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AGREEMENT TO PRODUCE ADDITIONAL WATER FROM
THE ARTESIAN ZONE OF THE SAN BERNARDINO
BASIN AREA AND FOR REIMBURSEMENT OF COSTS

AGREEMENT made this 25th day of February, 1985, among the
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT (hereinafter
called "Valley District"), the WESTERN MUNICIPAL WATER DISTRICT
OF RIVERSIDE COUNTY (hereinafter called "Western"), the ORANGE
COUNTY WATER DISTRICT (hereinafter called "Orange District"), the
CITY OF RIVERSIDE (hereinafter called "Riverside"), and the CITY
OF SAN BERNARDINO (hereinafter called "San Bernardino").

RECITALS

1. Valley District and Western are parties to the Judgment
entered April 17, 1969, in the case entitled "Western Municipal
Water District of Riverside County v. East San Bernardino County
Water District et al.", Riverside Superior Court No. 78426
(hereinafter called the "Western Judgment"). The Western
Judgment limits the amount of water that can be exported from the
San Bernardino Basin Area for use within Western. It further
limits extractions that can be made for use within Valley
District without providing imported water for replenishment.
However, Paragraph VI(b)6 of the Western Judgment also allows the
Valley District and Western to enter into agreement for
additional extractions as provided therein.

Production and Reimbursement Agreement

1 2. Under the Western Judgment, the Court also has
2 continuing jurisdiction to provide for increases or decreases in
3 the extractions of any particular party because of emergency
4 requirements, and also to exercise continuing authority over
5 other matters not specifically set forth in the Western Judgment
6 but which occur in the future and would be of benefit to the
7 parties in the utilization of the surface and groundwater supply
8 described in the Western Judgment, provided that any such action
9 may not be inconsistent with the respective rights of the
10 parties.

11 3. Recently, the groundwater levels in the Artesian Zone of
12 the San Bernardino Basin Area have risen to, or nearly to, the
13 surface of the ground. The recurrence of the high groundwater
14 table has caused basement flooding and damage to buildings,
15 pavement, and sewer lines, and in the event of an earthquake may
16 create a threat of ground liquefaction and constitutes and serves
17 as a threat to public health, safety and welfare in the Artesian
18 Zone. Said high groundwater table must be lowered in order to
19 protect life and property in the area, to promote groundwater
20 resources management, and to make efficient use of the water.

21 4. On October 19, 1983, Valley District and Western entered
22 into an agreement entitled "Agreement for Temporary Additional
23 Extractions from the San Bernardino Basin Area" (hereinafter
24 called "Temporary Additional Extraction Agreement"). The
25 Temporary Additional Extraction Agreement relates only to the
26 natural water supply of the San Bernardino Basin Area, and the
27 alleviation of the high groundwater problem by allowing
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Production and Reimbursement Agreement

1 additional extractions of water by the parties from the Artesian
2 Zone. Execution of the Temporary Additional Extraction Agreement
3 did not prevent the parties from executing additional agreements
4 or undertaking alternative measures to solve the problem. The
5 present Agreement is such an additional agreement and provides
6 alternative measures to alleviate the high groundwater problem.

7 5. On June 27, 1984, an order was signed in Superior Court,
8 County of Riverside, modifying the Western Judgment by approving
9 the Temporary Additional Extraction Agreement between Valley
10 District and Western and allowing temporary additional
11 extractions of water from the San Bernardino Basin Area.
12 However, no water was extracted pursuant to the order, or under
13 the terms of the 1983 agreement.

14 6. The situation of high groundwater levels in the Artesian
15 Zone has become more urgent, and poses a severe threat to public
16 health, safety and welfare. There is an immediate need to
17 encourage production of additional water during the winter and
18 spring months when demand for water decreases and production
19 lessens. Therefore, the parties desire to provide for an
20 emergency program during the first six months of the year, ending
21 June 30, 1985, to permit additional production of water from the
22 Artesian Zone, and to provide for reimbursement of production
23 costs. The parties contemplate that Orange District will
24 reimburse the cost of additional production at times when the
25 water is approved for delivery by Orange District but that
26 additional production may be made at other times as well at the
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Production and Reimbursement Agreement

1 expense of other parties in order to alleviate the problem
2 conditions.

