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EXEMPT FROM FILING FEES
PURSUANT TO GOV. CODE, § 6103

9
10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 COUNTY OF SAN BERNARDINO

12 CHINO BASIN MUNICIPAL WATER
DISTRICT,

13 Plaintiff,

14 v.

15 CITY OF CHINO, et al.,

16 Defendants.

CASE NO. RCVRS 51010

ASSIGNED FOR ALL PURPOSES TO
HONORABLE STANFORD E. REICHERT

DECLARATION OF COURTNEY JONES
IN SUPPORT OF CITY OF ONTARIO'S
COMBINED REPLY TO OPPOSITIONS

RE: APPLICATION FOR AN ORDER TO
EXTEND TIME UNDER JUDGMENT,
PARAGRAPH 31(c) TO CHALLENGE
WATERMASTER ACTION/DECISION
ON NOVEMBER 18, 2021 TO APPROVE
THE FY 2021/2022 ASSESSMENT
PACKAGE. IF SUCH REQUEST IS
DENIED, THIS FILING IS THE
CHALLENGE

Hearing:

Date: June 17, 2022

Time: 1:30 p.m.

Dept. S35

1 I, Courtney Jones, declare as follows:

2 1. I have personal knowledge of the facts stated in this Declaration and, if called as a
3 witness, could and would testify competently to those facts.

4 2. I am the Water Resources and Regulatory Affairs Director at the City of Ontario
5 (“Ontario”) and have held that position since March 2021. Prior to March 2021, I was employed
6 by Ontario as a Senior Associate Civil Engineer and subsequently the Water Resources Manager.

7 3. I make this Declaration in support of Ontario’s Combined Reply to the Oppositions
8 of Watermaster, Fontana Water Company and Cucamonga Valley Water District, and Inland
9 Empire Utilities Agency to the Application for an Order to Extend Time Under Judgment,
10 Paragraph 31(c) to Challenge Watermaster Action/Decision on November 18, 2021 to Approve the
11 FY 2021/2022 Assessment Package

12 **I.WATERMASTER AUTHORITY**

13 **A. 2019 Letter Agreement Approval, 2015 Amendment Approval, and Impact to**
14 **Performance Criteria**

15 4. Watermaster did not have the authority to approve the 2019 Letter Agreement at a
16 staff level and/or defer their obligations as required by Court orders and court approved agreements
17 to another agency.

18 5. As outlined in the Section II, below, the Funding Agreement, the Storage
19 Agreement and a subsequent material amendment, Amendment 8, to the Dry Year Yield Program
20 (“DYY Program”) were approved through the Watermaster Approval Process with amendments to
21 Local Agency Agreements. This included compliance with the the Watermaster Approval Process
22 as agendized business items with proper notice.

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6. The chart below compares the 2015 Amendment No. 8 timeline versus 2019 Letter Agreement Timeline. A flow chart depicting the approval process for the 2015 Amendment No. 8 and the 2019 Letter Agreement are attached as Exhibits 1 and 2. (See RJN, Exs. 20-25, 34-36.)

Milestones	2015 Amendment No. 8	2019 Letter Agreement
Consideration amongst Operating Parties	Prior to June 2014	Prior to September 2018
Local Agency Agreements with IEUA	Amended between June & December 2014	No Amendments
Watermaster Pool Meeting Item	10/09/2014 - Agenda Item for Approval	09/13/2018 - GM Report Item, no approval
Watermaster Advisory Committee Meeting	10/16/2014 - Agenda Item for Approval	09/20/2018 - GM Report Item, no approval
Watermaster Board Meeting	10/23/2014 - Agenda Item for Approval	09/27/2018 - GM Report Item, no approval
Watermaster General Manager Signature	October 28, 2014	February 19, 2019
Fully Executed	January 23, 2015	March 20, 2019

7. The Funding Agreement has been amended eight times since the initial agreement was signed. Amendments Nos. 1 thru 7 were not approved through the Watermaster Approval Process because, according to Watermaster’s own staff report, “[p]rior amendments to the Agreement pertain to the completion timing of facilities and changes in sources of funds...” (See RJN, Ex. 25 at p. 2.) The amendments include:

- (a) Amendment No. 1 to Funding Agreement, dated May 6, 2004
- (b) Amendment No. 2 to Funding Agreement, dated August 31, 2004
- (c) Amendment No. 3 to Funding Agreement, dated 2005
- (d) Amendment No. 4 to Funding Agreement, dated May 16, 2008
- (e) Amendment No. 5 to Funding Agreement, dated March 6, 2009
- (f) Amendment No. 6 to Funding Agreement, dated September 2, 2009
- (g) Amendment No. 7 to Funding Agreement, dated July 2010
- (h) Amendment No. 8 to Funding Agreement, dated January 28, 2015

8. The 2015 Amendment No. 8 would be the first actual amendment to the DYY Program (not the Funding Agreement) since it amended the performance criteria and needed the amending of the Local Agency Agreements, which all are based on that performance criteria. The performance criteria are included in the Funding Agreement, but as stated in Section II. below, the DYY Program itself is comprised of the Local Agency Agreements (which contain the performance criteria) and the Storage Agreement.

9. The 2019 Letter Agreement amended both performance criteria (by removing the shift obligation and made production out of the DYY Program as voluntary without needing an MWD Call) and changed who could participate in the DYY Program (Fontana Water Company was not part of the DYY Program since they had no local agency agreement). Watermaster staff did not have the authority to approve and sign this 2019 Letter Agreement without approval through the Watermaster Approval Process. The 2019 Letter Agreement changed the performance criteria and should have been approved through the Watermaster Approval Process as an Amendment to the DYY Program.

10. The chart below illustrates the change in the performance criteria caused by the 2019 Letter Agreement when compared to the original DYY Program.

DYY Performance Criteria 2004 vs FY 2021/22 Assessment Package

Appropriator	2004 - Original DYY Agreement		FY 2021/22 Assessment Package	
	Req. IW Shift (AF)	Req. DYY GW Take (AF)	Req. IW Shift (AF)	Req. DYY GW Take (AF)
City of Chino	1,159	1,159	0	0
City of Chino Hills	1,448	1,448	0	0
City of Ontario	8,076	8,076	0	0
City of Pomona	2,000	2,000	0	0
City of Upland	3,001	3,001	0	0
Cucamonga Valley Water District	11,353	11,353	0	20,500
Fontana Water Company	No Local Agency Agreement		0	2,500
Jurupa Community Services District	2,000	2,000	0	0
Monte Vista Water District	3,963	3,963	0	0
Total	33,000	33,000	0	23,000

1 (Compare RJN, Ex. 11 and Ex. 60.)

2 11. Watermaster authority in regard to cooperation with other agencies is limited under
3 the Judgment. “Subject to prior recommendation or approval of the Advisory Committee,
4 Watermaster may act jointly or cooperate with agencies of the United States and the State of
5 California or any political subdivisions, municipalities or districts or any person to the end that the
6 purpose of the Physical Solution may be fully and economically carried out.” (See RJN, Ex. 1 at
7 ¶ 26.)

8 12. Under the Judgment, the powers and functions of the Advisory Committee includes:
9 “In the event Watermaster proposes to take discretionary action, other than approval or disapproval
10 of a Pool Committee action or recommendation property transmitted, or execute any agreement not
11 theretofore within the scope of an Advisory Committee recommendation, notice of such intended
12 action shall be served on the Advisory Committee and its members at least thirty (30) days before
13 the Watermaster meeting at which such action is finally authorized.” (See RJN, Ex. 1 at ¶ 38(b)[2],
14 Ex. 3 at pp. 18, 21, 25.)

15 13. The 2019 Letter Agreement revised court orders and court approved agreements,
16 was not properly noticed, and was not authorized at any Watermaster meeting.

17 **B. Proper Noticing - 2012 Non-Agricultural Pool versus Appropriative Pool Ruling and**
18 **Appeal**

19 14. In 2010, the Non-Agricultural Pool (“Non-Ag Pool”) filed a motion to have the court
20 find and declare pursuant to paragraph 31 of the Judgment that, (1) Watermaster on behalf of the
21 Appropriative Pool did not deliver to the members of the Non-Agricultural pool a notice of intent
22 to purchase in the time and manner required by the purchase and sale agreement for the purchase
23 of water by Watermaster from the overlying (Non-Agricultural) pool dated September 27, 2007
24 (see RJN, Ex. 33 at Ex. G); and (2) all of the water subject thereto should be restored to the accounts
25 of the members of the Non-Agricultural (overlying) pool. (*Id.*, Ex. 4 at 3:11-17.)

26 15. “The trial court ruled that the Watermaster did give notice, by means of the agenda
27 packages and the related discussions...” (RJN, Ex. 5 at p. 3.)

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16. The Non-Ag Pool appealed the ruling and contended that:

“The Trial Court erred by finding that the Watermaster give notice, because:

- (a) The notice never became final.
- (b) The Watermaster did not give notice in the manner specific in the judgment.
- (c) The Watermaster did not give notice to individual members of the Non-Agricultural Pool.
- (d) Participants in meetings did not actually receive an agenda package; they merely received an email saying that the agenda package was available online.” (RJN, Ex. 5 at p. 4.)

