

Beaumont Basin Watermaster

AGENDA

DATE: Wednesday, April 14, 2010

TIME: 9:00 a.m.

LOCATION: BCVWD

560 Magnolia Avenue

Beaumont, CA 92223

1. Call to Order

2. Roll Call

- A. Beaumont-Cherry Valley Water District: Anthony Lara
- B. City of Banning: Duane Burk
- C. City of Beaumont: Dave Dillon
- D. South Mesa Water Company: George Jorritsma
- E. Yucaipa Valley Water District: Joseph Zoba

3. Pledge of Allegiance

4. Oral and Written Communication

Anyone wishing to address the Watermaster on any matter not on the Agenda of this meeting may do so now. The oral communications portion of this Agenda is to hear comments. If any question or concern arises related to any issues not on the Agenda, it will be referred to Staff for appropriate response. Anyone wishing to speak on an item on the Agenda may do so at the time the Watermaster considers that item. All persons wishing to speak must fill out a Request to Speak Form and give it to the Clerk at the beginning of the meeting. Forms are available from the Clerk upon request. Each speaker is limited to three (3) minutes.

5. Consent Calendar

- A. Minutes of the September 15, 2009 meeting

6. Action Items

- A. Biennial Basin Conditions (Engineer's) Report for 2003/04 through 2007/08

Recommendation: Approve

- B. Sixth Annual Report of the Beaumont Basin Watermaster for Fiscal Year 2008/09

Recommendation: Approve

C. Treasurer's Report for the Period Ending March 31, 2010

Recommendation: Receive and File

D. Authorization of Siebert, Botkin, Kickey & Associates as the Financial Auditor of the Watermaster for Fiscal Year 2009/10.

Recommendation: Approve

E. Task Order No. 1- General Manager Services

Recommendation: Accept resignation of J. Andrew Schlange and terminate payments from the Task Order No. 1- General Manager Services budget line item.

F. Reallocation of \$4,000 from General Engineering (Account Number 5060) to Miscellaneous and Meeting Expenses (Account Number 5010)

Recommendation: Approve

G. Task Order No. W2009-03 – General Engineering Support

Recommendation: Discussion and Comment

H. Beaumont Basin Stipulated Judgment and the future of Watermaster Activities

Recommendation: Discussion and Comment

I. New Yield Accounting.

Recommendation: Discussion and Comment

7. Status Reports (Verbal)

A. Engineer's Update

B. Legal Counsel Update

8. Board Member Comments

9. Adjournment

**RECORD OF THE MINUTES OF THE
BEAUMONT BASIN WATERMASTER MEETING
September 15, 2009
TIME: 10:00 a.m.**

Watermaster Members Present:

City of Beaumont:	David Dillon
Beaumont Cherry Valley Water District:	Anthony Lara
South Mesa Water Company:	George Jorritsma
Yucaipa Valley Water District:	Joseph Zoba
City of Banning:	Duane Burk

Watermaster Members Absent:

All members were present.

Consultants Present:

Andrew Schlange	Chief of Watermaster Services
Joseph Aklufi	Aklufi & Wysocki
Mark Wildermuth	Wildermuth Environmental Inc

Others Present:

Niki Magee	BCVWD
Michael Joseph	Self
Patsy Reeley	Self
Judith Bingham	Self
Michele Delph	Self
Luwana Ryan	Self
Barbara Voigt	SGPWA
Kenneth Ross	BCVWD
Dr. Blair Ball	BCVWD
Stella Parks	BCVWD
Mary Daniel	Self
Blanca Marin	BCVWD
Bill Dickson	SGPWA

1. Call to Order

Chairman Jorritsma called the meeting to order at 10:00 a.m., 560 Magnolia Avenue, Beaumont, California.

2. Roll Call

All members were present

3. Pledge of Allegiance

Chairman Jorritsma led the pledge

4. Oral and Written Communication

Schlange acknowledged a change in the Consent Calendar indicating that Mr. Zoba was to provide a verbal report under the Treasurer's Report.

Chairman Jorritsma invited Michael Joseph to address the Commission on an item not on the agenda. Mr. Joseph communicated his concerns regarding his water well going dry. He explained that such well which is adjacent to the Beaumont Cherry Valley Water District's, Well 24. He explained that reports done in prior years show a connection to Well 24 as the cause to his well going dry. He requested that the Commission give him guidance as the correct procedures to resolve his problem.

General Counsel Aklufi recommended that Mr. Joseph contacts the Beaumont Cherry Valley Water District first as it appears that the issue of his well going dry is as a result of the well owned by the District.

Member Dillon requested that Mr. Joseph contact the City of Beaumont on this issue.

Schlange recommended that Mr. Joseph contact Mr. Lara or the BCVWD board and if nothing was resolved that Mr. Joseph needs to contact the Watermaster in writing.

Chairman Jorritsma invited Luwana Ryan to address the Commission on an item not on the agenda. Ms. Ryan commented on the letter included in the agenda related to the water level declining in the Beaumont Basin and the impact on smaller well pumpers. She referred to several points in the Beaumont Basin Watermaster Judgment about provisions related to small pumpers. She indicated that in the adjudication there was no mention of primary or secondary responsibilities of the Watermaster. She listed some of the responsibilities of the Watermaster, like the installation of the measuring devices, local projects and land use plans. She requested that the Watermaster do its joint duties.

Chairman Jorritsma invited Ken Ross to address the Commission on an item not on the agenda. Mr. Ross questioned the Commission as to the reason why there was not an item on the agenda related to the replacement of current legal counsel as requested on the previous minutes.

Schlange indicated that there was a letter in the agenda related to this item for discussion.

5. Consent Calendar

- A. Approve Minutes of June 23, 2009*
- B. Auditors Report and Financial Statements Year Ending June 30, 2009*
- C. City of Beaumont's Nomination of Dave Dillon to Watermaster Committee*
- D. Beaumont Cherry Valley Water District's Nomination of Anthony Lara to the Watermaster Committee*
- E. Task Orders Issued*

Chairman Jorritsma called for adoption of the Consent Calendar with the exclusion of the Treasurer's Report as Mr. Zoba was to offer a report on this item separately.

Member Zoba moved to accept the Consent Calendar with the deletion of the Treasurer's Report. Member Dillon seconded. The motion passed with Member Burk abstaining.

F. Treasurer's Report Dated July 7, 2009*

Member Zoba reported that Yucaipa Staff worked with Mr. Schlange on the reconciliation of transfers of money from the STWMA and Watermaster Accounts. Since there was excess money transferred from the Watermaster to STWMA for the grant funded project. Excess money in the amount of \$33,374.14 needs to be transferred to the Watermaster to clean up the STWMA books as the City of Beaumont is now the Treasurer of STWMA.

Member Zoba moved to approve. Member Lara seconded. The motion passed unanimously.

6. Action Items

A. 2009 Subsidence Monitoring Program Beaumont Basin Report *(Report will be presented at the meeting)**

Schlange informed the Commission and the public that copies of the report were available free of charge in a hard disk format or hard copies of the report were available at the cost of \$170.

Member Zoba moved to receive and file the 2009 Subsidence Monitoring Program Report. Member Lara seconded. The motion passed unanimously.

B. 2009 Biennial Engineering Report Beaumont Basin *(Report will be presented at the meeting)**

Mark Wildermuth with Wildermuth Environmental Inc provided a brief verbal report on this item. He indicated that no work has been done in the current fiscal year due to the budget funding not being approved.

Schlange indicated that on table 4-1 of the report a correction under the ownership rights has to be made as Sunny Cal-Manheim & Manheim and Burman property had been transferred.

No action was taken on this item.

7. Discussion Items

a. Authorization to Complete Report of the Beaumont Basin Watermaster Regional Resources Optimization Scoping Work*

Recommendation: Review, comment and budget authorization to issue a task order to Wildermuth Environmental Inc to complete the study

Schlange reported that as requested by Mr. Lara, a letter was included in the agenda which addressed some concerns such as no task orders would be approved unless the entire commission approves, and the General Counsel and Special Projects budget items. He indicated that a status report was included in the agenda as requested. He further commented that as to the issue of legal counsel, this issue has to be determined by the Watermaster Commission and not the Staff and if conflict should occur, normal standards should be followed by hiring a special legal counsel for that matter only.

Schlange indicated that an estimated amount to complete these projects was included in the agenda. He further requested that the funding of these projects be approved and that the Commission continue with the services of the current legal counsel.

Member Lara moved to deny this item. Member Zoba seconded.

Member Lara noted his agreement with the funding of administrative section of the budget however, for special project funding; he indicated that maybe each agency will be accompanied by their individual lawyers.

Member Zoba recommended that the matter of the conflict with the Legal Counsel and funding of the projects be addressed as separate matters.

Member Zoba requested that Mr. Schlange provide a report to justify the funding by different agencies on the Beaumont Basin Watermaster Regional Resources Optimization Scoping Work and so that the Commission better determine the need to continue funding this project.

Schlange reported that the Commission had already spent about a quarter of a million dollars on this project and that all was left to complete the project was only \$50, 000. He indicated

that the purpose of the study was to gather information and to put it in an implementation report to provide additional sources of water. He indicated that other sources of water such as surplus from other agencies, San Timoteo Basin, South Beaumont Basin and Banning Basin were currently available. He stated that the urgency to complete the project was that the longer the Commission takes to finish this project, the longer the agencies need to wait to obtain the report.

Member Zoba indicated that Staff could possibly distribute the work that has already been done on this project, so that work can be evaluated and therefore make a wiser decision as to the need to fund this project. He recommended the continuation of discussions on this project so that all Commissioners review the existing work.

Member Lara noted his agreement with Mr. Zoba's recommendation to obtain an update on all special projects, and to evaluate them separately and then let the members decide as to whether or not to proceed with the projects.

Member Lara withdrew his earlier motion to deny.

Zoba amended his motion and added that the Commission distributes the work that has already been done and to evaluate the need to continue with this project and that this item be brought back to the Commission. Commissioner Lara seconded. The motion passed with Commissioner Dillon and Jorritsma opposing.

b. Authorization to Complete Report of the Beaumont Basin Watermaster to Develop a Salt Mitigation Fee for the Beaumont Basin Management Zone*

Recommendation: Review, comment and budget authorization to issue a task order to Wildermuth Environmental Inc to complete the study

Mr. Schlange provided a brief report on this item indicating that all member agencies were benefiting from this report. He further requested that the Commission approves funding for this report which is estimated to cost \$25,000 to complete.

Member Dillon indicated that a report be provided on the Maximum Benefit as it looked like City of Beaumont was the only agency that was responsible for that project.

Mr. Schlange indicated that Project Committee No1 did not approve its budget; therefore there was no operating budget for the Maximum Benefit Project. He indicated that there was a question as to whether or not BCVWD qualifies for the Maximum Benefit. He indicated that it was his understanding from the Regional Water Quality Control Board that if the District did not qualify and/or did not participate, then the District would revert back to the anti-degradation policy and therefore would preclude the District from using recycled water.

Member Lara indicated that the BCVWD paid a third of the cost since the inception of the project, along with the City of Beaumont, however the Pass Agency has an agreement to participate in Maximum Benefit at no cost.

Mr. Schlange indicated that the Commission should "clean up" this report and "defend" it to the Regional Board.

Member Zoba indicated that the Regional Board will enforce the Basin Objectives. He indicated that somehow he was missing the concept of the report.

Member Dillon indicated that the City of Beaumont was the only agency benefiting on the Maximum Benefit.

Member Dillon moved to deny the funding of this project, as this project was for benefit only to the City of Beaumont. Member Zoba seconded. The motion passed unanimously.

c. Correspondence sent to Luwana Ryan dated August 24, 2009*

No action was taken on this item.

8. Adjournment

Chairman Jorritsma adjourned the meeting at 11:28 a.m.

Anthony Lara, Secretary to the
Beaumont Basin Watermaster

WATERMASTER MEETING MEMORANDUM NO. 10-1

To: Beaumont Basin Watermaster

From: Mark Wildermuth, Watermaster Engineer

Date: April 8, 2010

Subject: Beaumont Basin Watermaster Biennial Engineer's Report
July 2003 – June 2008

The Beaumont Basin Watermaster Biennial Engineer's Report (BER) for July 2003 – June 2008 was circulated to the Watermaster Board for review and comment in September 2009. Comments were received from Members Burk and Zoba in January 2010. Given that no task order for the completion of the BER was issued for the current fiscal year (2009/10), the time needed to address Member Burk's comments precluded their incorporation into the final draft. The report has been finalized per the direction of Chairman Jorritsma and is available for distribution.

Recommendation

That the Beaumont Basin Watermaster approve, receive, and file the Biennial Engineer's Report.

WATERMASTER MEETING MEMORANDUM NO. 10-2

To: Beaumont Basin Watermaster
From: Mark Wildermuth, Watermaster Engineer
Date: April 8, 2010
Subject: Sixth Annual Report of the Beaumont Basin Watermaster for Fiscal Year 2008 – 2009

Transmitted herewith please find the Sixth Annual Report of the Beaumont Basin Watermaster for Fiscal Year 2008 – 2009. The report was sent to the appropriators for review and comment on February 2, 2010. No comments were received.

Recommendation

That the Beaumont Basin Watermaster approve, receive, and file the Sixth Annual Report.

WATERMASTER MEETING MEMORANDUM NO. 10-03

Date: April 7, 2010

To: Watermaster Members

From: Joseph Zoba, Treasurer

Subject: Presentation of Unaudited Financial Report for Period Ending March 31, 2010

Recommendation: That the members of the Watermaster receive and file the attached unaudited financial report.

Attached is a copy of the unaudited financial report for the period ending March 31, 2010. As provided in the summary below, the current level of revenues from the prior year is projected to adequately fund the operations of the organization for the remainder of this fiscal year.

	Approved Budget	Year-To-Date	Percentage of Approved Budget
Operating Revenue	\$106,499.97	\$87,049.37	81.7%
Operating Expenses	\$106,500.00	\$57,815.06	54.3%
Revenue Over/(Under) Expenses	- -	\$29,234.31	- -

Should you have any questions regarding this report, please feel free to contact me directly at (909) 797-5119.

