

Notice and Agenda of a Workshop of the Yucaipa Sustainable Groundwater Management Agency

Policy Workshop

Thursday, August 27, 2026 at 9:00 a.m.

(909) 797-2489 | www.yucaipasgma.org

Yucaipa Valley Regional Water Filtration Facility
35477 Oak Glen Road
Yucaipa, California 92399

- I. Call to Order
- II. Discussion Regarding Draft 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
- III. Next Yucaipa Sustainable Groundwater Management Agency Board Meeting - Wednesday, October 28, 2026 at 10:30 am at the City of Yucaipa
- IV. Adjournment

Memorandum

Date: August 11, 2026

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

From: Joseph B. Zoba, Yucaipa Valley Water District

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

Purpose: To finalize the latest version of Ordinance No. 2026-01 and prepare the document for consideration and adoption at the Yucaipa Sustainable Groundwater Management Agency meeting on October 28, 2026

Background

Development of rules and regulations to implement the Yucaipa Subbasin Groundwater Sustainability Plan (GSP), with particular emphasis on Management Actions #2 and #3, has been an ongoing priority of the Yucaipa Sustainable Groundwater Management Agency since the GSP's adoption in January 2022 and subsequent approval by the Department of Water Resources in January 2024. The Board's deliberate, transparent, and iterative process to translate these Management Actions into enforceable Rules and Regulations culminated in the attached draft Ordinance No. 2026-01.

At the regular Board meeting held on January 28, 2026, I distributed copies of a preliminary draft resolution addressing the accounting and use of unused pumping credits. I explained at that time that the draft had been prepared based on discussions, concepts, and preliminary direction provided by Board members and Member Agency representatives during several Agency meetings and workshops throughout 2025. The January 28 distribution was intended to provide a concrete starting point for focused Board discussion and to solicit formal written comments from the Member Agencies.

A dedicated workshop meeting was held on March 11, 2026, to review and discuss the substantial written comments that had been submitted on the draft resolution. Three Member Agencies provided detailed comments: San Bernardino Valley Municipal Water District submitted 17 comments, San Geronio Pass Water Agency submitted 64 comments, and South Mesa Water Company submitted 32 comments. Collectively, these 113 comments addressed a wide range of technical, legal, administrative, and policy issues. The workshop provided a valuable forum for Board members to examine the comments in depth, understand differing perspectives among the Member Agencies, and provide direction on how the document should be revised.

At the regular Board meeting held on April 22, 2026, following consideration of the March workshop discussion and the breadth of issues raised in the comments, the Board reached consensus that a resolution format was insufficient for the scope and importance of the rules

being developed and should be expanded and restructured as a comprehensive ordinance that would serve as the formal Rules and Regulations of the Agency. This decision reflected the Board's recognition that the subject matter (sustainable yield allocations, Groundwater Storage Containers, Supplemental Water Storage Accounts, transfers, private well owner participation, conversion provisions, monitoring, and enforcement) required the appropriate level of formality, enforceability, and clarity that an ordinance provides.

The revised and expanded document was presented for review at the policy workshop hosted by the Yucaipa Valley Water District on June 25, 2026. In addition to Agency Member Agency representatives, the workshop was attended by staff from the California Department of Water Resources, private well owners within the Subbasin, elected officials, and members of the public. Participants had the opportunity to review the comprehensive ordinance in its new format. Several comments and questions raised at the workshop centered on confirmation that the proposed rules and regulations were consistent with applicable law (including SGMA), the Agency's Memorandum of Agreement, the Agency Bylaws, and the adopted Groundwater Sustainability Plan. These consistency questions were noted and have been addressed. At the end of the workshop, we agreed to a deadline of Thursday, July 9, 2026, to submit comments for the next iteration of the ordinance. As of July 11, 2026, no further comments were provided, which is a good indication that we have exhausted the discussion on this topic.

At the policy workshop held on July 23, 2026, there was general discussion about various aspects of the policy and its implementation and only one proposed change to the text of the document. The change has been made to Section 2.05 as follows:

Section 2.05 - 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, the Bylaws, or this Ordinance for specific matters (including but not limited to the adoption or amendment of ordinances, imposition of fees or assessments, or establishment or adjustment of allocations), actions of the Board shall ~~be taken by a simple majority (51%) vote of the Member Agencies present and voting at a duly noticed meeting at which a quorum is present~~ require the affirmative vote of a simple majority (51%) of all Member Agencies at a duly noticed meeting at which a quorum is present.

Through this structured, multi-month process (beginning with an initial draft resolution in January 2026, incorporating extensive written comments from Member Agencies in March, shifting to an ordinance format by Board consensus in April, and conducting a broad public and stakeholder review in June) the document has undergone rigorous examination and iterative refinement. The process has been inclusive, transparent, and thorough, ensuring that diverse perspectives have been considered and that the resulting Ordinance is well-aligned with the GSP's sustainable management criteria, the requirements of SGMA, and the operational needs of the Purveyors and Qualifying Private Well Owners within the Yucaipa Subbasin.

This deliberate and well-documented timeline demonstrates that Ordinance No. 2026-01 is now mature, vetted, and ready to be adopted and implemented. The following sections summarize

the key provisions of the Ordinance, the nature of the revisions made over the past year, and the preparation of the final document for consideration to be adopted at the Yucaipa Sustainable Groundwater Agency meeting on October 28, 2026.

Description of the Proposed Ordinance

Ordinance No. 2026-01 establishes comprehensive Rules and Regulations governing the accounting, accumulation, utilization, and transfer of unused sustainable yield allocations through the creation of Groundwater Storage Containers and Supplemental Water Storage Accounts. It operationalizes and provides the detailed framework for GSP Management Actions #2 (sustainable yield pumping allocations and storage credits) and #3 (supplemental recharged water accounting), while remaining fully consistent with the sustainable management criteria, adaptive management provisions under Management Action #1, and all requirements of the Sustainable Groundwater Management Act (SGMA).

