



# Yucaipa Valley Water District

## Notice and Agenda of a Board Workshop

Tuesday, May 30, 2017 at 4:00 p.m.

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MEETING LOCATION: District Administration Building  
12770 Second Street, Yucaipa

MEMBERS OF THE BOARD: Director Chris Mann, Division 1  
Director Bruce Granlund, Division 2  
Director Jay Bogh, Division 3  
Director Lonni Granlund, Division 4  
Director Tom Shalhoub, Division 5

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- I. **Call to Order**
  - II. **Public Comments** At this time, members of the public may address the Board of Directors on matters within its jurisdiction; however, no action or significant discussion may take place on any item not on the meeting agenda.
  - III. **Staff Report**
  - IV. **Operational Updates**
    - A. Overview of the Dewatering Equipment Pilot Testing Study at the Wochholz Regional Water Recycling Facility [[Workshop Memorandum No. 17-068 - Page 5 of 138](#)]
  - V. **Capital Improvement Project Updates**
    - A. Status Report on the Construction of the Site Improvements for the Recycled Water Booster Station 12.4.0 in Calimesa [[Workshop Memorandum No. 17-069 - Page 7 of 138](#)]
    - B. Status Report on the Construction of Replacement Pipelines on Date Avenue, Dodd Street, Panorama Drive, Lennox Street, Verona Street, Calvin Street, and Vista Lane - Yucaipa [[Workshop Memorandum No. 17-070 - Page 9 of 138](#)]
  - VI. **Policy Issues**
    - A. Overview of a Draft Resolution Setting the Methodology for Calculating a Facility Capacity Charge Component Related to the Purchase of Supplemental Water from the San Geronio Pass Water Agency [[Workshop Memorandum No. 17-071 - Page 11 of 138](#)]
    - B. Discussion Regarding Potential On-Bill Financing for Recycled Water Connection Improvements to Ridgeview Elementary School [[Workshop Memorandum No. 17-072 - Page 41 of 138](#)]
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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](http://www.yvwd.dst.ca.us)

**VII. Administrative Issues**

- A. Review of the Memorandum of Agreement to form a Groundwater Sustainability Agency for the San Timoteo Subbasin [[Workshop Memorandum No. 17-073 - Page 44 of 138](#)]
- B. Review of the Memorandum of Agreement to form a Groundwater Sustainability Agency for the Yucaipa Subbasin [[Workshop Memorandum No. 17-074 - Page 58 of 138](#)]
- C. Review of Draft Resolution No. 2017-xx Establishing the Appropriation Limit for Fiscal Year 2017-18 [[Workshop Memorandum No. 17-075 - Page 80 of 138](#)]
- D. Review of Bad Debt Summary for Calendar Year 2015 [[Workshop Memorandum No. 17-076 - Page 98 of 138](#)]
- E. Overview of the Operating Budget and Capital Improvement Plan for Fiscal Year 2018 [[Workshop Memorandum No. 17-077 - Page 99 of 138](#)]
- F. Review of Proposed Insurance Policy for Fiscal Year 2018 [[Workshop Memorandum No. 17-078 - Page 103 of 138](#)]
- G. Review of a Proposal for the 2016-2017 Habitat Monitoring Program Activities, Groundwater and Surface Water Data Assistance, and Annual Report [[Workshop Memorandum No. 17-079 - Page 122 of 138](#)]

**VIII. Director Comments****IX. Closed Session**

- A. Conference with Real Property Negotiator(s)  
Property: Assessor's Parcel Number(s): 0321-261-15 and 0321-261-17  
Agency Negotiator: Joseph Zoba, General Manager  
Negotiating Parties: Dawn Campbell  
Under Negotiation: Terms of Payment and Price
- B. Conference with Real Property Negotiator(s)  
Property: Assessor's Parcel Numbers: 0301-211-020 and 0301-201-030  
Agency Negotiator: Joseph Zoba, General Manager  
Negotiating Parties: Mesa Verde Ventures LLC c/o Betek Corporation  
Under Negotiation: Terms of Payment and Price
- C. Conference with Real Property Negotiator(s)  
Property: Assessor's Parcel Numbers: 301-201-20, 27 and 28  
Agency Negotiator: Joseph Zoba, General Manager  
Negotiating Parties: Abraham and Nabil Issa  
Under Negotiation: Terms of Payment and Price
- D. Conference with Real Property Negotiator(s)  
Property: Assessor's Parcel Number: 321-081-09  
Agency Negotiator: Joseph Zoba, General Manager  
Negotiating Parties: Michael Moran  
Under Negotiation: Terms of Payment and Price

**X. Adjournment**

# Staff Report



Yucaipa Valley Water District

# Operational Updates



Yucaipa Valley Water District



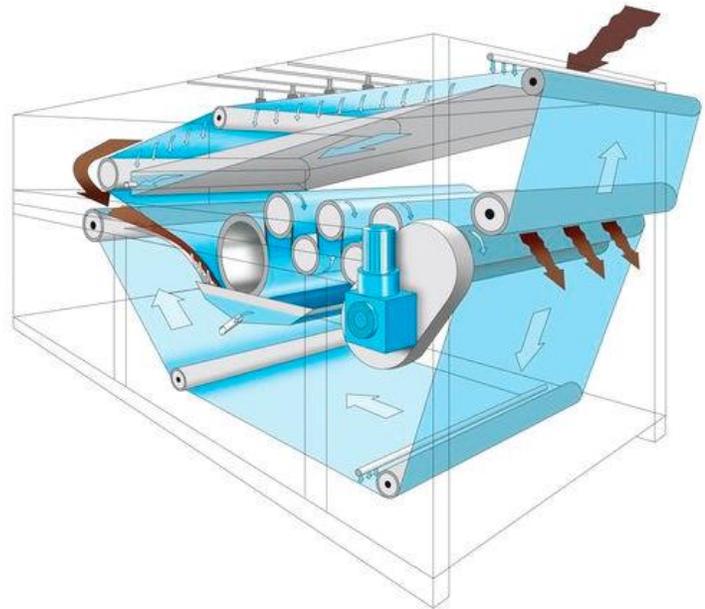
**Date:** May 30, 2017

**From:** Kevin King, Operations Manager

**Subject:** Overview of the Dewatering Equipment Pilot Testing Study at the Wochholz Regional Water Recycling Facility

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The Wochholz Regional Water Recycling Facility uses belt filters to remove liquids from the biosolids collected throughout the sewer treatment process. The belt filter technology has been in use at the sewer treatment plant for over twenty years and have proven to be a simple and reliable technology that has been easy to maintain with a long life. As this equipment has surpassed its useful life, the District staff has noticed signs of metal fatigue and stress cracks in the equipment. Therefore, we have started to process to evaluate other available technology to plan for the replacement of the existing belt presses.



The District staff has tested alternative dewatering equipment to further reduce maintenance, energy and hauling costs. Pilot testing of potential equipment provided an opportunity to validate the equipment performance and provide the operations staff members with first-hand knowledge about the overall operation and maintenance of the equipment.

This presentation outlines the methodology and process used for determining the most cost effective method for replacing the existing equipment.

# Capital Improvement Projects



Yucaipa Valley Water District



**Date:** May 30, 2017

**From:** Kathryn Hallberg, Management Analyst

**Subject:** Status Report on the Construction of the Site Improvements for the Recycled Water Booster Station 12.4.0 in Calimesa

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On January 31, 2017, the Board of Directors awarded the contract to TSR Construction and Inspection for the construction of the site improvements at RWB- 12.4 Recycled Booster Station at the intersection of Myrtlewood Drive and California Street in Calimesa

The project includes the construction of 315± linear feet of 8-foot 8-inch to 12-foot high masonry walls with masonry pillars, 200± linear feet of 8-foot high steel tubular fencing with access gates, site grading and furnishing, Class 2 base material, and site landscaping.







**Date:** May 30, 2017

**From:** Matthew Porras, Management Analyst

**Subject:** Status Report on the Construction of Replacement Pipelines on Date Avenue, Dodd Street, Panorama Drive, Lennox Street, Verona Street, Calvin Street, and Vista Lane - Yucaipa

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On April 4, 2017, the Board of Directors awarded a construction project to Borden Excavating for the construction of replacement pipelines on Date Avenue, Dodd Street, Panorama Drive, Lennox Street, Verona Street, Calvin Street, and Vista Lane Replacement Pipelines [Director Memorandum No. 17-032]. The project includes the construction of approximately 4,600± linear feet of 8-inch mortar lined ductile iron pipe, including various laterals, valves and appurtenances, and removal and replacement of pavement.



The purpose of this agenda item is to provide an update on the current construction activities.

# Policy Issues



Yucaipa Valley Water District



**Date:** May 30, 2017

**From:** Joseph Zoba, General Manager

**Subject:** Overview of a Draft Resolution Setting the Methodology for Calculating a Facility Capacity Charge Component Related to the Purchase of Supplemental Water from the San Gorgonio Pass Water Agency

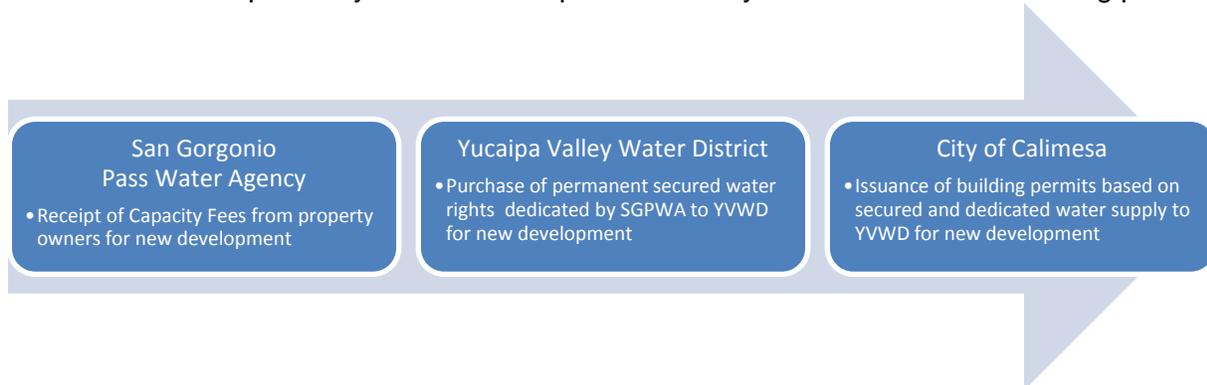
On July 27, 2015, the Board of Directors of the San Gorgonio Pass Water Agency (“SGPWA”) adopted Resolution No. 2015-05 adopting facility capacity fees for new infrastructure and additional water resources (see page 3 of 30). The adoption of this resolution was deemed necessary by the SGPWA to “...meet future increasing demands for SGPWA supplemental water to the SGPWA service area which will require additional water facilities to be constructed to distribute water and to acquire additional water rights to meet future increasing demands.”

At the regular meeting of the City of Calimesa on May 2, 2016, the Calimesa council members reviewed a *Cooperative Agreement for the Collection of Facility Capacity Fees by and Between San Gorgonio Pass Water Agency and [City]* (see page 6 of 30). Following a discussion about the draft cooperative agreement with the San Gorgonio Pass Water Agency, the Calimesa council members voted to "defer action and direct staff to continue working with all parties regarding a regional resolution on water supply".

In summer 2016, a collaborative effort was put forth to draft an agreement that expressly achieved the goals of municipal agencies represented by:

- Bonnie Johnson, City Manager, City of Calimesa;
- Jeff Davis, General Manager, San Gorgonio Pass Water Agency; and
- Joseph Zoba, General Manager, Yucaipa Valley Water District.

After several months of discussions and negotiations, the group of managers developed the latest version of the *Water Rights, Water Supply, and Facility Capacity Fee Collection Agreement* (see page 13 of 30). This agreement sets forth the process, conditions, and requirements needed to ensure development fees paid to the San Gorgonio Pass Water Agency result in water rights dedicated to Yucaipa Valley Water District prior to the City of Calimesa issues building permits.



On March 6, 2017, the Board of Directors of the San Gorgonio Pass Water Agency voted 6-0 to not proceed any further with the draft cooperative agreement. Instead, the San Gorgonio Pass Water Agency created an ad hoc group of their elected officials to develop an agreement that would be presented to the elected officials of the Yucaipa Valley Water District at some future date.

On May 9, 2017, the District received a draft agreement from the San Gorgonio Pass Water Agency related to the collection of a Facility Capacity Fee (see page 20 of 30). The District staff is currently reviewing this document with a recommendation to the Board of Directors.

The District staff remains cautiously optimistic that a solution to the lack of supplemental water for the region will ultimately be achieved by the San Gorgonio Pass Water Agency. While the board members, staff, and legal counsel from the San Gorgonio Pass Water Agency continue to work on their version of a cooperative agreement, the District should establish a reasonable methodology and adopt a fee structure that begins to collect funds for the purchase of supplemental water in the form of permanent water rights.

At the board workshop on April 25, 2017, the District staff illustrated a sample methodology to calculate the cost of a permanent supplemental water supplies using the nexus report prepared by the San Gorgonio Pass Water Agency. Based on the proposed methodology, the District staff drafted a proposed resolution to adopt the methodology and implement a new facility capacity fee component for new homes in the Calimesa portion of our service area (see page 24 of 30).

**RESOLUTION NO. 2015-05****RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SAN GORGONIO PASS WATER AGENCY  
TO ADOPT FACILITY CAPACITY FEES FOR  
FACILITIES AND WATER**

WHEREAS, the San Gorgonio Pass Water Agency (SGPWA) is a public agency formed and existing pursuant to Article 101 of the California Water Code Appendix (SGPWA Act) in 1961; and

WHEREAS, SGPWA entered into a contract with the California Department of Water Resources (DWR) in 1962 for a Table A amount of water capacity in the California State Water Project (SWP) which is currently 17,300 acre feet per year (AFY) to bring supplemental water to the SGPWA service area; and

WHEREAS, there is a need to meet future increasing demands for SGPWA supplemental water to the SGPWA service area which will require additional water facilities to be constructed to distribute water and to acquire additional water rights to meet future increasing demands; and

WHEREAS, the Board of Directors finds and determines that the present existing water importation, production, transportation, delivery facilities and water supplies are inadequate to meet anticipated demand; and

WHEREAS, Section 101 – 27.1(a) of the SGPWA Act authorizes SGPWA to impose a facility capacity fee, which is in the nature of a connection fee, for the right to make a new retail connection to the water distribution system of any retail water distributor that is located within the boundaries of the SGPWA and that obtains all or any portion of its water supplies from SGPWA; and

WHEREAS, Section 101- 27.1(c) also provides the facility capacity fee referred to in subdivision (a) shall be adopted, established, and imposed only following a public hearing and in accordance with the requirements set forth in Chapter 5 (commencing with Section 66000 of Division 1 of Title 7 of the Government Code as it now exists or may hereafter be amended; and

WHEREAS, the Facility Capacity Fee as set forth in the SGPWA Act, Sections 101 – 27.1 (a) through (i) will assist SGPWA to fund (1) the purchase of capacity in existing pipeline systems owned by other public agencies; (2) and additional basin recharge project for underground water storage in the Beaumont groundwater basin, including land purchases associated with such basin activity; and (3) the purchase of new water and/or water rights and entitlements to meet future water demand; and

WHEREAS, pursuant to Section 101 – 27.1 of the SGPWA Act, SGPWA has prepared a Capacity Fee Study (Study) to support the need for additional water facilities and new water and/or water rights in that the existing facilities are not adequate to meet the future increasing water needs in the SGPWA service area; and

**WHEREAS, the Study meets the requirements of Section 101 – 27.1 and Government Code Section 66013 to ensure that the Facility Capacity Fee does not exceed the estimated reasonable cost of providing the service for which the fee is imposed and provides a clear and concise document that will serve as the basis for the proposed fee levels; and**

**WHEREAS, SGPWA has provided all of the notices prior to and conducted a public hearing on July 27, 2015 required by Section 101 – 27.1 (c) of the Agency Act; and**

**WHEREAS, SGPWA after close of the hearing considered the Study, and proposed Findings.**

**NOW THEREFORE BE IT HEREBY RESOLVED**

- 1. The matters set forth in the recitals to this Resolution are true and correct statements and are made findings and determinations of the Board of Directors.**
- 2. That the Findings as set forth on Attachment 1 concerning the Study are hereby adopted.**
- 3. The Board of Directors finds that the Facility Capacity Fees as defined in the Study and the Findings are for the purpose of obtaining funds for capital projects necessary to maintain service within SGPWA as set forth in this Resolution and, therefore, the establishment of such fees is not subject to the California Environmental Quality Act.**
- 4. That the Study is hereby approved.**
- 5. That the Facility Capacity Fees as set forth in the Study and on Attachment 2 hereof are hereby adopted and shall take effect immediately.**
- 6. The General Manager is authorized to contract with the counties in which it is located and with the cities within the SGPWA for the collection of the Facility Capacity Fee along with building permit fees or other fees related to the improvement of property, or may contract for collection of the Facility Capacity Fees by the water retail distributors (SGPWA Act 101 – 27.1 (f)).**
- 7. The Facility Capacity Fee component shall be automatically adjusted without further action of the Board effective on July 1st of each year, beginning July 1, 2016, by a percentage equal to the change in Construction Cost Index for Los Angeles as published by Engineering New Record for the preceding twelve months as set forth in the Study.**
- 8. The Facility Fee component of the facility capacity fee shall be reviewed periodically as determined by the General Manager to determine if changes are needed and reasonable in unit prices, facility requirements, and water demands and demographics in order to ensure that Facility Fee cost allocations are reasonable and that collections over time will fund the required facilities.**
- 9. The Water Capacity Fee component shall be reviewed annually in the month of July, commencing July 1, 2016 to adjust the Water Capacity Fee by a reasonable percentage based on the cost of actual water purchases, an updated water rights appraisal or comparisons of recent**

purchases of additional water rights by statewide municipalities and special districts over the preceding twelve months.

10. The General Manager is further authorized to take any and all other actions to implement and carry out this resolution.

11. All resolutions or administrative actions by the Board of Directors, or parts thereof that are inconsistent with any provision of this Resolution are hereby superseded only by this Resolution to the extent of such inconsistency.

12. If any section, subsection, clause, sentence, or phrase in this Resolution is for any reason held invalid, the validity of the remainder of this Resolution shall not be affected thereby. The Board hereby declares it would have passed this Resolution and each section, sentence, clause or phrase thereof, irrespective of the fact that all or more sections, subsections, clauses, sentences, or phrase are held invalid.

13. The Resolution shall take effect immediately.

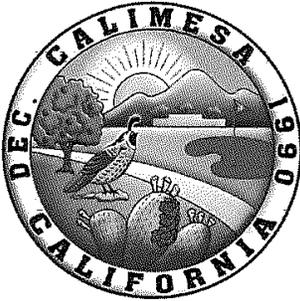
AYES:

NOES:

DATE: July 27, 2015

SAN GORGONIO PASS WATER AGENCY

By \_\_\_\_\_  
Secretary of the Board of Directors



## Agenda Item No. 11

# STAFF REPORT

## CITY OF CALIMESA CITY COUNCIL MEETING

**SUBJECT:** CONSIDERATION OF COOPERATIVE AGREEMENT FOR THE COLLECTION OF FACILITY CAPACITY FEES BY AND BETWEEN SAN GORGONIO PASS WATER AGENCY AND THE CITY OF CALIMESA

**MEETING DATE:** May 2, 2016

**PREPARED BY:** Bonnie Johnson, City Manager

**RECOMMENDATION:** It is recommended that City Council discuss and consider possible action on one of the following:

1. Approve, in concept, the Cooperative Agreement for the Collection of Facility Capacity Fees by and between San Gorgonio Pass Water Agency (SGPWA) and the City of Calimesa. Authorize the City Attorney and City Manager to work with SGPWA to finalize the agreement.
2. Defer taking action on the Cooperative Agreement for the Collection of Facility Capacity Fees by and between San Gorgonio Pass Water Agency (SGPWA) and the City of Calimesa. Direct staff to continue working with all parties regarding a regional resolution on water supply.
3. Provide alternative direction to staff.
4. Take no action.

**BACKGROUND AND DISCUSSION:** Council Member Hyatt requested this item be on the agenda. Please note that although SGPWA provided the agreement, it is still in draft form and, therefore, may be subject to change.

As the Council has recently become aware, there are currently many issues being discussed regarding regional water supplies and the appropriate allocation of such water. The outcome of these discussions will have a significant effect on the City's ability to move forward with proposed future development. As you are also aware, there are philosophical differences between SGPWA and certain water retailers such as YVWD and BCVWD. The resolution of these issues is key as Calimesa moves forward. Through an established ad-hoc committee, 2 members of our City Council continue to participate in regional discussions. However, at this point, no resolution has been reached.

Proposed Cooperative Agreement with SGPWA  
City Council Meeting of May 2, 2016  
Page No. 2

Based upon the SGPWA Capacity Fee Study (see attachment 2 to this report), the proposed fee would be based upon water usage. The estimated proposed fee per residential unit is \$3,585. This includes both a Facility Fee and Water Capacity Fee. Non-residential fees would vary based upon meter size.

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**FISCAL IMPACT:**       None.

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**ATTACHMENTS:**

Attachment A: Draft Cooperative Agreement for the Collection of Facility Capacity Fees by and between San Gorgonio Pass Water Agency (SGPWA) and the City of Calimesa.

Attachment B: Capacity Fee Study for San Gorgonio Pass Water Agency

**COOPERATIVE AGREEMENT FOR THE COLLECTION OF FACILITY CAPACITY  
FEES  
BY AND BETWEEN  
SAN GORGONIO PASS WATER AGENCY  
AND  
[CITY]**

This Cooperative Agreement (“Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by and between SAN GORGONIO PASS WATER AGENCY (“Agency”), a California public agency formed and operating pursuant to Act 101 of the California Water Code Appendix (“Act”) and the City of \_\_\_\_\_, a California municipal corporation (“City”). The Agency and City are sometimes referred to in this Agreement individually as “Party” and collectively as “Parties.”

**RECITALS**

A. The Agency is a State Water Project (“SWP”) contractor and has an obligation to import and provide water within its service area and to protect and enhance local water supplies for use by present and future water users. The primary source of local water supply to the Agency’s service area is currently groundwater and natural surface runoff. Beaumont Storage Unit (“BSU”), the major groundwater basin providing local groundwater, was determined to be in overdraft and is required to operate in a balanced condition, replacing an amount of water equal to the amount removed from the basin over time. Imported water from the SWP supplements local water supplies.

B. Total water demand at build-out within the Agency’s service area is expected to be in excess of existing local and imported water supplies. Increased demand for water from new development, mandatory balanced operating conditions of the BSU, and decreasing reliability of imported water supplies require the Agency to identify additional reliable sources of water to meet increasing demands. Over the next twenty years, the Agency anticipates investing in a basin recharge facility, purchasing additional capacity in pipelines that convey SWP water, and purchasing additional water rights outside of the SWP (collectively, “Improvements”).

C. Section 27.1 of the Act authorizes the Agency to impose a Facility Capacity Fee which is in the nature of a connection fee, for the right to make a new retail connection to the water distribution system of any retail water distributor that is located within the boundaries of the Agency and that obtains all or any portion of its water supplies from the Agency

D. In accordance with Government Code Section 66013, the Agency adopted Resolution No. 2015-05, which establishes a fee to be imposed on new developments within the Agency’s service area, except for Morongo Tribal land (“Resolution”). As set forth in the Resolution, the fee is dedicated to funding the cost of the Improvements. The fee has two components: (1) a facility fee that will fund a portion of the required new infrastructure; and (2) a water capacity fee that will fund a portion of the purchase of new water rights and entitlements. The facility fee and water capacity fee are referred to in this Agreement, collectively, as “Fee.”

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E. As part of the approval process for a new development, the City imposes certain requirements under its authority as the land use approval agency. Such conditions include, but are not limited to, verification that a sufficient water supply will be available to the new development. All of such land use approval requirements are collectively referred to herein as "Development Approvals".

F. The Agency desires the City's assistance in facilitating the collection of the Fee from applicants who apply to City for Development Approvals and the City desires to assist the Agency in collection of the Fee in accordance with the terms of this Agreement.

## AGREEMENT

NOW THEREFORE, in consideration of the Recitals and the terms and conditions set forth in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

### 1. COLLECTION OF FEE

During the Term of this Agreement, as defined in Section 2, City shall require any individual or entity to which the Fee applies to remit payment of the Fee to the Agency and to provide evidence to the City of the payment of such Fee. The City shall impose the payment requirement and shall require said individual or entity to provide evidence of the payment in the following manner:

a. Imposition of Fee. As a condition precedent to issuing any Development Approval, the City shall require any individual or entity to which the Fee applies to remit payment of the Fee directly to the Agency. Such condition must be included as a mitigation measure in any environmental document, if any, prepared as part of the project for which the Fee applies, and as part of the Development Approvals for any building permit or entitlement for the improvement of property.

b. Amount of Fee. The amount of the Fee shall be determined in accordance with the terms of the Resolution, as it currently exists or may be amended. In the event the applicant has any questions regarding the calculation of the Fee, the City may direct the applicant to the Agency for assistance.

c. Collection of Fee. Unless the parties agree otherwise in writing, the City shall require evidence of payment of the Fee no later than the following times. In no event shall the City be responsible for directly collecting the Fee.

(i) For residential projects including increasing the water demand from the existing demand pursuant to the criteria set forth in the Resolution: prior to the date of final inspection, or the date the certificate of occupancy is issued, whichever occurs first, or for residential projects containing one or more than one dwelling unit, prior to the date the first dwelling unit within the project receives final inspection or certificate of occupancy, whichever

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occurs first; or prior to the issuance of any will-serve letter or similar authorization, as appropriate;

(ii) For non-residential projects (e.g., commercial, office, industrial) including increasing the water demand from the existing demand pursuant to the criteria set forth in the Resolution: prior to the issuance a building permit or similar authorization for any phase of the project or prior to issuance of any will-serve letter or similar authorization, as appropriate.

d. Evidence of Collection of Fee. Upon receipt of the full amount of any Fee due and payable under the terms of the Resolution, the Agency shall provide documentation to the City verifying receipt of the Fee and will include the proposed project within the Agency's Urban Water Management Plan.

e. Effect of Failure to Pay Fee. If the City issues a Development Approval without first requiring and receiving evidence of the payment of a Fee required by the Resolution, the project for which the Development Approval is authorized shall have no entitlement to water provided by the Agency or by its facilities.

f. Refunds and Credits. The Agency agrees to process and issue any required refunds or credits of the Fee.

