

BEAUMONT BASIN WATERMASTER

For

SAN TIMOTEO WATERSHED MANAGEMENT AUTHORITY

V.

CITY OF BANNING, ET AL
(CASE NO. RIC 389197)

FIRST ANNUAL REPORT OF THE BEAUMONT BASIN WATERMASTER

FY 2003-04



December 2004

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OVERVIEW OF JUDGMENT AND WATERMASTER

Background and History

In January 2001, the San Timoteo Watershed Management Authority (STWMA), a joint powers agency (JPA), was formed by the Beaumont-Cherry Valley Water District, the City of Beaumont, South Mesa Water Company and the Yucaipa Valley Water District because of their common interest in the San Timoteo Watershed. Once formed, STWMA began a watershed-wide, multi-phase effort to develop and implement a comprehensive San Timoteo Watershed Management Program (STWMP). STWMA completed Phase 1 of this effort in March 2002 when it published the STWMP Phase 1 Report. The Phase 1 effort included a stakeholder process that addressed environmental, water purveyor, landowner, and other interests. Issues, needs and wants were identified in the process and, as a result, the following goals were incorporated into the STWMP Phase 1 Report:

- Enhance basin water supplies;
- Protect and enhance water quality;
- Optimize management of the STWMA area groundwater basins;
- Protect riparian habitat in San Timoteo Creek and protect/enhance habitat in the STWMA area;
- Equitably distribute the benefits and costs of developing a San Timoteo Watershed Management Program (STWMP).

During the process, the impediments to each goal and the actions required to remove the impediments were also developed. As a result, the Phase 1 Report established eight program elements to implement that will provide for the orderly planned development of the STWMA area. STWMA began implementing the Program Elements upon completion of the Phase 1 Report.

Program Element 5 of the Phase 1 Report called for the STWMA members to establish a groundwater management entity for the Beaumont Basin. To implement this program element, two groups representing appropriator and overlying interests began negotiations in May 2002.

As a result of the negotiations, a Stipulated [friendly] Judgment was developed and submitted to the Court. The Honorable Judge Gary Tranbarger of the Superior Court of the State of California for the County of Riverside, signed the Judgment entitled "*San Timoteo Watershed Management Authority, vs. City of Banning, et al.*," Case No. RIC 389197, on February 4, 2004. Pursuant to the Judgment, the Court appointed a five-member Watermaster committee consisting of representatives from the Cities of Banning and Beaumont, the Beaumont-Cherry Valley Water District, the Yucaipa Valley Water District, and South Mesa Water Company. The effective date of the Judgment for accounting purposes is July 1, 2003. The Beaumont Basin encompasses approximately 26 square miles, has a safe yield of approximately 8,650 acre-feet, a total storage capacity of over a million acre-feet, and up to 200,000 acre-feet of storage capacity available for conjunctive use.

By approving the Stipulated Judgment, the Court extended much of the responsibility regarding management of the Beaumont Basin to the Watermaster. The Court retained its continuing jurisdiction should there be any need in the future to resolve difficult questions. The primary responsibilities of the Watermaster are outlined below. A copy of the Judgment and other information regarding the Watermaster is available at www.BeaumontWatermaster.org.

Responsibilities of Watermaster

The Beaumont Basin Watermaster is responsible to administer adjudicated water rights and manage groundwater resources for the Beaumont Groundwater Basin. With numerous Appropriators and Overlying producers relying on the Beaumont Groundwater Basin, there is a need for coordinated management of the Basin, which is provided by Watermaster as summarized below.

Administer the Beaumont Basin Judgment. Watermaster operates under the Judgment and a formal set of Rules and Regulations (and any revisions thereto), which were adopted on June 8, 2004. Together, the Judgment and the Rules and Regulations establish the procedures by which Watermaster acts to account for the water resources in the Beaumont Basin. In order to fund its operations, Watermaster collects both administrative and replenishment assessments from the parties to the Judgment.

Approve Producer Activities. Producers must notify and obtain approval, as necessary, from Watermaster for activities such as producing water; recharging or spreading water; transferring or exchanging water; storing local water; and storing or recovering supplemental water.

Maintain and Improve Water Supply. Watermaster determines the amount of groundwater that each producer is entitled to extract annually without incurring a replenishment obligation for the succeeding fiscal year. Watermaster manages and controls the replenishment of water supplies in the Basin. It acquires and spreads replenishment water as needed. It approves and facilitates the storage of supplemental water in the Basin.

Maintain and Improve Water Quality. Watermaster coordinates or participates in local efforts to preserve and restore the quality of groundwater in the Basin. It assists and encourages regulatory agencies to enforce water quality regulations affecting the Basin.

Monitor and Understand the Basin. Watermaster collects relevant data from producers including production, water level, water quality, and other data. Watermaster uses the data to expand its knowledge of how the basin works to more effectively manage the Basin. It prepares an annual report of Watermaster operations, including financial and engineering information summary reports for the Court and all interested parties.

Provide Cooperative Leadership. Watermaster helps develop and implement consensus plans regarding the management of the Basin.

Develop Contracts for Beneficial Programs and Services. Watermaster is responsible to develop and enter into contracts for programs and services that are beneficial to the Basin on behalf of the parties to the Judgment. This includes programs to conjunctively utilize the Basin for storage of supplemental water with other entities such as the Department of Water Resources or San Geronio Pass Water Agency, and the direct and indirect use of recycled water.

In summary, Watermaster in carrying out its duties, is responsible to provide a legal and practical means for making the maximum reasonable beneficial use of the waters of the Beaumont Basin, to facilitate conjunctive utilization of surface, ground and supplemental waters, and to satisfy the requirements of water users having rights in or who are dependent upon the Beaumont Basin.

Watermaster Committee Representatives

Pursuant to Part VI, paragraph 4 of the Judgment, (pg. 16 – 17), Watermaster Committee representatives were nominated by the Cities of Banning and Beaumont, the Beaumont-Cherry Valley and the Yucaipa Valley Water Districts, and the South Mesa Water Company. The Court received and approved the nominations on March 8, 2004.

The Committee Representatives, who are all employees or consultants of their nominating agency, are as follows:

Banning, City of	Paul Toor, Director of Public Works
Beaumont, City of	Deepak Moorjani, Director of Public Works
Beaumont-Cherry Valley Water District	Charles Butcher, General Manager
South Mesa Water Company	George Jorritsma, General Manager
Yucaipa Valley Water District	Joseph B. Zoba, General Manager

ACTIVITIES OF WATERMASTER

Meetings

Meetings of the Beaumont Watermaster are generally scheduled for the second Tuesday of each month and are held at the City of Banning City Hall located at 99 East Ramsey, Banning, California 92220, unless otherwise noticed.

During its first year of operation, the Watermaster Committee met six times to transact Watermaster business. The first meeting was held on February 10, 2004, six days after the Judgment was signed at the Yucaipa Valley Water District offices. The first order of business was to select officers of the Committee as follows:

Chairman	George Jorritsma
Vice Chairman	Deepak Moorjani
Secretary	Charles Butcher
Treasurer	Joseph B. Zoba

An additional item of business at the initial meeting was to continue the services of the Beaumont Watermaster's first Chief of Watermaster Services, Mr. J. Andrew Schlange, and the Watermaster's first Legal Counsel, Mr. Joseph S. Aklufi. The Watermaster Committee also requested a proposed budget for services be submitted for consideration at the next Watermaster meeting by the Watermaster's engineer, Mr. Mark Wildermuth of Wildermuth Environmental, Inc (WEI). The Watermaster approved the budget and scope of services from WEI at the February 24, 2004 meeting.

Subsequent meetings of the Watermaster Committee were held at the City of Banning offices referenced above on:

February 24, 2004
March 9, 2004
April 13, 2004
May 18, 2004
June 8, 2004

The primary business of the Watermaster Committee during its first year of operation was to establish the policies and practices necessary to administer the Judgment. Administration of the Judgment is discussed in more detail below based on subject matter. Copies of the agendas and approved minutes of each of the above meetings can be viewed or downloaded on the Watermaster website referenced above (www.beaumontwatermaster.org).

In addition to the formal Watermaster Committee meetings listed above, several informal meetings were held or attended by the Chief of Watermaster Services, members of the Watermaster Committee and/or the Watermaster Legal Counsel regarding the Rules and Regulations, which when combined with the discussion at the formal meetings, resulted in adoption of the Rules and Regulations on June 8, 2004. Other informal meetings were held to begin discussions regarding potential cooperative efforts among the parties and others for use of the Beaumont Basin.

Watermaster Address

For purposes of conducting Watermaster business and maintenance of records, Watermaster's official address has been designated as follows:

Office of the Watermaster Secretary
C/O Beaumont-Cherry Valley Water District
560 Magnolia Avenue
Beaumont, CA 92223

ADMINISTRATION OF THE JUDGMENT

Accounting for Production

One of the Watermaster's primary responsibilities is to account for production from the Beaumont Basin. The Watermaster's first year of operation for accounting purposes is from July 1, 2003 to June 30, 2004. As part of its effort to better understand and manage the Beaumont Basin, the Watermaster began a survey of all the wells in the Basin during the fiscal year. The survey includes locating the wells and recording other relevant information such as whether the well is metered, the well status (active, inactive, etc.), what water produced from the well is used for, how large the well is, etc. A location map of the Wells in the Beaumont Basin is included as Appendix E-1.

Under the Judgment, producers who produce less than 10 acre-feet per year, otherwise known as minimal producers, are exempt from the provisions of the Judgment unless otherwise ordered by the Court (Part III, paragraph 4, pg. 12). Watermaster does not collect production information for minimal producers, and will not complete a survey of the minimal producer wells until its second year of operation.

Producers who produce more than 10 acre-feet per year and who use the water on the overlying land are called Overlying Producers. Under the Judgment, Overlying Producers are assigned a share of the Basin's safe yield and may not use more than five times their share of safe yield in any five year period (Part II, paragraph 1 A, pg. 6). Production estimates for Overlying Producers can be found in Appendix E-3. Several of the Overlying Producers did not have meters on their wells during the Watermaster's first year of operation. As a result, some of the production estimates in Appendix E-3 are based on a water duty method for unmetered wells. In an effort to better monitor production from the Beaumont Basin, Watermaster will be installing meters on unmetered wells producing more than 10 acre-feet per year during the second year of Watermaster operations.

There are five Appropriator Producers to the Judgment: the City of Banning, the City of Beaumont, the Beaumont-Cherry Valley Water District, the South Mesa Water Company, and the Yucaipa Valley Water District. An Appropriator's annual production right consists of "the Appropriator's share of operating safe yield, plus (1) any water acquired by an Appropriator from an Overlying Producer or other Appropriator pursuant to the Judgment, (2) any water withdrawn from the Appropriator's storage account, and (3) New Yield created by the Appropriator" (Part I, paragraph 3 B, pg. 2). An Appropriator's share of operating yield represents the maximum quantity of water an Appropriator can produce annually from the Beaumont Basin and includes the Appropriator's share of the temporary surplus (Part I, paragraph 3 M, pg. 4). The temporary surplus is defined in the Judgment as "the amount of groundwater that can be pumped annually in excess of safe yield from a groundwater basin necessary to create enough additional storage capacity to prevent the waste of water" (Part I, paragraph 3 BB, pg. 6). Based on Exhibit C of the Judgment, the temporary surplus in the Beaumont Basin may not exceed 160,000 acre-feet over a 10 year period, or approximately 16,000 acre-feet per year.