Key elements of the Ordinance include:

- **Annual Sustainable Yield Allocations:** Established for Purveyors and aggregate caps for Qualifying High Volume Private Well Owners by Management Area (North Bench, Calimesa, Western Heights, San Timoteo), derived directly from the GSP's sustainable yield determinations (Subbasin total approximately 10,980 AFY).
- **Groundwater Storage Containers & Supplemental Water Storage Accounts:** Storage Containers (capped at 10 times the holder's Annual Sustainable Yield Allocation) to bank Unused Pumping Credits; uncapped Supplemental Water Storage Accounts to track actual Supplemental Recharged Water (imported surface water, treated drinking water, recycled water, etc.). Retroactive initial balance establishment from Water Year 2022 is provided.
- **Accumulation, Utilization & Transfers:** One-to-one accrual of Storage Credits; priority-based utilization hierarchy (current year allocation first, then Storage Credits, then Supplemental Accounts); transfers permitted only within the same Management Area (Purveyor-to-Purveyor, Purveyor-to-Qualifying Private Well Owner, or Qualifying Private Well Owner-to-Qualifying Private Well Owner), subject to a flat \$500 administrative transfer fee and the rolling five-year extraction consistency requirement under Water Code § 10726.4(a)(4).
- **Private Well Owner Provisions:** Clear eligibility pathway for High Volume Private Well Owners (>10 AFY) to become Qualifying Private Well Owners upon installation of Agency-approved meters and submission/verification of 24 consecutive months of monthly production data. Low Volume and De Minimis Extractors are generally exempt from mandatory participation.
- **Private Well Conversion to Purveyor Service:** Facilitates permanent conversions with prospective allocation increases to the receiving Purveyor, requirements for well decommissioning or deeding to the Purveyor, and appropriate handling of any remaining Storage Credits. This promotes consolidated management and GSP goals.

- **Monitoring, Reporting, Enforcement & Fees:** Robust annual extraction reporting, audit authority, graduated enforcement remedies (including denial/suspension of eligibility, credit adjustments, and civil penalties under SGMA), and administrative fee/cost-recovery provisions consistent with SGMA and the MOA.
- **Additional Provisions:** CEQA exemption findings (administrative implementation action supporting previously adopted GSP), explicit clarification that Storage Credits and allocations are accounting mechanisms only and do not create vested property rights or guarantees of extraction, Implementation Manual requirements (due within 180 days of adoption), and full consistency with SGMA, the GSP, and the Agency's governing documents.

Development Process and Revisions Over the Past Year

Over the past twelve months, the original resolution and this Ordinance has been the subject of substantial time, effort, and collaborative contribution of the Member Agencies (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, and San Geronimo Pass Water Agency), representatives from the California Department of Water Resources, and the public.

Initial conceptual frameworks and preliminary draft provisions were developed beginning in mid-2025. This was followed by multiple iterative revisions incorporating stakeholder input, legal review, and technical refinements. Significant areas of contribution and revision included:

- **Allocation Methodologies and Private Well Caps:** Refined to ensure equitable treatment, full consistency with GSP sustainable yield allocations by Management Area, and protection against over-allocation while preserving opportunity for future qualifying private well owners.
- **Private Well Owner Eligibility and Conversion Rules:** Strengthened and clarified data verification requirements (24-month metering and reporting), ongoing compliance obligations, and conversion procedures, including prospective-only allocation adjustments and well disposition (decommissioning or deeding) options, to balance incentives for system consolidation with the integrity of the overall sustainable yield framework.
- **Storage Container Limitations and Utilization Safeguards:** Refined the 10x volume cap, utilization conditions, and explicit linkage to the statutory five-year rolling extraction consistency requirement, providing both operational flexibility for Purveyors and Qualifying Private Well Owners and strong sustainability safeguards aligned with SGMA and the GSP.
- **Transfer Procedures and Administrative Framework:** Developed practical, low-burden transfer procedures with a flat \$500 administrative fee, clear recordkeeping and transparency requirements, and coordination with existing GSP monitoring and annual DWR reporting obligations.

- **Implementation and Adaptive Management Provisions:** Added comprehensive Implementation Manual requirements (to be presented to the Board within 180 days of adoption), coordination protocols, and adaptive management authority to position the Agency for success in the 2027 five-year periodic evaluation and future GSP updates.
- **Legal and Enforcement Strengthening:** Conducted thorough review to ensure enforceability, added graduated enforcement remedies, fee authorities consistent with SGMA (Water Code §§ 10730 et seq.), CEQA exemption findings, severability, and explicit "no property rights" provisions to make the Ordinance robust and defensible.

The result of revisions over the past year is a mature, balanced, practical, and legally sound document that translates the high-level Management Actions of the GSP into clear, enforceable, and administratively workable Rules and Regulations ready for implementation.

Why It Is Time to Consider Adoption on October 28, 2026

The significant investment of time and resources by the Board, staff, Member Agencies, and advisors over the past year has produced a document that is ready for formal consideration and adoption. Further delay would unnecessarily postpone the substantial benefits this framework will deliver to the Agency and the Subbasin:

- **Regulatory Certainty and Operational Readiness:** Adoption will immediately provide Purveyors and Qualifying Private Well Owners with clear, predictable rules for banking unused allocations, tracking supplemental recharge, transferring Storage Credits.
- **Direct Support for the 2027 GSP Periodic Evaluation:** Implementation of the Storage Container and accounting system will generate valuable real-world data on extraction patterns, credit accumulation/utilization, transfer activity, and private well participation. This operational experience and accounting data will directly inform and strengthen the Agency's required five-year periodic evaluation of the GSP.
- **Facilitation of Private Well Conversions and Consolidated Management:** The clear, fair conversion pathway will encourage and enable more private well owners to connect to Purveyor systems, advancing the GSP's goals of consolidated management, improved water quality oversight, reduced proliferation of individual extraction points, and more efficient overall administration of the Subbasin.
- **Enforcement and Data Integrity Tools:** The Ordinance equips the Agency with the monitoring, audit, verification, and graduated enforcement authority needed to maintain high-quality data and ensure ongoing consistency with the GSP, essential capabilities as the Agency moves into active implementation.
- **Timely Implementation Window:** Adoption in October 2026 will allow staff to immediately commence the 90-day initial balance calculation process, develop and present the Implementation Manual, conduct targeted outreach to Purveyors and private well owners, and stand up the accounting and data management framework

well in advance of the 2027 GSP evaluation cycle. This positions the Agency for a smooth, data-informed periodic evaluation process.

The Agency Board has dedicated considerable effort, expertise, and collaborative energy to reach this point. The attached draft Ordinance represents the culmination of that work and is now in a form that is appropriate for public notice, hearing, and formal adoption. I am confident that timely adoption will be viewed as a landmark step forward for the Yucaipa SGMA, one that demonstrates the Agency's commitment to practical, transparent, and effective implementation of the GSP for the long-term benefit of all beneficial uses and users of groundwater in the Subbasin.

Thank you for your continued leadership, thoughtful engagement, and unwavering commitment to sustainable groundwater management in the Yucaipa Subbasin.

