#### **RULES AND REGULATIONS**

#### OF THE

#### **BEAUMONT BASIN WATERMASTER**

Adopted: June 8, 2004 Amended: February 7, 2006 Amended: September 9, 2008

#### **TABLE OF CONTENTS**

| SECTIO | ON 1 - GENERAL PROVISIONS                        |  |  |
|--------|--|--|--|
| 1.0    | In General                                       |  |  |
| 1.1    | Definitions                                      |  |  |
| SECTIO | ON 2 - ADMINISTRATION                            |  |  |
| 2.0    | Principal Office                                 |  |  |
| 2.1    | Records  |  |  |
| 2.2    | Meetings of the Watermaster                      |  |  |
| 2.3    | Quorum   |  |  |
| 2.4    | Voting Procedures                                |  |  |
| 2.5    | Employment of Experts and Agents                 |  |  |
| 2.6    | Acquisition of Facilities                        |  |  |
| 2.7    | Investment of Funds                              |  |  |
| 2.8    | Borrowing  |  |  |
| 2.9    | Contracts  |  |  |
| 2.10   | Budgets  |  |  |
| 2.11   | Assessments                                      |  |  |
|        | (a) Annual Replenishment Assessments             |  |  |
|        | (b) Annual Administrative Assessments            |  |  |
|        | (c) Special Project Assessments                  |  |  |
|        | (d) Supplemental Assessments                     |  |  |
|        | (e) Assessment Procedure                         |  |  |
|        | (i) Notice of Assessment                         |  |  |
|        | (ii) Payment                                     |  |  |
|        | (iii) Delinquency                                |  |  |
|        | (iv) Adjustments                                 |  |  |
|        | (v) Collection of Delinquent Assessment          |  |  |
|        | (f) Salt Credits                                 |  |  |
| 2.12   | Annual Report                                    |  |  |
| 2.13   | ·  |  |  |
| 2.14   |  |  |  |
| 2.15   |  |  |  |
| 2.16   | Watermaster Alternates                           |  |  |
| SECTIO | ON 3 - MONITORING                                |  |  |
| 3.0    | Scope  |  |  |
| 3.1    | Meters   |  |  |
|        | (a) Installation                                 |  |  |
|        | (i) New Wells                                    |  |  |
|        | (ii) Existing Wells                              |  |  |
|        | (b) Inspection and Testing                       |  |  |
|        | (c) Repair and Retesting                         |  |  |
| 3.2    | Reporting By Producers                           |  |  |
| SECTIO | ON 4 - OPERATING YIELD, SAFE YIELD AND NEW YIELI |  |  |

#### D

- 4.0 Redetermination of Operating Yield Redetermination of Safe Yield
- 4.1
- 4.2 New Yield
- 4.3 Losses or Spills from the Basin

- 5.0 In General
- 5.1 Application to Recharge Supplemental or New Yield Water
- 5.2 Notice of Pending Applications
- 5.3 Watermaster Investigations of Applications
- 5.4 Sources of Supplemental Water
- 5.5 Method of Replenishment

#### **SECTION 6 - STORAGE**

- 6.0 In General
- 6.1 Relationship Between Recapture and Storage
- 6.2 Storage of Water
- 6.3 Application for Storage of Water
- 6.4 Contents of Groundwater Storage Agreements
- 6.5 Notice of Pending Applications
- 6.6 Watermaster Investigations of Applications
- 6.7 Accounting for Water Stored

#### SECTION 7 – ADJUSTMENTS OF RIGHTS

- 7.0 In General
- 7.1 Notice of Adjustment of Rights
- 7.2 Accounting for Adjustments of Rights
- 7.3 Transfer of Water
- 7.4 Watermaster Supervision and Approval
- 7.5 Marketing Procedures
- 7.6 Disposition of Revenue
- 7.7 Accounting for Transfers

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

- 8.0 In General
- 8.1 Potential Conflict
- 8.2 Coordination of Water Resources Management Activities

