



# Yucaipa Valley Water District

## **Notice and Agenda of a Board Workshop** Tuesday, April 26, 2011 at 4:00 p.m.

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MEETING LOCATION: District Administration Building  
12770 Second Street, Yucaipa

MEMBERS OF THE BOARD: Director Ian Cuthbertson, Division 1  
Director Bruce Granlund, Division 2  
Director Jay Bogh, Division 3  
Director Lonni Granlund, Division 4  
Director Hank Wochholz, Division 5

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- I. Call to Order
- II. Public Comments: At this time, members of the public may address the Board of Directors on matters within its jurisdiction; however, no action or significant discussion may take place on any item not on the agenda. To provide comments on specific agenda items, please complete a speaker's request form and provide that form to the Board Secretary prior to the commencement of the Board meeting.
- III. Staff Comments
- IV. Workshop Presentations
  - A. Presentation of Issues and Solutions Related to Salinity Regulations in the Yucaipa Management Zone, Beaumont Management Zone, and the San Timoteo Management Zone [[Workshop Memorandum No. 11-055 - Page 3 of 96](#)]
- V. Capital Improvement Projects
  - A. Status Report on the Construction of the Yucaipa Valley Regional Brineline [[Workshop Memorandum No. 11-056 - Page 19 of 96](#)]
  - B. Status Report on the Construction of Drinking Water Pipelines in Second Street, Yucaipa [[Workshop Memorandum No. 11-057 - Page 22 of 96](#)]
  - C. Status Report on the Construction of a Recycled Water Facilities in the Vicinity of Seventh Street and Yucaipa Boulevard [[Workshop Memorandum No. 11-058 - Page 24 of 96](#)]

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Any person with a disability who requires accommodation in order to participate in this meeting should telephone Chelsie Fogus at (909) 797-5118, at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.

Materials related to an item on this agenda submitted to the Board of Directors after distribution of the workshop packet are available for public inspection during normal business hours at the District office located at 12770 Second Street, Yucaipa. Meeting material may also be available on the District's website at [www.yvwd.dst.ca.us](http://www.yvwd.dst.ca.us)

- VI. Development Related Issues
  - A. Overview of Development Agreement No. 04-2011 related to Parcel Map No. 18337, Yucaipa (Assessor's Parcel Number 0303-131-76) [[Workshop Memorandum No. 11-059 - Page 27 of 96](#)]
  - B. Overview of Development Agreement No. 06-2006 and a Request for Reallocation of Pipeline Reimbursement Funds to be Applied towards the Development Impact Fees of Certain Parcels in Tract No. 26811, Calimesa [[Workshop Memorandum No. 11-060 - Page 41 of 96](#)]
- VII. Administrative Issues
  - A. Overview of Proposed Legislation and Impacts to Yucaipa Valley Water District Ratepayers - Senate Bill 34 and Senate Bill 244 [[Workshop Memorandum No. 11-061 - Page 60 of 96](#)]
  - B. Overview of a Draft Agreement Related to Fire Service at the Yucaipa High School Campus [[Workshop Memorandum No. 11-062 - Page 83 of 96](#)]
  - C. Renewal of Contract with G & G Environmental Compliance to Provide Pretreatment Inspection Related Services [[Workshop Memorandum No. 11-063 - Page 84 of 96](#)]
  - D. Overview of the Proposed Proposition 218 Notification Related to Salinity Management Issues [[Workshop Memorandum No. 11-064 - Page 94 of 96](#)]
  - E. Overview of the Proposed 2011 Cooperative Groundwater Recharge Program with the San Bernardino Valley Municipal Water District [[Workshop Memorandum No. 11-065 - Page 95 of 96](#)]
- VIII. Director Comments
- IX. Closed Session
  - A. Conference with Labor Negotiator (Government Code 54957.6)  
District Negotiator: Joseph Zoba, General Manager  
Employee Organization: IBEW Local Union 14356 - YVWD Employees Association
  - B. Conference with Labor Negotiator (Government Code 54957.6)  
District Negotiator: Joseph Zoba, General Manager  
Employee Organization: Supervisor Bargaining Unit
  - C. Conference with Labor Negotiator (Government Code 54957.6)  
District Negotiator: Joseph Zoba, General Manager  
Employee Organization: Confidential Employee Bargaining Unit
  - D. Conference with Labor Negotiator (Government Code 54957.6)  
District Negotiator: Joseph Zoba, General Manager  
Employee Organization: Exempt Employee Bargaining Unit
  - E. Conference with Labor Negotiator (Government Code 54957.6)  
Unrepresented Employee: Joseph Zoba, General Manager
- X. Adjournment

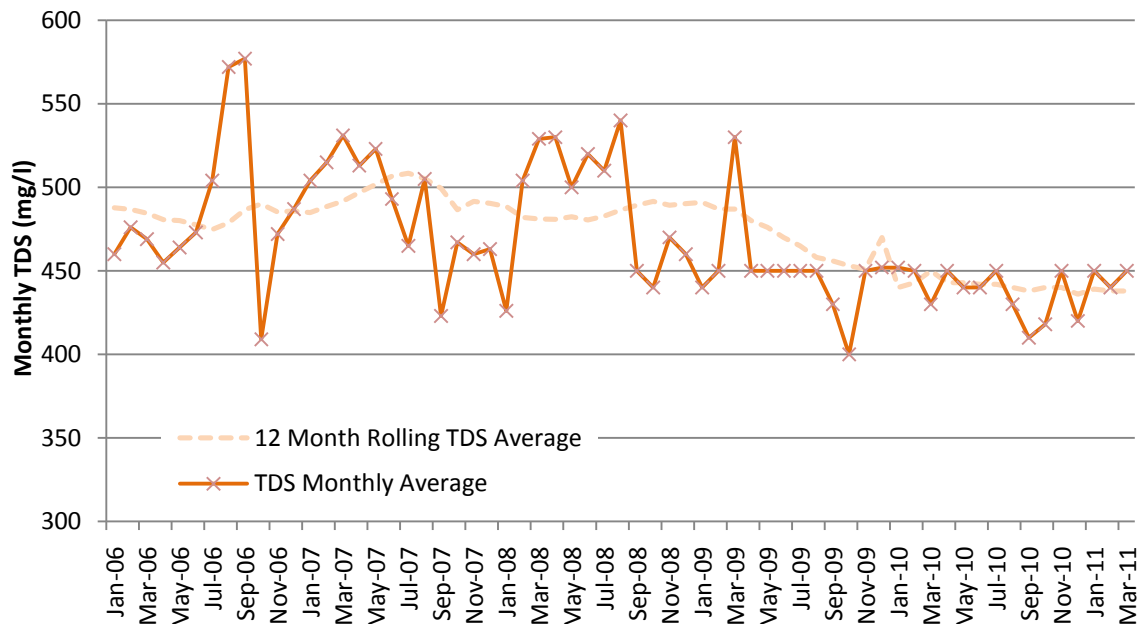
**Date:** April 20, 2011

**Subject:** Presentation of Issues and Solutions Related to Salinity Regulations in the Yucaipa Management Zone, Beaumont Management Zone, and the San Timoteo Management Zone

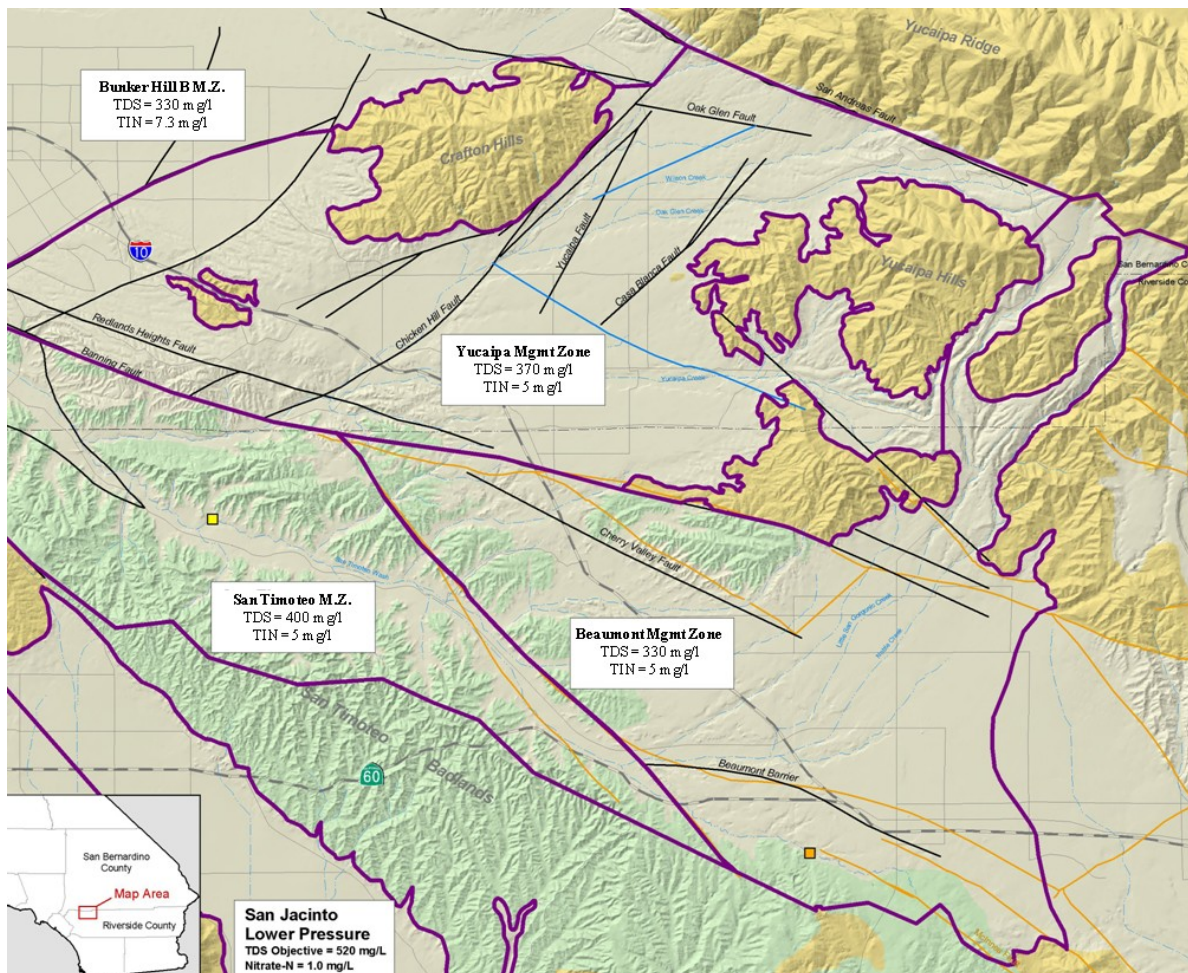
Federal law requires states to establish water quality standards for all water bodies within the state's jurisdiction. A water quality standard is comprised of three parts: 1) the beneficial uses that apply to the water body; 2) the water quality criteria needed to protect those uses; and 3) an antidegradation policy to protect water quality that is already better than the applicable criteria. The Porter-Cologne Water Quality Control Act (Division 7, "Water Quality", of the California Water Code) establishes similar requirements in state law.

In California, Regional Water Quality Control Boards enact water quality standards through a formal basin planning process that sets groundwater quality objectives. Each Regional Board publishes a Basin Plan that identifies individual water bodies within its jurisdiction, designates the beneficial uses that apply to each water body and specifies the water quality criteria (or objectives) for those water bodies. Although the federal Clean Water Act applies only to surface waters, the Porter-Cologne Act applies to both the ground and surface waters of California.

Of particular concern to the Yucaipa Valley Water District are the limitations set for total dissolved solids or typical salt (salinity) constituents in the recycled water supply. Below is a diagram of the recycled water total dissolved solids concentrations from the Wochholz Regional Water Recycling Facility.



The current monthly value of total dissolved solids in the recycled water supply is 450 mg/l with a twelve month average of 437 mg/l. To utilize the recycled water in the upper portion of the Santa Ana Watershed, the quality of the recycled water needs to meet an average quality of 330 mg/l for the Beaumont Management Zone; 370 mg/l for the Yucaipa Management Zone; or 400 mg/l for the San Timoteo Management Zone. In all cases, the amount of salt, or total dissolved solids of the recycled water, is more than the water quality objective set by the Regional Water Quality Control Board. These water quality objectives severely constrain the District from utilizing our recycled water without additional water treatment.



While these stringent objectives will result in additional costs for the District and our customers, these standards are actually relaxed based on a demonstration that less restrictive water quality objectives provide a benefit to the people of California. The most protective water quality objectives are established as the “antidegradation” values and will be triggered if certain commitments are not fully achieved.

Total Dissolved Solids (Salinity Objectives) Impacting Yucaipa Valley Water District		
Groundwater Management Zone	Maximum Benefit Objective	Antidegradation Objective
San Timoteo	400 mg/l	300 mg/l
Yucaipa	370 mg/l	320 mg/l
Beaumont	330 mg/l	230 mg/l

The commitments made by the District in order to maintain the Maximum Benefit Objectives include the following provisions as contained within our waste discharge permit adopted on February 2, 2007 by the Regional Water Quality Control Board.

Description of Commitment	Compliance Date – as soon as possible, but no later than
<p>1. Surface Water Monitoring Program</p> <p>a. Submit Draft Monitoring Program to Regional Board</p> <p>b. Implement Monitoring Program</p> <p>c. Quarterly data report submittal</p> <p>d. Annual data report submittal</p>	<p>a. January 23, 2005</p> <p>b. Within 30 days from Regional Board approval of monitoring plan</p> <p>c. April 15, July 15, October 15, January 15</p> <p>d. February 15<sup>th</sup></p>
<p>2. Groundwater Monitoring Program</p> <p>a. Submit Draft Monitoring Program to Regional Board</p> <p>b. Implement Monitoring Program</p> <p>c. Annual data report submittal</p>	<p>a. January 23, 2005</p> <p>b. Within 30 days from Regional Board approval of monitoring plan</p> <p>c. February 15<sup>th</sup></p>
<p>3. Desalter(s) and Brine Disposal Facilities</p> <p>a. Submit plan and schedule for construction of desalter(s) and brine disposal facilities. Facilities are to operational as soon as possible but no later than 7 years from date of Regional Board approval of plan/schedule.</p> <p>b. Implement the plan and schedule</p>	<p>a. Within 6 months of either of the following:</p> <p>i. When YVWD's effluent 5-year running average TDS exceeds 530 mg/L; and/or</p> <p>ii. When volume weighted average concentration in the Yucaipa MZ of TDS exceeds 360 mg/L</p> <p>b. Within 30 days from Regional Board approval of plan</p>
<p>4. Non-potable water supply</p> <p>Implement non-potable water supply system to serve water for irrigation purposes. The non-potable supply shall comply with a 10-year running average TDS concentration of 370 mg/L or less</p>	<p>December 23, 2014</p>
<p>5. Recycled water recharge</p> <p>The recharge of recycled water in the Yucaipa or San Timoteo Management Zones shall be limited to the amount that can be blended with other recharge sources to achieve a 5-year running average equal to or less than the "maximum benefit" objectives for TDS and nitrate-nitrogen for the relevant</p>	<p>Compliance must be achieved by end of 5<sup>th</sup> year after initiation of recycled water use/recharge operations.</p>

Description of Commitment	Compliance Date – as soon as possible, but no later than
<p>Management Zone(s).</p> <ul style="list-style-type: none"> <li>a. Submit baseline report of amount, locations, and TDS and nitrogen quality of stormwater/imported water recharge.</li> <li>b. Submit documentation of amount, TDS and nitrogen quality of all sources of recharge and recharge locations. For stormwater recharge used for blending, submit documentation that the recharge is the result of YVWD enhanced recharge facilities/programs</li> </ul>	<ul style="list-style-type: none"> <li>a. Prior to initiation of construction of basins/other facilities to support enhanced stormwater/imported water recharge.</li> <li>b. Annually, by January 15<sup>th</sup>, after initiation construction of facilities/implementation of programs to support enhanced recharge.</li> </ul>
6. Ambient groundwater quality determination	July 1, 2005 and every 3 years thereafter
7. Replace denitrification facilities (necessary to comply with TIN wasteload allocation specified in Table 5-5)	New facilities shall be operational no later than December 23, 2007
<p>8. YVWD recycled water quality improvement plan and schedule</p> <ul style="list-style-type: none"> <li>a. Submit plan and schedule</li> <li>b. Implement plan and schedule</li> </ul>	<ul style="list-style-type: none"> <li>a. 60 days after the TDS 12-month running average effluent quality equals or exceeds 530 mg/L for 3 consecutive months and/or the 12-month running average TIN concentration equals or exceeds 6 mg/L in any month (once replacement denitrification facilities are in place)</li> <li>b. Upon approval by Regional Board</li> </ul>
<p>9. Remove/reduce the discharge of YVWD effluent from the unlined portion of San Timoteo Creek</p> <ul style="list-style-type: none"> <li>a. Submit proposed plan/schedule</li> <li>b. Implement plan/schedule</li> </ul>	<ul style="list-style-type: none"> <li>a. June 23, 2005</li> <li>b. Upon Regional Board approval</li> </ul>
<p>10. Construct the Western Regional Interceptor for Dunlap Acres</p> <ul style="list-style-type: none"> <li>a. Submit proposed construction plan and schedule. The schedule shall assure the completion of construction as soon as possible but no later than January 1, 2010.</li> <li>b. Implement plan and schedule</li> </ul>	<ul style="list-style-type: none"> <li>a. June 23, 2005</li> <li>b. Upon Regional Board approval</li> </ul>

The District continues to meet our commitments, however in November 2010, the District learned of the lack of assimilative capacity in the San Timoteo Management Zone which now requires the immediate implementation of reduced total dissolved solids to a five-year average of 400 mg/l in order not to trigger the even more restrictive and costly antidegradation objectives.

The purpose of this agenda item is to provide the members of the board and the public with more information about this important issue.



November 1, 2010

City of Beaumont  
Attention: David Dillon  
Director of Economic Development  
550 East 6th Street  
Beaumont, CA 92223

Yucaipa Valley Water District  
Attention: Joseph Zoba  
General Manager  
12770 Second Street  
Yucaipa, CA 92399

***Subject: Preliminary Assessment of Assimilative Capacity for TDS and Nitrogen in the San Timoteo Management Zone***

Dear Messrs. Dillon and Zoba:

On February 22, 2010, Wildermuth Environmental, Inc. (WEI), on behalf of the City of Beaumont (City), the Yucaipa Valley Water District (YVWD), and Regional Board staff met to discuss compliance with the Maximum Benefit objectives and commitments in the San Timoteo Management Zone (STMZ). During the meeting, the parties discussed the locations of new monitoring wells planned for construction pursuant to their October 30, 2008 monitoring well work plan (WEI, 2008b), a revised schedule for well completion, and the Regional Board's directive to perform a preliminary assessment of assimilative capacity in the STMZ in parallel with the watershed-wide effort to re-compute ambient groundwater quality that is being conducted by the Basin Monitoring Program Task Force (BMPTF). Official correspondence from the Regional Board, dated July 27, 2010, mandated that the City and the YVWD perform a Preliminary Assessment of Assimilative Capacity for TDS and Nitrogen in the STMZ (preliminary assessment) by October 30, 2010. The City and the YVWD subsequently retained WEI to work with the Regional Board to develop a methodology and perform the preliminary assessment. This report summarizes the background, technical approach, results, and next steps of the preliminary assessment.

## **BACKGROUND**

The methodology for computing groundwater quality objectives, current ambient groundwater quality, and assimilative capacity for total dissolved solids (TDS) and nitrate as nitrogen (nitrate-N) in groundwater management zones was developed by the N/TDS Task Force in 2000 and is documented in the TIN/TDS Study – Phase 2A Final Technical Memorandum (WEI, 2000). The

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Water Quality Control Plan for the Santa Ana River Basin (Basin Plan) was amended in January 2004 to include the results and methodology from the TIN/TDS Study. As part of 2004 Basin Plan amendment, the TDS and nitrate-N objectives for the STMZ (and a few other management zones) were raised to create assimilative capacity to encourage reclamation and the maximum beneficial use of State waters. These "maximum benefit" water quality objectives are contingent on the implementation of certain projects and programs by the stakeholders that petitioned for the "maximum benefit" objectives.

The TDS and Nitrogen Management Implementation Plan outlined in Section 5 of the Basin Plan requires that ambient groundwater quality be recomputed every three years using the same methodology developed by the N/TDS Task Force to compute the objectives. The triennial recomputation requirement is reiterated as a specific commitment in the Maximum Benefit Implementation Plan for Salt Management in the STMZ.

In 2003 and 2006, current ambient groundwater quality was estimated in management zones across the entire watershed, but insufficient data were available in the STMZ. In the current (2009) ambient water quality recomputation period, the data are still insufficient in the STMZ to compute ambient water quality per the adopted methodology, despite increased monitoring efforts and the construction of new monitoring wells. Thus, the Regional Board mandated that the City and the YVWD develop a comparable, alternative methodology to make a preliminary estimation of current ambient groundwater quality and assimilative capacity in the STMZ.

#### **TECHNICAL APPROACH**

In general, the recomputation effort is performed per the following steps (i) development of statistics for TDS and nitrate-N at wells for the current time period, (ii) estimation (contour mapping) of TDS and nitrate-N across the management zone, and (iii) computation of a volume-weighted estimate of current ambient TDS and nitrate-N based on the groundwater quality, groundwater levels, aquifer geometry, and aquifer properties. A moving 20-year period of water quality data from wells is used in each recomputation. In order to compute TDS and nitrate-N statistics at a well, at least one water-quality sample must have been collected in a minimum of three separate calendar years within the 20-year time period. A step-by-step description of the methodology to estimate ambient groundwater quality is included in the Recomputation of Ambient Water Quality in the Santa Ana Watershed for the Period 1987 to 2006 Final Technical Memorandum (WEI, 2008a).

The 20-year period for the 2009 recomputation of ambient groundwater quality is January 1, 1990 to December 31, 2009. As previously stated, the data from wells in the STMZ for the 2009 recomputation is insufficient to estimate current ambient TDS and nitrate-N concentrations. In order to make a preliminary assessment of current ambient TDS and nitrate-N concentrations in the STMZ, the ambient water quality methodology was modified as follows:

- The computation period was shifted to the 20-year period of January 1, 1991 to December 31, 2010 to allow for inclusion of results from monitoring wells constructed in 2010. This shift also allows for the calculation of a TDS and nitrate-N statistic at three wells that would not have had a statistic calculated in the 2009 time period.
- A water-quality sample and groundwater-elevation measurement were collected at all wells in the STMZ that were able to be sampled during August 2010.

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- For those wells with a TDS or nitrate-N statistic for the 1991 to 2010 time period, TDS and nitrate-N contours were drawn to the statistic value.
- For those wells that do not have the minimum three-year dataset required to compute a TDS or nitrate-N statistic for 1991 to 2010 time period, TDS and nitrate-N contours were drawn to the average value of all sample results available during the 20-year time period.
- For those wells that were sampled for the first time in August 2010, TDS and nitrate-N contours were drawn to the single sampling result for TDS and nitrate-N.
- Groundwater volume was based on groundwater elevation contours for measurements made in August 2010.

The maximum benefit objectives for TDS and nitrate-N in the STMZ are 400 milligrams per liter (mg/L) and 5.0 mg/L, respectively. The preliminary current ambient concentrations of TDS and nitrate-N are to be compared against the "maximum benefit" objectives for the STMZ to determine if assimilative capacity exists. Assimilative capacity is described as:

*If the preliminary current ambient TDS or nitrate-N concentration of the management zone is equal to or greater than the objectives, then assimilative capacity does not exist. If the preliminary current ambient TDS or nitrate-N concentration is less than the water quality objectives, then assimilative capacity exists. In the later case, the difference between the objective and the preliminary current ambient TDS or nitrate-N concentration is the amount of assimilative capacity available.*

The preliminary assessment methodology was developed by WEI in cooperation with the Regional Board and was presented to the BMPTF on July 21, 2010.

#### **PRELIMINARY ASSESSMENT RESULTS**

The results of the preliminary assessment of assimilative capacity in the STMZ are summarized in the following table.

<b>Constituent</b>	<b>Antidegradation Objective (mg/L)</b>	<b>Maximum Benefit Objective (mg/L)</b>	<b>2010 Preliminary Current Ambient Concentration (mg/L)</b>	<b>2010 Preliminary Assimilative Capacity (mg/L)</b>
TDS	300	400	420	<b>- 20</b>
nitrate-N	2.7	5	0.8	4.2

Included with this letter report are a series of figures and tables that further describe the data used in the analysis. Figure 1 shows the location of all wells in the STMZ used in the preliminary analysis. Tables 1 and 2 summarize the TDS and nitrate-N at the wells, including the total number of samples, the number of annual averages, the average constituent concentration, the current ambient statistic, the August 2010 sample result, and the value used to contour the management zone. Figures 2 and 3 show the current ambient statistics, the average values, and the contours of TDS and nitrate-N, respectively. Figure 4 shows the groundwater elevation

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contours for August 2010. Figures 5 and 6 show the aquifer volume by grid-cell, as a percent of the total volume, overlain by the TDS and nitrate-N contours.

All groundwater well, water-level, and water-quality data used in the preliminary assessment are provided in an access database included on the enclosed CD. Also included on the CD are the GIS shapefiles created and used in the assessment, including points, contours, and the management zone grid.

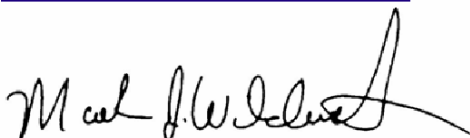
#### **NEXT STEPS**

Per the July 27, 2010 letter from the Regional Board, each agency is required to prepare a salt-offset plan to mitigate discharges above the Maximum Benefit objectives for which there is no assimilative capacity. The salt-offset plan is due to the Regional Board by December 30, 2010. We recommend that you set up a meeting with Regional Board staff as soon as possible to discuss the results of this analysis, their expectations for the salt-offset plan, and to clarify any additional monitoring and reporting requirements related to the Maximum Benefit commitments in the STMZ.

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Please call me if you have any questions or concerns regarding this report. It has been our pleasure to assist the City and the YVWD on this important and timely assignment.

#### **Wildermuth Environmental, Inc**



Mark J. Wildermuth, MS, PE  
Chairman



Samantha S. Adams  
Senior Scientist

Encl. Tables 1 and 2; Figures 1 – 6; Compact Disc with data and GIS files  
Cc. Kurt Berchtold and Cindy Li/Santa Ana Regional Water Quality Control Board

#### **REFERENCES**

Wildermuth Environmental, Inc. (2000). *TIN/TDS Phase 2A: Tasks 1 through 5. TIN/TDS Study of the Santa Ana Watershed*. Technical Memorandum. July 2000.

Wildermuth Environmental, Inc. (2008a). *Recomputation of Ambient Water Quality in the Santa Ana Watershed for the Period 1987 to 2006, Final Technical Memorandum*. August 2008.

Wildermuth Environmental, Inc. (2008b). *San Timoteo Management Zone Monitoring Network Development Workplan*. October 2008.

