



TWENTY SECOND  
ANNUAL REPORT  
OF THE  
CHINO BASIN WATERMASTER  
FISCAL YEAR 1998-1999

Case No. RCV 51010

CHINO BASIN MUNICIPAL WATER DISTRICT  
V.  
CITY OF CHINO, ET. AL.

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## **TWENTY-SECOND ANNUAL REPORT OF THE CHINO BASIN WATERMASTER**

The Chino Basin Watermaster (Watermaster) was established under a Judgment entered in the Superior Court of the State of California for the County of San Bernardino, entitled "Chino Basin Municipal Water District v. City of Chino, et al.,"(originally Case No. SCV 164327, the file was transferred in August 1989, by order of the Court and assigned new Case No. RCV 51010). The Honorable Judge Howard B. Wiener signed the Judgment on January 27, 1978. The effective date of this Judgment for accounting and operations was July 1, 1977.

The Twenty-Second Annual Report (July 1, 1998 – June 30, 1999) presents an overview of the Watermaster process including the Pool Committees, Advisory Committee, and Watermaster activities, and an accounting of production for Fiscal Year (FY) 1998-99.

### **I. INTRODUCTION**

Beginning in the early 1970's and continuing for several years, studies and discussions among concerned water producers resulted in the passage in 1974 of a "Memorandum of Agreement on the Chino Basin Plan." In January 1975, Senator Ruben S. Ayala introduced Senate Bill 222 (SB 222) in the California Legislature. This bill authorized a production assessment levy for \$2.00 per acre-foot per year, for a period of three years. The funds were utilized to finance the final effort to draw up a management plan. This effort included conducting essential studies and negotiations to implement a water management program for the Chino Groundwater Basin. SB 222 was chaptered as a part of the Municipal Water District Law at Section 72140 of the California Water Code. It was approved by Governor Ronald Reagan and filed with the Secretary of State on June 28, 1975.

Engineering, legal, and other working subcommittees were formed for the purpose of analyzing and defining specific problem areas. Socio economic, safe yield, and other studies were performed to provide the information necessary to reach an agreement regarding the allocation of producer water rights. Cost savings were achieved by terminating many of the studies as soon as the necessary information was compiled in draft form.

Three groups represented the majority of producer interests. These groups became active early in the negotiations under SB 222. Eventually, the groups formalized into pool committees and became known as the following:

- Overlying (Agricultural) Pool representing dairymen and farmers (including minimal producers) and the State of California;
- Overlying (Non-Agricultural) Pool representing industries; and
- Appropriative Pool, representing cities, water districts, and water companies.

Representatives of the three pool committees, acting together, became known as the Watermaster "Advisory Committee." The Advisory Committee was established as the policy setting body and charged with the oversight of Watermaster's discretionary activities. Members of each of the three pool committees met regularly to transact the business concerns of their respective pools. Decisions affecting more than one pool were acted upon by each pool committee and recommendations were then forwarded to the Watermaster Advisory Committee.

The Judgment establishes a method to determine the voting power of each of the producers on the pool committees. The method was based on a formula of assessments paid by the producers in the prior year and their allocated safe yield.

Approximately 5 percent of the Chino Groundwater Basin (Basin) is located in Los Angeles County, which is included in the Three Valleys Municipal Water District (TVMWD) service area. Approximately 15 percent of the Basin is in Riverside County, which is included in the Western Municipal Water District (WMWD) service area. Approximately 80 percent of the Basin is located in the west-end of San Bernardino County, which is included in the Inland Empire Utilities Agency (IEUA, formerly Chino Basin Municipal Water District) service area. Because of their overlying service areas, these three municipal water districts, and the Chino Basin Water Conservation District (CBWCD), were provided the opportunity to participate in the initial negotiations. They are listed in Exhibit C of the Judgment as Non-Producer Water Districts.

The current and historical annual water productions by pools are provided in Appendix B.



For a summary of the OBMP development, please refer to the section included in this document beginning on page 13.

### **III. ADVISORY AND POOL COMMITTEES**

#### **A. Overlying (Agricultural) Pool**

Each year, an annual election is held to designate members and officers to serve on the Overlying (Agricultural) Pool Committee and Advisory Committee for the next fiscal year. The Annual Meeting was held on July 23, 1998 and resulted in the following members being selected to serve as officers during FY 1998-99:

Chairman: Robert DeBerard, Grapes  
Vice-Chairman: Jeff Pierson, Unitex/Corona Farms  
Secretary: Traci Stewart, Chief of Watermaster Services  
Treasurer: Alice W. Lichti, Watermaster Controller

The members designated to administer the Pool Committee's activities and serve as representatives on the Watermaster Advisory Committee during FY 1998-99 are shown in Appendices A-1 and A-4. It has become the practice of the Pool Committee to designate regular and alternate members as pool representatives to insure a quorum for the Overlying (Agricultural) Pool meetings and adequate participation at Advisory Committee meetings.

During FY 1998-99, 1 regular meeting, 6 special meetings, and 11 Joint Pool and Advisory Committee meetings were held to act on matters affecting the members of this pool and to discuss actions to be forwarded by the Advisory Committee to the Watermaster Board. By an action taken on March 17, 1988, any Overlying (Agricultural) Pool Committee member attending an Appropriative Pool meeting is compensated for attendance.

#### **B. Overlying (Non-Agricultural) Pool**

Each year, an annual election is held to designate officers to serve on the Overlying (Non-Agricultural) Pool Committee and Advisory Committee for the next fiscal year. The Annual Meeting was held on July 23, 1998 and resulted in the following members being selected to serve as officers and Advisory Committee representatives during FY 1998-99:

Chairman: Steve Arbelbide, California Steel Industries, Incorporated  
Vice-Chairman: Victor Barrion, Mountain Vista Power Generation Company  
Secretary: Traci Stewart, Chief of Watermaster Services  
Treasurer: Alice W. Lichti, Watermaster Controller

Representatives as shown below were designated to serve on the Watermaster Advisory Committee during FY 1998-99. A complete list of member entities and their designated representatives in Pool Committee and Advisory Committee is included in Appendices A-2 and A-4.

Steve Arbelbide California Steel Industries, Incorporated  
Victor Barrion Mountain Vista Power Generation Company  
Lee Redmond III Kaiser Ventures, Incorporated

During FY 1998-99, 2 special meetings and 11 regular Joint Pools and Advisory Committee meetings were held to act on matters affecting the members of this pool and to discuss actions to be forwarded by the Advisory Committee to the Watermaster Board. It has been the practice of this pool committee to waive compensation for meeting attendance.

**C. Appropriative Pool**

Each year, an annual election is held to designate officers to serve on the Appropriative Pool Committee and Advisory Committee for the next fiscal year. The Annual Meeting was held on July 23, 1998 and resulted in the following members being selected to serve as officers during FY 1998-99:

Chairman: Robert DeLoach, Cucamonga County Water District  
Vice-Chairman: Mike McGraw, Fontana Water Company  
Secretary: Traci Stewart, Chief of Watermaster Services  
Treasurer: Alice W. Lichti, Watermaster Controller

During FY 1998-99, 2 special meetings and 11 Joint Pools and Advisory Committee meetings were held to act on matters affecting the members of this pool and to discuss actions to be forwarded by the Watermaster Advisory Committee to the Watermaster Board. A complete list

of member entities and their designated representatives in Pool Committee and Advisory committee is included as Appendices A-3 and A-4.

**D. Advisory Committee**

The Annual Meeting was held on July 23, 1998. At this meeting, it was decided to return to the rotation process that was practiced in previous years for the designation of committee officers. However, the Overlying (Non-Agricultural) Pool opted to skip its turn on the rotation schedule since its pool committee chairman, Mr. Arbelbide had previously been selected to serve on the Watermaster Board. As a result, the following members represent their pools on the Advisory Committee for FY 1998-99:

Chairman	Robert DeLoach, Appropriative Pool
1st Vice-Chairman	Robert DeBerard, Overlying (Agricultural) Pool
2nd Vice-Chairman	Steve Arbelbide, Overlying (Non-Agricultural) Pool
Secretary	Traci Stewart, Chief of Watermaster Services
Treasurer	Alice W. Lichti, Watermaster Controller

A complete list of Advisory Committee members is included in Appendix A-4.

During FY 1998-99, 2 Joint Watermaster Board and Advisory Committee meetings, and 11 Joint Pools and Advisory Committee meetings were held to act on matters affecting the pools and to discuss actions to be forwarded by the Advisory Committee to the Watermaster Board. In addition, 23 OBMP workshop meetings chaired by the Advisory Committee Chairman were held during this period (see OBMP section beginning on page 13).

**E. Special Ad Hoc Committees and Workshops**

During FY 1998-99, special ad hoc meetings and workshops were held as indicated below:

- 23 OBMP Workshop Meetings
- 10 Ad Hoc Committee Meetings
- 3 Workshops

Information regarding meetings and workshops is available and may be reviewed by any interested party by contacting the Watermaster business office, 8632 Archibald Avenue, Suite

109, Rancho Cucamonga, CA 91730. All requests must be in writing and are accepted via regular mail or facsimile.

#### **IV. ADMINISTRATION OF THE JUDGMENT**

##### **A. Watermaster Insurance Coverage**

Chino Basin Watermaster insurance coverage was continued through Schrimmer Insurance Agency. Coverage includes a Business Liability Package, Auto Liability Package, and Public Officials Liability.

