Notice and Agenda of a Meeting of the Beaumont Basin Watermaster

Wednesday, December 5, 2012 at 10:00 a.m.

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

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

I. Call to Order

II. Roll Call
City of Banning: Duane Burk (Alternate: Arturo Vela)
City of Beaumont: Dave Dillon (Alternate: Kyle Warsinski)
Beaumont Cherry Valley Water District: Eric Fraser (Alternate: Tony Lara)
South Mesa Water Company: George Jorritsma (Alternate: Dave Armstrong)
Yucaipa Valley Water District: Joseph Zoba (Alternate: Jack Nelson)

III. Pledge of Allegiance

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

V. Consent Calendar
A. Meeting Minutes
   1. Approval of Meeting Minutes for October 3, 2012
   2. Approval of Workshop and Study Session Minutes for October 3, 2012

VI. Reports
A. Report from Engineering Consultant - Anibal Blandon, ALDA Engineering
B. Report from Legal Counsel - Keith McCullough, Alvarado Smith

VII. Discussion Items
   Recommendation: That the Watermaster Committee schedules the Calendar Year 2011 Annual Report for approval at the next regular meeting.
   Recommendation: That the Watermaster Committee schedules the Engineer's Report No. 3 (2008-2011) for approval at the next regular meeting.
C. Discussion Regarding the Standardization of Procedures for the Application and Assignment of New Yield [Memorandum No. 12-17, Page 12 of 30]
   Recommendation: No recommendation.
D. Discussion Regarding the Application for Groundwater Storage Agreement from the Morongo Band of Mission Indians [Memorandum No. 12-18, Page 17 of 30]
   Recommendation: No recommendation.

E. Discussion Regarding Correspondence from Mesa Verde Re Ventures, LLC Regarding Successor Interests in Water Rights for Assessor Parcel Numbers 411-210-010 and 413-200-003 [Memorandum No. 12-19, Page 20 of 30]
   Recommendation: No recommendation.

F. Discussion Regarding the Issuance of Change Order No. 1 to Task Order No. 1 with Alda, Inc. [Memorandum No. 12-20, Page 22 of 30]
   Recommendation: That the Watermaster Committee approves Change Order No. 1 for an amount not to exceed $6,263.

VIII. Topics for Future Meetings
   B. Adoption of the 2011 Annual Report of the Beaumont Basin Watermaster
   C. Adoption of the Beaumont Basin Watermaster Engineering Report No. 3
   D. Other Topics

IX. Comments from the Watermaster Committee Members

X. Announcements
   A. The next regular meeting of the Beaumont Basin Watermaster is scheduled for Wednesday, February 6, 2013 at 10:00 a.m.

XI. Recess the Meeting to a Beaumont Basin Watermaster Workshop and Study Session

- - - - - Meeting Recess- - - - -

XII. Reconvene to Meeting to a Beaumont Basin Watermaster Workshop and Study Session
   A. Discussion Regarding the Use of Existing Models to Manage the Beaumont Basin
   B. Discussion Regarding Methods for Estimating the 10-Year Safe Yield
   C. Discussion Regarding Watermaster Priorities for Calendar Year 2013

XIII. Adjournment
Meeting Location:

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

I. Call to Order

Chairman Duane Burk called the meeting to order at 10:04 a.m.

II. Roll Call

City of Banning Duane Burk Present
City of Beaumont Dave Dillon Absent
Beaumont-Cherry Valley Water District Eric Fraser Present
South Mesa Water Company George Jorritsma Present
Yucaipa Valley Water District Joe Zoba Present

Kyle Warsinski was present as the alternate representing the City of Beaumont in the absence of Member Dave Dillon.

Members of the public who registered their attendance were: Bob Wall, Patsy Reeley, John Halliwill, John Jeter, Fran Flanders, Mary Ann Melleby, John Covington, Betty Beckman, Kathi Berman, Ray Morris, and Bill Dickson.

III. Pledge of Allegiance

Member George Jorritsma led the pledge of allegiance.

IV. Public Comments

Judy Bingham commented on the annual report and stated her appreciation for the report being easier to understand and in a good format.

Fran Flanders commented that she too liked the annual report.

Niki Magee commented that she would like to see more detail of the report from legal counsel in the minutes for August 1, 2012. Ms. Magee also made comments on the cases that legal counsel cited in that previous meeting.