## **2. TERM AND TERMINATION**

Either Party may terminate this Agreement for any reason on six (6) months' written notice to the other Party. This Agreement shall remain in effect until terminated by written notice ("Term").

## **3. DISPUTE RESOLUTION AND REMEDIES**

In the event a dispute arises between the Parties relating to this Agreement, the Parties shall first attempt to resolve the disagreement through an informal dispute resolution process. A Party shall initiate the informal dispute resolution process by transmitting written notice to the other Party, setting forth the nature and extent of the dispute, and requesting that the Parties engage in informal dispute resolution. Within ten (10) working days from the date of receipt of the request for informal dispute resolution, staff members of both of the Parties shall meet and confer in a good faith effort to resolve the dispute by recognizing their mutual interests and attempting to reach a resolution that is just, equitable and satisfactory to both Parties. The Parties may by mutual agreement recess or continue the informal dispute resolution conference. In the event that the Parties have not reached a mutually satisfactory resolution of the dispute within thirty (30) calendar days following the date of the initial informal dispute resolution conference (unless the Parties have mutually agreed to extend the process beyond the 30 days), either party may pursue other available remedies including, but not limited to, specific performance or injunctive relief.

#### 4. GENERAL PROVISIONS

a. Law, Venue, Attorney Fees. This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of Riverside, State of California. In the event of any such litigation between the Parties, the prevailing party shall be entitled to recover all reasonable costs incurred, including reasonable attorney's fees, as determined by the court. In the event of any breach of this Agreement, the non-breaching party shall be entitled to recover costs and reasonable attorney's fees incurred in curing any breach.

b. Defense and Indemnity. The Agency shall defend, indemnify and hold harmless the City, its elected and appointed officials, officers, employees, and agents from and against any and all costs, claims, liabilities, judgments, or award of damages, including reasonable attorney's fees (collectively "Liabilities"), arising out of or in any way resulting from the adoption and imposition of the Fee or the acts or omissions of the Agency, its officers, employees and agents, relating in any way to the collection and/or accounting for the Fee, except to the extent that the Liabilities arise from the City's negligent or willful misconduct.

c. Amendment. This Agreement may be amended by mutual written agreement of the Parties.

d. Mutual Cooperation. The Parties agree to provide information and take such further actions as are reasonably necessary to effectuate the purposes and intent of this Agreement.

*SIGNATURES ON FOLLOWING PAGE*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed as of the date last written below:

**SAN GORGONIO PASS WATER AGENCY**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**DRAFT**

**CITY OF** \_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

Draft Agreement - March 1, 2017

## WATER RIGHTS, WATER SUPPLY, AND FACILITY CAPACITY FEE COLLECTION AGREEMENT

This WATER RIGHTS, WATER SUPPLY, AND FACILITY CAPACITY FEE COLLECTION AGREEMENT ("Agreement"), dated as of April \_\_\_\_, 2017 (the "Execution Date"), is by and among the CITY OF CALIMESA ("CITY"), a municipal corporation, having its principal address at 908 Park Avenue, Calimesa, California 92320, SAN GORGONIO PASS WATER AGENCY ("AGENCY"), a duly constituted Agency created pursuant to the San Gorgonio Pass Water Agency Act, found at California Water Code Appendix Chapter 101, having its principal address at 1210 Beaumont Avenue, Beaumont, California 92223, and YUCAIPA VALLEY WATER DISTRICT ("DISTRICT") a County Water District organized and operating under the County Water District Law, Sections 30000 and following of the California Water Code, having its principal address at 12770 Second Street, Yucaipa, California 92399.

The CITY, AGENCY, and DISTRICT are also referred to herein individually as a "Party" and collectively as the "Parties".

### RECITALS

- A. The AGENCY currently has secured water rights in the State Water Project for a quantity up to 17,300 acre feet of water per year ("AFY") by contract with the California Department of Water Resources ("DWR").
- B. On July 27, 2015, the AGENCY adopted Resolution No. 2015-05 entitled "A Resolution of the Board of Directors of the San Gorgonio Pass Water Agency to Adopt Facility Capacity Fees for Facilities and Water." As set forth in the AGENCY's Resolution No. 2015-05, the Facility and Water Capacity Fees (referred to collectively as the "AGENCY Fees") consist of two components: (1) a facility fee that will fund a portion of new AGENCY infrastructure; and (2) a water capacity fee that will fund new water rights and entitlements acquired by the AGENCY.
- C. The purpose of this Agreement is to enhance existing water supplies provided by the AGENCY to the DISTRICT by creating a mechanism whereby financial contributions from property owners and the DISTRICT are provided to the AGENCY for the purchase of water rights that result in an instantaneous, dedicated, and continuous supply of water to the DISTRICT for development within the DISTRICT and/or the CITY.

### TERMS AND CONDITIONS

NOW, THEREFORE, based on the foregoing Recitals and the terms and conditions set forth in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Dedication of Base Secured Water Rights**
  - A. The AGENCY hereby dedicates a firm supply of 800 AFY of water ("Secured Water Rights") as a continuous supply of water to the DISTRICT for existing development and population within the DISTRICT's service territory upon execution of this Agreement by the Parties.

Draft Agreement - March 1, 2017

- B. The AGENCY shall not contractually obligate, dedicate, deliver, distribute, or provide the Secured Water Rights dedicated to the DISTRICT to any other "AGENCY Customer" defined as any private or public agency or entity, property owner, or other party.
  - C. Any portion of the Secured Water Rights not delivered by the AGENCY to the DISTRICT during any calendar year shall be delivered to the DISTRICT prior to the delivery of water to any other AGENCY Customer during the following calendar year. The delivery of such deferred Secured Water Rights shall be provided at a mutually agreeable location over a mutually agreeable duration without an increased cost to the DISTRICT and without impacting or reducing regular deliveries in that calendar year.
  - D. The quantity of water dedicated to the DISTRICT includes the entire amount of 800 acre feet per year of Base Secured Water Rights, plus the additional unreliable portion of water when statewide DWR allocations are greater than the most recently published State Water Project reliability report published by the DWR.
- 2. Dedication, Accumulation, and Purchase of Additional Secured Water Rights**
- A. In addition to the Secured Water Rights described in Section 1 above, the AGENCY shall purchase additional secured water rights ("Additional Secured Water Rights") when available, and update the AGENCY Fees to reflect the actual cost per acre foot for such Additional Secured Water Rights with a stated reliability factor applied to the specific purchase of Additional Secured Water Rights.
  - B. In order to purchase such Additional Secured Water Rights from the AGENCY, the DISTRICT, developers, property owners, and others shall pay the AGENCY Fees for those water rights based on a specific quantity of Additional Secured Water Rights as determined by the DISTRICT. Upon acknowledgement of payment by the AGENCY, the Additional Secured Water Rights shall result in an instantaneous, dedicated, and continuous supply of water from the AGENCY to the DISTRICT. The specific quantity of Additional Secured Water Rights will be determined at the sole discretion of the DISTRICT based on the quantity of water needed to meet the expected water demands of development within the DISTRICT.
  - C. Upon receipt of payment by the AGENCY of AGENCY Fees, the purchased Additional Secured Water Rights shall be deemed instantaneously transferred from the AGENCY to the DISTRICT resulting in an immediate accumulation in the quantity of the total Secured Water Rights and Additional Secured Water Rights dedicated and available to the DISTRICT by the AGENCY.
  - D. The quantity of water dedicated to the DISTRICT shall include the entire amount of Secured Water Rights and purchased Additional Secured Water Rights, including reliable and unreliable portions of the water rights as delineated by the AGENCY at the time of purchase.
  - E. The AGENCY shall provide written evidence to the DISTRICT of the purchased Additional Secured Water Rights including the estimated reliability factor for each

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purchase of such Additional Secured Water Rights. Each purchase of Additional Secured Water Rights shall automatically transfer ownership to the DISTRICT upon payment of AGENCY Fees.

- F. The DISTRICT may acquire and accumulate Additional Secured Water Rights from the AGENCY at any time, without restriction, based on the adopted AGENCY Fees expressed in units of acre feet per year (AFY) of Additional Secured Water Rights. Purchases of Additional Secured Water Rights by the DISTRICT from the AGENCY may be ultimately used within the AGENCY service territory at the discretion, and for the sole benefit of the DISTRICT.
- G. The DISTRICT will provide a drinking water service connection and the CITY will issue a building permit to those parcels for which an AGENCY Customer has:
  - i. Paid the AGENCY Fees to the AGENCY for the Additional Secured Water Rights as determined by the DISTRICT; and
  - ii. Received substantial written proof that the AGENCY has purchased, secured, and transferred ownership of Additional Secured Water Rights needed by the DISTRICT resulting in the instantaneous and continuous delivery of water to the DISTRICT.
- H. Any portion of the Additional Secured Water Rights not delivered by the AGENCY to the DISTRICT during a calendar year shall be delivered to the DISTRICT prior to the delivery of water to any other AGENCY Customer during the following calendar year. The delivery of such deferred purchased Additional Secured Water Rights shall be provided at a mutually agreeable location over a mutually agreeable duration without an increased cost to the DISTRICT without impacting or reducing regular deliveries in that calendar year
- I. The AGENCY shall permanently dedicate and transfer ownership to the DISTRICT, an equal quantity of Additional Secured Water Rights made available on parity, or in a similar manner, to an AGENCY Customer that has not received water from the AGENCY prior to July 27, 2015 as Additional Secured Water Rights, unless such water rights are purchased by a written contract at the published water rights price and made available to all other AGENCY Customers.
- J. The DISTRICT retains all rights to Secured Water Rights and purchased Additional Secured Water Rights when the reliability factor exceeds the reliability factor determined at the time the Water Rights are secured and dedicated to the DISTRICT.
- K. The AGENCY authorizes the DISTRICT to independently purchase water rights from other sources if such water rights can be delivered consistent with the AGENCY wheeling policy in effect at the time the water rights are secured, or by a wheeling mechanism that does not impact the capacity owned by the AGENCY in State Water Project facilities.

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### 3. General Provisions

- A. Dispute Resolution and Remedies. In the event a dispute arises between the Parties relating to this Agreement, the Parties shall first attempt to resolve the dispute through an informal dispute resolution process such as mediation. A Party shall initiate the informal dispute resolution process by transmitting written notice to the other Party, briefly setting forth the nature and extent of the dispute, and requesting that the Parties engage in informal dispute resolution. Within ten (10) working days from the date of receipt of that written notice, the general managers of the AGENCY and the DISTRICT and the city manager of the CITY shall meet and confer in a good faith effort to resolve the dispute by recognizing their mutual interests and attempting to reach a resolution that is just, equitable and satisfactory to both Parties. The Parties may by written agreement postpone or continue the informal dispute resolution process. In the event that the Parties have not reached a mutually satisfactory resolution of the dispute within sixty (60) calendar days following the written notice (unless the Parties have mutually agreed to extend the process beyond the sixty (60) days), either Party may pursue judicial action, including, but not limited to, damages, specific performance and injunctive relief.
- B. Law, Venue, Attorney Fees and Costs. This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a California State Superior Court in the County of Riverside. In the event of any such litigation between the Parties, the prevailing party shall be entitled to recover all reasonable litigation costs incurred, including without limitation reasonable attorney's fees.
- C. Defense and Indemnity. The AGENCY shall defend, indemnify and hold harmless the DISTRICT and the CITY, their elected and appointed officials, officers, employees, and agents from and against any and all costs, claims, liabilities, judgments, or award of damages, including reasonable attorney's fees (collectively "Liabilities"), arising out of or in any way resulting from the adoption, imposition, collection and application of, and accounting for, the AGENCY Fees.
- D. Amendment. This Agreement may be amended only by mutual written agreement signed by the Parties.
- E. Mutual Cooperation. The Parties agree to provide information and take such further actions as are reasonably necessary to effectuate the purpose and intent of this Agreement. As part of such mutual cooperation, any other cooperative agreement for the collection of the AGENCY Fees between another party and the AGENCY shall be deemed incorporated at the sole discretion of the DISTRICT.
- F. Representations and Warranties. On the Execution Date, each Party represents and warrants to the other Parties that:
- i. It is a duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and that it has the power and authority to enter into this Agreement and to carry out the transactions contemplated hereby, and to perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement;

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- ii. The execution, delivery and performance of this Agreement is within its powers, has been duly authorized by all necessary action and does not violate any of the terms and conditions in its governing documents, any contracts to which it is a Party or any legal requirement or the like applicable to it;
- iii. All legislative, administrative and other governmental action required to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby has been taken except to the extent of actions which by the terms hereof are to be taken at a later time;
- iv. This Agreement constitutes a valid, legal and binding obligation enforceable in accordance with the terms hereof except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws;
- v. It is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;
- vi. There are no actions, suits or proceedings pending or, to such Party's best knowledge, threatened, against or affecting such Party before any court, administrative body or arbitral tribunal that might materially and adversely affect its ability to enter into this Agreement and/or perform its obligations under this Agreement; and
- vii. The execution, delivery and performance of this Agreement will not contravene any provision of, or constitute a material default under, any other agreement or instrument to which it is a Party or by which it or its property may be bound.

G. Representatives; Notices.

- i. Authorized Representatives. Each Party will designate at least one individual officer or employee who will be its representative and will be authorized to act on behalf of the Party for all purposes in performing the provisions of this Agreement ("Representative"). Each Representative shall be either the General Manager or City Manager of a Party or a Person designated by such Party who shall have at least five (5) years of direct experience and technical expertise in water utility operations. Each Party will also designate an alternate Representative who will serve in the place of (and with the same authority as) the Representative if the latter is unavailable. A Party may also designate more than one Representative. The designation may be changed from time to time. The designation and changes to a designation must be made in a writing delivered to the other Parties.
- ii. Notice. All notifications, notices, demands, requests and other communications herein provided for or made pursuant hereto shall be in writing and shall be sent by (i) registered or certified mail, return receipt requested, and the giving of such communication shall be deemed

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complete on the third (3rd) Business Day after the same is deposited in a United States Post Office with postage charges prepaid, (ii) reputable overnight delivery service, and the giving of such communication shall be deemed complete on the immediately succeeding Business Day after the same is deposited with such delivery service or (iii) so long as a Party has notified the other Parties by means of a method described in clauses (i) or (ii) above of such Party's email address for notification purposes, email transmission of notices to such Party are also permitted provided an original is also sent via one of the other permitted means and the giving of such communication shall be complete when such email is received if such email is received before 5:00 pm PST; otherwise, such communication shall be deemed complete the next Business Day.

H. Other Provisions.

- i. Integration. This Agreement, embodies the entire agreement between the AGENCY, CITY and DISTRICT relating to the subject matter hereof and supersedes all prior agreements and understandings, written or oral, relating to such subject matter.
- ii. Successor and Assigns. This Agreement shall be binding upon, and shall inure to the benefit of and be enforceable by, the Parties hereto and their respective successors and assigns permitted hereunder.
- iii. Relationship of Parties. Each Party is an independent entity and none of the Parties is an agency of another Party.
- iv. Construction and Interpretation. The Parties agree and acknowledge that this Agreement has been developed through a negotiated process among the Parties, and that each Party has had a full and fair opportunity to review the terms of this Agreement with the advice of its own legal counsel and to revise the terms of this Agreement, such that each Party constitutes a drafting Party to this Agreement. Consequently, the Parties understand and agree that no rule of construction shall be applied to resolve any ambiguities against any particular Party as the drafting Party in construing or interpreting this Agreement.
- v. No Waiver by Failure to Act. No failure, delay, forbearance or indulgence on the part of any Party in insisting upon the strict performance of any provision, or in exercising any option, right, power, privilege or remedy hereunder, shall operate or be construed as a waiver or relinquishment thereof, or as an acquiescence in any breach, nor shall any single or partial exercise of any option, right, power, privilege or remedy hereunder preclude any other or further exercise thereof or the exercise of any other option, right, power, privilege or remedy.
- vi. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability

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in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

- vii. Timing and Captions. Any provision of this Agreement referencing a time, number of days, or period for performance shall be measured in calendar days. The captions of the various articles, sections, and paragraphs of this Agreement are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, terms, or intent of this Agreement.
- viii. No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the Parties hereto; nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third person to any party; and this Agreement does not create any duty, liability or standard of care to any person who is not a Party.
- ix. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, and such counterparts together shall constitute but one and the same instrument.



# San Gorgonio Pass Water Agency

*A California State Water Project Contractor*  
1210 Beaumont Avenue • Beaumont, CA 92223  
Phone (951) 845-2577 • Fax (951) 845-0281

May 1, 2017

Honorable Jay Bogh, President  
Members of the Board of Directors  
Yucaipa Valley Water District  
Post Office Box 730  
Yucaipa, CA 92399-0730

**President:**  
*David Fenn*

**Vice President:**  
*Ronald Duncan*

**Treasurer:**  
*Leonard Stephenson*

**Directors:**  
*Dr. Blair M Ball*  
*David Castaldo*  
*Stephen Lehtonen*  
*Michael Thompson*

**General Manager  
& Chief Engineer:**  
*Jeff Davis, PE*

**Legal Counsel:**  
*Jeffrey Ferre*

RECEIVED  
MAY 13 2017  
YUCAIPA VALLEY  
WATER DISTRICT

Re: Inclusion in requirements for development approvals  
San Gorgonio Pass Water Agency Facility Capacity Fee

Dear President Bogh:

The San Gorgonio Pass Water Agency (“Agency”) previously adopted a Facility Capacity Fee. The nature of, and substantiation for, the Fee are set forth in Agency Resolution 2015-05. There have been a number of discussions between the Yucaipa Valley Water District (“District”), the City of Calimesa (“City”) and the Agency as to whether or not the Fee would be collected by the water retailer or the land use agency. As a wholesaler, the Agency does not have the legal authority to directly impose development approvals.

The most recent request made to the Agency was to provide the format for a cooperative agreement under which the District or the City could collect the Fee on behalf of the Agency. As a result, I formed an ad hoc committee of the Agency Board to develop such a format and that document is attached. It is my understanding that the City has a similar ad hoc committee of the City Council and that the District elected not to form an ad hoc committee.

Our offer stands to meet with the applicable ad hoc committee or other representatives to discuss this cooperative agreement. Regardless of whatever meetings take place, or not, it is our hope that the City or the District will be willing to enter into a final version of the attached cooperative agreement.

If you have any questions, please feel free to contact me.

Sincerely,

David Fenn, President  
San Gorgonio Pass Water Agency

## COOPERATIVE AGREEMENT REGARDING FACILITY CAPACITY FEE

This Cooperative Agreement (“Agreement”) is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2017, between SAN GORGONIO PASS WATER AGENCY (“Agency”), a public agency formed under Act 101 of the Water Code Appendix and the \_\_\_\_\_ Water District, a public agency, OR the City of \_\_\_\_\_, a California municipal corporation. The City or Water District, as applicable, are collectively referred to as Public Entity.

### RECITALS

A. Agency is a State Water Project (“SWP”) Contractor which imports and provides water within its service area in a wholesale capacity. Total water demand at build-out within Agency’s service area is expected to be in excess of existing local and imported water supplies. As a result, Agency plans to invest in additional facilities, pipeline capacity, and water rights/supplies (collectively, “Water/Improvements”).

B. Agency is authorized to impose a Facility Capacity Fee for the right to make a new retail connection to the water distribution system of any retail water distributor that is located within the boundaries of Agency and that obtains any portion of its water supplies from Agency. Pursuant to Government Code Section 66013, Agency adopted Resolution No. 2015-05 (“Resolution”) which establishes a fee to be imposed within Agency’s service area. The fee is dedicated to funding the cost of Water/Improvements and under Section 66013, the fee proceeds must be separately accounted for to ensure they are used toward the cost of the Water/Improvements. The fee has two components: (1) a facility fee that will fund a portion of the required new infrastructure; and (2) a water capacity fee that will fund a portion of the purchase of new water rights and entitlements. The facility fee and water capacity fee components are referred to as the “Fee.”

C. As part of the approval process for a new development which will receive water service from a water retailer, an applicant is required to obtain water service approvals from a water retailer and land use approvals from a city or county. All such approvals are collectively referred to as “Approvals.” Agency desires Public Entity’s assistance in facilitating the collection of the Fee from applicants who apply for Approvals.

### AGREEMENT

NOW THEREFORE, in consideration of the Recitals, incorporated herein, and the terms and conditions set forth in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Collection Of Fee Public Entity will require any individual or entity to which the Fee applies (“Applicant”) to remit payment of the Fee to Agency. Public Entity will impose the payment requirement in the following manner:

(a) Amount of Fee The amount of the Fee shall be determined in accordance with the terms of the Resolution, as it currently exists or may be amended. In the event Applicant

has any questions regarding the Fee, Public Entity may direct Applicant to Agency for assistance.

(b) Condition of Approvals Pursuant to the process set forth in the Resolution, Public Entity shall require evidence of payment of the Fee for new development as well as for a project that will increase the water demand from the existing demand. Such evidence of payment shall be required prior to issuance of Approvals.

(c) Refusal or Failure to Impose/Pay Fee In the event that:

(i) Applicant fails or refuses to pay the Fee; or

(ii) Public Entity refuses or fails to implement the requirement for payment of the Fee;

but

(iii) The project nevertheless is granted Approvals to proceed;

then

(iv) The project shall have not have access to the Water/Improvements.

(v) In the event the Fee is not paid or enforced, but Public Entity still wishes for the particular project to have access to the Water/Improvements, Public Entity shall provide Agency with the funding necessary in order to utilize the Water/Improvements in connection with that particular project.

## 2. General Provisions

(a) Term/Termination/Amendment Either party may terminate this Agreement for any reason on six (6) months' written notice to the other party. The term of this Agreement shall remain in effect until terminated by written notice. This Agreement may be amended by mutual written agreement of the parties.

(b) Dispute Resolution In the event a dispute arises between the parties relating to this Agreement, the parties shall first attempt to resolve the disagreement through an informal dispute resolution process. A party shall initiate the informal dispute resolution process by transmitting written notice to the other party, setting forth the nature and extent of the dispute, and requesting that the parties engage in informal dispute resolution. In the event the parties have not reached a mutually satisfactory resolution within thirty (30) calendar days following the date of the initial informal dispute resolution meeting, either party may pursue other available remedies including, but not limited to, specific performance or injunctive relief.

(c) Law, Venue, Attorney Fees This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a court situated in the County of

Riverside, State of California. In the event of any such litigation, the prevailing party shall be entitled to recover reasonable attorney's fees, as determined by the court.

(d) Defense/Indemnity Agency shall defend, indemnify and hold harmless Public Entity from and against any and all claims, liabilities or damages, including reasonable attorney's fees (collectively "Liabilities"), arising out of or in any way resulting from the adoption and imposition of the Fee or the acts or omissions of Agency relating in any way to the collection and/or accounting for the Fee, except to the extent that the Liabilities arise from Public Entity's negligent or willful misconduct.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the date last written below:

**SAN GORGONIO PASS WATER AGENCY**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

\_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**DRAFT RESOLUTION NO. 2017-xx****A RESOLUTION OF THE YUCAIPA VALLEY WATER DISTRICT ESTABLISHING THE METHODOLOGY TO COLLECT FACILITY CAPACITY CHARGES RELATED TO SECURING PERMANENT DRINKING WATER RESOURCES FOR NEW DEVELOPMENT WITHIN THE BOUNDARY OF THE SAN GORGONIO PASS WATER AGENCY**

WHEREAS, the Yucaipa Valley Water District (the "District") is a public agency of the State of California organized and existing pursuant to the provisions of the County Water District Law of this State (Section 30000, et seq. of the Water Code); and

WHEREAS, the District has adopted Facility Capacity Charges for drinking water, sewer, and recycled water services; and

WHEREAS, the Board of Directors reviewed Resolution No. 2015-05 adopted by the San Gorgonio Pass Water Agency and documentation supporting the need for supplemental water to provide service to new development within the boundary of the San Gorgonio Pass Water Agency; and

WHEREAS, the above-referenced documentation and reports were considered by the Board of Directors at several board workshops, board meetings and the public hearing; and

WHEREAS, the Board of Directors of the Yucaipa Valley Water District are expected to secure supplemental water from the San Gorgonio Pass Water Agency when a permanent source of supply is secured and available to provide service to new development within the service area of the San Gorgonio Pass Water Agency; and

WHEREAS, the purpose of the supplemental water capacity charge is to purchase and/or finance, in whole or in part, permanent water rights dedicated to the Yucaipa Valley Water District or fund the implementation of a similar program that provides the same permanent water supply for new development within the boundary of both the Yucaipa Valley Water District and the San Gorgonio Pass Water Agency; and

WHEREAS, the fee structure and methodology established herein is set forth as the supplemental water fee adopted by the San Gorgonio Pass Water Agency as may be modified as provided in the San Gorgonio Pass Water Agency Resolution No. 2015-05, Section 7 as a reasonable estimate for securing supplemental water rights unless modified by the Board of Directors of the Yucaipa Valley Water District; and

WHEREAS, the facts and evidence presented to the Board of Directors during previous board workshops and board meetings demonstrate that the facility capacity charge related to supplemental water to be levied by the District will not exceed the estimated reasonable cost for providing the services for which the capacity charges are imposed; and

WHEREAS, the supplemental water facility capacity charge established herein is exempt from the California Environmental Quality Act, Public Resources Code, Section 21080(b)(8) because the charges are imposed to obtain funds necessary to maintain services within the District; and

WHEREAS, this resolution shall be implemented to supplement the facility capacity charges currently in effect by the Yucaipa Valley Water District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Yucaipa Valley Water District, as follows:

1. Purpose and Implementation. The charges set forth herein are for the purpose of implementing the San Gorgonio Pass Water Agency Resolution No. 2015-05 provided as Exhibit A.

2. Implementation of the San Gorgonio Pass Water Agency Resolution No. 2015-05. The Board of Directors of the Yucaipa Valley Water District hereby directs the General Manager to include language in development agreements within the boundary of the San Gorgonio Pass Water Agency, subject to further review and approval by the Board of Directors, adequate to ensure permanent water resources are secured for all new development within the San Gorgonio Pass Water Agency boundary:

- A. All new development shall be required to be dual plumbed with recycled water to meet irrigation and non-potable demands and drinking water to meet potable and fire flow demands.
- B. Drinking water demand shall be determined for each parcel in units of gallons per day per Equivalent Dwelling Unit (gpd/EDU) and expressed as an annual average drinking water demand (kgal/year) shall be used to calculate the Supplemental Water Facility Capacity Charge for each parcel within the San Gorgonio Pass Water Agency.

