



Yucaipa Valley Water District

Notice and Agenda of a Board Workshop Tuesday, May 8, 2012 at 4:00 p.m.

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

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 meeting agenda.

III. Staff Report

IV. Presentations

- A. The Water Efficiency and Conservation State Scorecard: An Assessment of Laws and Policies by the Alliance for Water Efficiency and the Environmental Law Institute [[Workshop Memorandum No. 12-089 - Page 3 of 167](#)]
- B. Facts and Information on California's Water and Environmental Debates by the Delta Stewardship Council [[Workshop Memorandum No. 12-090 - Page 5 of 167](#)]

V. Capital Improvement Projects

- A. Status Report on the Construction of the Yucaipa Valley Regional Brineline [[Workshop Memorandum No. 12-091 - Page 37 of 167](#)]
- B. Status Report on the Construction of the R-10 Recycled Water Reservoir and Booster Complex [[Workshop Memorandum No. 12-092 - Page 42 of 167](#)]
- C. Status Report on the Construction of the Crow Street Pipeline Facilities [[Workshop Memorandum No. 12-093 - Page 47 of 167](#)]

Any person with a disability who requires accommodation in order to participate in this meeting should telephone Erin Anton at (909) 797-5117, 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 is also be available on the District's website at www.yvwd.dst.ca.us

- D. Status Report on the Construction of the Recycled Water Booster Facility at the Reservoir R-12.1 Complex [[Workshop Memorandum No. 12-094 - Page 48 of 167](#)]
- E. Status Report on the Construction of the Wochholz Improved Salinity Effluent (WISE) Project [[Workshop Memorandum No. 12-095 - Page 49 of 167](#)]

VI. Development Related Issues

- A. Formation of Community Facilities District No. 2012-1 (Singleton Heights) to Replace the Non-Formed Community Facilities District No. 2006-1 (Calimesa Springs) [[Workshop Memorandum No. 12-096 - Page 51 of 167](#)]
- B. Amendment No. 1 to Development Agreement for Tract No. 26811 (Singleton Heights) [[Workshop Memorandum No. 12-097 - Page 101 of 167](#)]

VII. Administrative Issues

- A. Unaudited Financial Report for the Period Ending April 30, 2012 [[Workshop Memorandum No. 12-098 - Page 117 of 167](#)]
- B. Participation in the 2012 San Bernardino Valley Municipal Water District Cooperative Recharge Program [[Workshop Memorandum No. 12-099 - Page 147 of 157](#)]
- C. Authorization to Solicit Bids for the Construction of the Crow Street Recycled Water Pipeline [[Workshop Memorandum No. 12-100 - Page 152 of 157](#)]
- D. Regional Water Allocation Agreement for Water Imported by the San Gorgonio Pass Water Agency [[Workshop Memorandum No. 12-101 - Page 153 of 157](#)]

VIII. Director Comments

IX. Closed Session

- A. Conference with Real Property negotiator(s) (Government Code 54956.8)
Property: Assessor's Parcel Number: 301-201-29
Agency Negotiator: Joseph Zoba, General Manager
Negotiating Parties: Palmer General Corporation
Under Negotiation: Terms of Payment and Price
- B. Conference with Labor Negotiator (Government Code 54957.6)
District Negotiator: Joseph Zoba, General Manager
Employee Organization: IBEW Local Union 14356 - YVWD Employees Association
- C. Conference with Labor Negotiator (Government Code 54957.6)
District Negotiator: Joseph Zoba, General Manager
Employee Organization: Supervisor Bargaining Unit
- D. Conference with Labor Negotiator (Government Code 54957.6)
District Negotiator: Joseph Zoba, General Manager
Employee Organization: Confidential Employee Bargaining Unit
- E. Conference with Labor Negotiator (Government Code 54957.6)
District Negotiator: Joseph Zoba, General Manager
Employee Organization: Exempt Employee Bargaining Unit

X. Adjournment

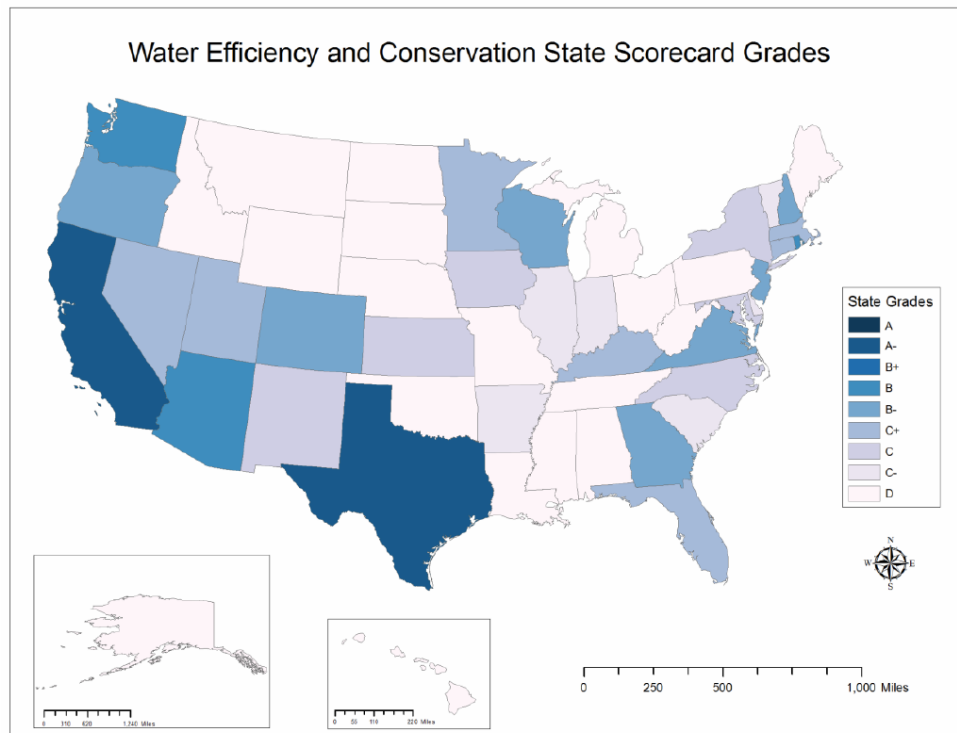
Date: May 8, 2012

Subject: The Water Efficiency and Conservation State Scorecard: An Assessment of Laws and Policies by the Alliance for Water Efficiency and the Environmental Law Institute

The Alliance for Water Efficiency and the Environmental Law Institute have released a draft of the report entitled, *The Water Efficiency and Conservation State Scorecard: An Assessment of Laws and Policies*. This research effort identified state level water efficiency and conservation policies and laws throughout the 50 states based on a 20-question survey. Water efficiency and conservation laws and policies encompassed in the survey included plumbing fixture standards, water conservation requirements related to water rights, water loss control rules, conservation planning and program implementation, volumetric billing for water, funding sources for water efficiency and conservation programs, and technical assistance and other informational resources.

In addition to collecting data on individual state level water efficiency and conservation policies, the report graded the states based on its findings. Overall, the 50 states as a group average a "C" grade. California and Texas received the highest scores with a grade of A-.

A copy of the report can be downloaded from the Alliance for Water Efficiency [website](#).



STATE	POINTS	GRADE	STATE	POINTS	GRADE
Alabama	2	D	Montana	3	D
Alaska	3	D	Nebraska	3	D
Arizona	22	B	Nevada	14	C+
Arkansas	7	C-	New Hampshire	17	B-
California	29	A-	New Jersey	16.5	B-
Colorado	16.5	B-	New Mexico	10.5	C
Connecticut	14	C+	New York	11	C
Delaware	7	C-	North Carolina	11	C
Florida	12	C+	North Dakota	2	D
Georgia	17.5	B-	Ohio	3.5	D
Hawaii	4	D	Oklahoma	3	D
Idaho	3	D	Oregon	15.5	B-
Illinois	5	C-	Pennsylvania	3	D
Indiana	6	C-	Rhode Island	20	B
Iowa	10.5	C	South Carolina	6.5	C-
Kansas	10	C	South Dakota	4	D
Kentucky	13	C+	Tennessee	2	D
Louisiana	2	D	Texas	29	A-
Maine	3	D	Utah	14	C+
Maryland	7.5	C	Vermont	6	C-
Massachusetts	12	C+	Virginia	16.5	B-
Michigan	3	D	Washington	20	B
Minnesota	14.5	C+	West Virginia	4	D
Mississippi	2	D	Wisconsin	15.5	B-
Missouri	2	D	Wyoming	2	D



Date: May 8, 2012

Subject: Facts and Information on California's Water and Environmental Debates by the Delta Stewardship Council

The Delta Stewardship Council (DSC) has published a white paper on a wide range of water issues facing California, with particular focus on the Sacramento-San Joaquin Delta. A copy of the *Facts and Information on California's Water and Environmental Debates* includes a variety of charts and graphs to illustrate how water management has developed over the decades, and it provides a snapshot of projected water supply and usage.

A copy of the report can be [downloaded](#) to enable the links included throughout the report.

FACTS AND INFORMATION ON CALIFORNIA'S WATER AND ENVIRONMENTAL DEBATES



DELTA STEWARDSHIP COUNCIL

Delta Stewardship Council

For questions, contact:

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Project Developer

916.445.0715

aaron.farber@deltacouncil.ca.gov



DELTA STEWARDSHIP COUNCIL

FACTS AND INFORMATION ON CALIFORNIA'S WATER AND ENVIRONMENTAL DEBATES

“The challenges of managing water and achieving ecological rehabilitation in the Delta are numerous, including the reluctance of many participants to confront the reality that water is scarce; the distribution of water management responsibilities among many agencies and organizations; the suite of environmental factors (stressors) that affect the structure and functioning of the Delta ecosystem, including the many biological and physical changes that have occurred in the Delta; and the lack of detailed understanding of future socioeconomic, climate, biological, and other changes and the consequent lack of ability to plan for them.”

SUSTAINABLE WATER AND ENVIRONMENTAL MANAGEMENT IN THE CALIFORNIA BAY-DELTA

NATIONAL RESEARCH COUNCIL

OF THE NATIONAL ACADEMIES

www.nap.edu

March 29, 2012

This booklet provides information on a wide range of water issues facing California with particular focus on the Delta.

For an electronic copy of this handout, go to www.deltacouncil.ca.gov

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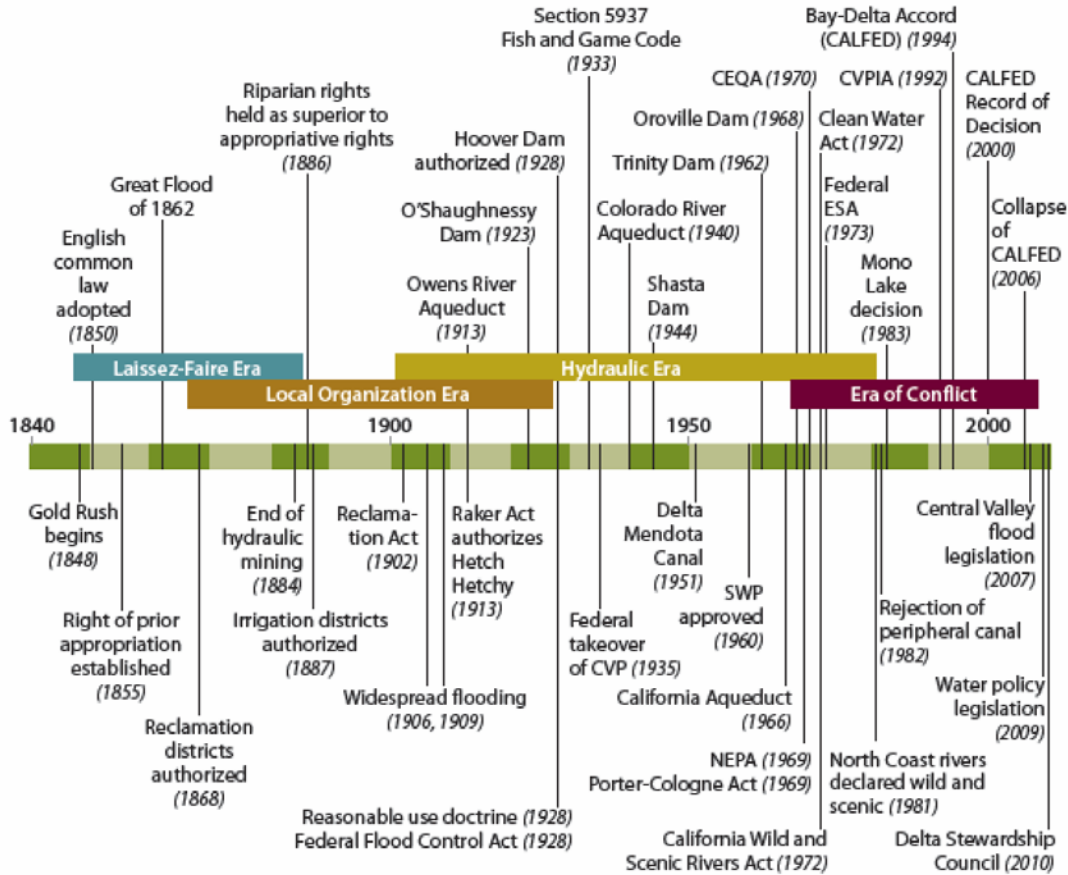
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WATER MANAGEMENT IN CALIFORNIA SINCE 1840



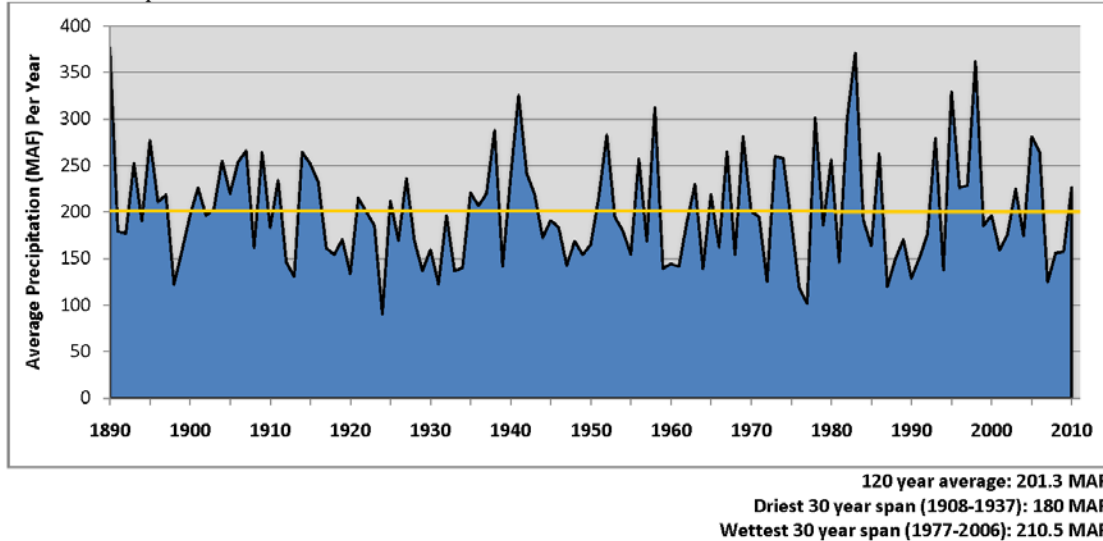
Source: Hanak, E., J. Lund, A. Dinar, B. Gray, R. Howitt, J. Mount, P. Moyle, and B. Thompson. 2011. *Managing California's Water: From Conflict to Reconciliation*. San Francisco, CA. Public Policy Institute of California.

Public Policy Institute of California is a non-profit, nonpartisan think tank which has written extensively about California water issues. PPIC has published *Envisioning Futures for the Sacramento-San Joaquin Delta* (2007), *Comparing Futures for the Sacramento-San Joaquin Delta* (2008), and most recently, *Managing California's Water: From Conflict to Reconciliation* (2011). Many charts in this handout were produced by or adapted from PPIC.

For more information, see [Managing California's Water: From Conflict to Reconciliation](#).

CALIFORNIA'S WATER SUPPLY IS NOT GROWING AND IT ARRIVES ERRATICALLY

Historical Precipitation



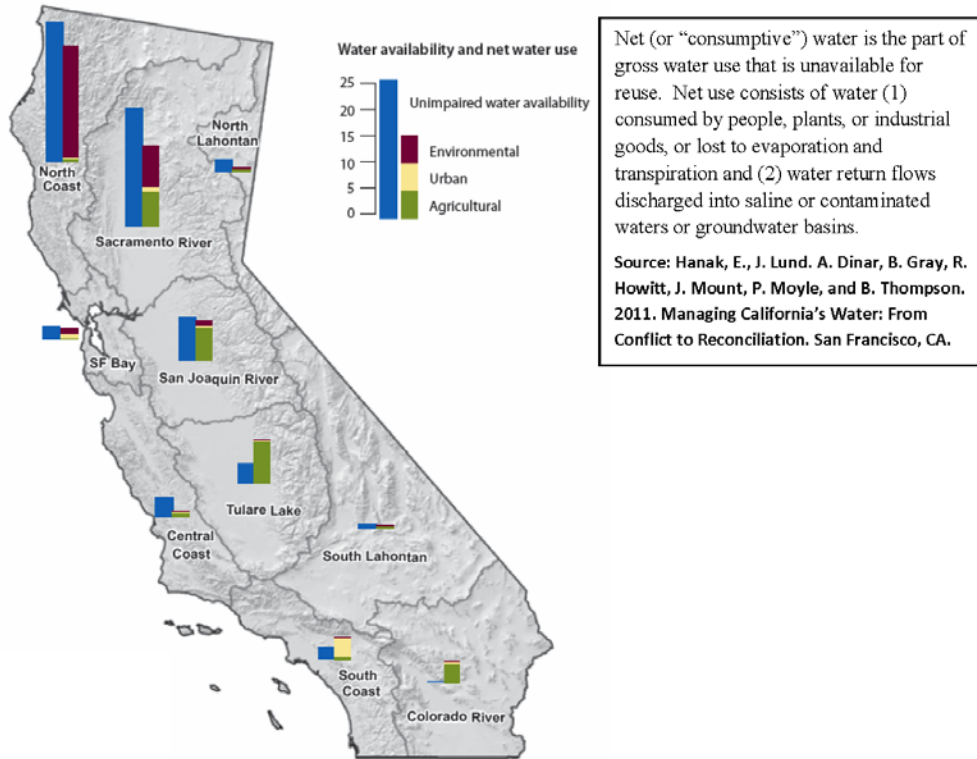
Source: Delta Stewardship Council. 2012. Sacramento, CA. Adapted from data compiled by Jim Goodridge, state climatologist formerly of DWR, and updated by Michael Anderson, DWR State Climatologist.

- Precipitation, rain and snow, is the source of 97% of California's water supply.
- California's annual precipitation is more variable than any other state with the bulk of supply coming in only 5 to 15 days in a given year.
- California's annual precipitation fluctuates from less than 100 million acre feet to more than 375 million acre feet. Over 120 years, the average annual precipitation is 200 million acre-feet and is not changing.
- Two-thirds of precipitation is lost to evaporation and transpiration by trees and other plants, leaving only about a third available for human and environmental use. This makes up gross water use.

For more information, see the [Delta Vision Strategic Plan](#) and [DWR's Overview of California's Geography](#).

MOST PRECIPITATION OCCURS FAR FROM WHERE DEMAND IS GREATEST

Unimpaired Water Availability and Net Water Use



Source: Hanak, E., J. Lund, A. Dinar, B. Gray, R. Howitt, J. Mount, P. Moyle, and B. Thompson. 2011. *Managing California’s Water: From Conflict to Reconciliation*. San Francisco, CA. Public Policy Institute of California. Adapted from DWR California Water Plan Update 2009.

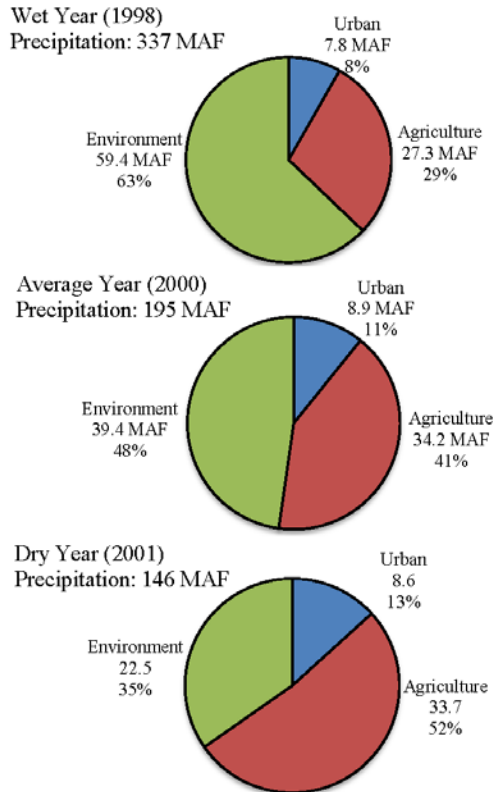
The map shows annual average values for 1998-2005 in millions of acre-feet. For regional data on water availability and net use, see Tables 2.1 and 2.2.

- Two-thirds of precipitation occurs north of Sacramento while more than two-thirds of urban and agricultural demand lies south of Sacramento.
- Precipitation ranges from less than an inch in Death Valley to about 56 inches along the North Coast. However, due to legal and technical constraints, most of the water in the North Coast cannot be used.
- Half of the state’s annual runoff, that is water flowing in rivers and streams, is in the Delta Watershed. More than 75% of Californians live outside the Delta Watershed.

For more information, see [Managing California’s Water: From Conflict to Reconciliation](#).

HUMAN USE IS FIRST PRIORITY AND ENVIRONMENTAL WATER TAKES THE REDUCTIONS

Gross Water Use in Representative Water Year Types



Gross (or “applied”) water use is the water delivered to a home, business, or farm—not all of which is consumed. Some water—such as excess irrigation water and discharges from wastewater treatment plants—flows to streams, lakes, aquifers, or the sea (“return flow”). Some of this return flow (“recoverable flow”) is available for reuse, because it returns to freshwater streams, lakes, or canals or recharges groundwater basins.

Source: Hanak, E., J. Lund, A. Dinar, B. Gray, R. Howitt, J. Mount, P. Moyle, and B. Thompson. 2011. *Managing California’s Water: From Conflict to Reconciliation*. San Francisco, CA.

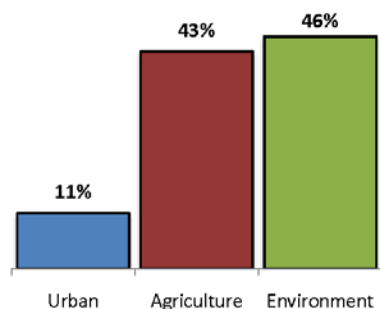
Source: Delta Stewardship Council. 2012. Adapted from DWR California Water Plan Update 2005, Table 3-1 California Water Summary. Includes groundwater use.

- In dry years, urban and particularly agricultural water use increases both in absolute numbers and as a proportion of the water available. Also note that precipitation in each year far exceeds gross water use as roughly two-thirds of precipitation is lost to evaporation and transpiration.
- Environmental water is water that is used for managed wetlands or instream flows to support public trust resources although much of this water is reused for human use.
- Water allocated to the environment declines significantly in dry years as human use is historically prioritized before environmental use.

For more information, see the [California Water Plan Update 2005](#).

MOST ENVIRONMENTAL WATER HAS FEW CONNECTIONS TO OUR STATEWIDE WATER SYSTEM AND CANNOT BE RECLAIMED FOR URBAN AND AGRICULTURAL USE

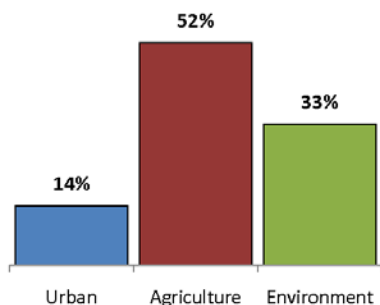
Statewide Gross Water Use 1998-2005



- Gross water use is a common measure of California’s total water use. Gross water use is the water delivered for urban and agricultural use, and also set aside for instream flow, habitat, and water quality requirements not all of which is consumed.

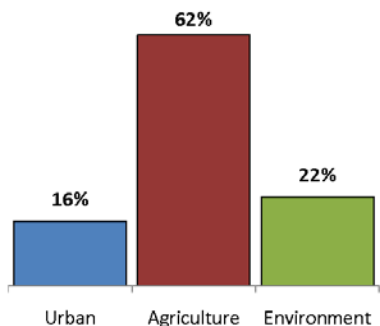
- In this measurement, environmental water use is dominated by flows designated for Wild and Scenic Rivers. Most of this water flows in rivers in the North Coast far from most urban and agricultural demand and includes flood flows that there is no practical way to reclaim for urban and agricultural use.

Gross Water Use Excluding North Coast Flows 1998-2005



- Excluding North Coast flows that have few connections to the statewide water supply, the amount of water that goes to the environment decreases from 46 percent to 33 percent with urban and agricultural water use increasing in proportion.

Net Water Use Excluding North Coast Flows 1998-2005



- When accounting is based on net water use, meaning water that is consumed, lost to evaporation and transpiration, or flows out of the State, environmental water use represents about a fifth of total use.

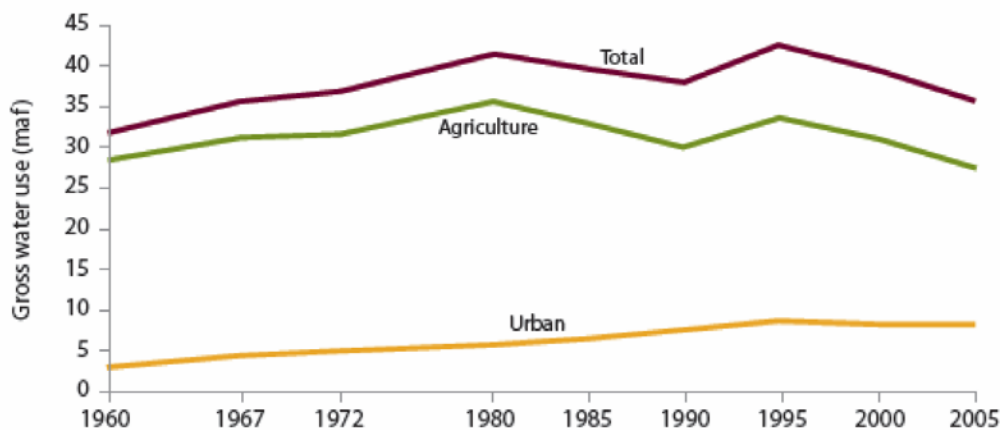
- Some of this environmental water is necessary to maintain water quality for drinking water supply.

Source: Delta Stewardship Council. 2012. Adapted from PPIC Myths of California Water – Implications and Reality. Figures represent the average water use for 1998-2005, adapted from California Water Plan Update 2009. Includes groundwater use.

For more information, see the [California Water Plan Update 2009](#), [U.S. Bureau of Reclamation Water Supply and Yield Study](#), and PPIC’s [Managing California’s Water](#) and [Myths of California Water – Implications and Reality](#).

HUMAN WATER USE MAY HAVE PEAKED IN CALIFORNIA

Historical Gross Water Use



Source: Hanak, E., J. Lund, A. Dinar, B. Gray, R. Howitt, J. Mount, P. Moyle, and B. Thompson. 2011. *Managing California's Water: From Conflict to Reconciliation*. San Francisco, CA. Public Policy Institute of California. Authors' calculations using data from *California Water Plan Update* (California Department of Water Resources)

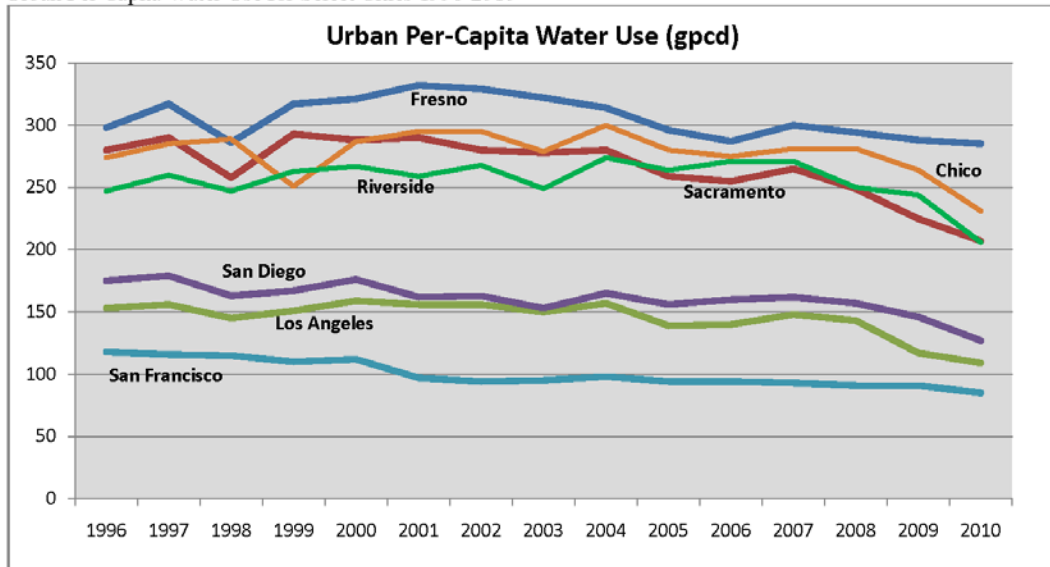
The figure shows gross water use. Urban includes residential and nonagricultural business uses. Pre-2000 estimates are adjusted to levels that would have been used in a year of normal rainfall. Estimates for 2000 and 2005 are for actual use; both years had near-normal precipitation. Estimates omit conveyance losses, which account for 6 to 9 percent of the total.

- The recent decline in total water use is largely driven by the decrease in agricultural water use
- Agricultural water use has declined from 90 percent of human water use in 1960 to about 77 percent in 2005. Improvements in irrigation efficiency and the retirement of some land due to urbanization as well as increased soil salinity are most responsible for the decline.
- California's population grew from 15.7 million in 1960 to 38 million in 2010. From 1960 to 1990, total urban water use grew almost proportionally with population though recent conservation efforts have slowed the rise.

For more information, see [Managing California's Water: From Conflict to Reconciliation](#) and the [UC Davis Archive of California Water Plans](#).

NO SURPRISE: COASTAL CITIES USE LESS WATER THAN INLAND CITIES

Urban Per Capita Water Use for Select Cities 1996-2010



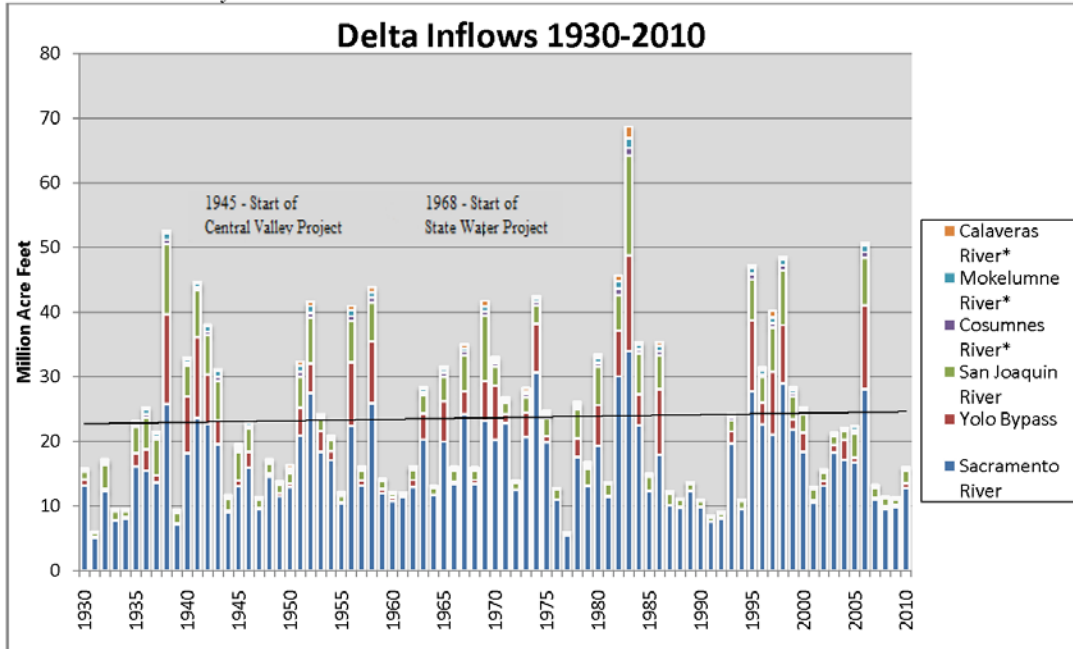
Source: Delta Stewardship Council. 2012. Adapted from data collected from 2010 Urban Water Management Plans for City of Los Angeles (DWP), City of San Diego, City of Fresno, City of Riverside, California Water UWMP for Chico-Hamilton City District, San Francisco (Prepared by Public Utilities Commission), and the City of Sacramento.

- Southland and coastal cities have far lower per capita water use than cities in the Central Valley caused both by conservation and the benefit of a more temperate climate.
- Conservation success is partly due to increased installation of low toilets/appliances, the use of water meters, and voluntary conservation particularly in the commercial and industrial sector.
- Many urban areas have experienced significant short-term declines in water use with the recent recession, but over the longer term, many local water agencies will likely see a return to higher water use patterns.

For more information, see the 2010 Urban Water Management Plans for [Chico-Hamilton City](#), [Fresno](#), [Los Angeles](#), [Riverside](#), [Sacramento](#), [San Diego](#), and [San Francisco](#).

FLOWS COMING INTO THE DELTA VARY WIDELY BY WATER YEAR TYPE

Annual Delta Inflows By Source 1930 – 2010*



Source: Delta Stewardship Council. 2012. Adapted from DWR Dayflow Program 1930 – 2010

Each of the Delta inflow sources above has its own measurement point maintained by a variety of government agencies in order to quantify its individual contribution to total inflow. The measurement points have changed over the course of the Dayflow Program. DWR compiles the information and develops calculations to provide a consistent historical record for each inflow source. Table of measuring points below. The chart above does not include in-Delta precipitation which is sometimes included in measurements of Delta inflow. *East side tributaries

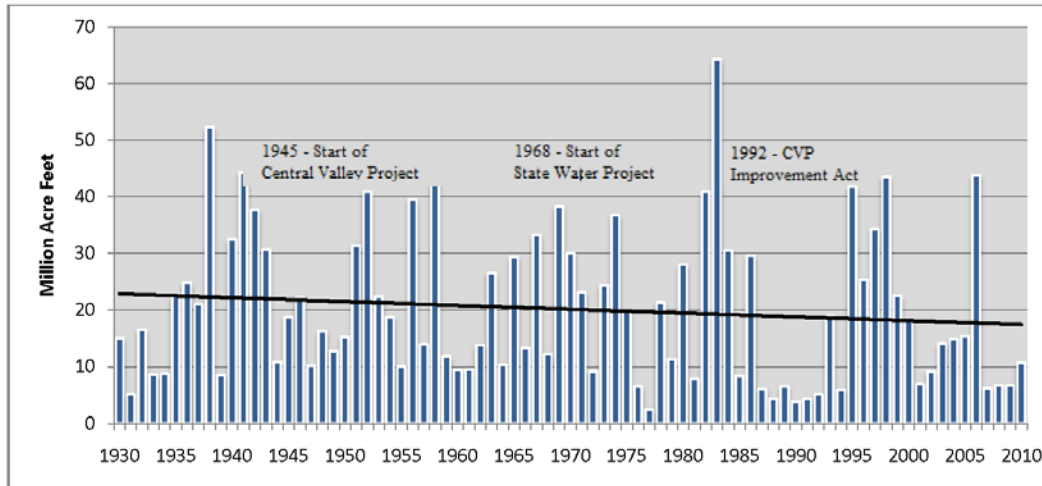
Responsible Agency	Input Data
USGS	Sacramento River at Freeport, Yolo Bypass at Woodland, Cosumnes River at Michigan Bar, San Joaquin River at Vernalis, Delta Cross Channel, Georgiana Slough
US Army Corps of Engineers	Calaveras River
East Bay Municipal Utility District	Mokelumne River at Woodbridge
DWR O&M	Precipitation at Stockton Fire Department, Clifton Court Forebay gate flow, Barker Slough export, Byron Bethany ID depletion, X2 (only when outflow is negative)
DWR DPLA	Sacramento Weir spill, Lisbon Weir flow
U.S. Bureau of Reclamation	Delta Cross-Channel gate status, Tracy export, Contra Costa export
SCWD	Lake Barryessa releases, Lake Solano inflow, Putah Creek

- On average, 80 percent of the water that flows into the Delta originates in the Sacramento Valley with the Sacramento River supplying 68 percent and the Yolo Bypass 12 percent. The San Joaquin River is responsible for 13 percent of the average inflow with east-side tributaries making up the remaining 7 percent.
- Like California’s total precipitation, the amount of water which flows into the Delta varies widely by water year type with Yolo Bypass flows measuring more than 10 MAF in some wet years down to almost zero in dry years.
- The slight upward trend in average Delta inflows can be attributed to a several extremely wet years in the past thirty years. This hides the increase in upstream water use.

For more information, see [DWR Dayflow Program](#).

FLOWS THROUGH THE DELTA & TO THE BAY HAVE DECLINED OVER TIME

Delta Outflows 1930-2010



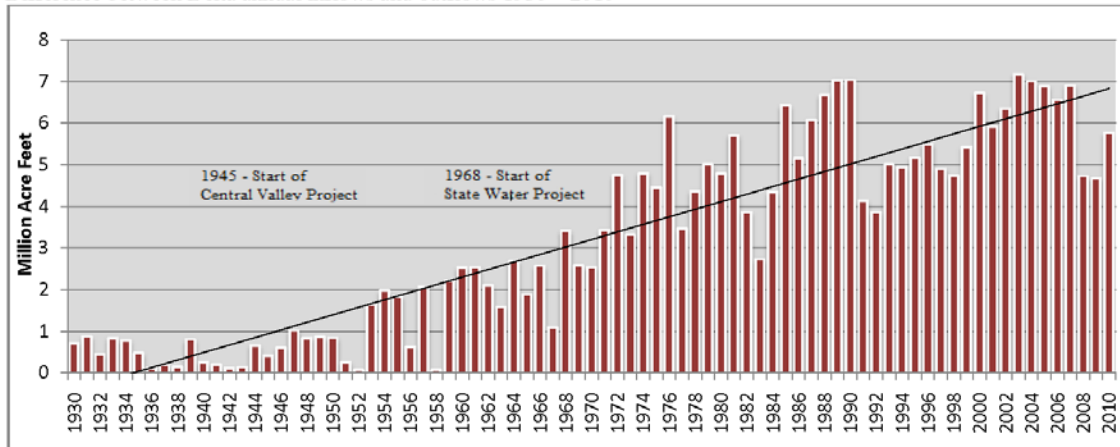
Source: Delta Stewardship Council, 2012. Adapted from DWR Dayflow Program 1930 - 2010

- While the volume of Delta inflow has remained almost constant since 1930, the amount of water that flows into the Delta and out to the bay as it would under natural conditions has decreased.
- The decrease is attributable to the gradual increase in exports from the start of the Central Valley Project in 1956 and a modest increase in in-Delta consumptive use.
- In dry years such as the late 1980s and early 1990s, exports represent a greater proportion of Delta inflows.

