



Yucaipa Valley Water District

Notice and Agenda of a Board Workshop Tuesday, October 30, 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. Overview of Proposed Updates to the Yucaipa Valley Water District's Strategic Plan for a Sustainable Future - Resolution No. 11-2008 [[Workshop Memorandum No. 12-184 - Page 5 of 75](#)]

V. Capital Improvement Projects

A. Status Report on the Construction of the R-10 Recycled Water Reservoir and Booster Complex [[Workshop Memorandum No. 12-185 - Page 17 of 75](#)]

B. Status Report on the Construction of the Crow Street Pipeline Facilities [[Workshop Memorandum No. 12-186 - Page 21 of 75](#)]

C. Status Report on the Construction of the Recycled Water Booster Facility at the Reservoir R-12.1 Complex [[Workshop Memorandum No. 12-187 - Page 22 of 75](#)]

D. Status Report on the Construction of the Wochholz Improved Salinity Effluent (WISE) Project [[Workshop Memorandum No. 12-188 - Page 26 of 75](#)]

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

VI. Development Related

- A. Development Agreement with Highpointe JPR 308 Related to Tract No. 30386 - Calimesa [[Workshop Memorandum No. 12-189 - Page 31 of 75](#)]
- B. Development Agreement with Highpointe JPR 308 Related to Tract No. 26925 - Calimesa [[Workshop Memorandum No. 12-190 - Page 47 of 75](#)]

VII. Administrative Issues

- A. Notice of Completion for the Contract with Merlin Johnson Construction for the Second Place Pipeline at Harruby Drive, Calimesa [[Workshop Memorandum No. 12-191 - Page 64 of 75](#)]
- B. Authorization to Initiate Annexation Proceedings for the Jurisdictional Boundary Adjustment Related to Parcel Map No. 36093 [[Workshop Memorandum No. 12-192 - Page 67 of 75](#)]
- C. Consideration of Amendments to the 2010 San Bernardino Valley Regional Urban Water Management Plan [[Workshop Memorandum No. 12-193 - Page 70 of 75](#)]
- D. Authorization to Participate in a Coordinated Water Resource Study Related to the Wilson Creek Spreading Basins [[Workshop Memorandum No. 12-194 - Page 73 of 75](#)]

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

X. Adjournment

STAFF REPORT

PRESENTATIONS



Workshop Memorandum 12-184

Date: October 30, 2012

Subject: Overview of Proposed Updates to the Yucaipa Valley Water District's Strategic Plan for a Sustainable Future - Resolution No. 11-2008

On August 20, 2008, the Board of Directors of the Yucaipa Valley Water District adopted Resolution No. 11-2008. This resolution served as the policy implementation mechanism for the District's *Strategic Plan for a Sustainable Future - the Integration and Preservation of Resources*.

Over the past four years, the District staff has (1) completed the majority of the infrastructure envisioned in the Strategic Plan; (2) developed a regional water quality plan for the Yucaipa, San Timoteo and Beaumont Management Zones; and (3) established an allocation procedure for imported water supplies in the region. Based on these recent experiences, the District staff would like to present suggested modifications to the original sustainability policy to incorporate changes to reflect the revised residential dual plumbing requirements and the renewed emphasis on economic growth opportunities.

RESOLUTION NO. 11-2008**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE YUCAIPA VALLEY WATER DISTRICT
ADOPTING A LONG-TERM WATER RESOURCES
SUSTAINABILITY STRATEGY POLICY FOR THE AREA
SERVED BY THE YUCAIPA VALLEY WATER DISTRICT**

WHEREAS, water is a basic and essential need of every living creature, and, as such, the health, comfort, and standard of living of the citizens of the Yucaipa Valley Water District (the "District") depend on an adequate and reliable long-term supply of potable water; and

WHEREAS, water resources are recognized as a limited and precious natural resource in Southern California; and

WHEREAS, the Yucaipa Valley Water District relies upon imported water as supplemental water supplies to meet the existing and future potable water demands of our customers; and

WHEREAS, declining groundwater levels and unreliable surface water supplies have made it necessary for the District to efficiently use its available potable water supplies and to fully develop all existing water resources in order to assure a sustainable supply of water resources for future generations; and

WHEREAS, the Yucaipa Valley Water District has determined that it is prudent, practical and sensible given the uncertainty of importing supplemental water to demonstrate the adequacy of water supply availability by physically receiving supplemental water prior to the issuance of building permits for new development; and

WHEREAS, it is in the best interest of the community to provide local solutions to the regional and statewide water issues that are anticipated on impacting the water resources we rely on for our economic prosperity and quality of life; and

WHEREAS, this resolution has been prepared based on the extensive review, discussion, and public input associated with the document entitled, *A Strategic Plan for a Sustainable Future - The Integration and Preservation of Resources* adopted on August 20, 2008 (the "Strategic Plan").

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, that the Board of Directors of the Yucaipa Valley Water District does hereby order as follows:

SECTION 1. Concepts of Sustainability

- A. The document entitled, *A Strategic Plan for a Sustainable Future - The Integration and Preservation of Resources* adopted on August 20, 2008, is hereby adopted by the Board of Directors and posted to the District's website to provide a basic foundation for the understanding of this Resolution.

- B. This Resolution has been drafted to provide the implementation strategy of the concepts contained within the *A Strategic Plan for a Sustainable Future - The Integration and Preservation of Resources*. This Strategic Plan makes known the uncertainty, unreliability and unpredictable nature of our imported water supplies while providing a route for navigating the future to protect the interests of our current and future customers. Therefore, while not a guarantee of future conditions or actions by the Board of Directors, this Resolution provides a mechanism to allow for the economic development and expansion of the region based on an understanding of the circumstances as they currently exist.
- C. In the future, when imported water supplies may become unambiguous and certain, the concepts of the Strategic Plan are intended to continue as sound policy for existing customers and new development.

SECTION 2. Planning and Development

- A. Financial Planning. To ensure the safety and reliability of our resources, it is important to ensure adequate finances are available to cover routine operational costs as well as the costs of maintaining and upgrading infrastructure.
 - 1. Financial plans shall be developed every five years and include a forecast of a ten-year period that will illustrate the District's anticipated financial position, financial operations and cash flow.
 - 2. When applicable, the District staff shall present water, wastewater and non-potable rate resolutions for consideration that provide a minimum five year projection of rates to allow customers the ability to plan accordingly for rate adjustments based on the information included in the financial plans.
 - 3. The District staff shall maintain a financial reserve policy outlining the objectives for adequately funding an operating reserve, a capital and equipment replacement reserve, a rate stabilization reserve, and a debt service reserve.
- B. Infrastructure Planning: The planning of infrastructure shall be based on the following general principles and strategies:
 - 1. The District staff shall implement planning tools necessary to reasonably forecast a fifty (50) year planning horizon for Urban Water Management Plans, infrastructure master plans, and other related resource planning documents to ensure a long-term objectives are incorporated into the planning process.
 - 2. The District staff shall update infrastructure master planning documents every ten (10) years. Upon adoption of this Resolution, the District staff shall provide a recommendation to the Board of Directors for the completion of a master planning document.
- C. Development Planning: The goal of development planning is to support development based on a diverse portfolio of water resources in order to minimize impacts related to drought, contamination, and other potential source water problems. Common planning techniques may include the following sustainable planning and development strategies:

1. Long-term water resource planning that incorporates sustainable growth principles;
2. Cooperating with other regional governing agencies and water users in the development planning process;
3. Addressing water quality and quantity issues to provide long-term protection of our natural resources;
4. The District staff shall maximize the use of non-potable water for developments with the use of dual plumbing and other measures to provide for a more reliable water supply system.

SECTION 3. Surface Water Supplies

- A. Storm Water Capture. The District staff is encouraged to coordinate with local planning agencies to develop consistent guidelines for managing storm water on properties in such a manner to maximize recharge and minimize pollution.

SECTION 4. Groundwater Supplies

- A. Groundwater Supplies. It is in the best interest of the District to maintain groundwater withdrawals in existing wells by:
 1. Avoiding pumping of existing well fields beyond long-term recharge capability; and
 2. Cooperating on a regional level in safe sustainable groundwater withdrawal.
- B. Local Water Banks. The District will implement local groundwater banks ("Groundwater Banks") to store water for existing customers and new development. The Groundwater Banks shall be used in conjunction with the dual-plumbed requirements to ensure sufficient water supplies exist to serve the needs of all new development during normal, single dry, and multiple dry water years. The location of the proposed Groundwater Banks may include, but not be limited to: the Yucaipa Management Zone, Beaumont Management Zone, San Timoteo Management Zone or any other location that provides similar benefits.
 1. Existing Customer Groundwater Deposits. It shall be a priority of the District to secure additional imported water supplies when available to meet the needs of existing customers. Therefore, the District shall collect sufficient funds necessary to obtain an additional 15% of the total annual potable water for future use. Funds collected for this program shall be used solely for the purchase of imported supplemental water to augment the groundwater basins for future groundwater extraction, which includes, but is not limited to: direct groundwater recharge; groundwater injection; in lieu groundwater recharge; or any other form of supplemental water deposited into a groundwater basin for future potable use.
 2. New Development Groundwater Requirements. For provisions related to the requirements of new development, see Section 9.

SECTION 5. Recycled (Non-Potable) Water

- A. Non-Potable Water. The District shall strive to maximize the use of non-potable water for beneficial reuse and prioritize non-potable water use over potable water use where regulations permit. This shall be accomplished by:
1. Enhancing the Wochholz Regional Water Recycling Facility to maintain an exceptional quality of recycled water to maximize the beneficial use of the water resource.
 2. Developing a strategy to expand the District's existing non-potable water distribution system to provide for cost-effective delivery of non-potable water.
 3. Aggressively develop and market the use of recycled water as a substitute for potable water where regulations permit.
 4. The District staff shall maximize the use of non-potable water for developments with the use of dual plumbing and other measures to provide for a more reliable water supply system.

SECTION 6. Water Conservation and Use Efficiency

- A. Water Use Efficiency. The District shall develop and maintain policies that reduce peak seasonal water demands and encourages the reduction of per capita/per day consumption of potable water through:
1. The use of non-potable water for residential, commercial, institutional and agricultural irrigation demands;
 2. Educational programs;
 3. Rate structures.
- B. Statewide Conservation Efforts. The District shall participate in the California Urban Water Conservation Council and implement those best management practices (BMPs) that provide the District with a reasonable cost : benefit relationship.
- C. Conservation Programs. The District shall develop and implement water conservation tools that focus on education based programs that can be implemented at the local schools and information campaigns for our current customers.

SECTION 7. Allocation of Imported Supplemental Water

- A. Allocation of Supplemental Water Resources. Due to the limitations on imported supplemental water as the result of drought conditions, lawsuits, environmental regulations and possibly climate change, the District will hereby allocate supplemental water resources as follows:
1. Priority One - Direct Delivery for Existing Customers. The highest priority for

supplemental water shall be for the direct delivery of filtered water delivered to our customers from the Yucaipa Valley Regional Water Filtration Facility. Upon fulfilling this priority, any remaining available supplemental water shall be allocated to the next priority.

