Notice and Agenda of a Special Meeting of the Beaumont Basin Watermaster

Wednesday, August 30, 2017 at 11:00 a.m.

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

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

I. Call to Order

II. Roll Call
City of Banning: Arturo Vela (Alternate: __________)
City of Beaumont: __________ (Alternate: Kyle Warsinski)
Beaumont Cherry Valley Water District: __________ (Alternate: Tony Lara)
South Mesa Water Company: George Jorritsma (Alternate: Dave Armstrong)
Yucaipa Valley Water District: Joseph Zoba (Alternate: Jennifer Ares)

III. Pledge of Allegiance

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

V. Reports
A. Report from Engineering Consultant - Hannibal Blandon, ALDA Engineering
B. Report from Legal Counsel - Keith McCullough/Thierry Montoya, Alvarado Smith

VI. Discussion Items
A. Consideration of Resolution No. 2017-02 Approving the Transfer of Overlying Water Rights to Specific Parcels - Oak Valley Partners [Memorandum No. 17-22, Page 3 of 22]

Recommendation: That the Watermaster Committee approves Resolution No. 2017-02.

VII. Topics for Future Meetings
A. Development of a methodology and policy to account for new yield from capturing local stormwater in the basin.
B. Development of a methodology and policy to account for groundwater storage losses in the basin resulting from the spreading of additional water sources.
C. Development of a methodology and policy to account for recycled water recharge.
D. Develop a protocol to increase the accuracy and consistency of data reported to the Watermaster.
E. Develop a policy to account for transfers of water that may result when an Appropriator provides water service to an Overlying Party.

VIII. Comments from the Watermaster Committee Members
IX. Announcements
   A. The next regular meeting of the Beaumont Basin Watermaster is scheduled for Wednesday, October 4, 2017 at 10:00 a.m.

X. Adjournment
Date: August 30, 2017
From: Joseph Zoba, Treasurer
Subject: Consideration of Resolution No. 2017-02 Approving the Transfer of Overlying Water Rights to Specific Parcels - Oak Valley Partners
Recommendation: That the Watermaster Committee approves Resolution No. 2017-02.

On July 5, 2017, the Secretary of the Beaumont Basin Watermaster received a request to transfer overlying water rights from representatives of Oak Valley Partners. This request, together with supporting documentation, was considered at the Watermaster meeting held on August 2, 2017, and continued for further analysis by the Watermaster Committee until this special meeting.

While the Watermaster Committee members discussed the consistency of this request with prior actions taken by the Watermaster, such as Resolution Nos. 2006-05, 06, 07, and 08, other questions remained. To address the questions asked by the Watermaster Committee, the following attachments are provided for review and discussion at the Special Meeting:

- Judgment Pursuant to Stipulation Adjudicating Groundwater Rights in the Beaumont Basin, Exhibit E dated February 4, 2004 (Memorandum Page 4 of 20);
- Revised correspondence regarding the Transfer of Overlying Water Rights from Oak Valley Partners to Summerwind Ranch Project provided by Oak Valley Partners dated August 4, 2017 (Memorandum Page 5 of 20);
- Development Parcels Map, Figure 1 provided by Thomas Harder & Company in association with Alda, Inc. from Oak Valley Partners dated August 25, 2017 (Memorandum Page 13 of 20);
- Oak Valley Partners Parcels Map, Figure 2 provided by Thomas Harder & Company in association with Alda, Inc. from Oak Valley Partners dated August 25, 2017 (Memorandum Page 14 of 20);
- Memorandum from Alvarado Smith regarding the Production Rights Under Redetermined Safe Yield of Basin, dated August 24, 2017 (Memorandum Page 15 of 20); and
The proposed Resolution No. 2017-02 authorizes the Watermaster Engineer to implement and update the transfer of overlying water rights based on the current and future calculations of safe yield assigned by OVP as appropriative rights to Yucaipa Valley Water District as shown in the following table. The transfer of overlying water rights and conversion to appropriative rights will be identified in annual reports of the Watermaster in manner similar to the transfer of water in storage between appropriators/parties.
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OAK VALLEY PARTNERS, L.P.
P.O. Box 645 or 10410 Roberts Road
Calimesa, CA 92320
Telephone: (714) 785-2381

July 5, 2017
(Revised: August 4, 2017)

Secretary
Beaumont Basin Watermaster
560 Magnolia Avenue
Beaumont, CA 92223

Re: Transfer of Overlying Water Rights from Oak Valley Partners to Summerwind Ranch Project

Dear Secretary:

Discussions have been ongoing between Oak Valley Partners ("OVP") and San Gorgonio Land, LLC ("SGL") regarding the transfer of 1,806 acre-feet/year of overlying water rights from OVP to be utilized for the development of the Summerwind Ranch ("SWR") project in Calimesa by SGL and OVP. We are hereby requesting that the Beaumont Basin Watermaster ("Watermaster") approve this transfer of these overlying water rights for the benefit of the Assessor Parcel Numbers (APN's) that comprise the SWR project that lie within the Beaumont Basin boundary.