It was the consensus of the Watermaster Committee to provide the memorandum prepared by legal counsel as a discussion item at a future meeting.

V. Consent Calendar
A. Approval of Meeting Minutes for June 6, 2012  
B. Approval of Meeting Minutes for July 18, 2012  
C. Approval of Meeting Minutes for August 1, 2012

Member Eric Fraser motioned to approve the consent calendar items. Member Joe Zoba seconded the motion. The motion passed 5-0.

VI. Reports

A. Report from Engineering Consultant – Anibal Blandon, Alda Engineering

Mr. Blandon thanked the public for their support of the annual report. Mr. Blandon then went on to state that he has been made aware of some issues with the draft report, and he welcomes all comments so that they can prepare a final report fully representative of the issues in an appropriate manner.

B. Report from Legal Counsel – Keith McCullough, Alvarado Smith

Mr. McCullough stated that the Watermaster has received inquiry from the successor to a portion of Oak Valley Partners, an entity by the name of Mesa Verde, with questions in respect to water allocation. Mr. McCullough will respond that much of the information that they are requesting can be found in the Annual Report, and further questions can then be sent to the Watermaster.

VII. Discussion Items


Recommendation: None

Mr. Blandon and Tom Harder, hydrogeologist, discussed the draft annual report, also providing recommendations and bringing up issues that were encountered while preparing the report. Mr. Blandon stated that the workshop meeting held immediately after this meeting will be used to address some of the issues more in depth. Members of the Watermaster Committee had several questions and comments which will be addressed further in the workshop and the final draft of the report.

Public Comment on the Annual Report: John Covington commented that well existence and locations with respect to the golf course are not reflected accurately in Figure 3-1. Mr. Covington also commented that he was concerned with the use of estimated data when actual data is available in regards to Table 3-2I. Mr. Covington also stated that he would like to see the tables reflecting data for the So Calif Section of the PGA of America starting in 2010 to be changed to the Morongo Band of Mission Indians, and perhaps a footnote on the tables to help identify why the changes to the name were made. Mr. Covington also wanted to advise the Watermaster Committee that the Morongo Band intends to submit a storage application within the next 30 days.
Member Eric Fraser stated that Mr. Covington could forward any information to the Beaumont-Cherry Valley Water District, the Watermaster’s secretary.


Recommendation: None

Mr. Blandon and Tom Harder discussed the draft engineer’s report. Members of the Watermaster Committee thanked Alda Engineering for the report.

VIII. Topics for Future Meetings

B. Adoption of the 2011 Annual Report of the Beaumont Basin Watermaster
C. Adoption of the Beaumont Basin Watermaster Engineering Report No. 3
D. Other Topics

IX. Watermaster Committee Member Comments

None

X. Adjournment to Beaumont Basin Watermaster Workshop and Study Session

Chairman Duane Burk adjourned the meeting at 11:45 a.m.

Duane Burk, Chairman
Beaumont Basin Watermaster
Meeting Location:

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

Members Present:

Duane Burk, City of Banning
Kyle Warsinski, City of Beaumont (Alternate)
Eric Fraser, Beaumont-Cherry Valley Water District
George Jorritsma, South Mesa Water Company
Joe Zoba, Yucaipa Valley Water District

Items discussed were as follows:

• Fiscal Year vs. Calendar Year Reporting Resolutions
• Engineering Support Services Role
• Centralization of Data Collection
• Accuracy of Data Reporting
• Enforcement of Judgment Reporting Provisions
• Water Meter Testing and Calibration

The study session was adjourned at 12:41 p.m.

Duane Burk, Chairman
Beaumont Basin Watermaster
Beaumont Basin Watermaster

Unaudited Financial Statement for Fiscal Year 2012-2013
Period Ending - November 30, 2012

Friday, November 30, 2012

<table>
<thead>
<tr>
<th>Account Number</th>
<th>Approved Budget</th>
<th>Year-To-Date</th>
<th>Percentage of Approved Budget</th>
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<tr>
<td></td>
<td>Fiscal Year 2013</td>
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<tr>
<td>Carryover from Prior Fiscal Year - ($15,143.75 estimated)</td>
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<tr>
<td>Yucaipa Valley Water District</td>
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<td>$15,161.25</td>
<td>-</td>
</tr>
</tbody>
</table>

