



Yucaipa Valley Water District

12770 Second Street, Yucaipa, California 92399 Phone: (909) 797-5117

Notice and Agenda of a Regular Meeting of the Board of Directors

Wednesday, September 2, 2015 at 6:00 p.m.

- I. **CALL TO ORDER** - Pledge of Allegiance
- II. **ROLL CALL**
- III. **PUBLIC COMMENTS** - At this time, members of the public may address the Board of Directors on matters within its jurisdiction. To provide comments on specific agenda items, please complete a speaker's request form and provide the completed form to the Board Secretary prior to the board meeting.
- IV. **CONSENT CALENDAR** - All matters listed under the Consent Calendar are considered by the Board of Directors to be routine and will be enacted in one motion. There will be no discussion of these items prior to the time the board considers the motion unless members of the board, the administrative staff, or the public request specific items to be discussed and/or removed from the Consent Calendar.
 - A. Minutes of Meetings
 - 1. Regular Board Meeting - August 19, 2015
 - 2. Board Workshop - August 25, 2015
- V. **BOARD REPORTS**
 - A. Yucaipa Valley Water District Skydrop Weather-Based Irrigation Controller Informational Meeting - August 22, 2015
 - B. San Gorgonio Pass Water Resource Alliance - Administrative Committee, Technical Committee and General Meeting - August 26, 2015
 - C. Yucaipa Valley Water District Community Water Meeting - August 27, 2015
 - D. Reports by Board Members
- VI. **STAFF REPORT**

Any person with a disability who requires accommodation in order to participate in this meeting should telephone Tysa Baeumel 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 board meeting 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

VII. DISCUSSION ITEMS

- A. Consideration of Development Agreement No. 2015-05 to Provide Water and Sewer Facilities and Service to the Private Development of Parcel Map 19589, UHC 00539 Yucaipa LP (Assessor's Parcel Number 319-351-03 and 04) [[Director Memorandum No. 15-079 - Page 18 of 74](#)]
RECOMMENDED ACTION: That the Board of Directors approve Development Agreement No. 2015-05 as presented.
- B. Consideration of Development Agreement No. 2015-08 to Provide Sewer Facilities and Service to the Private Commercial Development at the west end of Avenue E, Vantage One Real Estate Investments III, LLC (Assessor's Parcel Numbers 300-192-11, 12 and 14) [[Director Memorandum No. 15-080 - Page 35 of 74](#)]
RECOMMENDED ACTION: That the Board of Directors approve Development Agreement No. 2015-08 as presented.
- C. Authorization to Finalize the Joint Use Agreement with Beaumont Cherry Valley Water District for the Noble Creek Recharge Facility [[Director Memorandum No. 15-081 - Page 52 of 74](#)]
RECOMMENDED ACTION: That the Board, authorizes District staff to finalize the Draft Joint Use Agreement ("Agreement") with Beaumont Cherry Valley Water District and return the Agreement to the Board of Directors for final approval.
- D. Authorization to Finalize the Recycled Water Exchange Agreement between Beaumont Cherry Valley Water District and Yucaipa Valley Water District [[Director Memorandum No. 15-082 - Page 56 of 74](#)]
RECOMMENDED ACTION: That the Board, authorizes District staff to finalize the Recycled Water Exchange Agreement ("Agreement") with Beaumont Cherry Valley Water District and return the final Agreement to the Board of Directors for approval.

VIII. DIRECTORS COMMENTS

IX. ANNOUNCEMENTS

- A. September 3, 2015 at 6:00 p.m. - Recycled Water Filling Station Training Session at the Yucaipa Valley Regional Water Filtration Facility
- B. September 8, 2015 at 4:00 p.m. - Board Workshop
- C. September 16, 2015 at 6:00 p.m. - Regular Board Meeting
- D. September 23, 2015 at 6:00 p.m. - San Gorgonio Pass Regional Water Resource Alliance at the City of Banning
- E. September 24, 2015 at 6:00 p.m. - Community Water Meeting
- F. September 29, 2015 at 4:00 p.m. - Board Workshop
- G. October 6, 2015 at 6:00 p.m. - Regular Board Meeting

X. ADJOURNMENT

Consent Calendar



Yucaipa Valley Water District

MINUTES OF A REGULAR BOARD MEETING

August 19, 2015 at 6:00 P.M.

Directors Present:

Lonni Granlund, President
Jay Bogh, Vice President
Bruce Granlund, Director
Ken Munoz, Director

Staff Present:

Joseph Zoba, General Manager
Jack Nelson, Assistant General Manager
Vicky Elisalda, Controller
Brent Anton, Engineering Manager
John Hull, Public Works Manager
Joe DeSalliers, Public Works Supervisor
Jennifer Ares, Water Resource Manager

Directors Absent:

Tom Shalhoub, Director

Consulting Staff Present:

David Wysocki, Legal Counsel

Registered Guests and Others Present:

Karen DaSilva, News Mirror
David Duron, Customer
Maria De Felice, Customer
Blanca Najjar
Susan Longville, San Bernardino Valley Municipal Water District
Gil Navarro, San Bernardino Valley Municipal Water District
Steve Copelan, San Bernardino Valley Municipal Water District
Leonard Stevenson, San Gorgonio Pass Water Agency
David Fenn, San Gorgonio Pass Water Agency

The regular meeting of the Board of Directors of the Yucaipa Valley Water District was called to order by Director Lonni Granlund at 6:00 p.m. at the Administrative Office Building, 12770 Second Street, Yucaipa, California.

CALL TO ORDER

Director Lonni Granlund led the pledge of allegiance.

FLAG SALUTE

The roll was called and Director Jay Bogh, Director Bruce Granlund, Director Lonni Granlund, and Director Ken Munoz were present. Director Tom Shalhoub was absent.

ROLL CALL

Mr David Duron asked about options for paying utility bills, and requested a copy of the San Gorgonio Pass Water Agency rate study and a copy of the District's operating budget.

PUBLIC COMMENTS

Director Bruce Granlund moved to approve the consent calendar and Director Ken Munoz seconded the motion to approve the consent calendar.

CONSENT CALENDAR

A. Minutes of Meetings

1. Regular Board Meeting - August 3, 2015
2. Regular Board Meeting - August 5, 2015

3. Board Workshop - July 7, 2015

B. Payment of Bills

1. Approve/Ratify Invoices for Board Awarded Contracts
2. Ratify General Expenses for July 2015

The motion was approved by the following vote:

Director Jay Bogh - Yes
Director Bruce Granlund - Yes
Director Lonni Granlund - Yes
Director Ken Munoz - Yes
Director Tom Shalhoub - Absent

A. Reports by Board Members

- There were no reports provided by the board members.

BOARD REPORTS

General Manager Joseph Zoba discussed the following items:

- The District staff discussed the timely response to the Notice of Violation issued by the State Water Resources Control Board for failure to meet the June conservation goal of 36%.
- The District staff recognized and commended the San Bernardino Valley Municipal Water District staff for initiating the Regional Recycled Water Project.

STAFF REPORT

DISCUSSION ITEMS:

Following a staff presentation by Controller Vicky Elisalda, Director Jay Bogh moved and Director Bruce Granlund seconded a motion to receive and file the unaudited financial report.

The motion was approved by the following vote:

Director Jay Bogh - Yes
Director Bruce Granlund - Yes
Director Lonni Granlund - Yes
Director Ken Munoz - Yes
Director Tom Shalhoub - Absent

DM 15-077
UNAUDITED
FINANCIAL REPORT
FOR THE PERIOD
ENDING ON JULY 31,
2015

Following a staff presentation by General Manager Joseph Zoba, Director Ken Munoz moved and Director Bruce Granlund seconded a motion to authorize the District staff to purchase 5,700 acre feet of imported water from the San Bernardino Valley Municipal Water District for Calendar Year 2016.

The motion was approved by the following vote:

Director Jay Bogh - Yes
Director Bruce Granlund - Yes
Director Lonni Granlund - Yes
Director Ken Munoz - Yes
Director Tom Shalhoub - Absent

DM 15-078
AUTHORIZATION TO
INCREASE THE
AMOUNT OF
IMPORTED WATER
PURCHASED FROM
THE SAN
BERNARDINO VALLEY
MUNICIPAL WATER
DISTRICT FOR
CALENDAR YEAR
2016

Director Bruce Granlund commented on issues related to the turf removal programs in the region and the current conditions of Lake Oroville.

DIRECTOR
COMMENTS

Director Lonni Granlund called attention to the announcements listed on the agenda.

ANNOUNCEMENTS

Closed Session - Director Jay Bogh, Director Bruce Granlund, Director Lonni Granlund, and Director Ken Munoz were present in closed session with Legal Counsel David Wysocki and General Manager Joseph Zoba concerning the following items:

CLOSED SESSION

- A. Conference with Legal Counsel - Anticipated Litigation (Government Code 54956.9(c))
One Case - Initiation of Litigation - San Gorgonio Pass Water Agency

- B. Conference with Real Property Negotiator(s)
Property: Assessor's Parcel Number(s): 0321-261-09
Agency Negotiator: Joseph Zoba, General Manager
Negotiating Parties: Richard and Shirley Ferguson
Under Negotiation: Terms of Payment and Price

The Board Members reconvened from closed session into open session and Legal Counsel David Wysocki reported that direction was provided to the General Manager but no reportable action was taken in closed session.

The meeting was adjourned at 7:10 p.m.

Respectfully submitted,

Joseph B. Zoba, Secretary

(Seal)

MINUTES OF A BOARD WORKSHOP

August 25, 2015 at 4:00 P.M.

Directors Present:

Lonni Granlund, President
Jay Bogh, Vice President
Bruce Granlund, Director
Ken Munoz, Director
Tom Shalhoub, Director

Staff Present:

Joseph Zoba, General Manager
Jack Nelson, Assistant General Manager
Bob Wall, Operations Manager
Brent Anton, Engineering Manager
Jennifer Ares, Water Resource Manager
Vicky Elisalda, Controller
Kevin King, Operations Manager
John Hull, Public Works Manager
Tysa Baeumel, Administrative Clerk III
John Wrobel, Regulatory & Environmental Control
Manager
Jeremy Costello, Engineering Technician II
Chelsie Fogus, Engineering Technician I

Directors Absent:

None

Consulting Staff Present:

David Wysocki, Legal Counsel

Guests and Others Present:

David Duron, Customer
Richard Siegmund, Customer
Leonard Stevenson, San Gorgonio Pass Water Agency
Phil White, Vavrinek, Trine, Day & Co

- I. Call to Order - 4:00 p.m.
- II. Public Comments - General Manager Joseph Zoba recognized the members of the Board of Directors and District staff in attendance. There were no public comments.
- III. Staff Report:
 - The District staff briefly discussed the following items:
 - The San Gorgonio Pass Regional Water Alliance will be meeting on Wednesday, August 26, 2015 at the Banning City Hall Council Chambers.
 - A community water meeting will be held on Thursday, August 27, 2015 at 6:00 p.m.
 - A facility tour of the Wochholz Regional Water Recycling Facility will be held on Monday, September 14, 2015 at 4:00 p.m.
 - The District staff will present two development agreements for review and consideration at the next board meeting.
 - The San Bernardino Valley Water District will be considering an agreement to facilitate the construction of a wastewater treatment plant in Highland. This facility will be used as a recycled water source in the future.

