

Beaumont Basin Watermaster  
**WORKSHOP AGENDA**  
**DATE: Tuesday, March 25, 2008**

**TIME: 10:00 AM**

**PLACE: BCVWD**

**815 E. 12<sup>th</sup> Street, Beaumont, CA, 92223**

1. Call to Order
2. Roll Call
  - A. City of Banning: Jim Earhart
  - B. City of Beaumont: Dee Moorjani
  - C. Beaumont Cherry Valley Water District: C.J. Butcher
  - D. South Mesa Water Company: George Jorritsma
  - E. Yucaipa Valley Water District: Joe Zoba
3. Pledge of Allegiance
4. Oral and Written Communication

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

5. Discussion Regarding Rules and Regulations Regarding Assignment of Unused Overlying Rights per the Judgment
6. Discussion Regarding Authority for Storm Water Capture When Recharged by Appropriators (Discussion only)
7. Adjournment

# ***BEAUMONT BASIN WATERMASTER***

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**Date:** March 18, 2008

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

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

**Subject:** Annual assignment of unused overlying pumping rights from the overlying parties to the appropriator parties.

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The groundwater production and storage rights in the Beaumont Basin were adjudicated in 2003 and 2004 and are described in the stipulated agreement that was approved by Superior Court in February 2004 (see the Stipulated Agreement at [www.beaumontwatermaster.org](http://www.beaumontwatermaster.org)). The overlying parties to the stipulation were decreed specific pumping rights with the water to be pumped from and used on specific parcels. In lieu of storage accounts and carryover rights, the overlying parties were each allowed to exercise their rights over a five contiguous year period. If an overlying party produced more than five times their decreed right over this five-year period they would be required to pay assessments to the Watermaster so that the Watermaster could purchase replenishment water on their behalf. Exhibit B lists the overlying parties and their decreed overlying rights. Exhibit D lists the overlying parties and the parcels on which their rights can be pumped and used.

The water requirements of the overlying parties essentially equaled the decreed safe yield of the Beaumont Basin and therefore there was no safe yield available for appropriation. The individual water rights of the appropriators are expressed as fractions of the safe yield that is not used by the overlying parties. These rights are listed in Exhibit C to the stipulated agreement. There are three ways the appropriator parties can gain access to the safe yield. The first is an annual assignment of overlying right as provided for in the stipulated agreement in section III.3 and Watermaster Rules and Regulations in Section 7.

The second way the appropriators could gain access to part of the safe yield could occur if Watermaster determines that the safe yield is greater than the 8,650 acre-ft decreed in the stipulated agreement. In this case the appropriators would exclusively share the safe yield in excess of 8,650 acre-ft/yr based Exhibit C to the stipulation. Pursuant to the stipulated agreement, the safe yield will be 8,650 acre-ft/yr for each of the first ten years following the effective date of the stipulated agreement (Section I.3.x). Thereafter Watermaster may, based on the best scientific information, redetermine the safe yield.

The third way the appropriators could gain access to part of the safe yield would be for an overlying party or parties to under pump their rights over a preceding five-year period. In this case, a portion of the unused safe yield would be available for appropriation. Next fiscal year, 2008/09, will be the first fiscal year in which un-pumped overlying rights may be available for appropriation. Based on the pumping records maintained by Watermaster (see the Fourth Annual Report of the Beaumont Watermaster 2006/07), the volume of un-pumped overlying rights from fiscal 2003/04 available for appropriation will be about 4,406 acre-ft. The estimated

# BEAUMONT BASIN WATERMASTER

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aggregate pumping by the overlying parties since the stipulated agreement became effective is shown in Table 1 below. Table 2 illustrates how the un-pumped rights would be allocated among the appropriators. To be clear, the overlying rights are not being transferred or diminished in any way – only the un-pumped water from a fiscal year preceding the current five-year pumping period is being assigned to the appropriators.