**Table 1**  
**Summary of Total Dissolved Solids (TDS) Data for Wells in the San Timoteo Management Zone**  
**1991 - 2010**

Well ID	Well Owner	Well Name	Sample Count	TDS Average (mg/L)	TDS August 2010 (mg/L)	TDS Statistic (mg/L)	TDS Contour Value (mg/L)
1003044	Hudson, O.	NA	4	243	not sampled	263	263
1003049	El Casco Lake Ranch	ONE	3	653	660	676	676
1003079	Rutherford, Mark	Fishermen's Retreat 1	6	570	580	582	582
1201539	Schwenkert, Henry	1	4	843	820	878	878
1201582	Fisher's Retreat	Fishermen's Retreat 2	5	416	450	434	434
1205019	County of San Bernardino	ST-02	60	315	*	337	337
1205020	County of San Bernardino	ST-03	27	504	*	514	514
1205021	County of San Bernardino	ST-05C	60	326	*	322	322
1205023	County of San Bernardino	ST-07	23	348	*	353	353
1205024	County of San Bernardino	ST-08	50	433	*	445	445
1205025	County of San Bernardino	ST-10	47	389	*	399	399
1205026	County of San Bernardino	ST-11	39	284	*	315	315
1207472	County of San Bernardino	ST-07A	24	231	*	250	250
1207756	East Valley Golf Club	335645117024201	1	242	not sampled	n/a	242
1208660	City of Beaumont	Heartland Well	4	380	390	446	446
1220051	Metropolitan Water District	BH-9	2	400	260	n/a	400
1220052	Metropolitan Water District	BH-19	3	720	590	815	815
1221779	Yucaipa Valley Water District	YVWD GWMW-3	3	473	470	n/a	473
1221780	Yucaipa Valley Water District	YVWD GWMW-2	2	530	550	n/a	530
1221782	Yucaipa Valley Water District	YVWD GWMW-4	1	570	570	n/a	570
1222061	City of Beaumont	SanTim-1	2	420	420	n/a	420
1222079	City of Beaumont	San Tim-2B/1	2	285	260	n/a	253
1222080	City of Beaumont	San Tim-2B/2	2	220	240	n/a	253
1222103	Yucaipa Valley Water District	YVWD GWMW-5A	3	477	430	n/a	411
1222104	Yucaipa Valley Water District	YVWD GWMW-5B	3	497	490	n/a	411
1222105	Yucaipa Valley Water District	YVWD GWMW-5C	1	260	260	n/a	411
1222106	Marlie Wells	Deep Well	10	380	400	n/a	380

Notes:

\*San Timoteo Landfill wells are sampled by the County of San Bernardino, the most recent sample date is June 2010

n/a indicates that data are insufficient to compute an ambient water quality statistic for TDS

**Contour point values in bold indicate that the contour value is the average of the "TDS average" values for nested monitoring wells**



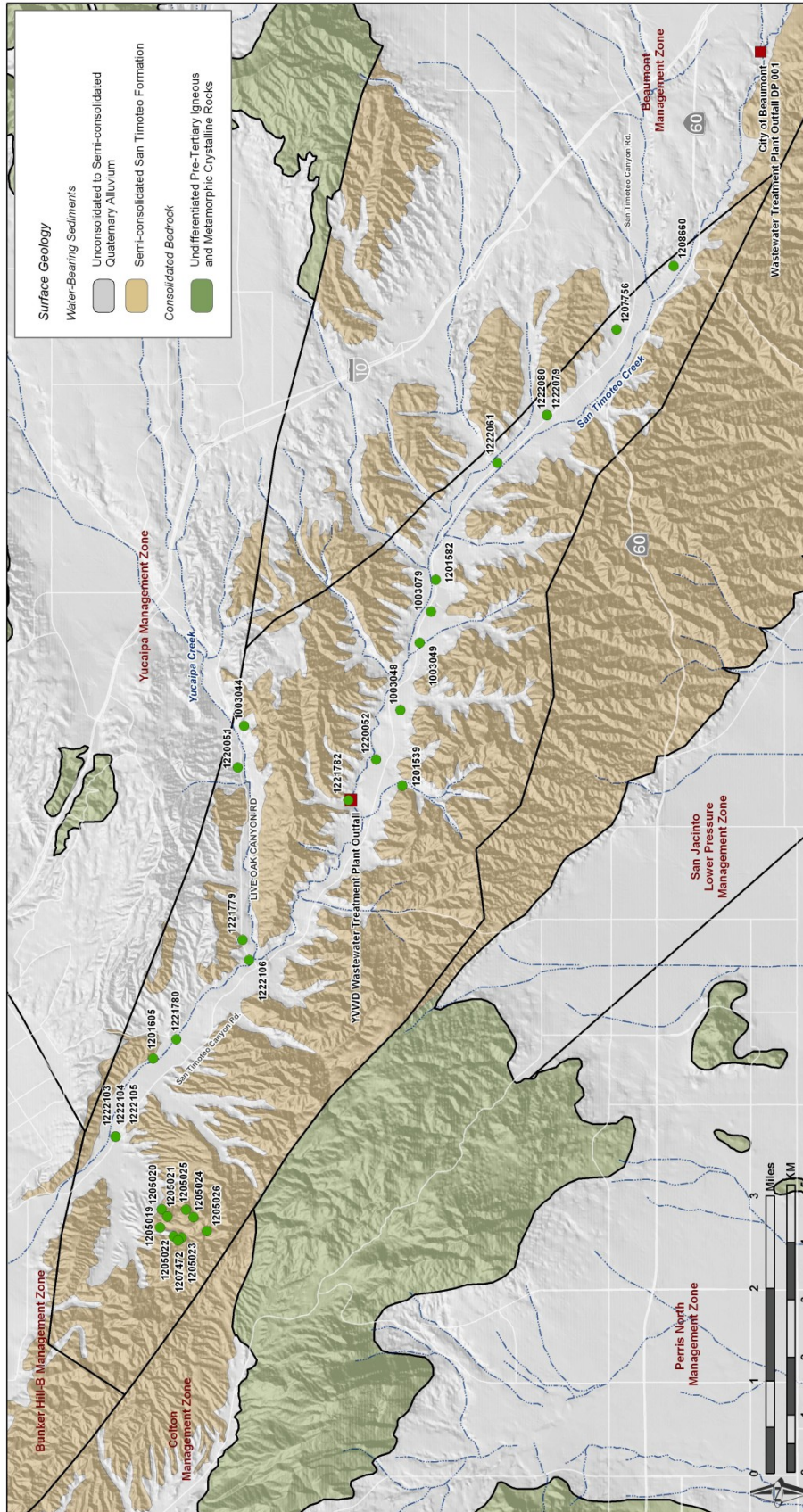
**Table 2  
Summary of Nitrate as Nitrogen (NO<sub>3</sub>-N) Data for Wells in the San Timoteo Management Zone  
1991 - 2010**

Well ID	Well Owner	Well Name	Sample Count	NO <sub>3</sub> -N Average (mg/L)	NO <sub>3</sub> -N August 2010 (mg/L)	NO <sub>3</sub> -N Statistic (mg/L)	NO <sub>3</sub> -N Contour Value (mg/L)
1003044	Hudson, O.	NA	4	0.92	not sampled	1.33	1.33
1003049	El Casco Lake Ranch	ONE	3	0.11	ND	0.05	0.05
1003079	Fisherman's Retreat	Fisherman's Retreat 1	4	0.12	ND	0.05	0.05
1201539	Schwenckert, Henry	1	4	28.84	30	29.44	29.44
1201582	Fisherman's Retreat	Fisherman's Retreat 2	5	0.13		0.05	0.05
1205019	County of San Bernardino	ST-02	60	3.77	*	3.5	3.5
1205020	County of San Bernardino	ST-03	27	2.07	*	2.18	2.18
1205021	County of San Bernardino	ST-05C	60	2.18	*	2.25	2.25
1205023	County of San Bernardino	ST-07	23	0.09	*	0.06	0.06
1205024	County of San Bernardino	ST-08	50	0.53	*	0.79	0.79
1205025	County of San Bernardino	ST-10	47	2.99	*	3.05	3.05
1205026	County of San Bernardino	ST-11	39	0.06	*	0.05	0.05
1207472	County of San Bernardino	ST-07A	24	0.71	*	0.76	0.76
1208660	City of Beaumont	Heartland Well	4	1.23	0.95	1.53	1.53
1220051	Metropolitan Water District	BH-9	2	3.35	2	n/a	3.35
1220052	Metropolitan Water District	BH-19	3	0.12	ND	0.05	0.05
1221779	Yucaipa Valley Water District	YVWD GMMW-3	3	0.3	ND	n/a	0.3
1221780	Yucaipa Valley Water District	YVWD GMMW-2	2	0.84	0.77	n/a	0.84
1221782	Yucaipa Valley Water District	YVWD GMMW-4	1	0.32	ND	n/a	0.32
1222061	City of Beaumont	San Tim-1	2	1.1	1.2	n/a	1.1
1222079	City of Beaumont	San Tim-2B/1	2	3	2.6	n/a	<b>1.86</b>
1222080	City of Beaumont	San Tim-2B/2	2	0.72	0.34	n/a	<b>1.86</b>
1222103	Yucaipa Valley Water District	YVWD GMMW-5A	3	2.83	1.7	n/a	<b>2.39</b>
1222104	Yucaipa Valley Water District	YVWD GMMW-5B	3	2.05	1.9	n/a	<b>2.39</b>
1222105	Yucaipa Valley Water District	YVWD GMMW-5C	1	2.3	2.3	n/a	<b>2.39</b>
1222106	Marlie Wells	Deep Well	10	0.24	ND	n/a	0.24

Notes:

- \*Landfill wells last sampled in June 2010, not August
- For wells with non-detect results, the nitrate as nitrogen average result was calculated by dividing the detection limit by the square root of 2
- "ND", values represent Non-Detect result for August 2010
- "n/a" indicates that data are insufficient to compute an ambient water quality statistic for nitrate as nitrogen
- Contour point values in **bold** indicate that the contour value is the average of the "NO<sub>3</sub>-N average" values for nested monitoring wells

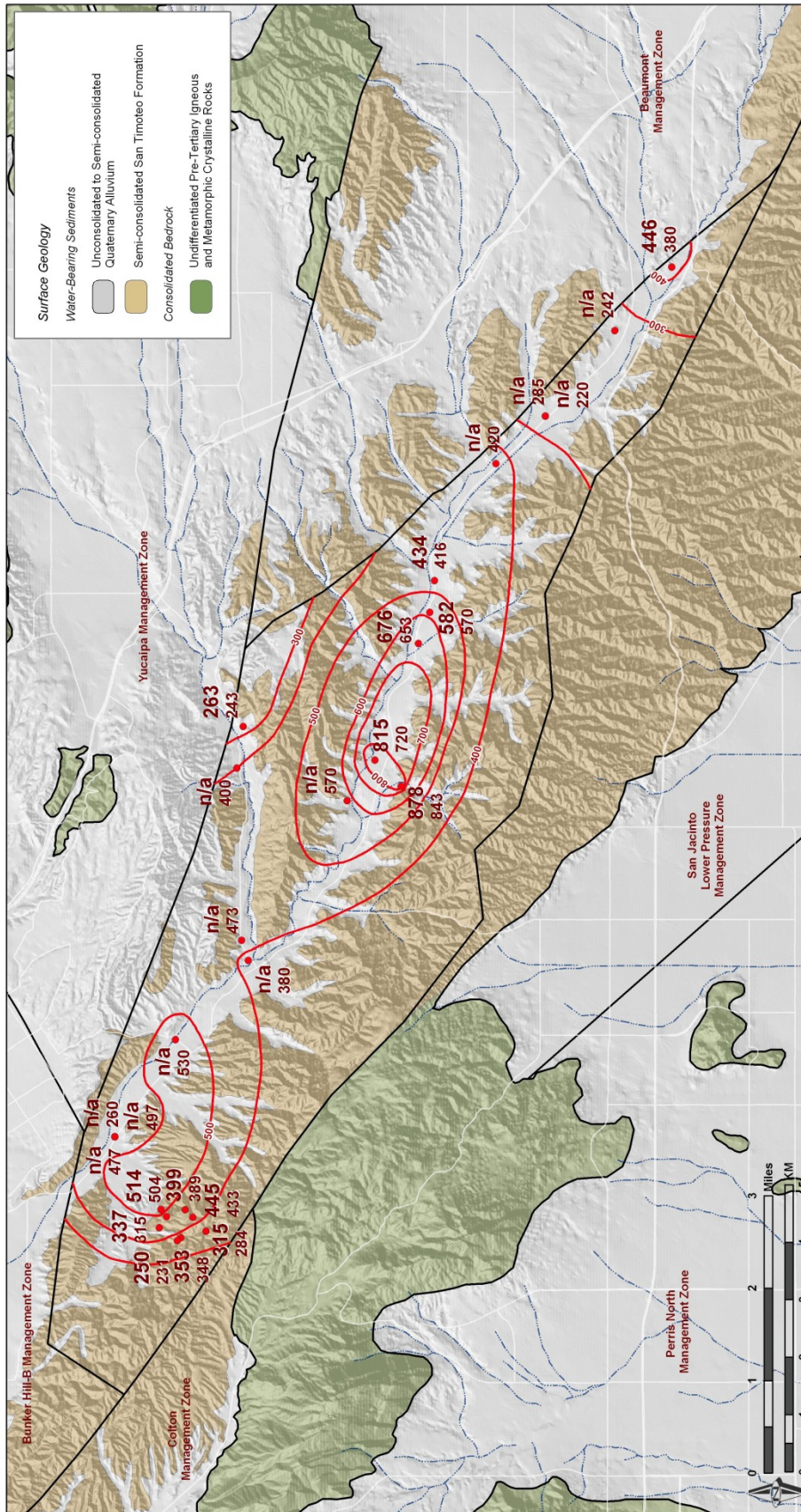




**Preliminary Assessment Wells  
San Timoteo Management Zone  
Figure 1**  
Prepared for:  
City of Beaumont & YVWD

1208660 Well ID of STMZ Wells Used in the Preliminary Assessment  
Management Zone Boundary  
Wastewater Treatment Plant Discharge Points  
Rivers and Streams

Produced by:  
**WILDERMUTH**  
ENVIRONMENTAL, INC.  
20002 Balfour Drive  
Burlington, NC 27224  
919-433-3030  
www.wildermuthenvironmental.com  
Author: SSA/ETL  
Date: 20/01/08  
File: Draft W. Elevation Contours.mxd



TDS Concentration Contours  
San Timoteo Management Zone  
**Figure 2**  
Prepared for:  
City of Beaumont & YVWD

TDS Statistic\*  
TDS Average  
(\*n/a indicates data insufficient to compute statistic)

Management Zone Boundary

Rivers and Streams

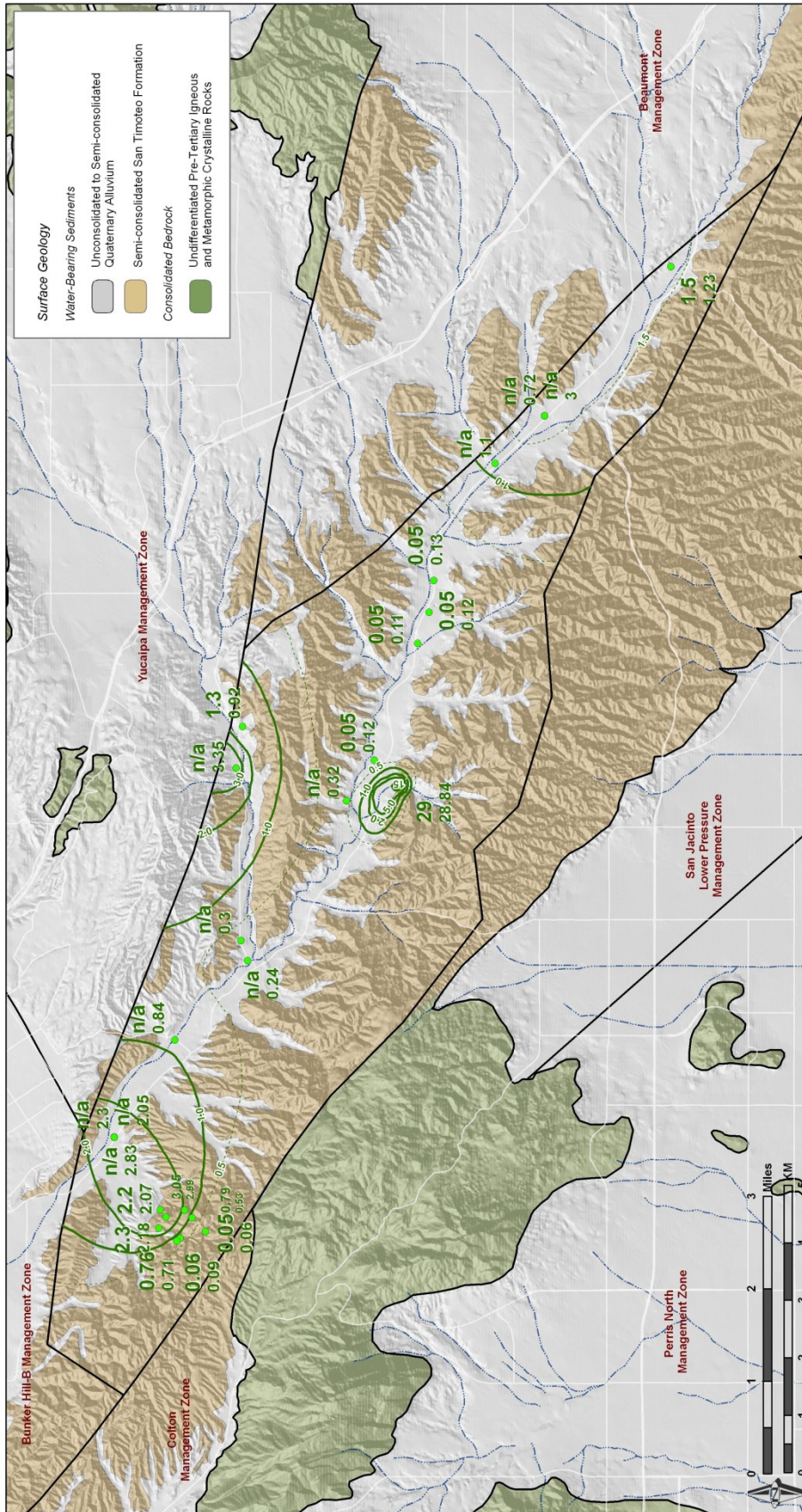
446  
380

400 TDS Concentration Contour (mg/L)

450

Produced by:  
**WILDERMUTH**  
AN IRVING-CLOUD COMPANY, L.P.  
23802 Bridge Drive  
Houston, TX 77060  
April 2011  
www.wildermuth.com

Author: SSA/ETL  
Date: 20100106  
File: TDS Contours.mxd



**Nitrate-N Concentration Contours  
San Timoteo Management Zone  
Figure 3**  
Prepared for:  
City of Beaumont & YVWD

**Nitrate-N Statistic\***  
Nitrate-N Average  
(\*n/a indicates data insufficient to compute statistic)

**Nitrate-N Concentration Contour (mg/L)**

**Management Zone Boundary**

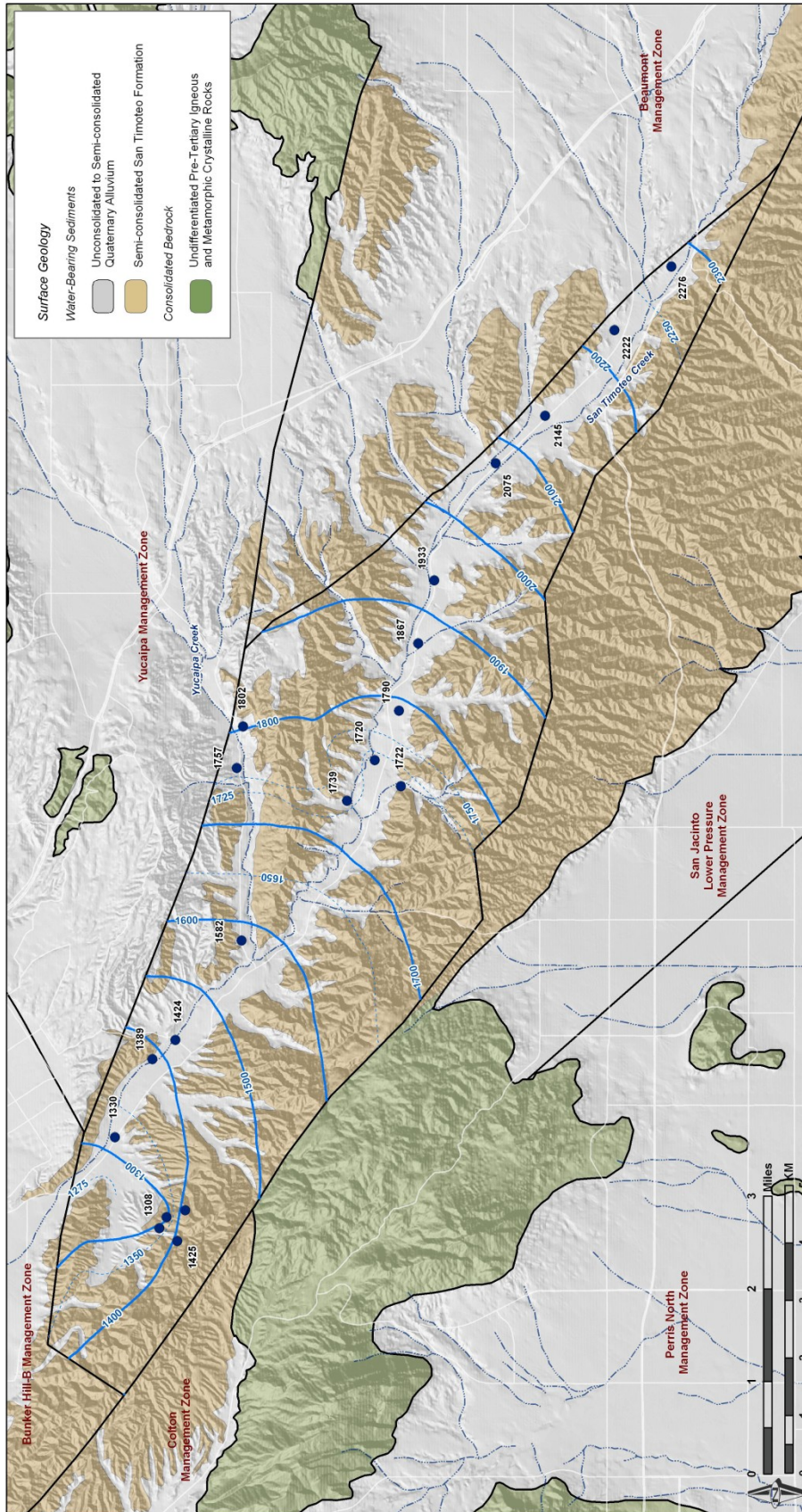
**Rivers and Streams**

**1.5**  
**1.23**

**1.0**  
**0.5**

Produced by:  
**WILDERMUTH**  
ENVIRONMENTAL, INC.  
2882 Blinn Drive  
P.O. Box 100  
P.O. Box 100  
www.wildermuthenvironmental.com

Author: SSHA/ETL  
Date: 2/10/10/08  
File: Nitrate-N Contours.mxd



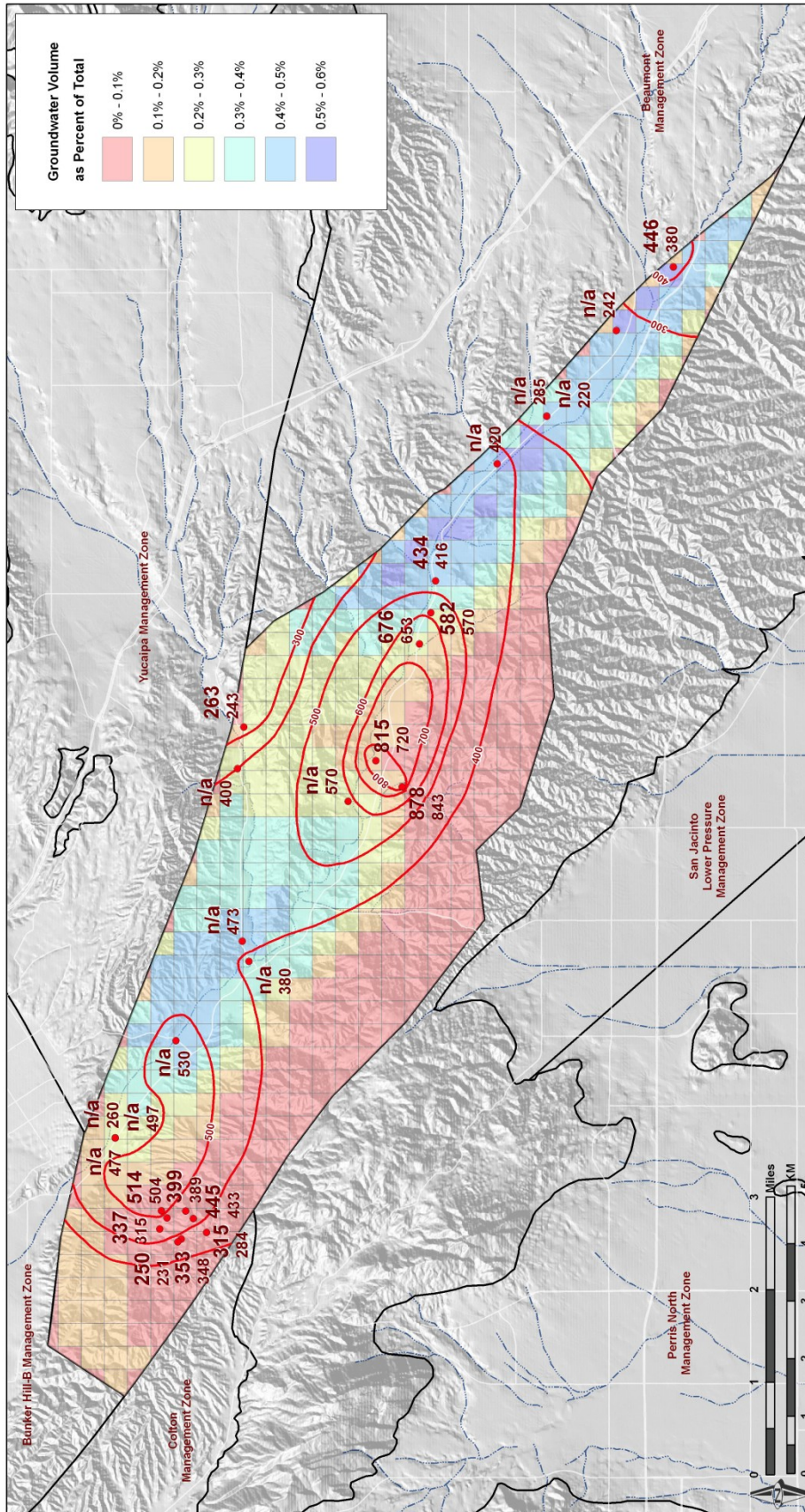
Groundwater Level Elevation Contours  
San Timoteo Management Zone  
**Figure 4**  
Prepared for:  
City of Beaumont & YVWD

