, requires adequate and admissible evidence. In *North Beverly Park*
18 *Homeowners Ass'n v. Bisno* (2007) 147 Cal.App.4th 762, 767, for instance, the appellate court
19 affirmed the trial court’s decision not to vacate an injunction, because the moving party
20 submitted only weak evidence of the ground for vacation.

21 Here, the Motion request to direct Watermaster to implement the SYRA conflicts with
22 the 2000 Court Order and the 2007 Court Order, because both Orders direct Watermaster to
23 implement the Peace Agreements including the Parties’ obligation to pay the costs to
24 replenish the water produced by the Desalters. By requesting an order implementing the
25 SYRA, the Motion seeks modifications of the two conflicting prior orders.

26 Therefore, the standards set forth in Code of Civil Procedure section 533 (modification
27 of injunctions in general) and Civil Code section 3424, subdivision (a) (addressing final
28 injunctions) are the applicable standards herein.

1 VI.

2 **THE COURT MAY NOT ORDER WATERMASTER TO ENFORCE**

3 **THE 2015 SAFE YIELD AND RESET AGREEMENT (SYRA)**

4 The SYRA is an attempt by some Parties to the Judgment to reduce their obligation to
5 pay for water needed to replenish the Desalter Production, which they agreed to pay when
6 they signed the Peace Agreements as their contribution toward the financing of the desalters
7 and in consideration of other benefits they have received and will continue to enjoy.

8 At a minimum, such changes require the consent of all Parties, but that consent does
9 not exist and it will not be given by CHINO or JCSD. Further, the Parties that support the
10 SYRA are equitably estopped from approving and enforcing it, as they seek to reduce their
11 obligations while retaining all of the benefits under the Peace Agreements. Finally, the Public
12 Entity Parties to the Judgment cannot validly approve the SYRA, because they are not
13 complying with the California Environmental Quality Act or Article I, Section 19 of the
14 California Constitution.

15 **A. THE SYRA CONTRAVENES THE JUDGMENT AND CANNOT**
16 **EFFECT ANY CHANGES TO CHINO'S RIGHTS TO THE WATERS OF**
17 **THE CHINO BASIN UNDER THE JUDGMENT**

18 At its core, the SYRA seeks to make two reallocations of Basin Safe Yield among the
19 members of the Appropriative Pool notwithstanding the existing, declared rights of CHINO
20 and JCSD to the waters of the Chino Basin. The first reallocation is the taking of Basin Safe
21 Yield, to offset the production of Basin water by the Desalters, which then triggers a depletion
22 of the amount of the Unproduced Agricultural Pool Water from which members of the
23 Appropriative Pool like CHINO and JCSD satisfy their Land Use Conversion Claims. The
24 second reallocation is the taking of water from CHINO'S Carry-Over Storage Account, which
25 has been allocated to CHINO based upon its percent share of the Operating Safe Yield by
26 Watermaster according to the Judgment, in a manner that is doubly inequitable to CHINO
27 compared to the other members of the Appropriative Pool.

28 ///

1 However, the Court cannot order Watermaster to enforce the SYRA against CHINO
2 and JCSD, because such an order would contravene the Judgment. The requested orders to
3 enforce the SYRA would contravene the Judgment for the following reasons:

- 4 1. The Court Cannot Make an Order that Redefines CHINO'S and JCSD'S Rights to
5 the Waters of the Chino Basin Declared by the Judgment.
- 6 2. The Judgment Collaterally Estops the Parties from Re-Litigating the Rights of the
7 Parties to the Waters of the Chino Basin.
- 8 3. Watermaster has Failed to Prove a Change in Circumstances in Support of its
9 Request to Modify the 2000 Court Order and the 2007 Court Order
- 10 4. The Court Lacks Jurisdiction to Reallocate the Basin Safe Yield Among Members
11 of the Appropriative Pool.

12 **1. The Court Cannot Make an Order that Redefines CHINO'S and JCSD'S**
13 **Rights to the Waters of the Chino Basin Declared by the Judgment**

14 The clear purpose of the SYRA is to reallocate Basin Safe Yield among the Parties to
15 the Judgment and the Peace Agreements. Thus, it contravenes the rights of CHINO and JCSD
16 under the Judgment.

17 The Judgment is a final determination of the respective rights of the parties to the
18 waters of the Chino Basin and it permits no redefinition of those water rights. *Hi-Desert*
19 *County Water District v. Blue Skies Country Club* (1994) 23 Cal.App.4th 172; *Moreno*
20 *Mutual Irrigation Co. v. Beaumont Irrigation District* (1949) 94 Cal.App.2d 76.

21 The *Hi-Desert* case is apropos. In 1977, the Warren Basin that underlies the
22 communities of Yucca Valley was adjudicated by a stipulated judgment, which delineated the
23 rights of the parties including the overlying rights of Defendant Blue Skies Country Club. In
24 1984, the court authorized the watermaster to levy a two-tiered production assessment. The
25 levy was tied to the judgment by placing a flat fee on a party that produced its production
26 rights and a higher fee per acre-feet of water that a party produced in excess of its production
27 rights. In 1991, the watermaster proposed abolishing that two-tiered levy and replacing it
28 with a new levy of \$1,009 per acre-foot of water that a party produced in excess of its share of

1 the safe yield. The new levy would have required Defendant Blue Skies to pay \$1,009 per
2 acre-foot of water on its right to produce 585 acre-feet of water, starting at 234 acre feet. The
3 trial court approved the new levy, which effectively curtailed Defendant Blue Skies' right to
4 produce 585 acre-feet per year by requiring it to pay \$1,009 for every acre-foot of water
5 pumped over 26 percent of safe yield or over 234 acre-feet per year (the "1992 Order").

6 *Hi-Desert* held that the 1992 Order was an improper redefinition of the rights of the
7 parties" observing as follows:

8 *"The 1992 Order dismisses the specific rights decreed in the judgment as*
9 *'overlying' and 'appropriative' and ignores the acre-feet amount specifically*
10 *allocated to each of the overlying owners and the District. As such, the*
11 *District's and the trial court's interpretation violates the 'cardinal rule of*
12 *construction that a contract is to be construed as a whole, effecting harmony*
13 *among and giving meaning to all the parts thereof.'"* 23 Cal.App.2nd 1734.

14 *Hi-Desert* made a number of other pronouncements that are instructive here. First, it
15 states that the 1977 stipulated judgment was tantamount to a contract and that the judgment
16 "finally governs the parties' rights to the basin's water" thereafter. 23 Cal.App.4th 1723,
17 1732. Second, it states "in construing a contract, it is not a court's prerogative to alter it, to
18 rewrite its clear terms, or to make a new contract for the parties." 23 Cal.App.4th 1723,
19 1735.

20 Third, in construing the judgment, the court also looked to the averments and actions
21 of the parties. The court focused on how the Watermaster had treated the rights of Defendant
22 Blue Skies under the two-tiered assessment prior to the 1992 Order. It observed as follows:

23 *The "conduct of the parties after execution of the contract and before any*
24 *controversy has arisen as to its effect" are given "'great weight'" because such*
25 *conduct "affords the most reliable evidence of the parties' intentions."* (Citation
26 omitted). *The original production assessment suggested by the watermaster*
27 *(which, as noted, is the District), approved by the court in 1984, reflected*
28 *defendant's interpretation of the judgment. Under the tax structure, only if*

1 defendant used water above 585 af/yr was it subject to the higher levy. 23

2 Cal.App.4th 1723, 1736

3 Fourth, the court looked to the motive of the new levy and concluded that:

4 "after all is said and done in the legal area, it is apparent that money is the real'
5 issue here: who must pay for the cost of importing water to replenish amounts
6 taken in excess of the safe yield. Defendant claims it may pump 585 af/yr before
7 being liable for the cost to replenish the basin. According to the District, the
8 1992 order correctly charges defendant for extractions above its pro rata share
9 of 26 percent of all extractions. With the safe yield at 900 af/yr, in practical
10 terms this means defendant would be able to take only 234 af/yr before incurring
11 \$1,009 for additional acre-fee, translating into a cost of \$345,159 more than the
12 1977 judgement contemplated." 23 C.A.4th 1723, 1736

13 Finally, the court states that the general purpose of a physical solution "is to avoid a
14 waste of water without unreasonably or adversely affecting the right of the parties." It held
15 that the physical solution illegally impinged on the defendant's adjudicated water rights. 23
16 Cal.App.4th 1723, 1736-1737. Therefore, diligence must be employed to avoid harm to a
17 party such as imposing a greater financial burden on a party than permitted by the judgment or
18 by fairness.

19 What the SYRA proposes is what the Watermaster proposed in *Hi-Desert*. There, the
20 watermaster proposed a shifting of the costs for supplemental water. Here, the Watermaster
21 proposes a shifting of the costs for replenishment water.

22 The court could not allow it there, because the shift violated the water rights of the golf
23 course under the Judgment. The Court cannot allow it here, because the shift violates the
24 rights of CHINO and JCSD under the Judgment.

25 **2. The Judgment Collaterally Estops the Parties from Re-Litigating the**
26 **Rights of the Parties to the Waters of the Chino Basin**

27 The appropriators are collaterally estopped from seeking to reallocate the waters of the
28 Chino Basin that would reduce the Basin Safe Yield heretofor allocated to CHINO and JCSD.

1 Here, the Motion most clearly constitutes an attempt to re-litigate the allocation of
2 appropriators' rights to the waters of the Chino Basin that were litigated and finally resolved
3 in 1977 by the Parties, including the appropriators, when they stipulated to the Judgment and
4 its water allocation provisions.

5 We begin with Paragraph 9(a) of the Judgment that declares that the appropriators are
6 "*estopped and barred from asserting special priorities or preferences, inter se.*" This means
7 exactly what it says. The present attempt to take water from the Safe Yield, in order to offset
8 the water produced by the Desalters and thereby reduce the appropriators' Replenishment
9 Obligation, runs afoul of this provision. Clearly, the requested reallocations constitute a
10 request for "*special priorities or preferences inter se*" that Paragraph 9(a) bars.

11 These attempted reallocations are further barred by the doctrine of collateral estoppel.
12 In law, a stipulated judgment bars subsequent litigation of all issues which were or could have
13 been raised in the original suit. *California State Automobile Association v. Superior Court*
14 *(1990) 50 Cal.3d 658; Moreno Mutual Irrigation Co. v. Beaumont Irrigation District (1949)*
15 *94 Cal.App.2d 76.*

16 In *California State Automobile Association*, the Supreme Court explains:

17 "*While it is entirely proper for the court to accept stipulations of counsel that*
18 *appear to have been made advisedly, and after due consideration of the facts, the*
19 *court cannot surrender its duty to see that the judgment to be entered is a just*
20 *one, nor is the court to act as a mere puppet in the matter. Most importantly, a*
21 *stipulated judgment may properly be given collateral estoppel effect, at least*
22 *when the parties manifest an intent to be collaterally bound by its terms. Where,*
23 *as here, an insurer signs a stipulation in which the insured admits liability, that*
24 *insurer is privy to the agreement and can be collaterally estopped from*
25 *relitigating liability to the same extent as the insured.*" 50 Cal.3d 658, 664-665.

26 Here, the Parties to the Judgment intended to be bound by the terms, because they all
27 signed the stipulation leading to the Judgment and they have acquiesced in its provisions since
28 its entry in 1978. In particular, the members of the Appropriative Pool manifested their

1 intention to be bound by the water allocation provisions of the Judgment as among
2 themselves, because Paragraph 9 pertaining to the rights of the members of the Appropriative
3 Pool declares that “*each and all of the parties listed in Exhibit “E” are estopped and barred*
4 *from asserting special priorities or preferences, inter se.”* No similar language exists in the
5 Judgment for the members of the other pools.

6 Therefore, the Watermaster’s attempt to relitigate the allocation of Safe Yield among
7 the members of the Appropriative Pool, as set forth in the SYRA, must fail. The members of
8 the Appropriative Pool stipulated to all provisions of the Judgment and no one has relitigated
9 them during the past 38 years. They cannot do so here.

10 **3. Watermaster has Failed to Prove a Change in Circumstances in Support of**
11 **its Request to Modify the 2000 Court Order and the 2007 Court Order**

12 The Motion’s request to issue orders to Watermaster to implement the SYRA conflicts
13 with the 2000 Court Order and the 2007 Court Order, because both Orders direct Watermaster
14 to implement the Peace Agreements and require the Parties’ to pay the costs to replenish the
15 water produced by the Desalters. By requesting orders that would implement the SYRA, the
16 Motion seeks to modify the conflicting provisions of the two prior orders.

17 However, Watermaster has failed to explain the changed circumstances that would
18 support such modifications; and it has failed to submit any evidence in support. The general
19 allegations of need throughout the Motion is insufficient. Therefore, Watermaster has failed
20 its burden as set forth in Code of Civil Procedure section 533 and Civil Code section 3424(a).

21 These statutes codify a long-settled judicial recognition of the inherent power of the
22 court to amend an injunction in the interest of justice when there has been a change in the
23 controlling facts upon which the injunction rested. *Balboa Island Village Inn, Inc. v. Lemen*
24 (2007) 40 Cal.4th 1141, 1161; *Palo Alto-Menlo Park Yellow Cab Co. v. Santa Clara County*
25 *Transit Dist.* (1976) 65 Cal.App.3d 121, 130.

26 Both statutes and the case authority they are based on set forth the same requirement
27 for modifying an injunction: “*a showing that there has been a material change in the facts*
28 *upon which the injunction was granted, that the law upon which the injunction was granted*

1 *has changed, or that the ends of justice would be served by the modification or dissolution of*
2 *the injunction.” (Civil Code section 3424(a))*

3 A showing that a change in the facts or the law, or that the ends of justice require
4 changing the order, requires adequate and admissible evidence. In *North Beverly Park*
5 *Homeowners Ass'n v. Bisno* (2007) 147 Cal.App.4th 762, 767, for instance, the appellate court
6 affirmed the trial court's decision not to vacate an injunction, because the moving party
7 submitted only weak evidence of the ground for vacation.

8 Watermaster has not sustained its burden of showing why the 2000 Court Order and the
9 2007 Court Order should be modified.

10 **4. The Court Lacks Jurisdiction to Reallocate the Basin Safe Yield Among**
11 **Members of the Appropriative Pool**

12 At its core, the SYRA seeks to make two reallocations of Basin Safe Yield among the
13 members of the Appropriative Pool notwithstanding the existing, declared rights of CHINO
14 and JCSD to the waters of the Chino Basin.

15 However, the Court lacks jurisdiction to order such reallocations of the Basin Safe
16 Yield from CHINO. These new reallocations would deviate from the allocations Watermaster
17 has been making from the date of the Judgment to the present as required by the Judgment.

18 Beginning with Paragraph 15(c) of the Judgment, it states that the court lacks
19 jurisdiction on matters pertaining to the *“The determination of specific quantitative rights and*
20 *shares in the declared Safe Yield or Operating Safe Yield herein declared in Exhibits “D” and*
21 *“E”*. Judgment Exhibit “E” delineates the rights of each member of the Appropriative Pool to
22 its share of the Operating Safe Yield in acre-feet and in percentages.

23 Next, Paragraph 9 of the Judgment entitled “Appropriative Rights” explains the rights
24 of the members of the Appropriative Pool listed in Exhibit E. That language is particularly
25 instructive and declares as follows:

26 *The parties listed in Exhibit “E” are the owners of appropriative rights,*
27 *including rights by prescription, in the unadjusted amounts therein set forth, and*
28 *by reason thereof are entitled under the Physical Solution to share in the*

1 *remaining Safe Yield, after satisfaction of overlying rights and rights of the State*
2 *of California, and in the Operating Safe Yield in the Chino Basin, in the annual*
3 *shares set forth in Exhibit "E".*

4 This declaration of rights very clearly means that CHINO, as an appropriator, is
5 entitled both to its share of the Operating Safe Yield and its share of the Safe Yield that
6 remains after the overlying rights of the Agricultural and the State of California have been
7 satisfied. In other words, CHINO is entitled to its allocated share of the Operating Safe Yield,
8 whether used or stored, and the Unproduced Agricultural Pool Water from which to satisfy its
9 Land Use Conversion claims.

10 And, there is more. Paragraph 9 of the Judgment also declares:

11 *(a) Loss of Priorities. . . in light of the complexity of determining appropriative*
12 *priorities and the need for conserving and making maximum beneficial use of the*
13 *water resources of the State, each and all of the parties listed in Exhibit "E" are*
14 *estopped and barred from asserting special priorities or preferences, inter se.*
15 *All of said appropriative rights are accordingly deemed and considered of equal*
16 *priority." (Emphasis added).*

17 This further declaration of rights of each appropriator means that the Judgment's
18 allocation of Safe Yield constitutes both a determination of "beneficial use" and a
19 determination of an inalienable right of each appropriator to its portion of water under the
20 Judgment as against all other appropriators.

21 Paragraph 9 does not grant jurisdiction to the court to make an order that would
22 siphons off Basin Safe Yield in favor of some of the appropriators and against others

23 **B. THE SYRA IS NOT A VALID AGREEMENT OF THE PARTIES AND**
24 **CANNOT AFFECT CHANGES TO THE OBLIGATIONS OR RIGHTS**
25 **OF THE PARTIES UNDER THE PEACE AGREEMENTS OR THE**
26 **JUDGMENT**

27 The SYRA is not a valid agreement of the Parties.

28 Therefore, the SYRA cannot effect changes to the obligations or rights of the Parties

1 under the Peace Agreements or the Judgment.

2 In addition, the SYRA cannot compel the Court to reduce the historic Basin Safe Yield
3 or to adopt a method for determining the Safe Yield that is contrary to the Judgment.

4 The SYRA is not a valid agreement of the Parties for the following reasons:

- 5 1. The SYRA lacks the consent of the Parties and it offers no consideration.
- 6 2. The Parties are Equitably Estopped from Reducing their Replenishment Obligation
7 under the Peace Agreements by Shifting them onto CHINO and JCSD while
8 Retaining all the Benefits.
- 9 3. The Public Agency Parties to the Judgment cannot validly approve the SYRA,
10 because they have not complied with the California Environmental Quality Act.
- 11 4. The Public Agency Parties to the Judgment Cannot Validly approve the SYRA and
12 the SYRA Must be Rejected to Prevent An Unauthorized Taking In Violation of Article
13 I, Section 19 of the California Constitution.

14 1. **The SYRA Lacks the Consent of the Parties and Does Not Provide**
15 **Consideration to CHINO**

16 The Motion requests the Court to order Watermaster to enforce the SYRA as to the
17 Parties to the Peace Agreements and the Judgment even though the SYRA does not have the
18 consent of all Parties to the Judgment and Peace Agreements. Therefore, the SYRA is not a
19 valid agreement; and its various changes to the obligations and rights of the Parties under the
20 Peace Agreements and the Judgment cannot be effectuated.

21 Watermaster well knows that CHINO has stated repeatedly that it does not consent to
22 the SYRA and that it will not approve or sign it. The Motion even states that Chino does not
23 consent to the SYRA. Therefore, the element of mutual consent is lacking, which is
24 necessary to make the SYRA a valid agreement of the Parties.

25 Furthermore, the Parties to the SYRA offer no consideration to CHINO in exchange
26 for the exactions they seek to impose on CHINO. Therefore, the element of consideration is
27 lacking, which also is necessary to make the SYRA a valid agreement of the Parties.

28 ///

1 It is fundamental that mutual consent of the parties and consideration is required for
2 the formation of a valid agreement or a valid modification of an existing agreement.

3 “[T]he modification of a contract is as much a matter of contract as the original
4 agreement. Thus, the terms of contract can be changed only with the consent of all the
5 parties.” *14A Cal. Jur.3d Contracts* §269. *Newhall Land & Farming Co. v. Hogue-Kellogg*
6 *Co.*, (1922) *56 Cal.App.* 90 [“it is held, in accordance with elementary principles, that the
7 terms of a contract duly entered into cannot be changed except with the concurrence of all of
8 the parties thereto.”]; *Riverside Rancho Corp. v. Cowan* (1948) *88 Cal.App.2d* 197, 208 [“A
9 modification of a contract can be made only with the consent of all parties to it.”]

10 “Modification is a change in the obligation by a modifying agreement, which
11 requires mutual assent, and must ordinarily be supported by consideration.” *1 Witkin,*
12 *Summary 10th (2005) Contracts*, §964; *p. 1055; Wade v. Diamond A Cattle Co.* (1975) *44*
13 *Cal. App. 3d* 453 [“Modification is a change in the obligation by a modifying agreement
14 which requires mutual assent.”]; *Main St. & A.P.R. Co. v. Los Angeles Traction Co.*(1900)
15 *129 Cal.* 301 [The modifying agreement sought to impose a new and onerous obligation for
16 which there was no compensation, either in release of previous obligations or in a new
17 consideration].

18 Here, SYRA Paragraph 5.2(b) would introduce Basin Safe Yield as a new source of
19 water for the purpose of offsetting the water produced by the Desalters by an amount equal to
20 50% of the Desalter Production in each production year. This new source of water also would
21 reduce the Parties’ Replenishment Obligation by the same amount. Apparently, these new
22 allocations of Basin Safe Yield to offset the water produced by the Desalters and to reduce the
23 Parties’ Replenishment Obligation constitute the new “accounting” that “devolves from the
24 Safe Yield Reset.”

25 Because Paragraph 5.2(b) would add Safe Yield as a new source of water to offset the
26 water produced by the Desalters, it effectively modifies the provisions of the Peace
27 Agreements pertaining to the sources of water available to offset the Desalter Production.
28 The sources of water available to offset the water produced by the Desalters are limited to

1 those identified in Peace Agreement I, Section 7.5 and in Peace II Agreement, Sections 6.1
2 and 6.2. Therefore, the addition of Safe Yield to offset the water produced by the Desalters is
3 impermissible without the consent of all Parties.

4 It is clear that SYRA Paragraph 5.2(b) is inconsistent with Peace Agreement I, Section
5 7.5 and in Peace II Agreement, Sections 6.1 and 6.2. The use of up to 20,000 acre-feet per
6 year of Safe Yield to offset the Desalter Production is inconsistent, because it is not an
7 authorized use of Basin Safe Yield under the Peace Agreements and the Judgment and
8 because it triggers a commensurate reduction of the amount of Unproduced Agricultural Pool
9 water and thereby depletes the amount of such water for appropriators with land use
10 conversion claims – namely CHINO and Jurupa. Paragraph 5.2(b) is doubly inconsistent,
11 because it also reduces the Parties' Replenishment Obligation by shifting their burden onto
12 CHINO and Jurupa without even an offer of consideration. Finally, Section 10.2(a) of the
13 Peace Agreement expressly requires the consent of all Parties:

14 *After the date of Execution, each Party agrees that any other agreement or*
15 *contract relating to the subject matter of this Agreement, or Judgment, to which*
16 *it is a party, shall be consistent with the provisions of this Agreement, unless all*
17 *other Parties consent to the inconsistent agreement or contract.*

18 Furthermore, the creation of a storage reserve by SYRA Paragraph 6.2 is also
19 inconsistent with water allocation provisions of the Judgment. Finally, the reduction of the
20 historic Basin Safe Yield is inconsistent with the Judgment in that the reduction deviates
21 from the Safe Yield criteria of the Judgment.

22 Because the SYRA does not have the consent of all Parties, it cannot be an
23 Agreement of the Parties and it cannot be the basis of an order directing Watermaster to
24 enforce it.

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1 2. **The Parties are Equitably Estopped from Reducing their Replenishment**
2 **Obligation under the Peace Agreements by shifting them onto CHINO and**
3 **JCSD while Retaining all the Benefits.**

4 The Parties that support the SYRA are estopped from changing the terms of the Peace
5 Agreement and the Peace II Agreement, because the Parties would retain the benefits of these
6 agreements while divesting themselves of one-half of their Replenishment Obligation by
7 shifting it onto CHINO and JCSD. Furthermore, CHINO has relied on the Parties'
8 Replenishment Obligation in entering into a Water Purchase Agreement with the Chino Basin
9 Desalter Authority, as set forth in the Declaration of Dave Crosley. (Crosley Declaration ¶19)
10 *Tehama-Colusa Canal Authority v. U.S. Dept. of Interior* (E.D.Cal. 2011) 819 F.Supp.2d 956;
11 *HPT IHG-2 Properties v. City of Anaheim* (2015) WL 9283932.

12 *Tehama-Colusa* involved the plaintiff water authority's suit to try to establish superior
13 water rights under federal statutes regarding the Sacramento River Division of Central Valley
14 Project. Despite entering into contracts and renewals of federal water service contracts that
15 included shortage provisions, the plaintiffs (all local water agencies) sought injunctions and
16 declaratory relief against the shortage provisions of those contracts. The district court held
17 that the authority was estopped from seeking that relief:

18 *"Equitable estoppel precludes a party from claiming the benefits of a contract*
19 *while simultaneously attempting to avoid the burdens that contract imposes."*
20 *Mundi v. Union Sec. Life Ins., 555 F.3d 1042, 1045 (9th Cir.2009). Equitable*
21 *estoppel also applies to alleged third party beneficiaries' rights under a contract*
22 *based on equity and fairness, which prevent a litigant from "having it both*
23 *ways" by claiming benefits, while denying obligations contained in the contract*
24 *for the convenience of the parties seeking to avoid the effects of that parties'*
25 *prior conduct. Omega Indus., Inc. v. Raffaele, 894 F.Supp 1425, 1433*
26 *(D.Nev.1995) (equitable estoppel "stands for the basic precepts of common*
27 *honesty, clear fairness and good conscience"). (Tehama-Colusa, at p. 998.)*
28

1 *"Such inequitable conduct estops Plaintiff and its Members from seeking "a*
2 *preliminary and permanent injunction prohibiting ... (export of CVP water*
3 *supplies) whenever such supplies are needed to meet the full contractual supplies*
4 *for (TCCA)" and from obtaining any "declaratory judgment providing that*
5 *Defendants must ... implement the Water Service Contracts in accordance with*
6 *the area of origin protections" If the Bureau had known the true facts that*
7 *Plaintiff and its Members did not intend to perform the Renewal Contracts as*
8 *they had always been performed, the Bureau could have gained Plaintiff's*
9 *express acquiescence and waiver, or elected not to execute new contracts.*
10 *Plaintiff and its Members' conduct requires they be equitably estopped from*
11 *obtaining the benefit of federal CVP water service without accepting the burden*
12 *of those that reduces their water allocation during water shortages." (Id. at p.*
13 *1000.)*

14 *Tehama-Colusa* was later affirmed by the 9th Circuit, although the 9th Circuit did not
15 address the equitable argument because it found the challenge barred on legal grounds.
16 (*Tehama-Colusa Canal Authority v. U.S. Department of the Interior* (9th Cir. 2013) 721 F.3d
17 1086, 1095-96 cert. denied sub nom. *Tehama-Colusa Canal Authority v. Department of the*
18 *Interior* (2014) 134 S.Ct. 1546 [188 L.Ed.2d 558].)

19 In *HPT IHG-2 Properties* supra, the Court estopped the City from adopting a
20 conditional use permit that deleted the City's obligation to construct a parking structure under
21 a prior conditional use permit. The Court found no obstacle to estopping the City from
22 enforcing its conditional use permit, because the City replaced its commitment to construct a
23 parking structure with the construction of a parking lot.

24 Likewise, it is inequitable to permit the Parties to retain the benefits under the Peace
25 Agreements but avoid their Replenishment Obligation. For this further reason, the SYRA is
26 invalid and it cannot support an order to enforce its provisions.

27
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1 **3. The Public Agency Parties to the Judgment Cannot Validly Approve the**
2 **SYRA, because they have not complied with the California Environmental**
3 **Quality Act**

4 The 'Public Agency Parties' cannot approve the 2015 Safe Yield Reset Agreement
5 without first conducting a review of its potential impacts on the environment as required by
6 the California Environmental Quality Act (CEQA). By failing to conduct such an
7 environmental review, those agencies would fail to proceed in a manner required by law and
8 would disregard the impacts of the SYRA on the environment.

9 The approval of the SYRA constitutes a project under CEQA, because it may result in
10 significant impacts on the environment. These include, among others, possible adverse
11 effects on hydraulic control such as the loss of groundwater from the Chino Groundwater
12 Basin to the Santa Ana River; increased flooding risks in lower portions of the Basin; and
13 increased water quality issues in the Basin, to name just three.

14 The California Environmental Quality Act ("CEQA") requires "*a three-tier process to*
15 *ensure that public agencies inform their decisions with environmental considerations.*"
16 *Muzzy Ranch Co. v. Solano County Airport Land Use Comm'n.* (2007) 41 Cal.4th 372, 380.
17 Significantly, the Supreme Court stated as follows: "*The first tier is jurisdictional, requiring*
18 *that an agency conduct a preliminary review to determine whether an activity is subject to*
19 *CEQA. (CEQA Guidelines, §15060; see Pub. Resources Code, § 21065.)*" (*Id.*) *The second*
20 *tier concerns exemptions from CEQA review, and the third tier applies if the agency*
21 *determines that substantial evidence exists that an aspect of the project may cause a*
22 *significant effect on the environment. If that occurs, an environmental impact report must be*
23 *prepared.*" (*Id.*, at 381.)

24 According to the CEQA guidelines, "*'Approval' means the decision by a public*
25 *agency which commits the agency to a definite course of action in regard to a project*
26 *intended to be carried out by any person. The exact date of approval of any project is a*
27 *matter determined by each public agency according to its rules, regulations, and ordinances.*
28 *Legislative action in regard to a project often constitutes approval.*" (Cal. Code of Regs.,

1 title 14, §15352.)

2 A series of cases have held that an agreement is a project if it commits the agency to
3 specific actions that may affect the environment. The salient case is *Save Tara v. City of West*
4 *Hollywood* (2008) 45 Cal.4th 116. In that case, the city entered into an agreement that
5 committed the city to the development of a senior citizens housing project. The Supreme
6 Court noted that the city had conditioned its approval on a subsequent environmental review
7 that would not occur until certain conditions had been met. The Court rejected that approach
8 stating that:

9 *A CEQA compliance condition can be a legitimate ingredient in a preliminary*
10 *public-private agreement for exploration of a proposed project, but if the*
11 *agreement, viewed in light of all the surrounding circumstances, commits the*
12 *public agency as a practical matter to the project, the simple insertion of a*
13 *CEQA compliance condition will not save the agreement from being considered*
14 *an approval requiring prior environmental review.* 45 Cal.4th at 132.

15 Here, like in *Save Tara*, the Public Agency Parties may take the position that their
16 approval of the SYRA is subject to a future CEQA analysis or that their approval is not final,
17 because the agreement must be approved by the court. Both positions would suffer from the
18 same defect. Each Public Agency Party will have one opportunity to consider the SYRA.
19 Once approved, there will be no need to approve it a second time that would trigger the
20 necessary CEQA review. As the Supreme Court stated in *Save Tara*,

21 *A fundamental purpose of an EIR is to provide decision makers with*
22 *information they can use in deciding whether to approve a proposed project,*
23 *not to inform them of the environmental effects of projects that they have*
24 *already approved. (Id., at 134.)*

25 The Supreme Court listed several cases in which it had held that an approval of a
26 project constituted an approval under CEQA even though further discretionary governmental
27 decisions would be needed before any environmental change could occur. (Cal. Code of
28 Regs., title 14, §15352(a).) For example, in *Muzzy Ranch Co. v. Solano County Airport Land*

1 *Use Com.* (2007) 41 Cal.4th 372, the Supreme Court held that the adoption of an airport land
2 use plan was a project even though it directly authorized no new development. And in
3 *Fullerton Joint Union High School Dist. v. State Bd. of Education* (1982) 32 Cal.3d 779, 795,
4 the Court held that adoption of a school district succession plan was a project even though
5 "further decisions must be made before schools are actually constructed." Finally, the
6 Supreme Court ruled in *Bozung v. Local Agency Formation Com.* (1975) 13 Cal.3d 263, 279,
7 282, that a regional agency's approval of annexation by a city was a project even though
8 further approvals, including zoning changes, would be needed for property development to
9 occur. *Bozung* is particularly instructive, as it involved a dispute about whether the city or the
10 Local Agency Formation Commission was required to conduct the CEQA review. LAFCO
11 argued that it did not need to do an EIR because it could be done later by the city before it
12 annexed the subject property. The Court stated that LAFCO "*misses the entire thrust of*
13 *CEQA which requires governmental agencies 'at all levels' to consider environmental*
14 *factors.*" (*Id.*, at 282.) The Court also held that, in keeping with the Guidelines, the agency
15 that is to act first on the project shall be the lead agency, "*following the principle that the*
16 *environmental impact should be assessed as early as possible in governmental planning.*"
17 (*Id.*, at 282, quoting Guidelines, §15065(c).)

18 Here, the approval of the SYRA is a project, because it is a discretionary decision, it
19 does not require further action by the agencies, and it will go forward upon approval by the
20 court, and neither the Public Agencies nor the court will conduct the necessary environmental
21 analysis.

22 In *County of Amador v. City of Plymouth* (2007) 149 Cal.App.4th 1089, the Court of
23 Appeal held that an agreement between a city and an Indian tribe for the development of a
24 casino-hotel project was a project subject to CEQA review because it committed the city to
25 specific actions.

26 Like in the *Save Tara* and in *County of Amador* cases, the approval of the SYRA
27 commits the Public Agency Parties to the specific actions described in the SYRA including
28 the reduction of the Basin Safe Yield Reset, the storage of a higher amount of water, a

1 reduction of the amount of water that may be produced from the Basin and a re-allocation of
2 water from CHINO and JCSD that will inhibit their future growth. These are actions also
3 may to adverse impacts on the hydraulic control of the Basin, increase flooding risks in lower
4 portions of the Basin and water quality issues in the Basin.

5 Even if the Public Agency Parties, in spite of the holdings in *Save Tara* and *County of*
6 *Amador*, fail to conduct an environmental analysis, the court itself, as the last step in the
7 process, should order a proper environmental review before approving the SYRA. This is
8 what was done before the approval of the OBMP.

9 In *Hillside Memorial Park and Mortuary v. Golden State Water Co.* (2011) 205
10 Cal.App.4th 534, 551, the court stated: "*the trial court may and should take into account*
11 *environmental concerns raised by the opposing parties. A physical solution will not preclude*
12 *compliance with CEQA as to future projects to the extent such projects do not conflict with*
13 *the physical solution.*"

14 The important point is that because the Public Agency Parties have not conducted the
15 first step in the environmental analysis (the initial study), they have not complied with CEQA
16 and their approval of the SYRA fails to proceed in the manner required by law. The absence
17 of a proper CEQA review negatively impacts the public interest; and there is no reason to
18 compel the Public Agency Parties do so. It was done for the OBMP. It should be done for
19 the SYRA.

