

**2013 AGREEMENT REGARDING ADDITIONAL EXTRACTIONS
OF NEW CONSERVATION WATER**

FROM THE SAN BERNARDINO BASIN AREA

BETWEEN

WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY

AND

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

**2013 AGREEMENT REGARDING ADDITIONAL EXTRACTIONS
OF NEW CONSERVATION WATER
FROM THE SAN BERNARDINO BASIN AREA**

This Agreement is entered into between San Bernardino Valley Municipal Water District (“Valley District”) and Western Municipal Water District of Riverside County (“Western”) on July 17, 2013.

RECITALS

A. Western and Valley District are parties to the Judgment in the case of *Western Municipal Water District of Riverside County v. East San Bernardino County Water District, et al.*, Riverside Superior Court No. 78426 (“Western Judgment” or “Judgment”).

B. The Judgment is administered and enforced by a Watermaster, consisting of a committee of two persons, one representative nominated by Valley District, and one by Western.

C. The Judgment further implements the physical solution in the related Orange County Water District action, as well as determines the rights of the named Plaintiffs to extract water from the San Bernardino Basin Area (“SBBA”), and provide replenishment of the area above Riverside Narrows. Among other provisions, the Judgment provides that the annual “adjusted right” of each Plaintiff to extract and export water from the SBBA is the sum of (a) its base right, which was adjusted based on a determination of safe yield and is currently expressed as a percentage of safe yield; and (b) an equal percentage of any new conservation, provided the conditions described in the Judgment are met. Similarly, the Judgment provides that Valley District shall provide imported water for replenishment of the SBBA at least equal to the amount by which extractions in any five year period exceed the 1959-1963 “base period” extractions (such amount was reduced based on a determination of safe yield and may be increased by the amount of any new conservation).

D. “New Conservation” is defined in the Judgment as “[a]ny increase in replenishment from natural precipitation which results from operation of works and facilities not now in existence, other than those works installed and operations which may be initiated to offset losses caused by increased flood control channelization.”

E. The Seven Oaks Dam is a component of the Santa Ana River Mainstem Project and was originally conceived as a way to address anticipated flooding on the Santa Ana River. In addition to providing flood control benefits and related incidental water conservation, Western and Valley District wished to formally include water conservation as an element of the facility. In 1991, Western and Valley District jointly filed an application to appropriate water conserved as part of the Seven Oaks project. The State Water Resources Control Board approved the application and issued permits to Western and Valley District in 2010.

F. Construction on the Dam began in the mid 1990s. Western, Valley District and Plaintiffs in the above-referenced action agreed to a methodology for participation in the project and a cost sharing formula pursuant to Paragraph VI(b)2 of the Judgment. Based on the cost sharing formula, Western, Valley District and Plaintiffs entered cost sharing agreements to study the feasibility of water conservation and to fund the physical improvements necessary to achieve water conservation in connection with the operation of the Dam.

G. The acquisition of the water rights permit and the related infrastructure improvements allow Western and Valley District to fully utilize water conserved by the project for replenishment of the SBBA.

H. As part of the 1991-2010 water rights permitting process, Western and Valley District developed models and other analytical tools to forecast hydrology and calculate water conservation. Over the last 2 years, a collaborative group of stakeholders has been meeting to further develop the models and procedures necessary to forecast long-term average New Conservation.

I. In addition to utilizing the recently-developed models and analytical tools to project future long-term average New Conservation, Watermaster has utilized the models and analytical tools to calculate the amount of New Conservation that occurred from 1998 through 2012. Watermaster was previously unable to calculate such New Conservation because the models and analytical tools were still being developed.

J. Consistent with the Judgment and cost-sharing agreements, Plaintiffs have paid their proportionate share of New Conservation-related costs through December 31, 2012 and are therefore entitled to the benefits associated with their allocated share of New Conservation that occurred from 1998 through 2012 due to operation of the Dam.

K. The Judgment does not provide a mechanism by which to allocate New Conservation retroactively. However, Paragraph VI(b)6 of the Judgment provides that Western and Valley District may enter into agreements providing for additional extractions from the SBBA. Western and Valley District have utilized Paragraph VI(b)6 in the past to allow additional extractions from the SBBA.

L. In addition, Western, Valley District and the City of Riverside are parties to an "Agreement Relating to the Diversion of Water from the Santa Ana River System" ("Diversion Agreement") dated March 20, 2007, wherein the parties acknowledge that water conservation in the SBBA associated with the operation of Seven Oaks Dam may cause adverse impacts on the Riverside Basin. The parties agreed that one method of mitigating such adverse impacts was to provide for additional Plaintiff extractions in the SBBA in an amount equal to the amount of replenishment in the SBBA that would have occurred in the Riverside Basin in the absence of the Seven Oaks Project, in exchange for a like amount of reduction in extractions in the Riverside Basin near the key wells used to measure Valley District's compliance with the Judgment objectives

M. Parties to the Diversion Agreement also agreed to implement an accounting methodology under the Western Judgment that will allow Plaintiffs to fully utilize their water

rights in the SBBA. In conjunction with this Agreement, the full use of such water rights could be facilitated by amending the August 18, 2004 Paragraph VI(b)6 agreement entitled “Western Replenishment and Extraction Agreement” which would allow Plaintiffs, in any year in which their entitlement was not fully used, to return any amount of water up to the amount of imported water previously acquired from Western.

N. The primary purpose of this Agreement is to provide for additional extractions of water from the SBBA by Plaintiffs and users within Valley District without replenishment by Valley District in amounts equal to the amount of New Conservation determined by Watermaster to have occurred from 1998 through 2012 due to operation of the Dam. As to future New Conservation associated with the operation of the Dam, Watermaster will utilize Paragraph VI(b)1, VI(b)2, and VI(c) to account for such New Conservation, as provided herein. In addition, another purpose of this Agreement is to ensure implementation of specific provisions of the 2007 Diversion Agreement related to New Conservation, as referenced in Recitals L and M, above.

O. Although the Judgment does not require court approval of Paragraph VI(b)6 agreements, the parties have historically sought court approval of such agreements.

NOW, THEREFORE, in consideration of the mutual covenants of the parties, and based upon the recitals above, IT IS HEREBY AGREED TO AS FOLLOWS:

1. Definition of Additional Extractions. As used herein, the term “additional extractions” means any extraction of water by Plaintiffs in the above-referenced action in excess of the amounts permitted by the Judgment; with respect to entities other than Plaintiffs in such action, the term means any extractions in excess of the total amount of water that can be produced from the SBBA without any replenishment obligation. No replenishment obligations shall be incurred on account of any additional extractions made pursuant to this Agreement.

2. Amount of Additional Extractions. Watermaster has determined that the total quantity of New Conservation resulting from operation of the Seven Oaks Dam for the period of 1998 through 2012 is 42,840 acre-feet. Consistent with the Judgment, such amount may be extracted by Plaintiffs and non-plaintiff entities producing water within the SBBA as additional extractions pursuant to this Agreement.