Beaumont Basin Watermaster
Unaudited Financial Report for Fiscal Year 2009-2010
Period Ending - March 31, 2010
 Wednesday, April 07, 2010

OPERATING REVENUE:			
Account	Approved Budget	Year-To-Date	Percentage of Approved
Number	Fiscal Year 2010		Budget
--	\$53,710.37	\$53,710.37	100.0%
Carryover from FY 2009 Fiscal Year			
--	\$33,339.00	\$33,339.00	100.0%
STWMA & BBWM Reconciliation Transfer			
3120	\$3,890.12	\$0.00	0.0%
City of Banning			
3105	\$3,890.12	\$0.00	0.0%
City of Beaumont			
3110	\$3,890.12	\$0.00	0.0%
Beaumont Cherry Valley Water District			
3125	\$3,890.12	\$0.00	0.0%
South Mesa Mutual Water Company			
3115	\$3,890.12	\$0.00	0.0%
Yucaipa Valley Water District			
Total Operating Revenue	\$106,499.97	\$87,049.37	81.7%

OPERATING EXPENSES:			
Account	Approved Budget	Year-To-Date	Percentage of Approved
Number	Fiscal Year 2010		Budget
5000	\$0.00	\$224.39	--
Bank Fees & Interest			
5001	\$36,000.00	\$21,500.00	59.7%
Chief of Watermaster Services			
5010	\$1,000.00	\$1,946.30	194.6%
Miscellaneous & Meetings			
5020	\$20,000.00	\$15,235.00	76.2%
Acquisition/Computation & Annual Report			
5040	\$3,000.00	\$2,950.00	98.3%
Annual Audit			
5060	\$15,000.00	\$6,683.81	44.6%
General Engineering			
5063	\$10,000.00	\$7,496.75	75.0%
Groundwater Level Monitoring Program			
5070	\$10,000.00	\$1,500.00	15.0%
Legal Expenses			
5080	\$11,500.00	\$278.81	2.4%
Reserve Funding			
Total Operating Expense	\$106,500.00	\$57,815.06	54.3%

Revenue Over / (Under) Expenses -\$0.03 \$29,234.31 --

WATERMASTER MEETING MEMORANDUM NO. 10-04

Date: April 7, 2010

To: Watermaster Members

From: Joseph Zoba, Treasurer

Subject: Review, Discussion and Possible Action Regarding the Authorization of Auditor Services

Recommendation: That the members of the Watermaster authorize the engagement of Siebert, Botkin, Kickey & Associates for completion of the financial audit for fiscal year 2009-10.

Last year the Watermaster utilized the services of Siebert, Botkin, Kickey & Associates for the preparation of the financial audit for fiscal year 2008-09. The cost of the audit last year was \$2,950.

Instead of soliciting competitive bids for the completion of the audit this year, I negotiated a price reduction to \$2,150. This represents a cost savings of \$800, or 27% less than the prior year. While the members of the Watermaster may desire to solicit competitive bids, it would be appropriate to maintain the working relationship with the current auditor to facilitate the completion of the financial audit this year.

BEAUMONT BASIN WATERMASTER

Auditors' Report And Financial Statements

*For the Year Ended
June 30, 2009*

SIEBERT BOTKIN HICKEY & ASSOCIATES, LLP
Certified Public Accountants



***Siebert Botkin Hickey
& Associates, LLP***

**Watermaster Committee
Beaumont Basin Watermaster
Yucaipa, CA 92399**

Independent Auditors' Report

We have audited the accompanying basic financial statements of the Beaumont Basin Watermaster, as of and for the year ended June 30, 2009. These financial statements are the responsibility of the management of Beaumont Basin Watermaster. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Beaumont Basin Watermaster, as of June 30, 2009, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Beaumont Basin Watermaster has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to supplement, although not to be a part of, the basic financial statements.

SIEBERT BOTKIN HICKEY & ASSOCIATES, LLP

July 21, 2009

3501 E. Ramon Road, Palm Springs, CA 92264
1680 E. 6th Street, Suite A, Beaumont, CA 92223

Telephone: (760) 325-2353
Telephone: (951) 845-2625

Fax: (760) 325-8053
Fax: (951) 922-6591

Beaumont Basin Watermaster
Statement of Net Assets
As of June 30, 2009

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents

\$ 71,701

LIABILITIES and NET ASSETS

CURRENT LIABILITIES

Accounts Payable

17,991

NET ASSETS

Unrestricted

\$ 53,710

Beaumont Basin Watermaster**Statement of Activities**

For the Year Ended June 30, 2009

REVENUES

Member Agency Contributions	
City of Beaumont	\$ 45,500
Beaumont Cherry Valley Water District	45,500
Yucaipa Valley Water District	45,500
City of Banning	45,500
South Mesa Water Company	45,500
Interest Revenue	8
Total Revenues	<u>227,508</u>

EXPENSES

Administrative Expenses	
Chief of Watermaster Services	54,000
Meetings and Miscellaneous	8,014
Acquisition and Computation of Production Data/Annual Report	53,875
General Engineering	25,000
Groundwater Level Water Monitoring Program	21,650
Subsidence Monitoring Program	36,785
Develop Methodology - Stormwater Recharge	2,293
Legal and Professional	15,813
Total Expenses	<u>217,430</u>
Change in Net Assets	10,078

NET ASSETS

Unrestricted Net Assets, Beginning of Year	43,632
Unrestricted Net Assets, End of Year	<u>\$ 53,710</u>

See Auditors' Report

The Notes to Financial Statements Are An Integral Part of This Statement

Page 3 of 6

Beaumont Basin Watermaster
Statement of Cash Flows
For the Year Ended June 30, 2009

Cash Flows From Operating Activities:

Cash Received from Members	\$ 227,500
Cash Paid to Vendors for Services and Supplies	(199,439)
Net Cash Provided By Operations	<u>28,061</u>

Cash Flows From Investing Activities:

Interest Earned on Operating Funds	<u>8</u>
Net Cash Provided by Investing Activities	<u>8</u>
Net Increase in Cash	28,069
Cash and Cash Equivalents at Beginning of Year	43,632
Cash and Cash Equivalents at End of Year	<u><u>\$ 71,701</u></u>

See Auditors' Report

The Notes to Financial Statements Are An Integral Part of This Statement

Page 4 of 6

Beaumont Basin Watermaster
Notes to Financial Statements
For the Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Operations:

The Beaumont Basin Watermaster is the entity charged with administering adjudicated water rights and managing groundwater resources within the Beaumont Groundwater Basin. It was created on February 4, 2004 by a Judgment entered in the Superior Court of the State of California for the County of Riverside (Case No. RIC 389197). Pursuant to the Judgment, the Watermaster Committee is comprised of representatives from 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.

The Watermaster's area of jurisdiction, which is also known as the adjudicated boundary, overlies a portion of the Santa Ana River Watershed. San Timoteo Creek, which is a tributary to the Santa Ana River, is one of the major surface streams traversing the area as well as portions of Little San Geronio Creek and Noble Creek.

Basis of Presentation:

The Beaumont Basin Watermaster's financial statements have been prepared in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Watermaster is considered a single activity special-purpose government. A single proprietary fund is used to report all of the Watermaster's financial activities.

Financial reporting is based upon all Governmental Accounting Standards Board (GASB) pronouncements, as well as the Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

Basis of Accounting:

The Beaumont Basin Watermaster uses the accrual method of accounting for financial statement reporting purposes. Under the accrual method revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Reporting Entity:

The Watermaster has defined its reporting entity in accordance with GASB Statement No. 14, "The Financial Reporting Entity," which provides guidance for determining which governmental activities, organizations, and functions should be included in its reporting entity. The Watermaster's reporting entity includes all significant operation and revenue sources for which the Watermaster Committee exercises oversight responsibility as determined under the criteria established by the National Council on Governmental Accounting Statement No. 3, as adopted by FASB. Oversight responsibility is determined on the basis of selection of the governing board, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service.

Income Taxes

The Watermaster is exempt from federal income and state franchise taxes.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, cash equivalents includes time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. The Watermaster maintains bank accounts at financial institutions located within the State of California.

Beaumont Basin Watermaster

Notes to Financial Statements

For the Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Net Assets/Fund Equity

The financial statements are presented using the net asset method. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted. The Watermaster reports only unrestricted net assets.

- Unrestricted Net Assets – This category represents net assets of the Watermaster not restricted for any project or other purpose.

NOTE 2 – CASH AND INVESTMENTS:

California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Watermaster's cash on deposits or first trust deed mortgage notes with a value of 150% of the deposit as collateral for all public agency deposits. Under California law this collateral remains with the institution but is held in the Watermaster's name and places the Watermaster ahead of general creditors of the institution.

The Watermaster's cash balances of \$71,701 at June 30, 2009 are held in FDIC insured demand deposit accounts.

The Watermaster's Investment Policy and the California Government Code allow the District to invest in a variety of investment types, provided the credit ratings of the issuers are acceptable to the Watermaster Committee. The following also identifies certain provisions of the Watermaster's Investment Policy and California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligation	5 years	N/A	100%	No Limit
U.S. Agency Securities	5 years	N/A	100%	No Limit
Bankers Acceptances	180 days	N/A	40%	30%
Commercial Paper	270 days	A-I	25%	10%
Negotiable Certificates of Deposit	5 years	N/A	30%	No Limit
Repurchase Agreements	1 year	N/A	100%	No Limit
Reverse Repurchase Agreements	92 days	N/A	20%	No Limit
Demand Deposits	N/A	Highest Category	20%	10%
Medium Term Notes	5 years	A	30%	No Limit
Money Market Mutual Funds	N/A	Highest Category	20%	10%
Asset-Backed Securities	5 years	AA	20%	No Limit
State of California Obligations	5 years	N/A	100%	No Limit
Local Agency Investment Fund	N/A	N/A	\$40 million account	No Limit

Interest Rate Risk, Credit Risk, and Concentration of Credit Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity the more sensitive the investment is to market fluctuations. Credit risk is measured by nationally recognized statistical agencies such as Standard & Poor's. Credit risk is simply the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Concentration of credit risk measures the extent to which the Watermaster's investments are invested in a single issuer. Since the Watermaster's does not have investments and the cash balances are fully insured, the Watermaster is not exposed to interest rate risk, credit risk, or concentration of credit risk.

WATERMASTER MEETING MEMORANDUM NO. 10-05

Date: April 7, 2010

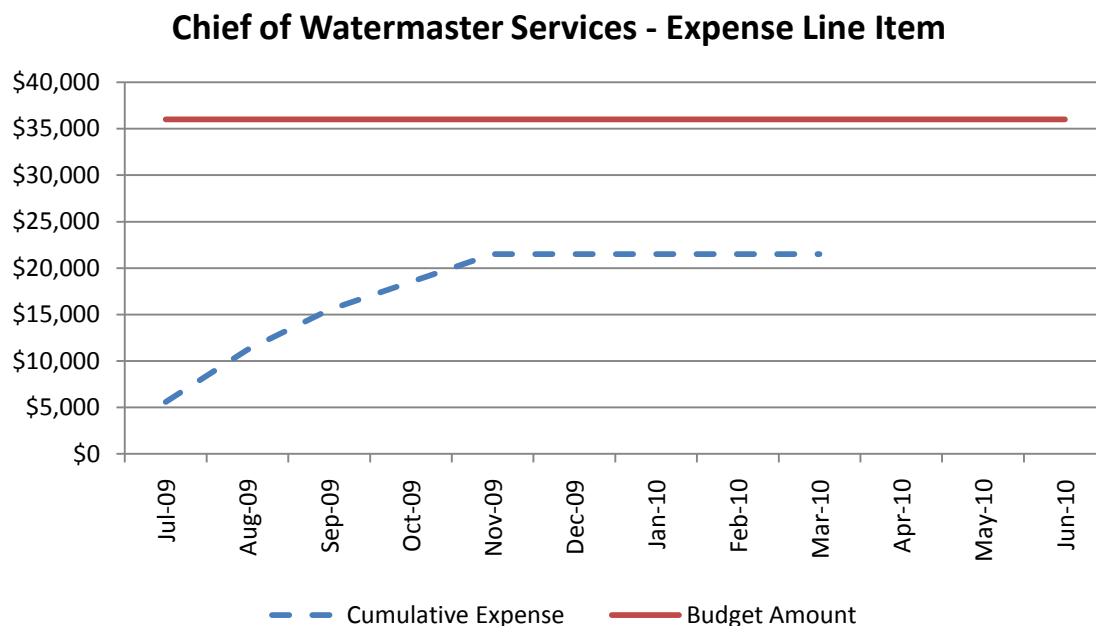
To: Watermaster Members

From: Joseph Zoba, Treasurer

Subject: Review, Discussion and Possible Action Regarding Task Order No. 1 - General Manager Services

Recommendation: That the members of the Watermaster accept the attached letter of resignation effective November 30, 2009.

Attached is a copy of Task Order No. 1 related to General Manager Services for the Beaumont Basin Watermaster. As of January 2010, the Watermaster has paid a total of \$21,500 for this task order / budget line item. Expenses related to this task order have ceased as of November 2009, which is consistent with the attached letter of resignation from Mr. Schlange.



The members of the Watermaster will ultimately need to discuss the overall organizational structure of the Watermaster. I would suggest this discussion take place during Watermaster Meeting Memorandum No. 10-08.

At this time it would be proper to accept the letter of resignation to coincide with the cessation of payments from this budget line item.

#5001

BEAUMONT BASIN
WATERMASTER
TASK ORDER
General Manager Services

TASK ORDER NO.: 1(3RD Amendment)
CONSULTANT: J. Andrew Schlange

This TASK ORDER is issued pursuant to Watermaster approval for Services by Beaumont Basin Watermaster and J. Andrew Schlange, ("CONSULTANT") dated August 2004 and amended July 12, 2005.

1. Tasks to be Performed. CONSULTANT shall provide all labor, materials and equipment for the Watermaster to perform the following tasks: Provide General Manager services for a minimum of 16 hours per week.
2. Time and Performance. This Task Order is effective July 1, 2009 and continues to June 30, 2010.
3. Liaison of OWNER. The Secretary and Treasurer shall serve as liaison between OWNER and CONSULTANT.
4. Compensation. For all services rendered by CONSULTANT pursuant to Beaumont Basin Watermaster.
 - (a) Administrative Budget; Consultant shall receive a rate not to exceed \$3,000.00 per month plus reimbursement of all out of pocket expenses.
 - (b) Beaumont Basin Watermaster Special Projects Group A: Consultant shall receive a rate not to exceed \$2600.00 per month plus reimbursement of all out of pocket expenses.
5. Miscellaneous Matters. The following additional matters are made a part of the Task Order: Reimbursable out-of-pocket expenses shall be approved by the Secretary-Treasurer.

Dated: 7/21/09

Dated: 7/21/09

Beaumont Basin Watermaster

By [Signature]
Chairperson

By [Signature]
J. Andrew Schlange

12 tech app
[Signature]

J. Andrew Schlange
4 Crown Court
Rancho Mirage, Ca. 92270
760-202-1961
E-Mail jasa921@aol.com

Mr. George Joritsma
Chairman Beaumont Basin Watermaster
and the San Timoteo Watershed Management Authority

Dear George,

This letter is to notify you that I will resign my positions as Chief of Watermaster Services Beaumont Basin Watermaster and Contract Manager of the San Timoteo Watershed Management Authority effective November 30, 2009.