20 4. The Public Agency Parties to the Judgment Cannot Validly approve the
21 SYRA and the SYRA Must be Rejected to Prevent An Unauthorized
22 Taking In Violation Of Article I, Section 19 Of The California
23 Constitution.

24 Article I, Section 19 of the California Constitution provides: "Private property may be
25 taken or damaged for public use only when just compensation ... has first been paid" This
26 provision "is self-executing," and "is "designed to bar [g]overnment from forcing some
27 people alone to bear public burdens which, in all fairness and justice, should be borne by the
28 public as a whole.""" (*Rose v. City of Coalinga* (1987) 190 Cal.App.3d 1627, 1633; *Jefferson*

1 *Street Ventures, LLC v. City of Indio* (2015) 236 Cal.App.4th 1175, 1192 (quoting *Penn Cent.*
2 *Transp. Co. v. City of New York* (1978) 438 U.S. 104, 123).) Under California's Eminent
3 Domain Law, a public entity may exercise the power of eminent domain only when it has
4 adopted a resolution of necessity declaring public interest and necessity require a proposed
5 project, the project is planned and located in the manner most compatible with the greatest
6 public good and least private injury, and the property sought to be acquired is necessary for
7 the project; and if property sought to be taken is already subject to a public use, additional
8 findings are required to establish a new public use is "more necessary." (See Code Civ. Proc.,
9 §§ 1230.020, 1240.030, 1240.040, and 124.610, et seq.)

10 These constitutional and statutory provisions are implicated when governmental action
11 "deprive[s] [a] claimant of a valuable right," including the right to unrestricted use of one's
12 water. (*County of San Diego v. Miller* (1975) 13 Cal.3d 684, 691 (quoting *U.S. v. Fuller*
13 (1973) 409 U.S. 488, 490) (emphasis in original) (quoting *U.S. v. 53 1/4 Acres of Land, More*
14 *or Less, etc.* (2d Cir. 1943) 139 F.2d 244, 247); *Peckwith v. Lavezzola* (1942) 50 Cal.App.2d
15 211, 218.) By "limiting [an owner's] ability to use an amount of water to which they would
16 otherwise be entitled, the government . . . essentially substitute[s] itself as the beneficiary of
17 the [owner's] rights with regard to that water." (*Tulare Lake Basin Water Storage Dist. v. U.S.*
18 (*"Tulare"*) (Fed. Cl. 2001) 49 Fed.Cl. 313, 320.) Accordingly, when government acts ""with
19 the purpose and effect of subordinating" . . . water rights to [a] Project's uses "whenever it
20 [sees] fit," "with the result of depriving the owner of its profitable use, (there [is]) the
21 imposition of such a servitude"" as constitutes a taking. (*Dugan v. Rank* (1963) 372 U.S.
22 609, 625-26 (quoting *Peabody v. U.S.* (1913) 231 U.S. 530, 538 and *Portsmouth Harbor Land*
23 *& Hotel Co. v. U.S.* (1922) 260 U.S. 327, 329).)

24 a. Restriction on Carry Over Water Would Constitute a Taking.

25 The appropriators "are entitled under the Physical Solution" to expressly delineated
26 shares of Operating Safe Yield and Safe Yield that remains available after overlying rights of
27 the Agricultural Pool and the State of California have been satisfied. (Judgment, Paragraphs 6
28 and 9 and Exhibit H, Section 10(a)(2).) Their rights are "deemed and considered of equal

1 priority”; and they are “estopped and barred from asserting special priorities or preferences”
2 in the enjoyment of their rights. (Judgment, Paragraph 9(a).) An “appropriator who produces
3 less than its assigned share of Operating Safe Yield may carry such unexercised right forward
4 for exercise in subsequent years.” (Judgment, Exhibit H, Section 12.) Contrary to these
5 provisions, the SYRA Paragraph 6.2 would restrict appropriators who have carried over water
6 shares in past years from exercising their rights with respect to those shares.

7 First, imposition of the SYRA Paragraph 6.2 would single out appropriators who have
8 carried over water shares to “*assume an obligation* to ensure that there is a Safe Storage
9 Reserve of 130,000 acre-feet of water” for the benefit of the other Parties. (Motion, 23:10-14
10 (emphasis added).) Second, the obligation on all carry over water would not be in proportion
11 to the appropriators’ relative adjudicated rights. Instead, it is proposed to be allocated based
12 only on carry over water stored in the Basin as of July 1, 2015, without consideration of
13 supplemental water, rather than on the appropriators’ percentage shares of Operating Safe
14 Yield. (SYRA, Paragraph 6.2(a).) Therefore, imposition of SYRA would result in a clear,
15 immediate, and unauthorized restriction on and re-prioritization of the appropriators’ rights;
16 and appropriators like Chino, who have carried over more allocated water shares over time,
17 would be disproportionately restricted in the use of their shares relative to those appropriators
18 who have produced rather than stored in past years.

19 The Parties that support the SYRA clearly seek to force onto Chino a burden to
20 contribute more than its fair share to an undertaking purportedly necessary to serve the public
21 interest in preservation of the Chino Basin. Chino has not consented to this. Nor have steps
22 been taken by the Parties, and in particular the public entities among them, or Watermaster, to
23 ensure that provisions of Article I, Section 19 of the California Constitution and of the
24 Eminent Domain Law are adhered to prior to depriving Chino the right to use its carry over
25 water. Therefore, if the Court were to authorize Watermaster’s enforcement of the SYRA as
26 proposed, it would be sanctioning a taking in violation of Article I, Section 19 and the
27 Eminent Domain Law.

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1 The contention that Watermaster's regulatory powers somehow negate the taking is
2 incorrect. Carry over water is not subject to the restriction SYRA would impose. Watermaster
3 conflates its powers of regulation of supplemental water with carry over water in asserting
4 otherwise. (See Motion, 28:19-29:10.) The Restated Judgment calls for Watermaster to
5 regulate storage capacity, and with respect to supplemental water only. (Paragraphs 11 and
6 12.) Further, Watermaster is constrained by the scope of the Court's retained jurisdiction,
7 which does not reach matters affecting the "determination of specific quantitative rights and
8 shares in the declared Safe Yield or Operating Safe Yield." (Judgment, Paragraphs 9, 15(b)
9 and (c), and 17.) It is beyond Watermaster's purview to enforce any rule or regulation that
10 would alter the rights and shares of any appropriator.

11 Watermaster contends "establishment of a Safe Storage Reserve is not a 'taking' of
12 Chino's or any other party's water," under the apparent theory that a claim would not accrue
13 until such time as Watermaster prevents an appropriator from making a withdrawal from
14 storage in accordance with the SYRA's terms. (Motion, 30:15-22.) But the sole case
15 Watermaster offers in support of its position, *Casitas Mun. Water District* ("Casitas") (Fed.
16 Cir. 2014) 708 F.3d 1340, is inapposite. *Casitas* presented a Fifth Amendment takings claim
17 brought under the Tucker Act in the Federal Court of Claims. So it did not involve a takings
18 claim or accrual analysis under Article I, Section 19. And the court's analysis in that case
19 turned on limited rights of the claimant distinguishable from Chino's rights here.

20 In *Casitas*, the Casitas Municipal Water District ("Casitas") was issued a license by the
21 State to divert up to a maximum of 107,800 acre feet of water per year from the Ventura River
22 and its tributaries in conjunction with the Ventura River Project, a dam and canal system
23 directing water to the Casitas Reservoir. The license provided up to 28,500 acre feet of
24 diverted water could be put to beneficial use annually by withdrawal from the Casitas
25 Reservoir for distribution to Casitas' customers. Casitas sought redress when the federal
26 government issued a biological opinion requiring it to construct and operate a fish ladder that
27 would physically prevent 1,915 acre feet of water from being diverted to the Casitas
28 Reservoir. Casitas claimed this interference with its ability to divert water pursuant to its

1 license was a taking. Its argument was rejected because Casitas was not prevented from
2 diverting any of the 28,500 acre feet of water its license defined as the maximum amount of
3 water it could put to beneficial use on an annual basis. In other words, under the terms of
4 Casitas' license, the issuance of the biological opinion did not impinge upon Casitas' right to
5 beneficial use of any water.

6 In distinct contrast to Casitas' narrow privilege to use only limited amounts of water
7 diverted pursuant to its license, Chino enjoys adjudicated rights to produce or store at its
8 option defined percentage shares of Operating Safe Yield, which have been confirmed
9 annually by Watermaster. These rights were recognized as part of a Physical Solution
10 implemented by the Judgment to serve "maximum reasonable beneficial use of the waters of
11 Chino Basin," which determination is not subject to challenge in the current proceedings.
12 (Judgment, 39; see also *California American Water v. City of Seaside* (2010) 183 Cal.App.4th
13 471, 480 (citing Cal. Const., art. X, § 2) ("A physical solution is . . . consistent with the
14 constitutional mandate to prevent waste and unreasonable water use and to maximize the
15 beneficial use of this state's limited resource."); accord *City of Santa Maria v. Adam* (2012)
16 211 Cal.App.4th 266, 287, as modified on denial of reh'g (Dec. 21, 2012); and see *Big Bear*
17 *Mun. Water Dist. v. Bear Valley Mutual Water Co.* (1989) 207 Cal.App.3d 363, 377-78.)
18 Therefore, the holding of *Casitas* has no bearing on the Court's evaluation here of the
19 proposed Safe Storage Reserve, which would work a taking by subordinating Chino's rights
20 to the beneficial use of its carry over water for the benefit of all other Parties and ultimate
21 recipients of water from the Basin. (See *County of San Luis Obispo v. Superior Court*
22 *(Munari)* (2001) 90 Cal.App.4th 288, 291 and *Tulare, supra*, 49 Fed.Cl. at p.319.)

23 Finally, even if Watermaster were correct in its assertion that no taking would accrue
24 until an appropriator is prevented from making a withdrawal, this Court would still be
25 authorizing an unconstitutional taking if the SYRA is approved as proposed. Watermaster has
26 failed to make any showing why targeted restriction of Chino's use of its stored carry over
27 water is legally permissible. Either a taking will be immediate upon imposition of the storage
28 burden or upon its operation to prevent a withdrawal. Regardless, the scheme devised by the

1 Parties supporting the SYRA is clearly designed to, and would, ensure that Chino and other
2 appropriators who have carried over water alone bear the unfounded new Safe Storage
3 Reserve in violation of Article I, Section 19 and the Eminent Domain Law. The Parties, in
4 particular those appropriators who have produced and over produced water in prior years, and
5 the public would reap the benefit of this unconstitutional taking. The Court sits in equity in
6 these proceedings and “possesses broad powers to see that justice is done.” (*Seaside, supra*,
7 183 Cal.App.4th at p. 480 (quoting *Rancho Santa Margarita v. Vail* (1938) 11 Cal.2d 501,
8 560).) The Court should not allow the Parties who seek to impose the SYRA to relegate the
9 Court to a participant in an unconstitutional taking by issuing the order Watermaster has
10 requested. Justice requires the Court to reject the Safe Storage Reserve.

11 b. Reallocation of Unproduced Agricultural Pool Water Would Constitute a Taking.

12 In addition to their delineated shares of Safe Yield and Operating Safe Yield, the
13 appropriators are afforded first priority to water allocated to the Agricultural Pool that goes
14 unproduced, to satisfy land conversion claims. (Judgment, Exhibit H, Section 10.) The SYRA
15 would reallocate unproduced Agricultural Pool water from use by the appropriators to satisfy
16 their conversion claims to offset water produced by Desalter production. SYRA Paragraph
17 5.2(b) directs Watermaster to take an amount of water equal to 50% of the Desalter
18 Production, up to 20,000 AFY, from Safe Yield and then supplement that reduction of Safe
19 Yield from the Unproduced Agricultural Pool Water. The purpose of this provision is clearly
20 to reduce the Parties’ obligation to pay to replenish the Desalter production. Therefore, it is
21 obvious that the Parties that support the SYRA again seek to take water belonging to Chino
22 and other affected appropriators for their own benefit and to require those affected to bear a
23 burden to contribute more than its fair share to serve the benefit of other Parties. Chino has
24 not consented to this, and no steps have been taken to ensure compliance with Article I,
25 Section 19 of the California Constitution and of the Eminent Domain Law.

26 Therefore, the Court must reject the SYRA on this further basis to prevent a taking.

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VII.

THE COURT HAS THE DUTY TO PROTECT CHINO AND JCSD

We invoke the wisdom of the California Supreme Court about the Court's duty in the face of the request by the Parties herein:

"While it is entirely proper for the court to accept stipulations of counsel that appear to have been made advisedly, and after due consideration of the facts, the court cannot surrender its duty to see that the judgment to be entered is a just one, nor is the court to act as a mere puppet in the matter. California State Automobile Association v. Superior Court (1990) 50 Cal.3d 658

Watermaster requests an order that is unjust. It asks the Court to direct Watermaster to strip away CHINO'S right to its stored water and to its future annual water allocations to satisfy its land use conversion claims. The purpose of the request also is unjust. The Parties for whom the request is being made are obligated, by their own agreements, to be assessed to meet their Replenishment Obligation but seek to reduce that obligation through a reallocation of Safe Yield that would be achieved by taking adjudicated water rights of CHINO and JCSD.

In *City of Los Angeles v. City of San Fernando* (1975) 14 Cal.3d 99, the Court protected the City of Los Angeles existing pueblo rights in a case involving the adjudication of the Los Angeles River.

In *City of Barstow v. Mojave Water Agency* (2000) 23 Cal.4th 1224, the Court protected the existing water rights of a private party in a case involving the adjudication of the Mojave basin. The Supreme Court stated that when imposing physical solutions, it has cautioned courts *"against unreasonably burdening any party"*, that *"a prior appropriator ... cannot be compelled to incur any material expense in order to accommodate the subsequent appropriator"*, that *"a trial court may not demand that any one party spend large amounts of money in order to satisfy a physical solution"* and that *"the solution's general purpose cannot simply ignore the priority rights of the parties asserting them."* 23 Cal.4th 1224, 1250. In *City of Barstow*, the Supreme Court affirmed the appellate court's protection of the rights of the private party and reversed the trial court.

1 In *Hi-Desert*, the appellate court protected the existing adjudicated water rights of a
2 private party from a post judgment order arising out of the adjudication of the Warren Basin.

3 It also is the policy of the state to protect this domestic use of the state's water. Water
4 Code Section 106. In *City of Santa Maria v Adam* (2012) 211 Cal.App.4th 266 at 278, the
5 Court explained:

6 *Other water policy is contained in the Water Code. Pertinent here is Water*
7 *Code Section 106, which provides that it is "the established policy of this State*
8 *that the use of water for domestic purposes is the highest use of water and that*
9 *the next highest use is for irrigation." Municipalities are granted special*
10 *legislative protection by Water Code Section 106.5, which states it is "the*
11 *established policy of this State that the right of a municipality to acquire and*
12 *hold rights to use of water should be protected to the fullest extent necessary for*
13 *existing and future uses..." There is no statewide system for allocating rights in*
14 *groundwater. The Legislature has left that to local government or, as here, to*
15 *adjudication by the courts.*

16 Here, in the adjudicated Chino Basin, the court should protect the rights of CHINO
17 and JCSD that have adjudicated water rights in the waters of the Chino Basin arising from
18 the Judgment herein, which have been observed consistently by the Watermaster.

19 CHINO is a public agency that provides domestic water to its population, currently at
20 80,000 but projected to grow to 130,000, as all agricultural land within the city is entitled.
21 This growth, not only in CHINO but also within the City of Ontario and the JCSD, was
22 contemplated by the framers of the Judgment herein. It was known that agricultural land with
23 its superior right to Chino Basin groundwater as overlying land owners would give way to
24 urbanization and that the agencies responsible for that growth (CHINO, Ontario and JCSD)
25 would "succeed" to those water rights under Section 10 of Exhibit H to the Judgment.

26 It is this right that is under attack.

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VIII.

**THE COURT SHOULD NOT REDUCE THE BASIN'S HISTORIC SAFE YIELD
OR ADOPT THE NEW METHOD TO DETERMINE THE SAFE YIELD**

The Motion does not attempt to answer the two most important questions about the Basin's Historic Safe Yield.

First: Why does the Basin's Historic Safe Yield need to be changed?

Second: How was it determined that the Basin's Safe Yield is or should be approximately 135,000 acre feet?

The desire of the Parties behind the SYRA is no answer.

The Tech Memo utilizes a "net recharge" method to determine the Safe Yield of the Basin; but it is incongruous with the provisions of the Judgment's Safe Yield Standard. The Court should not allow that method to substitute for the Judgment's Safe Yield Standard and the Court's discretion. In addition, the Tech Memo does not identify or measure the impact on the Basin of any undesirable result - thereby ignoring one essential criterion of the definition of Safe Yield Standard.

In addition, the Motion fails to identify any undesirable result as justification for reducing the Basin's Safe Yield value. It does not answer the questions above. It does not explain why the Basin's Safe Yield value needs to be changed. For example, it does not identify the undesirable that will result from maintaining the Basin Safe Yield at 140,000 afy.

The Judgment's Safe Yield Standard is broad and dynamic. The determination of the Basin's Safe Yield value should be based upon the Judgment's Safe Yield Standard, which provides for the maximization, not the minimization, of the waters of the Chino Basin to meet the needs of the public – the ultimate users of the waters of the Chino Basin.

The Safe Yield Standard needs to be applied in a forward-looking manner in order to have any relevancy to the determination of the Basin's Safe Yield value. All data, tools and assessments to determine the Basin's Safe Yield should have this concept at their core.

Most of all, the purpose of the Safe Yield Standard should be applied to make water available to the public that is ever growing.

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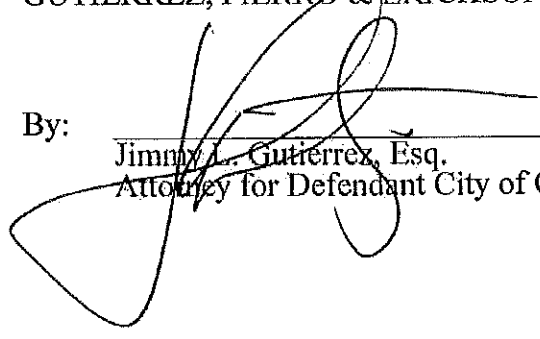
VIII.
CONCLUSION

For the reasons set forth in this Opposition, CHINO respectfully requests the Court to reject the requested findings and orders in the Motion.

Dated: January 19, 2016

GUTIERREZ, FIERRO & ERICKSON, APC

By:


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8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **FOR THE COUNTY OF SAN BERNARDINO - RANCHO CUCAMONGA DISTRICT**

10
11 CHINO BASIN MUNICIPAL WATER
12 DISTRICT,

13 Plaintiff,

14 v.

15 CITY OF CHINO, et al.,

16 Defendants.

CASE NUMBER: RCV51010
[Assigned for All Purposes to the Honorable
Stanford E. Reichert]

**CITY OF CHINO'S OBJECTIONS TO
DECLARATION OF MARK
WILDERMUTH SUBMITTED WITH
WATERMASTER'S MOTION
REGARDING 2015 SAFE YIELD RESET
AGREEMENT, AMENDMENT OF
RESTATED JUDGMENT, PARAGRAPH 6**

[Filed concurrently with Opposition to
Watermaster's Motion, Objections to Declaration
of Peter Kavounas and Proposed Order,
Declaration of David G. Crosley and Declaration
of Robert Shibatani]

Date: February 26, 2016
Time: 1:30 p.m.
Dept.: R6

(FEE- EXEMPT PURSUANT TO GOVERNMENT
CODE § 6103)

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24 **TO WATERMASTER AND ALL PARTIES AND THEIR ATTORNEYS OF**
25 **RECORD:**

26 Defendant City of Chino hereby makes the objections set forth below to the
27 Declaration of Mark Wildermuth submitted with Watermaster's Motion Regarding 2015 Safe
28 Yield Reset Agreement, Amendment of Restated Judgment, Paragraph 6.

1 MATERIALS OBJECTED TO:	 GROUNDS FOR OBJECTION:
2 Declaration of Mark Wildermuth	
<p>3 1. "The original 2003 Chino Basin</p> <p>4 Groundwater Model was developed by me</p> <p>5 and under my direction, as have been all</p> <p>6 of the updates to that model, including</p> <p>7 significant updates in 2006 and 2007."</p> <p>8 (Para. 4, lines 3-5.)</p> <p>9</p>	<p>Lacks foundation. (Evid. C. §702.)</p> <p>Irrelevant and immaterial. (Evid. C. §350.)</p> <p>Hearsay. (Evid. C. §1200.)</p> <p>Oral testimony inadmissible to prove the</p> <p>contents of a writing. (Evid. C. §1523.)</p>
<p>10 2. "These prior versions of the model</p> <p>11 served as the basis for the Parties'</p> <p>12 agreement to and this Court's approval of</p> <p>13 the Peace II measures, and were used in</p> <p>14 the evaluation, pursuant to the California</p> <p>15 Environmental Quality Act, of the storage</p> <p>16 and recovery project with the Metropolitan</p> <p>17 Water District of Southern California</p> <p>18 referred to as the Dry Year Yield</p> <p>19 Agreement." (Para. 4, lines 5-8.)</p> <p>20</p>	<p>Lacks foundation. (Evid. C. §702.)</p> <p>Irrelevant and immaterial. (Evid. C. §350.)</p> <p>Hearsay. (Evid. C. §1200.)</p> <p>Improper lay opinion; opinion based on</p> <p>improper matter. (Evid. C. §§800, 803.)</p>
<p>21 3. "The Regional Water Quality</p> <p>22 Control Board for the Santa Ana Region</p> <p>23 ('Regional Board') accepted the model's</p> <p>24 predictions for evaluation and approval of</p> <p>25 Watermaster's proposal that the Basin be</p> <p>26 managed under the 'Maximum Benefit'</p> <p>27 mechanism." (Para. 4, lines 9-11)</p> <p>28</p>	<p>Lacks foundation. (Evid. C. §702.)</p> <p>Irrelevant and immaterial. (Evid. C. §350.)</p> <p>Hearsay. (Evid. C. §1200.)</p> <p>Improper lay opinion; opinion based on</p> <p>improper matter. (Evid. C. §§800, 803.)</p>

<p>MATERIALS OBJECTED TO:</p>	<p>GROUND FOR OBJECTION:</p>
<p>Declaration of Mark Wildermuth</p>	
<p>4. "An updated version of the 2007 model provided the basis for the Parties' decision-making in the process of finalizing the 2013 Amendment to the 2010 Recharge Master Plan Update, approved by this Court in October 2013, and has been used by the Regional Board in order to evaluate the achievement of Hydraulic Control within the Basin." (Para. 4, lines 11-15.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.)</p>
<p>5. "The most recent 2013 update ('the 2013 Model') is an update of and improvement upon the 2003 model and its updates." (Para. 5, lines 16-17.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.)</p>
<p>6. "Construction of the 2013 Model, its calibration and application to evaluate and update the Safe Yield of the Chino Basin is described in a draft report entitled Draft -- 2013 Chino Basin Groundwater Model Update and Recalculation of Safe Yield Pursuant to Peace Agreements (attached hereto as 'Exhibit 1')." (Para. 5, lines 17-20.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.)</p>

MATERIALS OBJECTED TO: Declaration of Mark Wildermuth	 GROUNDS FOR OBJECTION:
<p>7. Exhibit 1 (“Draft -- 2013 Chino Basin Groundwater Model Update and Recalculation of Safe Yield Pursuant to Peace Agreements”), attached to Declaration of Mark Wildermuth.</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper expert opinion. (Evid. C. §801.)</p>
<p>8. “The 2013 Model is the result of approximately three years of model development and application efforts.” (Para. 6, lines 23-24.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.)</p>
<p>9. “In brief, the 2013 Model includes and expands upon the hydrogeologic data included in the 2003 and 2007 Models, incorporating new production data, precipitation data, hydrogeologic data, and interpretations of them.” (Para. 5, lines 20-22.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper expert opinion. (Evid. C. §801.)</p>

MATERIALS OBJECTED TO: Declaration of Mark Wildermuth	 GROUNDS FOR OBJECTION:
<p>10. “Based on the modeling and calibration efforts detailed above, it is my opinion that Watermaster now has the ability to, and can competently, reasonably, and accurately perform the required basin yield reevaluation arising from the OBMP Implementation Plan and prior orders of this Court.” (Para. 6, lines 24-27.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.)</p> <p>Lacks foundation. (Evid. C. §702.)</p> <p>Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.)</p> <p>Improper expert opinion. (Evid. C. §801.)</p>
<p>11. “The Updated Basin Model has been calibrated with a high degree of confidence and has been peer reviewed by representatives of the Parties to the Judgment.” (Para. 7, lines 28-1.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.)</p> <p>Lacks foundation. (Evid. C. §702.)</p> <p>Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.)</p> <p>Improper expert opinion. (Evid. C. §801.)</p> <p>Hearsay. (Evid. C. §1200.)</p>
<p>12. “Hydraulic Control will be achieved in fiscal 2016.” (Para. 8, lines 8-10.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.)</p> <p>Lacks foundation. (Evid. C. §702.)</p> <p>Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.)</p> <p>Improper expert opinion. (Evid. C. §801.)</p> <p>Hearsay. (Evid. C. §1200.)</p>

1 MATERIALS OBJECTED TO:	 GROUNDS FOR OBJECTION:
2 Declaration of Mark Wildermuth	
3 13. "In 2007, WMWD proposed to 4 assume the obligation of pursuing the 5 Future Desalters and they were 6 subsequently joined by the Jurupa 7 Community Services District and the City 8 of Ontario." (Para. 9, lines 11-13.) 9	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.)
10 14. "The proposed allocation of Re- 11 Operation water at the time of the Peace II 12 Agreement was developed to ensure the 13 completion of the additional 10 MGD of 14 desalting capacity by WMWD and to 15 reflect its capital commitments." (Para. 9, 16 lines 14-17.) 17	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)
18 15. "At the time of the Court's approval 19 of the Peace Agreement and OBMP 20 Implementation Plan, it was believed that 21 the Safe Yield might be larger than was 22 stated in the Judgment." (Para. 10, lines 23 18-20.) 24	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)

MATERIALS OBJECTED TO: Declaration of Mark Wildermuth	GROUND FOR OBJECTION:
<p>16. “At the time of the development of the 2013 Model, despite the construction of the Desalters and the implementation of the Peace II Measures, the evaluation of available production data, long-term hydrology and prevailing cultural conditions suggested that there may have been a decline in Safe Yield.” (Para. 10, lines 20-23.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)</p>
<p>17. “I, with my staff at my direction, prepared the following Exhibits to the Agreement: Exhibit ‘A,’ the Reset Technical Memorandum; Exhibit ‘D,’ the Storage Losses Technical Memorandum; and, Exhibit ‘E,’ the Safe Storage Management Technical Memorandum.” (Para. 11, lines 24-28.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.)</p>
<p>18. Exhibit “A” to the Safe Yield Reset Agreement: the Reset Technical Memorandum. (Para. 11, lines 26-27.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.)</p>

MATERIALS OBJECTED TO:	GROUND FOR OBJECTION:
Declaration of Mark Wildermuth	
19. Exhibit "D" to the Safe Yield Reset Agreement: the Storage Losses Technical Memorandum. (Para. 11, line 27.)	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.)
20. Exhibit "E" to the Safe Yield Reset Agreement: the Safe Storage Management Technical Memorandum. (Para. 11, lines 27-28.)	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.)
21. "Using the 2013 Model and the methodology described in the Reset Technical Memorandum, the Safe Yield for the 2010/2011-2019/2020 time period identified in the OBMP Implementation Plan and Watermaster's Rules and Regulations is approximately 135,000 afy." (Para. 12, lines 1-3.)	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)
22. "In my opinion, the methodology described in the Reset Technical Memorandum is consistent with the Judgment, OBMP Implementation Plan and the Court's prior orders." (Para. 13, lines 4-5.)	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)

1 MATERIALS OBJECTED TO:	 GROUNDS FOR OBJECTION:
2 Declaration of Mark Wildermuth	
3 23. "Specifically, the Updated Basin 4 Model has incorporated data from the 5 2000/2001-2009/2010 period, along with 6 long-term hydrology from 1921 to the date 7 of the reset evaluation." (Para. 13, lines 6- 8 7.) 9	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)
10 24. "Based on my experience in the 11 field of groundwater hydrology and years 12 of experience in the Chino Basin, I believe 13 the approach to be a prudent and 14 reasonable professional methodology, 15 consistent with professional custom, 16 standard and practice." (Para. 13, lines 7- 17 10.) 18	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)
19 25. "In my opinion, the Basin 20 protection measures to which the parties 21 have agreed in the 2015 Safe Yield Reset 22 Agreement will ensure that the Basin is 23 not harmed by extractions of 135,000 afy 24 of water through fiscal 2020." (Para. 14, 25 lines 11-13.) 26 27 28	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)

MATERIALS OBJECTED TO:	GROUND FOR OBJECTION:
Declaration of Mark Wildermuth	
<p>26. "In my opinion, the Basin protection measures to which the parties have agreed in the 2015 Safe Yield Reset Agreement, including the Safe Storage Management Measures, will ensure that the Basin is not harmed by extractions of the 20,000 af that was allocated in the past four years than would have been allocated if the Safe Yield had been reset to 135,000 afy in 2011." (Para. 15, lines 14-17.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.)</p> <p>Lacks foundation. (Evid. C. §702.)</p> <p>Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.)</p> <p>Improper expert opinion. (Evid. C. §801.)</p> <p>Hearsay. (Evid. C. §1200.)</p>
<p>27. "Using methodology consistent with prudent professional standards, Watermaster's hydrologic consultant estimates that since the early 1900s, more than 2.1 million af has been withdrawn from the Basin in excess of recharge to the Basin." (Para. 16, lines 18-20.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.)</p> <p>Lacks foundation. (Evid. C. §702.)</p> <p>Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.)</p> <p>Improper expert opinion. (Evid. C. §801.)</p> <p>Hearsay. (Evid. C. §1200.)</p>

Dated: January 19, 2016

GUTIERREZ, FIERRO & ERICKSON, A.P.C.

By: _____

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

10
11 CHINO BASIN MUNICIPAL WATER
12 DISTRICT,

13 Plaintiff,

14 v.