3. Allocation of Additional Extractions to Plaintiffs. Plaintiffs may make additional extractions from the SBBA for use within Western in any future year in the aggregate amount of 11,974 AF, or 27.95% of the 1998-2012 New Conservation water. Such amount shall be allocated among individual Plaintiffs as follows:

| | | |
|----|-------------------------------------|----------|
| a. | City of Riverside | 9,635 AF |
| b. | Meeks and Daley Water Co. | 1,448 AF |
| c. | Riverside Highland Water Co. | 793 AF |
| d. | Regents of University of California | 98 AF |

Such individual allocations are in proportion to Plaintiffs' respective shares of the safe yield of the SBBA.

4. Allocation of Additional Extractions to Other Entities. Entities in San Bernardino County other than Plaintiffs who produce water within the SBBA may make additional extractions from the SBBA in any future year in the amount of 30,866 AF, or 72.05% of the 1998-2012 New Conservation water.

5. Periodic Changes in Paragraph VI(b) and VI(c) Allowable Extractions. Periodically Watermaster shall consider making changes in:

(a) the portion of Plaintiffs' "adjusted right" related to New Conservation determined pursuant to Paragraph VI(b); and

(b) the New Conservation to which users in Valley District are entitled pursuant to Paragraph VI(c).

Such periodic consideration and any resulting changes shall be made to ensure that over a long-term period, equal to or greater than the number of years used to forecast the average amount of New Conservation, the amount of New Conservation allowed to be extracted is the same as it would have been if the New Conservation had been made available to Plaintiffs and users within Valley District each year in amounts equal to the actual amount of conserved water that is replenished. Any change shall be made prospectively in order to ensure that such change does not result in a change or reconciliation of a prior year "adjusted right" for Plaintiffs or an amount of New Conservation available for use by users within Valley District.

Periodic consideration of changes in the allowable extractions related to New Conservation shall occur for the duration of the forecast period at intervals of not less than five years nor more than ten years. The periodic consideration of change in the long-term average increase in allowable extractions related to New Conservation shall account for physical improvements in storage, diversion or recharge capability that may result in an increase in the forecast of the long-term average amount of New Conservation; and prospectively account for changes in the long-term forecast that arise from annual determinations of actual New Conservation and/or improvements in the data base and the analytical tools and procedures used to forecast New Conservation.

6. Paragraph VI(b) Service Area Delivery Limitations. The service area delivery limitations provided in Paragraphs V and VI of the Western Judgment shall not apply to New Conservation.

7. Assignment. Any Plaintiff may assign all or a portion of that Plaintiff's right to make additional extractions, as provided in Paragraph 3 herein, to any other Plaintiff.

8. Potential Reductions in Additional Extractions. If at any time prior to the extraction of all additional extractions pursuant to this Agreement Watermaster determines that New Conservation that occurred from 1998-2012 is causing a decrease in the natural safe yield of the SBBA by increasing subsurface outflow or rejecting native recharge that would have

occurred in the absence of Seven Oaks Dam, then Watermaster shall reduce the then-remaining amount of additional extractions provided for in Paragraph 2 and the subsequent amounts allocated to Plaintiffs and Valley District in Paragraphs 3 and 4 by an amount equal to the increase in subsurface outflow or rejected native recharge.

9. Annual Reports. Watermaster shall exclude any additional extractions under this Agreement from extractions in the Annual Report Tables 3A through 3D showing extractions by Plaintiffs. Watermaster shall also exclude additional extractions by entities other than Plaintiffs from the determination of extractions in Table 2 of the Annual Report.

10. Riverside Basin Mitigation Account. Any amount of replenishment in the SBBA resulting from the operation of Seven Oaks Dam and related diversion and spreading facilities that, in the absence of such operation, would have been replenished in the Riverside Basin, shall not be considered New Conservation and shall not be allocated for use by Plaintiffs and users within Valley District and shall instead be included in a Riverside Basin Mitigation Account. Watermaster shall maintain a record of the amount of water in the Riverside Basin Mitigation Account. Western shall maintain in force an agreement with the City of Riverside that provides for the City to increase extractions from its wells in the SBBA by a specified amount and reduce extractions from its Flume Tract wells in the Riverside Basin by the same amount. The agreement shall provide that such change in the location of extractions is subject to the following:

(a) Western and Valley District will jointly determine the specified amount of the change in extractions and the time period for such change; and

(b) The City of Riverside will change the location of extractions as determined by Western and Valley District unless Riverside is unable to do so because of physical or prior contractual constraints.

Watermaster shall account for the required extractions from the SBBA as additional extractions pursuant to Section 9 of this agreement and shall include the amount of the additional SBBA extractions as an extraction by the City of Riverside from Riverside North in the Annual Report Table 5.

11. Amendment to the Paragraph VI(b)6 Western Replenishment and Extraction Agreement. Paragraph 5 of the “Western Replenishment and Extraction Agreement” dated August 18, 2004 is hereby amended to also provide that, “Any Plaintiff at its option may assign and transfer to Western an amount of water equal to its unused water right in the SBBA in any year provided the aggregate amount of such transfers may not exceed the Plaintiffs aggregate amount of previously transferred right to extract imported water pursuant to this paragraph.”

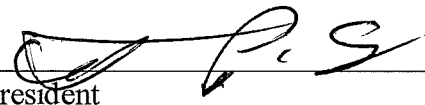
SAN BERNARDINO VALLEY MUNICIPAL
WATER DISTRICT

Date: July 16, 2013

By: 
President

By: Ed Klger
Secretary

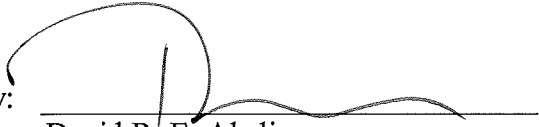
WESTERN MUNICIPAL WATER
DISTRICT OF RIVERSIDE COUNTY

By: 
President

By: Debra D. Monte
Secretary

APPROVED AS TO FORM:

By: 
Jill N. Willis
Best Best & Krieger

By: 
David R. E. Aladjem
Downey Brand LLP

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5 Attorneys for Plaintiff
Western Municipal Water District of Riverside
6 County

EXEMPT FROM FILING FEES PURSUANT TO
GOVERNMENT CODE SECTION 6013

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8 3750 University Ave., 6th Floor
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9 Attorneys for Defendant
San Bernardino Valley Municipal Water District

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 COUNTY OF RIVERSIDE

13 WESTERN MUNICIPAL WATER
14 DISTRICT OF RIVERSIDE COUNTY, et
al.,
15 Plaintiffs,
16 v.
17 EAST SAN BERNARDINO COUNTY
18 WATER DISTRICT, et al.,
19 Defendants.

