

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, CA
Board of Directors Engineering Workshop
Agenda
January 13, 2014 at 1:30 p.m.

1. Call to Order, Flag Salute and Roll Call

2. Public Comment

Members of the public may address the Board at this time concerning items relating to any matter within the Agency's jurisdiction. To comment on specific agenda items, please complete a speaker's request form and hand it to the board secretary.

3. Review Draft Resolution Establishing a Policy for Meeting Future Supplemental Water Demands* (Page 2)

4. Review Draft Ordinance 9, Amending Ordinance 8 Regarding Need Forecasting Procedures* (Page 6)

5. Review Draft Ordinance 10 Establishing a Drought Contingency Policy* (Page 20)

6. Announcements

- A. The office will be closed **Monday**, January 20, 2014 in observance of Martin Luther King, Jr. Day
- B. Regular Board Meeting, **Tuesday**, January 21, 2014 at 1:30 p.m.
- C. Finance and Budget Workshop, January 27, 2014 at 1:30 p.m.

7. Adjournment

*Information included in Agenda Packet

(1) Materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for Public Inspection in the Agency's office at 1210 Beaumont Avenue, Beaumont during normal business hours. (2) Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Agency's office, located at 1210 Beaumont Avenue, Beaumont, California 92223, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Web site, accessible at <http://www.sgpwa.com>. (3) Any person with a disability who requires accommodation in order to participate in this meeting should telephone the Agency (951 845-2577) at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.

DRAFT

RESOLUTION NO. _____

A RESOLUTION OF THE SAN GORGONIO PASS WATER AGENCY ESTABLISHING A POLICY FOR MEETING FUTURE SUPPLEMENTAL WATER DEMANDS

WHEREAS, the San Gorgonio Pass Water Agency ("Agency") is a state water contractor that was formed with the purpose of importing water from the State Water Project ("SWP") into the San Gorgonio Pass area in 1961. The Agency's service area encompasses approximately 228 square miles and includes the Cities of Beaumont, Calimesa, and Banning, as well as the unincorporated areas of Cherry Valley, Cabazon, Poppet Flat, Banning Bench, and San Timoteo and Live Oak Canyons; and

WHEREAS, the mission of the Agency is to import supplemental water and to protect and enhance local water supplies for use by present and future water users and to sell imported water to local water agencies within the Agency's service area. The Agency is able to import supplemental water from sources that provide the highest quality and the most cost effective price, including the SWP and other potential sources. The Agency also works with local retail agencies to manage local and regional water resources in a sustainable manner designed to manage overdraft within the Agency's service area; and

WHEREAS, the Agency has a contract with the California Department of Water Resources for 17,300 acre-feet of SWP water which is used to supplement local demands including eliminating groundwater overdraft. Information and reports obtained by the Agency, including but not limited to the Agency's 2010 Urban Water Management Plan, indicate that said amount of SWP water will likely not be sufficient to meet all future supplemental water demands within the Agency's service area. The Agency has the responsibility to manage the present and future water supply needs for all users within its jurisdiction. Increased demand from new growth and decreasing reliability will continue to present challenges to the Agency's ability to deliver wholesale water on a reliable basis; and

WHEREAS, the Board of Directors of the Agency desires to adopt this Resolution in order to establish a policy which will work toward the goal of meeting future supplemental water demands in the region.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY AS FOLLOWS:

1. Incorporation of Recitals All of the foregoing Recitals are true and correct and the Board so finds and determines. The Recitals set forth above are incorporated herein and made an operative part of this Resolution.

2, Definitions The following definitions shall apply to this Resolution and the policy set forth herein.

(a) Carryover Water - Water belonging to a State Water Contractor that is not used in a given calendar year and thus is carried over to the next year for use in that year or in a future year.

(b) Dry Year Yield Water - Supplemental water made available in a dry year for that year only, typically from a farming interest, irrigation district or other type of agency that provides service to farming interests.

(c) Exchange Water - Water obtained from another water agency in exchange for a promise of water in a future year. An exchange may be a single year exchange or a multi-year exchange, and may be one-to-one exchange or an exchange with a different ratio (for example, two-to one, three-to-two, or three-to-one).

(d) Long-Term Water Rights - Supplemental water owned by another entity which is willing to sell the rights to the water and not just a water supply. A Long-Term Water Right is typically for a period of at least 30 years. Long-Term Water Rights are frequently defined as lasting as long as the State Water Project.

(e) Short-Term Water - Supplemental water available in any given year or for a limited number of years for a defined period only. This water could be from another State Water Contractor, non-State Water Contractor, farming interest, water district, or from other sources.

(f) Spot Water - Supplemental water available in any given year for that year only.

(g) Transfer Water - Water transferred from one water agency to another, typically for multiple years.

(h) Wheeling - The use of the Agency's facilities, including its rights to use SWP facilities, to transport water not owned or controlled by the Agency to any retail agency or other public or private entity within the Agency's service area, in transactions entered into by Agency for a period of up to one year.

2. Regional Water Management

(a) Meeting The Water Supply Needs Of The Region - The Agency is prepared, with its existing governmental powers and its present and projected distribution facilities, to take the necessary actions to provide its service area with adequate supplies of water to meet expanding and increasing needs in the years ahead. As additional water resources are required to meet increasing needs, the Agency will be prepared to take the necessary actions to deliver such supplies.

