# SAN GORGONIO PASS WATER AGENCY
# 1210 Beaumont Avenue, Beaumont, CA
# Board of Directors Engineering Workshop
# Agenda
# February 13, 2017 at 4:00 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. **Discussion of USGS Program Letter* (Page 2)**

4. **Discussion of Draft Agreement with Beaumont Cherry Valley Water District Regarding Capacity in Sites Reservoir* (Page 18)**

5. **Discussion of Wheeling and Possible Development of a Wheeling Policy**

6. **Announcements**
   A. Office closed February 20, 2017 in observance of Presidents' Day
   B. Regular Board Meeting, **Tuesday,** February 21, 2017 at 7:00 p.m.
   C. Finance and Budget Workshop, February 27, 2017 at 4:00 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.

United States Department of the Interior
U.S. GEOLOGICAL SURVEY
California Water Science Center
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January 10, 2017

Mr. Jeff Davis
General Manager and Chief Engineer
San Gorgonio Pass Water Agency
1210 Beaumont Avenue
Beaumont, California 92223

Dear Mr. Davis:

This letter confirms discussions between our respective staffs, concerning the cooperative program between the San Gorgonio Pass Water Agency (SGPWA) and the U.S. Geological Survey (USGS) during the period March 15, 2016 to November 30, 2017. The work proposed under the enclosed Joint Funding Agreement (JFA) is a continuation of the cooperative basin-wide monitoring network and study to identify, characterize and evaluate potential artificial-recharge sites for conjunctive use in the San Gorgonio Pass area. The program consists of two main tasks: (1) basin-wide monitoring, (2) Burnt Canyon flow analysis. A detailed description of progress on these tasks is included as an attachment to this letter.

The total cost of the proposed cooperative water-resources program amendment A1 only is $131,761.00. Of this total, SGPWA will contribute $106,746.00 and, subject to the availability of Cooperative Matching Funds (CMF), the USGS will contribute $25,015.00. The proposed period for this program is March 15, 2015 to November 30, 2018. Summary of costs attached.

**Table 1. FFY16 Budget**

| Program element | USGS | SGPWA | Total |
|---|---|---|---|
| Task 1: Basin-Wide Monitoring | | | |
| A. Water-Level Monitoring | $12,550 | $50,406 | $62,956 |
| B. Water-Quality Monitoring | $10,450 | $46,605 | $57,055 |
| **subtotal** | **$23,000** | **$97,011** | **$120,011** |
| Task 2: Burnt Canyon Flow Analysis | $2,015 | $9,735 | $11,750 |
| **Total FFY16** | **$25,015** | **$106,746** | **$131,761** |

Enclosed are two copies of Joint Funding Agreement (JFA) 16WSCA600096710_A1 for your approval. Work performed with funds from this agreement will be conducted on a fixed-price basis. If the JFA is acceptable, please return one of the signed copies with original signatures to our office for further processing. The other is for your files.

If you have any questions concerning the program described above, please contact Allen Christensen at (619) 225-6175 or Claudia Faunt at (619) 225-6142 in or San Diego Office. If you have any administrative questions, please contact Nancy Mora at (619) 225-6428.

Sincerely,

Eric Reichard
Director, USGS California Water Science Center

Enclosures:
Cc Allen Christensen, USGS CAWSC
Claudia Faunt, USGS CAWSC

# San Gorgonio Pass Water Agency Cooperative Program: Progress, Plans, and Costs

## Task 1A – Groundwater-Level Monitoring

### *Progress*

A basin-wide groundwater-level monitoring network was established in the San Gorgonio Pass area in Federal Fiscal Year 1997 (FFY97) to evaluate existing hydrologic conditions and to monitor the effects of pumping and artificial recharge on the groundwater system. A key component of the network is collecting data from the multiple-well monitoring sites, which provide information on water-level changes and vertical gradient in the different aquifers.

In FFY16, U.S. Geological Survey (USGS) personnel accompanied San Gorgonio Pass Water Agency (SGPWA) personnel in the spring and fall to measure water levels in 107 wells. Data collected as part of the water-level network are available through the USGS National Water Information System (NWIS) online database (table 2).

#### Water-Level Change

Water-level changes measured in the monitoring wells between fall 2014 and fall 2015 and spring 2015 and spring 2016 are shown on figures 1 and 2, respectively. Of the 88 wells with water-level change between fall 2014 and 2015, 8 wells recorded a water-level rise greater than 5 ft, 60 wells recorded little or no change (rise or decline less than 5 ft), and 20 wells recorded a water-level decline greater than 5 ft (fig. 1). Of the 82 wells with water-level change between spring 2014 and 2015, 19 wells recorded a water-level rise greater than 5 ft, 55 wells recorded little or no change (rise or decline less than 5 ft), and 8 wells recorded a water-level decline greater than 5 ft (fig. 2).

#### Multiple-Well Monitoring Sites

A total of 15 transducers recorded continuous water-level data at multiple-well monitoring sites 1, 3, 6, 8, 9, and 10 during FFY15 (fig. 1). These data were used to help determine vertical gradients in the aquifer system and document long-term water-level changes in the SGPWA service area. Sites 1 and 3 are discussed in the recharge monitoring task.

***Site 6***—Site 6 (002S001W35J001-4) is in the northeastern part of the Beaumont storage unit, and includes four 2-inch piezometers installed in the same borehole: 35J1 perforated between 860-900 ft bls; 35J2 perforated between 750-770 ft bls; 35J3 perforated between 610-630 ft bls; and 35J4 perforated between 240-260 ft bls (dry). Prior to late 2008 the water levels measured in the different piezometers at Site 6 (fig. 3) were similar; however, after late 2008 the depth to water in the piezometers increases with the depth of the perforated interval. This change is likely a response to pumping from the nearby BCVWD production well 25. BCVWD well 25 (shown on figure 1 in blue) is about 0.7 mile southwest of Site 6 and started regular groundwater production for municipal supply in October 2008. Water levels at the site have declined between 34 and 40 ft during the period February 2002 and November 2015. The rate of decline was greater than 5 ft per year (ft/yr) prior to 2010. Since late 2010, all 3 wells have shown recovery of about 17ft between the

seasonal highs measured during spring of 2010-2015. All wells at the site have continued to show overall year-to-year recovery since 2010, with the greatest recovery occurring between late 2012 and late 2015. The water levels at the site continued to recover about 2 ft between seasonal highs in 2015 and 2016. The recent recovery at this site may have resulted from changes in pumping patterns in the area, natural recharge from recent wet years, artificial recharge at the SGPWA and BCVWD recharge facilities, or a combination of these factors. Since late 2014, the character of the hydrographs of the wells at the site show less seasonal variation. This is likely a response to reduced pumping a well 25. The transducer in well 35J3 failed in May 2016 and needs to be replaced. The USGS has installed a temporary transducer until the replacement transducer is available. The cost of the transducer in not included in this agreement.

***Site 8***—Site 8 (003S002E07P001-4) is in the central part of the Cabazon storage unit, and includes four 2-inch piezometers installed in the same borehole: 7P1 perforated between 980-1,000 ft bls; 7P2 perforated between 790-810 ft bls; 7P3 perforated between 640-660 ft bls; and 7P4 perforated between 550-570 ft bls. The hydrographs for site 8 show variations in water levels with depth at the site (fig. 3). In general, the water-level altitude increases with depth at the site with an upward groundwater gradient between the lower and upper aquifer system. The deepest well (7P1) has the highest water level altitude, more than 25 ft higher than water-level altitude in the shallower wells. This large difference in water-level altitudes indicates that well 7P1 is perforated in a different aquifer than the other wells. Wells 7P2 and 7P3 also show greater daily variation than wells 7P1 and 7P4. This variation likely is a response to pumping by the nearby supply well used by the Cabazon County Water District, shown as a black dot (fig. 1) 0.3 miles east of Site 8. The water-level decline measured at the site between May 2007 and August 2016 was 34, 31, 29, and 30 ft at wells 7P1, 7P2, 7P3, 7P4, respectively. The rate of decline at these wells has risen from 2.8 ft/yr, reported in 2014 to 3.7ft/yr for well 7P1 and 3.3 ft/yr at well 7P1-3 during the period mid-2007 to late-2016. Since mid-2013, all wells show a general increase in the rate of decline during the period mid-2013 to late-2016 as compared with the period mid-2012 to early-2014. The steady decline in water level at the site is likely a response to lower than average natural recharge in the area as result of the ongoing drought.

***Site 9***—Site 9 (003S002E15P001-3) is in the eastern part of the Cabazon storage unit, and includes three 2-inch piezometers: 15P1 perforated between 373-383 ft bls; 15P2 perforated between 330-350 ft bls; and 15P3 perforated between 240-260 ft bls. Prior to early 2011, water-level altitude in well 15P1 is slightly higher than the water-level altitude in well 15P2, indicating an upward groundwater gradient conditions at the site. (fig. 4). The water-level decline measured at the site between May 2007 and April 2011 was 9.3 ft (about 2.4 ft/yr) at well 15P1and 8.5 ft (about 2.2 ft/yr) at 15P2. In April-May, 2011 both wells show rapid increases in water-level altitude at the site. The transducer in well 15P1 recorded a 4.6 ft rise in water table between late-April and late-August, 2011. The transducer in well 15P2 recorded a 10.3 ft rise in water table between mid-May and mid-August, 2011. It is important to note that this water-level rise event occurred in the deeper well (15P1) first then approximately 1 month later started in the shallower well (15P2). This event also reverses the vertical gradients at the site. This recharge event was likely the

result of natural recharge in the area. Since this event in 2011, both wells show nearly parallel water-level decline and continue to show a downward gradient between the two wells. Prior to May, 2011 manual water-level measurements collected from the shallow well (15P3) were dry. Manual measures in well 15P3 also captured this water-level rise event with a measured water level at 220.8 ft below land surface or about 115 ft above the water levels measured in wells 15P1 and 15P2. The USGS installed a transducer in well 15P3 in June 2014, and the well has been dry since November 2011. The overall decline at well 15P1 is approximately 23 ft and the overall rate of decline is 2.9 ft per year since 2007. The overall decline at well 15P2 is 11.2 ft and the overall rate of decline is 1.5 ft per year during the period mid-2007 and early-2015 when the well went dry.