##### **B. Unqualified Audit Opinion, Annual Audit Report, and Expense Reimbursement**

For the FY 1998-99, Conrad & Associates submitted an Unqualified Audit Opinion and Audit Report to the Chino Basin Watermaster, which is included in Appendix L. Watermaster Board direct expense reimbursements totaled \$293.16 for FY 1998-99. There were no single reimbursements greater than \$125.00.

##### **C. Engineering Services**

During FY 1998-99, Wildermuth Environmental, Inc. continued to assist the Watermaster Board, the Advisory Committee, and Pool Committees with developing the OBMP, as mandated by the February 19, 1998 court ruling. For a summary of the activities and specific tasks assigned to Mr. Wildermuth, please refer to the sections entitled OBMP and Special Projects in this annual report. Collaborative projects with the CBWCD regarding water sampling and recharge capabilities were also continued during this period. The projects are discussed separately in the special project portion of this annual report beginning on page 11.

##### **D. Legal Services**

During FY 1998-99, the Watermaster Board continued its General Legal Counsel services through the firm of Lemieux & O'Neill. The Advisory Committee was not represented as a collective party, but individual members utilize their own legal counsel as they deem necessary. The firm of Nossaman, Guthner, Knox & Elliott continued to represent Chino Basin Watermaster and IEUA on the Markot case.

**E. Assessments**

The Judgment provides for separate and distinct replenishment assessment formulas for each of the three pools. The administrative assessment formula for each pool is determined on a per acre-foot basis, for each acre-foot of water produced by that pool. Costs per acre-foot vary among the pools based upon their respective total budgets for pool administration and total production during the previous production period. Costs to replace any water extracted in excess of each respective pool's share of operating safe yield are recovered by the application of the following replenishment assessment formulas:

**1. Overlying (Agricultural) Pool**

The Overlying (Agricultural) Pool pays assessments on a gross basis, such that the total cost of the replenishment water plus the estimated associated spreading costs are divided equally on each acre-foot of water produced during the previous production year. One member of this pool, Los Serranos Country Club (Los Serranos), was also assigned to the Appropriative Pool. Under this special arrangement, Los Serranos is assessed as an appropriator on the portion of its production (65%) that serves an area outside the Chino Groundwater Basin's adjudicated boundary. Los Serranos pays a 100% net replenishment assessment on this portion of its production.

By action taken at the Appropriative Pool Committee meeting on June 7, 1988, the Appropriative Pool assumes the administrative and special project costs of the Overlying (Agricultural) Pool. In exchange, it was agreed to accelerate the reallocation or transfer of all un-pumped agricultural water to the Appropriative Pool from once every five years to each fiscal year. The action became effective during FY 1987-88 and has been continued each year thereafter. Appendix D indicates the reallocation of un-pumped Overlying (Agricultural) Pool safe yield from production year 1997-98 to the Appropriative Pool for use in FY 1998-99.

The total administrative and special projects assessments levied against the Overlying (Agricultural) Pool for FY 1998-99 was \$723,252. The Appropriative Pool members were assessed \$19.0376 per acre-foot for each acre-foot of water reallocated

to them. The unit cost of the reallocated water was calculated as \$723,252 divided by the total number of acre-feet to be reallocated during the fiscal year, which were 37,990.636 acre-feet.

Reported production from the pool declined from 96,567 acre-feet in FY 1974-75, to 83,934 acre-feet in FY 1977-78. The Pool Committee decided in FY 1978-79 to purchase and place, 2,000 acre-feet of replenishment water in a local storage account. This was done to provide for a potential increase in production during the balance of the five-year period. However, because the production of the Overlying (Agricultural) Pool continued to decline, the pool members decided during FY 1987-88 to sell their water in storage. Revenue from the sale was placed in a restricted, interest-earning account for future use by the Overlying (Agricultural) Pool, as became necessary. The proceeds from the sale, including interest earned, totaled \$420,795 as of June 30, 1999.

## **2. The Overlying (Non-Agricultural) Pool**

Assessments for this pool are based on a net replenishment formula. This formula applies the current cost of replenishment water plus the estimated spreading costs to each acre-foot of water produced in excess of a producer's share of safe yield.

The FY 1998-99 budgeted administrative and special projects assessment for the Overlying (Non-Agricultural) Pool was calculated at \$9.8493 per acre-foot. Replenishment costs were assessed for \$243.00 per acre-foot of water overproduced (\$233.00 plus \$5.00 per acre-foot of IEUA administrative charge and \$5.00 of projected spreading cost).

## **3. The Appropriative Pool**

The following members, if they overproduce, pay replenishment assessments on a net basis, which includes the current cost of replenishment water plus the estimated cost of spreading. The replenishment costs were same as those paid by Overlying (Non-Agricultural) Pool:

- Arrowhead Mountain Spring Water Company;
- Department of Toxic Substances Control (formerly Pyrite Canyon Group);

- Los Serranos Country Club;
- Marygold Mutual Water Company;
- Metropolitan Water District of Southern California (MWDSC); and
- Pomona, City of.

In addition, the City of Norco pays replenishment on a net basis for any replenishment obligation in excess of 1,567.000 acre-feet. Any replenishment necessary by the City of Norco up to the 1,567.000 acre-feet is assessed under the 85/15 formula as discussed below.

The remaining Appropriative Pool members (and City of Norco if they overproduce less than 1,567.000 acre-feet per year) are assessed under the 85/15 formula. This formula assesses the total cost of replenishment water in two ways:

- Eighty-five percent (85%) on a net basis, on each acre-foot of production over a producer's share of the operating safe yield; and
- Fifteen percent (15%) on a gross basis, uniformly among all producers on each acre-foot produced.

In FY 1998-99, the Appropriative Pool members who participated in the 85/15 formula were assessed \$0.0313 per acre-foot for the gross 15% assessment and \$206.55 per acre-foot for the 85% net assessment, respectively. In addition, each producer was assessed \$7.7720 per acre-foot to cover the budgeted administrative and special project costs for the pool.

Appendices E-1, E-2, and F summarize other imported supplies during FY 1998-99 used by Appropriative Pool. Appendix G shows the current and historical total water consumption within the Basin.

**F. Fiscal Year 1999-00 Watermaster Budget**

A summary of the FY 1999-00 Watermaster Budget as shown on page one of the Watermaster assessments for FY 1999-00 is included in Appendix C. On June 10, 1999, the budget was approved on condition that, prior to the levying of the FY 99-00 assessments, Special Project #7300 (the Production Metering Program) be reviewed by the committees to determine

whether a more cost effective program could be developed. Watermaster budgets are occasionally amended or modified during the process of developing the Watermaster assessment package and levying the subsequent fiscal year assessments. During FY 1998-99, due to the need to develop an OBMP, it became necessary to amend the budget.

#### **G. Special Projects**

Special projects are initiated by separate work orders (either verbal or written, as a result of committee actions) and approved by the Pool Committees, the Advisory Committee, and the Watermaster Board. Special projects as stated in the Judgment shall consist of special engineering, economic or other studies, litigation expense, meter testing, or other major operating expenses. Additional special project funds are designated and budgeted as required to carry out the OBMP. The new or existing special projects described below were approved for FY 1998-99.

##### **1. The Metering Program**

The purpose of the metering program is to administer Judgment, Paragraph 21 Measuring Devices and Paragraph 54 Administrative Expense, which include record maintenance, testing, and calibration of measuring devices, and allocating those costs among the pools. Watermaster Rules and Regulations Section 3.7(b) requires that in-line meters on active wells to be tested and calibrated at least once every two years. In addition, Section 3.07.1 requires that all other meter types to be tested and calibrated annually.

Approximately 45 active well meters were tested and calibrated during FY 1998-99. Well user information is obtained through field inspections and quarterly production reporting forms.

##### **2. The Monitoring Program**

The monitoring program was designed to continue the Chino Basin Groundwater Monitoring Program as presented by the Task 1 Preliminary Monitoring Report prepared by James M. Montgomery Consulting Engineers Inc., August 1989.

This program consists of two primary tasks. Task 1 is to collect groundwater quality samples and water levels, and to extract data from the California Department of Health Services (DHS) and the California Regional Water Quality Control Board (RWQCB) records. Task 1 represents the majority of effort. The agricultural producers are permitted to avoid individual monitoring requirements from the RWQCB by participating in this program. Water quality sample data was collected from over 65 agricultural wells. Water level data was obtained for approximately 460 agricultural wells.

Task 2 is to compile and check for the accuracy and completeness of the collected data, to prepare contour maps (such as TDS, general chemistry, groundwater levels, nitrates, etc.), and to prepare a final monitoring report.

As an integral part of the monitoring program, the well locations are precisely identified with the Global Positioning System (GPS) equipment. The GPS equipment provides longitude and latitude coordinates within an accuracy of two meters. This information is being gathered for over 1,000 wells in the Chino Groundwater Basin. By the end of the fiscal year, well coordinates were collected on approximately 500 wells. The water quality data, water level monitoring data, and the well coordinates are entered in the Watermaster databases and will eventually be used to improve the accuracy of the various groundwater models and analytical tools used by Watermaster engineers.

