

## History of San Geronio Pass Water Agency

October 2011

### **Early History of State Water Project**

Many people are familiar with the Burns-Porter Act, the legislation that created the State Water Project. Named after State Senator Hugh Burns and Assemblyman Carley Porter, it was also known as SB 1106, the California Water Resources Bond Act of 1959, and Proposition One. It was approved by the voters of California in November 1960. It authorized the sale of \$1.75 billion in revenue bonds to construct the State Water Project.

The State Water Project had been originally envisioned as early as 1919 by an engineer from the United States Geological Survey. In 1931, State Engineer Edward Hyatt produced a report identifying the facilities needed to facilitate such a project, which would be a major transfer of water from the north to the southern part of the state. The report took nine years to prepare and cost a whopping \$1 million. In 1933, the state legislature authorized the Central Valley Act, and the voters authorized a \$170 million bond issue in a special election in December 1933 to construct the project. In the midst of the Great Depression, revenue bonds were unmarketable, so the Federal Government took over and began construction of the project originally envisioned as a State Water Project in 1935. This project became the Central Valley Project.

In 1945, as the population of California started growing with the return of GI's from the Pacific Theatre and the beginning of the aerospace industry, the legislature authorized additional studies of water resources in the state. This culminated in what are today known as Bulletin 1, Bulletin 2, and Bulletin 3, published in 1951 by the Division of Water Resources under the Department of Public Works (the predecessor to the Department of Water Resources).

In that year, State Engineer A.D. Edmonston presented the initial plans for what became known as the Feather River Project to the legislature. The project was revised in 1955 and again in 1957 to add what are today known as San Luis Reservoir and the North Bay and South Bay Aqueducts.

Not surprisingly, the plan proved to be controversial. Bay area residents were concerned about the Delta and wanted assurances that their waterways would be protected. Southern Californians wanted assurances that contracts would not later be rescinded and were unsure if the projected costs would pay for a complete system. They demanded details of every cost. The California Labor Federation opposed it on the grounds that it would benefit large agribusinesses, not the small family farmers who used the migrant workers they intended to organize. Even the Metropolitan Water District opposed the project, asserting that its Colorado River supplies would provide all the water its members would need far into the future. Among the project's strongest supporters were San Joaquin Valley farming interests. They liked the

idea that the project would not impose acreage limitations enforced as part of the Central Valley Project.

During the 1950's legislators representing all interests tried to pass a constitutional amendment that would satisfy all parties, but were ultimately unsuccessful. Finally, the two leaders in the legislature on water issues, Hugh Burns of Fresno and Carley Porter of Compton, developed the Burns-Porter Act, which had ties to a series of other acts to protect all parties. Among the ancillary acts were the Davis-Grunsky Act, which earmarked \$130 million of the \$1.75 billion for recreation, fish enhancement, and dam safety projects. The County of Origin and Watershed of Origin Acts were reaffirmed in the Burns-Porter Act and in the supply contracts. The Delta Protection Act of 1959 was passed to satisfy northern California interests. Meanwhile, the water supply contracts drawn up included guarantees that the numbers could not be reduced by future legislative action. Days before the election, the Metropolitan Water District endorsed the plan, and the voters passed the bond issue on November 8, 1960 by a whopping 174,000 votes out of 5.8 million cast (about 51.5%). Only one county in northern California supported it (Butte County, site of Oroville Reservoir).

After passage of the Act, concerned citizens all over the state rushed to either form new water districts that could contract for the water or, in many cases, urged their existing water purveyors to negotiate contracts with the State for water from what was called at the time the Feather River Project.

## **Early History of SGPWA**

By the late 1950's, an informal group of local citizens headed by W.E. "Ted" Silverwood of Redlands, director of the Banning Heights Mutual Water Company; C. Omar Barker Jr. of Banning, President of the Banning Water Company; and Lewis Haskell of San Timoteo Canyon, President of the San Gorgonio Soil Conservation District, was formed. These men had backgrounds in farming and had been active in local water development. They saw that water was going to limit commercial and residential growth in the Pass. All existing water supplies in the Pass were already being utilized.