**Table 1**  
**Estimated Under Production by Overlying Parties to the Beaumont Basin Judgment**

(acre-ft/yr)

Fiscal Year	Overlying Right	Overlying Pumping	Under Production	Estimated Cumulative Under Production
2003/04	8650	4,244	4,406	4,406
2004/05	8650	3,497	5,153	9,559
2005/06	8650	3,432	5,218	14,777
2006/07	8650	3,763	4,887	19,664
2007/08 <sup>1</sup>	8650	3,564	5,086	24,750
Totals		18,500	24,750	

1 -- production estimated based on average of three prior years

**Table 2**  
**Estimated Assignment of Unpumped Overlying Rights to Appropriators for FY 2008/09**

Appropriator	Share of Safe Yield (%)	Assignment (acre-ft)
Banning	31.43%	1,385
BCVWD	42.51%	1,873
SMWC	12.48%	550
YVWD	13.58%	598
Total	100.00%	4,406

Attached to this staff letter is a proposed amendment to the Watermaster Rules and Regulations that is intended to memorialize the intent of the parties that negotiated the stipulated agreement and to provide clear direction to Watermaster and Watermaster staff on the procedure to assign un-pumped overlying rights to the appropriators. The schedule for assigning un-pumped overlying rights is listed in Table 3 for the ten years starting in fiscal 2008/09.

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**Table 3**  
**Schedule to Assign Unpumped Overlying Rights to**  
**Appropriators**

<b>Unpumped Overlying Pumping Rights in Fiscal</b>	<b>Will be Assigned to the Appropriators Parties in Fiscal</b>
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

# BEAUMONT BASIN WATERMASTER

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7.8

**Assignment of Unused Overlying Rights from the Overlying Parties to the Appropriative Parties.** Except as provided for in Section 7.0 herein, to the extent that groundwater pumping by an overlying party or overlying parties to the Judgment does not exceed five times the share of safe yield assigned to the overlying party over any five contiguous-year period (see column 4 of Exhibit B to the Judgment), the un-pumped overlying right will be assigned to the appropriator parties and distributed to the individual appropriator parties based on their share of unused safe yield contained in Exhibit C. Such assignments will start in fiscal year 2008/09 provided that there is an un-pumped overlying right or rights in fiscal 2003/04. The table below illustrates the transfer process anticipated in the Judgment.

Un-pumped Overlying Pumping Rights in Fiscal	Will be Assigned to the Appropriators 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

The un-pumped overlying rights assigned to an appropriator party will be available for use by the appropriator party in the same year that it is assigned to the appropriator party.

Overlying rights are not being transferred or diminished in any way, only the un-pumped water from a fiscal year preceding the current five-year pumping period is being assigned to the appropriators.

**Exhibit B**  
**Overlying Producers and Their Rights**

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

Note 1 -- Maximum Reported Production during 1997-2001

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

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

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

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

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

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

**Exhibit C**  
**Appropriators and Their Water Rights**

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

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

Note 2-- Controlled overdraft will not exceed 160,000 acre-ft during for first ten years of operation under the physical solution.

**Exhibit D**  
**Overlying Producers and the Parcels Upon Which Their Overlying Rights are Exercised<sup>1</sup>**

(1) Overlying Producer	(3) Assessors Parcel Number(s)	(4) Area (Acres)
<b>Beckman, Walt</b>	405250004	19.04
	405250005	19.00
Total Area		<u>38.04</u>
<b>California Oak Valley Golf and Resort</b>	406070041	209.71
Total Area		<u>209.71</u>
<b>Manheim, Manheim &amp; Berman<sup>2</sup></b>	407200009	20.35
	407200011	20.00
	407200012	20.04
	407210001	45.41
	407210002	12.04
	407210004	4.16
Total Area		<u>122.00</u>
<b>Roman Catholic Bishop of San Bernardino</b>	413280016	16.78
	413280030	2.06
	413280036	12.42
Total Area		<u>31.26</u>
<b>Oak Valley Partners</b>	406060010	115.82
	406060015	4.00
	406060017	19.03
	406230020	4.26
	411210003	2.40
	411210005	105.41
	411210010	15.14
	411210016	9.77
	411210017	8.94
	413030011	315.30
	413040001	493.40
	413040002	137.00
	413040003	74.48
	413040004	6.50
	413040005	80.02
	413040006	75.54
	413040007	76.22

