Memorandum

Date: October 23, 2026

To: Board of Directors, Yucaipa Sustainable Groundwater Management Agency
Private Well Owners
Public Stakeholders

From: Joseph B. Zoba, Yucaipa Valley Water District

Subject: Ordinance No. 2026-01 – *Adopting Rules and Regulations to Implement the Yucaipa Subbasin Groundwater Sustainability Plan*

Background

The Yucaipa Sustainable Groundwater Management Agency adopted the Groundwater Sustainability Plan (GSP) for the Yucaipa Subbasin in January 2022. The California Department of Water Resources approved the GSP in January 2024. The GSP sets sustainable yield amounts for four Management Areas and identifies management actions the Agency should implement.

Ordinance No. 2026-01 translates those management actions into practical, enforceable rules including:

- How annual groundwater allocations are assigned to the four retail water purveyors and to qualifying private well owners.
- How unused portions of an allocation can be carried forward (Unused Storage Credits).
- How recycled water, imported water, and other supplemental water that is recharged into the basin is tracked.
- Rules for transferring unused credits or supplemental water within the same Management Area.
- Requirements for private well owners who want an allocation and for wells that are converted to public water service.

The ordinance is designed to implement the existing GSP. It does not change the sustainable yield amounts or the core management actions already in the Plan.

Prior Meetings and Workshops

The concepts and elements included in this ordinance have been discussed at twelve public meetings over the past sixteen months:

- July 23, 2025 – Yucaipa SGMA Board Meeting
- August 27, 2025 – Yucaipa SGMA Workshop
- September 24, 2025 – Yucaipa SGMA Workshop
- October 22, 2025 – Yucaipa SGMA Board Meeting
- January 28, 2026 – Yucaipa SGMA Board Meeting
- March 11, 2026 – Yucaipa SGMA Workshop
- April 22, 2026 – Yucaipa SGMA Board Meeting
- June 25, 2026 – Yucaipa SGMA Policy Workshop
- July 23, 2026 – Yucaipa SGMA Policy Workshop
- July 22, 2026 – Yucaipa SGMA Board Meeting
- October 8, 2026 – Yucaipa SGMA Policy Workshop
- October 28, 2026 – Yucaipa SGMA Board Meeting (scheduled for consideration)

Ad Hoc Committee Meeting - October 22, 2026

One day prior to an Ad Hoc meeting consisting of representatives from San Gorgonio Pass Water Agency, South Mesa Water Company, and Yucaipa Valley Water District, a redline draft document was distributed by South Mesa's attorney Derek Hoffman. South Mesa's redline narrows or reverses several policies. The most significant changes from a policy standpoint are:

1. Supplemental Water definition narrowed. South Mesa limits Supplemental Recharged Water to "water that is imported from outside the Subbasin watershed and discharged to a spreading basin". The draft Ordinance draft defines it more broadly (imported water, treated drinking water, recycled water, non-potable water, whether by spreading or injection). This is a direct attempt to exclude or restrict recycled water and other managed recharge.

2. Regional agencies given Supplemental Water Storage Accounts. South Mesa adds language allowing San Bernardino Valley Municipal Water District and San Gorgonio Pass Water Agency ("Regionals") to establish Supplemental Water Storage Accounts in any Management Area and to transfer that water to Purveyors. The draft Ordinance keeps Supplemental accounts Purveyor-only.

3. Transfers restricted. South Mesa limits Unused Storage Credit transfers so that a Qualifying Private Well Owner can transfer only *to* a Purveyor (not the reverse, and not freely between private owners in all cases). Supplemental transfers are allowed from Regionals to Purveyors. The draft Ordinance permits transfers among Purveyors and between Purveyors and Qualifying Private Well Owners in both directions (same Management Area only).

4. Conversion and allocation adjustments require GSP Amendment. South Mesa inserts multiple requirements that allocation updates, private-well conversions, and the Hillcrest Mobile Estates consolidation must be done by GSP Amendment rather than by Board resolution. The draft Ordinance allows certain adjustments by resolution followed by a GSP update, preserving more administrative flexibility.

5. San Timoteo and private-well aggregate treated more rigidly. South Mesa treats the private-well aggregate pools as hard caps that can be reallocated only by Ordinance *and* GSP Amendment, and it requires a GSP Amendment before any specific allocations are set in San Timoteo. The draft Ordinance allows Board resolution followed by a GSP update.

6. Other structural changes

    - Adds a specific exemption for South Mesa's pre-ordinance Hillcrest Mobile Estates consolidation.

    - Deletes or weakens language that keeps Supplemental accounts separate from Unused Storage Credits.

In short, South Mesa's redline moves the ordinance toward: (a) a narrower definition of Supplemental water that disadvantages recycled-water recharge, (b) greater involvement and storage rights for the Regional agencies, (c) more restrictive private-well eligibility and transfer rules, and (d) a stronger insistence that many operational adjustments require a formal GSP amendment rather than Board resolution.

One change that was supported by all ad hoc meeting participants was re-establishing the extraction priority as mandatory rather than elective such that all extractions have a specific fixed priority order (Annual Allocation → Unused Storage Credits → Supplemental). This change has been made to Section 4.05 in the attached Ordinance. Please see the attached text.

The final draft of Ordinance No. 2026-01 is attached for review. Board members and the public are encouraged to read the document and submit comments before the October 28, 2026 Board meeting. At that meeting the Board will consider the ordinance for adoption, request further changes, or continue the item to a later date.

Joseph B. Zoba
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Prior Section 4.05 - Source of Extraction and Replenishment

A Purveyor or Qualifying Private Well Owner may elect the source against which a groundwater extraction in a Management Area is debited by providing written notice to the Administrative Consultant. The notice shall identify the Management Area, the quantity in acre-feet, and one of the following sources:

A. The party's Annual Sustainable Yield Allocation for the current Water Year;

B. Unused Storage Credits held by that party for that Management Area; or

C. For Purveyors only, Supplemental Recharged Water in that Purveyor's Supplemental Water Storage Account for that Management Area.

If no timely written notice is received, extractions shall be debited in the order set forth in A through C above. An election may not debit a source that has no available balance, may not debit Supplemental Recharged Water for a Qualifying Private Well Owner, and may not apply a source from a different Management Area.

Any extraction that is not fully offset by an available source under this Section remains subject to the replenishment obligations of Management Action #2 of the GSP.

