



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

Tuesday, December 6, 2016 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 consent calendar matters are routine and will be acted upon in one motion. There will be no discussion of these items unless board members, administrative staff, or members of the public request specific items to be discussed and/or removed prior to the vote for approval.
 - A. Minutes of Meetings
 - 1. Regular Board Meeting - November 15, 2016
 - 2. Board Workshop - November 29, 2016
- V. **STAFF REPORT**
- VI. **DISCUSSION ITEMS**
 - A. Notice of Completion for the Wochholz Regional Water Recycling Facility Digester Cleaning and Cover Replacement Project [[Director Memorandum No. 16-112 - Page 15 of 91](#)]
RECOMMENDED ACTION: That the Board authorizes the filing of the Notice of Completion and release of the retention amount of \$118,278.45 forty-five days after the recorded date.
 - B. Consideration of Development Agreement No. 2016-08 to Provide Water and Sewer Facilities and Service to the Private Development of Assessor Parcel Numbers 0322-102-49, 0322-102-50 and 0322-102-51, American Investments Management, Inc. [[Director Memorandum No. 16-113 - Page 17 of 91](#)]
RECOMMENDED ACTION: That the Board approves Development Agreement No. 2016-08.
 - C. Consideration of Amendment No. 1 to Development Agreement No. 2012-02 for the Installation of an Irrigation Service to Common Areas of Tract No. 13375 [[Director Memorandum No. 16-114 - Page 33 of 91](#)]
RECOMMENDED ACTION: That the Board authorizes the Board President to Execute Amendment No. 1 to Development Agreement No. 2012-02.

Any person who requires accommodation to participate in this meeting should contact the District office at (909) 797-5117, at least 48 hours prior to the meeting to request a disability-related modification or accommodation.

Materials that are provided to the Board of Directors after the meeting packet is compiled and distributed will be made available for public review during normal business hours at the District office located at 12770 Second Street, Yucaipa. Meeting materials are also available on the District's website at www.yvwd.dst.ca.us

- D. Withdrawal and Cancellation of District Participation in the OmniEarth Calculation and Evaluation of Outdoor Irrigation Uses [[Director Memorandum No. 16-115 - Page 46 of 91](#)]
 RECOMMENDED ACTION: That the Board directs the General Manager to cancel the participation in the OmniEarth program.
- E. Consideration of Resolution No. 2016-26 Supporting the Construction of Water Purification and Sustainable Water Supply Enhancements at the Yucaipa Valley Regional Water Filtration Facility and the Wochholz Regional Water Recycling Facility [[Director Memorandum No. 16-116 - Page 47 of 91](#)]
 RECOMMENDED ACTION: That the Board adopts Resolution No. 2016-26.
- F. Discussion Regarding the Appointment of Representatives to the San Bernardino Valley Municipal Water District's Advisory Commission on Water Policy [[Director Memorandum No. 16-117 - Page 54 of 91](#)]
 RECOMMENDED ACTION: That by minute order, the Board selects and appoints a primary representative and an alternate representative to the San Bernardino Valley Municipal Water District's Advisory Commission on Water Policy.
- G. Appointment of Representatives to the San Gorgonio Pass Regional Water Alliance [[Director Memorandum No. 16-118 - Page 77 of 91](#)]
 RECOMMENDED ACTION: That by minute order, the Board appoints a primary and alternate representative from the Yucaipa Valley Water District to attend meetings of the San Gorgonio Pass Regional Water Alliance.
- H. Adoption of Resolution No. 2016-27 Designating Agents to Execute Documents on Behalf of the Yucaipa Valley Water District for Emergency Assistance [[Director Memorandum No. 16-119 - Page 78 of 91](#)]
 RECOMMENDED ACTION: That the Board adopts Resolution No. 2016-27.
- I. Reorganization of the Members of the Board of Directors [[Director Memorandum No. 16-120 - Page 80 of 91](#)]
 RECOMMENDED ACTION: That the Board takes the following action to elect officers: (1) Nominate and select a President; (2) Nominate and select a Vice-President; and (3) Adopt Resolution No. 2016-28 Confirming the Election of Officers.

VII. BOARD REPORTS

VIII. DIRECTOR COMMENTS

IX. ANNOUNCEMENTS

- A. December 13, 2016 at 4:00 p.m. - Board Workshop
- B. January 3, 2017 at 6:00 p.m. - Regular Board Meeting
- C. January 10, 2017 at 4:00 p.m. - Board Workshop
- D. January 17, 2017 at 6:00 p.m. - Regular Board Meeting
- E. January 31, 2017 at 4:00 p.m. - Board Workshop
- F. February 7, 2017 at 6:00 p.m. - Regular Board Meeting
- G. February 14, 2017 at 4:00 p.m. - Board Workshop
- H. February 21, 2017 at 6:00 p.m. - Regular Board Meeting
- I. February 28, 2017 at 4:00 p.m. - Board Workshop
- J. March 7, 2017 at 6:00 p.m. - Regular Board Meeting

X. ADJOURNMENT

Consent Calendar



Yucaipa Valley Water District

MINUTES OF A REGULAR BOARD MEETING

November 15, 2016 at 6:00 P.M.

Directors Present:

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

Staff Present:

Joseph Zoba, General Manager
Jennifer Ares, Water Resource Manager
Brent Anton, Engineering Manager
John Wrobel, Regulatory & Environmental Control
Manager
Vicky Elisalda, Controller
John Hull, Public Works Manager
Mike Kostelecky, Operations Manager
Matt Porras, Management Analyst
Katie Hallberg, Management Analyst

Directors Absent:

Tom Shalhoub, Director
Ken Munoz, Director

Consulting Staff Present:

David Wysocki, Legal Counsel

Registered Guests and Others Present:

Leonard Stephenson, San Geronio Pass Water Agency
Bill Hemsley, City of Yucaipa

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 with Director Jay Bogh, Director Bruce Granlund, and Director Lonni Granlund present. Director Tom Shalhoub and Director Ken Munoz were absent.

ROLL CALL

There were no public comments.

PUBLIC COMMENTS

Director Jay Bogh moved to approve the consent calendar and Director Bruce Granlund seconded the motion.

CONSENT CALENDAR

- A. Minutes of Meetings
 - 1. Regular Board Meeting – November 1, 2016
- B. Payment of Bills

1. Approve/Ratify Invoices for Board Awarded Contracts
2. Ratify General Expenses for October 2016

The motion was approved by the following vote:

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

The Staff Report consisted of the following items:

- General Manager Joseph Zoba invited the Board to attend the Open House for the drinking water reservoir R12.4 on December 3, 2016; and
- The newly elected board member for Division 1, Chris Mann, will take office on December 2, 2016.

STAFF REPORT

DISCUSSION ITEMS:

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

DM 16-107
UNAUDITED
FINANCIAL REPORT
FOR THE PERIOD
ENDING ON OCTOBER
31, 2016

The motion was approved by the following vote:

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

Following a staff presentation by Engineering Manager Brent Anton, Director Jay Bogh moved and Director Bruce Granlund seconded a motion to authorize the District staff to solicit bids for the construction of 801 linear feet of 8-inch ductile iron pipe in Date Street, 655 linear feet of 8-inch ductile iron pipe in Dodd Street, 771 linear feet of 8-inch ductile iron pipe in Panorama Drive, 431 linear feet of 8-inch ductile iron pipe in Lennox Street, 424 linear feet of 8-inch ductile iron pipe in Verona Street, 430 linear feet of 8-inch ductile iron pipe in Calvin Street and 611 linear feet of 8-inch ductile iron pipe in Vista Lane.

DM 16-108
AUTHORIZATION TO
SOLICIT BIDS FOR
THE CONSTRUCTION
OF AN 8-INCH
DRINKING WATER
PIPELINE IN DATE
STREET, DODD
STREET, PANORAMA
DRIVE, LENNOX
STREET, VERONA
STREET, CALVIN
STREET AND VISTA
LANE

The motion was approved by the following vote:

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

Following a staff presentation by Engineering Manager Brent Anton, Director Bruce Granlund moved and Director Jay Bogh seconded a motion to authorize the District staff to solicit bids for the construction of site improvements at the RWB-12.4 Facility.

The motion was approved by the following vote:

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

DM 16-109
AUTHORIZATION TO
SOLICIT BIDS FOR
THE CONSTRUCTION
OF A PERIMETER
WALL AND OTHER
SITE IMPROVEMENTS
AT THE RECYCLED
WATER BOOSTER
FACILITY RWB-12.4

Following a staff presentation by Water Resource Manager Jennifer Ares, Director Bruce Granlund moved and Director Jay Bogh seconded a motion to authorize the District staff to modify the scope of work with Geoscience for a sum not to exceed \$41,770 and expand the area covered by the Yucaipa Groundwater Basin Model.

The motion was approved by the following vote:

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

DM 16-110
EXPANSION OF THE
YUCAIPA
WATERSHED MODEL
AND YUCAIPA
GROUNDWATER
BASIN MODEL TO
INCLUDE DWR
MODIFICATIONS TO
THE YUCAIPA
GROUNDWATER
BASIN BOUNDARIES

Following a staff presentation by General Manager Joseph Zoba, Director Lonni Granlund moved and Director Jay Bogh seconded a motion to adopt Resolution No. 2016-25 Honoring Ken Munoz as a Board Member Representing Division I of the Yucaipa Valley Water District.

The motion was approved by the following vote:

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

DM 16-111
RECOGNITION OF
KEN MUNOZ FOR HIS
OUTSTANDING
SERVICE TO THE
YUCAIPA VALLEY
WATER DISTRICT

Director Bruce Granlund discussed meetings he attended at the City of Yucaipa and the California Special Districts Association. Director Jay Bogh discussed the Beaumont City Council Meeting where the topic of their wastewater treatment plant expansion was discussed.

BOARD REPORTS

There were no Director comments.

DIRECTOR
COMMENTS

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

ANNOUNCEMENTS

The meeting was adjourned at 6:25 p.m.

ADJOURNMENT

Respectfully submitted,

Joseph B. Zoba, Secretary

(Seal)

MINUTES OF A BOARD WORKSHOP

November 29, 2016 at 4:00 P.M.

Directors Present:

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

Staff Present:

Joseph Zoba, General Manager
Jennifer Ares, Water Resource Manager
John Hull, Public Works Manager
Mike Kostelecky, Operations Manager
Vicky Elisalda, Controller
Katie Hallberg, Management Analyst
Matt Porras, Management Analyst
Elaine Kawaii, Water Resource Supervisor
Kevin Lee, Senior Plant Operator
Jeremy Costello, Engineering Technician
Chelsie Fogus, Engineering Technician

Directors Absent:

Ken Munoz, Director

Consulting Staff Present:

David Wysocki, Legal Counsel

Guests and Others Present:

Linda Shelton, Customer
Richard Siegmund, Customer
Chris Mann, Customer

- I. Call to Order - 4:00 p.m.
- II. Public Comments - The following comments were provided by individuals in the audience:
 - Customer and future Director Chris Mann expressed his appreciation for the service that the District provides and that he is looking forward to the opportunity to working with District staff and Directors.
- III. Staff Report - General Manager Joseph Zoba discussed the following topics:
 - The details of the upcoming open house for the drinking water reservoir R-12.4 on Saturday December 3, 2016.
 - A recent article discussing the environmental impact in regards to reducing the quantity of sewer treatment plant effluent that is discharged into California streams and rivers as the use of recycled water increases.
 - The State Water Project initial allocation was set at 20% on November 28, 2016 by the Department of Water Resources.
 - Data was presented from the SmartCovers network that measure and monitor sewer collection system flows and the effects from recent rainfall.
- IV. Presentations
 - A. Overview of the California Drought and Yucaipa Valley Water District's Action Plan Related to the State Water Resources Control Board Water Conservation Restrictions [Workshop Memorandum No. 16-162]. General Manager Joseph Zoba provided an overview of the California drought and the water conservation goals for the community.

- V. Capital Improvement Projects
 - A. Status Report on the Construction of a 6.0 Million Gallon Drinking Water Reservoir R-12.4 [Workshop Memorandum No. 16-163]. Engineering Technician Jeremy Costello provided an update on the construction of the Drinking Water Reservoir R-12.4 on Singleton Road in Calimesa.
 - B. Notice of Completion for the Wochholz Regional Water Recycling Facility Digester Cleaning and Cover Replacement Project [Workshop Memorandum No. 16-164]. Senior Plant Operator Kevin Lee provided an update regarding the operation of the digesters and provided the Notice of Completion of the Wochholz Regional Water Recycling Facility Digester Cleaning and Cover Replacement Project.
 - C. Status Report on the Regional Drinking Water Purification and Recycled Water Purification Project [Workshop Memorandum No. 16-165]. General Manager Joseph Zoba provided an overview of the recommended additions for the Regional Drinking Water Purification and Recycled Water Purification Projects at the Yucaipa Valley Regional Water Filtration Facility and the Wochholz Regional Water Recycling Facility.
 - D. Authorization to Implement Phase II of the Automated Meter Infrastructure Project [Workshop Memorandum No. 16-166]. Management Analyst Matt Porras provided an overview of the implementation of Phase II of the Automated Meter Infrastructure Project.
- VI. Policy Issues
 - A. Policy Discussion Regarding the Hauling of Drinking Water from Construction Meters Connected to the Potable Water System [Workshop Memorandum No. 16-167]. Management Analyst Katie Hallberg discussed the requirements for the hauling of drinking water by the State of California.
- VII. Development Projects
 - A. Overview of Development Agreement No. 2016-08 to Provide Water and Sewer Facilities and Service to the Private Development of Assessor Parcel Numbers 0322-102-49, 0322-102-50, and 0322-102-51 by American Investments Management [Workshop Memorandum No. 16-168]. General Manager Joseph Zoba provided an overview of the Development Agreement No. 2016-08 which consists of three single family residences on three separate parcels.
- VIII. Administrative Items
 - A. Overview of a Proposed Resolution Setting Fees for the Installation of Automated Meter Infrastructure for New Drinking Water and Recycled Water Services [Workshop Memorandum No. 16-169]. Management Analyst Matt Porras provided an overview of a proposed resolution setting fees for the installation of Automated Meter Infrastructure for new drinking water and recycled water services.
 - B. Overview of a Claim for Tree Removal at 11975 4th Street, Yucaipa - Dini Martz [Workshop Memorandum No. 16-170]. Management Analyst Katie Hallberg requested a postponement of this item pursuant to the claimant's inability to attend the workshop.
 - C. Overview of a Suggested Revision to the District's Participation in the OmniEarth Grant offered by the Santa Ana Watershed Project Authority [Workshop Memorandum No. 16-171]. General Manager Joseph Zoba provided an overview of the suggested revision of the District's participation in the OmniEarth grant program.