Total Operating Revenue: $90,950.00
Year-To-Date: $95,964.39
Percentage of Approved Budget: 105.5%

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</thead>
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<td>Legal Expenses</td>
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<td>Reserves</td>
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</tbody>
</table>

Total Operating Expense: $90,950.00
Year-To-Date: $73,532.60
Percentage of Approved Budget: 80.8%

Revenue Over / (Under) Expenses: $0.00
Year-To-Date: $22,431.79

Financial Institution - Account Balance: $22,431.79
Date: December 5, 2012

From: Joseph Zoba, Treasurer

Subject: Review of the Draft Annual Report for Calendar Year 2011

Recommendation: That the Watermaster Committee schedules the Calendar Year 2011 Annual Report for approval at the next regular meeting.

At the regular Beaumont Basin Watermaster meeting held on October 3, 2012, consultants from Alda Inc. provided an overview of the Annual Report for Calendar Year 2011.

The purpose of this agenda item will be to review the comments received and schedule the report to be considered for final approval at the next regular meeting on February 6, 2013.

The draft Annual Report for Calendar Year 2011 can be downloaded from the Beaumont Basin Watermaster website.
Date: December 5, 2012  
From: Joseph Zoba, Treasurer  
Recommendation: That the Watermaster Committee schedules the Engineer’s Report No. 3 (2008-2011) for approval at the next regular meeting.

At the regular Beaumont Basin Watermaster meeting held on October 3, 2012, consultants from Alda Inc. provided an overview of the draft Engineer’s Report No. 3 (2008-2011).

The purpose of this agenda item will be to review the comments received and schedule the report to be considered for final approval at the next regular meeting on February 6, 2013.

The draft Engineer’s Report No. 3 (2008-2011) can be downloaded from the Beaumont Basin Watermaster website.
Date: December 5, 2012

From: Joseph Zoba, Treasurer

Subject: Discussion Regarding the Standardization of Procedures for the Application and Assignment of New Yield

Recommendation: No recommendation.

The attached document provides a conceptual method for determining the application and assignment of new yield.

This item was requested by Kyle Warsinski for the purpose of discussing the issue of new yield in the Beaumont Basin.
BEAUMONT BASIN WATERMASTER

To: Beaumont Basin Watermaster;
    Parties to the Beaumont Basin Judgment

From: Mark Wildermuth, Watermaster Engineer

Date: January 13, 2009; Amended May 18, 2010

Subject: New Yield Applications

SUMMARY

This staff report summarizes the hydrologic concept and proposed Watermaster process for assigning New Yield to individual Appropriator parties, pursuant to the Section VI.5.V of the Beaumont Basin Judgment. Following discussion and comment by the Watermaster Board, this proposal will be developed into an amendment to Section 4 of the Watermaster Rules and Regulations to standardize to procedures for the application and assignment of New Yield.

BACKGROUND

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

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

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

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

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

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

**BASELINE AND HYDROLOGIC CONCEPT**

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

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

4.2 New Yield. In order to encourage maximization of Basin water under the Physical Solution, New Yield shall be accounted for by the Watermaster in interim periods between re-determinations of Safe Yield.

(a) New Yield includes proven increases in yield in quantities greater than the historical level of contribution from certain recharge sources may result from changed conditions including, but not limited to, the increased capture of rising water, increased capture of available storm flow, and other management activities that occur after February 20, 2003, as determined by Watermaster (Judgment, p. 4, lines 1-5). These increases are considered New Yield.

(b) Recharge with new locally-generated water shall be credited as New Yield to the Party that creates the new recharge. The Watermaster shall make an independent scientific assessment of the estimated New Yield to be created by each proposed project based upon monitoring data. The cost of the Watermaster scientific assessment of the New Yield shall be borne by the Party applying to create it.

(c) New Yield shall be allocated on an annual basis, based upon monitoring data and review by the Watermaster. (Judgment, p. 21, lines 14-20).

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

**WATERMASTER PROCESS FOR ASSIGNMENT OF NEW YIELD**

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

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

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

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

**NEW RECHARGE DEMONSTRATION**

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

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

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

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

**STAFF RECOMMENDATION**

The next steps towards implementation of the a for assigning New Yield includes: 1) discussion and comment on the proposed Watermaster Process; 2) refinement of the proposal, based on comments provided, into an amendment to Section 4 of the Watermaster Rules and Regulations; and 3) development of a standard New Yield Application form.