For more information, see [DWR Dayflow Program](#).

EXPORTS HAVE INCREASINGLY REDUCED THE AMOUNT OF WATER FLOWING INTO THE DELTA THAT ULTIMATELY FLOWS OUT TO THE OCEAN

Difference between Delta annual inflows and outflows 1930 – 2010



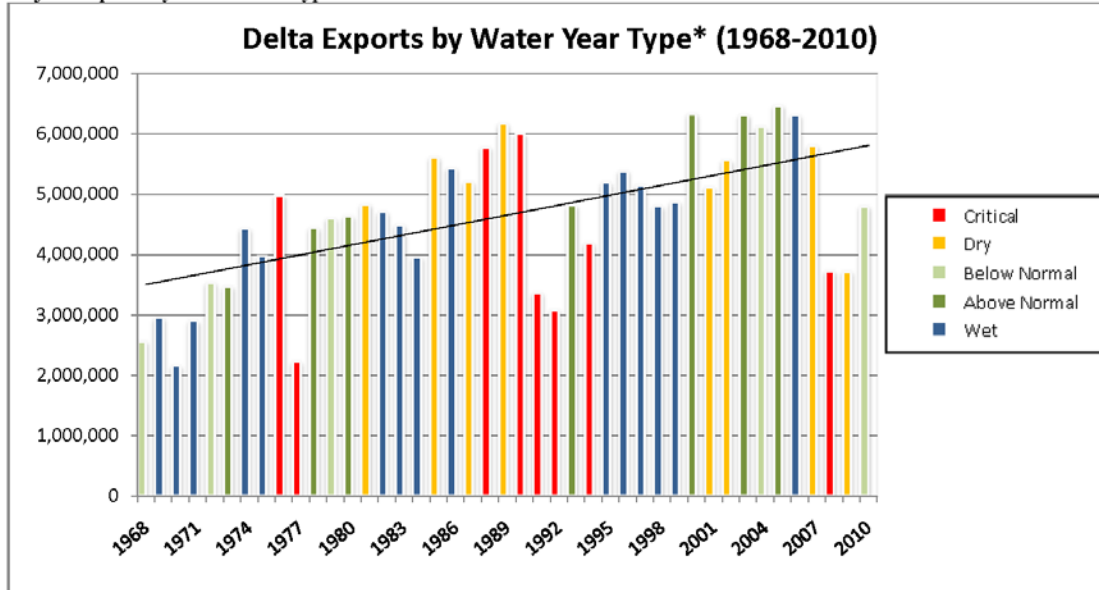
Source: Delta Stewardship Council, 2012. Adapted from DWR Dayflow Program 1930 - 2010

- Increased exports and in-Delta consumptive use over time has comprised a greater amount of Delta inflow, diverting water that would otherwise flow out into the Bay.
- While the gap between Delta inflow and outflow increased, the barrier between incoming freshwater from runoff and salt water from the ocean has moved further north and east, reducing water quality in some parts of the Delta.
- In some dry years such as the late 1980s and early 1990s, the gap between inflows and outflows is smaller as exports are reduced in absolute numbers even while comprising a greater proportion of Delta inflows.

For more information, see [DWR Dayflow Program](#).

DELTA WATER EXPORTS HAVE RISEN OVER THE PAST FOUR DECADES

Project Exports by Water Year Type



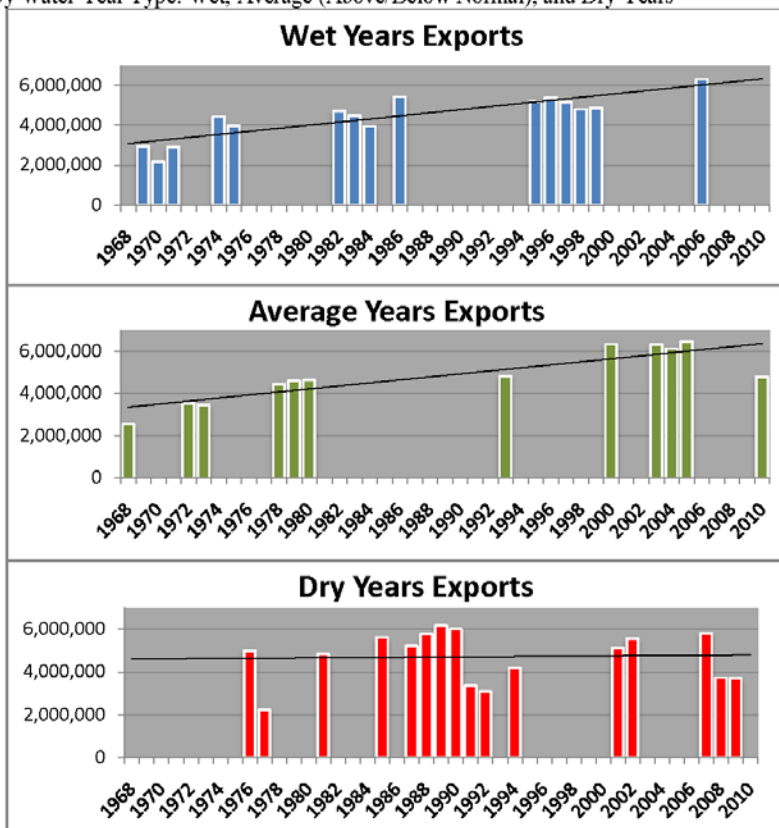
Source: Delta Stewardship Council. 2011. Letter to State and Federal Water Contractors Agency. September 29. Export figures adapted from DWR Dayflow Program and Water Year Classifications (Sacramento River Indices) are adapted from the California Data Exchange Center. *Total exports include the Contra Costa Water District Los Vaqueros Pipeline, the State Water Project, Central Valley Project, and North Bay Aqueduct.

- Exports have been rising over the past four decades. Historically, California has exported more of the water available during dry years than wet years. Increasingly, science is showing that reducing Delta outflows may have severe environmental consequences.
- Exports have been increasing for all major water projects in the Delta including the State Water Project, the Central Valley Project, the Contra Costa Los Vaqueros Pipeline, and the North Bay Aqueduct.
- Each of these projects reached record exports in the past ten years.

For more information on exports, see [DWR Dayflow Program](#) and for information on water year types, see the [California Data Exchange Center](#).

CALIFORNIA EXPORTS MORE WATER IN DRY YEARS THAN WET OR AVERAGE YEARS

Project Exports by Water Year Type: Wet, Average (Above/Below Normal), and Dry Years



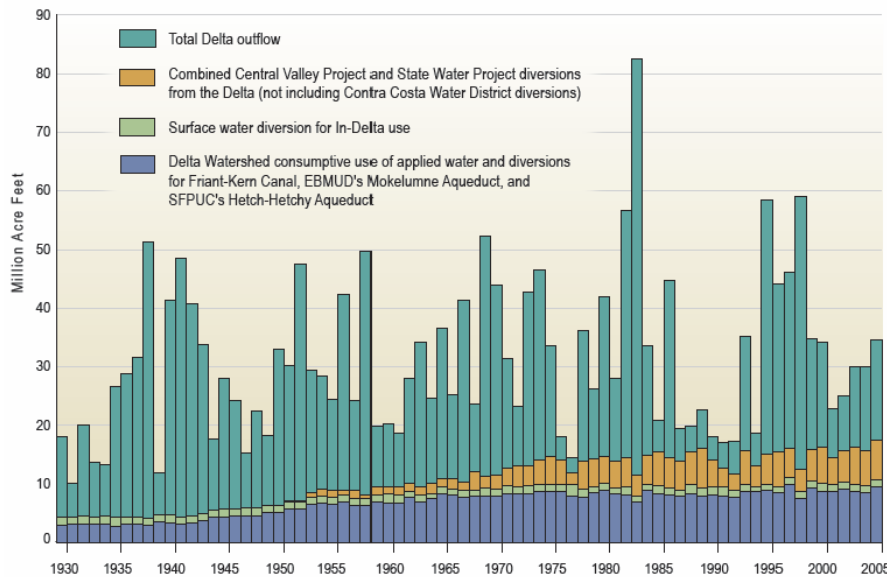
Source: Delta Stewardship Council. 2011. Letter to State and Federal Water Contractors Agency. September 29. Export figures adapted from DWR Dayflow Program and Water Year Classifications (Sacramento River Indices) are adapted from the California Data Exchange Center. Average years exports includes above normal and below normal water year types. Dry years exports includes dry and critical water year types. *Total exports include the Contra Costa Water District Los Vaqueros Pipeline, the State Water Project, Central Valley Project, and North Bay Aqueduct.

- Every water year is different but a comprehensive look at the operation of the State and Federal projects shows that over time exports have increased in all water year types.
- More water is historically exported in dry years when demand is greatest, but increased south of Delta storage is driving an increase in wet and average years' exports.
- Increased south of Delta water storage has led to more ag-urban water transfers, creating more flexibility regarding project entitlements.

For more information on exports, see [DWR Dayflow Program](#) and for information on water year types, see the [California Data Exchange Center](#).

UPSTREAM USE, IN-DELTA USE, AND EXPORTS HAVE REDUCED DELTA OUTFLOWS

Delta Watershed Consumptive Use



Trends in Destinations and Uses

Period	Average Annual Total (MAF)	Outflow	in-Delta	Exports	Delta Watershed
1930 to 1949	25.80	81%	5%	0%	14%
1950 to 1969	31.71	67%	4%	4%	24%
1970 to 1989	34.34	51%	5%	15%	29%
1990 to 2005	32.85	48%	4%	17%	31%

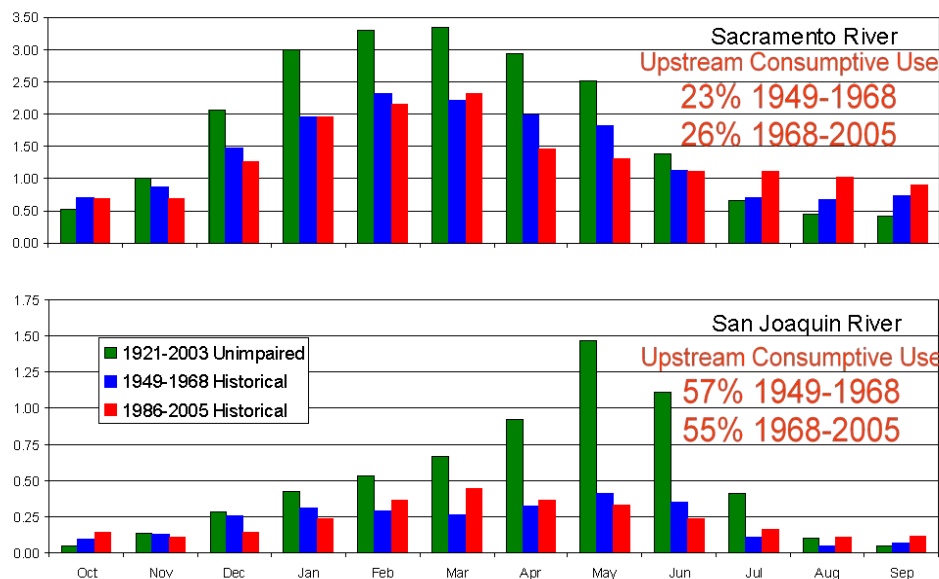
Source: Delta Vision Blue Ribbon Task Force. Delta Vision Strategic Plan 2008. Also see California Water Plan Update 2009, Volume 3, Figure D-5. Measured, calculated, and modeled data from an array of sources as compiled by Tully and Young, Inc. with data and assistance from DWR, the Bay Institute, and the State Water Contractors.

- While exports are sometimes viewed as the sole cause for reduced outflow, upstream diversions consume about two times as much of the water that would otherwise flow out to the Bay.
- Increases in upstream diversions, in-Delta use, and project exports have dramatically reduced ocean outflows from the Delta. Since the start of the State Water Project, exports have reduced outflows by 4.6 MAF on average.

For more information, see [Delta Vision Strategic Plan](#) and the [California Water Plan Update 2009 Regional Report on the Delta](#).

THE NEED FOR A CONSTANT STATEWIDE WATER AND POWER SUPPLY HAS ALTERED THE TIMING OF FLOWS INTO THE DELTA

Historical Delta Unimpaired Flow and Inflow



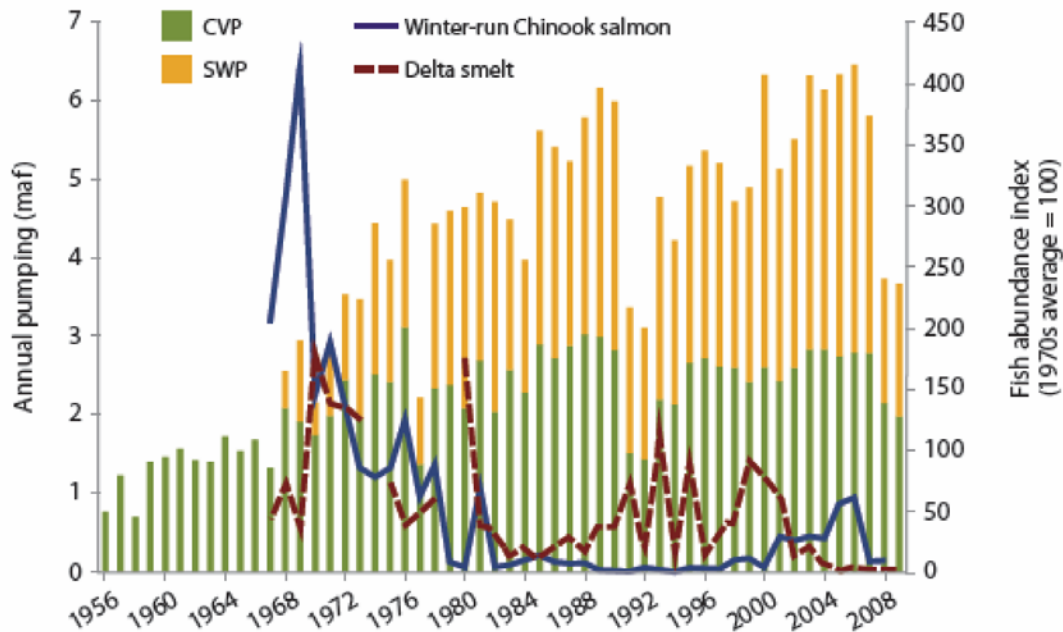
Source: Delta Stewardship Council. 2011. Fifth Staff Draft Delta Plan. Adapted from State Water Resources Control Board, 2010 Final Report on Development of Flow Criteria for the Sacramento-San Joaquin Delta Ecosystem. Unimpaired flow figures are adapted from 2003 California Central Valley Unimpaired Flow Data, fourth edition, DWR Bay-Delta Office, November 2006 and DWR Dayflow Program. Data synthesized by Fleenor, W., W. Bennett, P. Moyle, and J. Lund. 2010, On developing prescriptions for freshwater flows to sustain desirable fishes in the Sacramento-San Joaquin Delta. Submitted to the State Water Resources Control Board regarding flow criteria for the Delta necessary to protect public trust resources.

- Unimpaired flow is the amount of water which would flow into the Delta if not exported, consumed or diverted upstream, or stored for human use. The calculation of unimpaired flow helps compare the natural timing and volume of flows to current conditions. Unimpaired flow helps give a sense of the conditions under which native species thrived.
- Since the start of the State Water Project in 1968, peak winter and early spring flows have been increasingly stored to be stretched through the summer to provide exports when demand is greatest.
- The stretching of peak flows for water supply needs flattens the rate of flow into the Delta, reducing the natural variability apparent in the unimpaired flow estimates.

For more information, see the [State Water Resources Control Board Final Report on Development of Delta Flow Criteria](#) and SWRCB [On Developing Prescriptions for Freshwater Flows to Sustain Desirable Fishes in the Sacramento-San Joaquin Delta](#).

AS EXPORTS AND UPSTREAM USE HAVE INCREASED, FISH SPECIES HAVE COLLAPSED

Project Exports and Fish Populations



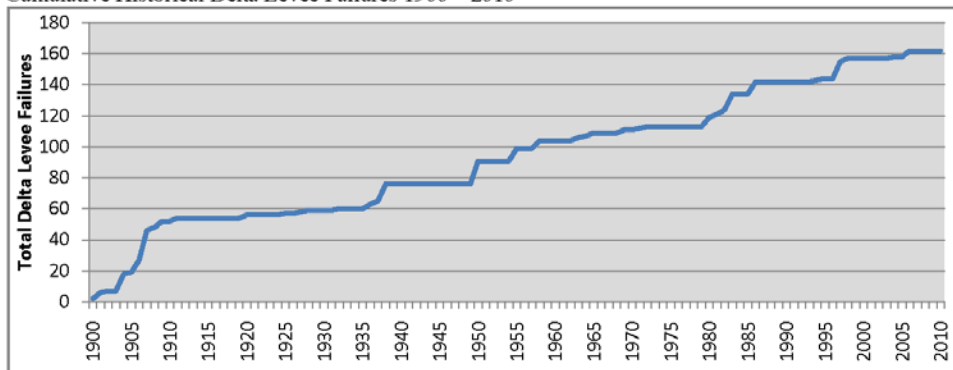
Source: Hanak, E., J. Lund, A. Dinar, B. Gray, R. Howitt, J. Mount, P. Moyle, and B. Thompson. 2011. *Managing California's Water: From Conflict to Reconciliation*. San Francisco, CA. Public Policy Institute of California. Calculations by J. Viers using data from PRISM, CIMIS, and the U.C. Davis Soil Resource Laboratory. For exports, DWR Dayflow data; for fish populations, California Department of Fish and Game survey data.

- As exports and upstream consumptive use have increased, current fish populations are less than one percent of 1968 population levels.
- Increased exports reduce ocean outflows, affecting salmon runs and the instream flow needs of other native aquatic species.
- Some invasive fish species such as striped bass have thrived over the existence of the State and federal projects.

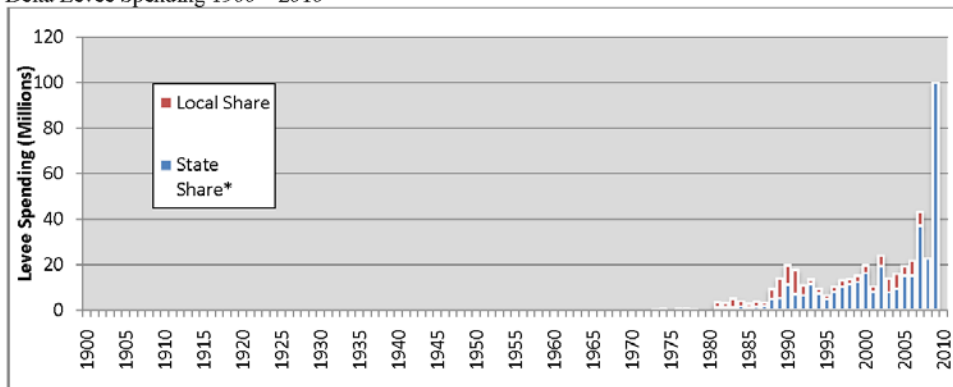
For more information, see [Managing California's Water: From Conflict to Reconciliation](#), [DWR Dayflow Program](#), and [California Fish and Game survey populations](#).

RATE OF DELTA LEVEE FAILURES SLOWING BUT CONTINUING IN SPITE OF RECENT STATE INVESTMENT

Cumulative Historical Delta Levee Failures 1900 – 2010



Delta Levee Spending 1900 – 2010



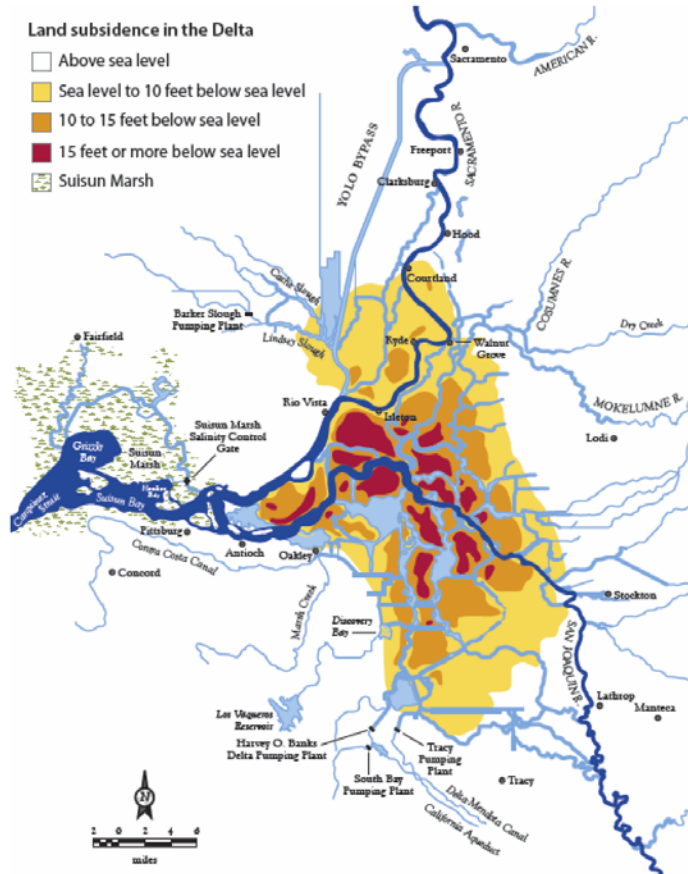
Source: Delta Stewardship Council. 2012. Delta levees failures adapted from Delta Risk Management Strategy Phase 2 Risk Reduction Report. Program spending adapted from information compiled by Sean Bagheban, DWR Floodsafe Program. The Program Spending is state and local expenditures through the “Way” Bill, Delta Levees Special Flood Control Projects, and the Delta Levees Maintenance Subventions Program. The local share represents only the local share of the Delta Levees Maintenance Subventions Program. It is based on year spent, not appropriations. Since 1992, the Subvention Program has been approximately half of the residual after deducting state operating costs and has recently been about \$6 million per year. Delta Levees Maintenance Subventions Program spending is not included for 2008-2010. Program spending does not include local investment or routine levee maintenance funded and performed by reclamation districts.

- In the past 20 years, the rate of Delta levee failures has gone from the historical average of one failure per year to one failure every other year.
- Since 1973, the State has provided over \$300 million for levee rehabilitation while local agencies have spent over \$100 million as their share of the Delta Levees Maintenance Subventions Program.
- Of the 1,100 miles of Delta levees, approximately two-thirds are privately owned and maintained by local reclamation districts. The remaining third are within federally authorized flood control projects.

For more information, see the [Delta Risk Management Strategy Report](#), [DWR AB 1200 Report 2008](#), and the [Levee Decisions and Sustainability Technical Appendix for PPIC’s Comparing Futures for the Sacramento-San Joaquin Delta](#).

CONTINUED SUBSIDENCE OF DELTA ISLANDS INCREASES FLOOD RISK

Delta Subsidence Map



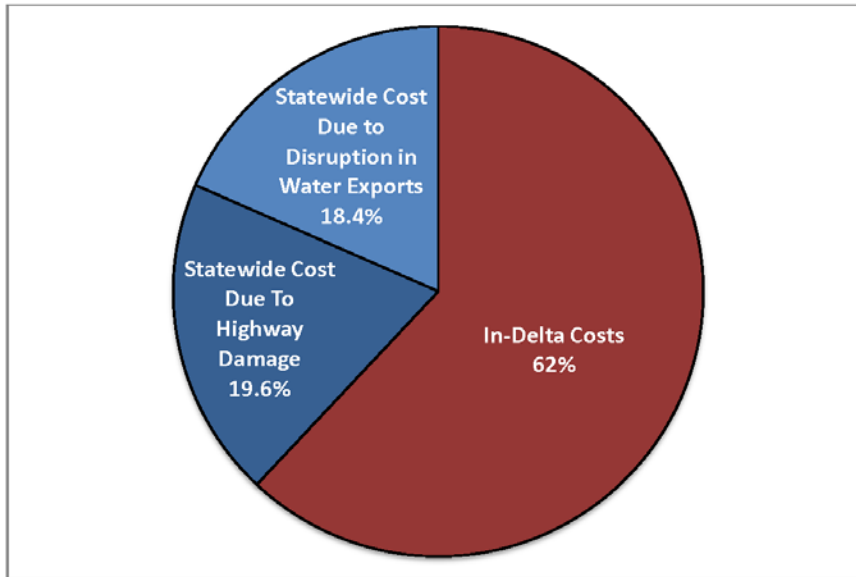
Source: Hanak, E., J. Lund, A. Dinar, B. Gray, R. Howitt, J. Mount, P. Moyle, and B. Thompson. 2011. *Managing California's Water: From Conflict to Reconciliation*. San Francisco, CA. Public Policy Institute of California. Also DWR. 1995. *Delta Atlas*

- Despite levee improvements, flood risk is increasing in the Delta due to subsidence and sea-level rise.
- Due directly to agricultural activities, some Central Delta islands may have subsided to more than 15 feet below sea level, increasing pressure on levees and threatening emergency management.

For more information, see [Managing California's Water: From Conflict to Reconciliation](#).

PRELIMINARY STUDY SUGGESTS THE POTENTIAL DAMAGE FROM MAJOR DELTA EARTHQUAKE AND MULTI-ISLAND FAILURE IS MOSTLY TO LOCAL ECONOMY

Percentage of Total Costs and Impacts of Seismic Event Causing 20-50 Flooded Islands



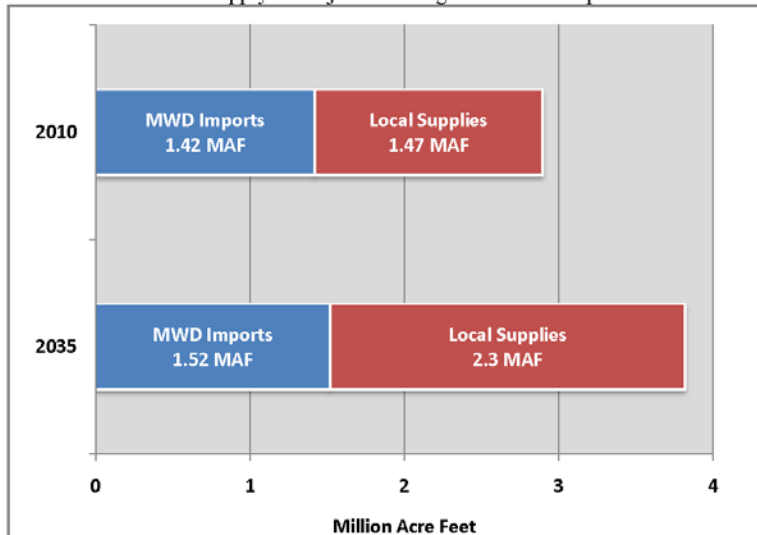
Source: Delta Stewardship Council. 2012. Adapted from Delta Risk Management Strategy Phase 2 Risk Report: Section 18, Scenario Evaluation. Table 18-2a. This scenario considers a seismic event that would disrupt water supplies. Water exports, under a flood event causing catastrophic levee failure, would not be affected by salinity intrusion into the Delta due to the large inflows of freshwater.

- Statewide costs are defined as the cost of water export disruptions and costs due to damage to the 3 state highways crossing the Delta. 38 percent of the total cost of a Delta earthquake and major levee failure are considered statewide costs, of which just over half would be due to water export disruptions.
- 62 percent of the cost of the total cost of a major earthquake in the Delta causing catastrophic levee failure would be in-Delta costs such as losses to property, infrastructure, farm production, local water supplies, and transportation.
- 100 percent of statewide cost due to a flood event causing catastrophic levee failure would be due to highway damage. Due to the large inflows of freshwater during a flood event, water exports would not be affected by salinity intrusion. The DRMS report does not consider the effects of increased turbidity or dissolved organic carbon on water treatment and uses.

For more information, see [Section 18, Phase 2 Delta Risk Management Strategy Report](#)

LOCAL SUPPLIES WILL MAKE UP MORE OF SOUTHERN CALIFORNIA'S FUTURE WATER SUPPLY

2010 and 2035 Water Supply of Major Water Agencies in Metropolitan Water District Service Area



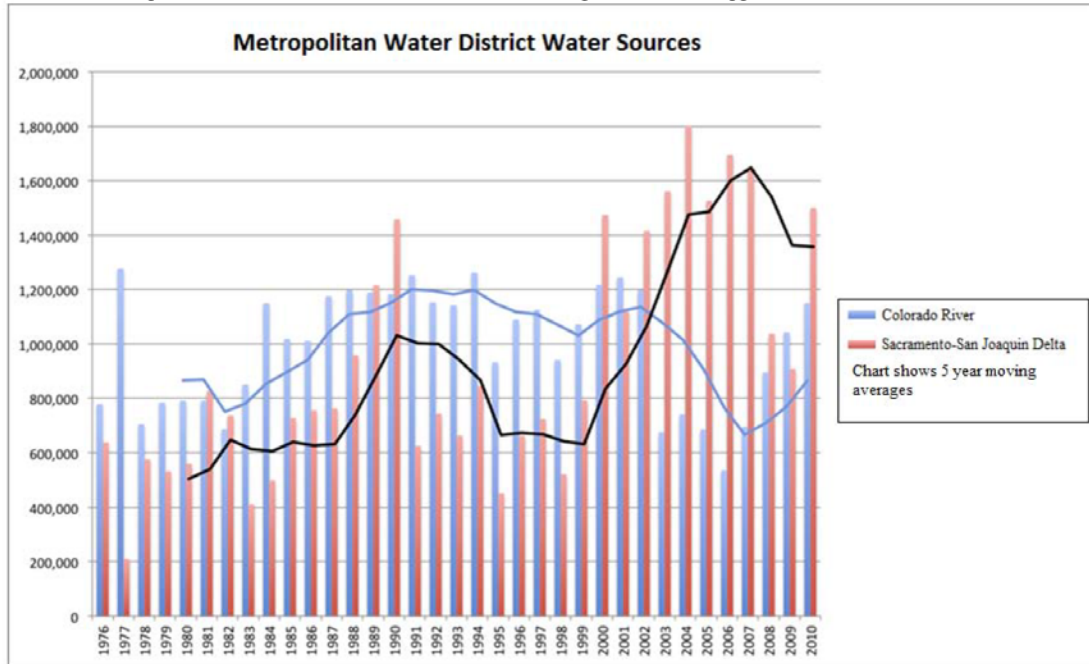
Source: Adapted from 2010 Urban Water Management Plans for the 11 biggest MWD customers: Eastern Municipal Water District, Inland Empire Utilities Agency, Los Angeles Department of Water and Power, Long Beach Water, Municipal Water District of Orange County, San Diego County Water Authority, Three Valleys Water District, West Basin Municipal Water District, and Western Municipal Water District. These 11 agencies represent 90% of current MWD sales. Local supplies include water imported through the Los Angeles Aqueduct and additional conservation. Data compiled for Imported vs. Local Water Supplies: the planning decisions facing Southern California Water Agencies, Caitrin Philips, UC Berkeley Goldman School of Public Policy.

- Metropolitan Water District's service area in Southern California expects to meet most of its future water supply needs through local supplies. The percent of the region's total water supply imported from Metropolitan Water District falls from 50 percent in 2010 to 40 percent in 2035.
- With California forced to reduce its use of the Colorado River, State Water Project exports will make up more of Metropolitan Water District's imported water sources. Delta exports will likely have to increase to meet member agencies' projected needs for imported MWD water.
- This projection is the current water supply trajectory without the Delta Plan.

For more information, see the [DWR Database of 2010 Urban Water Management Plans](#) and [Imported vs. Local Water Supplies Report](#).

END OF COLORADO RIVER SURPLUSES HAS MEANT INCREASED DELTA EXPORTS FOR SOUTHERN CALIFORNIA

Historical Metropolitan Water District of Southern California Imported Water Supplies



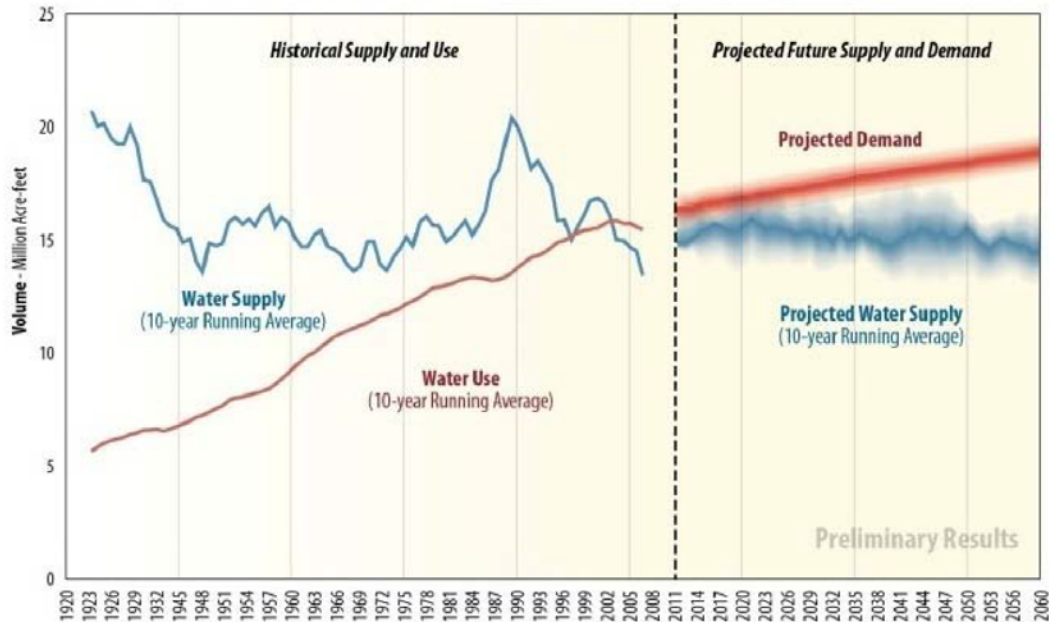
Source: Delta Stewardship Council. 2012. Adapted from U.S. Bureau of Reclamation. 2011. Colorado River Basin Water Supply and Demand Interim Report No. 1.

- California historically received surplus water from the Colorado River as other states did not fully use their water rights. However, as other Lower Basin states grew in population and began to use their full entitlement, Metropolitan Water District has had to reduce its use of imported Colorado River water.
- Since 2000, there has been a significant shift in Metropolitan Water District’s imported water sources with increased use of the State Water Project to make up for the reduction in Colorado River use.

For more information, see the [U.S. Bureau of Reclamation River Basin Water Supply and Demand Study](#) and the [Metropolitan Water District 2010 Regional Urban Water Management Plan](#).

FUTURE DEMAND ON THE COLORADO RIVER EXCEEDS WATER SUPPLY

Historical Supply and Use and Projected Future Colorado River Basin Water Supply and Demand



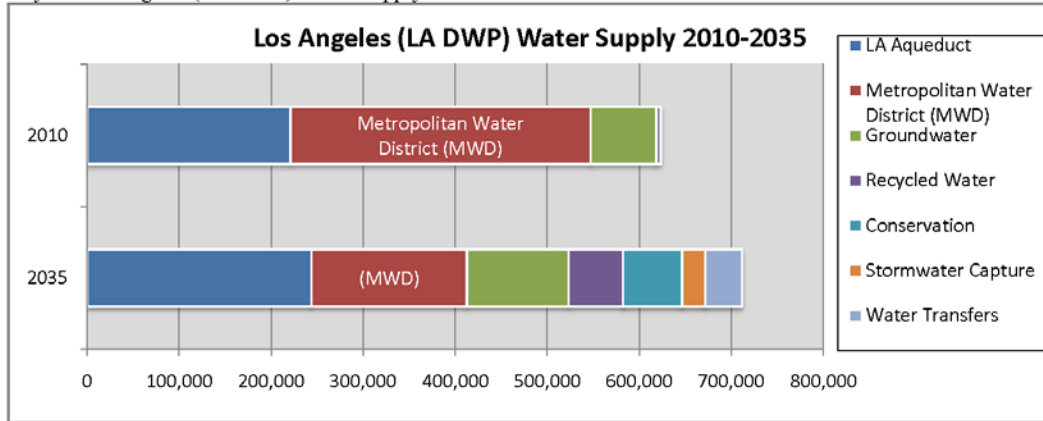
Source: U.S. Bureau of Reclamation. 2011. Colorado River Basin Water Supply and Demand Interim Report No. 1.

- In the past 15 years, water use exceeded the water supply of the Colorado River for the first time. The gap between supply and demand will only become more dramatic in coming years.
- Population increases throughout the Southwest will increase Colorado River demand. Surplus Colorado River water that California historically depended on will become less frequent.
- Climate change will be expected reduce snowpack in the Rocky Mountains. Less snow means more rain and reduced Colorado River flows in the spring and summer when demand is greatest.

For more information, see the [U.S. Bureau of Reclamation River Basin Water Supply and Demand Study](#) and the [USGS Study: The Unusual Nature of Snowpack Declines in the North American Cordillera](#).

SOUTHERN CALIFORNIA IS DEVELOPING ARRAY OF LOCAL SOURCES TO REDUCE RELIANCE ON IMPORTED WATER

City of Los Angeles (LA DWP) Water Supply 2010-2035



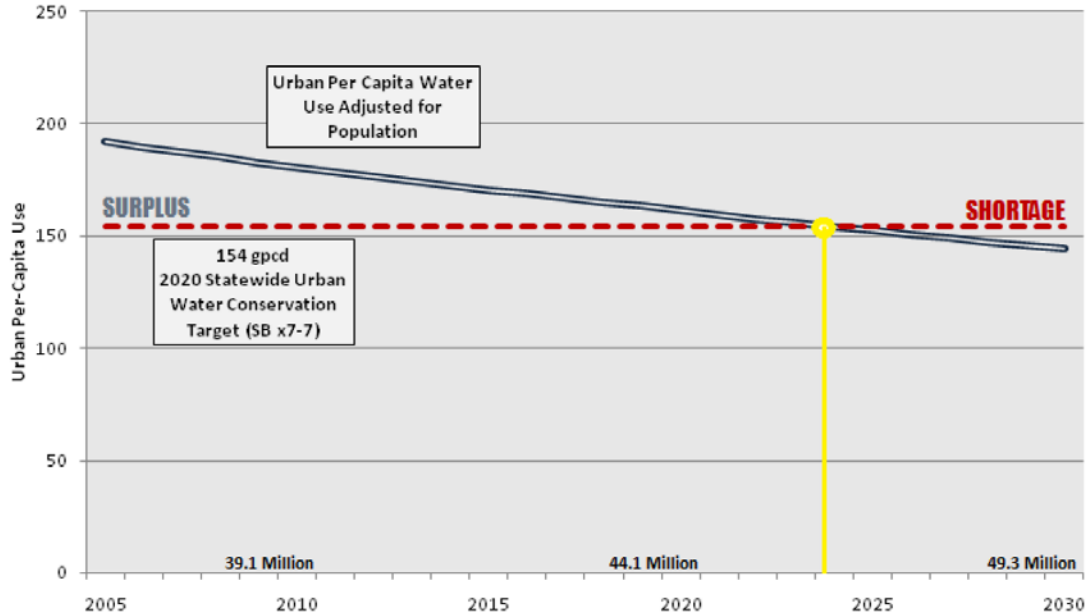
Source: Adapted from Los Angeles Department of Water and Power Urban Water Management Plan 2010.