Typical components used to calculate the Supplemental Water Facility Capacity Charge for the purchase of permanent water supplies shall include: (i) the lesser of either 0% or the actual interest charge incurred by the District necessary to finance the construction of facilities or purchase of supplemental water rights; (ii) the rolling average of ten prior years of State Water Project reliability as determined by the California Department of Water Resources in effect on September 30<sup>th</sup> of each calendar year; and (iii) the estimated or actual cost of securing permanent supplemental water supplies by the San Gorgonio Pass Water Agency.

An example of the calculation methodology is provided in Exhibit B.

- C. Property owners and/or developers that provide sufficient permanent secured water rights and/or water resources shall receive a credit for the Supplemental Water Facility Capacity Charge required by this resolution if the secured water resources are permanently dedicated to the Yucaipa Valley Water District concurrently with the execution of the development agreement for the subject development.
- D. Based on the example calculation methodology illustrated in Exhibit B, the Supplemental Water Facility Capacity Charge shall automatically be adjusted without further action of the Board of Directors based on (i) changes by the San Gorgonio Pass Water Agency as provided in Resolution No. 2015-05 and subsequent versions; and (ii) on October 1<sup>st</sup> of each year based on the State Water Project reliability determination as of September 30<sup>th</sup> by the California Department of Water Resources.

3. Monthly Water Demands in Excess of Paid Supplemental Water Facility Capacity Charge.  
The Board of Directors of the Yucaipa Valley Water District hereby directs the implementation of a surcharge for drinking water demands by customers that exceeds the quantity of Supplemental Water Facility Capacity Charge as determined and assessed to each parcel.

PASSED, APPROVED and ADOPTED this \_\_\_ day of July 2017.

YUCAIPA VALLEY WATER DISTRICT

\_\_\_\_\_  
Jay Bogh, President Board of Directors

ATTEST:

\_\_\_\_\_  
Joseph B. Zoba, General Manager

## Exhibit A

**RESOLUTION NO. 2015-05****RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SAN GORGONIO PASS WATER AGENCY  
TO ADOPT FACILITY CAPACITY FEES FOR  
FACILITIES AND WATER**

WHEREAS, the San Gorgonio Pass Water Agency (SGPWA) is a public agency formed and existing pursuant to Article 101 of the California Water Code Appendix (SGPWA Act) in 1961; and

WHEREAS, SGPWA entered into a contract with the California Department of Water Resources (DWR) in 1962 for a Table A amount of water capacity in the California State Water Project (SWP) which is currently 17,300 acre feet per year (AFY) to bring supplemental water to the SGPWA service area; and

WHEREAS, there is a need to meet future increasing demands for SGPWA supplemental water to the SGPWA service area which will require additional water facilities to be constructed to distribute water and to acquire additional water rights to meet future increasing demands; and

WHEREAS, the Board of Directors finds and determines that the present existing water importation, production, transportation, delivery facilities and water supplies are inadequate to meet anticipated demand; and

WHEREAS, Section 101 – 27.1(a) of the SGPWA Act authorizes SGPWA to impose a facility capacity fee, which is in the nature of a connection fee, for the right to make a new retail connection to the water distribution system of any retail water distributor that is located within the boundaries of the SGPWA and that obtains all or any portion of its water supplies from SGPWA; and

WHEREAS, Section 101- 27.1(c) also provides the facility capacity fee referred to in subdivision (a) shall be adopted, established, and imposed only following a public hearing and in accordance with the requirements set forth in Chapter 5 (commencing with Section 66000 of Division 1 of Title 7 of the Government Code as it now exists or may hereafter be amended; and

WHEREAS, the Facility Capacity Fee as set forth in the SGPWA Act, Sections 101 – 27.1 (a) through (i) will assist SGPWA to fund (1) the purchase of capacity in existing pipeline systems owned by other public agencies; (2) and additional basin recharge project for underground water storage in the Beaumont groundwater basin, including land purchases associated with such basin activity; and (3) the purchase of new water and/or water rights and entitlements to meet future water demand; and

WHEREAS, pursuant to Section 101 – 27.1 of the SGPWA Act, SGPWA has prepared a Capacity Fee Study (Study) to support the need for additional water facilities and new water and/or water rights in that the existing facilities are not adequate to meet the future increasing water needs in the SGPWA service area; and

**Exhibit A**

WHEREAS, the Study meets the requirements of Section 101 – 27.1 and Government Code Section 66013 to ensure that the Facility Capacity Fee does not exceed the estimated reasonable cost of providing the service for which the fee is imposed and provides a clear and concise document that will serve as the basis for the proposed fee levels; and

WHEREAS, SGPWA has provided all of the notices prior to and conducted a public hearing on July 27, 2015 required by Section 101 – 27.1 (c) of the Agency Act; and

WHEREAS, SGPWA after close of the hearing considered the Study, and proposed Findings.

**NOW THEREFORE BE IT HEREBY RESOLVED**

1. The matters set forth in the recitals to this Resolution are true and correct statements and are made findings and determinations of the Board of Directors.
2. That the Findings as set forth on Attachment 1 concerning the Study are hereby adopted.
3. The Board of Directors finds that the Facility Capacity Fees as defined in the Study and the Findings are for the purpose of obtaining funds for capital projects necessary to maintain service within SGPWA as set forth in this Resolution and, therefore, the establishment of such fees is not subject to the California Environmental Quality Act.
4. That the Study is hereby approved.
5. That the Facility Capacity Fees as set forth in the Study and on Attachment 2 hereof are hereby adopted and shall take effect immediately.
6. The General Manager is authorized to contract with the counties in which it is located and with the cities within the SGPWA for the collection of the Facility Capacity Fee along with building permit fees or other fees related to the improvement of property, or may contract for collection of the Facility Capacity Fees by the water retail distributors (SGPWA Act 101 – 27.1 (f)).
7. The Facility Capacity Fee component shall be automatically adjusted without further action of the Board effective on July 1st of each year, beginning July 1, 2016, by a percentage equal to the change in Construction Cost Index for Los Angeles as published by Engineering New Record for the preceding twelve months as set forth in the Study.
8. The Facility Fee component of the facility capacity fee shall be reviewed periodically as determined by the General Manager to determine if changes are needed and reasonable in unit prices, facility requirements, and water demands and demographics in order to ensure that Facility Fee cost allocations are reasonable and that collections over time will fund the required facilities.
9. The Water Capacity Fee component shall be reviewed annually in the month of July, commencing July 1, 2016 to adjust the Water Capacity Fee by a reasonable percentage based on the cost of actual water purchases, an updated water rights appraisal or comparisons of recent

**Exhibit A**

purchases of additional water rights by statewide municipalities and special districts over the preceding twelve months.

10. The General Manager is further authorized to take any and all other actions to implement and carry out this resolution.

11. All resolutions or administrative actions by the Board of Directors, or parts thereof that are inconsistent with any provision of this Resolution are hereby superseded only by this Resolution to the extent of such inconsistency.

12. If any section, subsection, clause, sentence, or phrase in this Resolution is for any reason held invalid, the validity of the remainder of this Resolution shall not be affected thereby. The Board hereby declares it would have passed this Resolution and each section, sentence, clause or phrase thereof, irrespective of the fact that all or more sections, subsections, clauses, sentences, or phrase are held invalid.

13. The Resolution shall take effect immediately.

AYES:

NOES:

DATE: July 27, 2015

**SAN GORGONIO PASS WATER AGENCY**

By \_\_\_\_\_  
Secretary of the Board of Directors

**Exhibit B****Sample Methodology to Calculate the Supplemental Water Facility Capacity Charge**

## Assumptions:

- 120 kgal/year Estimated Annual Drinking Water Demand
  - *Estimated Drinking Water Demand of 330 gpd/EDU*
- 0% Interest
- 46.5% State Water Project Reliability Factor
  - *2016 State Water Project Allocation on September 30 - 60% (DWR Notice 16-06)*
  - *2015 State Water Project Allocation on September 30 - 20% (DWR Notice 15-03)*
  - *2014 State Water Project Allocation on September 30 - 20% (DWR Notice 14-08)*
  - *2013 State Water Project Allocation on September 30 - 35% (DWR Notice 13-09)*
  - *2012 State Water Project Allocation on September 30 - 65% (DWR Notice 12-09)*
  - *2011 State Water Project Allocation on September 30 - 80% (DWR Notice 11-06)*
  - *2010 State Water Project Allocation on September 30 - 50% (DWR Notice 10-11)*
  - *2009 State Water Project Allocation on September 30 - 40% (DWR Notice 09-07)*
  - *2008 State Water Project Allocation on September 30 - 35% (DWR Notice 08-03)*
  - *2007 State Water Project Allocation on September 30 - 60% (DWR Notice 07-06)*
- \$6,231/Acre Foot Permanent Water Right Estimate
  - *Most Recent San Geronio Pass Permanent Water Right Purchase Estimate*

-----  
Calculation:

$$120 \text{ kgal} \times \frac{1,000 \text{ gal}}{1 \text{ kgal}} \times \frac{0.000003069 \text{ AF}}{\text{gallon}} \times \frac{\$6,231}{\text{Acre Foot}} \times \frac{1}{0.465 \text{ Reliability}} = \mathbf{\$4,935/EDU}$$



**Date:** May 30, 2017  
**From:** Joseph Zoba, General Manager  
**Subject:** Discussion Regarding Potential On-Bill Financing for Recycled Water Connection Improvements to Ridgeview Elementary School

---

Yucaipa Valley Water District strives to develop and advance innovative and effective public policies to improve the overall management of our water resources.

The District staff has been working together with the staff at the Yucaipa Calimesa Joint Unified School District to convert the play fields at Ridgeview Elementary School from drinking water to recycled water. While recycled water is available for the school in Sunnyside Drive, the elevation of the play fields will require the installation of an irrigation pump to provide sufficient pressure to allow the existing sprinkler system to function properly.



The purpose of this agenda item is to discuss the establishment of a pilot program to utilize on-bill financing as a method to accommodate the installation of a recycled water pump at this site. Using on-bill financing, the water district will pay for the installation of the irrigation pump and the

school district would reimburse the water district from the differential between drinking water rates and recycled water rates over time.

If the Board of Directors decided to implement this program, the on-bill financing program would only be available to local governments such as the Yucaipa-Calimesa Unified School District, City of Yucaipa and the City of Calimesa at a fixed interest rate with a provision to discontinue irrigation water service for non-payment. By limiting the availability of this program to local government agencies, the District significantly reduces the risk of non-payment and the risks associated with the transfer of property ownership.

Additionally, the District staff would propose participating in this project with a maximum contribution of \$25,000 towards contract administration, construction management, and inspection services.

# Administrative Issues



Yucaipa Valley Water District



**Date:** May 30, 2017

**From:** Jennifer Ares, Water Resource Manager

**Subject:** Review of the Memorandum of Agreement to form a Groundwater Sustainability Agency for the San Timoteo Subbasin

---

On Sept. 16, 2014, Governor Jerry Brown signed into law a three-bill legislative package, known as the Sustainable Groundwater Management Act of 2014 (the “Act”). The Act provides a framework for sustainable management of groundwater supplies by local authorities, with a limited role for state intervention only if necessary to protect the resource. The Act protects existing surface water and groundwater rights and requires the formation of local groundwater sustainability agencies (GSAs) that must assess conditions in their local water basins and adopt locally-based management plans.

The District has been actively involved in the development of the Groundwater Sustainability Agency for the San Timoteo Sub-Basin. Additional agencies involved within the basin are Beaumont Cherry Valley Water District, the City of Redlands, San Geronio Pass Water Agency. Eastern Municipal Water District is represented as a stakeholder to the GSA and will be forming a separate GSA in their service area that covers the lower San Timoteo Basin.

In order to become a Groundwater Sustainability Agency for the San Timoteo Sub-basin, each party of the Agreement must conduct a public hearing and obtain Board and/or Council approval. The attached Memorandum of Agreement has been scheduled for a public hearing at the June 6, 2017 board meeting. All documents required for the GSA must be submitted to the Department of Water Resources by June 30, 2017.

**MEMORANDUM OF AGREEMENT TO FORM A GROUNDWATER SUSTAINABILITY  
AGENCY FOR PART OF THE UNADJUDICATED PORTION OF THE  
SAN TIMOTEO SUBBASIN AND TO COORDINATE WITH OTHER  
GROUNDWATER SUSTAINABILITY AGENCIES**

This 2017 Memorandum of Agreement (MOA) is entered into by and among Beaumont Cherry Valley Water District (BCVWD), Yucaipa Valley Water District (YVWD), City of Redlands (Redlands), and San Gorgonio Pass Water Agency (SGPWA), which may be referred to herein individually as a “Party” and collectively as the “Parties.”

Pursuant to the Sustainable Groundwater Management Act (SGMA) and as further set forth herein, the purposes of this MOA are to form a Groundwater Sustainability Agency (GSA) for part of the unadjudicated portion of the San Timoteo Subbasin (Basin), the members of which GSA shall be BCVWD, YVWD, Redlands, and SGPWA (herein, the ST-GSA), and to establish that the ST-GSA will coordinate with the Eastern Municipal Water District (EMWD) in its formation of a separate GSA for another part of the unadjudicated portion of the Basin within EMWD’s service area.

**Recitals**

**WHEREAS**, on September 16, 2014, Governor Jerry Brown signed into law Senate Bills 1168 and 1319, and Assembly Bill 1739, collectively known as the Sustainable Groundwater Management Act (SGMA), codified in certain provisions of the California Government Code, commencing with Section 65350.5, and in certain provisions of the California Water Code, including but not limited to, Sections 5200 et seq. and 10720 et seq.; and

**WHEREAS**, SGMA went into effect on January 1, 2015, and thereafter various clarifying amendments to SGMA were signed into law in 2015, including Senate Bills 13 and 226, and Assembly Bills 617 and 939; and

**WHEREAS**, the San Timoteo Subbasin (Basin), as further depicted in **Exhibit A** to this MOA, is identified by the California Department of Water Resources (DWR) Bulletin 118 as Subbasin No. 8-02.08 of the Upper Santa Ana Valley Groundwater Basin, and is designated by DWR as medium priority, and therefore, except as provided by SGMA, the Basin is subject to the requirements of SGMA; and

**WHEREAS**, the Parties recognize and agree that a portion of the Basin (herein, the Adjudicated Area) is subject to the Beaumont Basin adjudication and Judgment in the case referred to as *San Timoteo Watershed Management Authority v. City of Banning, et al.*, Riverside County Superior Court Case No. RIC 389197, and that pursuant to SGMA Section 10720.8(a)(1), said portion of the Basin generally is not subject to the requirements of SGMA and will not be managed by the ST-GSA; and

**WHEREAS**, SGMA Section 10720.7 requires the Basin, as a medium priority basin which is not designated by DWR as being subject to critical conditions of overdraft, to be managed by a Groundwater Sustainability Plan (GSP) or coordinated GSPs by January 31, 2022; and

**WHEREAS**, SGMA Section 10727(b) authorizes (1) a single GSP covering the entire Basin developed and implemented by one GSA, (2) a single GSP covering the entire Basin developed and implemented by multiple GSAs, or (3) multiple GSPs developed and implemented by multiple GSAs and coordinated pursuant to a single coordination agreement that covers the entire Basin; and

**WHEREAS**, SGMA Section 10735.2 requires the formation of a GSA or multiple GSAs for the Basin by June 30, 2017; and

**WHEREAS**, SGMA Section 10723.6(a) authorizes a combination of local agencies to form a GSA pursuant to a joint powers agreement, a memorandum of agreement, or other legal agreement; and

**WHEREAS**, BCVWD, YVWD, Redlands, and SGPWA are local agencies as defined by SGMA, wherein each agency overlies at least a portion of the Basin and each has respective water supply, water management, and/or land use responsibilities within the Basin, and thus each is authorized by SGMA to become part of the ST-GSA; and

**WHEREAS**, in accordance with the terms of this MOA, and in furtherance of the shared intent of the Parties to maximize funding opportunities for the Basin and avoid potential intervention in the Basin by the State Water Resources Control Board, the Parties agree that the ST-GSA formed by this MOA will cover the entire Basin except the Adjudicated Area of the Basin and that portion of the Basin that lies within the service area of EMWD, for which EMWD intends to form a separate GSA as further described below; and

**WHEREAS**, the Parties mutually desire and intend to work with local stakeholders and interested entities in the Basin that are not Parties to this MOA, including but not limited to EMWD, the City of Beaumont (Beaumont), the City of Calimesa (Calimesa), the County of Riverside Planning Department, the County of San Bernardino Flood Control District, the San Bernardino Valley Municipal Water District, the Beaumont Basin Watermaster, overlying landowners, and others to carry out the policy, purposes, and requirements of SGMA in the Basin.

## **Agreement**

**NOW, THEREFORE**, in consideration of the promises, terms, conditions, and covenants contained herein, it is mutually understood and agreed as follows:

- I. **Incorporation of Recitals.** The Recitals stated above are incorporated herein by reference.
- II. **Purposes.** The purposes of this MOA are to form the ST-GSA for part of the unadjudicated portion of the Basin as specified herein pursuant to applicable provisions and requirements of SGMA, including but not limited to SGMA Sections 10723 and 10723.6, and to establish that the ST-GSA will coordinate with EMWD in its formation of a separate GSA for another part of the unadjudicated portion of the Basin within EMWD's service area.
- III. **Approval of MOA and Formation of the ST-GSA.** Approval of this MOA and formation of the ST-GSA shall be accomplished by BCVWD, YVWD, Redlands, and SGPWA each holding its own noticed public hearing pursuant to SGMA Section 10723(b) and

Government Code Section 6066 and at such hearing will consider approval of a Resolution by its governing board to enter this MOA and jointly form the ST-GSA as specified in this MOA. Upon the respective approvals of such Resolutions and this MOA by BCVWD, YVWD, Redlands, and SGPWA, there shall be established the ST-GSA as provided herein.

**IV. Definitions.** The following terms, whether used in the singular or plural, and when used with initial capitalization, shall have the meanings specified herein. The Parties agree that any definitions set forth herein are intended to be consistent with SGMA, and in the event of any discrepancy between a defined term in this MOA and a defined term in SGMA, the terms of SGMA shall control.

- A. “Adjudicated Area” refers to that portion of the Basin that is subject to the Beaumont Basin adjudication and Judgment in the case referred to as *San Timoteo Watershed Management Authority v. City of Banning, et al.*, Riverside County Superior Court Case No. RIC 389197, as further depicted in **Exhibit A** to this MOA.
- B. “Basin” refers to the San Timoteo Subbasin, designated by the California Department of Water Resources Bulletin 118 as Subbasin No. 8-02.08, as further specified, and depicted in **Exhibit A** to this MOA.
- C. “BCVWD” means the Beaumont Cherry Valley Water District.
- D. “DWR” means the California Department of Water Resources.
- E. “EMWD” means the Eastern Municipal Water District.
- F. “GSA” means Groundwater Sustainability Agency, as defined by SGMA.
- G. “GSP” means Groundwater Sustainability Plan, as defined by SGMA.
- H. “Memorandum of Agreement” or “MOA” refers to this Memorandum of Agreement.
- I. “Party” or “Parties” refers individually or collectively to Beaumont Cherry Valley Water District, Yucaipa Valley Water District, City of Redlands, and San Gorgonio Pass Water Agency, as signatories to this MOA.
- J. “Redlands” means the City of Redlands.
- K. “SGMA” refers to the Sustainable Groundwater Management Act.
- L. “SGPWA” means the San Gorgonio Pass Water Agency.
- M. “ST-GSA” refers to the San Timoteo Subbasin GSA formed under this MOA, the members of which GSA are BCVWD, YVWD, Redlands, and SGPWA.
- N. “YVWD” means the Yucaipa Valley Water District.

**V. Boundaries of ST-GSA.** The boundaries of the ST-GSA, as further depicted in **Exhibit B** to this MOA, shall be the entire Basin except the Adjudicated Area of the Basin as further

specified in this MOA and that portion of the Basin that lies within the service area of EMWD, wherein EMWD intends to form a separate GSA for that portion of the Basin in accordance with SGMA and without overlapping the boundaries of the ST-GSA as provided in this MOA. The Parties understand and agree that pursuant to SGMA Section 10720.8, the Adjudicated Area of the Basin generally is not subject to the requirements of SGMA and will not be managed by the ST-GSA.

## VI. Coordination and Cooperation

- A. Continued Cooperation. The Parties to this MOA will continue to meet, confer, coordinate, and collaborate to discuss and develop technical, managerial, financial, and other criteria and procedures for the preparation, governance, and implementation of a GSP or coordinated GSPs in the Basin and to carry out the policy, purposes, and requirements of SGMA in the Basin.
- B. Points of Contact. Each Party shall designate a principal contact person for that Party, who may be changed from time to time at the sole discretion of the designating Party. The principal contact person for each Party shall be responsible for coordinating with the principal contact persons for the other Parties in scheduling meetings and other activities under this MOA.
- C. Management Areas. The Parties acknowledge that SGMA, and provisions of the SGMA regulations promulgated by DWR, including but not limited to Section 354.20 (23 C.C.R. § 354.20), authorize the establishment of management areas for the development and implementation of sustainable groundwater management within the Basin, and accordingly the Parties acknowledge and agree that the establishment of management areas within the Basin is a governance alternative that the Parties may explore.

## VII. Roles and Responsibilities

- A. The Parties agree to jointly establish their roles and responsibilities for implementing a GSP or coordinated GSPs for the Basin in accordance with SGMA.
- B. The Parties agree to work in good faith and coordinate all activities to carry out the purposes of this MOA in implementing the policy, purposes, and requirements of SGMA in the Basin and particularly within the boundaries of the ST-GSA.
- C. BCVWD, YVWD, Redlands, and SGPWA, as members of the ST-GSA, shall coordinate with each other to cause all applicable noticing and submission of required information to DWR regarding formation of the ST-GSA.
- D. As provided in this MOA, the Parties will continue to meet, confer, coordinate, and collaborate to discuss and develop governance, management, technical, financial, and other matters, including respective roles and responsibilities for activities such as, but not limited to, the following: modeling; metering; monitoring; hiring consultants; developing and maintaining list of interested persons under SGMA Section 10723.4; budgeting; and other initial tasks as determined by the Parties.

**VIII. Funding and Budgeting.** The Parties shall mutually develop reasonable budgets and cost sharing agreements or arrangements for work to be undertaken in carrying out SGMA in the Basin.

**IX. Stakeholders**

- A. The Parties agree to work together in ensuring public outreach and involvement of the public, other interested stakeholders, and other agencies such as EMWD that may be responsible for implementing groundwater sustainability in the Basin throughout the SGMA process, including but not limited to all beneficial uses and users of groundwater as provided in SGMA Section 10723.2.
- B. The Parties acknowledge, agree, and desire that the preparation, adoption, and implementation of one or more GSPs for the Basin, and the ongoing process of ensuring compliance with the requirements of SGMA in the Basin, will involve close coordination and cooperation with stakeholders and other interested parties, including but not limited to those identified in this MOA.

**X. Term, Termination, and Withdrawal**

- A. Term. This MOA shall continue and remain in effect unless and until terminated by the unanimous written consent of the Parties, or as otherwise provided in this MOA or as authorized by law.
- B. Withdrawal. Any Party may decide, in its sole discretion, to withdraw from this MOA by providing ninety (90) days written notice to the other Parties. A Party that withdraws from this MOA shall remain obligated to pay its share of costs and expenses incurred or accrued under this MOA and any related cost sharing agreement or arrangement up to the date the Party provides its notice of withdrawal as provided herein. Withdrawal by a Party shall not cause or require the termination of this MOA or the existence of the ST-GSA with respect to the non-withdrawing Parties.
  - 1. In the event of withdrawal by BCVWD, YVWD, Redlands, or SGPWA from this MOA and the ST-GSA, the Parties shall meet and confer regarding whether the withdrawing Party wishes to seek GSA status for a portion of the Basin underlying the service area or management area of the withdrawing Party. The Parties also may meet and confer regarding issues such as: (i) whether the ST-GSA, or one or more of the non-withdrawing Parties, wishes to retain GSA status over the affected portion of the Basin; (ii) whether to enter a co-GSA management or other arrangement with the withdrawing Party; and (iii) whether to address the GSA issues in a different manner. Any resolution of such and other GSA issues shall be undertaken in a manner that satisfies all requirements of SGMA and DWR, including any requirement to file new GSA notices.

**XI. Notice Provisions**

All notices required by this MOA shall be made in writing and delivered to the respective representatives of the Parties at their respective addresses as follows:

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

City of Redlands  
Attn: Municipal Utilities and Engineering Director  
35 Cajon Street  
Redlands, California 92373

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

San Geronio Pass Water Agency  
Attn: General Manager  
1210 Beaumont Avenue  
Beaumont, California 92223

Any Party may change the address to which notices are to be given under this MOA by providing all other Parties with written notice of such change at least fifteen (15) calendar days prior to the effective date of the change. All notices shall be effective upon receipt and shall be deemed received upon confirmed personal service, confirmed courier service, or on the fifth (5<sup>th</sup>) calendar day following deposit of the notice in registered first class mail.

## **XII. General Terms**

- A. Amendments. Amendments to this MOA require unanimous written consent of all Parties and approval by the Parties' respective governing bodies.
- B. Successors and Assigns. The terms of this MOA shall be binding upon all successors in interest and assigns of each Party; provided, however, that no Party shall assign its rights or obligations under this MOA without the signed written consent of all other Parties to this MOA.
- C. Waiver. No waiver of any provision of this MOA by any Party shall be construed as a further or continuing waiver of such provision or any other provision of this MOA by the waiving Party or any other Party.
- D. Authorized Representatives. Each person executing this MOA on behalf of a Party hereto affirmatively represents that such person has the requisite authority to sign this MOA on behalf of the respective Party.
- E. Exemption from CEQA. The Parties recognize and agree that, pursuant to SGMA Section 10728.6 and Public Resources Code Section 21065, neither this MOA nor the preparation or adoption of a GSP constitute a "project" or approval of a project under the California Environmental Quality Act (CEQA) or the State CEQA Guidelines, and therefore this MOA is expressly exempt from CEQA review.