2. Priority Two - Groundwater Adjudication Obligations. The second highest priority for supplemental water shall be for the replenishment obligations associated with any groundwater adjudication. This priority shall generally be achieved with the production of water from the Yucaipa Valley Regional Water Filtration Facility. Upon fulfilling this priority, any remaining available supplemental water shall be allocated to the next priority.
3. Priority Three - Groundwater Banking for Future Reliability. Existing residential, business and institutional customers above shall contribute 15% of their potable water consumption to the Water Bank for the next year. Delivery of this water shall be based on the ability of District staff to fulfill this priority within the following calendar year. This priority shall be required of all existing water customers and begin immediately upon establishment of water service for new customers. Upon fulfilling this priority, any remaining available supplemental water shall be allocated to the next priority.
4. Priority Four - Parcel Development Process. The Parcel Development Process is a component of the Water Resource Validation Program which accomplishes the objectives of (A) demonstrating that sufficient water supplies exist for development to occur; and (B) providing sufficient water to enhance the resource reliability and sustainability of new development. This Program requires the deposit of supplemental water to the Water Bank prior to the issuance of a building permit. The provisions for the Parcel Development Process are included below as part of the Water Resource Validation Program.

SECTION 8. Compatibility with Water Shortage Response Stages

- A. Water Shortage Response Stages. The 2005 Urban Water Management Plan provides for voluntary and mandatory levels of progressively more aggressive water demand reduction requirements. The triggers for these stages will likely be those affecting imported water sources, provided the Yucaipa, Beaumont and San Timoteo Management Zones continues to be managed in a safe yield condition over the long-term. The response stages may also be invoked during an emergency to handle short-term events, such as earthquake damage, pipeline ruptures, and water quality issues.

The Board of Directors will determine the appropriate state of implementation, with authority hereby delegated to the General Manager for the implementation of Stage 1 and Stage 2 Water Shortage Response Stages.

The following Water Use Restrictions have been modified from the 2005 Urban Water Management Plan to more accurately incorporate the operation of the filtration facility and include anticipated impacts on new development based upon consideration and implementation of Water Shortage Response Stages 3, 4 and 5 by the Board of Directors. The implementation of Water Shortage Response Stages 3, 4 and 5 shall explicitly state the allowable uses of water and impacts on new developments. The

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Board reserves the right to modify and implement any number of water curtailment activities based on the actual conditions at the time.

	<i>Program Type</i>	<i>Water Use Restrictions</i>	<i>Overall Goal</i>	<i>Anticipated Impact on New Development</i>
Stage 1	Voluntary	Up to a 10% Reduction from Selected Areas	--	No anticipated impacts to new development.
Stage 2	Voluntary	Up to 10% District-wide	10% Reduction	New applicants for the Crystal Development Program may not be accepted under Stage 2.
Stage 3	Mandatory	Up to 20% District-wide	20% Reduction	Previously secured Crystal developments may proceed. New applicants for the Crystal Development Program may not be accepted under State 3.
Stage 4	Mandatory	Up to 35% District-wide	35% Reduction	Crystal Standard developments may be restricted. New applicants for the Crystal Development Program may not be accepted.
Stage 5	Mandatory	Up to 50% District-wide	50% Reduction	No new standard developments of Crystal development projects.

SECTION 9. Growth and Development

- A. Dual Plumbing for New Developments. Each new residential, commercial, industrial and institutional development shall design and construct infrastructure sufficient to provide potable drinking water and non-potable irrigation water to each lot.
- At a minimum, each new home shall be constructed with the necessary on-site improvements to receive potable water and non-potable water from two separate water meters. These two water service connections shall be installed per District standards and regulations to allow for non-potable irrigation service and potable water service to each property. In cases where non-potable water is unavailable, the non-potable irrigation meter shall be supplied potable water in the interim.
 - For developments of ten units or more, the District shall require on-site improvements as provided above, in addition to in tract non-potable infrastructure to support the non-potable irrigation system.
 - The District staff shall consider the size of the development, the proximity to existing non-potable infrastructure, and other pertinent information when off-site non-potable water infrastructure is required as part of a development agreement.
- B. Elimination of Septic Systems. The stringent water quality objectives established by the Regional Water Quality Control Board requires the Yucaipa Valley Water District to minimize the salinity impacts to the groundwater supplies in the Yucaipa Management Zone, the San Timoteo Management Zone and the Beaumont Management Zone. See Section 12 for the pollution prevention requirements associated with new development.
- C. Groundwater Deposits for New Development. The District provides potable water based on a long-term average of approximately 50% groundwater and 50% imported supplemental water to our existing customers. This average will fluctuate based on the

water resource management strategies of the District.

Any supplemental imported water provided during the entitlement process shall become the property of the District at the time building permits are issued.

1. All New Developments. For all building permits issued after July 1, 2009, new development shall be required to appropriately fund the purchase of seven (7) acre feet of imported supplemental water prior to the issuance of a grading or building permit. The rate for this supplemental imported water shall be based on the anticipated imported water delivery rate charged by the State Water Project Contractor providing service to the location of the new development. The District shall accommodate the early payment of this fee for any parcel proposed to be developed.

In response to water shortage conditions, the Board of Directors may at any time cease the authorization of grading or building permits based on the implementation of certain Water Shortage Response Stages. Based on information at the time this Resolution was prepared, the District staff anticipates recommending that the Board of Directors cease the authorization of grading and building permits for Standard Developments during Water Shortage Response Stages 3, 4 and 5, except as provided below.

2. Achieving a Crystal Status Development. Any new development may achieve the status of a Crystal Development by securing the physical delivery of 15.68 acre feet of imported supplemental water per Equivalent Dwelling Unit (EDU). The rate for this supplemental imported water shall be based on the charges to the District by the respective State Water Project Contractor.

In response to water shortage conditions, the Board of Directors may at any time cease the authorization of grading or building permits based on the implementation of certain Water Shortage Response Stages. Based on information at the time this Resolution was prepared, the District staff anticipates recommending that the Board of Directors cease the authorization of grading and building permits for Crystal Developments during Water Shortage Response Stage 5 with possible restrictions impacting development during Water Shortage Response Stage 4.

- a. The developer shall submit an application for each parcel within the proposed development (by Assessor's Parcel Number) and deposits sufficient funds for the purchase and delivery of imported supplemental water.
- b. The District staff will assign a completed application to the appropriate processing bin for supplemental imported water deliveries based on the availability of supply and facilities required to deposit (by recharge or injection) the supplemental water into the Groundwater Bank.
- c. The availability of supplemental imported water to fulfill the requests associated with the Crystal Status Development Program shall be based on the priorities provided in the *Allocation of Supplemental Water Resources* provisions above.
- d. Based on the total size of the tract, parcel map, or planning area (not including phased portions of developments), the District staff shall deposit (by recharge or

injection) imported supplemental water into the Water Bank equally from each of the following categories based on the completed applications:

- i. Residential Development - 1 lot development
 - ii. Residential Development - 2-10 lot development
 - iii. Residential Development - 11-50 lot development
 - iv. Residential Development - 51-100 lot development
 - v. Residential Development - 101-150 lot development
 - vi. Residential Development - 151-200 lot development
 - vii. Residential Development - 200 or more lot development
 - viii. Commercial Development
 - ix. Institutional Development
- e. The District shall charge the developer for any additional costs related to the deposit (by recharge or injection) of supplemental water into the Water Bank and payment shall be received prior to issuing the Crystal Status Achievement for the project.
 - f. Upon completing the deposit (by recharge or injection) of imported supplemental water into the Groundwater Bank, the District shall issue a Notice of Crystal Status Development. This Notice provides documentation of achieving one component of the development process by the District and does not relieve the developer from completing any other requirements established by the District.
 - g. The Board of Directors may elect to consider other creative conservation measures to be used to achieve the status of a Crystal Development. Upon adoption of a subsequent resolution that provides quantifiable comparable benefits this program may be expanded to include automatic meter reading, existing home retrofits, landscape retrofits, etc.
3. Parcel Boundary Changes (Splits and Divisions). Imported supplemental water previously paid and delivered as part of the standard development process or a Crystal Status Development shall be allocated equally to all new parcels in the event of a realignment of the parcel boundary or a division of the parcel. This may change the compliance of properties, whereby additional funds will be needed for compliance with this section. In the event new parcels results in an excess of groundwater supply, the property owner shall provide a written request for reimbursement at the cost previously paid to secure the imported supplemental water.

SECTION 10. Watershed Management

- A. Management Zone Protection. Develop programs for the Yucaipa Management Zone

and the Beaumont Management Zone that maintain the water quality and quantity in a manner that protects the local water supplies and is consistent with the 2004 Basin Plan adopted by the Regional Water Quality Control Board.

- B. Sanitary Surveys. Conduct a routine sanitary survey of the Yucaipa Management Zone and develop a sanitary survey that identifies active and potential points of pollution.
- C. Pollution Prevention. Develop methods for eliminating pollution sources related to the contribution of salinity in excess of the objectives set by the Regional Water Quality Control Board for the Yucaipa.

SECTION 11. Energy Management

- A. Energy Conservation. Research methods to utilize less power at District facilities and lessen dependence of bundled power generators.

SECTION 12. Pollution Prevention

- A. Basin Plan Objectives. The District staff shall develop methods for eliminating pollution sources related to the contribution of salinity in excess of the objectives set by the Regional Water Quality Control Board for the Yucaipa, Beaumont and San Timoteo Management Zone in the 2004 Basin Plan.
- B. Sanitary Survey. The District staff shall conduct a routine sanitary survey of the Yucaipa Management Zone and develop a sanitary survey that identifies active and potential points of pollution as required by the Department of Public Health.
- C. Requirement to Connect to the Sewer System. In order to protect the Yucaipa and Beaumont Groundwater Management Zones in a manner consistent with Section 12, paragraph A above, the District shall require new developments consisting of five or more Equivalent Dwelling Units within 1,000 feet of any existing or previously agreed upon sewage collection facility must extend the public sewer line to serve said development.
- D. Dry Sewer Collection System. In order to protect the groundwater quality as required by the Basin Plan adopted by the Santa Ana Regional Water Quality Control Board, the District shall require new developments to install dry sewer collection systems if existing active sewer collection facilities are not available.
 - 1. Construction of One to Four Units or Development on Five Acres or More. Developments consisting of one to four Equivalent Dwelling Units, or a development on more than five acres (average gross) per lot, shall not be required to install dry sewers or connect to the sewer collection system unless any portion of the property being developed is within 500 feet from the sewer system which could serve the parcel.
 - 2. Installation of Dry Sewer Collection Infrastructure. The installation of a dry sewer collection system shall extend the full length of the property to the property boundary generally upstream of the parcel/development. The dry sewer collection system

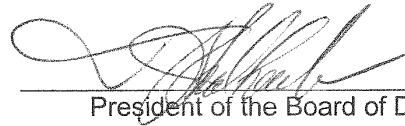
shall also be extended downstream offsite of the subject property a distance of 100 feet per Equivalent Dwelling Unit (EDU) after the first EDU. For example, a development of five EDUs shall extend the dry sewer collection system 400 feet downstream toward the existing sewer collection system.

- E. Sewer Septic System Offset Program. Any new development not connected to an active sewer collection system shall be required to participate in a Sewer Septic System Offset Program to mitigate the pollution created by the addition of a new septic system. This Program requires the conversion/connection of existing septic systems to the sewer in the service area of the Yucaipa Valley Water District. Participation in this program does not relieve the property owner from future participation in the construction of sewer infrastructure when available or paying current fees for the property receiving the septic system offset.