17. The Court of Appeal agreed with the Non-Ag Pool’s contention. “We agree that the notice never became final. Or, to put it another way, everything that was communicated to the Non-Agricultural Pool (or its representative) about giving notice or purchasing the water came with the caveat that the Watermaster had not yet definitively decided to do either; thus, these communications did not constitute notice of intent to purchase.” (RJN, Ex. 5 at p. 4.) The Court of Appeal concluded that it “must reverse the trial court’s order.” (*Id.* at p. 5.)

18. On June 29, 2012 the Trial Court reversed its ruling pursuant to the order of the Court of Appeal. (RJN, Ex. 6.)

II. DRY YEAR YIELD PROGRAM DEFINED

A. 2003 Funding Agreement

19. The Groundwater Storage Program Funding Agreement (“Funding Agreement”) was approved through the Chino Basin Watermaster approval process in February 2003 and signed by the Metropolitan Water District (“MWD”), Inland Empire Utilities Agency (“IEUA”), Three Valleys Municipal Water District (“TVMWD”), and Chino Basin Watermaster (“Watermaster”) in June 2003. (See Request for Judicial Notice (“RJN”), Ex. 11.) This Funding Agreement was ultimately approved via a June 5, 2003 Court Order (“2003 Court Order”). (*Id.*, Ex. 12.) A flow chart depicting the approval process for the Funding Agreement is attached as Exhibit 3.

20. As stated within the 2003 Court Order, “Watermaster takes the position that the Funding Agreement itself is a not a ‘Storage Agreement,’ as that term is used in the Judgment. ‘[W]hile the [Funding] Agreement commits the parties to allocate 100,000 AF of the 500,000 AF Storage and Recovery Program to Metropolitan, the specific location and operation of the facilities

1 necessary to accomplish this commitment must still be analyzed by Watermaster under the Material
2 Physical Injury standard of the Peace Agreement and Rules and Regulations. This approval will
3 take the form of Watermaster approval of the Local Agency Agreements by way of a Storage and
4 Recovery Application filed under Article X of Watermaster’s Rules and Regulations.” (RJN,
5 Ex. 12 at 3:1-9.)

6 21. Also stated is, “However, it is clear that until Watermaster and this Court approve
7 the Local Agency Agreements and Storage and Recovery Application, or some equivalent approval
8 process is completed, the storage and recovery cannot be undertaken. The Judgment mandates that
9 the Funding Agreement be reviewed in this context.” (RJN, Ex. 12 at 3:22-26.)

10 22. The 2003 Court Order only declares that the Dry Year Yield Program is “described”
11 in the Funding Agreement: “The Court finds that the weight of evidence support Watermaster’s
12 finding that the *DYY Program, as described in the Funding Agreement*, will provide broad mutual
13 benefits to the parties to the Judgment.” (RJN, Ex. 12 at 6:15-17 (emphasis added).)

14 23. Exhibit G of the Funding Agreement also describes the “Chino Basin Conjunctive
15 Use ‘Dry Year’ Storage Project Performance Criteria.” (RJN, Ex. 11 at Ex. G.) However, the
16 Performance Criteria as dictated by MWD to be performed by IEUA and TVMWD. IEUA and
17 TVMWD are not local water producers, and these criteria are placed onto their member agencies
18 to perform.

19 24. As evidenced above in the contents of the 2003 Court Order, it must be concluded
20 that the Funding Agreement itself is not the DYY Program. Rather, the DYY Program is comprised
21 of “Local Agency Agreements” and a “Storage and Recovery Application.”

22 **B. 2003 Local Agency Agreements¹**

23 25. From March to July 2003, Local Agency Agreements were executed between
24 IEUA/TVMWD and their Member Agencies (see list below):

- 25 (a) Cucamonga Valley Water District (CVWD)
- 26

27 _____
28 ¹ Copies of the CVWD, Ontario, and JCSD via Ontario Local Agency Agreements are included in
the RJN at Exhibits 13-15.

- 1 (b) City of Pomona (Pomona)
- 2 (c) City of Chino Hills (Chino Hills)
- 3 (d) City of Chino (Chino)
- 4 (e) Monte Vista Water District (MVWD)
- 5 (f) City of Ontario (Ontario)
- 6 (g) City of Upland (Upland)
- 7 (h) Jurupa Community Services District (JCSD) via Ontario

8 26. These Local Agency Agreements contain an Exhibit A, which specifies each
9 agency's facilities to be used towards operation of the DYY Program as funded by the Funding
10 Agreement. (See RJN, Exs. 13-15 at Ex. A.) Also, Exhibit B of these agreements describes each
11 agencies' performance targets for both the reduction in imported water demand and corresponding
12 increase in local groundwater pumping. (*Id.* at Ex. B.) These local agency performance targets
13 describe how the MWD performance criteria to be performed by IEUA and TVMWD would be
14 met.

15 **C. Storage and Recovery Application, and Storage Agreement**

16 27. On April 2, 2003 IEUA submitted an Application under Article X of the
17 Watermaster Rules and Regulations for a 100,000 acre-foot storage account in Watermaster's
18 Storage and Recovery Program. (See RJN, Ex. 17 at 13:16-18.) This storage account will be used
19 to implement the terms of the Groundwater Storage Program Funding Agreement ("Funding
20 Agreement") that was executed by IEUA, TVMWD, Watermaster, and MWD on June 19, 2003.
21 (*Id.*, Ex. 11.)

22 28. On October 23, 2003, the Advisory Committee and Board considered the
23 Application and adopted the findings and recommendation of the staff report to approve the
24 Application conditioned upon yearly approval of the Annual Operating Plan. (See RJN, Ex. 17 at
25 21:20-22.)

26 29. On June 24, 2004, the Watermaster's Motion for Approval of Storage and Recovery
27 Program Agreement (DYY Storage Agreement) was argued and submitted to the Court. The DYY
28 Storage Agreement was approved by the Court on the same date (the "2004 Court Order"). (RJN,

1 Ex. 18.) The DYY Storage Agreement states that “Any modification of facilities that is materially
2 different from those contemplated by the Local Agency Agreement will require the filing of a new
3 application...” (*Id.*, Ex. 17 at Ex. A, ¶ III.A.2.) Also, “Watermaster shall not approve an Annual
4 Operating Plan that may cause Material Physical Injury...” (*Id.*, Ex. 17 at Ex. A, ¶ IV.F.)

5 30. The 2004 Court Order states “Finally, the Judgment provides that agreements for
6 storage ‘shall first be approved by written order of the Court’ and must include terms that will
7 ‘preclude operations which will have a substantial adverse impact on other producers.’” (RJN,
8 Ex. 18 at 3:6-9, quoting Judgment at ¶ 28 [RJN, Ex. 1].) The 2004 Court Order also states “The
9 DYY Storage Agreement calls for the development of Annual Operating Plans...and is to have
10 sufficient detail to allow Watermaster to assess the potential for any adverse impacts on producers.
11 Pursuant to Judgment paragraph 28, Watermaster may not approve an Annual Operating Plan that
12 will have a substantial adverse impact on producers.” (*Id.*, Ex. 18 at 4:3-8; see also RJN Ex. 1 at
13 ¶ 28.)

14 31. It should be concluded that the Local Agency Agreements and DYY Storage
15 Agreement as referenced in the 2003 and 2004 Court Orders, are the DYY Program. Any
16 substantial changes that affect these elements of the DYY Program should be approved through the
17 Watermaster Approval Process and not only approved by the signatories of the Funding Agreement.

18 **III. 2019 LETTER AGREEMENT, 2019 PEACE AGREEMENT AMENDMENT,
19 DESALTER REPLENISHMENT OBLIGATION**

20 **A. 2019 Letter Agreement**

21 32. In 2018, IEUA initiated discussions with the participating agencies for
22 implementing and approving revisions to the DYY Program. These revisions would significantly
23 change the DYY Program by allowing voluntary production out of the DYY Program storage
24 account without the corresponding shift and reduction of imported water deliveries as part of the
25 DYY Program and approved local agency agreements. These changes provided exemptions from
26 the approved and amended performance criteria in the local agency agreements and allowed for
27 unprecedented amounts of DYY Program production by any one agency. This letter agreement, as
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1 implemented, also allowed for agencies without a local agency agreement to participate in the DYY
2 Program.

3 33. In September 2018, the topic of the letter agreement was listed as “Proposed
4 Changes to DDY Program Operation” under the General Manger’s Report in the Pools, Advisory
5 Committee, and Board meeting packages. However, there was no staff report and the General
6 Manager’s report was only verbal. The letter agreement was not approved through the Watermaster
7 Approval Process and there was no amendment to the local agency agreements or storage
8 agreement. (See RJN, Exs. 34-36 at Item III.D.1.) Attached hereto as Exhibits 4-6 are true and
9 correct copies of transcripts of the General Manager’s report at the meetings of the Appropriative
10 Pool, Advisory Committee and Board.