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

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

(1) Overlying Producer	(3) Assessors Parcel Number(s)	(4) Area (Acres)
<b>Sharondale Mesa Owners Association (cont'd)</b>	413341034	0.81
	413341036	0.35
	413342004	0.35
	413350011	1.04
	413350012	1.44
	413351018	17.08
	413351019	0.16
	413360032	1.92
	413360033	2.30
	413360035	0.90
	413361001	0.14
	413361008	0.12
	413361010	0.18
	413370027	0.39
	413370028	5.34
	413370030	0.69
	413371018	2.07
	413372019	1.39
Total Area		<u>45.48</u>
<b>So. California Professional Golf Association</b>	406060011	146.59
	406060013	2.83
	406060014	4.58
	406060016	10.35
	413450016	99.66
	413450022	95.15
	413450023	2.89
	413450027	91.53
Total Area		<u>453.58</u>
<b>Stearns, Leonard</b>	413221001	0.25
	413221002	0.34
	413260018	49.33
	413260025	0.37
	413270007	10.58
	413280010	1.27
	413280018	9.37
	413280021	4.26
	413280027	3.80
	413280037	14.32
Total Area		<u>93.89</u>
<b>Sunny-Cal Egg and Poultry Company<sup>2</sup></b>	406080013	0.07
	407190016	4.95
	407190017	31.32
	407230022	20.03
	407230023	20.03
	407230024	20.03
	407230025	21.99

(1) Overlying Producer	(3) Assessors Parcel Number(s)	(4) Area (Acres)
<b>Sunny-Cal Egg and Poultry Company<sup>2</sup> (cont'd)</b>	407230026	25.94
	407230027	21.63
	407230028	21.56
Total Area		<u>187.55</u>
<b>Nikodinov, Nick<sup>4</sup></b>	407180004	9.35
Total Area		<u>9.35</u>
<b>McAmis, Ronald L.<sup>5</sup></b>	407190018	0.93
Total Area		<u>0.93</u>
<b>Aldama, Nicolas and Amalia<sup>6</sup></b>	407190015	1.35
Total Area		<u>1.35</u>
<b>Hector Gutierrez, Luis Gutierrez and Sebastian Monroy<sup>7</sup></b>	407190013	2.01
Total Area		<u>2.01</u>
<b>Darmont, Boris and Miriam<sup>8</sup></b>	407190014	0.50
Total Area		<u>0.50</u>
<b>Total Area for All Overlying Producers<sup>3</sup></b>		<b><u>6,782.87</u></b>

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

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

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

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

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

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

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

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

**RULES AND REGULATIONS**

**OF THE**

**BEAUMONT BASIN WATERMASTER**

**Adopted: June 8, 2004**  
**Amended: February 7, 2006**

**BEAUMONT BASIN WATERMASTER  
Rules and Regulations**

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**BEAUMONT BASIN WATERMASTER  
Rules and Regulations**

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## **BEAUMONT BASIN WATERMASTER Rules and Regulations**