#### **SECTION 9 - REVIEW PROCEDURES**

- 9.0 In General
- 9.1 Complaints or Contesting an Application
  - (a) Answering the Complaint or Objection
  - (b) Continuance for Good Cause
  - (c) Investigation by Watermaster
  - (d) Uncontested Applications
  - (e) Judicial Review
    - (i) Effective Date of Watermaster Action
    - (ii) Notice of Motion for Judicial Review
    - (iii) De Novo Nature of Proceeding
    - (iv) Decision

#### **SECTION 10 - WATERMASTER FORMS**

- 10.1 In General
- 10.2 Approved Forms

### SECTION 1 GENERAL PROVISIONS

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

### SECTION 2 ADMINISTRATION

**2.0 Principal Office**. The principal office of the Watermaster shall be:

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

or at such other location as may be designed from time-to-time by the Watermaster by resolution.

- **2.1 Records**. All records of the Watermaster shall be available for public inspection pursuant to the California Public Records Act, except as otherwise provided by law. Copies of such records may be obtained upon payment of the cost of duplication.
- **Meetings of the Watermaster**. All meetings of the Watermaster shall be open in public and conducted in accordance with the provisions of the California Open Meeting Law (Brown Act).
- **Quorum**. A majority of the 5-member committee acting as the Watermaster shall constitute a quorum for the transaction of business.
- **2.4 Voting Procedures**. Only action by affirmative vote of a majority of the members of the Watermaster Committee shall be effective.
- **2.5 Employment of Experts and Agents**. The Watermaster may employ or retain such administrative, engineering, geologic, accounting, legal or other specialized personnel and consultants as it may deem appropriate.
- **2.6 Acquisition of Facilities**. The Watermaster may purchase, lease and acquire all necessary real and personal property, including facilities and equipment.
- **2.7 Investment of Funds**. The Watermaster may hold and invest all Watermaster funds in investments authorized from time-to-time for public agencies of the State of California, pursuant to a Statement of Investment Policy adopted by the Watermaster Committee.
- **2.8 Borrowing**. The Watermaster may borrow, from time-to-time, amounts not exceeding annual receipts (payments on funds borrowed to implement Watermaster projects and programs must be included in Watermaster assessments such that they are part of Watermaster's annual receipts).
- **2.9 Contracts**. The Watermaster may enter into contracts and agreements for the performance of any of its powers, and may act jointly or cooperate with agencies of the United States, the State of California, or any political subdivisions, municipalities, special districts or any person.
- **2.10 Budgets**. The Watermaster shall prepare a proposed annual administrative budget for the upcoming fiscal year for Watermaster review. The Watermaster shall hold a public hearing on each such budget prior to adoption. Budgets shall be prepared in sufficient detail so as to make a proper allocation of the expenses and receipts. The adopted budget shall be funded in the upcoming year through assessments made pursuant to the Judgment. Expenditures within budgeted items may thereafter be made by the Watermaster as a matter of course (Judgment p.22, lines 3-5).

- **2.11 Assessments**. Pursuant to the Judgment, Watermaster is empowered to levy and collect the following assessments: Annual Replenishment Assessments and Annual Administrative Assessments.
  - (a) Annual Replenishment Assessments. The Watermaster shall levy and collect assessments in each year, in amounts sufficient to purchase replenishment water to replace Overproduction by any Party from the prior fiscal year. Replenishment assessments shall be collected not later than October 1 of each year. Under no circumstances shall Overlying Parties be required to pay assessments for pumping in an amount up to that set forth in column 4 of Exhibit B pf the Judgment, subject to Section III of the Judgment.
  - (b) Annual Administrative Assessments. Annually, not later than the June meeting of the Watermaster, a General Administrative Budget shall be adopted for the ensuing fiscal year for the purpose of funding General Administration Watermaster Expenses. The General Watermaster Administration Expenses shall include office rent, labor, supplies, office equipment, incidental expenses and general overhead. General Watermaster Administration Expenses will be assessed equally among the Appropriators who have appointed representatives to the Watermaster (Judgment, p. 19, lines 21-27).
  - (c) Special Project Assessments. Special Project Assessments will be levied to cover special project expenses including: special engineering, economic or other studies, litigation expenses, meter testing or other major operating expenses. Each such project shall be assigned a task order number and shall be separately budgeted and accounted for. Special Project Expenses shall be allocated to the Appropriators, or portion thereof, on the basis of benefit. This may be accomplished through the identification and implementation of Special Project Committees. A Specific Project Committee may involve a specific Party or any group of Parties, provided that no Party shall be involved without its approval (Judgment, p. 20, lines 1-9). Special Project Assessments shall be invoiced upon approval of a budget and a scope of work for a Special Project by Project Committee.
  - (d) Supplemental Assessments. Supplemental Assessments may be levied based on incurring unbudgeted or unforeseen expenses as approved by Watermaster. Examples include Special Project expenses for litigation in which Watermaster has taken action to participate. All Supplemental Assessments shall reference the Watermaster action authorizing same and be invoiced within one week of the Watermaster action.
  - (e) Assessment Procedure. Assessments shall be levied and collected as follows:
  - (f) **Notice of Assessment**. The Watermaster shall give written notice of all applicable assessments to each producer in the form of an invoice.
    - (i) **Payment**. Each assessment shall be payable on or before thirty (30) days after the date of invoice, and shall be the primary obligation of the party or successor owning the water production facility at the time written notice of assessment is given, even though prior arrangement for payment by others has been made in writing and filed with the Watermaster.
    - (ii) **Delinquency**. Any delinquent assessment shall incur a late charge of 10% per

