

CHINO BASIN WATERMASTER
FOR
CHINO BASIN MUNICIPAL WATER DISTRICT
VS
CITY OF CHINO, ET. AL.
CASE NO. 164327

EIGHTH
ANNUAL REPORT
OF THE
CHINO BASIN WATERMASTER
FISCAL YEAR 1984-85

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NOVEMBER 1985

January 1986

TO: ALL ACTIVE AND CONCERNED PARTIES IN CHINO BASIN CASE NO. 164327

Subject: Eighth Annual Report of Chino Basin Watermaster

This Eighth Annual Report of Watermaster activities is for your information. The Honorable Judge Don A. Turner of San Bernardino Superior Court ordered acceptance of this report on January 10, 1986.

A brief summary of activities during this reporting period (July 1, 1984 through June 30, 1985) is as follows:

Total production from the Basin during 1984/85 was 134,870 acre feet, with production by Pool as follows:

	Appropriative Pool	Overlying (Agricultural) Pool	Overlying (Non-Agricultural) Pool	Totals
1984/85 Production	76,912 AF	55,543 AF	2,415 AF	134,870
Initial Operating Safe Yield	58,834 AF	82,800 AF	7,355 AF	145,000

As noted above, the 1984/85 production year did not exceed the initial shares of Operating Safe Yield.

A total of 1,885.178 acre feet of rights were leased among the members of the Appropriative Pool, and 1,180 acre feet of local storage was transferred to the Etiwanda Water Company from Cucamonga County Water District.

To satisfy the 1983/84 production in excess of Operating Safe Yield, 12,188 acre feet of State Project Water was recharged in Fiscal Year 1984/85. Also during Fiscal 84/85, Watermaster took delivery and spread 8,710 acre feet of State Project Water which was applied to the Cyclic Storage Account. The combination of replenishment and cyclic storage deliveries totals 20,897 acre feet of State Project Water recharged into the basin. The Cyclic Storage Account now shows a June 30, 1985 balance of 59,727 acre feet.

Fiscal 84/85 marks the second year that Unallocated Safe Yield water from the Agricultural Pool was transferred to the

Appropriative Pool, pursuant to Exhibit "H", Paragraph 10, Page 73 of the Watermaster Judgment. A total of 19,136.4 acre feet qualified as unpumped transfers with 593.1 acre feet of Unallocated Safe Yield qualifying under the land use conversion priority as a permanent transfer. The balance was allocated as a one time transfer to offset the 1984/85 production all of which is shown on Appendix "D" of this report.

Local Storage Agreements were approved for City of Chino for 15,000 acre feet; West End Consolidated Water Company for 1,500 acre feet; and Southern California Edison Company for 500 acre feet. There are now a total of fifteen storage agreements which total 80,228 acre feet of potential stored water over the next five to ten years under the Judgment.

Assessments billed by Pool during 1984/85 for 1983/84 production are as follows:

Appropriative Pool	\$1,868,968.17
Overlying (Agricultural) Pool	6,607.77
Overlying (Non-Agricultural) Pool	121.60
	\$1,875,697.54

Your cooperation and input to our management plan this past year has been appreciated.

Sincerely,

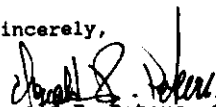

Donald R. Peters, Chief
Watermaster Services

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EIGHTH ANNUAL REPORT OF CHINO BASIN WATERMASTER

The Chino Basin Watermaster was established under the Judgment entered in Superior Court of the State of California for the County of San Bernardino as a result of Case No. 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. This Eighth Annual Report presents a view of Watermaster, Watermaster Advisory Committee and Pool Committee Activities and an accounting of water production for Fiscal Year 1984/85.

BACKGROUND OF JUDGMENT AND WATERMASTER

After many years of study and discussions among concerned water producers a "Memorandum of Agreement on the Chino Basin Plan" was signed; and, in January 1975, a bill was introduced in the California Legislature by Senator Ruben S. Ayala. This final effort to draw up a management plan for the Chino Basin was designated Senate Bill 222. It authorized the levy of a three year, \$2.00 per acre foot per year production assessment to raise funds to conduct the necessary studies and negotiations to implement the needed water management program for the Chino Groundwater Basin.

S.B. 222, now renumbered as a part of the Municipal Water District Law in the Water Code, Section 74120, was approved by Governor Ronald Reagan and filed with the Secretary of State on June 28, 1975, affecting fiscal year 1974/75 production.

During the early studies and negotiations under S.B. 222, very active participation was taken by three major types of producers from the Chino Basin representing the majority of the producers' interests. Three major negotiation committees resulted and were utilized to protect the interests of the various producers during the three year study. These three committees acquired the following names: (1) Overlying (Agricultural) Pool including the State of California and minimal producers; (2) Overlying (Non-Agricultural) Pool representing industry; and (3) Appropriative Pool, representing cities and water companies. Other working sub-committees were formed to analyze and define specific problem areas. The three pools acting together were called the "Advisory Committee," which met regularly and have over 100 individuals on the mailing list. This Advisory Committee was very effective in making recommendations for formal action to the Chino Basin Municipal water District (CBMWD) Board of Directors who had the responsibility of administering S.B. 222.

Socio-economic, safe yield and other studies were conducted to provide information necessary to reach agreement about the allocations of rights between and within pools. Cost savings were achieved by terminating many of the studies as soon as the necessary information was compiled without formal completion or publication.

The Judgment entered named the CBMWD five (5) man Board of Directors as "Watermaster" responsible to the Court for implementing its terms. The three pool committees and the Watermaster Advisory Committee were formally structured to assist the Watermaster in making decisions. Each of the three pools has met regularly to transact the business concerns of their respective producers. Items that affected

more than one pool were decided upon at the Watermaster Advisory Committee level, with voting power determined by prior year water assessments paid as provided in the Judgment.

Approximately five percent (5%) of the Basin is in Los Angeles County, fifteen percent (15%) in Riverside County and the remaining portion is in the West End of San Bernardino County. The majority of this area is within the CBMWD service area. A location map of the Chino Groundwater Basin was provided in the Judgment as Exhibit "A".

Mailing list of the members of the three pool committees are attached as Appendices "A". Production information for each pool is provided in Appendix "B".

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 a particular pool. Cost per acre foot varies between pools in accordance with their respective total budgeted amounts for pool administration and total production during the previous production period.

Costs of replacing water extracted in excess of the respective pool's share of safe yield and operating safe yield amounts are recovered by the application of replenishment assessment formulas as follows:

- a) Overlying (Agricultural) Pool pays on a gross basis whereby the total cost of replenishment water plus estimated spreading costs are spread equally on each acre foot of water produced during the previous production year. To further stabilize assessments from year to year these

assessments are based on a five (5) year moving average with a maximum right of 414,000 acre feet in any one five (5) year period.

b) Overlying (Non-Agricultural) Pool pays on a net basis whereby each producer pays the current cost of replenishment water plus the estimated cost of spreading for each acre foot of water produced in excess of its respective share of safe yield.

c) The Appropriative Pool has three producers, City of Pomona, Marygold Mutual Water Company and West San Bernardino County Water District, who pay replenishment assessments on a net basis whereby each pays the current cost of replenishment water plus the estimated cost of spreading.