11 34. Through the discussion, Ontario staff had questions and concerns with the proposed
12 changes. On July 31, 2018, Ontario emailed IEUA explaining that the City is “neutral” regarding
13 the proposed letter agreement and “Ontario cannot a position of support because we cannot know
14 the full effects of the proposed changes. Without these details, which would best be explained and
15 memorialized in an amendment, we will take a wait-and-see approach regarding impacts, and we
16 reserve the right to address any harm or detriment that may arise.” Ontario did not approve the
17 2019 Letter Agreement. A true and correct copy of the July 31, 2018 email correspondence is
18 attached hereto as Exhibit 7.

19 35. The 2019 Letter Agreement was signed by the parties to the Funding Agreement in
20 February 2019. (RJN, Ex. 41.)

21 **B. 2019 Appropriative Pool Pooling Plan and Peace Agreement Amendment**

22 36. On November 27, 2018, the Appropriative Pool approved the “2018 Agreement to
23 Appropriative Pool Pooling Plan and CAMA Amendments” and “[f]urther, the Pool directs its
24 counsel to join in the motion to approve the Appropriative Pool Pooling Plan and CAMA
25 Amendments.” (RJN, Ex. 40.) On March 15, 2019 the Court ordered changes to the Appropriative
26 Pool Pooling Plan and amendments to the Peace Agreement. (*Id.*, Ex. 10.) Article VI of the Peace II
27 Agreement was significantly amended to expand upon Section 6.2 with respect to Desalter
28 Replenishment. (*Id.*, Ex. 10, Ex. A at ¶ 6.) For the purposes of determining “Adjusted Physical

1 Production” as part of calculating each party’s Remaining Desalter Replenishment Obligation
2 (RDRO), subsection (b)(iv) was added to Section 6.2. (*Ibid.*) Specifically, under subsection
3 (b)(iv)(3), the following was added “Production associated with *approved* storage and recovery
4 programs (e.g., Dry Year Yield recovery program with MWD) is not counted in Adjusted Physical
5 Production, except for in-lieu participation in such programs; in-lieu put quantities shall be added
6 to physical production, and in-lieu take quantities shall be subtracted from physical production.”
7 (*Ibid.* (emphasis added).)

8 37. This amendment to the Peace Agreement was ordered by the Court in March 2019,
9 the month after the 2019 Letter Agreement. This Court order amending a Court approved
10 agreement allowed for DYY Program water production to be exempt from the RDRO calculation,
11 but does not grant any exemption from Watermaster administrative and special project expenses.
12 This is an example that material changes related to Storage & Recovery Programs including the
13 DYY Program can, should, or are tied to the Peace Agreement, which amendments required formal
14 Watermaster and Court approvals.

15 38. As described in the Section II, *supra*, the DYY Program consists of both the Local
16 Agency Agreements and DYY Storage Agreement. As specified in the amendment to the Peace
17 Agreement, this exemption only applies to “approved” storage and recovery programs. (RJN,
18 Ex. 10 at Ex. A, ¶ 6(b)(iv)(3).) It should be concluded that the DYY Program consistent with
19 approved and amended local agency agreements and the approved storage agreement in effect in
20 2015 is the only “approved” storage and recovery program.

21 39. The 2019 Letter Agreement significantly changed the DYY Program, but was not
22 approved through the Watermaster Approval Process, was signed only by signatories to the Funding
23 Agreement, and was executed without amending the local agency agreements. (See RJN, Ex. 41.)

24 **IV. HISTORY AND PRACTICE FOR WATERMASTER ASSESSMENTS**

25 **A. Assessable Production**

26 40. The relevant governing documents of the Chino Groundwater Basin state that all
27 water produced is assessed. The Judgment defines “Produce or Produced” as “[t]o pump or extract
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1 ground water from Chino Basin.” (RJN, Ex. 1 at 3:16.) “Production” is defined as “[a]nnual
2 quantity, stated in acre feet, of water produced.” (*Id.* at 3:18.)

3 41. The Judgment further provides that “[p]roduction assessments, on whatever basis,
4 may be levied by Watermaster pursuant to the pooling plan adopted for the applicable pool.” (RJN,
5 Ex. 1 at ¶ 51.)

6 42. The Appropriative Pool Pooling Plan states, “[c]osts of administration of this pool
7 and its share of general Watermaster expense shall be recovered by a uniform assessment applicable
8 to all production during the preceding year.” (RJN, Ex. 1 at Ex. H, ¶ 6.)

9 43. The Judgment also provides that “Watermaster shall have the power to levy
10 assessments against the parties (other than minimal pumpers) based upon production during the
11 preceding period of assessable production...” (RJN, Ex. 1 at ¶ 53.)

12 44. Under Article IV of the Watermaster’s Rules and Regulations, “Watermaster shall
13 levy assessments against the parties...based upon Production during the preceding Production
14 period. The assessment shall be levied by Watermaster pursuant to the pooling plan adopted for
15 the applicable pool. [Based on Judgment ¶ 53.]” (RJN, Ex. 2 at § 4.1.) Under Section 4.4,
16 assessment adjustments are described, but neither production from a storage and recovery program
17 or the DYY Program is applicable. (*Id.* at § 4.4.)

18 45. From review of the above governing documents and relevant agreements and court
19 orders, it must be concluded that nothing exempts groundwater produced through the Dry Year
20 Yield Program from assessments. It can be concluded that any water produced from the Chino
21 Basin is subject to production-based assessments unless otherwise exempt from a court approved
22 agreement or court order.

23 **B. Supplemental Water is Assessed**

24 46. As described above, the governing documents state that all production is assessed.
25 For the purposes of assessable production, there is no distinction between native, stored, or
26 supplemental water. Stored supplemental water is also subject to Watermaster assessments when
27 it is produced, as evidenced in the most recent Watermaster Assessment Package for Assessment
28 Year 2021-2022 (Production Year 2020-2021). (See RJN, Ex. 60.) The Fontana Water Company

1 (“FWC”) purchased the City of Fontana’s recharged recycled water credit and transferred
2 2,722.510 AF from FWC’s Local Supplemental Storage Recharged Recycled Account to its Excess
3 Carryover (ECO) Storage Account which was then used as Annual Production Right and was
4 included in FWC’s assessable production. (*Id.* at pp. 8.1, 10.1-14.1.) Recycled water is a mixture
5 of multiple water sources (imported, groundwater, stormwater) treated through IEUA’s regional
6 treatment plants and cannot reasonably be categorized as native water.

7 **C. Imported Water is Assessed**

8 47. Like Supplemental Water, imported water purchased for replenishment purposes is
9 included as assessable production. This is also evidenced in the most recent Assessment Package,
10 specifically for Niagara Bottling LLC (“Niagara”). (RJN, Ex. 60 at pp. 8.1, 10.1, 25.1.) Niagara
11 does not own any water rights in the Chino Basin but is a party to the Judgment and in the
12 Appropriative Pool. Every year, Niagara pays both the replenishment costs and Watermaster
13 production-based assessments on any water it produces from the Chino Basin. If only “native”
14 water is assessed, then it would be concluded that Niagara should only pay replenishment
15 assessments and not Watermaster assessments since Niagara is essentially producing imported
16 water out of the basin.

17 48. There is no court approved agreement or court order that exempts water produced
18 from a Storage and Recovery program from assessments and there is no evidence that only
19 production of native water is assessed.

20 **D. First Cycle of DYY Program Water was Assessed**

21 49. The first cycle of the DYY Program occurred from Production Years 2002/2003 to
22 2010/2011, under Assessment Packages 2003/2004 to 2011/2012. (See RJN, Exs. 44-52.)
23 Approximately 90% all water within the DYY Program storage account was subject to Watermaster
24 assessments paid by the participating Appropriative Pool members. It is unclear as to why “In Lieu
25 Recharge” was subject to Watermaster assessments and why “Wet Water Recharge” was not.

26 **E. Second Cycle of DYY Program Water was Not Assessed**

27 50. The second cycle of the DYY Program occurred from Production Years 2016/2017
28 to 2021/2022, under Assessment Packages 2017/2018 to 2022/2023 (Assessment Package for

2022/2023 not yet completed). (See RJN, Exs. 53-60.) No water within the DYY Program storage account was subject to Watermaster assessments. Attached as Exhibit 8 is a true and correct copy of my correspondence with IEUA relating to the DYY Program and voluntary withdrawal program.

First DYY Cycle Put & Take Assessments

Production Year	Assessment Year	"PUT" - Wet Water Recharge (AF)	"PUT" - In Lieu Recharge (AF)	"TAKE" (AF) ¹	Water Assessed (AF)	Water Not Assessed (AF) ¹
2002/2003	2003/2004		3,000.00		3,000.00	
2003/2004	2004/2005	2,463.40	16,098.30		16,098.30	2,463.40
2004/2005	2005/2006		13,623.25		13,623.25	
2005/2006	2006/2007		20,673.56		20,673.56	
2006/2007	2007/2008		19,636.00		19,636.00	
2007/2008	2008/2009	8,200.70	1,169.25	10,065.94	1,169.25	8,200.70
2008/2009	2009/2010			38,886.20		
2009/2010	2010/2011			25,260.60		
2010/2011	2011/2012			8,372.23		
Totals			84,864.45	82,584.97	74,200.35	8,384.63

Note:

1. Due to basin losses, less water was available for "Take" than was "Put"

(See RJN, Exs. 44-52.)