- IV. Presentations
 - A. Implementation of a Recycled Water Filling Station for Customers of the Yucaipa Valley Water District [Workshop Memorandum No. 15-164] - Public Works Manager John Hull provided information about the proposed recycled water filling station.
 - B. Overview of the California Drought and Yucaipa Valley Water District's Action Plan Related to the State Water Resources Control Board Mandatory Restrictions to Achieve a 36% Reduction in Potable Urban Water Use [Workshop Memorandum No. 15-165] - General Manager Joseph Zoba provided information about the current status of the Governor's mandate to reduce water consumption in the Yucaipa Valley Water District's service area by 36%.
- V. Capital Improvement Projects
 - A. Status Report on the Construction of a 6.0 Million Gallon Drinking Water Reservoir R-12.4 - Calimesa [Workshop Memorandum No. 15-166] - Engineering Manager Brent Anton provided an overview of the Reservoir R-12.4 project construction.
 - B. Status Report on the Digester Cleaning and Cover Replacement Project at the Wochholz Regional Water Recycling Facility [Workshop Memorandum No. 15-167] - Operations Manager Kevin King provided information on the status of the digester cover replacement project.
 - C. Status Report on the Construction of an 8" Drinking Water Pipeline in Cedar Avenue, Adams Street, Adams Court and Comberton Street [Workshop Memorandum No. 15-168] - Engineering Manager Brent Anton provided an overview of the preliminary bid results for this pipeline project.
 - D. Status Report on the Installation of New Recycled Water Services and Recycled Water Pipelines throughout the Service Area of the Yucaipa Valley Water District [Workshop Memorandum No. 15-169] - Engineering Manager Brent Anton provided an update on the new recycled water pipelines to be constructed in the Yucaipa Valley Water District.
- VI. Administrative Items
 - A. Discussion Regarding a Draft Joint Use Agreement for the Nobel Creek Recharge Facility [Workshop Memorandum No. 15-170] - General Manager Joseph Zoba provided an overview of the proposed agreement for recharging imported water at the Nobel Creek Recharge Facility.
 - B. Discussion Regarding Draft Surplus Recycled Water Exchange Agreement Between Yucaipa Valley Water District and Beaumont Cherry Valley Water District [Workshop Memorandum No. 15-171] - General Manager Joseph Zoba provided information about the surplus recycled water exchange agreement between Yucaipa Valley Water District and Beaumont Cherry Valley Water District.
- VII. Director Comments
- VIII. Closed Session - A closed session meeting was not conducted.
- IX. Adjournment - The meeting was adjourned at 5:05 p.m.

Respectfully submitted,

Joseph B. Zoba, Secretary

Board Reports



Yucaipa Valley Water District



Yucaipa Valley Water District

Notice of a Weather-Based Irrigation Controller Meeting for Residential Water Customers

Join Representatives from Skydrop.com to learn more about weather-based irrigation controllers.



The Yucaipa Valley Water District will be hosting an informational meeting about the use of weather-based irrigation controllers for residential customers. Water customers can [apply for a Skydrop irrigation device online](#) from the District's website.

For more additional information, please contact the Yucaipa Valley Water District at (909) 797-5117.

Saturday, August 22, 2015, 9:00 a.m. to 11:00 a.m.
Yucaipa Valley Regional Water Filtration Facility at Crystal Creek
35477 Oak Glen Road, Yucaipa 92399



Administrative Committee Meeting

Wednesday, August 26, 2015 at 3:30 p.m.

Banning City Hall Council Chambers
99 East Ramsey Street, Banning, California 92220

1. Call to Order
2. Public Comments
3. Discussion Regarding the Future Plans, Goals and Objectives for the San Geronio Pass Regional Water Alliance
4. Comments by Administrative Committee Members
5. Announcements
 - a. Next Meeting Date for the Administrative Committee: **Wednesday, September 23, 2015 at 3:30 pm**
6. Adjournment



Technical Committee Meeting

Wednesday, August 26, 2015 at 4:30 p.m.

Banning City Hall Council Chambers
99 East Ramsey Street, Banning, California 92220

1. Call to Order
2. Public Comments
3. Technical Committees of the San Gorgonio Pass Regional Water Resource Alliance
 - a. Messaging Subcommittee
 - b. Recycled Water Subcommittee
 - c. Water Conservation Subcommittee
4. Comments by Technical Committee Members
5. Announcements
 - a. Next Meeting Date for the Technical Committee: **Wednesday, September 23, 2015 at 4:30 pm**
6. Adjournment



Notice and Agenda of a Regular Meeting Wednesday, August 26, 2015 at 6:00 p.m.

Banning City Hall Council Chambers
99 East Ramsey Street, Banning, California 92220

1. Call to Order
2. Public Comments
3. Approval of Minutes
 - a. Alliance Meeting Minutes - July 22, 2015
4. Presentations
 - a. Presentation by the California Rural Water Association - Dan Demoss, Executive Director
 - b. Presentation on the Impact of Chromium VI Related to Municipal Water Supplies - Arturo Vela, City of Banning
 - c. Member Agency Profile: Banning Heights Mutual Water Company
5. Reports
 - a. Administrative Committee Report
 - b. Technical Committee Report
 - c. Sustainable Groundwater Management Plan Report
6. Discussion Items
 - a. Consideration to Join the Regional iEfficient Water Conservation Campaign
7. Future Meeting Topics
 - a. Alliance Member Agency Profile for September 2015 - Beaumont Cherry Valley Water District
 - b. Other Meeting Topics
8. Comments by Alliance Members
9. Announcements
 - a. Next Meeting Date: **Wednesday, September 23, 2015 at 6:00 pm**
10. Adjournment



Yucaipa Valley Water District

Notice of a Community Water Meeting

Join Us for a Conversation about the Drought and Our Water Resources

The Yucaipa Valley Water District will be hosting a community conversation to discuss the current drought and the management of our water resources. For more additional information, please contact the Yucaipa Valley Water District at (909) 797-5117.

Thursday, August 27, 2015, 6:00 p.m. to 8:00 p.m.

Yucaipa Valley Regional Water Filtration Facility at Crystal Creek
35477 Oak Glen Road, Yucaipa 92399



Staff Report



Yucaipa Valley Water District

Discussion Items



Yucaipa Valley Water District

Date: September 2, 2015

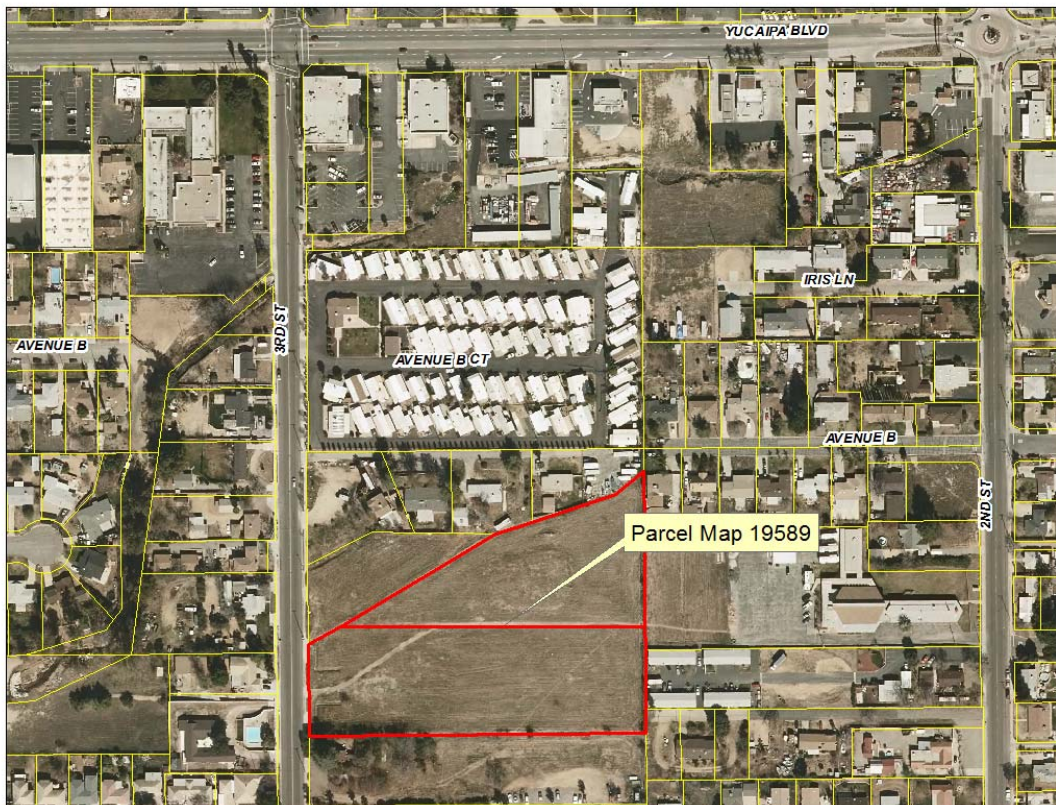
Prepared By: Brent Anton, Engineering Manager

Subject: Consideration of Development Agreement No. 2015-05 to Provide Water and Sewer Facilities and Service to the Private Development of Parcel Map 19589, UHC 00539 Yucaipa LP (Assessor's Parcel Number 319-351-03 and 04)

Recommendation: That the Board of Directors approve Development Agreement No. 2015-05 as presented.

The proposed development consists of a 77 unit senior apartment housing project on two parcels totaling approximately 4.92 acres, located on the east side of 3rd Street, south of Yucaipa Boulevard.

The District staff has been working with the developers for the preparation of a development agreement. The specific conditions of service for this project are included in Part G: Special Conditions of the attached agreement.



YVWD AGREEMENT NO. 2015-05

**AGREEMENT TO PROVIDE WATER AND SEWER FACILITIES
AND SERVICE TO THE
PRIVATE DEVELOPMENT OF PARCEL MAP 19589**

This Agreement is made and effective this 2nd day of September, 2015, by and between the YUCAIPA VALLEY WATER DISTRICT, a public agency ("DISTRICT") and UHC 00539 YUCAIPA LP, ("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:

UHC 00539 Yucaipa LP
715 E. Brier Drive
San Bernardino, California 92408
Attn: Anthony Perez
Telephone: 909-332-6390
Email: APerez@hpiinc.org

PROJECT OVERVIEW

This development consists of a 77 unit senior apartment housing project on two parcels totaling approximately 4.92 acres. The project consists of APN 0319-351-03 and 0319-351-04 which are located to the east side of Third Street, south of Yucaipa Boulevard in the City of Yucaipa, San Bernardino County.

The Yucaipa Valley Water District has been involved in the review process for this project and has established the following development related project files: P-65-205/Work Order 65-5717

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, but is not limited to, 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 (the "Approved Plans" as defined in Paragraph 3(a) of this Agreement) which includes water and sewer facilities ("Facilities" or "Facility") necessary to serve the Property.

b. Ownership; Operation and Maintenance: Once constructed and accepted by the DISTRICT, title to the facilities (and associated right-of-way) shall be conveyed by the DEVELOPER to the DISTRICT, and the DISTRICT shall operate and maintain the facilities and shall provide water and sewer service to the DEVELOPER's Property in accordance with the DISTRICT's Rules, Regulations and Policies 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 surveys and descriptions of real property and right-of-ways, 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 after conferring with the DEVELOPER that other 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 within 30 calendar days of receipt 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 ("Approved Plans") indicating such approval ("Plan Acceptance"). Plans are subject to an annual review by the District and modifications may be required by the DISTRICT to conform to revised 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 Approved Plans, 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 Approved Plans for which a Plan Acceptance has been issued, then DISTRICT shall 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 arising during the one year warranty period provided for under Paragraph 8 of this Agreement.

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 Property. 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, construct or repair all or any portion of the water and/or sewer Facilities, at DEVELOPER's sole cost and expense in the event there is 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, and the DISTRICT'S 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, including without limitation, compaction, cleaning, video and air testing, and pressurized and disinfection testing, for all Facilities prior to acceptance by the DISTRICT, and to disinfect all water Facilities in accordance with the DISTRICT's procedures and other applicable laws, rules and regulations.

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

a. A Performance and Warranty Bond. A performance bond issued by a corporate surety or sureties licensed and permitted to do business by and within the State of California in an amount representing not less than one hundred percent (100%) of any and all construction work to be conducted or performed under this Agreement. A warranty bond issued by a corporate surety or sureties licensed and permitted to do business by and within the State of California in an amount representing not less than fifty percent (50%) of the total cost of any and all construction performed hereunder, insuring against any and all defects in the Facilities constructed hereunder, for a period of not less than one full year after the date of acceptance thereof by the DISTRICT.

b. A Labor and Materials Payment Bond issued by a corporate surety or sureties licensed and permitted to do business by and within the State of California in an amount representing not less than one hundred percent (100%) of the total cost of any and all construction performed hereunder per California Civil Code Sections 9550 and following.