Respectfully submitted,

Joseph B. Zoba

Secretary, Yucaipa Sustainable Groundwater Management Agency
General Manager, Yucaipa Valley Water District

Attachments:

- Draft Ordinance No. 2026-01 – Rules and Regulations to Implement the Yucaipa Subbasin Groundwater Sustainability Plan (dated August 11, 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); 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 (5%/10%/15%/20%) 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, and this Ordinance provides the detailed accounting framework, including Groundwater Storage Containers, rules for the accumulation and utilization of Storage Credits, transfer provisions, and volume caps, that implements and operationalizes this Management Action; and

WHEREAS, Management Action #3 provides for the accounting of surplus supplemental recharged water, and the Supplemental Water Storage Account provisions established by this Ordinance operationalize and implement this Management Action; and

WHEREAS, this Ordinance is designed to support the full and effective implementation of the GSP's Management Actions, with particular emphasis on Actions #2 and #3, while remaining fully consistent with the sustainable management criteria, the adaptive management framework under Action #1, and all applicable requirements of SGMA; and

WHEREAS, Water Code Section 10726.4(a)(4) authorizes GSAs to establish accounting rules to allow unused groundwater extraction allocations to be carried over from one year to another and voluntarily transferred, provided the total quantity extracted over any five-year period remains consistent with the GSP; and

WHEREAS, the establishment of Groundwater Storage Containers and Supplemental Water Storage Accounts will incentivize efficient water use, facilitate banking of surplus water for drought resilience, support conjunctive use, and provide operational flexibility while ensuring consistency with the GSP's sustainable management criteria; 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 robust monitoring, metering, reporting, and data management to ensure compliance and enable adaptive management, particularly in preparation for the required five-year periodic evaluation of the GSP anticipated in 2027; and

WHEREAS, the Board of Directors desires to adopt comprehensive Rules and Regulations in the form of this Ordinance to provide regulatory certainty, transparency, and enforceable standards for the implementation of the Storage Container and allocation system; and

WHEREAS, this Ordinance is consistent with the GSP, SGMA, the California Water Code, and all other applicable laws, and is necessary to protect the long-term viability of the groundwater resource for current and future beneficial uses; and

WHEREAS, the Board finds that allocations, Storage Credits, Storage Containers, and Supplemental Water Storage Accounts are administrative accounting mechanisms for implementation of the GSP and do not constitute adjudications of groundwater rights, vested property rights, or guarantees of future extractions.

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 its Joint Powers Agreement or Memorandum of Agreement, as applicable.

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 establish comprehensive, enforceable Rules and Regulations governing the accounting, accumulation, utilization, and transfer of unused sustainable yield allocations through Groundwater Storage Containers and Supplemental Water Storage Accounts. This Ordinance implements and operationalizes the GSP's Management Action #2, promotes conjunctive use and water use efficiency, enhances water supply reliability and drought resilience, provides operational flexibility to Purveyors and qualifying private well owners, ensures equitable and sustainable management of the Yucaipa Subbasin, and supports the achievement and maintenance of sustainable groundwater conditions by 2042 in accordance with SGMA and the GSP.

Section 1.03 - Applicability

This Ordinance applies to all Purveyors and all Qualifying Private Well Owners within the Yucaipa Subbasin. A Private Well Owner becomes a Qualifying Private Well Owner and thereby is eligible to participate in the Storage Container and transfer system established by this Ordinance, only upon satisfying the eligibility requirements set forth in Article 8.

For purposes of this Ordinance, the following categories of groundwater extractors are used to operationalize the management of groundwater resources:

- A. 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 § 10721(e). De Minimis Extractors are exempt from the mandatory Storage Container accounting, allocation, transfer, and related provisions of this Ordinance, consistent with SGMA.
- B. Low Volume Private Well Owner means a Private Well Owner who extracts more than two (2) acre-feet but not more than ten (10) acre-feet of groundwater per Water Year. Low Volume Private Well Owners are generally exempt from the mandatory Storage Container accounting, allocation, transfer, and related provisions of this Ordinance unless the

Agency determines that participation is necessary to protect sustainable management of the Subbasin.

- C. High Volume Private Well Owner means a Private Well Owner who extracts more than ten (10) acre-feet of groundwater per Water Year. High Volume Private Well Owners are subject to the Storage Container, allocation, and transfer provisions of this Ordinance upon satisfying the requirements of Article 8 and becoming Qualifying Private Well Owners.

Nothing in this Ordinance alters the statutory definition or treatment of De Minimis Extractors under SGMA. Persons meeting the statutory de minimis definition remain exempt from certain SGMA requirements, including mandatory metering and reporting under many circumstances.

All De Minimis Extractors and Low Volume Private Well Owners are encouraged to voluntarily participate in Agency programs, including metering and reporting where feasible, to support accurate basin monitoring and the five-year periodic evaluation of the GSP.

This Ordinance governs groundwater extraction accounting, Storage Credits, transfers, and related activities within each Management Area for all Purveyors and Qualifying Private Well Owners.

Section 1.04 - 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, the Implementation Manual, 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.
- I. “Groundwater Storage Container” or “Storage Container” means the accounting mechanism established by the Agency for each Purveyor and each Qualifying Private Well Owner to track Unused Sustainable Yield (Unused Pumping Credits) for future beneficial use, subject to the limitations in this Ordinance.
- J. “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.
- K. “High Volume Private Well Owner” means a Private Well Owner who extracts and produces more than ten (10) acre-feet of groundwater per year.
- L. “Low Volume Private Well Owner” means a person who extracts more than the statutory de minimis amount but not more than ten (10) acre-feet of groundwater per Water Year, and who is exempt from the Storage Container and allocation-participation requirements of this Ordinance unless otherwise required by the Agency, the GSP, or SGMA. The term does not alter the statutory definition of “De Minimis Extractor” in Water Code section 10721(e).
- M. “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.
- N. “Minimum Threshold” and “Measurable Objective” have the meanings set forth in the GSP and SGMA regulations for each sustainability indicator.
- O. “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.
- P. “Ordinance(s)” means ordinances duly adopted by the Board, including this Ordinance No. 2026-01.
- Q. “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.
- R. “Purveyor” means South Mesa Water Company, South Mountain Water Company, Western Heights Water Company, and Yucaipa Valley Water District.
- S. “Qualifying Private Well Owner” means a High Volume Private Well Owner who has satisfied the monthly data submission and verification requirements of Section 8.01 and

who has been assigned an Annual Sustainable Yield Allocation by the Agency, thereby becoming eligible to participate in the Storage Container and transfer system established by this Ordinance.