● 2276 Measured August 2010 Elevation  
□ Management Zone Boundary  
— Rivers and Streams

— 2200 Groundwater Level Elevation Contour  
(feet above mean sea level)  
- - - 2250

Produced by:  
**WILDERMUTH**  
CONSULTANTS, INC.  
10000 Wilshire Blvd.  
Suite 2000, Los Angeles, CA 90024  
www.wilder-muth.com

Author: SS/ATL  
Date: 2010/10/08  
File: Draft WL Elevation Contours.mxd



TDS Concentration Contours  
San Timoteo Management Zone  
**Figure 5**  
Prepared for:  
City of Beaumont & YVWD

TDS Statistic\*  
TDS Average  
(\*n/a indicates data insufficient to compute statistic)

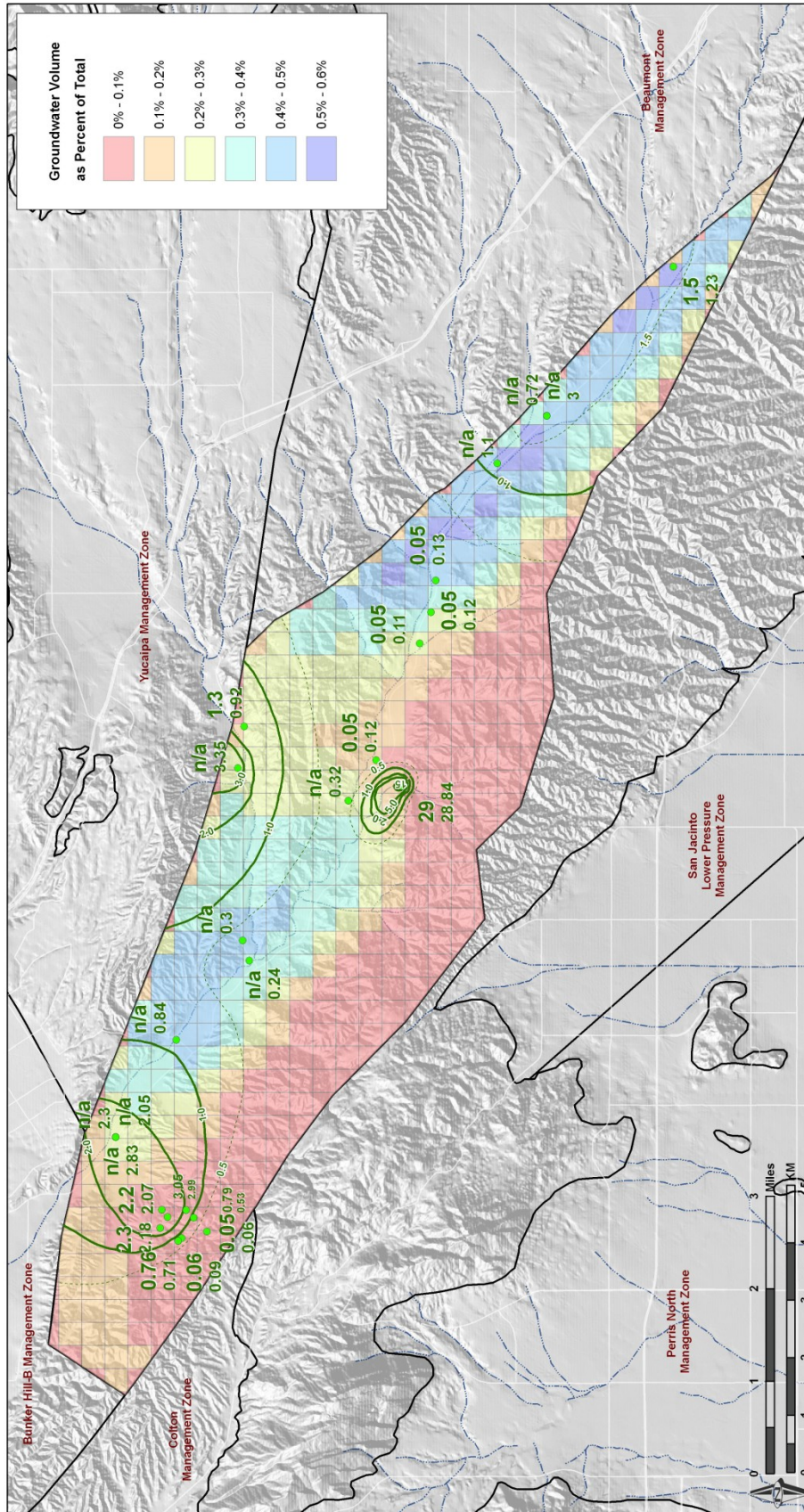
Management Zone Boundary

446  
380

400 TDS Concentration Contour (mg/L)  
450

Produced by:  
**WILDERMUTH**  
ENVIRONMENTAL, INC.  
23892 Blaine Drive  
San Diego, CA 92130  
www.wildermuthenvironmental.com

Author: SSA/ETL  
Date: 2011010206  
File: TDS Contours.mxd



**Nitrate-N Concentration Contours  
San Timoteo Management Zone  
Figure 6**

Prepared for:  
City of Beaumont & YVWD

Produced by:  
**WILDERMUTH**  
ENVIRONMENTAL, INC.  
20002 Blinn Drive  
Austin, TX 78758  
979-432-3000  
www.wildermuthenvironment.com

Author: SSA/ETL  
Date: 20/10/10/20  
File: Nitrate-N and Volume.mxd

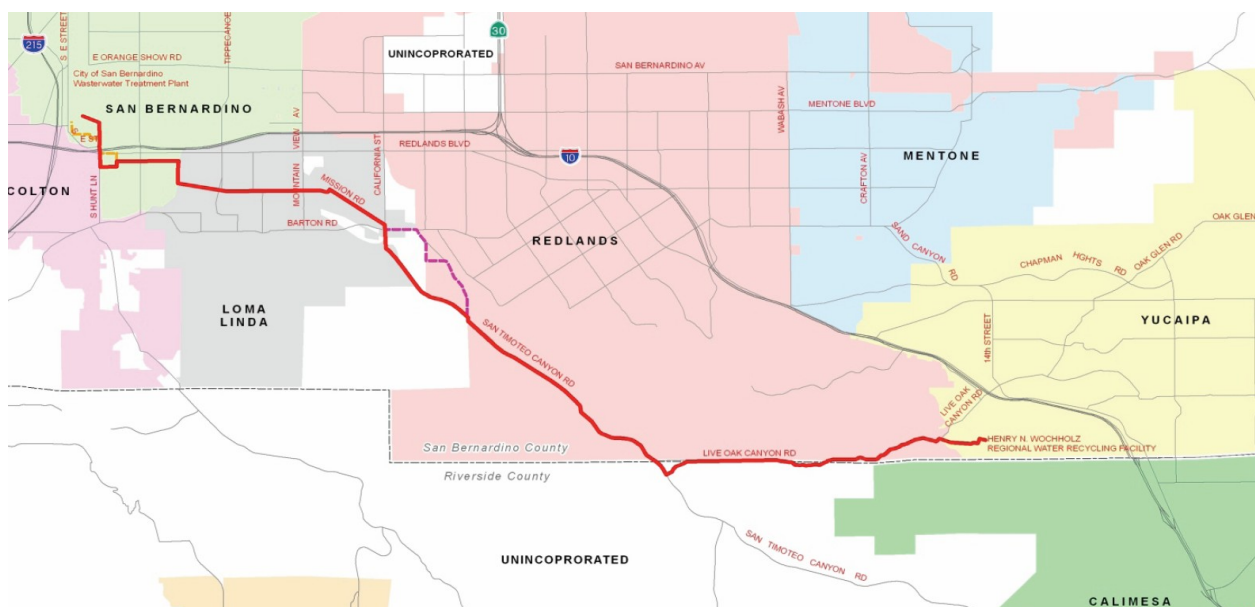
**Date:** April 26, 2011

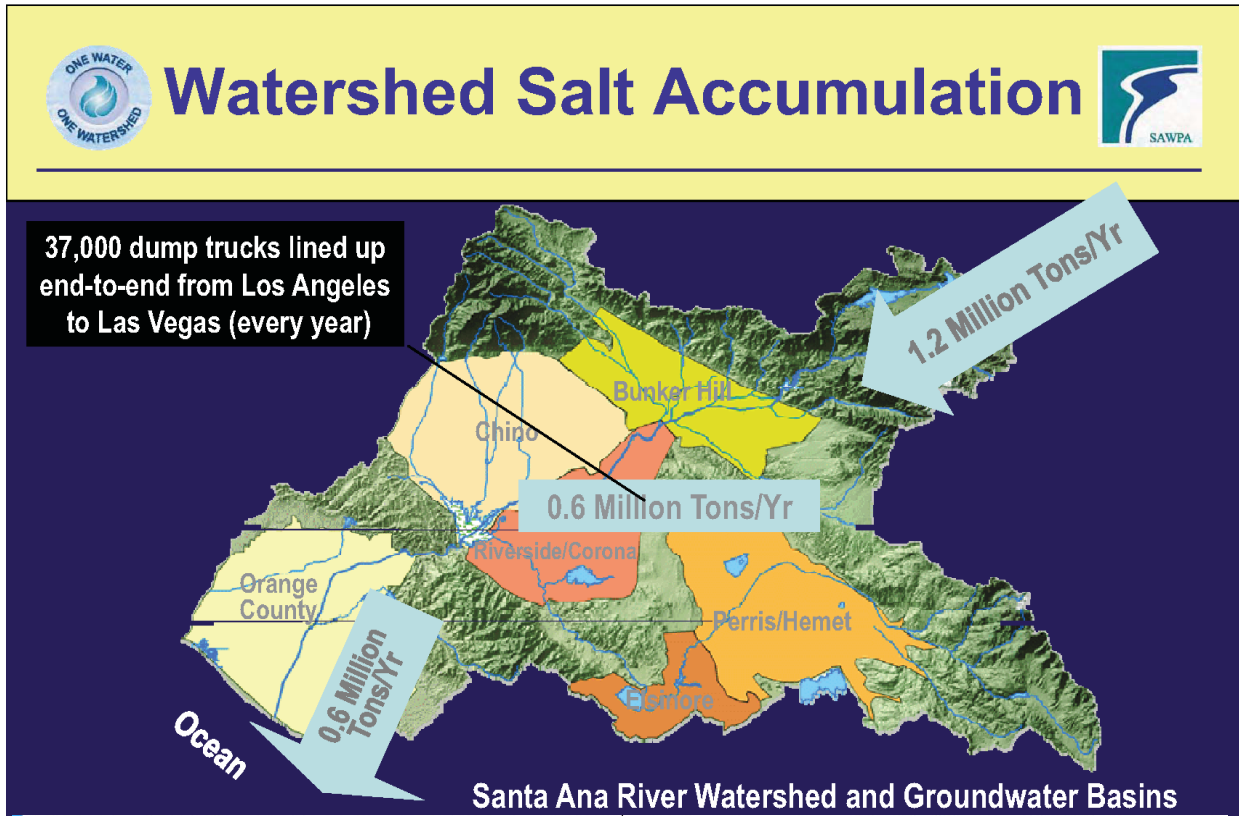
**Subject:** Status Report on the Construction of the Yucaipa Valley Regional Brinline

Yucaipa Valley Water District is in the process of constructing the Yucaipa Valley Regional Brinline in order to produce recycled water that complies with groundwater basin objectives as established by the Regional Water Quality Control Board. In order to comply with these limits, the District is required to add a reverse osmosis process to the wastewater treatment plant. This will enable the District to remove salts and minerals from depositing in to the groundwater basin. The proposed reverse osmosis system will produce salt water, referred to as “brine”, that must be sent to the Pacific Ocean so it does not impact any fresh water supplies downstream of the Yucaipa Valley.

The Yucaipa Valley Regional Brinline Project consists of a 15-mile pipeline through which the District can safely and effectively dispose of the salt water produced. This pipeline will commence at the Wochholz Regional Water Recycling Facility and terminate at an existing brinline extending another 73 miles traversing San Bernardino, Riverside and Orange counties to Orange County Sanitation District Wastewater Treatment Plant No. 2 in Huntington Beach, where the salt water is treated with domestic sewage and then sent to the ocean or reclaimed by Orange County Water District.

During this agenda item, the District staff will be providing an update of the construction status of the Yucaipa Valley Regional Brinline Project.





**Yucaipa Valley Regional Water Supply Renewal Project**



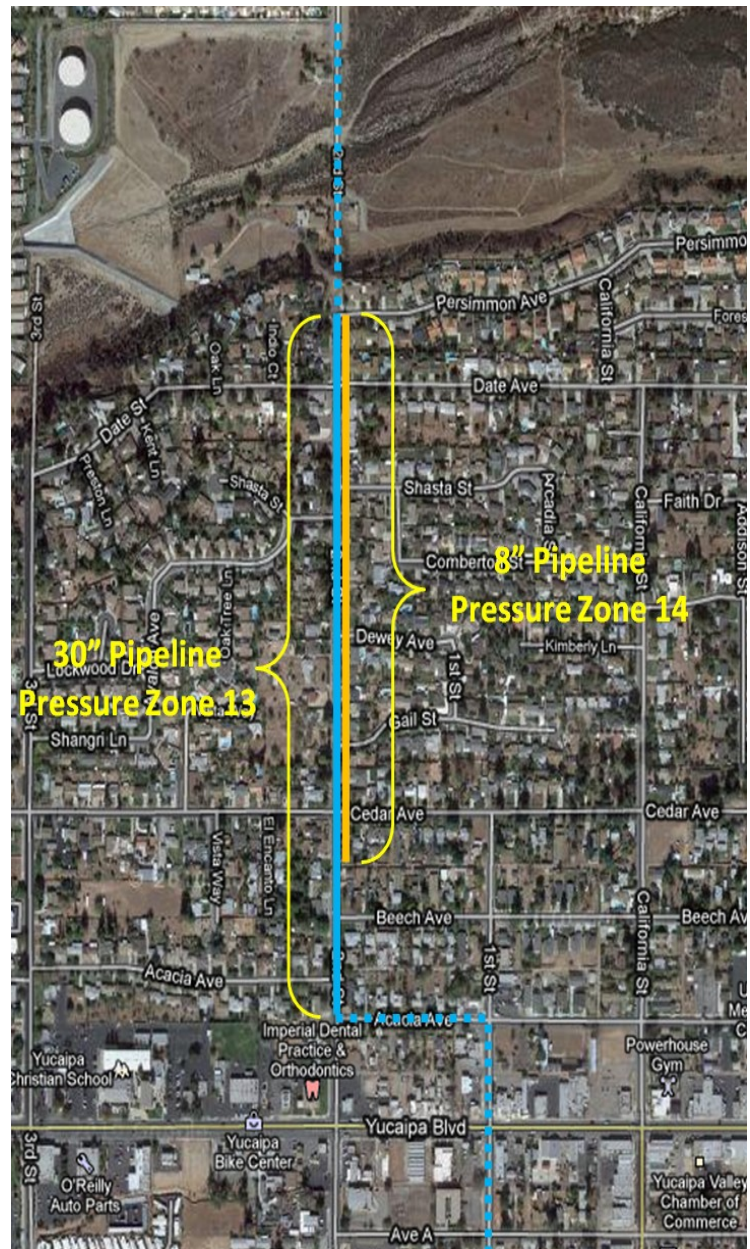
**Date:** April 26, 2011

**Subject:** Status Report on the Construction of Drinking Water Pipelines in Second Street, Yucaipa

The District staff has initiated the construction of two drinking water pipelines in Second Street. These pipelines include:

- Construction of about 2,000 feet of an 8" diameter ductile iron pipeline on Second Street from Persimmon Avenue to a point south of Cedar Avenue; and
- Construction of about 2,600 feet of a 30" diameter ductile iron conveyance pipeline on Second Street from Persimmon Avenue to Acacia Avenue.

An update on the status of the project will be provided to the board members and public at the workshop.



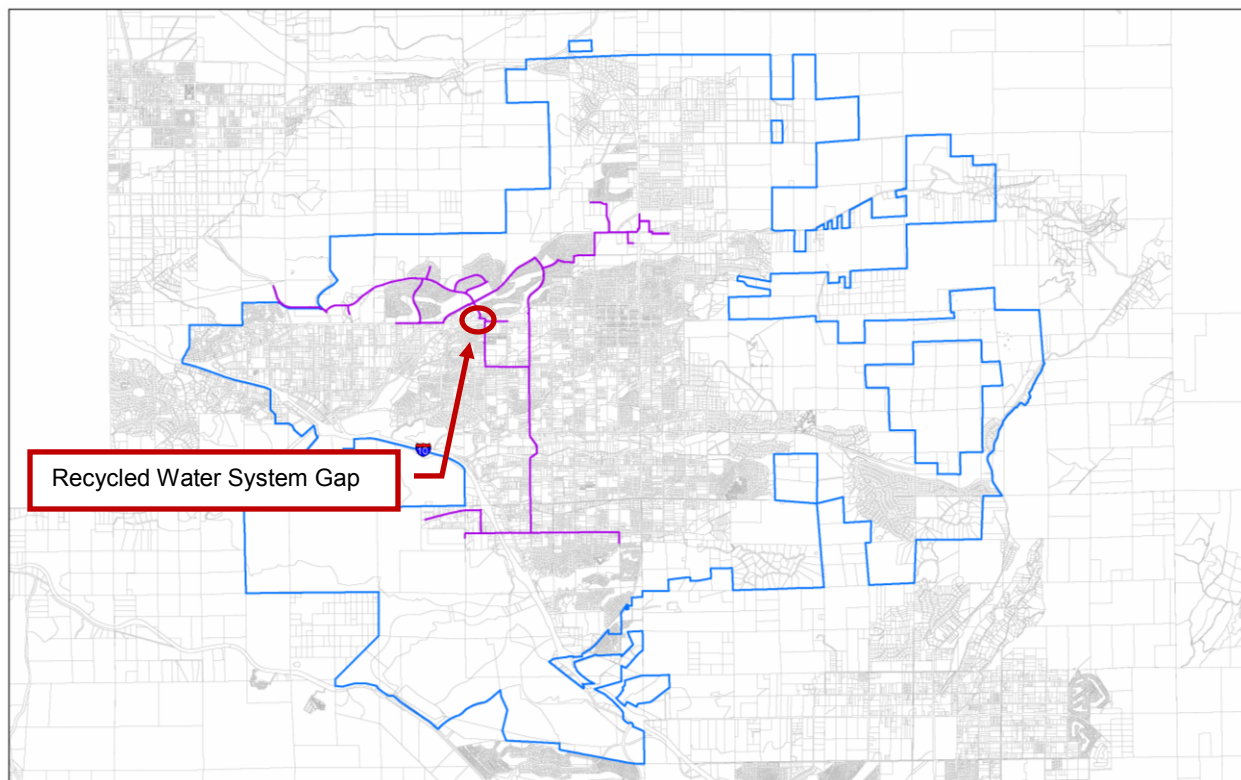


**Date:** April 26, 2011

**Subject:** Status Report on the Construction of Recycled Water Facilities in the Vicinity of Seventh Street and Yucaipa Boulevard

---

Over the past ten years, the Yucaipa Valley Water District has been aggressively working to complete our recycled water system. In preparation for the summer demands, we are currently installing a missing segment of pipeline in our recycled water distribution system that when connected, will improve the reliability of our overall system.



The missing pipelines are identified on the following map and when completed will improve the circulation loop of our recycled water system.





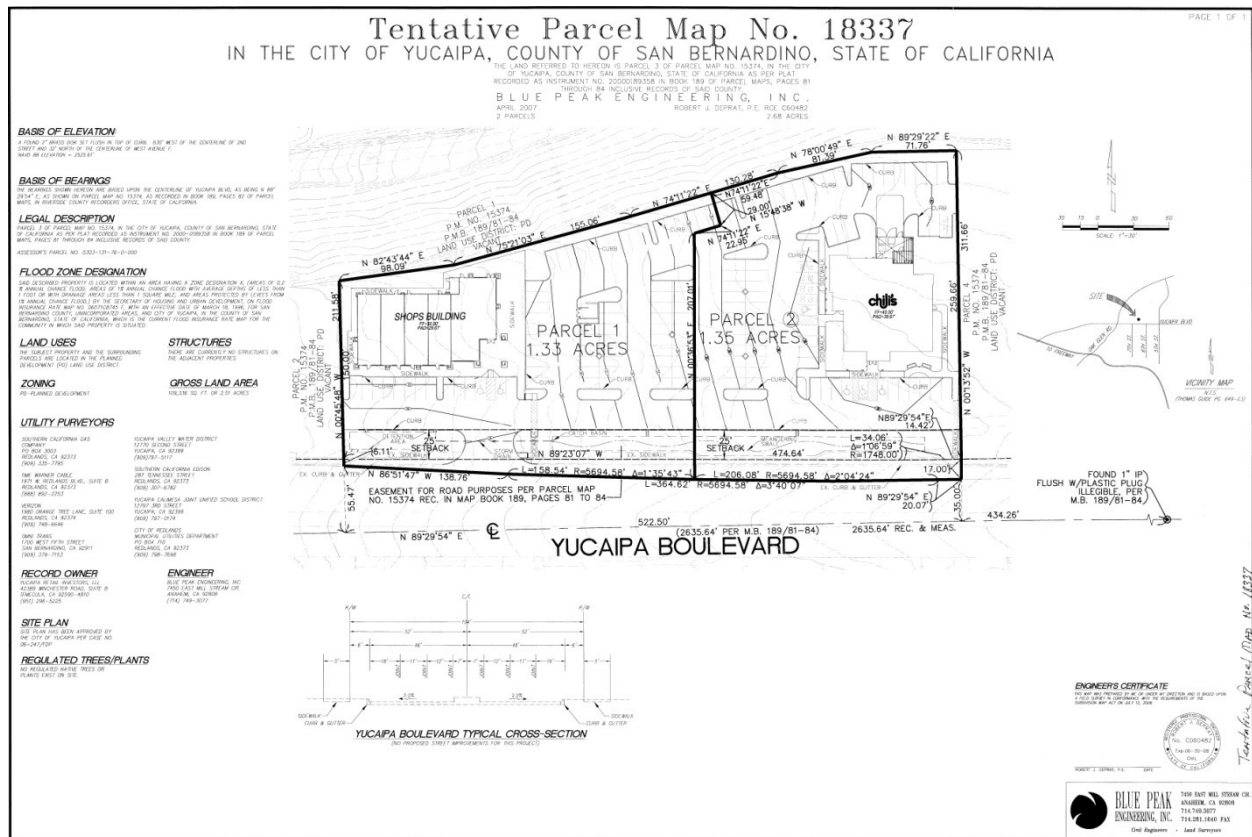


# Workshop Memorandum 11-059

**Date:** April 26, 2011

**Subject:** Overview of Development Agreement No. 04-2011 related to Parcel Map No. 18337, Yucaipa (Assessor's Parcel Number 0303-131-76)

The proposed project is located north of Yucaipa Boulevard, between 6<sup>th</sup> Street and 7<sup>th</sup> Street in the City of Yucaipa and consists of 2 new parcels on approximately 2.68 acres (Assessor's Parcel Number 0303-131-76).



The majority of the development agreement is consistent with the Yucaipa Valley Water District standard agreement form. The specific conditions of service for this project are included in Part G - Special Conditions of the attached agreement.

The attached development agreement has been executed by the owners of J.B. Real Estate Holdings, LLC; John L Aldridge, and Brad R. Hastings.

YVWD AGREEMENT NO. 04-2011

## AGREEMENT TO PROVIDE WATER, SEWER AND RECYCLED WATER FACILITIES AND SERVICE TO THE PRIVATE DEVELOPMENT OF PARCEL MAP 18337

This Agreement is made and effective this 4<sup>th</sup> day of May, 2011, by and between the YUCAIPA VALLEY WATER DISTRICT, a public agency ("DISTRICT") and J & B REAL ESTATE HOLDINGS, LLC ("DEVELOPER"). Each is sometimes referred to herein as a "Party" and jointly as the "Parties".

Contact information for the parties is as follows:

**DISTRICT:**

Yucaipa Valley Water District  
12770 Second Street  
Post Office Box 730  
Yucaipa, California 92399-0730  
Attn: Joseph B. Zoba, General Manager  
Telephone: (909) 797-5119  
Facsimile (909) 797-6381

**DEVELOPER:**

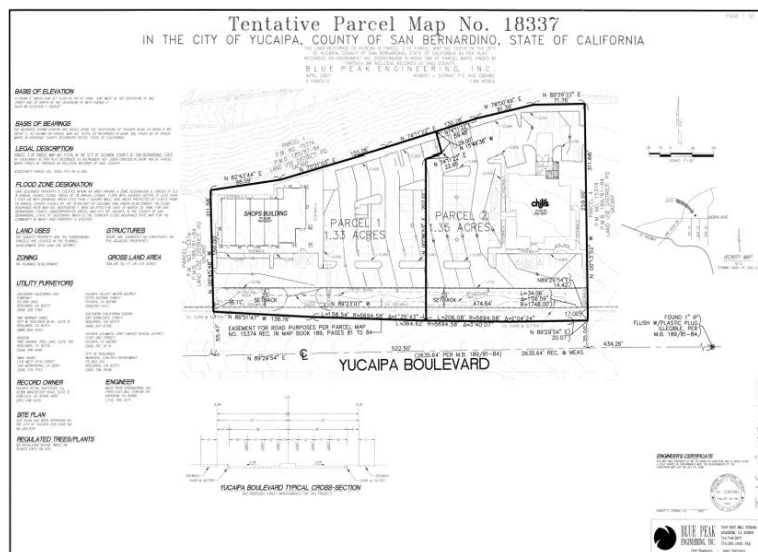
JB Real Estate Holdings, LLC  
13838 Mountain Avenue  
Chino, California 91710  
Attn: John L. Aldridge & Brad R. Hastings  
Telephone: (909) 614-4300  
Facsimile: (909) 614-4301

PROJECT OVERVIEW

Parcel Map No. 18337 consists of 2 commercial buildings on approximately 2.68 acres. The project consists of APN 303-131-76 which is located on the north side of Yucaipa Boulevard, between 6<sup>th</sup> and 7<sup>th</sup> Streets in the City of Yucaipa, San Bernardino County.

The Yucaipa Valley Water District has been involved in the review process for this project and has established the following development related project files:

P-65-97/Work Order #65-183



## RECITALS

WHEREAS, DEVELOPER desires to develop its property situated within the service area of the DISTRICT, and

WHEREAS, DEVELOPER proposes to develop the DEVELOPER's Property in the manner generally proposed and in accordance with the currently approved maps and construction drawings reviewed by the Yucaipa Valley Water District at this time, and

WHEREAS, DEVELOPER desires to obtain water (as used herein, "water" includes recycled water where applicable) and sewer service from the DISTRICT for its development in accordance with the DISTRICT's Rules, Regulations and Policies; and

WHEREAS, it is the purpose of this Agreement to set forth the terms and conditions by which the DISTRICT will provide water and sewer service to the DEVELOPER's Property.

## AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the DEVELOPER and the DISTRICT agree as follows:

### PART A: THE FACILITIES

#### 1. General Description.

a. The DEVELOPER proposes to develop its Property as provided on the approved development construction drawings approved by the DISTRICT which includes potable water and sewer facilities necessary to serve the development.

b. Ownership; Operation and Maintenance: Once constructed and accepted by the DISTRICT, title to the facilities (and associated right-of-way) shall be conveyed by the DEVELOPER to the DISTRICT, and the DISTRICT shall operate and maintain the facilities and shall provide water and sewer service to the DEVELOPER's Property in accordance with the DISTRICT's rules and regulations and the provisions of this Agreement.

### PART B: DESIGN AND CONSTRUCTION

2. Licensed Professionals. All work, labor and services performed and provided in connection with (for example) the preparation of real property and right-of-way surveys and descriptions, the preparation of construction specifications, plans and drawings, and the construction of all facilities, shall be performed by, or under the direction of, professionals appropriately licensed by the State of California and in good standing. In the event the DISTRICT reasonably determines, in its sole discretion, that additional licensed professionals are

required in order to satisfy the obligations of the DEVELOPER hereunder, the DEVELOPER shall promptly retain such professionals at its sole cost and expense.

3. Plan Acceptance; Facility Acceptance.

a. The DISTRICT shall promptly review and respond to all plans and specifications ("Plans") related to the construction of the facilities. Upon its final review and approval of the plans, the DISTRICT shall sign the construction drawings ("Plan Acceptance") indicating such approval. Plans are subject to an annual review by the DISTRICT and modifications may be made by the DISTRICT to conform to revised and/or improved construction standards.

b. The DEVELOPER shall not permit, or suffer to permit, the construction of any Facility without having first obtained Plan Acceptance. In the event the DEVELOPER fails or refuses to obtain the DISTRICT's Plan Acceptance, the DISTRICT may refuse, in its sole discretion and without liability to the DEVELOPER, to issue its Facility Acceptance (as that term is defined below) as to such Facility when completed.

c. The DEVELOPER shall not deviate from any approved plans and/or specifications without the DISTRICT's prior written approval.

d. All construction work shall be inspected on a timely basis by DISTRICT personnel and/or by DISTRICT's consultants at the sole cost of the DEVELOPER. The DEVELOPER acknowledges that the inspector(s) shall have the authority to require that any and all unacceptable materials, workmanship, construction and/or installation not in conformance with either (i) the Plans subject to a Plan Acceptance (as modified by any later Plan Acceptances), or (ii) standard practices, qualities and standards in the industry, as reasonably determined by the DISTRICT, shall be replaced, repaired or corrected at DEVELOPER's sole cost and expense.

e. In the event the DEVELOPER's contractor proposes to work overtime and beyond normal business hours, the DEVELOPER shall obtain the DISTRICT's approval at least 24 hours in advance so that inspection services may be appropriately scheduled. The DEVELOPER shall be solely responsible for paying all costs and expenses associated with such inspection services.

f. The DISTRICT shall promptly upon request of DEVELOPER, cause the final inspection of a Facility which DEVELOPER indicates is completed. If the DISTRICT finds such Facilities to have been completed in conformance with the Plans for which a Plan Acceptance has been issued, then DISTRICT shall promptly issue to DEVELOPER its letter ("Facility Acceptance") indicating satisfactory completion of the Facility and DISTRICT's acceptance thereof. Neither inspection nor issuance of the Facility Acceptance shall constitute a waiver by DISTRICT of any claims it might have against DEVELOPER for any defects in the work performed, the materials provided, or the Facility constructed, to the extent such represents a deviation from the Plans approved by the DISTRICT pursuant to the Plan Acceptance.

4. Project Coordination and Designation of DEVELOPER's Representative.

a. The DEVELOPER shall be solely responsible for coordinating the provision of all work, labor, material and services associated with the planning, design and construction of the water and sewer Facilities required for the DEVELOPER's project. The DEVELOPER shall be solely responsible for compliance with all applicable federal, state and local safety rules and regulations, and shall conduct periodic safety conferences as required by law and common sense.

b. Prior to proceeding with any Facility construction, the DEVELOPER shall schedule and conduct a preconstruction conference with the DISTRICT's General Manager and the DISTRICT Engineer and/or their designees or agents. In the event the DEVELOPER fails or refuses to conduct any such conference, the DISTRICT may refuse, in its sole discretion, to accept the Facilities constructed by the DEVELOPER.

c. The DISTRICT and the DEVELOPER hereby designate the individual identified on page 1 of this Agreement as the person who shall have the authority to represent the DISTRICT and DEVELOPER in matters concerning this Agreement. In order to ensure maximum continuity and coordination, the DISTRICT and DEVELOPER agree not to arbitrarily remove or replace the authorized representative, but in the event of a substitution, the substituting Party shall promptly advise the other Party of such substitution, in writing.

5. DISTRICT's Right to Complete Facilities. The DISTRICT is hereby granted the unqualified right to complete, at DEVELOPER's sole cost and expense, all or any portion of the water and sewer Facilities constructed hereunder in the event the work is abandoned (as defined herein) and such abandonment constitutes a threat to the public's health, safety or welfare.

6. Construction of Connections to DISTRICT Facilities. Unless otherwise agreed to in writing by the DISTRICT, the DISTRICT shall furnish all labor, materials and equipment necessary to construct and install connections between the DEVELOPER's Facilities and the DISTRICT's water, recycled water, and sewer systems. All costs and expenses associated therewith shall be paid by the DEVELOPER.

7. Compliance With Law and DISTRICT Regulations. The DEVELOPER hereby agrees that all Facilities shall be planned, designed and constructed in accordance with all applicable laws, rules, regulations and policies in effect at the time of construction. The DEVELOPER shall strictly comply with all applicable law, rules and regulations, concerning the provision of services, materials and the payment of wages. The DEVELOPER shall keep fully informed of and obey all laws, rules and regulations, and shall indemnify the DISTRICT against any liability arising from DEVELOPER's violation of any such law, rule or regulation.

8. DEVELOPER's Warranties. The DEVELOPER shall unconditionally guaranty, for a period of one year following the DISTRICT's Facility Acceptance thereof, any and all materials and workmanship, at the DEVELOPER's sole cost and expense. The provision of temporary water service through any of the DEVELOPER's Facilities, prior to DISTRICT's

acceptance of same, shall not nullify nor diminish the DEVELOPER's warranty obligation, nor shall the DEVELOPER's warranty obligation be voided if the DISTRICT determines, in its sole discretion, to make any emergency repairs necessary to protect the public's health, safety or welfare or to ensure continuity of water or sewer service. The DISTRICT shall notify DEVELOPER of such emergency repairs.

9. Testing and Disinfection. Upon approval by the DISTRICT, the DEVELOPER, at its sole cost and expense, shall undertake and satisfactorily complete a testing program for all Facilities prior to acceptance by the DISTRICT, and to disinfect all water Facilities in accordance with the DISTRICT's procedures and other applicable laws, rules and regulations.

10. Bond Requirements. The DEVELOPER shall provide to the DISTRICT, in a form satisfactory to the DISTRICT, the following bonds:

a. A Performance and Warranty Bond. A performance bond issued by a corporate surety or sureties licensed and permitted to do business by and within the State of California in an amount not less than one hundred percent (100%) of any and all construction work to be conducted or performed under this Agreement. A warranty bond issued by a corporate surety or sureties licensed and permitted to do business by and within the State of California in an amount not less than one hundred percent (100%) of the total cost of any and all construction performed hereunder, insuring against any and all defects in the Facilities constructed hereunder, for a period of not less than one full year after the date of acceptance thereof by the DISTRICT.

b. A Labor and Materials Payment Bond issued by a corporate surety or sureties licensed and permitted to do business by and within the State of California in an amount not less than one hundred percent (100%) of the total cost of any and all construction performed hereunder per California Civil Code Sections 3247 and 3248(a).

c. Miscellaneous Bond Requirements. All bonds required by this Section 10 shall be provided to the DISTRICT within sixty (60) days of the date that this Agreement was approved by the DISTRICT's Board of Directors. All bonds required by this section are subject to the approval as to form and content by the General Manager and DISTRICT's Legal Counsel. All bonds required by this section shall be provided by a surety that is an "admitted" surety insurer authorized to transact surety insurance in California, with assets exceeding its liabilities in the amount equal to or in excess of the amount of the bonds, and each bond shall not be in excess of ten percent (10%) of the surety insurer's assets. The bond shall be duly executed and shall meet all of the requirements of Section 995.660 of the Code of Civil Procedure.

#### PART C: TITLE TO FACILITIES; OPERATION

11. Title to Facilities and Right-of-Way.

a. Provided that the DEVELOPER's Facilities are designed and constructed as required hereunder and the DISTRICT proposes to issue its Facility Acceptance, the

DEVELOPER shall, concurrently with the DISTRICT's Facility Acceptance, convey ownership title to all Facilities (and right-of-way, if applicable) to the DISTRICT, free and clear of any and all liens and encumbrances except those that are expressly agreed to by the DISTRICT. The DISTRICT may require fee title or an easement, depending upon the location of the Facility through action by the Board of Directors. Upon conveyance of title, the DISTRICT shall assume the responsibility of operating and maintaining the Facilities, subject to the DEVELOPER's warranty as provided herein. The DEVELOPER acknowledges and agrees that the DISTRICT shall not be obligated to operate and maintain the Facilities and to provide service to and through them until all applicable conditions hereunder are satisfied and title to the Facilities has been conveyed and delivered to the DISTRICT in recordable form.

b. A form for the *Grant of Easement and Rights-of-Way and Bill of Sale of the Facilities* is available from the DISTRICT upon request.

12. Risk of Loss. Until such time as acceptance thereof by the DISTRICT, and until good and marketable title to the easements, rights-of-way and Facilities are conveyed and delivered to the DISTRICT in recordable form, the DEVELOPER shall be solely and completely responsible for any and all losses and/or damage of every kind or nature to the easements, rights-of-way and Facilities.

13. Conditions Precedent to the Provision of Water and Sewer Service. Unless the DISTRICT otherwise agrees in writing, the DISTRICT shall not be obligated to provide any water and/or sewer service to the DEVELOPER's project or any part thereof, including model homes, until after all of the appropriate obligations imposed upon the DEVELOPER have been fulfilled including, without limitation, conveyance to the DISTRICT of the right-of-way and Facilities associated with the requested service. Upon acceptance of the right-of-way and appurtenant Facilities, and upon such other terms and conditions as may be reasonable, the DISTRICT shall provide the service requested and assume the responsibility for operating and maintaining the affected Facilities. Service provided by the DISTRICT shall be in accordance with its rules and regulations and shall be comparable in quality of service to that provided all similarly situated customers.

#### PART D: FEES AND CREDITS

14. DEVELOPER's Fees, Charges, Costs and Expenses. The DEVELOPER shall be solely responsible for the payment to the DISTRICT of all fees, charges, costs and expenses related to this development.

a. DEVELOPER Trust Account Deposit: The DEVELOPER shall deposit with the DISTRICT, to be held in a trust account administered by the DISTRICT, the sum of 10% of the construction costs as an initial deposit prior to receiving grading/building permits for the Project. The DEVELOPER acknowledges and hereby agrees that the DISTRICT is authorized, from time-to-time, to reimburse itself from the funds on deposit. The DISTRICT shall provide a monthly accounting of how funds were disbursed. The DEVELOPER further agrees to periodically and promptly replenish, upon a billing issued therefore by the DISTRICT,

the trust fund in order to maintain a minimum amount as specified by the DISTRICT. Should any unexpended funds remain in the trust account upon termination of this Agreement, then such funds shall be reimbursed to the DEVELOPER.

b. Current Fees and Charges: In the event of a change in the DISTRICT's schedule of fees and charges, such change shall automatically be incorporated into this Agreement as though set forth in full. Unless otherwise agreed to in writing by the DISTRICT, the DEVELOPER shall pay, when due, the then-current amount of the applicable fee or charge.

15. DISTRICT Financial Participation; Credits. The DISTRICT may agree to participate in certain facilities for this Project. Any participation or financial contribution to construct the water and wastewater infrastructure associated with this project is contained in Part G - Special Conditions of this Agreement.

PART E: PERMITS AND DOCUMENTATION

16. Permits, Licenses and CEQA Documentation. The DEVELOPER shall be solely responsible for securing and paying for all permits and licenses necessary to develop its project. The DEVELOPER shall be solely responsible for complying with the California Environmental Quality Act under the auspices of the City and/or County within which the Property is situated. However, upon request, the DEVELOPER shall furnish to the DISTRICT all relevant environmental documentation and information. The DEVELOPER, at its sole cost and expense, shall be solely responsible for defending against any and all legal challenges to the DEVELOPERS entitlements including permits, licenses and CEQA documents.

17. Documents Furnished by the DEVELOPER. The DEVELOPER shall furnish to the DISTRICT project documentation as required by the DISTRICT specified below, within the time periods specified. Each and every document submittal shall consist of a fully executed original or certified copy (in recordable form, if applicable) and four copies.

Document(s)	Due Date
Certification of Streets to Rough Grade	Prior to Construction
Field Engineering Surveys ("Cut Sheets")	Prior to Construction
Liability Insurance Certificate(s)	Prior to Construction
Performance Bond	Prior to Construction
Labor and Materials Bond	Prior to Construction
Warranty Bond	Prior to Construction
City/County Encroachment Permits and Conditions	Prior to Construction
Soil Compaction Tests	Prior to Acceptance
Grant of Easements and Rights-of-Way	Prior to Acceptance
Bill of Sale	Prior to Acceptance
List of Approved Street Addresses and Assessor Parcel Numbers	Prior to Setting Meter
Notice of High/Low Water Pressure	Prior to Setting Meter
Notice of Water Pumping Facility	Prior to Construction
Mechanic's Lien Releases	Upon Request of DISTRICT

NOTE: The DEVELOPER hereby acknowledges and agrees that the foregoing list is not intended to be exclusive; therefore, the DISTRICT reserves the right to request, from time-to-time, additional documents or documentation.

## PART F: INSURANCE AND INDEMNIFICATION

18. Indemnification and Hold Harmless. The DEVELOPER and the DISTRICT agree that the DISTRICT should, to the extent permitted by law, be fully protected from any loss, injury, damage, claim, lawsuit, cost, expense, attorneys' fees, litigation costs, defense costs, court costs or any other costs arising out of or in any way related to the performance by DEVELOPER of this Agreement. Accordingly, the provisions of this indemnity provision are intended by the parties to be interpreted and construed to provide the fullest protection possible under the law to the DISTRICT, except for liability attributable to the DISTRICT's active negligence. DEVELOPER acknowledges that the DISTRICT would not enter into this Agreement in the absence of this commitment from the DEVELOPER to indemnify and protect the DISTRICT as set forth here.

Therefore, the DEVELOPER shall defend, indemnify and hold harmless the DISTRICT, its employees, agents and officials, from any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, actual attorneys' fees incurred by the DISTRICT, court costs, interest, defense costs including expert witness fees and any other costs or expenses of any kind whatsoever without restriction or limitation incurred in relation to, as a consequence of or arising out of or in any way attributable actually, allegedly or impliedly, in whole or in part in the performance by DEVELOPER of this Agreement. All obligations under this provision are to be paid by the DEVELOPER as incurred by the DISTRICT.

19. Insurance. The DEVELOPER agrees to provide insurance in accordance with the requirements set forth here throughout the term of this Agreement. If the DEVELOPER uses existing coverage to comply with these requirements and that coverage does not meet the requirements set forth herein, the DEVELOPER agrees to amend, supplement or endorse the existing coverage to do so. The following coverages will be provided by the DEVELOPER and maintained on behalf of the DISTRICT and in accordance with the requirements set forth herein.

a. Commercial General Liability Insurance (Primary) shall be provided on ISO-CGL Form No. CG 00 01 10 93. Policy limits shall be no less than \$1,000,000 per occurrence for all coverages and \$2,000,000 general aggregate. The DISTRICT and its officials, employees and agents shall be added as additional insureds using ISO Form CG 20 10 10 93. Coverage shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance, primary or excess, available to the DISTRICT or any employee or agent of the DISTRICT. Coverage shall not be limited to the vicarious liability or supervisory role of any additional insured. Coverage shall contain no contractors' limitation endorsement. There shall be no endorsement or modification limiting the scope of coverage for liability arising from explosion, collapse, or underground property damage.

b. Umbrella Liability Insurance (over Primary) shall apply to bodily injury/property damage, personal injury/advertising injury, at a minimum, and shall include a "drop down" provision providing primary coverage above a maximum \$25,000 self-insured retention for liability not covered by primary policies but covered by the umbrella policy. Coverage shall be following form to any underlying coverage. Coverage shall be provided on a

"pay on behalf" basis, with defense costs payable in addition to policy limits. There shall be no cross-liability exclusion and no contractor's limitation endorsement. Policy limits shall be not less than \$2,000,000 per occurrence and in the aggregate, above any limits required in the underlying policies. The policy shall have starting and ending dates concurrent with the underlying coverages.

c. Workers' Compensation/Employer's Liability shall provide workers' compensation statutory benefits as required by law. Employer's liability limits shall be no less than \$1,000,000 per accident or disease. Employer's liability coverage shall be scheduled under any umbrella policy described above. Unless otherwise agreed, this policy shall be endorsed to waive any right of subrogation as respects the DISTRICT, its employees or agents.

d. The DEVELOPER and the DISTRICT further agree as follows:

i. All insurance coverage provided pursuant to this Agreement shall not prohibit the DEVELOPER, and the DEVELOPER's employees or agents, from waiving the right of subrogation prior to a loss. The DEVELOPER waives its right of subrogation against the DISTRICT.

ii. Unless otherwise approved by the DISTRICT in writing, the DEVELOPER's insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best's" Insurance Guide rating of "A:VII". Self-insurance will not be considered to comply with these insurance specifications.

iii. The DEVELOPER agrees to provide evidence of the insurance required herein, satisfactory to the DISTRICT, consisting of certificate(s) of insurance evidencing all of the coverages required and an additional insured endorsement to the DEVELOPER's general liability and umbrella liability policies. Certificate(s) are to reflect that the insurer will provide 30 days notice of any cancellation of coverage. The DEVELOPER agrees to require its insurer to modify such certificate(s) to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions. The DEVELOPER agrees to provide complete certified copies of policies to the DISTRICT within 10 days of the DISTRICT's request for such copies.

iv. In the event of any loss that is not insured due to the failure of the DEVELOPER to comply with these requirements, the DEVELOPER agrees to be responsible for any all losses, claims, suits, damages, defense obligations and liability of any kind attributed to the DISTRICT, or the DISTRICT's officials, employees and agents as a result of such failure.

v. The DEVELOPER agrees not to attempt to avoid its defense and indemnity obligations to the DISTRICT and its employees, agents and officials by using as defense the DEVELOPER's statutory immunity under workers' compensation and similar statutes.

### PART G: SPECIAL CONDITIONS

20. The following conditions, being contained herein, will be required by the DISTRICT in order to receive water, recycled water and sewer service for the Project.

a. The DEVELOPER will be required to extend the potable water on the north side of Yucaipa Boulevard in a new easement from 7<sup>th</sup> Street to the eastern property line of PM 18337 and terminate the new water line in an acceptable manor to be approved by the DISTRICT through design and plan checking with the DEVELOPER's Engineer.

b. The DEVELOPER will be required to extend the sewer on the north side of Yucaipa Boulevard in a new easement from 7<sup>th</sup> Street to the eastern property line of PM 18337 and terminate the new water line in an acceptable manor to be approved by the DISTRICT through design and plan checking with the DEVELOPER's Engineer.

c. The DEVELOPER will be required to extend the recycled water on the north side of Yucaipa Boulevard in a new easement from 7<sup>th</sup> Street to the eastern property line of PM 18337 and terminate the new water line in an acceptable manor to be approved by the DISTRICT through design and plan checking with the DEVELOPER's Engineer.

d. Recycled Water Related Facilities: The DEVELOPER will be responsible for installing on- and off-site infrastructure to allow the DISTRICT to maximize the use of recycled water throughout the Project for irrigation use.

e. The DEVELOPER shall pay all water, wastewater, and recycled water development impact fees based on the fee in effect at the time prior to receiving building permits.

f. The DISTRICT shall require all outstanding invoices related to the Project to be paid prior to releasing each lot for occupancy.

### PART H: MISCELLANEOUS

#### 21. Term and Termination of Agreement.

a. Unless extended by mutual agreement of the parties in writing, this Agreement shall terminate at 5:00 p.m., on the day before the sixth (6<sup>th</sup>) anniversary date of this Agreement; provided, however, that this Agreement shall automatically terminate, without further liability to either party, as follows:

i. Within 10 business days of the effective date of this Agreement if the DEVELOPER fails or refuses to make the trust account deposit; or

ii. Within 12 months of the effective date of this Agreement, if the initial construction contemplated hereunder has not commenced within such time; or

iii. Immediately, upon abandonment by the DEVELOPER of the DEVELOPER's project and/or the work hereunder. "Abandonment" is defined as the actual act of relinquishment accompanied with the intent and purpose of giving up a claim and right of property; and/or

iv. Within 45 days of the date of the issuance of a Notice of Default by the DISTRICT to the DEVELOPER in the event the DEVELOPER fails or refuses to perform, keep or observe any of the terms, conditions or covenants set forth in this Agreement.

b. Any termination of this Agreement shall not be construed as a waiver of any claim the DISTRICT may have against the DEVELOPER or that the DEVELOPER may have against the DISTRICT.

c. In the event of termination, and in order to counteract any threat to the public's health, safety or welfare, the DISTRICT shall have the right, without liability to the DEVELOPER, to complete, at the DEVELOPER's non-reimbursable expense, all or a portion of the Facilities constructed pursuant to this Agreement.

d. Notwithstanding the foregoing, the Indemnification clauses contained herein shall survive the termination of this Agreement:

22. Status of the Parties. This Agreement is not intended to create, and nothing herein contained shall be construed to create, an association, a trust, a joint venture, a partnership or other entity of any kind, or to constitute either party as the agent, employee or partner of the other.

23. Amendment; Assignment.

a. Amendment. This Agreement may be amended, from time-to-time, by mutual agreement of the DISTRICT and the DEVELOPER, in writing signed by both parties. The DISTRICT and the DEVELOPER further agree that to the extent this Agreement does not address all aspects of the DEVELOPER's phased Project, the parties shall meet and confer and negotiate in good faith, and execute a written amendment or supplement to this Agreement.

b. Assignment. This Agreement shall not be assigned, whether in whole or in part, by the DEVELOPER without the prior written consent of the DISTRICT, which consent may be withheld in the event that the DISTRICT determines, in its sole discretion, that the assignee is not financially capable of assuming the obligations of the assignor under this Agreement. This Agreement shall bind the parties hereto and their respective successors and assigns.

24. Force Majeure. If either the DISTRICT or the DEVELOPER is delayed, hindered or prevented from performing any term of this Agreement by any cause beyond either party's control including, without limitation, any strike, walkout, prohibitions imposed by law, rules or regulations, riot, war, act of God or the default of the other party, then such performance may be excused or the time of performance tolled during the period of delay.

25. Incorporation of Prior Agreements. This Agreement contains all of the agreements of the parties with respect to any matter covered or mentioned in this Agreement, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose.

26. Waiver. No waiver by either party of any provisions of this Agreement shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by either party of the same or any other provisions.

27. Severance. If any provision of this Agreement is determined to be void by any court of competent jurisdiction then such determination shall not affect any other provision of this Agreement provided that the purpose of this Agreement is not frustrated.

28. DISTRICT's Disclaimer. Utilizing fees and Facilities provided to the DISTRICT by the DEVELOPER, the DISTRICT will supply potable water, recycled (non-potable) water, and wastewater collection and treatment services to the DEVELOPER's Property and development thereon. However, the DISTRICT shall not be obligated to utilize public funds to subsidize the DEVELOPER's Project. The DISTRICT shall not be obligated to provide water or recycled water service in the event supplies are inadequate or nonexistent, except in accordance with its rules and regulations. Thus, for example, in the event of a drought, the DISTRICT shall not be obligated to provide water service notwithstanding the payment of fees and provision of Facilities by the DEVELOPER.

29. Preparation of This Agreement. This Agreement shall not be construed against the party preparing it, but shall be construed as if both parties prepared it.

30. Arbitration.

a. Any dispute as to the construction, interpretation or implementation of this Agreement, or any rights or obligations hereunder, shall be submitted to binding arbitration. Arbitration shall be conducted by the Judicial Arbitration and Mediation Services, Inc./Endispute, or its successor, or any other neutral, impartial arbitration service that the parties mutually agree upon in accordance with its rules in effect at the time of the commencement of the arbitration proceeding, and as set forth in this Paragraph. The arbitrator chosen must decide each and every dispute in accordance with the laws of the State of California, and all other applicable laws. The arbitrator's decision and award are subject to judicial review by a Superior Court of competent venue and jurisdiction for material errors of fact or law. Upon a showing of good cause the arbitrator may permit limited discovery in the arbitration proceeding. Unless the parties enter into a written stipulation to the contrary, prior to the appointment of the arbitrator, all disputes shall first be submitted to non-binding mediation, conducted by the Judicial Arbitration and Mediation Services, Inc./Endispute, or its successor, or any other neutral, impartial mediation service that the parties mutually agree upon in accordance with its rules for such mediation.

b. Provided, however, that after first commencing binding arbitration under subparagraph a., if a Party desires a temporary or permanent remedy which JAMS is not legally capable of providing and a state court of general jurisdiction is so capable, then that Party may

elect to pursue such remedy through the state court system, but such election shall result in the entire matter being transferred to such court for all purposes and the arbitration action terminated.

IN WITNESS WHEREOF, the parties have executed is Agreement to be effective on the day and year first above written.