3 7. This Agreement relates only to the natural water supply
4 of the San Bernardino Basin Area, and the alleviation of the high
5 groundwater problem by allowing temporary extractions of
6 additional water from the Artesian Zone. Nothing herein shall
7 affect the right of the Valley District or of the State to
8 recapture State Water Project water.

9 8. Recognizing the emergency nature of the situation in the
10 Artesian Zone, Western and Valley District are willing to
11 implement this program as soon as this Agreement is executed, but
12 intend to seek an immediate modification of the Western Judgment
13 to incorporate its terms and obtain court approval.

14
15 COVENANTS
16

17 Based upon the foregoing facts and in consideration of the
18 mutual covenants of the parties, it is hereby agreed as follows:

19 9. Amount of Water Subject to Temporary Additional
20 Extraction. The parties agree that the amount of water in the
21 Artesian Zone of the San Bernardino Basin Area subject to
22 temporary additional extractions pursuant to this Agreement is in
23 addition to any extractions made under the agreements described
24 in Paragraph 22 and in addition to the extractions permitted
25 without replenishment under the Western Judgment. Such
26 additional water needs to be removed in order to lower the
27 groundwater table in the area to acceptable levels. Extraction
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Production and Reimbursement Agreement

1 and transportation of the water may be accomplished through the
2 facilities of any existing company, city, district, or other
3 agency within Western or Valley District. Extractions permitted
4 under this Agreement shall be in addition to those allowed from
5 the San Bernardino Basin Area under the Western Judgment, and in
6 the case of Valley District, in addition to the amounts which may
7 be extracted therefrom without replenishment obligation. The
8 parties agree that the amount of temporary additional water which
9 may be extracted from the San Bernardino Basin Area Artesian Zone
10 pursuant to and during the term of this Agreement shall be
11 unlimited. Such extractions and exports shall be excluded from
12 the Watermaster's determination regarding compliance with the
13 terms of the Western Judgment or its determination regarding the
14 need for replenishment.

15 For purposes of determining the amount of temporary
16 additional water extractions, any water produced for discharge
17 into the Santa Ana River pursuant to this Agreement shall be
18 temporary additional water. With respect to water extractions
19 under the Western Judgment which are not discharged into the
20 Santa Ana River, the production from the San Bernardino Basin
21 Area during the first six months of the year, ending June 30,
22 1985, shall be accounted for by the Western Judgment watermaster
23 as follows:

24 (a) Riverside

25 Any production during the first six months of the year,
26 ending June 30, 1985, which will cause Riverside to exceed its
27 annual right to deliver 49,542 acre-feet of water to areas
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Production and Reimbursement Agreement

1 outside the Valley District, and its annual right to deliver
2 1,427 acre-feet to the San Bernardino Basin Area shall be counted
3 as temporary additional water rather than production under these
4 rights.

5 (b) Other Plaintiffs

6 Plaintiffs other than Riverside may request the option to
7 participate in this Agreement. Each such plaintiff may take
8 temporary additional water for its own use during the first six
9 months of 1985, and to the extent such use exceeds its base right
10 for the year, the amount in excess of the base right shall be
11 counted as temporary additional water. Each participating
12 plaintiff will agree to maximize production from the Artesian
13 Zone to the extent possible before relying on other water sources
14 available to it which are physically capable of serving the same
15 area.

16 (c) Entities Other Than Plaintiffs

17 Any production during the first six months of the year,
18 ending June 30, 1985, which will cause extractions from the San
19 Bernardino Basin Area for use by entities other than plaintiffs
20 under the Western Judgment within San Bernardino County to exceed
21 the annual amount of 167,238 acre-feet which can be produced
22 without any replenishment obligation shall be counted as
23 temporary additional water rather than production for which
24 replenishment is required under paragraph VI(c) of the Western
25 Judgment.

