

Notice and Agenda of a Meeting of the Beaumont Basin Watermaster

Wednesday, March 6, 2019 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: Luis Cardenas)

City of Beaumont: _____ (Alternate: Kyle Warsinski)

Beaumont Cherry Valley Water District: Daniel Jagers (Alternate: Mark Swanson)

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. Consent Calendar

A. Meeting Minutes

1. Meeting Minutes for February 6, 2019 [Page 4 of 42]

VI. Reports

A. Report from Engineering Consultant - Hannibal Blandon, ALDA Engineering

B. Report from Hydrogeological Consultant - Thomas Harder, Thomas Harder & Co.

C. Report from Legal Counsel - Keith McCullough/Thierry Montoya, Alvarado Smith

VII. Discussion Items

A. Discussion Regarding Draft Resolution No. 2019-01 Amending the Judgment at the Riverside Superior Court's Request to Correct a Clerical Error - An Incorrect Reference to "8,610 Acre Feet" on Judgment, Page 7, Line 26 - Correcting Such to "8,650 Acre Feet" [Memorandum No. 19-05, Page 14 of 42]

Recommendation: That the Watermaster Committee adopt Resolution No. 2019-01.

B. Discussion Regarding the 2018 Draft Annual Report and Review of Comments Received by the Consultant [Memorandum No. 19-06, Page 38 of 42]

Recommendation: Pending

VIII. 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.
- F. Discussion of Overlyer return flow credit and how it might be managed

IX. Comments from the Watermaster Committee Members

X. Announcements

- A. The next regular meeting of the Beaumont Basin Watermaster is scheduled for Wednesday, March 27, 2019 at 10:00 a.m.

XI. Adjournment

Consent Calendar

DRAFT

**Record of the Minutes of the
Beaumont Basin Committee Meeting of the
Beaumont Basin Watermaster
Regular Meeting
Wednesday, February 6, 2019**

Meeting Location:

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

I. Call to Order

Chairman Arturo Vela called the meeting to order at 10:02 a.m.

II. Roll Call

<i>City of Banning</i>	<i>Arturo Vela</i>	<i>Present</i>
<i>City of Beaumont</i>	<i>Kyle Warsinski</i>	<i>Present</i>
<i>Beaumont Cherry Valley Water District</i>	<i>Daniel Jagers</i>	<i>Present</i>
<i>South Mesa Water Company</i>	<i>George Jorritsma</i>	<i>Present</i>
<i>Yucaipa Valley Water District</i>	<i>Joseph Zoba</i>	<i>Present</i>

Thierry Montoya was present representing legal counsel for the Beaumont Basin Watermaster.

Hannibal Blandon and Ben Lewis were present as consultants and engineers for the Beaumont Basin Watermaster.

Staff present were: James Bean and Erica Gonzales from BVCWD.

Members of the public who registered or attended were: Fran Flanders and John Covington.

III. Pledge of Allegiance

Chairman Vela led the pledge of allegiance.

IV. Public Comments: None.

V. Correspondence

Correspondence dated January 11, 2019 from Yucaipa Valley Water District - Transfer of 2.65 Acre Feet of Overlying Water Rights in the Beaumont Basin

for Parcel 6 of Parcel Map No. 33105 Pursuant to Beaumont Basin Watermaster Resolution No. 2017-02

Chair Vela introduced the letter and explained it indicates the YVWD has accepted a transfer of 2.65 acre-feet of overlying water rights in the Beaumont Basin for Parcel 6 of Parcel Map 33105 pursuant to BBWM Resolution 2017-02.

VI. Consent Calendar

It was moved by Member Zoba and seconded by Member Jaggars to approve the Meeting Minutes of the following dates:

1. Meeting Minutes for December 5, 2018

AYES:	Jaggars, Jorritsma, Vela, Zoba
NOES:	None.
ABSTAIN:	Warsinski
ABSENT:	None
STATUS:	Motion Approved

VII. Reports

- A. Report from Engineering Consultant – Hannibal Blandon, ALDA Engineering

No report.

- B. Report from Hydrogeological Consultant – Thomas Harder, Thomas Harder & Co.

Mr. Blandon explained that Mr. Harder is not present, but representing Tom Harder and Company today are Ben Lewis and Jada Mecca who will answer any questions from the Committee.

- C. Report from Legal Counsel – Thierry Montoya, Alvarado Smith

Legal Counsel Thierry Montoya reported he attended a status conference on January 29 with the Riverside Superior Court and advised them that the resolution to amend the judgment to correct the scrivener's error was presented at the December meeting and recommended for signature. Having received no comments, he said, it will be submitted to Mr. Vela for execution then filed with the Court. There will be a subsequent hearing to confirm the Resolution has been signed and the judgment has been amended.

Last week, Montoya reported, he met with Joe Zoba to discuss the accounting for transfers of overlying rights to appropriator rights.

VIII. Discussion Items

- A. Reorganization of the Beaumont Basin Watermaster Committee - Chairman, Vice-Chairman, Secretary, and Treasurer

Recommendation: That the members of the Watermaster either reaffirm the existing officers or conduct nominations for the appointment of new officers of the Beaumont Basin Watermaster.

The Committee's current officers:

Chair – Art Vela

Vice-Chair – George Jorritsma

Secretary – Dan Jagers

Treasurer – Joe Zoba

It was moved by Member Zoba and seconded by Member Warsinski to re-affirm the current Watermaster Committee officers.

AYES:	Jagers, Jorritsma, Vela, Warsinski, Zoba
NOES:	None.
ABSTAIN:	None.
ABSENT:	None.
STATUS:	Motion Approved

- B. Status Report on Water Level Monitoring throughout the Beaumont Basin through January 22, 2019

Recommendation: No recommendation.

Mr. Blandon gave a report. He noted that at the Noble Creek spreading grounds there has been a significant (over 90 feet in the shallow aquifer, and 46 feet in the deeper aquifer) increase in water levels in the last 18 months. He reminded the Committee that the probe at Banning Well 8 had been lost, but the city has recently pulled the pump and a new probe will be installed.