- D. Consideration of Appointing a Representative to the San Bernardino Valley Municipal Water District Advisory Commission on Water Policy [Workshop Memorandum No. 16-172]. General Manager Joseph Zoba mentioned that this item would be presented at the next board meeting for consideration by the Board of Directors.
 - E. Reorganization of the Board of Directors [Workshop Memorandum No. 16-173]. General Manager Joseph Zoba mentioned that this item would be presented at the next board meeting for consideration by the Board of Directors.
 - F. Oath of Office for Yucaipa Valley Water District Director Lonni Granlund and Director Chris Mann [Workshop Memorandum No. 16-174]. General Manger Joseph Zoba administered the Oath of Office for Director Lonni Granlund and Director Chris Mann.
- IX. Director Comments
- A. Director Tom Shalhoub and the other board members welcomed Chris Mann as the newest member of the Yucaipa Valley Water District Board of Directors.
- X. Adjournment - The meeting was adjourned at 5:25 p.m.

Respectfully submitted,

Joseph B. Zoba, Secretary

Staff Report



Yucaipa Valley Water District

Who likes state's plan to keep more water for fish in California rivers? Practically nobody

BY DALE KASLER

dkasler@sacbee.com

California regulators say their sweeping proposal to devote more flows from the state's major rivers to fish and wildlife is an attempt to balance competing interests for a scarce resource.

So far, all they've done is get practically everyone mad at them.



Aerial view of the Delta. San Joaquin river in the middle and the Sacramento River in the background. Taken November 11, 2008. Manny Crisosotomo The Sacramento Bee

Opponents of the plan came out in force Tuesday, in the first of a series of hearings before the State Water Resources Control Board on the future of the San Joaquin River and its tributaries. Environmentalists said the plan doesn't do enough for California's beleaguered fish populations, while farmers and elected officials said the changes would dry up the San Joaquin Valley's already troubled economy.

"We should not be punished for staying in agriculture," said Diedre Kelsey, a Merced County supervisor. "It's our economy. It funds our schools, it funds our community." She and others said the drought has already taken a toll on the valley.

The board is charged with overseeing the quality of the water that flows through the Sacramento-San Joaquin Delta, the fragile estuary that is the hub of California's elaborate water delivery system. The board's proposal, unveiled in September, would let more water flow unimpeded through the Delta and out to the Pacific Ocean. That would leave less water available to be pumped from the south Delta to farms in the arid San Joaquin Valley and homes in Southern California.

Along with the San Joaquin River, the board is planning to reallocate flows from the Sacramento River and its tributaries, with the same goal in mind: to shore up the Delta's ecosystems. Decisions aren't expected until next summer.

While farmers complained about losing water to fish, environmentalists said the additional supplies won't be enough to protect salmon, steelhead and other fish species whose populations have fallen dramatically over the years.

"It isn't sufficient," said policy advocate Kyle Jones of Sierra Club California. He urged the board to adopt "more protective standards that are backed by the science."

Board officials say a rewrite of the rules governing the San Joaquin River is long overdue. Standards haven't been updated in two decades, and on average just 20 percent of the San Joaquin's flow reaches the Pacific unimpeded during critical months when fish are migrating. Sometimes, the unimpeded flow is as low as 5 percent, board officials said.

The board says the unimpeded flow level should be raised to anywhere between 30 percent and 50 percent. Along with proposed changes in the Sacramento Valley watershed, hundreds of thousands of additional acre-feet of water could be left in the rivers for wildlife, subtracting supplies available to farms and cities.

"No one will be happy with the number. It'll be too little for some, and too much for others," said Les Grober, the board's deputy director. "But it's what we've got to do."

The board said leaving more water in the San Joaquin watershed could translate into a \$64 million loss to the region's economy. Farm groups called that estimate too low.

The plan creates other complications. Board staff members said farmers would pump more groundwater to make up for lost surface water supplies, a scenario that collides with a 2014 state law designed to curb excessive groundwater pumping.

Besides taking water from agriculture, the plan also could affect San Francisco and other cities that rely on the San Joaquin and its tributaries.

Dale Kasler: 916-321-1066, @dakasler

Source: <http://www.sacbee.com/news/state/california/water-and-drought/article117741143.html>

Discussion Items





Date: December 6, 2016

Prepared By: Kevin King, Operations Manager

Subject: Notice of Completion for the Wochholz Regional Water Recycling Facility Digester Cleaning and Cover Replacement Project

Recommendation: That the Board authorizes the filing of the Notice of Completion and release of the retention amount of \$118,278.45 forty-five days after the recorded date.

On November 2, 2016 staff conducted a final inspection for the Wochholz Regional Water Recycling Facility Digester Cleaning and Cover Replacement Project with Pascal & Ludwig. District staff considers the project complete and recommends filing the Notice of Completion and release the retention of \$118,278 45 days following the filing of the Notice of Completion.



Record Without Fee
Per Govt. Code 6103

Recording Requested By:
Yucaipa Valley Water District

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

SPACE ABOVE THIS LINE FOR RECORDERS USE

NOTICE OF COMPLETION

Project Number/CMMS Number: P-88-289

Director Memorandum Number for Authorization: DM 15-041

Director Memorandum Number for Notice of Completion: DM 16-112

Notice pursuant to Civil Code Section 3093, must be filed within 10 days after completion.

Notice is hereby given that:

1. The undersigned is owner or corporate officer of the owner of the interest in the property hereinafter described:
2. The full name of the owner is Yucaipa Valley Water District
3. The full address of the owner is 12770 Second Street, Yucaipa, CA 92399
4. The Nature of the Interest or Estate of the Undersigned is: In Fee
5. A work performed hereinafter described was completed on November 2, 2016. The work done was: Miscellaneous Recycled Pipelines
6. The name of the contractor for such work was: Pascal & Ludwig Constructors
May 18, 2015
(Date of Contract)
7. The property on which said work was complete in the City of Yucaipa
County of San Bernardino, State of CA, and is described as APN: N/A
8. The street address of said property is N/A

(if no street address has been assigned, insert "none")

Dated December 6, 2016

Kevin King, Operations Manager, Yucaipa Valley Water District

Verification

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

Executed on December 6, 2016 at Yucaipa, California.

Joseph B. Zoba, General Manager, Yucaipa Valley Water District



Director Memorandum 16-113

Date: December 6, 2016

Prepared By: Brent Anton, Engineering Manager

Subject: Consideration of Development Agreement No. 2016-08 to Provide Water and Sewer Facilities and Service to the Private Development of Assessor Parcel Numbers 0322-102-49, 0322-102-50 and 0322-102-51, American Investments Management, Inc.

Recommendation: That the Board approves Development Agreement No. 2016-08.

This development consists of three single family residences on three existing parcels, located to the south of Douglas Lane, between Custer Street and Douglas Street in the City of Yucaipa, San Bernardino County.

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 of the attached agreement.



YVWD AGREEMENT NO. 2016-08**AGREEMENT TO PROVIDE WATER AND SEWER FACILITIES
AND SERVICE TO THE
PRIVATE DEVELOPMENT OF ASSESSOR PARCEL NUMBERS
0322-102-49, 0322-102-50 AND 0322-102-51**

This Agreement is made and effective this 6th day of December, 2016, by and between the YUCAIPA VALLEY WATER DISTRICT, a public agency ("DISTRICT") and American Investments Management, Inc., ("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:

American Investments Management, Inc.
17130 Van Buren Boulevard
Suite Number 117
Riverside, California 92504
Attn: Doug Dooley, General Manager
Telephone: (951) 377-7246
Email: dougdooley79@yahoo.com

PROJECT OVERVIEW

This development consists of 3 single family residences on three separate parcels. The project consists of Assessor Parcel Numbers 0322-102-49(0.85 acres), 0322-102-50(0.85 acres) and 0322-102-51(1.74 acres) which are located on the east side of Custer Street, south of Avenue E in the City of Yucaipa, San Bernardino County, (the "Property"). The proposed development of the Property will not include phased construction and will not be required to be "dual plumbed". (see "Attachment A – Project Overview Map").

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-65-316/Work Order 65-22197

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: A potable water pipeline exists within Custer Street, which extends from the intersection of Douglas Lane southerly to the approximate southern property line of Assessor's Parcel Number 0322-102-41.

The DEVELOPER shall design and construct a new 8-inch minimum ductile iron pipeline or of suitable size greater than 8-inch, for potable water service and fire flow protection of 1,500 gallons per minute fire flow, to be connected at the northerly property line of Assessor's Parcel Number 0322-102-49 and extended southerly to the farthest property line of the Assessor's Parcel Number 0322-102-51 pursuant to DISTRICT Ordinance Number 48-1998, Section 7 in order to serve the individual parcels.

i. Due to the current condition of the existing infrastructure and the requirements of the project, the Developer/Builders, will be required to install a new pipeline for potable water use. When this takes place, the existing fire hydrant will be relocated to the appropriate location for regional benefit pursuant to District Resolution 2016-14.

Therefore, at this time, the District will allow the existing fire hydrant to be used for fire flow protection so the Developer may start construction, but service for domestic water needs will not be allowed off of this existing pipeline. The services will be required to come off of the new pipeline to be designed and constructed and after it is placed into service after the roadway improvements have been addressed.

c. Recycled Water Related Facilities: The DEVELOPER will not be required to dual plumb these existing lots or to design and install any recycled facilities for their project site.

d. Wastewater Related Facilities: There is an existing public sewer mainline in Custer Street along the frontage of the DEVELOPER's project. The DEVELOPER shall be responsible for the design and construction of the new sewer service laterals for Assessor's Parcel Numbers 0322-102-49 and 0322-102-50.

Assessor's Parcel Number 0322-102-051 has an existing sewer service lateral "wye" connection located approximately 100-linear feet north of the south property line. The location is shown on DISTRICT Sewer Map A.D. 8-24 for location reference. The DEVELOPER may choose to either use or abandon and relocate this sewer service lateral "wye" at their expense.

e. Previously Constructed Facilities: The DEVELOPER shall be responsible for relocations, adjustments and abandonments of all existing potable water and sewer facilities to the current DISTRICT standards within the frontage limits of the DEVELOPER's project for the facilities that are affected by the DEVELOPER's improvements.

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

PART H: MISCELLANEOUS

21. Term and Termination of Agreement.

a. Unless extended by mutual agreement of the parties in writing, this Agreement shall terminate at 5:00 p.m., on the day before the sixth (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:

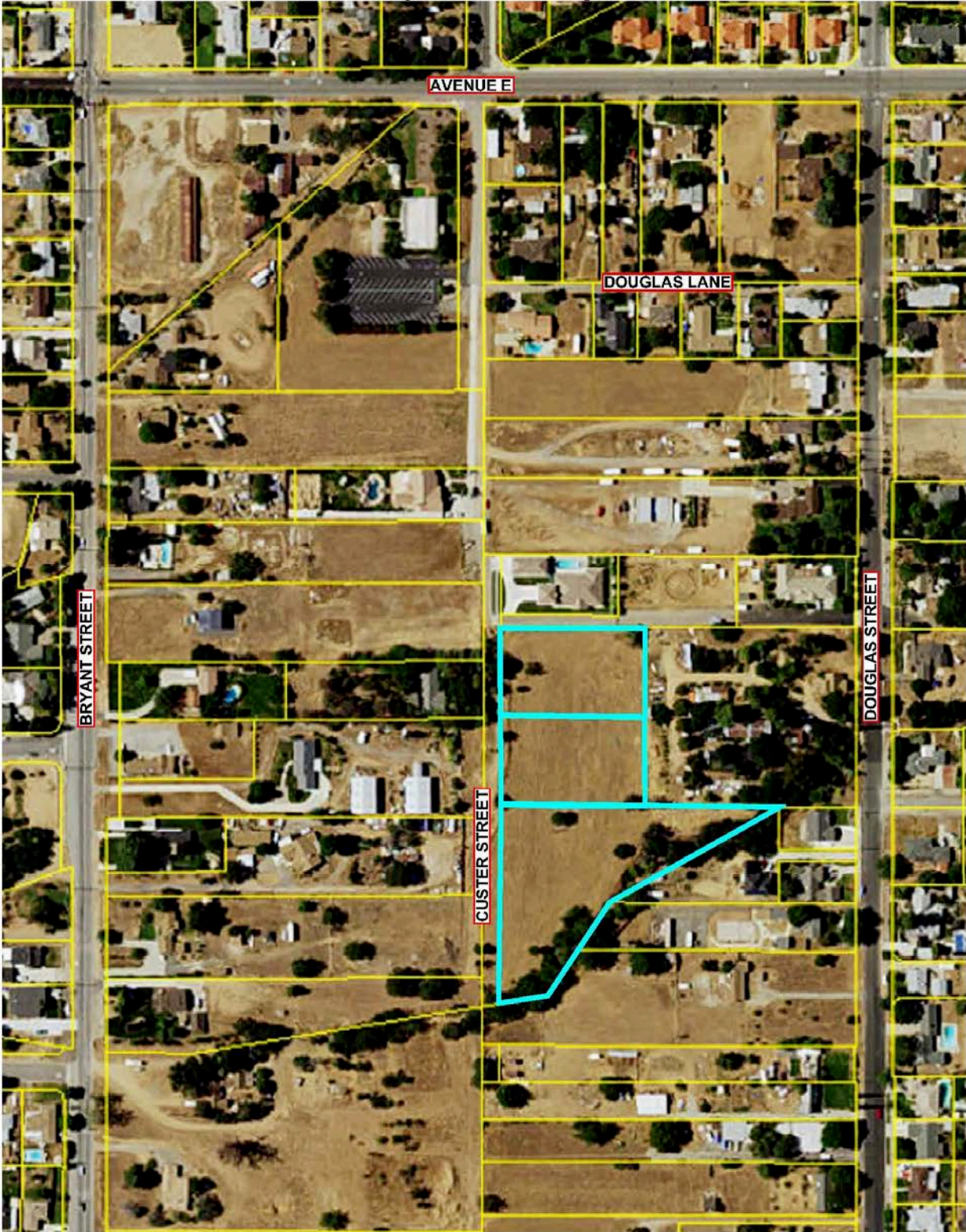
Dated: _____

By: _____

Print Name

Print Title

Attachment A
-Project Overview Map-





Date: December 6, 2016

Prepared By: Joseph Zoba, General Manager

Subject: Consideration of Amendment No. 1 to Development Agreement No. 2012-02 for the Installation of an Irrigation Service to Common Areas of Tract No. 13375

Recommendation: That the Board authorizes the Board President to Execute Amendment No. 1 to Development Agreement No. 2012-02.

On March 21, 2012, the District entered into a development agreement for nine residential lots as part of Tract No. 13375 located on Oakdel Court, north of Oak Glen Road, Yucaipa. This development currently has a portion of the landscaped common area that will require a new water service along Oak Glen Road.

The District staff has drafted the attached Amendment No. 1 to Development Agreement No. 2012-02 to assign a recycled water capacity fee of 0.25 for the limited landscaped area.



**AMENDMENT NO. 1 TO THE AGREEMENT TO PROVIDE
WATER, SEWER AND RECYCLED WATER FACILITIES AND SERVICE
TO THE DEVELOPMENT OF TRACT NO. 13375 AS
DEVELOPMENT AGREEMENT NO. 2012-02**

This AMENDMENT NO. 1 ("Amendment No. 1") to the AGREEMENT TO PROVIDE WATER, SEWER AND RECYCLED WATER FACILITIES AND SERVICE TO THE PRIVATE DEVELOPMENT OF TRACT NUMBER 13375 ("Agreement") is entered into as of December 6, 2016 ("Effective Date"), by and between the YUCAIPA VALLEY WATER DISTRICT, a public agency ("DISTRICT"), and RICHARD SIEGMUND ("DEVELOPER"). DISTRICT and DEVELOPER are sometimes referred to herein individually as a "Party" and jointly as the "Parties."