SECTION 13. Infrastructure Management

- A. Implement a program of sufficient detail to record the procurement, maintenance, management, and disposal of assets related to the divisions of the District.
- B. Propose operating budgets and price structures that maintain full cost pricing of services provided while maintaining full depreciation funding of assets.

ADOPTED this 20th day of August 2008.



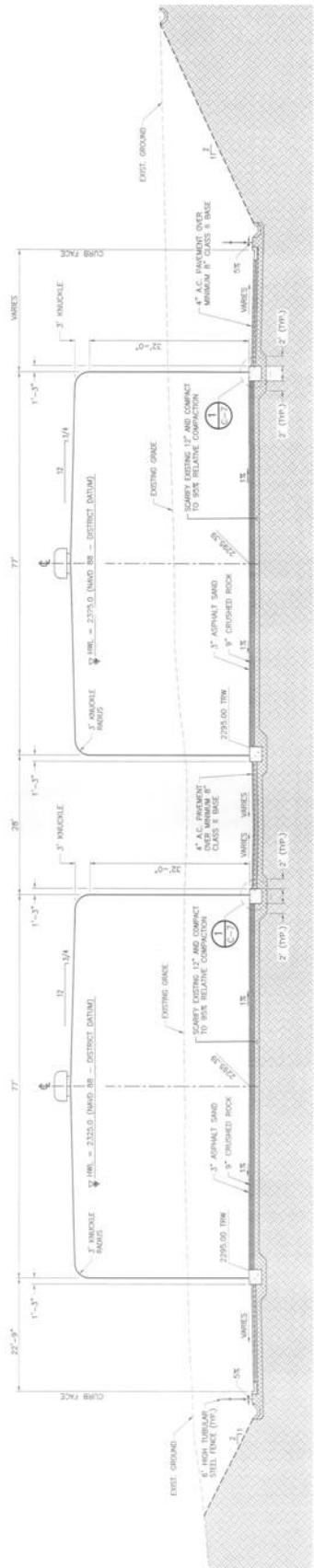
President of the Board of Directors

ATTEST:



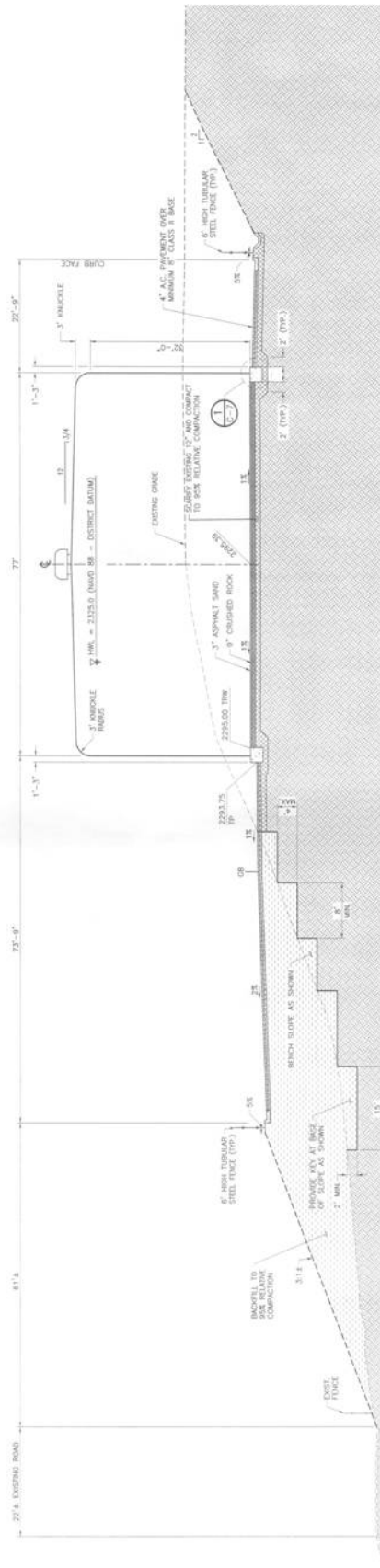
Secretary of the Board of Directors

CAPITAL IMPROVEMENT PROJECTS



A
C-2

RESERVOIR SECTION
SCALE: 1"=10'



B
C-2

RESERVOIR SECTION
SCALE: 1"=10'





Date: October 30, 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.