Appendix E-2 shows the monthly production by each Appropriator Party, their total annual production, their projected share of the operating safe yield from Exhibit C, and the amount of unused water that is projected to be eligible for storage. Pursuant to the Judgment (Part I, paragraph 3 B, pg. 2), and a separate agreement (a copy of which is on file with the Watermaster), Beaumont-Cherry Valley Water District pumped water for the City of Banning during the fiscal year. A summary of the information in Appendix E-2 is tabulated below:

Appropriator	Total Production	Projected Share of Op Yield	Projected Eligible for Storage
Banning	3,951.2	5,029.0	1,077.8
Beaumont	0.0	0.0	0.0
Beaumont-Cherry Valley WD	6,204.3	6,802.0	597.7
South Mesa Water Co.	419.8	1,996.0	1,576.2
Yucaipa Valley WD	<u>2,034.1</u>	<u>2,173.0</u>	<u>138.9</u>
Totals	12,609.5	16,000.0	3,390.5

After the first five years of operation under the Judgment, and each year thereafter, any water allocated as part of the safe yield to the Overlying Producers during the first five years that remains unused will be reallocated to the Appropriator Producers based on their percent share of operating safe yield as shown in Exhibit C of the Judgment.

Active Party List

Under Part VII, paragraph 1 of the Judgment, "the Watermaster shall maintain, at all times, a current list of Parties to whom notices are to be sent and their addresses for the purposes of service. The Watermaster shall also maintain a full current list of names and addresses of all

Parties or their successors, as filed herein. Copies of such lists shall be available to any Person.” These lists are commonly referred to as the Watermaster’s “Active Party List”. A copy of the list is posted on the Watermaster website and included as Appendix A of this annual report. Under the Judgment, any Party desiring to be relieved of receiving notices of Watermaster activities can complete the Waiver of Notice and Designation of Address for Notice and Service portion of the form adopted by the Watermaster. Watermaster did not receive any Waiver of Notice requests during its first year of operation.

Annual Administrative Budget

Yucaipa Valley Water District staff is serving as the Watermaster Treasurer. Watermaster adopted an administrative budget at its March 9, 2004 meeting. The budget was discussed at each of the two prior meetings. As adopted, the budget covered two accounting periods based on development of the Watermaster annual report. The first period was February 1, 2004 through August 31, 2004, and the second period was September 1, 2004 through August 31, 2005. Although the Watermaster adopted the budget based on projected expenses for the two respective periods, the budget was then spread on a monthly basis to develop an annual budget covering the two appropriate fiscal years. A copy of the Adopted Budget for FY 2003-2004 is included as Appendix B of this annual report.

Annual Audit

Under the Judgment, Part VI, paragraph 6(b), Watermaster’s annual report of operations shall include an audit of all assessments and Watermaster expenditures. The Watermaster assessments and expenditures are shown in Appendix B as part of the annual budget. The annual audit of Watermaster operations for the first year under the Judgment was conducted by Crabtree & Assoc. of Riverside, California. The letter received from them regarding the audit is included as Appendix C of this annual report.

Annual Assessments

The annual assessments are shown in Appendix B. One of the Committee members, South Mesa Mutual Water Company had not paid its assessments by the close of the fiscal year, however, discussions regarding the method of assessment were occurring. It is anticipated that the method may be revised based on these discussions sometime during the second year of operations.

Employment of Experts and Agents

As indicated above, Watermaster continued the services of the Chief of Watermaster Services and Legal Counsel at its February 10, 2004 meeting. At the February 24, 2004 meeting, Watermaster approved the projected budget and scope of services and retained Wildermuth Environmental, Inc. to provide engineering and other support services for the period from February 1, 2004 through August 31, 2005. Watermaster had not retained the services of any other experts or agents by the close of the fiscal year.

Resolutions

Beaumont-Cherry Valley Water District serves as the Secretary of the Beaumont Watermaster. Copies of approved minutes and resolutions are maintained at its offices, and notices of Watermaster activities are prepared and distributed from there. During its first year of operation, Watermaster adopted three resolutions regarding an investment policy, rules and regulations, and guidelines for the Treasurer. Copies of these resolutions are included as Appendix D.

Rules and Regulations

During its first year of operations, Watermaster discussed draft rules and regulations and forms at all its meetings during the year. The rules and regulations, and forms were adopted at the June 8, 2004 meeting. They were adopted with an understanding that proposed modifications would be considered as necessary after experience is gained. The Rules and Regulations and Forms are included as Appendix F.

Watermaster Website

In an effort to communicate the activities of Watermaster to producers and interested parties, Watermaster established a website in February of 2004. Presently, the website is a place where interested parties can obtain or review copies of the Judgment, Rules and Regulations, Agendas, and Minutes. As Watermaster continues to manage the Beaumont Basin and administer the Judgment, the website will evolve to include other relevant information.

APPENDIX A
ACTIVE PARTY LIST

Active & Interested Party List

Mr. Paul Toor
Public Works Director/Assistant City Manager
City of Banning
Post Office Box 998
Banning, CA 92220

Mr. Chuck Butcher
General Manager
Beaumont Cherry Valley Water District
560 Magnolia Avenue
Beaumont, CA 92223

Mr. Joe Zoba
General Manager
Yucaipa Valley Water District
Post Office Box 730
Yucaipa, CA 92399

Mr. George Jorritsma,
General Manager
South Mesa Mutual Water Company
Post Office Box 458
Calimesa, CA 92320

Mr. J. Andrew Schlange
General Manager
San Timoteo Watershed Management Authority
4 Crown Court
Rancho Mirage, CA 92270

Mr. Dave Dillon
Mr. Dee Moorjani
Urban Logic Consultants
43517 Ridge Park Drive, Suite 200
Temecula, CA 92590

Mr. Gerry Shoaf, Esq.
Redwine and Sherrill
1950 Market Street
Riverside, Ca 92501

Mr. James Krueger
Plantation on the Lake
PO Box 1960,
Newport Beach, CA 92658-8932
jimk@mrc1.com

Mr. Robert Hawkins, Esq.
110 Newport Center Dr., Ste. 200
Newport Beach, CA 92660

Sharondale Mesa Owners Association
9525 Sharon Way
Calimesa, CA 92320

Mr. Ron Sullivan
California Oak Valley Golf & Resort LLC
27710 Jefferson Ave #301
Temecula, CA 92590

Mark Knorrington
Oak Valley Partners LP
Post Office Box 645
Calimesa, CA 92320

Mr. Paul Singarella, Esq.
Latham & Watkins, LLP
650 Town Center Drive, 20th Floor
Costa Mesa, CA 92626-1925

Mr. Roger Billings
So Cal Professional Golfers Association of America
36211 Champions Drive
Calimesa, CA 92320

Mr. Greg Wilkinson, Esq.
Best, Best & Krieger
3750 University Avenue, Suite 400
Riverside, CA 92501

Mr. Steve Anderson, Esq.
Manheim, Manheim & Berman and Sunny Cal Egg and Poultry Company
Best, Best & Krieger
3750 University Avenue, Suite 400
Riverside, CA 92501

June 30, 2004

Mr. Walter M. Beckman
38201 Cherry Valley Boulevard
Cherry Valley, CA 92223

Mr. Fred Reidman and Mr. Richard Reidman
Merlin Properties, LLC
6475 East Pacific Coast Highway, No. 399
Long Beach, CA 90803
riedman@gte.net

Mr. Leonard Stearns
Post Office Box 141
Calimesa, CA 92320

Mr. Randy Van Gelder
San Bernardino Valley Municipal Water District
1350 South "E" Street
San Bernardino, CA 92412-5906

Mr. Robert Reiter
San Bernardino Valley Municipal Water District
1350 South E Street
San Bernardino, CA 92412-5906

Mr. Steve Stockton
General Manager & Chief Engineer
San Gorgonio Pass Water Agency
1210 Beaumont, Avenue
Beaumont, CA 92223

Mr. Mark J. Wildermuth
President/CEO
Wildermuth Environmental, Inc.
23692 Birtcher Drive
Lake Forest, CA 92630-1790

Ms. Traci Stewart
Wildermuth Environmental, Inc.
23692 Birtcher Drive
Lake Forest, CA 92630-1790

Ms. Maria Mendoza
Wildermuth Environmental, Inc.
23692 Birtcher Drive
Lake Forest, CA 92630-1790

June 30, 2004

Ms. Julie Salinas
Beaumont Cherry Valley Water District
560 Magnolia Avenue
Beaumont, CA 92223

Mr. Joe Aklufi, Esq.
Aklufi and Wysocki
3403 Tenth Street, Suite 610
Riverside, CA 92501

Ms. Barbara Voigt
Director
San Geronio Pass Water Agency
1210 Beaumont Ave
Beaumont, CA 92223

Mr. Dick Larsen
Director
San Geronio Pass Water Agency
1210 Beaumont Ave
Beaumont, CA 92223

Mr. Ray Morris
Board President
San Geronio Pass Water Agency
1210 Beaumont Ave
Beaumont, CA 92223

Mr. Ray Lewis
Director
San Geronio Pass Water Agency
1210 Beaumont Ave
Beaumont, CA 92223

**APPENDIX B
ADOPTED BUDGET**

Beaumont Basin Watermaster
FY 2003-2004 Budget

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Rev Received Exp Paid</u>	<u>Remaining to Receive or Pay</u>
<u>MEMBER CONTRIBUTIONS</u>				
City of Beaumont	(19,360.00)	(19,360.00)	19,360.00	0.00
Beaumont Cherry Valley WD	(19,360.00)	(19,360.00)	19,360.00	0.00
Yucaipa Valley Water District	(19,360.00)	(19,360.00)	19,360.00	0.00
City of Banning	(19,360.00)	(19,360.00)	19,360.00	0.00
South Mesa Water Company	(19,360.00)	(19,360.00)		(19,360.00)
TOTAL BUDGET CONTRIBUTION (REVENUE)	(96,800.00)	(96,800.00)	77,440.00	(19,360.00)
<u>EXPENSES:</u>				
<u>Administration</u>				
JAS General Manager's Salary	37,900.00	37,900.00	(8,450.00)	29,450.00
Meetings	25,400.00	25,400.00	(22,094.79)	3,305.21
WEI Acq/Computation of Prod Data & Coordination of Replenishment Activities	18,000.00	18,000.00	(7,094.50)	10,905.50
WEI Budgeting & Assessments	9,800.00	9,800.00	(5,733.00)	4,067.00
WEI Annul Audit	5,000.00	5,000.00	0.00	5,000.00
WEI Annual Report	6,100.00	6,100.00	0.00	6,100.00
WEI General Engineering	23,600.00	23,600.00	(5,662.00)	17,938.00
A&W General Legal	10,000.00	10,000.00	(4,830.00)	5,170.00
Reserve	0.00	0.00	0.00	0.00
TOTAL BUDGET EXPENSES	135,800.00	135,800.00	(53,864.29)	81,935.71
NET INCOME (LOSS) carry forward to next year	(39,000.00)	(39,000.00)	23,575.71	