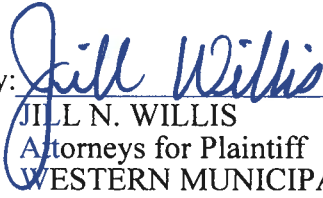
Case No. CIV 78426
Judge: Richard J. Oberholzer

NOTICE OF ENTRY OF ORDER
APPROVING 2013 AGREEMENT
REGARDING ADDITIONAL
EXTRACTIONS OF NEW CONSERVATION
WATER FROM THE SAN BERNARDINO
BASIN AREA

1 NOTICE IS HEREBY GIVEN that on November 19, 2013, the Court entered its Order
2 Approving 2013 Agreement Regarding Additional Extractions of New Conservation Water From
3 the San Bernardino Basin Area, a copy of which is attached as Exhibit "A".
4

5 Dated: November 21, 2013

BEST BEST & KRIEGER LLP

6
7 By: 
8 JILL N. WILLIS
9 Attorneys for Plaintiff
10 WESTERN MUNICIPAL WATER
11 DISTRICT OF RIVERSIDE COUNTY

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EXHIBIT “A”

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Attorneys for Plaintiff
Western Municipal Water District of Riverside
County

BRUCE D. VARNER, Bar No. 033068
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3750 University Ave., 6th Floor
Riverside, California 92501
Attorneys for Defendant
San Bernardino Valley Municipal Water District

EXEMPT FROM FILING FEES PURSUANT TO
GOVERNMENT CODE SECTION 6013

FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF RIVERSIDE

NOV 19 2013

K. Rahlwes

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

WESTERN MUNICIPAL WATER
DISTRICT OF RIVERSIDE COUNTY, et
al.,

Plaintiffs,

v.

EAST SAN BERNARDINO COUNTY
WATER DISTRICT, et al.,

Defendants.

Case No. CIV 78426
Judge: RICHARD J. OBERHOLZER

ORDER APPROVING 2013
AGREEMENT REGARDING ADDITIONAL
EXTRACTIONS OF NEW CONSERVATION
WATER FROM THE SAN BERNARDINO
BASIN AREA

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PROPOSED] ORDER

The motion filed mutually by the Plaintiff, Western Municipal Water District of Riverside County (“Western”) and Defendant, San Bernardino Valley Municipal Water District (“Valley District”), came for hearing before this court on November 19, 2013 at 9:00 a.m. After reviewing the Motion for Order Approving 2013 Agreement Regarding Additional Extractions of New Conservation Water from the San Bernardino Basin Area and supporting papers, and the opposition (if any) thereto, and after providing an opportunity for oral argument at the time of hearing on the Motion, the Court hereby approves the July 17, 2013 Agreement Regarding Additional Extractions of New Conservation Water from the San Bernardino Basin Area as attached hereto in final form as Exhibit “A”.

IT IS ORDERED

RICHARD J. OBERHOLZER

Dated: NOV 19 2013

Judge of the Superior Court

EXHIBIT “A”

**2013 AGREEMENT REGARDING ADDITIONAL EXTRACTIONS
OF NEW CONSERVATION WATER
FROM THE SAN BERNARDINO BASIN AREA
BETWEEN
WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY
AND
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

**2013 AGREEMENT REGARDING ADDITIONAL EXTRACTIONS
OF NEW CONSERVATION WATER
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B. The Judgment is administered and enforced by a Watermaster, consisting of a committee of two persons, one representative nominated by Valley District, and one by Western.

C. The Judgment further implements the physical solution in the related Orange County Water District action, as well as determines the rights of the named Plaintiffs to extract water from the San Bernardino Basin Area ("SBBA"), and provide replenishment of the area above Riverside Narrows. Among other provisions, the Judgment provides that the annual "adjusted right" of each Plaintiff to extract and export water from the SBBA is the sum of (a) its base right, which was adjusted based on a determination of safe yield and is currently expressed as a percentage of safe yield; and (b) an equal percentage of any new conservation, provided the conditions described in the Judgment are met. Similarly, the Judgment provides that Valley District shall provide imported water for replenishment of the SBBA at least equal to the amount by which extractions in any five year period exceed the 1959-1963 "base period" extractions (such amount was reduced based on a determination of safe yield and may be increased by the amount of any new conservation).

D. "New Conservation" is defined in the Judgment as "[a]ny increase in replenishment from natural precipitation which results from operation of works and facilities not now in existence, other than those works installed and operations which may be initiated to offset losses caused by increased flood control channelization."

E. The Seven Oaks Dam is a component of the Santa Ana River Mainstem Project and was originally conceived as a way to address anticipated flooding on the Santa Ana River. In addition to providing flood control benefits and related incidental water conservation, Western and Valley District wished to formally include water conservation as an element of the facility. In 1991, Western and Valley District jointly filed an application to appropriate water conserved as part of the Seven Oaks project. The State Water Resources Control Board approved the application and issued permits to Western and Valley District in 2010.

F. Construction on the Dam began in the mid 1990s. Western, Valley District and Plaintiffs in the above-referenced action agreed to a methodology for participation in the project and a cost sharing formula pursuant to Paragraph VI(b)2 of the Judgment. Based on the cost sharing formula, Western, Valley District and Plaintiffs entered cost sharing agreements to study the feasibility of water conservation and to fund the physical improvements necessary to achieve water conservation in connection with the operation of the Dam.

G. The acquisition of the water rights permit and the related infrastructure improvements allow Western and Valley District to fully utilize water conserved by the project for replenishment of the SBBA.

H. As part of the 1991-2010 water rights permitting process, Western and Valley District developed models and other analytical tools to forecast hydrology and calculate water conservation. Over the last 2 years, a collaborative group of stakeholders has been meeting to further develop the models and procedures necessary to forecast long-term average New Conservation.

I. In addition to utilizing the recently-developed models and analytical tools to project future long-term average New Conservation, Watermaster has utilized the models and analytical tools to calculate the amount of New Conservation that occurred from 1998 through 2012. Watermaster was previously unable to calculate such New Conservation because the models and analytical tools were still being developed.

J. Consistent with the Judgment and cost-sharing agreements, Plaintiffs have paid their proportionate share of New Conservation-related costs through December 31, 2012 and are therefore entitled to the benefits associated with their allocated share of New Conservation that occurred from 1998 through 2012 due to operation of the Dam.

K. The Judgment does not provide a mechanism by which to allocate New Conservation retroactively. However, Paragraph VI(b)6 of the Judgment provides that Western and Valley District may enter into agreements providing for additional extractions from the SBBA. Western and Valley District have utilized Paragraph VI(b)6 in the past to allow additional extractions from the SBBA.

L. In addition, Western, Valley District and the City of Riverside are parties to an "Agreement Relating to the Diversion of Water from the Santa Ana River System" ("Diversion Agreement") dated March 20, 2007, wherein the parties acknowledge that water conservation in the SBBA associated with the operation of Seven Oaks Dam may cause adverse impacts on the Riverside Basin. The parties agreed that one method of mitigating such adverse impacts was to provide for additional Plaintiff extractions in the SBBA in an amount equal to the amount of replenishment in the SBBA that would have occurred in the Riverside Basin in the absence of the Seven Oaks Project, in exchange for a like amount of reduction in extractions in the Riverside Basin near the key wells used to measure Valley District's compliance with the Judgment objectives

M. Parties to the Diversion Agreement also agreed to implement an accounting methodology under the Western Judgment that will allow Plaintiffs to fully utilize their water

rights in the SBBA. In conjunction with this Agreement, the full use of such water rights could be facilitated by amending the August 18, 2004 Paragraph VI(b)6 agreement entitled "Western Replenishment and Extraction Agreement" which would allow Plaintiffs, in any year in which their entitlement was not fully used, to return any amount of water up to the amount of imported water previously acquired from Western.