The remaining pool members are subject to the 15/85 formula which spreads the total cost of replenishment water two (2) ways; fifteen percent (15%) on a gross basis (uniformly on each acre foot produced) and eighty-five percent (85%) on a net basis, that is on each acre foot of production over a producer's share of operating safe yield.

ACTIVITIES OF WATERMASTER AND COMMITTEES

I. WATERMASTER ACTIVITIES

Watermaster members and officers are as follows:

Dwight French	Chairman
George Borba	Vice-Chairman
John L. Anderson	Secretary/Treasurer
Edward A. Girard	Asst. Secretary/Treasurer
Anne W. Dunihue	Member

Regular Watermaster meetings are scheduled for the fifth Wednesday of each month having five (5) Wednesdays, meeting in the Chino Basin Municipal Water District Board Room at 8555 Archibald Avenue, Cucamonga, at 9:00 a.m. Special meetings are noticed as required.

During this reporting period, regular meetings were held on:

August 22, 1984
October 31, 1984
January 23, 1985
June 5, 1985

Assessments levied by Watermaster on October 31, 1984 for overproduction during 1983/84 production period and for budgeted administrative and special project costs for 1984/85 were as follows:

A) Overlying (Agricultural) Pool members were assessed the following amounts on each acre foot of water produced with minimal producers paying a Five Dollar (\$5.00) administrative filing fee:

Administration and Special Projects: \$0.10

Replenishment assessments for this pool are established by a five (5) year moving average to stabilize assessments from year to year. With reported production declining from 96,567 acre feet in 1974/75 to 83,934 acre feet in 1977/78, the pool committee decided during Fiscal Year 1978/79 to purchase 2,000 acre feet of replenishment water to

provide for a potential increase in production during the balance of the five (5) year period. This replenishment water is still available through a Local Storage Agreement as safe yield was not exceeded this year.

B) Overlying (Non-Agricultural) Pool members were assessed \$5.00 for budgeted administrative and special project costs and \$154.00 (\$153.00 for replenishment water plus \$1.00 for spreading) for each acre foot of production in excess of each producer's share of operating safe yield.

C) Appropriative Pool members subject to the 15/85 formula, nineteen members total, were assessed \$3.938 and \$130.900 per acre foot respectively. Each producer in this Pool was also assessed \$.10 per acre foot to cover the budgeted administrative and special project costs.

The City of Norco produced 1,969.8 acre feet in excess of their export rights of 1,567 acre feet. This excess was subject to the current net cost of replenishment plus spreading costs.

D) Appendices "G" and "H" give an overview of the total amounts of water produced and tributary to the Chino Groundwater Basin.

Agreements and policy matters negotiated and approved by Watermaster and Watermaster Advisory Committee prior to June 30, 1985 were as follows:

A) Watermaster Insurance coverage was secured in August 1978 and has been continued with Watermaster being covered as an additional insured under CBMWD's policies for ten million dollars. Substantial savings have been realized in comparison to securing independent insurance coverage.

B) A Noticed Public Hearing was conducted by Watermaster on June 5, 1985 to approve the 1985/86 Administrative Budget and a summary of this budget is attached as Appendix "C".

C) Renewal Agreement With San Bernardino County Flood Control District was approved for the period commencing July 1, 1985 through June 30, 1988 for the spreading and monitoring of replenishment and Cyclic Storage Water. Appendix "E" and "F" summarize these activities.

E) Redetermination of Safe Yield - On June 30, 1985, the Watermaster program marked its eighth year of operation under the jurisdiction of the Judgment. June 30, 1982 marked the date in which work could commence on redetermination of the Chino Groundwater Basin's safe yield. However, Watermaster has recommended no changes during this past fiscal year and therefore, pursuant to Exhibit I, Paragraph 2b, Page 80 of the Judgment, changes in the safe yield shall not be made upon less than five (5) year notice of intent by Watermaster, Watermaster

hereby posts its fourth "Notice of Intent" and is shown as Appendix "J".

F) Cyclic Storage Agreement entered into with The Metropolitan Water District of Southern California on December 4, 1978, was a five (5) year agreement for the purpose of storing up to 100,000 acre feet of State Project Water in the basin which can be used to meet Watermaster's groundwater replenishment demands. As shown on Appendix "F", just over half of the agreed to amount of Cyclic Water has been delivered and stored. Therefore, in order to complete the program, an Amendatory Agreement was executed by Watermaster on June 30, 1984 extending this agreement an additional five (5) years.

G) Watermaster as co-applicant to appropriate flood waters from Day Canyon was approved by Watermaster on June 5, 1985. This action was taken pursuant to a request from San Bernardino County Environmental Public Works Agency to assist them in the acquisition of a government construction loan to provide flood control works of improvement to capture and recharge flood waters out of the Day Canyon. As a co-appropriator of excessive canyon flows during winter months, Watermaster and San Bernardino County Flood Control will be granted sole rights to capture this runoff for basin recharge which will benefit all pumpers in the Chino Groundwater Basin.

H) Stringfellow Acid Pits is a subject of great concern in the management of the Chino Groundwater Basin. During this past year, various mitigation measures were addressed by all committees, but particularly by the Advisory Committee. One

concern focused upon was the large quantities of water envisioned to be pumped from the site by the State Environmental Health Services and Santa Ana Watershed Project Authority, the State agencies charged with the cleanup operation. The plan requires the export of the water pumped because there are no locally approved toxic dumping facilities available. State of California agencies are granted pumping rights in the Agricultural Pool, however they are not granted export rights. The Committee determined the need for a cooperative effort throughout the water industry in dealing with contamination problems and pursuant to Watermaster Advisory Committee recommendation, Watermaster moved to petition the Court for an exception to prohibit the export of water by the State. Said petition will be filed with this Eighth Annual Watermaster Report.* Minutes of all Pool meetings and special Ad Hoc meetings regarding this subject are available at the Watermaster office, 8555 Archibald Avenue, Cucamonga, California, and may be viewed by any interested party by contacting the Chief of Watermaster Services.

I) Litigation Matters. This will serve to advise all parties that Watermaster has been named along with the County of San Bernardino, Chino Basin Municipal water District and The Metropolitan Water District of Southern California as defendants in the drowning case of Lynette J. Gross, Case No. OCV-32933. Said action was filed with the County Clerk of San Bernardino County on March 30, 1984 and has been referred to Chino Basin Municipal Water District's insurance carrier for handling.

*Order Re Exemption as filed is attached as Appendix L.

NOTICE OF FINDINGS OF
JULY 3, 1985 WATERMASTER HEARING

A) Change of Watermaster Meeting Schedule. A noticed public hearing was conducted by Watermaster on July 3, 1985 to approve the Advisory Committee's action that hereinafter this date, all regular meetings of the Chino Basin Watermaster shall be held on the first Wednesday following each month containing five Wednesdays, commencing at 8:30 a.m.

The above action is the result of a request by Chino Basin Municipal Water District's Board of Directors (who also sit as Chino Basin Watermaster, See Judgment Page 12, Paragraph 16). At their regular meeting of May 15, 1985, the Board of Directors of Chino Basin Municipal Water District took action requesting the Watermaster Advisory Committee recommend this change to Watermaster to accommodate their meeting schedule change adopted April 24, 1985. Following affirmative action by the Advisory Committee, Watermaster, at their adjourned meeting of June 5, 1985, moved to set July 3, 1985 hearing date (based on Judgment Page 12, Paragraph 18).