Revised Section 4.05 - Source of Extraction and Replenishment

Groundwater extractions in a Management Area shall be debited in the following mandatory order:

A. First, against the party's Annual Sustainable Yield Allocation for the current Water Year;

B. Second, against Unused Storage Credits held by that party for that Management Area; and

C. Third, for Purveyors only, against Supplemental Recharged Water in that Purveyor's Supplemental Water Storage Account for that Management Area.

No election of a different order is permitted. An extraction may not be debited against a source that has no available balance, may not debit Supplemental Recharged Water for a Qualifying Private Well Owner, and may not apply a source from a different Management Area.

Any extraction that is not fully offset by an available source under this Section remains subject to the replenishment obligations of Management Action #2 of the GSP.

Attachments:

- Ordinance No. 2026-01 – Rules and Regulations to Implement the Yucaipa Subbasin Groundwater Sustainability Plan (dated VERSION - October 23, 2026)

ORDINANCE NO. 2026-01

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE YUCAIPA SUSTAINABLE GROUNDWATER MANAGEMENT AGENCY ADOPTING RULES AND REGULATIONS TO IMPLEMENT THE YUCAIPA SUBBASIN GROUNDWATER SUSTAINABILITY PLAN

RECITALS AND FINDINGS

WHEREAS, the Sustainable Groundwater Management Act ("SGMA"), codified at California Water Code Section 10720 et seq., became effective on January 1, 2015, establishing a comprehensive statewide framework for sustainable groundwater management in California and granting Groundwater Sustainability Agencies ("GSAs") broad authority to adopt rules, regulations, and ordinances necessary to implement Groundwater Sustainability Plans ("GSPs"); and

WHEREAS, SGMA mandates that groundwater basins be managed sustainably over a planning horizon of at least 20 years without causing "undesirable results" as defined in Water Code §10721(x), including chronic lowering of groundwater levels, significant and unreasonable reduction of groundwater storage, seawater intrusion, degraded water quality, land subsidence, and depletions of interconnected surface water that have significant and unreasonable adverse impacts on beneficial uses of the surface water; and

WHEREAS, the Yucaipa Sustainable Groundwater Management Agency ("Yucaipa SGMA" or "Agency") was formed in 2017 as a multi-jurisdictional GSA pursuant to a Memorandum of Agreement among the participating entities to serve as the exclusive GSA for the Yucaipa Subbasin (DWR Basin Number 8-002.07); and

WHEREAS, the Yucaipa SGMA adopted the Final Groundwater Sustainability Plan for the Yucaipa Groundwater Subbasin ("GSP") on January 26, 2022, which was subsequently approved by the California Department of Water Resources ("DWR") on January 18, 2024, establishing sustainable management criteria, measurable objectives, minimum thresholds, and a path to achieve sustainability by 2042; and

WHEREAS, the GSP identifies four Management Areas (North Bench, Calimesa, Western Heights, and San Timoteo) based on geographic, geologic, and hydrologic characteristics and establishes a subbasin-wide sustainable yield of approximately 10,980 acre-feet per year (AFY) as illustrated in Exhibit A; and

WHEREAS, the GSP establishes three primary Management Actions to achieve and maintain sustainable groundwater conditions by 2042; and

WHEREAS, Management Action #1 provides for staged reductions in net groundwater use triggered by conditions relative to measurable objectives and minimum thresholds, with the specific reduction percentages and triggers varying by Management Area as set forth in the GSP, triggered when groundwater elevations fall below the measurable objectives or minimum thresholds at fifty percent (50%) or more of the Representative Monitoring Points in a Management Area for two consecutive years; and

WHEREAS, Management Action #2 establishes sustainable yield pumping allocations for groundwater users within each Management Area together with a system for the accumulation and use of pumping credits for unused allocations within a rolling five-year period; and

WHEREAS, the GSP provides that pumping credits that are earned and not used after five years will be lost, and the Board desires to pursue an amendment to the GSP that eliminates that expiration and establishes a maximum storage capacity of ten (10) times each party's Annual Sustainable Yield Allocation, retroactive to the formation of the Agency, with ongoing assessment through the Agency's annual reports;

WHEREAS, Management Action #3 of the GSP provides a separate accounting for Supplemental Water that is artificially recharged and makes that recharged volume available to the party that introduced it to offset pumping in excess of that party's sustainable yield allocation within a Management Area; and

WHEREAS, the GSP established a five-year rolling pumping credit system for unused sustainable yield allocations and expressly reserved, as an implementation matter, the development of a policy allowing the transferability of pumping credits between groundwater users within a given Management Area or within the Subbasin; and Water Code Section 10726.4(a)(4) authorizes the Agency to establish accounting rules allowing unused groundwater extraction allocations to be carried over from one year to another; and this Ordinance implements that reserved GSP policy and that statutory authority by allowing voluntary transfers of unused pumping credits only within the same Management Area, subject to the five-year extraction consistency requirement of Water Code Section 10726.4(a)(4) and the sustainable management criteria of the GSP; and

WHEREAS, private well owners within the Subbasin may elect to connect to a Purveyor's water service system, and clear rules for the transfer of associated groundwater extraction allocations are necessary to maintain consistency with the GSP sustainable yield framework; and

WHEREAS, SGMA and the GSP require metering, monitoring, reporting, and data management sufficient to verify extractions, Unused Storage Credit Accounts, Supplemental Water Storage Accounts, and compliance with the GSP, and to support adaptive management, including the five-year periodic evaluations of the GSP; and

WHEREAS, the Board of Directors desires to adopt this Ordinance to establish clear, enforceable, and transparent rules for sustainable yield allocations, unused pumping credits, Supplemental Water Storage Accounts, transfers within a Management Area, and related reporting obligations; and

WHEREAS, this Ordinance is adopted to implement the GSP and is necessary to protect the long-term viability of the groundwater resources for current and future beneficial uses.