**Beaumont Basin Watermaster FY 2003-2004
Budget Member Contributions and Expenses**

FY 2004

MEMBER CONTRIBUTIONS

City Beaumont Funds	19,360.00	
*** City Beaumont S/B STWMA	50,000.00	Transfer to STWMA via ck# 1001
BCVWD Funds	19,360.00	
YVWD Funds	19,360.00	
City Banning Funds	19,360.00	Received 7/8/04
South Mesa	DUE	
	<u>127,440.00</u>	

February 04 thru August 04

Invoice Date	Invoice Number	Date Paid	Check #	Ck Amount	Other Non BBWM	General Manager Salary	Meetings & Misc.	Acq/Com- putation of Prod Data	Budgeting & Assmnts	Annual Audit	Annual Report	General Engineering	General Legal	Reserves	Budget Total
***	STWMA for City	05/18/04	1001	(50,000.00)	(50,000.00)	37,900.00	25,400.00	18,000.00	9,800.00	5,000.00	6,100.00	23,600.00	10,000.00	0.00	135,800.00
03/30/04	Mar 2004 - A&W	05/18/04	1002	(1,140.00)									(1,140.00)		(1,140.00)
04/27/04	Apr 2004 - A&W	05/18/04	1002	(1,170.00)									(1,170.00)		(1,170.00)
04/15/04	Apr 2004 - JAS	05/18/04	1003	(1,300.00)		(1,300.00)									(1,300.00)
03/18/04	2004073 - WEI	05/18/04	1004	(16,435.36)			(8,073.36)		(5,733.00)			(2,629.00)			(16,435.36)
04/13/04	2004102 - WEI	05/18/04	1004	(8,293.22)			(5,899.22)	(1,452.00)				(942.00)			(8,293.22)
05/07/04	2004131 - WEI	05/18/04	1004	(6,494.08)			(2,873.08)	(2,178.00)				(1,443.00)			(6,494.08)
03/16/04	0101 - BCVWD	05/18/04	1005	(347.10)			(347.10)								(347.10)
	Bank Charge	05/25/04		(18.00)			(18.00)								(18.00)
05/24/04	0102 - BCVWD	06/14/04	1006	(134.79)			(134.79)								(134.79)
05/25/04	May 2004 - A&W	06/14/04	1007	(660.00)									(660.00)		(660.00)
05/21/04	May 2004 - JAS	06/14/04	1008	(1,950.00)		(1,950.00)									(1,950.00)
06/24/04	June 2004 - JAS	06/30/04	1009	(2,600.00)		(2,600.00)									(2,600.00)
06/09/04	2004116 - WEI	06/30/04	1010	(147.00)			(147.00)								(147.00)
06/30/04	June 2004 - A&W	06/30/04	1011	(1,860.00)									(1,860.00)		(1,860.00)
06/30/04	2004203 - WEI	06/30/04	1012	(8,694.53)			(4,582.03)	(3,464.50)				(648.00)			(8,694.53)
	Bank Charge	06/30/04		(20.21)			(20.21)								(20.21)
07/24/04	June 2004 - JAS	07/26/04	1013	(2,600.00)		(2,600.00)									(2,600.00)
Subtotal Expenses				<u>(103,864.29)</u>		<u>(8,450.00)</u>	<u>(22,094.79)</u>	<u>(7,094.50)</u>	<u>(5,733.00)</u>			<u>(5,662.00)</u>	<u>(4,830.00)</u>	<u>0.00</u>	<u>(53,864.29)</u>
February 04 thru June 04 FUND BALANCE				<u>23,575.71</u>	<u>(50,000.00)</u>	<u>29,450.00</u>	<u>3,305.21</u>	<u>10,905.50</u>	<u>4,067.00</u>	<u>5,000.00</u>	<u>6,100.00</u>	<u>17,938.00</u>	<u>5,170.00</u>	<u>0.00</u>	<u>81,935.71</u>

APPENDIX C
LETTER – ANNUAL AUDIT

CRABTREE & ASSOCIATES, CPAs

A LIMITED LIABILITY PARTNERSHIP

ROLAND H. CRABTREE (1917-1990)



The CPA Never Underestimate The ValueSM

J. MICHAEL TWEEDLIE, C.P.A.*
GREGORY A. SEIGLER, C.P.A.*
SANDEE M. T. WEEDLIE, C.P.A.*
VINCENT P. AMATULLI, C.P.A.*
STEVEN J. TWEEDLIE, C.P.A.*

* SHAREHOLDERS OF PROFESSIONAL
CORPORATIONS

December 16, 2004

Beaumont Basin Watermaster
Office of the Watermaster Secretary
c/o Beaumont-Cherry Valley Water District
560 Magnolia Avenue
Beaumont, CA 92223

We have examined Beaumont Basin Watermaster's compliance of all assessments and expenditures during the period of February 1, 2004 through June 30, 2004. Management is responsible for Beaumont Basin Watermaster's compliance with those requirements. Our responsibility is to express an opinion on Beaumont Basin Watermaster's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the America Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Beaumont Basin Watermaster's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Beaumont Basin Watermaster's compliance with specified requirements.

In our opinion, Beaumont Basin Watermaster complied, in all material respects, with the aforementioned requirements during the period February 1, 2004 through June 30, 2004.

This report is intended solely for the information and use of the audit committee, management, and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants

**APPENDIX D
RESOLUTIONS**

**RESOLUTIONS OF THE
BEAUMONT BASIN WATERMASTER**

FY 2003 - 2004

- | | |
|---------|---|
| 2004-01 | A Resolution of the Beaumont Basin Watermaster Approving an Investment Policy |
| 2004-02 | A Resolution of the Beaumont Basin Watermaster Adopting Rules and Regulations |
| 2004-03 | A Resolution of the Beaumont Basin Watermaster Establishing Guidelines for the Beaumont Basin Watermaster Treasurer |

RESOLUTION NO. 2004-01

**A RESOLUTION OF THE BEAUMONT BASIN WATERMASTER
APPROVING AN INVESTMENT POLICY**

WHEREAS, California Government Code, Section 53646 requires the annual adoption of an investment policy.

NOW, THEREFORE, the Beaumont Basin Watermaster hereby resolves as follows:

Section 1.

Pursuant to Government Code 53600, et seq. the Beaumont Basin Watermaster Investment Policy is hereby approved as attached hereto and incorporated herein by this reference.

Section 2.

The Treasurer of the Watermaster is hereby authorized and directed to do all things necessary to implement the Investment Policy.

PASSED AND ADOPTED this 9th day of March, 2004.


AYES:

NOES:

ABSENT:

ABSTAIN:

Approved:


Chairman of the Watermaster

Attest:


Secretary to the Watermaster

**BEAUMONT BASIN WATERMASTER
STATEMENT OF INVESTMENT POLICY
March 2004**

Introduction

The purpose of this policy is to provide broad guidelines to the officers of the Watermaster charged with the responsibility for the investment of temporarily idle surplus funds of the Watermaster. All investment of idle funds is governed by State law and by this policy.

The Treasurer is responsible for administering the Watermaster's investments. In furtherance of this responsibility, the Treasurer shall issue and administer detailed Investment Instructions which may change periodically and which will implement this Investment Policy. The investment of bond proceeds will be further restricted by the provisions of relevant bond documents.

Policy Guidelines

1) Prudence

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. All persons investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds shall act with care, skill, prudence and diligence in order to safeguard the principal amount of the investments and maintain the liquidity needs of the Watermaster.

2) Objectives

The primary objectives, in priority order, of the Watermaster's investment activities shall be:

- a. Safety of Principal. The investments shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
- b. Liquidity. The investment portfolio will remain sufficiently liquid to enable the Watermaster to meet its cash flow requirements.
- c. Return on Investment. The investment portfolio shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and cash flow requirements.

3) Delegation of Authority

The management and oversight responsibility for the investment program is hereby delegated to the Treasurer who shall monitor and review all investments for consistency with this investment policy. No person may engage in an investment transaction except as provided under the limits of this policy. The Treasurer shall maintain investment instructions for internal and external management of investments consistent with State Government Code requirements. The Watermaster may contract for the use of investment manager services subject to all other provisions of this Investment Policy. The Treasurer

shall maintain a list of authorized broker/dealers and financial institutions that are approved for investment purposes, and it shall be the policy of the Watermaster to purchase securities only from those authorized institutions or firms.

4) **Ethics and Conflict of Interest**

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Officers and employees involved in the investment process shall abide by the Watermaster's Conflict of Interest Code, California Government Code, Section 1090 and the California Political Reform Act.

5) **Permitted Investments**

Government Code, Section 53601 sets forth the eligible investments for the Watermaster. All investments purchased for the Watermaster shall be delivered, either by book entry or physical delivery, to the Watermaster's third party custodian. All investments of the Watermaster shall have the Beaumont Basin Watermaster as registered owner. The Treasurer shall maintain a list of specific investment types and diversification requirements, to include:

- a. Local Agency Investment Fund - The Treasurer may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer for the benefit of local agencies. There is no minimum investment period and the minimum transaction is \$5,000, in multiples of \$1,000 above that, with a maximum of \$30 million for any agency. The LAIF offers high liquidity because deposits can be converted to cash in 24 hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share.
- b. Passbook Savings Accounts and Demand Deposit Accounts - For purposes of this policy, passbook savings accounts and demand deposit accounts shall be considered investments. The Watermaster may earn interest on idle funds in a savings or checking account at a federally insured institution.

6) **Nondiscrimination**

Investments shall not knowingly be made in any institution that practices or supports directly or indirectly through its actions discrimination on the basis of race, religion, color, creed, national or ethnic origin, age, gender, or physical disability.

7) **Maximum Maturity**

Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled so as to permit the Watermaster to meet all projected obligations. No investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement, that at the time of the investment has a term remaining to maturity in excess of five years.

8) **Ineligible Investments**

Any security type or structure not specifically approved by this policy and investment

instructions is specifically prohibited. Security types that are thereby prohibited to be purchased include, but are not limited to:

- a. Complex derivative structures such as range notes, inverse floaters, or any other complex variable rate or structure note.
- b. Interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity.

9) Sales Prior to Maturity

Sales prior to maturity are permitted. It is also recognized that in a changing interest rate environment, it may be financially advantageous to sell investments at a book value loss in order to reinvest in a more profitable security.