### **SECTION 1 GENERAL PROVISIONS**

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

**BEAUMONT BASIN WATERMASTER  
Rules and Regulations**

**SECTION 2  
ADMINISTRATION**

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

## **BEAUMONT BASIN WATERMASTER Rules and Regulations**

- 2.10 Budgets.** The Watermaster shall prepare a proposed annual administrative budget for the upcoming fiscal year for Watermaster review. The Watermaster shall hold a public hearing on each such budget prior to adoption. Budgets shall be prepared in sufficient detail so as to make a proper allocation of the expenses and receipts. The adopted budget shall be funded in the upcoming year through assessments made pursuant to the Judgment. Expenditures within budgeted items may thereafter be made by the Watermaster as a matter of course (Judgment p.22, lines 3-5).
- 2.11 Assessments.** Pursuant to the Judgment, Watermaster is empowered to levy and collect the following assessments: Annual Replenishment Assessments and Annual Administrative Assessments.
- (a) **Annual Replenishment Assessments.** The Watermaster shall levy and collect assessments in each year, in amounts sufficient to purchase replenishment water to replace Overproduction by any Party from the prior fiscal year. Replenishment assessments shall be collected not later than October 1 of each year. Under no circumstances shall Overlying Parties be required to pay assessments for pumping in an amount up to that set forth in column 4 of Exhibit B of the Judgment, subject to Section III of the Judgment.
  - (b) **Annual Administrative Assessments.** Annually, not later than the June meeting of the Watermaster, a General Administrative Budget shall be adopted for the ensuing fiscal year for the purpose of funding General Administration Watermaster Expenses. The General Watermaster Administration Expenses shall include office rent, labor, supplies, office equipment, incidental expenses and general overhead. General Watermaster Administration Expenses will be assessed equally among the Appropriators who have appointed representatives to the Watermaster (Judgment, p. 19, lines 21-27).
  - (c) **Special Project Assessments.** Special Project Assessments will be levied to cover special project expenses including: special engineering, economic or other studies, litigation expenses, meter testing or other major operating expenses. Each such project shall be assigned a task order number and shall be separately budgeted and accounted for. Special Project Expenses shall be allocated to the Appropriators, or portion thereof, on the basis of benefit. This may be accomplished through the identification and implementation of Special Project Committees. A Specific Project Committee may involve a specific Party or any group of Parties, provided that no Party shall be involved without its approval (Judgment, p. 20, lines 1-9). Special Project Assessments shall be invoiced upon approval of a budget and a scope of work for a Special Project by Project Committee.

## **BEAUMONT BASIN WATERMASTER Rules and Regulations**

- (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.

## **BEAUMONT BASIN WATERMASTER Rules and Regulations**

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

## **BEAUMONT BASIN WATERMASTER Rules and Regulations**

### **SECTION 3 MONITORING**

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

    - (i) New Wells:**

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

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

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

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

## **BEAUMONT BASIN WATERMASTER Rules and Regulations**

### **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

## **BEAUMONT BASIN WATERMASTER Rules and Regulations**

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

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

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

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### **SECTION 6 STORAGE**

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

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

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Rules and Regulations**

**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:
- (a) The Appropriator may undertake its own marketing efforts and negotiate an agreement with one or more Appropriators; or

## **BEAUMONT BASIN WATERMASTER Rules and Regulations**

- (b) The Appropriator may request assistance from the Watermaster to conduct a sealed 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.

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

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

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### **SECTION 9 REVIEW PROCEDURES**

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

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- (e) **Judicial Review.** Any action, decision, rule or procedure of the Watermaster shall be subject to review by the Court on its own motion or on timely motion by any Party as follows:
- (i) **Effective Date of Watermaster Action:** Any order, decision or action of the Watermaster pursuant to the Judgment or these Rules and Regulations on noticed specific agenda items shall be deemed to have occurred on the date of the order, decision or action.
  - (ii) **Notice of Motion for Judicial Review:** Any Party May, by a regularly noticed motion, petition the Court for review within 90 days of the action or decision by Watermaster, except motions for review of assessments under the Judgment shall be filed within 30 days of mailing of the notice of the assessment. The motion shall be deemed to be filed and served when a copy, conformed as filed with the Court, has been delivered to the Watermaster staff, together with a service fee sufficient to cover the cost of photocopying and mailing the motion to each Party. The Watermaster staff shall prepare the copies and mail a copy of the motion to each Party or its designee according to the official service list that shall be maintained by the Watermaster staff pursuant to the Judgment. Unless ordered by the Court, any petition shall not operate to stay the effect of any Watermaster action or decision which is challenged.
  - (iii) **De 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.

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**SECTION 10  
WATERMASTER FORMS**

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

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

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

- END OF RULES AND REGULATIONS -

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SUPERIOR COURT OF CALIFORNIA  
COUNTY OF RIVERSIDE

FEB - 4 2004

Attorneys for Plaintiff, SAN TIMOTEO  
WATERSHED MANAGEMENT AUTHORITY

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

SAN TIMOTEO WATERSHED  
MANAGEMENT AUTHORITY, a public  
agency,

Plaintiff,

vs.