Staff recommends that the Watermaster review this proposal in detail for discussion and comment at the June 11, 2010 Watermaster meeting.
Date: December 5, 2012

From: Joseph Zoba, Treasurer

Subject: Discussion Regarding the Application for Groundwater Storage Agreement from the Morongo Band of Mission Indians

Recommendation: No recommendation.

The Beaumont Basin Watermaster received the attached Application for Groundwater Storage Agreement from the Morongo Band of Mission Indians.

The purpose of this agenda item is to review and discuss the groundwater storage agreement.
BEAUMONT BASIN WATERMASTER

APPLICATION
FOR
GROUNDWATER STORAGE AGREEMENT

APPLICANT

Morongo Band of Mission Indians
Name

12700 Pumarra Road
Address for Notice

Banning CA 92220
City State Zip Code

Telephone: 951-755-5220
Facsimile: 951-849-5108

For Staff Use Only

Date Requested: ___________________________
Date Approved: ___________________________
Amount Requested: ________________________ acre feet
Amount Approved: ________________________ acre feet
Agreement No.: ___________________________

TYPE OF WATER TO BE PLACED IN STORAGE

[X] Supplemental Water   [X] Other: In-lieu overlying water   [X] Both

PURPOSE OF STORAGE -- Check all that may apply

[X] Stabilize or reduce future water costs/assessments.
[X] Facilitate utilization of other available sources of supply.
[ ] Facilitate replenishment under certain well sites.
[X] Preserve pumping right for a changed future potential use.
[ ] Other, explain ___________________________________________________.

METHOD AND LOCATION OF PLACEMENT IN STORAGE -- Check and attach all that may apply

[X] Recharge.
[X] Assignment in-lieu of Production.
[ ] Other, explain ___________________________________________________.

METHOD AND LOCATION OF RECAPTURE FROM STORAGE -- Check and attach all that may apply

[X] Pump from my well(s).
[X] Other, explain ______________________ Water may be pumped up by an Appropriate or other user who purchases the water using the Appropriate's or other user's own well(s).
WATER QUALITY AND WATER LEVELS:

Description of groundwater quality in vicinity of facility and quality of water to be stored: To the extent that the Supplemental Water is used for direct surface application in lieu of extraction of groundwater already in the Beaumont Basin, the quality of the water to be stored will be the same as the water already in the Beaumont Basin. To the extent that the Supplemental Water is to be used for recharge, the quality of the water will be equivalent to the quality of groundwater currently in the San Timoteo Basin.

Description of existing water levels in the areas that are likely to be affected: Because the amount of Supplemental Water is likely to be only 2,000-2,500 acre feet per year, it is not likely to have a significant effect on the existing water levels in the area where that Supplemental Water is to be applied or stored by recharge.

NEGATIVE IMPACTS OF PROPOSED RECAPTURE:

Is the Applicant aware of any potential negative impacts to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [ ] No [X]

If yes, what are the proposed mitigation measures, if any, that might reasonably be imposed to ensure that the action does not result in negative impact to a party to the Judgment or the Basin?

N/A

__________________________________________

ADDITIONAL INFORMATION ATTACHED Yes [ ] No [ ]

Describe: Note: The Morongo Band of Mission Indians is the owner of the Morongo Golf Club at Tukwet Canyon, 6k a Southern California PGA, and intends to use some or all of the Supplemental Water for direct surface application on the golf course in lieu of extraction of groundwater pursuant to its overlying water right as set forth in the Judgment pursuant to which the Watermaster was created. To the extent more Supplemental Water is brought in than can be used beneficially for surface application, it will be stored by means of one or more recharge basins located on the golf course property or elsewhere in the Beaumont Basin.

__________________________________________

Applicant's Signature

Roger Meyer

Print Name

Chief Executive Officer

Title
Beaumont Basin Watermaster
Memorandum No. 12-19

Date: December 5, 2012

From: Joseph Zoba, Treasurer

Subject: Discussion Regarding Correspondence from Mesa Verde Re Ventures, LLC Regarding Successor Interests in Water Rights for Assessor Parcel Numbers 411-210-010 and 413-200-003

Recommendation: No recommendation.

On November 14, 2012, the Beaumont Basin Watermaster received the attached correspondence from C. Jay Won, General Counsel for Mesa Verde Re Ventures, LLC.