26 10. It is the intent of this Agreement to maximize
27 production of water from the Artesian Zone by Riverside.
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Production and Reimbursement Agreement

1 Therefore Riverside agrees that it will make maximum utilization
2 of its production capacity in the Artesian Zone to meet its water
3 requirements during 1985 before utilizing its other available
4 sources of water, unless there are areas within its service area
5 which cannot be serviced from San Bernardino wells. The parties
6 agree that if Riverside extracts less than 49,542 acre-feet for
7 use outside the Valley District or 1,427 acre-feet for use within
8 the San Bernardino Basin Area during 1985 the amount of such
9 under extractions shall not be available for extraction by
10 Riverside in a subsequent year, notwithstanding any provision of
11 the Western Judgment to the contrary.

12 11. The term of this Agreement is for the first six months
13 of the year, ending June 30, 1985.

14 12. Monitoring of Groundwater Levels

15 Monitoring Wells. The following wells have been selected to
16 monitor ground water levels within the Artesian Zone:

| <u>Well Name</u> | <u>State Well Number</u> | <u>Minimum Water Level</u> | <u>Ground Surface Elevation</u> |
|-------------------|--------------------------|----------------------------|---------------------------------|
| A.R. Trailer Ct. | 1S4W11H01 | 975 Feet MSL | 1051 Feet MSL |
| Mecham | 1N4W35L02 | 975 Feet MSL | 1129 Feet MSL |
| Mill & "D" St. | 1S4W10N06 | 960 Feet MSL | 1001 Feet MSL |
| EVWD Well 11A | 1S4W02Q05 | 970 Feet MSL | 1055 Feet MSL |
| 16th & Sierra Way | 1N4W34G03 | 980 Feet MSL | 1136 Feet MSL |

24 Valley District shall take such water level measurements in these
25 wells as may be necessary to properly administer this Agreement.

26 An average yearly water level shall be determined for each of
27 these five wells, based upon the monthly averages for each such
28

Production and Reimbursement Agreement

1 well. In the event that (1) the yearly average in any three of
2 the five wells should fall below the minimum water levels
3 provided for in this Paragraph, or (2) the yearly average in any
4 three of the five wells should drop more than 15 feet in any
5 year; then no further additional water shall be extracted, and
6 the provisions of this Agreement shall be suspended.

7 13. Production by Riverside or Other Plaintiffs Within
8 Western District

9 (a) Orange District shall determine, on a day-to-day basis,
10 whether the water to be extracted by Riverside, or other
11 participating plaintiffs with production facilities in the
12 Artesian Zone, as provided for herein, is usable by it in its
13 replenishment spreading activities within Orange District and
14 Riverside shall use its available and unused system capacity to
15 discharge said water to the Santa Ana River.

16 (b) All water extracted and transported by each producer
17 shall be measured prior to discharge to the Santa Ana River by a
18 method of measurement acceptable to the parties hereto.

19 (c) Each producer shall read the meters at least weekly and
20 at the end of each month. A monthly statement of the amounts
21 extracted and transported to the Santa Ana River which have been
22 determined by Orange District to be usable by it at each point of
23 discharge shall be sent to Orange District by the 10th day of
24 each succeeding month.

25 14. Production by City of San Bernardino

26 (a) Orange District shall determine, on a day-to-day basis,
27 whether the water to be extracted by San Bernardino, as provided
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Production and Reimbursement Agreement

1 for herein, is usable by it in its replenishment spreading
2 activities within Orange District and San Bernardino shall use
3 its available and unused system capacity to discharge said water
4 to the Santa Ana River.

5 (b) All water extracted and transported by San Bernardino
6 shall be measured prior to discharge to the Santa Ana River by a
7 method of measurement acceptable to the parties hereto.