- F. Governing Law and Venue. This MOA shall be governed by and construed in accordance with the laws of the State of California. Any suit, action, or proceeding brought under the scope of this MOA shall be brought and maintained to the extent allowed by law in the County of Riverside, California.
- G. Attorney's Fees, Costs, and Expenses. In the event of a dispute among any or all of the Parties arising under this MOA, each Party shall assume and be responsible for its own attorney's fees, costs, and expenses.
- H. Entire Agreement/Integration. This MOA constitutes the entire agreement among the Parties regarding the specific provisions of this MOA, and the Parties hereto have made no agreements, representations or warranties relating to the specific provisions of this MOA which are not set forth herein.
- I. Construction and Interpretation. The Parties agree and acknowledge that this MOA has been developed through a negotiated process among the Parties, and that each Party has had a full and fair opportunity to review the terms of this MOA with the advice of its own legal counsel and to revise the terms of this MOA, such that each Party constitutes a drafting Party to this MOA. Consequently, the Parties understand and agree that no rule of construction shall be applied to resolve any ambiguities against any particular Party as the drafting Party in construing or interpreting this MOA.
- J. Force Majeure. No Party shall be liable for the consequences of any unforeseeable force majeure event that (1) is beyond its reasonable control, (2) is not caused by the fault or negligence of such Party, (3) causes such Party to be unable to perform its obligations under this MOA, and (4) cannot be overcome by the exercise of due diligence. In the event of the occurrence of a force majeure event, the Party unable to perform shall promptly notify the other Parties in writing to the extent practicable. It shall further pursue its best efforts to resume its obligations under this MOA as quickly as possible and shall suspend performance only for such period of time as is necessary as a result of the force majeure event.
- K. Execution in Counterparts. This MOA may be executed in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument.
- L. No Third Party Beneficiaries. This MOA is not intended, and will not be construed, to confer a benefit or create any right on a third party or the power or right of any third party to bring an action to enforce any of the terms of this MOA.
- M. Timing and Captions. Any provision of this MOA referencing a time, number of days, or period for performance shall be measured in calendar days. The captions of the various articles, sections, and paragraphs of this MOA are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, terms, or intent of this MOA.

IN WITNESS WHEREOF, the Parties hereto have approved and executed this MOA as of the respective dates specified in the adopting Resolution of each Party as provided above in Article III of this MOA.

[The remainder of this page has been intentionally left blank.]  
[Signature pages to follow.]

**BEAUMONT CHERRY VALLEY WATER DISTRICT**

By:

\_\_\_\_\_  
President, Board of Directors

Attest:

\_\_\_\_\_  
Secretary, Board of Directors

Approved as to form:

\_\_\_\_\_  
Counsel, Beaumont Cherry Valley Water District

Notices for the Beaumont Cherry Valley Water District shall be sent as follows:

Attention: General Manager  
560 Magnolia Avenue  
Beaumont, California 92223

With copies to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CITY OF REDLANDS**

By:

\_\_\_\_\_  
Mayor, City Council

Attest:

\_\_\_\_\_  
Secretary, City Council

Approved as to form:

\_\_\_\_\_  
Counsel, City of Redlands

Notices for the City of Redlands shall be sent as follows:

Attention: Municipal Utilities and Engineering Director  
35 Cajon Street  
Redlands, California 92373

With copies to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SAN GORGONIO PASS WATER AGENCY**

By:

\_\_\_\_\_  
President, Board of Directors

Attest:

\_\_\_\_\_  
Secretary, Board of Directors

Approved as to form:

\_\_\_\_\_  
Counsel, San Gorgonio Pass Water Agency

Notices for the San Gorgonio Pass Water Agency shall be sent as follows:

Attention: General Manager  
1210 Beaumont Avenue  
Beaumont, California 92223

With copies to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**YUCAIPA VALLEY WATER DISTRICT**

By:

\_\_\_\_\_  
President, Board of Directors

Attest:

\_\_\_\_\_  
Secretary, Board of Directors

Approved as to form:

\_\_\_\_\_  
Counsel, Yucaipa Valley Water District

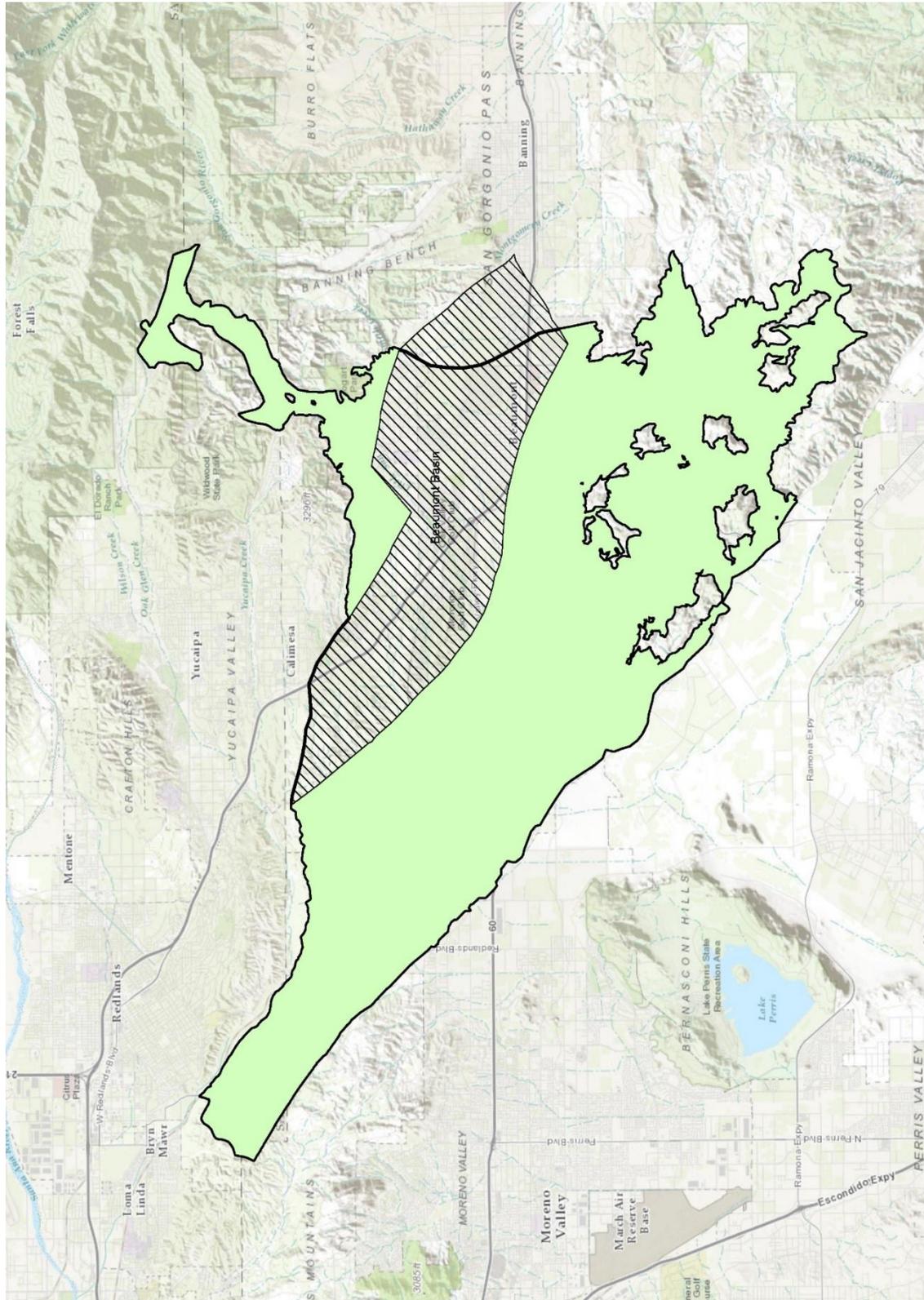
Notices for the San Gorgonio Pass Water Agency shall be sent as follows:

Attention: General Manager  
12770 Second Street  
Yucaipa, California 92399

With copies to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### Exhibit A





**Date:** May 30, 2017

**From:** Jennifer Ares, Water Resource Manager

**Subject:** Review of the Memorandum of Agreement to form a Groundwater Sustainability Agency for the Yucaipa Subbasin

---

On Sept. 16, 2014, Governor Jerry Brown signed into law a three-bill legislative package, known as the Sustainable Groundwater Management Act of 2014 (the “Act”). The Act provides a framework for sustainable management of groundwater supplies by local authorities, with a limited role for state intervention only if necessary to protect the resource. The Act protects existing surface water and groundwater rights and requires the formation of local groundwater sustainability agencies (GSAs) that must assess conditions in their local water basins and adopt locally-based management plans.

The District has been actively involved in the development of the Groundwater Sustainability Agency for the Yucaipa Sub-basin. Additional agencies involved within the basin are South Mountain Water Company, Western Heights Water Company, City of Calimesa, City of Redlands, City of Yucaipa, San Bernardino Valley Municipal Water District, and San Geronio Pass Water Agency.

In order to become a Groundwater Sustainability Agency for the Yucaipa Sub-basin, each party of the Agreement must conduct a public hearing and obtain Board and/or Council approval. The attached Memorandum of Agreement will be subject to approval at the June 6, 2017 board meeting. All documents required for the GSA must be submitted to the Department of Water Resources by June 30, 2017.

**MEMORANDUM OF AGREEMENT TO FORM A  
GROUNDWATER SUSTAINABILITY AGENCY  
FOR THE YUCAIPA SUB-BASIN  
(Sub-basin No. 8-02.07)**

This 2017 Memorandum of Agreement ("MOA") is entered into by and among: South Mesa Water Company ("SOUTH MESA"), South Mountain Water Company ("SOUTH MOUNTAIN"), Western Heights Water Company ("WESTERN HEIGHTS") and Yucaipa Valley Water District ("YVWD"), herein collectively referred to as the "WATER PURVEYORS"; and, the City of Calimesa ("CALIMESA"), the City of Redlands ("REDLANDS") and the City of Yucaipa ("YUCAIPA"), herein collectively referred to as the "MUNICIPALITIES"; and, the San Bernardino Valley Municipal Water District ("SAN BERNARDINO VALLEY MUNICIPAL") and the San Gorgonio Pass Water Agency ("SAN GORGONIO"), herein collectively referred to as the "REGIONALS." The MUNICIPALITIES are sometimes herein collectively referred to as the "LAND USE AGENCIES." Each of the above-described entities is individually referred to as a "Party" and are collectively referred to as the "Parties". For purposes of this MOA, SOUTH MESA, SOUTH MOUNTAIN and WESTERN HEIGHTS are collectively referred to as the "MUTUALS"; and, the Parties other than the MUTUALS are collectively referred to as the "LOCAL AGENCIES."

Pursuant to the Sustainable Groundwater Management Act ("SGMA") and as further set forth herein, the purpose of this MOA is to form a Groundwater Sustainability Agency ("GSA") for the entire Yucaipa Sub-basin (Basin or Sub-Basin No. 8-02.07), in order to preserve local management and control of the Basin as set forth under SGMA.

The County of Riverside ("RIVERSIDE") and the County of San Bernardino ("SAN BERNARDINO"), collectively "COUNTIES," shall be considered "Stakeholders" but not Parties to this MOA.

**Recitals**

**WHEREAS**, on September 16, 2014, Governor Jerry Brown signed into law Senate Bills 1168 and 1319, and Assembly Bill 1739, collectively known as the Sustainable Groundwater Management Act ("SGMA"), codified in certain provisions of the California Government Code, including commencing with Section 65350.5, and codified in Part 2.74 of Division 6 of the California *Water Code*, commencing with Section 10720, and amending other provisions of the California *Government Code* and California *Water Code*; and

**WHEREAS**, SGMA went into effect on January 1, 2015; and,

**WHEREAS**, various clarifying amendments to SGMA were signed into law in 2015, including Senate Bills 13 and 226, and Assembly Bills 617 and 939, which were codified in part in California *Water Code* Section 10723.6(a), authorizing a combination of local agencies to form a GSA pursuant to a joint powers agreement, a memorandum of agreement, or other legal agreement; and, California *Water Code* Section 10723.6(b), authorizing water corporations regulated by the California Public Utilities Commission and mutual water companies to participate in a GSA through a memorandum of agreement or other legal agreement; and

**WHEREAS**, the legislative intent and effect of SGMA, as set forth in California *Water Code* Section 10720.1, includes the following: (1) to provide for the sustainable management of groundwater basins; (2) to enhance local management of groundwater consistent with rights to use or store groundwater and Section 2 of Article X of the California Constitution, and to preserve the security of water rights in the state to the greatest extent possible consistent with the sustainable management of groundwater; (3) to establish minimum standards for sustainable groundwater management; (4) to provide local groundwater agencies with the authority and the technical and financial assistance necessary to sustainably manage groundwater; (5) to avoid or minimize subsidence; (6) to improve data collection and understanding about groundwater; (7) to increase groundwater storage and remove impediments to recharge; (8) to manage groundwater basins through the actions of local governmental agencies to the greatest extent feasible, while minimizing state intervention to only when necessary to ensure that local agencies manage groundwater in a sustainable manner; and (9) to provide a more efficient and cost-effective groundwater adjudication process that protects water rights, ensures due process, prevents unnecessary delay, and furthers the objectives of SGMA; and,

**WHEREAS**, SGMA affords GSAs specific powers to manage groundwater in addition to existing legal authorities, which powers may be used to provide the maximum degree of local control and flexibility consistent with the sustainability goals of SGMA; and,

**WHEREAS**, SGMA includes several un-codified findings by the California Legislature, including the determination that the people of the state have a primary interest in the protection, management, and reasonable beneficial use of the water resources of the state, both surface and underground, and that the integrated management of the state's water resources is essential to meeting its water management goals; and,

**WHEREAS**, the Basin, as depicted in **Exhibit A** to this MOA, is identified by the California Department of Water Resources Bulletin 118 as Sub-basin No. 8-02.07 of the Upper Santa Ana Valley Groundwater Basin, and is designated by DWR as medium-priority; and,

**WHEREAS**, California *Water Code* Section 10720.7 requires the Basin, as a medium-priority basin that is not designated by DWR as being subject to critical conditions of overdraft, to be managed by a Groundwater Sustainability Plan ("GSP") or coordinated GSPs by January 31, 2022; and,

**WHEREAS**, in order to avoid designation as a probationary basin and become subject to direct intervention and management by the State Water Board, California *Water Code* Section 10735.2 requires that, by June 30, 2017 a collection of local agencies must form a GSA or prepare agreements to develop one or more GSPs that will collectively serve as a GSP for the entire Basin, in the event that a local agency has not decided to become a GSA that intends to develop a GSP for the entire Basin; and,

**WHEREAS**, the LOCAL AGENCIES have water supply, water management, and/or land use responsibilities for their respective jurisdictional areas overlying the Basin and are local agencies as defined by SGMA in California *Water Code* Section 10721(n), and thus each is authorized by SGMA to become or form a GSA; and,

**WHEREAS**, the LOCAL AGENCIES' individually have jurisdictional and/or service areas within and their collective jurisdictional areas and/or service areas cover the entirety of the Basin, with no gaps in coverage; and,

**WHEREAS**, the WATER PURVEYORS, including the MUTUALS, produce groundwater and provide water service within the Basin, and it is the Parties' shared intent to provide for management-level participation by the MUTUALS in the GSA to the maximum extent allowed by law without limiting any powers afforded to a GSA under SGMA; and,

**WHEREAS**, the REGIONALS are State Water Contractors, and have the rights and duties of such, including for the delivery of State Water Project Water within the Basin; and,

**WHEREAS**, in accordance with the terms of this MOA, and in furtherance of the shared intent of the Parties to maximize funding opportunities for the Basin and avoid potential intervention in the Basin by the State Water Board, the Parties agree that the YUCAIPA-GSA formed by this MOA will cover the entire Basin; and,

**WHEREAS**, the Parties mutually desire and intend to work with local stakeholders and interested parties in the Basin that are not Parties to this MOA, to carry out the policy, purposes, and requirements of SGMA in the Basin.

### **Agreement**

**NOW, THEREFORE**, in consideration of the promises, terms, conditions, and covenants contained herein, it is mutually understood and agreed as follows:

- I. **Incorporation of Recitals.** The Recitals stated above are incorporated herein by reference.
- II. **Purposes.** The purposes of this MOA is to form the YUCAIPA-GSA for the Basin as specified herein pursuant to applicable provisions and requirements of SGMA, including but not limited to California *Water Code* Sections 10723 and 10723.6.
- III. **Approval of MOA and Formation of the YUCAIPA-GSA.** Approval of this MOA and formation of the YUCAIPA-GSA shall be accomplished by the LOCAL AGENCIES each holding its own noticed public hearing pursuant to California *Water Code* Section 10723(b) and California *Government Code* Section 6066 and at such hearing will consider approval of a Resolution by its governing board to enter this MOA and jointly form the YUCAIPA-GSA as specified in this MOA. Approval of this MOA by the MUTUALS shall be accomplished through their respective governing boards' duly authorized procedures.
- IV. **Definitions.** The following terms, whether used in the singular or plural, and when used with initial capitalization, shall have the meanings specified herein. The Parties agree that any definitions set forth herein are intended to be consistent with SGMA, and in the event of any discrepancy between a defined term in this MOA and a defined term in SGMA, the terms of SGMA shall control.
  - A. "Basin" refers to the Yucaipa Sub-basin, designated by the California Department of Water Resources Bulletin 118 as Sub-basin No. 8-02.07, as depicted in **Exhibit A** to this MOA.
  - B. "DWR" means the California Department of Water Resources.

- C. "GSA" means a Groundwater Sustainability Agency, as defined by SGMA.
- D. "GSP" means a Groundwater Sustainability Plan, as defined by SGMA.
- E. "Memorandum of Agreement" or "MOA" refers to this Memorandum of Agreement.
- F. "SGMA" refers to the Sustainable Groundwater Management Act, of 2014, as amended.
- G. "State Water Board" means the California State Water Resources Control Board.
- H. "YUCAIPA-GSA" refers to the Yucaipa Sub-basin GSA formed under this MOA.

#### V. Coordination and Cooperation

- A. Continued Cooperation. The Parties to this MOA will continue to meet, confer, coordinate, and collaborate to discuss and develop technical, managerial, financial, and other criteria and procedures for the preparation, governance, and implementation of a GSP or coordinated GSPs in the Basin and to carry out the policy, purposes, and requirements of SGMA in the Basin.
- B. Points of Contact. Each Party shall designate a principal contact person for that Party, who may be changed from time to time at the sole discretion of the designating Party. The principal contact person for each Party shall be responsible for coordinating with the principal contact persons for the other Parties in scheduling meetings and other activities under this MOA.
- C. Voting Methodology. The voting structure for matters pertaining to the establishment and implementation of the administrative components of the YUCAIPA-GSA shall be by simple majority (51%) of the voting Parties, wherein each WATER PURVEYOR, MUNICIPALITY and REGIONAL holds a single vote.

#### VI. Roles and Responsibilities

- A. The YUCAIPA-GSA shall be controlled by a Governing Board comprised of one representative of each of the Parties to this MOA.
- B. The Parties agree to jointly establish their specific roles and responsibilities for implementing this MOA, including through the adoption of organizational documents, management policies, rules and procedures.
- C. The Parties agree to jointly develop and implement a GSP or coordinated GSPs for the Basin in accordance with SGMA.
- D. The Parties agree to work in good faith and coordinate all activities to carry out the purposes of this MOA in implementing the policy, purposes, and requirements of SGMA in the Basin, including continuing to meet, confer, coordinate, and collaborate to discuss and develop governance, management, technical, financial, and other matters, including respective roles and responsibilities for activities such as, but not limited to, the following: modeling;

metering; monitoring; hiring consultants; developing and maintaining list of interested persons under California *Water Code* Section 10723.4; budgeting; and other initial tasks as determined by the Parties.

- E. The LOCAL AGENCIES shall coordinate with each other to cause all applicable noticing and submission of required information to DWR regarding formation of the YUCAIPA-GSA.

**VII. Funding and Budgeting.** The Parties shall work together to identify the costs, funding needs and funding sources for the administration of the YUCAIPA-GSA and the development and implementation of the GSP. To the extent not otherwise funded in accordance with or inconsistent with SGMA's provisions regarding GSA funding, the PURVEYORS shall collectively bear seventy-five percent (75%) and the MUNICIPALITIES and REGIONALS shall collectively bear twenty-five percent (25%) of the cost of the creation and administration of the YUCAIPA-GSA; and within each group, the Parties shall equally share in the costs of the creation and administration of the YUCAIPA-GSA. Nothing in this provision shall obligate any party to bear any portion of the attorneys' fees and legal costs of another Party.

**VIII. Stakeholders.** The initially designated stakeholders are the COUNTIES. The Parties agree to work together in ensuring public outreach and involvement of the public and other interested stakeholders throughout the SGMA process, including but not limited to all beneficial uses and users of groundwater as provided in SGMA Section 10723.2. Stakeholders have no voting rights under Section V.C. and no cost sharing obligations under Section VII of this MOA.

**IX. Term, Termination, and Withdrawal.**

- A. Term. This MOA shall continue and remain in effect unless and until terminated by the unanimous written consent of the Parties, or as otherwise provided in this MOA or as authorized by law.
- B. Withdrawal. After the YUCAIPA-GSA is officially established as the GSA for the Basin, any Party may decide, in its sole discretion, to withdraw from this MOA by providing ninety (90) days written notice to the other Parties. A Party that withdraws from this MOA shall remain obligated to pay its share of costs and expenses incurred or accrued under this MOA and any related cost-sharing agreement or arrangement up to the date the Party provides its notice of withdrawal as provided herein. Withdrawal by a Party shall not cause or require the termination of this MOA or the existence of the YUCAIPA-GSA with respect to the non-withdrawing Parties. In the event of withdrawal by one of the LOCAL AGENCIES, the Parties shall meet and confer during the 90-day notice period regarding: (i) whether the withdrawing Party wishes to seek GSA status for a portion of the Basin underlying the jurisdictional area or service area of the withdrawing Party; (ii) whether, as a result of the withdrawal, a co-GSA management or other arrangement with the withdrawing Party is necessary to satisfy the requirements of SGMA; and (iii) any other issues and steps that are necessary to avoid triggering probationary status of the Basin and State Water Board intervention. Any resolution of issues pertaining to withdrawal and any

other GSA issues shall be undertaken in a manner that satisfies all requirements of SGMA and DWR, including any requirement to file new GSA notices.

#### X. Notice Provisions

All notices required by this MOA shall be made in writing and delivered to the respective representatives of the Parties at their respective addresses as follows:

##### **PARTIES:**

##### **PURVEYORS:**

**South Mesa Water Company**  
391 West Avenue L  
Calimesa, California 92320  
Attn: Dave Armstrong, General Manager  
Email: [smwc@verizon.net](mailto:smwc@verizon.net)

**South Mountain Water Company**  
35 Cajon Street  
Redlands, California 92373  
Attn: Cecilia Griego, Water Resources Specialist  
Email: [cgriego@cityofredlands.org](mailto:cgriego@cityofredlands.org)

**Western Heights Water Company**  
32352 Avenue D  
Yucaipa, California 92399  
Attn: William Brown, General Manager  
Email: [w.brown@westernheightswater.org](mailto:w.brown@westernheightswater.org)

**Yucaipa Valley Water District**  
12770 Second Street  
Yucaipa, California 92399  
Attn: Joseph, Zoba, General Manager  
Email: [jzoba@yvwd.dst.ca.us](mailto:jzoba@yvwd.dst.ca.us)

##### **MUNICIPALS:**

**City of Calimesa**  
908 Park Avenue  
Calimesa, California 92399  
Attn: Bonnie Johnson, City Manager  
Email: [bjohnson@cityofcalimesa.net](mailto:bjohnson@cityofcalimesa.net)

**City of Redlands**  
35 Cajon Street  
Redlands, California 92373  
Attn: Chris Diggs, Municipal Utilities and Engineering Director  
Email: [cdiggs@cityofredlands.org](mailto:cdiggs@cityofredlands.org)

**City of Yucaipa**  
 34272 Yucaipa Boulevard  
 Yucaipa, California 92399  
 Attn: Ray Casey, City Manager  
 Email: [rcasey@yucaipa.org](mailto:rcasey@yucaipa.org)

**REGIONALS:**

**San Bernardino Valley Municipal Water District**  
 380 E. Vanderbilt Way  
 San Bernardino, CA 92408  
 Attn: Douglas Headrick, General Manager & Chief Engineer  
 Email: [douglash@sbtvmwd.com](mailto:douglash@sbtvmwd.com)

**San Geronimo Pass Water Agency**  
 1210 Beaumont Avenue  
 Beaumont, CA 92223  
 Attn: Jeff Davis, General Manager and Chief Engineer  
 Email: [jdavis@sgpwa.com](mailto:jdavis@sgpwa.com)

**STAKEHOLDERS:****COUNTIES:**

**County of Riverside**  
 4080 Lemon Street  
 Riverside, CA 92501  
 Attn: Steve Horn, Senior Management Analyst, Executive Office  
 Email: [shorn@rceo.org](mailto:shorn@rceo.org)

**County of San Bernardino**  
 385 N. Arrowhead Avenue  
 San Bernardino, CA 92415-0120  
 Attn: Bob Page, Principal Management Analyst, Special Projects  
 Email: [bp@sbcounty.gov](mailto:bp@sbcounty.gov)

Any Party or Stakeholder may change the address to which notices are to be given under this MOA by providing all other Parties with written notice of such change at least fifteen (15) calendar days prior to the effective date of the change. All notices shall be effective upon receipt and shall be deemed received upon confirmed personal service, confirmed facsimile delivery, confirmed courier service, or on the fifth (5<sup>th</sup>) calendar day following deposit of the notice in registered first class mail.

**XI. General Terms**

- A. **Amendments.** Amendments to this MOA require the unanimous written consent of all Parties and approval by the Parties' respective governing boards.
- B. **Successors and Assigns.** The terms of this MOA shall be binding upon and inure to the benefit of the successors-in-interest and assigns of each Party; provided, however, that no transfer or assignment shall be effective until approved by the

- Parties in accordance with the provisions of Section V.C. of this MOA. Once succession and/or assignment has been approved, a former Party shall have no further rights or obligations under this MOA.
- C. Waiver. No waiver of any provision of this MOA by any Party shall be construed as a further or continuing waiver of such provision or any other provision of this MOA by the waiving Party or any other Party.
- D. Authorized Representatives. Each person executing this MOA on behalf of a Party hereto affirmatively represents that such person has the requisite authority to sign this MOA on behalf of the respective Party.
- E. Exemption from CEQA. The Parties recognize and agree that, pursuant to SGMA Section 10728.6, neither this MOA nor the preparation or adoption of a GSP constitute a "project" or approval of a project under the California Environmental Quality Act (CEQA) or the State CEQA Guidelines, and therefore this MOA is expressly exempt from CEQA review.
- F. Governing Law and Venue. This MOA shall be governed by and construed in accordance with the laws of the State of California. Any suit, action, or proceeding brought under the scope of this MOA shall be brought and maintained to the extent allowed by law in the County of San Bernardino, California.
- G. Attorney's Fees, Costs, and Expenses. In the event of a dispute among any or all of the Parties arising under this MOA, each Party shall assume and be responsible for its own attorney's fees, costs, and expenses.
- H. Entire Agreement/Integration. This MOA constitutes the entire agreement among the Parties regarding the specific provisions of this MOA, and the Parties hereto have made no agreements, representations or warranties relating to the specific provisions of this MOA that are not set forth herein.
- I. Construction and Interpretation. The Parties agree and acknowledge that this MOA has been developed through a negotiated process among the Parties, and that each Party has had a full and fair opportunity to review the terms of this MOA with the advice of its own legal counsel and to revise the terms of this MOA, such that each Party constitutes a drafting Party to this MOA. Consequently, the Parties understand and agree that no rule of construction shall be applied to resolve any ambiguities against any particular Party as the drafting Party in construing or interpreting this MOA.
- J. Force Majeure. No Party shall be liable for the consequences of any unforeseeable force majeure event that (1) is beyond its reasonable control, (2) is not caused by the fault or negligence of such Party, (3) causes such Party to be unable to perform its obligations under this MOA, and (4) cannot be overcome by the exercise of due diligence. In the event of the occurrence of a force majeure event, the Party unable to perform shall promptly notify the other Parties in writing to the extent practicable. It shall further pursue its best efforts to resume its obligations under this MOA as quickly as possible and shall suspend performance only for such period of time as is necessary as a result of the force majeure event.