(b) Funding And Construction Of Facilities - Taxpayers and water users residing within the Agency's service area already have obligated themselves for the construction of a supply and distribution system. This system has been designed and constructed, and future

facilities will be designed and constructed, in a manner that permits orderly and economic extensions and enlargements to deliver the Agency's full share of SWP water, as well as water from other sources as may be required in the years ahead. Establishment of overlapping and paralleling governmental authorities and water distribution facilities to service the area within the Agency's service area would place a wasteful and unnecessary financial burden upon all of the residents within the region.

(c) Acquiring Supplemental Water Supplies – The Agency is prepared to take the necessary actions to meet the water supply needs of the region. For example, and not by way of limitation, the Agency is authorized to pursue the acquisition of Short-Term Water, Spot Water, Dry Year Yield Water, and Long-Term Water Rights. The Board of Directors of the Agency has the discretion to determine the timing and other details of acquiring such supplies, and will also manage the Agency's current supplies to maximum effect, as determined in the Board's direction. In order to meet this commitment, the Agency has the discretion to determine which type of water source to pursue including, but not limited to, Carryover Water, one-year or multi-year Exchange Water, Transfers, or other purchases of water or water rights.

3. Wheeling Service

(a) Consideration Of A Wheeling Request - In the event a retail water agency or other public or private entity within the Agency's service area has acquired its own supplemental water in its own name, the Agency will consider "wheeling" this water to the region subject to the terms of this Resolution, any future wheeling policy adopted by this Board, and upon payment of the applicable charge. Such a request must be in writing and include information as may be required by the General Manager. Once the General Manager determines that a written request is complete, the General Manager shall submit the request to the Board for consideration if the General Manager also determines that there is available system capacity. The determination of whether there is unused capacity in the Agency's system shall be made by the General Manager on a case-by-case basis in response to particular requests for wheeling. The Board will have the ultimate authority, in its discretion, to deny or approve such a request, and impose terms and conditions upon such a request.

(b) Payment Of A Wheeling Rate – The Board has the authority to set a charge for the wheeling service as said charge may be adjusted from time-to-time. The rates for wheeling service, to be set by the Board, shall be set in an amount which is reasonably related to the cost of the wheeling service provided including, for example and not by way of limitation, the cost of power service utilized for delivery of the wheeled water and an administrative fee.

4. Controlling Effect All ordinances, resolutions, minute orders, or administrative actions by the Board of Directors, or parts thereof, that are inconsistent with any provision of this Resolution No. ___ are hereby superseded only to the extent of such inconsistency.

5. CEQA Compliance - The Board finds that the establishment of a policy for meeting future water demands constitutes general policy and procedure making and also constitutes organizational or administrative activities that will not result in direct or indirect physical changes in the environment. Based on this finding, the Board determines that the

establishment of a policy for meeting future water demands, by way of adoption of this Resolution No. __, is exempt from the requirements of the California Environmental Quality Act pursuant to section 15378(b)(2) and (5) of the State CEQA Guidelines.

6. Effective Date - The President of the Board shall sign this Resolution and the Secretary of the Board shall attest thereto, and this Resolution shall be in full force and effect immediately upon adoption.

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

ADOPTED AND APPROVED this _____ day of _____, 2014.

President, Board of Directors
San Geronio Pass Water Agency

ATTEST:

Secretary, Board of Directors
San Geronio Pass Water Agency

**SAN GORGONIO PASS WATER AGENCY
ORDINANCE NO. 9**

**AN ORDINANCE ESTABLISHING AND AMENDING
RULES AND REGULATIONS FOR THE ORDERING OF
SUPPLEMENTAL WATER**

WHEREAS, the San Gorgonio Pass Water Agency (“Agency”) is a State Water Project (“SWP”) Contractor authorized to acquire waterworks, waters, and/or water rights, including but not limited to, water from the State of California from the SWP, and to provide, sell, and deliver that water under the control of the Agency to cities, agencies, districts, persons, corporations or private entities within the Agency (“Retail Agency(ies)”) for use within the service area of the Agency. The Agency is a wholesale water agency organized and operating under the Chapter 101 of the San Gorgonio Pass Water Agency Law set forth in the Water Code Appendix; and

WHEREAS, the Agency is required to order SWP water from the California Department of Water Resources. In order to maximize the utility of these annual orders, and in order to plan deliveries of water to Retail Agencies during all hydrologic conditions, the Agency needs to have an estimate from each Retail Agency as to the amount of water needed by that Retail Agency each year; and

WHEREAS, the Board of Directors previously adopted Ordinance No. 8 which established the “Rules And Regulations For SGPWA Water Service.” The Board desires to adopt this Ordinance No. 9 in order to establish and amend the procedures for submitting and approving annual water orders as said policies are set forth in Article IV of the Rules And Regulations For SGPWA Water Service.

BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY AS FOLLOWS:

Section 1 All of the foregoing Recitals are true and correct and the Board so finds and determines. The Recitals set forth above are incorporated herein and made an operative part of this Ordinance.