B) Involuntary Reassignment of Pool Membership. Watermaster, as a result of its July 3, 1985 public hearing, recommended that all water previously produced by the San Bernardino County Regional Parks Department's two wells at Prado Tiro, under pumping rights assigned as a member of the Overlying Agricultural Pool, hereinafter be considered water produced under pumping rights assigned as a member of the Appropriative Pool.

The above action taken by Watermaster is the result of several meetings with County Parks Department personnel wherein concerns were

expressed by the Advisory Committee that the Park Department's current and future water usage was changing to an appropriative nature, although the Parks Department's pumping was being charged to its allocation as a member of the Agricultural Pool. The concerns were focussed on the two wells constructed by and for the 1984 Olympic Committee and their shooting site in South Chino. San Bernardino County Parks Department have subsequently become successors in interest to the site which they have developed into a commercial operation. At the May 23rd Advisory Committee meeting, the Committee recommended Watermaster conduct a public hearing to receive comments regarding reassignment of production from these two wells to Appropriative Pool use rather than Agricultural Pool use (based on Judgment, Page 24, Paragraph 34c).

Minutes of all Pool meetings and special Ad Hoc meetings regarding this subject are available at the Watermaster office, 8555 Archibald Avenue, Cucamonga, California, and may be viewed by any interested party by contacting the Chief of Watermaster Services.

II. COMMITTEE ACTIVITIES

A. Overlying (Agricultural) Pool

At the annual meeting of this pool the following individuals were selected to administer the pool activities and to serve as representatives on the Watermaster Advisory Committee during Fiscal Year 1985/86.

Regular	Alternate
Phillip Lock	Louis Aukeman
Gus Wybenga	John Vander Schaaf
Tom Carnesi	Fred Douma
Robert DeBerard	C. E. Seufferling
Ray Albers	Floris Ykema
*Paula Martinez	Jim Fairchild
*Gene Koopman	R. A. "Bud" Wathen
*Herbert C. Hall	Paul A. Enders
*Edwin Dubiel	State Attorney General

*Newly elected members for two year terms.

The following officers were duly nominated and elected:

Chairman	Tom Carnesi
Vice-Chairman	Robert DeBerard
Secretary	Don Peters, Chief, WM Services
Treasurer	John Anderson, Treas. of CBMWD

Through June 30, 1985, a total of four (4) meetings were conducted to act on matters affecting the members of this pool and to review actions to be taken by Watermaster.

Interventions and assignments to the Overlying (Agricultural) Pool during 1984/85 are indicated in Appendix "I".

B. Overlying (Non-Agricultural) Pool

At the annual meeting of this pool, the following individuals were selected to serve as officers of this Pool:

Chairman	Hooite Rugge
Vice-Chairman	Ed Ryan
Secretary	Don Peters, Chief, WM Services
Treasurer	John Anderson, Treas. of CBMWD

Watermaster Advisory Committee representatives for this Pool are as follows:

Hooite Rugge, Kaiser
Ed Ryan, Edison
Michael Thies, Space Center Mira Loma

Through June 30, 1985, three (3) meetings were conducted to act on matters affecting members of this pool and to review actions to be taken by Watermaster.

C. Appropriative Pool

At the annual meeting of this Pool, the following individuals were selected to serve as officers of this Pool:

Chairman	City of Ontario Representative
Vice-Chairman	Lloyd Michael
Secretary	Don Peters, Chief, WM Services
Treasurer	John Anderson, Treas. of CBMWD

Through June 30, 1985, four (4) meetings were conducted to act on matters affecting members of this Pool and to review actions to be taken by Watermaster.

D. Watermaster Advisory Committee

At the annual meeting of this Committee, the following officers were selected:

Chairman	Tom Carnesi
1st Vice Chairman	Lloyd Michael
2nd Vice Chairman	Michael Thies
Secretary	Don Peters, Chief, WM Services
Treasurer	John Anderson, Treas. of CBMWD

Regular meetings were scheduled for the third Thursday of each month having five (5) Wednesdays at 12:00 noon. The annual meeting was held January 17, 1985 at 12:00 noon. The Advisory Committee conducted four (4) regular meetings whereby all actions recommended to Watermaster were reviewed and discussed.

Minutes of all meetings are available at the Watermaster office at 8555 Archibald Avenue, Cucamonga, California, and may be viewed by any interested party by contacting the Chief of Watermaster Services.

ADMINISTRATION OF JUDGMENT

The Judgment provides for various administrative and accounting tasks to be performed on a regular basis, some of which are as follows:

(1) Water Rights Lease Agreements between Appropriative Pool Members for Fiscal Year 1984/85 totaled 1,885.178 acre feet. Individual lease agreements on forms approved by the Watermaster were as follows:

(a) From: Etiwanda Water Company	
To: Cucamonga County Water District	534.668
(b) From: Monte Vista Irrigation Company	
To: City of Norco	400.000
(c) From: West San Bernardino County Water District	
To: City of Chino	950.510
	1,885.178

(2) Transfer of Water in Local Storage was initiated on forms approved by Watermaster between Cucamonga County Water District and Etiwanda Water Company. A total of 1,180 acre feet of water in storage was transferred to Etiwanda Water Company.

(3) Unqualified Audit Opinion and Audit Report to the Chino Basin Watermaster from Reardon & McCallum, Certified Public Accountants, for the period ending June 30, 1985, is attached as Appendix "K".

(4) Mailing lists of active parties are updated on a routine basis through the use of the United States Post Office "Address Correction Requested Service" whereby any address change reported to the Post Office is forwarded to the Watermaster after each mailing.

File changes are made upon receipt from this and other sources of address change. A current listing of active parties is available for review upon request to Watermaster.

(5) Quarterly Accounting of Water Production has been received for the Appropriative and Overlying (Non-Agricultural) Pools for Fiscal Year 1984/85. The Overlying (Agricultural) Pool's quarterly production was compiled on those wells having water measuring devices installed.

(6) Computer Programming and File Maintenance is a considerable effort with more than 1300 parties involved. Computer programs have been streamlined to more efficiently handle the various mailings necessary as well as making accommodations for the storage and handling of water production and other data.

(7) New Party Interventions are accumulated on a regular basis whereby land ownership changes and new producers are accounted for as they occur. Change of ownership is more frequently learned during production reporting periods. With all production reported on a quarterly basis, this has become a routine task. Parties having surrendered all property with water producing facilities are considered inactive parties and are accounted for as such.

(8) Special Project Task Order have been initiated by separate work orders approved by the Watermaster Advisory Committee and Watermaster for projects other than general administration duties. Special projects designed by number for the budget period ending June 30, 1985 were as follows:

(a) (Task Order 78-1) Conjunctive Use/Cyclic Storage Study was set up to assure that all aspects of the Chino Groundwater Basin are

explored relating to the desirability and feasibility of conjunctively using this basin for storing approximately one million acre feet of State Project Water. Having additional water in storage in the Basin should increase groundwater levels and decrease the amount of energy required to pump water to the surface. This could monetarily benefit all producers in the basin. The California Department of Water Resources (DWR) and The Metropolitan Water District of Southern California (MWD) completed three (3) of the original (4) phases of this study and have met with Watermaster and the Watermaster Advisory Committee to present their results and recommendations. Because of monetary constraints, DWR phased itself out of the program leaving MWD to develop the balance of the plan. Watermaster and the pool committees continue to express institutional and environmental concerns to MWD which has resulted in Watermaster Advisory Ad Hoc Committee meetings with MWD and their consultants to identify these environmental concerns and to assure that the requirements mandated by the Judgment are addressed. An environmental assessment and subsequent E.I.R. work is expected to continue into Fiscal 1985/86.

