

## **Memorandum**

**DATE:** April 14, 2026  
**TO:** Watermaster Staff  
**FROM:** Brownstein Hyatt Farber Schreck, LLP  
**RE:** FY 2026-2027 Legal Counsel Budget Detail and Analysis

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This worksheet has been prepared at your request to provide additional detail regarding the expected legal fees and costs that will be incurred if Watermaster implements its responsibilities under the Restated Judgment, pending Court Orders, including the Peace I and Peace II Agreements, and the Optimum Basin Management Program (OBMP). The Nine Member Board is expected to implement these measures. Additional fees and costs may be incurred in connection with actions that are within Watermaster's duties and implementation authority but outside the control of staff and counsel. That is, Parties to the Restated Judgment and persons not bound by the Restated Judgment may initiate actions that require a response from Watermaster.

This worksheet utilizes the budget as estimated by legal counsel as of the above date, and will be updated, as necessary, so that any adjustments in the budgeted amount can be made considering actual projections concerning time and level of activity associated with anticipated budget line items. The experience of Watermaster over the past more than twenty-five years since Brownstein Hyatt Farber Schreck (Brownstein) was retained as counsel provides a basis for the budget based upon a customary level of activity. These projections are included within the budget as requested to provide service as legal counsel to the Board. Thus, the proposed budget amount analyzed below is \$1,241,865, which includes a roughly \$41,000 allocation for unanticipated activities.

Budget Assumptions: The number of hours expended to provide the desired level of service is the primary factor in legal counsel expense. The budgeted amount includes reimbursement for out-of-pocket costs that include phone charges, electronic legal research charges, travel costs (including mileage, lodging, etc.) and other incidental costs. While these costs traditionally vary from month to month, they do not constitute a material portion of the budget. Typically, 2-5% of a monthly bill is cost recovery.

Brownstein has represented Watermaster for over 25 years and consequently, as a matter of Brownstein policy, Watermaster enjoys a continuing and gradually steepening discount against standard rates. In some cases, the discount approaches 45%.

Slater and Herrema are the principal lawyers assigned to the Watermaster matter. Over the years, Slater's activities are generally reserved to Watermaster Board meetings, assignments directed by the Board, and task driven.

Definition of “unanticipated expenses”: For the purposes of this memorandum, “unanticipated expenses” refers to an amount of money that is budgeted to account for legal issues that may arise post budget approval that were not anticipated in the budget, or to account for underestimates in the budget for the anticipated matters as a result of unforeseen complexity. Historically, the Watermaster budget preference had been to underfund all parts of the budget, including contingency, so as to not create an expectancy of higher expenditure. Experience suggests that the Watermaster Board and the Parties to the Restated Judgment have been more comfortable with assigning additional funding to a matter after the actual need has been identified. Such funds whose use requires a Board-approved budget transfer/amendment are sometimes identified as “contingency.” This analysis uses the term “unanticipated expenses” in the first sense to refer to an amount of money that is budgeted to account for unanticipated expenses.

Detail articulated below includes:

Regular Meeting Attendance	\$236,115
Board Briefings/Workshops	\$ 31,275
Court Coordination	\$ 80,400
Rules and Regs Rewrite	\$ 11,075
Personnel Matters	\$ 30,500
Interagency and Miscellaneous	\$236,400
Party Status Maintenance	\$ 14,950
<b>Total:</b>	<b>\$640,715</b>

**Regular Meeting Attendance (6275, 6375, 8375, 8475, 8575) \$236,115**

Assumptions: Three meeting days per month staffed by one attorney per meeting. Assumed hours commitment of 5 hours per Pool Committee meeting and 4 hours per Advisory Committee meeting, inclusive of attendance, travel and preparation. Assumption of regular attendance by Slater at the Board meeting (12 hours x 11 months = 132 hours), and by Herrema at Pool Committees and Advisory Committee (5 hours x 3 pool committees x 11 months + 4 hours x 11 months = 209 hours) for an approximate total of \$236,115.

**Board Briefings/Workshops (6375.1) \$ 31,275**

Over the past few years, Watermaster staff and legal counsel have conducted Board Briefings to provide Board members with information as to the legal background for Watermaster’s activities, the functions of the Pool Committees, Advisory Committee and Board, the role of Watermaster staff and current issues. This budget assumes that one or two briefings or workshops will take place in FY 2026-2027. Responsibility for this task is shared by Slater (20 hours) and Herrema (25 hours) for an approximate total of \$31,275.

