

Notice and Agenda of a Meeting of the Beaumont Basin Watermaster

Wednesday, October 3, 2018 at 10:00 a.m.

Meeting Location:

Beaumont Cherry Valley Water District
560 Magnolia Avenue
Beaumont, California 92223
(951) 845-9581

Watermaster Members:

City of Banning
City of Beaumont
Beaumont Cherry Valley Water District
South Mesa Water Company
Yucaipa Valley Water District

I. Call to Order

II. Roll Call

City of Banning: Arturo Vela (Alternate: Luis Cardenas)

City of Beaumont: Amer Jakher (Alternate: Kyle Warsinski)

Beaumont Cherry Valley Water District: Daniel Jagers (Alternate: Mark Swanson)

South Mesa Water Company: George Jorritsma (Alternate: Dave Armstrong)

Yucaipa Valley Water District: Joseph Zoba (Alternate: Jennifer Ares)

III. Pledge of Allegiance

IV. Public Comments At this time, members of the public may address the Beaumont Basin Watermaster on matters within its jurisdiction; however, no action or discussion may take place on any item not on the agenda. To provide comments on specific agenda items, please complete a Request to Speak form and provide that form to the Secretary prior to the commencement of the meeting.

V. Correspondence

- A. Correspondence dated September 26, 2018 from Yucaipa Valley Water District - Transfer of 29.57 Acre Feet of Overlying Water Rights in the Beaumont Basin for Tract No. 32702-3 (80 lots) Pursuant to Beaumont Basin Watermaster Resolution No. 2017-02 [Page 3 of 39]

VI. Consent Calendar

- A. Meeting Minutes
 - 1. Meeting Minutes for August 1, 2018 [Page 6 of 39]

VII. Reports

- A. Report from Engineering Consultant - Hannibal Blandon, ALDA Engineering
- B. Report from Hydrogeological Consultant - Thomas Harder, Thomas Harder & Co.
- C. Report from Legal Counsel - Keith McCullough/Thierry Montoya, Alvarado Smith

VIII. Discussion Items

- A. Independent Accountant's Financial Report of Agreed-Upon Procedures for the Beaumont Basin Watermaster [Memorandum No. 18-18, Page 13 of 39]

Recommendation: That the Watermaster Committee receives and files the Independent Accountant's Financial Report for the period ending June 30, 2018.

- B. Status Report on Water Level Monitoring throughout the Beaumont Basin through September 25, 2018 [Memorandum No. 18-19, Page 19 of 39]
Recommendation: No recommendation.
- C. Comparative Groundwater Production and Allowable Extractions through August 2018 [Memorandum No. 18-20, Page 29 of 39]
Recommendation: No recommendation. Informational Purposes Only
- D. Consideration of Task Order No. 17 with ALDA Inc. for the Development of a Return Flow Methodology for the Beaumont Basin [Memorandum No. 18-21, Page 30 of 39]
Recommendation: That the Watermaster Committee approve Task Order No. 17 as a Special Project Expense for a sum not to exceed \$40,140 and direct the Treasurer to invoice specific Appropriators based on anticipated benefit.
- E. Discussion Regarding the Perfection of Appropriative Rights Following the Conversion of Overlying Water Rights to Appropriative Rights [Memorandum No. 18-22, Page 35 of 39]
Recommendation: Pending.

IX. Topics for Future Meetings

- A. Development of a methodology and policy to account for new yield from capturing local stormwater in the basin.
- B. Development of a methodology and policy to account for groundwater storage losses in the basin resulting from the spreading of additional water sources.
- C. Development of a methodology and policy to account for recycled water recharge.
- D. Develop a protocol to increase the accuracy and consistency of data reported to the Watermaster.
- E. Develop a policy to account for transfers of water that may result when an Appropriator provides water service to an Overlying Party.
- F. Discussion of Overlyer return flow credit and how it might be managed

X. Comments from the Watermaster Committee Members

XI. Announcements

- A. The next regular meeting of the Beaumont Basin Watermaster is scheduled for Wednesday, December 5, 2018 at 10:00 a.m.

XII. Adjournment



Yucaipa Valley Water District

12770 Second Street • P. O. Box 730 • Yucaipa, California 92399-0730
(909) 797-5117 • Fax: (909) 797-6381 • www.yvwd.dst.ca.us

September 26, 2018

Mr. Dan Jagers, Secretary
Beaumont Basin Watermaster
c/o Beaumont Cherry Valley Water District
560 Magnolia Avenue
Beaumont, California 92223

Thierry Montoya
Alvarado Smith
1 MacArthur Place, Suite 200
Santa Ana, California 92707

Hannibal Blandon
ALDA Engineering
5928 Vineyard Avenue
Alta Loma, California 91701

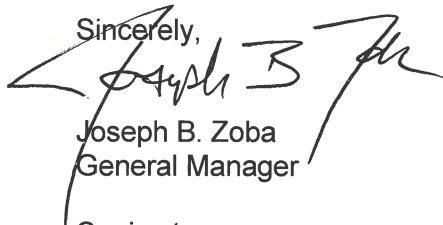
Subject: Transfer of 29.57 Acre Feet of Overlying Water Rights in the Beaumont Basin for Tract No. 32702-3 (80 lots) Pursuant to Beaumont Basin Watermaster Resolution No. 2017-02

Gentlemen:

The Yucaipa Valley Water District has accepted the transfer of Overlying Water Rights from Oak Valley Partners for Tract Nos. 32702-3 (80 lots) pursuant to Beaumont Basin Watermaster Resolution No. 2017-02 adopted on August 30, 2017.

The attached correspondence dated September 17, 2018, confirms the transfer of 29.57 acre-feet of overlying water rights from Oak Valley Partners and the acceptance of said overlying-appropriative water rights by Yucaipa Valley Water District.

Sincerely,



Joseph B. Zoba
General Manager

Copies to:

- John Ohanian, Oak Valley Partners
- Mike Turner, Argent Management

Directors and Officers

CHRISTOPHER MANN
Division 1

BRUCE GRANLUND
Division 2

JAY BOGH
Division 3

LONNI GRANLUND
Division 4

THOMAS SHALHOUB
Division 5

JOSEPH B. ZOBA
General Manager
and Secretary

Argent Management

September 17, 2018

Joe Zoba
General Manager
Yucaipa Valley Water District
12770 Second Street
Yucaipa, CA 92399

RE: Summerwind Trails - Transfer of Overlying Water Rights for Water
Service - Tract 32702-3, 80 Single Family Residential Lots

Dear Mr. Zoba:


This letter is written on behalf of San Gorgonio Land, LLC, the owner and developer of the residential portion of the Summerwind Ranch Project in Calimesa. Argent Management, LLC is the managing arm for San Gorgonio Land, LLC.

We are hereby requesting to transfer 29.57 acre-feet of the Summerwind Ranch Beaumont Basin Overlyer Water Rights to Tract 32702-3 (80 lots) to provide potable water requirements for 80 residential single family lots. This Tract encompasses approximately 20.0 acres and is included within APN 413-290-037 per the attached Exhibit 1.

The merchant builder for this Tract is Meritage Homes of California, Inc., a California Corporation. Upon this transfer, we understand that Meritage Homes will be exempt from paying the District's Supplemental Water Facility Capacity Charge pursuant to the District's Resolution No. 2017-23, Section 2.D.

If acceptable to you, please indicate so with your approval signature below.

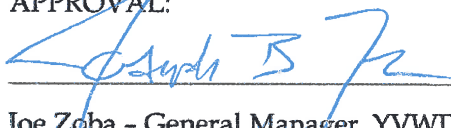
Very truly yours,


Mike Turner, P.E.
Corporate VP, Land Development
Argent Management, LLC

CONCURRENCE:


John Ohanian - Oak Valley Partners

APPROVAL:


Joe Zoba - General Manager, YVWD

DRAFT

**Record of the Minutes of the
Beaumont Basin Committee Meeting of the
Beaumont Basin Watermaster
Regular Meeting
Wednesday, August 1, 2018**

Meeting Location:

Beaumont-Cherry Valley Water District
560 Magnolia Avenue
Beaumont, CA 92223

I. Call to Order

Chairman Arturo Vela called the meeting to order at 10:03 a.m.

II. Roll Call

<i>City of Banning</i>	<i>Arturo Vela</i>	<i>Present</i>
<i>City of Beaumont</i>	<i>Amer Jakher</i>	<i>Present</i>
<i>Beaumont Cherry Valley Water District</i>	<i>Daniel Jagers</i>	<i>Present</i>
<i>South Mesa Water Company</i>	<i>George Jorritsma</i>	<i>Present</i>
<i>Yucaipa Valley Water District</i>	<i>Joseph Zoba</i>	<i>Present</i>

Thierry Montoya was present representing legal counsel for the Beaumont Basin Watermaster.

Tom Harder and Hanibal Blandon were present as consultants and engineers for the Beaumont Basin Watermaster.

Staff present were: Mark Swanson, Bill Clayton, James Bean and Erica Gonzales from BVCWD.

Members of the public who registered or attended were: Fran Flanders, Ashley Gibson, David Fenn, and Luis Cardenas.

III. Pledge of Allegiance

Chairman Vela led the pledge of allegiance.

IV. Public Comments: None.

V. Correspondence:

- A. Correspondence dated July 27, 2018 from Yucaipa Valley Water District - Transfer of 59.89 Acre Feet of Overlying Water Rights in the Beaumont Basin for Tract Nos. 32702-1 (121 lots) and 32702-2 (41

lots) Pursuant to Beaumont Basin Watermaster Resolution No. 2017-02

Mr. Zoba indicated this correspondence has been before the Committee previously. No action is required.