### **3. Nitrogen/TDS Study**

In 1994, the RWQCB adopted updated the Water Quality Control Plan (Basin Plan) for the Santa Ana River Watershed. The Basin Plan establishes allowable recycled water use, the surface and groundwater total dissolved solids (TDS) and nitrogen objectives, the groundwater basin and sub-basin boundaries, and the various beneficial uses that must be protected and preserved. The purpose of this study is to reevaluate the waste load allocations, the Basin Plan Objectives, and the zones established for the Santa Ana River and the surrounding groundwater basins. The tasks to be completed are to identify the effect on receiving and downstream water quality and quantity from increased reclamation by type of reclamation use, to determine the impact of changes on

quality of receiving water in groundwater basins, to compare any proposed water quality changes to existing legal and institutional arrangements to determine if changes in water quality objectives can be made, and to determine if the evidence supports a change, recommend appropriate basin/sub-basin boundaries (based on water quality, manageability and hydrology) and to identify the impact of changes in objectives on the basins, the river reaches, and the on-off river areas. The project is being managed by the Santa Ana Watershed Project Authority (SAWPA).

#### **4. Optimum Basin Management Program**

On February 19, 1998, the Honorable Judge J. Michael Gunn ruled that the Watermaster must develop an Optimum Basin Management Program (OBMP) and submit it for hearing on October 28, 1999. Since the ruling, the Watermaster, the producers, and other interested parties have met at least twice per month and held special meetings and workshops to develop the scope of work to prepare and cooperatively develop the OBMP. The Court officially accepted the scope of work to develop the OBMP on November 5, 1998. Development of the OBMP at first was thought to require three parallel processes: institutional, engineering, and financial processes. The engineering process developed planning data and management elements, and evaluated the technical and economic performance of the management elements. The financial process was supposed to develop alternative financing plans for the OBMP implementation through its evolution. However, because of institutional complexities involved in developing regional water supply facilities and their related financing, most of the financial process will occur in FY 1999-00 after the OBMP Phase I Report is submitted to the Court on October 28, 1999.

The institutional process consisted of the following tasks:

- Task 1 Identify needs and interests of stakeholders.
- Task 2 Establish a meeting schedule necessary to complete the OBMP within the proposed time frame.
- Task 3 Develop and refine the scope of work based on identified needs.

- Task 4 Identify early implementation actions and develop a list of potential program (management) elements of the OBMP to balance needs and interests.
- Task 5 Evaluate program elements and develop recommended management and implementation plan.

The first three tasks were completed with the submission of the recommended scope of work to the Special Referee and the Court on June 30, 1998. Task 4 was begun in June 1998 with several early implementation action items having already been approved and with initial management concepts submitted to begin the list of potential components of the OBMP. The management elements represented concepts or implementation plans that described the parties' vision of the OBMP. Submissions of management concepts continued into July and August of 1998 and reflected the needs and interests that were previously identified for the OBMP. All submitted proposals were discussed and listed on each OBMP Workshop Meeting Agenda.

As part of Task 5, those proposals that appeared to be most promising were forwarded to the engineering and financial consultants for reconnaissance-level technical and financial analyses. The results of the engineering and financial analyses were submitted to the producers and Watermaster for review. Working together, the producers and the Watermaster Board will develop an OBMP for the Chino Groundwater Basin.

The engineering process consisted of the following tasks:

- Task 1 Develop OBMP criteria.
- Task 2 Assess the current state of the basin.
- Task 3 Prepare Sections 1, 2, and 3 of the OBMP document.
- Task 4 Develop the components of the OBMP.
- Task 5 Develop an Implementation Plan.
- Task 6 Finalize the OBMP document.

Tasks 1 and 2 define the basin problems, planning environment, and the needs and interests of the basin producers. Tasks 1, 2, and 3 were completed in December

1998 and draft Sections 1, 2, and 3 of the OBMP were provided to stakeholders for review. A matrix was developed that contains the goals, impediments to the goal, action items to achieve the goals, and the implications of the action items. This matrix was used to define the program elements of the OBMP. Tasks 4 and 5 were engineering efforts to develop these elements and to describe the implementation process. Over the course of the year, the institutional process Tasks 4 and 5, and engineering process Tasks 4 and 5 merged and became one seamless process. It is anticipated that the engineering process Task 6 and the financial process will be completed concurrently in the next fiscal year.

For additional OBMP information, please contact the Watermaster office or visit the Watermaster website at [www.cbwm.org](http://www.cbwm.org).

#### **H. Mailing Lists**

Mailing lists of the active parties are updated on a routine basis through the use of the United States Post Services (USPS) "Address Correction Requested Service," whereby any address change reported to the USPS is provided to Watermaster after each mailing. Databases are updated upon receipt of notice from the USPS and from other sources of address change. A current listing of active parties is available for review upon request.

#### **I. New Party Interventions**

New Party Interventions are accumulated on a regular basis as land ownership changes or new parties begin production. Changes in ownership are most frequently discovered during the quarterly production reporting and well inspection processes. New party production is normally discovered when Watermaster staff locates new wells during routine field inspections. Parties who no longer own property with water production facilities are considered inactive and are accounted for as such. During FY 1998-99, no interventions were processed and are reflected in Appendix J.

**J. Redetermination of the Chino Groundwater Basin's Safe Yield**

On June 30, 1999, the Chino Basin Watermaster Program closed its 22nd year of operation under the Judgment. Beginning June 30, 1982, redetermination of the Chino Groundwater Basin's safe yield could be considered. There were no changes recommended during the FY 1998-99.

Pursuant to Exhibit I, Page 80, Paragraph 2b of the Judgment, Quantitative Limits stated that "In no event shall Operating Safe Yield in any year be less than the Appropriative Pool's share of Safe Yield, nor shall it exceed such share of Safe Yield by more than 10,000 acre-feet. The initial Operating Safe Yield is hereby set at 54,834 acre-feet per year. Operating Safe Yield shall not be changed upon less than five years notice by Watermaster." Pursuant to this provision of the Judgment, Watermaster hereby posts its fifteenth "Notice of Intent to Change the Safe Yield in the Chino Groundwater Basin" as shown in Appendix K.

**V. RESOURCES MANAGEMENT**

**A. Quarterly Accounting of Water Production**

Quarterly production reporting forms are mailed to users of all active wells in the Chino Groundwater Basin. The Overlying (Agricultural) Pool's quarterly production was compiled from meter readings taken on those wells equipped with water measuring devices. A water duty method, which relates the acreage of crops grown or the number of animals maintained to water use in acre-feet, was used to compute the production for those users without measuring devices.

**B. San Bernardino County Flood Control District (SBCFCD) Agreement**

During FY 1998-99 spreading was curtailed in September due to increased demands on the Rialto Feeder. On July 2, 1998, the expired agreement was attached to a spreading permit from the SBCFCD to allow the use of the spreading basins during the FY 1998-99. On November 17, 1998, the permit was amended to extend the term to December 31, 1999. Negotiations on a new spreading agreement will commence as part of completing the OBMP.

Additionally, in FY 1998-99, a more cooperative relationship between the SBCFCD and the Watermaster was fostered. The SBCFCD assigned a representative to attend and participate

at the Pool, Advisory Committee, Watermaster Board, and OBMP related meeting and workshops. A more comprehensive water conservation and recharge program is being developed through the OBMP process.

**C. San Sevaine Creek Water Project Agreement**

For several years, the potential impact on the Basin's natural recharge from the proposed San Sevaine Creek Water Project raised a considerable amount of concern among stakeholders. Concern was raised because the SBCFCD had not made an adequate demonstration that the project would mitigate the loss of storm flow for recharge which now occurs through the existing San Sevaine project. Several meetings were held with SBCFCD regarding the potential impact of the channel lining and due to relocation of recharge to lower in the basin. During FY 1998-99, both the SBCFCD and Watermaster staff agreed to discuss the result of the study regarding the potential impact of the project at a later date due to the OBMP development. SBCFCD agreed to leave San Sevaine Basins 1 through 4 as is and remove fill material from Basin 5 for California Department of Transportation and the Routes 15/30 interchange.

**D. Cyclic Storage Agreement**

Cyclic storage is defined in the Watermaster's Uniform Groundwater Rules and Regulations Paragraph 1.2.2 Cyclic Storage, as the "pre-delivery of replenishment water." The Cyclic Storage Agreement with Metropolitan Water District of Southern California (MWDSC) expired on December 31, 1998. MWDSC chooses not to extend the agreement for the next fiscal year. Please refer to Appendix E-1 for a summary of the MWDSC deliveries to the Basin and Appendix E-2 for a summary of the cyclic storage account activity during FY 1998-99.

**E. Stringfellow Acid Pits**

During FY 1985-86, Pool Committees addressed various mitigation measures in regard to the Stringfellow Acid Pits. The Committees determined the need for a cooperative effort throughout the water industry in dealing with contamination problems in the Chino Groundwater Basin. Pursuant to the Advisory Committee's action, Watermaster petitioned the Court to allow the export of a maximum of 300 acre-feet of water annually. The Court approved the petition in

November 1985. During FY 1998-99, 80.900 acre-feet of contaminated groundwater was removed and exported from the site. As of June 30, 1999, 577.877 acre-feet of contaminated water has been exported from the Stringfellow Acid Pits. During FY 1998-99, the California Department of Toxic Substances Control took over the responsibility for the Stringfellow program.

**F. Local Water in Storage for Recapture/Sales/Transfers**

Recapture, sales and transfers of water in local storage that occurred among the Appropriative and Overlying (Non-Agricultural) Pool members during FY 1998-99 totaled 26,648.565 acre-feet (see Appendix I-1). Water Rights Lease Agreements, negotiated among the Appropriative Pool members during FY 1998-99 totaled 6,700.000 acre-feet.

**G. Assignments**

Pursuant to the Judgment, Exhibit G, Paragraph 6, Assignment, "Any appropriator who may, directly or indirectly, undertake to provide water service to such overlying lands may, by an appropriate agency agreement on a form approved by Watermaster, exercise said overlying right to the extent, but only to the extent necessary to provide water service to said overlying lands."