annum (or such greater rate as shall equal the average current cost of borrowed funds to the Watermaster) from the due date thereof.

- (iii) Assessment Adjustments. The Watermaster shall make assessment adjustments as necessary for the reporting period as either a credit or a debit in the next occurring assessment period unless otherwise reasonably decided by the Watermaster.
- (iv) Collection of Delinquent Assessments. The Watermaster may bring suit in a Court having jurisdiction against any Producer for the collection of any delinquent assessments and interest thereon. The Court, in addition to any delinquent assessments, may award interest and reasonable costs including attorneys' fees.
- (g) **Salt Credits**. Watermaster may establish a method of calculating salt credits in the future as part of a conjunctive use program or as part of the maximum benefit objectives demonstration program for discrete projects.
- **2.12 Annual Report**. A draft annual report shall be prepared by the August Watermaster meeting and a final report shall be prepared by the September meeting of each year. At a minimum, the annual report will describe Watermaster's operations, assessments and expenditures, and a review of Watermaster activities. The annual report shall also include a summary report by the Watermaster engineer, at a minimum, describing and updating any basin condition information collected or analyzed and a current active party list.

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

### SECTION 3 MONITORING

- **3.0 Scope**. The Watermaster will carry out the monitoring activities described in the Beaumont Basin Management Plan and such policies and procedures as may be deemed necessary by the Watermaster. Any such policies and procedures shall be adopted at regular or special meetings of the Watermaster and reported in the Watermaster's annual report.
- **Measuring Devices**. Groundwater production shall be monitored by measuring devices and/or meters (hereinafter collectively, "meter" or "meters"), as follows:
  - (a) Meter Installation. Except as otherwise provided by agreement, such necessary meters as Watermaster may deem appropriate shall be installed as follows:
    - (i) New Wells:
      - (1) **Appropriator Wells**. A meter shall be installed on each new Appropriator well by the Appropriator and at the Appropriator's expense concurrently with the installation of the pump.
      - (2) **Overlier Wells**. A meter shall be installed on each new Overlier well by the Watermaster and at the Watermaster's expense concurrently with the installation of the pump.
    - (ii) **Existing Wells**. Meters shall be installed on existing wells as soon as practicable by the Watermaster at the Watermaster's expense.
  - (b) Meter Maintenance. The Watermaster shall, at its expense, perform routine maintenance on all well meters in the Beaumont Basin.
  - (c) Inspection, Testing, Repair and Retesting. Meters shall be inspected and tested as deemed necessary by the Watermaster and the cost thereof borne by the Watermaster. The Watermaster may contract for a meter testing service or with an Appropriator for meter inspection and/or testing. Any Producer may request an evaluation of any or all of its water meters at any time; provided, however, the Watermaster shall only pay for tests initiated by the Watermaster. Meter repair and retesting will be a Producer expense (Judgment, pp. 18-19, lines 28 7).
- file with the Watermaster on forms provided therefore, a monthly report of its total water production during the preceding calendar month, together with such additional information as the Watermaster may reasonably require (including power use records, if unmetered). The report shall be due on the fifteenth (15th) day of the month next succeeding the end of each respective month. Appropriators shall report groundwater levels and Overlying Owner production along with such additional information as may be necessary to complete the Watermaster monitoring program through Agreements with the Watermaster. Producers producing 10 acre-feet or less per year shall file an annual report of their total water production during the preceding fiscal year by the 15<sup>th</sup> of July of each year on forms provided therefore.