- K. Execution in Counterparts. This MOA may be executed in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument.
- L. No Third Party Beneficiaries. This MOA is not intended, and will not be construed, to confer a benefit or create any right on a third party or the power or right of any third party to bring an action to enforce any of the terms of this MOA.
- M. Timing and Captions. Any provision of this MOA referencing a time, number of days, or period for performance shall be measured in calendar days. The captions of the various articles, sections, and paragraphs of this MOA are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, terms, or intent of this MOA.

IN WITNESS WHEREOF, the Parties hereto have approved and executed this MOA as of the respective dates specified in the adopting Resolution of each Party as provided above in Article III of this MOA.

[Signature Pages Follow]

**Water Purveyor Party:**

**SOUTH MESA WATER COMPANY**

By:

\_\_\_\_\_  
President, Board of Directors

Attest:

\_\_\_\_\_  
Secretary, Board of Directors

Approved as to form:

\_\_\_\_\_  
Counsel, South Mesa Water Company

Notices for the South Mesa Water Company shall be sent as follows:

Attention: General Manager  
391 West Avenue L  
Calimesa, California 92320

With copies to:

Michael Duane Davis, Esq.  
GRESHAM SAVAGE NOLAN & TILDEN, PC  
550 East Hospitality Lane  
Third Floor  
San Bernardino, CA 92408

Water Purveyor Party:

**SOUTH MOUNTAIN WATER COMPANY**

By:

\_\_\_\_\_  
President, Board of Directors

Attest:

\_\_\_\_\_  
Secretary, Board of Directors

Approved as to form:

\_\_\_\_\_  
Counsel, South Mountain Water Company

Notices for the South Mountain Water Company shall be sent as follows:

Attention: General Manager  
35 Cajon Street  
Redlands, California 92373

With copies to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Water Purveyor Party:**

**WESTERN HEIGHTS WATER COMPANY**

By:

\_\_\_\_\_  
President, Board of Directors

Attest:

\_\_\_\_\_  
Secretary, Board of Directors

Approved as to form:

\_\_\_\_\_  
Counsel, Western Heights Water Company

Notices for the Western Heights Water Company shall be sent as follows:

Attention: General Manager  
32352 Avenue D  
Yucaipa, California 92399

With copies to:

Michael Duane Davis, Esq.  
GRESHAM SAVAGE NOLAN & TILDEN, PC  
550 East Hospitality Lane  
Third Floor  
San Bernardino, CA 92408

**Water Purveyor Party:**

**YUCAIPA VALLEY WATER DISTRICT**

By:

\_\_\_\_\_  
President, Board of Directors

Attest:

\_\_\_\_\_  
Secretary, Board of Directors

Approved as to form:

\_\_\_\_\_  
Counsel, Yucaipa Valley Water District

Notices for the Yucaipa Valley Water District shall be sent as follows:

Attention: General Manager  
12770 Second Street  
Yucaipa, California 92399

With copies to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Municipality Party:**

**CITY OF CALIMESA**

By:

\_\_\_\_\_
Mayor, City Council

Attest:

\_\_\_\_\_
Secretary, City Council

Approved as to form:

\_\_\_\_\_
Counsel, City of Calimesa

Notices for the City of Calimesa shall be sent as follows:

Attention: City Manager
908 Park Avenue
Calimesa, California 92320

With copies to:

\_\_\_\_\_
\_\_\_\_\_
\_\_\_\_\_
\_\_\_\_\_

**Municipality Party:**

**CITY OF REDLANDS**

By:

\_\_\_\_\_  
Mayor, City Council

Attest:

\_\_\_\_\_  
Secretary, City Council

Approved as to form:

\_\_\_\_\_  
Counsel, City of Redlands

Notices for the City of Redlands shall be sent as follows:

Attention: City Manager  
35 Cajon Street  
Redlands, California 92373

With copies to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Municipality Party:**

**CITY OF YUCAIPA**

By:

\_\_\_\_\_

Mayor, City Council

Attest:

\_\_\_\_\_  
Secretary, City Council

Approved as to form:

\_\_\_\_\_  
Counsel, City of Yucaipa

Notices for the City of Yucaipa shall be sent as follows:

Attention: City Manager  
34272 Yucaipa Boulevard  
Yucaipa, California 92399

With copies to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Regional Party:

**SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

By:

\_\_\_\_\_  
President, Board of Directors

Attest:

\_\_\_\_\_  
Secretary, Board of Directors

Approved as to form:

\_\_\_\_\_  
Counsel, San Bernardino Valley Municipal Water District

Notices for the San Bernardino Valley Municipal Water District shall be sent as follows:

Attention: General Manager  
380 E. Vanderbilt Way  
San Bernardino, California 92408

With copies to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Regional Party:**

**SAN GORGONIO PASS WATER AGENCY**

By:

\_\_\_\_\_  
President, Board of Directors

Attest:

\_\_\_\_\_  
Secretary, Board of Directors

Approved as to form:

\_\_\_\_\_  
Counsel, San Gorgonio Pass Water Agency

Notices for the San Gorgonio Pass Water Agency shall be sent as follows:

Attention: General Manager  
1210 Beaumont Avenue  
Beaumont, California 92223

With copies to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Stakeholder:**

**COUNTY OF RIVERSIDE**

By:

\_\_\_\_\_  
Chair, Board of Supervisors

Attest:

\_\_\_\_\_  
Secretary, Board of Supervisors

Approved as to form:

\_\_\_\_\_  
Counsel, County of Riverside

Notices for the County of Riverside shall be sent as follows:

Attention: General Manager  
4080 Lemon Street  
Riverside, California 92501

With copies to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Stakeholder:**

**COUNTY OF SAN BERNARDINO**

By:

\_\_\_\_\_   
 Chair, Board of Supervisors

Attest:

\_\_\_\_\_   
 Secretary, Board of Supervisors

Approved as to form:

\_\_\_\_\_   
 Counsel, County of San Bernardino

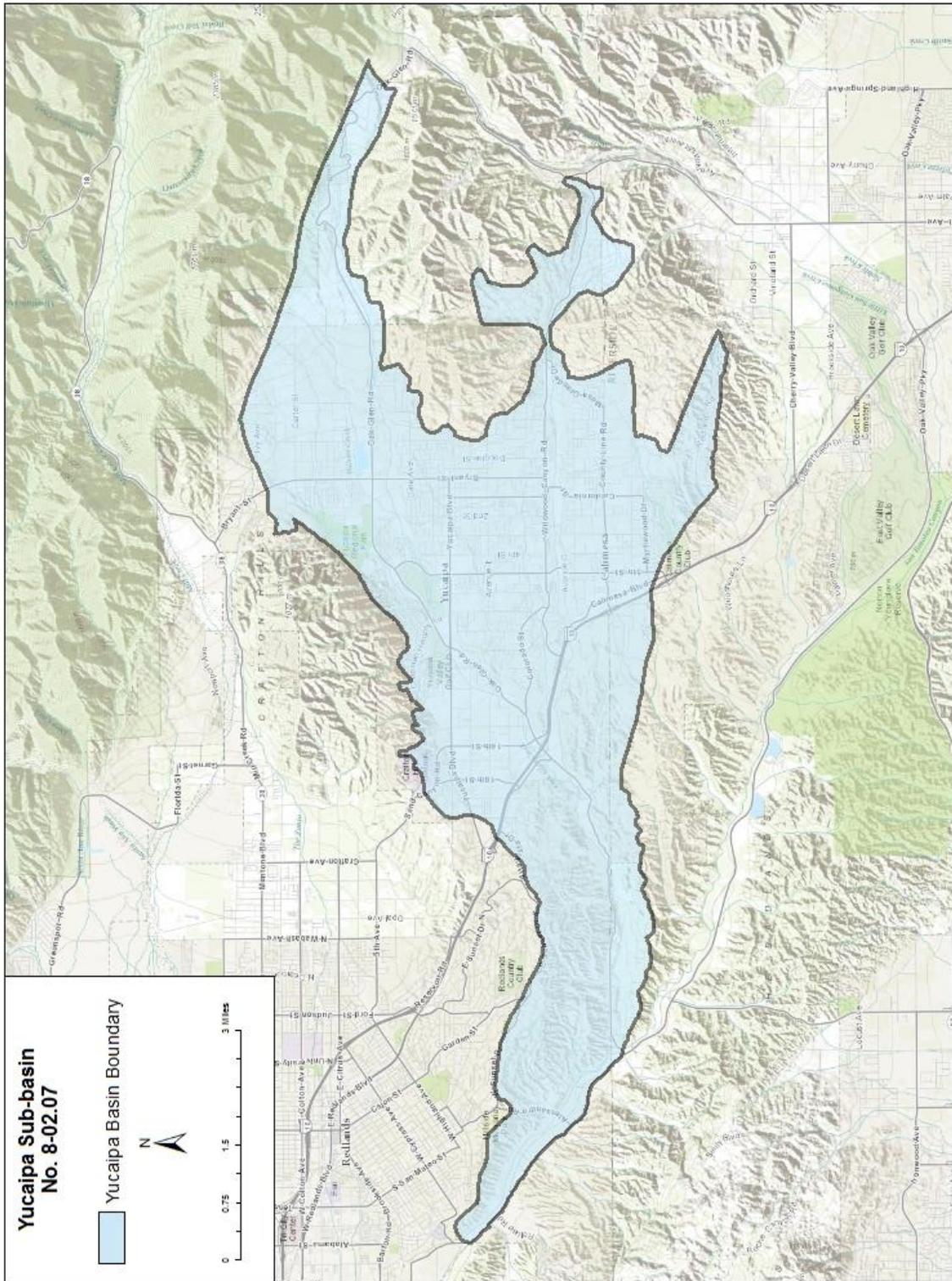
Notices for the County of San Bernardino shall be sent as follows:

Attention: General Manager  
385 N. Arrowhead Avenue  
San Bernardino, California 92415-0120

With copies to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Exhibit A**





**Date:** May 30, 2017  
**From:** Allison M. Edmisten, Chief Financial Officer  
**Subject:** Review of Draft Resolution No. 2017-xx Establishing the Appropriation Limit for Fiscal Year 2017-18

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In 1979, Proposition 4 (the Gann Initiative) was approved adding Article XIII B to the State Constitution. The provisions of this article place limits on the amount of revenue that can be appropriated by all entities of government. This initiative was designed to constrain government expenditures by placing an annual limit on revenue and appropriation growth.

In June 1990, Proposition 111 amended Article XIII B, making changes in the base year upon which the appropriations limit is based, establishing new cost of living factors and new population factors for use by local governments, and increasing appropriations not subject to the limit (primarily qualified capital outlay projects). The financial constraints of Article XIII B apply to State, all cities, counties, special districts and all other political subdivisions.

The Yucaipa Valley Water District has completed the computation associated with the appropriation limitation for fiscal year 2017-18 ("FY 2018"). Based on the attached calculation, the proposed adjustment to the District's appropriation limit includes an increase of 1.98% for the increase in non-residential assessed valuation of new construction and a weighted average increase of 1.43% for population change. These percentages have been used to calculate an increase in the appropriation limit from \$70,350,762 in FY 2017 to \$73,987,896 in FY 2018. This represents an overall increase of 5.17% to the appropriation limit. The District's annual appropriations are well below this limit.

**RESOLUTION NO. 2017-XX****RESOLUTION OF THE YUCAIPA VALLEY WATER DISTRICT  
ESTABLISHING THE APPROPRIATION LIMIT FOR FISCAL YEAR 2017-18**

WHEREAS, Article XIII B of the California Constitution provides that the State and each local government shall be subject to an appropriations limit, to govern the maximum amount of each entity's appropriations subject to limitation, in any fiscal year, as the same are defined in Article XIII B; and

WHEREAS, California Government Code Section 7910 provides for the annual establishment by local jurisdictions of their appropriations limit for each fiscal year, and further provides that upon establishment of such appropriations limit any judicial action or proceeding to attack, review, set aside, void, or annul such action by the District must be commenced within forty-five (45) days of the effective date of the resolution establishing the appropriations limit; and

WHEREAS, documentation used in determining the appropriations limit has been made available to the public for a period of not less than fifteen (15) days prior to Board consideration of this resolution.

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

Section 1. That in accordance with Article XIII B of the California Constitution and Section 7910 of the Government Code of the State of California, the appropriation limit for the Fiscal Year 2017-18 for the Yucaipa Valley Water District is established as \$73,987,896.

Section 2. The adjustment factors for computation of the FY 2017-18 appropriation limitation have been identified in the calculation of the appropriation limit.

Section 3. That documentation used in the determination of such appropriation limit has been available to the public at least fifteen days prior to this meeting of the Board of Directors.

This Resolution is effective immediately upon adoption.

PASSED AND ADOPTED this 6<sup>th</sup> day of June 2017.

YUCAIPA VALLEY WATER DISTRICT

ATTEST:

---

Jay Bogh, President Board of Directors

---

Joseph B. Zoba, General Manager



12770 Second Street, Yucaipa, California 92399

# Appropriation Limit for the Yucaipa Valley Water District

Fiscal Year 2017-18

Prepared by: Allison M. Edmisten, Chief Financial Officer

# Overview of Appropriation Limit

## Introduction

In the 1970s soaring property values in California led to dramatic increases in property taxes, prompting a tax revolt that resulted in the passage of Proposition 13 in the June 1978 California primary. Proposition 13 reduced local property taxes by 57% and thereby slashed the revenue base for local governments and schools. Over the years the revenue loss has been made up by a varying mix of state funds and new revenue from specialized local fees and taxes, as well as by outright local budget cuts.

The California tax revolt did not end with Proposition 13. Seventeen months later, in November 1979, voters passed the Proposition 4, known as the Gann Amendment. Proposition 4 imposed a limit on most state and local government expenditures from tax sources. The limit is calculated annually according to a formula based on population and the cost of living. Under Proposition 4, excess revenues must be returned to the taxpayers.

Both Propositions 13 and 4 have been modified in the years since their passage. While weakened by the changes, Propositions 13 and 4 remain constraints on California state and local budgeting, and continue to be focal points in the public policy debate about California taxing and spending.

## Summary of Proposition 4 and Related Voter Initiatives

Modern spending limits in California began in 1979 with the passage of Proposition 4 (Article XIII B of the California Constitution). Also called the Gann Initiative after its chief sponsor, Paul Gann, Proposition 4 places an appropriations limit on most spending from tax proceeds. The limit for each year is equal to the prior year's spending with upward adjustments allowed for changes in population and the cost of living. Most state and local government appropriations are subject to the limit. However, the law exempts certain appropriations from the limit including capital outlay, debt service and local government subventions. When the limit is exceeded, Proposition 4 requires the surplus to be returned to the taxpayers within two years. Appropriations in the two year period can be averaged before becoming subject to the excess revenue provisions of the Gann limit.

Voters approved the Gann limit in a November 1979 special election by a 74% margin. The late 1970s were a time of surplus state revenues in California, and voter exasperation at the inability of the legislature and the governor to agree on a plan to return the surplus to the taxpayers in the form of refunds or property tax relief helped fuel the tax revolt that led first to Proposition 13 and then to Proposition 4. With the Gann limit, voters took the matter of spending limits into their own hands, and ignored objections that spending limit formulas are an artificial constraint on policy making and hamper the government's ability to address citizen needs.

During the early 1980s, increases in population and the consumer price index outpaced the growth in state revenue, and the Gann limit was not reached. However, a surge in state revenues in 1987 caused the limit to be breached, and led to the first refund to taxpayers.

Voters have modified the Gann limit in a series of initiative measures. Proposition 99 (1988) and Proposition 10 (1998) exempted new tobacco taxes from the Gann limit. Proposition 98 (1988)

required public schools to receive a share of revenues exceeding the Gann limit. That share was changed to a flat 50% by Proposition 111 (1990). Proposition 111 also added three exemptions to the Gann limit: capital outlay spending, appropriations supported by increased gas taxes, and appropriations resulting from national disasters. Most significantly, Proposition 111 changed the formula used for calculating annual adjustments to the Gann limit. Under Proposition 111, the population factor is based on a weighted average of population and K-14 school enrollment growth (instead of population only), and the cost of living factor is based solely on California per-capita personal income growth (and no longer takes into account the Consumer Price Index).

The changes to the Gann limit formula under Proposition 111 substantially raised the Gann limit, making it less likely that the limit will be reached in the future. Many observers believe that in its current weakened state the Gann limit has ceased to be a meaningful constraint on state spending.

## How the Appropriations Limit Works

### Which Revenues Are Subject to Limit?

Article XIII B places a limit on appropriations from most, but not all, government revenue sources. The limit applies to appropriations from proceeds of taxes from both the general fund and special funds of government entities. Proceeds of taxes include tax revenues, interest earnings on invested tax revenues, and any revenues collected by a regulatory license fee or user charge in excess of the amount needed to cover the cost of providing the regulation, product, or service.

### Which Appropriations Are Subject to Limit?

Appropriations for almost all government functions are subject to limitation under Article XIII B. However, there are some important exceptions. The original Proposition 4 provided that the following appropriations are not limited, even if made from proceeds of taxes:

- Subventions from the state to local governments and schools, the use of which is unrestricted (these subventions are not subject to the state's limit, but instead are counted as subject to the local entity's limit);
- Appropriations to pay for costs of complying with federal laws and court mandates;
- Payments for interest and redemption charges on pre-existing (i.e., pre-Proposition 4) or voter-approved bonded indebtedness;
- Withdrawals from previously appropriated reserve funds; and
- Refunds of taxes.

Proposition 111 excluded capital outlay from the appropriations limit. This change reflects the fact that while capital outlay appropriations are made during a single budget year, they reflect long-term investments that are utilized over a number of years. Appropriations directly related to an emergency, such as a fire, earthquake, or other natural disaster, were also excluded from the limit by Proposition 111. No reduction in future limits is required for appropriations made for these emergency purposes.

### The "Base Year" Limit.

The first year that limits were in effect was FY 1980-81. The base year for determining the appropriations limit in FY 1980-81 was FY 1978-79. Actual appropriations in the FY 1978-79

fiscal year that had been financed by the proceeds of taxes were the starting point. Appropriations not subject to limitation were subtracted from that figure and this became the "base year" level of appropriations for computing all subsequent years' limits. Proposition 111 updated the base year for calculating the limit for each government entity to FY 1986-87. For fiscal years beginning with FY 1990-91, the limit for each entity is the FY 1986-87 limit adjusted annually as specified by Article XIII B as amended by Proposition 111.

### Annual Adjustments to the Limit.

The appropriations limit for each year since FY 1980-81 is calculated by adjusting the base year limit for changes in the cost-of-living and population. Proposition 111, passed by the voters in June 1990, and revised each of the adjustment factors. Specifically, annual adjustments to limits, either upward or downward, are made as follows:

- Cost-of-Living.
  - State and schools are adjusted by the change in California per capita personal income.
  - Local agencies are adjusted by the change in California per capita personal income or the change in the local property tax roll due to the addition of new nonresidential construction.
- Population.
  - The State uses a population factor calculated by adding: (a) the change in the state's total population weighted by the percent of the budget spent on non-educational programs, and (b) the change in average daily attendance (ADA) for K-14 education weighted by the percentage of the budget spent on K-14 education.
  - Local agencies use a population factor that is the percentage change in the jurisdiction or in the county in which the jurisdiction is located. Special districts located in two or more counties may use the change in the county in which the district has the highest assessed valuation.
  - Counties. The population change for counties can be calculated by using one of three methods: (a) the percentage change in population within the county; (b) the percentage change in population for both the county itself and contiguous counties; or (c) the percentage change in population within the incorporated portion of the county.
  - K-14 Schools use the change in population is the percentage change in average daily attendance.
- Program Transfers. Limits of governmental entities are modified to reflect transfers of financial responsibility from one level of government to another. The limit of the new service provider is increased by the amount the former service provider's limit is reduced.
- Funding Transfers. Adjustments either upward or downward are made to account for transfers of program funding sources, for example from tax revenues (subject to limit) to fees (not subject to limit).

The level of appropriations actually made by a government entity in any year does not have any bearing on the calculation of the appropriations limit for the subsequent years. Each year's limit is computed based on the prior year's limit, not the prior year's appropriations.

If the governing body actually appropriates less money than what would be permitted by the limit, it has "room" under its limit, and the limit will be further adjusted the following year for cost-of-living and population changes. A government entity does not "lose" room under its limit for the future by appropriating less than the maximum permitted in any year.

### Appropriations Permitted in Excess of the Limit.

Article XIII B sets forth two circumstances under which governments may make appropriations in excess of their limits:

- Emergency. Appropriations for declared emergencies do not count towards and may be made in excess of the limit. Proposition 111 removed the requirement that the limits for future years must be reduced over a three-year period so that there would be no total increase in allowable appropriations.
- Voter Approval. Article XIII B permits voters of a jurisdiction to authorize an increase in the appropriations limit. However, no voter-approved increase may be in effect for more than four years. At the end of the four-year period, either the voters must approve another increase or the limit must return to the level it would otherwise have been.

### When Revenues Exceed the Appropriations Limit.

A government entity may receive revenues during a fiscal year that exceed its appropriations limit. Proposition 111 allows governments to average appropriations over a two year period before becoming subject to the excess revenue provisions of Article XIII B. In other words, a government entity can offset appropriations that exceeds its appropriations limit in one year of a two-year period by appropriating less than the limit in the other year. If, after taking this two year averaging into account, authority to appropriate is not provided by either an emergency declaration or voter approval, Article XIII B as amended by Propositions 98 and 111 sets forth a process for disposing of the excess State revenues:

- Education Programs. After the two-year averaging period, 50% of any excess revenues are transferred to the State School Fund for elementary, secondary and community college education. A portion of this excess revenue (25%) may effectively be built into the base used to calculate future funding required by Proposition 98 if the excess funds are used for a specified purpose. The transfer to education is not required if the state's average expenditure per student and average class size is equal to or exceeds that of the ten states with the best performance in these areas.
- Return of Excess. The 50% of excess revenues remaining after the transfer to education must be returned to taxpayers within the following two years. The return can be made through a reduction in the tax rate or as a fee reduction.

#### Sources:

- "Government Appropriations Limit: Article XIII B of the Constitution." In: *Revenue and Taxation Reference Book 2003*. Sacramento: Assembly Revenue and Taxation Committee, Chapter 5, January 2004, pp. 150-7.
- "Tax and Expenditure Limitation in California: Proposition 13 & Proposition 4", Institute of Governmental Studies, University of California at Berkeley (<http://www.igs.berkeley.edu/library/htTaxSpendLimits2003.html>)

## Calculation of Appropriation Limitation

### Appropriation Limit Calculation – Part I

Greater of California per capita income or increase in non-residential assessed valuation of new construction		1.0369
Population percentage change factor	x	<u>1.0143</u>
Ratio of change		<u>1.0517</u>

### Appropriation Limit Calculation – Part II

Ratio of change		1.0517
Prior year appropriation limit (2016-17)	x	<u>\$70,350,762</u>
Current year appropriation (2017-18)		<u>\$73,987,896</u>

## Computation of Appropriation Limitation

### Adjustment Factors

Cost of Living Price Factor: The computation of the appropriation limitation involves the greater of the two cost of living factors:

Percentage change in per capita income <sup>1</sup>	<u>or</u>	Percentage change in local assessment roll due to addition of non-residential new construction <sup>2</sup>
<b><u>3.69%</u></b>		1.98%

Population: The computation of the appropriation limitation involves the greater of the following factors for each county:

Growth within San Bernardino County <sup>3</sup>	<u>or</u>	Growth within the City of Yucaipa
<b><u>1.16%</u></b>		1.02%
Growth within Riverside County <sup>4</sup>	<u>or</u>	Growth within the City of Calimesa
1.56%		<b><u>3.09%</u></b>

The underlined factors above were used in calculating the District's appropriation limit for the fiscal year 2017-18. The resolution adopted by the Board of Directors will specify these factors.

<sup>1</sup> State of California, Department of Finance correspondence dated May 2017 (Attachment A)

<sup>2</sup> Ms. Linda Santillano, Auditor-Controller Office, Property Tax Section, July 2016 (909) 382-3189

<sup>3</sup> State of California, Department of Finance correspondence dated May 2017 (Attachment B-SB)

<sup>4</sup> State of California, Department of Finance correspondence dated May 2017 (Attachment B-RIV)

## Procedure for Administering Revenue and Taxation Code Section 2228(a)

The Revenue and Taxation Code, Section 2228(a) requires the following:

If a special district is located within a single county or within more than one city or any combination of cities and incorporated area within a single county, the annual percentage change in population for the district shall be that established for the county or the weighted average of the percentage change of each city and the unincorporated area.

If a special district is located within more than one county, the annual percentage change in population for the district shall be the weighted average of the percentage change of each county or city or unincorporated area within the district or any combination provided that the areas selected are mutually exclusive.

The State of California, Department of Finance has specified that the weights applied shall be the relative share of the assessed valuation (A.V.) of the district in each local agency.