OVP has certain water rights which were assigned to its property as described within the Beaumont Basin Adjudication ("Adjudication") that was filed on February 4, 2004 with the Superior Court of the State of California for the County of Riverside. Within this Adjudication, OVP was granted overlying water rights of 1,806 acre-feet/year over a total of 5,331.65 acres consisting of several assessor parcels that are identified within Exhibits D and E of the Adjudication. Section 3(G) of the Adjudication clearly defines OVP’s Overlying Water Rights and states that these rights can be passed on to OVP’s successors and assigns.

The old 2004 parcel numbers listed on Exhibit D of the Adjudication that are pertinent to the SWR Specific Plan area include the following parcel numbers:

- 413-040-002
- 413-160-003 thru 007
Letter to
Watermaster
July 5, 2017
(Revised August 4, 2017)

Page 2

- 413-170-020, 021, 023, 027 thru 031, 033, and 035
- 413—180-011 and 019
- 413-190-001 and 011
- 413-200-002, 010, 014, 015, 020, 023, 024, 026 thru 030, and 034 thru 037
- 413-290-003 and 007
- 413-460-038

We request that the OVP Overlyer Rights be assigned to the APN’s listed in exhibit 1 of this letter for the benefit of the SWR Specific Plan.

A copy of this letter and the attachments have been discussed and provided to SGL. We respectfully request that the Watermaster place this item on the agenda for consideration of approval at the next scheduled meeting.

If I can be of any further assistance or can provide any further information, please contact me at your convenience at (714)785-2381.

Very truly yours,

John Ohanian
Oak Valley Partners, L.P.

(See Attached Exhibit 1)
RESOLUTION NO. 2017-02

A RESOLUTION OF THE BEAUMONT BASIN WATERMASTER APPROVING THE TRANSFER OF OVERLYING WATER RIGHTS TO SPECIFIC PARCELS

WHEREAS, the Stipulated Judgment establishing the Beaumont Basin Watermaster (Riverside Superior Court Case No. 389197) ("Adjudication") was filed with the Superior Court of California, County of Riverside on February 4, 2004; and

WHEREAS, Oak Valley Partners, L.P. ("OVP") has certain water rights which were assigned to its property as described in the Adjudication. Within this Adjudication, OVP was designated as having overlying water rights of 1,806 acre-feet/year based on the designated safe yield at that time over a total of 5,331.65 acres consisting of several assessor parcels that are identified within Exhibits D and E of the Adjudication ("OVP Adjudication Parcels"). Section 3(G) of the Adjudication clearly defines OVP’s Overlying Water Rights and states that these rights can be passed on to OVP’s successors and assigns for development of their projects. OVP desires to have its designated overlying water rights assigned to the applicable Assessor Parcel Numbers that make up the proposed Summerwind Ranch Specific Plan ("Project") that lie within the Beaumont Basin boundary as depicted on Exhibit 1; and

WHEREAS, the referenced OVP 2004 parcel numbers listed on Exhibit D of the Adjudication that are contained within the Project property, totaling an Adjudication-designated 2421.42 acres, include the following parcel numbers:

- 413-040-002;
- 413-160-003 through 007;
- 413-170-020, 021, 023, 027 through 031, 033, and 035;
- 413-180-017 and 019;
- 413-190-001 and 011;
- 413-200-002, 010, 014, 015, 020, 023, 024, 026 through 030, and 034 through 037;
- 413-290-003 and 007;
- 413-460-038; and

WHEREAS, OVP desires that the Beaumont Basin Watermaster ("Watermaster") approve the transfer of all of OVP’s overlying water rights that are defined within the Adjudication for the development of the Project by OVP and its successors to the Project parcels. OVP intends to secure commitments from the Yucaipa Valley Water District ("District") to provide water service to the development phases of the Project, and requests that when those commitments are made and water service is provided to the designated Project parcels that the overlying water rights for those Project parcels be transferred to the Yucaipa Valley Water District. An example of a request letter to the District from San Gorgonio Land, LLC and/or OVP to transfer an incremental portion of overlying rights for providing water service to the Project is attached as Exhibit 2.
NOW, THEREFORE, BE IT RESOLVED BY THE BEAUMONT BASIN WATERMASTER as follows:

1. **Transfer of Overlying Water Rights.** The Watermaster hereby approves the transfer of all of OVP’s overlying water rights, in the amounts as amended from time to time so as to be consistent with the then-current Watermaster approved Beaumont Basin Safe Yield, to the Project parcels listed on Exhibit 1 attached hereto to provide for the development phases of the Project by OVP and its successors/assigns. San Gorgonio Land, LLC is the successor in interest to OVP for the residential portion of the Project.