Other members of the committee included John Brinton, a Banning City Councilman; Mark Scholtz, a local attorney; Aubrey Allen, mayor of Beaumont; Oscar Berg, a local contractor; Buzz Denning, a Beaumont real estate agent; Claude Hicks, mayor of Banning; Richard Lee, President of the Beaumont Irrigation District; Elmer Rosin, director of the Highland Springs Water Company; and Elwood Rutherford, President of the Banning Heights Mutual Water Company. The County Board of Supervisors, under its Chairman Norman Davis, who was a resident of Beaumont, strongly supported the committee.

They saw that the only possibility for developing any significant additional water supply was to import it. They knew that this would be expensive and impossible for the Pass area to do on its own. They hoped they could find a joint project where they could share the costs with other areas. They knew that this was the only way that could make importing water financially feasible. Their very name, the "San Gorgonio Pass Supplemental Water Committee", was selected to publicize its primary goal.

Once the Burns-Porter Act was passed by the voters, the group worked diligently to form a regional water agency to contract with the State to purchase water from the Feather River Project. The group, still led by Ted Silverwood, worked with local legislators Senator Gordon Cologne and Assemblyman Jack Beaver, who introduced and carried Assembly Bill 2655, also known as the "San Gorgonio Pass Water Agency Act." There were other ideas discussed for the contracting agency—the Riverside County Flood Control District was mentioned as a possible Feather River Contractor on behalf of the Pass region.

The Act, along with the Desert Water Agency Act creating a similar regional water agency to the east, was signed by Governor Pat Brown on July 12, 1961. Both acts became law on September 15 of that year, and the Riverside County Board of Supervisors appointed the first board of directors at its meeting on September 18. For awhile, it looked as though just one agency would cover the area of what is today the San Gorgonio Pass Water Agency and the Desert Water Agency. These roughly comprise what was at the time Zones 5 and 6 of the Riverside County Flood Control District. But in the end, two separate agencies were formed. The Pass area had a population of about 21,000 and an assessed valuation of \$34,500,000 at the time.

The new board had an organizational meeting on September 22 (50 years and one week ago today) to elect a chair (Ted Silverwood), and held its first formal meeting on October 10, 1961. Other members of the Board were C. Omar Barker, Vice President, Alfred C. Dysart, George Gardner Jr, Lewis Haskell, Richard Lee, and Rae Maxwell. It soon hired Edward Fitzgerald

(Gerry) Dibble as its first manager. Dibble, a Redlands resident, was a prominent water engineer and would later be appointed to the State Water Resources Control Board.

Now that the Agency was real and had a Board and a budget, two items of business were vital—negotiating a contract with the Department of Water Resources and determining where to construct the pipeline bringing the water from San Bernardino. In order to negotiate a contract, the new Agency needed to develop water demand projections to see how much water they would actually need. They soon hired Bookman-Edmonston Engineers to help with these two important issues. Max Bookman, who had planned much of the Feather River Project, was the Agency engineer.

At the time, there was considerable controversy in Southern California over where the Feather River water would enter the region. The Department of Water Resources had planned both a coastal route and an inland “high line.” At one point it appeared that there would be enough money for only one of the routes, and that the Metropolitan Water District would use its influence to ensure that it would be the coastal route. There were several state water contractors in San Bernardino and Riverside Counties that insisted that the “high line” be constructed as well. Metropolitan, who wanted to delay the “high line,” now known as the East Branch, to 1985, offered Coachella, Desert, and the Pass Agency a portion of its Colorado River water to substitute for Feather River water until the high line was completed. The Pass Agency declined this offer, while Desert and Coachella negotiated such a deal. Board President Ted Silverwood was adamant that if the high line were not constructed on time (1972), it would never be constructed. He became a leader in the fight to construct the East Branch by 1972.

On November 15, 1962, 13 months after its first board meeting, the San Gorgonio Pass Water Agency signed a contract with the Department of Water Resources for 15,000 acre-feet of water. It became the ninth agency to sign a contract with the State, just a month after the Desert Water Agency signed its contract and a short time before the Coachella Valley Water District signed its contract. The Agency had fought hard for the 15,000 acre-foot allotment. DWR had produced studies indicating the Agency was only economically justified in contracting for 12,000 acre-feet.

The contract anticipated that Desert, Coachella, and the Pass Agency would join together to construct a pipeline to a point just below what was then referred to as Cedar Springs Reservoir, known today as Lake Silverwood. Yes, it was named after Ted Silverwood. The contract also anticipated that the Pass Agency would begin deliveries of 1000 acre-feet per year in 1972 and gradually ramp up to the maximum of 15,000 acre-feet by 1991. The contract did allow for an alternate delivery point and an alternate date of initial deliveries up to no later than 1980.