(b) (Task Order 78-3) Meter Installation Study was initiated to be a service to those parties required to purchase and install meters. Under the contract, a recommendation regarding the type, size, and placement of a meter is made on an individual basis for each producer. This service is provided to orderly complete the installation of meters in the least amount of time, expense and inconvenience to each producer. Certain information considered necessary for the Watermaster's files will also be accumulated through this effort. Although the contract has been terminated, necessary follow-up work

will continue until all qualified wells are fitted with a meter measuring device as mandated by the Judgment.

(c) (Task Order 78-4) Meter Testing Program is designed to test every meter in the basin at least once every two years as an ongoing program of the Watermaster. During this reporting period a total of 131 meters were tested under this program. Eight in the Appropriative Pool, five in the Overlying (Non-Agricultural) Pool and one hundred eighteen in the Overlying (Agricultural) Pool. Five agricultural producers who are grape growers maintain certain wells in outlying areas and are subject to constant vandalism and therefore the Edison Company's well test procedure will provide an acceptable record as to production based on their Edison billings submitted bi-monthly. However, these non-metered wells must undergo an Edison well test every two years pursuant to the Judgment. Two producers in the Appropriative Pool have established monthly meter testing programs and report results of those tests to Watermaster for review and approval, eliminating a duplication of effort.

(d) (Task Order 84-1A) Water Well Data has been initiated to collect and analyze existing and new data to assist in the determination of key wells, to provide Watermaster with information to make future groundwater management decisions. It will coordinate with other existing monitoring agencies' programs and Department of Water Resources well monitoring program proposed as part of the Conjunctive Use Study. This work will also prevent any duplication of work utilizing other existing sources of information to the maximum extent possible. It will establish the ground rules and criteria for a long term groundwater monitoring program and start developing a program that

will eventually eliminate the data gaps which currently exist. Pursuant to the Judgment (page 80, Paragraph 2b) Watermaster has posted its 5 year "Notice of Intent" to reevaluate the level of safe yield of the basin. Upon the order of Watermaster, this Task Order will include a well measurement program which is a necessary step in the development of data for this reevaluation. This program will also determine the effects of the replenishment program currently underway, providing benefits to all producers within the basin. (This new Task Order replaces Task Order 79-1).

(e) (Task Order 84-1B) Safe Yield Study has been initiated to collect and analyze existing and new data to redetermine the safe yield of the Chino Hydrologic Basin. Pursuant to the Judgment, Page 80, Section 20, the Watermaster has posted its Notice of Intent to reevaluate the safe yield of the Basin. This project will utilize original data gathered under Task Order 79-1 and the new Task Order 84-1A (Water Well Data) as well as compiling rainfall data to prepare a water level contour map and a computer model utilizing consulting engineers to develop and complete the safe yield determination.

Subject to approval and recommendation of the Watermaster Advisory Committee of any affected Pool Committee, additional special project task orders may be designated and budgeted for as required to carry out the management plan.

(1) Local Storage Agreements were entered into by City of Chino for 15,000 acre feet; West End Consolidated Water Company for 2,500 acre feet; and Southern California Edison Company for 500 acre feet. These amounts represent water anticipated to be unpumped during the next five to ten years under the Judgment.

OVERLYING (AGRICULTURAL) POOL COMMITTEE

Regular members and alternates for Fiscal 1984-85. *Newly elected members for two year term.

<u>Regular</u>	<u>Alternate</u>
Phillip Lock 825 East Third Street San Bernardino, CA 92415 (714) 383-2437	Louis Aukeman 12391 Schleisman Mira Loma, CA 91752 (714) 986-6580
Gus Wybenga 13950 Haven Avenue Ontario, CA 91761 (714) 947-5540	John Vander Schaaf 7849 Schaefer Avenue Ontario, CA 91761 (714) 628-0381
Tom Carnesi 1604 N. Palm Avenue Upland, CA 91786 (714) 982-5008	Fred Douma 14350 Cleveland Ontario, CA 91761 (714) 947-5192
Robert DeBerard Post Office Box 1223 Upland, CA 91785 (714) 946-3653	C. E. Seufferling 14901 Central Avenue Chino, CA 91710 (714) 597-1821
Ray Albers 8649 Merrell Avenue Chino, CA 91710 (714) 947-3931	Floris Ykema 6882 Chino Avenue Chino, CA 91710 (714) 628-2411
*Paula Martinez Orange Co. Water District Post Office Box 8300 Fountain Valley, CA 92728	Jim Fairchild Orange Co. Water District Post Office Box 8300 Fountain Valley, CA 92728
*Gene Koopman 13898 S. Archibald Avenue Ontario, CA 91761 (714) 947-4350	R.A. "Bud" Wathen Post Office Box 800 Ontario, CA 91761 (714) 597-1861
*Herbert C. Hall 9430 Lomita Drive Alta Loma, CA 91710 (714) 987-9365	Joe D. Lopez Post Office Box 246 Etiwanda, CA 91739 (714) 987-2164
*Edwin Dubiel Deputy Attorney General 3580 Wilshire Blvd. Los Angeles, CA 90010 (213) 736-2116	State Attorney General 3580 Wilshire Blvd. Los Angeles, CA 90010 (213) 736-2116

APPENDIX "A - 2"

OVERLYING (NON-AGRICULTURAL) POOL COMMITTEE

Ameron Steel & Wire Division
ATTN: Bill Nelson
12459 Arrow Highway
Post Office Drawer 8
Etiwanda, CA 91739
(714) 987-2521

Anaheim Citrus Products
ATTN: Dennis Archer
421 East Commercial Street
Anaheim, CA 92803
(714) 533-4558

Swan Lake
ATTN: Al Byrd
5800 Hamner Avenue
Mira Loma, CA 91752
(714) 685-7044

Conrock Company
ATTN: Gene Block
3200 San Fernando Road
Los Angeles, CA 90065
(213) 258-2777

Kaiser Steel Corporation
ATTN: Hooite Rugge
Post Office Box 5050
Fontana, CA 92335
(714) 350-5448

Space Center Mira Loma, Inc.
ATTN: Michael Thies
3401 Etiwanda Ave., Bldg. 503
Mira Loma, CA 91752
(714) 685-5221

Quaker Chemical
ATTN: Gene Carline
10735 Kadota
Pomona, CA 91769
(714) 629-9776

San Bdno. Co. Aviation Div.
ATTN: Phil Lock
825 East Third Street
San Bernardino, CA 92415
(714) 383-2437

So. California Edison Co.
Etiwanda Generating Station
ATTN: Ed Ryan
8996 Etiwanda Avenue
Etiwanda, CA 91729
(714) 987-2561

Southern Service Co.
c/o Environmentals, Inc.
600 N. Euclid St., 3rd Floor
Anaheim, CA 92801
(714) 535-2242

Sunkist Growers
ATTN: Vern Renaud
616 East Sunkist Street
Ontario, CA 91764
(714) 983-9811

Union Carbide Corporation
Linde Division
ATTN: Guy Nolan
Etiwanda Avenue & I-10
Fontana, CA 92335
(714) 829-4000

APPENDIX "A - 3"