The Parties have previously entered into the Agreement having an effective date of March 21, 2012. The Parties desire to amend the Agreement by identifying a new water service for the irrigation of the common area along Oak Glen Road.

NOW, THEREFORE, the Parties enter into this Amendment No. 1 for the purpose of amending and revising the Agreement as specifically set forth herein, and except as specifically provided herein, the Agreement shall remain in full force and effect as originally stated.

1. The DEVELOPER shall install an irrigation meter for the common landscaped area along Oak Glen Road. The DISTRICT shall collect meter set fees, inspection fees, and 0.25 times the current Recycled Water Facility Capacity Charge for capacity associated with the new irrigation service. The proposed water irrigation service shall be assigned 0.25 EDU for recycled water service.
2. The term of the Agreement shall be extended to September 19, 2018, or as otherwise provided in Section 27 of the Agreement.

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

Yucaipa Valley Water District

Developer

By: _____

By: _____

Name: Lonni Granlund

Name: Richard Siegmund

Title: Board President

Title: Owner

Development Agreement No. 2012-02
Amendment No. 1



2012-02
Agreement: 02-2012
Project File: P-65-67

**AGREEMENT TO PROVIDE WATER AND SEWER SERVICE
TO THE PRIVATE DEVELOPMENT OF TRACT NO. 13375
FOR THE PURPOSE OF INDIVIDUAL LOT SALES**

This Agreement is made and effective on March 21, 2012, by and between the Yucaipa Valley Water District, a public agency ("District") and Richard Siegmund, ("Developer"). Each is sometimes referred to herein as a "Party" and jointly as the "Parties".

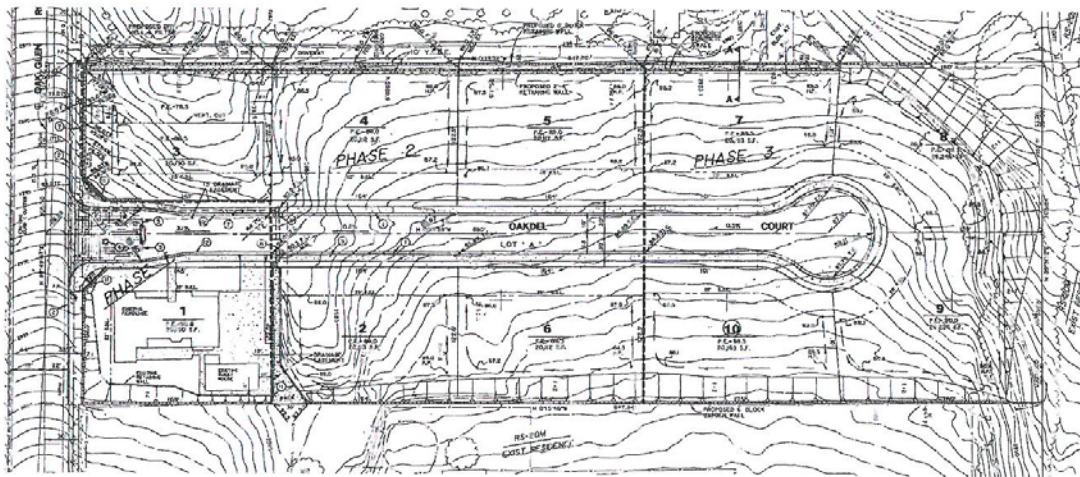
Contact information for the parties is as follows:

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:
Richard Siegmund
Post Office Box 968
Yucaipa, California 92399
Attn: Richard Siegmund
Telephone: (951) 538-1525

PROJECT DESCRIPTION

This project involves the development of nine residential lots; each lot is greater than 20,000 square feet in size as shown on the following map. Water and sewer infrastructure will be constructed by the Developer to provide service to each of the nine lots on Oakdel Court. The Parties agree that Tract No. 13375 will only be recorded following the issuance of a written release by the Yucaipa Valley Water District indicating the completion of all water and sewer facilities and payment of applicable fees as identified within this Agreement. Only after the Yucaipa Valley Water District approves and accepts all water and sewer infrastructure within the Project Tract No. 13375 and the Tract Map is recorded by the City of Yucaipa, will the Developer conduct a transaction with another party to sell part, portions or individual lots within this development.



Agreement: 02-2012
Project File: P-65-67

RECITALS

WHEREAS, Developer desires to develop its property situated within the service area of the District as described above, herein referred to as the "Project"; and

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

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

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

AGREEMENT

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

1. **General Description.** The Developer proposes to develop its Property as provided on the development construction drawings as approved by the District which includes Facilities (the "Facilities") necessary for the District to provide drinking water, sewer service and recycled water to the Project, which Facilities are described in Section 19 below. Once constructed by the Developer 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 Project in accordance with the District's rules and regulations and the provisions of this Agreement.

2. **Licensed Professionals.** All work, labor and services performed and provided in connection with the preparation of real property and right-of-way surveys and descriptions, the preparation of construction specifications, plans and drawings, and the construction of all facilities, shall be performed by, or under the direction of, professionals appropriately licensed by the State of California and in good standing.

3. **Plan Acceptance.** The District shall review and approve all construction drawings and specifications ("Plans") related to the construction of the facilities necessary to serve the Project. Upon its final review and approval of the plans, the District shall sign the construction drawings ("Plan Acceptance") indicating such approval. Plans are subject to an annual review by the District and modifications may be made by the District to conform to revised construction standards.

The Developer shall not permit, or suffer to permit, the construction of the Facilities without having first obtained Plan Acceptance. In the event the Developer fails or refuses to obtain the Plan Acceptance, the District may refuse, in its sole discretion and without liability to the Developer, to issue its Facility Acceptance when the Facilities are completed.

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

Agreement: 02-2012
Project File: P-65-67

4. Construction of Facilities. Prior to proceeding with the construction of the Facilities, 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.

All construction work shall be inspected by District personnel and/or by District's consultants at the sole cost of the Developer. The Developer acknowledges that the inspector(s) shall have the authority to require that any and all unacceptable materials, workmanship, construction and/or installation not in conformance with either (i) the Plans subject to a Plan Acceptance, 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.

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 to coordinate inspection services. The Developer shall be solely responsible for paying all costs and expenses associated with such inspection services.

5. Facility Acceptance. After the testing and disinfection required in Section 9 below, the District shall, upon request of Developer, cause the final inspection of a Facility which developer indicates is completed. If the District finds such Facilities to have been completed in conformance with the Plans for which a Plan Acceptance has been issued, then the District shall promptly issue to Developer a 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 Facilities constructed.

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 Facilities and the District's drinking water, recycled water, and sewer systems. All costs and expenses associated therewith shall be paid by the Developer.

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

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

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9. Testing and Disinfection. Prior to Facility Acceptance, the Developer, at its sole cost and expense, shall undertake and satisfactorily complete a testing program for all Facilities and shall disinfect all 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. Warranty Bond. A warranty bond issued by a corporate surety or sureties licensed and permitted to do business by and within the State of California in an amount not less than one hundred percent (100%) of the total cost of any and all construction performed hereunder, insuring against any and all defects in the Facilities constructed hereunder, for a period of not less than one full year after the date of Facility Acceptance.

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

c. Miscellaneous Bond Requirements. All bonds required by this Section 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.

11. Title to Facilities and Right-of-Way. 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 (including right-of-way) 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 Facilities. Upon conveyance of title, the District shall assume the responsibility of operating and maintaining the Facilities, subject to the Developer's warranty as provided herein. The Developer acknowledges and agrees that the District shall not be obligated to operate and maintain the Facilities and to provide service to and through them until all applicable conditions hereunder are satisfied and title to the Facilities has been conveyed and delivered to the District in recordable form.

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.

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

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 the Facilities. The Developer shall deposit with the District, to be held in a trust account administered by the District, the sum of 10% of the construction costs as a deposit 30 days prior to the start of any construction at the Project.

The Developer acknowledges and hereby agrees that the District is authorized, from time-to-time, to reimburse itself from the funds on deposit. The District shall provide a monthly accounting of how funds were disbursed. The Developer further agrees to periodically and promptly replenish, upon a billing issued therefore by the District, the trust fund in order to maintain a minimum amount as specified by the District. Should any unexpended funds remain in the trust account upon termination of this Agreement, then such funds shall be reimbursed to the Developer.

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 Project 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. 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 to the District, except for liability attributable to the District's active negligence.

Developer acknowledges that the District would not enter into this Agreement in the absence of this commitment from the Developer to indemnify and protect the District as set forth here. Therefore, the Developer shall defend, indemnify and hold harmless the District, its employees, agents and officials, from any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, actual attorneys' fees incurred by the District, court costs, interest, defense costs including expert witness fees and any other costs or expenses of any kind whatsoever without restriction or limitation incurred in relation to, as a consequence of or arising out of or in any way attributable actually, allegedly or impliedly, in whole or in part in the

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performance by Developer of this Agreement. All obligations under this provision are to be paid by the Developer as incurred by the District.

18. 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 coverage's will be provided by the Developer and maintained on behalf of the District and in accordance with the requirements set forth herein.

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

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

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

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

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

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

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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.

19 Special Conditions. 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. An existing potable water pipeline currently exist within the southerly boundary of Tract No. 13375 and shall be extended north within the development to serve the individual lots pursuant to Yucaipa Valley Water District rules and regulations as well as all current applicable standards for dual plumbed homes and fire sprinkler service.

b. Sewer Related Facilities. An existing sewer mainline currently exists within the southerly boundary of Tract No. 13375 and shall be extended north within the development to serve the individual lots pursuant to Yucaipa Valley Water District rules and regulations.

c. Recycled Water Related Facilities. The existing home on Lot 1 and entrance feature for the development was constructed prior to the installation of any recycled water infrastructure. Due to the current progress of the development, a recycled water pipeline will not be required to be installed to provide service to lots within Tract No. 13375. However, Lots 2, 4, 5, 6, 7, 8, 9, and 10 will be required to have a second water meter for irrigation purposes and dedicated for the use of recycled water in the future. The recycled water meter shall be identified as such in accordance with local and state laws and connected to the potable water mainline until a recycled water pipeline is constructed within the Project in the future.

d. Individual Lot Sale Requirements. This project involves the development of nine residential lots (lots 2, 3, 4, 5, 6, 7, 8, 9, and 10), each lot being greater than 20,000 square feet in size. Water and sewer infrastructure will be constructed by the Developer

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to provide service to each of the nine lots on Oakdel Court. The Parties agree that Tract No. 13375 will only be recorded by the City of Yucaipa following the issuance of a written release and approval by the Yucaipa Valley Water District indicating the completion of all water and sewer facilities and payment of applicable fees as identified within this Agreement. Only after the Yucaipa Valley Water District approves and accepts all water and sewer infrastructure within the Project Tract No. 13375 and the Tract Map is recorded by the City of Yucaipa, will the Developer conduct a transaction with a third party to sell part, portions or individual lots within this Project or obtain a building permit for the construction of a home on any lot identified in this Agreement.

e. Irrigation with Recycled Water. The Developer shall provide written notification to any buyer, with copies to the District, summarizing: (1) the securitization of water supplies in advance of construction pursuant to the District's latest sustainability requirements; (2) facility capacity charges required prior to building permits; and (3) the anticipated use of recycled water for irrigation purposes.

f. The Developer shall be responsible for the payment of all invoices related to the Project. Any outstanding invoice amount is required to be paid prior to starting service to any lot within the Project.

20. Term and Termination of Agreement. 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:

a. If the Project related trust account maintains a negative fund balance for more than 60 days, or if the Developer fails to make a trust account deposit sufficient to cure a negative account balance;

b. Within 6 months of the effective date of this Agreement, if the initial construction contemplated hereunder has not commenced within such time;

c. Immediately, upon abandonment or bankruptcy by the Developer of the Project and/or the work hereunder;

d. Within 15 days of the date of the issuance of a Notice of Default by the District to the Developer in the event the Developer fails or refuses to perform, keep or observe any of the terms, conditions or covenants set forth in this Agreement.

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.

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

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

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21. 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.

22. 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 Project, the Parties shall meet, confer and negotiate in good faith, and execute a written amendment or supplement to this Agreement.

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

23. 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.

24. 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.

25. 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.

26. 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.

27. District's Disclaimer. Utilizing fees and facilities provided to the District by the Developer, the District will supply potable water, recycled water, and wastewater collection and treatment services to the Developer's Property and development thereon. However, the District shall not be obligated to utilize public funds to subsidize the Developer's Project. The District shall not be obligated to provide water service to the Project prior to the purchase of sustainability sources in a manner consistent with the latest rules and regulations as set forth by the District.

28. 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.

29. Dispute Resolution. Unless the parties enter into a written stipulation to the contrary, 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.

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



Director Memorandum 16-115

Date: December 6, 2016

Prepared By: Matthew Porras, Management Analyst

Subject: Withdrawal and Cancellation of District Participation in the OmniEarth Calculation and Evaluation of Outdoor Irrigation Uses

Recommendation: That the Board directs the General Manager to cancel the participation in the OmniEarth program.

On October 18, 2016, the Board of Directors authorized the General Manager to execute grant contracts and related agreements with the Santa Ana Watershed Project Authority for the calculation and evaluation of outdoor irrigation usage by OmniEarth [Director Memorandum No. 16-100]. This data analysis program would use aerial images to differentiate between irrigated areas and non-irrigated areas for every parcel within the District's service area.

On November 16, 2016, the District staff attended an Esri Water and Wastewater User Group meeting and gathered information regarding the land cover analysis capabilities of our current geographical information system software. Working together with the Esri staff, the District staff is proposing to perform the land cover data analysis in our service area utilizing our current Esri software. By performing the analysis internally, the District staff will be better prepared to capture new data and changes to maintain an updated database for our service area.

Therefore, since the District has not yet executed the contract with OmniEarth, the District staff recommends performing the land cover analysis calculations in-house.