Population Percentage Change Factor:

<u>Local Agency</u>	<u>Percentage Population Change</u>	<u>Assessed Valuation</u>	=	<u>Percentage Change x A.V.</u>
San Bernardino County	1.16%	x 6,064,541,815	=	70,348,685
Riverside County	3.09%	x 1,005,468,817	=	31,068,986
Total District		<u>7,070,010,632</u>		<u>101,417,671</u>

Weighted Average Percent Change:

$$\frac{\text{Total District (Percentage Change x A.V.)}}{\text{Total District Assessed Valuation}} = \frac{101,417,671}{7,070,010,632} = \underline{\underline{0.014345}}$$

## **Attachments**



EDMUND G. BROWN JR. • GOVERNOR  
STATE CAPITOL • ROOM 1145 • SACRAMENTO CA • 95814-4998 • WWW.DOF.CA.GOV

May 2017

Dear Fiscal Officer:

**Subject: Price Factor and Population Information**

**Appropriations Limit**

The California Revenue and Taxation Code, section 2227, requires the Department of Finance (Finance) to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2017, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2017-18. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2017-18 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

**Population Percent Change for Special Districts**

Some special districts must establish an annual appropriations limit. The Revenue and Taxation Code, section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The Code and the California Constitution can be accessed at the following website: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

**Population Certification**

The population certification program applies only to cities and counties. Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2017.**

**Please Note:** Prior year's city population estimates may be revised.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

MICHAEL COHEN  
Director  
By:

AMY M. COSTA  
Chief Deputy Director

Attachment

**May 2017**

**Attachment A**

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2017-18 appropriation limit is:

Per Capita Personal Income	
Fiscal Year (FY)	Percentage change over prior year
2017-18	3.69

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2017-18 appropriation limit.

**2017-18:**

Per Capita Cost of Living Change = 3.69 percent  
 Population Change = 0.85 percent

Per Capita Cost of Living converted to a ratio:  $\frac{3.69 + 100}{100} = 1.0369$

Population converted to a ratio:  $\frac{0.85 + 100}{100} = 1.0085$

Calculation of factor for FY 2017-18:  $1.0369 \times 1.0085 = 1.0457$

## Fiscal Year 2017-18

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2016 to January 1, 2017 and Total Population, January 1, 2017**

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total</u>
	2016-2017	1-1-16	1-1-17	1-1-2017
San Bernardino				
Adelanto	2.32	32,820	33,581	34,273
Apple Valley	1.05	73,925	74,701	74,701
Barstow	0.52	23,703	23,826	24,248
Big Bear Lake	0.86	5,004	5,047	5,047
Chino	2.89	80,399	82,720	88,026
Chino Hills	2.38	78,798	80,676	80,676
Colton	0.65	53,530	53,879	53,879
Fontana	1.72	209,179	212,786	212,786
Grand Terrace	0.56	12,366	12,435	12,435
Hesperia	0.96	93,241	94,133	94,133
Highland	0.65	54,024	54,377	54,377
Loma Linda	0.39	24,368	24,463	24,528
Montclair	0.92	38,766	39,122	39,122
Needles	0.52	5,018	5,044	5,044
Ontario	2.39	170,214	174,283	174,283
Rancho Cucamonga	0.94	175,681	177,324	177,324
Redlands	0.92	69,211	69,851	69,851
Rialto	0.50	105,996	106,528	106,528
San Bernardino	0.60	214,116	215,410	216,972
Twentynine Palms	5.01	17,243	18,107	26,919
Upland	1.02	76,016	76,790	76,790
Victorville	0.43	119,067	119,579	123,565
Yucaipa	1.02	53,773	54,324	54,324
Yucca Valley	0.69	21,371	21,519	21,519
Unincorporated	0.62	298,825	300,681	308,906
County Total	1.16	2,106,654	2,131,186	2,160,256

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

## Fiscal Year 2017-18

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2016 to January 1, 2017 and Total Population, January 1, 2017**

County City	Percent Change	-- Population Minus Exclusions --		Total Population
	2016-2017	1-1-16	1-1-17	1-1-2017
Riverside				
Banning	0.75	30,836	31,068	31,068
Beaumont	3.03	44,821	46,179	46,179
Blythe	-0.46	14,114	14,049	19,660
Calimesa	3.09	8,378	8,637	8,637
Canyon Lake	0.85	10,799	10,891	10,891
Cathedral City	0.96	53,994	54,511	54,557
Coachella	0.92	45,135	45,551	45,551
Corona	2.34	163,931	167,759	167,759
Desert Hot Springs	0.78	28,885	29,111	29,111
Eastvale	2.21	63,214	64,613	64,613
Hemet	0.94	81,109	81,868	81,868
Indian Wells	1.40	5,375	5,450	5,450
Indio	1.53	87,382	88,718	88,718
Jurupa Valley	2.42	98,920	101,315	101,315
Lake Elsinore	2.00	60,731	61,947	62,092
La Quinta	1.25	40,176	40,677	40,677
Menifee	2.41	88,524	90,660	90,660
Moreno Valley	1.00	204,712	206,750	206,750
Murrieta	2.39	112,232	114,914	114,914
Norco	0.44	24,063	24,169	26,882
Palm Desert	1.17	50,154	50,740	50,740
Palm Springs	1.09	46,866	47,379	47,379
Perris	2.34	74,005	75,739	75,739
Rancho Mirage	1.12	18,093	18,295	18,295
Riverside	0.97	323,607	326,733	326,792
San Jacinto	1.22	47,348	47,925	47,925
Temecula	1.27	109,635	111,024	111,024
Wildomar	2.14	35,034	35,782	35,782
Unincorporated	1.69	367,208	373,397	373,755
County Total	1.56	2,339,281	2,375,851	2,384,783

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

PIP1112

COUNTY OF SAN BERNARDINO  
PROPERTY INFORMATION SYSTEM  
AGENCY PERCENTAGE CHANGE REPORT

DATE 07/29/2016  
PAGE 7

AGENCY	NEW CONST INCREASE	TOTAL INCREASE	PERCENTAGE CHANGE
VICTORVILLE OLD/MIDTOWN RDA	259,706.00	2,378,052.00	10.9209
VICTORVILLE RDA BEAR VALLEY ROAD	3,624,231.00	4,953,518.00	73.1647
VICTORVILLE STREET LIGHT DISTRICT	7,636,971.00	187,809,294.00	4.0663
VICTORVILLE WATER DISTRICT	18,232,477.00	364,136,821.00	5.0070
WEST VALLEY MVCD	161,741,773.00	1,337,024,327.00	12.0971
WEST VALLEY WATER DISTRICT	43,169,931.00	471,947,126.00	9.1471
YERMO COMMUNITY SERVICES DISTRICT	236,408.00	1,120,742.00	21.0938
YUCAIPA RDA	184,411.00	11,412,632.00	1.6158
YUCAIPA VALLEY WATER DISTRICT	4,257,644.00	215,455,631.00	1.9761
YUCAIPA-CALIMESA JOINT UNIFIED	4,335,325.00	217,644,925.00	1.9919
YUCCA VALLEY RDA	281,526.00	6,992,430.00	4.0261
29 PALMS CEMETERY DISTRICT	371,204.00	9,319,736.00	3.9829

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SAN BERNARDINO COUNTY AUDITOR-CONTROLLER  
PROPERTY TAX DIVISION

10/26/16  
PAGE 295

AGENCY NET VALUATIONS

ROLL YEAR: 2016

AGENCY: WW29 YUCAIPA VALLEY WATER DISTRICT

ADDRESS: P.O. BOX 730  
YUCAIPA, CA 923990730

ACCT CODE	ACCT NAME	NET VALUE BEFORE RDA	RDA INCREMENT	NET VALUE AFTER RDA	HOME OWNERS EXEMPTION	TAX ROLL VALUE
-----						
DA01 DEBT SERVICE IMP 2						
		828,033,246	64,198,731	763,834,515	10,052,000	753,782,515
LOCAL SECURED		0	0	0	0	0
SECURED UTILITY		23,863,723	15,946,335	7,917,388	0	7,917,388
UNSECURED						
TOTAL		851,896,969	80,145,066	771,751,903	10,052,000	761,699,903
-----						
GA01 GENERAL TAX LEVY						
		4,044,119,959	166,365,073	3,877,754,886	60,016,171	3,817,738,715
LOCAL SECURED		0	0	0	0	0
SECURED UTILITY		65,247,010	22,849,609	42,397,401	0	42,397,401
UNSECURED						
TOTAL		4,109,366,969	189,214,682	3,920,152,287	60,016,171	3,860,136,116
-----						
GA02 GENERAL TAX LEVY JMP DIST A						
		2,372,110,098	87,108,222	2,285,001,876	38,198,776	2,246,803,100
LOCAL SECURED		0	0	0	0	0
SECURED UTILITY		26,730,946	3,765,934	22,965,012	0	22,965,012
UNSECURED						
TOTAL		2,398,841,044	90,874,156	2,307,966,888	38,198,776	2,269,768,112
-----						

JUN 28, 2016		DISTRICT VALUATIONS - AUDITOR FY16-17				PRPCA050	PAGE	32
DIST. NO.	DISTRICT NAME	SBE	LOCAL SECURED	TOTAL SECURED	UNSECURED	TOTAL VALUE		
0	04-4869 MISSION SPRINGS WTR IMP S	1,301,093,117	1,301,093,117	1,301,093,117	23,462,274	1,324,555,391	1,324,555,391	
0	04-4871 IDYLLWILD CO WATER	367,087,006	367,087,006	367,087,006	2,838,064	369,925,070	369,925,070	
0	04-4872 IDYLLWILD CO WATER IMP 1	141,060,267	141,060,267	141,060,267	2,750,685	143,810,952	143,810,952	
0	04-4873 IDYLLWILD CO WTR IMP 1 ANX							
0	04-4875 HOME GARDENS CO WATER	122,880,034	122,880,034	122,880,034	1,240,049	124,120,083	124,120,083	
0	04-4877 MURRIETA COUNTY WATER							
0	04-4882 CHIRIACO SUMMIT CO WATER	3,349,561	3,349,561	3,349,561	151,752	3,501,313	3,501,313	
0	04-4888 COACHELLA VAL IMP DST 16 ANX 3							
0	04-4889 CVWD WATER ASMT 65	77,820,522	77,820,522	77,820,522	9,797,157	87,617,679	87,617,679	
0	04-4891 PINE COVE CO WATER	211,086,577	211,086,577	211,086,577	140,785	211,227,362	211,227,362	
0	04-4892 PINYON PINES CO WATER	10,288,363	10,288,363	10,288,363		10,288,363	10,288,363	
0	04-4893 WEST VALLEY WATER	127,948,733	127,948,733	127,948,733	24,478,459	152,427,192	152,427,192	
0	04-4895 YUCAIPA VALLEY CO WATER ANX							
0	04-4896 YUCAIPA VALLEY CO WTR	722,792,801	722,792,801	722,792,801	11,218,063	734,010,864	734,010,864	
0	04-4897 YUCAIPA VALLEY CO WTR IIP 1	282,676,016	282,676,016	282,676,016	7,073,170	289,749,186	289,749,186	
0	04-4898 YUCAIPA VALLEY CO WTR IMP 2	130,255,390	130,255,390	130,255,390	230,195	130,485,585	130,485,585	
0	04-4899 YUCAIPA VAL CO WTR IMP#1 ANX							
0	04-4903 EDGEMONT COMM SERV DEBT SERVICE							
0	04-4904 JURUPA COMMUNITY SRV IMP 2 DS							
0	04-4907 LA SIERRA COMMUNITY SRV DS	1,312,560,048	1,312,560,048	1,312,560,048	44,582,938	1,357,142,986	1,357,142,986	
0	04-4913 NORCO COMMUNITY SRV DS	1,247,247,797	1,247,247,797	1,247,247,797	50,360,939	1,297,608,736	1,297,608,736	
0	04-4917 RUBIDOUX COMMUNITY SRV DS	3,044,411,507	3,044,411,507	3,044,411,507	66,096,916	3,110,508,423	3,110,508,423	
0	04-4923 MURRIETA FIRE PROT DEBT SERVICE	1,372,300,069	1,372,300,069	1,372,300,069	78,090,460	1,450,390,529	1,450,390,529	
0	04-4933 DESERT HOSPITAL DEBT SERVICE							
0	04-4935 HEMET VAL HOSPITAL DEBT SERVICE							
0	04-4936 HEMET VAL HOSPITAL DEBT SERV 2							
0	04-4963 COACHELLA SANITARY DEBT SERVICE							



**Date:** May 30, 2017

**From:** Peggy Little, Administrative Supervisor  
Erin Anton, Administrative Clerk IV

**Subject:** Review of Bad Debt Summary for Calendar Year 2015

The District actively pursues delinquent accounts, and in most cases is able to collect delinquent fees through a combination of shutting off the services provided, sending accounts to a collection agency, placing a lien on the property involved, and/or pursuing the claims through legal actions such as small claims court. In some cases, the District is unable to collect the money owed the District.

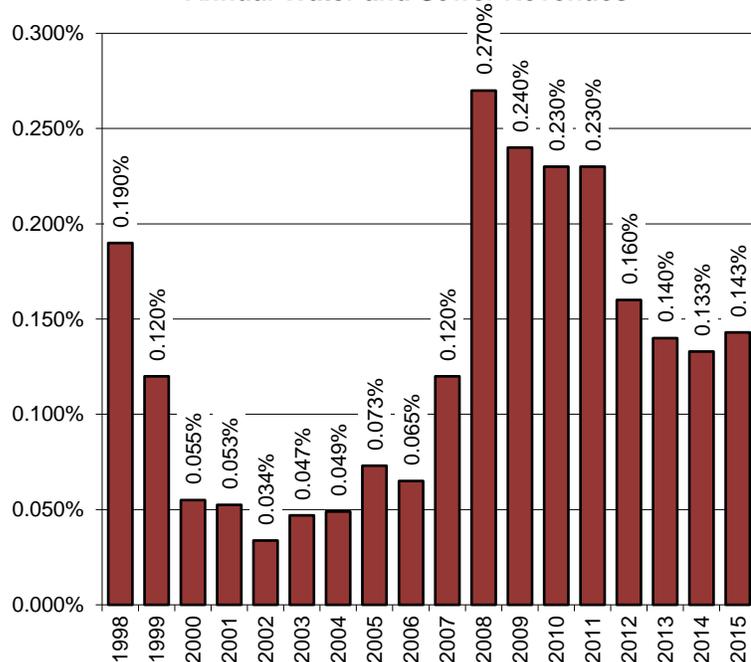
During the calendar year 2015, the amount of bad debt totals \$27,288.24, which includes \$11,791.89 for sewer only customers and \$15,496.35 for water/sewer customers. Of this bad debt total \$3,948.71 is due to home foreclosures, leaving account balances of \$23,339.53 that was not collected in the normal collection process.

As a proper accounting procedure, this bad debt must be accounted for on our financial statements; otherwise the debt remains as a liability on the District's annual audit.

District staff has compiled the list of uncollectible accounts for calendar year 2015, which amounts to \$27,288.24. Of this total, only 14.5% of the bad debts are due to home foreclosures.

Overall, the total amount of bad debt represents a loss of 0.143% for calendar year 2015 based on total water and sewer revenues.

**Bad Debt as a Percentage of Annual Water and Sewer Revenues**





**Date:** May 30, 2017

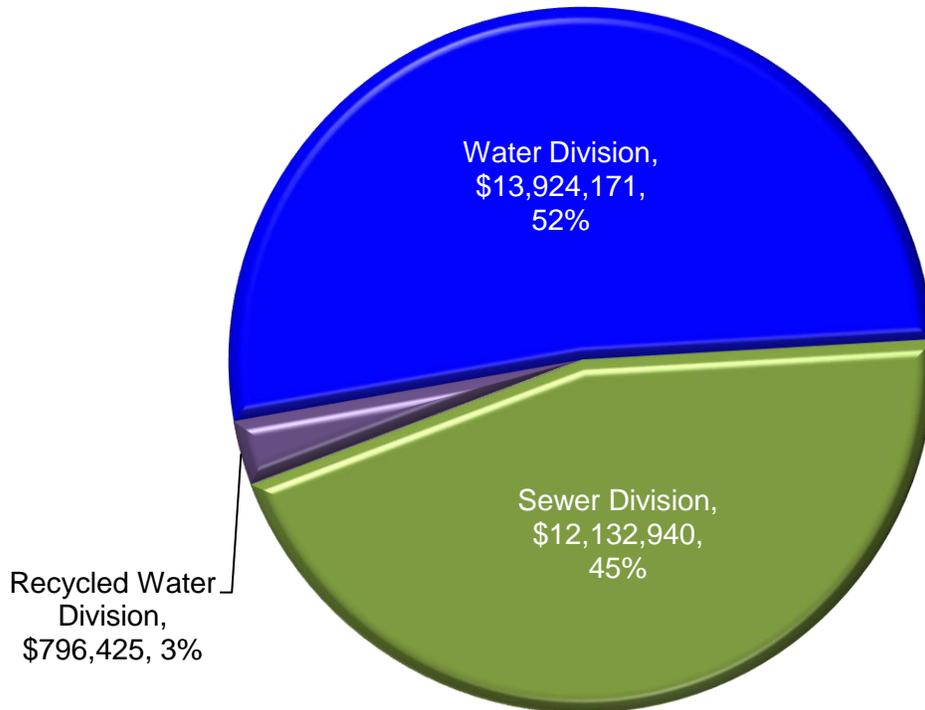
**From:** Joseph Zoba, General Manager  
Allison Edmisten, Chief Financial Officer

**Subject:** Overview of the Operating Budget and Capital Improvement Plan for Fiscal Year 2018

On Monday, May 22, 2017, the Yucaipa Valley Water District conducted a budget workshop to review the proposed operating budget for next year. During the budget workshop, the District staff provided a detailed overview of each individual line item for the water, sewer, and recycled water enterprise funds of the District. Based on the discussion at the board workshop, the District staff made changes to the budget as summarized on the attached documentation.

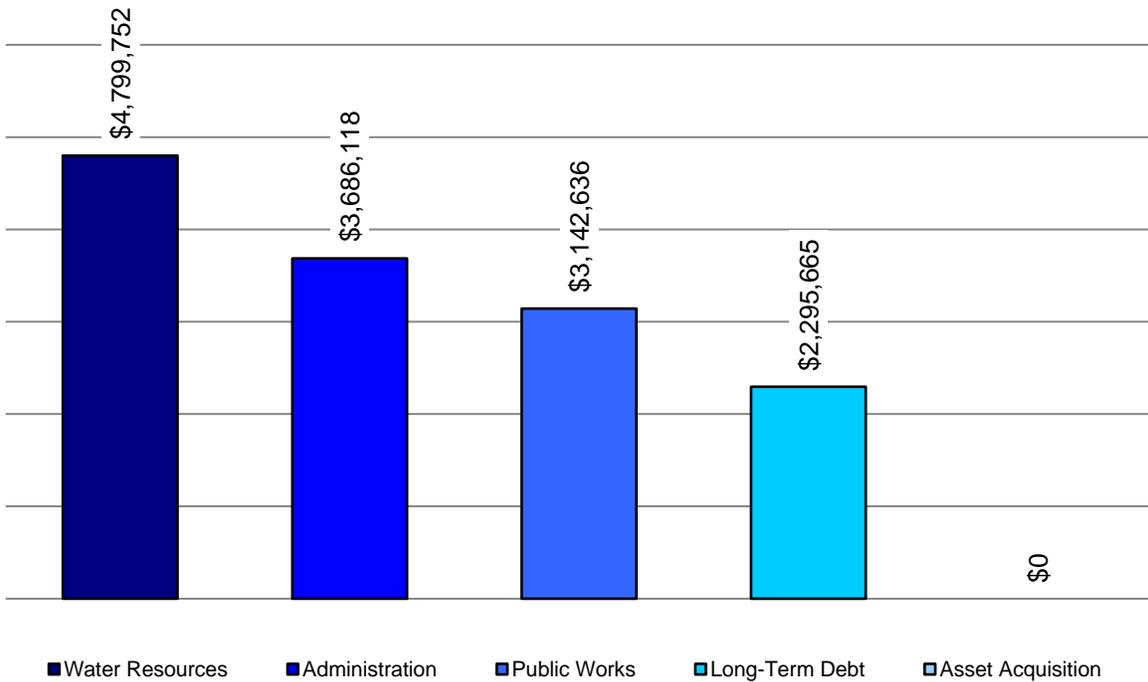
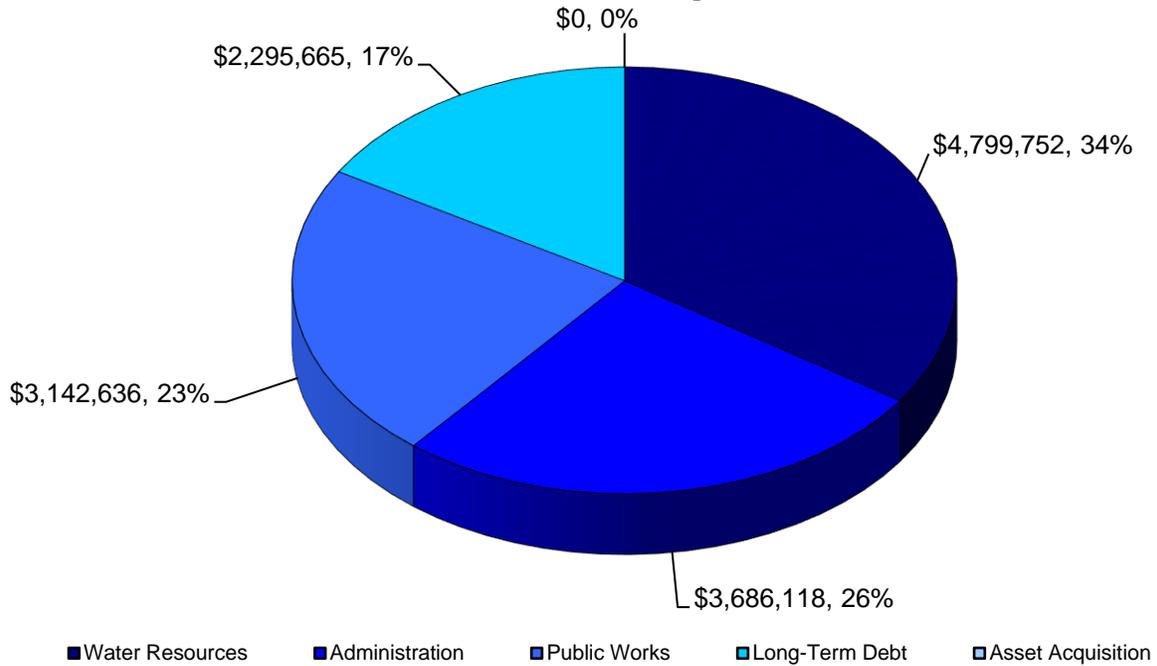
**Budget Overview**

The Fiscal Year 2018 operating budget totals \$26,853,536 (excluding capital improvement projects) distinguished by the following three enterprise funds.

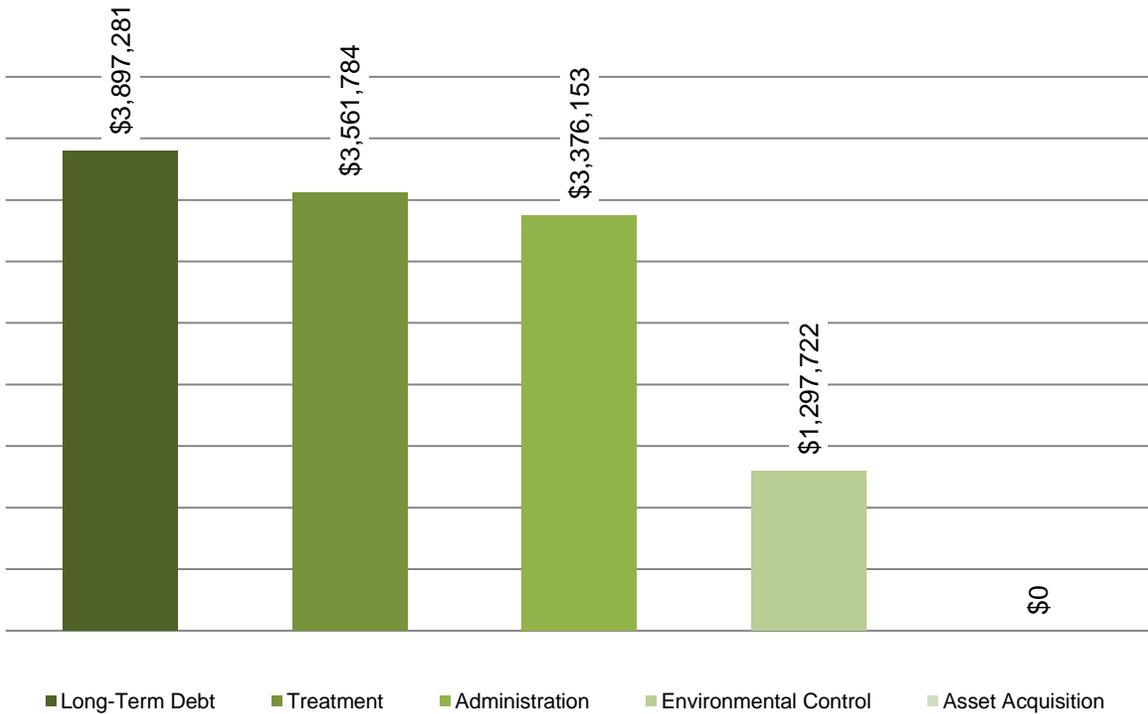
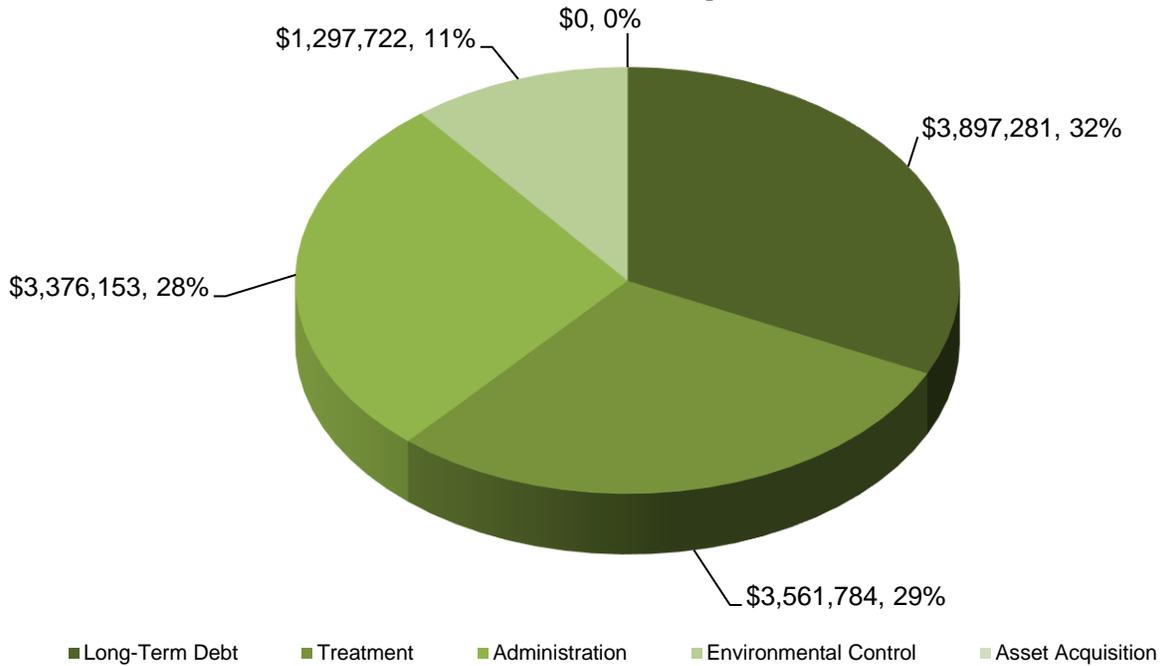