- Recognizing the vulnerability of Delta water supplies, regions are diversifying their water portfolios and developing costly, local water supplies such as water recycling and stormwater capture.
- Los Angeles has already conserved 100,000 AF through measures such as efficient landscaping and has set a goal to reduce water use by 50,000 AF by 2030. Some recent reductions in per capita water use may be attributable to the recession.
- The cost-competitiveness of member agencies’ new local water supplies threatens MWD’s long-term health as a water wholesaler.

For more information, see [Los Angeles Department of Water and Power 2010 Urban Water Management Plan](#).

WATER CONSERVATION IS ESSENTIAL BUT THE NEW 20% SAVINGS WILL BE USED UP BY 2024

Urban Per Capita Water Use For Projected California Population Based on 2005 Urban Water Supply



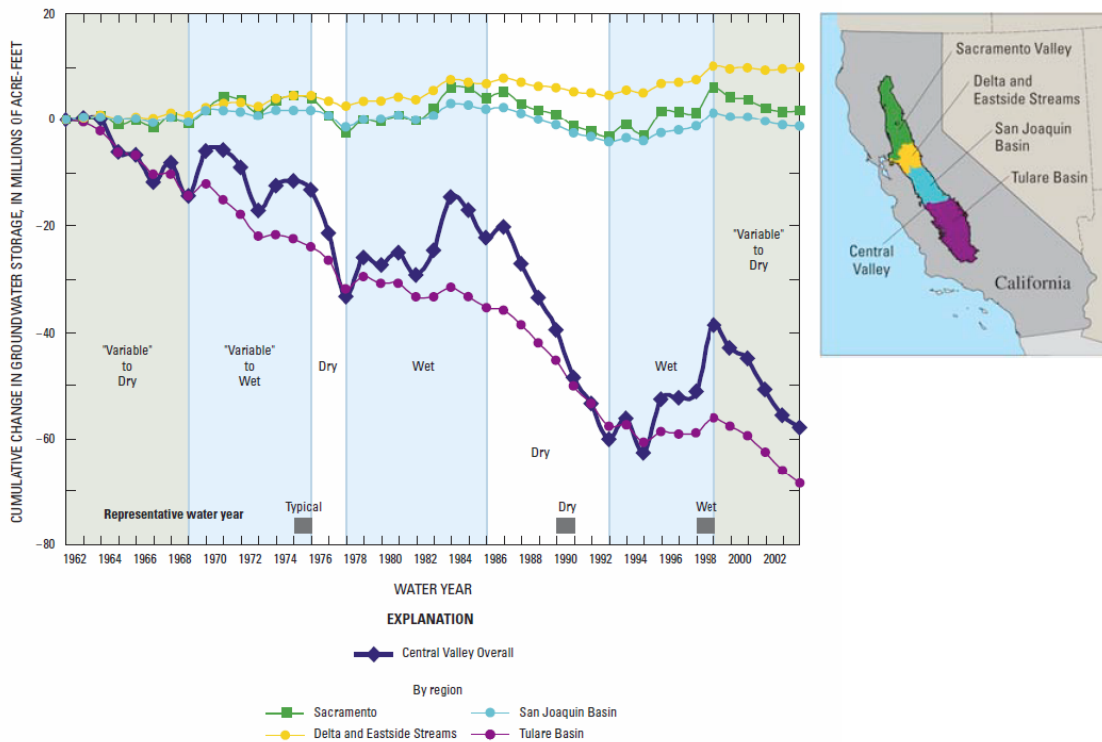
Source: Delta Stewardship Council. 2012. Adapted from DWR 20x2020 Water Conservation Program Final Report, California Water Plan Update 2009, and Department of Finance Population Projections. Urban water use is based on 2005 urban water use of 7.9 MAF from 20x2020 Final Report. Population projections are based on 2007 Department on Finance projections, which predict greater population growth than the U.S. Census results. According to the U.S. Census, California’s 2010 population was 37.3 million. Water use projections are based on statewide per-capita use not growth in individual hydrological regions which may have higher or lower per-capita use.

- SB x7 7, the Urban Water Conservation Act of 2009 mandates a 20 percent reduction from 2005 statewide urban per-capita water use. The 2005 statewide baseline water use set in the law is 192 gallons per capita per day. A 20 percent reduction represents 1.59 MAF in statewide savings.
- Assuming California meets population projections and the 20 percent savings goal, new conservation measures will be needed by 2022.
- To meet the demands of a projected 2030 State population of 49.3 million on its current urban water supply, California would have to reduce per-capita water use to 144 gpcd.

For more information, see the [DWR 20x2020 Water Conservation Program Final Report](#), [Department of Finance Population Projections](#), and the [California Water Plan Update 2009](#).

MOST BASINS ARE IN GOOD SHAPE, BUT SOME FACE CRITICAL OVERDRAFT

Groundwater Storage by Central Valley Basin and Water Year Type



Source: Faunt, C.C. ed., 2009, *Groundwater Availability of the Central Valley Aquifer*: U.S. Geological Survey Professional Paper 1766, 225 p.

- While cumulative changes in groundwater storage does not directly show overdraft, sustained decline in groundwater levels strongly implies systemic overdraft.
- The greatest declines in groundwater storage levels are occurring in regions most dependent on groundwater. Groundwater can make up almost 70 percent of supply for the Tulare Basin region in dry years.
- Groundwater is a depletable resource. Some regions dependent on groundwater are far from surface water and will be hard-pressed to find new water sources if groundwater becomes unusable.

For more information, see [USGS Groundwater Availability of the Central Valley Aquifer](#).

THE DELTA STEWARDSHIP COUNCIL HAS A VARIETY OF ROLES IN ESTABLISHING STATE POLICY FOR THE DELTA INCLUDING AN APPELLATE ROLE FOR BDCP

Delta Stewardship Council Roles



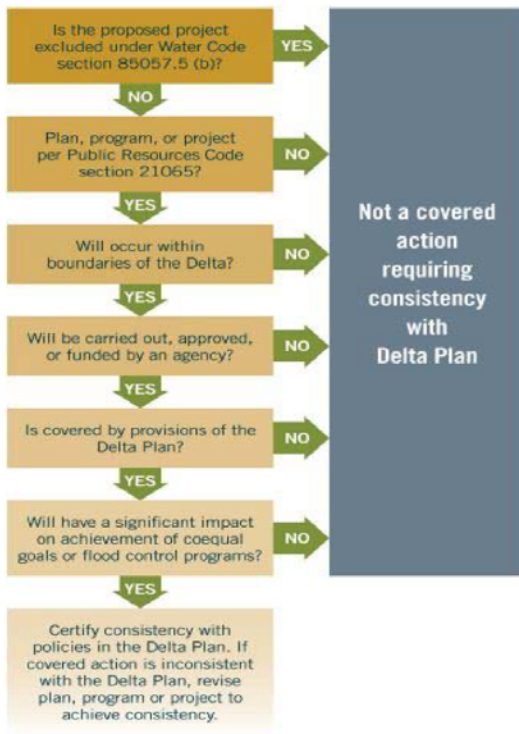
Source: Fifth Staff Draft Delta Plan

- The Delta Stewardship Council is an independent agency of the State that is charged with achieving the coequal goals of providing a more reliable water supply for California, and protecting, restoring, and enhancing the Delta ecosystem.
- The Council is intended to be both foundational and adaptive. It is foundational in that the Council has built on previous efforts and will incorporate other consistent plans into the Delta Plan. It is adaptive in that the Plan will be revised at least every five years and as needed.
- Following completion of the Delta Plan, the Council will determine whether covered actions are consistent with the Delta Plan. The Council also has a limited appellate role for the Bay-Delta Conservation Plan.

For more information, see the [Fifth Staff Draft Delta Plan](#).

COVERED ACTIONS REQUIRE CONSISTENCY WITH THE DELTA PLAN

Decision Tree for Covered Actions



Source: Delta Stewardship Council. 2011. Fifth Staff Draft Delta Plan.

- The requirement of consistency with the Delta Plan applies only to covered actions. The decision must be carried out, approved, or funded by the State or a local public agency.
- In addition, the covered action must have a significant impact, meaning it directly or indirectly affects the achievement of the coequal goals.
- There are statutory exemptions to covered actions such as routine maintenance of the State Water Project and Central Valley Project.

For more information, see the [Fifth Staff Draft Delta Plan](#).



Workshop Memorandum 12-091

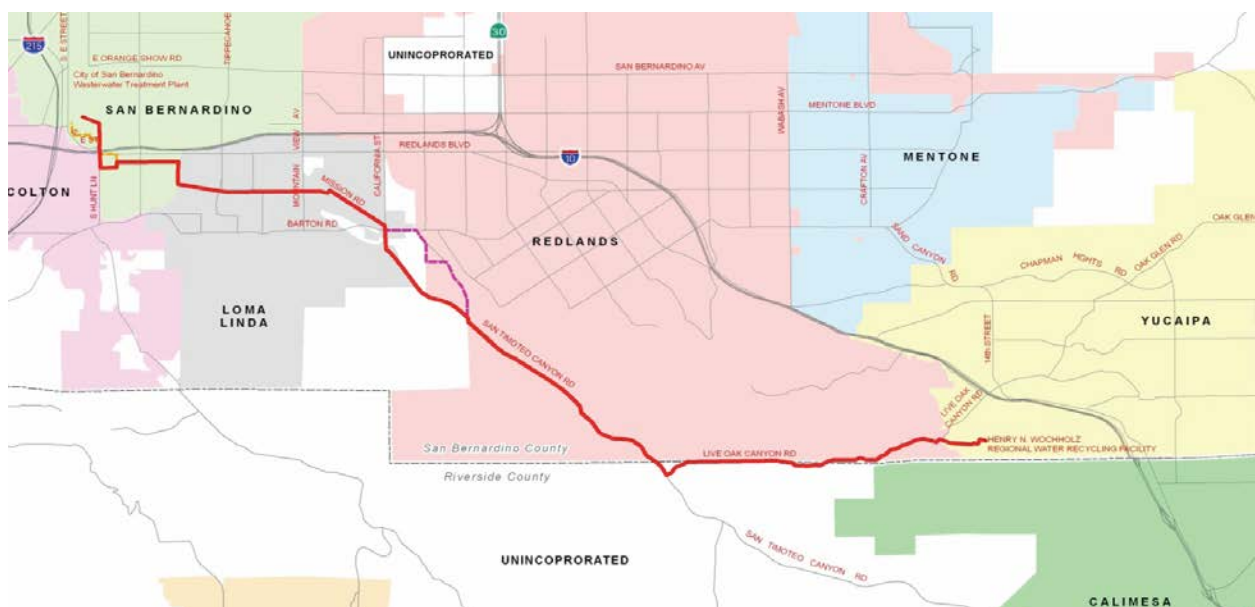
Date: May 8, 2012

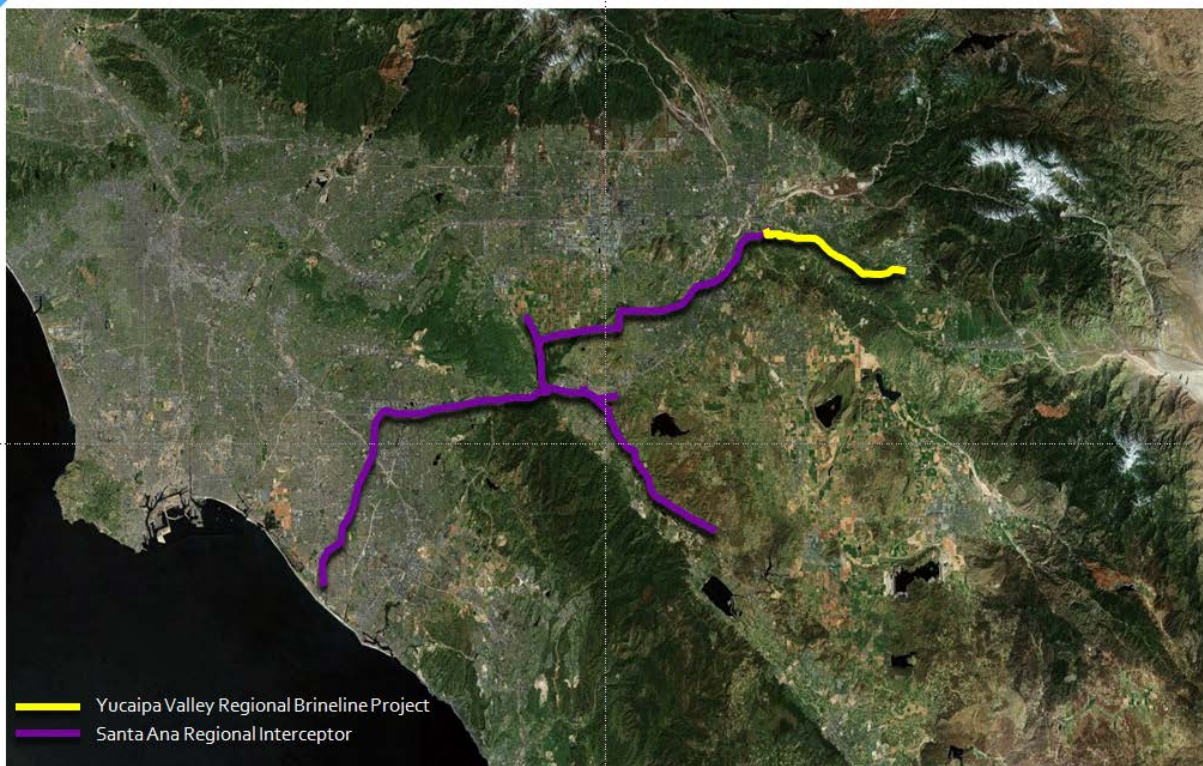
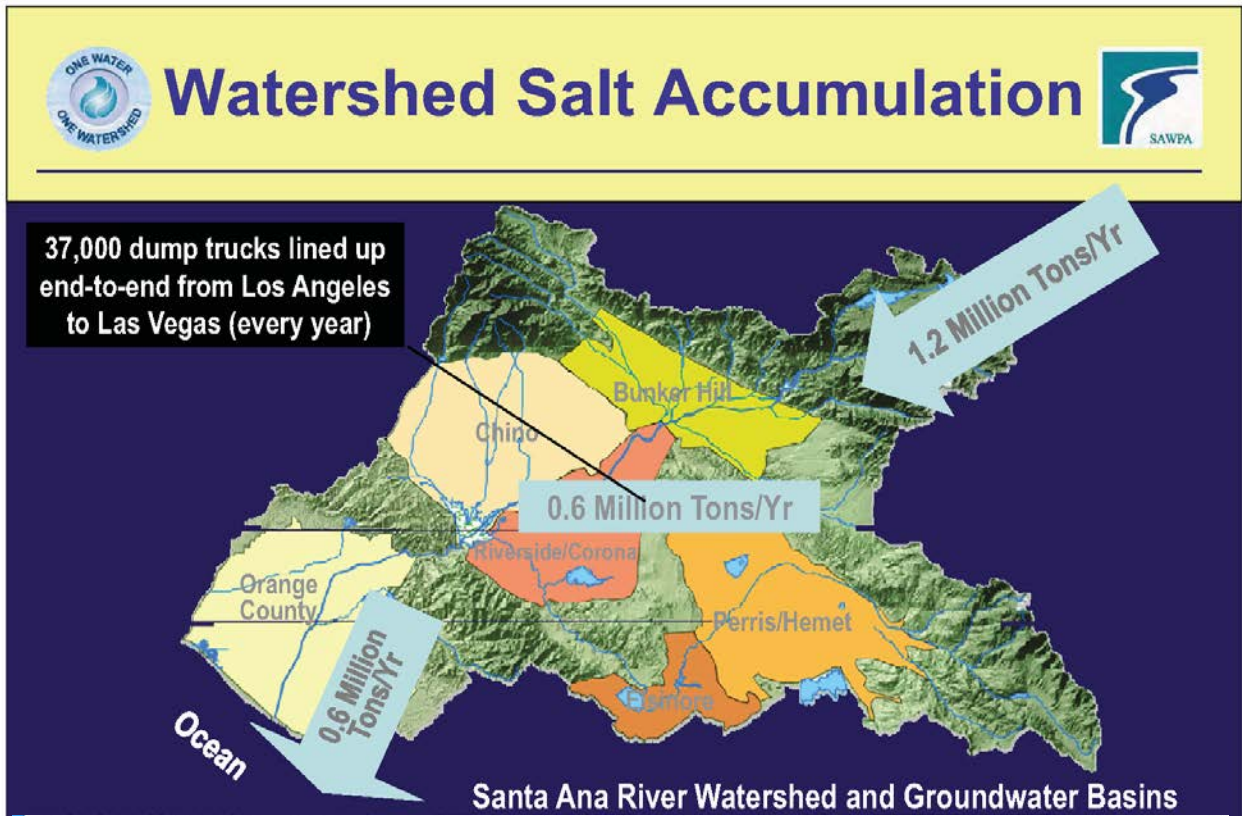
Subject: Status Report on the Construction of the Yucaipa Valley Regional Brineline

Yucaipa Valley Water District is in the process of constructing the Yucaipa Valley Regional Brineline 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.

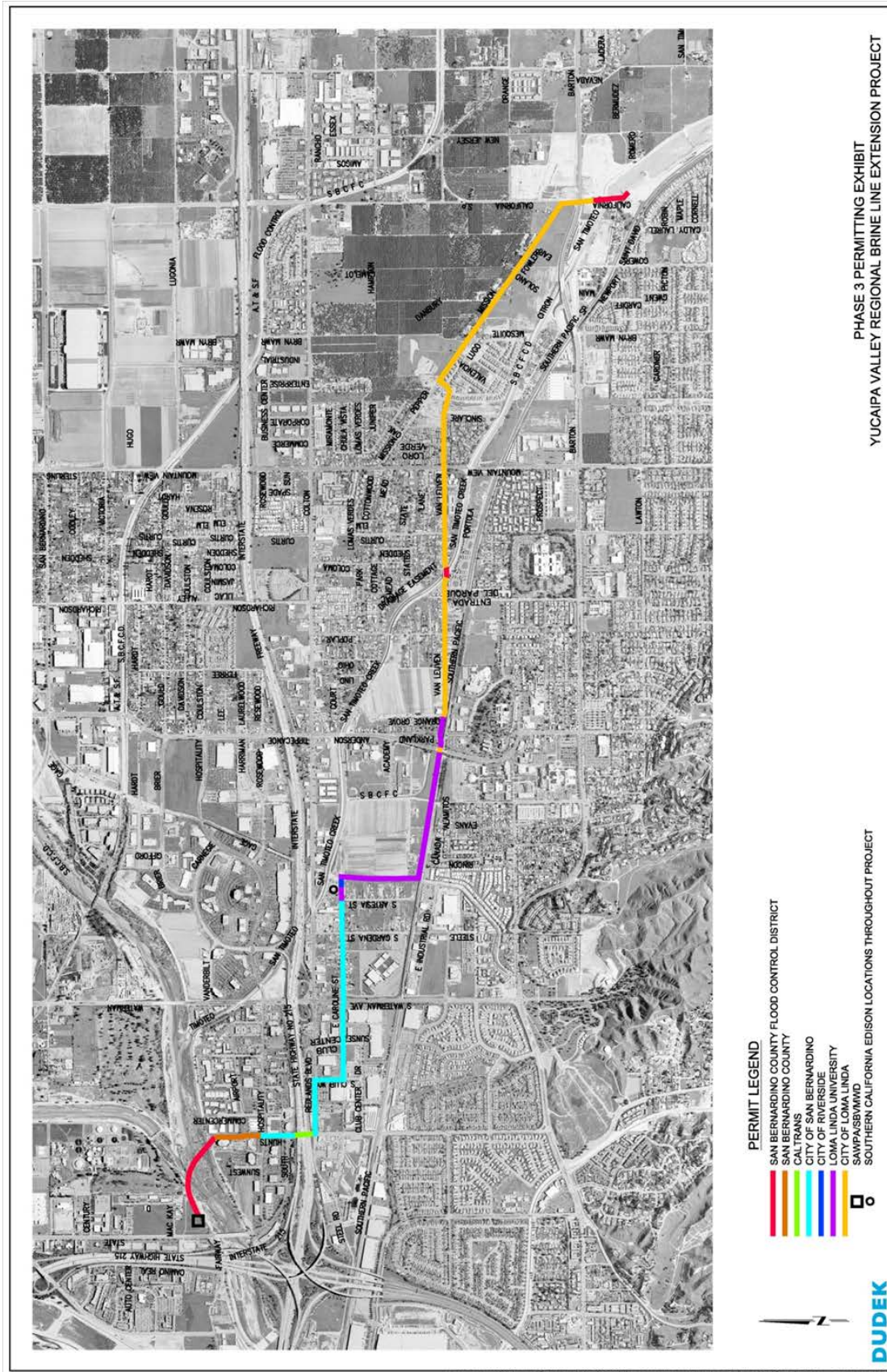
The Yucaipa Valley Regional Brineline Project consists of a 15-mile pipeline through which the District can safely and effectively dispose of the salt water produced. This pipeline will commence at the Wochholz Regional Water Recycling Facility and terminate at an existing brineline near the I-215 and I-10 Interchange. At this point the existing brineline extends 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 Brineline Project.





Yucaipa Valley Regional Water Supply Renewal Project



PHASE 3 PERMITTING EXHIBIT
YUCAIPA VALLEY REGIONAL BRINE LINE EXTENSION PROJECT



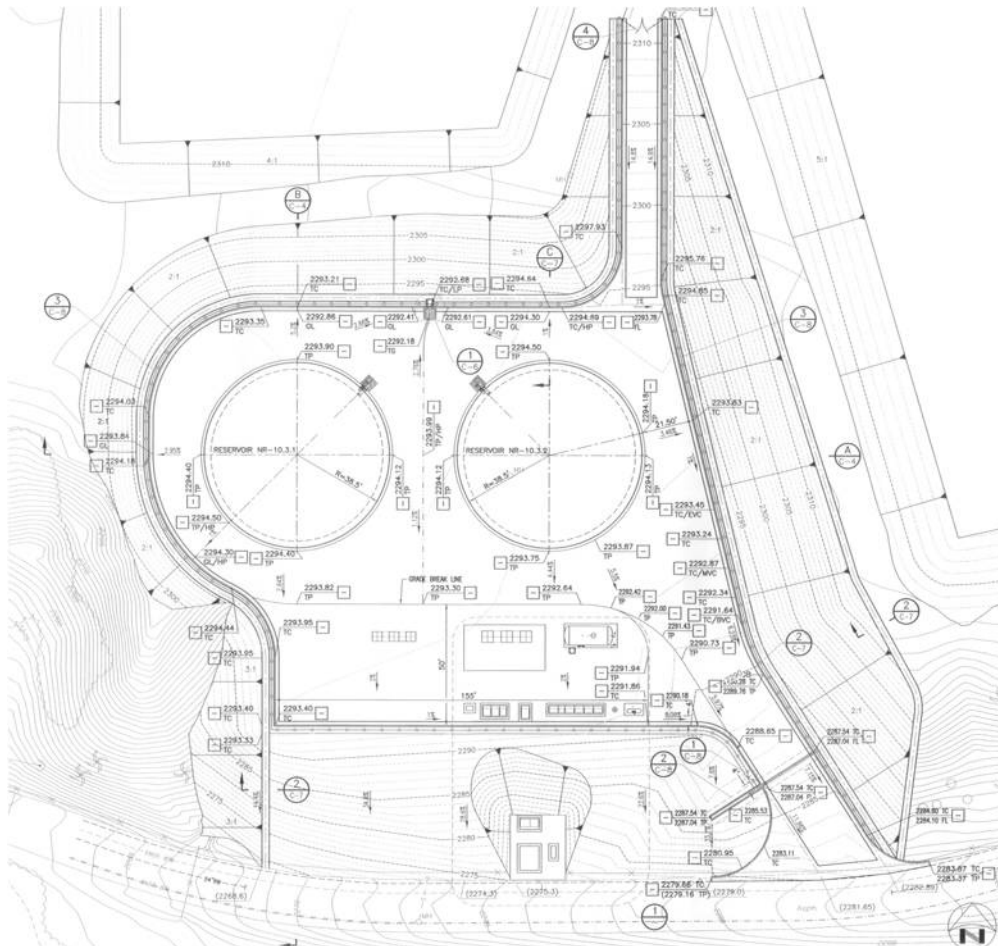


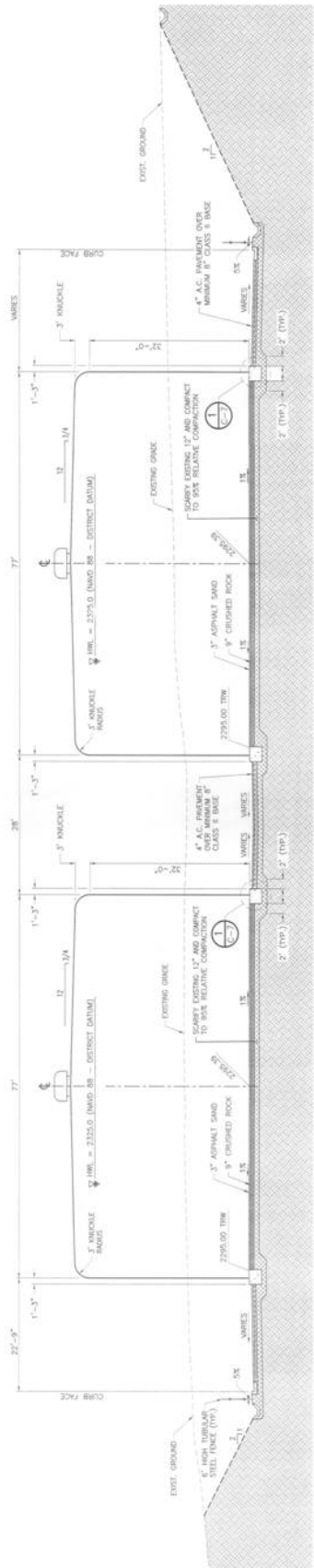
Date: May 8, 2012

Subject: Status Report on the Construction of the R-10 Recycled Water Reservoir and Booster Complex

Yucaipa Valley Water District is in the process of constructing several recycled water facilities to prepare the community for the next drought cycle. By connecting the available recycled water supply at the Wochholz Regional Water Recycling Facility to the existing recycled water system, the District will be able to immediately reduce our dependency on imported water by more than 1,000 acre feet per year. Overall, the aggressive use of recycled water is an important element in our water resource planning.

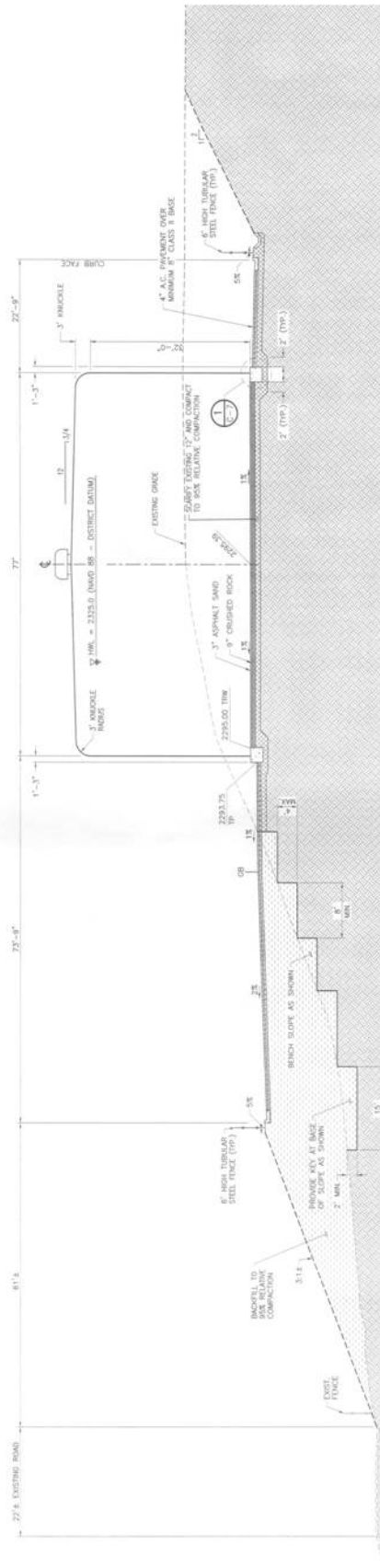
One of the projects planned for completion over the next year is the R-10 Reservoir Complex. This facility is located at the western end of County Line Road in the City of Calimesa. During this agenda item, the District staff will be providing an update of the status of this important project.





A
C-2

RESERVOIR SECTION
SCALE: 1"=10'



B
C-2

RESERVOIR SECTION
SCALE: 1"=10'







Date: May 8, 2012

Subject: Status Report on the Construction of the Crow Street Pipeline

The Yucaipa Valley Water District is in the process of constructing several recycled water facilities to prepare the community for the next drought cycle. By connecting the available recycled water supply at the Wochholz Regional Water Recycling Facility to the existing recycled water system, the District will be able to immediately reduce our dependency on imported water by more than 1,000 acre feet per year. Overall, the aggressive use of recycled water is an important element in our water resource planning.

One of the projects planned for completion over the next year is the Crow Street Pipeline. During this agenda item, the District staff will be providing an update of the status of this important project.

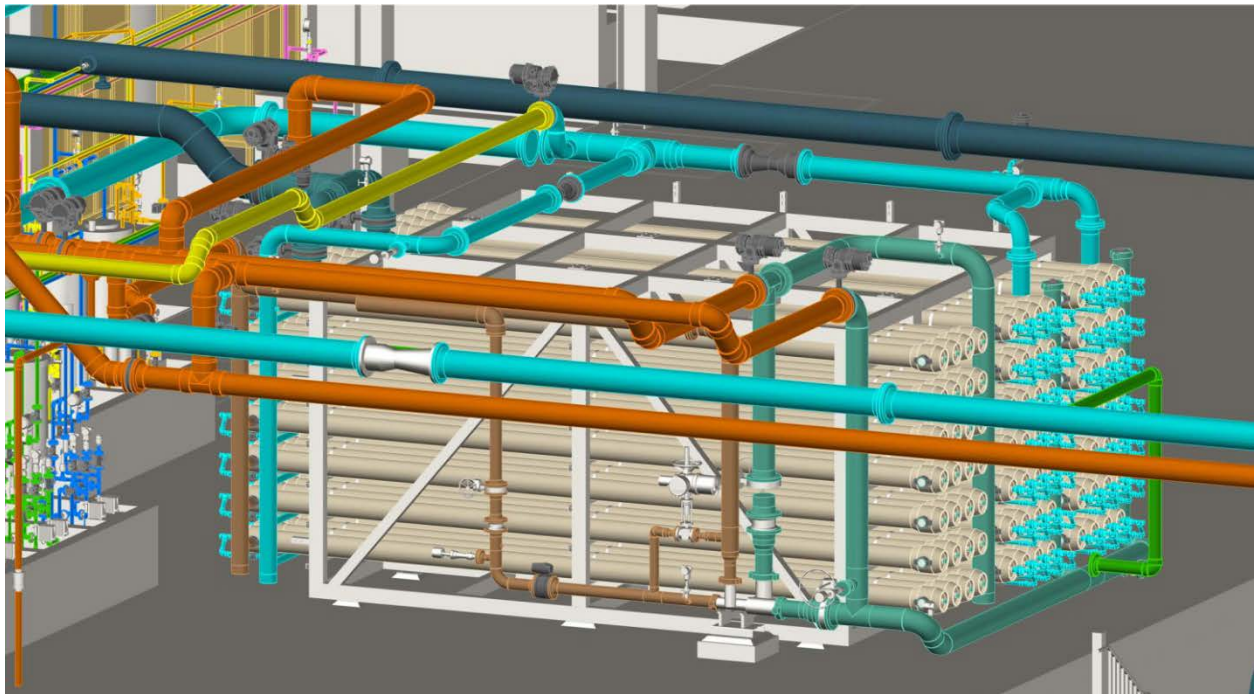


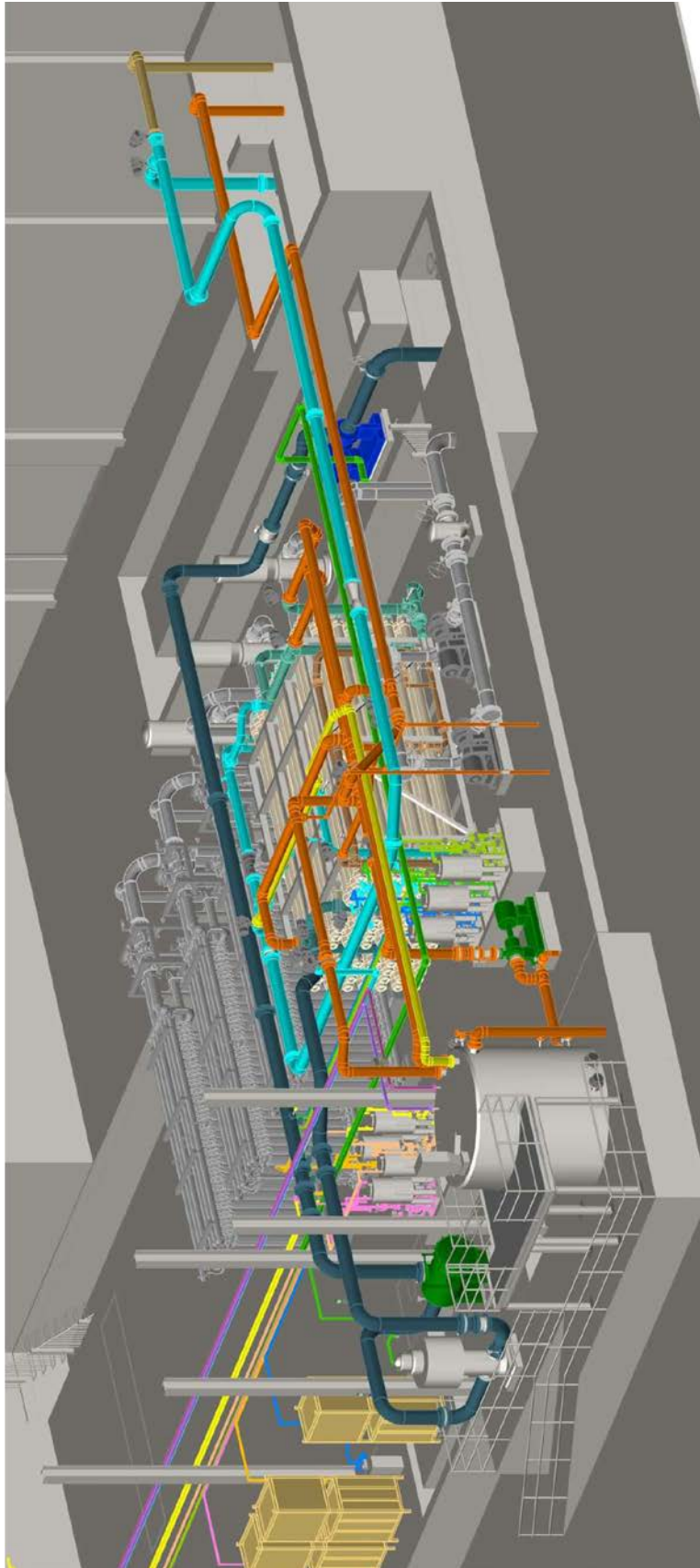
Date: May 8, 2012

Subject: Status Report on the Construction of the Wochholz Improved Salinity Effluent (WISE) Project

Yucaipa Valley Water District is in the process of constructing the Yucaipa Valley Regional Brineline 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 first phase of the reverse osmosis equipment is being designed as part of the Wochholz Improved Salinity Effluent (WISE) Project. This project is currently scheduled for the completion of the construction phase by November 2012.







Date: May 8, 2012

Subject: Formation of Community Facilities District No. 2012-1 (Singleton Heights) to Replace the Non-Formed Community Facilities District No. 2006-1 (Calimesa Springs)

On September 6, 2006, the Board of Directors approved Resolution No. 21-2006 Approving a Joint Community Facilities Agreement for developments in the City of Calimesa. While the District approved the necessary agreements, the Community Facilities District was never established by the developer and the City of Calimesa.

The District staff has been working with the City of Calimesa and one of the developers to revise the prior Community Facilities District No. 2006-1 as Community Facilities District No. 2012-1. The new Community Facilities District would only include Tract No. 26811, the MasterCraft development currently under construction.

The purpose of this agenda item is to discuss the formation of Community Facilities District No. 2012-1.

RESOLUTION NO. 21-2006**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE YUCAIPA VALLEY WATER DISTRICT
APPROVING A JOINT COMMUNITY FACILITIES AGREEMENT**

WHEREAS, on July 17, 2006, the City Council of the City of Calimesa (the "City Council") adopted a resolution stating its intention to form Community Facilities District No. 2006-1 of the City of Calimesa (the "CFD") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part I of Division 2 of Title 5 of the Government Code of the State of California (the "Act"); and

WHEREAS, on July 17, 2006, the City Council also adopted a resolution stating its intention to incur bonded indebtedness in an aggregate principal amount not to exceed \$22,000,000 within the proposed CFD for the purpose of financing certain infrastructure improvements required in connection with the development of land therein, including certain water and sewer facilities as more particularly described in Exhibit B attached hereto (the "Water Facilities"); and

WHEREAS, the Yucaipa Valley Water District (the "District") is a public agency authorized by law to own and operate the Water Facilities; and

WHEREAS, pursuant to Section 53316.2 of the Act ("Section 53316.2"), a community facilities district is authorized to finance facilities to be owned or operated by an entity other than the agency that created the community facilities district only pursuant to a joint community facilities agreement or joint exercise powers of agreement; and

WHEREAS, the District and City of Calimesa (the "City") now desire to enter into a joint community facilities agreement in the form attached hereto as Exhibit A (the "Joint Community Facilities Agreement") in order to comply with Section 53316.2; and

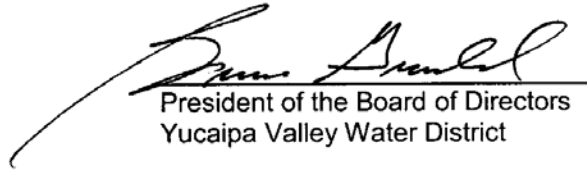
WHEREAS, the District has determined that the construction of the Water Facilities and the conveyance of the Water Facilities to the District in accordance with the Joint Community Facilities Agreement will be beneficial to the residents within the District.

NOW, THEREFORE, the Board of Directors of the Yucaipa Valley Water District does hereby resolve, order and determine as follows:

SECTION 1. Each of the above recitals is true and correct.

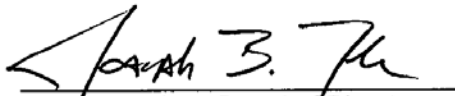
SECTION 2. Pursuant to Section 53316.2, the Board hereby approves the execution and delivery by the District of the Joint Community Facilities Agreement in the form attached hereto as Exhibit A, and hereby declares that the construction of the Water Facilities and the conveyance of the Water Facilities to the District in accordance with the Joint Community Facilities Agreement will be beneficial to the residents within the District.

Adopted by the Directors of the Yucaipa Valley Water District on September 6, 2006.



President of the Board of Directors
Yucaipa Valley Water District

ATTEST:



Secretary of the Board of Directors
Yucaipa Valley Water District

JOINT COMMUNITY FACILITIES AGREEMENT

This Joint Community Facilities Agreement dated as of September 6, 2006 (this "Agreement"), is entered into by and among the CITY OF CALIMESA, CALIFORNIA (the "City"), CALIMESA SPRINGS, LLC, a California limited liability company ("Calimesa Springs"), and the YUCAIPA VALLEY WATER DISTRICT (the "District").