**Court Coordination (6071)**

Activities:

**(1) Regular court hearings \$80,400**

Based on present trends in the motion practice before the Court, we anticipate a moderate level of effort in 2026-2027 in regard to interactions with the Court. Given that Court hearings require more preparation than regular monthly meetings, this category assumed an hour commitment of 30 hours per hearing inclusive of attendance, travel and preparation of reports or other filings. This category assumes one attorney per hearing, though it is often necessary to staff a hearing with more than one attorney. Responsibility for this task is shared equally between Slater (40 hours) and Herrema (40 hours) with assistance from associate attorney Ben Markham or an equivalent billing attorney (60 hours) for an approximate total of \$80,400.

**(2) Rules and Regulations Rewrite (6072) \$ 11,075**

The Watermaster Board has directed that the Rules and Regulations be reviewed for any necessary updates every other year. A planned update is proceeding during FY 2026-2027. This budget item presents the level of effort for such a rewrite. Responsibility for this task is shared by Slater (5 hours), Herrema (5 hours), and Markham (10 hours) for an approximate total of \$11,075.

**Personnel (6073)** \$ 30,500

It is not anticipated that any significant personnel issues will arise in FY 2026-2027, though some level of activity is the norm in any year. Thus, we have proposed a nominal budget for this item for employment and benefits counsel, Christine Samsel and Nancy Strelau of 50 hours, and an approximate total of \$30,500.

**Interagency Issues and Miscellaneous (6074 and 6078)** 236,400

There are always a variety of day-to-day matters that arise throughout a month concerning questions that require interpretation of the Restated Judgment, Rules, agreements, etc. Herrema (120 hours) is the attorney responsible for these matters, with assistance from Slater (80 hours) and Markham (120 hours), with an approximate cost of \$187,800.

To the extent that agreements between the parties arise, there will likely be nominal involvement from legal counsel. In addition, it is likely that several interagency agreements will be required in FY 2026-2027 as in past years. These activities assume the work will be done by Herrema (72 hours) for an approximate total of \$48,600.

**Party Status Maintenance (6077)** \$ 14,950

In each year, there is a small amount of work to do to regarding the proper placement of parties in Pools and the Pool and party rosters. The proposed budget assumes working with Watermaster staff to undertake this clean-up. The proposed budget assumes that Herrema will be the primary attorneys assigned to this task (10 hours) with assistance from Markham (20 hours), for an approximate total of \$14,950.

**Archibald South Plume (6907.31)** \$ 13,400

The proposed budget assumes that Slater will be the primary attorney assigned to the task of any necessary ABGL facilitation (5 hours) with input from Mark Mathews (5 hours) and involvement from Herrema (10 hours) for an approximate total of \$13,400.

**Chino Airport Plume (6907.32)** \$ 13,400

The proposed budget assumes that Slater will be the primary attorney assigned to the task of any facilitation related to the Chino Airport Plume (5 hours) with input from Mark Mathews (5 hours) and involvement from Herrema (10 hours) for an approximate total of \$13,400.

**Desalter/Hydraulic Control Issues (6907.33)** \$ 41,400

**Regional Water Quality Control Board (6907.38)** \$ 69,600

Given the significance of the Desalter and Hydraulic Control issues to the OBMP, legal counsel believes it is appropriate to expect continuing activity on this issue continuing into FY 2025-2026 – specifically in light of the reduced groundwater production in areas of the Basin due to water quality concerns. Given his participation in the CDA facilitation, Slater will be the primary attorney (20 hours) with assistance from Herrema (40 hours), for an approximate total of \$41,400.

Regarding the Regional Water Quality Control Board, a Basin Plan Amendment related to the revision to the Salt and Nutrient Management Plan is planned to be completed in FY 2026-2027. On this matter, work will be conducted by Slater (25 hours), Herrema (40 hours), and Markham (60 hours) for an approximate total of \$69,600.

**Santa Ana River Water Rights (6907.34)** \$ 22,425

Legal counsel is currently completing a process to extend the time in which Watermaster must seek to license its water right permit numbers 19895 and 20753 – a substantial amount of work was completed on this in FY 2017-2018, and additional progress was been made in FY 2021-2022 but it is likely that the SWRCB's processing will not be completed until FY 2026.-2027. SWRCB staff have requested additional information in order to complete this process. Watermaster additionally is required to complete annual reporting to the Department of Fish and Wildlife and the SWRCB regarding its diversions under its permit 21225. In addition, given the history on the Santa Ana River it is prudent to account for some level of activity regarding water rights on the River. Work under this budget item is split 1/3 Herrema (15 hours) and 2/3 Markham or an equivalent billing attorney (30 hours) for an approximate total of \$22,425.