YUCAIPA VALLEY WATER DISTRICT

Dated: \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Title

JB Real Estate Holdings, LLC

Dated: \_\_\_\_\_

By: \_\_\_\_\_

**John L. Aldridge**  
\_\_\_\_\_

Print Name

**Owner**  
\_\_\_\_\_

Print Title

Dated: \_\_\_\_\_

By: \_\_\_\_\_

**Brad R. Hastings**  
\_\_\_\_\_

Print Name

**Owner**  
\_\_\_\_\_

Print Title

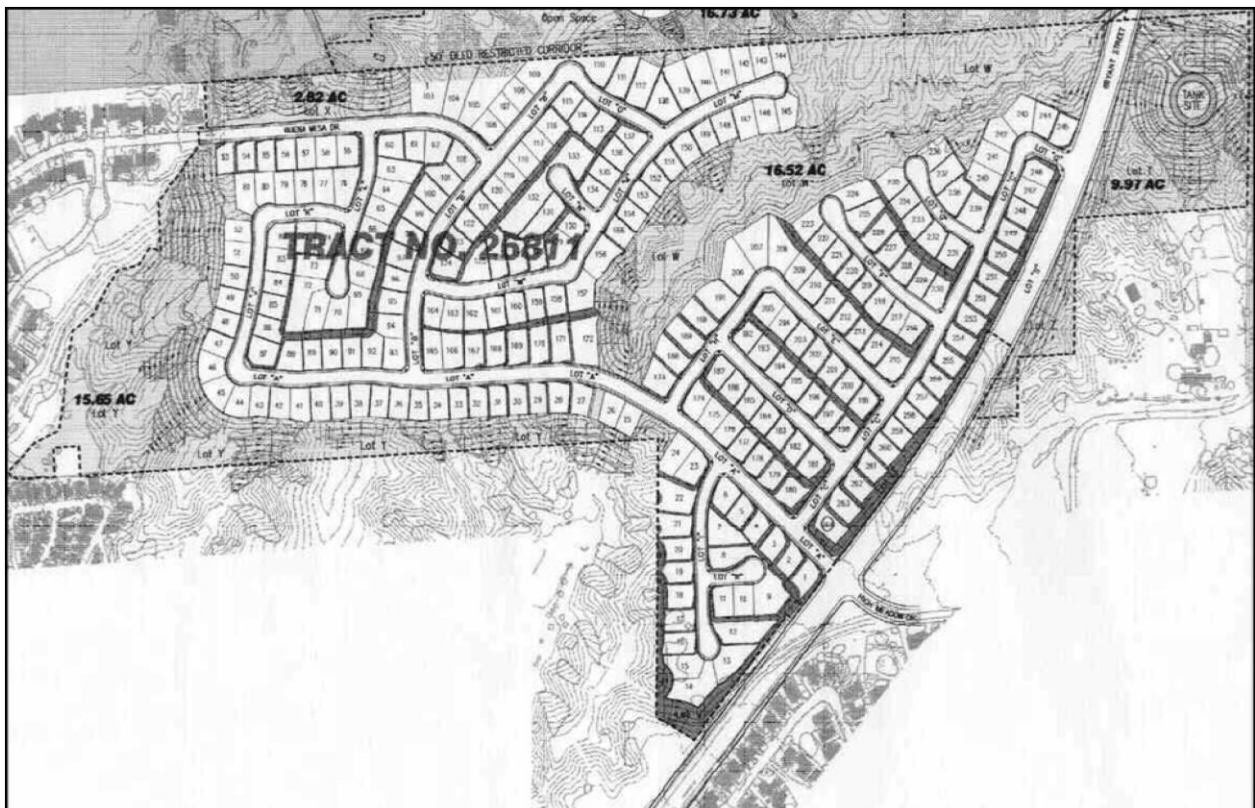
**Date:** April 26, 2011

**Subject:** Overview of Development Agreement No. 06-2006 and a Request for Reallocation of Pipeline Reimbursement Funds to be Applied towards the Development Impact Fees of Certain Parcels in Tract No. 26811, Calimesa

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Tract No. 26811 is located in the area west of Bryant Street south of the Calimesa Country Club, in the City of Calimesa, and consists of 268 parcels on approximately 127 acres.

The attached Development Agreement No. 06-2006 was approved by the District on September 6<sup>th</sup>, 2006. Within Part G: Special Conditions – Section 20.a.3, the District agreed to reimburse the Developer for the incremental material cost for oversizing a portion of the transmission pipelines through the tract.



The Developer has requested (see page 17 of 19) that the reimbursement be provided in the form of Facility Capacity Charges. The request seems logical, but will require approval by the board of directors.

08/28/06

## AGREEMENT TO PROVIDE WATER, SEWER AND RECYCLED WATER FACILITIES AND SERVICE TO THE PRIVATE DEVELOPMENT OF PARENT TRACT NUMBER 26811

This Agreement is made and effective this 6<sup>th</sup> day of September 2006, by and between the Yucaipa Valley Water District, a public agency ("DISTRICT") and Calimesa Springs, LLC, a California Limited Liability Corporation ("DEVELOPER"). Each is sometimes referred to herein as a "Party" and jointly as the "Parties".

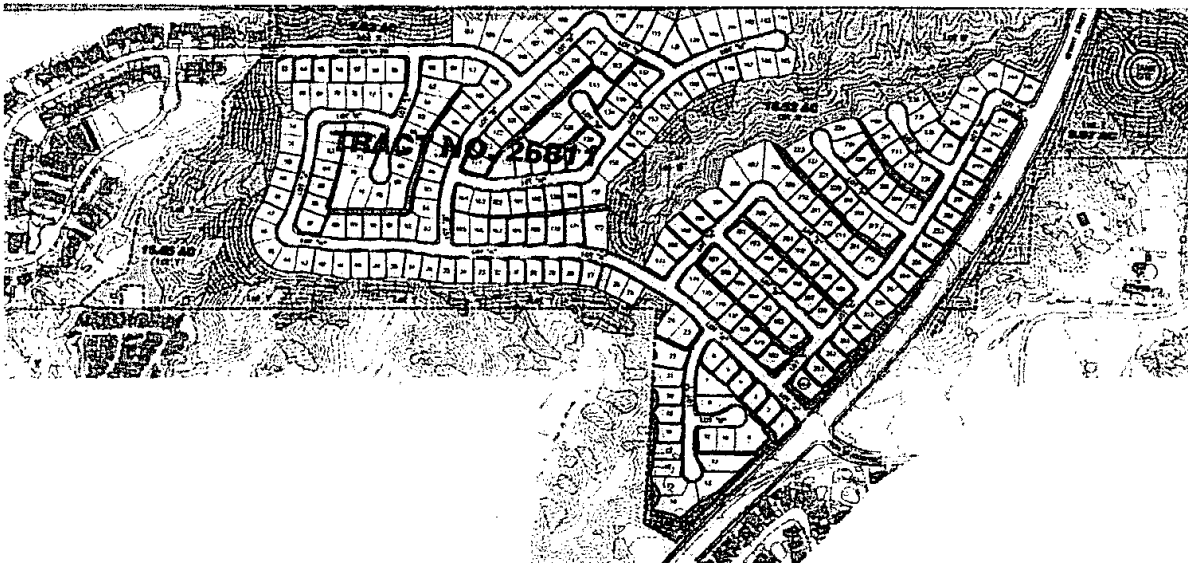
Contact information for the parties is as follows:

**DISTRICT:**  
Yucaipa Valley Water District  
Post Office Box 730  
Yucaipa, California 92399-0730  
Attn: Joseph B. Zoba, General Manager  
Telephone: (909) 797-5119  
Facsimile (909) 797-6381

**DEVELOPER:**  
Calimesa Springs, LLC  
400 N. Tustin Avenue, Suite 290  
Santa Ana, California 92705-3829  
Attention: Bob Liewer  
Telephone: (714) 565-0100 x132  
Facsimile (714) 565-0700

### PROJECT OVERVIEW

Calimesa Springs, LLC (City of Calimesa Tract No. 26811) is a 268-lot single family residence subdivision located on approximately 127 acres in the area west of Bryant Street south of the Calimesa Country Club. The project will receive water service from District pressure zones 12 and 13.



The Yucaipa Valley Water District has been involved in the review process for this project and has established development related project files under the parent Tract No. 26811 contained within the following project files: 2003148 – Potable Water; and 2003149 – Wastewater.

### RECITALS

WHEREAS, DEVELOPER desires to develop its property situated within the service area of the DISTRICT, and

WHEREAS, DEVELOPER proposes to develop the DEVELOPER's Property in the manner generally proposed and in accordance with approved maps by the City of Calimesa and construction drawings reviewed by the Yucaipa Valley Water District at this time; and

WHEREAS, DEVELOPER desires to obtain potable water and recycled water (as used herein, "water" includes recycled water where applicable) and sewer service from the DISTRICT for its development in accordance with the DISTRICT's Rules, Regulations and Policies; and

WHEREAS, it is the purpose of this Agreement to set forth the terms and conditions by which the DISTRICT will provide water and sewer service to the DEVELOPER's Property.

WHEREAS, the DISTRICT, the DEVELOPER, and the City of Calimesa ("City") have entered into a Joint Community Facilities Agreement pursuant to the Mello-Roos Act of 1982, as amended being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act").

### AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the DEVELOPER and the DISTRICT agree as follows:

#### PART A: THE FACILITIES

1. General Description.

a. The DEVELOPER proposes to develop its Property as provided on the approved development construction drawings approved by the District which includes potable water, sewer, and recycled water facilities necessary to serve the development.

b. Ownership, Operation and Maintenance: Once constructed and accepted by the DISTRICT, title to the facilities (and associated right-of-way) shall be conveyed by the DEVELOPER to the DISTRICT, and the DISTRICT shall operate and maintain the facilities and shall provide water, recycled water, and sewer service to the DEVELOPER's Property in accordance with the DISTRICT's rules and regulations and the provisions of this Agreement.

#### PART B: DESIGN AND CONSTRUCTION

2. Licensed Professionals. All work, labor and services performed and provided in connection with (for example) the preparation of real property and right-of-way surveys and descriptions, the preparation of construction specifications, plans and drawings, and the construction of all facilities, shall be performed by, or under the direction of, professionals

appropriately licensed by the State of California and in good standing. In the event the DISTRICT reasonably determines, in its sole discretion, that additional licensed professionals are required in order to satisfy the obligations of the DEVELOPER hereunder, the DEVELOPER shall promptly retain such professionals at its sole cost and expense.

3. Plan Acceptance; Facility Acceptance.

a. The DISTRICT shall promptly review and respond to all plans and specifications ("Plans") related to the construction of the facilities. Upon its final review and approval of the plans, the DISTRICT shall sign the construction drawings ("Plan Acceptance") indicating such approval. Plans are subject to an annual review by the District and modifications may be made by the DISTRICT to conform to revised and/or improved construction standards.

b. The DEVELOPER shall not permit, or suffer to permit, the construction of any Facility without having first obtained Plan Acceptance. In the event the DEVELOPER fails or refuses to obtain the DISTRICT's Plan Acceptance, the DISTRICT may refuse, in its sole discretion and without liability to the DEVELOPER, to issue its Facility Acceptance (as that term is defined below) as to such Facility when completed.

c. The DEVELOPER shall not deviate from any approved plans and/or specifications without the DISTRICT's prior written approval.

d. All construction work shall be inspected on a timely basis by DISTRICT personnel and/or by DISTRICT's consultants at the sole cost of the DEVELOPER. The DEVELOPER acknowledges that the inspector(s) shall have the authority to require that any and all unacceptable materials, workmanship, construction and/or installation not in conformance with either (i) the Plans subject to a Plan Acceptance (as modified by any later Plan Acceptances), or (ii) standard practices, qualities and standards in the industry, as reasonably determined by the DISTRICT, shall be replaced, repaired or corrected at DEVELOPER's sole cost and expense.

e. In the event the DEVELOPER's contractor proposes to work overtime and beyond normal business hours, the DEVELOPER shall obtain the DISTRICT's approval at least 24 hours in advance so that inspection services may be appropriately scheduled. The DEVELOPER shall be solely responsible for paying all costs and expenses associated with such inspection services.

f. The DISTRICT shall promptly upon request of DEVELOPER, cause the final inspection of a Facility which DEVELOPER indicates is completed. If the DISTRICT finds such Facilities to have been completed and are operational in conformance with the Plans for which a Plan Acceptance has been issued, then DISTRICT shall promptly issue to DEVELOPER its letter ("Facility Acceptance") indicating satisfactory completion of the Facility and DISTRICT's acceptance thereof. Neither inspection nor issuance of the Facility Acceptance shall constitute a waiver by DISTRICT of any claims it might have against DEVELOPER for any defects in the work performed, the materials provided, or the Facility constructed, to the extent such represents a deviation from the Plans approved by the DISTRICT pursuant to the Plan Acceptance.

4. Project Coordination and Designation of DEVELOPER's Representative.

a. The DEVELOPER shall be solely responsible for coordinating the provision of all work, labor, material and services associated with the planning, design and construction of the water and sewer Facilities required for the DEVELOPER's project. The DEVELOPER shall be solely responsible for compliance with all applicable federal, state and local safety rules and regulations, and shall conduct periodic safety conferences as required by law and common sense.

b. Prior to proceeding with any Facility construction, the DEVELOPER shall schedule and conduct a preconstruction conference with the DISTRICT's General Manager and the DISTRICT Engineer and/or their designees or agents. In the event the DEVELOPER fails or refuses to conduct any such conference, the DISTRICT may refuse, in its sole discretion, to accept the Facilities constructed by the DEVELOPER.

c. The DISTRICT and the DEVELOPER hereby designate the individual identified on page 1 of this Agreement as the person who shall have the authority to represent the DISTRICT and DEVELOPER in matters concerning this Agreement. In order to ensure maximum continuity and coordination, the DISTRICT and DEVELOPER agree not to arbitrarily remove or replace the authorized representative, but in the event of a substitution, the substituting Party shall promptly advise the other Party of such substitution, in writing.

5. DISTRICT's Right to Complete Facilities. The DISTRICT is hereby granted the unqualified right to complete, at DEVELOPER's sole cost and expense, all or any portion of the water and sewer Facilities constructed hereunder in the event the work is abandoned or the incomplete facilities constitute a threat to the public's health, safety or welfare at the sole discretion of the DISTRICT.

6. Construction of Connections to DISTRICT Facilities. Unless otherwise agreed to in writing by the DISTRICT, the DISTRICT shall furnish all labor, materials and equipment necessary to construct and install connections between the DEVELOPER's Facilities and the DISTRICT's water, recycled water, and sewer systems. All costs and expenses associated therewith shall be paid by the DEVELOPER, and the DEVELOPER shall pay all invoices therefor within 30 days of mailing of such invoices from the DISTRICT.

7. Compliance With Law and DISTRICT Regulations. The DEVELOPER hereby agrees that all Facilities shall be planned, designed and constructed in accordance with all applicable laws, rules, regulations and policies in effect at the time of construction. The DEVELOPER shall strictly comply with all applicable law, rules and regulations, concerning the provision of services, materials and the payment of wages. The DEVELOPER shall keep fully informed of and obey all laws, rules and regulations, and shall hold harmless and indemnify the DISTRICT from and against any liability arising from DEVELOPER's violation of any such law, rule or regulation.

8. DEVELOPER's Warranties. The DEVELOPER shall unconditionally guaranty, for a period of one year following the DISTRICT's Facility Acceptance thereof, any and all materials and workmanship, at the DEVELOPER's sole cost and expense. The provision of temporary water service through any of the DEVELOPER's Facilities, prior to DISTRICT's acceptance of

same, shall not nullify nor diminish the DEVELOPER's warranty obligation, nor shall the DEVELOPER's warranty obligation be voided if the DISTRICT determines, in its sole discretion, to make any emergency repairs necessary to protect the public's health, safety or welfare or to ensure continuity of water or sewer service. The DISTRICT shall notify DEVELOPER of such emergency repairs.

9. Testing and Disinfection. Upon approval by the DISTRICT, the DEVELOPER, at its sole cost and expense, shall undertake and satisfactorily complete a testing program for all Facilities prior to acceptance by the DISTRICT, and to disinfect all water Facilities in accordance with the DISTRICT's procedures and other applicable laws, rules and regulations.

10. Bond Requirements. The DEVELOPER shall provide to the DISTRICT, in a form satisfactory to the DISTRICT, the following bonds:

a. A Performance and Warranty Bond. A performance bond issued by a corporate surety or sureties licensed and permitted to do business by and within the State of California in an amount not less than one hundred percent (100%) of any and all construction work to be conducted or performed under this Agreement. A warranty bond issued by a corporate surety or sureties licensed and permitted to do business by and within the State of California in an amount not less than one hundred percent (100%) of the total cost of any and all construction performed hereunder, insuring against any and all defects in the Facilities constructed hereunder, for a period of not less than one full year after the date of acceptance thereof by the DISTRICT.

b. A Labor and Materials Payment Bond issued by a corporate surety or sureties licensed and permitted to do business by and within the State of California in an amount not less than one hundred percent (100%) of the total cost of any and all construction performed hereunder per California Civil Code Sections 3247 and 3248(a).

c. Miscellaneous Bond Requirements. All bonds required by this Section 10 shall be provided to the DISTRICT within sixty (60) days of the date that this Agreement was approved by the DISTRICT's Board of Directors. All bonds required by this section are subject to the approval as to form and content by the General Manager and DISTRICT's Legal Counsel. All bonds required by this section shall be provided by a surety that is an "admitted" surety insurer authorized to transact surety insurance in California, with assets exceeding its liabilities in the amount equal to or in excess of the amount of the bonds, and each bond shall not be in excess of ten percent (10%) of the surety insurer's assets. The bond shall be duly executed and shall meet all of the requirements of Section 995.660 of the Code of Civil Procedure.

#### PART C: TITLE TO FACILITIES; OPERATION

11. Title to Facilities and Right-of-Way.

a. Provided that the DEVELOPER's Facilities are designed, constructed and are operational as required hereunder and the DISTRICT proposes to issue its Facility Acceptance, the DEVELOPER shall, concurrently with the DISTRICT's Facility Acceptance, convey ownership title to all Facilities (and right-of-way, if applicable) to the DISTRICT, free and clear of any and all liens and encumbrances except those that are

expressly agreed to by the DISTRICT. The DISTRICT may require fee title or an easement, depending upon the location of the Facility through action by the Board of Directors. Upon conveyance of title, the DISTRICT shall assume the responsibility of operating and maintaining the Facilities, subject to the DEVELOPER's warranty as provided herein. The DEVELOPER acknowledges and agrees that the DISTRICT shall not be obligated to operate and maintain the Facilities and to provide service to and through them until all applicable conditions hereunder are satisfied (including a Facility Acceptance provided by the DISTRICT) and good and unencumbered title to the Facilities has been conveyed and delivered to the DISTRICT in recordable form.

b. A form for the *Grant of Easement and Rights-of-Way and Bill of Sale of the Facilities* is available from the District upon request.

12. Risk of Loss. Until such time as acceptance thereof by the DISTRICT, and until good and marketable title to the easements, rights-of-way and Facilities are conveyed and delivered to the DISTRICT in recordable form, the DEVELOPER shall be solely and completely responsible for any and all losses and/or damage of every kind or nature to the easements, rights-of-way and Facilities.

13. Conditions Precedent to the Provision of Water and Sewer Service. Unless the DISTRICT otherwise agrees in writing, the DISTRICT shall not be obligated to provide any water and/or sewer service to the DEVELOPER's project or any part thereof, including model homes, until after all of the appropriate obligations imposed upon the DEVELOPER have been fulfilled including, without limitation, conveyance to the DISTRICT of the right-of-way and Facilities associated with the requested service. Upon acceptance of the right-of-way and appurtenant Facilities, and upon such other terms and conditions as may be reasonable, the DISTRICT shall provide the service requested (subject to payment of the usual water and wastewater service fees and charges) and assume the responsibility for operating and maintaining the affected Facilities. Service provided by the DISTRICT shall be in accordance with its rules and regulations and shall be comparable in quality of service to that provided all similarly situated customers.

#### PART D: FEES AND CREDITS

14. DEVELOPER's Fees, Charges, Costs and Expenses. The DEVELOPER shall be solely responsible for the payment to the DISTRICT of all fees, charges, costs and expenses related to this development.

a. DEVELOPER Trust Account Deposit: The DEVELOPER shall deposit with the DISTRICT, to be held in a trust account administered by the DISTRICT, the sum of \$25,000 as an initial deposit prior to receiving grading/building permits for the Project with a minimum deposit of \$10,000 at any time. The DEVELOPER acknowledges and hereby agrees that the DISTRICT is authorized, from time-to-time, to reimburse itself from the funds on deposit. The DISTRICT shall provide a monthly accounting of how funds were disbursed. The DEVELOPER further agrees to replenish, within 30 days of a billing issued therefor by the DISTRICT, the trust fund in order to maintain a minimum amount as specified by the District. Should any unexpended funds remain in the trust

account upon termination of this Agreement, then such funds shall be reimbursed to the DEVELOPER.

b. Current Fees and Charges: In the event of a change in the DISTRICT's schedule of fees and charges, such change shall automatically be incorporated into this Agreement as though set forth in full. Unless otherwise agreed to in writing by the DISTRICT, the DEVELOPER shall pay, when due, the then-current amount of the applicable fee or charge.

15. DISTRICT Financial Participation: Credits. The DISTRICT may agree to participate in certain facilities for this Project. Any participation or financial contribution to construct the water and wastewater infrastructure associated with this project is contained in Part G - Special Conditions of this Agreement.

#### PART E: PERMITS AND DOCUMENTATION

16. Permits, Licenses and CEQA Documentation. The DEVELOPER shall be solely responsible for securing and paying for all permits and licenses necessary to develop its project. The DEVELOPER shall be solely responsible for complying with the California Environmental Quality Act under the auspices of the City and/or County within which the Property is situated. However, upon request, the DEVELOPER shall furnish to the DISTRICT all relevant environmental documentation and information. The DEVELOPER, at its sole cost and expense, shall be solely responsible for defending against any and all legal challenges to the DEVELOPERS entitlements including permits, licenses and CEQA documents.

17. Documents Furnished by the DEVELOPER. The DEVELOPER shall furnish to the DISTRICT project documentation as required by the District specified below, within the time periods specified. Each and every document submittal shall consist of a fully executed original or certified copy (in recordable form, if applicable) and four copies.

Document(s)	Due Date
Certification of Streets to Rough Grade	Prior to Construction
Field Engineering Surveys ("Cut Sheets")	Prior to Construction
Liability Insurance Certificate(s)	Prior to Construction
Performance Bond	Prior to Construction
Labor and Materials Bond	Prior to Construction
Warranty Bond	Prior to Construction
City/County Encroachment Permits and Conditions	Prior to Construction
Soil Compaction Tests	Prior to Acceptance
Grant of Easements and Rights-of-Way	Prior to Acceptance
Bill of Sale	Prior to Acceptance
List of Approved Street Addresses and Assessor Parcel Numbers	Prior to Setting Meter
Notice of High/Low Water Pressure	Prior to Setting Meter
Notice of Water Pumping Facility	Prior to Construction
Mechanic's Lien Releases	Upon Request of District

NOTE: The DEVELOPER hereby acknowledges and agrees that the foregoing list is not intended to be exclusive; therefore, the DISTRICT reserves the right to request, from time-to-time, additional documents or documentation.

## PART F: INDEMNIFICATION AND INSURANCE

18. Indemnification and Hold Harmless. The DEVELOPER and the DISTRICT agree that the DISTRICT should, to the extent permitted by law, be fully protected from any loss, injury, damage, claim, lawsuit, cost, expense, attorneys' fees, litigation costs, defense costs, court costs or any other costs arising out of or in any way related to the performance by DEVELOPER of this Agreement. Accordingly, the provisions of this indemnity provision are intended by the parties to be interpreted and construed to provide the fullest protection possible under the law to the DISTRICT, except for liability attributable to the DISTRICT's active negligence. DEVELOPER acknowledges that the DISTRICT would not enter into this Agreement in the absence of this commitment from the DEVELOPER to indemnify and protect the DISTRICT as set forth here.

Therefore, the DEVELOPER shall defend, indemnify and hold harmless the DISTRICT, its employees, agents and officials, from any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, actual attorneys' fees incurred by the DISTRICT, court costs, interest, defense costs including expert witness fees and any other costs or expenses of any kind whatsoever without restriction or limitation incurred in relation to, as a consequence of or arising out of or in any way attributable actually, allegedly or impliedly, in whole or in part in the performance by DEVELOPER of this Agreement. All obligations under this provision are to be paid by the DEVELOPER as incurred by the DISTRICT.

19. Insurance. The DEVELOPER agrees to provide insurance in accordance with the requirements set forth here throughout the term of this Agreement. If the DEVELOPER uses existing coverage to comply with these requirements and that coverage does not meet the requirements set forth herein, the DEVELOPER agrees to amend, supplement or endorse the existing coverage to do so. The following coverages will be provided by the DEVELOPER and maintained on behalf of the DISTRICT and in accordance with the requirements set forth herein.

a. Commercial General Liability Insurance (Primary) shall be provided on ISO-CGL Form No. CG 00 01 10 93. Policy limits shall be no less than \$1,000,000 per occurrence for all coverages and \$2,000,000 general aggregate. The DISTRICT and its officials, employees and agents shall be added as additional insureds using ISO Form CG 20 10 10 93. Coverage shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance, primary or excess, available to the DISTRICT or any employee or agent of the DISTRICT. Coverage shall not be limited to the vicarious liability or supervisory role of any additional insured. Coverage shall contain no contractors' limitation endorsement. There shall be no endorsement or modification limiting the scope of coverage for liability arising from explosion, collapse, or underground property damage.

b. Umbrella Liability Insurance (over Primary) shall apply to bodily injury/property damage, personal injury/advertising injury, at a minimum, and shall include a "drop down" provision providing primary coverage above a maximum \$25,000 self-insured retention for liability not covered by primary policies but covered by the umbrella policy. Coverage shall be following form to any underlying coverage. Coverage shall be provided on a "pay on behalf" basis, with defense costs payable in addition to policy

limits. There shall be no cross-liability exclusion and no contractor's limitation endorsement. Policy limits shall be not less than \$2,000,000 per occurrence and in the aggregate, above any limits required in the underlying policies. The policy shall have starting and ending dates concurrent with the underlying coverages.

c. Workers' Compensation/Employer's Liability shall provide workers' compensation statutory benefits as required by law. Employer's liability limits shall be no less than \$1,000,000 per accident or disease. Employer's liability coverage shall be scheduled under any umbrella policy described above. Unless otherwise agreed, this policy shall be endorsed to waive any right of subrogation as respects the DISTRICT, its employees or agents.

d. The DEVELOPER and the DISTRICT further agree as follows:

i. All insurance coverage provided pursuant to this Agreement shall not prohibit the DEVELOPER, and the DEVELOPER's employees or agents, from waiving the right of subrogation prior to a loss. The DEVELOPER waives its right of subrogation against the DISTRICT.

ii. Unless otherwise approved by the DISTRICT in writing, the DEVELOPER's insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best's" Insurance Guide rating of "A:VII". Self-insurance will not be considered to comply with these insurance specifications.

iii. The DEVELOPER agrees to provide evidence of the insurance required herein, satisfactory to the DISTRICT, consisting of certificate(s) of insurance evidencing all of the coverages required and an additional insured endorsement to the DEVELOPER's general liability and umbrella liability policies. Certificate(s) are to reflect that the insurer will provide 30 days notice of any cancellation of coverage. The DEVELOPER agrees to require its insurer to modify such certificate(s) to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions. The DEVELOPER agrees to provide complete certified copies of policies to the DISTRICT within 10 days of the DISTRICT's request for such copies.

iv. In the event of any loss that is not insured due to the failure of the DEVELOPER to comply with these requirements, the DEVELOPER agrees to be responsible for any all losses, claims, suits, damages, defense obligations and liability of any kind attributed to the DISTRICT, or the DISTRICT's officials, employees and agents as a result of such failure.

v. The DEVELOPER agrees not to attempt to avoid its defense and indemnity obligations to the DISTRICT and its employees, agents and officials by using as defense the DEVELOPER's statutory immunity under workers' compensation and similar statutes.

### PART G: SPECIAL CONDITIONS

The following conditions, being contained herein, shall be satisfied by the DEVELOPER in order to receive water, recycled water (if applicable), and sewer service for the Project.