Section 2 ARTICLE IV, DELIVERY, Section 4.02 Need Forecasting Procedures of the Rules And Regulations For SGPWA Water Service, is hereby replaced, in its entirety, with the following:

1. Submittal Of SWP Orders For Direct Deliveries On or before September 15 of each year, each Purchaser shall submit a projection of its purchases of SGPWA Water for the next calendar year (“SWP Order”) based on its actual demand for SGPWA Water. Such SWP Orders shall be submitted on a Supplemental Water Order Form which shall be provided by the Agency and which shall be subject to revision from time to time. “Direct Deliveries” shall be defined as deliveries directly to the connection or other facilities of the Purchaser for domestic, industrial, agricultural recreational and municipal purposes within the Purchaser’s service area and shall not include groundwater replenishment.

2. Submittal of SWP Orders for Replenishment Deliveries to Meet Actual Demands. On the Supplemental Water Order Form provided by the Agency, Purchasers shall include a projection of its purchases of SGPWA water for the next calendar year to replenish local groundwater basins equal to its actual projected demand for such replenishment water. Such projection shall not include additional replenishment water in excess of actual demands.

3. Submittal Of SWP Orders For Additional Purchases The SWP Order may also include a projection of additional purchases of SGPWA Water which would be over and above the water needed to meet the short-term water demand projections for direct deliveries. It is expected that such water, if purchased, would be added to storage in the region, as it would not be needed to meet actual water demands for the applicable year. "Additional Purchases" shall be defined as deliveries for groundwater replenishment by spreading or injecting.

4. Substantiation Of SWP Orders Purchasers will be required to substantiate their SWP Orders by reference to documentation and information as may be required by the Agency including, for example and not by way of limitation, an Urban Water Management Plan, prior year purchases, recent development, and other factors relating to short-term water demand projections. In regard to SWP Orders for Direct Deliveries, the documentation/information shall include an approximation of the projected water purchases by month, which shall be delineated on the Supplemental Water Order Form. Completed and approved Order Forms will be used to help determine deliveries of SGPWA Water in drought years when orders exceed the available supply and in relatively wet years when supply exceeds the quantity of SGPWA Water ordered.

5. No Guarantee. Submittal of SWP Orders does not guarantee water deliveries in any year nor in any amount. SGPWA Water will be delivered to Retail Agencies only to the extent it is available from the SWP or from such other Agency sources which may be available in any given year, as said additional sources may be determined in the Agency's discretion.

6. Failure To Submit A SWP Order If a Purchaser does not submit a SWP Order on or before September 15 of each year, the General Manager shall have the authority to complete an Order Form for that Purchaser based on the best available knowledge of that Purchaser's projected demands for the applicable year, as determined in the General Manager's discretion.

7. Approval Of SWP Orders The General Manager will review all SWP Orders and, as needed, discuss them with the representative of the Purchaser submitting the SWP Order. The General Manager will either approve the SWP Order as submitted or will revise it based on best available information, as determined in the General Manager's discretion.

8. Sale And Delivery All sales and deliveries of SGPWA Water under a SWP Order shall be subject to the ability of the Agency to sell and deliver such water under operating conditions and constraints determined by the General Manager and subject to the

provisions of this Ordinance. In addition, all billings and payments for such water shall be in accordance with the same manner as other water delivered by the Agency.

9. Purchase Commitment Each Purchaser submitting a SWP Order shall, by submitting such SWP Order to the Agency, commit to purchase the amount of SGPWA Water approved by the General Manager during the yearly term covered by the SWP Order ("Purchase Commitment"). Such Purchase Commitment shall not exceed the total amount of water requested by the Purchaser on each such SWP Order, unless otherwise agreed to by the Purchaser and the Agency. If, upon expiration of the term of the SWP Order, a Purchaser has purchased an amount of water less than its Purchase Commitment, the Purchaser shall pay the Agency an amount equal to the difference between its Purchase Commitment and its actual purchases during the term of the SWP Order, multiplied by the current water supply rate most recently in effect for Purchasers of SGPWA Water during the term of the SWP Order.

10. Use of SGPWA Water Within Agency Service Area In order to insure that SGPWA Water is not used for the direct or indirect benefit of areas outside the service area boundaries of the Agency, the amount of SGPWA Water served by the Agency's facilities that shall be made available to any Purchaser shall be limited to an amount equal to that required for uses within that portion of the Agency's service area lying within, or served by or through, such Purchaser. No area lying outside the boundaries of the Agency shall be served with water from the Agency's facilities, except as service to such area may, when found to be such by the Board, be a reasonably unavoidable incident to the service of such water within the Agency, and under such circumstances, the amount of water served by the Agency that shall be made available to any Purchaser shall be limited to an amount equal to that required for uses within the area of the Agency lying within, or served by or through, such Purchaser. Any question of fact involved in the application of this requirement shall be finally determined by the Board, after giving the subject Purchaser adequate notice and opportunity to make a presentation to the Board under the Dispute Resolution procedures set forth herein.

