

***Hemet/San Jacinto
Groundwater Management Area***

2018 Annual Report

Prepared for



**Hemet-San Jacinto
Watermaster**

Prepared by



April 2019

Acknowledgements



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1 Executive Summary

The Hemet/San Jacinto Groundwater Management Area (Management Area) 2018 Annual Report (Annual Report) was prepared by Eastern Municipal Water District (EMWD) under contract with the Hemet-San Jacinto Watermaster (Watermaster), and is the sixth Annual Report to document the Watermaster activities as required by the Stipulated Judgment entered on April 18, 2013, in Riverside County Superior Court (Case No. RIC 1207274). The reporting period extends from January 1, 2018 through December 31, 2018.

The Management Area is located in the western portion of Riverside County within the San Jacinto River Watershed and includes the Cities of San Jacinto and Hemet, as well as the unincorporated areas of Winchester, Valle Vista, and Cactus Valley, as presented in Chapter 9, Figure 9-1. The Management Area encompasses approximately 90 square miles and has been divided into four (4) groundwater management zones as shown in Chapter 9, Figure 9-2.

Specifically, the Annual Report describes the status of the Management Plan implementation; discusses estimated water supplies and projected demands for the Management Area; reviews and evaluates the 2018 data compiled from the Groundwater Monitoring Programs; documents the recharge program, carry-over accounts, and other activities by the Watermaster during the 2018 budget year in the Management Area.

1.1 Groundwater Monitoring Programs Summary

The Groundwater Monitoring Programs include the Groundwater Level Monitoring, Groundwater Quality Monitoring, Groundwater Extraction Monitoring, and the Inactive Well Capping/Sealing Programs. A map of all wells participating in the 2018 Groundwater Monitoring Programs can be found in Chapter 9, Figure 9-3. During 2018, 363 groundwater level measurements were taken, 115 groundwater quality samples were collected; and groundwater extraction was metered at 113 well sites, and estimated at 39 well sites, for a total of 152 well sites. No inactive agricultural wells were capped/sealed during 2018 within the management area.

The sources of water supply within the Management Area for 2018 are shown in Chapter 4, Table 4-1. Groundwater was the main source of supply within the Management Area totaling 40,006 acre-feet (AF). Recycled water use in the Management Area accounted for 13,163 AF of demand, of which 8,366 AF was generated at the SJV RWRf in 2018. Imported water purchased from the Metropolitan Water District of Southern California (MWD) totaled 12,859 AF*, of which 4,783 AF of imported water was recharged into the groundwater management zones. Of the total imported water purchased from MWD, approximately 12,504 AF was imported State Water Project (SWP) water and approximately 175 AF originated from the Colorado River Aqueduct for use within the Management Area.

* Total imported water within the Management Area accounts for the system bringing untreated State Project Water into the Management Area at the Warren Road Pump Station (EM-14), and the second system can bring untreated Colorado River Water into the Management Area at the Brownlands Pumping Plant (EM-1), and is maintained for the purpose of groundwater augmentation for the dairies along the Ramona Expressway as part of the North San Jacinto Water Supply Initiative. It also takes into consideration conveyance to/from the Perris Water Filtration Plant to/from the Management Area.

EMWD and Lake Hemet Municipal Water District (LHMWD) both hold water rights on the San Jacinto River allowing them to divert water when river flows are sufficient. During 2018, LHMWD diverted 253 AF of surface water and all was directly used or sold. Surface water was not put into storage by LHMWD. Additionally, EMWD diverted 279 AF of surface water for recharge into the groundwater basin. Monthly groundwater extraction, imported water usage not including recharge water, recycled water usage, surface water usage not put into storage, and rainfall in the Management Area during 2018 are displayed in Figure 1-1.

Figure 1-1: 2018 Groundwater Extraction, Imported Water Usage, Recycled Water Usage, Surface Water Usage, and Rainfall in the Management Area

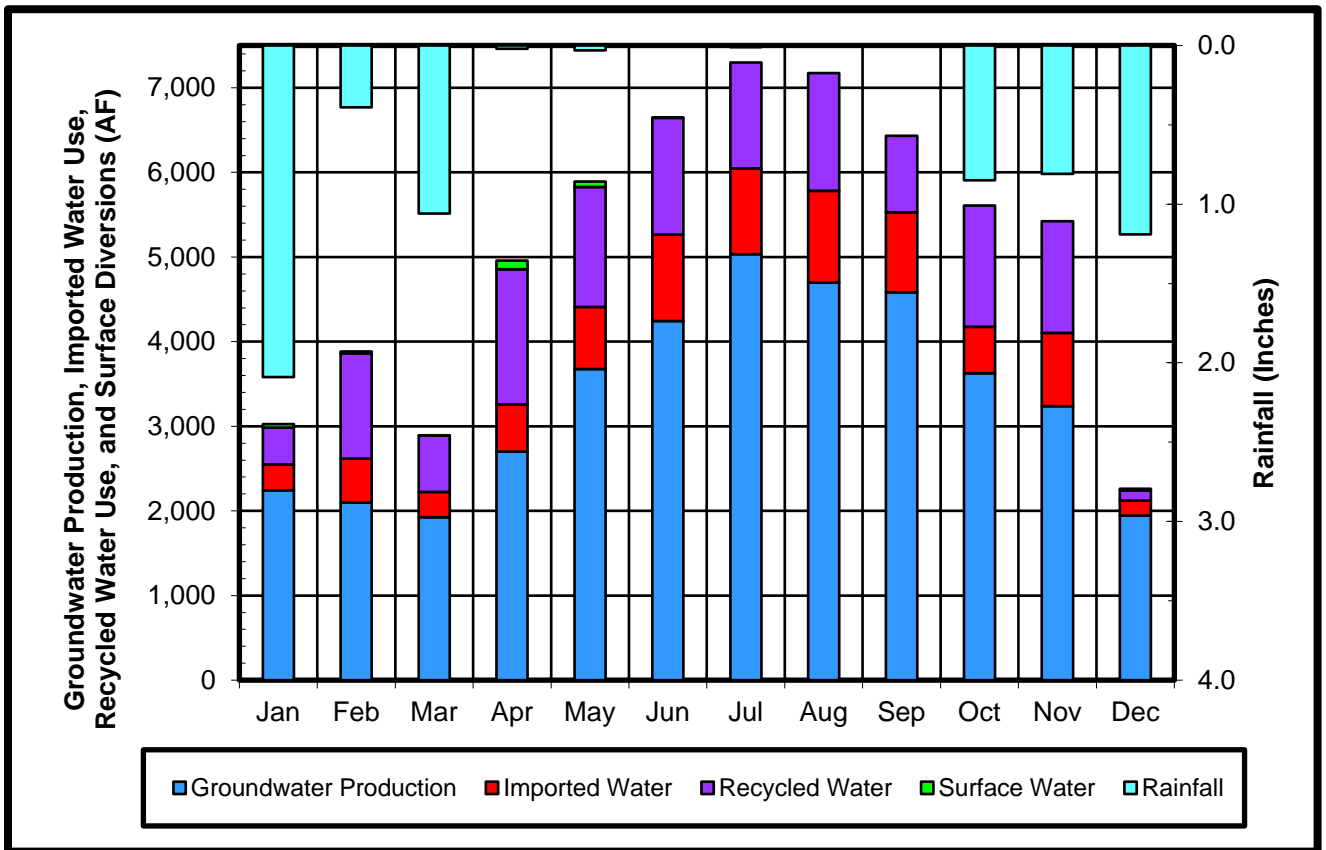


Figure 1-1 shows the monthly precipitation in 2018 within the Management Area based on measurements from the Hemet-Ryan Field Station (Station 180). The total precipitation recorded for 2018 was 6.45 inches with the majority recorded during the winter and fall months. Figure 1-1 also summarizes the water use portfolio within the Management Area in 2018. The groundwater production accounts for the largest source of water utilized within the Management Area in 2018,

followed by imported and recycled water utilized during 2018. Imported water use on Figure 1-1 does not include SWP recharge water. Recycled water usage in the Management Area is primarily supplied by the San Jacinto Valley Regional Water Reclamation Facility (SJV RWRf); however, the area also receives recycled water from the Winchester Ponds (Temecula Valley RWRf) and, occasionally, from the Perris Valley RWRf (PV RWRf). Surface water diversions depicted on Figure 1-1 accounts for the surface water used and does not include surface water put into storage by EMWD.

During 2018, eleven well (11) permits were issued including four (4) for the construction of agricultural wells. These wells are privately owned and are located on agricultural property. Of the remaining permits, four (4) were issued for small domestic wells and community wells, one (1) was issued for a monitoring well, and two (2) were issued for cathodic wells.



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2 Introduction

The Hemet/San Jacinto Groundwater Management Area 2018 Annual Report (Annual Report) was prepared by Eastern Municipal Water District (EMWD) under contract with the Hemet-San Jacinto Watermaster (Watermaster), and is the sixth Annual Report to document the Watermaster activities for the January 1, 2018 through December 31, 2018 period.

Specifically, the Annual Report describes the status of the Management Plan implementation; discusses estimated water supplies and projected demands for the Management Area; reviews and evaluates the 2018 data compiled from the Groundwater Monitoring Programs; documents the recharge program, carry-over accounts, and other activities by the Watermaster during the 2018 budget year. The report is presented in the following chapters:

Chapter 1: Executive Summary – provides a summary of the Annual Report.

Chapter 2: Introduction – provides background information; discusses the authority under which this report is prepared as well as the purpose of the report; and includes information on the Management Plan, groundwater management zones, and current water quality conditions.

Chapter 3: Management Plan Activities – discusses the Watermaster and Technical Advisory Committee (TAC) activities; summarizes agreements, resolutions and task orders issued by the Watermaster; discusses the *Soboba Band of Luiseño Indians Water Settlement Agreement* and the *Soboba Band of Luiseño Indians Water Settlement Act*, and the Integrated Recharge and Recovery Program.

Chapter 4: Current Water Demand – provides a discussion of current water demand in the Management Area including: groundwater; imported water; recycled water; and surface water.

Chapter 5: Projected Demands – discusses future demands and planned development in the Management Area.

Chapter 6: Monitoring, Data Compilation, and Evaluation – provides discussions of monitoring activities; data compilation of groundwater and monitoring well activities; water sources; and applicable evaluations of the data.

Chapter 7: Financial Considerations – provides budget information for the monitoring program, imported water recharge, and carry-over accounts for the year.

Chapter 8: Tables of Monitoring Programs Summaries and Trends – provides detail monitoring program information by groundwater management zone for the last 10 years of data (2009-2018).

Chapter 9: Figures and Maps – presents figures and maps of the Management Area, the groundwater management zones, the monitoring programs, and other related maps.

Chapter 10: Appendices – presents Watermaster Board meeting minutes; Technical Advisory Committee meeting notes; copies of agreements, resolutions, and task orders executed; contracts approved by the Watermaster during 2018; policies and procedures; and an independent auditor's report.

2.1 Management Area

The Management Area is located in the western portion of Riverside County, California, within the San Jacinto River Watershed and includes the Cities of San Jacinto and Hemet, as well as the unincorporated areas of Winchester, Valle Vista, and Cactus Valley, as presented in Chapter 9, Figure 9-1.

The Management Area encompasses approximately 90 square miles and overlies four (4) groundwater management zones – the Canyon, San Jacinto Upper Pressure, Hemet South, and the Hemet North portion of the Lakeview/Hemet North. The groundwater management zones and Basin Plan Objectives are shown in Chapter 9, Figure 9-2. It should be noted that only a part of the Lakeview/Hemet North groundwater management zone is included because only the Hemet North portion is within the Management Area.

With the Santa Ana Regional Water Quality Control Board (RWQCB) adoption of the Resolution No. R8-2017-0036 that updated Resolution No. R8-2004-0001, the Water Quality Control Plan for the Santa Ana River Basin, the Basin Plan Objectives for the San Jacinto Upper Pressure groundwater management zone were established as 320 milligrams per liter (mg/L) for Total Dissolved Solids (TDS) and 1.4 mg/L for Total Inorganic Nitrogen (TIN). Several programs that are integral to the Watermaster are dependent upon recycled water use as an element of water supply management for implementation of the Management Plan. In 2007, EMWD submitted a Maximum Benefit Proposal to the RWQCB which proposed 500 mg/L TDS and 7.0 mg/L TIN water quality objectives for the San Jacinto Upper Pressure groundwater management zone based on maximum beneficial use of this resource in keeping with the State Water Resources Control Board Resolution No. 68-16, a *Statement of Policy with Respect to Maintaining High Quality Waters in California*. EMWD received final approval of its Maximum Benefit Proposal in April 2012 from the State Water Resources Control Board and Office of Administrative Law in Sacramento.

2.2 Background

The Stipulated Judgment estimates the groundwater safe yield of the Management Area to be approximately 45,000 acre feet per year (AFY). The Stipulated judgment also estimates the long-term basin overdraft to be approximately 10,000 AFY.

In June 2001, a Memorandum of Understanding (MOU) between the California Department of Water Resources (DWR) and the local agencies was executed to cooperatively formulate a comprehensive water management plan for the Hemet/San Jacinto area. A Groundwater Policy Committee (PC) comprised of elected officials representing the Cities of Hemet and San Jacinto, LHMWD, EMWD, and representatives of the private groundwater producers was formed. To evaluate available information, the PC formed a Technical Advisory Committee (TAC) to compile, share, interpret, and reach agreement on data, define problems, and provide guidance. The PC also formed the Consultants, Attorneys, and Managers (CAM) Committee to develop contractual

agreements, side agreements, and memorandums of understanding; to evaluate the financial impacts on the community; and to provide administrative or policy recommendations to the PC. DWR acted as a facilitator for the PC and brought in an outside consultant to assist the TAC and CAM.

Through a collaborative effort, the TAC developed the data set that provided the basis for understanding the area's hydrology, and has identified potentially feasible initiatives, programs, and projects to enhance the dependable yield of the groundwater management zones. The PC and CAM analyzed, discussed, and debated issues of concern that had been on the table for half a century without resolution.

The Management Plan was released in November 2007. The Management Plan, adopted by the governing bodies of the Management Plan participants, has eight primary goals which are to:

- Address pumping overdraft and declining groundwater levels,
- Provide for Soboba Band of Luiseño Indians' prior and paramount water rights,
- Ensure reliable water supply,
- Provide for planned urban growth,
- Protect and enhance water quality,
- Develop cost-effective water supply,
- Provide adequate monitoring for water supply and water quality, and
- Supersede the Fruitvale Judgment and Decree.

In April 2013, a Stipulated Judgment (Judgment), Case Number RIC 1207274, was entered with the Superior Court of the State of California for the County of Riverside adopting the Management Plan and creating the Watermaster. The Watermaster Board replaced the PC as the governing body for the Management Area and is comprised of elected officials representing the Cities of Hemet and San Jacinto, LHMWD, EMWD, and a representative for the private groundwater producers. The Watermaster Board is supported by a TAC, which provides technical assistance as the Board requires.

2.3 Authority

Stipulated Judgment entered on April 18, 2013, in Riverside County Superior Court (Case No. RIC 1207274) requires preparation of an Annual Report by the Watermaster to document activities in any given year. The Court has jurisdiction to enter this Judgment declaring and adjudicating the rights of the parties to the reasonable and beneficial use of the surface water and groundwater in the Management Area, and to impose a method of managing the water supply of the Management Area to maximize the reasonable and beneficial use of the waters, to eliminate overdraft pursuant to the provisions of the Judgment, to protect the prior rights of the Soboba Tribe, and to provide for the use of all water rights recognizing the participating parties priorities pursuant to law, including California Constitution, Article X, Section 2.

The Annual Report is currently prepared by EMWD under contract with the Watermaster.

2.4 Purpose of the Report

This is the sixth Annual Report for the Management Area by the Watermaster. The purpose of the report is to:

- Describe the status of groundwater in the Management Area;
- Discuss water supplies and projected demands for the Management Area;

- Review and evaluate the 2018 data compiled as a result of the Groundwater Monitoring Programs;
- Present information on recharge programs and other Watermaster activities in the Management Area; and
- Review 2018 financial considerations.



Hemet-San Jacinto
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3 Management Plan Activities

This chapter provides an overview of the Hemet-San Jacinto Watermaster activities during 2018 including the efforts of Technical Advisory Committee (TAC); summary of agreements, resolutions, and Task Orders executed by the Watermaster; role of the *Soboba Band of Luiseño Indians Water Settlement Agreement* and the *Soboba Band of Luiseño Indians Water Settlement Act*; the Integrated Recharge and Recovery Program (IRRP), and Canyon Operating Plan activities.

3.1 Hemet-San Jacinto Watermaster Activities

The Watermaster has a Board comprised of elected officials representing the Cities of Hemet and San Jacinto, Lake Hemet Municipal Water District, Eastern Municipal Water District, and a representative selected by the private groundwater producers as defined by the Stipulated Judgment and Complaint (Judgment), Case Number RIC 1207274, entered with the Superior Court of the State of California for the County of Riverside adopting the Management Plan and creating the Watermaster in April 2013. The Watermaster Board oversees the implementation of the Judgment and is the decision-making body for the Management Plan. The Watermaster Board is currently supported by its General Counsel (Lagerlof, Senecal, Gosney, & Kruse, LLP), and by its Advisor (Behrooz Mortazavi, Principal at Water Resources Engineers Inc.). The General Counsel provides legal advisory services at the direction of the Watermaster Board, and the Advisor provides necessary services at the direction of the Watermaster Board, to assist in the implementation of the Management Plan.

Meeting minutes from the Watermaster meetings held during 2018 are included in Chapter 10, Section 10.1 of this Annual Report.

3.2 Technical Advisory Committee Activities

The TAC was established by the Watermaster to compile, share, interpret, evaluate, and reach agreement on data; to define problems; to address the Watermaster's technical issues; and to make recommendations to the Watermaster Board and Watermaster Advisor on all matters requiring four votes for Watermaster action. TAC members also function as a way to keep the City Councils, Water District Boards of Directors, and participating private groundwater producers fully informed about the implementation of the Judgment.

Meeting notes from the TAC meetings held during 2018 are included in Chapter 10, Section 10.2 of this Annual Report.

3.3 Agreements, Resolutions, and Task Orders Initiated in 2018

During 2018, the Watermaster executed agreements, resolutions, and task orders. These are described in the following sections below:

3.3.a Agreements Initiated in 2018

During 2018, the Watermaster executed the Conservation and Storage Agreement with EMWD.

A copy of this Agreement is included in Chapter 10, Section 10.3 of this Annual Report.

3.3.b Resolutions Initiated in 2018

During 2018, the Watermaster adopted the following resolution:

- Resolution No. 9.4 – Administrative Assessment for 2019;

A copy of the Resolution is included in Chapter 10, Section 10.4 of this Annual Report.

3.3.c Task Orders Initiated in 2018

During 2018, the Watermaster executed the following Task Order with EMWD:

- Task Order No. 11 – 2018 Water Resources Monitoring Program Support.

A copy of the Task Order is included in Chapter 10, Section 10.5 of this Annual Report.

3.3.d Independent Auditor's Report

An independent financial audit was performed by Clifton Larson Allen for the year ending on December 31, 2018.

A copy of the financial audit is included in Chapter 10, Section 10.6 of this Annual Report.

3.3.e Policies Revised and/or Initiated in 2018

During 2018, Hemet-San Jacinto Watermaster Rules and Regulations was revised.

A copy of the revised Rules and Regulations is included in Chapter 10, Section 10.7 of this Annual Report.

3.4 Soboba Settlement Agreement and Act

On June 7, 2006, after eleven years of negotiations, the Soboba Band of Luiseño Indians (Soboba Tribe), Metropolitan Water District of Southern California (MWD), Eastern Municipal Water District (EMWD), Lake Hemet Municipal Water District (LHMWD), and United States (Department of Interior, Department of Justice, Bureau of Indian Affairs) signed the Water Settlement Agreement (Soboba Settlement Agreement).

On March 1, 2007, Congresswoman Mary Bono (CA-45) introduced H.R. 1276 and H.R. 4841, *The Soboba Band of Luiseño Indians Settlement Act of 2007 (Soboba Settlement Act)*, which was co-sponsored by Congressmen Jerry Lewis (R, CA-41), Joe Baca (D, CA-43), and Dale Kildee (D, MI-5). In 2008, Congress passed the Bill and the President signed the Public Law 110-297 (P.L. 110-297) bringing an end to decades of conflict between the Soboba Tribe, the U.S. Government, MWD, EMWD, and LHMWD.

The Soboba Settlement Agreement terminated litigation against MWD, which was filed by the Soboba Tribe in April 2000 (*Soboba Band of Luiseño Indians v. The Metropolitan Water District of Southern California*). That lawsuit sought damages and injunctive relief for the continuing

drainage of water from the Soboba Reservation into MWD's nearby San Jacinto Tunnel which was constructed in the 1930s.

The Soboba Settlement Agreement required active management of the groundwater basins which became the basis for the Judgment, implementation of the physical solution to address groundwater overdraft, and formation of the Watermaster. The Soboba Settlement Agreement facilitated an agreement between EMWD and MWD for an average delivery of 7,500 acre-feet of water by MWD for 50 years. EMWD, LHMWD, and the cities of Hemet and San Jacinto, are recharging the San Jacinto Upper Pressure and San Jacinto Canyon groundwater management zones with this water. The Watermaster keeps track of this activity as part of the Carry-over accounts within the Management Area. On February 27, 2017, the Watermaster Board approved the revision of the Carry-over accounts to include the Soboba Golf Course productions in the unused Soboba Imported Water calculations.

3.5 Soboba Settlement Recharge

The "Physical Solution" as defined in the Stipulated Judgment and Complaint (Judgment), Case Number RIC 1207274, entered with the Superior Court of the State of California for the County of Riverside, identifies groundwater recharge as the preferred method of accomplishing Soboba Settlement Agreement requirements.

The Soboba Settlement Agreement facilitated an agreement between Eastern Municipal Water District and Metropolitan Water District of Southern California for an average delivery of 7,500 acre-feet of water by MWD for 50 years. EMWD, Lake Hemet Municipal Water District, and the Cities of Hemet and San Jacinto, are recharging the San Jacinto Upper Pressure and San Jacinto Canyon groundwater management zones with this water. The Watermaster keeps track of this activity as part of the Carry-over accounts within the Management Area.

Imported water became available for recharge as of January 1, 2018. A total of 4,783 AF of untreated State Project Water (SPW) was recharged at the IRRP and Grant Avenue Ponds. Total historical imported water recharge is displayed in Chapter 9, Figure 9-12.

3.5.a Integrated Recharge and Recovery Program

In April 2006, a contract between EMWD and the California Department of Water Resources was executed for a Groundwater Storage Construction Grant under the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (Proposition 13). This \$5 million grant assisted in funding the Hemet/San Jacinto Integrated Recharge and Recovery Program (IRRP), and the difference was jointly funded by EMWD, LHMWD, and the Cities of Hemet and San Jacinto. Total costs for this project was approximately \$24.5 million.

The IRRP is defined as the system that receives untreated SPW from Lake Silverwood and Lake Perris through the existing EMWD Warren Road Pump Station (EM-14) and consists of 35 acres of basins or ponds for recharging SPW; three extraction wells; four monitoring wells; modification to two existing pump stations; and pipelines within, and adjacent to, the San Jacinto River. Recharge activities were initiated in June 2012.

During 2018, recharge water became available from MWD as of January 1, 2018 and a total of 3,584 AF of SPW was recharged at the IRRP Ponds.

3.5.b Grant Avenue Ponds

The Grant Avenue Ponds consist of 52 acres of basins or ponds; an additional pump station; and pipelines within, and adjacent to, the San Jacinto River that are part of the system used for recharging SPW.

During 2018, recharge water became available from MWD as of January 1, 2018 and a total of 1,199 AF of SPW was recharged at the Grant Avenue Ponds.

3.6 Canyon Operating Plan

The Canyon Operating Plan (Canyon Plan) was created by a collaborative effort between Eastern Municipal Water District, the Lake Hemet Municipal Water District, and the Soboba Band of Luiseno Indians as part of the 2008 Soboba Settlement Agreement (2008 Agreement) that recognizes an annual groundwater production right of at least 3,000 acre-feet (AF) in the Canyon Sub-Basin to the Soboba Tribe, as well as the 2009 Memorandum of Understanding (2009 MOU) executed by the Canyon Plan Participants in 2009 (Appendix A of the Canyon Operating Plan) [Appendix 10.7]. Should groundwater conditions in the Canyon Sub-Basin decline to a point where the pumping from the Soboba Tribe’s wells in the Canyon Sub-Basin is insufficient to meet their demands, EMWD and LHMWD are obligated to supply the Soboba Tribe with supplemental water up to their annual production right in the Canyon Sub-Basin (at least 3,000 AF). The goal of the Plan, therefore, is to provide for the management of the Canyon Sub-Basin in such a manner as to minimize water shortages. This goal is achieved through annual monitoring of the Canyon Sub-Basin and evaluation of the encountered conditions against various pre-set trigger points (based on storage curves) that may prompt restrictions on net pumping by EMWD and LHMWD.

The 2018 Key well monitoring as prescribed in the Canyon Plan was completed on Tuesday, April 3, 2018 by the individual entities and the information was compiled by EMWD. The data were then distributed to the Participants and the data and subsequent analysis were documented in the Canyon Plan report. Participants collected static measurements of the groundwater level in their respective Key Wells during the first week of April 2018 as shown in Table 3-1 below. The change in groundwater elevation from April 2017 to April 2018 is shown in Table 3-2 below.

Table 3-1: April 2018 Key Well Groundwater Elevations and Estimated Planning Storage

Well Name	Reference Point (ft/MSL)	Depth to Water (ft from RP)	Groundwater Elevation (ft / MSL)	Estimated Planning Storage (AF)
Soboba DW-03	1,681.94	168.00	1,513.94	210,824
Cienega 06	1,667.70	152.40	1,515.30	212,307
LHMWD 16	1,744.00	171.30	1,572.70	208,621
Weighted Average Planning Storage (AF)				210,644

Table 3-2: Change in Key Well Groundwater Elevations from April 2017 to April 2018

Well Name	April 2017 Groundwater Elevation (ft/MSL)	April 2018 Groundwater Elevation (ft/MSL)	Change in Groundwater Elevation (ft)
Soboba DW-03	1,438.94	1,513.94	+ 75.00
Cienega 06	1,497.70	1,515.30	+ 17.60
LHMWD 16	1,541.80	1,572.70	+ 30.90

The Canyon Plan uses pre-set trigger points that prompt restrictions on net groundwater pumping by EMWD and LHMWD based on the results of annual monitoring by the three entities. The result of the April 2018 monitoring indicates that the Canyon Sub-Basin is in the “Responsive” stage (as defined by the Canyon Plan), which limits total 2018 production by EMWD and LHMWD to 4,101 AF. Additional monitoring occurred during Fall of 2018 and the previously projected Fall 2018 groundwater storage was similar to the calculated groundwater storage that was based on the data collected during the Fall 2018 sampling event.



4 Current Water Demand

The municipal water supply in the Hemet/San Jacinto Groundwater Management Area (Management Area) is primarily the responsibility of four entities: Eastern Municipal Water District (EMWD), Lake Hemet Municipal Water District (LHMWD), the City of Hemet, and the City of San Jacinto. In addition, private groundwater producers and the Soboba Band of Luiseño Indians extract groundwater for their respective uses. Groundwater, imported water (treated and raw), surface water, and recycled water are the primary sources of water supplies to the Management Area. Table 4-1 summarizes the 2018 water demands. Chapter 9, Figure 9-4 shows the boundaries of the major water purveyors in the Management Plan area.

4.1 Groundwater

Groundwater is, and historically has been, the primary source of supply in the Management Area. In addition to the Soboba Tribe and other private producers, EMWD, LHMWD, and the Cities of Hemet and San Jacinto produce groundwater from various areas of the Canyon, San Jacinto Upper Pressure, and Hemet North and South groundwater management zones. Groundwater management zones are shown in Chapter 9, Figure 9-2.

The City of San Jacinto extracts groundwater from the San Jacinto Upper Pressure groundwater management zone, and the City of Hemet extracts groundwater from both the San Jacinto Upper Pressure and Hemet South groundwater management zones. EMWD and LHMWD both extract groundwater from the Canyon, San Jacinto Upper Pressure, and Hemet South groundwater management zones. None of the municipal producers currently extract groundwater from the Hemet North portion of the Lakeview/Hemet North groundwater management zone. Private producers extract groundwater from all four groundwater management zones and the Soboba Tribe extracts from the Canyon and San Jacinto Upper Pressure groundwater management zones.

During 2018, over one-half of the 40,006 acre feet (AF) of groundwater produced in the Management Area was produced from the San Jacinto Upper Pressure groundwater management zone (25,960 AF), with lesser amounts produced from the Canyon, Hemet South, and Hemet North groundwater management zones. EMWD also produced and delivered approximately 80 AF from the San Jacinto Upper Pressure groundwater management zone to the Soboba Tribe and this delivery has been accounted for in the Tribe's demand.

4.2 Imported Water

EMWD is one of the twenty-six member agencies of the Metropolitan Water District of Southern California (MWD), and has access to imported water directly from MWD. EMWD imports and sells State Project Water (SPW) from northern California and Colorado River Water (CRW) via the Colorado River Aqueduct both as raw water and treated water.

Table 4-1: 2018 Water Demand Estimates
 All values rounded to nearest Acre Feet

2018	EMWD	LHMWD	City of Hemet	City of San Jacinto	Private Pumpers	Soboba Tribe	Totals	
Groundwater	Canyon	1,654	2,832	0	0	1,007	1,171	6,663
	SJUP	4,713	5,686	161	2,870	6,637	272	20,340
	Hemet North	0	0	0	0	2,662	0	2,662
	Hemet South	0	236	2,014	0	2,471	0	4,721
	IRRP Wells	3,850	26	1,574	170	0	0	5,620
	Total	10,217	8,780	3,749	3,040	12,777	1,443	40,006
Surface Water (SJ River)	0	253	0	0	0	0	253	
In-Lieu Recharge	0	0	0	0	0	0	0	
Imported Water (Treated by EMWD)	1,854	0	0	0	0	0	1,854	
Imported Raw Water	180	5,867	0	0	175	0	6,222	
Recycled Water	0	0	0	0	10,474	0	10,474	
In-Lieu Recycled Water	0	0	0	0	2,689	0	2,689	
Totals	12,251	14,900	3,749	3,040	26,115	1,443	61,498	

Note – All values are rounded to nearest Acre Feet, totals may deviate slightly from the sum of the rounded values.

Treated MWD water can reach the Management Area via EMWD’s Homeland bypass and the Simpson pumping plant, which results in blends of imported water and groundwater from wells west of the Management Area due to the complexity of the distribution system. SPW enters the EMWD system at the Mills Filtration Plant (MWD turnout EM-12). CRW can enter the EMWD system through either the Perris Water Filtration Plant (EM-4) or from Lake Skinner via the Auld Road pumping plant (EM-17). Untreated CRW enters the EMWD system at the EM-1 turnout and is delivered to the dairy participants along Ramona Expressway. A separate system for imported raw or untreated SPW (EM-14) is maintained for the purpose of raw water feed to EMWD’s Hemet Water Filtration Plan (HWFP), groundwater recharge, and some agricultural customers in both EMWD’s and LHMWD’s service areas. Under emergency conditions, EM-14 can receive CRW, but this water is not recharged into the groundwater basins.

4.2.a Hemet Water Filtration Plant

Faced with the challenge of developing additional potable water supply sources, EMWD constructed the HWFP in 2006, located on a 4.5 acre parcel at the intersection of Kirby Street and Commonwealth Avenue in Hemet. The plant can receive raw SPW from Lake Silverwood and Lake Perris, or raw CRW from the Colorado River Aqueduct, through the existing EMWD Warren Road Pump Station (EM-14). Once treated, the water enters EMWD's potable water distribution system.

The HWFP, with a capacity of 12 million gallons per day (MGD), or 13,400 acre feet per year (AFY), meets the current demand as described in EMWD's Master Plan. Due to increasingly large projected demands for the area, the plant was constructed with the capability of being expanded to 44,800 AFY.

The HWFP has to be operated at a constant rate. Therefore at times, when demand in the Management Area is less than plant production, water treated at the HWFP leaves the Management Area. Watermaster requires the amount of treated water leaving the Management Area be less than the amount produced by the HWFP. During 2018, the HWFP treated 4,326 AF of water of which 2,472 AF was exported outside the Management Area, and the remaining 1,854 AF was delivered to the customers in the Management Area.

4.2.b North San Jacinto Water Supply Pipeline

In addition to the EM-14 imported water delivery system in the Management Area, EMWD has a system (EM-1), which provides raw (untreated) CRW purchased from MWD to six dairy property owners in the Management Area. In turn, the property owners have agreed to reduce their groundwater extraction by substituting the imported raw water for groundwater extraction. A surcharge for every acre foot of water used, regardless of whether it is the imported raw water or groundwater, is paid by each property owner to support a portion of this system's capital cost which includes a pipeline, a pump station, and a connection to the MWD system.

Both the property owners and Management Plan participants benefit. The property owners benefit in that the project reduces drawdown of groundwater levels and provides water supply reliability, thereby maintaining existing business practices. The Management Plan benefits since groundwater extractions are reduced, which is equivalent to an equal amount of recharge to the basin, which is the most beneficial use of this vital resource and a cost-effective method of increasing local supply. The decreased groundwater extraction helps to stabilize over-drafted areas in the Lakeview/Hemet North and San Jacinto Upper Pressure groundwater management zones. It should be noted that CRW has higher salinity, which may have negative impact on the water quality of the Management Area.

During 2018, the North San Jacinto Water Supply Pipeline served 322 AF of raw water to the dairies, with 175 AF of that amount served within the Management Area.

4.3 Recycled Water

Recycled water in the Management Area is generally supplied by the San Jacinto Valley Regional Water Reclamation Facility (SJV RWRP) but can also be supplied from the Winchester Ponds, Moreno Valley Regional Water Reclamation Facility (MV RWRP), or the Perris Valley Regional Water Reclamation Facility (PV RWRP).

The SJV RWRf is a 256-acre wastewater treatment facility that serves the population living within its 167-square-mile service area. The SJV RWRf has a current capacity of 14 MGD with ultimate expansion at the plant envisioned to be 27 MGD. The water is recycled for use by agricultural and landscape customers within the Management Area as well as other areas such as the 10,000-acre San Jacinto Wildlife Area adjacent to Lake Perris. Recycled water from this plant also sustains the Hemet/San Jacinto Multipurpose Constructed Wetlands, an approximately 50-acre site adjacent to the plant constructed to provide additional treatment, multi-species habitat, environmental enhancement, education, and other public benefits.

The Winchester Ponds are located on an approximately 160-acre site on Simpson Road in the unincorporated community of Winchester. They are used for storage of recycled water from the Perris and Temecula Valley RWRfs. The water is sold and transported to various users within EMWD's service area including customers within the Management Area.

The PV RWRf and the MV RWRf can, based on operational necessity, supply recycled water to users in the Management Area via a pipeline through Lakeview.

During 2018, recycled water usage in the Management Area totaled 13,163 acre feet. The total recycled water generated at the SJV RWRf in 2018 was 8,366 AF.

4.3.a Recycled Water In-Lieu Project

This project supplies recycled water from the SJV RWRf for agricultural irrigation in-lieu of pumping from the San Jacinto Upper Pressure groundwater management zone. The project allows for delivery of up to 8,540 AFY of recycled water to Rancho Casa Loma and the Scott Brothers Dairy (known as In-lieu Project Participants). The project construction cost was jointly funded by EMWD, LHMWD, and the Cities of Hemet and San Jacinto. Agreements were executed with Rancho Casa Loma and Scott Brothers Dairy in 2008 that set limits on groundwater production in return for a low rate for recycled water purchases. The EMWD recycled water rate due by the In-lieu Participants is subsidized by the Watermaster.

During 2018, 3,499 AF and 798 AF of recycled water was delivered to Rancho Casa Loma and Scott Brothers Dairy respectively, for a total of 4,297 AF of recycled water. The in-lieu portion of this delivery was 2,689 AF.

4.4 Surface Water

The Management Area is drained by the San Jacinto River, which rises in and drains the western slopes of the San Jacinto Mountains. Waterways tributary to the river include the North and South Forks, Strawberry Creek, Indian Creek, Poppet Creek, and Bautista Creek. The San Jacinto River and its tributaries are ephemeral, that is, they flow only when enough precipitation occurs to produce runoff and much of this flow infiltrates to groundwater. When storms are unusually intense and prolonged, the ground saturates and the remaining precipitation runs off outside the Management Area. The river recharges the groundwater basin in the area southeast of the City of San Jacinto. The river then flows northwest past the Lakeview Mountains before turning southwest to flow across the Perris Valley toward Lake Elsinore. The San Jacinto River ultimately flows into Lake Elsinore via Railroad Canyon and Canyon Lake. Lake Elsinore, when full, overflows into Temescal Wash, which joins the Santa Ana River near Prado Dam.

During 2018, river flows were considerably lower than 2017 and well below long-term average for the year.

4.4.a Surface Water Diversions

EMWD and LHMWD both hold water rights on the San Jacinto River allowing them to divert water when river flows are sufficient.

LHMWD holds pre-1914 rights for the diversion and storage of surface water from the San Jacinto River and its tributaries. These diversions take place at Lake Hemet, Strawberry Creek, plus the North and South Forks of the San Jacinto River. During 2018, LHMWD diverted 253 AF of surface water – 0 AF at Lake Hemet; 0 AF at South Fork; 243 AF at North Fork; and 10 AF at Strawberry Creek. LHMWD diverted 253 AF of surface water which was all directly used. Surface water diverted was not put into storage by LHMWD.

EMWD's diversion and storage of San Jacinto River surface water takes place in the Canyon groundwater management zone at the Grant Avenue Ponds in the Valle Vista area. Per the Stipulated Judgment and diversion License No. 10667, EMWD is required to store any diverted water into the groundwater aquifer. During 2018, EMWD diverted 279 AF of surface water for recharge into the groundwater basin.



**Hemet-San Jacinto
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5 Projected Demands Update

In 2017, development slowed but there was an increase in 2018 when 622 Equivalent Duing Units (EDUs) were reportedly added. A recent absorption study projects over 800 new EDUs will be added in the San Jacinto area during the next three years. EMWD has identified over 22 projects with 700 proposed homes with recent construction activity. In addition to the projects under construction, there are 25,037 homes proposed (in the planning/design phase) in the area along with 231 acres of non-residential development. Although these projects may take many years to enter the market, they will bring with them a significant amount of new water demand. A summary of the 2018 development is presented below based on information obtained from New Business Development tracking at EMWD:

Table 5-1: Completed Connections within the Management Area in 2018

Month	Completed EDUs
January	2
February	8
March	8
April	19
May	40
June	24
July	37
August	45
September	27
October	359
November	48
December	5
2018 Total	622

Such new developments bring water supply challenges, and water purveyors continue to pursue new and efficient ways to accommodate growth. This includes exploring new options and opportunities for storing and using recycled water, requiring new development to be water efficient, and encouraging water efficiency through allocation based tiered rates or other conservation rate structures.

5.1 Planned Development

EMWD maintains a database of proposed development projects within its boundaries. To assist in forecasting demand, projects can be separated into two categories based on status, active construction, and planned. Projects are considered in active construction from survey staking

through completion phases. Proposed development includes projects in planning and design phases, starting with agency review through active construction.

Table 5-2 provides summarized information on projects under development in the Management Area.

Each EDU represents 0.49 acre-feet per year (AFY) of demand. The water demand shown is based on the number of residential units in each project and the acres of non-residential use. These demand projections are for planning purposes only and may change as information becomes available and projects are finalized.

Due to recent economic developments, completing a project in the active construction category could take up to nine years. Timing for completion of a project still in planning could be up to 25 years in the future. Time frames are approximate with multiple factors affecting development including economic patterns and/or environmental constraints.

A map of proposed projects categorized by status in the Management Area is shown in Chapter 9, Figure 9-5.

Table 5-2: Projects Under Development in the Management Area*

Entity/ Category	EMWD		LHMWD		City of Hemet		City of San Jacinto		Totals	
	EDU	AFY	EDU	AFY	EDU	AFY	EDU	AFY	EDU	AFY
Active Construction										
Residential	541	265	113	55	0	0	6	3	660	323
Non-Residential	40	20	0	0	0	0	0	0	40	20
Planning										
Residential	21,051	10,315	1,463	717	251	123	1,604	786	24,369	11,941
Non-Residential	368	180	300	147	0	0	0	0	668	327

* Table 5-2 presents 3rd Quarter 2018 data from EMWD's Database of Proposed Projects (DOPP). The DOPP aggregates active and future residential and non-residential projects compiled from Metrostudy and available plan notices. The 4th Quarter 2018 data was not available as of the date of this Report.

5.2 Future Demands

Projections for future demand for the private groundwater pumpers and the Soboba Reservation were initially estimated in conjunction with the Soboba Band of Luiseno Indians and the private pumpers as part of the Operational Yield Study (WRIME, Inc., 2003). At that time, the projection for the private pumpers' extraction was fixed at 32,000 acre feet (AF). In this report, the projections for the private pumpers are further refined using the data in Table 5-2 to determine projected agricultural demand reduction. Agricultural acreage and its water demand are reduced by the amount of development anticipated. Future demand projections are summarized in Table 5-3.

Table 5-3: Future Demand Projections

Entity / Year	2020 (AF)	2025 (AF)	2030 (AF)	2035 (AF)	2040 (AF)
1. EMWD	13,000	14,400	15,700	17,000	18,200
2. LHMWD	16,475	16,969	17,486	18,035	N/A
3. City of Hemet	4,860	4,960	5,040	5,110	5,150
4. City of San Jacinto	3,113	3,271	3,438	3,614	3,792
5. Private Pumpers	19,500	16,620	15,620	13,520	N/A
6. Soboba Reservation *	2,900	3,215	3,520	3,825	4,010
Totals	59,848	59,435	60,804	61,104	N/A

* These figures are based on the Soboba Water Development Schedule per the Settlement Agreement that went into effect in 2012.

5.3 Urban Water Management Plans

Water Code Section 10620(a) of the Urban Water Management Planning Act requires urban water suppliers to prepare and adopt an Urban Water Management Plan (UWMP) and sets forth parameters for doing so. Each UWMP is to assess current and projected water supplies; evaluate demand and customer type; evaluate reliability of water supplies; describe conservation measures implemented by the water supplier; provide a response plan for times of water shortage; and compare supply and demand projections. UWMPs must be updated every five years and the next update will begin in 2020.

Urban water suppliers with 3,000 or more connections are required to prepare an UWMP. In 2015, EMWD, Lake Hemet Municipal Water District (LHMWD), and the water departments of the cities of Hemet and San Jacinto each prepared an UWMP and demand projections from those plans as shown on Table 5-2. EMWD’s demand has been adjusted to account for only the portion of EMWD that is within the Management Area.

The Water Conservation Act of 2009, Senate Bill X7-7 (SB X7-7) set a requirement for water agencies to reduce their per capita water use by the year 2020. The overall goal is to reach a statewide reduction of per capita urban water use of 20 percent by December 31, 2020, with an intermediate goal of 10 percent reduction by December 31, 2015. In the 2010 UWMPs, urban suppliers were required to set targets and supply a plan to reduce per capita water consumption. Demand reduction can be achieved through both conservation and the use of recycled water as a potable demand offset. As reported in the 2015 UWMP, EMWD customers’ individual demands was 129 gallons per capita per day (gpcd) in 2015, meeting both the interim target (187 gpcd) and the final target of (176 gpcd) set by the Water Conservation Act for 2020. LHMWD’s 2015 Interim Urban Water Use Target was 155 gpcd, the actual water use in 2015 was 122 gpcd. The City of Hemet’s 2015 Interim Urban Water Use Target was 160 gpcd, the actual water use in 2015 was 105 gpcd. The City of San Jacinto’s 2015 Interim Urban Water Use Target was 166 gpcd, the actual water use in 2015 was 113 gpcd. Therefore, all of the agencies in the Management Area met their 2015 interim targets.

Water supplies in the Management Area are expected to be adequate for meeting demands over 20 years into the future.

5.3.a Eastern Municipal Water District

EMWD's UWMP describes water supplied from four sources of supply: imported water purchased from MWD, local potable groundwater, local desalted groundwater, and recycled water. It is anticipated that the majority of the water demands within EMWD's jurisdiction as a result of future development will be met through additional water imports from MWD supplemented by local supplies. Local supplies include an increase in desalination of brackish groundwater, recycled water use, and water use efficiency.

In the MWD's 2015 Urban Water Management Plan (2015 UWMP-MWD), MWD analyzed the reliability of water delivery through the State Water Project (SPW) and the Colorado River Aqueduct (CRA) and concluded that with the storage and transfer programs developed by MWD, MWD will have a reliable source of water to serve its member agencies' needs through 2040 during normal, historic single-dry and historic multiple-dry years. Unprecedented shortage will be addressed through the principles of the Water Surplus and Drought Management Plan as described in the 2015 UWMP-MWD.

In an effort to limit dependency on imported water from MWD, EMWD has developed several programs designed to take advantage of local resources. High-quality groundwater is a source of water for local customers in the Management Area. EMWD has also constructed two desalination facilities to recover poor quality groundwater with high total dissolved solids (TDS) levels in the area outside of the Management Area. The product water from the desalters enters EMWD's potable distribution system. The final design for a third desalter has been completed. Part of managing groundwater responsibly requires the replacement of groundwater extracted beyond the safe yield. Groundwater extraction in the Management Area above EMWD's allocated amounts will be replaced with imported water as part of the Judgment implementation.

Recycled water is extensively used in EMWD's service area in place of potable water. To offset municipal demand, recycled water is consumed to irrigate landscaping and industrial uses. The majority of EMWD's agricultural customers also use recycled water. In some cases, recycled water is used by agricultural customers in-lieu of groundwater production, increasing the amount of groundwater available for municipal use without increased recharge. Currently, the use of recycled water is limited by the amount available to serve during peak demands with large storage occurring during off peak periods. EMWD has developed plans to eliminate discharge, to use all of the recycled water available within the District, to offset demand of existing potable customers, to include retrofit of potable water landscape customers, and indirect potable recharge.

In the 2010 UWMP, EMWD identified three methods for conserving water: a budget based tiered rate, requirements for water efficiency in new construction, and an active conservation program. Water use reduction will be focused on outdoor demand reduction by all customers. Through these methods of reducing water use and increasing recycled water use, EMWD has reduced potable demand to meet the requirements of SB X7-7.

Continued efficient water use, responsible groundwater management, and increased recycled water use will reduce EMWD's demand for imported water and increase water supply reliability. EMWD's UWMP is available on EMWD's website at www.emwd.org and the 2015 UWMP-MWD is available on MWD's website at www.mwdh2o.com.

5.3.b Lake Hemet Municipal Water District

Lake Hemet Municipal Water District's UWMP projects the population served will grow from 50,631 in year 2015 to 68,452 in year 2035. LHMWD currently serves its customers from three main sources of supply: locally pumped groundwater; surface water and released water from Lake Hemet diverted from the San Jacinto River system; and water purchases from EMWD. Locally produced groundwater will be limited by the provisions of the Judgment and supplemented by recharge of imported water. Surface water is released from Lake Hemet and then diverted for direct beneficial use. Based on the LHMWD's UWMP, projected water purchases from EMWD are limited to 1,300 AFY and used for both domestic and agricultural purposes. Recycled water is also proposed as a water supply. Recycled water would be purchased from EMWD and used for citrus agriculture. Facilities must be developed and peak supply needs must become available for use of recycled water to occur. LHMWD has already met the year 2020 per capita per day demand target. According to the LHMWD UWMP, projected supply will meet demand through the year 2035.

5.3.c City of San Jacinto

The City of San Jacinto's UWMP projects that all future demands will be met through groundwater. The city will see an increase in population in its water service area from 17,961 in year 2015 up to 23,000 in year 2040. At the same time, demand will increase from 2,268 AFY in year 2015 up to 3,792 AFY in year 2040, and groundwater will be a reliable source of supply. The City of San Jacinto has already met the year 2020 per capita per day demand target. According to the UWMP, projected supply will meet demand through the year 2040.

The city's water department does not provide water to the entire city area. During 2018, the city produced 2,870 AF of groundwater, and EMWD supplied 4,130 AF of water to customers (domestic and agricultural) within the San Jacinto city limits.

5.3.d City of Hemet

The City of Hemet UWMP also projects that all demand will be met using groundwater. The city will see an increase in population in its water service area from 31,873 in year 2015 up to 34,600 in year 2040. The demand for water in the City of Hemet water service area will increase from 3,750 AFY in 2015 up to 5,150 AFY in 2040, and groundwater will be a reliable source of supply. According to the UWMP, projected supply will meet demand through the year 2040.

The city's water service area does not cover the entire city area. During 2018, the city produced 2,403 AF of groundwater, and EMWD supplied 6,527 AF of water to customers (domestic and agricultural) within the Hemet city limits.



6 Monitoring, Data Compilation, and Evaluation

The Monitoring Programs of the Hemet/San Jacinto Groundwater Management Area (Management Area) collects, compiles, and analyzes groundwater-related data for the Hemet-San Jacinto Watermaster (Watermaster). These programs are funded by the Watermaster and provide the information necessary for a comprehensive view of the Management Area.

Eastern Municipal Water District's (EMWD's) Groundwater Management and Facilities Planning Department serves as the Monitoring Program Administrator. EMWD, Lake Hemet Municipal Water District (LHMWD), the Cities of Hemet and San Jacinto, and the Soboba Tribe provide data on their wells and assist in communicating with the private well owners in their respective jurisdictions.

Data management and reporting are critical activities that occur in concurrence of data collection. Collected data are compiled and entered into EMWD's Regional Water Resources Database on a monthly basis.

This chapter summarizes the monitoring activities and the results of the analyses of the monitoring data. It also provides other pertinent information regarding activities in the Management Area such as well permits issued, rainfall, conjunctive use/groundwater recharge, recycled water, groundwater storage, and surface water flows.

6.1 Groundwater Monitoring

The Groundwater Monitoring Programs of the Management Plan collects, compiles, and analyzes groundwater data, provides the information necessary for a comprehensive view of the Management Area and contain the following major elements:

- Groundwater Level Monitoring;
- Groundwater Quality Monitoring;
- Groundwater Extraction Monitoring; and
- Inactive Well Capping/Sealing.

A map of all the wells participating in the Groundwater Monitoring Programs can be found in Chapter 9, Figure 9-3.

6.1.a Groundwater Level Monitoring

Static groundwater level measurements are collected twice a year; in the spring following winter rains, and in the fall following the dry season; on as many wells as possible. The spring measurements are generally collected in March to April, and fall measurements are generally taken in October to November. The set of available wells varies from year to year due to different reasons such as changes in access agreements, physical well access, and usage of

the well. Wells are required to be turned off for at least 24 hours prior to taking a static water level measurement. In some cases, wells may be in use during the semi-annual collection of water levels making the gathering of static water level measurements infeasible at that location.

During 2018, 191 wells were measured in the spring effort, and 172 were measured in fall, for a total of 363 measurements. Table 6-1 shows the number of wells measured in each groundwater management zone, and the minimum and maximum depth-to-water measurements. The number of measurements taken in each groundwater management zone for years 2009-2018 is shown in Chapter 8, Table 8-1. The minimum and maximum measurements for years 2009 through 2018 can be found in Chapter 8, Table 8-2. A map showing the change in groundwater elevation from Spring 2017 to Spring 2018 can be found in Chapter 9, Figure 9-6. A map showing the change in groundwater elevation from Fall 2017 to Fall 2018 can be found in Chapter 9, Figure 9-7.

Table 6-1: 2018 Groundwater Level Monitoring Program in the Management Area

Management Zone	Number of Wells Measured Spring	Number of Wells Measured Fall	Minimum Depth to Water (ft)	Maximum Depth to Water (ft)
Canyon	25	23	8.3	277
S.J. Upper Pressure	87	76	29.2	594.6
Hemet North (partial)	24	23	158.7	265.8
Hemet South	55	50	17.5	369.4
Totals	191	172	8.3	594.6

6.1.b Groundwater Quality Monitoring

During 2018, annual water quality samples were collected at 115 wells in the Management Area. EMWD collected the samples on available private domestic, or agricultural wells, in addition to wells owned by EMWD. LHMWD and the Cities of Hemet and San Jacinto collected the samples on their drinking water wells and forwarded them to EMWD for analysis and compilation. The number of wells sampled for years 2009 through 2018 can be found in Chapter 8, Table 8-3.

Of the 115 private and municipal wells sampled in 2018, 86 had an existing operable pump while 29 required having a pump set in the well in order to obtain a sample. Sampling a non-operable well without pumping equipment requires the use of a sampling rig to set a temporary pump and is more time consuming. The Standard Operating Procedures as outlined in the Groundwater Monitoring Program were followed for all sampling. Typical constituents tested in the annual water quality sampling effort are listed in Table 6-2.

Generally, the best quality groundwater occurs along the San Jacinto River in the Canyon and San Jacinto Upper Pressure groundwater management zones, where significant municipal extraction occurs. It should be noted that groundwater quality and the character of groundwater are determined by a number of factors including: mineral content of sediments;

recharge and drainage patterns; historic land use practices; and casing screen intervals and depths of wells sampled.

Table 6-2: Constituents Tested in a Typical Groundwater Quality Sample

Type	Constituent:
Cations	Calcium (Ca)
	Magnesium (Mg)
	Potassium (K)
	Silica (SiO ₃)
	Sodium (Na)
Anions	Chloride (Cl)
	Fluoride (F)
	Sulfate (SO ₄)
Nitrogens	Nitrate (NO ₃)
	Nitrate as Nitrogen (NO ₃ -N)
	Nitrite as Nitrogen (NO ₂ -N)
	NOX
Misc.	Hardness
	Total Alkalinity as CaCO ₃
	Total Dissolved Solids (TDS)

Table 6-3 shows the number of wells sampled, and the extreme values for Total Dissolved Solids (TDS) and Nitrate as Nitrogen (NO₃-N) in mg/L for each management zone for 2018. TDS has a secondary Maximum Contaminant Level (MCL) concentration of 1,000 mg/L, while NO₃-N has a primary MCL concentration of 10 mg/L.

The well with the highest TDS is in the northwestern portion of the San Jacinto Upper Pressure groundwater management zone and is Lauda Beebower Disc Blade (04S/02W-02R01S). This well reported the highest value of TDS (7,410 mg/L) in 2018. This well, Lauda Beebower Disc Blade, reported a TDS value of 5,100 mg/L in 2016. The well with the highest NO₃-N is McMillan Lake 03 (North New) (05S/01E-20K03R) located in the Hemet South groundwater management zone. The McMillan Lake 03 (North New) well reported a NO₃-N value of 39.0 mg/L in 2018 which increased from the reported value of 33.0 mg/L in 2017. Many wells with high TDS and NO₃-N values are located in the southern portions of the Canyon, San Jacinto Upper Pressure, and Hemet South groundwater management zones, and are all located in major citrus producing areas. It can be assumed that the high salts and nitrates are the result of agricultural practices.

Table 6-3: 2018 Groundwater Quality Monitoring in the Management Area

Management Zone	No. of Wells	TDS (mg/L)		NO ₃ -N (mg/L)	
		High	Low	High	Low
Canyon	15	1,350	218	10.7	< 0.4
S.J. Upper Pressure	49	7,410	168	35.6	< 0.4
Hemet North (partial)	26	1,100	332	10.3	< 0.4
Hemet South	25	1,290	190	39	< 0.4

A map showing TDS concentrations at individual wells in the Management Area for 2018 is found in Chapter 9, Figure 9-8. A map showing NO₃-N concentrations at individual wells in the Management Area for 2018 is found in Chapter 9, Figure 9-9. The analytical results (TDS and Nitrate as Nitrogen) of the wells sampled for years 2009 through 2018 can be found in Chapter 8, Table 8-4.

6.1.c Groundwater Extraction Monitoring

Groundwater extraction on 152 wells in the Management Area was monitored during 2018. Meters are read monthly for 113 well sites, 73 meters are read by EMWD and 40 meters are reported to EMWD. Also, estimates of extraction by non-metered wells at 39 well sites are generated monthly. Estimates are based on various factors including acreage, crop type, weather, and in the case of dairies, number of livestock.

Groundwater extraction in the Management Area during 2018 totaled 40,006 acre feet (AF). Of that 40,006 AF of extraction, 25,786 AF (64%) was by municipalities, 12,777 AF (32%) was by private producers, and 1,443 AF (4%) was by the Soboba Band of Luiseño Indians (including 80 AF delivered by EMWD). The majority of groundwater extraction occurred in the San Jacinto Upper Pressure Management Zone as shown in Table 6-4. The results of groundwater extraction for years 2009 through 2018 can be found in Chapter 8, Tables 8-5 and 8-6.

Table 6-4: 2018 Groundwater Extraction Monitoring in the Management Area

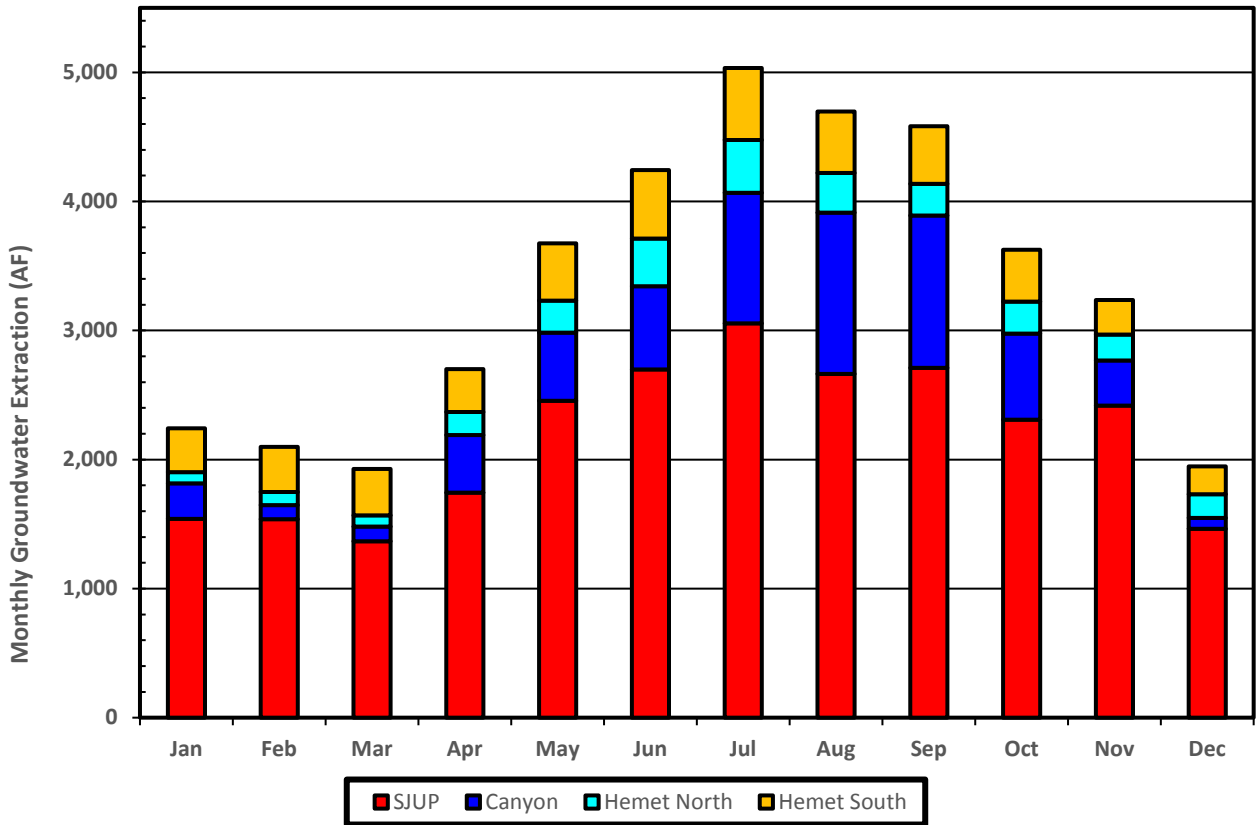
Management Zone	No. of Wells Metered	No. of Wells Estimated	Total Number of Wells	Groundwater Extraction Metered (AF)	Groundwater Extraction Estimated (AF)	Total Groundwater Extraction (AF)
Canyon	19	7	26	5,658	1,005	6,663
S.J. Upper Pressure	50	15	65	24,348	1,612	25,960
Hemet North (partial)	21	5	26	1,907	755	2,662
Hemet South	23	12	35	2,993	1,728	4,721
Total	113	39	152	34,906	5,100	40,006

As expected, extraction rates were highest during the summer months with sixty-five percent (65%) of the year's extraction occurring during the six-month time period from May through October. Monthly groundwater extraction by groundwater management zone is shown in Figure 6-1.

California Water Code Sections 4999 et seq., with few exceptions, requires persons who extract groundwater from wells located in Riverside, San Bernardino, Los Angeles, and Ventura Counties in excess of 25 acre feet in any year to file an Annual Notice of Groundwater Extraction (Annual Notice). Failure to file an Annual Notice may be deemed non-use of water and may lead to a loss of water rights. If a well owner does not file an Annual Notice for five consecutive years, the well will be considered inactive and Annual Notices will no longer be mailed to the well owner. Non-use of water over an extended period may lead to the loss of water rights.

Starting with the Annual Notices filed in 2006 recording 2005 groundwater extraction, the State Water Resources Control Board transferred, under the auspices of Water Code Section 5009, authority for the Annual Notices of Groundwater Extraction to certain local water agencies. On June 23, 2006, the State designated EMWD as the agency to assume this function within its service area. As a consequence, EMWD gathers, checks, records, and disseminates water extraction information, and assists the water producers in seeing that their water use is accurately documented. This transfer to local control improved the accuracy of the data and, in EMWD's service area, resulted in an elimination of the annual fees previously paid by the well owners to the State.

Figure 6-1: 2018 Monthly Groundwater Extraction in the Management Area



In 2018, Annual Notices for calendar year 2017 were filed on 135 existing wells within the Management Area. There were no First Annual Notices filed for wells that have not previously participated in the program. EMWD processed a combined total of 135 Annual Notices resulting in a savings of \$6,750 to the participants (private and municipal) as opposed to filing with the State directly. Any well owner wishing to reactivate an inactive well recordation must notify EMWD in writing. Table 6-5 presents the results of the 2017 San Jacinto Watershed Groundwater Recordation Program including the participants and associated extraction.

Table 6-5: 2017 Groundwater Extraction Recordation Notices Filed in the Management Area

Management Zone	Annual Notices	First Notices	Private Well Owners	Groundwater Extraction Reported (AF)	Municipal Well Owners	Groundwater Extraction Reported (AF)
Canyon	20	0	9	118	11	4,883
SJ Upper Pressure	68	0	43	5,253	25	17,617
Hemet North (partial)	19	0	19	277	0	0
Hemet South	28	0	17	1,148	11	3,499
Totals	135	0	88	6,796	47	25,999

Chapter 8, Table 8-7 demonstrates an increase in the number of Annual Notices filed following EMWD assuming responsibility for the program. In addition, Chapter 8, Table 8-8 presents the amount of groundwater extraction recorded per management zone during 2006 through 2017 in acre feet.

The amount of groundwater extracted per the Annual Notices does not account for the full volume of water believed to have been extracted from the basin due to the fact that some well owners do not file Annual Notices, or file inaccurate amounts on the Annual Notices. Discrepancies in the amounts groundwater extraction reported occur if well owners document extractions on their annual notices that vary from the production meters read by EMWD.

6.1.d Inactive Well Capping/Sealing Program

Inactive, unused wells are a potential source of groundwater contamination. Open casings are especially vulnerable to contamination from surface flows or vandalism - such as the dumping of oil or other waste products. Large open casings, 16 to 18 inches in diameter, also present a hazard to small children and animals. It is not known how many open casings or unused wells exist within the Management Area.

As part of this monitoring program, an inactive well or open casing will be capped/sealed at no charge to the well owner in an effort to protect the public and groundwater supplies. This is done by welding a bolted or locking cap onto the well casing. These wells may still be used for water level and, in some cases, water quality monitoring. Priority is given to those wells that are potentially dangerous open holes (16-18" casings) or those located in areas where flooding resulting from precipitation might carry manure, fertilizers, or other contaminants into the well.

During 2018, no inactive agricultural wells were capped/sealed as shown in Table 6-6. Chapter 8, Table 8-9 shows the number of wells, by groundwater management zone, which have been capped/sealed to date in the Management Area. The table includes a listing of 43 wells capped/sealed by EMWD since the 2004 implementation of the Hemet/San Jacinto Inactive Well Capping/Sealing Program. Chapter 9, Figure 9-10 presents the locations of these wells.

Table 6-6: 2018 Inactive Wells Capped/Sealed in the Management Area

Management Zone	Number of Wells
Canyon	0
S.J. Upper Pressure	0
Hemet North (partial)	0
Hemet South	0
Totals	0

6.2 Imported Water Monitoring

Within the EMWD system, treated water from the Metropolitan Water District of Southern California (MWD) can reach the Management Area via the Homeland bypass and the Simpson Pump Station, which results in blends of imported water and groundwater from wells west of the Management Area due to the complexity of EMWD’s distribution system. State Project Water (SPW) enters the system at the Mills Filtration Plant (MWD turnout EM-12). Colorado River Water (CRW) can enter the system through either the Perris Water Filtration Plant (EM-4) or from Lake Skinner via the Auld Road pumping plant (EM-17).

Untreated water (raw water) from MWD can reach the Management Area through two distinct systems. One system can bring untreated SPW into the Management Area at the Warren Road Pump Station (EM-14), and is maintained for the purpose of groundwater recharge in the San Jacinto area and raw water feed to EMWD’s Hemet Water Filtration Plant. This line also serves some agricultural customers within both EMWD’s and LHMWD’s service areas. The second system can bring untreated CRW into the Management Area at the Brownlands Pumping Plant (EM-1), and is maintained for the purpose of groundwater augmentation for the dairies along the Ramona Expressway as part of the North San Jacinto Water Supply Initiative.

All imported water from MWD into the EMWD system, including EM-1, EM-4, EM-12, EM-14, and EM-17, that flows into the Management Area is metered and monitored.

6.2.a Hemet Water Filtration Plant

The Hemet Water Filtration Plant (HWFP) has to be operated at a constant rate. Therefore, treated HWFP water may leave the Management Area. Watermaster requires the amount of treated water leaving the Management Area to be less than the total amount produced by the HWFP. During 2018, the HWFP treated 4,326 AF of water of which 2,472 AF was exported outside of the Management Area.

6.2.b Imported Water Recharge

The “Physical Solution” as defined in the Stipulated Judgment and Complaint (Judgment), Case Number RIC 1207274, entered with the Superior Court of the State of California for the County of Riverside, identifies groundwater recharge as the preferred method of accomplishing Soboba Settlement Agreement requirements. The Integrated Recharge and Recovery Program (IRRP) is defined as the system that receives untreated SPW from Lake Silverwood and Lake Perris through the existing EMWD Warren Road Pump Station (EM-14) and consists of 35 acres of basins or ponds for recharging SPW; three extraction wells; three monitoring wells; modification to two existing pump stations; and pipelines within, and adjacent to, the San

Jacinto River. In addition, the Grant Avenue Ponds consist of 52 acres of basins or ponds; an additional pump station; and pipelines within, and adjacent to, the San Jacinto River, that are part of the system used for recharging SPW.

During 2018, a total of 4,783 AF SPW was recharged at the IRRP and Grant Avenue Ponds (shown in Table 6-7). Total historical groundwater extraction, imported water usage, recycled water usage, and rainfall is displayed in Chapter 9, Figure 9-11 and total historical imported water recharge is displayed in Chapter 9, Figure 9-12.

Table 6-7: 2018 Raw Water Recharge in the Management Area

Facility	Imported Raw Water Recharge (AF)
IRRP Ponds	3,584
Grant Ave. Ponds	1,199
Totals	4,783

6.2.c North San Jacinto Water Supply Initiative

EMWD constructed a system to provide untreated CRW purchased from MWD to six dairy property owners in the Management Area via the Brownlands Pump Station (EM-1). In turn, the property owners have agreed to reduce their groundwater extraction by substituting the imported raw water for groundwater extraction.

During 2018, the North San Jacinto Water Supply Initiative serving 322 AF of untreated CRW to the dairies, with 175 AF of that amount served to six dairies within the Management Area.

6.3 Recycled Water Monitoring

Most of the recycled water used in the Management Area comes from the San Jacinto Valley Regional Water Reclamation Facility (SVJ RWRF); however, the area also receives recycled water from the Winchester Ponds (Temecula Valley RWRF) and, occasionally, from the Perris Valley RWRF (PV RWRF).

6.3.a Recycled Water Usage

During 2018 recycled water usage in the Management Area totaled 13,163 AF, as shown in Table 6-8. A majority of the recycled water usage in the Management Area occurred in the San Jacinto Upper Pressure groundwater management zone. Historical recycled water usage for each groundwater management zone for 2009 through 2018 can be found in Chapter 8, Table 8-10.

Table 6-8: 2018 Recycled Water Usage in the Management Area

Management Zone	Recycled Water Use (AF)
Canyon	0
S.J. Upper Pressure	6,390
Hemet North (partial)	4,128
Hemet South	2,645
Totals	13,163

6.3.b Recycled Water In-lieu Program

This project supplies recycled water from the SJV RWRf for agricultural irrigation in-lieu of pumping groundwater. The agreement can deliver up to 8,540 AFY of recycled water to Rancho Casa Loma and the Scott Brothers Dairy. During 2018, 3,499 AF and 798 AF of recycled water was delivered to Rancho Casa Loma and Scott Brothers Dairy respectively, for a total of 4,297 AF of recycled water, including 2,689 AF in-lieu of groundwater as shown in Table 6-9.

Table 6-9: 2018 Recycled Water In-lieu Usage in the Management Area

Agency	2018 Total Recycled Water Deliveries (AF)	2018 Recycled Water Deliveries Subsidized by Watermaster (AF)
Scott Brothers Dairy	798	458
Rancho Casa Loma	3,499	2,231
Totals	4,297	2,689

6.3.c Recycled Water Incidental Recharge

Incidental recharge of recycled water occurs at the SJV RWRf, Alessandro Storage Ponds, and the MWD San Jacinto Reservoir. Incidental recharge amounts for each facility during 2018 is presented in Table 6-10. Historical data from 2009 through 2018 for ponds in the Management Area are shown in Chapter 8, Table 8-11. The SJV RWRf, Alessandro Ponds, and MWD San Jacinto Reservoir are located in the San Jacinto Upper Pressure groundwater management zone. Alessandro Ponds were empty from May through December 2018 due to a storage reconfiguration and water was not stored until the second week of December 2018 for MWD San Jacinto Reservoir.

Table 6-10: 2018 Recycled Water Incidental Recharge in the Management Area

Facility	Incidental Recharge (AF)
SJV RWRf	189
Alessandro Ponds	30
MWD San Jacinto Reservoir	5

6.4 Surface Water Monitoring

The San Jacinto Valley is drained by the San Jacinto River, which rises in and drains the western slopes of the San Jacinto Mountains. Waterways tributary to the river include the North and South Forks, Strawberry Creek, Indian Creek, Poppet Creek, and Bautista Creek. The San Jacinto River and its tributaries are ephemeral, that is, they flow only when enough precipitation occurs to produce runoff and much of this flow infiltrates to groundwater. When storms are unusually intense and prolonged, the ground saturates and the remaining precipitation runs off into streams. The river recharges the groundwater basin in the area southeast of the City of San Jacinto. The river then flows northwest past the Lakeview Mountains before turning southwest to flow across the Perris Valley toward Lake Elsinore. The San Jacinto River ultimately flows into Lake Elsinore via Railroad Canyon and Canyon Lake. Lake Elsinore, when full, overflows into Temescal Wash, which joins the Santa Ana River near Prado Dam.