VI. Consent Calendar

It was moved by Member Jakher and seconded by Member Jorritsma to approve the Meeting Minutes of the following dates:

1. Meeting Minutes for June 6, 2018

AYES:	Jaggers, Jakher, Jorritsma, Vela, Zoba
NOES:	None.
ABSTAIN:	None.
ABSENT:	None.
STATUS:	Motion Approved

VII. Reports

A. Report from Engineering Consultant – Tom Harder, ALDA Engineering

Mr. Harder presented a Powerpoint on Developing Methodology to Account for Return Flow Recharge. He pointed out that return flow is included in the water budget for the Beaumont Basin and is part of the safe yield. He addressed the interest in crediting return flow that occurs on overlying appropriator service areas to the appropriators; a parcel-by-parcel estimate would need to be made.

Mr. Harder also presented information on basin losses.

Mr. Harder reported on comment received regarding the report on basin losses. The City of Banning asked about recharge, and Mr. Harder noted the bulk water in question recharged at the Noble Creek facility is accounted for in the model; recharge elsewhere in the basin is not. The purpose of the memo was to provide a magnitude of losses and what affects losses, then develop a method to account for the loss. Additional analysis can be done.

Another question, stated Mr. Harder, was whether irrigation return flows should be accounted for and if it impacts losses. He said they should, but they are minor. As return flows increase in the basin, those losses will increase.

The final question, Mr. Harder noted, was regarding wells outside the adjudicated area and whether those affect the losses. There is some hydrologic separation between the Beaumont Basin and the Banning

Basin but losses are affected by a combination of activities on either side including increased pumping. To limit losses may involve some coordination.

Mr. Harder indicated he would like to finalize the Tech Memo and reminded everyone about submitting comments.

Mr. Jagers reiterated that activities could be tailored to minimize losses: how much to recharge, how conjunctive use is done, and how pumping is managed. BCVWD has the ability to pump and deliver to other areas including Banning, and in the future to Yucaipa, to minimize losses. He said he views the Tech Memo as a general view of the basin and tool to assist agencies in tuning their activities to minimize loss and monitor it over time. He noted that too much recharge in one spot creates a condition of loss.

Chairman Vela indicated future discussion would be needed on what is to be done and how to implement.

Engineer Blandon added that at this point, monitoring wells are lacking in key locations, and at some point, more will be needed to better understand the loss.

B. Report from Legal Counsel – Thierry Montoya, Alvarado Smith

Legal Counsel Thierry Montoya advised that a court hearing is set on September 17 for the appointment of BCVWD's alternate member, Mark Swanson.

Mr. Montoya reported that counsel has researched the transfer of overlying rights to an appropriator. As a matter of the agreement, and of law, the overlying right is culminated then switched to an appropriative right. Counsel looked at the concept of when the appropriative right "perfects," and becomes an appropriative right put to beneficial use for that party, it would not be subject to another appropriator's claims for all or a portion of the former overlying right because of non-use.

VIII. Discussion Items

A. Status Report on Water Level Monitoring throughout the Beaumont Basin through July 24, 2018

Recommendation: No recommendation.

Engineer Hannibal Blandon reported that 14 wells are currently being monitored. New wells are being sought in the central western portion of

the basin. Some issues with vandalism have been experienced at Yucaipa Well 34, and at Well 5, the cable is stuck but continues to record data. He noted that graphs show data interruption for Yucaipa 34 and Oak Valley 35.

Mr. Blandon gave an overview of the graphs. He updated the Committee on the search for additional monitoring well sites and advised there may be an opportunity to bring back observation well Banning 8 if the City pulls the pump. The loss of probes at Yucaipa 34 appears to be theft: cables cut and probe removed. The lock has been replaced and security added.

Chairman Vela noted that City of Banning plans to relocate Joshua Palmer Way in the next four to six months will affect the Banning 15 monitoring well near the Chevron station.

B. Comparison of Production and Allowable Extractions through June 2018

Recommendation: No recommendation. Information only.

Engineer Blandon reviewed the report. There is a total production right of about 12,000 acre-feet and a total of 5,241 acre-feet was produced; an overall average of 43 percent of the allowable right.

C. Discussion Regarding the Perfection of Appropriative Rights Following the Conversion of Overlying Water Rights to Appropriative Rights

Recommendation: No recommendation.

Legal Counsel Thierry Montoya continued discussion regarding the transfer of overlying rights to an appropriator, pointing out the example of Yucaipa Valley WD (YVWD) and Oak Valley's transfer. The issue is that Oak Valley has transferred its overlying rights to Yucaipa, so that YVWD can then provide water service to a phased residential community. Such use would be a beneficial use, and would perfect the appropriative right once all or relative chunks of the formerly overlying water right are used to provide water service to the residential development. This is clear under case law.

The key is that the appropriative right is perfected when the water is applied to a beneficial use, and the appropriative right would vest upon the completion of the last act; in this instance YVWD beginning to send out water for household use.

Then, if the project is not entirely built out, or if it is built in phases but with large gaps of time, Mr. Montoya posited that the water is ready to be put to beneficial use but has not yet been perfected. There is no statutory or common-law requirement relative to the length of time that the water must be used to accrue a right. In the SWRCB permitted

transfers of appropriative right, they impose a five-year non-use period, then if the right is not used it is up for another appropriator to say they need it. Then the State Water Resources Control Board (SWRCB) would have a hearing to determine whether there is non-use, whether the five-year rule may apply or whether there are any factors to extend the five-year rule.

Everyone has correlative rights for the benefit of sharing the basin, and it is all subject to beneficial usage. Using that as guidance, the five-year rule is something the Committee may want to consider including these types of contract terms in transfers in the future.

Mr. Montoya advised that although there is no hard and fast rule, the Committee must be mindful of this area of equitable consideration. Regarding the example of Oak Valley, YVWD is beginning to perfect some rights but if there is indication of activity on the project and the rights may be perfected in time, law would say that if the equitable evidence is convincing then they should be provided additional time.

For accounting purposes, Counsel Montoya suggested a column of quantity transferred and a column of perfected appropriative rights (the date it is put to use).

Member Jorritsma asked about specification of certain parcels. Mr. Montoya said he believes it is not meaningful that the water must go to a particular parcel. Member Jagers asked for clarification of "beneficial use." Counsel Montoya stated that case law defines beneficial use as when it is actually perfected and applied to beneficial use. Chairman Vela suggested it could be perfected when the meter is dropped in the box. Member Jagers pointed out the landscape of water use is changing with recent bills to reduce water supply both outdoors and indoors. BCVWD will be using a conservative approach to analyze water use to avoid coming up short. If not accurately accounted for, that may provide an opportunity for agencies to question. Counsel Montoya concurred, noting the perfection is upon completion of the last act, which is application of water to a beneficial use in the amount that is equivalent to the maximum quantity actually put to a beneficial use. Therefore, if water remains in the appropriative column for a time that is deemed by parties to be too long before it is actually perfected and vests, then other appropriators can say they want some of that water.

Member Jagers shared an example of a developer holding more overlie right than the District believes necessary for their project. Mr. Montoya indicated he believes the District could make a deal with the developer to take all the overlying right as the property has other potential uses, which must be accounted for. If the uses do not come to fruition over a period, other appropriators could say those unperfected rights may be put to beneficial use now. Jagers suggested a concept that the unconsumed appropriative right goes into a pool, which would then be

reallocated in a manner similar to the adjudication, therefore providing beneficial use.

Counsel Montoya agreed the foundation for such transfers is in the judgment, and it makes sense to firm up these concepts now via discussion between appropriators.

Member Zoba indicated he has always viewed the Watermaster as an accounting firm for these types of transfers. He pointed to a concept in the stipulated judgment that there would be a conversion of overlying to appropriative rights and these are now coming about. He postulated that the SWRCB policy does not apply to the Watermaster at all and a five-year plan should not be considered.

Mr. Zoba pointed to Engineer Blandon's chart presented earlier and reminded the members that correspondence presented to the Committee in March included the overlying party committing to YVWD to forever forgo pumping and extracting that overlying right. In favor of that, YVWD made commitments to make sure that there will be water for the property when it develops, when it occurs. When the transfer occurred in March, YVWD immediately put that water to an appropriative use, which is shown on the chart as extracted and consumed in 2018 in the YVWD service area. There is nothing in the adjudication that says that appropriative right must be used on that specific property. Appropriative water may be used anywhere within the service area, not just within the Beaumont Basin.

The correspondence today, Zoba continued, transfers another 60 acre-feet to YVWD, which will be used. That perfects the transfer of overlying to appropriative rights. The five year policy makes no sense, he stated, and advised that flexibility must be maintained. He said he does not believe the memo from legal counsel applies, and YVWD has perfected the rights transferred to it and stands to successfully manage the right as stored water or used water. He requested modification of the memo.

Counsel Montoya reiterated there is no statutory time limit for use. The SWRCB five-year limit does not apply in this case, but it was the closest example of time guidance. The intent of these cases is to allow flexibility to the appropriate party due to equitable consideration for time, types of use, manner of use, and what has occurred over time.

Member Zoba also pointed out that developers provide water rights in lieu of Developer Impact Fees for water supply, and if the right is instead allocated to a pool, then YVWD incurs a financial loss.

Mr. Jagers indicated the goal is to establish a process, as uses will change over time. Counsel Montoya advised members to assure flexibility for use when drafting transfer agreements. Member Vela suggested discussion on how the transfer modifies the exhibits within the adjudication, as the recalculation of safe yield is coming soon.

Member Jahker noted that some developments take a long time, and concurred with Member Zoba's prior comments.

Chairman Vela concluded the discussion, requesting Mr. Montoya revise the memo. It will be revised after Mr. Montoya returns from vacation later in August, and sent out for comment.

IX. Topics for Future Meetings

- A. Development of a methodology and policy to account for new yield from capturing local stormwater in the basin
- B. Development of a methodology and policy to account for groundwater storage losses in the basin resulting from the spreading of additional water sources
- C. Development of a methodology and policy to account for recycled water recharge
- D. Develop a protocol to increase the accuracy and consistency of data reported to the Watermaster
- E. Develop a policy to account for transfers of water that may result when an Appropriator provides water service to an Overlying Party
- F. Discussion of Overlier return flow credit and how it might be managed
- G. GIS system

X. Comments from the Watermaster Committee Members

Chair Vela welcomed Mr. Mark Swanson.