Second DYY Cycle Put & Take Assessments

Production Year	Assessment Year	"PUT" - Wet Water Recharge (AF)	"PUT" - In Lieu Recharge (AF)	"TAKE" (AF) ¹	Water Assessed (AF)	Water Not Assessed (AF) ¹
2016/2017	2017/2018	6,314.90				6,314.90
2017/2018	2018/2019	35,069.50				35,069.50
2018/2019	2019/2020	4,617.44				4,617.44
2019/2020	2020/2021	17,419.53		17,394.80		17,419.53
2020/2021	2021/2022			23,000.00		
2021/2022 ²	2022/2023			22,928.83		
Totals			63,421.36	63,323.63	0.00	63,323.63

Note:

1. Due to basin losses, less water was available for "Take" than was "Put"

2. Per 2021/2022 DYY Operating Plan, remaining balance of DYY to be produced by CVWD & FWC

(See RJN, Exs. 53-60.)

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1 **V. DYY COST SHIFTING AND FINANCIAL IMPACT**

2 **A. Cost Shifting of Watermaster Production Based Assessments**

3 **1. Judgment Administration and OBMP and Program Elements 1-9 Fixed Costs**

4 51. As explained in Section IV., *supra*, the Judgment provides that “Watermaster shall
5 have the power to levy assessments against the parties (other than minimal pumpers) based upon
6 production...” (RJN, Ex. 1 at ¶ 53.)

7 52. “The expenses of administration of this Physical Solution shall be categorized as
8 either (a) general Watermaster administrative expense, or (b) special project expense.” (RJN, Ex. 1
9 at ¶ 54.) These two categories of expenses are a Watermaster related fixed cost as approved with
10 the annual budget.

11 53. The Judgment provides that general Watermaster administrative expenses “shall
12 include office rental, general personnel expenses, supplies and office equipment, and related
13 incidental expense and general overhead.” (RJN, Ex. 1 at ¶ 54(a).)

14 54. All three (3) Pools, (Appropriative, Agricultural, and Non-Agricultural) are assessed
15 for Watermaster administrative expenses based on production. The Appropriative Pool pays the
16 Agricultural Pool’s share of administrative expenses per Section 5.4 of the Peace Agreement. (See
17 RJN, Ex. 30 at § 5.4.)

18 55. This is categorized in the annual Watermaster Assessment Package as “Judgment
19 Administration” as a fixed cost based on the approved annual budget. (See RJN, Ex. 60 at p. 22.1.)

20 56. Under the Judgment, special project expenses “shall be allocated to a specific pool,
21 or any portion thereof, only upon the basis of prior express assent and finding of benefit by the Pool
22 Committee, or pursuant to written order of the Court.” (RJN, Ex. 1 at ¶ 54(b).)

23 57. The annual fixed costs associated with Watermaster administration of the Optimum
24 Basin Management Program (“OBMP”) Program Elements (PE) 1 thru 9 are assessed based on
25 production to all three (3) Pools, (Appropriative, Agricultural, and Non-Agricultural) for
26 Watermaster administrative expenses based on production. The OBMP and its related expenses
27 were agreed to by the Parties as memorialized in the Court Ordered “Peace Agreement” (2000) and
28 “Peace II Agreement” (2007). (See RJN, Ex. 30 at § VII, Ex. 33, generally.)

1 58. This is categorized in the Watermaster Annual Assessment Package as “OBMP &
2 Program Elements 1-9” as a fixed cost based on the approved annual budget. (See RJN, Ex. 60 at
3 p. 22.1.)

4 59. These two categories of expenses are fixed annual costs and are assessed to
5 Appropriative Pool parties based on each party’s prior year’s total groundwater production and
6 exchanges. The determination of actual assessable production is subject to adjustments based on
7 provisions within court ordered agreements. (See RJN, Ex. 60 at p. 10.1.)

8 60. Under “Storage & Recovery Program(s)” Column 10J of the assessment package,
9 Watermaster reduces a party’s assessable production by the amount of storage & recovery program
10 or DYY Program water produced by that party. (See RJN, Ex. 60 at p. 10.1.)

11 61. The total Watermaster annual fixed cost is divided by the annual total production
12 and exchanges number of all parties of the basin to obtain a dollar amount per volume unit cost
13 (\$/Acre-Foot). This unit cost is then used to assess each party, based on their specific amount of
14 total production and exchange. Since costs are fixed, when the annual total production and
15 exchanges number increase, the unit cost decreases, and when the annual production number
16 decrease, the unit cost increases. (See RJN, Ex. 60 at p. 22.1.)

17 62. When “Storage & Recovery Program(s)” or DYY Program production was claimed
18 by a party, that party’s annual total production and exchanges number decreases by the same
19 amount. This then decreases the total annual production number used to determine the unit cost
20 for fixed costs. This invariably shifts the costs onto other Parties by increasing the overall unit cost,
21 which is applied to Parties based on their individual production amounts.

22 63. The chart below is a representation of how costs are shifted away from one party
23 onto other parties, by reducing total production which increases the overall unit cost. The “Fixed
24 Costs Shifted” column represents the net increase or decrease in cost each Party paid due to the
25 higher unit cost resulting from DYY production claimed. CVWD paid approximately \$1M less
26 than it would have needed to pay if it did not claim any DYY production at the lower unit cost of
27 \$57.20/AF. The other Parties paid \$1M more than they would have needed to pay because
28

1 CVWD's DYY production claim increased the overall unit cost to \$70.52/AF. CVWD shifted \$1M
2 in costs away from itself to the rest of the Chino Basin Parties.

3 Chino Basin Parties	4 Actual FY Production (AF)	5 DYY Production Claimed (AF)	6 Total Production and Exchanges (AF)	7 Fixed Costs Shifted
8 CVWD	26,225.70	20,500.00	5,725.70	-\$1,084,539
9 FWC	13,565.30	2,500.00	11,065.30	\$8,229
10 Ontario	17,171.10		17,171.10	\$279,078
11 Other Parties	64,844.10		64,844.10	\$797,233
12 TOTAL	121,806.20	23,000.00	98,806.20	\$0.00

9 Notes:

10 The total annual fixed cost is assumed at \$6,967,848 and total production and exchanges is
11 98,806 AF for a unit cost of \$70.52/AF.

12 DYY claims decreased the total production from 121,806 to 98,806 which increased unit cost
13 from \$57.20/AF to \$70.52/AF = \$13.32/AF.

14 (RJN, Ex. 60.)

15 **B. Remaining Desalter Replenishment Obligation Shift and Financial Impact**

16 64. On Page 20.1 of the assessment package, the determination of Remaining Desalter
17 Replenishment Obligation ("RDRO") by each Party is a function of the calculated adjusted physical
18 production. Similar to the adjustments explained above, any "Storage and Recovery Programs"
19 production claimed by a Party reduces that Party's physical production and results in a reduced
20 adjusted physical production. (See RJN, Ex. 60 at p. 20.1.)

21 65. The "Total Remaining Desalter Replenishment Obligation" is an annual fixed
22 amount that must be replenished by Appropriative Pool Parties. (See RJN, Ex. 60 at p. 20.1.) The
23 share applied to each Party is a function of each Party's adjusted physical production. When one
24 Party has a reduced adjusted physical production (e.g. reduction due to DYY production claims),
25 that Party's share of the RDRO is proportionately reduced and shifted onto the other Parties. RDRO
26 is met by most Parties using existing stored water rights and those water rights have financial value.

27 66. As discussed in Section III., *supra*, there was an amendment to the Peace Agreement
28 which allows for water produced from "approved" Storage & Recovery programs to be reduced
from physical production. (See RJN, Ex. 33.) However, the 2nd cycle of the DYY Program was

operated based on provisions of the 2019 Letter Agreement which is not the Approved DYY Program. The Approved DYY Program consists of the provisions of the 2015 Amendment, which went through the Watermaster Approval Process. The 2nd cycle of the DYY Program does not meet the criteria established as part of the Approved DYY Program, therefore DYY Program production claims should not have been reduced from the physical production.

67. The chart below is a representation of how RDRO was shifted away from one Appropriative Pool party onto other Appropriative Pool parties, by reducing physical production which decreased the proportional share of RDRO of the party. The “Share of RDRO 16,879.4 AF Shifted” column represents the net increase or decrease in each party’s obligation. CVWD was obligated to 2,265 AF less in RDRO than it would have been obligated to replenish if it did not claim any DYY production.