N. The primary purpose of this Agreement is to provide for additional extractions of water from the SBBA by Plaintiffs and users within Valley District without replenishment by Valley District in amounts equal to the amount of New Conservation determined by Watermaster to have occurred from 1998 through 2012 due to operation of the Dam. As to future New Conservation associated with the operation of the Dam, Watermaster will utilize Paragraph VI(b)1, VI(b)2, and VI(c) to account for such New Conservation, as provided herein. In addition, another purpose of this Agreement is to ensure implementation of specific provisions of the 2007 Diversion Agreement related to New Conservation, as referenced in Recitals L and M, above.

O. Although the Judgment does not require court approval of Paragraph VI(b)6 agreements, the parties have historically sought court approval of such agreements.

NOW, THEREFORE, in consideration of the mutual covenants of the parties, and based upon the recitals above, IT IS HEREBY AGREED TO AS FOLLOWS:

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2. Amount of Additional Extractions. Watermaster has determined that the total quantity of New Conservation resulting from operation of the Seven Oaks Dam for the period of 1998 through 2012 is 42,840 acre-feet. Consistent with the Judgment, such amount may be extracted by Plaintiffs and non-plaintiff entities producing water within the SBBA as additional extractions pursuant to this Agreement.

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(a) the portion of Plaintiffs' "adjusted right" related to New Conservation determined pursuant to Paragraph VI(b); and

(b) the New Conservation to which users in Valley District are entitled pursuant to Paragraph VI(c).

Such periodic consideration and any resulting changes shall be made to ensure that over a long-term period, equal to or greater than the number of years used to forecast the average amount of New Conservation, the amount of New Conservation allowed to be extracted is the same as it would have been if the New Conservation had been made available to Plaintiffs and users within Valley District each year in amounts equal to the actual amount of conserved water that is replenished. Any change shall be made prospectively in order to ensure that such change does not result in a change or reconciliation of a prior year "adjusted right" for Plaintiffs or an amount of New Conservation available for use by users within Valley District.

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6. Paragraph VI(b) Service Area Delivery Limitations. The service area delivery limitations provided in Paragraphs V and VI of the Western Judgment shall not apply to New Conservation.

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8. Potential Reductions in Additional Extractions. If at any time prior to the extraction of all additional extractions pursuant to this Agreement Watermaster determines that New Conservation that occurred from 1998-2012 is causing a decrease in the natural safe yield of the SBBA by increasing subsurface outflow or rejecting native recharge that would have

occurred in the absence of Seven Oaks Dam, then Watermaster shall reduce the then-remaining amount of additional extractions provided for in Paragraph 2 and the subsequent amounts allocated to Plaintiffs and Valley District in Paragraphs 3 and 4 by an amount equal to the increase in subsurface outflow or rejected native recharge.

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11. Amendment to the Paragraph VI(b)6 Western Replenishment and Extraction Agreement. Paragraph 5 of the "Western Replenishment and Extraction Agreement" dated August 18, 2004 is hereby amended to also provide that, "Any Plaintiff at its option may assign and transfer to Western an amount of water equal to its unused water right in the SBBA in any year provided the aggregate amount of such transfers may not exceed the Plaintiffs aggregate amount of previously transferred right to extract imported water pursuant to this paragraph."

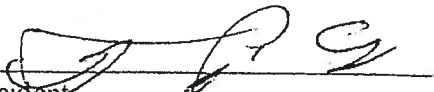
Date: July 16, 2013

SAN BERNARDINO VALLEY MUNICIPAL
WATER DISTRICT

By: 
President

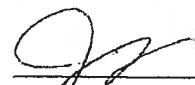
By: 
Secretary


WESTERN MUNICIPAL WATER
DISTRICT OF RIVERSIDE COUNTY

By: 
President

By: 
Secretary

APPROVED AS TO FORM:

By: 
Jill N. Willis
Best Best & Krieger

By: 
David R. E. Aladjem
Downey Brand LLP

PROOF OF SERVICE

At the time of service I was over 18 years of age and not a party to this action. My business address is 3750 University Avenue, Suite 125, P.O. Box 1028, Riverside, California 92502. On November 21, 2013, I served the following document(s):

Notice of Entry of Order Approving 2013 Agreement Regarding Additional Extractions of New Conservation Water from the San Bernardino Basin Area

By fax transmission. Based on an agreement of the parties to accept service by fax transmission, I faxed the documents to the persons at the fax numbers listed below. No error was reported by the fax machine that I used. A copy of the record of the fax transmission, which I printed out, is attached.

By United States mail. I enclosed the documents in a sealed envelope or package addressed to the persons at the addresses listed below (specify one):

Deposited the sealed envelope with the United States Postal Service, with the postage fully prepaid.

Placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with this business's practice for collecting and processing correspondence for mailing. On the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid.

I am a resident or employed in the county where the mailing occurred. The envelope or package was placed in the mail at Riverside, California.

By personal service. At ___ a.m./p.m., I personally delivered the documents to the persons at the addresses listed below. (1) For a party represented by an attorney, delivery was made to the attorney or at the attorney's office by leaving the documents in an envelope or package clearly labeled to identify the attorney being served with a receptionist or an Individual in charge of the office. (2) For a party, delivery was made to the party or by leaving the documents at the party's residence with some person not less than 18 years of age between the hours of eight in the morning and six in the evening.

By messenger service. I served the documents by placing them in an envelope or package addressed to the persons at the addresses listed below and providing them to a professional messenger service for service. A Declaration of Messenger is attached.

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By overnight delivery. I enclosed the documents in an envelope or package provided by an overnight delivery carrier and addressed to the persons at the addresses listed below. I placed the envelope or package for collection and overnight delivery at an office or a regularly utilized drop box of the overnight delivery carrier.

By e-mail or electronic transmission. Based on a court order or an agreement of the parties to accept service by e-mail or electronic transmission, I caused the documents to be sent to the persons at the e-mail addresses listed below. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

| | |
|--|--|
| Gregory P. Priamos, Esq. City of Riverside City Attorney's Office 3900 Main Street Riverside, CA 92522 | Thomas P. Evans Public Utilities Director City of Riverside Riverside Public Utilities Department 3900 Main Street, 4th Floor Riverside, CA 92522 |
|--|--|

| | |
|---|--|
| General Manager Elsinore Valley Municipal Water District 31315 Chaney Street P.O.B. 3000 Lake Elsinore, VA 92531-3000 | John E. Brown, Esq. General Counsel, Elsinore Valley Municipal Water District Best Best & Krieger LLP 2855 E. Guasti Road, Ste. 400 Ontario, CA 91761 |
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|---|---|
| Charles Robinson General Counsel of The Regents Vice President - Legal Affairs University of California 1111 Franklin Street, 8th Floor Oakland, CA 94607-5200 | Don Hough General Manager Riverside Highland Water Company 12374 Michigan St. Grand Terrace, CA |
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|--|--|
| Joe Aklufi Aklufi & Wysocki 3403 Tenth Street Riverside, CA 92501 | Bruce D. Varner Varner & Brandt LLP 3750 University Avenue, 6th Floor Riverside, CA 92501 |
|--|--|

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on November 21, 2013, at Riverside, California.