WHEREAS, Calimesa Springs is currently developing land located within the City (the "Development");

WHEREAS, On July 17, 2006, the City Council passed a Resolution of Intention to form Community Facilities District No. 2006-1 of the City of Calimesa (the "CFD") pursuant to Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"), in order to finance the construction of certain infrastructure improvements required in connection with the Development (the "Infrastructure Improvements"), including certain water and sewer improvements (the "Water Facilities");

WHEREAS, Calimesa Springs desires to convey the Water Facilities to the District upon completion thereof;

WHEREAS, Pursuant to Section 53316.2 of the Act, the CFD may finance facilities to be owned or operated by the District only pursuant to a joint community facilities agreement;

WHEREAS, the parties now desire to enter into this Agreement in order to comply with the Act;

NOW, THEREFORE, in consideration of the premises and the mutual promises and material covenants set forth herein, the parties hereto hereby agree as follows:

SECTION 1. CONSTRUCTION AND CONVEYANCE OF WATER FACILITIES.

When the Water Facilities are constructed in a manner acceptable to the District, as determined by the District in accordance with its policies and procedures, Calimesa Springs shall, upon the completion of such construction, convey the Water Facilities to the District, and the District agrees to accept such conveyance from Calimesa Springs. Upon such conveyance of the Water Facilities to the District, the District shall thereafter own and operate such Water Facilities in accordance with its applicable policies and procedures. The City and Calimesa Springs agree that construction of the Water Facilities and the conveyance thereof to the District shall be financed solely from the proceeds of special taxes levied by the CFD and bonds issued by the CFD secured by such special taxes or funds of Calimesa Springs, and in no instance shall the District be under any obligation to expend its own funds for such construction or acquisition. Upon conveyance of the Water Facilities to the District, Calimesa Springs shall grant to the District, by appropriate instruments prescribed by the District, all easements on private property which may be necessary for the proper operation and maintenance of the Water Facilities, or any part thereof. Notwithstanding the foregoing, pursuant to the Agreement to Provide Water, Sewer and Recycled Water Facilities and Service to the Private Development of Parent Tract Number 26811 by and between Calimesa Springs and the District, Calimesa Springs has agreed to make a deposit with the District the amount of \$1,292,500 for the Phase 1 of the pipeline construction costs associated with

the Pressure Zone 12 Cross-Town Pipeline plus design costs. The City intends to finance such Water Facilities with proceeds of bonds issued by the CFD, which bond issuance shall be at the sole discretion of the City. Only to the extent bond proceeds are available, and only upon receipt of sufficient evidence that such deposit has been made to the District, the City shall pay to Calimesa Springs the amount equal to such deposit.

SECTION 2. EXECUTION IN COUNTERPARTS. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 3. GOVERNING LAW. This Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

CITY OF CALIMESA, CALIFORNIA

By: 
Authorized Signatory


ATTEST:




City Clerk

CALIMESA SPRINGS, LLC a California limited liability company


By: CALIMESA SPRINGS, LLC a California limited liability company

By: 
Member

YUCAIPA VALLEY WATER DISTRICT

By: 
President

ATTEST:



District Secretary

DESCRIPTION OF WATER AND SEWER FACILITIES

The water and sewer facilities to be constructed by Developer and conveyed to the Yucaipa Valley Water District are as follows:

- Design of Phase 1 of the 24-inch Potable Water Pipeline
- Cost of Construction of Phase 1 of the 24-inch Potable Water Pipeline
- In-Tract Zone 12 Water Improvements (Backbone)
- Removal of Existing Water Reservoir and Reconstruction of Existing Zone 12 Water Line (Backbone)



Agenda Item No. 5

STAFF REPORT

CITY OF CALIMESA CITY COUNCIL MEETING

SUBJECT: Formation of Community Facilities District No. 2012-1 (Singleton Heights) and dissolution of Community Facilities District No. 2006-1 (Calimesa Springs)

MEETING DATE: March 5, 2012

PRESENTED BY: Randy Anstine, City Manager

PREPARED BY: Randy Anstine, City Manager

RECOMMENDATION: That the City Council:

1. Adopt Resolution No. 2012-08 A Resolution of the City Council of the City of Calimesa, California, of Intention to establish a community facilities district, designating improvement areas, describing improvements and services to be financed and setting a time and place for public hearing thereon; and
2. Adopt Resolution No. 2012-09, A Resolution of the City Council of the City of Calimesa, California, of Intention to incur bonded indebtedness within said community facilities district.

SUMMARY: Community Facilities Districts are a form of financing that can be used by cities, counties, school district, and special districts. CFDs raise money through special taxes that must be approved by 2/3 of the voters within the CFD. Most often, CFDs are formed by the landowner prior to subdivision. A CFD can be formed to finance a wide list of improvements, which include roads, water facilities, sewers and schools. They also used to finance ongoing maintenance services such as landscaping, streets, lighting and drainage facilities. The taxes are secured by a continuing lien and are levied against property within the district on an annual basis. The revenue stream is used to pay debt service on bonds, to finance facilities on a pay-as-you-go basis, and to pay for services or a combination thereof. It is anticipated that the City will issue bonds to fund the facilities and fees financed by the CFD. Services will be funded by the annual special tax for services.

The City is in receipt of a Petition (including consent and waiver) with respect to a development for Singleton Road, LLC who are the owners of the property in the proposed development (the "Owner"). The Owner is requesting that the City move forward and declare its intent to form a community facilities district designated as "Community Facilities District No. 2012-1 (Singleton Heights) of the City of Calimesa" ("CFD No. 2012-1"), designating

City Council meeting of March 5, 2012
Page 2 of 2

improvement areas, and issue bonds secured by special taxes within CFD No. 2012-1. Additionally, the Owner is requesting the dissolution of Community Facilities District No. 2006-1 (Calimesa Springs) ("CFD No. 2006-1").

The Owner intends to develop 268 residential housing units on the property in two improvement areas. Improvement Area 1 which is currently under construction and is located directly west of Singleton Road will include 121 units and Improvement Area 2 located on the western most portion of the property will include 147 residential units. On September 18, 2006 the City Council formed CFD No. 2006-1 on this property. However, due to the changes in the housing market subsequent to the formation of CFD No. 2006-1, Master Craft Homes has requested the formation of CFD No. 2012-1 to reduce the special taxes and the dissolution of CFD No. 2006-1 which will be replaced by CFD No. 2012-1, if approved.

Once CFD 2012-1 is formed it is the intent to issue bonds secured by special taxes within CFD 2012-1 when market conditions allow. CFD No. 2012-1 shall be comprised of two improvement areas. The financing meets or will (at the time of issuance if a waiver is not requested) all City policies and procedures with respect to financing public improvements in connection with land development. The "not to exceed" bond amount for the District has been approved by the City Financial Advisor as \$6,000,000 with respect to Improvement Area No. 1 and \$10,000,000 with respect to Improvement Area No. 2. The facilities and fees of public agencies proposed to be financed, the services proposed to be financed and the rate and method of apportionment of the special tax proposed to be levied following an election as well as the proposed boundaries of the CFD are described on the exhibits to the resolution of intention to form the District.

FISCAL IMPACT: None. Funds provided by developer deposit and bond proceeds.

ATTACHMENTS:

Attachment A: Resolution No. 2012-08
Attachment B: Resolution No. 2012-09

Attachment 5A

RESOLUTION NO. 2012-08**RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF CALIMESA TO ESTABLISH CITY OF CALIMESA COMMUNITY FACILITIES DISTRICT NO. 2012-1 (SINGLETON HEIGHTS); AND DESIGNATING IMPROVEMENT AREAS WITHIN SAID COMMUNITY FACILITIES DISTRICT**

WHEREAS, the City Council (the "Council") of the City of Calimesa (the "City") has received a petition (the "Petition") requesting the dissolution of City of Calimesa Community Facilities District No. 2006-1 (Calimesa Springs) ("CFD 2006-1") and the institution of proceedings for (i) formation of a community facilities district ("CFD 2012-1") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the California Government Code (the "Act"), (ii) designation of improvement areas within CFD 2012-1, (iii) authorization of issuance of bonds for each improvement area within CFD 2012-1, and (iv) establishment of an appropriations limit for each improvement area within CFD 2012-1; and

WHEREAS, the Council has determined that the Petition complies with the requirements of Government Code Section 53318(c) and now intends to initiate such proceedings; and

WHEREAS, it is the intention of the Council to finance landscape, lighting, streets, storm drain and detention basin maintenance services that are in addition to those provided in the territory within CFD 2012-1 prior to the formation of CFD 2012-1 and do not supplant services already available within the territory proposed to be included in CFD 2012-1 through the formation of CFD 2012-1 subject to the levy of a special tax to pay for such services, being approved at an election to be held within the boundaries of each improvement area within CFD 2012-1; and

WHEREAS, it is the intention of the Council to finance the acquisition and construction of the Facilities (as defined below) or any combination thereof through the formation of CFD 2012-1, subject to the authorization of bonds and the levy of a special tax to pay lease payments, installment purchase payments or other payments, or principal and interest on bonds, being approved at an election to be held within the boundaries of each improvement area within CFD 2012-1; and

WHEREAS, pursuant to Section 53350 of the Act, the Council may designate a portion or portions of CFD 2012-1 as one or more improvement areas for purposes of financing of, or contributing to the financing of, specified public facilities;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CALIMESA DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Council hereby determines to dissolve CFD 2006-1. Upon the adoption of an ordinance dissolving CFD 2006-1, the Council shall cause an addendum to be recorded to the Notice of Special Lax Lien recorded pursuant to Section 3114.5 of the Streets and Highways Code which shall state that CFD 2006-1 and all associated liens, if any, have been dissolved.

Section 2. The Council hereby determines to institute proceedings for the formation of a community facilities district under the terms of the Act. The exterior boundaries of CFD 2012-1 are hereby specified and described to be as shown on that certain map now on file in the office of the Clerk entitled "Map of Proposed Boundaries Community Facilities District No. 2012-1 (Singleton Heights)," which map indicates by a boundary line the extent of the territory included in each improvement area within CFD 2012-1 and shall govern for all details as to the extent of each improvement area within CFD 2012-1. On the original and one copy of the map on file in the City Clerk's office, the City Clerk shall endorse the certificate evidencing the date and adoption of this resolution. The City Clerk shall file the original of such map in her office and, within fifteen (15) days after the adoption of this Resolution, the City Clerk shall file a copy of such map so endorsed in the records of the County Recorder, County of Riverside, State of California.

Section 3. The name of the proposed community facilities district shall be "City of Calimesa Community Facilities District No. 2012-1 (Singleton Heights)."

Section 4. The Council hereby designates the portions of CFD 2012-1 as described in Exhibit A attached hereto, as Improvement Area No. 1 and Improvement Area No. 2, respectively, of City of Calimesa Community Facilities District No. 2012-1 (Singleton Heights).

Section 5. Except where funds are otherwise available, it is the intention of the Council to levy annually in accordance with procedures contained in the Act a special tax (the "Services Special Tax") sufficient to finance a portion of the cost of providing landscaping, lighting, streets, storm drain and detention basin maintenance services (the "Services") that are in addition to those provided in the territory within CFD 2012-1 prior to the formation of CFD 2012-1 and do not supplant services already available within the territory proposed to be included in CFD 2012-1, the costs of administering the levy and collection of the Services Special Tax and all other costs of the levy of the Services Special Tax, including any legal, fiscal, and financial consultant fees, election costs, and all other administrative costs of the tax levy. The Services Special Tax will be secured by recordation of a continuing lien against all non-exempt real property in the respective improvement areas of CFD 2012-1. The schedule of the rate and method of apportionment and manner of collection of the Services Special Tax is described in detail in Exhibit B attached hereto and by this reference incorporated herein. The Services Special Tax is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act.

Section 6. The facilities proposed to be financed by each improvement area of CFD 2012-1 are public infrastructure facilities and other governmental facilities with an estimated useful life of five years or longer, which CFD 2012-1 is authorized by law to construct, own or operate and that are necessary to meet increased demands placed upon the City as a result of development or rehabilitation occurring within the proposed CFD 2012-1, including but not limited to street and storm drain improvements, City capital impact fees and Yucaipa Valley Water District water facilities, and related costs including designs, inspections, professional fees, connection fees and acquisition costs (the "Facilities"). Such Facilities need not be physically located within CFD 2012-1.

Section 7. Except where funds are otherwise available, it is the intention of the Council to levy annually in accordance with procedures contained in the Act a special tax (the "Special Tax") within the respective improvement areas of CFD 2012-1 sufficient to pay for the costs of financing the acquisition and/or construction of the Facilities, including the principal of and interest on the bonds proposed to be issued to finance the Facilities and other periodic costs, the establishment and replenishment of reserve funds, the remarketing, credit enhancement and liquidity fees, the costs of administering the levy and collection of the Special Tax and all other costs of the levy of the Special Tax and issuance of the bonds, including any foreclosure proceedings, architectural, engineering, inspection, legal, fiscal, and financial consultant fees, discount fees, interest on bonds due and payable prior to the expiration of one year from the date of completion of facilities (but not to exceed two years), election costs and all costs of issuance of the bonds, including, but not limited to, fees for bond counsel, disclosure counsel, financing consultants and printing costs, and all other administrative costs of the tax levy and bond issue. The Special Tax will be secured by recordation of a continuing lien against all non-exempt real property in the respective improvement areas. In the first year in which such a Special Tax is levied, the levy shall include a sum sufficient to repay to the City all amounts, if any, transferred to CFD 2012-1 pursuant to Section 53314 of the Act and interest thereon. The schedule of the rate and method of apportionment and manner of collection of the Special Tax is described in detail in Exhibit B attached hereto and by this reference incorporated herein. The Special Tax is based upon the cost of financing the Facilities in CFD 2012-1, the demand that each parcel will place on the Facilities and the benefit (direct and/or indirect) received by each parcel from the Facilities.

The Special Tax is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act. In the event that a portion of the property within an improvement area of CFD 2012-1 shall become for any reason exempt, wholly or partially, from the levy of the Special Tax, the Council shall, on behalf of CFD 2012-1, increase the levy to the extent necessary upon the remaining property within the same improvement area of CFD 2012-1 which is not delinquent or exempt in order to yield the required payments, subject to the maximum tax. Under no circumstances, however, shall the Special Tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the same improvement area of CFD 2012-1 by more than 10 percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. Furthermore, the maximum special tax authorized to be levied against any parcel used for private residential purposes shall not be increased over time in excess of 2 percent per year.

Section 8. The Council hereby finds that the proposed Facilities are necessary to meet increased demands put upon the City as a result of the new development or rehabilitation within the proposed CFD 2012-1.

Section 9. A public hearing (the "Hearing") on the establishment of CFD 2012-1 and the proposed rate and method of apportionment of the Services Special Tax and the Special Tax shall be held on April 16, 2012, at 6:00 o'clock p.m., or as soon thereafter as practicable, at the chambers of the City Council of the City of Calimesa, 908 Park Avenue, Calimesa, California 92320.

Section 10. At the time and place set forth above for the hearing, any interested person, including all persons owning lands or registered to vote within the proposed CFD 2012-1, may appear and be heard.

Section 11. Each City officer who is or will be responsible for the Services and the Facilities to be financed by CFD 2012-1, if it is established, is hereby directed to study the proposed CFD 2012-1 and, at or before the time of the above-mentioned Hearing, file a report with the Council, and which is to be made a part of the record of the Hearing, containing a brief description of the Services and the Facilities by type which will in his or her opinion be required to adequately meet the needs of CFD 2012-1 and his or her estimate of the cost of providing the Services and the Facilities. The City Manager is directed to estimate the fair and reasonable cost of all incidental expenses, including the cost of planning and designing the Facilities to be financed pursuant to the Act, including the cost of environmental evaluations of such facilities, all costs associated with the creation of CFD 2012-1, issuance of bonds, determination of the amount of any special taxes, collection of any special taxes, or costs otherwise incurred in order to carry out the authorized purposes of the City with respect to CFD 2012-1, and any other expenses incidental to the construction, completion and inspection of the authorized work to be paid through the proposed financing.

Section 12. The City may accept advances of funds from any sources, including private persons or private entities, and is authorized and directed to use such funds for any authorized purpose, including any cost incurred by the City in creating CFD 2012-1. The City may enter into an agreement to repay all of such funds as are not expended or committed for any authorized purpose at the time of the election on the levy of the Services Special Tax and the Special Tax, if the proposal to levy such tax should fail, and to repay all of such funds advanced if the levy of the Services Special Tax and the Special Tax shall be approved by the qualified electors of CFD 2012-1.

Section 13. The City Clerk is hereby directed to publish a notice ("Notice") of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of the proposed CFD 2012-1. Such Notice shall contain information set forth in Section 53322 of the Act. Such publication shall be completed at least 7 days prior to the date of the Hearing.

Section 14. The Clerk may send a copy of the Notice by first-class mail, postage prepaid, to each registered voter and to each landowner within proposed CFD 2012-1 as shown on the last equalized assessment roll. Said mailing shall be completed not less than fifteen (15) days prior to the date of the Hearing.

Section 15. Pursuant to Section 53344.1 of the Act, the Council hereby reserves to itself, in its sole discretion, the right and authority by subsequent resolution to allow any owner of property within CFD 2012-1, subject to the provisions of Section 53344.1 of the Act and those conditions as it may impose, and any applicable prepayment penalties as prescribed in the bond indenture or comparable instrument or document, to tender to CFD 2012-1 treasurer in full payment or part payment of any installment of the special taxes or the interest or penalties thereon which may be due or delinquent, but for which a bill has been received, any bond or other obligation secured

thereby, the bond or other obligation to be taken at par and credit to be given for the accrued interest shown thereby computed to the date of tender.

Section 16. The voting procedure with respect to the imposition of the Services Special Tax and the Special Tax shall be by hand delivered or mailed ballot election.

PASSED, APPROVED AND ADOPTED this 5th day of March, 2012,

ELLA ZANOWIC, MAYOR

ATTEST:

DARLENE GERDES, CITY CLERK

APPROVED AS TO FORM:

KEVIN ENNIS, CITY ATTORNEY

EXHIBIT A

IMPROVEMENT AREA DESIGNATION

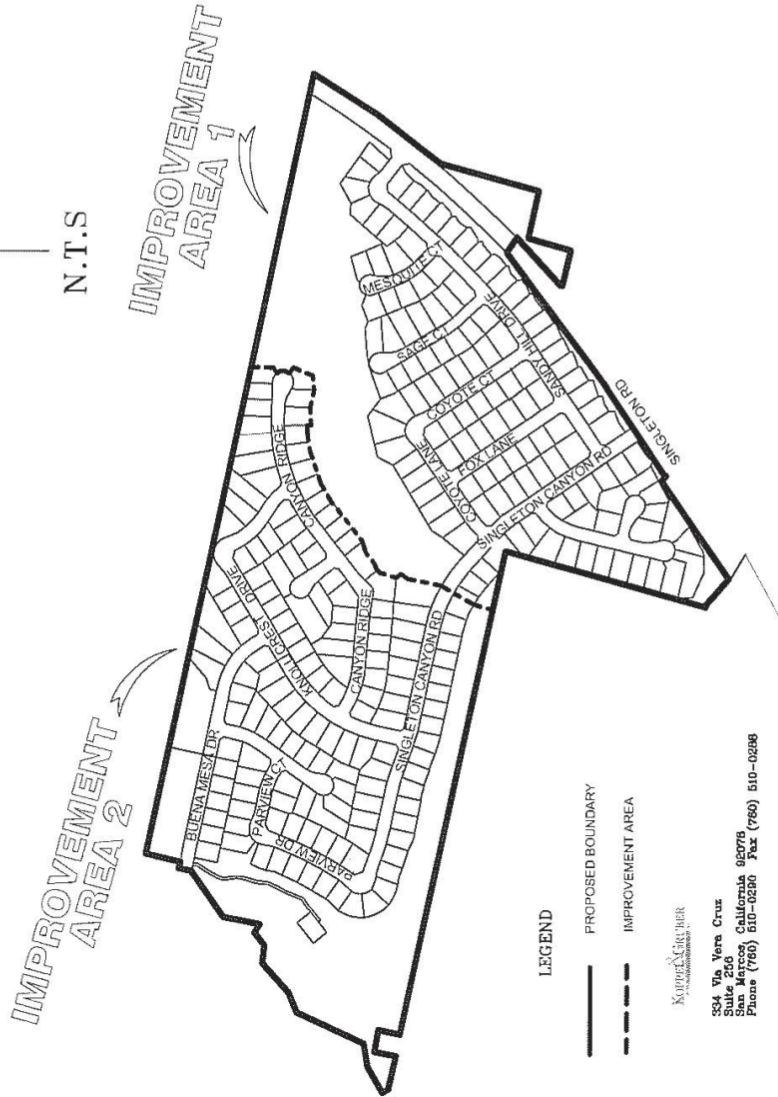
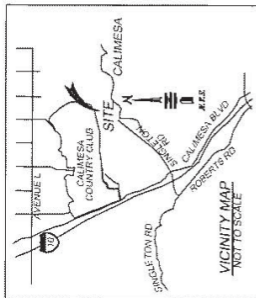
SHEET 1 OF 2

MAP OF PROPOSED BOUNDARIES
COMMUNITY FACILITIES DISTRICT NO. 2012-1 (SINGLETON HEIGHTS)

CITY OF CALIMESA
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA



N.T.S



LEGEND

- PROPOSED BOUNDARY
- - - IMPROVEMENT AREA

KOOPER & GARDNER
INCORPORATED

334 Via Yoro Cruz
Suite 200
San Marcos, California 92076
Phone (760) 510-0280 Fax (760) 510-0288

FEBRUARY 2012

FILED IN THE OFFICE OF THE CITY CLERK THIS _____ DAY
OF _____, 2012.

DARLENE GERDES
CITY CLERK
CITY OF CALIMESA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2012-1(SINGLETON HEIGHTS), CITY OF CALIMESA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF PERRIS AT A REGULAR MEETING THEREOF, HELD ON THE _____ DAY OF _____, 2012, BY ITS RESOLUTION NO. _____.

DARLENE GERDES
CITY CLERK
CITY OF CALIMESA

FILED THIS _____ DAY OF _____, 2012, AT THE HOUR OF _____ O'CLOCK _____ M. IN THE BOOK _____ OF _____ AND INSTRUMENT NO. _____ IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

LARRY W. WARD
COUNTY RECORDER
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS DIAGRAM SHALL BE THOSE LINES AND DIMENSIONS AS SHOWN ON THE RIVERSIDE COUNTY ASSESSORS MAPS FOR THOSE PARCELS LISTED.

THE RIVERSIDE COUNTY ASSESSORS MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OR PARCELS.

MAP OF PROPOSED BOUNDARIES OF
COMMUNITY FACILITIES DISTRICT NO. 2012-1 (SINGLETON HEIGHTS)

CITY OF CALIFORNIA
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA

IMPROVEMENT AREA NO. 1	
ASSESSORS PARCEL NUMBERS	
413-240-012	413-240-014
413-590-001	THRU
413-591-001	THRU
413-591-004	
413-630-001	THRU
413-631-001	THRU
413-632-001	THRU
413-633-001	THRU
413-640-001	THRU
413-641-001	THRU
413-642-001	THRU
	413-630-014
	413-631-014
	413-632-024
	413-633-013
	413-640-012
	413-641-010
	413-642-009

IMPROVEMENT AREA NO. 2	
ASSESSORS PARCEL NUMBERS	
413-240-009	THRU
413-591-003	
413-600-001	THRU
413-601-001	THRU
413-602-001	THRU
413-610-001	THRU
413-611-001	THRU
413-612-001	THRU
413-613-001	THRU
413-614-001	THRU
413-620-001	THRU
413-621-001	THRU
413-622-001	THRU
	413-600-017
	413-601-013
	413-602-025
	413-610-008
	413-611-012
	413-612-007
	413-613-017
	413-614-014
	413-620-010
	413-621-009
	413-622-014

KOPPEL & GRUBER
PUBLIC ACCOUNTANTS & CPAs
324 Via Yero Cruz
Suite 206
San Marcos, California 92078
Phone (760) 510-0590
Fax (760) 510-0586
FEBRUARY 2012

EXHIBIT B

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

**COMMUNITY FACILITIES DISTRICT NO. 2012-1
(SINGLETON HEIGHTS)
IMPROVEMENT AREA NO. 1
OF THE CITY OF CALIMESA
RATE AND METHOD OF APPORTIONMENT**

A Special Tax shall be levied on all Taxable Property (as defined below) within the boundaries of Improvement Area No. 1 (“IA No. 1”) of Community Facilities District No. 2012-1 (Singleton Heights), (“CFD No. 2012-1”) of the City of Calimesa (“City”) and collected each Fiscal Year commencing in Fiscal Year 2012/2013 in an amount determined by the City Council (as defined below), through the application of this Rate and Method of Apportionment of the Special Tax to the extent and in the manner herein provided.

1. DEFINITIONS

“**Acreage**” or “**Acre**” means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable Final Subdivision Map, parcel map, condominium plan, or other recorded County parcel map. An Acre means 43,560 square feet of land.

“**Act**” means the Mello-Roos Community Facilities 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.

“**Administrative Expenses**” means the expenses incurred by the City on behalf of IA No. 1 related to the determination of the amount of the levy of Annual Special Taxes; the collection of Annual Special Taxes including the expenses of collecting delinquencies; the administration of the Bonds; the payment of salaries and benefits of any employee of the City whose employment duties are directly related to the administration of IA No. 1; and the costs otherwise incurred in order to carry out authorized purposes of IA No. 1.

“**Annual Special Tax**” means any Special Tax actually levied in any Fiscal Year on any Assessor’s Parcel.

“**Assessor**” means the Assessor of the County.

“**Assessor's Parcel**” means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel number.

“Assessor’s Parcel Map” means an official map of the County designating parcels by Assessor’s Parcel number.

“Assigned Special Tax A” means the Special Tax A for each Land Use Class, as determined in accordance with Section 3 below.

“Backup Special Tax A” means the Special Tax amount applicable to each Assessor’s Parcel of Developed Property, as determined in accordance with Section 3.A (ii) below.

“Bonds” means any obligation of IA No. 1 to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, secured in whole or in part by the levy of Special Taxes.

“Building Permit” means a building permit for the construction of one or more Residential Units within CFD No. 2012-1, IA No. 1 issued by the City.

“Building Square Footage” means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage shall be made by reference to the building permit(s) issued for such Assessor’s Parcel.

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“CFD Administrator” means an authorized representative of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities and the Special Tax Requirement for Services, for preparing the Annual Special Tax roll and calculating the Backup Special Tax.

“CFD No. 2012-1” means Community Facilities District No. 2012-1 (Singleton Heights) of the City.

“City” means the City of Calimesa, California.

“City Council” means the City Council of the City of Calimesa, acting as the legislative body of CFD No. 2012-1, or its designee.

“Consumer Price Index” means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for “All Urban Consumers” in the Los Angeles-Anaheim-Riverside Area, measured as of the month of April in the previous Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index that is reasonably comparable to the Consumer

Price Index for the Los Angeles-Anaheim-Riverside Area, as determined by the CFD Administrator.

“County” means the County of Riverside, California.

“Debt Service” means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1 of such Fiscal Year.

“Developed Property” means for each Fiscal Year, all Assessor’s Parcels of Taxable Property, exclusive of Assessor’s Parcels of Provisional Undeveloped Property, for which a Building Permit was issued prior to April 1 of the previous Fiscal Year.

“Exempt Property” means Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section 9.

“Final Subdivision Map” means a subdivision of property created by recordation of a final map or parcel map, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352 or lot line adjustment that creates individual lots for which building permits may be issued without further subdivision.

“Fiscal Year” means the period starting on July 1 and ending the following June 30.

“Improvement Area 1” or “IA No. 1” means Improvement Area 1 of CFD No. 2012-1, as identified on the boundary map for CFD No. 2012-1, as in effect on the date of formation of IA No. 1, and as may thereafter be amended in accordance with the Act.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Use Class” means any of the classes listed in Table 1 under Section 3 below.

“Lot” means an individual legal lot created by a Final Subdivision Map.

“Mandatory Maximum Special Tax Reduction” means a mandatory reduction of the Maximum Special Tax A prior to the issuance of Bonds as set forth in Section 7 below.

“Maximum Special Tax A” means the Maximum Special Tax A (Facilities), determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Special Tax B” means the Maximum Special Tax B (Services), determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Outstanding Bonds” means all Bonds, which are deemed to be outstanding under the Indenture.

“Partial Prepayment Amount” means a prepayment of a portion of the Special Tax A Obligation applicable to an Assessor’s Parcel of Taxable Property as set forth in Section 6.B below.

“Property Tax Burden” means the total estimated amount of taxes a residential owner would expect to pay including ad valorem property taxes, special assessments, fees and charges placed on the County property tax bill and is expressed as a percentage of value as determined in Section 7.

“Proportionately” or “Proportionate” means for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax A or Maximum Special Tax B, as applicable, per Acre is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property as described in Section 3 below.

“Provisional Undeveloped Property” means all Assessor’s Parcels of property that would otherwise be classified as Exempt Property pursuant to the provisions of Section 9, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section 9.

“Residential Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

“Services” means the services eligible to be funded by IA No. 1.

“Special Tax” means any special tax authorized to be levied within CFD No. 2012-1 pursuant to the Act and this Rate and Method of Apportionment.

“Special Tax A” means the Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within IA No. 1 to fund the Special Tax Requirement for Facilities.

“Special Tax B” means the Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within IA No. 1 to fund the Special Tax Requirement for Services.

“Special Tax A Obligation” means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax A for the remaining life of CFD No. 2012-1.

“Special Tax Requirement for Facilities” means that amount required in any Fiscal Year to: (i) pay Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) the costs associated with the release of funds from an escrow account established in association with the Bonds; (vi) accumulate funds to pay directly for acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property, and (vii) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (viii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

“Special Tax Requirement for Services” means that amount required in any Fiscal Year to: (i) pay the costs of Services incurred or otherwise payable in the Calendar Year commencing in such Fiscal Year; (ii) fund an operating reserve for the costs of Services as determined by the CFD Administrator; less a credit for funds available to reduce the annual Special Tax B levy as determined by the CFD Administrator. If the operating reserve is funded at 100% of the cost of Services payable in the Calendar Year commencing in such Fiscal Year, Special Tax B shall only be levied on Undeveloped Property or Provisional Undeveloped Property for the purposes paying the costs of Services.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2012-1, which are not exempt from the levy of the Special Tax pursuant to law or Section 9 below.

“Trustee” means the trustee or fiscal agent under the Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property within the boundaries of IA No. 1 not classified as Developed Property or Provisional Undeveloped Property.

2. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2012/2013, each Assessor’s Parcel within the boundaries of IA No. 1 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property within IA No. 1 shall be classified as Developed Property, Undeveloped Property or Provisional Undeveloped Property, and all such Taxable Property shall be subject to the levy of Special Taxes in

accordance with this Rate and Method of Apportionment determined pursuant to Sections 3 and 4 below. Furthermore, each Assessor’s Parcels of Developed Property which is a Residential Unit shall be classified to its applicable Land Use Class based on its Building Square Footage.

3. MAXIMUM SPECIAL TAX RATES

A. Special Tax A (Facilities)

i. Developed Property

The Maximum Special Tax A applicable to an Assessor’s Parcel classified as Developed Property for Fiscal Year 2012/2013 shall be the greater of (i) the Assigned Special Tax A as determined pursuant to Table 1 below or (ii) the amount derived by application of the Backup Special Tax A.

**Table 1
Assigned Special Tax A Rates
Fiscal Year 2012/2013**

Land Use Class	Building Square Footage	Assigned Special Tax A
1	900 or less Sq. Ft.	\$690 per Residential Unit
2	901 to 1,200 Sq. Ft.	\$966 per Residential Unit
3	1,201 to 1,500 Sq. Ft.	\$1,242 per Residential Unit
4	1,501 to 1,800 Sq. Ft.	\$1,518 per Residential Unit
5	1,801 to 2,100 Sq. Ft.	\$1,794 per Residential Unit
6	2,101 to 2,400 Sq. Ft.	\$2,070 per Residential Unit
7	2,401 to 2,700 Sq. Ft.	\$2,346 per Residential Unit
8	2,701 to 3,000 Sq. Ft.	\$2,622 per Residential Unit
9	Greater than 3,000 Sq. Ft.	\$2,898 per Residential Unit

Each July 1, commencing July 1, 2013, the Assigned Special Tax A shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

ii. Backup Special Tax A

The Backup Special Tax A applicable to an Assessor's Parcel classified as Developed Property for Fiscal Year 2012/2013 shall be \$2,143 per Lot.

Each July 1, commencing July 1, 2013, the Back-up Special Tax A for Developed Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

iii. Provisional Undeveloped Property and Undeveloped Property

The Maximum Special Tax A for Provisional Undeveloped Property and Undeveloped Property for Fiscal Year 2012/2013 shall be \$9,276 per Acre.

Each July 1, commencing July 1, 2013, the Maximum Special Tax A for Provisional Undeveloped Property and Undeveloped Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

B. Special Tax B (Services)

i. Developed Property

The Maximum Special Tax B for Developed Property for Fiscal Year 2012/2013 shall be \$694 per Residential Unit.

ii. Undeveloped Property and Provisional Undeveloped Property

The Maximum Special Tax B for Undeveloped Property and Provisional Undeveloped Property for Fiscal Year 2012/2013 shall be \$3,004 per Acre.

Each July 1 commencing July 1, 2013, the Maximum Special Tax B shall be increased by the greater of (i) the most recent annual percentage change in the Consumer Price Index or (ii) two-percent (2%) of the amount in effect in the prior Fiscal Year.

4. METHOD OF APPORTIONMENT

A. Special Tax A (Facilities)

For each Fiscal Year, commencing Fiscal Year 2012/2013, the CFD Administrator shall calculate the Special Tax Requirement for Facilities and levy Special Tax A on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax A as necessary to satisfy the Special Tax Requirement for Facilities;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after Step 1 has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax A;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, then the levy of the Special Tax A on each Assessor's Parcel of Developed Property whose Maximum Special Tax A is determined through the application of the Backup Special Tax A shall be increased Proportionately from the Assigned Special Tax A up to 100% of the Maximum Special Tax for each such Assessor's Parcel; and

Step 4: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax A for Provisional Undeveloped Property.

B. Special Tax B (Services)

For each Fiscal Year, commencing Fiscal Year 2012/2013, the CFD Administrator shall calculate the Special Tax Requirement for Services and levy Special Tax B on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax B shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax B as necessary to satisfy the Special Tax Requirement for Services;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Services after Step 1 has been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax B;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Services after the first two steps have been completed, then the Special Tax B shall be levied in equal percentages on each Assessor's Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax B for Provisional Undeveloped Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 1, except for those Assessor's Parcels of Developed Property whose owners are also delinquent or in default on their Special Tax payments for one or more other properties within IA No. 1.

5. COLLECTON OF ANNUAL SPECIAL TAXES

Collection of the Annual Special Tax shall be by the County in the same manner as ordinary ad valorem property taxes are collected and the Annual Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the City Council may provide for (i) other means of collecting the Annual Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes to meet the financial obligations of IA No. 1.

6. PREPAYMENT OF SPECIAL TAX A OBLIGATION

Property owners may prepay and permanently satisfy the Special Tax A Obligation by a cash settlement with the City as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

The following definitions apply to this Section 6:

"IA No. 1 Public Facilities Costs" means \$4,250,000 in 2012 dollars, which shall increase by the Construction Inflation Index on July 1, 2013, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed under the authorized Mello-Roos financing program for IA No. 1, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more IA No. 1 Bonds (except refunding bonds) to be supported by Special Taxes.

“Construction Fund” means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities or pay fees.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year, which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the IA No. 1 Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other earmarked fund that are expected to be available to finance IA No. 1 Public Facilities Costs.

“Outstanding Bonds” means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year excluding Bonds to be redeemed at a later date with proceeds of prior prepayments of Maximum Special Taxes.

“Previously Issued Bonds” means all IA No. 1 Bonds that have been issued prior to the date of prepayment.

A. Prepayment in Full

The Special Tax A Obligation applicable to an Assessor’s Parcel may be prepaid and the obligation of the Assessor’s Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor’s Parcel only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax A Obligation shall provide the CFD Administrator with written notice of intent to prepay and the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount (as defined below) for such Assessor’s Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made more than sixty (60) days prior to any redemption date for the CFD No. 2012-1 Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the City.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Prepayment Amount
plus	Defeasance Amount
plus	Prepayment Administrative Fees and Expenses
less	Reserve Fund Credit
<u>less</u>	<u>Capitalized Interest Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Paragraph No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
2. For an Assessor’s Parcel of Developed Property, determine the Maximum Special Tax A. For an Assessor’s Parcel of Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for that Assessor’s Parcel as though it was already designated as Developed Property, based upon the Building Permit which has already been issued for that Assessor’s Parcel.
3. (a) Divide the Maximum Special Tax A computed pursuant to paragraph 2 by the total estimated Maximum Special Tax A for IA No. 1 based on the Developed Property Special Tax A which could be levied in the current Fiscal Year on all expected development through build-out of IA No. 1 as determined by the CFD Administrator, excluding any Assessor’s Parcels for which the Special Tax A Obligation has been prepaid.
4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the “Bond Redemption Amount”).
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the “Redemption Premium”).
6. Compute the current Future Facilities Costs.
7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the “Future Facilities Prepayment Amount”).

8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
10. Take the amount computed pursuant to paragraph 8 and subtract the amount computed pursuant to paragraph 9 (the "Defeasance Amount").
11. Verify the administrative fees and expenses of IA No. 1, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Prepayment Administrative Fees and Expenses").
12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
14. The Special Tax A Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the "Prepayment Amount").
15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, and 10, less the amounts computed pursuant to paragraphs 12, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to

paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by IA No. 1.

The Prepayment Amount may be sufficient to redeem an amount other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to redeem Bonds to be used with the next prepayment of Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel that is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the Special Tax A Obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes A less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the annual Debt Service on all Outstanding Bonds.

B. Partial Prepayment

The Special Tax A on an Assessor's Parcel of Developed Property or Undeveloped Property for which a Building Permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section 6.A.; except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

- PP = the Partial Prepayment
- P_E = the Prepayment Amount calculated according to Section 6.A.
- F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within sixty

(60) days of the request and may charge a reasonable fee for providing this service

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section 6.A., and (ii) indicate in the records of IA No. 1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax A, shall continue to be levied on such Assessor's Parcel pursuant to Section 3.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Special Taxes A less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property, respectively, after the proposed partial prepayment is at least 1.1 times the annual Debt Service on all Outstanding Bonds.

7. MANDATORY MAXIMUM SPECIAL TAX REDUCTION

Prior to the issuance of Bonds, the Property Tax Burden shall be calculated by the CFD Administrator pursuant to the Land Secured Financing Policy adopted pursuant to City Council Resolution in effect at the time of formation of the District (the "2012 Goals and Policies") on Developed Property based on an average value for each Land Use Class for which Residential Units have been constructed. The values may be calculated by the CFD Administrator, an appraiser or other means as determined by the City. The Maximum Special Tax A on Developed Property set forth in Section 3.A of this Rate and Method of Apportionment shall be reduced Proportionately for each Land Use Class if it is reasonably determined by the CFD Administrator that the Property Tax Burden exceeds the maximum level allowed in the Goals and Policies.

If the Mandatory Maximum Special Tax Reduction is implemented, then the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the lower Maximum Special Tax A rates.