XI. Announcements

- A. The next regular meeting of the Beaumont Basin Watermaster is scheduled for Wednesday, October 3, 2018 at 10:00 a.m.

XII. Adjournment

Chairman Vela adjourned the meeting at 11:24 a.m.

Attest:

DRAFT UNTIL APPROVED

Daniel Jaggers, Secretary
Beaumont Basin Watermaster

BEAUMONT BASIN WATERMASTER

MEMORANDUM NO. 18-18

Date: October 3, 2018

From: Joseph Zoba, Treasurer

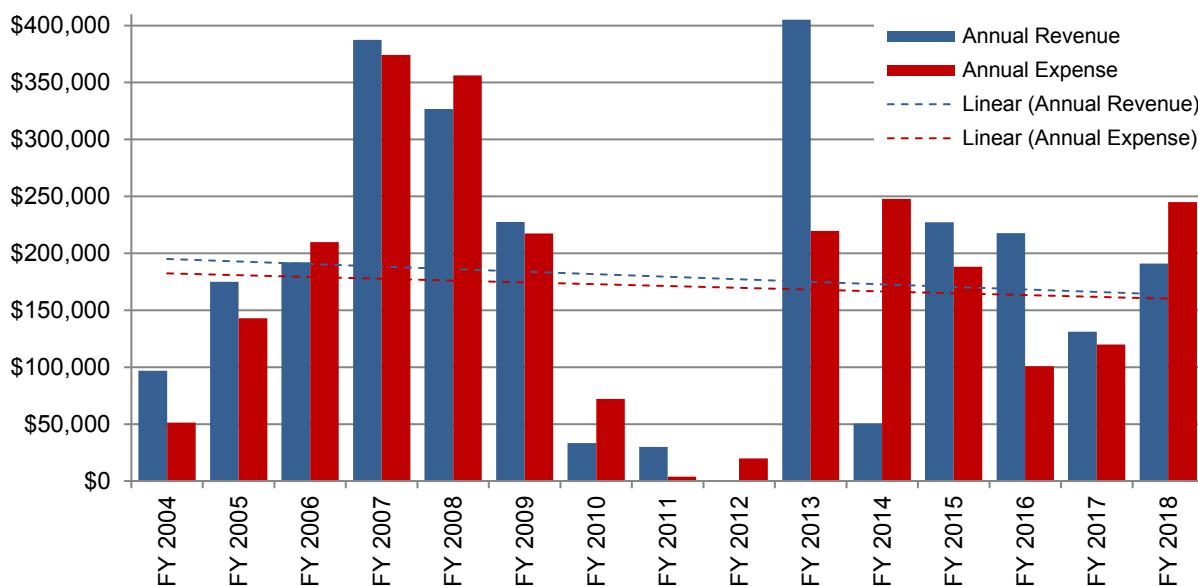
Subject: Independent Accountant's Financial Report of Agreed-Upon Procedures for the Beaumont Basin Watermaster

Recommendation: That the Watermaster Committee receives and files the Independent Accountant's Financial Report for the period ending June 30, 2018.

The Beaumont Basin Watermaster engaged the firm of Rogers, Anderson, Malody & Scott to perform an independent financial review of the Watermaster activities for the fiscal year ending June 30, 2018. The independent financial review was conducted under the same terms and scope as the prior fiscal year.

At the beginning of the 2017-2018 fiscal year, the Beaumont Basin Watermaster had an unrestricted net position of \$189,260. During the fiscal year, the Watermaster collected \$190,963 in revenues and expended \$245,040. As of June 30, 2018, the Watermaster had unrestricted net position of \$135,183.

The following illustration provides a summary of the annual revenues and expenses of the Beaumont Basin Watermaster since its formation in 2004.



**BEAUMONT BASIN WATERMASTER
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES
ON THE BEAUMONT BASIN WATERMASTER SCHEDULES**

June 30, 2018



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948



ROGERS, ANDERSON, MALODY & SCOTT, LLP
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

PARTNERS

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Kirk A. Franks, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradford A. Welebir, CPA, MBA, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

MANAGERS / STAFF

Jenny Liu, CPA, MST
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Lisa Dongxue Guo, CPA, MSA
Samuel Singery, CPA
Jing Wu, CPA

Yucaipa Valley Water District as Treasurer
of the Beaumont Basin Watermaster
Yucaipa, California

We have performed the procedures enumerated below, which were agreed to by the Yucaipa Valley Water District (District), as treasurer of the Beaumont Basin Watermaster (Watermaster), solely to assist the District in evaluating certain amounts reported in the Watermaster Schedules (Schedules), attached as Exhibit A and Exhibit B, on the full accrual basis of accounting as of June 30, 2018 and for the year then ended and its compliance with the Rules and Regulations regarding assessments and expenses. The District's and Watermaster's management are responsible for the accuracy of the Schedules. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure

Agree the opening equity on Exhibit B to the ending equity noted on the trial balance for the fiscal year ended June 30, 2017.

Finding

No exceptions were noted as a result of applying the procedure.

2. Procedure

Agree the cash balance reported on Exhibit A to the bank reconciliation, bank statement and trial balance. Select all of the deposits in transit and outstanding checks and trace their clearing to the subsequent month's bank statement.

Finding

No exceptions were noted as a result of applying the procedure.



MEMBERS

American Institute of
Certified Public Accountants

PCPS The AICPA Alliance
for CPA Firms

Governmental Audit
Quality Center

Employee Benefit Plan
Audit Quality Center

California Society of
Certified Public Accountants

STABILITY. ACCURACY. TRUST.

3. Procedure

Trace all member agency assessments recorded in the schedule to invoices and the bank statements.

Finding

No exceptions were noted as a result of applying the procedure.

4. Procedure

Compare the ending check number for the fiscal year ended June 30, 2017 to the beginning check number for the period beginning on July 1, 2017. Note any breaks in check sequence for the period of July 1, 2017 through June 30, 2018.

Finding

No exceptions were noted as a result of applying the procedure.

5. Procedure

Based on the population of checks issued during July 1, 2017 through June 30, 2018, select all payments and trace the check to supporting invoice noting whether the activity pertains to the Watermaster. Agree the dollar amount and vendor on the invoice to the check for accuracy.

Finding

No exceptions were noted as a result of applying the procedure.

6. Procedure

Obtain the general ledger detail for the period of July 1, 2017 to June 30, 2018. Select all journal entries and trace the transaction to an approved journal entry and documentation supporting the nature and rationale of the journal entry.

Finding

No exceptions were noted as a result of applying the procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the schedules of assets, liabilities and net position (Exhibit A) and revenues and expenses (Exhibit B). Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Watermaster and the District and is not intended to be and should not be used by anyone other than the specified parties.

Rogers, Anderson, Maloddy & Scott, LLP.

August 29, 2018
San Bernardino, California

Exhibit A

**Beaumont Basin Watermaster
Schedule of Assets, Liabilities and Net Position
(Unaudited)
June 30, 2018**

Assets

Cash and cash equivalents	<u>\$ 136,442</u>
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Liabilities

Accounts payable	<u>1,259</u>
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Net position

Unrestricted	<u><u>\$ 135,183</u></u>
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Exhibit B

**Beaumont Basin Watermaster
Schedule of Revenues and Expenses
(Unaudited)
For the Year Ended June 30, 2018**

Revenues

Assessments	\$ 190,862
Interest	<u>101</u>
Total revenues	<u>190,963</u>

Expenses

Special projects	
Acquisition/computation and annual report	174,653
Engineering	3,083
Monitoring and data acquisition	28,957
Administrative	
Legal and professional	38,323
Bank charges	<u>24</u>
Total expenses	<u>245,040</u>

Change in net position	(54,077)
Unrestricted net position, beginning of year	<u>189,260</u>
Unrestricted net position, end of year	<u><u>\$ 135,183</u></u>

BEAUMONT BASIN WATERMASTER

MEMORANDUM NO. 18-19

Date: October 3, 2018

From: Hannibal Blandon, ALDA Inc.

Subject: Status Report on Water Level Monitoring throughout the Beaumont Basin through September 25, 2018

Recommendation: No recommendation.

At the present time, there are 14 monitoring wells collecting water level information on an hourly basis at various locations throughout the basin. In addition, there are two monitoring probes collecting barometric pressures at opposite ends of the Beaumont Basin. The location of active monitoring wells is depicted in the attached Figure No. 1.

Water levels at selected locations are depicted in Figures 2 through 6 and are described as follows:

- ✓ Figure No. 2 - Water levels at YVWD Well No. 34 and Oak Valley Well No. 5 are considered representative of basin conditions in the Northwest portion of the basin. Water levels at YVWD No. 34 were not recorded between July 2017 and July 2018 due to several reasons including faulty equipment and repeated vandalism. Over the last two months a new probe was installed and the security at this location was enhanced. Since July 2017 the water level at this well declined by four feet to 2,142 ft in elevation.
- ✓ At Oak Valley No. 5 - The water level probe stopped recording on March 20, 2018, but we were not aware of this condition since we had difficulties removing the probe from the well. The probe was removed during our last visit and the data downloaded; however, the data stored over the last six months proved to be inconsistent at best. A new probe will be installed at this location.
- ✓ Figure No. 3 - Two of the Noble Creek observation wells are presented in this figure representing the shallow and deep aquifers. In the shallow aquifer, the water level has increased close to 85 feet over the last 18 months from a low of 2,337 ft. to 2,422 ft., recorded at the end of July 2018. Levels in the deep aquifer have risen recently to their highest elevation (2,274 ft) since the summer of 2015.
- ✓ Figure No. 4 - Southern Portion of the Basin. Water level at the Summit Cemetery well is highly influenced by a nearby pumping well that is used to irrigate the cemetery grounds. The water level at this well continues to fluctuate over a 20-foot band. Conversely, the water level at the Sun Lakes well has fluctuated minimally over the same period as it decreased one foot.