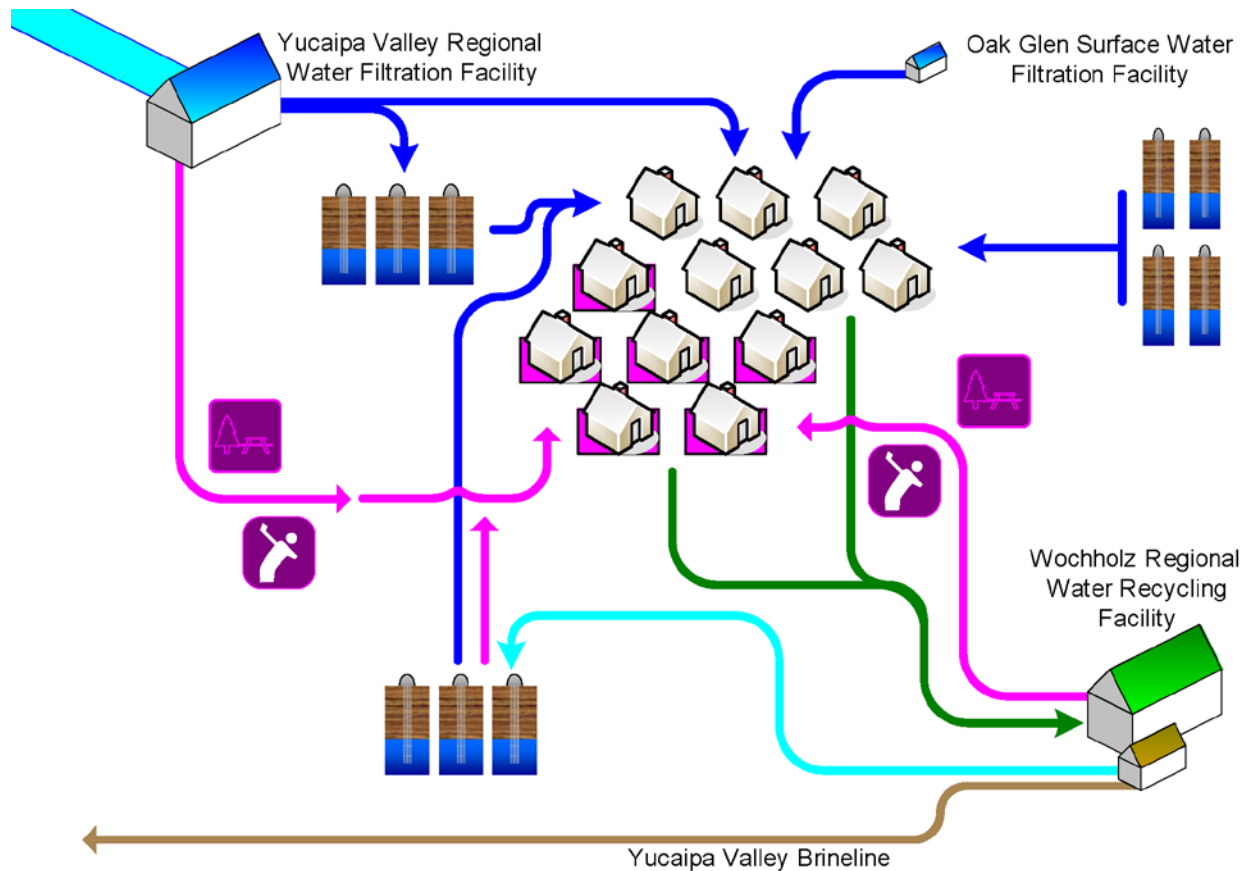
Date: December 6, 2016

Prepared By: Joseph Zoba, General Manager

Subject: Consideration of Resolution No. 2016-26 Supporting the Construction of Water Purification and Sustainable Water Supply Enhancements at the Yucaipa Valley Regional Water Filtration Facility and the Wochholz Regional Water Recycling Facility

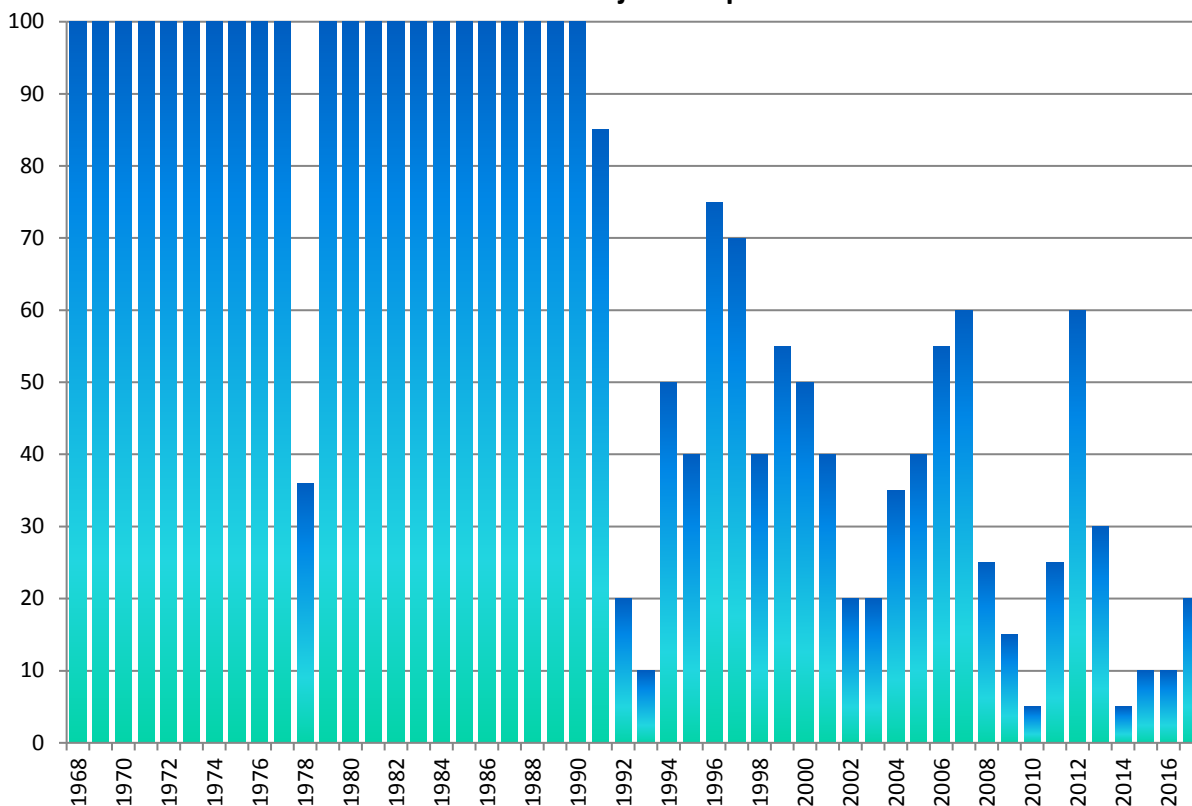
Recommendation: That the Board adopts Resolution No. 2016-26.

On August 20, 2008, the Board of Directors adopted Resolution No. 11-2008 establishing a strategic plan for the management, integration and preservation of water resources. This Plan embodied the concepts of water resource management and the full integration of services offered by the Yucaipa Valley Water District. One key component of the strategic plan is the reliance on highly purified drinking water and recycled water sources being put to beneficial use throughout the sphere of influence of the Yucaipa Valley Water District.



One of the main reasons associated with the District’s decision to rely heavily upon ultra-purified water supplies is due to the lack of certainty associated with the State Water Project. As shown below, the allocation of water from the State Water Project has decreased significantly over the past two decades.

Historical Initial Allocation from the Department of Water Resources for the State Water Project - Imported Water



While the Department of Water Resources and State Water Contractors typically state a 60% reliability factor for the State Water Project, the final allocation of imported water over the past decade has only been 45-50%. As this statewide system continues to become more unstable and more unreliable, the Yucaipa Valley Water District must pursue alternative sources of water to meet the needs of our community.

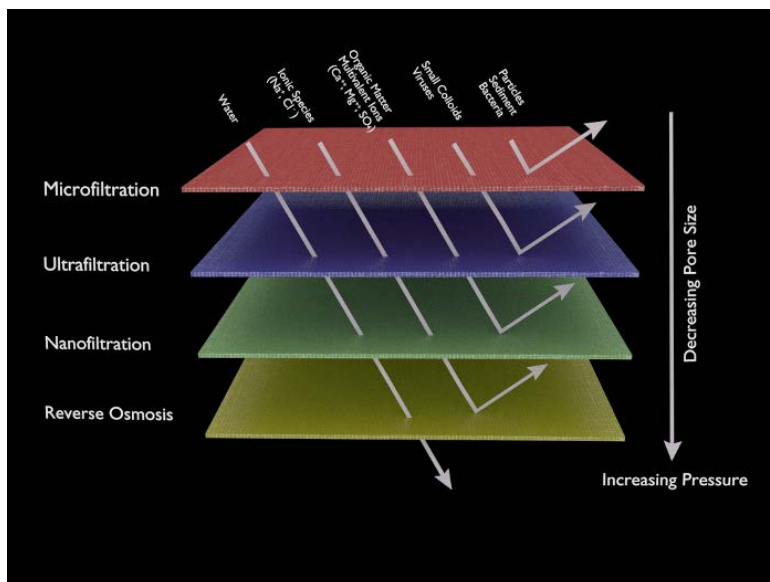
Maximization of the Use of Recycled Water

Sewer treatment plants are required to provide a level of treatment to protect beneficial uses downstream of discharge points. These requirements dictate that a sewer treatment plant located in Yucaipa, Calimesa or Beaumont discharge extremely high quality recycled water to protect downstream uses throughout the Santa Ana Watershed.

Over the past decade, the Regional Water Quality Control Board has implemented stringent regulatory requirements that have significantly increased the cost of treatment processes that are needed to reduce minerals (salinity) and nitrogen in the recycled water supplies. This level of treatment requires equipment and purification processes that are similar to those commonly found in drinking water filtration facilities. The net effect is the Yucaipa Valley Water District has to

discharge extremely high quality recycled water, comparable to drinking water, without any compensation from water retailers downstream who receive a direct benefit from the pure water resources produced from the sewer treatment plant.

Recognizing that recycled water is a highly pure and reliable source of water, the Board of Directors approved the construction of several projects designed to maximize the use of recycled water throughout the Yucaipa Valley Water District's sphere of influence. These facilities are now largely completed.



On November 29, 2016, the District staff provided an overview of proposed improvements to the Yucaipa Valley Regional Water Filtration Facility and the Wochholz Regional Water Recycling Facility to add nanofiltration and reverse osmosis membranes to both facilities thereby significantly enhancing drinking water quality as well as recycled water quality. These enhancements are critical to maintain high quality water resources in our service area for existing customers as well as for future generations.

Project Overview

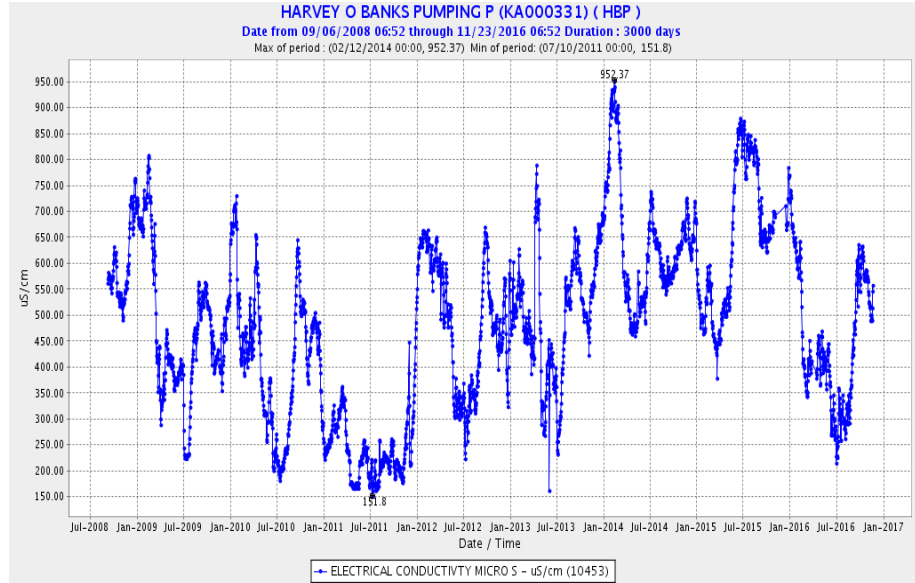
The Yucaipa Valley Water District operates the Yucaipa Valley Regional Water Filtration Facility (YVRWFF) for production of drinking water. The drinking water filtration facility is designed for an ultimate capacity of 36 million gallons per day (mgd) using the latest membrane barrier technology for the removal of macro, micro and molecular constituents that are commonly found in surface water streams and lakes.

Today the filtration system consists of 13.6 mgd of microfiltration (MF) and 6.0 mgd of nanofiltration (NF) processes. The 6.0 mgd NF system capacity allows the District to provide up to 8.0 mgd of drinking water at a blend ratio of 75:25 NF:MF, which is needed to minimize formation of regulated disinfection by products. To increase the production capacity of the facility, an additional 6.0 mgd of NF/RO equipment should be installed.

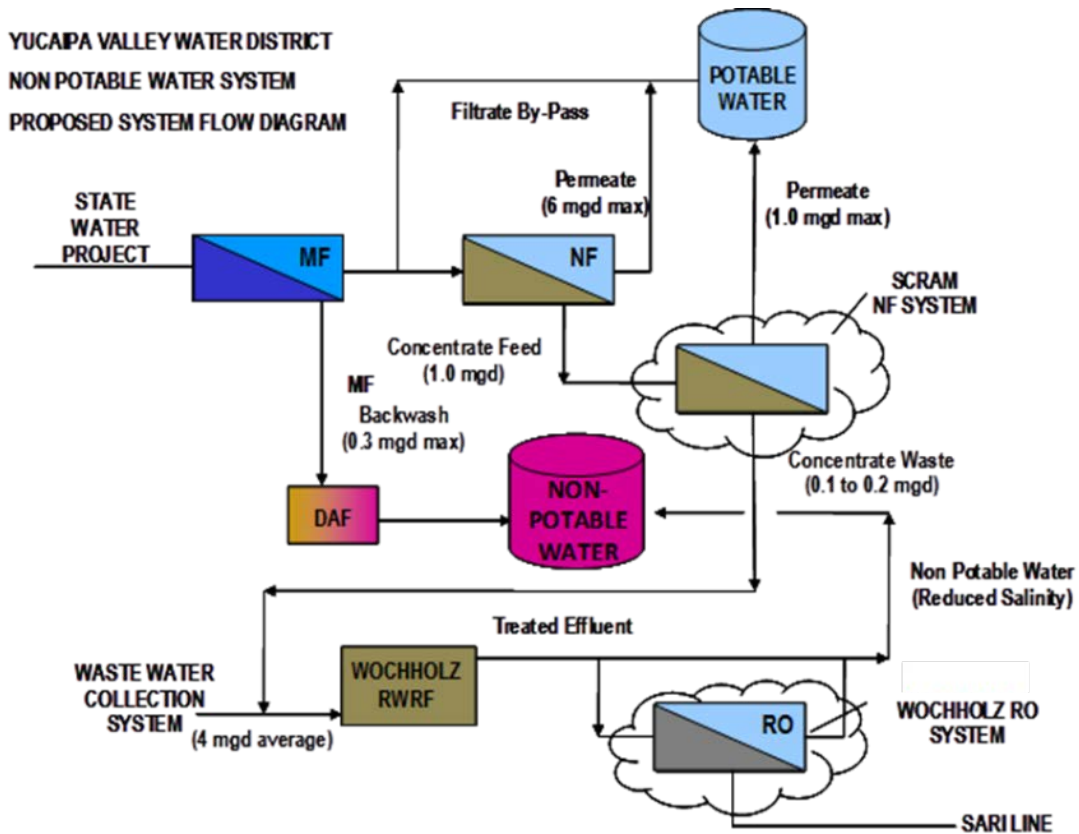
The District staff has analyzed the benefit of increasing the nanofiltration capacity by 6.0 mgd with a concentrate recycle process to increase the productivity and efficiency of the system while reducing the volume of the backwash water produced at the facility. This system enhancement will increase the overall drinking water capacity of the facility from 8 mgd to 12 mgd while eliminating about 1.0 mgd of flow to the recycled water system.