APPROPRIATIVE POOL COMMITTEE

Chino, City of
ATTN: Ray Wellington
Post Office Box 667
Chino, CA 91710
(714) 591-9885

Cucamonga County Water District
ATTN: Lloyd Michael
Post Office Box 638
Cucamonga, CA 91730
(714) 987-2591

Etiwanda Water Company
ATTN: Lloyd Michael
Post Office Box 726
Cucamonga, CA 91730
(714) 987-2591

Felspar Mutual Water Company
ATTN: Roy Grace
4453 Avon Street
Riverside, CA 92509
(714) 685-2252

Fontana Union Water Company
ATTN: Robert Beck
Post Office Box 309
Fontana, CA 92335
(714) 822-2209

Jurupa Community Services Dist.
ATTN: John J. Schatz
8621 Jurupa Road
Riverside, CA 92509
(714) 685-7434

Marygold Mutual Water Company
ATTN: M. D. Funk
9715 Alder
Bloomington, CA 92316
(714) 877-0516

Monte Vista Water District
ATTN: Robert Thompson
10575 Central Avenue
Montclair, CA 91763
(714) 624-0035

Monte Vista Irrigation Co.
ATTN: H. K. Andersen
2529 West Temple
Los Angeles, CA 90026
(714) 388-7425

Mutual Water Company of
Glen Avon Heights
ATTN: Milt Aust
9643 Mission
Riverside, CA 92409
(714) 685-6441

Norco, City of
ATTN: Jim Ashcraft
Post Office Box 428
Norco, CA 91760
(714) 735-3900

Ontario, City of
ATTN: Mike Teal
303 East "B" Street
Ontario, CA 91764
(714) 986-1151

Pomona, City of
ATTN: Jim Lundie
Post Office Box 660
Pomona, CA 91768
(714) 620-2231

San Antonio Water Company
ATTN: Charlie Thomas
Post Office Box 660
Upland, CA 91786
(714) 982-4107

APPENDIX "A - 3"

APPROPRIATIVE POOL COMMITTEE (Continued)

San Bernardino County
Waterworks District No. 8
ATTN: Tom Rose
14575 Pipeline Avenue
Chino, CA 91710
(714) 597-1785

Santa Ana River Water Co.
ATTN: Arnold Rodriguez
10530 54th Street
Mira Loma, CA 91752
(714) 685-6503

Southern California Water Co.
ATTN: Mr. William Downey
Post Office Box 188
San Dimas, CA 91773
(714) 599-1289

Upland, City of
ATTN: Lee Travers
Post Office Box 460
Upland, CA 91785
(714) 982-1352

West End Consolidated Water Co.
ATTN: Charlie Thomas
Post Office Box 877
Upland, CA 91785
(714) 982-4107

West San Bernardino County
Water District
ATTN: Ira Pace
Post Office Box 188
Rialto, CA 92376
(714) 875-1804

APPENDIX "B"
 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	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

* Includes 3,945 Acre Feet of mined water pumped by Edison Company as agent for the Chino Basin Municipal Water District

APPENDIX "B"

CHINO BASIN WATERMASTER

BUDGET 1985/1986
SUMMARY OF ADMINISTRATIVE BUDGETS

	APPROPRIATIVE POOL		OVERLYING AGRICULTURAL POOL		OVERLYING NON-AGRICULTURAL POOL		5822 FUNDS
	AMOUNT	PER ACRE FOOT	AMOUNT	PER ACRE FOOT	AMOUNT	PER ACRE FOOT	
TOTALS	133,975	52.24882	60,725	45.32552	3,250	2.42581	Not Applicable
Estimated 84/85 Production							
GENERAL ADMINISTRATION:							
Joint Watermaster-Advisory Committee	443,150	\$22,545	417,558	\$1,047			
Pool Administration	11,700	3,575	7,075	1,960			
Total Administrative Budgets	54,850	26,120	60,373	40,438	2,097	80,642	
SPECIAL PROJECTS:							
Conjunctive Use/Cyclic Storage	3,150	1,646	1,428	76			
Meter Installations	1,575	823	714	38			
Well Water Data	38,525	0	0	0			\$38,525
Water Testing Program	22,700	700	21,075	525			
Site Yield Study	7,500	0	0	0			7,500
Total Special Project	73,450	3,169	23,217	0.3823	1,040	0.3199	46,625
TOTAL ADMIN. AND SPECIAL PROJECTS	128,300	29,289	6,484	0.6209	3,136	0.7650	46,625
25% Operating Reserve	20,568	7,322	0.1046	0.2052	784	0.2413	0
ADMINISTRATIVE COSTS TO BE ASSESSED	148,868	36,611	0.3230	1.0261	3,920	1.2063	46,625
Projected Carry Forward from 84/85 Revenue or (Expense) from Water Transfers	(9,000)	7,456	0.1055	1.4323	14,803	4.5548	119,576
PROJECTED 85/86 ADMINISTRATIVE (ASSESSMENTS) OR CARRY-OVER	(9,000)	(136,155)	(0.3121)	0.1754	\$10,883	3.3485	\$73,553
WATER REPLENISHMENT/CYCLIC PROPOSED 85/86 BUDGET	\$2,128,025	See Backup	\$0	See Backup	\$60	See Backup	\$25,875

*Total Costs have been allocated to Pools by estimated 84/85 production percentages.
NOTE: All allocations have been rounded. This may have an insignificant impact on the extensions of the per acre foot costs.

APPENDIX "D"

SUMMARY OF
UNALLOCATED SAFE YIELD TRANSFERS
FOR FISCAL YEAR 1984/85

	----- Agricultural Pool		Water Transfers -----	
	Land Use Conversions		Balance Avail. (Ac.Ft.)	Total Trans. (Ac.Ft.)
	First 50% (Ac.Ft.)	Remain. 50% (Ac. Ft.)		
City of Chino	87.150	19.848	1,241.112	1,348.110
Cucamonga Co. Water Dist.		16.683	1,043.186	1,059.869
Etiwanda Water Co.		2.892	180.809	183.701
Felspar Gardens Mut. Water Co.		0.257	16.080	16.337
Fontana Union Water Co.		34.594	2,163.193	2,197.787
Jurupa Comm. Services		8.359	522.676	531.035
Marygold Mut. Water Co.		3.544	221.610	225.154
Monte Vista Water Dist.		22.435	1,402.851	1,425.286
Monte Vista Irrigation Co.		3.660	228.861	232.521
Mutual Water Co. of Glen Avon Heights		2.531	158.255	160.786
City of Norco		1.090	68.157	69.247
City of Ontario	209.400	61.511	3,846.299	4,117.210
City of Pomona		60.567	3,792.880	3,853.537
San Antonio Water Co.		8.150	509.586	517.736
San Bernardino Co. Waterworks District No. 8		17.040	1,065.518	1,082.558
Santa Ana River Water Co.		7.038	440.088	447.126
So. Calif. Water Co.		2.225	139.149	141.374
City of Upland		15.426	964.600	980.026
West End Consol. Water Co.		5.125	320.490	325.615
West San Bernardino Co. Water District		3.485	217.890	221.375
	<u>296.550</u>	<u>296.550</u>	<u>18,543.290</u>	<u>19,136.390</u>
<u>RESERVE ACCOUNT (Ac.Ft.)</u>				
1982/83 transfer:	414,000	- 361,761	=	52,239
1983/84 transfer:	414,000	- 334,510	=	79,490
1984/85 transfer:	414,000	- 318,318	=	95,682
		TOTAL		<u>227,411</u>
Amount transferred per WM Res.84-2				45,491.2
Reserve Amount as of June 30, 1985				<u>181,919.8</u>