***Site 10***—Site 10 (003S001E11F001-4) is in the western part of the Cabazon storage unit, and includes four 2-inch piezometers installed in the same borehole: 11F1 perforated between 1060 and 1040 ft bls; 11F2 perforated between 860 and 840 ft bls; 11F3 perforated between 660 and 680 ft bls; and 11F4 perforated between 600 and 580 ft bls. The water-level decline measured at the site between August 2009 and November 2011 was 8.8, 8.7, 8.9, and 9.25 ft at wells 11F1, 11F2, 11F3, and 11F4, respectively (fig. 4). During the period November 2011 to June 2013 water-level altitudes at the site increased. The water-level rise measured at the site between November 2011 and June 2013 was 5.5, 5.3, 5.1, and 5.2 ft at wells 11F1, 11F2, 11F3, and 11F4, respectively (fig. 4). Wells 11F3 and 11F4 have nearly identical depth to water and water-level change indicating these wells are in the same aquifer. Since mid-2013, when water levels at the site reached recent highs, water levels have declined between 17 and 21 ft at the site. Since mid-2013 the rate of decline at the site has increased as compared with the rate of decline measured during the period mid-2009 to 2012. Since late 2013 all wells at the site have shown decline of about 16 ft and rate of decline of 5.3 ft/yr. The transducer in well 11F4 failed in April 2016 and needs to be replaced. The USGS has installed a temporary transducer until the replacement transducer is available. The cost of the transducer in not included in this agreement.

## *Plans*

During FFY16, SGPWA personnel will collect water-level data from groundwater-level monitoring-network wells (fig. 2) on a semi-annual basis. The USGS will continue to canvass new wells, and verify well information for wells in the network. Water-level data will be collected at one-hour intervals at all sites equipped with pressure transducers (table 2); these sites will be downloaded on a quarterly basis by the USGS. The USGS will continue to enter water-level and well-site data collected by SGPWA and USGS personnel into the USGS database with appropriate quality-control checks, including accompanying SGPWA personnel during both spring and fall measurement periods. Water-level data are available through the USGS NWIS online database. As part of the calibration process completed in FFY14, it was noted that many of the transducers are near or have exceeded expected serviceable lifetime of the transducers. The factory expected serviceable lifetime of the transducers used at the continuous monitoring sites is between 7-10 years. The USGS will continue to monitor each transducer and recommend replacement as needed. Currently the SGPWA has 15 transducers deployed and the replacement cost is approximately

$1,100. As noted above two pressure transducers failed and need to be replaced. The USGS will provide a quote for the replacement of the transducers. The cost of replacement is not included in this agreement. SGPWA should expect one or two transducer failures per year for the next 5-10 years until all transducers are replaced. Data collection at the transducer located at the San Gorgonio Recharge facility is included as part of this task.

Total cost for the above work is $62,956. Of this total, San Gorgonio will contribute $50,406 and subject to the availability of Cooperative Matching Funds (CMF), the USGS will contribute $12,550, as reflected in the summary funding table.

***Total FFY 2016 cost for water-level monitoring $ 62,956***

## Task 1B – Water-Quality Monitoring

### *Progress*

In FFY16, 9 water-quality network wells were sampled. The samples were analyzed for major ions, nutrients, selected trace elements, stable isotopes of oxygen and hydrogen. Complete results for all samples collected as part of the water-quality monitoring network are available through the USGS NWIS online database. NWIS links to individual wells are provided in table 3. Note, wells denoted with "X*" on table 3, column 2016 are scheduled to be sampled in 2017 as part of FFY16 funding carried over from the previous cooperative agreement. These wells were not available for sampling during the summer of 2015.

### *Plans*

The current water-quality monitoring network includes 37 wells (fig. 5 and table 3). About one third of the wells are sampled on a triennial basis. Water-quality samples will be collected and analyzed from 13 wells in FFY17. The samples will be analyzed for major ions, nutrients, selected trace elements, stable isotopes of oxygen and hydrogen. All data collected will be entered into the USGS database with appropriate quality control, and are available upon request.

Total cost for he above work is $57,055. Of this total, San Gorgonio will contribute $46,605 and subject to the availability of Cooperative Matching Funds (CMF), the USGS will contribute $10,450, as reflected in the summary funding table.

***Total FFY 2016 cost for water-quality monitoring $ 57,055***

***Total FFY 2016 cost for task 1 - $ 120,011***

## Task 2: Burnt Canyon Flow Analysis

### Progress

In FFY07, the USGS completed a series of investigations to determine flow characteristics within the Burnt Canyon steam section between Raywood Flat and the lower Burnt Canyon weir (Figure 5). Based on data collected between August 2007 and November 2007 cumulative losses along the Burnt Canyon reach to the lower weir were approximately 11.3 million cubic feet or 80 acre feet. In FFY13, the USGS reconstructed and re-installed the temporary weir at the lower collection pond to compare flow between the turnout at upper Burnt Canyon and the collection pond at lower Burnt Canyon. The USGS also installed a new transducer at the lower weir site and factory-recalibrated the transducer used at the upper weir to collect stage at 15 minute intervals. Data collected at the upper Burnt Canyon weir and the lower Burnt Canyon weir have been reviewed and uploaded to the USGS on-line data base. Discharge data derived from stage measurements are shown on figure 5. The maximum rated (calibrated) flow at Upper and Lower Burnt Canyon weirs is 6.09 cfs. Flows in excess of 6.09 cfs will over top the weir, flows greater than 6.09 cfs were filtered out of the data used to generate figure. The graph also shows cumulative flows, based on daily values, for the upper and lower weirs. Cumulative daily flow during the period of April 2013 and August 2016 is 1481 and 893 acre feet for the upper and lower weirs, respectively. The complete data set is available upon request or by download using the USGS online database. Data in excess of 6.09 cfs are estimated from stage reported by the transducer and stream geometry these values should be considered poor. Comparing flows between the Upper Burnt and Lower Burnt Canyon shows continual losses between the upper and lower weirs, except for a few periods of storms as noted above. Generally, the loss is approximately 0.25-0.5 cfs. During the summer of 2015, flows from the upper weir were less than 0.5 cfs. At that rate and during summer conditions little or no flow was measured at the lower weir. Based on analysis of flows, losses are generally constant between October to January, then tend to increase during spring and summer months (April to September). This is expected as evapotranspiration rate increases in spring and summer in the canyon reach between the upper and lower weirs. Since September 2015, there has been little or no flow at the lower weir.

### Plans

During FFY16, the USGS is proposing to continue to maintain the sites. In addition, the USGS will complete quarterly (access permitting) detailed flow measurements to insure accurate flow ratings. Site maintenance includes; quarterly data downloads (access permitting), site inspection, and complete leveling surveys between reference marks annually. Since the lower weir is subject to periodic removal during high flow events, the

USGS will complete detailed flow measurements and leveling surveys after the lower weir is periodically replaced to insure accurate flow measurements are maintained. Data collected will be added to the USGS database with appropriate quality-control checks. Data collected as a result of this study will be used to determine daily and seasonal losses or gains along the Burnt Canyon reach. The City of Banning intends to monitor the flows at the upper weir and in the lower portion of Burnt Canyon. It is anticipated that they will begin to monitor flows in spring of 2017. The estimated cost to monitor these sites until spring 2017 is $11,750

Total cost for he above work is $11,750. Of this total, San Gorgonio will contribute $9,735 and subject to the availability of Cooperative Matching Funds (CMF), the USGS will contribute $2,015, as reflected in the summary funding table.

***Total FFY 2016 cost for task 2 - $ 11,750***

## *Future Work*

To assist in future planning for the USGS and SGPWA cooperative program. The USGS has proposed work for FFY 2017. As stated in past agreements the CAWSC policy with respect to matching funds is on a first come basis, with priority going to multi-year agreements. This multi-year program will help the USGS plan for future Federal Matching Funds, the current program between the USGS and SGPWA is year to year and does not allow for the USGS to plan the allocation of future matching funds. The USGS is suggesting that the cooperative agreement be change to a multi-year agreement. This change does not obligate future funds for the USGS or the SGPWA and is for planning purposes only (Table 2.). In order to address questions concerning the interactions between the Cabazon Basin and the Coachella Basins, the USGS is proposing several monitoring wells, one monitoring well near the eastern boundary of the Cabazon basin, and one well near the western boundary of the Coachella Basin. These wells are needed to help determine groundwater gradients and better estimate groundwater interactions between basins. There are other locations within the basin where the understanding of the groundwater system could greatly improve with the installation of additional monitoring s, including the proposed recharge facility near Beaumont Avenue. Further discussion between respective staffs is need to determine the best approach to meet the research goals of the USGS and the groundwater management needs of the SGPWA.