My best to all of you for success in your future endeavors

Respectfully,



J. Andrew Schlange

WATERMASTER MEETING MEMORANDUM NO. 10-06

Date: April 7, 2010

To: Watermaster Members

From: Joseph Zoba, Treasurer

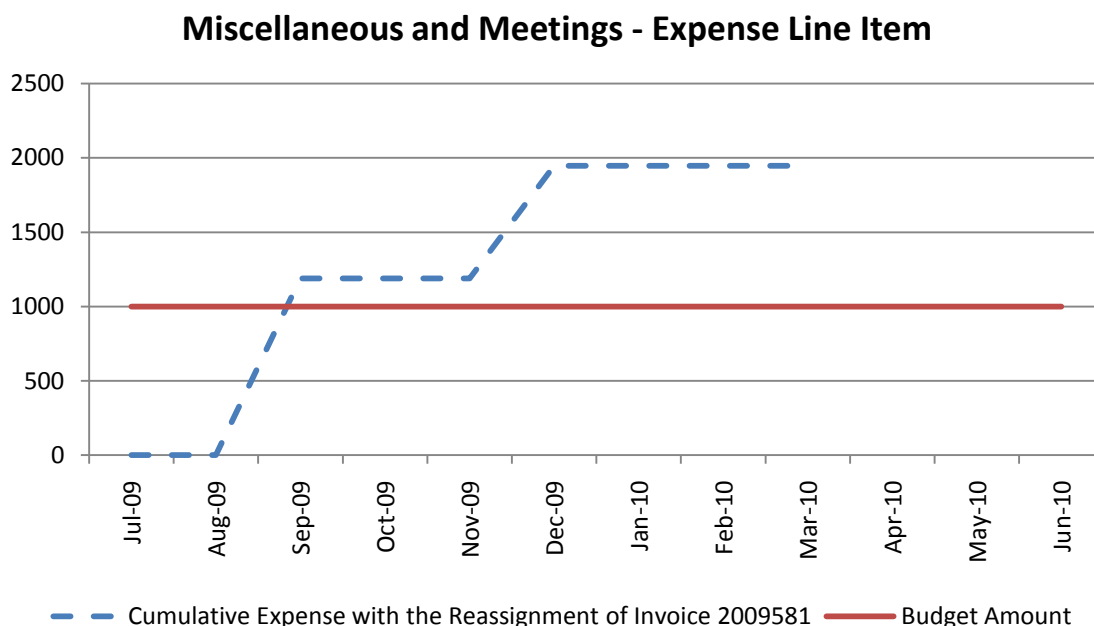
Subject: Review, Discussion and Possible Action Regarding Task Order No. W2009-01 - Watermaster Process Meetings and Related Support

Recommendation: That the members of the Watermaster approve a budget reallocation of \$4,000 from General Engineering (Account Number 5060) to Miscellaneous and Meeting Expenses (Account Number 5010).

Attached is a copy of Task Order No. W2009-01 related to expenses incurred for meetings and related support by Wildermuth Environmental. Mr. Schlange previously acted as the liaison for the implementation of this task order, however, now it is unclear who maintains the ability to authorize expenses related to this task order.

Attached is a copy of Wildermuth Environmental Invoice No. 2009581 in the amount of \$983.55 for the preparation and attendance at a meeting with Mark Wildermuth and Andy Schlange in September 2009. This expense has been reassigned to the budget line item of Miscellaneous and Meeting Expenses (Account Number 5010) rather than General Engineering (Account Number 5060) as provided on the invoice.

As of March 31, 2010, the Watermaster has paid a total of \$1,946.30 for expenses related to meetings, which exceeded the approved budget of \$1,000.



With the anticipation of two t three more meetings this fiscal year, I would suggest a budget adjustment increasing the budget line item for Miscellaneous and Meeting Expenses (Account 5010) by \$4,000 to \$5,000. The budget line item of General Engineering will be decreased by \$4,000 from \$15,000 to \$11,000.

Note - Please see Watermaster Meeting Memorandum No. 10-07 for additional information.



WILDERMUTH™
ENVIRONMENTAL INC.

23692 Birtcher Drive
Lake Forest, CA 92630-1790
Telephone: 949.420.3030

Tax ID 33-0793178

Invoice: 2009581
September 23, 2009

Invoice

Joe Zoba
Beaumont Watermaster
Yucaipa Valley Water District
12770 Second Street
Yucaipa, CA 92399

Project: 038-025 General Engineering -- Admin Budget

Task: 001 As Requested Support

Contract Authorization: W2009-03

Professional Services for the Period: August 1, 2009 through August 31, 2009

The following tasks were completed during this billing period:

* Prepared for and attended the Watermaster agenda meeting on August 20, 2009. The meeting was attended by: J. Andrew Schlange and Mark Wildermuth.

Professional Services

	Hours	Rate	Charge
Mark Wildermuth	4.00	\$225.00	\$900.00 ✓
Total Professional Services:			\$900.00

Other Direct Costs

		Charge
Mileage	136 miles @ \$0.550/mile	\$74.80
Tolls		\$8.75
Total Other Direct Costs:		\$83.55 ✓

Invoice Total: \$983.55

5060

Approved	Date 10/28/09
Reviewed	GL # 5060
Budget Balance	13,975.00
This Payment	< 983.55 >
Ending Budget Bal	12,991.45
Check # 2103	Date 10-28-09

APPROVED _____
DATE _____

Beaumont Basin Watermaster
Unaudited Financial Report for Fiscal Year 2009-2010
Period Ending - March 31, 2010
 Tuesday, April 06, 2010

OPERATING REVENUE:					
Account Number	Approved Budget Fiscal Year 2010	Year-To-Date	Percentage of Approved Budget		
Carryover from FY 2009 Fiscal Year	\$53,710.37	\$53,710.37	100.0%		
STWMA & BBWM Reconciliation Transfer	\$33,339.00	\$33,339.00	100.0%		
City of Banning	\$3,890.12	\$0.00	0.0%		
City of Beaumont	\$3,890.12	\$0.00	0.0%		
Beaumont Cherry Valley Water District	\$3,890.12	\$0.00	0.0%		
South Mesa Mutual Water Company	\$3,890.12	\$0.00	0.0%		
Yucaipa Valley Water District	\$3,890.12	\$0.00	0.0%		
Total Operating Revenue	\$106,499.97	\$87,049.37	81.7%		

OPERATING EXPENSES:					
Account Number	Approved Budget Fiscal Year 2010	Year-To-Date	Percentage of Approved Budget		
Bank Fees & Interest	\$0.00	\$224.39	--		
Chief of Watermaster Services	\$36,000.00	\$21,500.00	59.7%		
Miscellaneous & Meetings	\$1,000.00	\$962.75	96.3%		
Acquisition/Computation & Annual Report	\$20,000.00	\$15,235.00	76.2%		
Annual Audit	\$3,000.00	\$2,950.00	98.3%		
General Engineering	\$15,000.00	\$7,667.36	51.1%		
Groundwater Level Monitoring Program	\$10,000.00	\$7,496.75	75.0%		
Legal Expenses	\$10,000.00	\$1,500.00	15.0%		
Reserve Funding	\$11,500.00	\$278.81	2.4%		
Total Operating Expense	\$106,500.00	\$57,815.06	54.3%		

Revenue Over / (Under) Expenses -\$0.03 \$29,234.31 --

**BEAUMONT BASIN WATERMASTER
INDEPENDENT CONTRACTOR TASK ORDER**

Account No.: 5010

Task Order No.: W2009-01

Task Order Title: **Watermaster Process Meetings and Related Support**

THIS TASK ORDER is issued pursuant to that certain Agreement for Services by Independent Contractor between the BEAUMONT BASIN WATERMASTER ("OWNER") and WILDERMUTH ENVIRONMENTAL, INC. ("CONTRACTOR") dated February 1, 2004 ("the AGREEMENT"). The terms and conditions specific to this Task Order are specified below and the attached Exhibit "A":

1. **Task to be Performed.** CONTRACTOR shall provide all labor, materials and equipment to perform the work Described in Exhibit "A" attached hereto.
2. **Time of Performance.** CONTRACTOR shall begin work July 1, 2009 and shall complete performance of such services by June 30, 2010.
3. **Liaison of OWNER.** Mr. J. Andrew Schlange shall serve as liaison between OWNER and CONTRACTOR.
4. **Staff Assignments.** CONTRACTOR will assign the following staff personnel to perform the services required by this Task Order: Mark Wildermuth, Mike Plinski and Samantha Stevens.
5. **Deliverables.** CONTRACTOR shall deliver to OWNER not later than the date or dates indicated in Exhibit "A".
6. **Compensation.** For all services rendered by CONTRACTOR pursuant to this Task Order, CONTRACTOR shall invoice owner monthly on a Time-and-Materials basis for an amount not-to-exceed \$1,000.

IN WITNESS WHEREOF, the parties have executed this Task Order on the date indicated below.

OWNER:
BEAUMONT BASIN WATERMASTER

By: J. Andrew Schlange
J. Andrew Schlange
General Manager
Dated: 7/21/09

CONTRACTOR:
WILDERMUTH ENVIRONMENTAL, INC

By: Mark J. Wildermuth
Mark J. Wildermuth
Chairman
Dated: 7-14-09

**Budget Approved for this task order by the
Beaumont Basin Watermaster is \$ 1,000**

G.J. [Signature]
12 [Signature]

Task Order No. W2009-01

Page 2 of 2

Exhibit "A"
Scope of Work and Deliverables

Watermaster Process Meetings and Related Support

Scope of Work

Preparation and attendance at formal and informal Watermaster meetings at the direction of the Chief of Watermaster Services.

Deliverables

As requested by the Chief of Watermaster Services.



WILDERMUTH™
ENVIRONMENTAL INC.

23692 Birtcher Drive
Lake Forest, CA 92630-1790
Telephone: 949.420.3030

Tax ID 33-0793178

Invoice: 2009580
September 23, 2009

Invoice

Joe Zoba
Beaumont Watermaster
Yucaipa Valley Water District
12770 Second Street
Yucaipa, CA 92399

RECEIVED

SEP 25 2009

YUCAIPA VALLEY
WATER DISTRICT

Project: 038-023 Watermaster Process Meetings and Related Support

Task: 001 As Requested Support

Contract Authorization: W2009-01

Professional Services for the Period: August 1, 2009 through August 31, 2009

The following work was completed during this billing period:

* Responded to Joe Zoba on his technical question regarding the subsidence report on August 14, 2009.

Professional Services

	<u>Hours</u>	<u>Rate</u>	<u>Charge</u>
Andrew Malone	1.00	\$205.00	\$205.00
Total Professional Services:			\$205.00

Invoice Total: \$205.00

TO #1
#5010

Approved <i>[Signature]</i>	Date <i>10/28/09</i>
Reviewed <i>[Signature]</i>	GL # <i>5010</i>
Budget Balance	<i>1,000.00</i>
This Payment	<i><205.00></i>
Ending Budget Bal	<i>795</i>
Check # <i>2103</i>	Date <i>10-28-09</i>

APPROVED *[Signature]*
DATE *10/31/09*



Wildermuth Environmental
23692 Birtcher Drive
Lake Forest, CA 92630
949.420.3030

RECEIVED

DEC 24 2009

YUCAIPA VALLEY
WATER DISTRICT

Beaumont Watermaster
Joe Zoba
Yucaipa Valley Water District
12770 Second Street
Yucaipa, CA 92399

Invoice number 2009872
Date 12/18/2009

Project: 038-023 Watermaster Process Meetings and
Related Support - 2009-038

Professional Services for the Period: November 1, 2009 through November 30, 2009

Task 001: As Requested Services

The following work was completed during this billing period:

* Prepared for and attended the November 24, 2009 meeting with George Joritsma and J. Andrew Schlange to discuss the February 2010 Watermaster meeting.

Professional Services

Mark J. Wildermuth

Professional Services subtotal

Hours	Rate	Billed Amount
3.00	225.00	675.00 ✓
3.00		675.00

Other Direct Costs

Miles
Tolls

Other Direct Costs subtotal

Units	Rate	Billed Amount
135.00	0.55	74.25 ✓
		8.50 ✓
		82.75 ✓
Invoice total		757.75

TO #1

Approved	<i>[Signature]</i>	Date	2/24/10
Reviewed		GL #	5010
Budget Balance	795.00		
This Payment	<757.75>		
Ending Budget Bal	37.25 ✓		
Check #	2111	Date	2/16/10

WATERMASTER MEETING MEMORANDUM NO. 10-07

Date: April 6, 2010

To: Watermaster Members

From: Joseph Zoba, Treasurer

Subject: Review, Discussion and Possible Action Regarding Task Order No. W2009-03 - General Engineering Support

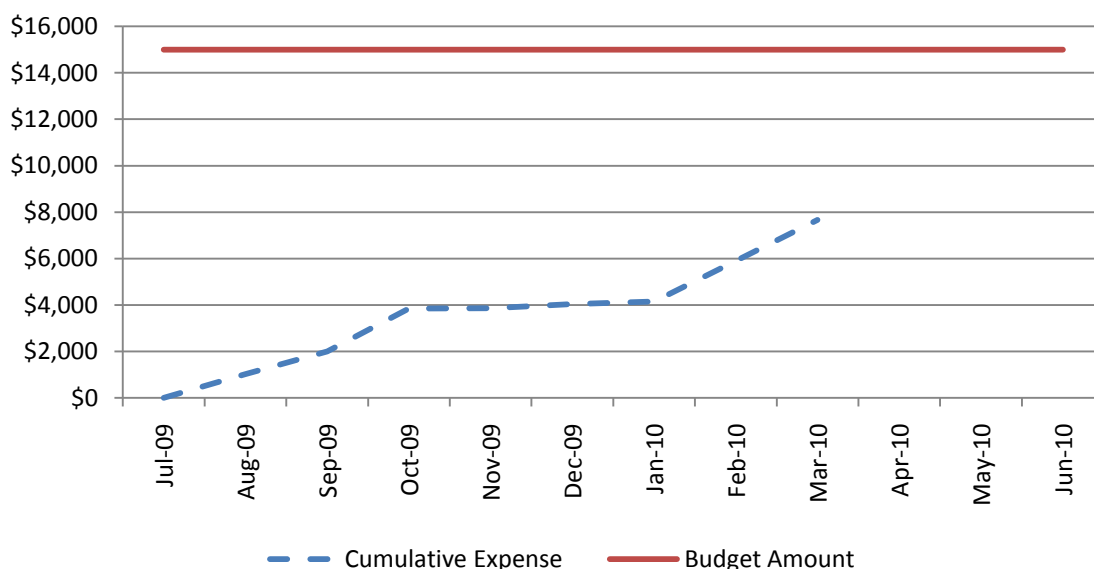
Recommendation: That the members of the Watermaster provide direction and authority to process payments for consultant activities association with future expenses incurred for the General Engineering line item (Account Number 5060).

Attached is a copy of Task Order No. W2009-03 related to expenses incurred for general engineering support. The tasks performed under this task order are as-requested by the Chief of Watermaster Services.

As of March 31, 2010, the Watermaster has paid a total of \$7,667.36 for this task order / budget line item. Expenses related to this task order can be best allocated to the following three functions:

- Computation of the Beaumont Basin water budget = \$1,025.00 or 13.4% of total expenses to date;
- Watermaster meeting preparation = \$1,259.63, or 16.4% of total expenses to date; and
- Preparation of the Biennial Engineer's Report = \$5,382.73, or 70.2% of total expenses to date.

General Engineering - Expense Line Item



With the completion and anticipated adoption of the Biennial Engineer's Report, the expenses related to this task order budget line item) are expected to be minimal for the remainder of the fiscal year.

Issues:

1. The members of the Watermaster should conduct a discussion during this agenda item to outline the process/procedure for assigning work to the consultant pursuant to this task order.
2. The members of the Watermaster should conduct a discussion during this agenda item to discuss the completion of the 3rd Biennial Engineer's Report to determine if a budget adjustment needs to be completed for this line item for the remainder of the budget year.