There is a new monitoring well site at BCVWD Well 29. Mr. Blandon reported that he has visited other potential monitoring well sites, but has found that the representatives are comfortable with reading the water levels, but not with signing the required contract. He suggested considering no contract, or focusing only on pumping wells.

He reported on another potential monitoring site at Sharondale Well 1 owned by Clearwater Operations.

Mr. Blandon reported on some needed repairs: a communications cable for Beaumont well 29 and Well 2, and Oak Valley 5. He noted that many wells are older with sharp edges and when the cable is pulled up, it is cut.

Mr. Warsinski asked about the issues with contracts. He noted that he had to explain to the ICON manager the benefits to the region. Mr. Blandon explained that the smaller overlying users, although willing to have the probe installed, tend to balk at the signing of a contract.

Chair Vela asked about the communications cable issues. Mr. Blandon answered that data is still being collected. The probe is pulled, the data extracted from the probe, then it is lowered back into the well.

Engineer Blandon advised there are plenty of existing wells of which ownership is unknown; many are monitored by the USDS and San Geronio Pass Water Agency. A probe could easily be installed. He suggested this is an issue to consider.

C. Status Report on the Development of a Return Flow Methodology for the Beaumont Basin

Recommendation: No recommendation.

Mr. Ben Lewis with Thomas Harder and Company explained that he has the needed data from BCVWD, YVWD and the City of Banning and has correlated water accounts to Assessor's Parcel Numbers or addresses for BCVWD and Banning, which was out of scope. YVWD provided records tied to an APN. Mr. Lewis said he hopes they can finish the work and stay within budget.

Mr. Lewis reported that the development of the return flow methodology has begun, detailed some tasks, and said he expects to provide the draft technical memorandum by the March 27 meeting.

D. Presentation of the Draft 2018 Consolidated Annual Report and Engineering Report.

Recommendation: No recommendation.

Engineer Blandon presented the draft 2018 report.

Only one resolution, 2018-01 was adopted in 2018, rescinding 2017-01 which gives the San Geronio Pass Water Agency the right to store up to 10,000 acre-feet of water in the basin.

Blandon explained the 25-year historical precipitation chart from 1994-2018, showing an average of 14.3 inches. Looking at the last eight years, average precipitation is below the 25-year average. This is almost 3 inches lower than the 100-year average of 17 inches. He said he hopes this year the curve will begin bending to the positive side.

He pointed out the total 2018 production for each appropriator, totaling more than 15,000 acre-feet. This is the third highest production year since inception of the judgment, and about 2,000 acre-feet higher than the 2014 – 2018 five-year average.

Mr. Blandon pointed out that Oak Valley Golf and Resort used 85 percent of their overlying water rights, followed by Plantation on the Lake at 85 percent over the last five years. None of the large producers are close to their limits. Between 2014 and 2018, production averaged 2,100 acre-feet, or approximately 32 percent of overlying right. Numbers reported by Plantation on the Lake in previous years were inaccurate. The 2018 report shows the corrected data.

Engineer Blandon drew attention to the comparison of annual production by overlying users and appropriators. He pointed out significant changes in 2014 as a result of the reevaluation of the basin safe yield, and in 2018 due to the transfer of overlying rights from Oak Valley to YVWD.

For recharge, Blandon noted, in 2018 the City of Banning spread 600 acre-feet, and BCVWD spread over 12,000 acre-feet. Overall, since the inception of the judgment, close to 98,000 acre-feet has been recharged to the basin, he stated.

Blandon explained the current status of water rights and pointed out that 180.4 acre-feet of overlying rights was transferred to appropriative rights of YVWD under Resolution 2017-02.

Engineer Blandon explained a chart showing the 6,365 acre-feet of under-production of 2013 is being transferred to 2018 and divided among the appropriators. Blandon gave a review of storage account balances, increasing by 4,140 acre-feet in 2018.

Wastewater discharges continue to increase as the area continues to develop, Blandon explained.

Mr. Jagers provided a handout with a downward revision of some of the numbers related to BCWVD's storage account and production. Mr. Jagers detailed some additional numeral discrepancies.

He pointed to the overlying transfer to appropriator and said he believes there is still a struggle with how that vehicle moves forward in time.

The judgment identifies that those activities are earmarked for water utilized, and it seems an open-needed question. Responses have been received from legal counsel, said Mr. Jagers, but it is his opinion that it has not yet been resolved. The numbers presented equate to a 180 AF reduction in the safe yield, Jagers posited. Mr. Blandon countered that it does not reduce the safe yield; it just transfers 180 AF of the overlying allocation to an appropriator. Chair Vela queried and Mr. Jagers reiterated that the question is unresolved at the Watermaster level regarding interpretation of the judgment and the way in which the water is credited.

Mr. Blandon said his understanding is that the transfer of water right is permanent and allows YVWD to begin producing that amount because of the number of things the YVWD must do to prepare to deliver that water and the infrastructure required to convey the water to the ultimate user. This makes that water fully available to YVWD immediately. That understanding is reflected in the report, Blandon concluded. Mr. Jagers further clarified his position. Mr. Blandon acknowledged there is uncertainty. Chair Vela recollected that the right is perfected as soon as the water is put into use anywhere in YVWD's service area.

The intent, explained Legal Counsel Montoya, is the overlyer uses its rights to provide service. It is straying from the agreement if the appropriator takes the position that it can be used as he sees fit; that's not the intent of the agreement. The law is not clear but does provide a reasonable amount of time for an appropriator to put that water to use. The portion that has already been transferred to YVWD for use in the development has been perfected, and is clearly appropriative, Montoya explained. The process is factually based, he said. Counsel advised that to make hard and fast rules now based on one example is not in the best interest of the members of the Watermaster as a whole, and he recommended continuing discussion.

Mr. Jagers said he expects to see a reduction in the safe yield due to underflow considered in the model, which will no longer be available due to the SGPWA building their recharge facilities. He reiterated that there does not appear to be a vehicle to move forward the BBWM activities in a way that is agreed upon.