APPENDIX "E"
 SUMMARY OF MWD "INTERRUPTIBLE" (INCLUDING "IN LIEU") AND
 NON INTERRUPTIBLE DELIVERIES
 (ACRE FEET)
 YEAR ENDED JUNE 30, 1985

Month	City of Pomona		City of Chino		Monte Vista Water Dist.		City of Ontario		Water Works Dist. #8		So. Calif. Edison Co.		Cucamonga Co. Wtr. Dist.		TOTAL
	Non Int.	Int.	Non Int.	Int.	Non Int.	Int.	Non Int.	Int.	Non Int.	Int.	Non Int.	Int.	Non Int.	Int.	
July 1984	700	300	-0-	115	-0-	44	370	412	876	350	250	96	-0-	3,513	
August	630	300	-0-	81	-0-	5	338	401	849	132	250	10	-0-	3,016	
September	537	300	-0-	96	-0-	60	396	294	492	132	250	73	-0-	2,630	
October	186	300	-0-	66	-0-	14	162	445	349	-0-	214	-0-	-0-	1,736	
November	26	400	-0-	-0-	-0-	16	-0-	414	290	83	286	-0-	-0-	1,515	
December	0	305	-0-	-0-	-0-	-0-	-0-	174	229	-0-	207	-0-	-0-	915	
January	60	64	-0-	183	-0-	-0-	-0-	21	241	-0-	269	-0-	-0-	838	
February	110	105	-0-	130	-0-	5	-0-	282	260	-0-	163	-0-	-0-	1,055	
March	124	110	-0-	212	-0-	-0-	-0-	358	317	-0-	202	-0-	-0-	1,323	
April	144	150	1	200	-0-	8	-0-	387	347	-0-	250	-0-	-0-	1,487	
May	300	257	-0-	166	-0-	13	-0-	744	512	-0-	76	44	-0-	2,112	
June	<u>340</u>	<u>300</u>	<u>-0-</u>	<u>180</u>	<u>-0-</u>	<u>44</u>	<u>353</u>	<u>561</u>	<u>805</u>	<u>-0-</u>	<u>266</u>	<u>207</u>	<u>-0-</u>	<u>3,056</u>	
	3,157	2,891	1	1,429	0	209	1,619	4,493	5,587	697	2,683	430	-0-	23,196	

GROUNDWATER REPLENISHMENT DELIVERIES
 (ACRE FEET)
 YEAR ENDED JUNE 30, 1985

Month	San Sevaline	Montclair		Day	Etiwanda	Total
		OC-59	CB-3			
July 1984	-0-	-0-	-0-	-0-	-0-	-0-
August	-0-	-0-	-0-	-0-	-0-	-0-
September	-0-	-0-	-0-	-0-	-0-	-0-
October	-0-	-0-	-0-	-0-	-0-	-0-
November	-0-	-0-	-0-	-0-	-0-	-0-
December	-0-	-0-	-0-	-0-	-0-	-0-
January	-0-	-0-	-0-	-0-	-0-	-0-
February	693	2,002	-0-	690	557	3,942
March	923	2,004	-0-	877	850	4,662
April	861	-0-	-0-	816	829	2,506
May	199	-0-	-0-	429	450	1,078
June	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTALS	2,676	4,006	-0-	2,812	2,694	12,188

¹ Approximately 37.8% of amounts shown are used over the Chino Basin.

APPENDIX "F"

CHINO BASIN WATERMASTER
 SUMMARY OF CYCLIC STORAGE DELIVERIES
 YEAR ENDED JUNE 30, 1985*
 (Acre Feet)

<u>Month</u>	<u>San Sevaine</u>	<u>Day Creek Basin</u>	<u>Etiwanda</u>	<u>Total</u>
July 1984	-0-	-0-	-0-	-0-
August	678	1,097	820	2,595
September	561	916	527	2,004
October	-0-	-0-	-0-	-0-
November	-0-	-0-	-0-	-0-
December	-0-	-0-	-0-	-0-
January	-0-	-0-	-0-	-0-
February	-0-	-0-	-0-	-0-
March	-0-	-0-	-0-	-0-
April	-0-	-0-	-0-	-0-
May	714	400	400	1,514
June	<u>782</u>	<u>939</u>	<u>875</u>	<u>2,596</u>
	2,735	3,352	2,622	8,709

BALANCE OF CYCLIC STORAGE ACCOUNT AS OF JUNE 30, 1985.....59,727 ACRE FEET

* Previous summaries of Cyclic Storage Deliveries are available at the Watermaster office at 8555 Archibald Avenue, Cucamonga, California.

APPENDIX "G"
SUMMARY OF
OTHER IMPORTED SUPPLIES
(Acre Feet)
YEAR ENDED JUNE 1985*

	<u>OTHER BASINS</u>	<u>SURFACE DIVERSIONS</u>	<u>OTHER IMPORTED SURFACE DIVERSIONS</u>	<u>RECLAIMED WATER</u>
Cucamonga County (1) Water District	14,364	6,520		
Fontana Union Water Company	7,923	9,118		
Marygold Mutual Water Company			796	
MWD of Southern (2) California			31,989	
Ontario, City of (3)				609
San Antonio Water Company				
San Bernardino (3) County				659
West End Consolidated Water Company	1,642			
West San Bernardino County Water District		-0-		
Sub-Total	<u>36,482</u>	<u>23,685</u>	<u>32,785</u>	<u>1,268</u>
TOTAL		----- 92,952		

- (1) Includes water used over Cucamonga Basin
- (2) Appendix "E", MWD Total - Annual Reports prior to October 31, 1984 do not reflect total MWD deliveries to City of Pomona
- (3) Reclaimed Water - For the record only, not a part of Other Imported Supplies. Amounts shown are from sales records of Chino Basin Municipal Water District.
- * Previous summaries of Other Imported Supplies are available at the Watermaster office at 8555 Archibald Avenue, Cucamonga, California.

APPENDIX "H"

TOTAL WATER USED WITHIN CHINO BASIN*
(Acra Feet)

Fiscal Year	Chino Basin Extractions	Other Imported Supplies	Total
74/75	175,757	49,383	225,140
75/76	181,017	57,686	238,703
76/77	173,355	55,765	229,120
77/78	154,675	61,567	216,242
78/79	141,314	75,864	217,176
79/80	140,566	70,727	211,293
80/81	144,416	77,765	222,181
81/82	137,532	67,491	205,023
82/83	122,635	76,000	198,635
83/84	132,799	99,257	232,056
84/85	134,870	92,952	227,822

*Includes water used over Cucamonga Basin

APPENDIX "I"

LIST OF INTERVENTIONS AND ASSIGNMENTS

OVERLYING (AGRICULTURAL) POOL

<u>INTERVENOR</u>	<u>INACTIVE PARTY</u>
Eric Daale	None
James Idsinga	None

APPENDIX "J"

WATERMASTER'S "NOTICE OF INTENT"
TO CHANGE THE OPERATING SAFE YIELD
OF THE CHINO GROUNDWATER BASIN

PLEASE TAKE NOTICE that on this 30th day of June, 1985, 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. 164327 (Exhibit I, Paragraph 2b, Page 80).