15 CITY OF CHINO, et al.,

16 Defendants.

CASE NUMBER: RCV 51010
[Assigned for All Purposes to the Honorable
Stanford E. Reichert]

**[PROPOSED] ORDER TO CITY OF
CHINO'S OBJECTIONS TO
DECLARATION OF MARK
WILDERMUTH SUBMITTED WITH
WATERMASTER'S MOTION
REGARDING 2015 SAFE YIELD RESET
AGREEMENT, AMENDMENT OF
RESTATED JUDGMENT, PARAGRAPH 6**

[Filed concurrently with Opposition to
Watermaster's Motion, Objectiond to
Declaration of Mark Wildermuth, Objections to
Declaration of Peter Kavounas and Proposed
Order, Declaration of David G. Crosley and
Declaration of Robert Shibatani]

Date: February 26, 2016
Time: 1:30 p.m.
Dept.: R6

(FEE- EXEMPT PURSUANT TO GOVERNMENT CODE
§ 6103)

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25 After reviewing the papers and evidence submitted in support of and in Opposition to
26 Motion Regarding 2015 Safe Yield Reset Agreement, Amendment of Restated Judgment,
27 Paragraph 6 and hearing the arguments of counsel, and good cause appearing, the Court
28 RULES upon Defendants' objection to plaintiff's evidence as follows:

1 ///

2 MATERIALS OBJECTED TO : 3 Declaration of Mark Wildermuth:	4 GROUNDS FOR 5 OBJECTION:	6 RULING ON 7 OBJECTION:
8 1. "The original 2003 Chino 9 Basin Groundwater Model was 10 developed by me and under my 11 direction, as have been all of the 12 updates to that model, including 13 significant updates in 2006 and 14 2007." (Para. 4, lines 3-5.)	15 Lacks foundation. (Evid. C. 16 §702.) Irrelevant and immaterial. 17 (Evid. C. §350.) Hearsay. (Evid. 18 C. §1200.) Oral testimony 19 inadmissible to prove the contents 20 of a writing. (Evid. C. §1523.)	21 Sustained:____ 22 23 Overruled:____
24 2. "These prior versions of the 25 model served as the basis for the 26 Parties' agreement to and this 27 Court's approval of the Peace II 28 measures, and were used in the evaluation, pursuant to the California Environmental Quality Act, of the storage and recovery project with the Metropolitan Water District of Southern California referred to as the Dry Year Yield Agreement." (Para. 4, lines 5-8.)	Lacks foundation. (Evid. C. §702.) Irrelevant and immaterial. (Evid. C. §350.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.)	Sustained:____ Overruled:____

1 MATERIALS OBJECTED TO :	2 GROUNDS FOR	RULING ON
3 Declaration of Mark Wildermuth:	OBJECTION:	OBJECTION:
<p data-bbox="250 363 784 972">4 3. "The Regional Water Quality 5 Control Board for the Santa Ana 6 Region ('Regional Board') accepted 7 the model's predictions for 8 evaluation and approval of 9 Watermaster's proposal that the 10 Basin be managed under the 11 'Maximum Benefit' mechanism." 12 (Para. 4, lines 9-11)</p>	<p data-bbox="784 363 1265 972">Lacks foundation. (Evid. C. §702.) Irrelevant and immaterial. (Evid. C. §350.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.)</p>	<p data-bbox="1265 363 1520 972">Sustained: _____ Overruled: _____</p>
<p data-bbox="250 972 784 1705">13 4. "An updated version of the 14 2007 model provided the basis for 15 the Parties' decision-making in the 16 process of finalizing the 2013 17 Amendment to the 2010 Recharge 18 Master Plan Update, approved by 19 this Court in October 2013, and has 20 been used by the Regional Board in 21 order to evaluate the achievement of 22 Hydraulic Control within the Basin." 23 (Para. 4, lines 11-15.)</p>	<p data-bbox="784 972 1265 1705">Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.)</p>	<p data-bbox="1265 972 1520 1705">Sustained: _____ Overruled: _____</p>

1 MATERIALS OBJECTED TO :	2 GROUNDS FOR	3 RULING ON
4 Declaration of Mark Wildermuth:	5 OBJECTION:	6 OBJECTION:
7 5. "The most recent 2013 8 update ('the 2013 Model') is an 9 update of and improvement upon the 10 2003 model and its updates." (Para. 11 5, lines 16-17.)	12 Irrelevant and immaterial. (Evid. 13 C. §350.) Lacks foundation. 14 (Evid. C. §702.)	15 Sustained:____ 16 Overruled:____
17 6. "Construction of the 2013 18 Model, its calibration and 19 application to evaluate and update 20 the Safe Yield of the Chino Basin is 21 described in a draft report entitled 22 Draft -- 2013 Chino Basin 23 Groundwater Model Update and 24 Recalculation of Safe Yield 25 Pursuant to Peace Agreements 26 (attached hereto as 'Exhibit 1')." 27 (Para. 5, lines 17-20.)	28 Irrelevant and immaterial. (Evid. 29 C. §350.) Lacks foundation. 30 (Evid. C. §702.) Hearsay. (Evid. 31 C. §1200.)	32 Sustained:____ 33 Overruled:____
34 7. Exhibit 1 ("Draft -- 2013 35 Chino Basin Groundwater Model 36 Update and Recalculation of Safe 37 Yield Pursuant to Peace 38 Agreements"), attached to 39 Declaration of Mark Wildermuth.	40 Irrelevant and immaterial. (Evid. 41 C. §350.) Lacks foundation. 42 (Evid. C. §702.) Hearsay. (Evid. 43 C. §1200.) Improper expert 44 opinion. (Evid. C. §801.)	45 Sustained:____ 46 Overruled:____

1 MATERIALS OBJECTED TO :	2 GROUND FOR	RULING ON
3 Declaration of Mark Wildermuth:	OBJECTION:	OBJECTION:
4 8. "The 2013 Model is the result 5 of approximately three years of 6 model development and application 7 efforts." (Para. 6, lines 23-24.)	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.)	Sustained:____ Overruled:____
8 9. "In brief, the 2013 Model 9 includes and expands upon the 10 hydrogeologic data included in the 11 2003 and 2007 Models, 12 incorporating new production data, 13 precipitation data, hydrogeologic 14 data, and interpretations of them." 15 (Para. 5, lines 20-22.)	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper expert opinion. (Evid. C. §801.)	Sustained:____ Overruled:____
17 10. "Based on the modeling and 18 calibration efforts detailed above, it 19 is my opinion that Watermaster now 20 has the ability to, and can 21 competently, reasonably, and 22 accurately perform the required 23 basin yield reevaluation arising from 24 the OBMP Implementation Plan and 25 prior orders of this Court." (Para. 6, 26 lines 24-27.)	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.)	Sustained:____ Overruled:____

1 MATERIALS OBJECTED TO :	2 GROUND FOR	RULING ON
3 Declaration of Mark Wildermuth:	OBJECTION:	OBJECTION:
4 11. "The Updated Basin Model 5 has been calibrated with a high 6 degree of confidence and has been 7 peer reviewed by representatives of 8 the Parties to the Judgment." (Para. 9 7, lines 28-1.) 10 11	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)	Sustained:____ Overruled:____
12 12. "Hydraulic Control will be 13 achieved in fiscal 2016." (Para. 8, 14 lines 8-10.) 15 16 17 18 19 20	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)	Sustained:____ Overruled:____

1 MATERIALS OBJECTED TO :	2 GROUNDS FOR	RULING ON
3 Declaration of Mark Wildermuth:	4 OBJECTION:	OBJECTION:
5 13. "In 2007, WMWD proposed 6 to assume the obligation of pursuing 7 the Future Desalters and they were 8 subsequently joined by the Jurupa 9 Community Services District and 10 the City of Ontario." (Para. 9, lines 11 11-13.)	12 Irrelevant and immaterial. (Evid. 13 C. §350.) Lacks foundation. 14 (Evid. C. §702.) Hearsay. (Evid. 15 C. §1200.)	16 Sustained:____ 17 18 Overruled:____
19 14. "The proposed allocation of 20 Re-Operation water at the time of 21 the Peace II Agreement was 22 developed to ensure the completion 23 of the additional 10 MGD of 24 desalting capacity by WMWD and 25 to reflect its capital commitments." 26 (Para. 9, lines 14-17.)	27 Irrelevant and immaterial. (Evid. 28 C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)	Sustained:____ Overruled:____

MATERIALS OBJECTED TO : Declaration of Mark Wildermuth:	GROUND FOR OBJECTION:	RULING ON OBJECTION:
<p>15. "At the time of the Court's approval of the Peace Agreement and OBMP Implementation Plan, it was believed that the Safe Yield might be larger than was stated in the Judgment." (Para. 10, lines 18-20.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)</p>	<p>Sustained:____ Overruled:____</p>
<p>16. "At the time of the development of the 2013 Model, despite the construction of the Desalters and the implementation of the Peace II Measures, the evaluation of available production data, long-term hydrology and prevailing cultural conditions suggested that there may have been a decline in Safe Yield." (Para. 10, lines 20-23.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)</p>	<p>Sustained:____ Overruled:____</p>

1 MATERIALS OBJECTED TO :	2 GROUNDS FOR	RULING ON
3 Declaration of Mark Wildermuth:	4 OBJECTION:	OBJECTION:
5 17. "I, with my staff at my 6 direction, prepared the following 7 Exhibits to the Agreement: Exhibit 8 'A,' the Reset Technical 9 Memorandum; Exhibit 'D,' the 10 Storage Losses Technical 11 Memorandum; and, Exhibit 'E,' the 12 Safe Storage Management Technical 13 Memorandum." (Para. 11, lines 24- 14 28.)	15 Irrelevant and immaterial. (Evid. 16 C. §350.) Lacks foundation. 17 (Evid. C. §702.)	18 Sustained:____ 19 20 Overruled:____
21 18. Exhibit "A" to the Safe Yield 22 Reset Agreement: the Reset 23 Technical Memorandum. (Para. 11, 24 lines 26-27.)	25 Irrelevant and immaterial. (Evid. 26 C. §350.) Lacks foundation. 27 (Evid. C. §702.) Hearsay. (Evid. 28 C. §1200.)	29 Sustained:____ 30 31 Overruled:____
32 19. Exhibit "D" to the Safe Yield 33 Reset Agreement: the Storage 34 Losses Technical Memorandum. 35 (Para. 11, line 27.)	36 Irrelevant and immaterial. (Evid. 37 C. §350.) Lacks foundation. 38 (Evid. C. §702.) Hearsay. (Evid. 39 C. §1200.)	40 Sustained:____ 41 42 Overruled:____

1 MATERIALS OBJECTED TO :	2 GROUNDS FOR	RULING ON
3 Declaration of Mark Wildermuth:	4 OBJECTION:	OBJECTION:
5 20. Exhibit "E" to the Safe Yield 6 Reset Agreement: the Safe Storage 7 Management Technical 8 Memorandum. (Para. 11, lines 27- 9 28.)	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.)	Sustained:____ Overruled:____
10 21. "Using the 2013 Model and 11 the methodology described in the 12 Reset Technical Memorandum, the 13 Safe Yield for the 2010/2011- 14 2019/2020 time period identified in 15 the OBMP Implementation Plan and 16 Watermaster's Rules and 17 Regulations is approximately 18 135,000 afy." (Para. 12, lines 1-3.)	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)	Sustained:____ Overruled:____

MATERIALS OBJECTED TO : Declaration of Mark Wildermuth:	GROUND FOR OBJECTION:	RULING ON OBJECTION:
<p>22. "In my opinion, he methodology described in the Reset Technical Memorandum is consistent with the Judgment, OBMP Implementation Plan and the Court's prior orders." (Para. 13, lines 4-5.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)</p>	<p>Sustained:____ Overruled:____</p>
<p>23. "Specifically, the Updated Basin Model has incorporated data from the 2000/2001-2009/2010 period, along with long-term hydrology from 1921 to the date of the reset evaluation." (Para. 13, lines 6-7.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)</p>	<p>Sustained:____ Overruled:____</p>

MATERIALS OBJECTED TO : Declaration of Mark Wildermuth:	GROUND FOR OBJECTION:	RULING ON OBJECTION:
<p>24. “Based on my experience in the field of groundwater hydrology and years of experience in the Chino Basin, I believe the approach to be a prudent and reasonable professional methodology, consistent with professional custom, standard and practice.” (Para. 13, lines 7-10.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)</p>	<p>Sustained:____ Overruled:____</p>
<p>25. “In my opinion, the Basin protection measures to which the parties have agreed in the 2015 Safe Yield Reset Agreement will ensure that the Basin is not harmed by extractions of 135,000 afy of water through fiscal 2020.” (Para. 14, lines 11-13.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)</p>	<p>Sustained:____ Overruled:____</p>

MATERIALS OBJECTED TO: Declaration of Mark Wildermuth	GROUND FOR OBJECTION:	
<p>26. "In my opinion, the Basin protection measures to which the parties have agreed in the 2015 Safe Yield Reset Agreement, including the Safe Storage Management Measures, will ensure that the Basin is not harmed by extractions of the 20,000 af that was allocated in the past four years than would have been allocated if the Safe Yield had been reset to 135,000 afy in 2011." (Para. 15, lines 14-17.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)</p>	<p>Sustained: _____</p> <p>Overruled: _____</p>
<p>27. "Using methodology consistent with prudent professional standards, Watermaster's hydrologic consultant estimates that since the early 1900s, more than 2.1 million af has been withdrawn from the Basin in excess of recharge to the Basin." (Para. 16, lines 18-20.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Hearsay. (Evid. C. §1200.)</p>	<p>Sustained: _____</p> <p>Overruled: _____</p>

SUPERIOR COURT OF THE STATE OF CALIFORNIA,
County of San Bernardino

DATED: _____

The Honorable Stanford E. Reichert

1 Jimmy L. Gutierrez (SBN 59448)
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8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **FOR THE COUNTY OF SAN BERNARDINO – RANCHO CUCAMONGA DISTRICT**
10

11 CHINO BASIN MUNICIPAL WATER
12 DISTRICT

13 Plaintiff,

14 v.

15 CITY OF CHINO, et al.,

16 Defendants.
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CASE NUMBER: RCV51010
[Assigned for All Purposes to the Honorable
Stanford E. Reichert]

**CITY OF CHINO'S OBJECTIONS TO
DECLARATION OF PETER KAVOUNAS
SUBMITTED WITH WATERMASTER'S
MOTION REGARDING 2015 SAFE
YIELD RESET AGREEMENT,
AMENDMENT OF RESTATED
JUDGMENT, PARAGRAPH 6**

[Filed concurrently with Opposition to
Watermaster's Motion, Objections to Declaration
of Mark Wildermuth and Proposed Order
Declaration of David G. Crosley and Declaration
of Robert Shibatani]

Date: February 26, 2016
Time: 1:30 p.m.
Dept.: R6

(FEE- EXEMPT PURSUANT TO GOVERNMENT
CODE § 6103)

24 **TO WATERMASTER AND ALL PARTIES AND THEIR ATTORNEYS OF**
25 **RECORD:**

26 Defendant City of Chino hereby makes the objections set forth below to the
27 Declaration of Peter Kavounas submitted with Watermaster's Motion Regarding 2015 Safe
28 Yield Reset Agreement, Amendment of Restated Judgment, Paragraph 6.

MATERIALS OBJECTED TO: Declaration of Peter Kavounas	GROUND FOR OBJECTION:
<p>1. "To date, Watermaster has paid WEI approximately \$1,125,000 for the work undertaken in the creation of the Updated Basin Model and the Updated Basin Model's calculation of the Basin yield during this Safe Yield recalculation and reset process." (Para. 3, lines 5-7.)</p>	<p>Lacks foundation. (Evid. C. §702.) Irrelevant and immaterial. (Evid. C. §350.)</p>
<p>2. "At the request of the members of the Appropriative Pool, Watermaster facilitated discussion sessions among the Parties." (Para. 5, lines 14-15.)</p>	<p>Lacks foundation. (Evid. C. §702.) Irrelevant and immaterial. (Evid. C. §350.)</p>
<p>3. "Watermaster staff and consultants additionally conducted numerous meetings with smaller subsets of interested Parties." (Para. 5, lines 15-16.)</p>	<p>Lacks foundation. (Evid. C. §702.) Irrelevant and immaterial. (Evid. C. §350.)</p>
<p>4. "WEI has indicated to Watermaster and the Parties that its Updated Basin Model can competently, reasonably, and accurately perform the required basin yield recalculation arising from the OBMP Implementation Plan and prior orders of this Court." (Para. 7, lines 17-19.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)</p>

MATERIALS OBJECTED TO: Declaration of Peter Kavounas	GROUND FOR OBJECTION:
<p>5. "There is no evidence of any kind that has been presented to Watermaster that suggests that the Updated Basin Model developed by Mr. Wildermuth under the direction of Watermaster is insufficient to perform the evaluation described in the Reset Technical Memorandum." (Para. 7, lines 17-22.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.)</p> <p>Lacks foundation. (Evid. C. §702.)</p> <p>Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.)</p> <p>Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)</p>
<p>6. "Experts hired by the Parties to review the Updated Basin Model have indicated that it is a reliable tool for simulating the movement of water within the Basin, and to my knowledge, no party contests that this is the case." (Para. 7, lines 22-24.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.)</p> <p>Lacks foundation. (Evid. C. §702.)</p> <p>Hearsay. (Evid. C. §1200.)</p> <p>Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.)</p> <p>Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)</p>
<p>7. "In October and November of 2014, the Watermaster Parties, at the Pool Committee, Advisory Committee and Watermaster Board meetings, discussed various approaches to the determination and reset." (Para. 10, lines 3-5.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.)</p> <p>Lacks foundation. (Evid. C. §702.)</p> <p>Hearsay. (Evid. C. §1200.)</p>

<p>MATERIALS OBJECTED TO:</p> <p>Declaration of Peter Kavounas</p>	<p>GROUND FOR OBJECTION:</p>
<p>8. "In November, 2014, the Advisory Committee requested, and the Watermaster Board adopted, the Advisory Committee's recommendation that Watermaster convene a facilitated process to identify and resolve all issues related to the successful completion of the Safe Yield redetermination for consideration by the Pool Committees, Advisory Committee and Watermaster Board in mid-2015." (Para. 10, lines 5-9.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.)</p> <p>Lacks foundation. (Evid. C. §702.)</p> <p>Hearsay. (Evid. C. §1200.)</p>
<p>9. "In order to protect the confidentiality of their discussions, as well as to preserve Watermaster counsel's ability to full and fairly represent Watermaster, a substantial number of parties executed a Facilitation and Non-Disclosure Agreement (FANDA)." (Para. 12, lines 14-16.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.)</p> <p>Lacks foundation. (Evid. C. §702.)</p> <p>Hearsay. (Evid. C. §1200.)</p> <p>Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)</p>

MATERIALS OBJECTED TO: Declaration of Peter Kavounas	GROUND FOR OBJECTION:
<p>10. "The parties to the facilitation process met at least weekly and, in many cases, multiple times per week, in an attempt to achieve consensus as to the Safe Yield reevaluation and reset issues. In total, in addition to the many informal meetings and discussions that took place, the group of parties met more than 30 times." (Para. 13.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.)</p>
<p>11. "On August 26, 2015, agreement was reached as to a substantially complete draft of the 2015 Safe Yield Reset Agreement." (Para. 15, lines 3-5.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)</p>
<p>12. "Attached hereto as Attachment "1" is the staff presentation, <i>Resolution 2015-06: Resolution of the Chino Basin Watermaster Regarding 2015 Safe Yield Reset Agreement</i>, that was given to the Board at its September 24, 2015 meeting." (Para. 17, lines 12-14.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)</p>

MATERIALS OBJECTED TO: Declaration of Peter Kavounas	GROUND FOR OBJECTION:
<p>13. "Attached hereto as Attachment "2" is the Staff Report, Chino Basin Safe Yield Redetermination and Reset, that was included in the September 24, 2015 Watermaster Board Meeting agenda." (Para. 17, lines 14-16.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)</p>
<p>14. "Based on their participation in the process described above, it is my belief that the Parties to the Judgment have engaged in peer review of the Safe Yield evaluation and have an understanding of implementation challenges in Watermaster accounting in light of a decline." (Para. 19, lines 20-22.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.)</p>
<p>15. "Pursuant to the 2013 Amendment to the 2010 Recharge Master Plan Update ('2013 RMPU Amendment'), presented to and approved by the Court in October 2013, Watermaster has developed and is in the process of implementing a group of 'yield enhancement' projects." (Para. 20, lines 23-26.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)</p>

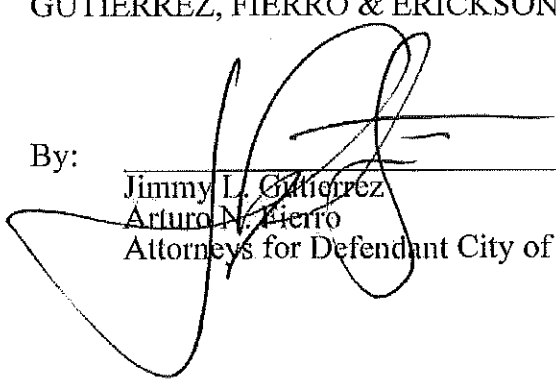
MATERIALS OBJECTED TO: Declaration of Peter Kavounas	GROUND FOR OBJECTION:
<p>16. "The composition of the suite of yield enhance [sic] projects has changed somewhat since the Court's October 2013 approval of the 2013 RMPU Amendment, and the currently contemplated suite of improvements is projected to result in an average of approximately 6,410 acre-feet of additional annual stormwater recharge to the Chino Basin." (Para. 20, lines 26-1.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)</p>
<p>17. "There may be members of the Appropriative Pool that, because of the projected future water demands within their systems and their existing supply portfolios, do not desire the additional projected recharge associated with new stormwater projects." (Para. 21, lines 2-4.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.)</p>

MATERIALS OBJECTED TO: Declaration of Peter Kavounas	GROUND FOR OBJECTION:
<p>18. "There are other parties within the Appropriative Pool, particularly those with service areas in which there has been substantial growth since the time of the 1978 entrance of the Judgment, that may desire to assume the financial obligations of those parties in exchange for the potential net new recharge that is projected to arise from the suite of projects." (Para. 21, lines 4-8.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.)</p>

Dated: January 19, 2016

GUTIERREZ, FIERRO & ERICKSON, A.P.C.

By:


Jimmy L. Gutierrez
Arturo N. Fierro
Attorneys for Defendant City of Chino

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8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **FOR THE COUNTY OF SAN BERNARDINO – RANCHO CUCAMONGA DISTRICT**
10

11 CHINO BASIN MUNICIPAL WATER
12 DISTRICT

13 Plaintiff,

14 v.

15 CITY OF CHINO, et al.,

16 Defendant.
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CASE NUMBER: RCV51010
[Assigned for All Purposes to the Honorable
Stanford E. Reichert]

**[PROPOSED] ORDER TO CITY OF
CHINO'S OBJECTIONS TO
DECLARATION OF PETER KAVOUNAS
SUBMITTED WITH WATERMASTER'S
MOTION REGARDING 2015 SAFE YIELD
RESET AGREEMENT, AMENDMENT OF
RESTATED JUDGMENT, PARAGRAPH 6**

[Filed concurrently with Opposition to
Watermaster's Motion, Objections to Declaration
of Peter Kavounas, Objections to Declaration of
Mark Wildermuth and Proposed Order
Declaration of David G. Crosley and Declaration
of Robert Shibatani]

Date: February 26, 2016
Time: 1:30 p.m.
Dept.: R6

(FEE- EXEMPT PURSUANT TO GOVERNMENT
CODE § 6103)

25 After reviewing the papers and evidence submitted in support of and in Opposition to
26 Motion Regarding 2015 Safe Yield Reset Agreement, Amendment of Restated Judgment,
27 Paragraph 6 and hearing the arguments of counsel, and good cause appearing, the Court
28 RULES upon Defendants' objection to plaintiff's evidence as follow:

MATERIALS OBJECTED TO:	GROUND FOR OBJECTION:	RULING ON OBJECTION:
Declaration of Peter Kavounas		
1. "To date, Watermaster has paid WEI approximately \$1,125,000 for the work undertaken in the creation of the Updated Basin Model and the Updated Basin Model's calculation of the Basin yield during this Safe Yield recalculation and reset process." (Para. 3, lines 5-7.)	Lacks foundation. (Evid. C. §702.) Irrelevant and immaterial. (Evid. C. §350.)	Sustained:____ Overruled:____
2. "At the request of the members of the Appropriative Pool, Watermaster facilitated discussion sessions among the Parties." (Para. 5, lines 14-15.)	Lacks foundation. (Evid. C. §702.) Irrelevant and immaterial. (Evid. C. §350.)	Sustained:____ Overruled:____
3. "Watermaster staff and consultants additionally conducted numerous meetings with smaller subsets of interested Parties." (Para. 5, lines 15-16.)	Lacks foundation. (Evid. C. §702.) Irrelevant and immaterial. (Evid. C. §350.)	Sustained:____ Overruled:____

MATERIALS OBJECTED TO:	GROUND FOR OBJECTION:	RULING ON OBJECTION:
Declaration of Peter Kavounas		
4. "WEI has indicated to Watermaster and the Parties that its Updated Basin Model can competently, reasonably, and accurately perform the required basin yield recalculation arising from the OBMP Implementation Plan and prior orders of this Court." (Para. 7, lines 17-19.)	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)	Sustained:____ Overruled:____
5. "There is no evidence of any kind that has been presented to Watermaster that suggests that the Updated Basin Model developed by Mr. Wildermuth under the direction of Watermaster is insufficient to perform the evaluation described in the Reset Technical Memorandum." (Para. 7, lines 17-22.)	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)	Sustained:____ Overruled:____

MATERIALS OBJECTED TO: Declaration of Peter Kavounas	GROUND FOR OBJECTION:	RULING ON OBJECTION:
<p>6. “Experts hired by the Parties to review the Updated Basin Model have indicated that it is a reliable tool for simulating the movement of water within the Basin, and to my knowledge, no party contests that this is the case.” (Para. 7, lines 22-24.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)</p>	<p>Sustained: _____</p> <p>Overruled: _____</p>
<p>7. “In October and November of 2014, the Watermaster Parties, at the Pool Committee, Advisory Committee and Watermaster Board meetings, discussed various approaches to the determination and reset.” (Para. 10, lines 3-5.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.)</p>	<p>Sustained: _____</p> <p>Overruled: _____</p>

1 MATERIALS OBJECTED TO:	GROUND FOR	RULING ON
2 Declaration of Peter Kavounas	OBJECTION:	OBJECTION:
3 8. "In November, 2014, the 4 Advisory Committee requested, and 5 the Watermaster Board adopted, the 6 Advisory Committee's 7 recommendation that Watermaster 8 convene a facilitated process to 9 identify and resolve all issues related 10 to the successful completion of the 11 Safe Yield redetermination for 12 consideration by the Pool 13 Committees, Advisory Committee 14 and Watermaster Board in mid- 15 2015." (Para. 10, lines 5-9.) 16	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.)	Sustained:____ Overruled:____
17 9. "In order to protect the 18 confidentiality of their discussions, 19 as well as to preserve Watermaster 20 counsel's ability to full and fairly 21 represent Watermaster, a substantial 22 number of parties executed a 23 Facilitation and Non-Disclosure 24 Agreement (FANDA)." (Para. 12, 25 lines 14-16.) 26	Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)	Sustained:____ Overruled:____

MATERIALS OBJECTED TO: Declaration of Peter Kavounas	GROUND FOR OBJECTION:	RULING ON OBJECTION:
<p>10. "The parties to the facilitation process met at least weekly and, in many cases, multiple times per week, in an attempt to achieve consensus as to the Safe Yield reevaluation and reset issues. In total, in addition to the many informal meetings and discussions that took place, the group of parties met more than 30 times." (Para. 13.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.)</p>	<p>Sustained: _____</p> <p>Overruled: _____</p>
<p>11. "On August 26, 2015, agreement was reached as to a substantially complete draft of the 2015 Safe Yield Reset Agreement." (Para. 15, lines 3-5.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)</p>	<p>Sustained: _____</p> <p>Overruled: _____</p>

MATERIALS OBJECTED TO: Declaration of Peter Kavounas	GROUND FOR OBJECTION:	RULING ON OBJECTION:
<p>12. "Attached hereto as Attachment "1" is the staff presentation, <i>Resolution 2015-06: Resolution of the Chino Basin Watermaster Regarding 2015 Safe Yield Reset Agreement</i>, that was given to the Board at its September 24, 2015 meeting." (Para. 17, lines 12-14.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)</p>	<p>Sustained:____ Overruled:____</p>
<p>13. "Attached hereto as Attachment "2" is the Staff Report, Chino Basin Safe Yield Redetermination and Reset, that was included in the September 24, 2015 Watermaster Board Meeting agenda." (Para. 17, lines 14-16.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)</p>	<p>Sustained:____ Overruled:____</p>

MATERIALS OBJECTED TO: Declaration of Peter Kavounas	GROUND FOR OBJECTION:	RULING ON OBJECTION:
<p>14. “Based on their participation in the process described above, it is my belief that the Parties to the Judgment have engaged in peer review of the Safe Yield evaluation and have an understanding of implementation challenges in Watermaster accounting in light of a decline.” (Para. 19, lines 20-22.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.)</p>	<p>Sustained:____ Overruled:____</p>
<p>15. “Pursuant to the 2013 Amendment to the 2010 Recharge Master Plan Update (‘2013 RMPU Amendment’), presented to and approved by the Court in October 2013, Watermaster has developed and is in the process of implementing a group of ‘yield enhancement’ projects.” (Para. 20, lines 23-26.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)</p>	<p>Sustained:____ Overruled:____</p>

MATERIALS OBJECTED TO: Declaration of Peter Kavounas	GROUND FOR OBJECTION:	RULING ON OBJECTION:
<p>16. "The composition of the suite of yield enhance [sic] projects has changed somewhat since the Court's October 2013 approval of the 2013 RMPU Amendment, and the currently contemplated suite of improvements is projected to result in an average of approximately 6,410 acre-feet of additional annual stormwater recharge to the Chino Basin." (Para. 20, lines 26-1.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.) Improper expert opinion. (Evid. C. §801.) Oral testimony inadmissible to prove the contents of a writing. (Evid. C. §1523.)</p>	<p>Sustained: _____</p> <p>Overruled: _____</p>
<p>17. "There may be members of the Appropriative Pool that, because of the projected future water demands within their systems and their existing supply portfolios, do not desire the additional projected recharge associated with new stormwater projects." (Para. 21, lines 2-4.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.)</p>	<p>Sustained: _____</p> <p>Overruled: _____</p>

MATERIALS OBJECTED TO:	GROUNDS FOR OBJECTION:	RULING ON OBJECTION:
<p>Declaration of Peter Kavounas</p> <p>18. "There are other parties within the Appropriative Pool, particularly those with service areas in which there has been substantial growth since the time of the 1978 entrance of the Judgment, that may desire to assume the financial obligations of those parties in exchange for the potential net new recharge that is projected to arise from the suite of projects." (Para. 21, lines 4-8.)</p>	<p>Irrelevant and immaterial. (Evid. C. §350.) Lacks foundation. (Evid. C. §702.) Hearsay. (Evid. C. §1200.) Improper lay opinion; opinion based on improper matter. (Evid. C. §§800, 803.)</p>	<p>Sustained: _____</p> <p>Overruled: _____</p>

Superior Court of the State of California,
County of San Bernardino

DATED: _____

The Honorable Stanford E. Reichert

1 Jimmy L. Gutierrez (SBN 59448)
Arturo N. Fierro (SBN141091)
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5 Attorneys for Defendant, City of Chino
6
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8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **FOR THE COUNTY OF SAN BERNARDINO – RANCHO CUCAMONGA DISTRICT**
10

11 CHINO BASIN MUNICIPAL WATER
12 DISTRICT,

13 Plaintiff,

14 v.

15 CITY OF CHINO, et al.,

16 Defendants.
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CASE NUMBER: RCV 51010
[Assigned for All Purposes to the Honorable
Stanford E. Reichert]

**DECLARATION OF DAVID G.
CROSLEY IN SUPPORT OF CITY
OF CHINO'S OPPOSITION TO
WATERMASTER'S MOTION
REGARDING 2015 SAFE YIELD RESET
AGREEMENT, AMENDMENT OF
RESTATED JUDGMENT, PARAGRAPH 6**

[Filed concurrently with Opposition to
Watermaster's Motion, Objections to
Declaration of Mark Wildermuth and Proposed
Order, Objections to Declaration of Peter
Kavounas and Proposed Order and Declaration
of Robert Shibatani]

Date: February 26, 2016
Time: 1:30 p.m.
Dept.: R6

(FEE- EXEMPT PURSUANT TO GOVERNMENT
CODE § 6103)

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1 Rules and Regulations of the Watermaster.

2 4. On an annual basis, the Watermaster prepares and approves a report, known as
3 the Assessment Package, which describes the water production rights available to each
4 producer of Chino Basin groundwater. The water production rights available to a producer
5 may be used by that producer to satisfy its current groundwater needs, stored to satisfy
6 projected future needs, or made available to other producers via separate transaction(s)
7 subject to the review and approval of the Watermaster.

8 5. On November 25, 2014, the Chino Basin Watermaster Board of Directors
9 approved the annual Assessment Package report describing water production rights for
10 Production Year 13/14, ending June 30, 2014, attached hereto as Exhibit A. Page 2A of
11 Exhibit A reflects the right of the City of Chino to 7.357% of the Operating Safe Yield which
12 is equal to 4,033.857 acre-feet per year. Page 2A also reflects that in Production Year 13/14
13 the City of Chino received a Net Agricultural Pool Reallocation equal to 8,367.955 acre-feet
14 in partial satisfaction of the City's total Land Use Conversion and Early Transfer claims for
15 the unproduced Agricultural Pool water. Additionally, Page 2A reflects that in Production
16 Year 13/14 the City of Chino's Annual Production Right was 16,435.669 acre-feet, all of
17 which was subject to carryover (storage). In Production Year 13/14, 4,033.857 acre-feet was
18 accounted for as Carry-over Next Year Beginning Balance and 12,401.812 acre-feet was
19 added to the City of Chino's Excess Carryover Account. The City did not receive any New
20 Yield in Production Year 13/14.

21 6. The meeting minutes of the November 25, 2014 Watermaster Board of
22 Directors Meeting indicating the Board's approval (Business Item No. IIA) of the 2014/2015
23 Assessment Package corresponding to the Production Year 13/14 are attached hereto as
24 Exhibit B.

25 7. Assessment Package information describing water production rights is typically
26 reproduced in the Chino Basin Watermaster Annual Report that is filed with the court.

27 8. The City of Chino currently has stored (i.e. reserved) water production rights
28 distributed in multiple separate account categories. These categories of rights to stored

1 water are (1) Pre-emptive Replenishment for Desalters, (2) Local Supplemental storage and
2 (3) Local Excess Carry-Over (aka Non-Supplemental) storage.

3 9. The Watermaster's annual accounting activities keep track of the amounts of
4 water in each of these categories and any transactions between producers that impact the
5 amounts in the various categories. Exhibit A Page 6A titled "Pool 3 Water Transaction
6 Summary" and Pages 7A & 7B titled "2014-2015 Water Transaction Detail" describe
7 transactions between producers affecting storage balances that occurred in Production Year
8 2013/2014.

9 10. The Pre-emptive Replenishment water was established via a City of Chino
10 purchase, through Watermaster, of water supplied by the Metropolitan Water District of
11 Southern California and that water is stored in the Basin strictly for the purpose of
12 replenishing desalter production. On June 30, 2014, the City of Chino had a total of
13 1,416,470 acre-feet in the Pre-emptive Replenishment category described in the "Pool 3
14 Other Storage and Replenishment Accounts Summary" on Page 5A of Exhibit A.

15 11. Local Supplemental storage consists of water imported to the Chino Basin and
16 recycled water stored in the Basin. Most of the City of Chino's Supplemental storage is
17 recycled water that was purchased from the Inland Empire Utilities Agency (IEUA) by the
18 City of Chino and recharged by the IEUA on behalf of the City of Chino (an IEUA member
19 agency). On June 30, 2014, the City of Chino had a total of 8,215,560 acre-feet in the Local
20 Supplemental storage category described in the "Pool 3 Local Supplemental Storage Account
21 Summary" on Page 4A of Exhibit A.

22 12. Local Excess Carry-Over storage consists of the City of Chino's unused share
23 of Operating Safe Yield and/or the City's share of the re-allocation of the Agricultural Pool's
24 under-utilized rights. On June 30, 2014, the City of Chino had a total of 65,507.715 acre-feet
25 in the Local Excess Carry-Over storage category described in the "Pool 3 Local Excess
26 Carry-Over Storage Account Summary" on Page 3A of Exhibit A.

27 13. In the most recent Production Year (i.e. 14/15) the City of Chino transferred
28 (i.e. sold) 6,500 acre-feet of its Excess Carry- Over reserves to the Fontana Water Company

1 (FWC) at the unit price of \$515.63/acre-foot for a total value of \$3,351,595 that was paid to
2 Chino by the FWC. This transaction is described by Watermaster Forms Nos. 3, 4, and 5,
3 attached hereto as Exhibit C.

4 14. I participated in the Chino Basin Watermaster's stakeholder processes that
5 resulted in the development of the Optimum Basin Management Program (OBMP) and
6 implementing documents, including the Peace Agreements. The OBMP and Peace
7 Agreements describe the importance of and need for the Chino Basin desalters which remove
8 contaminant salts from the local groundwater.

9 15. The Chino Basin Watermaster determined that 40,000 acre-feet per year of
10 groundwater production from the southern portion of the Chino Basin is needed to replace the
11 anticipated reduction, due to urbanization of agricultural lands, of groundwater production by
12 agricultural interests. This substitute for historical agricultural groundwater production is
13 necessary in order to sustain the Safe Yield of the Chino Basin. Sustaining the Safe Yield of
14 the Basin provides widespread benefit to Basin stakeholders. Also, the production and
15 treatment of groundwater in the southern portion of the Basin is necessary for the attainment
16 of hydraulic control of the Basin. Basin hydraulic control prevents contaminated
17 groundwater from flowing out of the Chino Basin to downstream areas of the Santa Ana
18 River Watershed and provides other broad benefits to the Basin stakeholders such as clean-up
19 of legacy agricultural contamination of the groundwater resource and the ability to implement
20 beneficial re-use of recycled water.