- ✓ Figure No. 5 - This figure illustrates levels at three wells owned by the City of Banning in the Southeast portion of the basin. While water level at the Old Well No. 15 (Chevron Well) has been fairly flat over the last two years, a somewhat significant and steady decline, close to 23 feet, has been recorded at Banning M-8. The probe at Banning M-8 was removed during our visit in late January 2018 as there seems to be an obstruction in the well at a depth of approximately 350 ft below ground. City staff has indicated that the pump at this well will be pulled later this year at which time we may have an opportunity to use this well again. Water level at Banning M-9, recorded at an elevation of 2,127 ft, is at the lowest elevation since the monitoring program began in 2015. The water level at this location has declined by 17 ft over the last six months.
- ✓ Figure No. 6 - This figure illustrates recorded water level at BCVWD No. 2 and the new monitoring well BCVWD No. 25. Over the last two years, the level at BCVWD No. 2 has increased by over 20 feet topping in May 2017 at an elevation of 2,218 ft.; current water level is slightly lower. Water level at BCVWD No. 25 were in sync with BCVWD No. 2 until production at this well (25) started in April 2018 when the well pumped up to 18 hours per day during non-TOU hours. Daily values shown in this graph after April 2018 indicate the average value during a 24-hour period including pumping and non-pumping hours. Figure 6A provides a better indicator of static water levels at BCVWD No. 25 since daily values recorded at 5:00 PM were used to reflect a static condition.

New Equipment Installation

- ✓ Oak Valley No. 5 – A new monitoring probe will be installed at this location this afternoon.

Troubleshooting Issues

The following malfunctioning issues were encountered during our September 25, 2018 field visit:

- ✓ BCVWD No. 2 – Communications cable did not work during the September visit. Communications cable may need to be replaced.
- ✓ Oak Valley No. 5 – Communications cable and probe are not working. The probe will be replaced this afternoon and potentially a new communications cable installed.
- ✓ The new water level meter may need to be sent to Solinst for repairs as the cable was peeled when BCVWD No. 2 was being measured. This cut is making the water level alarm to sound inconsistently as it beeps even when the water level probe is out of the ground.

New Monitoring Sites

- The property owned by the Catholic Dioceses of San Bernardino-Riverside counties, near Rancho Calimesa Mobile Home Park has three abandoned wells. Two of these wells cannot be used at this time because the probe could not be lowered; however, the third site has great potential. This well is approximately 400 ft deep and the water level is at approximately 160 feet below ground.

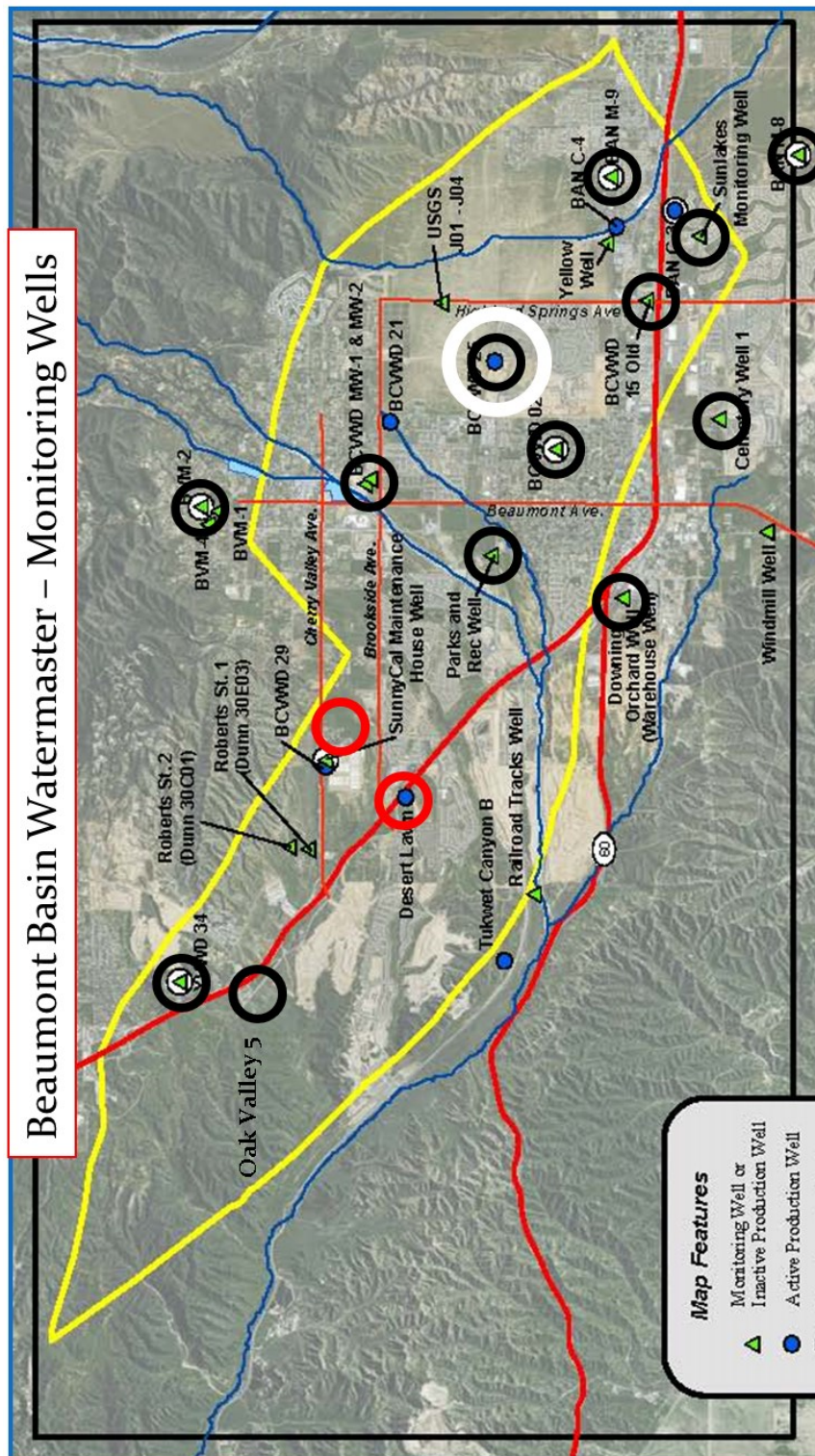
Potential New Monitoring Sites

Potential new monitoring sites include:

- Sharondale Home Owner Association wells
- Rancho Calimesa Mobile Home Park
- Desert Lawn
- Sunny Cal Ranch Area
- Plantation by the Lake well

New Equipment Requirements

- May need to replace communications cable at BCVWD No. 2 well.



Potential Monitoring Wells

Desert Lawn	Sunny Cal Ranch Area
Rancho Calimesa Mobile HP	Sharondale Mesa Owners A.

Wells with Working Monitoring Probes

Bonita Vista No. 2	BCVWD Old 15 (Banning)
Noble Creek Ponds 4 Deep	Summit Cemetery No. 1
Noble Creek Ponds 4 Shallow	Sun Lakes Golf Course
Noble Creek Park	Banning M-8
BCVWD No. 2	Banning M-9
BCVWD No. 25	YVWD No. 34
Oak Valley Partners No. 5	ICON Warehouse

Figure No. 2
Static Groundwater Elevations at YVWD No. 34 and Oak Valley No. 5
 (July 29, 2015 through Sep 25, 2018)

