AGREEMENT REGARDING DISPOSTION OF FUNDS COLLECTED FROM THE CITY OF RIVERSIDE AS VALLEY DISTRICT WATER COST COMPONENT

BETWEEN

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

AND

BOARD OF WATER COMMISSIONERS
OF THE CITY OF SAN BERNARDINO

AGREEMENT

Regarding Disposition of Funds Collected From the City of Riverside as VALLEY DISTRICT Water Cost Component

This Agreement is entered into by SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, hereinafter called VALLEY DISTRICT, and BOARD OF WATER COMMISSIONERS OF THE CITY OF SAN BERNARDINO, hereinafter called BOARD.

RECITALS

- 1. On April 17, 1969, judgment was entered in Case No. 78426 in Superior Court of Riverside County, hereinafter called the Western Judgment.
- 2. VALLEY DISTRICT was a defendant and the City of Riverside was a plaintiff in the Western Judgment. BOARD was a defendant in the original action in the Western Case, but was dismissed under the terms of the Western Judgment.
- 3. Paragraph VI(b)6 allows VALLEY DISTRICT and Western Municipal Water District of Riverside County to make an agreement to allow extractions for export above those set forth in the Western Judgment. Said agreement is shown in EXHIBIT B.
- 4. BOARD may produce water for the City of Riverside pursuant to the agreement shown in EXHIBIT A.

5. The terms of said agreement provide for payment by the City of Riverside to BOARD of a VALLEY DISTRICT water cost component on groundwater produced for the City of Riverside in excess of the City of Riverside's adjusted right under the Western Judgment.

AGREEMENTS

The Parties hereby agree between and among themselves individually and collectively as follows:

- 1. All funds received by BOARD from the City of Riverside in payment of the VALLEY DISTRICT water cost component shall be paid to VALLEY DISTRICT within 15 days of their receipt.
- 2. This Agreement may be amended with mutual consent of the parties in writing.
- 3. The term of this Agreement shall be ten years and will continue on an annual basis thereafter so long as the "Agreement Regarding Additional Groundwater Production from the Artesian Zone of the San Bernardino Basin Area for the City of Riverside" shown in EXHIBIT A is in effect.

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4. This Agreement is not in effect at such times as the agreement between Western Municipal Water District of Riverside County and VALLEY DISTRICT shown in EXHIBIT B allowing additional extractions of water from the San Bernardino Basin Area is not in effect.

IN WITNESS HEREOF, the Parties have caused this Agreement Regarding Disposition of Funds Collected from the City of Riverside as VALLEY DISTRICT Water Cost Component to be entered into.

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SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

Dated: December 22, 1981

Attest_(Secretary

> BOARD OF WATER COMMISSIONERS OF THE CITY OF SAN BERNARDINO

By <u>Navgaret Y. Chandler</u>
its President
est <u>Account Chandler</u>

Dated: December 22, 1981

AGREEMENT REGARDING ADDITIONAL GROUNDWATER PRODUCTION

FROM THE ARTESIAN ZONE OF THE SAN BERNARDINO BASIN AREA

FOR THE CITY OF RIVERSIDE

AMONG

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

AND

BOARD OF WATER COMMISSIONERS
OF THE CITY OF SAN BERNARDINO

AND

CITY OF RIVERSIDE

AGREEMENT

Regarding Additional Groundwater Production from the Artesian Zone of the San Bernardino Basin Area for the City of Riverside

This Agreement is entered into by SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, hereinafter called VALLEY DISTRICT, BOARD OF WATER COMMISSIONERS OF THE CITY OF SAN BERNARDINO, hereinafter called BOARD, and CITY OF RIVERSIDE, hereinafter called RIVERSIDE.

RECITALS

- 1. On April 17, 1969, judgment was entered in Case No. 78426 in Superior Court of Riverside County, hereinafter called the Western Judgment.
- 2. VALLEY DISTRICT was a defendant and RIVERSIDE was a plaintiff in the Western Judgment. BOARD was a defendant in the original action in the Western Case, but was dismissed under the terms of the Western Judgment.
- 3. Paragraph VI(b)6 allows VALLEY DISTRICT and Western Municipal Water District of Riverside County to make an agreement to allow extractions for export above those set forth in the Western Judgment. Said agreement is shown in EXHIBIT C.
- 4. BOARD produces groundwater from the San Bernardino Basin Area for use by the inhabitants and citizens of the City of San Bernardino.