10) Reporting

The Treasurer shall render to the Watermaster a quarterly report which shall include the following information for investments:

- a. Type of investment
- b. Issuer name
- c. Maturity date
- d. Par value
- e. Purchase price
- f. Market value and source of valuation
- g. Accrued interest for the period
- h. Weighted average maturity of investments

The quarterly report shall also include:

- a. Compliance of the portfolio to the investment policy and State law, or state the manner in which the portfolio is not in compliance.
- b. A description of any of the Watermaster's funds, investments or programs that are under management of contracted parties, including lending programs.
- c. A statement denoting the ability of the Watermaster to meet its expenditure requirements of the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

The Treasurer shall annually render to the Watermaster a Statement of Investment Policy, which the Watermaster shall consider at a public meeting.

11) Interest Allocation

The Treasurer shall allocate interest pursuant to an Interest Allocation Schedule. A list of funds eligible to receive interest shall be maintained by the Treasurer.

RESOLUTION NO. 2004-02

A RESOLUTION OF THE BEAUMONT BASIN WATERMASTER ADOPTING RULES AND REGULATIONS

WHEREAS, the Judgment establishing the Beaumont Basin Watermaster (Riverside Superior Court Case No. 389197) empowers the Watermaster to adopt appropriate Rules and Regulations for the conduct of Watermaster affairs;

WHEREAS, following the posting and publication of public notice, the Watermaster, beginning on March 9, 2004, conducted a series of workshops and public hearings to take public comment on the proposed Rules and Regulations.

NOW, THEREFORE, the Beaumont Basin Watermaster hereby resolves as follows:

Section 1. Adoption of Rules and Regulations

The Beaumont Basin Watermaster hereby resolves to adopt that certain body of Rules and Regulations in the form and with the content set forth on Exhibit "A" attached hereto and made a part hereof.

Section 2. Notice of Adoption

The Secretary of the Watermaster is hereby authorized and directed to disseminate copies of the Rules and Regulations to all pumpers within the Beaumont Basin and other interested parties, and to maintain such Rules and Regulations on the Watermaster's Internet website at www.BeaumontWatermaster.org for future reference.

PASSED AND ADOPTED this 8th day of June, 2004.

BEAUMONT BASIN WATERMASTER

By /s/ George Jorritsma

Chairman of the Watermaster

RESOLUTION NO. 2004-03

A RESOLUTION OF THE BEAUMONT BASIN WATERMASTER ESTABLISHING GUIDELINES FOR THE BEAUMONT BASIN WATERMASTER TREASURER

The Beaumont Basin Watermaster hereby resolves as follow:

Section 1. Purpose of Guidelines

The purpose of these Guidelines is to provide the Treasurer and other officers of the Beaumont Watermaster charged with the responsibility of managing member contributions, investment earnings, grants, loans and other funds received by Beaumont Watermaster, guidelines to carry out that responsibility. All handling of funds shall be governed by State law and these Guidelines.

Section 2. Responsibility of the Treasurer

The Treasurer of the Beaumont Watermaster is responsible for administering the finances of the Beaumont Watermaster including receipt of funds, payment of invoices and investment of idle funds. In furtherance of this responsibility the Treasurer shall prepare financial statements to staff and the Watermaster on a periodic basis as established by the Watermaster.

Section 3. Standard of Care

The standard of care to be exercised by the Treasurer and all persons managing the Beaumont Watermaster accounts and public funds is that they shall act with care, skill, prudence and diligence in order to safeguard the Beaumont Watermaster funds and maintain the liquidity needs of the Watermaster. See also Beaumont Watermaster's Investment Policy for further guidance.

Section 4. Receipt of Funds, Accounting and Investment of Surplus

Upon receipt of funds the Treasurer shall, as soon as possible, deposit such funds into the Beaumont Watermaster savings account. After determination of the immediate needs of the Watermaster, excess funds may be invested in accordance with the Watermaster Investment Policy. Funds shall be accounted for in a manner that assures each member's contributions will be properly credited and debited, and that each receives its proportionate share of investment earnings.

Section 5. Late Contributions by Member Agencies

In the event members' funding contributions to Beaumont Watermaster budgets are not received in a timely manner then the Treasurer shall charge interest to the member whose payment is late, at the rate of 1% per month from the date due to the date paid.

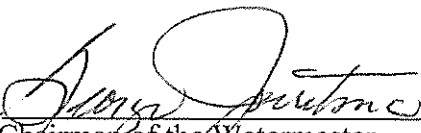
Section 6. Payment of Invoices; Check Signing

The Treasurer shall determine the amount of payments to be made monthly and shall transfer from the Beaumont Watermaster savings to the checking account the funds needed to satisfy the Watermaster's obligations.

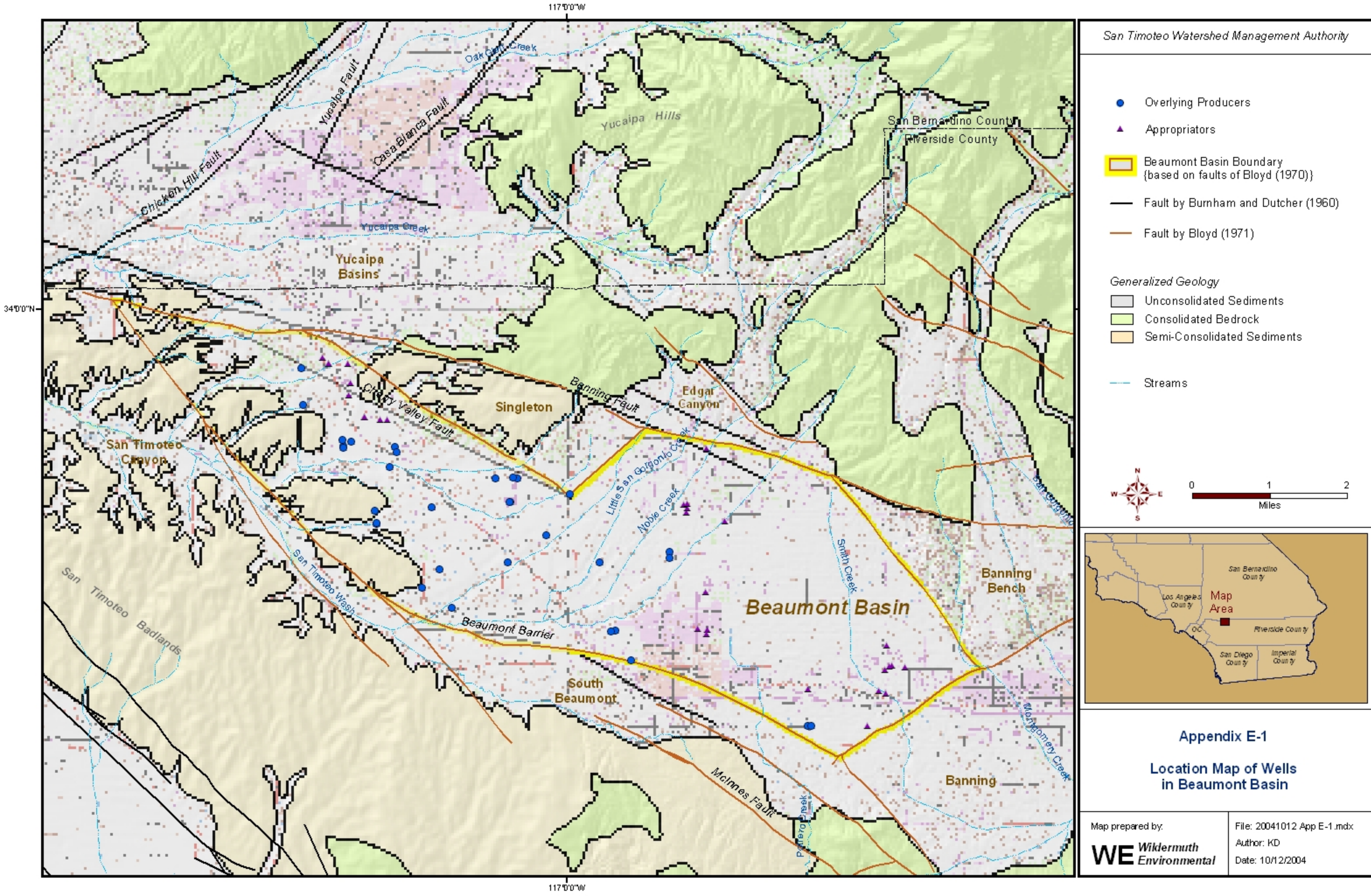
Payment of invoices shall be handled in an expedient manner to assure that discounts are received and that penalties for late payments are not incurred. All checks approved by the Treasurer for payments of invoices shall bear the Treasurer's signature and any one Watermaster Member signature or, in the absence of the Treasurer and upon approval of the General Manager, the signature of any two Beaumont Watermaster Members.

PASSED AND ADOPTED this 18th day of May, 2004.