Approved by the
Watermaster Advisory Committee

By Tom Carnesi
Tom Carnesi, Chairman

CHINO BASIN WATERMASTER

By Dwight French
Dwight French, Chairman

ATTEST:

By John L. Anderson
John L. Anderson, Secretary

APPENDIX "J"

CHINO BASIN WATERMASTER
Annual Financial Report
JUNE 30, 1985

APPENDIX "K"

CHINO BASIN WATERMASTER
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 1985

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Auditor's Opinion	
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Notes to Financial Statements	

SCHEDULE

Combining Statement of Revenue, Expenses, and Retained Earnings of the Various Funds of the Watermaster	1
---	---

REARDON MCCALLUM & Co.

WALTER F. REARDON, C.P.A.
JOHN L. MCCALLUM, C.P.A.
HELENE W. BLUMNER, C.P.A.
SACHINO M. STARRS, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS
848 WEST FOOTHILL BOULEVARD, SUITE C
UPLAND, CALIFORNIA 91786
TELEPHONE (714) 988-7286

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
CALIFORNIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Chino Basin Watermaster
8555 Archibald Avenue
Cucamonga, CA 91730

Gentlemen:

We have examined the financial statements of the Chino Basin Watermaster for the year ended June 30, 1985. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of the Chino Basin Watermaster at June 30, 1985 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles for governmental agencies applied on a basis consistent with that of the preceding year.

Reardon McCallum & Co

August 21, 1985
Upland, California

CHINO BASIN WATERMASTER
COMPARATIVE BALANCE SHEET

Exhibit I

June 30, 1985 and 1984

	1985	1984
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash in bank - checking	\$721	\$417
Cash in bank - savings	43,596	7,682
Time certificates of deposit	44,317	8,099
	300,000	340,000
Assessments receivable - Overlying Agricultural Pool	5,563	0
Accounts receivable	0	438
Interest Receivable	117	1,937
Prepaid office supplies	183	253
TOTAL CURRENT ASSETS	\$350,180	\$350,727
<u>LIABILITIES AND RETAINED EARNINGS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$43,596	\$46,357
Prepaid assessments - Appropriative Pool	0	12,017
Total Current Liabilities	43,596	58,374
RETAINED EARNINGS		
Reserved for Watermaster activities	306,584	292,353
TOTAL LIABILITIES AND RETAINED EARNINGS	\$350,180	\$350,727

See accompanying notes to financial statements

CHINO BASIN WATERMASTER

Exhibit 2

STATEMENT OF REVENUE, EXPENSES AND RETAINED EARNINGS

For the Fiscal Year Ended June 30, 1985

	FISCAL 1984/1985		VARIANCE- FAVORABLE (UNFAVORABLE)	FISCAL 1983/1984 (Memorandum Only)
	BUDGET	ACTUAL		
REVENUES:				
Assessment Revenue				
Replenishment Water Assessments	\$1,864,684	\$1,670,247	\$5,363	\$1,356,664
Administrative assessments	23,035	25,030	(5)	6,573
Assessment delinquency fees	0	0	0	46
Miscellaneous revenues	0	598	598	588
Interest revenue	19,500	97,953	76,453	43,892
Total Revenues	1,907,219	1,991,828	84,639	1,407,763
EXPENSES:				
CBMWD Services Contract				
Salaries, payroll burden & overheads	49,325	41,278	8,047	38,054
Materials and supplies	100	37	63	156
Printing and mailing	1,575	2,096	(521)	841
Other expenses	625	523	102	455
General and administrative	4,175	3,101	1,074	2,963
Total CBMWD Services Contract	55,800	47,035	8,765	42,463
Replenishment Water Deliveries	1,864,689	1,864,687	2	1,377,690
Printing and mailing	800	596	202	796
Contract labor and materials	106,885	51,636	55,249	63,609
Audit fees	1,875	1,616	59	1,708
Legal fees	7,200	5,342	1,858	6,815
Engineering fees	5,500	4,519	4,981	2,322
Meeting compensation	2,700	1,925	775	2,100
Other direct expenses	500	39	461	0
Total Expenses	2,049,949	1,977,597	72,352	1,497,503
EXCESS (DEFICIT) REVENUE OVER EXPENSES	(142,730)	14,231	156,961	(89,740)
Retained Earnings at Beginning of Year	292,353	292,353	0	382,093
Retained Earnings at End of Year	\$149,623	\$306,584	\$156,961	\$292,353

See accompanying notes to financial statements

APPENDIX "K - 4"

CHINO BASIN WATERMASTER

Exhibit 3

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Fiscal Year Ended June 30, 1965

SOURCES OF WORKING CAPITAL			
Operations			
Excess of expenses over revenues			\$14,231

NET INCREASE (DECREASE) IN WORKING CAPITAL			\$14,231
			=====
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL ITEMS			
	7/1/64	6/30/65	
	-----	-----	
Current Assets			
Cash	\$8,099	\$44,317	\$36,218
Short term investments	340,000	300,000	(40,000)
Receivables	2,375	5,660	3,305
Prepaid expenses	253	183	(70)
	-----	-----	
	350,727	350,180	
	-----	-----	
Current Liabilities			
Accounts payable	46,357	43,596	2,761
Prepaid assessments	12,017	0	12,017
	-----	-----	
	58,374	43,596	
	-----	-----	
Working Capital	\$292,353	\$306,584	
	=====	=====	
NET INCREASE (DECREASE) IN WORKING CAPITAL			\$14,231
			=====

See accompanying notes to financial statements

CHINO BASIN WATERMASTER
NOTES TO FINANCIAL
STATEMENTS

June 30, 1985

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

- A. Books and records are kept on the accrual basis.
- B. Separate cost centers have been established to segregate the Watermaster activities as required under the judgement and rules and regulations of Watermaster and each pool (See Schedule 1).
- C. Short-term investments are recorded at cost.

NOTE 2 - CHINO BASIN WATERMASTER FORMATION

The Chino Basin Watermaster was appointed on January 27, 1978 in the Superior Court of the State of California for the County of San Bernardino. The Board of Directors of Chino Basin Municipal Water District was named as the Watermaster. In general, the Judgement provided for levying assessments to cover the cost of Watermaster administration and of replenishment water to maintain current water levels in the Chino hydrological basin. The Watermaster organizational meeting was held on February 15, 1978; and shortly thereafter, rules and regulations were adopted, meeting dates were established and the Services and Facilities Contract was signed with Chino Basin Municipal Water District for the provision of staff and office facilities necessary to administer the program.

NOTE 3 - APPROPRIATIVE POOL INTEREST REVENUE

On August 30, 1979, the Appropriative Pool unanimously approved assessment procedures whereby any interest earned by Watermaster on replenishment assessments paid by Appropriative Pool members would be subtracted from the total current assessment due from those members. Fiscal 83/84 interest revenue was allocated to the Appropriative Pool members based on the funds received in payment of the 83/84 assessments, resulting in a lower 84/85 assessment and a subsequent transfer of funds from the Appropriative Pool to Groundwater Replenishment.