# San Gorgonio Pass Water Agency Cooperative Program: Progress, Plans, and Costs

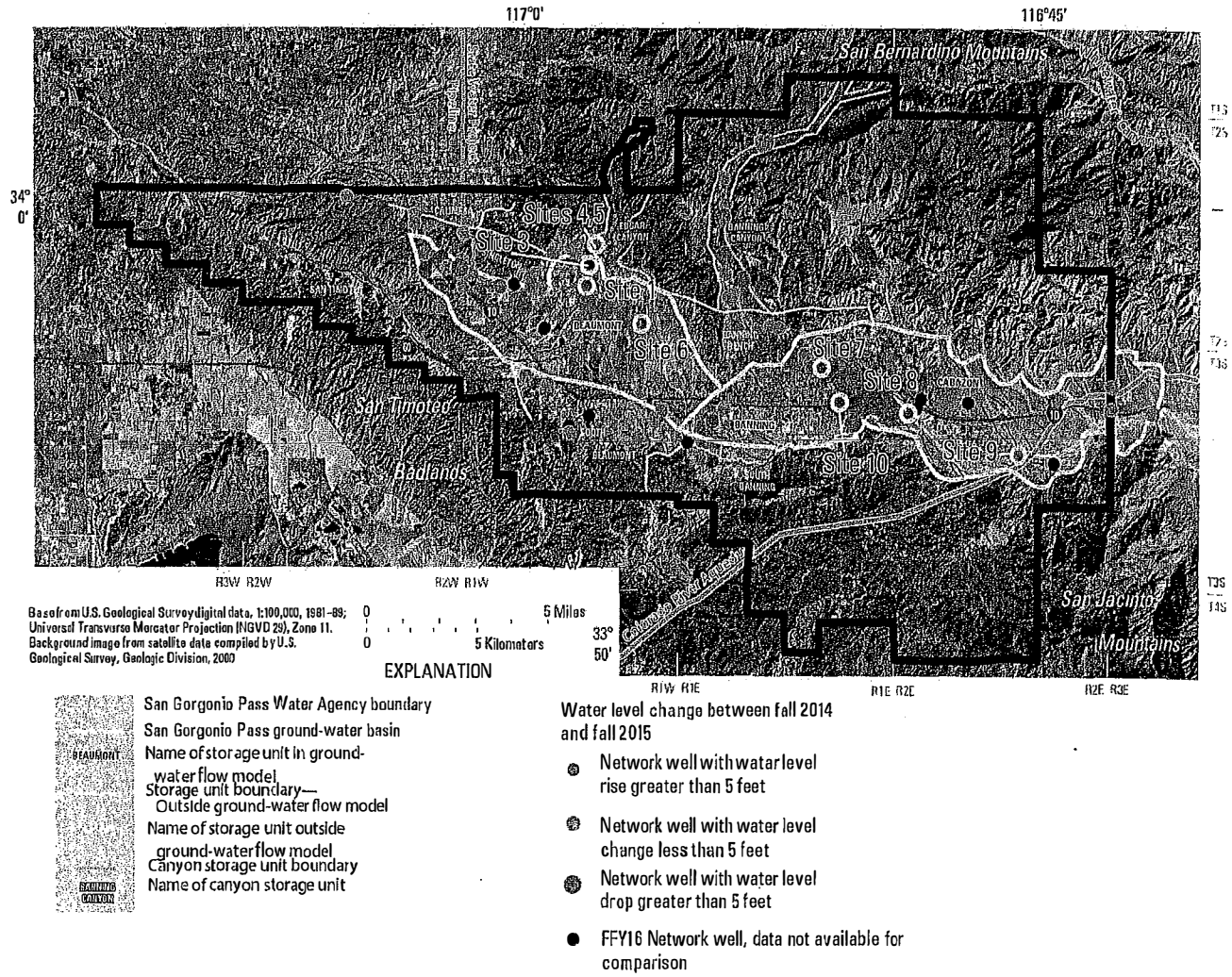



Figure 1. Map showing the water-level network and water-level change between fall 2014 and fall 2015 at selected wells.

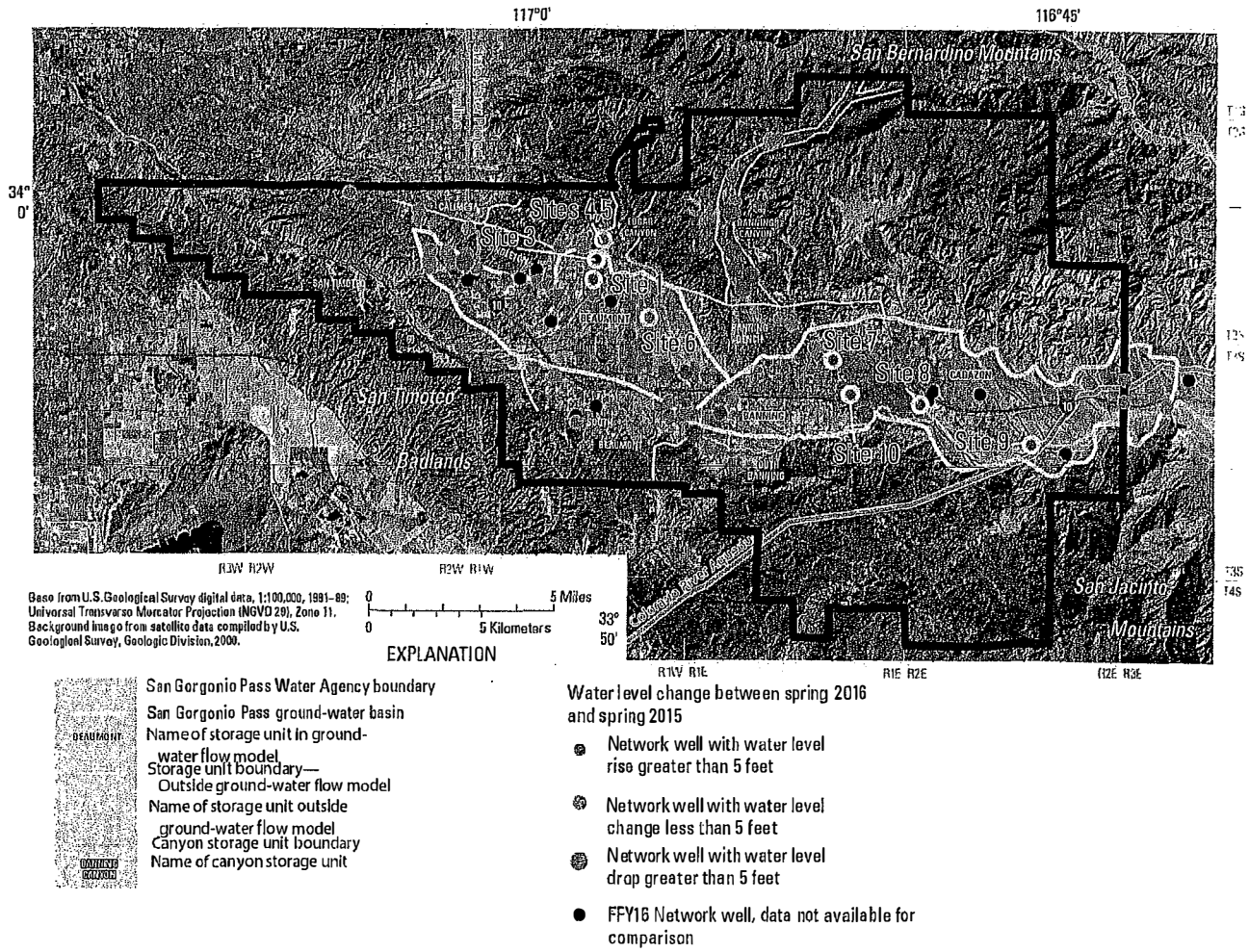
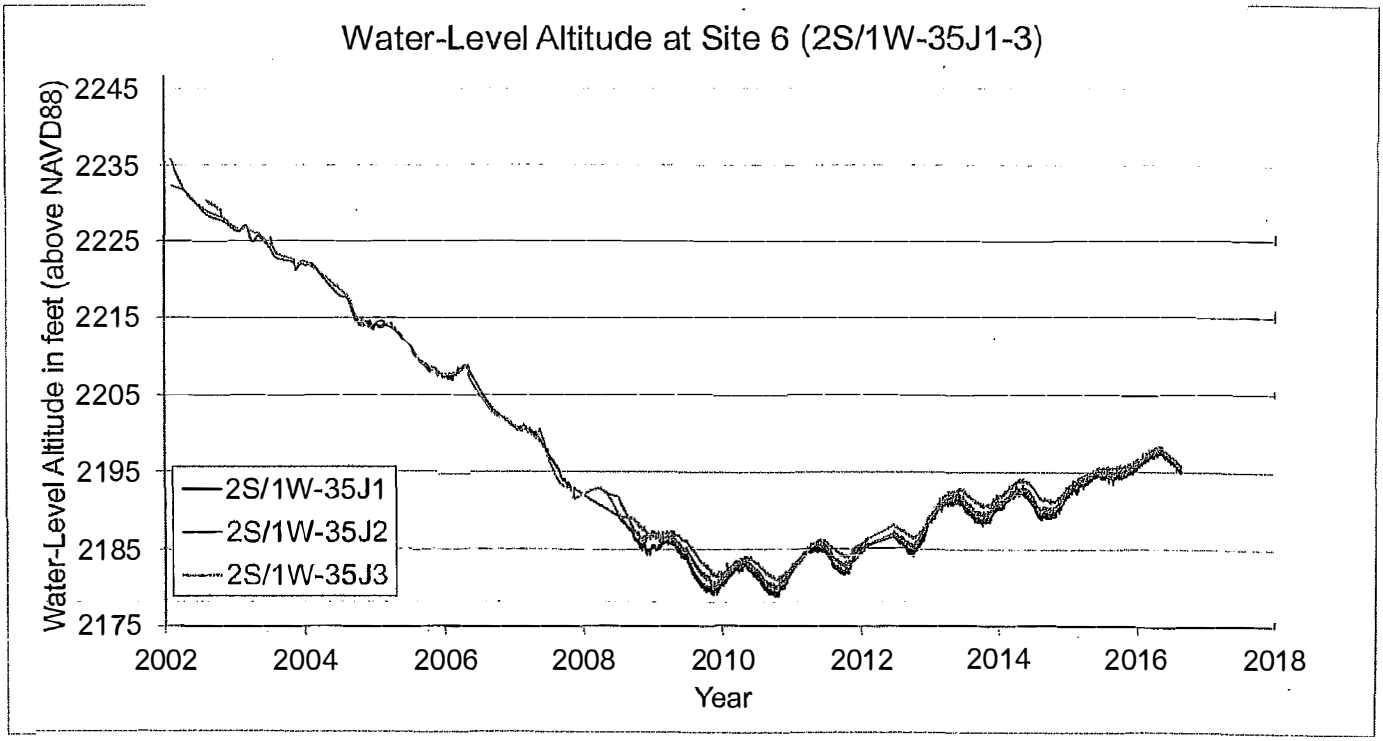



Figure 1. Map showing the water-level network and water-level change between spring 2016 and spring 2015 at selected wells.