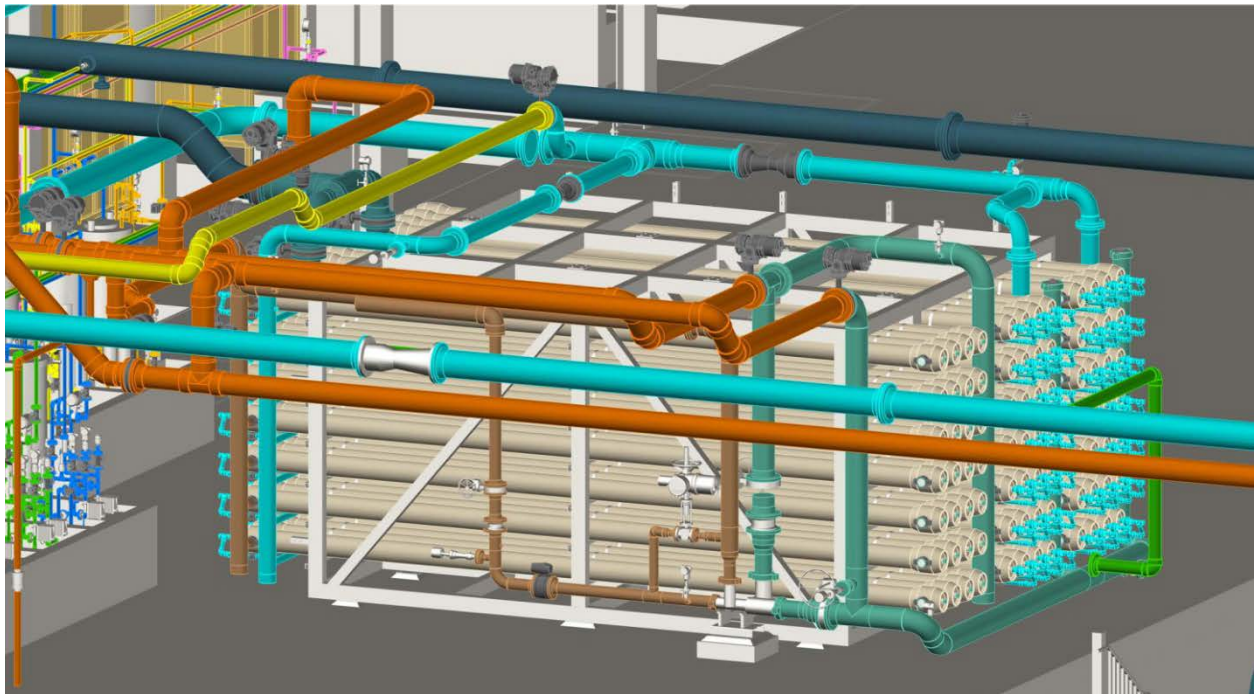


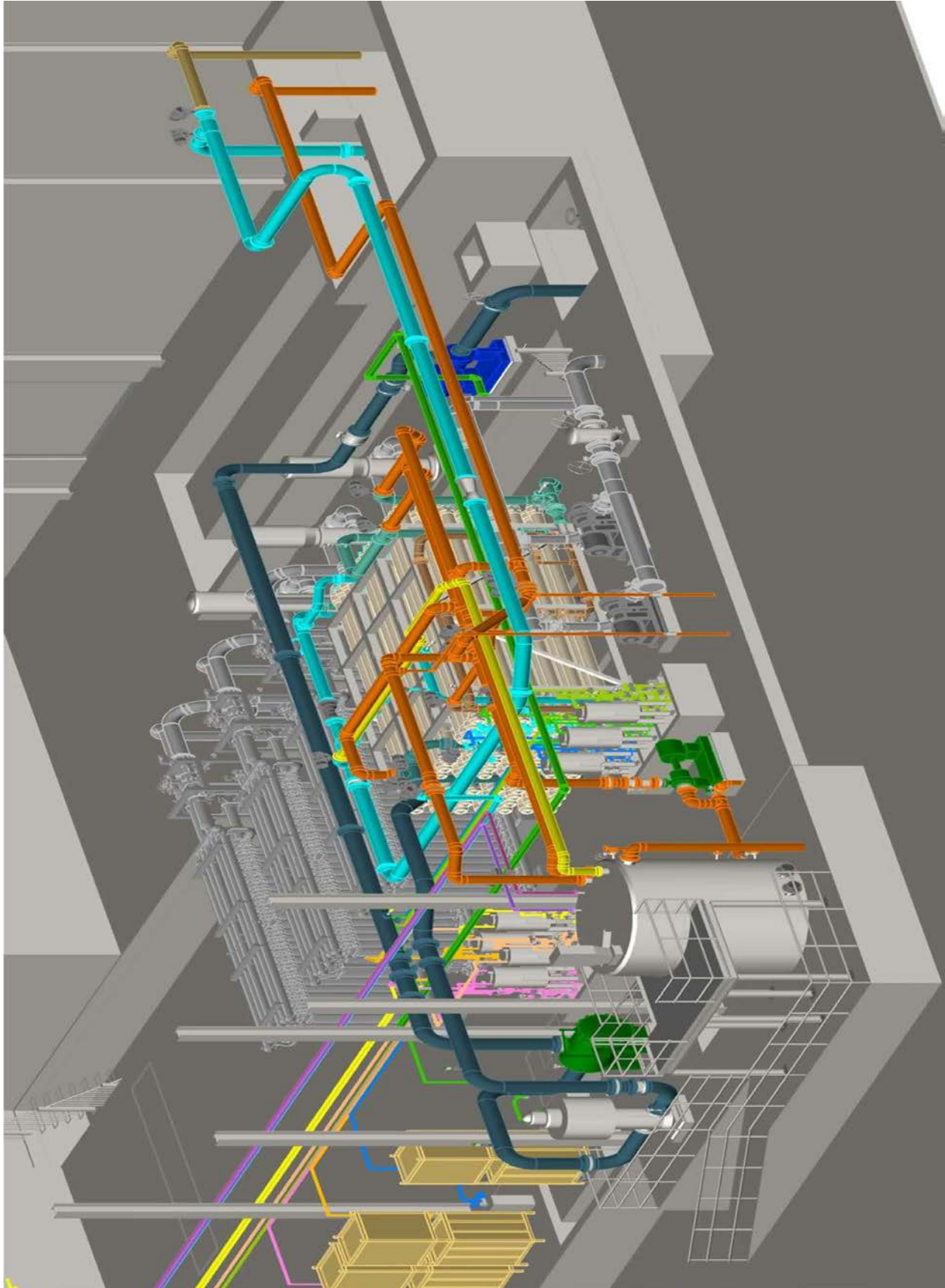
Date: October 30, 2012

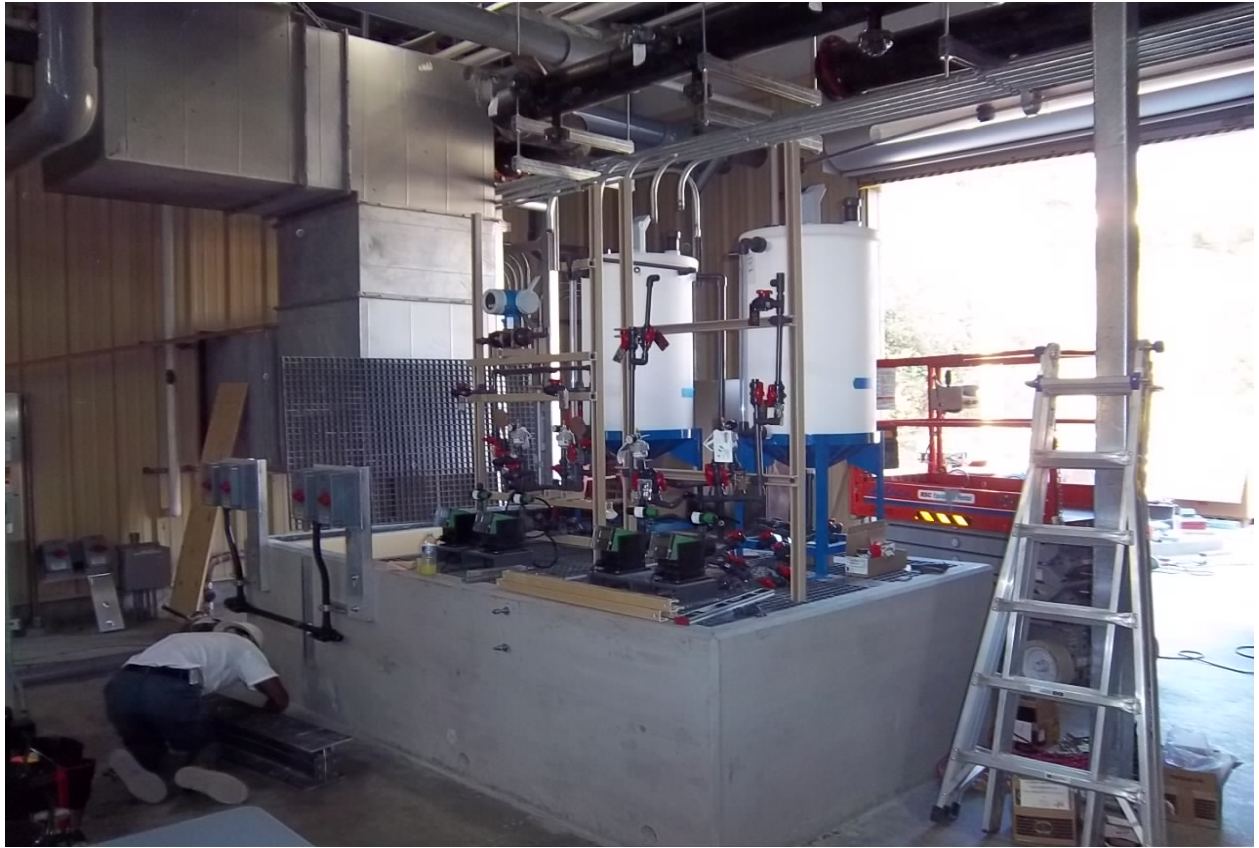
Subject: Status Report on the Construction of the Wochholz Improved Salinity Effluent (WISE) Project

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.









DEVELOPMENT ISSUES

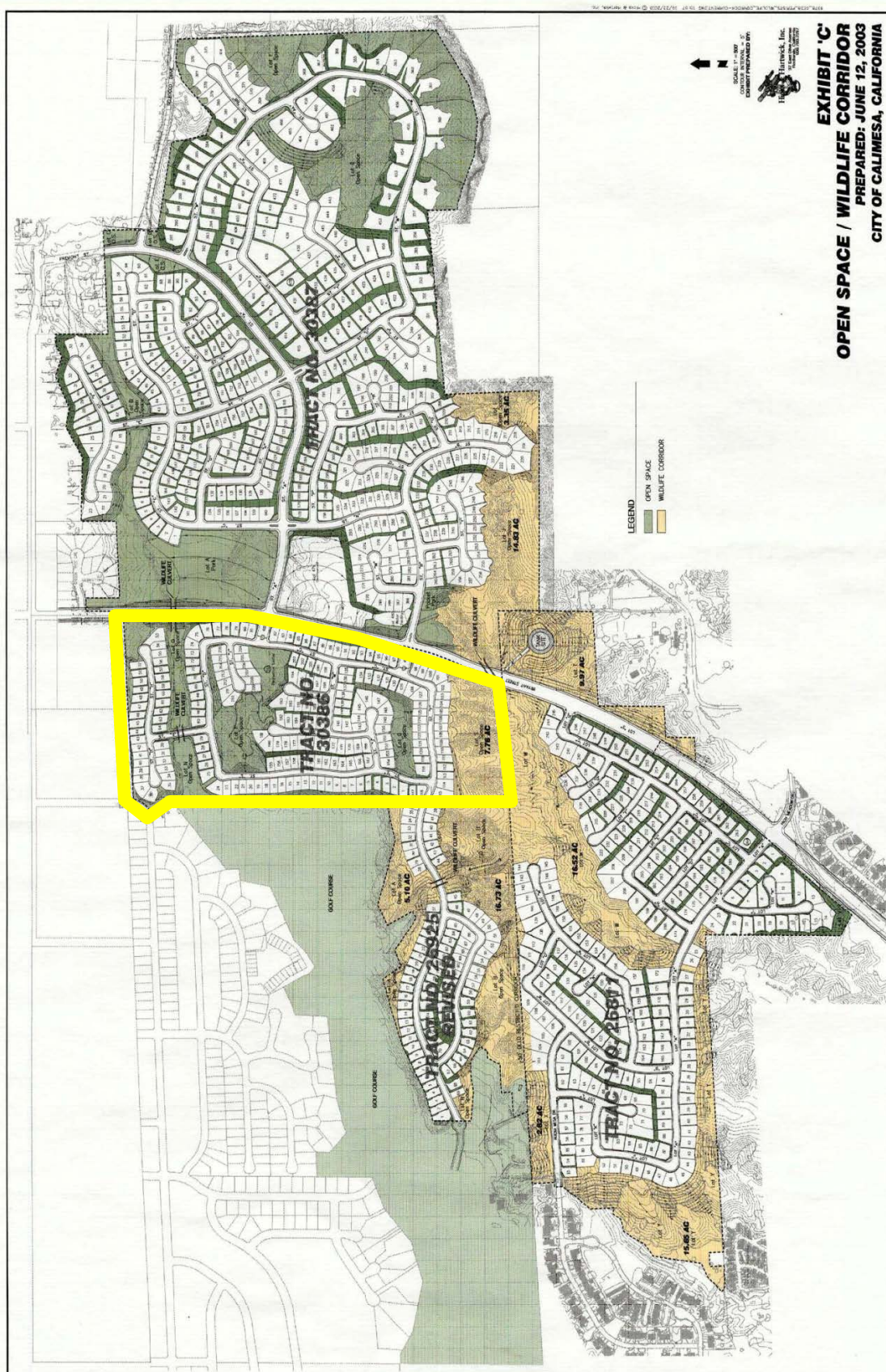
Date: October 30, 2012

Subject: Development Agreement for Tract No. 30386 - Calimesa

The District staff is currently working with a developer for the preparation of a development agreement for Tract No. 30386. This residential development is located south of Avenue L and west of Bryant Street / Singleton Road in Calimesa.

The draft development agreement is currently being reviewed by the parties, with a final version of the agreement anticipated to be presented at the next regular board meeting.





Agreement: 2012-06
Project File: P-65-83

AGREEMENT TO PROVIDE WATER AND SEWER FACILITIES AND SERVICE TO THE PROPOSED RESIDENTIAL DEVELOPMENT OF TRACT 30386 LOCATED IN CALIMESA, CALIFORNIA

This Agreement is made and effective this 15th day of December 2012, by and between the YUCAIPA VALLEY WATER District, a public agency ("District") and Highpointe Communities, Inc., a California Corporation doing business as Highpointe JPR 308, LLC ("Developer"). Each is sometimes referred to herein as a "Party" and jointly as the "Parties".

Contact information for the parties is as follows:

District:

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

Developer:

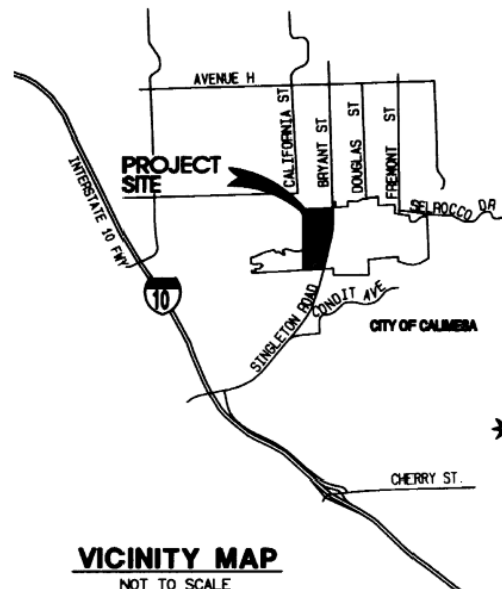
Highpointe JPR 308, LLC
20 Enterprise, Suite 320
Aliso Viejo, California 92656

Attn: Steve Ludwig, Executive Vice President
Telephone: (949) 472-0169
Facsimile: (949) 609-0739

PROJECT OVERVIEW

The proposed construction of Tract No. 30386 involves the development of 211 residential homes and one recreation center west of Singleton Road ("Developer's Property" or the "Property"). An overview of the proposed project size and location is provided as Exhibit A.

On December 18, 2002, the District presented a detailed review of the water supply availability for this project consistent with the requirements of Senate Bill 221 (SB 221) and Senate Bill 610 (SB 610). The Board approved the water supply assessment as Resolution No. 42-2002 [DM 02-155].



RECITALS

WHEREAS, Developer desires to develop its property situated within the service area of the District, and

WHEREAS, Developer proposes to develop the Developer's Property in the manner generally

proposed and in accordance with the currently approved maps and construction drawings reviewed by the Yucaipa Valley Water District at this time, and

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

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

AGREEMENT

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

PART A: THE FACILITIES

1. General Description.

a. The Developer proposes to develop its Property as provided on the approved development construction drawings approved by the District which includes potable water, sewer, and recycled water facilities necessary to serve the development. Such Facilities are more fully described in Part G Special Conditions below.

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 in conformance with the Plans for which a Plan Acceptance has been issued, then District shall promptly issue to Developer its letter ("Facility Acceptance") indicating satisfactory completion of the Facility and District's acceptance thereof. Neither inspection nor issuance of the Facility Acceptance shall constitute a waiver by District of any claims it might have against Developer for any defects in the work performed, the materials provided, or the Facility constructed, to the extent such represents a deviation from the Plans approved by the District pursuant to the Plan Acceptance.

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

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

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

accept the Facilities constructed by the Developer.

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

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

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

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

8. Developer's Warranties. The Developer shall unconditionally guaranty, for a period of one year following the District's Facility Acceptance thereof, any and all materials and workmanship, at the Developer's sole cost and expense. The provision of temporary water service through any of the Developer's Facilities, prior to District's acceptance of same, shall not nullify nor diminish the Developer's warranty obligation, nor shall the Developer's warranty obligation be voided if the District determines, in its sole discretion, to make any emergency repairs necessary to protect the public's health, safety or welfare or to ensure continuity of water or sewer service. The District shall notify Developer of such emergency repairs.