The benefit of this project would be to: (1) increase the efficiency of drinking water produced from the filtration facility from 85% to 95%; (2) decrease the amount of recycled water produced from the drinking water facility; (3) enhance the protection of the drinking water supply from increased

salinity excursions and an upward overall salinity trend from source water originating from the State Water Project (a salinity peak in early 2014 and mid-2015 is shown below); and (4) maintain compliance with the Regional Water Quality Control Board Basin Plan objectives for the Beaumont, San Timoteo and Yucaipa Management Zones.



At the Wochholz Regional Water Recycling Facility, the District operates a 2.5 mgd reverse osmosis system to purify the recycled water in order to maintain compliance with the water quality objectives set by the Santa Ana Regional Water Quality Control Board. The District staff is proposing to construct a 6.0 mgd water purification facility that will utilize reverse osmosis and a brine concentrator to maximize the purity of recycled water produced while minimizing the amount of brine discharged by the District to the Orange County Sanitation District.



With the approval of the Board of Directors, the attached resolution would direct the District staff to complete preliminary concept designs at the Yucaipa Valley Regional Water Filtration Facility and the Wochholz Regional Water Recycling Facility for both water purification enhancements.



Also included in this resolution is authorization to support state and federal legislation that provides financial support for the proposed project. This authorization allows the District staff to work directly with legislative staff members at the federal and state level to bring this project to fruition.

RESOLUTION NO 2016-26**A RESOLUTION OF THE YUCAIPA VALLEY WATER DISTRICT
SUPPORTING THE CONSTRUCTION OF WATER PURIFICATION AND
SUSTAINABLE WATER SUPPLY ENHANCEMENTS AT THE YUCAIPA VALLEY
REGIONAL WATER FILTRATION FACILITY AND THE WOCHHOLZ REGIONAL
WATER RECYCLING FACILITY AS THE INTEGRATED WATER PURIFICATION,
WATER CONSERVATION, AND DROUGHT RESPONSE PROJECT**

WHEREAS, on January 17, 2014, California Governor Edmund G. Brown Jr issued Proclamation No. 1 -17-2014 declaring a State of Emergency to exist in California due to severe drought conditions and calling on all Californian's to reduce their water usage by 20 percent; and

WHEREAS, on April 25, 2014, Governor Edmund G. Brown Jr. issued an Executive Order calling on all Californian's to redouble their efforts to conserve water. The Executive Order finds that the continuous severe drought conditions present urgent challenges across the State including water shortages in communities and for agricultural production, increased wildfires, degraded habitat for fish and wildlife, threat of saltwater contamination, and additional water scarcity if drought conditions continue into 2015; and

WHEREAS, the National Integrated Drought Information System reported that nearly 80% of the State was reported to be under "extreme" drought conditions at the end of June 2014; and

WHEREAS, on April 25, 2014, the Governor suspended the California Environmental Quality Act's application to the State Water Board's adoption of emergency regulations pursuant to Water Code Section 1058.5 to prevent the waste, unreasonable use, unreasonable method of use, or unreasonable diversion of water, and to promote the use of recycled water and water conservation; and

WHEREAS, Water Code section 1058.5 grants the State Water Board the authority to adopt emergency regulations in drought years in order to: "prevent the waste, unreasonable use, unreasonable method of use, or unreasonable diversion of water, to promote water recycling or water conservation, to require curtailment of diversions when water is not available under the diverter's priority of right, or in furtherance of any of the foregoing, to require reporting of diversion or use or the preparation of monitoring reports" ; and

WHEREAS, over the past several years, the Yucaipa Valley Water District has taken bold steps to reduce drinking water use by implementing an extensive recycled water system that currently reduces the demand on drinking water supplies; and

WHEREAS, the Yucaipa Valley Water District supports the purification of drinking water supplies and recycled water supplies to further reduce dependency on imported water supplies and groundwater resources throughout the region.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors, that the Yucaipa Valley Water District is committed to support the construction of Water Purification and Sustainable Water Supply Enhancements at the Yucaipa Valley Regional Water Filtration Facility and the Wochholz Regional Water Recycling Facility as part of the Integrated Water Purification, Water Conservation and Drought Response Project

Furthermore, the Board of Directors directs District staff to coordinate the appropriate phasing, design, environmental review, financial planning, and construction of the proposed water purification facilities to achieve water quality objectives and enhance the long-term drought preparedness for the Yucaipa Valley Water District.

Furthermore, the Board of Directors directs the General Manager to pursue and take the necessary steps to obtain and support state and federal legislation for financial assistance for the development of this water purification infrastructure.

PASSED, APPROVED and ADOPTED this 6th day of December 2016.

YUCAIPA VALLEY WATER DISTRICT

Lonni Granlund, President Board of Directors

ATTEST:

Joseph B. Zoba, General Manager



Date: December 6, 2016

Prepared By: Joseph Zoba, General Manager

Subject: Discussion Regarding the Appointment of Representatives to the San Bernardino Valley Municipal Water District's Advisory Commission on Water Policy

Recommendation: That by minute order, the Board selects and appoints a primary representative and an alternate representative to the San Bernardino Valley Municipal Water District's Advisory Commission on Water Policy.

On September 27, 2016, the District staff informed the Board of Directors that the Yucaipa Valley Water District has only one representative assigned to the San Bernardino Valley Municipal Water District's Advisory Commission. Director Jay Bogh is currently the primary representative for the Yucaipa Valley Water District. We do not have a board member assigned as an alternate member.

The meeting packet for the most recent Advisory Commission on Water Policy meeting is attached for your review. The next meeting is scheduled for December 8, 2016.



SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
380 E. Vanderbilt Way, San Bernardino, CA 92408

MEETING OF THE ADVISORY COMMISSION ON WATER POLICY

NOTICE AND AGENDA

6:30 p.m. Thursday, September 22, 2016

CALL TO ORDER/FLAG SALUTE

1. PUBLIC COMMENT

Any person may address the Commission on matters within its jurisdiction.

2. APPROVAL OF MINUTES

- A. March 16, 2016 and June 16, 2016, Advisory Commission Meeting Minutes (Page 3)

3. PRESENTATIONS

- A. Election of Vice-Chair for Commission
- B. Draft Revised Ordinance Establishing the Advisory Commission (Page 12)
- C. Progress Report on Sustainability Council Framework Agreement
- D. Update on the Wash Plan
- E. Sites Reservoir (Page 16)
- F. Santa Ana River Watermaster (Page 19)
- G. 2016 Regional Water Management Plan Statement (Page 21)

4. ANNOUNCEMENTS BY COMMISSIONERS

5. FUTURE BUSINESS

- A. Suggestions by Commissioners on Items for Policy Review
- B. California WaterFix Update
- C. Local Agency Update on Activities
- D. Basin Technical Advisory Committee 2017 Regional Water Management Plan

Meeting of the Advisory Commission on Water Policy
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- E. Conjunctive Use Programs – Santa Ana River Conservation and Conjunctive Use Program

6. **NEXT MEETING DATE**

- A. Confirm next regular meeting date of December 8, 2016

7. **ADJOURNMENT**

Mission Statement

“It shall be the function of the Commission to study and make recommendations to the Board on matters of water policy for the District. The Commission shall study such matters of water policy as are submitted to it by the Board for Consideration and may study such other matters of water policy as the Commission deems appropriate.” SBVMWD Ordinance No. 61, July 6, 1987.

**MINUTES
OF
REGULAR MEETING OF THE ADVISORY COMMISSION ON WATER POLICY
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

March 16, 2016

Chairperson Corneille called the regular meeting of the Commissioners of the San Bernardino Valley Municipal Water District Advisory Commission on Water Policy to order at 6:30 p.m.

Commissioners and Alternates Present:

Robert Stewart, Bear Valley Mutual Water Company
Darcy McNaboe, City of Grand Terrace
Jody Scott, City of Highland
John James, City of Redlands
Ron Cole, City of Riverside
Wayne Hendrix, City of San Bernardino Board of Water Commissioners
Bobby Duncan, City of Yucaipa
Ronald Coats, East Valley Water District
Denis Kidd, Riverside-Highland Water Company
Richard Corneille, San Bernardino Valley Water Conservation District

San Bernardino Valley Directors and Staff Present:

Mark Bulot, S.B. Valley Municipal Water District
Steve Copelan, S.B. Valley Municipal Water District
Gil Navarro, S.B. Valley Municipal Water District
Ed Killgore, S.B. Valley Municipal Water District
Bob Tincher, S. B. Valley Municipal Water District
Lillian Hernandez, S. B. Valley Municipal Water District

Agencies and Consultants Present:

Daniel Cozad, San Bernardino Valley Water Conservation District

Chairperson Corneille led the pledge of allegiance. Chairperson Corneille announced that there was a quorum so official business could take place. The meeting proceeded with the following agenda items.

Agenda Item 1. Public Comment. Members of the public may address the Commission on matters within its jurisdiction.

Chairperson Corneille invited any person who so desired to address the Commission. Hearing none, the meeting proceeded with the published agenda items.

Agenda Item 2. Approval of Minutes of the December 10, 2015, meeting.

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It was moved by Jody Scott to approve the minutes of the December 10, 2015, meeting. It was seconded by Ron Coats. The motion was unanimously adopted.

Agenda Item 3. Presentations.

- A. Groundwater Sustainability Council Formation Update.** Daniel Cozad gave an update on the Groundwater Sustainable Council Formation. He stated that this work came out of the passage of the Sustainable Groundwater Management Act of 2014 (SGMA). He indicated that the basin is in an adjudicated area and that adjudications are set aside in the SGMA. In the rest of the State or in un-adjudicated basins, they are required to prepare a plan for the basin as to how they are going to manage the basin and how they are going to implement that plan to make sure that the basin is sustainable. That work has already been done here through the adjudication, and the main Bunker Hill Basin is actively managed. Agencies work together as part of the Basin Technical Advisory Committee (BTAC) so there are parts of the SGMA that are not needed locally. The Local Agency Formation Commission (LAFCO) also raised this question in their Municipal Service Review (MSR) of conservation that the San Bernardino Valley Water Conservation District (SBVWCD) and many other agencies do. So out of the combination of SGMA as well as the LAFCO questions that were raised, local agencies began thinking about the best way to organize the basin because there has been much success with the BTAC. What was not included in the Watermaster judgment was a way to insure that everybody worked together to make sure the basin is recharged in wet years, when both local and State water is available.. A few agencies have done that on their own. However recently everybody has expressed the interest in wanting to insure the basin is managed sustainably. Therefore, it seemed like this was the time to utilize some of the concepts that were coming out of the SGMA along with answering some of LAFCO's questions to come up with what would be a long-term answer as to how we can work cooperatively together to manage and recharge the basin. So the group came up with the Groundwater Sustainability Council (GWSC) concept. The concept behind it is that everybody would pay their fair share based on their use of the basin. Some agencies already have a recharge cost in their rates. The City of San Bernardino contributes, some agencies never had a charge, and some agencies have had a charge for some period of time. This creates the opportunity for free riders and over the long-term that can lead to conflicts. All the producers in the basin will have a voice on how this is worked out and how everyone pays for this together.

The GWSC is not called an agency because the group did not want to create additional government. Mr. Cozad showed a diagram on how it would work with the Watermaster, BTAC, and Advisory Commission on Water Policy, and work through its governing Boards. The idea is that it would coordinate and come up with a plan which would then be presented to the governing Boards. It would not replace the governing Boards' decision power. It would operate through the agency executives like other contracts and organizations. It would be focused on the producers and it would integrate with the other areas. It would be Memorandum of Understanding (MOU) based. Everyone that produces from the basin would be represented in some way. There is an MOU that many of the group has approved for the development this year a framework agreement. The Department of Water Resources (DWR) basin boundary

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adjustments have been submitted. The SBVWCD's Board authorized staff to hire a facilitator to help make sure everybody's questions get answered and worked out. It is estimated that the first facilitated meetings will be in April 2016. The group has requested that Assembly Member Rodriguez carry Assembly Bill 938 which is an opt-in bill. Because this area was adjudicated it was opted out of the SGMA. The SGMA has a number of powers and some of them the group would like to opt into. One of those would be the ability, if some agency decided in the end not to participate and contribute appropriately, to making sure the basin is sustainably managed and there is an ability within SGMA to impose that upon them. The concept is the basin is a shared resource and responsibility needs to be shared by all producers. That bill has been introduced. Its first hearings will be in April 2016. It works through the judgment and does not go around it. The Watermaster would make some findings and approach the judge to allow the group to opt-in. One critical element it does not opt into is the State backstop. In every other un-adjudicated area if you don't form a Sustainable Groundwater Agency, then the county is asked to do it. If the county chooses not to do it, the state becomes the Sustainable Groundwater Agency. The requested action was to have the governing boards approve the MOU if not completed and to support Assembly Bill 938.

- B. Update on the Conjunctive Use Program.** Bob Tincher stated that there are two programs. There is the Santa Ana River Conservation and Conjunctive Use Project (SARCCUP) and the Bunker Hill Conjunctive Use Project (BHCUP). It is essentially a water bank to store water in wet years so it is available to pump out in dry years. He indicated that from the 1960's the basin is at a new historic low in terms of storage levels. Without the State Water Project (SWP), the historic low would have been exceeded around 2002, 14 years ago. Locally, we have been in a drought since 1998, according to the three-station precipitation index. The precipitation index uses gages in Lytle Creek, Santa Ana, and Mill Creek because these three sub-watersheds collectively provide about 50 percent of the natural recharge for the San Bernardino Basin Area (SBBA). The SWP yield has declined about 20% due to environmental restrictions. The California WaterFix would help avoid the environmental restrictions and restore the lost 20%. In the Integrated Regional Water Management Plan and the Urban Water Management Plan there are several main goals that include water supply reliability, balance flood control and recharge, water quality, and habitat. The Conjunctive Use Project fits under the water supply reliability goal by implementing the strategy to store water for later use during droughts.