Lynda A. Byrd

LAW OFFICES OF
BEST BEST & KRIEGER LLP
3390 UNIVERSITY AVENUE, 5TH FLOOR
P.O. BOX 1028
RIVERSIDE, CALIFORNIA 92502

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JILL N. WILLIS, Bar No. 200121
BEST BEST & KRIEGER LLP
3390 University Ave., 5th Floor
P.O. Box 1028
Riverside, California 92502
Telephone: (951) 686-1450
Facsimile: (951) 686-3083

Attorneys for Plaintiff
Western Municipal Water District of Riverside
County

BRUCE D. VARNER, Bar No. 033068
VARNER & BRANDT LLP
3750 University Ave., 6th Floor
Riverside, California 92501
Attorneys for Defendant
San Bernardino Valley Municipal Water District

EXEMPT FROM FILING FEES PURSUANT TO
GOVERNMENT CODE SECTION 6013

FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF RIVERSIDE
OCT 15 2013
C. Constanter

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

WESTERN MUNICIPAL WATER
DISTRICT OF RIVERSIDE COUNTY, et
al.,

Plaintiffs,

v.

EAST SAN BERNARDINO COUNTY
WATER DISTRICT, et al.,

Defendants.

Case No. CIV 78426
Judge:

NOTICE OF MOTION AND MOTION FOR
ORDER APPROVING 2013 AGREEMENT
REGARDING ADDITIONAL
EXTRACTIONS OF NEW CONSERVATION
WATER FROM THE SAN BERNARDINO
BASIN AREA

Hearing Date: November 19, 2013
Time: 9:00 a.m.
Department: 11

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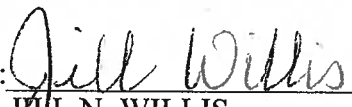
LAW OFFICES OF
BEST BEST & KRIEGER LLP
3390 UNIVERSITY AVENUE, 5TH FLOOR
P.O. BOX 1028
RIVERSIDE, CALIFORNIA 92502

1 TO ALL PARTIES AND THEIR RESPECTIVE ATTORNEYS OF RECORD:
2 NOTICE IS HEREBY GIVEN that on November 19, 2013 at 9:00 a.m., in
3 Department 11, the above-entitled Court, located at 4050 Main Street, Riverside, California, the
4 San Bernardino Valley Municipal Water District ("Valley District") and Western Municipal
5 Water District of Riverside County ("Western") will move this Court, pursuant to its continuing
6 jurisdiction in this case, to issue an order approving the 2013 Agreement Regarding Additional
7 Extractions of New Conservation Water From The San Bernardino Basin Area ("Agreement")
8 between the San Bernardino Valley Municipal Water District ("Valley District") and Western
9 Municipal Water District of Riverside County ("Western") providing for additional extractions
10 from the San Bernardino Basin Area. The Agreement is dated July 17, 2013 and is attached
11 hereto as Exhibit "A."


12 This Motion is made pursuant to the continuing jurisdiction of the Court, and the
13 provisions of the Judgment providing for additional extractions.

14 The Motion will be based on this Notice, the following Points and Authorities, the
15 Declaration of John V. Rossi and Samuel H. Fuller attached as Exhibit "B," all other matters in
16 the Clerk's files herein, and such other evidence or grounds as may be presented at the hearing.

17 Dated: October 15, 2013 BEST BEST & KRIEGER LLP

18
19 By: 
20 JILL N. WILLIS
21 Attorneys for Plaintiff
22 Western Municipal Water District of
23 Riverside County

24 Dated: October 15, 2013 VARNER & BRANDT LLP

25
26 By: 
27 BRUCE D. VARNER
28 Attorney for Defendant
San Bernardino Valley Municipal
Water District

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LAW OFFICES OF
BEST BEST & KRIEGER LLP
3390 UNIVERSITY AVENUE, 5TH FLOOR
P.O. BOX 1028
RIVERSIDE, CALIFORNIA 92502

POINTS AND AUTHORITIES

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1. Water rights adjudications are proper cases for retention of jurisdiction, and the kind of provision reserving jurisdiction in this case have been approved by the California Supreme Court. (*Allen v. California Water Co.* (1946) 20 Cal.2d 466, 488; *City of Los Angeles v. City of Glendale* (1943) 23 Cal.2d 68, 81; *Pasadena v. Alhambra* (1949) 33 Cal.2d 908, 936-937.)

2. The Court in this case has reserved continuing jurisdiction upon the application of any party over matters not specifically set forth in the Judgment which might occur in the future, which would be of benefit to the parties in the utilization of the surface and groundwater supply described in the Judgment, and would not be inconsistent with the respective rights of the parties as established and determined in such Judgment. (Section XIV(a)(8).)

3. "New Conservation" is defined in the Judgment as "[a]ny increase in replenishment from natural precipitation which results from operation of works and facilities not now in existence, other than those works installed and operations which may be initiated to offset losses caused by increased flood control channelization." (Section IV(i).)

4. The Seven Oaks Dam is a component of the Santa Ana River Mainstem Project and was originally conceived as a way to address anticipated flooding on the Santa Ana River. In addition to providing flood control benefits and related incidental water conservation, Western and Valley District wished to formally include water conservation as an element of the facility. In 1991, Western and Valley District jointly filed an application to appropriate water conserved as part of the Seven Oaks project. The State Water Resources Control Board approved the application and issued permits to Western and Valley District in 2010. (Declaration of John V. Rossi and Samuel H. Fuller ["Decl."], ¶ 2.)

5. As part of the 1991-2010 water rights permitting process, Western and Valley District developed models and other analytical tools to forecast hydrology and calculate water conservation. Over the last 2 years, a collaborative group of stakeholders has been meeting to further develop the models and procedures necessary to forecast long-term average New Conservation. (Decl. ¶ 3.)

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6. In addition to utilizing the recently-developed models and analytical tools to project future long-term average New Conservation, Western and Valley District have utilized the models and analytical tools to calculate the amount of New Conservation that occurred from 1998 through 2012. (Decl. ¶ 4.)

7. The Judgment does not provide a mechanism by which to allocate New Conservation retroactively. However, Paragraph VI(b)6 provides that Western and Valley District may enter into agreements providing for additional extractions from the SBBA. Western and Valley District have utilized Paragraph VI(b)6 in the past to allow additional extractions from the SBBA.

8. Watermaster has determined that the total quantity of New Conservation resulting from operation of the Seven Oaks Dam for the period of 1998 through 2012 is 42,840 acre-feet. (Decl. ¶ 5.) Consistent with the Judgment, such amount should be allocated among individual Plaintiffs as follows, in proportion to Plaintiffs' respective shares of the safe yield of the SBBA:

| | |
|-------------------------------------|----------|
| City of Riverside | 9,635 AF |
| Meeks and Daley Water Co. | 1,448 AF |
| Riverside Highland Water Co. | 793 AF |
| Regents of University of California | 98 AF |

(Decl. ¶ 6.)