Jagers suggested that it should be documented in the annual report that these things are unresolved; otherwise, a precedent will be set. Member Zoba opined that there is not a perfection issue. As soon as an overlyer dedicates their water rights in a letter to YVWD, the transfer is immediate. The intent of the adjudication was the transfer of overlying rights to appropriators, he said. He reminded the Committee about the Wildermuth transfer scenario, which could be included as a table in the report. The process must be a bright line – once the transfer is done,

it's over, and the appropriator must do everything it can to provide service to those parcels.

Mr. Jagers further detailed concerns and said he would like to see a vehicle that addresses all concerns and provides a clear path. Member Zoba indicated this happens through the development agreement process. Discussion of different scenarios ensued. Chair Vela agreed that language should be included in the annual report that a policy to formalize how the transfers are treated is still being formulated.

Mr. Blandon reminded the Committee that the annual production report is due to the state by April, which is why the annual report is prepared in March. The changes made by the Committee can be incorporated into the annual report in a second draft and the production figures submitted to the state while discussion continues.

Mr. Zoba advised that YVWD is experiencing development and these scenarios of concern must be resolved. Some examples may not be related to the adjudication and are instead a matter of law, he posited. Discussion continued. Legal counsel Montoya stated that once an overlying user manifests its intent to transfer the water, that transfer occurs. With development, the water is being put to use in phases and all of it is contemplated for use. Montoya pointed to the memorandums which set forth that because of development in a phased manner, there is reasonable time allowed to the appropriative party to put that water to full and complete use.

Mr. Jagers suggested that transferred rights should be subject to reductions as are the overlying rights if the safe yield declines in the future. He said he is asking for clear resolution to avoid any misunderstanding.

Mr. Zoba offered to copy his comments to everyone. Engineer Blandon suggested he produce the report documenting water production and incorporating Committee member comments for submission to the state by the April 1 deadline as this discussion continues over a few meetings. He will provide a draft via email for members to review prior to the next meeting.

The Committee scheduled a special meeting for March 6 at 11 a.m.

Engineer Blandon resumed his presentation. Mr. Ben Lewis reported on the operating safe yield, which can fluctuate significantly each year. Engineers believe the change in storage reflected by the model is under-predicting the groundwater mound underneath the Noble Creek recharge basins. With the 2023 reevaluation, it is recommended to recalibrate the model, Lewis said.

Lewis shared the long-term trends and changes in groundwater levels from December 2017 to December 2018. On the western side there was a decline of one to five feet; on the eastern side there was an increase of one to five feet. Mr. Jagers pointed out that the model considered a certain amount of recharge, and BCVWD has added substantially more.

Water quality data is garnered from the California Department of Public Health and the Beaumont Basin Management Zone Maximum Benefit Report by Dudek, Blandon explained. The Dudek data will be incorporated when available later this month. Over the five-year analysis, none of the primary state and federal standards were exceeded. Overall, the water quality is very good, he concluded.

The recommendation for a policy to account for groundwater storage losses is being carried forward from previous reports. In 2018, a study was conducted on basin storage to estimate how much water is lost based on imported water spreading activities, which may be used to develop a policy. Also suggested is a process to assure accuracy and consistency of data reporting, such as regular calibration and maintenance of water meters.

Mr. Blandon indicated he would incorporate comments from BCVWD and YVWD in the next draft.

IX. 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
- F. Discussion of Overlyer return flow credit and how it might be managed

X. Comments from the Watermaster Committee Members

Member Zoba commented that he appreciates the dialogue. The Committee has been at this for 15 years, he said, and he appreciates working together. There is a new percolation test and monitoring wells going in off Singleton near

the Singleton well, and Mr. Zoba said he would coordinate with Mr. Blandon and Mr. Harder to share information.

XI. Announcements

- A. The next regular meeting of the Beaumont Basin Watermaster is scheduled for Wednesday, March 27, 2019 at 10:00 a.m.
- B. A special meeting of the Beaumont Basin Watermaster is scheduled for Wednesday, March 6, 2019 at 11:00 a.m.

XII. Adjournment

Chairman Vela adjourned the meeting at 11:45 a.m.

Attest:

DRAFT UNTIL APPROVED

Daniel Jagers, Secretary
Beaumont Basin Watermaster

Discussion Items

BEAUMONT BASIN WATERMASTER

MEMORANDUM NO. 19-05

Date: March 6, 2019

From: Thierry Montoya, Legal Counsel

Subject: Discussion Regarding Draft Resolution No. 2019-01 Amending the Judgment at the Riverside Superior Court's Request to Correct a Clerical Error - An Incorrect Reference to "8,610 Acre Feet" on Judgment, Page 7, Line 26 - Correcting Such to "8,650 Acre Feet"

Recommendation: That the Watermaster Committee adopt Resolution No. 2019-01.

The Riverside Superior Court maintains jurisdiction over the Beaumont Basin via the Stipulation for Judgment and the Stipulated Judgment on file with the Court. At a recent status conference hearing, the Hon. Judge Reimer of Department 5, which is assigned to the Judgment, noted a clerical error in our Judgment denominating the total amount of overlying rights at 8210 acre-feet which is incorrect, and a handwritten strike-out and handwritten reference to the correct amount of overlying rights: 8650 acre-feet. The handwritten note is not initialed or affirmed in any way.

His Honor requests that the Judgment be "amended" to correct this clerical error and to maintain the integrity of the pleadings.

Attached for the Board's review is the Resolution with the order to correct and the draft Amended Judgment making the correction.

This item was intended to be included in the February 6, 2019 packet, but was unintentionally omitted from the prior meeting packet.