11. Dispute Resolution If a Purchaser disagrees with an SWP Order which has been revised by the General Manager, the Purchaser may appeal to the Agency Board of Directors, who will make the final determination regarding the amount of the disputed SWP Order. At such an appeal, the General Manager will make a presentation regarding the basis for his/her determination on the SWP Order and then the Purchaser will have the opportunity to make a presentation regarding its position on the SWP Order at issue. The Board may ask questions of either party and will then make a determination regarding the amount of the disputed SWP Order for the applicable year.

Section 3 All ordinances, resolutions, minute orders, or administrative actions by the Board of Directors, or parts thereof, that are inconsistent with any provision of this Ordinance No. 9 are hereby superseded only to the extent of such inconsistency. Except as specifically set forth in this Ordinance No. 9 in regard to the replacement of **Section 4.02 Need Forecasting Procedures**, all other provisions of the Rules And Regulations For SGPWA Water Service, as adopted by way of Ordinance No. 8, shall remain in full force and effect. The current form and

content of the Rules And Regulations For SGPWA Water Service, with the new version **Section 4.02 Need Forecasting Procedures** adopted by way of this Ordinance No. 9, is set forth in Exhibit "A" for the purpose of illustration.

Section 4 The Board finds that the revision of procedures for the submittal and consideration of SWP Orders constitutes general policy and procedure making and also constitutes organizational or administrative activities that will not result in direct or indirect physical changes in the environment. Based on this finding, the Board determines that submittal and consideration of SWP Orders, by way of adoption of this Ordinance No. 9, are exempt from the requirements of the California Environmental Quality Act pursuant to section 15378(b)(2) and (5) of the State CEQA Guidelines.

Section 5 The President of the Board of Directors shall sign this Ordinance No. 9 and the Secretary of the Board of Directors shall attest thereto, and this Ordinance No. 9 shall be in full force and effect immediately upon adoption. Within 10 days after adoption of this Ordinance No. 9, a copy of this Ordinance shall be published one time in a newspaper of general circulation with the names of the Directors voting for and against this Ordinance. In regard to Calendar Year 2014 only, the deadline for Purchasers to submit order forms to the Agency shall be on or before February 28, 2014.

Section 6 If any section, subsection, clause or phrase in this Ordinance is for any reason held invalid, the validity of the remainder of this Ordinance shall not be affected thereby. The Board hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof be held invalid.

ADOPTED this ____ day of 2014, by the Board of Directors of the San Gorgonio Pass Water Agency.

SAN GORGONIO PASS WATER AGENCY

John Jeter
President of the Board of Directors

ATTEST:

Jeffrey Davis
Secretary of the Board of Directors

Supplemental Water Order Form

Name of Retail Water Agency: _____

Calendar Year: _____

SWP Order (based on demands)

Direct Deliveries _____

Replenishment Deliveries _____

Additional Water Requested (if available)

Direct Deliveries _____

Replenishment Deliveries _____

Date: _____

Signed: _____

AGENCY USE ONLY

Reviewed: _____

Met with Retail Manager: _____

Recommended Order: _____

Signed: _____

Date: _____

**SAN GORGONIO PASS WATER AGENCY
ORDINANCE NO. 8**

**AN ORDINANCE ESTABLISHING RULES AND REGULATIONS
FOR SGPWA WATER SERVICE**

WHEREAS, the Board of Directors of the San Gorgonio Pass Water Agency ("SGPWA") hereby finds:

1. SGPWA is a wholesale water agency organized and operated pursuant to the San Gorgonio Pass Water Agency Law, California Uncodified Water Act 9099, found in California Water Code Appendix 101 ("SGPWA Act").
2. SGPWA sale of water and dedication of Return Flows resulting from use of such SGWA Water to eliminate Overdraft in SGPWA groundwater basins provides the highest priority that is reasonably available to eliminate overdraft conditions.

NOW, THEREFORE, be it ordained by the Board of Directors of SGPWA as follows:

**RULES AND REGULATIONS
FOR SGPWA WATER SERVICE
AS SET FORTH BE ADOPTED**

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ARTICLE II

DEFINITIONS

Section 2.01 Definitions. As used herein the terms set forth below shall be defined as follows and shall have such meaning unless the context indicates otherwise.

(a) **APPLICATION:** A request by the "Applicant" for SGPWA Water service pursuant to these Rules and Regulations, including Section 3.01.

(b) **HYDRAULIC HEAD:** The force measured in pounds per square inch that represents the vertical distance between an unimpaired water surface and the point of delivery.

(c) **OVERDRAFT:** A condition wherein the total annual production from a groundwater basin exceeds the "safe yield" thereof. "Safe yield" is the maximum quantity of water which can be produced annually from a groundwater basin under a given set of conditions without causing a gradual lowering of the groundwater level leading eventually to depletion of the supply in storage.

(d) **RETURN FLOWS:** Amounts of SGPWA Water that return to surface or ground water after initial use by a retail consumer by irrigation or disposal through onsite waste disposal system.

(e) **SGPWA:** The San Geronio Pass Water Agency.

(f) **SGPWA WATER:** Water imported by SGPWA from outside the boundaries of SGPWA for sale to retail agencies within SGPWA or water otherwise "authorized" and developed by SGPWA pursuant to its Act, available for delivery by SGPWA subject to the limitations set forth in these Rules and Regulations.

(g) **SWP:** The California State Water Project.