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NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of the Yucaipa Sustainable Groundwater Management Agency as follows:

ARTICLE 1 - GENERAL PROVISIONS

Section 1.01 - Authority

This Ordinance is adopted pursuant to the authority granted to the Agency under the Sustainable Groundwater Management Act (Water Code §§ 10720–10737.8). Without limiting the generality of the foregoing, such authority includes, but is not limited to, the powers set forth in Water Code sections 10725.2, 10725.4, 10725.6, 10725.8, 10726.2, 10726.4, 10730 et seq., and 10732, together with all other applicable provisions of SGMA and the California Water Code. The Agency's authority is further derived from the Memorandum of Agreement to Form a Groundwater Sustainability Agency for the Yucaipa Subbasin, dated 2017, as it may be amended, or any successor joint powers agreement.

This Ordinance shall have the force and effect of law within the jurisdiction of the Agency and shall be enforceable in accordance with its terms and applicable law.

Section 1.02 - Purpose and Intent

The purpose of this Ordinance is to implement the GSP by establishing enforceable rules for Annual Sustainable Yield Allocations, Unused Storage Credits, Supplemental Recharged Water, transfers within a Management Area, conversion of private wells to Purveyor service, and related metering and reporting.

Section 1.03 - Hierarchy of Documents and Relationship to Other Agency Instruments

The following order of precedence shall apply in the event of any conflict or inconsistency between or among the documents governing the Agency and its activities:

A. Applicable Law

B. MOA or Memorandum of Agreement (or future Joint Powers Agreement)

C. Bylaws

D. GSP

E. Ordinances

F. Resolutions

G. Administrative Actions

In the event of a conflict, the document listed at the higher level above controls, except to the extent Applicable Law requires a different result. Nothing in this Ordinance modifies a voting requirement, membership right, cost-sharing obligation, or other governance provision in the MOA or Bylaws.

This Ordinance shall be construed to implement, not amend, the GSP, the MOA, or the Bylaws. Neither this Ordinance nor a Board resolution may make a substantive change to a sustainable-yield determination, Management Action, or other core GSP provision. Any such change shall be made through the GSP amendment process.

Section 1.04 - Applicability

This Ordinance applies to all Purveyors, all Private Well Owners, and any other person or entity that extracts groundwater from the Yucaipa Subbasin, including a successor, assignee, lessee, or operator of an extraction facility.

Groundwater extractors are classified as follows:

A. Purveyor means South Mesa Water Company, South Mountain Water Company, Western Heights Water Company, and Yucaipa Valley Water District. Each Purveyor is subject to the allocation, Unused Storage Credit, Supplemental Water Storage Account, transfer, metering, reporting, and related provisions of this Ordinance.

B. De Minimis Extractor means any person who extracts two (2) acre-feet or less of groundwater per year for domestic purposes, as defined in Water Code section 10721(e). De Minimis Extractors are exempt from the allocation, Unused Storage Credit, transfer, metering, and related provisions of this Ordinance. Nothing in this Ordinance alters the statutory definition or treatment of De Minimis Extractors under SGMA.

C. Low Volume Private Well Owner means a Private Well Owner who extracts more than two (2) acre-feet but not more than five (5) acre-feet of groundwater per Water Year. Low Volume Private Well Owners are exempt from the allocation, Unused Storage Credit, and transfer provisions of this Ordinance unless the Agency determines that participation is necessary to protect sustainable management of the Subbasin.

D. High Volume Private Well Owner means a Private Well Owner who extracts more than five (5) acre-feet of groundwater per Water Year. High Volume Private Well Owners are subject to the metering and reporting requirements of Articles 7 and 8. A High Volume Private Well Owner becomes a Qualifying Private Well Owner, and thereby becomes eligible for an Annual Sustainable Yield Allocation and for Unused Storage Credits and transfers, only upon satisfying the requirements of Section 7.02.

De Minimis Extractors, Low Volume Private Well Owners, and High Volume Private Well Owners who are not Qualifying Private Well Owners are encouraged to participate voluntarily in Agency metering and reporting programs to support basin monitoring and the five-year periodic evaluation of the GSP.

Section 1.05 - Definitions

For purposes of this Ordinance, the following definitions shall apply. Terms not defined herein shall have the meanings ascribed to them in SGMA (Water Code § 10721), the GSP, or common usage in California water law:

A. “Administrative Action(s)” means policies, forms, and minute orders.

B. “Administrative Consultant” means the consultant or firm retained by the Agency to provide administrative, technical, and regulatory support services for the implementation and ongoing administration of this Ordinance, the Groundwater Sustainability Plan, and the Agency’s obligations under the Sustainable Groundwater Management Act, in lieu of a General Manager.

C. “Agency” or “Yucaipa SGMA” means the Yucaipa Sustainable Groundwater Management Agency.

D. “Annual Sustainable Yield Allocation” means the quantity of groundwater, measured in acre-feet, that each Purveyor or Qualifying Private Well Owner is authorized to extract annually from a specific Management Area, based on their proportionate share of the Management Area’s sustainable yield as established in the GSP and as set forth in Article 3 of this Ordinance, or as subsequently updated by the Board.

E. “Applicable Law” means all applicable federal and state statutes, regulations, and common law, including but not limited to the Sustainable Groundwater Management Act (Water Code §§ 10720-10737.8), the Ralph M. Brown Act, the California Public Records Act, CEQA, Proposition 218, and all other applicable constitutional, statutory, and regulatory requirements.

F. “Board” means the Board of Directors of the Yucaipa Sustainable Groundwater Management Agency.

G. “Bylaws” means the Bylaws of the Yucaipa Sustainable Groundwater Management Agency, adopted May 23, 2018, as may be amended.

H. “De Minimis Extractor” means any person who extracts two (2) acre-feet or less of groundwater per year for domestic purposes, as defined in Water Code section 10721(e).

I. “GSP” or “Groundwater Sustainability Plan” means the Final Groundwater Sustainability Plan for the Yucaipa Groundwater Subbasin, adopted January 26, 2022, and approved by DWR on January 18, 2024, as may be amended or updated.

J. “High Volume Private Well Owner” means a Private Well Owner who extracts more than five (5) acre-feet of groundwater per Water Year.

K. “Low Volume Private Well Owner” means a Private Well Owner who extracts more than two (2) acre-feet but not more than five (5) acre-feet per Water Year.

L. “Management Area” means one of the four distinct Management Areas identified in the GSP: North Bench Management Area, Calimesa Management Area, Western Heights Management Area, and San Timoteo Management Area.

M. “Minimum Threshold” and “Measurable Objective” have the meanings set forth in the GSP and SGMA regulations for each sustainability indicator.

