

RESOLUTION 92-5

RESOLUTION OF THE CHINO BASIN WATERMASTER
SAN BERNARDINO COUNTY, CALIFORNIA
ADOPTING AND IMPLEMENTING A SPECIAL PROGRAM FOR
ABANDONMENT OF WATER IN STORAGE BY MEMBERS OF THE
OVERLYING (NON-AGRICULTURAL) POOL; ESTABLISHING
A SPECIAL ACCOUNT FOR RETENTION OF SUCH
ABANDONED WATER BY WATERMASTER; ESTABLISHING FUNDING
FOR, AND ESTABLISHING GUIDELINES FOR APPLICATION
OF ANY SURPLUS FUNDS THAT MAY BE GENERATED
BY, OPERATION OF THE PROGRAM

WHEREAS, on January 24, 1978, the Chino Basin Watermaster was appointed by the Superior Court of the State of California in and for the County of San Bernardino to administer and enforce the provisions of Judgment Number RCV 51010 (formerly Judgment No. SCV 164327),

NOW, THEREFORE, the Chino Basin Watermaster does hereby RESOLVE, DETERMINE and ADOPT as follows:

Section 1. Declaration. That this Watermaster does hereby declare:

A. Rights to produce water from Chino Basin by members of the Overlying (Non-Agricultural) Pool are individually decreed in the Judgment and set forth in Exhibit "D" thereof; are appurtenant to the land; and may be carried over and stored pursuant to a uniform storage agreement executed and filed with Watermaster; and

B. As a consequence of patterns of production by members of the Overlying (Non-Agricultural) Pool substantial amounts of water have been stored by members of that Pool; and

C. Allowing unproduced water to accumulate in storage without the opportunity to put such water to the highest and best use is antithetical to the purpose and objective of the Physical Solution and optimum management of the waters of Chino Basin; and

D. Rights to water decreed by the Judgment to members of the Overlying (Non-Agricultural) Pool can only be (1) assigned for use appurtenant to the lands to which such rights attach or (2) abandoned by (a) the execution of a written election by the owner thereof filed with Watermaster or (b) by order of the Court upon noticed motion and after hearing; and

E. The purpose and objective of the Physical Solution can greatly benefit by a program which will permit use of water stored by members of the Overlying (Non-Agricultural) Pool for purposes which benefit the basin and persons dependent upon the basin for water; and

F. Incentives for election of abandonment of water in storage to the benefit of Watermaster are essential to the operation of such special program; and

G. Watermaster Rules and Regulations and Overlying (Non-Agricultural) Pool Committee Rules and Regulations permit the implementation of a special program for abandonment of water in storage by members of said Pool for the benefit of Watermaster.

Section 2. findings and Determinations. That, based upon the above declaration, this Watermaster does hereby find and determine:

A. Watermaster shall adopt and hereby adopts a program for the abandonment of water rights by members of the Overlying (Non-Agricultural) Pool for the benefit of the Chino Basin and producers of water therefrom. This program shall be known as the "Chino Basin Watermaster Special Program for Abandonment of Water in Storage by Members of the Overlying (Non-Agricultural) Pool".

B. Any member of the Overlying (Non-Agricultural) Pool may execute and file with Watermaster an Abandonment of Rights to Water in Storage, a copy of which form is attached hereto as Exhibit "A" and incorporated herein by reference. Water abandoned by the filing of the

abandonment form shall be deemed abandoned to the benefit of the special Watermaster Abandoned Water Account hereafter established.

C. Watermaster shall and does hereby establish an account to be known as the Watermaster Abandoned Water Account. All water abandoned by members of the Overlying (Non-Agricultural) Pool on the form attached hereto as Exhibit "A" shall be transferred, upon execution and filing of said form, into the account herein established.

D. Water abandoned to the Watermaster Abandoned Water Account shall be made available for such purposes as may, from time to time, be determined, including, without limitation, offset of replenishment obligations of Watermaster whether caused by over-production by parties to the Judgment, or by replenishment need caused by export of water for purposes benefiting the basin in general and producers of water therefrom, such as clean-up of toxic wastes, etc. Such water shall be sold at a price to be determined by Watermaster from time to time. Price for such water may be made dependent upon the purpose for which said water is sold, provided however, that water sold to offset general replenishment obligations for over-production by the parties shall be an amount equal to the cost of water for replenishment under the most favorable replenishment rate then available, and provided further that price of water shall be such as to encourage water quality improvement in Chino Basin.

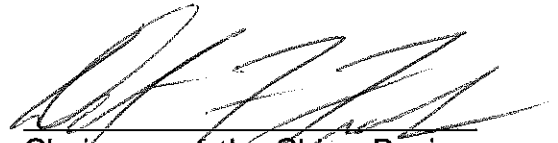
E. In order to encourage members of the Overlying (Non-Agricultural) Pool to elect to abandon water in storage to the Watermaster Abandoned Water Account, Watermaster may offer incentives for such election, which incentives may include the payment of cash by Watermaster to the party electing to abandon water pursuant to the program herein established.

F. Watermaster shall and does hereby establish an account for the administration of the program hereby established. All proceeds of sale of water by Watermaster from the Watermaster Abandoned Water Account shall be placed in said account, and all incentives offered by Watermaster for the abandonment of water by members of the Overlying (Non-Agricultural) Pool shall be paid from said account. It is the intent that the program hereby established shall be self-sustaining. Recognizing that funds must initially be made available to commence the program, Watermaster hereby determines that \$ _____ from any funds shall be transferred into said account for the initial payment of incentives. Such funds hereby advanced shall be returned to the fund from the first available moneys generated from sale of water from the Watermaster Abandoned Water Account. Thereafter, to the extent sale of

water from the Watermaster Abandoned Water Account creates a surplus of funds, such funds shall be made available for such purposes and upon such terms as Watermaster from time to time may determine.

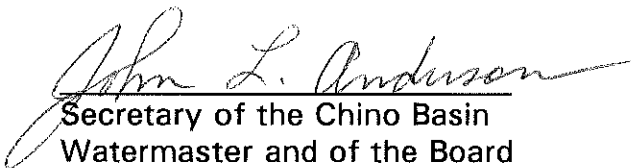
Section 3. Filing. That the Secretary is hereby authorized and directed to file a certified copy of this resolution with the Board of Directors of Chino Basin Municipal Water District for inclusion in the public notice procedures for that local government.

ADOPTED this 5th day of August, 1992.



Chairman of the Chino Basin
Watermaster and of the Board
of Directors thereof.

ATTEST:

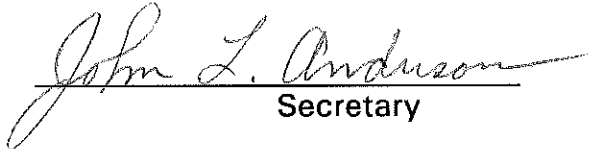


Secretary of the Chino Basin
Watermaster and of the Board
of Directors thereof.

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, John Anderson, Secretary of the Chino Basin Watermaster, DO
HEREBY CERTIFY that the foregoing Resolution being No. 92-5, was adopted at a
regular meeting of said district by the following vote:

- AYES: Directors French, Anderson, Dunihue and Hill
- NOES: None
- ABSENT: Borba


Secretary

(SEAL)