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

PART C: TITLE TO FACILITIES; OPERATION

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

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

all liens and encumbrances except those that are expressly agreed to by the DISTRICT. The DISTRICT may require fee title or an easement, depending upon the location of the Facility through action by the Board of Directors. Upon conveyance of title, the DISTRICT shall assume the responsibility of operating and maintaining the Facilities, subject to the DEVELOPER's warranty as provided herein. The DEVELOPER acknowledges and agrees that the DISTRICT shall not be obligated to operate and maintain the Facilities and to provide service to and through them until all applicable conditions imposed by this Agreement 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. In the event DEVELOPER believes the loss and/or damages arose from or are related to acts performed by the DISTRICT, this provision does not preclude DEVELOPER's insurance carrier from seeking indemnity and/or reimbursement from the DISTRICT.

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 Property or any part thereof, including model homes, until Facility Acceptance by the DISTRICT and DEVELOPER conveys to the DISTRICT the right-of-way and Facilities associated with the requested service. Upon acceptance of the right-of-way and appurtenant Facilities, 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, Regulations and Policies 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 Cash Account Deposit: The DEVELOPER shall deposit with the DISTRICT, to be held in a Cash Account administered by the DISTRICT, the sum of 10% of the construction costs as an initial deposit within 10 business days following the DISTRICT's approval of this Agreement. 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 replenish within 30 calendar days upon the date an invoice is issued by the DISTRICT, the Cash Account in order to maintain a minimum amount as specified by the DISTRICT. The DISTRICT will not release any buildings for occupancy unless there is a balance

of at least \$1,000 in the Cash Account. Should any unexpended funds remain in the Cash Account upon termination of this Agreement, then such funds shall be reimbursed to the DEVELOPER within 90 days.

b. Current Fees and Charges: In the event of a change in the DISTRICT's schedule of fees and charges as stated in DISTRICT's existing Resolution 07-2007 adopted on March 8, 2007, 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.

i. The DEVELOPER shall pay for the purchase of a quantity of imported water pursuant to the Sustainability Policy adopted by the Board of Directors as a Resolution No. 11-2008 on August 20, 2008. The imported water rate shall be the rate in effect at the time water is secured from the San Bernardino Valley Municipal Water District. Imported water for compliance with the Yucaipa Valley Water District's Sustainability Policy may be pre-paid to lock in the Development Sustainability fee or purchased prior to the issuance of building permits and pay the fee in effect at that time.

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

PART E: PERMITS AND DOCUMENTATION

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

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

Document(s)	Due Date
Certification of Streets to Rough Grade	Prior to Construction
Field Engineering Surveys ("Cut Sheets")	Prior to Construction
Liability Insurance Certificate(s)	Prior to Construction
Performance Bond	Prior to Construction
Labor and Materials Bond	Prior to Construction
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
Warranty Bond	Prior to Acceptance and Recording
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 intentional and/or negligent acts. 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. Notwithstanding the foregoing, the DEVELOPER shall have no obligation to defend, indemnify or hold harmless the DISTRICT, its employees, agents or officials from any liability arising, in whole or in part, from the DISTRICT'S intentional and/or negligent acts.

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 \$1,000,000 per occurrence and \$1,000,000 in the aggregate, above any limits required in the underlying policies. The policy shall have starting and ending dates concurrent with the underlying coverages.

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

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

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

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

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

regard to any notice provisions. The DEVELOPER agrees to provide complete certified copies of policies to the DISTRICT within 10 days of the DISTRICT's request for such copies.

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

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

PART G: SPECIAL CONDITIONS

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

a. General Grading and Construction Water Needs: Due to the current drought conditions, this Project will be required to use Recycled Water for all construction water needs including but not limited to, pre-watering, grading, dust control, trench line construction and backfill procedures. Potable water needs for testing purposes of new potable water mains are required to be scheduled with the DISTRICT a minimum of 48-hours ahead of the anticipated use.

b. Potable Water Related Facilities: This project requires the installation of a large diameter domestic water service, a public fire hydrant, a private fire suppression system connected to a new fire service, and an irrigation service. All service connections shall be designed and constructed pursuant to the current DISTRICT standards and paid for by the DEVELOPER.

i. The DEVELOPER shall verify the true location of the existing DISTRICT 4-inch water main along the east property lines of Assessor's Parcel Numbers 0319-351-03 and 0319-351-04 and protect it in place and in service at all times. The DEVELOPER shall prepare new easement documents pursuant to DISTRICT standards for the existing water line for future reference and identification.

ii. The DEVELOPER shall locate and properly abandon any existing water services off of the 4-inch water main that were used for service to Assessor's Parcel Numbers 0319-351-03 and 0319-351-04 to the satisfaction of the DISTRICT.

iii. The DEVELOPER shall locate and properly abandon any existing water services off of 3rd Street that were used for service to Assessor's Parcel Numbers 0319-351-03 and 0319-351-04 to the satisfaction of the DISTRICT.

c. Recycled Water Related Facilities: The DEVELOPER shall design the irrigation system to the current DISTRICT recycled water standards for conversion at a later date as recycled water becomes available.

d. Wastewater Related Facilities: This project requires the installation of a new eight inch commercial sewer lateral to be connected to the existing sewer main within 3rd Street by way of constructing a new sewer manhole. This service connection shall be designed and constructed pursuant to the current DISTRICT standards and paid for by the DEVELOPER.

i. The DEVELOPER shall properly abandon the existing public sewer main upon APN 0319-351-03 and 0319-351-04 within DISTRICT Sewer Easement I-V including the related sewer service laterals to the satisfaction of the DISTRICT. Upon completion of the abandonment, the DEVELOPER shall prepare the necessary easement vacation documents for review and approval by the DISTRICT.

ii. The DEVELOPER shall properly abandon the existing residential sewer lateral for Assessor's Parcel Number 0319-351-03 within 3rd Street and Assessor's Parcel Number 0319-351-04 from the existing DISTRICT Sewer Easement I-AA along the east property.

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

PART H: MISCELLANEOUS

21. Term and Termination of Agreement.

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

i. Within 10 business days of the effective date of this Agreement if the DEVELOPER fails or refuses to make the Cash Account deposit, or if the Cash Account is not replenished to a positive balance after the issuance of an invoice by the DISTRICT for a period of 75 calendar days; or

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

iii. Immediately, upon abandonment by the DEVELOPER of the DEVELOPER's Property and/or the work hereunder. "Abandonment" is defined as the act of bankruptcy or to fail to improve the Property in a manner consistent with the proposed development plan; and/or

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

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

c. In the event of termination, and in order to counteract any threat to the public's health, safety or welfare, the DISTRICT shall have the right, without liability to complete, at the DEVELOPER's non-reimbursable expense, all or a portion of the Facilities constructed pursuant to this Agreement on the condition that a claim has been made against the performance bond issued by the DEVELOPER for this Property.

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 Property, 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.

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

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

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

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

28. DISTRICT's Disclaimer. Utilizing fees and Facilities provided to the DISTRICT by the DEVELOPER, the DISTRICT will supply potable water, recycled (non-potable) water, and wastewater collection and treatment services to the DEVELOPER's Property and development thereon. However, the DISTRICT shall not be obligated to utilize public funds to subsidize the DEVELOPER's Project. The DISTRICT shall not be required to authorize the issuance of grading, building or occupancy permits during the period of time that the Board of Directors have declared a 20% reduction or greater of overall water use for a portion or all of the DISTRICT's service area. The DISTRICT agrees, however, to make every effort to minimize drought impacts.

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. Alternative Dispute Resolution.

a. Any dispute as to the construction, interpretation or implementation of this Agreement, or any rights or obligations hereunder, shall be submitted to mediation. Unless the Parties enter into a written stipulation to the contrary, prior to the filing of any complaint to initiate legal action, all disputes shall first be submitted to non-binding mediation, conducted by the Judicial Arbitration and Mediation Services, Inc./Endispute, or its successor, or any other neutral, impartial mediation service that the Parties mutually agree upon in accordance with its rules for such mediation. Mediation fees shall be shared equally by the DEVELOPER and the DISTRICT.

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: _____
Lonni Granlund, Board President

DEVELOPER:

Dated: _____

By: _____

Print Name

Print Title

Date: September 2, 2015

Prepared By: Brent Anton, Engineering Manager

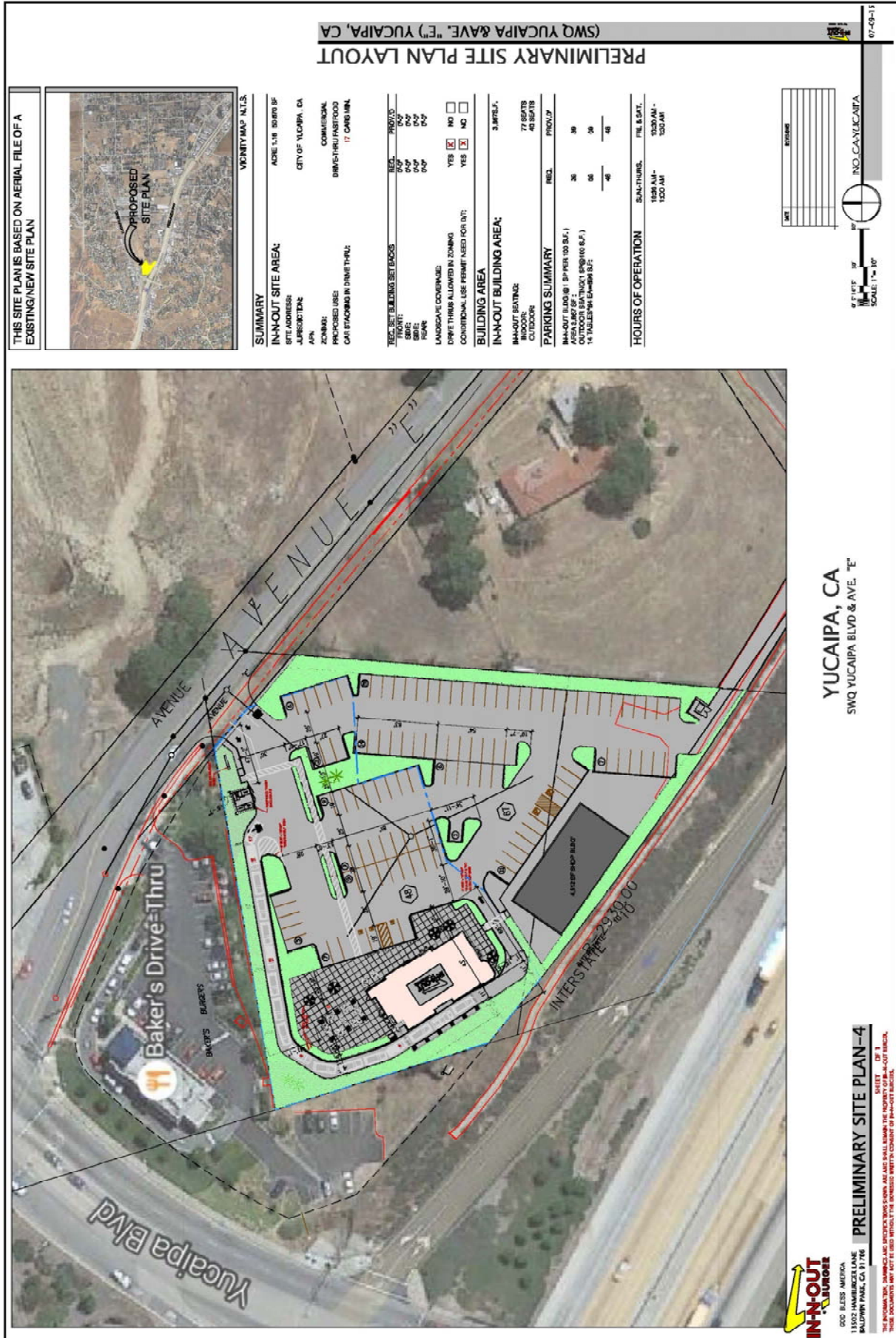
Subject: Consideration of Development Agreement No. 2015-08 to Provide Sewer Facilities and Service to the Private Commercial Development at the west end of Avenue E, Vantage One Real Estate Investments III, LLC (Assessor's Parcel Numbers 300-192-11, 12 and 14)

Recommendation: That the Board of Directors approve Development Agreement No. 2015-08 as presented.

The proposed development consists of a 3,867 square foot drive through restaurant building and a 4,512 square foot sit down restaurant building on approximately 2.2 acres.

The District staff has been working with the developers for the preparation of a development agreement. The specific conditions of service for this project are included in Part G: Special Conditions of the attached agreement.