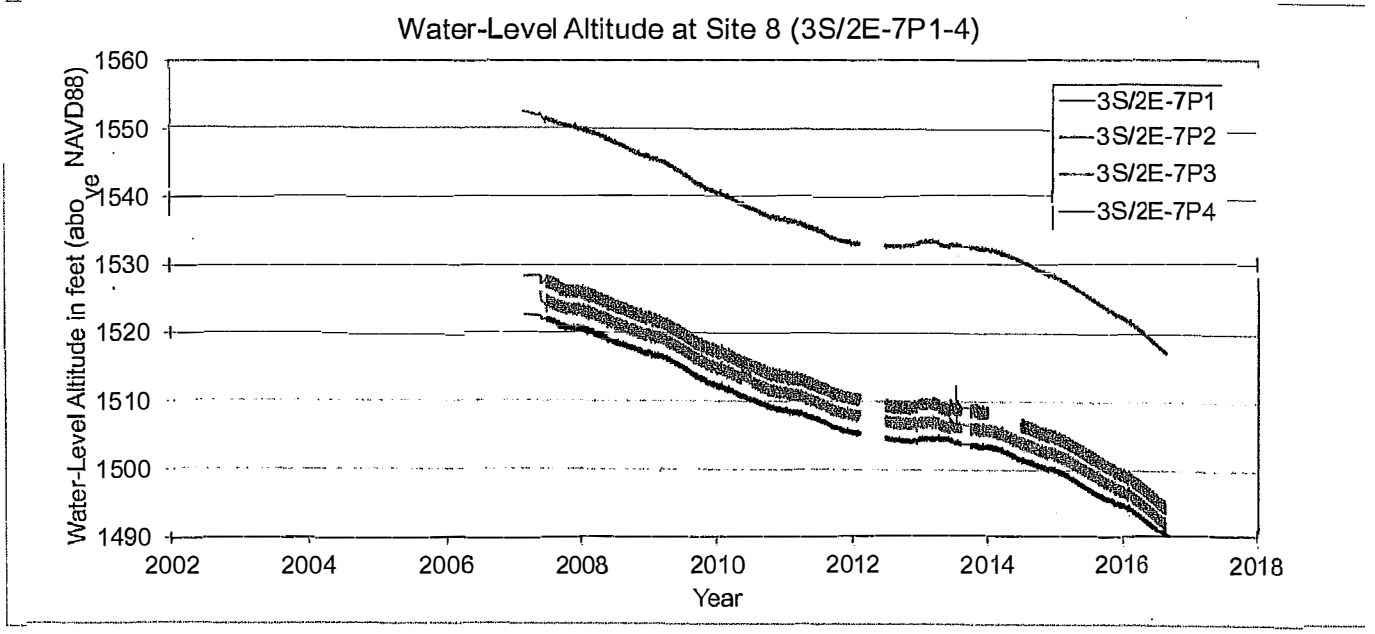
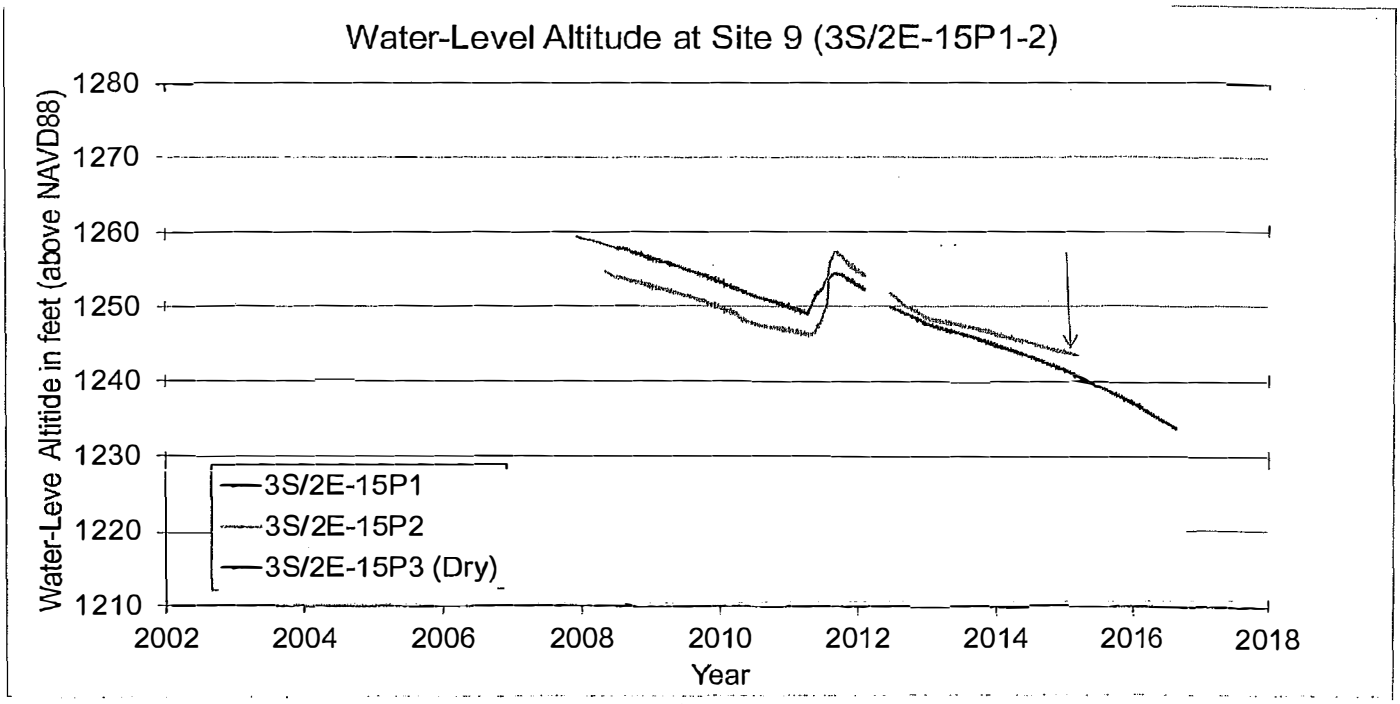




Figure 3. Graph showing water-level hydrographs for wells at sites 6 and 8.



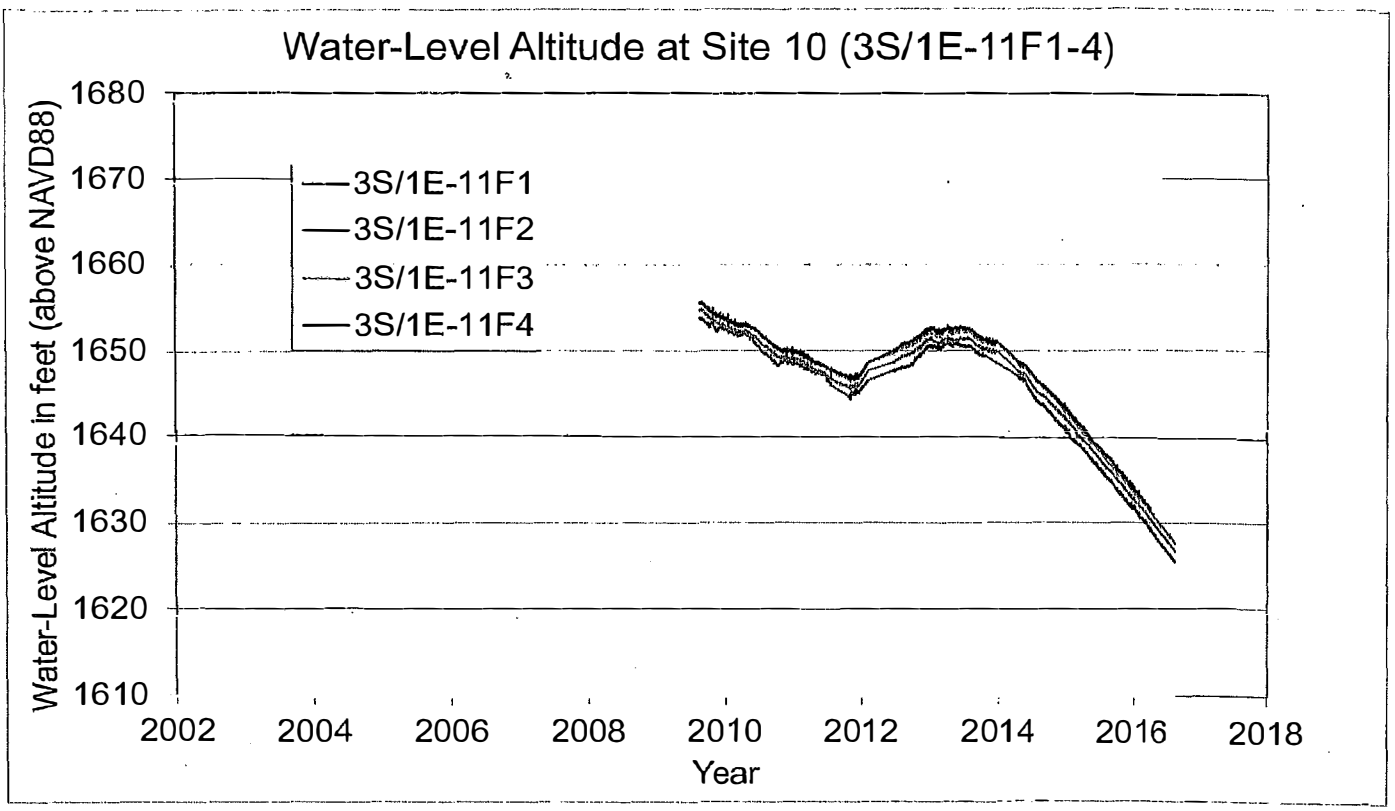
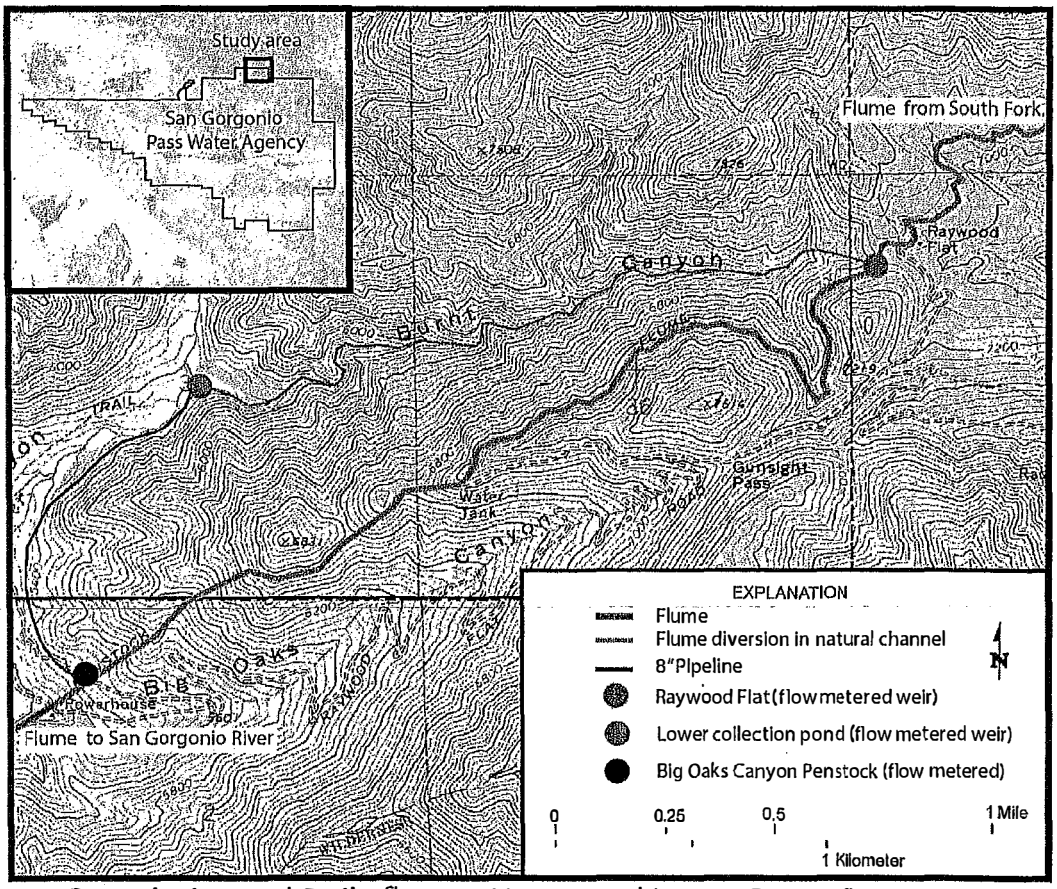




Figure 4. Graph showing water-level hydrographs for wells at sites 9 and 10.