(h) **TABLE A AMOUNT:** The annual amount of SWP water which SGPWA might obtain under its contract with the California Department of Water Resources ("DWR").

ARTICLE III

AUTHORIZATION FOR SERVICE

Section 3.01 Application for Service. A person or entity ("Applicant") desiring SGPWA Water service pursuant to these Rules and Regulations shall submit an Application for service in such form as may be required by the SGPWA General Manager, which Application must include the following information:

1. Identity and legal capacity of the Applicant;
2. Amount, rate, location, time and manner of delivery of the SGPWA Water;
3. Description of delivery facilities, capacity and flow rates;
4. Environmental review and approval necessary under the California Environmental Quality Act;

5. Any further information and/or requirements that may be reasonably necessary for SGPWA to evaluate the Application according to the criteria of these Rules and Regulations and to carry out SGPWA's responsibilities under the law.

The SGPWA General Manager shall notify the Applicant within 30 days whether the Application is complete. The Applicant shall fund all costs incurred to process the Application and to construct facilities required to deliver the SGPWA Water. SGPWA may require a deposit to cover all or a portion of the estimated costs prior to accepting an application.

Section 3.02 Investigation and Action by SGPWA. The SGPWA General Manager shall investigate each Application and may require the submission of additional relevant information, to be provided at the cost of the Applicant. The SGPWA General Manager shall consider and act upon the Application and any required additional relevant information within a reasonable period of time after acceptance and submission of other required information.

The SGPWA Board of Directors shall have discretion to deny, approve or conditionally approve the Application. In acting on an Application, SGPWA may take into account whether the delivery or intended use of the Supplemental Water meets the requirements of applicable state, federal and local law or regulation. SGPWA approval of the Application will authorize delivery of SGPWA Water to be purchased by the Applicant, as "Purchaser", at the identified service connection, subject to conditions of the approval and this Ordinance.

Section 3.03 Service Connections. The design of service connections for SGPWA Water service shall meet the specifications as determined by the SGPWA General Manager to be necessary according to reasonable engineering practices and standards. Should the Application require the construction of a service connection, the Applicant, if approved by the Agency and at Applicant's cost, may design, according to SGPWA specifications, the service connection and any flow control facilities required by SGPWA, subject to the approval of the SGPWA General Manager, which approval shall not be unreasonably withheld. The Applicant shall pay the cost for SGPWA to install the service connection and any flow control facilities required by SGPWA and any cost for SGPWA design or design review of the service connection and flow control facilities. The service connection shall include any required flanges, valves, pipe, meters, electronic and remote telemeter and other required equipment. The flow control facilities must include any pipes, vertical structures, vertical meters, control panels, check valves, check valve structures, flanges, and other equipment required by SGPWA. SGPWA will confer with the Applicant regarding design and operation of the SGPWA service facilities.

The service connection and any flow control facilities required by SGPWA, to the downstream flange of the flow control facility meter, shall be the property of

SGPWA (collectively "SGPWA Service Facilities"), and the Applicant shall provide to SGPWA a grant from the landowner to SGPWA of any easement necessary for the construction, reconstruction, operation, maintenance and repair of the SGPWA Service Facilities. The Applicant shall, if required by SGPWA, provide evidence of clear title to the easement.

If the Applicant has not already done so in connection with the Application, the Applicant shall deposit an amount sufficient to cover all costs estimated by the SGPWA General Manager prior to SGPWA action towards construction of the SGPWA Service Facilities. Upon approval and receipt of the deposit, SGPWA shall procure all equipment and materials and construct the SGPWA Service Facilities. Upon completion of construction of the SGPWA Service Facilities, SGPWA shall render to the Applicant a statement of all costs; if such costs exceed the sum of money deposited by the Applicant with SGPWA, the Applicant promptly shall pay to SGPWA the amount by which such costs shall exceed such deposit; and if such costs be less than the deposit, any unexpended balance shall be returned by SGPWA to the Applicant.

Section 3.04 Meter Testing. When the accuracy of a water meter measuring the amount of SGPWA Water delivery through a service connection is questioned by the Purchaser, SGPWA upon request will cause an official test to be made at its own expense. The Purchaser will be duly notified of the time and place of such test and may be present when any such test is made by SGPWA.

The meter will be tested on variable rates of delivery and if the average registration is more than two percent in excess of the actual quantity of water passing through the meter, SGPWA shall refund to the Purchaser the overcharge based upon the test, for the prior twelve months, unless it can be shown that the error was due to some cause for which the date can be fixed. In the latter case, the overcharge shall be computed back to and not beyond such time. Any undercharge determined upon the basis of the test may be billed to the Purchaser on a similar basis.

Requests for a test within 12 months of a prior test will be at the Purchaser's expense unless the meter is determined to be over registering deliveries as determined in this section.

Section 3.05 Indemnity. The Applicant shall agree to defend, indemnify and hold harmless SGPWA, its directors, officers, agents and employees from and against any and all claims, demands, losses, costs, expenses, liability and damages, including but not limited to reasonable engineers' and attorneys' fees, arising out of or related to (i) the control, carriage, handling, use, disposal, or distribution of SGPWA Water sold by SGPWA after the point of delivery to the Applicant; (ii) the attachment to or removal of the Applicant's facilities to those of SGPWA.