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

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

### SECTION 5 RECHARGE

- **5.0 In General**. All Groundwater Recharge activities in the Beaumont Basin shall be subject to the Watermaster Rules and Regulations
  - (a) The Watermaster shall calculate additions, extractions and losses, and maintain an annual account of all recharged water in the Beaumont Basin, and any losses of water supplies or Safe Yield resulting from such recharged water (p. 21, lines 9-13).
  - (b) The owners of existing publicly-owned recharge facilities shall cooperate with the Watermaster to expand, improve and/or preserve recharge facilities. The Watermaster shall cooperate with appropriate entities to construct and operate new recharge facilities.
  - (c) The Watermaster shall account for all sources of recharge and shall provide an annual accounting of the amount of recharge and the location of the specific types of recharge.
  - (d) The Watermaster may determine to prepare a Recharge Master Plan, which Plan shall be periodically updated to account for changed conditions.
  - (e) The Watermaster may arrange, facilitate and provide for recharge by entering into contracts with appropriate persons, who may provide facilities and operations for the physical recharge of water.
- **5.1 Application to Recharge Supplemental or New Yield Water**. All recharge of Supplemental or New Yield Water shall be subject to Watermaster approval obtained by an application made to the Watermaster to protect the integrity of the Beaumont Basin.
- 5.2 Notice of Pending Applications. Upon receipt of an application, the Watermaster staff shall prepare a written summary and analysis of each such application. The application, along with the written summary and analysis shall be distributed to the Producers and any other interested parties not less than 21 days prior to the date the Watermaster is scheduled to consider and take action on the pending application. The cost of the summary and analysis of each application shall be borne by the applicant.
- **5.3 Watermaster Investigations of Applications.** The Watermaster may, in its discretion, cause an investigation of the subject of a pending application. Any party to the proceeding may be requested to confer and cooperate with the Watermaster's staff and consultants, and to provide such additional information and data as may be reasonably required to complete the investigation.
- **5.4 Sources of Supplemental Water**. Supplemental Water may be obtained by the Watermaster from any available source. The Watermaster shall, however, seek to obtain the best available quality of Supplemental Water at the most reasonable cost for recharge. Available sources may include, but are not limited to:
  - (a) Maximum beneficial use of Recycled Water, which shall be given a high priority by the Watermaster;
  - (b) State Project Water;

- (c) Local Imported Water through facilities and methods for importation of surface and groundwater supplies from adjacent basins and watersheds;
- (d) Available supplies of Metropolitan Water District;
- (e) Stormwater recharge projects.
- (f) Other Imported Water.
- 5.5 Method of Replenishment. The Watermaster may accomplish replenishment by any reasonable method, including spreading and percolation, injection of water in existing or new facilities, in-lieu delivery arrangements and acquisition of unproduced water.