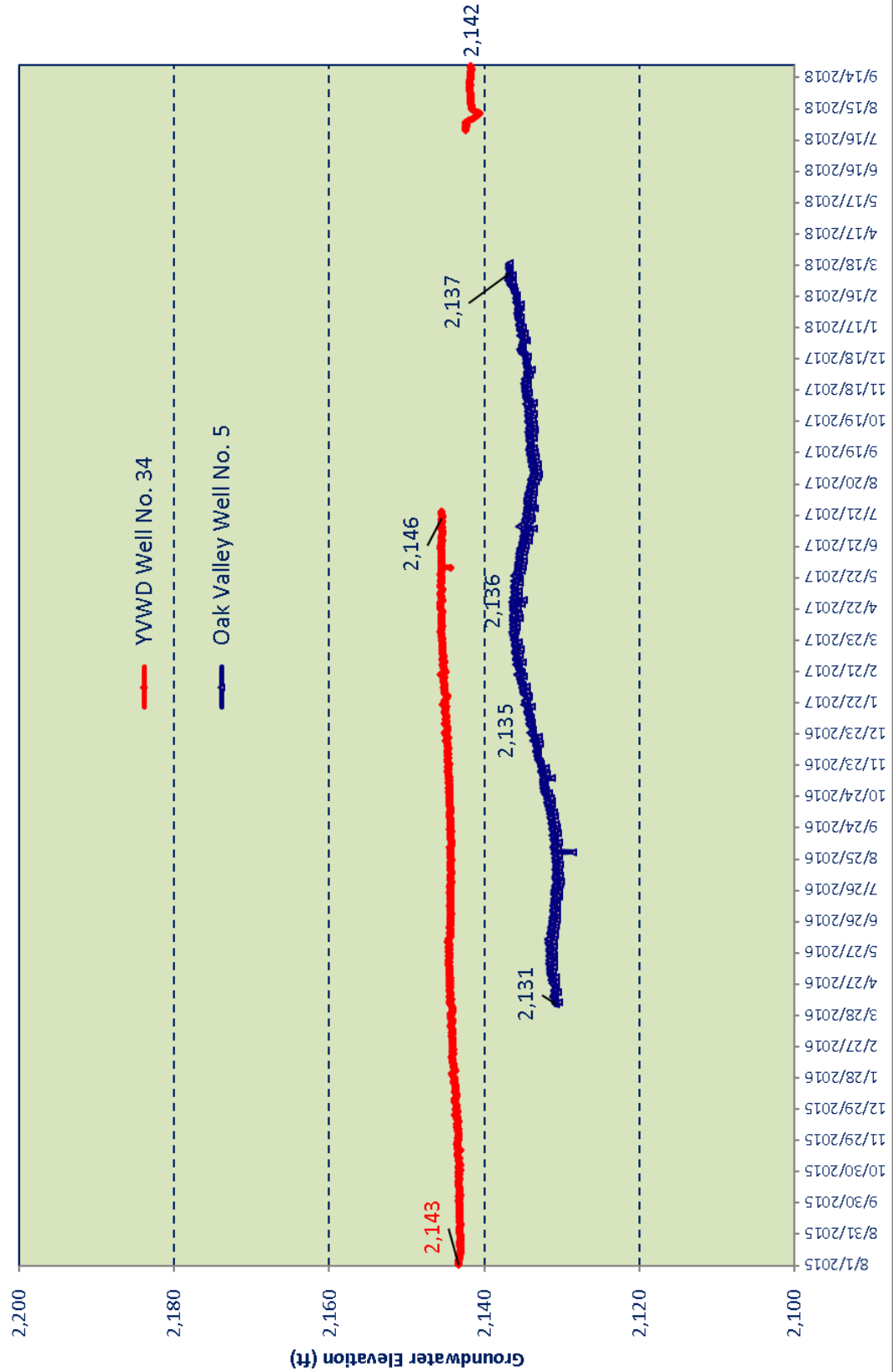


Figure No. 3
Static Groundwater Elevations at Noble Creek Obs. Well 4S and 4D
 (May 28, 2015 through Sep 25, 2018)

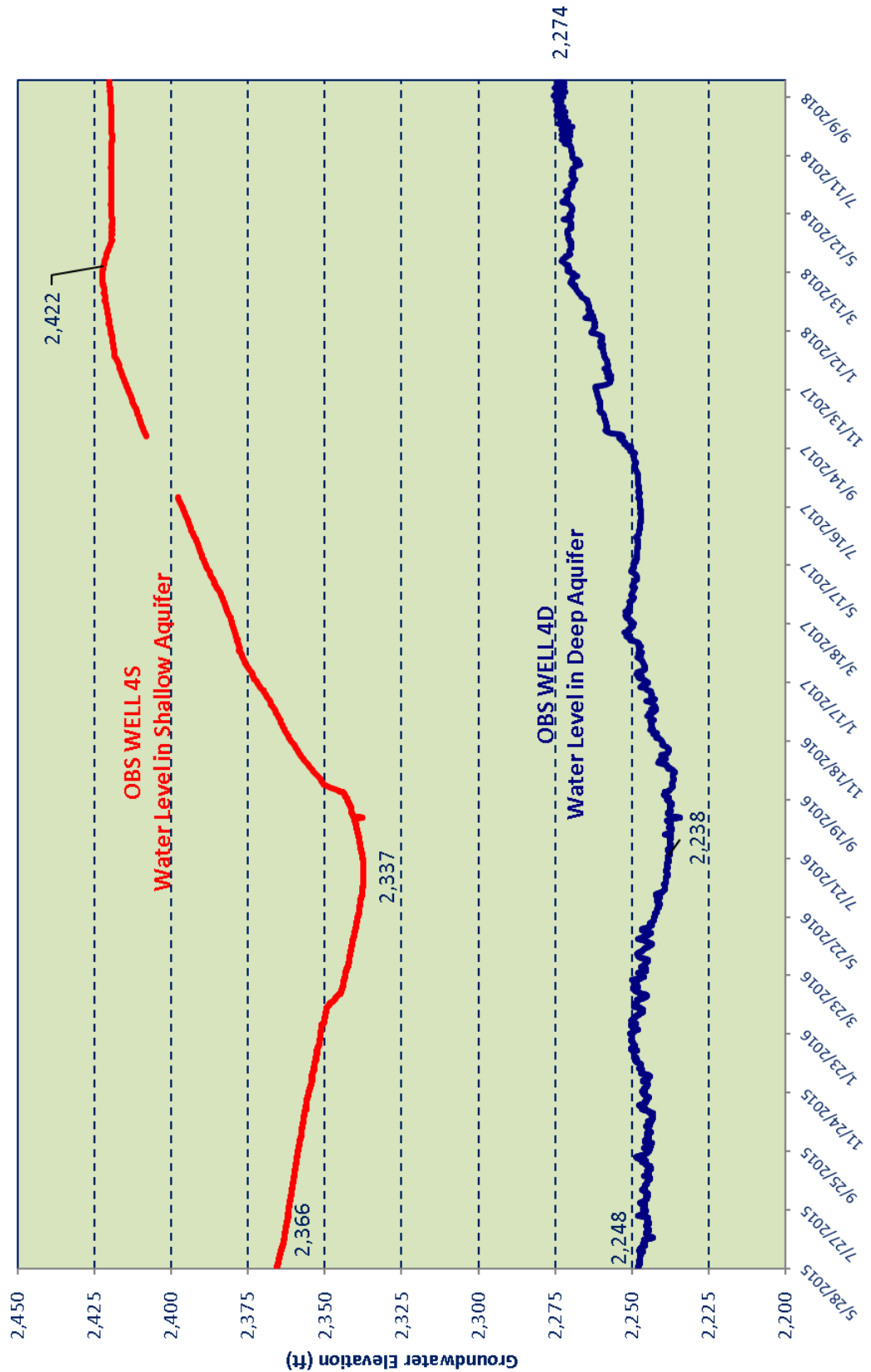


Figure No. 4
Static Groundwater Elevations at Summit Cemetery and Sun Lakes Wells
 (May 28, 2015 through Sep 25, 2018)

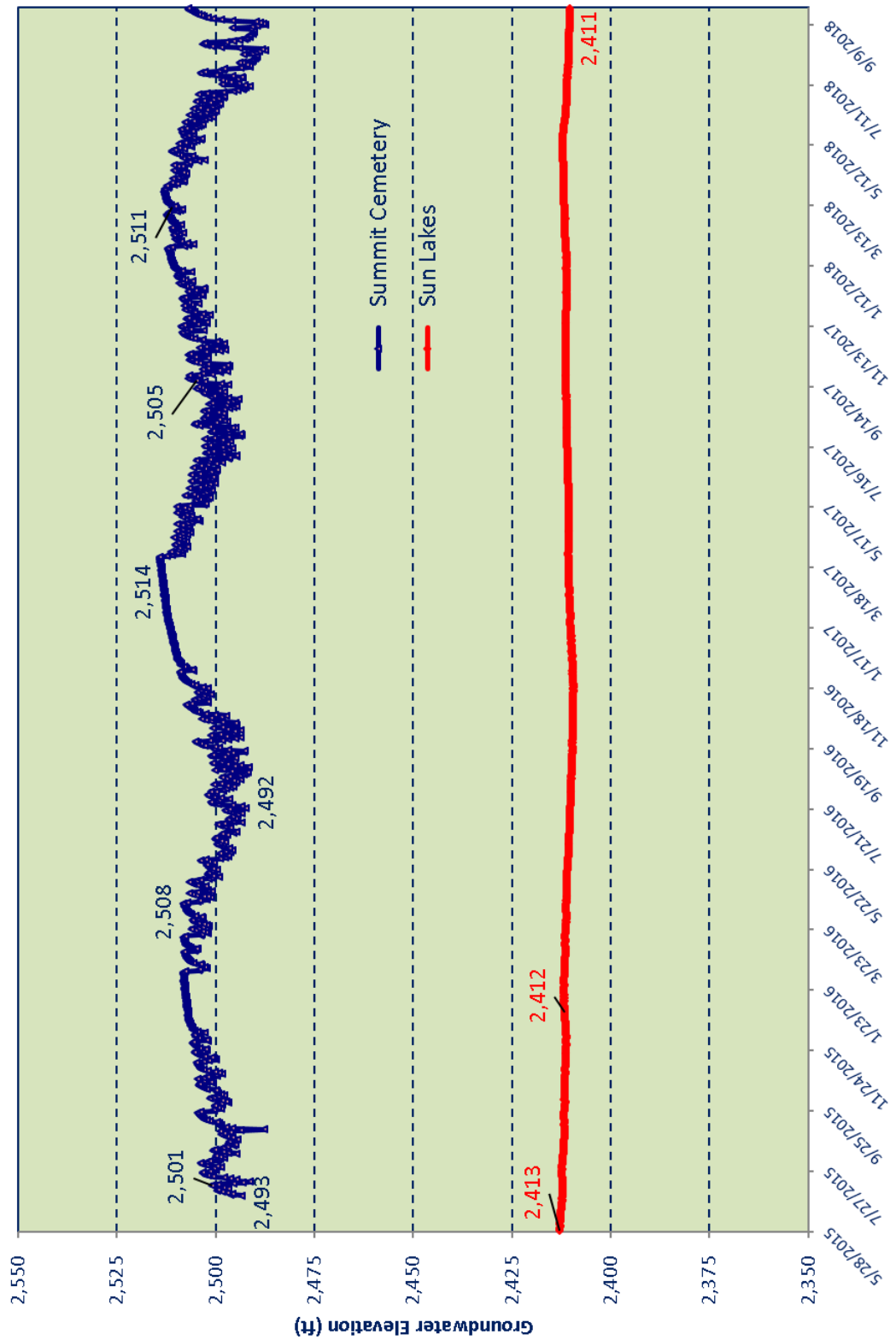


Figure No. 5
Static Groundwater Elevations in the Banning Area
 (May 28, 2015 through Sep 25, 2018)