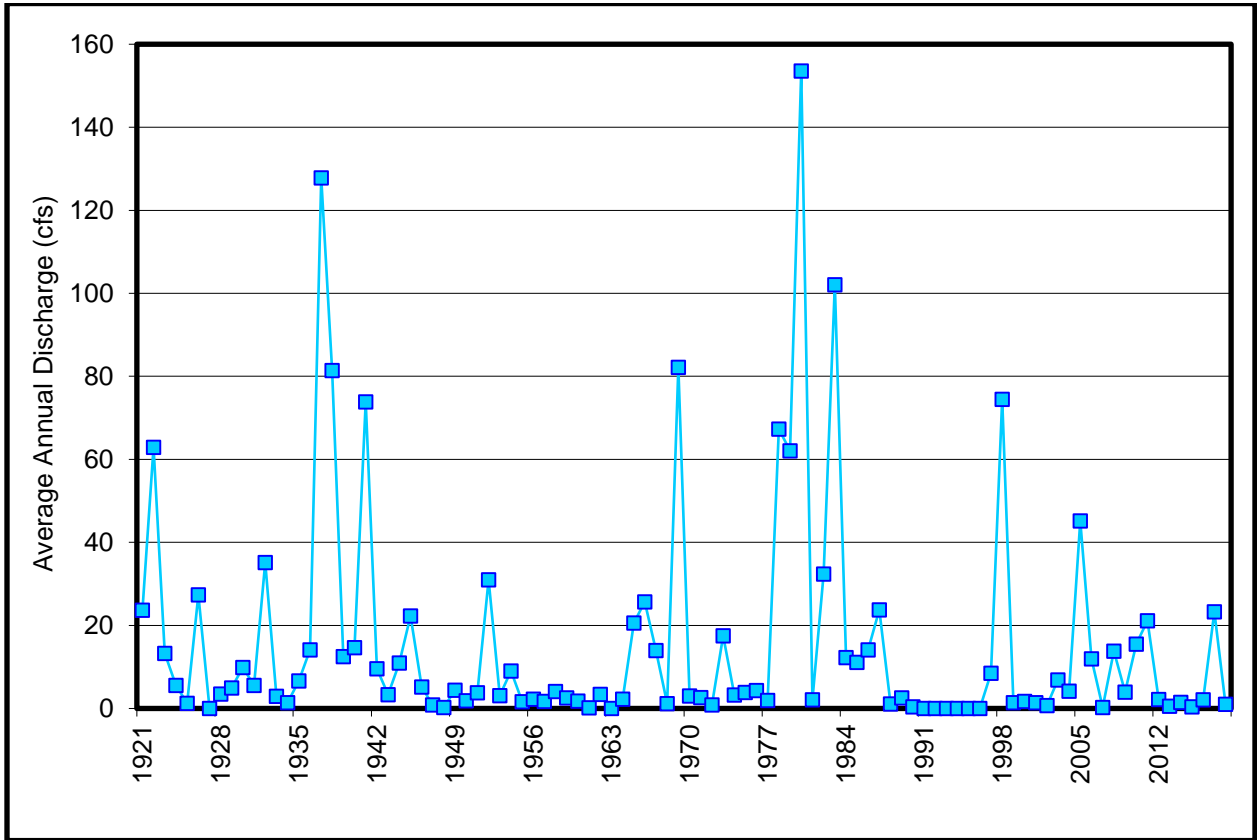
6.4.a River/Stream Flows

The U.S. Geological Survey (USGS) monitors and maintains a real-time gauge on the San Jacinto River at the Cranston Ranger Station and has done so since 1921. This gauge is located at 33°44'17" Latitude and 116°49'59" Longitude (NAD27) at an elevation of 1,920 feet above sea level. The drainage area above the gauge is 142 square miles.

In 2018, this station recorded a total flow of 733.5 AF with a peak flow of 47.8 cfs on March 23, 2018. Figure 6-2 demonstrates the great variability in annual flows in the San Jacinto River (based on the mean-daily data) and emphasizes the uncertainty of sufficient flows for diversion in any given year.

Monitoring of surface flows is an important factor in determining the water balance and in estimating the amount of groundwater recharge being added to storage. Tributaries to the river should also be monitored provided appropriate funding is made available for such monitoring. Surface water diversions were captured by LHMWD, EMWD, and the Soboba Gravel Pit in 2018. Surface water flows were not sufficient to exceed the capacity of the recharge facilities, therefore, surface water flows were captured within the Management Area.

Figure 6-2: Historical Average Annual Flow of the San Jacinto River



6.4.b San Jacinto River Diversions

LHMWD holds pre-1914 rights for the diversion and storage of surface water from the San Jacinto River and its tributaries. Such pre-1914 rights, and the applicable rights and obligations that apply to the nature of pre-1914 rights, are in regard to Lake Hemet, Strawberry Creek, and the North and South Forks of the San Jacinto River. In addition, LHMWD's storage of surface water takes place in the San Jacinto Upper Pressure groundwater management zone at Riverside County Flood Control and Conservation District's Bautista Ponds. During 2018, LHMWD diverted 253 AF of surface water; 0 AF at Lake Hemet, 0 AF at South Fork, 243 AF at North Fork, and 10 AF at Strawberry Creek as shown in Table 6-11. The total volume of water diverted, 253 AF, was utilized for direct use or sale and none of surface diversions were put into storage.

EMWD's diversion and storage of San Jacinto River surface water takes place in the Canyon groundwater management zone at EMWD's Grant Avenue Ponds in the Valle Vista area. EMWD's diverted water is stored in the groundwater aquifer in accordance to License No. 10667, and the Judgment requirements. During 2018, EMWD diverted 279 AF of surface water into storage at the Grant Avenue Ponds. Historical river diversions in the Management Area from 2009 through 2018 can be found in Chapter 8, Table 8-12.

Table 6-11: 2018 San Jacinto River Diversions

Agency	Diversion Points	Acre Feet
LHMWD	Lake Hemet	0
	South Fork	0
	North Fork	243
	Strawberry Creek	10
EMWD	Grant Avenue	279
	Total	532

6.5 Precipitation

Topography generally controls the relative amount of precipitation from one location to the next within the Management Area. The majority of rain falls in the winter months. On the valley floor, 12 to 13 inches are average, but near the peak of Mt. San Jacinto, the average is around 40 inches.

Two sites for measuring precipitation are used for this report; one in San Jacinto and one in Hemet. The San Jacinto station is operated by the California Division of Forestry (CDF) and data are available from 1910 to the present. The CDF data are compiled and provided to EMWD by the Riverside County Flood Control and Conservation District (RCFC). The location of the Hemet measuring station has changed over time. Data from 1911 through 2002 were collected at the LHMWD office. Starting 2003, Hemet rainfall data was collected at the RCFC Station No. 318 located at the Hemet Channel. Starting with 2014, Hemet rainfall data is being collected at the RCFC Station No. 180 located at Ryan Airport and provided to EMWD by RCFC. Annual rainfall in the Hemet/San Jacinto area can be quite variable.

During 2018, the Hemet station recorded 6.45 inches of rain and the San Jacinto station recorded 8.42 inches as shown in Table 6-12. Historical rainfall in the Management Area from 2009 through 2018 can be found in Chapter 8, Table 8-13.

Table 6-12: 2018 Rainfall and Rainfall Extremes in the Management Area

Location	Rainfall (inches)			
	San Jacinto		Hemet	
Historic High	28.63	1961	26.60	1978
Historic Low	4.98	1969	3.64	2002
Long-term Average	12.13		11.29	
Year 2018	8.42		6.45	

6.6 Well Permits

Riverside County Ordinance No. 682.3 regulates the construction, reconstruction, abandonment, and destruction of community water supply wells, individual domestic wells, and agricultural wells. Under the auspices of the Department of Environmental Health, the County is responsible for issuing well drilling permits. A valid permit along with the payment of all applicable fees is required before anyone digs, drills, bores, drives, or reconstructs a well that is, or was, a water well, a cathodic protection well, or a monitoring well. Standards for the construction or reconstruction of wells are the standards recommended in the *California Department of Water Resources Bulletin No. 74-81, Chapter II, and Bulletin No. 74-90, as amended by the State.*

The Riverside County Department of Environmental Health maintains a database detailing permits issued for wells drilled or abandoned in the county area. In the Management Area, eleven (11) well permits were issued in 2018 and they are summarized in Table 6-13.

As shown in the table, four (4) permits for domestic wells were issued. This category includes two types of wells:

- (1) small individual domestic wells, primarily located in basin interface areas and non-water bearing zones, fractured bedrock areas, or where municipal water service is not available; and
- (2) community or municipal domestic wells.

The four (4) permits issued for agricultural wells within the Management Area are in fact individual domestic wells on small agricultural properties. Since these wells are for individual domestic drinking water uses, they are not considered significant to the program because it is anticipated that they will produce less than 25 acre feet per year.

There was one (1) permit issued for a monitoring well within the Management Area.

Table 6-13: 2018 Well Permits Issued in the Management Area

Management Zone	Domestic Wells	Agricultural Wells	Monitoring Wells	Cathodic Protection Wells	Abandoned Wells	Total Permits
Canyon	-	1	-	-	-	1
S.J. Upper Pressure	4	-	-	-	-	4
Hemet North (partial)	-	2	-	-	-	2
Hemet South	-	1	1	2	-	4
Totals	4	4	1	2	-	11

There were two (2) permits issued for cathodic wells within the Management Area. The County makes every effort to observe well destruction, however no wells were abandoned in the Management Area. If that is not possible, they require a concrete ticket and destruction log from the owner.

It should be noted that Table 6-13 shows the number of permits issued, it does not necessarily reflect the actual number of wells drilled or abandoned. However, diligent effort is made by EMWD

to research each well and determine its status. It is possible that some wells may be drilled or abandoned in early 2019 under permits issued in 2018.

6.7 Groundwater Storage Changes

In 2015, the Watermaster, with assistance from the California Department of Water Resources develop a tool that can be used in calculating annual groundwater storage changes in the Management Area. This tool, Groundwater Storage Change Calculator (GSCC), uses information from the 2014 San Jacinto Groundwater Flow Model Update (SJFM-2014) and water level data collected as part of the annual Monitoring Program to estimate groundwater storage changes in the Management Area.

6.7.a Storage Change Calculation Methodology

The SJFM-2014 is a regional groundwater flow model which was calibrated based on hydrogeological data between 1984 and 2012. The SJFM-2014 estimated the cumulative storage reduction in the Management Area to be approximately 310,000 AF at the end of the 2012 simulation period. The Watermaster will use this estimate as the starting groundwater storage levels at the time that the Watermaster started its operation in April 2013.

The GSCC evaluates the groundwater volume for each one of the Groundwater Management Zones (GMZ) within the Management Area. The GSCC divides each GMZ into subsections and calculates storage changes for each subsection. The boundary for each subsection was defined based on the SJFM-2014 December 2012 groundwater elevation contour trends, and Key Wells within each subsection were selected to calculate the storage curve and storage volume for each subsection. The SJFM-2014 model data was used to delineate these subsections based on the location of the calibration wells, hydrogeological similarity, and availability of the monitoring program data within each subsection. The SJFM-2014 water budget estimates were used to obtain monthly changes in storage volume for each subsection between 1984 and 2012,

The GSCC uses storage curves based on historical observed groundwater level data and associated simulated monthly storage value to establish trend-line equations for each Key Well within each subsection. The generic storage curve equation used by the GSCC is:

$$y = mx + b$$

where,

y	storage volume (acre-feet)
m	slope of the storage curve
x	water level data point (feet/MSL)
b	intercept (constant)

A copy of the GSCC User Manual prepared by RMC was included as an appendix in the 2015 Annual Report.

6.7.b Groundwater Storage Change between 2017 and 2018

Using the methodology described above, the groundwater storage in the Management Area was estimated to have been reduced by 29,807 AF since the formation of the Watermaster in 2013, and to have been increased by 149 AF between Spring of 2017 and 2018. A summary of estimated storage changes in the Management Area and within each one of the GMZs is shown in Table 6-14.

Table 6-14: Estimated Groundwater Storage Changes within the Management Area

Management Zone	Time Period	Estimated Storage Changes (AF)
Management Area	January 1984 - December 2012	- 310,458
Management Area	January 1984 – Spring 2018	- 340,265
Management Area	January 2013 – Spring 2018	- 29,807
Total Groundwater Management Zones	Spring 2017 – Spring 2018	149
San Jacinto Upper Pressure	Spring 2017 – Spring 2018	1,846
Hemet North	Spring 2017 – Spring 2018	- 352
Hemet South	Spring 2017 – Spring 2018	21
Canyon	Spring 2017 – Spring 2018	- 1,366



7 2018 Financial Considerations

On November 27, 2017, the Watermaster Board reviewed and adopted its 2018 Budget which included Monitoring Program, In-lieu Program Agreement, Gravel Pit Cleanup Project, and Operational Expenditures. In addition, at the same meeting, the Watermaster Board adopted Resolution 9.3, setting the Administrative Assessment for 2018 at \$30 per acre-foot. Each public agency pays Administrative Assessment for the portion of their Adjusted Base Production Right (ABPR) that is produced, and Watermaster records any unused ABPR as part of each agency’s Carry-Over Credits (CoC) for future production.

7.1 2018 Watermaster Budget

The Watermaster Board at its November 27, 2017, set the 2018 Budget at \$657,570. The different elements of the 2018 budget are shown on Table 7-1.

Table 7-1: 2018 Watermaster Budget

Description	Amounts
Agreements	\$ 211,000
In-Lieu Program Agreement	\$ 211,000
EMWD Support	\$ 156,220
Groundwater Monitoring Program	\$ 156,220
Gravel Pit Cleanup Project	\$ 57,600
Dewatering	\$ 57,600
Organization Operations & Management	\$ 232,750
Financial Support Services	\$ 8,500
Legal Counsel Services	\$ 30,000
Advisor Services	\$ 165,000
Administrative Support Services	\$ 14,000
Insurance; Office Supplies; and Other Direct Costs	\$ 10,000
Database/Mapping Application Maintenance	\$ 5,250
Additional Projects/Activities	\$ -
None	\$ 0
Total Budget	\$ 657,570

There was no Gravel Pit cleanup project during 2018, and by Mid-year 2018 the Operations budget was also reduced by \$13,750 based on expenditures during the first six months of the

year. Therefore, the 2018 Budget was revised to \$586,220 as a result of above mentioned changes. The updated budget was shared with the Watermaster Board on August 27, 2018. The updated budget elements are shown on Table 7-2.

Table 7-2: 2018 Updated Watermaster Budget

Description		Amounts
Agreements		\$ 211,000
In-Lieu Program Agreement	\$ 211,000	
EMWD Support		\$ 156,220
Groundwater Monitoring Program	\$ 156,220	
Gravel Pit Cleanup Project		\$ 0
Dewatering (updated)	\$ 0	
Organization Operations & Management		\$ 219,000
Financial Support Services (Updated)	\$ 7,000	
Legal Counsel Services (updated)	\$ 20,000	
Advisor Services	\$ 165,000	
Administrative Support Services (updated)	\$ 12,000	
Ins; Office Supply.; and Other Direct Costs (updated)	\$ 10,000	
Database/Mapping Application Maintenance (updated)	\$ 5,000	
Additional Projects/Activities		\$ 0
None	\$ 0	
Total Budget		\$ 586,220

As of the publication of this annual report, not all invoices related to the 2018 activities have been received, but the total expenditures related to the 2018 budgeted items are expected to be about \$527,000 which is about \$59,000 less than the updated budget.

The total 2018 revenue from Administrative Assessments is expected to be about \$455,265. As was approved by the Watermaster in November of 2018, the reserve funds will be used to offset the excess expenditures. An estimated \$72,000 of the reserve funds is expected to be required to offset the expenditures shortfall. The Financial Audit for 2018 was conducted by Clifton Larson Allen LLP. This is the second year that Watermaster is using the services of Clifton Larson Allen LLP. A copy of the 2018 Financial Audit is included as an appendix in Chapter 10, Section 10.6.

7.2 Carry-Over Credits

The Judgment defines Carry-over Credits (CoC) as “A Public Agency or Class B Participant credit against the Replenishment Assessment in a Fiscal Year, based on the Agency’s adjusted or Base Production Right or share of Imported Water not produced in the prior calendar years”. Watermaster is required to calculate CoC each year. In addition, Watermaster shall calculate previously recharged water and unused Adjusted Base Production Rights (ABPR). Watermaster is considering the previously recharged water by EMWD, and unused ABPR as part of the CoC accounts with special requirements as defined by the Judgment.

The Class B Participants in the Management Area shall pay Replenishment Assessments on groundwater production amounts in excess of their Base Production Rights (BPR), subject to any CoC adjustments. In addition, Class A Participants that decide to join in as Class B Participants

in 2016 are required to pay for Replenishment Assessment if their groundwater production during the years that they participated as a Class A Participant exceeded their BPR.

The next two sections show the CoC balances for the Public Agencies and Class B participants.

7.2.a Public Agencies and Cities

To overcome the overdraft within the Management Area, the agencies and cities within the Management Area that produce groundwater above their ABPR shall replenish groundwater under an approved Watermaster program, pay Replenishment Assessment on production amounts in excess of their ABPR, or use credits from their CoC accounts to offset their excess production. Table 7-3 documents the starting balances for the agencies' and cities' CoC accounts as of December 31, 2017. In addition, Table 7-3 shows pre-delivery obligations by MWD for 2018 as of December 31, 2017.

Table 7-3: Public Agencies Carry-Over Credits as of December 31, 2017

Agency	Pre-2012 Recharge Rights (AF)	Unused Soboba Tribe Import Water (AF)	Total Unused Adjusted Base Production Rights (AF)	Carry-over Credits as of December 31, 2017 (AF)	MWD Pre-Delivered for Future (AF)
City of Hemet	0	8,126	7,610	15,735	1,203
City of San Jacinto	0	5,545	4,805	10,350	767
EMWD	2,694	1,202	15,342	19,238	2,068
LHMWD	0	8,074	3,677	11,751	2,098
Totals	2,694	22,947	31,434	57,074	6,136

It is important to note that Unused Soboba Tribe Import Water (USITW) shown on Table 7-3 includes the Soboba Tribe production from the Soboba Golf Course as part of the Soboba Tribe production. Table 7-4 documents the Public Agencies' 2018 groundwater productions. During 2018, EMWD delivered 80.19 AF of water to the Soboba Reservation. After discussing this with the Soboba Settlement Agreement Participants in the Judgment (EMWD and LHMWD), it was decided not to include EMWD water deliveries to Soboba Tribe as part of EMWD production, and instead show that amount as part of Soboba Tribe's demand.

During 2017 and 2018, MWD delivered 7,500 AF of SPW as part of its 2018 obligation, plus 3,418.4 AF pre-deliveries to meet future obligations.

Table 7-4: 2018 Public Agencies Groundwater Productions

Agency	Adjusted BPR for 2018 (AF)	Actual 2018 Productions (AF)	IRRP Well Productions (AF)	2018 Excess Production Above Adjusted BPR (AF)	2018 Unused Adjusted BPR (AF)
City of Hemet	4,613	2,175	1,573.5	0	2,438
City of San Jacinto	3,044	2,870	169.5	0	174
EMWD	7,470	6,367	3,851.0	0	1,103
LHMWD	7,563	8,754	25.7	1,191	0
Totals	22,690	20,166	5,619.7	1,191	3,715

For 2018, the Soboba Tribe reported 1,362.86 AF of groundwater production, of which 124.57 AF was from the Soboba Golf Course Well, which is included as part of the Soboba Tribe production. In addition, the Tribe received 80.19 AF of water from EMWD. Total of Soboba Tribe’s demand was 1,443.05 AF. This amount is below the 1,500 AF production by the Tribe and will not require any offset from the Soboba Tribe Imported Water deliveries by MWD. Therefore, the entire 7,500 AF Soboba Tribe Imported Water will be distributed between the Public Agencies as Unused Soboba Tribe Imported Water. Table 7-5 shows status of the Soboba Tribe Imported Water conditions during 2018.

Table 7-5: Soboba Tribe Imported Water Status During 2018

Agency	MWD Deliveries to Cover 2018 Obligations (AF)	Soboba Tribe Usage Above 1,500 AF	2018 Unused Soboba Tribe Imported Water (AF)	MWD 2018 Pre-deliveries to Meet Future Obligations (AF)
City of Hemet	1,470.0	0.0	1,470.0	670.0
City of San Jacinto	937.5	0.0	937.5	427.3
EMWD	2,527.5	0.0	2,527.5	1,152.0
LHMWD	2,565.0	0.0	2,565.0	1,169.1
Totals	7,500.0	0.0	7,500.0	3,418.4

During 2018, the City of San Jacinto requested transferring 5,500 AF of its CoC to EMWD. Prior to the transfer, the City offered Watermaster the first right of refusal, and on November 26, 2018 the Watermaster declined the offer. The water transfer between the City of San Jacinto and EMWD required transfer of CoC in two different credit categories. Table 7-6 shows the amount of transfer in each of the CoC categories.

Table 7-6: Public Agencies Carry-Over Credits Transfers During 2018

Agency	Unused Soboba Tribe Import Water Transfers (AF)	Unused Adjusted Base Production Rights Transfers (AF)	Total Carry-over Credits Transfers (AF)
City of Hemet	0	0	0
City of San Jacinto	-2,970	-2,530	-5,500
EMWD	+2,970	+2,530	+5,500
LHMWD	0	0	0

The Judgment requires Watermaster to annually calculate CoC considering any remaining pre-2012 recharge rights, unused Soboba Tribe Imported Water, and unused Adjusted Base Production Rights. Table 7-7 shows the public agencies' Carry-Over Credits as of December 31, 2018.

Table 7-7: Public Agencies Carry-Over Credits as of December 31, 2018

Agency	Pre-2012 Recharge Rights (AF)	Unused Soboba Tribe Import Water (AF)	Total Unused Adjusted Base Production Rights (AF)	Total Carry-over Credits as of December 31, 2018 (AF)	MWD Pre-deliveries to Meet Future Obligations (AF)
City of Hemet	0	8,022	10,047	18,070	670
City of San Jacinto	0	3,343	2,449	5,792	427
EMWD	694	2,849	20,975	24,518	1,152
LHMWD	0	9,422	3,677	13,099	1,169
Totals	694	23,636	37,148	61,478	3,418

7.2.b Class A and B Participants

In 2016, Class A Participants had the option to intervene as a Class B participants. Previous Annual Reports included a summary of Class A participants' CoC information and their Base Production Rights were tracked in case Class A Participants decided to change their participation to Class B. The Judgment set the deadline for Class A to Class B conversion as three years from the date the Judgment was entered on April 18, 2013. Most of the Class A Participants chose to convert and become a Class B Participant. In addition, since some of the original Participants to the Judgment chose to sell only one or some of the parcels that they originally listed as a block in the Judgment, on February 22, 2016, the Watermaster decided to prorate Base Production Rights to the Parcels based on their respective areas and track Base Production Rights based on the ownership of the individual parcels. Starting with the 2016 report, the Class B Participants' Base Production Rights were listed by the legal

owner names of the parcels. There were no significant parcel ownership changes during 2018.

Table 7-8 documents the 2018 CoC and Replenishment Assessment requirements for the Class B Participants. Private pumpers can offset their excess production with underproduction in future years. It is anticipated for the Class B Participants to accumulate CoC during wet years, and use that credit to offset their excess production during drought years.

All Class B Participants have CoCs, and there is no need for the Watermaster to set any Replenishment Assessment at this time.

Table 7-8: Class B Participants Carry-Over Credits as of December 31, 2018

Legal Owner Name	Prorata Annual Allocation (AF)	Total Previous Production Below Allocations as of December 2017 (AF)	2018 Production (AF)	Total Production Below Allocations as of December 2018 (AF)	Total Production Above Allocations as of December 2018 (AF)
Cordero Family Trust	1398	4205	826	4777	
Gless Trust Pt.	588	2112	74	2626	
Gless Family Trust	1505	5404	190	6718	
Olsen Robert D & Olsen Elva I.	14	19	7	26	
Olsen Citrus LLC	37	52	19	70	
Arlington Veterinary Laboratories Inc.	105	145	53	197	
Oostdam Peter G & Jacoba M and Oostdam John P & Margie K.	259	903	58	1103	
Gm Gabrych Family Lp	596	2980	0	3576	
Record Randolph A & Record Anne M.	46	217	0	262	
Sybrandy Investment Co. LP	1182	4032	416	4798	
Boersma Eric & D Family Trust	195	831	210	815	
Curci San Jacinto Investors LLC	260	1300	0	1560	
Nuevo Dev Co. LLC	151	755	0	906	
Lauda Family Partnership & Bertrand & Erma (Combined)	3447	1190	897	1509	
Rancho Diamante Inv.	92	410	58	443	
Diamante Rancho	50	223	32	241	
San Jacinto Spice Ranch Inc.	265	1256	0	1521	
Scott Ag Property	1755	1909	130	3076	
Vandam Donald Dick and Vandam Frances L.	531	1596	165	1962	
Vandam Glen A and Vandam Jennifer A.	139	496	67	567	
Velde Children Trust & Pastime Lake Inv. (Combined)	357	106	259	205	



8 Tables of Monitoring Program Summaries and Trends

Table 8-1: Historical Number of Wells Measured for the Groundwater Level Monitoring Program in the Management Area

Management Zone		Canyon		S.J. Upper Pressure		Hemet North (partial)		Hemet South		Totals	
Responsibility	Year	Spr.	Fall	Spr.	Fall	Spr.	Fall	Spr.	Fall	Spr.	Fall
Wells Measured by EMWD	2009	14	16	84	75	21	21	31	35	150	147
	2010	13	12	67	73	21	21	41	37	142	143
	2011	13	13	85	86	23	24	42	42	163	165
	2012	13	13	82	77	17	18	54	54	166	162
	2013	10	8	12	56	12	21	39	45	73	130
	2014	11	12	65	67	23	24	49	47	148	150
	2015	12	11	61	70	25	22	45	45	143	148
	2016	13	14	75	73	24	21	46	47	158	155
	2017	14	12	72	78	22	20	48	43	156	153
	2018	12	13	78	65	24	23	45	41	159	142
Wells Measured by Other Agencies & Reported to EMWD	2009	7	7	16	15	0	0	17	17	40	39
	2010	11	11	11	12	0	0	17	16	39	39
	2011	11	11	11	12	0	0	17	16	39	39
	2012	9	11	16	16	0	0	15	14	40	41
	2013	11	11	17	18	0	0	13	13	41	42
	2014	10	8	19	16	0	0	14	13	43	37
	2015	14	10	15	15	0	0	13	11	42	36
	2016	12	9	12	12	0	0	11	11	35	32
	2017	13	12	12	11	0	0	11	11	37	34
	2018	13	10	9	11	0	0	10	9	32	30
Total Wells Measured	2009	21	23	100	90	21	21	48	52	190	186
	2010	24	23	78	85	21	21	58	53	181	182
	2011	24	24	96	98	23	24	59	58	202	204
	2012	22	24	98	93	17	18	69	68	206	203
	2013	21	19	29	74	12	21	52	58	114	172
	2014	21	20	84	83	23	24	63	60	191	187
	2015	26	21	76	85	25	22	58	56	185	184
	2016	25	23	87	85	24	21	57	58	193	187
	2017	27	24	84	89	22	20	59	54	192	187
	2018	25	23	87	76	24	23	55	50	191	172

Note: The above figures represent the number of wells actually sampled or measured rather than the number of wells participating in the program. Not all participating wells could be sampled or measured each year due to flooding, access, or other constraints.

Table 8-2: Historical Results of the Groundwater Level Monitoring Program in the Management Area

Maximum and Minimum Depth To Water (feet)											
Management Zone	Canyon		S.J. Upper Pressure		Hemet North (partial)		Hemet South		Totals		
	Year	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
	2009	48.3	473.5	67.8	548.1	163.1	283.2	1.1	384.0	1.1	548.1
	2010	20.8	361.3	61.1	650.0	163.2	267.7	1.0	416.0	1.0	650.0
	2011	44.5	407.6	61.8	570.0	163.3	301.2	1.1	353.1	1.1	570.0
	2012	62.8	385.6	57.4	652.0	162.5	268.8	1.1	432.2	1.1	652.0
	2013	59.6	292.0	40.7	616.8	162.7	267.1	1.1	363.1	1.1	616.8
	2014	19.1	368.5	36.6	612.2	153.9	278.0	0.4	511.9	0.4	612.2
	2015	11.0	334.0	30.9	660.7	155.5	258.5	4.1	195.6	4.1	660.7
	2016	8.2	298.8	30.8	616.1	155.7	277.8	19.6	400.1	8.2	616.1
	2017	5.1	320.4	29.8	612.0	156.3	265.1	13.3	480.2	5.1	612.0
	2018	8.3	277.0	29.2	594.6	158.7	265.8	17.5	369.4	8.3	594.6

Table 8-3: Historical Number of Wells Sampled for the Groundwater Quality Monitoring Program in the Management Area

Management Zone Responsibility/Year	Canyon	S. J. Upper Pressure	Hemet North (partial)	Hemet South	Totals	
Wells Sampled by EMWD	2009	14	45	19	20	98
	2010	15	47	16	18	96
	2011	15	35	16	22	88
	2012	11	26	16	28	81
	2013	14	30	22	20	86
	2014	12	38	22	18	90
	2015	6	27	19	15	67
	2016	10	40	24	25	99
	2017	9	33	23	14	79
	2018	10	41	26	22	99
Wells Sampled by Other Agencies and Delivered to EMWD	2009	6	13	0	7	26
	2010	6	13	0	6	25
	2011	6	12	0	7	25
	2012	7	14	1	7	29
	2013	6	13	0	7	26
	2014	7	10	0	5	22
	2015	1	8	0	5	14
	2016	7	9	0	2	18
	2017	4	8	0	3	15
	2018	5	8	0	3	16
Total Wells Sampled	2009	20	58	19	27	124
	2010	21	60	16	24	121
	2011	21	47	16	29	113
	2012	18	40	17	35	110
	2013	20	43	22	27	112
	2014	19	48	22	23	112
	2015	7	35	19	20	81
	2016	17	49	24	27	117
	2017	13	41	23	17	94
	2018	15	49	26	25	115

Table 8-4: Historical Results of the Groundwater Quality Monitoring Program in the Management Area

Management Zone	Year	No. of Wells	TDS (mg/L)		NO ₃ -N (mg/L)	
			High	Low	High	Low
Canyon	2009	20	1,360	120	13.0	< 0.1
	2010	15	1,400	180	11.0	< 0.1
	2011	21	1,400	150	15.0	< 0.1
	2012	18	1,400	170	7.3	< 0.1
	2013	20	1,500	160	14.0	< 0.2
	2014	19	1,100	170	9.9	< 0.2
	2015	7	1,200	200	8.6	< 0.1
	2016	17	1,100	190	17.0	< 0.1
	2017	13	1,200	200	5.8	< 0.1
	2018	15	1,350	218	10.7	< 0.4
S.J. Upper Pressure	2009	58	5,160	160	22.0	< 0.1
	2010	60	5,100	180	30.0	< 0.1
	2011	47	2,600	170	30.0	< 0.1
	2012	40	1,100	190	22.0	< 0.1
	2013	43	1,100	170	35.0	< 0.2
	2014	48	1,900	160	32.0	< 0.2
	2015	35	6,500	200	28.0	< 0.1
	2016	49	5,100	150	37.0	< 0.1
	2017	41	2,600	170	28.0	< 0.1
	2018	49	7,410	168	35.6	< 0.4
Hemet North (partial)	2009	19	1,040	340	13.0	< 0.1
	2010	16	1,100	400	13.0	< 0.1
	2011	16	990	350	14.0	< 0.1
	2012	17	1,100	420	7.6	< 0.1
	2013	22	1,200	320	9.4	< 0.2
	2014	22	1,100	300	9.0	< 0.2
	2015	19	950	350	7.6	< 0.1
	2016	24	1,000	340	9.0	< 0.1
	2017	23	1,100	340	11.0	< 0.117
	2018	26	1,100	332	10.3	< 0.4
Hemet South	2009	27	1,430	210	48.0	0.4
	2010	24	1,400	250	50.0	1.2
	2011	29	1,700	220	51.0	< 0.1
	2012	35	2,100	220	38.0	0.2
	2013	27	1,500	230	39.0	< 0.2
	2014	23	1,500	190	35.0	0.43
	2015	20	1,400	220	50.0	0.65
	2016	27	1,400	170	42.0	< 0.1
	2017	17	1,400	190	39.0	< 0.1
	2018	25	1,290	190	39.0	< 0.4

It should be noted that the same wells were not necessarily sampled each year, which may cause fluctuations in high and low values. It should also be noted that water quality and the character of groundwater are determined by a number of factors including: mineral content of sediments; recharge and drainage patterns; historic land use practices; and screening intervals and depths of wells sampled, to name a few.

Table 8-5: Historical Number of Wells Measured for the Groundwater Extraction Monitoring Program in the Management Area

Year	Method of Determining Groundwater Extraction			
	Number of Meters Read by EMWD	Number of Meters Read by Other Agencies & Reported to EMWD	Number of Wells with Extraction Estimated by EMWD	Total Wells
2009	111	34	23	168
2010	108	40	22	170
2011	106	34	30	170
2012	102	43	34	179
2013	93	41	38	172
2014	75	43	39	157
2015	75	39	39	153
2016	75	38	39	152
2017	74	39	39	152
2018	73	40	39	152

Table 8-6: Historical Results of the Groundwater Extraction Monitoring Program in the Management Area

Management Zone Year	Groundwater Extraction (AF)				
	Canyon	S. J. Upper Pressure	Hemet North (partial)	Hemet South	Totals
2009	10,032	24,464	2,684	8,000	45,180
2010	8,129	23,855	2,289	6,949	41,222
2011	8,423	23,822	2,223	6,586	41,054
2012	8,539	24,046	2,114	6,888	41,587
2013	10,903	27,697	2,409	8,688	49,697
2014	7,814	24,794	2,195	7,785	42,588
2015	2,567	26,628	2,192	7,563	38,950
2016	4,307	25,188	2,344	6,556	38,395
2017	7,181	23,251	2,231	6,023	38,686
2018	6,663	25,960	2,662	4,721	40,006

Table 8-7: Historical Number of Wells Participating in the San Jacinto Watershed Groundwater Recordation Program in the Management Area

Year	Groundwater Recordations				
	Filed with the State		Filed with EMWD		Totals
	Annual Notices	First Notices	Annual Notices	First Notices	
2007	-	-	103	10	113
2008	-	-	111	8	119
2009	-	-	115	2	117
2010	-	-	112	3	115
2011	-	-	121	3	124
2012	-	-	111	0	111
2013	-	-	113	2	115
2014	-	-	116	0	116
2015	-	-	94	0	94
2016	-	-	111	0	111
2017	-	-	135	0	135

Table 8-8: Historical Results of the San Jacinto Watershed Groundwater Recordation Program in the Management Area

Management Zone Year	Groundwater Recordations (AF)				
	Canyon	S. J. Upper Pressure	Hemet North (partial)	Hemet South	Totals
2007	8,664	27,892	1,041	8,679	46,276
2008	8,060	24,377	436	12,763	45,636
2009	8,374	23,473	1,523	7,132	40,502
2010	6,566	22,669	1,751	5,372	36,358
2011	7,137	24,571	1,376	5,398	38,482
2012	7,209	22,383	637	6,748	36,977
2013	11,070	22,026	1,490	7,577	42,163
2014	5,660	21,263	953	6,983	34,859
2015	614	23,788	11	5,459	29,872
2016	1,949	20,362	487	5,459	28,257
2017	5,000	22,870	277	4,648	32,795

Table 8-9: Historical Results of the Inactive Well Capping/Sealing Program in the Management Area

Management Zone Year	Inactive Well Capping/Sealing Program				
	Canyon	S. J. Upper Pressure	Hemet North (partial)	Hemet South	Totals
2001	2	2	0	1	5
2002	2	11	2	6	21
2003	0	0	0	3	3
2004	0	7	3	0	10
2005	0	0	0	0	0
2006	0	2	0	0	2
2007	0	1	0	0	1
2008	0	0	0	0	0
2009	0	0	0	0	0
2010	0	0	0	0	0
2011	0	0	0	0	0
2012	0	0	0	0	0
2013	0	0	0	0	0
2014	0	0	0	0	0
2015	0	0	0	0	0
2016	0	0	0	0	0
2017	0	0	0	0	0
2018	0	0	0	0	0
Totals	4	23	5	10	42

Table 8-10: Historical Results of the Recycled Water Monitoring Program in the Management Area

Management Zone Year	Recycled Water Usage (AF)				
	Canyon	S. J. Upper Pressure	Hemet North (partial)	Hemet South	Totals
2007	0	2,132	1,291	2,536	5,959
2008	0	4,718	1,357	2,679	8,754
2009	0	7,468	1,191	2,477	11,136
2010	0	5,390	1,846	1,896	9,132
2011	0	8,267	2,007	1,854	12,128
2012	0	9,683	2,056	1,797	13,536
2013	0	8,977	1,897	1,894	12,768
2014	0	7,175	2,545	2,476	12,196
2015	0	7,170	2,580	2,543	12,293
2016	0	6,776	2,596	3,247	12,619
2017	0	6,769	2,620	2,695	12,084
2018	0	6,390	4,128	2,645	13,163

Table 8-11: Historical Results of Incidental Recycled Water Recharge Monitoring in the Management Area

Facility Year	Incidental Recycled Water Recharge (AF)		
	Alessandro Ponds	MWD San Jacinto Reservoir	San Jacinto Valley RWRP Ponds
2009	630	374	-
2010	87	227	-
2011	611	872	-
2012	802	565	-
2013	728	427	-
2014	76	36	-
2015	101	102	582
2016	48	162	413
2017	45	209	447
2018	30	5	189

Table 8-12: Historical Results of River Diversion Monitoring in the Management Area

Agency Location	LHMWD Diversions (AF)				EMWD Diversions (AF)	Total Diversions (AF)
	Lake Hemet	South Fork	North Fork	Strawberry Creek	Grant Ave.	
2009	1,837	38	1,152	162	1,772	4,961
2010	987	30	2,406	858	4,423	8,704
2011	2,773	0	3,120	383	4,165	10,441
2012	3,943	86	1,130	206	0	5,365
2013	0	183	650	203	0	1,036
2014	300	0	308	78	211	897
2015	0	0	287	3	78	368
2016	0	0	789	70	515	1,374
2017	2,919	15	1,914	338	3,150	8,336
2018	0	0	243	10	279	532

Table 8-13: Historical Results of Rainfall Monitoring in the Management Area

Location	Rainfall (inches)			
	San Jacinto		Hemet	
Historic High	28.63	1961	26.60	1978
Historic Low	4.98	1969	3.64	2002
Long-term Average	12.13		11.29	
Location	Rainfall (inches)			
	San Jacinto		Hemet	
2007	6.61		5.12	
2008	11.43		9.75	
2009	7.44		5.48	
2010	19.52		15.90	
2011	9.56		7.41	
2012	7.51		5.91	
2013	5.58		5.47	
2014	10.30		9.78	
2015	7.06		6.63	
2016	9.22		7.97	
2017	8.89		7.43	
2018	8.42		6.45	

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Hemet-San Jacinto
Watermaster

9 Figures and Maps

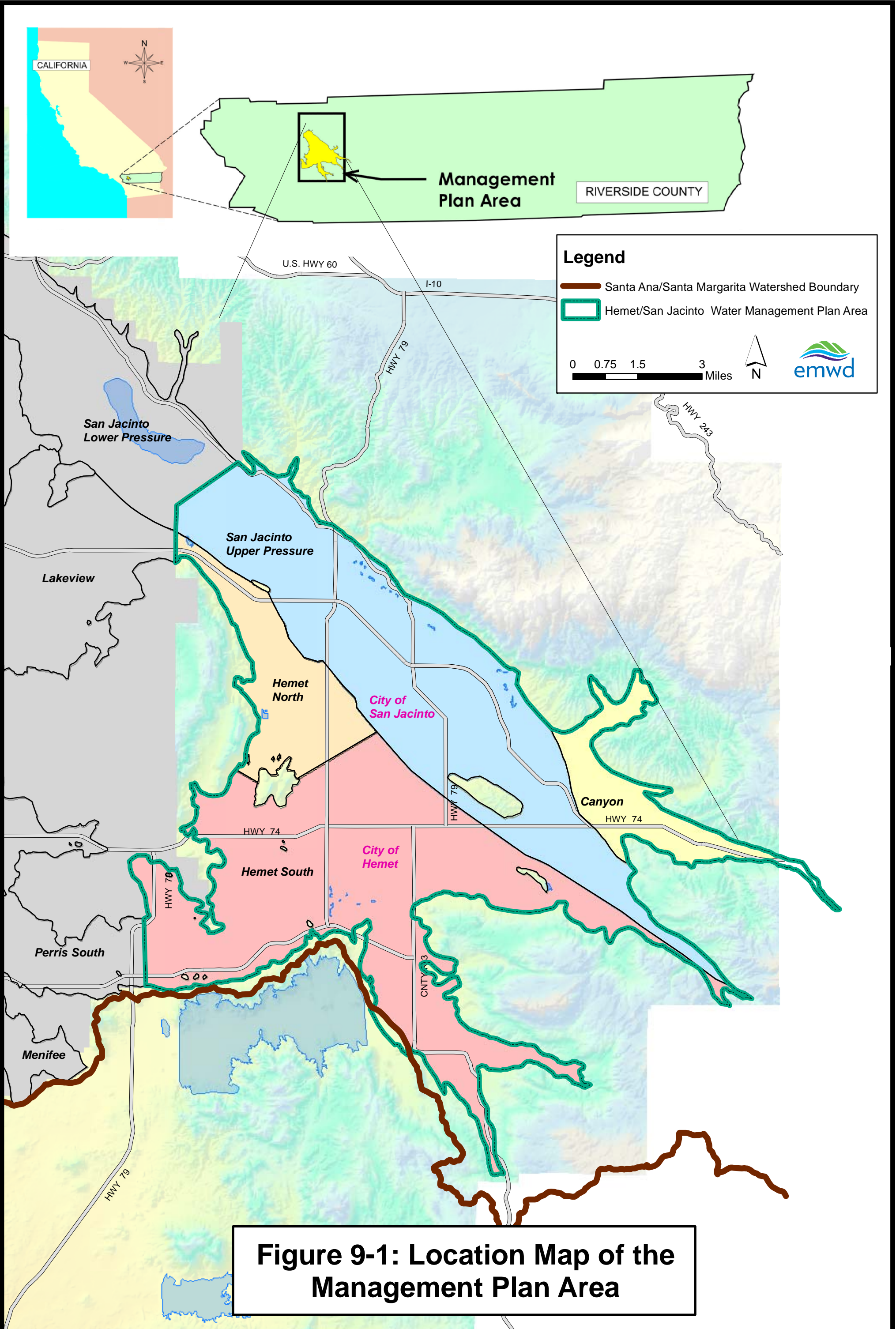
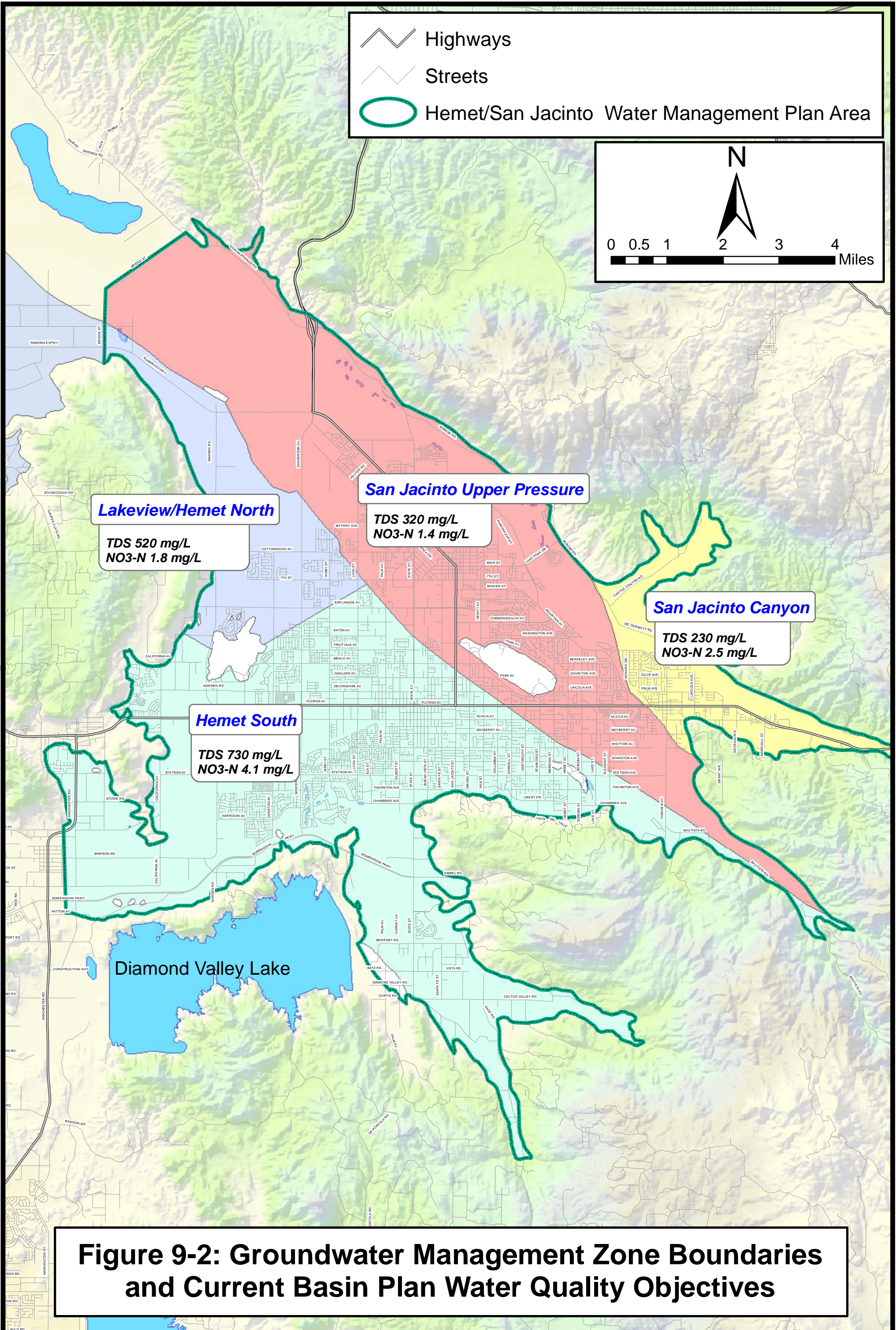


Figure 9-1: Location Map of the Management Plan Area



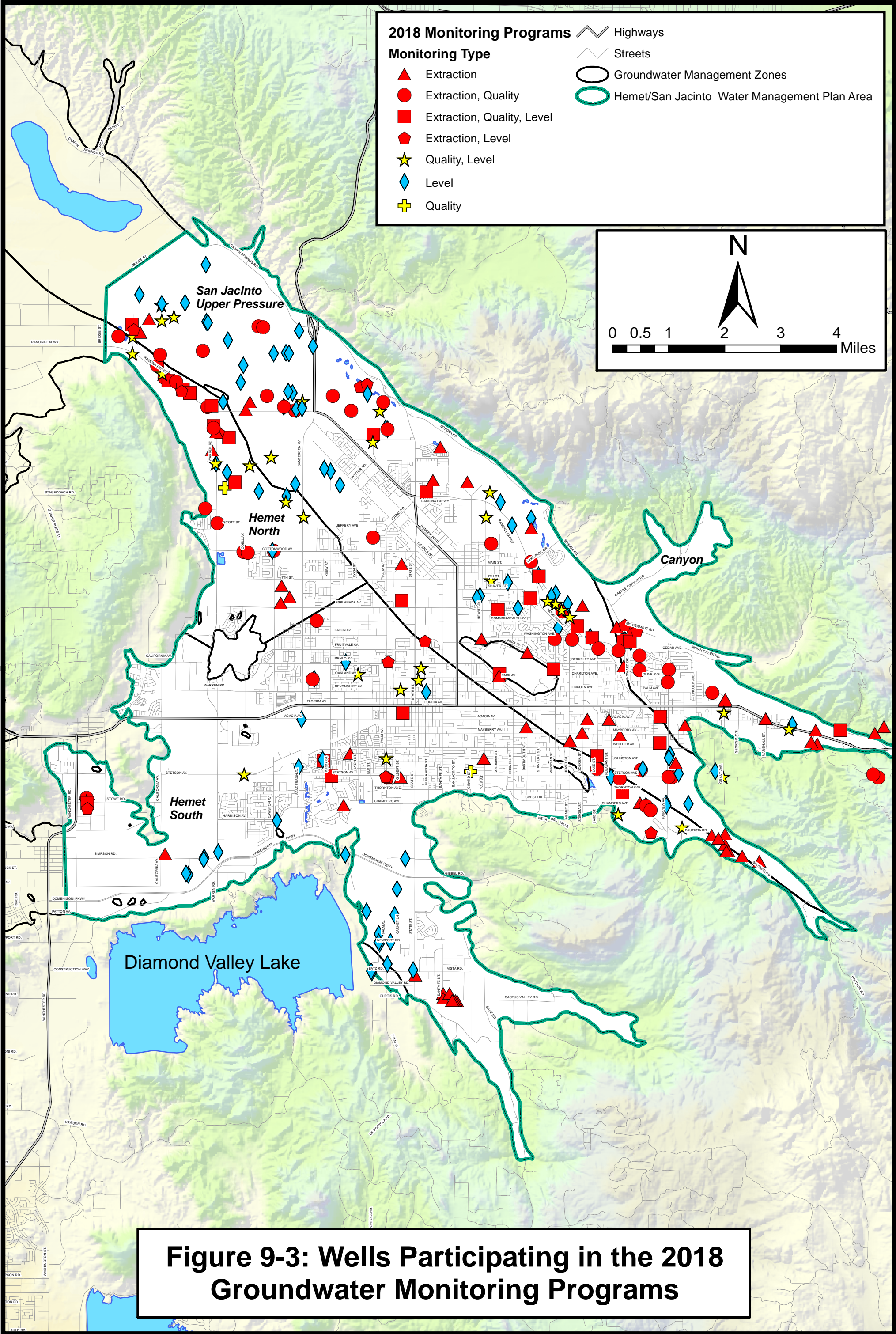
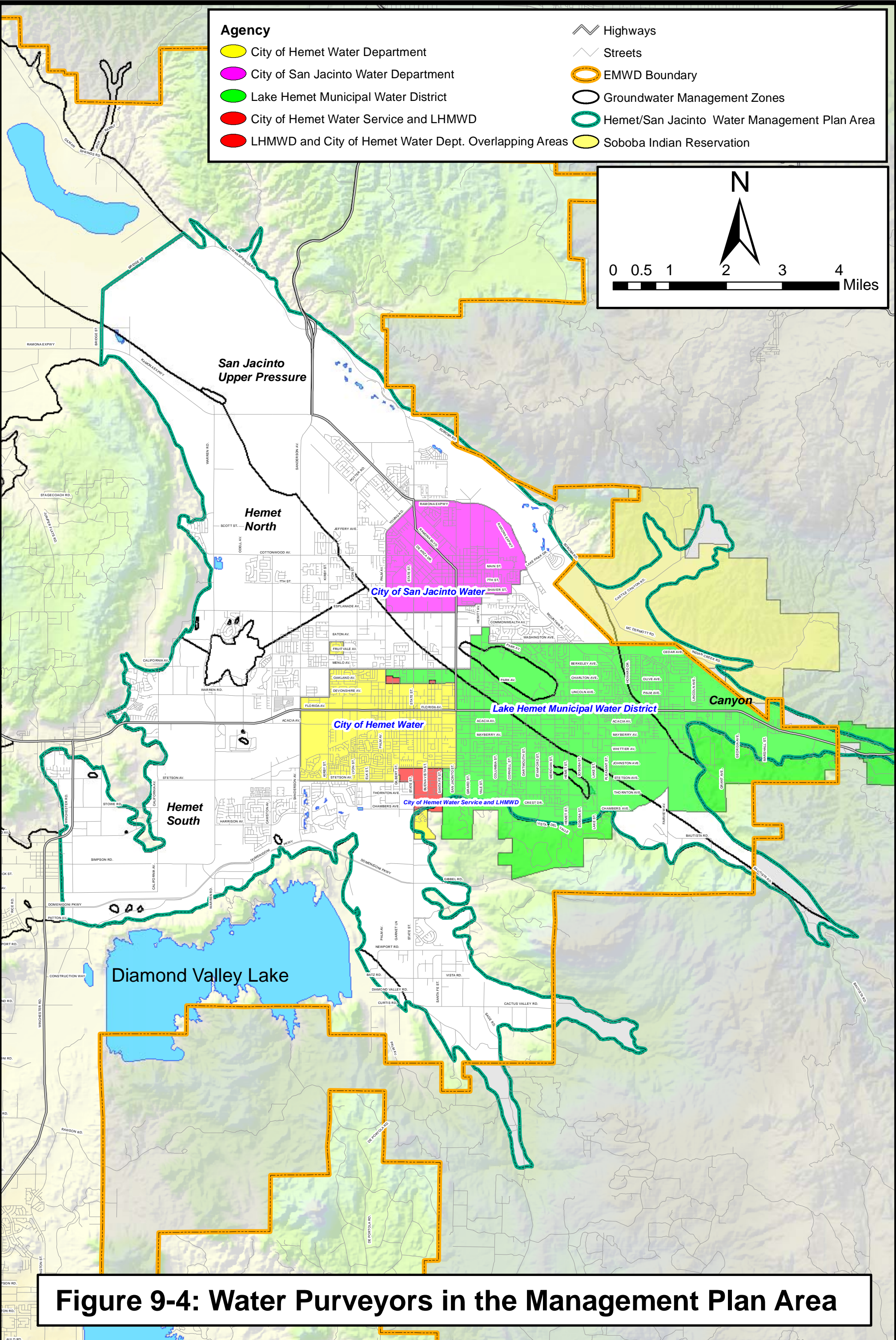


Figure 9-3: Wells Participating in the 2018 Groundwater Monitoring Programs



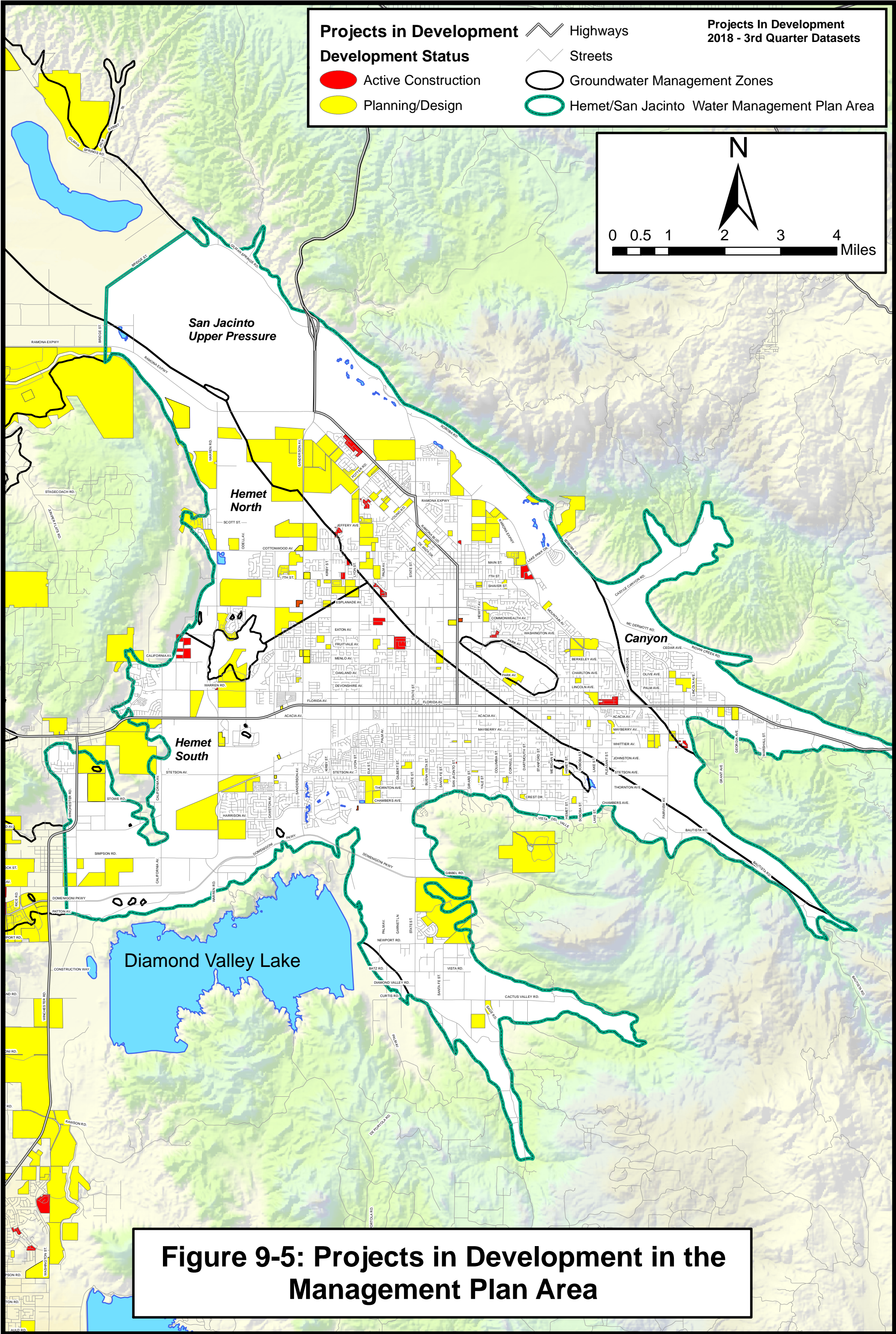


Figure 9-5: Projects in Development in the Management Plan Area

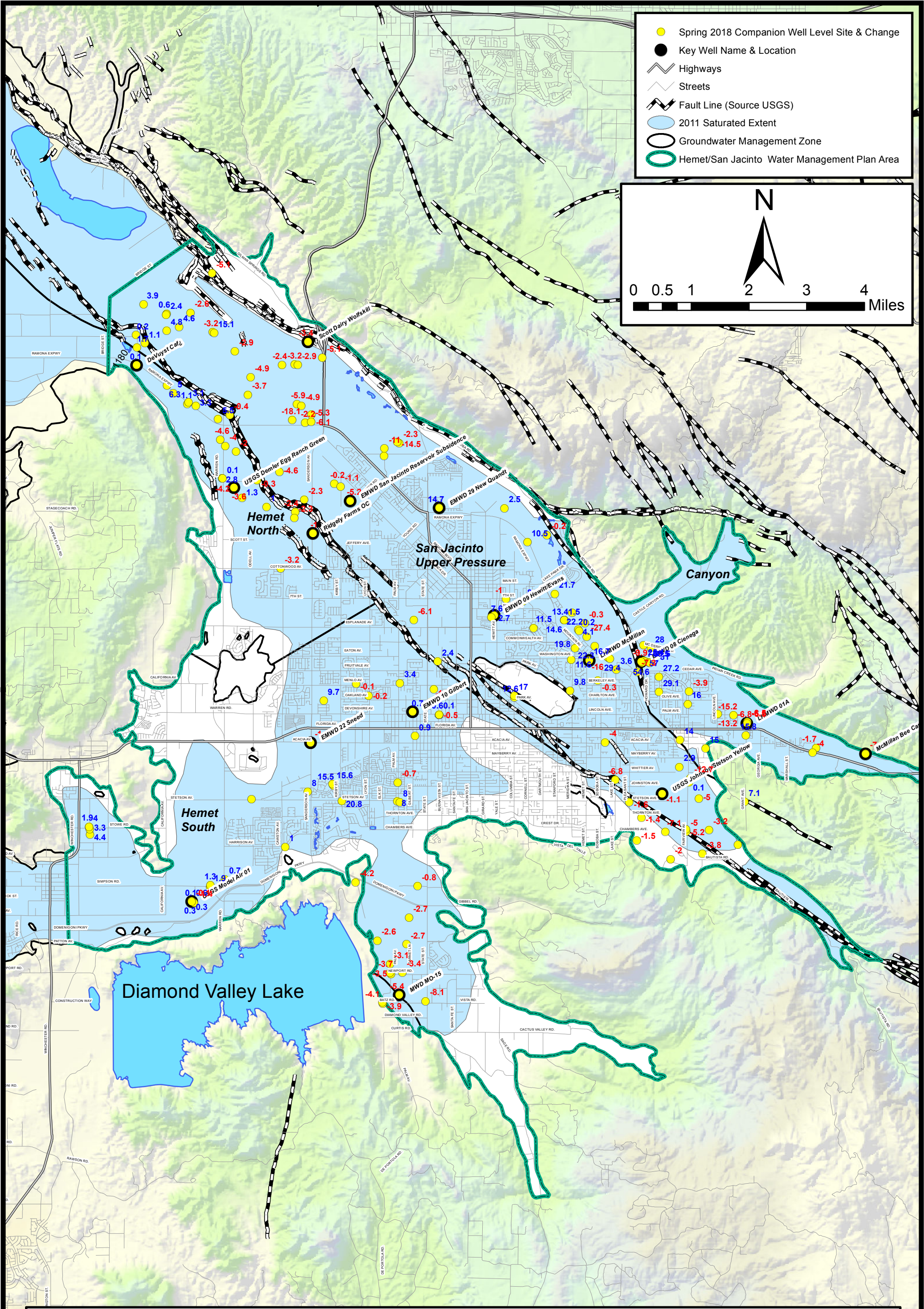


Figure 9-6: 2017-2018 Spring Groundwater Elevation Change

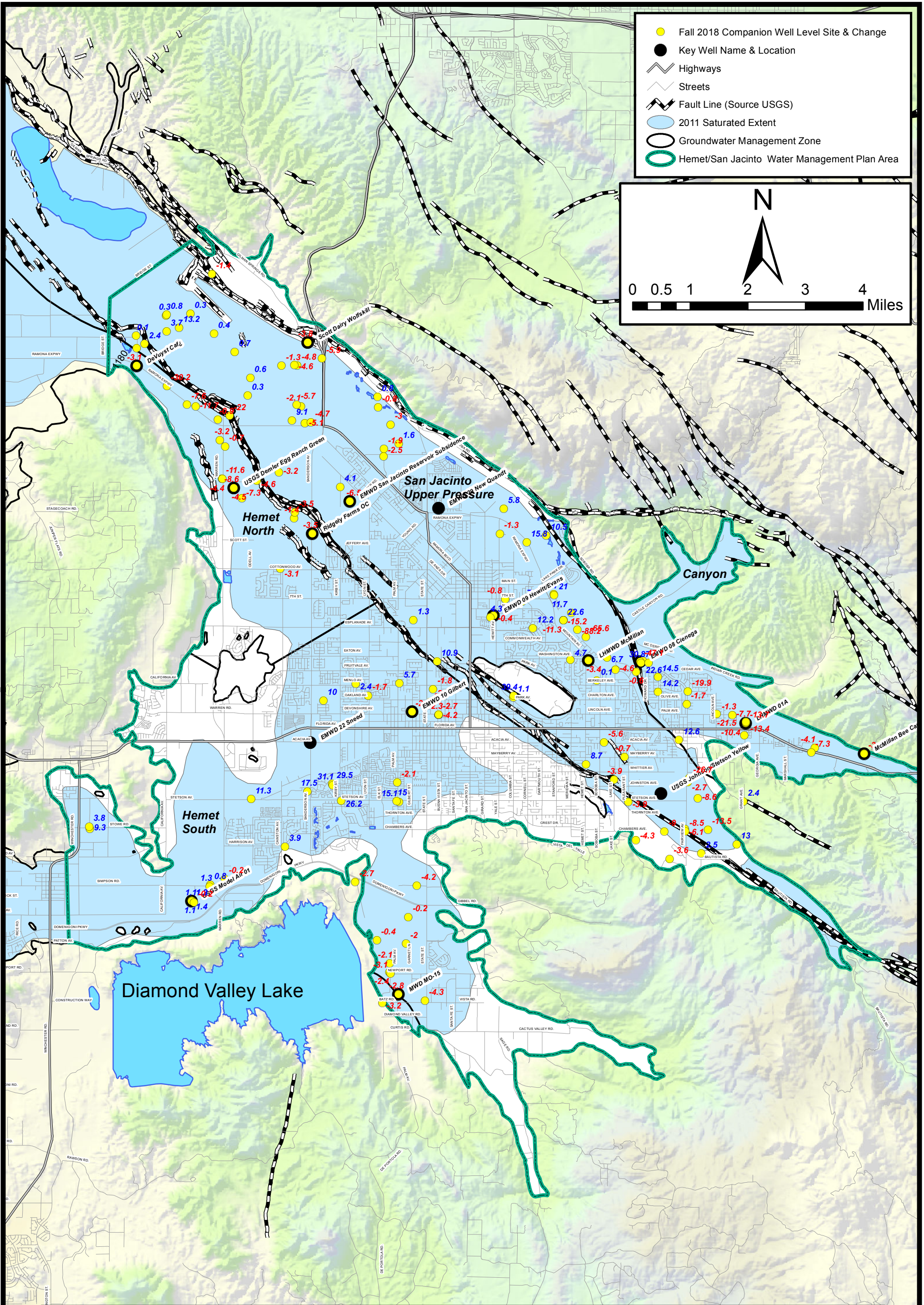


Figure 9-7: 2017-2018 Fall Groundwater Elevation Change

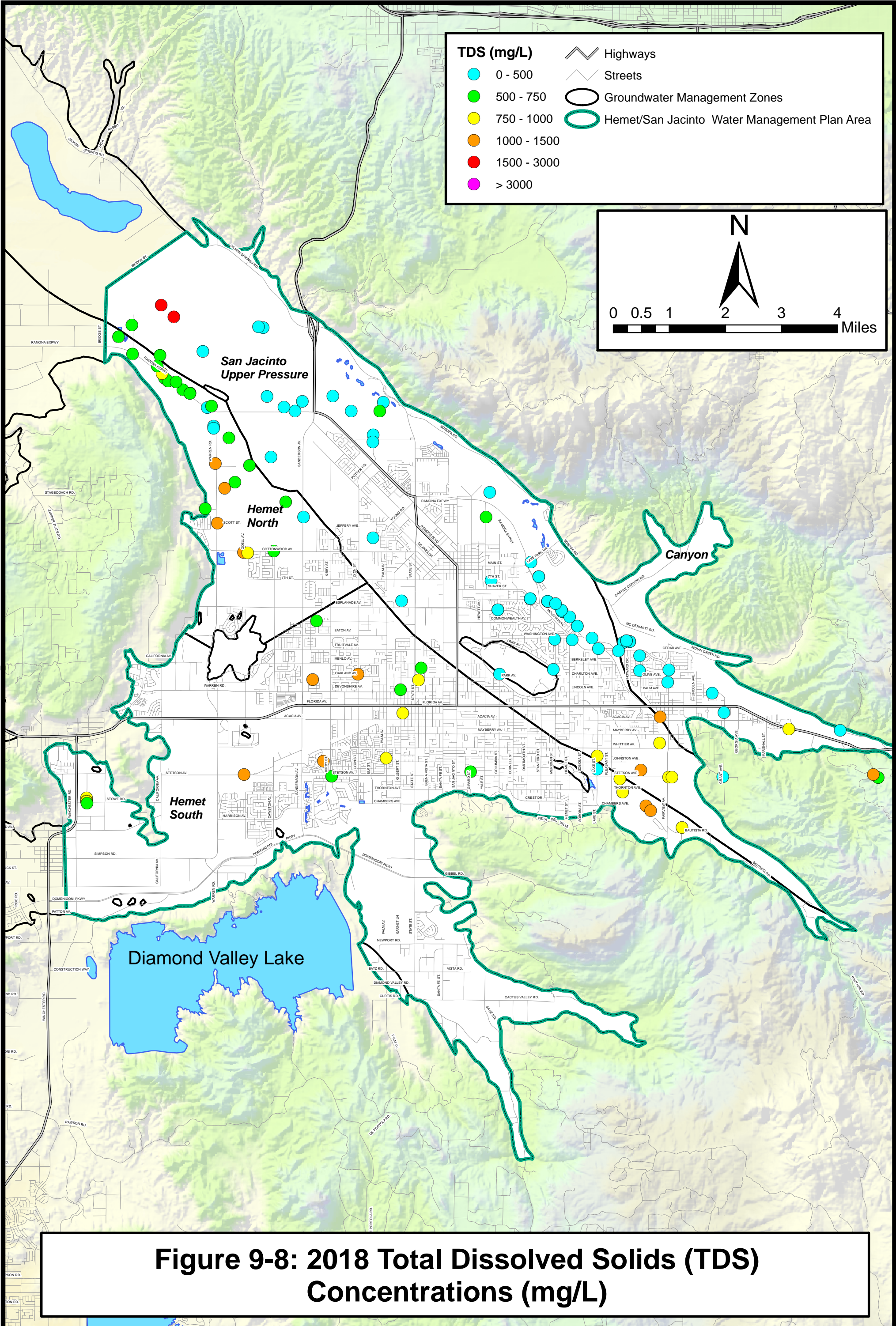


Figure 9-8: 2018 Total Dissolved Solids (TDS) Concentrations (mg/L)

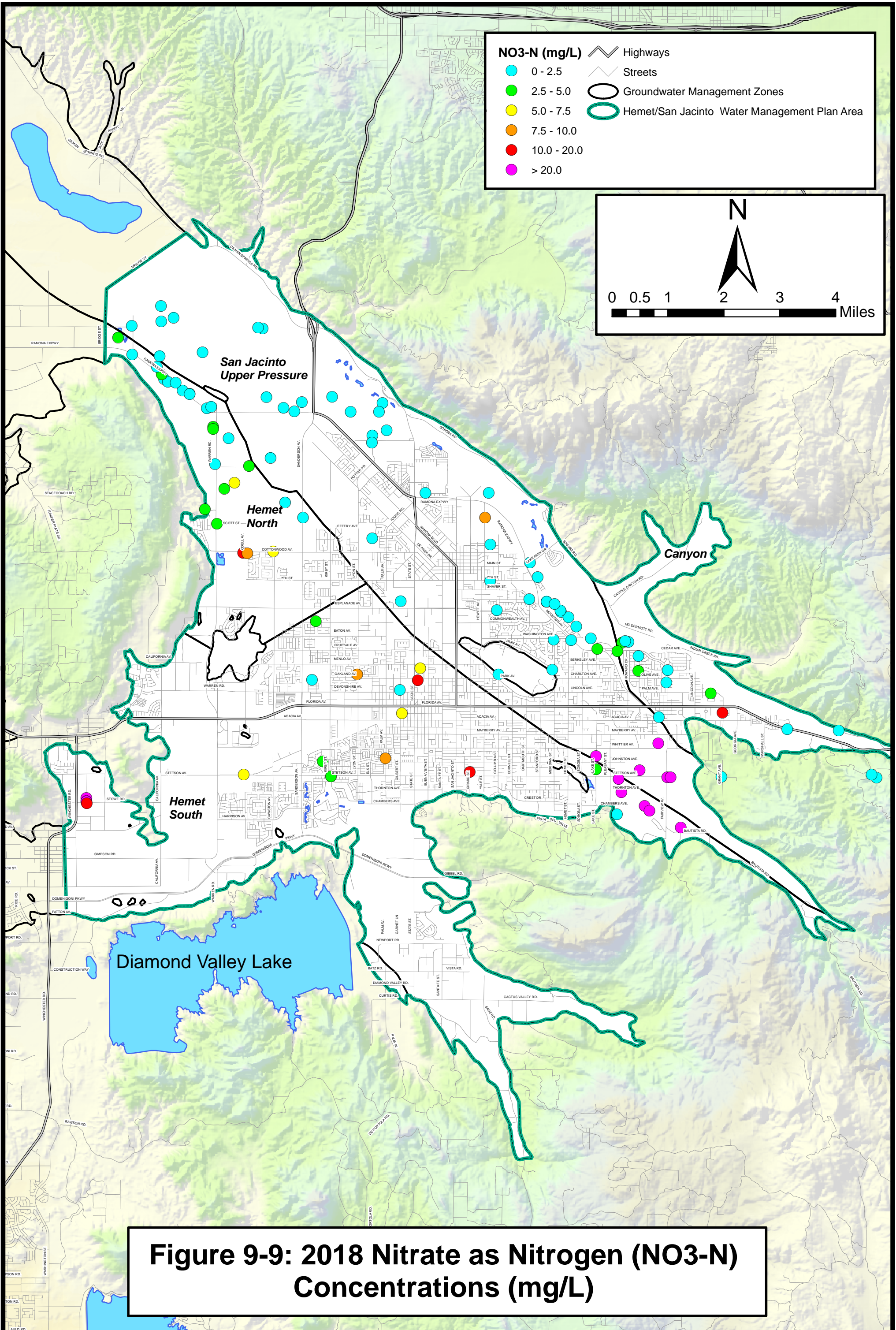


Figure 9-9: 2018 Nitrate as Nitrogen (NO3-N) Concentrations (mg/L)

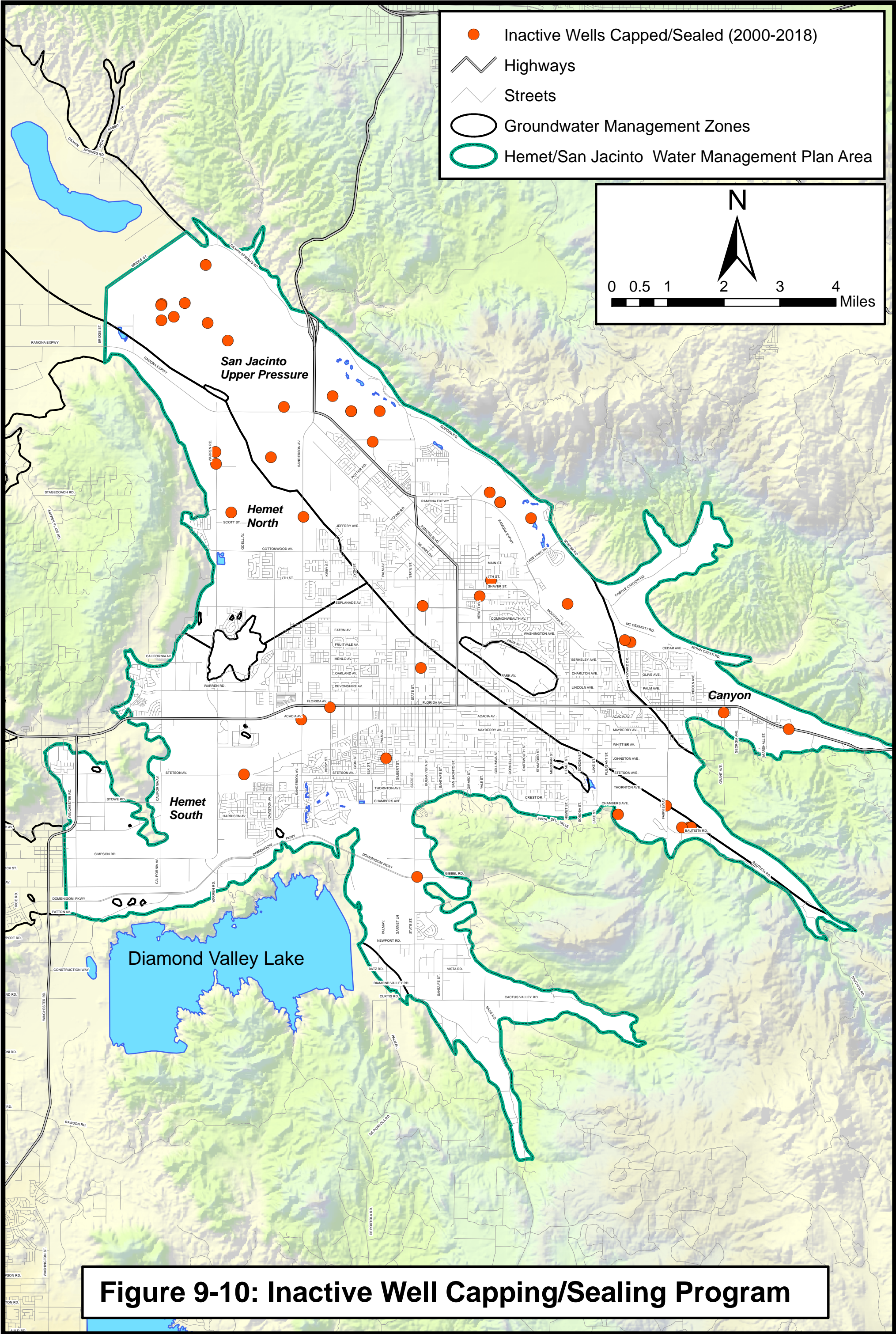


Figure 9-10: Inactive Well Capping/Sealing Program

Figure 9-11: Historical Groundwater Extraction, Imported Water Usage, Recycled Water Usage, Surface Water Usage, and Rainfall in the Management Area

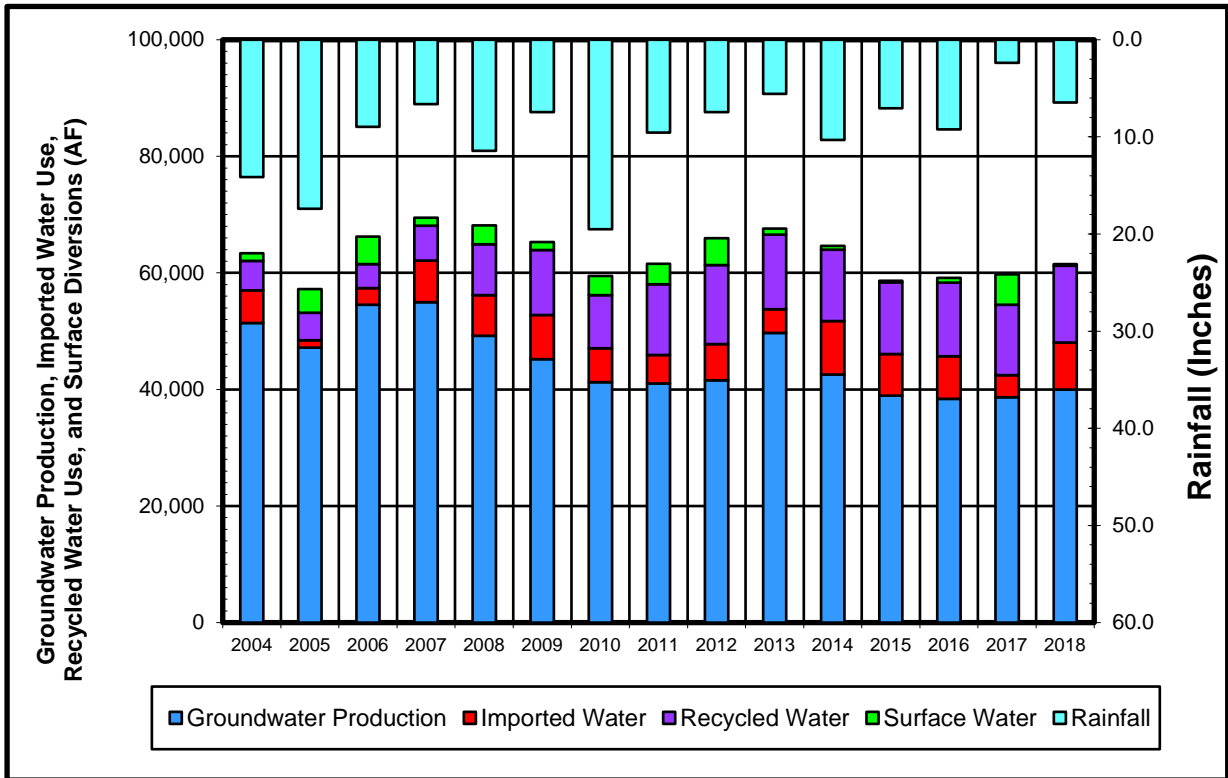
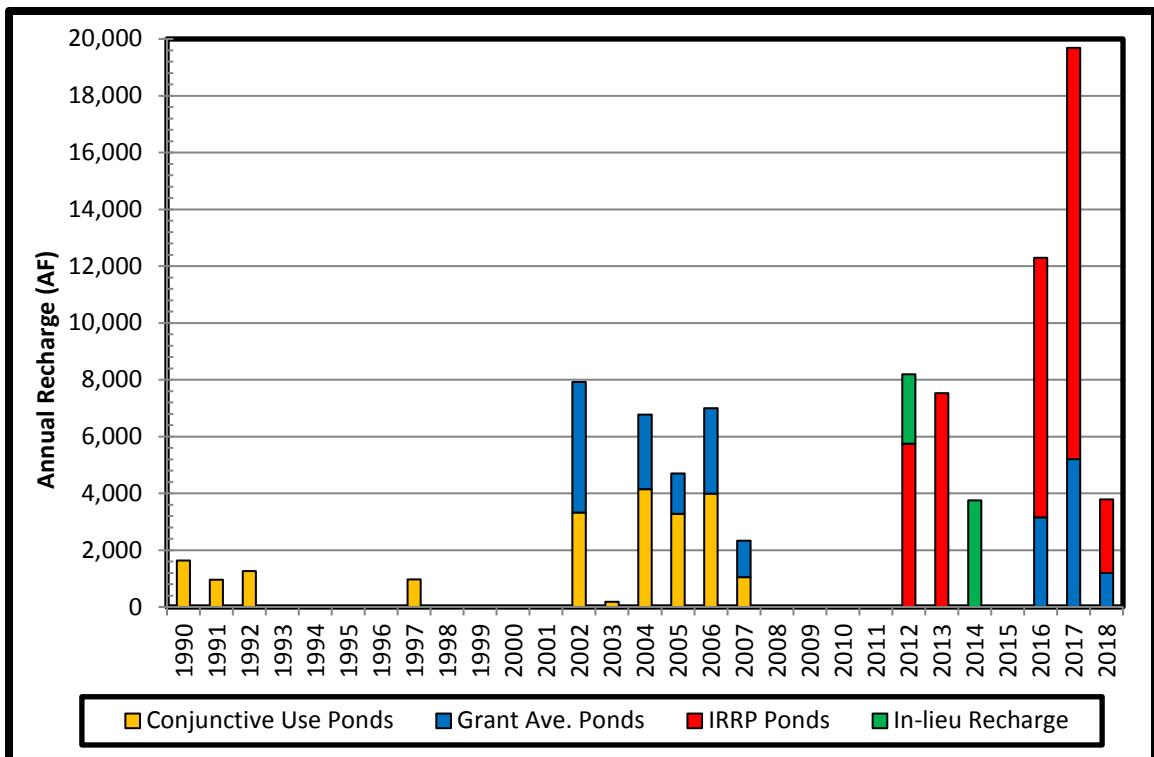


Figure 9-12: Historical Imported Water Recharge in the Management Area





10 Appendices

10.1 Watermaster Board Meeting Minutes

10.2 Technical Advisory Committee Meeting Notes

10.3 Watermaster Agreements

10.4 Resolutions

10.5 Task Orders

10.6 Independent Auditor's Report

10.7 References

AGENDA

HEMET – SAN JACINTO WATERMASTER BOARD OF DIRECTORS

February 26, 2018

4:00 pm

EMWD - Board Room
2270 Trumble Road, Perris, CA 92750

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

I. PUBLIC COMMENTS

Any person may address the Board on any subject within the Watermaster's jurisdiction which is not on the agenda. However, any non-agenda matter that requires action will be referred to staff for a report and action at a subsequent Board meeting. Any person may also address the Board on any agenda matter at the time that matter is discussed, prior to Board action.