#### SECTION 6 STORAGE

- **6.0 In General**. A substantial amount of available groundwater storage capacity exists that is not used for storage or regulation of basin waters. It is essential that the use of storage capacity be undertaken only under Watermaster control and regulation so as to protect the integrity of the Beaumont Basin. The Watermaster shall exercise regulation and control of storage primarily through the execution of Groundwater Storage Agreements.
- Relationship Between Recapture and Storage. Recapture of water held in a storage account will generally be approved by the Watermaster as a component of and coincident with a Groundwater Storage Agreement. However, the Watermaster may approve a Groundwater Storage Agreement where the plan for recovery is not yet known. In such cases, the applicant for a Groundwater Storage Agreement may request Watermaster approval of the Agreement and subsequently submit and process an independent Application for Recapture to the Watermaster.
- **Storage of Water**. Storing Supplemental Water for withdrawal, or causing withdrawal of water unused and stored in prior years, shall be subject to the terms of a Groundwater Storage Agreement with the Watermaster. Any Water recharged by any person is deemed abandoned and shall not be considered water stored except pursuant to these Rules and Regulations and a Groundwater Storage Agreement.
- **Application for Storage of Water**. The Watermaster will ensure that any Person, including, but not limited to, the State of California and the Department of Water Resources, shall make an application to the Watermaster to store and recover water as provided herein. The Watermaster shall also ensure that sufficient storage capacity shall be reserved for local projects implemented by the Appropriators.
- **Contents of Groundwater Storage Agreements**. Each Groundwater Storage Agreement shall include, but not be limited to, the following components:
  - (a) The quantities and term of the storage right, which shall specifically exclude credit for any return flows;
  - (b) A statement of the priorities of the storage right as against overlying, Safe Yield uses, and other storage rights;
  - (c) The projected delivery rates, together with projected schedules and procedures for spreading, injection or in-lieu deliveries of Supplemental Water for direct use;
  - (d) The calculation of storage water losses and annual accounting for water in storage; and
  - (e) The establishment and administration of withdrawal schedules, locations and methods.
- 6.5 Notice of Pending Applications. Upon receipt of an application, the Watermaster staff shall prepare a written summary and analysis of each such application. The application along with the written summary and analysis shall be distributed to the Producers and any other interested parties not less than 21 days prior to the date the Watermaster is scheduled to consider and take action on the pending application. The cost of the written summary and analysis of each such application shall be borne by the applicant.

- 6.6 Watermaster Investigations of Applications. The Watermaster may, in its discretion, cause an investigation of the subject of a pending application. Any party to the proceeding may be requested to confer and cooperate with the Watermaster's staff and consultants, and to provide such additional information and data as may be reasonably required to complete the investigation.
- 6.7 Accounting for Water Stored. The Watermaster shall calculate additions, extractions and losses of all water stored and any losses of water supplies or Safe Yield resulting from such water stored, and keep and maintain for public record an annual accounting thereof.

#### **SECTION 7** ADJUSTMENTS OF RIGHTS

- 7.0 In General. Overlying Parties shall have the right to exercise their respective Overlying Water Rights except to the extent provided in Section III, Paragraph 3, entitled Adjustment of Rights, of the Judgment. (Judgment, p. 8, lines 12-14).
  - (a) To the extent any Overlying Party requests, and uses its adjudicated water rights to obtain water service from an Appropriator Party, an equivalent volume of potable groundwater shall be earmarked by the Appropriator Party which will serve the Overlying Party, up to the volume of the Overlying Water Rights as reflected in Column 4 of Exhibit "B" of the Judgment, for the purpose of serving the Overlying Party. (Judgment, p. 8, lines 15-27).
  - (b) When an Overlying Party receives water service as provided for in paragraph 7(a), the Overlying Party shall forebear the use of that volume of the Overlying Water Right earmarked by the Appropriator Party. The Appropriator Party providing such service shall have the right to produce the volume of water foregone by the Overlying Party, in addition to other rights otherwise allocated to the Appropriator Party. (Judgment, p. 8, line 28 - p. 9, line 7).
- 7.1 Notice of Adjustment of Rights. The Overlying Pumper and Appropriator shall complete a Notice of Adjustment of Rights (Form 5) and file it with the Watermaster within 30 days of entering into a Service Agreement.
- 7.2 Accounting for Adjustment of Rights. Watermaster staff will maintain an accounting of all adjustments of rights based on actual meter readings or other measuring devices. The accounting will be presented in the Annual Report and other relevant Watermaster reports as appropriate.
- 7.3 Transfer of Water. Any Appropriator may transfer all or any portion of its Appropriator's Production Right or Operating Yield that is surplus to its needs to another Appropriator in accordance with these Rules and Regulations.
- 7.4 Watermaster Supervision and Approval. Any proposed transfer shall first be approved by the Watermaster and implemented under Watermaster supervision.
- 7.5 Marketing Procedures. An Appropriator wishing to transfer all or any portion of its Appropriator's Production Right may do so in any one of the following three ways:
  - The Appropriator may undertake its own marketing efforts and negotiate an agreement (a) with one or more Appropriators; or
  - The Appropriator may request assistance from the Watermaster to conduct a sealed (b) bidding process among the Appropriators and award a contract to the highest bidder; or
  - (c) The Appropriator may request the Watermaster to allocate the total amount of water to be transferred to the accounts of the other Appropriators in proportion to their respective shares of the Operating Safe Yield and assess each of the Appropriators for the water at a cost not to exceed a Watermaster-approved Groundwater Replenishment Rate.