21 16. The Peace Agreement, which provided for the expansion of the Chino Basin
22 Desalter Program in furtherance of the OBMP, addresses the fact that designing, constructing,
23 and operating desalters is expensive in comparison to other available sources of water.
24 During the development of the Peace Agreement, the Basin stakeholders acknowledged the
25 widespread broad benefits that would result from the expansion of the desalters. In
26 consideration of (a) the broad benefits that would occur as a result of desalter expansion and
27 (b) anticipated desalter expansion expenses which were to be borne by a subgroup of Basin
28 stakeholders who agreed to undertake the design, construction and operation

1 responsibilities (and later to form the Chino Basin Desalter Authority) and (c) the need to
2 provide for replenishment of the desalter groundwater production, the Basin stakeholders
3 agreed to ultimately assess themselves to provide for the required ongoing replenishment
4 water under the Peace Agreements. Assessments would occur at that time in the future when
5 all other designated sources of replenishment water had been exhausted.

6 17. The Peace Agreement identified and designated certain known and limited
7 sources of water for the purpose of replenishing desalter groundwater production. Were it not
8 for the assumption of the ongoing replenishment expenses obligation by the Basin
9 stakeholders who signed the Peace Agreement, the Chino Basin Desalter Program expansion
10 would not have occurred due to the fact that at that time the program expansion was
11 considered economically infeasible if the replenishment water expenses were included in the
12 costs to be borne only by the members of the Chino Basin Desalter Authority.

13 18. The City of Chino decided to support the Peace Agreement and to become a
14 founding member of the Chino Basin Desalter Authority. As a member of the Chino Basin
15 Desalter Authority, the City of Chino accepted its proportionate share of the economic burden
16 associated with design, construction and ongoing operation of the desalters through its
17 corresponding commitment to purchase water produced by the desalters under a Water
18 Purchase Agreement with the Chino Basin Desalter Authority. A true copy of the Water
19 Purchase Agreement that the City of Chino executed on February 5, 2002 is attached hereto
20 as Exhibit D. The decision by the City of Chino to undergo the foregoing and incur those
21 costs was predicated on the Peace Agreement of the Basin stakeholders to provide and share
22 in the cost of replenishment water corresponding to the desalter groundwater production.

23 19. The Peace II Agreement provides for a supplementation of 400,000 acre-feet of
24 Chino Basin native stored groundwater to the limited sources of water for desalter
25 groundwater production replenishment identified in the Peace Agreement. However, this
26 supplementation did not alter the ultimate obligation of the Basin stakeholders to provide
27 ongoing replenishment for the desalter program in the future when needed.

28 ///

20. During Chino Basin stakeholder discussions of a proposed reduction in the Chino Basin Safe Yield and corresponding reduction in the Operating Safe Yield, I expressed concerns that the Watermaster's Notice of Intent to Change the Operating Safe Yield, as required by the Judgment, was insufficient because it failed to notify the stakeholders as to the amount and timing of any reduction. These concerns were described in my January 7, 2015 letter addressed to the attention of the Watermaster Board of Directors, the Watermaster Advisory Committee, and the Watermaster Pool Committees, objecting to the Notice of Intent, attached hereto as Exhibit E.

21. The Appropriative Pool Committee has not signed the 2015 Safe Yield Reset Agreement due to lack of unanimous support of the Committee members.

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

Executed on this 19th day of January, 2016, at Chino, California.



DAVID G. CROSS

EXHIBIT “A”



**CHINO BASIN WATERMASTER
APPROVED 2014/2015 ASSESSMENT PACKAGE
(PRODUCTION YEAR 2013/2014)**

APPROVED NOVEMBER 25, 2014

Chino Basin Watermaster

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Appendix A: Pool 3 Water Production Detail

Appendix B: Desalter Replenishment Accounting

Appendix C: Allocation for the Purchase of the Exhibit “G” Non-Ag Pool Water

Chino Basin Watermaster

Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
1A	AF Production and Exchanges	Total production and exchanges, excluding Desalter production. Copied from [2L].
1B	Appropriative Pool—AF/Admin	Production and Exchanges [1A] <times> per acre-foot Admin fee.
1C	Appropriative Pool—AF/OBMP	Production and Exchanges [1A] <times> per acre-foot OBMP fee.
1D	Ag Pool SY Reallocation— AF Total Reallocation	Reallocation of Ag Pool Safe Yield. Copied from [2E] and [12G].
1E	Ag Pool SY Reallocation— AF/Admin	Party Ag Pool reallocation [1D] <divided by> Total Ag Pool Reallocation [1D Total] <times> total dollar amount needed for Ag Pool Administration.
1F	Ag Pool SY Reallocation— AF/OBMP	Party Ag Pool reallocation [1D] <divided by> Total Ag Pool Reallocation [1D Total] <times> total dollar amount needed for Ag Pool OBMP.
1G	Replenishment Assessments— AF/15%	For Parties participating in the 85/15 Rule: Percentage of total 85/15 participant production <times> required credit amount. Copied from Page 9A.
1H	Replenishment Assessments— AF/85%	For parties participating in the 85/15 Rule: Total volume overproduced [2M] <times> 85% of the replenishment rate.
1I	Replenishment Assessments— AF/100%	For parties <u>not</u> participating in the 85/15 Rule: Total volume overproduced [2N] <times> 100% of the replenishment rate.
1J	85/15 Water Transaction Activity—15% Producer Credits	For parties participating in the 85/15 Rule: Credit amount equals 15% of the cost of the water purchased.
1K	85/15 Water Transaction Activity—15% Pro-rated Debits	For parties participating in the 85/15 Rule: Percentage of total 85/15 participant production <times> required credit amount. Copied from Page 9A.
1L	CURO Adjustment	Monetary amount needed (or to be credited) for each Party's Cumulative Unmet Replenishment Obligation (CURO). Calculated on Page 10A.
1M	ASSESSMENTS DUE— Total Production Based	Total fees assessed based on Party production. [1B] + [1C] + [1E] + [1F] + [1G] + [1H] + [1I] + [1J] + [1K] + [1L].
1N	ASSESSMENTS DUE— Pomona Credit	Debit amount to Pomona <times> -1 <times> percent share of Operating Safe Yield [2A].
1O	ASSESSMENTS DUE— Recharge Debt Payment	Total recharge debt payment <times> percent share of Operating Safe Yield [2A].
1P	ASSESSMENTS DUE— Recharge Improvement Project	Total Recharge Improvement Project <times> Percent Share of Operating Safe Yield [2A].
1Q	ASSESSMENTS DUE— Other Adjustments	Used as necessary for any other monetary adjustments needed to the Assessment Package.
1R	ASSESSMENTS DUE— Total Due	Total assessments. [1M] + [1N] + [1O] + [1P] + [1Q].

Chino Basin Watermaster

Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
2A	Percent of Operating Safe Yield	The Party's yearly percentage of Operating Safe Yield.
2B	Carryover Beginning Balance	The beginning balance in each Annual Account. This number carries forward from the ending balance in the previous period Assessment Package.
2C	Prior Year Adjustments	This number reflects the adjusted production rights from a previous Assessment Package, in the event that corrections are needed.
2D	Assigned Share of Operating Safe Yield	The Party's yearly volume of Operating Safe Yield.
2E	Net Ag Pool Reallocation	Reallocation of Ag Pool Safe Yield. Copied from [12G]. The calculations that lead to this are made on Page 12A.
2F	Water Transaction Activity	Water transactions. Copied from [6D]. The calculations that lead to this are made on Page 6A.
2G	Stormwater New Yield	Stormwater New Yield <times> percent share of Operating Safe Yield [2A].
2H	Other Adjustments	This number reflects adjusted production rights, in the event that corrections are needed.
2I	Annual Production Right	Current Year Production Right. $[2B] + [2C] + [2D] + [2E] + [2F] + [2G] + [2H]$.
2J	Actual Fiscal Year Production	Fiscal year production, including Assignments and Voluntary Agreements, from CBWM's production system (as verified by each Party on their Water Activity Report). Includes a sub note subtracting Desalter production.
2K	Storage and Recovery Program(s)	Total exchanges for the period (July 1- June 30) including MZ1 forbearance and DYY deliveries (as reported to CBWM by IEUA and TVMWD and as verified by each Party on their Water Activity Report).
2L	Total Production and Exchanges	Actual production [2J] <plus> Storage and Recovery exchanges [2K]. Includes a sub note subtracting Desalter production. Also known as Assessable Production.
2M	Net Over-Production—85/15%	For 85/15 Rule participants: Production rights [2I] <minus> total production and exchanges [2L], equaling less than zero.
2N	Net Over-Production—100%	For non-85/15 Rule participants: Production rights [2I] <minus> total production and exchanges [2L], equaling less than zero. Includes a sub note subtracting Desalter production.
2O	Under Production Balances—Total Under-Produced	Production rights [2I] <minus> total production and exchanges [2L], equaling more than zero.
2P	Under Production Balances—Carryover: Next Year Begin Bal	Either total under-produced [2O] or share of Operating Safe Yield [2D], whichever is less.
2Q	Under Production Balances—To Excess Carryover Account	Total under produced [2O] <minus> Carryover to next year [2P], equaling more than zero.

Chino Basin Watermaster

Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
3A	Excess Carry Over Account (ECO)—Beginning Balance	The beginning balance in each ECO account. This carries forward from the ending balance in the previous period Assessment Package.
3B	Excess Carry Over Account (ECO)—2% Storage Loss	Beginning balance [3A] \times -0.02.
3C	Excess Carry Over Account (ECO)—Transfers To / (From)	Total of water transferred to and from ECO and the Annual Account.
3D	Excess Carry Over Account (ECO)—From Supplemental Storage	Total of water transferred to and from Local Supplemental Storage accounts, as shown on Page 4A.
3E	Excess Carry Over Account (ECO)—From Under-Production	Total of water transferred from the Annual Account due to under production. Copied from [2Q].
3F	Excess Carry Over Account (ECO)—Ending Balance	The current balance in each ECO account. [3A] + [3B] + [3C] + [3D] + [3E].

Chino Basin Watermaster

Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
4A	Recharged Recycled Account— Beginning Balance	The beginning balance in each Recharged Recycled Account. This number carries forward from the ending balance in the previous period Assessment Package.
4B	Recharged Recycled Account— 2% Storage Loss	Beginning balance [4B] \times -0.02.
4C	Recharged Recycled Account— Current Recharged Recycled	Total recharged recycled water credited to each Party for the year, as provided by IEUA.
4D	Recharged Recycled Account— Transfer to ECO Account	Total of water transferred to the ECO Account, as shown on Page 3A.
4E	Recharged Recycled Account— Ending Balance	The current balance in each Recharged Recycled account. [4B] + [4C] + [4D] + [4E].
4F	Quantified (Pre 7/1/2000) Account—Beginning Balance	The beginning balance in each Quantified Supplemental Account. This number carries forward from the ending balance in the previous period Assessment Package.
4G	Quantified (Pre 7/1/2000) Account—2% Storage Loss	Beginning balance [4G] \times -0.02.
4H	Quantified (Pre 7/1/2000) Account—Transfers To / (From)	Total of water transferred to and from the Annual Account.
4I	Quantified (Pre 7/1/2000) Account—Transfer to ECO Account	Total of water transferred to the ECO Account, as shown on Page 3A.
4J	Quantified (Pre 7/1/2000) Account—Ending Balance	The current balance in each Quantified Supplemental account. [4G] + [4H] + [4I] + [4J].
4K	New (Post 7/1/2000) Account— Beginning Balance	The beginning balance in each New Supplemental Account. This number carries forward from the ending balance in the previous period Assessment Package.
4L	New (Post 7/1/2000) Account— 2% Storage Loss	Beginning balance [4L] \times -0.02.
4M	New (Post 7/1/2000) Account— Transfers To / (From)	Total of water transferred to and from the Annual Account.
4N	New (Post 7/1/2000) Account— Transfer to ECO Account	Total of water transferred to the ECO Account, as shown on Page 3A.
4O	New (Post 7/1/2000) Account— Ending Balance	The current balance in each New Supplemental Account. [4L] + [4M] + [4N] + [4O].
4P	Combined—Ending Balance	The combined amount in all supplemental storage accounts [4F] + [4K] + [4P].

Chino Basin Watermaster

Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
5A	Desalter Replenishment—Beginning Balance	The beginning balances in each Desalter Replenishment account. These numbers carry forward from the ending balances in the previous period Assessment Package. "Re-Operation Offset: Pre-Peace II Desalters" had an original beginning balance of 225,000.000 AF and "Re-Operation Offset: Peace II Expansion" had an original beginning balance of 175,000.000 AF.
5B	Desalter Replenishment—Storage Loss	Beginning balance [5A] \times -(loss %). There is no loss assessed on the native Basin water allocated to offset Desalter production as a result of Basin Reoperation as approved in the Peace II Agreement. Per the "Preemptive Replenishment" agreements, no losses are deducted against these accounts.
5C	Desalter Replenishment—Transfers To	Total of water transferred to each Desalter Replenishment account.
5D	Desalter Replenishment—Transfers From	Total of water transferred from each Desalter Replenishment account.
5E	Desalter Replenishment—Ending Balance	The current balance in each Desalter Replenishment account. [5A] + [5B] + [5C] + [5D].
5F	Storage and Recovery—Beginning Balance	The beginning balance in the Storage and Recovery (DYY) Account. This number carries forward from the ending balance in the previous period Assessment Package.
5G	Storage and Recovery—Storage Loss	Beginning balance [5F] \times -(loss %).
5H	Storage and Recovery—Transfers To	Total of water transferred to the Storage and Recovery Account ("puts").
5I	Storage and Recovery—Transfers From	Total of water transferred from the Storage and Recovery Account ("takes").
5J	Storage and Recovery—Ending Balance	The current balance in the Storage and Recovery Account. [5F] + [5G] + [5H] + [5I].

REPORT REFERENCE	NAME	DESCRIPTION
6A	Water Transactions—Assigned Rights	Total of assigned transactions for this period, including annual water transfers/leases between Appropriators and/or from Appropriators to Watermaster for replenishment purposes.
6B	Water Transactions—General Transfer	Total of water transfers between Parties for this period. Transfers in this column include the annual transfer of 10-percent of the Non-Ag OSY to the seven Appropriator Parties, as stated in the Peace II Agreement, and also the Exhibit "G" physical solution transfers from the Non-Ag Pool.
6C	Water Transactions—Transfers (To) / From ECO Account	Total of water transferred between the Annual Account and ECO Account.
6D	Water Transactions—Total Water Transactions	Total water transactions. [6A] + [6B] + [6C]. This column is used to populate [2F].

Chino Basin Watermaster

Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
12A	% Share of Operating Safe Yield	The Party's yearly percentage of Operating Safe Yield. Copied from [2A].
12B	Reallocation of Agricultural Pool Safe Yield—32,800 AF Early Transfer	The Party's percent share of Operating Safe Yield [12A] multiplied by 32,800.
12C	Reallocation of Agricultural Pool Safe Yield—Land Use Conversions	Total land use conversions claimed on Page 11A (as verified by each Party on their Water Activity Report).
12D	Reallocation of Agricultural Pool Safe Yield—Potential for Reallocation (AF)	The Agricultural Pool Reallocation amount potentially available to each Appropriator. [12B] + [12C].
12E	Reallocation of Agricultural Pool Safe Yield—Percent of Ag Pool Reallocation	Each Party's potential for reallocation [12D] from the total of [12D].
12F	Reallocation of Agricultural Pool Safe Yield—Difference: Potential vs. Net	The total over or under Agricultural Pool Reallocation (from Page 11A) <times> each Party's percent of Ag Pool reallocation.
12G	Reallocation of Agricultural Pool Safe Yield—Net Ag Pool Reallocation	Net Agricultural Pool Reallocation to each Party. [12D] + [12F]. This column is used to populate [2E].

REPORT REFERENCE	NAME	DESCRIPTION
13A	AF Production	Actual fiscal year production by each Party. Copied from [14H].
13B	Non-Agricultural Pool—AF/Admin	Production [13A] <times> per acre-foot Admin fee.
13C	Non-Agricultural Pool —AF/OBMP	Production [13A] <times> per acre-foot OBMP fee.
13D	Replenishment Assessments—AF Exceeding Annual Right	Over-production for each Party beyond their annual production right. Copied from [14I].
13E	Replenishment Assessments—Per AF	Amount overproduced [13D] <times> the current replenishment rate.
13F	CURO Adjustment	Monetary amount needed (or to be credited) for each Party's Cumulative Unmet Replenishment Obligation (CURO). Calculated on Page 10B.
13G	Other Adjustments	Used as necessary for any other monetary adjustments needed to the Assessment Package.
13H	Total Assessments Due	Total fees assessed based on Party production. [13B] + [13C] + [13E] + [13F] + [13G].

Chino Basin Watermaster

Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
14A	Percent of Safe Yield	The Party's yearly percentage of Safe Yield.
14B	Carryover Beginning Balance	The beginning balance in each Annual Account. This number carries forward from the ending balance in the previous period Assessment Package.
14C	Prior Year Adjustments	This number reflects the adjusted production rights from a previous Assessment Package, in the event that corrections are needed.
14D	Assigned Share of Safe Yield (AF)	The Party's yearly volume of Safe Yield.
14E	Water Transaction Activity	Total of one-time water transfers between Parties for this period. Transfers in this column include the annual transfer of 10-percent of the Non-Ag Safe Yield to the seven Appropriator Parties, as stated in the Peace II Agreement, and also the Exhibit "G" physical solution transfers to the Appropriative Pool.
14F	Other Adjustments	This number reflects adjusted production rights, in the event that corrections are needed.
14G	Annual Production Right	Current Year Production Right. $[14B] + [14C] + [14D] + [14E] + [14F]$.
14H	Actual Fiscal Year Production	Fiscal year production, including Assignments, from CBWM's production system (as verified by each Party on their Water Activity Report). Also known as Assessable Production.
14I	Net Over Production	Over-production, if any, for each Party beyond their annual production right. $[14H] - [14G]$, equaling more than zero.
14J	Under Production Balances—Total Under-Produced	Production rights $[14G]$ <minus> production $[14H]$, equaling more than zero.
14K	Under Production Balances—Carryover: Next Year Begin Bal	Either total under-produced $[14J]$ or share of Safe Yield $[14D]$, whichever is less.
14L	Under Production Balances—To Local Storage Account	Total under-produced $[14J]$ <minus> Carryover to next year $[14K]$, equaling more than zero.

REPORT REFERENCE	NAME	DESCRIPTION
15A	Local Storage Account—Beginning Balance	The beginning balance in each Local Storage account. This number carries forward from the ending balance in the previous period Assessment Package.
15B	Local Storage Account—2% Storage Loss	Beginning balance $[15A]$ <times> -0.02.
15C	Local Storage Account—Transfers To / (From)	Total of water transferred to and from the Annual Account.
15D	Local Storage Account—Ending Balance	The current balance in each Local Storage Account. $[15A] + [15B] + [15C]$.

FISCAL YEAR 2014/15
INCLUDES "10% ADMINISTRATIVE AND 15% OBMP/PROJECT OPERATING RESERVES"

¹ Total costs are allocated to Pools by actual production percentages. Does not include Recharge Debt Payment, Recharge Improvement Projects or Replenishment Water purchases.

² June 30th fund balance (estimated) less funds required for Operating Reserves, Agricultural Pool Reserves, Carryover replenishment obligations, and SB 22 funds.



Assessment Year 2014-2015 (Production Year 2013-2014)

Pool 3 Assessment Fee Summary

	Appropriative Pool			Ag Pool ST Reallocation			Replacement Assessments			8515 Water Transaction Activity			ASSESSMENTS DUE						
	AF Production and Exchanges	AF/Admin	AF/BMP	AF Total Reallocation	AF/Admin	AF/BMP	AF 15%	AF 100%	\$918.50	15% Producer Credits	15% Pro-rated Debits	CURO Adjustment	Total Production Based	Pemona Credit	Recharge Debt Payment	Recharge Imprint Project	Other Adjustments	Total Due	
Arrowhead Min Spring Water Co	379,111	4,852.82	10,487.88	0.00	0.00	0.00	0.00	0.00	186,532.41	0.00	0.00	(500.54)	203,389.07	0.00	0.00	0.00	0.00	203,389.07	
Chico Hills, City Of	7,224,004	92,467.25	200,092.87	1,992,800	17,499.08	37,870.01	101.80	0.00	0.00	0.00	75,492.88	(0.23)	423,453.53	2,867.35	16,628.31	49,716.41	0.00	452,373.50	
Chico, City Of	0.00	0.00	0.00	8,367,955	73,288.97	169,599.25	0.00	0.00	0.00	0.00	0.00	0.00	231,825.22	4,904.69	31,753.11	94,878.87	0.00	363,471.89	
Cucamonga Valley Water District	15,121,550	206,395.84	448,405.72	2,304,146	20,174.32	43,699.58	227.40	0.00	0.00	0.00	168,474.75	(0.52)	885,297.08	4,400.69	28,499.16	85,218.91	0.00	1,003,415.84	
Desalter Authority	29,242,552	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Fontana Union Water Company	0.00	0.00	0.00	3,167,956	27,912.66	50,408.24	0.00	0.00	0.00	0.00	0.00	0.00	88,318.50	7,771.37	50,327.93	150,491.87	0.00	296,910.07	
Fontana Water Company	16,377,379	156,853.01	425,805.16	695,920	5,093.24	13,185.48	216.91	0.00	0.00	0.00	(792,560.95)	160,700.04	(0.50)	10,283.39	1.33	8.63	25.82	0.00	10,315.18
Fontana, City Of	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Golden State Water Company	756,362	9,425.43	20,389.86	205,110	1,756.87	3,886.46	10.39	0.00	0.00	0.00	(1,170.00)	7,695.19	(0.02)	42,033.20	500.00	3,238.05	9,682.50	0.00	55,453.75
Juana Community Services District	18,018,347	230,534.84	496,828.03	12,597,713	110,301.29	238,704.84	254.15	0.00	0.00	0.00	(86,400.00)	188,298.81	(0.59)	1,190,719.38	2,506.01	16,223.11	48,528.99	0.00	1,247,993.19
Maygold Mutual Water Company	1,314,734	16,828.80	36,404.36	326,809	2,961.43	6,192.46	0.00	0.00	0.00	0.00	47,975.55	0.00	0.00	110,267.02	796.67	5,159.29	15,427.45	0.00	131,650.44
Meane Vista Irrigation Company	0.00	0.00	0.00	337,474	2,954.81	6,394.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,349.35	822.57	5,327.67	15,930.94	0.00	31,430.84
Monte Vista Water District	6,998,745	89,593.94	193,795.25	2,451,724	21,455.46	46,456.92	98.72	0.00	0.00	0.00	452,978.68	0.00	0.00	424,538.82	5,864.70	37,980.17	113,569.27	0.00	581,953.06
Niagara Bottling, LLC	1,342,588	17,185.13	37,175.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	506,652.01	0.00	0.00	0.00	0.00	506,652.01
Nicholson Trust	0.00	0.00	0.00	1,974	16.78	38.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	53.02	4.67	30.22	90.37	0.00	178.28
Norco, City Of	0.00	0.00	0.00	100,641	881.18	1,909.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,768.15	245.34	1,588.80	4,750.68	0.00	9,373.17
Ontario, City Of	15,097,045	200,922.19	434,651.18	7,374,348	54,567.28	138,731.12	221.41	0.00	0.00	0.00	164,038.95	(0.51)	1,004,131.21	13,828.07	89,551.51	267,779.22	0.00	1,375,280.01	
Pomona, City Of	12,909,293	165,238.95	357,468.32	5,593,760	48,977.06	106,992.06	0.00	0.00	0.00	0.00	0.00	0.00	577,666.39	(53,030.93)	88,308.10	264,061.14	0.00	977,004.70	
San Antonio Water Company	1,159,242	14,355.30	32,069.41	757,523	6,980.08	14,240.06	16.35	0.00	0.00	0.00	12,114.41	(0.04)	79,898.57	1,832.01	11,854.22	35,476.58	0.00	129,061.47	
San Bernardino, County of (Shoolin	16,350	209.79	453.84	0.00	0.00	0.00	0.23	6,731.69	0.00	0.00	171.28	(15.43)	7,551.41	0.00	0.00	0.00	0.00	7,551.41	
Santa Ana River Water Company	48,675	620.99	1,343.38	648,969	5,682.14	12,296.82	0.69	0.00	0.00	0.00	507.00	0.00	20,481.01	1,582.01	10,245.19	30,636.43	0.00	62,913.64	
Upland, City Of	2,822,046	36,122.19	78,142.45	1,422,643	12,458.16	26,936.82	39.81	0.00	0.00	0.00	29,491.18	(0.09)	163,209.33	3,468.02	22,453.11	87,157.82	0.00	276,293.28	
West End Consolidated Water Co	0.00	0.00	0.00	472,573	4,137.69	8,954.44	0.00	0.00	0.00	0.00	0.00	0.00	13,092.13	1,132.01	7,460.47	22,308.48	0.00	44,013.08	
West Valley Water District	0.00	0.00	0.00	321,339	2,813.53	5,088.82	0.00	0.00	0.00	0.00	0.00	0.00	8,902.35	783.34	5,072.95	15,169.25	0.00	29,927.88	

pt: 1) TOWN AND DISTRICTS elected to discontinue payment of the "Panama Credit" effective FY 2012/2013. It is now paid by the Appropriative Pool Parties, allocated on % OSY.
2) Recharge Debt Project expenses [1C] and Recharge Improvement Project expenses [1F] are each allocated on % OSY, based on the approved budget.



Assessment Year 2014-2015 (Production Year 2013-2014)

Pool 3 Water Production Summary

	Percent of Operating Safe Yield	Carryover Beginning Balance	Prior Year Adjustments	Assigned Share of Operating Safe Yield	Net Ag Pool Reallocation	Water Transaction Activity	Stormwater New Yield	Other Adjustments	Annual Production Right	Actual Fiscal Year Production	Storage and Recovery Program(s)	Total Production and Exchanges	Net Over-Production 85/15%	Under-Production 100%	Total Under-Produced	Under-Production Carryover: Next Year Begin Bal	To Excess Carryover Account
Arrowhead Mt Spring Water Co	0.000%	0.000	0.000	0.000	0.000	70.030	0.000	0.000	70.030	379.111	0.000	279.111	0.000	309.051	0.000	0.000	0.000
Chino Hills, City Of	3.851%	0.000	0.000	2,111.422	1,969.600	3,113.982	0.000	0.000	7,224.004	7,224.004	0.000	7,224.004	0.000	0.000	0.000	0.000	0.000
Chino, City Of	7.397%	4,053.957	0.000	4,039.957	6,357.965	0.000	0.000	0.000	16,435.869	0.000	0.000	0.000	0.000	0.000	16,435.869	4,039.957	12,401.812
Cucamonga Valley Water District	8.601%	0.000	0.000	3,518.454	2,304.146	14,579.692	0.000	0.000	20,503.282	16,121.550	0.000	16,121.550	0.000	0.000	4,381.742	3,619.454	792.288
Desaler Authority	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	29,242.552	0.000	29,242.552	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	11.557%	0.000	0.000	6,391.736	3,187.856	(9,579.692)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	0.002%	0.000	0.000	1.000	695.920	14,580.659	0.000	0.000	15,377.578	15,377.578	0.000	15,377.578	0.000	0.000	0.000	0.000	0.000
Fontana, City Of	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	0.750%	0.000	0.000	411.476	205.110	119.775	0.000	0.000	736.361	736.362	0.000	736.362	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	3.759%	0.000	0.000	2,061.118	12,597.713	3,596.516	0.000	0.000	16,018.347	16,018.347	0.000	16,018.347	0.000	0.000	0.000	0.000	0.000
Marygrove Mutual Water Company	1.150%	237.952	0.000	655.317	328.809	16.000	0.000	0.000	1,236.076	1,314.734	0.000	0.000	0.000	78.655	0.000	0.000	0.000
Metric Vista Irrigation Company	1.234%	678.759	0.000	678.759	337.474	31.515	0.000	0.000	1,722.507	0.000	0.000	0.000	0.000	0.000	1,722.507	678.759	1,043.748
Monterey Vista Water District	8.797%	4,823.954	0.000	4,823.954	2,451.724	1,816.591	0.000	0.000	13,715.552	6,998.745	0.000	6,998.745	0.000	0.000	6,716.817	4,823.954	1,892.863
Niagara Bottling, LLC	0.009%	0.000	0.000	0.000	0.000	600.000	0.000	0.000	600.000	1,342.588	0.000	1,342.588	0.000	742.588	0.000	0.000	0.000
Nicholson Trust	0.007%	0.830	0.000	4.000	1.914	(6.500)	0.000	0.000	0.243	0.000	0.000	0.000	0.000	0.000	0.243	0.243	0.000
Norco, City Of	0.366%	201.545	0.000	201.545	190.641	0.000	0.000	0.000	593.731	0.000	0.000	0.000	0.000	0.000	593.731	201.545	392.186
Ontario, City Of	20.742%	11,373.816	0.000	11,373.816	7,374.349	80.000	0.000	0.000	30,201.990	15,697.045	0.000	15,697.045	0.000	0.000	14,504.935	11,373.816	3,131.118
Pomona, City Of	20.456%	11,215.652	0.000	11,215.652	5,893.760	216.679	0.000	0.000	28,245.142	12,909.293	0.000	12,909.293	0.000	0.000	15,335.849	11,215.652	4,119.996
San Antonio Water Company	2.748%	1,102.508	0.000	1,606.888	751.523	(2,185.517)	0.000	0.000	1,175.501	1,159.242	0.000	1,159.242	0.000	0.000	16.359	16.359	0.000
San Bernardino County of (Shooting P	0.000%	0.000	0.000	0.000	0.000	3.407	0.000	0.000	3.407	16.390	0.000	16.390	12.963	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2.375%	1,301.374	0.000	1,301.374	649.968	(1,169.000)	0.000	0.000	2,082.715	48.515	0.000	48.515	0.000	0.000	2,034.200	1,301.374	732.826
Upland, City Of	5.202%	2,852.401	0.000	2,852.401	1,422.543	3,769.739	0.000	0.000	10,897.183	2,822.046	0.000	2,822.046	0.000	0.000	8,075.137	2,852.401	5,222.736
West End Consolidated Water Co	1.739%	947.714	0.000	947.714	472.573	0.000	0.000	0.000	2,369.001	0.000	0.000	0.000	0.000	0.000	2,369.001	947.714	1,420.287
West Valley Water District	1.175%	644.317	0.000	644.317	321.339	15.000	0.000	0.000	1,824.973	0.000	0.000	0.000	0.000	0.000	1,824.973	644.317	980.656
Less Dealer Authority Production	700.00%	39,412.879	0.000	54,834.000	49,161.116	29,334.414	0.000	0.000	172,742.405	129,408.103	0.000	129,408.103	12.983	30,372.876	73,720.163	41,707.645	32,012.515
Total Less Dealer Authority Production									29,242.552	100,165.551		29,242.552		1,130.324			

p2: 1) Stormwater New Yield is allocated to the Appropriation based on their % O&Y. Watermaster has completed the process for correction of prior over-allocation that was documented through Condition Subsequent 7. Due to the original Sale Yield Recalculation process and related questions as to the proper method for allocating Stormwater New Yield, O&Y will be allocated during 2013/14. When the Sale Yield Recalculation and Stormwater New Yield allocation matters are resolved, the 2013/14 allocation will be recalculated, if necessary, and credited, if necessary.

2) Column (2J), "Actual Fiscal Year Production," includes Voluntary Agreements and Assignments. A detailed breakdown can be found in Appendix A.



Assessment Year 2014-2015 (Production Year 2013-2014)

Pool 3 Local Excess Carry Over Storage Account Summary

	Excess Carry Over Account (ECO)					
	Beginning Balance	2% Storage Loss	Transfers To / (From)	From Supplemental Storage	From Under-Production	Ending Balance
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	10,366.057	(207.321)	(3,113.982)	0.000	0.000	7,044.754
Chino, City Of	54,189.696	(1,083.793)	0.000	0.000	12,401.812	65,507.715
Cucamonga Valley Water District	46,087.452	(921.749)	(4,000.000)	0.000	762.288	41,927.991
Desalter Authority	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	0.000	0.000	(2,179.252)	2,179.252	0.000	0.000
Fontana, City Of	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	1,245.202	(24.924)	(4,775)	0.000	0.000	1,216.503
Jurupa Community Services District	9,624.165	(192.483)	(2,159.516)	0.000	0.000	7,272.166
Marygold Mutual Water Company	849.904	(16.998)	0.000	0.000	0.000	832.906
Monte Vista Irrigation Company	3,993.782	(79.875)	0.000	0.000	1,045.748	4,959.655
Monte Vista Water District	4,843.000	(96.860)	0.000	0.000	1,892.863	6,639.003
Niagara Bottling, LLC	191.118	(3.822)	(600.000)	412.704	0.000	0.000
Nicholson Trust	1.152	(0.023)	0.000	0.000	0.000	1.129
Norco, City Of	2,813.073	(56.261)	0.000	0.000	302.186	3,058.998
Ontario, City Of	34,525.345	(690.506)	(5,500.000)	0.000	3,131.118	31,465.957
Pomona, City Of	28,062.663	(561.253)	(3,245.800)	0.000	4,119.996	28,375.606
San Antonio Water Company	5,562.409	(111.248)	(1,003.648)	0.000	0.000	4,447.513
San Bernardino, County of (Shooting	3.476	(0.069)	(3.407)	0.000	0.000	0.000
Santa Ana River Water Company	1,124.810	(22.496)	0.000	0.000	732.826	1,835.140
Upland, City Of	11,709.197	(234.183)	(15.000)	0.000	5,222.736	16,682.750
West End Consolidated Water Co.	3,852.669	(77.053)	(1,167.000)	0.000	1,420.287	4,028.903
West Valley Water District	6,022.209	(120.444)	(500.000)	0.000	980.656	6,382.421
	225,068.379	(4,501.361)	(23,492.380)	2,591.956	32,012.516	231,679.110

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p3: In October 2014, the following Appropriators transferred water from their ECO Accounts to offset their Production Year 2013/2014 overproduction obligations: City of Chino Hills (3,113.982 AF), Golden State (4,775 AF), JCSD (2,159.516 AF), and County of San Bernardino (3.407 AF).