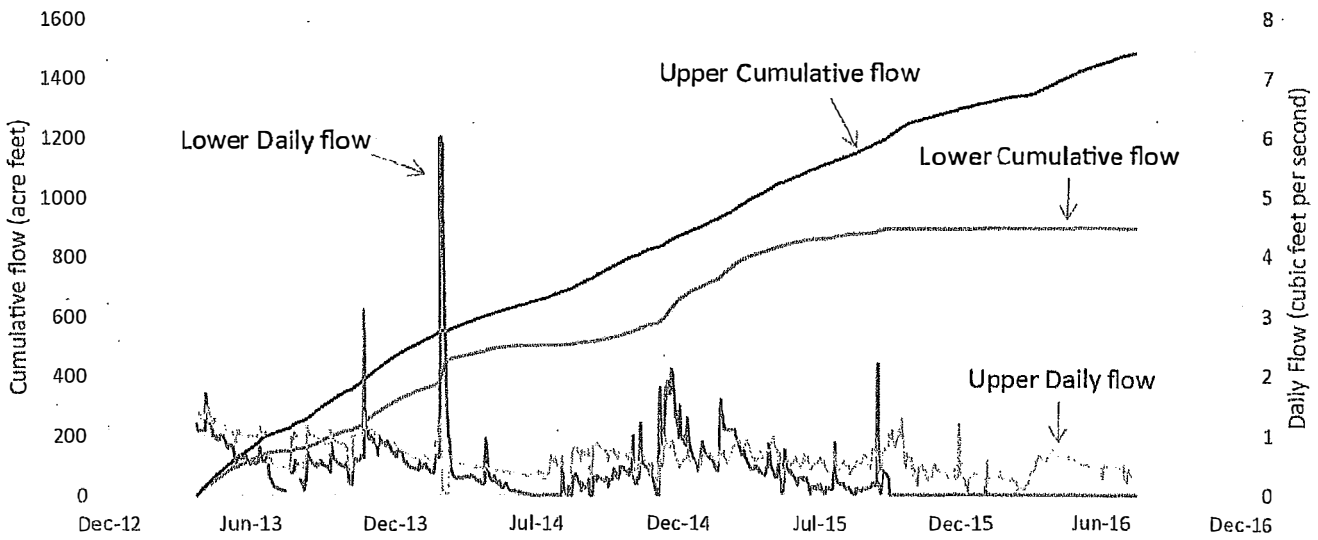




Figure 5. Graph showing cumulative and daily flow at upper and lower Burnt Canyon weirs.

Table 3. Water-quality network

| State Well Number | Well Type | Site Number | Storage Unit | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | Latitude (NAD83) | Longitude (NAD83) | Date sampled | Link to USGS online data containing site, water quality, and water level data | Notes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 002S001W32M001S | Production well | | Beaumont | | | X | | | X | 33.9526139 | -117.0140528 | 9-Jul-14 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335709117004701 | |
| 002S001W35J001S | SGPWA monitoring well | Site 6 | Beaumont | X | | | X | | | 33.9540139 | -116.9472111 | 3-Aug-15 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335714116565001 | |
| 002S001W35J002S | SGPWA monitoring well | Site 6 | Beaumont | X | | | X | | | 33.9540139 | -116.9472111 | 6-Aug-15 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335714116565002 | |
| 002S001W35J003S | SGPWA monitoring well | Site 6 | Beaumont | X | | | X | | | 33.9540139 | -116.9472111 | 7-Aug-15 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335714116565003 | |
| 002S002W14C001S | Production well | | Calimesa | | X | | | | X | 34.0038972 | -117.0527167 | 19-Jun-13 | http://waterdata.usgs.gov/nwis/inventory/?site_no=340014117034301 | |
| 002S002W24L001S | Production well | | Beaumont | X | | | X | | | 33.9789417 | -117.0451689 | 6-Aug-15 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335848117024301 | |
| 003S001E07E002S | Production well | | Beaumont | | | X | | X | | 33.9278361 | -116.9289833 | 3-Aug-16 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335540116553901 | |
| 003S001E12D001S | Production well | | Beaumont | | X | | | | X | 33.9311264 | -116.8366853 | 18-Jun-13 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335552116500901 | |
| 003S001E17C001S | Production well | | Banning | | | X | | X | | 33.9177528 | -116.9050389 | 3-Aug-16 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335504116541501 | |
| 003S001E18D001S | Production well | | Banning | X | | | X | | | 33.9176889 | -116.9289260 | 4-Aug-15 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335504116554101 | |
| 003S001W03K002S | Production well | | Beaumont | | X | | | | X | 33.9386810 | -116.9690970 | 19-Jun-13 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335621116581701 | |
| 003S001W10R004S | Production well | | South Beaumont | | X | | | | X | 33.9192167 | -116.9641806 | 18-Jun-13 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335509116575201 | |
| 003S001W12B002S | Production well | | Beaumont | | | X | | X | | 33.9321750 | -116.9356194 | 3-Aug-16 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335556116560701 | |
| 003S001W12K001S | Production well | | Beaumont | | X | | | | X | 33.9250028 | -116.9332583 | 20-Jun-13 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335530116555901 | |
| 003S001E11F001S | SGPWA monitoring well | Site 10 | Cabazon | X | | | X | | | 33.9252970 | -116.8513470 | 5-Aug-15 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335531116510401 | |
| 003S001E11F002S | SGPWA monitoring well | Site 10 | Cabazon | X | | | X | | | 33.9252970 | -116.8513470 | 3-Aug-15 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335531116510402 | |
| 003S001E11F003S | SGPWA monitoring well | Site 10 | Cabazon | X | | | X | | | 33.9252970 | -116.8513470 | 5-Aug-15 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335531116510403 | |
| 003S001E11F004S | SGPWA monitoring well | Site 10 | Cabazon | X | | | X | | | 33.9252970 | -116.8513470 | 5-Aug-15 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335531116510404 | |
| 003S002E07G002S | Production well | | Cabazon | | | X | | X | | 33.9264042 | -116.8114075 | 1-Aug-16 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335535116483801 | |
| 003S002E07K001S | Production well | | Cabazon | | | X | | X | | 33.9231111 | -116.8135000 | 1-Aug-16 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335523116484601 | |
| 003S002E09E001S | Production well | | Cabazon | X | | | X | X* | | 33.9256944 | -116.7887500 | 1-Aug-16 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335532116471701 | |
| 003S003E07D001S | Production well | | Cabazon | | X | | | | X | 33.9327222 | -116.7194444 | 20-Jun-13 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335556116431001 | |
| 003S003E07M001S | Production well | | Cabazon | X | | | X | | | 33.9230705 | -116.7197378 | 3-Aug-15 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335522116430701 | |
| 003S003E08M001S | Production well | | Cabazon | | | X | | X | | 33.9222222 | -116.6933889 | 4-Aug-16 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335522116415201 | |
| 002S001W27P001S | Production well | | Beaumont | | | X | | X | | 33.9621250 | -116.9734444 | 2-Aug-16 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335743116582401 | |
| 002S001W33D002S | Production well | | Beaumont | X | | | X | | | 33.9613889 | -116.9777778 | 4-Aug-15 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335741116595201 | |
| 003S001E03J001S | SGPWA monitoring well | | Cabazon | | X | | | X | X* | 33.9383333 | -116.8594722 | 8-Aug-13 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335618116513401 | Scheduled Nov 2016 |
| 002S001W29H001S | Production well | | Singleton | | X | | | | X | 33.9721920 | -117.0005610 | 5-Sep-13 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335820116595901 | |
| 002S001W35P001S | Production well | | Beaumont | X | | | X | X* | | 33.9473300 | -116.9560280 | 2-Aug-16 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335650116572101 | |
| 003S001W02M001S | Production well | | Beaumont | | | X | | X | | 33.9375440 | -116.9536670 | 30-Oct-14 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335616116574901 | Off line due to elevated Chrome 6, removed from network |
| 003S002E07P001S | SGPWA monitoring well | Site 8 | Cabazon | | X | | | | X | 33.9214833 | -116.8184167 | 7-Aug-13 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335513116490601 | |
| 003S002E07P002S | SGPWA monitoring well | Site 8 | Cabazon | | X | | | | X | 33.9214833 | -116.8184167 | 9-Aug-13 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335513116490602 | |
| 003S002E07P003S | SGPWA monitoring well | Site 8 | Cabazon | | X | | | | X | 33.9214833 | -116.8184167 | 9-Aug-13 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335513116490603 | |
| 003S002E07P004S | SGPWA monitoring well | Site 8 | Cabazon | | X | | | | X | 33.9214833 | -116.8184167 | 7-Aug-13 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335513116490604 | |
| 003S002E15P001S | SGPWA monitoring well | Site 9 | Cabazon | | | X | | X | X* | 33.9064170 | -116.7548890 | 30-Oct-14 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335423116455301 | Scheduled Nov 2016 |
| 003S002E15P002S | SGPWA monitoring well | Site 9 | Cabazon | | | X | | X | | 33.9064170 | -116.7548890 | 23-Aug-11 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335423116455302 | Dry |
| 003S002E15P003S | SGPWA monitoring well | Site 9 | Cabazon | | | X | | X | | 33.9064170 | -116.7548890 | 2-Sep-11 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335423116455303 | Dry |
| 003S001E10N001S | Production well | | Banning | | | X | | | X | 33.9064170 | -116.7548890 | 7-Jul-14 | http://waterdata.usgs.gov/nwis/inventory/?site_no=335515116522801 | |

Form 9-1366
(April 2015)

**U.S. DEPARTMENT OF THE INTERIOR**
**GEOLOGICAL SURVEY**

**JOINT FUNDING AGREEMENT**

| | |
|---|---|
| Customer #: | 6000000967 |
| Agreement #: | 16WSCA600096710_A1 |
| Project #: | |
| TIN #: | 95-2216065 |
| Fixed Cost Agreement | YES |

FOR

SAN GORGONIO PASS WATER AGENCY

**THIS AGREEMENT is entered into as of the, 12 day of January, 2017 by the U.S. GEOLOGICAL SURVEY, UNITED STATES DEPARTMENT OF THE INTERIOR, party of the first part, and the San Gorgonio Pass Water Agency (SGPWA), party of the second part.**

1. The parties hereto agree that subject to availability of appropriations and in accordance with their respective authorities there shall be maintained in cooperation San Gorgonio Pass Water Agency herein called the program. The USGS legal authority is 43 USC 36C; 43 USC 50; and 43 USC 50b.