II. ADDITIONS/DELETIONS TO THE AGENDA

III. REPORTS

The following agenda items are reports. They are placed on the agenda to provide information to the Board and public. There is no action called for in these items.

A. Board Member Comments/Questions/Reports

- Rules and Regulations Committee.

B. Advisor Report

C. Legal Counsel Report

D. Treasurer Report

IV. CONSENT CALENDAR

A. Approval of Minutes – November 27, 2017 Regular Board Meeting.

Recommendation: Adopt a motion to approve item A on the Consent Calendar.

Consent Calendar items are expected to be routine and non-controversial and are to be acted upon by the Board at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it will be removed from the Consent Calendar for separate action.

V. ACTION ITEMS

The following items call for discussion and possible action by the Board. These items are placed on the Agenda so that the Board may discuss and possibly take action on the items if the Board desires.

- A. 2017 Financial Audit – Presentation by CliftonLarsonAllen Certified Public Accountants and Financial Advisors Summarizing 2017 Audit Findings and Recommendations.
Recommendation: Adopt a motion to Receive and submit the 2017 Financial Audit Report as part of the Watermaster 2017 Annual Report to the Court.
- B. 2017 Annual Report – Presentation to summarize 2017 Annual Report.
Recommendation: Adopt a motion to receive and file the 2017 Annual Report with the Court and Department of Water Resources after accommodating any additional comments from Legal Counsel and Technical Advisory Committee.

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

- A. Status of the Draft Storage Agreement - Presentation by Legal Counsel on the status of the Draft Storage Agreement.
- B. Proposed EMWD Water Banking and Conjunctive Use Project - Presentation by Woodard & Curran (RMC) to review the technical data and model results related to the proposed EMWD Storage Project.
- C. Status of the Soboba Imported Water Recharge - Presentation by EMWD, on the status of the Soboba Imported Water deliveries and recharge at the Grant Avenue and IRRP ponds.
- D. Future Agenda Items - If Board Members have items for consideration at a future Board Meeting, please state the agenda item to provide direction to the Advisor.

VII. CLOSED SESSION - NONE

VIII. ADJOURNMENT

Next Regular Board of Directors Meeting

May 21, 2018 at 4:00 pm at:

Eastern Municipal Water District Board Room

2270 Trumble Road, Perris, CA 92750

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans With Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such a request to the Watermaster Executive Assistant at 714-707-4787, at least 48 hours before the meeting, if possible.

Pursuant to Government Code Section 54957.5, any writing that (a) is a public record; (b) relates to an agenda item for an open session of a regular meeting of the Watermaster Board of Directors; and (c) is distributed less than 72 hours prior to that meeting, will be made available for public inspection at the time the writing is distributed to the Board of Directors. Any such writing will be available for public inspection at Watermaster's office located at 2270 Trumble Road, Perris, CA 92750.

Minutes
Hemet-San Jacinto Watermaster Board of Directors Meeting
Eastern Municipal Water District
February 26, 2018

The Watermaster Board of Directors met in Regular Session in the Board Room at EMWD Headquarters, 2270 Trumble Road, Perris, California, on *Monday, February 26, 2018*. The meeting was called to order by Vice - Chair Hoffman at 4:10 p.m.

Board Members Present: Rick Hoffman, Vice-Chair
Phil Paule, Secretary/Treasurer
Bruce, Scott, Board Member
Russ Brown
Russ Utz

Board Representative(s) Linda Krupa, Chair
Absent: Andrew Kotyuk

Board Alternate (s) Present:

Watermaster Staff Present: Thomas Bunn, Legal Counsel (Lagerlof, Senecal, Gosney & Kruse)
Behrooz Mortazavi, Advisor (Water Resources Engineers)
Michelle Mayorga, Executive Assistant (Water Resources Engineers)

EMWD Staff Present: Paul Jones, General Manager
Joe Mouawad, Assistant General Manager of Planning, Engineering and Construction
Nick Kanetis, Deputy General Manager
Kelley Gage, Senior Director of Planning and Regulatory Compliance
Brian Powell, Director of Groundwater Management & Facilities Planning
Khos Ghaderi, Director of Operations
Rachel Gray, Water Resources Planning Manager

City of Hemet Staff Present: Kris Jensen, Public Works Director

City of San Jacinto Staff Present: Steve Johnson, Consultant

Lake Hemet Staff Present: Mike Gow, General Manager

Others Present: Ali Taghavi, RMC/Woodward & Curran
Leslie Ward, CliftonLarsonAllen LLP
Frank Coate, Soboba Tribe Representative

Pledge of Allegiance

The Pledge of Allegiance to the Flag was led by Mr. Russ Brown. Ms. Mayorga conducted the roll call. Cities of Hemet and San Jacinto were represented by their Alternate Board Members, Mr. Brown and Utz. All other Board Members were present.

I. PUBLIC COMMENTS –*Speakers are requested to limit comments to 3 minutes.*

None

II. ADDITIONS/DELETIONS TO AGENDA

None

III. REPORTS

A. Board Members Comments/Questions/Reports

- Rules and Regulations Committee Report

Ms. Gage reported that the Rules and Regulations committee had a meeting on February 20, 2018. The committee discussed the changes and edits to the Rules and Regulations Document. They were able to get through all the comments submitted by Legal Counsel and the Advisor. Final changes to the document are being updated and the document will be circulated one last time for review and comments. The final document will be brought to the May 21, 2018 Board Meeting for approval. There is an Exhibit A to the Rules and Regulations document that deals with Investment Policy and Procedure. Watermaster Legal Counsel will be updating this section and submitting it for review by the Reserves and Investments Committee. The second document that was reviewed by the Rules and Regulations committee was the Draft Records Retention Schedule. Currently the Watermaster does not have an official Records Retention Schedule. Comments by Legal Counsel and the Advisor were reviewed. Lastly, this committee reviewed the Professional Services Agreements for Legal Counsel and the Advisor. There was much discussion around these contracts. Both the Advisor and Legal Counsel will submit comments to the Committee.

Mr. Hoffman asked Ms. Gage if the Board will be able to vote on the Rules and Regulations document in May? Ms. Gage said yes. Mr. Paule thanked Ms. Gage for a very productive meeting and he agrees that the Rules and Regulations document will be ready for the May Board Meeting.

- Reserves and Investments Committee Report

B. Advisor Report

Mr. Mortazavi reported on recent Watermaster Activities. Attachment 1 shows the complete Advisor Report.

Mr. Mortazavi reported that coordination activities with EMWD has been related to the Annual Report and Monitoring Program Data Processing. Since January 2018, EMWD has recharged over 3,500 AF of the Soboba Imported Water at the Integrated Recharge and Recovery Project (IRRP) and Grand Avenue Ponds sites. EMWD will provide more information later under Item VI-C. There have been several conference calls between EMWD, Watermaster and Woodard Curran to discuss the Technical aspects of the proposed Water Banking and Conjunctive Use Study. Dr. Ali Taghavi will present the study overview and findings under Item VI-B. Responses to the technical questions previously raised by TAC members and the Soboba Tribe will be addressed in the Technical Memorandum (TM). TAC Members and the Soboba Tribe were asked to submit any additional questions after TAC presentation. There was only one question submitted by the Soboba Tribe.

The final invoices for the 2017 Administrative Assessments will be mailed out in early March. The 2017 Final Draft Financial Audit results and finding will be presented under Item V-A. and the Treasurer Report will be provided under Item III-D.

The Technical Advisory Committee had one regular meeting on February 12, 2018. The items discussed included, the 2017 Annual Report, status of the Revised Rules and Regulations Document; status of the Soboba Imported Water Recharge and a review of the February 26, 2018 Watermaster Board Meeting Agenda. TAC did not request any additional Board Meeting agenda items.

The 2017 Annual Report is being drafted. The data that will be included in this report will be presented under Item V-B. There was a staffing change at EMWD and as a result, this report has been delayed. TAC Members have reviewed the presentation but have not had a chance to review the full report. Mr. Mortazavi is recommending that this report be filed with the court subject to additional comments from Legal Counsel and TAC members. The reason for including this Item, is because information from the Annual Report needs to be submitted to the Department of Water Resources (DWR) before April 1, 2018. Any changes to this report after review, will be presented at the May 21, 2018 Board Meeting.

Mr. Mortazavi attended a DWR meeting on February 2, 2018 to discuss the changes that Watermasters need to comply with for their upcoming Adjudicated Basins filings with the State.

An overview presentation of Watermaster activities was provided at the City of San Jacinto Council Meeting on January 16, 2018. Mr. Bunn and Mr. Mortazavi attended the Rules and Regulations Committee meeting on February 20, 2018. A meeting to review the Draft Storage Agreement between EMWD and the Watermaster was attended by Mr. Bunn, Mr. Mortazavi, and EMWD Staff on February 22, 2018. Mr. Bunn will provide more information regarding this meeting under Item VI-A.

Mr. Mortazavi attended the Association of California Water Agencies (ACWA) Groundwater Committee Meeting on November 28, 2017 as well as a meeting with other Watermasters regarding the Sustainable Groundwater Management Act (SGMA) requirements. At this meeting, Watermasters discussed how the State plans to handle the unmanaged fringe areas that are not part of the adjudicated areas and compliance with SGMA requirements. There is not much clarity on how such regions will be handled. The next Ad-hoc committee meeting with the Soboba Tribal Council is scheduled for March 21, 2018. Mr. Mortazavi received information from the Western Riverside County Agricultural Coalition (WRCAC) Executive Director related to the dairy operations within the Management Area. This information can help improve the estimated groundwater production in the Management Area. The estimated productions currently used in the Annual Report may be missing production wells that are in the area and not accounted for. It is imported for the Watermaster to estimate full production in the Management Area. Behrooz met with EMWD staff on December 12, 2017 and jointly developed a work plan on how this deficiency can be resolved.

MWD has not confirmed delivery of the Soboba Imported Water beyond March of 2018. However, it is estimated that MWD would fulfill its full 2018 and half of 2019 obligations by then.

LHMWD is working on developing two new wells, one of these wells is a re-drill of Well 8. The City of Hemet is developing a Request for Proposal (RFP) for a wellhead treatment. The City of San Jacinto is working on its Water Management Plan update and looking at four potential sites for one new well. A summary of the State's Water Resources Conditions as of January 31, 2018 (prepared as part of the MWD General Manager's February 2018 Report to MWD Board) was reviewed.

There were no questions regarding the Advisor's Report.

C. Legal Counsel Report

Mr. Bunn provided more details regarding the unmanaged areas mentioned earlier by Mr. Mortazavi. Unmanaged Areas are an issue throughout the State because the Groundwater Basins in SGMA are defined as the Department of Water Resources Bulletin 118 Groundwater Basins. Whereas, the Adjudication basin boundaries are defined by the Courts. Although they are talking about the same groundwater basins, the boundaries are slightly different in almost every case. So, there may be small fringe areas at the boundaries that are different. There are 2 different approaches that the two State agencies that are involved with SGMA are taking with respect to these fringe areas. DWR says there is no flexibility in the statute, the entire basin must be managed as a whole or the entire basin is out of compliance. The State Water Board is the Agency that enforces SGMA and they do not want to use their resources to deal with the small fringe areas that don't have significant pumping. This issue is still being discussed. The potential for penalties for areas that are out of compliance is significant.

There were no questions for Mr. Bunn.

D. Treasurer Report

Mr. Paule and Mr. Mortazavi reviewed the Treasurer Report with the Board. Attachment 2 shows the complete Treasurer Report.

Mr. Mortazavi also reviewed the pending payments and receivables. The 2017 Budget is still included in the Treasurer Report to the Board because there are few items in the 2017 Budget that are not fully paid for or completed.

There were no questions regarding the Treasurer's Report.

IV. CONSENT CALENDAR

Accept Motion for approval of Consent Calendar

A. Approval of Meeting Minutes – November 27, 2017 Regular Board Meeting

Recommendation: Adopt a motion to approve the Consent Calendar.

Motion: Paule

Noes: None

Seconded: Scott

Abstain: Brown, Utz

Ayes: Hoffman

Motion Passes

Attachment 3 shows a copy of the November 27, 2017 Board Meeting Minutes.

V. ACTION ITEMS

A. 2017 Financial Audit

Ms. Ward, CPA from CliftonLarsonAllen, reviewed the key areas of the Financial Audit Report. The purpose of the audit is to get an opinion on the Financial Statement from an outside expert. It is the opinion of CliftonLarsonAllen, that the Financial Statement is unmodified, which is the best

opinion that can be provided by financial auditors. Ms. Ward pointed out that there is a prior year re-statement which is discussed in the emphasis of matter paragraph of the report. The Auditors corrected some expenses for 2016 that were previously shown in 2017 by the prior auditors. There was a finding on this year's report which states a lack of internal control for capturing accruals in the correct year. After communications with the Advisor, there is now a plan in place to correct that issue going forward.

Mr. Mortazavi explained that Watermaster currently uses an external Bookkeeping Service. To correct the lack of internal control for capturing accruals, Mr. Mortazavi will transfer the bookkeeping work to Water Resources Engineers, to be performed by Ms. Mayorga. Mr. Hoffman commented that he is confident this problem will be resolved when Mr. Mortazavi and Ms. Mayorga will be in charge of this work. Mr. Paule asked if the current process for having two signatures for all checks stay the same after this change? Mr. Mortazavi stated that process will not change, and the current requirement for having two signatures on all checks will stay the same as before.

There were no questions for the Auditor.

Attachment 4 shows the Draft Audit Report.

Recommendation: Adopt a motion to Receive and Submit the Draft 2017 Financial Audit Report as part of the Watermaster 2017 Annual Report to the Court

Motion: Paule

Noes: None

Seconded: Utz

Abstain: None

Ayes: Scott, Hoffman, Brown

Motion Passes Unanimously

B. 2017 Annual Report

Mr. Mortazavi reviewed the information that will be included in the 2017 Annual Report. This report is still a work in progress. The 2017 Report will also include correction to the 2016 Annual Report with regard to the Carry-over accounts. The most important table in the Annual Report is the 2017 Annual Demands (Table 4-1 of the Report). Total Groundwater Production for 2017, it was very similar to 2016. The total Demand in the Basin was also very similar to 2016. However, the groundwater production from Upper Pressure was about 2,000 AF less than the 2016 production. There was also 500 AF reduction in production from Hemet-South. These reductions were offset by increase of approximately 2,800 AF of production from Canyon Basin. River flow diversions for 2017 was approximately 8,300 AF, which is approximately 7,000 AF higher than 2016. In terms of Carry-Over credits, MWD has met all its past obligations plus a pre-delivery of 6,000 AF. The total Carry-over Credits as of December 31, 2017 was about 56,325 which was about 11,000 AF more than the Carry-over Credits at the end of 2016. The Carry-over Credits allows for the parties to pump 56,325 AF out of these basins without any replenishment into the Management Area.

There were no questions for the Advisor.

Attachment 5 shows complete Presentation

Recommendation: Adopt a motion to receive and file the Draft 2017 Annual Report with the Court and Department of Water Resources after accommodating any additional comments from Legal Counsel and Technical Advisory Committee.

Motion: Paule

Noes: None

Seconded: Brown

Abstain: None

Ayes: Hoffman, Scott, Utz

Motion Passes Unanimously

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

A. Status of the Draft Storage Agreement

Mr. Bunn explained that he and Mr. Mortazavi have reviewed and commented on couple of draft versions of the Storage Agreement. The parties had a very productive meeting on February 22, 2018. There are two big issues that as the Watermaster you should be concerned with in a Storage Agreement. One, is that there is sufficient storage space for the proposed project and the other, is that the proposed storage project, won't cause material harm to the basin or any other player in the basin.

Mr. Bunn reviewed the Dispute Resolution included in the draft agreement. The current Draft calls for meet and confer, and then going on to mediation and arbitration. Mr. Bunn would like to suggest an alternative to arbitration, which would be to go to Court. In an adjudicated basin where there is already a judgment, one can go to the Court very inexpensively and get a ruling faster with the advantage that the judge is familiar with the adjudication and the basin.

Mr. Paule stated it is his understanding that one of the larger items that still needs to be discussed, is water loss. Mr. Bunn agreed. Mr. Paule asked how will this item come back to the Watermaster if there is no agreement? Mr. Bunn said that the final decision will be by this Board. Each side will present their position and the Board will make the decision with a 4/5th vote. If this does not happen, then the parties can go to the Court and have the Judge make the decision. Mr. Bunn is optimistic that all parties will be able to come to an agreement and bring the Storage Agreement to the Board on May 21, 2018.

Mr. Bunn asked if EMWD had any questions that he could answer at this time? There were no questions.

Attachment 6 shows complete presentation.

B. Proposed EMWD Water Banking and Conjunctive Use Project

Dr. Taghavi, consultant with Woodard and Curran (RMC), reviewed the modeling work done for the proposed Water Banking and Conjunctive Use in San Jacinto Valley. The goals and objectives for the Banking and Conjunctive Use Program include: increase local supply reliability, create the ability to bank low cost supplies when available; overcome a water shortage for three consecutive drought years; and replenish over-draft and improve long term stability.

The Stakeholders issues and concerns include: impacts on San Jacinto River recharge during high flows; effects on long-term Groundwater storage in the Upper Pressure and Intake area, and in general in the Water Management Area; impacts on nearby Groundwater production wells during the production cycles; implications on Groundwater quality; and honoring existing agreements and MWD delivery priorities.

The Summary findings include: proposed project will benefit the overall water supply conditions in the Management Area; there is adequate Groundwater storage available in the Upper Pressure

area to accommodate proposed project without impacting existing agreements; over the 20-year agreement period, the proposed project will not adversely affect the overall groundwater storage in the Management Area; proposed project may result in short-term declines in production rates at some of the wells; and proposed project is not expected to adversely affect natural recharge from the river.

The project operational objectives were to utilize available aquifer space to store recharged water; minimize impacts on nearby production wells; minimize impacts on stream recharge during wet years; and honor previous agreements and priorities.

Dr. Taghavi said the proposed project based on their analysis has no significant impacts on: groundwater storage in the Upper Pressure; groundwater levels in nearby wells; groundwater quality on the Upper Pressure; San Jacinto River recharge potential on the three highly wet years; prior agreements (as far as the Soboba Recharge) and operations. Based on the study and evaluations that were done using the Groundwater Model, Dr. Taghavi's said that one scenario included an additional 2% recharge. He feels that 1% of additional recharge water is reasonable if the entire project is operated as a whole, which is the Water Banking and Conjunctive Use Project.

Mr. Utz asked if there would be a change in water quality on the north side verses the south side of the Upper Pressure Basin? Dr. Taghavi responded that typically the water quality in the northern area is poor, however, he thinks the quality of the water would improve. Mr. Hoffman asked if the data used in the model is based on historical data? Dr. Taghavi said yes. Mr. Hoffman commented that based on this information, there could be extremes one way or another that protentional change the model? Dr. Taghavi said that the model uses approximately 30 years of historical hydrology that showed the wet years, dry years, and normal years from 1984 to 2012. Mr. Brown asked if the model considers seismic activities? Dr. Taghavi said no.

Dr. Taghavi said the Draft Technical Memorandum is currently being reviewed by EMWD and the Watermaster.

Attachment 7 shows complete presentation.

C. Status of the Soboba Imported Water Recharge

Mr. Powell reviewed the total Soboba Settlement Recharge as of February 25, 2018. Soboba Recharge at Grant Ponds to date for 2018 is 775 AF with a goal of 5,200 AF. Soboba Recharge at IRRP Ponds to date is 2,805 AF with a goal of 18,130 AF. MWD has informed EMWD that they will not be able to provide any more water as of mid- March. EMWD was informed that there is a 90% change that State contractors will only get 10% allocation in 2018 on the State Water Project.

Attachment 8 shows complete presentation.

D. Future Agenda Items

None

VII. CLOSED SESSION

None

VIII. ADJOURNMENT

There being no further business to come before the Board; Mr. Hoffman adjourned the meeting at 6:00 p.m., to be reconvened on Monday May 21, 2018 at 4:00 p.m. (Adjourned Regular Meeting).

Watermaster Advisor Report

February 26, 2018

EMWD Related Coordination/Activities:

- Most of the coordination activities with EMWD have been related to the Annual Report preparation and monitoring program data processing.
- Since January of 2018, EMWD has recharged over 3,500 AF of the Soboba Imported Water at the Integrated Recharge and Recovery Project (IRRP) and Grant Avenue ponds sites. EMWD will provide more information later today under Item VI-C.
- There have been several conference calls between EMWD/Watermaster/Woodard Curran (formerly RMC) to discuss the technical aspects of the proposed EMWD Water Banking and Conjunctive Use study. Woodard Curran presented results of the study to the Technical Advisory Committee (TAC) on November 13, 2017, and per Watermaster Board's request, Dr. Ali Taghavi will present the study overview and its findings under Item VI-B. Responds to the technical questions previously raised by TAC members and Soboba Tribe will be addressed in a Technical Memorandum (TM). At the November TAC meeting, TAC members were asked to provide any additional questions or concerns that they may have for further evaluation. Except additional comments from Soboba, no additional questions/comments have been received from the TAC members. Information provided by the TM will help in the development of the Storage Agreement.

Budget/Accounting Related Activities:

- The final invoices for the 2017 Administrative Assessments will be mailed out in early March.
- The 2017 Final Draft Financial Audit results and findings will be presented by Ms. Leslie Ward, Clifton Larson Allen LLP, under Item V-A.
- The Treasurer Report is provided under Item III-D.

Board & TAC Coordination/Activities:

- Technical Advisory Committee had one regular meeting on February 12, 2018, and discussion items at the meeting were:
 - 2017 Annual Report – Item V-B;
 - Status of the Revised Rules and Regulations Document;
 - Status of the Soboba Imported Water Recharge – Item VI-C; and
 - Review of the February 26, 2018, Watermaster Board meeting agenda.

Special Projects:

- The 2017 Annual Report is being drafted, and the data that will be included in the Report will be presented today. There were some staffing changes at EMWD during the last several months, and the preparation of this report has been delayed. TAC members have reviewed the presentation that will be provided under Item V-B, but have not had a chance to review the full report. Under Item V-B, I am requesting the Watermaster consider filing the Report with the Court subject to additional comments from the Legal Counsel and TAC. The reason for including this item on today's agenda is the need to have approved information submitted to the Department of Water Resources (DWR) before April 1, 2018. Any changes/modifications to the information that will be presented today, because of TAC or Legal Counsel's review, will be presented at the May Watermaster meeting.
- Attended DWR meeting on February 2, 2018, to discuss the changes that Watermasters need to comply with for their upcoming Adjudicated Basins filings with the State. The deadline for this filing is April 1, 2018.
- Database and mailing list cleanup for Class B participants is an ongoing activity. A revised list of Judgment Participants is being prepared for mailing of the 2017 Annual Report.

Municipal/Private Pumpers Coordination/Activity:

- Presented an overview of Watermaster activities at the City of San Jacinto Council Meeting on January 16, 2018.
- Mr. Bunn and I attended the Rules and Regulations Committee meeting on February 20, 2018.
- Mr. Bunn and I met with Mr. Jones, EMWD General Manager, EMWD staff, and EMWD General Counsel on February 22, 2018, to review the Draft Storage Agreement between EMWD and Watermaster. Mr. Bunn will provide more information on this under Item VI-A.

Outreach/Grant Activity:

- Attended the Association of California Water Agencies (ACWA) Groundwater Committee meeting on November 28, 2017. Watermaster is not a member of the ACWA, but given the recent activities related to the Sustainable Groundwater Management Act (SGMA), I see a benefit in attending the ACWA conferences. The cost for attending two days at these events are estimated at \$3,200 and \$2,800, for Northern California (Spring) and Southern California (Fall) conferences, respectively. These costs are not included in the 2018 estimated budget, but if the Board concurs with these changes, I would like to include an additional \$6,000 in the 2018 Budget for attending these conferences. The updated Budget is expected to be presented at the August Watermaster meeting.
- Mr. Bunn and I attended a meeting on November 28, 2017, during the ACWA Fall Conference with other Watermasters in California and DWR representatives to

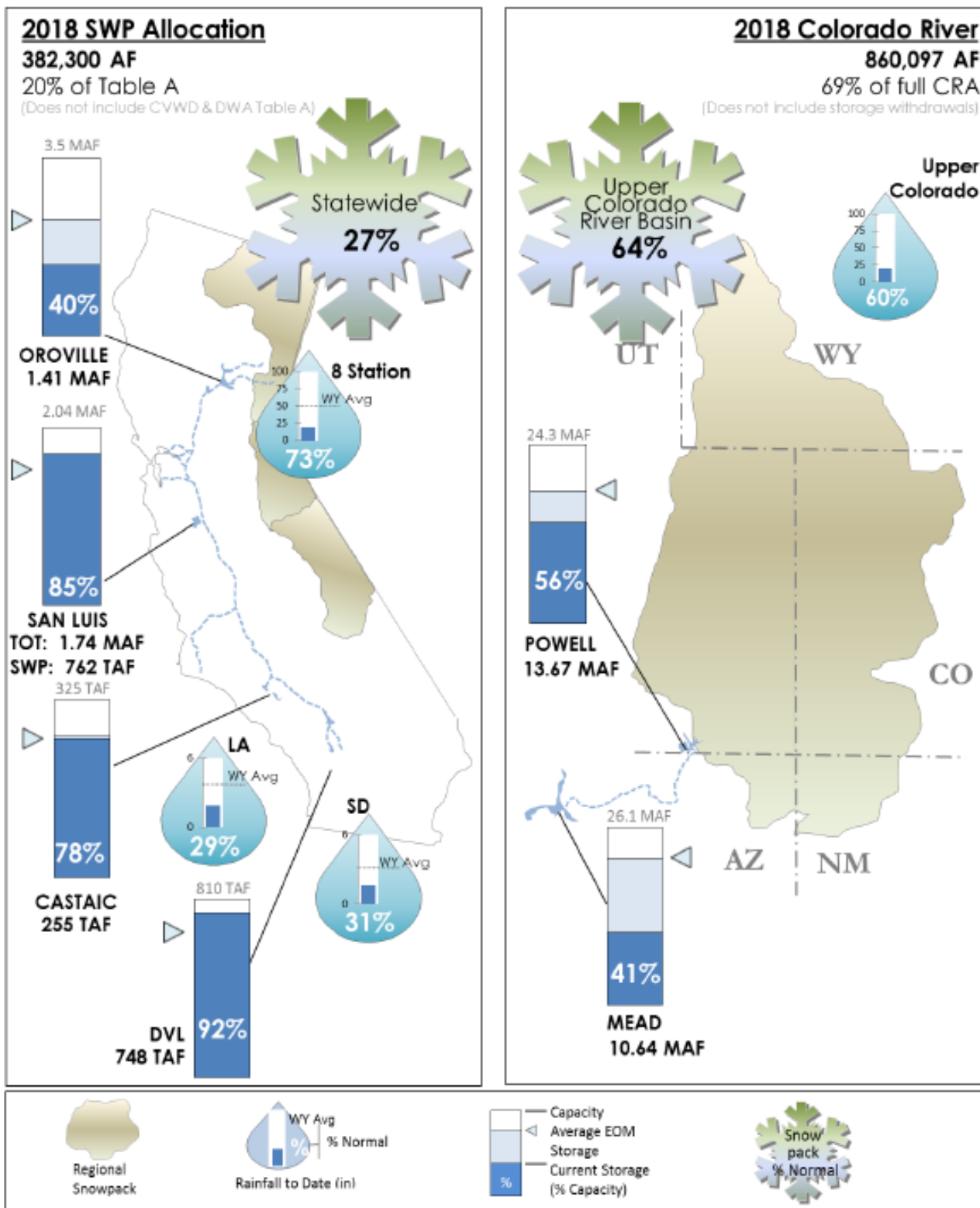
discuss how the State plans to handle the unmanaged fringe areas that are not part of the adjudicated areas and yet must comply with SGMA requirements. There is not much clarity on how such regions will be handled.

- The next Board Ad-hoc Committee meeting with the Soboba Tribal Council is scheduled for March 21, 2018.
- Received information from the Western Riverside County Agricultural Coalition (WRCAC) Executive Director related to the dairy operations within the Management Area. This information can help improve the estimated groundwater productions in the Management Area. The estimated productions currently used in the Annual Report may be missing production wells that are in the area and not accounted for. It is important for Watermaster to estimate full production in the Management Area. I met with EMWD staff on December 12, 2017 and jointly developed a work plan on how this deficiency can be resolved prior to the 2018 Annual Report.

Miscellaneous Activities/Information:

- MWD has not confirmed delivery of the Soboba Imported Water beyond March of 2018. However, it is estimates that MWD would fulfill its full 2018 and 2019 obligations by that time.
- LHMWD is working on developing two new wells in their system. One of these wells is re-drilled Well 8.
- EMWD is re-drilling Well 80.
- The City of Hemet is working on a wellhead treatment RFP.
- The City of San Jacinto is working on its Water Management Plan Update; and looking at four potential sites for one new well site.
- A summary of State's water resources conditions as of January 31, 2018 (prepared as part of the MWD General Manager's February 2018 Report to MWD Board) is attached.

WATER SUPPLY CONDITIONS as of January 31, 2018





1295 Corona Pointe Court, Suite 104, Corona CA 92879 • Telephone: (714) 707-4787

Watermaster Board To: Hemet-San Jacinto Watermaster Board of Directors

Chair
Linda Krupa From: Board Treasurer

Vice-Chair
Rick Hoffman Date: February 26, 2018

Secretary-Treasurer
Philip E. Paule

Board Members
Andrew Kotyuk
Bruce Scott

Board Alternates
Russ Brown
Todd Foutz
Scott Miller
Steven A. Pastor
Randy A. Record

Advisor
Behrooz Mortazavi

Legal Counsel
Lagerlof, Senecal,
Gosney & Kruse

The Board Treasurer has reviewed and approved the following account information:

Total Cash and Investments as of October 31, 2018	\$ 1,117,447.19
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Revenues for November 1, 2017 – January 31, 2018:

City of Hemet (12/19/17)	\$40,969.83
City of San Jacinto (12/19/17)	\$18,855.00
EMWD (12/19/17)	<u>\$92,570.24</u>
Total Received	\$152,395.07

Payments for November 1, 2017 – January 31, 2018:

Water Resources Engineers (11/9/17 & 1/22/18)	\$43,186.57
L, S, G &K (11/14, 11/29/17 & 1/29/18)	\$ 5,580.00
Spatial Wave (1/26/18)	\$ 5,000.00
Bell Bookkeeping (11/21, 12/5/17 & 1/30/18)	<u>\$ 750.00</u>
Total Payments	\$54,516.57

Cash Flow for November 1, 2017 – January 31, 2018:	\$97,878.50
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Other Income/Expense for November 1, 2017 – January 31, 2018:

Savings Interest	\$ 363.58
Other Expense/Fees	<u>\$ 0.00</u>
Total Other Income/Expense	\$363.58

Total Cash and Investments as of January 31, 2018	\$ 1,215,689.27
--	------------------------

<i>Pending Receivables:</i>	
LHMWD	<u>\$107,159.79</u>
<i>Total Pending Receivables</i>	<i>\$107,159.79</i>
 <i>Pending Payments:</i>	
L, S, G & K (1/18/18)	\$ 2,280.00
Water Resources Engineers (1/10/18)	\$ 12,922.32
Bell Bookkeeping (1/1 & 1/31/18)	<u>\$ 500.00</u>
<i>Total Pending Payments</i>	<i>\$ 15,702.32</i>

2017 Budget Items	Allocations	Revised Budget (Aug 28, 2017)	Commitments (As of January 31, 2018)
In-Lieu Program Agreement	\$ 189,000	\$ 189,000	
EMWD/Watermaster Support Services			
Groundwater Monitoring Program	\$ 156,220	\$ 156,220	\$ 31,795.81
Video Inspection of Well Casings	\$ 60,000	\$ 60,000	
Soboba Gravel Pit Project			
Dewatering	\$ 57,600	\$ -	
Organization Operation & Management			
Financial Support Services	\$ 10,500	\$ 9,000	\$ 3,000.00
Legal Counsel Contract	\$ 35,000	\$ 30,000	\$ 17,156.00
Advisor Contract	\$ 170,000	\$ 165,000	\$163,805.12
Administrative Support	\$ 14,000	\$ 14,000	\$ 11,523.20
Insurance; Office Supplies & Other Direct Costs	\$ 7,500	\$ 7,500	\$ 6,514.57
Database/Mapping Application Maintenance	\$ 5,250	\$ 5,250	\$ 5,000.00
Additional Projects/Activities			
Storage Project Evaluation	\$ 100,000	\$ 85,000	
TOTALS	\$ 805,070	\$ 720,970	\$ 238,794.70

2018 Budget Items	Allocations	Commitments (As of January 31, 2018)
In-Lieu Program Agreement	\$ 211,000	
EMWD/Watermaster Support Services		
Groundwater Monitoring Program	\$ 156,220	
Soboba Gravel Pit Project		
Dewatering	\$ 57,600	
Organization Operation & Management		
Financial Support Services	\$ 8,500	
Legal Counsel Contract	\$ 30,000	
Advisor Contract	\$ 165,000	
Administrative Support	\$ 14,000	
Insurance; Office Supplies & Other Direct Costs	\$ 10,000	
Database/Mapping Application Maintenance	\$ 5,250	
Additional Projects/Activities		
TOTALS	\$ 657,570	\$

Minutes
Hemet-San Jacinto Watermaster Board of Directors Meeting
Eastern Municipal Water District
November 27, 2017

The Watermaster Board of Directors met in Regular Session in the Board Room at EMWD Headquarters, 2270 Trumble Road, Perris, California, on *Monday, November 27, 2017*. The meeting was called to order by Chair Krupa at 4:02 p.m.

Board Members Present: Linda Krupa, Chair
Rick Hoffman, Vice-Chair
Phil Paule, Secretary/Treasurer
Bruce, Scott, Board Member

Board Member(s) Absent: Andrew Kotyuk

Board Alternate (s) Present: Russ Brown

Watermaster Staff Present: Thomas Bunn, Legal Counsel (Lagerlof, Senecal, Gosney & Kruse)
Behrooz Mortazavi, Advisor (Water Resources Engineers)
Michelle Mayorga, Executive Assistant (Water Resources Engineers)

EMWD Staff Present: Joe Mouawad, Assistant General Manager of Planning, Engineering and Construction
Nick Kanetis, Deputy General Manager
Kelley Gage, Senior Director of Planning and Regulatory Compliance
Khos Ghaderi, Director of Operations

City of Hemet Staff Present: Kris Jensen, Public Works Director

City of San Jacinto Staff Present: Dan Mudrovich, Utilities Superintendent
Arthur Mullen

Lake Hemet Staff Present: Mike Gow, General Manager

Others Present: Frank Coate, Soboba Tribe Representative
Ken McLaughlin, Soboba Tribe Representative

Pledge of Allegiance

The Pledge of Allegiance to the Flag was led by Mr. Phil Paule. Ms. Mayorga conducted the roll call. Mr. Kotyuk was not in attendance. All other Board Members were present.

I. PUBLIC COMMENTS –*Speakers are requested to limit comments to 3 minutes.*

None

II. ADDITIONS/DELETIONS TO AGENDA

None

III. REPORTS

A. Board Members Comments/Questions/Reports

- Rules and Regulations Committee Report
Mr. Paule requested a meeting to finalize the Rules and Regulation Committee Report prior to the February 26, 2018 Board Meeting.
- Reserves and Investments Committee Report
Mr. Hoffman said that the Reserves and Investments Committee Report has been approved since February 2017 and there are no changes.

B. Advisor Report

Mr. Mortazavi reported on recent Watermaster Activities. Attachment 1 shows the complete Advisor Report.

Mr. Mortazavi reported that most of the coordination activities with EMWD has been related to the monitoring program data processing. EMWD has stopped recharging Soboba Imported Water at the Grant Avenue ponds site after delivering 5,205 AF of water to this site. EMWD has recharged about 17,000 AF of the Soboba Imported Water at the Integrated Recharge and Recovery Project (IRRP) and Grant Avenue Ponds sites since January of 2017. EMWD will provide more information under Item VI-C. There have been several conference calls to review the Technical aspects of the proposed EMWD Storage project between EMWD/Watermaster/Woodard Curran (formerly RMC). The Consultant presented results of the groundwater model runs to the Technical Advisory Committee (TAC) on November 13, 2017, and responded to the questions previously raised by the TAC and Soboba Tribe for the development of the Storage Agreement framework. TAC Members were asked to provide any additional questions or concerns that they may have to the Advisor for further evaluation. A Technical Memorandum is expected to be completed by the end of December 2017.

The second set of 2017 Administrative Assessment Invoices for \$259,554.86 were mailed out on October 16, 2017. Payments have been received from the Cities of Hemet and San Jacinto. The Treasurer Report will be provided under Item III-D.

The TAC had one regular meeting on November 13, 2017. The discussion items at the meeting were:

- Revised 2016 Carry-over Credit Accounts;
- 2018 Annual Budget;
- Status of the Revised Rules and Regulations document;
- Review of the Technical Data and Model results for the proposed EMWD Water Banking and conjunctive Use Project by Woodard Curran (RMC);
- Status of the Soboba Imported Water Recharge;
- Monitoring of Wells owned by a non-participant (McMillan Farm);
- Soboba Pit Desilting; and
- Review of the November 27, 2017, Watermaster Board meeting agenda.

Mr. Mortazavi explained that the State Water Resources Control Board has been in contact with well owners who are not part of the Management Program but are required to comply with the Sustainable Groundwater Management Act by reporting their production. These well owners are required to report their production to the State Department of Water Resources (DWR) and pay a \$300 annual filing fee to DWR. One well owner (McMillan Farm) has approached EMWD regarding inclusion of their production in the existing monitoring program. This issue was discussed at the TAC Meeting and TAC Members agreed to allow monitoring of the non-participants wells within the Watermaster Jurisdiction, if the well owners pays for the metering and maintenance of the equipment. Such monitoring activities are not expected to impact the Monitoring Program cost significantly because field staff go to the same areas to monitor other wells that are currently in the monitoring program. TAC did not address the monitoring of the wells outside the Watermaster jurisdiction. Mr. Mortazavi will be in contact with other Watermaster's in the Southern California area to discuss this issue.

EMWD reported that EMWD, LHMWD, and the Soboba Tribe may consider a joint de-silting of the Soboba Gravel in the future. In 2013, the Watermaster and the Soboba Tribe shared the cost of the Gravel Pit de-silting, but in 2016, the Watermaster Board in concurrence with the Tribal Council, decided not to pursue any future joint de-silting activities because the extracted silt had to be stored temporarily on the Reservation without having a permanent site, and it was not feasible to remove silt without removing gravel from the site during the de-silting operation. EMWD, LHMWD, and Soboba are considering different de-silting options that may address previous shortcomings.

Mr. Mortazavi reported that there has not been any data sharing or meetings related to the Enhanced Groundwater Monitoring Project (EGMP). The goal is to use EGMP recommendations and results of the Well Casing Videos (new Task Order with EMWD – item V-E) for the 2018 Monitoring Program Contract with EMWD.

The database and mailing list cleanup for Class B participants is an ongoing activity. On November 6, 2017 a new landowner (GM Gabrych that has purchased properties listed in the Judgment) decided to intervene and continue their participation as a Class B Participant in the judgment.

Mr. Mortazavi made a presentation at the City of Hemet's Work-study on November 14, 2017. A presentation regarding Watermaster's Conjunctive Use activities was given at the Tribal Law Seminar in San Diego on October 26, 2017.

Mr. Mortazavi will attend a meeting being coordinated by the Chino Basin Watermaster to review potential solutions for the fringe area productions in the region. Also, he has been communicating with Highland Economics (Mr. Greenwalt), consultants to the Office of Management and Budget (OMB) studying the impacts of the Soboba Settlement on local communities.

The Cities and LHMWD have decided to pay for the pre-delivered 2018 Soboba Imported Water, but may not be able to pay for the pre-delivered 2019 recharge water if MWD continues the pre-delivery of imported water. The cost of MWD's Soboba Imported water in 2018 is expected to be \$548/Acre-foot. There is also an additional EMWD cost to deliver this water to the ponds.

The Canyon Operating Plan data is being reviewed by EMWD, LHMWD, and Soboba Consultants. EMWD staff is planning to select the contractor for the construction of Well 38 (Well 28 replacement) in December 2017. The city of Hemet staff is working on the Pilot Biological Nitrate Removal Project for wells 4 and 14. The City of San Jacinto Bath Well is on-line and the City staff is identifying potential sites for a new well. A summary of the State's water resources conditions as of October 31, 2017 (prepared as part of the MWD General Manager's November 2017 report to MWD Board) is attached.

Mr. Paule asked if Woodard Curran would be providing a presentation at the February 26, 2018 meeting to update the Board on the Technical portion of this project? Mr. Mortazavi said that if the Board would like to see this presentation, he will provide a presentation at the February 2018 Meeting. All Board members said they would like to see this presentation.

C. Legal Counsel Report

Mr. Bunn stated that the goal of the Sustainable Groundwater Management Act is to cover all the basins either by an adjudication or by a Groundwater Sustainability Agency, therefore, if there are areas within a Basin which are not covered by one or the other, the State Board had the authority to declare the basin not in compliance. Mr. Bunn stated, however, that the State Board would not take that position in the case where the unmanaged wells' productions were not significant to the overall basin. Instead, the State Board is requiring reporting from those individual well owners who are not part of the Adjudication or GSA.

As far as the intervention of the property owned by the GM Gabrych family, Mr. Bunn is trying to make the procedure as simple as possible so when a new property owner wants to intervene into the judgment, the Judge would approve the request in a simple process. In the case of GM Gabrych, the Judge requested a Notice of Re-assignment of Judgement. Mr. Shoaf who is representing the GM Gabrych family drafted a one-page document stating that if this motion was granted, then the property owner will succeed with all the rights and duties in the judgement. One complicated fact is that, if the new owner is a corporation, then the corporation must be represented by an attorney.

Mr. Paule asked Mr. Bunn for an update on the Storage Water Agreement between EMWD and the Watermaster? Mr. Bunn said he has not yet given his comments back to EMWD. Mr. Paule would like a time frame as to when Mr. Bunn will have his comments back to EMWD. Mr. Mortazavi explained that the technical work conducted by Woodard Curran is almost complete. There are a few contractual issues that need to be negotiated. Mr. Bunn stated that the first draft of the Storage Agreement should be done by the end of this calendar year. Mr. Paule asked if the final agreement would be done by the first half of 2018? Mr. Mortazavi thinks the agreement can be done by then, if the contractual issues can be accepted by the Board. He will try to have the draft agreement ready to be reviewed at the February 2018 Board Meeting. Mr. Hoffman also pointed out that TAC will need to review this agreement as well.

D. Treasurer Report

Mr. Paule and Mr. Mortazavi reviewed the Treasurer Report with the Board. Attachment 2 shows the complete Treasurer Report.

Mr. Mortazavi also reviewed the pending payments and receivables. The 2016 Budget is no longer included in the Treasurer Report because all the invoices and payables related to the 2016 Budget have been paid.

IV. **CONSENT CALENDAR**

Accept Motion for approval of Consent Calendar

A. Approval of Meeting Minutes – May 22, 2017 Regular Board Meeting

B. Approval of Meeting Minutes – August 28, 2017 Regular Board Meeting

Recommendation: Adopt a motion to approve the Consent Calendar.

Motion: Hoffman

Noes:

Seconded: Paule

Abstain:

Ayes: Krupa, Scott

Absent: Kotyuk

Motion Passes Unanimously

Attachment 3 shows a copy of the May 22, 2017 Board Meeting Minutes.

Attachment 4 shows a copy of the August 28, 2017 Board Meeting Minutes.

V. **ACTION ITEMS**

A. Consideration to Adopt 2018 Annual Budget

Mr. Mortazavi reviewed the proposed 2018 Annual Budget. He reviewed the 2018 budget assumptions; administrative assessments; estimated replenishments; proposed payment scheduled; activates/projects; budget; and reserve funds impact. His recommendation is to set administrative assessments at \$30/acre-foot for 2018; consider approving the proposed 2018 Budget for \$657,570; use reserve funds to offset excess expenditures proposed under the 2018 Budget; and authorize the Advisor to initiate the proposed activities/projects and invoice participating agencies in accordance with the proposed schedule.

Mr. Hoffman commented that the Finance Committee recommendation to have a reserve of one million dollars is an approximate amount and he is comfortable if the account balance drops to approximately \$750,000. The Board can always approve a higher Administrative Assessment later to increase the reserve funding.

Attachment 5 shows complete Presentation.

Recommendation: Adopt a motion to approve proposed 2018 Annual Budget and Authorize Advisor to initiate proposed activities and invoice participating agencies in accordance with the proposed payment schedule.

Motion: Hoffman

Noes:

Seconded: Paule

Abstain:

Ayes: Krupa, Scott

Absent: Kotyuk

Motion Passes Unanimously

B. Consideration to Adopt Resolution 9.3 RE Administrative Assessment for 2018

Mr. Hoffman moved for approval with no discussion.

Attachment 6 shows Resolution 9.3

Recommendation: Adopt a motion to approve Resolution 9.3 setting the Administrative Assessment for 2018 at \$30 per acre-foot.

Motion: Hoffman
Seconded: Paule
Ayes: Krupa, Scott

Noes:
Abstain:
Absent: Kotyuk

Motion Passes Unanimously

C. Consideration to Adopt Resolution No. 8.1 RE Deferral of Setting Replenishment Assessment until February 2019

Mr. Paule moved for approval with no discussion.

Attachment 7 shows Resolution 8.1

Recommendation: Adopt a motion to approve Resolution 8.1 Deferring setting of the Replenishment Assessment until February 2019.

Motion: Paule
Seconded: Hoffman
Ayes: Krupa, Scott

Noes:
Abstain:
Absent: Kotyuk

Motion Passes Unanimously

D. Revised 2016 Carry-Over Credit Accounts

Ms. Krupa began by introducing Mr. Russ Brown as City of Hemet's Alternate Board Member.

Mr. Mortazavi explained that the Carry-Over presentation at the last Board meeting had transposed numbers for EMWD and LHMWD. The numbers have been corrected on today's presentation. This information need to be corrected on the 2017 Annual Report.

Attachment 8 shows complete Presentation.

Recommendation: Receive and File Revised Carry-over Credit Account Balances

Motion: Hoffman
Seconded: Paule
Ayes: Krupa, Scott

Noes:
Abstain:
Absent: Kotyuk

Motion Passes Unanimously

E. Consideration to Approve 2017 Water Resources Well Video Program Support Services Task Order with EMWD

Mr. Mortazavi explained that this project has already started. This project is to video tape 179 wells and to help optimizing water quality monitoring program.

Mr. Hoffman asked if EMWD will be doing this work in-house? Mr. Mortazavi said that EMWD had purchased equipment and is using their staff to complete this project. Mr. Paule asked who will own the data/information collected? Mr. Bunn said that this will be public record and available to anyone who requests it. With this Task Order, EMWD is providing assistance to the Watermaster, therefore, the Watermaster is the owner of the records. However, EMWD will physically keep this data/information. Mr. Hoffman asked if the Watermaster will be agreeable to provide this information to the well owners? Mr. Mortazavi said typically land owners do not ask for this information. However, EMWD has historically provided similar findings and data to the land owners. Mr. Scott commented that as a well owner, these type of data is not used unless one has problem with the well, then a video of the well would be helpful. Mr. Scott said in most cases well owners will not be interested in viewing these videos.

Attachment 9 shows complete Presentation.

Recommendation: Adopt a motion to approve EMWD Water Resources Monitoring Support Services Task Order Number 10 for an amount not-to-exceed \$60,000.

Motion: Scott

Noes:

Seconded: Hoffman

Abstain:

Ayes: Krupa, Paule

Absent: Kotyuk

Motion Passes Unanimously

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

A. Status of the Soboba Imported Water Recharge

Ms. Gage provided an update on the status of the Soboba Imported Water Recharge. As of November 19, 2017, EMWD has reached approximately 17,000 AF with a target of 20,020 AF for 2017. Soboba Recharge at Grant Ponds had a target of 5,200 AF and that was met as of November 13, 2017. Currently, all recharge is at the IRRP Ponds. Because of the rainfalls during 2017, river flow diversions added significant amount of silt to the first few ponds at the Grant Ponds. Therefore, EMWD staff had to remove silt at the Grant Avenue Ponds. Ms. Gage said that EMWD is projecting the 2018 Soboba Imported Water deliveries to be about 23,000 AF.

Mr. Hoffman asked if Ms. Gage thinks MWD has adequate supplies to meet EMWD's projections? Ms. Gage explained that EMWD provides MWD an estimate and they check to make sure the water sale totals can be met as the year is progressing. MWD will check again with its member agencies in March 2018 to see how the water deliveries are progressing.

Attachment 10 shows complete presentation.

C. Future Agenda Items

Ms. Krupa asked for a Board closed session agenda item with the Advisor be added to the February 26, 2018 Meeting to review his performance.

VII. CLOSED SESSION

None

VIII. ADJOURNMENT

There being no further business to come before the Board; Chair Krupa adjourned the meeting at 5:05 p.m., to be reconvened on Monday February 26, 2018 at 4:00 p.m. (Adjourned Regular Meeting).



CliftonLarsonAllen LLP
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Board of Directors
Hemet-San Jacinto Watermaster
Corona, California

We have audited the financial statements of the Hemet-San Jacinto Watermaster (the Watermaster) as of and for the year ended December 31, 2017, and have issued our report thereon dated February 28, 2018. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Watermaster are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2017.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Emphasis-of-Matter: Correction of an Error

As described in Note 4 to the financial statements, the Watermaster reports its activities on a full accrual basis. During the year ended December 31, 2017, the Watermaster included revenue and expenses that were related to December 31, 2016. The Watermaster has corrected the errors by properly adjusting net position with a prior year restatement. Our opinion is not modified with respect to that matter.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive accounting estimates affecting the financial statements was Management's estimate of groundwater monitoring and specific evaluation program expenses and related liabilities. We evaluated the key factors and assumptions used to develop the sensitive accounting estimates described above in determining that they are reasonable in relation to the financial statements taken as a whole.

Board of Directors
Hemet-San Jacinto Watermaster
Corona, California
Page 2

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected Misstatements

The attached schedule summarizes all misstatements (material and immaterial) detected as a result of audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 28, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant Issues Discussed With Management Prior To Engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Board of Directors
Hemet-San Jacinto Watermaster
Corona, California
Page 3

Other Audit Findings or Issues

Audit standards require that we communicate to you any internal control related matters and any other audit findings or issues that are, in our professional judgment, significant and relevant to those charged with governance in overseeing the financial reporting process. We have discussed this matter with management and are communicating this finding to you as follows:

- As described in Note 4 to the financial statements and as noted above, the Watermaster reports its activities on a full accrual basis. During the year ended December 31, 2017, the Watermaster included revenue and expenses that were related to December 31, 2016 which resulted in a prior year restatement of net position. In addition, we noted that the Watermaster did not have a procedure or method wherein complete monthly closing procedures were in place to ensure that revenue and expenses are recorded in the right period. This resulted in numerous audit adjustments for the period under audit. We recommended that the Watermaster adopt such procedures to ensure that financial statements are accurate and free of material errors and included this finding in the financial statements.

Other Information in Documents Containing Audited Financial Statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

This communication is intended solely for the information and use of the Board of Directors and management of the Hemet-San Jacinto Watermaster and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP
Glendora, California
February 28, 2018

HEMET- SAN JACINTO WATERMASTER
REPORT ON AUDIT OF FINANCIAL STATEMENTS
December 31, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hemet-San Jacinto Watermaster
Corona, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Hemet-San Jacinto Watermaster (the "Watermaster") as of and for the year ended December 31 2017, and the related notes to the financial statements, which collectively comprise the Watermaster's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the policies and procedures of the *State Controller's Office of Local Government Fiscal Affairs Minimum Audit Requirements for California Special Districts*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Watermaster's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Watermaster's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Watermaster as of December 31, 2017, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

Correction of an Error

As described in Note 4 to the financial statements, certain assessment revenues and operating expenses should have been reported in prior reporting periods. The Watermaster has corrected the errors by recording the amounts to the proper period and adjusting the amount previously reported in net position. Our opinion is not modified with respect to that matter.


Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITORS' REPORT**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2018 on our consideration of the Watermaster's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Watermaster's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Watermaster's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP
Glendora, California
February 28, 2018

BOARD OF DIRECTORS

HEMET-SAN JACINTO WATERMASTER

BOARD OF DIRECTORS

December 31, 2017

Linda Krupa

Rick Hoffman

Philip E. Paule

Andrew Kotyuk

Bruce Scott

Chair

Vice-Chair

Secretary/Treasurer

Member

Member

HEMET- SAN JACINTO WATERMASTER
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2017

This discussion and analysis of Hemet-San Jacinto Watermaster's (the "Watermaster") financial performance provides an overview of the Watermaster's financial activities for the fiscal year ended December 31, 2017. Please read it in conjunction with the Watermaster's financial statements, which immediately follow this section.

Introduction and Background

The Hemet-San Jacinto Watermaster (Watermaster) was formed on April 18, 2013 in a judgement by the Riverside County Superior Court (case number 1207274). The function of the Watermaster is to monitor groundwater production, levy replenishment assessments, monitor water transfers, and establish future same yields to ensure one long-term sustainability of the basins within the Management area. The participating municipal agencies are the Eastern Municipal Water District, the Lake Hemet Municipal Water District, and the cities of Hemet and San Jacinto. The stipulated judgement establishes and prioritizes water rights, provides a physical way to eliminate overdrafts, and protects the water rights of the Soboba Band of Luiseño Indians.

The Watermaster, established by the Stipulated Judgment, is a board composed of one elected official and one alternate selected by each of the Public Agencies and one Private Pumper representative and one alternate selected by the participating Private Pumpers. The Stipulated Judgment also provides for a Technical Advisory Committee (TAC) composed of such managerial and technical representatives from the individual parties. Day to day activities are managed by the Advisor to Watermaster (Advisor). The Advisor is responsible for the administration and operations of the Management Plan Area under the provisions of the Stipulated Judgment and evaluates and analyzes data collected in the Management Area, develops conclusions based thereon, and makes recommendations to the Watermaster Board. The Watermaster retains independent legal counsel to provide such legal series as the Watermaster may direct.

The powers and duties of the Watermaster include making rules and regulations necessary for its own operations as well as for the operation of the Water Management Plan (Plan) and the Stipulated Judgment; the implementation of the Physical Solution; development and implementation of the Plan; planning and constructing facilities to accomplish the goals of the Stipulated Judgment; purchase of water for recharge; data collection; levying, billing and collection of all assessments provided for under the Stipulated Judgment; record keeping; and reporting to the Court.

Financial Highlights

- Total assets increased as of December 31, 2017 by \$104,975 compared to 2016 and consisted of cash and accounts receivable.
- Total liabilities increased as of December 31, 2017 by \$292,014 compared to 2016 and consisted of accounts payable and accrued expenses.
- The Watermaster ended the year with a net position of \$984,180, a decrease from 2016 of \$187,039.

HEMET- SAN JACINTO WATERMASTER
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2017

- For the year ended December 31, 2017, the Watermaster recorded a decrease in net position of \$233,615 from operations compared to a decrease in net position of \$31,245 for the year ended December 31, 2016.
- Current year assessments were \$514,165, offset by prior year assessment credits of \$46,062, resulting in operating revenues of \$468,103.
- Operating expenses were \$701,718.
- For the year ended December 31, 2017, the Watermaster recorded a decrease in net position of \$232,172 from operations compared to a decrease in net position of \$31,245 for the year ended December 31, 2016.
- The Watermaster recorded a prior year adjustment to net position which increased beginning net position by \$45,133. (See note 4 to financial statements).

Financial Management and Control

The Watermaster is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for preparation of financial statements in conformity with US generally accepted accounting principles (US GAAP).

CliftonLarsonAllen LLP, Certified Public Accountants, performs an independent audit examination of the financial statements in accordance with generally accepted auditing standards (GAAS).

Basic Financial Statements

Financial statements are prepared in conformity with US GAAP and include amounts based upon reliable estimates and judgments. The financial statements include the Statement of Net Position; Statement of Revenues, Expenses and Change in Net Position; and the Statement of Cash Flows. The statements are accompanied by footnotes to clarify unique accounting policies and other financial information and required supplementary information. The assets, liabilities, revenues, and expenses are reported on a full-accrual basis.

The **Statement of Net Position** presents information on all assets and liabilities, with the difference between the two representing net position. Assets and Liabilities are classified as current or non-current. Changes within the year in total net position as presented on the Statement of Net Position are based on the activity presented on the Statement of Revenues, Expenses and Change in Net Position.

HEMET- SAN JACINTO WATERMASTER
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2017

The **Statement of Revenues, Expenses and Change in Net Position** presents information showing total revenues versus total expenses and how net position changed during the fiscal year. All revenues earned and expenses incurred during the year are required to be classified as either “operating” or “non-operating.” For the current year, all expenses incurred are considered to be operating. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in the disbursement or collection of cash during future fiscal years (e.g., the expense associated with changes in claim liability involving cash transactions beyond the date of the financial statements).

The **Statement of Cash Flows** presents the changes in the cash and cash equivalents during the fiscal year. This statement is prepared using the direct method of cash flow. The statement breaks the sources and uses of cash and cash equivalents into two categories:

- Operating activities
- Investing activities

The routine activities appear in the operating activities, while receipts from investments comprise the investing activities.

The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of operations and significant accounting policies as well as clarify unique financial information.

Condensed Financial Statements

Condensed Statement of Net Position

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Total Assets	<u>\$ 1,471,066</u>	<u>\$ 1,366,091</u>	<u>\$ 104,975</u>
Total Liabilities	<u>\$ 486,886</u>	<u>\$ 194,872</u>	<u>\$ 292,014</u>
Net Position			
Unrestricted	<u>\$ 984,180</u>	<u>\$ 1,171,219</u>	<u>\$ (187,039)</u>
Total Net Position	<u>\$ 984,180</u>	<u>\$ 1,171,219</u>	<u>\$ (187,039)</u>

Total assets increased by \$104,975 primarily due to an increase in accounts receivable that was offset by a decrease in cash. Total liabilities increased \$292,014, primarily due to an increase in

HEMET- SAN JACINTO WATERMASTER
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2017

accrued liabilities for expenses related to the initiation of two new studies including the Storage Program Evaluation and the Video Inspection of Well Casings project as well as accruals for In-Lieu Monitoring Program Support and additional Mapping Application Development.

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Watermaster, assets of the Watermaster exceeded liabilities by \$984,180 for the year ended December 31, 2017, reflecting a decrease in net position of \$187,039 compared to 2016.

Condensed Statements of Revenues Expenses and Change in Net Position

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Operating revenues	\$ 514,165	\$ 431,640	\$ 82,525
Prior year assessment credits	(46,062)	-	(46,062)
Non-operating revenues-interest	1,443	1,443	-
Total Revenues	<u>469,546</u>	<u>433,083</u>	<u>36,463</u>
Total Operating Expenses	<u>701,718</u>	<u>464,328</u>	<u>237,390</u>
Change in Net Position	<u>(232,172)</u>	<u>(31,245)</u>	<u>(200,927)</u>
Net Position - Beginning of Year			
Before restatement	1,171,219	1,202,464	(31,245)
Prior year restatement (See Note 2)	<u>45,133</u>	<u>-</u>	<u>45,133</u>
Net Position - Beginning of Year as restated	1,216,352	1,202,464	13,888
Net Position - End of Year	<u>\$ 984,180</u>	<u>\$ 1,171,219</u>	<u>\$ (187,039)</u>

As of December 31, 2017, the Watermaster's total operating expenses exceeded its total revenues, resulting in a decrease in net position of \$232,172, primarily due to expenses associated with the initiation of two new studies including the Storage Program Evaluation and the Video Inspection of Well Casings. In addition, the Watermaster experienced an increase in expenses related to the In-Lieu Monitoring Program Support and additional Mapping Application Development. This was partially offset by an increase in assessment revenues due to an increase in water produced.

In addition, the Watermaster recorded a prior year adjustment which resulted in an increase in net position. See note 4 for further discussion.

HEMET- SAN JACINTO WATERMASTER
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2017

Operating Revenues:

Operating revenues for the Watermaster come from municipal agencies based on an administrative assessment. Each municipal agency contributes a \$30 per acre-foot charge levied for each acre-foot of adjusted Base Production Rights pumped.

Non-operating Revenues:

Non-operating revenues consist of interest earned on cash held by a financial institution.

Operating Expenses:

Operating expenses consist of costs incurred in connection with the monitoring and in-lieu program agreements and advisory services incurred in the operations of the Watermaster as well as other related studies. In addition, the Watermaster incurs general administrative, professional and legal services related to the ongoing activities of the Watermaster which are not part of the advisory services.

Budgetary Highlights

The Board of Directors approves the budget and establishes the administrative assessment. The preliminary budget is brought to the February board meeting. Any subsequent changes in assumptions or projections are incorporated in the final budget.

The following summary shows the comparative information and variance of budget versus actual revenues and expenses.

HEMET- SAN JACINTO WATERMASTER
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2017

	Revised /Final Budget	Actual	Variance Favorable/ Unfavorable
Operating Revenues			
Assessments	\$ 514,140	\$ 514,165	\$ 25
Prior year assessment credits	-	(46,062)	(46,062)
Total Operating Revenues	<u>514,140</u>	<u>468,103</u>	<u>(46,037)</u>
Operating Expenses			
In-Lieu program	189,000	189,000	-
Groundwater monitoring	216,220	216,218	2
Advisor	165,000	162,385	2,615
Storage program evaluation	85,000	85,000	-
Database/ mapping	5,250	5,000	250
Legal services	30,000	17,156	12,844
Financial support services	9,000	7,500	1,500
Administrative support	14,000	12,168	1,832
Insurance, supplies and other	7,500	7,291	209
Total Operating Expenses	<u>720,970</u>	<u>701,718</u>	<u>19,252</u>
Net operating loss	<u>(206,830)</u>	<u>(233,615)</u>	<u>(26,785)</u>
Non operating revenues			
Interest	-	1,443	1,443
Change in net position	<u>(206,830)</u>	<u>(232,172)</u>	<u>(25,342)</u>
Net position, beginning of period	1,171,219	1,171,219	-
Prior year restatement (See Note 3)	-	45,133	45,133
Net position beginning of period, as restated	<u>1,171,219</u>	<u>1,216,352</u>	<u>45,133</u>
Net position, end of period	<u>\$ 964,389</u>	<u>\$ 984,180</u>	<u>\$ 19,791</u>

HEMET- SAN JACINTO WATERMASTER
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2017

Description of Facts or Conditions that are expected to have a Significant Effect on Financial Position or Results of Operations

Management is unaware of any facts or conditions which could have a significant impact on the Watermaster's current financial position or foreseeable operating results. The Watermaster is currently recording operating expenses in excess of assessment revenues and is utilizing reserve funds to meet its obligations. Management of the Watermaster anticipates future increases to the per acre-foot charge levied administrative assessment. In addition, the Watermaster will continue to evaluate the feasibility of various monitoring and program studies in order to commit resources in line with assessment revenue.

Contacting the Watermaster Financial Management

The financial report contained herein is designed to provide a general overview of the finances, activities and operations of the Watermaster. To obtain additional information, please feel free to contact the Hemet- San Jacinto Watermaster at (714) 794-5520.

FINANCIAL SECTION

HEMET- SAN JACINTO WATERMASTER**STATEMENT OF NET POSITION****December 31, 2017****ASSETS**

	<u>2017</u>
Current Assets	
Cash and cash equivalents	\$ 1,239,074
Accounts receivable	<u>231,992</u>
Total Assets	<u><u>\$ 1,471,066</u></u>

LIABILITIES AND NET POSITION

Current Liabilities	
Accounts payable	\$ 38,709
Accrued liabilities	<u>448,177</u>
Total Liabilities	<u>486,886</u>
Net Position	
Unrestricted	<u>984,180</u>
Total Net Position	<u>984,180</u>
Total Liabilities and Net Position	<u><u>\$ 1,471,066</u></u>

See accompanying notes to the financial statements.