9. Entities in San Bernardino County other than Plaintiffs who produce water within the SBBA should be permitted to make additional extractions from the SBBA in any future year in the amount of 30,866 AF, or 72.05% of the 1998-2012 New Conservation water, consistent with those parties' shares of safe yield in the SBBA. (Decl. ¶ 7.)

10. The Agreement attached hereto as Exhibit "A" is consistent with the Judgment. Thus, pursuant to the Court's continuing jurisdiction over this matter, Western and Valley District request that the Court approve the Agreement attached hereto as Exhibit "A."

LAW OFFICES OF
BEST BEST & KRIEGER LLP
3390 UNIVERSITY AVENUE, 5TH FLOOR
P.O. BOX 1028
RIVERSIDE, CALIFORNIA 92502

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Dated: October 15, 2013

BEST BEST & KRIEGER LLP

By: Jill Willis
JILL N. WILLIS
Attorneys for Plaintiff
Western Municipal Water District of
Riverside County

Dated: October 15, 2013

VARNER & BRANDT LLP

By: Bruce Varner
BRUCE D. VARNER
Attorney for Defendant
San Bernardino Valley Municipal
Water District

EXHIBIT “A”

**2013 AGREEMENT REGARDING ADDITIONAL EXTRACTIONS
OF NEW CONSERVATION WATER
FROM THE SAN BERNARDINO BASIN AREA
BETWEEN
WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY
AND
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

**2013 AGREEMENT REGARDING ADDITIONAL EXTRACTIONS
OF NEW CONSERVATION WATER
FROM THE SAN BERNARDINO BASIN AREA**

This Agreement is entered into between San Bernardino Valley Municipal Water District ("Valley District") and Western Municipal Water District of Riverside County ("Western") on July 17, 2013.

RECITALS

A. Western and Valley District are parties to the Judgment in the case of *Western Municipal Water District of Riverside County v. East San Bernardino County Water District, et al.*, Riverside Superior Court No. 78426 ("Western Judgment" or "Judgment").

B. The Judgment is administered and enforced by a Watermaster, consisting of a committee of two persons, one representative nominated by Valley District, and one by Western.

C. The Judgment further implements the physical solution in the related Orange County Water District action, as well as determines the rights of the named Plaintiffs to extract water from the San Bernardino Basin Area ("SBBA"), and provide replenishment of the area above Riverside Narrows. Among other provisions, the Judgment provides that the annual "adjusted right" of each Plaintiff to extract and export water from the SBBA is the sum of (a) its base right, which was adjusted based on a determination of safe yield and is currently expressed as a percentage of safe yield; and (b) an equal percentage of any new conservation, provided the conditions described in the Judgment are met. Similarly, the Judgment provides that Valley District shall provide imported water for replenishment of the SBBA at least equal to the amount by which extractions in any five year period exceed the 1959-1963 "base period" extractions (such amount was reduced based on a determination of safe yield and may be increased by the amount of any new conservation).

D. "New Conservation" is defined in the Judgment as "[a]ny increase in replenishment from natural precipitation which results from operation of works and facilities not now in existence, other than those works installed and operations which may be initiated to offset losses caused by increased flood control channelization."

E. The Seven Oaks Dam is a component of the Santa Ana River Mainstem Project and was originally conceived as a way to address anticipated flooding on the Santa Ana River. In addition to providing flood control benefits and related incidental water conservation, Western and Valley District wished to formally include water conservation as an element of the facility. In 1991, Western and Valley District jointly filed an application to appropriate water conserved as part of the Seven Oaks project. The State Water Resources Control Board approved the application and issued permits to Western and Valley District in 2010.

F. Construction on the Dam began in the mid 1990s. Western, Valley District and Plaintiffs in the above-referenced action agreed to a methodology for participation in the project and a cost sharing formula pursuant to Paragraph VI(b)2 of the Judgment. Based on the cost sharing formula, Western, Valley District and Plaintiffs entered cost sharing agreements to study the feasibility of water conservation and to fund the physical improvements necessary to achieve water conservation in connection with the operation of the Dam.

G. The acquisition of the water rights permit and the related infrastructure improvements allow Western and Valley District to fully utilize water conserved by the project for replenishment of the SBBA.

H. As part of the 1991-2010 water rights permitting process, Western and Valley District developed models and other analytical tools to forecast hydrology and calculate water conservation. Over the last 2 years, a collaborative group of stakeholders has been meeting to further develop the models and procedures necessary to forecast long-term average New Conservation.

I. In addition to utilizing the recently-developed models and analytical tools to project future long-term average New Conservation, Watermaster has utilized the models and analytical tools to calculate the amount of New Conservation that occurred from 1998 through 2012. Watermaster was previously unable to calculate such New Conservation because the models and analytical tools were still being developed.

J. Consistent with the Judgment and cost-sharing agreements, Plaintiffs have paid their proportionate share of New Conservation-related costs through December 31, 2012 and are therefore entitled to the benefits associated with their allocated share of New Conservation that occurred from 1998 through 2012 due to operation of the Dam.

K. The Judgment does not provide a mechanism by which to allocate New Conservation retroactively. However, Paragraph VI(b)6 of the Judgment provides that Western and Valley District may enter into agreements providing for additional extractions from the SBBA. Western and Valley District have utilized Paragraph VI(b)6 in the past to allow additional extractions from the SBBA.

L. In addition, Western, Valley District and the City of Riverside are parties to an "Agreement Relating to the Diversion of Water from the Santa Ana River System" ("Diversion Agreement") dated March 20, 2007, wherein the parties acknowledge that water conservation in the SBBA associated with the operation of Seven Oaks Dam may cause adverse impacts on the Riverside Basin. The parties agreed that one method of mitigating such adverse impacts was to provide for additional Plaintiff extractions in the SBBA in an amount equal to the amount of replenishment in the SBBA that would have occurred in the Riverside Basin in the absence of the Seven Oaks Project, in exchange for a like amount of reduction in extractions in the Riverside Basin near the key wells used to measure Valley District's compliance with the Judgment objectives

M. Parties to the Diversion Agreement also agreed to implement an accounting methodology under the Western Judgment that will allow Plaintiffs to fully utilize their water

rights in the SBBA. In conjunction with this Agreement, the full use of such water rights could be facilitated by amending the August 18, 2004 Paragraph VI(b)6 agreement entitled "Western Replenishment and Extraction Agreement" which would allow Plaintiffs, in any year in which their entitlement was not fully used, to return any amount of water up to the amount of imported water previously acquired from Western.

N. The primary purpose of this Agreement is to provide for additional extractions of water from the SBBA by Plaintiffs and users within Valley District without replenishment by Valley District in amounts equal to the amount of New Conservation determined by Watermaster to have occurred from 1998 through 2012 due to operation of the Dam. As to future New Conservation associated with the operation of the Dam, Watermaster will utilize Paragraph VI(b)1, VI(b)2, and VI(c) to account for such New Conservation, as provided herein. In addition, another purpose of this Agreement is to ensure implementation of specific provisions of the 2007 Diversion Agreement related to New Conservation, as referenced in Recitals L and M, above.