BEAUMONT BASIN WATERMASTER

By 
Chairman of the Watermaster

**APPENDIX E-1
LOCATION MAP OF
WELLS IN THE
BEAUMONT BASIN**



APPENDIX E-2
APPROPRIATOR PRODUCER
SUMMARY OF PRODUCTION

**APPENDIX E-2
APPROPRIATOR PRODUCER SUMMARY OF PRODUCTION**

Well Name	Station ID	Water Production by Appropriator (acre-feet) ¹													Total Production	Projected	
		Jul 2003	Aug 2003	Sep 2003	Oct 2003	Nov 2003	Dec 2003	Jan 2004	Feb 2004	Mar 2004	Apr 2004	May 2004	Jun 2004	Op Safe Yield		Eligible for Storage	
<i>Banning, City of</i>																	
Well C2	1004340	107.5	99.1	118.7	108.5	82.9	102.5	95.4	88.6	51.3	72.8	40.6	50.3	1,018.2			
Well C3	1004377	112.9	100.9	103.1	88.1	36.6	76.1	101.0	88.5	101.4	48.7	67.8	75.2	1,000.2			
Well C4	1206706	102.1	111.0	74.0	77.6	64.9	18.7	38.5	19.5	85.8	74.4	91.2	69.4	827.2			
Well M3	1206700	76.4	162.1	129.8	146.7	10.7	0.0	0.0	0.0	0.0	0.0	50.9	118.9	695.5			
Well M9	1206834	62.2	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	63.4			
Production from BCVWD ²										67.7	102.6	127.4	49.0	346.7			
Total		461.2	474.2	425.6	420.9	195.1	197.3	234.9	196.6	306.3	298.5	377.9	362.8	3,951.2		5,029.0	1,077.8
<i>Beaumont-Cherry Valley Water District</i>																	
Well 1	1004351	0.0	0.0	0.0	0.0	0.6	5.3	0.0	0.0	33.5	118.1	180.0	175.7	513.1			
Well 2	1004349	167.9	181.2	193.8	151.1	115.0	151.2	143.0	135.1	203.1	192.1	183.4	124.5	1,941.4			
Well 3	1004350	152.7	163.6	173.0	118.0	43.6	24.2	0.0	0.0	0.0	0.0	153.6	189.4	1,018.1			
Well 16	1002938	108.3	110.9	114.5	94.0	59.0	67.9	64.2	49.7	88.2	112.3	137.0	132.9	1,138.9			
Well 21	1201487	201.0	209.3	218.0	172.6	31.9	0.0	0.0	0.0	0.1	0.0	0.4	2.9	836.2			
Well 22	1002966	152.7	110.9	50.3	135.9	33.5	0.0	64.3	54.0	101.9	111.5	140.8	147.4	1,103.3			
Production for Banning ²										-67.7	-102.6	-127.4	-49.0	-346.7			
Total		782.6	776.0	749.6	671.6	283.4	248.6	271.5	238.9	359.2	431.4	667.8	723.8	6,204.3		6,802.0	597.7
<i>South Mesa Water Company</i>																	
3rd No. 4 Well	1003035	65.2	47.0	51.3	25.5	18.0	16.2	15.7	13.1	30.5	45.3	53.1	39.0	419.8		1,996.0	1,576.2
<i>Yucaipa Valley Water District</i>																	
Well 35	1003058	25.3	18.8	10.4	1.9	0.7	1.8	1.1	0.8	4.4	0.6	0.8	3.4	70.2			
Well 48	1003063	234.5	239.1	220.9	164.3	123.8	120.9	121.4	107.2	162.4	136.4	170.9	162.3	1,964.0			
Total		259.7	257.9	231.4	166.2	124.5	122.7	122.5	108.0	166.8	137.1	171.7	165.7	2,034.1		2,173.0	138.9
Total Appropriator Production		1,568.7	1,555.0	1,457.8	1,284.3	620.9	584.8	644.5	556.6	862.7	912.2	1,270.5	1,291.3	12,609.5		16,000.0	3,390.5

¹ All values rounded & subject to revision based on receipt of more accurate information

² Pursuant to Part I, Paragraph 3 B of the Judgment, and a separate Agreement (a copy of which is on file with the Watermaster).

**APPENDIX E-3
OVERLYING PRODUCER
SUMMARY OF PRODUCTION**

APPENDIX E-3
OVERLYING PRODUCER SUMMARY OF PRODUCTION

Well Name	Station ID	Water Production by Overlying Party (acre-feet) ²													Estimated Total	Projected Maximum Production
		Jul 2003	Aug 2003	Sep 2003	Oct 2003	Nov 2003	Dec 2003	Jan 2004	Feb 2004	Mar 2004	Apr 2004	May 2004	Jun 2004	Production		
Beckman, Walter M. ³																75.0
California Oak Valley Golf and Resort LLC ⁴																950.0
Merlin Properties																550.0
Oak Valley Partners, LP ⁵																1,806.0
Haskell Ranch-Main	1003078														49.3	
Singleton Ranch #5	1003075														300.0	
Singleton Ranch #7	1201574														143.4	
Irrigation Stokes	1201567														10.0	
Total		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	502.7		
Plantation on the Lake LLC																581.0
Rancho Calimesa Mobile Home Park																150.0
Roman Catholic Bishop of San Bernardino ⁵																154.0
Irr-Gas	1201556														56.4	
Pressure	1201557														22.0	
Total															78.4	
Sharondale Mesa Owners Association																200.0
Well No.1	1206844	24.2	20.9	27.3	15.6	5.1	5.5	5.0	3.4	5.9	7.4	10.0	14.4	144.5		
Well No.2	1206845	0.0		0.0			5.7					12.0	5.2	23.0		
Total		24.2	20.9	27.3	15.6	5.1	11.2	5.0	3.4	5.9	7.4	22.0	19.6	167.4		
So Calif Section of the Professional Golfer's Association of America ⁶																2,200.0
Well A	1206995	35.8	38.6	25.8	18.4	7.7	4.6	6.4	0.7	35.9	25.6	43.1	45.3	287.7		
Well C	1206997														31.5	
Well D	1206996	174.7	158.8	133.7	115.3	43.8	34.3	36.5	14.1	56.4	64.9	113.7	148.0	1094.2		
Total		210.5	197.4	159.5	133.7	51.4	38.9	42.9	14.8	92.3	90.5	156.8	193.3	1413.4		
Stearns, Leonard M. and Dorothy D.																200.0
Sunny-Cal egg and Poultry Company ^{7,8}																1,784.0
Well No. 1	1206854	163.0	164.0	163.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	1,210.0		
Well No. 2	1002950	12.0	12.0	12.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	90.0		
Well No. 3		11.0	12.0	11.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	79.0		
Well No. 4	1201480	18.0	19.0	18.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	145.0		
Well No. 5		14.0	15.0	14.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	97.0		
Well No. 6		5.0	5.0	5.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	78.0		
		223.0	227.0	223.0	114.0	114.0	114.0	114.0	114.0	114.0	114.0	114.0	114.0	1,699.0		
Total Reported Overlying															2,369.1	8,650.0

APPENDIX F
RULES AND REGULATIONS
FORMS

BEAUMONT BASIN WATERMASTER

Office of the Watermaster Secretary
C/O Beaumont-Cherry Valley Water District
560 Magnolia Avenue, Beaumont, CA 92223
www.BeaumontWatermaster.org

Tel. (760) 202-1961
Mobile (760) 574-6236
Email Jasa921@aol.com

DATE: June 21, 2004

TO: Beaumont Basin Watermaster Parties

FROM: J. Andrew Schlange


SUBJECT: Final Rules and Regulations, and Forms
Appointment of Alternates
Notice or Waiver of Notice and Designation of Address for Notice and Service

Attached for your files are copies of the final Watermaster Rules and Regulations, and Forms adopted by the Watermaster on June 8, 2004. Please note that Section 2.16 of the Rules provides for the designation of alternates for the Watermaster committee representatives. Additionally, Form 6 "Beaumont Basin Watermaster Request for Notice or Waiver of Notice and Designation of Address for Notice and Service" has been created and included. Copies of the Rules and Regulations are being prepared for placement in the Watermaster Handbook. They are also posted in their final form on the Watermaster website at www.BeaumontWatermaster.org and may be downloaded from there if you need additional copies.

All Parties should complete and submit a copy of Form 6 to the Office of the Watermaster Secretary not later than July 5, 2004. Additionally, if you are one of the Watermaster Parties with a representative on the Watermaster committee, please send a letter appointing an alternate representative to ensure consistency in the administration of the affairs of the Watermaster along with your completed Form 6.

Thank you for your timely response to this request.

Regards,



J. Andrew Schlange
General Manager

Attachment

RULES AND REGULATIONS

OF THE

BEAUMONT BASIN WATERMASTER

Adopted: June 8, 2004

**BEAUMONT BASIN WATERMASTER
Rules and Regulations**

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BEAUMONT BASIN WATERMASTER
Rules and Regulations

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**BEAUMONT BASIN WATERMASTER
Rules and Regulations**

**SECTION 1
GENERAL PROVISIONS**

- 1.0 In General.** In general, Watermaster will strive to accomplish as many of its specific duties as is feasible and practical by entering into agreements with the Parties for the performance of those duties (e.g. meter installation, testing and maintenance, meter reading, water level measurement, etc). Nothing herein shall conflict with the terms of the Judgment.
- 1.1 Definitions.** The terms used in these Rules and Regulations shall have the same meanings as set forth in Section 1, Paragraph 3 of the Judgment, unless the context shall clearly indicate a different meaning. The following additional terms are defined for the purposes of these Rules and Regulations:
- (a) **"Annual or Year"** means a fiscal year, July 1 through June 30 following, unless the context shall clearly indicate a different meaning.
 - (b) **"Judgment"** means the Judgment Pursuant to Stipulation Adjudicating Groundwater Rights in the Beaumont Basin dated February 4, 2004 in the Riverside Superior Court, Case No. 389197.
 - (c) **"Salt Credits"** means an assignable credit that may be granted by the Regional Water Quality Control Board and computed by the Watermaster from activities that result from the removal of salt from the Basin, or that result in a decrease in the amount of salt entering the Basin. Salt Credits may be used by Appropriators to facilitate implementation of the Beaumont Basin Water Resources Management Plan and as an offset against potential impacts associated with discrete projects. This does not preclude development of Salt credits by Appropriators implementing projects through agreements with their users.
 - (d) **"Watermaster"** and **"Watermaster Committee"** means the 5-member committee composed of persons nominated by the City of Banning, the City of Beaumont, the Beaumont-Cherry Valley Water District, the South Mesa Mutual Water Company and the Yucaipa Valley Water District, each of whom shall have the right to nominate one representative who shall be an employee of or consultant to the nominating agency.

**BEAUMONT BASIN WATERMASTER
Rules and Regulations**

**SECTION 2
ADMINISTRATION**

- 2.0 Principal Office.** The principal office of the Watermaster shall be:
Office of the Watermaster Secretary
C/O Beaumont-Cherry Valley Water District
560 Magnolia Avenue,
Beaumont, CA 92223
or at such other location as may be designed from time-to-time by the Watermaster by resolution.
- 2.1 Records.** All records of the Watermaster shall be available for public inspection pursuant to the California Public Records Act, except as otherwise provided by law. Copies of such records may be obtained upon payment of the cost of duplication.
- 2.2 Meetings of the Watermaster.** All meetings of the Watermaster shall be open in public and conducted in accordance with the provisions of the California Open Meeting Law (Brown Act).
- 2.3 Quorum.** A majority of the 5-member committee acting as the Watermaster shall constitute a quorum for the transaction of business.
- 2.4 Voting Procedures.** Only action by affirmative vote of a majority of the members of the Watermaster Committee shall be effective.
- 2.5 Employment of Experts and Agents.** The Watermaster may employ or retain such administrative, engineering, geologic, accounting, legal or other specialized personnel and consultants as it may deem appropriate.
- 2.6 Acquisition of Facilities.** The Watermaster may purchase, lease and acquire all necessary real and personal property, including facilities and equipment.
- 2.7 Investment of Funds.** The Watermaster may hold and invest all Watermaster funds in investments authorized from time-to-time for public agencies of the State of California, pursuant to a Statement of Investment Policy adopted by the Watermaster Committee.
- 2.8 Borrowing.** The Watermaster may borrow, from time-to-time, amounts not exceeding annual receipts (payments on funds borrowed to implement Watermaster projects and programs must be included in Watermaster assessments such that they are part of Watermaster's annual receipts).
- 2.9 Contracts.** The Watermaster may enter into contracts and agreements for the performance of any of its powers, and may act jointly or cooperate with agencies of the United States, the State of California, or any political subdivisions, municipalities, special districts or any person.

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2.10 Budgets. The Watermaster shall prepare a proposed annual administrative budget for the upcoming fiscal year for Watermaster review. The Watermaster shall hold a public hearing on each such budget prior to adoption. Budgets shall be prepared in sufficient detail so as to make a proper allocation of the expenses and receipts. The adopted budget shall be funded in the upcoming year through assessments made pursuant to the Judgment. Expenditures within budgeted items may thereafter be made by the Watermaster as a matter of course (Judgment p.22, lines 3-5).