N. “MOA” means the Memorandum of Agreement to Form a Groundwater Sustainability Agency for the Yucaipa Sub-Basin (Sub-basin No. 8-02.07), dated 2017, as may be amended, or any successor Joint Powers Agreement.

O. “Ordinance(s)” means ordinances duly adopted by the Board, including this Ordinance No. 2026-01.

P. “Private Well Owner” means an individual, property owner, or entity who owns, operates, or maintains a groundwater extraction well within the Yucaipa Subbasin that extracts groundwater for beneficial use on private property and is not a Purveyor.

Q. “Purveyor” means South Mesa Water Company, South Mountain Water Company, Western Heights Water Company, and Yucaipa Valley Water District.

R. “Qualifying Private Well Owner” means a High Volume Private Well Owner who has satisfied the monthly data submission and verification requirements of Section 7.02 and who has been assigned an Annual Sustainable Yield Allocation by the Agency.

S. “Resolution(s)” means resolutions duly adopted by the Board of Directors.

T. “Supplemental Recharged Water” means water that is physically introduced into a Management Area through managed means, including imported surface water, treated drinking water, recycled water, non-potable water, and water recharged through spreading basins or injection.

U. “Supplemental Water Storage Account” means the accounting mechanism established by the Agency to track Supplemental Recharged Water.

V. “Sustainable Yield” means the maximum quantity of water, calculated on an average annual basis, that can be withdrawn from the Subbasin or a Management Area over a long-term period without causing an undesirable result, as determined in the GSP (Subbasin total approximately 10,980 AFY).

W. “Transfer Fee” means a fee, if any, imposed by the Agency by resolution or ordinance to recover costs or fund purposes lawfully associated with the review, approval, administration, or implementation of a transfer under this Ordinance. The term does not include private consideration paid between transfer parties unless expressly stated by the Board.

X. “Undesirable Results” means one or more of the effects described in Water Code § 10721(x) and further defined with specific Minimum Thresholds and Measurable Objectives in the GSP.

Y. “Unused Storage Credits” means the unused portion of an Annual Sustainable Yield Allocation for a Water Year, calculated as the positive difference between a Purveyor’s or Qualifying Private Well Owner’s Annual Sustainable Yield Allocation in a Management Area and that party’s actual groundwater extraction from that Management Area in the same Water Year. Unused Storage Credits are an accounting mechanism for unused groundwater extraction allocations under Water Code section 10726.4(a)(4) and Management Action #2 of the GSP. They do not include Supplemental Recharged Water, do not constitute a property right, and may be carried over and used or transferred only as provided in this Ordinance and consistent with the GSP.

Z. “Unused Storage Credit Account” means the accounting record maintained by the Agency for Unused Storage Credits earned by a Purveyor or Qualifying Private Well Owner in a Management Area. It is separate from a Supplemental Water Storage Account.

AA. "Water Year" means the twelve-month period beginning October 1 and ending September 30.

ARTICLE 2 - GOVERNANCE AND BOARD OPERATIONS

Section 2.01 - General

The governance provisions in this Article are intended to summarize and supplement the Agency's governing documents, subject to the order of precedence in Section 1.03.

Section 2.02 - Current Member Agencies and Participants

The Yucaipa Sustainable Groundwater Management Agency is governed by a Board of Directors composed of representatives from the following member organizations ("Member Agencies"):

- Retail Water Purveyors:
  - South Mesa Water Company,
  - South Mountain Water Company,
  - Western Heights Water Company, and
  - Yucaipa Valley Water District.

- Municipal Partner:
  - City of Yucaipa.

- Regional Water Agencies:
  - San Bernardino Valley Municipal Water District and
  - San Gorgonio Pass Water Agency.

Additional municipalities such as the City of Calimesa and City of Redlands participated in the original formation MOA and GSP development but have since withdrawn from active Board participation. The Agency shall maintain an up-to-date list of Member Agencies on its website.

Section 2.03 - Appointment of Representatives

Each Member Agency shall appoint one Primary Director and one Alternate Director to serve on the Board of Directors. Appointments shall be made by written confirmation from the respective Member Agency to the Agency President. Primary and Alternate Directors serve at the pleasure of their appointing agency.

In the event the appointed Primary Director or Alternate Director is no longer employed or representing the appointing Member Agency, such individual shall be removed as a Director.

Section 2.04 - Regular Board Meetings

Regular meetings of the Board of Directors shall be held quarterly on the fourth Wednesday during the months of January, April, July, and October. The specific time for each quarterly meeting shall be determined by the Board of Directors and noticed in accordance with the Ralph M. Brown Act. Special meetings may be called as needed.

Section 2.05 - Compliance with Brown Act

All meetings of the Board of Directors, including regular, special, and adjourned meetings, and all meetings of any standing or ad hoc committees established by the Board, shall be noticed, conducted, and documented in compliance with the Ralph M. Brown Act (Government Code §§ 54950 et seq.), as the same may be amended from time to time.

Section 2.06 - Quorum

A majority of the Member Agencies constitute a quorum for the transaction of business. No action shall be taken in the absence of a quorum except to adjourn the meeting to a later date and time.

Section 2.07 - Participation and Voting Procedures

The Primary Director and Alternate Director from each Member Agency are expected to actively participate in Board meetings to ensure continuity and informed decision-making. However, each Member Agency shall be entitled to cast only one vote on any matter before the Board. Either the Primary Director or the Alternate Director may cast the vote.

Except as otherwise required by Applicable Law, the MOA, or the Bylaws, the Board may take action only at a duly noticed meeting at which a quorum is present. An action of the Board shall require the affirmative vote of a majority of all Member Agencies of the Agency, whether or not all Member Agencies are present.

Section 2.08 - Ad Hoc Committees

The goal of the Agency is to maintain a collaborative organization in which all Member Agencies participate fully in the development of policy and the management of the Subbasin. The Board may establish an ad hoc committee only by formal action of the Board. An ad hoc committee shall not have a chairperson, officers, or any separate organizational structure. The committee shall function only for the limited purpose approved by the Board and shall report its findings or recommendations to the full Board.

ARTICLE 3 - SUSTAINABLE YIELD ALLOCATIONS AND MANAGEMENT AREAS

Section 3.01 - Management Areas

The four Management Areas established in the GSP are North Bench, Calimesa, Western Heights, and San Timoteo. Management within each Management Area shall consider local hydrogeologic conditions, existing infrastructure, groundwater-dependent ecosystems, and the potential for undesirable results specific to that area. The Management Areas are depicted on Exhibit A, attached to this Ordinance, and incorporated by reference.