Appendix I-2 included the quantities of water assigned in FY 1998-99. Previously, assignments were not recorded in the Annual Report, however they were a part of the Summary of Groundwater Production filed with the Court each year.

**H. Local Storage**

**1. Storage Limits**

During FY 1998-99, the Pool Committees continued to consider the establishment of storage limits and to consider what losses, if any, should be assigned to local water in storage. During the fiscal year, storage management became an element of the OBMP and a subcommittee was formed to address storage issues and concepts (for more detail refer to the OBMP Phase I Report.)

**2. Local Storage Agreements**

In FY 1998-99, there were no requests for Local Storage Agreements. Appendix H summarizes the status of the local storage account.

## APPENDIX A-1

### OVERLYING (AGRICULTURAL) POOL COMMITTEE FISCAL YEAR 1998-99

<u>Regular Representative</u>	<u>Alternate Representative</u>	<u>Member Entity</u>
*George Borba, Jr.	*Nathan deBoom	Dairy
Robert DeBerard, Chairman	Bernard (BJ) Teunissen	Grapes
Rick Buffington	Charles Davis, PIA/CIM Frank Lopez, CIW	State of California
*Jenny De Boer	*Arlan Van Leeuwen	Dairy
Dick Dykstra	Darin Dykstra	Dairy
*Jack Hagerman, CIM	*Juan Nessi, CIM *Fred Hector, CIW	State of California
*Gene Koopman	*Mary Parente	Milk Producers Council
*Marilyn Levin, Dep. A.G.	*Douglas Noble, Attorney General Office *Carlos Lozano, YTS	State of California
Dana Oldenkamp	Bob Feenstra	Milk Producers Council
Jeff Pierson, Vice-Chairman	Ray Allard	Unitex/Corona Farms

\* Newly elected members for a two-year term.

(1) Committee members from the State of California waive compensation.

(2) At the annual meeting held on August 13, 1998, the existing slate of members was elected to serve during FY 1998-99.

(3) *Juan Nessi was selected to serve as an alternate for Jack Hagerman and Nathan deBoom replaced John Borges.*

(4) *PIA: Prison Industries Authorities*

(5) *CIM: California Institute for Man*

(6) *CIW: California Institute for Woman*

(7) *YTS: Youth Training School*

**APPENDIX A-2**

**OVERLYING (NON-AGRICULTURAL) POOL COMMITTEE  
FISCAL YEAR 1998-99**

<u>Member Entity</u>	<u>Representative</u>
Ameron	Mark Ward
Angelica Rental Service	Eric Vaughn
California Steel Industries (CSI)	*Steve Arbelbide, Chairman
Calmat (Conrock)	George Cosby
General Electric Company	Mark Gage/David Thompson
Kaiser Ventures Incorporated (KVI)	*Lee Redmond III
Mobile Community Management (For Swan Lake Mobile Home Park)	David Starnes
Praxair	Wayne Salmi
San Bernardino County, Department of Airports	Robert Olislagers
Sunkist Growers Incorporated	Kathie Blyskal
Mountain Vista Power Generation Company	*Vic Barrion, Vice-Chairman
Space Center Mira Loma	Michael Thies
California Speedway	Les Richter

\* Advisory Committee representatives

APPENDIX A-3

APPROPRIATIVE POOL COMMITTEE  
FISCAL YEAR 1998-99

<u>Member Entity</u>	<u>Representative</u>
Arrowhead Mountain Springs Water Company	Scott Hendrix
*Chino, City of	Dave Crosley
*Chino Hills, City of	Ron Craig
*Cucamonga County Water District	Robert DeLoach, Chairman
Fontana, City of	Curtis Aaron
*Fontana Union Water Company	Gerald Black
*Fontana Water Company	Mike McGraw, Vice-Chairman
Inland Empire Utilities Agency	Neil Clifton
*Jurupa Community Services District	John Schatz
Los Serranos Country Club	Kevin Sullivan
Marygold Mutual Water Company	Bill Stafford
Monte Vista Irrigation Company	Harold Andersen
Monte Vista Water District	Mark Kinsey**
Norco, City of	Joe Schenk
*Ontario, City of	Ken Jeske
Pomona, City of	Henry Pepper
Pyrite Canyon Group	Daniel Bergman
*San Antonio Water Company	Ray Wellington
Santa Ana River Water Company	Arnold Rodriguez
San Bernardino, County of	Phil Krause
Southern California Water Company	Chet Anderson
*Upland, City of	Jim Moody
West End Consolidated Water Company	Beverly Braden
***West San Bernardino County Water District	Anthony Araiza

\* Advisory Committee representatives

\*\* *Mark Kinsey became the new representative on November 4, 1998.*

\*\*\* The City of Upland took over the management of West End Consolidated Water Company and Beverly Braden was named as the representative.

**APPENDIX A-4**

**WATERMASTER ADVISORY COMMITTEE  
FISCAL YEAR 1998-99**

**Overlying (Agricultural) Pool**

Regular Representative

George Borba, Jr., Dairy  
Rick Buffington, State of California, CIM

Robert DeBerard, Grapes  
Jenny DeBoer, Dairy  
Dick Dykstra, Dairy  
Jack Hagerman, State of California

Gene Koopman, MPC, Chairman  
Marilyn Levin, Deputy AG, State of California

Dana Oldenkamp, MPC  
Jeff Pierson, Unitex /Corona Farms

Alternate Representative

Nathan DeBoom, Dairy  
Pete Hall, State of California, CIM  
Frank Lopez, State of California, CIW  
Bernard (BJ) Teunissen, Grapes  
Arlan Van Leeuwen, Dairy  
Darin Dykstra, Dairy  
Juan Nessi, State of California, CIM  
Fred Hector, State of California, CIW  
Mary Parente, MPC  
Douglas Noble, AG's Office, State of California  
Carlos Lozano, State of California, YTS  
Bob Feenstra, MPC  
Ray Allard, Unitex/Corona Farms

**Overlying (Non-Agricultural) Pool**

Member Entity

California Steel Industries  
Mountain Vista Power Generation Company  
Kaiser Ventures Incorporated

Representative

Steve Arbelbide  
Vic Barrion  
Lee Redmond, III

**Appropriative Pool**

Member Entity

City of Chino  
City of Chino Hills  
City of Ontario  
City of Pomona  
City of Upland  
Cucamonga County Water District  
Fontana Union Water Company  
Fontana Water Company  
Monte Vista Water District  
Jurupa Community Services District  
San Antonio Water Company  
West San Bernardino County Water District

Representative

Dave Crosley  
Ron Craig  
Ken Jeske  
Henry Pepper  
Jim Moody  
Robert DeLoach, Chairman  
Gerald Black  
Mike McGraw, Vice-Chairman  
Mark Kinsey  
John Schatz  
Ray Wellington  
A.W. Araiza

**APPENDIX B <sup>(1)</sup>**

**GROUNDWATER PRODUCTION BY POOL  
(ACRE-FEET)**

Fiscal Year	Appropriative Pool	Overlying (Agricultural) Pool	Overlying (Non-Agricultural) Pool	Total
74-75	70,312	96,567	8,878	175,757
75-76	79,312	95,349	6,356	181,017
76-77	72,707	91,450	9,198	173,355
77-78	60,659	83,934	10,082 <sup>(2)</sup>	154,675
78-79	60,597	73,688	7,127	141,412
79-80	63,834	69,369	7,363	140,566
80-81	70,726	68,040	5,650	144,416
81-82	66,731	65,117	5,684	137,532
82-83	63,481	56,759	2,395	122,635
83-84	70,558	59,033	3,208	132,799
84-85	76,912	55,543	2,415	134,870
85-86	80,859	52,061	3,193	136,113
86-87	84,662	59,847	2,559	147,068
87-88	91,579 <sup>(3)</sup>	57,865	2,958	152,042
88-89	93,617 <sup>(4)</sup>	46,762	3,619	143,998
89-90	101,344 <sup>(5)</sup>	48,420	4,856	154,620
90-91	86,658 <sup>(6)</sup>	48,085	5,407	140,150
91-92	91,982 <sup>(7)</sup>	44,682	5,240	141,904
92-93	86,367 <sup>(8)</sup>	44,092	5,464	135,923
93-94	80,798 <sup>(9)</sup>	44,298	4,586	129,682
94-95	93,419 <sup>(10)</sup>	55,022	4,327	152,768
95-96	101,606 <sup>(11)</sup>	43,639	5,424	150,669
96-97	110,163 <sup>(12)</sup>	44,809	6,309	161,281
97-98	97,435 <sup>(13)</sup>	43,345	4,955 <sup>(14)</sup>	145,735
98-99	107,723	47,538	7,006	162,267

- (1) Assessed production or production reported in Annual Reports
- (2) Includes 3,945 AF of mined water pumped by Edison as agent for IEUA.
- (3) Does not include 7,674.3 AF exchanged with MWDSC.
- (4) Does not include 6,423.6 AF exchanged with MWDSC.
- (5) Does not include 16,377.1 AF exchanged with MWDSC
- (6) Does not include 14,929.1 AF exchanged with MWDSC.

- (7) Does not include 12,202.4 AF exchanged with MWDSC.
- (8) Does not include 13,657.3 AF exchanged with MWDSC.
- (9) Does not include 20,194.7 AF exchanged with MWDSC.
- (10) Does not include 4,221.9 AF exchanged with MWDSC.
- (11) Does not include 6,167.2 AF exchanged with MWDSC and reflects corrected production after reporting errors accounted for.
- (12) There were no MWDSC exchanges in FY 96-97 and reflects corrected production after reporting errors were accounted for.
- (13) Does not include 4,275.4 AF exchanged with MWDSC .
- (14) Does not include 216.5 AF exchanged with MWDSC.