- **7.6 Disposition of Revenue.** Any revenue generated from the transfer of surplus water shall be used first to reduce or pay off delinquent Annual Administrative Assessments and Annual Replenishment Assessments, if any, and the balance shall be paid over to the transferring party. At the transferring party's option, the balance may be credited to future Assessments.
- **7.7 Accounting for Transfers.** The Watermaster shall maintain an accounting of all transfers, and such accounting shall be included in the Annual Report and other relevant Watermaster reports as appropriate.
- Availability of Unused Overlying Production and Allocation to the Appropriator Parties.

  Except as provided for in Section 7.0 herein, to the extent that groundwater pumping by an overlying party to the Judgment does not exceed five times the share of safe yield assigned to the overlying party during any five-year period (see column 4 of Exhibit B to the Judgment), the amount of groundwater not produced by such overlying party pursuant to its rights under the Judgment shall be available for allocation to the appropriator parties in accordance with their respective percentage shares of unused safe yield (see column 3 of Exhibit C to the Judgment). The availability and allocation of any such groundwater not produced by the overlying parties in accordance with their rights under the Judgment shall be first determined in fiscal year 2008/09 and every year thereafter. The table below illustrates the allocation process anticipated in the Judgment.

| Available Unused Overlying | Will be Allocated to the       |
|----------------------------|--------------------------------|
| Production in Fiscal       | Appropriator Parties in Fiscal |
| 2003/04                    | 2008/09                        |
| 2004/05                    | 2009/10                        |
| 2005/06                    | 2010/11                        |
| 2006/07                    | 2011/12                        |
| 2007/08                    | 2012/13                        |
| 2008/09                    | 2013/14                        |
| 2009/10                    | 2014/15                        |
| 2010/11                    | 2015/16                        |
| 2011/12                    | 2016/17                        |
| 2012/13                    | 2017/18                        |

Groundwater not produced by the overlying parties in accordance with their rights under the Judgment and determined to be available for allocation to the appropriator parties pursuant hereto may be utilized by the appropriator parties in accordance with the terms of the Judgment and these Rules and Regulations. Neither this rule nor its operation shall be deemed or construed in any way to change, limit or otherwise affect any rights awarded to and held by the overlying parties pursuant to the Judgment. Nor shall this rule or its operation result in any liability to the overlying parties or be deemed or construed as a transfer, assignment, forfeiture or abandonment of any overlying rights under the Judgment.

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

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

### SECTION 9 REVIEW PROCEDURES

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

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

### SECTION 10 WATERMASTER FORMS

- **10.1 In General.** In order to facilitate and expedite the performance of its duties, the Watermaster may, from time-to-time, develop standardized forms for the transaction of business. Such forms shall be adopted by minute action of the Watermaster Board.
- **10.2 Approved Forms.** The following standardized forms shall be used, except when good cause exists for the use of a customized format:
  - (1) Application for Groundwater Storage Agreement.
  - (2) Groundwater Storage Agreement.
  - (3) Application for Recharge.
  - (4) Application (or Amendment to Application) to Recapture Water in Storage.
  - (5) Notice to Adjust Rights of an Overlying Party due to Proposed Provision of Water Service by an Appropriator.
  - (6) Request for Notice or Waiver of Notice and Designation of Address for Notice and Service.
  - (7) Transfer of Water Between Appropriators.
  - (8) Transfer of Right to Recapture Water in Storage Between Appropriators.

- END OF RULES AND REGULATIONS -