Appropriative Pool Parties	Actual FY Production (AF)	DYY Claimed (AF)	Total Adjusted Physical Production (AF)	Share of RDRO 16,879.4 AF Shifted	Financial Impact due to RDRO Shifting
CVWD	26,225.70	20,500.00	5,725.70	-2,264.90	-\$1,518,984
FWC	13,565.30	2,500.00	11,065.30	-40.10	-\$26,887
Ontario	21,750.80		18,656.80	638.00	\$427,890
Other Parties	43,498.20		41,207.40	1,667.00	\$1,117,981
TOTAL	105,040.00	23,000.00	76,655.20	0.00	\$0.00

Notes

The value of RDRO water is assumed to equal the cost to purchase replenishment water at \$670.65/AF

(RJN, Ex. 60.)

I declare under penalty of perjury under the laws of the state of California that the foregoing is true and correct. Executed on this 26th day of May 2022, at Ontario, California.

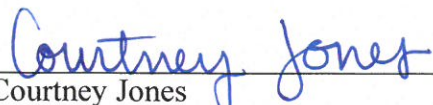
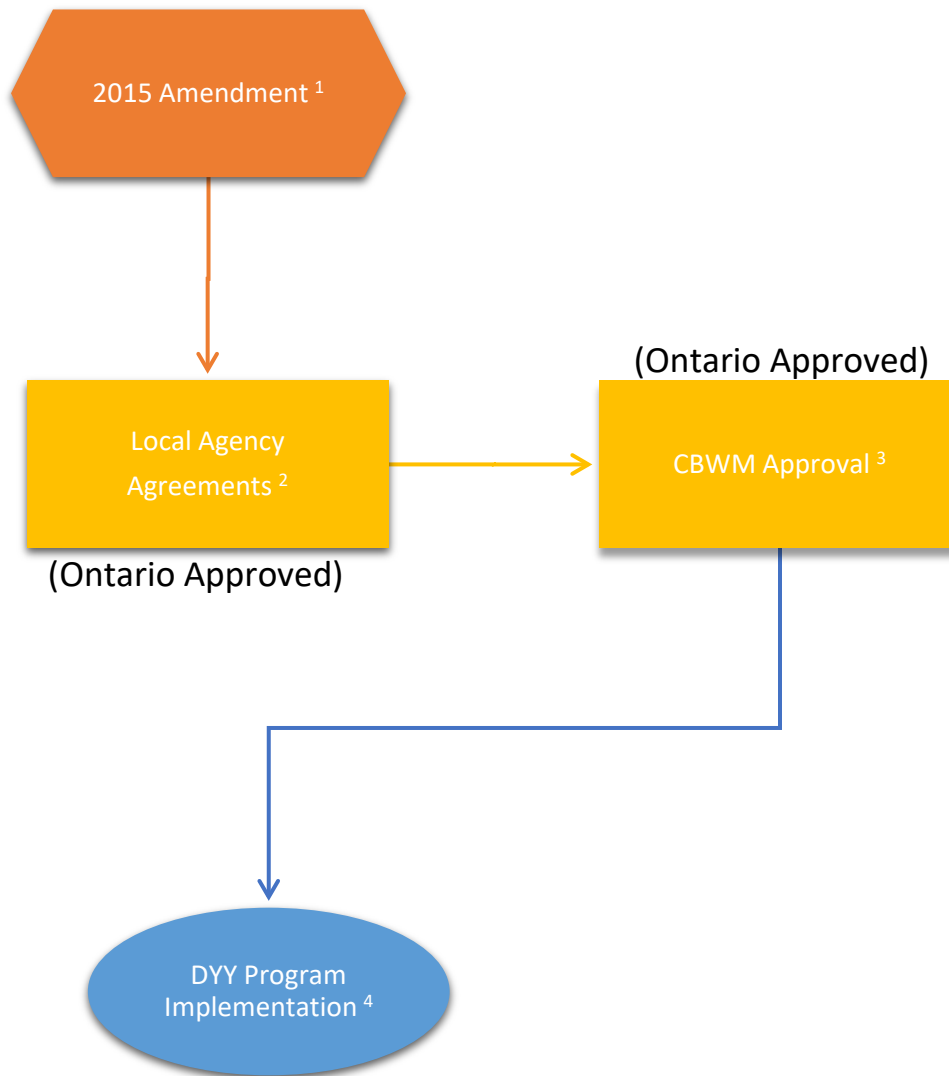

 Courtney Jones

EXHIBIT 1

2015 DYY PROGRAM AMENDMENT APPROVALS

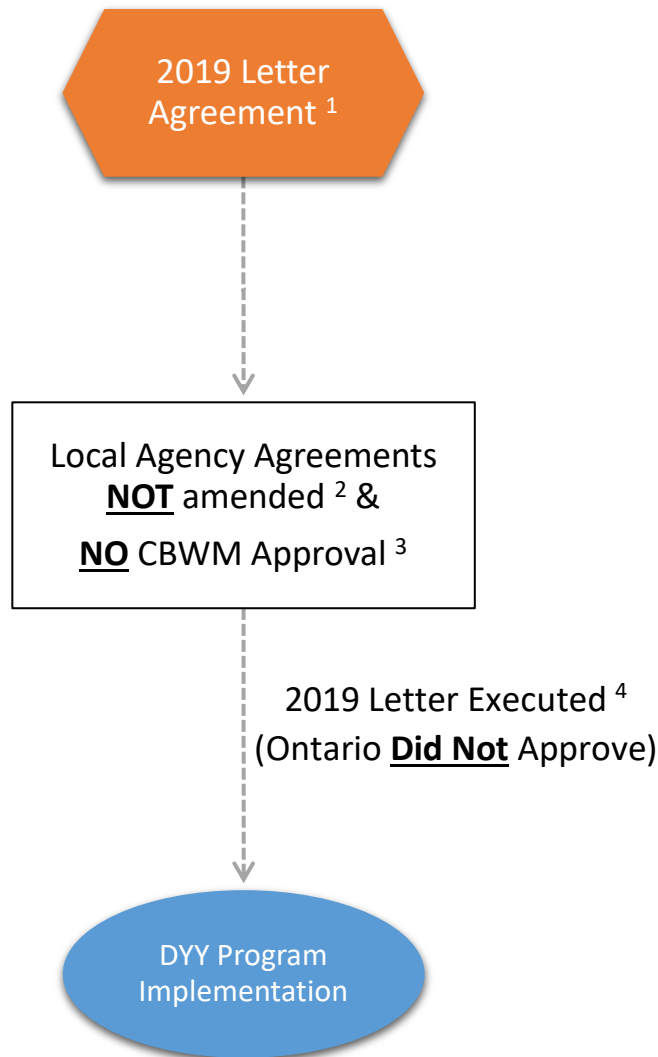


Note:

1. Consideration amongst Operating Parties for the 2015 Amendment No. 8, for amending Exhibit G of the DYY Program, started prior to June 2014.
2. Local Agency Agreements with IEUA were amended June through December 2014.
3. Approved through the Watermaster process in October 2014.
 - a. Pool Meeting Item: October 9, 2014
 - b. Advisory Committee Item: October 16, 2014
 - c. Board Meeting Item: October 23, 2014
4. 2015 Amendment fully executed on January 23, 2015.