A RESOLUTION OF THE BEAUMONT BASIN WATERMASTER TO AMEND THE JUDGMENT AT THE RIVERSIDE SUPERIOR COURT'S REQUEST TO CORRECT A CLERICAL ERROR—AN INCORRECT REFERENCE TO “8610 ACRE FEET” ON JUDGMENT, PAGE 7, LINE 26—CORRECTING SUCH TO “8650 ACRE FEET”

WHEREAS, the Stipulated Judgment establishing the Beaumont Basin Watermaster (Riverside Superior Court Case No. 389197) empowers the Beaumont Basin Watermaster to adopt appropriate rules and regulations for the conduct of Watermaster affairs; and

WHEREAS, the Stipulated Judgment grants to the Riverside Superior Court (the “Court”) “[f]ull jurisdiction, power and authority is retained and reserved to the Court for purposes of enabling the Court...to make such further or supplemental order or directions as may be necessary or appropriate...[to include order] to modify, amend or amplify any of the provisions of this Judgment...”, pursuant to Stipulated Judgment, IV CONTINUING JURISDICTION, page 12:27-13:8;

WHEREAS, the Court reviewed the Stipulated Judgment on September 17, 2018, noting the clerical error in terms of the reference to “8610 acre feet” as the alleged “Projected Maximum Production of water from Beaumont Basin pursuant to Overlying Water Rights...in Column 4 of Exhibit “B,”...” which is actually 8650 acre feet based on Exhibit “B,” and appears to have been corrected by some unknown party, and confirmed on the Stipulated Judgment, page 7:26, and further issuing an Order for the amendment of the Stipulated Judgment to correct this “clerical error.” See, the attached Tentative Opinion, attached to this Resolution as Exhibit “A,”;

WHEREAS, BBW is proposing to file to the Court the attached “Amended Judgment Pursuant to Stipulation Adjudicating Groundwater Rights in the Beaumont Basin”, attached as Exhibit “B,” which merely corrects the clerical error on the Stipulated Judgment, page 7:26 to substitute “8610” for “8650.”

WHEREAS, the Beaumont Basin Watermaster issued copies of the Amended Judgment Pursuant to Stipulation Adjudicating Groundwater Rights in the Beaumont Basin to members of its Watermaster Committee for review in advance of the December 5, 2018, Beaumont Basin Watermaster meeting; and,

WHEREAS, the Beaumont Basin Watermaster met on December 5, 2018 to take this matter up, finding that the foregoing is true and accurate, and;

NOW, THEREFORE, BE IT RESOLVED BY THE BEAUMONT BASIN WATERMASTER that it does hereby adopt the Amended Judgment Pursuant to Stipulation Adjudicating Groundwater Rights in the Beaumont Basin establishing the Beaumont Basin Watermaster (Riverside Superior Court Case No. 389197), the attached Exhibit “B.”

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PASSED AND ADOPTED this 6th day of February, 2018.

BEAUMONT BASIN WATERMASTER

By: _____
Art Vela, Chairman of the
Beaumont Basin Watermaster

EXHIBIT A

3

RIC389197	SAN TIMOTEO WATERSHED MANAGEMENT AUTHORITY V. CITY OF BANNING	MOTION BY BEAUMONT BASIN WATERMASTER TO APPOINT ALTERNATE MEMBER TO WATERMASTER
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Tentative Ruling:

The unopposed motion is granted. The proposed order will be signed as modified.

Counsel for the Watermaster shall nevertheless appear at the hearing and be prepared to address the following questions:

1. The copy of the judgment attached to the declaration of Montoya (at p. 7) appears to reflect a clerical correction. Is that correct? If so, has the judgment ever been amended to make that correction?
2. The text of the judgment (at ¶ 1.4) refers to Exhibits A through E. The copy in the Court's file does not include Exhibit E. The copy attached to the declaration of Montoya also omits Exhibit E. Does the Watermaster have a copy of Exhibit E?
3. The declaration of Montoya includes an Exhibit C, to which the text of the declaration does not appear to refer. What is that document?
4. Exhibit A to the judgment appears to have been in color originally. When it was scanned by the Court upon the Court's conversion from paper files, it was scanned in black and white. Does the Watermaster have a copy of Exhibit A in color?
5. Paragraph V.3 of the judgment says that "the Beaumont Basin is at or near a condition of Overdraft." Is that still the case? Is that condition improving, worsening, or staying relatively constant?
6. Paragraph V.3 of the judgment directs the Watermaster to bring an action or a motion to enjoin any Production that is not in accordance with the terms of the Judgment. Has such an enforcement action ever been taken? If so, with what result?
7. Paragraph VI.2 of the judgment authorizes the Watermaster to develop and implement a groundwater management plan and program for the Beaumont Basin, which plan shall be filed with the Court and shall be subject to review and approval by the Court. Has such a plan ever been developed? If not, why not?
8. Paragraph VI.5.Y of the judgment requires the Watermaster to re-determine the safe yield of the basin at least every 10 years, beginning in 2014. Was that done in 2014? When does the Watermaster anticipate doing so again? Does the judgment require that safe-yield determination to be approved by the Court?
9. Paragraph VII.2 of the judgment authorizes intervention by nonparties. Has that ever occurred?

EXHIBIT B

ALVARADO SMITH
A PROFESSIONAL CORPORATION
SANTA ANA

1 KEITH E. MCCULLOUGH (CA Bar No. 142519
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2 THIERRY R. MONTOYA (CA Bar No. 158400)
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**EXEMPT FROM FILING FEES
GOVERNMENT CODE § 6103**

7 Attorneys for Defendant
Beaumont Basin Watermaster

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF RIVERSIDE

CENTRAL DISTRICT

11 SAN TIMOTEO WATERSHED MANAGEMENT
12 AUTHORITY, a public agency

CASE NO.: RIC 389197

JUDGE: Craig G. Riemer
DEPT: 5

13
14 Plaintiff,
vs

**AMENDED JUDGMENT PURSUANT TO
STIPULATION ADJUDICATING
GROUNDWATER RIGHTS IN THE
BEAUMONT BASIN**

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

**AMENDED JUDGMENT PURSUANT TO STIPULATION ADJUDICATING GROUNDWATER RIGHTS IN
THE BEAUMONT BASIN**

4700333.1 -- N1356.1

Corporation; MERLIN PROPERTIES, LLC;
LEONARD M. STEARNS AND DOROTHY D.
STEARNS, individually and as Trustees of the
LEONARD M. STEARNS FAMILY TRUST OF
1991; and DOES 1 through 500, inclusive,

Defendants.