Assessment Year 2014-2015 (Production Year 2013-2014)

Pool 3 Local Supplemental Storage Account Summary

	Recharged Recycled Account					Quantified (Pre 7/1/2010) Account					New (Post 7/1/2010) Account					Combined Ending Balance
	Beginning Balance	2% Storage Loss	Current Recharged	Transfer to ECO Account	Ending Balance	Beginning Balance	2% Storage Loss	Transfers To / (From)	Transfer to ECO Account	Ending Balance	Beginning Balance	2% Storage Loss	Transfers To / (From)	Transfer to ECO Account	Ending Balance	
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	3,314.443	(68.288)	1,192.700	0.000	4,440.855	5,051.842	(101.232)	0.000	0.000	4,950.410	0.000	0.000	0.000	0.000	4,950.410	9,401.265
Chino, City Of	3,810.095	(76.211)	1,396.500	0.000	5,130.384	1,111.536	(22.230)	0.000	0.000	1,089.306	2,036.122	(40.722)	0.000	0.000	1,998.400	8,215.590
Cucamonga Valley Water District	8,423.245	(168.484)	3,176.400	0.000	11,431.161	11,301.127	(226.022)	0.000	0.000	11,075.105	674.159	(13.483)	0.000	0.000	660.676	23,166.992
Desalter Authority	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2,446.016	(48.320)	0.000	(2,173.252)	217.947	217.947
Fontana, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	0.000	0.000	0.000	0.000	0.000	1,467.936	(28.359)	0.000	0.000	1,438.578	80.449	(1.209)	0.000	0.000	89.241	1,497.819
Jurupa Community Services District	2,282.487	(45.649)	484.200	0.000	2,722.038	0.000	0.000	0.000	0.000	0.000	1,040.342	(20.808)	0.000	0.000	1,019.536	3,741.574
Marygold Mutual Water Company	0.000	0.000	0.000	0.000	0.000	1,513.493	(32.269)	0.000	0.000	1,581.224	101.049	(2.020)	0.000	0.000	59.029	1,640.253
Monte Vista Irrigation Company	0.000	0.000	0.000	0.000	0.000	5,368.372	(119.367)	0.000	0.000	5,649.005	341.923	(6.830)	0.000	0.000	334.953	6,183.998
Monte Vista Water District	1,575.664	(31.513)	\$94.900	0.000	2,135.051	3,568.415	(71.368)	0.000	0.000	3,497.047	2,241.525	(44.830)	0.000	0.000	2,196.695	7,832.793
Niagara Bottling, LLC	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3,857.144	(77.142)	0.000	(412.704)	3,367.298	3,367.298
Nicholson Trust	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Norco, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	101.851	(2.037)	0.000	0.000	99.814	99.814
Ontario, City Of	14,948.423	(298.680)	5,423.600	0.000	20,074.003	8,507.634	(170.192)	0.000	0.000	8,337.442	5,090.233	(101.604)	0.000	0.000	4,978.629	35,390.146
Pomona, City Of	0.000	0.000	0.000	0.000	0.000	11,632.247	(230.644)	0.000	0.000	11,401.603	1,548.504	(32.970)	0.000	0.000	1,615.524	13,917.137
San Antonio Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1,147.639	(22.992)	0.000	0.000	1,124.657	1,124.657
San Bernardino County of (Shooting Park)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	508.415	(10.198)	0.000	0.000	498.247	498.247
Upland, City Of	3,669.769	(73.376)	1,323.700	0.000	4,919.094	6,132.998	(122.656)	0.000	0.000	6,010.335	0.000	0.000	0.000	0.000	10,929.430	10,929.430
West End Consolidated Water Co	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	478.244	(9.564)	0.000	0.000	468.680	468.680
West Valley Water District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	326.195	(6.503)	0.000	0.000	318.692	318.692
	38,024.686	(780.488)	13,593.000	0.000	50,837.108	65,285.397	(1,125.397)	0.000	0.000	55,140.005	22,038.413	(441.759)	0.000	(2,591.956)	19,054.638	125,051.302

90,857,188 + 19,054,638 = 89,911,806
Must not exceed 100,000 AF per Peace Agreements I and II

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p4: 1) The first 3,000 AF of City of Fontana's recharged recycled water transfers to the City of Ontario (2,501,100 AF this fiscal year), and all of the City of Fontana's recharged recycled water transfers to RWD. 2) FWC's and Niagara's July-Sept 2011 pre-emptive replacement amounts were previously placed into their 'New Supplemental Storage accounts'. In October 2014, FWC transferred 2,175,232 AF and Niagara transferred 600,000 AF to offset their Production Year 2013/2014 overproduction obligations.



Assessment Year 2014-2015 (Production Year 2013-2014)

Pool 3 Other Storage and Replenishment Accounts Summary

Desalter Replenishment:

	Beginning Balance	Storage Loss	Transfers To	Transfers From	Ending Balance
Re-Operation Offset: Pre-Peace II Desalters	1,286.700	0.000		(1,286.700)	0.000
Re-Operation Offset: Peace II Expansion	175,000.000	0.000			175,000.000
Non-Ag Dedication	0.000	0.000			0.000
City of Chino Preemptive Replenishment:	1,416.470	0.000			1,416.470
City of Ontario Preemptive Replenishment:	3,322.247	0.000			3,322.247
Jurupa CSD Preemptive Replenishment:	2,360.783	0.000			2,360.783
	5A	5B	5C	5D	5E

Storage and Recovery:

	Beginning Balance	Storage Loss	Transfers To	Transfers From	Ending Balance
MWD DYY / CUP	0.000	0.000	0.000	0.000	0.000
	5F	5G	5H	5I	5J

p5: 1) "Re-Operation Offset: Pre-Peace II Desalters" had an original beginning balance of 225,000.000 AF. The account will need adjustment following the current modeling and Safe Yield Recalculation work (i.e. Santa Ana River Underflow New Yield - SARUNY) and will be adjusted in the next Assessment Package. The 29,070 AF correction required by Condition Subsequent 7 is included. (See Appendix B)

2) "Re-Operation Offset: Peace II Expansion" had an original beginning balance of 175,000.000 AF.

3) There is no loss assessed on the native Basin water allocated to offset Desalter production as a result of Basin Reoperation as approved in the Peace II Agreement.

4) Chino, Ontario, and JCSD Preemptive Replenishment Agreement water is shown. Per the Agreements, no losses are deducted against these accounts.



Assessment Year 2014-2015 (Production Year 2013-2014)

Pool 3 Water Transaction Summary

Water Transactions				
	Assigned Rights	General Transfer	Transfers (To) / From ECO Account	Total Water Transactions
Arrowhead Mtn Spring Water Co.	0.000	70.030	0.000	70.030
Chino Hills, City Of	0.000	0.000	3,113.982	3,113.982
Chino, City Of	0.000	0.000	0.000	0.000
Cucamonga Valley Water District	(500.000)	11,079.692	4,000.000	14,579.692
Desalter Authority	0.000	0.000	0.000	0.000
Fontana Union Water Company	0.000	(9,579.692)	0.000	(9,579.692)
Fontana Water Company	10,506.500	1,994.907	2,179.252	14,680.659
Fontana, City Of	0.000	0.000	0.000	0.000
Golden State Water Company	115.000	0.000	4.775	119.775
Jurupa Community Services District	1,200.000	0.000	2,159.516	3,359.516
Marygold Mutual Water Company	0.000	16.000	0.000	16.000
Monte Vista Irrigation Company	0.000	31.515	0.000	31.515
Monte Vista Water District	3.648	1,612.283	0.000	1,615.931
Niagara Bottling, LLC	0.000	0.000	600.000	600.000
Nicholson Trust	(6.500)	0.000	0.000	(6.500)
Norco, City Of	0.000	0.000	0.000	0.000
Ontario, City Of	(5,500.000)	80.000	5,500.000	80.000
Pomona, City Of	(3,245.800)	219.678	3,245.800	219.678
San Antonio Water Company	(3,299.908)	110.943	1,003.648	(2,185.317)
San Bernardino, County of (Shooting Park)	0.000	0.000	3.407	3.407
Santa Ana River Water Company	(1,200.000)	31.000	0.000	(1,169.000)
Upland, City Of	3,594.060	160.678	15.000	3,769.738
West End Consolidated Water Co	(1,167.000)	0.000	1,167.000	0.000
West Valley Water District	(500.000)	15.000	500.000	15.000
	0.000	5,842.034	23,492.380	29,334.414

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p6: 1) Transfers in Column [6A] include annual water transfers/leases between Appropriators and/or from Appropriators to Watermaster for replenishment purposes.

2) There were no transfers from Appropriative Pool Parties to Watermaster toward the replenishment obligation during this production year.

3) Transfers in Column [6B] include the annual transfer of 10-percent of the Non-Ag OSY to the seven Appropriator Parties, as stated in the Peace II Agreement, and also the Exhibit "G" physical solution transfers from the Non-Ag Pool. (See Appendix C)



Chino Basin Watermaster Assessment Breakdown 2014-2015 Water Transaction Detail

Assessment Year 2014-2015 (Production Year 2013-2014)

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	If 85/15 Rule Applies:		
						85%	15%	WM Pays
Cucamonga Valley Water District	Pomona, City Of Storage Account	1/24/2014	3,000.000	504.05	\$1,512,150.00			
	West Valley Water District Storage Account	5/10/2014	500.000	504.05	\$252,025.00			
Fontana Water Company	Cucamonga Valley Water District Storage Account	4/30/2014	4,000.000	504.05	\$2,016,200.00	\$1,713,770.00	\$302,430.00	Fontana Water Company
	Nicholson Trust Annual Account	5/1/2014	6.500	492.00	\$3,198.00	\$2,718.30	\$479.70	Fontana Water Company
	Ontario, City Of Storage Account	6/4/2014	5,500.000	504.05	\$2,772,275.00	\$2,356,433.75	\$415,841.25	Fontana Water Company
	San Antonio Water Company Storage Account	5/5/2014	1,000.000	492.00	\$492,000.00	\$418,200.00	\$73,800.00	Fontana Water Company
Golden State Water Company	Upland, City Of Storage Account	6/11/2014	15.000	520.00	\$7,800.00	\$6,630.00	\$1,170.00	Golden State Water Company
	West End Consolidated Water Co Storage Account	6/11/2014	100.000	49.00	\$4,900.00			
	85/15 Rule does not apply — method of utilizing West End shares.							
Junupa Community Services District	Santa Ana River Water Company Annual Account	3/11/2014	1,200.000	480.00	\$576,000.00	\$489,600.00	\$86,400.00	Junupa Community Services District
Monte Vista Water District	San Antonio Water Company Storage Account	1/13/2014	3.648	209.00	\$762.43			
Upland, City Of	85/15 Rule does not apply — method of utilizing SAWCO shares.							
	Pomona, City Of Storage Account	1/22/2014	245.800	0.00	\$0.00			
	San Antonio Water Company Annual Account	1/13/2014	2,296.260	209.00	\$479,918.34			
	85/15 Rule does not apply — method of utilizing SAWCO shares.							
	West End Consolidated Water Co Storage Account	6/11/2014	1,067.000	49.00	\$52,283.00			
85/15 Rule does not apply — method of utilizing West End shares.			18,934.208		\$8,169,511.77	\$4,987,352.05	\$880,120.95	
Total Credits							\$880,120.95	



Chino Basin Watermaster Assessment Breakdown 2014-2015 Water Transaction Detail

Assessment Year 2014-2015 (Production Year 2013-2014)

Applied Recurring Transactions:

From:	To:	Quantity	\$ / Acre Feet	
Fontana Union Water Company Annual Account - Transfer (To) / From	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	Transfer FUWC water transfer rights to CVWD.
Fontana Union Water Company Annual Account - 32,800 AF Early Transfer	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	Transfer FUWC Ag Pool Reallocation Early Transfer to CVWD.
Fontana Union Water Company Annual Account - Diff - Potential vs. Net	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	Transfer FUWC Ag Pool Reallocation Difference (Potential vs. Net) to CVWD.
Fontana Union Water Company Annual Account - Stormwater New Yield	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	Transfer FUWC New Yield to CVWD.
Fontana Union Water Company Annual Account - Assigned Share of Operating Safe Yield	Cucamonga Valley Water District Annual Account - Transfer (To) / From	All	0.00	Transfer FUWC Share of Safe Yield to CVWD.



Chino Basin Watermaster Assessment Breakdown

2014-2015 Analysis of the Application of the 85/15 Rule to Water Transfers

Assessment Year 2014-2015 (Production Year 2013-2014)

To	(Over)/Under Production Excluding Water Transfer(s)	From	Date of Submittal	Transfer Quantity	Is Buyer an 85/15 Party?	Is Transfer Being Placed into Annual Account?	Is Purpose of Transfer to Utilize SAWCO or West End Shares?	Amount of Transfer Eligible for 85/15 Rule
Cucamonga Valley Water District	881.742	Pomona, City Of	1/24/2014	3,000.000	Yes	Yes	No	0.000
		West Valley Water District	5/10/2014	500.000	Yes	Yes	No	0.000
Fontana Water Company	(12,886.752)	Cucamonga Valley Water District	4/30/2014	4,000.000	Yes	Yes	No	4,000.000
		Nicholson Trust	5/1/2014	6.500	Yes	Yes	No	6.500
		Ontario, City Of	6/4/2014	5,500.000	Yes	Yes	No	5,500.000
		San Antonio Water Company	5/5/2014	1,000.000	Yes	Yes	No	1,000.000
Golden State Water Company	(119.776)	Upland, City Of	6/11/2014	15.000	Yes	Yes	No	15.000
		West End Consolidated Water Co	6/11/2014	100.000	Yes	Yes	Yes	0.000
		85/15 Rule does not apply -- method of utilizing West End shares.						
Junipera Community Services District	(3,359.516)	Santa Ana River Water Company	3/11/2014	1,200.000	Yes	Yes	No	1,200.000
Monte Vista Water District	6,713.169	San Antonio Water Company	1/13/2014	3.648	Yes	Yes	Yes	0.000
		85/15 Rule does not apply -- method of utilizing SAWCO shares.						
Upland, City Of	4,466.077	Pomona, City Of	1/22/2014	245.800	Yes	Yes	No	0.000
		San Antonio Water Company	1/13/2014	2,296.260	Yes	Yes	Yes	0.000
		85/15 Rule does not apply -- method of utilizing SAWCO shares.						
		West End Consolidated Water Co	6/11/2014	1,067.000	Yes	Yes	Yes	0.000
		85/15 Rule does not apply -- method of utilizing West End shares.						

p8: The column titled "(Over)/Under Production Excluding Water Transfer(s)" excludes water transfers between Appropriators and to Watermaster (if any), but includes the "100% Non-Ag Haircut" water to the seven Appropriators.

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Assessment Year 2014-2015 (Production Year 2013-2014)

Watermaster Replenishment Calculation

Cost of Replenishment Water per acre foot:

Watermaster Replenishment Cost	\$593.00
Projected Spreading - OCWD Connection Fee	\$2.00
Projected Spreading - IEUA Surcharge	\$15.00
Pre-purchased Credit	\$0.00
Total Replenishment Cost per acre foot	\$610.00

Replenishment Obligation:	AF @ \$610.00	15%	85%	Total
Appropriative - 100	1,130,324			\$689,497.64
Appropriative - 15/85	12.983	\$1,187.94	\$6,731.69	\$7,919.63
Non-Agricultural - 100	91.520			\$55,827.20
	1,234.827			\$753,244.47

Company	AF Production and Exchanges	85/15 Producers	Percent of Total 85/15 Producers	15% Replenishment Assessment	15% Water Transaction Debits
Arrowhead Mtn Spring Water Co	379.111			-	-
Chino Hills, City Of	7,224.004	7,224.004	8.578%	\$101.90	\$75,492.88
Chino, City Of	0.000	0.000	0.000%	\$0.00	\$0.00
Cucamonga Valley Water District	16,121.550	16,121.550	19.142%	\$227.40	\$168,474.75
Desalter Authority	29,242.552			-	-
Fontana Union Water Company	0.000	0.000	0.000%	-	\$0.00
Fontana Water Company	15,377.579	15,377.579	18.259%	\$216.91	\$160,700.04
Fontana, City Of	0.000			-	-
Golden State Water Company	736.362	736.362	0.874%	\$10.39	\$7,695.19
Jurupa Community Services District	18,018.347	18,018.347	21.394%	\$254.15	\$188,296.81
Marygold Mutual Water Company	1,314.734			-	-
Monte Vista Irrigation Company	0.000	0.000	0.000%	-	\$0.00
Monte Vista Water District	6,998.745	6,998.745	8.310%	\$98.72	\$73,138.86
Niagara Bottling, LLC	1,342.588			-	-
Nicholson Trust	0.000	0.000	0.000%	-	\$0.00
Norco, City Of	0.000	0.000	0.000%	-	\$0.00
Ontario, City Of	15,697.045	15,697.045	18.638%	\$221.41	\$164,038.55
Pomona, City Of	12,909.293			-	-
San Antonio Water Company	1,159.242	1,159.242	1.376%	\$16.35	\$12,114.41
San Bernardino, County of (Shootin	16.390	16.390	0.019%	\$0.23	\$171.28
Santa Ana River Water Company	48.515	48.515	0.058%	\$0.68	\$507.00
Upland, City Of	2,822.046	2,822.046	3.351%	\$39.81	\$29,491.18
West End Consolidated Water Co	0.000	0.000	0.000%	-	\$0.00
West Valley Water District	0.000	0.000	0.000%	-	\$0.00
** Fee assessment total is 15% of Appropriative 15/85 replenishment	129,408.103	84,219.825	**	\$1,187.94	\$880,120.95

Transfers to
1G

Transfers to
1K

p9: The "Watermaster Replenishment Cost" listed is MWD's 2014 Tier 1 Full Service Untreated Rate. The 2014 rate is used for a consecutive year because it is the most suitable rate.



Assessment Year 2014-2015 (Production Year 2013-2014)

Watermaster Cumulative Unmet Replenishment Obligation (CURO)

Remaining Replenishment Obligation:

	AF	Replenishment Rate
Appropriative - 100	976.084	\$610.00
Appropriative - 15/85	14.988	\$608.00
Non-Agricultural - 100	45.049	
	1,036.121	

Pool 3 Appropriative

Company	Outstanding Obligation (AF)	Fund Balance (\$)	Outstanding Obligation (\$)	AF Production and Exchanges	85/15 Producers	Percent	15%	85%	100%	Total
Arrowhead Mtn Spring Water Co	410.893	\$251,145.27	(\$500.54)	379.111					(\$500.54)	(\$500.54)
Chino Hills, City Of	0.000	\$0.00	\$0.00	7,224.004	7,224.004	8.578%	(\$0.23)	\$0.00	\$0.00	(\$0.23)
Chino, City Of	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00
Cucamonga Valley Water District	0.000	\$0.00	\$0.00	16,121.550	16,121.550	19.142%	(\$0.52)	\$0.00	\$0.00	(\$0.52)
Desalter Authority	0.000	\$0.00	\$0.00	29,242.552	29,242.552					\$0.00
Fontana Union Water Company	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00
Fontana Water Company	0.000	\$0.00	\$0.00	15,377.579	15,377.579	18.259%	(\$0.50)	\$0.00	\$0.00	(\$0.50)
Fontana, City Of	0.000	\$0.00	\$0.00	0.000					\$0.00	\$0.00
Golden State Water Company	0.000	\$0.00	\$0.00	736.362	736.362	0.874%	(\$0.02)	\$0.00	\$0.00	(\$0.02)
Jurupa Community Services District	0.000	\$0.00	\$0.00	18,018.347	18,018.347	21.394%	(\$0.58)	\$0.00	\$0.00	(\$0.58)
Marygold Mutual Water Company	0.000	\$0.00	\$0.00	1,314.734	1,314.734				\$0.00	\$0.00
Monte Vista Irrigation Company	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00
Monte Vista Water District	0.000	\$0.00	\$0.00	6,998.745	6,998.745	8.310%	(\$0.23)	\$0.00	\$0.00	(\$0.23)
Niagara Bottling, LLC	565.191	\$345,454.57	(\$888.06)	1,342.588					(\$888.06)	(\$888.06)
Nicholson Trust	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00
Norco, City Of	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00
Ontario, City Of	0.000	\$0.00	\$0.00	15,697.045	15,697.045	18.638%	(\$0.51)	\$0.00	\$0.00	(\$0.51)
Pomona, City Of	0.000	\$0.00	\$0.00	12,909.293	12,909.293				\$0.00	\$0.00
San Antonio Water Company	0.000	\$0.00	\$0.00	1,159.242	1,159.242	1.376%	(\$0.04)	\$0.00	\$0.00	(\$0.04)
San Bernardino, County of (Shooting Par	14.988	\$9,160.83	(\$18.15)	16.390	16.390	0.019%	\$0.00	(\$15.43)		(\$15.43)
Santa Ana River Water Company	0.000	\$0.00	\$0.00	48.515	48.515	0.058%	\$0.00	\$0.00	\$0.00	\$0.00
Upland, City Of	0.000	\$0.00	\$0.00	2,822.046	2,822.046	3.351%	(\$0.09)	\$0.00	\$0.00	(\$0.09)
West End Consolidated Water Co	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00
West Valley Water District	0.000	\$0.00	\$0.00	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00
Pool 3 Appropriative Total	991.072	\$605,760.67	(\$1,206.75)	129,408.703	84,219.825	**	(\$2.72)	(\$15.43)	(\$1,188.60)	(\$1,206.74)

p10: There are 1097.132 AF of Outstanding Obligations from the previous two FYs, and the financial Outstanding Obligations are reconciled on these two pages.

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Assessment Year 2014-2015 (Production Year 2013-2014)

Watermaster Cumulative Unmet Replenishment Obligation (CURO)

Remaining Replenishment Obligation:	AF	Replenishment Rate
Appropriative - 100	976.084	2014 Rate \$610.00
Appropriative - 15/85	14.988	2013 Rate \$608.00
Non-Agricultural - 100	45.049	

1,036.121

Pool 2 Non-Agricultural

Company	Outstanding Obligation (AF)	Fund Balance (\$)	Outstanding Obligation (\$)
Amerson International Corp.	0.000	\$0.00	\$0.00
Aqua Capital Management LP	0.000	\$0.00	\$0.00
California Speedway Corp. (Auto Club Sp	0.000	\$0.00	\$0.00
California Steel Industries, Inc. (CSI)	0.000	\$0.00	\$0.00
Calmat Co., a Division of Vulcan Material	0.000	\$0.00	\$0.00
CCG Ontario, LLC	0.000	\$0.00	\$0.00
General Electric Co. (GE)	0.000	\$0.00	\$0.00
Hamner Park Associates (Swan Lake M	0.000	\$0.00	\$0.00
Kaiser Ventures, Inc.	0.000	\$0.00	\$0.00
KCO, LLC / The Koll Company	0.000	\$0.00	\$0.00
Loving Savior Of The Hills Lutheran Chur	0.000	\$0.00	\$0.00
NRG California South LP	0.000	\$0.00	\$0.00
Ontario, City of (Non-Ag)	0.000	\$0.00	\$0.00
Praxair, Inc.	0.000	\$0.00	\$0.00
Riboli Family / San Antonio Winery	11.347	\$6,935.18	(\$13.51)
San Bernardino, County of (Chino Airport	0.000	\$0.00	\$0.00
Southern California Edison Co. (SCE)	0.000	\$0.00	\$0.00
Southern Service Co. (Angelica)	33.702	\$20,599.50	(\$41.28)
Space Center Mira Loma, Inc.	0.000	\$0.00	\$0.00
Sunkist Growers, Inc.	0.000	\$0.00	\$0.00
TAMCO			\$0.00
West Venture Development Co.	0.000	\$0.00	\$0.00
Pool 2 Non-Agricultural Total	45.049	\$27,534.68	(\$54.79)

p10: There are 1097.132 AF and 734.489 AF of Outstanding Obligations from the previous two FYs, and the financial Outstanding Obligations are reconciled on these two pages.

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Chino Basin Watermaster Assessment Breakdown 2014-2015 Land Use Conversion Summary

Assessment Year 2014-2015 (Production Year 2013-2014)

AGRICULTURAL POOL SUMMARY IN ACRE FEET

Agricultural Pool Safe Yield	82,800.000
Agricultural Total Pool Production	(33,638.883)
Early Transfer	(32,800.000)
Total Conversions	(26,161.700)
Under(Over) Production:	(9,800.583)

	Acres Converted @ 1.3 af/ac		Acres Converted @ 2.0 af/ac		Total Land Use Conversions Acre-Feet
	Prior Converted	Acres	Acres	Acres	
Chino Hills, City Of	0.000	870.266	871.346	131.280	262.560
Chino, City Of	196.235	1,454.750	1,891.175	2,767.827	5,535.654
Cucamonga Valley Water District	0.000	450.280	598.364	0.000	0.000
Fontana Water Company	0.000	0.000	0.000	417.000	834.000
Jurupa Community Services District	0.000	2,756.920	3,583.996	5,146.100	10,292.200
Monte Vista Water District	0.000	28.150	36.595	9.240	18.480
Ontario, City Of	209.400	527.044	685.157	573.269	1,146.538
	405.635	5,897.410	7,666.633	9,044.716	18,089.432
			8,072.268		26,161.700

p11: "Agricultural Total Pool Production" includes Voluntary Agreements between Appropriators and Agricultural Pool Parties.



Assessment Year 2014-2015 (Production Year 2013-2014)

Pool 3 Agricultural Pool Reallocation Summary

	Reallocation of Agricultural Pool Safe Yield						
	% Share of Operating Safe Yield	32,800 AF Early Transfer	Land Use Conver- sions	Potential for Reallocation (AF)	Percent of Ag Pool Reallocation	Difference: Potential vs. Net	Net Ag Pool Reallocation
Arrowhead Mtn Spring Water Co	0.000%	0.000	0.000	0.000	0.000%	0.000	0.000
Chino Hills, City Of	3.851%	1,263.128	1,133.906	2,397.034	4.065%	(398.434)	1,998.600
Chino, City Of	7.357%	2,413.096	7,623.064	10,036.160	17.021%	(1,668.205)	8,367.955
Cucamonga Valley Water District	6.601%	2,165.128	598.364	2,763.492	4.687%	(459.346)	2,304.146
Desalter Authority	0.000%	0.000	0.000	0.000	0.000%	0.000	0.000
Fontana Union Water Company	11.657%	3,823.496	0.000	3,823.496	6.485%	(635.540)	3,187.956
Fontana Water Company	0.002%	0.656	834.000	834.656	1.416%	(138.736)	695.920
Fontana, City Of	0.000%	0.000	0.000	0.000	0.000%	0.000	0.000
Golden State Water Company	0.750%	246.000	0.000	246.000	0.417%	(40.890)	205.110
Jurupa Community Services District	3.759%	1,232.952	13,876.196	15,109.148	25.625%	(2,511.435)	12,597.713
Marygold Mutual Water Company	1.195%	391.960	0.000	391.960	0.665%	(55.151)	326.809
Monte Vista Irrigation Company	1.234%	404.752	0.000	404.752	0.686%	(67.278)	337.474
Monte Vista Water District	8.797%	2,885.416	55.075	2,940.491	4.987%	(488.767)	2,451.724
Niagara Bottling, LLC	0.000%	0.000	0.000	0.000	0.000%	0.000	0.000
Nicholson Trust	0.007%	2.296	0.000	2.296	0.004%	(0.382)	1.914
Norco, City Of	0.368%	120.704	0.000	120.704	0.205%	(20.063)	100.641
Ontario, City Of	20.742%	6,803.376	2,041.095	8,844.471	15.000%	(1,470.123)	7,374.348
Pomona, City Of	20.454%	6,708.912	0.000	6,708.912	11.378%	(1,115.152)	5,593.760
San Antonio Water Company	2.748%	901.344	0.000	901.344	1.529%	(149.821)	751.523
San Bernardino, County of (Shooting	0.000%	0.000	0.000	0.000	0.000%	0.000	0.000
Santa Ana River Water Company	2.373%	778.344	0.000	778.344	1.320%	(129.376)	648.968
Upland, City Of	5.202%	1,706.256	0.000	1,706.256	2.894%	(283.613)	1,422.643
West End Consolidated Water Co	1.728%	566.784	0.000	566.784	0.961%	(94.211)	472.573
West Valley Water District	1.175%	385.400	0.000	385.400	0.654%	(84.061)	321.339
	100.000%	32,800.000	28,161.700	58,961.700	100.000%	(9,800.584)	49,161.116
	12A	12B	12C	12D	12E	12F	12G



Assessment Year 2014-2015 (Production Year 2013-2014)

Pool 2 Assessment Fee Summary

	Non-Agricultural Pool			Replenishment Assessments				
	AF Production	AF/Admin	AF/OBMP	AF Exceeding Annual Right	\$610.00 Per AF	CURO Adjustment	Other Adjustments	Total Assessments Due
Ameron International Corp.	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
Aqua Capital Management LP	0.000	0.00	0.00	57.154	34,863.94	0.00	0.00	34,863.94
California Speedway Corp. (Auto Club Speedway)	435.795	5,578.18	12,067.16	0.000	0.00	0.00	0.00	17,645.34
California Steel Industries, Inc. (CSI)	1,417.448	18,143.33	39,249.14	0.000	0.00	0.00	0.00	57,392.47
Calmat Co., a Division of Vulcan Materials Co.	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
CCG Ontario, LLC	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
General Electric Co. (GE)	0.004	0.05	0.11	0.004	2.44	0.00	0.00	2.60
Hamner Park Associates (Swan Lake MHP)	285.791	3,658.12	7,913.55	0.000	0.00	0.00	0.00	11,571.68
Kaiser Ventures, Inc.	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
KCO, LLC / The Koll Company	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
Loving Savior Of The Hills Lutheran Church	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
NRG California South LP	289.980	3,711.74	8,029.55	0.000	0.00	0.00	0.00	11,741.29
Ontario, City of (Non-Ag)	1,855.196	23,746.51	51,370.38	0.000	0.00	0.00	0.00	75,116.89
Praxair, Inc.	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
Riboli Family / San Antonio Winery	10.403	133.16	288.06	10.403	6,345.83	(13.51)	0.00	6,753.54
San Bernardino, County of (Chino Airport)	104.278	1,334.76	2,887.46	0.000	0.00	0.00	0.00	4,222.22
Southern California Edison Co. (SCE)	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
Southern Service Co. (Angelica)	36.519	467.44	1,011.21	19.609	11,961.49	(41.28)	0.00	13,398.86
Space Center Mira Loma, Inc.	93.708	1,199.46	2,594.77	0.000	0.00	0.00	0.00	3,794.24
Sunkist Growers, Inc.	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
TAMCO	17.850	228.48	494.27	4.350	2,553.50	0.00	0.00	3,376.25
West Venture Development Co.	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00
	4,546.972	58,201.24	125,905.65	91.520	55,827.20	(54.79)	0.00	239,879.30
	13A	13B	13C	13D	13E	13F	13G	13H

p13: 1) TAMCO Intervened into the Non-Ag Pool, effective July 1, 2013. Concurrently, Ameron International permanently transferred 15,000 AF of Safe Yield to TAMCO.



Assessment Year 2014-2015 (Production Year 2013-2014)

Pool 2 Water Production Summary

	Percent of Safe Yield	Carryover Beginning Balance	Prior Year Adjustments	Assigned Share of Safe Yield (AF)	Water Transaction Activity	Other Adjustments	Annual Production Right	Actual Fiscal Year Production	Net Over Production	Under Production Balances		
										Total Under-Produced	Carryover: Next Year Begin Bal	To Local Storage Account
Ameron International Corp.	1.127%	97,858	0.000	82,858	(8,286)	0.000	172,430	0.000	0.000	172,430	82,858	89,572
Aqua Capital Management LP	8.612%	632,981	0.000	632,981	(1,323,117)	0.000	(57,154)	0.000	57,154	0.000	0.000	0.000
California Speedway Corp. (Auto)	13.605%	1,000,000	0.000	1,000,000	(100,000)	0.000	1,900,000	435,795	0.000	1,464,205	1,000,000	464,204
California Steel Industries, Inc. (C)	21.974%	1,564,457	0.000	1,615,137	(161,513)	0.000	3,018,081	1,417,448	0.000	1,600,633	1,500,633	0.000
Calmat Co., a Division of Vulcan	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CCG Ontario, LLC	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
General Electric Co. (GE)	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.004	0.004	0.000	0.000	0.000
Hamner Park Associates (Swan L)	6.316%	464,240	0.000	464,240	(46,424)	0.000	882,056	285,791	0.000	596,265	464,240	132,024
Kaiser Ventures, Inc.	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
KCO, LLC / The Koll Company	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Loving Savior Of The Hills Luthera	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
NRG California South LP	12.986%	954,540	0.000	954,540	(95,454)	0.000	1,813,628	289,980	0.000	1,523,646	954,540	569,106
Ontario, City of (Non-Ag)	31.669%	2,327,807	0.000	2,327,807	(232,781)	0.000	4,422,833	1,856,196	0.000	2,567,636	2,327,807	239,829
Praxair, Inc.	0.014%	1,000	0.000	1,000	(0.100)	0.000	1,900	0.000	0.000	1,900	1,000	0.899
Riboli Family / San Antonio Winer	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	10,403	10,403	0.000	0.000	0.000
San Bernardino, County of (Chino)	1.821%	30,496	0.000	133,870	(13,387)	0.000	150,979	104,278	0.000	46,701	46,701	0.000
Southern California Edison Co. (S)	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Southern Service Co. (Angelica)	0.256%	0.000	0.000	18,789	(1,879)	0.000	16,910	36,519	19,609	0.000	0.000	0.000
Space Center Mira Loma, Inc.	1.417%	0.003	0.000	104,121	(10,412)	0.000	93,711	93,708	0.000	0.003	0.003	0.000
Sunkist Growers, Inc.	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TAMCO	0.204%	0.000	0.000	15,000	(1,500)	0.000	13,500	17,850	4,350	0.000	0.000	0.000
West Venture Development Co.	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	100.00%	7,073,382	0.000	7,350,343	(1,994,853)	0.000	12,428,872	4,546,972	91,520	7,973,419	6,477,782	1,495,634
	14A	14B	14C	14D	14E	14F	14G	14H	14I	14J	14K	14L

p14: 1) TAMCO Intervened into the Non-Ag Pool, effective July 1, 2013. Concurrently, Ameron International permanently transferred 15,000 AF of Safe Yield to TAMCO.

2) Transfers in Column [14E] include the annual transfer of 10 percent of the Non-Ag Safe Yield to the seven Appropriator Parties, as stated in the Peace II Agreement, and also the Exhibit "G" physical solution transfers to the Appropriative Pool. (See Appendix C)

3) Column [14H], "Actual Fiscal Year Production," includes Assignments between Appropriators and Non-Ag Pool Parties.