2.11 Assessments. Pursuant to the Judgment, Watermaster is empowered to levy and collect the following assessments: Annual Replenishment Assessments and Annual Administrative Assessments.

- (a) **Annual Replenishment Assessments.** The Watermaster shall levy and collect assessments in each year, in amounts sufficient to purchase replenishment water to replace Overproduction by any Party from the prior fiscal year. Replenishment assessments shall be collected not later than October 1 of each year. Under no circumstances shall Overlying Parties be required to pay assessments for pumping in an amount up to that set forth in column 4 of Exhibit B of the Judgment, subject to Section III of the Judgment.
- (b) **Annual Administrative Assessments.** Annually, not later than the June meeting of the Watermaster, a General Administrative Budget shall be adopted for the ensuing fiscal year for the purpose of funding General Administration Watermaster Expenses. The General Watermaster Administration Expenses shall include office rent, labor, supplies, office equipment, incidental expenses and general overhead. General Watermaster Administration Expenses will be assessed equally among the Appropriators who have appointed representatives to the Watermaster (Judgment, p. 19, lines 21-27).
- (c) **Special Project Assessments.** Special Project Assessments will be levied to cover special project expenses including: special engineering, economic or other studies, litigation expenses, meter testing or other major operating expenses. Each such project shall be assigned a task order number and shall be separately budgeted and accounted for. Special Project Expenses shall be allocated to the Appropriators, or portion thereof, on the basis of benefit. This may be accomplished through the identification and implementation of Special Project Committees. A Specific Project Committee may involve a specific Party or any group of Parties, provided that no Party shall be involved without its approval (Judgment, p. 20, lines 1-9). Special Project Assessments shall be invoiced upon approval of a budget and a scope of work for a Special Project by Project Committee.

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- (d) **Supplemental Assessments.** Supplemental Assessments may be levied based on incurring unbudgeted or unforeseen expenses as approved by Watermaster. Examples include Special Project expenses for litigation in which Watermaster has taken action to participate. All Supplemental Assessments shall reference the Watermaster action authorizing same and be invoiced within one week of the Watermaster action.
 - (e) **Assessment Procedure.** Assessments shall be levied and collected as follows:
 - (f) **Notice of Assessment.** The Watermaster shall give written notice of all applicable assessments to each producer in the form of an invoice.
 - (i) **Payment.** Each assessment shall be payable on or before thirty (30) days after the date of invoice, and shall be the primary obligation of the party or successor owning the water production facility at the time written notice of assessment is given, even though prior arrangement for payment by others has been made in writing and filed with the Watermaster.
 - (ii) **Delinquency.** Any delinquent assessment shall incur a late charge of 10% per annum (or such greater rate as shall equal the average current cost of borrowed funds to the Watermaster) from the due date thereof.
 - (iii) **Assessment Adjustments.** The Watermaster shall make assessment adjustments as necessary for the reporting period as either a credit or a debit in the next occurring assessment period unless otherwise reasonably decided by the Watermaster.
 - (iv) **Collection of Delinquent Assessments.** The Watermaster may bring suit in a Court having jurisdiction against any Producer for the collection of any delinquent assessments and interest thereon. The Court, in addition to any delinquent assessments, may award interest and reasonable costs including attorneys' fees.
 - (g) **Salt Credits.** Watermaster may establish a method of calculating salt credits in the future as part of a conjunctive use program or as part of the maximum benefit objectives demonstration program for discrete projects.
- 2.12 Annual Report.** A draft annual report shall be prepared by the August Watermaster meeting and a final report shall be prepared by the September meeting of each year. At a minimum, the annual report will describe Watermaster's operations, assessments and expenditures, and a review of Watermaster activities. The annual report shall also include a summary report by the Watermaster engineer, at a minimum, describing and updating any basin condition information collected or analyzed and a current active party list.

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- 2.13 Basin Condition Report.** The Watermaster shall prepare, at least once every two years, a "state of the groundwater basin" report including an update on the status of monitoring, storage and water quality.
- 2.14 Interventions.** Any Person who is neither a Party to the Judgment nor a successor or assignee of a Party to the Judgment may seek to become a party to the Judgment by filing a petition in intervention. Watermaster will provide a standard form for interventions should the need arise, and will report on any such interventions in its annual report. Interveners shall have no water rights under the Judgment (unless acquired from an Appropriator Party).
- 2.15 Notice and Waiver of Notice.** Pursuant to the Judgment, each Party shall designate, in writing, the name and address to be used for purposes of all subsequent notices and services under the Judgment. Such designation may be changed by filing a written notice with the Watermaster. Any Party desiring to be relieved of receiving notices of Watermaster activity may file a waiver of notice on a form to be provided by the Watermaster. Watermaster staff shall maintain, at all times, a current list of Parties to whom notices are to be sent and their addresses for the purposes of service as well as a current list of the names and addresses of all parties or their successors and assigns. Copies of such lists shall be available to any Person.
- 2.16 Watermaster Alternates.** To ensure consistency in the administration of the affairs of the Watermaster, the members of the Watermaster Committee will endeavor to attend all meetings of the Watermaster. However, from time-to-time the press of business may prevent such regular attendance. Therefore, the members of the Watermaster agencies may appoint an alternate member to the Watermaster Committee who, in the absence of the regular member, shall, if present, participate in a meeting of the Watermaster the same as if the alternate member were a regular member of the Watermaster Committee. Each alternate member must hold a senior management position within the organization of the appointing Watermaster member agency.

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**SECTION 3
MONITORING**

- 3.0 Scope.** The Watermaster will carry out the monitoring activities described in the Beaumont Basin Management Plan and such policies and procedures as may be deemed necessary by the Watermaster. Any such policies and procedures shall be adopted at regular or special meetings of the Watermaster and reported in the Watermaster's annual report.
- 3.1 Measuring Devices.** Groundwater production shall be monitored by measuring devices and/or meters (hereinafter collectively, “meter” or “meters”), as follows:
- (a) **Meter Installation.** Except as otherwise provided by agreement, such necessary meters as Watermaster may deem appropriate shall be installed as follows:

 - (i) **New Wells:**

 - (1) **Appropriator Wells.** A meter shall be installed on each new Appropriator well by the Appropriator and at the Appropriator’s expense concurrently with the installation of the pump.
 - (2) **Overlyer Wells.** A meter shall be installed on each new Overlyer well by the Watermaster and at the Watermaster’s expense concurrently with the installation of the pump.
 - (ii) **Existing Wells.** Meters shall be installed on existing wells as soon as practicable by the Watermaster at the Watermaster’s expense.
 - (b) **Meter Maintenance.** The Watermaster shall, at its expense, perform routine maintenance on all well meters in the Beaumont Basin.
 - (c) **Inspection, Testing, Repair and Retesting.** Meters shall be inspected and tested as deemed necessary by the Watermaster and the cost thereof borne by the Watermaster. The Watermaster may contract for a meter testing service or with an Appropriator for meter inspection and/or testing. Any Producer may request an evaluation of any or all of its water meters at any time; provided, however, the Watermaster shall only pay for tests initiated by the Watermaster. Meter repair and retesting will be a Producer expense (Judgment, pp. 18-19, lines 28 – 7).
- 3.2 Reporting By Producers.** Each Producer producing in excess of 10 acre-feet per year shall file with the Watermaster on forms provided therefore, a monthly report of its total water production during the preceding calendar month, together with such additional information as the Watermaster may reasonably require (including power use records, if unmetered). The report shall be due on the fifteenth (15th) day of the month next succeeding the end of each respective month. Appropriators shall report groundwater levels and Overlying Owner

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production along with such additional information as may be necessary to complete the Watermaster monitoring program through Agreements with the Watermaster. Producers producing 10 acre-feet or less per year shall file an annual report of their total water production during the preceding fiscal year by the 15th of July of each year on forms provided therefore.

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**SECTION 4
OPERATING YIELD, SAFE YIELD AND NEW YIELD**

- 4.0 Redetermination of Operating Yield.** The Operating Yield of the Beaumont Basin shall be redetermined annually by the Watermaster.
- 4.1 Redetermination of Safe Yield.** The Safe Yield of the Beaumont Basin shall be redetermined at least every ten (10) years beginning 10 years after the date of entry of the Judgment (Judgment p. 22, lines 6-9).
- 4.2 New Yield.** In order to encourage maximization of Basin water under the Physical Solution, New Yield shall be accounted for by the Watermaster in interim periods between redeterminations of Safe Yield.
- (a) New Yield includes proven increases in yield in quantities greater than the historical level of contribution from certain recharge sources may result from changed conditions including, but not limited to, the increased capture of rising water, increased capture of available stormflow, and other management activities that occur after February 20, 2003, as determined by Watermaster (Judgment, p. 4, lines 1-5). These increases are considered New Yield.
 - (b) Recharge with new locally-generated water shall be credited as New Yield to the Party that creates the new recharge. The Watermaster shall make an independent scientific assessment of the estimated New Yield to be created by each proposed project based upon monitoring data. The cost of the Watermaster scientific assessment of the New Yield shall be borne by the Party applying to create it.
 - (c) New Yield shall be allocated on an annual basis, based upon monitoring data and review by the Watermaster. (Judgment, p. 21, lines 14-20).
- 4.3 Losses or Spills from the Basin.** Water in Storage may be subject to losses. The Watermaster shall determine if losses are occurring and report its findings in the first Basin Condition Report. If losses are occurring, Watermaster shall determine how much water is being lost. Supplemental Water stored pursuant to Groundwater Storage Agreements shall be lost prior to Basin water (i.e., unused operating safe yield) held in Storage by a Party to the Judgment.

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**SECTION 5
RECHARGE**

5.0 In General. All Groundwater Recharge activities in the Beaumont Basin shall be subject to the Watermaster Rules and Regulations

- (a) The Watermaster shall calculate additions, extractions and losses, and maintain an annual account of all recharged water in the Beaumont Basin, and any losses of water supplies or Safe Yield resulting from such recharged water (p. 21, lines 9-13).
- (b) The owners of existing publicly-owned recharge facilities shall cooperate with the Watermaster to expand, improve and/or preserve recharge facilities. The Watermaster shall cooperate with appropriate entities to construct and operate new recharge facilities.
- (c) The Watermaster shall account for all sources of recharge and shall provide an annual accounting of the amount of recharge and the location of the specific types of recharge.
- (d) The Watermaster may determine to prepare a Recharge Master Plan, which Plan shall be periodically updated to account for changed conditions.
- (e) The Watermaster may arrange, facilitate and provide for recharge by entering into contracts with appropriate persons, who may provide facilities and operations for the physical recharge of water.

5.1 Application to Recharge Supplemental or New Yield Water. All recharge of Supplemental or New Yield Water shall be subject to Watermaster approval obtained by an application made to the Watermaster to protect the integrity of the Beaumont Basin.