Shortly after the electronic version of the correspondence was received, Oak Valley Partners sent an email message objecting to the assignment of the overlying water rights.

The purpose of this agenda item is to review and discuss this issue and provide direction as necessary.
November 14, 2012

BY E-MAIL AND REGULAR MAIL

Beaumont Basin Watermaster
P.O. Box 730
Yucaipa, CA 92399
Attn: Dawn Jorge

Dear Ms. Jorge:

On or about June 17, 2004, Oak Valley Partners, L.P. ("Oak Valley Partners"), an Overlying Party to 2004 Stipulated Judgment, sold to Oak Mesa Investors, LLC ("Oak Mesa"), that certain real property consisting of approximately 1,500 acres situated in Calimesa, California, commonly known as Mesa Verde Estates, as well as all of Oak Valley Partners’ rights, title and interest, in connection with the real property (the "Property").

Oak Mesa defaulted on the certain loan obligations in connection with the purchase of the Property and, pursuant to a trustee’s sale held on December 16, 2011, Mesa Verde RE Ventures, LLC ("Mesa Verde") took title to the Property.

You are hereby notified that as of December 16, 2011, Mesa Verde is successor in interest to a portion of water rights once held by Oak Valley Partners (Assessor’s Parcel Numbers 411-210-010 and 413-200-003). If there are any procedures that must be followed in order to formalize the transfer of rights and to confirm Mesa Verde’s rights under the 2004 Stipulated Judgment regarding water production and/or storage rights in the Beaumont Basin, please advise us immediately so that we may proceed accordingly.

Thank you for your anticipated cooperation in this matter.

Very Truly Yours,

C. Jay Won, Esq.
General Counsel

cc: Keith McCullough, Esq.
John Ohanian
Date: December 5, 2012

From: Joseph Zoba, Treasurer

Subject: Discussion Regarding the Issuance of Change Order No. 1 to Task Order No. 1 with Alda, Inc.

Recommendation: That the Watermaster Committee approves Change Order No. 1 for an amount not to exceed $6,263.

At the Beaumont Basin Watermaster meeting on May 16, 2012, the Watermaster Committee awarded Task Order No. 1 to Alda, Inc. for professional engineering services for a sum not to exceed $68,860 [Memorandum No. 12-05].

On November 5, 2012, the Watermaster received an invoice for services related to Task Order No. 1 in the amount of $63,462. Upon review of the invoice documentation, it is clear that additional effort was involved with the data collection subtask within Task Order No. 1. The issue of additional effort related to data collection was also discussed at the last Watermaster meeting. While the representatives from Alda, Inc. have not officially requested additional funds, the cost appears to reasonably represent the effort put forth for the preparation of the annual report and the basin condition report.

If the Watermaster Committee approved Change Order No. 1, the amount authorized for the completion of Task Order No. 1 would increase from $68,860 to $75,123.

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<th>Contract Changes</th>
<th>Contract Amount</th>
<th>Percentage Change from Original Bid Amount</th>
<th>Beaumont Basin Memorandum Reference</th>
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<tr>
<td>Original Contract Amount</td>
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<td>$68,860</td>
<td>- -</td>
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<tr>
<td>Change Order No. 1</td>
<td>$6,263</td>
<td>$75,123</td>
<td>9.1% increase</td>
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</table>

Financial Considerations:

Approval of this Change Order would be accompanied by a fund transfer of $7,000 from Reserves (Fund# 5080) to Acquisition/Computation & Annual Report (Fund# 5020). This transfer will provide an estimated deficit of $570.56 which may need to be recovered with an additional charge to the Watermaster Members.
Beaumont Basin Watermaster
560 Magnolia Avenue
Beaumont, CA 92223
Attention: Joe Zoba, Treasurer

November 5, 2012
Invoice Number: 2900-1098-01
Task Order No. 1

Amount Due This Invoice: $63,462.00

Provide Professional Engineering Services related to the completion of Task No. 1 from Project Inception through week ending Nov 3, 2012