Note - Watermaster Meeting Memorandum No. 10-06 proposes to reduce the budget of the General Engineering line item (Account No. 5060) from \$15,000 to \$11,000

**BEAUMONT BASIN WATERMASTER
INDEPENDENT CONTRACTOR TASK ORDER**

Account No.: 5060 Task Order No. : W2009-03 ✓
Task Order Title: General Engineering – Administrative Budget

THIS TASK ORDER is issued pursuant to that certain Agreement for Services by Independent Contractor between the BEAUMONT BASIN WATERMASTER ("OWNER") and WILDERMUTH ENVIRONMENTAL, INC. ("CONTRACTOR") dated February 1, 2004 ("the AGREEMENT"). The terms and conditions specific to this Task Order are specified below and the attached Exhibit "A":

1. **Task to be Performed.** CONTRACTOR shall provide all as-requested engineering services when requested by the Chief of Watermaster Services.
2. **Time of Performance.** CONTRACTOR shall begin work July 1, 2009 and shall complete performance of such services by June 30, 2010.
3. **Liaison of OWNER.** Mr. J. Andrew Schlange shall serve as liaison between OWNER and CONTRACTOR.
4. **Staff Assignments.** CONTRACTOR will assign the following staff personnel to perform the services required by this Task Order: Mark Wildermuth, Mike Plinski and Samantha Stevens.
5. **Deliverables.** CONTRACTOR shall deliver to OWNER the product, if any, of these services in a form and at the time as mutually agreed to by CONTRACTOR and OWNER.
6. **Compensation.** For all services rendered by CONTRACTOR pursuant to this Task Order, CONTRACTOR shall invoice owner monthly on a Time-and-Materials basis for an amount not-to-exceed \$15,000. ✓

IN WITNESS WHEREOF, the parties have executed this Task Order on the date indicated below.

OWNER:
BEAUMONT BASIN WATERMASTER

By: J. Andrew Schlange
J. Andrew Schlange
General Manager

Dated: 7/21/09

CONTRACTOR:
WILDERMUTH ENVIRONMENTAL, INC

By: Mark J. Wildermuth
Mark J. Wildermuth
Chairman

Dated: 7-14-09

**Budget Approved for this task order by the
Beaumont Basin Watermaster is \$15,000**

9-8
12 tele app



WILDERMUTH™
ENVIRONMENTAL INC.

23692 Birtcher Drive
Lake Forest, CA 92630-1790
Telephone: 949.420.3030

Tax ID 33-0793178

Invoice: 2009508
August 24, 2009

Invoice

Joe Zoba
Beaumont Watermaster
Yucaipa Valley Water District
12770 Second Street
Yucaipa, CA 92399

Project: 038-025 General Engineering -- Admin Budget

Task: 001 As Requested Support

Contract Authorization: W2009-03

Professional Services for the Period: July 1, 2009 through July 31, 2009

The following tasks were completed during this billing period:

* Computed the water budget for the Beaumont Basin as requested by J. Andrew Schlange.

Professional Services

Andrew Malone
Wenbin Wang

Hours	Rate	Charge
3.00	\$205.00	\$615.00
2.00	\$205.00	\$410.00
Total Professional Services:		\$1,025.00

Invoice Total: \$1,025.00

5060

Budget = 15,000

Approved	<i>[Signature]</i>	Date	9/8/09
Reviewed	<i>[Signature]</i>	GL #	5060
Budget Balance			
This Payment			
Ending Budget Bal			
Check #	2096	Date	8/31/09

See how agreed



WILDERMUTH™
ENVIRONMENTAL INC.

23692 Birtcher Drive
Lake Forest, CA 92630-1790
Telephone: 949.420.3030

Tax ID 33-0793178

Invoice: 2009581
September 23, 2009

Invoice

Joe Zoba
Beaumont Watermaster
Yucaipa Valley Water District
12770 Second Street
Yucaipa, CA 92399

Project: 038-025 General Engineering -- Admin Budget

Task: 001 As Requested Support

Contract Authorization: W2009-03

RECEIVED
SEP 25 2009
YUCAIPA VALLEY
WATER DISTRICT

Professional Services for the Period: August 1, 2009 through August 31, 2009

The following tasks were completed during this billing period:

* Prepared for and attended the Watermaster agenda meeting on August 20, 2009. The meeting was attended by: J. Andrew Schlange and Mark Wildermuth.

Professional Services

	Hours	Rate	Charge
Mark Wildermuth	4.00	\$225.00	\$900.00 ✓
Total Professional Services:			\$900.00

Other Direct Costs

		Charge
Mileage	136 miles @ \$0.550/mile	\$74.80
Tolls		\$8.75
Total Other Direct Costs:		\$83.55 ✓

Invoice Total: \$983.55

5060

Approved	Date 10/28/09
Reviewed	GL # 5060
Budget Balance	13,975.00
This Payment	< 983.55 >
Ending Budget Bal	12,991.45
Check # 2103	Date 10-28-09

APPROVED _____
DATE _____



WILDERMUTH™
ENVIRONMENTAL INC.

23692 Birtcher Drive
Lake Forest, CA 92630-1790
Telephone: 949.420.3030

Tax ID 33-0793178

Invoice: 2009649
October 14, 2009

Invoice

Joe Zoba
Beaumont Watermaster
Yucaipa Valley Water District
12770 Second Street
Yucaipa, CA 92399

Project: 038-025 General Engineering -- Admin Budget

Task: 001 As Requested Support

Contract Authorization: W2009-03

Professional Services for the Period: September 1, 2009 through September 30, 2009

The following tasks were completed during this billing period:

- * Prepared text, tables, and figures for the Beaumont Basin Watermaster Biennial Engineer's Report.
- * Finalized the Beaumont Basin Watermaster Biennial Engineer's Report.
- * Printed and mailed a hardcopy of the report to Andy Schlange.
- * Prepared for and attended coordination meeting with J. Andrew Schlange to discuss the Beaumont Watermaster agenda.

85% ??
\$1564.45
15% ??
\$276.08

Professional Services

	<u>Hours</u>	<u>Rate</u>	<u>Charge</u>
Mark Wildermuth	3.00	\$225.00	\$675.00 ✓
Samantha Stevens	7.25	\$155.00	\$1,123.75 ✓
Total Professional Services:			\$1,798.75

Other Direct Costs

		<u>Charge</u>
Mileage	68 miles @ \$0.550/mile	\$37.40 ✓
Tolls		\$4.38 ✓
Total Other Direct Costs:		\$41.78 ✓

Invoice Total: \$1,840.53

TO# 3
#5060

Approved	JP	Date	10/28/09
Reviewed		GL #	5060
Budget Balance			12,991.45
This Payment			<1840.53>
Ending Budget Bal			11,150.92
Check #	2104	Date	10-28-09

APPROVED _____
DATE _____



Wildermuth Environmental
23692 Birtcher Drive
Lake Forest, CA 92630
949.420.3030

RECEIVED

NOV 23 2009

YUCAIPA VALLEY
WATER DISTRICT

Beaumont Watermaster
Joe Zoba
Yucaipa Valley Water District
12770 Second Street
Yucaipa, CA 92399

Invoice number 2009792
Date 11/17/2009

Project: 038-025 General Engineering--Admin
Budget

Professional Services for the Period: October 1, 2009 through October 31, 2009

Task 001: As Requested Support

The following work was completed during this billing period:

* Delivery and postage related to sending the Beaumont Basin Watermaster Biennial Engineer's Report to Andy Schlange.

Other Direct Costs

	Units	Rate	Billed Amount
Delivery and Postage	1.00	19.52	19.52
Other Direct Costs subtotal			19.52
Invoice total			19.52

To #3

APPROVED _____

DATE _____

Approved	<i>[Signature]</i>	Date	12/22/09
Reviewed		GL #	5060
Budget Balance			11,150.92
This Payment			<19.52>
Ending Budget Bal			11,131.40
Check #	2109	Date	11/30/09



WILDERMUTH™
ENVIRONMENTAL INC.

Wildermuth Environmental
23692 Birtcher Drive
Lake Forest, CA 92630
949.420.3030

RECEIVED

DEC 24 2009

YUCAIPA VALLEY
WATER DISTRICT

Beaumont Watermaster ✓
Joe Zoba
Yucaipa Valley Water District
12770 Second Street
Yucaipa, CA 92399

Invoice number 2009877
Date 12/18/2009

Project: 038-025 General Engineering--Admin
Budget

Professional Services for the Period: November 1, 2009 through November 30, 2009

Task 001: As Requested Support

The following work was completed during this billing period:

- * Corresponded with J. Andrew Schlange and Mark Wildermuth regarding the finalization of the Watermaster Biennial Engineering Report. Emailed the Watermaster board for one last call for comments to the report.
- * Sent a copy of the Biennial Engineering Report to Duane Burk with the City of Banning.

Professional Services

	Hours	Rate	Billed Amount
Samantha S. Adams	1.00	155.00	155.00
Professional Services subtotal	1.00		155.00

Other Direct Costs

	Units	Rate	Billed Amount
Delivery and Postage			18.76 ✓
Other Direct Costs subtotal			18.76
Invoice total			173.76 ✓

TO #3

APPROVED AS
DATE 2/21/10

Approved	<u>AS</u>	Date	<u>2/21/10</u>
Reviewed		GL #	<u>5060</u>
Budget Balance			<u>11,131.40</u>
This Payment			<u>< 173.76 ></u>
Ending Budget Bal			<u>10,957.64</u>
Check #	<u>2111</u>	Date	<u>2/16/10</u>



WILDERMUTH™
ENVIRONMENTAL INC.

Wildermuth Environmental
23692 Birtcher Drive
Lake Forest, CA 92630
949.420.3030

Beaumont Watermaster
Joe Zoba
Yucaipa Valley Water District
12770 Second Street
Yucaipa, CA 92399

Invoice number 2009952
Date 01/28/2010

Project: **038-025 General Engineering--Admin Budget**

Professional Services for the Period: December 1, 2009 through December 31, 2009

Task 001: As Requested Support

The following work was completed during this billing period:

- * Spoke with Duane Burk regarding comments on the Beaumont Basin Watermaster's Biennial Engineer's Report.
- * Emailed Duane Burk to request comments on the BBWM Biennial Engineer's Report.

Professional Services

	Hours	Rate	Billed Amount
Samantha S. Adams	0.75	155.00	116.25
Professional Services subtotal	0.75		116.25
Invoice total			116.25

TO #3

APPROVED AS
DATE 2/24/10

Approved	<u>AS</u>	Date	<u>2/24/10</u>
Reviewed		GL #	<u>5060</u>
Budget Balance			<u>10,957.64</u>
This Payment			<u>< 116.25</u>
Ending Budget Bal			<u>10,841.39</u>
Check #	<u>2112</u>	Date	<u>2/16/10</u>



Wildermuth Environmental
23692 Birtcher Drive
Lake Forest, CA 92630
949.420.3030

RECEIVED

JAN 1 2010

YUCAIPA VALLEY
WATER DISTRICT

Beaumont Watermaster
Joe Zoba
Yucaipa Valley Water District
12770 Second Street
Yucaipa, CA 92399

Invoice number 2010058
Date 02/25/2010

Project: 038-025 General Engineering--Admin
Budget

Professional Services for the Period: January 1, 2010 through January 31, 2010

Task 001: As Requested Support

The following work was completed during this billing period:

- * Communicated with the Beaumont Basin Watermaster Board members that comments on the Biennial Engineering Report were due on January 8, 2010.
- * Reviewed comments provided by the City of Banning (Geoscience) on the Biennial Engineering Report.
- * Prepared a repose letter addressing the comments received on the Biennial Engineering Report.
- * Updated the Biennial Engineering Report per the comments received from Joe Zoba at YVWD.
- * Created water level time history charts for Appendix A of the Biennial Engineers Report.

Professional Services

	Hours	Rate	Billed Amount
Samantha S. Adams	5.75	155.00	891.25
Tara C. Rolfe	5.50	155.00	852.50
Professional Services subtotal	11.25		1,743.75
Invoice total			1,743.75



WILDERMUTH™
ENVIRONMENTAL INC.

Wildermuth Environmental
23692 Birtcher Drive
Lake Forest, CA 92630
949.420.3030

Beaumont Watermaster
Joe Zoba
Yucaipa Valley Water District
12770 Second Street
Yucaipa, CA 92399

Invoice number 2010115
Date 03/12/2010

Project: 038-025 General Engineering--Admin
Budget

Professional Services for the Period: February 1, 2010 through February 28, 2010

Task 001: As Requested Support

The following work was completed during this billing period:

- * Finalized the text of the Biennial Engineer's Report (BER).
- * Created the updated cover for the Biennial Engineer's Report.
- * Created and submitted a response letter to the City of Banning regarding their comments submitted to WEI on the BER report.
- * Finalized the report and made a final PDF for production.
- * Updated the BBWM and STWMA agendas with relevant report information.
- * Emailed BBWM board members to let them know that the BER is complete.
- * Emailed and left a voice mail for Duane Burk to set up a meeting to answer his Beaumont Basin questions and BER comments.

Professional Services

	Hours	Rate	Billed Amount
Lindsay M. Gomez	5.00	105.00	525.00
Samantha S. Adams	8.00	155.00	1,240.00
Professional Services subtotal	13.00		1,765.00
Invoice total			1,765.00

WATERMASTER MEETING MEMORANDUM NO. 10-08

Date: April 7, 2010

To: Watermaster Members

From: Joseph Zoba, Treasurer

Subject: Review and Discussion Regarding the Stipulated Judgment and the Future Activities of the Watermaster.

Recommendation: No recommendation at this time.

The General Manager of the Beaumont Basin Watermaster resigned on November 30, 2009.

This agenda item is provided as an open forum for the members of the Watermaster to discuss the stipulated judgment and the future business processes needed to develop a flexible, accountable and efficient organization.

ORIGINAL COPY

1 JOSEPH S. AKLUF (Bar No. 68619)
 2 AKLUF AND WY SOCKI
 3 3403 Tenth Street, Suite 610
 4 Riverside, California 92501
 5 (909) 682-5480 Office
 6 (909) 682-2619 Fax

NO FILING FEE REQUIRED PER
 GOVERNMENT CODE, SEC. 6103

FILED
 SUPERIOR COURT OF CALIFORNIA
 COUNTY OF RIVERSIDE

FEB - 4 2004

Attorneys for Plaintiff, SAN TIMOTEO
 WATERSHED MANAGEMENT AUTHORITY

SUPERIOR COURT OF THE STATE OF CALIFORNIA
 FOR THE COUNTY OF RIVERSIDE, RIVERSIDE COURT

SAN TIMOTEO WATERSHED
 MANAGEMENT AUTHORITY, a public
 agency,

CASE NO. RIC 389197

Plaintiff,

JUDGMENT PURSUANT TO
 STIPULATION ADJUDICATING
 GROUNDWATER RIGHTS IN THE
 BEAUMONT BASIN

vs.