HEMET- SAN JACINTO WATERMASTER

**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the Year Ended December 31, 2017**

	<u>2017</u>
Operating Revenues	
Assessments	\$ 514,165
Prior year assessment credit	<u>(46,062)</u>
Total Operating Revenues	<u>468,103</u>
Operating Expenses	
In-Lieu program	189,000
Groundwater monitoring	216,218
Advisor	162,385
Storage project evaluation	85,000
Database/ mapping	5,000
Legal services	17,156
Financial support services	7,500
Administrative support	12,168
Insurance, supplies and other	<u>7,291</u>
Total Operating Expenses	<u>701,718</u>
Net operating loss	<u>(233,615)</u>
Non operating revenues	
Interest	<u>1,443</u>
Change in net position	<u>(232,172)</u>
Net position, beginning of period	1,171,219
Prior year restatement (See Note 4)	<u>45,133</u>
Net position beginning of period, as restated	<u>1,216,352</u>
Net position, end of period	<u><u>\$ 984,180</u></u>

See accompanying notes to the financial statements.

HEMET-SAN JACINTO WATERMASTER

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

	<u>2017</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 309,643
Payment to suppliers and vendors	<u>(438,103)</u>
Net cash used by operating activities	<u>(128,460)</u>
Cash Flows from Investing Activities	
Interest Received	<u>1,443</u>
Net cash provided by investing activities	<u>1,443</u>
Net decrease in cash	(127,017)
Cash and cash equivalents, beginning of period	<u>1,366,091</u>
Cash and cash equivalents, end of period	<u>\$ 1,239,074</u>
Reconciliation of net operating loss to net cash used by operating activities	
Net operating loss	\$ (233,615)
Adjustments:	
Increase in accounts receivable	(158,460)
Decrease in accounts payable	(184,562)
Increase in accrued expenses	<u>448,177</u>
Net cash used by operating activities	<u>\$ (128,460)</u>

See accompanying notes to the financial statements.

HEMET-SAN JACINTO WATERMASTER
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Hemet-San Jacinto Watermaster (Watermaster) was formed on April 18, 2013 in a judgement by the Riverside County Superior Court (case number 1207274). The function of the Watermaster is to monitor groundwater production, levy replenishment assessments, monitor water transfers, and establish future same yields to ensure one long-term sustainability of the basins within the Management area. The participating municipal agencies are the Eastern Municipal Water District, the Lake Hemet Municipal Water District, and the cities of Hemet and San Jacinto. The stipulated judgement establishes and prioritizes water rights, provides a physical way to eliminate overdrafts, and protects the water rights of the Soboba Band of Luiseño Indians.

Basis of Accounting and Measurement Focus

The Watermaster reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as Watermaster assessments result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal values. The principal operating revenues of the Watermaster are regulatory assessments to participating municipal water right holders.

Fund Accounting

The accounts of the Watermaster are organized on the basis of an enterprise fund, the operations of which are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenditures. The Watermaster's resources are allocated to and accounted for based upon the purpose for which they are spent and the means by which spending activities are controlled. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment In Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category. By order of the Stipulated Judgment, the Watermaster may not invest in any infrastructure. As of December 31, 2017, the Watermaster did not have any net investment in capital assets.

HEMET-SAN JACINTO WATERMASTER
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. As of December 31, 2017, the Watermaster did not have any restricted net position.

Unrestricted Net Position - This category represents net position of the Watermaster, not restricted for any project or other purpose.

The Watermaster considers restricted amounts to have first been spent when an expenditure is incurred for purposes for which both restricted and unrestricted net position are available.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents at December 31, 2017 consisted of cash deposited with a financial institution.

Accounts Receivable

The Watermaster considers accounts receivable to be fully collectible. Receivables are assessments due from participating municipal agencies.

Classification of Revenues

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues.

Operating revenues consist of administrative assessment fees from municipal agencies. Each municipal agency currently contributes \$30 per acre-foot charge levied for each acre-foot of adjusted Base Production Rights pumped.

Non- operating revenues consist of interest earned.

Operating expenses are those expenses that are essential to the primary operations of the fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

HEMET-SAN JACINTO WATERMASTER

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

NOTE 2: CASH AND INVESTMENTS

On December 31, 2017, the Watermaster had cash held in deposit accounts in a financial institution of \$1,253,557. Cash and investments are presented in the accompanying basic financial statements as cash and cash equivalents of \$1,239,074.

Investments Authorized by the California Government Code and the Watermaster's Investment Policy

The table shown herein identifies the investment types that are authorized by the Watermaster in accordance with the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate, credit risk and concentration of credit risk.

Authorized Maximum Investment type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S Treasury Obligations	5 years	None	None
U.S Agency Securities	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	\$ 250,000
California Local Agency Investments Fund (LAIF)	N/A	None	None

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that the GASB requires or permits in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of December 31, 2017, the Watermaster had no investments subject to fair value measurements under the fair value hierarchy as described above.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Watermaster's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits.

HEMET-SAN JACINTO WATERMASTER**NOTES TO THE FINANCIAL STATEMENTS****For the Year Ended December 31, 2017****NOTE 2: CASH AND INVESTMENTS**

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balances, up to \$250,000 as of December 31, 2017 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Watermaster's name.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-leader) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the Watermaster's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Local Agency Investment Fund).

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Watermaster may manage its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide cash flow requirements and liquidity needed for operations.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the Watermaster contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total Watermaster's investments.

NOTE 3: TRANSACTIONS WITH RELATED PARTY

The function of the Watermaster is to monitor groundwater production, levy replenishment

HEMET-SAN JACINTO WATERMASTER**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017****NOTE 3: TRANSACTIONS WITH RELATED PARTY**

assessments, monitor water transfers, and establish future same yields to ensure one long-term sustainability of the basins within the Management area. One of the participating municipal agencies is the Eastern Municipal Water District (EMWD). In July 2013, the Watermaster entered into an agreement with EMWD wherein EMWD agreed to provide services including administrative, financial and technical support services (the Support Services Agreement). Prior to the establishment of the Watermaster through the Stipulated Judgment entered on April 18, 2013, EMWD had previously entered into agreements with municipal groundwater producers currently parties to the stipulated judgment to provide groundwater and surface water monitoring in the Hemet-San Jacinto Management Area for the years 2004 through 2013.

The Support Services Agreement provides that support services requested by the Watermaster shall be set forth in Task Orders and that compensation for the Task Orders shall be based on a Rate Schedule provided by EMWD setting forth the time and material rates and charges then in effect for services provided by EMWD and /or subcontractors. The Agreement terminates on December 31, 2017 unless extended by the mutual agreement of the Watermaster and EMWD.

The Watermaster may utilize other providers for the services currently provided by EMWD. During the year ended December 31, 2017, the Watermaster had accrued expenses of \$405,218 for In-Lieu program and groundwater monitoring services from EMWD. The remaining liability of \$363,177 is included in accrued expenses reported in the accompanying financial statements.

NOTE 4: PRIOR YEAR RESTATEMENT

The Watermaster reports its activities as an enterprise fund which is used to account for operations that are financed and operated in a manner similar to a private business enterprise. Revenues and expenses are recognized on the full accrual basis of accounting. In accordance with Generally Accepted Accounting Principles and under the full accrual method of accounting, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. The Watermaster is required to accrue revenue and expenses into the period the revenue is earned or the expenses are incurred, irrespective of cash flow.

For the year ended December 31, 2017, the Watermaster included revenue and expenses that were related to the year ended December 31, 2016. The following adjustment was recorded to properly report the revenues and expenses of the Watermaster for the year ended December 31, 2017.

HEMET-SAN JACINTO WATERMASTER
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

NOTE 4: PRIOR YEAR RESTATEMENT

Net Position - Beginning of Year	
Before restatement	\$ 1,171,219
Revenue attributed to December 31, 2016	
assessments	73,532
Expenses for operating activities occurring	
as of December 31, 2016	<u>(28,399)</u>
Prior year restatement	<u>45,133</u>
Net Position - Beginning of Year as restated	<u><u>\$ 1,216,352</u></u>

OTHER INDEPENDENT AUDITOR'S REPORT



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Hemet-San Jacinto Watermaster
Corona, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Hemet-San Jacinto Watermaster (the Watermaster), as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Watermaster’s basic financial statements, and have issued our report thereon dated February 28, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Watermaster’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Watermaster’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Watermaster’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, as described in the accompanying schedule of findings and responses that we consider to be a material weakness, see finding 2017-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
February 28, 2018

FINDINGS AND RESPONSES

HEMET-SAN JACINTO WATERMASTER
SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2017

NOTE: The finding and recommendation listed below includes details about the criteria or specific requirements, the condition, the effect and the cause. The response that follows the finding is the Watermaster's corrective action plan.

2017-001 RECONCILIATION AND CLOSING PROCESS

Finding: Our audit procedures revealed the lack of a systematic method wherein complete monthly closing procedures take place to ensure that revenues and expenses are accrued into the proper reporting period. A lack of specific closing procedures to ensure proper accruals may ultimately cause significant errors in the financial records and statements as well as allow possible irregularities, including fraud, to exist and continue without notice. We noted the following deficiencies:

- The accounts receivable balances were not properly identified as of December 31, 2017 and December 31, 2016, resulting in incorrect revenue recognition for 2017 and a prior year restatement for 2016. As a result, accounts receivable balances were not properly recorded.
- The accounts payable balances were not properly identified as of December 31, 2017 and the December 31, 2016 accounts payable balances were not properly reversed, resulting in expense recognition in the wrong periods. As a result, accounts payable balances were not properly recorded.

This condition resulted in a prior year restatement of net position and correction of misstatements in the current year financial statements.

Recommendation: Establish a system of closing procedures to ensure revenue and expenses are recorded in the proper period in order to prepare financial statements in accordance with US generally accepted accounting principles that are free from material misstatement.

Watermaster Response:

The Advisor will terminate Bell Bookkeeping Services and use Water Resources Engineers services for future bookkeeping activities, after receiving feedback from the Watermaster Board at its February 2018 Board meeting. Water Resources Engineers will establish a system of closing procedures to properly record revenue and expenses in the proper period in order to provide more accurate financial statements.

HEMET-SAN JACINTO WATERMASTER

STATUS OF PRIOR YEAR FINDINGS

December 31, 2017

There were no findings related to the basic financial statements for the year ended December 31, 2016.

Hemet-San Jacinto Groundwater Management Area 2017 Annual Report

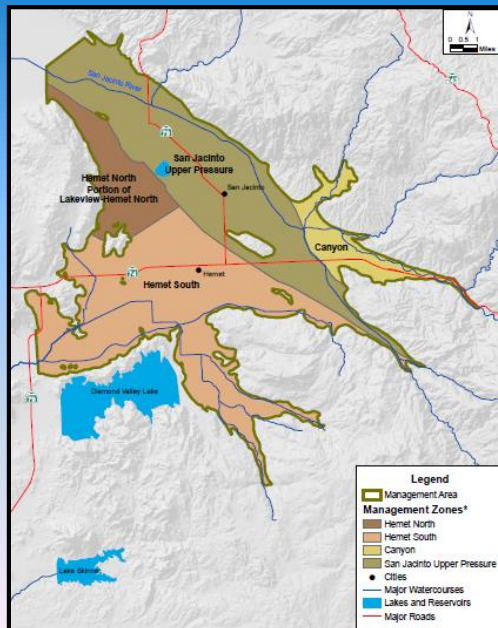
Hemet-San Jacinto Watermaster Board Meeting

February 26, 2018

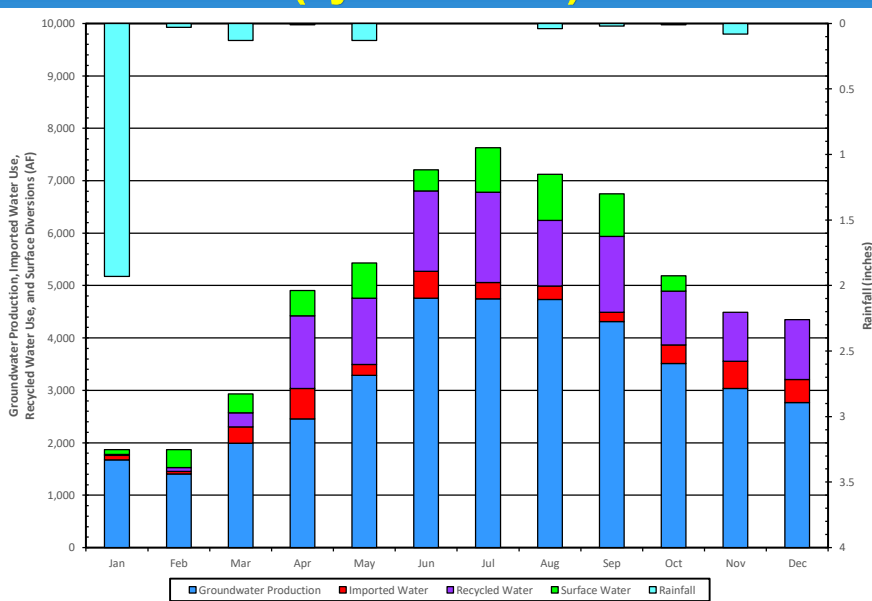
2017 Annual Report Table of Contents

- Executive Summary
- Introduction
- Management Plan Activities
- Current Water Supply
- Projected Demands Update
- Monitoring, Data Compilation, and Evaluation
- 2017 Financial Considerations
- Corrections and Errata
- Tables/Figures/Maps
- Appendices
 - Board Minutes, and TAC Meeting Notes
 - Agreements/Resolutions/Task Orders
 - References

Water Management Area



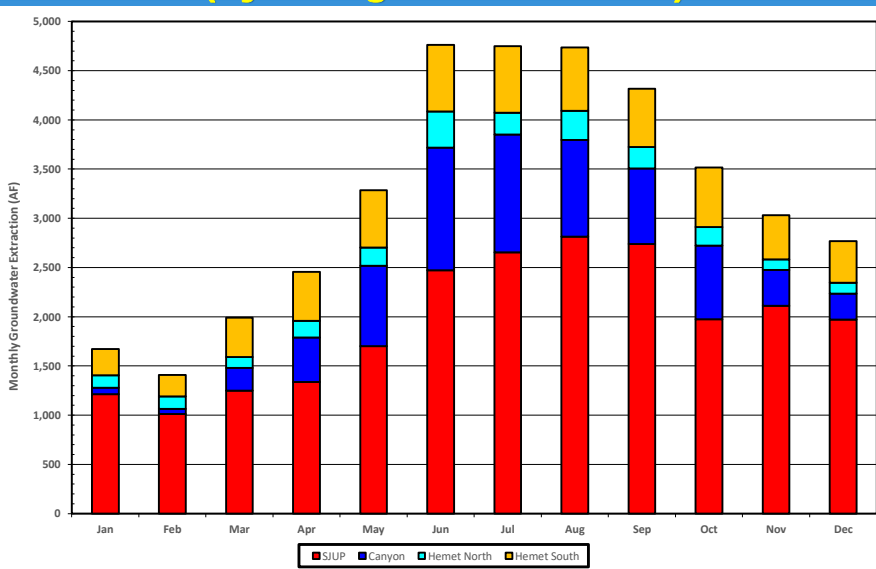
2017 Monthly Demands (By Source - AF)



2017 Annual Demands (By Management Zone/Source of Supply – AFY)

2016		EMWD	LHMWD	City of Hemet	City of San Jacinto	Private Property Owners	Soboba Tribe	Totals
Ground-water	Canyon	1,989	2,894	0	0	1,005	1,294	7,181
	SIUP	4,509	5,150	351	2,735	5,444	551	18,585
	Hemet North	0	0	0	0	2,231	0	2,231
	Hemet South	0	287	3,212	0	2,524	0	6,023
Groundwater From IRRP Wells		3,864	419	228	0	0	0	4,512
Total Groundwater		10,362	8,751	3,790	2,735	11,203	1,845	38,686
Surface Water - SJ River		0	5,186	0	0	0	0	5,186
In-lieu Recharge		0	0	0	0	0	0	0
Imported Water Treated by EMWD		1,383	0	0	0	0	0	1,383
Imported Raw Water		125	2,076	0	0	205	0	2,406
Recycled Water		0	0	0	0	8,526	0	8,526
In-Lieu Recycled Water		0	0	0	0	3,558	0	3,558
Totals		11,870	16,013	3,790	2,735	23,493	1,845	59,746

2017 Groundwater Production (By Management Zone - AF)



Growth Projections (By Entity – AFY)

Entity / Year	2020	2025	2030	2035	2040
EMWD	13,000	14,400	15,700	17,000	18,200
LHMWD	16,475	16,969	17,486	18,035	N/A
City of Hemet	4,860	4,960	5,040	5,110	5,150
City of San Jacinto	3,113	3,271	3,438	3,614	3,792
Totals	37,448	39,600	41,664	43,759	N/A

2017 Monitoring Program Results (By Management Zone)

Management Zone	Number of Wells Measured Spring	Number of Wells Measured Fall	Minimum Depth to Water (ft)	Maximum Depth to Water (ft)
Canyon	27	24	5.1	320.4
S.J. Upper Pressure	84	89	29.8	612.0
Hemet North (partial)	22	20	156.3	265.1
Hemet South	59	54	13.3	480.2
Totals	192	187	5.1	612.0

Management Zone	No. of Wells Sampled	TDS (mg/L)		NO ₃ -N (mg/L)	
		High	Low	High	Low
Canyon	13	1,200	200	5.8	< 0.10
S.J. Upper Pressure	41	2,600	170	28.0	< 0.10
Hemet North (partial)	23	1,100	340	11.0	< 0.10
Hemet South	17	1,400	190	39.0	< 0.10
Summary	94	2,600	170	39.0	<0.1

2017 Monitoring Program Other Related Information (River Diversion)

Agency	Diversion Points	Diversions (AF)
LHMWD	Lake Hemet	2,919
	South Fork	15
	North Fork	1,914
	Strawberry Creek	338
EMWD	Grant Avenue	3,150
	Total	8,336

2017 Budget & Revenues

Description	Original Budget	Revised Budget
Agreements (In-lieu Program)	\$189,000	\$189,000
EMWD Support (Groundwater Monitoring Program)	\$156,220	\$156,220
Video Inspection of Well Casings	\$60,000	\$60,000
Gravel Pit Dewatering Project	\$57,600	\$ -
Organization Operations & Management	\$ 242,250	\$ 230,750
Financial Support Services	\$10,500	\$9,000
Legal Counsel Services	\$35,000	\$ 30,000
Advisor Services	\$170,000	\$165,000
Insurance; Office Supplies; and Other Direct Costs	\$7,500	\$7,500
Administrative Support Services	\$14,000	\$14,000
Database/Mapping Application Maintenance	\$5,250	\$5,250
Additional Projects/Activities	\$100,000	\$ 85,000
Storage Project Evaluation	\$100,000	\$ 85,000
Total Budget	\$805,070	\$720,970

	Adjusted Base Production Rights (AF)	Actual Productions * (AF)	Production subject to Assessment (AF)	Total Assessment (\$)
City of Hemet	4,898	3,562	2,662	\$ 79,870
City of San Jacinto	3,209	2,735	1,835	\$ 55,050
EMWD	8,043	6,497	4,497	\$ 134,924
LHMWD	8,144	8,332	8,144	\$ 244,320
Totals	24,294	21,127	17,139	\$ 514,164

* Actual Production does not include IRRP Productions

2017 Unused Soboba Water & Carry-over Credits (as of December 31, 2017)

Agency	Pre 2012 Recharge Rights as of Dec. 31, 2016	* Total Unused SbT Imported Water as of Dec 31, 2017	Total Unused Adjusted BPR (AF) as of Dec 31, 2017	Totals as of Dec 31, 2017	MWD Pre-deliveries to Cover Future Obligations
City of Hemet	-	8,126	7,610	15,735	1,203
City of San Jacinto	-	5,545	4,805	10,350	767
EMWD	2,694	555	15,342	18,591	2,068
LHMWD	-	7,973	3,677	11,649	2,098
Totals	2,694	22,199	31,433	56,325	6,136

* Total Unused Soboba Imported Water calculations include Soboba Tribe Golf Course Production.

BPR = Base Production Rights
SbT = Soboba Tribe

Recycled Water & In-lieu Program Activities

In-Lieu Program Participants	Pre 2017 Deliveries (AF)	2017 Recycled Water Deliveries (AF)	2017 In-lieu Deliveries with Subsidy (AF)	Cost for In-lieu Program for 2016
Scott Brothers Dairy	16,162	1,393	899	\$48,478
Rancho Casa Loma	29,473	3,894	2,659	\$143,346
Totals	45,635	5,287	3,558	\$191,824

Management Zone	Recycled Water Use (AF)
Canyon	0
S.J. Upper Pressure	6,769
Hemet North (partial)	2,620
Hemet South	2,695
Totals	12,084

Class B Participants Carry-Over Credits (as of December 31, 2017)

Legal Owner Name	Prorata Alloc.	Total Production Below Allocations as of December 2016	2017 Prod.	Total Prod. Below Allocations as of Dec. 2017
Cordero Family Trust	1398	3030	223	4205
Gless Trust Pt.	588	1598	74	2112
Gless Family Trust	1505	4088	189	5404
Olsen Robert D & Olsen Elva I.	14	13	7	19
Olsen Citrus LLC	37	34	20	52
Arlington Veterinary Laboratories Inc.	105	95	55	145
Oostdam Peter G & Jacoba M and Oostdam John P & Margie K.	259	734	90	903
Gm Gabrych Family Lp	596	2384	0	2980
Record Randolph A & Record Anne M.	46	171	0	217
Sybrandy Investment Co. LP	1182	3122	272	4032
Boersma Eric & D Family Trust	195	826	190	831
Curci San Jacinto Investors LLC	260	1040	0	1300

Class B Participants Carry-Over Credits (as of December 31, 2017) (Cont.)

Legal Owner Name	Prorata Alloc.	Total Production Below Allocations as of December 2016	2017 Prod.	Total Prod. Below Allocations as of Dec. 2017
Nuevo Dev Co. LLC	151	604	0	755
Security Title Insurance Co. (part of Lauda Properties)	1.0	0	0	0
Lauda Family Ltd Partnership	3299	1045	660	1139
Lauda Bertrand & Lauda Erma J.	147	47	30	51
Rancho Diamante Inv.	92	318	0	410
Diamante Rancho	50	173	0	223
San Jacinto Spice Ranch Inc.	265	991	0	1256
Scott Ag Property	1755	1198	145	1909
Vandam Donald Dick and Vandam Frances L.	531	1209	144	1596
Vandam Glen A and Vandam Jennifer A.	139	415	59	496
Velde Children Trust & Pastime Lake Inv. (Combined)	357	114	365	106

2017 Watermaster Related Meetings and Agreements

Technical Advisory Committee Meetings:

- February 13, 2017
- May 8, 2017
- August 14, 2017
- November 13, 2017

Watermaster Board Meetings:

- February 27, 2017
- May 22, 2017
- August 28, 2017
- November 27, 2017

Watermaster Agreement(s):

- Hemet-San Jacinto Watermaster Support Services:
 - ✓ Task Order No. 9 – Water Resources Monitoring Program Support for 2017
 - ✓ Task Order No. 10 – Water Resources Well Video Program Support for 2017

2017 Watermaster Resolutions

- Resolution No. 1.4 – Amending Designation of Date, Time and Location of Regular Meetings
- Resolution No. 8.1 – Deferral of Replenishment Assessment
- Resolution No. 9.3 – Administrative Assessment for 2017
- Resolution No. 10.3 – Reduction in Adjusted Production Rights Starting May 2018

Recommendation

**Receive and File the 2017 Annual Report
with the Court after accommodating
comments from Legal Counsel and
Technical Advisory Committee**

Draft Storage Agreement Overview

**Watermaster Board Meeting
February 26, 2018**

Draft Agreement Items

- **Recitals**
- **Purpose of Agreement**
- **Right to Store Water**
- **Finding of Available Storage Capacity**
- **Limitations on Right to Store**
- **Priority of Recharge**
- **Accounting**
- **Water Quality**
- **First Right to Purchase**

Draft Agreement Items

- **Recharge Facilities**
- **Extraction of Stored Water**
- **Calculation of Storage Water Losses**
 - **Evaporation Losses**
 - **Downstream Outside Management Losses**
 - **Water Quality Degradation Losses**
- **Transfer Rights**
- **Permits and Environmental Documentation**
- **Potential Special Costs**

Draft Agreement Items (General Provisions)

- | | |
|---------------------------------------|------------------------------------|
| ▪ Term of the Agreement | ▪ Severability |
| ▪ Governing Law | ▪ Notices |
| ▪ Amendments | ▪ Indemnity |
| ▪ Assignment | ▪ Dispute Resolution |
| ▪ Force Majeure/Change in Law | ▪ Meet and Confer |
| ▪ Joint Drafting | ▪ Mediation and Arbitration |
| ▪ Authority | ▪ Headings |
| ▪ No Third-Party Beneficiaries | ▪ Definitions |

Proposed Water Banking and Conjunctive Use in San Jacinto Valley Technical Basis for a Storage Agreement



Summary of Results

Presented to:
Watermaster Board

February 26, 2018



Agenda

1. Groundwater Banking Operation
2. Baseline Hydrology
3. Groundwater Banking Scenarios
4. Baseline & Scenario Model Runs
 - Assumptions
 - Baseline, Scenario A, B1 and B2
 - Results
 - Basin Storage
 - River Recharge
 - Groundwater Levels
 - Recharge Water Fate
5. Summary & Next Steps
6. Questions

Program Goals and Objectives

Water Banking and Conjunctive Use Program:

- Increase local supply reliability
- Create the ability to bank low cost supplies when available
- Overcome a water shortage for three consecutive drought years
- Replenish over-draft and improve long term stability




3

Groundwater Banking Project Area

\resources\arcgis\arcgis\EMWD\GIS\Banking_Support\GIS\Map\EM Board Meeting_03-28-2018\EM Banking Project Area_v10.mxd

EMWD Groundwater Banking Support





Groundwater Banking Project Area

Legend

- Well 201 - 203
- San Jacinto Basin
- Upper Pressure
- Lower Pressure
- Hemet North
- Hemet South
- Canyon
- Lakeview
- Mountain Ave West Recharge Facilities

0 0.5 1 2
Miles





Proposed New Facilities*

Phase 1 Proposed Facilities:

- Develop Mountain Avenue West site
- Construct 3 production wells

Proposed Bank Size:

- 7,000 afy x 3 years = 21,000 af

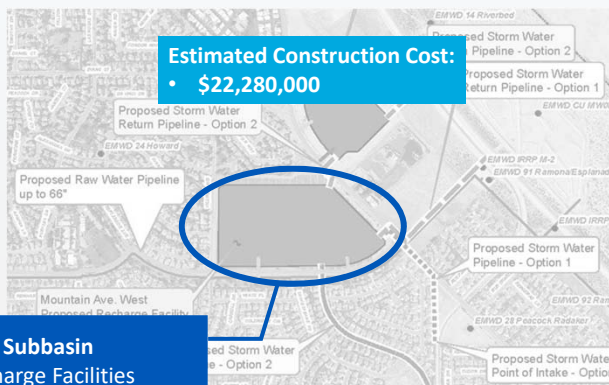
Proposed Extraction Capacity:

- 3 wells x 2,333 gpm = 7,000 afy

Proposed Recharge Capacity:

- Minimum 7,000 afy

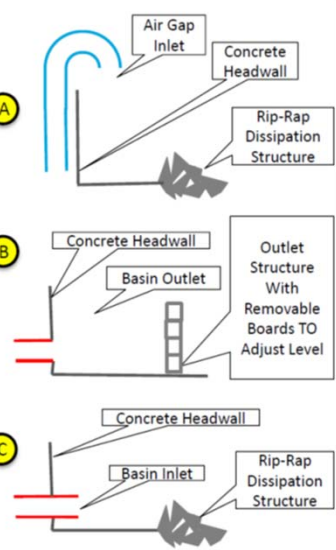
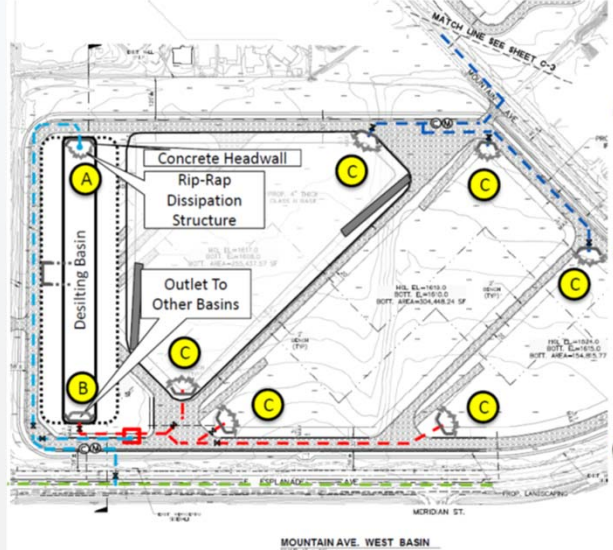
EMWD may consider use of other existing facilities for this project



San Jacinto Upper Pressure Subbasin

- Mountain Ave West Recharge Facilities
- 3 Production Wells (sites being investigated)

Proposed Facilities



Proposal

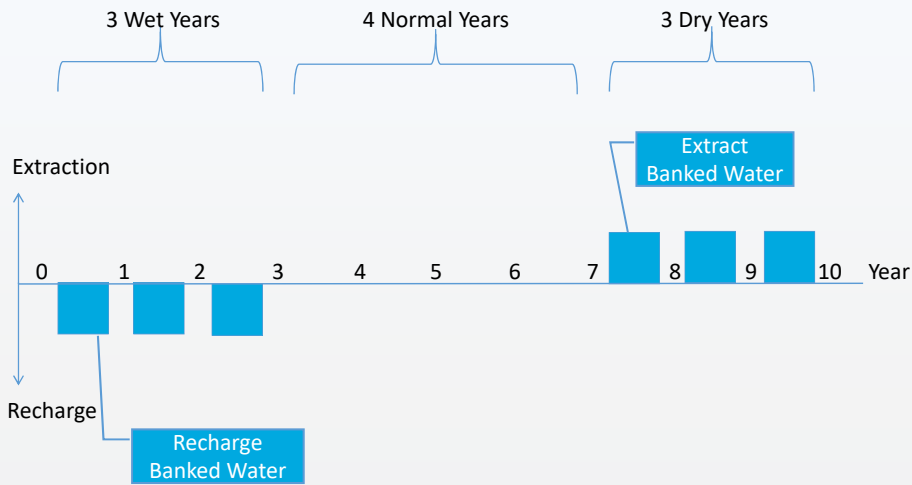
EMWD Proposes to:

- 1) Water Banking up to 21,000 af at Mountain Ave. West or other existing recharge facilities for specific uses
 - Extract the banked water only during an emergency or Drought/MWD Allocation at a rate of up to 7,000 af per year
- 2) Conjunctive Use (put and take) up to 7,000 af per year
 - Recharge & extraction only in Upper Pressure GMZ
 - Water must be recharged before it could be pumped
 - Total recharge could exceed 7,000 af in any given year to maximize purchase of lower cost water
 - Total extraction in any given year would not exceed 7,000 af from banked or conjunctive use supplies
 - Recharge of Soboba Settlement Water would remain at the highest priority

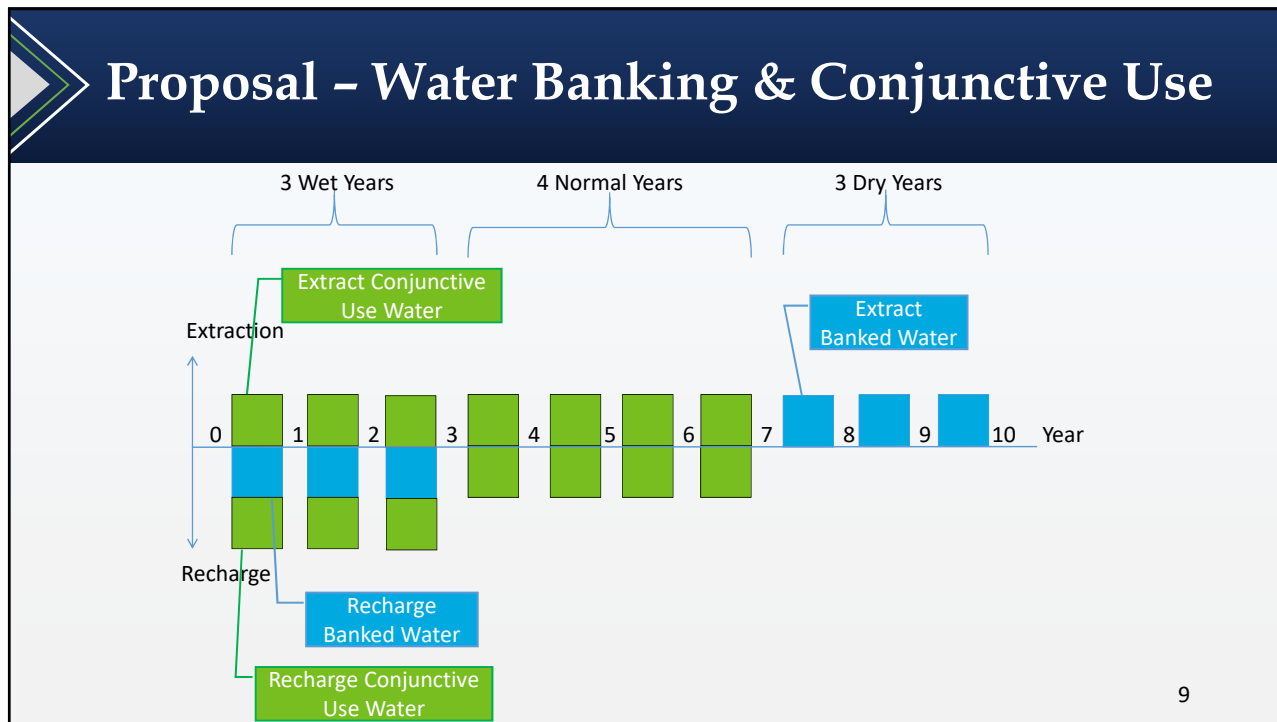


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Proposal – Water Banking



8

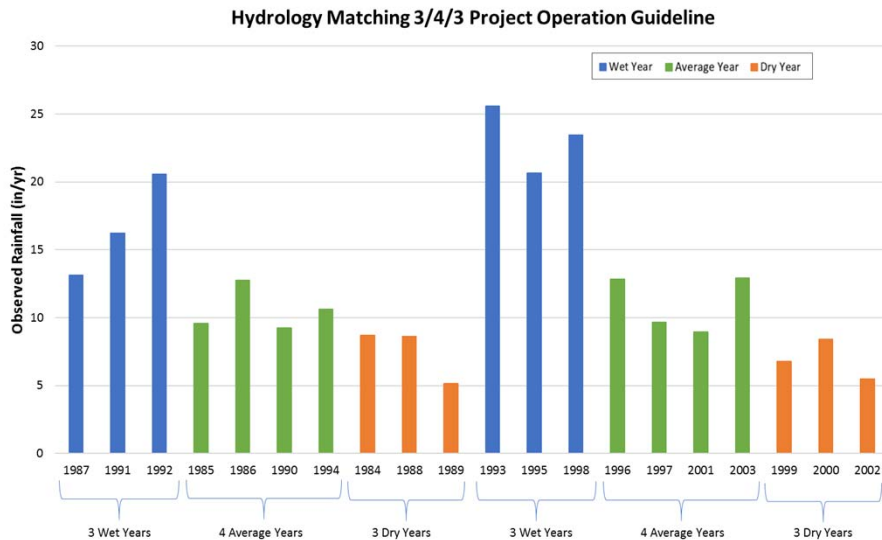


- ## Stakeholder Issues and Concerns
- Impacts on San Jacinto River recharge during high flows
 - Effects on long-term GW storage in the Upper Pressure and Intake area, and in general in the Water Management Area
 - Impacts on nearby GW production wells during the take cycles
 - Implications on GW quality
 - Honoring existing agreements and MWD delivery priorities
- 10

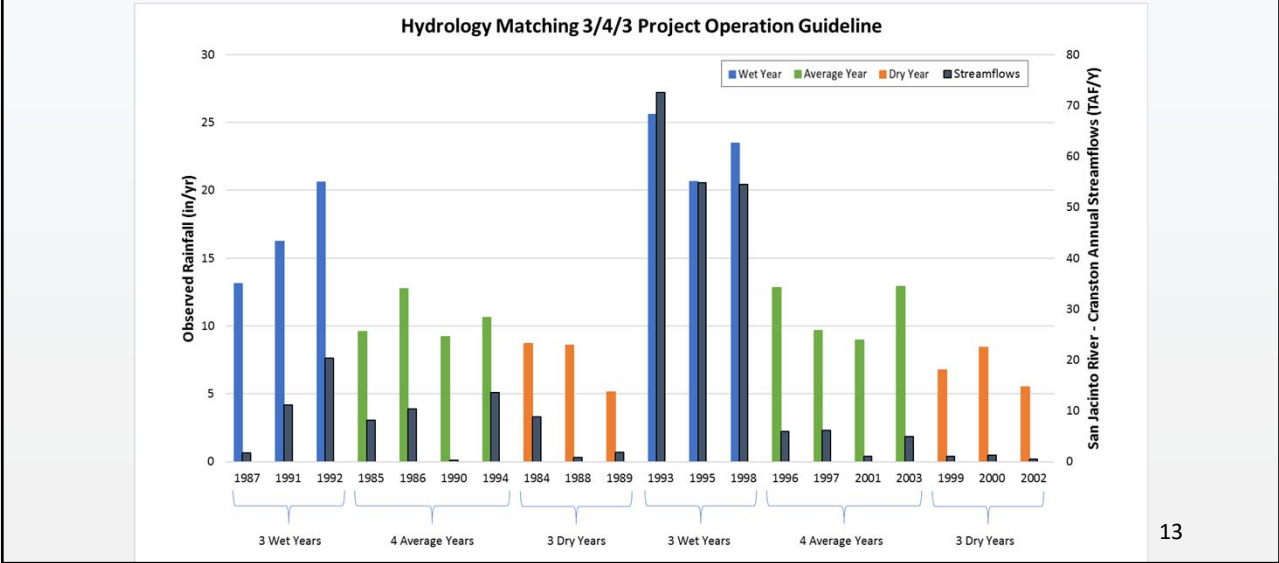
Summary of Findings

- Proposed project will benefit the overall water supply conditions in the Management Area
- There is adequate GW storage available in the UP area to accommodate proposed project without impacting existing Agreements
- Over the 20-year agreement cycle, the proposed project will not adversely affect the overall GW storage in the Management Area
- Proposed project may result in short-term declines in some of the nearby wells of up to 10-12 feet. This is not expected to have adverse impacts on production rates at these wells
- Proposed project is not expected to adversely affect natural recharge from the River

Baseline GW Banking Hydrology 30-Year Cycle



Baseline GW Banking Hydrology & Streamflow 30-Year Cycle



Project Operational Objectives

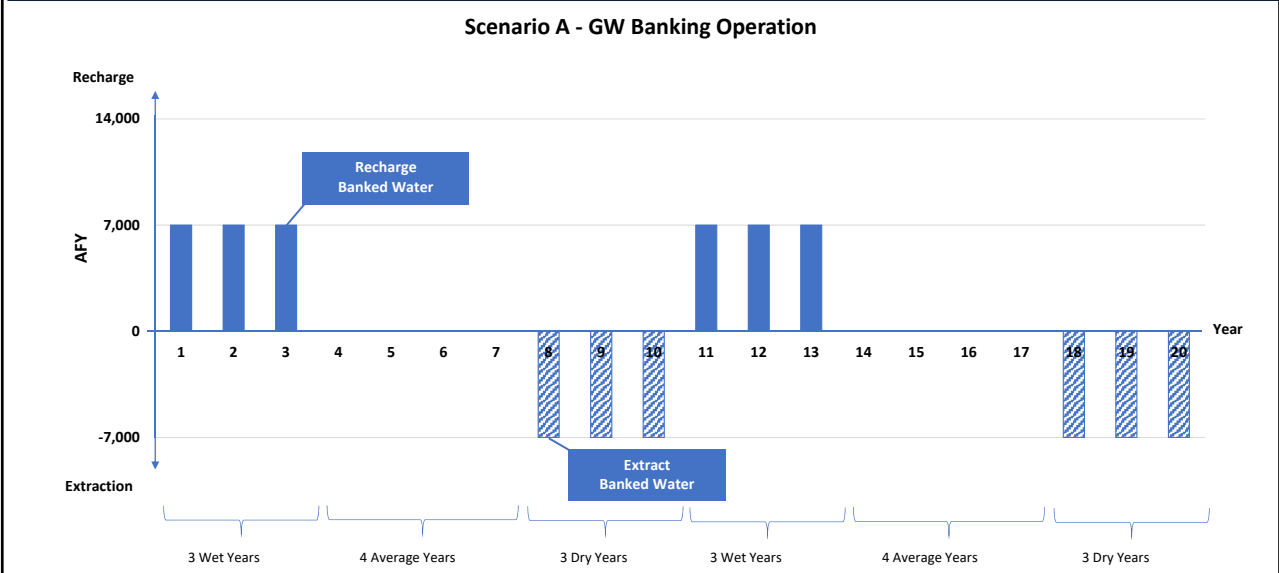
- **GW Storage:** Utilize available aquifer space to store recharged water
- **GW Levels:** Minimize impacts on nearby production wells
- **Streamflow:** Minimize impacts on stream recharge during wet years
- **Operations:** Honor previous Agreements and priorities

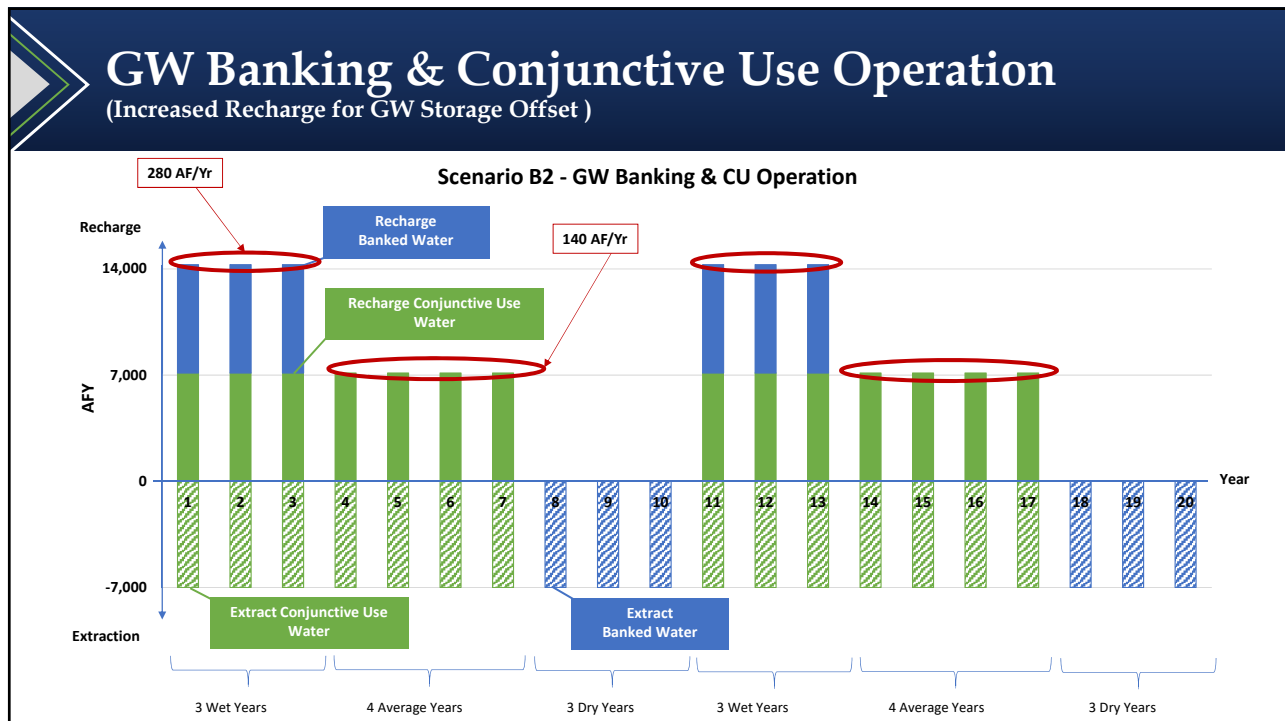
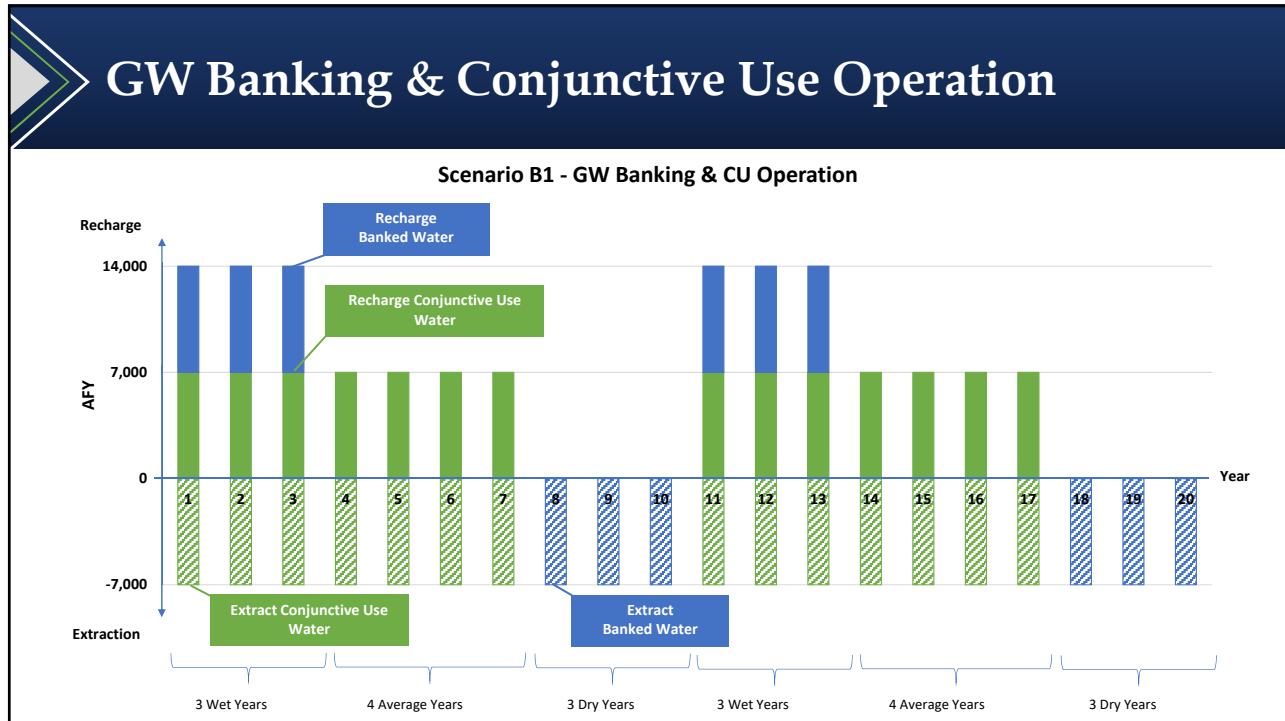
Scenarios Considered for Detail Analysis

Schedule of Operation		Scenario A	Scenario B1	Scenario B2	
Recharge	Amount (AFY)	Wet Years	7,000	14,000	14,280
		Average Years	0	7,000	7,140
		Dry Years	0	0	0
	GW Banking		✓	✓	✓
	Conjunctive Use			✓	✓
	Offset				2%
Extraction	Amount (AFY)	Wet Years	0	7,000	7,000
		Average Years	0	7,000	7,000
		Dry Years	7,000	7,000	7,000
	GW Banking		✓	✓	✓
	Conjunctive Use			✓	✓

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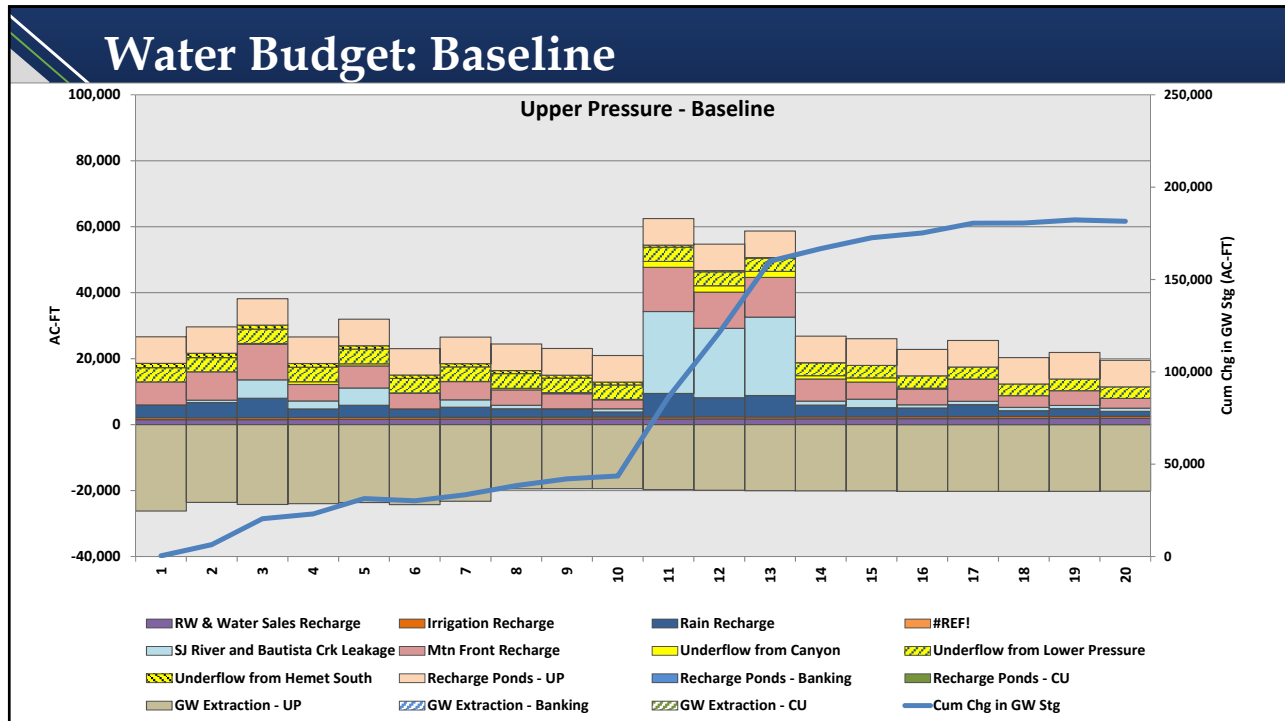
GW Banking Operation

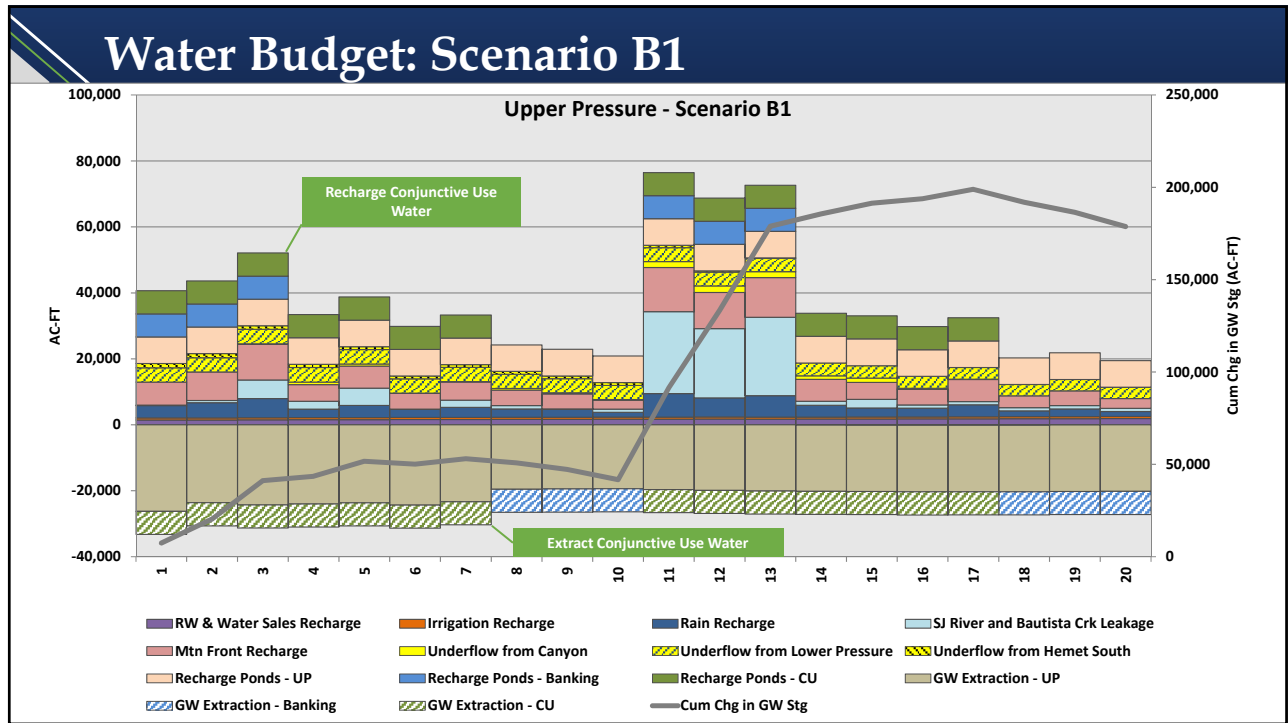
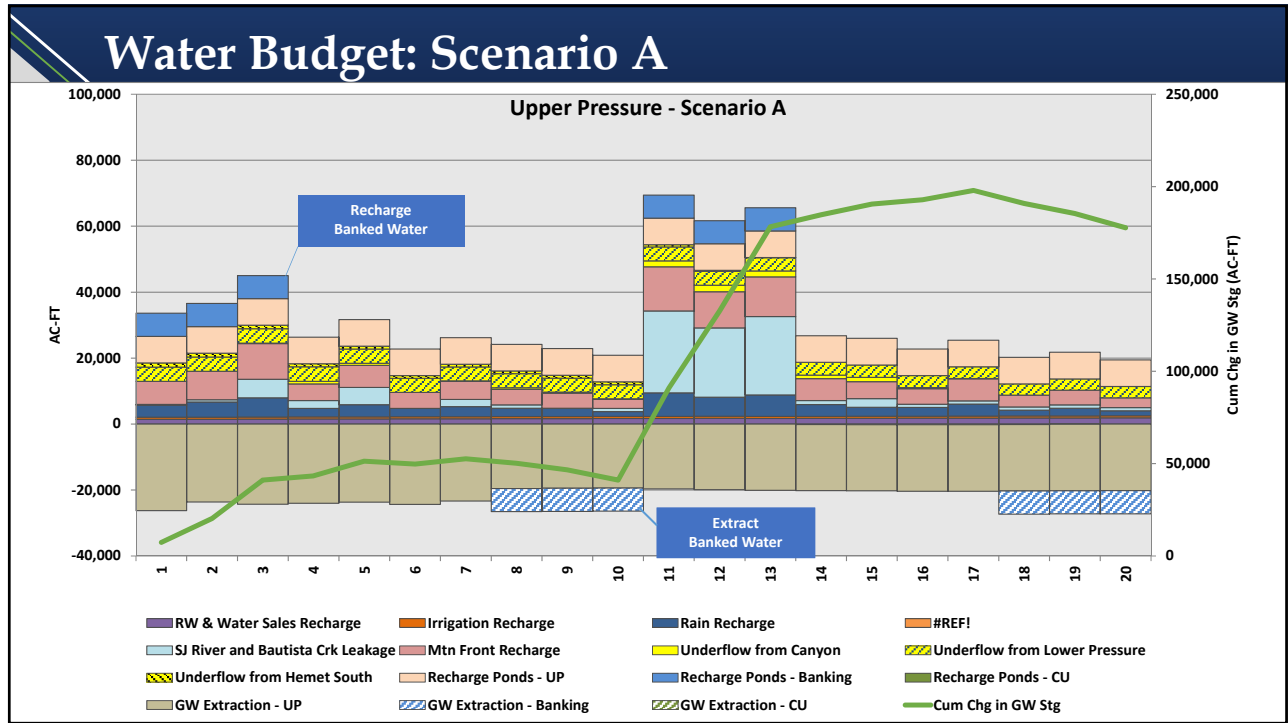


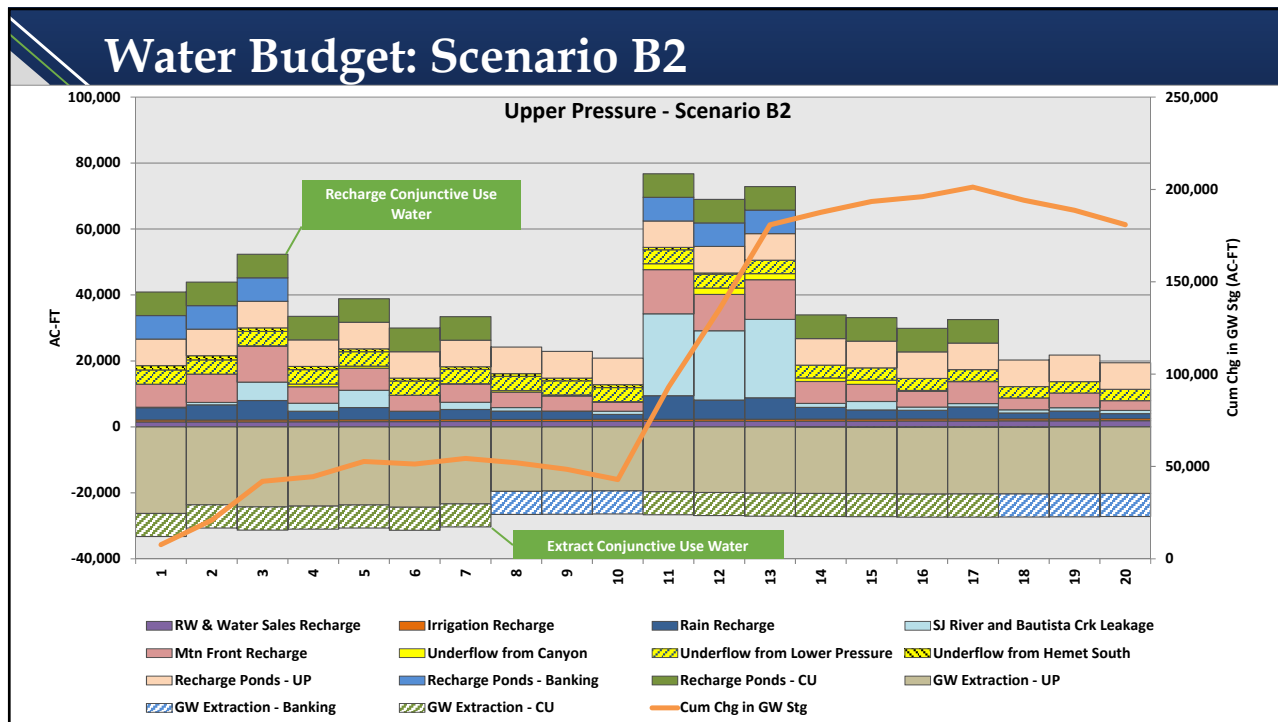


Basin GW Budget & Storage

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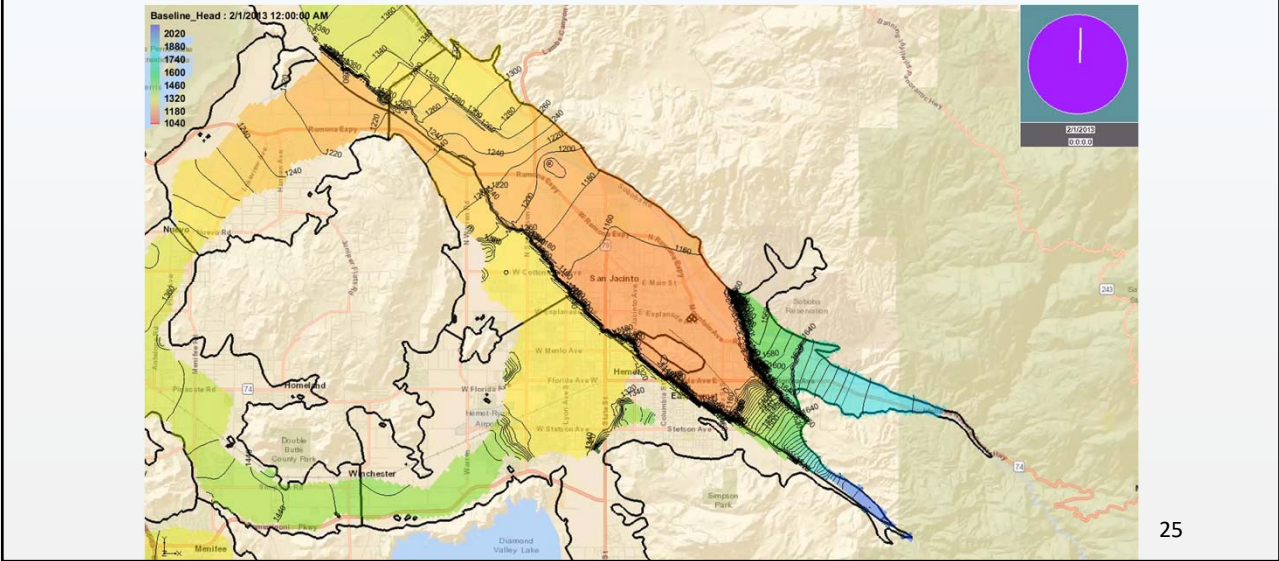




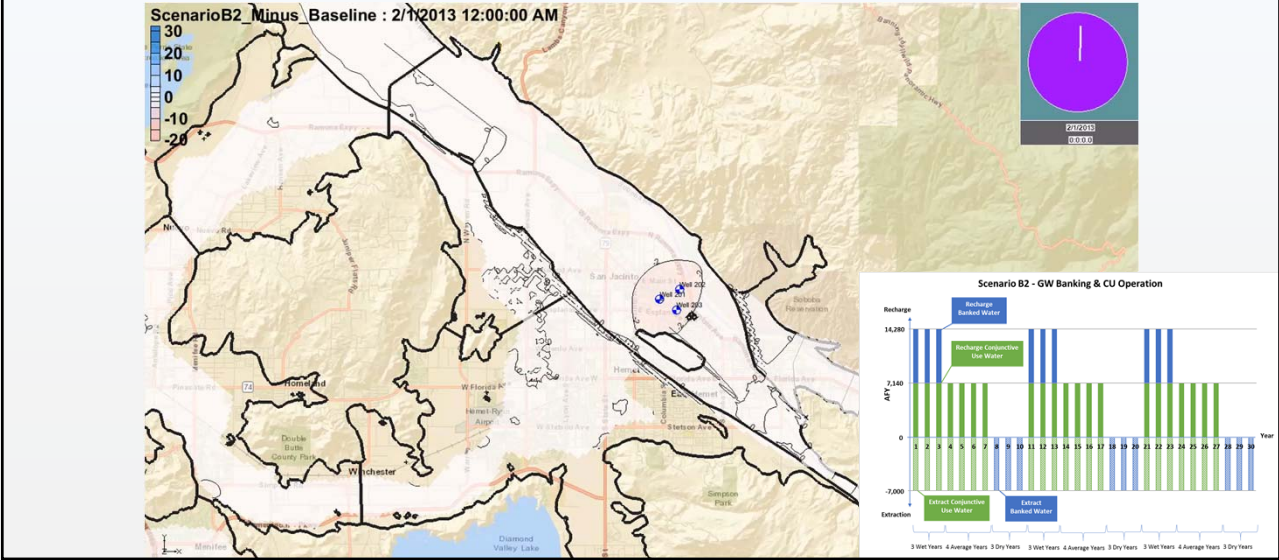


Groundwater Levels

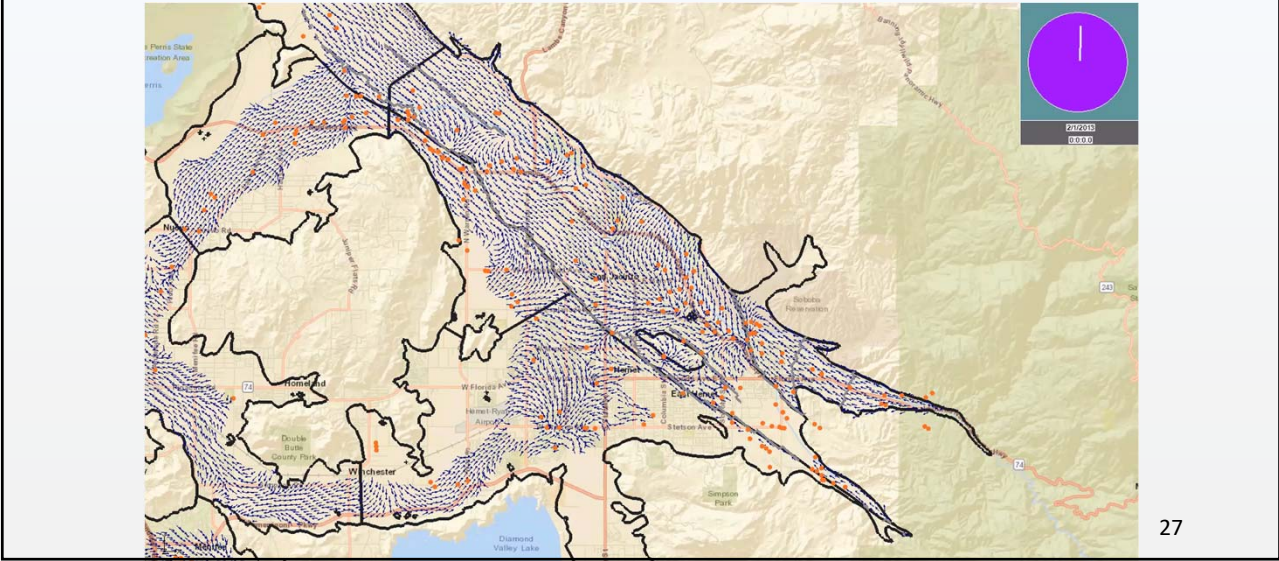
Baseline - Head Animation



Head Difference Animation Scenario B2 vs. Baseline

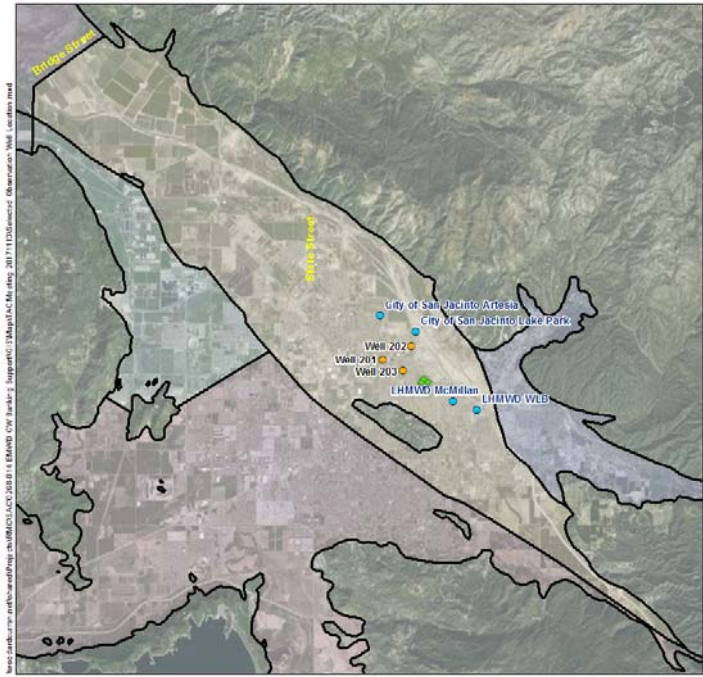


Flow Vector Animation (Scenario B2)



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Selected Observation Well Location



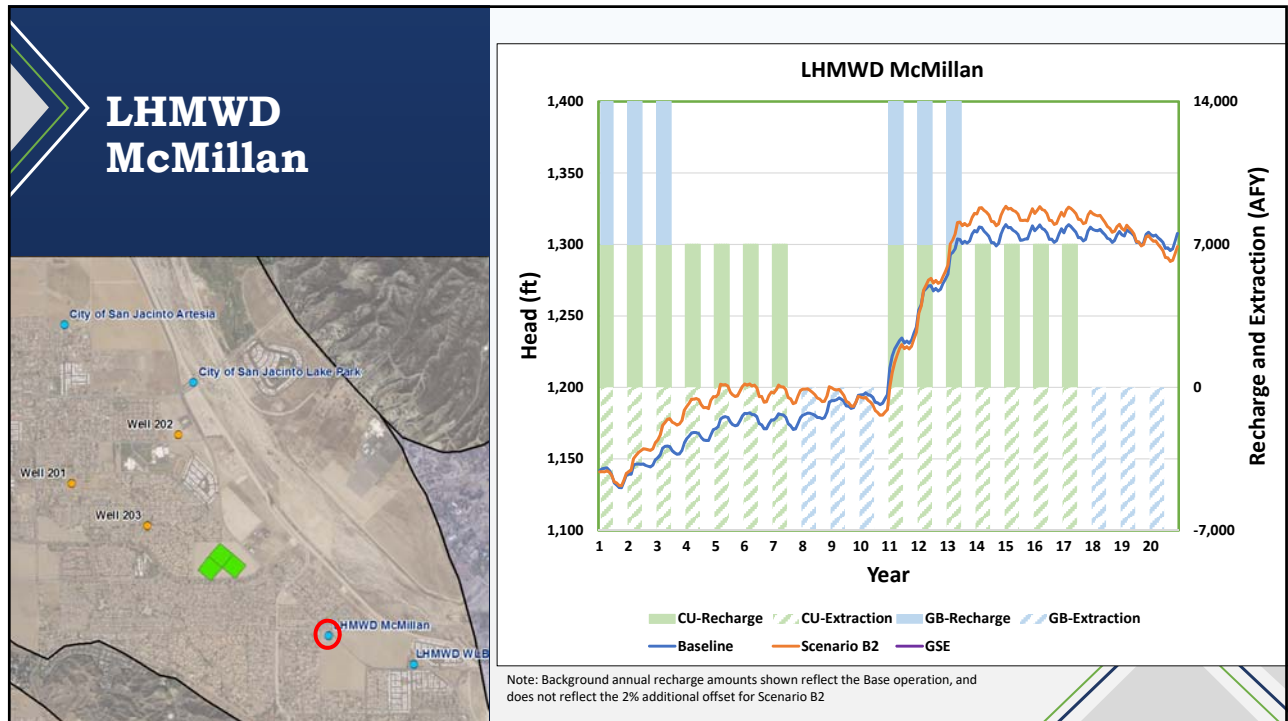
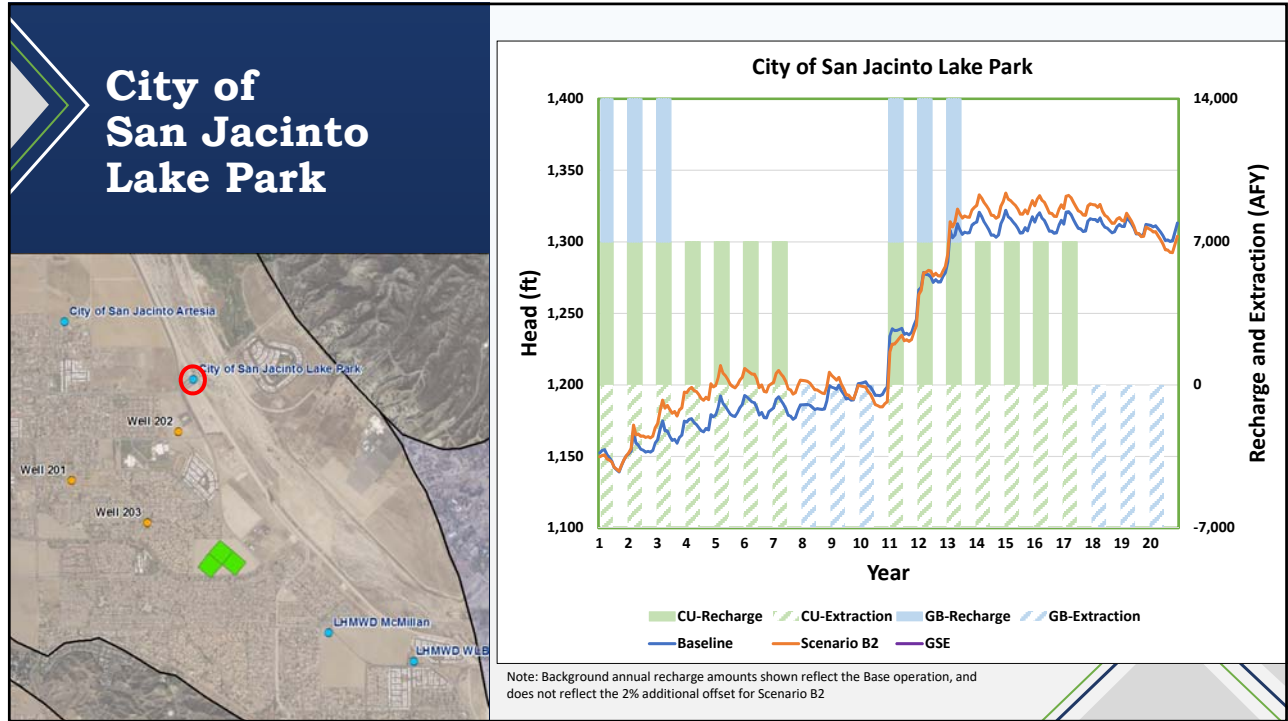
EMWD Groundwater Banking Support



Selected Observation Well Location

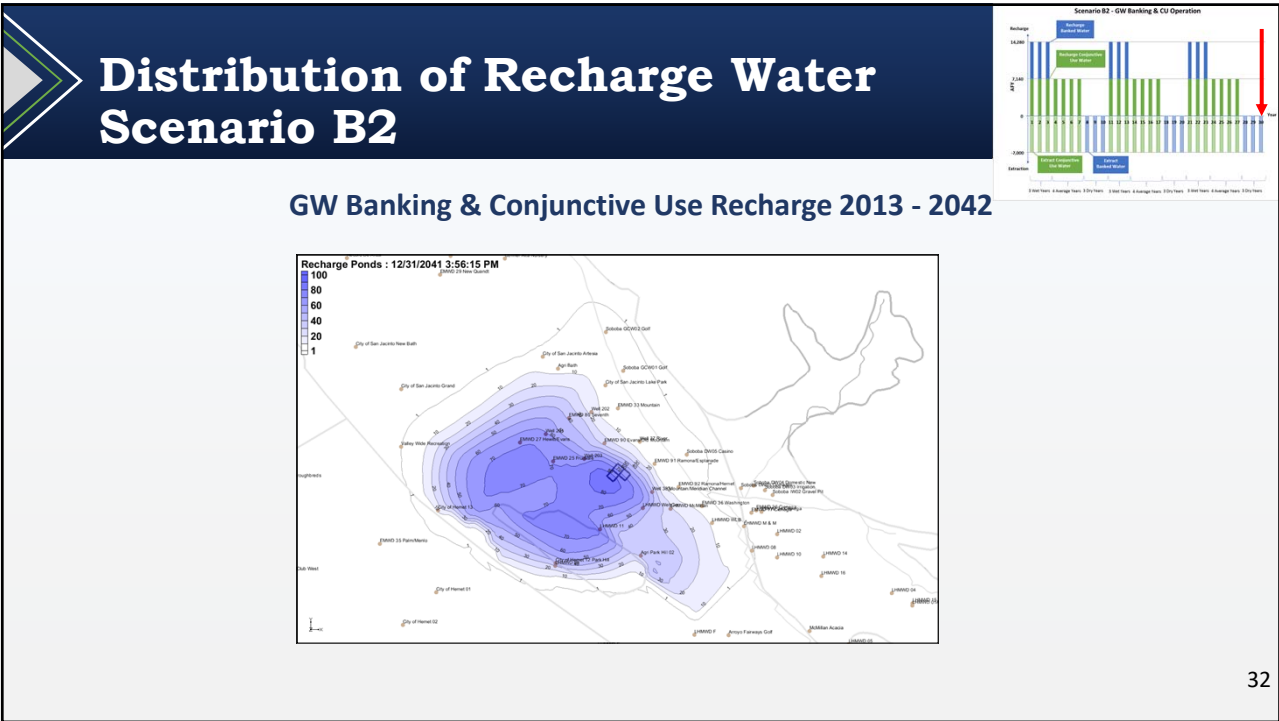
- Legend**
- Selected Observation Wells
 - EMWD Wells 201 - 203
 - Recharge Pond
 - San Jacinto Basin
 - Upper Pressure
 - Lower Pressure
 - Hemet North
 - Hemet South
 - Canyon
 - Lakeview





Recharge Water Fate

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Groundwater Elevation Monitoring

- Four Key wells are proposed to be used for monitoring the project operations over time
- New monitoring wells:
 - 8 shallow
 - 3 multi-point deep



Summary & Next Steps

- Proposed Project has no significant impacts on:
 - GW Storage in the UP
 - GW Levels in nearby wells
 - GW Quality on the UP
 - San Jacinto River Recharge Potential
 - Prior Agreements and operations
- Displaced water from Lower Pressure:
 - Water Banking and Conjunctive Use Combined- Approximately 1% of total recharge
 - Water Banking only- To be included in the Technical Memorandum
 - Conjunctive Use only- Additional analysis may be requested
- Finalize Technical Memorandum
- Support GW Banking Agreement between EMWD and WM



Questions?