8. TERM OF SPECIAL TAX

Special Tax A shall be levied for a period of thirty-five (35) years after the last series of bonds has been issued, but shall not be levied for a period to exceed forty (40) Fiscal Years commencing with Fiscal Year 2012/2013.

Special Tax B shall be levied as long as necessary to meet the Special Tax Requirement for Services.

9. EXEMPTIONS

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization (iii) Assessor's Parcels developed or planned to be developed exclusively for any type of non-residential use, (iv) Assessor's Parcels with public utility easement by the restriction, as determined reasonably by the CFD Administrator, provided that no such classification would reduce the sum of all Taxable Property in IA No. 1 to less than 27.95 acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in IA No. 1 to less than 27.95 acres shall be classified as Provisional Undeveloped Property, and will continue to be subject to the Special Tax A accordingly. Tax exempt status for this purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of this Section 9 above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

10. APPEALS

Any landowner who pays the Annual Special Tax and claims the amount of the Annual Special Tax levied on his or her Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error not later than twelve (12) months after first having paid the first installment of the Annual Special Tax that is disputed. If following such consultation, the CFD Administrator determines that an error has occurred, the CFD Administrator may recommend changing the amount of the Annual Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any by the CFD Administrator, the landowner believes such error still exists, such person may file a written notice with the City Manager, or designee of the City, appealing the amount of the Annual Special Tax levied on such Assessor's Parcel. Upon the receipt of such notice, the City Manager or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. The City Manager or designee thereof shall interpret this Rate and Method of Apportionment and make determinations relative to the administration of the Annual Special Tax and any landowner appeals. The decision of the City Manager or designee shall be final and binding as to all persons.

**COMMUNITY FACILITIES DISTRICT NO. 2012-1
(SINGLETON HEIGHTS)
IMPROVEMENT AREA NO. 2
OF THE CITY OF CALIMESA
RATE AND METHOD OF APPORTIONMENT**

A Special Tax shall be levied on all Taxable Property (as defined below) within the boundaries of Improvement Area No. 2 (“IA No. 2”) of Community Facilities District No. 2012-1 (Singleton Heights), (“CFD No. 2012-1”) of the City of Calimesa (“City”) and collected each Fiscal Year commencing in Fiscal Year 2012/2013 in an amount determined by the City Council (as defined below), through the application of this Rate and Method of Apportionment of the Special Tax to the extent and in the manner herein provided.

1. DEFINITIONSx

“**Acreage**” or “**Acre**” means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable Final Subdivision Map, parcel map, condominium plan, or other recorded County parcel map. An Acre means 43,560 square feet of land.

“**Act**” means the Mello-Roos Community Facilities 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.

“**Administrative Expenses**” means the expenses incurred by the City on behalf of IA No. 2 related to the determination of the amount of the levy of Annual Special Taxes; the collection of Annual Special Taxes including the expenses of collecting delinquencies; the administration of the Bonds; the payment of salaries and benefits of any employee of the City whose employment duties are directly related to the administration of IA No. 2; and the costs otherwise incurred in order to carry out authorized purposes of IA No. 2.

“**Annual Special Tax**” means any Special Tax actually levied in any Fiscal Year on any Assessor’s Parcel.

“**Assessor**” means the Assessor of the County.

“**Assessor’s Parcel**” means a lot or parcel shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

“Assessor’s Parcel Map” means an official map of the County designating parcels by Assessor’s Parcel number.

“Assigned Special Tax A” means the Special Tax A for each Land Use Class, as determined in accordance with Section 3 below.

“Backup Special Tax A” means the Special Tax amount applicable to each Assessor’s Parcel of Developed Property, as determined in accordance with Section 3.A (ii) below.

“Bonds” means any obligation of IA No. 2 to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, secured in whole or in part by the levy of Special Taxes.

“Building Permit” means a building permit for the construction of one or more Residential Units within CFD No. 2012-1, IA No. 2 issued by the City.

“Building Square Footage” means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage shall be made by reference to the building permit(s) issued for such Assessor’s Parcel.

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“CFD Administrator” means an authorized representative of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities and the Special Tax Requirement for Services, for preparing the Annual Special Tax roll and calculating the Backup Special Tax.

“CFD No. 2012-1” means Community Facilities District No. 2012-1 (Singleton Heights) of the City.

“City” means the City of Calimesa, California.

“City Council” means the City Council of the City of Calimesa, acting as the legislative body of CFD No. 2012-1, or its designee.

“Consumer Price Index” means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for “All Urban Consumers” in the Los Angeles-Anaheim-Riverside Area, measured as of the month of April in the previous Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index that is reasonably comparable to the Consumer

Price Index for the Los Angeles-Anaheim-Riverside Area, as determined by the CFD Administrator.

“County” means the County of Riverside, California.

“Debt Service” means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1 of such Fiscal Year.

“Developed Property” means for each Fiscal Year, all Assessor’s Parcels of Taxable Property, exclusive of Assessor’s Parcels of Provisional Undeveloped Property, for which a Building Permit was issued prior to April 1 of the previous Fiscal Year.

“Exempt Property” means Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section 9.

“Final Subdivision Map” means a subdivision of property created by recordation of a final map or parcel map, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352 or lot line adjustment that creates individual lots for which building permits may be issued without further subdivision.

“Fiscal Year” means the period starting on July 1 and ending the following June 30.

“Improvement Area 2” or “IA No. 2” means Improvement Area 2 of CFD No. 2012-1, as identified on the boundary map for CFD No. 2012-1, as in effect on the date of formation of IA No. 2, and as may thereafter be amended in accordance with the Act.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Use Class” means any of the classes listed in Table 1 under Section 3 below.

“Lot” means an individual legal lot created by a Final Subdivision Map.

“Mandatory Maximum Special Tax Reduction” means a mandatory reduction of the Maximum Special Tax A prior to the issuance of Bonds as set forth in Section 7 below.

“Maximum Special Tax A” means the Maximum Special Tax A (Facilities), determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Special Tax B” means the Maximum Special Tax B (Services), determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Outstanding Bonds” means all Bonds, which are deemed to be outstanding under the Indenture.

“Partial Prepayment Amount” means a prepayment of a portion of the Special Tax A Obligation applicable to an Assessor’s Parcel of Taxable Property as set forth in Section 6.B below.

“Property Tax Burden” means the total estimated amount of taxes a residential owner would expect to pay including ad valorem property taxes, special assessments, fees and charges placed on the County property tax bill and is expressed as a percentage of value as determined in Section 7.

“Proportionately” or “Proportionate” means for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax A or Maximum Special Tax B, as applicable, per Acre is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property as described in Section 3 below.

“Provisional Undeveloped Property” means all Assessor’s Parcels of property that would otherwise be classified as Exempt Property pursuant to the provisions of Section 9, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section 9.

“Residential Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

“Services” means the services eligible to be funded by IA No. 2.

“Special Tax” means any special tax authorized to be levied within CFD No. 2012-1 pursuant to the Act and this Rate and Method of Apportionment.

“Special Tax A” means the Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within IA No. 2 to fund the Special Tax Requirement for Facilities.

“Special Tax B” means the Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within IA No. 2 to fund the Special Tax Requirement for Services.

“**Special Tax A Obligation**” means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax A for the remaining life of CFD No. 2012-1.

“**Special Tax Requirement for Facilities**” means that amount required in any Fiscal Year to: (i) pay Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) the costs associated with the release of funds from an escrow account established in association with the Bonds; (vi) accumulate funds to pay directly for acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property, and (vii) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (viii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

“**Special Tax Requirement for Services**” means that amount required in any Fiscal Year to: (i) pay the costs of Services incurred or otherwise payable in the Calendar Year commencing in such Fiscal Year; (ii) fund an operating reserve for the costs of Services as determined by the CFD Administrator; less a credit for funds available to reduce the annual Special Tax B levy as determined by the CFD Administrator. If the operating reserve is funded at 100% of the cost of Services payable in the Calendar Year commencing in such Fiscal Year, Special Tax B shall only be levied on Undeveloped Property or Provisional Undeveloped Property for the purposes paying the costs of Services.

“**State**” means the State of California.

“**Taxable Property**” means all of the Assessor's Parcels within the boundaries of CFD No. 2012-1, which are not exempt from the levy of the Special Tax pursuant to law or Section 9 below.

“**Trustee**” means the trustee or fiscal agent under the Indenture.

“**Undeveloped Property**” means, for each Fiscal Year, all Taxable Property within the boundaries of IA No. 2 not classified as Developed Property or Provisional Undeveloped Property.

2. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2012/2013, each Assessor’s Parcel within the boundaries of IA No. 2 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property within IA No. 2 shall be classified as Developed Property, Undeveloped Property or Provisional Undeveloped Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to

Sections 3 and 4 below. Furthermore, each Assessor's Parcels of Developed Property which is a Residential Unit shall be classified to its applicable Land Use Class based on its Building Square Footage.

3. MAXIMUM SPECIAL TAX RATES

A. Special Tax A (Facilities)

i. Developed Property

The Maximum Special Tax A applicable to an Assessor's Parcel classified as Developed Property for Fiscal Year 2012/2013 shall be the greater of (i) the Assigned Special Tax A or determined pursuant to Table 1 below or (ii) the amount derived by application of the Backup Special Tax A.

**Table 1
Assigned Special Tax A Rates
Fiscal Year 2012/2013**

Land Use Class	Building Square Footage	Assigned Special Tax A
1	900 or less Sq. Ft.	\$885 per Residential Unit
2	901 to 1,200 Sq. Ft.	\$1,239 per Residential Unit
3	1,201 to 1,500 Sq. Ft.	\$1,593 per Residential Unit
4	1,501 to 1,800 Sq. Ft.	\$1,947 per Residential Unit
5	1,801 to 2,100 Sq. Ft.	\$2,301 per Residential Unit
6	2,101 to 2,400 Sq. Ft.	\$2,655 per Residential Unit
7	2,401 to 2,700 Sq. Ft.	\$3,009 per Residential Unit
8	2,701 to 3,000 Sq. Ft.	\$3,363 per Residential Unit
9	3,001 to 3,300 Sq. Ft.	\$3,717 per Residential Unit
10	3,301 to 3,600 Sq. Ft.	\$4,071 per Residential Unit
11	3,601 to 3,900 Sq. Ft.	\$4,425 per Residential Unit
12	3,901 to 4,200 Sq. Ft.	\$4,779 per Residential Unit
13	4,201 to 4,500 Sq. Ft.	\$5,133 per Residential Unit
14	4,501 to 4,800 Sq. Ft.	\$5,487 per Residential Unit
15	Greater than 4,800 Sq. Ft.	\$5,841 per Residential Unit

Each July 1, commencing July 1, 2013, the Maximum Special Tax A for Developed Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

ii. Backup Special Tax A

The Backup Special Tax A applicable to an Assessor's Parcel classified as Developed Property for Fiscal Year 2012/2013 shall be \$3,544 per Lot.

Each July 1, commencing July 1, 2013, the Back-up Special Tax A for Developed Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

iii. Provisional Undeveloped Property and Undeveloped Property

The Maximum Special Tax A for Provisional Undeveloped Property and Undeveloped Property for Fiscal Year 2012/2013 shall be \$16,085 per Acre.

Each July 1, commencing July 1, 2013, the Maximum Special Tax A for Provisional Undeveloped Property and Undeveloped Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

B. Special Tax B (Services)

i. Developed Property

The Maximum Special Tax B for Developed Property for Fiscal Year 2012/2013 shall be \$694 per Residential Unit.

ii. Undeveloped Property and Provisional Undeveloped Property

The Maximum Special Tax B for Undeveloped Property and Provisional Undeveloped Property for Fiscal Year 2012/2013 shall be \$3,150 per Acre.

Each July 1 commencing July 1, 2013, the Maximum Special Tax B shall be increased by the greater of (i) the most recent annual percentage change in the Consumer Price Index or (ii) two-percent (2%) of the amount in effect in the prior Fiscal Year.

4. METHOD OF APPORTIONMENT

A. Special Tax A (Facilities)

For each Fiscal Year, commencing Fiscal Year 2012/2013, the CFD Administrator shall calculate the Special Tax Requirement for Facilities and levy Special Tax A on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax A as necessary to satisfy the Special Tax Requirement for Facilities;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after Step 1 has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax A;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, then the levy of the Special Tax A on each Assessor's Parcel of Developed Property whose Maximum Special Tax A is determined through the application of the Backup Special Tax A shall be increased Proportionately from the Assigned Special Tax A up to 100% of the Maximum Special Tax for each such Assessor's Parcel; and

Step 4: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax A for Provisional Undeveloped Property.

B. Special Tax B (Services)

For each Fiscal Year, commencing Fiscal Year 2012/2013, the CFD Administrator shall calculate the Special Tax Requirement for Services and levy Special Tax B on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax B shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax B as necessary to satisfy the Special Tax Requirement for Services;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Services after Step 1 has been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax B;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Services after the first two steps have been completed, then the Special Tax B shall be levied in equal percentages on each Assessor's Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax B for Provisional Undeveloped Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 2, except for those Assessor's Parcels of Developed Property whose owners are also delinquent or in default on their Special Tax payments for one or more other properties within IA No. 2.

5. COLLECTON OF ANNUAL SPECIAL TAXES

Collection of the Annual Special Tax shall be by the County in the same manner as ordinary ad valorem property taxes are collected and the Annual Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the City Council may provide for (i) other means of collecting the Annual Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes to meet the financial obligations of IA No. 2.

6. PREPAYMENT OF SPECIAL TAX A OBLIGATION

Property owners may prepay and permanently satisfy the Special Tax A Obligation by a cash settlement with the City as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

The following definitions apply to this Section 6:

"IA No. 2 Public Facilities Costs" means \$7,865,000 in 2012 dollars, which shall increase by the Construction Inflation Index on July 1, 2013, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed under the authorized Mello-Roos financing program for IA No. 2, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more IA No. 2 Bonds (except refunding bonds) to be supported by Special Taxes.

“Construction Fund” means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities or pay fees.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year, which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the IA No. 2 Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other earmarked fund that are expected to be available to finance IA No. 2 Public Facilities Costs.

“Outstanding Bonds” means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year excluding Bonds to be redeemed at a later date with proceeds of prior prepayments of Maximum Special Taxes.

“Previously Issued Bonds” means all IA No. 2 Bonds that have been issued prior to the date of prepayment.

A. Prepayment in Full

The Special Tax A Obligation applicable to an Assessor’s Parcel may be prepaid and the obligation of the Assessor’s Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor’s Parcel only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax A Obligation shall provide the CFD Administrator with written notice of intent to prepay and the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount (as defined below) for such Assessor’s Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made more than sixty (60) days prior to any redemption date for the CFD No. 2012-1 Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the City.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Prepayment Amount
plus	Defeasance Amount
plus	Prepayment Administrative Fees and Expenses
less	Reserve Fund Credit
less	<u>Capitalized Interest Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Paragraph No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
2. For an Assessor’s Parcel of Developed Property, determine the Maximum Special Tax A. For an Assessor’s Parcel of Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for that Assessor’s Parcel as though it was already designated as Developed Property, based upon the Building Permit which has already been issued for that Assessor’s Parcel.
3. (a) Divide the Maximum Special Tax A computed pursuant to paragraph 2 by the total estimated Maximum Special Tax A for IA No. 2 based on the Developed Property Special Tax A which could be levied in the current Fiscal Year on all expected development through build-out of IA No. 2 as determined by the CFD Administrator, excluding any Assessor’s Parcels for which the Special Tax A Obligation has been prepaid.
4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the “Bond Redemption Amount”).
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the “Redemption Premium”).
6. Compute the current Future Facilities Costs.
7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the “Future Facilities Prepayment Amount”).

8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
10. Take the amount computed pursuant to paragraph 8 and subtract the amount computed pursuant to paragraph 9 (the "Defeasance Amount").
11. Verify the administrative fees and expenses of IA No. 2, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Prepayment Administrative Fees and Expenses").
12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
14. The Special Tax A Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the "Prepayment Amount").
15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, and 10, less the amounts computed pursuant to paragraphs 12, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to

paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by IA No. 2.

The Prepayment Amount may be sufficient to redeem an amount other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to redeem Bonds to be used with the next prepayment of Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel that is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the Special Tax A Obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes A less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the annual Debt Service on all Outstanding Bonds.

B. Partial Prepayment

The Special Tax A on an Assessor's Parcel of Developed Property or Undeveloped Property for which a Building Permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section 6.A.; except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

- PP = the Partial Prepayment
- P_E = the Prepayment Amount calculated according to Section 6.A.
- F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within sixty

(60) days of the request and may charge a reasonable fee for providing this service

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section 6.A., and (ii) indicate in the records of IA No. 2 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax A, shall continue to be levied on such Assessor's Parcel pursuant to Section 3.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Special Taxes A less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property, respectively, after the proposed partial prepayment is at least 1.1 times the annual Debt Service on all Outstanding Bonds.

7. MANDATORY MAXIMUM SPECIAL TAX REDUCTION

Prior to the issuance of Bonds, the Property Tax Burden shall be calculated by the CFD Administrator pursuant to the Land Secured Financing Policy adopted pursuant to City Council Resolution in effect at the time of formation of the District (the "2012 Goals and Policies") on Developed Property based on an average value for each Land Use Class for which Residential Units have been constructed. The values may be calculated by the CFD Administrator, an appraiser or other means as determined by the City. The Maximum Special Tax A on Developed Property set forth in Section 3.A of this Rate and Method of Apportionment shall be reduced Proportionately for each Land Use Class if it is reasonably determined by the CFD Administrator that the Property Tax Burden exceeds the maximum level allowed in the Goals and Policies.

If the Mandatory Maximum Special Tax Reduction is implemented, then the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the lower Maximum Special Tax A rates.

8. TERM OF SPECIAL TAX

Special Tax A shall be levied for a period of thirty-five (35) years after the last series of bonds has been issued, but shall not be levied for a period to exceed fifty (50) Fiscal Years commencing with Fiscal Year 2012/2013.

Special Tax B shall be levied as long as necessary to meet the Special Tax Requirement for Services.

9. EXEMPTIONS

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization (iii) Assessor's Parcels developed or planned to be developed exclusively for any type of non-residential use, (iv) Assessor's Parcels with public utility easement by the restriction, as determined reasonably by the CFD Administrator, provided that no such classification would reduce the sum of all Taxable Property in IA No. 2 to less than 32.39 acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in IA No. 2 to less than 32.39 acres shall be classified as Provisional Undeveloped Property, and will continue to be subject to the Special Tax A accordingly. Tax exempt status for this purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of this Section 9 above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

10. APPEALS

Any landowner who pays the Annual Special Tax and claims the amount of the Annual Special Tax levied on his or her Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error not later than twelve (12) months after first having paid the first installment of the Annual Special Tax that is disputed. If following such consultation, the CFD Administrator determines that an error has occurred, the CFD Administrator may recommend changing the amount of the Annual Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any by the CFD Administrator, the landowner believes such error still exists, such person may file a written notice with the City Manager, or designee of the City, appealing the amount of the Annual Special Tax levied on such Assessor's Parcel. Upon the receipt of such notice, the City Manager or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. The City Manager or designee thereof shall interpret this Rate and Method of Apportionment and make determinations relative to the administration of the Annual Special Tax and any landowner appeals. The decision of the City Manager or designee shall be final and binding as to all persons.

Attachment 5B

RESOLUTION NO. 2012-09**RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF CALIMESA TO INCUR BONDED INDEBTEDNESS IN THE AMOUNT NOT TO EXCEED \$6,000,000 AND \$10,000,000 WITHIN IMPROVEMENT AREA NO. 1 AND IMPROVEMENT AREA NO. 2, RESPECTIVELY, OF THE PROPOSED CITY OF CALIMESA COMMUNITY FACILITIES DISTRICT NO. 2012-1 (SINGLETON HEIGHTS)**

WHEREAS, the City Council (the "Council") of the City of Calimesa (the "City") has heretofore adopted Resolution No. 2012-08, stating the Council's intention to form Community Facilities District No. 2012-1 (Singleton Heights) (the "CFD"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the California Government Code (the "Act"), to finance the purchase, construction, expansion or rehabilitation of certain real and other tangible property with an estimated useful life of five years or longer, including public infrastructure facilities and other governmental facilities, which are necessary to meet increased demands placed upon the City as a result of development or rehabilitation occurring within the proposed CFD (the "Facilities"); and

WHEREAS, the Council has heretofore adopted Resolution No. 2012-08 designating portions of the CFD as Improvement Area No. 1 and Improvement Area No. 2 (each an "Improvement Area" and collectively, the "Improvement Areas"); and

WHEREAS, in order to finance the Facilities it is necessary to incur bonded indebtedness on behalf of the CFD in the amounts not to exceed \$6,000,000 and \$10,000,000 for Improvement Area No. 1 and Improvement Area No. 2, respectively, the repayment of which is to be secured by special taxes levied in accordance with Section 53340 et seq. of the Act on all property within the respective Improvement Areas, other than those properties exempted from taxation as provided in the respective rate and method of apportionment attached as Exhibit B to Resolution No. 2012-08;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CALMESA DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The above recitals are true and correct.

Section 2. It is necessary to incur bonded indebtedness within each Improvement Area No. 1 and Improvement Area No. 2 of the CFD in the amounts not to exceed \$6,000,000 and \$10,000,000, respectively, to finance the costs of the Facilities for each Improvement Area.

Section 3. The bonded indebtedness will be incurred for the purpose of financing the costs of designing, constructing and acquiring the Facilities, the acquisition of necessary equipment and property therefor and fulfilling contractual

commitments and carrying out the powers and purposes of the CFD, including, but not limited to, the financing of the costs associated with the issuance of the bonds and all other costs necessary to finance the Facilities which are permitted to be financed pursuant to the Act.

Section 4. Each Improvement Area shall pay for its bonded indebtedness.

Section 5. It is the intent of the Council, acting as the legislative body of the CFD, to authorize the sale of bonds in one or more series, in the maximum aggregate principal amount not to exceed \$6,000,000 and \$10,000,000 for Improvement Area No. 1 and Improvement Area No. 2, respectively, bearing interest payable semi-annually or in such other manner as the Council shall determine at a maximum interest rate of 12 percent per annum or such rate not in excess of the maximum rate permitted by law at the time the bonds are issued. The term of the bonds of each series shall be determined pursuant to a resolution of the Council authorizing the issuance of the bonds of such series, but such term shall in no event exceed 40 years or such longer term as is then permitted by law.

Section 6. A public hearing (the "Hearing") on the proposed debt issue shall be held on April 16, 2012 at 6:00 o'clock p.m., or as soon thereafter as practicable, at the chambers of the City Council of the City of Calimesa, 908 Park Avenue, Calimesa, California 92320.

Section 7. At the Hearing at the time and place set forth above, any interested persons, including all persons owning land or registered to vote within the proposed CFD, may appear and be heard at the Hearing.

Section 8. The proposition to incur bonded indebtedness in the maximum aggregate principal amount not to exceed \$6,000,000 and \$10,000,000 for Improvement Area No. 1 and Improvement Area No. 2, respectively, shall be submitted to the qualified electors of the respective Improvement Area. A special community facilities district election shall be conducted on April 16, 2012. The special election shall be conducted by hand delivered or mailed ballot election with return postage prepaid. The ballots shall be returned to the office of the election officer no later than 11:00 o'clock p.m. on April 16, 2012.

Section 9. The City Clerk is hereby directed to publish a notice ("Notice") of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of the proposed CFD. Such Notice shall contain information set forth in Section 53346 of the Act.

PASSED, APPROVED AND ADOPTED this 5th day of March, 2012,

ELLA ZANOWIC, MAYOR

ATTEST:

DARLENE GERDES, CITY CLERK

APPROVED AS TO FORM:

KEVIN ENNIS, CITY ATTORNEY



Date: May 8, 2012

Subject: Amendment No. 1 to Development Agreement for Tract No. 26811 (Singleton Heights)

On September 6, 2006, the Board of Directors approved a development agreement for Tract No. 26811 (Calimesa Springs). The development agreement is scheduled to expire in September 2012 and the District staff is in the process of reviewing the agreement with the developer to extend the agreement for another term.

The purpose of this agenda item is to discuss the current status of the development and prepare Amendment No. 1 for Singleton Heights (instead of Calimesa Springs) for consideration at a future board meeting.

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 6th 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".

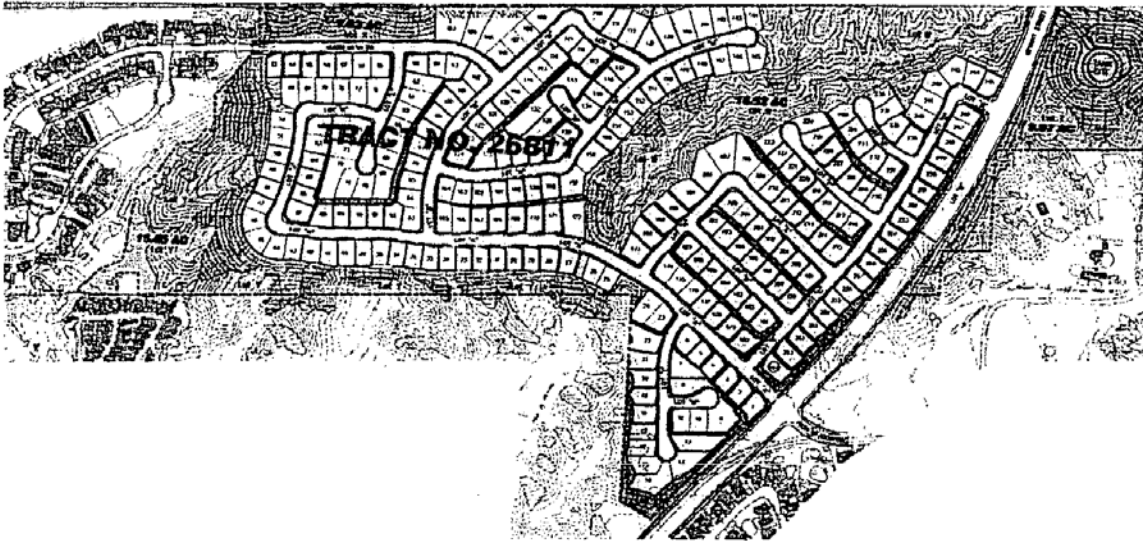
Contact information for the parties is as follows:

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 2nd 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 3rd 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
Total Water Development Impact Fee	\$3,884	

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 (6th) 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.

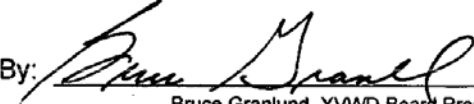
31. Incorporation of Prior Agreements. This Agreement contains all of the agreements of the parties with respect to any matter covered or mentioned in this Agreement, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose.
32. Waiver. No waiver by either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



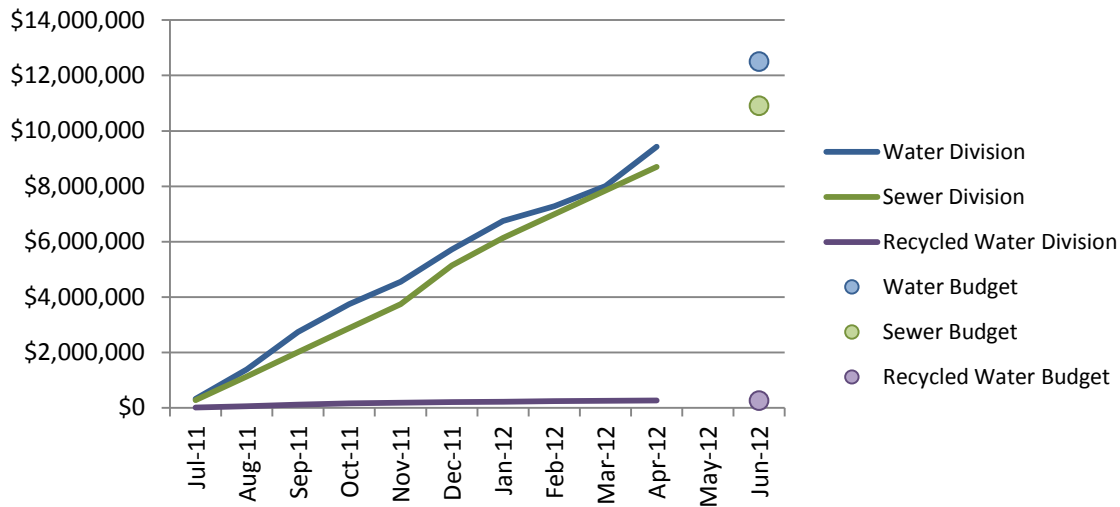
Workshop Memorandum 12-098

Date: May 8, 2012

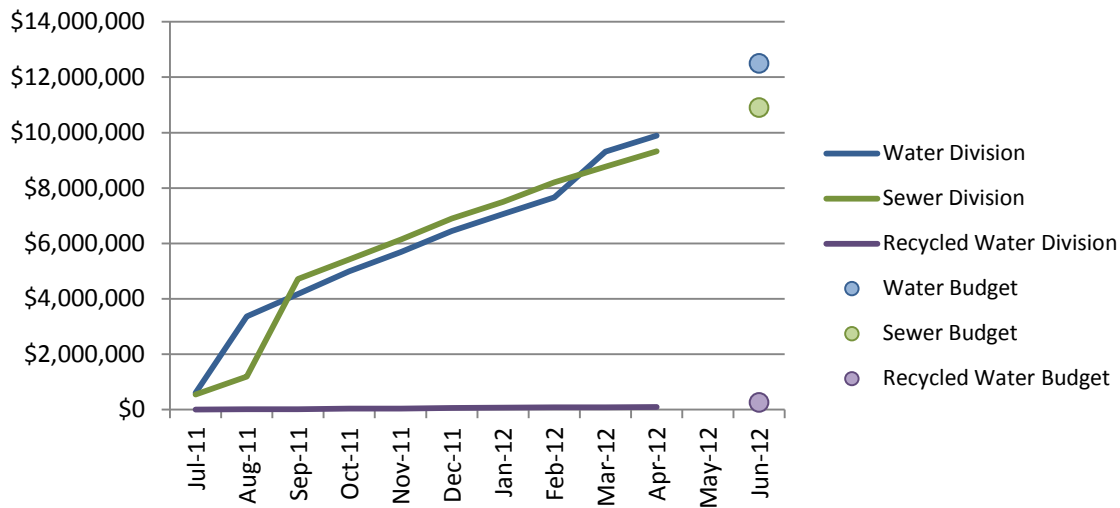
Subject: Unaudited Financial Report for the Period Ending April 30, 2012

The District staff has prepared the attached Unaudited Financial Report for the period ending on April 30, 2012. A graphical summary of the financial information is provided below and detailed information follows as part of the monthly unaudited financial report.

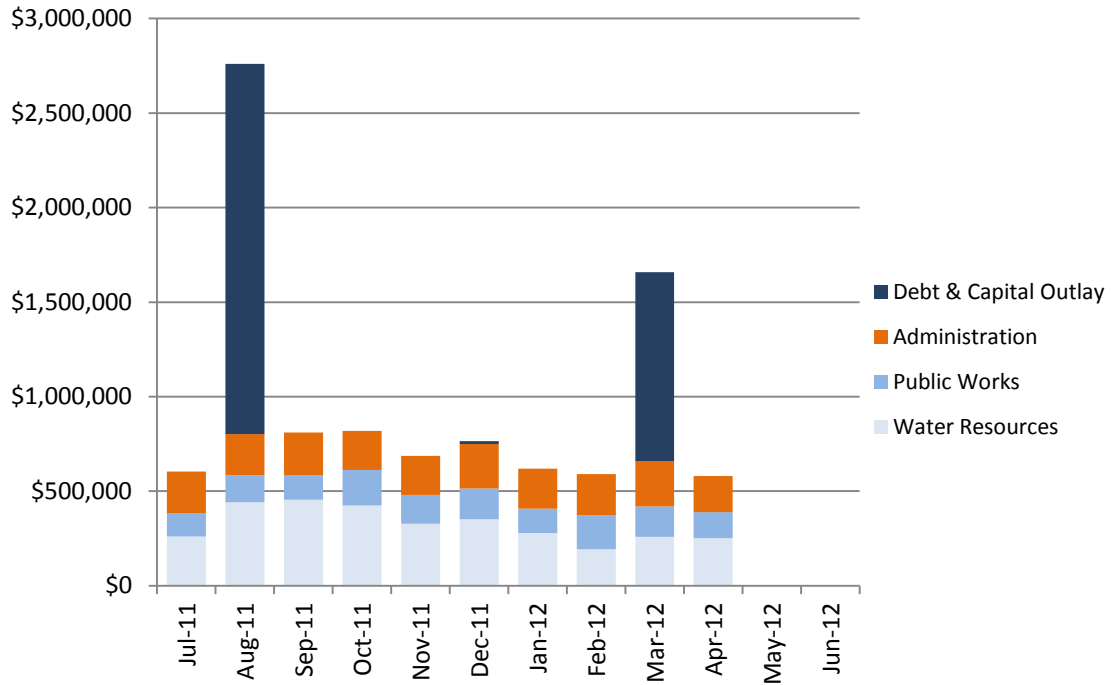
Fiscal Year 2012 YTD Revenues & Budget Targets



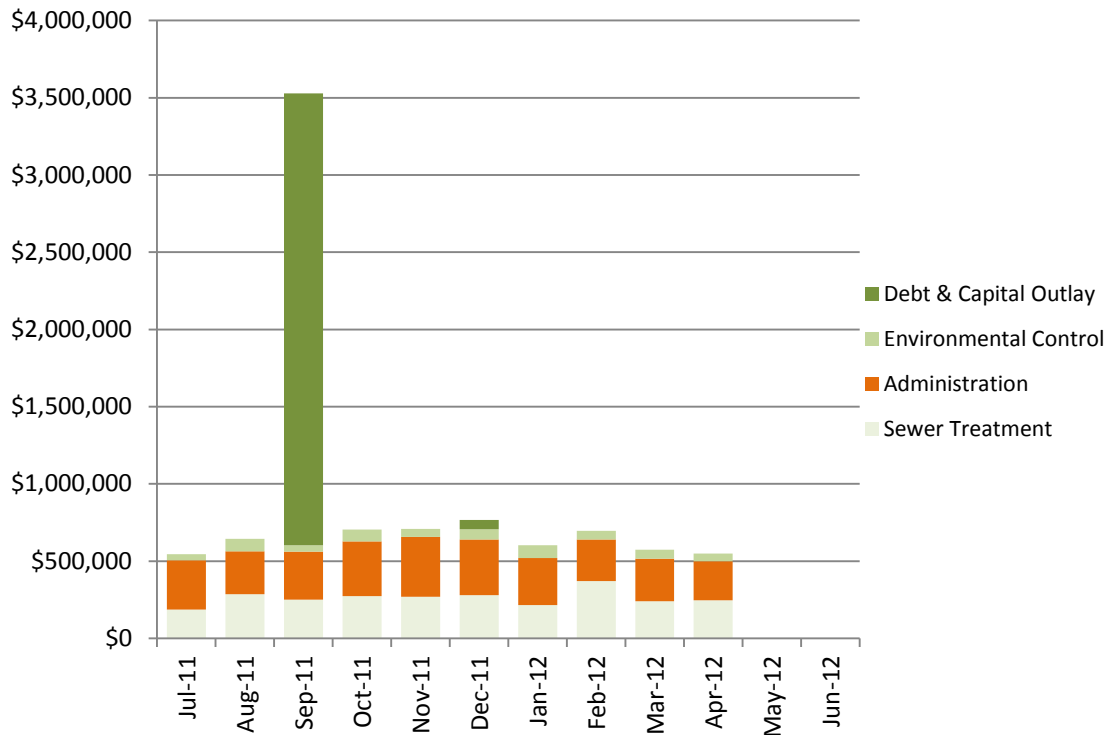
Fiscal Year 2012 YTD Expenses & Budget Targets



Water Division Monthly Expense Summary - FY 2012



Sewer Division Monthly Expense Summary - FY 2012





Yucaipa Valley Water District

Director Memorandum 12-0xx

Date: May 16, 2012

Prepared By: Vicky Elisalda, Controller
Peggy Little, Administrative Supervisor

Subject: Unaudited Financial Report for the Period Ending on April 30, 2012

Recommendation: That the Board receives and files the unaudited financial report as presented.

The following unaudited financial report has been prepared by the Administrative Department for your review. The report has been divided into six sections to clearly disseminate information pertaining to the financial status of the District. Please remember that the following financial information has not been audited.

Cash Fund Balance Report

The Cash Fund Balance Report provides a summary of how the total amount of funds maintained by financial institutions is distributed throughout the enterprise and non-enterprise funds of the District. A summary of the report is as follows:

Fund Source	Operating Funds	Restricted Funds	Total Funds
Water Division	\$650,684.82	\$6,086,740.87	\$6,737,425.69
Sewer Division	(\$4,928,772.22)	\$6,880,521.24	\$1,951,749.02
Recycled Water Division	<u>(\$2,770,774.48)</u>	<u>\$702,322.80</u>	<u>(\$2,068,451.68)</u>
Total	(\$7,048,861.88)	\$13,669,584.91	\$6,620,723.03

Most of the funds reflected in the Cash Fund Balance Report are designated for specific purposes and are therefore restricted, either by law or by District policy.

Check Register

The check register lists each check processed during the month of April 2012. The District processed 241 checks during the month of April for a total sum of \$2,520,670.03. All checks are reviewed by District staff for accuracy and completeness, and usually signed by the General Manager and one Director, but may be signed by two Directors.

The Controller will make any check, invoice or supporting documentation available for review to any board member upon request.

Financial Account Information

The District currently deposits all revenue received into the Deposit Checking account. The General Checking account is used as a sole processing account for all District checks and electronic payroll. The Investment Checking account is used for the purchase and redemption of US treasury notes and bills and for the transfer of LAIF funds. The US treasury notes and bills are booked at cost.

The LAIF investment account is a pooled money account administered by the State of California. Additional information on the LAIF account is provided below in the investment summary report.

Investment Summary

The investment summary report illustrates the District's investments in US treasury notes and bills in addition to the investments held by the Local Agency Investment Fund or LAIF. The yields for the treasury notes and bills are provided for each individual transaction. The historical annual yield for funds invested with LAIF is also provided.

Separate pooled money investment reports prepared by the State of California are maintained by the District and available for review.

Monthly Revenue Allocation

During the month of August 2012 the District received a sum total of \$2,249,386.42 in revenues from the following categories:

- A total of \$1,381,043.91 was received from 14,077 customers for utility bill payments. This is the total amount of utility bill payments received from water, sewer and recycled services.
- A total of \$2,414.00 was received for construction meter deposits, customer deposits and internet fee payments.
- A total of \$848,337.06 was received from miscellaneous water related activities (other than utility bill charges). This total includes \$805,359.25 from San Bernardino property taxes, \$12,535.43 for Riverside County property taxes and \$14,558.00 from City of Calimesa pass-thru taxes..
- A total of \$17,561.45 was received from miscellaneous sewer related activities (other than utility bill charges).
- A total of \$30.00 was received from miscellaneous recycled related activities (other than utility bill charges).
- The District received ARRA draw #21 in the amount of \$248,825.00 on April 19th.
- The District received EPA draw #19 in the amount of \$73,310.79 on April 16th.
- The District received EPA draw #17 in the amount of \$223,280.12 on April 24th.

Fiscal Year 2012 Budget Status

The revenue and expense budget status for the 2012 Fiscal Year is provided for your review.