- T. "Resolution(s)" means resolutions duly adopted by the Board of Directors.
- U "Storage Credit" means the volume of water, measured in acre-feet, in a Storage Container (for Unused Pumping Credits) or in a Supplemental Water Storage Account that is added or depleted each Water Year.
- V. "Supplemental Recharged Water" means water that is artificially added to the groundwater basin through managed means, such as recharge of surface water, injection of treated drinking water, or recharge of recycled water directly into an aquifer.
- W. "Supplemental Water Storage Account" or "Storage Account" means the accounting mechanism established by the Agency to track Supplemental Recharged Water separately from Unused Pumping Credits, allowing for differentiated rules.
- X. "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).
- Y. "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.
- Z. "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.
- AA. "Unused Sustainable Yield" or "Unused Pumping Credits" means the positive difference between a Purveyor's or Qualifying Private Well Owner's Annual Sustainable Yield Allocation and their actual groundwater extraction in a given Water Year.
- AB. "Water Year" means the twelve-month period beginning October 1 and ending September 30.

1.05 - 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, unless otherwise required by applicable law:

- A. Applicable Law
- B. MOA or Memorandum of Agreement
- C. Bylaws

- D. GSP
- E. Ordinances
- F. Resolutions
- G. Administrative Actions

In the event of any conflict, the documents shall control in descending order: (1) Applicable Law; (2) the MOA; (3) the Bylaws; (4) the GSP; (5) Ordinances (including this Ordinance); (6) Resolutions; and (7) Administrative Actions. The higher-ranked document shall prevail.

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 as set forth in Section 1.05 (Hierarchy of Documents and Relationship to Other Agency Instruments).

In the event of any conflict between this Ordinance and the MOA or the Bylaws, the MOA, or Bylaws (as applicable and higher in the order of precedence established in Section 1.05) shall control unless otherwise required by Applicable Law.

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 Geronio 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 Secretary. 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 automatically 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 day and 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 - 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, the Bylaws, or this Ordinance for specific matters (including but not limited to the adoption or amendment of ordinances, imposition of fees or assessments, or establishment or adjustment of allocations), actions of the Board shall require the affirmative vote of a simple majority (51%) of all Member Agencies at a duly noticed meeting at which a quorum is present.

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 - 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.

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 area should consider local hydrogeologic

conditions, existing infrastructure, groundwater-dependent ecosystems, and the potential for undesirable results specific to that area.

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 hereby established as set forth in Table A. These allocations are derived from the GSP sustainable yield determinations. Allocations are subject to periodic review and adjustment by Board resolution or through GSP updates.

Table A: Annual Sustainable Yield Allocations for Purveyors and Private Well Owner

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.	325

Note: The Private Well Owner allocations shown above represent the aggregate maximum Annual Sustainable Yield Allocation available to all Qualifying High Volume Private Well Owners combined within each Management Area. Individual allocations are established pursuant to Section 3.05 and are subject to the applicable aggregate cap. No Storage Containers or Storage Accounts shall be established in the San Timoteo Management Area until specific allocations are assigned by Board resolution.

Allocations for High Volume Private Well Owners shall be established only after the Private Well Owner has satisfied the monthly data submission and verification requirements of Section 8.01. The Agency shall not calculate or credit Unused Sustainable Yield for a High Volume Private Well

Owner until an Annual Sustainable Yield Allocation has been formally established pursuant to this Ordinance.

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 the five-year periodic evaluation of the GSP, new hydrologic data, model updates, permanent transfers or conversions, or other factors necessary to maintain consistency with SGMA and the GSP. Any update shall be adopted by Board resolution following public notice and hearing and shall not be applied retroactively unless expressly provided.

Section 3.05 - Allocation Methodology for High Volume Private Well Owners

The aggregate amounts shown in Table A for “All High Volume Private Well Owners” in each Management Area 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 8.01(D) 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. No Storage Containers or Storage Accounts shall be established in the San Timoteo Management Area until such allocations are formally assigned. 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.

ARTICLE 4 - ESTABLISHMENT OF GROUNDWATER STORAGE CONTAINERS AND SUPPLEMENTAL WATER STORAGE ACCOUNTS

Section 4.01 - Establishment and Purpose

The Agency shall establish and maintain, within each Management Area, a Groundwater Storage Container and a separate Supplemental Water Storage Account for each Purveyor and each Qualifying Private Well Owner that holds an Annual Sustainable Yield Allocation or is qualified to participate in that Management Area. Where a Purveyor or Qualifying Private Well Owner holds allocations or participates in more than one Management Area, the Agency shall establish and maintain separate Groundwater Storage Containers and separate Supplemental Water Storage Accounts for each such Management Area.

- A. Groundwater Storage Container. The Groundwater Storage Container shall be used exclusively for the accumulation, tracking, and storage of Unused Pumping Credits derived from a Purveyor's or Qualifying Private Well Owner's unused portion of its Annual Sustainable Yield Allocation. Each Groundwater Storage Container shall be subject to a maximum storage limitation equal to ten (10) times the account holder's annual allocation within the Management Area.
- B. Supplemental Water Storage Account. The Supplemental Water Storage Account shall be used exclusively for the accumulation, tracking, and storage of Storage Credits derived from Supplemental Water (including, but not limited to, imported surface water, treated drinking water, recycled water, and other water recharged into the basin through managed means). Supplemental Water Storage Accounts shall have no limitation on the total amount of Storage Credits that may be accumulated or carried over.

Each Groundwater Storage Container and Supplemental Water Storage Account shall be maintained as a distinct accounting record identifying the owner, the type of Storage Credits held, the accumulated balance, and all annual transactions affecting the balance.

Section 4.02 - Retroactive Establishment of Initial Balances

Groundwater Storage Containers and Supplemental Water Storage Accounts shall be established retroactively beginning with Water Year 2022 (October 1, 2021, through September 30, 2022) and for all subsequent Water Years. This retroactive period aligns with the adoption of the Groundwater Sustainability Plan on January 26, 2022, and provides consistent accounting from the first full Water Year under the GSP framework.

Within ninety (90) days of the adoption of this Ordinance, the Agency shall calculate and post initial balances for each Groundwater Storage Container and Supplemental Water Storage Account based on the best available extraction data, allocation records, and other relevant information.

Before any retroactive balance becomes final, the Agency shall provide each affected account holder with a written statement of the proposed balance, together with supporting documentation

and an explanation of the data and methodology used. The account holder shall have forty-five (45) days from the date of the Agency's written statement to submit written objections and any supporting documentation or information.

The Board shall consider any timely objections and make a final determination regarding the retroactive balances. The Board's determination shall be provided in writing to the affected account holder and shall be final. The Agency shall update the affected Groundwater Storage Containers and Supplemental Water Storage Accounts to reflect the Board's final determination.