Such agreement to defend, indemnify and hold harmless shall survive the termination of the Applicant's use of the service connection for delivery of SGPWA Water. In the event that SGPWA determines that the Applicant does not meet certain financial criteria, SGPWA may require surety for the Applicant's obligation under this section.

ARTICLE IV

DELIVERY

Section 4.01 Establishment and Payment of Water Charges. SGPWA shall establish and charge rates for delivery of SGPWA Water sufficient to cover SGPWA's variable costs (including off-aqueduct costs) for delivery of SGPWA Water, internal SGPWA costs and other amounts as determined by the SGPWA Board of Directors reasonably related to the cost of delivery. The rates are subject to the price, classification, and conditions that SGPWA establishes from time to time, according to the use to be made of such water, and taking into account the amount of Return Flows from different uses. The rates are subject to review and change by SGPWA.

Water charges are due and payable at the SGPWA office on the date of mailing as set forth on the bill to the Purchaser and shall be delinquent 30 days thereafter. Upon 10 days notice, SGPWA may suspend delivery of SGPWA Water to the Purchaser if payment of the water charge is not made prior to the date such charge becomes delinquent. With the exception of any rights reserved to SGPWA pursuant to this Ordinance, title to the purchased SGPWA Water shall pass to the Purchaser at the point of delivery. The point of delivery for direct deliveries is the downstream side of the check valve structure and flange of the flow control facility connected to the Purchaser's (or its designee's) system. The point of delivery for SGPWA Water to be stored in SGPWA recharge facilities shall be the point of recharge. The Purchaser shall be responsible for such additional charges, if any, for SGPWA operational costs as may be necessary for SGPWA to deliver and/or handle the SGPWA Water beyond the point of delivery on behalf of the Purchaser.

Section 4.02 Need Forecasting Procedures. Before August 1 of each year, each Purchaser shall furnish the SGPWA in a form provided by the SGPWA, with an estimate of the amounts of water to be delivered to such Purchaser by the SGPWA.

Each estimate shall contain, as a minimum, for each service connection for each month of the year beginning with the succeeding January 1, and for each of the succeeding four years, the following information:

1. The quantity of water to be delivered by SGPWA to the Purchaser.
2. The quantity of water to be used for:
 - (a) Domestic, industrial, and municipal purposes, exclusive of groundwater replenishment by spreading or injecting;
 - (b) Groundwater replenishment by spreading or injecting;
 - (c) Agricultural purposes;
 - (d) Recreational purposes;
 - (e) Other uses.

The first year's estimate shall constitute the Purchaser's request for deliveries for the first of the five years covered therein. The Purchaser may make revisions to any of its estimates upon reasonable notice to the SGPWA.

The estimates will be used by the SGPWA in planning the construction needed to complete the SGPWA's ultimate distribution system; in planning the future operation of such system; and in preparing notices for submission to the State Department of Water Resources that will be used by the state to order power for pumping on the SWP.

Section 4.03 Weekly Water Delivery Schedules. The Purchaser shall submit a weekly delivery schedule to the SGPWA at least 10 days before the start of each weekly period commencing on Monday. The schedule shall state the flow rate required and times of delivery and location within the SGPWA system.

Section 4.04 State Water Project Contract. SGPWA Water deliveries shall be subject to all of the terms and conditions of SGPWA's SWP contract with DWR, including delivery interruption by reason of DWR and/or SGPWA's requirements for maintenance and operation of its facilities or by reason of demand by Purchasers in excess of SGPWA's Table A Amount. SGPWA will notify Purchasers in advance of any nonstandard delivery interruptions and planned outages, and coordinate such events with Purchaser's requirements, to the extent reasonably feasible.

Section 4.05 Variable Supply. Due to the annual variable nature of the SWP supply, SGPWA Water deliveries shall not constitute a vested right to a fixed amount of delivery each year or to any specific level of pressure. Purchasers should take into account the variable nature of SWP supply in their plans and operations.

Section 4.06 Wholesale Only. SGPWA Water deliveries from SGPWA shall be wholesale in nature, and SGPWA shall not assume the obligations of a water purveyor providing direct retail service to consumers.

Section 4.07 Water Quality. All SGPWA Water is raw untreated water and shall not be supplied for domestic purposes by any Purchaser or retail water service provider without such treatment as may be required to comply with all applicable laws and regulations. The SGPWA makes no representation as to the quality of the water it delivers with respect to its suitability for any particular purpose.

Section 4.08 SGPWA Boundaries. The SGPWA Water delivered by SGPWA shall not be used outside the SGPWA, directly or indirectly. Delivery or treatment of water outside of SGPWA for use within SGPWA shall not constitute use outside the SGPWA.

Section 4.09 Return Flows. SGPWA expressly reserves the right to Return Flows that are received by any groundwater basin determined to be in Overdraft for the purpose of eliminating Overdraft in such basin. The Beaumont Storage Unit, as identified in *San Timoteo Watershed Management Authority v. City of Banning et al* (Riverside County Superior Court Case No. RIC 389197), is a groundwater basin that has been determined to be in Overdraft. Therefore, SGPWA hereby dedicates Return Flows in the Beaumont Storage Unit to Overdraft elimination uses that may be required by the Riverside County Superior Court or the Court appointed Watermaster in the *San Timoteo Watershed Management Authority v. City of Banning et al* case. SGPWA does not reserve rights to Return Flows to any groundwater basin determined to not be in Overdraft, using reasonable, accepted and prevailing engineering standards.