YVWD AGREEMENT NO. 2015-08

**AGREEMENT TO PROVIDE SEWER FACILITIES AND SERVICE
TO THE PRIVATE COMMERCIAL DEVELOPMENT OF PARCELS
0300-192-11, 12 and 14**

This Agreement is made and effective this 2nd day of September, 2015, by and between the YUCAIPA VALLEY WATER DISTRICT, a public agency ("DISTRICT") and VANTAGE ONE REAL ESTATE INVESTMENTS III, 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:

Vantage One Real Estate Investments III, LLC
4 Corporate Plaza Drive
Suite 210
Newport Beach, California 92660
Attn: Tom Robinson
Telephone: 949-631-6620
Facsimile: 949-706-9013

PROJECT OVERVIEW

This development consists of at an approximately 3,867 square foot drive through restaurant building and a 4,512 square foot sit down restaurant building on approximately 2.2 acres. The project consists of APN 0300-192-11, 12 and 14.

The Yucaipa Valley Water District has been involved in the review process for this project and has established the following development related project files: P-65-298/Work Order 65-19612

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, but is not limited to, 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 (the "Approved Plans" as defined in Paragraph 3(a) of this Agreement) which includes water and sewer facilities ("Facilities" or "Facility") necessary to serve the Property.

b. Ownership; Operation and Maintenance: Once constructed and accepted by the DISTRICT, title to the facilities (and associated right-of-way) shall be conveyed by the DEVELOPER to the DISTRICT, and the DISTRICT shall operate and maintain the facilities and shall provide water and sewer service to the DEVELOPER's Property in accordance with the DISTRICT's Rules, Regulations and Policies 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 surveys and descriptions of real property and right-of-ways, 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 after conferring with the DEVELOPER that other 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 within 30 calendar days of receipt 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 ("Approved Plans") indicating such approval ("Plan Acceptance"). Plans are subject to an annual review by the District and modifications may be required by the DISTRICT to conform to revised 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 Approved Plans, 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 Approved Plans for which a Plan Acceptance has been issued, then DISTRICT shall 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 arising during the one year warranty period provided for under Paragraph 8 of this Agreement.

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 Property. 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, construct or repair all or any portion of the water and/or sewer Facilities, at DEVELOPER's sole cost and expense in the event there is 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, and the DISTRICT'S 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, including without limitation, compaction, cleaning, video and air testing, and pressurized and disinfection testing, for all Facilities prior to acceptance by the DISTRICT, and to disinfect all water Facilities in accordance with the DISTRICT's procedures and other applicable laws, rules and regulations.

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

a. A Performance and Warranty Bond. A performance bond issued by a corporate surety or sureties licensed and permitted to do business by and within the State of California in an amount representing not less than one hundred percent (100%) of any and all construction work to be conducted or performed under this Agreement. A warranty bond issued by a corporate surety or sureties licensed and permitted to do business by and within the State of California in an amount representing not less than fifty percent (50%) of the total cost of any and all construction performed hereunder, insuring against any and all defects in the Facilities constructed hereunder, for a period of not less than one full year after the date of acceptance thereof by the DISTRICT.

b. A Labor and Materials Payment Bond issued by a corporate surety or sureties licensed and permitted to do business by and within the State of California in an amount representing not less than one hundred percent (100%) of the total cost of any and all construction performed hereunder per California Civil Code Sections 9550 and following.

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

PART C: TITLE TO FACILITIES; OPERATION

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

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

DISTRICT may require fee title or an easement, depending upon the location of the Facility through action by the Board of Directors. Upon conveyance of title, the DISTRICT shall assume the responsibility of operating and maintaining the Facilities, subject to the DEVELOPER's warranty as provided herein. The DEVELOPER acknowledges and agrees that the DISTRICT shall not be obligated to operate and maintain the Facilities and to provide service to and through them until all applicable conditions imposed by this Agreement 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. In the event DEVELOPER believes the loss and/or damages arose from or are related to acts performed by the DISTRICT, this provision does not preclude DEVELOPER's insurance carrier from seeking indemnity and/or reimbursement from the DISTRICT.

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 Property or any part thereof, including model homes, until Facility Acceptance by the DISTRICT and DEVELOPER conveys to the DISTRICT the right-of-way and Facilities associated with the requested service. Upon acceptance of the right-of-way and appurtenant Facilities, 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, Regulations and Policies 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 Cash Account Deposit: The DEVELOPER shall deposit with the DISTRICT, to be held in a Cash Account administered by the DISTRICT, the sum of 10% of the construction costs as an initial deposit within 10 business days following the DISTRICT's approval of this Agreement. 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 replenish within 30 calendar days upon the date an invoice is issued by the DISTRICT, the Cash Account in order to maintain a minimum amount as specified by the DISTRICT. The DISTRICT will not release any buildings for occupancy unless there is a balance of at least \$1,000 in the Cash Account. Should any unexpended funds remain in the Cash

Account upon termination of this Agreement, then such funds shall be reimbursed to the DEVELOPER within 90 days.

b. Current Fees and Charges: In the event of a change in the DISTRICT's schedule of fees and charges as stated in DISTRICT's existing Resolution 07-2007 adopted on March 8, 2007, 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.

i. The DEVELOPER shall pay for the purchase of a quantity of imported water pursuant to the Sustainability Policy adopted by the Board of Directors as a Resolution No. 11-2008 on August 20, 2008. The imported water rate shall be the rate in effect at the time water is secured from the San Bernardino Valley Municipal Water District/San Gorgonio Pass Water Agency. Imported water for compliance with the Yucaipa Valley Water District's Sustainability Policy may be pre-paid to lock in the Development Sustainability fee or purchased prior to the issuance of building permits and pay the fee in effect at that time.

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

PART E: PERMITS AND DOCUMENTATION

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

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

Document(s)	Due Date
Certification of Streets to Rough Grade	Prior to Construction
Field Engineering Surveys ("Cut Sheets")	Prior to Construction
Liability Insurance Certificate(s)	Prior to Construction
Performance Bond	Prior to Construction
Labor and Materials Bond	Prior to Construction
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
Warranty Bond	Prior to Acceptance and Recording
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 intentional and/or negligent acts. 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. Notwithstanding the foregoing, the DEVELOPER shall have no obligation to defend, indemnify or hold harmless the DISTRICT, its employees, agents or officials from any liability arising, in whole or in part, from the DISTRICT'S intentional and/or negligent acts.

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 \$1,000,000 per occurrence and \$1,000,000 in the aggregate, above any limits required in the underlying policies. The policy shall have starting and ending dates concurrent with the underlying coverages.

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

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

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

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

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

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

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

PART G: SPECIAL CONDITIONS

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

a. Potable Water Related Facilities:

b. Recycled Water Related Facilities:

c. Wastewater Related Facilities: A public sewer collection system exists within Avenue E originating from Yucaipa Boulevard which terminates west of APN: 0300-192-12 at station 8+24 of the existing sewer plans. The DEVELOPER shall construct a new 8-inch minimum vitrified clay pipeline, for sewer service, extending south easterly to the eastern most property line of APN: 0300-192-12 to serve the individual parcels being developed. Two new 6-inch sewer laterals shall be constructed to serve the DEVELOPER's proposed sites.

i. The DEVELOPER shall construct a new manhole at approximately station number 10+97 of the existing sewer plans for future extension along with a new sewer lateral to APN: 0300-192-07.

ii. The DEVELOPER will install a new manhole and sewer lateral at approximate station 10+97. In exchange for the new manhole and sewer lateral, The DISTRICT shall update and complete the sewer mainline extension design within Avenue E across the reach of this project and provide the plans to the DEVELOPER for construction purposes.

iii. APN's 0300-192-11 and 12 each have a partial sewer capacity credit of \$4,242.00 related to the initial sewer assessments of the DISTRICT. The partial credits will be applied against the fees to be calculated for each of the two proposed buildings. The DEVELOPER shall provide the approved plumbing plans to the DISTRICT for each building in order to calculate the actual sewer capacity fees due at the time of building permit.

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

PART H: MISCELLANEOUS

21. Term and Termination of Agreement.

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

i. Within 10 business days of the effective date of this Agreement if the DEVELOPER fails or refuses to make the Cash Account deposit, or if the Cash Account is not replenished to a positive balance after the issuance of an invoice by the DISTRICT for a period of 75 calendar days; or

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

iii. Immediately, upon abandonment by the DEVELOPER of the DEVELOPER's Property and/or the work hereunder. "Abandonment" is defined as the act of bankruptcy or to fail to improve the Property in a manner consistent with the proposed development plan; and/or

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

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

c. In the event of termination, and in order to counteract any threat to the public's health, safety or welfare, the DISTRICT shall have the right, without liability to complete, at the DEVELOPER's non-reimbursable expense, all or a portion of the Facilities constructed pursuant to this Agreement on the condition that a claim has been made against the performance bond issued by the DEVELOPER for this Property.

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 Property, 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.

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

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

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

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

28. DISTRICT's Disclaimer. Utilizing fees and Facilities provided to the DISTRICT by the DEVELOPER, the DISTRICT will supply potable water, recycled (non-potable) water, and wastewater collection and treatment services to the DEVELOPER's Property and development thereon. However, the DISTRICT shall not be obligated to utilize public funds to subsidize the DEVELOPER's Project. The DISTRICT shall not be required to authorize the issuance of grading, building or occupancy permits during the period of time that the Board of Directors have declared a 20% reduction or greater of overall water use for a portion or all of the DISTRICT's service area. The DISTRICT agrees, however, to make every effort to minimize drought impacts.

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. Alternative Dispute Resolution.

a. Any dispute as to the construction, interpretation or implementation of this Agreement, or any rights or obligations hereunder, shall be submitted to mediation. Unless the Parties enter into a written stipulation to the contrary, prior to the filing of any complaint to initiate legal action, all disputes shall first be submitted to non-binding mediation, conducted by

the Judicial Arbitration and Mediation Services, Inc./Endispute, or its successor, or any other neutral, impartial mediation service that the Parties mutually agree upon in accordance with its rules for such mediation. Mediation fees shall be shared equally by the DEVELOPER and the DISTRICT.

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: _____
Lonni Granlund, Board President

DEVELOPER:

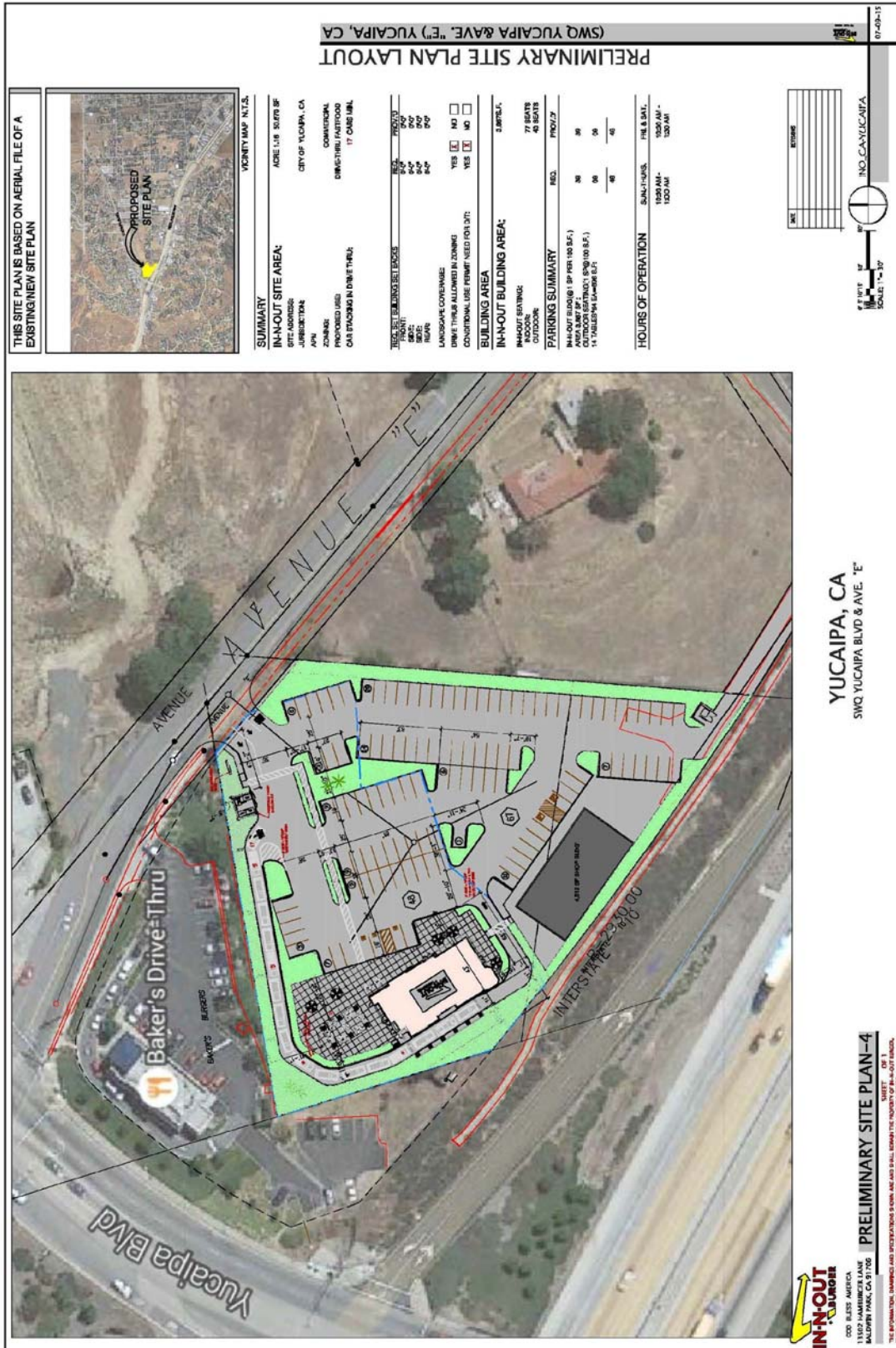
Dated: _____

By: _____

Print Name

Print Title

Attachment A
-Project Overview Map-





Date: September 2, 2015

Prepared By: Joseph Zoba, General Manager

Subject: Authorization to Finalize the Joint Use Agreement with Beaumont Cherry Valley Water District for the Noble Creek Recharge Facility

Recommendation: That the Board, authorizes District staff to finalize the Draft Joint Use Agreement (“Agreement”) with Beaumont Cherry Valley Water District and return the final Agreement to the Board of Directors for final approval.

The Yucaipa Valley Water District continues to work closely with other agencies to form productive and beneficial partnerships that improve the overall water reliability in the region.

Currently, the District staff is discussing a joint use agreement for the Nobel Creek Recharge Facility owned by Beaumont Cherry Valley Water District.



Noble Creek Recharge Facility Owned and Operated by Beaumont Cherry Valley Water District

The Noble Creek Recharge facility would provide the Yucaipa Valley Water District with the ability to store groundwater in an adjudicated basin for future use.

DRAFT - 08-25-15

AGREEMENT FOR JOINT USE OF NOBLE CREEK RECHARGE FACILITY

THIS AGREEMENT is by and among the BEAUMONT-CHERRY VALLEY WATER DISTRICT ("DISTRICT"), YUCAIPA VALLEY WATER DISTRICT ("YVWD"), collectively hereinafter called "PARTIES".

RECITALS

- A. San Geronio Pass Water Agency ("AGENCY") has a contract with the State of California to import supplemental water from the State Water Project and other sources when available to the San Geronio Pass Area. DISTRICT and YVWD may purchase water from the AGENCY for their respective use.
- B. PARTIES desire to recharge the Beaumont Groundwater Basin with supplemental water.
- C. DISTRICT has constructed, owns, and operates existing spreading grounds at Brookside and Beaumont Avenue known as the Noble Creek Recharge Facility ("FACILITY").
- D. DISTRICT is the fee owner of the land containing said spreading grounds in the form of percolation ponds and operates extraction wells nearby said ponds.
- E. DISTRICT has the right to use its land pursuant to its authority as an Irrigation District duly formed and operating under the laws of the State of California for purposes including, but not limited to groundwater recharge.
- F. The proposed use of the percolation ponds for recharge of supplemental water by YVWD is generally consistent with said existing uses.

NOW, THEREFORE, DISTRICT and YVWD in consideration of the mutual promises as set forth herein, agree to the following:

- 1. RECHARGE: Subject to the rights of DISTRICT and YVWD as provided herein, YVWD may recharge supplemental water into the percolation ponds upon mutual agreement of the PARTIES as to the timing and amounts of water to be delivered.
- 2. RECHARGE FEE: In consideration for the utilization of the recharge facility to recharge water obtained from AGENCY, YVWD shall pay DISTRICT \$61.14 per acre foot of water ordered from AGENCY and delivered to FACILITY. The DISTRICT may revise the FEE with 180 day written notice to YVWD based on actual costs of operation, with all such costs, calculations and supporting documentation shown in the notice. YVWD agrees to pay invoices issued by the DISTRICT within 30 days of issuance, provided that none of the changes are contested. The DISTRICT at its sole discretion may accept the delivery of

recycled water in lieu of payment as described above. The value of the recycled water shall be determined by separate agreement mutually acceptable to both YVWD and BCVWD.

3. **FACILITY OWNERSHIP:** YVWD shall not claim, or otherwise be entitled to, ownership of any water supply or water rights in local waters as a result of recharge activities conducted by DISTRICT. DISTRICT shall not claim or otherwise be entitled to ownership of any water supply or water rights in supplemental water imported by YVWD.
4. **DISCONTINUE RECHARGE, LOCAL WATER RECHARGE PURPOSE:** YVWD shall immediately discontinue recharge of supplemental water upon receipt of written notice by DISTRICT that there is sufficient local flow in Little San Geronio Creek, Noble Creek, or other local sources of supply to warrant use of percolation ponds to recharge said local flow and sufficient capacity does not exist to recharge water purchased from AGENCY in addition to local flow; DISTRICT shall notify YVWD in writing when supplemental water recharge can be resumed. Said recharge of local flows shall take place unless or until DISTRICT elects to exercise its rights to use the subject land and percolation ponds for other purposes. YVWD shall not claim, or otherwise be entitled to, ownership of any water supply or water rights in local waters as a result of said recharge activities.
5. **DISCONTINUE OR REDUCE DELIVERIES TO YVWD:** PARTIES agree that the use and operation of FACILITY is under full DISTRICT control and that deliveries to DISTRICT shall take priority in the event FACILITY capacity is limited due to maintenance or other reasons. DISTRICT shall make reasonable attempts to accommodate YVWD deliveries but does not guarantee any minimum annual percolation rates or FACILITY capacity to accommodate YVWD deliveries from AGENCY.
6. **SPREADING NOT REQUIRED:** Nothing in this Agreement shall require YVWD to take delivery of supplemental water at the FACILITY. YVWD does not guarantee any particular amount of usage of the FACILITY.
7. **PURCHASE OF SUPPLEMENTAL WATER:** YVWD shall be solely responsible for the cost of all water ordered/delivered from AGENCY for YVWD use. DISTRICT shall be responsible for the cost of all water ordered/delivered by AGENCY for DISTRICT use. PARTIES agree to coordinate deliveries of water ordered to meet the needs of the DISTRICT with respect to the efficient operation of the FACILITY.
8. **TERM:** The initial term for this Agreement shall be for a period of five (5) years from the date of execution, or until May 1, 2020, whichever is later. The initial term may be extended upon the written agreement of the PARTIES prior to expiration of the then current term. EACH PARTY shall have the right to terminate this Agreement upon thirty (30) days prior written notice to THE OTHER PARTY.
9. **MONITORING AND REPORTS:** YVWD agrees to provide DISTRICT with copies of all invoices issued by AGENCY that reflect the amount of water ordered for YVWD use and delivered to FACILITY. Said invoices shall be used as the basis for establishing the FEE due to DISTRICT.

10. **ARBITRATION:** Any controversy between the PARTIES regarding the construction of improvements, application of this Agreement, and/or any claim arising out of this Agreement, may be submitted to non-binding arbitration upon the mutual agreement of the PARTIES pursuant to the rules of the American Arbitration Association.
11. **ASSIGNMENT:** This Agreement shall be binding upon the transferees, assignees/successors, and assigns of the parties hereto.
12. **INDEMNITY, HOLD HARMLESS:** YVWD shall indemnify and hold harmless DISTRICT and the officers, directors, employees, and authorized volunteers of DISTRICT, from and against any damage, liability, or cost (including attorneys' fees and costs of defense) to the extent caused by YVWD'S negligent acts, errors, or omissions in connection with activities under this Agreement, including subcontractors or others for whom AGENCY is legally liable. YVWD'S obligation to indemnify and hold harmless shall not be restricted to available insurance proceeds.
13. DISTRICT shall indemnify and hold harmless YVWD and the officers, directors, employees, and authorized volunteers of YVWD, from and against any damage, liability, or cost (including attorneys' fees and costs of defense) to the extent caused by DISTRICT'S negligent acts, errors, or omissions in connection with activities under this Agreement. DISTRICT'S obligation to indemnify and hold harmless shall not be restricted to available insurance proceeds.
14. **INSURANCE:** Each party agrees to carry \$1,000,000/\$2,000,000 (occurrence/ general and products/completed operations aggregate) of commercial general liability coverage and each party agrees to give the other, its directors, officers, employees, or authorized volunteers insured status under its policy using ISO endorsement CG 2010, or equivalent, and to provide a certificate of insurance and additional insured endorsement. If any PARTY is self-insured for legal liability, it is understood that said coverage will be equal to, or greater than, the amount identified in this Section 14.
15. This Agreement may be executed in counterparts, and shall become effective upon receipt by each of the PARTIES of two executed counterpart signature pages from each of the other PARTIES.



Date: September 2, 2015

Prepared By: Joseph Zoba, General Manager

Subject: Authorization to Finalize the Recycled Water Exchange Agreement between Beaumont Cherry Valley Water District and Yucaipa Valley Water District

Recommendation: That the Board, authorizes District staff to finalize the Recycled Water Exchange Agreement (“Agreement”) with Beaumont Cherry Valley Water District and return the final Agreement to the Board of Directors for approval.

At the board workshop on March 24, 2015, the District staff presented several items related to the ongoing drought (Workshop Memorandum Nos. 15-044 and 15-045) and the importance of constructing recycled water improvements to enhance our alternative water supply sources (Workshop Memorandum Nos. 15-046 and 15-047).

While areas throughout the State are wrestling with the implementation of various drought solutions, the Yucaipa Valley Water District has a recycled water system in place that will allow us to facilitate the construction of a new recycled water conveyance pipelines to further reduce the demands on regional water resources by about 2,000 acre feet per year. The new recycled water pipeline would interconnect the Yucaipa Valley Water District’s recycled water system with the Beaumont Cherry Valley Water District’s recycled water system.