8 (c) San Bernardino shall read the meters at least weekly and
9 at the end of each month. A monthly statement of the amounts
10 extracted and transported to the Santa Ana River which have been
11 determined by Orange District to be usable by it at each point of
12 discharge shall be sent to Orange District by the 10th of each
13 succeeding month.

14 15. Production by Other Existing Producers Within Valley
15 District

16 (a) Orange District shall determine, on a day-to-day basis,
17 whether the water to be extracted by Valley District, and other
18 entities which have agreed to extract water, as provided for
19 herein, is usable by it in its replenishment spreading activities
20 within Orange District.

21 (b) All water extracted and transported by each producer
22 shall be measured prior to discharge to the Santa Ana River by a
23 method of measurement acceptable to the parties hereto.

24 (c) Each producing entity shall read its meters at least
25 weekly and at the end of each month. A monthly statement of the
26 amounts extracted and transported to the Santa Ana River which
27 have been determined by Orange District to be usable by it at
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Production and Reimbursement Agreement

1 each point of discharge shall be sent to Valley District by the
2 10th day of each succeeding month.

3 16. Reimbursement for Costs of Production by Orange
4 District

5 (a) Reimbursement to Riverside: Orange District shall
6 reimburse Riverside its extraction and transportation costs for
7 water extracted by Riverside as determined by Orange District to
8 be usable by it, and in accordance with the following schedule:

9 1) \$30.00 per acre-foot for the first 8,000 acre-feet.

10 2) \$23.00 per acre-foot for each additional acre-foot.

11 (b) Reimbursement to Other Plaintiffs Within Western
12 District Producing Water from the Artesian Zone: Orange District
13 shall reimburse other Artesian Zone producers within Western
14 which have agreed to extract water pursuant to the terms of this
15 Agreement for such water as Orange District has determined is
16 usable by it in accordance with their costs, as determined
17 individually by a method acceptable to Orange District and the
18 producing entity.

19 (c) Reimbursement to Valley District and San Bernardino:
20 Orange District shall reimburse Valley District and San
21 Bernardino for extraction costs for water extracted by San
22 Bernardino and other existing producers within Valley District as
23 determined by Orange District to be usable by it at the actual
24 energy cost of such pumping, but not less than \$11.00 per acre-
25 foot, for water delivered into the Santa Ana River near the
26 Bunker Hill Dike in San Bernardino County. Out of the sum due
27 from Orange District to Valley District and San Bernardino,
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Production and Reimbursement Agreement

1 Orange District shall first reimburse Valley District for any
2 amounts theretofore paid by Valley District to San Bernardino or
3 others pursuant to paragraphs 17 or 18 hereof (whether or not
4 such extraction was approved for reimbursement by Orange
5 District) and shall pay the balance to San Bernardino. Amounts
6 to be paid to Valley District by Orange District shall be paid by
7 issuance of a credit memo by Orange District crediting Valley
8 District with payment in the amount indicated, to be applied on
9 the Valley District's existing indebtedness to Orange District,
10 and not by cash payment.

11 17. Reimbursement of Costs of Production by Valley District
12 and San Bernardino

13 Valley District and San Bernardino agree to share the cost
14 of production of temporary additional extractions of groundwater
15 made at the request of San Bernardino as follows:

16 (a) Water extracted by Riverside at San Bernardino's request
17 shall be paid for by San Bernardino at \$23.00 per acre-foot.

18 (b) For water extracted and transported to the Santa Ana
19 River by San Bernardino pursuant to this Agreement whether or not
20 approved for reimbursement by Orange District, Valley District
21 shall pay San Bernardino one-half the actual energy cost of such
22 pumping.

23 (c) For water extracted and transported to the Santa Ana
24 River pursuant to this Agreement by other producers whether or
25 not approved for reimbursement by Orange District, Valley
26 District shall pay one-half the actual energy cost of such
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Production and Reimbursement Agreement

1 pumping and San Bernardino shall pay the remaining one-half of
2 such cost.