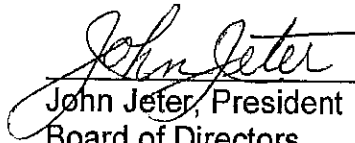
Section 4.10 Hydraulic Head. SGPWA reserves the right to use and prevent others from using Hydraulic Head within the SWP or SGPWA facilities for hydroelectric production provided, however, that SGPWA will consider proposals, joint or otherwise, to implement the production.

[CONTINUED ON FOLLOWING PAGE]

This Ordinance shall be in full force and effect on the thirty-first day after adoption, and shall be published in full in a newspaper of general circulation within fifteen (15) days from the date of adoption.

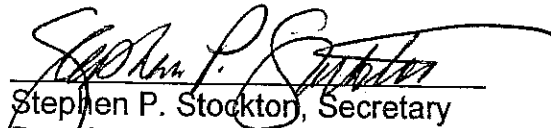
Passed and adopted this 7th day of February, 2005, by the following vote:

AYES: Larsen, Voigt, Morris, Andersen, Snyder, Mann and Jeter
NOES: None
ABSTAIN: None
ABSENT: None



John Jeter, President
Board of Directors
San Geronio Pass Water Agency

ATTEST:



Stephen P. Stockton, Secretary
Board of Directors
San Geronio Pass Water Agency

**SAN GORGONIO PASS WATER AGENCY
ORDINANCE NO. 10**

**AN ORDINANCE ESTABLISHING A DROUGHT
CONTINGENCY POLICY**

WHEREAS, the San Gorgonio Pass Water Agency (“Agency”) is a State Water Project (“SWP”) Contractor authorized to acquire waterworks, waters, and/or water rights, including but not limited to, water from the State of California from the SWP, and to provide, sell, and deliver that water under the control of the Agency to cities, agencies, districts, persons, corporations or private entities within the Agency (“Retail Agency(ies)”) for use within the service area of the Agency. The Agency is a wholesale water agency organized and operating under the Chapter 101 of the San Gorgonio Pass Water Agency Law set forth in the Water Code Appendix; and

WHEREAS, the Agency has a contract with the California Department of Water Resources for 17,300 acre-feet of SWP water which is designated as “Table A Water” and which is used to supplement local demands including eliminating groundwater overdraft; and

WHEREAS, the Agency is required to order SWP water from the California Department of Water Resources. The Board desires to adopt a policy regarding how the Agency will allocate deliveries of water to Retail Agencies during single and multiple dry years where the total amount of annual orders from Retail Agencies exceeds the amount of SWP water available in that calendar year or years. This policy shall pertain to the allocation of SWP water that is designated as Table A Water and shall not apply to other designations of SWP water such as Carryover Water, Dry Year Yield Water, Exchange Water or Transfer Water as said terms may be defined in the rules, regulations and policies of the Agency or by any applicable agency; and

WHEREAS, the Board of Directors previously adopted Ordinance No. 8 which established the “Rules And Regulations For SGPWA Water Service.” The Rules And Regulations may be revised from time to time. The Board desires to adopt this Ordinance No. 10 in order to establish procedures for allocating reduced deliveries of water to Retail Agencies in the event of a drought which results in single and multiple dry years and a shortage of water available to meet the demands of Retail Agencies.

BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY AS FOLLOWS:

Section 1 All of the foregoing Recitals are true and correct and the Board so finds and determines. The Recitals set forth above are incorporated herein and made an operative part of this Ordinance.

Section 2 ARTICLE IV, DELIVERY, Section 4.11 Drought Contingency Plan is hereby added to the Rules And Regulations For SGPWA Water Service as follows:

1. Definitions

(a) Drought Year(s) – a calendar year or years in which the total amount of SWP Orders from Purchasers, which are necessary to meet actual demands of Purchasers, exceeds the amount of SWP Water that is available for purchase by the Agency from the SWP in that applicable calendar year.

(b) First Priority Water Delivery(ies) - SWP Orders from Purchasers for deliveries to the connection or other facilities of the Purchaser for domestic, industrial, agricultural recreational and municipal purposes within the Purchaser's service area.

(c) Second Priority Water Delivery(ies) – SWP water to be purchased by the Agency to be used in the Agency's discretion and which will be over and above the water needed to meet the short-term water demand projections for direct deliveries under the First Priority Water Delivery category. Second Priority Water Deliveries shall not exceed 15% of the total amount of SWP Orders from Purchasers for the applicable calendar year.

(d) Third Priority Water Delivery(ies) – SWP Orders from Purchasers for SWP water which would be utilized for groundwater replenishment by spreading or injecting in order to meet demands of Purchasers in a given calendar year.

(e) Fourth Priority Water Delivery(ies) – SWP Orders from Purchasers for SWP water which would be utilized for groundwater replenishment in excess of Purchasers' demands in a given calendar year.