- 5. RIVERSIDE also produces groundwater from the San Bernardino Basin Area, which basin area is situated within the boundaries of VALLEY DISTRICT, and exports that water to Riverside County for use there. The Western Judgment limits the amount of water that can be exported from the San Bernardino Basin Area by RIVERSIDE.
- 6. RIVERSIDE is interested in producing and exporting additional quantities of groundwater from the San Bernardino Basin Area over and above those amounts set forth and allowed in the Western Judgment.
- 7. The Western Judgment requires VALLEY DISTRICT to provide imported water for replenishment of the San Bernardino Basin Area in amounts equal to the amount that extractions by local producers exceed certain allowed amounts.
- 8. The parties have determined that it is in the public interest that pumping from the San Bernardino Basin Area should be increased in the interest of sound water resources management. The parties therefore desire to enter into the following agreement pursuant to the aforesaid provision of the Western Judgment to provide for increased pumping and exportation of groundwater.

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- 9. The Parties hereto, based upon extensive studies of the San Bernardino Basin Area, have determined that additional export to RIVERSIDE will help to reduce pressure in the artesian zone of the San Bernardino Basin Area which, in turn, will reduce rising water conditions, thus alleviating the problems in the artesian zone.
- 10. BOARD has water-producing facilities located in the artesian zone and situated adjacent to RIVERSIDE transmission lines.
- 11. It is the intent of BOARD to construct an inter-connection with RIVERSIDE pipelines. This inter-connection and the operation thereof will be provided for in an additional agreement between RIVERSIDE and BOARD.
- 12. Additional groundwater may be produced for RIVERSIDE from BOARD facilities and delivered into RIVERSIDE pipelines; also, additional groundwater may be produced from RIVERSIDE wells.

AGREEMENTS

The Parties hereby agree between and among themselves individually and collectively as follows:

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- 1. This Agreement is made pursuant to the "Agreement Regarding Additional Extractions from the San Bernardino Basin Area" shown in EXHIBIT C between VALLEY DISTRICT and the Western Municipal Water District of Riverside County and each of the parties hereto shall be bound by all of the terms thereof.
- 2. None of the Parties will ever claim or allege that additional or new rights, or any continuing right, to export water from the San Bernardino Basin Area accrues as to water produced and delivered under this and the other supplemental agreements.
- 3. Additional extractions of export groundwater may result in the lowering of groundwater levels to the extent that local producers are caused unreasonable production costs. Three wells have been selected to monitor groundwater levels in the affected area. These wells are designated to be:

Well Name	State Well	Minimum Water	Ground Surface
	Number	Level	Elevation
A.R. Trailer Court	1S4W11H01	980 feet MSL	1051 feet MSL
Mecham	1N4W35L02	965 feet MSL	1129 feet MSL
Mill & D Street	1S4W10N06	955 feet MSL	1001 feet MSL

For 2 out of 3 of the listed wells the average yearly water level based upon the monthly averages for each well shall not

fall below the minimums listed. Additionally the current 3 year average drop in water level for 2 out of 3 of the listed wells shall not exceed 10 feet per year. In the event that the yearly average water level for 2 out of 3 of the listed wells is below the minimum or the average drop in water level exceeds 10 feet per year in 2 out of 3 of the wells RIVERSIDE will export no water above its adjusted right during the following calendar year. Additional extractions may be resumed in a subsequent calendar year if in a calendar year in which additional extractions are suspended there is no violation of the criteria set forth above. The limitations in this paragraph shall be in addition to those in paragraph 5.

- 4. VALLEY DISTRICT shall be responsible for all accounting required and for the overseeing and enforcement of the terms of this Agreement.
- 5. The annual quantity of additional groundwater extractions for export by RIVERSIDE shall be limited as provided in the agreement between the VALLEY DISTRICT and Western Municipal Water District of Riverside County.
- 6. All parties extracting groundwater for export by RIVERSIDE shall report to VALLEY DISTRICT the amount of such extractions by the 15th of each month for the previous month.

- 7. Each month RIVERSIDE will pay on the previous month's production to BOARD for:
 - a) Groundwater produced from RIVERSIDE wells:

VALLEY DISTRICT water cost component per Exhibit A for all groundwater produced for RIVERSIDE in excess of RIVERSIDE's adjusted right under the Western Judgment.

and

b) Groundwater produced from BOARD wells:

BOARD water cost component per Exhibit B for all groundwater produced for RIVERSIDE.

plus

VALLEY DISTRICT water cost component per Exhibit A for all groundwater produced for RIVERSIDE in excess of RIVERSIDE's adjusted right under the Western Judgment.

8. RIVERSIDE shall obtain separate recordation numbers from the Division of Water Rights of the State Water Resources Control Board for any BOARD wells which are to be used in its behalf and shall report any additional extractions made therefrom under such designation.