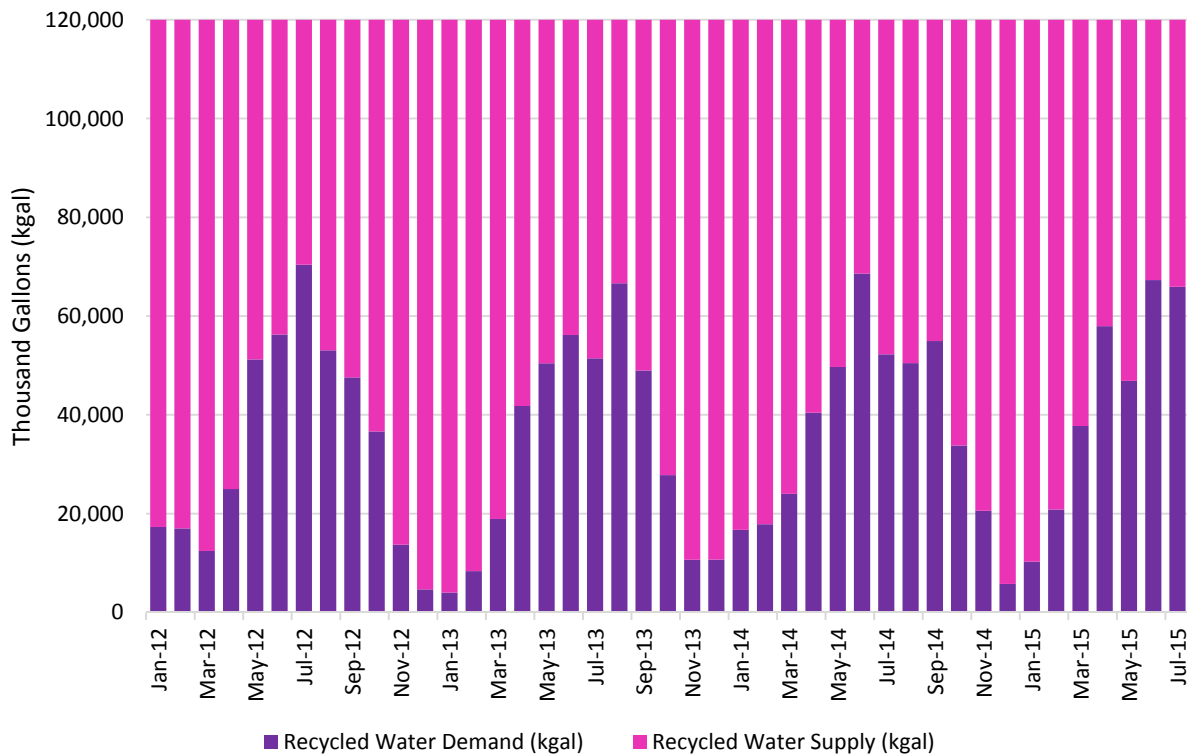
With the construction of a recycled water interconnection pipeline, the two water agencies will be able to share recycled water resources. Initially, recycled water that is surplus to the needs of the Yucaipa Valley Water District customers will be made available to customers in the service area of the Beaumont Cherry Valley Water District. Within the next five years, the City of Beaumont will be expanding and adding desalination facilities to their wastewater treatment plant that will then be able to produce recycled water consistent with the water quality objectives enforced by the Regional Water Quality Control Board. Therefore, with an interconnected recycled water system, the recycled water resources that are surplus to the needs of the Yucaipa Valley Water District and generated from the Wochholz Regional Water Recycling Facility can be shared with the customers of the Beaumont Cherry Valley Water District. Likewise, the recycled water resources surplus to the needs of the Beaumont Cherry Valley Water District / City of Beaumont and generated from the City of Beaumont Wastewater Treatment Plant in the future can be shared with customers of the Yucaipa Valley Water District.

This type of exchange agreement is commonly implemented with drinking water supplies. As the drought continues to impact the State and more recycled water systems are constructed, the District staff envisions that there will be additional exchange agreements for sharing recycled water resources in the future.

On April 1, 2015, the Board of Directors authorized District staff to develop a recycled water exchange and purchase contract between the two agencies [Director Memorandum No. 15-029].

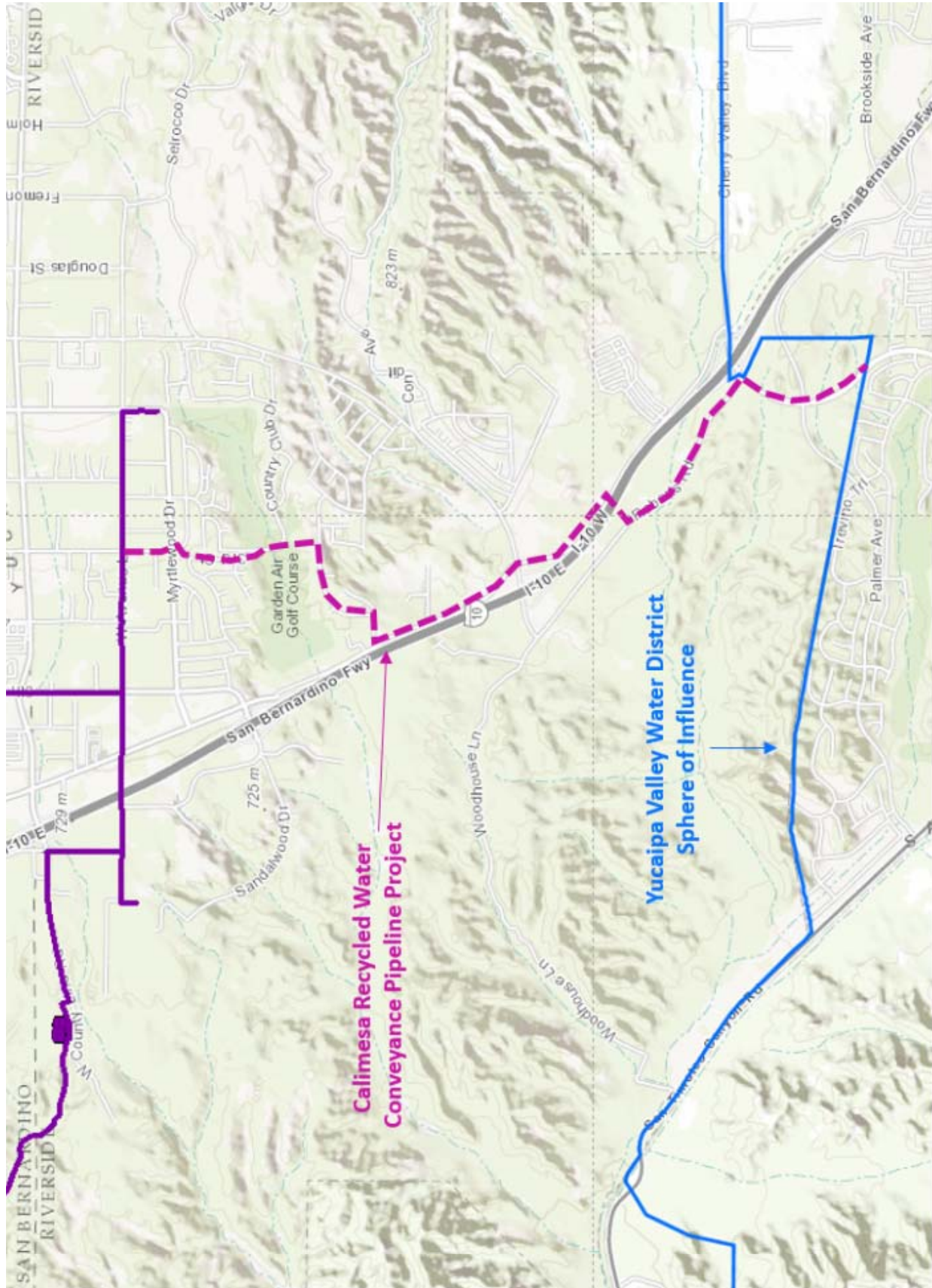
The following chart illustrates the monthly amount of recycled water supply available (pink) versus the monthly amount of recycled water demand (purple) in our community. The amount of surplus recycled water will be reduced in the future as new irrigation customers are connected to the Yucaipa Valley Water District’s recycled water system in Yucaipa and Calimesa. Furthermore, demands will also increase locally as plans for the recharge of recycled water are approved by the Department of Drinking Water.

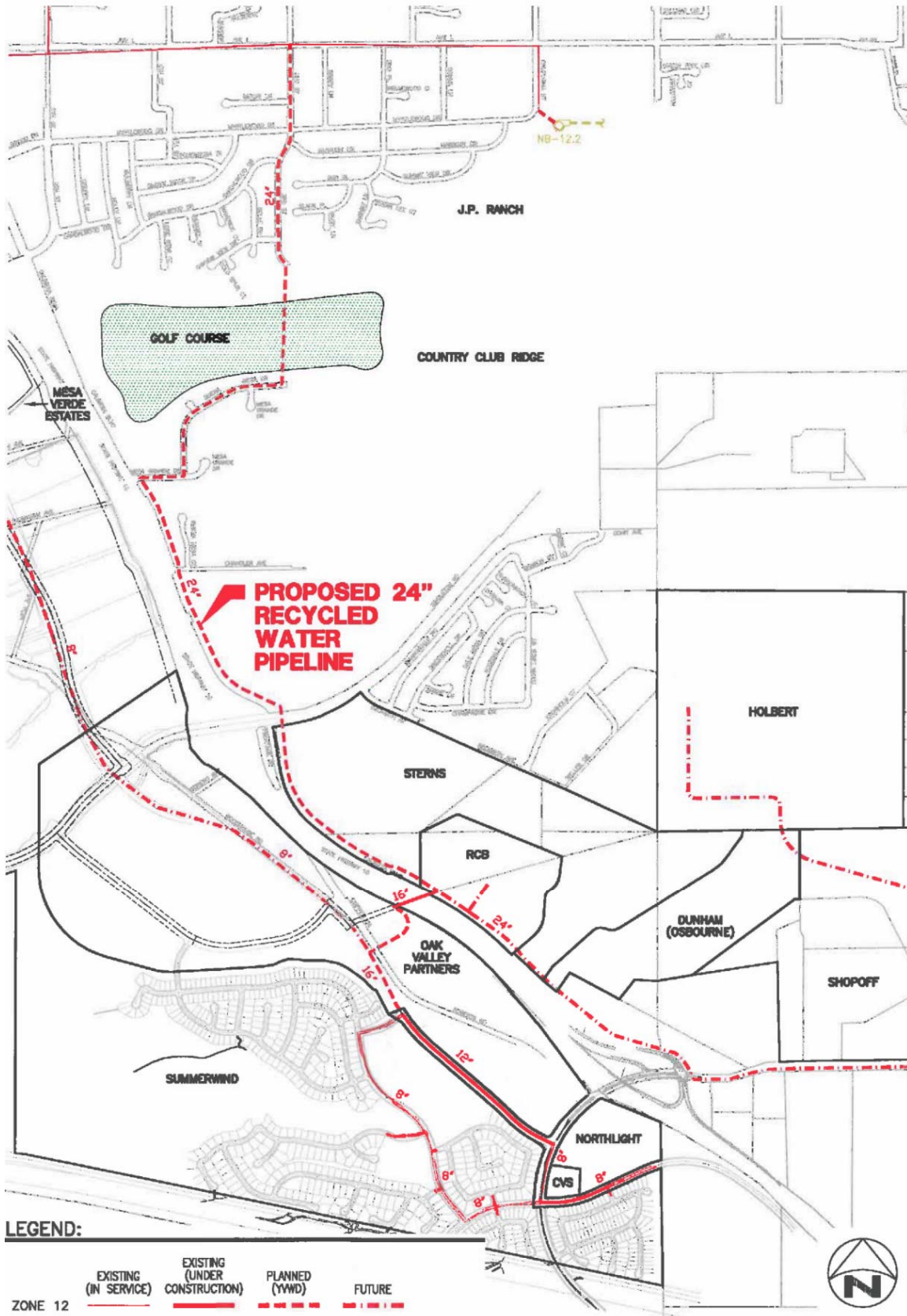
Yucaipa Valley Water District
Recycled Water Supply and Demand



When our demands exceed our available recycled water supply, the Agreement will work in reverse, providing Yucaipa Valley Water District will available (surplus) recycled water supplies from the proposed wastewater treatment plant to be constructed by the City of Beaumont.

Overall, the proposed recycled water exchange agreement is an ideal example of integrated regional water management planning and implementation.





Draft 08/25/2015

**AGREEMENT FOR RECYCLED WATER EXCHANGE
BETWEEN THE YUCAIPA VALLEY WATER DISTRICT AND THE
BEAUMONT CHERRY VALLEY WATER DISTRICT**

The Yucaipa Valley Water District, a County Water District (hereinafter referred to as "YVWD") and Beaumont Cherry Valley Water District, an Irrigation District (hereinafter referred to as "BCVWD"), (hereinafter also referred to as "Party" or collectively as the "Parties"), do hereby agree to establish this Recycled Water Exchange Agreement ("Agreement"), to provide for the delivery and exchange of locally treated surplus recycled water between the Parties, subject to the following provisions.

1. DEFINITIONS

"Judgment" means the Court ruling and order rendered in San Timoteo Watershed Management Authority v. City of Banning, et. al., Case No. RIC 389197, by the Superior Court of the State of California, County of Riverside, which governs the parties in that matter including YVWD and BCVWD relating to groundwater rights in the Beaumont Basin.

"Receiving Entity" means the Party requesting and taking delivery of the Recycled Water.

"Recycled Water" means a [recycled](#) water supply intended for non-potable use meeting the water quality standards of Title 22 of the California Code of Regulations.

"SGPWA" means the San Geronio Pass Water Agency, a State Water Contractor.