Assessment Year 2014-2015 (Production Year 2013-2014)

Pool 2 Local Storage Account Summary

	Local Storage Account			
	Beginning Balance	2% Storage Loss	Transfers To / (From)	Ending Balance
Ameron International Corp.	287,817	(5,756)	89,572	371,633
Aqua Capital Management LP	2,905,286	(58,105)	(2,847,181)	0.000
California Speedway Corp. (Auto Club Speedway)	2,249,609	(44,992)	(535,796)	1,668,821
California Steel Industries, Inc. (CSI)	3,873,398	(77,467)	0.000	3,795,931
Calmat Co., a Division of Vulcan Materials Co.	5,280	(0.105)	0.000	5,175
CCG Ontario, LLC	0.000	0.000	0.000	0.000
General Electric Co. (GE)	0.000	0.000	0.000	0.000
Hamner Park Associates (Swan Lake MHP)	951,790	(19,035)	132,024	1,064,779
Kaiser Ventures, Inc.	0.000	0.000	0.000	0.000
KCO, LLC / The Koll Company	0.000	0.000	0.000	0.000
Loving Savior Of The Hills Lutheran Church	0.000	0.000	0.000	0.000
NRG California South LP	2,576,527	(51,530)	569,106	3,094,103
Ontario, City of (Non-Ag)	2,563,181	(51,263)	239,329	2,751,747
Prexair, Inc.	60,459	(1,209)	0.899	60,149
Riboli Family / San Antonio Winery	0.000	0.000	0.000	0.000
San Bernardino, County of (Chino Airport)	0.000	0.000	0.000	0.000
Southern California Edison Co. (SCE)	0.000	0.000	0.000	0.000
Southern Service Co. (Angelica)	0.000	0.000	0.000	0.000
Space Center Mira Loma, Inc.	0.000	0.000	0.000	0.000
Sunkist Growers, Inc.	0.000	0.000	0.000	0.000
TAMCO	0.000	0.000	0.000	0.000
West Venture Development Co.	0.000	0.000	0.000	0.000
	15,473,347	(309,462)	(2,361,547)	12,812,338
	15A	15B	15C	15D

p15: 1) TAMCO Intervened into the Non-Ag Pool, effective July 1, 2013. Concurrently, Ameron International permanently transferred 15,000 AF of Safe Yield to TAMCO.
 2) Column [15C] includes the Exhibit "G" physical solution transfers to the Appropriative Pool. (See Appendix C)



Assessment Year 2014-2015 (Production Year 2013-2014)

Appendix A: Pool 3 Water Production Detail

	Physical Production	Voluntary Agreements (w/ Ag)	Assignments (w/ Non-Ag)	Other Adjustments	Actual FY Production (Assmnt Pkg Column 2J)
Arrowhead Mtn Spring Water Co	379,111	0.000	0.000	0.000	379,111
Chino Hills, City Of	2,150,925	(286,221)	0.000	5,359,300	7,224,004
Chino, City Of	6,725,430	(6,686,440)	(104,278)	65,288	0.000
Cucamonga Valley Water District	16,121,550	0.000	0.000	0.000	16,121,550
Desalter Authority	29,282,283	0.000	0.000	(39,731)	29,242,552
Fontana Union Water Company	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	15,377,579	0.000	0.000	0.000	15,377,579
Fontana, City Of	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	736,362	0.000	0.000	0.000	736,362
Jurupa Community Services District	18,406,630	0.000	(379,499)	(8,784)	18,018,347
Marygold Mutual Water Company	1,314,734	0.000	0.000	0.000	1,314,734
Metropolitan Water District	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	0.000	0.000	0.000	0.000	0.000
Monte Vista Water District	12,521,892	(151,480)	0.000	(5,371,667)	6,998,745
Niagara Bottling, LLC	1,342,588	0.000	0.000	0.000	1,342,588
Nicholson Trust	0.000	0.000	0.000	0.000	0.000
Norco, City Of	0.000	0.000	0.000	0.000	0.000
Ontario, City Of	21,980,342	(4,428,101)	(1,855,196)	0.000	15,697,045
Pomona, City Of	12,909,293	0.000	0.000	0.000	12,909,293
San Antonio Water Company	1,159,242	0.000	0.000	0.000	1,159,242
San Bernardino, County of (Shooting)	16,390	0.000	0.000	0.000	16,390
Santa Ana River Water Company	0.000	0.000	0.000	48,515	48,515
Upland, City Of	2,822,046	0.000	0.000	0.000	2,822,046
West End Consolidated Water Co	0.000	0.000	0.000	0.000	0.000
West Valley Water District	0.000	0.000	0.000	0.000	0.000
	143,246,397	(11,552,242)	(2,338,973)	52,921	129,408,103
Less Desalter Authority Production					29,242,552
Total Less Desalter Authority Production					100,165,551

Note: Other Adjustments include water provided to another Appropriator, pump-to-waste that has been captured in a recharge basin, and ASR injections. The volume noted for City of Chino is an adjustment made to keep the City's Actual Production from being a negative number.

Assessment Package Appendix B
Desalter Replenishment Accounting, Shortfall Deducted from the Pre-Peace II Desalters Re-Operation Account¹
Per Peace II Agreement, Section 6.2 (PIIA, 6.2)
(Acre-Feet)

Production Year	Desalter Production			Desalter Replenishment					Non-Ag OBMP Assessment (10% Haircut) ⁷ PIIA, 6.2(b)(i)		Residual Replenishment Obligation ^{8,9}
	Pre-Peace II Desalter Production	Peace II Desalter Expansion Production ²	Total	Desalter Account (aka Kaiser) PIIA, 6.2(a)(i)	Paragraph 31 Settlement Agreements Deductions ³ PIIA, 6.2(a)(ii)	"Leave Behind" Losses PIIA, 6.2(a)(iv)	Safe Yield Contributed by Parties PIIA, 6.2(a)(v)	Allocation to Pre-Peace II Desalters ⁵	Allocation for Peace II Desalter Expansion ⁶	Balance	
2001	7,989	0	7,989	3,995	0	0	0	0	0	0	3,995
2002	9,458	0	9,458	4,729	0	0	0	0	0	0	4,729
2003	10,439	0	10,439	5,219	0	0	0	0	0	0	5,219
2004	10,805	0	10,805	5,303	0	0	0	0	0	0	5,303
2005	9,854	0	9,854	4,927	0	0	0	0	0	0	4,927
2006	16,476	0	16,476	11,579	0	0	0	0	0	400,000	0
2007	26,356	0	26,356	808	4,273	0	0	21,475	0	378,525	0
2008	32,920	0	32,920	0	0	0	0	28,972	0	351,535	0
2009	28,517	0	28,517	0	0	0	0	61,889	0	288,564	0
2010	23,319	0	23,319	0	0	0	0	28,517	0	281,047	0
2011	23,379	0	23,379	0	0	0	0	29,319	0	231,729	0
2012	27,062	0	27,062	0	0	0	0	28,379	0	203,350	0
2013	29,228	0	29,228	0	0	0	0	27,062	0	176,288	0
2014	30,000	0	30,000	0	0	0	0	1,288	0	175,000	27,940
2015	30,000	0	30,000	0	0	0	0	0	0	175,000	30,000
2016	30,000	7,500	37,500	0	0	0	0	0	7,500	187,500	30,000
2017	30,000	10,000	40,000	0	0	0	0	0	10,000	197,500	29,265
2018	30,000	10,000	40,000	0	0	0	0	0	10,000	147,500	29,265
2019	30,000	10,000	40,000	0	0	0	0	0	10,000	137,500	29,265
2020	30,000	10,000	40,000	0	0	0	0	0	10,000	127,500	29,265
2021	30,000	10,000	40,000	0	0	0	0	0	10,000	117,500	29,265
2022	30,000	10,000	40,000	0	0	0	0	0	10,000	107,500	29,265
2023	30,000	10,000	40,000	0	0	0	0	0	10,000	97,500	29,265
2024	30,000	10,000	40,000	0	0	0	0	0	10,000	87,500	29,265
2025	30,000	10,000	40,000	0	0	0	0	0	10,000	77,500	29,265
2026	30,000	10,000	40,000	0	0	0	0	0	10,000	67,500	29,265
2027	30,000	10,000	40,000	0	0	0	0	0	10,000	57,500	29,265
2028	30,000	10,000	40,000	0	0	0	0	0	10,000	47,500	29,265
2029	30,000	10,000	40,000	0	0	0	0	0	10,000	37,500	29,265
2030	30,000	10,000	40,000	0	0	0	0	0	10,000	27,500	29,265
Totals	773,573	147,500	921,073	38,380	4,273	0	0	225,000	147,500	10,290	487,649

(225,000 available) (175,000 available)

1. Table format and content: WEL, Response to Condition Subsequent Number 7, November 2008.

2. Peace II Desalter Expansion expected to increase total desalter production in October 2015.

3. 3,956,877 acre-feet + 316,177 acre-feet added as Non-Ag dedicated stored water per Paragraph 31 Settlement Agreements. Per Agreements, the water is deemed to have been dedicated as of June 30, 2007.

4. The Santa Ana River Underflow New Yield (SARUNY) projection in the table is shown as zero for each year. In the near future, through the modeling work and Safe Yield Recalculation process, Watermaster will determine the SARUNY created by Desalters and Re-Operation, and will produce a new schedule.

5. Six years of Desalter tracking (Production Year 2000/2001 through Production Year 2005/2006) incorrectly assumed that a significant portion of Desalter production was being offset by SAR Underflow New Yield. Condition Subsequent 7 Included an adjustment of 29,070 AF against Desalter replenishment in Production Year 2008/2009.

6. The Peace II Agreement terminates in 2030. Per this schedule, the Peace II Desalter expansion has not yet fully utilized its available 175,000 acre-feet.

7. For the first 10 years following the Peace II Agreement (2006/2007 through 2015/2016), the Non-Ag "10% Haircut" water is apportioned among the specific seven members of the Appropriative Pool, per PIIA 6.2(a). In the eleventh year and in each year thereafter, it is dedicated to Watermaster to further offset desalter replenishment. However, to the extent there is no remaining desalter replenishment obligation in any year after applying the offsets set forth in 6.2(e), it will be distributed pro rata among the members of the Appropriative Pool based upon each Producer's combined total share of OSY and the previous year's actual production.

8. Per the Peace II Agreement, Section 6.2(b)(i), the residual replenishment assessment is against the Appropriative Pool, pro-rata based on each Producer's combined total share of OSY and the previous year's actual production.

9. The production year 2013/14 desalter replenishment obligation could be as high as 27,940 AF. Due to the ongoing Safe Yield Recalculation process and related SARUNY matter, the desalter replenishment obligation is not being assessed at this time. When the Safe Yield Recalculation and SARUNY matters are resolved, the desalter replenishment obligation will be recalculated, if necessary, and assessed, if necessary.

Assessment Package Appendix C
Allocation for the Purchase of the Exhibit "G" Non-Ag Pool Water
2014

Non-Ag Pool Party	Amount Sold (AF)
Aqua Capital Management	4,107.000
Auto Club Speedway	1,000.000
Total	5,107.000

Appropriative Pool Party	Amount Purchased (AF)
Arrowhead Mtn Spring Water Co	70.030
Chino Hills, City Of	-
Chino, City Of	-
Cucamonga Valley Water District	1,036.093
Desalter Authority	-
Fontana Union Water Company	463.907
Fontana Water Company	1,994.907
Fontana, City Of	-
Golden State Water Company	-
Jurupa Community Services District	-
Marygold Mutual Water Company	-
Monte Vista Irrigation Company	31.515
Monte Vista Water District	1,399.605
Niagara Bottling, LLC	-
Nicholson Trust	-
Noreco, City Of	-
Ontario, City Of	-
Pomona, City Of	-
San Antonio Water Company	110.943
San Bernardino, County of (Shooting Park)	-
Santa Ana River Water Company	-
Upland, City Of	-
West End Consolidated Water Company	-
West Valley Water District	-
Total	5,107.000

EXHIBIT “B”

MINUTES
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

November 25, 2014

The Watermaster Board meeting was held at the offices of the Chino Basin Watermaster located at 9641 San Bernardino Road, Rancho Cucamonga, CA on November 25, 2014.

WATERMASTER BOARD MEMBERS PRESENT

Robert "Bob" Craig, Chair
Steve Elie, Vice-Chair
J. Arnold Rodriguez
Bob Kuhn
Bob Bowcock
Geoffrey Vanden Heuvel
Paul Hofer
Manny Martínez, for Mark Kinsey
Don Galleano

Jurupa Community Services District
Inland Empire Utilities Agency
Santa Ana River Water Company
Three Valleys Municipal Water District
Calmat Company
Agricultural Pool – Dairy
Agricultural Pool – Crops
Monte Vista Water District
Western Municipal Water District

WATERMASTER BOARD MEMBER ABSENT

Mark Kinsey

Monte Vista Water District

WATERMASTER STAFF PRESENT

Peter Kavounas
Danielle Maurizio
Joseph Joswiak
Anna Truong

General Manager
Assistant General Manager
Chief Financial Officer
Recording Secretary

WATERMASTER CONSULTANTS PRESENT

Scott Slater
Mark Wildermuth

Brownstein Hyatt Farber Schreck, LLP
Wildermuth Environmental, Inc.

OTHERS PRESENT WHO SIGNED IN

Todd Corbin
Ron Craig
Eunice Uloa
Justin Scott-Coe
Van Jew
Curtis Paxton
Sheri Rojo
Larry Dimock
Darron Poulsen
Raul Garibay
Bob Feenstra
Brian Geye
Craig Miller
Tracy Egoscue
Art Kidman
Richard Rees
Scott Burton
Dave Crosley
Jimmy Gutierrez
Ken Jeske

Jurupa Community Services District
City of Chino Hills
Chino Basin Water Conservation District
Monte Vista Water District
Monte Vista Irrigation Company
Chino Basin Desalter Authority
Fontana Water Company
State of California – CIM
City of Pomona
City of Pomona
Agricultural Pool – Dairy
Auto Club Speedway
Western Municipal Water District
Egoscue Law Group
Kidman Law, LLP
AMEC
City of Ontario
City of Chino
Law Offices of Jimmy Gutierrez
California Steel Industries (CSI)

Marty Zvirbulis
David DeJesus
Ben Lewis
Chris Brown
Jeff Pierson

Cucamonga Valley Water District
Three Valleys Municipal Water District
Golden State Water Company
Charles Z. Fedak & Company
Agricultural Pool – Crops

CALL TO ORDER

Chair Craig called the Watermaster Board meeting to order at 11:02 a.m.

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

None

AGENDA - ADDITIONS/REORDER

None

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Watermaster Board meeting held October 23, 2014

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of September 2014
2. Watermaster VISA Check Detail for the month of September 2014
3. Combining Schedule for the Period July 1, 2014 through September 30, 2014
4. Treasurer's Report of Financial Affairs for the Period September 1, 2014 through September 30, 2014
5. Budget vs. Actual Report for the Period July 1, 2014 through September 30, 2014

C. ANNUAL FINDING OF SUBSTANTIAL COMPLIANCE WITH THE RECHARGE MASTER PLAN

Adopt the finding in the Wildermuth Report that Watermaster is in substantial compliance with the Recharge Master Plan.

D. BUDGET TRANSFER FORM T-14-10-01

Approve Budget Transfer Form T-14-10-01 for FY 2014/15 as presented and authorize the Watermaster General Manager to amend the Task Order(s) between IEUA and CBWM as required.

(0:00:47)

Motion by Mr. Steve Elie, second by Mr. Bob Kuhn, and carried unanimously

Moved to approve Consent Calendar as presented

II. BUSINESS ITEMS

A. CHINO BASIN WATERMASTER 2014/2015 ASSESSMENT PACKAGE

Approve the Fiscal Year 2014-2015 Assessment Package as presented, including no credit for Stormwater New Yield and postponing the assessment of desalter replenishment.

(0:01:35) Mr. Kavounas gave a report.

(0:02:29)

Motion by Mr. J. Arnold Rodriguez, second by Mr. Bob Bowcock, and carried unanimously

Moved to approve Business Item II.A. as presented

B. LEVYING REPLENISHMENT AND ADMINISTRATIVE ASSESSMENTS

Approve Resolution 2014-05 as presented.

(0:02:49) Mr. Kavounas gave a report.

(0:03:16)

Motion by Mr. Steve Elie, second by Mr. Bob Kuhn, and carried unanimously

Moved to approve Business Item II.B. as presented

C. WATERMASTER ANNUAL AUDIT PRESENTATION BY CHARLES Z. FEDAK & COMPANY

Receive and file (1) The Chino Basin Watermaster Annual Financial Report For the Fiscal Years Ended June 30, 2014 and 2013 dated November 20, 2014; and (2) the Chino Basin Watermaster Management Report for June 30, 2014 dated November 20, 2014.

(0:03:35) Mr. Kavounas gave an introduction and passed the item to Watermaster's auditor, Mr. Chris Brown of Charles Z. Fedak & Company.

(0:04:00) Mr. Brown gave a presentation. A discussion ensued.

(0:13:02)

Motion by Mr. Bob Kuhn, second by Mr. Geoffrey Vanden Heuvel, and carried unanimously

Moved to approve Business Item II.C. as presented

D. SAFE YIELD RECALCULATION AND RESET – WATERMASTER MOTION

Consider the Advisory Committee recommendation to initiate a mediation process instead of filing the motion; and/or consider the advice and counsel of the Pools and Advisory Committees and take action on the draft motion.

(0:13:24) Mr. Kavounas gave a report. A discussion ensued.

(0:35:30) Motion presented by Steve Elie.

(0:38:17) Second by Bob Kuhn with comments.

(0:48:40) Approved by unanimous vote.

Motion by Steve Elie, second by Bob Kuhn, and by unanimous vote

Moved to adopt the Advisory Committee's recommendation with clarifications as shown herein: moved to approve that no motion or status report shall be filed with the Court yet; Watermaster Parties shall immediately start a facilitated process to identify and resolve all issues related to the successful completion of the Safe Yield reset by April 1, 2015 for Pools, Advisory and Board action in May 2015. The Safe Yield shall be filed with the Court no later than May 29, 2015. The Parties shall start a mediation selection process and select a mediator by 5pm December 11, 2014 through the Advisory Committee; there will be a Watermaster Board meeting on December 12, 2014 to either ratify the Advisory Committee selection or, in case the Advisory Committee is unable to agree on a mediator, to select a mediator for this process. In the event the Parties cannot reach an agreement on the Safe Yield reset, Watermaster shall implement the reset consistent with the agreements and that process would start in April 2015 and go through Pools, Advisory and Board for discussion in April so it can go to the Board for action in May 2015.

III. REPORTS/UPDATES

A. LEGAL COUNSEL REPORT

1. Motion for Approval of Physical Solution Transfer Rate Substitution
2. City of Ontario Request
3. West Venture
4. Basin Boundary – SGMA

(0:52:53) Mr. Slater gave a report. A discussion ensued.

B. CFO REPORT

1. Assessment Invoicing

(1:10:47) Mr. Joswiak gave a report.

C. ENGINEER REPORT

1. None

D. GM REPORT

1. RMPU Amendment
2. Vulcan Materials Company – Recharge Application
3. December Meeting Schedule and Holiday Office Closure

(1:11:37) Mr. Kavounas gave a report. A discussion ensued.

IV. INFORMATION

1. Cash Disbursements for October 2014

V. BOARD MEMBER COMMENTS

(1:30:13) Chair Craig stated that it has been an honor to serve on the Board over the past year and wished everyone a happy holidays.

VI. OTHER BUSINESS

None

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Chair Craig called for a closed session at 12:33 p.m. to discuss the following:

1. Alvarez CalPERS Appeal

Closed session concluded at 12:43 p.m. with no reportable action.

VIII. FUTURE MEETINGS AT WATERMASTER

11/25/14 Tue 11:00 a.m. Watermaster Board

~~11/27/14 Thu 11:00 a.m. Watermaster Board (Rescheduled to 11/25/14)~~

DECEMBER 2014:

~~12/04/14 Thu 10:00 a.m. Safe Yield Recalculation and Related Matters (Cancelled)~~

~~12/11/14 Thu 9:00 a.m. Appropriative Pool (Cancelled)~~

~~12/11/14 Thu 11:00 a.m. Non-Agricultural Pool (Cancelled)~~

~~12/11/14 Thu 1:30 p.m. Agricultural Pool (Cancelled)~~

~~12/18/14 Thu 8:00 a.m. Joint IEUA/CBWM Recharge Improvement Projects (Cancelled)~~

~~12/18/14 Thu 9:00 a.m. Advisory Committee (Cancelled)~~

~~12/18/14 Thu 10:00 a.m.* Safe Yield Recalculation and Related Matters (Cancelled)~~

~~12/25/14 Thu 11:00 a.m. Watermaster Board (Cancelled)~~

ADJOURNMENT

Chair Craig adjourned the Watermaster Board meeting at 12:43 p.m.

Secretary: _____

Approved: January 22, 2015

EXHIBIT “C”

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **June 16, 2015**

Date of this notice: **July 2, 2015**

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

- * Notice of Sale or Transfer – The purchase of 6,500,000 acre-feet of water from the City of Chino by Fontana Water Company. This purchase is made from the City of Chino's Excess Carryover Account.

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

Appropriative Pool: July 9, 2015

Non-Agricultural Pool: July 9, 2015

Agricultural Pool: July 9, 2015

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

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

Unless the *Application* is amended, parties to the Judgment may file *Contests* to the *Application* with Watermaster *within seven calendar days* of when the last pool committee considers it. Any *Contest* must be in writing and state the basis of the *Contest*.

Watermaster address:

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

Tel: (909) 484-3888
Fax: (909) 484-3890

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: July 2, 2015

A party to the Judgment has submitted a proposed transfer of water for Watermaster approval. Unless contrary evidence is presented to Watermaster that overcomes the rebuttable presumption provided in Section 5.3(b)(iii) of the Peace Agreement, Watermaster must find that there is "no material physical injury" and approve the transfer. Watermaster staff is not aware of any evidence to suggest that this transfer would cause material physical injury and hereby provides this notice to advise interested persons that this transfer will come before the Watermaster Board on or after 30 days from the date of this notice. The attached staff report will be included in the meeting package at the time the transfer begins the Watermaster process (comes before Watermaster).

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CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: (909) 484-3888 Fax: (909) 484-3880 www.cbwm.org

PETER KAVOUNAS, P.E.
General Manager

DATE: July 2, 2015
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary –

There does not appear to be a potential material physical injury to a party or to the basin from the proposed transaction as presented.

Issue –

- Notice of Sale or Transfer – The purchase of 6,600,000 acre-feet of water from the City of Chino by Fontana Water Company. This purchase is made from the City of Chino's Excess Carryover Account.

Recommendation –

1. Continue monitoring as planned in the Optimum Basin Management Program.
2. Use all new or revised information when analyzing the hydrologic balance and report to Watermaster if a potential for material physical injury is discovered, and
3. Approve the transaction as presented.

Fiscal Impact –

- ☐ None
- ☒ May reduce assessments under the 85/15 rule
- ☐ Reduce desalter replenishment costs

Background

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

Where there is no material physical injury, Watermaster must approve the transaction. Where the request for Watermaster approval is submitted by a party to the Judgment, there is a rebuttable presumption that most of the transactions do not result in Material Physical Injury to a party to the Judgment or the Basin (Storage and Recovery Programs do not have this presumption).

The following application for water transaction is attached with the notice of application.

- Notice of Sale or Transfer – The purchase of 6,500,000 acre-feet of water from the City of Chino by Fontana Water Company. This purchase is made from the City of Chino's Excess Carryover Account.

Notice of the water transaction identified above was mailed on July 2, 2015 along with the materials submitted by the requestors.

DISCUSSION

Water transactions occur each year and are included as production by the respective entity (if produced) in any relevant analyses conducted by Wildermuth Environmental pursuant to the Peace Agreement and the Rules & Regulations. There is no indication additional analysis regarding this transaction is necessary at this time. As part of the OBMP Implementation Plan, continued measurement of water levels and the installation of extensometers are planned. Based on no real change in the available data, we cannot conclude that the proposed water transaction will cause material physical injury to a party or to the Basin.

CONSOLIDATED WATER TRANSFER FORMS:
FORM 3: APPLICATION FOR SALE OR TRANSFER OF RIGHT TO PRODUCE WATER FROM STORAGE
FORM 4: APPLICATION OR AMENDMENT TO APPLICATION TO RECAPTURE WATER IN STORAGE
FORM 5: APPLICATION TO TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

FISCAL YEAR 20¹⁴ - 20¹⁵DATE REQUESTED: June 16, 2015AMOUNT REQUESTED: 6,500.00 Acre-Feet

TRANSFER FROM (SELLER / TRANSFEROR):			TRANSFER TO (BUYER / TRANSFEREE):		
City of Chino			Fontana Water Company		
Name of Party			Name of Party		
P.O. Box 667			15966 Arrow Route		
Street Address			Street Address		
Chino	CA.	91708	Fontana	CA.	92335
City	State	Zip Code	City	State	Zip Code
(909) 334-3250			(909) 822-2201		
Telephone			Telephone		
(909) 823-5046			(909) 823-5046		
Facsimile			Facsimile		

Have any other transfers been approved by Watermaster between these parties covering the same fiscal year?

Yes ☐ No ☒

PURPOSE OF TRANSFER:

- ☐ Pump when other sources of supply are curtailed
☒ Pump to meet current or future demand over and above production right
☐ Pump as necessary to stabilize future assessment amounts
☐ Other, explain _____

WATER IS TO BE TRANSFERRED FROM:

- ☐ Annual Production Right (Appropriative Pool) or Operating Safe Yield (Non-Agricultural Pool)
☒ Storage EXCESS CARRY-OVER
☐ Annual Production Right / Operating Safe Yield first, then any additional from Storage
☒ Other, explain Excess Carry-Over

WATER IS TO BE TRANSFERRED TO:

- ☒ Annual Production Right / Operating Safe Yield (common)
☐ Storage (rare)
☐ Other, explain _____

IS THE 85/15 RULE EXPECTED TO APPLY? (If yes, all answers below must be "yes.") Yes ☒ No ☐
 Is the Buyer an 85/15 Party? Yes ☒ No ☐
 Is the purpose of the transfer to meet a current demand over and above production right? Yes ☒ No ☐
 Is the water being placed into the Buyer's Annual Account? Yes ☒ No ☐

IF WATER IS TO BE TRANSFERRED FROM STORAGE:	
Varies	2014 - 2015
Projected Rate of Recapture	Projected Duration of Recapture
METHOD OF RECAPTURE (e.g. pumping, exchange, etc.):	
Pumping	
PLACE OF USE OF WATER TO BE RECAPTURED:	
Chino Basin Management Zone 3	
LOCATION OF RECAPTURE FACILITIES (IF DIFFERENT FROM REGULAR PRODUCTION FACILITIES):	
N/A	

WATER QUALITY AND WATER LEVELS

Are the Parties aware of any water quality issues that exist in the area? Yes ☒ No ☐

If yes, please explain:

Of the wells routinely pumped, current perchlorate levels range from non detected to 10.0 ppb and current nitrate levels range from 8.8 to 39.0 ppm (as of March 2015)

What are the existing water levels in the areas that are likely to be affected?

Static Water Levels ranging from 316 bgs to 657 bgs (as of March 2015)

MATERIAL PHYSICAL INJURY

Are any of the recapture wells located within Management Zone 1? Yes ☐ No ☒

Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes ☐ No ☒

If yes, what are the proposed mitigation measures, if any, that might reasonably be imposed to ensure that the action does not result in Material Physical Injury to a party to the Judgment or the Basin?

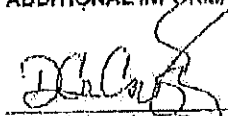
N/A

SAID TRANSFER SHALL BE CONDITIONED UPON:

- (1) Transferee shall exercise said right on behalf of Transferor under the terms of the Judgment, the Peace Agreement, the Peace II Agreement, and the Management Zone 1 Subsidence Management Plan for the period described above. The first water produced in any year shall be that produced pursuant to carry-over rights defined in the Judgment. After production of its carry-over rights, if any, the next (or first if no carry-over rights) water produced by Transferee from the Chino Basin shall be that produced hereunder.
- (2) Transferee shall put all waters utilized pursuant to said Transfer to reasonable beneficial use.
- (3) Transferee shall pay all Watermaster assessments on account of the water production hereby Transferred.
- (4) Any Transferee not already a party must Intervene and become a party to the Judgment.

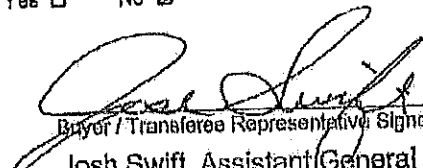
ADDITIONAL INFORMATION ATTACHED

Yes ☐ No ☒



Seller / Transferor Representative Signature
Dave Crosley, Water and Environmental Manager

Seller / Transferor Representative Name (Printed)



Buyer / Transferee Representative Signature
Josh Swift, Assistant General Manager

Buyer / Transferee Representative Name (Printed)

TO BE COMPLETED BY WATERMASTER STAFF:

DATE OF WATERMASTER NOTICE: _____
DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____
DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____
DATE OF APPROVAL FROM AGRICULTURAL POOL: _____
HEARING DATE, IF ANY: _____
DATE OF ADVISORY COMMITTEE APPROVAL: _____
DATE OF BOARD APPROVAL: _____

WATER TRANSFER INFORMATION NEEDED
FOR THE WATER ACTIVITY REPORTS AND
THE ASSESSMENT PACKAGE

FISCAL YEAR 20₁₄ - 20₁₅

DATE REQUESTED: June 16, 2015

AMOUNT REQUESTED: 6,500.00 Acre-Feet

SALES PRICE: \$ 515.63 / Acre-Foot
(Needed for Assessment Package)

IF 85/15 RULE APPLIES, 15% GOES TO:
Seller ☐ Buyer ☒ N/A ☐

TRANSFER FROM (SELLER / TRANSFEROR):
City of Chino
Name of Party

TRANSFER TO (BUYER / TRANSFEREE):
Fontana Water Company
Name of Party

I declare under penalty of perjury that the date, quantity, \$/AF, and party to receive the 15% credit in the Assessment Package entered above is accurate, and if asked to do so, my city/agency/company would provide copies of documentation to validate the transaction.

[Signature]
Seller / Transferor Representative Signature
Dave Crosley, Water and Environmental Manager
Seller / Transferor Representative Name (Printed)

[Signature]
Buyer / Transferee Representative Signature
Josh Swift, Assistant General Manager
Buyer / Transferee Representative Name (Printed)

THIS PAGE IS TO BE KEPT CONFIDENTIAL UNTIL
THE FISCAL YEAR IS OVER AND THE
WATER ACTIVITY REPORTS ARE CREATED.

EXHIBIT “D”

✓ xc: J. Gleason (PW)
✓ B. Ames (Fin) 4-16-02

2002-018
EXECUTION COPY

WATER PURCHASE AGREEMENT

Dated as of January 15, 2002

By and Between

CHINO BASIN DESALTER AUTHORITY

and

THE CITY OF CHINO

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WATER PURCHASE AGREEMENT

This Agreement, dated as of January 15, 2002, by and between the Chino Basin Desalter Authority (the "Authority"), a joint exercise of powers agency duly organized and existing pursuant to Article 1, Chapter 5, Division 7, Title 1 of the Government Code (the "Joint Powers Act"), commencing with Section 6500, and the City of Chino (the "Purchaser").

WITNESSETH:

WHEREAS, the Purchaser and certain other water purveyors in the Chino Basin have entered into the Integrated Chino-Arlington Desalters System Term Sheet (the "Term Sheet") pursuant to which such water purveyors have made a contractual commitment to purchase desalted water from certain desalting facilities (capitalized terms used herein and not otherwise defined shall have the meanings set forth below);

WHEREAS, in order for the Purchaser to receive desalter water, certain facilities described in the Term Sheet and comprising the Project must be acquired and constructed by the Authority;

WHEREAS, the Authority and the Purchaser now wish to enter into this Agreement to provide for the acquisition, construction, operation and financing of the Project, for the sale by the Authority to the Purchaser of the Purchaser's Project Allotment and certain other matters;

NOW THEREFORE, the parties hereto do agree as follows:

Section 1. Definitions.

The following terms shall, for all purposes of this Agreement have the following meanings:

"Authority" shall have the meaning assigned thereto in the preamble hereto.

"Authority Bonds" means bonds, notes or other evidences of indebtedness issued by or on behalf of the Authority to finance or refinance the Project.

"Authority Fiscal Year" means the twelve month period commencing on July 1 of each calendar year and ending on the following June 30 or such other twelve month period which may be designated by the Authority as its fiscal year.

"Bonds" mean all bonds, notes or similar obligations (but not including Contracts) of the Purchaser authorized and issued by the Purchaser under and pursuant to applicable laws of the State of California after the date of execution of this Agreement, the principal of and interest on which are an operation and maintenance expense of the Purchaser Water System determined in accordance with generally accepted accounting principles and which are secured by a pledge or a lien on Purchaser Net Water System Revenues and which are on a parity with the obligations of the Purchaser under this Agreement.

"Bond Resolution" means the resolution or resolutions providing for the issuance of Authority Bonds and the terms thereof, and any indenture or trust agreement related thereto.

"Contract Payments" means:

- (1) the interest payable during such Purchaser Fiscal Year on all outstanding Bonds, assuming that all outstanding term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of the sale of any Bonds);
- (2) that portion of the principal amount of all outstanding serial Bonds maturing during such Purchaser Fiscal Year;
- (3) that portion of the principal amount of all outstanding term Bonds required to be redeemed or paid during such Purchaser Fiscal Year; and
- (4) that portion of payments under Contracts (other than under this Agreement) constituting principal and interest required to be made at the times provided in the Contracts.

"Contracts" means this Agreement and all contracts of the Purchaser authorized and executed by the Purchaser under and pursuant to the applicable laws of the State of California after the date of execution of this Agreement, the payments under which are an operation and maintenance expense of the Purchaser Water System determined in accordance with generally accepted accounting principles and which are secured by a pledge of or lien on the Purchaser Net Water System Revenues and which are on a parity with the obligations of the Purchaser under this Agreement.

"Debt Service" means, as of the date of calculation and with respect to Authority Bonds, an amount equal to the sum of (i) interest payable during such Authority Fiscal Year on Authority Bonds, except to the extent that such interest is to be paid from capitalized interest, (ii) that portion of principal of Authority Bonds payable during such Authority Fiscal Year, (iii) amounts necessary to replenish the Reserve Fund created pursuant to the Bond Resolution, and (iv) all letters of credit and other financing costs payable on a periodic basis. Such interest, principal installments and financing costs for such series shall be calculated on the assumption that no Authority Bonds outstanding at the date of calculation will cease to be outstanding except by reason of the payment of principal on the due date thereof;

provided further that, as to any such Authority Bonds bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall be one hundred ten percent (110%) of the greater of (a) the daily average interest rate on such Authority Bonds during the twelve (12) calendar months preceding the date of calculation (or the portion of the then current Authority Fiscal Year that such Authority Bonds have borne interest) or (b) the most recent effective interest rate on such Authority Bonds prior to the date of calculation; and

provided further that, as to any such Authority Bonds or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Authority Bonds or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Authority Bonds for which such debt service reserve fund was established and in each preceding Authority Fiscal Year until such amount is exhausted.