3 (d) In no event shall Valley District's obligation to pay
4 for production of temporary additional extractions of water or
5 other costs pursuant to this Agreement exceed the sum of
6 \$50,000.00.

7 18. All capital costs incurred by Riverside to deliver
8 temporary additional extractions of groundwater from the Artesian
9 Zone into the Santa Ana River near the Bunker Hill Dike in San
10 Bernardino County shall be paid for 50% by San Bernardino and 50%
11 by Valley District except that such capital improvements shall
12 not be undertaken without approval of plans and cost estimates by
13 San Bernardino and Valley District.

14 19. Place of Use

15 Notwithstanding any provision in the Western Judgment,
16 additional water may be used, or sold for use, anywhere within
17 the Santa Ana River watershed. The replenishment obligations
18 provided in Paragraph X of the Western Judgment shall not apply
19 to the use of additional water, irrespective of its place of use.

20 20. Place of Extraction

21 In order to produce the maximum impact upon high groundwater
22 levels, additional water may be extracted only from the San
23 Bernardino Basin Area Artesian Zone.

24 21. Limitation Upon Acquisition of Rights

25 This Agreement is not intended to and shall not change or
26 affect any provision of the Western Judgment, or any rights or
27 obligations granted or imposed thereunder, and shall not create
28

Production and Reimbursement Agreement

1 any new rights to extract groundwater from the San Bernardino
2 Basin Area, except for the temporary extraction of additional
3 water as provided herein. None of the parties hereto, nor any
4 one making extractions pursuant to this Agreement, or purchasing
5 or using additional water, shall claim or acquire any new or
6 added rights, or any continuing right, to extract or export water
7 from the San Bernardino Basin Area. The parties hereto shall
8 require any person extracting or purchasing water pursuant to
9 this Agreement to specifically agree to be bound by the foregoing
10 terms (as well as the remaining provisions of this Agreement) and
11 to waive any claim to establish rights to water arising from the
12 extraction of additional water as contemplated herein, and the
13 parties shall insert provisions to that effect in any agreement
14 entered into with others to implement this Agreement. Nothing
15 herein shall affect the right of any party to seek a
16 redetermination of the safe yield under the Western Judgment.

17 22. Prior Agreements

18 Three prior agreements relate to additional extractions from
19 the San Bernardino Basin Area. These agreements are all dated
20 December 22, 1981, and are among: (1) Western and Valley
21 District; (2) the Valley District, San Bernardino, and Riverside;
22 and (3) the Valley District and San Bernardino. Riverside may
23 extract its full entitlement allowed under these said prior
24 agreements and it shall pay for such water pursuant to the terms
25 and conditions of these said prior agreements. Extractions made
26 pursuant to the prior agreements shall not be accounted for under
27 the terms of this Agreement.
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1 23. Approval of Court

2 The parties to the Western Judgment shall submit this
3 Agreement to the Court for approval under its continuing
4 jurisdiction in the case of "Western Municipal Water District of
5 Riverside County v. East San Bernardino County Water District et
6 al.", Riverside Superior Court No. 78426, as soon as possible,
7 and no later than March 15, 1985, and court approval shall be
8 obtained no later than March 30, 1985, or this Agreement shall
9 then terminate.

10 24. Orange County Judgment

11 Nothing in this Agreement shall affect the rights and
12 obligations of the parties to the Judgment in "Orange County
13 Water District v. City of Chino et al.", Orange County Superior
14 Court No. 117628, and credit shall accrue at Prado and at
15 Riverside Narrows for adjusted base flow as provided in said
16 Judgment, including any additional base flow resulting from
17 extraction of additional water provided for herein, but by reason
18 of the emergency conditions affecting the public health, safety,
19 and welfare, Orange District shall not be in violation of the
20 provision in Paragraph 5(d) of said Judgment enjoining it from
21 "pumping, producing and exporting or directly or indirectly
22 causing water to flow from upper to lower area" by reason of its
23 participation in this Agreement or payments pursuant hereto.