"Supplying Entity" means the Party providing and delivering Recycled Water at the request of the Receiving Entity.

["Surplus Recycled Water" means recycled water which is surplus to the needs of the Supplying Entity as determined in the sole discretion of the Supplying Entity.](#)

"Beaumont Basin" means the Upper San Timoteo area groundwater basin within which YVWD and BCVWD have groundwater pumping rights subject to and governed by the Judgment.

"Year" means the calendar year beginning on January 1 to December 31.

2I. POINT OF DELIVERY INTERCONNECTIONS

Recycled Water shall be delivered at the following locations by the Supplying Entity and received by the Receiving Entity:

- A. Cherry Valley Boulevard Interconnection southwest of Interstate 10 ("Interconnection A").
- B. Cherry Valley Boulevard Interconnection northeast of Interstate 10 ("Interconnection B").
- C. Any agreed upon future recycled water system interconnections by the Parties.

Draft 08/25/2015

3. SERVICE CONDITIONS

- A. Only those quantities and flow rates of Surplus Recycled Water may be made available to the Receiving Entity that will not adversely affect the Supplying Entity.
- B. The Surplus Recycled Water pressure shall be that of the Supplying Entity's system at the time of delivery.
- C. All Surplus Recycled Water deliveries shall be considered interruptible or terminable at the control and sole discretion of the Supplying Entity. However, the Parties may establish temporary, non-binding targets for delivery over an extended time period.
- D. The details of Surplus Recycled Water delivery shall be by mutual agreement of the General Managers, or their designees, for BCVWD and YVWD.
- E. The Parties will mutually establish flow schedules twenty four hours in advance of the beginning of delivery.
- F. Neither Party will be obligated to provide any Recycled Water under this Agreement if either Party determines in its sole discretion, that no Surplus Recycled Water available.

4. RECYCLED WATER INFRASTRUCTURE

YVWD has prepared design drawings and construction specifications for the Calimesa Recycled Water Conveyance Pipelines ("Pipelines"). These pipelines, as illustrated in Exhibit "A", will consist of the following components:

- Segment A - A 24" diameter ductile iron recycled water pipeline from the intersection of Avenue L and 3rd Street to a point at the Interstate 10 crossing and Calimesa Boulevard.
- Segment B - A 16" diameter ductile iron recycled water pipeline from the southerly end of "Segment A" to a connection point with existing inactive recycled water pipelines located in the San Gorgonio Land Development.
- Segment C - A 24" diameter ductile iron recycled water pipeline from the southerly end of "Segment A" to a terminus point approximately 3,000 feet east of the intersection of Calimesa Boulevard and Cherry Valley Boulevard. Unless approved otherwise in writing, a booster facility will be located near the easterly terminus of Segment C. The capital and operational costs will be the responsibility of BCVWD.
- Segment D - Cherry Valley Booster Facility - The Parties have identified the need for an inline recycled water booster facility to be located in the vicinity of Cherry Valley Boulevard. This facility and related appurtenances may be component of an amended agreement between the Parties.

Draft 08/25/2015

A construction schedule for Segment A, Segment B, and Segment C is attached as Exhibit "B." The construction schedule is dependent upon the availability of funding from the Parties.

The Parties shall pursue alternative funding for this project from the State Water Resources Control Board to facilitate the funding and construction of the Pipelines.

At each interconnection, the Supplying Entity will maintain primary SCADA control of each flow control facility or interconnection. Flow control will be set using mutually agreeable SCADA data from the Receiving Entity.

The Parties shall operate and maintain the Pipelines and Interconnections located within their respective service territories.

5. RECYCLED WATER EXCHANGES

Any Recycled Water supplied by YVWD to BCVWD, or by BCVWD to YVWD, through the Interconnection(s) subject to this Agreement shall be returned in like volume, or value, as measured by the meter on the Interconnection. Unless otherwise requested by the Receiving Entity, the delivery of recycled water shall be provided at a 120-month rolling average salinity level equal to the Maximum Benefit Objective of the Beaumont Management Zone as established from time-to-time by the Santa Ana Regional Water Quality Control Board, which is currently ~~established set~~ by the Santa Regional Water Quality Control Board as 330 mg/l of Total Dissolved Solids. Recycled water quality data between the Parties shall be summarized and exchanged on a quarterly basis.

A. Interim Value-Based Exchange - Capital Cost Reimbursement / Recycled Water Pre-Payment

YVWD and BCVWD have jointly agreed to participate in the financing of the Pipelines whereby 50% of the price of the construction contract (excluding inspection and construction management services) shall be deposited by BCVWD with YVWD in advance of YVWD soliciting construction bids for the pipeline project. The deposited funds may be applied by YVWD immediately towards the construction of the Pipelines. The deposited funds shall be a credit to BCVWD which will be applied against charges to BCVWD for Surplus Recycled Water provided by YVWD to BCVWD at a cost equal to \$300 per acre foot of recycled water delivered by YVWD to BCVWD at the Interconnection until all deposited funds are exhausted. The Parties shall maintain records of the Interim Value-Based Exchanges which shall be reconciled at the end of each month.

B. Value-Based Exchange

The value of any Surplus Recycled Water supplied through the Interconnection(s) subject to this Agreement after the use of funds provided as the Interim Value-Based Exchange above, will be at a rate established by the governing board of

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each Party. The Parties shall maintain records of the Value-Based Exchanges which shall be reconciled at the end of each month.

The Parties agree that there is a mutual benefit to utilize local water infrastructure for regional benefit. Therefore, the governing Board of Directors of each Party will develop independent rates, fees and charges for potential use as shared infrastructure (such as by way of example, recharge basins, desalination facilities, drinking water sources, Beaumont Basin groundwater storage) that can be applied as like-value and exchanged between the Parties pursuant to the Value-Based Exchange concept.

When the Supplying Entity does not have Surplus Recycled Water, the value of said Surplus Recycled Water will be the typical recycled water commodity rate charged to customers of the Supplying Entity.

C. Volumetric-Based Exchange

Any Recycled Water supplied through the Interconnection(s) subject to this Agreement may be returned in like volume as measured by the meter on the Interconnection, when requested by the Party supplying the Recycled Water. The Parties shall maintain records of the exchanges which shall be reconciled by the end of each year in either Recycled Water volume or value as described in Section V.B.

6. ADDITIONAL RECYCLED WATER USES

If the BCVWD Board of Directors desires to use YVWD's Surplus Recycled Water for recharge in the Beaumont Management Zone, the Parties will cooperate and proportionally share all costs associated with the preparation of technical reports, applications, testing, as well as operational costs related to testing, reporting, maintenance, and recharge of diluents.

7. INDEMNITY

In consideration of the terms and provisions of this Agreement, BCVWD and YVWD do hereby agree to relieve, release, defend, hold harmless and forever discharge the other Party and each of its officers, agents, and employees and each of them of and from any and all claims, rights, debts, liabilities, demands, obligations, liens, promises, acts, agreements, costs and expenses (including, but not limited to, attorney's fees and costs), damages, [fines and penalties](#), actions and causes of action, of whatever kind or nature (including without limitation any statutory, civil or administrative claim), whether known or unknown, suspected or unsuspected, fixed or contingent, apparent or concealed, in any way based on, arising out of or related to or connected with this Agreement or the delivery of Surplus Recycled Water to the other Party.

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The obligations to indemnify, defend, and hold one another harmless shall remain in effect and shall be binding upon the Parties whether such injury or damage shall accrue or may be discovered before or after termination of this Agreement.

8. INSURANCE

Both BCVWD and YVWD represent that they are each self-insured and maintain the following limits:

- General Liability \$2,000,000;
- Automobile Liability \$2,000,000;
- Worker's Compensation Liability \$2,000,000.

Each of the Parties further warrant that the limits of their self-insurance coverage meet or exceed the requirements and obligations as set forth, and to the extent permitted by State law.

9. TERM

This Agreement shall have a minimum term of five years from the date of execution by the parties and shall remain in effect until either party chooses to terminate said agreement, upon thirty (30) days written notice to the other Party. Any funds on deposit or balances owed to a Party shall be reconciled within 60 days pursuant to the terms of this Agreement.

10. NOTICES

All correspondence between the Parties to this Agreement regarding provisions within said agreement shall be addressed as follows:

For BCVWD: General Manager
Beaumont Cherry Valley Water District
560 Magnolia Avenue
Beaumont, California 92223

For YVWD: General Manager
Yucaipa Valley Water District
12770 Second Street
Yucaipa, California 92399

11. ENTIRE AGREEMENT

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This jointly prepared Agreement represents the entire integrated agreement between the Parties and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both Parties.

12. ASSIGNMENT

Nothing under this Agreement shall be construed to give any rights or benefits to any party other than the Parties hereto. Neither of the Parties shall assign any right or interest in this Agreement, nor delegate any duty owed, without the other's prior written consent. Any attempted assignment or delegation shall be void and totally ineffective for all purposes, and shall constitute a material breach and grounds for immediate termination or suspension of this Agreement. In the event the Parties consent to an assignment of delegation, the assignee, delegate, or its legal representative shall agree in writing to personally assume, perform, and be bound by this Agreement's covenants, conditions, obligations and provisions.

13. SUCCESSORS AND ASSIGNS

Subject to the provisions regarding assignment, this Agreement shall be binding on the heirs, executors, administrators, successors, and assigns of the respective Parties.

14. GOVERNING LAW

This Agreement shall be governed by the laws of the State of California.

15. SEVERABILITY

Should any Party, term or provisions of this Agreement be declared invalid, void or unenforceable, all remaining parts, terms and provisions hereof shall remain in full force and effect.

16. FORCE MAJEURE

Neither Party shall be considered in default in the performance of its obligations hereunder or any of them, if such obligations were prevented or delayed by any cause, existing or future beyond the reasonable control of such Party which include but are not limited to acts of God, labor disputes, civil unrest, water supply deficiencies, mechanical failure, interruption in electrical energy, natural disaster, drought, and regulatory issues.

17. DISPUTE RESOLUTION

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Any dispute as to the construction, interpretation or implementation of this Agreement, or any rights or obligations hereunder, shall be submitted to non-binding mediation before a neutral, impartial mediation service that the Parties mutually agree upon in accordance with its rules for such mediation. In the event that the parties are not able to agree on a neutral, impartial mediation service, then either Party may petition the Riverside County Superior Court to appoint a neutral, impartial mediator.

IN WITNESS WHEREOF, the Yucaipa Valley Water District and the Beaumont Cherry Valley Water District have duly executed this Agreement on this ____ day of _____, 2015.

BEAUMONT CHERRY VALLEY WATER DISTRICT

Ken Ross, President Board of Directors

ATTEST:

Eric Fraser, General Manager

YUCAIPA VALLEY WATER DISTRICT

Lonni Granlund, President Board of Directors

ATTEST:

Joseph B. Zoba, General Manager

Director Comments



Yucaipa Valley Water District



FACTS ABOUT THE YUCAIPA VALLEY WATER DISTRICT

Service Area Size: 40 square miles (sphere of influence is 68 square miles)

Elevation Change: 3,140 foot elevation change (from 2,044 to 5,184 feet)

Number of Employees: 5 elected board members
57 full time employees

Operating Budget: Water Division - \$13,072,750
Sewer Division - \$11,689,000
Recycled Water Division - \$433,500
Total Annual Budget - \$25,195,250

Number of Services: 12,206 water connections serving 16,843 units
13,492 sewer connections serving 20,312 units
62 recycled water connections

Water System: 215 miles of drinking water pipelines
27 reservoirs - 34 million gallons of storage capacity
18 pressure zones
12,000 ac-ft annual water demand (3.9 billion gallons)
Two water filtration facilities:
- 1 mgd at Oak Glen Surface Water Filtration Facility
- 12 mgd at Yucaipa Valley Regional Water Filtration Facility

Sewer System: 8.0 million gallon treatment capacity - current flow at 4.0 mgd
205 miles of sewer mainlines
5 sewer lift stations
4,500 ac-ft annual recycled water prod. (1.46 billion gallons)

Recycled Water: 22 miles of recycled water pipelines
5 reservoirs - 12 million gallons of storage
1,200 ac-ft annual recycled demand (0.4 billion gallons)

Brine Disposal: 2.2 million gallon desalination facility at sewer treatment plant
1.108 million gallons of Inland Empire Brine Line capacity
0.295 million gallons of treatment capacity in Orange County



THE MEASUREMENT OF WATER PURITY

One part per hundred is generally represented by the percent (%).
This is equivalent to about fifteen minutes out of one day.