**Recharge Master Plan (6907.39)**

\$ 29,900

Each year, counsel spends a limited amount of time assisting with administration of the projects approved as part of the RMPUs. Additionally, an update to the Recharge Master Plan must be completed by October 2028, and this effort may begin in FY 2026-2027. It is anticipated that the effort in this regard will be spread among Herrema (20 hours) and Markham or an equivalent billing attorney (40 hours) for an approximate total of \$29,900.

**Prado Basin Habitat Sustainability (6907.41)**

\$ 10,850

The Peace II Subsequent Environmental Impact Report includes mitigation requirements as to the development of a Prado Basin Habitat Sustainability Committee and Program be developed. Watermaster and IEUA have entered into a cost sharing agreement as to the required mitigation and Watermaster will have ongoing obligations thereunder. It is anticipated that Herrema will provide (10 hours) and Markham (10 hours) for an approximate total of \$10,850.

**SGMA Compliance (6907.44)**

\$ 10,850

Based on the Chino Basin's adjudicated status, Watermaster has certain obligations to annually report information to DWR. It is anticipated that there will also be a minimal amount of work associated with tracking and evaluating how new SGMA directives may affect the Basin or suggest changes to Basin management. This will include work by Herrema (10 hours) and Markham or an equivalent billing attorney (10 hours) for an approximate total of \$10,850.

**OBMP Update (6907.45)**

\$187,800

The Watermaster Board approved the 2020 OBMP in October 2020. The LSLs was approved in July. Work in 2026-2027 would include assistance with OBMPU implementation and assisting the parties with issues associated with potential amendments to the Peace Agreement and OBMPU Implementation Plan. This effort would include work by Slater (80 hours), Herrema (120 hours) and Markham or an equivalent billing attorney (120 hours) for an approximate total of \$187,800.

**2020 Safe Yield Reset (6907.47)**

\$159,900

The Court's 2017, 2019, and 2020 orders as to future Safe Yield resets include processes for potential update to the reset methodology, peer review, and the outcome of the State's process regarding water use efficiency requirements. There will be work in FY 2025-2026 associated with the implementation of these orders, including the completion of the 2025 Model Update and Safe Yield Evaluation and any ensuing action by the Parties and Watermaster. This will include work by Slater (60 hours), Herrema (100 hours), and Markham or an equivalent billing attorney (120 hours) for an approximate total of \$159,900.

**Unanticipated Activities (6907.9)**

\$ 41,625

Regarding the unanticipated activities that may occur during the year (please see the discussion on page 1, above), Slater has been budgeted at (25 hours) and Herrema is budgeted (35 hours) for an approximate total of \$41,625.