The departmental expenses for each of the enterprise funds are provided below:

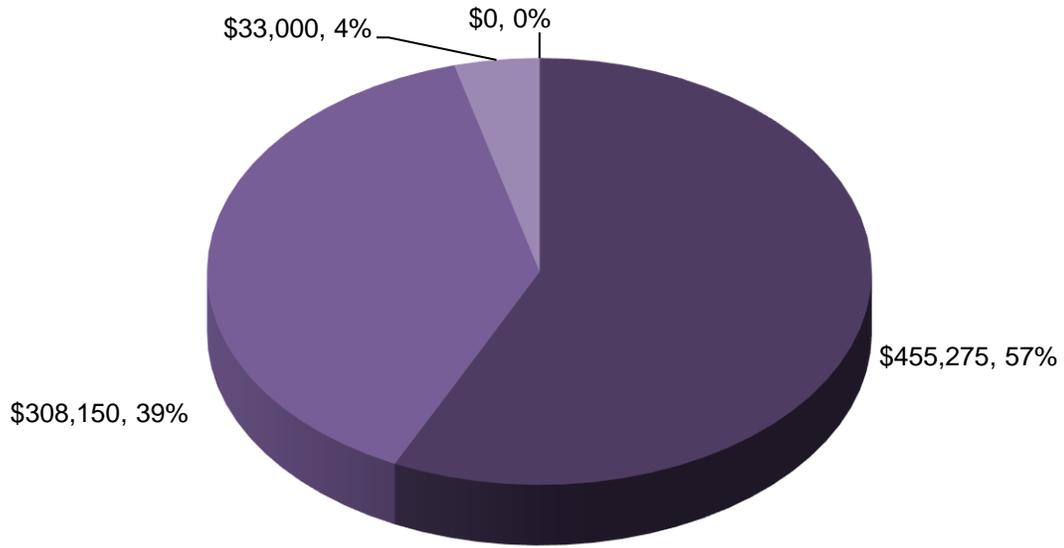
### Water Division Expenditures



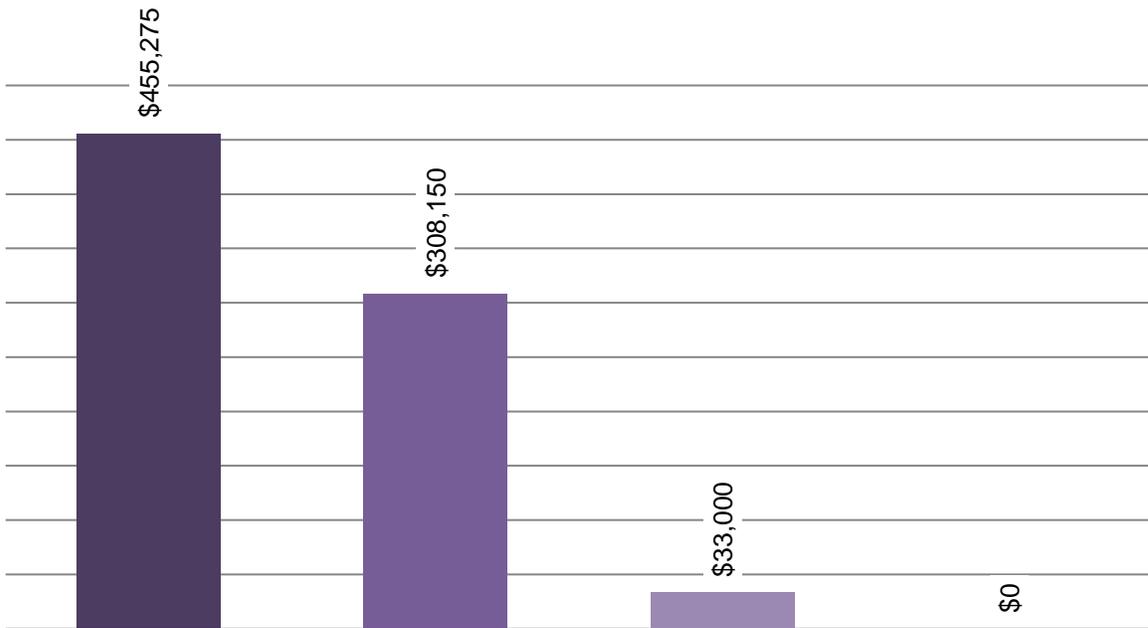
### Sewer Division Expenditures



# Recycled Water Division Expenditures



■ Labor and Benefits   ■ Operational Expenses   ■ Reserves & Infrastructure Replacement   ■ Asset Acquisition



■ Labor and Benefits   ■ Operational Expenses   ■ Reserves & Infrastructure Replacement   ■ Asset Acquisition



**Date:** May 30, 2017  
**From:** Kathryn Hallberg, Management Analyst  
**Subject:** Review of Proposed Insurance Policy for Fiscal Year 2018

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Yucaipa Valley Water District currently has a property/liability insurance policy with Inland Counties Insurance Services Brokerage with insurance coverage provided by Water Plus Insurance Program and Allied World Assurance Coverage.

The District staff has investigated pooled insurance options this year, but the cost is significantly greater with less coverage than our existing policy. Therefore, while the District staff explored different insurance options, the attached policy renewal provides the most comprehensive and cost effective coverage for the District.



**INSURANCE PROPOSAL**  
**Yucaipa Valley Water District**

**EFFECTIVE DATE**  
**7/1/2017**

**PRESENTED BY:**  
**Inland Counties Insurance Services, Inc. DBA Roberge & Fries Insurance Agency**



**PROGRAM MANAGER**  
**www.alliedpublicrisk.com**  
**Allied Community Insurance Services, LLC**  
**Agency License No. 733176**  
**CA License No. 0L01269**



**PREMIUM SUMMARY**

**NOTE:** This proposal is prepared from information supplied to us on the application submitted by your insurance broker. It may or may not contain all terms requested on the application. Proposed coverages are provided by the Allied Public Risk WaterPlus policy forms and are subject to the terms, exclusions, conditions and limitations of those policy forms. Actual policies should be reviewed for specific details. Specimen policies are available from your insurance broker.

PAGE	COVERAGE SECTION	PREMIUM
3-7	<b>SECTION 1. PROPERTY</b> (Property, Equipment Breakdown & Mobile Equipment)	\$ 70,768.00
8	<b>SECTION 2. COMMERCIAL CRIME</b>	\$ 1,800.00
9-10	<b>SECTION 3. COMMERCIAL GENERAL LIABILITY</b>	\$ 46,419.00
11	<b>SECTION 4. PUBLIC OFFICIALS &amp; MANAGEMENT LIABILITY</b> (Wrongful Acts, Employment Practices & Employee Benefit Plans)	\$ 12,908.00
12	<b>SECTION 5. BUSINESS AUTO</b>	\$ 46,935.00
13	<b>SECTION 6. COMMERCIAL EXCESS LIABILITY</b>	\$ 28,629.00

	<b>TOTAL ANNUAL PREMIUM</b> (excludes state-imposed taxes, surcharges, and fees)	\$ 207,459.00
	<b>TERRORISM PREMIUM</b>	\$ 1,172.00
	<b>FULLY EARNED POLICY FEE</b>	\$ 100.00
	<b>STATE-IMPOSED TAXES, SURCHARGES, AND FEES</b>	\$ N/A
	<b>TOTAL AMOUNT DUE*</b>	\$ 208,731.00

\*Payment is due in accordance with the producer agreement.

**NOTES:**

**Renewal terms are per expiring and subject to a completed, signed and dated renewal application. Please note any exposure change(s) may result in premium change.**

**INSURED:** Yucaipa Valley Water District  
**EFFECTIVE DATE:** 7/1/2017

**DISCLAIMER:** Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



**SECTION 1. PROPERTY \***

**\*IS THIS SECTION INCLUDED IN THE PROPOSAL? Yes**

**CARRIER:**

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

**FORM:**

- Special Causes of Loss
- Proprietary
- Integrated

**LIMITS:**

<b>Blanket Property:</b> (Real Property & Business Personal Property)	<b>\$99,397,979</b>
<b>Blanket Coverage Extension:</b> A separate blanket limit that applies to the following coverages: Business Income, Extended Business Income, Commandeered Property, Civil Authority, Extra Expense, Tenant Leasehold Interest, Electronic Data, Preservation of Property.	<b>\$2,000,000</b>
<b>Equipment Breakdown / Boiler &amp; Machinery:</b>	<b>Included</b>
<b>Mobile Equipment</b> (Scheduled):	<b>\$1,362,304</b>
<b>Mobile Equipment</b> (unscheduled, maximum \$10,000 any one item):	<b>\$15,000</b>
<b>Mobile Equipment</b> (borrowed, rented & leased):	<b>N/A</b>
<b>Earthquake</b> (earth movement excluded):	<b>N/A</b>
<b>Flood Zone AE:</b>	<b>N/A</b>
<b>Flood Zone X</b> (shaded/unshaded)	<b>N/A</b>

**DEDUCTIBLES:**

<b>\$2,500</b>	Property
<b>\$1,000</b>	Mobile Equipment
<b>\$10,000</b>	Equipment Breakdown (aboveground & less than 50 feet belowground)
<b>\$10,000</b>	Equipment Breakdown (greater than 50 feet belowground)
<b>N/A</b>	Earthquake (earth movement excluded)
<b>N/A</b>	Flood Zone X (per occurrence)
<b>N/A</b>	Flood Zone AE* (per occurrence)
<b>N/A</b>	Flood Zone AE* (per damaged structure / per occurrence)
<b>N/A</b>	*the greater of the deductibles will be applied
<b>N/A</b>	Named Storm Wind/Hail* (per occurrence)
<b>N/A</b>	Named Storm Wind/Hail* (per damaged structure / per occurrence)
	*the greater of the deductibles will be applied

**POLICY HIGHLIGHTS:**

- Blanket Policy Limits
- Blanket Coverage Extension Limits
- No Coinsurance Penalty
- Equipment Breakdown
- Broad Definition of Covered Property
- Proprietary Coverage Extensions

**VALUATION:**

- Replacement Cost: Real Property & Business Personal Property
- Actual Cash Value: Mobile Equipment
- Actual Loss Sustained: Loss of Income & Expenses
- Market Price: Fine Arts

**INSURED:** Yucaipa Valley Water District

**EFFECTIVE DATE:** 7/1/2017

**DISCLAIMER:** Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

**SPECIAL COVERAGES:**

- **New Locations Or Newly Constructed Property:**  
Pays up to \$1,000,000 for your new real property while being built on or off described premises as well as real property you acquire, lease or operate at locations other than the described premises; and business personal property located at new premises.
- **Utility Services – Direct Damage, Business Income & Expense:**  
Pays up to \$250,000 for covered property damaged by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss and does not apply to loss or damage to electronic data, including destruction or corruption of electronic data. Separate limits apply to Direct Damage and Business Income/Expense Expense.
- **Pollution Remediation Expenses:**  
Pays up to \$100,000 or \$250,000 for remediation expenses resulting from a Covered Causes of Loss or Specified Cause of Loss occurring during the policy period and reported within 180 days. Covered Causes of Loss means risks of direct physical loss unless the loss is excluded or limited by the Property Coverage Form. Specified Cause of Loss means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow; ice or sleet; water damage; and equipment breakdown.
- **SCADA Upgrades:**  
Pays up to \$100,000 to upgrade your scheduled SCADA system after direct physical loss from a Covered Cause of Loss. The upgrade is in addition to its replacement cost. SCADA means the Supervisory Control and Data Acquisition system used in water and wastewater treatment and distribution to monitor leaks, waterflow, water analysis, and other measurable items necessary to maintain operations.
- **Contract Penalties:**  
Pays up to \$100,000 for contract penalties you are required to pay due to your failure to deliver your product according to contract terms solely as a result of direct physical loss or damage by a Covered Cause of Loss to Covered Property.
- **Contamination:**  
Pays up to \$100,000 for loss or damage to covered property because of contamination as a result of a Covered Cause of Loss. Contamination means direct damage to real property and business personal property caused by contact or mixture with ammonia, chlorine, or any chemical used in the water and / or wastewater treatment process.
- **Property In Transit:**  
Pays up to \$100,000 for direct physical loss or damage to covered property while in transit more than 1000 feet from the described premises. Shipments by mail must be registered for covered to apply. Electronic data processing property and fine arts are excluded.
- **Unintentional Errors:**  
Pays up to \$100,000 for any unintentional error or omission you make in determining or reporting values or in describing the covered property or covered locations.

**INSURED:** Yucaipa Valley Water District

**EFFECTIVE DATE:** 7/1/2017

**DISCLAIMER:** Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



## KEY DEFINITIONS

### ■ **Real Property:**

The buildings, items or structures described in the Declarations that you own or that you have leased or rented from others in which you have an insurable interest. This includes:

- Aboveground piping;
- Aboveground and belowground penstock;
- Additions under construction;
- Alterations and repairs to the buildings or structures;
- Buildings;
- Business personal property owned by you that is used to maintain or service the real property or structure or its premises, including fire-extinguishing equipment; outdoor furniture, floor coverings and appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- Completed additions;
- Exterior signs, meaning neon, automatic, mechanical, electric or other signs either attached to the outside of a building or structure, or standing free in the open;
- Fixtures, including outdoor fixtures;
- Glass which is part of a building or structure;
- Light standards;
- Materials, equipment, supplies and temporary structures you own or for which you are responsible, on the premises or in the open (including property inside vehicles) within 1000 feet of the premises, used for making additions, alterations or repairs to buildings or structures at the premises;
- Paved surfaces such as sidewalks, patios or parking lots;
- Permanently installed machinery and equipment;
- Permanent storage tanks;
- Solar panels;
- Submersible pumps, pump motors and engines;
- Underground piping located on or within 1000 feet of premises described in the Declarations;
- Underground vaults and machinery.

### ■ **Business Personal Property:**

The property you own that is used in your business including:

- Furniture and fixtures;
- Machinery and equipment;
- Computer equipment;
- Communication equipment;
- Labor materials or services furnished or arranged by you on personal property of others;
- Stock;
- Your use interest as tenant in improvements and betterments.
- Leased personal property for which you have a contractual responsibility to insure.

### ■ **Pollution Conditions:**

The discharge, dispersal, release, seepage, migration, or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, minerals, chemical elements and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**INSURED:** Yucaipa Valley Water District

**EFFECTIVE DATE:** 7/1/2017

**DISCLAIMER:** Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.


**KEY DEFINITIONS** *(continued)*
**■ Remediation Expenses:**

Expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment, or neutralization of pollution conditions to the extent required by: (1) Federal, state or local laws, regulations or statutes, or any subsequent amendments thereof enacted to address pollution conditions; and (2) a legally executed state voluntary program governing the cleanup of "pollution conditions."

**■ Outdoor Property:**

Fixed or permanent structures that are outside covered real property including but not limited to:

- Historical markers or flagpoles;
- Sirens, antennas, towers, satellite dishes, or similar structures and their associated equipment;
- Exterior signs not located at a premises;
- Fences or retaining walls;
- Storage sheds, garages, pavilions or other similar buildings or structures not located at a premises;
- Dumpsters, concrete trash containers, or permanent recycling bins;
- Hydrants; or
- Electric utility power transmission and distribution lines and related equipment owned by the insured.

**■ Equipment Breakdown:**

Direct damage to mechanical, electrical or pressure systems as follows:

- Mechanical breakdown including rupture or bursting caused by centrifugal force;
- Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires;
- Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control;
- Loss or damage to steam boilers, steam pipes, steam engines or steam turbines; or
- Loss or damage to hot water boilers or other water heating equipment;
- If covered electrical equipment requires drying out as a result of a flood, we will pay for the direct expenses for such drying out.
- None of the following are covered objects as respects to equipment breakdown:
  - a. Insulating or refractory material;
  - b. Buried vessel or piping;
  - c. Sewer piping, piping forming a part of a fire protection system or water piping other than:
    - (1) Feed water piping between any boiler and its feed pump or injector;
    - (2) Boiler condensate return piping; or
    - (3) Water piping forming a part of refrigerating and air conditioning vessels and piping used for cooling, humidifying or space heating purposes;
  - d. Structure, foundation, cabinet or compartment containing the object;
  - e. Power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, penstock, draft tube or well-casing;
  - f. Conveyor, crane, elevator, escalator or hoist, but not excluding any electrical machine or electrical apparatus mounted on or used with this equipment; and
  - g. Felt, wire, screen, die, extrusion, late, swing hammer, grinding disc, cutting blade, cable chain, belt, rope, clutch late, brake pad, non-metallic part or any part or tool subject to frequent, periodic replacement.

**INSURED:** Yucaipa Valley Water District

**EFFECTIVE DATE:** 7/1/2017

**DISCLAIMER:** Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



**PROPERTY SUBLIMITS:**

Coverage	Limit
Accounts Receivable	\$500,000
Valuable Papers and Records	\$500,000
Contamination	\$100,000
Tools and Equipment Owned by Your Employees	\$5,000
Personal Effects and Property of Others	\$5,000
Outdoor Property (unscheduled)	\$25,000
New Locations or Newly Constructed Property	\$1,000,000
Business Personal Property at New Locations	\$1,000,000
Utility Services - Direct Damage	\$250,000
Utility Services – Business Income and Extra Expense	\$250,000
Dependent Business Premises	\$250,000
Property at Other Locations	\$250,000
Pollution Remediation Expense (specified cause of loss)	\$250,000
Pollution Remediation Expense (covered cause of loss)	\$100,000
Contract Penalties	\$100,000
SCADA Upgrades	\$100,000
Property in Transit	\$100,000
Backup/Overflow of Water from Sewer, Drain, Sump	\$100,000
Fine Arts	\$25,000
Limited Coverage for "Fungus", Wet Rot or Dry Rot	\$25,000
Trees, Shrubs & Plants (maximum \$1,000 any one item)	\$25,000
Indoor and Outdoor Signs (unscheduled)	\$25,000
Arson Reward	\$10,000
Fire Department Service Charge	\$5,000
Non-Owned Detached Trailers	\$5,000
Cost of Inventory or Adjustment	\$5,000
Patterns, Dies, Molds, Forms	\$2,500
Fire Protection Devices	\$2,500
Debris Removal	25% of scheduled limit
Ordinance or Law Provision	25% of scheduled limit

**NOTES:**

Premium is calculated from attached property schedule; review property schedule for coverage and limit adequacy.

**Earthquake and Flood coverages are excluded.**

**INSURED:** Yucaipa Valley Water District

**EFFECTIVE DATE:** 7/1/2017

**DISCLAIMER:** Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

**SECTION 2. COMMERCIAL CRIME \***

**\*IS THIS SECTION INCLUDED IN THE PROPOSAL? Yes**

**CARRIER:**

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

**FORM:**

- Proprietary
- Integrated

**RATING BASIS:**

- On file with underwriter
- Non auditable

**LIMITS:**

EMPLOYEE THEFT	FORGERY OR ALTERATION	INSIDE THE PREMISES Theft of Money and Securities	INSIDE THE PREMISES Robbery or Safe Burglary or Other Property	OUTSIDE THE PREMISES	COMPUTER FRAUD	FUNDS TRANSFER FRAUD	MONEY ORDERS & COUNTERFEIT PAPER CURRENCY
\$250,000	\$250,000	\$250,000	\$5,000	\$250,000	\$100,000	\$25,000	\$100,000

**DEDUCTIBLE:**

**\$1,000** each claim

**DESIGNATED EMPLOYEE BENEFIT PLAN(S):**

**POLICY HIGHLIGHTS:**

- Separate Limits Apply to Each Coverage
- Coverage Extended to Directors and Authorized Volunteers
- Faithful Performance

**NOTES:**

**INSURED: Yucaipa Valley Water District**

**EFFECTIVE DATE: 7/1/2017**

**DISCLAIMER:** Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

### SECTION 3. COMMERCIAL GENERAL LIABILITY\*

**\*IS SECTION INCLUDED IN THE PROPOSAL? Yes**

**CARRIER:**

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

**FORM:**

- Occurrence
- Proprietary

**RATING BASIS:**

- On file with underwriter
- Non auditable

**LIMITS:**

Per Occurrence	\$1,000,000
General Aggregate	\$3,000,000
Products & Completed Operations Aggregate	\$3,000,000
Personal & Advertising Injury Aggregate	\$1,000,000
Damage to Premises Rented to You	\$1,000,000
Medical Payments	\$10,000

**DEDUCTIBLE:**

N/A

**POLICY HIGHLIGHTS:**

- Duty to Defend
- Broad Definition of Insured
- Fellow Employee
- Per Location Aggregate
- Blanket Additional Insured Endorsement

**OPTIONAL COVERAGES INCLUDED IN QUOTE:**

**INSURED:** Yucaipa Valley Water District

**EFFECTIVE DATE:** 7/1/2017

**DISCLAIMER:** Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

**SPECIAL COVERAGES:**

- **Water & Wastewater Testing Errors & Omissions:**  
Coverage is provided for damages arising out of an act, error or omission which arises from your water or wastewater testing.
- **Failure To Supply:**  
Coverage is provided for bodily injury or property damage arising out of the failure of any insured to adequately supply water.
- **Waterborne Asbestos:**  
Coverage is provided for bodily injury or property damage from waterborne asbestos arising out of potable water which is provided by you to others.
- **Contractual Liability - Railroads:**  
Coverage is provided for any contract or agreement that indemnifies a railroad for bodily injury or property damage arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing.
- **Pollution:**  
Coverage is provided for bodily injury or property damage which occurs or takes place as a result of your operations and arises out of the following:
  - Potable water which you supply to others;
  - Chemicals you use in your water or wastewater treatment process;
  - Natural gas or propane gas you use in your water or wastewater treatment process;
  - Urgent response for the protection of property, human life, health or safety conducted away from premises owned by or rented to or regularly occupied by you;
  - Your application of pesticide or herbicide chemicals if such application meets all standards of any statute, ordinance, regulation or license requirement of any federal, state or local government;
  - Smoke drift from controlled or prescribed burning that has been authorized and permitted by an appropriate regulatory agency.
  - Fuels, lubricants or other operating fluids needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of mobile equipment or its parts
  - Escape or back-up of sewage or waste water from any sewage treatment facility or fixed conduit or piping that you own, operate, lease, control or for which you have the right of way, but only if property damage occurs away from land you own or lease.
  - Sudden and accidental events that are neither expected nor intended by an Insured. However, no coverage is provided under this exception for petroleum underground storage tanks.

**NOTES:**

**INSURED:** Yucaipa Valley Water District

**EFFECTIVE DATE:** 7/1/2017

**DISCLAIMER:** Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

**SECTION 4. PUBLIC OFFICIALS & MANAGEMENT LIABILITY\***

**\*IS THIS SECTION INCLUDED IN THE PROPOSAL? Yes**

**CARRIER:**

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

**FORM:**

- Occurrence

**DEFENSE COSTS:**

- Outside the Limits of Liability

**LIMITS:**

Wrongful Acts	\$1,000,000	per act
Employment Practices (including third party discrimination)	\$1,000,000	per offense
Employee Benefit Plans	\$1,000,000	per offense
Injunctive Relief	\$5,000	per act
	\$3,000,000	aggregate limit

**SPECIAL COVERAGES:**

- Inverse Condemnation : Yes

**RATING BASIS**

- On file with underwriter
- Non auditable

**DEDUCTIBLE**

**\$2,500 each claim including expenses**

**RETROACTIVE DATE:**

**POLICY HIGHLIGHTS:**

- Duty To Defend
- Broad Definition of Named Insured including Past and Future Employees
- Outside Directorship
- Punitive Damages are Covered Where Insurable by Law
- No Intentional Acts, Assault & Battery or Bodily Injury Exclusions

**NOTES:**

**INSURED: Yucaipa Valley Water District**

**EFFECTIVE DATE: 7/1/2017**

**DISCLAIMER:** Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



**SECTION 5. BUSINESS AUTO\***

**\*IS THIS SECTION IS INCLUDED IN THE PROPOSAL? Yes**

**CARRIER:**

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

**FORM:**

- ISO Business Auto

**PORTFOLIO:**

	Symbol	Limit
Combined Single Limit for Bodily Injury & Property Damage (each accident)	1	\$1,000,000
Hired Auto Liability	8	\$1,000,000
Non-Owned Auto Liability	9	\$1,000,000
"No-Fault" or Statutory Personal Injury Protection (each person)	No Coverage	N/A
Medical Payments	2	\$5,000
Uninsured / Underinsured Motorists	2	\$1,000,000
Hired Physical Damage	8	\$50,000
Owned Physical Damage – Comprehensive	2	ACV
Owned Physical Damage – Collision	2	ACV

**DEDUCTIBLE:**

Liability: None  
 Comprehensive: \$500  
 Collision: \$500

**NOTES:**

**Please refer to Auto terms provided for per unit coverage.**

**INSURED:** Yucaipa Valley Water District  
**EFFECTIVE DATE:** 7/1/2017

**DISCLAIMER:** Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

## SECTION 6. COMMERCIAL EXCESS LIABILITY \*

\*IS THIS SECTION IS INCLUDED IN THE PROPOSAL? Yes

**CARRIER:**

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

**FORM:**

- Proprietary
- Following Form

**LIMITS:**

\$5,000,000 / \$5,000,000

**RATING BASIS:**

- On file with underwriter
- Non auditable

**SCHEDULED UNDERLYING POLICIES:**

Commercial General Liability - Yes

Hired and Non-Owned Auto Liability - Yes

Public Officials & Management Liability - Yes

Wrongful Acts - Yes

Employment Practices - Yes

Employee Benefit Plans - Yes

Owned Auto Liability - Yes

Employer's Liability (minimum underlying limit requirement of \$500,000 / \$500,000 / \$500,000) - No

Other:

**NOTABLE EXCLUSION:**

- Workers' Compensation

**NOTES:**

Employers' Liability subject to Allied World security requirements.