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

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

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

PART C: TITLE TO FACILITIES; OPERATION

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

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

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

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

13. Conditions Precedent to the Provision of Water and Sewer Service. Unless the District otherwise agrees in writing, the District shall not be obligated to provide any water and/or sewer service to the Developer's project or any part thereof, including model homes, until after all of the appropriate obligations imposed upon the Developer have been fulfilled including, without

limitation, conveyance to the District of the right-of-way and Facilities associated with the requested service. Upon acceptance of the right-of-way and appurtenant Facilities, and upon such other terms and conditions as may be reasonable, the District shall provide the service requested and assume the responsibility for operating and maintaining the affected Facilities. Service provided by the District shall be in accordance with its rules and regulations and shall be comparable in quality of service to that provided all similarly situated customers.

PART D: FEES AND CREDITS

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

a. Developer Deposit: The Developer shall deposit with the District, to be held in a trust account administered by the District, the sum of 10% of the construction costs as an initial deposit prior to receiving grading/building permits for the Project. The Developer acknowledges and hereby agrees that the District is authorized, from time-to-time, to reimburse itself from the funds on deposit. The District shall provide a monthly accounting of how funds were disbursed. The Developer further agrees to periodically and promptly replenish, upon a billing issued therefore by the District, the trust fund in order to maintain a minimum amount as specified by the District. Should any unexpended funds remain in the trust account upon termination of this Agreement, then such funds shall be reimbursed to the Developer.

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

15. District Financial Participation: Credits. The District may agree to participate in certain facilities for this Project. Any participation or financial contribution to construct the water and sewer 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. 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 and indemnifying the district from and against any and all legal challenges to the Developer's entitlements including permits, licenses, CEQA documents and challenges to compliance with CEQA.

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 Acceptance
Letter of Credit	Prior to Construction
City/County Encroachment Permits and Conditions	Prior to Construction
Soil Compaction Tests	Prior to Acceptance
Grant of Easements and Rights-of-Way	Prior to Acceptance
Bill of Sale	Prior to Acceptance
List of Approved Street Addresses and Assessor Parcel Numbers	Prior to Setting Meter
Notice of High/Low Water Pressure	Prior to Setting Meter
Notice of Water Pumping Facility	Prior to Construction
Mechanic's Lien Releases	Upon Request of District

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

PART F: INSURANCE AND INDEMNIFICATION

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

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

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

- a. Commercial General Liability Insurance (Primary) shall be provided on ISO-CGL Form No. CG 00 01 10 93. Policy limits shall be no less than \$1,000,000 per occurrence for all coverages and \$2,000,000 general aggregate. The District and its officials,



employees and agents shall be added as additional insureds using ISO Form CG 20 10 10 93. Coverage shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance, primary or excess, available to the District or any employee or agent of the District. Coverage shall not be limited to the vicarious liability or supervisory role of any additional insured. Coverage shall contain no contractors' limitation endorsement. There shall be no endorsement or modification limiting the scope of coverage for liability arising from explosion, collapse, or underground property damage.

b. Umbrella Liability Insurance (over Primary) shall apply to bodily injury/property damage, personal injury/advertising injury, at a minimum, and shall include a "drop down" provision providing primary coverage above a maximum \$25,000 self-insured retention for liability not covered by primary policies but covered by the umbrella policy. Coverage shall be following form to any underlying coverage. Coverage shall be provided on a "pay on behalf" basis, with defense costs payable in addition to policy limits. There shall be no cross-liability exclusion and no contractor's limitation endorsement. Policy limits shall be not less than \$2,000,000 per occurrence and in the aggregate, above any limits required in the underlying policies. The policy shall have starting and ending dates concurrent with the underlying coverages.

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

d. The Developer and the District further agree as follows:

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

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

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

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

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

PART G: SPECIAL CONDITIONS

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

a. Sewer Related Facilities: The following requirements are established for the sewer related facilities associated with this project.

i. The District has identified sewer mainline deficiencies downstream of the Project in the City of Calimesa. To secure the appropriate funding for the upgrade of these sewer mainline facilities, the Developer shall pay to the District a fee of \$1,500 per Equivalent Dwelling Unit for the construction of upgraded sewer mainline facilities. This fee shall be paid prior to the issuance of building permits or prior to release for occupancy for homes/buildings already constructed as determined by the District in its sole discretion.

b. Water Related Facilities: The following requirements are established for the water related facilities associated with this project.

i. The Developer shall pay for the purchase a quantity of imported water pursuant to the Sustainability Policy adopted by the Board of Directors as Resolution No. 11-2008. The imported water rate shall be the rate in effect at the time water is secured from the San Geronio Pass Water Agency. Imported water for compliance with the Yucaipa Valley Water District's Sustainability Policy shall be purchased prior to the issuance of building permits, or prior to the issuance of occupancy for buildings already constructed as determined by the District in its sole discretion.

ii. The use of recycled water shall be provided by a recycled water booster pump and hydropneumatic tank connected to the existing recycled water facilities. The location and size of the recycled water booster pump and hydropneumatic tank shall be coordinated and approved by the District to meet the demands of the Project. The property for the recycled water booster pump and hydropneumatic tank has been identified as Lot G located at the westerly end of Garden Air Court. Title to Lot G shall be transferred to the Yucaipa Valley Water District no later than March 1, 2013. The construction and activation of the recycled water booster pump and hydropneumatic tank shall be completed prior to the issuance of the 150th building permit.

iii. The Developer is responsible for the design and construction of a 24-inch water conveyance pipeline located in Singleton Road/Bryant Street. The 24-inch water conveyance pipeline shall be built to Yucaipa Valley Water District standards and requirements and will connect to existing water pipelines at both ends of the Singleton Road/Bryant Street. The 24-inch water conveyance pipeline will be constructed in three distinct segments: 1) Segment A (from Singleton Road to Lariat Road); 2) Segment B (from Lariat Road to JP Ranch Drive); and 3) Segment C (from JP Ranch Drive to northern boundary of Tract 30386). The 24-inch water conveyance pipeline will be built concurrent with each of these three street segments and will be tested, disinfected and activated by the Yucaipa Valley Water District prior to the date when each roadway segment of Singleton Road/Bryant Street is approved for public access/use by the City of Calimesa.

It is agreed by all Parties that no building permits will be issued or water service provided to Lots 1-35 of Tract 30386 until the permanent 24-inch water conveyance pipeline is installed within Segment C of Singleton Road/Bryant Street and accepted by and placed into service by the Yucaipa Valley Water District.

d. Fee Credits: The Yucaipa Valley Water District will not provide fee credits to this development. All development related fees in effect at the time shall be paid to the Yucaipa Valley Water District prior to the issuance of building permits. Residential units and buildings already constructed shall not be issued Certificates of Occupancy until the current *Development Impact Fee - Water Storage Reservoir* fee component is received by the Yucaipa Valley Water District.

e. The Developer shall pay all water, sewer, and recycled water development impact fees and sustainability fees based on the fee in effect at the time prior to the issuance of building permits.

f. All unpaid development-related invoices shall be paid to the District prior to the issuance of any building permits and prior to the release of any home released for occupancy.

PART H: MISCELLANEOUS

21. Term and Termination of Agreement.

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

i. If the Developer fails to provide to the District adequate assurances regarding the availability of funds as set forth in Section 20 above; or

- ii. Within 24 months of the effective date of this Agreement, if the initial construction contemplated hereunder by Developer has not commenced or failed to continue; 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 15 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 upon receipt of a bankruptcy notice for the developer or owner of the Property.
- b. Any termination of this Agreement shall not be construed as a waiver of any claim the District may have against the Developer or that the Developer may have against the District.
- c. In the event of termination, and in order to counteract any threat to the public's health, safety or welfare, the District shall have the right, without liability to the Developer, to complete, at the Developer's non-reimbursable expense, all or a portion of the Facilities constructed pursuant to this Agreement.
- d. Notwithstanding the foregoing, the Indemnification clauses contained herein shall survive the termination of this Agreement:
22. Status of the Parties. This Agreement is not intended to create, and nothing herein contained shall be construed to create, an association, a trust, a joint venture, a partnership or other entity of any kind, or to constitute either party as the agent, employee or partner of the other.
23. Amendment; Assignment.
- a. Amendment. This Agreement may be amended, from time-to-time, by mutual agreement of the District and the Developer, in writing signed by both parties. The District and the Developer further agree that to the extent this Agreement does not address all aspects of the Developer's phased Project, the parties shall meet and confer and negotiate in good faith, and execute a written amendment or supplement to this Agreement.
 - b. Assignment. This Agreement shall not be assigned, whether in whole or in part, by the Developer without the prior written consent of the District.
24. Force Majeure. If either the District or the Developer is delayed, hindered or prevented from performing any term of this Agreement by any cause beyond either party's control including, without limitation, any strike, walkout, prohibitions imposed by law, rules or regulations, riot, war, act of God or the default of the other party, then such performance may be excused or the time of performance tolled during the period of delay.

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

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

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

28. District's Disclaimer. Utilizing fees and Facilities provided to the District by the Developer, the District will supply potable water, recycled water, and sewer collection and treatment services to the Developer's Property and development thereon. The District shall not be obligated to utilize public funds to subsidize the Developer's Project.

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

30. Mediation. Except as provided herein, no civil action with respect to any dispute, claim or controversy arising out of or relating to this Agreement may be commenced until the matter has been submitted to a mutually acceptable mediator ("Mediator") for non-binding mediation. The parties will cooperate with one another in selecting a Mediator, and in scheduling the mediation proceedings. The parties covenant that they will participate in the mediation in good faith, and that they will share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties, their agents, employees, experts and attorneys, and by the Mediator, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. Either party may seek equitable relief prior to the mediation to preserve the status quo pending the completion of that process. Except for such an action to obtain equitable relief, neither party may commence a civil action with respect to the matters submitted to mediation. The provisions of this section may be enforced by any Court of competent jurisdiction, and the prevailing party in any such enforcement action shall be entitled to an award of all costs, fees and expenses, including attorneys' fees, to be paid by the party against whom enforcement is ordered. Mediation will take place in the either the County of Riverside or the County of San Bernardino, California.