5.2 Notice of Pending Applications. Upon receipt of an application, the Watermaster staff shall prepare a written summary and analysis of each such application. The application, along with the written summary and analysis shall be distributed to the Producers and any other interested parties not less than 21 days prior to the date the Watermaster is scheduled to consider and take action on the pending application. The cost of the summary and analysis of each application shall be borne by the applicant.

5.3 Watermaster Investigations of Applications. The Watermaster may, in its discretion, cause an investigation of the subject of a pending application. Any party to the proceeding may be requested to confer and cooperate with the Watermaster's staff and consultants, and to provide such additional information and data as may be reasonably required to complete the investigation.

5.4 Sources of Supplemental Water. Supplemental Water may be obtained by the Watermaster from any available source. The Watermaster shall, however, seek to obtain the

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best available quality of Supplemental Water at the most reasonable cost for recharge. Available sources may include, but are not limited to:

- (a) Maximum beneficial use of Recycled Water, which shall be given a high priority by the Watermaster;
- (b) State Project Water;
- (c) Local Imported Water through facilities and methods for importation of surface and groundwater supplies from adjacent basins and watersheds;
- (d) Available supplies of Metropolitan Water District;
- (e) Stormwater recharge projects.
- (f) Other Imported Water.

5.5 Method of Replenishment. The Watermaster may accomplish replenishment by any reasonable method, including spreading and percolation, injection of water in existing or new facilities, in-lieu delivery arrangements and acquisition of unproduced water.

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**SECTION 6
STORAGE**

- 6.0 In General.** A substantial amount of available groundwater storage capacity exists that is not used for storage or regulation of basin waters. It is essential that the use of storage capacity be undertaken only under Watermaster control and regulation so as to protect the integrity of the Beaumont Basin. The Watermaster shall exercise regulation and control of storage primarily through the execution of Groundwater Storage Agreements.
- 6.1 Relationship Between Recapture and Storage.** Recapture of water held in a storage account will generally be approved by the Watermaster as a component of and coincident with a Groundwater Storage Agreement. However, the Watermaster may approve a Groundwater Storage Agreement where the plan for recovery is not yet known. In such cases, the applicant for a Groundwater Storage Agreement may request Watermaster approval of the Agreement and subsequently submit and process an independent Application for Recapture to the Watermaster.
- 6.2 Storage of Water.** Storing Supplemental Water for withdrawal, or causing withdrawal of water unused and stored in prior years, shall be subject to the terms of a Groundwater Storage Agreement with the Watermaster. Any Water recharged by any person is deemed abandoned and shall not be considered water stored except pursuant to these Rules and Regulations and a Groundwater Storage Agreement.
- 6.3 Application for Storage of Water.** The Watermaster will ensure that any Person, including, but not limited to, the State of California and the Department of Water Resources, shall make an application to the Watermaster to store and recover water as provided herein. The Watermaster shall also ensure that sufficient storage capacity shall be reserved for local projects implemented by the Appropriators.
- 6.4 Contents of Groundwater Storage Agreements.** Each Groundwater Storage Agreement shall include, but not be limited to, the following components:
- (a) The quantities and term of the storage right, which shall specifically exclude credit for any return flows;
 - (b) A statement of the priorities of the storage right as against overlying, Safe Yield uses, and other storage rights;
 - (c) The projected delivery rates, together with projected schedules and procedures for spreading, injection or in-lieu deliveries of Supplemental Water for direct use;
 - (d) The calculation of storage water losses and annual accounting for water in storage; and
 - (e) The establishment and administration of withdrawal schedules, locations and methods.

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- 6.5 Notice of Pending Applications.** Upon receipt of an application, the Watermaster staff shall prepare a written summary and analysis of each such application. The application along with the written summary and analysis shall be distributed to the Producers and any other interested parties not less than 21 days prior to the date the Watermaster is scheduled to consider and take action on the pending application. The cost of the written summary and analysis of each such application shall be borne by the applicant.
- 6.6 Watermaster Investigations of Applications.** The Watermaster may, in its discretion, cause an investigation of the subject of a pending application. Any party to the proceeding may be requested to confer and cooperate with the Watermaster's staff and consultants, and to provide such additional information and data as may be reasonably required to complete the investigation.
- 6.7 Accounting for Water Stored.** The Watermaster shall calculate additions, extractions and losses of all water stored and any losses of water supplies or Safe Yield resulting from such water stored, and keep and maintain for public record an annual accounting thereof.

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**SECTION 7
ADJUSTMENTS OF RIGHTS**

- 7.0** (a) Overlying Parties shall have the right to exercise their respective Overlying Water Rights except to the extent provided in Section III, Paragraph 3, entitled Adjustment of Rights, of the Judgment. (Judgment, p. 8, lines 12-14).
- (b) To the extent any Overlying Party requests, and uses its adjudicated water rights to obtain water service from an Appropriator Party, an equivalent volume of potable groundwater shall be earmarked by the Appropriator Party which will serve the Overlying Party, up to the volume of the Overlying Water Rights as reflected in Column 4 of Exhibit “B” of the Judgment, for the purpose of serving the Overlying Party. (Judgment, p. 8, lines 15-27).
- (c) When an Overlying Party receives water service as provided for in paragraph 7(a), the Overlying Party shall forebear the use of that volume of the Overlying Water Right earmarked by the Appropriator Party. The Appropriator Party providing such service shall have the right to produce the volume of water foregone by the Overlying Party, in addition to other rights otherwise allocated to the Appropriator Party. (Judgment, p. 8, line 28 – p. 9, line 7).
- 7.1** **Notice of Adjustment of Rights.** The Overlying Pumper and Appropriator shall complete a Notice of Adjustment of Rights (Form 5) and file it with the Watermaster within 30 days of entering into a Service Agreement.
- 7.2** **Accounting for Adjustment of Rights.** Watermaster staff will maintain an accounting of all adjustments of rights based on actual meter readings or other measuring devices. The accounting will be presented in the Annual Report and other relevant Watermaster reports as appropriate.

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**SECTION 8
COORDINATION WITH THE
SAN GORGONIO PASS WATER AGENCY
AND OTHER AGENCIES**

- 8.0 **In General.** The San Gorgonio Pass Water Agency (“Agency”) was established by the California Water Uncodified Act No. 9099. The Agency has contracted with the California Department of Water Resources to import as much as 17,300 acre feet of water from the California State Water Project. As of 2004, the Agency is importing, at its sole cost and expense, up to 2,000 acre feet of State Water Project water per year for recharge in the Beaumont Basin.
- 8.1 **Potential Conflict.** The Agency has expressed concern that the exercise of its powers may conflict with the powers of the Watermaster, a concern that the Watermaster has acknowledged.
- 8.2 **Coordination of Water Resources Management Activities.** The Judgment provides that any Person may make reasonable beneficial use of the Groundwater Storage Capacity for the storage of Supplemental Water; provided however that no such use shall be made except pursuant to a written Groundwater Storage Agreement with the Watermaster. (Judgment, p. 15, lines 17-21). Therefore, in order to minimize the potential for conflict, the Watermaster is authorized to coordinate with the Agency, or other agencies such reasonable Groundwater Storage Agreements. Each such Agreement shall address (for example) whether the management activity that is the subject matter of the Agreement will increase or deplete water supplies, enhance or impair water quality, is engineeringly feasible, and whether it will provide the greatest public good with the least private injury.

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**SECTION 9
REVIEW PROCEDURES**

- 9.0 In General.** Nothing in the Judgment or these rules and regulations shall be deemed to prevent any party from seeking judicial relief against any other party whose pumping activities constitute an unreasonable interference with the complaining party's ability to extract groundwater. Any and all disputes between and among the Producers and/or the Watermaster shall be addressed expeditiously and resolved, if possible, amicably, in accordance with the following procedures.
- 9.1 Complaints or Contesting an Application.** Any Producer or interested person may file a written complaint with the Watermaster concerning matters other than applications to recharge (Section 5), or store (Section 6), or contest an application to recharge or store water. The written complaint or objection shall describe the basis for the complaint or objection and the underlying facts and circumstances. Such complaint or objection shall be filed with the Watermaster at least fourteen (14) days before the item is to be agendized for the Watermaster Committee. The Watermaster staff shall provide notice of the complaint or objection to all interested parties.
- (a) **Answering the Complaint or Objection.** At the discretion of the affected Party , a written answer to a complaint or objection may be filed at the time it is presented to the Watermaster Committee for consideration. In lieu of immediately answering the complaint or objection, the Party may request a reference to a two-member subcommittee of the Watermaster for review, discussion, and potential resolution prior to the item being agendized for Watermaster consideration
 - (b) **Continuance for Good Cause.** An affected Party may also request a continuance to a subsequent Watermaster meeting (without reference to a subcommittee) and the request may be granted by the Watermaster's staff where good cause exists.
 - (c) **Investigation by Watermaster.** The Watermaster may, in its discretion, cause an investigation of the subject matter of the complaint. Any party to the proceeding may be requested to confer and cooperate with the Watermaster, its staff or consultants to carry out such investigations, and to provide such information and data as may be reasonably required.
 - (d) **Uncontested Applications.** The Watermaster shall consider and may approve or deny any uncontested application to recharge or store water at a regularly-scheduled meeting of the Watermaster. Where good cause appears, the Watermaster may also, conditionally approve, or continue an uncontested application to a future meeting. If the Watermaster staff recommendation to the Watermaster is to deny an application, it shall first be referred to a two-member subcommittee of the Watermaster for review, discussion and potential resolution with the applicant.

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- (e) **Judicial Review.** Any action, decision, rule or procedure of the Watermaster shall be subject to review by the Court on its own motion or on timely motion by any Party as follows:
- (i) **Effective Date of Watermaster Action:** Any order, decision or action of the Watermaster pursuant to the Judgment or these Rules and Regulations on noticed specific agenda items shall be deemed to have occurred on the date of the order, decision or action.
 - (ii) **Notice of Motion for Judicial Review:** Any Party May, by a regularly noticed motion, petition the Court for review within 90 days of the action or decision by Watermaster, except motions for review of assessments under the Judgment shall be filed within 30 days of mailing of the notice of the assessment. The motion shall be deemed to be filed and served when a copy, conformed as filed with the Court, has been delivered to the Watermaster staff, together with a service fee sufficient to cover the cost of photocopying and mailing the motion to each Party. The Watermaster staff shall prepare the copies and mail a copy of the motion to each Party or its designee according to the official service list that shall be maintained by the Watermaster staff pursuant to the Judgment. Unless ordered by the Court, any petition shall not operate to stay the effect of any Watermaster action or decision which is challenged.
 - (iii) **De Nove Nature of Proceeding:** Upon filing of a petition to review a Watermaster action, the Watermaster shall notify the Parties of a date when the Court will take evidence and hear argument. The Court's review shall be de novo and the Watermaster decision or action shall have no evidentiary weight in such proceeding.
 - (iv) **Decision:** The decision of the Court in such proceedings shall be an appealable Supplemental Order in this case. When it is final, it shall be binding upon the Watermaster and the Parties.