2. Allocations

(a) Drought Year Allocation - If the total amount SWP Orders from Purchasers exceeds the amount of SWP water which is available for purchase by the Agency at any time during a Drought Year(s), then the only deliveries of SWP water by the Agency for that Drought Year(s) shall be for First Priority Water Deliveries.

(b) SWP Water Exceeds First Priority Water Delivery Needs - If the amount of SWP water available for purchase by the Agency exceeds the total amount of SWP Orders necessary to meet all of the First Priority Water Deliveries, then the Agency shall have the right, in its discretion, to purchase and reserve for its use an amount up to 15% of the sum of all SWP Orders from Purchasers for that applicable calendar year. Said SWP water may be used at the Agency's sole discretion.

(c) SWP Water Exceeds First And Second Priority Water Delivery Needs – If the amount of SWP water available for purchase by the Agency exceeds the total amount of SWP Orders necessary to meet all of the First and Second Priority Water Deliveries, then Third Priority Water Deliveries will be made. Third Priority Water Deliveries will be made in proportion to the ordered amount of SWP water by each Purchaser. Each Purchaser who orders replenishment water under a Third Priority Water Delivery shall receive an equal allocation of the available SWP water for said Third Priority Deliveries in proportion to all other Purchasers who have made such orders.

(d) SWP Water Exceeds First, Second and Third Water Delivery Needs - If the amount of SWP water available for purchase by the Agency exceeds the total amount of SWP Orders necessary to meet all of the First, Second and Third Priority Water Deliveries, then Fourth Priority Water Deliveries will be made. Fourth Priority Water Deliveries will be made in proportion to the ordered amount of SWP water by each Purchaser. Each Purchaser who orders replenishment water under a Fourth Priority Water Delivery shall receive an equal allocation of the available SWP water for said Fourth Priority Water Deliveries in proportion to all other Purchasers who have made such orders.

3. Agency's Use Of SWP Water Purchased Under A Second Priority Water Delivery

The Board of Directors shall have the discretion to determine how SWP water purchased under a Second Priority Water Delivery is utilized including, for example and not by way of limitation, the following:

- (a) Selling said water to a Purchaser for groundwater replenishment based on a demonstrated need for a particular calendar year and pursuant to a written request and procedures as may be determined by the Board or the Agency's General Manager.
- (b) Utilizing/storing said water for overdraft mitigation.
- (c) Designating said water as carry over water for use by the Agency in the next year or a future year.

4. Potential Availability Of Spot Water - In a Drought Year, there may be "Spot Water" available for purchase by a Purchaser at an additional cost. "Spot Water" is commonly referred to as supplemental SWP water that may be available for purchase from the SWP in any given year for that year only. In the event that Spot Water is available and a Purchaser desires to acquire said water, said Purchaser shall submit a written request pursuant to procedures as may be determined by the Board or the Agency's General Manager. All additional costs of purchasing and delivering said Spot Water shall be the sole responsibility of the requesting Purchaser. For example, the Agency would purchase such water specifically for delivery to one or more requesting Purchasers and the Agency would pass through all costs associated with said purchase and delivery said Purchasers in in proportion to their requests.

Section 3 All ordinances, resolutions, minute orders, or administrative actions by the Board of Directors, or parts thereof, that are inconsistent with any provision of this Ordinance No. 10 are hereby superseded only to the extent of such inconsistency. Except as specifically set forth in this Ordinance No. 10 in regard to the addition of **Section 4.11 Drought Contingency Plan**, all other provisions of the Rules And Regulations For SGPWA Water Service shall remain in full force and effect. The current form and content of the Rules And Regulations For SGPWA Water Service, with the new version **Section 4.11 Drought Contingency Plan** adopted by way of this Ordinance No. 10, is set forth in Exhibit "A" for the purpose of illustration.

Section 4 The Board finds that the addition of a policy for a drought contingency policy constitutes general policy and procedure making and also constitutes organizational or administrative activities that will not result in direct or indirect physical changes in the environment. Based on this finding, the Board determines that the implementation of a drought contingency policy, by way of adoption of this Ordinance No. 10, is exempt from the requirements of the California Environmental Quality Act pursuant to section 15378(b)(2) and (5) of the State CEQA Guidelines.

Section 5 The President of the Board of Directors shall sign this Ordinance No. 10 and the Secretary of the Board of Directors shall attest thereto, and this Ordinance No. 10 shall be in full force and effect immediately upon adoption. Within 10 days after adoption of this Ordinance No. 10, a copy of this Ordinance shall be published one time in a newspaper of general circulation with the names of the Directors voting for and against this Ordinance.

Section 6 If any section, subsection, clause or phrase in this Ordinance is for any reason held invalid, the validity of the remainder of this Ordinance shall not be affected thereby. The Board hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof be held invalid.

ADOPTED this ____ day of 2014, by the Board of Directors of the San Gorgonio Pass Water Agency.

SAN GORGONIO PASS WATER AGENCY

John Jeter
President of the Board of Directors

ATTEST:

Jeffrey Davis
Secretary of the Board of Directors

EXHIBIT "A"

Rules And Regulations For SGPWA Water Service, as amended by Ordinance No. 10.