**Please provide current WC declaration page for EL consideration in Excess.**

**INSURED:** Yucaipa Valley Water District

**EFFECTIVE DATE:** 7/1/2017

**DISCLAIMER:** Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



**OPTIONAL COVERAGE. PRIVACY 101\***

YES  NO \*THIS SECTION IS INCLUDED IF MARKED WITH A "YES".

**CARRIER:**

- Allied World National Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating
- Issued on Surplus Lines / Nonadmitted Paper

**FORM:**

- Proprietary claims made policy. Defense inside the limits. A policy aggregate applies to all coverages. Coverage A and B have separate aggregate limits applicable to their respective coverage parts. Coverage C and D share an aggregate limit for their respective coverage parts.

**LIMITS:**

<p><b>Privacy &amp; Network Security Coverage:</b> Protects against any actual or alleged act, error, misstatement, misleading statement, omission, neglect or breach of duty committed by an Insured or Third Party Contractor, which results in a breach of the Insured's Network Security, the consequences of which are: 1. unauthorized access to, use of or tampering with a third party's Network; 2. the inability of an authorized third party to gain access to the Insured's services; 3. denial or disruption of Internet service to an authorized third party; 4. Identity Theft or credit/debit card fraud; 5. the transmission of Malicious Code; or 6. the unauthorized release of a third party's confidential and proprietary business.</p>	<p>\$250,000</p>
<p><b>Notification &amp; Credit Monitoring Costs Coverage:</b> Provides reimbursement to the Named Insured for the costs incurred by the Named Insured for notification to, and for credit monitoring of, any persons residing in the United States, including Employees, arising from a Privacy Wrongful Act, which takes place during the Policy Period.</p>	<p>\$250,000</p>
<p><b>Data Forensic Coverage:</b> Covers the reasonable and necessary costs incurred by the Named Insured to retain a qualified forensics firm to investigate, examine and analyze the Named Insured's Network, to find the cause, source and extent of a Data Breach.</p>	<p><input checked="" type="checkbox"/> 2.50%</p>
<p><b>Crisis Management Coverage:</b> Means the following amounts when incurred during, or within ninety (90) days prior to, a Material Event: 1. amounts for which the Named Insured becomes legally liable for those services performed by a public relations firm, crisis management firm or law firm selected by the Named Insured and approved in advance in writing by the Insurer, to minimize potential harm to the Named Insured arising from a Material Event, including, without limitation, maintaining and restoring public confidence in the Named Insured, and providing advice to the Named Insured or any of its directors, officers, partners or Employees; and 2. amounts for which the Named Insured becomes legally liable for the reasonable and necessary printing, advertising, mailing of materials, or travel by directors, officers, partners, Employees or the firm rendering services as referenced above. Crisis Management Expenses shall not include compensation, fees, benefits, overhead, or the charges or expenses of any Insured or any Third Party Contractor.</p>	<p><input checked="" type="checkbox"/> 2.50%</p>

**RETENTION:**

**\$2,500** each claim including loss adjustment expenses

**TOTAL AMOUNT DUE:**

**\$1,145.00** Annual Premium  
**\$36.64** Surplus lines taxes and stamping fee  
**\$1,181.64** 100% premium, taxes, and stamping fees due upon binding

**NOTES:**

Proposal is subject to signed D-1 from insured and completion of SLA-2 from broker.

**Combined Tax/Stamping fee: 3.20%**

**Retroactive Date: 7/1/2012**

**INSURED:** Yucaipa Valley Water District

**EFFECTIVE DATE:** 7/1/2017

**DISCLAIMER:** Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

## CALIFORNIA UNINSURED MOTORISTS COVERAGE SELECTION/REJECTION

**Applicant/Named Insured:** Yucaipa Valley Water District

**Company:** Allied World Assurance Company (U.S.) Inc.

California law permits you to make certain decisions regarding Uninsured Motorists Coverage. This document describes this coverage and the options available.

You should read this document carefully and contact us or your agent if you have any questions regarding Uninsured Motorists Coverage and your options with respect to this coverage.

This document includes general descriptions of coverage. However, no coverage is provided by this document. You should read your policy and review your Declarations Page(s) and/or Schedule(s) for complete information on the coverages you are provided.

### A. Mandatory Offer Of Bodily Injury Uninsured Motorists Coverage

Please indicate your choices by initialing next to the appropriate item(s) below.

#### 1. Selection Of Bodily Injury Uninsured Motorists Coverage

(Initials)

I select Bodily Injury Uninsured Motorists Coverage at limits equal to the limits of my Bodily Injury Liability Coverage (split limits) or Combined Single Limit for Liability Coverage.

#### 2. Rejection Of Bodily Injury Uninsured Motorists Coverage

The California Insurance Code requires that we provide you with the following information:

"The California Insurance Code requires an insurer to provide uninsured motorists coverage in each bodily injury liability insurance policy it issues covering liability arising out of the ownership, maintenance, or use of a motor vehicle. Those provisions also permit the insurer and the applicant to delete the coverage completely or to delete the coverage when a motor vehicle is operated by a natural person or persons designated by name. Uninsured motorists coverage insures the insured, his or her heirs, or legal representatives for all sums within the limits established by law, which the person or persons are legally entitled to recover as damages for bodily injury, including any resulting sickness, disease, or death, to the insured from the owner or operator of an uninsured motor vehicle not owned or operated by the insured or a resident of the same household. An uninsured motor vehicle includes an underinsured motor vehicle as defined in subdivision (p) of Section 11580.2 of the Insurance Code".

<b>(Initials)</b>	<b>I reject Bodily Injury Uninsured Motorists Coverage entirely.</b>
_____	<b>I delete Bodily Injury Uninsured Motorists Coverage only with respect to the following individuals:</b>
_____	<b>(Name of Excluded Driver(s))</b>
	_____
	_____

**3. Lower Limit(s) For Bodily Injury Uninsured Motorists Coverage**

The California Insurance Code requires that we provide you with the following information:

"The California Insurance Code requires an insurer to provide uninsured motorists coverage in each bodily injury liability insurance policy it issues covering liability arising out of the ownership, maintenance, or use of a motor vehicle. Those provisions also permit the insurer and the applicant to agree to provide the coverage in an amount less than that required by subdivision (m) of Section 11580.2 of the Insurance Code but not less than the financial responsibility requirements. Uninsured motorists coverage insures the insured, his or her heirs, or legal representatives for all sums within the limits established by law, which the person or persons are legally entitled to recover as damages for bodily injury, including any resulting sickness, disease, or death, to the insured from the owner or operator of an uninsured motor vehicle not owned or operated by the insured or a resident of the same household. An uninsured motor vehicle includes an underinsured motor vehicle as defined in subdivision (p) of Section 11580.2 of the Insurance Code".

(Initials) \_\_\_\_\_

I reject Bodily Injury Uninsured Motorists Coverage at limits equal to my Bodily Injury Liability Coverage (split limits) or Combined Single Limit for Liability Coverage and I select the following lower limits.

(Choose one):

(Initials)	Split Limits	OR	(Initials)	Combined Single Limit
_____	\$ 15,000/30,000		_____	\$ 30,000
_____	20,000/40,000		_____	40,000
_____	25,000/50,000		_____	50,000
_____	30,000/60,000		_____	60,000
_____	50,000/100,000		_____	100,000
_____	100,000/300,000		_____	250,000
_____	250,000/500,000		_____	300,000
_____	500,000/1,000,000		_____	500,000
_____	\$ _____		_____	1,000,000
	(Other)		_____	\$ _____
				(Other)

**B. Mandatory Offer Of Property Damage Uninsured Motorists Coverage**

Uninsured Motorists Coverage may also include Property Damage Uninsured Motorists Coverage. Property Damage Uninsured Motorists Coverage provides insurance protection to an insured for compensatory damages for injury to or destruction of a covered auto caused by an automobile accident which an insured is legally entitled to recover from the owner or operator of certain types of uninsured motor vehicles. However, Property Damage Uninsured Motorists Coverage is available only:

1. If you have not rejected Bodily Injury Uninsured Motorists Coverage; and
2. For autos for which you have not purchased Collision Coverage.

Please indicate your choices by initialing next to the appropriate item(s) below.

_____ <b>(Initials)</b>	<b>I select Property Damage Uninsured Motorists Coverage at a limit of \$3,500 for each accident for the following vehicle(s):</b>  <b>(Specify Year/Make/Model)</b>  _____ _____ _____
_____ <b>(Initials)</b>	<b>I reject Property Damage Uninsured Motorists Coverage entirely.</b> <b>I delete Property Damage Uninsured Motorists Coverage only with respect to the following individuals:</b>  <b>(Name of Excluded Driver(s))</b>  _____ _____

\_\_\_\_\_  
**Applicant's/Named Insured's Signature**

\_\_\_\_\_  
**Date**



**Date:** May 30, 2017  
**From:** Jennifer Ares, Water Resource Manager  
**Subject:** Review of a Proposal for the 2016-2017 Habitat Monitoring Program Activities, Groundwater and Surface Water Data Assistance, and Annual Report

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The Yucaipa Valley Water District began discharging to San Timoteo Creek in 1986 and currently discharges tertiary treated recycled water to the stream system. The riparian vegetation along San Timoteo Creek has been partially supported by the discharge of highly treated recycled water.

In order to maximize the reuse of recycled water, the District was granted a “change of point of discharge” agreement from the State Water Resources Control Board permitting the reduction of the discharge from San Timoteo Creek with definitive mitigation measures. Gradual reductions of the discharge along with an adaptive management plan are required to ensure the vegetation is not negatively impacted due to the reduction of recycled water flow. The table below represents the minimum 7-day average discharge reductions over five years allowable under the WW-26 permit.

12-Month Period Following the Month Order was Approved	Minimum 7-Day Average Discharge for the 12-Month Period
First	1.9 mgd (2.9 cfs)
Second	1.0 mgd (1.6 cfs)
Third	0.5 mgd (0.8 cfs)
Fourth	0.2 mgd (0.3 cfs)
Fifth	0.1 mgd (0.2 cfs)

In accordance with the results of a water use report prepared by SWCA Environmental Consultants in 2005, the District could reduce the discharge to maintain the existing habitat in San Timoteo Creek. In order to validate the reduction in flow, an annual habitat monitoring program has been in place and reports are prepared each year to determine the results of the reduction in creek discharges. The District is currently in its fourth year of reporting the habitat monitoring program activities.

The Habitat Monitoring Program for San Timoteo Creek defines the adaptive management plan for San Timoteo Creek. Components of the monitoring plan consist of vegetation analysis, aerial photo and groundwater monitoring. Costs associated with the Habitat Monitoring program are listed below.

Task No.	Task Description	Cost Estimate
1	Spring Qualitative Monitoring	\$2,090
2	Fall Vegetation Monitoring	\$10,010
3	Estimating Annual Riparian Density	\$5,240
4	Monitoring Monthly Riparian Productivity	\$8,670
5	Groundwater and Surface Water Data Compilation and Analysis	\$4,500
6	HMP Annual Report	\$19,300
<b>Total</b>		<b>\$49,810</b>

Optional Task - Preliminary Watershed Budget Analysis                      \$9,810

**DUDEK**

MAIN OFFICE  
605 THIRD STREET  
ENCINITAS, CALIFORNIA 92024  
T 760.942.5147 T 800.450.1818 F 760.632.0164

April 12, 2017

3163-20

Jennifer Ares  
Yucaipa Valley Water District  
12770 Second Street  
Yucaipa, California 92399

***Subject: Proposal for 2016-2017 Habitat Monitoring Program Activities,  
Groundwater and Surface Water Data Assistance, and Annual Report***

Dear Ms. Ares:

Dudek is pleased to submit this proposal to provide environmental consulting services to support the Yucaipa Valley Water District's Habitat Monitoring Program (HMP) in San Timoteo Creek for the 2016-2017 water year from October 1, 2016 to September 30, 2017 (2017 WY). This scope of work includes conducting a qualitative monitoring event in Spring 2017, a quantitative vegetation monitoring event in Fall 2017, annual color-infrared imagery collection for the study area and associated analysis, and an analysis of groundwater, surface water and precipitation data collected in the 2017 WY. All data and information collected will be compiled, evaluated and presented in an annual HMP report prepared at the end of the 2017 WY. Dudek will prepare a draft annual HMP report and submit to YVWD by December 15, 2017 for review.

**SCOPE OF WORK****Task 1 Spring Qualitative Monitoring**

Qualitative monitoring will be conducted in May 2017 and include taking photographs at permanent photo-monitoring stations, recording an inventory of plant species within each monitoring station, and conducting a general, qualitative assessment of habitat conditions in the HMP study area. Dudek biologist, Jake Marcon, will conduct this event.

**Task 2 Fall Vegetation Monitoring**

Quantitative vegetation monitoring will be completed in September 2017 for the annual fall vegetation monitoring. The fall vegetation monitoring includes the collection of 200 point-intercept data points at each of the three monitoring stations (MS1, MS2 and MS3) over 3 days by Dudek biologists Erin Bergman and Jake Marcon. In addition to collecting point-intercept data for estimating vegetation cover, the fall vegetation monitoring includes collecting

*Ms. Jennifer Ares*

*Subject: Proposal for WY 2016-2017 Habitat Monitoring Program Activities, Groundwater and Surface Water Data Assistance and Annual Report*

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photographs at permanent photo-monitoring stations within each monitoring site to document changes in qualitative conditions from year to year.

### **Task 3 Estimating Annual Riparian Density**

This task covers acquiring and analyzing color-infrared (CIR) imagery to estimate the annual extent of riparian vegetation in the study area as required under the HMP. This task includes the collection of high resolution (0.5-foot pixel resolution) color-infrared aerial imagery of the HMP study area by Central Coast Aerial Mapping, Inc. The flight and imagery specifications will be identical to the 2016 collection. The flight is scheduled to occur in September concurrent with the qualitative monitoring conducted at that time. Collection of high-resolution imagery and processing to provide precise ortho-rectification will ensure consistent application of semi-automated year-to-year imagery analysis.

Quantifying the acreage of riparian vegetation (i.e., riparian density) will be conducted by creating Normalized Difference Vegetation Index (NDVI) layers using available tools in ArcGIS. NDVI is a widely used spectral index based on the differential reflectance that plants exhibit for different parts of the solar radiation spectrum (Fu and Burgher 2015).

Dudek biologists will review the NDVI values and established thresholds for classifying and quantifying the extent of riparian vegetation. Using NDVI values and determining corresponding classifications is a more objective approach to analyzing aerial imagery limiting subjectivity associated with aerial interpretation by individual observers. Dudek uses the NDVI approach to reduce potential inter-annual and inter-observer variability inherent with on-screen interpretation of aerial imagery. This will be the fourth year of NDVI analysis as part of the HMP.

### **Task 4 Monitoring Monthly Riparian Productivity**

This task involves collecting discrete CIR imagery on a monthly basis for each of the three monitoring stations. Monthly CIR imagery will be used to monitor changes in NDVI over the course of the growing season from approximately April through September as a means of tracking the productivity of riparian vegetation and the associated riparian water use. To date, monitoring riparian vegetation has been limited to annual estimates of riparian vegetation cover based on transect data collection conducted in the fall each year. While annual estimates of riparian cover generally represent the ultimate output of riparian productivity at the end of the growing season, annual estimates do not provide a way to analyze the potential effects of fluctuating groundwater conditions on riparian productivity throughout the year. It is anticipated that by analyzing monthly NDVI values as a means of monitoring riparian productivity, and by

*Ms. Jennifer Ares*

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extension riparian water use, we will be able to more directly evaluate the relationship between groundwater levels and riparian vegetation.

### **Task 5 Groundwater and Surface Water Data Compilation and Analysis**

This task includes compiling and analyzing groundwater level data recorded in dedicated pressure transducers at wells OW-1T, OW-1P, OW-2P, OW-3P in 2016. Hydrographs depicting historical water levels at each well will be updated with the 2017 WY data along with daily precipitation data from nearby climatic data stations. This task also includes compiling and analyzing surface water data from YVWD and daily effluent discharges to San Timoteo Creek collected in 2017 WY.

All data will be compiled and organized to evaluate the potential effect of effluent discharge to shallow groundwater levels in the San Timoteo Creek corridor by comparing to baseline data collected since 2012.

### **Task 6 HMP Annual Report WY 2016-2017**

This task includes preparing the 2017 annual monitoring report for the 2016-2017 water year from October 1, 2016 through September 30, 2017. The report will include an assessment of riparian habitat conditions based on photo-monitoring data collected in Spring 2017, quantitative vegetation monitoring data from Fall 2017, and quantifying riparian acreage using CIR imagery collected in Fall 2017. The report will describe the results of the monitoring relative to the adaptive management thresholds identified in the HMP. Observed changes in habitat conditions will be assessed and potential causes of the change will be described.

In addition, the report will document groundwater related information including water levels measured at the observation wells, precipitation data, and effluent discharge data. This section will include a synopsis of the water level data collected during the monitoring period and an analysis of water level fluctuations (both diurnal and seasonal) and possible influences by precipitation and stream flow resulting from storm water runoff or treated wastewater effluent discharges to San Timoteo Creek. The water levels at each location will be compared to the adaptive management thresholds established in the HMP.

Dudek will deliver a draft 2017 WY HMP report to YVWD to review and provide comments by December 15, 2017.

*Ms. Jennifer Ares*

*Subject: Proposal for WY 2016-2017 Habitat Monitoring Program Activities, Groundwater and Surface Water Data Assistance and Annual Report*

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## **COST SUMMARY**

All costs will be billed on a time and materials basis in accordance with our 2017 Standard Schedule of Charges, a copy of which is attached. The cost estimate for this contract amendment is provided in Table 1 below.

**Table 1 Cost Estimate**

<b>Task No.</b>	<b>Task Description</b>	<b>Cost Estimate</b>
1	Spring Qualitative Monitoring	\$2,090.00
2	Fall Vegetation Monitoring	\$10,010.00
3	Estimating Annual Riparian Density	\$5,240.00
4	Monitoring Monthly Riparian Productivity	\$8,670.00
5	Groundwater and Surface Water Data Compilation and Analysis	\$4,500.00
6	HMP Annual Report (WY 2016-17)	\$19,300.00
	<b>Total</b>	<b>\$49,810.00</b>

**Optional Task – Preliminary Watershed Budget Analysis.** One of the questions to answer when evaluating the potential influence that the discharge of recycled water to San Timoteo Creek has on the local, underlying water table is how much does rainfall, as the other major input of water to the system, contribute runoff to San Timoteo Creek and recharge to the groundwater basin. Consequently, how does that regional effect of runoff and recharge sustain flows in San Timoteo Creek, in addition to the perennial discharge of recycled water from YVWD and the City of Beaumont. Dudek proposes conducting a preliminary analysis in estimating the amount of runoff to San Timoteo Creek originating from rainfall events within the San Timoteo Creek watershed, and subsequently how much recharges the groundwater basin after factoring losses due to evapotranspiration and soil moisture retention. This analysis will provide a rough estimation of the water budget by using estimated rates of infiltration and evapotranspiration based on other documented studies that defined these parameters at other locations similar to San Timoteo Canyon, and an estimate for soil moisture retention based on assumed soil properties. This analysis should provide some indication of the volume of water entering the creek from rainfall events compared to the volume of recycled water discharged to the creek, and potentially provide some indication of how long the basin will drain a particular rainfall event until reaching static conditions observed before the rainfall event. The fee for this task is \$9,810.

*Ms. Jennifer Ares*

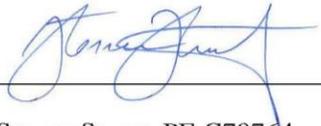
*Subject: Proposal for WY 2016-2017 Habitat Monitoring Program Activities, Groundwater and Surface Water Data Assistance and Annual Report*

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Dudek appreciates the opportunity to continue working with the District. The total fee for providing services for the HMP program, including monthly riparian productivity analyses from April to September, is \$49,810. An optional task to conduct a preliminary watershed budget analysis is \$9,810.

Should you have any questions, please do not hesitate to contact me. I can be reached at 760.479.4128.

Sincerely,



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Steven Stuart, PE C79764  
Project Manager/Hydrogeologist

*att: 2017 Standard Schedule of Charges*

# Director Comments



Yucaipa Valley Water District

# Adjournment



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

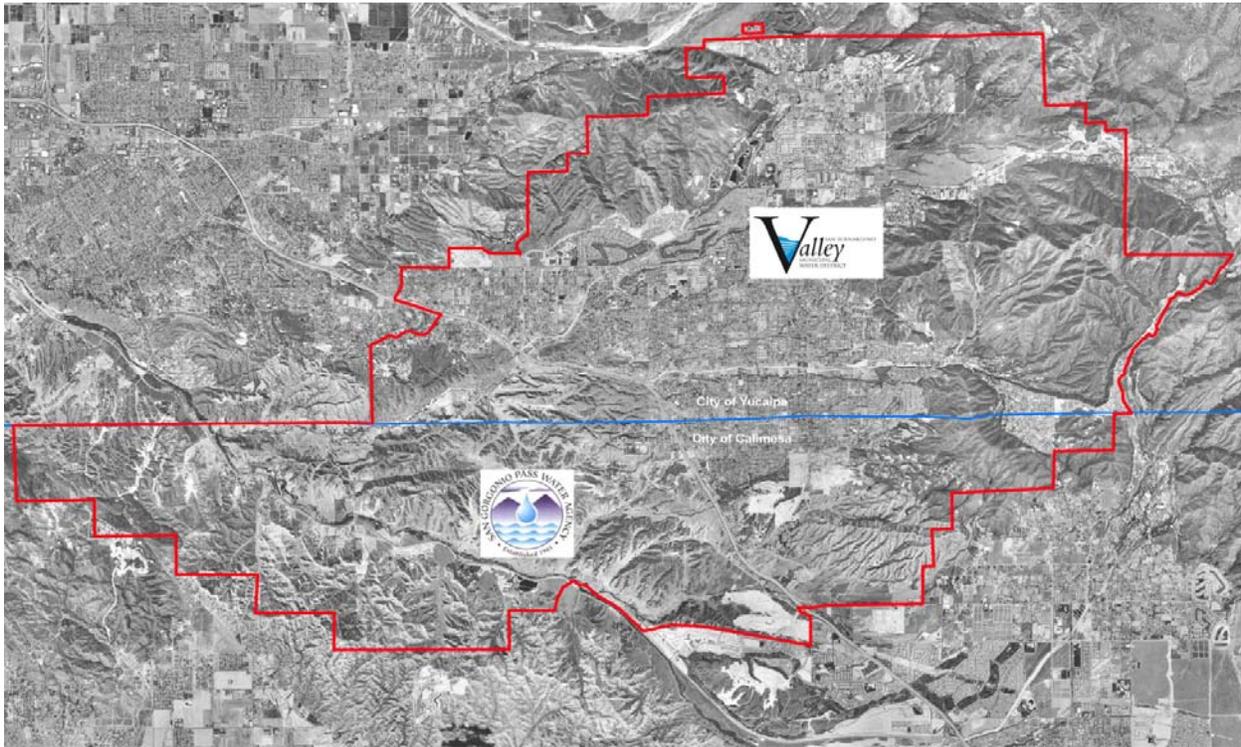
**Water System:** 215 miles of drinking water pipelines  
27 reservoirs - 34 million gallons of storage capacity  
18 pressure zones  
12,000 ac-ft annual water demand (3.9 billion gallons)  
Two water filtration facilities:  
- 1 mgd at Oak Glen Surface Water Filtration Facility  
- 12 mgd at Yucaipa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

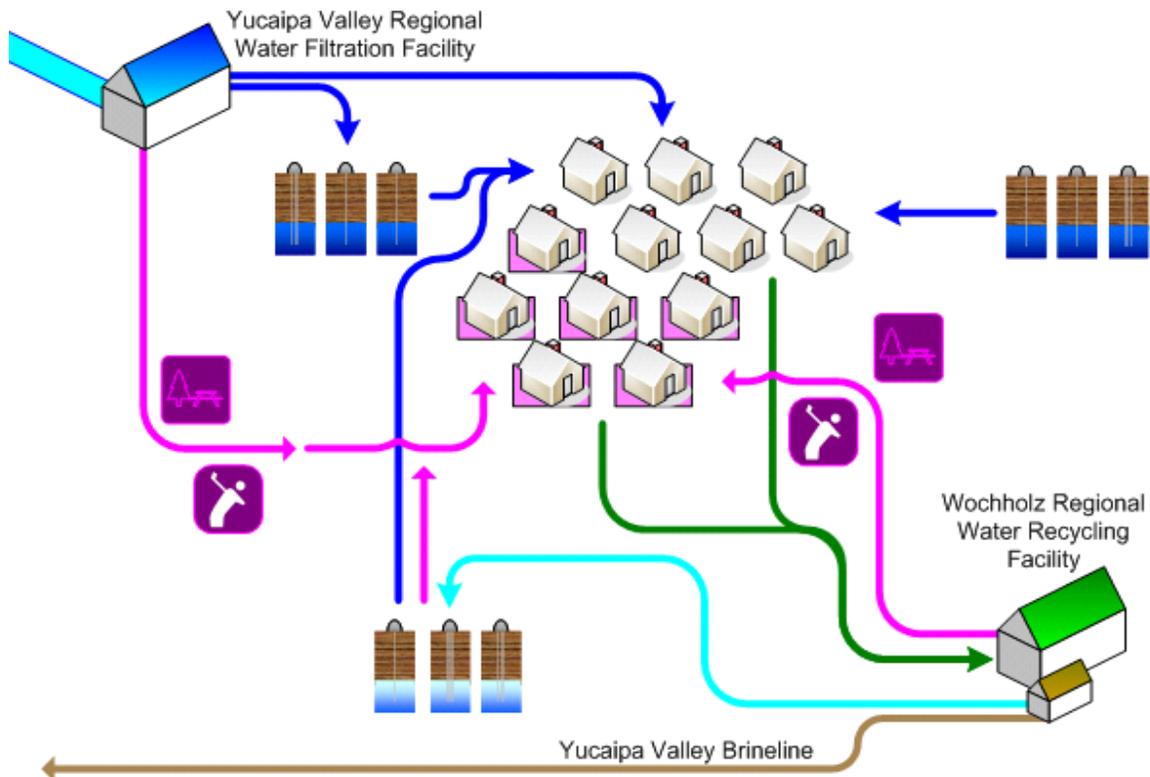
**Recycled Water:** 22 miles of recycled water pipelines  
5 reservoirs - 12 million gallons of storage  
1,200 ac-ft annual recycled demand (0.4 billion gallons)

**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

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