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**SECTION 10
WATERMASTER FORMS**

10.1 In General. In order to facilitate and expedite the performance of its duties, the Watermaster may, from time-to-time, develop standardized forms for the transaction of business. Such forms shall be adopted by minute action of the Watermaster Board.

10.2 Approved Forms. The following standardized forms shall be used, except when good cause exists for the use of a customized format:

- (1) Application for Groundwater Storage Agreement.
- (2) Groundwater Storage Agreement.
- (3) Application for Recharge.
- (4) Application (or Amendment to Application) to Recapture Water in Storage.
- (5) Notice to Adjust Rights of an Overlying Party due to Proposed Provision of Water Service by an Appropriator.
- (6) Request for Notice or Waiver of Notice and Designation of Address for Notice and Service.

- END OF RULES AND REGULATIONS -

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FORMS

1. Application for Groundwater Storage Agreement.
2. Groundwater Storage Agreement.
3. Application for Recharge.
4. Application (or Amendment to Application) to Recapture Water in Storage.
5. Notice to Adjust Rights of an Overlying Party due to Proposed Provision of Water Service by an Appropriator.
6. Request for Notice or Waiver of Notice and Designation of Address for Notice and Service.

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APPLICATION
FOR
GROUNDWATER STORAGE AGREEMENT

APPLICANT

Name

Address for Notice

City State Zip Code

Telephone: _____

Facsimile: _____

For Staff Use Only

Date Requested: _____

Date Approved: _____

Amount Requested: _____ acre feet

Amount Approved: _____ acre feet

Agreement No.: _____

TYPE OF WATER TO BE PLACED IN STORAGE

☐ Supplemental Water ☐ Other: _____ ☐ Both

PURPOSE OF STORAGE – Check all that may apply

- ☐ Stabilize or reduce future water costs/assessments.
☐ Facilitate utilization of other available sources of supply.
☐ Facilitate replenishment under certain well sites.
☐ Preserve pumping right for a changed future potential use.
☐ Other, explain _____
 _____.

METHOD AND LOCATION OF PLACEMENT IN STORAGE – Check and attached all that may apply

- ☐ Recharge.
☐ Assignment in-lieu of Production.
☐ Other, explain _____
 _____.

METHOD AND LOCATION OF RECAPTURE FROM STORAGE – Check and attach all that may apply

- ☐ Pump from my well(s).
☐ Other, explain _____
 _____.

WATER QUALITY AND WATER LEVELS:

Description of groundwater quality in vicinity of facility and quality of water to be stored:

Description of existing water levels in the areas that are likely to be affected:

NEGATIVE IMPACTS OF PROPOSED RECAPTURE:

Is the Applicant aware of any potential negative impacts to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [☐] No [☐]

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

ADDITIONAL INFORMATION ATTACHED Yes [☐] No [☐]

Describe:

Applicant's Signature

Print Name

Title

BEAUMONT BASIN WATERMASTER**GROUNDWATER STORAGE AGREEMENT # _____**

THIS GROUNDWATER STORAGE AGREEMENT is made and entered into this _____ day of _____, by and between Beaumont Basin Watermaster ("Watermaster"), and _____ (herein "Storage Party"), pursuant to the Judgment.

SCOPE OF PERMISSION TO STORE. Permission is hereby given to the Storage Party, pursuant to the terms and conditions hereof, to store _____ acre-feet of water in the Beaumont Basin and to recapture the same for reasonable beneficial use as set forth in the forms or attachments below: The permission to store water under this Storage Agreement is not transferable or assignable.

RELEVANT APPLICATIONS. The following Applications are relevant to this Agreement:

- [] Application for Storage Agreement, dated _____.
- [] Application for Recharge, dated _____.
- [] Application (or Amendment to Application) to Recapture Water in Storage, dated _____.

TERM OF AGREEMENT. This Agreement may be terminated by the Watermaster upon 90 days written notice. Except for losses or other factors as Watermaster may establish, any water in storage at the time of termination of this Agreement shall be credited to the Storage Party for recapture. Termination shall affect termination of the right to place water in storage, but shall not impact the integrity of water stored or the right to recapture the same.

APPLICABILITY. This Agreement and all provisions thereof are applicable to and binding upon the parties hereto, and upon their respective heirs, executors, administrators, successors, assigns, lessors and licensees and upon the agents, employees and attorneys in fact of all such persons. Storage capacity is not assignable. Water in storage may be assigned, sold, leased or transferred as herein or subsequently approved.

RECAPTURE. Storage Party may recapture Stored Water by the direct extraction of groundwater from Beaumont Basin pursuant to a Watermaster-approved Application to Recapture Water in Storage. The Watermaster reserves the right to solely determine whether significant adverse impacts will result to the Beaumont Basin and to other Producers by reason of such recapture and shall either approve, deny, or modify any proposed recapture schedule.

ACCOUNTING FOR WATER STORED. Watermaster shall maintain a continuing account of water stored in and recaptured from Storage Party's account, which shall be available for review upon reasonable notice by Storage Party.

REPORTS TO WATERMASTER. Storage Party shall file with the Watermaster such reports, forms, or additional information as may be reasonably required by the Watermaster in order to maintain accurate information as to storage, losses and recapture of Stored Water.

THE WATERMASTER'S RIGHT TO INSPECT. The Watermaster shall have the right to inspect, at reasonable times, the records and facilities of Storage Party with respect to the storage and recapture of water in the Beaumont Basin.

NOTICE. Any notices may be given by mail postage prepaid, addressed as follows:

Watermaster

Beaumont Basin Watermaster

Storage Party

SPECIAL CONDITIONS: The permission granted herein is subject to the following additional conditions:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers.

BEAUMONT BASIN WATERMASTER

STORAGE PARTY

Name

By _____

By _____

Print Name

Print Name

Title

Title

BEAUMONT BASIN WATERMASTER**APPLICATION
FOR
RECHARGE****APPLICANT**

Name _____

Address for Notice _____

City _____ State _____ Zip Code _____

Telephone: _____

Facsimile: _____

For Staff Use Only

Date Requested: _____

Date Approved: _____

Amount Requested: _____ acre feet

Amount Approved: _____ acre feet

Projected Rate of Recharge: _____

Projected Duration of Recharge: _____

Agreement No.: _____

SOURCE OF SUPPLY☐ State Water Project☐ Colorado River☐ Recycled Water☐ Diverted Creek Water☐ Other, explain __________
_____.**METHOD OF RECHARGE**☐ PERCOLATION Name of Basin _____

Location: Attach Map

☐ INJECTION Well Number _____

Location: Attach map

☐ EXCHANGE Facility Name _____

Share of Safe Yield _____

Water in Storage _____

Pumping Capacity (in cfs) _____

WATER QUALITY AND WATER LEVELS:

Description of groundwater quality in vicinity of facility and quality of water to be stored:

Description of existing water levels in the areas that are likely to be affected:

NEGATIVE IMPACTS OF PROPOSED RECAPTURE:

Is the Applicant aware of any potential negative impacts to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [☐] No [☐]

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

ADDITIONAL INFORMATION ATTACHED Yes [☐] No [☐]

Describe:

Applicant's Signature

Print Name

Title

BEAUMONT BASIN WATERMASTER

**APPLICATION (OR AMENDMENT TO APPLICATION)
TO
RECAPTURE WATER IN STORAGE**

APPLICANT

Name

Address for Notice

City State Zip Code

Telephone: _____

Facsimile: _____

For Staff Use Only

Date Requested: _____

Date Approved: _____

Amount Requested: _____ acre feet

Amount Approved: _____ acre feet

Projected Rate of Recapture: _____

Projected Duration of Recapture: _____

Agreement No. _____

IS THIS AN AMENDMENT TO A PREVIOUSLY APPROVED APPLICATION? ☐ Yes ☐ No
IF YES, ATTACH APPLICATION TO BE AMENDED

IDENTITY OF PERSON THAT STORED THE WATER: _____

PURPOSE OF RECAPTURE:

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

METHOD OF RECAPTURE (if other than pumping, e.g. exchange):

PLACE OF USE OF WATER TO BE RECAPTURED:

LOCATION OF RECAPTURE FACILITIES (IF DIFFERENT FROM REGULAR PRODUCTION FACILITIES):

WATER QUALITY AND WATER LEVELS:

Description of groundwater quality in vicinity of facility and quality of water to be stored:

Description of existing water levels in the areas that are likely to be affected:

NEGATIVE IMPACTS OF PROPOSED RECAPTURE:

Is the Applicant aware of any potential negative impacts to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [☐] No [☐]

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

ADDITIONAL INFORMATION ATTACHED Yes [☐] No [☐]

Describe:

Applicant's Signature

Print Name

Title

BEAUMONT BASIN WATERMASTER

**NOTICE
TO
ADJUST RIGHTS OF AN OVERLYING PARTY
DUE TO
PROPOSED PROVISION OF WATER SERVICE BY AN APPROPRIATOR**

PLEASE TAKE NOTICE that _____ ("Appropriator")
proposes to provide retail water serve to _____
("Overlying Owner") commencing on _____ and continuing until further notice.

Notice is hereby given that the Watermaster will earmark the Overlying Owner's Overlying Water right (as shown in Exhibit B, Column 4 of the Judgment) to the Appropriator each year in an amount equal to the lesser of the Overlying Right or the actual amount of water used in accordance with the Judgment.

OVERLYING OWNER

By _____

Print or Type Name

Title

Address for Notice:

Telephone: _____

Fax: _____

APPROPRIATOR

By _____

Print or Type Name

Title

Address for Notice:

Telephone: _____

Fax: _____

For Watermaster Use Only

Date Received: _____

BEAUMONT BASIN WATERMASTER
REQUEST FOR NOTICE OR WAIVER OF NOTICE
AND
DESIGNATION OF ADDRESS FOR NOTICE AND SERVICE

Pursuant to the Judgment(Section VII. Miscellaneous Provisions, Paragraph 1), complete either Section 1 or 2, and Section 3 below and mail this form to the Beaumont Basin Watermaster.

Section 1: Waiver of Notice

I do not wish to receive the following materials:

- ☐ Notice or Agendas Only of Meetings, Hearings, Workshops, etc.
☐ Full Packages for Meetings, Hearings, Workshops, etc.
☐ Court filings without Exhibits ☐ Court filings with full Exhibits
☐ Annual Reports

Section 2: Request for Notice

I would like to receive the following materials:

- ☐ Notice or Agendas Only of Meetings, Hearings, Workshops, etc.
☐ Full Packages for Meetings, Hearings, Workshops, etc.
☐ Court filings without Exhibits ☐ Court filings with full Exhibits
☐ Annual Reports
☐ Please provide the materials I wish to receive by email when possible.

Section 3: Designation of Address for Notice and Service

Please provide the following information in addition to completing either Section 1 or 2 above:

Email address:_____

Entity or Company:_____

Mailing Address:_____

Phone number:_____

Printed name:_____

Signature:_____