EXHIBIT 2

2019 LETTER AGREEMENT PROCESS

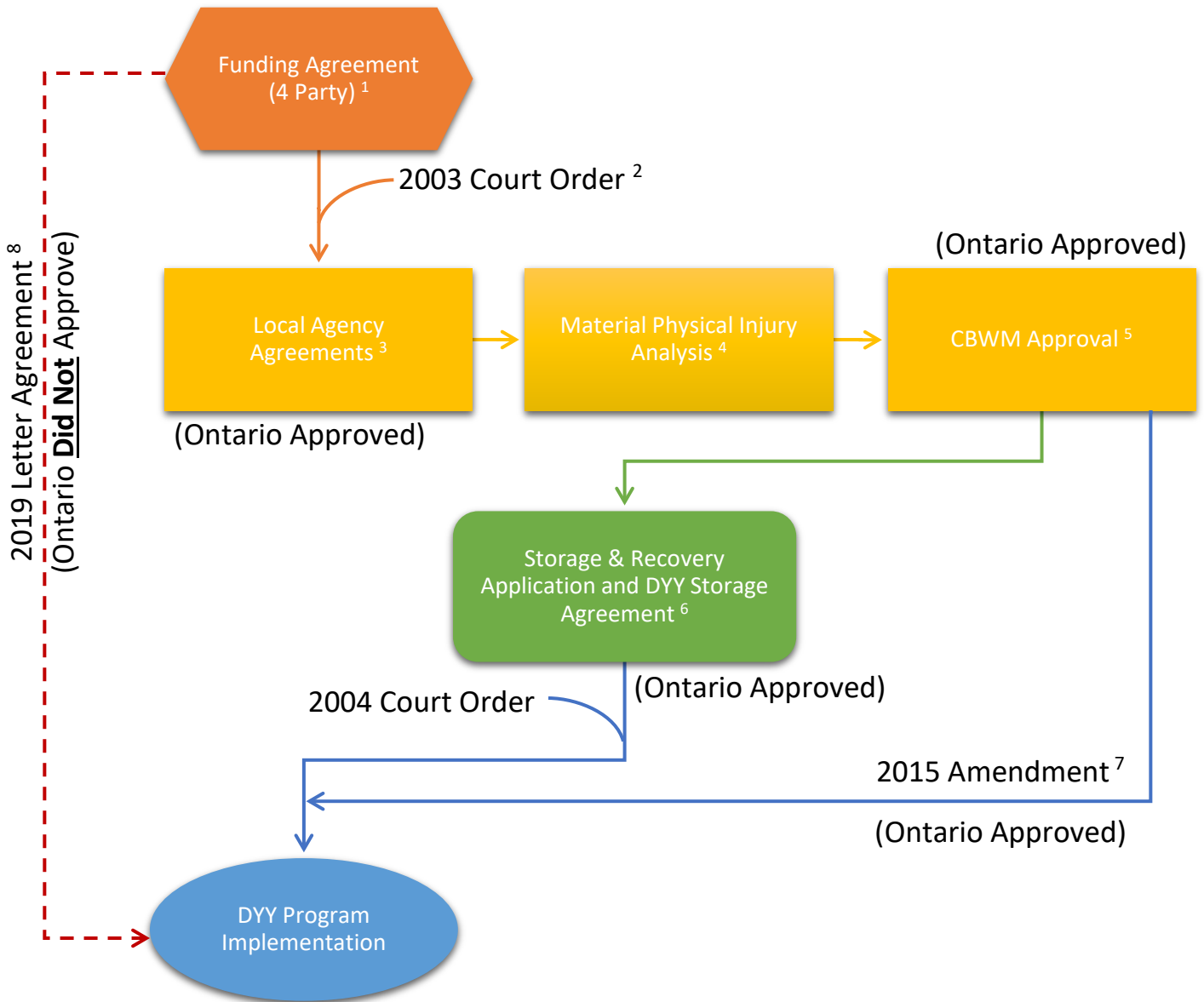


Note:

1. Consideration amongst Operating Parties for the 2019 Letter Agreement started prior to September 2018.
2. Local Agency Agreements with IEUA were not amended.
3. 2019 Letter Agreement was listed as a General Manager report item and no additional discussion provided and no approval from Pools, Advisory Committee, or Board during these meetings in September 2018.
 - a. Pool Meeting Item: September 13, 2018
 - b. Advisory Committee Item: September 20, 2018
 - c. Board Meeting Item: September 27, 2018
4. 2019 Letter Agreement was fully executed on March 20, 2019 and signed by MWD, TVMWD, IEUA, and Chino Basin Watermaster, without Ontario approval.

EXHIBIT 3

DYY PROGRAM APPROVALS



Note:

1. Approved through Watermaster process (Pool, Advisory Committee, Board) in February 2003 and signed by MWD, TVMWD, IEUA, and Chino Basin Watermaster.
2. Ordered by the Court in June 2003, until the Court approves the Local Agency Agreements and Storage and Recovery Application, the storage and recovery program cannot be undertaken.
3. Between March 2003 & July 2003, agreements executed with IEUA & TVMWD Member Agencies
4. MPI Analysis performed in July 2003 by Wildermuth Environmental, Inc and presented in August 2003 through the Watermaster process.
5. MPI Analysis approved through Watermaster process in September 2003.
6. Approved through Watermaster process in October 2003 and March 2004, respectively.
7. The 2015 Amendment was approved through Watermaster process in October 2014, revised the performance criteria of Exhibit G, and all Local Agency Agreements were subsequently amended.
8. The 2019 Letter Agreement was not approved through the Watermaster process, did not receive Ontario's approval, and was signed by the Funding Agreement Parties in February 2019.

EXHIBIT 4

1 In Re: Chino Basin Watermaster)
2 9/13/2018 Appropriate Pool)
3 Meeting)
4 _____)

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AUDIO TRANSCRIPTION
OF APPROPRIATE POOL MEETING
MEETING DATE: 9/13/2018

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23 Transcribed by:
24 JOSIE C. GONZALEZ
25 CSR No. 13435
Job No. 10100869

25

1 In Re: Chino Basin Watermaster)
2 9/13/2018 Appropriate Pool)
3 Meeting)
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Audio Transcription of Appropriate Pool Meeting,
transcribed on May 13th, 2022 in San Diego, California,
by JOSIE C. GONZALEZ, Certified Shorthand Reporter
No. 13435, in and for the State of California.

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Start of Audio

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CHAIR LAYTON: The general manager, Peter.

MR. KAVOUNAS: A few items to bring to your attention, Madam Chair, members of the pool. There's some proposed changes to the dry year yield program operation that are being circulated. A letter has been prepared. I wanted to advise you that we do plan to sign it on behalf of Watermaster if it's necessary for acknowledgment at the -- the changes don't commit Watermaster to -- to anything. We actually don't think a letter is even required. It's just MWD offering its water at better terms to the parties, which they're entitled to do. So if there is a letter, we do plan to sign it.

CHAIR LAYTON: Peter -- sorry. Just because I don't know the proposed changes, do you -- do you happen to have a --

MR. KAVOUNAS: In a nutshell they -- they -- MWD are planning to make it so that instead of them only being able to call the water when they want to, to also allow the parties to purchase the water when they want to and still get the OMN discount.

CHAIR LAYTON: Okay.

1 MR. KAVOUNAS: Which is a great boon for the
2 parties.

3 CHAIR LAYTON: Great. Thank you.

4 MR. KAVOUNAS: It's a good thing. Again, it
5 doesn't affect Watermaster, but we are signatories to
6 the original DYY. So if they want us to sign a letter
7 of acknowledgement, I will go ahead and do that.

8 I wanted to alert you -- Item Number 2 wanted to
9 alert you to -- CDA production has had some reduction
10 because of water quality concerns. We don't have an
11 updated model run at this point to be able to understand
12 the effect, if there is any, on hydraulic control. We
13 do plan to make the updated model run in November and
14 will evaluate the changes and impacts, if there are any,
15 and we'll advise you. CDA production is important.
16 It's essential to maintain hydraulic control. So we're
17 keeping a close eye on that.

18 The next item was to alert you to a business
19 item on the --

20 CHAIR LAYTON: Sorry, Peter.

21 MR. KAVOUNAS: No worries.

22 CHAIR LAYTON: Going back to the water quality
23 concerns.

24 MR. KAVOUNAS: Yeah.

25 CHAIR LAYTON: I thought the CDA wells are

1 supposed to be handling the water quality concerns. So
2 I'm kind of confused what -- what's going on there.

3 MR. KAVOUNAS: I believe they -- they ran into
4 -- is it -- they ran into 123 TCP that they were not
5 prepared to treat, they're not designed to treat.

6 CHAIR LAYTON: Okay. Thank you.

7 MR. KAVOUNAS: And so they had to shut down one
8 of the wells.

9 CHAIR LAYTON: All right. Thank you. I
10 appreciate that.

11 MR. KAVOUNAS: Next on my agenda was to report
12 to you that the non ag pool has an item on their agenda
13 that isn't on your agenda as is Watermaster practice.
14 They're reviewing their pooling plan, and I believe Todd
15 probably had some conversations with them and he can
16 report back to you if there's anything else.

17 And under other, 1 and 2 -- three things to
18 bring to your attention. One is we're sending out a
19 save the date on Tuesday, December 4th at 4:00 o'clock.
20 We plan to host an event to commemorate the 40th
21 anniversary of a judgment. So we'll be sending out
22 invitations to boards, city councils, city managers,
23 general managers, people that attend the pools, people
24 that have been involved in the past but no longer
25 involved with Chino basin. And we're looking forward to

1 having a keynote speaker and maybe a panel. And then
2 the event will be followed by some form of libations,
3 possibly dinner and that kind of thing. So I'd like to
4 put that on your radar. Hope you can -- you can join
5 us.

6 I mentioned to you earlier that we are preparing
7 the assessment package. You can plan on getting
8 invitation to a workshop in October. We'll probably do,
9 as we've done before, the same format as before, and
10 look to have it approved in November. And this would be
11 the assessment package, again, with the existing rules
12 which would be an assessment package that would later be
13 revised if there is a -- and when there's a change in
14 the rules. So it'll be based on a safe yield of
15 140,000. It'll be based on equal priority between land
16 use conversion and early transfers, and everything else
17 as has been done in the past.

18 And last but not least is -- there's an
19 organization called CalDesal. I don't know if anybody
20 heard of CalDesal. They're looking for membership.
21 They sent us a letter asking if Watermaster would join.
22 I plan to decline the invitation. I passed it onto IUA.
23 And I think if IUA, Sean with its huge budget can join,
24 it would be representing the region. I think IUA, CDA
25 are probably a lot more qualified entities to belong to

1 CalDesal. I encourage any of you that are -- especially
2 those that are big participants in the CDA to consider a
3 membership because these organizations do need support,
4 but I don't think Watermaster is the right organization.
5 So I plan to decline it unless they get a strong sense
6 that Watermaster should be a part of it. Now, I'll
7 share this at advisory again and at the board, but my --
8 my instinct is to decline.