**Summary of Revenue Budget
As of April 30, 2012 (79% of Budget Cycle)**

<u>Division</u>	<u>Budget Amount</u>	<u>Current Month</u>	<u>Year-To-Date</u>	<u>Percentage</u>
Water	12,503,170	1,417,671	9,429,954	75.4
Sewer	10,908,600	853,731	8,697,992	79.7
Recycled Water	265,250	12,549	273,311	103.0
District Revenue	23,677,020	2,283,951	18,401,257	77.7

**Summary of Water Budget
As of April 30, 2012 (79% of Budget Cycle)**

<u>Department</u>	<u>Budget Amount</u>	<u>Current Month</u>	<u>Year-To-Date</u>	<u>Percentage</u>
Water Resources	4,359,935	252,253	3,243,924	74.4
Public works	2,147,165	136,363	1,502,729	70.0
Administration	3,028,695	190,988	2,176,352	71.9
Long Term Debt	2,932,375	0	2,932,375	100.0
Asset Acquisition	35,000	0	39,222	112.1
TOTAL	12,503,170	579,604	9,894,602	79.1

**Summary of Sewer Budget
As of April 30, 2012 (79% of Budget Cycle)**

<u>Department</u>	<u>Budget Amount</u>	<u>Current Month</u>	<u>Year-To-Date</u>	<u>Percentage</u>
Treatment	3,413,225	246,089	2,624,207	76.9
Administration	3,724,350	254,495	3,112,662	83.6
Environmental Control	824,775	49,438	604,370	73.3
Long Term Debt	2,946,250	0	2,923,669	99.2
Asset Acquisition	0	0	58,829	0.0
TOTAL	10,908,600	550,022	9,323,737	85.5

**Summary of Recycled Water Budget
As of April 30, 2012 (79% of Budget Cycle)**

<u>Department</u>	<u>Budget Amount</u>	<u>Current Month</u>	<u>Year-To-Date</u>	<u>Percentage</u>
Administration	265,250	8,854	95,456	36.0
TOTAL	265,250	8,854	95,456	36.0
District Expenses	23,677,020	1,138,480	19,313,795	81.6

Investment Policy Disclosure

The District is currently compliant with the portfolio of its Investment Policy and State Law.

The District is using Sandy Gage with Merrill Lynch Wealth Management (Bank of America Corporation) for Treasury investments. The District expects to meet its expenditure requirements for the next six months.

Questions or Comments

If you have any questions about a particular budget account, please do not hesitate to contact the Controller directly. If you need additional information, the members of the Administrative Department would be happy to provide you with any detailed information you may desire.

Cash Fund Balance Report - April 2012

Water Division	GL#	Balance
Project Fund - Encumbered	02-10215	\$ 720,977.22
ID 1 Construction Funds	02-10216	\$ 293,145.85
ID 2 Construction Funds	02-10217	\$ 80,409.31
Depreciation Reserves	02-10310	\$ 2,564,271.43
Infrastructure Reserves	02-10311	\$ 331,613.00
Sustainability Fund	02-10313	\$ 139,075.92
Rate Stabilization Fund	02-10314	\$ 493,209.14
Imported Water Fund - MUNI	02-10315	\$ (647,475.04)
Imported Water Fund - SGPWA	02-10316	\$ 300,245.31
FCC - Debt Service YVRWFF Phase I	02-10401	\$ 44,306.51
FCC - Future YVRWFF Phase II & III	02-10403	\$ 121,600.98
FCC - Recycled System	02-10410	\$ 188,108.45
FCC - Booster Pumping Plants	02-10411	\$ 205,179.28
FCC - Pipeline Facilities	02-10412	\$ 462,712.06
FCC - Water Storage Reservoirs	02-10413	\$ 789,361.45
Operating Funds:		\$ 650,684.82
Total Water Division		\$ 6,737,425.69

Sewer Division	GL#	Balance
Project Fund - Encumbered	03-10215	\$ 751,424.20
Depreciation Reserves	03-10310	\$ 2,990,046.31
Infrastructure Reserves	03-10311	\$ 655,250.00
Rate Stabilization Fund	03-10314	\$ 1,464,313.38
FCC - Debt Service WWTP Expansion & Upgrade	03-10405	\$ 74,819.68
FCC - Future WWTP Expansion	03-10407	\$ 288,182.07
FCC - Sewer Interceptors	03-10415	\$ 143,676.88
FCC - Lift Stations	03-10416	\$ 70,899.93
FCC - Effluent Disposal Facilities	03-10417	\$ 93,256.06
FCC - Salt Mitigation Facilities	03-10418	\$ 348,652.73
Operating Funds:		\$ (4,928,772.22)
Total Wastewater Division		\$ 1,951,749.02

Recycled Water Division	GL#	Balance
Depreciation Reserves	04-10310	\$ 482,624.00
Infrastructure Reserves	04-10311	\$ 44,100.00
FCC - Recycled System	04-10410	\$ 14,948.78
FCC - Booster Pumping Plants	04-10411	\$ 16,085.99
FCC - Pipeline Facilities	04-10412	\$ 80,051.54
FCC - Water Storage Reservoirs	04-10413	\$ 64,512.49
Operating Funds:		\$ (2,770,774.48)
Total Recycled Water Division		\$ (2,068,451.68)

DISTRICT TOTAL \$ 6,620,723.03

Future Obligations	Due Date	Amount
2004A Bond Payment - Water Division	02/23/2013	\$ 978,462.50
SBVMWD - SARI Pipeline Capacity (FINAL Payment)	06/01/2012	\$ 19,710.00
2004A Bond Payment - Water Division	08/27/2012	\$ 1,952,562.50
SRF Payment - Sewer Division	09/10/2012	\$ 2,923,688.75

Check Register - April 2012

<u>Check Date</u>	<u>Check Number</u>	<u>Name</u>	<u>Check Amount</u>
04/02/2012	14804	ADS, LLC	2,634.00
04/02/2012	14805	Ralph C. Casas	56.00
04/02/2012	14806	Ameripride Uniform Services	413.01
04/02/2012	14807	Central Communications	220.95
04/02/2012	14808	Dinosaur Tire Inc.	62.71
04/02/2012	14809	Environmental Systems Research	2,878.98
04/02/2012	14810	Hewlett-Packard Co.-Public Sec	998.84
04/02/2012	14811	House Of Quality, Parts Plus	1,464.46
04/02/2012	14812	Konica Minolta Business Soluti	572.42
04/02/2012	14813	Leroy's Landscape Services	2,955.00
04/02/2012	14814	Maintenance Connection Inc	6,199.29
04/02/2012	14815	McCall's Meter Sales & Service	900.00
04/02/2012	14816	NAPA Genuine Parts Company	11.83
04/02/2012	14817	San Bernardino County Flood Co	700.00
04/02/2012	14818	The Gas Company	483.88
04/02/2012	14819	George F. Siddle	110.75
04/02/2012	14820	Verizon	1,485.43
04/02/2012	14821	Yucaipa Disposal, Inc.	1,262.31
04/02/2012	14822	Affordable Drain Service, Inc	14,510.00
04/02/2012	14823	All American Sewer Tools	1,407.66
04/02/2012	14824	Auto Care Clinic	55.17
04/02/2012	14825	BofA Credit Card	2,385.78
04/02/2012	14826	Bernell Hydraulics, Inc.	596.24
04/02/2012	14827	Brenntag Pacific, Inc	9,879.10
04/02/2012	14828	Calolympic Glove & Safety Co.,	78.91
04/02/2012	14829	Case Dealer Holding Co., LLC	113.14
04/02/2012	14830	Victor James Valenti	4,185.37
04/02/2012	14831	Donegan Tree Service	900.00
04/02/2012	14832	Fisher Scientific Co.	182.93
04/02/2012	14833	Grainger	163.09
04/02/2012	14834	Inland Water Works Supply Co.	90.52
04/02/2012	14835	Innerline Engineering	2,900.00
04/02/2012	14836	JR Freeman Co. Inc.	122.74
04/02/2012	14837	Nagem, Inc.	112.50
04/02/2012	14838	NCL Of Wisconsin Inc	131.71
04/02/2012	14839	Polydyne Inc.	5,204.33
04/02/2012	14840	Pro-Pipe & Supply, Inc.	281.65
04/02/2012	14841	Laura Valdivieso	135.00
04/02/2012	14842	Siemens Industry, Inc.	5,195.70
04/02/2012	14843	Test America Laboratories, Inc	305.00
04/06/2012	14844	PAYROLL CHECK	1,965.19
04/06/2012	14845	PAYROLL CHECK	297.53
04/06/2012	14846	CA-PERS 457 Deferred Comp	13,379.42
04/06/2012	14847	Public Employees' Retirement S	26,681.64
04/06/2012	14848	Hong Nelson	125.00
04/06/2012	14849	Katherine Kostelecky	500.00
04/06/2012	14850	United Student Aid Funds, Inc.	168.43
04/06/2012	14851	IBEW Local 1436	345.00
04/06/2012	14852	Franchise Tax Board	150.00
04/06/2012	14853	Rodd Greene	402.41
04/06/2012	14854	UnitedHealthcare of California	38,427.01
04/06/2012	14855	Standard Insurance Company	2,310.40
04/06/2012	14856	Western Dental Services, Inc.	212.25
04/06/2012	14857	California Special Districts A	69.00
04/06/2012	14858	Anthem Blue Cross L and H	344.30

Check Register - April 2012

<u>Check Date</u>	<u>Check Number</u>	<u>Name</u>	<u>Check Amount</u>
04/06/2012	14859	Standard Insurance Company	2,799.53
04/06/2012	14860	Standard Insurance Vision Plan	440.92
04/09/2012	14861	Abate Technologies Intl, Inc.	225.00
04/09/2012	14862	Ameripride Uniform Services	437.43
04/09/2012	14863	Crown Ace Hardware - Yucaipa	333.36
04/09/2012	14864	Fox Occupational Medical Cente	50.00
04/09/2012	14865	Inland Empire Resource Conserv	2,464.25
04/09/2012	14866	Jean's Flower Basket	88.19
04/09/2012	14867	Lillestrand Leadership Consult	1,464.11
04/09/2012	14868	NetComp Technologies, Inc.	351.57
04/09/2012	14869	Sims Welding & Supply Co., Inc	158.45
04/09/2012	14870	The Counseling Team Internatio	900.00
04/09/2012	14871	The Gas Company	314.17
04/09/2012	14872	Underground Service Alert Of S	142.50
04/09/2012	14873	UPS Store#1504/ Mail Boxes Etc	29.98
04/09/2012	14874	Yucaipa-Calimesa Joint Unified	379.00
04/09/2012	14875	Agriserve Pest Control	13,365.00
04/09/2012	14876	Calolympic Glove & Safety Co.,	91.88
04/09/2012	14877	Center Electric	5,122.07
04/09/2012	14878	Evergreen Oil, Inc.	3,117.00
04/09/2012	14879	Inland Water Works Supply Co.	45.26
04/09/2012	14880	Lowe's Companies, Inc.	343.86
04/09/2012	14881	Merit Oil Company	2,353.18
04/09/2012	14882	Nagem, Inc.	2,072.07
04/09/2012	14883	NCL Of Wisconsin Inc	180.51
04/09/2012	14884	Pro-Pipe & Supply, Inc.	886.18
04/09/2012	14885	R & R Anderson Trucking	1,192.49
04/09/2012	14886	Red Alert Special Couriers	1,081.26
04/09/2012	14887	Test America Laboratories, Inc	297.00
04/09/2012	14888	John Hull	91.25
04/09/2012	14889	Waterreuse Association	700.00
04/09/2012	14890	DoubleTree Hotel Portland	381.38
04/09/2012	14891	NALMS	505.00
04/16/2012	14892	1st Enterprise Bank/Retention	48,490.00
04/16/2012	14893	Aklufi & Wysocki	6,305.00
04/16/2012	14894	California Bank & Trust	112,587.98
04/16/2012	14895	Delta Partners, LLC	7,500.00
04/16/2012	14896	CA-Dept Of Public Health	2,179.80
04/16/2012	14897	Dudek & Associates, Inc	3,745.91
04/16/2012	14898	Krieger & Stewart	160,451.66
04/16/2012	14899	One Stop Landscape Supply Inc	24,015.50
04/16/2012	14900	Platinum Advisors, LLC	5,000.00
04/16/2012	14901	RMC Water and Environment	8,613.83
04/16/2012	14902	Canyon Springs Ent. dba RSH Co	436,406.00
04/16/2012	14903	Separation Processes, Inc.	9,505.53
04/16/2012	14904	W.A. Rasic Construction Co., I	1,013,291.81
04/16/2012	14905	Ameripride Uniform Services	413.22
04/16/2012	14906	AT&T Mobility	1,766.55
04/16/2012	14907	Corelogic, Inc.	300.00
04/16/2012	14908	Coverall North America, Inc.	1,021.00
04/16/2012	14909	Crider Public Relations, Inc.	1,105.00
04/16/2012	14910	First American Data Tree, LLC	50.00
04/16/2012	14911	InfoSend, Inc.	4,699.07
04/16/2012	14912	Konica Minolta Business Soluti	44.10
04/16/2012	14913	Krieger & Stewart	9,000.83

Check Register - April 2012

<u>Check Date</u>	<u>Check Number</u>	<u>Name</u>	<u>Check Amount</u>
04/16/2012	14914	NetComp Technologies, Inc.	1,665.00
04/16/2012	14915	Southern CA Emergency Medicine	300.00
04/16/2012	14916	The Gas Company	15.29
04/16/2012	14917	Troy Alarm, Inc.	201.00
04/16/2012	14918	Verizon	1,080.76
04/16/2012	14919	Yucaipa Valley Chamber Of Comm	105.00
04/16/2012	14920	Atlas Copco Compressors, LLC	2,313.78
04/16/2012	14921	Brenntag Pacific, Inc	12,210.11
04/16/2012	14922	Calolympic Glove & Safety Co.,	383.00
04/16/2012	14923	Case Dealer Holding Co., LLC	44.72
04/16/2012	14924	Cemex Inc. USA	1,197.62
04/16/2012	14925	Center Electric	227.02
04/16/2012	14926	CINTAS First Aid & Safety	304.78
04/16/2012	14927	H & T Cultural Resource Manage	8,600.00
04/16/2012	14928	Custom Metal Fabrication	90.00
04/16/2012	14929	David Sunden	390.87
04/16/2012	14930	Fastenal Company	42.66
04/16/2012	14931	Fisher Scientific Co.	1,947.29
04/16/2012	14932	G&G Environmental Compliance, I	7,346.16
04/16/2012	14933	Graybar Electric Co., Inc.	45.36
04/16/2012	14934	Alan L. Grubel Automotive Inc.	705.16
04/16/2012	14935	Hach Company	2,928.22
04/16/2012	14936	Harbor Freight Tools	328.19
04/16/2012	14937	Harper & Associates Eng., Inc.	3,690.00
04/16/2012	14938	Hydrotex Partners, Ltd.	1,829.60
04/16/2012	14939	Inland Water Works Supply Co.	2,654.31
04/16/2012	14940	Innerline Engineering	1,450.00
04/16/2012	14941	James John Brothers	12,576.50
04/16/2012	14942	Johnson Power Systems	976.42
04/16/2012	14943	McMaster-Carr Supply Co.	118.40
04/16/2012	14944	Merit Oil Company	2,233.51
04/16/2012	14945	Nagem, Inc.	3,928.56
04/16/2012	14946	Nalco Company	5,164.50
04/16/2012	14947	Oily's Automotive Service & Re	102.00
04/16/2012	14948	Joseph G. Pollard Co., Inc.	105.13
04/16/2012	14949	Pro-Pipe & Supply, Inc.	462.94
04/16/2012	14950	Q Versa, LLC	8,044.81
04/16/2012	14951	Southern California Edison	2,606.95
04/16/2012	14952	Siemens Industry, Inc.	2,031.43
04/16/2012	14953	Sims Welding & Supply Co., Inc	1,790.37
04/16/2012	14954	Sterling Water Technologies LL	8,297.60
04/16/2012	14955	HD Supply Facilities Maintenanc	112.35
04/20/2012	14956	PAYROLL CHECK	1,929.83
04/20/2012	14957	CA-PERS 457 Deferred Comp	11,328.93
04/20/2012	14958	Public Employees' Retirement S	27,045.97
04/20/2012	14959	Hong Nelson	125.00
04/20/2012	14960	Katherine Kostelecky	500.00
04/20/2012	14961	United Student Aid Funds, Inc.	168.43
04/20/2012	14962	Franchise Tax Board	150.00
04/23/2012	14963	Ralph C. Casas	49.00
04/23/2012	14964	Ameripride Uniform Services	407.97
04/23/2012	14965	State of California - DMV	10.00
04/23/2012	14966	Charles Wayne Hippenstiel	770.00
04/23/2012	14967	Fedex	78.46
04/23/2012	14968	Incode Division-Tyler Technolo	350.00

Check Register - April 2012

<u>Check Date</u>	<u>Check Number</u>	<u>Name</u>	<u>Check Amount</u>
04/23/2012	14969	InfoSend, Inc.	3,146.46
04/23/2012	14970	Mary Menusan	995.00
04/23/2012	14971	Nagem, Inc.	187.50
04/23/2012	14972	NetComp Technologies, Inc.	2,430.00
04/23/2012	14973	San Bdn. Valley Muni. Water D	10,290.00
04/23/2012	14974	Separation Processes, Inc.	3,737.50
04/23/2012	14975	All American Sewer Tools	1,418.30
04/23/2012	14976	BofA Credit Card	56.05
04/23/2012	14977	Brenntag Pacific, Inc	17,381.50
04/23/2012	14978	Brithinee Electric	572.51
04/23/2012	14979	Case Dealer Holding Co., LLC	1,506.14
04/23/2012	14980	Center Electric	894.43
04/23/2012	14981	CHJ Consultants	17,048.50
04/23/2012	14982	Clinical Laboratory of San Ber	1,929.50
04/23/2012	14983	Victor James Valenti	3,801.52
04/23/2012	14984	Duke's Root Control, Inc.	14,667.60
04/23/2012	14985	David Sunden	791.14
04/23/2012	14986	Gallade Chemical	1,380.71
04/23/2012	14987	Grainger	264.09
04/23/2012	14988	Hewlett-Packard Co.-Public Sec	402.98
04/23/2012	14989	Inland Water Works Supply Co.	858.77
04/23/2012	14990	Johnson Machinery Co.	104.65
04/23/2012	14991	JR Freeman Co. Inc.	129.23
04/23/2012	14992	MBC Applied Environmental Scie	1,200.00
04/23/2012	14993	McMaster-Carr Supply Co.	124.54
04/23/2012	14994	Merit Oil Company	1,844.94
04/23/2012	14995	Nagem, Inc.	1,543.88
04/23/2012	14996	Oily's Automotive Service & Re	226.00
04/23/2012	14997	Polydyne Inc.	2,602.16
04/23/2012	14998	Red Alert Special Couriers	1,259.51
04/23/2012	14999	SB & Riv Counties Fire Equipme	113.14
04/23/2012	15000	Siemens Industry, Inc.	1,083.94
04/23/2012	15001	Tattletale Portable Alarm Syst	269.00
04/23/2012	15002	Test America Laboratories, Inc	1,905.00
04/23/2012	15003	Westech Engineering	1,414.15
04/30/2012	15004	ALL AMERICAN ASPHALT	1,434.71
04/30/2012	15005	QUINTERO, ALFONSO&SO	34.22
04/30/2012	15006	ALTISOURCE SOLUTIONS	455.87
04/30/2012	15007	Atkinson, Andelson, Loya, Ruud	1,000.00
04/30/2012	15008	CA-OCP HEALTH SERVICES	105.00
04/30/2012	15009	American Family Life Assurance	2,733.33
04/30/2012	15010	YVWD-Petty Cash	189.53
04/30/2012	15011	Mike Rivera	81.00
04/30/2012	15012	SeaBright Insurance Company	11,897.00
04/30/2012	15013	ADS, LLC	2,634.00
04/30/2012	15014	Ameripride Uniform Services	413.42
04/30/2012	15015	California Urban Water Conserv	3,040.71
04/30/2012	15016	Calimesa Chamber Of Commerce	30.00
04/30/2012	15017	H & T Cultural Resource Manage	7,140.00
04/30/2012	15018	Krieger & Stewart	11,761.03
04/30/2012	15019	Leroy's Landscape Services	5,700.00
04/30/2012	15020	NetComp Technologies, Inc.	518.58
04/30/2012	15021	North Fork Water Company	489.71
04/30/2012	15022	Resource Trends, Inc.	1,200.00
04/30/2012	15023	SCCI, Inc.	350.00

Check Register - April 2012

<u>Check Date</u>	<u>Check Number</u>	<u>Name</u>	<u>Check Amount</u>
04/30/2012	15024	San Gorgonio Pass Water Agency	4,282.74
04/30/2012	15025	SCE Rosemead	133,870.33
04/30/2012	15026	Verizon	1,990.32
04/30/2012	15027	Applied Membranes, Inc.	118.20
04/30/2012	15028	Atlas Copco Compressors, LLC	8,422.74
04/30/2012	15029	Auto Care Clinic	830.43
04/30/2012	15030	Edward S Babcock & Sons, Inc.	30.00
04/30/2012	15031	BofA Credit Card	897.46
04/30/2012	15032	Brenntag Pacific, Inc	13,165.59
04/30/2012	15033	Cal's Auto Repair & Towing	50.00
04/30/2012	15034	Center Electric	3,473.61
04/30/2012	15035	David Sunden	399.92
04/30/2012	15036	Grainger	73.63
04/30/2012	15037	Hub Construction Specialties I	2,312.26
04/30/2012	15038	Inland Water Works Supply Co.	92.76
04/30/2012	15039	Johnson Machinery Co.	261.82
04/30/2012	15040	JR Freeman Co. Inc.	1,039.71
04/30/2012	15041	Nagem, Inc.	37.50
04/30/2012	15042	P & R Paper Supply Co., Inc.	185.67
04/30/2012	15043	Pro-Pipe & Supply, Inc.	142.74
04/30/2012	15044	SB CNTY-Dept of Public Works	22.57
April 2012 Check Register Total			2,520,670.03

Financial Account Information - April 2011

DATE	DESCRIPTION	Deposit Checking	General Checking	Investment Checking	Treasuries at cost	LAIF Invest. Fund	TOTAL ACTIVITY
03/31/2012	bal forward	1,108,750.99	30,000.00	69,118.52	500,983.20	4,936,123.21	6,644,975.92
3/31	rev retained in MM				(64.72)		(64.72)
04/02/2012	Deposit	63,282.13					63,282.13
	Credit Card-3/30	578.45					578.45
	Credit Card-4/2	2,564.37					2,564.37
	Electronic	14,085.01					14,085.01
	Website-4/2	1,916.14					1,916.14
	Website-4/3	192.65					192.65
	Website-4/3	97.21					97.21
04/03/2012	Deposit	43,682.14					43,682.14
	Credit Card-4/2	553.47					553.47
	Credit Card-4/3	3,318.10					3,318.10
	Electronic	24,646.17					24,646.17
	Website-4/3	1,384.61					1,384.61
	Website-4/4	346.07					346.07
	ACH pmts	27,408.43					27,408.43
	ETS Fees	(652.15)					(652.15)
	ETS Fees	(626.98)					(626.98)
04/04/2012	Deposit	44,188.87					44,188.87
	Credit Card-4/3	125.26					125.26
	Credit Card-4/4	3,740.95					3,740.95
	Electronic	16,261.83					16,261.83
	Website-4/4	2,185.63					2,185.63
	Website-4/5	129.74					129.74
	Website-4/5	277.45					277.45
04/05/2012	Deposit	31,133.02					31,133.02
	Credit Card-4/4	391.96					391.96
	Credit Card-4/5	710.79					710.79
	Electronic	15,621.29					15,621.29
	Website-4/5	1,548.94					1,548.94
	Website-4/6	243.19					243.19
4/6/12-PR	Federal Taxes		(35,678.54)				(35,678.54)
4/6/12-PR	State Taxes		(6,198.89)				(6,198.89)
4/6/12-PR	ING 457		(7,267.38)				(7,267.38)
4/6/12-PR	PR Direct Deposit		(98,126.62)				(98,126.62)
	Cks#14804-14860		(160,964.43)				(160,964.43)
	TRF#1092-AP & PR	(308,235.86)	308,235.86				0.00
04/06/2012	Deposit	48,871.34					48,871.34
	Credit Card-4/5	156.51					156.51
	Credit Card-4/6	1,602.63					1,602.63
	Electronic	11,760.07					11,760.07
	Website-4/7	1,372.52					1,372.52
	Website-4/8	7,194.45					7,194.45
	Website-4/9	1,415.24					1,415.24
	Website-4/10	39.43					39.43
	Website-4/10	1,012.14					1,012.14

Financial Account Information - April 2011

DATE	DESCRIPTION	Deposit Checking	General Checking	Investment Checking	Treasuries at cost	LAIF Invest. Fund	TOTAL ACTIVITY
03/31/2012	bal forward	1,108,750.99	30,000.00	69,118.52	500,983.20	4,936,123.21	6,644,975.92
04/09/2012	Deposit	83,406.63					83,406.63
	Deposit-M/C	4,000.00					4,000.00
	Deposit-M/C	4,591.13					4,591.13
	Credit Card-4/6	224.76					224.76
	Credit Card-4/9	1,428.43					1,428.43
	Electronic	15,410.61					15,410.61
	Website	1,356.28					1,356.28
04/10/2012	Deposit	57,436.06					57,436.06
	Credit Card-4/9	265.09					265.09
	Credit Card-4/10	1,401.07					1,401.07
	Electronic	18,399.71					18,399.71
	Website-4/10	1,244.83					1,244.83
	Website-4/11	516.44					516.44
	ACH pmts	40,431.73					40,431.73
04/11/2012	Deposit	55,780.14					55,780.14
	Credit Card-4/10	403.72					403.72
	Credit Card-4/11	3,017.58					3,017.58
	Electronic	10,776.10					10,776.10
	Website-4/11	966.14					966.14
	Website-4/12	72.52					72.52
	Website-4/12	60.68					60.68
	Cks#14861-14891		(39,163.40)				(39,163.40)
	TRF#1093-AP	(39,163.40)	39,163.40				0.00
04/12/2012	Deposit	34,147.77					34,147.77
	Credit Card-4/11	579.21					579.21
	Credit Card-4/12	2,900.14					2,900.14
	Electronic	8,252.99					8,252.99
	Website-4/12	334.40					334.40
	Website-4/12	686.42					686.42
	Website-4/13	601.01					601.01
04/13/2012	Deposit	38,834.87					38,834.87
	Credit Card-4/12	346.12					346.12
	Credit Card-4/13	1,415.45					1,415.45
	Electronic	12,045.39					12,045.39
	Website-4/13	1,102.19					1,102.19
	Website-4/14	1,057.40					1,057.40
	Website-4/15	900.69					900.69
	Website-4/16	198.99					198.99
	LAIF Quarterly Interest					5,580.26	5,580.26
04/16/2012	Deposit	75,412.04					75,412.04
	Credit Card-4/13	148.79					148.79
	Credit Card-4/16	1,635.57					1,635.57
	Electronic	11,474.10					11,474.10
	Website-4/16	2,017.02					2,017.02
	Website-4/17	293.94					293.94
	ACH pmts	39,142.04					39,142.04
	Quarterly Analysis Charge			(6,998.53)			(6,998.53)

Financial Account Information - April 2011

DATE	DESCRIPTION	Deposit Checking	General Checking	Investment Checking	Treasuries at cost	LAIF Invest. Fund	TOTAL ACTIVITY
03/31/2012	bal forward	1,108,750.99	30,000.00	69,118.52	500,983.20	4,936,123.21	6,644,975.92
04/17/2012	Deposit	26,603.75					26,603.75
	Deposit - Riv County Tax	12,535.43					12,535.43
	Credit Card-4/16	522.83					522.83
	Credit Card-4/17	1,203.97					1,203.97
	Electronic	15,212.18					15,212.18
	Website-4/17	1,029.59					1,029.59
	Website-4/18	327.92					327.92
4/16	EPA Pay Request #19		73,310.79				73,310.79
	TRF#1094-EPA #19	73,310.79	(73,310.79)				0.00
04/18/2012	Deposit	40,361.14					40,361.14
	Credit Card-4/17	381.84					381.84
	Credit Card-4/18	4,553.61					4,553.61
	Electronic	8,785.99					8,785.99
	Website	1,784.69					1,784.69
	TRF#1095-LAIF TO Inv Ck			500,000.00		(500,000.00)	0.00
	TRF#1096-Inv Ck to Dep Ck	500,000.00		(500,000.00)			0.00
4/20/12-PR	Federal Taxes		(36,461.57)				(36,461.57)
4/20/12-PR	State Taxes		(6,607.99)				(6,607.99)
4/20/12-PR	ING 457		(6,877.62)				(6,877.62)
4/20/12-PR	PR Direct Deposit		(98,469.18)				(98,469.18)
	Cks#14892-14962		(1,998,388.32)				(1,998,388.32)
	TRF#1097-AP & PR	(2,146,804.68)	2,146,804.68				0.00
04/19/2012	Deposit	17,652.34					17,652.34
	Deposit - M/C	17,469.10					17,469.10
	Deposit - Calimesa Pass	14,558.00					14,558.00
	Deposit - SB Taxes	321,440.54					321,440.54
	Credit Card-4/18	909.41					909.41
	Credit Card-4/19	1,278.62					1,278.62
	Electronic	7,894.42					7,894.42
	Website-4/19	1,135.73					1,135.73
	Website-4/20	400.38					400.38
4/19	ARRA - Draw #21		248,825.00				248,825.00
	TRF#1098-ARRA Draw#21	248,825.00	(248,825.00)				0.00
04/20/2012	Deposit	23,823.41					23,823.41
	Deposit-M/C	186.90					186.90
	Credit Card-4/19	239.67					239.67
	Credit Card-4/20	1,939.18					1,939.18
	Electronic	12,737.33					12,737.33
	Website-4/20	1,017.34					1,017.34
	Website-4/21	72.52					72.52
	Website-4/21	969.88					969.88
	Website-4/22	640.97					640.97
	Website-4/23	134.27					134.27
	Website-4/23	115.28					115.28
	ACH pmts	19,677.98					19,677.98
04/23/2012	Deposit	41,420.05					41,420.05
	Credit Card-4/20	285.14					285.14
	Credit Card-4/23	1,530.32					1,530.32
	Electronic	14,943.85					14,943.85
	Website-4/23	1,456.45					1,456.45
	Website-4/24	340.75					340.75

Financial Account Information - April 2011

DATE	DESCRIPTION	Deposit Checking	General Checking	Investment Checking	Treasuries at cost	LAIF Invest. Fund	TOTAL ACTIVITY
03/31/2012	bal forward	1,108,750.99	30,000.00	69,118.52	500,983.20	4,936,123.21	6,644,975.92
04/24/2012	Deposit	25,153.29					25,153.29
	Credit Card-4/23	413.19					413.19
	Credit Card-4/24	653.93					653.93
	Electronic	13,175.21					13,175.21
	Website-4/24	844.39					844.39
	Website-4/25	204.53					204.53
	Website-4/25	247.97					247.97
4/24	EPA Pay Request #17		223,280.12				223,280.12
	TRF#1099-EPA #17	223,280.12	(223,280.12)				0.00
04/25/2012	Deposit	22,571.55					22,571.55
	Credit Card-4/24	40.61					40.61
	Credit Card-4/25	865.68					865.68
	Electronic	6,528.22					6,528.22
	Website-4/25	1,405.15					1,405.15
	Website-4/26	149.75					149.75
	Website-4/26	202.53					202.53
	ACH pmts	48,051.23					48,051.23
	Cks#14963-15003		(99,245.77)				(99,245.77)
	TRF#1100-AP	(99,245.77)	99,245.77				0.00
04/26/2012	Deposit	15,316.23					15,316.23
	Credit Card-4/25	52.06					52.06
	Credit Card-4/26	384.93					384.93
	Electronic	4,543.21					4,543.21
	Website-4/26	1,199.36					1,199.36
	Website-4/27	182.55					182.55
	TRF#1101-Dep Ck to Inv Ck	(800,000.00)		800,000.00			0.00
	TRF#1102-Inv Ck to LAIF			(800,000.00)		800,000.00	0.00
04/27/2012	Deposit	28,183.41					28,183.41
	Credit Card	749.86					749.86
	Electronic	6,178.10					6,178.10
	Website-4/27	1,436.04					1,436.04
	Website-4/28	780.00					780.00
	Website-4/29	779.47					779.47
	Website-4/30	386.53					386.53
04/30/2012	Deposit	33,456.48					33,456.48
	Deposit-M/C	7,228.70					7,228.70
	Deposit - SB Taxes	493,689.40					493,689.40
	Credit Card-4/27	84.55					84.55
	Credit Card-4/28	1,630.36					1,630.36
	Electronic	5,410.46					5,410.46
	Website-4/30	1,682.74					1,682.74
	Website-5/1	431.55					431.55
	Cks#15004-15044		(222,908.11)				(222,908.11)
	TRF#1103-AP	(222,908.11)	222,908.11				0.00
	April '12 NSF's	(1,233.96)					(1,233.96)
4/30	retained in MM				64.72		64.72
	TOTALS	785,916.37	30,000.00	62,119.99	500,983.20	5,241,703.47	6,620,723.03

Investment Summary - April 2012

U.S. TREASURIES						
Quantity	Description	Cusip	Maturity Date	Yield	Cost of Purchase	Market Value
501,000	US Treasury Bill	912795Y96	August 23, 2012	0.028%	500,918.48	500,829.66
501,000		Total Values			500,918.48	500,829.66

Money Market Account Activity-Beginning Balance	64.72
4/30/2012 - Dividend/Interest	0.00
Income	0.00
Intra-Bank Transfers to/from Investment Checking	0.00
Fund Transfers	0.00
Cusip Maturity	0.00
Redemptions	0.00
Cusip Purchase	0.00
Purchases	0.00
Ending Balance - Money Market	64.72
US Treasury Securities Investment Principal	500,918.48
Total Assets	500,983.20

Investment Summary - April 2012

LOCAL AGENCY INVESTMENT FUND

PERIOD	TOTAL WITHDRAWAL AMOUNT	TOTAL DEPOSIT AMOUNT	ACCRUED INTEREST (QUARTERLY)	ENDING BALANCE
July 31, 2011	\$0.00	\$0.00	\$39.05	\$32,944.00
August 31, 2011	\$0.00	\$2,000,000.00	\$0.00	\$2,032,944.00
September 30, 2011	(\$2,000,000.00)	\$1,300,000.00	\$0.00	\$1,332,944.00
October 31, 2011	\$0.00	\$800,000.00	\$556.93	\$2,133,500.93
November 30, 2011	(\$1,000,000.00)	\$700,000.00	\$0.00	\$1,833,500.93
December 31, 2011	(\$300,000.00)	\$4,400,000.00	\$0.00	\$5,933,500.93
January 31, 2012	\$0.00	\$700,000.00	\$2,622.28	\$6,636,123.21
February 29, 2012	(\$1,400,000.00)	\$0.00	\$0.00	\$5,236,123.21
March 31, 2012	(\$300,000.00)	\$0.00	\$0.00	\$4,936,123.21
April 30, 2012	(\$500,000.00)	\$800,000.00	\$5,580.26	\$5,241,703.47
May 31, 2012	\$0.00	\$0.00	\$0.00	\$5,241,703.47
June 30, 2012	\$0.00	\$0.00	\$0.00	\$5,241,703.47

L.A.I.F. INCOME SUMMARY

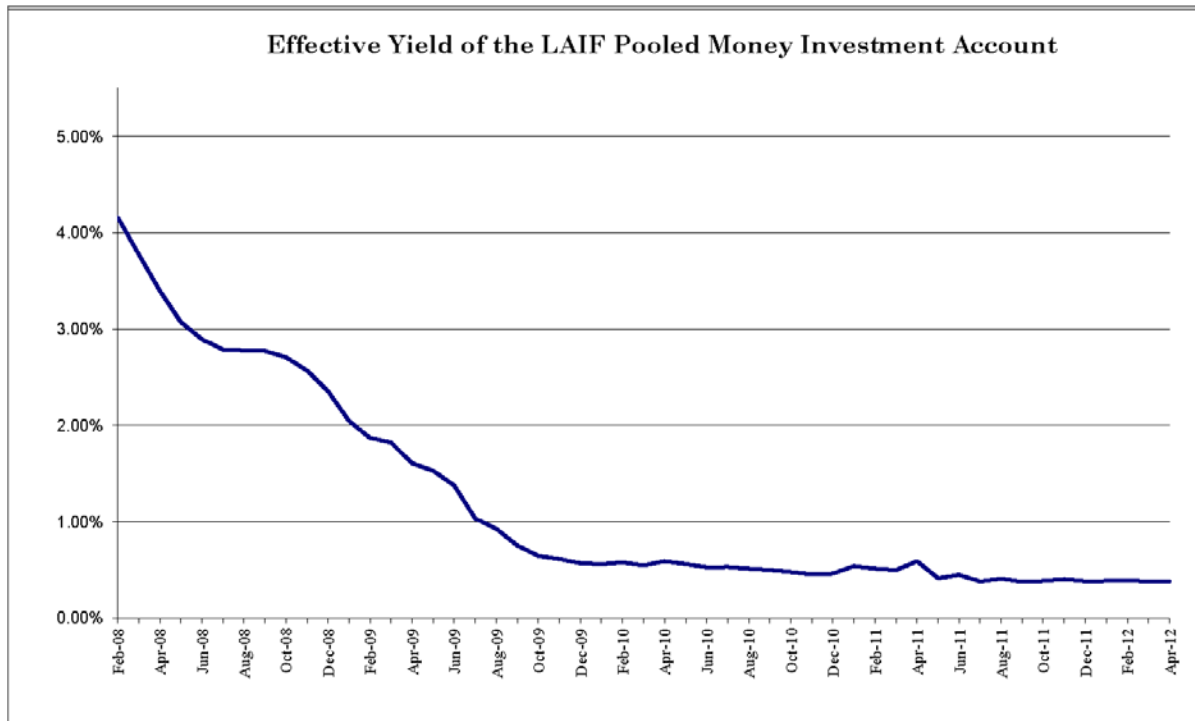
INCOME RECEIVED

CURRENT QUARTER

\$5,580.26

FY YEAR-TO-DATE

\$8,798.52



Daily Deposit Allocation - April 2012

DATE	Description	Qty	DEPOSIT CHECKING DEPOSITS	AR Mail & Counter	AR Payment Centers	AR Credit Card	AR Electronic Rapid Pay	AR Web Site	AR ACH Auto Pay	AR TOTAL	Web Fees & Deposits	Water Allocation	Sewer Allocation	Recycled Allocation	RECAP TOTAL
04/02/2012	Mail & Counter	588	63,282.13	63,282.13						63,282.13					63,282.13
	Credit Cards	27	3,142.82			3,142.82				3,142.82					3,142.82
	Electronic	192	14,085.01				14,085.01			14,085.01					14,085.01
	Website	26	2,206.00					2,160.50		2,160.50	45.50				2,206.00
04/03/2012	Mail & Counter	577	43,682.14	43,682.14						43,682.14					43,682.14
	Credit Cards	25	3,871.57			3,871.57				3,871.57					3,871.57
	Electronic	372	24,646.17				24,646.17			24,646.17					24,646.17
	Website	21	1,730.68					1,693.93		1,693.93	36.75				1,730.68
	ACH payment	363	27,408.43						27,408.43	27,408.43					27,408.43
04/04/2012	Mail & Counter	406	44,188.87	44,188.87						44,188.87					44,188.87
	Credit Cards	35	3,866.21			3,866.21				3,866.21					3,866.21
	Electronic	222	16,261.83				16,261.83			16,261.83					16,261.83
	Website	25	2,592.82					2,549.07		2,549.07	43.75				2,592.82
04/05/2012	Mail & Counter	283	31,133.02	31,133.02						31,133.02					31,133.02
	Credit Cards	9	1,102.75			1,102.75				1,102.75					1,102.75
	Electronic	164	15,621.29				15,621.29			15,621.29					15,621.29
	Website - 19 fees	20	1,792.13					1,758.88		1,758.88	33.25				1,792.13
04/06/2012	Mail & Counter	292	48,871.34	48,871.34						48,871.34					48,871.34
	Credit Cards	19	1,759.14			1,759.14				1,759.14					1,759.14
	Electronic	168	11,760.07				11,760.07			11,760.07					11,760.07
	Website - 52 fees	53	11,033.78					10,942.78		10,942.78	91.00				11,033.78
04/09/2012	Mail & Counter	626	83,406.63	83,406.63						83,406.63					83,406.63
	Deposit/M/C	-	4,000.00							0.00		4,000.00			4,000.00
	Deposit/M/C	20	4,591.13							0.00		4,530.68	60.45		4,591.13
	Credit Cards	20	1,653.19			1,653.19				1,653.19					1,653.19
	Electronic	187	15,410.61				15,410.61			15,410.61					15,410.61
	Website	17	1,356.28					1,326.53		1,326.53	29.75				1,356.28
04/10/2012	Mail & Counter	427	57,436.06	57,436.06						57,436.06					57,436.06
	Credit Cards	18	1,666.16			1,666.16				1,666.16					1,666.16
	Electronic	260	18,399.71				18,399.71			18,399.71					18,399.71
	Website	19	1,761.27					1,728.02		1,728.02	33.25				1,761.27
	ACH payment	445	40,431.73						40,431.73	40,431.73					40,431.73
04/11/2012	Mail & Counter	322	55,780.14	55,780.14						55,780.14					55,780.14
	Credit Cards	29	3,421.30			3,421.30				3,421.30					3,421.30
	Electronic	165	10,776.10				10,776.10			10,776.10					10,776.10
	Website	12	1,099.34					1,078.34		1,078.34	21.00				1,099.34
04/12/2012	Mail & Counter	239	34,147.77	34,147.77						34,147.77					34,147.77
	Credit Cards	16	3,479.35			3,479.35				3,479.35					3,479.35
	Electronic	119	8,252.99				8,252.99			8,252.99					8,252.99
	Website	3	334.40					329.15		329.15	5.25				334.40
	Website	15	1,287.43					1,261.18		1,261.18	26.25				1,287.43
04/13/2012	Mail & Counter	269	38,834.87	38,834.87						38,834.87					38,834.87
	Credit Cards	17	1,761.57			1,761.57				1,761.57					1,761.57
	Electronic	181	12,045.39				12,045.39			12,045.39					12,045.39
	Website - 37 fees	38	3,259.27					3,194.52		3,194.52	64.75				3,259.27
04/16/2012	Mail & Counter	578	75,412.04	75,412.04						75,412.04					75,412.04
	Credit Cards	20	1,784.36			1,784.36				1,784.36					1,784.36
	Electronic	168	11,474.10				11,474.10			11,474.10					11,474.10
	Website	26	2,310.96					2,265.46		2,265.46	45.50				2,310.96
	ACH payment	466	39,142.04						39,142.04	39,142.04					39,142.04
04/17/2012	Mail & Counter	376	26,603.75	26,603.75						26,603.75					26,603.75
	Dep-Riv Cmty Tax	-	12,535.43							0.00		12,535.43			12,535.43
	Credit Cards	18	1,726.80			1,726.80				1,726.80					1,726.80
	Electronic	241	15,212.18				15,212.18			15,212.18					15,212.18
	Website - 16 fees	17	1,357.51					1,329.51		1,329.51	28.00				1,357.51