**APPENDIX C**

**SUMMARY OF ADMINISTRATIVE AND REPLENISHMENT ASSESSMENT BUDGETS  
FISCAL YEAR 1999-00**

**ON FILE AT WATERMASTER OFFICES**

**APPENDIX D**

**SUMMARY OF  
REALLOCATION OF UNPRODUCED OVERLYING (AGRICULTURAL) POOL  
SAFE YIELD FROM PRODUCTION YEAR 1997-98  
TO THE APPROPRIATIVE POOL FOR USE  
IN FISCAL YEAR 1998-99  
(ACRE-FEET)**

Member	Land Use Conversion		Balance Available	Total Reallocated
	First Half	Remaining Half		
Chino, City of	2,087.410	626.120	1,650.287	4,363.817
Chino Hills, City of	871.346	327.727	863.801	2,062.874
Cucamonga County Water District	598.364	561.798	1,480.751	2,640.913
Fontana Union Water Company	0	992.877	2,616.961	3,609.838
Jurupa Community Services District	4,022.850	319.919	843.222	5,185.991
Marygold Mutual Water Company	0	101.716	268.096	369.812
Monte Vista Water District	36.595	748.756	1,973.522	2,758.873
Monte Vista Irrigation Company	0	105.044	276.868	381.912
Norco, City of	0	31.282	82.454	113.737
Ontario, City of	894.557	1,765.400	4,653.129	7,313.086
Pomona, City of	0	1,740.881	4,588.504	6,329.385
San Antonio Water Company	0	233.893	616.481	850.374
Santa Ana River Water Company	0	201.994	532.404	734.398
Southern California Water Company	0	63.868	168.338	232.206
Upland, City of	0	442.739	1,166.942	1,609.681
West End Consolidated Water Company	0	147.101	387.718	534.819
West San Bernardino CWD	0	100.008	263.596	363.604
<b>Total</b>	<b>8,511.122</b>	<b>8,511.123</b>	<b>22,433.074</b>	<b>39,455.320</b>

**APPENDIX E-1**

**SUMMARY OF MWDSC DELIVERIES<sup>(1)</sup>  
FISCAL YEAR 1998-99  
(ACRE-FEET)**

Month	Water Facilities Authority, CB-12					CB-1 SCE	CB-7 CB-16 CCWD	Total	PM-15 Pomona <sup>(2)</sup>
	Upland	MVWD	Ontario <sup>(3)</sup>	Chino	Chino Hills				
Jul	0	356.5	1,081.0	0	0	14.0	1,953.6	3,405.1	390.9
Aug	10.5	437.4	941.5	491.8	0	61.0	2,311.5	4,253.7	468.0
Sep	0	340.5	844.5	540.8	1,514.4	27.5	1,683.7	4,951.4	269.9
Oct	0	132.3	441.0	518.1	1,539.3	0	1,460.1	4,090.8	166.7
Nov	69.5	96.7	0	375.3	1,393.6	0	1,212.3	3,147.4	16.6
Dec	0	86.8	0	298.9	1,170.7	0	1,318.2	2,874.6	0
Jan	9.4	158.4	0	264.3	704.0	0	1,438.5	2,574.6	0
Feb	12.7	451.0	0	231.4	377.2	0	1,210.3	2,282.6	0
Mar	19.5	536.8	0	195.4	368.8	0	1,557.3	2,677.8	0
Apr	28.3	70.1	315.2	315.6	401.4	0	688.7	1,819.3	5.3
May	0	129.2	571.8	382.2	939.1	0	1,439.9	3,462.2	62.3
Jun	121.9	1,367.5	876.6	411.5	206.0	14.1	1,876.6	4,874.2	167.1
Total	271.8	4,163.2	5,071.6	4,025.3	8,614.5	116.6	18,150.7	40,413.7	1,546.6

Total Metropolitan Water District of Southern California (MWDSC) direct deliveries used in Chino Basin including Pomona equals 40,413.7 + 1,529.6 = 41,960.3 AF.

- (1) A breakdown of categories of water is available upon request. Watermaster replenishment is not included. Includes water exchanged with MWDSC (none in FY 98-99).
- (2) Figures reflect 37.8% of the total MWDSC water delivered that was used over the Chino Basin (based on estimated land use area physically located within the Chino Basin adjudicated boundary).
- (3) During FY 1998-99, Ontario did not take any deliveries through the CB-2 connection.

**APPENDIX E-2**

**SUMMARY OF COOPERATIVE, REPLENISHMENT, AND CYCLIC ACTIVITIES  
FISCAL YEAR 1998-99  
(ACRE-FEET)**

Cooperative Activity <sup>(1)</sup>		Direct Replenishment Activity <sup>(2)</sup>			Cyclic Activity <sup>(3)</sup>		Total
Month	Produced from Cooperative	CB-13t San Sevaine	CB-14t Etiwanda	CB-59t Montclair	Cyclic Delivered by Exchange	Produced from Cyclic	
Jul	0	710.0	427.5	1,146.5	0	0	2,284.0
Aug	0	652.5	641.2	1,451.2	0	0	2,744.9
Sep	0	163.8	168.7	421.9	0	0	754.4
Oct	0	0	0	0	0	0	0
Nov	0	0	0	0	0	0	0
Dec	0	0	0	0	0	0	0
Jan	0	0	0	0	0	0	0
Feb	0	0	0	0	0	0	0
Mar	0	0	0	12.5 <sup>(4)</sup>	0	0	12.5
Apr	0	0	0	0	0	-1,461.4	-1,461.4
May	0	0	0	0	0	0	0
Jun	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1,526.3</b>	<b>1,237.4</b>	<b>3,032.1</b>	<b>0</b>	<b>-1,461.4</b>	<b>4,334.4</b>

- (1) Monte Vista Water District has 1,110.0 AF in its Cooperative Storage Account with MWDSC. The amount was mistakenly recorded as 1,697.3 AF since FY 1995-96. There were no additional deliveries into cooperative storage during FY 98-99.
- (2) The total direct replenishment delivery during FY 1998-99 was 5,795.8 AF.
- (3) As of June 30, 1999, the balance of MWDSC's Cyclic Storage Account is 36,796.1 AF.
- (4) Transfer from OCWD through OC-59 (shown on MWDSC March 1999 invoice to IEUA).

**APPENDIX F**

**SUMMARY OF IMPORTED SUPPLIES  
FISCAL YEAR 1998-99  
(ACRE-FEET)**

Member Agency	Other Basins	Surface Diversions	MWDSC Imported Surface Diversions	Recycled Water	Total <sup>(11)</sup>
Chino, City of <sup>(1)</sup>				100.6	0
Chino Hills, City of <sup>(1)</sup>				0.0	0
Cucamonga County Water District <sup>(2)</sup>	12,485.8	9,391.0			21,876.8
Inland Empire Utilities Agency <sup>(1)</sup>				1,729.6	0
Fontana Water Company <sup>(3)</sup>	13,657.0	10,772.5			24,429.5
Marygold Mutual Water Company <sup>(4)</sup>	1,386.2				1,386.2
MWDSC <sup>(5)</sup>			40,413.7		40,413.7
Ontario, City of <sup>(1)</sup>				1,003.4	0
Pomona, City of <sup>(6)</sup>	3,304.7	2,876.0	1,546.6		7,727.3
San Antonio Water Company <sup>(7)</sup>	2,827.0	3,113.0			5,940.0
State of California, CIM <sup>(8)</sup>				850.1	0
West End Consolidated Water Co <sup>(9)</sup>	4,768.4				4,768.4
West San Bernardino CWD <sup>(10)</sup>	6,497.8				6,497.8
<b>Total</b>	<b>44,926.9</b>	<b>26,152.5</b>	<b>41,960.3</b>	<b>3,683.7</b>	<b>113,040</b>

- (1) IEUA provides recycled water to City of Ontario, City of Chino, and City of Chino Hills. In addition, a total of 1,729.8 AF was delivered to Whispering Lakes Golf Course and El Prado Park and Golf Course in the San Bernardino County.
- (2) Imported water includes groundwater produced from Cucamonga Basin and surface water runoff captured from Day Creek and Deer Canyon.
- (3) The imported water includes water produced from other groundwater basins and Lytle Creek surface water production and used in the area overlying Chino Basin.
- (4) Imported groundwater produced from wells owned by the City of Rialto, located in the Rialto Basin.
- (5) Amount of MWDSC deliveries to the IEUA service area, excluding that delivered and used in the City of Pomona (also listed in Appendix E-1).
- (6) Imported groundwater includes 549.7 AF from Pomona Basin, 2,384.7 AF from Claremont Basin, and 370.3 AF from Spadra Basin. The MWDSC delivered 1,546.6 AF to Pomona through Three Valleys MWD and used in Chino Basin (also listed in Appendix E-1).
- (7) An amount of 3,113 AF was treated local canyon flow consumed in the overlying Chino Basin. The imported groundwater was 1,415 AF from San Antonio Tunnel, 877 AF from Cucamonga Basin, and 535 AF from Six Basins.
- (8) Recycled wastewater that was applied to fields, including water held in storage ponds.
- (9) Figure includes 3,989.0 AF from Claremont Heights Basin and 779.4 AF from Cucamonga Basin.
- (10) Listed amount was delivered to "meter book" service area.
- (11) Recycled waters are not included in total imported water usage because they are reuse of local and imported water.