2. The following amounts shall be contributed to cover all of the cost of the necessary field and analytical work directly related to this program. 2(b) includes In-Kind Services in the amount of $0.00

   (a) by the party of the first part during the period

| Amount | Date | to | Date |
|---|---|---|---|
| $25,015.00 | March 15, 2016 | | November 30, 2018 |

   (b) by the party of the second part during the period

| Amount | Date | to | Date |
|---|---|---|---|
| $106,746.00 | March 15, 2016 | | November 30, 2018 |

   USGS DUNS is 1761-38857. The amount in both 2(a) and 2(b) above are for this agreement only. Total USGS funding for this agreement is $50,030.00. Total SGPWA funding for this agreement is $206,356.00

   (c) Contributions are provided by the party of the first part through other USGS regional or national programs, in the amount of: $0.00

   Description of the USGS regional/national program:
   No additional contributions

   (d) Additional or reduced amounts by each party during the above period or succeeding periods as may be determined by mutual agreement and set forth in an exchange of letters between the parties.

   (e) The performance period may be changed by mutual agreement and set forth in an exchange of letters between the parties.

3. The costs of this program may be paid by either party in conformity with the laws and regulations respectively governing each party.

4. The field and analytical work pertaining to this program shall be under the direction of or subject to periodic review by an authorized representative of the party of the first part.

5. The areas to be included in the program shall be determined by mutual agreement between the parties hereto or their authorized representatives. The methods employed in the field and office shall be those adopted by the party of the first part to insure the required standards of accuracy subject to modification by mutual agreement.

6. During the course of this program, all field and analytical work of either party pertaining to this program shall be open to the inspection of the other party, and if the work is not being carried on in a mutually satisfactory manner, either party may terminate this agreement upon 60 days written notice to the other party.

**9-1366 (Continuation)** Customer #: 6000000967 Agreement #: 16WSCA600096710_A1

7. The original records resulting from this program will be deposited in the office of origin of those records. Upon request, copies of the original records will be provided to the office of the other party.

8. The maps, records, or reports resulting from this program shall be made available to the public as promptly as possible. The maps, records, or reports normally will be published by the party of the first part. However, the party of the second part reserves the right to publish the results of this program and, if already published by the party of the first part shall, upon request, be furnished by the party of the first part, at costs, impressions suitable for purposes of reproduction similar to that for which the original copy was prepared. The maps, records, or reports published by either party shall contain a statement of the cooperative relations between the parties.

9. USGS will issue billings utilizing Department of the Interior Bill for Collection (form DI-1040). Billing documents are to be rendered QUARTERLY. Payments of bills are due within 60 days after the billing date. If not paid by the due date, interest will be charged at the current Treasury rate for each 30 day period, or portion thereof, that the payment is delayed beyond the due date. (31 USC 3717; Comptroller General File B-212222, August 23, 1983).

**U.S. Geological Survey**
**United States**
**Department of the Interior**

| **USGS Point of Contact** | | **Customer Point of Contact** | |
|---|---|---|---|
| Name: | Nancy Mora | Name: | Jeff Davis |
| Address: | 4165 Spruance Rd, Suite 200<br>San Diego, CA 92101 | Address: | 1210 Beaumont Avenue<br>Beaumont, CA 92223 |
| Telephone: | (619) 225-6428 | Telephone: | (951) 845-2577 |
| Email: | nmora@usgs.gov | Email: | jdavis@sgpwa.com |

**Signatures and Date**

| | | | |
|---|---|---|---|
| Signature: | Date: 1-12-17 | Signature: | Date: |
| Name: | Eric G. Reichard | Name: | Jeff Davis |
| Title: | Director, USGS California Water Science Center | Title: | General Manager |

**DRAFT AGREEMENT**
**SITES RESERVOIR PROJECT**
**PARTICIPATION IN PHASE 1 RESERVOIR PROJECT AGREEMENT**

This AGREEMENT FOR PARTICIPATION IN THE PHASE 1 RESERVOIR PROJECT AGREEMENT ("Agreement") is made as of _____, 2017, by and between the San Gorgonio Pass Water Agency, a public agency ("Agency") and the Beaumont-Cherry Valley Water District, a public agency ("District"). Agency and District are hereinafter sometimes collectively referred to as the "Parties" or individually as a "Party."

RECITALS

A. On December 21, 2015, public agencies in the Sacramento River Watershed entered in that certain Modified Third Amended and Restated Sites Project Authority Joint Exercise of Powers Agreement pursuant to which said agencies ("Members") formed the Sites Project Authority ("Authority") to develop the Sites Reservoir Project ("Project").

B. On April 16, 2016, certain Members entered into a Phase 1 Reservoir Project Agreement and invited additional Members and Non-Member Participating Parties to become part of the Phase 1 Reservoir Project Agreement. Phase 1 includes the following primary activities: (i) planning level studies related to operation of the reservoir to provide both direct and indirect water supply and water supply reliability for water users and Proposition 1, Chapter 8-defined public benefits; (ii) planning level studies related to the design and construction of the reservoir; and (iii) the potential inclusion of pumped-storage to provide renewable energy; and

C. On July 27, 2016, the District Board took action to participate with the Agency in the amount of 4,000 AF as offered by the Agency but specified that it was interested in only a Class 1 level of participation; and

D. On October 17, 2016, the Agency Board took action to submit a proposal to the Authority to become a Non-Member Participating Party through the purchase of 14,000 acre-feet ("AF") of Class 1 water. The Agency Board also took action to provide an opportunity to District to purchase 4,000 AF of the Agency's 14,000 AF requested amount; and

E. Class 1 water is defined by the Authority as 50% of the expected annualized yield that would be allocated to the Project Agreement Members. Class 1 water represents the amount of water that would not be made available for Proposition 1, Chapter 8-eligible public benefits assuming the California Water Commission elects to participate up to the maximum amount allowed by Proposition 1, Chapter 8, which is 50% of the total development costs of the Project. Class 2 water is defined by the Authority as some of the remaining 50% which could become available for non-Proposition 1, Chapter 8 uses. For Phase 1, the maximum amount of this Class 2 additional water is approximately 35% of the total. The remaining 15% is currently not available for potential non-Proposition 1, Chapter 8 uses and represents the differential amount of long-term annualized water produced should the Project be downsized from 1.8 million AF to 1.3 million AF; and

F. The Authority responded to Agency's request by way of a letter dated October 11, 2016. The Authority stated that the amount requested by all interested entities totaled 377,411 AF, of which only 250,000 AF is available until the State of California makes its decision to participate in the development of the Project, which in accordance with Chapter 8 of Proposition 1, is limited to 50% of capital costs. Therefore, the difference, which equals 127,411 AF, is deemed to be Class 2 water. As a result, the Authority is able to provide to Agency 7,966 AF as Class 1 water, which has a Phase 1 not-to-exceed cost of $60/AF plus an additional 6,034 AF as Class 2 water, which has a Phase 1 not-to-exceed cost of $30/AF. This counterproposal from the Agency is referred to as the "Agency Participation"; and

G. On January 17, 2017, the Agency Board took action to enter into the Sites Project Authority's Amended And Restated Phase 1 Reservoir Project Agreement ("Project Agreement") and to make the financial commitment required for the Agency Participation under said Project Agreement. A copy of the Project Agreement is set forth in Exhibit "A" attached hereto and incorporated herein by reference; and

H. Pursuant to the Agency's previous offer to District to participate in Agency's purchase, and based on the Agency Participation, the Parties desire to enter into this Agreement in order to set forth the terms and conditions upon which the District will purchase a portion of the Agency Participation.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and conditions set forth in this Agreement, and for other good, valuable, and adequate consideration, the Parties hereto agree as follows:

1. District Participation

District hereby agrees to make the following financial commitment and otherwise participate in the Agency Participation ("District Participation"). The District Participation shall be deducted from the Agency Participation as follows:

(a) Original Agency Request - 14,000 AF

(b) Original Agency Offer To District – 4,000 AF of the 14,000 AF

(c) Percentages By And Between The Parties
Agency – 10,000 AF of 14,000 AF - 71.429%
District – 4,000 AF of 14,000 AF – 28.571%

(d) Authority Counterproposal and Agency Participation
14,000 AF divided between Class 1 and Class 2
7,966 AF of Class 1 water; Phase 1 not-to-exceed cost of $60/AF
6,034 AF of Class 2 water; Phase 1 not-to-exceed cost of $30/AF

(e) Agency Participation After Deducting District Participation
5690 AF of Class 1 water (71.429%); Phase 1 not-to-exceed cost of $60/AF
4310 AF of Class 2 water (71.429%); Phase 1 not-to-exceed cost of $30/AF

(f) District Participation After Deducting Agency Participation
2276 AF of Class 1 water (28.571%); Phase 1 not-to-exceed cost of $60/AF
1724 AF of Class 2 water (28.571%); Phase 1 not-to-exceed cost of $30/AF

2. Rights And Obligations

(a) Compliance With Project Agreement - Performance of this Agreement, and the activities of the Parties, shall be subject to the rights and obligations set forth in the Project Agreement and any other Authority rules and regulations as the same may be adopted or revised from time to time.

(b) Agency's Obligations To District - The rights and obligations of Agency to District shall be limited to the terms and conditions of this Agreement. District shall not be deemed to be a party to the Project Agreement nor otherwise have any right or entitlement under the Project Agreement. For example and not by way of limitation, District shall not have any right to participate in, or become a member of, the Reservoir Project Committee as set forth in the Project Agreement.