- 9. If any necessary consent to this Agreement from any government agency is denied, or cannot be obtained, this Agreement shall be of no further force and effect. This Agreement shall not be construed as a contract to supply State Water Project water.
- 10. Excepting only RIVERSIDE the parties executing this Agreement agree also to execute a separate agreement shown in EXHIBIT D regarding disposition of all funds received from RIVERSIDE in payment of the VALLEY DISTRICT water cost component.
- 11. All parties to this Agreement making additional extractions of groundwater from the San Bernardino Basin Area under this Agreement shall make such additional extractions from wells pumping from the artesian zone of the San Bernardino Basin Area.
- 12. This Agreement may be amended with mutual consent of the parties in writing.
- 13. The term of this Agreement shall be ten years and will continue on an annual basis thereafter unless terminated as to one party upon written notice to the other parties six months prior to the end of the current term. Any termination by VALLEY DISTRICT or RIVERSIDE, shall be effective as to all parties.

14. This Agreement is not in effect at such times as the agreement between Western Municipal Water District of Riverside County and VALLEY DISTRICT shown in EXHIBIT C allowing additional extractions of water from the San Bernardino Basin Area is not in effect.

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IN WITNESS HEREOF, the Parties have caused this Agreement
Regarding Additional Groundwater Production from the Artesian
Zone of the San Bernardino Basin Area for the City of Riverside
to be entered into.

Dated: December 22, 1981	SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT By its President Attest Secretary
Dated: December 22, 1981	BOARD OF WATER COMMISSIONERS OF THE CITY OF SAN BERNARDING By Margaret H. Chandler its President Attest Account Mission, its Secretary
Dated: <u> </u>	CITY OF RIVERSIDE, a municipal corporation By its Mayor Attest its City Clerk / / AFPROVED AS TO FORM

EXHIBIT A

VALLEY DISTRICT Water Cost Component

The VALLEY DISTRICT Water Cost Component per acre-foot of additional groundwater extractions shall be as established by the VALLEY DISTRICT Board of Directors on or before December 31 for the following calendar year and shall not exceed a cost established by the following equation:

Cost per acre-foot = E + S + C + M

- E = The variable operation, maintenance, power, and replacement component of the Department of Water Resources

 Transportation Charge per acre-foot* incurred by VALLEY DISTRICT.
- S = Direct spreading costs per acre-foot, determined to be \$3.00 per acre-foot on 1/ 1/81 escalated annually by the consumer price index**.
- C = Dollar amount equal to power generation credit per acre-foot from Devil Canyon power generation plant.
- M = VALLEY DISTRICT 0 & M costs per acre-foot transported,
 determined to be \$2.00 per acre-foot on 1/ 1/81 escalated
 annually by the consumer price index**.

*As defined in Section 26 of the contract between the State of California Department of Water Resources and the San Bernardino Valley Municipal Water District for a Water Supply, dated December 30, 1960, and all amendments thereto, heretofore or hereafter concluded.

**The consumer price index used shall be the consumer price index for all urban consumers for the Los Angeles metropolitan area using 1967 as the base year. Escalation shall be computed on the basis of the consumer price index for the most recently available month at the time the VALLEY DISTRICT water cost component is established compared with the index for January 1981.

The VALLEY DISTRICT water cost component for calendar year 1981 is agreed to be \$25.41 per acre-foot.

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EXHIBIT B

BOARD Water Cost Component

BOARD's operation, maintenance and repair costs for production facilities are to be obtained from the actual experience of BOARD as shown in BOARD's Annual Audit Report. The figure used shall be the previous year's costs and expressed in dollars per acre-foot of groundwater produced.

The power cost shall be estimated individually for each well from the most recent test performed by the Southern California Edison Company with allowance made for anticipated change in the power rate. An adjustment shall be made at the end of the fiscal year to reflect the actual power cost for the year. All computations for power charges shall be made available to RIVERSIDE for audit at the end of each fiscal year. The fiscal year shall be from July 1, to June 30, of each year.

The initial charges for O.M.P.&R. are derived from the Audit Report of June 30, 1981. They are:

O.M. & R. = \$0.009/Hundred Cubic Feet

Power (with 10% Escalation) = \$0.100/Hundred Cubic Feet

Total = \$0.109/Hundred Cubic Feet

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Additional Groundwater Production Agreement

EXHIBIT C

Executed copy of Additional Extraction Agreement

Additional Groundwater Production Agreement

EXHIBIT D

Executed copy of Disposition of Funds Agreement

AGREEMENT REGARDING ADDITIONAL EXTRACTIONS FROM THE SAN BERNARDINO BASIN AREA

BETWEEN

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

AND

WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY

AGREEMENT Regarding Additional Extractions from the San Bernardino Basin Area

This Agreement is entered into between SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, hereinafter called VALLEY DISTRICT, and WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY, hereinafter called WESTERN.