When the contract was signed, it was estimated that the water would be delivered for between \$55 and \$61 per acre-foot. It was also estimated that, in addition to the \$6.6 million for its share of the debt service on the project, it would cost the Agency between \$11 million and \$18 million to construct the pipe to Cedar Springs—the cost would depend on who else would partner on the line. It was proposed at the time that the Agency partner with the San

Bernardino Valley Municipal Water District, Desert Water Agency, and Coachella Valley Water District.

For the next several years, the Agency's Board wrestled with three major issues. The first was fighting for completion of the East Branch on schedule by 1972. The second was putting together a group of contractors to construct the line to San Bernardino to get the water, either from the Cedar Springs Tunnel, known today as the San Bernardino Tunnel, a 61-mile long line through the Pass, or a "desert route," a 96-mile line from Hesperia through the Mojave Desert. The advantage of the "desert route" from Hesperia was that, even though it would be more expensive, costs would be shared with Desert Water Agency and the Coachella Valley Water District. The "high line" from Cedar Springs Tunnel would be cheaper but would only be shared with one other contractor, the San Bernardino Valley Municipal Water District. The third issue was fighting for more water. The Agency had signed a contract for 15,000 acre-feet, but the Department of Water Resources had let it be known that an additional 532,000 acre-feet of water was available to existing contractors on a pro rata basis. The Agency wanted to increase its allocation to 17,300 acre-feet, but had to determine if it could afford the additional debt service costs. Agency engineer Max Bookman urged the Board to contract for the additional 2,300 acre-feet, and eventually, in March 1964, it voted to do so.

The fight to complete the East Branch on schedule was won. All of the Southern California contractors favored this, with the exception of the Metropolitan Water District. Governor Brown announced in February 1964 that the East Branch would be completed by 1972 and would not be delayed. This was a huge victory for the Agency and President Silverwood.

The third issue, developing a partnership with other contractors to construct a delivery line, was the thorniest for the Agency. And, it turned out to be a battle that would involve some of the top water lawyers and water engineers in Southern California. For, as an early report published by the Agency stated, "the San Gorgonio Pass Water Agency does not have the good fortune to lie astride the route of the facilities being built by the State to bring water from the North to the Perris Reservoir."

Desert Water Agency in Palm Springs held the key. Its General Counsel, Jim Krieger of Best Best & Krieger, and Engineer, Albert Webb, argued strenuously that the "Desert Route" was the best alignment for Desert, regardless of who participated in the construction. The Pass Agency's engineer, Max Bookman, argued that the "high line" through the foothills was the most economical for the Pass Agency and even for Desert and Coachella due to it being 35 miles shorter. But Desert and Coachella held out the hope of bringing in the Mojave Water Agency to the Desert Route, which would split their costs more ways and save them money.

Enter the Metropolitan Water District of Southern California. It offered to exchange its Colorado River water for the Feather River Water of Desert and, eventually, Coachella Valley. Metropolitan made the offer to the Pass Agency as well, but Ted Silverwood would have none of it. Desert and Coachella were intrigued because exchanging their Feather River water for Colorado River water would postpone building the pipeline for many years (by the way, they still have not built it), thus saving them money. And Metropolitan gained in the deal by getting

Feather River Water, which was much lower in salinity than Colorado River Water. At first, Metropolitan's offer was an attempt to postpone the East Branch for 13 years, to 1985. After the decision was made by the State to go ahead and build the East Branch on time, Metropolitan still offered the deal to Desert and Coachella. Once they made the exchange deal, the Pass Agency was left out in the cold, with San Bernardino as their only prospective partner.

The Agency Board did not like the exchange deal because they would take deliveries of Colorado River water in Potrero Canyon and would have to pump it up over 1200 feet to serve most of the Pass area, while Desert and Coachella were lower in altitude and would not have to pump the water at all.

With the increase of allocation to 17,300 acre-feet, the Agency had to decide if it had the money to construct the pipeline with only one partner.