I. INTRODUCTION

1. Pleadings, Parties and Jurisdiction

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

2. Stipulation for Judgment

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

3. Definitions

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

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

B. Appropriator's Production Right: consists of an 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 withdrawn from the Appropriator's storage account, (3) and New Yield created by the Appropriator.

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

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

ALVARADO SMITH
A PROFESSIONAL CORPORATION
SANTA ANA

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

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

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

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

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

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

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

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

18 M. Operating Yield: the maximum quantity of water which can be produced annually
19 by the Appropriators from the Beaumont Basin, which quantity consists of Appropriative Water
20 plus Temporary Surplus.

21 N. Overdraft: a condition wherein the total annual production from a Groundwater
22 Basin exceeds the Safe Yield thereof.

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

26 P. Overlying Water Rights: the quantities decreed to Overlying Parties in Column 4 of
27 Exhibit "B" to this Judgment.
28

1 Q. Overproduction: by an Appropriator, measured by an amount equal to the
2 Appropriator's actual annual production minus the Appropriator's Production Right. By a new
3 overlying producer, an amount equal to what the overlying producer pumped during the year.

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

6 S. Person: any individual, partnership, association, corporation, governmental entity or
7 agency, or other organization.

8 T. Physical Solution: the physical solution set forth in Part V of this Judgment.
9 Produce, Producing, Production, Pump or Pumping: the extraction of groundwater.

10 U. Producer or Pumper: any Person who extracts groundwater.

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

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

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

21 Y. Stored Water: Supplemental Water stored in the Beaumont Basin pursuant to
22 Groundwater Storage Agreement with the Watermaster.

23 Z. Supplemental Water: water imported into the Beaumont Basin from outside the
24 Beaumont Basin including, without limitation, water diverted from creeks upstream and tributary
25 to Beaumont Basin and water which is recycled and useable within the Beaumont Basin.

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

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

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

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

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

1 **III. DECLARATION AND ADJUSTMENT OF RIGHTS**

2 1. Overlying Rights

3 The Overlying Parties are currently exercising overlying Water Rights in the Beaumont Basin.
 4 As shown on Exhibit "B", the aggregate Projected Maximum Production of water from the Beaumont
 5 Basin pursuant to Overlying Water Rights is 8650 acre feet and the Overlying Water Rights are
 6 individually decreed, in Column 4 of Exhibit "B", for each Overlying Party. The Overlying Parties shall
 7 continue to have the right to exercise their respective Overlying Water Right as set forth in Column 4 of
 8 Exhibit "B" except to the extent their respective properties receive water service from an Appropriator
 9 Party, as contemplated by Paragraph III.3 of this Judgment.

10 2. Appropriator's Share of Operating Yield

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

14 3. Adjustment of Rights

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

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

26 C. When an overlying Party receives water service as provided for in subparagraph
 27 III.3.B the Overlying Party shall forebear the use of that volume of the Overlying Water
 28 Right earmarked by the Appropriator Party. The Appropriator Party providing such service

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1 shall have the right to produce the volume of water foregone by the Overlying Party, in
2 addition to other rights otherwise allocated to the Appropriator Party.

3 D. Should the volume of the Overlying Water Right equal or exceed the volume of
4 potable groundwater earmarked as provided in subparagraph 3.B, the Appropriator Party
5 which will serve the Overlying Party shall (i) impose potable water charges and assessments
6 upon the Overlying Party and its successors in interest at the rates charged to the then-
7 existing regular customers of the Appropriator Party, and (ii) not collect from such Overlying
8 Party any development charge that may be related to the importation of water into the
9 Beaumont Basin. The Appropriator Party which will serve the Overlying Party pursuant to
10 Subparagraph 111.3.5 shall also consider, and negotiate in good faith regarding, the provision
11 of a meaningful credit for any pipelines, pump stations, wells or other facilities that may exist
12 on the property to be served.

13 E. In the event an Overlying Party receives Recycled Water from an Appropriator
14 Party to serve an overlying use served with groundwater, the Overlying Water Right of the
15 Overlying Party shall not be diminished by the receipt and use of such Recycled Water.
16 Recycled Water provided by an Appropriator Party to an Overlying Party shall satisfy the
17 criteria set forth in the California Water Code including, without limitation, the criteria set
18 forth in Water Code Sections 13550 and 13551. The Appropriator Party which will serve the
19 Recycled Water shall have the right to use that portion of the Overlying Water Right of the
20 Overlying Party offset by the provision of Recycled Water service pursuant to the terms of
21 this subparagraph; provided, however, that such right of use by the Appropriator Party shall
22 no longer be valid if the Recycled Water, provided by the Appropriator Party to the
23 Overlying Party, does not satisfy the requirements of Sections 13550 and 13551 and the
24 Overlying Party ceases taking delivery of such Recycled Water.

25 F. Nothing in this Judgment is intended to impair or adversely affect the ability of an
26 Overlying Party to enter into annexation or development agreements with any Appropriator
27 Party.
28