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Soboba Settlement Recharge Update

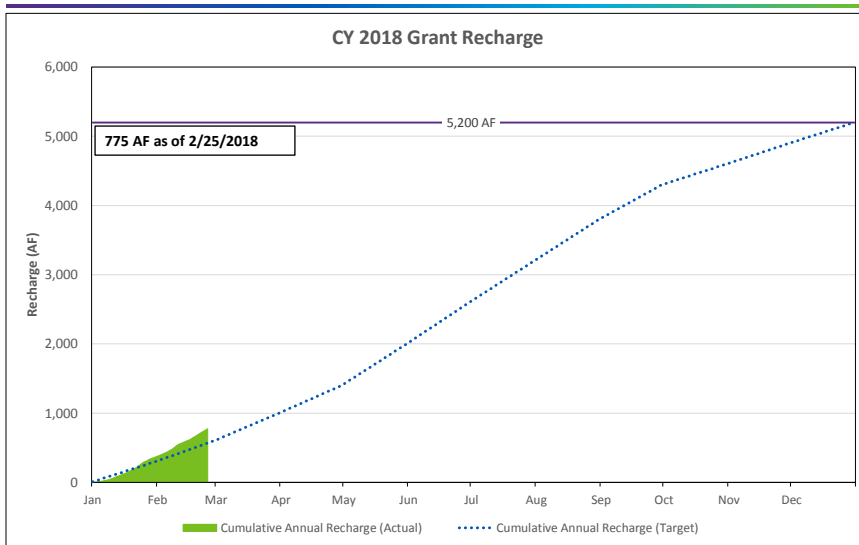
Brian J. Powell, P.E.
February 26, 2018

Total Soboba Settlement Recharge

February End of Month (EOM) / Month to Date (MTD) Status Update				2018 End of Year (EOY) / Year to Date (YTD) Status Update			
	Grant	ISBP	Total		Grant	ISBP	Total
Previous MTD Recharge (AF)	281.3	759.3	1,031.6	Previous YTD Recharge (AF)	687.4	2,496.7	3,144.1
Weekly Total (AF)	127.1	398.3	435.3	Weekly Total (AF)	127.1	398.3	435.3
Current MTD Recharge (AF)	408.4	1,058.5	1,466.9	Current YTD Recharge (AF)	774.5	2,895.0	3,579.4
EOM Recharge Goal (AF)	300.0	1,750.0	2,050.0	EOY Recharge Goal (AF)	5,200.0	18,130.0	23,330.0
Recharge to EOM goal (AF)	0.0	691.5	691.5	Recharge to EOY goal (AF)	4,425.6	15,325.0	19,750.6
Avg Rate - Past Week (gpm)	4,108.1	9,965.0	14,073.0	Avg Rate - Past Week (gpm)	4,108.1	9,965.0	14,073.0
Avg Rate to Month Goal (gpm)	0.0	52,156.5	52,156.5	Avg Rate to Annual Goal (gpm)	3,240.9	11,222.7	14,463.6
Avg Rate - Past Week (lfs)	9.2	22.2	31.4	Avg Rate - Past Week (lfs)	9.2	22.2	31.4
Avg Rate to Month goal (lfs)	0.0	116.2	116.2	Avg Rate to Annual goal (lfs)	7.2	25.0	32.2
Daily Recharge Statistics							
	Mon (02/19)	Tue (02/20)	Wed (02/21)	Thu (02/22)	Fri (02/23)	Sat (02/24)	Sun (02/25)
ISBP South Recharge (AF)	19.9	22.0	20.1	18.5	20.3	20.5	17.5
ISBP South Avg Flow (gpm)	4,498.6	4,980.5	4,552.9	4,193.1	4,593.6	4,627.5	3,971.3
ISBP South Avg Flow (lfs)	10.0	11.1	10.1	9.3	10.2	10.3	8.8
ISBP North Recharge (AF)	20.0	22.2	25.7	24.5	26.5	27.2	23.4
ISBP North Avg Flow (gpm)	4,523.4	5,021.3	5,813.3	5,532.7	6,003.4	6,145.9	5,297.3
ISBP North Avg Flow (lfs)	10.1	11.2	13.0	12.3	13.4	13.7	11.8
Grant Recharge (AF)	16.0	20.4	18.9	18.6	17.9	18.6	16.6
Grant Avg Flow (gpm)	3,629.6	4,009.4	4,288.1	4,213.4	4,041.5	4,215.7	3,758.6
Grant Avg Flow (lfs)	8.1	10.3	9.6	9.4	9.0	9.4	8.4
Total Recharge (AF)	55.9	64.6	64.8	61.6	64.7	66.2	57.6
Total Average Flow (gpm)	12,651.6	14,611.2	14,654.2	13,939.2	14,638.4	14,989.1	13,027.3
Total Average Flow (lfs)	28.3	32.6	32.6	31.1	32.6	33.4	29.0
High / Low Temp (F)	52/31	57/28	68/43	54/38	55/38	58/34	66/35
Weather Conditions	Overcast/Clear	Overcast/Clear	Sunny/Clear	Overcast/Clear	Overcast/Clear	Overcast/Clear	Sunny/Clear
Raw Water Pipeline Supplies / Demands							
	Mon (02/19)	Tue (02/20)	Wed (02/21)	Thu (02/22)	Fri (02/23)	Sat (02/24)	Sun (02/25)
EM-14 (lfs)	44.0	44.3	38.6	38.9	39.3	41.0	42.5
EM-14 (% of Capacity)	93%	93%	81%	82%	83%	86%	89%
HWFP Finished Water (lfs)	6.1	6.1	5.9	5.9	5.9	8.0	9.2
UNWFP - Marshall St (lfs)	9.7	8.6	4.8	4.0	1.5	0.0	0.0



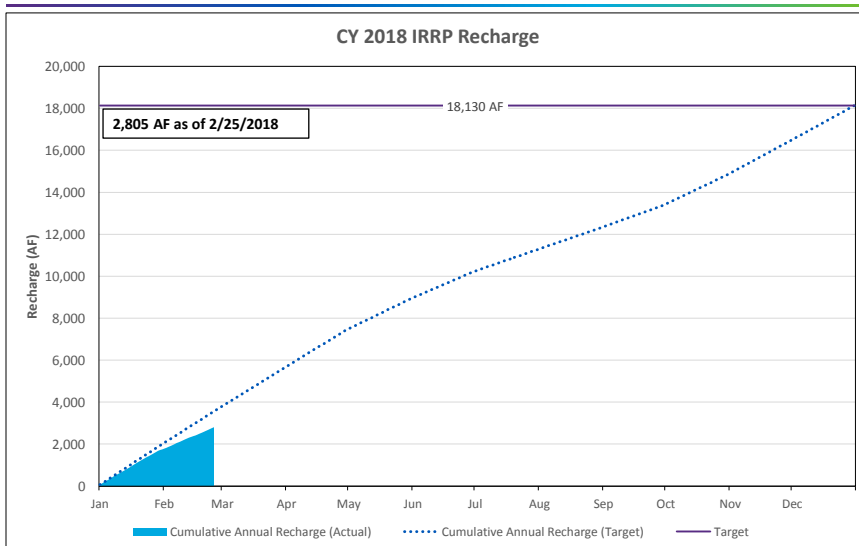
Soboba Recharge at Grant Ponds to Date for 2018



3 | emwd.org



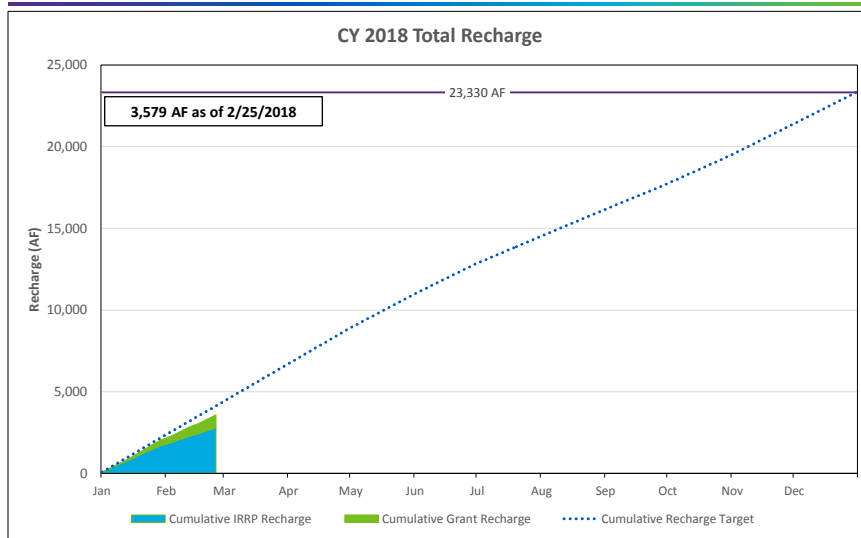
Soboba Recharge at IRRP Ponds to Date for 2018



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Total Soboba Recharge to Date for 2018



5 | emwd.org



Photos



Recharge at Grant Ponds



7 | emwd.org



Silt Removal at Grant Ponds from End of 2017



8 | emwd.org



Silt Removal at Grant Ponds from End of 2017



9 | emwd.org



IRRP Ponds



10 | emwd.org



Recharge at IRRP Ponds



11 | emwd.org



IRRP North Channel Repair



Repairs in the channel from erosion at
IRRP North

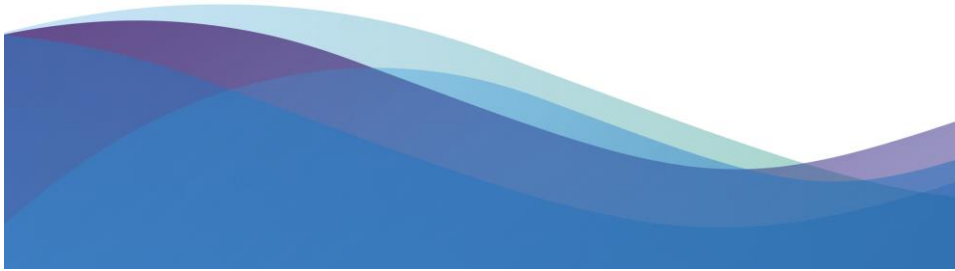


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Projected Deliveries for 2018



Projected Deliveries for 2018

Projected EM-14 Deliveries (AF) for CY 2018					
	Hemet Water Filtration Plant	Agricultural Customers	Lake Hemet Municipal Water District	Estimated Soboba Recharge for 2018	TOTAL
January *	300	0	0	2,300	2,600
February *	300	0	0	2,050	2,350
March *	300	10	0	2,290	2,600
April *	300	10	0	2,210	2,520
May	300	20	200	2,080	2,600
June	300	40	300	1,880	2,520
July	400	40	500	1,660	2,600
August	400	50	500	1,650	2,600
September	400	50	500	1,570	2,520
October	400	40	400	1,760	2,600
November *	300	20	300	1,900	2,520
December *	300	20	300	1,980	2,600
TOTAL	4,000	300	3,000	23,330	30,630

* = Recharge may be a lower amount due to wet weather

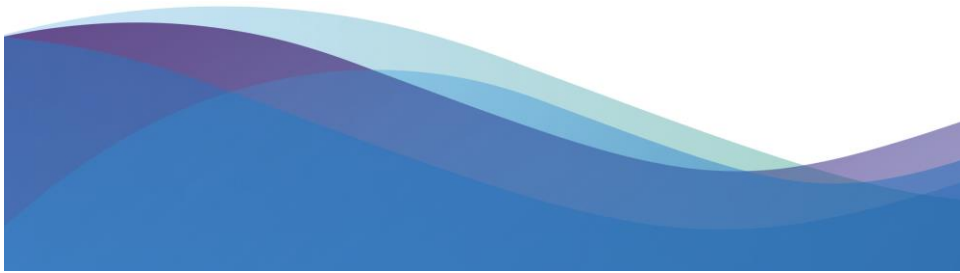
Actual EM-14 Deliveries for CY 2018 (AF)					
	Hemet Water Filtration Plant	Agricultural Customers	Lake Hemet Municipal WD	Recharge	Total
January	275.2	0.5	220.8	2,112.5	2,609.0





Contact Information

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AGENDA

HEMET – SAN JACINTO WATERMASTER BOARD OF DIRECTORS

May 21, 2018

4:00 pm

EMWD - Board Room
2270 Trumble Road, Perris, CA 92750

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

I. PUBLIC COMMENTS

Any person may address the Board on any subject within the Watermaster's jurisdiction which is not on the agenda. However, any non-agenda matter that requires action will be referred to staff for a report and action at a subsequent Board meeting. Any person may also address the Board on any agenda matter at the time that matter is discussed, prior to Board action.

II. ADDITIONS/DELETIONS TO THE AGENDA

III. REPORTS

The following agenda items are reports. They are placed on the agenda to provide information to the Board and public. There is no action called for in these items.

A. Board Member Comments/Questions/Reports

- Rules and Regulations Committee.
- Reserves and Investments Committee.

B. Advisor Report

C. Legal Counsel Report

D. Treasurer Report

IV. CONSENT CALENDAR

A. Approval of Minutes – February 26, 2018 Regular Board Meeting.

Recommendation: Adopt a motion to approve item A on the Consent Calendar.

Consent Calendar items are expected to be routine and non-controversial and are to be acted upon by the Board at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it will be removed from the Consent Calendar for separate action.

V. ACTION ITEMS

The following items call for discussion and possible action by the Board. These items are placed on the Agenda so that the Board may discuss and possibly take action on the items if the Board desires.

- A. 2017 Carry-Over Credit Accounts – Summary of the Carry-Over Credit Accounts as of December 31, 2017.

Recommendation: Receive and File Carry-over Credit Account Balances.

- B. Groundwater Storage Change Calculations – Presenting estimated groundwater storage changes between 2016 and 2017 using the methodology used in the previous year.

Recommendation: Receive and file estimated storage change between the years 2016 and 2017.

- C. Consideration to Approve Revised Rules and Regulations and Records Retention Schedule Documents – The Rules and Regulations document was adopted on September 23, 2013 and amended on May 18, 2015. The proposed revised document was prepared by two Board Committees (the Rules & Regulations plus the Reserves & Investments). The Records Retention Schedule is a new document clarifying the duration different documents should be retained by the Watermaster.

Recommendation: Adopt a motion to approve the Revised Rules and Regulations and the Records Retention Schedule, and instruct Legal Counsel to submit the Rules and Regulations document to the Court for approval.

- D. Consideration to Approve Conservation and Storage Agreement with EMWD – Summary of the proposed Agreement.

Recommendation: Adopt a motion to approve Conservation and Storage Agreement with EMWD.

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

- A. Proposed EMWD Conservation and Storage Project - Presentation by Woodard & Curran (RMC) to review the technical data and updated model results related to the proposed EMWD Storage Project.

- B. Department of Water Resources Reporting Under Water Code 10720 – Summary of the information that was provided to DWR as part of the Sustainable Groundwater Management Act requirements.

- C. Insurance Agreement with Edgewood Partners Insurance Center – Renewed insurance agreement effective April 1, 2018 - March 31, 2019 for commercial general liability, public officials and management liability, and commercial excess liability coverage with Allied World Assurance Company for \$3,102 per year.

- D. Updated Information on the 2017 Annual Report – Presentation to summarize changes/comments that were included on the 2017 Annual Report after Board's approval of the report on February 26, 2017.

- E. Status of the Soboba Imported Water Recharge - Presentation by EMWD, on the status of the Soboba Imported Water deliveries and recharge at the Grant Avenue and IRRP ponds.

F. Future Agenda Items - If Board Members have items for consideration at a future Board Meeting, please state the agenda item to provide direction to the Advisor.

VII. CLOSED SESSION – NONE

VIII. ADJOURNMENT

Next Regular Board of Directors Meeting

August 27, 2018 at 4:00 pm at:

Eastern Municipal Water District Board Room
2270 Trumble Road, Perris, CA 92750

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans With Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such a request to the Watermaster Executive Assistant at 714-707-4787, at least 48 hours before the meeting, if possible.

Pursuant to Government Code Section 54957.5, any writing that (a) is a public record; (b) relates to an agenda item for an open session of a regular meeting of the Watermaster Board of Directors; and (c) is distributed less than 72 hours prior to that meeting, will be made available for public inspection at the time the writing is distributed to the Board of Directors. Any such writing will be available for public inspection at Watermaster's office located at 2270 Trumble Road, Perris, CA 92750.

Minutes
Hemet-San Jacinto Watermaster Board of Directors Meeting
Eastern Municipal Water District
May 21, 2018

The Watermaster Board of Directors met in Regular Session in the Board Room at EMWD Headquarters, 2270 Trumble Road, Perris, California, on *Monday, May 21, 2018*. The meeting was called to order by Vice - Chair Hoffman at 4:05 p.m.

Board Members Present:	Rick Hoffman, Vice-Chair Phil Paule, Secretary/Treasurer Bruce, Scott, Board Member Russ Brown, Alternate Board Member
Board Representative(s) Absent:	Linda Krupa, Chair Andrew Kotyuk, Board Member
Board Alternate (s) Present:	
Watermaster Staff Present:	Thomas Bunn, Legal Counsel (Lagerlof, Senecal, Gosney & Kruse) Behrooz Mortazavi, Advisor (Water Resources Engineers) Michelle Mayorga, Executive Assistant (Water Resources Engineers)
EMWD Staff Present:	Paul Jones, General Manager Joe Mouawad, Assistant General Manager of Planning, Engineering and Construction Nick Kanetis, Deputy General Manager Kelley Gage, Senior Director of Planning and Regulatory Compliance Brian Powell, Director of Groundwater Management & Facilities Planning Khos Ghaderi, Director of Operations Rachel Gray, Water Resources Planning Manager
City of Hemet Staff Present:	Kris Jensen, Public Works Director
City of San Jacinto Staff Present:	Steve Johnson, Consultant
Lake Hemet Staff Present:	Mike Gow, General Manager Frank Gorman, Director F. Douglas Marshall, Director
Others Present:	Ali Taghavi, RMC/Woodward & Curran Howard Tounget

Pledge of Allegiance

The Pledge of Allegiance to the Flag was led by Mr. Brown. Ms. Mayorga conducted the roll call. The City of Hemet was represented by Alternate Board Member, Mr. Brown. Mr. Kotyuk was absent. All other Board Members were present.

I. PUBLIC COMMENTS –*Speakers are requested to limit comments to 3 minutes.*

None

II. ADDITIONS/DELETIONS TO AGENDA

None

III. REPORTS

A. Board Members Comments/Questions/Reports

- Rules and Regulations Committee Report
- Reserves and Investments Committee Report

B. Advisor Report

Mr. Mortazavi reported on recent Watermaster Activities. Attachment 1 shows the complete Advisor Report.

Mr. Mortazavi reported that most of the coordination activities with EMWD have been related to the Conservation and Storage Agreement, Annual Report preparation and the monitoring program data processing.

Since January of 2018, EMWD has recharged about 4,800 AF of Soboba Imported Water at the Integrated Recharge and Recovery project (IRRP) and Grant Avenue Ponds. The recharge activities stopped on March 14, 2018. MWD has delivered its full 7,500 AF obligation for 2018 and has pre-delivered about 3,400 AF toward its 2019 obligation. This is the first time since the formation of the Watermaster that MWD has pre-delivered and stored Soboba Imported Water in the basin.

There have been many communications between EMWD/Watermaster/Woodard Curran regarding the Technical Memorandum (TM) document prepared for the proposed EMWD Water Banking and Conjunctive Use project. Woodard Curran has made two presentations at the TAC Meetings and has responded to the TAC members questions. Dr. Ali Taghavi will have an updated presentation on this subject under Item VI-A.

Final invoices for the 2017 Administrative Assessments were mailed on March 8, 2018 and all have been paid. The 2017 Financial Audit was finalized, and the Auditors' Report is included as part of the 2017 Annual Report. The Auditors required more accurate financial statements. They asked the Watermaster to establish a system of closing procedures to record revenue and expenses in the proper period. Mr. Mortazavi informed the Board that this responsibility has been transferred from the contract bookkeepers (Bell Bookkeeping Services) to the Advisor to improve the accuracy of the financial statements, without any cost increase to the Watermaster. The bookkeeping services contract with Bell Bookkeeping Services was terminated, and accounting support services is now being done by Ms. Mayorga. The Treasurer Report will be provided under Item III-D.

The Technical Advisory Committee had one regular meeting on May 7, 2018. The major items discussed were:

- Review of the Technical Memorandum (TM) findings related to the Conservation and Storage Agreement;
- Review and recommendation on the proposed EMWD/Watermaster Conservation and Storage Agreement;
- The 2017 Carry-Over Credit Accounts;
- Groundwater Storage Change Calculations;
- Department of Water Resources Reporting Under Water Code 10720;
- Updated information on the 2017 Annual Report;
- TAC review and recommendation of the Revised Rules and Regulations and the new Records Retention Schedule; and
- Review of the May 21, 2018 Watermaster Board meeting agenda.

TAC members reviewed and accepted the Revised Rules and Regulations, and the new Records Retention schedule. TAC members were given additional time to review and comment on the TM and the Draft Conservation and Storage Agreement before these items are presented to the Watermaster Board today. Comments received from the TAC Members will be discussed as part of Item V-D presentation. TAC did not request any additional agenda items for today's Board Meeting.

The 2017 Annual Report has been finalized including the changes that will be presented today. TAC members have reviewed all corrections and accepted the changes that are being presented under Item VI-D. The Department of Water Resources (DWR) report required from the Adjudicated Basins under the Sustainable Groundwater Management Act (SGMA) was filed on March 29, 2018. The information filed with DWR is presented under Item VI-B. Class B participants mailing list is ready, and CD's containing the Annual Report will be mailed to the participating Judgment parties this week.

Mr. Bunn and Mr. Mortazavi have had a couple of conference calls and a meeting with the EMWD Team on April 13, 2018, following the February 22, 2018 meeting with EMWD General Manager, General Counsel, and staff, regarding the Draft Conservation and Storage Agreement. The Draft Agreement under Item V-D is a jointly drafted agreement by EMWD and the Watermaster. The TAC and Soboba comments will also be discussed under this Item.

The March 21, 2018, Board Ad-Hoc Committee meeting with the Soboba Tribal Council was rescheduled for June 27, 2018.

EMWD is leading the Basin Boundary Modification process with DWR. Handling of the unmanaged fringe areas that are not part of the adjudicated areas and yet must comply with SGMA requirements is a major concern throughout the entire State. The boundary modifications that EMWD is proposing, if accepted by DWR, will redraw the basin boundaries in the San Jacinto Basin, and will revise the eastern boundaries to be comparable with the Adjudicated basin boundaries. This change is expected to eliminate any unmanaged fringe areas to the east and south of the Hemet-San Jacinto Watermaster area. EMWD will be conducting a public meeting for this purpose on May 31, 2018.

EMWD is re-drilling Well 80, and the Mountain Avenue West Recharge Ponds are currently at 75% design. EMWD is also recalculating the cost for Phase I Project Water Delivery and Recharge. LHMWD is conducting a rate study and are also re-drilling Well 8. The City of Hemet is using more of its Phase I water due to water quality issues at two of the city wells. The City is also working on its Conservation Rate Structure. TAC representative for the City of San Jacinto has changed. The City is rehabbing its Grant Well. A summary of the State's water resources conditions as of April 30, 2018 (prepared as part of the MWD General Manager's May 2018 Report to MWD Board) is attached.

There were no questions regarding the Advisor's Report.

C. Legal Counsel Report

Mr. Bunn did not have anything to report.

D. Treasurer Report

Mr. Paule and Mr. Mortazavi reviewed the Treasurer Report with the Board. Attachment 2 shows the complete Treasurer Report.

Mr. Mortazavi also reviewed the pending payments and receivables. The 2017 Budget is still included in the Treasurer Report to the Board because there are few items in the 2017 Budget that are not fully paid for or completed.

There were no questions regarding the Treasurer's Report.

IV. CONSENT CALENDAR

Accept Motion for approval of Consent Calendar

A. Approval of Meeting Minutes – February 26, 2018 Regular Board Meeting

Recommendation: Adopt a motion to approve the Consent Calendar.

Motion: Paule

Noes: None

Seconded: Brown

Abstain:

Ayes: Hoffman, Scott

Motion Passes

Attachment 3 shows a copy of the February 26, 2018 Board Meeting Minutes.

V. ACTION ITEMS

A. 2017 Carry-Over Credit Accounts

Mr. Mortazavi stated as of December 31, 2016, approximately 6,050 AF was overdue from MWD, and approximately 45,2012 AF in the Carry-Over Accounts. By the end of 2017, MWD made up the deficit and pre-delivered an additional 6,136 AF, and the Carry-over accounts increased to approximately 57,074 AF. It is the advisor recommendation to receive and file the 2017 Carry-Over Credit Accounts Summary Data.

There were no questions for the Advisor.

Attachment 4 shows the Complete Presentation.

Recommendation: Receive and File Carry-Over Credit Account Balances

Motion: Brown

Noes: None

Seconded: Scott

Abstain: None

Ayes: Paule, Hoffman

Motion Passes

B. Groundwater Storage Change Calculations

Mr. Mortazavi reviewed the information on the Groundwater Storage Change estimates from Spring 2016 to Spring 2017. The Storage Change Methodology uses the 2014 San Jacinto Groundwater flow model (SJFM-2014) information and the water level data collected as part of the Annual Monitoring Program to calculate the storage change in the Hemet-San Jacinto Management area. The change in groundwater storage from Spring 2016 to Spring 2017 is estimated to be 4,037 AF. It is the advisor's recommendation to include Storage Change estimates in the Annual Report and to file the Annual Report Information (including Storage Changes) with DWR as part of the Sustainable Groundwater Management Act requirements.

There were no questions for the Advisor.

Attachment 5 shows complete Presentation

Recommendation: Receive and file estimated storage change between the years 2016 and 2017

Motion: Paule

Noes: None

Seconded: Scott

Abstain: None

Ayes: Hoffman, Brown

Motion Passes

C. Consideration to approve Revised Rules and Regulations and Records Retention Schedule Documents

Ms. Gage reviewed some of the changes to this document including the change to outline and broaden the scope of how items are brought to the Board, including all matters related to other external agreements that affect the Watermaster. Some of the new changes include ability of TAC members to add items to the Board Agenda; addition of the Records Retention Schedule; and financial provisions for the draft annual budget be distributed to the Board on or before September 30th of each year. A Special Budget Workshop could be held before September 30th, or at the discretion of the Board the information can be provided at a regular Board meeting but prior to the regular Board meeting which the budget is approved. Changes to the Exhibit A of the Rules and Regulations (the Investment Policies, Procedures, Requirements and Limitations) included the global change to the language for the maximum maturity of any one security, which previously stated 5 years, and changed to 12 months in the current version. Other changes include: addition of bond insurance and the addition of any other type of investment, provided

that its issuing institution shall be rated “A” or better by a nationally recognized statistical rating organization.

There were no questions for Ms. Gage.

Recommendation: Adopt a motion to approve the Revised Rules and Regulations and the Records Retention Schedule, and instruct Legal Counsel to submit the Rules and Regulations document to the Court for approval.

Motion: Paule

Noes: None

Seconded: Brown

Abstain: None

Ayes: Hoffman, Scott

Motion Passes

D. Consideration to Approve Conservation and Storage Agreement with EMWD

Mr. Mortazavi reviewed a summary of the modelling work and the agreement highlights. The modelling work showed that: 1) There is adequate storage in the basin for the proposed project; and 2) The proposed project has no significant impacts on the groundwater storage in the Upper Pressure Basin; the groundwater levels in the nearby wells; or the San Jacinto River recharge during wet years. The model estimated the displaced water from the Lower Pressure to be approximately 4% for the water banking element, and negligible for the conservation (put and take) Element.

The Agreement recognizes the project to have two elements: Groundwater Storage (Water Banking) that can store up to 21,000 AF in the Upper Pressure Basin at any given time, and Conservation (put and take) element that can recharge the Basin and extract up to 7,000 AF per year. The total recharge could exceed 7,000 AF in any given year, but total extraction in any given year shall not exceed 7,000 AF. The water will be recharged before extraction, and the extracted water will be used within the Management Area. The recharge will occur in the Upper Pressure Basin at the Mountain Avenue West and/or existing IRRP recharge ponds. The project will use the existing Phase I Project pipeline for the delivery of recharge water, and EMWD will pay its pro-rata share for repairs and replacement of the pipeline. The Groundwater Modelling results are used to determine water losses (4% losses for the Water Banking Element, and 0% losses for the Put and Take Element). Recharge of the Soboba Settlement Water would remain at the highest priority. Interference with other production wells will be handled directly between EMWD and affected parties. However, Watermaster can reduce or modify project activities under adverse impacts to other producers. EMWD will be responsible to meet all environmental and regulatory requirements during construction and operation of the project. EMWD will also provide Annual Reports projecting recharge and recovery for the upcoming year, plus quarterly reports of recharge, losses and quantity of water in storage. In addition, EMWD will collect data from 8 shallow wells and 3 multi-depth wells in the vicinity of the proposed Mountain Avenue West recharge ponds. The Watermaster will have the first right to purchase recharged water from the project. The contract duration is 20 years beginning in 2020 and can be automatically renewed for another 20 years.

Mr. Paule asked if there will be a timeframe for the contract renewal? Mr. Mortazavi said the renewal is automatic, but each party can request cancellation of the agreement within the last 12

months prior to the contract's initial 20-year term. Mr. Bunn clarified that the displaced water identified in the modeling work is considered a loss in the agreement. He stated that Judgement requires the groundwater pumped by the project to exclude any losses. Under the proposed Agreement, EMWD will be able to recover 96% of the recharged water under the Water Banking element of the project; and can extract all of the recharged water under the Conjunctive Use (Put and Take) element.+

Mr. Mortazavi reviewed all the comments from TAC Members. The city of Hemet's legal counsel, Mr. Eric Vail has suggested some language changes be added to Section 2 and Section 7 of the Draft Agreement (The Right to Store and Water Quality). In the Right to Store Sections, the revised language reads: "Eastern acknowledges and agrees that the Right to Store Imported and or Supplemental Water pursuant to this agreement is limited by, and subordinate to, the prior and superior right of each member agency of the Watermaster to store its unused shares of existing and future Imported Eater and carryover credit. In the Water Quality Section, Mr. Vail requested to add "Eastern further agrees that Eastern shall be solely responsible for the cost and implementation of any mitigation or remediation measures required by the Regional Water Quality Control Board or other governmental entity of competent jurisdiction related to water recharged and/or stored pursuant to this Agreement." Mr. Mortazavi said EMWD has agreed to add Mr. Vail's suggested changes, and the Agreement recommended for approval includes the revised language.

LHMWD concern regarding the Agreement is about potential new extraction wells in the LHMWD service area and the impact to LHMWD existing wells. Even though the three new wells to be drilled for the proposed project are outside of LHMWD service area, the potential boundary shown on Exhibit C of the Agreement encroaches into LHMWD area. Mr. Mortazavi stated, EMWD is going to work with the member agencies in regard to any impacts to the nearby wells when drilling new wells. Another concern that LHMWD has is regarding the recharged water that is intended to be part of the put and take (Conjunctive Use) operation but remains in the basin longer than one year. LHMWD questions when would recharge water be converted/reclassified as Banked water? Mr. Mortazavi stated, the recharged water will be monitored by EMWD, and he is convinced that given EMWD's comprehensive imported water and groundwater operation system in the Management Area, EMWD can meet the put and take (Conjunctive Use) requirements without allowing excess water remaining in the basin at the end of each year.

Mr. Mortazavi stated the city of San Jacinto comments are more technical. While reviewing the City of San Jacinto's comment letter, he said the first comment refers to the "input" into the basin storage and the comment states the agreement does not clearly define actual "stored water" separately from the basin's natural supply. Mr. Mortazavi said this is a technical issue and when he asked the City's TAC representatives, the City provided no suggested language for the agreement regarding this comment. Therefore, he is not recommending any changes to the Agreement as a result of this comment. The second comment refers to concerns that under a different future water storage agreement, unexpected losses from the basin storage can occur that can impact the basin's water supply. Mr. Mortazavi acknowledges that such conditions may arise, but he thinks such conditions should be addressed under the different future storage agreement and not this agreement. The City's third comment refers to a request for the Watermaster (EMWD) to determine the direct relationship of stored water in the basin, to the water levels in selected key wells, and present this information to TAC for review. Mr. Mortazavi

said that this comment is a data evaluation/review and he does not think such reviews will change the requirements for this agreement, therefore he is suggesting no changes to the proposed Agreement. In addition, he stated that when he asked the City representatives, he received no suggested language to the agreement for this comment. The fourth comment by the City of San Jacinto requests the Watermaster (EMWD) to include some pre-defined minimum water levels in the selected key wells, as “trigger water levels”. Mr. Mortazavi stated the basin water level fluctuation is due to many different factors and setting a trigger water level based on just one activity in the basin (aka this Agreement) requires extensive detail data from all the basin activities that are not available, therefore he does not support any changes to the agreement and setting a trigger water level, when such detail data don’t exist. The last comment by the City of San Jacinto suggested that the proposed project may cause changes to the basin water quality and suggested water quality monitoring be added to Section 7 of the Agreement. Mr. Mortazavi stated water quality monitoring is conducted throughout the entire basin, and he does not suggest any changes to the draft Agreement as a result of this comment. He also stated that when he asked the City representatives to provide their suggested language changes to the agreement, he received no suggested language to the agreement for this comment.

Mr. Mortazavi stated that Soboba Tribe concern is with respect to the impact of this agreement to the priority of the Soboba Imported Water and MWD recharge obligations under the Settlement Agreement. Mr. Mortazavi said this concern is addressed in the agreement, and Soboba Imported Water will have a higher priority compared to the deliveries that will take place under this agreement.

Mr. Mortazavi recommended that the Board approve the Conservation and Storage Agreement with EMWD.

Attachment 7 shows complete Presentation and TAC Members Comments

Recommendation: Adopt a motion to approve Conservation and Storage Agreement with EMWD.

Motion: Paule

Noes: None

Seconded: Brown

Abstain: None

Ayes: Hoffman, Scott

Motion Passes

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

A. Proposed EMWD Conservation and Storage Project

Dr. Taghavi, consultant with Woodard and Curran (RMC), reviewed the modeling work done for the proposed Water Banking and Conjunctive Use in San Jacinto Valley. The Program Goals and Objectives were briefly reviewed. Mr. Taghavi pointed out that even though the model simulations were for 30-year cycles, the results presented are for 20 years, because the agreement term is 20-years. The Project Operational Objectives that are validated by the model simulations include utilizing available aquifer space to store recharged water; maximizing extraction of previously stored water without loses; minimizing impacts on nearby production wells; minimizing adverse water quality conditions; minimizing impacts on stream recharge during wet years while honoring previous agreements and priorities. The groundwater displaced from the Hemet-San Jacinto Water Management area would be approximately 4.15% and -.062%

during groundwater Banking and Conjunctive Use operations, respectively. Dr. Taghavi summary conclusion is that:

- The groundwater basin has adequate storage for the proposed Conservation and Storage Project; and
- The proposed project has no significant impacts on:
 - Groundwater storage in the Upper Pressure and the Water Management Area,
 - Groundwater levels in nearby wells,
 - Groundwater quality in the Upper Pressure or the Water Management Area,
 - San Jacinto River recharge potential, and
 - any prior Agreements and operations.

Dr. Taghavi estimates the proposed project operational water displacement over a 20-year period to be 4% of the recharged water for the Groundwater Banking Element, and practically no displacement for the Conjunctive Use Element.

Dr. Taghavi stated, the proposed project will benefit the Water Management Area by alleviating basin overdraft and by providing additional long-term water supply reliability to the region.

Mr. Hoffman wanted to confirm that the recharged water is State Project Water and not Colorado River Water. Mr. Mortazavi explained that the Agreement requires the recharged water to meet the Regional Board requirements. Mr. Hoffman also asked how long does the water take to get into the saturated zone of the Aquifer? Dr. Taghavi said the percolation at the ponds is approximately 6 feet per day. He also stated the model doesn't simulate the travel-time between when recharge occurs and when it shows up in the aquifer system.

Attachment 8 shows complete presentation.

B. Department of Water Resources Reporting Under Water Code 10720

Mr. Mortazavi reviewed the information that was provided to the Department of Water Resources (DWR) which included: groundwater elevation data; aggregated groundwater extraction data; surface water supply data; total water use data; change in groundwater storage estimates; and the Annual Report.

Attachment 9 shows complete presentation.

C. Insurance Agreement with Edgewood Partners Insurance Center

Mr. Mortazavi explained that insurance was renewed for another year.

D. Updated Information of the 2017 Annual Report

Mr. Mortazavi reviewed the updated information since the last Board Meeting presentation in February. The Annual Demand Table; Carry-Over Credits Table and the list of Agreements and Resolutions were all updated.

Attachment 10 shows complete presentation.

E. Status of the Soboba Imported Water Recharge

Mr. Powell reported that the target recharge for 2018 was 18,130 AF. However, the total recharge as of March 14, 2018 was 4,782.5 AF. As of March 15, 2018, MWD stopped delivery of any more Soboba Imported Water for 2018. Approximately 1,363.7 AF of recharge in 2018 was to satisfy 2018 obligations, and the remaining balance was pre-delivery for 2019. EMWD is not expecting to receive any more recharge water for the rest of 2018.

There were no questions for Mr. Powell.

F. Future Agenda Items

None

VII. CLOSED SESSION

None

VIII. ADJOURNMENT

There being no further business to come before the Board; Mr. Hoffman adjourned the meeting at 5:22 p.m., to be reconvened on Monday, August 27, 2018 at 4:00 p.m. (Adjourned Regular Meeting).

Watermaster Advisor Report

May 21, 2018

EMWD Related Coordination/Activities:

- Most of the coordination activities with EMWD have been related to the Conservation and Storage Agreement, Annual Report preparation, and monitoring program data processing.
- Since January of 2018, EMWD has recharged about 4,800 AF of the Soboba Imported Water at the Integrated Recharge and Recovery Project (IRRP) and Grant Avenue ponds. The recharge activities stopped on March 14, 2018. MWD has delivered its full 7,500 AF obligation for 2018 and has pre-delivered about 3,400 AF toward its 2019 obligation. This is the first time since the formation of the Watermaster that MWD has pre-delivered and stored Soboba Imported Water in the basin. EMWD will provide more information later today under Item VI-E.
- There have been many communications between EMWD/Watermaster/ Woodard Curran (formerly RMC) regarding the Technical Memorandum (TM) document prepared for the proposed EMWD Water Banking and Conjunctive Use project. Woodard Curran has presented results of the study at two Technical Advisory Committee (TAC) meetings and has responded to the technical questions previously raised by TAC members and Soboba Tribe in the TM. TAC members have provided additional questions/concerns that have been considered in finalizing the TM report. Dr. Ali Taghavi presented the study overview and findings at the Watermaster's February meeting, and will have an updated presentation today under Item VI-A. Information provided by the TM was used in the development of the Conservation and Storage Agreement that will be discussed under Item V-D.

Budget/Accounting Related Activities:

- The final invoices for the 2017 Administrative Assessments were mailed out on March 8, 2018 and have all been paid.
- The 2017 Financial Audit was finalized, and the Auditors' Report is included as part of the 2017 Annual Report. The Auditors required more accurate financial statements, asking Watermaster to establish a system of closing procedures to properly record revenue and expenses in the proper period. At the last Board meeting, I informed the Board that this responsibility will be transferred from the contract bookkeepers (Bell Bookkeeping Services) to the Advisor to improve the accuracy of the financial statements, without any increase in the current annual budget. The bookkeeping services contract with Bell Bookkeeping Services was terminated, and this work is now done by Ms. Mayorga.

- The Treasurer Report is provided under Item III-D.

Board & Technical Advisory Committee (TAC) Coordination/Activities:

- TAC had one regular meeting on May 7, 2018, and major discussion items at the meeting were:
 - Review of Technical Memorandum (TM) findings related to the Conservation and Storage Agreement – Item VI-A;
 - TAC review and recommendation on the proposed EMWD/Watermaster Conservation and Storage Agreement – Item V-D;
 - The 2017 Carry-Over Credit Accounts – Item V-A;
 - Groundwater Storage Change Calculations – Item V-B;
 - Department of Water Resources Reporting Under Water Code 10720 – Item VI-B;
 - Updated Information on the 2017 Annual Report – Item VI-D;
 - TAC review and recommendation on the Revised Rules and Regulations, and the new Records Retention Schedule Documents – Item V-C; and
 - Review of the May 21, 2018, Watermaster Board meeting agenda.

TAC Members reviewed and accepted the Revised Rules and Regulations, and the new Records Retention Schedule.

TAC Members were provided additional time to review and comment on the TM and the Draft Conservation and Storage Agreement before these items are presented to the Watermaster Board today. The comments received from the TAC Members will be discussed as part of Item V-D.

Special Projects:

- The 2017 Annual Report has been finalized including the changes that will be presented today. TAC members have reviewed all corrections and accepted the changes that is being presented under Item VI-D.
- The Department of Water Resources (DWR) report required from the Adjudicated basins under the Sustainable Groundwater Management Act (SGMA) was filed on March 29, 2018. The information filed with DWR is presented under Item VI-B.
- Class B participants mailing list is ready, and CDs containing the Annual Report will be mailed to the participating Judgment Parties this week.

Municipal/Private Pumpers Coordination/Activity:

- Mr. Bunn and I have had a couple of conference calls and a meeting with the EMWD team on April 13, 2018, following the February 22, 2018, meeting with EMWD General Manager, General Counsel, and staff, regarding the Draft Conservation and Storage Agreement. The Draft Agreement presented under Item V-D, is jointly drafted by EMWD and Watermaster Legal Counsels. TAC and Soboba comments will also be discussed under this item.

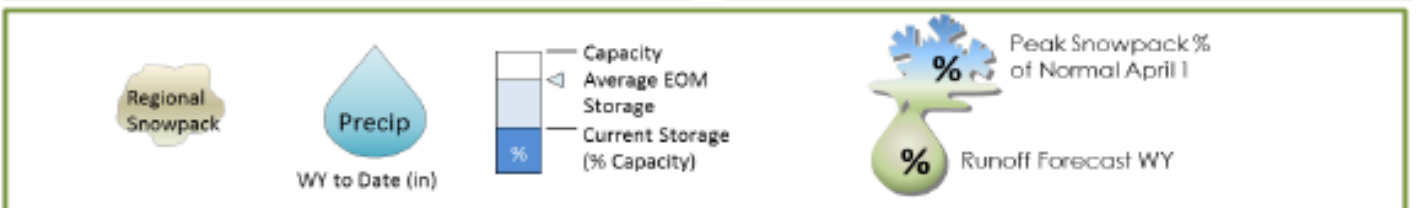
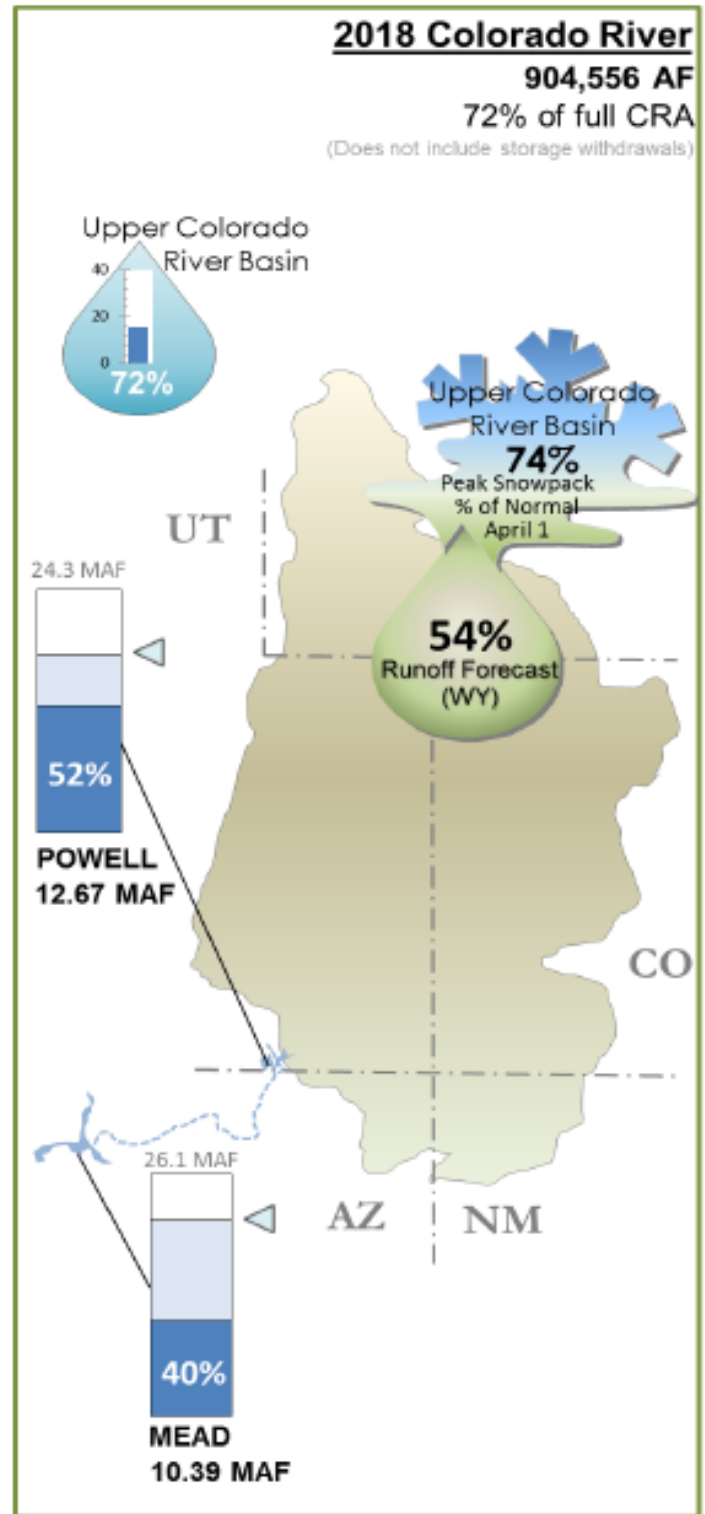
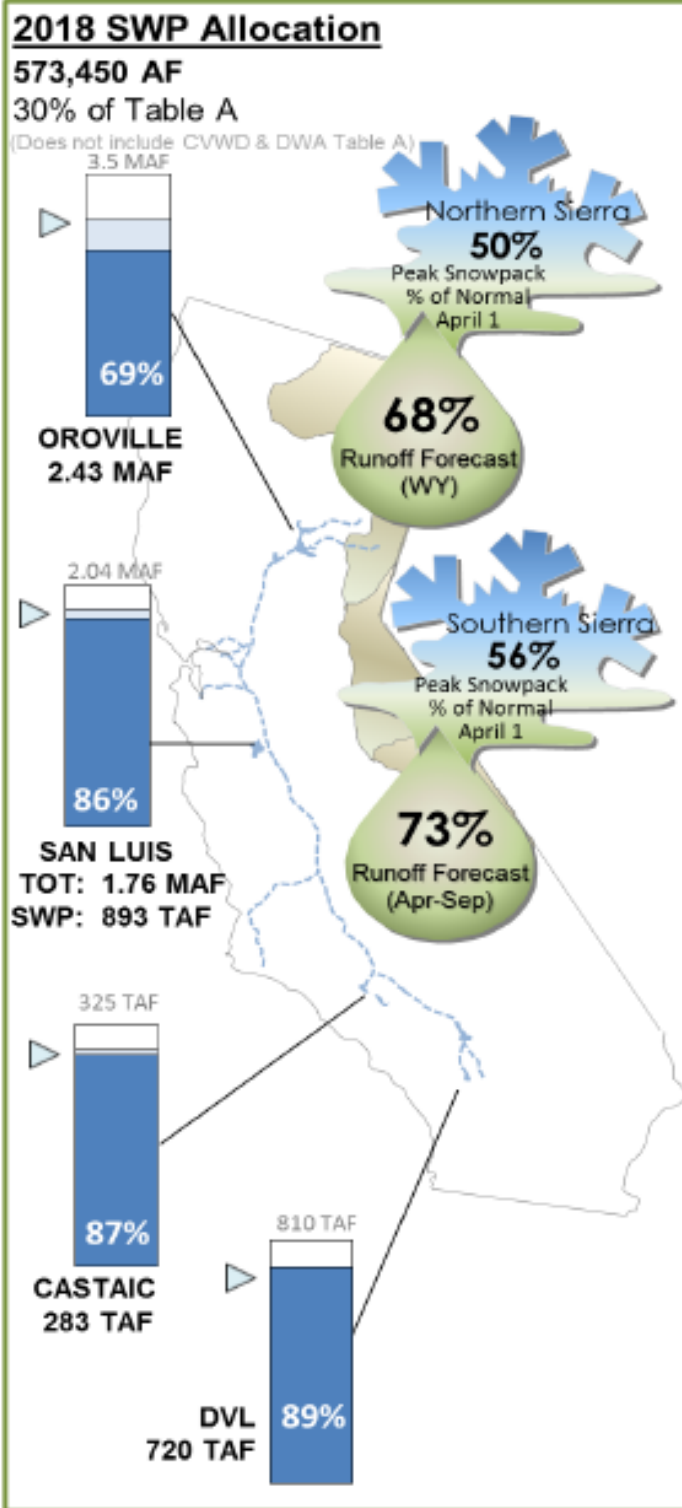
Outreach/Grant Activity:

- The March 21, 2018, Board Ad-hoc Committee meeting with the Soboba Tribal Council was rescheduled for June 27, 2018.

Miscellaneous Activities/Information:

- EMWD is leading the Basin Boundary Modification process with DWR. Handling of the unmanaged fringe areas that are not part of the adjudicated areas and yet must comply with SGMA requirements is a major concern throughout the entire State. The boundary modifications that EMWD is proposing, if accepted by DWR, will redraw the basin boundaries in the San Jacinto Basin, and will revise the eastern boundaries to match that of the Regional Board and the Adjudicated basin boundaries. This change will eliminate any unmanaged fringe areas to the east and south of the Hemet-San Jacinto Watermaster area. EMWD will be conducting a public meeting for this purpose on May 31, 2018.
- EMWD is re-drilling Well 80, and the Mountain Avenue West recharge ponds are currently at 75% design.
- EMWD is recalculating the new cost for Phase I project water delivery and recharge.
- LHMWD is conducting a rate study, and re-drilling Well 8.
- The City of Hemet is using more of its Phase I water due to water quality issues at two wells. The City is also working on its Conservation Rate Structure.
- TAC representative for the City of San Jacinto has changed. The City is rehabbing its Grant well.
- A summary of State's water resources conditions as of April 30, 2018 (prepared as part of the MWD General Manager's May 2018 Report to MWD Board) is attached.

WATER SUPPLY CONDITIONS as of APRIL 30, 2018





Hemet-San Jacinto
Watermaster

1295 Corona Pointe Court, Suite 104, Corona CA 92879 • Telephone: (714) 707-4787

Watermaster Board To: Hemet-San Jacinto Watermaster Board of Directors

Chair
Linda Krupa From: Board Treasurer

Vice-Chair
Rick Hoffman Date: May 21, 2018

Secretary-Treasurer
Philip E. Paule

Board Members
Andrew Kotyuk
Bruce Scott

Board Alternates
Russ Brown
Todd Foutz
Scott Miller
Steven A. Pastor
Randy A. Record
Russ Utz

Advisor
Behrooz Mortazavi

Legal Counsel
Lagerlof, Senecal,
Gosney & Kruse

The Board Treasurer has reviewed and approved the following account information:

Total Cash and Investments as of January 31, 2018		\$ 1,215,689.27
Revenues for February 1, 2018 – April 30, 2018:		
City of Hemet (4/30/18)	\$18,415.49	
City of San Jacinto (3/28/18)	\$26,767.50	
LHMWD (4/26/18/18)	\$107,159.79	
LHMWD (4/30/18)	<u>\$83,595.10</u>	
Total Received	\$235,937.88	
Payments for February 1, 2018 – April 30, 2018:		
Water Resources Engineers (3/8/18 & 4/19/18)	\$49,590.75	
L, S, G &K (2/22/18 & 4/26/18)	\$ 8,590.00	
Spatial Wave (4/23/18)	\$ 5,000.00	
Bell Bookkeeping (3/8/18 & 4/24/18)	<u>\$ 750.00</u>	
Total Payments	\$63,930.75	
Cash Flow for February 1, 2018 – April 30, 2018:		\$172,007.13
Other Income/Expense for February 1, 2018 – April 30, 2018:		
Savings Interest	\$ 351.86	
Other Expense/Fees	<u>\$ 0.00</u>	
Total Other Income/Expense		\$351.86
Total Cash and Investments as of April 30, 2018		\$ 1,388,048.26

Treasurer Report
May 21, 2018

Pending Receivables:

Total Pending Receivables **\$ 0**

Pending Payments:

EMWD (3/19/18)	\$191,824.12
LSG&K (4/13/18)	\$ 300.00
Water Resources Engineers (5/1/18)	\$ 14,336.21
Edgewood Partners Insurance (3/2618)	<u>\$ 3,102.00</u>

Total Pending Payments **\$209,562.33**

2017 Budget Items	Allocations	Revised Budget (Aug 28, 2017)	Commitments (As of April 30, 2018)
In-Lieu Program Agreement	\$ 189,000	\$ 189,000	\$191,824.12
EMWD/Watermaster Support Services			
Groundwater Monitoring Program	\$ 156,220	\$ 156,220	\$ 42,040.62
Video Inspection of Well Casings	\$ 60,000	\$ 60,000	
Soboba Gravel Pit Project			
Dewatering	\$ 57,600	\$ -	
Organization Operation & Management			
Financial Support Services	\$ 10,500	\$ 9,000	\$ 3,000.00
Legal Counsel Contract	\$ 35,000	\$ 30,000	\$ 17,276.00
Advisor Contract	\$ 170,000	\$ 165,000	\$163,805.12
Administrative Support	\$ 14,000	\$ 14,000	\$ 11,523.20
Insurance; Office Supplies & Other Direct Costs	\$ 7,500	\$ 7,500	\$ 6,514.57
Database/Mapping Application Maintenance	\$ 5,250	\$ 5,250	\$ 5,000.00
Additional Projects/Activities			
Storage Project Evaluation	\$ 100,000	\$ 85,000	
TOTALS	\$ 805,070	\$ 720,970	\$440,983.63

Treasurer Report
May 21, 2018

2018 Budget Items	Allocations	Commitments (As of April 30, 2018)
In-Lieu Program Agreement	\$ 211,000	
EMWD/Watermaster Support Services		
Groundwater Monitoring Program	\$ 156,220	
Soboba Gravel Pit Project		
Dewatering	\$ 57,600	
Organization Operation & Management		
Financial Support Services	\$ 8,500	\$ 500.00
Legal Counsel Contract	\$ 30,000	\$ 6,610.00
Advisor Contract	\$ 165,000	\$ 33,142.47
Administrative Support	\$ 14,000	\$ 2,392.00
Insurance; Office Supplies & Other Direct Costs	\$ 10,000	\$ 4,236.02
Database/Mapping Application Maintenance	\$ 5,250	\$ 5,000.00
Additional Projects/Activities		
TOTALS	\$ 657,570	\$ 51,880.49

Minutes
Hemet-San Jacinto Watermaster Board of Directors Meeting
Eastern Municipal Water District
February 26, 2018

The Watermaster Board of Directors met in Regular Session in the Board Room at EMWD Headquarters, 2270 Trumble Road, Perris, California, on *Monday, February 26, 2018*. The meeting was called to order by Vice - Chair Hoffman at 4:10 p.m.

Board Members Present: Rick Hoffman, Vice-Chair
 Phil Paule, Secretary/Treasurer
 Bruce, Scott, Board Member
 Russ Brown
 Russ Utz

Board Representative(s) Linda Krupa, Chair
 Absent: Andrew Kotyuk

Board Alternate (s) Present:

Watermaster Staff Present: Thomas Bunn, Legal Counsel (Lagerlof, Senecal, Gosney & Kruse)
 Behrooz Mortazavi, Advisor (Water Resources Engineers)
 Michelle Mayorga, Executive Assistant (Water Resources Engineers)

EMWD Staff Present: Paul Jones, General Manager
 Joe Mouawad, Assistant General Manager of Planning, Engineering and Construction
 Nick Kanetis, Deputy General Manager
 Kelley Gage, Senior Director of Planning and Regulatory Compliance
 Brian Powell, Director of Groundwater Management & Facilities Planning
 Khos Ghaderi, Director of Operations
 Rachel Gray, Water Resources Planning Manager

City of Hemet Staff Present: Kris Jensen, Public Works Director

City of San Jacinto Staff Present: Steve Johnson, Consultant

Lake Hemet Staff Present: Mike Gow, General Manager

Others Present: Ali Taghavi, RMC/Woodward & Curran
 Leslie Ward, CliftonLarsonAllen LLP
 Frank Coate, Soboba Tribe Representative

Pledge of Allegiance

The Pledge of Allegiance to the Flag was led by Mr. Russ Brown. Ms. Mayorga conducted the roll call. Cities of Hemet and San Jacinto were represented by their Alternate Board Members, Mr. Brown and Utz. All other Board Members were present.

I. PUBLIC COMMENTS –*Speakers are requested to limit comments to 3 minutes.*

None

II. ADDITIONS/DELETIONS TO AGENDA

None

III. REPORTS

A. Board Members Comments/Questions/Reports

- Rules and Regulations Committee Report

Ms. Gage reported that the Rules and Regulations committee had a meeting on February 20, 2018. The committee discussed the changes and edits to the Rules and Regulations Document. They were able to get through all the comments submitted by Legal Counsel and the Advisor. Final changes to the document are being updated and the document will be circulated one last time for review and comments. The final document will be brought to the May 21, 2018 Board Meeting for approval. There is an Exhibit A to the Rules and Regulations document that deals with Investment Policy and Procedure. Watermaster Legal Counsel will be updating this section and submitting it for review by the Reserves and Investments Committee. The second document that was reviewed by the Rules and Regulations committee was the Draft Records Retention Schedule. Currently the Watermaster does not have an official Records Retention Schedule. Comments by Legal Counsel and the Advisor were reviewed. Lastly, this committee reviewed the Professional Services Agreements for Legal Counsel and the Advisor. There was much discussion around these contracts. Both the Advisor and Legal Counsel will submit comments to the Committee.

Mr. Hoffman asked Ms. Gage if the Board will be able to vote on the Rules and Regulations document in May? Ms. Gage said yes. Mr. Paule thanked Ms. Gage for a very productive meeting and he agrees that the Rules and Regulations document will be ready for the May Board Meeting.

- Reserves and Investments Committee Report

B. Advisor Report

Mr. Mortazavi reported on recent Watermaster Activities. Attachment 1 shows the complete Advisor Report.

Mr. Mortazavi reported that coordination activities with EMWD has been related to the Annual Report and Monitoring Program Data Processing. Since January 2018, EMWD has recharged over 3,500 AF of the Soboba Imported Water at the Integrated Recharge and Recovery Project (IRRP) and Grand Avenue Ponds sites. EMWD will provide more information later under Item VI-C. There have been several conference calls between EMWD, Watermaster and Woodard Curran to discuss the Technical aspects of the proposed Water Banking and Conjunctive Use Study. Dr. Ali Taghavi will present the study overview and findings under Item VI-B. Responses to the technical questions previously raised by TAC members and the Soboba Tribe will be addressed in the Technical Memorandum (TM). TAC Members and the Soboba Tribe were asked to submit any additional questions after TAC presentation. There was only one question submitted by the Soboba Tribe.

The final invoices for the 2017 Administrative Assessments will be mailed out in early March. The 2017 Final Draft Financial Audit results and finding will be presented under Item V-A. and the Treasurer Report will be provided under Item III-D.

The Technical Advisory Committee had one regular meeting on February 12, 2018. The items discussed included, the 2017 Annual Report, status of the Revised Rules and Regulations Document; status of the Soboba Imported Water Recharge and a review of the February 26, 2018 Watermaster Board Meeting Agenda. TAC did not request any additional Board Meeting agenda items.

The 2017 Annual Report is being drafted. The data that will be included in this report will be presented under Item V-B. There was a staffing change at EMWD and as a result, this report has been delayed. TAC Members have reviewed the presentation but have not had a chance to review the full report. Mr. Mortazavi is recommending that this report be filed with the court subject to additional comments from Legal Counsel and TAC members. The reason for including this Item, is because information from the Annual Report needs to be submitted to the Department of Water Resources (DWR) before April 1, 2018. Any changes to this report after review, will be presented at the May 21, 2018 Board Meeting.

Mr. Mortazavi attended a DWR meeting on February 2, 2018 to discuss the changes that Watermasters need to comply with for their upcoming Adjudicated Basins filings with the State.

An overview presentation of Watermaster activities was provided at the City of San Jacinto Council Meeting on January 16, 2018. Mr. Bunn and Mr. Mortazavi attended the Rules and Regulations Committee meeting on February 20, 2018. A meeting to review the Draft Storage Agreement between EMWD and the Watermaster was attended by Mr. Bunn, Mr. Mortazavi, and EMWD Staff on February 22, 2018. Mr. Bunn will provide more information regarding this meeting under Item VI-A.

Mr. Mortazavi attended the Association of California Water Agencies (ACWA) Groundwater Committee Meeting on November 28, 2017 as well as a meeting with other Watermasters regarding the Sustainable Groundwater Management Act (SGMA) requirements. At this meeting, Watermasters discussed how the State plans to handle the unmanaged fringe areas that are not part of the adjudicated areas and compliance with SGMA requirements. There is not much clarity on how such regions will be handled. The next Ad-hoc committee meeting with the Soboba Tribal Council is scheduled for March 21, 2018. Mr. Mortazavi received information from the Western Riverside County Agricultural Coalition (WRCAC) Executive Director related to the dairy operations within the Management Area. This information can help improve the estimated groundwater production in the Management Area. The estimated productions currently used in the Annual Report may be missing production wells that are in the area and not accounted for. It is imported for the Watermaster to estimate full production in the Management Area. Behrooz met with EMWD staff on December 12, 2017 and jointly developed a work plan on how this deficiency can be resolved.

MWD has not confirmed delivery of the Soboba Imported Water beyond March of 2018. However, it is estimated that MWD would fulfill its full 2018 and half of 2019 obligations by then.

LHMWD is working on developing two new wells, one of these wells is a re-drill of Well 8. The City of Hemet is developing a Request for Proposal (RFP) for a wellhead treatment. The City of San Jacinto is working on its Water Management Plan update and looking at four potential sites for one new well. A summary of the State's Water Resources Conditions as of January 31, 2018 (prepared as part of the MWD General Manager's February 2018 Report to MWD Board) was reviewed.

There were no questions regarding the Advisor's Report.

C. Legal Counsel Report

Mr. Bunn provided more details regarding the unmanaged areas mentioned earlier by Mr. Mortazavi. Unmanaged Areas are an issue throughout the State because the Groundwater Basins in SGMA are defined as the Department of Water Resources Bulletin 118 Groundwater Basins. Whereas, the Adjudication basin boundaries are defined by the Courts. Although they are talking about the same groundwater basins, the boundaries are slightly different in almost every case. So, there may be small fringe areas at the boundaries that are different. There are 2 different approaches that the two State agencies that are involved with SGMA are taking with respect to these fringe areas. DWR says there is no flexibility in the statute, the entire basin must be managed as a whole or the entire basin is out of compliance. The State Water Board is the Agency that enforces SGMA and they do not want to use their resources to deal with the small fringe areas that don't have significant pumping. This issue is still being discussed. The potential for penalties for areas that are out of compliance is significant.

There were no questions for Mr. Bunn.

D. Treasurer Report

Mr. Paule and Mr. Mortazavi reviewed the Treasurer Report with the Board. Attachment 2 shows the complete Treasurer Report.

Mr. Mortazavi also reviewed the pending payments and receivables. The 2017 Budget is still included in the Treasurer Report to the Board because there are few items in the 2017 Budget that are not fully paid for or completed.

There were no questions regarding the Treasurer's Report.

IV. CONSENT CALENDAR

Accept Motion for approval of Consent Calendar

A. Approval of Meeting Minutes – November 27, 2017 Regular Board Meeting

Recommendation: Adopt a motion to approve the Consent Calendar.

Motion: Paule

Noes: None

Seconded: Scott

Abstain: Brown, Utz

Ayes: Hoffman

Motion Passes

Attachment 3 shows a copy of the November 27, 2017 Board Meeting Minutes.

V. ACTION ITEMS

A. 2017 Financial Audit

Ms. Ward, CPA from CliftonLarsonAllen, reviewed the key areas of the Financial Audit Report. The purpose of the audit is to get an opinion on the Financial Statement from an outside expert. It is the opinion of CliftonLarsonAllen, that the Financial Statement is unmodified, which is the best

opinion that can be provided by financial auditors. Ms. Ward pointed out that there is a prior year re-statement which is discussed in the emphasis of matter paragraph of the report. The Auditors corrected some expenses for 2016 that were previously shown in 2017 by the prior auditors. There was a finding on this year's report which states a lack of internal control for capturing accruals in the correct year. After communications with the Advisor, there is now a plan in place to correct that issue going forward.

Mr. Mortazavi explained that Watermaster currently uses an external Bookkeeping Service. To correct the lack of internal control for capturing accruals, Mr. Mortazavi will transfer the bookkeeping work to Water Resources Engineers, to be performed by Ms. Mayorga. Mr. Hoffman commented that he is confident this problem will be resolved when Mr. Mortazavi and Ms. Mayorga will be in charge of this work. Mr. Paule asked if the current process for having two signatures for all checks stay the same after this change? Mr. Mortazavi stated that process will not change, and the current requirement for having two signatures on all checks will stay the same as before.

There were no questions for the Auditor.

Attachment 4 shows the Draft Audit Report.

Recommendation: Adopt a motion to Receive and Submit the Draft 2017 Financial Audit Report as part of the Watermaster 2017 Annual Report to the Court

Motion: Paule

Noes: None

Seconded: Utz

Abstain: None

Ayes: Scott, Hoffman, Brown

Motion Passes Unanimously

B. 2017 Annual Report

Mr. Mortazavi reviewed the information that will be included in the 2017 Annual Report. This report is still a work in progress. The 2017 Report will also include correction to the 2016 Annual Report with regard to the Carry-over accounts. The most important table in the Annual Report is the 2017 Annual Demands (Table 4-1 of the Report). Total Groundwater Production for 2017, it was very similar to 2016. The total Demand in the Basin was also very similar to 2016. However, the groundwater production from Upper Pressure was about 2,000 AF less than the 2016 production. There was also 500 AF reduction in production from Hemet-South. These reductions were offset by increase of approximately 2,800 AF of production from Canyon Basin. River flow diversions for 2017 was approximately 8,300 AF, which is approximately 7,000 AF higher than 2016. In terms of Carry-Over credits, MWD has met all its past obligations plus a pre-delivery of 6,000 AF. The total Carry-over Credits as of December 31, 2017 was about 56,325 which was about 11,000 AF more than the Carry-over Credits at the end of 2016. The Carry-over Credits allows for the parties to pump 56,325 AF out of these basins without any replenishment into the Management Area.

There were no questions for the Advisor.

Attachment 5 shows complete Presentation

Recommendation: Adopt a motion to receive and file the Draft 2017 Annual Report with the Court and Department of Water Resources after accommodating any additional comments from Legal Counsel and Technical Advisory Committee.

Motion: Paule

Noes: None

Seconded: Brown

Abstain: None

Ayes: Hoffman, Scott, Utz

Motion Passes Unanimously

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

A. Status of the Draft Storage Agreement

Mr. Bunn explained that he and Mr. Mortazavi have reviewed and commented on couple of draft versions of the Storage Agreement. The parties had a very productive meeting on February 22, 2018. There are two big issues that as the Watermaster you should be concerned with in a Storage Agreement. One, is that there is sufficient storage space for the proposed project and the other, is that the proposed storage project, won't cause material harm to the basin or any other player in the basin.

Mr. Bunn reviewed the Dispute Resolution included in the draft agreement. The current Draft calls for meet and confer, and then going on to mediation and arbitration. Mr. Bunn would like to suggest an alternative to arbitration, which would be to go to Court. In an adjudicated basin where there is already a judgment, one can go to the Court very inexpensively and get a ruling faster with the advantage that the judge is familiar with the adjudication and the basin.

Mr. Paule stated it is his understanding that one of the larger items that still needs to be discussed, is water loss. Mr. Bunn agreed. Mr. Paule asked how will this item come back to the Watermaster if there is no agreement? Mr. Bunn said that the final decision will be by this Board. Each side will present their position and the Board will make the decision with a 4/5th vote. If this does not happen, then the parties can go to the Court and have the Judge make the decision. Mr. Bunn is optimistic that all parties will be able to come to an agreement and bring the Storage Agreement to the Board on May 21, 2018.