Daily Deposit Allocation - April 2012

DATE	Description	Qty	DEPOSIT CHECKING	AR Mail & Counter	AR Payment Centers	AR Credit Card	AR Electronic Rapid Pay	AR Web Site	AR ACH Auto Pay	AR TOTAL	Web Fees & Deposits	Water Allocation	Sewer Allocation	Recycled Allocation	RECAP TOTAL
04/18/2012	Mail & Counter	319	40,301.14	40,301.14						40,301.14	60.00				40,361.14
	Credit Cards	45	4,935.45			4,935.45				4,935.45					4,935.45
	Electronic	126	8,785.99				8,785.99			8,785.99					8,785.99
04/19/2012	Website	16	1,784.69					1,756.69		1,756.69	28.00				1,784.69
	Mail & Counter	227	17,652.34	17,652.34						17,652.34					17,652.34
	Deposit-M/C	-	17,469.10							0.00		25.00	17,444.10		17,469.10
	Deposit-Calimesa	-	14,558.00							0.00		14,558.00			14,558.00
	Deposit-SB Tax	-	321,440.54	4,654.29						4,654.29		316,786.25			321,440.54
	Credit Cards	16	2,188.03			2,188.03				2,188.03					2,188.03
	Electronic	112	7,894.42				7,894.42			7,894.42					7,894.42
	Website	16	1,536.11					1,508.11		1,508.11	28.00				1,536.11
04/20/2012	Mail & Counter	232	23,823.41	23,823.41						23,823.41					23,823.41
	Deposit-M/C	-	186.90							0.00		100.00	56.90	30.00	186.90
	Credit Cards	20	2,178.85			2,178.85				2,178.85					2,178.85
	Electronic	177	12,737.33				12,737.33			12,737.33					12,737.33
	Website	35	2,950.26					2,889.01		2,889.01	61.25				2,950.26
	ACH payment	445	19,677.98						19,677.98	19,677.98					19,677.98
04/23/2012	Mail & Counter	474	41,420.05	41,420.05						41,420.05					41,420.05
	Credit Cards	21	1,815.46			1,815.46				1,815.46					1,815.46
	Electronic	208	14,943.85				14,943.85			14,943.85					14,943.85
	Website	24	1,797.20					1,756.20		1,756.20	42.00				1,797.20
04/24/2012	Mail & Counter	306	25,153.29	25,153.29						25,153.29					25,153.29
	Credit Cards	15	1,067.12			1,067.12				1,067.12					1,067.12
	Electronic	212	13,175.21				13,175.21			13,175.21					13,175.21
	Website	18	1,296.89					1,265.39		1,265.39	31.50				1,296.89
04/25/2012	Mail & Counter	205	22,571.55	22,571.55						22,571.55					22,571.55
	Credit Cards	11	906.29			906.29				906.29					906.29
	Electronic	98	6,528.22				6,528.22			6,528.22					6,528.22
	Website	15	1,757.43					1,731.18		1,731.18	26.25				1,757.43
	ACH payment	502	48,051.23						48,051.23	48,051.23					48,051.23
04/26/2012	Mail & Counter	177	15,316.23	15,316.23						15,316.23					15,316.23
	Credit Cards	7	436.99			436.99				436.99					436.99
	Electronic	68	4,543.21				4,543.21			4,543.21					4,543.21
	Website	17	1,381.91					1,352.16		1,352.16	29.75				1,381.91
04/27/2012	Mail & Counter	166	28,183.41	28,183.41						28,183.41					28,183.41
	Credit Cards	6	749.86			749.86				749.86					749.86
	Electronic	92	6,178.10				6,178.10			6,178.10					6,178.10
	Website	34	3,382.04					3,322.54		3,322.54	59.50				3,382.04
04/30/2012	Mail & Counter	317	33,456.48	33,456.48						33,456.48					33,456.48
	Deposit-M/C	-	7,228.70							0.00		7,228.70			7,228.70
	Deposit - SB Taxes	-	493,689.40	5,116.40						5,116.40		488,573.00			493,689.40
	Credit Cards	17	1,714.91			1,714.91				1,714.91					1,714.91
	Electronic	25	5,410.46				5,410.46			5,410.46					5,410.46
	Website	25	2,114.29					2,070.54		2,070.54	43.75				2,114.29
	EPA Draw#19		\$73,310.79 (4/16)							0.00					0.00
	ARRA Draw#21		\$248,825 (4/19)							0.00					0.00
	EPA Draw#17		\$223,280.12 (4/24)							0.00					0.00
Apr-11	Utility Pmt Cntr-432			(31,431.35)	31,431.35					0.00					0.00
	April 11' NSFP's		(1,233.96)	(1,233.96)						0.00					0.00
TOTALS		14,077	2,249,386.42	826,262.04	31,431.35	45,228.18	254,142.24	49,268.69	174,711.41	1,381,043.91	2,414.00	848,337.06	17,561.45	30.00	2,249,386.42

TOTAL # AR PAYMENTS 6,974 432 411 3,557 492 2,211 14,077
PERCENT OF TOTAL RECEIVED 49.54% 3.07% 2.92% 25.27% 3.50% 15.71% 100%

FY 2012 - Water Revenue

ACCOUNT#	DESCRIPTION	BUDGET	Qtr 1 Totals	Qtr 2 Totals	Jan '12	Feb '12	Mar '12	April '12	Year to Date	Percentage YTD
02-40010	Sales - Water	6,000,000	1,799,636	1,415,643	360,253	224,132	330,768	273,384	4,403,816	73.40%
02-40011	Sales - Construction Water	31,000	5,720	4,986	653	312	740	420	12,831	41.39%
02-40012	Sales - Imported Water (SGPWA)	200,000	69,907	41,441	11,347	7,047	10,244	8,525	148,511	74.26%
02-40013	Sales - Imported Water (MUNI)	800,000	224,975	199,742	52,130	33,627	47,886	40,378	598,738	74.84%
02-40014	Sales Disc.-Multi Units Usage Chrg.	(130,000)	(33,055)	(30,777)	(10,509)	(6,554)	(9,648)	(7,819)	(98,362)	75.66%
02-40015	Water Wholesale Revenue	60,000	10,639	29,316	3,050	2,617	2,848	0	48,470	80.78%
02-40016	Service Establishment Fee	100	0	75	0	0	150	25	250	250.00%
02-41000	Service Demand Charges	2,300,000	400,045	579,064	193,214	193,244	193,417	193,307	1,752,290	76.19%
02-41001	Fire Service Standby Fees	15,000	3,311	4,405	1,328	1,661	1,496	1,455	13,656	91.04%
02-41003	Construction Service Charge	10,000	1,562	2,003	518	683	589	690	6,045	60.45%
02-41005	Sales Disc-Multi Units Service Chrg.	(92,000)	(18,622)	(26,822)	(8,941)	(8,941)	(8,941)	(8,941)	(81,207)	88.27%
02-41010	Unauthorized Use of Water Charge	1,500	750	0	0	0	0	0	750	50.00%
02-41110	Meter/Lateral Installation	2,500	1,125	3,375	0	0	2,250	0	6,750	270.00%
02-41112	Fire Flow Measurements & Reports	1,900	450	450	75	0	0	75	1,050	55.26%
02-41113	Disconnect/Reconnect Fees	100,000	31,700	32,655	10,865	11,140	5,680	7,205	99,245	99.25%
02-41121	Delinquent Payment Charges	125,000	41,301	45,727	8,016	11,087	5,420	7,994	119,545	95.64%
02-41124	Bad Debt	0	0	0	0	0	0	0	0	0
02-42123	Management & Accounting Fees	733,170	183,288	183,294	61,098	61,098	61,098	61,098	610,974	83.33%
02-43010	Interest Earned	10,000	327	1,162	1,745	0	0	3,348	6,582	65.82%
02-43110	Property Tax - Unsecured	100,000	0	48,194	9	0	(123)	(1,672)	46,408	46.41%
02-43120	Property Tax - Secured	2,050,000	423,213	423,213	270,240	0	83,615	812,479	1,589,547	77.54%
02-43130	Tax Collection - Prior	60,000	0	8,652	1,517	0	1,516	1,526	13,210	22.02%
02-43140	Other Taxes (including homeowners)	90,000	0	9,204	66,967	0	779	22,237	99,187	110.21%
02-49150	Revenue - Misc. Non-Operating	35,000	14,479	8,226	2,124	2,305	2,579	1,957	31,669	90.48%
	WATER OPERATING REVENUE	12,503,170	2,737,537	2,983,228	1,025,699	533,457	732,363	1,417,671	9,429,954	75.42%
02-82002	Grants (FEMA)	0	1,940	1,155	0	0	0	0	3,095	
02-89901	Facility Capacity Charges	0	0	130,087	0	0	33,114	0	163,201	
02-89902	Sustainability	0	0	10,453	0	0	12,978	0	23,431	
	TOTAL WATER REVENUE	12,503,170	2,739,477	3,124,922	1,025,699	533,457	778,455	1,417,671	9,619,680	

FY 2012 - Sewer Revenue

ACCOUNT#	DESCRIPTION	BUDGET	Qtr 1 Totals	Qtr 2 Totals	Jan '12	Feb '12	Mar '12	April '12	Year to Date	Percentage YTD
03-40016	Sales - Establish Service Fee	100	0	0	0	0	0	0	0	0.00%
03-41000	Sales - Sewer Charges	10,425,000	2,023,982	2,615,298	865,089	849,464	861,704	856,909	8,072,447	77.43%
03-41005	Sales Disc-Multi Units Service Chrg.	(200,000)	(39,379)	(51,072)	(17,001)	(17,018)	(16,999)	(16,975)	(158,443)	79.22%
03-41110	Meter/Lateral Installation	1,000	0	0	0	0	0	0	0	0.00%
03-41121	Penalty Late Charges	130,000	31,494	37,133	11,329	13,405	9,036	11,385	113,782	87.52%
03-41124	Bad Debt	0	0	0	0	0	0	0	0	
03-41131	Front Footage Fees	0	0	0	0	0	0	0	0	
03-42122	Revenue - other operating	1,000	180	360	0	0	0	180	720	72.00%
03-43010	Interest Earned	10,000	191	0	1,311	0	0	2,232	3,734	37.34%
03-43110	Property Tax - Unsecured	50,000	0	50,000	0	0	0	0	50,000	100.00%
03-43120	Property Tax - Secured	450,000	0	450,000	0	0	0	0	450,000	100.00%
03-43130	Tax Collection - Prior	15,000	0	7,500	0	0	0	0	7,500	50.00%
03-43140	Other Taxes (including homeowners)	1,500	0	1,500	0	0	0	0	1,500	100.00%
03-49150	Misc. Non-Oper Revenue	25,000	0	17,614	134,987	4,152	0	0	156,752	627.01%
	SEWER OPERATING REVENUE	10,908,600	2,016,468	3,128,334	995,716	850,002	853,741	853,731	8,697,992	79.74%
03-82001	Grants - EPA	0	0	0	1,524	0	0	5,516	7,040	
03-82003	Grants - ARRA	0	55,243	507,634	381,447	295,534	280,815	248,825	1,769,498	
03-82004	Grants - Prop 50	0	0	0	301,762	0	491,404	0	793,166	
03-89901	Facility Capacity Charges	0	0	157,839	0	29,732	49,326	17,264	254,161	
8990540016	Contrib Capital-Infrastructure	0	0	0	0	(54,835)	0	0	(54,835)	
	TOTAL SEWER REVENUE	10,908,600	2,071,711	3,793,806	1,680,448	1,120,433	1,675,286	1,125,336	11,467,022	

FY 2012 - Recycled Water Revenue

ACCOUNT#	Description	BUDGET	Qtr 1 Totals	Qtr 2 Totals	Jan '12	Feb '12	Mar '12	April '12	Year to Date	Percentage YTD
04-40010	Sales - Recycled Water	220,000	116,823	66,257	13,124	11,826	13,940	9,154	231,123	105.06%
04-40011	Sales - Construction Water	2,500	250	348	3	0	0	44	645	25.82%
04-41000	Sales - Service Demand Chrg.	27,500	5,632	9,233	3,136	3,079	3,135	3,085	27,300	99.27%
04-41003	Const. Water Minimum Chrg.	4,000	490	768	193	214	221	244	2,130	53.25%
04-41121	Penalty - Late Charge	500	42	22	27	17	9	22	138	27.64%
04-43010	Interest Earned	50	0	0	75	0	0	0	75	150.40%
04-43110	Property Tax - Unsecured	500	0	500	0	0	0	0	500	100.00%
04-43120	Property Tax - Secured	10,000	0	10,000	0	0	0	0	10,000	100.00%
04-43130	Property Tax - Prior	100	0	100	0	0	0	0	100	100.00%
04-43140	Other Taxes (including homeowners)	100	0	100	0	0	0	0	100	100.00%
04-49150	Misc. Non-Operating Revenue	0	0	1,200	0	0	0	0	1,200	100.00%
	RECYCLED WATER OPERATING REVENUE	265,250	123,238	88,529	16,558	15,135	17,304	12,549	273,311	103.04%
04-82001	Grants-EPA #XP989384-01	0	0	0	41,462	0	0	291,075	332,536	
04-89901	Facility Capacity Charges	0	0	19,521	0	0	0	0	19,521	
	TOTAL RECYCLED WATER REVENUE	265,250	123,238	108,049	58,019	15,135	17,304	303,623	625,369	

FY 2012 - Water Expenses

ACCOUNT#	DESCRIPTION	BUDGET	Qtr 1 Totals	Qtr 2 Totals	Jan '12	Feb '12	Mar '12	April '12	Year to Date	Percentage YTD
02-5-01-50010	Labor-Water Resources	635,700	135,462	159,449	46,986	45,790	47,375	47,201	482,263	75.86%
02-5-01-50011	Labor Credit	0	0	0	0	0	0	0	0	
02-5-01-50013	Benefits-Fica	48,630	11,207	12,901	3,912	3,840	3,957	3,919	39,735	81.71%
02-5-01-50014	Benefits-Life Insurance	3,420	761	762	256	256	256	256	2,547	74.46%
02-5-01-50016	Benefits-HealthDefrd Comp	90,175	25,822	27,991	8,973	8,973	8,983	8,553	88,894	98.58%
02-5-01-50017	Benefits-Disability Insurance	7,650	2,473	2,555	752	743	762	754	8,039	105.09%
02-5-01-50019	Benefits-Workers Compensation	33,700	3,500	9,052	2,021	(4,648)	1,914	1,877	13,716	40.70%
02-5-01-50021	Benefits-PERS	44,500	8,380	10,120	3,025	2,993	2,993	3,055	30,565	68.69%
02-5-01-50022	Benefits-PERS-Employer	85,885	16,216	19,631	5,839	5,776	5,776	5,896	59,033	68.74%
02-5-01-50023	Benefits-Uniforms	2,850	655	511	131	124	155	124	1,701	59.67%
02-5-01-50024	Benefits-Vacation & Sick Pay	20,000	1,470	1,787	655	927	838	858	6,535	32.68%
02-5-01-50025	Benefits-Boot Allowance	1,425	600	150	150	0	0	0	900	63.16%
02-5-01-51003	R&M - Structures	200,000	60,997	72,991	11,339	14,217	19,561	11,012	190,118	95.06%
02-5-01-51011	R&M - CLA Valves	15,000	0	7,563	0	0	0	176	7,739	51.59%
02-5-01-51140	General Supplies & Expenses	2,000	336	1,274	0	21	94	186	1,911	95.54%
02-5-01-51210	Utilities - Power Purchases	1,500,000	357,907	363,756	94,019	60,767	70,086	63,378	1,009,913	67.33%
02-5-01-51211	Utilities - Electricity & Fuel	4,000	860	1,118	448	251	359	344	3,380	84.51%
02-5-01-51316	Imported Water Purchases	1,000,000	312,375	242,810	57,737	0	47,651	55,000	715,572	71.56%
02-5-01-54019	Licenses & Permits	25,000	25,403	3,218	60	1,250	2,180	700	32,811	131.24%
02-5-01-54110	Laboratory Services	90,000	9,682	8,835	3,858	2,824	2,220	3,410	30,828	34.25%
02-5-01-57040	YVRWFF Operating Expense	550,000	182,227	159,073	38,750	47,806	44,314	45,554	517,723	94.13%
	WATER RESOURCE TOTALS	4,359,935	1,156,332	1,105,047	278,910	191,909	259,473	252,253	3,243,924	74.40%
02-5-03-50010	Labor-Public Works	945,340	180,132	221,572	60,361	59,272	59,293	60,905	642,034	67.92%
02-5-03-50011	Labor Credit	0	(4,064)	(20,045)	(7,543)	20,605	0	0	(11,048)	
02-5-03-50013	Benefits-Fica	72,320	14,746	18,252	5,051	4,929	4,930	4,996	52,905	73.15%
02-5-03-50014	Benefits-Life Insurance	6,160	1,264	1,269	365	396	396	396	4,086	66.33%
02-5-03-50016	Benefits-HealthDefrd Comp	162,315	44,049	49,794	12,953	15,136	15,506	12,656	150,094	92.47%
02-5-03-50017	Benefits-Disability Insurance	11,345	3,872	3,784	964	966	967	975	11,528	101.61%
02-5-03-50019	Benefits-Workers Compensation	50,100	4,215	10,437	3,403	(3,180)	3,321	3,366	21,562	43.04%
02-5-03-50021	Benefits-PERS	66,175	11,269	13,654	3,880	3,880	3,838	3,949	40,471	61.16%
02-5-03-50022	Benefits-PERS Employer	127,715	21,816	26,352	7,489	7,489	7,408	7,622	78,175	61.21%
02-5-03-50023	Benefits-Uniforms	20,000	1,193	1,081	388	708	443	380	4,191	20.96%
02-5-03-50024	Benefits-Vacation & Sick Pay	5,130	193	966	387	387	387	393	2,113	52.88%
02-5-03-50025	Benefits-Boot Allowance	2,565	289	1,251	199	373	0	0	2,112	82.34%
02-5-03-51001	R & M - Vehicles & Equipment	170,000	34,942	49,022	26,968	16,915	23,282	14,937	166,067	97.69%
02-5-03-51011	R&M - Valves	10,000	0	(3,104)	(2,553)	0	0	0	(5,658)	-56.58%
02-5-03-51020	R&M - Pipelines	275,000	50,081	73,098	16,261	23,537	5,505	10,539	179,021	65.10%
02-5-03-51021	R&M - Service Lines	125,000	26,838	31,933	2,124	9,678	13,082	9,251	92,907	74.33%
02-5-03-51022	R&M - Fire Hydrants	25,000	(1,837)	8,428	(2,212)	5,314	7,856	589	18,138	72.55%
02-5-03-51030	R&M - Water Meters	70,000	8,637	20,684	1,812	11,551	14,407	5,410	62,502	89.29%
02-5-03-51092	Equipment Credits	0	(1,913)	(7,087)	(2,682)	3,500	(941)	0	(9,122)	
02-5-03-51140	General Supplies & Expenses	3,000	51	0	0	0	0	0	51	1.69%
	PUBLIC WORKS TOTALS	2,147,165	395,774	501,342	128,115	181,455	159,680	136,363	1,502,729	69.99%

FY 2012 - Water Expenses

ACCOUNT#	DESCRIPTION	BUDGET	Qtr 1 Totals	Qtr 2 Totals	Jan '12	Feb '12	Mar '12	April '12	Year to Date	Percentage YTD
02-5-06-50010	Labor-Administration	745,830	133,859	163,564	46,523	46,435	47,939	47,804	486,124	65.18%
02-5-06-50011	Labor Credit	0	0	(157)	0	0	(2,106)	0	(2,263)	
02-5-06-50012	Director Fees	15,000	2,249	4,559	1,276	1,276	1,459	1,216	12,034	80.23%
02-5-06-50013	Benefits-Fica	57,050	10,201	11,957	4,089	4,084	4,219	4,149	38,699	67.83%
02-5-06-50014	Benefits-Life Insurance	3,640	865	863	290	290	290	290	2,888	79.34%
02-5-06-50016	Benefits-HealthDefrd Comp	95,870	33,853	38,482	12,523	11,782	12,153	11,624	120,417	125.60%
02-5-06-50017	Benefits-Disability Insurance	8,950	1,588	2,123	732	732	747	741	6,663	74.45%
02-5-06-50019	Benefits-Workers Compensation	39,530	1,800	3,925	598	(2,590)	596	592	4,910	12.42%
02-5-06-50021	Benefits-PERS	52,200	9,190	11,237	3,225	3,225	3,326	3,314	33,516	64.21%
02-5-06-50022	Benefits-PERS Employer	138,550	17,787	21,688	6,224	6,224	6,419	6,397	64,738	46.73%
02-5-06-50023	Uniforms	3,030	496	462	114	114	144	114	1,442	47.60%
02-5-06-50024	Benefits-Vacation & Sick Pay	15,000	2,099	2,730	1,119	1,149	1,149	1,174	9,420	62.80%
02-5-06-50025	Benefits-Boots	1,515	150	296	0	0	150	0	596	39.33%
02-5-06-51003	R&M - Structures	20,000	7,472	(590)	7,759	423	254	281	15,599	77.99%
02-5-06-51091	Expense Credits (overhead)	0	(1,228)	(6,127)	(1,799)	3,500	(849)	0	(6,503)	
02-5-06-51120	Safety Equipment/Supplies	25,000	8,331	3,764	974	2,738	685	621	17,113	68.45%
02-5-06-51125	Petroleum Products	110,000	29,956	29,846	8,432	8,388	6,145	5,432	88,199	80.18%
02-5-06-51130	Office Supplies & Expenses	40,000	15,353	6,512	2,059	2,309	5,437	1,127	32,797	81.99%
02-5-06-51140	General Supplies & Expenses	30,000	845	6,795	4,516	1,497	1,101	3,989	18,743	62.48%
02-5-06-51211	Utilities - Electricity	26,000	6,869	6,703	1,552	1,500	1,594	1,486	19,705	75.79%
02-5-06-51213	Utilities - Natural Gas	5,000	115	1,000	354	15	709	0	2,192	43.84%
02-5-06-54002	Dues & Subscriptions	10,000	282	4,300	1,498	2,413	694	469	9,634	96.34%
02-5-06-54005	Computer Expenses	75,000	15,813	24,994	4,039	4,727	11,531	2,011	63,115	84.15%
02-5-06-54010	Postage	6,500	391	513	2,362	110	139	78	3,593	55.28%
02-5-06-54011	Printing & Publications	20,000	5,799	73	0	73	0	0	5,945	29.72%
02-5-06-54012	Education & Training	30,000	1,987	1,898	560	2,827	2,814	2,154	12,219	40.73%
02-5-06-54013	Utility Billing Expenses	135,000	33,408	32,353	10,554	10,649	9,692	4,776	101,431	75.13%
02-5-06-54014	Public Relations	25,000	1,233	1,212	0	935	1,600	600	5,581	22.32%
02-5-06-54015	Rents & Leases	3,500	999	393	204	0	460	204	2,260	64.56%
02-5-06-54016	Travel Related Expenses	7,500	77	84	157	1,934	985	123	3,359	44.78%
02-5-06-54017	Certifications & Renewals	6,000	480	1,250	250	570	596	1,235	4,361	72.68%
02-5-06-54020	Meeting Related Expenses	4,000	885	706	738	338	204	248	3,120	78.00%
02-5-06-54024	Utilities - Waste Disposal	2,500	476	476	159	186	159	23	1,477	59.08%
02-5-06-54025	Utilities - Telephone	35,000	7,257	7,370	2,512	2,517	2,457	350	22,462	64.18%
02-5-06-54104	Contractual Services	70,000	24,302	7,606	9,047	2,364	3,222	6,508	53,048	75.78%
02-5-06-54107	Legal	45,000	10,384	10,210	5,586	3,835	3,620	3,500	37,115	82.48%
02-5-06-54108	Audit & Accounting	16,000	14,750	1,123	0	0	0	0	15,873	99.20%
02-5-06-54109	Professional Fees	100,000	40,152	21,717	9,827	7,435	9,684	2,500	91,315	91.32%
02-5-06-55500	Depreciation Reserves	375,095	93,773	93,774	31,258	31,258	58,530	31,258	339,851	90.60%
02-5-06-56001	Infrastructure Replacement	397,935	99,486	99,483	33,161	33,161	33,161	33,161	331,613	83.33%
02-5-06-57030	Insurance	120,000	29,787	27,972	9,324	9,404	9,484	9,324	95,295	79.41%
02-5-06-57096	Regulatory Compliance	95,000	213	278	0	0	213	0	703	0.74%
02-5-06-57100	Beaumont Basin Watermaster	10,000	0	0	0	0	0	0	0	0.00%
02-5-06-57100	County Tax Collector Fees	7,500	371	2,520	733	0	212	2,117	5,953	79.38%
02-5-06-57199	Suspense	0	0	0	(9,979)	9,979	0	0	0	
ADMINISTRATION TOTALS		3,028,895	664,074	649,933	212,535	217,806	241,016	190,988	2,176,352	71.86%

FY 2012 - Sewer Expenses

ACCOUNT#	DESCRIPTION	BUDGET	Qtr 1 Totals	Qtr 2 Totals	Jan '12	Feb '12	Mar '12	April '12	Year to Date	Percentage YTD
03-5-02-50010	Labor-VW Treatment	899,200	177,500	228,823	65,426	64,453	66,126	65,294	667,621	74.25%
03-5-02-50013	Benefits-Fica	68,800	14,804	18,781	5,411	5,343	5,466	5,394	55,200	80.23%
03-5-02-50014	Benefits-Life Insurance	4,500	1,016	1,016	341	341	341	341	3,395	75.45%
03-5-02-50016	Benefits-Health\Defrd Comp	118,650	35,675	39,705	12,773	12,773	12,783	12,325	126,033	106.22%
03-5-02-50017	Benefits-Disability Insurance	10,800	3,285	3,682	1,029	1,019	1,040	1,027	11,081	102.61%
03-5-02-50019	Benefits-Workers Compensation	47,700	3,500	6,597	3,195	(3,492)	3,156	3,097	16,054	33.66%
03-5-02-50021	Benefits-PERS	62,950	11,863	14,732	4,259	4,226	4,226	4,321	43,627	69.30%
03-5-02-50022	Benefits-PERS Employer	121,500	22,962	28,432	8,220	8,157	8,157	8,339	84,267	69.36%
03-5-02-50023	Benefits-Uniforms	3,750	997	921	286	629	375	290	3,497	93.25%
03-5-02-50024	Benefits-Vacation & Sick Pay	15,000	1,283	1,849	365	449	361	567	4,873	32.49%
03-5-02-50025	Benefits-Boot Allowance	1,875	254	464	300	322	118	0	1,458	77.73%
03-5-02-51003	R&M - Structures	200,000	23,411	41,577	17,744	155,825	13,640	16,795	268,992	134.50%
03-5-02-51010	R&M - Automation Control	85,000	5,092	18,462	8,675	6,677	5,856	5,676	50,438	59.34%
03-5-02-51106	Chemicals	600,000	131,976	130,426	32,661	38,217	32,194	32,863	398,357	66.39%
03-5-02-51111	Propane	2,500	3,053	3,144	0	0	0	0	6,197	247.88%
03-5-02-51115	Laboratory Supplies	30,000	6,067	4,072	4,019	898	2,963	192	18,210	60.70%
03-5-02-51140	General Supplies & Expenses	1,000	147	0	0	0	86	0	234	23.35%
03-5-02-51210	Utilities - Power Purchases	690,000	186,288	166,986	8,548	42,100	43,598	61,927	509,448	73.83%
03-5-02-54110	Laboratory Services	120,000	20,849	27,523	5,618	10,651	5,295	3,641	73,576	61.31%
03-5-02-57031	Sludge Disposal	300,000	75,017	78,061	26,960	22,727	24,016	24,000	250,780	83.59%
03-5-02-57033	Brine Disposal	30,000	0	10,290	10,290	0	10,290	0	30,870	102.90%
	TREATMENT TOTALS	3,413,225	725,036	825,543	216,138	371,315	240,085	246,089	2,624,207	76.88%

FY 2012 Sewer Expenses

ACCOUNT#	DESCRIPTION	BUDGET	Qtr 1 Totals	Qtr 2 Totals	Jan '12	Feb '12	Mar '12	April '12	Year to Date	Percentage YTD
03-5-06-50010	Labor-Administration	708,050	121,149	150,854	42,891	42,804	44,308	44,089	446,096	63.00%
03-5-06-50012	Directors Fees	15,000	2,249	4,559	1,276	1,276	1,459	1,216	12,034	80.23%
03-5-06-50013	Benefits-Fica	54,170	9,163	10,921	3,794	3,790	3,925	3,846	35,439	65.42%
03-5-06-50014	Benefits-Life Insurance	3,500	867	864	290	290	290	290	2,892	82.64%
03-5-06-50016	Benefits-Health\Defrd Comp	92,075	33,167	37,780	12,348	11,607	11,977	10,758	117,637	127.76%
03-5-06-50017	Benefits-Disability Insurance	8,500	1,974	2,000	694	693	709	701	6,771	79.65%
03-5-06-50019	Benefits-Workers Compensation	37,530	3,200	6,342	2,187	(989)	2,163	2,173	15,076	40.17%
03-5-06-50021	Benefits-PERS	49,570	8,464	10,347	2,971	2,971	3,072	3,054	30,878	62.29%
03-5-06-50022	Benefits PERS Employer	95,660	16,383	19,970	5,733	5,733	5,928	5,895	59,642	62.35%
03-5-06-50023	Benefits-Uniforms	2,910	281	304	91	81	151	68	978	33.60%
03-5-06-50024	Benefits-Vacation & Sick Pay	10,000	2,099	2,730	1,119	1,149	1,149	1,174	9,420	94.20%
03-5-06-50025	Benefits-Boot Allowance	1,455	0	0	0	0	0	0	0	0.00%
03-5-06-51120	Safety Equipment/Supplies	7,500	5,704	82	493	2,071	0	71	8,421	112.28%
03-5-06-51125	Petroleum Products	17,500	3,000	3,682	1,864	1,227	1,000	1,000	11,773	67.27%
03-5-06-51130	Office Supplies	5,000	1,176	200	80	92	216	525	2,289	45.77%
03-5-06-51140	General Supplies & Expenses	7,500	129	5,513	3,843	18	42	3,499	13,044	173.92%
03-5-06-54002	Dues & Subscriptions	10,000	476	4,639	2,342	2,106	264	469	10,294	102.94%
03-5-06-54003	Management & Admin Services	733,170	183,288	183,294	61,098	61,098	61,098	61,098	610,974	83.33%
03-5-06-54005	Computer Expenses	70,000	9,296	24,240	3,499	4,672	10,901	2,101	54,708	78.15%
03-5-06-54011	Printing & Publications	7,500	5,799	73	0	73	0	0	5,945	79.27%
03-5-06-54012	Education & Training	20,000	1,775	550	560	2,827	2,260	2,085	10,056	50.28%
03-5-06-54014	Public Relations	8,000	897	1,007	0	899	1,600	600	5,003	62.54%
03-5-06-54016	Travel Related Expenses	8,500	1,052	2,405	195	1,934	962	291	6,839	80.46%
03-5-06-54017	Certifications & Renewals	5,500	365	480	1,019	245	200	0	2,309	41.99%
03-5-06-54019	Licenses & Permits	42,500	4,109	39,787	1,977	0	0	0	45,873	107.94%
03-5-06-54020	Meeting Related Expenses	2,500	808	656	775	297	210	143	2,890	115.60%
03-5-06-54024	Utilities - Waste Disposal	12,500	2,850	2,835	945	945	945	0	8,520	68.16%
03-5-06-54025	Utilities - Telephone	16,500	4,523	4,911	1,618	1,636	1,595	951	15,233	92.32%
03-5-06-54030	Drinking Water	1,000	217	189	77	56	91	49	679	67.90%
03-5-06-54104	Contractual Services	30,000	13,848	3,561	5,528	1,396	1,592	427	26,353	87.84%
03-5-06-54107	Legal	45,000	10,461	12,160	4,546	4,388	3,185	3,300	38,040	84.53%
03-5-06-54108	Audit & Accounting	16,000	14,750	1,123	0	0	0	0	15,873	99.20%
03-5-06-54109	Professional Fees	300,000	115,525	212,102	39,265	12,687	12,271	2,500	394,350	131.45%
03-5-06-55500	Depreciation Reserves	327,260	81,812	81,816	27,272	27,272	27,272	27,272	272,716	83.33%
	Infrastructure Replacement	786,300	196,575	196,575	65,525	65,525	65,525	65,525	655,250	83.33%
03-5-06-56001	Insurance	115,000	28,379	27,972	9,324	9,324	10,319	9,324	94,642	82.30%
03-5-06-57030	Regulatory Compliance	50,000	21,447	42,278	0	0	0	0	63,725	127.45%
03-5-06-57100	County Tax Collection Fees	1,200	0	0	0	0	0	0	0	0.00%
	ADMINISTRATION TOTALS	3,724,350	907,255	1,098,801	305,240	270,192	276,679	254,495	3,112,662	83.58%

FY 2012 - Sewer Expenses

ACCOUNT#	DESCRIPTION	BUDGET	Qtr 1 Totals	Qtr 2 Totals	Jan '12	Feb '12	Mar '12	April '12	Year to Date	Percentage YTD
03-5-07-50010	Labor-Environmental Control	213,570	42,577	52,019	14,660	14,096	13,262	11,231	147,845	69.23%
03-5-07-50011	Labor Credit	0	0	(302)	0	0	0	0	(302)	
03-5-07-50013	Benefits-Fica	16,340	3,364	4,105	1,147	1,103	1,039	849	11,606	71.03%
03-5-07-50014	Benefits-Life Insurance	1,400	254	254	85	85	85	85	848	60.60%
03-5-07-50016	Benefits-Health\Defrd Comp	37,020	10,118	10,827	3,458	3,458	3,458	4,452	35,771	96.63%
03-5-07-50017	Benefits-Disability Insurance	2,565	737	865	222	216	208	(481)	1,767	68.88%
03-5-07-50019	Benefits-Workers Compensation	11,320	2,000	4,396	1,070	(971)	969	792	8,256	72.93%
03-5-07-50021	Benefits-PERS	14,950	2,483	3,044	870	870	772	644	8,682	58.07%
03-5-07-50022	Benefits-PERS Employer	28,855	4,806	5,875	1,679	1,679	1,489	1,242	16,770	58.12%
03-5-07-50023	Benefits-Uniforms	1,170	354	337	105	104	136	83	1,119	95.60%
03-5-07-50024	Benefits-Vacation & Sick Pay	6,000	0	0	0	0	0	0	0	0.00%
03-5-07-50025	Benefits-Boot Allowance	585	300	0	0	0	0	0	300	51.28%
03-5-07-51003	R&M - Structures	320,000	76,469	64,254	29,963	24,731	29,086	18,516	243,019	75.94%
03-5-07-51140	General Supplies & Expenses	1,000	0	709	1,074	248	0	0	2,030	203.01%
03-5-07-51241	Lift Station #1	70,000	15,271	16,987	18,456	2,824	2,500	2,702	58,740	83.91%
03-5-07-51242	Lift Station #2	12,000	1,731	3,161	734	718	746	717	7,807	65.06%
03-5-07-51243	Lift Station #3	7,500	651	497	394	0	375	149	2,066	27.54%
03-5-07-51244	Lift Station #4	20,000	1,324	4,031	1,020	1,006	1,036	991	9,408	47.04%
03-5-07-51245	Lift Station #5	5,000	193	262	74	83	86	78	776	15.53%
03-5-07-51248	Lift Station #8	3,000	100	140	41	45	42	42	411	13.68%
03-5-07-54109	Professional Fees	50,000	0	26,568	7,484	4,140	1,554	7,346	47,093	94.19%
03-5-07-54110	Laboratory Services	2,500	0	0	358	0	0	0	358	14.32%
	ENVIRONMENTAL CONTROL TOTAL	824,775	162,731	198,029	82,893	54,435	56,843	49,438	604,370	73.28%
03-5-40-57002	Asset Acq. - Treatment		0	0	0	0	0	0	0	
03-5-40-57006	Asset Acq. - Administration		0	0	0	0	0	0	0	
03-5-40-57007	Asset Acq. - Environmental Control		0	58,829	0	0	0	0	58,829	
03-5-40-57009	Plant Support (03-13105 Sari Line)	19,710	0	0	0	0	0	0	0	0.00%
03-5-40-57202	Debt Service - Principal	1,909,500	1,907,783	0	0	0	0	0	1,907,783	99.91%
03-5-40-57403	Debt Service - Interest	1,017,040	1,015,886	0	0	0	0	0	1,015,886	99.89%
	Debt & Capital Outlay	2,946,250	2,923,669	58,829	0	0	0	0	2,982,497	101.23%
	TOTAL SEWER EXPENSES	10,908,600	4,718,691	2,181,201	604,271	695,942	573,608	550,023	9,323,736	85.47%

FY 2012 - Recycled Water Expenses

ACCOUNT#	Description	BUDGET	Qtr 1 Totals	Qtr 2 Totals	Jan '12	Feb '12	Mar '12	April '12	Year to Date	Percentage YTD
04-5-06-50010	Labor-Recycled Water	76,900	0	0	0	0	0	0	0	0.00%
04-5-06-50012	Director Fees	2,500	0	0	0	0	0	0	0	0.00%
04-5-06-50013	Benefits-FICA	6,655	0	0	0	0	0	0	0	0.00%
04-5-06-50014	Benefits-Life Insurance	440	0	0	0	0	0	0	0	0.00%
04-5-06-50016	Benefits-Health & Def Comp	8,890	1,110	1,111	370	370	370	402	3,734	42.00%
04-5-06-50017	Benefits-Disability Insurance	1,085	0	0	0	0	0	0	0	0.00%
04-5-06-50019	Benefits-Workers Compensation	4,610	0	0	0	0	0	0	0	0.00%
04-5-06-50021	Benefits-PERS Employee	6,090	0	0	0	0	0	0	0	0.00%
04-5-06-50022	Benefits-PERS Employer	9,250	0	0	0	0	0	0	0	0.00%
04-5-06-50023	Benefits-Uniforms	360	0	0	0	0	0	0	0	0.00%
04-5-06-50024	Benefits-Vacation & Sick Pay	1,250	0	0	0	0	0	0	0	0.00%
04-5-06-50025	Benefits-Boots	150	0	0	0	0	0	0	0	0.00%
04-5-06-51003	R & M-Structures	25,000	500	7,046	0	0	0	0	7,546	30.18%
04-5-06-51020	R & M-Pipelines	5,000	0	0	0	0	0	0	0	0.00%
04-5-06-51021	R & M-Service Lines	5,000	0	0	0	0	0	0	0	0.00%
04-5-06-51022	R & M-Fire Hydrants	1,000	0	0	0	0	0	0	0	0.00%
04-5-06-51030	R & M-Meters	500	0	0	0	0	0	0	0	0.00%
04-5-06-51140	General Supplies & Expenses	250	0	0	0	0	0	0	0	0.00%
04-5-06-54002	Dues & Subscriptions	750	0	0	748	0	0	3,041	3,788	505.09%
04-5-06-54005	Computer Expense	1,000	1,167	1,711	0	0	0	0	2,878	287.79%
04-5-06-54011	Printing & Publications	250	0	0	0	0	0	0	0	0.00%
04-5-06-54012	Education & Training	2,500	0	2,620	0	240	0	0	2,860	114.39%
04-5-06-54014	Public Relations	5,000	1,101	984	0	680	368	0	3,134	62.67%
04-5-06-54016	Travel Related Expenses	1,500	0	664	0	343	0	339	1,346	89.72%
04-5-06-54017	Certifications & Renewals	250	0	0	0	0	0	0	0	0.00%
04-5-06-54019	Licenses & Permits	2,500	0	0	1,323	0	0	0	1,323	52.92%
04-5-06-54020	Meeting Related Expenses	500	0	309	35	0	0	0	344	68.88%
04-5-06-54025	Telephone	500	169	169	56	56	56	0	505	101.00%
04-5-06-54010	Contractual Services	1,750	0	0	1,803	(198)	0	0	1,605	91.71%
04-5-06-54107	Legal	2,000	0	0	0	0	0	0	0	0.00%
04-5-06-54109	Professional Fees	10,000	1,813	6,355	6,209	1,123	173	0	15,673	156.73%
04-5-06-54110	Laboratory Services	1,000	0	0	0	0	0	0	0	0.00%
04-5-06-55500	Depreciation	7,900	1,986	1,986	662	662	662	662	6,620	83.80%
	Infrastructure Replacement	52,920	13,230	13,230	4,410	4,410	4,410	4,410	44,100	83.33%
04-5-06-57030	Regulatory Compliance	20,000	0	0	0	0	0	0	0	0.00%
	TOTAL RECYCLED WATER EXPENSES	265,250	21,077	36,185	15,616	7,685	6,039	8,854	95,456	35.99%

Date: May 8, 2012

Subject: Participation in the 2012 San Bernardino Valley Municipal Water District Cooperative Recharge Program

On April 16, 2012, the Department of Water Resources increased the amount of imported water available to 60%, up from 50%. With a snow pack of only 40% of normal, this allocation may change in the next few weeks. Based on information from the Department of Water Resources, the San Bernardino Valley Municipal Water District will have imported water available to implement the Cooperative Groundwater Recharge Program this year.