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G. Oak Valley Partners LP ("Oak Valley") is developing its property pursuant to Specific Plans 216 and 216A adopted by the County of Riverside ("County") in May 1990, and Specific Plan 318 adopted by the County in August, 2001, (Specific Plans 216, 216A and 318 are collectively referred to as the "Specific Plans"). The future water supply needs at build-out of the Specific Plans will greatly exceed Oak Valley's Projected Maximum Production, as reflected in Exhibit "B" to the Judgment, and may be as much as 12,811 acre feet per year. Oak Valley has annexed the portion of its property now within the City of Beaumont into the Beaumont-Cherry Valley Water District ("BCVWD"), and is in the process of annexing the remainder portion of its property into the Yucaipa Valley Water District ("YVWD"), in order to obtain retail water service for the development of the Oak Valley Property pursuant to the Specific Plans (for purposes of this subparagraph BCVWD and YVWD are collectively referred to as the "Water Districts", and individually as a "Water District"). YVWD covenants to use its best efforts to finalize the annexation of the Oak Valley property within the Calimesa City limits. Oak Valley, for itself and its successors and assigns, hereby agrees, by this stipulation and upon final annexation of its property by YVWD, to forbear from claiming any future, unexercised, overlying rights in excess of the Projected Maximum Production of Exhibit "B" of 1806 acre feet per year. As consideration for the forbearance, the Water Districts agree to amend their respective Urban Water Management Plans ("UWMP") in 2005 as follows: BCVWD agrees that 2,400 acre feet per year of projected water demand shall be included for the portion of Oak Valley to be served by BCVWD in its UWMP, and YVWD agrees to include 8,000 acre feet per year of projected water demand as a projected demand for the portion of Oak Valley to be served by YVWD in its UWMP by 2025. The Water Districts agree to use their best judgment to accurately revise this estimate to reflect the projected water demands for the UWMP prepared in 2010. Furthermore, the Water Districts further agree that, in providing water availability assessments prior to 2010, as required by Water Code §10910 and water supply 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

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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 111.3.

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

V. THE PHYSICAL SOLUTION

1. Purpose and Objective

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1 In accordance with the mandate of Section 2 of Article X of the California Constitution, the
2 Court hereby adopts, and orders the parties to comply with, a Physical Solution. The purpose of the
3 Physical Solution is to establish a legal and practical means for making the maximum reasonable
4 beneficial use of the waters of Beaumont Basin, to facilitate conjunctive utilization of surface, ground
5 and Supplemental Waters, and to satisfy the requirements of water users having rights in, or who are
6 dependent upon, the Beaumont Basin. Such Physical Solution requires the definition of the individual
7 rights of all Parties within the Beaumont Basin in a manner which will fairly allocate the native water
8 supplies and which will provide for equitable sharing of costs of Supplemental water.

9 2. Need for Flexibility

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

14 3. Production and Storage in Accordance With Judgment

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

21 4. General Pattern of Operation

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

1 or the share of Operating Yield Right of each Appropriator Party, each such Party shall provide funds to
2 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 amount of available
5 Groundwater Storage Capacity. Such Capacity can be reasonably used for Stored Water and
6 Conjunctive Use and may be used subject to Watermaster regulation to prevent injury to existing
7 Overlying and Appropriative water rights, to prevent the waste of water, and to protect the right
8 to the use of Supplemental Water in storage and Safe Yield of the Beaumont Basin.

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

18 **VI. ADMINISTRATION**

19 1. Administration and Enforcement by Watermaster

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

22 2. Watermaster Control

23 The Watermaster is hereby granted discretionary powers to develop and implement a
24 groundwater management plan and program for the Beaumont Basin, which plan shall be filed with and
25 shall be subject to review and approval by, the Court, and which may include water quantity and quality
26 considerations and shall reflect the provisions of this Judgment. Except for the exercise by Overlying
27 Parties of their respective Rights described in Column 4 of Exhibit "B" hereto in accordance with the
28 provisions of the Physical Solution, groundwater extractions and the replenishment thereof, and the

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1 storage of Supplemental Water, shall be subject to procedures established and administered by the
2 Watermaster. Such procedures shall be subject to review by the Court upon motion by any Party.

3 3. Watermaster Standard of Performance

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

6 4. Watermaster Appointment

7 The Watermaster shall consist of a committee composed of persons nominated by the City of
8 Banning, the City of Beaumont, the Beaumont-Cherry Valley Water District, the South Mesa Mutual
9 Water Company and the Yucaipa Valley Water District, each of which shall have the right to nominate
10 one representative to the Watermaster committee who shall be an employee of or consultant to the
11 nominating agency. Each such nomination shall be made in writing, served upon the other parties to this
12 Judgment and filed with the Court, which shall approve or reject such nomination. Each Watermaster
13 representative shall serve until a replacement nominee is approved by the Court. The nominating agency
14 shall have the right to nominate that representative's successor.

15 5. Powers and Duties of the Watermaster

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

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

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

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

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

28 E. Mitigation of Overdraft: The mitigation of conditions of uncontrolled overdraft.

- 1 F. Replenishment: The acquisition and recharge of Supplemental Water.
- 2 G. Monitoring: The monitoring of groundwater levels, ground levels, storage, and
3 water quality.
- 4 H. Conjunctive Use: The development and management of conjunctive-use
5 programs.
- 6 I. Local Projects: The coordination of construction and operation, by local agencies,
7 of recharge, storage, conservation, water recycling, extraction projects and any water
8 resource management activity within or impacting the Beaumont Basin.
- 9 J. Land Use Plans: The review of land use plans and coordination with land use
10 planning agencies to mitigate or eliminate activities that create a reasonable risk of
11 groundwater contamination.
- 12 K. Acquisition of Facilities: The purchase, lease and acquisition of all necessary real
13 and personal property, including facilities and equipment.
- 14 L. Employment of Experts and Agents: The employment or retention of such
15 technical, clerical, administrative, engineering, accounting, legal or other specialized
16 personnel and consultants as may be deemed appropriate. The Watermaster shall maintain
17 records allocating the cost of such services as well as all other expenses of Watermaster
18 administration.
- 19 M. Measuring Devices: Except as otherwise provided by agreement the Watermaster
20 shall install and maintain in good operating condition, at the cost of the Watermaster, such
21 necessary measuring devices or meters as Watermaster may deem appropriate. Such devices
22 shall be inspected and tested as deemed necessary by the Watermaster and the cost thereof
23 borne by the Watermaster. Meter repair and retesting will be a Producer expense.
- 24 N. Assessments: The Watermaster is empowered to levy and collect the following
25 assessments:
- 26 (1) Annual Replenishment Assessments
- 27 The Watermaster shall levy and collect assessments in each year, in amounts
28 sufficient to purchase replenishment water to replace Overproduction by any Party.