20. Potable Water Facilities in Pressure Zones 12, & 13 – DEVELOPER Responsibility.

a. The DEVELOPER is responsible for the design and construction of the potable water facilities required for the development. Construction materials and facilities shall be as required in the District's Standard Drawings and Specifications (e.g. air valves, blow offs, hydrants, pipe materials, etc.).

- 1) Relocation of Reservoir R-13. The DEVELOPER has contributed \$844,922 towards the relocation of the existing Reservoir R-13. This payment together with the property dedication and site grading fulfills the DEVELOPER's on-site requirement for furnishing 1.17 million gallons of replacement water storage associated with the relocation of the Reservoir R-13.
- 2) Construction of the Pressure Zone 12 Cross-Town Pipeline. No later than September 20, 2006, the DEVELOPER shall deposit with the DISTRICT an amount of \$1,292,500.00 for the pipeline construction costs associated with the Pressure Zone 12 Cross-Town Pipeline plus design costs. The Parties understand that such deposit is expected to be reimbursed to the DEVELOPER by the City of Calimesa or its Community Finance District ("City") when bond funds are disbursed to the City; however, the Parties agree that the DISTRICT has no reimbursement obligation whatsoever concerning this deposit. If this deposit is received by the DISTRICT on or before September 20, 2006, the DISTRICT will proceed with the construction of this pipeline facility. Upon completion and acceptance of this pipeline, the DISTRICT shall authorize in writing the ability for the DEVELOPER to remove the existing Reservoir R-13.
- 3) Connection to Reservoir R-12.4. Reservoir R-13 shall be relocated by the DISTRICT to the east side of Bryant Street as a 4.0 MG Reservoir R-12.4. The DEVELOPER shall install approximately 6,100 linear feet of 16" transmission mainlines for pressure zone 12 from the existing Reservoir R-13 to the site of the new Reservoir R-12.4. The DISTRICT shall pay for the incremental material cost of oversizing approximately 3,880 linear feet of this pipeline from Buena Mesa Drive to Singleton Road at an incremental material cost of \$50 per linear foot for a sum not to exceed \$200,000.
- 4) Pressure Zone 13 Source Water Supply. The DEVELOPER shall furnish and install zone 13 potable piping from 2<sup>nd</sup> Place to the new Reservoir R-12.4. This includes 12" piping in Slack Place, through the golf course to Buena Mesa Drive, and through the development to Singleton Road.
- 5) Replacement of Pressure Zone 12 Pipeline. The DEVELOPER shall replace the existing pressure zone 12 pipeline through the golf course with a 16" pipeline (material provided by the DISTRICT) from the 3<sup>rd</sup> Street entrance to Buena Mesa Drive.

6) Installation of Pressure Zone 13 Piping. The DEVELOPER shall furnish and install a 12" pressure zone 13 non-potable pipeline from the northerly Singleton Road tract boundary to Country Club Drive and into the development as needed.

21. Fiber Optic Conduits. The DEVELOPER shall install a pair of electrical conduits in trenches between all onsite and offsite water, wastewater and recycled water filtration facilities, reservoirs, lift stations, booster stations, etc. for the installation of fiber optic cabling by the DISTRICT in the future. The DISTRICT shall provide the specific alignment(s) and specifications of the fiber optic conduits, which are generally installed in water/wastewater trenches.

22. Development Impact Fees and Fee Credits. The DEVELOPER shall be required to pay the development impact fees in effect at the time building permits are issued except for the components associated with water storage reservoirs and water pipeline facilities as provided below. Should the DISTRICT revise the fee schedule to reflect increased costs associated with these specific fee components, the DEVELOPER shall be required to pay for those cost components in effect at the time building permits are issued. In the event new cost components are included in the future, those cost components shall be paid by the DEVELOPER based on the fee schedule in effect at the time building permits are issued.

a. Potable Water Development Impact Fees. The current potable water development impact fee for a ¾" water meter is as follows:

<u>Water Development Impact Fee Component</u>	<u>Current Component Cost</u>	<u>Component of Fee Waived?</u>
Source of Supply: Water Filtration Facility	\$1,052	No
Source of Supply: Well Pumping Plants	\$127	No
Booster Pumping Plants	\$231	No
Pipeline Facilities	\$945	Yes
Water Storage Reservoirs	\$1,529	Yes
<b>Total Water Development Impact Fee</b>	<b>\$3,884</b>	

Fee credits will apply as follows:

i. Water Storage Reservoirs - Based on the requirement placed on the DEVELOPER to be responsible for the replacement costs associated with the design and construction of Reservoir R-13, the DISTRICT will not collect the development impact fee component associated with Water Storage Reservoirs.

ii. Water Pipeline Facilities - Based on the requirement placed on the DEVELOPER to be responsible for their share of costs associated with the Pressure Zone 12 Cross-Town Pipeline Project and payment of consistent with paragraph 20.a.2, the DISTRICT will not collect the development impact fee component associated with Water Pipeline Facilities.

Should the DISTRICT revise the water development impact fee schedule to reflect increased costs associated with the specific fee components, the DEVELOPER shall likewise not be required to pay for those cost components credited above.

a. Wastewater Facilities Impact Fees. The current wastewater development impact fee is \$4,218 per EDU plus \$1,059 per gross acre.

Should the DISTRICT revise the wastewater development impact fee schedule to reflect increased costs associated with the specific fee components, the DEVELOPER shall pay for those adjusted cost components pursuant to Rules and Regulations of the District.

23. Environmental Documentation. The DEVELOPER shall be solely responsible for the completion of all environmental documentation for the facilities required for the Project except as specifically provided herein.

24. Permits for Facilities and Infrastructure. The DISTRICT shall not be obligated to accept any facility or infrastructure that has not been permitted by all regulatory (or otherwise responsible) agencies having jurisdiction thereof.

25. Payment of Development Impact Fees. The DEVELOPER shall pay all water, wastewater, and recycled water development impact fees in the amounts in effect at the time building permits are issued.

26. Payment of Invoices. The DISTRICT shall require all outstanding invoices related to the Project to be paid by the DEVELOPER within 30 days of mailing of such invoice and prior to allowing additional building permits to be issued and/or releasing individual lots for occupancy for merchant builders.

#### PART H: MISCELLANEOUS

27. Term and Termination of Agreement.

a. Unless extended by mutual agreement of the parties in writing, this Agreement shall terminate at 5:00 p.m., on the day before the sixth (6<sup>th</sup>) annual anniversary date of this Agreement; provided, however, that this Agreement shall automatically terminate, without further liability to either party, as follows:

i. Within 10 business days of the effective date of this Agreement if the DEVELOPER fails or refuses to make any trust account deposit; or

ii. Within 12 months of the effective date of this Agreement, if the initial construction contemplated hereunder has not commenced within such time; or

iii. Immediately, upon abandonment by the DEVELOPER of the DEVELOPER's project and/or the work hereunder. "Abandonment" is defined as the actual act of relinquishment accompanied with the intent and purpose of giving up a claim and right of property; and/or

iv. Within 45 days of the date of the issuance of a Notice of Default by the DISTRICT to the DEVELOPER in the event the DEVELOPER fails or refuses to perform, keep or observe any of the terms, conditions or covenants set forth in this Agreement.

- v. Immediately if funds (i.e., \$1,292,500.00) are not received by the DISTRICT for the Pressure Zone 12 Cross-Town Pipeline Project by close of business on or before September 20, 2006. In the event that the Agreement terminates under these circumstances, DEVELOPER agrees to indemnify and hold harmless the DISTRICT for any costs, expenses, claims, damages or attorneys' fees that it may incur in the cancellation or termination of any construction related contract that will necessarily be caused by the failure of the DISTRICT to receive the funds referenced above.
- b. Any termination of this Agreement shall not be construed as a waiver of any claim the DISTRICT may have against the DEVELOPER or that the DEVELOPER may have against the DISTRICT.
- c. In the event of termination, and in order to counteract any threat to the public's health, safety or welfare, the DISTRICT shall have the right, without liability to the DEVELOPER, to complete, at the DEVELOPER's non-reimbursable expense, all or a portion of the Facilities constructed pursuant to this Agreement.
- d. Notwithstanding the foregoing, the Indemnification clauses contained herein shall survive the termination of this Agreement:
28. Status of the Parties. This Agreement is not intended to create, and nothing herein contained shall be construed to create, an association, a trust, a joint venture, a partnership or other entity of any kind, or to constitute either party as the agent, employee or partner of the other.
29. Amendment; Assignment.
- a. Amendment. This Agreement may be amended, from time-to-time, by mutual agreement of the DISTRICT and the DEVELOPER, in writing signed by both parties. The DISTRICT and the DEVELOPER further agree that to the extent this Agreement does not address all aspects of the DEVELOPER's phased Project, the parties shall meet and confer and negotiate in good faith, and execute a written amendment or supplement to this Agreement.
- b. Assignment. This Agreement shall not be assigned, whether in whole or in part, by the DEVELOPER without the prior written consent of the DISTRICT, which consent may be withheld in the event that the DISTRICT determines, in its sole discretion, that the assignee is not financially capable of assuming the obligations of the assignor under this Agreement. This Agreement shall bind the parties hereto and their respective successors and assigns.
30. Force Majeure. If either the DISTRICT or the DEVELOPER is delayed, hindered or prevented from performing any term of this Agreement by any cause beyond either party's control including, without limitation, any strike, walkout, prohibitions imposed by law, rules or regulations, riot, war, act of God or the default of the other party, then such performance may be excused or the time of performance tolled during the period of delay.

31. Incorporation of Prior Agreements. This Agreement contains all of the agreements of the parties with respect to any matter covered or mentioned in this Agreement, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose.
32. Waiver. No waiver by either party of any provisions of this Agreement shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by either party of the same or any other provisions.
33. Severance. If any provision of this Agreement is determined to be void by any court of competent jurisdiction then such determination shall not affect any other provision of this Agreement provided that the purpose of this Agreement is not frustrated.
34. DISTRICT's Disclaimer. Utilizing fees and Facilities provided to the DISTRICT by the DEVELOPER, the DISTRICT will supply potable water, recycled (non-potable) water, and wastewater collection and treatment services to the DEVELOPER's Property and development thereon. However, the DISTRICT shall not be obligated to utilize public funds to subsidize the DEVELOPER's Project. The DISTRICT shall not be obligated to provide water or recycled water service in the event supplies are inadequate or nonexistent, except in accordance with its Rules and Regulations. Thus, for example, in the event of a drought, the DISTRICT shall not be obligated to provide water service notwithstanding the payment of fees and provision of Facilities by the DEVELOPER.
35. Preparation of This Agreement. This Agreement shall not be construed against the party preparing it, but shall be construed as if both parties prepared it.
36. Arbitration.
  - a. Any dispute as to the construction, interpretation or implementation of this Agreement, or any rights or obligations hereunder, shall be submitted to binding arbitration. Arbitration shall be conducted by the Judicial Arbitration and Mediation Services, Inc./Endispute, or its successor, or any other neutral, impartial arbitration service that the parties mutually agree upon in accordance with its rules in effect at the time of the commencement of the arbitration proceeding, and as set forth in this Paragraph. The arbitrator chosen must decide each and every dispute in accordance with the laws of the State of California, and all other applicable laws. The arbitrator's decision and award are subject to judicial review by a Superior Court of competent venue and jurisdiction for material errors of fact or law. Upon a showing of good cause the arbitrator may permit limited discovery in the arbitration proceeding. Unless the parties enter into a written stipulation to the contrary, prior to the appointment of the arbitrator, all disputes shall first be submitted to non-binding mediation, conducted by the Judicial Arbitration and Mediation Services, Inc./Endispute, or its successor, or any other neutral, impartial mediation service that the parties mutually agree upon in accordance with its rules for such mediation.
  - b. Provided, however, that after first commencing binding arbitration under subparagraph a., if a Party desires a temporary or permanent remedy which JAMS is not legally capable of providing and a state court of general jurisdiction is so capable, then that Party may elect to pursue such remedy through the state

court system, but such election shall result in the entire matter being transferred to such court for all purposes and the arbitration action terminated.

IN WITNESS WHEREOF, the parties have executed is Agreement to be effective on the day and year first above written.

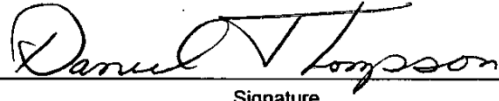
Yucaipa Valley Water District ("DISTRICT")

Dated: 9/6/06

By:   
Bruce Granlund, YVWD Board President

Calimesa Springs, LLC, a California Limited Liability Company ("DEVELOPER")

Dated: 9-1-06

By:   
Signature

Daniel Thompson  
Print Name

Member  
Print Title

**SINGLETON ROAD, LLC**

April 4, 2011

**Mr. Brent Anton  
Yucaipa Valley Water District  
12770 Second St.  
Yucaipa, CA 92399**

**RE: Calimesa Tract No. 26811 – Oversizing Reimbursement**

Dear Brent,

Per our meeting on March 31<sup>st</sup> 2011, we understand that we are eligible to receive approximately \$200,000 in oversizing costs associated with the construction of the Buena Mesa Road pipeline as described on page 10 of the development agreement. In lieu of receiving a lump sum check for the total amount, we hereby request that the Yucaipa Valley Water District apply the outstanding funds towards the sewer and water development fees for 12 of our proposed homes. I have attached a sequence sheet with the lot numbers and addresses for your use.

Please contact me at 714-448-4407 if you have any questions.

Respectfully,



Ray Dorame  
Singleton Road LLC

**Development Agreement No. 06-2006 - Incremental Material Cost of Oversizing Funds Allocation**

(\$190,900.00 Credit Used for 12 Lots with a Remainder Balance)

Tract 26811 - Facilities Capacity Charges Per Lot - Calendar Year 2011:

Potable Water Facilities Capacity Charges	=	\$13,180.00
Wastewater Facilities Capacity Charges	=	\$8,053.00
Water Sustainability Charges (Riverside County - PWA)	=	\$2,163.00
		<u>\$23,396.00</u>
Pipeline Facilities (PF)	-	(\$4,279 / lot)
Water Storage Reservoirs (WSR)	-	(\$3,448 / lot)
<b>Total</b>		<u>\$15,669.00</u>

(Nexus Components That Have Full Credit for All 268 Lots Within Tract 26811 for Calendar Year 2011)

Development Agreement No. 06-2006, Part G, Section 20.a.3

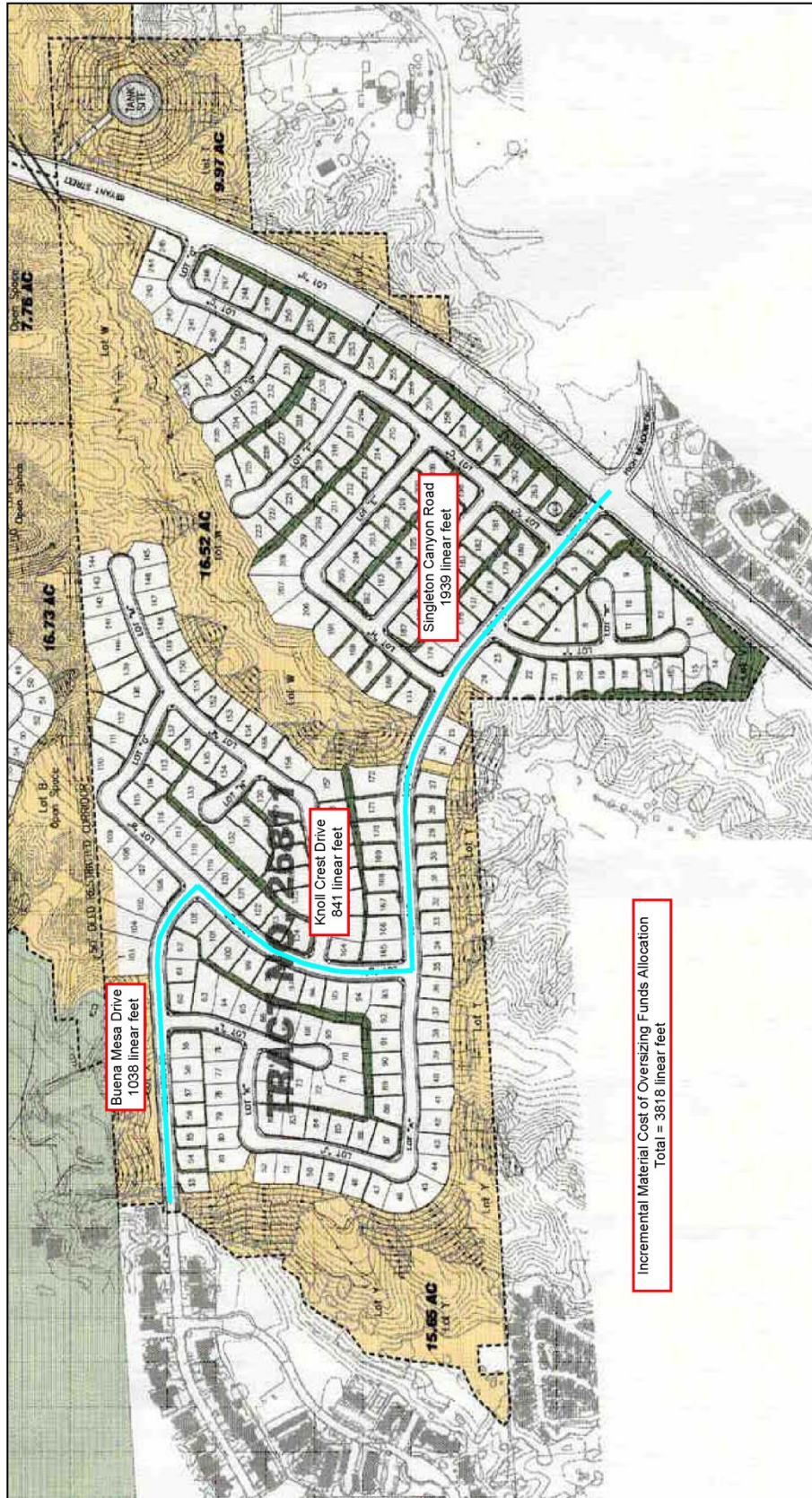
3,818 l.f. x \$50.00/l.f. = \$190,900.00

Buena Mesa Drive (Station 11+27 to 21+65)	=	1038 l.f.
Knoll Crest Drive (Station 9+89 to 18+30)	=	841 l.f.
Singleton Canyon Road (Station 16+94 to 36+33)	=	1939 l.f.
		<u>total 3818 l.f.</u>

Tract 26811 Per Lot - Facility Capacity Charges Due for Calendar Year 2011 (Reallocation Shown):

$$\frac{\$190,900.00}{\text{(Total "Material Cost of Oversizing")}} \div \frac{\$15,669.00}{\text{(Per EDU)}} = 12.1833 \text{ EDU's}$$

Tract No. 26811 - Full Capacity and Sustainability Credit for 12 EDU's	=	<u>\$188,028.00</u>
Remaining Dollar Credit After Reallocation to be Applied to District W.O. 65-265 for Inspections Purposes	=	<u>\$2,872.00</u>





**Date:** April 26, 2011

**Subject:** Overview of Proposed Legislation and Impacts to Yucaipa Valley Water District Ratepayers - Senate Bill 34 and Senate Bill 244

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The purpose of this agenda item is to provide information about proposed legislation that may impact the District and our ratepayers.

### **California Senate Bill 34, California Water Resources Investment Act of 2011**

Senate Bill 34 (SB 34) would propose a fee-based system to pay for costs associated with updating and modernizing water infrastructure in California. The fees would cover the costs of public benefits of water infrastructure projects including: the public share of surface and subsurface water projects; habitat and water necessary for restoring native flora and fauna that are at risk as a result of existing and future water infrastructure projects; water conservation programs for agricultural, municipal, and industrial users; and non-capital costs that are necessary to provide a more reliable water supply for the state and protecting, restoring, and enhancing river-based ecosystems. The fees would not cover the costs that public or private entities are required to fund under existing law, including but not limited to, an isolated water facility that conveys water through the Sacramento-San Joaquin Delta. To finance the program the bill imposes an annual charge based on the volume of water provided in its service area for non-agricultural uses and an annual charge based on each acre of land within its service area that is irrigated for agricultural purposes.

*Estimated California imposed water tax impact to our customers would be \$1.221 million (calculated at \$110/acre foot as provided in SB 34 amendment dated March 23, 2011). This tax would require a 25 percent increase in the water commodity rate structure.*

### **Senate Bill 244 Relating to Land Use**

Senate Bill 244 (SB 244) would require that each revision of its housing element, a city or county would need to address the presence of island, fringe, or legacy unincorporated communities inside or near its boundaries. SB 244 would require the updated general plan to include specified information, to include the number of housing units and residents that lack: access to sanitary sewer service; access to municipal water service; as well as the number of residential neighborhoods that lack paved roads, storm drainage, and street lighting, and the number of housing units that are in substandard condition amongst other specific information. Each city or county would be required to set forth specific quantified goals for eliminating or reducing the conditions or deficiencies stated. No reimbursement shall be made for the costs mandated by the act; however it is recognized that a local agency may pursue any remedies to obtain reimbursement available to it under the provisions of law.

*Specific cost information is currently being evaluated.*

AMENDED IN SENATE APRIL 13, 2011

AMENDED IN SENATE MARCH 23, 2011

**SENATE BILL**

**No. 34**

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**Introduced by Senator Simitian**

December 6, 2010

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An act to add Division 36 (commencing with Section 87000) to the Water Code, relating to water, ~~and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 34, as amended, Simitian. California Water Resources Investment Act of 2011.

(1) Under existing law, various measures provide funding for water resources projects, facilities, and programs.

This bill would enact the California Water Resources Investment Act of 2011 to finance a water resources investment program. To finance the program, the bill would impose on each retail water supplier in the state an annual charge based on the volume of water provided in its service area that is provided for nonagricultural uses and an annual charge based on each acre of land within its service area that is irrigated for agricultural ~~uses~~ *purposes*. The bill would require the State Board of Equalization to collect the charges from retail water suppliers in accordance with the Fee Collection Procedures Law, and would authorize the State Board of Equalization and the Department of Water Resources to adopt and enforce regulations for the administration and enforcement of the charges and related requirements as emergency regulations.

The bill would require the revenues of the charges collected for purposes of the water resources investment program to be deposited in the California Water Resources Investment Fund, which would be

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established by the bill. The bill would establish a State Investment Account and ~~an unspecified number of regional investment accounts within the fund, and would require 50% of the moneys deposited in the fund to be continuously appropriated to the Controller for transfer transferred to the State Investment Account and 50% of the moneys deposited in the fund to be continuously appropriated to the Controller for transfer transferred to the regional investment accounts based on the amount of charges collected within each unspecified funding region established by the bill.~~

~~The bill would continuously appropriate the moneys in each of the regional investment accounts to the Department of Water Resources for purposes of providing financing for regional projects related to water storage, water conservation, water conveyance, desalination, wastewater recycling, levee improvements, safe drinking water, flood plain management, and the restoration of fish and wildlife, consistent with a specified integrated regional water management plan that meets prescribed requirements. The bill would require the Department of Water Resources to adopt regulations for the preparation of integrated regional water management plans for these purposes.~~

~~The bill would require the moneys in each of the regional investment accounts to be available, upon appropriation by the Legislature, for purposes of providing funding for public benefits of water-related projects and programs, consistent with prescribed requirements.~~

~~The bill would require the moneys in the State Investment Account to be expended, upon appropriation by the Legislature, for administration of the water resources investment program and to fund specified programs proposed by the California Water Commission public benefits of specified water-related projects and programs, including statewide water resources projects, financing the operating expenses of the Delta Stewardship Council and the Delta Plan adopted by the council, projects that reduce the impacts of mercury contamination in the Sacramento-San Joaquin Delta, and specified scientific studies and assessments, debt service on general obligation bonds for projects and programs that provide statewide and interregional public benefits, and other unspecified purposes.~~

~~The bill would require the State Auditor to conduct a programmatic review and audit of expenditures from the above-described funds and annually report the findings of the review and audit to the Governor and the Legislature. The bill would also require the California Water Commission to annually review expenditures authorized pursuant to~~

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SB 34

~~the bill and to hold specified hearings relative to the water resources investment program.~~

(2) By expanding the application of the Fee Collection Procedures Law, the violation of which is a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(3) This bill would constitute a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and this would require for passage the approval of  $\frac{2}{3}$  of the membership of each house of the Legislature.

Vote:  $\frac{2}{3}$ . Appropriation: ~~yes~~-no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Division 36 (commencing with Section 87000) is  
2     added to the Water Code, to read:

3

4             DIVISION 36. CALIFORNIA WATER RESOURCES  
5                             INVESTMENT ACT

6

7                             CHAPTER 1. GENERAL PROVISIONS

8

9     87000. This division shall be known and may be cited as the  
10    California Water Resources Investment Act of 2011.

11    87010. The Legislature finds and declares all of the following:

12    (a) It is necessary to establish a sustainable revenue source to  
13    fund the public benefits of water-related projects and programs.

14    (b) (1) Public benefits are the advantages or outcomes from  
15    an undertaking that accrue to the general public. Public benefits  
16    are such that no one person or group of people can be effectively  
17    excluded from receiving the benefits. While some public benefits  
18    of water-related projects and programs may accrue to all  
19    Californians, others accrue on a more limited regional basis, such  
20    as within a specific watershed or hydrologic region.