24 25. Termination

25 This Agreement shall terminate and be of no further force
26 and effect on June 30, 1985.

Production and Reimbursement Agreement

1 IN WITNESS WHEREOF the parties have executed this Agreement
2 as of the date indicated above.

3 SAN BERNARDINO VALLEY MUNICIPAL
4 WATER DISTRICT

5 By: *[Signature]*
6 President, Board of Directors

7 ATTEST:

[Signature]
8 Secretary, Board of Directors

9 APPROVED AS TO FORM AND
10 EXECUTION:

[Signature]
11 General Counsel

12 WESTERN MUNICIPAL WATER DISTRICT
13 OF RIVERSIDE COUNTY

14 By: *[Signature]*
15 President, Board of Directors

16 ATTEST:

[Signature]
17 Secretary, Board of Directors

18 APPROVED AS TO FORM AND
19 EXECUTION:

[Signature]
20 General Counsel

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Production and Reimbursement Agreement

ORANGE COUNTY WATER DISTRICT

By: John Guethe
President, Board of Directors

ATTEST:

Neil M. Cline
Secretary, Board of Directors

APPROVED AS TO FORM AND EXECUTION:

Malcolm G. Saly
General Counsel

CITY OF RIVERSIDE

By: Ch Brown
Mayor

ATTEST:

Alice A. Hare
City Clerk

APPROVED AS TO FORM AND EXECUTION:

John Woodlee
City Attorney

CITY OF SAN BERNARDINO

By: M. L.
Mayor

ATTEST:

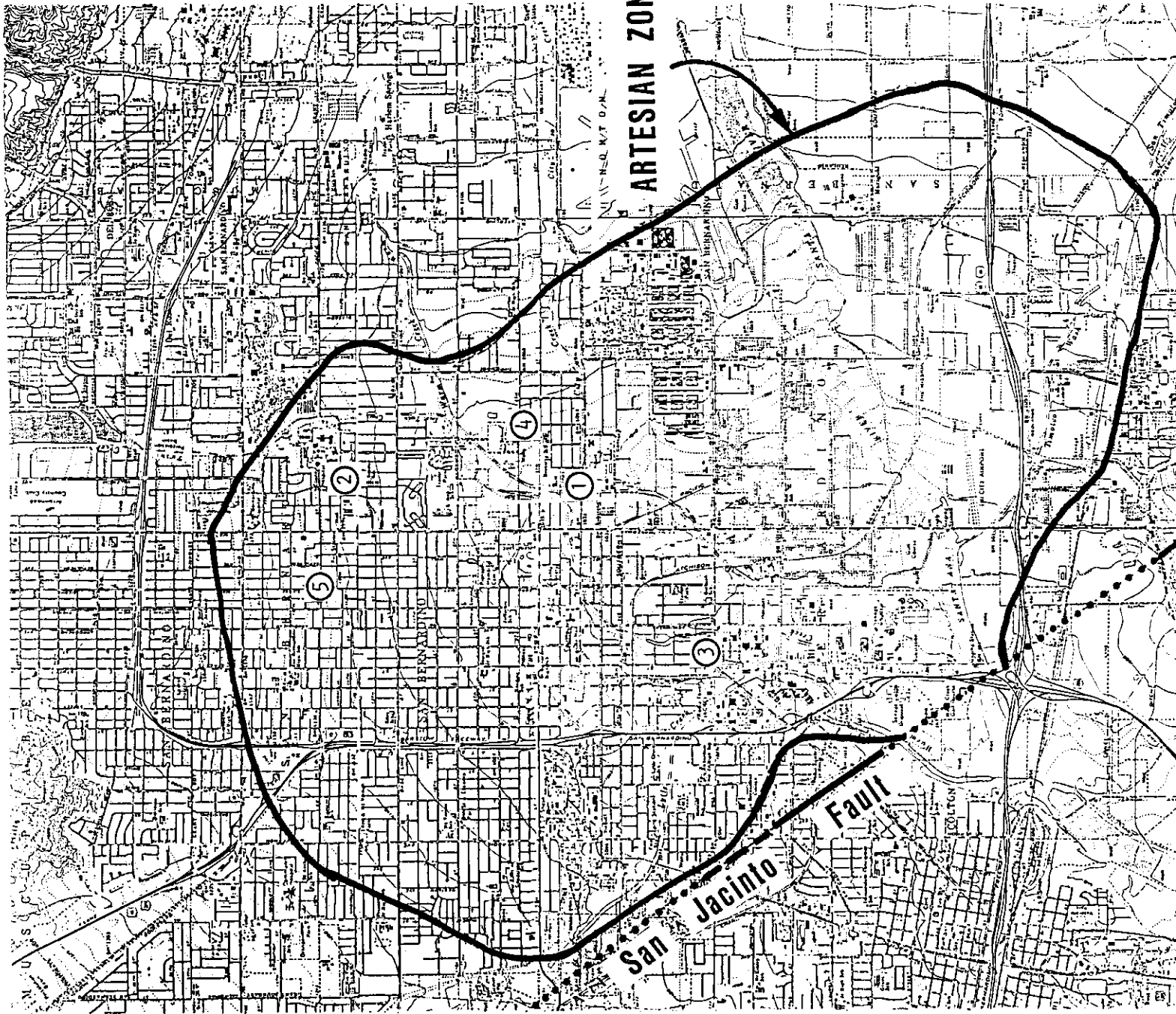
Sharon Clark
City Clerk

APPROVED AS TO FORM AND EXECUTION:

Ralph H. Prince
City Attorney

MONITORING WELLS

- 1 A.R. Trailer Court
- 2 Mecham
- 3 Mill and D St.
- 4 E.V.W.D. Well 11A
- 5 16th and Sierra Way



ARTESIAN ZONE

San Jacinto Fault

VERIFICATION

STATE OF CALIFORNIA, COUNTY OF

I have read the foregoing _____ and know its contents.

CHECK APPLICABLE PARAGRAPH

I am a party to this action. The matters stated in it are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

I am an Officer a partner _____ a _____ of _____

a party to this action, and am authorized to make this verification for and on its behalf, and I make this verification for that reason. I have read the foregoing document and know its contents. The matters stated in it are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

I am one of the attorneys for _____ a party to this action. Such party is absent from the county of aforesaid where such attorneys have their offices, and I make this verification for and on behalf of that party for that reason. I have read the foregoing document and know its contents. I am informed and believe and on that ground allege that the matters stated in it are true. Executed on _____, 19____, at _____ California.

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

Signature

ACKNOWLEDGMENT OF RECEIPT OF DOCUMENT
(other than summons and complaint)

Received copy of document described as _____

on _____ 19____.

Signature

PROOF OF SERVICE BY MAIL

STATE OF CALIFORNIA, COUNTY OF

I am employed in the county of Riverside, State of California.

I am over the age of 18 and not a party to the within action; my business address is: 4200 Orange Street, Riverside, CA 92502

On March 11 1985 I served the foregoing document described as Notice of Motion for Order Approving Agreement and Allowing Temporary Additional Extractions of Water from the San Bernardino Basin Area; and Order Thereon on Attorneys of Record

in this action by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid in the United States mail at: Riverside, CA

addressed as follows:

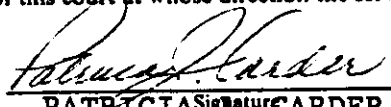
See attached list

(BY MAIL) I caused such envelope with postage thereon fully prepaid to be placed in the United States mail at Riverside, California.

(BY PERSONAL SERVICE) I caused such envelope to be delivered by hand to the offices of the addressee. Executed on _____, 19____ at _____, California.

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

(Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.



PATRICIA CARDER

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Also, see

Legal Document

#'s 1192 + 1193