The SARCCUP is a watershed-scale program and BHCUP is a local program. The programs will share facilities, wherever possible, to save costs. The agencies that benefit from the BHCUP are those outside the Bunker Hill Basin because the other local agencies already have wells in the basin so they don't need to build new wells to pump. Primarily the beneficiaries of the BHCUP are Yucaipa Valley Water District (YVWD), San Geronio Pass Water Agency (SGPWA), South Mesa Water Company, and Western Municipal Water District (WMWD). The watershed scale SARCCUP involves all of the Santa Ana Watershed Project Authority (SAWPA) agencies. The groundwater bank in the SBBA is one of four different groundwater bank locations. There is also one in Chino Basin, Elsinore, and San Jacinto. The total amount of storage for SARCCUP is 180,000 acre-feet with 36,000 acre-feet being in the SBBA. The total SARCCUP dry year yield is 60,000 acre-feet per year with 12,000 acre-feet

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of that being allocated to SBVMWD's service area. The total storage amount for BHCUP is 52,500 acre-feet and the dry year yield is approximately 17,500 acre-feet. When those projects are combined, it provides almost 30,000 acre-feet per year for a series of three years. SBVMWD has already constructed and is allowing use of the Central Feeder transmission system. BHCUP will construct four wells and will utilize an existing pipeline owned by the City of Redlands. SARCCUP will add five wells and expand the Redlands Pump Station. SARCCUP will also build a new pipeline to deliver the water to the Redlands Pump Station. East Valley Water District (EVWD) will be making use of these facilities. The total cost of the BHCUP is approximately \$14 million. The total cost to Valley District for the SARCCUP groundwater bank is about \$7.5 million due to a Proposition 84 grant. Based on modeling, the cumulative yield of the programs is estimated to be 360,000 acre-feet from 1948 – 1983. Dividing the total cost by the estimated yield, the water cost is approximately \$60 acre-foot, not including any extra costs for water purchases, energy or the time value of money. Construction is expected to begin on both projects in 2017.

- C. Regional Recycled Water Concept Study Update.** Bob Tincher stated that the Regional Recycled Water Concept Study covers SBVMWD's service area. It also includes a project for Riverside Public Utilities. The project would accomplish goals set out in the Integrated Regional Water Management Plan. It would also help to increase recharge, and improve habitat since recycled water will be used in the stream for the Santa Ana sucker. The reason SBVMWD is interested in this is because recycled water is supplemental water. Recycled water has not been coordinated regionally. The reason is because it is the most expensive supply. Since this will be a regional project, it may make the project eligible for additional grant funding that will make the projects more affordable. The goal of the study was to develop alternatives, evaluate the alternatives, come up with ideas of how SBVMWD could participate in recycled water development, and then put that information into a final report which is currently being written. The goal is to provide about 11,000 to 13,000 acre-feet per year in recycled water. The total projects that have been identified are about 61,000 acre-feet total. There are more projects than are needed currently. The results of the study shows three projects that could reach the goal of 11,000 to 13,000 acre-feet of water. The first project is the Sterling Natural Resource Center (SNRC), the Clean Water Factory (CWF), and a wastewater plant near Glen Helen Regional Park. The study includes ideas on how SBVMWD could be involved. Their Board would evaluate the projects. Some of the options explored include SBVMWD could purchase all the water that comes out of the plants, having a local resource program with financial incentives, jointly build the project, or use SWP water for an exchange. The next steps is for the agencies to continue developing their projects, they need to find funding for their projects, and then SBVMWD participation. The final report is due in May 2016.
- D. Regulations for Water Conservation.** Bob Tincher stated that in 2014 Governor Brown declared a State of Emergency and in 2015 he required the entire state to cut their water usage by 25 percent. That requirement was due in February 2016. More recently, he extended the regulations until October 2016. The SWRCB may decide to do something differently due to a lot of rain in Northern California. They will revisit regulations in April or May 2016. Mr. Tincher showed a chart of the tiers different agencies were in. The state reviewed the standards after agencies petitioned them. Agencies in cooler climates were not having any problems reducing their usage by 25

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percent however agencies in hotter areas were having difficulties achieving the 25 percent reduction. There was a recent climate adjustment made to most of the agencies in SBVMWD's service area. It is a 2 percent adjustment. There were other adjustments available also such as if agencies could show growth after 2013, or they could receive credit for any resilient water supply that came after 2013. The adjustments were capped at 8 percent. Comments were submitted. He informed the group that the conservation results could be found on the iEfficient website. The state as a whole was able to accomplish the 25 percent reduction mandate and the conservation did work because reservoirs are at a higher level than they were last year

- E. 2016 Regional Water Management Plan Statement.** Bob Tincher reviewed the 2016 Regional Water Management Plan February statement. Data was unavailable for one well as repairs are underway. Artificial Recharge was shown at 1,113 acre-feet since the beginning of the calendar year. The SWP balance was shown at 36,485 acre-feet.

Agenda Item 4. Announcements by Commissioners. None.

Agenda Item 5. Future Business

A. Identify Items for Future Agendas

The next meeting date for the Advisory Commission on Water Policy was set for June 16, 2016, at 6:30 p.m. Potential topics may include the 2015 Regional Urban Water Management Plan.

Agenda Item 6. Adjournment

There being no further business, Chairperson Corneille adjourned the meeting at 7:46 p.m.

Respectfully submitted,

Lillian Hernandez
Board Secretary

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**MINUTES
OF
REGULAR MEETING OF THE ADVISORY COMMISSION ON WATER POLICY
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

June 16, 2016

Chairperson Corneille called the regular meeting of the Commissioners of the San Bernardino Valley Municipal Water District Advisory Commission on Water Policy to order at 6:30 p.m.

Commissioners and Alternates Present:

Jody Scott, City of Highland
John James, City of Redlands
Justin Scott-Coe, City of Riverside
Bobby Duncan, City of Yucaipa
Ronald Coats, East Valley Water District
Nanette Shelton, East Valley Water District
Richard Corneille, San Bernardino Valley Water Conservation District
David Raley, San Bernardino Valley Water Conservation District

San Bernardino Valley Directors and Staff Present:

Steve Copelan, S.B. Valley Municipal Water District
Gil Navarro, S.B. Valley Municipal Water District
Ed Killgore, S.B. Valley Municipal Water District
Bob Tincher, S. B. Valley Municipal Water District
Lillian Hernandez, S. B. Valley Municipal Water District

Agencies and Consultants Present:

Tom Shaloub, Yucaipa Valley Water District
Anahi Alcaraz, Student
Bill Kelly, Kelly Associates Management Group

Chairperson Corneille led the pledge of allegiance. Chairperson Corneille announced that there was not a quorum so no official business could take place. The meeting proceeded with the following agenda items.

Agenda Item 1. Public Comment. Members of the public may address the Commission on matters within its jurisdiction.

Chairperson Corneille invited any person who so desired to address the Commission. Hearing none, the meeting proceeded with the published agenda items.

Agenda Item 2. Approval of Minutes of the March 16, 2016, meeting.

There was no quorum so approval of the minutes could not be taken up for consideration.

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Agenda Item 3. Presentations.

- A. Election of Vice-Chair for Commission.** There was no quorum so this item could not be taken up for consideration.
- B. Progress Report on Sustainability Council Framework Agreement.** Bill Kelly gave an update on the activity of the local agencies forming a Sustainability Council and developing a Framework Agreement. There have been two meetings to get the group made up of senior agency staff formed. The first meeting was not so successful because there were some people for the first time in the group that did not understand why they were there. The goal was to explain to them at the first meeting why it is so important. The second meeting which occurred on June 13th was very successful. There were more people in attendance and they moved toward the third meeting, which is every second Monday of the month. The next meeting is to move into the framework plan. The group is asking each of the agencies to approve a Memorandum of Understanding (MOU). The premise of the MOU is simply to say that the staff members from agencies will come together once a month as a group and attempt to work through the process. There was a lot of confusion that the MOU is somehow committing participants to something and the something isn't yet done. The something will be the Framework Agreement to be developed over the next year. Mr. Kelly passed out a document titled Groundwater Sustainability Council (GSC) Development. The background is complicated, as it is implementing the new state law called the Sustainable Groundwater Management Act. The handout talks about why the GSC is being developed. It is an effort to pull together multiple agencies to agree to recharge more imported water into the groundwater basin, when it is available for sale in wet years, and allocating the costs for this supplemental supply. The goal is to work out the methodology for capturing the imported water and developing a formula for paying for it. The agreement will be brought back to the participating agencies' elected bodies for approval. .

Bill Kelly will come to the September meeting and give an update on what occurred during the summer. Hopefully, they the Commission will have some things in place and be able to discuss where they are going.

- C. State Water Project Supply and Current Orders.** Bob Tincher stated that there is a need to bring in imported water in wet years to fill the basin but the question is who pays for it. There was mention of a proportionate share cost, but the Sustainability Council is developing the methodology. The State Water Project (SWP) Table A allocation is 60 percent this year which equals 70,000 acre-feet of water. The District has requested the retail agencies to buy the water in order to recharge the groundwater basins. Bob said he was happy to report that there will be no shortfall as the retail water agencies will purchase almost all of the available water. There will be a slightly higher carryover amount of 13,000 acre-feet of water this year instead of usual 10,000 acre-feet. The SWP makes up one-quarter of the water portfolio in the Valley District service area. Without importing water from the SWP, the basin would have been at the current, historic low, levels in 2002. The change in storage is estimated to be zero for this calendar year. Mr. Tincher reported that the City of Loma Linda has agreed to purchase water for the first time.

- D. New Regulation for Continued Water Conservation.** Bob Tincher reported that there is an amendment to the previous regulations. The state extended the term of the emergency regulation to January 2017 which includes the prohibited actions as contained in the 2015 regulation. There has been a change in mandatory action however. Agencies can now self-certify how much water they need to conserve based on their actual demands and actual supplies. The retail agencies are now working through the process of comparing supplies and their demands. SBVMWD has been trying to provide tools that may be useful to the retail agencies as they work through this process. Mr. Tincher showed a change in storage chart showing projections with conservation versus non-conservation levels. The water agencies will continue conservation at the 15 percent level voluntarily.
- E. 2015 San Bernardino Valley Regional Urban Water Management Plan.** Bob Tincher gave an update on the Regional Urban Water Management Plan (RUWMP). This year's document is an update of the 2010 Regional Urban Water Management Plan. The first of its kind in the San Bernardino Valley Municipal Water District (SBVMWD) service area. The City of Rialto and the Riverside-Highland Water Company were added to the plan for a total of 10 agencies. Most of the agencies have adopted the plan which is due on July 1, 2016. The remaining adoptions will be completed before the due date. There are a number of advantages in participating in a regional document one of which is that it is more cost effective, there is improved coordination, and it works within the spirit of cooperation. The Urban Water Management Planning Act was enacted in 1983. The overall purpose of the RUWMP is to ensure adequate water supplies are available to meet existing and future water demands. The general requirements for a RUWMP is for an agency to have 3,000 connections or serve 3,000 acre-feet of water per year. There is also a requirement to see if an agency can make it through drought conditions. The plan also must comply with SBX7-7 which is to reduce water use by 20 percent by the year 2020. The plan must include a shortage contingency plan per the Executive Order issued by Governor Brown. The chapters of the plan include the regional agency information then each of its retail agencies have a chapter. The plan compares supplies and demands with the goal of having supplies exceed demands. The current plan requires an estimate of supplies to 2040. Mr. Tincher reviewed the summarized analysis. The supplies increased in this plan due to recharge and new projects. The plan is in the public review phase and finalization stage. The Commissioners present at the meeting supported the plan.
- F. 2016 Regional Water Management Plan Statement.** Bob Tincher reviewed the 2016 Regional Water Management Plan May statement. Artificial Recharge was shown at 7,716 acre-feet since the beginning of the calendar year. The SWP balance was shown at 58,722 acre-feet.

Agenda Item 4. Announcements by Commissioners. Chairman Corneille suggested updating the resolutions and ordinance that govern the Advisory Commission on Water Policy to reflect how the Commission currently functions. He asked for agencies to volunteer to present their activities at future Commission meetings. Jody Scott requested an update on Plan B at the September 2016 meeting of the Commission.

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Agenda Item 5. Future Business**A. Identify Items for Future Agendas**

The next meeting date for the Advisory Commission on Water Policy was set for September 15, 2016, at 6:30 p.m. (Note that after the meeting the date was changes to accommodate West Valley Water District). Potential topics may include the progress on the Sustainability Council Framework Agreement and Recommendation, Sites Reservoir, Santa Ana River Watermaster Current Status, Conjunctive Use Programs, and the 2016 Regional Water Management Plan Statement.

Agenda Item 6. Adjournment

There being no further business, Chairperson Corneille adjourned the meeting at 7:33 p.m.

Respectfully submitted,

Lillian Hernandez
Board Secretary

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SEPTEMBER 13, 2016 DRAFT

ORDINANCE NUMBER _____

ORDINANCE OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT REGARDING THE ADVISORY COMMISSION ON WATER POLICY

WHEREAS, the Board of Directors (Board) of the San Bernardino Valley Municipal Water District (District) established the Advisory Commission (Commission) on Water Policy by Ordinance No. 61 on July 6, 1987 to provide maximum opportunities for consultation with elected officials of water producing agencies and other members of the community.

WHEREAS, Ordinance 61 has been amended by Ordinances 62, 63, 66, and 69 to add Commission members; by Ordinance 67 to delete an original member; by Ordinance 72 providing for a quorum of 9 members to conduct business at a meeting; and by Resolution 724 regarding the Board following the recommendations of the Commission.

WHEREAS, the Commission has provided the valuable function of making recommendations and advising the Board on matters of water policy to the Board.

WHEREAS, the Commission has assisted the Board in providing opportunities for a wide range of communications and input, so the Board can provide better service to the public.

WHEREAS, it is the District's desire to reflect the current practices of the Commission in a new ordinance, which supersedes all previous Ordinances regarding the Commission.

NOW THEREFORE BE IT ORDAINED by the Board of Directors of the San Bernardino Valley Municipal Water District as follows:

SECTION 1: ESTABLISHMENT AND FUNCTIONS OF COMMISSION

The Commission is known as the "Advisory Commission on Water Policy to the Board of Directors of the San Bernardino Valley Municipal Water District". It shall be the function of the Commission to study and make recommendations to the Board on local, regional, and State-wide water policy matters affecting the District. The Commission shall study matters submitted to it by the Board and the District's Staff. It may also study water policy matters it deems appropriate.

It is the policy of the Board to follow the recommendations of the Commission unless they will adversely impact the greater community. In the case of disagreement, the Board will meet in good faith with the Commission and attempt to resolve the areas of disagreement and attempt to develop an agreed position.

SECTION 2: MEMBERSHIP

Membership of the Commission shall be constituted as follows:

- a. One member and one alternate from each of the following entities or groups of entities shall be appointed to the Commission:
 - 1.0 City of Colton
 - 2.0 City of Grand Terrace
 - 3.0 City of Highland
 - 4.0 City of Loma Linda
 - 5.0 City of Redlands
 - 6.0 City of Rialto
 - 7.0 City of Riverside or the City's Board of Public Utilities
 - 8.0 City of San Bernardino or the City's Board of Water Commissioners
 - 9.0 City of Yucaipa
 - 10.0 East Valley Water District
 - 11.0 San Bernardino Valley Water Conservation District
 - 12.0 West Valley Water District
 - 13.0 Yucaipa Valley Water District
 - 14.0 Bear Valley Mutual Water Company
 - 15.0 Crafton Water Company
 - 16.0 Fontana Union Water Company
 - 17.0 Riverside-Highland Water Company
 - 18.0 Western Heights Water Company
 - 19.0 Aqua Mansa Water Company and Meeks & Daley Water Company
 - 20.0 San Bernardino County Board of Supervisors

New entities may apply for membership to the Commission by making a request to the Board. The Board will consider the entity's request and make a determination if the entity will be allowed membership.