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- 1     (2) *Public benefits of water-related projects and programs may*  
2 *include any of the following:*
- 3     (A) *Enhancement of public trust resources beyond the regulatory*  
4 *baseline.*
- 5     (B) *Protection of public health and safety.*
- 6     (C) *Efficient administration of water-related institutions or*  
7 *information.*
- 8     (D) *Research and development of new technologies.*
- 9     (E) \_\_\_\_\_.
- 10    (c) *Funding of public benefits should be guided by the*  
11 *beneficiary pays principle and the polluter pays principle.*
- 12    (1) *Under the beneficiary pays principle, beneficiaries of a*  
13 *program or project pay for the benefits they receive in approximate*  
14 *proportion to the benefits received. Beneficiaries may include*  
15 *individual water users, water agencies, nonprofit organizations,*  
16 *local or regional governments, and the general public.*  
17 *Beneficiaries are not expected to pay for actions that fall under*  
18 *the polluter pays principle.*
- 19    (2) *Under the polluter pays principle, those who cause or may*  
20 *cause harm to the environment pay the costs to remediate, mitigate,*  
21 *or avoid causing that harm. The polluter pays principle is designed*  
22 *to ensure that a project or program bears the full cost of the*  
23 *environmental effects of that project or program.*
- 24    (d) (1) *Decisions regarding funding of public benefits of*  
25 *water-related projects and programs should be made by the public*  
26 *receiving those benefits.*
- 27    (2) *Decisions regarding funding of public benefits that accrue*  
28 *statewide should be made by the state.*
- 29    (3) *Decisions regarding funding of public benefits that accrue*  
30 *a specific region should be made by that region.*
- 31    (e) *Under the principles set forth in subdivisions (a) to (d),*  
32 *inclusive, responsibility for funding water-related programs should*  
33 *be as follows:*
- 34    (1) *The state should generally be responsible for funding the*  
35 *public benefits of certain types of water-related programs.*  
36 *Depending on the specific circumstance, these may include:*
- 37    (A) *Projects or programs that provide public benefits statewide*  
38 *or to more than one region.*
- 39    (B) *Protection and enhancement of public trust resources beyond*  
40 *that required of any person or entity as a condition of a permit,*

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- 1 *regulation, state or federal statute, or other legally enforceable*  
2 *requirement.*
- 3 *(C) Protection of public health or safety where local agencies*  
4 *are unable to perform this task adequately.*
- 5 *(D) Resolving interregional legacy problems, such as mercury*  
6 *pollution, where the person or entity that caused the pollution*  
7 *cannot be found or no longer exists and there is no other practical*  
8 *recourse to cause remediation of the problem.*
- 9 *(E) Efficient administration of state water institutions or*  
10 *information.*
- 11 *(F) Research and development of new technologies.*
- 12 *(G) Debt service on general obligation bonds for projects and*  
13 *programs that provide statewide and interregional public benefits.*
- 14 *(H) \_\_\_\_\_.*
- 15 *(2) Specific regions of the state should generally be responsible*  
16 *for funding the public benefits of certain types of water-related*  
17 *programs. Depending on the specific circumstance, these might*  
18 *include:*
- 19 *(A) Projects or programs that provide public benefits to that*  
20 *specific region.*
- 21 *(B) Protection and enhancement of public trust resources beyond*  
22 *that required of any person or entity as a condition of a permit,*  
23 *regulation, state or federal statute, or other legally enforceable*  
24 *requirement, where the protection or enhancement leads to other*  
25 *regional public benefits.*
- 26 *(C) Protection of public health or safety.*
- 27 *(D) Resolving regional legacy problems, such as groundwater*  
28 *pollution, where the person or entity that caused the pollution*  
29 *cannot be found or no longer exists and there is no other practical*  
30 *recourse to cause remediation of the problem*
- 31 *(E) Efficient administration of regional water institutions or*  
32 *information, such as groundwater monitoring entities.*
- 33 *(F) Attaining regional water quality objectives for nonpoint*  
34 *source pollutants.*
- 35 *(G) Debt service on general obligation bonds for projects and*  
36 *programs that provide regional or local public benefits.*
- 37 *(H) \_\_\_\_\_.*
- 38 *(f) Pursuant to the principles set forth in subdivisions (a) to (d),*  
39 *inclusive, neither the state nor specific regions of the state should*

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1 *have any responsibility to fund certain types of water-related*  
2 *activities. These include, but are not limited to, all of the following:*

3 *(1) A project or program that provides no public benefits.*  
4 *(2) An improvement required as a means of meeting mitigation*  
5 *requirements associated with a project.*

6 *(3) An enhancement or improvement where a specific individual*  
7 *or group of individuals can be identified as the sole beneficiaries.*

8 *(4) \_\_\_\_\_.*

9 *87020. The Legislature further finds and declares all of the*  
10 *following:*

11 *(a) A water resources assessment imposed for purposes of*  
12 *financing the public benefits of water-related projects and*  
13 *programs should have all of the following characteristics:*

14 *(1) The assessment should be equitable, and should have equal*  
15 *application to similar water users and differential application to*  
16 *dissimilar water users in approximate proportion to their*  
17 *differences.*

18 *(2) The assessment should be comprehensive, and should apply*  
19 *to the greatest number of water users possible. There should be*  
20 *few, if any, free riders.*

21 *(3) The assessment should be unavoidable. Those who are*  
22 *subject to the assessment should not be able to avoid paying the*  
23 *assessment through loopholes, exceptions, or similar mechanisms.*

24 *(4) The assessment should be affordable, and should not place*  
25 *an undue burden upon those required to pay the assessment.*

26 *(5) The assessment should be understandable. The assessment*  
27 *should be easy to explain and comprehend.*

28 *(6) The assessment should be easy to administer. The method*  
29 *of collecting the assessment should minimize the costs of*  
30 *administering and complying with the law.*

31 *(7) The assessment should be stable. The assessment should*  
32 *provide a reasonably stable and predictable revenue stream.*

33 *(8) \_\_\_\_\_.*

34 *(b) Consistent with subdivision (a), and as a result of the*  
35 *differences in the uses of water, sources of water, and methods of*  
36 *distributing water among the end users, it is appropriate for a*  
37 *water resources assessment to apply differently to agricultural*  
38 *and nonagricultural water uses, and to have all of the following*  
39 *characteristics:*

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- 1     (1) *The assessment should be imposed on all retail water*  
 2 *suppliers.*
- 3     (2) *The assessment should be imposed on nonagricultural water*  
 4 *uses based on the number of acre-feet of water used.*
- 5     (3) *The assessment should be imposed on agricultural water*  
 6 *users based on the number of acres of irrigated land.*
- 7     (4) *The assessment should be imposed without regard to whether*  
 8 *the water used by the end water user was purchased from the retail*  
 9 *water supplier or was self-supplied through a private well or other*  
 10 *private legal water right.*
- 11     (5) *The assessment should result in a different effective rate for*  
 12 *agricultural and nonagricultural uses.*
- 13     (6) *The assessment should encourage high levels of agricultural*  
 14 *water use efficiency.*
- 15     (7) \_\_\_\_\_.
- 16     (c) *The proceeds of a water resources assessment should be*  
 17 *shared between the state and regions of the state.*
- 18     (1) *Half of the proceeds should be allocated to the state to fund*  
 19 *statewide and interregional public benefits associated with*  
 20 *water-related projects and programs.*
- 21     (2) *Half of the proceeds should be allocated among the regions*  
 22 *of the state to fund regional and local public benefits associated*  
 23 *with water-related projects and programs. The allocation among*  
 24 *the regions should be in proportion to the proceeds raised in each*  
 25 *region.*
- 26     87030. *The purpose of this division is to establish a sustainable*  
 27 *funding source to fund the public benefits of water-related projects*  
 28 *and programs consistent with the policies set forth in this chapter.*

29  
 30                                    *CHAPTER 2. DEFINITIONS*

- 31
- 32     87040. *Unless the context otherwise requires, the following*  
 33 *definitions govern the construction of this division:*
- 34     (a) *“Applicant” means an entity that submits a regional*  
 35 *proposal for funding in accordance with this division.*
- 36     (b) *“Funding region” means one of the following regions in*  
 37 *the state:*
- 38     (1) \_\_\_\_\_.
- 39     (c) *“Integrated regional water management plan” has the same*  
 40 *meaning as defined in Section 10534.*

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1     (d) “Investment fund” means the California Water Resources  
2     Investment Fund established pursuant to Section 87070.

3     (e) “Person” means any individual, estate, business or common  
4     law trust, firm, joint stock company, joint venture, business  
5     concern, corporation, including, but not necessarily limited to, a  
6     government corporation, partnership, limited partnership, limited  
7     liability partnership, limited liability company, and any other  
8     business entity, and any social club, cooperative organization,  
9     fraternal organization, or any other organization or association.

10    “Person” also includes any city, county, city and county, district,  
11    commission, the state or any department, agency, or political  
12    subdivision thereof, any interstate body, and the United States and  
13    its agencies and instrumentalities to the extent permitted by law.

14    (f) “Public agency” means a state agency or department, a  
15    district, a joint powers authority, a city, county, a city and county,  
16    and any other political subdivision of the state.

17    (g) “Regional investment account” means any of the \_\_\_\_\_  
18    accounts established in the investment fund pursuant to Section  
19    87070 and corresponding to a funding region identified pursuant  
20    to subdivision (b).

21    (h) “Retail water service” means water service that is purchased  
22    by municipal, industrial, or agricultural water customers without  
23    further sale of water to other water customers.

24    (i) “Retail water supplier” means any local entity, including a  
25    public agency, city, county, investor-owned utility, municipal water  
26    company, or private water company or person that provides retail  
27    water service to municipal, industrial, or agricultural water  
28    customers.

29

30     *CHAPTER 3. INVESTMENT IN CALIFORNIA WATER RESOURCES*

31

32                     *Article 1. General Provisions*

33

34     87050. (a) The department and the State Board of Equalization  
35     may each adopt emergency regulations to implement and enforce  
36     this chapter.

37     (b) The emergency regulations adopted pursuant to subdivision  
38     (a) shall be adopted in accordance with Chapter 3.5 (commencing  
39     with Section 11340) of Part 1 of Division 3 of Title 2 of the  
40     Government Code, and for the purposes of that chapter, including

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1 *Section 11349.6 of the Government Code, the adoption of these*  
2 *regulations is an emergency, and shall be considered by the Office*  
3 *of Administrative Law as necessary for the immediate preservation*  
4 *of the public peace, health, safety, and general welfare.*  
5 *Notwithstanding Chapter 3.5 (commencing with Section 11340)*  
6 *of Part 1 of Division 3 of Title 2 of the Government Code, any*  
7 *emergency regulations adopted by the department or the State*  
8 *Board of Equalization pursuant to this section shall be filed with,*  
9 *but not be repealed by, the Office of Administrative Law, and shall*  
10 *remain in effect for a period of two years or until revised by the*  
11 *department or the State Board of Equalization, whichever occurs*  
12 *first.*

13

14

#### *Article 2. Water Resources Assessment*

15

16 *87060. (a) Commencing July 1, 2012, an annual water*  
17 *resources assessment shall be imposed on every retail water*  
18 *supplier in this state for each calendar year, in accordance with*  
19 *the following requirements:*

20 *(1) A charge of \_\_\_\_\_ dollars (\$\_\_\_\_\_) per acre foot of water that*  
21 *is sold for nonagricultural uses.*

22 *(2) (A) Except as provided in subparagraph (B) and subdivision*  
23 *(b), a charge of \_\_\_\_\_ dollars (\$\_\_\_\_\_) per acre of land that is*  
24 *irrigated for agricultural purposes within the service area of the*  
25 *retail water supplier. This charge shall apply to all land irrigated*  
26 *for agricultural purposes, regardless of whether the source of the*  
27 *irrigation water is surface or groundwater.*

28 *(B) For each acre of land that the department determines to be*  
29 *utilizing best management practices for the crop and soil type*  
30 *irrigated on that acre, as determined pursuant to subdivision (b),*  
31 *the water resources assessment shall be \_\_\_\_\_ dollars (\$\_\_\_\_\_).*

32 *(b) On or before July 1, 2013, the department shall adopt*  
33 *regulations establishing a program to determine best management*  
34 *practices for irrigated agriculture, based on crop and soil type.*

35 *87062. The imposition of the water resources assessment in*  
36 *accordance with this article is a matter of statewide interest and*  
37 *concern, and is applicable uniformly throughout the state.*

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1            *Article 3. Collection of Water Resources Assessment*

2

3            87065. (a) *The State Board of Equalization shall collect and*  
4 *administer the water resources assessment imposed pursuant to*  
5 *Section 87060 in accordance with the Fee Collection Procedures*  
6 *Law (Part 30 (commencing with Section 55001) of Division 2 of*  
7 *the Revenue and Taxation Code). For purposes of this section,*  
8 *“feepayer,” within the meaning of the Fee Collection Procedures*  
9 *Law, shall include a retail water supplier.*

10            (b) *For each calendar year, the water resources assessment*  
11 *imposed pursuant to Section 87060 shall be due and payable to*  
12 *the State Board of Equalization by July 1 of the immediately*  
13 *following calendar year. Payments shall be accompanied by a*  
14 *return in the form prescribed by the State Board of Equalization,*  
15 *and may include, but are not necessarily limited to, electronic*  
16 *media.*

17            (c) *Notwithstanding subdivision (b), if the State Board of*  
18 *Equalization deems it necessary in order to ensure payment or to*  
19 *facilitate collection of the water resources assessment, the State*  
20 *Board of Equalization may require annual returns and payment*  
21 *of the water resources assessment for a different period from that*  
22 *set forth in subdivision (b), as determined by the State Board of*  
23 *Equalization.*

24            (d) *The State Board of Equalization may prescribe, adopt, and*  
25 *enforce regulations for the administration and enforcement of the*  
26 *water resources assessment pursuant to this article.*

27            87066. *A retail water supplier may collect the costs of the water*  
28 *resources assessment from its customers by using the amounts set*  
29 *forth in subdivision (a) of Section 87060 or by using an alternate*  
30 *collection method consistent with the supplier’s practices.*

31            87067. (a) *On or before March 1, 2012, each retail water*  
32 *supplier in the state shall submit to the department a written*  
33 *statement describing whether it is publicly or privately owned, its*  
34 *official mailing address, a map of its service area, the connection*  
35 *categories used in billing its water customers and the number of*  
36 *connections in each category, the volume of water provided to its*  
37 *nonagricultural customers in the immediately preceding calendar*  
38 *year, the number of acres irrigated for agricultural use within its*  
39 *service area, and any other relevant information as may be*  
40 *determined by the department.*

1     **(b)** *On or before July 1, 2012, the department shall provide the*  
2 *State Board of Equalization with a list of each retail water supplier*  
3 *in the state, including the information for each retail water supplier*  
4 *collected pursuant to subdivision (a).*

5

6             *Article 4. California Water Resources Investment Fund*

7

8     87070. *(a) The California Water Resources Investment Fund*  
9 *is established in the State Treasury.*

10    **(b)** *The investment fund consists of \_\_\_\_\_ accounts, which are*  
11 *hereby established as follows:*

12     **(1)** *The General Account for receipt of deposits from the State*  
13 *Board of Equalization and for general expenditures.*

14     **(2)** *The State Investment Account.*

15     **(3)** *\_\_\_\_\_ regional investment accounts, corresponding to the*  
16 *funding regions specified in subdivision (b) of Section 87040.*

17    **(c)** *Water resources assessments and any penalties imposed on*  
18 *retail water suppliers in connection with the collection of the*  
19 *assessments by the State Board of Equalization, shall be remitted*  
20 *by the State Board of Equalization, in accordance with Article 2*  
21 *(commencing with Section 87060), and shall be deposited in the*  
22 *investment fund. Notwithstanding Section 16305.7 of the*  
23 *Government Code, all interest earned on moneys deposited in the*  
24 *investment fund shall be maintained in the investment fund.*

25    **(d)** *Moneys deposited in the investment fund shall not be*  
26 *appropriated for any purpose other than the purposes authorized*  
27 *by this division.*

28    87072. *(a) All moneys collected pursuant to this chapter shall*  
29 *be deposited by the State Board of Equalization into the General*  
30 *Account in the investment fund.*

31    **(b)** *The Controller shall transfer the moneys deposited in the*  
32 *General Account to the State Investment Account and the regional*  
33 *investment accounts, as follows:*

34     **(1)** *Fifty percent shall be transferred to the State Investment*  
35 *Account.*

36     **(2)** *Fifty percent shall be transferred to the \_\_\_\_\_ regional*  
37 *investment accounts on a pro rata basis that reflects the percentage*  
38 *of the moneys collected from within each respective funding region.*

39    **(c)** *For purposes of calculating the amounts transferred pursuant*  
40 *to paragraph (2) of subdivision (b), the State Board of Equalization*

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1 shall provide a statement of the percentage of the moneys collected  
2 pursuant to this chapter that is attributable to each of the funding  
3 regions to the Controller on a quarterly basis.

4 87074. (a) Notwithstanding any other law, the State Investment  
5 Account and each of the regional investment accounts shall  
6 accumulate the revenues deposited in the respective accounts in  
7 any year in which those revenues are not expended.

8 (b) Notwithstanding Section 16305.7 of the Government Code,  
9 any interest earned on moneys deposited in the State Investment  
10 Account or any of the regional investment accounts shall be  
11 retained in the respective account and may be expended for the  
12 authorized purposes of the respective account.

13

#### 14 Article 5. Regional Investment Accounts

15

16 87080. The moneys in each regional investment account shall  
17 be available, upon appropriation by the Legislature, to fund public  
18 benefits of water-related projects and programs in accordance  
19 with this article.

20 87082. In order to be eligible for financial assistance from a  
21 regional investment account, a project or program shall be  
22 consistent with one or more of the following:

23 (a) An adopted integrated regional water management plan  
24 consistent with Part 2.2 (commencing with Section 10530) of  
25 Division 6.

26 (b) An adopted stormwater resource plan consistent with Part  
27 2.3 (commencing with Section 10560) of Division 6.

28 (c) An adopted groundwater management plan that complies  
29 with the requirements of Section 10753.7.

30 (d) A water quality control plan developed pursuant to Section  
31 13240.

32 (e) \_\_\_\_\_.

33 87084. In order to be eligible for financial assistance from a  
34 regional investment account, an applicant submitting a proposal  
35 for funding shall meet all of the following requirements, as  
36 applicable:

37 (a) If the applicant is an urban water supplier, the applicant  
38 shall prepare, adopt, and submit to the department an urban water  
39 management plan in accordance with the Urban Water

1 *Management Planning Act (Part 2.6 (commencing with Section*  
2 *10610) of Division 6).*

3 *(b) If the applicant is an agricultural water supplier, the*  
4 *applicant shall prepare, adopt, and submit to the department an*  
5 *agricultural water management plan in accordance with Part 2.8*  
6 *(commencing with Section 10800) of Division 6.*

7 *(c) If the applicant requests funding for a groundwater*  
8 *management, storage, or recharge project, or a project with*  
9 *potential groundwater impacts, the applicant shall demonstrate*  
10 *that one or more of the following conditions have been met, as*  
11 *applicable:*

12 *(1) A groundwater management plan for the affected*  
13 *groundwater basin has been prepared and implemented in*  
14 *accordance with Part 2.75 (commencing with Section 10750) of*  
15 *Division 6.*

16 *(2) The applicant participates in, or agrees to be subject to, a*  
17 *groundwater management plan, basinwide management plan, or*  
18 *other program or plan that meets the requirements of Section*  
19 *10753.7.*

20 *(3) The applicant complies with the requirements of an*  
21 *adjudication of water rights in an affected groundwater basin. For*  
22 *purposes of this paragraph, an "adjudication" includes an*  
23 *adjudication under Section 2101, an administrative adjudication,*  
24 *and an adjudication in state or federal court.*

25

#### 26 *Article 6. State Investment Account*

27

28 *87090. The moneys in the State Investment Account shall be*  
29 *expended, upon appropriation by the Legislature, for all of the*  
30 *following purposes:*

31 *(a) For allocation to the State Board of Equalization for payment*  
32 *of refunds of the water resources assessment, interest, and*  
33 *penalties, as authorized pursuant to Chapter 5 (commencing with*  
34 *Section 55221) of Part 30 of Division 2 of the Revenue and*  
35 *Taxation Code, including refunds due on account of judgments*  
36 *for the return of charges that are unlawfully collected.*

37 *(b) For allocation to the State Board of Equalization and the*  
38 *department to ensure sufficient revenues for those agencies to*  
39 *carry out the duties imposed upon each of them by this division.*

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1     (c) For a reserve, not to exceed \_\_\_\_ dollars (\$ \_\_\_\_), which  
2 shall be maintained in the State Investment Account.

3     87092. The balance of the moneys in the State Investment  
4 Account, after allocation for expenditure for all of the purposes  
5 set forth in Section 87090, shall be available, upon appropriation  
6 by the Legislature, to fund the public benefits of the following  
7 water-related projects and programs:

8     (a) Projects of statewide and interregional significance.

9     (b) Operating expenses of the Delta Stewardship Council and  
10 the Delta Plan adopted by the Delta Stewardship Council, and  
11 grants and direct expenditures to implement the Delta Plan.

12     (c) Projects that reduce the impacts of mercury contamination  
13 of the Sacramento-San Joaquin Delta and its watersheds, and  
14 remediation and elimination of continuing sources of mercury  
15 contamination.

16     (d) Scientific studies and assessments that support projects  
17 authorized under this section.

18     (e) Debt service on general obligation bonds for projects and  
19 programs that provide statewide and interregional public benefits.

20     (f) \_\_\_\_.

21     SEC. 2. No reimbursement is required by this act pursuant to  
22 Section 6 of Article XIII B of the California Constitution because  
23 the only costs that may be incurred by a local agency or school  
24 district will be incurred because this act creates a new crime or  
25 infraction, eliminates a crime or infraction, or changes the penalty  
26 for a crime or infraction, within the meaning of Section 17556 of  
27 the Government Code, or changes the definition of a crime within  
28 the meaning of Section 6 of Article XIII B of the California  
29 Constitution.

30

31

32

33

34

35

**All matter omitted in this version of the bill  
appears in the bill as amended in the  
Senate, March 23, 2011. (JR11)**

AMENDED IN SENATE MARCH 15, 2011

**SENATE BILL**

**No. 244**

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**Introduced by Senator Wolk  
(Coauthors: Senators Price and Rubio)  
(Coauthor: Assembly Member Perea)**

February 10, 2011

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An act to ~~add Section~~ amend Sections 56425 and 56430 of, and to add Sections 56033.5 and 65302.10 to, the Government Code, relating to land use.

LEGISLATIVE COUNSEL'S DIGEST

SB 244, as amended, Wolk. Land use: general plan: disadvantaged unincorporated communities.

The

(1) The Planning and Zoning Law requires a city or county to adopt a comprehensive, long-term general plan for the physical development of the city or county and of any land outside its boundaries that bears relation to its planning. That law also requires the general plan to contain specified mandatory elements, including a housing element for the preservation, improvement, and development of the community's housing.

This bill would require, prior to January 1, 2014, and thereafter upon each revision of its housing element, a city or county to review and update one or more elements of its general plan, as necessary to address the presence of island, fringe, or legacy unincorporated communities, as defined, inside or near its boundaries, and would require the updated general plan to include specified information. This bill would also require the city or county planning agency, after the initial revision and update of the general plan, to review, and if necessary amend, the

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general plan to update the information, goals, and program of action relating to these communities therein. By adding to the duties of city and county officials, this bill would impose a state-mandated local program.

*(2) The Cortese-Knox-Hertzberg Act of 2000 requires a local agency formation commission to develop and determine the sphere of influence of each local governmental agency within the county and to enact policies designed to promote the logical and orderly development of areas within the sphere, and requires the commission, in preparing and updating spheres of influence to conduct a service review of the municipal services provided in the county or other area designated by the commission, and to prepare a written statement of its determinations with respect to the growth and population projections for the affected area, the present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies, financial ability of agencies to provide services, status of, and opportunities for, shared facilities, accountability for community service needs, including governmental structure, and operational efficiencies, as specified.*

*This bill would also require the agency to include in its written statement a determination with respect to the location and characteristics, including infrastructure needs or deficiencies, of any disadvantaged inhabited communities within or adjacent to the sphere of influence, thereby imposing a state-mandated local program. The bill would also require a commission, upon the review and update of a sphere of influence on or after July 1, 2012, to include in the review or update of each sphere of influence of a city or special district that provides public facilities or services related to sewers, nonagricultural water, or structural fire protection to include the present and probable need for public facilities and services of disadvantaged inhabited communities within or adjacent to the sphere of influence, and to assess the feasibility of governmental reorganization of particular agencies, as specified.*

~~The~~

*(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that no reimbursement shall be made pursuant to these statutory provisions for costs mandated by the state pursuant to this act, but would recognize that local agencies and school districts*

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may pursue any available remedies to seek reimbursement for these costs.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. (a) The Legislature finds and declares all of the  
2 following:

3 (1) Hundreds of disadvantaged unincorporated communities,  
4 commonly referred to as “colonias,” exist in California. There are  
5 more than 200 of these communities in the San Joaquin Valley  
6 alone. Many of these communities are geographically isolated  
7 islands, surrounded by the city limits of large and medium-sized  
8 cities.

9 (2) Conditions within these disadvantaged unincorporated  
10 communities evidence a distinct lack of public and private  
11 investment that threatens the health and safety of the residents of  
12 these communities and fosters economic, social, and educational  
13 inequality. Many of these communities lack basic infrastructure,  
14 including, but not limited to, streets, sidewalks, storm drainage,  
15 clean drinking water, and adequate sewer service.

16 (b) It is the intent of the Legislature to encourage investment in  
17 these communities and address the complex legal, financial, and  
18 political barriers that contribute to regional inequity and  
19 infrastructure deficits within disadvantaged unincorporated  
20 communities.

21 SEC. 2. Section 56033.5 is added to the Government Code, to  
22 read:

23 56033.5. “Disadvantaged inhabited community” means  
24 inhabited territory, as defined by Section 56046, or as determined  
25 by commission policy, that constitutes all or a portion of a  
26 “disadvantaged community” as defined by Section 75005 of the  
27 Public Resources Code.

28 SEC. 3. Section 56425 of the Government Code is amended to  
29 read:

30 56425. (a) In order to carry out its purposes and responsibilities  
31 for planning and shaping the logical and orderly development and  
32 coordination of local governmental agencies to advantageously  
33 provide for the present and future needs of the county and its

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1 communities, the commission shall develop and determine the  
2 sphere of influence of each local governmental agency within the  
3 county and enact policies designed to promote the logical and  
4 orderly development of areas within the sphere.

5 (b) Prior to a city submitting an application to the commission  
6 to update its sphere of influence, representatives from the city and  
7 representatives from the county shall meet to discuss the proposed  
8 new boundaries of the sphere and explore methods to reach  
9 agreement on development standards and planning and zoning  
10 requirements within the sphere to ensure that development within  
11 the sphere occurs in a manner that reflects the concerns of the  
12 affected city and is accomplished in a manner that promotes the  
13 logical and orderly development of areas within the sphere. If an  
14 agreement is reached between the city and county, the city shall  
15 forward the agreement in writing to the commission, along with  
16 the application to update the sphere of influence. The commission  
17 shall consider and adopt a sphere of influence for the city consistent  
18 with the policies adopted by the commission pursuant to this  
19 section, and the commission shall give great weight to the  
20 agreement to the extent that it is consistent with commission  
21 policies in its final determination of the city sphere.

22 (c) If the commission's final determination is consistent with  
23 the agreement reached between the city and county pursuant to  
24 subdivision (b), the agreement shall be adopted by both the city  
25 and county after a noticed public hearing. Once the agreement has  
26 been adopted by the affected local agencies and their respective  
27 general plans reflect that agreement, then any development  
28 approved by the county within the sphere shall be consistent with  
29 the terms of that agreement.

30 (d) If no agreement is reached pursuant to subdivision (b), the  
31 application may be submitted to the commission and the  
32 commission shall consider a sphere of influence for the city  
33 consistent with the policies adopted by the commission pursuant  
34 to this section.

35 (e) In determining the sphere of influence of each local agency,  
36 the commission shall consider and prepare a written statement of  
37 its determinations with respect to each of the following:

38 (1) The present and planned land uses in the area, including  
39 agricultural and open-space lands.

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1 (2) The present and probable need for public facilities and  
2 services in the area. *Upon the next review and update of a sphere*  
3 *of influence that occurs pursuant to subdivision (g) on or after*  
4 *July 1, 2012, the review and update of each sphere of influence of*  
5 *a city or special district that provides public facilities or services*  
6 *related to sewers, nonagricultural water, or structural fire*  
7 *protection shall include the present and probable need for public*  
8 *facilities and services of any disadvantaged inhabited communities*  
9 *within or adjacent to its sphere of influence.*

10 (3) The present capacity of public facilities and adequacy of  
11 public services that the agency provides or is authorized to provide.