(c) No Representations Or Warranties – Nothing in this Agreement shall constitute a representation or warranty by Agency to District of any water rights, water supplies, allocation or any other obligation regarding the amount of water which may or may not be provided by the Authority under the Project Agreement. Agency's obligations are limited to performance of the Project Agreement as a Non-Member Participating Party and performance of this Agreement. Agency shall not be deemed to have made any commitment of a water right or water supply to District, District's customers or District's applicants for service.

3. Payment Obligations

(a) Payment Requests From Authority - Upon receipt of Phase 1 cost payment requests from the Authority, Agency shall provide a copy of said requests to District along with a cover letter setting forth the calculation of the percentage amount due and owing by District. Within thirty (30) days of the date of said cover letter, District shall submit payment to Agency for District's percentage share as set forth in this Agreement. Agency shall be responsible for 71.429% of Phase 1 costs and District shall be responsible for 28.571% of Phase 1 costs.

(b) District's Review Of Payment Requests - If District objects to any portion of said statement or calculation, it shall provide written notice to Agency of said objections within ten (10) days from the date of the Agency cover letter and the Parties shall then engage in good faith efforts to resolve such issues through informal discussions. In the event District does not submit such an objection to Agency within said 10-day period, District will be deemed to have approved said statement.

(c) Failure Or Refusal To Make Payment

(i) The Parties hereby acknowledge that Agency will be the Non-Member Participating Party contractually bound to the Project Agreement and Agency will be ultimately responsible for all Phase 1 costs in relation to the Agency Participation which includes the portion designated as the District Participation.

(ii) Therefore, in the event that District objects to a payment request or otherwise fails or refuses to make a payment, and said issues are not resolved through good faith informal discussions prior to a deadline for payment imposed by the Authority, Agency reserves the right to make the entire payment as applicable. As a result of making any such payment, Agency shall have the right to terminate this Agreement under the termination provisions set forth below. Upon said termination, District shall be deemed to have released any and all rights and obligations under this Agreement in regard to the District Participation.

4. Compliance With Legal And Regulatory Requirements

In carrying out its respective activities, each Party shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and regulations in any manner affecting the performance of the respective activities. Each Party shall be liable to the other Party for all violations of such laws and regulations in connection with the respective activities. Each Party shall be responsible for securing, at its own expense, and paying for all permits and licenses necessary to perform their respective activities as set forth in this Agreement.

5. Effective Date

This Agreement shall be effective on the date of full execution of this Agreement by both Parties ("Effective Date").

6. Term and Termination

(a) Term The term of this Agreement shall be from the Effective Date to the date of completion of performance of the activities under this Agreement. This Agreement shall remain in effect during the term unless earlier terminated under the following procedures:

(b) Notice and Opportunity to Cure If either Party to this Agreement believes that the other Party has failed to perform any obligation of that Party in accordance with the terms of this Agreement ("Default"), the Party alleging the Default shall provide written notice ("Default Notice") to the other Party, setting forth the nature of the alleged Default. Unless otherwise

provided by a specific term of this Agreement, the Party claimed to be in Default shall have thirty (30) days from the receipt of the Default Notice to completely cure such Default or, if such Default cannot reasonably be cured within such thirty (30) day period, to commence the cure of such Default within the thirty (30) day period and diligently prosecute the cure to completion thereafter. If the Party claimed to be in Default does not cure such Default within the time period and procedures as set forth herein, the Party alleging Default may then terminate this Agreement.

7. General Provisions

(a) Entire Agreement This Agreement is intended by the Parties as a complete and exclusive statement of the terms of their agreement and it supersedes all prior agreements, written or oral, as to this subject matter. For example, and not by way of limitation, any previous actions or correspondence from the District regarding a preference for only purchasing Class 1 water is hereby superseded by this Agreement and shall be of no further force or effect. This Agreement may be modified only upon the mutual written agreement of the Parties hereto.

(b) Notices Written notices to be given to either Party must be given by personal delivery or by registered or certified mail addressed and delivered as set forth below.

Beaumont-Cherry Valley Water District
560 Magnolia Avenue
Beaumont, CA 92223
(951) 845-9581
Attn: General Manager

San Gorgonio Pass Water Agency
1210 Beaumont Avenue
Beaumont, CA 92223
(951) 845-2577
Attn: General Manager

(c) Representation of Authority Each Party represents to the other that it has the authority to enter into this Agreement and that the individual signing this Agreement on behalf of their respective Parties has the authority to execute this Agreement and to bind their respective Parties to the terms and conditions of this Agreement.

(d) Incorporation of Recitals The Recitals set forth above are incorporated herein and made an operative part of this Agreement.

(e) Invalidity and Severability If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

IN WITNESS WHEREOF, each of the Parties have caused this Agreement to be executed by its respective duly authorized officers.

SAN GORGONIO PASS WATER AGENCY

By:_____

Title:_____

BEAUMONT-CHERRY VALLEY WATER DISTRICT

By: _____

Title:_____

Exhibit "A"

Project Agreement

Beaumont-Cherry Valley Water District
Phone: (951) 845-9581 Fax: (951) 845-0159
www.bcvwd.org



VIA EMAIL and HAND DELIVERY

July 29, 2016

Jeff Davis, General Manager
San Gorgonio Pass Water Agency
1210 Beaumont Avenue
Beaumont, CA 92223

Subject: Sites Reservoir Participation

Dear Mr. Davis:

During a special meeting of the Beaumont-Cherry Valley Water District Board of Directors held on July 27, 2016, the Board adopted Resolution 2016-06 (attached) Authorizing the Participation in the Sites Reservoir Project. The District desires to participate in the project through your agency in acquiring 4,000 Acre Feet of entitlement through the subscription of Class 1 shares. This would be over and above the 10,000 AF of entitlement sought by the SGPWA.

We look forward to working with the SGPWA in the coming months to implement the process. Please feel free to contact me at (951) 845-9581, ext. 225 with any questions.

Sincerely,

Eric Fraser
BCVWD
General Manager

Attachment

**RESOLUTION 2016-06**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BEAUMONT-CHERRY VALLEY WATER DISTRICT AUTHORIZING THE DISTRICT'S PARTICIPATION IN THE SITES RESERVOIR PROJECT – PHASE 1 PROPOSAL TO PARTICIPATE**

**WHEREAS,** the Board of Directors of the Beaumont-Cherry Valley Water District continues to proactively seek ways to enhance storage flexibility and improve long-term water supply reliability for the District's Service Area; and

**WHEREAS**, The District's 2015 Master Plan Update and 2013 Urban Water Management Plan Update identify the District's current and future need for increased imported water supply to meet the water supply requirements associated with planned growth within the District's Service Area; and

**WHEREAS**, participation in Phase 1 of the Sites Reservoir Project in conjunction with the San Gorgonio Pass Water Agency would facilitate the Beaumont-Cherry Valley Water District's ability to obtain increased water supply and storage for the District's Service Area; and

**WHEREAS**, The Board of Directors understands that the San Gorgonio Pass Water Agency Board of Directors has authorized their General Manager to submit a 'Proposal to Participate' form at a desired level of participation of 10,000 AF to obtain increased water supply and storage for the Agency's Service Area; and

**WHEREAS**, The Board of Directors understands that the San Gorgonio Pass Water Agency would provide an opportunity for the Beaumont-Cherry Valley Water District to withdraw from the Sites Reservoir Phase I funding obligation in the event the actual level of participation finally secured by the San Gorgonio Pass Water Agency is below that Agency's 10,000 AF desired participation level,

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the Beaumont-Cherry Valley Water District declares the following:

1. Hereby authorizes and directs the General Manager to submit a 'Proposal to Participate' form in conjunction with the San Gorgonio Pass Water Agency's for the Sites JPA Reservoir Project at a desired Class 1 level of participation of 4,000 AF at a not to exceed total Phase 1 cost of $60.00 per acre-foot above the San Gorgonio Pass Water Agency's desired participation level of 10,000 AF.

**ADOPTED**, This 27th day of July, 2016

ATTEST:

Jeffrey Cottrell, President of the
Board of Directors of the
Beaumont-Cherry Valley Water District

Daniel Slawson, Secretary to the
Board of Directors of the
Beaumont-Cherry Valley Water District

# San Gorgonio Pass Water Agency

*A California State Water Project Contractor*
1210 Beaumont Avenue • Beaumont, CA 92223
Phone (951) 845-2577 • Fax (951) 845-0281




October 18, 2016

Mr. Eric Fraser, General Manager
Beaumont Cherry Valley Water District
560 Magnolia
Beaumont, CA 92223

Dear Eric:

As you know, the Agency received a counteroffer from the Sites JPA regarding our proposal for 14,000 AF of yield from the proposed project, 4000 AF of which would be funded by the District. The counteroffer is for 7966 AF of Class 1 water and 6034 AF of Class 2 water. The total of 14,000 AF is the same, but only 7966 AF is guaranteed, with the rest being made available if the State's funding is less than 50%. A copy of the counteroffer is enclosed.

The Agency Board voted to accept the counteroffer, with the proviso that your Board be provided the opportunity to participate at the same level as before (28.571%). By my math, that would be 2276 AF of Class 1 water and 1724 AF of :Class 2 water, for a total of 4000 AF. The cost details of this are included in the attached counteroffer.

We understand that your Board will not meet for another several weeks. Please add this item to your next Board agenda and let me know your Board's decision.

Please do not hesitate to contact me if you have any questions regarding this matter.

Very truly yours,

Jeff Davis

Enclosure

Sites

October 11, 2016

San Gorgonio Pass Water Agency
1210 Beaumont Ave
Beaumont, CA 92223

Regarding: Sites Reservoir Project, Proposal to Participate in the Phase 1 Reservoir Project Agreement Committee

Dear Mr. Davis:

This letter confirms receipt of your agency's responsive Phase 1 Proposal to Participate and, due to the level of interest received, provide a counter-offer for your consideration as well as advance the process to formalize your agency's active participation.