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SIGNATURES SET FORTH ON FOLLOWING PAGE

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

Yucaipa Valley Water District

Dated: _____

By: _____

Print Name

Print Title

Highpointe JPR 308, LLC

Dated: _____

By: _____

Print Name

Print Title





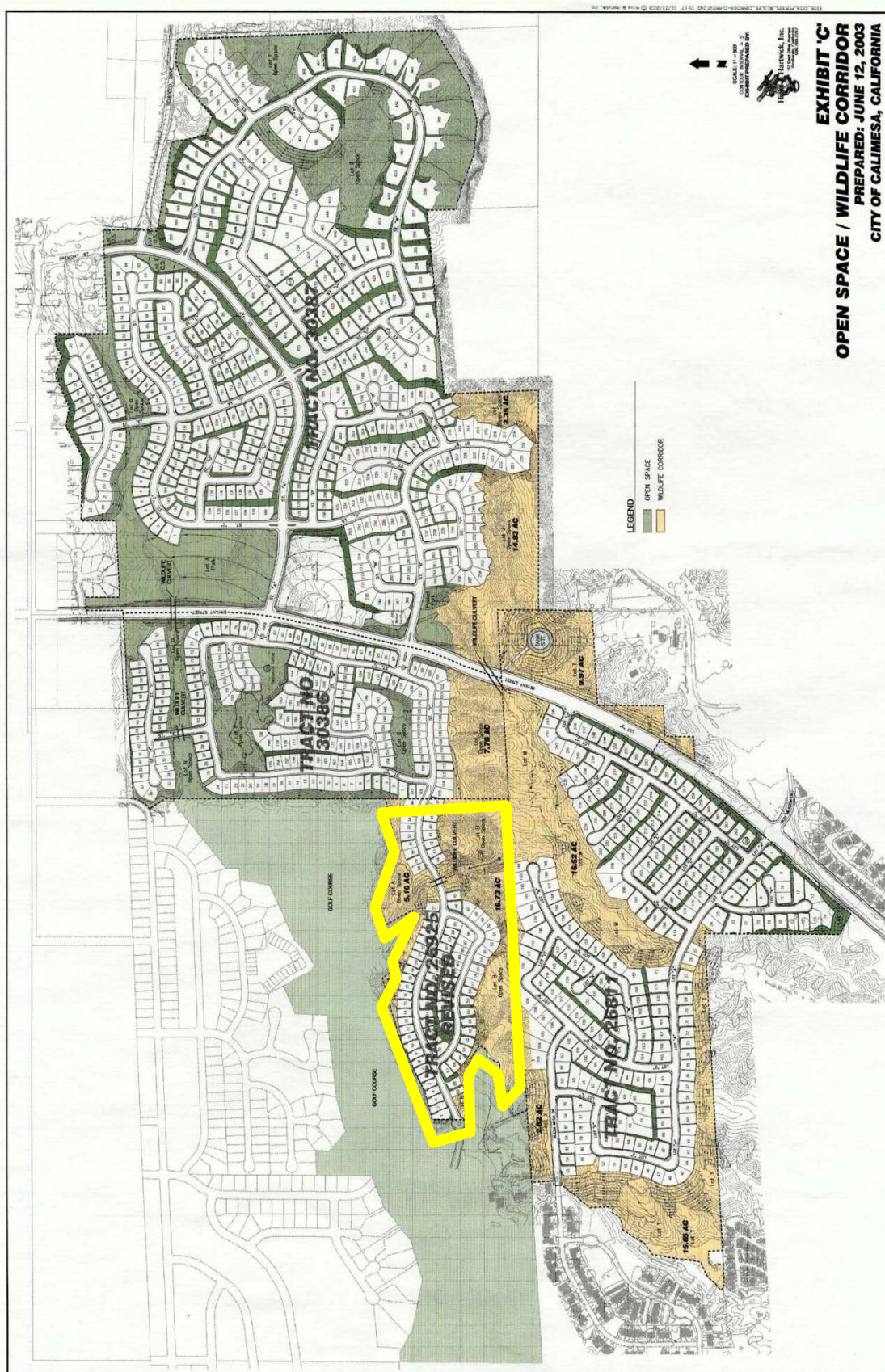
Date: October 30, 2012

Subject: Development Agreement for Tract No. 26925 - Calimesa

The District staff is currently working with a developer for the preparation of a development agreement for Tract No. 26925. This residential development is located southeast of the Calimesa County Club in Calimesa.

The draft development agreement is currently being reviewed by the parties, with a final version of the agreement anticipated to be presented at the next regular board meeting.





Agreement: 2012-07
Project File: P-65-__

AGREEMENT TO PROVIDE WATER AND SEWER FACILITIES AND SERVICE TO THE PROPOSED RESIDENTIAL DEVELOPMENT OF TRACT 26925 LOCATED IN CALIMESA, CALIFORNIA

This Agreement is made and effective this 15th day of December 2012, by and between the YUCAIPA VALLEY WATER District, a public agency ("District") and Highpoint Communities, Inc., a California Corporation doing business as Highpoint JPR 308, LLC ("Developer"). Each is sometimes referred to herein as a "Party" and jointly as the "Parties".

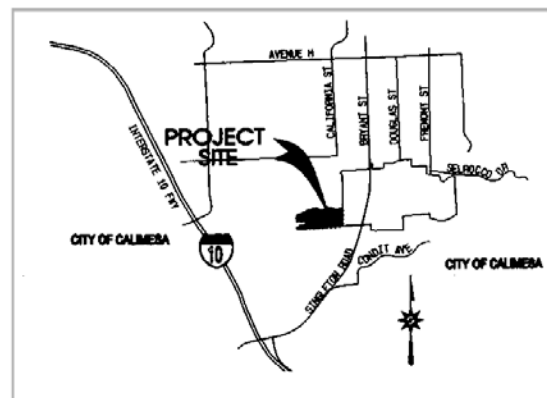
Contact information for the parties is as follows:

District:	Developer:
Yucaipa Valley Water District 12770 Second Street Post Office Box 730 Yucaipa, California 92399-0730	Highpoint JPR 308, LLC 20 Enterprise, Suite 320 Aliso Viejo, California 92656
Attn: Joseph B. Zoba, General Manager Telephone: (909) 797-5119 Facsimile (909) 797-6381	Attn: Steve Ludwig, Executive Vice President Telephone: (949) 472-0169 Facsimile: (949) 609-0739

PROJECT OVERVIEW

The proposed construction of Tract No. 26925 involves the development of 96 residential homes west of Singleton Road ("Developer's Property" or the "Property"). An overview of the proposed project size and location is provided as Exhibit A.

On December 18, 2002, the District presented a detailed review of the water supply availability for this project consistent with the requirements of Senate Bill 221 (SB 221) and Senate Bill 610 (SB 610). The Board approved the water supply assessment as Resolution No. 42-2002 [DM 02-155].



RECITALS

WHEREAS, Developer desires to develop its property situated within the service area of the District, and

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

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

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

AGREEMENT

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

PART A: THE FACILITIES

1. General Description.

a. The Developer proposes to develop its Property as provided on the approved development construction drawings approved by the District which includes potable water, sewer, and recycled water facilities necessary to serve the development. Such Facilities are more fully described in Part G Special Conditions below.

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 in conformance with the Plans for which a Plan Acceptance has been issued, then District shall promptly issue to Developer its letter ("Facility Acceptance") indicating satisfactory completion of the Facility and District's acceptance thereof. Neither inspection nor issuance of the Facility Acceptance shall constitute a waiver by District of any claims it might have against Developer for any defects in the work performed, the materials provided, or the Facility constructed, to the extent such represents a deviation from the Plans approved by the District pursuant to the Plan Acceptance.

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

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

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

c. The District and the Developer hereby designate the individual identified on page

1 of this Agreement as the person who shall have the authority to represent the District and Developer in matters concerning this Agreement. In order to ensure maximum continuity and coordination, the District and Developer agree not to arbitrarily remove or replace the authorized representative, but in the event of a substitution, the substituting Party shall promptly advise the other Party of such substitution, in writing.

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

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

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

8. Developer's Warranties. The Developer shall unconditionally guaranty, for a period of one year following the District's Facility Acceptance thereof, any and all materials and workmanship, at the Developer's sole cost and expense. The provision of temporary water service through any of the Developer's Facilities, prior to District's acceptance of same, shall not nullify nor diminish the Developer's warranty obligation, nor shall the Developer's warranty obligation be voided if the District determines, in its sole discretion, to make any emergency repairs necessary to protect the public's health, safety or welfare or to ensure continuity of water or sewer service. The District shall notify Developer of such emergency repairs.

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

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

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

PART C: TITLE TO FACILITIES; OPERATION

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

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

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

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

13. Conditions Precedent to the Provision of Water and Sewer Service. Unless the District otherwise agrees in writing, the District shall not be obligated to provide any water and/or sewer service to the Developer's project or any part thereof, including model homes, until after all of the appropriate obligations imposed upon the Developer have been fulfilled including, without limitation, conveyance to the District of the right-of-way and Facilities associated with the requested service. Upon acceptance of the right-of-way and appurtenant Facilities, and upon such other terms and conditions as may be reasonable, the District shall provide the service

requested and assume the responsibility for operating and maintaining the affected Facilities. Service provided by the District shall be in accordance with its rules and regulations and shall be comparable in quality of service to that provided all similarly situated customers.

PART D: FEES AND CREDITS

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

a. Developer Deposit: The Developer shall deposit with the District, to be held in a trust account administered by the District, the sum of 10% of the construction costs as an initial deposit prior to receiving grading/building permits for the Project. The Developer acknowledges and hereby agrees that the District is authorized, from time-to-time, to reimburse itself from the funds on deposit. The District shall provide a monthly accounting of how funds were disbursed. The Developer further agrees to periodically and promptly replenish, upon a billing issued therefore by the District, the trust fund in order to maintain a minimum amount as specified by the District. Should any unexpended funds remain in the trust account upon termination of this Agreement, then such funds shall be reimbursed to the Developer.

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

15. District Financial Participation; Credits. The District may agree to participate in certain facilities for this Project. Any participation or financial contribution to construct the water and sewer 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. 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 and indemnifying the district from and against any and all legal challenges to the Developer's entitlements including permits, licenses, CEQA documents and challenges to compliance with CEQA.

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



Document(s)	Due Date
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 Acceptance
Letter of Credit	Prior to Construction
City/County Encroachment Permits and Conditions	Prior to Construction
Soil Compaction Tests	Prior to Acceptance
Grant of Easements and Rights-of-Way	Prior to Acceptance
Bill of Sale	Prior to Acceptance
List of Approved Street Addresses and Assessor Parcel Numbers	Prior to Setting Meter
Notice of High/Low Water Pressure	Prior to Setting Meter
Notice of Water Pumping Facility	Prior to Construction
Mechanic's Lien Releases	Upon Request of District

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

PART F: INSURANCE AND INDEMNIFICATION

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

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

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

a. Commercial General Liability Insurance (Primary) shall be provided on ISO-CGL Form No. CG 00 01 10 93. Policy limits shall be no less than \$1,000,000 per occurrence for all coverages and \$2,000,000 general aggregate. The District and its officials, employees and agents shall be added as additional insureds using ISO Form CG 20 10 10 93. Coverage shall apply on a primary non-contributing basis in relation to any other

insurance or self-insurance, primary or excess, available to the District or any employee or agent of the District. Coverage shall not be limited to the vicarious liability or supervisory role of any additional insured. Coverage shall contain no contractors' limitation endorsement. There shall be no endorsement or modification limiting the scope of coverage for liability arising from explosion, collapse, or underground property damage.

b. Umbrella Liability Insurance (over Primary) shall apply to bodily injury/property damage, personal injury/advertising injury, at a minimum, and shall include a "drop down" provision providing primary coverage above a maximum \$25,000 self-insured retention for liability not covered by primary policies but covered by the umbrella policy. Coverage shall be following form to any underlying coverage. Coverage shall be provided on a "pay on behalf" basis, with defense costs payable in addition to policy limits. There shall be no cross-liability exclusion and no contractor's limitation endorsement. Policy limits shall be not less than \$2,000,000 per occurrence and in the aggregate, above any limits required in the underlying policies. The policy shall have starting and ending dates concurrent with the underlying coverages.

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

d. The Developer and the District further agree as follows:

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

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

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

iv. In the event of any loss that is not insured due to the failure of the Developer to comply with these requirements, the Developer agrees to be

responsible for any all losses, claims, suits, damages, defense obligations and liability of any kind attributed to the District, or the District's officials, employees and agents as a result of such failure.