9 Andy, can you please go to non ag. Thank you.
10 And that concludes my report, Madam Chair.

11 CHAIR LAYTON: All right. Any questions from
12 Peter -- for Peter?

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End of Audio

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REPORTER'S CERTIFICATION

I, Josie C. Gonzalez, a Certified Shorthand Reporter in and for the State of California, do hereby certify:

That the foregoing audio file was reported by me stenographically to the best of my ability and later transcribed into typewriting under my direction; that the foregoing is a true record of the audio file.

IN WITNESS WHEREOF, I have subscribed my name this 22nd day of May, 2022.

Josie Gonzalez

JOSIE C. GONZALEZ

EXHIBIT 5

1 In Re: Chino Basin Watermaster)
2 9/20/2018 Advisory Committee)
3 Meeting)
4 _____)

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AUDIO TRANSCRIPTION
OF ADVISORY COMMITTEE MEETING
MEETING DATE: 9/20/2018

Transcribed by:
JOSIE C. GONZALEZ
CSR No. 13435
Job No. 10100870

1 In Re: Chino Basin Watermaster)
2 9/20/2018 Advisory Committee)
3 Meeting)
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22 Audio Transcription of Advisory Committee
23 Meeting, transcribed on May 13th, 2022 in San Diego,
24 California, by JOSIE C. GONZALEZ, Certified Shorthand
25 Reporter No. 13435, in and for the State of California.

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CHAIR PIERSON: It appears that Joe does not want to talk any further today, so we'll move into Peter, general manager's report.

MR. KAVOUNAS: Mr. Chairman, my report -- my report is the same as last week at the pools, and there is one item I would like to highlight that's under other which is to ask you to please block on your calendars the date of Tuesday, December the 4th at 4:00 o'clock. We're planning an event to commemorate the 40th anniversary of a judgment, and it would be a great opportunity to hear some thoughtful remarks from people who have been around and know a lot of things.

CHAIR PIERSON: Very good. That's very important to identify, so everybody put down that.

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End of Audio

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That the foregoing audio file was reported by me stenographically to the best of my ability and later transcribed into typewriting under my direction; that the foregoing is a true record of the audio file.

IN WITNESS WHEREOF, I have subscribed my name this 22nd day of May, 2022.

Josie Gonzalez

JOSIE C. GONZALEZ

EXHIBIT 6

1 In Re: Chino Basin Watermaster)
2 9/27/2018 Watermaster Board)
3 Meeting)
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AUDIO TRANSCRIPTION
OF WATERMASTER BOARD MEETING
MEETING DATE: 9/27/2018

Transcribed by:
JOSIE C. GONZALEZ
CSR No. 13435
Job No. 10100872

1 In Re: Watermaster Board)
2 Meeting, 9/27/2018)
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22 Audio Transcription of Watermaster Board
23 Meeting, transcribed on May 13th, 2022 in San Diego,
24 California, by JOSIE C. GONZALEZ, Certified Shorthand
25 Reporter No. 13435, in and for the State of California.

1 * * *

2 Start of Audio

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4 CHAIR PIERSON: General manager report.

5 MR. KAVOUNAS: Thank you, Mr. Chairman. A few
6 items to bring to the board's attention. The first one
7 is you're familiar with the dry year yield program that
8 we have with Metropolitan Water District. That is an
9 agreement that involves Watermaster among others; IUA,
10 Three Valleys and Conservation District. The
11 Metropolitan Water District has proposed some changes
12 that are favorable to the parties. We don't believe
13 they constitute a change to the agreement, so we don't
14 intend to bring an agreement amendment to the board.
15 There may be an acknowledgement letter. If there is, I
16 wanted to let you know that I would be signing that
17 acknowledgement letter.

18 Second is we are aware of some impacts to CDA
19 production due to water quality. CDA production has --
20 has changed especially in the west end of -- of the CDA
21 well field, and we are looking at that to make sure the
22 hydraulic control is not affected. We don't have any
23 conclusions at this point in time. We're just simply
24 letting you know that this is an item that we're
25 tracking.

1 Any questions?

2 CHAIR PIERSON: Any questions?

3 MR. KAVOUNAS: Okay. And a few -- a few other
4 items. First one is you have at your packets a -- a
5 reminder of the save the date for the Tuesday,
6 December 4th. We plan to have an event to commemorate
7 the 40th judgment anniversary which was this year. We
8 do plan to make it a substantive event with some key
9 takeaways for people that -- reflecting on the last 40
10 years of Chino basin being under local management of the
11 -- I wouldn't say the good, the bad and the ugly. I
12 would say the good and the lessons learned. So we very
13 much look forward to having you. Staff is working very
14 hard to have brought outreach, and we hope to bring
15 together a lot of very important people that need to
16 hear that they share this amazing resource called the
17 Chino basin.

18 So a couple other notes in your -- in your
19 packets relate to personnel movements. Most notable is
20 that Mr. Rick Hanson has decided to retire from Three
21 Valleys. He didn't take this lightly. I think he
22 served something like 83 years. Sorry. 38 years. So
23 someone else is there.

24 So that concludes my report, Mr. Chairman.

25 CHAIR PIERSON: Okay. Thank you very much.

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REPORTER'S CERTIFICATION

I, Josie C. Gonzalez, a Certified Shorthand Reporter in and for the State of California, do hereby certify:

That the foregoing audio file was reported by me stenographically to the best of my ability and later transcribed into typewriting under my direction; that the foregoing is a true record of the audio file.

IN WITNESS WHEREOF, I have subscribed my name this 22nd day of May, 2022.

Josie Gonzalez

JOSIE C. GONZALEZ

EXHIBIT 7

From: Katie Gienger
Sent: Tuesday, July 31, 2018 3:45 PM
To: 'Elizabeth Hurst'
Subject: RE: DYY letter revisions to clarify credits.

Hi Liz,

I appreciate your recent efforts to sit down and explain the program. Based on the information provided by IEUA, I am currently neutral regarding the proposed letter agreement between IEUA and MWD. As long as there are parameters that are undecided or unclear, Ontario cannot take a position of support because we cannot know the full effects of the proposed changes. Without these details, which would best be explained and memorialized in an amendment, we will take a wait-and-see approach regarding impacts, and we reserve the right to address any harm or detriment that may arise.

Sincerely,

Katie Gienger, P.E.

Water Resources Manager



1425 S. Bon View Avenue

Ontario, CA 91761-4406

Phone: (909) 395-2694

E-mail: kgienger@ontarioca.gov

From: Elizabeth Hurst [mailto:ehurst@ieua.org]
Sent: Monday, July 30, 2018 4:14 PM
To: Katie Gienger
Subject: FW: DYY letter revisions to clarify credits.

Katie,

Great! Thank you for Ontario's support. We will move forward with the letter.

Best

Liz

Elizabeth Hurst

Water Resources Planner



"Water Smart - Thinking in Terms of Tomorrow"

6075 Kimball Ave / Chino, California 91708

Tel: 909-993-1634 / Fax:

Email: ehurst@ieua.org Website: www.ieua.org

Connect with us



From: Katie Gienger <KGienger@ontarioca.gov>
Sent: Monday, July 30, 2018 3:43 PM
To: Elizabeth Hurst <ehurst@ieua.org>
Subject: RE: DYY letter revisions to clarify credits.

Liz,

Thank you for sitting down with me to discuss! The version attached to your email seems more clear based on my understanding of the changes from our conversations.

Katie Gienger, P.E.
Water Resources Manager
Ontario Municipal Utilities Company

Sent from my phone.

On Jul 26, 2018 4:55 PM, Elizabeth Hurst <ehurst@ieua.org> wrote:

Katie,

Thank you for meeting to discuss the DYY revisions this afternoon. Per our conversation, Option 1 has been edited to the following:

- Credits will be applied if a Party chooses voluntarily to purchase stored water by increasing groundwater pumping, based upon the following:
 - The first and any instance in which an individual party's pumping is above its groundwater baseline as described in Exhibit G, the party will submit a certification for extraction from the account. Metropolitan will invoice IEUA and Three Valleys for the additional pumping at the prevailing untreated water rate at that time and will pay the O&M, power, and treatment credits as outlined in the Section VI.E of the Agreement. IEUA, Three Valleys, and the Watermaster will debit the purchased amounts from Metropolitan's CUP account.
 - In the event that stored water is purchased over a 5-year period as outlined in Section XIII.C.2 of the agreement the O&M, power, and treatment credits would also apply as defined in Section VI.6 of the Agreement

The full letter is attached. Please let me know if you have any additional tweaks, and if Ontario can now support the letter.

Thank you,
Liz

Elizabeth Hurst
Water Resources Planner



"Water Smart - Thinking in Terms of Tomorrow"
6075 Kimball Ave / Chino, California 91708
Tel: 909-993-1634 / Fax:
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From: Elizabeth Hurst
Sent: Thursday, July 26, 2018 9:59 AM
To: P. E. Katie Gienger (kgienger@ontarioca.gov) <kgienger@ontarioca.gov>
Subject: DYY letter revisions to clarify credits.