The Yucaipa Valley Water District has evaluated our water needs and would like to request authorization to request 2,500 acre feet of imported water for a sum not to exceed \$187,500. If approved, this water will be deposited into the Wilson Creek Spreading Basins over the next several months and will be in addition to the imported water produced by the Yucaipa Valley Regional Water Filtration Facility.





DATE: April 17, 2012
TO: Board of Directors
FROM: Douglas Headrick, General Manager
SUBJECT: 2012 Cooperative Recharge Program

Background

For the last three years, Valley District has offered available imported water to local agencies as part of a Cooperative Recharge Program (CRP). The following agencies choose to participate in the 2011 CRP.

1. City of San Bernardino Municipal Water Department
2. West Valley Water District
3. Yucaipa Valley Water District
4. East Valley Water District

Under the 2011 CRP approved by the Valley District Board in July of last year, over 13,000 acre-feet of State Water Project (SWP) water was purchased by the above cooperating agencies and recharged into local groundwater basins at the price of \$75 per acre-foot. Valley District paid the remaining marginal cost of \$50-60 per acre-foot from the Basin Management Fund (BMF).

In August 2010, after considerable discussions among the Valley District Board, Water Policy Advisory Commission, and other stakeholders, the Board authorized the implementation of a Basin Management Fund (BMF). The BMF was implemented to hold all net proceeds from the sale of imported water to MWDSC and is used to provide direct recharge water subsidies, like the CRP, and the outright purchase of SWP water for recharge in local groundwater basins when appropriate. At the same time, the Board authorized a methodology for the use of the BMF.

Due to the below average rainfall this past winter, Staff is proposing a fourth CRP for 2012. This is due to the continued lower than optimal groundwater levels throughout much of the groundwater basin. The BTAC continues to monitor the groundwater levels closely and believes that there still remains adequate storage space in the basin for another cooperative recharge operation this year. Further, the current 50% allocation on the State Water Project, combined with the substantial amount of carry-over water from 2011, will provide more than enough water to meet all other demands and the proposed 2012 CRP.

District staff presented the concept of a 2012 CRP to the BTAC agencies in early April. In addition to introducing the subject of a 2012 CRP, Staff also reminded BTAC agencies of the Valley District Board's direction last year for more agencies to participate in the program. Based on this direction, it is expected that there will be more agencies participate this year. We have already received a request from the City of San Bernardino Municipal Water Department for 10,000 acre-feet of CRP water. It is expected that another 5,000 to 8,000 acre-feet will be ordered this year.

Staff is recommending that the Board authorize the same price as last year, \$75 per acre-foot for the 2012 CRP. The Basin Management Fund has been replenished this year from the sale of water to MWDSC and will be able to cover the energy cost incurred but not covered by the \$75 per acre foot price.

Staff Recommendation

Authorize the 2012 Cooperative Recharge Program offering water for groundwater recharge at a price of \$75 per acre-foot.



News for Immediate Release

April 16, 2012

Contacts:

Ted Thomas, DWR Information Officer

(916) 653-9712

DWR Increases State Water Project Allocation to 60 Percent

SACRAMENTO -- The Department of Water Resources (DWR) today estimated it will be able to deliver 60 percent of requested State Water Project (SWP) water this year. This is up from the 50 percent delivery estimate -- or allocation -- announced on February 22.

Originally, DWR projected in November that it would be able to supply 60 percent of the slightly more than 4 million acre-feet of SWP water requested, but a dry December, January and February dropped that figure to 50 percent.

Today's increase is due to an unusually wet March and higher-than-average reservoir storage carried over from last winter.

"This is good news for our water supply as we approach summer's peak-demand period," said DWR Director Mark Cowin. "But we must remember that we still had a dry winter despite a partial recovery in March, and we need to be prepared for a potentially second consecutive dry year in 2013, when reservoir storage would be reduced."

A 60 percent allocation is not unusually low.

Wet conditions last year allowed the SWP to deliver 80 percent of the slightly more than 4 million acre-feet requested by the 29 public agencies that supply more than 25 million Californians and nearly a million acres of irrigated farmland. An acre-foot is 325,851 gallons of water, enough to cover one acre to a depth of one foot. The final allocation was 50 percent in 2010, 40 percent in 2009, 35 percent in 2008, and 60 percent in 2007. The last 100 percent allocation -- difficult to achieve even in wet

years due to pumping restrictions to protect threatened and endangered fish -- was in 2006.

Last month's allocation-boosting storms came after unusually dry conditions up and down the state.

Much of California's water comes from the mountainous country from Shasta Lake in the north to the American River in the south. DWR's precipitation gages covering this area recorded an impressive 130 percent of average rainfall in October, but only 43 percent in November, four percent of average in December, 84 percent of average in January, and 38 percent of normal in February. March, however, came in at 228 percent of normal.

Precipitation gages in the San Joaquin basin recorded 125 percent of the average monthly precipitation for October, 32 percent for November, zero percent for December, 80 percent for January, and 35 percent for February. March recorded 110 percent of normal.

The mountain snowpack shows a north-to-south variance in this winter's weather patterns. Water content in the statewide snowpack is only 68 percent of normal for the date, whereas the reading in the northern ranges is 101 percent of normal.

Reservoir storage remains high, largely due to carryover from last winter.

Lake Oroville in Butte County, the State Water Project's principal reservoir, is at 110 percent of average for the date (88 percent of its 3.5 million acre-foot capacity). Lake Shasta north of Redding, the federal Central Valley Project's largest reservoir with a capacity of 4.5 million acre-feet, also is at 110 percent of average (93 percent of capacity).

Statewide snowpack readings from electronic sensors are available on the Internet

at <http://cdec.water.ca.gov/cgi-progs/snow/DLYSWEQ>

Electronic reservoir level readings may be found at

<http://cdec.water.ca.gov/cdecapp/resapp/getResGraphsMain.action>



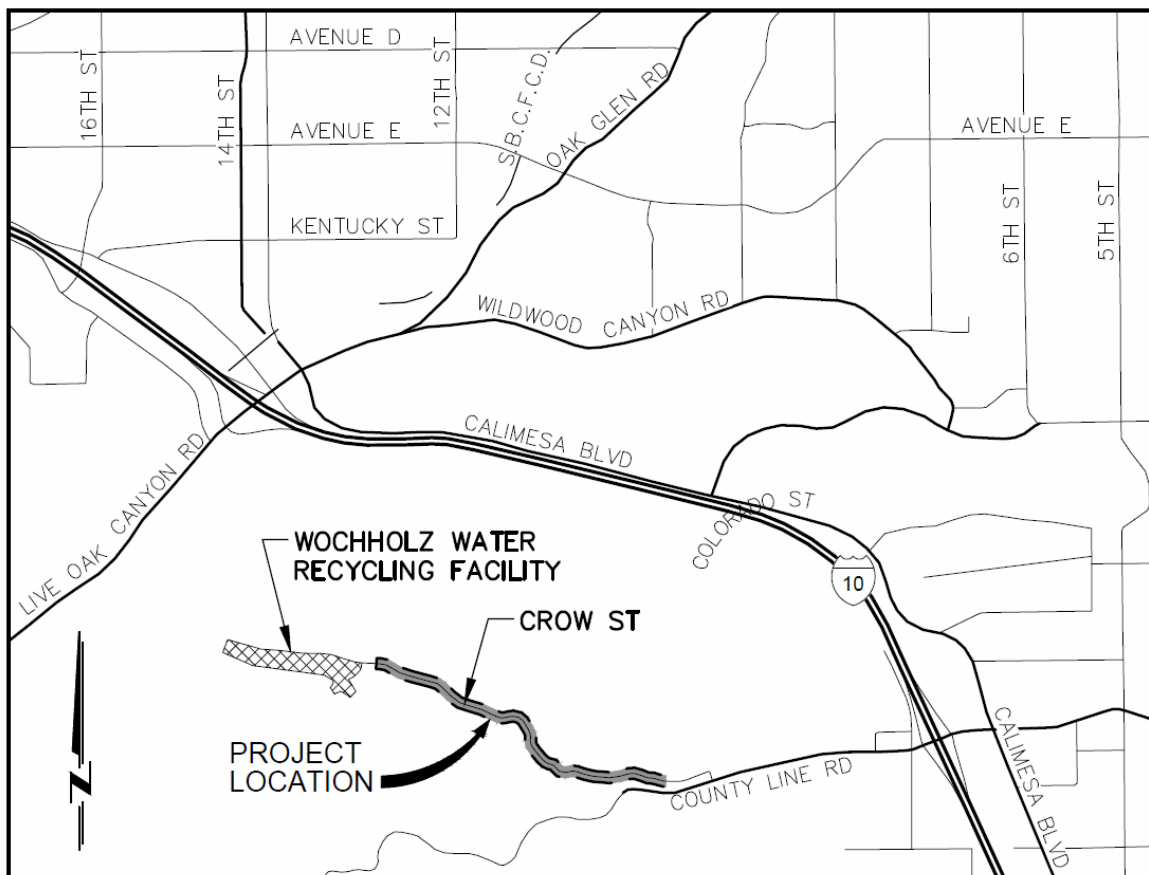
Date: May 8, 2012

Subject: Authorization to Solicit Bids for the Construction of the Crow Street Recycled Water Pipeline

The Yucaipa Valley Water District has completed the design and bid package for the recycled water pipeline to be located on Crow Street, east of the Wochholz Regional Water Recycled Water Facility. With the final design drawings and bid specifications completed, the District staff will be requesting authorization to solicit construction bids at the next regular board meeting.

Financial Considerations:

The costs associated with this project will be funded by a combination of State Revolving Funds and an Environmental Protection Agency Water Infrastructure Grant.



VICINITY MAP
NOT TO SCALE



Date: May 8, 2012

Subject: Regional Water Allocation Agreement for Water Imported by the San Gorgonio Pass Water Agency

The water retail agencies in the Pass Area have been discussing the attached allocation plan for water imported by the San Gorgonio Pass Water Agency.

The purpose of this agenda item is to discuss the May 3, 2012 regional meeting.

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REGIONAL WATER ALLOCATION AGREEMENT FOR WATER IMPORTED BY THE SAN GORGONIO PASS WATER AGENCY

This Agreement, by and between, the San Gorgonio Pass Water Agency, a State Water Contractor (hereinafter referred to as "SGPWA"); the City of Banning, a California municipal corporation; Banning Heights Mutual Water Company, a California mutual water company; Beaumont Cherry Valley Water District, a California irrigation district; Cabazon Water District, a California water district; High Valley Water District, a California water district; South Mesa Mutual Water Company, a California mutual water company; and Yucaipa Valley Water District, a California county water district; each individually referred to or collectively referred to in this Agreement as "Party" or "Parties".

The term Water Retailers refers to the following Parties to this Agreement: City of Banning; Banning Heights Mutual Water Company; Beaumont Cherry Valley Water District; Cabazon Water District; High Valley Water District; South Mesa Mutual Water Company; and Yucaipa Valley Water District.

RECITALS

- A. California's water law and policy, Article X, Section 2 of the California Constitution requires that all uses of the State's water be both reasonable and beneficial. Specifically, this section of the Constitution states in part, "It is hereby declared that because of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use of unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare.
- B. On November 16, 1962 the State of California, acting by and through the Department of Water Resources, and the San Gorgonio Pass Water Agency entered into a Water Supply Contract pursuant to the provisions of the California Water Resources Development Bond Act and the State Central Valley Project Act and other applicable laws.
- C. The Water Supply Contract between the Department of Water Resources and the San Gorgonio Pass Water Agency has been amended eighteen times, with the latest amendment dated December 26, 2007. The Water Supply Contract provides a Maximum Annual Table "A" Allocation of 17,300 acre feet per year of imported water from the State Water Project to the San Gorgonio Pass Water Agency.
- D. The San Gorgonio Pass Water Agency Law codified as Chapter 101 of the California Water Code specifically provides for the San Gorgonio Pass Water Agency to "...sell water under the control of the agency to cities, and to other public corporations and public agencies within the agency...for use within said agency without any preference...".
- E. The Urban Water Management Planning Act (California Water Code Section 10610 et. seq.) requires California's urban water suppliers to ensure adequate water supplies are

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available to meet existing and future water demands. Every urban water supplier that either provides over 3,000 acre-feet of water annually or serves more than 3,000 or more connections is required to assess the reliability of its water sources over a 20-year planning horizon considering normal, dry, and multiple dry years. Therefore, the implementation of reliable and prudent long-term water resource management plans require Water Retailers within the service area of the San Gorgonio Pass Water Agency, regardless of size or number of customers, to be able to anticipate a given quantity of imported water to meet the water demands within the service area of each retail water customer.

- F. The Parties recognize that an Agreement allocating imported water from the San Gorgonio Pass Water Agency will: (1) provide certainty for Water Retailers thereby enabling better water resource planning in the future; (2) support the ability for each Water Retailer to establish community specific policies and goals based on uniform and consistent rules pertaining to the delivery of imported water; (3) promote improved water management since an imported water allocation will enable each Water Retailer to implement and directly benefit from specific policies related to sustainability, dual plumbing and conjunctive use; and (4) improve coordination and confidence between the Water Retailers and the San Gorgonio Pass Water Agency.

AGREEMENT

1. **Allocation of Water from the State Water Project.** The Parties acknowledge that the following provision of the San Gorgonio Pass Water Agency Law, codified as Chapter 101, Section 15.5 of the Appendix to the California Water Code, is integrated within this Agreement to ensure the allocation of imported water is consistent with the intent of the Legislature. "It is the intent of the Legislature that, in allocating water received from the State Water Project pursuant to this act, the highest priority shall be given to eliminating groundwater overdraft conditions within any agency or district receiving the water."
2. **Boundaries of the Parties.** The service area of the San Gorgonio Pass Water Agency encompasses a portion or the entire service area of each Water Retailer that is a Party to this Agreement.
 - 2.1. The Parties agree to utilize that portion of the sphere of influence of each Water Retailer within the boundary of the San Gorgonio Pass Water Agency as the basis of the imported water allocation methodology provided herein. The Sphere of Influence boundary is utilized since this boundary line represents the reasonable planning boundary of each Water Retailer's legal boundary and designates the Water Retailer's ultimate service area.
 - 2.2. The Parties acknowledge that the Local Agency Formation Commission of Riverside County will periodically review the Sphere of Influence of each Water Retailer and adjust these boundaries based on factors such as current and future land use, current and future need and capacity for service, municipal service reviews, and any relevant communities of interest. Any such change in the Sphere of Influence shall also change the baseline allocation of water as provided in Section 4.5.

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- 2.3. The Sphere of Influence boundary area for each Water Retailer within the boundary of the San Gorgonio Pass Water Agency is as follows:

Table 1 - Boundary Summary		
Water Retailer	Sphere of Influence Boundary Area (Acres)	Percentage of Area for Each Water Retailer
Banning Heights Mutual Water Company	876	1.2%
South Mesa Mutual Water Company	974	1.4%
High Valley Water District	5,287	7.4%
Cabazon Water District	7,990	11.1%
Yucaipa Valley Water District	17,388	24.2%
City of Banning	19,644	27.3%
Beaumont Cherry Valley Water District	19,693	27.4%
Morongo Band of Mission Indians	34,611	Not Applicable
Unincorporated Riverside County	34,043	Not Applicable
Unincorporated San Bernardino County	1,910	Not Applicable
SGPWA Service Area	142,416	100.0%
Total Area of Water Retailers	71,852	

Source: *San Gorgonio Pass Water Agency Supplemental Water Supply Planning Study*, Albert A. Webb Associates, October 2009.

3. **State Water Project Reliability.** For planning purposes, the availability of water from the State Water Project is based on a long-term average reliability. The California Department of Water Resources routinely prepares a *State Water Project Delivery Reliability Report* to describe current and future deliveries from the State Water Project.
- 3.1. The Water Retailers understand the annual fluctuations in the availability of water deliveries from the State Water Project and further acknowledge that these fluctuations will create variations in the actual quantity of water available to the region from the State Water Project.
- 3.2. The Parties agree that any increase or decrease of the reliability of the State Water Project will be reflected in the annual allocation of imported water available to each Water Retailer.
- 3.3. Prior to the completion of the East Branch Extension of the State Water Project, the San Gorgonio Pass Water Agency and the California Department of Water Resources agreed to a reduction in the Maximum Annual Table "A" Allocation of 17,300 acre feet. In the future, the San Gorgonio Pass Water Agency agrees not

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to reduce the current Maximum Table "A" Allocation of 17,300 acre feet without prior consent from the Water Retailers.

4. **Baseline Water Resource Allocation.** The San Gorgonio Pass Water Agency maintains a contract with the California Department of Water Resources for a Maximum Table "A" Allocation of 17,300 acre feet per year from the State Water Project.

4.1. The Parties agree to use the Sphere of Influence of each Water Retailer in the service area of the San Gorgonio Pass Water Agency to calculate the Baseline Water Resource Allocation as follows:

Table 2 - Baseline Water Resource Allocation		
Water Retailer	Percentage of Area for Each Water Retailer (Table 1)	Baseline Water Resource Allocation (Acre Feet)
Banning Heights Mutual Water Company	1.2%	211
South Mesa Mutual Water Company	1.4%	235
High Valley Water District	7.4%	1,273
Cabazon Water District	11.1%	1,924
Yucaipa Valley Water District	24.2%	4,187
City of Banning	27.3%	4,730
Beaumont Cherry Valley Water District	27.4%	4,742
Morongo Band of Mission Indians	Not Applicable	Not Applicable
Unincorporated Riverside County	Not Applicable	Not Applicable
Unincorporated San Bernardino County	Not Applicable	Not Applicable
Maximum SGPWA Table "A" Allocation		17,300

4.2. The Baseline Water Resource Allocation for each Water Retailer represents the maximum quantity of imported water from the San Gorgonio Pass Water Agency that each Water Retailer shall use for planning purposes unless augmented with additional imported water supplies as provided herein. Using the quantity of imported water allocated as the Baseline Water Resource Allocation for planning purposes will insure that the Water Retailers do not oversubscribe the Maximum Table "A" Allocation of 17,300 acre feet provided by contract to the San Gorgonio Pass Water Agency.

4.3. The purchase of any additional water supplies or rights by the San Gorgonio Pass Water Agency shall be automatically added to the existing Maximum Table "A" Allocation amount of 17,300 acre feet and distributed to the Water Retailers resulting in an increase of the Baseline Water Resource Allocation for all Water Retailers based on the Percentage of Area for Each Water Retailer. The quantity, quality and reliability of additional water supplies purchased by the San

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- Gorgonio Pass Water Agency shall be combined with the existing Maximum Table "A" Allocation of 17,300 acre feet in a manner that benefits or impacts all Parties equally without preference.
- 4.4. No portion of the Baseline Water Resource Allocation can be sold, traded, exchanged or transferred between the Parties except as provided below.
 - 4.5. The Parties acknowledge that any adjustment of the Sphere of Influence boundary of any Water Retailer after the effective date of this Agreement will result in a recalculation of the Baseline Water Resource Allocation.
 - 4.5.1. Any proposed administrative action by the Local Agency Formation Commission that will change the Sphere of Influence boundary of any Water Retailer shall be distributed to the Parties 60 days prior to the scheduled action by the Local Agency Formation Commission.
 - 4.5.2. A merger or consolidation of a Party to this Agreement will result in an adjustment to the Sphere of Influence boundary that will necessitate a recalculation of the Baseline Water Resource Allocation.
 - 4.6. The Baseline Water Resource Allocation will not be amended to provide any portion of the existing Maximum Table "A" Allocation of 17,300 acre feet from the State Water Project to any existing retail water agency, new retail water agency, or other entity not a Party to this Agreement.
 - 4.6.1. The San Gorgonio Pass Water Agency agrees that a retail water agency, or other entity not a Party to this Agreement shall be required to purchase a sufficient quantity of physical water rights and complete pipeline improvements to the existing conveyance and delivery system(s) such that no Party to this Agreement is damaged, impacted, or subordinated with respect to additional expenses, water conveyance, water supply, water quality, or other any other matter under the authority, ability and discretion of the San Gorgonio Pass Water Agency.
 - 4.7. Any improvement to the capital assets owned, operated or controlled by the San Gorgonio Pass Water Agency or the California Department of Water Resources that provides additional imported water resources or improves reliability will be reflected in the Baseline Water Resource Allocation and distributed to the Parties.
 - 4.8. The San Gorgonio Pass Water Agency will only provide imported water to Water Retailers and no other entity within or outside of the boundary of the San Gorgonio Pass Water Agency.
5. **Adjusted Baseline Water Resource Allocation.** The Baseline Water Resource Allocation amount allocated to each Water Retailer can be further adjusted at any time as follows:
- 5.1. Purchase of Additional Sources of Supply. Each Water Retailer may elect, at the sole and absolute discretion of each entity, to purchase additional imported water

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sources of supply that will be added to the Baseline Water Resource Allocation amount.

- 5.1.1. The purchase of additional imported water source of supply or water rights by a Water Retailer(s) shall increase the amount of imported water delivered above the Baseline Water Resource Allocation amount to the specific Water Retailer(s) purchasing the additional supply or rights. The additional source of supply will be added to the quantity of water used for planning purposes and identified as a separate quantity of imported water from the Baseline Water Resource Allocation.
- 5.1.2. The quantity, quality and reliability of any water purchased as an additional source of supply shall be identified independently from the Baseline Water Resource Allocation such that any degradation of water quality, reliability or other parameter shall not impact any other Party to this Agreement. The additional source of supply will be considered to be generally equivalent to the quantity and quality of imported water delivered as part of the Maximum Table "A" Allocation of 17,300 acre feet if the supply originates from the same location and conveyed using the same facilities. In this case, the quantity, quality and reliability shall be considered equal to the Baseline Water Resource Allocation.
- 5.1.3. A Water Retailer shall not be restricted from using funds collected by the San Geronio Pass Water Agency as a component of the imported water rate for the purchase of additional water supplies and rights at any time.
- 5.1.4. No portion of the annual amount of water delivered as the Adjusted Baseline Water Resource Allocation can be sold, traded, exchanged or transferred between the Parties except as provided below.

6. **Annual Water Resource Allocation.** The Annual Water Resource Allocation is the total amount of water available to each Water Retailer from the Baseline Water Resource Allocation and the Adjusted Baseline Water Resource Allocation each year based on the actual and independent availability of the specific source of supply.
 - 6.1. The Parties acknowledge that the annual amount of imported water available from all sources of supply are variable based on factors such as seasonality, climatic changes, precipitation, snowpack, and drought. These changes will cause variability in the amount of water available to each Water Retailer on an annual basis.
 - 6.2. The amount of water available from the State Water Project is adjusted throughout each water year based on notices issued by the California Department of Water Resources. Any notice issued by the California Department of Water Resources that changes the Maximum Table "A" Allocation amount shall be effective on the date of issuance of the notice from the Department of Water Resources.
 - 6.3. Baseline Water Resource Allocation. The Annual Water Resource Allocation for water available from the Baseline Water Resource Allocation shall generally be

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based upon the availability of imported water from the State Water Project as determined by the California Department of Water Resources.

6.3.1. The Baseline Water Resource Allocation for each Water Retailer shall also be adjusted throughout the water year based on notices issued by the California Department of Water Resources and shall include other water quantities provided to the San Geronio Pass Water Agency such as the Turn-Back Water Pool Program and the Article 21 Program. These programs will be allocated on the same percentage basis as provided in Section 4 above (Baseline Water Resource Allocation).

6.4. Adjusted Baseline Water Resource Allocation. The Annual Water Resource Allocation for imported water allocated from the Adjusted Baseline Water Resource Allocation shall be based upon the availability of each specific source of supply.

7. **Unused Annual Water Resource Allocation.** In the event a Water Retailer is unable to make use of their specific Annual Water Resource Allocation as provided herein, then the amount of unused imported water shall be reallocated proportionally to the other Water Retailers using the total amount of water allotted to each Water Retailer pursuant to the Adjusted Baseline Water Resource Allocation amount.
8. **Prohibitions to Exchange, Transfer or Sale (Secondary Market).** The Parties agree that any water made available to the San Geronio Pass Water Agency pursuant to this Agreement shall be used by the Water Retailer within their respective Sphere of Influence and not assigned, exchanged, transferred or sold to create or support a secondary water market, speculation, or similar activity for any public or private entity, developer, investor, agricultural interest or speculator.
9. **Excess Conveyance Capacity in State Water Project Facilities.** During times of water shortages, there will be excess pipeline conveyance capacity in the State Water Project. The Parties agree to cooperate and maximize the use and availability of excess State Water Project conveyance facilities to augment the water supplies within the service area of the San Geronio Pass Water Agency based on the rate schedule utilized for routine deliveries of imported water.

General Provisions

10. **General Provisions.** The following General Provisions have been incorporated herein:
 - 10.1. Effective Date. This Agreement shall become effective and binding upon the Parties on the first day of the month following the approval of the Agreement by Water Retailers with a collective total combined land area of more than 75% of the 71,852 acres within the Sphere of Influence boundary of the Water Retailers as provided in Table 1.

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- 10.2. Termination. This Agreement shall terminate immediately upon a vote of the Parties consisting of a collective total combined land area of more than 75% of the total acreage at the time of termination within the Sphere of Influence of all Water Retailers in the service area of the San Geronio Pass Water Agency.
- 10.2.1. The Baseline Water Resource Allocation of Water Retailers electing not to execute this Agreement shall be maintained pursuant to the methodology provided in Section 4. The Annual Water Resource Allocation for a Party electing not to execute the Agreement shall be considered unused and distributed to the Parties pursuant to Section 7.
- 10.3. Notices. All notices and demands which any Party is required or desires to give to the others pursuant to this Agreement shall be given in writing by certified mail, return receipt requested with appropriate postage paid, by personal delivery, by facsimile or by private overnight courier service to the business address of the other Party.
- 10.4. Entire Agreement. This Agreement, together with all Exhibits and documents referred to herein, constitutes the entire Agreement among the Parties with respect to the subject matter hereof, and supersede all prior understandings or agreements.
- 10.5. Amendments. This Agreement may be modified or amended only by agreement of those Parties that form a consensus of more than 66% of the total amount of water allotted to each Water Retailer pursuant to the Adjusted Baseline Water Resource Allocation amount.
- 10.6. No Assignments. This Agreement and the rights, duties and benefits given in it, may not be assigned.
- 10.7. Partial Invalidity. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the Agreement shall continue in full force and effect and shall in no way be impaired or invalidated, and the Parties agree to substitute for the invalid or unenforceable provision a valid and enforceable provision that most closely approximates the intent and economic effect of the invalid or unenforceable provision.
- 10.8. Governing Law. This Agreement shall be governed by the laws of the State of California.
- 10.9. Attorneys' Fees. Each Party shall bear its own attorneys' fees and expenses in the preparation and review of this Agreement. In the event that any party hereto institutes an action or proceeding for a declaration of the rights of the Parties under this Agreement, for injunctive relief, for an alleged breach or default of, or any other action arising out of, this Agreement, or the transactions contemplated herein, or in the event any party is in default of its obligations pursuant thereto, whether or not suit is filed or prosecuted to final judgment, the non-defaulting party or prevailing party shall be entitled to its actual attorneys' fees and to any court costs incurred, in addition to any other damages or relief awarded by the court.

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- 10.10. Successors and Assigns; No Assignment. This Agreement shall inure to the benefit of and be binding on the parties to this Agreement and their respective successors and assigns.
- 10.11. Covenants, Conditions or Remedies. The waiver by one Party of the performance of any covenant, condition or promise, or of the time for performing any act, under this Agreement shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition or promise, or of the time for performing any other act required, under this Agreement. The remedies set forth in this Agreement are cumulative and not exclusive to any other legal or equitable remedy available to a party. The exercise of any remedy provided in this Agreement shall not be a waiver of any consistent remedy provided by law, and the provisions of this Agreement for any remedy shall not exclude any other consistent remedies unless they are expressly excluded.
- 10.12. Exhibits. All exhibits to which reference is made in this Agreement are deemed incorporated in this Agreement whether or not actually attached. The following exhibits are attached to this Agreement:
- Exhibit "A" - San Gorgonio Pass Water Agency Aerial Boundary Map.
 - Exhibit "B" - San Gorgonio Pass Water Agency Map of Major Water Retailers.
- 10.13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument.
- 10.14. Legal Advice. Each Party has received independent legal advice from its attorneys with respect to the advisability of executing this Agreement and the meaning of the provisions. The provisions of this Agreement shall be construed as to the fair meaning and not for or against any party based upon preparation of the document, or any attribution of such party as the sole source of the language in question.

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SAN GORGONIO PASS WATER AGENCY

By: _____
President, Board of Directors

Attest:

Secretary, Board of Directors

Approved as to form:

Counsel, San Gorgonio Pass Water Agency

BEAUMONT CHERRY VALLEY WATER DISTRICT

By: _____
President, Board of Directors

Attest:

Secretary, Board of Directors

Approved as to form:

Counsel, Beaumont Cherry Valley Water District

CITY OF BANNING

By: _____
Mayor

Attest:

City Clerk

Approved as to form:

Counsel, City of Banning

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YUCAIPA VALLEY WATER DISTRICT

By: _____
President, Board of Directors

Attest:

Secretary, Board of Directors

Approved as to form:

Counsel, Yucaipa Valley Water District

CABAZON WATER DISTRICT

By: _____
President, Board of Directors

Attest:

Secretary, Board of Directors

Approved as to form:

Counsel, Cabazon Water District

HIGH VALLEY WATER DISTRICT

By: _____
President, Board of Directors

Attest:

Secretary, Board of Directors

Approved as to form:

Counsel, High Valley Water District

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SOUTH MESA MUTUAL WATER COMPANY

By: _____
President, Board of Directors

Attest:

Secretary, Board of Directors

Approved as to form:

Counsel, South Mesa Mutual Water Company

BANNING HEIGHTS MUTUAL WATER COMPANY

By: _____
President, Board of Directors

Attest:

Secretary, Board of Directors

Approved as to form:

Counsel, Banning Heights Mutual Water Company

Exhibit "A"

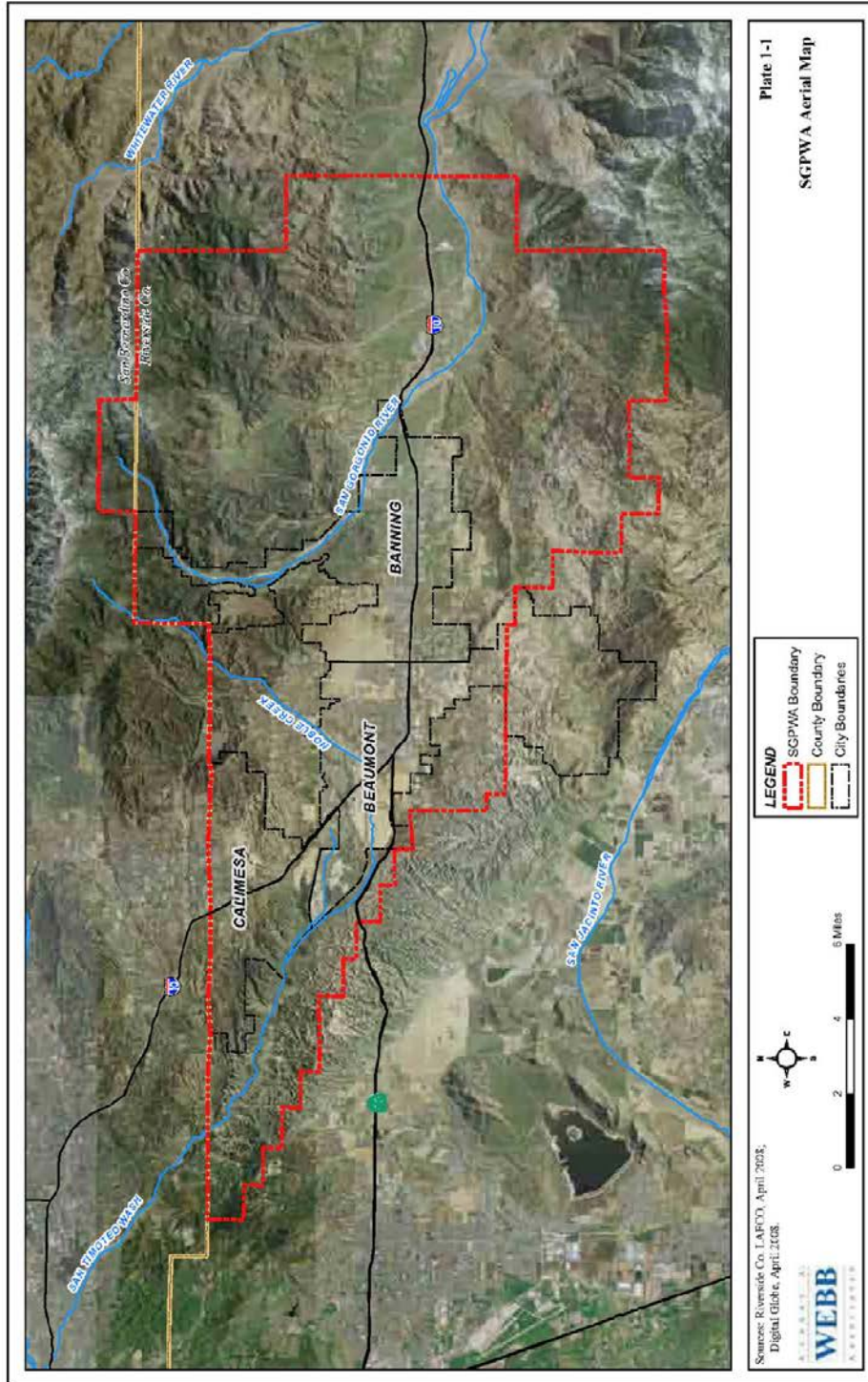


Exhibit "B"