Section 4.03 - Volume Limitations

- A. The maximum volume for each Purveyor's or High Volume Private Well Owner's Storage Container (Unused Pumping Credits) shall be ten (10) times their Annual Sustainable Yield Allocation in the applicable Management Area. The ten (10) times multiplier is a maximum accounting balance only and does not constitute a right, entitlement, or guarantee of future extraction. Storage Credit balances are accounting entries that track unused sustainable yield; they do not represent a vested interest in groundwater or a permitted extraction volume. Both the ten (10) times cap and any utilization or transfer of Storage Credits remain subject at all times to the rolling five-year extraction limitation required by Water Code Section 10726.4(a)(4) and to the Agency's authority to restrict, condition, or deny such utilization or transfer as necessary to avoid undesirable results or to protect sustainable management criteria within a Management Area, even if the account holder's Storage Container balance is below the ten (10) times cap.
- B. Supplemental Water Storage Accounts shall have no volume limitation, as they represent actual water physically recharged into the basin.
- C. The Agency may adjust caps in the future based on updated sustainable yield determinations, GSP periodic evaluations, or hydrologic conditions, following public process.

ARTICLE 5 - STORAGE CREDIT ACCUMULATION

Section 5.01 - General Rule

Storage Credits shall accrue on a one-to-one basis: one (1) acre-foot of Unused Sustainable Yield equals one (1) acre-foot of Storage Credit. Credits have no expiration date provided the owner remains in good standing and complies with all GSP requirements, this Ordinance, and Agency regulations.

Section 5.02 - Accumulation for Purveyors

When a Purveyor's actual annual groundwater extraction within a Management Area is less than its Annual Sustainable Yield Allocation, the positive difference shall be automatically credited to that Purveyor's Storage Container at the end of each Water Year upon reconciliation of extraction reports.

Section 5.03 - Accumulation for High Volume Private Well Owners

A Qualifying Private Well Owner may accumulate Storage Credits in their Storage Container only after an Annual Sustainable Yield Allocation has been established pursuant to Section 8.01 and the Private Well Owner continues to satisfy all ongoing data submission requirements. When a Qualifying Private Well Owner's actual annual groundwater extraction within a Management Area is less than their Annual Sustainable Yield Allocation, the positive difference shall be credited to their Storage Container at the end of each Water Year upon reconciliation of extraction reports and confirmation of ongoing eligibility.

The maximum Storage Credit balance in a Qualifying Private Well Owner's Storage Container shall not exceed ten (10) times their Annual Sustainable Yield Allocation for that Management Area. Accumulation is subject to ongoing compliance with all metering, monthly data reporting, and other requirements of this Ordinance.

Section 5.04 - Accumulation for Supplemental Water Storage Accounts

Supplemental Recharged Water added to a Management Area shall be credited on a one-to-one basis to the applicable Supplemental Water Storage Account. A one-time loss factor of one percent (1%) shall be applied only to Supplemental Recharged Water introduced through surface spreading or percolation basins to account for evaporative losses. No loss factor shall be applied to Supplemental Recharged Water introduced through subsurface injection unless otherwise determined by the Board. Supplemental Water Storage Accounts shall have no volume cap or expiration.

The Agency shall credit Supplemental Recharged Water to the Supplemental Water Storage Account of the Purveyor or Qualifying Private Well Owner that introduces such water into the Management Area or that is designated as the beneficiary pursuant to a written agreement approved by the Agency or a Board-approved allocation methodology.

ARTICLE 6 - UTILIZATION OF STORAGE CREDITS AND GROUNDWATER EXTRACTION

Section 6.01 - Conditional Authorization to Utilize Storage Credits

Purveyors and Qualifying Private Well Owners may utilize previously accrued Storage Credits from their Storage Container or Storage Account to extract groundwater in excess of their Annual Sustainable Yield Allocation in any Water Year, subject to the limitations and conditions of this Ordinance and consistency with the GSP.

Section 6.02 - Extraction Priority Hierarchy

To protect the long-term sustainability of the resource and ensure proper accounting, groundwater extractions shall be debited in the following priority order:

- A. First, against the Annual Sustainable Yield Allocation for the current Water Year;
- B. Second, against Unused Sustainable Yield previously placed in a Storage Container as Storage Credits; and
- C. Third, against Supplemental Recharged Water in a Supplemental Water Storage Account.

Section 6.03 - Utilization Limits and Conditions

- A. Utilization of Storage Credits shall be on a one-to-one basis.
- B. The Agency may temporarily restrict or condition utilization of Storage Credits in a Management Area if monitoring data indicate that continued extraction at proposed levels could lead to undesirable results, violate Minimum Thresholds, or create an unreasonable risk of impairing sustainable management of the Subbasin. The Agency shall document the basis for any such restriction in its records and in the applicable annual report.
- C. Notwithstanding any accumulated Storage Credit balance, no Purveyor or Qualifying High Volume Private Well Owner may utilize or transfer Storage Credits in a manner that would cause total groundwater extraction by the person or entity within the applicable Management Area over any rolling five-year period to be inconsistent with the GSP, the sustainable management criteria, or Water Code Section 10726.4(a)(4). The Agency shall evaluate compliance with the rolling five-year consistency requirement annually as part of the preparation of the annual report to the Department of Water Resources. The Agency may deny, condition, defer, or reduce proposed Storage Credit utilization or transfer at any time to maintain such consistency, to respond to Management Area conditions, or to avoid the risk of undesirable results, even if the account holder has accumulated Storage Credits within the ten (10) times cap established in Section 4.03. Storage Credit balances are accounting tools only and do not create any right to extract groundwater. This limitation is in addition to, and does not limit, the provisions of Section 13.05 (No Creation of Property Rights).

ARTICLE 7 - TRANSFERS OF STORAGE CREDITS AND SUPPLEMENTAL WATER

Section 7.01 - Transfer Authority and Limitations

Storage Credits and Supplemental Recharged Water may be transferred only between two parties within the same Management Area, subject to the following permitted combinations:

- A. Between two Purveyors;
- B. Between a Purveyor and a Qualifying Private Well Owner; or
- C. Between two Qualifying Private Well Owners.

All transfers must comply with this Article and be consistent with Water Code Section 10726.4. Transfers shall not cause or contribute to undesirable results. Transfers do not permanently alter base Annual Sustainable Yield Allocations unless part of a conversion under Article 8.

The transfer rules and procedures set forth in this Article apply equally to transfers of Storage Credits held in Groundwater Storage Containers and to water held in Supplemental Water Storage Accounts. Except as otherwise expressly provided in this Ordinance, both types of stored water are subject to the same eligibility requirements, limitations, procedures, and restrictions.