O. Although the Judgment does not require court approval of Paragraph VI(b)6 agreements, the parties have historically sought court approval of such agreements.

NOW, THEREFORE, in consideration of the mutual covenants of the parties, and based upon the recitals above, IT IS HEREBY AGREED TO AS FOLLOWS:

1. Definition of Additional Extractions. As used herein, the term "additional extractions" means any extraction of water by Plaintiffs in the above-referenced action in excess of the amounts permitted by the Judgment; with respect to entities other than Plaintiffs in such action, the term means any extractions in excess of the total amount of water that can be produced from the SBBA without any replenishment obligation. No replenishment obligations shall be incurred on account of any additional extractions made pursuant to this Agreement.

2. Amount of Additional Extractions. Watermaster has determined that the total quantity of New Conservation resulting from operation of the Seven Oaks Dam for the period of 1998 through 2012 is 42,840 acre-feet. Consistent with the Judgment, such amount may be extracted by Plaintiffs and non-plaintiff entities producing water within the SBBA as additional extractions pursuant to this Agreement.

3. Allocation of Additional Extractions to Plaintiffs. Plaintiffs may make additional extractions from the SBBA for use within Western in any future year in the aggregate amount of 11,974 AF, or 27.95% of the 1998-2012 New Conservation water. Such amount shall be allocated among individual Plaintiffs as follows:

| | | |
|----|-------------------------------------|----------|
| a. | City of Riverside | 9,635 AF |
| b. | Meeks and Daley Water Co. | 1,448 AF |
| c. | Riverside Highland Water Co. | 793 AF |
| d. | Regents of University of California | 98 AF |

Such individual allocations are in proportion to Plaintiffs' respective shares of the safe yield of the SBBA.

4. Allocation of Additional Extractions to Other Entities. Entities in San Bernardino County other than Plaintiffs who produce water within the SBBA may make additional extractions from the SBBA in any future year in the amount of 30,866 AF, or 72.05% of the 1998-2012 New Conservation water.

5. Periodic Changes in Paragraph VI(b) and VI(c) Allowable Extractions. Periodically Watermaster shall consider making changes in:

(a) the portion of Plaintiffs' "adjusted right" related to New Conservation determined pursuant to Paragraph VI(b); and

(b) the New Conservation to which users in Valley District are entitled pursuant to Paragraph VI(c).

Such periodic consideration and any resulting changes shall be made to ensure that over a long-term period, equal to or greater than the number of years used to forecast the average amount of New Conservation, the amount of New Conservation allowed to be extracted is the same as it would have been if the New Conservation had been made available to Plaintiffs and users within Valley District each year in amounts equal to the actual amount of conserved water that is replenished. Any change shall be made prospectively in order to ensure that such change does not result in a change or reconciliation of a prior year "adjusted right" for Plaintiffs or an amount of New Conservation available for use by users within Valley District.

Periodic consideration of changes in the allowable extractions related to New Conservation shall occur for the duration of the forecast period at intervals of not less than five years nor more than ten years. The periodic consideration of change in the long-term average increase in allowable extractions related to New Conservation shall account for physical improvements in storage, diversion or recharge capability that may result in an increase in the forecast of the long-term average amount of New Conservation; and prospectively account for changes in the long-term forecast that arise from annual determinations of actual New Conservation and/or improvements in the data base and the analytical tools and procedures used to forecast New Conservation.

6. Paragraph VI(b) Service Area Delivery Limitations. The service area delivery limitations provided in Paragraphs V and VI of the Western Judgment shall not apply to New Conservation.

7. Assignment. Any Plaintiff may assign all or a portion of that Plaintiff's right to make additional extractions, as provided in Paragraph 3 herein, to any other Plaintiff.

8. Potential Reductions in Additional Extractions. If at any time prior to the extraction of all additional extractions pursuant to this Agreement Watermaster determines that New Conservation that occurred from 1998-2012 is causing a decrease in the natural safe yield of the SBBA by increasing subsurface outflow or rejecting native recharge that would have

occurred in the absence of Seven Oaks Dam, then Watermaster shall reduce the then-remaining amount of additional extractions provided for in Paragraph 2 and the subsequent amounts allocated to Plaintiffs and Valley District in Paragraphs 3 and 4 by an amount equal to the increase in subsurface outflow or rejected native recharge.

9. Annual Reports. Watermaster shall exclude any additional extractions under this Agreement from extractions in the Annual Report Tables 3A through 3D showing extractions by Plaintiffs. Watermaster shall also exclude additional extractions by entities other than Plaintiffs from the determination of extractions in Table 2 of the Annual Report.

10. Riverside Basin Mitigation Account. Any amount of replenishment in the SBBA resulting from the operation of Seven Oaks Dam and related diversion and spreading facilities that, in the absence of such operation, would have been replenished in the Riverside Basin, shall not be considered New Conservation and shall not be allocated for use by Plaintiffs and users within Valley District and shall instead be included in a Riverside Basin Mitigation Account. Watermaster shall maintain a record of the amount of water in the Riverside Basin Mitigation Account. Western shall maintain in force an agreement with the City of Riverside that provides for the City to increase extractions from its wells in the SBBA by a specified amount and reduce extractions from its Flume Tract wells in the Riverside Basin by the same amount. The agreement shall provide that such change in the location of extractions is subject to the following:

(a) Western and Valley District will jointly determine the specified amount of the change in extractions and the time period for such change; and

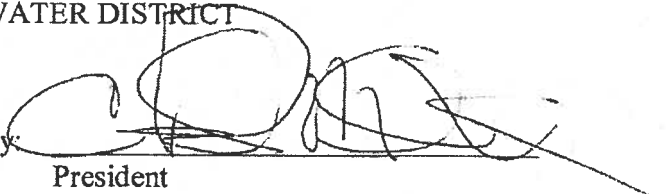
(b) The City of Riverside will change the location of extractions as determined by Western and Valley District unless Riverside is unable to do so because of physical or prior contractual constraints.

Watermaster shall account for the required extractions from the SBBA as additional extractions pursuant to Section 9 of this agreement and shall include the amount of the additional SBBA extractions as an extraction by the City of Riverside from Riverside North in the Annual Report Table 5.

11. Amendment to the Paragraph VI(b)6 Western Replenishment and Extraction Agreement. Paragraph 5 of the "Western Replenishment and Extraction Agreement" dated August 18, 2004 is hereby amended to also provide that, "Any Plaintiff at its option may assign and transfer to Western an amount of water equal to its unused water right in the SBBA in any year provided the aggregate amount of such transfers may not exceed the Plaintiffs aggregate amount of previously transferred right to extract imported water pursuant to this paragraph."