**APPENDIX G**

**TOTAL WATER CONSUMPTION WITHIN CHINO BASIN <sup>(1)</sup>  
(ACRE-FEET)**

Fiscal Year	Chino Basin Extractions <sup>(2)</sup>	Other Imported Supplies <sup>(3)</sup>	Total
1974-75	175,757	49,383	225,140
1975-76	181,017	57,686	238,703
1976-77	173,355	55,765	229,120
1977-78	154,675	61,567	216,242
1978-79	142,412	75,864	217,276
1979-80	140,566	70,727	211,293
1980-81	144,416	77,765	222,181
1981-82	137,532	67,491	205,023
1982-83	122,635	76,000	198,635
1983-84	132,799	99,257	232,056
1984-85	134,870	92,952	227,822
1985-86	136,113	114,624	250,737
1986-87	147,068	126,493	273,561
1987-88	152,402	116,175	268,577
1988-89	143,998	128,167	272,165
1989-90	154,620	139,004	293,624
1990-91	140,151	116,493	256,644
1991-92	141,904	104,480	246,384
1992-93	135,923	117,205	253,128
1993-94	129,682	136,038	265,720
1994-95	152,768	116,797	269,565
1995-96	150,669	130,494	281,163
1996-97	161,281 <sup>(4)</sup>	115,031	276,312
1997-98	145,735	106,360	252,095
1998-99	162,267	113,040	275,307

(1) Total includes water used over Cucamonga Basin.

(2) Source: Watermaster Assessment Packages. Total production in Appropriative Pool of 97,218 AF (excludes exchanges) plus Non-Ag production (excludes exchanges and a portion of GE production) of 5,171.577 AF and Ag Pool production in the amount of 43,344.680 AF.

(3) Total does not include recycled water, cyclic deliveries, water delivered by exchange, or water from direct spreading that was used for replenishment (see Appendices E-1, E-2, and F).

(4) Reflects corrected production after reporting errors were accounted for.

**APPENDIX H**

**LOCAL GROUNDWATER STORAGE ACCOUNT STATUS  
FISCAL YEAR 1998-99  
(ACRE-FEET)**

**Appropriative Pool**

Entity	No.	Date of Agreement(s)	Amount of Agreement(s)	Amount in Storage	Total
Chino, City of	12	01/23/85	15,000.000	1,909.383	1,909.383
Chino Hills, City of	18.1	04/06/88	15,000.000	10,252.601	10,252.601
Cucamonga CWD	10	05/30/84	5,000.000	5,000.000	33,009.165
	10.1	05/06/87	5,000.000	5,000.000	
	10.2	04/06/88	20,000.000	20,000.000	
	10.3	06/07/89	50,000.000	3,009.165	
Fontana WC	28	08/05/92	5,000.000	0.000	0.000
Jurupa CSD	30	07/06/94	20,000.000	6,951.125	6,951.125
Marygold Mutual WC	16.3	07/07/93	2,000.000	1,686.081	1,686.081
Monte Vista Irrigation Co	17	05/07/89	500.000	500.000	5,881.344
	17.1	06/06/90	2,500.000	5,381.344	
Monte Vista Water District	27	08/05/92	2,500.000	2,500.000	5,213.920
	27.1	08/14/97	34,023.843	2,713.920	
Norco, City of	31.0	11/02/94	2,000.000	113.737	113.737
Ontario, City of	11	06/07/89	10,000.000	10,000.000	10,000.000
	11.1	07/06/94	20,000.000	0.000	
Pomona, City of	15.1	04/06/88	13,000.000	0.000	28,616.045
	15.2	06/06/90	10,000.000	10,000.000	
	15.3	08/05/92	10,000.000	10,000.000	
	15.4	07/07/93	10,000.000	8,616.045	
San Antonio Water Co	3	08/15/80	2,500.000	2,175.000	17,544.371
	3.1	11/05/86	2,500.000	2,500.000	
	3.2	04/06/88	10,000.000	12,869.371	
Santa Ana River WC	20	05/06/87	1,500.000	271.977	271.977
Southern California WC	23	12/07/88	500.000	1,695.474	1,695.474
Upland, City of	24	04/05/89	1,000.000	0	11,786.681
	24.1	06/06/90	8,000.000	11,786.681	
West End Consolidated WC	13.2	08/05/92	6,000.000	8,447.494	8,447.494
West San Bernardino CWD	25	01/10/91	3,000.000	2,705.226	2,705.226
Watermaster	29	08/05/92	10,000.000	36,620.946	36,620.946
<b>Total</b>			<b>296,523.843</b>	<b>182,705.570</b>	<b>182,705.570</b>

**APPENDIX H - Continued**

**LOCAL GROUNDWATER STORAGE ACCOUNT STATUS  
FISCAL YEAR 1998-99  
(ACRE-FEET)**

**Overlying (Non-Agricultural) Pool**

Entity	No.	Date of Agreement(s)	Amount of Agreement(s)	Amount in Storage	Total
Ameron Steel	6	03/30/83	100.000	100.000	1,271.538
	6.1	04/06/88	500.000	500.000	
	6.2	08/05/92	500.000	671.538	
Calmat Properties Group	1	06/30/79	1,589.220	1,589.220	6,635.050
	1.1	05/30/84	1,589.220	1,589.220	
	1.2	02/07/90	1,589.220	3,456.610	
Kaiser Ventures, Inc.	9.1	10/07/87	15,000.000	3,391.770	3,391.770
Praxair, Inc.	8.2	04/06/88	3,000.000	2,554.196	2,554.196
Reliant Energy, Etiwanda	14.1	04/06/88	5,000.000	6,287.041	6,287.041
Space Center Mira Loma	4	03/31/82	100.000	100.000	460.019
	4.1	11/05/86	200.000	360.019	
Sunkist Growers Inc.	7	03/31/83	2,500.000	2,500.000	6,805.732
	7.1	11/05/86	5,000.000	4,305.732	
Swan Lake	21	05/06/87	300.000	300.000	1,670.636
	21.1	05/06/91	500.000	1,370.636	
West Venture Development	**			15.657	15.657
Total			37,467.66	29,075.982	29,091.639

\* Total Agreements now reflects the actual amount of storage agreements entered into where storage occurred. The agreements that expired during the last 5-year that were never utilized have been removed from the list.

\*\* On October 9, 1992, West Venture Development notified Watermaster of its intent to abandon the overlying water right of 15.657 acre-feet. The company developed the land into approximately 33 lots and sold all lots.

**APPENDIX I-1**

**RECAPTURES, SALES, AND LEASES  
FISCAL YEAR 1998-99  
(ACRE-FEET)**

From	To	Use*	Lease	Sale	Recapture
Chino Hills, City of	Ontario, City of	2		9,000.000	
Cucamonga CWD	Fontana Water Company	2		9,173.565	
Cucamonga CWD	Jurupa CSD	2		3,000.000	
Cucamonga CWD	Mountain Vista Power**	1		750.000	
Cucamonga CWD	Ontario, City of	2		2,200.000	
Cucamonga CWD	Ontario, City of	2		1,715.632	
Marygold Mutual Water Co	Fontana Water Company	2		1,200.000	
Monte Vista Water District	Monte Vista Water District	2			122.557
Monte Vista Water District	Ontario, City of	2	500.000		
Pomona, City of	Reliant Energy, Etiwanda	1	2,500.000		
San Antonio Water Co	Ontario, City of	2	2,500.000		
San Antonio Water Co	Chino, City of	1		1,500.000	
San Antonio Water Co	Jurupa CSD	2		325.000	
Santa Ana River Water Co	Jurupa CSD	2	1,200.000		
Total			6,700.000	28,864.197	122.557

Use\*

- (1) Placed in storage
- (2) Offset production
- (3) Satisfy replenishment

\*\* Mountain Vista Power Generation Company is now Reliant Energy, Etiwanda.

**APPENDIX I-2**

**ASSIGNMENTS  
FISCAL YEAR 1998-99  
(ACRE-FEET)**

To	From	Amount	Total Amount
Chino, City of	County of San Bernardino Department of Airports	133.870	133.870
Fontana Water Company	Praxair Incorporated	179.690	1,479.690
	California Steel Industries	1,300.000	
Jurupa CSD	Swan Lake Mobile Home Park	332.648	426.618
	Space Center Mira Loma	93.970	
Ontario, City of	Sunkist Growers, Inc.	1,648.854	1,648.854*
Total		3,689.032	3,689.032

\* Subject to change due to the discrepancy between reported numbers from Ontario and Sunkist.

**APPENDIX J**

**NEW PARTY INTERVENTIONS  
APPROVED IN  
FISCAL YEAR 1998-99**

**Overlying (Agricultural) Pool**

None

**Overlying (Non-Agricultural) Pool**

None

**Appropriative Pool**

None

**APPENDIX K**

**CHINO BASIN WATERMASTER'S  
"NOTICE OF INTENT" TO CHANGE THE OPERATING SAFE YIELD  
OF THE CHINO GROUNDWATER BASIN  
FISCAL YEAR 1998-99**

PLEASE TAKE NOTICE that on this 30th day of June 1999, Chino Basin Watermaster hereby files 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) (Exhibit I, Paragraph 2b, Page 80).