In 1966, the Agency Board began taking more specific steps to ensure that Feather River water would benefit local residents. It contracted with the United States Geologic Survey to perform a survey of local groundwater basins in order to determine if the Agency could get water into the local basins, and if so, how much. Would it all run out? What depth would it sink to? Such surveys were important in determining if the imported water could be recharged. If not, additional steps would have to be taken to make direct deliveries of the water—that is, treat it. At this time, the Agency still did not know if they would have Feather River water here by 1972 or 1980—the Board had until 1967 to make that final decision. At that point, in 1966, the Agency was still bent on obtaining water in 1972.

However, in March 1966, the Agency was dealt a big blow when President Ted Silverwood passed away. Up to that point, he had been a leader, not only for the Agency, but for contractors all over Southern California, and he had led the charge to complete the East Branch by 1972. Now, with only one possible partner to construct a pipeline to obtain the water, the Agency Board was uncertain on how to proceed. Should it continue to push forward to take delivery in 1972, or delay until 1980?

Omar Barker, formerly Vice President, was elected President of the Board and continued Silverwood's strong leadership. Under his direction, the Agency hired Max Bookman to perform a study to determine if the Agency might be better off taking its water deliveries from Lake Perris through the Badlands. Barker and Bookman felt this might be the best way for the Agency to build a "go it alone" pipeline to get its Feather River Water. At the same time, representatives of the San Bernardino Valley Municipal Water District sent a letter to the Agency asking if it would like to participate in a "low line" pipeline from Colton to Yucaipa that could later be extended and that would serve as the delivery pipeline for Feather River water. And, the concept of an exchange with Metropolitan, taking Colorado River water in Potrero Canyon in exchange for the Agency's State Water Project water, was back under consideration after Ted Silverwood's death.

In early 1967, the Agency Board was still agonizing over its decision on where to take its water from. While the Perris option was becoming less viable, Board members were split over whether to take delivery at the South Portal of what was now called the San Bernardino Tunnel,

just south of Lake Silverwood, or at Devil Canyon. The contract with the State stated that the tunnel was the delivery point, so if the Agency changed it to Devil Canyon, the contract would have to be changed and additional debt service owed. Complicating matters was the fact that San Bernardino Valley had not yet made a decision on where to take delivery of its water.

In the Fall of 1967, facing a deadline to notify the State whether it would take delivery of its water in 1972 or delay until 1980, the Agency Board decided, reluctantly, to postpone delivery. Board members felt that the cost of constructing its favored "high line" alone were too great to proceed with construction immediately. This decision, in essence, forced the continued mining of the local groundwater basins, which were already in overdraft.

The Agency Board recognized during this time the distinct disadvantages that it had compared to many other Feather River Water contractors in Southern California:

- It was located some distance from the aqueduct, thus requiring construction of an expensive pipeline to take delivery of the water.
- It was located at a high elevation, either requiring taking water through the "high line", or taking it at a lower elevation and constructing pumping stations that would require a higher operating and maintenance cost. Since it was at a much higher elevation than any other contractors, it could not convince any of them to partner with it on the high line, since they did not need the higher elevation water.
- It did not have a high assessed valuation, meaning that it could not easily set a tax rate that would fund the construction of the necessary facilities.

It was clear at this point that the Agency would have to strike a partnership with the San Bernardino Valley Municipal Water District in order to get its 32 cfs of capacity to the Pass.

## **SGPWA History—Decade of the 1970's**

As the calendar turned from 1967 to 1968 and the Agency had officially decided to postpone delivery of Feather River water until 1980, there was still a lot of indecision regarding where the Agency would take delivery of its water and whether it would build a pipeline alone or with San Bernardino. It was also considering where to store water delivered from the Feather River—either in Potrero Canyon, south of Banning, or in local groundwater basins.

Negotiations continued for months with San Bernardino on a possible joint-venture pipeline. The Agency still preferred to take its water from the mountains above Devil Canyon, as this would eliminate any pumping. The Agency's official delivery point, detailed in its contract with the State, was the south portal of the San Bernardino Tunnel. But San Bernardino wanted to come directly out of Devil Canyon—it did not need the higher elevation water for most of its service area.

The Agency Board initiated a number of studies, looking at many different possibilities of pipeline alignments, storage locations, and delivery points. The San Bernardino Valley Municipal Water District informed that Agency that it was ready to begin design of its delivery line, dubbed the "Foothill Pipeline", out of Devil Canyon in early 1969. It wanted to know if the Agency wanted to share costs or not. The Agency's General Counsel, John Surr, met frequently with the Valley District's General Counsel, James Dilworth, in an effort to develop an agreement that had the flexibility that the Agency wanted.