CITY OF BANNING, a municipal
 corporation; BEAUMONT-CHERRY VALLEY)
 WATER DISTRICT, an irrigation
 district; YUCAIPA VALLEY WATER
 DISTRICT, a county water district;
 PLANTATION ON THE LAKE LLC, a
 California limited liability
 company; SHARONDALE MESA OWNERS
 ASSOCIATION, an unincorporated
 association; SOUTH MESA MUTUAL
 WATER COMPANY, a mutual water
 company; CALIFORNIA OAK VALLEY
 GOLF AND RESORT LLC, a California
 limited liability company; OAK
 VALLEY PARTNERS LP, a Texas limited
 partnership; SOUTHERN CALIFORNIA
 SECTION OF THE PROFESSIONAL GOLFERS)
 ASSOCIATION OF AMERICA, a
 California corporation; SUNNY-CAL
 EGG AND POULTRY COMPANY, a
 California corporation; MANHEIM,
 MANHEIM & BERMAN, a California
 General Partnership; WALTER M.
 BECKMAN, individually and as
 Trustee of the BECKMAN FAMILY TRUST)
 dated December 11, 1990; THE ROMAN
 CATHOLIC BISHOP of San Bernardino,

LAW OFFICES
 AKLUF / WY SOCKI
 3403 TENTH STREET, SUITE 610
 RIVERSIDE, CALIFORNIA 92501
 (909) 682-5480

LAW OFFICES
AKLUFT A WYSOCKI
3403 TENTH ST., SUITE 610
RIVERSIDE, CALIFORNIA 92501
(909) 682-5480

1 a California corporation; MERLIN)
2 PROPERTIES, LLC; LEONARD M.)
3 STEARNS and DOROTHY D. STEARNS,)
4 individually and as Trustees of the)
5 LEONARD M. STEARNS FAMILY TRUST OF)
6 1991; and DOES 1 through 500,)
7 inclusive,)
8 Defendants.)

I. INTRODUCTION

1. Pleadings, Parties and Jurisdiction

The complaint herein was filed on February 20, 2003, seeking an adjudication of water rights, injunctive relief and the imposition of a physical solution. The defaults of certain defendants have been entered, and certain other defendants dismissed. Other than defendants who have been dismissed or whose defaults have been entered, all defendants have appeared herein. This Court has jurisdiction of the subject matter of this action and of the parties herein.

2. Stipulation for Judgment

Stipulation for Entry of Judgment has been filed by and on behalf of all defendants who have appeared herein.

3. Definitions

As used in this Judgment, these terms shall have the following meanings:

A. Appropriator or Appropriator Parties: the pumpers identified in Exhibit "C" attached hereto.

B. Appropriator's Production Right: consists of an Appropriator's share of Operating Yield, plus (1) any water acquired by an Appropriator from an Overlying Producer or other Appropriator pursuant to this Judgment, (2) any water

AKLUFLIA WYSOCKI
3403 TENTH
RIVERSIDE, CA 92501
(909) 682-5480

1 withdrawn from the Appropriator's storage account, (3) and
2 New Yield created by the Appropriator.

3 C. Appropriative Water: the amount of Safe Yield
4 remaining after satisfaction of Overlying Water Rights.

5 D. Appropriative Water Right: each Appropriator's
6 share of Appropriative Water, such share expressed as a
7 percentage as shown on Exhibit "C".

8 E. Beaumont Basin or Beaumont Storage Unit: the area
9 situated within the boundaries shown on Exhibit "A" attached
10 hereto.

11 F. Conjunctive Use: the storage of water in a
12 Groundwater Basin for use at a later time.

13 G. Groundwater: water beneath the surface of the
14 ground within the zone below the water table in which soil
15 is saturated with water.

16 H. Groundwater Basin: an area underlain by one or
17 more permeable formations capable of furnishing a
18 substantial water supply.

19 I. Groundwater Storage Agreement: a standard form of
20 written agreement between the Watermaster and any Person
21 requesting the storage of Supplemental Water.

22 J. Groundwater Storage Capacity: the space available
23 in a Groundwater Basin that is not utilized for storage or
24 regulation of Safe Yield and is reasonably available for
25 Stored Water and Conjunctive Use.

26 K. Minimal Producer: any Producer who pumps 10 or
27 fewer acre feet of Groundwater from the Beaumont Basin per
28 year.

LAW OFFICES
AKLUF1 / WYSOCKI
3403 TENTH ST, SUITE 610
RIVERSIDE, CALIFORNIA 92501
(909) 882-5480

1 L. New Yield: increases in yield in quantities
2 greater than historical amounts from sources of supply
3 including, but not limited to, capture of available storm
4 flow, by means of projects constructed after February 20,
5 2003, as determined by the Watermaster.

6 M. Operating Yield: the maximum quantity of water
7 which can be produced annually by the Appropriators from the
8 Beaumont Basin, which quantity consists of Appropriative
9 Water plus Temporary Surplus.

10 N. Overdraft: a condition wherein the total annual
11 production from a Groundwater Basin exceeds the Safe Yield
12 thereof.

13 O. Overlying Parties: the Persons listed on Exhibit
14 "B", who are owners of land which overlies the Beaumont
15 Basin and have exercised Overlying Water Rights to pump
16 therefrom. Overlying Parties include successors in interest
17 and assignees.

18 P. Overlying Water Rights: the quantities decreed to
19 Overlying Parties in Column 4 of Exhibit "B" to this
20 Judgment.

21 Q. Overproduction: by an Appropriator, measured by
22 an amount equal to the Appropriator's actual annual
23 production minus the Appropriator's Production Right. By a
24 new overlying producer, an amount equal to what the
25 overlying producer pumped during the year.

26 R. Party (Parties): any Person(s) named in this
27 action, or who has intervened, or has become subject to this
28 Judgment either through stipulation, trial or otherwise

LAW OFFICES
AKLUFIT / WYSOCKI
3403 TENTH .ET, SUITE 610
RIVERSIDE, CALIFORNIA 92501
(909) 882-5480

1 S. Person: any individual, partnership, association,
2 corporation, governmental entity or agency, or other
3 organization.

4 T. Physical Solution: the physical solution set
5 forth in Part V of this Judgment.

6 U. Produce, Producing, Production, Pump or Pumping:
7 the extraction of groundwater.

8 V. Producer or Pumper: any Person who extracts
9 groundwater.

10 W. Recycled Water: has the meaning provided in Water
11 Code Section 13050(n) and includes other nonpotable water
12 for purposes of this Judgment.

13 X. Safe Yield: the maximum quantity of water which
14 can be produced annually from a Groundwater Basin under a
15 given set of conditions without causing a gradual lowering
16 of the groundwater level leading eventually to depletion of
17 the supply in storage. The Safe Yield of the Beaumont Basin
18 is 8650 acre feet per year in each of the ten (10) years
19 following entry of this Judgment.

20 Y. San Timoteo Watershed Management Authority: a
21 joint powers public agency whose members are the Beaumont-
22 Cherry Valley Water District, the City of Beaumont, the
23 South Mesa Mutual Water Company and the Yucaipa Valley Water
24 District.

25 Z. Stored Water: Supplemental Water stored in the
26 Beaumont Basin pursuant to a Groundwater Storage Agreement
27 with the Watermaster.

28 AA. Supplemental Water: water imported into the

LAW OFFICES
AKLUFIT / WYSOCKI
3403 TENTH ST, SUITE 610
RIVERSIDE, CALIFORNIA 92501
(909) 682-5480

Beaumont Basin from outside the Beaumont Basin including, without limitation, water diverted from creeks upstream and tributary to Beaumont Basin and water which is recycled and useable within the Beaumont Basin.

BB. Temporary Surplus: 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.

CC. Watermaster: the Person appointed by the Court to administer and enforce the Physical Solution.

4. List of Exhibits

The following exhibits are attached to this Judgment and made a part hereof:

- Exhibit "A" -- "Location Map of Beaumont Basin"
- Exhibit "B" -- "Overlying Owners and Their Water Rights"
- Exhibit "C" -- "Appropriators and Their Water Rights"
- Exhibit "D" -- "Legal Description of Lands of the Overlying Parties"
- Exhibit "E" -- "Location of Overlying Producer Parcels and Boundary of the Beaumont Basin"

II. INJUNCTIONS

1. Injunction Against Unauthorized Production of Beaumont Basin Water

Each party herein is enjoined, as follows:

A. Overlying Parties: Each defendant who is an Overlying Party, and its officers, agents, employees, successors and assigns, is hereby enjoined and restrained from producing groundwater from the Beaumont Basin in any five-year period hereafter in excess of five times the share of the Safe Yield assigned to the Overlying Parties as set

LAW OFFICES
AKLUFIT & WYSOCKI
3403 TENTH ST, SUITE 610
RIVERSIDE, CALIFORNIA 92501
(909) 682-5480

1 forth in Column 4 of Exhibit "B", as more fully described in
2 the Physical Solution.

3 B. Appropriator Parties: Each defendant who is an
4 Appropriator Party, and its officers, agents, employees,
5 successors and assigns, is hereby enjoined and restrained
6 from producing groundwater from the Beaumont Basin in any
7 year hereafter in excess of such party's Appropriator's
8 Production Right, except as additional annual Production may
9 be authorized by the provisions of the Physical Solution.

10 2. Injunction Against Unauthorized Storage or Withdrawal of
11 Stored Water

12 Each and every Party, and its officers, agents, employees,
13 successors and assigns, is hereby enjoined and restrained from
14 storing Supplemental Water in the Beaumont Basin for withdrawal,
15 or causing withdrawal of water stored by that Party, except
16 pursuant to the terms of a written Groundwater Storage Agreement
17 with the Watermaster and in accordance with Watermaster Rules and
18 Regulations. Any Supplemental Water stored in the Beaumont
19 Basin, except pursuant to a Groundwater Storage Agreement, shall
20 be deemed abandoned and not classified as Stored Water.

21 III. DECLARATION AND ADJUSTMENT OF RIGHTS

22 1. Overlying Rights

23 The Overlying Parties are currently exercising Overlying
24 Water Rights in the Beaumont Basin. As shown on Exhibit "B", the
25 aggregate Projected Maximum Production of water from the Beaumont
26 Basin pursuant to Overlying Water Rights is 8610 acre feet and
27 the Overlying Water Rights are individually decreed, in Column 4
28 of Exhibit "B", for each Overlying Party. The Overlying Parties

LAW OFFICES
AKLUFIT WYSOCKI
3403 TENTH ST., SUITE 610
RIVERSIDE, CALIFORNIA 92501
(909) 682-5480

1 shall continue to have the right to exercise their respective
2 Overlying Water Right as set forth in Column 4 of Exhibit "B"
3 except to the extent their respective properties receive water
4 service from an Appropriator Party, as contemplated by Paragraph
5 III.3 of this Judgment.

6 2. Appropriator's Share of Operating Yield

7 Each Appropriator Party's share of Operating Yield is shown
8 on Exhibit "C". Notwithstanding any other provision of this
9 Judgment, each Appropriator Party may use its Appropriator's
10 Production Right anywhere within its service area.

11 3. Adjustment of Rights

12 A. The Overlying Parties shall have the right to
13 exercise their respective Overlying Water Rights except as
14 provided in this Paragraph 3.

15 B. To the extent any Overlying Party requests, and
16 uses its Exhibit "B", Column 4 water to obtain water service
17 from an Appropriator Party, an equivalent volume of potable
18 groundwater shall be earmarked by the Appropriator Party
19 which will serve the Overlying Party, up to the volume of
20 the Overlying Water Right as reflected in Column 4 of
21 Exhibit "B" attached hereto, for the purpose of serving the
22 Overlying Party. The intent of this provision is to ensure
23 that the Overlying Party is given credit towards satisfying
24 the water availability assessment provisions of Government
25 Code, Section 66473.7 et seq. and Water Code, Section 10910
26 et seq. or other similar provisions of law, equal to the
27 amount of groundwater earmarked hereunder.

28 C. When an Overlying Party receives water service as

AKLUF1 A WY SOCKI
3403 TENTH ST, SUITE 610
RIVERSIDE, CA 92501
(909) 882-5480

provided for in subparagraph III.3.B 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.

D. Should the volume of the Overlying Water Right equal or exceed the volume of potable groundwater earmarked as provided in subparagraph 3.B, the Appropriator Party which will serve the Overlying Party shall (i) impose potable water charges and assessments upon the Overlying Party and its successors in interest at the rates charged to the then-existing regular customers of the Appropriator Party, and (ii) not collect from such Overlying Party any development charge that may be related to the importation of water into the Beaumont Basin. The Appropriator Party which will serve the Overlying Party pursuant to Subparagraph III.3.B shall also consider, and negotiate in good faith regarding, the provision of a meaningful credit for any pipelines, pump stations, wells or other facilities that may exist on the property to be served.

E. In the event an Overlying Party receives Recycled Water from an Appropriator Party to serve an overlying use served with groundwater, the Overlying Water Right of the Overlying Party shall not be diminished by the receipt and use of such Recycled Water. Recycled Water provided by an Appropriator Party to an Overlying Party shall satisfy the

AKLUFIA WYSOCKI
3403 TENTH
RIVERSIDE, CALIFORNIA 92501
(909) 682-5480

1 criteria set forth in the California Water Code including,
2 without limitation, the criteria set forth in Water Code
3 Sections 13550 and 13551. The Appropriator Party which will
4 serve the Recycled Water shall have the right to use that
5 portion of the Overlying Water Right of the Overlying Party
6 offset by the provision of Recycled Water service pursuant
7 to the terms of this subparagraph; provided, however, that
8 such right of use by the Appropriator Party shall no longer
9 be valid if the Recycled Water, provided by the Appropriator
10 Party to the Overlying Party, does not satisfy the
11 requirements of Sections 13550 and 13551 and the Overlying
12 Party ceases taking delivery of such Recycled Water.

13 F. Nothing in this Judgment is intended to impair or
14 adversely affect the ability of an Overlying Party to enter
15 into annexation or development agreements with any
16 Appropriator Party.

17 G. Oak Valley Partners LP ("Oak Valley") is developing
18 its property pursuant to Specific Plans 216 and 216A adopted
19 by the County of Riverside ("County") in May 1990, and
20 Specific Plan 318 adopted by the County in August, 2001,
21 (Specific Plans 216, 216A and 318 are collectively referred
22 to as the "Specific Plans"). The future water supply needs
23 at build-out of the Specific Plans will greatly exceed Oak
24 Valley's Projected Maximum Production, as reflected in
25 Exhibit "B" to the Judgment, and may be as much as 12,811
26 acre feet per year. Oak Valley has annexed the portion of
27 its property now within the City of Beaumont into the
28 Beaumont-Cherry Valley Water District ("BCVWD"), and is in

AKLUFIA WYSOCKI
3403 TENTH ST, SUITE 610
RIVERSIDE, CALIFORNIA 92501
(909) 882-5480

1 the process of annexing the remainder portion of its property
2 into the Yucaipa Valley Water District ("YVWD"), in order to
3 obtain retail water service for the development of the Oak
4 Valley property pursuant to the Specific Plans (for purposes
5 of this subparagraph BCVWD and YVWD are collectively referred
6 to as the "Water Districts", and individually as a "Water
7 District"). YVWD covenants to use its best efforts to
8 finalize the annexation of the Oak Valley property within the
9 Calimesa City limits. Oak Valley, for itself and its
10 successors and assigns, hereby agrees, by this stipulation
11 and upon final annexation of its property by YVWD, to forbear
12 from claiming any future, unexercised, overlying rights in
13 excess of the Projected Maximum Production of Exhibit "B" of
14 1806 acre feet per year. As consideration for the
15 forbearance, the Water Districts agree to amend their
16 respective Urban Water Management Plans ("UWMP") in 2005 as
17 follows: BCVWD agrees that 2,400 acre feet per year of
18 projected water demand shall be included for the portion of
19 Oak Valley to be served by BCVWD in its UWMP, and YVWD agrees
20 to include 8,000 acre feet per year of projected water demand
21 as a projected demand for the portion of Oak Valley to be
22 served by YVWD in its UWMP by 2025. The Water Districts
23 agree to use their best judgment to accurately revise this
24 estimate to reflect the projected water demands for the UWMP
25 prepared in 2010. Furthermore, the Water Districts further
26 agree that, in providing water availability assessments prior
27 to 2010, as required by Water Code §10910 and water supply
28 verifications as required by Government Code §§66455.3 and

11 JUDGMENT PURSUANT TO STIPULATION

AKLUFIT AND WYSOCKI
3403 TENTH ST., SUITE 610
RIVERSIDE, CA 92501
(951) 682-5480

66473.7, or any similar statute, and in maintaining their respective UWMP, each shall consider the foregoing respective projected water demand figures for Oak Valley as proposed water demands. The intent of the foregoing requirements is to ensure that Oak Valley is credited for the forbearance of its overlying water rights and is fully accounted for in each Water District's UWMP and overall water planning. The Water Districts' actions in performance of the foregoing planning obligations shall not create any right or entitlement to, or priority or allocation in, any particular water supply source, capacity or facility, or any right to receive water service other than by satisfying the applicable Water District's reasonable requirements relating to application for service. Nothing in this subparagraph G is intended to affect or impair the provision of earmarked water to Overlying Parties who request and obtain water service from Appropriator Parties, as set forth in subparagraph III.3.B, above.