<table>
<thead>
<tr>
<th>Summary of Work Conducted</th>
<th>Budget</th>
<th>% Completed</th>
<th>Amount Billed</th>
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<tbody>
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<tr>
<td>Task 2 - 2011 Annual Report</td>
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<td>90%</td>
<td>$17,136.00</td>
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<tr>
<td>Task 3 - Operating Safe Yield</td>
<td>$7,200.00</td>
<td>100%</td>
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<tr>
<td>Task 4 - Review of Rules and Regulations</td>
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<td>Task 6 - Meeting Attendance</td>
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<td>$68,860.00</td>
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Total this Invoice: $63,462.00
Beaumont Basin Watermaster Support Services
Invoices Through Week Ending Nov 3, 2012 - Supporting Documentation

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<tr>
<th>Task Description</th>
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<th>PE</th>
<th>SE</th>
<th>Graphics</th>
<th>Clerical</th>
<th>ALDA's Hours</th>
<th>ALDA's Labor Cost</th>
<th>Thomas Harder &amp; Co</th>
<th>Total Cost</th>
<th>Budget</th>
<th>Billed Amount</th>
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<td>$1,200.00</td>
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Thomas Harder & Co - Invoice No. 1 Dated July 30, 2012  $6,565.00
Thomas Harder & Co - Invoice No. 2 Dated September 3, 2012 $6,887.50
Thomas Harder & Co - Invoice No. 3 Dated October 1, 2012  $6,180.00
Thomas Harder & Co - Invoice No. 4 Dated October 29, 2012  $1,422.50

Thomas Harder & Co. Totals:  $21,055.00
Beaumont Basin Watermaster

INDEPENDENT CONTRACTOR’S TASK ORDER ISSUED TO ALDA, INC.

TASK ORDER NO. 1

Project Title: Professional Engineering Services

Task Order Authorization Date: May 16, 2012

Contractor Name: Alda, Inc.
Contact: Mr. F. Anibal Blandon
Address: 5928 Vineyard Avenue
          Alta Loma, California 91701
Telephone: (909) 587-99160
Fed. Tax ID #: ________________

SUMMARY OF TASK ORDER:

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
<th>Reference</th>
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<tbody>
<tr>
<td>Original Contract Amount</td>
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<td>Watermaster Memorandum No. 12-06</td>
</tr>
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This TASK ORDER No. 1 is issued pursuant to that certain Agreement for Services by Independent Contractor between the BEAUMONT BASIN WATERMASTER ("OWNER") and ALDA, INC. (CONTRACTOR") dated May 16, 2012 (the “AGREEMENT”).

The OWNER and CONTRACTOR have entered into this TASK ORDER as specifically set forth herein below, and except as specifically provided herein, the AGREEMENT shall remain in full force and effect as originally stated.

1. Tasks to be Performed & Compensation. CONTRACTOR shall provide all labor, materials and equipment to perform the following tasks as fully described in the Request for Proposals to Provide Professional Services for the Beaumont Basin Watermaster distributed in March 2012 and the proposal to Provide Professional Engineering Services by the CONTRACTOR dated April 16, 2012 (attached).

2. Term. This Task Order shall remain in full effect until the proposed project is completed which is estimated to be by June 30, 2013.

IN WITNESS WHEREOF, the parties have executed this Task Order No. 14 on the date indicated below.

Beaumont Basin Watermaster                        Alda, Inc.

By: ___________________________________________  By: ___________________________________________

Dated: May 16, 2012                                Dated: ________________________________

Name: Duane Burk, Chairman                       Name: ________________________________
May 10, 2012

Joseph B. Zoba, General Manager
Yucaipa Valley Water District
12770 Second Street
Yucaipa, California 92399

Subject: Beaumont Basin Watermaster – Task Order No. 1

Dear Mr. Zoba:

Per our conversation earlier today, please find attached our proposed scope of services and consulting fee for Task Order No. 1 under the Engineering Services contract with the Beaumont Basin Watermaster dated May 10, 2012. Please note that this is the same scope of services and consulting fee that were included in our April 16, 2012 proposal to the Watermaster.

Should you have any questions on this matter, please contact us at 909-587-9916 during normal business hours.

Very truly yours

ALDA Inc.