One part per thousand denotes one part per 1000 parts.
This is equivalent to about one and a half minutes out of one day.

One part per million (ppm) denotes one part per 1,000,000 parts.
This is equivalent to about 32 seconds out of a year.

One part per billion (ppb) denotes one part per 1,000,000,000 parts.
This is equivalent to about three seconds out of a century.

One part per trillion (ppt) denotes one part per 1,000,000,000,000 parts.
This is equivalent to about three seconds out of every hundred thousand years.

One part per quadrillion (ppq) denotes one part per 1,000,000,000,000,000 parts.
This is equivalent to about two and a half minutes out of the age of the Earth (4.5 billion years).





GLOSSARY OF COMMONLY USED TERMS

Every profession has specialized terms which generally evolve to facilitate communication between individuals. The routine use of these terms tends to exclude those who are unfamiliar with the particular specialized language of the group. Sometimes jargon can create communication cause difficulties where professionals in related fields use different terms for the same phenomena.

Below are commonly used water terms and abbreviations with commonly used definitions. If there is any discrepancy in definitions, the District's Regulations Governing Water Service is the final and binding definition.

Acre Foot of Water - The volume of water (325,850 gallons, or 43,560 cubic feet) that would cover an area of one acre to a depth of 1 foot.

Activated Sludge Process – A secondary biological sewer treatment process where bacteria reproduce at a high rate with the introduction of excess air or oxygen, and consume dissolved nutrients in the wastewater.

Annual Water Quality Report - The document is prepared annually and provides information on water quality, constituents in the water, compliance with drinking water standards and educational material on tap water. It is also referred to as a Consumer Confidence Report (CCR).

Aquifer - The natural underground area with layers of porous, water-bearing materials (sand, gravel) capable of yielding a supply of water; see Groundwater basin.

Backflow - The reversal of water's normal direction of flow. When water passes through a water meter into a home or business it should not reverse flow back into the water mainline.

Best Management Practices (BMPs) - Methods or techniques found to be the most effective and practical means in achieving an objective. Often used in the context of water conservation.

Biochemical Oxygen Demand (BOD) – The amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.

Biosolids – Biosolids are nutrient rich organic and highly treated solid materials produced by the sewer treatment process. This high-quality product can be used as a soil amendment on farm land or further processed as an earth-like product for commercial and home gardens to improve and maintain fertile soil and stimulate plant growth.

Catch Basin – A chamber usually built at the curb line of a street, which conveys surface water for discharge into a storm sewer.

Capital Improvement Program (CIP) – Projects for repair, rehabilitation, and replacement of assets. Also includes treatment improvements, additional capacity, and projects for the support facilities.

Collector Sewer – The first element of a wastewater collection system used to collect and carry wastewater from one or more building sewer laterals to a main sewer.

Coliform Bacteria – A group of bacteria found in the intestines of humans and other animals, but also occasionally found elsewhere and is generally used as an indicator of sewage pollution.

Combined Sewer Overflow – The portion of flow from a combined sewer system, which discharges into a water body from an outfall located upstream of a wastewater treatment plant, usually during wet weather conditions.

Combined Sewer System– Generally older sewer systems designed to convey both sewage and storm water into one pipe to a wastewater treatment plant.

Conjunctive Use - The coordinated management of surface water and groundwater supplies to maximize the yield of the overall water resource. Active conjunctive use uses artificial recharge, where surface water is intentionally percolated or injected into aquifers for later use. Passive conjunctive use is to simply rely on surface water in wet years and use groundwater in dry years.

Consumer Confidence Report (CCR) - see Annual Water Quality Report.

Cross-Connection - The actual or potential connection between a potable water supply and a non-potable source, where it is possible for a contaminant to enter the drinking water supply.

Disinfection By-Products (DBPs) - The category of compounds formed when disinfectants in water systems react with natural organic matter present in the source water supplies. Different disinfectants produce different types or amounts of disinfection byproducts. Disinfection byproducts for which regulations have been established have been identified in drinking water, including trihalomethanes, haloacetic acids, bromate, and chlorite

Drought - a period of below average rainfall causing water supply shortages.

Dry Weather Flow – Flow in a sanitary sewer during periods of dry weather in which the sanitary sewer is under minimum influence of inflow and infiltration.

Fire Flow - The ability to have a sufficient quantity of water available to the distribution system to be delivered through fire hydrants or private fire sprinkler systems.

Gallons per Capita per Day (GPCD) - A measurement of the average number of gallons of water use by the number of people served each day in a water system. The calculation is made by dividing the total gallons of water used each day by the total number of people using the water system.

Groundwater Basin - An underground body of water or aquifer defined by physical boundaries.

Groundwater Recharge - The process of placing water in an aquifer. Can be a naturally occurring process or artificially enhanced.

Hard Water - Water having a high concentration of minerals, typically calcium and magnesium ions.

Hydrologic Cycle - The process of evaporation of water into the air and its return to earth in the form of precipitation (rain or snow). This process also includes transpiration from plants, percolation into the ground, groundwater movement, and runoff into rivers, streams and the ocean; see Water cycle.

Infiltration – Water other than sewage that enters a sewer system and/or building laterals from the ground through defective pipes, pipe joints, connections, or manholes. Infiltration does not include inflow. See *Inflow*.

Inflow - Water other than sewage that enters a sewer system and building sewer from sources such as roof vents, yard drains, area drains, foundation drains, drains from springs and swampy areas, manhole covers, cross connections between storm drains and sanitary sewers, catch basins, cooling towers, storm waters, surface runoff, street wash waters, or drainage. Inflow does not include infiltration. See *Infiltration*.

Inflow / Infiltration (I/I) – The total quantity of water from both inflow and infiltration.

Mains, Distribution - A network of pipelines that delivers water (drinking water or recycled water) from transmission mains to residential and commercial properties, usually pipe diameters of 4" to 16".

Mains, Transmission - A system of pipelines that deliver water (drinking water or recycled water) from a source of supply the distribution mains, usually pipe diameters of greater than 16".

Meter - A device capable of measuring, in either gallons or cubic feet, a quantity of water delivered by the District to a service connection.

Overdraft - The pumping of water from a groundwater basin or aquifer in excess of the supply flowing into the basin. This pumping results in a depletion of the groundwater in the basin which has a net effect of lowering the levels of water in the aquifer.

Peak Flow – The maximum flow that occurs over a specific length of time (e.g., daily, hourly, instantaneously).

Pipeline - Connected piping that carries water, oil or other liquids. See Mains, Distribution and Mains, Transmission.

Point of Responsibility, Metered Service - The connection point at the outlet side of a water meter where a landowner's responsibility for all conditions, maintenance, repairs, use and replacement of water service facilities begins, and the District's responsibility ends.

Potable Water - Water that is used for human consumption and regulated by the California Department of Public Health.

Pressure Reducing Valve - A device used to reduce the pressure in a domestic water system when the water pressure exceeds desirable levels.

Pump Station - A drinking water or recycled water facility where pumps are used to push water up to a higher elevation or different location.

Reservoir - A water storage facility where water is stored to be used at a later time for peak demands or emergencies such as fire suppression. Drinking water and recycled water systems will typically use concrete or steel reservoirs. The State Water Project system considers lakes, such as Shasta Lake and Folsom Lake to be water storage reservoirs.

Runoff - Water that travels downward over the earth's surface due to the force of gravity. It includes water running in streams as well as over land.

Sanitary Sewer System - Sewer collection system designed to carry sewage, consisting of domestic, commercial, and industrial wastewater. This type of system is not designed nor intended to carry water from rainfall, snowmelt, or groundwater sources. See *Combined Sewer System*.

Sanitary Sewer Overflow – Overflow from a sanitary sewer system caused when total wastewater flow exceeds the capacity of the system. See *Combined Sewer Overflow*.

Santa Ana River Interceptor (SARI) Line – A regional brine line designed to convey 30 million gallons per day of non-reclaimable wastewater from the upper Santa Ana River basin to the sewer treatment plant operated by Orange County Sanitation District.

Secondary Treatment – Biological sewer treatment, particularly the activated-sludge process, where bacteria and other microorganisms consume dissolved nutrients in wastewater.

Supervisory Control and Data Acquisition (SCADA) - A computerized system which provides the ability to remotely monitor and control water system facilities such as reservoirs, pumps and other elements of water delivery.

Service Connection - The water piping system connecting a customer's system with a District water main beginning at the outlet side of the point of responsibility, including all plumbing and equipment located on a parcel required for the District's provision of water service to that parcel.

Sludge – Untreated solid material created by the treatment of sewage.

Smart Irrigation Controller - A device that automatically adjusts the time and frequency which water is applied to landscaping based on real-time weather such as rainfall, wind, temperature and humidity.

Special District - A political subdivision of a state established to provide a public services, such as water supply or sanitation, within a specific geographic area.

Surface Water - Water found in lakes, streams, rivers, oceans or reservoirs behind dams.

Total Suspended Solids (TSS) – The amount of solids floating and in suspension in water or sewage.

Transpiration - The process by which water vapor is released into the atmosphere by living plants.

Trickling Filter – A biological secondary treatment process in which bacteria and other microorganisms, growing as slime on the surface of rocks or plastic media, consume nutrients in primary treated sewage as it trickles over them.

Underground Service Alert (USA) - A free service that notifies utilities such as water, telephone, cable and sewer companies of pending excavations within the area (dial 8-1-1 at least 2 working days before you dig).

Urban Runoff - Water from city streets and domestic properties that typically carries pollutants into the storm drains, rivers, lakes, and oceans.

Valve - A device that regulates, directs or controls the flow of water by opening, closing or partially obstructing various passageways.

Wastewater – Any water that enters the sanitary sewer.

Water Banking - The practice of actively storing or exchanging in-lieu surface water supplies in available groundwater basin storage space for later extraction and use by the storing party or for sale or exchange to a third party. Water may be banked as an independent operation or as part of a conjunctive use program.

Water cycle - The continuous movement water from the earth's surface to the atmosphere and back again; see Hydrologic cycle.

Water Pressure - Pressure created by the weight and elevation of water and/or generated by pumps that deliver water to the tap.

Water Service Line - The pipeline that delivers potable water to a residence or business from the District's water system. Typically the water service line is a 1" to 1½" diameter pipe for residential properties.

Watershed - A region or land area that contributes to the drainage or catchment area above a specific point on a stream or river.

Water Table - The upper surface of the zone of saturation of groundwater in an unconfined aquifer.

Water Transfer - A transaction, in which a holder of a water right or entitlement voluntarily sells/exchanges to a willing buyer the right to use all or a portion of the water under that water right or entitlement.

Water Well - A hole drilled into the ground to tap an underground water aquifer.

Wetlands - Lands which are fully saturated or under water at least part of the year, like seasonal vernal pools or swamps.

Wet Weather Flow – Dry weather flow combined with stormwater introduced into a combined sewer system, and dry weather flow combined with infiltration/inflow into a separate sewer system.





COMMONLY USED ABBREVIATIONS

AQMD	Air Quality Management District
BOD	Biochemical Oxygen Demand
CARB	California Air Resources Board
CCTV	Closed Circuit Television
CWA	Clean Water Act
EIR	Environmental Impact Report
EPA	U.S. Environmental Protection Agency
FOG	Fats, Oils, and Grease
GPD	Gallons per day
MGD	Million gallons per day
O & M	Operations and Maintenance
OSHA	Occupational Safety and Health Administration
POTW	Publicly Owned Treatment Works
PPM	Parts per million
RWQCB	Regional Water Quality Control Board
SARI	Santa Ana River Inceptor
SAWPA	Santa Ana Watershed Project Authority
SBVMWD	San Bernardino Valley Municipal Water District
SCADA	Supervisory Control and Data Acquisition system
SSMP	Sanitary Sewer Management Plan
SSO	Sanitary Sewer Overflow
SWRCB	State Water Resources Control Board
TDS	Total Dissolved Solids
TMDL	Total Maximum Daily Load
TSS	Total Suspended Solids
WDR	Waste Discharge Requirements
YVWD	Yucaipa Valley Water District