Section 3.02 - Sustainable Yield

The sustainable yield of the Yucaipa Subbasin has been determined in the GSP to be approximately 10,980 acre-feet per year on average. This determination represents the maximum long-term average annual extraction volume that can occur without causing undesirable results.

The sustainable yield is allocated among the Management Areas approximately as follows (subject to refinement in future GSP updates):

- North Bench Management Area: approximately .....3,940 AFY
- Calimesa Management Area: approximately .....4,955 AFY
- Western Heights Management Area: approximately .....1,760 AFY
- San Timoteo Management Area: approximately .....325 AFY

Section 3.03 - Establishment of Annual Sustainable Yield Allocations

The Annual Sustainable Yield Allocations for Purveyors in each Management Area are set forth in Table A. These allocations are derived from the GSP sustainable yield determinations and are subject to periodic review and adjustment through GSP updates.

Table A: Annual Sustainable Yield Allocations for Purveyors and Aggregate Qualifying Private Well Owner Allocation Pool

Management Area	Purveyor	Allocation (AFY)	Total Yield (AFY)
North Bench	Yucaipa Valley Water District	3,045	3,940
North Bench	Private Well Owners	895	
Calimesa	South Mesa Water Company	1,959	4,955
Calimesa	South Mountain Water Company	518	
Calimesa	Yucaipa Valley Water District	2,341	
Calimesa	Private Well Owners	137	
Western Heights	Western Heights Water Company	1,760	1,760
Western Heights	Private Well Owners	0	
San Timoteo	To be determined	Allocations to be established by Board resolution followed by a GSP update.	325

Note: The “Private Well Owners” amounts are aggregate pools primarily attributable to High Volume Private Well Owners, not individual allocations.

Allocations for High Volume Private Well Owners may be established only after the owner has satisfied Section 7.02. Unused Storage Credits shall not be calculated or credited until that allocation is established.

Section 3.04 - Updates and Adjustments to Allocations

Annual Sustainable Yield Allocations may be updated by the Board from time to time to reflect refinements from new hydrologic data, model updates, permanent transfers or conversions, or other factors. Any update shall be adopted by Board resolution following public notice and hearing followed by a GSP update.

Section 3.05 - Allocation Methodology for High Volume Private Well Owners

The aggregate amounts shown in Table A for Private Well Owners represent the maximum total Annual Sustainable Yield Allocation that may be assigned to all Qualifying High Volume Private Well Owners within that Management Area combined. These aggregate amounts constitute hard caps on private well allocations within each Management Area.

Individual Annual Sustainable Yield Allocations for Qualifying High Volume Private Well Owners shall be proposed by the Agency pursuant to Section 7.02.C. based on verified historical production data or other Board-approved methodology. All such individual allocations are subject to the applicable aggregate cap for the Management Area.

If the total verified historical production (or other approved baseline) from all Qualifying High Volume Private Well Owners in a Management Area exceeds the aggregate cap shown for that Management Area, the Board may:

A. Prorate the available allocation among qualifying applicants on an equitable basis;

B. Apply another methodology that maintains consistency with the GSP sustainable yield determinations and sustainable management criteria; or

C. Defer establishment of one or more allocations pending additional data, GSP updates, or further Board direction.

If the total verified claims from Qualifying High Volume Private Well Owners in a Management Area are less than the aggregate cap, the unused portion of the aggregate allocation shall remain available within that Management Area's sustainable yield for future Qualifying High Volume Private Well Owners. The Board may, by resolution and following public notice and hearing, reallocate any persistently unused portion of the private well aggregate to Purveyors within the same Management Area if doing so is consistent with the GSP and does not impair the ability of future qualifying private well owners to receive allocations.

For the San Timoteo Management Area, the approximately 325 AFY sustainable yield allocation established in the GSP shall be treated as a Management Area-level allocation until specific Purveyor and Qualifying High Volume Private Well Owner allocations are determined by Board resolution. The Board shall determine the appropriate split between Purveyor and private well allocations, if any, based on verified historical use, GSP sustainable management criteria, and the needs of Groundwater Dependent Ecosystems within the area.

Before adopting an individual private-well allocation, reallocation, or conversion adjustment, the Board shall make written findings that the action: (1) is consistent with the applicable Management Area sustainable-yield allocation and the GSP; (2) does not create or worsen an undesirable result; (3) preserves the applicable aggregate cap unless the GSP is duly amended; and (4) is supported by the required verified extraction data and public record.

ARTICLE 4 - UNUSED STORAGE CREDITS

Section 4.01 - Account

The Agency shall maintain an Unused Storage Credit Account for each Purveyor and each Qualifying Private Well Owner in each Management Area where that party holds an Annual Sustainable Yield Allocation. Unused Storage Credits shall not be deposited into a Supplemental Water Storage Account.

Section 4.02 - Accrual

After the Agency reconciles metered extractions for the Water Year, Unused Storage Credits shall be credited, on a one-to-one basis, in the amount of the positive difference between the party's Annual Sustainable Yield Allocation and that party's actual extraction from the same Management Area in that Water Year. No Unused Storage Credit shall be earned by a Private Well Owner until an Annual Sustainable Yield Allocation has been established under Article 7.

Section 4.03 - Use

Unused Storage Credits may be used only by the account holder, or by a transferee under Article 6, to offset groundwater extraction in the same Management Area that exceeds the Annual Sustainable Yield Allocation for the current Water Year. Credits shall be applied oldest first.

Section 4.04 - Expiration

Unused Storage Credits expire five (5) years after the end of the Water Year in which they were earned, if not used before that date. Expiration retires the accounting credit. It does not mean that groundwater has been removed from storage. This Section does not cause Supplemental Recharged Water to expire.

The Agency shall accumulate, by Management Area and by party, a running record of Expired Unused Storage Credits and any other retired allocation, credit, or accounting entry under this Ordinance. That record shall be included in the Agency's annual reports and shall not be available to offset an exceedance after the credit has expired.