Approved by the  
Watermaster Advisory Committee

CHINO BASIN WATERMASTER

By: *Robert DeLoach*  
Chairman

By: *Robert Neufeld*  
Robert Neufeld, President

ATTEST:

By: *Josephine Johnson*  
Josephine Johnson, Secretary

**APPENDIX L**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR 1998-99**

CHINO BASIN WATERMASTER

Financial Statements

Year ended June 30, 1999  
(With Independent Auditors' Report Thereon)

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Board of Directors  
Chino Basin Watermaster  
Rancho Cucamonga, California

Independent Auditors' Report

We have audited the accompanying financial statements of Chino Basin Watermaster as of and for the year ended June 30, 1999, as listed in the accompanying table of contents. These financial statements are the responsibility of the Chino Basin Watermaster's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chino Basin Watermaster as of June 30, 1999 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

The supplementary information regarding the Year 2000 issue presented on page 9 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We did not audit and do not express an opinion on such information. Further, we did not apply to this information the procedures prescribed by professional standards because of the difficulty in ascertaining whether the information presented includes a sufficiently complete description of the year 2000 issue as it relates to the reporting government. In addition, we do not provide assurance that the Chino Basin Watermaster is or will become year 2000 compliant, that the Chino Basin Watermaster's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Chino Basin Watermaster does business are or will become year 2000 compliant.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Conrad and Associates, L.L.P.*

August 27, 1999

CHINO BASIN WATERMASTER

Balance Sheet - All Fund Types and Account Groups

June 30, 1999

<u>Assets</u>	General	General Fixed	Totals	
	Fund	Assets Account Group	(Memorandum Only)	
			1999	1998
Cash (note 2)	\$ 47,436		\$ 47,436	\$ 18,894
Short-term investments (note 2)	1,406,477		1,406,477	3,216,953
Accounts receivable	25,579		25,579	72,964
Prepaid expenses	24,069		24,069	19,349
Property and equipment, at cost (note 3)		\$ 158,358	158,358	114,982
<b>Total assets</b>	<b>\$ 1,503,561</b>	<b>\$ 158,358</b>	<b>\$ 1,661,919</b>	<b>\$ 3,443,142</b>
 <b><u>Liabilities and Fund Equity</u></b>				
Unearned revenue	\$ -		\$ -	\$ 319
Accounts payable and accrued liabilities	152,587		152,587	430,616
Compensated absences payable (note 4)	60,633		60,633	54,431
<b>Total liabilities</b>	<b>213,220</b>	<b>-</b>	<b>213,220</b>	<b>485,366</b>
 <b>Fund Equity</b>				
Investment in general fixed assets		\$ 158,358	158,358	114,982
Fund balance:				
Reserved for:				
SB222 expenditures	158,083		158,083	157,659
Groundwater replenishment	187,179		187,179	1,652,282
Appropriative pool	492,528		492,528	566,882
Overlying agricultural pool (note 7)	420,795		420,795	430,005
Overlying non-agricultural pool	28,637		28,637	33,008
Educational programs	3,119		3,119	2,958
<b>Total fund equity</b>	<b>1,290,341</b>	<b>158,358</b>	<b>1,448,699</b>	<b>2,957,776</b>
<b>Total liabilities and fund equity</b>	<b>\$ 1,503,561</b>	<b>\$ 158,358</b>	<b>\$ 1,661,919</b>	<b>\$ 3,443,142</b>

CHINO BASIN WATERMASTER  
Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual - General Fund  
Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
<b>Revenues:</b>				
Assessment revenue:				
Replenishment water assessments	\$ 240,066	\$ 240,066	\$ -	\$ 4,827,397
Administrative assessments (note 8)	1,353,435	1,353,435	-	878,144
Interest	75,650	117,020	41,370	236,839
Miscellaneous revenue	19,750	66,259	46,509	77,991
	<u>1,688,901</u>	<u>1,776,780</u>	<u>87,879</u>	<u>6,020,371</u>
<b>Expenditures:</b>				
Replenishment water purchases	1,795,483	1,725,970	69,513	3,323,988
Watermaster administration	890,156	687,525	202,631	666,575
Pool administration	112,408	76,720	35,688	123,232
TDS/nitrogen study	20,192	21,054	(862)	15,530
Metering program	116,602	40,486	76,116	45,158
Monitoring program	116,883	90,659	26,224	83,463
Meter installation program	7,000	-	7,000	955
Optimum Basin Management Plan	561,379	667,620	(106,241)	89,370
Mutual agency project costs	18,550	19,199	(649)	74,455
	<u>3,638,653</u>	<u>3,329,233</u>	<u>309,420</u>	<u>4,422,726</u>
Excess(deficiency) of revenues over (under) expenditures	(1,949,752)	(1,552,453)	397,299	1,597,645
Fund balance at beginning of year	<u>2,842,794</u>	<u>2,842,794</u>	<u>-</u>	<u>1,245,149</u>
Fund balance at end of year	<u>\$ 893,042</u>	<u>\$ 1,290,341</u>	<u>\$ 397,299</u>	<u>\$ 2,842,794</u>

**CHINO BASIN WATERMASTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**Description of Reporting Entity**

The Chino Basin Watermaster ("Watermaster") was established under a judgment entered in Superior Court of the State of California for the County of San Bernardino as a result of Case No. RCV 51010 (formerly Case No. SCV 164327) entitled "Chino Basin Municipal Water District v. City of Chino, et al", signed by the Honorable Judge Howard B. Wiener on January 27, 1978. The effective date of this Judgment for accounting and operations was July 1, 1977.

Pursuant to the Judgment, the Chino Basin Municipal Water District (CBMWD) five (5) member Board of Directors was appointed "Watermaster" to administer and enforce the provisions of the Judgment. Their term of appointment as Watermaster was for five (5) years, and the Court, by subsequent orders, provides for successive terms or for a successor Watermaster.

Three (3) Pool committees were formed: (1) Overlying (Agricultural) Pool which includes the State of California and all producers of water for overlying uses other than industrial or commercial purposes; (2) Overlying (Non-Agricultural) Pool which represents producers of water for overlying industrial or commercial (non-agricultural) purposes; and (3) Appropriative Pool which represents cities, districts, other public or private entities and utilities. The three Pools act together to form the "Advisory Committee" which serves to make recommendations for formal action to the Chino Basin Watermaster.

The Watermaster provides the Chino Groundwater Basin service area with services which primarily include: accounting for water appropriations and components of acre-footage of stored water by agency, purchase of replenishment water, groundwater monitoring and implementation of special projects.

Watermaster expenditures are allocated to the Pools based on the prior year's production volume (or the same percentage used to set the annual assessments). Allocations for fiscal year 1998/99 expenses are based on the 1997/98 production volume, and allocations for fiscal year 1997/98 expenses are based on the 1996/97 production volume:

	1997/98		1996/97	
	<u>Acre Feet</u>	<u>%</u>	<u>Acre Feet</u>	<u>%</u>
Appropriative Pool	101,710.225	67.705	110,163.390	68.305
Overlying Agricultural Pool	43,344.680	28.853	44,809.364	27.783
Overlying Non-Agricultural Pool	<u>5,171.577</u>	<u>3.442</u>	<u>6,308.734</u>	<u>3.912</u>
Total Production	<u>150,226.482</u>	<u>100.000</u>	<u>161,281.488</u>	<u>100.000</u>

The Agricultural Pool members ratified an agreement with the Appropriative Pool at their meeting of June 16, 1988, wherein the Appropriative Pool assumes Agricultural Pool administrative expenses and special project cost allocations in exchange for an accelerated transfer of unpumped agricultural water to the Appropriative Pool. In addition the Agricultural Pool transferred all pool administrative reserves at June 30, 1988 to the Appropriative Pool effective July 1, 1988.

The accounting policies of the Watermaster conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies.

## **Description of Fund and Account Group**

### General Fund

The General Fund is used to account for all revenues and activities financed by the Watermaster except those required to be accounted for in another fund.

### General Fixed Asset Account Group

The General Fixed Asset Account Group is used to account for the cost of fixed assets required to perform general governmental functions.

### **Cash and investments**

Investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as interest income reported for that fiscal year.

Watermaster pools cash and investments of all fund balance reserves. Investment income earned by the pooled investments is allocated quarterly to the various reserves based on each reserve's average cash and investments balance.

### **Basis of Accounting**

The Watermaster financial statements are prepared on the modified accrual basis of accounting. Revenues are accrued when they become both measurable and available. "Available" means collected in the current period or soon enough thereafter to pay for the expenditures incurred during the current period. Expenditures are recorded when the related liability for goods or services received is incurred.

### **General Fixed Assets**

General fixed assets are recorded as expenditures of the General Fund at the time of purchase and are subsequently capitalized for memorandum purposes in the General Fixed Assets Account Group. No depreciation is provided on general fixed assets.

### **(2) Cash, Deposits, Short-term and Pooled Investments**

State statutes and the Watermaster's investment policy authorize the Watermaster to invest in certificates of deposit with financial institutions having an operating branch within the Watermaster geographic area and the State of California Treasurer's Investment pool (L.A.I.F).

The Watermaster's deposits and investments are categorized to give an indication of the level of risk assumed at year end by the following three categories:

#### **Category 1**

- Includes deposits insured or collateralized with securities held by the Watermaster or its agent in the Watermaster's name.
- Includes investments that are insured or registered or for which the securities are held by the Watermaster or its agent in the Watermaster's name.

## Category 2

- Includes deposits with collateralized securities held by the pledging financial institution's trust department or agent in the Watermaster's name and deposits collateralized by an interest in an undivided collateral pool held by an authorized Agent or Depository and subject to certain regulatory requirements under State law.
- Includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Watermaster's name.