Mr. Bunn asked if EMWD had any questions that he could answer at this time? There were no questions.

Attachment 6 shows complete presentation.

B. Proposed EMWD Water Banking and Conjunctive Use Project

Dr. Taghavi, consultant with Woodard and Curran (RMC), reviewed the modeling work done for the proposed Water Banking and Conjunctive Use in San Jacinto Valley. The goals and objectives for the Banking and Conjunctive Use Program include: increase local supply reliability, create the ability to bank low cost supplies when available; overcome a water shortage for three consecutive drought years; and replenish over-draft and improve long term stability.

The Stakeholders issues and concerns include: impacts on San Jacinto River recharge during high flows; effects on long-term Groundwater storage in the Upper Pressure and Intake area, and in general in the Water Management Area; impacts on nearby Groundwater production wells during the production cycles; implications on Groundwater quality; and honoring existing agreements and MWD delivery priorities.

The Summary findings include: proposed project will benefit the overall water supply conditions in the Management Area; there is adequate Groundwater storage available in the Upper Pressure

area to accommodate proposed project without impacting existing agreements; over the 20-year agreement period, the proposed project will not adversely affect the overall groundwater storage in the Management Area; proposed project may result in short-term declines in production rates at some of the wells; and proposed project is not expected to adversely affect natural recharge from the river.

The project operational objectives were to utilize available aquifer space to store recharged water; minimize impacts on nearby production wells; minimize impacts on stream recharge during wet years; and honor previous agreements and priorities.

Dr. Taghavi said the proposed project based on their analysis has no significant impacts on: groundwater storage in the Upper Pressure; groundwater levels in nearby wells; groundwater quality on the Upper Pressure; San Jacinto River recharge potential on the three highly wet years; prior agreements (as far as the Soboba Recharge) and operations. Based on the study and evaluations that were done using the Groundwater Model, Dr. Taghavi's said that one scenario included an additional 2% recharge. He feels that 1% of additional recharge water is reasonable if the entire project is operated as a whole, which is the Water Banking and Conjunctive Use Project.

Mr. Utz asked if there would be a change in water quality on the north side versus the south side of the Upper Pressure Basin? Dr. Taghavi responded that typically the water quality in the northern area is poor, however, he thinks the quality of the water would improve. Mr. Hoffman asked if the data used in the model is based on historical data? Dr. Taghavi said yes. Mr. Hoffman commented that based on this information, there could be extremes one way or another that protentional change the model? Dr. Taghavi said that the model uses approximately 30 years of historical hydrology that showed the wet years, dry years, and normal years from 1984 to 2012. Mr. Brown asked if the model considers seismic activities? Dr. Taghavi said no.

Dr. Taghavi said the Draft Technical Memorandum is currently being reviewed by EMWD and the Watermaster.

Attachment 7 shows complete presentation.

C. Status of the Soboba Imported Water Recharge

Mr. Powell reviewed the total Soboba Settlement Recharge as of February 25, 2018. Soboba Recharge at Grant Ponds to date for 2018 is 775 AF with a goal of 5,200 AF. Soboba Recharge at IRRP Ponds to date is 2,805 AF with a goal of 18,130 AF. MWD has informed EMWD that they will not be able to provide any more water as of mid- March. EMWD was informed that there is a 90% change that State contractors will only get 10% allocation in 2018 on the State Water Project.

Attachment 8 shows complete presentation.

D. Future Agenda Items

None

VII. CLOSED SESSION

None

VIII. ADJOURNMENT

There being no further business to come before the Board; Mr. Hoffman adjourned the meeting at 6:00 p.m., to be reconvened on Monday May 21, 2018 at 4:00 p.m. (Adjourned Regular Meeting).

Carry-Over Credits as of December 2017

**Hemet-San Jacinto Watermaster
Board Meeting**

May 21, 2018

Public Agencies

Corrected Carry-Over Credits as of December 31, 2016

(All Values in AF)

Agency	Pre 2012 Recharge Rights as of Dec. 31, 2016	* Total Unused SbT Imported Water as of Dec 31, 2016	Total Unused Adjusted BPR (AF) as of Dec 31, 2016	Totals as of Dec 31, 2016	Future MWD Deliveries to Cover Obligations
City of Hemet	0	5,766	6,274	12,039	1,186
City of San Jacinto	0	3,894	4,331	8,225	756
EMWD	4,694	616	11,796	17,107	2,039
LHMWD	0	4,164	3,677	7,841	2,069
Totals	4,694	14,440	26,078	45,212	6,050

* Unused Soboba Tribe Imported Water include Soboba Tribe production from Soboba Golf Course wells.

BPR = Base Production Rights

SbT = Soboba Tribe

2017 MWD Water Deliveries

(All Values in AF)

Agency	MWD Obligations as of Dec. 2016	MWD Deliveries for 2017	MWD Pre-Deliveries For Future	Total MWD Deliveries
City of Hemet	1,185.9	1,470.0	1,202.6	3,858.5
City of San Jacinto	756.3	937.5	767.0	2,460.8
EMWD	2,038.9	2,527.5	2,067.8	6,634.2
LHMWD	2,069.2	2,565.0	2,098.5	6,732.7
Totals	6,050.3	7,500	6,135.9	19,686.2

**MWD Delivered 19686.2 AF of Soboba Water in 2017
(Reported by EMWD)**

2017 Unused Soboba Water

(All Values in AF)

Agency	Deliveries for 2017	2017 Imported Water Used by SbT *	2017 Unused SbT Imported Water
City of Hemet	1,470.0	67.6	1,402.4
City of San Jacinto	937.5	43.1	894.4
EMWD	2,527.5	116.3	2,411.2
LHMWD	2,565.0	118.0	2,447.0
Totals	7,500	345.1	7,154.9

* 2017 Soboba Tribe Production (1,845.07 AF total) was reported on Jan 16, 2018.
Includes Soboba Golf Course wells production.

2017 Public Agencies Groundwater Productions

(All Values in AF)

Agency	Adjusted BPR for 2017	Actual 2017 Productions	Production via Phase I Agreement Wells *	Excess Production Above Adjusted BPR	Unused Adjusted BPR
City of Hemet	4,898	3,562	228	0	1,336
City of San Jacinto	3,209	2,735	0	0	474
EMWD	8,043	6,497	3864	0	1,546
LHMWD	8,144	8,332	419	187	0
Totals	24,295	21,126	4,512	187	3,356

* Includes All Deliveries by EMWD to Other Agencies

BPR = Base Production Rights

Public Agencies Carry-Over Credits as of December 31, 2017 (All Values in AF)

Agency	Pre 2012 Recharge Rights as of Dec. 31, 2017	* Total Unused SbT Imported Water as of Dec 31, 2017	Total Unused Adjusted BPR (AF) as of Dec 31, 2017	Totals as of Dec 31, 2017	MWD Pr-Delivered for Future
City of Hemet	0	8,126	7,610	15,735	1,203
City of San Jacinto	0	5,545	4,805	10,350	767
EMWD	2,694	1,202	15,342	19,238	2,068
LHMWD	0	8074	3,677	11,751	2,098
Totals	2,694	22,947	31,433	57,074	6,136

* Unused Soboba Tribe Imported Water include Soboba Tribe production from Soboba Golf Course wells.

BPR = Base Production Rights

SbT = Soboba Tribe

Class B Participants Carry-Over Credits (as of December 31, 2017)

Legal Owner Name	Prorata Alloc.	Total Production Below Allocations as of December 2016	2017 Production	Total Prod. Below Allocations as of Dec. 2017
Cordero Family Trust	1398	3030	223	4205
Gless Trust Pt.	588	1598	74	2112
Gless Family Trust	1505	4088	189	5404
Olsen Robert D & Olsen Elva I.	14	13	7	19
Olsen Citrus LLC	37	34	20	52
Arlington Veterinary Laboratories Inc.	105	95	55	145
Oostdam Peter G & Jacoba M and Oostdam John P & Margie K.	259	734	90	903
Gm Gabrych Family Lp	596	2384	0	2980
Record Randolph A & Record Anne M.	46	171	0	217
Sybrandy Investment Co. LP	1182	3122	272	4032
Boersma Eric & D Family Trust	195	826	190	831
Curci San Jacinto Investors LLC	260	1040	0	1300

Class B Participants Carry-Over Credits

(as of December 31, 2017)

(Cont.)

Legal Owner Name	Prorata Alloc.	Total Production Below Allocations as of December 2016	2017 Production	Total Prod. Below Allocations as of Dec. 2017
Nuevo Dev Co. LLC	151	604	0	755
Lauda Family (Security Co. & Partnership & Bertrand & Erma – Combined) *	3447	1092	690	1190
Rancho Diamante Inv.	92	318	0	410
Diamante Rancho	50	173	0	223
San Jacinto Spice Ranch Inc.	265	991	0	1256
Scott Ag Property *	1755	1198	145	1909
Vandam Donald Dick and Vandam Frances L.	531	1209	144	1596
Vandam Glen A and Vandam Jennifer A.	139	415	59	496
Velde Children Trust & Pastime Lake Inv. (Combined)	357	114	365	106

* In-lieu Program Participants – Recycled water deliveries are considered in calculating the Carry-over Credits

Recommendation

**Receive and File the 2017 Carry-Over
Credit Accounts Summary Data**

Questions...

**Groundwater
Storage Change
Estimates
Spring 2016 to Spring 2017**

**Hemet-San Jacinto Watermaster
Board Meeting
May 21, 2018**

Storage Change Methodology

Uses the 2014 San Jacinto Groundwater Flow Model (SJFM-2014) information

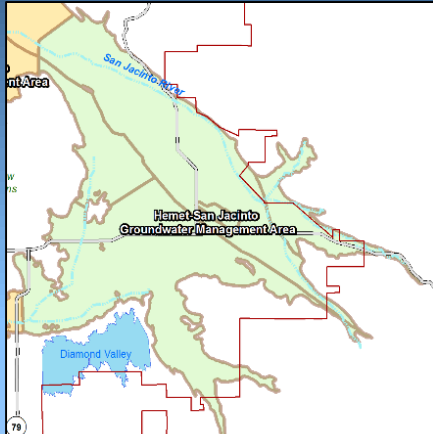
&

Water level data collected as part of the annual Monitoring Program

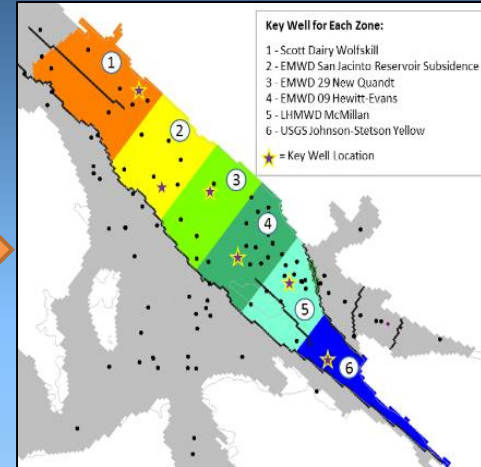
to

Calculate the storage change in the Hemet-San Jacinto Management Area

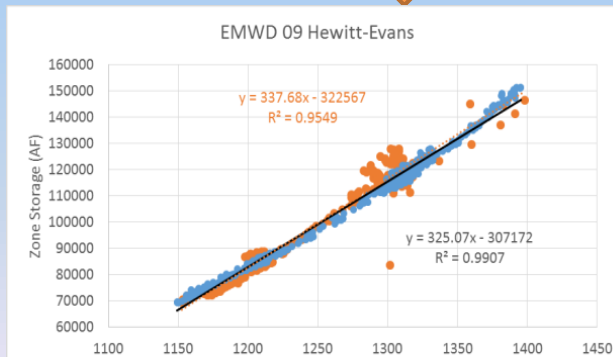
Procedure



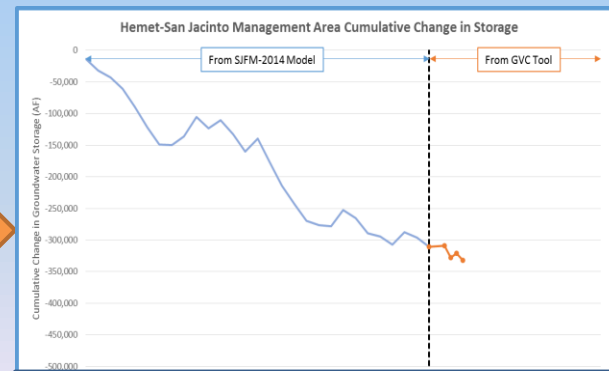
Groundwater Storage Volume Evaluated and 16 Subsections Established



Key Well(s) in Each Subsection Identified

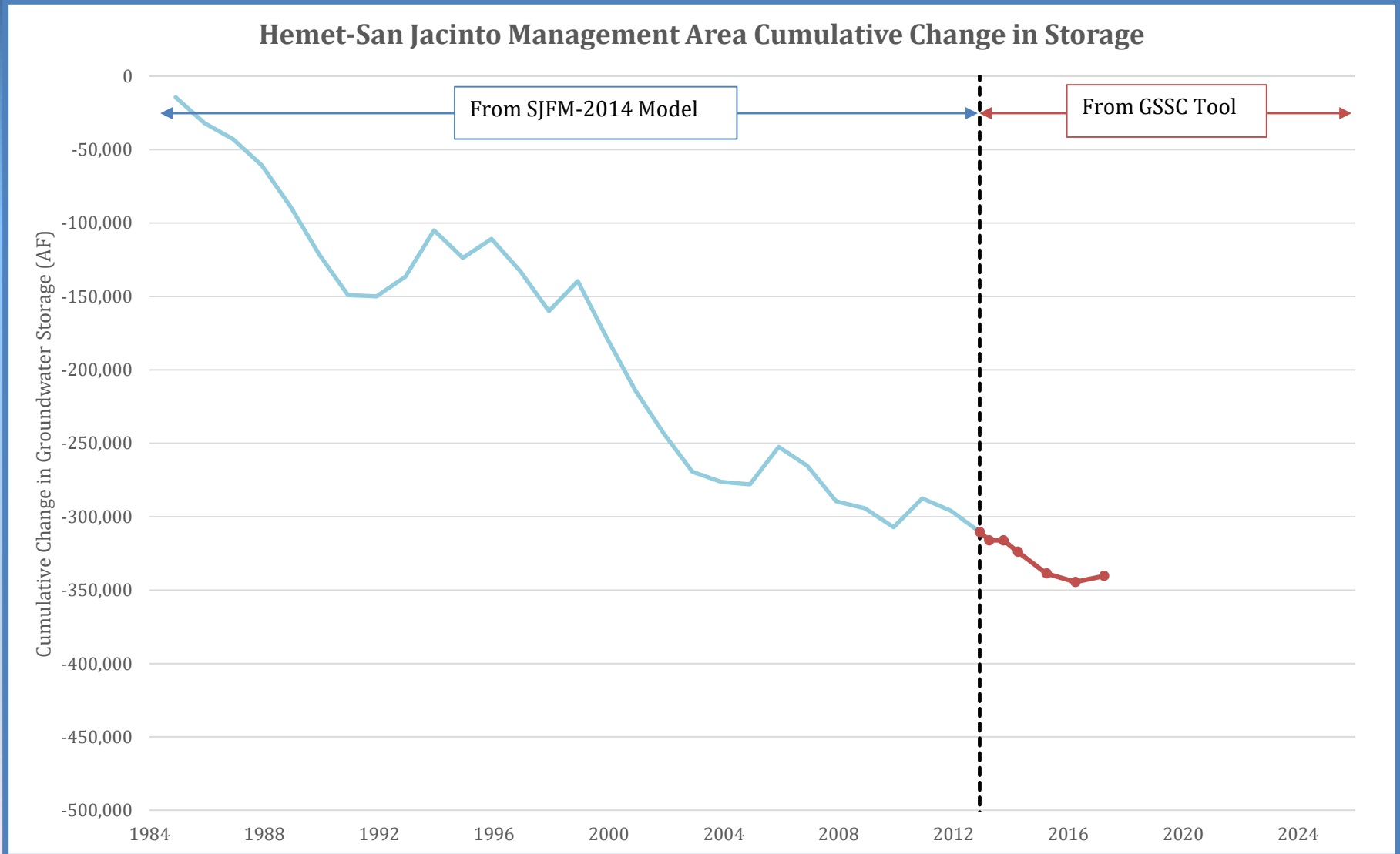


Develop Change in Storage Curves



Calculate Storage Change

Estimated Storage Changes 1984 - 2017



Estimated Storage Changes Using the Proposed Methodology

Area	Time Period	Estimated Storage Changes (AF)
Management Area	January 1984 - December 2012	- 310,458
Management Area	January 1984 – Spring 2017	- 340,414
Management Area	January 2013 – Spring 2017	- 29,956
Management Area	Spring 2016 – Spring 2017	4,037
San Jacinto Upper Pressure GMZ	Spring 2016 – Spring 2017	- 6,048
Hemet North GMZ	Spring 2016 – Spring 2017	988
Hemet South GMZ	Spring 2016 – Spring 2017	3,292
Canyon GMZ	Spring 2016 – Spring 2017	5,805

GMZ = Groundwater Management Zone

Recommendation

- **Include Storage Change estimates in the Annual Report filings with the Court.**
- **File the Annual Report Information (including Storage Changes) with DWR as part of the Sustainable Groundwater Management Act requirements.**

Questions...

HEMET-SAN JACINTO WATERMASTER

RULES AND REGULATIONS

~~—May 18, 2015~~ Revised May 21, 2018

ARTICLE I

GENERAL PROVISIONS

1.0 Title. This document shall be known and may be referred to as the “Watermaster Rules and Regulations” adopted pursuant to the Stipulated Judgment in the case of Eastern Municipal Water District v. City of Hemet, City of San Jacinto, Lake Hemet Municipal Water District, et al. (Riverside County Superior Court Case No. RIC 1207274) dated April 18, 2013 (“the Judgment”).

1.1 Definitions. Except as otherwise specially set forth in these Rules and Regulations, all terms, including any grammatical variations thereof as set forth in these Rules and Regulations shall have the same meanings as defined in the Judgment. In addition,

- a. “Board” refers to the Board of Directors of the Watermaster;
- b. “Director” refers to a member of the Board;
- c. “Watermaster” refers to the Hemet-San Jacinto Watermaster; ~~and~~, as identified in sections 1.45 and 9.1 of the Judgment;
- d. “Section” shall mean a section of these Rules and Regulations unless another source is specifically cited;
- e. “Parties” refers to City of Hemet, City of San Jacinto, Lake Hemet Municipal Water District, and Eastern Municipal Water District, and the other persons listed on Exhibit B to the Judgment (or their successors); and
- f. “Private Pumper” refers to private pumpers as defined in the Judgment.

1.2 Rules of Construction.

Unless the context clearly requires otherwise:

- a. The plural and singular forms include the other;
- b. “Shall,” “will,” and “must” are each mandatory;
- c. “May” is permissive;

- d. “Or” is not exclusive; and
- e. “Includes” and “including” are not limiting.
- f. The masculine gender shall include the feminine and neuter genders and vice versa.
- g. Reference to any agreement, document, instrument, or report means such agreement, document, instrument or report as amended or modified and in effect from time to time in accordance with the terms thereof.
- h. Except as specifically provided herein, reference to any law, statute, ordinance, regulation or the like means such law as amended, modified, codified or reenacted, in whole or part and in effect from time to time, including any rules and regulations promulgated thereunder.
- i. These Rules and Regulations shall be construed consistent with the Judgment. In the event of a conflict between these Rules and Regulations and the Judgment, the Judgment shall prevail.
- j. ~~These Rules and Regulations may only be amended by resolution adopted by the Watermaster Board.~~ Any amendment must be submitted to the Riverside County Superior Court for approval. (Jmt. § 9.6.7.)
- k. Any Watermaster ordinance, resolution, policy or procedure in conflict with these Rules and Regulations shall be automatically repealed upon the adoption of these or additional or replacement Watermaster Rules and Regulations.

ARTICLE II

BOARD OF DIRECTORS

2.0 Composition. Watermaster shall consist of a Board composed of a representative and one alternate appointed by each Public Agency, who shall both be elected officials of that Public Agency, as its representative and one Private Pumper representative and one alternate selected by the Class A and Class B Private Pumpers. (Jmt. § 9.1.)

2.1 Officers.

- a. Election/Appointment. The Board shall elect or appoint a Chairperson, Vice Chairperson, and Secretary-Treasurer from among its members during the first meeting held in each odd numbered year, and shall elect or appoint a replacement in the event of a vacancy in any office at the first opportunity to do so in a formal meeting.
- b. Duties.

- (1) Chairperson. The Chairperson shall serve as presiding officer.
- (2) Vice Chairperson. The Vice Chairperson shall serve as Parliamentarian and as presiding officer in the absence of the Chairperson.
- (3) Secretary-Treasurer. The Secretary-Treasurer is responsible for the following:
 - (a) The accuracy and availability of the Minutes of Board meetings and official record of all resolutions and motions passed or approved by the Board. The Secretary shall certify such passage or adoption and the official status, capacity and signature of all officers and Advisor and to all matters appearing of record in the files and records of the Watermaster.
 - (b) Reviewing and reporting to the Board on the financial affairs of the Watermaster.

2.2 Board Members (Including Officers).

- a. Terms. Each member of the Watermaster shall serve until replaced by the Public Agency or Private Pumpers that made the original appointment. (Jmt. § 9.2.)
- b. Compensation. The appointing entity shall be responsible for payment of compensation, if any, of its representative on the Watermaster Board.

ARTICLE III

WATERMASTER'S POWERS AND DUTIES

- 3.0 Watermaster's Powers and Duties. In order to implement the provisions of the Judgment, Watermaster shall have the following powers and duties:
 - a. Water Management Plan. Watermaster shall adopt a Water Management Plan ("Plan"), subject to approval by the Court, shall administer the provisions of the Judgment and shall submit additions to and modifications of the Water Management Plan as may from time to time be deemed appropriate by the Watermaster to the Court for approval. (Jmt. § 9.6.1.)
 - b. Appointment of Advisor. Pursuant to the Judgment, the ~~Watermaster~~ Board shall appoint an Advisor, who serves at the pleasure of the Board. The Advisor may exercise any duty or authority vested in the Watermaster as authorized by the

Watermaster Board and permitted by the Judgment and applicable law. ~~The Advisor shall serve at the pleasure of the Watermaster Board.~~ (Jmt. § 9.6.3.)

The Advisor may be an independent engineering firm or a qualified individual experienced in hydrology who is able to evaluate and analyze the data collected by Eastern Municipal Water District (“Eastern”), and any conclusions based thereon, and to make recommendations to the Watermaster. The Advisor shall also provide general coordination among Eastern, the Technical Advisory Committee (“TAC”), and Watermaster with respect to their respective functions, and perform such executive functions as Watermaster may direct. (Jmt. § 9.6.3.) The Advisor will perform all day to day administrative tasks, such as employee oversight, office management, accounting, and other ministerial tasks needed to implement the Water Management Plan. The Advisor shall bring decisions where the interpretation of the Judgment or these Rules and Regulations is uncertain or disputed to the Board for direction or approval. Furthermore, to the extent there are other matters related to other external agreements that affect the Water Management Plan, such as the Soboba Settlement, Phase 1 Facilities Agreement, the Canyon Operating Plan, or other similar agreements, the Advisor will advise the Board of these matters in a timely manner.

- c. General Counsel. The Watermaster shall retain general legal counsel to provide such legal services as Watermaster may direct. (Jmt. § 9.6.2.)
- d. Technical Advisory Committee. Each Party shall appoint and pay the costs of its own representatives to the Technical Advisory Committee. The Technical Advisory Committee shall provide such technical assistance as Watermaster may request. The Technical Advisory Committee shall make recommendations to Watermaster’s Advisor and to Watermaster on all matters requiring four (4) votes for Watermaster action, and shall receive from Eastern all data associated with such matters for its review and evaluation. The Technical Advisory Committee and its members shall also function as a way to keep the City Councils and Boards of Directors of the Public Agencies and participating Private Pumpers fully informed about the implementation of this Judgment. (Jmt. § 9.6.5.)
- e. Employment of Experts and Agents. Watermaster may employ or retain such administrative, engineering, geologic, accounting, legal or other specialized personnel or consultants as it may deem appropriate. Watermaster may maintain records for purposes of allocating costs as may be necessary or advisable.
- f. Investment of Funds. Watermaster Board may hold and invest all Watermaster funds in investments as set forth in ARTICLE XI “INVESTMENT POLICIES” below.

- g. Liability Insurance. Watermaster shall obtain and maintain such liability insurance, including Officers and Directors coverage, as Watermaster deems appropriate.
- h. Contracts. Watermaster may enter into contracts and agreements for the performance of any of its powers pursuant to the Judgment.
- i. Cooperation with Other Agencies. Watermaster may act jointly or cooperate with agencies of the United States of America, and the State of California or any political subdivisions, municipalities, districts or any person to the end that the purpose of Judgment may be fully and economically carried out.
- j. Studies. Watermaster may undertake relevant studies of hydrological conditions, both quantitative and qualitative, and operating aspects of the implementation of the Judgment.
- k. Demonstrated CEQA Compliance. Watermaster shall not approve any request made under the Judgment or these Rules and Regulations where the proposed action also constitutes a “project” within the meaning of CEQA unless the Watermaster finds that the person requesting Watermaster approval has demonstrated CEQA compliance. “CEQA” is defined as the California Environmental Quality Act as set forth in Public Resources Code Section 21000, et seq. and Title 14 California Code of Regulations Section 15000, et seq.
- l. Rules and Regulations. Watermaster may make such additional rules and regulations as appropriate for its own operations as well as for the operation of the Plan and the Judgment, and may amend these Rules and Regulations when and where appropriate, subject to Court approval. (Jmt. §§ 9.6.1, 9.6.7.)
- m. Reservation of Rights. Watermaster reserves the right to assume, on its own, any functions set forth in Section 9.6.4 of the Judgment, except as provided in Section 9.6.4.1 of the Judgment, and to undertake all other acts required to implement the Plan and the Judgment, so long as it is legally capable of performing such functions. Watermaster, if it should choose, may also act through or in conjunction with the other Public Agencies, or through a Joint Powers Agency composed of all the Public Agencies hereunder. Except as specifically provided in Section 9.6.4.1 of the Judgment with respect to Eastern’s facilities used in Phase I, Watermaster shall have no right to use or acquire the water facilities of any of the Parties, without their consent, provided that it is the intent of the Parties that their individual facilities will be available where appropriate to implement the Water Management Plan, upon terms equitable to all Parties, and consistent with their respective obligations to their own customers. (Jmt. § 9.6.6.)

ARTICLE IV

MEETINGS

4.0 Meetings. Meetings of the Watermaster shall be conducted pursuant to the following rules and procedures:

- a. Brown Act Compliance. The Watermaster Board meetings will be conducted in accordance with the applicable provisions of the Ralph M. Brown Act (“Brown Act”) found in California Government Code section 54950, et seq. (Jmt. § 9.6.7.)
- b. Regular Meetings. Regular meetings shall be held ~~at the principal office of the Watermaster pursuant to Watermaster policy at such time(s) as may be contained in the necessary notice(s) thereof. The initial principal place of business of the location at 2270 Trumble Rd., Perris, California, 92570. Regular meetings shall be held on a day and at a time and place designated by Resolution of the Board from time to time.~~ on a day and at a time and place designated by Resolution of the Board.
- c. Special Meetings. Special meetings may be called at any time by the Chairman or by a majority of the Watermaster Board by delivering notice thereof at least twenty-four (24) hours before the time of such meeting. The Watermaster Board shall ensure all special meetings are conducted in accordance with the applicable provisions of the Brown Act. Special meetings will be held at the same location as regular meetings unless a different location is specified in the notice of the special meeting.
- d. Notice. Notice of meetings shall be given in writing to all parties to the Judgment who have requested same and to any other person who has made a similar request, in either case, in writing. Such notice shall specify the time and place of the meeting and the business to be transacted at the meeting. The notice shall state that all analyses, studies, and any other materials supporting a recommendation of the Advisor on a matter to be considered by the Board are available on request from the Watermaster Advisor and posted on the Watermaster website upon approval by the Watermaster Board. Notice may be provided by either facsimile or electronic mail delivery if the party so consents to such delivery.
- e. Agenda. The Advisor shall prepare the Agenda. The Agenda shall meet the posting and content requirements of the Brown Act, and the posting shall be in a location freely accessible to the public. Agendas shall include an opportunity for the public to address the Board with respect to any item for which action is proposed to be taken and to address the Board on matters within the jurisdiction of the Watermaster that are not on the Agenda. Agendas shall also include an opportunity for members of the Technical Advisory Committee to address the Board on issues of concern to Technical Advisory Committee members. A Board member is entitled to have an item added to the Agenda by notifying the Board Chairperson, who will notify the Advisor of the addition. Technical Advisory Committee members may make a request to add an Agenda item through a request to the Advisor.

- f. Quorum. A majority of the Watermaster Board (i.e., three (3) members) shall be required for the transaction of business or affairs of the Watermaster, except as otherwise required by Subsection g of this Section 4.0.
- g. Voting Procedures. Each member of the Watermaster Board shall have one (1) vote. Subject to the exceptions set forth below, and subject to the terms of the Judgment, only action by affirmative vote of a majority of the Watermaster Board shall be effective. All actions may be adopted by voice vote. Four (4) affirmative votes shall be required in order to constitute Watermaster action on each of the following matters: (1) any change sought in the form of governance; (2) any change in voting requirements; (3) retaining the services of general legal counsel and Advisor; (4) establishing, levying, increasing or decreasing all assessment amounts; (5) adopting or amending an annual budget; (6) determining the extent of Overdraft and quantifying Safe Yield; (7) determining Adjusted Production Rights; (8) decisions regarding the financing of Supplemental Water or facilities, other than any financing provisions included in the Judgment as provided in Sections 5.3, 5.4, and 5.5 of the Judgment; (9) decisions regarding ownership of facilities, other than ownership of the Phase I facilities described in the Water Management Plan, which shall be owned by Eastern Municipal Water District, subject to a right of use by those Parties participating in the financing thereof; (10) policies for the management of the Management Area; and (11) any decision that involves a substantial commitment by Watermaster, including any contracts for conserved water. All other actions by the Watermaster shall require three (3) affirmative votes. ([Jmt. § 9.4.](#))
- h. Minutes. The Secretary of the Watermaster Board or designee shall cause the preparation and subscription of the minutes of each meeting and make available a copy thereof to each person who has filed a request for copies of all minutes or notices in writing in accordance with applicable law. The minutes shall constitute notice of all actions therein reported.
- i. Adjournment. Any meeting may be adjourned to a time and place specified in the order of adjournment. Less than a quorum may adjourn a regular or special meeting in the absence of a quorum; if no Board Member is present, the Advisor may declare the meeting adjourned; in either case, a copy of the notice of adjournment shall be conspicuously posted forthwith on or near the door of the place where the meeting was held within 24 hours after the time of the adjournment.

ARTICLE V

PHYSICAL SOLUTION/WATER MANAGEMENT PLAN

5.0 Stipulated Judgment The Physical Solution. The ~~Stipulated~~ Judgment imposes a Physical Solution on the Parties to the Judgment to ensure an adequate and reliable source of future water supply for the Management Area and to protect the rights of the Soboba Tribe through the adoption and implementation of the Water Management Plan. (Jmt. § 6.1.)

5.1 Water Management Plan. Watermaster has approved a Water Management Plan to enforce and implement the Physical Solution, and may modify such Plan as conditions require, subject to the provisions of the Settlement Agreement, and subject to approval by the Court. The Plan will also facilitate and accommodate the settlement of the water rights of the Soboba Tribe. The Parties agree that the Plan shall incorporate and serve to implement the following goals: (Jmt. § 6.5.)

- a. Groundwater levels within the Management Area have generally been declining for a number of years, and the Management Area is presently in a condition of Overdraft. The Watermaster shall calculate the Safe Yield of the Management Area on regular basis, at least until the Overdraft is substantially eliminated. The Plan will, within a reasonable period, eliminate Groundwater Overdraft and provide for excess production by implementing a combination of available water resources management elements. These elements include: reduction in natural Groundwater production; enhanced Recharge with native and/or Supplemental Water; increased use of Recycled Water; in-lieu replenishment; acquisition and development of Supplemental Water; and water conservation programs. (Jmt. § 6.5.1.)
- b. The Management Area is expected to experience residential, commercial, and industrial growth and development over the next decade. The estimated amount of Supplemental Water that will be necessary to provide for and adequately serve this new growth and development is 15,000 acre-feet per year. The Water Management Plan shall accommodate the orderly expansion of existing water production and service systems, and provide a clear planning process for meeting these projected growth trends. (Jmt. § 6.5.2.)
- c. The Plan should be implemented in a manner to protect and/or enhance Management Area water quality. (Jmt. § 6.5.3.)

5.2 Replenishment Program. The Groundwater replenishment program shall be administered by Watermaster. The program shall include: the acquisition of Supplemental Water; the collection and expenditure of Replenishment Assessments; the Recharge of the Management Area; and the construction and operation of all necessary facilities, including but not limited to, development of surface and subsurface percolation and injection facilities. In addition, a source of Recharge Water for agencies contributing to the Settlement Payment described in Section 5.3 of the Judgment will be Imported Water provided by Metropolitan under the Settlement Agreement, which is not used by the Soboba Tribe. (Jmt. § 6.6.)

- a. Priority for replenishment will be based on the factors and priorities set out in Section 6.6.1 of the Judgment. (Jmt. § 6.6.1.)

5.3 Recycled Water. Watermaster shall have a right of first refusal to purchase all Recycled Water produced from treatment facilities serving the Management Area, i.e., from the San Jacinto Regional Wastewater Reclamation Facility to the extent available, that is not subject to then existing contracts. Such Recycled Water may be used for Recharge or direct use within the Management Area, subject to compliance with existing laws and regulations. Each Public Agency may implement its own Recycled Water program, for direct use, subject to the availability of Recycled Water. The Public Agency shall be responsible for financing, operating and maintaining the facilities necessary for that program. Watermaster will support loan or grant applications, and the Public Agencies will work to integrate Recycled Water into the Water Management Plan, to the extent economically feasible while meeting regulatory standards. (Jmt. §§ 1.30, 6.8, 6.8.1, 9.6.4.3.)

ARTICLE VI

ADMINISTRATION AND OPERATIONS

6.0 Administration.

- a. Principal Office. The principal office of Watermaster shall be at the Eastern Municipal Water District, 2270 Trumble Road, Perris, California, 92750, or at such other location or locations as may be designated by action of the Watermaster from time to time by adoption of a resolution which shall then be approved by the Court. (Jmt. § 9.7.)
- b. Records. Watermaster's records shall be treated as public records under the Public Records Act. (California Government Code sections 6250 et seq.) (Jmt. § 9.7.) All records shall be maintained pursuant to the Records Management and Retention Policy adopted by the Board. Records may be kept at a location other than the principal office.
- c. Annual Administrative Budget. Watermaster shall prepare and adopt an annual administrative budget pursuant to the procedures set forth in ARTICLE X, Section ~~9.1~~10.1.
- d. Accounting. Generally and as addressed in greater detail elsewhere in these Rules and Regulations, Watermaster shall provide for the levy, billing, and collection of all assessments provided for under the Judgment, for the payment of costs and expenses of the Watermaster, and for the performance of such accounting and related functions as may be required in connection with those functions (“Accounting Functions”). All funds collected shall be held in a segregated account. All expenses and disbursements shall be separately accounted for.

Pursuant to the terms and conditions of a contract to be entered into between Eastern and the Watermaster, Eastern ~~shall~~ initially performed the Accounting Functions for Watermaster. The foregoing clause does not restrict the ability of the Watermaster to enter into other agreements with other members of the Watermaster and/or private firms and individuals to provide some or all of the Accounting Functions. (Jmt. § 9.6.4.5.1.)

6.1 Operations.

a. Facilities.

- (1) Phase 1 Facilities. The Phase I Facilities (including capital facilities and spreading basins, as more particularly defined in the Water Management Plan) are existing facilities of Eastern that have been expanded or improved as part of the Water Management Plan, or are new facilities that are integrated into Eastern's existing facilities and are owned by Eastern. Pursuant to the terms and conditions of contracts to be entered into between Eastern and the Watermaster, and Eastern and the other Public Agencies, Eastern has constructed, installed, and will continue to operate the Phase I Facilities consistent with the Water Management Plan. (Jmt. §§ 9.6.4.1.)
- (2) Other Facilities. The Water Management Plan anticipates the need for the construction and installation of other facilities in order to accomplish the goals of the Judgment. Such facilities may be constructed, installed and operated under contract with Watermaster, by a member of Watermaster or, in circumstances approved by Watermaster, by other responsible entities. (Jmt. §§ 9.6.4.2.)

- b. Purchase of Water for Groundwater Recharge. The Settlement Agreement requires Metropolitan to use its best efforts to deliver an average of 7500 acre-feet per year of Imported Water for Recharge of the Management Area. This supply is dedicated first to satisfy the rights of the Soboba Tribe as provided in the Settlement Agreement. Such portion of the supply that is not used by the Soboba Tribe will be available to those Parties who have participated in the cost thereof ~~on behalf of the participating Parties.~~ (Jmt. §§ 9.6.4.2.)

Eastern is the only Public Agency having the ability to secure the use of Metropolitan's facilities to import additional water supplies. Per Section 9.1(b), Per ARTICLE X, Section 10.1.b below, the Watermaster has a conditional right of first refusal to purchase such supplies. When such supplies and funds to purchase and import them are available, Watermaster shall work with Eastern to purchase and import such supplies. (Jmt. § 9.6.4.3.)

Eastern has entered into a contract with Metropolitan for the purchase and delivery of such Imported Water supply. Eastern shall also purchase as a member agency of Metropolitan, or otherwise acquire, such additional supplies of water as may be directed by the Watermaster to implement the Water Management Plan, subject to availability and transmission capacity. All

such water delivered by Metropolitan, or otherwise acquired by Eastern, and all Eastern facilities used to deliver, recharge and recapture such water, shall be subject to rights of use by the Parties entitled thereto. Such rights of use shall be confirmed in detail in written contracts with Eastern. [\(Jmt. § 9.6.4.3.\)](#)

Watermaster has the authority to purchase available recycled water for direct and indirect Groundwater Recharge in, or benefiting, the Management Area. [\(Jmt. § 9.6.4.3.\)](#)

Watermaster may use its funds, or funds provided by the Parties, to purchase Imported Water, Supplemental Water, or other water, including verifiably conserved water, and to fund in-lieu projects using recycled water. [\(Jmt. § 9.6.4.3.\)](#)

c. Monitoring and Data Collection.

- (1) Scope. Watermaster shall implement and conduct monitoring programs and activities as necessary to enforce the Judgment and these Rules and Regulations. Any such policies and procedures shall be adopted at regular or special meetings of Watermaster and reported in Watermaster's annual report. [\(Jmt. § 6.5.6.\)](#)
- (2) Measuring Devices. Watermaster may utilize gauges and electronic gauging stations within the Management Area in furtherance of its monitoring activities.
- (3) Additional Devices. Watermaster may direct, install or construct additional monitoring devices within the Management Area as necessary to administer and enforce the Judgment and these Rules and Regulations.
- (4) Data Collection. Watermaster shall provide for the collection and maintenance of all production, water level, water quality, and other technical data necessary and required by the Water Management Plan, [Sections 11.2, 11.3](#) ("Data"). Pursuant to the terms and conditions of a contract to be entered into between Eastern and Watermaster, Eastern shall collect and maintain all such Data and transmit such Data to Watermaster, its Advisor, and the Technical Advisory Committee as directed by the Watermaster. The foregoing clause does not restrict the ability of Watermaster to enter into other agreements with other members of Watermaster and/or private firms and individuals for the collection of Data. [\(Jmt. § 9.6.4.4.\)](#)

6.2 Legal Matters.

- a. Reports to Court. Watermaster shall file annually with the Court a report regarding its activities during the preceding year, including an audited statement of all accounts and financial activities. A notice of the filing of the annual report will be served on all Parties and a copy of the report itself made available to the Parties upon request. [\(Jmt. § 9.6.8.\)](#)

- b. Court Review. Any action by Watermaster, or any failure to act by virtue of insufficient votes, may be reviewed by the Court on motion by any Party, with notice to all other Parties. The Court's review shall be de novo, and the Court's decision shall constitute action by the Watermaster. The procedures for judicial review are further set forth below. (Jmt. § 9.5.)
- c. Notice of Litigation. Watermaster shall provide reasonable notice to the Parties to the Judgment of any existing litigation affecting the Watermaster or that challenges the legality, validity, or enforceability of the Judgment, the Rules and Regulations, or any decision of the Watermaster in connection therewith made pursuant to these Rules and Regulations, unless the complaining party has already given such notice.
- d. Defense of Judgment. Watermaster shall reasonably defend the Judgment, these Rules and Regulations and any decision of the Watermaster made pursuant to these Rules and Regulations against challenges brought by any person. Costs incurred by Watermaster in defending such actions shall be considered a Watermaster general administrative expense.

ARTICLE VII

PROCUREMENT OF SUPPLIES, EQUIPMENT, SERVICES AND CONSTRUCTION OR REPAIR OF WORKS OF IMPROVEMENT

7.0 Introduction. The procedures for the purchase of or arrangements for supplies, equipment, and services are as follows:

- a. Proposal by a Public Agency. The Watermaster may enter into an agreement for supplies, equipment and/or services, including construction services, with a Public Agency based on an informal proposal and/or budget submitted by the Public Agency without going out to formal bid.
- b. General Standards. In all other cases, purchases shall be awarded following open, competitive processes unless:
- (1) The procurement is necessary to address an emergency condition threatening the public health and safety;
 - (2) The product or service is only available from one source;
 - (3) A service provider has been prequalified by the Watermaster based on expertise and qualifications;
 - (4) The product or service cannot be described with enough detail to enable competitive practices;

- (5) Time constraints, special reasons, circumstances, or conditions make a competitive purchase infeasible;
- (6) The value of the product or service is less than the financial limits authorized by this ARTICLE VII; or
- (7) The purchase or expenditure is approved by the Board as an exception to the standard procurement procedures in this ARTICLE VII.

c. Financial Limits for Proposals Other Than by a Public Agency. The approval authority for purchases, arrangements, or contracts for construction, repair, or services is based on the estimated value thereof and is as follows:

- (1) Up to Ten Thousand Dollars (\$10,000.00): Bids, quotes, or proposals are not required;
- (2) Between Ten Thousand One Dollars (\$10,001.00) and up to Fifty Thousand Dollars (\$50,000.00): Three (3) quotes or proposals shall be requested without formal bidding; and
 - (a) If the item or service has been budgeted, the Advisor has authority to make the purchase or enter into the contract or other arrangement;
 - (b) If the item or service has not been budgeted, the Board must approve the purchase, award, contract, or other arrangement;
- (3) Over Fifty Thousand One Dollars (\$50,001.00): Requesting formal bids are required, and the Board must approve the purchase, award, contract or other arrangement.

d. Special Rules.

- (1) Reservation of Rights. The Watermaster reserves the right to waive or modify any of the financial limits or bidding or other requirements set forth in Subsection c of this Section 7.0 above and, as stated in Subsection a, may contract with a member Public Agency for supplies, equipment and/or services.
- (2) Professional Services Contracts. The Advisor shall report the Advisor's approval of any contract for professional services not approved by the Board, any change orders to such contract, and any other issue related to a professional services contract.

- (3) Change Orders. The Advisor may approve Change Orders that do not exceed the original authorization by more than Five Thousand Dollars (\$5,000.00), or Ten Percent (10%) of the original contract amount, whichever is greater. Change Orders in excess of these amounts and Change Orders reflecting a change in the scope or nature of the project shall be submitted to the Board for approval.
- e. Execution of Agreements by Advisor. The Advisor is authorized, on behalf of the Watermaster, to execute any agreement entered into with a Public Agency pursuant to Section 7.0-a above, or with any other person or entity pursuant to Subsection 7.0-b or c-(1) above where the agreement has been previously approved by the Watermaster.

ARTICLE VIII

WATER USE, ACCOUNTING, ASSESSMENTS AND CREDITS

8.0 Scope. This Article sets forth Watermaster's rules and procedures regarding water use accounting, assessments and credits.

8.1 Accounting for Water Use Storage and Transfers. The Watermaster shall account for all production by ~~Class A and~~ Class B Participants and Public Agencies using information reported or obtained for that purpose and may make adjustments to a Class B Participant's Base Production Rights pursuant to Sections 4.4.1.1 and 4.4.1.2 of the Judgment. The Watermaster shall also account for Carry-Over Credits, including the transfer thereof where authorized, and for the use and/or storage and/or transfers of Imported Water by Public Agencies. (Jmt. §§ 4.4.1.1, 4.4.1.2, 9.6.4.5.2)

8.2 Assessment Program. The accounting for the Assessment Program contemplated by the Water Management Plan and consisting of Administrative Assessments and Replenishment Assessments determined and levied by the Watermaster as described in Sections 1.2, 1.31, and 3.4, respectively, of the Judgment, ~~shall was~~ initially ~~be~~ performed by Eastern under a contract with Watermaster pursuant to the provisions of Section 9.6.4.5 of the Judgment. All Assessments shall be used for Replenishment Expenses and Administrative Expenses. Watermaster may enter into other agreements with any entity other than Eastern including private firms and individuals to provide some or all of the Accounting Functions as required under the Judgment. (Jmt. §§ 6.9, 6.9.1.)

- a. All Watermaster assessment invoices shall be payable to Watermaster within sixty (60) days of notice. Any delinquent assessments shall bear interest at a rate to be set by the Watermaster. Watermaster is entitled to recover its reasonable expenses in collecting any assessment, including attorney's fees and costs. (Jmt. § 6.9.3.)

- b. Watermaster is authorized to adjust assessments, where deemed appropriate, to provide incentives for production of Degraded Groundwater as described in Section 6.5.3 of the Judgment. ([Jmt. § 6.9.4.](#))

8.3 Carry Over Credit. As required by the Judgment, each Public Agency that produces less than its Adjusted Production Right and share of Imported Water, and any Class B Participant producing less than its Base Production Right, shall have Carry-Over Credits subject to the following provisions of Section 6.9.2 of the Judgment. ([Jmt. §§ 1.7, 6.9.2.](#))

- a. The Carry-Over Credit shall be the difference in acre-feet between a Public Agency's Adjusted Production Right and share of Imported Water and Supplemental Water, and the Public Agency's actual production in a calendar year, or the Class B Participant's Base Production Right and the Class B Participant's actual production in a calendar year. ([Jmt. § 6.9.2.1.](#))
- b. The Carry-Over Credit may be applied to reduce the amount of acre feet upon which a Public Agency or Class B Participant must pay a Replenishment Assessment either for the previous year or in any subsequent year. Carry-Over Credits are transferable by a Public Agency to the Watermaster or, subject to a right of first refusal by the Watermaster, to another Public Agency. Carry-Over Credits may be retained for more than one calendar year by Public Agencies and Class B Participants. The Public Agencies shall notify the Watermaster if a Carry-Over Credit is being transferred and shall provide information requested by the Watermaster regarding the transfer, as required by the Judgment, Section 6.9.2.2. ([Jmt. § 6.9.2.2.](#))
- c. The Watermaster shall keep an accounting of all Carry-Over Credits. ([Jmt. § 6.9.2.3.](#))

ARTICLE IX

STORAGE

9.0 Storage Rights. Unused storage capacity may exist in the Management Area, and this capacity will be managed by the Watermaster conjunctively with natural supplies and available Supplemental Water supplies. Subject to availability of assessment funds and unused storage capacity as determined by Watermaster, the Management Area may be recharged when water is available, to be drawn upon by the Parties in later years when such Supplemental Water may not be available. ([Jmt. §§ 6.7, 6.7.1.](#))

9.1 Unused Storage Capacity. Unused storage capacity, as determined by Watermaster, and pursuant to a Storage Agreement, may be used for “put and take” operations with Supplemental Water that is paid for by any Public Agency provided that: (Jmt. § 6.7.2.)

- a. Such operations do not interfere with the rights of any other pumper, or with the use of the storage capacity for Recharge and storage under the Water Management Plan. (Jmt. § 6.7.2.1.)
- b. Watermaster shall have the first right to purchase any water available for Recharge for use under the Plan (Jmt. §§ 6.7.2.2.). The Watermaster may, upon request of a Public Agency, enter into a Storage Agreement that will constitute an ongoing waiver of this first right of refusal during its term, if the Watermaster reasonably determines that implementation of the Storage Agreement will not significantly impact the implementation of the Plan and the availability of supplemental water supplies and/or interfere with ongoing Watermaster operations and/or ongoing operations pursuant to previously-approved Storage Agreements or production by the Public Agencies.
- c. Later recovery of Stored Water shall exclude losses, and shall not be subject to either Administrative or Replenishment Assessments. (Jmt. §§ 6.7.2.3.)
- d. Such recovered water may be used anywhere within the service area of the Party. (Jmt. §§ 6.7.2.4.)
- e. The rights to such Stored Water may be transferred while still in storage. (Jmt. § 6.7.2.5.)

9.2 Conjunctive Use or Water Banking Programs. Any conjunctive use or water ~~storage banking~~ programs proposed by one or more of the Parties within the Management Area for the benefit of territory outside of the Management Area shall be subject to the Watermaster’s approval and the governance provisions herein and as set forth in the Judgment. Any storage, conjunctive use or water banking programs by third parties, or in-lieu recharge programs financed with assessment funds, shall be subject to the Watermaster’s approval and the governance provisions herein and as set forth in the Judgment; provided that Metropolitan has the right under the Soboba Settlement Agreement to use up to 40,000 acre-feet of storage capacity in the San Jacinto Upper Pressure Subbasin for the pre-delivery of water required under Section 5.2 of the Judgment. All conjunctive use or water storage programs shall be subject to a Storage Agreement with the Watermaster, the approval of which shall not be unreasonably withheld. (Jmt. § 6.7.3.)

9.3 Contents of Storage Agreements. Each ~~groundwater~~ Storage Agreement shall include, but not be limited to, the following components:

- a. The quantities and terms of the storage right;
- b. A statement of the priorities of the storage right as against Safe Yield uses and other storage rights.
- c. The projected delivery rates, together with projected schedules and procedures for spreading, injection or in-lieu deliveries of Supplemental Water for direct use;
- d. The calculation of storage water losses and annual accounting for water in storage; and
- e. The establishment and administration of withdrawal schedules, locations and methods.

ARTICLE X

FINANCIAL PROVISIONS

10.0 Introduction. This ARTICLE X sets forth the Watermaster's procedures, authorizations, requirements and guidelines for the financial aspects of the Watermaster's operations. The Watermaster shall establish and maintain books of account consistent with generally-accepted accounting practices, including the Uniform System of Accounts prescribed by the State Controller and the Government Accounting Standards Board. Projects authorized by the Board shall be monitored and managed through an accounting system which accurately compares budget to actual expenditures. Financial results shall be reported regularly by the Advisor to the Board.

10.1 Budget. On or before ~~November 30~~ September 30 of each year, Watermaster shall cause the preparation of a proposed draft budget showing the amount of money estimated to be necessary to pay the costs of operation and the anticipated revenue. The draft budget will be distributed to the Board on or before September 30. A special Board budget workshop meeting date will be selected at the board's regular August Board meeting. The special budget workshop shall be held after September 30, but prior to the next regular Board meeting or at the discretion of the Board.

- a. Draft Budget Preparation. The Watermaster shall cause the Advisor to prepare a draft budget based on a calendar year accounting which shall be a reasonably detailed analysis of income and expenses based on the following estimates:
 - (1) Anticipated total groundwater production by the Public Agencies and B Participants;
 - (2) Anticipated total groundwater production by the Public Agencies and B Participants that will trigger replenishment charges;

- (3) Anticipated revenue from (a) replenishment assessments; (b) administrative assessments;
 - (4) Expenses related to (a) water purchases; (b) administration; and (c) operations;
 - (5) Increases in replenishment and administrative assessments if required to fund expenses.
- b. Draft Budget Revisions. The draft budget may be modified as necessary but should be provided to the Watermaster by ~~November 30~~ September 30 of each year.
 - c. Adoption of Final Budget. The Watermaster shall consider the draft budget at a regular or special meeting no later than December 31 of each year and shall adopt the Final Budget on or before December 31 of each year.
 - d. Budget Modification. The Advisor is authorized to approve changes within the operating budget that do not result in expenditures exceeding revenue. The Advisor shall recommend modifications of the budget as the need arises due to events occurring after approval of the budget, and the Board shall act on such recommendations.
 - e. Implementation of Approved or Revised Budget. The Advisor shall implement the approved or revised budget by making expenditures in accordance with approved purchasing procedures.

10.2 Assessments.

- a. Annual Determination of Assessments. Annually, the Advisor shall recommend to the Watermaster the replenishment and administrative assessment levels needed to support the draft budget and shall present this recommendation concurrently with the draft budget by November 30 of each year.
- b. Administrative Assessments. Watermaster shall levy administrative assessments on the Public Agencies pursuant to Sections 1.2 and 3.4.1 of the ~~Stipulated~~ Judgment. (Jmt. §§ 1.2, 3.4.1.)
 - (1) Invoicing Administrative Assessments. Watermaster shall submit an invoice to each Public Agency for an administrative assessment based on estimated and actual production by that Agency up to its Adjusted Production Right, plus any amount pumped pursuant to a Carry-Over Credit from a prior year, according to the following schedule. All administrative assessments shall be at the rate determined for the year pursuant to paragraph a.

25% of estimated annual production by July 15.

50% of estimated annual production by October 15.

Remaining actual production for the year by March 1 of the following year (reconciliation invoice).

- c. Replenishment Assessments. The Replenishment Assessment is a per-acre foot charge levied against each Public Agency for each acre-foot of groundwater pumped in excess of the Public Agency's Adjusted Production Rights, its share of Imported Water, Stored Water, Supplemental Water, and applicable Carry-Over Credits and Recharge Rights, and against each Class B Participant for pumping in excess of its Base Production Right. The rate of assessment shall be determined as part of the annual Watermaster Budget approved by the Watermaster each year and shall be based on the estimated cost of purchasing, importing and recharging replacement water, including operating, maintenance, repair and replacement expenses. (Jmt. §§ 1.3.1, 3.4.2.)

(1) Invoicing Replenishment Assessments.

(a) Replenishment Assessments shall be invoiced as follows:

- (i) Public Agencies. By May 1 of each year, Watermaster shall submit an invoice to each Public Agency with production in excess of its adjusted base production right during the preceding calendar year, subject to use of available Carry-Over Credits available to that Agency.
- (ii) Class B Participants. By May 1 of each year, the Watermaster shall submit an invoice to each Class B Participant based on that Participant's production in excess of that Participant's Base Production Right during the preceding calendar year.

d. Collection.

- (1) Delinquencies. All Watermaster assessment invoices shall be payable to Watermaster within sixty (60) days of notice. Any delinquent assessments shall bear interest at a rate to be set by the Watermaster. Watermaster is entitled to recover its reasonable expenses in collecting any assessment, including attorney's fees and costs.
- (2) Disputes. Disputes regarding the method of levying assessments or the amount thereof shall be subject to the Dispute Resolution Procedures set forth in ARTICLE ~~X~~XII of these Rules and Regulations. In the absence of a complaint to the Watermaster involving said procedures or upon failure to pay assessments determined to be due as a result of said procedures within thirty (30) days of final decision by the Watermaster, the Watermaster may direct the Watermaster's staff to pursue collection

through legal procedures.

10.3 Bank Accounts. The Watermaster shall establish one or more deposit and/or checking accounts with state or national banks or savings associations upon such terms and conditions as may be agreed upon. Any two of the following-named officials are authorized to establish and maintain and to sign checks on such accounts at one or more banks or other financial institutions as defined in EXHIBIT “A” of these Rules and Regulations:

Watermaster Board Chairperson;

Watermaster Board Vice-Chairperson;

Watermaster Board Secretary-Treasurer;

Advisor.

- a. Reporting. Financial transactions shall be reported to and reviewed by the Secretary-Treasurer, and presented to the Board at regular Board meetings.

10.4 Audits. An annual financial audit report shall be filed with the Court as part of the Annual Report to the Court. The Advisor shall present a post-audit review and report to the Technical Advisory Committee. ([Jmt. § 9.6.8.](#))

ARTICLE XI

INVESTMENT POLICIES

The policies, procedures, requirements and limitations regarding the investment of Watermaster funds are set forth in Exhibit “A” to these Rules and Regulations, [as they are amended from time to time](#).

ARTICLE XII

DISPUTE RESOLUTION PROCEDURES

12.1 Purpose. This Article sets forth the general Watermaster rules and procedures for administratively adjudicating requests, disputes, and complaints arising from any action, omission, or decision of the Watermaster.

12.2 Complaint to Watermaster. Any affected party may invoke the dispute resolution procedures set forth below by filing a Complaint objecting to or otherwise disputing any action, omission, or decision of Watermaster regarding the implementation of the Judgment or regarding billing and collection of assessments or other action or activity pursuant to these Rules and

Regulations within sixty (60) days of the action, omission, or decision. The Complainant shall use a complaint form supplied by Watermaster and shall contain the following information:

- a. The disputed action, omission, or decision of Watermaster staff, agent or designee;
- b. The grounds or basis for the Complaint, including copies of any reports, charts, maps, and other documentation; and
- c. The Complainant's requested relief.

12.3 Copy of Dispute Resolution Procedures. Upon receipt of the Complaint, the Watermaster shall provide the Complainant with a written notice of the Watermaster's dispute resolution procedures as set forth in this Article. Such notice shall be provided to the Complainant within ten (10) days of receipt of the Complaint by Watermaster.

12.4 Dispute Resolution Committee. Upon the Watermaster Board's receipt of a Complaint, a Dispute Resolution Committee shall be formed which shall be comprised of members appointed by the Chairman, but in cases involving Class B Participants, shall include the private pumpers' representative on the Watermaster Board. The Dispute Resolution Committee shall make a reasonable effort to schedule a hearing within sixty (60) business days from the date of Watermaster's receipt of the Complaint and shall provide the Complainant with at least ten (10) business days' prior written notice of the date, time and location of the hearing. At the conclusion of the public hearing, following a reasonable period of deliberation, if any is necessary, the Dispute Resolution Committee shall uphold or recommend modification or reversal of the Watermaster's decision, action or omission which is the basis of the Complaint.

12.5 Appeals. In the event the Complainant does not agree with the action or recommendation of the Dispute Resolution Committee, the Complainant may file a written notice of appeal with the Watermaster within ten (10) days of receipt of the Dispute Resolution Committee's decision on the matter.

12.6 Appeal to Watermaster Board. On receipt of a notice of appeal to the Dispute Resolution Committee's decision regarding a Complaint, the Watermaster Board shall schedule a public hearing regarding the matter. The public hearing shall be conducted during a regular meeting or a special meeting called for that purpose. The Watermaster Board shall make a reasonable effort to hold a public hearing within sixty (60) days from the date of notice of appeal. The Watermaster shall provide the Complainant with at least ten (10) days prior written notice of the date, time, and location of the hearing. The Watermaster Board may continue the public hearing from time to time, including, but not limited to, continuing the hearing for a reasonable time to obtain a legal or technical opinion. At the conclusion of the public hearing, the Watermaster Board shall uphold, modify, or reverse the Dispute Resolution Committee's decision regarding the Complaint. The decision of the Watermaster Board shall be considered the Watermaster's final decision regarding the Complaint. The Complainant may appeal this decision to the Court within thirty (30) days of the Watermaster Board's decision.

12.7 Failure to Appeal. Any Complainant that fails to appeal any decision of the Watermaster within the applicable deadlines as set forth in this Article shall be deemed to have waived its right to do so.

12.8 Conduct of Hearings. Any public hearing regarding a Complaint shall be conducted pursuant to the following procedures:

- a. Watermaster staff shall first present evidence of the basis for the Watermaster's decision or action. Upon the conclusion of the Watermaster staff's presentation, the Complainant shall then have the opportunity to present evidence supporting the modification or reversal of the Watermaster's decision or action.
- b. The Complainant or Watermaster staff may present witnesses, documents, and exhibits. The decision-making body shall not be bound by formal rules of evidence and will control the hearing, reserving the power to exclude testimony or exhibits deemed irrelevant.
- c. The decision-making body shall ensure that an adequate and appropriate record of the hearing is kept. Any party, at that party's sole expense, may have a court reporter present at the hearing.
- d. At the conclusion of the hearing, the decision-making body may uphold, modify, or reverse the applicable decision.
- e. Any notice provided to a Complainant pursuant to this Article shall be provided in accordance with the methods described in Section 4.0-d.

12.9 Judicial Review. Any action, decision, rule or procedure of Watermaster shall be subject to review by timely motion by any Party as follows:

- a. Effective Date of Watermaster Action. Any order, decision or action of Watermaster pursuant to the Judgment or these Rules and Regulations on noticed specific agenda items shall be deemed to have occurred on the date of the order, decision or action.
- b. Notice of Motion for Judicial Review. Any Party may, by a regularly noticed motion, petition the Court for review within 90 days of the action or decision by Watermaster, except motions for review of assessments under the Judgment shall be filed within 30 days of mailing of the notice of the assessment or, if a complaint is filed to trigger application of the Dispute Resolution Procedures, within thirty (30) days of the conclusion thereof. The motion shall be deemed to be filed and served when a copy, conformed as filed with the Court, has been delivered to Watermaster staff. Unless ordered by the Court, any petition or motion shall not operate to stay the effect of any Watermaster action or decision which is challenged.

- c. De Novo Nature of Proceeding. Upon filing of a motion or petition to review a Watermaster action, Watermaster shall notify the Parties of a date when the Court will take evidence and hear argument. The Court's review shall be de novo and the Watermaster decision or action shall have no evidentiary weight in such proceeding.

- d. Decision. The decision of the Court in such proceedings shall be an appealable Supplemental Order in this case. When it is final, it shall be binding upon Watermaster and the Parties.

EXHIBIT "A"

RULES AND REGULATIONS
ARTICLE XIINVESTMENT POLICIES, PROCEDURES,
REQUIREMENTS AND LIMITATIONS

11.0 Policy. This Statement of Investment Policy is intended to provide guidelines for the prudent investment of Watermaster's temporary idle cash, and outline the policies for maximizing the effectiveness and efficiency of Watermaster's cash management system. The goal is twofold: one is to preserve Watermaster's capital resources while maximizing investment earnings pursuant to the "Prudent Investor Standard", the second is to provide guidelines for authorized investments.

11.1 Scope. All monies entrusted to Watermaster shall be pooled in an actively managed portfolio. The Treasurer is authorized to invest funds using as guidelines California Government Code (CGC) Section 53600 et seq. This investment policy applies to all financial assets and investment activities of Watermaster. If ~~circumstances~~ absence prevents the Treasurer from actively investing on behalf of the Watermaster, the Advisor is authorized to invest during such period subject to the limitations described herein.

~~—————~~This policy, however, specifically excludes ~~the employees' retirement and deferred compensation funds and the retiree health benefit trust. Additionally,~~ monies held by a trustee or fiscal agent pledged to the payment or security of bonds or other indebtedness, which shall be held using CGC Section 53601 (~~Lm~~) as a guideline.

11.2 Prudence. Watermaster shall ~~comply with the use as guidelines the standards within the content of the P~~ prudent ~~i~~Investor ~~s~~Standard as set forth in CGC Section 53600.3 ~~that~~ which states in part:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, ~~and or~~ managing public funds, a trustee shall act with care, skill, ~~and~~ prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims to safeguard the principal and maintain the liquidity needs of the agency."

11.3 Objective. Watermaster's cash management system is designed to monitor and forecast expenditures and revenues, thus enabling the agency to invest funds to the fullest extent possible. Watermaster attempts to obtain the highest yield available, while investments meet the criteria established for safety, liquidity, and yield, in that order of priority.

- a. Safety. Safety of principal is the foremost objective of the ~~agency~~ Watermaster. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, rating downgrades, broker-

dealer defaults, or erosion of market value. Watermaster shall seek the preservation of capital by mitigating two types of risk: credit risk and market risk.

- (1) Credit risk - is the risk of loss due to failure of the issuer and is mitigated by investing in safe securities, and diversifying the investment portfolio so the failure of one issuer would not materially affect the cash flow of the agency.
- (2) Market risk - is the risk of market value fluctuations due to changes in the general level of interest rates, and shall be mitigated by limiting the ~~average maturity of the agency's investment portfolio to three and one half years, and the~~ maximum maturity of any one security ~~to to~~ twelve (12) months~~five years~~. Market risk shall also be mitigated by structuring the portfolio so maturing securities match cash outflows, eliminating the need to sell securities prior to their maturity, and ~~to~~ avoid~~avoiding~~ taking positions in securities for the purpose of selling those securities within a short period of time in order to realize a short term profit. It is recognized that within a diversified portfolio, occasional measured losses are inevitable, and must be considered within the context of the overall return on the investment.

- b. Liquidity. Watermaster's investment portfolio will remain satisfactorily liquid, enabling the agency to meet all anticipated and operating cash flow requirements.
- c. Return On Investments. Watermaster's investment portfolio shall be designed to attain a market rate of return throughout economic cycles. Whenever possible with respect to budgetary and cash flow requirements, and consistent with risk limitations and prudent investment principles, the Treasurer shall seek to augment returns above the market rate of return.

11.4 Maximum Maturities. Watermaster will match its investments with anticipated cash flow requirements. Maximum maturities shall not exceed 12 months ~~five (5) years~~, without specific approval of the Watermaster Board. ~~The average maturity of funds should not exceed 1,275 days (3.5 years), and the cash flow requirements shall prevail at all times.~~

11.5 Performance Standards. Watermaster's investment portfolio will be designed to obtain a market ~~average~~ rate of return during budgetary and economic cycles, taking into account the agency's investment risk constraints and cash flow requirements.

Watermaster will operate in an active capacity in the investment strategy. The basis of the strategy used by the Treasurer to determine whether market yields are achieved shall be the State of California Local Agency Investment Fund (L.A.I.F.).

11.6 Delegation and Grants of Authority. Management responsibility for the investment program is delegated to the Treasurer, ~~(as provided by resolution annually adopted by the Watermaster Board) who shall establish written procedures and policies for the operation of the investment program consistent with this investment policy.~~

No person shall engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer.

In the absence of the Treasurer, the authority to direct investment transactions affecting Watermaster monies will be restricted to the Advisor as to maturity, investment instrument, and dollar size of the investment.

11.7 Investment Committee. The Watermaster Board shall act, or may appoint an ~~AD-Hoc~~ ad hoc or ~~s~~Standing cCommittee to act, as the investment committee to provide general oversight and guidance concerning the investment policy related to the management of Watermaster's investments. The ~~c~~Committee shall meet at least quarterly. Pursuant to an annual ~~Watermaster Board adopted~~ resolution adopted by the Watermaster Board, the Treasurer shall be responsible for the day-to-day investment-related tasks governed by this policy.~~investments of the agency.~~

11.8 Ethics and Conflict of Interest. The Treasurer and the Advisor shall refrain from personal business activity which could create a conflict with proper execution of the investment program, or which could impair the ability to execute impartial investment decisions. The Treasurer and Advisor shall disclose to Watermaster's legal counsel any material financial interests in financial institutions that conduct business within the jurisdiction, and shall disclose any material financial investment positions that could be related in a conflicting manner to the performance of the agency's investment portfolio.

11.9 Safekeeping and Custody Agreements. To protect against potential losses caused by collapse of individual securities dealers, all securities owned by Watermaster shall be kept in safekeeping by a third party bank trust department, acting as an agent for the agency under the terms of a custody agreement executed by the bank and the agency. All securities will be received and delivered using standard delivery versus payment procedures with the agency's custodial bank, and evidenced by safekeeping receipts. Custodial statements are reconciled against transaction schedules by the Treasurer on a monthly basis.

11.10 Internal Controls. Proper documentation obtained from confirmation and cash disbursement wire transfers is required for each investment transaction. Timely bank reconciliation is conducted by the Advisor to ensure proper handling of all transactions.

The investment portfolio and all related transactions ~~are~~ must be reviewed and balanced to appropriate general ledger accounts on a monthly basis.

An independent analysis by an external auditor shall be conducted annually to review internal control, account activity, and compliance with policies and procedures.

11.11 Financial Reporting. Using the provisions of Section 53646 of the CGC as a guide, the Treasurer shall render a report to the Watermaster Board meetings, providing the type of investment, financial institution from which the investment was purchased, the date of maturity, the date upon which the investment becomes subject to redemption provisions, amount (to include both par and book value) of the investment, and the current market value of all investments. The report shall also include rate of interest, and other data so required by the Watermaster Board. The report shall include a statement denoting Watermaster's ability to meet its expenditure requirements for the following six-month period, or an explanation as to why sufficient monies will not be available. Additionally, the Treasurer shall state whether the agency is in compliance with its investment policy by signature required on the Treasurers' Report.

11.12 Authorized Financial Dealers and Institutions. Watermaster shall transact business only with banks, savings and loan institutions, and registered investment securities dealers. The dealers should either be primary dealers authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York, or regional dealers qualifying under the Securities and Exchange Commission Rule 15C3-1.

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements
- Proof of National Association of Securities Dealers (NASD) certification
- Proof of California state registration
- Completed broker/dealer questionnaire
- Certification of having read and understood and agreeing to comply with the Hemet-San Jacinto Watermaster's Investment Policy

An annual review of financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the Treasurer.

11.13 Collateral Requirements. Collateralization is required for investments of public deposits in ~~c~~Certificates of ~~D~~deposits (in excess of the FDIC insured amount) and all Repurchase Agreements. In order to reduce market risk, the collateral level will be at least 110% of market value of principal and accrued interest of eligible securities for ~~C~~certificate of ~~d~~Deposit. The percentage of collateralization on repurchase agreements shall be determined using CGC Section 53601(j)(2)-(i)(2) as a guideline.

In order to conform with provisions of the Federal Bankruptcy Code, which provides for the liquidation of securities held as collateral for ~~R~~repurchase ~~A~~agreements, the only securities acceptable as collateral shall be eligible ~~N~~egotiable ~~C~~certificates of ~~D~~deposit, eligible ~~Banker's~~ bankers' ~~A~~acceptances, or securities that are fully guaranteed as to principal and interest by the United States or by any agency of the United States government. All securities held as collateral shall have a maximum maturity of ~~12 months~~.~~five (5) years~~.

Watermaster shall purchase bond insurance (sometimes referred to as financial guaranty insurance) when investing in corporate fixed-income securities.

11.14 Authorized and Acceptable Investments. The following investments are authorized and accepted as defined:

- a. United States Treasury ~~B~~ills, ~~N~~otes and ~~B~~bonds. There is no limitation as to the percentage of the portfolio that can be invested within this category.
- b. Obligations issued by the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA). Although there is no percentage limitation on “governmental agency” issues, the prudent investor standard shall apply for a single agency name.
- c. Negotiable ~~C~~ertificates of ~~D~~eposit (NCD) issued by a nationally or state-chartered bank or a state or federal savings and loan association, provided that the issuing institution is rated “A” or better by a nationally recognized statistical ratings organization (NRSRO).

Purchases of negotiable certificates of deposits may not exceed 30% of the market value of the portfolio. A maturity limitation of twelve (12) months ~~five (5) years~~ is applicable on NCDs. With federal deposit insurance limits up to \$250,000, no more than \$250,000 shall be invested in NCDs per financial institution.

- ~~d. — Local Agency Investment Fund. The Agency may invest in the Local Agency Investment Fund (L.A.I.F.) established by the State Treasurer or Chief Financial Officer for the benefit of local agencies up to the maximum permitted by State law.~~
- d. Any other type of investment, provided that its issuing institution is rated “A” or better by a nationally recognized statistical rating organization (NRSRO).

11.15 Prohibited Investments. In accordance with CGC Section 53601.6, Watermaster will not invest any funds in inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages. Watermaster is expressly prohibited from investing in mortgage-backed securities, collateralized debt obligations, credit default swaps, futures contracts and other more exotic and high risk, or difficult risk assessment, investments. The agency may hold previously permitted but currently prohibited investments until their maturity dates.

11.16 Legislative Changes. Any State of California legislative action that further restricts allowable maturities, investment type, or percentage allocations for local agencies will be automatically incorporated into Watermaster’s Investment Policy, and supersede any and all previous applicable language.

11.17 Interest Earnings. All monies earned and collected from investments authorized in this policy shall be allocated on a quarterly basis to various fund accounts where required by law, or other agreement, based on the cash balance in each fund as a percentage of the respective pooled portfolio. However, fiduciary accounts requiring full liquidity will receive their proportional distribution of monies based on the lower of pooled or LAIF rates.

11.18 Limiting Market Value Erosion. The longer the maturity of securities, the greater the market price volatility. Therefore, it is the general policy of Watermaster to limit the potential effects from erosion in market values by adhering to the following guidelines:

- a. All immediate and anticipated liquidity requirements will be addressed prior to purchasing all investments.
- b. Maturity dates for longer-term investments will coincide with significant cash flow requirements where possible, to assist with short-term cash requirements at maturity.
- c. All longer-term securities will be purchased with the intent to hold all investments to maturity under then-prevailing economic conditions. However, economic or market conditions may change, making it in Watermaster's best interest to sell or trade a security prior to maturity.