Section 7.02 - Transfer Procedures

- A. The two parties to a proposed transfer shall submit a signed transfer document to the Agency specifying the quantity (in acre-feet), the effective date agreed upon by the parties, and confirmation that the transfer is within the same Management Area. There is no requirement to disclose the consideration or private terms between the parties.
- B. Transfers shall be processed administratively by the Agency. If the transfer complies with all applicable requirements, the Agency shall record the transfer, and it shall be effective on the date agreed upon by the parties. The Agency shall document the transfer in writing and update the affected Storage Containers and Storage Accounts accordingly.
- C. A summary of all transfers shall be included in the Agency's annual report to the Department of Water Resources and made available for public review upon request. The Board shall be notified of transfers through this reporting process.

Section 7.03 - Transfer Fee and Administrative Costs

A flat administrative fee of Five Hundred Dollars (\$500) shall be charged for each transfer to recover the Agency's costs of processing transfers under this Article. This fee shall be paid at the time the transfer document is submitted to the Agency. The Board may modify the amount of this administrative fee by resolution at any time.

ARTICLE 8 - PRIVATE WELL OWNER DATA REQUIREMENTS, ELIGIBILITY, AND CONVERSION

Section 8.01 - Monthly Data Submission Requirements for Private Well Owners to Establish an Annual Sustainable Yield Allocation

A Private Well Owner who extracts more than ten (10) acre-feet of groundwater per year and who wishes to have an Annual Sustainable Yield Allocation established and to participate in the Storage Container system under this Ordinance shall satisfy the following requirements:

- A. The Private Well Owner shall install and maintain Agency-approved, calibrated flow meters on all active groundwater extraction facilities within the Yucaipa Subbasin.
- B. The Private Well Owner shall submit monthly groundwater production data to the Agency for a period of twenty-four (24) consecutive months in a format, frequency, and manner prescribed by the Agency. The twenty-four (24) month period shall be complete and verified before any Annual Sustainable Yield Allocation may be established for that Private Well Owner.
- C. All submitted data shall be subject to verification by the Agency or its designee. The Agency may require supporting documentation, including meter calibration records, photographs of meter readings, or independent third-party verification, as a condition of accepting the data as a baseline for allocation purposes.
- D. Upon satisfactory verification of the twenty-four (24) consecutive months of data, the Agency shall use the verified production data (or such methodology as the Board may approve, including a rolling average) as the primary baseline for proposing an Annual

Sustainable Yield Allocation for the Private Well Owner. Any proposed allocation shall be subject to Board approval, the aggregate cap for the applicable Management Area under Section 3.05, and overall consistency with the sustainable yield determinations and sustainable management criteria of the GSP.

- E. A Private Well Owner must continue to submit monthly production data to the Agency after the initial twenty-four (24) month period in order to maintain eligibility to accumulate Storage Credits and to have ongoing calculations of Unused Sustainable Yield performed.
- F. The Agency may deny, suspend, or adjust a proposed or existing Annual Sustainable Yield Allocation if the submitted data is determined to be incomplete, inconsistent, unreliable, or indicative of intentional inflation of production volumes. The Board retains final authority over the establishment and adjustment of any Annual Sustainable Yield Allocation for Private Well Owners under this Ordinance.

Section 8.02 - Metering and Reporting for Private Well Owners

All High Volume Private Well Owners shall install and maintain Agency-approved flow meters or equivalent measurement devices on extraction facilities in accordance with Water Code §10725.8. Monthly or annual production data shall be submitted as required for GSP reporting and, for Qualifying Private Well Owners, to maintain eligibility under Section 8.01. The Agency may provide technical assistance or cost-sharing for meter installation where feasible.

Section 8.03 - Conversion of Private Well Owner to Purveyor Service

- A. The Agency recognizes that the permanent conversion of a Private Well Owner to a Purveyor's water service system promotes consolidated management, reduces the number of individual groundwater wells, improves water quality oversight, and supports the sustainable yield framework established in the GSP.
- B. Upon receiving written confirmation of a proposed conversion, the receiving Purveyor's Annual Sustainable Yield Allocation in the relevant Management Area may be permanently increased by the average annual groundwater extraction volume of the converting Private Well Owner, subject to the following requirements:
 - 1. The increase shall be based on the most recent thirty-six (36) consecutive months of either (a) verified groundwater extraction data from the Private Well Owner's flow meter(s), or (b) metered water service data from the receiving Purveyor documenting the volume of water delivered to the property following connection.
 - 2. All data used to calculate the average annual extraction volume shall be subject to verification by the Agency or its designee.
 - 3. The proposed allocation increase shall be presented to the Board for consideration and approval by Resolution.
 - 4. As a condition precedent to any adjustment of the Purveyor's Annual Sustainable Yield Allocation, the converting Private Well Owner shall either (a) fully decommission the groundwater well in accordance with Subsection D, or (b) deed the well and all associated real property interests to the receiving Purveyor. The

Board shall not approve any allocation increase for a Purveyor until the Agency has received and verified proof that one of these two options has been completed.

5. Any allocation increase approved by the Board shall be applied prospectively only. The increase shall take effect beginning with the Water Year in which the Board adopts the Resolution approving the conversion and allocation adjustment. There shall be no retroactive adjustment to the Purveyor's Annual Sustainable Yield Allocation for any prior Water Year. This prospective limitation is intended to maintain the consistency and accuracy of previously prepared annual reports submitted to the Department of Water Resources and to preserve the integrity of Annual Sustainable Yield Allocations previously established for Qualifying Private Well Owners under this Ordinance.
 6. Any allocation increase approved by the Board shall be offset by a corresponding reduction in the aggregate allocation available to Qualifying High Volume Private Well Owners in that Management Area, so that the total allocation for the Management Area remains consistent with the amounts established in Table A.
- C. Any unused Storage Credits held by the converting Private Well Owner in a Storage Container may be transferred by the Private Well Owner, at the Private Well Owner's sole discretion, to one or more other Qualifying Private Well Owners or Purveyors within the same Management Area in accordance with the transfer procedures and requirements set forth in Article 7. Any Storage Credits not transferred prior to or upon completion of the conversion shall be extinguished and shall not be transferred to the receiving Purveyor or to any other party.
- D. As a condition of any allocation increase under this Section, the converting Private Well Owner shall complete one of the following two options prior to Board approval of the allocation increase:
1. Decommissioning Option: The groundwater well shall be properly decommissioned in accordance with applicable County well standards and any additional requirements imposed by the Agency. Decommissioning shall include destruction of the well or permanent sealing in a manner that prevents any future groundwater extraction. The well shall not be placed on standby or otherwise retained for future use. Proof of proper well decommissioning, in a form acceptable to the Agency, shall be submitted to the Agency.
 2. Deeding Option: The Private Well Owner shall deed the groundwater well and all associated real property interests, necessary easements, appurtenances, and any associated water rights or interests appurtenant to the well, if any, to the receiving Purveyor by grant deed or other instrument acceptable to the Purveyor and the Agency. The deed shall be recorded in the official records of the appropriate county, and the Private Well Owner shall deliver clear and marketable title free of any liens, encumbrances, or conflicting claims. Proof of recordation and evidence of clear title shall be submitted to the Agency.
- E. The conversion shall be documented by a written agreement between the converting Private Well Owner and the receiving Purveyor. The agreement shall include, at a minimum:

1. The verified average annual extraction volume being transferred to the Purveyor's Annual Sustainable Yield Allocation, calculated using the most recent thirty-six (36) consecutive months of either (a) verified groundwater extraction data from the Private Well Owner or (b) metered water service data from the receiving Purveyor, in accordance with Subsection B.1;
 2. The Private Well Owner's election to either decommission the well or deed the well and associated property interests to the Purveyor, together with a commitment and timeline to complete the elected option and provide proof to the Agency;
 3. Acknowledgment that the allocation increase, if approved by Board Resolution, is permanent and prospective only in accordance with Subsection B.5;
 4. Acknowledgment that the well may not be reactivated for groundwater extraction by the Private Well Owner or any successor in interest without Agency approval and a corresponding adjustment to allocations; and
 5. Any agreements regarding the transfer or disposition of Storage Credits pursuant to Subsection C, if applicable.
- F. Upon completion of the conversion, verification that one of the two options in Subsection D has been fulfilled, and approval of any allocation increase by Board Resolution, the converting Private Well Owner's production shall be permanently removed from any Storage Container and from eligibility to hold or accumulate Storage Credits under this Ordinance.
- G. Except as provided in a separate written agreement approved by the Agency, a converted well may not be reactivated for groundwater extraction.

ARTICLE 9 - MONITORING, REPORTING, AND DATA MANAGEMENT

Section 9.01 - Metering Requirements

All Purveyors and High Volume Private Well Owners shall install, calibrate, and maintain flow meters or other Agency-approved water measuring devices on groundwater extraction facilities as required by Water Code § 10725.8 and GSP monitoring protocols. Meters shall be accessible for Agency inspection.

Section 9.02 - Annual Extraction Reports

Purveyors and 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. Reports shall support reconciliation of Storage Container balances.

Section 9.03 - Agency Recordkeeping and Transparency

The Agency shall maintain accurate, up-to-date records of all Storage Container and Storage Account 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 9.04 - Audits and Verification

- A. The Agency shall conduct periodic audits of extraction data, meter readings, Storage Container activities, and related records to verify compliance with this Ordinance and the GSP. Purveyors and Qualifying Private Well Owners shall cooperate fully with audits and shall provide the Agency with reasonable access to records and facilities upon written notice.
- B. In connection with audits, reporting, and public disclosure, the Agency shall handle data in a manner consistent with the California Public Records Act (Government Code § 7920.000 et seq.), applicable exemptions, privacy and security considerations, and the need to protect sensitive information. The Agency may aggregate data and apply appropriate redactions where permitted by law.
- C. Nothing in this Section shall limit the Agency's authority to use individual data for internal compliance, enforcement, modeling, or GSP implementation purposes, provided such use is consistent with applicable law.

Section 9.05 - Enforcement

- A. Any Purveyor, Qualifying Private Well Owner, or other person or entity that violates any provision of this Ordinance, fails to comply with metering, reporting, data submission, or verification requirements, extracts groundwater in excess of authorized amounts without sufficient valid Storage Credits, or otherwise acts inconsistently with the GSP or this Ordinance shall be subject to enforcement action by the Agency.
- B. Available enforcement remedies include, but are not limited to:
 - 1. Administrative remedies: denial, suspension, or revocation of eligibility to participate in the Storage Container or transfer system established by this Ordinance; adjustment, forfeiture, or non-recognition of Storage Credits; denial, conditioning, deferral, or reduction of any proposed utilization or transfer of Storage Credits; and suspension or adjustment of any Annual Sustainable Yield Allocation.
 - 2. Civil penalties and other remedies as authorized by the Sustainable Groundwater Management Act, including but not limited to Water Code Section 10732, and any other applicable law.
 - 3. Injunctive relief or other equitable remedies in a court of competent jurisdiction. C. Prior to taking significant enforcement action, the Agency shall provide written notice and a reasonable opportunity to cure or to be heard, consistent with due process principles, except in cases involving imminent risk to sustainable management of the Subbasin, public health, or safety.

ARTICLE 10 - FEES, ASSESSMENTS, AND COST RECOVERY

Section 10.01 - Administrative Fees

The Agency may establish reasonable administrative fees for the maintenance of Storage Containers and Accounts, processing transfers, well registration, audits, and other costs incurred in implementing this Ordinance, consistent with its fee authority under SGMA (Water Code §§ 10730 et seq.) and applicable constitutional requirements.

Section 10.02 - Transfer Fee

A flat administrative fee of Five Hundred Dollars (\$500) shall be charged for each transfer pursuant to Article 7. This fee is subject to modification by Board resolution.

Section 10.03 - Other Fees and Assessments

Nothing in this Ordinance limits the Agency's authority to impose or collect other fees, assessments, or charges authorized by SGMA or other laws for groundwater management, replenishment, or administration, provided such fees are adopted following required procedures and findings.

Section 10.04 - Consistency with MOA Cost-Sharing and General Administration

The fees, administrative charges, and cost-recovery mechanisms established under this Ordinance (including but not limited to Transfer Fees under Section 7.03 and any administrative fees adopted pursuant to Section 10.01) are intended to recover the Agency's costs specifically associated with the implementation, administration, and enforcement of the Storage Container system, allocation accounting, transfer processing, data verification, audits, and related GSP Management Actions. These implementation-specific fees are separate from and in addition to the general cost-sharing arrangement among Member Agencies for the creation and ongoing administration of the Agency as set forth in Section VII of the MOA.

Unless and until amended by unanimous written consent of the Parties to the MOA, the Agency's general administration and operating costs (excluding implementation-specific costs recovered under this Ordinance) shall continue to be allocated as follows: 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%) of such costs, and the Municipalities and Regionals (City of Yucaipa, San Bernardino Valley Municipal Water District, and San Geronio Pass Water Agency) shall collectively bear twenty-five percent (25%) of such costs, with costs shared equally among the Parties within each respective group.

Nothing in this Ordinance shall be construed to obligate any Member Agency to bear any portion of the attorneys' fees, legal costs, or litigation expenses of any other Member Agency or Party.

The Board retains full authority to adjust, waive, or modify fees under this Ordinance by resolution, consistent with SGMA (Water Code §§ 10730 et seq.), Proposition 218 (to the extent applicable), and the MOA.