"Facilities Acquisition Agreement" means the Facilities Acquisition Agreement, dated as of January 15, 2002, by and between SAWPA and the Authority, as such Facilities Acquisition Agreement may be amended or supplemented from time-to-time.

"Fixed Project Costs" means capital costs, including Debt Service, and reserves for repair and replacement and improvement to the Project and for payment of Debt Service of the Project, and all other amounts paid by the Authority other than Variable O&M Costs and Fixed O&M Costs.

"Fixed O&M Costs" means operation, maintenance, power, replacement and other costs, including Project Operation and Maintenance Expenses and a reasonable reserve for contingencies, in each case incurred by the Authority with respect to the Project, irrespective of the amount of water delivered to the Project Participants, including but not limited to amounts required to be deposited in the Membrane Replacement Fund, and amounts payable to Jurupa Community Services District under the Agreement By And Between The Chino Basin Desalter Authority, Jurupa Community Services District, The City Of Ontario, The City Of Norco And Santa Ana River Water Company Providing For The Transportation Of Chino II Desalter Water.

"Independent Certified Public Accountant" means any firm of certified public accountants appointed by the Purchaser, or the Authority, as the case may be, and each of whom is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

"Joint Powers Agreement" means the Joint Exercise of Powers Agreement creating the Chino Basin Desalter Authority, as such agreement may be amended or supplemented from time to time.

"Project" means certain facilities necessary to deliver desalted water to the Project Participants, including the following: (i) the Chino I Desalter, (ii) the Chino I Expansion facilities, (iii) Chino II Desalter; and (iv) water pipelines, electric generators and associated facilities. The Authority and the Purchaser acknowledge that portions of the Project are currently being designed and that the definition of the Project may be revised from time-to-time prior to commencement of construction as provided in Section 4 hereof without amendment to this Agreement.

"Project Allotment" means 5,000 acre-feet of desalted water per year.

"Project Operation and Maintenance Expenses" means the actual costs spent or incurred by the Authority for maintaining and operating the Project, calculated in accordance with generally accepted accounting principles and Section 9 hereof, including (among other things) the expenses of management and repair and other expenses necessary to maintain and preserve the Project, in good repair and working order, and including administrative costs of the Authority, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the Authority, or charges required to be paid by it to comply with the terms of the Authority Bonds or of this Agreement, but excluding in all cases (i) depreciation, replacement and obsolescence charges or reserves therefor, (ii) amortization of intangibles or other bookkeeping entries of a similar nature, (iii) costs of capital additions, replacements, betterments, extensions or improvements to the Project, which under generally accepted accounting principles are chargeable to a capital account or to a reserve for depreciation and (iv) Debt Service.

"Project Participant" mean the Purchaser and each entity listed in Exhibit A hereto executing Water Purchase Agreements with the Authority.

"Purchaser" shall have the meaning assigned thereto in the preamble hereto.

"Purchaser Fiscal Year" means the twelve month period commencing on July 1 of each year and ending on the following June 30 or such other twelve month period which may be designated by the Purchaser as its fiscal year.

"Purchaser Net Water System Revenues" means, for any Purchaser Fiscal Year, the Purchaser Water System Revenues for such Purchaser Fiscal Year less the Purchaser Operation and Maintenance Expenses for such Purchaser Fiscal Year.

"Purchaser Operation and Maintenance Expenses" means the costs spent or incurred by the Purchaser for maintaining and operating the Purchaser Water System, calculated in accordance with generally accepted accounting principles, including (among other things) the expenses of management and repair and other expenses necessary to maintain and preserve the Purchaser Water System, in good repair and working order, and including administrative costs of the Purchaser, salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and all other reasonable and necessary costs of the Purchaser, but excluding in all cases (i) depreciation, replacement and obsolescence charges or reserves therefor, (ii) amortization of intangibles or other bookkeeping entries of a similar nature, and (iii) charges for the payment of principal and interest on Bonds or Contracts.

"Purchaser Share" means the Purchaser's Project Allotment divided by the sum of all Project Participants' Project Allotments, all as set forth as Exhibit A hereto.

"Purchaser Water System" means properties and assets, real and personal, tangible and intangible, of the Purchaser now or hereafter existing, used or pertaining to the acquisition, treatment, reclamation, transmission, distribution and sale of water, including all additions, extensions, expansions, improvements and betterments thereto and equipment relating thereto; provided, however, that to the extent the Purchaser is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above described water purposes, only the Purchaser's ownership interest in such asset or property or only the part of the asset or property so used for water purposes shall be considered to be part of the Purchaser Water System.

"Purchaser Water System Revenues" means the income, rents, rates, fees, charges, and other moneys derived by the Purchaser from the ownership or operation of Purchaser Water System including, without limiting the generality of the foregoing, (i) all income, rents, rates, fees, charges or other moneys derived from the sale, furnishing, and supplying of water and other services, facilities, and commodities sold, furnished, or supplied through the facilities of Purchaser Water System, including standby and availability charges, capital water facilities fees for design, construction and reconstruction expenses, development fees and other fees allocable to the Purchaser Water System, (ii) taxes or assessments as may be imposed if the levy thereof and payment hereunder is permitted by law, and (iii) the earnings on and income derived from amounts set forth in clauses (i) and (ii) above, and shall not include (y) customers' deposits or any other deposits subject to refund until such deposits have become the property of the Purchaser and (z) proceeds of any taxes or assessments except taxes or assessments described in clause (ii) above.

"SAWPA" means the Santa Ana Watershed Project Authority, a joint exercise powers agency, including the successors and assigns thereof.

"Term Sheet" shall have the meaning assigned thereto in the preamble hereto.

"Trustee" means the entity or entities designated by the Authority pursuant to any Bond Resolution to administer any funds or accounts required by such Bond Resolution or otherwise.

"Variable O&M Costs" means the operation, maintenance, power, replacement and other costs, including Project Operation and Maintenance Expenses incurred by the Authority in connection with the Project in an amount which is dependent upon and varies with the amount of water delivered to the Project Participants.

"Water Purchase Agreement" means this Agreement and each Water Purchase Agreement by and between the Authority and a Project Participant, as the same may be amended or supplemented from time to time.

Section 2. Purpose.

The purpose of this Agreement is for the Authority to sell Project Allotment to the Purchaser, to deliver Project Allotment to the Purchaser available from the Project, to provide the terms and conditions of such delivery and sale and to provide for the acquisition, construction and financing of the Project. The parties hereto confirm that this Agreement constitutes a contractual right to purchase desalted water and that no water right is being transferred by the Authority to any Project Participant under this Agreement.

Section 3. Financing, Construction and Operation.

The Authority will use its best efforts to cause or accomplish the acquisition, construction, operation and financing of the Project, the obtaining of all necessary authority and rights, consents and approvals, and the performance of all things necessary and convenient therefor, subject to compliance with all necessary federal and state laws, including but not limited to the California Environmental Quality Act ("CEQA"), the terms and conditions of the Authority's permits and licenses and all other agreements relating thereto.

Section 4. Delivery of Water.

(a) Request by Purchaser. Pursuant to the terms of this Agreement, the Authority shall provide to the Purchaser, and the Purchaser shall take, or cause to be taken, in each Authority Fiscal Year an amount of water equal to the Purchaser's Project Allotment unless the Purchaser notifies the Authority, pursuant to procedures to be developed by the Authority, that the Purchaser requires an amount of water less than the Purchaser's Project Allotment. Subject to the Project Participant's payment obligations hereunder, the Authority agrees to use its best efforts to deliver desalted water pursuant to this Agreement meeting the water quality standards set forth in Section 5.3 of the Joint Powers Agreement and all applicable local, state and federal water quality standards as such standards may be in effect from time to time.

(b) Points of Delivery; Flow Rate. The Authority will deliver or cause to be delivered to or for the account of the Purchaser the amount of water specified in each request at a flow rate and through delivery structures at a point along the Project to be agreed upon by the Authority and the

Purchaser. The Authority will remain available to make or cause to be made all necessary and possible arrangements for transmission and delivery of such water in accordance with this Agreement.

(c) Delivery of Water Not Delivered in Accordance with Schedule. If in any Authority Fiscal Year the Authority, as a result of causes beyond its control, is unable to deliver any portion of the Purchaser's Project Allotment for such Authority Fiscal Year as provided for in the delivery schedule established for that Authority Fiscal Year, the Purchaser may elect to receive the amount of water which otherwise would have been delivered to it during such period at other times during the Authority Fiscal Year or subsequent to such Authority Fiscal Year, to the extent that such water is then available and such election is consistent with the Authority's overall delivery ability, considering the then current delivery schedules of all Project Participants and the Authority.

(d) SARWC Request. Pursuant to the Joint Powers Agreement, if Santa Ana River Water Company cannot receive the full 1,200 acre feet of water allocated thereto as provided in the Term Sheet, then Jurupa Community Services District and the City of Ontario will abate their deliveries of water from the Project on a pro-rata basis to ensure that Santa Ana River Water Company can receive the full 1,200 acre feet of water from the Authority for such year. Notwithstanding the foregoing, Jurupa Community Services District and the City of Ontario shall only have such obligation if Santa Ana River Water Company's demand for water is constant or at a "steady-rate" of 744 gpm.

Section 5. Curtailment of Delivery for Maintenance Purposes.

(a) Authority May Curtail Deliveries. The Authority may temporarily discontinue or reduce the delivery of water to the Purchaser hereunder for the purposes of necessary investigation, inspection, maintenance, repair, or replacement of any of the Project facilities necessary for the delivery of water to the Purchaser. The Authority shall notify the Purchaser as far in advance as possible of any such discontinuance or reduction, except in cases of emergency, in which case notice shall be given as soon thereafter as possible.

(b) Purchaser May Receive Later Delivery of Water Not Delivered. In the event of any discontinuance or reduction of delivery of water pursuant to subsection (a) of this Section, the Purchaser may elect to receive the amount of water which otherwise would have been delivered to it during such period under the water delivery schedule for that Authority Fiscal Year at other times during the Authority Fiscal Year or subsequent to such Authority Fiscal Year to the extent that such water is then available and such election is consistent with the Authority's overall delivery ability, considering the then current delivery schedules of all Project Participants and the Authority.

Section 6. Shortage in Water Supply.

In any Authority Fiscal Year in which there may occur a shortage or interruption in the supply of water available for delivery to the Project Participants, including but not limited to shortages or interruptions caused by changes in laws, regulations or rulings relating to or affecting the Authority's permits and licenses, with the result that such supply is less than the total of the annual Project Allotments of all Project Participants for that Authority Fiscal Year, the Authority shall reduce the delivery of water to the Purchaser in accordance with the Joint Powers Agreement.

Section 7. Measurement of Water Delivered.

The Authority shall measure, or cause to be measured, all water delivered to the Purchaser and shall keep and maintain accurate and complete records thereof. For this purpose and in accordance with Section 4 hereof, the Authority shall install, operate, and maintain, or cause to be installed, operated and maintained, at all delivery structures for delivery of water to the Purchaser at the point of delivery determined in accordance with Section 4(b) such measuring devices and equipment as are satisfactory and acceptable to both parties. Said devices and equipment shall be examined, tested, and serviced by the Authority regularly to insure their accuracy. At any time or times, the Purchaser may inspect such measuring devices and equipment, and the measurements and records taken therefrom.

Section 8. Responsibility for Delivery and Distribution of Water.

(a) Neither the Authority nor any of its officers or agents shall be liable for the control, carriage, handling, use, disposal, or distribution of water supplied to the Purchaser after such water has passed the points of delivery established in accordance with Section 4(b) hereof; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal or distribution of such water beyond said points of delivery and including attorneys fees and other costs of defense in connection therewith; the Purchaser shall indemnify and hold harmless the Authority and its officers, agents, and employees from any such damages or claims of damages.

(b) Neither the Purchaser nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of water supplied to the Purchaser until such water has passed the points of delivery established in accordance with Section 4(b) hereof; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal or distribution of such water prior to such water passing said points of delivery and including attorneys fees and other costs of defense in connection therewith; the Authority shall indemnify and hold harmless the Purchaser and its officers, agents, and employees from any such damages or claims of damages.

Section 9. Rates and Charges.

(a) Establishment of Rates and Charges. The Authority shall fix charges to the Purchaser under this Agreement to produce revenues to the Authority from the Project equal to the amounts anticipated to be needed by the Authority to pay the actual cost of producing the Purchaser's Project Allotment, which shall include the following costs of the Authority to deliver the Purchaser's Project Allotment through the Project: (i) Fixed Project Costs, (ii) Fixed O&M Costs and (iii) Variable O&M Costs.

(b) Insufficiency of Funds. If Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs collected by the Authority are insufficient to operate and maintain the Project as contemplated under the Joint Powers Agreement, the Authority shall notify the Purchaser of such insufficiency and the Purchaser shall pay to the Authority an amount of such insufficiency equal to such insufficiency multiplied by the Purchaser Share. The obligation of the Purchaser to pay Fixed Project Costs and Fixed O&M Costs shall commence and continue to exist and be honored by the Purchaser whether or not water is furnished to it from the Project at all times or at all (which

provision may be characterized as an obligation to pay all costs on a take-or-pay basis whether or not water is delivered or provided and whether or not the Project is completed or is operable).

(c) Source of Payments. The obligation of the Purchaser to make payments under this Agreement is a limited obligation of the Purchaser and not a general obligation thereof. The Purchaser shall make payments under this Agreement solely from Purchaser Water System Revenues as a Purchaser Operation and Maintenance Expense. The Purchaser shall make such payments on a parity with other Purchaser Operation and Maintenance Expenses and prior to any other payments other than Bonds or Contracts. Nothing herein shall be construed as prohibiting (i) the Purchaser from using any other funds and revenues for purposes of satisfying any provisions of this Agreement or (ii) from incurring obligations payable on a parity with the obligations under this Agreement so long as the Purchaser complies with Section 13(a) hereof.

(d) Obligation Is Not Subject To Reduction. The Purchaser shall make payments of Fixed Project Costs and Fixed O&M Costs under this Agreement whether or not the Project is completed, operable, operated or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of operation of the Project or of water contracted for in whole or in part for any reason whatsoever. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditioned upon performance by the Authority or any other Project Participant under this Agreement or any other agreement.

(e) Several Obligation. The Purchaser shall not be liable under this Agreement for the obligations of any other Project Participant. The Purchaser shall be solely responsible and liable for performance of its obligations under this Agreement. The obligation of the Purchaser to make payments under this Agreement is a several obligation and not a joint obligation with those of the other Project Participants.

(f) Allocation of Costs and Expenses.

The Authority shall not allocate costs and expenses in any way which discriminates among Project Participants.

(i) Method of Computation of Fixed Project Costs and Fixed O&M Costs. The Fixed Project Costs shall be sufficient to return to the Authority those capital costs of the Authority necessary to deliver water to the Purchaser. The Fixed O&M Costs shall be sufficient to return to the Authority Project Operation and Maintenance Expenses and a reasonable reserve for contingencies, in each case incurred by the Authority with respect to the Project, irrespective of the amount of water delivered to the Project Participants. The total amount of Fixed Project Costs shall be allocated to the Purchaser by multiplying the Purchaser Share times all Fixed Project Costs. The total amount of Fixed O&M Costs shall be allocated to the Purchaser by multiplying the Purchaser Share times all Fixed O&M Costs.

(ii) Method of Computation of Variable O&M Costs. The Variable O&M Costs shall return to the Authority those costs of the Project which constitute Variable O&M Costs. There shall be computed for the Project a charge per acre-foot of water which will return to the Authority the total projected Variable O&M Costs of the Project for each Authority Fiscal Year. The parties confirm that if the Purchaser complies with the notice requirement of Section 4(a), no Variable O&M Costs will be allocated to the Purchaser for the portion of Project Allotment not produced by the Authority for the Purchaser.

(iii) Adjustments. The Authority shall update the values and amounts of Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs on a quarterly basis, including year-to-date comparisons to the approved Project budget in order that the costs and expenses to the Purchaser may accurately reflect increases or decreases from Authority Fiscal Year to Authority Fiscal Year in Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs. In addition, each such determination shall include an adjustment to be paid or received by the Purchaser for succeeding Authority Fiscal Years which shall account for the differences, if any, between projections of Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs used by the Authority in determining the amounts of said Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs for all preceding Authority Fiscal Years and actual Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs incurred by the Authority for water delivered to the Purchaser during such Authority Fiscal Years.

(iv) Interest Earnings. Interest earnings on all amounts paid by the Purchaser to the Authority shall be credited to the Purchaser through the budgeting process.

(g) Time and Method of Payment.

(i) Fixed Project Costs and Fixed O&M Costs. For the Authority Fiscal Year ending June 30, 2002, the Purchaser shall pay to the Authority Fixed Project Costs and Fixed O&M Costs as provided in the initial budget described in Section 10 hereof. Thereafter, the Purchaser shall pay to the Authority, on or before July 15 of each Authority Fiscal Year, 100% of the charge to the Purchaser for such Authority Fiscal Year of the Fixed Project Costs and Fixed O&M Costs.

(ii) Variable O&M Costs. The Purchaser shall pay to the Authority the charges to the Purchaser for the Variable O&M Costs on the date the Chino 1 Desalter is acquired by the Authority and thereafter for the three-month period commencing on the next succeeding January 1, April 1, July 1 or October 1 so that the Authority receives quarterly payments of Variable O&M Costs three months in advance of the time when such Variable O&M Costs will begin to be incurred by the Authority.

(iii) Statement of Charges. The Authority shall furnish the Purchaser with a written statement of the estimated Fixed Project Costs for the next succeeding Authority Fiscal Year, taking into account applicable credits received by the Authority and estimated investment earnings on moneys related to the Project held by the Authority. The Authority shall, on or before March 15, June 15, September 15 and December 15 of each Authority Fiscal Year, commencing on the date the Chino 1 Desalter is acquired by the Authority, furnish the Purchaser with a statement of the charges to the Purchaser for the Variable O&M Costs for the three-month period commencing on the July 1, October 1, January 1 or April 1, commencing three and one-half months subsequent to such date.

(iv) Contest of Accuracy of Charges. If the Purchaser questions or disputes the correctness of any billing statement by the Authority, it shall pay the Authority the amount claimed when due and shall, within thirty (30) days of the completion and delivery of the Authority's annual audit, request an explanation from the Authority. If the bill is determined to be incorrect, the Authority will adjust the bill to the Purchaser in the next Authority Fiscal Year, including an adjustment equal to the interest actually earned by the Authority on its general reserves during such period. If the Authority and the Purchaser fail to agree on the

correctness of a bill within thirty (30) days after the Purchaser has requested an explanation, the parties shall promptly submit the dispute to arbitration under Section 1280 et seq. of the Code of Civil Procedure.

Section 10. Annual Budget and Billing Statement.

The Authority will prepare and approve a budget for the period from the date of acquisition of the Chino 1 Desalter through June 30, 2002 on or prior to acquisition of the Chino 1 Desalter. Such initial budget shall include all Variable O&M Costs, Fixed O&M Costs and Fixed Project Costs. Thereafter, the Authority will prepare a preliminary annual budget for each applicable Authority Fiscal Year for credits, costs and expenses relating to the Project, including Variable O&M Costs and Fixed Project Costs. The Authority shall submit a draft of such budget to the Purchaser on or prior to each April 1 for review and comment. Authority staff shall use its best efforts to resolve any questions or concerns caused by a Project Participant during such review. The Board of Directors of the Authority will adopt a final annual budget for the applicable Authority Fiscal Year on or before June 1 of each Authority Fiscal Year after at least one public hearing on the budget and shall allow any Project Participant which may object to any provision of the budget to present such objection during such hearing. The Authority shall supply a copy of said final annual budget to the Purchaser on or before June 15 of each Authority Fiscal Year. Any amendment to the budget shall be submitted to the Purchaser for review and comment at least 30 days prior to action thereon by the Authority Board of Directors. Any such amendment shall be subject to the same hearing requirements applicable to the budget set forth above.

Section 11. Obligation in the Event of Default.

(a) Written Demand. Upon failure of the Purchaser to (i) make any payment in full when due under this Agreement or (ii) to perform any other obligation hereunder, the Authority shall make written demand upon the Purchaser. If a failure described in clause (i) above is not remedied within thirty (30) days from the date of such demand or, if Authority Bonds are outstanding, for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, such failure shall constitute a default at the expiration of such period. If a failure described in clause (ii) cannot be remedied within thirty (30) days from the date of such demand but the Purchaser commences remedial action within such thirty (30) day period, such failure shall not constitute a default hereunder. Notice of any such demand shall be provided to each other Project Participant by the Authority. Upon failure of the Authority to perform any obligation of the Authority hereunder, the Purchaser shall make written demand upon the Authority, and if said failure is not remedied within thirty (30) days from the date of such demand or, if Authority Bonds are outstanding, for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, such failure shall constitute a default at the expiration of such period. Notice of such demand shall be provided to each Project Participant by the Purchaser making such written demand.

In addition to any default resulting from breach by the Authority or the Purchaser of any agreement, condition, covenant or term hereof, if the Authority or the Purchaser shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby the Authority or the Purchaser asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of

reorganization or for a readjustment of its debts or for any other similar relief, or if the Authority or the Purchaser shall make a general or any assignment for the benefit of its creditors, then in each and every such case the Authority or the Purchaser, as the case may be, shall be deemed to be in default hereunder.

(b) Transfer for Defaulting Purchaser's Account. Upon the failure of the Purchaser to make any payment which failure constitutes a default under this Agreement, the Authority shall use its best efforts to transfer for the Purchaser's account all or a portion of the Purchaser's Project Allotment for all or a portion of the remainder of the term of this Agreement. Notwithstanding that all or any portion of the Purchaser's Project Allotment is so transferred, the Purchaser shall remain liable to the Authority to pay the full amount of its share of costs hereunder as if such sale or transfer has not been made, except that such liability shall be discharged to the extent that the Authority shall receive payment from the transferee thereof.

(c) Termination of Entitlement to Project Allotment; Continuing Obligations. Upon the failure of the Purchaser to make any payment which failure constitutes a default under this Agreement and causes the Authority to be in default under any Bond Resolution, the Authority may (in addition to the remedy provided by subsection (b) of this Section) give notice of termination of the provisions of this Agreement insofar as the same entitle the Purchaser to its Project Allotment which notice shall be effective within 30 days thereof unless such termination shall be enjoined, stayed or otherwise delayed by judicial action. Irrespective of such termination, the Purchaser shall remain liable to the Authority to pay the full amount of costs hereunder.

(d) Enforcement of Remedies. In addition to the remedies set forth in this Section, upon the occurrence of an Event of Default as defined herein, the Authority or the Purchaser, as the case may be, shall be entitled to proceed to protect and enforce the rights vested in such party by this Agreement by such appropriate judicial proceeding as such party shall deem most effectual, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained herein or to enforce any other legal or equitable right vested in such party by this Agreement or by law. The provisions of this Agreement and the duties of each party hereof, their respective boards, officers or employees shall be enforceable by the other party hereto by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction, with the losing party paying all costs and attorney fees.

(e) Trustee is Third Party Beneficiary. Any Trustee for Authority Bonds shall have the right, as a third party beneficiary, to initiate and maintain suit to enforce this Agreement to the extent provided in any Bond Resolution.

Section 12. Transfers, Sales and Assignments of Project Allotment or Purchaser Water System.

(a) Transfer of Project Allotment. The Purchaser has rights to make transfers, sales, assignments and exchanges (collectively "transfers") of its Project Allotment or its rights or obligations with respect thereto only as expressly provided in this Section. In no event shall any sale or other disposition of all or any portion of the Purchaser's Project Allotment relieve the Purchaser of any of its obligations hereunder. The Purchaser shall give notice to the Authority in accordance with rules and regulations approved by the Authority from time to time.

(b) Sale or Other Disposition of Project Allotment. If in any Fiscal Year the Purchaser determines in accordance with 4(a) not to receive all of the Project Allotment, the Authority shall offer such portion of the Project Allotment to the State of California at a price to be determined by the Authority. If the State of California declines to purchase such Project Allotment, the Purchaser shall have the right to sell such portion of the Project Allotment to another Project Participant or an entity which is not a Project Participant. No such sale of the Project Allotment shall relieve the Purchaser of any of its obligations hereunder.

Section 13. Covenants of the Purchaser.

The Authority and the Purchaser agree that the covenants contained in this Section shall only be enforced by the Authority to the extent necessary to enforce the payment provisions contained herein.

(a) Amount of Rates and Charges. The Purchaser will fix, prescribe and collect rates and charges for the Purchaser Water System which will be at least sufficient to yield during each Purchaser Fiscal Year Purchaser Net Water System Revenues (excluding Contract Payments, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs) equal to one hundred twenty-five percent (125%) of the Contract Payments, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs for such Purchaser Fiscal Year. The Purchaser may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Purchaser Net Water System Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of this section.

(b) Against Sale or Other Disposition of Property. Subject to Section 13(j), the Purchaser will not sell, lease or otherwise dispose of the Purchaser Water System or any part thereof unless the governing board of the Purchaser determines in writing that such sale, lease or other disposition will not materially adversely affect the Purchaser's ability to comply with subsection (a) of this Section and, in the case of a sale or other disposition, the entity acquiring the Purchaser Water System or such part thereof shall assume all obligations of the Purchaser under this Agreement. The Purchaser will not enter into any agreement or lease which impairs the operation of the Purchaser Water System or any part thereof necessary to secure adequate Purchaser Net Water System Revenues for the payment of the obligations imposed under this Agreement or which would otherwise impair the rights of the Authority with respect to the Purchaser Water System Revenues or the operation of the Purchaser Water System.

(c) Against Competitive Facilities. To the extent permitted by existing law and within the scope of its powers but only to the extent necessary to protect the rights of the owners of Authority Bonds, the Purchaser will not acquire, construct, maintain or operate and will use its best efforts not to permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the boundaries of the Purchaser any water system competitive with the Purchaser Water System which might have the effect of materially adversely affecting the Purchaser's ability to pay Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs.

(d) Maintenance and Operation of the Purchaser Water System; Budgets. The Purchaser will maintain and preserve the Purchaser Water System in good repair and working order at all times and will operate the Purchaser Water System in an efficient and economical manner and will pay all Purchaser Operation and Maintenance Expenses as they become due and payable. On or before the

first day of each Purchaser Fiscal Year thereafter, the Purchaser will adopt and file with the Authority a budget approved by the legislative body of the Purchaser, including therein in the estimated Variable O&M Costs and Fixed Project Costs payable to the Authority. Any budget may be amended at any time during any Purchaser Fiscal Year and such amended budget shall be filed by the Purchaser with the Authority.

(e) Insurance. The Purchaser shall procure and maintain or cause to be procured and maintained insurance on the Purchaser Water System with responsible insurers so long as such insurance is available from reputable insurance companies, or, alternatively, shall establish a program of self-insurance, or participate in a joint powers agency providing insurance or other pooled insurance program, in such amounts and against such risks (including accident to or destruction of the Purchaser Water System) as are usually covered in connection with water systems similar to the Purchaser Water System.

(f) Accounting Records and Financial Statements.

(i) The Purchaser will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Purchaser Water System, which records shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions.

(ii) The Purchaser will prepare and file with the Authority annually within two hundred ten (210) days after the close of each Purchaser Fiscal Year (commencing with the Purchaser Fiscal Year ending June 30, 2002) financial statements of the Purchaser for the preceding Purchaser Fiscal Year prepared in accordance with generally accepted accounting principles, together with a report of an Independent Certified Public Accountant thereon. The Purchaser will promptly furnish a copy of such report to the Authority and to the Trustee.

(g) Protection of Security and Rights of the Authority. The Purchaser will preserve and protect the rights of the Authority and the Trustee to the obligations of the Purchaser hereunder and will warrant and defend such rights against all claims and demands of all persons.

(h) Payment of Taxes and Compliance with Governmental Regulations. The Purchaser will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Purchaser Water System or any part thereof or upon the Purchaser Water System Revenues when the same shall become due. The Purchaser will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Purchaser Water System or any part thereof, but the Purchaser shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

(i) Further Assurances. The Purchaser will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to effect the financing and refinancing of the Project and to allow the Authority to comply with reporting obligations, to assure the Authority of the Purchaser's intention to perform hereunder and for the better assuring and confirming unto the Authority and the Trustee of the rights and benefits provided to them herein.

(j) Maintenance of Tax-Exempt Status of Authority Bonds. Notwithstanding any other provision of this Agreement, the Purchaser shall not take any action or omit to take any action, directly or indirectly, in any manner, which would result in any of the Authority Bonds being treated as an obligation not described in Section 103(a) of the Internal Revenue Code of 1986, as amended, by reason of classification of such Authority Bond as a "private activity bond" within the meaning of Section 141 of said Code or for any other reason.

Section 14. Covenants of the Authority.

(a) Insurance. The Authority shall procure and maintain or cause to be procured and maintained insurance on the Project with responsible insurers so long as such insurance is available from reputable insurance companies, or, alternatively, shall establish a program of self-insurance, or participate in a joint powers agency providing insurance or other pooled insurance program, covering such risks, in such amounts and with such deductibles as shall be determined by the Authority and as may be required under the Authority Bonds. The Authority shall indemnify and hold harmless the Purchaser from any liability for personal injury or property damage resulting from any accident or occurrence arising out of or in any way related to the construction or operation of the Project.

(b) Accounting Records and Financial Statements.

(i) The Authority will keep appropriate accounting records in which complete and correct entries shall be made of all Authority transactions relating to the Project, which records shall be available for inspection, copying and audit by the Purchaser and its accountants, attorneys and agents at reasonable hours and under reasonable conditions.

(ii) The Authority will prepare annually within two hundred ten (210) days after the close of each Authority Fiscal Year (commencing with the Authority Fiscal Year ending June 30, 2002) financial statements of the Authority for the preceding Authority Fiscal Year prepared in accordance with generally accepted accounting principles, together with a report of an Independent Certified Public Accountant thereof. The Authority will promptly furnish a copy of such report to the Purchaser and to the Trustee.

(c) Compliance with Law. The Authority shall comply with all local, state and federal laws applicable to the Project.

(d) Against Sale or Other Disposition of Project. The Authority will not sell, lease or otherwise dispose of the Project or any part thereof unless the Board of Directors of the Authority determines that such sale, lease or other disposition will not materially adversely affect the Authority's ability to comply with its obligations hereunder and under the Authority Bonds.

(e) Maintenance and Operation of the Project. Subject to the payment obligations of the Project Participants hereunder, the Authority will maintain and preserve the Project in good repair and working order at all times and will operate the Project in an efficient and economical manner consistent with the Joint Powers Agreement. Notwithstanding the foregoing, no material portion of the Project shall be abandoned by the Authority without the consent of all Project Participants.

Section 15. Term.

(a) No provision of this Agreement shall take effect until (i) it and Water Purchase Agreements with all Project Participants have been duly executed and delivered to the Authority together with an opinion for each Project Participant of an attorney or firm of attorneys in substantially the form attached hereto as Exhibit B and an opinion for the Authority of Stradling Yocca Carlson & Rauth, a Professional Corporation, Special Counsel, in substantially the form attached hereto as Exhibit C, and (ii) the Authority delivers a written certificate to the Purchaser stating that the Authority has acquired the portion of the Project known as the Chino 1 Desalter.

(b) Notwithstanding the delay in effective date of this Agreement until all Project Participants have complied with subsection (a) of this Section, it is agreed by the Purchaser that in consideration for the Authority's signature hereto, and for its commitment to use its best efforts to obtain the commitment of all Project Participants, the Purchaser upon its execution and delivery of this Agreement to the Authority along with the required opinion and any required evidence of compliance as required by subsection (a) of this Section shall be immediately bound not to withdraw its respective offer herein made to enter into this Agreement as executed and/or supplemented or to decrease or terminate its Project Allotment before March 31, 2002.

(c) The term of this Agreement shall continue until the later of January 15, 2031 or the final maturity of Authority Bonds. The parties hereto agree to negotiate in good faith to amend this Agreement on or prior to such date to extend the term hereof and to include terms and conditions as are mutually agreeable to the parties, provided that the price to be paid with respect to the Project Allotment in such amendment shall reflect the payment of capital costs to such date.

Section 16. Assignment.

The Authority may pledge and assign to any Trustee for Authority Bonds, all or any portion of the payments received under this Agreement from the Purchaser and the Authority's other rights and interests under this Agreement. Such pledge and assignment by the Authority shall be made effective for such time as the Authority shall determine and provide that the Trustee shall have the power to enforce this Agreement in the event of a default by the Authority under a Bond Resolution. The Purchaser may assign its rights or obligations under this Agreement only in accordance with Section 15 hereof.

Section 17. Amendments.

Except as otherwise provided in this Agreement, on and after the date Authority Bonds are issued and so long as any Authority Bonds are outstanding in accordance with the applicable Bond Resolution, Section 9, 11, 12, 13, 14 and 16 and this Section of this Agreement shall not be amended, modified or otherwise changed or rescinded by agreement of the parties without the consent of each Trustee for Authority Bonds whose consent is required under the applicable Bond Resolution. This Agreement may only be otherwise amended, modified, changed or rescinded in writing by each of the parties hereto.

The Authority agrees not to grant to the owners of Authority Bonds as individuals any rights relating to the amendment, modification or change of this Agreement.

Notwithstanding the foregoing, the sections of this Agreement set forth in the prior paragraph of this Section may be amended without the consent of each Trustee for Authority Bonds for any of the following purposes:

(a) to add to the agreements, conditions, covenants and terms contained herein required to be observed or performed by the Authority or the Purchaser other agreements, conditions, covenants and terms hereafter to be observed or performed by the Authority or the Purchaser, or to surrender any right reserved herein to or conferred herein on the Authority or the Purchaser, and which in either case shall not adversely affect the interests of the owners of any Authority Bonds;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority or the Purchaser may deem desirable or necessary and not inconsistent herewith, and which shall not materially adversely affect the interests of the owners of any Authority Bonds;

(c) to make any modifications or changes necessary or appropriate in the opinion of a firm of nationally recognized standing in the field of law relating to municipal bonds to preserve or protect the exclusion from gross income of interest on the Authority Bonds for federal income tax purposes;

(d) to make any modifications or changes to this Agreement in order to enable the execution and delivery of Authority Bonds on a parity with any Authority Bonds previously issued and to make any modifications or changes necessary or appropriate in connection with the execution and delivery of Authority Bonds;

(e) to make any other modification or change to the provisions of this Agreement which does not materially adversely affect the interests of the owners of any Authority Bonds;

(f) to make changes to the definition of "Project."