But the Agency board was in a dilemma. They planned a bond issue to fund the pipeline, but the bond issue could not take place until after the design was complete. The concern was, what would happen if the bond issue did not pass but the Agency was responsible for a portion of the design costs? The Agency looked for alternate ways to fund the construction so that they would not have to depend on an election.

Finally, in July 1969, negotiations with San Bernardino had made enough progress that the Agency was able to announce that it would partner with the Valley district on a pipeline to Yucaipa. In July 1970, the two contractors signed their first joint facilities agreement, in essence joining to each other at the hip. That agreement only required the Valley District to construct a pipeline from Devil Canyon to Waterman Canyon, with other reaches further east mentioned as "future" facilities. This enabled the District to move water to a major canyon for recharge, while minimizing the Agency's immediate costs. The Agency purchased 32 cfs in the 220 cfs line, which was deliberately oversized in anticipation of Desert and Coachella desiring water from the line at some point in the future.

As part of this agreement, the Agency revised its contract with the State to extend its participation in the East Branch to Devil Canyon, instead of the original San Bernardino Tunnel.

Finally, in 1971, construction began on the pipeline that would eventually deliver State Water Project water to the Pass—in 2003!

Construction on the East Branch itself was rapidly coming to an end. In 1972, Lake Silverwood was dedicated and formally named after the Agency's first President. The East Branch, including Lake Perris, went online in 1974. In 1975, an agreement was signed with the Department of Water Resources to develop a feasibility study on extending the California Aqueduct into the upper Coachella Valley. This study, completed in 1979, identified the Pass alignment as the least expensive alternative. But with Desert and Coachella satisfied with the exchange agreement with Metropolitan, there were no partners for the Agency to try to construct the line with.

In 1976, the Valley District and other local water agencies signed what became known as the Santa Ana River-Mill Creek Cooperative Water Project Agreement. This agreement gave the Agency the right to use certain facilities that could be used to deliver local Mill Creek water to the Pass. This truly represented outside-the-box thinking on the part of the Agency. It would be able to take delivery of local Mill Creek water through its future facilities if it gave up a like amount of State Water Project water. This provided an option of delivering water directly from the Yucaipa area, possibly enabling the Agency to deliver water without completing the Foothill Pipeline from Waterman Canyon to Yucaipa, or at the very least providing a temporary water source until the entire pipeline was completed.

In 1977, the Valley District completed its Foothill Pipeline all the way to Greenspot Road, near what is today the base of Seven Oaks Dam. This was 16 miles closer than Devil Canyon. With three years to go before the Agency was scheduled to take its first delivery, it was beginning to look like it would not make it. In the meantime, the Valley District continued to construct additional facilities to meet water demands within the eastern portion of its service area.

As the decade of the 1970's came to an end, the Agency found itself as part owner in two separate facilities—the Foothill Pipeline and the Mill Creek system—that were not connected to each other or to the Pass area. It owned 32 cfs in one of them and 16 cfs in the other. While it was on its way to constructing the facilities needed to bring State Water Project to the Pass, it had a long way to go.

Fortunately, the area was growing more slowly than anticipated, and groundwater levels in the Pass, while declining, were doing so relatively slowly. The Board knew that, even if it could bring State Water Project water to the Pass, local water purveyors might not purchase it because it would be more expensive than pumping from the local groundwater basins.

## **History of the Pass Agency—Decade of the 1980's**

The year 1980 passed and still the Agency did not have the facilities to take delivery of State Water Project water.

While the Agency was still trying to talk the Desert Water Agency and the Coachella Valley Water District into partnering on an extension of the State Water Project to the Coachella Valley (such an extension would have traversed the Pass and provided an excellent internal distribution system), the Valley District continued building additional facilities on its own. Under the 1970 Joint Facilities Agreement, the Agency had been given the opportunity to participate in such facilities, but had declined. These included a key pipeline, the Santa Ana River Crossing or SARC line. This was important because in order to get State Water Project water to the Pass, the Santa Ana River had to be crossed. This was a large undertaking, but the Valley District had completed the project on its own, along with two other shorter pipelines in the Mentone area.