ARTICLE 11 - CONSISTENCY WITH THE GROUNDWATER SUSTAINABILITY PLAN AND THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT

Section 11.01 - Consistency Requirement

This Ordinance and all actions taken hereunder are designed to support and enhance the sustainable management objectives of the GSP. The total quantity of groundwater extracted under this Ordinance shall at all times remain consistent with the sustainable yield determinations, measurable objectives, minimum thresholds, and undesirable results criteria established in the GSP.

Section 11.02 - Support for Five-Year Periodic Evaluation

The Storage Container system and related provisions established herein are intended to provide data, operational experience, and management tools that will inform and strengthen the Agency's required five-year periodic evaluation of the GSP (anticipated 2027). The Agency shall document implementation progress, Storage Credit balances by Management Area, transfer activity, private well conversions, and any observed basin responses in annual reports and the periodic evaluation.

Section 11.03 - Adaptive Management

The Agency reserves the right to modify storage limits, utilization caps, allocation methodologies, eligibility criteria for Qualifying Private Well Owners, or other provisions of this Ordinance based on updated sustainable yield determinations, changing hydrologic or climatic conditions, new scientific information, or requirements arising from GSP updates or DWR review. Modifications shall be adopted by Board resolution or ordinance amendment following public notice and hearing and shall not be applied retroactively unless expressly authorized and justified.

ARTICLE 12 - IMPLEMENTATION

Section 12.01 - Authorization to Implement

The Agency's Administrative Consultant, or General Manager if one is appointed, is hereby authorized and directed to develop and implement all procedures, forms, applications, accounting protocols, data management systems, and outreach necessary to effectuate this Ordinance.

Section 12.02 - Implementation Manual

Within one hundred eighty (180) days of adoption of this Ordinance, the Administrative Consultant shall prepare and present to the Board an Implementation Manual that includes, at minimum: (1) detailed accounting procedures and sample calculations for Storage Containers and Accounts; (2) projected maximum Storage Container balances by Management Area under current allocations; (3) status update on the private well inventory and registration program, including the process for Qualifying Private Well Owners; (4) forms for extraction reports, transfer applications, and conversion requests; (5) a summary technical memorandum evaluating potential basin impacts of the Storage Container system consistent with the GSP model and sustainable management criteria; and (6) a public outreach and education plan for Purveyors and private well owners.

Section 12.03 - Coordination and Reporting

Implementation shall be coordinated with the GSP's existing monitoring network, data management system, and annual reporting obligations to DWR. The Administrative Consultant shall provide regular updates to the Board on implementation status, Storage Credit balances, and any issues requiring policy attention.

ARTICLE 13 - MISCELLANEOUS PROVISIONS

Section 13.01 - Severability

If any provision of this Ordinance, or the application thereof to any person or circumstance, is held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Ordinance which can be given effect without the invalid provision or application. To this end, the provisions of this Ordinance are severable.

Section 13.02 - Amendment

This Ordinance may be amended by majority vote of the Board following proper notice and public hearing procedures required under the Ralph M. Brown Act and any applicable SGMA or Agency requirements. Amendments to this Ordinance shall be adopted by ordinance.

Section 13.03 - Effective Date

This Ordinance shall take effect and be in full force and effect thirty (30) days after its adoption, or on such earlier or later date as may be specified by the Board consistent with legal requirements.

Section 13.04 - Posting and Availability

A certified copy of this Ordinance shall be posted on the Agency's official website (www.yucaipasgma.org). The Agency shall provide copies to Purveyors and shall conduct outreach to private well owners regarding registration, eligibility requirements for Qualifying Private Well Owners, and compliance requirements.

Section 13.05 - No Creation of Property Rights

Storage Credits, allocations, and 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, SGMA, and the GSP to protect the sustainability of groundwater resources. Without limiting the generality of the foregoing, Storage Credit balances, the ten (10) times cap, and the utilization of Storage Credits are further subject to the specific limitations and authorities set forth in Sections 4.03 and 6.03.

Section 13.06 - Relationship to Other Laws

This Ordinance is intended to supplement, not replace or conflict with, other applicable federal, state, or local laws, regulations, or Agency policies. In the event of any conflict, SGMA and the

GSP shall control to the extent required by law. This Section 13.06 shall be read in conjunction with, and is subject to, the order of precedence and conflict rules established in Section 1.05.

Section 13.07 - 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, including Transfer Fees and other cost-recovery charges;
 - 3. Approving specific procedures, forms, or technical methodologies necessary to implement this Ordinance;
 - 4. Making findings or determinations required under this Ordinance on a case-by-case or periodic basis; and
 - 5. Providing policy direction or guidance on the implementation of adaptive management measures consistent with Section 11.03.
- 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.
- D. Unless otherwise required by law or this Ordinance, resolutions may be adopted at a properly noticed meeting of the Board without the formal notice and hearing requirements applicable to the adoption or amendment of ordinances.

Section 13.08 - Governing Law and Venue

This Ordinance shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of law principles. Any suit, action, or proceeding arising under, relating to, or challenging the validity or application of this Ordinance shall, to the extent permitted by law, be brought and maintained exclusively in the Superior Court of the County of San Bernardino, California, or in the United States District Court for the Central District of California if federal jurisdiction exists.

Section 13.09 - CEQA Compliance

The Board of Directors finds and determines that:

- A. The adoption of this Ordinance constitutes the establishment of rules, regulations, and accounting procedures to implement the Groundwater Sustainability Plan previously adopted by the Board on January 26, 2022, and approved by the California Department of Water Resources on January 18, 2024.
- B. Pursuant to Water Code Section 10728.6, neither the formation of the Agency nor the preparation or adoption of the GSP constituted a “project” under the California Environmental Quality Act (CEQA) or the State CEQA Guidelines.
- C. This Ordinance is an administrative action that establishes internal accounting mechanisms, data reporting requirements, transfer procedures, and enforcement tools to achieve the sustainable management criteria and Management Actions already analyzed and approved in the GSP. It will not result in a direct or reasonably foreseeable indirect physical change in the environment.
- D. Accordingly, the adoption of this Ordinance is exempt from CEQA review, or alternatively, does not constitute a “project” within the meaning of Public Resources Code Section 21065 and CEQA Guidelines Section 15378.

The Administrative Consultant, or General Manager if one is appointed, is hereby authorized and directed to prepare and file a Notice of Exemption in accordance with CEQA Guidelines Section 15062, if required or advisable, with the County Clerk of San Bernardino County and/or Riverside County and the State Clearinghouse, and to take all other actions necessary to document compliance with CEQA.

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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 ~ ~