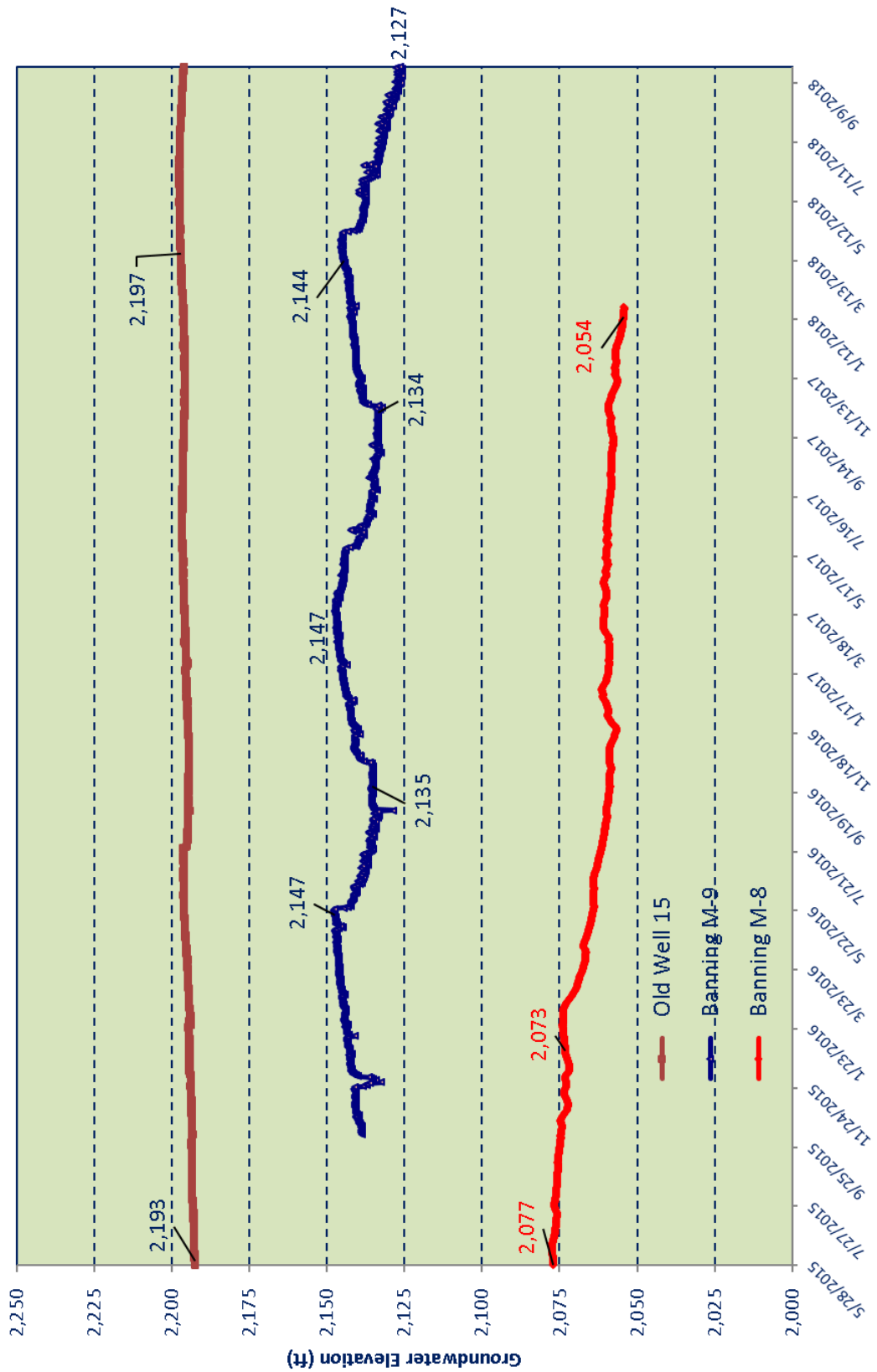


Figure No. 6
Static Groundwater Elevations at BCVWD Wells No. 2 and 25
 (May 28, 2015 through Sep 25, 2018)

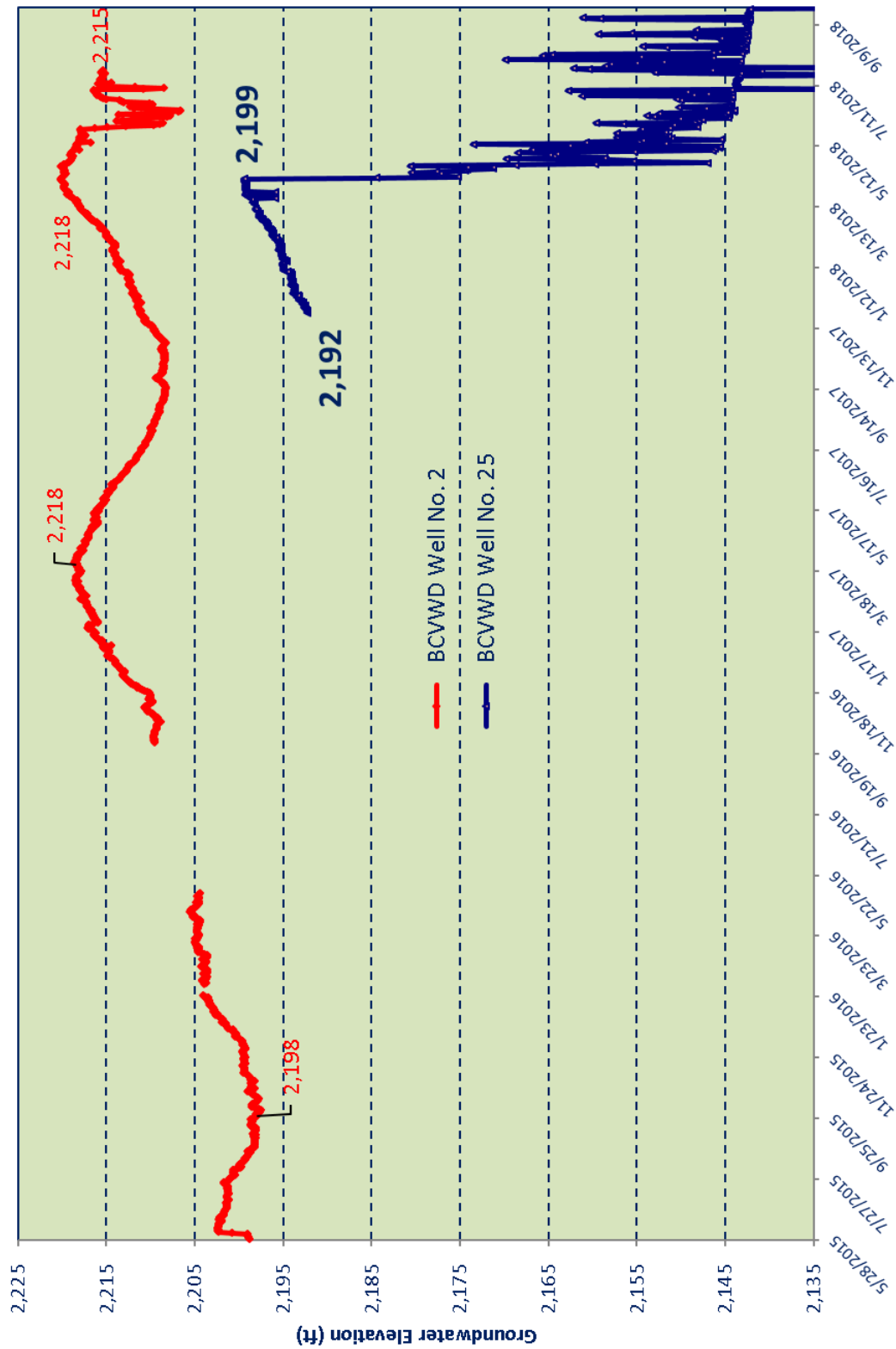
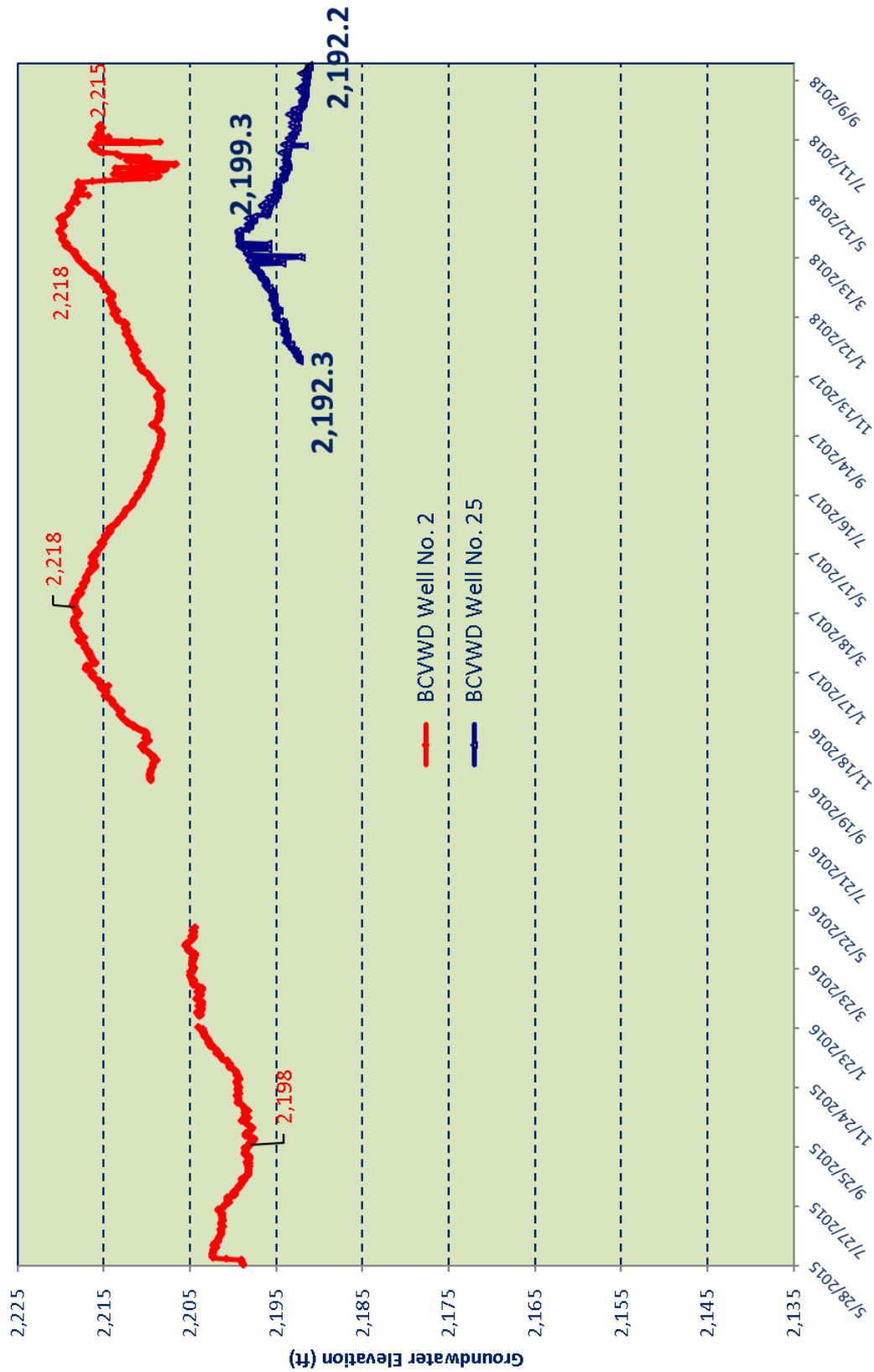