11.19 Portfolio Management Activity. The investment program shall seek to augment returns consistent with the intent of this policy, identified risk limitations and prudent investment principles. The objectives will be achieved by use of the following strategies:

- a. Active Portfolio Management. Through active fund and cash flow management taking advantage of current economic and interest rate trends, the portfolio yield may be enhanced with limited and measurable increases in risk by extending the weighted maturity of the total portfolio (not to exceed 12 months).~~1,275 days~~.
- b. Portfolio Maturity Management. When structuring the maturity composition of the portfolio, the agency shall evaluate current and expected interest rate yields and necessary cash flow requirements. It is recognized that in normal market conditions longer maturities produce higher yields. However, the securities with longer maturities also experience greater price fluctuations when the level of interest rates change.
- c. Competitive Bidding. It is the policy of the Watermaster to require competitive bidding for investment transactions that are not classified as "new issue" securities. For the purchase of non-"new issue" securities, and the sale of all securities, at least three bidders must be contacted.

11.20 Timing of Investments and Maturities. All investments and maturities shall occur once per year, thirty (30) days after the date in which the Watermaster receives data on natural winter recharge and the availability of water for purchase. After this information is provided to the Watermaster, and subject to staff recommendation and Board approval, any reserves unused for water purchase shall be reinvested in a maturity. This process shall occur annually and shall be a governing policy utilized during the Board's budgeting process.

11.210 Investment Policy Review. This Sstatement of Hinvestment Ppolicy is intended to conform to all applicable statutes at the time of adoption. The Hinvestment Ppolicy shall be reviewed and approved annually by the Watermaster Board at a public meeting to ensure consistency with the overall objectives of the preservation of capital, liquidity, and return of the portfolio. The Hinvestment Ppolicy shall also be reviewed to ensure its compliance and relevance to the current law, financial and economic trends, and to meet the cash flow requirements of Watermaster. Watermaster's independent auditors shall audit the investment portfolio annually. The audit shall include a review for compliance with Watermaster's Sstatement of Hinvestment Ppolicy.

**Hemet-San Jacinto Watermaster
Records Retention Schedule**

Record Category	Record Type Description	Examples Include	Retention Requirement	Notes
Administrative / General				
General Correspondence	Correspondence with the Watermaster or the Advisor not covered by other provisions	Correspondence with Board members, pumpers, landowners, regulatory agencies and the public.	3 Years	
Contracts / Agreements	Records related to obligations under contracts, leases, and other agreements between the Company and outside parties.	Includes Union and Employee Contracts, Purchase Order Contracts, Leases, and other Legal Agreements. Records include the Contract or Agreement, Amendments, and Correspondence.	Expiration of Contract + 7 Years	
Project Documentation	Working Files relating to ongoing projects, including Construction Projects.	Include Project Plans, Schedules, Status Reports, Milestones, and Communications. *NOTE: Only includes project-related documentation; some documents created as part of a project will be retained according to other Record Types in this Schedule	Life of Project + 5 Years	
Accounting				
Journals / Ledgers	Records used to document transactions, transfer charges between accounts and summarize account information.	Includes General Ledger, Chart of Accounts, Journals, Journal Entries, Ledgers, Accruals, Adjustments, Account Reconciliations, Vehicle Timecards	General Ledger (Including Chart of Accounts) - Permanent Journal Entries -7 Years	
Banking and Cash Management	Records related to banking and cash management activities.	Includes Deposits, Checks, Statements, Reconciliations, Drafts, Cancelled Checks, Trial Balances, Automatic Deposit Plans, Check Registers, Wire Transfers, Disbursements, Consolidations	7 Years	
Engineering				
Planning Studies	Water Planning, Studies and Surveys for both District and Non-District Activities.	Includes Planning Studies, Reports, Master Plans, Water Plans, Well Logs and Reports, Strategic Plans, Feasibility Studies, Water Banking Studies, Preliminary Design Studies, Landscaping Plans, Residential Water Management Surveys, Sanitary Survey	10 Years	

**Hemet-San Jacinto Watermaster
Records Retention Schedule**

Executive				
Executive Board and Executive Committee Meeting Records	Records documenting proceedings of the Board, Technical Advisory Committee, committees reporting to the Board, and other legally required meetings.	Includes Agendas, Meeting Minutes, Adjournment Orders, Treasurer's Report, Change Orders to Specifications, Agreements Report, Check Reports, System Construction Orders, Financial Statements, Other Miscellaneous Documents.	Permanent	
Finance				
Budgets and Financial Forecasts	Records related to final budgets and financial forecasts, including supporting documentation.	Annual Operating Budget, Supporting Documents and Work papers, Cash Flow Projections, Budget Analysis and Data, Capital Budgets, Financial Plans, Forecasts, and Statements	10 Years	
Finance Grant Files	Records related to grants issued.	State and Federal Grants	Permanent	
Operations				
Water Operations Production Records	Records related to participant production.	Production records	7 Years	
Water Operations	Records related to monitoring, testing, and treating water for participants	Includes Pressure Charts, Daily and Monthly Water Operations Reports, Backflow Prevention Records, Backflow Device Data, Flow Charts, Alarm Records, Radio Log, Reclaimed Water Flow Records, Recycled Discharge Compliance Logs, Well Chemical Dosing Sheets, Digester Readings, Effluent Disposal Records, Groundwater Production Listing, Residuals, Electric Conductivity Records, Recycled Water Program Records	5 Years	Added exception for Discharge Monitoring Report
Water Operations Water Management Plan and Modification	Studies, TAC reports, Safe Yield Calculations			

**Hemet-San Jacinto Watermaster
Records Retention Schedule**

Legal				
Legal Litigation and Claim Files	Records related to claims made or litigation filed against the District, including commercial litigation, tort claims, or other legal claims.	Includes Investigation Files, Pleadings, Discovery, Release and Settlement Agreements, Judgments, and Communications.	Close of Case + 7 Years	
Legal Public Records and Subpoena Requests	Records reflecting the response to requests for District records from the public or in legal matters.	Includes Public Records Requests, Subpoenas, Summons, Records of Information Produced	3 Years	
Legal Legal Projects / Opinions	Legal work completed for or advice given to business functions within the District.	Includes Research, Memoranda, Opinions, Communications, Special Research Projects	Review After 5 Years	
Legal Compliance / Filings	State filings, and other records not covered elsewhere, related to the submission of documents required by law.	Includes annual reports filed with the Department of Water Resources. Secretary of State and Cal OSHA Certification Program, Post-Award Compliance Records	Permanent	
Legal Reporting	Annual Reports filed with the court	Reports on activities during previous year, including audited statement of account and other activities		
Purchasing / Warehouse				
Unsuccessful Bids	Records from projects bids that were not accepted.	Includes Bid Package, Correspondence	Close of Bid + 3 Years	
Standard Purchase Orders	Records reflecting purchase orders and services provided under those orders.	Purchase Orders, Correspondence, Invoices	10 Years	

From: Vail, Eric S.
To: behrooz@h2oengineers.com; [Kristen Jensen](#)
Cc: [Linda Krupa](#); [Russ Brown - Hemet City Council](#)
Subject: Change Requested to Draft EMWD Conservation and Storage Agreement
Date: Thursday, May 10, 2018 12:13:35 PM

Behrooz and Kris,

Here is the language changes we recommend to the Agreement shown in red / underline below:

2. Right to Store. Eastern has the right, as limited below, to store up to 21,000 AF for the exclusive use of Eastern to be drawn upon in later years (Jmt §6.7.1) and up to 7,000 AF per year for “put and take” operations (Jmt §6.7.2) under this Agreement. Eastern may at its own cost, acquire and recharge up to the full amount of 21,000 AF for storage and 7,000 AF for “put and take” operations. Supplemental Water conserved and stored by Eastern pursuant to this Agreement shall be deemed to have remained in the Basin for the benefit of Eastern, subject to losses as described below. Eastern acknowledges and agrees that its right to store Imported and/or Supplemental Water pursuant to this Agreement is limited by, and subordinate to, the prior and superior right of each member agency of the Watermaster to store its unused shares of existing and future Imported Water and carryover credits.

7. Water Quality. In accordance with the Stipulated Judgment (Jmt. §6.6.4), all water used to replenish any subbasin in the Management Area shall meet the Regional Water Quality Control Board, Santa Ana Region requirements, and the provisions of Article 4.2 of the Settlement Agreement, and may be used in any subbasin where such requirements are met. Eastern further agrees that shall be solely responsible for the cost and implementation of any mitigation or remediation measures required by the Regional Water Quality Control Board or other governmental entity of competent jurisdiction related to water recharged and/or stored pursuant to this Agreement.

Eric S. Vail | Partner
Chair, Public Law Practice Group
1600 Iowa Avenue, Suite 250 | Riverside, CA 92507-7426

d - 951.801.6625 | t - 951.788.0100 | f - 951.788.5785
444 South Flower Street, Suite 2400 | Los Angeles, CA 90071-2953
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evail@bwslaw.com | [vCard](#) | bwslaw.com

Burke, Williams & Sorensen, LLP



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Conservation and Storage Agreement Overview

Hemet-San Jacinto Watermaster Board Meeting

May 21, 2018

Summary of the Model Results

- There is adequate storage in the basin for the proposed project.
- Proposed project has no significant impacts on:
 - Groundwater storage in the Upper Pressure Basin;
 - Groundwater levels in nearby wells; or
 - San Jacinto River recharge during wet years.
- Displaced water from Lower Pressure:
 - Water Banking Element – approximately 4%
 - Conservation (put and take) Element – Negligible

Agreement Highlights

- Project includes two elements:
 - Groundwater Storage (Water Banking) - up to 21,000 AF at any given time.
 - Conservation (put and take) - up to 7,000 AF per year.
- Total recharge could exceed 7,000 AF in any given year, but total extraction in any given year shall not exceed 7,000 AF.
- Water is recharged before extraction.
- Extracted water will be used within the Management Area.

3

Agreement Highlights (Cont.)

- Recharge occurs in the Upper Pressure Basin:
 - Mountain Ave. West and/or
 - existing IRRP Sites.
- Project uses existing Phase I Project pipeline for the delivery of recharge water, and EMWD will pay its pro-rata share for repairs and replacement of the pipeline.
- Groundwater Modeling results are used to determine water losses:
 - 4% losses for Storage (Water Banking) Element
 - No Losses for the Conservation (Put and Take) Element

4

Agreement Highlights (Cont.)

- Recharge of Soboba Settlement Water would remain at the highest priority
 - Agreement is subject to Phase I facilities fourth priority.
- Interference with other production will be handled directly between EMWD and affected party.
- Watermaster can reduce or modify project activities under adverse impacts to other producers.
- EMWD is responsible to meet all environmental and regulatory requirements during construction and operation of the project.

5

Agreement Highlights (Cont.)

- Watermaster has first right to purchase.
 - Price will include: water, conveyance, proportional capital recovery, and infrastructure replacement costs.
- Agreement Monitoring/Accounting:
 - Annual Reports projecting recharge and recovery for the upcoming year.
 - Quarterly Reports of Recharge, Losses, and Water in Storage.
 - Data from 8 shallow wells and 3 multi-depth wells.
- Contract duration is 20 years (Starting in 2020) and can be automatically renewed for another 20 years.

6

Recommendation

Approve the Conservation and Storage Agreement with EMWD

Questions...

From: Mike Gow
To: [Behrooz Mortazavi](#)
Subject: Storage Agreement
Date: Wednesday, May 16, 2018 10:36:26 AM

- 1) LH is concerned about new extraction wells in LH's service area and the impact to its existing wells. The 3 new wells are outside of LH service area but the potential boundary shown on Exhibit C encroached into LH area.
- 2) Address put and take water that remains longer than one year and when it would be converted/reclassified as banking.

Sent from my T-Mobile 4G LTE device



861 Village Oaks Drive, Suite 100 • Covina, California 91724
 Phone: (626) 967-6202 • FAX: (626) 331-7065 • Web site: www.stetsonengineers.com

Northern California • Southern California • Arizona • Colorado

Reply to: Covina

MEMORANDUM

TO: Dan Mudrovich and Arthur Mullen
 City of San Jacinto

CC: Robert Johnson, David Clayton, and Russ Utz

FROM: Stetson Engineers Inc.

SUBJECT: Draft Final Technical Memorandum
 Modeling Support Services for Groundwater Banking Agreement
 Draft Water Conservation and Storage Agreement

JOB NO.: 1935-10

DATE: May 14, 2018

Stetson Engineers Inc. (Stetson) has had the opportunity to participate in several meetings and presentations on the EWMD/Watermaster Water Conservation and Storage Project and Agreement.

In general, we are very supportive of efforts to bring additional water supply to the Hemet-San Jacinto groundwater basins. The City of San Jacinto (City) is reliant on the groundwater supply to meet the City's water demands and, therefore, fully supports active management of the groundwater basin.

It is understood the "Banking Project" will take place in the Upper San Jacinto Pressure Zone (Management Area). As you know, all of the City's water supply wells rely on this same Management Area for water supply. Therefore, while there are certainly positive effects associated with storing high-quality imported water, if any negative impacts occur, they will very likely impact the City's wells and water supply. We understand there are Agreement provisions and commitments by EMWD and the Watermaster to address negative impacts, if they are identified by the City. However, it would be preferable to see certain data and information collected and reported through the TAC on a regular basis, as a potential precaution for negative impacts.



We suggest asking the Watermaster to consider the following information and suggestions:

1. In many southern California groundwater basins, storage programs (both direct replenishment and in-lieu delivery) have been developed with the best management and intentions included. Some of these storage programs have resulted in “paper water” being documented in basin management. This can happen when the storage accounting (by direct replenishment and in-lieu imported delivery) only includes “input” to basin storage and does not clearly define actual “stored water” separately from the basin’s natural supply. In some cases, because the “stored water” has been documented as input to the basin, the available natural water can be significantly impacted, resulting in a water supply shortage.
2. It is understood the basin hydrogeology has been studied and basin modeling has been done. There are still concerns that under a new water storage program, unexpected losses from basin storage can occur, and impact this basin’s water supply.
3. It is requested the Watermaster (EMWD) determine the direct relationship of stored water in this basin, to the water levels in selected key wells, and present this information to the TAC for review. This accepted relationship should then be used to regularly report on the storage program using key well hydrographs showing stored water as one of the tools. This monitoring and reporting may be included in Section 6d of the draft Agreement.
4. It is requested the Watermaster (EMWD) include minimum water levels in the selected key wells, as “trigger water levels”. The storage program should include a provision where “no stored water may be extracted” if the minimum (trigger) water levels are exceeded. Accounting of stored water would continue, unless evidence shows stored water was lost from the basin. For accounting purposes, stored water should always float on-top, and be the first water lost, if losses occur. This “trigger” for minimum water levels may be included in Section 10 of the draft Agreement.
5. New storage programs can have unintended water quality impacts. While this imported water is high-quality State Water Project water, water quality data should be collected and time series graphs for the selected key wells provided to the TAC on a regular basis. Water quality impacts can result directly from the water supply, from comingling with native waters, and from displacement/migration of existing poor quality water. Water quality monitoring may be added to Section 7 of the draft Agreement.



STETSON ENGINEERS INC.

We do not intend to hold-up the Storage Program, or approval of the Storage Agreement. However, it would be helpful if the City could be assured that these suggestions will be addressed in the Storage Agreement.

These comments and suggestions are intended to help make the Storage Program a success for the Upper Pressure Zone Management Area. We continue to support the EMWD/Watermaster storage program, and are very supportive of the requirement that all pumped water from storage will be used within the Upper Pressure Zone-Management Area. EMWD should also continue to use all pumped native groundwater within this Management Area, to ensure return water flows benefit this basin.

Z:\Jobs\1935\10\San Jacinto Memo 051418.docx

Thu 5/10/2018 3:32 PM

Erick W. Miller <emiller@aspectconsulting.com>

Soboba Comment/Question on Priority

To: Behrooz Mortazavi <behrooz@h2oengineers.com>

CC: 'Powell, Brian' <powellb@emwd.org>; 'Ali Taghavi' <ataghavi@woodardcurran.com>; 'Reza Namvar' <rnamvar@woodardcurran.com>; fcoate@soboba-nsn.gov; kmclaughlin@soboba-nsn.gov; Michael Scrafford <mscrafford@aspectconsulting.com>

Behrooz – Thanks for the opportunity to provide comments on the water banking/ERRP project. I don't have any additional comments on the Draft Final Technical Memorandum; however I do have a comment/question regarding the delivery priority presented in Item 5 of the draft Agreement (see excerpt below). Currently the average 7500 AFY recharge obligation under the Settlement Agreement occurs to some extent through pre-deliveries. How will the choice be made in any given year as to whether available water is allocated as a pre-delivery to IRRP or for banking under the ERRP? Also if you have a pdf of the Phase 1 Facilities Agreement section referenced below you could forward to me that would be appreciated. Thanks, Erick

5. Priority. Supplemental Water recharged and stored by Eastern under this Agreement shall be subject to Phase 1 facilities fourth priority of imported water deliveries (Phase 1 Facilities Agreement §C.4.a(4)) which is for delivery of water purchased by or on behalf of Eastern, Lake Hemet, Hemet or San Jacinto.

Erick Miller | Aspect Consulting, LLC | Principal Hydrogeologist | Direct: 206.780-7715 | Cell: 206.718.0176

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From: Behrooz Mortazavi <behrooz@h2oengineers.com>

Sent: Monday, May 07, 2018 7:25 AM

To: Erick W. Miller <emiller@aspectconsulting.com>; fcoate@soboba-nsn.gov; kmclaughlin@soboba-nsn.gov

Cc: 'Powell, Brian' <powellb@emwd.org>; 'Ali Taghavi' <ataghavi@woodardcurran.com>; 'Reza Namvar' <rnamvar@woodardcurran.com>

Subject: RE: Hemet - San Jacinto Watermaster TAC Meeting - May 7, 2018 at 12:30

Good Morning Erick,

Please note the report is talking about model simulation results and not historical data.

Even though these wells are included as production or monitoring wells in our monitoring program, the annual report has summary data for the wells, and the report does not have individual wells' data. This statement in the draft report needs to be revised for the final draft.

However, I think Woodard Curran can provide simulated water level data for scenario runs at these locations for you to look at.

Reza – please make a note of my comment (above) for revising the draft. Also, would you please provide hydrographs to Erick to validate what the text (below) in the report is saying.

Thx!
Behrooz

From: Erick W. Miller <emiller@aspectconsulting.com>
Sent: Friday, May 4, 2018 4:05 PM
To: Behrooz Mortazavi <behrooz@h2oengineers.com>; fcoate@soboba-nsn.gov; kmclaughlin@soboba-nsn.gov
Cc: 'Michelle Mayorga' <michelle@h2oengineers.com>; 'Powell, Brian' <powellb@emwd.org>
Subject: RE: Hemet - San Jacinto Watermaster TAC Meeting - May 7, 2018 at 12:30

Behrooz – Do you have hydrographs (or send me a link) for the below referenced wells from the W and C report? On the EMWD web site I saw the 2016 Water Management Report but not the specifically listed well info. Thanks, Erick

5.7 Recharge Response

Recharge response is not immediate but rather is on the order of months to a year as could be observed at water levels in wells such as Well 14, M1, M2, M3, and M91 near the IRRP recharge ponds. These wells are included in the Annual Groundwater Management Report available from the Watermaster.

Erick Miller | Aspect Consulting, LLC | Principal Hydrogeologist | Direct: 206.780-7715 | Cell: 206.718.0176

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From: Behrooz Mortazavi <behrooz@h2oengineers.com>
Sent: Friday, May 04, 2018 11:53 AM
To: fcoate@soboba-nsn.gov; Erick W. Miller <emiller@aspectconsulting.com>; kmclaughlin@soboba-nsn.gov
Cc: 'Michelle Mayorga' <michelle@h2oengineers.com>; 'Powell, Brian' <powellb@emwd.org>
Subject: RE: Hemet - San Jacinto Watermaster TAC Meeting - May 7, 2018 at 12:30

Good Morning All,

You received the Draft EMWD-Watermaster Storage Agreement with the TAC meeting packet (previous email – below). This Agreement will be on the Watermaster Agenda for action on May 21st.

As we have discussed before, the technical aspects of that agreement is based on the findings of the attached Technical Memorandum (TM), which was developed by RMC (Woodard & Curran). You provided some feedback on the issues that you were interested to see addressed in this report. RMC has addressed your comments/questions in the following sections of the attached TM:

- Question 1 – Section 5.2

- Question 2 – Section 5.7
- Question 3 – Section 5.9

Our goal is to finalize this report by May 11, 2018 (one week from today), and request action on the proposed agreement at the upcoming Watermaster meeting on May 21st. Please provide any specific comments/changes that you may have on the TM to Brian and I before May 11, 2018.

Ali Taghavi will be at our Monday TAC meeting to review this TM.

Best Regards,
Behrooz

Proposed Water Banking and Conjunctive Use in San Jacinto Valley Technical Basis for a Storage Agreement



Updated Summary of Results

Presented to:
Watermaster Board

May 21, 2018



Agenda

1. Groundwater Banking Operation
2. Groundwater Banking Scenarios
3. Baseline & Scenario Model Runs
4. Summary

Program Goals and Objectives

Water Banking and Conjunctive Use Program:

- Replenish over-draft and improve long term Reliability
- Create the ability to bank low cost supplies when available
- Provide recharge and extraction capacity for other agencies



3

WM and EMWD Collaborative Process

Date	Meeting
October 27, 2016	EMWD Meeting
November 10, 2016	WM TAC Meeting
June 29, 2017	Project Kick-Off Meeting
August 3, 2017	EMWD Meeting
August 17, 2017	EMWD Meeting
August 24, 2017	EMWD Conference Call
September 28, 2017	EMWD Conference Call
October 5, 2017	EMWD Conference Call
October 19, 2017	EMWD Conference Call
November 13, 2017	WM TAC Meeting
February 26, 2018	WM Board Meeting
May 7, 2018	WM TAC Meeting
May 21, 2018	WM Board Meeting

- **20-Month Project Duration**
- 4 Meetings with WM and EMWD
- 3 WM TAC Meetings
- 4 Conference Calls
- Numerous email and individual calls for coordination
- 2 WM Board Meetings

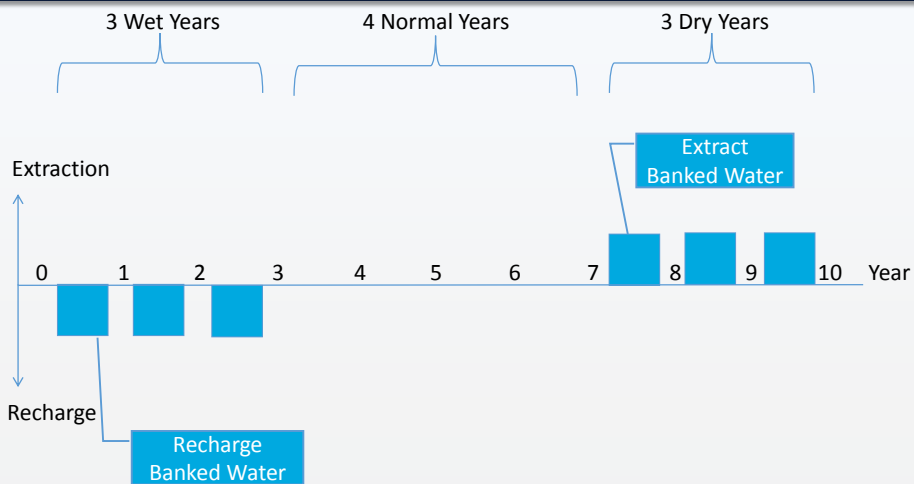
4

Project Operational Modes

1. Long-Term GW Banking
2. Short-Term Conjunctive Use
3. Full Project (GW Banking & Conjunctive Use)

5

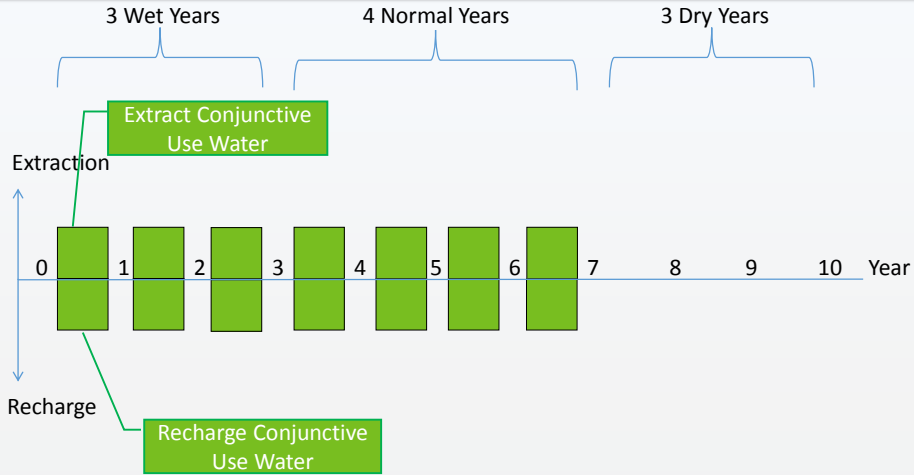
Proposal – Water Banking (10-year operation cycle)



6

Proposal – Conjunctive Use

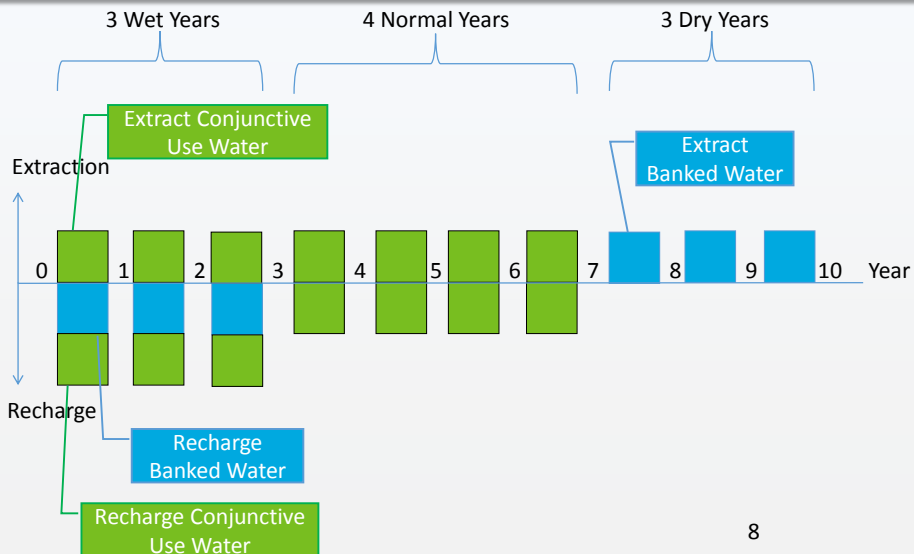
(10-year operation cycle)



7

Proposal – Full Project

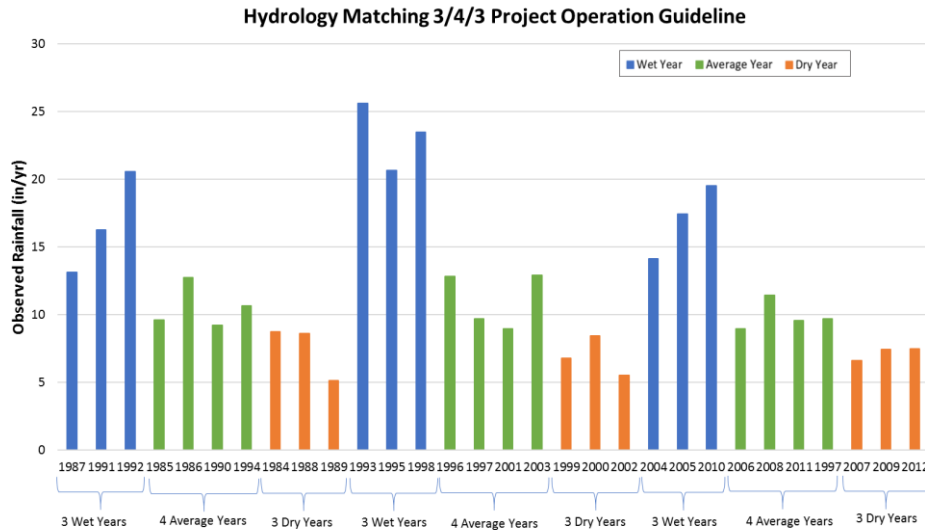
(10-year operation cycle)



8

Baseline GW Banking Hydrology

30-Year Cycle



Project Operational Objectives

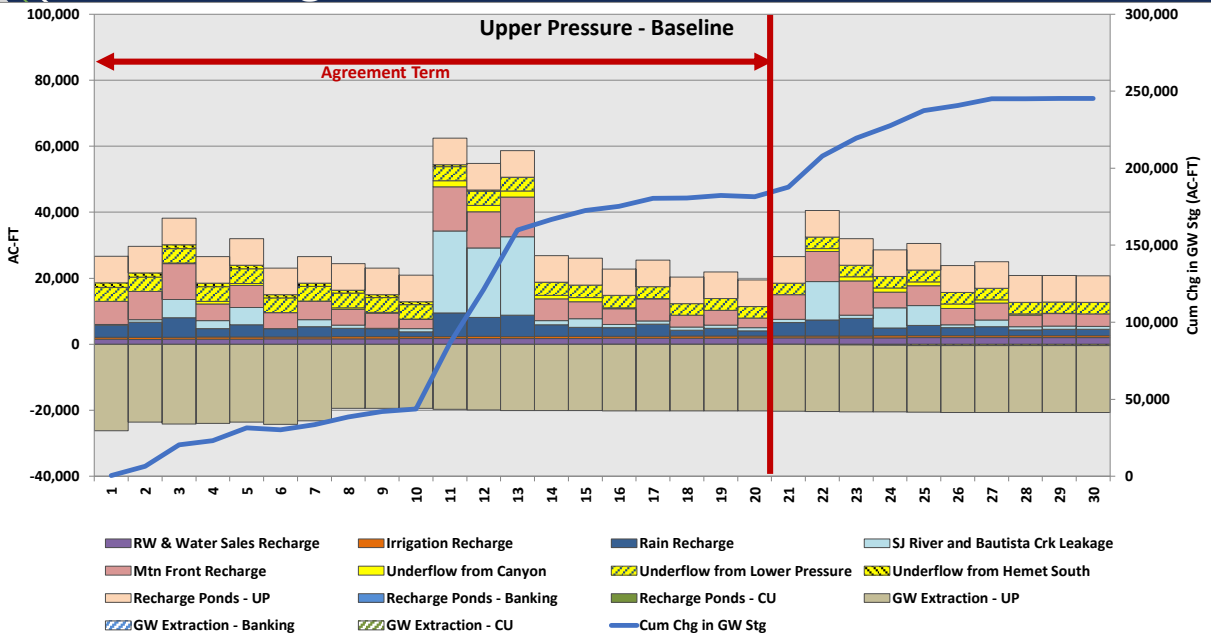
- **GW Storage:**
 - Utilize available aquifer space to store recharged water
 - Maximize extraction of previously stored water with no losses
 - **GW Levels:** Minimize impacts on nearby production wells
 - **GW Quality:** Minimize adverse water quality conditions
 - **Streamflow:** Minimize impacts on stream recharge during wet years
 - **Operations:** Honor previous Agreements and priorities
- **Note:**
 - Technical Analysis performed for a 30-Year Cycle
 - Agreement Terms is 20 years

Operational Assumptions

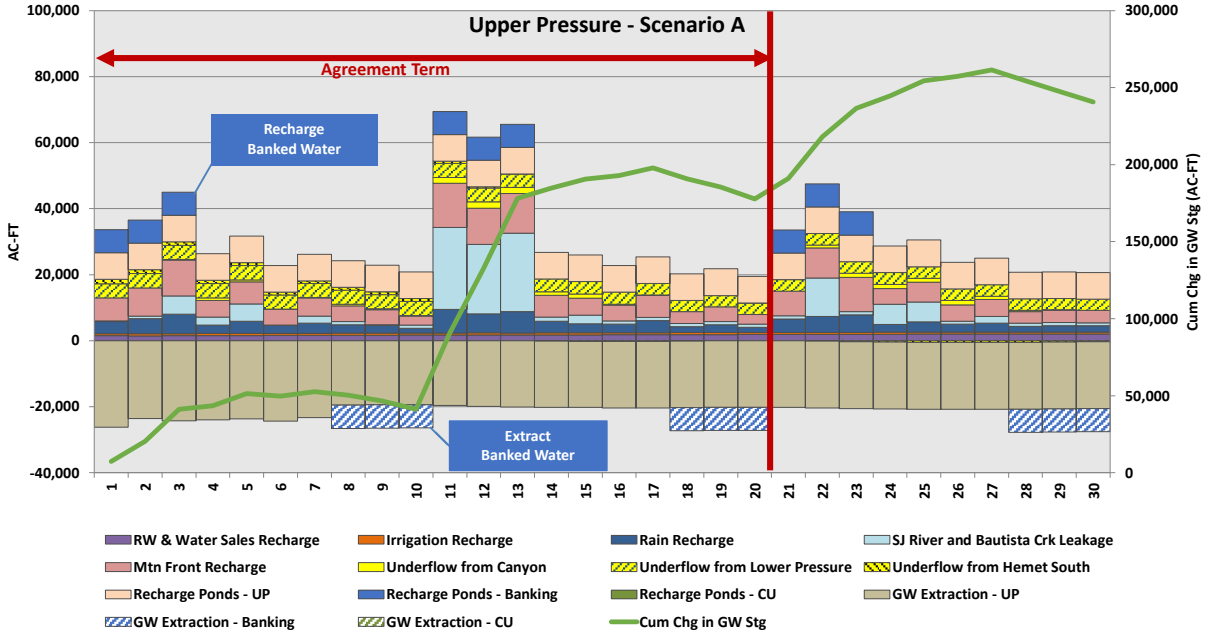
Schedule of Operation			GW Banking (A)	Full Project (B1)	Full Project (B2)	Conjunctive Use (C)
Recharge	Amount (AFY)	Wet Years	7,000	14,000	14,280	7,000
		Average Years	0	7,000	7,140	7,000
		Dry Years	0	0	0	0
	GW Banking		✓	✓	✓	
	Conjunctive Use			✓	✓	✓
	Offset				2%	
Extraction	Amount (AFY)	Wet Years	0	7,000	7,000	7,000
		Average Years	0	7,000	7,000	7,000
		Dry Years	7,000	7,000	7,000	0
	GW Banking		✓	✓	✓	
	Conjunctive Use			✓	✓	✓

11

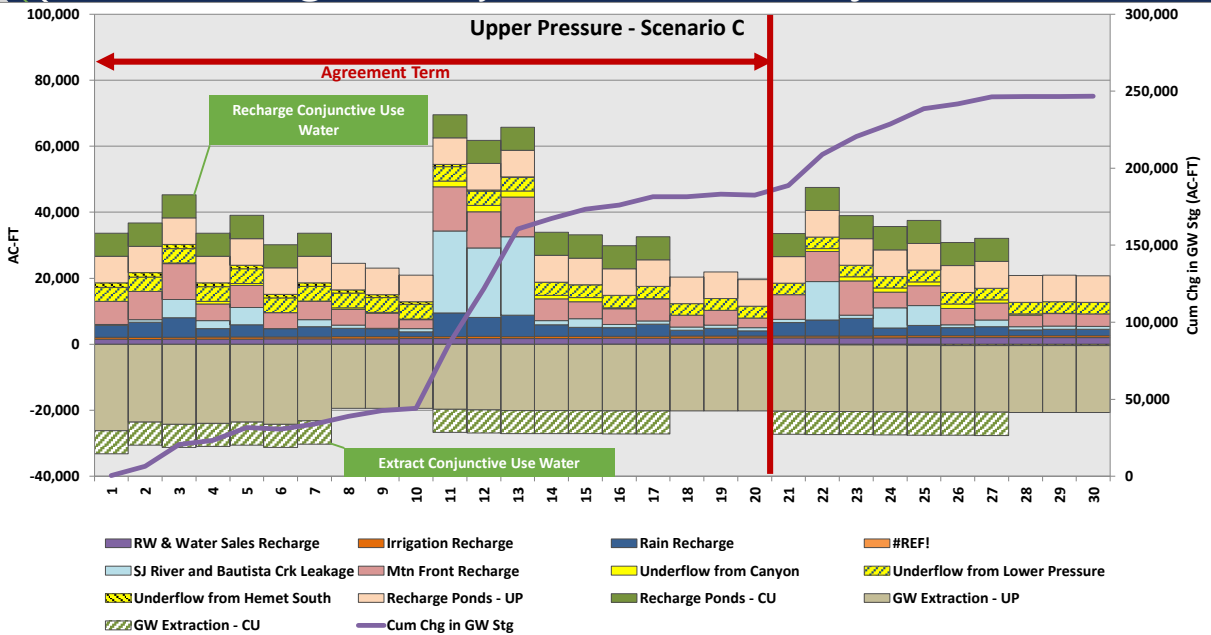
Water Budget: Baseline



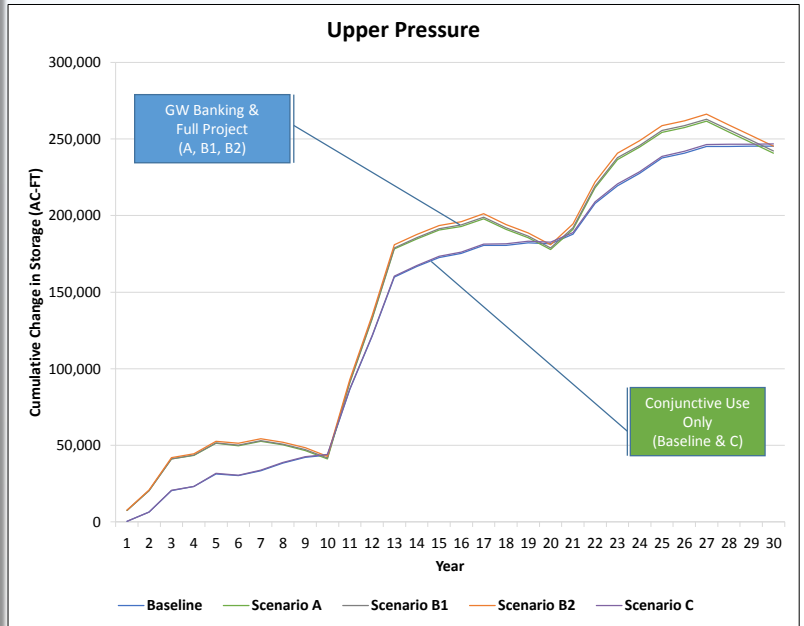
Water Budget: GW Banking Only (Scenario A)



Water Budget: Conjunctive Use Only (Scenario C)



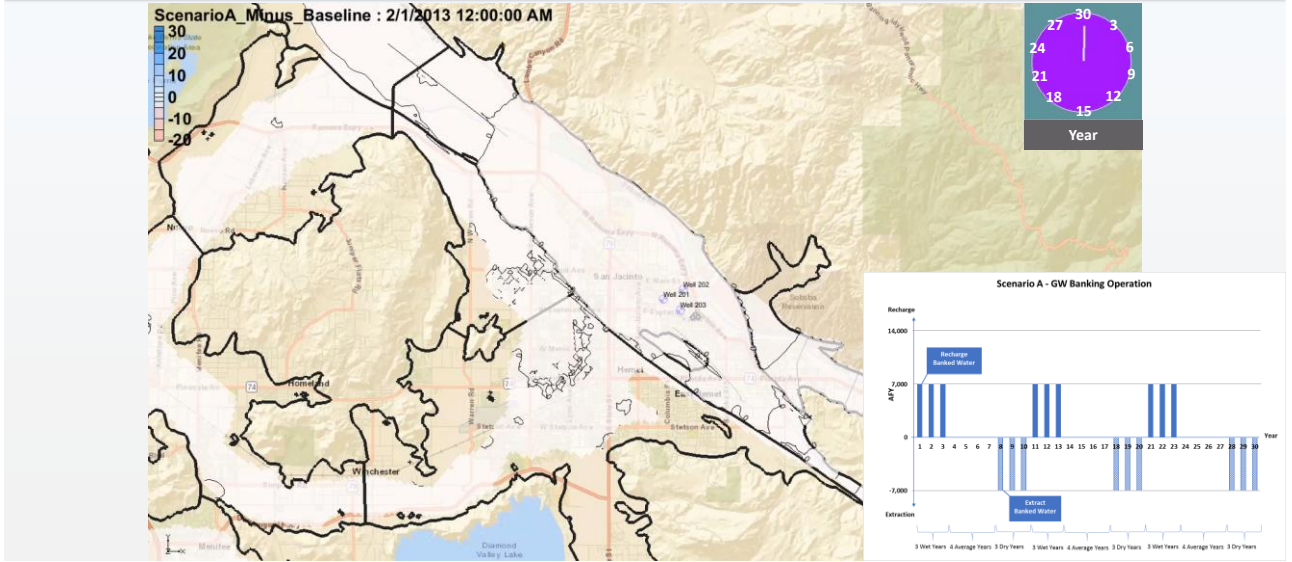
Long-Term Potential Change in GW Storage (Cumulative)



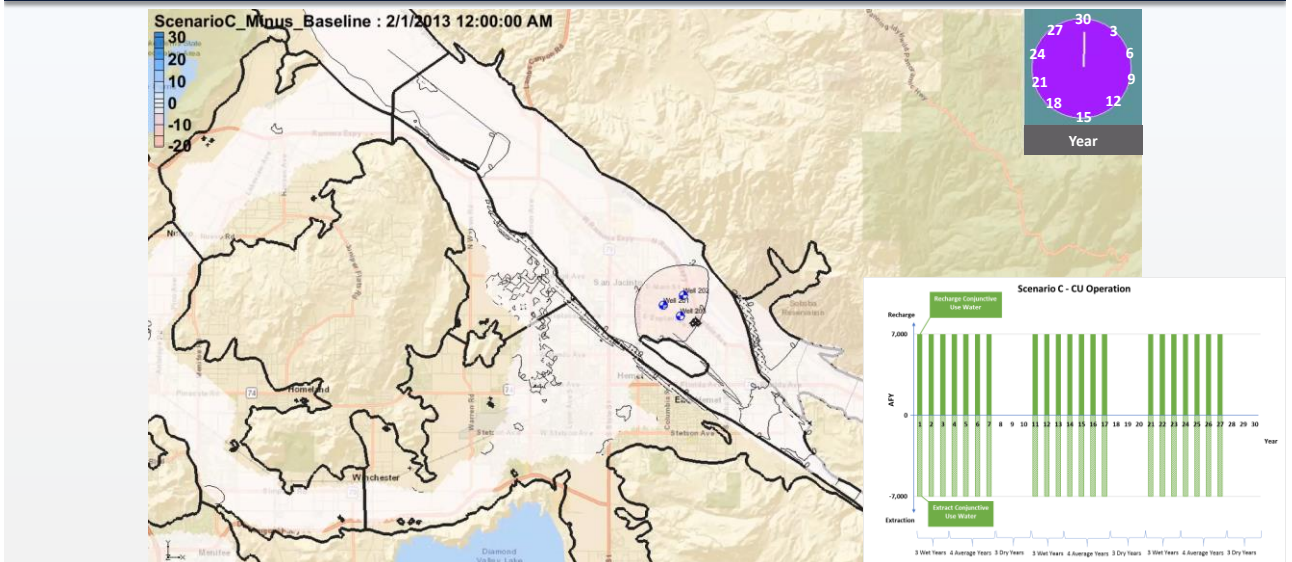
Project Effects on GW Storage in the WMA relative to the Baseline (Over 20-Year Agreement Term)

		Total Water Recharge (AFY)	Total Water Recovery (AFY)	GW Displaced from HSJ WMA (AFY)
AFY	GW Banking	42,000	42,000	1,741
	Full Project (B1)	140,000	140,000	1,144
	Full Project (B2)	142,800	140,000	1,334
	Conjunctive Use	98,000	98,000	-604
		Total Water Recharge (AFY)	Total Water Recovery (AFY)	GW Displaced from HSJ WMA (%)
%	GW Banking	42,000	42,000	4.15%
	Full Project (B1)	140,000	140,000	0.82%
	Full Project (B2)	142,800	140,000	0.87%
	Conjunctive Use	98,000	98,000	-0.62%

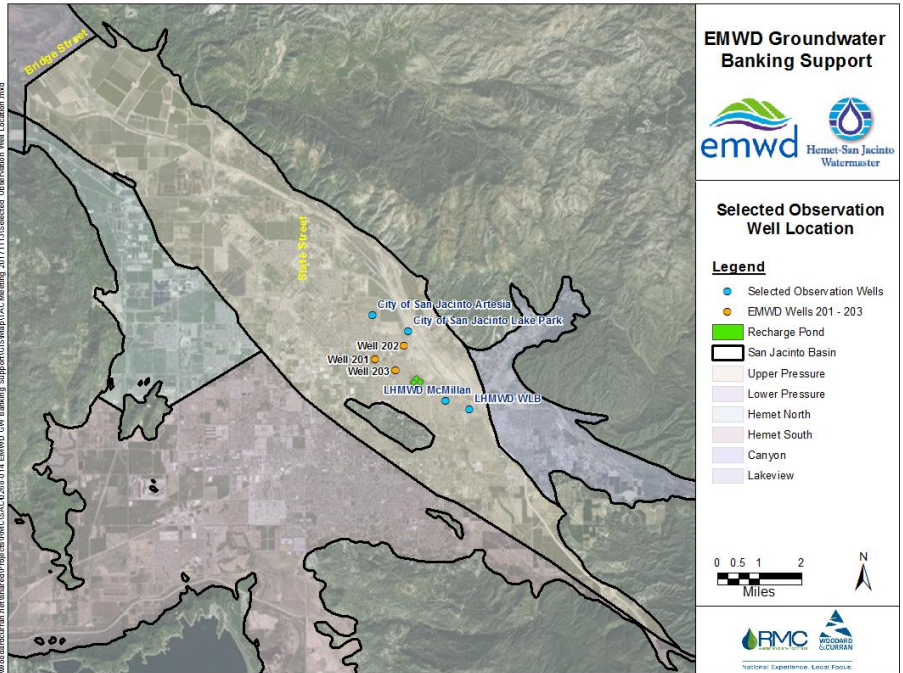
Head Difference Animation GW Banking Operations (A) vs. Baseline



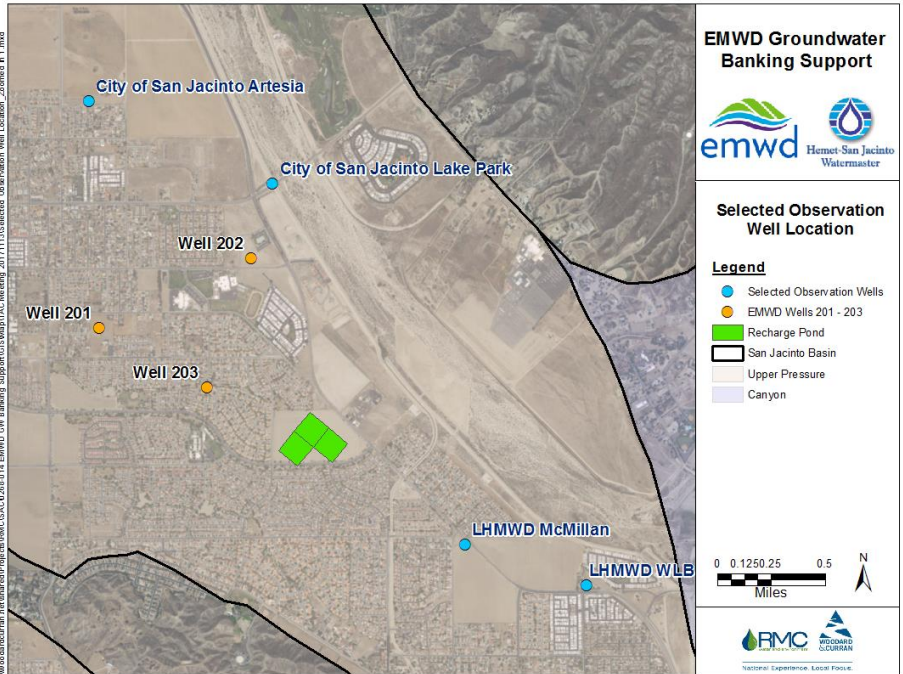
Head Difference Animation Conjunctive Use Operations (C) vs. Baseline



Selected Observation Well Location

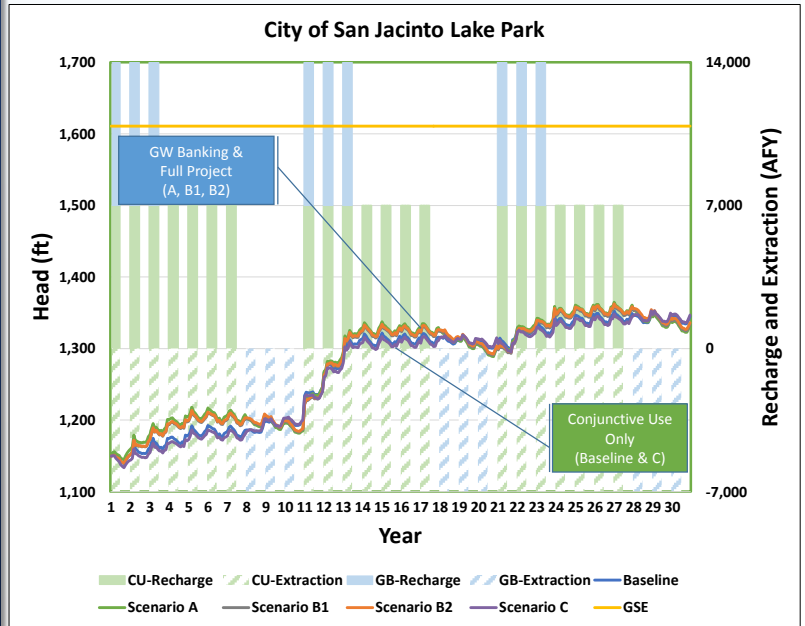


Selected Observation Well Location

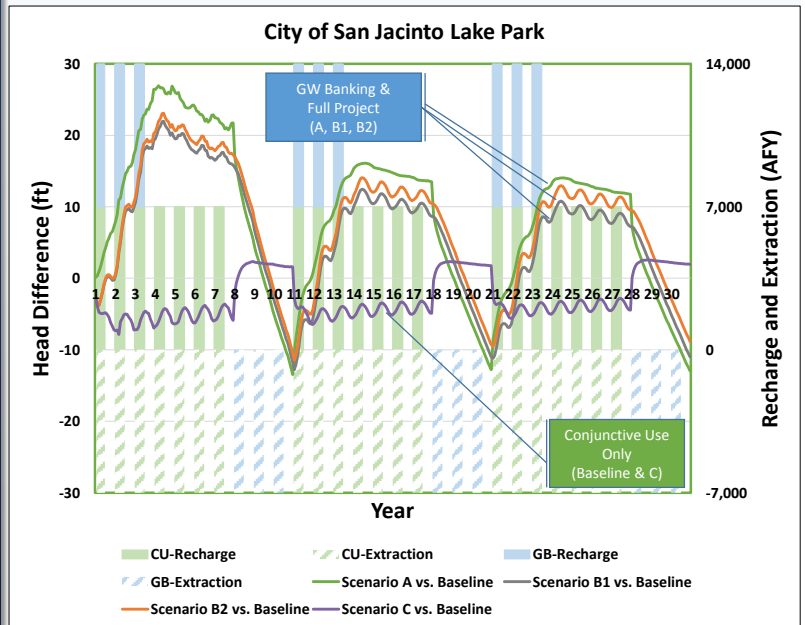


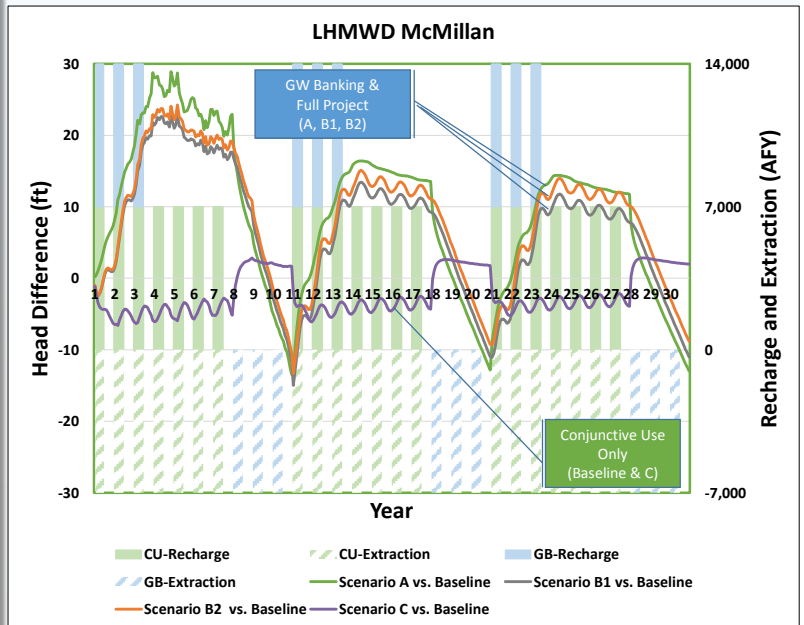
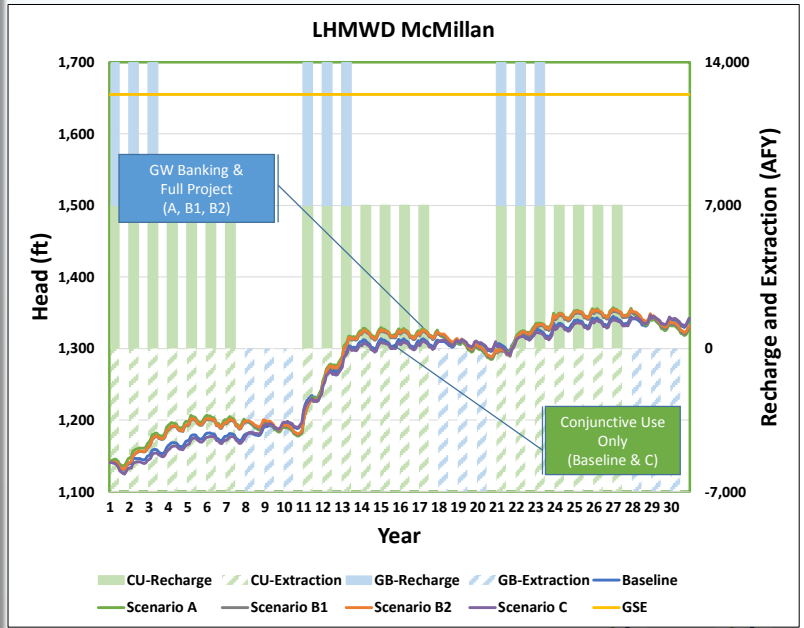


City of San Jacinto Lake Park

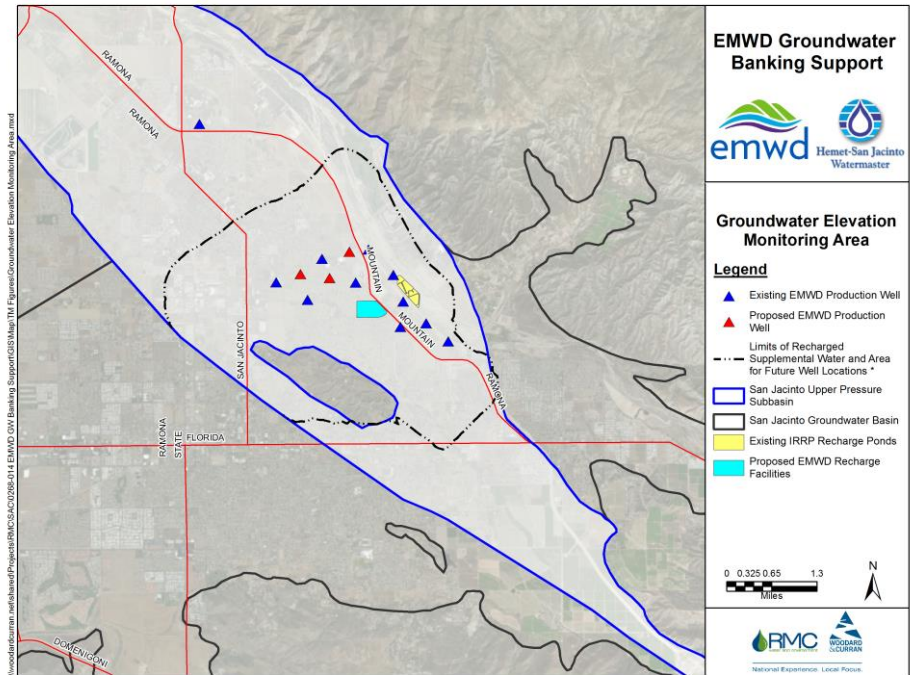


City of San Jacinto Lake Park





Groundwater Elevation Monitoring Area



Water Quality Implications

- Upper Pressure Ambient Water Quality:
 - TDS: ~ 350 mg/l
 - Nitrate: ~1.50 mg/l
- Imported Water for Proposed Project from State Water Project:
 - TDS: ~ 269 mg/l
 - Nitrate: ~0.6 mg/l
- Proposed Project does not adversely impact WQ in the WMA

Summary

- The groundwater basin has adequate available storage for Proposed GW Banking operations
- Proposed Project has no significant impacts on:
 - GW Storage in the UP and WMA
 - GW Levels in nearby wells
 - GW Quality on the UP or WMA
 - San Jacinto River Recharge Potential
 - Prior Agreements and operations
- Proposed Project Operational Water Displacement Over a 20-year Period:
 - GW Banking Only: 4% of Recharged Water
 - Conjunctive Use Only: Practically None
- Proposed Project will Benefit Alleviate Basin Overdraft and Provides Additional Long-term Water Supply Reliability

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Questions?

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Status of the Department of Water Resources Reporting Under Water Code 10720

**Hemet-San Jacinto Watermaster
Board Meeting
May 21, 2017**

State Requirement

Sustainable Groundwater Management Act

Water Code Section 10720

Watermaster shall provide the following information to the Department of Water Resource (DWR) on or before April 1st of each year:

- 1. Groundwater Elevation Data;**
- 2. Aggregated Groundwater Extraction Data;**
- 3. Surface Water Supply Data;**
- 4. Total Water Use Data;**
- 5. Change in Groundwater Storage; and**
- 6. The Annual Report.**

Information Provided to DWR

1 - Groundwater Elevation Data :

Submitted to DWR by EMWD as part of the Watermaster Monitoring Program and CASGEM Program.

2 - Aggregated Groundwater Extraction Data :

Extraction Data by Method Collected		
Metered	Estimated(by Landuse)	Total
33,586	5,100	38,686

Extraction by Water Use Sector	
Urban	25,638
Agriculture	11,203
Other (Soboba Tribe)	1,845
Total	38,686

Information Provided to DWR (cont.)

3 - Surface Water Supply Data :

Local Surface Water	Colorado River	State Water Project	Recycled Water	MWD Recharge Water (Other)	Total Surface Water Supply
4,763	330	3,460	12,084	19,686	40,323

4 – Total Water Use Data :

Water Use by Sector	
Urban	33,985
Agriculture	23,493
Other (Soboba Tribe)	1,845
Total	59,323

Water Use by Source	
Groundwater	38,686
Surface Water	8,553
Recycled Water	12,084
Total	59,323

Information Provided to DWR (cont.)

5 - Change in Groundwater Storage :

Time Period	Estimated Storage Change
April 9, 2016 – April 8, 2017	4,037

6 – The Annual Report :

2016 Annual Report was provided
&
2017 Annual Report will be provided in July

Questions...

2017 Annual Report Updated Information

Hemet-San Jacinto Watermaster Board Meeting

May 21, 2018

Updated Information

Updated Material:

- 1 - Annual Demand Table**
- 2 - Carry-over Credits Table**
- 3 - List of Agreements and Resolutions**

Reason for the Update:

- 1 - Portion of LHMWD river diversions went to storage and was not used to meet demand.**
- 2 - Calculation error**
- 3 - Typo error**

2017 Annual Demands (By Management Zone/Source of Supply – AFY)

		EMWD	LHMWD	City of Hemet	City of San Jacinto	Private Property Owners	Soboba Tribe	Totals
Ground-water	Canyon	1,989	2,894	0	0	1,005	1,294	7,181
	SJUP	4,509	5,150	351	2,735	5,444	551	18,585
	Hemet North	0	0	0	0	2,231	0	2,231
	Hemet South	0	287	3,212	0	2,524	0	6,023
Groundwater From IRRP Wells		3,864	419	228	0	0	0	4,512
Total Groundwater		10,362	8,751	3,790	2,735	11,203	1,845	38,686
Surface Water - SJ River		0	4,763	0	0	0	0	4,763
In-lieu Recharge		0	0	0	0	0	0	0
Imported Water Treated by EMWD		1,383	0	0	0	0	0	1,383
Imported Raw Water		125	2,076	0	0	205	0	2,406
Recycled Water		0	0	0	0	8,526	0	8,526
In-Lieu Recycled Water		0	0	0	0	3,558	0	3,558
Totals		11,870	15,590	3,790	2,735	23,493	1,845	59,323

2017 Unused Soboba Water & Carry-over Credits (as of December 31, 2017)

Agency	Pre 2012 Recharge Rights as of Dec. 31, 2016	* Total Unused SbT Imported Water as of Dec 31, 2017	Total Unused Adjusted BPR (AF) as of Dec 31, 2017	Totals as of Dec 31, 2017	MWD Pre-deliveries to Cover Future Obligations
City of Hemet	0	8,126	7,610	15,735	1,203
City of San Jacinto	0	5,545	4,805	10,350	767
EMWD	2,694	1,202	15,342	19,238	2,068
LHMWD	0	8,074	3,677	11,751	2,098
Totals	2,694	22,947	31,433	57,074	6,136

* Total Unused Soboba Imported Water calculations include Soboba Tribe Golf Course Production.

BPR = Base Production Rights
SbT = Soboba Tribe

2017 Watermaster Related Meetings and Agreements

Technical Advisory Committee Meetings:

- February 13, 2017
- May 8, 2017
- August 14, 2017
- November 13, 2017

Watermaster Board Meetings:

- February 27, 2017
- May 22, 2017
- August 28, 2017
- November 27, 2017

Watermaster Agreement(s):

- 2017-2019 Financial Audit Agreement with Clifton/Larson/Allen
- Hemet-San Jacinto Watermaster Support Services:
 - ✓ Task Order No. 9 – Water Resources Monitoring Program Support for 2017
 - ✓ Task Order No. 10 – Water Resources Well Video Program Support for 2017

2017 Watermaster Resolutions

- Resolution No. 1.4 – Amending Designation of Date, Time and Location of Regular Meetings
- Resolution No. 8.1 – Deferral of Replenishment Assessment
- Resolution No. 9.3 – Administrative Assessment for 2018
- Resolution No. 10.3 – Reduction in Adjusted Production Rights Starting May 2018

Questions...



Soboba Settlement Recharge Update

Brian J. Powell, P.E.
May 21, 2018

Total Soboba Settlement Recharge for 2018

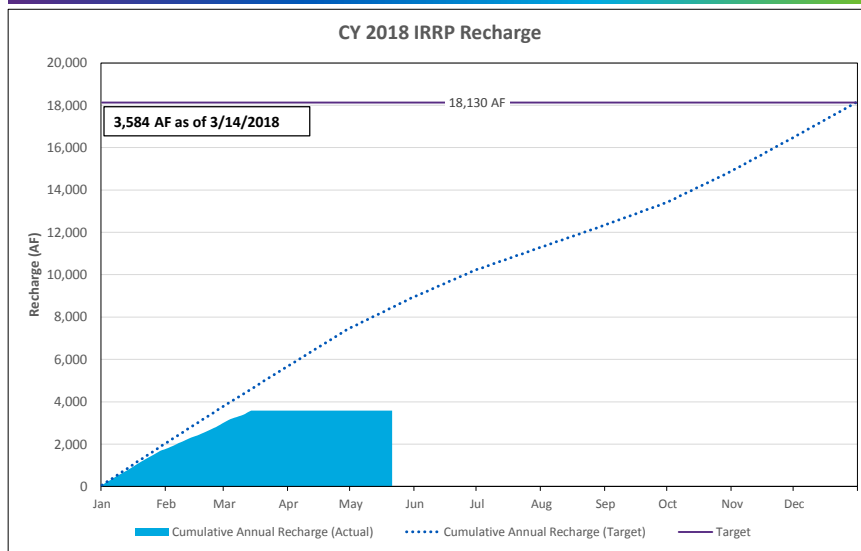
March End of Month (EOM) / Month to Date (MTD) Status Update				2018 End of Year (EOY) / Year to Date (YTD) Status Update			
	Grant	IRRP	Total		Grant	IRRP	Total
Previous MTD Recharge (AF)	208.4	338.5	547.0	Previous YTD Recharge (AF)	1,040.3	3,314.7	4,355.0
Weekly Total (AF)	158.7	268.8	427.5	Weekly Total (AF)	158.7	268.8	427.5
Current MTD Recharge (AF)	367.1	607.4	974.5	Current YTD Recharge (AF)	1,198.9	3,583.6	4,782.5
EDM Recharge Goal (AF)	400.0	1,850.0	2,250.0	EDY Recharge Goal (AF)	5,200.0	18,130.0	23,330.0
Recharge to EDM Goal (AF)	32.9	1,282.6	1,315.5	Recharge to EDY Goal (AF)	4,001.1	14,546.4	18,547.5
Avg Rate - Past Week (gpm)	5,128.9	8,691.0	13,819.9	Avg Rate - Past Week (gpm)	5,128.9	8,691.0	13,819.9
Avg Rate to Month Goal (gpm)	465.6	18,139.7	18,605.3	Avg Rate to Annual Goal (gpm)	3,111.3	11,311.5	14,422.8
Avg Rate - Past Week (cfs)	11.4	19.4	30.8	Avg Rate - Past Week (cfs)	11.4	19.4	30.8
Avg Rate to Month Goal (cfs)	1.0	40.4	41.5	Avg Rate to Annual Goal (cfs)	6.9	25.2	32.1

Daily Recharge Statistics							
	Fri (03/09)	Sat (03/10)	Sun (03/11)	Mon (03/12)	Tue (03/13)	Wed (03/14)	Thu (03/15)
IRRP South Recharge (AF)	12.5	16.0	19.6	28.9	23.6	21.6	0.0
IRRP South Avg Flow (gpm)	2,837.6	3,625.1	4,442.0	6,548.7	5,333.5	4,885.5	0.0
IRRP South Avg Flow (cfs)	6.3	8.1	9.9	14.6	11.9	10.9	0.0
IRRP North Recharge (AF)	16.8	19.7	23.3	34.3	27.6	24.9	0.0
IRRP North Avg Flow (gpm)	3,801.6	4,457.8	5,261.1	7,759.3	6,254.5	5,630.0	0.0
IRRP North Avg Flow (cfs)	8.5	9.9	11.7	17.3	13.9	12.5	0.0
Grant Recharge (AF)	22.7	21.7	22.8	28.6	31.6	31.2	0.0
Grant Avg Flow (gpm)	5,143.5	4,912.2	5,152.5	6,474.0	7,146.1	7,069.2	0.0
Grant Avg Flow (cfs)	11.5	11.0	11.5	14.4	15.9	15.8	0.0
Total Recharge (AF)	52.1	57.5	65.7	91.8	82.8	77.7	0.0
Total Average Flow (gpm)	11,782.7	13,000.1	14,855.6	20,782.1	18,734.2	17,584.6	0.0
Total Average Flow (cfs)	26.3	29.0	33.1	46.3	41.7	39.2	0.0
High / Low Temp (°F)	77/53	69/57	65/75	69/72	72/52	69/45	59/40
Weather conditions	Sunny/Clear	Light Rain/Cloudy	Overcast/Clear	Overcast/Clear	Sunny/Clear	Light Rain/Cloudy	Light Rain/Overcast

Raw Water Pipeline Supplies / Demands							
	Fri (03/09)	Sat (03/10)	Sun (03/11)	Mon (03/12)	Tue (03/13)	Wed (03/14)	Thu (03/15)
EM-14 (cfs)	44.3	44.0	45.0	45.7	44.8	42.5	16.5
EM-14 (% of Capacity)	93%	93%	95%	96%	94%	92%	35%
HWFP Finished Water (cfs)	6.1	6.1	6.1	5.9	5.9	0.0	6.0
LHMWD - Marshall St (cfs)	9.2	7.5	4.4	0.0	0.0	0.0	0.0



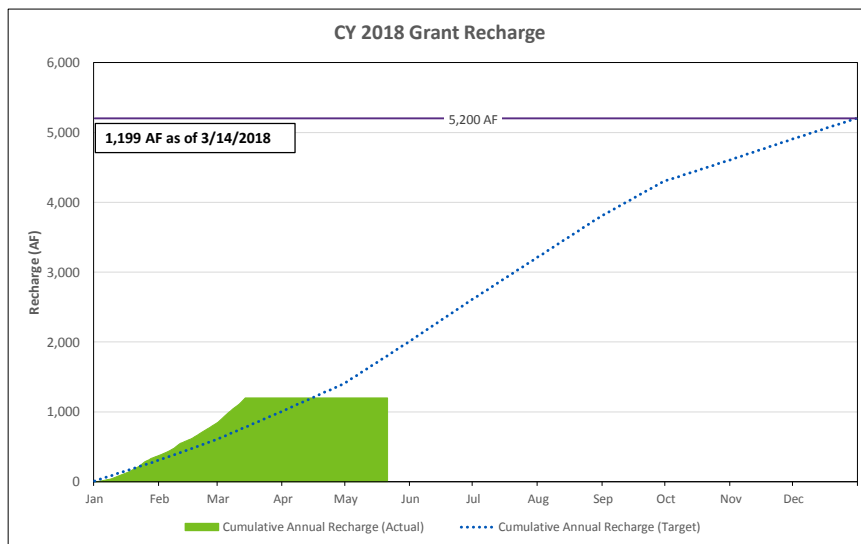
Soboba Recharge at IRRP Ponds for 2018



3 | emwd.org



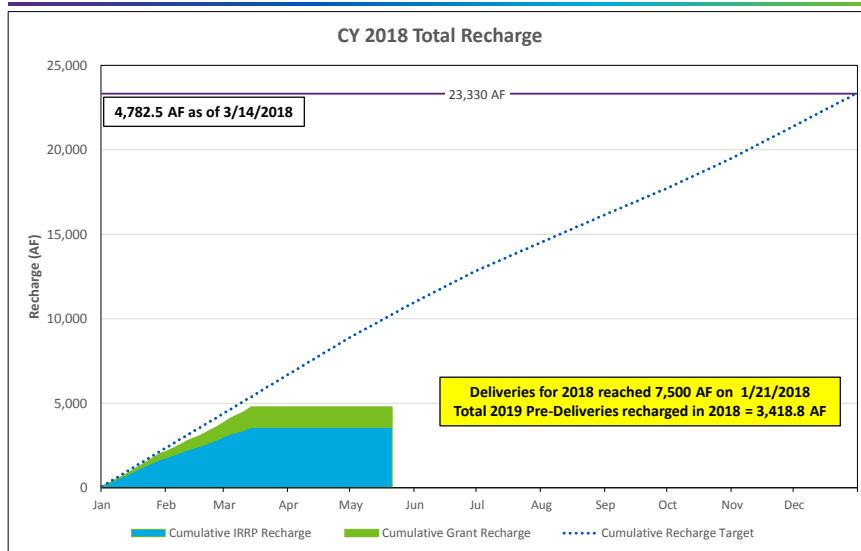
Soboba Recharge at Grant Ponds for 2018



4 | emwd.org



Total Soboba Recharge for 2018



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2018 Deliveries

Projected EM-14 Deliveries (AF) for CY 2018					
	Hemet Water Filtration Plant	Agricultural Customers	Lake Hemet Municipal Water District	Estimated Soboba Recharge for 2018	TOTAL
January *	300	0	0	2,300	2,600
February *	300	0	0	2,050	2,350
March *	300	10	0	2,290	2,600
April *	300	10	0	2,210	2,520
May	300	20	200	2,000	2,600
June	300	40	300	1,700	2,520
July	400	40	500	1,700	2,600
August	400	50	500	1,700	2,600
September	400	50	500	1,700	2,520
October	400	40	400	1,700	2,600
November *	300	20	300	1,700	2,520
December *	300	20	300	1,900	2,600
TOTAL	4,000	300	3,000	23,330	30,630

* = Recharge may be a lower amount due to wet weather

Actual EM-14 Deliveries for CY 2018 (AF)					
	Hemet Water Filtration Plant	Agricultural Customers	Lake Hemet Municipal WD	Recharge	Total
January	275.2	0.5	220.8	2,112.5	2,609.0
February	350.4	2.8	400.5	1,695.5	2,449.2
March	362.5	1.5	134.8	974.5	1,473.3
April	465.8	8.2	223.9	0.0	697.9

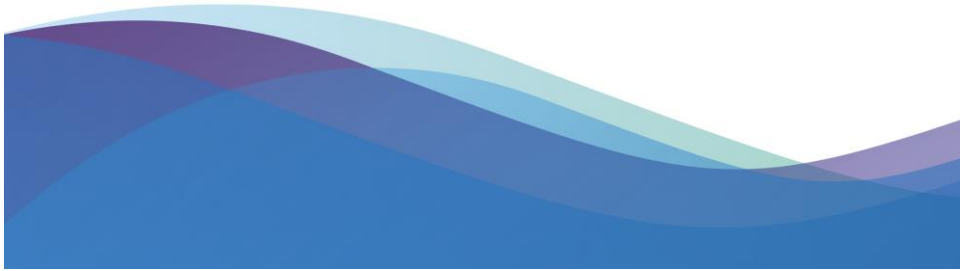
6 | emwd.org

Total 2018 Recharge = 4,782.5





Photos



Recharge at Grant Ponds



January – March 2018 Recharge



Recharge at Grant Ponds



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Grant Ponds – No Recharge Activity



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Grant Ponds – No Recharge Activity



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Recharge at IRRP Ponds



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IRRP North Pond



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IRRP South Pond



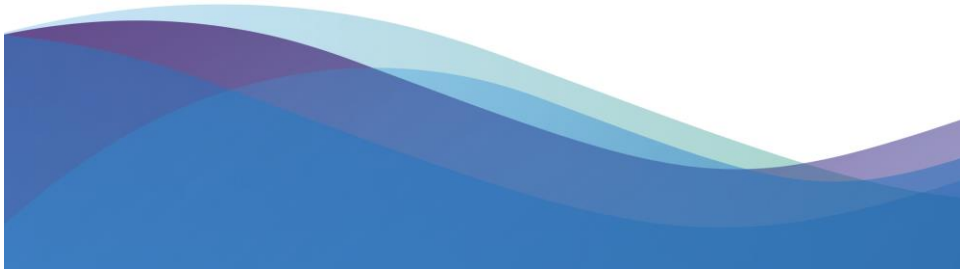
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Contact Information

Brian J. Powell, P.E.
Director of Groundwater Management and Facilities Planning
(951) 928-3777 Ext. 4278
powellb@emwd.org



AGENDA

HEMET – SAN JACINTO WATERMASTER BOARD OF DIRECTORS

August 27, 2018

4:00 pm

EMWD - Board Room
2270 Trumble Road, Perris, CA 92750

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

I. PUBLIC COMMENTS

Any person may address the Board on any subject within the Watermaster's jurisdiction which is not on the agenda. However, any non-agenda matter that requires action will be referred to staff for a report and action at a subsequent Board meeting. Any person may also address the Board on any agenda matter at the time that matter is discussed, prior to Board action.