## Category 3

- Includes uncollateralized deposits or deposits with collateralized securities held by the pledging financial institution or by its trust department or agent, but not in the Watermaster's name.
- Includes uninsured and unregistered investments for which securities are held by the broker or dealer or by its trust department or agent but not in the Watermaster's name.

In accordance with Government Accounting Standards Board Statement Number 3 ("GASB 3") criteria, the Watermaster's deposits and investments are categorized as follows for the year ended June 30, 1999:

	Categories			Bank Balance	Carrying Amount
	1	2	3		
<b>DEPOSITS</b>					
Demand deposits	\$ 61,712	\$0	\$0	\$ 61,712	\$47,436
<b>INVESTMENTS</b>					
Pooled funds:					
Local Agency Investment Funds (LAIF)*	0	0	0	1,406,477	1,406,477
Total deposits and investments	<u>\$ 61,712</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,468,189</u>	<u>\$1,453,913</u>

\*Monies pooled with the State Treasurer in the Local Agency Investment Fund (LAIF) are not subject to risk categorization.

The bank balance reflects the amount credited by a financial institution to the Watermaster's account as opposed to the Watermaster's own ledger balance for the account. The carrying value reflects the ledger value, which includes checks written by the Watermaster which have not cleared the bank as of June 30, 1999.

The Watermaster is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of Watermaster's investment in this pool is reported in the accompanying financial statements at amounts based upon Watermaster's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the investment accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations.

### **(3) Changes in General Fixed Assets**

A summary of changes in general fixed assets for the year ended June 30, 1999 is as follows:

General fixed assets at June 30, 1998, as previously reported	\$114,982
Additions	43,376
Deletions	<u>(000)</u>
General fixed assets at June 30, 1999	<u>\$158,358</u>

### **(4) Compensated Absences Payable**

Permanent Watermaster employees earn from 10 to 20 days vacation days a year, depending upon their length of employment, and 12 sick days a year. Employees may carry vacation days forward up to the equivalent number of days earned in the immediately preceding twenty-four (24) month period. There is no maximum accumulation of sick leave; and upon retirement or resignation at age 55 or greater, employees with continuous employment for a minimum of twenty (20) years are compensated for all accumulated sick leave at their rate of pay at termination. Younger employees re paid based upon length of employment and age at time of retirement or resignation.

### **(5) Deferred Compensation Plan**

The Watermaster has established a deferred compensation plan for all officers and employees of Watermaster in accordance with Internal Revenue Code Section 457, whereby employees authorize the Watermaster to defer a portion of their salary to be deposited in individual investment accounts. Participation in the plan is voluntary and may be revoked at any time upon advance written notice. Generally, the amount of compensation subject to deferral until retirement, disability, or other termination by a participant may not exceed the lesser of \$7,500 or 33.33% of includible compensation, or 25% of gross compensation. Amounts withheld by Watermaster under this plan are deposited regularly with Lincoln National Life Insurance Company. The Watermaster makes no contribution under the plan. As of June 30, 1999 the deferred compensation plan assets were held in a trust account for the sole benefit of the employees and their beneficiaries, and accordingly have been excluded from the Watermaster's reported assets.

### **(6) Agricultural Pool Sale**

In June 1988, the Agricultural Pool sold 2,000 acre feet of water in storage to Cucamonga County Water District. Funds from this sale are held and invested by the Watermaster Treasurer for future use as determined by the Agricultural Pool members. At June 30, 1999, the proceeds from the sale and related interest earned thereon totaled \$420,795.

### **(7) Appropriative Pool Interest Revenue Allocation**

On August 30, 1979, the Appropriative Pool unanimously approved assessment procedures whereby any interest earned from the Watermaster assessments paid by Appropriative Pool members would reduce the total current assessment due from those members. Fiscal year 1997/1998 interest revenue was allocated to the Appropriative Pool members based on the funds received in payment of the 1997/1998 assessments, resulting in a reduction of the 1998/1999 assessment.

**(8) Operating Lease**

The Watermaster currently has a lease agreement for office space expiring March 31, 2001. The amount paid under this lease was \$38,708 for the year ended June 30, 1999. The future minimum lease payments for this lease is as follows:

<u>Year Ending June, 30</u>	<u>Amount</u>
2000	\$37,440
2001	<u>28,080</u>
Total	<u>\$65,520</u>

**(9) Defined Benefit Pension Plan (PERS)**

**Plan Description**

The Watermaster contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

**Annual Pension Cost**

The Watermaster joined with the PERS retirement system in May 1999. On May 27, 1999, the Watermaster paid to PERS \$41,962 in order to fund the liability for prior service. In addition, a contribution of \$3,713 was made for periods of service after that date through June 30, 1999.

The Watermaster's annual pension cost (employer contribution) for the year ended June 30, 1999 was equal to the Watermaster's required and actual contributions. The required contribution was determined as part of an actuarial valuation performed as of June 30, 1996 using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.5% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

**(10) Legal Matters**

During fiscal 96/97, motions were filed with the Court in accordance with the Judgment to (a) appoint a new nine-member Watermaster Board and (b) determine that an audit commissioned by Chino Basin Municipal Water District is not a Watermaster expense. The Court appointed a Special Referee to review and recommend Court actions regarding these motions. The referee has recommended the appointment of the nine-member Watermaster board for a two year period, that District be reimbursed the cost of the special audit, and that special studies be carried out in the near future. Should the Court accept and implement these recommendations, Watermaster will be faced with significant, unforeseen costs in the near future.

The Watermaster is also involved in other pending litigation for which a final outcome is not known at this time.

**CHINO BASIN WATERMASTER  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 1999**

**Risk Mitigation for the Year 2000 Issue**

The Watermaster is in the process of the evaluation of its computer systems and equipment containing embedded chips to ascertain which of these might be impacted by a failure to properly recognize and process transactions dated on or after January 1, 2000. As of June 30, 1999, Watermaster had no significant unexpended contracts with other parties to replace or upgrade Watermaster computer systems and other electronic equipment to reduce the risk of year 2000 difficulties. Because of the unprecedented nature of the year 2000 issue, it is not possible to provide assurances that Watermaster has or will achieve complete year 2000 compliance, even after completing all planned year 2000 corrective actions and related testing; nor can Watermaster determine the effect, if any, on Watermaster operations should entities external to Watermaster (other governments, significant vendors, suppliers, service providers, customers, taxpayers, businesses, etc.) fail to achieve year 2000 compliance in a timely manner. An audit is not designed to substantiate the assertions of management with respect to this issue or to evaluate the adequacy of management's plans with respect to this issue. Generally, Watermaster is in the assessment and remediation stage of its year 2000 corrective action plan.

CHINO BASIN WATERMASTER  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN WORKING CAPITAL

For the  
Fiscal year ended June 30, 1999

	WATERMASTER ADMINISTRATION		POOL ADMINISTRATION AND SPECIAL PROJECTS				GROUNDWATER OPERATIONS		GRAND TOTALS
	ADMINISTRATION & WM BOARD	TOTAL	APPROPRIATIVE	AGRICULTURAL	NON-AGRIC.	GROUNDWATER	SB222	EDUCATION	
			POOL	POOL	POOL	REPLENISHMENT	FUNDS	FUNDS	
<b>Revenues</b>									
Administrative assessments			\$ 1,303,086		\$ 50,349			\$	1,353,435
Interest revenue			90,509	\$ 22,790	3,560			\$	117,020
Mutual agency project revenue	\$ 48,100	\$ 48,100							48,100
Gain (Loss) on LAIF Investment	(3,066)	(3,066)							(3,066)
<b>Total revenues</b>	45,034	45,034	1,393,595	22,790	53,909	-	-	161	1,515,489
<b>Expenditures</b>									
Watermaster Admin/Jt WM-Adv Co	605,323	82,201							687,524
Pool Administration			33,679	34,801	8,240				76,720
TDS/Nitrogen Study	5,153	5,153	9,550	5,050	1,301				21,054
Metering Program	12,109	12,109	4,275	23,051	1,051				40,486
Monitoring Program	20,382	20,382	4,727	64,499	1,051				90,659
Optimum Basin Management Plan	667,620	667,620							667,620
Mutual agency project costs	7,200	7,200		12,000					19,200
<b>Total Administrative Expenses</b>	1,317,787	82,201	52,231	139,401	11,643				1,603,263
<b>Net Watermaster admin expense</b>	<u>\$ (1,272,753)</u>	<u>\$ (82,201)</u>							
Allocate admin. expenses to Pools			917,372	390,945	46,637				-
Agricultural expense transfer			498,346	(498,346)					-
<b>Total expenses</b>	\$ -	\$ -	1,467,949	32,000	58,280			-	1,603,263
<b>Net Administrative Income</b>			(74,354)	(9,210)	(4,371)			161	(87,774)
<b>Other Income/Expense</b>									
Replenishment water assessments - fy 98/99						240,066			240,066
Local Agency Subsidies						21,225			21,225
Replenishment water purchases - fy 97/98 & 98/99						(1,726,394)	424		(1,725,970)
<b>Net Other Income</b>						(1,465,103)	424		(1,464,679)
<b>Net Income</b>			(74,354)	(9,210)	(4,371)	(1,465,103)	424	161	(1,552,453)
Working capital, beginning of period									
Working capital, end of period			566,882	430,005	33,008	1,652,282	157,659	2,958	2,842,794
	\$	\$	492,528	420,795	28,637	187,179	\$ 158,083	\$ 3,119	\$ 1,290,341
<b>97/98 Production percentages</b>			67.705%	28.853%	3.442%				100.000%