1 (2) Annual Administrative Assessments

2 a. Watermaster Expenses: The expenses of administration of the Physical
3 Solution shall be categorized as either "General Watermaster Administration Expenses", or
4 "Special Project Expenses".

5 i. General Watermaster Administration

6 Expenses: shall include office rent, labor, supplies, office equipment,
7 incidental expenses and general overhead. General Watermaster
8 Administration Expenses shall be assessed by the Watermaster equally
9 against the Appropriators who have appointed representatives to the
10 Watermaster.

11 ii. Special Project Expenses: shall include special

12 engineering, economic or other studies, litigation expenses, meter testing
13 or other major operating expenses. Each such project shall be assigned a
14 task order number and shall be separately budgeted and accounted for.
15 Special Project Expenses shall be allocated to the Appropriators, or
16 portion thereof, on the basis of benefit.

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

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

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

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

26 S. Groundwater Storage Agreements: The Watermaster shall adopt uniform
27 rules and a standard form of agreement for the storage of Supplemental Water,
28

1 provided that the activities undertaken pursuant to such agreements do not injure any
2 Party.

3 T. Administration of Groundwater Storage Capacity: Except for the exercise
4 by the Overlying Parties of their respective Overlying Water Rights described in Part
5 III, above, in accordance with the provisions of the Physical Solution, all Groundwater
6 Storage capacity in the Beaumont Basin shall be subject to the Watermaster's rules
7 and regulations, which regulations shall ensure that sufficient storage capacity shall be
8 reserved for local projects. Any Person or entity may apply to the Watermaster to store
9 water in the Beaumont Basin.

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

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

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

23 X. Annual Administrative Budget: The Watermaster shall prepare an annual
24 administrative budget for public review, and shall hold a public hearing on each such
25 budget prior to adoption. The budget shall be prepared in sufficient detail so as to
26 make a proper allocation of the expenses and receipts. Expenditures within budgeted
27 items may thereafter be made by the Watermaster as a matter of course.
28

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

6. Reports and Accounting

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

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

7. Replenishment

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

- (a) Recycled Water;
- (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

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

2. Intervention After Judgment

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

3. Interference with Pumping

Nothing in this judgment 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.

4. Successors and Assigns

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

5. Severability

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

6. Review Procedures

Any action, decision, rule or procedure of the Watermaster pursuant to this Judgment shall be subject to review by the Court on its own motion or on timely motion by any Party, as follows:

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

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

15 C. Time for Motion: A motion to review any Watermaster action or decision shall be
16 filed within 90 days after such Watermaster action or decision, except that motions to review
17 Watermaster assessments hereunder shall be filed within 30 days of mailing of notice of the
18 assessment.

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

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

26 DATED: _____

27 By: _____
28 Judge of the Superior Court

BEAUMONT BASIN WATERMASTER

MEMORANDUM NO. 19-06

Date: March 6, 2019

From: Hannibal Blandon, ALDA Inc.

Subject: Discussion Regarding the 2018 Draft Annual Report and Review of Comments Received by the Consultant

Recommendation: Pending

The purpose of this Technical Memorandum is to summarize the comments received on the Draft of the 2018 Consolidated Annual Report and Engineering Report presented to the Beaumont Basin Watermaster Committee during the February 6, 2019 regular meeting.

A copy of the draft report is available online at:

<http://documents.yvwd.dst.ca.us/bbwm/documents/2018draftAnnualReport190206.pdf>

Comments were provided by the Beaumont Cherry Valley Water District, the Yucaipa Valley Water District, and the City of Banning. South Mesa Water Company did not provide comments. Comments were concentrated around three main issues:

Comment No. 1 – Groundwater Production by BCVWD and the City of Banning

Between October and December 2018, the BCVWD produced 119.6 ac-ft of water that were delivered to the City of Banning. This volume of water should be accounted against the City of Banning production rights. This issue affects a number of tables in the report including Table 3-1F (Summary of Production for CY 2018), Table 3-3B (Production Summary for Appropriator and Overlying Producers 2011-2018), Table 3-8 (Consolidation of Appropriator Production and Storage Accounts), Figure 3-5 (Groundwater Storage by Agency/User as of 2018) and the Storage Consolidation table presented in Page 3-11. These tables and figures have been corrected with the appropriate production quantities by these agencies.

Comment No. 2 – Consideration of the Following Recommendations

Topics of future consideration should include the following:

- Creation of a formal policy for the transfer of overlying water rights to appropriators
- Creation of a formal policy for the accounting of groundwater losses
- Creation of a formal policy to account for return flow credit
- Amendment of storage agreements to reflect current storage limits

Comment No. 3 – Transfers of Overlying Water Rights to Appropriators

The transfer of Overlying water rights to Appropriators was discussed numerous times during the regular Watermaster Committee meetings in 2018 without Committee reaching consensus. Discrepancies centered on the timing when an Overlying right becomes an Appropriative right. The language used in the draft report does not represent an agreeable conclusion to this issue. This issue needs to be further discussed before incorporation into the final report.