H. Persons who would otherwise qualify as Overlying Producers based on an interest in land lying within the City of Banning's service area shall not have the rights described in this Paragraph III.3.

4. Exemption for Minimal Producers

Unless otherwise ordered by the Court, Minimal Producers are exempt from the provisions of this Judgment.

IV. CONTINUING JURISDICTION

Full jurisdiction, power and authority is retained and reserved to the Court for purposes of enabling the Court, upon

AKLUF AND WYSOCKI
3403 TENTH STREET, SUITE 610
RIVERSIDE, CA 92501
(909) 682-5480

1 application of any Party, by a motion noticed for at least a 30-
2 day period (or consistent with the review procedures of Paragraph
3 VII.6 herein, if applicable), to make such further or
4 supplemental order or directions as may be necessary or
5 appropriate for interim operation of the Beaumont Basin before
6 the Physical Solution is fully operative, or for interpretation,
7 or enforcement or carrying out of this Judgment, and to modify,
8 amend or amplify any of the provisions of this Judgment or to add
9 to the provisions hereof consistent with the rights herein
10 decreed; except that the Court's jurisdiction does not extend to
11 the redetermination of (a) Safe Yield during the first ten years
12 of operation of the Physical Solution, and (b) the fraction of
13 the share of Appropriative Water of each Appropriator.

14 V. THE PHYSICAL SOLUTION

15 1. Purpose and Objective

16 In accordance with the mandate of Section 2 of Article X of
17 the California Constitution, the Court hereby adopts, and orders
18 the parties to comply with, a Physical Solution. The purpose of
19 the Physical Solution is to establish a legal and practical means
20 for making the maximum reasonable beneficial use of the waters of
21 Beaumont Basin, to facilitate conjunctive utilization of surface,
22 ground and Supplemental Waters, and to satisfy the requirements
23 of water users having rights in, or who are dependent upon, the
24 Beaumont Basin. Such Physical Solution requires the definition
25 of the individual rights of all Parties within the Beaumont Basin
26 in a manner which will fairly allocate the native water supplies
27 and which will provide for equitable sharing of costs of
28 Supplemental Water.

AKLUFIL & WYSOCKI
3403 TENTH ST. SUITE 610
RIVERSIDE, CALIFORNIA 92501
(909) 882-5480

1 2. Need for Flexibility

2 The Physical Solution must provide maximum flexibility and
3 adaptability in order that the Watermaster and the Court may be
4 free to use existing and future technological, social,
5 institutional and economic options. To that end, the Court's
6 retained jurisdiction shall be utilized, where appropriate, to
7 supplement the discretion granted herein to the Watermaster.

8 3. Production and Storage in Accordance With Judgment

9 This Judgment, and the Physical Solution decreed herein,
10 address all Production and Storage within the Beaumont Basin.
11 Because the Beaumont Basin is at or near a condition of
12 Overdraft, any Production outside the framework of this Judgment
13 and Physical Solution will potentially damage the Beaumont Basin,
14 injure the rights of all Parties, result in the waste of water
15 and interfere with the Physical Solution. The Watermaster shall
16 bring an action or a motion to enjoin any Production that is not
17 in accordance with the terms of this Judgment.

18 4. General Pattern of Operation

19 One fundamental premise of the adjudication is that all
20 Producers shall be allowed to pump sufficient water from the
21 Beaumont Basin to meet their respective requirements. Another
22 fundamental premise of the adjudication is that Overlying Parties
23 who pump no more than the amount of their Overlying Water Right
24 as shown on Column 4 of Exhibit "B" hereto, shall not be charged
25 for the replenishment of the Beaumont Basin. To the extent that
26 pumping exceeds five (5) times the share of the Safe Yield
27 assigned to an Overlying Party (Column 4 of Exhibit "B") in any
28 five (5) consecutive years, or the share of Operating Yield

AKLUFIA WYSOCKI
3403 TENTH ST. SUITE 610
RIVERSIDE, CALIFORNIA 92501
(909) 682-5480

1 Right of each Appropriator Party, each such Party shall provide
2 funds to enable the Watermaster to replace such Overproduction.

3 5. Use of Available Groundwater Storage Capacity

4 A. There exists in the Beaumont Basin a substantial
5 amount of available Groundwater Storage Capacity. Such
6 Capacity can be reasonably used for Stored Water and
7 Conjunctive Use and may be used subject to Watermaster
8 regulation to prevent injury to existing Overlying and
9 Appropriative water rights, to prevent the waste of water,
10 and to protect the right to the use of Supplemental Water in
11 storage and Safe Yield of the Beaumont Basin.

12 B. There shall be reserved for Conjunctive Use a
13 minimum of 200,000 acre feet of Groundwater Storage Capacity
14 in the Beaumont Basin provided that such amount may be
15 reduced as necessary to prevent injury to existing water
16 rights or existing uses of water within the Basin, and to
17 prevent the waste of water. Any Person may make reasonable
18 beneficial use of the Groundwater Storage Capacity for
19 storage of Supplemental Water; provided, however, that no
20 such use shall be made except pursuant to a written
21 Groundwater Storage Agreement with the Watermaster. The
22 allocation and use of Groundwater Storage Capacity shall
23 have priority and preference for Producers within the
24 Beaumont Basin over storage for export. The Watermaster
25 may, from time-to-time, redetermine the available
26 Groundwater Storage Capacity.

27 ///

28 ///

1 VI. ADMINISTRATION2 1. Administration and Enforcement by Watermaster

3 The Watermaster shall administer and enforce the provisions
4 of this Judgment and any subsequent order or instructions of the
5 Court.

6 2. Watermaster Control

7 The Watermaster is hereby granted discretionary powers to
8 develop and implement a groundwater management plan and program
9 for the Beaumont Basin, which plan shall be filed with and shall
10 be subject to review and approval by, the Court, and which may
11 include water quantity and quality considerations and shall
12 reflect the provisions of this Judgment. Except for the exercise
13 by Overlying Parties of their respective Rights described in
14 Column 4 of Exhibit "B" hereto in accordance with the provisions
15 of the Physical Solution, groundwater extractions and the
16 replenishment thereof, and the storage of Supplemental Water,
17 shall be subject to procedures established and administered by
18 the Watermaster. Such procedures shall be subject to review by
19 the Court upon motion by any Party.

20 3. Watermaster Standard of Performance

21 The Watermaster shall, in carrying out its duties and
22 responsibilities herein, act in an impartial manner without favor
23 or prejudice to any Party or purpose of use.

24 4. Watermaster Appointment

25 The Watermaster shall consist of a committee composed of
26 persons nominated by the City of Banning, the City of Beaumont,
27 the Beaumont-Cherry Valley Water District, the South Mesa Mutual
28 Water Company and the Yucaipa Valley Water District, each of

AKLUFIAN WYSOCKI
3403 TENTH E
RIVERSIDE, CA 92501
(909) 682-5480

AKLUFIA WYSOCKI
3403 TENTH ST, SUITE 610
RIVERSIDE, CA 92501
(909) 682-5480

1 which shall have the right to nominate one representative to the
2 Watermaster committee who shall be an employee of or consultant
3 to the nominating agency. Each such nomination shall be made in
4 writing, served upon the other parties to this Judgment and filed
5 with the Court, which shall approve or reject such nomination.
6 Each Watermaster representative shall serve until a replacement
7 nominee is approved by the Court. The nominating agency shall
8 have the right to nominate that representative's successor.

9 5. Powers and Duties of the Watermaster

10 Subject to the continuing supervision and control of the
11 Court, the Watermaster shall have and may exercise the following
12 express powers, and shall perform the following duties, together
13 with any specific powers, authority, and duties granted or
14 imposed elsewhere in this Judgment or hereafter ordered or
15 authorized by the Court in the exercise of its continuing
16 jurisdiction:

17 A. Rules and Regulations: The adoption of
18 appropriate rules and regulations for the conduct of
19 Watermaster affairs, copies of which shall be provided to
20 all interested parties.

21 B. Wellhead Protection and Recharge: The
22 identification and management of wellhead protection areas
23 and recharge areas.

24 C. Well Abandonment: The administration of a well
25 abandonment and well destruction program.

26 D. Well Construction: The development of minimum
27 well construction specifications and the permitting of new
28 wells.

LAW OFFICES
AKLUFIA VYSOCKI
3403 TENTH L. J. SUITE 610
RIVERSIDE, CALIFORNIA 92501
(909) 682-5480

1 E. Mitigation of Overdraft: The mitigation of
2 conditions of uncontrolled overdraft.

3 F. Replenishment: The acquisition and recharge of
4 Supplemental Water.

5 G. Monitoring: The monitoring of groundwater levels,
6 ground levels, storage, and water quality.

7 H. Conjunctive Use: The development and management
8 of conjunctive-use programs.

9 I. Local Projects: The coordination of construction
10 and operation, by local agencies, of recharge, storage,
11 conservation, water recycling, extraction projects and any
12 water resource management activity within or impacting the
13 Beaumont Basin.

14 J. Land Use Plans: The review of land use plans and
15 coordination with land use planning agencies to mitigate or
16 eliminate activities that create a reasonable risk of
17 groundwater contamination.

18 K. Acquisition of Facilities: The purchase, lease
19 and acquisition of all necessary real and personal property,
20 including facilities and equipment.

21 L. Employment of Experts and Agents: The employment
22 or retention of such technical, clerical, administrative,
23 engineering, accounting, legal or other specialized
24 personnel and consultants as may be deemed appropriate. The
25 Watermaster shall maintain records allocating the cost of
26 such services as well as all other expenses of Watermaster
27 administration.

28 M. Measuring Devices: Except as otherwise provided

LAW OFFICES
AKLUFIA VYSOCKI
3403 TENTH STREET, SUITE 610
RIVERSIDE, CALIFORNIA 92501
(909) 682-5480

1 by agreement the Watermaster shall install and maintain in
2 good operating condition, at the cost of the Watermaster,
3 such necessary measuring devices or meters as Watermaster
4 may deem appropriate. Such devices shall be inspected and
5 tested as deemed necessary by the Watermaster and the cost
6 thereof borne by the Watermaster. Meter repair and
7 retesting will be a Producer expense.

8 N. Assessments: The Watermaster is empowered to levy
9 and collect the following assessments:

10 (1) Annual Replenishment Assessments

11 The Watermaster shall levy and collect
12 assessments in each year, in amounts sufficient to
13 purchase replenishment water to replace Overproduction
14 by any Party.

15 (2) Annual Administrative Assessments

16 a. Watermaster Expenses: The expenses of
17 administration of the Physical Solution shall be
18 categorized as either "General Watermaster
19 Administration Expenses", or "Special Project
20 Expenses".

21 i. General Watermaster Administration
22 Expenses: shall include office rent, labor,
23 supplies, office equipment, incidental expenses
24 and general overhead. General Watermaster
25 Administration Expenses shall be assessed by the
26 Watermaster equally against the Appropriators who
27 have appointed representatives to the Watermaster.
28

LAW OFFICES
AKLUFIA WISOCKI
3403 TENTH ST., SUITE 610
RIVERSIDE, CALIFORNIA 92501
(909) 682-5480

1 ii. Special Project Expenses: shall
2 include special engineering, economic or other
3 studies, litigation expenses, meter testing or
4 other major operating expenses. Each such project
5 shall be assigned a task order number and shall be
6 separately budgeted and accounted for. Special
7 Project Expenses shall be allocated to the
8 Appropriators, or portion thereof, on the basis of
9 benefit.

10 O. Investment of Funds; Borrowing: The Watermaster
11 may hold and invest Watermaster funds as authorized by law,
12 and may borrow, from time-to-time, amounts not exceeding
13 annual receipts.

14 P. Contracts: The Watermaster may enter into
15 contracts for the performance of any of its powers.

16 Q. Cooperation With Other Agencies: The Watermaster
17 may act jointly or cooperate with other local, state and
18 federal agencies.

19 R. Studies: The Watermaster may undertake relevant
20 studies of hydrologic conditions and operating aspects of
21 the management program for the Beaumont Basin.

22 S. Groundwater Storage Agreements: The Watermaster
23 shall adopt uniform rules and a standard form of agreement
24 for the storage of Supplemental Water, provided that the
25 activities undertaken pursuant to such agreements do not
26 injure any Party.

27 T. Administration of Groundwater Storage Capacity:
28 Except for the exercise by the Overlying Parties of their

LAW OFFICES
AKLUFIA WYSOCKI
3405 TENTH ST., SUITE 610
RIVERSIDE, CA 92501
(909) 682-5480

1 respective Overlying Water Rights described in Part III,
2 above, in accordance with the provisions of the Physical
3 Solution, all Groundwater Storage Capacity in the Beaumont
4 Basin shall be subject to the Watermaster's rules and
5 regulations, which regulations shall ensure that sufficient
6 storage capacity shall be reserved for local projects. Any
7 Person or entity may apply to the Watermaster to store water
8 in the Beaumont Basin.

9 U. Accounting for Stored Water: The Watermaster
10 shall calculate additions, extractions and losses and
11 maintain an annual account of all stored water in the
12 Beaumont Basin, and any losses of water supplies or Safe
13 Yield resulting from such stored water.

14 V. Accounting for New Yield: Recharge of the
15 Beaumont Basin with New Yield water shall be credited to the
16 Party that creates the New Yield. The Watermaster shall
17 make an independent scientific assessment of the estimated
18 New Yield created by each proposed project. New Yield will
19 be allocated on an annual basis, based upon monitoring data
20 and review by the Watermaster.

21 W. Accounting for Acquisitions of Water Rights: The
22 Watermaster shall maintain an accounting of acquisitions by
23 Appropriators of water otherwise subject to Overlying Water
24 Rights as the result of the provision of water service
25 thereto by an Appropriator.