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

PART G: SPECIAL CONDITIONS

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

a. Sewer Related Facilities: The following requirements are established for the sewer related facilities associated with this project.

i. The District has identified sewer mainline deficiencies downstream of the Project in the City of Calimesa. To secure the appropriate funding for the upgrade of these sewer mainline facilities, the Developer shall pay to the District a fee of \$1,500 per Equivalent Dwelling Unit for the construction of upgraded sewer mainline facilities. This fee shall be paid prior to the issuance of building permits or prior to release for occupancy for homes/buildings already constructed as determined by the District in its sole discretion.

b. Water Related Facilities: The following requirements are established for the water related facilities associated with this project.

i. The Developer shall pay for the purchase a quantity of imported water pursuant to the Sustainability Policy adopted by the Board of Directors as Resolution No. 11-2008. The imported water rate shall be the rate in effect at the time water is secured from the San Gorgonio Pass Water Agency. Imported water for compliance with the Yucaipa Valley Water District's Sustainability Policy shall be purchased prior to the issuance of building permits, or prior to the issuance of occupancy for buildings already constructed as determined by the District in its sole discretion.

ii. The Developer shall reimburse the District for the cost of connecting the water infrastructure necessary to provide service to Tract No. 26925 to the Pressure Zone 13 infrastructure located in Third Street.

d. Fee Credits: The Yucaipa Valley Water District will not provide fee credits to this development.

e. The Developer shall pay all water, sewer, and recycled water development impact fees and sustainability fees based on the fee in effect at the time prior to the issuance of building permits. Residential units and buildings already constructed shall not be issued Certificates of Occupancy until the current *Development Impact Fee - Water Storage Reservoir* fee component is received by the Yucaipa Valley Water District.

- f. All unpaid development-related invoices shall be paid to the District prior to the issuance of any building permits and prior to the release of any home released for occupancy.

PART H: MISCELLANEOUS

21. Term and Termination of Agreement.

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

i. If the Developer fails to provide to the District adequate assurances regarding the availability of funds as set forth in Section 20 above; or

ii. Within 24 months of the effective date of this Agreement, if the initial construction contemplated hereunder by Developer has not commenced or failed to continue; 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 15 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 upon receipt of a bankruptcy notice for the developer or owner of the Property.

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

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

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

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

other.

23. Amendment; Assignment.

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

b. Assignment. This Agreement shall not be assigned, whether in whole or in part, by the Developer without the prior written consent of the District.

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

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

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

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

28. District's Disclaimer. Utilizing fees and Facilities provided to the District by the Developer, the District will supply potable water, recycled water, and sewer collection and treatment services to the Developer's Property and development thereon. The District shall not be obligated to utilize public funds to subsidize the Developer's Project.

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

30. Mediation. Except as provided herein, no civil action with respect to any dispute, claim or controversy arising out of or relating to this Agreement may be commenced until the matter has been submitted to a mutually acceptable mediator ("Mediator") for non-binding mediation. The parties will cooperate with one another in selecting a Mediator, and in scheduling the mediation proceedings. The parties covenant that they will participate in the mediation in good faith, and that they will share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties, their agents, employees, experts and attorneys, and by the Mediator, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. Either

party may seek equitable relief prior to the mediation to preserve the status quo pending the completion of that process. Except for such an action to obtain equitable relief, neither party may commence a civil action with respect to the matters submitted to mediation. The provisions of this section may be enforced by any Court of competent jurisdiction, and the prevailing party in any such enforcement action shall be entitled to an award of all costs, fees and expenses, including attorneys' fees, to be paid by the party against whom enforcement is ordered. Mediation will take place in either the County of Riverside or the County of San Bernardino, California.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

SIGNATURES SET FORTH ON FOLLOWING PAGE

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

Yucaipa Valley Water District

Dated: _____

By: _____

Print Name

Print Title

Highpointe JPR 308, LLC

Dated: _____

By: _____

Print Name

Print Title





ADMINISTRATIVE ISSUES



Date: October 30, 2012

Subject: Notice of Completion for the Contract with Merlin Johnson Construction for the Second Place Pipeline at Harruby Drive, Calimesa

At the regular meeting on October 17, 2012, the Board ratified the award of a contract to Merlin Johnson Construction, Inc. for the installation of 410 feet of ductile iron pipe in Second Place at Harruby Drive in Calimesa for a sum not to exceed \$63,115 [DM 12-091].

Based on the attached acceptance letter by Krieger and Stewart, staff recommends the Board authorize filing the Notice of Completion and release of the retention amount of \$3,155.75 thirty-five days after the recorded date.



INCORPORATED • ENGINEERING CONSULTANTS

3602 University Ave • Riverside, CA 92501 • Tel 951-684-6900 • Fax 951-684-6986

October 25, 2012

818-71.1 F/C

Brent Anton
Yucaipa Valley Water District
P.O. Box 730
Yucaipa, CA 92399

Subject: 2nd Place Pipeline at Harruby
Recommendation of Acceptance of Contract Work

Dear Mr. Anton:

All work required to be performed by Merlin Johnson Construction for the 2nd Place Pipeline at Harruby Project is essentially complete and the final Contract Amount for same is set forth as follows:

Original Contract Amount:	\$63,115.00
Contract Change Orders	<u>\$0.00</u>
Final Contract Amount:	\$63,115.00

Since the Contract Work has been essentially completed in accordance with the Contract Documents, we recommend the District accept said Work. Subsequent to Board acceptance, a Notice of Completion should be filed and thereafter, following the lien period, the District should make final payment (i.e. release retained amount), provided no Stop Notices have been filed.

If you have any questions, please call.

Sincerely,

KRIEGER & STEWART

Patrick M. Watson

PMW/cam
818-71P1-RECACCEPT

Record Without Fee
Per Govt. Code 6103

Recording Requested By:
Yucaipa Valley Water District

And When Recorded Mail To:
Yucaipa Valley Water District
P.O. Box 730
Yucaipa, CA 92399

SPACE ABOVE THIS LINE FOR RECORDERS USE

NOTICE OF COMPLETION

Project Number: N/A CMMS Number: P-02-245
Director Memorandum Number for Authorization: DM 12-091
Director Memorandum Number for Notice of Completion: DM 12-XXX

Notice pursuant to Civil Code Section 3093, must be filed within 10 days after completion.
Notice is hereby given that:

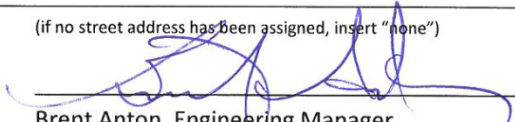
1. The undersigned is owner or corporate officer of the owner of the interest in the property hereinafter described:
2. The full name of the owner is Yucaipa Valley Water District
3. The full address of the owner is 12770 Second Street, Yucaipa, CA 92399
4. A work performed hereinafter described was completed on October 26, 2012. The work done was: Construction of 410-feet of 12-inch DIP in Second Place at Harruby Drive
5. The name of the contractor for such work was: Merlin Johnson Construction, Inc.

October 17, 2012
(Date of Contract)

6. The property on which said work was complete in the City of Calimesa
County of Riverside, State of CA, and is described as APN: N/A

7. The street address of said property is None
(if no street address has been assigned, insert "none")

Dated October 26, 2012


Brent Anton, Engineering Manager

Verification

I, the undersigned, say: I am the General Manager of the Declarant of the foregoing Notice of Completion; I have read said Notice of Completion and know the comments thereof; the same is true to my knowledge. I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 7, 2012 at Yucaipa, CA.

Joseph B. Zoba, General Manager



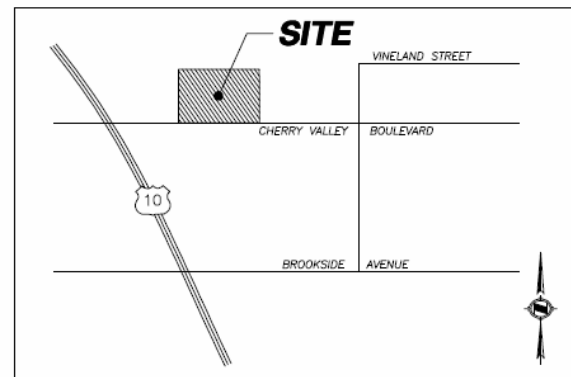
Date: October 30, 2012

Subject: Authorization to Initiate Annexation Proceedings for the Jurisdictional Boundary Adjustment Related to Parcel Map No. 36093

The Yucaipa Valley Water District has been requested by the property owner of Parcel Map No. 36093 to initiate annexation proceedings of approximately 230 acres. The subject property is currently within the sphere of influence of the Yucaipa Valley Water District.

This item will be presented at a future board meeting to allow the Board of Directors to consider the adoption of Resolution No. 2012-14 which will allow the property owner to submit an application with the Local Agency Formation Commission to proceed with the boundary adjustment.

VICINITY MAP



RESOLUTION NO. 2012-14

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE YUCAIPA VALLEY WATER DISTRICT REQUESTING THE LOCAL AGENCY FORMATION COMMISSION TAKE PROCEEDINGS FOR THE ANNEXATION OF PARCEL MAP NO. 36093 (ASSESSOR'S PARCEL NUMBER ___)

WHEREAS, the Yucaipa Valley Water District has received a request for annexation from the property owner of approximately 230 acres (Assessor's Parcel Number(s) _____); and

WHEREAS, the territory proposed to be annexed to the Yucaipa Valley Water District is uninhabited and the property owner desires to receive water and sewer service from Yucaipa Valley Water District.

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

1. This Resolution is hereby adopted and approved by the Board of Directors of the Yucaipa Valley Water District; and
2. The Local Agency Formation Commission is hereby requested to take proceedings for the annexation of Assessor's Parcel Number(s) _____; and
3. The owner/developer of the property shall be responsible for all costs incurred by the District pertaining to this aforementioned annexation request.

ADOPTED this 7th day of November 2012.