Section 18. Miscellaneous.

(a) Headings. The headings of the sections hereof are inserted for convenience only and shall not be deemed a part of this Agreement.

(b) Partial Invalidity. If any one or more of the covenants or agreements provided in this Agreement to be performed should be determined to be invalid or contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

(c) Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

(d) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

(e) Notices. Any notices required or permitted to be given hereunder shall be given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, (c) by Federal Express or another reputable commercial overnight courier that guarantees next day delivery and provides a receipt, or (d) by telefacsimile or telecopy, and such notices shall be addressed as follows:

If to Purchaser: City of Chino
 P.O. Box 428
 Chino, CA 91710
 Attention: Water and Environmental Manager

With a copy to: City of Chino – City Attorney
 El Central Real Plaza
 12616 Central Avenue
 Chino, CA 91710
 Attention: Jim Erickson

If to Authority: Chino Basin Desalter Authority
 c/o Jurupa Community Services District
 8621 Jurupa Road
 Riverside, California 92509

With a copy to: Stradling Yocca Carlson & Rauth
 660 Newport Center Drive
 Newport Beach, CA 92660
 Attention: Douglas Brown

or to such other address as either party may from time to time specify in writing to the other party. Any notice shall be deemed delivered when actually delivered, if such delivery is in person, upon deposit with the U.S. Postal Service, if such delivery is by certified mail, upon deposit with the overnight courier service, if such delivery is by an overnight courier service, and upon transmission, if such delivery is by telefacsimile or telecopy.

(f) Merger of Prior Agreements. This Agreement and the exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof. This Agreement is intended to implement, and should be interpreted consistent with, the Joint Powers Agreement.

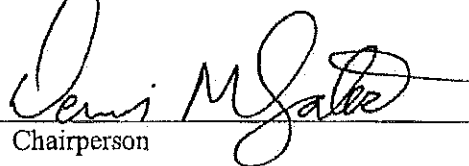
(g) Time of the Essence. Time is of the essence in the performance of this Agreement.

(h) Transportation Agreement. This Agreement constitutes the transportation agreement required to be entered into by the Authority and the Purchaser pursuant to Section 12.1 of the Joint Powers Agreement.

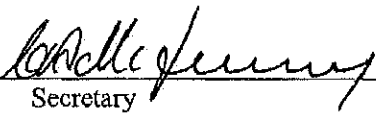
(i) Termination. The Purchaser hereby acknowledges that The Desalter Water Sale and Purchase Contract by and between the City of Chino and the Chino Basin Municipal Water District dated March 19, 1996 (the "Existing Water Purchase Contract") has been terminated.

IN WITNESS WHEREOF the Purchaser has executed this Agreement with the approval of its governing body, and caused its official seal to be affixed and the Authority has executed this Agreement in accordance with the authorization of its Board of Directors.

CHINO BASIN DESALTER AUTHORITY

By: 
Chairperson

Attest:

By: 
Secretary

CITY OF CHINO

By: _____
Mayor

[SEAL]

Attest:

By: _____
City Clerk

IN WITNESS WHEREOF the Purchaser has executed this Agreement with the approval of its governing body, and caused its official seal to be affixed and the Authority has executed this Agreement in accordance with the authorization of its Board of Directors.

CHINO BASIN DESALTER AUTHORITY

By: _____
Chairperson

Attest:

By: _____
Secretary

CITY OF CHINO

By: *Barrie M. Allen*
Mayor

[SEAL]

Attest:

By: *Bonnie J. Varner*
City Clerk

EXHIBIT A

<u>Project Participant</u>	<u>Project Allotment (acre-feet)</u>
City of Chino	5,000
City of Chino Hills	4,200
City of Norco	1,000
City of Ontario	5,000
Jurupa Community Services District	8,200
Santa Ana River Water Company	<u>1,200</u>
	24,600

* Eliminates 400 acre feet of other per Exhibit A to the Term Sheet.

EXHIBIT B

[This opinion shall be delivered upon execution of the Water Purchase Agreement]

January __, 2002

Chino Basin Desalter Authority

City of Chino
P.O. Box 428
Chino, CA 91710

Ladies and Gentlemen:

We are acting as special counsel to the City of Chino (the "Purchaser") under the Water Purchase Agreement, dated as of January 15, 2002 (the "Agreement"), between the Chino Basin Desalter Authority (the "Authority") and the Purchaser, and have acted as general counsel to the Purchaser in connection with the matters referred to herein. As such counsel we have examined and are familiar with (i) documents relating to the existence, organization and operation of the Purchaser provided to us by the Purchaser, (ii) certifications by officers of the Purchaser, (iii) all necessary documentation of the Purchaser relating to the authorization, execution and delivery of the Agreement, and (iv) an executed counterpart of the Agreement. Terms used herein and not otherwise defined have the respective meanings set forth in the Agreement.

Based upon the foregoing and such examination of law and such other information, papers and documents as we deem necessary or advisable to enable us to render this opinion, including the Constitution and laws of the State of California, together with the resolutions, ordinances and public proceedings of the Purchaser, we are of the opinion that:

1. The Purchaser is a general law city, duly created, organized and existing under the laws of the State of California and duly qualified to furnish water service within its boundaries.
2. The Purchaser has legal right, power and authority to enter into the Agreement and to carry out and consummate all transactions reasonably contemplated thereby, and the Purchaser has complied with the provisions of applicable law relating to such transactions.
3. The Agreement has been duly authorized, executed and delivered by the Purchaser, is in full force and effect as to the Purchaser in accordance with its terms and, subject to the qualifications set forth in the second to the last paragraph hereof, and assuming that the Authority has all requisite power and authority, and has taken all necessary action, to authorize, execute and deliver such Agreement, the Agreement constitutes the valid and binding obligation of the Purchaser.
4. The obligations of the Purchaser to make payments under the Agreement from the Revenues of its Purchaser Water System or other lawfully available funds as provided in Section 10 of the Agreement is a valid, legal and binding obligation of the Purchaser enforceable in accordance with its terms.

5. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Purchaser of the Agreement.

6. The authorization, execution and delivery of the Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Purchaser, any commitment, agreement or other instrument to which the Purchaser is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the Purchaser (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Purchaser and its affairs.

7. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to our knowledge, threatened against or affecting the Purchaser or any entity affiliated with the Purchaser or any of its officers in their respective capacities as such, which questions the powers of the Purchaser referred to in paragraph 2 above or the validity of the proceedings taken by the Purchaser in connection with the authorization, execution or delivery of the Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreement, or which would adversely affect the validity or enforceability of the Agreement.

The opinion expressed in paragraphs 3 and 4 above are qualified to the extent that the enforceability of the Agreement may be limited by any applicable bankruptcy, insolvency, reorganization, arrangement, moratorium, or other laws affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein.

This opinion is rendered only with respect to the laws of the State of California and the United States of America and is addressed only to the Chino Basin Desalter Authority and the Purchaser. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

Very truly yours,

EXHIBIT C

[This opinion shall be delivered upon execution of the Water Purchase Agreement]

January __, 2002

Chino Basin Desalter Authority

The Project Participants Listed on
Exhibit A attached hereto

Ladies and Gentlemen:

We are special counsel to the Chino Basin Desalter Authority (the "Authority") and are familiar with those certain Water Purchase Agreements, dated as of January 15, 2002 (each, an "Agreement"), between the Authority and each of the water contractors identified on Exhibit A attached hereto (each, a "City") in connection with the matters referred to herein. As special counsel we have examined and are familiar with (i) documents relating to the existence, organization and operation of the Authority provided to us by the Authority, (ii) certifications by officers of the Authority, (iii) all necessary documentation of the Authority relating to the authorization, execution and delivery of the Agreement, and (iv) an executed counterpart of the Agreement. Terms used herein and not otherwise defined have the respective meanings set forth in the Agreement.

Based upon the foregoing and such examination of law and such other information, papers and documents as we deem necessary or advisable to enable us to render this opinion, including the Constitution and laws of the State of California, together with the resolutions, ordinances and public proceedings of the Authority, we are of the opinion that:

1. The Authority is a joint exercise of powers agency duly created, organized and existing under the laws of the State of California.
2. The Authority has legal right, power and authority to enter into the Agreement and to carry out and consummate all transactions reasonably contemplated thereby, and the Authority has complied with the provisions of applicable law relating to such transactions.
3. The Agreement has been duly authorized, executed and delivered by the Authority, is in full force and effect as to the Authority in accordance with its terms and, subject to the qualifications set forth in the second to the last paragraph hereof, and assuming that each City has all requisite power and authority, and has taken all necessary action, to authorize, execute and deliver such Agreement, the Agreement constitutes the valid and binding obligation of the Authority.
4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Authority of the Agreement.
5. The authorization, execution and delivery of the Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Authority, any commitment, agreement or

other instrument to which the Authority is a party or by which it or its property is bound or affected, or, to the best of our knowledge, any ruling, regulation, ordinance, judgment, order or decree to which the Authority (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Authority and its affairs.

6. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to our knowledge, threatened against or affecting the Authority or any of its officers in their respective capacities as such, which questions the powers of the Authority referred to in paragraph 2 above or the validity of the proceedings taken by the Authority in connection with the authorization, execution or delivery of the Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreement, or which, in any way, would adversely affect the validity or enforceability of the Agreement.

The opinion expressed in paragraph 3 above is qualified to the extent that the enforceability of the Agreement may be limited by any applicable bankruptcy, insolvency, reorganization, arrangement, moratorium, or other laws affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein.

This opinion is rendered only with respect to the laws of the State of California and the United States of America and is addressed only to the Authority and the Project Participants. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

Respectfully submitted,

EXHIBIT “E”

DENNIS R. YATES
Mayor

EUNICE M. ULLOA
Mayor Pro Tem



GLENN DUNCAN
EARL C. ELROD
TOM HAUGHEY
Council Members

MATTHEW C. BALLANTYNE
City Manager

CITY of CHINO

January 7, 2015

Chino Basin Watermaster Board of Directors
Chino Basin Watermaster Advisory Committee
Chino Basin Watermaster Pool Committees
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

Subject: Notice of Intent to Change Operating Safe Yield

The City of Chino objects to the proposed Notice of Intent, attached hereto, in that it fails to notify the Appropriative Pool or any of its members as to any change in the Operating Safe Yield, the date when any such change will occur, or the direction of any such change.

The absence of such information makes it impossible for the Appropriative Pool or any of its members, including the City of Chino, to respond in any material manner.

The City of Chino reserves all of its rights as to any future action of Watermaster based upon the proposed Notice and Section 3 of Exhibit I to the Judgment entered in Chino Basin Municipal Water District v. City of Chino, et al, San Bernardino Superior Court, Case No. RCS 51010 (formerly Case No. 164327) as Restated (Exhibit "T", Paragraph 3.(b), Page 73).

Respectfully,

David G. Crosley, P.E.
Water & Environmental Manager

DC/djm

Attachment: (Notice of Intent, Appropriative Pool Committee
January 8, 2015 Meeting Agenda Item No. V.I)



NOTICE OF INTENT

Watermaster's "Notice of Intent" to Change the Operating Safe Yield of the Chino Groundwater Basin

PLEASE TAKE NOTICE that on this 22nd day of January 2015, the Chino Basin Watermaster hereby adopts this "Notice of Intent" to change the Operating Safe Yield of the Chino Groundwater Basin pursuant to the Judgment entered in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino Superior Court, Case No. RCV 51010 (formerly Case No. 164327) as Restated (Exhibit "I", Paragraph 3.(b), Page 73).

Approved by:

CHINO BASIN WATERMASTER
BOARD OF DIRECTORS CHAIR

Signature: _____

Attest:

CHINO BASIN WATERMASTER
BOARD OF DIRECTORS SECRETARY/TREASURER

Signature: _____

1 Jimmy L. Gutierrez (SBN 59448)
2 Arturo N. Fierro (SBN 141091)
3 GUTIERREZ, FIERRO & ERICKSON, A.P.C.
4 12616 Central Avenue
5 Chino, California 91710
6 Telephone: (909) 591-6336
7 Facsimile: (909) 628-9803

8 Attorneys for Defendant, City of Chino

9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
10 **FOR THE COUNTY OF SAN BERNARDINO – RANCHO CUCAMONGA DISTRICT**

11 CHINO BASIN MUNICIPAL WATER
12 DISTRICT,

13 Plaintiff,

14 v.

15 CITY OF CHINO, et al.,

16 Defendants.

CASE NUMBER: RCV 51010
[Assigned for All Purposes to the Honorable
Stanford E. Reichert]

**DECLARATION OF ROBERT
SHIBATANI IN SUPPORT OF CITY OF
CHINO'S OPPOSITION TO
WATERMASTER'S MOTION
REGARDING 2015 SAFE YIELD
RESET AGREEMENT, AMENDMENT
OF RESTATED JUDGMENT,
PARAGRAPH 6**

[Filed concurrently with Opposition to
Watermaster's Motion, Objections to
Declaration of Mark Wildermuth and Proposed
Order, Objections to Declaration of Peter
Kavounas and Proposed Order, Declaration of
David G. Crosley]

Date: February 26, 2016
Time: 1:30 p.m.
Dept.: R6

(FEE-EXEMPT PURSUANT TO GOVERNMENT
CODE § 6103)

21 **DECLARATION OF ROBERT SHIBATANI**

22 I, Robert Shibatani, declare as follows:

23 1. I am the founder and President of The Shibatani Group, Inc., a water resources
24 and climate change hydrology firm based on Sacramento, California. I am a hydrological

1 consultant to the City of Chino in the matter of the Watermaster's Motion Regarding 2015
2 Safe Yield Reset Agreement, Amendment Of Restated Judgment, Paragraph 6.

3 2. This Declaration sets out my professional opinions on certain aspects of the
4 Safe Yield Reset, based on my hydrological experience and background.

5 **I. QUALIFICATIONS**

6 3. I am a physical hydrologist with a Master's degree in watershed runoff
7 hydrology and 32 years of combined academic, research, and consulting experience with
8 focus on long-term California water storage development, water supply planning, and
9 changing water management priorities and principles under future climate change.

10 4. I have testified as the key witness before the House Subcommittee on Water and
11 Power on the development of new water supplies for the U.S., focusing on the benefits of new
12 high elevation storage, the effects of a changing climate on water resources throughout the
13 western States, and the necessity to close the flood control/water supply "gap" as a vital step
14 in new U.S. domestic water policy.

15 5. I have testified as the key U.S. expert witness on the use of hydrometric data,
16 watershed hydrology, and dam/reservoir operations before The High Court in the matter of
17 University College Cork –National University of Ireland v The Electricity Supply Board, the
18 largest river flood damage case in the history of the Republic of Ireland.

19 6. I have advised senior staff of Assembly Speaker Anthony Rendon, author of the
20 \$7.5 billion Water Bond on various CVP/SWP operational, high elevation, and climate
21 change hydrology matters related to the new water storage provisions under the Water Bond;
22 the recognition of the California voters of the urgent need to develop new water storage
23 across the State in light of current and future anticipated droughts.

24 7. I have advised past and current Chairs and staff of the California Water
25 Commission on how to develop and implement the Regulations for the Water Storage
26 Investment Program (WSIP) as authorized under the Water Quality, Supply, and
27 Infrastructure Improvement Act of 2014 (Proposition 1) specific to the use of appropriate
28 hydrologic baselines, future hydrology, and the risks of continuing to rely on historic data..

1 8. I have appeared on an expert panel before the Delta Stewardship Council to
2 discuss how new water storage across the State can best be integrated into a new and updated
3 Delta Vision plan and how such new water storage can exist within the context of the
4 currently proposed (California) WaterFix.

5 9. I have and/or continue to advise the appointees and executive branches of
6 various California water regulatory agencies, councils, and associations, including the State
7 Water Resources Control Board, Central Valley Regional Water Quality Control Board,
8 California Water Commission, Delta Stewardship Council, U.S. Bureau of Reclamation
9 WaterSMART, Association of California Water Agencies, CALAFCO, Environmental Water
10 Resources Institute (American Society of Civil Engineers), as well as various international
11 water associations on water supply development needs across the State, new dam/reservoirs,
12 and the implementation of climate change sensitized approaches to determining future water
13 availability.

14 10. I am intimately familiar with watershed (basin or catchment) water budgets,
15 their derivation, application, and limitations.

16 11. I am intimately familiar with basin hydrological processes; including
17 hydroclimatic variability, precipitation measurement, runoff generation,
18 infiltration/percolation, storage losses, routing procedures, and mass balancing of annual
19 basin water accounting.

20 **II. SCOPE OF REVIEW**

21 12. I have reviewed the Watermaster's Motion Regarding 2015 Safe Yield Reset
22 Agreement, Amendment if Restated Judgment, Paragraph 6.

23 13. I have reviewed the "2013 Chino Basin Groundwater Model Update and
24 Recalculation of Safe Yield Pursuant to the Peace Agreement", dated January 2014 as well as
25 the updated "2013 Chino Basin Groundwater Model Update and Recalculation of Safe Yield
26 Pursuant to the Peace Agreement", dated October, 2015.

27 ///

28 ///

III. NET RECHARGE APPROACH USING WATER BUDGET

14. The methodological approach used by the Watermaster to develop the Safe Yield Reset value is based primarily on a *net recharge* calculation. This approach uses a developed water budget for the basin, taking all inputs to and outputs from the basin and calculates the differential. Where the inputs are greater than the outputs, the net recharge is positive; where the opposite occurs, it is negative. This is consistent with the continuity equation principle. To facilitate the net recharge calculation, a water budget is first generated for each consecutive year. The various model(s) relied upon by the Watermaster provide some elements of the water budget, other elements are derived from established records from water production/use projections, while still other elements are computed. The water budget is provided in Table 7-6, Water Budget for Chino Basin (2011-2050) Scenario 5A in Exhibit 1 to Declaration of Mark Wildermuth "2013 Chino Basin Groundwater Model Update and Recalculation of Safe Yield Pursuant to the Peace Agreement", dated October, 2015.

15. For the Safe Yield established by the Watermaster, the annual net recharge calculation follows Equation 5 from page 7-2 of Exhibit 1 to Declaration of Mark Wildermuth "2013 Chino Basin Groundwater Model Update and Recalculation of Safe Yield Pursuant to the Peace Agreement", dated October, 2015 and is stated as:

$$\text{Net recharge} = \Delta S / \Delta t + O_p - I_{ar}$$

where,

ΔS is the change in storage

Δt is the time period

O_p is the total output from production (groundwater pumping)

I_{ar} is the total input of artificial recharge from supplemental water

Net recharge is, therefore, the total groundwater production (i.e., CDA pumping, overlying non-Ag and appropriative pools, and overlying Ag pools) less any artificially recharged supplemental water, defined as both recycled water recharge and imported water recharge, plus the storage change in the basin in any given year.

16. When compared against the water budget (i.e., Table 7-6), annual net recharge is calculated as the sum of total groundwater production (columns, 12, 13, and 14 in Table 7-

1 6), less artificial recharge (columns 8 and 9), plus the storage change of the basin, reflected by
2 column 19. Note that artificial recharge is subtracted.

3 17. In my opinion, removing artificial recharge water in the annual net recharge
4 calculation (by subtracting it), reduces the basin recharge component unnecessarily. Both
5 recycled water recharge and imported water recharge, regardless of source, provide a recharge
6 component to the underlying aquifer. In other words, they both represent legitimate inputs to
7 the basin. If the water budget for the basin is to be *comprehensive*, then all recharge
8 components should be included and not preferentially removed. By removing artificial
9 recharge from the net annual recharge calculation, one assumes that less water is made
10 available to the basin aquifer than would have realistically occurred. This skews the net
11 recharge calculation. When both recharge components mentioned above (i.e., recycled and
12 imported water recharge) are *retained* in the computation as water *inputs* to the basin, annual
13 net recharge increases, in some years, dramatically. In 2001, for example, it would be
14 154,983 AF. In 2012, with significant imported water recharge of over 22,000 AF, the net
15 recharge would be 165,179 AF. And even in a year where imported water recharge was zero,
16 the net recharge would be 139,793 AF.

17 **IV. SAFE YIELD AND NET RECHARGE**

18 18. The Stipulated Agreement for the Chino Basin defines Safe Yield as:

19 “[T]he long-term average annual quantity of groundwater (excluding
20 replenishment or stored water but including return flow to the basin from the use
21 of replenishment or stored water) which can be produced from the Basin under
22 cultural conditions of a particular year without causing an undesirable result”

23 19. The Watermaster’s calculated annual net recharge is equated to Safe Yield.
24 This is an important point since the definition contains numerous facets or elements that
25 describe Safe Yield and it is instructive to review how the derived Safe Yield either met or
26 did not meet each of those definitional elements (e.g., “long-term”, “stored water”, “cultural
27 conditions”, and “undesirable result”).

28 ///

1 20. A net recharge approach is one way to establish Safe Yield, but not the only
2 way. In fact, the net recharge approach is not required by the Judgment. Most importantly,
3 the net recharge approach is just that, an *approach* to derive Safe Yield. It is not equivalent to
4 Safe Yield. They are not synonymous.

5 21. By definition, a net recharge approach in setting an aquifer Safe Yield assumes
6 a *no net loss* of the groundwater stores. As hydrologists and groundwater practitioners have
7 recognized for decades, the Safe Yield concept, while widely used, is not without controversy.
8 As Freeze and Cherry¹ noted, “...*there has always been widespread dissatisfaction with it.*”
9 Most practitioners acknowledge that Safe Yield determinations do not necessarily account for
10 important socioeconomic factors that are part of a framework for groundwater optimization.
11 Economic and social influences and the priorities that they imbue, are necessary
12 considerations in jurisdictions where surface water resources are limited and subject to
13 periodic, but often economic constricting droughts where, groundwater, becomes a vital water
14 supply. In fact, as noted by Freeze and Cherry, “...*groundwater only has value by virtue of its*
15 *use, and the optimal yield must be determined by the selection of an optimal groundwater*
16 *management scheme...*”. [Emphasis added] This suggests that inherently, groundwater
17 storage is meant to be *used*, not stored indefinitely under a management scheme that purports
18 a no net loss policy. Groundwater management, therefore, has two boundary conditions
19 involving the optimization of groundwater yield; either extensive extraction from storage or,
20 complete conservation under a no net loss policy. While Freeze and Cherry acknowledge that
21 the ideal optimal management scheme likely lies between these two boundary conditions, they
22 concede that under certain circumstances, optimal yields may “...*involve mining*
23 *groundwater, perhaps even to depletion.*” Limiting Safe Yield to an annual net recharge
24 calculation assumes the opposite end of the optimal groundwater yield spectrum; namely,
25 preserving complete conservation of water already in storage.

26
27
28 ¹ R.A. Freeze and J.A. Cherry (1979) GROUNDWATER, Prentice-Hall, Englewood Cliffs, NJ, 604 p.

1 22. Safe Yield, from its early applications, always represented the limit to which
2 groundwater extraction could occur, beyond which, an overdraft condition was said to exist.
3 The “undesired results” (or *undesirable results*, used in the Chino Basin context)
4 characterized the threshold for that overdraft condition and, hence, the upper boundary for
5 which groundwater extraction (or production) could occur without imparting any undesired
6 results. The Safe Yield definition provided by the Judgment also includes the provision for
7 “undesirable results”.

8 **V. UNDESIRABLE RESULTS**

9 23. The Watermaster methodology for calculating Safe Yield includes the following
10 statement, “...[Q]ualitatively evaluate whether the groundwater production at the net
11 recharge rate estimated in [4] above will cause or threaten to cause “undesirable
12 results”...” (see Methodology to Reset Safe Yield Using Long-Term Average Hydrology and
13 Current and Projected Future Cultural Conditions; Item 5, page 2 of Exhibit A to the Safe
14 Yield Reset Agreement). Three related observations are noteworthy regarding this statement.

15 **VI. QUALITATIVE EVALUATION**

16 24. The first, relates to the *qualitative* evaluation of whether an undesirable result
17 can or would occur. It is unclear why a *qualitative* evaluation is proposed when the water
18 budget, its various inputs/outputs, and the extensive hydrologic/groundwater modeling used to
19 derive various elements of the water budget all either use, rely on, or generate, *quantitative*
20 data. Clearly, data exists that would make such determinations more easily recognizable and
21 measurable if it were done so in a quantitative manner. If the evaluation process for
22 “undesirable results” were based on a quantitative assessment, the specific thresholds or
23 exceedance levels that would define the “undesirable result” conditions, could be
24 unmistakably presented, thus eliminating any speculation, and provide each stakeholder with
25 a distinct and verifiable means of determining whether an “undesirable result” condition
26 existed.

27 ///

28 ///

1 **VII. THRESHOLDS DETERMINING UNDESIRABLE RESULTS**

2 25. The second observation relates to the fact that there is no apparent threshold of
3 what constitutes an “undesirable result”. Without establishing such thresholds, and
4 demonstrable proof that certain water extractions would exceed those thresholds, it is
5 impossible to say that the calculated Safe Yield is protective against any “undesirable result”.

6 **VIII. UNDESIRABLE RESULTS AS AN *A PRIORI* DETERMINATION**

7 26. The third observation is that ideally, the Watermaster should have characterized
8 and identified specific thresholds defining various “undesirable result” conditions at the
9 beginning of the Safe Yield reset process before the water budgeting process and presented
10 that information. This would have served as the baseline or threshold for all ensuing Safe
11 Yield discussions. Once these “undesirable results” were identified (and quantified), the
12 annual net recharge water budgeting exercise could have then been undertaken. Values could
13 have been “adjusted”, if necessary, pursuant to the “undesirable result” thresholds, in order to
14 establish the final calculated Safe Yield value. At present, there is no direct application of
15 “undesirable results” to the water budgeting process to derive annual net recharge and its
16 subsequent translation into Safe Yield (see Table 7-6, Water Budget for Chino Basin (2011-
17 2050) Scenario 5A in Exhibit 1 to Declaration of Mark Wildermuth “2013 Chino Basin
18 Groundwater Model Update and Recalculation of Safe Yield Pursuant to the Peace
19 Agreement”, dated October, 2015).

20 **VIII. LONG-TERM HISTORIC PRECIPITATION**

21 27. The most significant shortcoming of the calculated Safe Yield Reset, based
22 again on the annual projected water budget, is the exclusive reliance on historic precipitation
23 data. Precipitation is the key driver of any water balance; it is the fundamental input to a
24 basin water budget and must be accurately identified for the period over which the proposed
25 action (i.e., Safe Yield Reset) is to be implemented. Using a *historic* precipitation record,
26 regardless of its long-term historic breadth, when attempting to define a *future* hydrologic
27 condition is inappropriate and unsupported by contemporary hydrologic researchers and
28 practitioners. A robust and extensive historic record, while capable of accurately delineating

1 *past trends*, is of little use in delineating *future conditions*, if one accepts that climatic shifting
2 is occurring. Using historic data that no longer represents future conditions can skew a water
3 budget and, thus, all of the ensuing calculations and applications that are based on that
4 original water budget. It could easily affect calculated annual net recharge and, hence, the
5 estimated Safe Yield.

6 28. The Safe Yield definition acknowledges the importance of a *long-term* average.
7 In fact, the phrase *long-term* in the Safe Yield definition is actually tied to groundwater
8 production. The Watermaster methodology assumes this to mean *historical* long-term
9 average for precipitation (see Methodology to Reset Safe Yield Using Long-Term Average
10 Hydrology and Current and Projected Future Cultural Conditions; Item 2, page 2 of Exhibit A
11 to the Safe Yield Reset Agreement). The Safe Yield definition does not specify the use of
12 *historic* long-term averages, it merely implies, use of a long-term average. And while it is
13 equally true that the Safe Yield definition also does not specify the use of *future projected*
14 long-term averages, one can ask the reasonable question, "*When developing a new future*
15 *oriented Safe Yield, is it more suitable to use future projected precipitation data or historic*
16 *precipitation data?*"

17 29. The answer to the above question depends on whether one accepts that climatic
18 shifting is occurring in the State of California and whether it will continue to affect water
19 resources within the State.

20 30. The State of California has accepted climate change as a real threat to the
21 State's future water supplies and worthy of deliberate efforts to incorporate its various facets
22 into current water resources planning (e.g. California Global Warming Solutions Act, 2006;
23 California Climate Adaptation Strategy 2009; Department of Water Resources Climate Action
24 Plan – Phase III – Climate Change Vulnerability Assessment and Adaptation Plan (VAAP);
25 Climate Change Handbook for Regional Water Planning 2011; Department of Water
26 Resources – Climate Change Framework Workgroup 2012; Perspectives and Guidance for
27 Climate Change Analysis 2015). This acknowledgment is consistent with official U.S.
28 climate policy under the President's Climate Action Plan and Executive Order 13653 – Task

1 Force on Climate Preparedness and Resilience, as well as numerous programs and initiatives
2 supporting climate change analysis (e.g., U.S. Global Change Research Program; U.S.
3 National Climate Assessment; Subcommittee on Water Availability and Quality under the
4 National Science and Technology Council's Committee on Environment, Natural Resources,
5 and Sustainability; SECURE Water Act 2009, etc.). At both the State and federal levels,
6 climate change and its implications to water resources and its critical planning efforts are
7 recognized. Today, ample guidance exists and is provided by many State and federal water
8 agencies to ensure proper inclusion of climate change in water planning.

9 31. California's Climate Action Team currently includes 18 relevant State agencies,
10 notably including those with water resources authority or interest; the California State Water
11 Resources Control Board, California Department of Water Resources, California Natural
12 Resources Agency, California Environmental Protection Agency, California Public Utilities
13 Commission, and California Department of Fish & Wildlife, among others.

14 32. The reason why inclusion of a future climate-sensitive hydrologic dataset is
15 critical is because future anticipated changes in precipitation, and therefore, water availability,
16 will affect all processes within the hydrologic cycle (e.g., runoff, infiltration, antecedent soil
17 moisture, potential ET, groundwater recharge, etc.). Warming temperatures and its effects on
18 the intricate teleconnections between the atmosphere and oceanic surfaces result in changing
19 climatic circulatory patterns, atmospheric moisture content, and the resultant shifts in land
20 falling precipitation patterns. It is widely known that for California and, specifically southern
21 California, such changes will result in changing precipitation patterns, often in extreme ways
22 that will affect water availability. This will include effects to both surface and subsurface
23 water storage reserves. Since the basin's annual net recharge is driven by precipitation inputs,
24 this could change both it and the Safe Yield estimate.

25 33. Of notable concern are the extremes associated with these anticipated changing
26 precipitation patterns. Such events represent a shift in the amount of water, seasonal
27 distribution, and storm-specific excesses that are anticipated to occur in the future, relative to
28 past conditions. Changing storm characterizations (e.g., intensity, magnitude, duration, and

1 frequency), their landfall trajectories, and prolonged *atmospheric river* systems, are expected
2 to have notable effects on water availability and thus, any water planning effort involving
3 precipitation inputs. Again, for any water budgeting calculation, additional seasonal
4 precipitation could alter recharge, thereby affecting annual net recharge and consequently,
5 estimated Safe Yield.

6 34. Unlike a decade ago, when access to many of the climate change modeling data
7 archives was limited and generation of independent global climate model simulations were
8 cost prohibitive, these data are now readily accessible. Their complex downscaling, bias
9 corrections, model calibration, and processing steps have already been completed by various
10 institutions (e.g., NASA, NCAR, USGS, etc.). Consequently, these data can now be easily
11 accessed by water practitioners and planners. In other words, there is no prohibitive financial
12 or technical reason why water agencies today should not be using the extensive archived data
13 that is now available to the general public. These data are now considered the *best available*
14 information.

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

17 Executed on this 19th day of January, 2016, in Sacramento, California.

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21 

22
23 ROBERT SHIBATANI
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CHINO BASIN WATERMASTER
Case No. RCV 51010
Chino Basin Municipal Water District v. The City of Chino

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, 9641 San Bernardino Road, Rancho Cucamonga, California 91730; telephone (909) 484-3888.

On January 19, 2016 I served the following:

1. CITY OF CHINO'S OPPOSITION TO WATERMASTER'S MOTION REGARDING 2015 SAFE YIELD RESET AGREEMENT, AMENDMENT OF RESTATED JUDGMENT, PARAGRAPH 6
2. CITY OF CHINO'S OBJECTIONS TO DECLARATION OF MARK WILDERMUTH SUBMITTED WITH WATERMASTER'S MOTION REGARDING 2015 SAFE YIELD RESET AGREEMENT, AMENDMENT OF RESTATED JUDGMENT, PARAGRAPH 6
3. [PROPOSED] ORDER TO CITY OF CHINO'S OBJECTIONS TO DECLARATION OF MARK WILDERMUTH SUBMITTED WITH WATERMASTER'S MOTION REGARDING 2015 SAFE YIELD RESET AGREEMENT, AMENDMENT OF RESTATED JUDGMENT, PARAGRAPH 6
4. CITY OF CHINO'S OBJECTIONS TO DECLARATION OF PETER KAVOUNAS SUBMITTED WITH WATERMASTER'S MOTION REGARDING 2015 SAFE YIELD RESET AGREEMENT, AMENDMENT OF RESTATED JUDGMENT, PARAGRAPH 6
5. [PROPOSED] ORDER TO CITY OF CHINO'S OBJECTIONS TO DECLARATION OF PETER KAVOUNAS SUBMITTED WITH WATERMASTER'S MOTION REGARDING 2015 SAFE YIELD RESET AGREEMENT, AMENDMENT OF RESTATED JUDGMENT, PARAGRAPH 6
6. DECLARATION OF DAVID G. CROSLY IN SUPPORT OF CITY OF CHINO'S OPPOSITION TO WATERMASTER'S MOTION REGARDING 2015 SAFE YIELD RESET AGREEMENT, AMENDMENT OF RESTATED JUDGMENT, PARAGRAPH 6
7. DECLARATION OF ROBERT SHIBATANI IN SUPPORT OF CITY OF CHINO'S OPPOSITION TO WATERMASTER'S MOTION REGARDING 2015 SAFE YIELD RESET AGREEMENT, AMENDMENT OF RESTATED JUDGMENT, PARAGRAPH 6

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

See attached service list: Mailing List 1

/ BY PERSONAL SERVICE: I caused such envelope to be delivered by hand to the addressee.

/ BY FACSIMILE: I transmitted said document by fax transmission from (909) 484-3890 to the fax number(s) indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting fax machine.

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Executed on January 19, 2016 in Rancho Cucamonga, California.

A handwritten signature in cursive script, appearing to read "Janine Wilson", written over a horizontal line.

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