Section 4.05 - Source of Extraction and Replenishment

Groundwater extractions in a Management Area shall be debited in the following order:

A. First, against the party's Annual Sustainable Yield Allocation for the current Water Year;

B. Second, against Unused Storage Credits held by that party for that Management Area; and

C. Third, for Purveyors only, against Supplemental Recharged Water in that Purveyor's Supplemental Water Storage Account for that Management Area.

No election of a different order is permitted. An extraction may not be debited against a source that has no available balance, may not debit Supplemental Recharged Water for a Qualifying Private Well Owner, and may not apply a source from a different Management Area.

Any extraction that is not fully offset by an available source under this Section remains subject to the replenishment obligations of Management Action #2 of the GSP.

Section 4.06 - Unused Storage Credits and Consistency with the GSP

A. Consistent with the Yucaipa Subbasin Groundwater Sustainability Plan, Unused Storage Credits expire five (5) years after the end of the Water Year in which they were earned if not used or transferred before that date. The GSP states: “The Yucaipa GSA will apply a 5-year rolling pumping credit system to keep account of the pumping credits earned by each groundwater user, meaning pumping credits that are earned and not used after five years will be lost”.

B. The Board directs the Administrative Consultant to prepare and submit, on behalf of the Agency, documentation with the first Periodic Evaluation of the Yucaipa Subbasin GSP due by January 27, 2027, that eliminates the five-year expiration of unused pumping credits and instead establishes a maximum storage capacity of ten (10) times each Purveyor’s and each Qualifying Private Well Owner’s Annual Sustainable Yield Allocation in each Management Area. The proposed documentation shall provide that the change is retroactive to the formation of the Agency so that no Purveyor or Qualifying Private Well Owner loses unused Annual Sustainable Yield Allocation that would otherwise have expired under the current five-year rule.

C. The Board finds that the impacts of eliminating the five-year expiration and establishing the ten-times storage capacity can be evaluated through the Agency’s existing annual reporting and five-year periodic evaluation process under SGMA. No separate technical study is required prior to preparation of the proposed amendment. The Administrative Consultant shall include an assessment of storage balances, extraction patterns, and any effects on sustainable management criteria in the Agency’s annual reports and in the next periodic evaluation of the GSP.

ARTICLE 5 - ACCUMULATION AND USE OF SUPPLEMENTAL WATER

Section 5.01 - Establishment

The Agency shall establish and maintain a Supplemental Water Storage Account for each Purveyor in each Management Area where that Purveyor recharges Supplemental Water. A Purveyor that holds allocations in more than one Management Area shall have a separate account for each Management Area. Each account shall identify the owner, the balance, and all transactions. Supplemental Water Storage Accounts have no volume limitation and shall not expire.

Section 5.02 - Credit and Accumulation

A Supplemental Water Storage Account shall receive one-to-one credit for Supplemental Recharged Water physically introduced into that Management Area by that Purveyor through managed means, including imported water, treated drinking water, recycled water, and non-potable water, whether recharged by spreading basins or by injection. No deduction, offset, or “net-new” adjustment shall apply, except as follows: a one-time loss factor of one percent (1%)

shall apply to water introduced through surface spreading basins; no loss factor shall apply to subsurface injection unless the Board determines otherwise.

ARTICLE 6 - TRANSFERS OF UNUSED STORAGE CREDITS AND SUPPLEMENTAL WATER

Section 6.01 - Authority and Limitations

Unused Storage Credits may be transferred only within the same Management Area, and only:

A. Between two Purveyors;

B. Between a Purveyor and a Qualifying Private Well Owner; or

C. Between two Qualifying Private Well Owners.

Supplemental Recharged Water may be transferred only between Purveyors within the same Management Area.

Section 6.02 - Unused Storage Credits

Transfers of Unused Storage Credits are authorized under Water Code section 10726.4(a)(4) and the GSP's reserved transfer policy. A transferred Unused Storage Credit remains an Unused Storage Credit. It shall not be converted to Supplemental Recharged Water or deposited into a Supplemental Water Storage Account. The credit keeps the Water Year in which it was earned and expires five (5) years after the end of that Water Year.

Section 6.03 - Supplemental Recharged Water

Transfers of Supplemental Recharged Water between Purveyors implement Management Action #3 and may be made only from and to a Supplemental Water Storage Account in the same Management Area. Transferred Supplemental Recharged Water shall not expire.

Section 6.04 - Procedures

A. The parties shall submit a signed transfer document stating the type of water (Unused Storage Credits or Supplemental Recharged Water), quantity in acre-feet, effective date, Management Area, and, for Unused Storage Credits, the Water Year in which the credits were earned. Private consideration need not be disclosed.

B. If the transfer complies with this Article, the Agency shall record it. It is effective on the date agreed to by the parties.

C. A summary of transfers shall be included in the Agency's annual report to the Department of Water Resources and made available for public review upon request.

Section 6.05 - Fee

No transfer fee shall be charged. The Board may later establish or modify an administrative transfer fee by resolution.

ARTICLE 7 - PRIVATE WELL OWNER DATA, ELIGIBILITY, AND CONVERSION

Section 7.01 - Metering and Reporting

The Agency has not identified every High Volume Private Well Owner in the Subbasin. Water Code section 10725.8 authorizes the Agency to require measuring devices and reporting of extractions in acre-feet.

All Private Well Owners are encouraged to install an Agency-approved meter on each extraction facility and to submit monthly extraction data, in acre-feet, by the 15th of the following month. The Agency may provide technical assistance or cost-sharing for meter installation.

A Private Well Owner who extracts more than five (5) acre-feet in a Water Year and who completes Section 7.02 may be assigned an Annual Sustainable Yield Allocation and may participate in Unused Storage Credits and transfers.

Section 7.02 - Establishment of an Allocation

A High Volume Private Well Owner who seeks an Annual Sustainable Yield Allocation shall satisfy the following:

A. Submit monthly metered production data for twenty-four (24) consecutive months, in the form prescribed by the Agency. No allocation may be established until that period is complete and verified.

B. Provide supporting documentation if requested, including calibration records, photographs of meter readings, or third-party verification.

C. After verification, the Agency shall use the verified data, or another Board-approved methodology, as the baseline for a proposed allocation. The proposed allocation is subject to Board approval, the Section 3.05 aggregate cap, and consistency with the GSP.