President of the Board

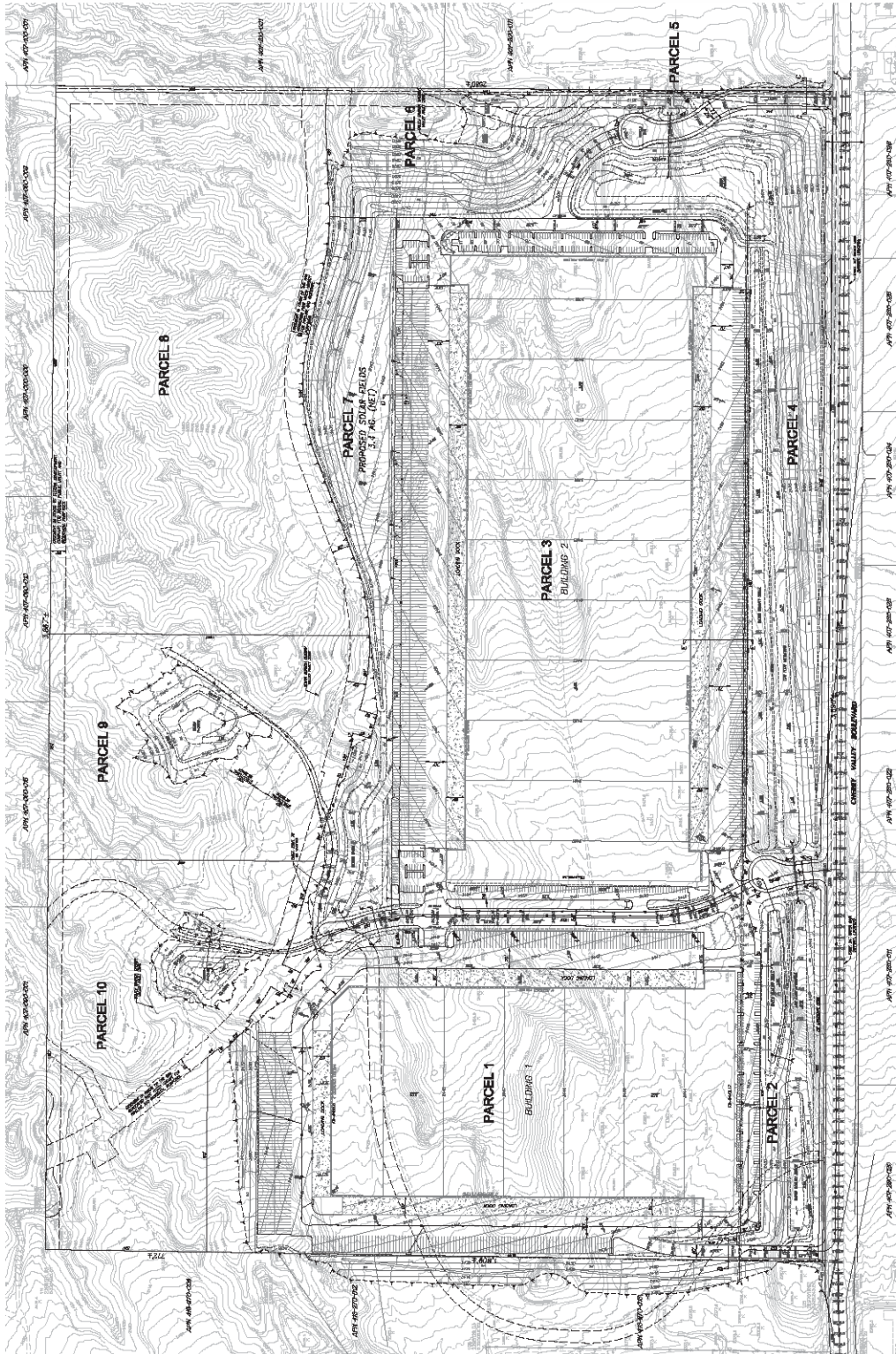
ATTEST:

Secretary of the Board

(SEAL)

LEGAL DESCRIPTION

IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, BEING A PORTION OF THE NORTH HALF OF SECTION 30, TOWNSHIP 2 SOUTH, RANGE 1 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF.





Workshop Memorandum 12-193

Date: October 30, 2012

Subject: Consideration of Amendments to the 2010 San Bernardino Valley Regional Urban Water Management Plan

Multiple agencies in the service area of the San Bernardino Valley Municipal Water District cooperated for the preparation of a Regional Urban Water Management Plan. These agencies included: the City of Colton; the City of Loma Linda; City of Redlands; the City of San Bernardino; the East Valley Water District; the Riverside Highland Water Company; the San Bernardino Valley Municipal Water District; the West Valley Water District; and the Yucaipa Valley Water District. Since the original adoption of the plan, revisions have been made to the Regional Urban Water Management Plan. The water code requires that any changes to an Urban Water Management Plan be readopted and re-filed with the Department of Water Resources (water code section 10640 and 10621(c)).

The Draft Amended Regional Urban Water Management Plan includes revisions to the document to correct errors and clarify portions of the Regional Plan based on a review by the Department of Water Resources. The draft revisions do not impact on Yucaipa Valley Water District's individual Urban Water Management Plan which was prepared separately from the Regional Plan.

Amendments to the RUWMP

✓	Ch	Final RUWMP (June 2011)	Amended RUWMP
✓	Cover		Cover revised to indicate that the document is the Amended Regional Urban Water Management.
✓	2	No Man's Land Subbasin not included in document.	Added Section 2.2.7 No Man's Land Subbasin.
✓	2	Recycled Water is its own section and not included in the section "Planned Water Supply Projects and Programs" .	Made Recycled Water section 2.6.2 .
✓	2, 3	Yield of SBBA given as 232,100 AFY (plaintiffs and non-plaintiffs). However, plaintiff demands are not included in the document. The net effect is that the SBBA supply is overestimated.	Capped safe yield of SBBA at 167,238 AFY (non-plaintiffs). Revised tables 2-8, 2-9, and 2-10. Changed Table 3-1.
✓	2,3	Characterized return flows from direct SWP deliveries as reduction to recharge obligation (Chapter 3), but did not include return flows as a supply.	Added return flows from direct SWP deliveries to supply (Chapter 2). Revised tables 2-8, 2-9, and 2-10.
✓	2,3	Judgment replenishment obligation language unclear.	Clarified Judgment replenishment obligation language .
✓	3	Section 3.1 covers the recharge obligation under the Western Judgment but is titled Demands for SBBA Water.	Renamed section 3.1 to "Recharge Obligation".
✓	3	Table 3-1 does not show all of the calculations.	Reformatted/enhanced Table 3-1.
✓	3	There is no section describing the demands on the Seven Oaks supply.	Added section 3.2 Demands for Seven Oaks Supply.
✓	3	The demands for imported water in Table 3-3 are overestimated because they are taken from the retail agency chapters where supplies are allowed to exceed demands. Revising this table would require the retail agencies to cap each supply to the demand which goes against the approach used in an UWMP (supplies can exceed demands). Total direct delivery demand from all of the agencies (capped by demand) is shown on Table 3-2.	Removed Table 3-3 and revised text for section 3.3.1.
✓	3	One of the primary management strategies in the IRWMP is storing SWP water in wet years for use during droughts. This is reflected on Tables 2-8, 9 and 10 but not explained in the text.	Added section 3.3.3 Storage of Imported Water.
✓	3	There is no table summarizing demands from groundwater basins other than the SBBA.	Added Table 3-4.
✓	3	There is no table summarizing recycled water demands.	Added Table 3-5.
✓	3	There is no table that summarizes demands by water agency.	Revised Table 3-7, now Table 3-6.

✓	Ch	Final RUWMP (June 2011)	Proposed Change
✓	3	Uses Rialto and Fontana demand figures from the Upper Santa Ana Watershed Integrated Regional Water Management Plan (IRWMP).	Updated plan to reflect demands from the 2010 Rialto and Fontana UWMPs. Demands distributed amongst possible sources using the proportions from the IRWMP. Revised tables 3-2, 3-4, and 3-6.
✓	4	The tables in Chapter 4 sum the demand, by source, from the retail agency chapters and exceed the sum of the total demand from all of retail agencies. This is because supplies are allowed to exceed demands in the retail agency chapters. The net effect is that the total demand in these tables is overestimated. This did not get noticed due to the overestimation of supply from the SBBA (see above).	Revised Table 4-1, 4-2 and 4-3.
✓	10	The summary supply vs. demand tables (Tables 10-37, 10-38, and 10-39) do not include demands from specific developments (K/J mistake).	Included demands from specific developments.
✓	12	YVWD had some changes to their recycled water supply and groundwater demands.	Incorporated changes in both Chapter 12 and Chapter 3.
✓	7	EVWD had minor changes to the description of their service area.	Incorporated changes.
✓	7, 9, 10, 11, 12, 13	DWR had comments on sections 7.7.2.8, 8.7.1.8, 10.7.3.8, 11.7.4.4, 12.6.1.1, and 13.7.2.8. DWR noted that appropriate name for the BMP being discussed is "Water Sense Specification for Residential Development"	Modified sections as follows, "Water Sense Specification for New Residential Development".
✓	10	DWR expressed confusion over how SBx7-7 population calculations were done for the City of San Bernardino.	Added text to section 10.4.1 to clarify how SBx7-7 population calculations were conducted.
✓	10	DWR asked for clarification of how the San Bernardino Municipal Water Department is complying with BMP requirements for a conservation coordinator.	Revised text in section 10.7.3.1.
✓	12	DWR expressed confusion over how SBx7-7 population calculations were done for the Yucaipa Valley Water District.	Added text to section 12.4.1 to clarify how SBx7-7 population calculations were conducted.
✓	13	DWR expressed confusion over how SBx7-7 population calculations were done for the City of Colton.	Added text to section 13.4.1 to clarify how SBx7-7 population calculations were conducted.



Date: October 30, 2012

**Subject: Authorization to Participate in a Coordinated Water Resource Study
Related to the Wilson Creek Spreading Basins**

The Yucaipa Valley Water District requested the attached scope of services from the United States Geological Survey to study the movement of recharge water from the Wilson Creek Spreading Basins. This study is site specific to the Wilson Creek Spreading Basins and will assist the Yucaipa Valley Water District and the San Bernardino Valley Municipal Water District to gain a better understanding of how imported water migrates through the soil in the Yucaipa area.



United States Department of the
Interior

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October 24, 2012

Mr. Joe Zoba, General Manager
Yucaipa Valley Water District
12770 Second Street
Yucaipa, California 92339

Subject: Proposed USGS study for federal fiscal year 2013 and 2014

Dear Mr. Zoba,

This letter describes proposed work for federal fiscal years 2013 and 2014 as part of our cooperative water-resources program between the San Bernardino Valley Municipal Water District (SBVMWD) and the United States Geological Survey (USGS). Funding for this effort is provided by the Yucaipa Valley Water District and the United States Geological Survey (USGS). Specific tasks are described for the Yucaipa Basin and proposed funding is summarized in this letter.

Problem

Effectively managing recharge of imported water in the Yucaipa Basin is increasingly important, but present hydrogeologic knowledge about the direction and speed of recharged water is limited.

Hydrogeology of the Yucaipa Basin

During federal fiscal year 2010-12, investigations in the Wilson Creek subbasin focused on sampling and analysis of recharge water to help determine timing and movement of water

through the subbasin. This study will complement the previous study by tracking recharge of imported water from the Wilson Creek spreading ponds to several Yucaipa Valley Water District production wells near the spreading ponds.

Proposed work in federal fiscal year 2013 includes:

A. *Tracking recharge of imported water*

This task will consist of injecting the tracer sulfur hexafluoride (sf6) in the Wilson Creek spreading ponds and monitoring four wells down gradient by collecting bi-weekly water-quality samples to determine travel times; one well adjacent to the spreading ponds to analyze the vertical movement, Wilson Creek multi-depth monitoring well and two production wells (YVWD 53 & 46) approximately ¼ mile down gradient from the ponds. Prior flowmeter logging of well 53 will allow the vertical distribution of the tracer to be estimated for future use in work element B. This tracer will be banned January 1, 2013 by the California Air Resource board so this task will need to be accomplished before that date. This information will aid in understanding how groundwater flows to the production wells and will aid the water district with regulatory concerns. Cost for this task is \$60,000.

Proposed work in federal fiscal year 2014 includes:

B. *Analysis and Simulate movement of imported water to production wells*

Data collected in work element A will be analyzed using known geology and hydrogeology of the area and previously collected water-quality analyses. A computer model (Analyzehole) will be used to simulate transport of SF6 to the production wells. This product is an integrated wellbore analysis tool for simulating flow and transport in wells and aquifer systems. A pumping well and adjacent aquifer system are simulated with an axisymmetric, radial geometry in a two-dimensional MODFLOW model. Cost for this task is \$60,000.

Total cost for the investigation is \$120,000. Cost to YVWD is \$100,000 over two years. Subject to the availability of federal matching funds, the USGS will provide \$20,000.

Thank you for your long-standing support of our collective efforts to better understand the water resources in Yucaipa.

Sincerely,

Greg Mendez
Hydrologist