Hi Katie,
Here are some thoughts about how to clarify the credits etc after our discussion on Monday and my follow up conversations with MWD. Look forward to discussing with you after the TAC meeting this afternoon!
Liz

Option 1:

- If a Party chooses ~~to~~ voluntarily to purchase stored water by increasing groundwater pumping, credits will be applied based upon the following:
 - ~~The first and any instance in which an individual party's pumping is above its groundwater baseline as described in Exhibit G, the party will submit a certification for extraction from the account. Metropolitan will invoice IEUA and Three Valleys for the additional pumping at the prevailing untreated water rate at that time and will pay the O&M, power, and treatment credits as outlined in the Section VI.E6 of the Agreement. IEUA, Three Valleys, and the Watermaster will debit the purchased amounts from Metropolitan's CUP account.~~
 - ~~O&M, power, and treatment credits as outlined in Section VI.6 of the Agreement would also apply if~~ in the event that stored water ~~is in the account upon termination of the agreement, the parties will~~ purchase ~~d the water~~ over a 5-year period, as outlined in XIII.C.2 of the agreement.

Option 2:

- If a Party chooses ~~to~~ voluntarily to purchase stored water by increasing groundwater pumping, credits will be applied based upon the following:
 - ~~The first and any instance in which an individual party's pumping is above its groundwater baseline as described in Exhibit G, the party will submit a certification for extraction from the account. Metropolitan will invoice IEUA and Three Valleys for the additional pumping at the prevailing untreated water rate at that time and will pay the O&M, power, and treatment credits as outlined in the Section VI.E6 of the Agreement. IEUA, Three Valleys, and the Watermaster will debit the purchased amounts from Metropolitan's CUP account. In the event that stored water is in the account upon termination of the agreement, the parties will purchase the water over a 5-year period, as outlined in XIII.C.2 of the agreement.~~

EXHIBIT 8

From: Elizabeth Hurst <ehurst@ieua.org>
Sent: Wednesday, August 4, 2021 1:11 PM
To: Courtney Jones
Cc: Christopher T. Quach; Liza Muñoz; Ashley Alamo
Subject: RE: DYY Program Follow Up
Attachments: Ontario DYY Request.docx

Good morning Courtney,
Attached please find the information you requested. Please let us know if you have any additional questions on the program. Please note that the Agreement file is too large to send via email, but it is located on the Member Agency Portal under the DYY section.

Best,
Liz

Elizabeth Hurst
Senior Environmental Resource Planner



From: Courtney Jones <CJJones@ontarioca.gov>
Sent: Monday, July 26, 2021 5:00 PM
To: Elizabeth Hurst <ehurst@ieua.org>
Cc: Christopher T. Quach <CQuach@ontarioca.gov>
Subject: DYY Program Follow Up

Hi Liz,

Thank you for taking the time to Chris and myself last week regarding the DYY Program and the voluntary withdrawal program per the Letter Agreement. We had a few follow up questions/requests for information as listed below following our discussion last week.

- How much did MWD recharge over the last three fiscal years (FY 2019/20, 2020/21, and anticipated for 2021/22)?
- Can you provide a copy of the approved Operations Plans for the parties who participated in the last three fiscal years (FY 2019/20, 2020/21, and anticipated for 2021/22)?
- Can you provide the baselines and the pumping reimbursement for the parties who participated in the last three fiscal years (FY 2019/20, 2020/21, and anticipated for 2021/22)?
- Can you provide a copy of the "Storage and Recovery Program Storage Agreement Between Chino Basin Watermaster, Inland Empire Utilities Agency, and Three Valleys Municipal Water District Regarding Implementation Of The Dry Year Yield Project" approved in 2004? This document is also referred to as the IEUA Storage Agreement by Watermaster.

Please let me know if you have any questions.

Thanks!

Courtney

Courtney Jones, P.E.

Water Resources and Regulatory Affairs Director



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1. How much did MWD recharge over the last three fiscal years (FY 2019/20, 2020/21, and anticipated for 2021/22)?
 - a. Please note that MWD does not anticipate recharging any water for fiscal year 2021/22.

	Month	Planned			Certified				
		Recharge	ASR	TAKES	Recharge	ASR	Losses	Basin Losses	TAKES***
FY 16/17	June	6,000	-	-	6,318.7	-	3.8	-	-
	July	6532	-	-	7,345.9	-	-	-	-
	August	6532	-	-	7,074.8	-	6.7	-	-
FY 17/18	September	6321	250	-	3,793.8	154.5	-	-	-
	October	2923	250	-	4,538.1	277.6	249.2	-	-
	November	1483	300	-	2,504.4	267.5	61.3	-	-
	December	1222	400	-	3,639.3	276.4	285.8	-	-
	January	1222	400	-	4,195.3	247.5	(86.0)	-	-
	February	1222	400	-	-	316.2	-	-	-
	March	1222	400	-	-	362.7	-	-	-
	April	1696	100	-	-	287.0	-	-	-
	May	4083	-	-	-	305.6	-	-	-
	June	6144	-	-	-	-	-	4.4	-
	May	-	-	-	-	-	-	-	-
	June	5000	350	-	4413.5	389.4	185.4	-	-
FY 19/20	July	6000	350	2548	4314.0	457.8	181.2	-	2421.1
	August	6000	350	2852	4803.9	434.2	201.8	-	2861.4
	September	5000	350	2206	2218.6	403.3	144.5	-	2695
	October	4000	350	1874	1842.5	277.3	105.8	-	2922.3
	November	2000	350	1280	1223.5	267.6	44.0	-	1995.0
	December	2000	350	971	1176.3	211.1	17.6	-	500
	January	-	-	844	491.7	0	7.4	-	-
	February	-	-	780	-	-	-	-	-
	March	-	-	1204	-	-	-	-	-
	April	-	-	1710	-	-	-	-	-
	May	-	-	1988	-	-	-	-	1500
	June	-	-	1743	-	-	-	32.2	2500
FY 20/21**	July	-	-	-	-	-	-	-	2700
	August	-	-	-	-	-	-	-	2500
	September	-	-	-	-	-	-	-	2500
	October***	-	-	-	-	-	-	-	5000
	November	-	-	-	-	-	-	-	0
	December	-	-	-	-	-	-	-	3500
	January	-	-	-	-	-	-	-	-
	February	-	-	-	-	-	-	-	-
	March	-	-	-	-	-	-	-	-
	April	-	-	-	-	-	-	-	2000
	May	-	-	-	-	-	-	-	2600
	June	-	-	-	-	-	-	-	2200
Subtotal		76,602	4,950	20,000	59,894.3	4,935.7	1,408.5	36.6	40,394.8

DYY Account Balance (June 2017-Present)	
"PUTS"	
Recharged water	58,449.22
ASR injection	4,935.70
"TAKES"	
CVWD	37,894.80
Fontana Water Co.	2,500.00
TOTAL	22,990.12

2. Can you provide a copy of the approved Operations Plan for the parties who participated in the last three fiscal years (FY 2019/20, 2020/21, and anticipated for 2021/22)?
 - a. Below is the approved Operations Plan for CVWD

CVWD	July	August	September	October	November	December	January	February	March	April	May	June	Total
FY19/20	2,548	2,852	2,206	1,874	1,280	971	844	780	1,204	1,710	1,988	1,743	20,000
FY20/21	2,700	2,500	2,500	5,000	-	3,500	-	-	-	1,000	2,600	2,700	22,500
FY21/22	2,700	2,100	2,300	2,100	1,900	1,900	650	650	700	1,000	1,000	1,000	18,000

b. Below is the approved Operations Plan for FWC

FWC	July	August	September	October	November	December	January	February	March	April	May	June	Total
FY19/20	-	-	-	-	-	-	-	-	-	-	-	-	-
FY20/21	-	-	-	2,500	-	-	-	-	-	-	-	-	2,500
FY21/22	1,000	1,000	1,000	1,000	-	-	150	150	150	150	200	200	5,000

3. Can you provide the baselines and the pumping reimbursement for the parties who participated in the last three fiscal years (FY 2019/20, 2020/21, and anticipated for 2021/22)?

a. Below are the baselines for CVWD and FWC

Please note that for the DYY the baseline is defined as the lesser of the 3-year average pumping or the sum of the party's share of the operating safe yield + the ag reallocation. Fontana was not an original member of the DYY.

CVWD	Baseline (AF)	FWC	Baseline (AF)
FY19/20	5,920.6	FY19/20	-
FY20/21	5,718.0	FY20/21	-
FY21/22	5,536.0	FY21/22	863.0

b. Below is the DYY credit for producing water from the DYY account.

DYY Power & O&M Credit	
FY19/20	\$ 298.67
FY20/21	\$ 374.00
FY21/22	\$ 389.00

4. Can you provide a copy of the "Storage and Recovery Program Storage Agreement Between Chino Basin Watermaster, Inland Empire Utilities Agency, and Three Valleys Municipal Water District Regarding Implementation Of The Dry Year Yield Project" approved in 2004? This document is also referred to as the IEUA Storage Agreement by Watermaster.

Please see attachment. This is the original program agreement. It is also posted on the Member Agency Portal under the DYY program.