D. After an allocation is established, monthly production data shall continue to be submitted by the 15th of each month.

E. The Agency may deny, suspend, or adjust a proposed or existing allocation if the data are incomplete, inconsistent, unreliable, or appear inflated. The Board has final authority over private-well allocations.

Section 7.03 - Conversion to Purveyor Service

A. A Private Well Owner and a Purveyor may agree that the property will be served by the Purveyor and that the well will be taken out of private production. The parties shall document the conversion in a written agreement that states:

1. The Management Area;

2. The proposed annual volume, in acre-feet, to be added to the Purveyor's Annual Sustainable Yield Allocation;

3. Whether the well will be decommissioned or deeded to the Purveyor; and

4. That any allocation adjustment between the parties is permanent and prospective only.

B. The converting private well owner shall complete the election stated in the agreement:

1. Decommission the well under applicable County standards, including destruction or permanent sealing so the well cannot be used again, and submit proof to the Agency; or

2. Deed the well and all necessary real-property interests to the Purveyor by a recorded instrument acceptable to the Purveyor and the Agency, and submit proof of recordation and clear title to the Agency.

C. The parties shall submit the agreement, proof of decommissioning or deeding, and supporting use data to the Agency. The proposed adjustment shall be based on the average annual extraction over the most recent twenty-four (24) consecutive months of verified pre-conversion well production. If that record is not available, the Board may use the best available verified pre-conversion data, or metered Purveyor deliveries after connection if the Board finds that method is necessary and consistent with the GSP. All data are subject to Agency verification.

D. Upon verification, the Board may, by resolution, adjust the Purveyor's Annual Sustainable Yield Allocation in that Management Area by the verified annual volume and reduce the private-well aggregate for that Management Area under Table A by the same amount.

E. The adjustment to the Purveyor is prospective only. It takes effect on the first day of the first full Water Year after the Board adopts the resolution. It shall not be applied to any prior Water Year and shall not require an amendment of a previously submitted annual report to the Department of Water Resources.

F. Unused Storage Credits held by the converting private well owner may be transferred under Article 6 before the conversion is complete. Credits not transferred expire upon conversion and shall not be added to the receiving Purveyor's Unused Storage Credit Account.

ARTICLE 8 - MONITORING, REPORTING, AND DATA MANAGEMENT

Section 8.01 - Metering

Each Purveyor shall install, calibrate, and maintain an Agency-approved meter on each groundwater extraction facility, as required by Water Code section 10725.8 and GSP monitoring protocols. A High Volume Private Well Owner seeking an Annual Sustainable Yield Allocation shall do the same. Meters shall be accessible for Agency inspection.

Section 8.02 - Annual Extraction Reports

Purveyors and applicable High Volume Private Well Owners (or their authorized representative) shall submit annual extraction reports to the Agency no later than October 31 of each year, detailing actual groundwater extractions for the preceding Water Year by well or facility, in a format prescribed by the Agency.

Section 8.03 - Agency Recordkeeping and Transparency

The Agency shall maintain accurate, up-to-date records of all Unused Storage Credit Accounts and Supplemental Water Storage Accounts, balances, transactions, transfers, and extraction data. Such information shall be included in the Agency's annual reports to DWR and made available for public review on the Agency website, subject to appropriate redactions for privacy or security.

Section 8.04 - Audits and Verification

The Agency may audit extraction data, meter readings, and related records. Purveyors and High Volume Private Well Owners shall provide reasonable access to records and facilities upon written notice. The Agency shall handle data in accordance with the California Public Records Act and may aggregate or redact information where the law allows.

ARTICLE 9 - FEES AND COST RECOVERY

Section 9.01 - Administrative Fees

The Agency may establish reasonable fees to recover the cost of implementing this Ordinance, including account maintenance, transfer processing, well registration, and audits, consistent with Water Code sections 10730 et seq. and applicable constitutional requirements. The Board may establish, adjust, waive, or modify such fees by resolution.

Section 9.02 - Other Fees

Nothing in this Ordinance limits the Agency's authority to impose other fees or charges authorized by SGMA or other law for groundwater management, replenishment, or administration, if adopted by the required procedures.

Section 9.03 - Consistency with MOA Cost-Sharing and General Administration

Unless and until amended by the Parties to the MOA, the Agency's general administration and operating costs shall be allocated as follows:

A. Purveyors (South Mesa Water Company, South Mountain Water Company, Western Heights Water Company, and Yucaipa Valley Water District) shall collectively bear seventy-five percent (75%), shared equally within that group.

B. The City of Yucaipa, San Bernardino Valley Municipal Water District, and San Gorgonio Pass Water Agency shall collectively bear twenty-five percent (25%), shared equally within that group.

This Ordinance does not amend Section VII of the MOA.

ARTICLE 10 - MISCELLANEOUS PROVISIONS

Section 10.01 - Severability

If any provision of this Ordinance is held invalid, the remaining provisions shall continue in effect.

Section 10.02 - Amendment

This Ordinance may be amended only by ordinance, adopted by the vote required under Section 2.07, after notice and a public hearing.

Section 10.03 - Effective Date

This Ordinance takes effect thirty (30) days after adoption, or on another date set by the Board if permitted by law.

Section 10.04 - Posting and Availability

A copy of this Ordinance shall be posted on the Agency's official website (www.yucaipasgma.org) to make it available to the public.

Section 10.05 - Relationship Between Ordinances and Resolutions

A. The Board may adopt, amend, or repeal ordinances to establish, modify, or eliminate substantive rules, policies, rights, obligations, or procedures under this Ordinance. Ordinances shall be adopted, amended, or repealed only in accordance with applicable legal requirements, including proper notice and public hearing procedures.

B. The Board may adopt resolutions to implement, administer, or provide specific direction regarding the provisions of this Ordinance. Resolutions are appropriate for, but not limited to, the following actions:

   1. Establishing, adjusting, or updating specific Annual Sustainable Yield Allocations or aggregate allocation amounts within a Management Area;

   2. Setting, modifying, or waiving administrative fees and other cost-recovery charges;

   3. Approving specific procedures, forms, or technical methodologies necessary to implement this Ordinance;

   4. Providing policy direction or guidance on the implementation of adaptive management measures.

C. A resolution adopted by the Board shall not amend, modify, or conflict with any provision of this Ordinance. In the event of any conflict between a resolution and this Ordinance, the Ordinance shall control.