- b. All members and alternates chosen from the public agencies shall be members of the City Council, County Board of Supervisors, Board of Directors, or other governing body of such agency. Members and alternates representing privately owned organizations shall be members of the governing body of the organization.
- c. Members and alternates of the Commission shall be designated from time to time by the entity from which they are chosen. The District shall be informed in writing of the names of the member and alternate or any changes in the entity's representatives on the Commission. Each Commission member or alternate shall only represent one entity. The terms of Commission members or alternatives shall be until the entity informs the District in writing of any change.

SECTION 3: MEETINGS

- a. Regular meetings of the Commission shall be held quarterly, unless dispensed with by the Commission. Special Meetings may be called for by the Chairman of the Commission, or a majority of the Commission, or by the Board. Notice of meetings shall be furnished in writing or email to each commissioner at least 72 hours prior to the time of the appointed meetings.
- b. The Commission shall elect a Chairperson and Vice Chairperson. The Chairperson and Vice Chairperson will serve at the pleasure of the Commission membership.
- c. A quorum for conducting business of the Commission shall be if nine members are represented. All actions by the Commission shall be passed upon the affirmative vote of the majority of the members present at a meeting attended by a quorum. Each member of the Commission shall have one vote, and in the event of the absence of a member such member's duly appointed alternate may act in the member's place.
- d. Agenda's for each meeting shall be prepared by District Staff with review and input from the Chairperson or Vice Chairperson of the Commission. Agenda items intended for the Commission to provide policy recommendations to the Board will be scheduled for a regular or special meeting of the Commission before the item is taken up at a Board Meeting. Commission members may request topics for discussion and action at any meeting by informing the Chairperson and District Staff. The topic will be on the Agenda for the next Commission meeting.
- e. The District's staff shall keep minutes of the meetings of the Commission and shall provide for the distribution thereof to the members prior to each subsequent meeting. The minutes will be reviewed and approved by the Commission members.
- f. All meetings of the Commission shall be open to the public and shall be called, noticed, held, and conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code Sections 54950, et seq.).

SECTION 4: FINANCES

- a. No member or alternate member or officer of the Commission shall receive any compensation for their service other than their regular compensation in connection with their duties for the entity they represent. Such entities may at their option compensate commissioners or alternates designated by them for expenses in connection with their service on the Commission.
- b. The District shall provide secretarial support for the Commission and clerical assistance in connection with the mailing or emailing of notices, reports, and the like.
- c. Neither the Commission nor any member, or alternate member, shall have any authority to obligate any District funds or act on behalf of the District.

SECTION 5: TECHNICAL SUPPORT

The District will provide technical support for the Commission. Such support will be obtained from District Staff, the Basin Technical Advisory Committee, Consultants, or other available sources.

SECTION 6: CONFLICT OF INTEREST

Commission members and alternates shall comply with any requirements with respect to disqualification for conflict of interest and/or disclosure of economic interests which are determined to be applicable under the Fair Political Practices Act, any regulation enacted thereto, the District’s Conflict of Interest Code, or any other legal authority. Fair Political Practices Commission Form 700, Statement of Economic Interests, shall be completed yearly by Commission members and alternates, and submitted to the District.

SECTION 7: TRANSMISSION OF RECOMMENDATIONS TO DISTRICT

- a. The Board may from time to time designate one of its members to attend the meetings of the Commission, who shall serve as an informal channel of communication between the Commission and the Board
- b. The Commission may from time to time submit recommendations to the Board. Such recommendations shall be the determinations by the majority of the Commission of items discussed and voted on at their meetings. Recommendations shall be submitted in writing, together with a statement of reasons as the Commission deems appropriate and signed by the Commission Chairperson or Vice Chairperson. Any Commission member not in agreement with the recommendation of the Commission may, at their option, submit a dissenting recommendation which shall be signed by members joining therein.
- c. Promptly upon receipt of any recommendation or dissent, the District Staff shall place such document upon the Board Agenda.

SECTION 8: EFFECTIVE DATE

This ordinance shall be in effect 30 days after its enactment.

ENACTED:

President

ATTEST:

_____, Secretary



DATE: September 22, 2016
TO: Advisory Commission on Water Policy
FROM: Douglas Headrick, General Manager
SUBJECT: Sites Reservoir Presentation

Background

Since 2007, as a result of a series of endangered species protection decisions in the Sacramento – San Joaquin Delta, the average water supply reliability of the State Water Project has been reduced by approximately 20% (20,000 af per year reduction for Valley District). To respond to these ongoing environmental issues in the Delta, The California Department of Water Resources (DWR) along with the State Water Contractors are promoting the California WaterFix as one of the projects needed to re-establish this lost supply. Although progress is being made on the California WaterFix, Valley District Staff is continually looking for replacement supplies both locally and in other parts of the State to make sure that we can reliably meet the obligations we have to our constituents into the future.

One of the projects Staff has been following closely is the Sites Reservoir in northern California. The Sites Reservoir has been evaluated as a water supply project for more than 30 years. It was originally envisioned as part of, what was called at the time, Stage II of the State Water Project and was administered by DWR until 2010 when the Sites Reservoir Authority was formed to take over the project and move it forward. The project is an off-stream reservoir with 1.3 to 1.8 million acre-feet of capacity that would be filled from several diversions off the Sacramento River. The water supply benefits have been studied for years and currently are in the range of 500,000 acre-feet per year. The yield is so large due to the fact that the primary capture watershed that would feed the Sites Reservoir has no substantial dams and is relatively large. Currently up to 50% of the annual yield (250,000 af) is being reserved for public benefit purposes like fish habitat support to be funded with Proposition 1 grants. The remaining 250,000 af per year of yield is being offered for water supply purposes.

Both the Bunker Hill Conjunctive Use Project and the Santa Ana River Conservation and Conjunctive Use Project (SARCCUP) will need supplemental water supplies like those that would be developed from the construction and operation of the Sites Reservoir Project. In addition, Valley District should consider securing additional supplies to mitigate the risk of further cutbacks on the State Water Project and to prepare for droughts. After input from the Valley District Board, it was determined that an additional 30,000 af per year of water supplies could be needed to prepare for future droughts and replace water lost due to environmental issues in the Delta. For planning purposes, 50% of this additional supply would support Valley District and its customers and the other 50% would support Santa Ana River Watershed wide projects like SARCCUP.

Sites Reservoir Authority

The Sites Reservoir Authority is made up of 10 Northern California water agencies. Six of these agencies along with several others in the Sacramento Valley have agreed to purchase 130,000 of the 250,000 af of annual yield, leaving 120,000 af per year available for deliveries south of the Delta. That 120,000 af of annual yield is being offered exclusively to State Water Project (SWP) and Central Valley Project (CVP) Contractors at this time.

The Sites Reservoir Authority has developed a participation agreement process for SWP and CVP Contractors that want to become founding members of the Sites Reservoir Project. The Valley District Board directed Staff at the end of July 2016 to submit a Phase I Participation Form for 30,000 af of annual yield that was accepted by the Authority. This established a placeholder for Valley District should we decide to move forward with the project after reviewing the terms of the Project Agreement that is current under development.

As expected there were more orders for water from the Sites Project than was available. As a matter of fact, approximately 230,000 af of orders were received for the 120,000 af of annual yield available for delivery south of the Delta. The Sites Reservoir Authority is in the process of developing the final Project Agreement terms that each participant will be required to sign if they desire to move forward with the development of the project. This process should take 2-4 months.

Previously, the estimated cost per acre foot from the Sites Reservoir Project was \$600 - \$700 delivered north of the Delta. After Delta losses and power costs to deliver to Valley District, the cost would be close \$900 to \$1,000. This is 20-30% higher than our current SWP supply cost and comparable to the acre foot cost of the California WaterFix. However, new analysis just presented last week shows that the project acre foot cost is likely to be much less than originally thought, in the range of \$350 - \$450 per af plus Delta losses. This is good news for potential project partners like Valley District but it is important to remember that these are still preliminary estimates that will be refined as the development process proceeds.

Staff will be providing a detailed presentation on the Sites Reservoir and the potential benefits for Valley District customers at the meeting.

Staff Recommendation

Recommend to the Valley District Board continued participation in the Sites Reservoir Project.



DATE: September 22, 2016
TO: Advisory Commission on Water Policy
FROM: Douglas Headrick, General Manager
SUBJECT: Santa Ana River Watermaster

Background

In 1969, after several decades of water rights battles along the Santa Ana River, Valley District along with three other regional water agencies approved two coordinated, stipulated settlements known as the 1969 Western-San Bernardino Judgment, pertaining to the San Bernardino Basin, and the 1969 Orange County (Santa Ana River) Judgment. The obligations and responsibilities of Valley District include being a member of the Watermaster Committees that administer each Judgment. Most of the work of the Watermaster Committees involves preparing annual reports that determine whether or not the parties are complying with the terms of the respective Judgments. The Watermaster Committees also serve as a forum for resolving issues that have arisen since 1969.

It is a testament to those that developed the Judgments, that after 47 years there is still relative peace on the river. However, in recent years a series of escalating protests and letters from Orange County Water District (one of the Santa Ana River Judgment Watermaster Committee members) pertaining to the proposed development of recycled water projects and, to a lesser extent, stormwater capture projects in the upper river basin caused some concern about the continued cooperation along the river. As a result of this concern, in 2015 the Watermaster Committee for the Santa Ana River Judgment initiated a collaborative process to ensure that the original intent and commitments of the Judgment were not only fully understood, but retained.

The presentation to be provided at the Commission meeting is the culmination of the first phase of that collaborative process.

As will be shown, the Santa Ana River Conservation and Conjunctive Use Project (SARCCUP), recently awarded a \$55 million Proposition 84 grant, is a project that was developed to make sure that the cooperation envisioned in 1969 is not only maintained but enhanced as we move into the future. Further, OCWD has agreed to join the Upper Santa Ana River Habitat Conservation Plan (HCP) to ensure that the conservation strategies that are being developed are fully coordinated with their efforts in and near Prado Dam. These are but two examples that point toward a continuation of the cooperation that we have experienced since 1969.

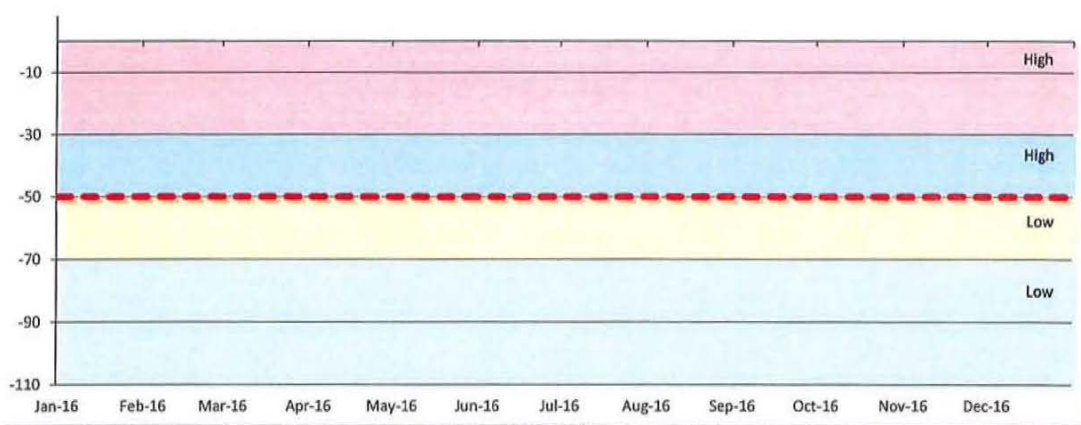
Staff Recommendation

Receive and file

2016 Regional Water Management Plan August

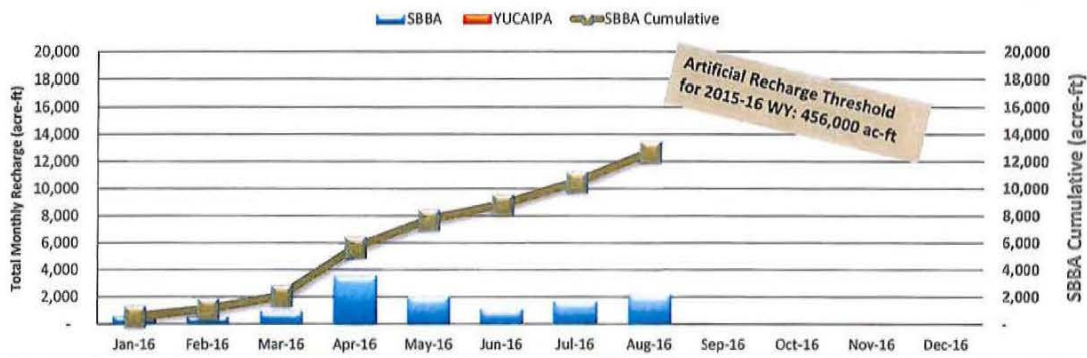
LIQUEFACTION POTENTIAL IN THE SBBA (Avg. Backyard Well, D4, D5 and D6)

Data Unavailable



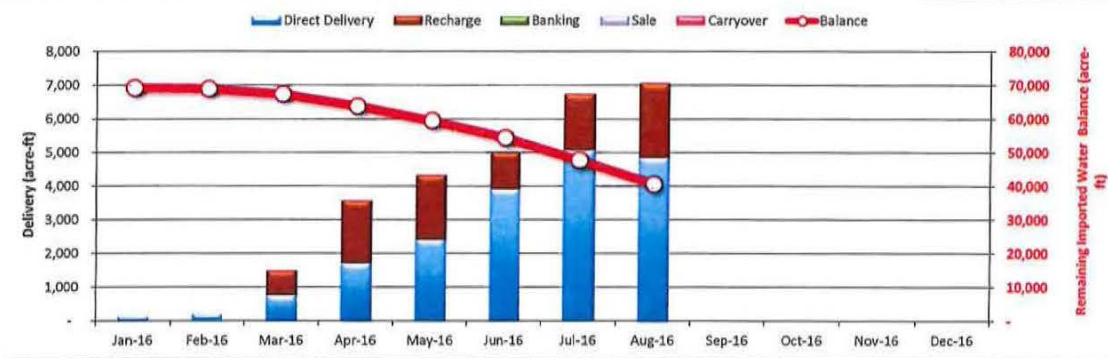
ARTIFICIAL RECHARGE

12,697 AC-FT



2016 IMPORTED WATER SUPPLY PORTFOLIO BALANCE

40,601 AC-FT



RMT

2016 Regional Water Management Plan August

WATER SUPPLY

	Jan 2016 to Dec 2016	Storage Program	August
SBVMWD/WMWD Santa Ana River Diversions in 2016:			
Direct delivery			
Artificial Recharge (17% required by Riverside Agreement unless credits)			100%
Exchange (long-term storage/banking, 40 cfs max)			
Additional San Bernardino Basin Area pumping:			
Imported Water Portfolio for 2016:			
Available:			
Remaining for 2015			
Carryover to 2016			4,782
Entitlement for 2016 (60%)			61,560
Kein - Della Water Bank (5,000 a/Yr maximum)		11,300	0
Multi-year Demo			150
Big Bear Lake		1,237	
Yuba Accord			400
Palmdale Exchange			2,400
Dry year yield program			
Purchase additional imported water			
TOTAL SUPPLIES	-	12,537	69,292
Demands:			
SWP - Local Deliveries			(28,527)
Recommended uses for State Water Project Water in 2016:			
Short-term (carryover) storage for direct deliveries			
Cooperative Recharge Program			
Long-term storage/banking			
Sale to MWDC			
Palmdale Exchange (delivery to Palmdale)			
Sale to Crestline-Lake Arrowhead Water Agency			
Exchange to Crestline-Lake Arrowhead Water Agency			(164)
Exchange to Santa Clara			
True up with DWR meters			
TOTAL USE	0		(28,691)
BALANCE	-		40,601

ARTIFICIAL RECHARGE

	Artificial Recharge Jan 2016 - Dec 2016 (Suggested Max)	August			
		Local	SWP	Total	%
San Bernardino Basin Area¹					
1. Waterman Basins & 9. East Twin Creek Spreading Basin	131,100		6,459	6,459	5%
2. Santa Ana Basins	171,000	2,395	1,074	3,469	2%
3. Mill Creek Basins	102,600	853		853	1%
4. City of Redlands Spreading Basins	-			-	
5. Bear Valley Spreading Basin	-			-	
6. Santa Ana River Bottom	-			-	
7. Patton Basin	-			-	
8. EVWD Turnout	-			-	
10. Badger Basins	19,950		1,915	1,915	10%
11. Wiggins Basin	-			-	
12. Devil Canyon & Sweetwater Basins	31,350			-	0%
13. Gravel Pits	-			-	
14. Lower Lytle Creek Basins (proposed)	-			-	
Sub-total SBBA	456,000	3,248	9,448	12,697	17%

¹ Suggested maximum recharge values. See Appendix F.