12 (4) The existence of any social or economic communities of  
13 interest ~~in the area if the commission determines that they are~~  
14 ~~relevant to the agency.~~

15 (f) Upon determination of a sphere of influence, the commission  
16 shall adopt that sphere.

17 (g) On or before January 1, 2008, and every five years thereafter,  
18 the commission shall, as necessary, review and update each sphere  
19 of influence.

20 ~~(h) The commission may recommend governmental~~  
21 ~~reorganizations to particular agencies in the county, using the~~  
22 ~~spheres of influence as the basis for those recommendations. Those~~  
23 ~~recommendations shall be made available, upon request, to other~~  
24 ~~agencies or to the public. In determining the sphere of influence,~~  
25 ~~the commission shall assess the feasibility of governmental~~  
26 ~~reorganization of particular agencies and recommend~~  
27 ~~reorganization of those agencies when they are found to be feasible~~  
28 ~~and if reorganization will further the goals of orderly development~~  
29 ~~as well as efficient and affordable service delivery. The commission~~  
30 shall make all reasonable efforts to ensure wide public  
31 dissemination of the recommendations.

32 (i) When adopting, amending, or updating a sphere of influence  
33 for a special district, the commission shall do all of the following:

34 (1) Require existing districts to file written statements with the  
35 commission specifying the functions or classes of services provided  
36 by those districts.

37 (2) Establish the nature, location, and extent of any functions  
38 or classes of services provided by existing districts.

39 *SEC. 4. Section 56430 of the Government Code is amended to*  
40 *read:*

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- 1 56430. (a) In order to prepare and to update spheres of  
2 influence in accordance with Section 56425, the commission shall  
3 conduct a service review of the municipal services provided in the  
4 county or other appropriate area designated by the commission.  
5 The commission shall include in the area designated for service  
6 review the county, the region, the subregion, or any other  
7 geographic area as is appropriate for an analysis of the service or  
8 services to be reviewed, and shall prepare a written statement of  
9 its determinations with respect to each of the following:
- 10 (1) Growth and population projections for the affected area.
  - 11 (2) *The location and characteristics, including infrastructure*  
12 *needs or deficiencies, of any disadvantaged inhabited communities*  
13 *within or adjacent to the agency's proposed sphere of influence.*  
14 ~~(2)~~
  - 15 (3) Present and planned capacity of public facilities and  
16 adequacy of public services *within or adjacent to the proposed*  
17 *sphere of influence*, including infrastructure needs or deficiencies.  
18 ~~(3)~~
  - 19 (4) Financial ability of agencies to provide services.  
20 ~~(4)~~
  - 21 (5) Status of, and opportunities for, shared facilities.  
22 ~~(5)~~
  - 23 (6) Accountability for community service needs, including  
24 governmental structure and operational efficiencies.  
25 ~~(6)~~
  - 26 (7) Any other matter related to effective or efficient service  
27 delivery, as required by commission policy.
- 28 (b) In conducting a service review, the commission shall  
29 comprehensively review all of the agencies that provide the  
30 identified service or services within the designated geographic  
31 area. *The commission shall assess various alternatives for*  
32 *improving efficiency and affordability of infrastructure and service*  
33 *delivery within and adjacent to the sphere of influence, including,*  
34 *but not limited to, the consolidation of governmental agencies.*
- 35 (c) The commission shall conduct a service review before, or  
36 in conjunction with, but no later than the time it is considering an  
37 action to establish a sphere of influence in accordance with Section  
38 56425 or Section 56426.5 or to update a sphere of influence  
39 pursuant to Section 56425.

1     ~~SEC. 2.~~

2     SEC. 5. Section 65302.10 is added to the Government Code,  
3 to read:

4     65302.10. (a) As used in this section, the following terms shall  
5 have the following meanings:

6     (1) “Disadvantaged unincorporated community” means a fringe,  
7 island, or legacy community in which the median household  
8 income is 80 percent or less than the statewide median household  
9 income.

10    (2) “Unincorporated fringe community” means any inhabited  
11 and unincorporated territory that is within a city’s sphere of  
12 influence.

13    (3) “Unincorporated island community” means any inhabited  
14 and unincorporated territory that is surrounded or substantially  
15 surrounded by one or more cities or by one or more cities and a  
16 county boundary or the Pacific Ocean.

17    (4) “Unincorporated legacy community” means a geographically  
18 isolated community that is inhabited and has existed for at least  
19 50 years.

20    (b) Prior to January 1, 2014, and thereafter upon each revision  
21 of its housing element made pursuant to Section 65588, the  
22 legislative body of a city or county shall review and update one  
23 or more elements of its general plan as necessary to include data  
24 and analysis, goals, implementation measures, policies, and  
25 objectives to address the presence of unincorporated island, fringe,  
26 or legacy communities inside or near its boundaries. The updated  
27 general plan shall also include all of the following:

28    (1) An identification of each unincorporated island, fringe, or  
29 legacy community within or proximate to the boundaries of the  
30 city or county. This identification shall include a description of  
31 the community and a map designating its location.

32    (2) For each identified community, a quantification and analysis  
33 of all of the following:

34    (A) The number of housing units and residents that lack access  
35 to sanitary sewer service.

36    (B) The number of housing units and residents that lack access  
37 to municipal water service.

38    (C) The number of residential neighborhoods within a  
39 community that lack one or more of the following:

40    (i) Paved roads.

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1 (ii) Storm drainage.

2 (iii) Sidewalks.

3 (iv) Street lighting.

4 (D) The number of households within one-quarter of a mile of  
5 public transit.

6 (E) The number of housing units that are in substandard  
7 condition.

8 (F) The number of households paying more than 30 percent of  
9 their income toward housing.

10 (G) The number of households in overcrowded housing.

11 (3) An analysis of the city's or county's current programs and  
12 activities to address the conditions or deficiencies described in  
13 paragraph (2), and an identification of any constraints to addressing  
14 those conditions or deficiencies. The analysis shall evaluate the  
15 annexation of any identified island or fringe communities.

16 (4) A statement setting forth the city's or county's specific,  
17 quantified goals for eliminating or reducing the conditions or  
18 deficiencies described in paragraph (2) and found to be present in  
19 an unincorporated island, fringe, or legacy community within or  
20 proximate to the boundaries of the city or county.

21 (5) A set of flexible implementation measures designed to carry  
22 out the goals described in paragraph (4), including an identification  
23 of resources and a timeline of actions.

24 (c) After the initial revision of its general plan pursuant to this  
25 section, on or before the due date for the next revision of its  
26 housing element, the planning agency shall review, and if necessary  
27 amend, its general plan to update the analysis, goals, and actions  
28 required by this section.

29 ~~SEC. 3.~~

30 *SEC. 6.* No reimbursement shall be made pursuant to Part 7  
31 (commencing with Section 17500) of Division 4 of Title 2 of the  
32 Government Code for costs mandated by the state pursuant to this  
33 act. It is recognized, however, that a local agency or school district  
34 may pursue any remedies to obtain reimbursement available to it  
35 under Part 7 (commencing with Section 17500) and any other  
36 provisions of law.



**Date:** April 26, 2011

**Subject:** Overview of a Draft Agreement Related to Fire Service at the Yucaipa High School Campus

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The Yucaipa High School currently receives water service from the Western Heights Mutual Water Company. The Yucaipa-Calimesa Joint Unified School District is proposing to expand and equip new classroom facilities in the northern portion of the Yucaipa High School campus. To help facilitate the construction and occupancy of the new facilities, it would be helpful to increase the fire flow capabilities to this portion of the campus.

This agenda item will be used to discuss the draft agreement related to the proposed expansion of the classroom facilities and how the Yucaipa Valley Water District can help to facilitate additional fire protection at the campus.



**Date:** April 26, 2011

**Subject:** Renewal of Contract with G & G Environmental Compliance to Provide Pretreatment Inspection Related Services

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On January 3, 2001, the Board of Directors established the District's Pretreatment Program by the adoption of Resolution 2001-01.

G & G Environmental Compliance, Inc. has been providing technical assistance to District staff for the management of the pretreatment program and related tasks, such as preparation of a sanitary sewer management plan and revisions of local limits.

The District staff has prepared an Agreement for Services, which includes pretreatment as well as services related to the brineline.

AGREEMENT FOR SERVICES BY INDEPENDENT CONSULTANT

( )

THIS AGREEMENT is made and effective as of the 17<sup>th</sup> day of November, 2010, by and between the YUCAIPA VALLEY WATER DISTRICT ("OWNER") whose address is Post Office Box 730, Yucaipa, California 92399 and G & G Environmental Compliance, Inc. whose address is 5053 La Mart Dr., Suite 203, Riverside, CA 92507, telephone (951) 683-3538, fax (951) 683-3859, Fed. Tax Id. No. 11-3672701, ("CONSULTANT").

RECITALS

This Agreement is entered into on the basis of the following facts, understandings and intentions of the parties to this Agreement:

A. OWNER desires to engage the services of CONSULTANT to perform such services as may be assigned, from time to time, by OWNER in writing for the purpose of the Pretreatment Program and the Brine Line Program.

B. The services to be performed by CONSULTANT shall be specifically described in one or more written Task Orders issued by OWNER to CONSULTANT pursuant to this Agreement.

C. CONSULTANT agrees to provide such services pursuant to, and in accordance with, the terms and conditions of this Agreement, and has represented and warrants to OWNER that CONSULTANT possesses the necessary skills, qualifications, personnel and equipment to provide such services.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and mutual covenants contained herein, OWNER and CONSULTANT agree as follows:

1. Term of Agreement. This Agreement is effective as of the date first above written and shall continue until June 30, 2012 ( 592 ) days after the issuance of the Notice to Proceed, unless extended or sooner terminated as provided for herein. This agreement may be extended on a yearly basis by amendment and agreement by both parties.

2. Services to be Performed by CONSULTANT. CONSULTANT agrees to provide such services as may be assigned, from time to time, in writing by the Board of Directors and the General Manager of OWNER. Each such assignment shall be made in the form of a written Task Order. Each such Task Order shall include, but shall not be limited to, a description of the nature and scope of the services to be performed by CONSULTANT, the amount of compensation to be paid, and the expected time of completion.

3. Associates and Subconsultants. CONSULTANT may, at CONSULTANT's sole cost and expense, employ such competent and qualified independent associates, subconsultants and consultants as CONSULTANT deems necessary to perform each such assignment; provided, however, that CONSULTANT shall not subcontract any of the work to be performed without the prior written consent of OWNER.

4. Compensation.

4.01 In consideration for the services to be performed by CONSULTANT, OWNER agrees to pay CONSULTANT as provided in attached rate schedule, which will be reviewed July 1<sup>st</sup> each year.

4.02 Each Task Order shall specify a total not-to-exceed sum of money and shall be based upon CONSULTANT's schedule of regular hourly rates customarily charged by CONSULTANT to its clients.

4.03 OWNER may reimburse CONSULTANT for reasonable and necessary expenses incurred by CONSULTANT in the performance of services for OWNER. Reimbursement shall be according to a schedule of reimbursable expenses included in each Task Order.

4.04 CONSULTANT shall not be compensated for any services rendered nor reimbursed for any expenses incurred in excess of those authorized in any Task Order unless approved in advance by the General Manager or Board of Directors of OWNER, in writing.

4.05 Unless otherwise provided in any Task Order issued pursuant to this Agreement, CONSULTANT agrees that payment of compensation earned shall be made in monthly installments within 30 business days after receipt of a detailed, corrected, written invoice describing in reasonable detail, to the extent applicable, the services performed, the time spent performing such services, the hourly rate charged therefore, the identity of individuals performing such services for the benefit of OWNER, and materials consumed or used. Such invoice shall also include a detailed itemization of authorized expenses incurred.

4.06 Wage Rates. The Director of the Department of Industrial Relations has ascertained the general prevailing rate of per diem wages and the general rate of holiday and over-time work in the locality in which the work is to be performed for each craft or type of workmen needed to execute the Contract or Work as hereinafter set forth (see Labor code 1770 et.seq.). Copies of rates are on file at the office of the Owner, which copies shall be made available to any interested party on request. The successful Bidder shall post a copy of such determinations at each job site. Attention is called to the fact that not less than the minimum salaries and wages shall be paid on this Project by all CONSULTANTs and Subconsultants.

5. Obligations of CONSULTANT.

5.01 CONSULTANT agrees to perform all assigned services in accordance with the terms and conditions of this Agreement and those specified in each Task Order.

5.02 Except as otherwise provided for in each Task Order, CONSULTANT will supply all personnel, materials and equipment required to perform the assigned services.

5.03 CONSULTANT shall keep OWNER informed as to the progress of the work assigned hereunder, by means of regular and frequent consultations. From time-to-time, when requested by the OWNER, CONSULTANT shall prepare written status reports.

5.04 CONSULTANT hereby agrees to be solely responsible for the health and safety of its employees and agents in performing the services assigned by OWNER. Therefore, CONSULTANT hereby covenants and agrees to:

a. Provide Comprehensive General Liability insurance policy on Insurance Service Office (ISO)-CGL Form No. CG 00 01 11 85 or 88 in an amount of not less than \$1,000,000 per occurrence, \$2,000,000 aggregate for bodily injury, personal injury and property damage naming OWNER as an additional insured using ISO additional assured endorsement form CG 20 10 11 83 (in no event will OWNER accept an endorsement form with an edition date later than 1990);

b. Provide Automobile Liability Insurance coverage, Insurance Services Office (ISO) code 1 (any auto) in the amount of \$1,000,000 combined single limit per accident for bodily injury and property damage;

c. Provide Worker's Compensation Insurance for CONSULTANT's employees and agents as required by the Labor Code of the State of California and Employers Liability Insurance in the amount of, at least, \$1,000,000 per accident, for bodily injury and disease;

d. (Check one:) YES \_\_\_ NO X Obtain a policy of errors and omissions insurance in a minimum amount of \$\_\_\_\_\_ per occurrence to cover any negligent acts or omissions committed by CONSULTANT, its employees and/or agents in the performance of any services for OWNER;

e. Comply with all applicable local, state and federal laws, rules and regulations regarding, by way of example and not by limitation, nondiscrimination and payment of wages;

- f. CONSULTANT waives all rights of subrogation against OWNER. Evidence of all insurance coverage shall be provided to OWNER prior to issuance of the first Task Order. Such policies shall be issued by a highly rated insurer (minimum Best's Ins. Guide rating of "A:VII") licensed to do business in California, and shall provide that they shall not be cancelled or amended without 30 days' prior written notice to OWNER. Self-insurance does not comply with these insurance specifications. CONSULTANT acknowledges and agrees that all such insurance is in addition to CONSULTANT's obligation to fully indemnify and hold OWNER completely free and harmless from and against any and all claims arising out of any, loss, injury or damage to property or persons caused by the negligent acts or omissions of CONSULTANT in performing services assigned by OWNER.

5.05 CONSULTANT and OWNER agree that OWNER, its employees, agents and officials should, to the extent permitted by law, be fully protected from any loss, injury, damage, claim, lawsuit, cost, expense, attorneys' fees, litigation costs, defense costs, court costs or any other costs arising out of or in any way related to the performance of this Agreement. Accordingly, the provisions of this indemnity are intended by the parties to be interpreted and construed to provide the fullest protection possible under the law to OWNER. CONSULTANT acknowledges that OWNER would not enter into this Agreement in the absence of the commitment of CONSULTANT to indemnify and protect OWNER as set forth here.

5.05.1 To the full extent permitted by law, CONSULTANT shall defend, indemnify and hold harmless OWNER, its employees, agents and officials, from any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, actual attorneys' fees incurred by owner, court costs, interest, defense costs, including expert witness fees and any other costs or expenses of any kind whatsoever without restriction or limitation incurred in relation to, as a consequence of or arising out of or in any way attributable actually, allegedly or impliedly, in whole or in part to the performance of this Agreement. All obligations under this provision are to be paid by CONSULTANT as they are incurred by OWNER.

5.05.2 Without affecting the rights of OWNER under any provision of this Agreement or this Section, CONSULTANT shall not be required to indemnify and hold harmless OWNER as set forth above for liability attributable to the sole fault of OWNER, provided such sole fault is determined by agreement between the parties or the findings of a court of competent jurisdiction. This exception will apply only in instances where OWNER is shown to have been solely at fault and not in instances where CONSULTANT is solely or partially at fault or in instances where OWNER's fault accounts for only a percentage of the liability involved. In those instances, the obligation of CONSULTANT will be all-inclusive and OWNER will be indemnified for all liability incurred, even

though a percentage of liability is attributable to conduct of OWNER.

5.05.3 CONSULTANT acknowledges that its obligation pursuant to this Section extends to liability attributable to OWNER, if that liability is less than the sole fault of OWNER. CONSULTANT has no obligation under this Agreement for liability proven in a court of competent jurisdiction or by written agreement between the parties to be the sole fault of OWNER.

5.06 In the event that OWNER requests that specific employees or agents of CONSULTANT supervise or otherwise perform the services specified in each Task Order, CONSULTANT shall ensure that such individual (or individuals) shall be appointed and assigned the responsibility of performing the services.

5.07 In the event CONSULTANT is required to prepare plans, drawings, specifications and/or estimates, the same shall be furnished in conformance with local, state and federal laws, rules and regulations.

5.08 CONSULTANT shall be solely responsible for obtaining all permits, licenses and approvals necessary or applicable to the performance of services under this Agreement, unless otherwise expressly provided for in any Task Order issued pursuant to this Agreement. In the event OWNER is required to obtain an approval or permit from another governmental entity, CONSULTANT shall provide all necessary supporting documents to be filed with such entity.

## 6. Obligations of Owner.

6.01 OWNER shall do the following in a manner so as not to unreasonably hinder the performance of services by CONSULTANT:

- a. Provide information, requirements and criteria regarding OWNER's project;
- b. Furnish all existing studies, reports and other available data and items pertinent to each Task Order that are in OWNER's possession;
- c. Designate a person to act as a liaison between CONSULTANT and the General Manager and Board of Directors of OWNER.

## 7. Additional Services, Changes and Deletions.

7.01 During the term of this Agreement, the Board of Directors or General Manager of OWNER may, from time to time, and without affecting the validity of this Agreement or any Task Order issued hereunder, order changes, deletions and additional services by the issuance of written change orders authorized and approved by the Board of Directors or General Manager of OWNER.

7.02 In the event CONSULTANT performs additional or different services than those described in any Task Order or authorized change order without the prior written approval of the Board of Directors or General Manager of OWNER, CONSULTANT shall not be compensated for such services.

7.03 CONSULTANT shall promptly advise OWNER as soon as reasonably practicable upon gaining knowledge of a condition, event or accumulation of events, which may affect the scope, and/or cost of services to be provided pursuant to this Agreement. All proposed changes, modifications, deletions and/or requests for additional services shall be reduced to writing for review and approval by the Board of Directors or General Manager of OWNER.

7.04 In the event that OWNER orders services deleted or reduced, compensation shall likewise be deleted or reduced by a fair and reasonable amount and CONSULTANT shall only be compensated for services actually performed. In the event additional services are properly authorized, payment for the same shall be made as provided in Section 4 above.

## 8. Termination of Agreement.

8.01 In the event the time specified for completion of an assigned task in a Task Order exceeds the term of this Agreement, the term of this Agreement shall be automatically extended for such additional time as is necessary to complete such Task Order, and thereupon this Agreement shall automatically terminate without further notice.

8.02 Notwithstanding any other provision of this Agreement, OWNER, at its sole option, may terminate this Agreement at any time by giving 10 days' written notice to CONSULTANT, whether or not a Task Order has been issued to CONSULTANT.

8.03 In the event of termination, the payment of monies due CONSULTANT for work performed prior to the effective date of such termination shall be paid within 45 business days after receipt of an invoice as provided in this Agreement. Upon payment for such services, CONSULTANT agrees to promptly provide and deliver to OWNER all original documents, reports, studies, plans, specifications and the like which are in the possession or control of CONSULTANT and pertain to OWNER.

## 9. Status of CONSULTANT.

9.01 CONSULTANT shall perform the services assigned by OWNER in CONSULTANT's own way as an independent CONSULTANT, and in pursuit of CONSULTANT's independent calling, and not as an employee of OWNER. CONSULTANT shall be under the control of OWNER only as to the result to be accomplished and the personnel assigned to perform services. However, CONSULTANT shall regularly confer with OWNER's General Manager and Board of Directors as provided for in this Agreement.

9.02 CONSULTANT hereby specifically represents and warrants to OWNER that the services to be rendered pursuant to this Agreement shall be performed in accordance with the standards customarily applicable to an experienced and competent professional rendering the same or similar services. Further, CONSULTANT represents and warrants that the individual signing this Agreement on behalf of CONSULTANT has the full authority to bind CONSULTANT to this Agreement.

10. Audit; Ownership of Documents.

10.01 All draft and final reports, plans, drawings, studies, maps, photographs, specifications, data, notes, manuals, warranties and all other documents of any kind or nature prepared, developed or obtained by CONSULTANT in connection with the performance of services assigned to it by OWNER shall become the sole property of OWNER, and CONSULTANT shall promptly deliver all such materials to OWNER. At the OWNER's sole discretion, CONSULTANT may be permitted to retain original documents, and furnish reproductions. If OWNER uses such documents for any purpose other than for which they were prepared without CONSULTANT's prior written approval, OWNER hereby waives any claims against CONSULTANT and will hold CONSULTANT harmless from any claim or liability for injury or loss arising from OWNER's unauthorized use.

10.02 CONSULTANT shall retain and maintain, for a period not less than four years following termination of this Agreement, all time records, accounting records and vouchers and all other records with respect to all matters concerning services performed, compensation paid and expenses reimbursed. At any time during normal business hours and as often as OWNER may deem necessary, CONSULTANT shall make available to OWNER's agents for examination all of such records and shall permit OWNER's agents to audit, examine and reproduce such records.

11. Miscellaneous Provisions.

11.01 This Agreement supersedes any and all previous agreements, either oral or written, between the parties hereto with respect to the rendering of services by CONSULTANT for OWNER and contains all of the covenants and agreements between the parties with respect to the rendering of such services in any manner whatsoever. Any modification of this Agreement will be effective only if it is in writing signed by both parties.

11.02 CONSULTANT shall not assign or otherwise transfer any rights or interest in this Agreement without the prior written consent of OWNER. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

11.03 CONSULTANT shall comply with all applicable local, state and federal laws, rules, regulations, entitlements and/or permits applicable to, or governing the services authorized hereunder.

11.04 If required by law, CONSULTANT shall file Conflict of Interest Statements with OWNER.

11.05 Any dispute, which may arise by and between the OWNER and the CONSULTANT, including the CONSULTANT's subconsultants, laborers, and suppliers, shall be submitted to binding arbitration. Arbitration shall be conducted by the Judicial Arbitration and Mediation Services, Inc./Endispute, in accordance with its construction industry rules in effect at the time of the commencement of the arbitration proceeding, and as set forth in this Paragraph. Arbitration shall be conducted before a panel of three arbitrators, unless the PARTIES agree in writing to submit the matter before a single arbitrator. The arbitrators must decide each and every dispute in accordance with the laws of the State of California, and all other applicable laws. The arbitrators' decision and award are subject to judicial review for errors of fact or law in accordance with Section 1296 of the Code of Civil Procedure, by a Superior Court of competent venue and jurisdiction. Discovery may be conducted in the arbitration proceeding pursuant to Section 1283.05 of the Code of Civil Procedure. Unless the PARTIES stipulate to the contrary, prior to the appointment of the arbitrators, all disputes shall first be submitted to non-binding mediation, conducted by either the American Arbitration Association or Judicial Arbitration and Mediation Services, Inc./Endispute, in accordance with their respective rules and procedures for such mediation. In any arbitration or litigation arising out of this Agreement, or the performance of any obligation under this Agreement, the arbitrators or the court in such arbitration or litigation shall award costs and expenses of arbitration or litigation, including mediation and arbitration fees and expenses, expert witness fees and attorneys' fees, to the prevailing PARTY.

IN WITNESS WHEREOF, the parties hereby have made and executed this Agreement as of the day and year first above-written.

OWNER:  
YUCAIPA VALLEY WATER DISTRICT

CONSULTANT:  
G & C ENVIRONMENTAL COMPLIANCE, INC.

By \_\_\_\_\_  
General Manager

By GARY W. DEFRESO  
Print Name GARY W. DEFRESO  
Title VICE PRESIDENT

## RATE SCHEDULE

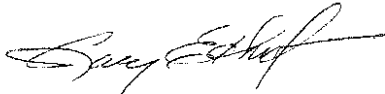
### Effective Dates: July 1, 2011 – June 30, 2012

The following rate schedule includes all current client services and associated costs. As new services are added the listing will be updated. All listed prices are re-evaluated in May of each calendar year and revised as necessary. New Rate schedules become effective in July of each calendar year.

SERVICES	RATES
<b>Environmental Control Program Services</b>	
<b>Skill Level Rates</b>	<b>Hourly Rate</b>
Program Manager	\$94.00
Technical Lead	\$94.00
Senior Inspector (Grade III-IV)	\$94.00
Inspector (Grade I-II)	\$72.00
Administrative Specialist	\$60.00

For additional information regarding G&G services or pricing please contact our office at (951) 683-3538.

Sincerely,



Gary Ethridge, President  
G&G Environmental Compliance, Inc



**Date:** April 26, 2011

**Subject:** Overview of the Proposed Proposition 218 Notification Related to Salinity Management Issues

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Workshop Memorandum No. 11-055 includes a detailed presentation regarding the salinity issues facing the Yucaipa Valley Water District. The District staff is currently compiling information related to an adjustment in rates related to the salt management of the District.

This information will be presented at the board workshop.



**Date:** April 26, 2011

**Subject:** Overview of the Proposed 2011 Cooperative Groundwater Recharge Program with the San Bernardino Valley Municipal Water District

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On April 20, 2011, the Department of Water Resources increased the 2011 State Water Project (SWP) water allocation to 80 percent of contractors' requests, up 30 percent from last year's final allocation. This year's allocation is 3,337,701 acre-feet. In 2010, the State Water Project delivered 2,086,000 acre-feet, 50 percent of a requested 4,172,126 acre-feet, up from a record-low initial projection of 5 percent due to lingering effects of the 2007-2009 drought.

As a result of there being more water than needed to meet the regional demand, it appears that the San Bernardino Valley Municipal Water District will have excess imported water available for their Cooperative Groundwater Recharge Program this year

In 2009, the Yucaipa Valley Water District participated in the SBVMWD Cooperative Groundwater Recharge Program and was able to secure 2,000 acre feet of direct recharge water that was added to our local groundwater supply. This additional water helped to significantly increase the amount of groundwater in storage and raise the groundwater.

In 2010, the Yucaipa Valley Water District purchased 4,667 acre-feet of water. Overall this additional water supply has increased our groundwater levels by about 100 feet over the past two years. As a result of our highly fractured groundwater basin, the subbasins largely used by the neighboring mutual water companies have not changed a significant amount over the past two years.

The District staff is evaluating the purchase of additional water from the recharge program this year.