Account	Description	Note	Labor (Cost)			FY 2026/2027 Budget	FY 2025/2026 Budget
			Total Hours	Cost			
				Task	Account		
<b>WM Legal Services - Meetings, Business Items, Associated Activities</b>							
6275	Advisory Committee Meetings	4 Hours/Month X 11 Months @ \$675	44	\$	29,700	\$ 267,390	\$ 249,798
6375	Board Meetings	12 Hours/Month X 11 Months @ \$720	132	\$	95,040		
6375.1	Board Briefings/Workshops	20 Hrs @ \$720, 25 Hrs @ \$675	45	\$	31,275		
8375	Appropriative Pool Meetings	5 Hours/Month X 11 Months @ \$675	55	\$	37,125		
8475	Agricultural Pool Meetings	5 Hours/Month X 11 Months @ \$675	55	\$	37,125		
8575	Non-Agricultural Pool Meetings	5 Hours/Month X 11 Months @ \$675	55	\$	37,125		
<b>Total for Activity</b>			<b>386</b>	<b>\$</b>	<b>267,390</b>		
<b>WM Legal Services</b>							
6070	Court Coordination	40 Hrs @ \$720, 40 Hrs @ \$675, 60 Hrs @ \$410	140	\$	80,400	\$ 373,325	\$ 346,011
6072	Rules and Regs	5 Hrs @ \$720, 5 Hrs @ \$675, 10 Hrs @ \$410	20	\$	11,075		
6073	Personnel Matters	50 Hrs @ \$610	50	\$	30,500		
6074	Interagency Issues	72 Hrs @ \$675	72	\$	48,600		
6077	Party Status Maintenance	10 Hrs @ \$675, 20 Hrs @ \$410	30	\$	14,950		
6078	Miscellaneous	80 Hrs @ \$720, 120 Hrs @ \$675, 120 Hrs @ \$410	320	\$	187,800		
<b>Total for Activity</b>			<b>632</b>	<b>\$</b>	<b>373,325</b>		
<b>Archibald South Plume</b>							
6907.31	Archibald South Plume	5 Hrs @ \$720, 5 Hrs @ \$610, 10 Hrs @ \$675	20	\$	13,400	\$ 13,400	\$ 12,565
<b>Total for Activity</b>			<b>20</b>	<b>\$</b>	<b>13,400</b>		
<b>Chino Airport Plume</b>							
6907.32	Chino Airport Plume	5 Hrs @ \$720, 5 Hrs @ \$610, 10 Hrs @ \$675	20	\$	13,400	\$ 13,400	\$ 12,565
<b>Total for Activity</b>			<b>20</b>	<b>\$</b>	<b>13,400</b>		
<b>Desalter/Hydraulic Control Issues</b>							
6907.33	Continued CDA Support	10 Hrs @ \$720, 20 Hrs @ \$675	30	\$	20,700	\$ 41,400	\$ 38,680
	Hydraulic Control	10 Hrs @ \$720, 20 Hrs @ \$675	30	\$	20,700		
<b>Total for Activity</b>			<b>60</b>	<b>\$</b>	<b>41,400</b>		
<b>Santa Ana River Water Rights</b>							
6907.34	Water Right Permits 21225, 20753 and 19895	15 Hrs @ \$675, 30 Hrs @ \$410	45	\$	22,425	\$ 22,425	\$ 21,405
<b>Total for Activity</b>			<b>45</b>	<b>\$</b>	<b>22,425</b>		
<b>Reg. Water Quality Control Board</b>							
6907.38	Legal counsel involvement in ongoing issues	25 Hrs @ \$720, 40 Hrs @ \$675, 60 Hrs @ \$410	125	\$	69,600	\$ 69,600	\$ 63,200
<b>Total for Activity</b>			<b>125</b>	<b>\$</b>	<b>69,600</b>		
<b>Recharge Master Plan</b>							
6907.39	Implementation/Update	20 Hrs @ \$675, 40 Hrs @ \$410	60	\$	29,900	\$ 29,900	\$ 14,270
<b>Total for Activity</b>			<b>60</b>	<b>\$</b>	<b>29,900</b>		
<b>Prado Basin Habitat Sustainability</b>							
6907.41	Prado Basin Habitat	10 Hrs @ \$675, 10 Hrs @ \$410	20	\$	10,850	\$ 10,850	\$ 10,290
<b>Total for Activity</b>			<b>20</b>	<b>\$</b>	<b>10,850</b>		
<b>SGMA Compliance</b>							
6907.44	SGMA Compliance	10 Hrs @ \$675, 10 Hrs @ \$410	20	\$	10,850	\$ 10,850	\$ 10,290
<b>Total for Activity</b>			<b>20</b>	<b>\$</b>	<b>10,850</b>		
<b>OBMP Update</b>							
6907.45	OBMP Update	80 Hrs @ \$720, 120 Hrs @ \$675, 120 Hrs @ \$410	320	\$	187,800	\$ 187,800	\$ 177,240
<b>Total for Activity</b>			<b>320</b>	<b>\$</b>	<b>187,800</b>		
<b>2020 Safe Yield Reset</b>							
6907.47	2020 Safe Yield Reset	60 Hrs @ \$720, 100 Hrs @ \$675, 120 Hrs @ \$410	280	\$	159,900	\$ 159,900	\$ 151,180
<b>Total for Activity</b>			<b>280</b>	<b>\$</b>	<b>159,900</b>		
<b>WM Legal Counsel - Unanticipated</b>							
6907.9	Miscellaneous	25 Hrs @ \$720, 35 Hrs @ \$675	60	\$	41,625	\$ 41,625	\$ 38,885
<b>Total for Activity</b>			<b>60</b>	<b>\$</b>	<b>41,625</b>		
<b>Total--All Accounts</b>			<b>2,048</b>	<b>\$</b>	<b>1,241,865</b>	<b>\$</b>	<b>1,241,865</b>

- Notes:
- (A) Includes attorney and witness preparation, hearing attendance and potential post-hearing activities.
  - (B) Variety of day-to-day matters that arise throughout the month concerning the Judgment, Rules, agreements, etc.
  - (C) Activities related to clean-up and maintenance of Watermaster's roster of parties and Pool members, along with potential Court filings.
  - (D) Variety of day-to-day activities such as workshop reviews; research Pool membership issues; stormwater and new yield; review agreements and contracts; coordination of ongoing Watermaster projects; review of draft documents; special activities as requested by GM, etc.

General Notes:

- \* Brownstein maintains a 10% discount on all fees over \$100,000 as part of the original contract with Watermaster.
- \* Rather than attempt to project which budget items would be affected by the 10% discount, and which out-of-pocket cost items might be relevant to which budget items, the budget detail assumes they offset each other.
- \* Rates for most BHFS attorneys reflect an increase for the first time in several years.