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

CASE NO. RIC 389197

JUDGMENT PURSUANT TO  
STIPULATION ADJUDICATING  
GROUNDWATER RIGHTS IN THE  
BEAUMONT BASIN

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

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

9 I. INTRODUCTION

10 1. Pleadings, Parties and Jurisdiction

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

19 2. Stipulation for Judgment

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

22 3. Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 AA. Supplemental Water: water imported into the

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

BB. Temporary Surplus: the amount of groundwater that can be pumped annually in excess of Safe Yield from a Groundwater Basin necessary to create enough additional storage capacity to prevent the waste of water.

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

4. List of Exhibits

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

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

II. INJUNCTIONS

1. Injunction Against Unauthorized Production of Beaumont Basin Water

Each party herein is enjoined, as follows:

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

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

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

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

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

21 III. DECLARATION AND ADJUSTMENT OF RIGHTS

22 1. Overlying Rights

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

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

6 2. Appropriator's Share of Operating Yield

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

11 3. Adjustment of Rights

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

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

28 C. When an Overlying Party receives water service as

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provided for in subparagraph III.3.B the Overlying Party shall forebear the use of that volume of the Overlying Water Right earmarked by the Appropriator Party. The Appropriator Party providing such service shall have the right to produce the volume of water foregone by the Overlying Party, in addition to other rights otherwise allocated to the Appropriator Party.

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

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

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

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

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

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

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

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

4. Exemption for Minimal Producers

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

IV. CONTINUING JURISDICTION

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

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

14 V. THE PHYSICAL SOLUTION

15 1. Purpose and Objective

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

1    2.    Need for Flexibility

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

8    3.    Production and Storage in Accordance With Judgment

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

18    4.    General Pattern of Operation

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

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

3 5. Use of Available Groundwater Storage Capacity

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

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

27 ///

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VI. ADMINISTRATION

1. Administration and Enforcement by Watermaster

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

2. Watermaster Control

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

3. Watermaster Standard of Performance

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

4. Watermaster Appointment

The Watermaster shall consist of a 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

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

9 5. Powers and Duties of the Watermaster

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

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

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

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

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

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

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

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

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

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

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

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

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

28 M. Measuring Devices: Except as otherwise provided

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

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

10 (1) Annual Replenishment Assessments

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

15 (2) Annual Administrative Assessments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 6. Reports and Accounting

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

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

21 7. Replenishment

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

27 (a) Recycled Water;

28 (b) State Water Project Water;

(c) Other imported water.

Replenishment may be accomplished by any reasonable method including:

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

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

## VII. MISCELLANEOUS PROVISIONS

### 1. Designation of Address for Notice and Service

Each Party shall designate, in writing to the plaintiff, the name and address to be used for purposes of all subsequent notices and service herein, such designation to be delivered to the plaintiff within 30 days after the Judgment has been entered. The plaintiff shall, within 45 days after judgment has been entered, file the list of designees with the Court and serve the same on the Watermaster and all Parties. Such designation may be changed from time-to-time by filing a written notice of such change 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. The Watermaster shall maintain, at all times, a current list of Parties to whom notices are to be sent and their addresses for purposes of service. The Watermaster shall also maintain a full current list of names and addresses of all Parties or their successors, as filed herein. Copies of such lists shall be available to any Person. If no designation is made, a Party's designee shall be deemed to be, in order of priority: (i) the Party's attorney of record; or (ii) if the Party does not have an

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

3 2. Intervention After Judgment

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

8 3. Interference with Pumping

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

13 4. Successors and Assigns

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

17 5. Severability

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

27 6. Review Procedures

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

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

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

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

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

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

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

11  
12  
13 Dated: FEB - 4 2004

14  
15 GARY TRAMBARGER

16 JUDGE OF THE SUPERIOR COURT  
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