F. Anibal Blandon, P.E.
Principal
Mr. Joe Zoba  
Beaumont Basin Watermaster  
Scope of Services for Task Order No. 1  
Page 2 of 5

Beaumont Basin Watermaster  
Scope of Services for Task Order No. 1

Task 1 – Data Collection

ALDA will collect, compile, and tabulate the following data:

✓ Monthly water production from member agencies
✓ Monthly imported water recharge by each party
✓ Monthly rainfall from the USGS, Army Corps, and National Weather Service
✓ Monthly static groundwater levels at dedicated monitoring wells and selected production wells from the water agencies
✓ Monthly deliveries of imported water, groundwater from other basins, and surface water diversions from various water agencies
✓ Semi-annual static groundwater levels from production wells
✓ Annual water quality from production wells from the water agencies

It is our understanding that field collection of static water levels at dedicated monitoring wells and/or production wells is not part of this scope of services.

Task 2 – Preparation of Annual Report

ALDA will prepare a draft and a final annual report documenting the operations of the Beaumont Basin Watermaster. This includes water levels, water transfers between agencies, water production, assessment of basin conditions, carryovers, and replenishment obligations. In addition, the report will incorporate the results of the Operating Safe Yield analysis, conducted under Task 3, and a water quality summary of the Basin Condition Report, conducted under Task 5. The report will also include the annual independent financial reports (prepared by others) and a description of Watermaster activities and Board actions.

Twenty-five color copies of the draft and final annual reports will be provided along with a digital file of the report. In addition, an editable database will be provided that includes all supporting information for the annual report.

Task 3 – Annual Determination of the Operating Safe Yield

ALDA will review groundwater levels, groundwater production, groundwater recharge and groundwater quality data for the Beaumont Basin area as a basis for determining the annual operating safe yield (OSY) of the basin for the 2011. The focus of the review will be groundwater level trends at the eight monitoring wells previously reported in the
annual reports. Groundwater level trends will be evaluated in the context of groundwater production and basin and artificial recharge in order to make a determination of OSY.

ALDA will generate an Annual OSY Technical Memorandum (TM) that summarizes the analysis and provides a recommended OSY for the coming year. The TM will be suitable for incorporation into the Annual Report.

Task 4 – Review of Rules and Regulations

ALDA will review the existing Rules and Regulations annually to determine whether it reflects current policies/practices and will make recommendations that will be documented as part of the annual report.

Making revisions and distributing documents is not included as part of our scope of services as we do not know at this time the extent of the revisions to be made. Under this task, ALDA will review the documents and may provide recommendations, if any, for potential changes to be considered by the Board.

Task 5 – Basin Condition Report

ALDA will obtain from the Appropiators and selected producers with overlying rights water quality information to prepare a Basin Condition Report in accordance with Section 2.13 of the Rules and Regulations. The findings of this report will be summarized in the annual report; however, an independent report will be prepared documenting the conditions of the basin.

It is our understanding that an all-inclusive water quality analysis is not intended as part of this report. The water quality analysis will focus on nitrate, TDS, and some trace metals. In addition, the report will document current water quality concentrations in relation to current Federal and State Drinking Water Standards.

Task 6 – Meeting Attendance

ALDA will prepare for, attend, and participate in up to six (6) Watermaster meetings in 2012. Assistance during agenda preparation was not identified in the RFP; however, we have allocated some time to assist Watermaster in the preparation of technical memoranda to address potential issues to be included in the meeting agenda.

Task 7 – Miscellaneous Special Projects

ALDA will coordinate with Watermaster on additional activities that may be required in the course of the year to address specific issues not identified in the RFP. For each of
Mr. Joe Zoba
Beaumont Basin Watermaster
Scope of Services for Task Order No. 1
Page 4 of 5

these activities, ALDA will develop a scope of services and a consulting fee for Watermaster consideration before proceeding with any additional work.

Beaumont Basin Watermaster
Engineering Consulting Fee for Task Order No. 1

<table>
<thead>
<tr>
<th>Task / Subtask</th>
<th>ALDA Inc.</th>
<th>Thomas Raiders &amp; Co.</th>
<th>Total Hours</th>
<th>Cost ($)</th>
</tr>
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<tbody>
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<td>2</td>
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<td>12</td>
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Yucaipa Valley Water District Board Meeting - December 5, 2012 - 29 of 30
ALDA Inc.

Mr. Joe Zoba  
Beaumont Basin Watermaster  
Scope of Services for Task Order No. 1  
Page 5 of 5

Beaumont Basin Watermaster  
Billing Rates for Task Order No. 1

Billing Rates for ALDA Inc.

Billing rates for Calendar Year 2012 are as follows:

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<th>Hourly Rate</th>
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Billing Rates for Thomas Harder and Company

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