The facility that would eventually become the East Branch Extension now started at Devil Canyon, traversed the foothills through San Bernardino and what is now the City of Highland, across the Santa Ana River, and south into the community of Mentone. The State Water Project was four miles closer to the Pass.

As the Agency's Board slowly came to realize that Desert and Coachella were not going to come on board as partners in an extension of the aqueduct, it realized that it only had one partner left—San Bernardino Valley. The Board knew they must join with Valley in completing the facility all the way to the Pass. But there was a problem. The 1970 agreement stated that, once the Agency declined participation in any facility, it could not go back and purchase capacity after the fact.

How to solve this problem? The two water contractors signed a new agreement in 1986, with the original title of the Second Joint Facilities Agreement. This new agreement gave the Agency the right to retroactively purchase capacity in Valley District facilities, and planned for two more pipelines that would bring State Water Project water down Bryant Street in Yucaipa to the Wilson Creek spreading basins. This would be only a short distance (about five miles) from the now 25-year old goal of bringing Feather River water to the Pass.

The second half of this decade was spent constructing the additional pipelines and the Tate pump station. When these facilities were completed in 1991, the Agency had a pipeline from Devil Canyon to Mentone, and another from Mill Creek to Yucaipa. It also had capacity in two pump stations. This had been the biggest drawback to the "low line" alignment—the need to pump water from Devil Canyon, at 1900 feet, to the middle of the Pass, much of which was located above elevation 2600 feet. This is why the Agency had fought so long for the "high line" out of the San Bernardino tunnel.

During construction of these facilities, efforts were continuing with the Department of Water Resources to extend the aqueduct to the Coachella Valley. Desert and Coachella were still making use of their exchange program with Metropolitan, but occasional conversations led the

Agency Board to the conclusion that these easterly neighbors might still want to receive State Water Project water from Devil Canyon, and so DWR dutifully updated its feasibility study for such an extension.

By the early 1990's, the Agency and the Valley District had a plan that would enable them to complete their hodgepodge of pipelines and pump stations to serve the eastern portion of Valley's service area, namely Yucaipa, and the Pass Agency's service area. And, they were well on their way to implementing that plan.

Meanwhile, the Agency Board recognized that there were other water issues in the Pass that were not being addressed, and while plans continued to evolve for the construction of infrastructure, the Agency made a decision to develop a well database for the region. It was known that groundwater levels in the Pass were declining, but there was no central database or report that summarized the local water conditions. The Agency decided to undertake such a project, and in 1991 the first Pass area water data base was completed by the Agency. This database eventually evolved into the Water Conditions Report, which the Agency has published annually since the early 1990's and which summarizes rainfall data, groundwater elevation data, and surface water diversions in the region.

By this time the Agency was hard at work writing the EIR for the completion of the aqueduct extension. The Board knew that, while it could partner with Valley District up to a point, it would have to complete the pipeline into Riverside County on its own. The first delivery of State Water Project water into the Pass area was planned for 1995. The EIR was completed in the early 1990's and challenged in court as inadequate. The trial judge in the case ruled that the EIR was in fact adequate, but the plaintiffs appealed, and the Appeals Court ruled that the EIR was inadequate on the issue of growth inducement. The Agency had to produce a supplemental EIR to describe the growth inducing impacts of the project.

During this period the Agency's General Manager, Steve Stockton, made repeated trips to Sacramento trying to convince the Department of Water Resources to complete the extension, even if it did not extend to the Coachella Valley. He reviewed the details of the Burns-Porter Act, which declared that the Director of the Department was authorized to determine what facilities constituted the State Water Project. The California Water Commission, in a meeting in San Bernardino, finally directed the Director of DWR at that time, David Kennedy, to "make it happen. Make this part of the State Water Project." This decision brought not only state bonding capacity to the project, but state power rates as well, and ensured that the project would be far more affordable for residents of the Pass than if the Agency completed the project on its own. It meant that the Agency would not have to go to the voters to ask to float its own bond issue.

Randy Van Gelder of the Valley District dubbed the project the East Branch Extension, or EBX, and DWR began the design of the missing facilities, including a pump station in Mentone, now known as the Crafton Hills Pump Station, a corresponding reservoir, the Crafton Hills Reservoir, and a pipeline from the pump station and reservoir to Cherry Valley, including one final pump station, the Cherry Valley Pump Station. The loss of the litigation on appeal and the

corresponding delay in the project at a time of increasing prices cost the Agency millions of dollars in additional construction costs, but the project was finally under construction by the end of the decade.