2. Once OVP and/or its successor(s) secures commitments from the Yucaipa Valley Water District to provide water service to the development phases of the Project, and when water service is provided to the designated Project parcels, then the overlying water rights for those Project parcels shall be transferred to the Yucaipa Valley Water District.

3. **Use of Wells.** The existing and future wells on the Project parcels may be used to extract water for use on the Project parcels and/or the remaining OVP parcels, consistent with current and future Watermaster rules, regulations and policies.

4. **Further Documentation or Action.** The Chief of Watermaster Services or Watermaster Engineer is hereby authorized and directed to execute such further documents and instruments, and take such further action, as shall be reasonable required to carry out the purposes and intent of this resolution.

5. **Effective Date.** The effective date of this resolution is August 30, 2017.

**PASSED AND ADOPTED** this 30th day of August 2017.

BEAUMONT BASIN WATERMASTER

By:

__________________________
Art Vella, Chairman of the
Beaumont Basin Watermaster
EXHIBIT 2 (EXAMPLE LETTER)

_________, 2017

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


Dear Mr. Zoba:

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

We are hereby requesting to transfer ____ acre-feet of the Summerwind Ranch Beaumont Basin Overlyer Water Rights to Tract 32702-2, to provide potable water requirements for 121 residential single family lots. This Tract 32702 encompasses ____ acres and is included within APN 413-290-035 per the attached Exhibit 1.

The merchant builder for this Tract 32702-1 is ____________. Upon this transfer, we understand that the merchant builder will be exempt from paying the District’s Facility Capacity Fee for these lots.

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

Very truly yours,

Signer’s Name
Signer’s Title
Argent Management, LLC

APPROVAL:

__________________________________________________________________________

Joe Zoba - General Manager
Yucaipa Valley Water District.
MEMORANDUM

TO: Beaumont Basin Watermaster
FROM: AlvaradoSmith, APC
DATE: August 24, 2017
RE: Production Rights Under Redetermined Safe Yield of Basin

BACKGROUND

Pursuant to the Stipulated Judgment creating Watermaster and providing for a Physical Solution for the threats to the Basin, the Safe Yield of the Basin was recently redetermined to be 6700 acre-feet per year as opposed to the original 8650 acre-feet per year as specified in the 2004 Stipulated Judgment. Quantified amounts of water associated with parcels overlying the Basin and appropriated from the Basin were designated to particular owners as identified in Exhibits B, C and D to the Stipulated Judgment.

ISSUE

With the redetermined Safe Yield of the Basin now at 6700 acre-feet per year, the question has arisen whether the production amounts associated with particular overlying owners and appropriators are to be pro-rata reduced in relation to the redetermined Safe Yield even if prior Watermaster resolutions approving the transfer of rights specified a particular amount of water that was subject to the transfer?

SHORT ANSWER

Yes. All designated water production amounts related to the Safe Yield of the Basin are pro-rata reduced to 77.5% of the original designation based upon the relationship of the redetermined Safe Yield (6700 acre feet) to the original Safe Yield (8650 acre feet).

DISCUSSION

All signatories and named parties in the Stipulated Judgment, together with their successors and assigns, are mutually obligated and bound by the terms and conditions of the Stipulated Judgment. The Stipulated Judgment enjoins parties from producing water from the Basin in excess of their share of the Safe Yield (albeit averaged over 5 years). Stipulated Judgment, Sec. II, A. and B. Within the powers of Watermaster is the right and directive to redetermine the Safe Yield of the Basin at least every ten years. Stipulated Judgment, Sec. Section VI, 5. Y. The adherence to the determined Safe Yield of the Basin is integral to the prescribed Physical Solution addressed in the Stipulated Judgment. Indeed, Watermaster is empowered to bring an action to enjoin any Production not in accordance with the terms of the Stipulated Judgment (See, Stipulated Judgment, Sec. V, 3.), and may extract from an Overlying Party or an
August 24, 2017
Page 2

Appropriative Party sufficient funds to replace the Overproduction of water from the Basin (See, 
Stipulated Judgment, Sec. V, 4.)