26 X. Annual Administrative Budget: The Watermaster
27 shall prepare an annual administrative budget for public
28 review, and shall hold a public hearing on each such budget

LAW OFFICES
AKLUFIA WYsocki
3403 TENTH ST., SUITE 610
RIVERSIDE, CALIFORNIA 92501
(909) 682-5480

1 prior to adoption. The budget shall be prepared in
2 sufficient detail so as to make a proper allocation of the
3 expenses and receipts. Expenditures within budgeted items
4 may thereafter be made by the Watermaster as a matter of
5 course.

6 Y. Redetermining the Safe Yield: The Safe Yield of
7 the Beaumont Basin shall be redetermined at least every 10
8 years beginning 10 years after the date of entry of this
9 Judgment.

10 6. Reports and Accounting

11 (a) Production Reports: Each Pumper shall
12 periodically file, pursuant to Watermaster rules and
13 regulations, a report showing the total production of such
14 Pumper from each well during the preceding report period,
15 and such additional information as the Watermaster may
16 reasonably require.

17 (b) Watermaster Report and Accounting: The
18 Watermaster shall prepare an annual report of the preceding
19 year's operations, which shall include an audit of all
20 assessments and Watermaster expenditures.

21 7. Replenishment

22 Supplemental Water may be obtained by the Watermaster from
23 any source. The Watermaster shall seek the best available
24 quality of Supplemental Water at the most reasonable cost for
25 recharge in the Basin. Sources may include, but are not limited
26 to:

27 (a) Recycled Water;

28 (b) State Water Project Water;

1 (c) Other imported water.

2 Replenishment may be accomplished by any reasonable method
3 including:

4 (a) Spreading and percolation, or injection of water
5 in existing or new facilities; and/or

6 (b) In-lieu deliveries for direct surface use, in lieu
7 of groundwater extraction.

8 VII. MISCELLANEOUS PROVISIONS

9 1. Designation of Address for Notice and Service

10 Each Party shall designate, in writing to the plaintiff, the
11 name and address to be used for purposes of all subsequent
12 notices and service herein, such designation to be delivered to
13 the plaintiff within 30 days after the Judgment has been entered.
14 The plaintiff shall, within 45 days after judgment has been
15 entered, file the list of designees with the Court and serve the
16 same on the Watermaster and all Parties. Such designation may be
17 changed from time-to-time by filing a written notice of such
18 change with the Watermaster. Any Party desiring to be relieved
19 of receiving notices of Watermaster activity may file a waiver of
20 notice on a form to be provided by the Watermaster. The
21 Watermaster shall maintain, at all times, a current list of
22 Parties to whom notices are to be sent and their addresses for
23 purposes of service. The Watermaster shall also maintain a full
24 current list of names and addresses of all Parties or their
25 successors, as filed herein. Copies of such lists shall be
26 available to any Person. If no designation is made, a Party's
27 designee shall be deemed to be, in order of priority: (i) the
28 Party's attorney of record; or (ii) if the Party does not have an

LAW OFFICES
AKLUFIA WYSOCKI
3403 TENTH ST., SUITE 610
RIVERSIDE, CALIFORNIA 92501
(909) 682-5480

LAW OFFICES
AKLUFIAN YISOCKI
3403 TENTH S
RIVERSIDE, CALIFORNIA 92501
(909) 882-5480

1 attorney of record, the Party itself at the address on the
2 Watermaster list.

3 2. Intervention After Judgment

4 Any Person who is neither a Party to this Judgment nor a
5 successor or assignee of a Party to this Judgment may seek to
6 become a party to this Judgment by filing a petition in
7 intervention.

8 3. Interference with Pumping

9 Nothing in this judgment shall be deemed to prevent any
10 party from seeking judicial relief against any other party whose
11 pumping activities constitute an unreasonable interference with
12 the complaining party's ability to extract groundwater.

13 4. Successors and Assigns

14 This Judgment and all provisions herein shall be binding on
15 and shall inure to the benefit of the heirs, executors,
16 administrators, successors and assigns of the parties hereto.

17 5. Severability

18 The provisions of this Judgment are severable. If any
19 provision of this Judgment is held by the Court to be illegal,
20 invalid or unenforceable, that provision shall be excised from
21 the Judgment. The remainder of the terms of the Judgment shall
22 remain in full force and effect and shall in no way be affected,
23 impaired or invalidated by such excision. This Judgment shall be
24 reformed to add, in lieu of the excised provision, a provision as
25 similar in terms to the excised provision as may be possible and
26 be legal, valid and enforceable.

27 6. Review Procedures

28 Any action, decision, rule or procedure of the Watermaster

AKLUFIA WYSOCKI
3403 TENTH ST, SUITE 610
RIVERSIDE, CALIFORNIA 92501
(909) 882-5480

1 pursuant to this Judgment shall be subject to review by the Court
2 on its own motion or on timely motion by any Party, as follows:

3 A. Effective Date of Watermaster Action: Any order,
4 decision or action of the Watermaster pursuant to this
5 Judgment on noticed specific agenda items shall be deemed to
6 have occurred on the date of the order, decision or action.

7 B. Notice of Motion: Any Party may, by a regularly-
8 noticed motion, petition the Court for review of the
9 Watermaster's action or decision pursuant to this Judgment.
10 The motion shall be deemed to be filed when a copy,
11 conformed as filed with the Court, has been delivered to the
12 Watermaster, together with the service fee established by
13 the Watermaster sufficient to cover the cost to photocopy
14 and mail the motion to each Party. The Watermaster shall
15 prepare copies and mail a copy of the motion to each Party
16 or its designee according to the official service list which
17 shall be maintained by the Watermaster according to Part
18 VII, paragraph 1, above. A Party's obligation to serve the
19 notice of a motion upon the Parties is deemed to be
20 satisfied by filing the motion as provided herein. Unless
21 ordered by the Court, any petition shall not operate to stay
22 the effect of any Watermaster action or decision which is
23 challenged.

24 C. Time for Motion: A motion to review any
25 Watermaster action or decision shall be filed within 90 days
26 after such Watermaster action or decision, except that
27 motions to review Watermaster assessments hereunder shall be
28 filed within 30 days of mailing of notice of the assessment.

LAW OFFICES
AKLUT WYsocki
3403 TENTH ST, SUITE 610
RIVERSIDE, CALIFORNIA 92501
(909) 682-5480

1 D. De Novo Nature of Proceeding: Upon filing of a
2 petition to review a Watermaster action, the Watermaster
3 shall notify the Parties of a date when the Court will take
4 evidence and hear argument. The Court's review shall be de
5 novo and the Watermaster decision or action shall have no
6 evidentiary weight in such proceeding.

7 E. Decision: The decision of the Court in such
8 proceedings shall be an appealable Supplemental Order in
9 this case. When the same is final, it shall be binding upon
10 the Watermaster and the Parties.

11
12
13 Dated: FEB - 4 2004

14 GARY TRANDARGER

15
16 JUDGE OF THE SUPERIOR COURT
17
18
19
20
21
22
23
24
25
26
27
28

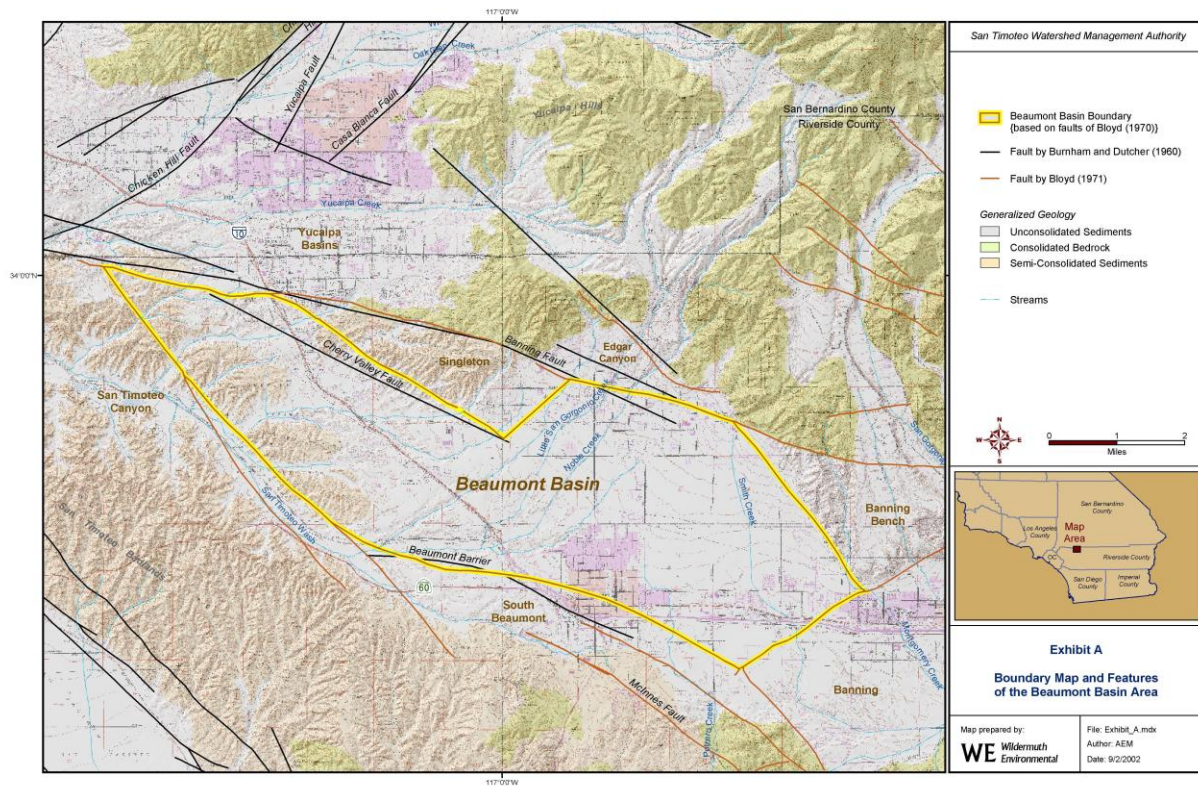


Exhibit B
Overlying Producers and Their Rights

(1) Producer	(2) Average Production during 1997- 2001 (acre-ft/yr)	(3) Exercised Rights ¹ (acre-ft/yr)	(4) Projected Maximum Production (acre-ft/yr)
Beckman, Walt	0	0	75
Roman Catholic Bishop of San Bernardino	104	114	154
Rancho Calimesa Mobile Home Park	60	150	150
Merlin Properties, LLC.	540	550	550
Sunny-Cal Egg and Poultry Company ²	1,340	1,340	1,439.5
Sunny-Cal North - Manheim, Manheim & Berman ²			300
Nick Nikodinov ³			20
Ronald L. McAmis ⁴			5
Nicolas and Amalia Aldama ⁵			7
Hector Gutierrez, Luis Gutierrez and Sebastian Monroy ⁶			10
Boris and Miriam Darmont ⁷			2.5
California Oak Valley Golf and Resort LLC	692	950	950
Leonard Stearn	0	0	200
Oak Valley Partners	510	553	1,806
So. California Professional Golf Association	680	1,688	2,200
Sharondale Mesa Owners Association	184	200	200
Plantation on the Lake	271	300	581
Totals	4,381	5,845	8,650

Note 1 -- Maximum Reported Production during 1997-2001

Note 2 -- The Exercised Right and Projected Maximum Production were an aggregate right for defendants Sunny-Cal Egg and Poultry, and Manheim, Manheim and Berman(MMB). As requested, Watermaster action designated 300 af of the aggregate right to MMB aka Sunny-Cal North on February 7, 2006.

Note 3 -- The Exercised Right and Projected Maximum Production were an aggregate right for defendants Sunny-Cal Egg and Poultry, and Manheim, Manheim and Berman(MMB). As requested, Watermaster action designated 20 af of aggregate right to Nick Nikodinov on April 17, 2006.

Note 4 -- The Exercised Right and Projected Maximum Production were an aggregate right for defendants Sunny-Cal Egg and Poultry, and Manheim, Manheim and Berman(MMB). As requested, Watermaster action designated 5 af of aggregate right to Ronald L. McAmis on June 13, 2006.

Note 5 -- The Exercised Right and Projected Maximum Production were an aggregate right for defendants Sunny-Cal Egg and Poultry, and Manheim, Manheim and Berman(MMB). As requested, Watermaster action designated 7 af of aggregate right to Nicolas and Amalia Aldama on June 13, 2006.

Note 6 -- The Exercised Right and Projected Maximum Production were an aggregate right for defendants Sunny-Cal Egg and Poultry, and Manheim, Manheim and Berman(MMB). As requested, Watermaster action designated 10 af of aggregate right to Hector Gutierrez, Luis Gutierrez and Sebastian Monroy on June 13, 2006.

Note 7 -- The Exercised Right and Projected Maximum Production were an aggregate right for defendants Sunny-Cal Egg and Poultry, and Manheim, Manheim and Berman(MMB). As requested, Watermaster action designated 2.50 af of aggregate right to Boris and Miriam Dermont on June 13, 2006.

Exhibit C
Appropriators and Their Water Rights

(1) Producer	(2) Average Production during 1997-2001 (acre-ft/yr)	(3) Share of Safe Yield Allocated to Appropriators	(4) Initial Estimate of Appropriate Rights ¹ (acre-ft/yr)	(5) Controlled Overdraft and Supplemental Water Recharge Allocation ² (acre-ft/yr)	(6) Operating Yield (acre-ft/yr)
Banning, City of	2,170	31.43%	882	5,029	5,910
City of Beaumont	0	0.00%	0	0	0
Beaumont Cherry Valley Water District	2,936	42.51%	1,193	6,802	7,995
South Mesa Water Company	862	12.48%	350	1,996	2,346
Yucaipa Valley Water District	938	13.58%	381	2,173	2,554
Totals	6,906	100.00%	2,805	16,000	18,805

Note 1 -- Based on a 8,650 acre-ft/yr safe yield

Note 2-- Controlled overdraft will not exceed 180,000 acre-ft during for first ten years of operation under the physical solution.