Figure No. 6A
Static Groundwater Elevations at BCVWD Wells No. 2 and 25
 (May 28, 2015 through Sep 25, 2018)



BEAUMONT BASIN WATERMASTER

MEMORANDUM NO. 18-20

Date: October 3, 2018

From: Hannibal Blandon, ALDA Inc.

Subject: Comparative Groundwater Production and Allowable Extractions through August 2018

Recommendation: No recommendation. Informational Purposes Only

The purpose of this Technical Memorandum is to present a comparison of production rights from the basin against actual production by Appropriators. Production rights consist of the sum of Unused Production by Overlying Users from 2013 transferred to Appropriators for 2018 and Imported Water Spreading. This sum is compared against actual production through August 2018.

During the first eight months of the year a total of 9,040 ac-ft of water were produced from the basin by the Appropriators while 8,059 ac-ft of imported water were spread at the Noble Creek spreading grounds. Unused production by Overlying users for 2013 was estimated at 6,365 ac-ft.

The table below presents the above comparison for all Appropriators; all numbers shown in ac-ft, except as noted.

	City of Banning	Beaumont Cherry Valley Water District	South Mesa Mutual Water Company	Yucaipa Valley Water District	Total
Transfer of Overlying Rights from 2013	2,001	2,706	794	864	6,365
Imported Water Spreading Activities	395	7,664	0	0	8,059
Total	2,396	10,370	794	864	14,424
2018 Year-to-Date Production	1,061	7,653	234	92.1	9,040
% of Total	44.3%	73.8%	29.5%	10.7%	62.7%

BEAUMONT BASIN WATERMASTER

MEMORANDUM NO. 18-21

Date: October 3, 2018

From: Joseph Zoba, Treasurer

Subject: Consideration of Task Order No. 17 with ALDA Inc. for the Development of a Return Flow Methodology for the Beaumont Basin

Recommendation: That the Watermaster Committee approve Task Order No. 17 as a Special Project Expense for a sum not to exceed \$40,140 and direct the Treasurer to invoice specific Appropriators based on anticipated benefit.

Over the past several months, the Watermaster Committee members have been discussing the development of a return flow methodology for the Beaumont Basin.

In the 2013 Reevaluation of the Beaumont Basin Safe Yield, return flows were estimated based on overall land use factors. The current approach, as discussed in previous Watermaster meetings, considers using the actual amount of water delivered to individual parcels within the basin, as available in GIS format. The development of this methodology will result in a more accurate accounting of return flows by Appropriator.

The financial impacts associated with the proposed contract would result in an additional expense of \$40,140. If approved, the Treasurer will divide the expense equally between Appropriators anticipated to receive a benefit from the development of this methodology.

ALDA Inc.

5928 Vineyard Avenue
Alta Loma, CA 91701
Tel: (909) 587-9916
Fax: (909) 498-0423

October 3, 2018

Arturo Vela, President
Beaumont Basin Watermaster Technical Committee
560 Magnolia Avenue
Beaumont, California 92223

Subject: **Beaumont Basin Watermaster – Task Order No. 17**
Scope of Work to Develop a Return Flow Accounting Methodology
for the Beaumont Basin

Dear Mr. Vela:


ALDA Inc., in association with Thomas Harder & Company, is pleased to provide our proposal to conduct Task Order No. 17 for the Board's consideration. Under this task, the ALDA team will develop a return flow accounting methodology in the Beaumont Basin.

As reported in the 2013 Reevaluation of the Beaumont Basin Safe Yield, return flows were estimated based on overall land use factors. The current approach, as presented in previous Watermaster meetings, considers using the actual amount of water delivered to individual parcels within the basin as available in GIS format. The development of this methodology will result in a more accurate accounting of return flows by Appropriator.

We welcome your thorough review of our proposed scope services. Should you have any questions on our proposed services or need further information, please contact us at 909-587-9916 during normal business hours.

Very truly yours

ALDA Inc.



F. Anibal Blandon, P.E.
Principal

Beaumont Basin Watermaster – Task Order No. 17**Develop a Return Flow Accounting Methodology**

10/03/18

TASK OBJECTIVES

The objective of Task No. 17 is as follows:

- A. To develop a methodology to estimate return flows resulting from the direct use of water within the Beaumont groundwater basin.

SCOPE OF SERVICES**Task 1 – Develop Return Flow Accounting Methodology**

The ALDA team will develop a return flow accounting methodology for consideration by the Beaumont Basin Watermaster Board. As opposed to the previous return flow analysis, which was conducted based on general land use conditions, the new accounting methodology will incorporate parcel by parcel water delivery records. While the new methodology will still rely on assumptions with respect to indoor vs. outdoor water use and irrigation consumptive use, it will be more detailed than the previous method and can be updated on a year by year basis.

It is our understanding that the City of Banning and the Beaumont-Cherry Valley Water District (BCVWD) have customer-specific water delivery records for the portions of their service areas that overlie the Beaumont Basin. It is assumed that the Yucaipa Valley Water District (YVWD) also has available customer-specific water delivery records. Using the available water delivery records, the ALDA team will develop a return flow accounting methodology for Appropriators in the Beaumont Basin. The return flow accounting methodology will take into account the following factors:

1. Accounting for water delivered to customers within the Beaumont Basin Adjudication boundary.
2. Assumptions as to how much of the water delivered to customers is applied for outdoor irrigation.
3. Assumptions as to how much of the water applied for outdoor irrigation becomes deep percolation and is returned to the groundwater.
4. Methodology for addressing parcels that are within an Appropriator service area but overlie and extend across the Beaumont Basin Adjudication Boundary.

The cost estimate for this task assumes that the water delivery records are linked to Assessor's Parcel Numbers (APNs) and will be provided by the Appropriators electronically (Excel or GIS format).

Task 2 – Apply Return Flow Methodology for the Most Recent Calendar Year

Using the proposed methodology developed from Task 1 and the parcel data obtained from the Appropriators, the ALDA team will estimate the return flow, by Appropriator, for the most recent calendar year that data is available. The return flow will be estimated for

Beaumont Basin Watermaster – Task Order No. 17**Develop a Return Flow Accounting Methodology**

10/03/18

the portions of each Appropriators' service areas that overlie the Beaumont Basin adjudicated area.

Task 3 – Reevaluate Return Flow Seepage Lag

In addition to evaluating the volume of deep percolation of irrigation that returns to the groundwater, the ALDA team will reevaluate the delay between the time the water is applied at the land surface and when it reaches the groundwater table. The previous estimate of recharge delay (25 years) was based on evaluation of hydrographs for wells in one area of the basin - the City of Beaumont (Beaumont-Cherry Valley Water District Wells 1 and 2). As the delay is, in part, dictated by the depth to groundwater, which varies across the basin, it will be beneficial to develop spatially distributed recharge delay estimates based on groundwater depth and subsurface geological conditions. The revised delay estimates will impact the year in which return flow is credited to Appropriators.

Task 4 – Prepare a Return Flow Methodology Technical Memorandum

The ALDA team will describe the return flow methodology in a Technical Memorandum (TM) for review and comment by the Watermaster Board. The TM will include:

- ✓ The purpose and background for the analysis,
- ✓ A description of the proposed return flow accounting methodology,
- ✓ Estimates of return flow, by Appropriator, for the most recent calendar year that data is available,
- ✓ A comparison of return flow using the proposed methodology with return flow estimates as were previously developed, and
- ✓ Findings from the return flow seepage lag analysis including supporting data for developing the spatially distributed seepage lag estimates.

The TM will include supporting tables showing return flow estimates by Appropriator, a map showing aerially distributed estimates of seepage lag, and supporting data.

The cost estimate for this task includes submittal of one draft version of the TM for review and comment by the Watermaster Board, and one final version upon incorporation of comments.

COST ESTIMATE and SCHEDULE

The estimated cost for this scope of work is \$ 40,140 as summarized in the table below. The total estimated schedule to complete the proposed scope of services is estimated at six months.