The quantities of water originally designated in the Stipulated Judgment for Overlying Parties 
and Appropriative Parties have always been subject to an adjustment so as to be consistent with a 
redetermined Safe Yield of the Basin, which Watermaster was mandated to perform at least once 
every ten years. Concurrently, Watermaster is not empowered to unilaterally adjust the 
production rights identified in the Stipulated Judgment – that is not one of the enumerated or 
even inferential powers of Watermaster. Where Watermaster has identified specific water 
amounts in prior resolutions approving the transfer of water rights, those specific water amounts 
have always been subject to pro-rata adjustment consistent with the ratio between a redetermined 
Safe Yield and the original Safe Yield specified in the Stipulated Judgment.
RESOLUTION NO. 2017-02

A RESOLUTION OF THE BEAUMONT BASIN WATERMASTER APPROVING THE TRANSFER OF OVERLYING WATER RIGHTS TO SPECIFIC PARCELS

WHEREAS, the Stipulated Judgment establishing the Beaumont Basin Watermaster (Riverside Superior Court Case No. 389197) (“Adjudication”) was filed with the Superior Court of California, County of Riverside on February 4, 2004; and

WHEREAS, Oak Valley Partners, L.P. (“OVP”) was designated as holding Overlying Water Rights within the Adjudication, with an overall water amount of 1806 acre-feet/year spread over 5,331.65 acres under the then-specified Safe Yield of the basin as described in the Adjudication. As specified in the Adjudication, OVP’s property consists of numerous assessor parcels that are identified within Exhibit D of the Adjudication (“OVP Adjudication Parcels”). Section III, 3(G) of the Adjudication outlines OVP’s intended development of its property and specifies the process that OVP may utilize to arrange the transfer of its Overlying Water Rights to particular development parcels eventually to be serviced by one or more retail water service providers upon annexation; and

WHEREAS, OVP now desires to have its designated Overlying Water Rights acknowledged in the Adjudication assigned to the requisite Assessor Parcel Numbers within the Summerwind Ranch Specific Plan (“Project”) that correlate to certain of the OVP Adjudication Parcels; and

WHEREAS, the OVP Adjudication Parcels listed on Exhibit D of the Adjudication that correlate to the Project parcels and which total 2409.02 acres include the following parcel numbers from Exhibit D:

- 413-040-002;
- 413-160-003 through 007;
- 413-170-020, 021, 023, 027 through 031, 033, and 035;
- 413-180-017 and 019;
- 413-190-001 and 011;
- 413-200-002, 010, 014, 015, 020, 023, 024, 026 through 030, and 034 through 037;
- 413-290-003 and 007;
- 413-460-038; and

WHEREAS, the Assessor Parcel Numbers for the Project parcels that correlate to the above-designated OVP Adjudication Parcels as contained in Exhibit D to the Adjudication are listed and specified in Exhibit 1 attached hereto; and

WHEREAS, OVP desires that Watermaster approve the transfer of all of OVP’s Overlying Water Rights designated within the Adjudication to the Project parcels identified in Exhibit 1 attached hereto for the development of the Project by OVP and its successors and/or assigns; and
WHEREAS, OVP further intends to secure commitments from the Yucaipa Valley Water District to provide water service to development phases of the Project, and requests that when those commitments are made and water service is provided to the designated Project parcels that the Overlying Water Rights for those Project parcels be transferred to the Yucaipa Valley Water District (“YVWD”) consistent with the Adjudication.

NOW, THEREFORE, BE IT RESOLVED BY THE BEAUMONT BASIN WATERMASTER as follows:

1. **Transfer of Overlying Water Rights.** Watermaster hereby approves the transfer of all of OVP’s Overlying Water Rights to the Project parcels listed on Exhibit 1 attached hereto to provide for the development phases of the Project by OVP and its successors/assigns. OVP shall immediately inform Watermaster of any successor or assign who takes ownership of one or more Project parcels listed on Exhibit 1 to which Overlying Water Rights have been transferred. As of this time, the amount of water associated with the OVP Overlying Water Rights is consistent with the relationship between the redetermined safe yield (6700 acre-feet) and the original Safe Yield (8650 acre-feet), or in other words 77.5% of the original amount identified to OVP in Exhibit B to the Adjudication.

2. **Transfer of Rights on Confirmed Water Service by YVWD.** Once OVP and/or its successor(s) or assigns secures commitments from the Yucaipa Valley Water District to provide water service to the development phases of the Project, and when water service is provided to the designated Project parcels, then the overlying water rights for those Project parcels shall be transferred to YVWD. YVWD shall report to Watermaster when it has provided retail water service to various properties making up portions of the Project and Watermaster shall account for the same consistent with Section VI, 5. W. of the Adjudication.

3. **Use of Wells.** The existing and future wells on the Project parcels may be used to extract water for use on the Project parcels and/or any remaining OVP parcels, consistent with the Adjudication and current and future Watermaster rules, regulations and policies.

4. **Further Documentation or Action.** The Chief of Watermaster Services or Watermaster Engineer is hereby authorized and directed to execute such further documents and instruments, and take such further action, as shall be reasonably required to carry out the purposes and intent of this resolution.

5. **Effective Date.** The effective date of this resolution is August 30, 2017.

PASSED AND ADOPTED by the Beaumont Basin Watermaster this 30th day of August 2017.
BEAUMONT BASIN WATERMASTER

By: ________________________________
    Art Vella, Chairman of the
    Beaumont Basin Watermaster