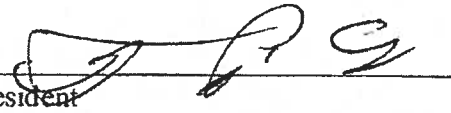
Date: July 16, 2013

SAN BERNARDINO VALLEY MUNICIPAL
WATER DISTRICT

By: 
President

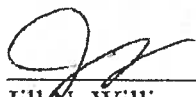
By: 
Secretary

WESTERN MUNICIPAL WATER
DISTRICT OF RIVERSIDE COUNTY

By: 
President

By: 
Secretary

APPROVED AS TO FORM:

By: 
Jill N. Willis
Best Best & Krieger


By: 
David R. E. Aladjem
Downey Brand LLP

EXHIBIT “B”

1 DECLARATION OF JOHN V. ROSSI

2 AND SAMUEL H. FULLER

3 JOHN V. ROSSI and SAMUEL H. FULLER each declare:

4 1. Deponents are the two members of the Committee which acts as the Watermaster
5 to enforce the Judgment in *Western Municipal Water District of Riverside County v. East San*
6 *Bernardino County Water District, et al.*, Riverside Superior Court No. 78426, representing
7 plaintiff Western Municipal Water District of Riverside County ("Western") and defendant San
8 Bernardino Valley Municipal Water District ("San Bernardino Valley").

9 2. The Seven Oaks Dam is a component of the Santa Ana River Mainstem Project
10 and was originally conceived as a way to address anticipated flooding on the Santa Ana River. In
11 addition to providing flood control benefits and related incidental water conservation, Western
12 and San Bernardino Valley wished to formally include water conservation as an element of the
13 facility. In 1991, Western and San Bernardino Valley jointly filed an application to appropriate
14 water conserved as part of the Seven Oaks project. The State Water Resources Control Board
15 approved the application and issued permits to Western and San Bernardino Valley in 2010.

16 3. As part of the 1991-2010 water rights permitting process, Western and San
17 Bernardino Valley developed models and other analytical tools to forecast hydrology and
18 calculate water conservation. Over the last 2 years, a collaborative group of stakeholders has
19 been meeting to further develop the models and procedures necessary to forecast long-term
20 average New Conservation.

21 4. In addition to utilizing the recently-developed models and analytical tools to
22 project future long-term average New Conservation, Western and San Bernardino Valley have
23 utilized the models and analytical tools to calculate the amount of New Conservation that
24 occurred from 1998 through 2012.

25 5. Watermaster has determined that the total quantity of New Conservation resulting
26 from operation of the Seven Oaks Dam for the period of 1998 through 2012 is 42,840 acre-feet.

27 6. Consistent with the Judgment, such amount should be allocated among individual
28 Plaintiffs as follows, in proportion to Plaintiffs' respective shares of the safe yield of the SBBA:

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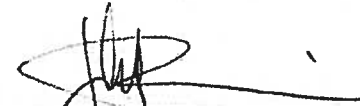
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| City of Riverside | 9,635 AF |
| Meeks and Daley Water Co. | 1,448 AF |
| Riverside Highland Water Co. | 793 AF |
| Regents of University of California | 98 AF |

7. Entities in San Bernardino County other than Plaintiffs who produce water within the SBBA should be permitted to make additional extractions from the SBBA in any future year in the amount of 30,866 AF, or 72.05% of the 1998-2012 New Conservation water, consistent with those parties' shares of safe yield in the SBBA.

8. Each of the deponents hereby declares, under penalty of perjury, that the foregoing is true and correct.

Dated: October 1, 2013



JOHN V. ROSSI

Dated: October 1, 2013



SAMUEL H. FULLER

PROOF OF SERVICE

At the time of service I was over 18 years of age and not a party to this action. My business address is 3750 University Avenue, Suite 125, P.O. Box 1028, Riverside, California 92502. On October 15, 2013, I served the following document(s):

Notice of Motion and Motion for Order Approving 2013 Agreement Regarding Additional Extractions of New Conservation Water from the San Bernardino Basin Area

By fax transmission. Based on an agreement of the parties to accept service by fax transmission, I faxed the documents to the persons at the fax numbers listed below. No error was reported by the fax machine that I used. A copy of the record of the fax transmission, which I printed out, is attached.

By United States mail. I enclosed the documents in a sealed envelope or package addressed to the persons at the addresses listed below (specify one):

Deposited the sealed envelope with the United States Postal Service, with the postage fully prepaid.

Placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with this business's practice for collecting and processing correspondence for mailing. On the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid.

I am a resident or employed in the county where the mailing occurred. The envelope or package was placed in the mail at Riverside, California.

By personal service. At ___ a.m./p.m., I personally delivered the documents to the persons at the addresses listed below. (1) For a party represented by an attorney, delivery was made to the attorney or at the attorney's office by leaving the documents in an envelope or package clearly labeled to identify the attorney being served with a receptionist or an Individual in charge of the office. (2) For a party, delivery was made to the party or by leaving the documents at the party's residence with some person not less than 18 years of age between the hours of eight in the morning and six in the evening.

By messenger service. I served the documents by placing them in an envelope or package addressed to the persons at the addresses listed below and providing them to a professional messenger service for service. A Declaration of Messenger is attached.

LAW OFFICES OF
BEST BEST & KRIEGER LLP
3750 UNIVERSITY AVENUE, SUITE 125
P.O. BOX 1028
RIVERSIDE, CALIFORNIA 92502

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By overnight delivery. I enclosed the documents in an envelope or package provided by an overnight delivery carrier and addressed to the persons at the addresses listed below. I placed the envelope or package for collection and overnight delivery at an office or a regularly utilized drop box of the overnight delivery carrier.

By e-mail or electronic transmission. Based on a court order or an agreement of the parties to accept service by e-mail or electronic transmission, I caused the documents to be sent to the persons at the e-mail addresses listed below. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

Gregory P. Priamos, Esq.
City of Riverside
City Attorney's Office
3900 Main Street
Riverside, CA 92522

Thomas P. Evans
Public Utilities Director
City of Riverside
Riverside Public Utilities Department
3900 Main Street, 4th Floor
Riverside, CA 92522

General Manager
Elsinore Valley Municipal Water District
31315 Chaney Street
P.O.B. 3000
Lake Elsinore, VA 92531-3000

John E. Brown, Esq.
General Counsel, Elsinore Valley Municipal
Water District
Best Best & Krieger LLP
2855 E. Guasti Road, Ste. 400
Ontario, CA 91761

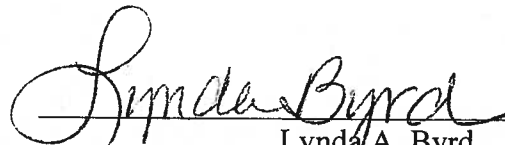
Charles Robinson
General Counsel of The Regents
Vice President - Legal Affairs
University of California
1111 Franklin Street, 8th Floor
Oakland, CA 94607-5200

Don Hough
General Manager
Riverside Highland Water Company
1450 East Washington Street
Colton, CA 92324

Joe Aklufi
Aklufi & Wysocki
3403 Tenth Street
Riverside, CA 92501

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on October 15, 2013, at Riverside, California.


Lynda A. Byrd