Beaumont Basin Watermaster – Task Order No. 17
 Develop a Return Flow Accounting Methodology

10/03/18

Task Description	Project Manager	Principal Hydro-geologist	Project Hydro-geologist	Staff Hydro-geologist	Graphics	Clerical	Total Cost
1.- Develop Return Flow Accounting Methodology	4	10	44	24			\$10,080
2.- Apply Return Flow Accounting Methodology to the Most Recent Calendar Year	4	4	20	40			\$7,640
3.- Reevaluate Return Flow Seepage Lag	4	6	40	60			\$12,300
4.- Prepare a Report Flow Methodology Technical Memorandum	8	8	32	16	16	8	\$10,120
Total:							\$40,140

BEAUMONT BASIN WATERMASTER

MEMORANDUM NO. 18-22

Date: October 3, 2018

From: Joseph Zoba, Treasurer

Subject: Discussion Regarding the Perfection of Appropriative Rights Following the Conversion of Overlying Water Rights to Appropriative Rights

Recommendation: Pending.

On August 1, 2018, the Beaumont Basin Watermaster Committee members reviewed a draft memorandum regarding the timing for perfection of appropriative rights following the transfer and conversion of overlying water rights [BBWM Memorandum No. 18-17]. At this meeting, the Watermaster Committee members requested revisions to the draft document.

The purpose of this memorandum is to provide an opportunity for legal counsel to discuss this topic in greater detail with the Watermaster Committee.



MEMORANDUM

TO: Beaumont Basin Watermaster ("BBW")
FROM: Thierry Montoya
DATE: September 5, 2018
RE: Water Rights Transfer from Overlying to Appropriative—Accounting For Such

At the August 1, 2018 BBW meeting, the issue of the accounting for the transfer of overlying water rights to a BBW appropriator was discussed and the need for follow-up analysis of this issue was requested.

Effect of a Transfer of Overlying Water Rights to an Appropriator

The Judgment Pursuant to Stipulation Adjudicating Groundwater Rights in the Beaumont Basin (the "Judgment"), February 4, 2004, defines "overlying parties" as "...owners of land which overlies the Beaumont Basin and have exercised Overlying Water Rights to pump therefrom." See, Judgment, Introduction, section 3(O), lines 13-17. Appropriators hold an interest in "...the amount of Safe Yield remaining after satisfaction of Overlying Water Rights." See, Judgment, Introduction, section 3(C), lines 3-4.

The Judgment and BBW's own Rules and Regulations, adopted June 8, 2004 (the "Rules, allow for the transfer of an overlying water right and when transferred to an appropriative party, the former overlying water right becomes an appropriative right "...to the extent their respective properties [the Overlying Properties] receive water service from an Appropriative Party..." See, Judgment, Declaration and Adjustment of Rights, section 1, lines 7:28-8:5. The Judgment further has a provision for the accounting of such transferred rights—from overlying to appropriative—stating, "[t]o the extent any Overlying Party requests, and uses its Exhibit "B", Column 4 water to obtain water service from an Appropriative Party, an equivalent volume of potable groundwater shall be earmarked by the Appropriative Party which will serve the Overlying Party, up to the volume of the Overlying Water Rights as reflected in Column 4 of Exhibit "B" attached hereto, for the purpose of serving the Overlying Party." See, Judgment, Declaration and Adjustment of Rights, section 3(B), lines 15-22. In the event that "...the Overlying Party receives water service as provided...the Overlying Party shall forebear the use of that volume of the Overlying Water Right earmarked by the Appropriative 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." See, Judgment, Declaration and Adjustment of Rights, section 3(C), lines 8:28-9:7; section G, lines 11:9-14; 12:4-7.

The Judgment and the Rules are consistent with California law holding that an overlying water right can be terminated, transferred, or abandoned—and when such occurs, the former overlying right becomes appropriative in nature. See, *Fall River Valley Irr. Dist. v. Mt. Shasta Power Corp.* (1927) 202 Cal. 56, 65-- riparian and overlying water rights may also be

September 5, 2018

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abandoned by both the concurrence of an intent to abandon and the act of relinquishing possession.

A. The Extent of the Appropriative Right Does Not Exceed The Amount of Water Actually Put to Beneficial Use

On an accounting level, when an overlying party agrees to forebear all of its overlying rights and the appropriative party is fully accounting for these rights as part of its overall water planning for the purpose of serving the overlying party, then the entire volume of the former overlying right should be allocated to the appropriative party. See, Judgment, Declaration and Adjustment of Rights, section 3(C), lines 8:28-9:7; section G, lines 11:9-14; 12:4-7. Such would be consistent with the language in the Judgment and Rules, and represents the intent of the parties that stipulated to the Judgment, specifically: “Whereas, the Overlying and Appropriative Defendants wish to secure the provision and availability of a reliable, affordable, long-term water supply for the area within plaintiff’s jurisdiction, making reasonable and beneficial use of the native groundwater in the Beaumont Basin...” See, Stipulation for Entry of Judgment, II. Recitals, 4:6-10.

There is also concurrence for this accounting rationale in California precedent. An appropriative water right is a usufructuary right to divert a specific quantity of water subject to the limitations dictated by the facts and circumstances of each specific transfer. See, *Joerger v. Pacific Gas & Electric Co.* (1929) 207 Cal. 8, 26; *Scott v. Fruit Growers’ Supply Co.* (1927) 202 Cal. 47, 55; *Stevens v. Oakdale Irr. Dist.* (1939) 13 Cal.2d 343, 350-351. When the intent of the transfer from overlying water right to appropriative, is to divest all overlying rights to the appropriator for water service—the entire quantity of the overlying water right becomes an appropriative water right—a usufructuary right for the purpose of providing water service to the overlying property. See, Judgment, Declaration and Adjustment of Rights, section 3(C), lines 8:28-9:7; section G, lines 11:9-14; 12:4-7; See, Stipulation for Entry of Judgment, II. Recitals, 4:6-10.

In cases of phased developments or properties that have not been fully developed to their lawful extent, *i.e.*, consistent with current zoning, there is no direct precedent addressing the accounting of an appropriative water right. However, the Judgment and Rules sections cited to above suggest that when an appropriator holding former overlying water rights sufficient to serve the entire property based on its lawful, development potential—then all of the appropriative water right is usufructuary for the purpose of servicing the overlying property.

There are cases holding that an appropriator must actually apply the water to some beneficial purpose. See, *Central Delta Water Agency v. State Water Resources Control Board* (2004) 124 Cal.App.4th 245, 253. That requirement would be met by the very fact that the transfer of an overlying water right to an appropriator for its subsequent water service to the overlying property is a beneficial use in nature, and the appropriator would be planning for and earmarking such transferred rights in its water planning. See, Judgment, Declaration and Adjustment of Rights, section 3(C), lines 8:28-9:7; section G, lines 11:9-14; 12:4-7; See, Stipulation for Entry of Judgment, II. Recitals, 4:6-10; 23 C.C.R. §663. Moreover, a transfer of an overlying water right to an appropriative one, for water service from the appropriator to the overlying property—effectively swaps the beneficial use of an overlying right to provide

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domestic/irrigation water usage to a beneficial “municipal” use that would characterize an appropriative use. See, 23 C.C.R. §660; 661; 663.

B. When an Transferred Overlying Right Exceeds The Amount of Water Actually Required to be Put to Beneficial Use of the Property

An appropriation is “...then complete in the sence that the rights of the appropriator cannot be defeated by acts done or appropriations attempted to be made by others after such diversions and while he is proceeding with reasonable diligence to apply the water appropriated by him to the purpose contemplated.” See, *Simons v. Inyo Cerro Gordo Min. & Power Co.* (1920) 48 Cal.App. 524, 537. Again, an appropriative right is usufructuary and does not exceed the amount of water actually put to beneficial use--said in another way—“actual diversion (the taking of possession) creates the right; actual use (the amount in possession) measures the right.” See, *Simons, infra*, at 538.

In instances where an overlying right exceeds what is presently required to develop a property, a full transfer of the overlying right to the appropriator pursuant to the Judgment where the overlying party refrains from its use of that right, creates the appropriative right, and grants to the appropriator a “reasonable time” to put that water to beneficial use. To constitute a valid appropriation of water, three elements must always be present: i) an intent to apply it to some existing or contemplated beneficial use; ii) an actual diversion from the natural channel by some mode sufficient for the purpose; and iii) an application of the water within a reasonable time to some beneficial use. See, *Simons, supra*, at 537. Obviously in the context of an adjudicated basin, the first two conditions are met by a transfer agreement where the overlying party agrees to forego its rights, refrains from pumping and the appropriator agrees to provide water service in exchange, investing in the necessary infrastructure to make that possible. The key condition would be the third—and the appropriator “...cannot be defeated by acts done or appropriations attempted to be made by others after such diversion and while he is proceeding with reasonable diligence to apply the water appropriated by him to the purpose contemplated.” See, *Simons, supra*, at 537. So, reasonable time is afforded the appropriator to put the water to actual beneficial use, which could take into account water planning based on economic trends indicating the full beneficial use of the transferred water right.

Best Procedures

Pursuant to the Judgment, Rules, and relevant precedent, an overlying party’s transfer of its water rights to an appropriator for subsequent water service, such that the overlying party foregoes the use of its former overlying water right—transfers the nature of the overlying water right to an appropriative water right, beneficial in nature, and one which would vest upon the transfer. Accounting for this transfer as part of the “safe yield” analysis would be required, such that the amount of the former overlying water right should be noted as being transferred to an appropriator on a date specific, and, in the cases of phased developments, it may be useful, from an accounting standpoint, to note how much of the overall appropriative right has been put to municipal use per-phase--although the entire amount of the former overlying water right would effectively be transferred to the appropriator as a beneficial use.

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In the case of a appropriated water right acquired, but not yet put to full beneficial use, the appropriator should make the case for actual use based on planning and intent.