Exhibit D
Overlying Producers and the Parcels Upon Which Their Overlying Rights are Exercised¹

(1) Overlying Producer	(3) Assessors Parcel Number(s)	(4) Area (Acres)
Beckman, Walt	405250004	19.04
	405250005	19.00
Total Area		<u>38.04</u>
California Oak Valley Golf and Resort	406070041	209.71
Total Area		<u>209.71</u>
Manheim, Manheim & Berman²	407200009	20.35
	407200011	20.00
	407200012	20.04
	407210001	45.41
	407210002	12.04
	407210004	4.16
Total Area		<u>122.00</u>
Roman Catholic Bishop of San Bernardino	413280016	16.78
	413280030	2.06
	413280036	12.42
Total Area		<u>31.26</u>
Oak Valley Partners	406060010	115.82
	406060015	4.00
	406060017	19.03
	406230020	4.26
	411210003	2.40
	411210005	105.41
	411210010	15.14
	411210016	9.77
	411210017	8.94
	413030011	315.30
	413040001	493.40
	413040002	137.00
	413040003	74.48
	413040004	6.50
	413040005	80.02
	413040006	75.54
	413040007	76.22

(1) Overlying Producer	(3) Assessors Parcel Number(s)	(4) Area (Acres)
Oak Valley Partners (cont'd)	413040008	144.48
	413040009	10.00
	413040010	78.22
	413060003	1.70
	413160003	80.00
	413160004	106.92
	413160005	53.08
	413160006	64.47
	413160007	15.53
	413170020	40.26
	413170021	27.62
	413170023	12.38
	413170027	14.19
	413170028	4.11
	413170029	2.35
	413170030	20.28
	413170031	66.63
	413170033	2.79
	413170035	11.74
	413180017	556.91
	413180019	9.77
	413190001	111.31
	413190003	5.64
	413190005	10.35
	413190008	12.40
	413190011	138.92
	413200002	0.23
	413200003	0.15
	413200010	5.94
	413200014	10.61
	413200015	11.36
	413200020	5.00
	413200023	14.47
	413200024	5.00
	413200026	32.86
	413200027	42.90
	413200028	116.62
	413200029	6.39
	413200030	19.01
	413200034	2.18
	413200035	10.99
	413200036	10.42
	413200037	4.95
	413270021	0.31
	413280034	2.37
	413280039	13.61
	413280040	1.91

(1) Overlying Producer	(3) Assessors Parcel Number(s)	(4) Area (Acres)
Oak Valley Partners (cont'd)	413280041	2.24
	413280042	6.86
	413290003	510.57
	413290004	16.08
	413290006	8.40
	413290007	103.68
	413450019	74.85
	413450020	169.96
	413450021	146.99
	413450024	48.25
	413450025	50.83
	413450026	122.59
	413450029	108.92
	413460036	199.12
	413460037	23.51
	413460038	19.58
	413460039	45.23
	413460039	45.23
	414090005	1.59
	414090007	1.38
	414090013	31.60
	414090017	20.00
	414090018	4.50
	414100002	42.13
	414100003	65.00
Total Area		<u>5,331.65</u>
Plantation on the Lake	407230031	12.36
	407230010	1.25
	406050018	156.85
	406050002	5.12
	406050003	1.81
Total Area		<u>177.39</u>
Rancho Calimesa Mobile Home Park	413270001	29.66
Total Area		<u>29.66</u>
Merlin Properties, LLC.	407230014	48.52
Total Area		<u>48.52</u>
Sharondale Mesa Owners Association	413330014	1.55
	413330015	2.14
	413331022	0.48
	413331035	0.22
	413340021	0.04
	413340022	0.04
	413340023	1.53
	413340024	2.52
	413341033	0.29

(1) Overlying Producer	(3) Assessors Parcel Number(s)	(4) Area (Acres)
Sharondale Mesa Owners Association (cont'd)	413341034	0.81
	413341036	0.35
	413342004	0.35
	413350011	1.04
	413350012	1.44
	413351018	17.08
	413351019	0.16
	413360032	1.92
	413360033	2.30
	413360035	0.90
	413361001	0.14
	413361008	0.12
	413361010	0.18
	413370027	0.39
	413370028	5.34
	413370030	0.69
	413371018	2.07
	413372019	1.39
Total Area		<u>45.48</u>
So. California Professional Golf Association	406060011	146.59
	406060013	2.83
	406060014	4.58
	406060016	10.35
	413450016	99.66
	413450022	95.15
	413450023	2.89
	413450027	91.53
Total Area		<u>453.58</u>
Stearns, Leonard	413221001	0.25
	413221002	0.34
	413260018	49.33
	413260025	0.37
	413270007	10.58
	413280010	1.27
	413280018	9.37
	413280021	4.26
	413280027	3.80
	413280037	14.32
Total Area		<u>93.89</u>
Sunny-Cal Egg and Poultry Company²	406080013	0.07
	407190016	4.95
	407190017	31.32
	407230022	20.03
	407230023	20.03
	407230024	20.03
	407230025	21.99

(1) Overlying Producer	(3) Assessors Parcel Number(s)	(4) Area (Acres)
Sunny-Cal Egg and Poultry Company² (cont'd)	407230026	25.94
	407230027	21.63
	407230028	21.56
Total Area		<u>187.55</u>
Nikodinov, Nick⁴	407180004	9.35
Total Area		<u>9.35</u>
McAmis, Ronald L.⁵	407190018	0.93
Total Area		<u>0.93</u>
Aldama, Nicolas and Amalia⁶	407190015	1.35
Total Area		<u>1.35</u>
Hector Gutierrez, Luis Gutierrez and Sebastian Monroy⁷	407190013	2.01
Total Area		<u>2.01</u>
Darmont, Boris and Miriam⁸	407190014	0.50
Total Area		<u>0.50</u>
Total Area for All Overlying Producers³		<u>6,782.87</u>

Note 1 -- Parcels as of June 1, 2003; updated to include Nick Nikodinov per April 17, 2006 Watermaster action; updated to include Ronald L. McAmis, Nicolas and Amalia Aldama, Hector Gutierrez, Luis Gutierrez, and Sebastian Monroy, and Boris and Miriam Darmont per June 13, 2006 Watermaster actions.

Note 2 -- Parcels owned by Sunny-Cal Egg & Poultry Company include the overlying water rights of Manheim, Manheim and Berman (MMB) and is aggregated as shown in Column 4 of Exhibit B as attributable to Sunny-Cal Egg & Poultry Company. As requested, Watermaster designated a portion of these aggregated rights to MMB on February 7, 2006.

Note 3 -- The Watermaster shall recognize adjustments in parcel boundaries that result in de minimus changes in water use

Note 4 -- Parcels owned by Sunny-Cal Egg & Poultry Company include the overlying water rights of Manheim, Manheim and Berman (MMB) and is aggregated as shown in Column 4 of Exhibit B as attributable to Sunny-Cal Egg & Poultry Company. As requested, Watermaster designated a portion of these aggregated rights to Nick Nikodinov on April 17, 2006.

Note 5 -- Parcels owned by Sunny-Cal Egg & Poultry Company include the overlying water rights of Manheim, Manheim and Berman (MMB) and is aggregated as shown in Column 4 of Exhibit B as attributable to Sunny-Cal Egg & Poultry Company. As requested, Watermaster designated a portion of these aggregated rights to Ronald L. McAmis on June 13, 2006.

Note 6 -- Parcels owned by Sunny-Cal Egg & Poultry Company include the overlying water rights of Manheim, Manheim and Berman (MMB) and is aggregated as shown in Column 4 of Exhibit B as attributable to Sunny-Cal Egg & Poultry Company. As requested, Watermaster designated a portion of these aggregated rights to Nicolas and Amalia Aldama on June 13, 2006.

Note 7 -- Parcels owned by Sunny-Cal Egg & Poultry Company include the overlying water rights of Manheim, Manheim and Berman (MMB) and is aggregated as shown in Column 4 of Exhibit B as attributable to Sunny-Cal Egg & Poultry Company. As requested, Watermaster designated a portion of these aggregated rights to Hector Gutierrez, Luis Gutierrez and Sebastian Monroy on June 13, 2006.

Note 8 -- Parcels owned by Sunny-Cal Egg & Poultry Company include the overlying water rights of Manheim, Manheim and Berman (MMB) and is aggregated as shown in Column 4 of Exhibit B as attributable to Sunny-Cal Egg & Poultry Company. As requested, Watermaster designated a portion of these aggregated rights to Boris and Miriam Darmont on June 13, 2006.

WATERMASTER MEETING MEMORANDUM NO. 10-9

To: Beaumont Basin Watermaster
From: Mark Wildermuth, Watermaster Engineer
Date: April 8, 2010
Subject: New Yield Applications

Wildermuth Environmental, Inc., at Watermaster's direction, developed a staff report in fiscal 2008-09 regarding the accounting of new yield as provided for in the Judgment. The Watermaster Board should re-review the January 13, 2009 staff report (attached) to eventually adopt rules and methods to compute and assign new yield.

Recommendation

Discussion and comment.

Beaumont Basin Watermaster

560 Magnolia Avenue
Beaumont, CA 92223
www.stwma.org

Office (951) 845-9581
Mobile (760) 574-6236
Email Jasa921@aol.com

**To: Beaumont Basin Watermaster
Parties to the Beaumont Basin Stipulated Agreement**

**From: J. Andrew Schlange, Chief of Watermaster Services
Mark Wildermuth, Watermaster Engineer**

Date: January 13, 2009

Subject: New Yield Applications

BACKGROUND

The Stipulated Agreement provides for New Yield that is developed by an individual Appropriator that can demonstrate that it has caused new recharge to occur through the construction and operation of new recharge projects. The definition of New Yield is provided for in the Stipulated Agreement (Section 3, Definition, paragraph L) as:

New Yield: increases in yield in quantities greater than historical amounts from sources of supply including, but not limited to, capture of available storm flow, by means of projects constructed after February 20, 2003, as determined by the Watermaster.

Further in the Stipulated Agreement the accounting of New Yield is prescribed (Section 5. Powers and Duties of the Watermaster, paragraph V) as:

Accounting for New Yield: Recharge of the Beaumont Basin with New Yield water shall be credited to the Party that creates the New Yield. The Watermaster shall make an independent scientific assessment of the estimated New Yield created by each proposed project. New Yield will be allocated on an annual basis, based upon monitoring data and review by the Watermaster.

Two Appropriator Parties to the Stipulated Agreement have either constructed or plan to construct projects that will allegedly increase stormwater recharge into the Beaumont Basin and have included this new recharge as a source of water in their respective Urban Water Management Plans. The City of Beaumont, while not a retailer, has constructed facilities that will cause new recharge to occur and plans to construct additional facilities.

Watermaster, in its fiscal 2008/09 budget, included a task order with Wildermuth Environmental, Inc. (WEI) to develop a procedure that would provide for a determination of New Yield from these new recharge projects and that the Watermaster could review and adapt into its rules and regulations. WEI has developed a straw man proposal for this process and it is included below.

Watermaster staff requests that this proposal be discussed at the January 13, 2009 Watermaster meeting. WEI will summarize its recommended approach at this meeting. Please note that no action is being requested other than that the Watermaster Board review the concept presented below and provide comments and guidance to Watermaster staff at the January 13, 2009 meeting. Based on the comments and guidance provided, WEI will refine this proposal into a proposed amendment to the Watermaster Rules and Regulations. The proposed amendment will subsequently be discussed at the next scheduled Watermaster meeting.

BASELINE AND HYDROLOGIC CONCEPT

Baseline. The baseline is established as the starting point from which new storm water recharge can be measured. This includes the starting point in time and the recharge that would have occurred in the drainage system given the state of development and channel conditions prior to the starting point. The safe yield established in the Stipulated Agreement was based on the 1997 through 2001 period. The Stipulated Agreement explicitly requires that the New Yield only be credited for projects constructed after February 20, 2003. New recharge, when determined, is defined as the incremental or net increase in recharge due to a specific project constructed after February 20, 2003 and will be assigned to the Appropriator Party that is responsible for its construction and maintenance.

Hydrologic Concept. Section 4.2 of the Watermaster Rules and Regulation currently reads:

- 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 re-determinations 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 storm flow, 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).
-

New recharge is defined as the incremental increase in recharge due to a specific project constructed after February 20, 2003. New recharge will be determined by computing the difference between the recharge that occurs after the project becomes operational and the recharge that occurred prior to the February 20, 2003. Recharge varies from year to year, and new recharge must therefore be characterized as an average annual value. This means that recharge for pre- and post-project conditions must be calculated from a long-term precipitation record that is demonstrably representative of long-term climatic conditions. A detailed engineering analysis is required to determine the net increase in recharge over the long term and this analysis will need to be completed and accepted by Watermaster prior to Watermaster considering an application of New Yield. This analysis must include a monitoring program that will be constructed and implemented by the Appropriator Party making the application. This monitoring data and the models developed for the application will be used to determine new recharge on an annual basis.

WATERMASTER PROCESS

Party Applies to Watermaster. When an Appropriator Party constructs a project that affects stormwater recharge, the Appropriator Party must file a complete application to the Watermaster, requesting that the Watermaster assign New Yield to said Appropriator Party, based on the new stormwater recharge. The application must document pre- and post-project recharge estimates, include a verification monitoring plan, and be signed by a licensed civil engineer.

Watermaster Determination/Verification. Watermaster must conduct an investigation of the Appropriator Party application to determine that the application is complete and that enough information has been provided such that the new recharge estimates, as claimed by the Appropriator Party, can be evaluated. Watermaster will have 30 days to determine if the application is complete. Watermaster can, at the direction of the Chief of Watermaster Services or a majority of the Watermaster Board, request that additional analysis be performed and/or additional information be provided prior to accepting the application as complete.

Watermaster Findings and Approval. Watermaster will have 90 days to review the completed application and make its findings as to whether new recharge will occur and the amount of New Yield to be assigned to the Appropriator Party. Watermaster, at its sole discretion, will condition its approval of the new recharge assignment to the Appropriator Party in such a manner as to ensure that the recharge project is operated in the manner described in the application.

Surveillance and Validation Monitoring. Included in Watermaster findings and approval will be monitoring requirements that must be implemented and reported to Watermaster pursuant to the schedule in the findings and approval. Failure to implement the monitoring program will result in the loss of the New Yield assigned to the Appropriator Party in any year that the monitoring program is deemed noncompliant with the monitoring program included in the findings and approval.

NEW RECHARGE DEMONSTRATION

Compute Pre-project Recharge. As part of the application, the Appropriator Party must estimate the stormwater recharge that would have occurred in the drainage system given the state of development and channel conditions prior to February 20, 2003. This estimate must be provided to the Watermaster as a time series of annual values from a representative long-term period and as an average annual value for that period. The model, assumptions, data, and documentation must be provided to the Watermaster in the application. If this information is not complete, the Watermaster will reject the application.

Compute Post-project Recharge. As part of the application, the Appropriator Party must include a project description and an assessment of the recharge that would occur under the proposed project at its state of development at the time of the application. This estimate must be provided to the Watermaster as a time series of annual values, using the same period as the pre-project recharge estimate. The model, assumptions, data, and documentation must be provided to the Watermaster in the application. If this information is not complete, the Watermaster will reject the application. The estimate of new recharge must be computed as the difference between the recharge from post-project and pre-project conditions.

Sensitivity Analysis. The Appropriator Party must conduct a sensitivity analysis to determine the variability in the new recharge estimate that may result from runoff and infiltration parameter assumptions. The Watermaster will use this sensitivity analysis when reviewing the scope and adequacy of the proposed validation monitoring programs and to impose other conditions on the approval of the application.

New Recharge Validation Monitoring. A monitoring program must be included in the application. The purpose of this monitoring program is to provide information that can be used to estimate new recharge claim. Monitoring will consist of measuring certain parameters that can be used to verify that the basins are operated pursuant to the application, to compute recharge, and to validate the recharge assumptions that were included in the technical work used to establish the new recharge estimate in the application. The Appropriator Party will include a proposed monitoring plan in its application. Watermaster, at its sole discretion, will either accept this monitoring program or mandate that an alternative monitoring program be implemented. On August 1st of each year, the Appropriator Party must submit an annual report to the Watermaster, documenting the occurrence of new stormwater recharge. Watermaster will review this report and make its own findings as to the actual new recharge. Watermaster may reduce the monitoring requirements if the Appropriator Party has demonstrated strict compliance with the monitoring program approved by the Watermaster and the reduction does not degrade the reliability of the estimated new recharge. The Watermaster, at its sole discretion, may require the Appropriator Party to conduct any reasonable monitoring to verify new recharge.