NOTE 4 - SENATE BILL 222 FUNDS

On June 28, 1975, California State Senate Bill SB 222 was enacted. This provided for the imposition of an assessment on groundwater extractions for the purpose of developing water management programs with the District collecting \$2 per acre foot of water extracted. This assessment ended with fiscal year 1976/77. The funds collected were used to finance necessary investigations and to establish water rights through adjudication. The adjudication was signed January 27, 1978, and the remaining SB 222 funds were transferred to the Chino Basin Watermaster who has used some of the funds to deliver groundwater to the Basin which will be available for local producers at a future date and for 77/78 administrative expenses. On May 30, 1984, the Watermaster approved (as part of the 84/85 budget process) the use of some of these funds to cover the cost of evaluating the need to redetermine the "safe yield" of the basin.

Reserve for Cyclic Water

The Watermaster has entered into a cyclic storage contract with Metropolitan Water District (MWD) which provides for the delivery of up to 100,000 acre feet of water into the basin to be stored until needed. As the water is needed, either for extraction or for groundwater replenishment, MWD will bill the Watermaster. The only immediate cost to the Watermaster for placing the water in storage is the payment of any delivery costs involved. Through June 30, 1985, 59,727.4 acre feet of water have been placed in storage under this contract. (When water is purchased from cyclic storage, assessments will be based on MWD's current replenishment water rate plus the current year's average cost per acre foot for delivery.) Any excess revenues from these extractions will be set aside in a Reserve for Cyclic Water Fund to be used for future cyclic water replacements. No revenues have been generated to date.

NOTE 5 - CHINO BASIN WATER ASSOCIATION CONTRIBUTION FOR EDUCATIONAL PROGRAMS

In the 1960's an organization known as the Chino Basin Water Users Association (CBWA) was formed to study groundwater management of the Chino hydrological basin. On August 4, 1982, the CBWA met and unanimously voted to dissolve and to offer their remaining funds (\$5,609.39) to the Watermaster to be used under the direction of the Advisory Committee for informational and educational purposes. On September 29, 1982, the Watermaster accepted the funds and established a separate reserve to provide accountability thereof. During fiscal 83/84, \$5,250.00 was used to purchase a public information display depicting the history, purposes, and activities of the Chino Basin

Watermaster. The display is available for use by producers throughout the basin.

NOTE 6 - ALLOCATION OF WATERMASTER ADMINISTRATION EXPENSES TO POOLS

Watermaster Administration Expenses are allocated to the pools based upon the prior year's production figures (or the same percentages used to set the annual assessments).

Allocations for fiscal 84/85 have been made based upon 83/84 productions of:

Appropriative Pool	70,558.1 af or	53.132%
Overlying Agricultural Pool	59,033.2 af or	44.453%
Overlying Non-agricultural Pool	3,207.6 af or	2.415%
	<hr/>	<hr/>
Total production	132,798.9 af or	100.000%

NOTE 7 - IMPACT OF PROPOSITION 4: APPROPRIATION LIMITATIONS

On November 6, 1979, the State of California voters approved Article XIII B of the State Constitution whereby governmental agencies are limited in the amount of tax revenues which can be appropriated to the amount which was appropriated in the base year, 1978/79, adjusted for increases in population served and consumer price indices. User charge rates are to be set to cover only the costs of operations, administration, and reasonable reserves required to provide each specific service. Any excess revenue received is to be returned to the user within two (2) years either through rate adjustments or direct rebates.

On May 30, 1984, the Watermaster adopted Resolution No. 84-1 which set forth findings that all Watermaster revenues are the result of benefit assessments and interest earned thereon. Based on these findings, the Watermaster determined that there were no proceeds of taxes during the 1978/79 base year and that the appropriations limit for fiscal year 1984/85 was zero.

In this regard, the rates of each Pool's annual assessments are computed based on the budgeted needs of the coming fiscal year less any funds on hand at the end of the prior fiscal year.

CHINA INDIAN WAREMASTER
COMMISSION STATEMENT OF REVENUE, EXPENSES AND RETAINED EARNINGS
For the Fiscal Year Ended June 30, 1985

	WAREMASTER ADMINISTRATION		WAREMASTER REPRESENTATIVE		POL. ADMINISTRATION AND SPECIAL PROJECTS		GRAND TOTAL
	SPECIAL PROJECTS	TOTAL	51222 FUND	ADMINISTRATIVE FUND	APPROPRIATIVE FUND	NON-APPROPRIATIVE FUND	
REVENUES:							
Assignment Revenue			61,070,247				61,070,247
Reimbursement Water Department							0
Transfer of prior year interest to reimbursement assessments (Item 3)			12,190		(12,190)		0
Administrative assessments (Item 3)					3,185	819,785	23,820
Administrative revenue	6278	8298	5,432	86,844	12,508	1,842	598
Interest receipt							97,953
Total Revenues	90	578	78	1,085,072	71,039	1,923	1,974,820
EXPENSES:							
CEMO Services Contract							
Salaries, payroll burden & overheads	27,965	4,298	34,263	136	1,834	3,742	1,033
Materials and supplies	37						37
Printing and mailing	445	444			113	1,473	44
Other expenses	252	232			65	180	323
General and administrative	2,883	460	2,423	13	141	286	3,181
Total CEMO Services Contract	30,721	4,758	37,479	185	2,161	5,221	1,178
Reimbursement Water Department							
Printing and mailing	130				19	429	12
Contract labor and materials	1,816				440	7,817	275
Audit fees	3,444	1,810	5,252	10,299	25,495		31,446
Legal fees							1,814
Engineering fees							5,342
Auditing compensation	1,325	4,315	5,640				4,315
Other direct expenses				1	1	33	1,920
Total Warehouse Administration Expenses	37,591	13,495	50,486				9,495
Allocation of Admin. Expenses to Funds (Item 4)	(37,591)	(13,495)	(50,486)				(50,486)
Total Expenses	0	598	598	18,495	1,890,537	25,442	35,119
EXCESS (DEFICIT) REVENUE OVER EXPENSES	0	0	0	(18,495)	(4,458)	41,577	(5,026)
Retained Earnings at Beginning of Year	0	0	0	154,821	29,972	25,877	67,497
Retained Earnings at End of Year	0	0	0	136,326	25,519	66,654	61,271

See accompanying notes to financial statements

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3 Tenth Floor
4 Costa Mesa, CA 92626
5 (714) 556-7803

ORIGINAL received by Court
Clerk
Date: JAN 10 1986
K. OBT
(Signature)

5 Attorney for WATERMASTER

8 SUPERIOR COURT OF CALIFORNIA FOR SAN BERNARDINO COUNTY

10 CHINO BASIN MUNICIPAL WATER)	CASE No. 164327
11 DISTRICT,)	
)	ORDER RE EXEMPTION OF THE
12 Plaintiff,)	STATE OF CALIFORNIA FROM
)	EXPORT LIMITATIONS AND PAY-
13 vs.)	MENT OF REPLENISHMENT
)	CHARGES
14 CITY OF CHINO, et al.,)	
)	
15 Defendants.)	

17 Good cause appearing therefor, IT IS HEREBY ORDERED that
18 the State of California, through its Department of Health Services
19 and its other agencies, and their contractors, is exempted from
20 payment of Watermaster charges in connection with the sampling,
21 pumping and exportation of water from the Chino Basin for the
22 purpose of remedying contamination or preventing hazardous sub-
23 stances from contaminating the Chino Basin, up to the amount of
24 three hundred (300) acre feet per year.

25 Dated: January 10, 1986

26
27 **DON A. TURNER**
28 JUDGE OF THE SUPERIOR COURT