Facts About the Beaumont Basin Watermaster

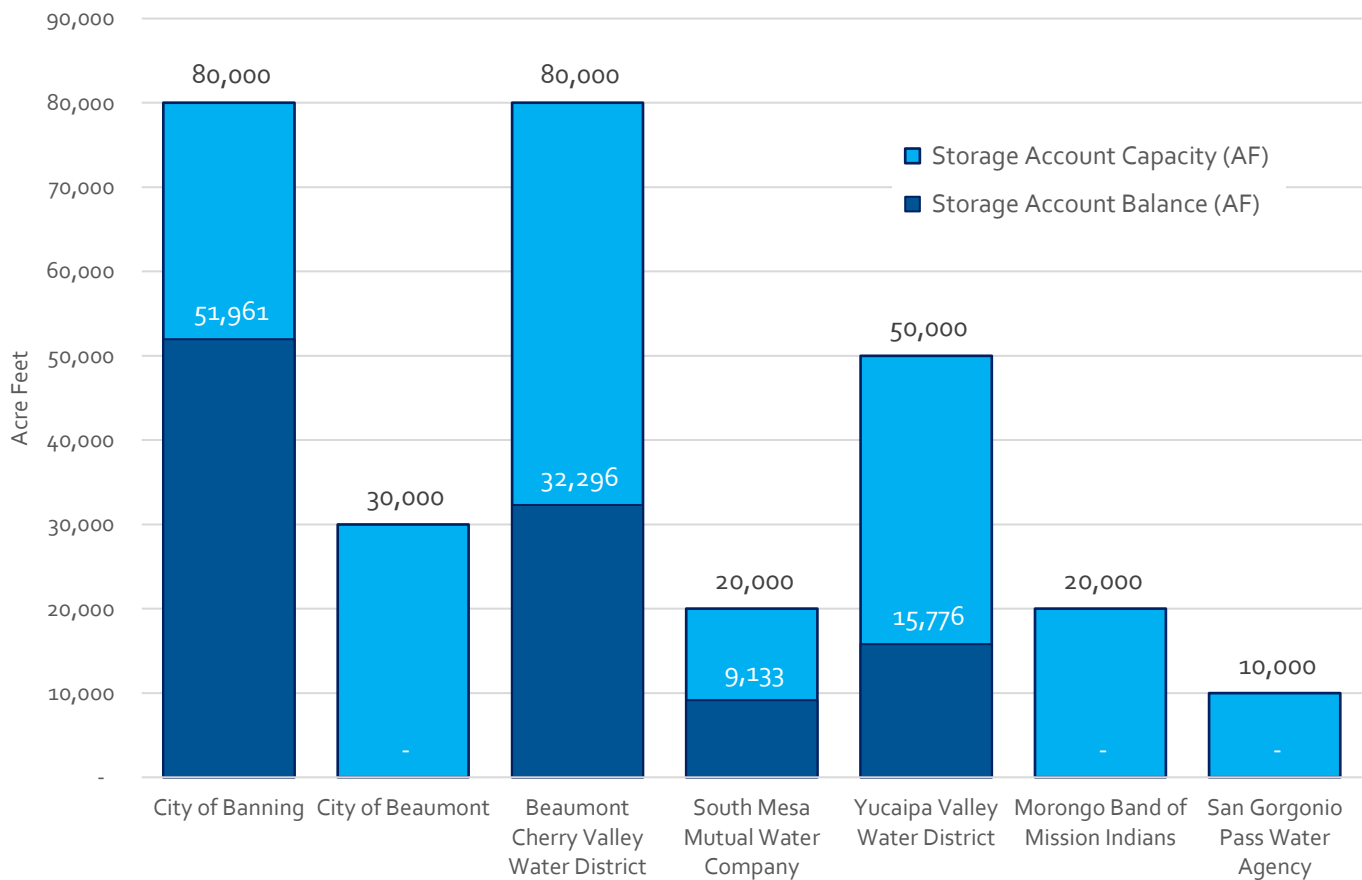
Authority and Formation: Case No. RIC 389197 – A Stipulated Agreement signed by Honorable Judge Gary Tranbarger of the Superior Court of the State of California, County of Riverside on February 4, 2004 (the “Judgment”).

Online Documentation: www.beaumontbasinwatermaster.org

Watermaster Members:

- City of Banning
 - Arturo Vela and Luis Cardenas
- City of Beaumont
 - _____ and Kyle Warsinski
- Beaumont Cherry Valley Water District
 - Dan Jagers and Mark Swanson
- South Mesa Mutual Water Company
 - George Jorritsma and David Armstrong
- Yucaipa Valley Water District
 - Joseph Zoba and Jennifer Ares

Storage Account Balances (as of December 31, 2017)



Original Safe Yield Determination (2004):	8,650 acre feet per year
Safe Yield Re-evaluation (2014):	6,700 acre feet per year
Safe Yield Re-evaluation (2024):	To be determined

Overlying Party to the Judgment	2004 Initial Overlying Water Right (acre feet)	2014 Updated Overlying Water Right (acre feet)
California Oak Valley Golf and Resort	950.0	735.8
Plantation on the Lake	581.0	450.0
Sharondale Mesa Owners Association	200.0	154.9
Tukwet Canyon Golf Club	2,200.0	1704.0
Rancho Calimesa Mobile Home Park	150.0	116.2
Gutierrez, Hector, et.al.	10.0	7.7
Darmont, Boris and Miriam	2.5	1.9
Aldama, Nicolas and Amalia	7.0	5.4
McAmis, Ronald L.	5.0	3.9
Nikodinov, Nick	20.0	15.5
Beckman, Walter M.	75.0	58.1
Albor Properties III	300.0	232.4
Sterns, Leonard M. and Dorothy D.	200.0	154.9
Sunny-Cal Egg and Poultry Company	1,439.5	1,115.0
Merlin Properties	550.0	426.0
Oak Valley Partners	1,806.0	1,398.9
Roman Catholic Bishop of San Bernardino	154.0	119.3
Total	8,650.0	6,700.0

Transfer of Overlying Rights to Overlying-Appropriative Rights:

Beaumont Basin Watermaster Resolution No. 17-02 adopted on August 30, 2017 transferred all of the overlying water rights from Oak Valley Partners to Yucaipa Valley Water District.

Summary of Assigned Overlying-Appropriative Rights	Watermaster Notification Date	Earmarked Amount (acre feet)
Assignment No. 1 to Yucaipa Valley Water District	3/28/2018	90.94
Assignment No. 2 to Yucaipa Valley Water District	8/1/2018	59.89
Assignment No. 3 to Yucaipa Valley Water District	10/3/2018	29.57
Assignment No. 4 to Yucaipa Valley Water District	2/6/2019	2.65
Total		183.05

Financial Information:

Each year the Beaumont Basin Watermaster has an independent accountant's review of the financial standing. The following illustration provides a summary of the annual revenue and expenditure information since the formation of the Beaumont Basin Watermaster.