² Due to shallow groundwater levels in this area, exceeding this value may result in rejected recharge at this location.

Rialto-Colton Basin				
Yucaipa Basin	3,500			-
Riverside North Basin				
SBVMWD Recharge in Riverside North (Watermaster Table No. 17C)	3,679			
Other	-			
Sub-Total R-C, Yucaipa, Riverside North			0	0

TOTAL RECHARGE, TO DATE	3,248	9,448	12,697
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Director Memorandum 16-118

Date: December 6, 2016

Prepared By: Joseph Zoba, General Manager

Subject: Appointment of Representatives to the San Gorgonio Pass Regional Water Alliance

Recommendation: That by minute order, the Board appoints a primary and alternate representative from the Yucaipa Valley Water District to attend meetings of the San Gorgonio Pass Regional Water Alliance.

On February 5, 2014, the Board of Directors adopted Resolution No. 2014-03 that formalized our participation in the San Gorgonio Pass Regional Water Alliance. The purpose of the Alliance is to enhance the cooperation and coordination between the water resource and land use agencies in the Pass area.

The current members of the San Gorgonio Pass Regional Water Alliance include:

- City of Banning;
- Banning Heights Mutual Water Company;
- City of Beaumont;
- Beaumont Cherry Valley Water District;
- Cabazon Water District;
- City of Calimesa;
- High Valleys Water District;
- Mission Springs Water District;
- Morongo Band of Mission Indians;
- County of Riverside;
- San Gorgonio Pass Water Agency;
- South Mesa Mutual Water Company; and
- Yucaipa Valley Water District.

The Alliance conducts monthly meetings of the general assembly and committees as needed.

District staff recommends the appointment of a member of the Board of Directors to attend the meetings and participate in the subcommittee meetings.



Director Memorandum 16-119

Date: December 6, 2016

Prepared By: Joseph Zoba, General Manager

Subject: Adoption of Resolution No. 2016-27 Designating Agents to Execute Documents on Behalf of the Yucaipa Valley Water District for Emergency Assistance

Recommendation: That the Board adopts Resolution No. 2016-27.

The State of California, Governor's Office of Emergency Services requires non-state agencies to update the designation of the District's agents every three years. By maintaining a current resolution on file with the Office of Emergency Services, the District will be eligible to receive federal and state financial reimbursements for disaster related expenses.

YUCAIPA VALLEY WATER DISTRICT RESOLUTION NO. 2016-27

STATE OF CALIFORNIA
GOVERNOR'S OFFICE OF EMERGENCY SERVICES
Cal OES 130

Cal OES ID No: _____

**DESIGNATION OF APPLICANT'S AGENT RESOLUTION
FOR NON-STATE AGENCIES**

Be it resolved by the Board of Directors of the Yucaipa Valley Water District that

General Manager, or

Title of Authorized Agent

Controller, or

Title of Authorized Agent

Public Works Manager

Title of Authorized Agent

is hereby authorized to execute for and on behalf of the Yucaipa Valley Water District, a public entity established under the laws of the State of California, this application and to file it with the California Governor's Office of Emergency Services for the purpose of obtaining certain federal financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.

THAT the Yucaipa Valley Water District, a public entity established under the laws of the State of California, hereby authorizes its agent(s) to provide to the Governor's Office of Emergency Services for all matters pertaining to such state disaster assistance the assurances and agreements required.

Please check the appropriate box below:

This is a universal resolution and is effective for all open and future disasters up to three (3) years following the date of approval below.

This is a disaster specific resolution and is effective for only disaster number(s) _____

Passed and approved this 6th day of December, 2016.

Director Jay Bogh, Director Bruce Granlund, Director Lonni Granlund

(Name and Title of Governing Body Representative)

Director Chris Mann, Director Tom Shalhoub

(Name and Title of Governing Body Representative)

CERTIFICATION

I, Joseph B. Zoba, duly appointed and Secretary/General Manager of Yucaipa Valley Water District, do hereby certify that the above is a true and correct copy of a Resolution passed and approved by the Board of Directors of the Yucaipa Valley Water District on the 6th day of December 2016.

Signature

Title



Date: December 6, 2016

Prepared By: Joseph Zoba, General Manager

Subject: Reorganization of the Members of the Board of Directors

Recommendation: That the Board takes the following action to elect officers:

1. Nominate and select a President;
2. Nominate and select a Vice-President; and
3. Adopt Resolution No. 2016-28 Confirming the Election of Officers.

Following every regular election, the Board of Director's reorganize by electing a President and a Vice-President for a two year term.¹

As a result of the November 2016 general elections, it is necessary to reorganize the officers of the Board and certify the results of the reorganization by adopting Resolution No. 2016-28.

¹ California Water Code §30520 states, "within 30 days after the election of the first directors and thereafter within 30 days after taking office ... the directors shall meet and shall elect one of their number president and may elect one of their number vice president".

RESOLUTION NO. 2016-120

**RESOLUTION OF THE YUCAIPA VALLEY WATER DISTRICT
CONFIRMING THE ELECTION OF OFFICERS**

WHEREAS, California Water Code §30520 states, "Within 30 days after the election of the first directors and thereafter within 30 days after taking office ... the directors shall meet and shall elect one of their number president and may elect one of their number vice president"; and

WHEREAS, on December 6, 2016, the Board of Directors elected a President and Vice-President as documented below.

NOW, THEREFORE, BE IT HEREBY RESOLVED AND ORDERED, that the Yucaipa Valley Water District by an affirmative vote of a majority of the Board of Directors has duly elected Director _____ and President and Director _____ as Vice-President.

BE IT FURTHER RESOLVED, that the President and Vice-President shall serve in such capacities until the next general district election; a vacancy or resignation of the President or Vice-President occurs; or a change of officer(s) by an affirmative vote of a majority of the Board of Directors.

PASSED, APPROVED and ADOPTED this 6th day of December 2016.

YUCAIPA VALLEY WATER DISTRICT

_____, President Board of Directors

ATTEST:

Joseph B. Zoba, General Manager

Board Reports



Yucaipa Valley Water District

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
62 full time employees

Operating Budget: Water Division - \$13,397,500
Sewer Division - \$11,820,000
Recycled Water Division - \$537,250
Total Annual Budget - \$25,754,750

Number of Services: 12,434 water connections serving 17,179 units
13,559 sewer connections serving 20,519 units
64 recycled water connections

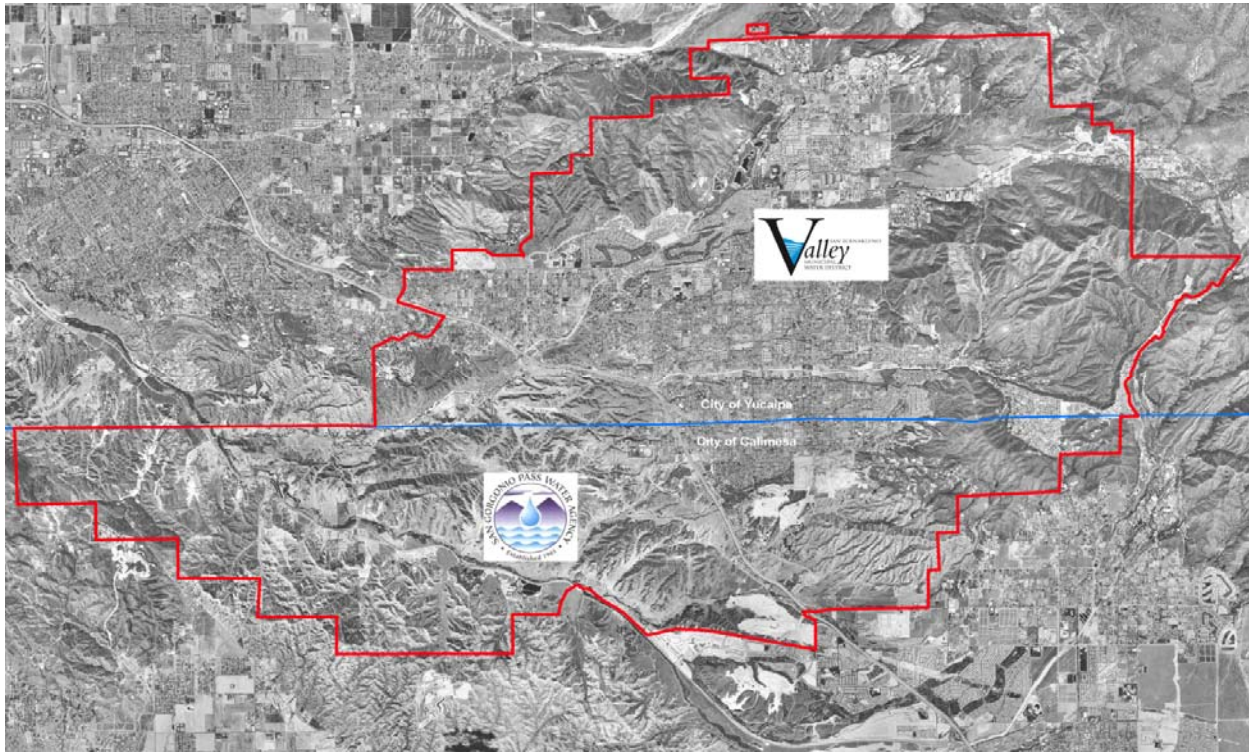
Water System: 215 miles of drinking water pipelines
27 reservoirs - 34 million gallons of storage capacity
18 pressure zones
12,000 ac-ft annual water demand (3.9 billion gallons)
Two water filtration facilities:
- 1 mgd at Oak Glen Surface Water Filtration Facility
- 12 mgd at Yucaipa Valley Regional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

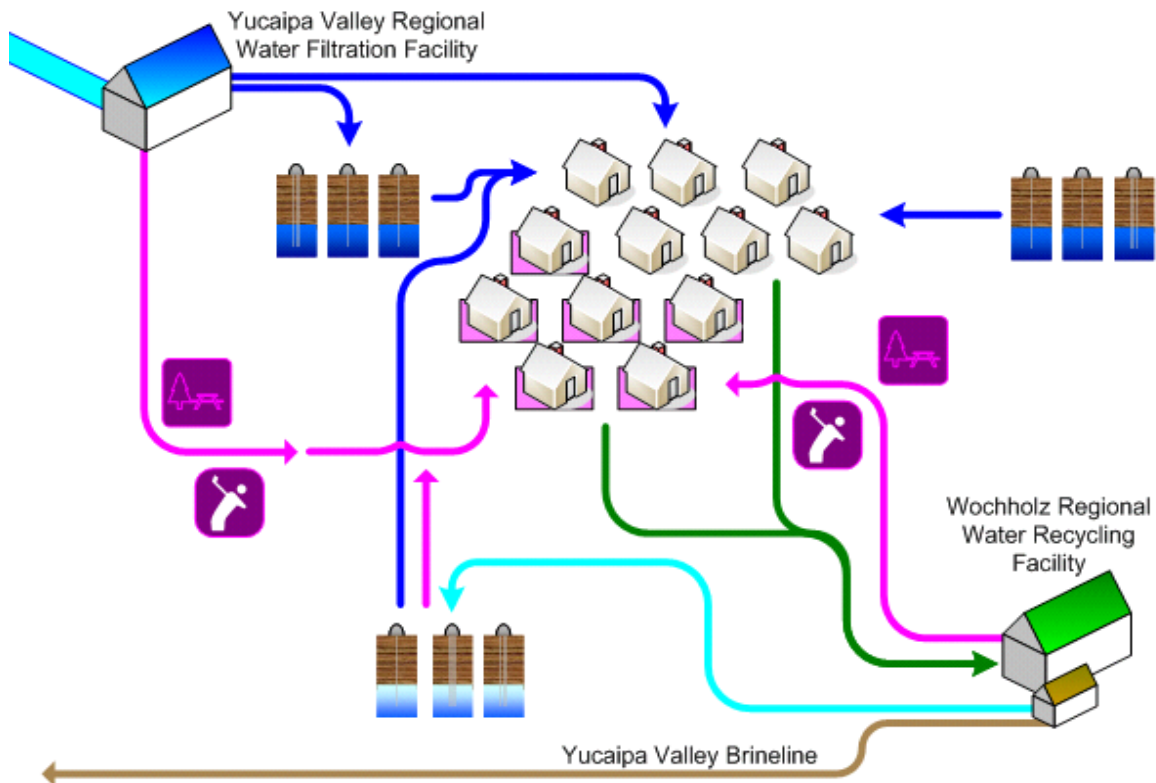
Recycled Water: 22 miles of recycled water pipelines
5 reservoirs - 12 million gallons of storage
1,200 ac-ft annual recycled demand (0.4 billion gallons)

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

State Water Contractors: San Bernardino Valley Municipal Water District
San Geronimo Pass Water Agency



Sustainability Plan: A Strategic Plan for a Sustainable Future: The Integration and Preservation of Resources, adopted on August 20, 2008.





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