RESOLUTION NO. 2006-03

A RESOLUTION OF THE BEAUMONT BASIN WATERMASTER REQUESTING THE SAN GORGONIO PASS WATER AGENCY TO PROCEED WITH THE IMPLEMENTATION AND CONSTRUCTION OF EBX PHASE II

WHEREAS, the San Gorgonio Pass Water Agency is a State Water Contractor ("SGPWA"); and

WHEREAS, SGPWA is authorized to take delivery of up to 17,300 acre feet of State Project Water pursuant to its State Water Contract; and

WHEREAS, because of physical and contractual constraints, SGPWA is unable to take delivery of more than 8,650 acre feet per year of State Project Water; and

WHEREAS, in order to take delivery of its entire allocation and such other imported water as it may secure, the SGPWA must first construct "EBX Phase II" facilities; and

WHEREAS, the time needed to study, plan, design, engineer and construct the EBX Phase II facilities, including the completion of environmental documentation for the project, is estimated to take three to five years from start to finish;

WHEREAS, construction costs have escalated sharply in the last three years, and it is expected that the cost of construction materials and labor, especially concrete and steel, will continue to escalate substantially in the near-term; and

WHEREAS, until the EBX Phase II facilities are completed, water needed to offset overdraft in the Beaumont Basin and elsewhere within the service area of SGPWA will be unavailable because of delivery constraints; and

WHEREAS, opportunities to purchase additional imported water supplies to enhance the SGPWA's Table "A" allocation under its Contract are being unmet because of the inability of the delivery system to handle such enhanced supplies; and

WHEREAS, the water retailers in the San Gorgonio Pass are ready, willing and able to purchase the water that the EBX Phase II facilities will enable delivery of.

NOW, THEREFORE, the Beaumont Basin Watermaster hereby resolves to urge the Board of Directors of the San Gorgonio Pass Water Agency to take all steps reasonably necessary to implement and construct the EBX Phase II facilities project at the earliest possible time.

The Beaumont Basin Watermaster also resolves to commit whatever resources it has available to assist the SGPWA Board of Directors in this regard.

Dated: March 27, 2006

BEAUMONT BASIN WATERMASTER

GEORGE ORRITSMA. Chairman