RECITALS

- 1. Groundwater levels in the San Bernardino Basin Area have recently risen to near historical high levels and are close to conditions that existed in 1944 and 1945. These higher groundwater levels have restored pressure to the artesian zone of the San Bernardino Basin Area, and flowing wells and rising water are occurring. This condition has already caused damage to buildings and structures in the artesian zone, and it is anticipated that, if the condition continues, additional damage may result.
- 2. WESTERN and VALLEY DISTRICT are parties to the judgment entered April 17, 1969, in Western Municipal Water District of Riverside County vs. East San Bernardino County Water District, et al., Riverside Superior Court No. 78426 (herein sometimes referred to as the "Western Judgment"). Among other provisions, said Judgment limits the amount of water that can be exported from the San Bernardino Basin Area. However, paragraph VI(b)6 of the Western Judgment allows VALLEY DISTRICT and WESTERN to enter into agreements for additional extractions as provided therein.

3. The parties have determined that there is an existing temporary surplus natural groundwater supply in the artesian zone of the San Bernardino Basin Area, and that it is in the public interest that extractions of such supply from the San Bernardino Basin Area should be increased in the interest of sound water resources management. The parties therefore desire to enter into the following agreement pursuant to the aforesaid provision of the Western Judgment to provide for increased extraction and exportation of water.

AGREEMENTS

NOW THEREFORE IT IS AGREED by and between the parties hereto as follows:

1. Pursuant to the provisions of the Western Judgment the parties hereto agree that additional extractions may be made from the San Bernardino Basin Area as defined in said Judgment and exported to the City of Riverside for use in Riverside County in amounts not to exceed the amounts specified herein. Such additional extractions may be made through pumping by the City of Riverside or by pumping other San Bernardino Basin Area producers' wells for the City of Riverside.

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- 2. The annual quantity of additional extractions by or on behalf of the City of Riverside authorized by paragraph 1 shall be limited to 10,000 acre-feet, or such lesser amount as would not impose a replenishment obligation on VALLEY DISTRICT under paragraph VI(c) of the Western Judgment if such additional extractions were charged against the replenishment obligation and if such replenishment obligation were computed without regard to (1) credits for replenishment made with imported water or (2) excess exports to the Chino Basin. The additional extractions will not require replenishment with imported water.
- This Agreement is not intended to alter the rights of any 3. person or entity or create new rights to pump or extract groundwater from the San Bernardino Basin Area, and neither of the parties, nor anyone making extractions pursuant hereto, will ever claim or allege that additional or new rights, or any continuing right, to export water from the San Bernardino Basin Area accrue as to water extracted and delivered under this and other supplemental agreements. Nothing herein shall affect the right of any party to seek redetermination of the safe yield under the Western Judgment; provided that, the provisions of this Agreement and the effect of any additional extractions made under it shall be taken into account in connection therewith. Nothing in this Agreement shall affect rights to water imported from the State Water Project.

- 4. Payment to VALLEY DISTRICT for additional extractions permitted by this Agreement will be made in accordance with the terms and conditions of agreements supplemental to this Agreement among VALLEY DISTRICT, City of Riverside, and other San Bernardino Basin Area producers.
- 5. Additional extractions made by San Bernardino Basin Area producers other than the City of Riverside for the City of Riverside will be reported to the Division of Water Rights of the State Water Resources Control Board by the City of Riverside and will be recorded in Volume 1A (Production by Plaintiffs) of the annual report of the Western Watermaster under the name of the City of Riverside.

The amount of additional extractions is hereby determined to be the amount by which the annual extractions by or for the City of Riverside exceed its adjusted rights under the Western Judgment. For purposes of determining compliance by the City of Riverside with the Western Judgment, VALLEY DISTRICT shall certify to the Watermaster the amount of the additional extractions which have been paid for hereunder, and such additional extractions as determined by the Watermaster shall be excluded from computations to determine compliance with the Western Judgment.

- 6. Section X of the Western Judgment requires replenishment for new export to areas not tributary to Riverside Narrows. For the purposes of the Western Watermaster's annual calculation of water used in areas not tributary to Riverside Narrows, the amount of water purchased hereunder shall be treated as a source of water to the nontributary area in the same manner as water produced from wells in the nontributary area.
- 7. This Agreement shall not be construed as a contract to supply water obtained from the State Water Project.
- 8. This Agreement may be amended with mutual consent of the parties in writing.
- 9. The term of this Agreement shall be ten years and will continue on an annual basis thereafter unless terminated by either party upon written notice to the other party six months prior to the end of the current term.

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IN WITNESS HEREOF, the Parties have caused this Agreement Regarding Additional Extractions from the San Bernardino Basin Area to be entered into.

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

By Le Roy Holmes

Dated: December 22, 1981

its Secretary

WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY

Dated: December 22, 1981

Attest MM

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its Secretary