Section 10.06 - Governing Law and Venue

This Ordinance is governed by California law. An action arising under this Ordinance shall be brought in the Superior Court of San Bernardino County or Riverside County, or in the United States District Court for the Central District of California if federal jurisdiction exists.

Section 10.07 - CEQA Compliance

The Board finds that adoption of this Ordinance is the establishment of accounting and reporting rules to implement the GSP adopted January 26, 2022, and approved by DWR on January 18, 2024. Under Water Code section 10728.6, adoption of the GSP was not a CEQA project. This Ordinance will not cause a direct or reasonably foreseeable indirect physical change in the environment and is not a "project" under Public Resources Code section 21065 and CEQA Guidelines section 15378, or is otherwise exempt. The Administrative Consultant, or a General Manager if appointed, may file a Notice of Exemption.

Section 10.08 - No Property Rights

Annual Sustainable Yield Allocations, Unused Storage Credits, Supplemental Water Storage Accounts, and other accounting mechanisms established under this Ordinance are administrative tools created to implement the GSP and SGMA. They do not create vested property rights, entitlements to water, or guarantees of future allocations. All rights and accounting are subject to the continuing authority of the Agency, the GSP and SGMA.

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PASSED AND ADOPTED

This Ordinance No. 2026-01 was passed and adopted at a regular meeting of the Board of Directors of the Yucaipa Sustainable Groundwater Management Agency held on the ____ day of _____, 2026, by the following roll call vote:

Entity	Director(s)	Vote (Aye / No / Abstain / Absent)
South Mesa Water Company		
South Mountain Water Company		
Western Heights Water Company		
Yucaipa Valley Water District		
City of Yucaipa		
San Bernardino Valley Municipal Water District		
San Gorgonio Pass Water Agency		

AYES: _____ NOES: _____ ABSENT: _____ ABSTAIN: _____

YUCAIPA SUSTAINABLE GROUNDWATER MANAGEMENT AGENCY

By: _____
Mark Iverson, President

ATTEST:

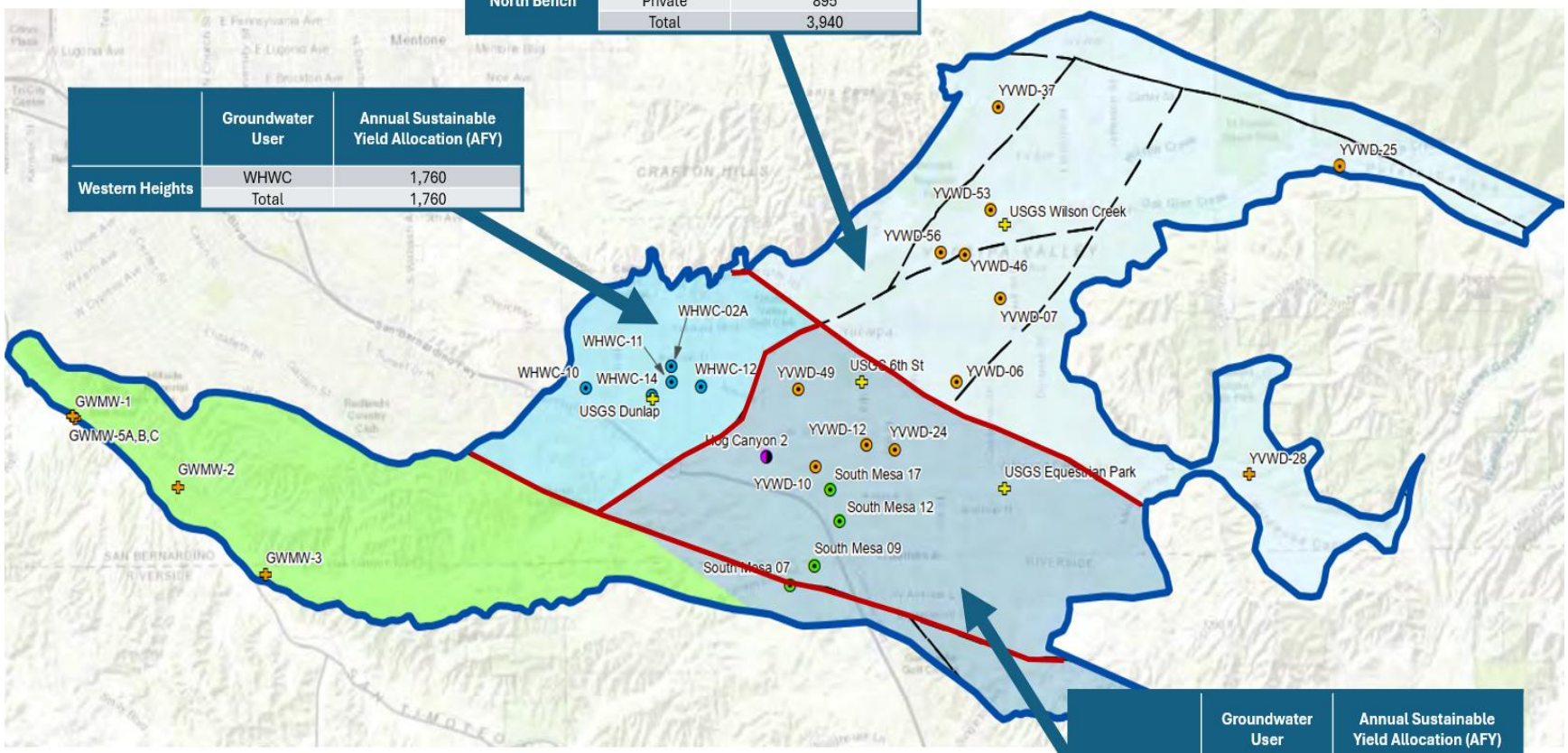
_____
Joseph B. Zoba, Secretary

~ ~ END OF ORDINANCE ~ ~

Exhibit A

	Groundwater User	Annual Sustainable Yield Allocation (AFY)
North Bench	YVWD	3,045
	Private	895
	Total	3,940

	Groundwater User	Annual Sustainable Yield Allocation (AFY)
Western Heights	WHWC	1,760
	Total	1,760



	Groundwater User	Annual Sustainable Yield Allocation (AFY)
Calimesa	YVWD	2,341
	South Mesa	1,959
	South Mountain	518
	Private	137
	Total	4,955