The Sites Project Authority ("Authority") received 21 responsive requests for Class 1 water from both public agencies and non-public entities[1] (see Attachment A, which includes both existing members of the Reservoir Project Agreement Committee ("Reservoir PAC") and those who submitted responsive requests to participate). All but 2 public agencies requested to participate in Phase 1 using an acre-ft. as the method to apportion the Phase 1 study costs. The amount of water being requested by both the existing Reservoir Project Agreement Committee ("Reservoir PAC") members and potential new Reservoir PAC members totaled 377,411 acre-ft.; of which only 250,000 acre-ft. is available until the State of California makes its decision to participate in the development of the Sites Reservoir Project ("Project"), which in accordance with Chapter 8 of Proposition 1[2], is limited to 50% of

1 Public agencies include both public water agencies and a County. The private entities include both Mutual Water Companies ("MWCs"), who each have a portion of their water supply provided through a contract with either the CVP or SWP, and an Investor-Owned Utility ("IOU") who is regulated by the California Public Utilities Commission to provide water to small communities in both the Sacramento and San Joaquin valleys. The California Water Commission's Legal Counsel has agreed with the Authority that both the MWCs and IOU can participate in the Phase 1 Reservoir Project Agreement Committee as a Non-Member Participating Party without affecting the Authority's eligibility to potentially receive state funding under Chapter 8 of voter-approved Proposition 1.

2 While the State of California will determine the amount of public benefits that will be funded under Proposition 1, the Federal government, through the United States Bureau of Reclamation (USBR), is evaluating its role and level of participation in the Project. Within existing congressional authorizations, the potential exists for the USBR to participate in benefits, such as

capital costs[3]. Therefore, the difference, which equals 127,411 acre-ft. is deemed to be Class 2 water.

Membership in the Phase 1 Reservoir Project Agreement Committee: Due to the total amount of acre-ft. being requested and in accordance with the evaluation process that was provided as part of the package of documents the Authority made publicly available, your request to participate in 14,000. acre-ft. of Class 1 water can only be partially accepted. The amount of Class 1 water amounts to approximately 56.9% of your original request. This percentage has been applied to all respondents who are a public water agency whose primary service area is located outside of the Sacramento Valley. As such, the Authority has authorized me to extend the following counteroffer for your consideration:

Counteroffer: Provide 7,966. acre-ft. as Class 1 water, which has a Phase 1 not-to-exceed cost of $60/acre-ft. plus an additional 6,034. acre-ft.as Class 2 water, which has a Phase 1 not-to-exceed cost of $30/acre-ft. The total amount equals the 14,000. acre-ft. your agency requested. Once the State has made their respective participation decisions through the California Water Commission, which coincides with the completion of Phase 1, the amount of water being used to apportion the project's costs will be "re-balanced". Similarly, if the Federal government requests to participate in obtaining equivalent types of public benefits, the Authority in conjunction with the members of the Phase 1 Reservoir PAC will determine how best to allocate any difference, as measured in acre-ft., between the State's (and potentially Federal) level of participation and the amount of water the Project is estimated to produce over the long-term average.

Action Requested: Please review this counteroffer and provide a response that either acknowledges your agency's acceptance or an alternative participation that reflects the limited amount of Class 1 water that is available in Phase 1. An email response will suffice.

ecosystem and water quality, that pending congressional authorization, could be funded by the federal government.

3 For Phase 1 and until the Water Commission has finalized its regulations, the Authority has been assuming that the project's costs and subsequent repayment follows the amount of long-term annualized average amount of water a participant could receive assuming the Project is permitted and built.

Next Steps:

1. Workshop: Please plan to have a representative from your agency attend the October 21 workshop. In addition to providing an overview of the Project's facilities and status of studies underway, this meeting will focus on (a) the complexity of the Water Commission's proposed application requirements, which will require new CalSIM modeling to estimate the Project's benefits under a climate change scenario that differs from what has been used in the existing draft EIR/S and (b) the Water Commission's evaluation process, which has led the Authority to pursue a strategy to accelerate work planned in Phase 2 to advance the EIR/S into this, Phase 1. Based on the Water Commission's schedule, the Reservoir PAC and then the Authority will need to address both of these items before the end of November since they affect the Phase 1 work plan and annual budget.

2. Governance Documents: Within 2 weeks after the October 21 workshop, we plan to convene a conference call with all of the respondents to develop a list of any proposed changes to the governance documents, primarily focusing on the Bylaws and the Phase 1 Reservoir Project Agreement. To date, we have received a number of constructive comments and want to share them with the other respondents as well as gather any other proposed changes. This conference call will primarily focus on legal concerns. The resulting recommended changes will then be provided to the Authority board for their consideration. Once the amended documents have been approved by the current signatories to the Reservoir PAC and then the Authority, these documents will be distributed for consideration and approval by your agency. Based on your participation, an estimated initial payment will be provided at the time the amended governance documents are distributed. The amount will be based on the $/acre-ft. the current Reservoir PAC members have paid to date for Class 1 water and the Class 2 water rate will be prorated at 50%.

3. Reservoir PAC Meeting: The first Reservoir PAC meeting is tentatively planned for the morning of November 19. This meeting will advance the discussions presented on October 21 with a detailed review of the effort needed to submit a responsive application to the Water Commission and acceleration of the EIR/S. On November 21, these meeting results will be presented to the Authority for their consideration and potential action.

4. ACWA Fall Conference: The afternoon of November 29, at the ACWA Fall Conference, a meeting will be held for all respondents to the Proposal to Participate process. This meeting will focus on providing additional updates and to answer questions that you, your staff, or your board members may have. Additional details will be communicated in advance of this meeting and it will likely be a publicly noticed meeting.

On behalf of the Authority, I thank you for your interest to actively participate in the development of the Sites Reservoir Project. I look forward to working with you and your staff to move this project forward as expeditiously as practicable. Should you have any questions, please don't hesitate to contact me.

Sincerely,

James C. Watson, PE
General Manager
jwatson@sitesproject.org
(530) 410.8250

Cc: Melville, D.
Executive Comm.
Conant, E
Nordyke, A.
Davis, K.

| ID | Agency | Requested Participatio | Class | Counter-offer Class 1 | Pct | Class 2 | Alternative Participation |
|---|---|---|---|---|---|---|---|
| 01 | Colusa County | 10,000 | 1 | 10,000 | 100% | - | |
| | Colusa Co. WD | 32,111 | 1 | 32,111 | 100% | - | |
| | Cortina WD | 300 | 1 | 300 | 100% | - | |
| | Davis WD | 2,000 | 1 | 2,000 | 100% | - | |
| | Dunnigan WD | 5,000 | 1 | 5,000 | 100% | - | |
| | LaGrande WD | *1,000* | 1 | 1,000 | 100% | - | |
| | Glenn County | - | | - | | - | |
| | Glenn-Colusa ID | 20,000 | 1 | 20,000 | 100% | - | |
| | Maxwell ID | - | | - | | - | |
| | Orland-Artois WD | 20,000 | 1 | 20,000 | 100% | - | |
| | Proberta WD | 3,000 | 1 | 3,000 | 100% | - | |
| | Reclamation District 108 | 20,000 | 1 | 20,000 | 100% | - | |
| | Tehama-Colusa Canal Authority | - | | - | | - | |
| | Westside WD | 25,000 | 1 | 25,000 | 100% | - | |
| | 4M WD | 500 | 1 | 500 | 100% | - | |
| 04 | RD 2035 | 10,000 | 1 | 10,000 | 100% | | |
| | | 5,000 | 2 | | 0% | 5,000 | |
| 05 | Western Canal Water District | 3,500 | 1 | 3,500 | 100% | - | |
| 06 | Placer County WA & City or Roseville | - | | - | 0.0% | | Under discussion |
| 07 | American Canyon, City of | 2,000 | 1 | 2,000 | 100% | - | |
| 08 | Santa Clara Valley Water District | 24,000 | 1 | 13,656 | 56.9% | 10,344 | |
| 09 | Westlands Water District | 10,000 | 1 | 11,380 | 56.9% | 8,620 | |
| | | 10,000 | 2 | | | | |
| 10 | Antelope Valley-East Kern Water Agenc | 2,000 | 1 | 1,138 | 56.9% | 862 | |
| 11 | Castalc Lake Water Agency | 5,000 | 1 | 2,845 | 56.9% | 2,155 | |
| 12 | Coachella Valley Water District | 26,500 | 1 | 15,078 | 56.9% | 11,422 | |
| 13 | Desert Water Agency | 6,500 | 1 | 3,698 | 56.9% | 2,802 | |
| 14 | Metropolitan Water District | - | | - | 0.0% | | Under discussion |
| 15 | San Gorgonio Pass Water Agency | 14,000 | 1 | 7,966 | 56.9% | 6,034 | |
| 16 | San Bernardino Municipal WD | 30,000 | 1 | 17,069 | 56.9% | 12,931 | |
| 17 | Wheeler Ridge-Maricopa Water SD | 20,000 | 1 | 11,380 | 56.9% | 8,620 | |
| 18 | Zone 7 Water Agency | 20,000 | 1 | 11,380 | 56.9% | 8,620 | |
| 19 | Carter MWC | 1,000 | 1 | - | 0.0% | 1,000 | |
| 20 | Garden Highway MWC | 4,000 | 1 | - | 0.0% | 4,000 | |
| 21 | Pacific Resources MWC | 10,000 | 1 | - | 0.0% | 10,000 | |
| 22 | California Water Service | 35,000 | 1 | - | 0.0% | 35,000 | |
| | | **377,411** | | **250,000** | **56.9%** | **127,411** | |

Beaumont-Cherry Valley Water District
Phone: (951) 845-9581 Fax: (951) 845-0159
www.bcvwd.org



December 7, 2016

Jeff Davis, General Manager
San Gorgonio Pass Water Agency
1210 Beaumont Avenue
Beaumont, CA 92223

Subject: Sites Reservoir Participation Counter Proposal

Dear Mr. Davis:

During the November 2016 meeting of the Beaumont-Cherry Valley Water District Board of Directors, the counter-proposal received by the SGPWA regarding Participation in the Sites Reservoir Project was discussed. The consensus of the Board was the District still desires to participate in the project through your agency in acquiring 4,000 Acre Feet of entitlement through the subscription of Class 1 shares.

The BCVWD currently is, and will always be, the largest customer the SGPWA serves, thus our customers provide the majority of funding of the SGPWA through water sales and tax assessments. Because of this, the acquisition of Sites Project shares would more than likely be funded by revenues the SGPWA received from BCVWD customers without a tangible allocation of entitlement to the District. The preferred option of the BCVWD Board of Directors is to have those shares exclusively funded by, and dedicated to, BCVWD. In addition, the District is also interested in additional Class 1 or Class 2 shares should they become available.

In summary, the BCVWD proposes to fund the acquisition of 4,000 AF of the Class 1 Shares in the Sites Reservoir Project that have been offered to the SGPWA in exchange for the exclusive rights to shares.

Please feel free to contact me at (951) 845-9581, ext. 225 with any questions.

Sincerely,

Eric Fraser
BCVWD
General Manager