The Agency simultaneously constructed a groundwater recharge facility, the Little San Geronio Creek Recharge Facility, and the EBX and the recharge facility were completed in May 2003—some 42 years after the Agency was born. It had been a long, sometimes brutal fight against geography, politics, and financing, but Feather River water finally arrived in the Pass.

### **Recent History**

About the same time that the EBX was coming online, the Beaumont Groundwater Basin, the largest basin in the region, was adjudicated. The Judgment assured that in the long term, the Basin would have to be in balance, with extractions not exceeding the safe yield plus replenishment. However, it allowed for a ten-year “temporary surplus” whereby 160,000 acre-feet could be pulled out of the basin before it had to be balanced. By this time, the development community had found the Pass and houses were springing up everywhere. Groundwater elevations had started to drop precipitously.

Thus, the State Water Project arrived in the Pass just in time. The Agency’s largest customer, the Beaumont Cherry Valley Water District, completed a large recharge facility in 2006 (the last 100% year on the State Water Project), and started purchasing water from the Agency in large quantities. The Yucaipa Valley Water District, which serves the Calimesa portion of the Agency’s service area, constructed a filtration plant shortly after and started taking deliveries from both the Agency and the Valley District for its plant. More recently, the City of Banning started purchasing water for recharge as well.

The Agency’s groundwater monitoring program began to show progress in our local basins. In its twice-annual groundwater well monitoring, the Agency finally started seeing water levels start to creep up in 2010 and 2011, thanks to several years of recharging water and the very wet winter of 2010-11, and reduced demands as a result of the slowing economy.

With the EBX completed, the Agency started looking forward. In 2006 it completed its first strategic plan, charting a course for the future. It is now in the process of updating that plan. In 2007 the Board adopted a Water Conservation and Education Master Plan, recognizing the importance of conservation to the region’s future. In 2010 the Agency completed its first Urban Water Management Plan for the region. This year, it applied for and has been conditionally accepted as a CASGEM monitoring entity. CASGEM, the California Statewide Groundwater Elevation Monitoring program, is the result of SB 7X-6, part of the historic 2009 water package passed by the Legislature.

In 2007, the Agency completed a study of the Beaumont Basin that identified a number of potential recharge facilities that were still available and undeveloped. The Agency recognized that recharge and storage is the key to sustainability in the future. Earlier this month, the

Agency closed escrow on one of the properties identified in that study, locking it up as a future recharge site at a very reasonable cost.

Since some of the facilities that became the EBX were constructed by the Valley District without the Agency's financial support, parts of it only include 16 cfs for the Agency. The Board knew, when it committed to construct the EBX with DWR, that it would have to go back later and parallel some portions to enable the Agency to get its full allocation of 17,300 acre-feet. Most of you know that we are now in the final design stages of Phase 2 of the East Branch Extension, or EBX 2, and DWR will begin construction on the major parts of that facility next year. The additional capacity will be online by 2014, when the Beaumont Basin temporary surplus ends and the region loses 16,000 acre-feet per year of water supply.

The Board believes strongly in sustainability and in setting an example for local residents, so over the past three years it has re-landscaped both the front and back of this building in a water-efficient manner. You can see the results. Water efficiency can be beautiful! The Board also invested in solar panels for the roof of this building, which completely pay for the power used by the building. In a great deal for our taxpayers and ratepayers, the return on the solar panel investment is nearly 10% per year. The panels will pay for themselves in less than ten years.

We recently signed a lease with T-Mobile, who will construct a cellular tower here on this property. The revenue from that lease will entirely pay for maintaining this building—utilities, janitorial service, and landscaping service.

As the Board looks forward to its next 50 years, we are already planning on how to meet the future water demands of our service area. We know that we need additional storage within our service area to get us through the dry years on the State Water Project. We need to be able to take Article 21 water in those years when it is available. We need to be able to serve existing and future residents throughout our service area, not just on the west side. We need to put in place a financial plan to be able to finance all of this. And, we need to be able to work closely with our local retail agencies and other stakeholders to ensure that everyone's needs are met in a cooperative manner. We believe that we are on this path.