II. ADDITIONS/DELETIONS TO THE AGENDA

III. REPORTS

The following agenda items are reports. They are placed on the agenda to provide information to the Board and public. There is no action called for in these items.

A. Board Member Comments/Questions/Reports

B. Advisor Report

C. Legal Counsel Report

D. Treasurer Report

IV. CONSENT CALENDAR

A. Approval of Minutes – May 21, 2018 Regular Board Meeting.

Recommendation: Adopt a motion to approve item A on the Consent Calendar.

Consent Calendar items are expected to be routine and non-controversial and are to be acted upon by the Board at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it will be removed from the Consent Calendar for separate action.

V. ACTION ITEMS

The following items call for discussion and possible action by the Board. These items are placed on the Agenda so that the Board may discuss and possibly take action on the items if the Board desires.

- A. Consideration to Approve 2018 Water Resources Monitoring Program Support Services Task Order with EMWD – Oral summary of the proposed Task Order.
Recommendation: Adopt a motion to approve EMWD Water Resources Monitoring Support Services Task Order Number 11 for an amount not-to-exceed \$156,220.

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

- A. Updated 2018 Annual Budget – Presentation to summarize updates to the 2018 Annual Budget.
- B. Draft 2019 Annual Budget – Draft 2019 Annual Budget presentation as part of the Budget Workshop.
- C. Future Agenda Items - If Board Members have items for consideration at a future Board Meeting, please state the agenda item to provide direction to the Advisor.

VII. CLOSED SESSION –

- A. Employee Performance Evaluation (Government Code Section 54957)
Title: Advisor

VIII. ADJOURNMENT

Next Regular Board of Directors Meeting
November 26, 2018 at 4:00 pm at:
Eastern Municipal Water District Board Room
2270 Trumble Road, Perris, CA 92750

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans With Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such a request to the Watermaster Executive Assistant at 714-707-4787, at least 48 hours before the meeting, if possible.

Pursuant to Government Code Section 54957.5, any writing that (a) is a public record; (b) relates to an agenda item for an open session of a regular meeting of the Watermaster Board of Directors; and (c) is distributed less than 72 hours prior to that meeting, will be made available for public inspection at the time the writing is distributed to the Board of Directors. Any such writing will be available for public inspection at Watermaster's office located at 2270 Trumble Road, Perris, CA 92750.

Minutes
Hemet-San Jacinto Watermaster Board of Directors Meeting
Eastern Municipal Water District
August 27, 2018

The Watermaster Board of Directors met in Regular Session in the Board Room at EMWD Headquarters, 2270 Trumble Road, Perris, California, on *Monday, August 27, 2018*. The meeting was called to order by Chair Krupa at 4:03 p.m.

Board Members Present: Linda Krupa, Chair
Phil Paule, Secretary/Treasurer
Bruce, Scott, Board Member
Frank Douglas Marshall III, Board Member
Russ Utz, Alternate Board Member (4:15)

Board Representative(s) Present: Andrew Kotyuk, Board Member
Absent:

Board Alternate (s) Present: None

Watermaster Staff Present: Thomas Bunn, Legal Counsel (Lagerlof, Senecal, Gosney & Kruse)
Behrooz Mortazavi, Advisor (Water Resources Engineers)
Michelle Mayorga, Executive Assistant (Water Resources Engineers)

EMWD Staff Present: Paul Jones, General Manager
Joe Mouawad, Assistant General Manager of Planning, Engineering and Construction
Nick Kanetis, Deputy General Manager
Kelley Gage, Senior Director of Planning and Regulatory Compliance
Brian Powell, Director of Groundwater Management & Facilities Planning
Khos Ghaderi, Director of Operations
Rachel Gray, Water Resources Planning Manager
Kevin Pearson,

City of Hemet Staff Present: Charley Russell, Refuse Superintendent

City of San Jacinto Staff Present: Bob Brady, Interim General Manager
Steve Johnson, Consultant

Lake Hemet Staff Present: Mike Gow, General Manager

Others Present: Frank Coate, Soboba Tribe Representative

Pledge of Allegiance

The Pledge of Allegiance to the Flag was led by Mr. Paule. Ms. Mayorga conducted the roll call. The City of San Jacinto was represented by Alternate Board Member, Mr. Utz. All other Board Members were present.

I. PUBLIC COMMENTS –*Speakers are requested to limit comments to 3 minutes.*

None

II. ADDITIONS/DELETIONS TO AGENDA

None

III. REPORTS

A. Board Members Comments/Questions/Reports

None

B. Advisor Report

Mr. Mortazavi reported on recent Watermaster Activities. Attachment 1 shows the complete Advisor Report.

Most of the coordination activities with EMWD have been limited to the monitoring program data processing and the Basin Boundary Modification request to Department of Water Resources (DWR) by EMWD.

The first set of invoices for the 2018 Administrative Assessments were mailed on July 13, 2018 and 3 Members have already paid their assessments. The second set of invoices will be mailed out mid-October. The Treasurer Report will be provided under Item III-D.

The Technical Advisory Committee had one regular meeting on August 13, 2018. The major items discussed were:

- The Updated 2018 Annual Budget – Item VI-A;
- The Draft 2019 Annual Budget – Item VI-B;
- Gravel Pit Maintenance Cost/Benefit Analysis. A presentation by Soboba Tribe Consultants;
- Phase I Facilities Agreement - Approach to Rate Analysis. A presentation by EMWD;
- Department of Water Resources Reporting Under Water Code 10720; and
- Review of the August 27, 2018 Watermaster Board meeting agenda.

TAC members reviewed the updated 2018 annual budget, plus the draft 2019 annual budget, and did not ask for any additional changes to the presentations that are provided today.

The Soboba Tribe consultant reviewed the past desilting efforts at the gravel pit site and asked if any of the Watermaster members are interested to financially participate in another desilting effort this year before the next potential river flow at the pit site. EMWD and LHMWD are interested to meet with Soboba regarding this potential project.

EMWD consultant Mr. Panny (Corollo Engineers) reviewed how EMWD calculates the cost of Soboba Imported Water deliveries, and how the District calculates the cost of pumping and delivering water from the IRRP wells to the parties. This rate study is expected to be completed by the end of this year. EMWD will provide the new rates to the parties after the completion of this study.

CD's containing the 2017 Annual Report have been distributed to the Class B Participants. The technical memorandum related to the Modeling support services for the Conservation and Storage Agreement between EMWD and the Watermaster was finalized in late May.

Handling of the unmanaged fringe areas that are not part of the adjudicated areas and yet must comply with Sustainable Groundwater Management Act (SGMA) requirements is a major concern throughout the entire State. EMWD Conducted a public meeting on May 31, 2018 prior to filing for the Basin Boundary Modification request with DWR in late June. The boundary modifications that EMWD is proposing, if accepted by DWR, will redraw the basin boundaries in the San Jacinto Basin. This change will eliminate most of the unmanaged fringe areas to the east and south of the Hemet-San Jacinto Watermaster area.

The Board Ad-Hoc Committee met with the Soboba Tribal Council on June 27, 2018. A copy of the meeting agenda is attached.

Vice Chair Hoffman has moved out of the Management Area and is no longer a LHMWD Board Member. LHMWD has appointed Mr. Marshall to the Watermaster Board. This change requires the Watermaster Board to elect a new Vice Chair, which will be on the November Board Agenda. Meanwhile, Mr. Pastor has been appointed by LHMWD to replace Mr. Hoffman on the LHMWD Board. This appointment requires Mr. Pastor to resign his position on the Watermaster Board as the Participating Pumpers' Alternate Board Member. Also, Mr. Pastor was the TAC representative for the Participating Pumpers. I am working with Mr. Scott to arrange for a Class A and B Participants meeting and to select a new Alternate Board Member.

EMWD and LHMWD in coordination with Soboba Tribe are expecting to complete the Canyon Basin Operation Plan Report by the end of August. EMWD will provide a briefing of this report at the November Board meeting.

EMWD will hire a consulting firm to develop a Groundwater Sustainability Plan (GSP) for the western portion of the San Jacinto watershed, west of the Hemet-San Jacinto Management Plan area. The EIR for the EMWD Storage program has been certified by the EMWD Board of Directors. EMWD is planning to drill wells 201 and 203 later this year, and well 205 (well 80 replacement) is under construction. EMWD's Mountain Avenue West Pond is at 80% design stage.

LHMWD is continuing to develop Well 8. The City of Hemet has an RFP for Well 10A pumping equipment.

The City of San Jacinto Grant Well has not been used since April 2018. The city is also looking for a new well site. A summary of the State's water resources conditions as of July 31, 2018 (prepared as part of the MWD General Manager's July 2018 Report to MWD Board) is attached.

There were no questions regarding the Advisor's Report.

C. Legal Counsel Report

None

D. Treasurer Report

Mr. Paule and Mr. Mortazavi reviewed the Treasurer Report with the Board. Attachment 2 shows the complete Treasurer Report.

Mr. Mortazavi also reviewed the pending payments and receivables. The 2017 Budget is still included on the Treasurer Report to the Board because there are few items in the 2017 Budget that are not fully paid for or completed.

There were no questions regarding the Treasurer's Report.

IV. CONSENT CALENDAR

Accept Motion for approval of Consent Calendar

A. Approval of Meeting Minutes – May 21, 2018 Regular Board Meeting

Recommendation: Adopt a motion to approve the Consent Calendar.

Motion: Paule

Noes: None

Seconded: Scott

Abstain: Doug Marshall

Ayes: Krupa, Utz

Motion Passes

Attachment 3 shows a copy of the May 21, 2018 Board Meeting Minutes.

V. ACTION ITEMS

A. Consideration to Approve 2018 Water Resources Monitoring Program Support Services Task Order with EMWD

Mr. Mortazavi indicated that EMWD staff have been working on this effort since the beginning of 2018. He reviewed a summary of the 2018 Water Resources Monitoring Program support services and the agreement highlights.

It is his recommended that the Board approve the Task Order with EMWD for the 2018 Water Resources Monitoring Program Support Services Task Order with EMWD.

There were no questions for the Advisor.

Attachment 4 shows copy of Task Order 11.

Recommendation: Adopt a motion to approve EMWD Water Resources Monitoring Support Services Task Order Number 11 for an amount not-to-exceed \$156,220.

Motion: Scott
Seconded: Marshall
Ayes: Krupa, Paule, Utz

Noes: None
Abstain: None

Motion Passes

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

A. Updated 2018 Annual Budget

Mr. Mortazavi reviewed the updated 2018 Budget. The actions and assumptions for the 2018 Budget include:

- Public Agencies Adjusted Base Production Rights were reduced by 7.2% starting May 2018.
- 2017 Replenishment recharge water was not required. Therefore, there will not be any 2018 Replenishment Assessment.
- Administrative estimates for 2018 are updated based on more recent groundwater production data.
- Coordinated projects with EMWD include:
 - Groundwater Monitoring Program;
 - Video Inspection of Well Casings;
 - Completion of the EMWD's Storage and Conservation Agreement; and
 - Basin Boundaries Modification with DWR.
- Continued operation from the Corona office.

The estimated 2018 Administrative Assessments were updated to \$487,019 which is less than original estimate presented at the November meeting.

The updated 2018 Budget is reduced by \$71,350. Mr. Mortazavi has adjusted \$57,600 for the Dewatering project, \$1,500 for Financial Support Services, \$10,000 for Legal Counsel Services, \$2,000 for Administrative Support Services and \$250 for Database/Mapping Application Maintenance budget line items.

Mr. Mortazavi estimates the Reserve Fund balance after the 2018 expenditures to be approximately \$1,100,000 based on the \$30 per acre-foot Assessment Fee.

The first Administrative Assessment invoice which was for 25% of estimated 2018 Administrative Assessment was invoiced on July 13, 2018. The second invoice for 50% of the estimated assessments will be mailed on October 15, 2018 and the remaining balance will be reconciled and invoiced by March 1, 2019. Replenishment Assessment Invoicing was not needed.

Attachment 5 shows complete presentation.

B. Draft 2019 Annual Budget

Mr. Mortazavi reviewed the Draft 2019 Annual Budget. The revised Rules and Regulations document require a Budget Workshop be conducted by September 30, 2018. Instead of having a Special Meeting for the budget workshop, Mr. Mortazavi is providing the Draft 2019 Annual Budget at the Regular August Board Meeting.

The 2019 Budget Assumptions include:

- The Public Agencies' Adjusted Base Production Rights will remain at the levels set by Resolution 10.3 on August 28, 2017
- Carry-over accounts will be used to offset any excess production in 2018, which means no Replenishment Assessments will be collected in 2019.
- Replenishment Assessment will be set in early 2019 (if required to offset Private Pumpers' over production).
- Preliminary 2019 Administrative Assessments are estimated based on actual 2017/2018 production date.
- Coordinated projects with EMWD include:
 - Groundwater Monitoring Program;
 - Video Inspection of Well Casings (continued from 2017); and
 - Soboba Gravel Pit Dewatering (if needed).
- Continued operation from the Corona office.

Mr. Paule asked how is it determined when or if the Soboba Gravel Pit Dewatering is needed? Mr. Mortazavi said it will be determined based on the amount of rainfall, runoff, and water accumulated in the Gravel Pit. The Gravel Pit is monitored for percolation and once it is determined that there is no more percolation then pumping at the Gravel Pit will begin, if necessary. The Pumping is usually done in June or July after the raining season.

The estimated 2019 Administrative Assessments are based on the \$30 per acre-foot (AF) Assessment, and the 2017/2018 production data. Estimated groundwater production for calendar year 2019 subject to the Administrative Assessments is estimated to be 17,410 AF which will generate about \$522,310. Mr. Mortazavi does not think there be a need for setting Replenishment Assessments for 2019.

2019 Activities/Projects include:

- Completion of the 2018 Financial Audit plus Annual Report and filing them with the Court.
- Filing of the required 2018 information with DWR as part of the Sustainable Groundwater Management Act requirements.
- Review and update of the property owners list.
- If required, set and initiate collection of Replenishment Assessment from the Parties.
- Coordinated activities with EMWD/TAC include:
 - Drafting and completion of the 2018 Annual Report;
 - Evaluation of Video Inspection of well casings and Groundwater Monitoring Program Enhancement; and
 - Initiating Gravel Pit Dewatering Project (if required).

Mr. Mortazavi reviewed each budget line item including: In-Lieu Program Agreement; Groundwater Monitoring Program; Soboba Gravel Pit Dewatering; Financial support Services; Legal Counsel Services; Advisor Services; Administrative Support Services; and Insurance, Office Supplies and other Direct Costs in detail. He stated the estimates proposed for 2019 are mostly based on actual expenditures in 2017 and 2018.

The proposed Draft 2019 Budget is \$634,750. Considering the estimated 2019 Administrative Assessments (based on \$30/AF) of \$522,310 and the proposed 2019 Budget amount of \$634,750, the Shortfall is estimated to be about \$112,440.

The proposed payment schedule for the 2019 Administrative Assessment Invoicing will be:

- 25% of total by July 15, 2019;
- 50% of total by October 15, 2019; and.

- The remaining balance will be reconciled and invoices by March 1, 2020.

It is Mr. Mortazavi recommendation to:

- Set Administrative Assessment at \$30/Acre-foot for 2019.
- Consider approving the 2019 Budget at the November Board Meeting.
- Consider using the reserved funds to offset excess expenditures proposed under 2019 Budget.
- Consider authorizing the Advisor at the November Board Meeting to invoice participating agencies in accordance with the proposed schedule.

Mr. Utz asked for clarification of the Gravel Pit Dewatering cost. Mr. Mortazavi explained that the proposed estimate is based on 21 days of operation and pumping at the site. He also explained that the total cost of the dewatering activity is shared with the Soboba Tribe, and the proposed budget includes only Watermaster's share, which is 50% of the total cost of this activity.

Attachment 6 shows complete presentation.

C. Future Agenda Items

None

VII. CLOSED SESSION

A. Employee Performance Evaluation (Government Code Section 54957) Title: Advisor

Mr. Bunn reported that the Board conducted an evaluation of Mr. Mortazavi performance and indicated that the Board will consider a compensation adjustment. This will be done at the November 26, 2018 Board Meeting.

VIII. ADJOURNMENT

There being no further business to come before the Board; Ms. Krupa adjourned the meeting at 5:07 p.m., to be reconvened on Monday, November 26, 2018 at 4:00 p.m. (Adjourned Regular Meeting).

Watermaster Advisor Report

August 27, 2018

EMWD Related Coordination/Activities:

- Coordination activities with EMWD have been limited to the monitoring program data processing, and the Basin Boundary Modification request to Department of Water Resources (DWR) by EMWD.

Budget/Accounting Related Activities:

- The first set of invoices for the 2018 Administrative Assessments were mailed out on July 13, 2018 and three Members have already paid their invoices.
- The second set of invoices will be mailed out mid-October.
- The Treasurer Report will be reviewed under Item III-D.

Board & Technical Advisory Committee (TAC) Coordination/Activities:

- TAC had one regular meeting on August 13, 2018, and major discussion items at the meeting were:
 - The Updated 2018 Annual Budget – Item VI-A;
 - The Draft 2019 Annual Budget – Item VI-B;
 - Gravel Pit Maintenance Cost/Benefit Analysis. A presentation by Soboba Tribe Consultants;
 - Phase I Facilities Agreement Approach to Rate Analysis. A presentation by EMWD; and
 - Review of the August 27, 2018, Watermaster Board meeting agenda.

TAC Members reviewed the updated 2018 annual budget, the draft 2019 annual budget, and did not request any additional changes to the presentations that will be provided today.

The Soboba Tribe consultant reviewed the past desilting efforts at the gravel pit site and asked if any of the Watermaster members are interested to financially participate in another desilting effort before the next potential river flow at the pit site. EMWD and LHMWD were interested to meet with Soboba regarding this potential project.

EMWD consultant reviewed how EMWD calculates the cost of Soboba Imported Water deliveries, and how the District calculates the cost of pumping and delivering water from the IRRP wells to the parties. EMWD has hired Carollo Engineers to do this rate study which is expected to be completed by the end of this year. EMWD will let the parties know what the new rates will be after the completion of this study.

Special Projects:

- CDs containing the 2017 Annual Report have been distributed to the Class B Participants.
- The 2019 Administrative Assessments estimates have been updated using production data for the first six months of 2018.
- The Technical Memorandum related to the Modeling support services for the Conservation and Storage Agreement was finalized in late May by Woodard and Curran.

Municipal/Private Pumpers Coordination/Activity:

- Handling of the unmanaged fringe areas that are not part of the adjudicated areas and yet must comply with Sustainable Groundwater Management Act (SGMA) requirements is a major concern throughout the entire State. EMWD conducted a public meeting on May 31, 2018 prior to filing for the Basin Boundary Modification request with DWR in late June. The boundary modifications that EMWD is proposing, if accepted by DWR, will redraw the basin boundaries in the San Jacinto Basin. This change will eliminate most of the unmanaged fringe areas to the east and south of the Hemet-San Jacinto Watermaster area.

Outreach/Grant Activity:

- On June 27, 2018, Chair Krupa and I met with the Soboba Tribal Council to review Watermaster activities. A copy of that meeting's agenda is attached.

Miscellaneous Activities/Information:

- Vice Chair Hoffman has moved out of the Management Area and is no longer a LHMWD Board Member. Therefore, LHMWD has appointed Mr. Frank Douglas Marshall to the Watermaster Board. This change requires Watermaster Board to elect a new Vice Chair, which will be on the November Board Agenda.
- Mr. Pastor, has been appointed by LHMWD to replace Mr. Hoffman on the LHMWD Board. This appointment required Mr. Pastor to resign his position on the Watermaster Board as the Participating Pumpers' Alternate Board Member. Mr. Pastor was also the TAC representative for the Participating Pumpers. I am working with Mr. Scott to arrange for the Class A and B Participants meeting to select a new Alternate Board Member.
- EMWD and LHMWD in coordination with Soboba Tribe are expecting to complete the Canyon Basin Operation Plan Report by the end of August. EMWD will provide a briefing of this report at the November Board meeting.

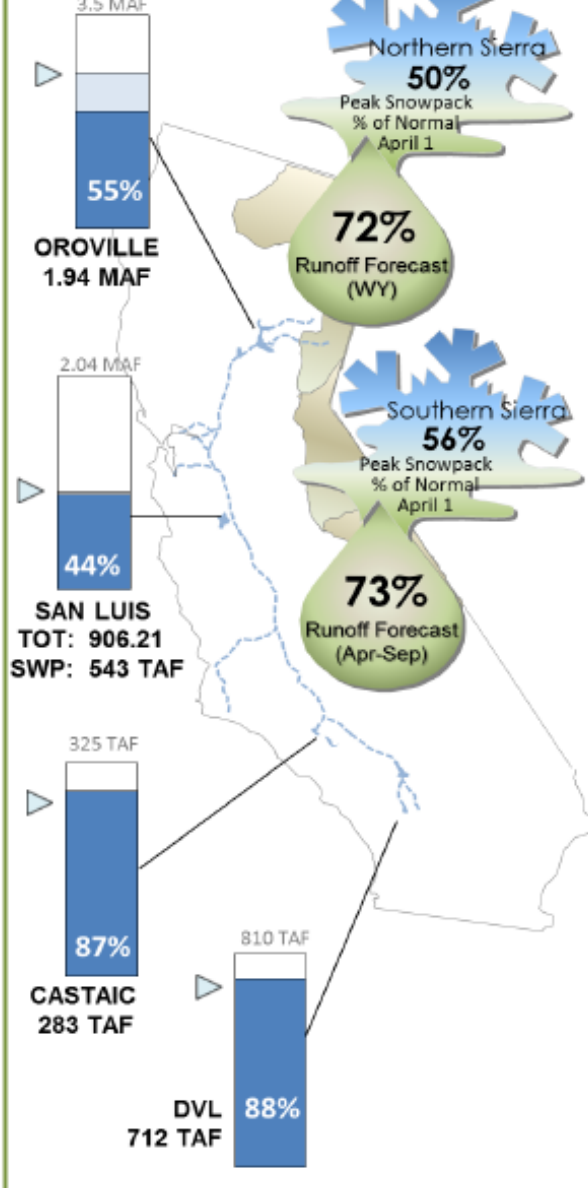
- EMWD will hire a consulting firm to develop a Groundwater Sustainability Plan (GSP) for the western portion of the San Jacinto watershed, west of the Hemet-San Jacinto Management Plan area.
- The EIR for the EMWD Storage program has been certified by the EMWD Board of Directors.
- EMWD is planning to drill wells 201 and 203 later this year. Well 205 (well 80 replacement) is under construction.
- EMWD's Mountain Avenue West Pond is at 80% design stage.
- LHMWD is continuing to develop Well 8.
- City of Hemet has an RFP for Well 10A pumping equipment.
- City of San Jacinto Grant Well has not been used since April 2018. The City is also looking for a new well site.
- A summary of State's water resources conditions as of July 31, 2018 (prepared as part of the MWD General Manager's July 2018 Report to MWD Board) is attached.

WATER SUPPLY CONDITIONS AS OF JULY 31, 2018

2018 SWP Allocation

669,025 AF
35% of Table A

(Does not include CVWD & DWA Table A)

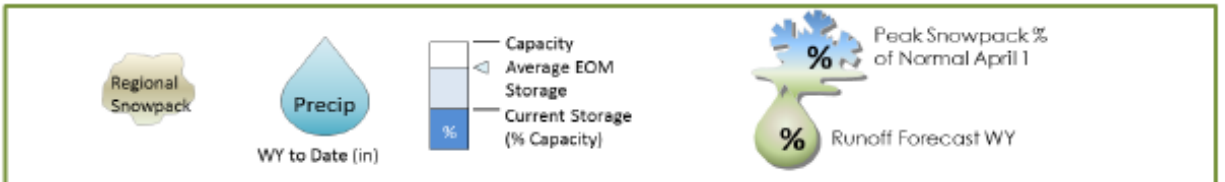
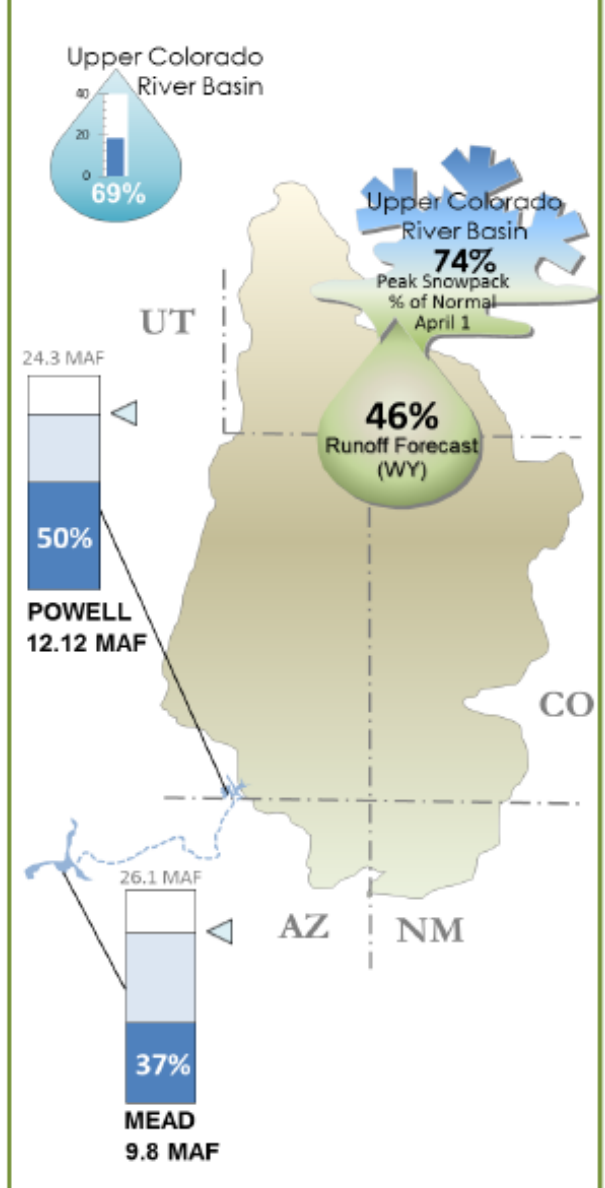


2018 Colorado River

837,627 AF

67% of full CRA

(Does not include storage withdrawals)



Soboba Tribal Council
&
Hemet-San Jacinto Watermaster Adhoc Committee
Meeting
June 27, 2018
10:00 a.m.

AGENDA

- Introductions.
- Review of the 2017 Annual Report:
 - ✓ 2017 Water Supplies in the Management Area
 - ✓ 2017 Water Resources Monitoring Activities
 - ✓ 2017 Carry-over Credits
- 2018 Watermaster Budget.
- Groundwater Storage Change Estimates.
- Watermaster-EMWD Conservation & Storage Agreement.
- Proposed Gravel Pit Joint Project.
- Other (Discussion).



1295 Corona Pointe Court, Suite 104, Corona CA 92879 • Telephone: (714) 707-4787

Watermaster Board To: Hemet-San Jacinto Watermaster Board of Directors

Chair
Linda Krupa From: Board Treasurer

Vice-Chair
Vacant Date: August 27, 2018

Secretary-Treasurer
Philip E. Paule

Board Members
Andrew Kotyuk
Bruce Scott
Frank Douglas Marshall
III

Board Alternates
Russ Brown
Todd Foutz
Scott Miller
Randy A. Record
Russ Utz

Advisor
Behrooz Mortazavi

Legal Counsel
Lagerlof, Senecal,
Gosney & Kruse

The Board Treasurer has reviewed and approved the following account information:

Total Cash and Investments as of April 30, 2018		\$ 1,388,048.26
Revenues for May 1, 2018 – July 31, 2018:		
Total Received	\$0	
Payments for May 1, 2018 – July 31, 2018:		
Water Resources Engineers (6/6/18 & 7/17/18)	\$ 47,681.32	
EMWD (5/1/2018)	\$191,824.22	
L, S, G &K (5/25/18 & 7/17/18)	\$ 4,980.00	
Epic Insurance (5/25/18)	\$ 3,102.00	
CliftonLarsonAllen (7/17/18)	<u>\$ 4,500.00</u>	
Total Payments		
Cash Flow for May 1, 2018 – July 31, 2018:		\$252,087.54
Other Income/Expense for May 1, 2018 – July 31, 2018:		
Savings Interest	\$ 363.86	
Other Expense/Fees	<u>\$ 0.00</u>	
Total Other Income/Expense		\$363.86
Total Cash and Investments as of July 31, 2018		\$ 1,136,324.58

Treasurer Report
August 27, 2018

Pending Receivables:

City of Hemet	\$ 19,967.56
City of San Jacinto	\$ 13,762.50
EMWD	\$ 29,799.98
LHMWD	<u>\$ 56,724.36</u>

Total Pending Receivables **\$120,254.40**

Pending Payments:

EMWD (7/5/18)	\$ 48,769.78
Water Resources Engineers (7/2/18)	<u>\$ 11,178.73</u>

Total Pending Payments **\$ 59,948.51**

2017 Budget Items	Allocations	Revised Budget (Aug 28, 2017)	Commitments (As of July 31, 2018)
In-Lieu Program Agreement	\$ 189,000	\$ 189,000	\$191,824.12
EMWD/Watermaster Support Services			
Groundwater Monitoring Program	\$ 156,220	\$ 156,220	\$ 90,810.40
Video Inspection of Well Casings	\$ 60,000	\$ 60,000	
Soboba Gravel Pit Project			
Dewatering	\$ 57,600	\$ -	
Organization Operation & Management			
Financial Support Services	\$ 10,500	\$ 9,000	\$ 7,500.00
Legal Counsel Contract	\$ 35,000	\$ 30,000	\$ 17,276.00
Advisor Contract	\$ 170,000	\$ 165,000	\$163,805.12
Administrative Support	\$ 14,000	\$ 14,000	\$ 11,523.20
Insurance; Office Supplies & Other Direct Costs	\$ 7,500	\$ 7,500	\$ 6,514.57
Database/Mapping Application Maintenance	\$ 5,250	\$ 5,250	\$ 5,000.00
Additional Projects/Activities			
Storage Project Evaluation	\$ 100,000	\$ 85,000	
TOTALS	\$ 805,070	\$ 720,970	\$494,253.41

Treasurer Report
August 27, 2018

2018 Budget Items	Allocations	Commitments (As of July 31, 2018)
In-Lieu Program Agreement	\$ 211,000	
EMWD/Watermaster Support Services		
Groundwater Monitoring Program	\$ 156,220	
Soboba Gravel Pit Project		
Dewatering	\$ 57,600	
Organization Operation & Management		
Financial Support Services	\$ 8,500	\$ 770.40
Legal Counsel Contract	\$ 30,000	\$ 11,290.00
Advisor Contract	\$ 165,000	\$ 86,150.97
Administrative Support	\$ 14,000	\$ 5,740.80
Insurance; Office Supplies & Other Direct Costs	\$ 10,000	\$ 6,468.31
Database/Mapping Application Maintenance	\$ 5,250	\$ 5,000.00
Additional Projects/Activities		
TOTALS	\$ 657,570	\$115,420.48

AGENDA

HEMET – SAN JACINTO WATERMASTER BOARD OF DIRECTORS

May 21, 2018

4:00 pm

EMWD - Board Room
2270 Trumble Road, Perris, CA 92750

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

I. PUBLIC COMMENTS

Any person may address the Board on any subject within the Watermaster's jurisdiction which is not on the agenda. However, any non-agenda matter that requires action will be referred to staff for a report and action at a subsequent Board meeting. Any person may also address the Board on any agenda matter at the time that matter is discussed, prior to Board action.

II. ADDITIONS/DELETIONS TO THE AGENDA

III. REPORTS

The following agenda items are reports. They are placed on the agenda to provide information to the Board and public. There is no action called for in these items.

A. Board Member Comments/Questions/Reports

- Rules and Regulations Committee.
- Reserves and Investments Committee.

B. Advisor Report

C. Legal Counsel Report

D. Treasurer Report

IV. CONSENT CALENDAR

A. Approval of Minutes – February 26, 2018 Regular Board Meeting.

Recommendation: Adopt a motion to approve item A on the Consent Calendar.

Consent Calendar items are expected to be routine and non-controversial and are to be acted upon by the Board at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it will be removed from the Consent Calendar for separate action.

V. ACTION ITEMS

The following items call for discussion and possible action by the Board. These items are placed on the Agenda so that the Board may discuss and possibly take action on the items if the Board desires.

- A. 2017 Carry-Over Credit Accounts – Summary of the Carry-Over Credit Accounts as of December 31, 2017.
Recommendation: Receive and File Carry-over Credit Account Balances.
- B. Groundwater Storage Change Calculations – Presenting estimated groundwater storage changes between 2016 and 2017 using the methodology used in the previous year.
Recommendation: Receive and file estimated storage change between the years 2016 and 2017.
- C. Consideration to Approve Revised Rules and Regulations and Records Retention Schedule Documents – The Rules and Regulations document was adopted on September 23, 2013 and amended on May 18, 2015. The proposed revised document was prepared by two Board Committees (the Rules & Regulations plus the Reserves & Investments). The Records Retention Schedule is a new document clarifying the duration different documents should be retained by the Watermaster.
Recommendation: Adopt a motion to approve the Revised Rules and Regulations and the Records Retention Schedule, and instruct Legal Counsel to submit the Rules and Regulations document to the Court for approval.
- D. Consideration to Approve Conservation and Storage Agreement with EMWD – Summary of the proposed Agreement.
Recommendation: Adopt a motion to approve Conservation and Storage Agreement with EMWD.

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

- A. Proposed EMWD Conservation and Storage Project - Presentation by Woodard & Curran (RMC) to review the technical data and updated model results related to the proposed EMWD Storage Project.
- B. Department of Water Resources Reporting Under Water Code 10720 – Summary of the information that was provided to DWR as part of the Sustainable Groundwater Management Act requirements.
- C. Insurance Agreement with Edgewood Partners Insurance Center – Renewed insurance agreement effective April 1, 2018 - March 31, 2019 for commercial general liability, public officials and management liability, and commercial excess liability coverage with Allied World Assurance Company for \$3,102 per year.
- D. Updated Information on the 2017 Annual Report – Presentation to summarize changes/comments that were included on the 2017 Annual Report after Board's approval of the report on February 26, 2017.
- E. Status of the Soboba Imported Water Recharge - Presentation by EMWD, on the status of the Soboba Imported Water deliveries and recharge at the Grant Avenue and IRRP ponds.

F. Future Agenda Items - If Board Members have items for consideration at a future Board Meeting, please state the agenda item to provide direction to the Advisor.

VII. CLOSED SESSION – NONE

VIII. ADJOURNMENT

Next Regular Board of Directors Meeting

August 27, 2018 at 4:00 pm at:

Eastern Municipal Water District Board Room
2270 Trumble Road, Perris, CA 92750

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans With Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such a request to the Watermaster Executive Assistant at 714-707-4787, at least 48 hours before the meeting, if possible.

Pursuant to Government Code Section 54957.5, any writing that (a) is a public record; (b) relates to an agenda item for an open session of a regular meeting of the Watermaster Board of Directors; and (c) is distributed less than 72 hours prior to that meeting, will be made available for public inspection at the time the writing is distributed to the Board of Directors. Any such writing will be available for public inspection at Watermaster's office located at 2270 Trumble Road, Perris, CA 92750.

Minutes
Hemet-San Jacinto Watermaster Board of Directors Meeting
Eastern Municipal Water District
May 21, 2018

The Watermaster Board of Directors met in Regular Session in the Board Room at EMWD Headquarters, 2270 Trumble Road, Perris, California, on *Monday, May 21, 2018*. The meeting was called to order by Vice - Chair Hoffman at 4:05 p.m.

Board Members Present:	Rick Hoffman, Vice-Chair Phil Paule, Secretary/Treasurer Bruce, Scott, Board Member Russ Brown, Alternate Board Member
Board Representative(s) Absent:	Linda Krupa, Chair Andrew Kotyuk, Board Member
Board Alternate (s) Present:	
Watermaster Staff Present:	Thomas Bunn, Legal Counsel (Lagerlof, Senecal, Gosney & Kruse) Behrooz Mortazavi, Advisor (Water Resources Engineers) Michelle Mayorga, Executive Assistant (Water Resources Engineers)
EMWD Staff Present:	Paul Jones, General Manager Joe Mouawad, Assistant General Manager of Planning, Engineering and Construction Nick Kanetis, Deputy General Manager Kelley Gage, Senior Director of Planning and Regulatory Compliance Brian Powell, Director of Groundwater Management & Facilities Planning Khos Ghaderi, Director of Operations Rachel Gray, Water Resources Planning Manager
City of Hemet Staff Present:	Kris Jensen, Public Works Director
City of San Jacinto Staff Present:	Steve Johnson, Consultant
Lake Hemet Staff Present:	Mike Gow, General Manager Frank Gorman, Director F. Douglas Marshall, Director
Others Present:	Ali Taghavi, RMC/Woodward & Curran Howard Tounget

Pledge of Allegiance

The Pledge of Allegiance to the Flag was led by Mr. Brown. Ms. Mayorga conducted the roll call. The City of Hemet was represented by Alternate Board Member, Mr. Brown. Mr. Kotyuk was absent. All other Board Members were present.

I. PUBLIC COMMENTS –*Speakers are requested to limit comments to 3 minutes.*

None

II. ADDITIONS/DELETIONS TO AGENDA

None

III. REPORTS

A. Board Members Comments/Questions/Reports

- Rules and Regulations Committee Report
- Reserves and Investments Committee Report

B. Advisor Report

Mr. Mortazavi reported on recent Watermaster Activities. Attachment 1 shows the complete Advisor Report.

Mr. Mortazavi reported that most of the coordination activities with EMWD have been related to the Conservation and Storage Agreement, Annual Report preparation and the monitoring program data processing.

Since January of 2018, EMWD has recharged about 4,800 AF of Soboba Imported Water at the Integrated Recharge and Recovery project (IRRP) and Grant Avenue Ponds. The recharge activities stopped on March 14, 2018. MWD has delivered its full 7,500 AF obligation for 2018 and has pre-delivered about 3,400 AF toward its 2019 obligation. This is the first time since the formation of the Watermaster that MWD has pre-delivered and stored Soboba Imported Water in the basin.

There have been many communications between EMWD/Watermaster/Woodard Curran regarding the Technical Memorandum (TM) document prepared for the proposed EMWD Water Banking and Conjunctive Use project. Woodard Curran has made two presentations at the TAC Meetings and has responded to the TAC members questions. Dr. Ali Taghavi will have an updated presentation on this subject under Item VI-A.

Final invoices for the 2017 Administrative Assessments were mailed on March 8, 2018 and all have been paid. The 2017 Financial Audit was finalized, and the Auditors' Report is included as part of the 2017 Annual Report. The Auditors required more accurate financial statements. They asked the Watermaster to establish a system of closing procedures to record revenue and expenses in the proper period. Mr. Mortazavi informed the Board that this responsibility has been transferred from the contract bookkeepers (Bell Bookkeeping Services) to the Advisor to improve the accuracy of the financial statements, without any cost increase to the Watermaster. The bookkeeping services contract with Bell Bookkeeping Services was terminated, and accounting support services is now being done by Ms. Mayorga. The Treasurer Report will be provided under Item III-D.

The Technical Advisory Committee had one regular meeting on May 7, 2018. The major items discussed were:

- Review of the Technical Memorandum (TM) findings related to the Conservation and Storage Agreement;
- Review and recommendation on the proposed EMWD/Watermaster Conservation and Storage Agreement;
- The 2017 Carry-Over Credit Accounts;
- Groundwater Storage Change Calculations;
- Department of Water Resources Reporting Under Water Code 10720;
- Updated information on the 2017 Annual Report;
- TAC review and recommendation of the Revised Rules and Regulations and the new Records Retention Schedule; and
- Review of the May 21, 2018 Watermaster Board meeting agenda.

TAC members reviewed and accepted the Revised Rules and Regulations, and the new Records Retention schedule. TAC members were given additional time to review and comment on the TM and the Draft Conservation and Storage Agreement before these items are presented to the Watermaster Board today. Comments received from the TAC Members will be discussed as part of Item V-D presentation. TAC did not request any additional agenda items for today's Board Meeting.

The 2017 Annual Report has been finalized including the changes that will be presented today. TAC members have reviewed all corrections and accepted the changes that are being presented under Item VI-D. The Department of Water Resources (DWR) report required from the Adjudicated Basins under the Sustainable Groundwater Management Act (SGMA) was filed on March 29, 2018. The information filed with DWR is presented under Item VI-B. Class B participants mailing list is ready, and CD's containing the Annual Report will be mailed to the participating Judgment parties this week.

Mr. Bunn and Mr. Mortazavi have had a couple of conference calls and a meeting with the EMWD Team on April 13, 2018, following the February 22, 2018 meeting with EMWD General Manager, General Counsel, and staff, regarding the Draft Conservation and Storage Agreement. The Draft Agreement under Item V-D is a jointly drafted agreement by EMWD and the Watermaster. The TAC and Soboba comments will also be discussed under this Item.

The March 21, 2018, Board Ad-Hoc Committee meeting with the Soboba Tribal Council was rescheduled for June 27, 2018.

EMWD is leading the Basin Boundary Modification process with DWR. Handling of the unmanaged fringe areas that are not part of the adjudicated areas and yet must comply with SGMA requirements is a major concern throughout the entire State. The boundary modifications that EMWD is proposing, if accepted by DWR, will redraw the basin boundaries in the San Jacinto Basin, and will revise the eastern boundaries to be comparable with the Adjudicated basin boundaries. This change is expected to eliminate any unmanaged fringe areas to the east and south of the Hemet-San Jacinto Watermaster area. EMWD will be conducting a public meeting for this purpose on May 31, 2018.

EMWD is re-drilling Well 80, and the Mountain Avenue West Recharge Ponds are currently at 75% design. EMWD is also recalculating the cost for Phase I Project Water Delivery and Recharge. LHMWD is conducting a rate study and are also re-drilling Well 8. The City of Hemet is using more of its Phase I water due to water quality issues at two of the city wells. The City is also working on its Conservation Rate Structure. TAC representative for the City of San Jacinto has changed. The City is rehabbing its Grant Well. A summary of the State's water resources conditions as of April 30, 2018 (prepared as part of the MWD General Manager's May 2018 Report to MWD Board) is attached.

There were no questions regarding the Advisor's Report.

C. Legal Counsel Report

Mr. Bunn did not have anything to report.

D. Treasurer Report

Mr. Paule and Mr. Mortazavi reviewed the Treasurer Report with the Board. Attachment 2 shows the complete Treasurer Report.

Mr. Mortazavi also reviewed the pending payments and receivables. The 2017 Budget is still included in the Treasurer Report to the Board because there are few items in the 2017 Budget that are not fully paid for or completed.

There were no questions regarding the Treasurer's Report.

IV. CONSENT CALENDAR

Accept Motion for approval of Consent Calendar

A. Approval of Meeting Minutes – February 26, 2018 Regular Board Meeting

Recommendation: Adopt a motion to approve the Consent Calendar.

Motion: Paule

Noes: None

Seconded: Brown

Abstain:

Ayes: Hoffman, Scott

Motion Passes

Attachment 3 shows a copy of the February 26, 2018 Board Meeting Minutes.

V. ACTION ITEMS

A. 2017 Carry-Over Credit Accounts

Mr. Mortazavi stated as of December 31, 2016, approximately 6,050 AF was overdue from MWD, and approximately 45,2012 AF in the Carry-Over Accounts. By the end of 2017, MWD made up the deficit and pre-delivered an additional 6,136 AF, and the Carry-over accounts increased to approximately 57,074 AF. It is the advisor recommendation to receive and file the 2017 Carry-Over Credit Accounts Summary Data.

There were no questions for the Advisor.

Attachment 4 shows the Complete Presentation.

Recommendation: Receive and File Carry-Over Credit Account Balances

Motion: Brown

Noes: None

Seconded: Scott

Abstain: None

Ayes: Paule, Hoffman

Motion Passes

B. Groundwater Storage Change Calculations

Mr. Mortazavi reviewed the information on the Groundwater Storage Change estimates from Spring 2016 to Spring 2017. The Storage Change Methodology uses the 2014 San Jacinto Groundwater flow model (SJFM-2014) information and the water level data collected as part of the Annual Monitoring Program to calculate the storage change in the Hemet-San Jacinto Management area. The change in groundwater storage from Spring 2016 to Spring 2017 is estimated to be 4,037 AF. It is the advisor's recommendation to include Storage Change estimates in the Annual Report and to file the Annual Report Information (including Storage Changes) with DWR as part of the Sustainable Groundwater Management Act requirements.

There were no questions for the Advisor.

Attachment 5 shows complete Presentation

Recommendation: Receive and file estimated storage change between the years 2016 and 2017

Motion: Paule

Noes: None

Seconded: Scott

Abstain: None

Ayes: Hoffman, Brown

Motion Passes

C. Consideration to approve Revised Rules and Regulations and Records Retention Schedule Documents

Ms. Gage reviewed some of the changes to this document including the change to outline and broaden the scope of how items are brought to the Board, including all matters related to other external agreements that affect the Watermaster. Some of the new changes include ability of TAC members to add Items to the Board Agenda; addition of the Records Retention Schedule; and financial provisions for the draft annual budget be distributed to the Board on or before September 30th of each year. A Special Budget Workshop could be held before September 30th, or at the discretion of the Board the information can be provided at a regular Board meeting but prior to the regular Board meeting which the budget is approved. Changes to the Exhibit A of the Rules and Regulations (the Investment Policies, Procedures, Requirements and Limitations) included the global change to the language for the maximum maturity of any one security, which previously stated 5 years, and changed to 12 months in the current version. Other changes include: addition of bond insurance and the addition of any other type of investment, provided

that its issuing institution shall be rated “A” or better by a nationally recognized statistical rating organization.

There were no questions for Ms. Gage.

Recommendation: Adopt a motion to approve the Revised Rules and Regulations and the Records Retention Schedule, and instruct Legal Counsel to submit the Rules and Regulations document to the Court for approval.

Motion: Paule

Noes: None

Seconded: Brown

Abstain: None

Ayes: Hoffman, Scott

Motion Passes

D. Consideration to Approve Conservation and Storage Agreement with EMWD

Mr. Mortazavi reviewed a summary of the modelling work and the agreement highlights. The modelling work showed that: 1) There is adequate storage in the basin for the proposed project; and 2) The proposed project has no significant impacts on the groundwater storage in the Upper Pressure Basin; the groundwater levels in the nearby wells; or the San Jacinto River recharge during wet years. The model estimated the displaced water from the Lower Pressure to be approximately 4% for the water banking element, and negligible for the conservation (put and take) Element.

The Agreement recognizes the project to have two elements: Groundwater Storage (Water Banking) that can store up to 21,000 AF in the Upper Pressure Basin at any given time, and Conservation (put and take) element that can recharge the Basin and extract up to 7,000 AF per year. The total recharge could exceed 7,000 AF in any given year, but total extraction in any given year shall not exceed 7,000 AF. The water will be recharged before extraction, and the extracted water will be used within the Management Area. The recharge will occur in the Upper Pressure Basin at the Mountain Avenue West and/or existing IRRP recharge ponds. The project will use the existing Phase I Project pipeline for the delivery of recharge water, and EMWD will pay its pro-rata share for repairs and replacement of the pipeline. The Groundwater Modelling results are used to determine water losses (4% losses for the Water Banking Element, and 0% losses for the Put and Take Element). Recharge of the Soboba Settlement Water would remain at the highest priority. Interference with other production wells will be handled directly between EMWD and affected parties. However, Watermaster can reduce or modify project activities under adverse impacts to other producers. EMWD will be responsible to meet all environmental and regulatory requirements during construction and operation of the project. EMWD will also provide Annual Reports projecting recharge and recovery for the upcoming year, plus quarterly reports of recharge, losses and quantity of water in storage. In addition, EMWD will collect data from 8 shallow wells and 3 multi-depth wells in the vicinity of the proposed Mountain Avenue West recharge ponds. The Watermaster will have the first right to purchase recharged water from the project. The contract duration is 20 years beginning in 2020 and can be automatically renewed for another 20 years.

Mr. Paule asked if there will be a timeframe for the contract renewal? Mr. Mortazavi said the renewal is automatic, but each party can request cancellation of the agreement within the last 12

months prior to the contract's initial 20-year term. Mr. Bunn clarified that the displaced water identified in the modeling work is considered a loss in the agreement. He stated that Judgement requires the groundwater pumped by the project to exclude any losses. Under the proposed Agreement, EMWD will be able to recover 96% of the recharged water under the Water Banking element of the project; and can extract all of the recharged water under the Conjunctive Use (Put and Take) element.+

Mr. Mortazavi reviewed all the comments from TAC Members. The city of Hemet's legal counsel, Mr. Eric Vail has suggested some language changes be added to Section 2 and Section 7 of the Draft Agreement (The Right to Store and Water Quality). In the Right to Store Sections, the revised language reads: "Eastern acknowledges and agrees that the Right to Store Imported and or Supplemental Water pursuant to this agreement is limited by, and subordinate to, the prior and superior right of each member agency of the Watermaster to store its unused shares of existing and future Imported Eater and carryover credit. In the Water Quality Section, Mr. Vail requested to add "Eastern further agrees that Eastern shall be solely responsible for the cost and implementation of any mitigation or remediation measures required by the Regional Water Quality Control Board or other governmental entity of competent jurisdiction related to water recharged and/or stored pursuant to this Agreement." Mr. Mortazavi said EMWD has agreed to add Mr. Vail's suggested changes, and the Agreement recommended for approval includes the revised language.

LHMWD concern regarding the Agreement is about potential new extraction wells in the LHMWD service area and the impact to LHMWD existing wells. Even though the three new wells to be drilled for the proposed project are outside of LHMWD service area, the potential boundary shown on Exhibit C of the Agreement encroaches into LHMWD area. Mr. Mortazavi stated, EMWD is going to work with the member agencies in regard to any impacts to the nearby wells when drilling new wells. Another concern that LHMWD has is regarding the recharged water that is intended to be part of the put and take (Conjunctive Use) operation but remains in the basin longer than one year. LHMWD questions when would recharge water be converted/reclassified as Banked water? Mr. Mortazavi stated, the recharged water will be monitored by EMWD, and he is convinced that given EMWD's comprehensive imported water and groundwater operation system in the Management Area, EMWD can meet the put and take (Conjunctive Use) requirements without allowing excess water remaining in the basin at the end of each year.

Mr. Mortazavi stated the city of San Jacinto comments are more technical. While reviewing the City of San Jacinto's comment letter, he said the first comment refers to the "input" into the basin storage and the comment states the agreement does not clearly define actual "stored water" separately from the basin's natural supply. Mr. Mortazavi said this is a technical issue and when he asked the City's TAC representatives, the City provided no suggested language for the agreement regarding this comment. Therefore, he is not recommending any changes to the Agreement as a result of this comment. The second comment refers to concerns that under a different future water storage agreement, unexpected losses from the basin storage can occur that can impact the basin's water supply. Mr. Mortazavi acknowledges that such conditions may arise, but he thinks such conditions should be addressed under the different future storage agreement and not this agreement. The City's third comment refers to a request for the Watermaster (EMWD) to determine the direct relationship of stored water in the basin, to the water levels in selected key wells, and present this information to TAC for review. Mr. Mortazavi

said that this comment is a data evaluation/review and he does not think such reviews will change the requirements for this agreement, therefore he is suggesting no changes to the proposed Agreement. In addition, he stated that when he asked the City representatives, he received no suggested language to the agreement for this comment. The fourth comment by the City of San Jacinto requests the Watermaster (EMWD) to include some pre-defined minimum water levels in the selected key wells, as “trigger water levels”. Mr. Mortazavi stated the basin water level fluctuation is due to many different factors and setting a trigger water level based on just one activity in the basin (aka this Agreement) requires extensive detail data from all the basin activities that are not available, therefore he does not support any changes to the agreement and setting a trigger water level, when such detail data don’t exist. The last comment by the City of San Jacinto suggested that the proposed project may cause changes to the basin water quality and suggested water quality monitoring be added to Section 7 of the Agreement. Mr. Mortazavi stated water quality monitoring is conducted throughout the entire basin, and he does not suggest any changes to the draft Agreement as a result of this comment. He also stated that when he asked the City representatives to provide their suggested language changes to the agreement, he received no suggested language to the agreement for this comment.

Mr. Mortazavi stated that Soboba Tribe concern is with respect to the impact of this agreement to the priority of the Soboba Imported Water and MWD recharge obligations under the Settlement Agreement. Mr. Mortazavi said this concern is addressed in the agreement, and Soboba Imported Water will have a higher priority compared to the deliveries that will take place under this agreement.

Mr. Mortazavi recommended that the Board approve the Conservation and Storage Agreement with EMWD.

Attachment 7 shows complete Presentation and TAC Members Comments

Recommendation: Adopt a motion to approve Conservation and Storage Agreement with EMWD.

Motion: Paule

Noes: None

Seconded: Brown

Abstain: None

Ayes: Hoffman, Scott

Motion Passes

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

A. Proposed EMWD Conservation and Storage Project

Dr. Taghavi, consultant with Woodard and Curran (RMC), reviewed the modeling work done for the proposed Water Banking and Conjunctive Use in San Jacinto Valley. The Program Goals and Objectives were briefly reviewed. Mr. Taghavi pointed out that even though the model simulations were for 30-year cycles, the results presented are for 20 years, because the agreement term is 20-years. The Project Operational Objectives that are validated by the model simulations include utilizing available aquifer space to store recharged water; maximizing extraction of previously stored water without loses; minimizing impacts on nearby production wells; minimizing adverse water quality conditions; minimizing impacts on stream recharge during wet years while honoring previous agreements and priorities. The groundwater displaced from the Hemet-San Jacinto Water Management area would be approximately 4.15% and -.062%

during groundwater Banking and Conjunctive Use operations, respectively. Dr. Taghavi summary conclusion is that:

- The groundwater basin has adequate storage for the proposed Conservation and Storage Project; and
- The proposed project has no significant impacts on:
 - Groundwater storage in the Upper Pressure and the Water Management Area,
 - Groundwater levels in nearby wells,
 - Groundwater quality in the Upper Pressure or the Water Management Area,
 - San Jacinto River recharge potential, and
 - any prior Agreements and operations.

Dr. Taghavi estimates the proposed project operational water displacement over a 20-year period to be 4% of the recharged water for the Groundwater Banking Element, and practically no displacement for the Conjunctive Use Element.

Dr. Taghavi stated, the proposed project will benefit the Water Management Area by alleviating basin overdraft and by providing additional long-term water supply reliability to the region.

Mr. Hoffman wanted to confirm that the recharged water is State Project Water and not Colorado River Water. Mr. Mortazavi explained that the Agreement requires the recharged water to meet the Regional Board requirements. Mr. Hoffman also asked how long does the water take to get into the saturated zone of the Aquifer? Dr. Taghavi said the percolation at the ponds is approximately 6 feet per day. He also stated the model doesn't simulate the travel-time between when recharge occurs and when it shows up in the aquifer system.

Attachment 8 shows complete presentation.

B. Department of Water Resources Reporting Under Water Code 10720

Mr. Mortazavi reviewed the information that was provided to the Department of Water Resources (DWR) which included: groundwater elevation data; aggregated groundwater extraction data; surface water supply data; total water use data; change in groundwater storage estimates; and the Annual Report.

Attachment 9 shows complete presentation.

C. Insurance Agreement with Edgewood Partners Insurance Center

Mr. Mortazavi explained that insurance was renewed for another year.

D. Updated Information of the 2017 Annual Report

Mr. Mortazavi reviewed the updated information since the last Board Meeting presentation in February. The Annual Demand Table; Carry-Over Credits Table and the list of Agreements and Resolutions were all updated.

Attachment 10 shows complete presentation.

E. Status of the Soboba Imported Water Recharge

Mr. Powell reported that the target recharge for 2018 was 18,130 AF. However, the total recharge as of March 14, 2018 was 4,782.5 AF. As of March 15, 2018, MWD stopped delivery of any more Soboba Imported Water for 2018. Approximately 1,363.7 AF of recharge in 2018 was to satisfy 2018 obligations, and the remaining balance was pre-delivery for 2019. EMWD is not expecting to receive any more recharge water for the rest of 2018.

There were no questions for Mr. Powell.

F. Future Agenda Items

None

VII. CLOSED SESSION

None

VIII. ADJOURNMENT

There being no further business to come before the Board; Mr. Hoffman adjourned the meeting at 5:22 p.m., to be reconvened on Monday, August 27, 2018 at 4:00 p.m. (Adjourned Regular Meeting).

Watermaster Advisor Report

May 21, 2018

EMWD Related Coordination/Activities:

- Most of the coordination activities with EMWD have been related to the Conservation and Storage Agreement, Annual Report preparation, and monitoring program data processing.
- Since January of 2018, EMWD has recharged about 4,800 AF of the Soboba Imported Water at the Integrated Recharge and Recovery Project (IRRP) and Grant Avenue ponds. The recharge activities stopped on March 14, 2018. MWD has delivered its full 7,500 AF obligation for 2018 and has pre-delivered about 3,400 AF toward its 2019 obligation. This is the first time since the formation of the Watermaster that MWD has pre-delivered and stored Soboba Imported Water in the basin. EMWD will provide more information later today under Item VI-E.
- There have been many communications between EMWD/Watermaster/ Woodard Curran (formerly RMC) regarding the Technical Memorandum (TM) document prepared for the proposed EMWD Water Banking and Conjunctive Use project. Woodard Curran has presented results of the study at two Technical Advisory Committee (TAC) meetings and has responded to the technical questions previously raised by TAC members and Soboba Tribe in the TM. TAC members have provided additional questions/concerns that have been considered in finalizing the TM report. Dr. Ali Taghavi presented the study overview and findings at the Watermaster's February meeting, and will have an updated presentation today under Item VI-A. Information provided by the TM was used in the development of the Conservation and Storage Agreement that will be discussed under Item V-D.

Budget/Accounting Related Activities:

- The final invoices for the 2017 Administrative Assessments were mailed out on March 8, 2018 and have all been paid.
- The 2017 Financial Audit was finalized, and the Auditors' Report is included as part of the 2017 Annual Report. The Auditors required more accurate financial statements, asking Watermaster to establish a system of closing procedures to properly record revenue and expenses in the proper period. At the last Board meeting, I informed the Board that this responsibility will be transferred from the contract bookkeepers (Bell Bookkeeping Services) to the Advisor to improve the accuracy of the financial statements, without any increase in the current annual budget. The bookkeeping services contract with Bell Bookkeeping Services was terminated, and this work is now done by Ms. Mayorga.

- The Treasurer Report is provided under Item III-D.

Board & Technical Advisory Committee (TAC) Coordination/Activities:

- TAC had one regular meeting on May 7, 2018, and major discussion items at the meeting were:
 - Review of Technical Memorandum (TM) findings related to the Conservation and Storage Agreement – Item VI-A;
 - TAC review and recommendation on the proposed EMWD/Watermaster Conservation and Storage Agreement – Item V-D;
 - The 2017 Carry-Over Credit Accounts – Item V-A;
 - Groundwater Storage Change Calculations – Item V-B;
 - Department of Water Resources Reporting Under Water Code 10720 – Item VI-B;
 - Updated Information on the 2017 Annual Report – Item VI-D;
 - TAC review and recommendation on the Revised Rules and Regulations, and the new Records Retention Schedule Documents – Item V-C; and
 - Review of the May 21, 2018, Watermaster Board meeting agenda.

TAC Members reviewed and accepted the Revised Rules and Regulations, and the new Records Retention Schedule.

TAC Members were provided additional time to review and comment on the TM and the Draft Conservation and Storage Agreement before these items are presented to the Watermaster Board today. The comments received from the TAC Members will be discussed as part of Item V-D.

Special Projects:

- The 2017 Annual Report has been finalized including the changes that will be presented today. TAC members have reviewed all corrections and accepted the changes that is being presented under Item VI-D.
- The Department of Water Resources (DWR) report required from the Adjudicated basins under the Sustainable Groundwater Management Act (SGMA) was filed on March 29, 2018. The information filed with DWR is presented under Item VI-B.
- Class B participants mailing list is ready, and CDs containing the Annual Report will be mailed to the participating Judgment Parties this week.

Municipal/Private Pumpers Coordination/Activity:

- Mr. Bunn and I have had a couple of conference calls and a meeting with the EMWD team on April 13, 2018, following the February 22, 2018, meeting with EMWD General Manager, General Counsel, and staff, regarding the Draft Conservation and Storage Agreement. The Draft Agreement presented under Item V-D, is jointly drafted by EMWD and Watermaster Legal Counsels. TAC and Soboba comments will also be discussed under this item.

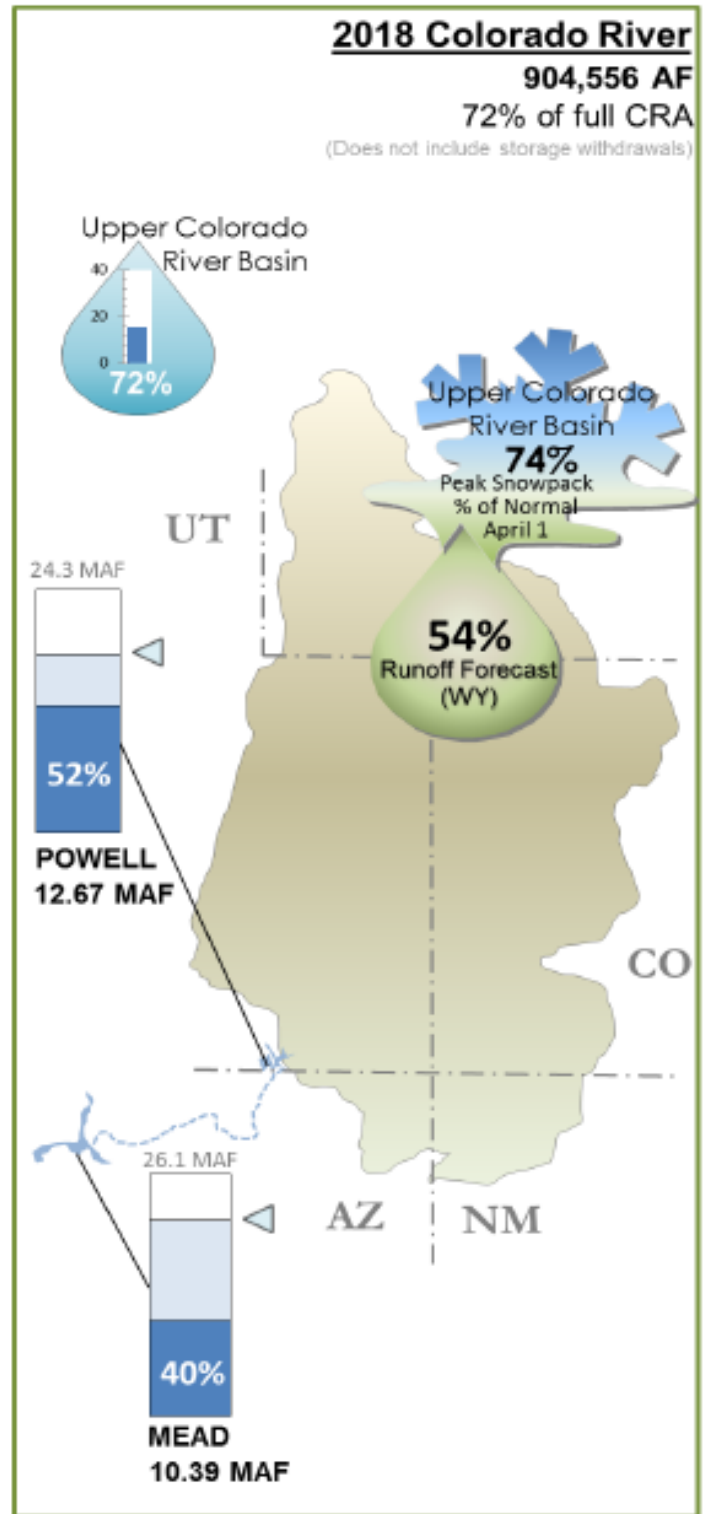
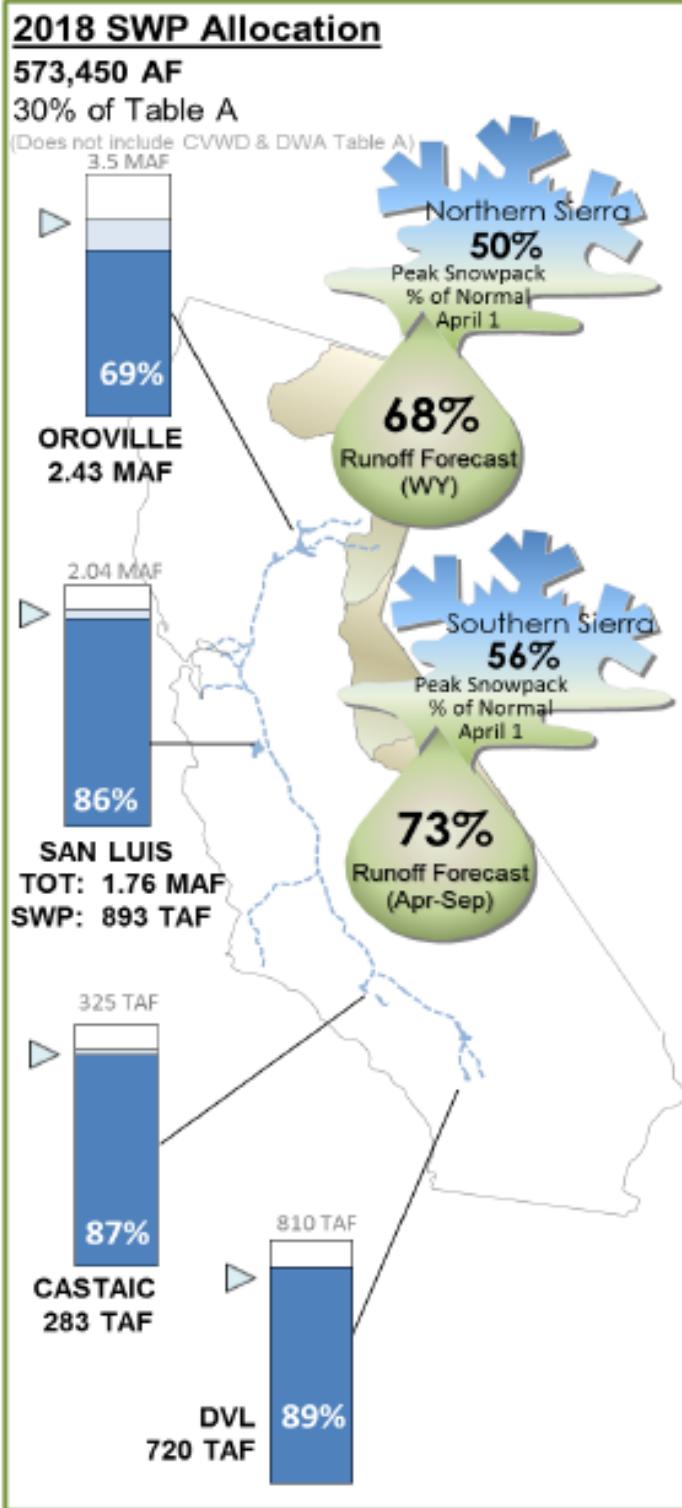
Outreach/Grant Activity:

- The March 21, 2018, Board Ad-hoc Committee meeting with the Soboba Tribal Council was rescheduled for June 27, 2018.

Miscellaneous Activities/Information:

- EMWD is leading the Basin Boundary Modification process with DWR. Handling of the unmanaged fringe areas that are not part of the adjudicated areas and yet must comply with SGMA requirements is a major concern throughout the entire State. The boundary modifications that EMWD is proposing, if accepted by DWR, will redraw the basin boundaries in the San Jacinto Basin, and will revise the eastern boundaries to match that of the Regional Board and the Adjudicated basin boundaries. This change will eliminate any unmanaged fringe areas to the east and south of the Hemet-San Jacinto Watermaster area. EMWD will be conducting a public meeting for this purpose on May 31, 2018.
- EMWD is re-drilling Well 80, and the Mountain Avenue West recharge ponds are currently at 75% design.
- EMWD is recalculating the new cost for Phase I project water delivery and recharge.
- LHMWD is conducting a rate study, and re-drilling Well 8.
- The City of Hemet is using more of its Phase I water due to water quality issues at two wells. The City is also working on its Conservation Rate Structure.
- TAC representative for the City of San Jacinto has changed. The City is rehabbing its Grant well.
- A summary of State's water resources conditions as of April 30, 2018 (prepared as part of the MWD General Manager's May 2018 Report to MWD Board) is attached.

WATER SUPPLY CONDITIONS as of APRIL 30, 2018





Hemet-San Jacinto
Watermaster

1295 Corona Pointe Court, Suite 104, Corona CA 92879 • Telephone: (714) 707-4787

Watermaster Board To: Hemet-San Jacinto Watermaster Board of Directors

Chair
Linda Krupa From: Board Treasurer

Vice-Chair
Rick Hoffman Date: May 21, 2018

Secretary-Treasurer
Philip E. Paule

Board Members
Andrew Kotyuk
Bruce Scott

Board Alternates
Russ Brown
Todd Foutz
Scott Miller
Steven A. Pastor
Randy A. Record
Russ Utz

Advisor
Behrooz Mortazavi

Legal Counsel
Lagerlof, Senecal,
Gosney & Kruse

The Board Treasurer has reviewed and approved the following account information:

Total Cash and Investments as of January 31, 2018		\$ 1,215,689.27
Revenues for February 1, 2018 – April 30, 2018:		
City of Hemet (4/30/18)	\$18,415.49	
City of San Jacinto (3/28/18)	\$26,767.50	
LHMWD (4/26/18/18)	\$107,159.79	
LHMWD (4/30/18)	<u>\$83,595.10</u>	
Total Received	\$235,937.88	
Payments for February 1, 2018 – April 30, 2018:		
Water Resources Engineers (3/8/18 & 4/19/18)	\$49,590.75	
L, S, G &K (2/22/18 & 4/26/18)	\$ 8,590.00	
Spatial Wave (4/23/18)	\$ 5,000.00	
Bell Bookkeeping (3/8/18 & 4/24/18)	<u>\$ 750.00</u>	
Total Payments	\$63,930.75	
Cash Flow for February 1, 2018 – April 30, 2018:		\$172,007.13
Other Income/Expense for February 1, 2018 – April 30, 2018:		
Savings Interest	\$ 351.86	
Other Expense/Fees	<u>\$ 0.00</u>	
Total Other Income/Expense		\$351.86
Total Cash and Investments as of April 30, 2018		\$ 1,388,048.26

Treasurer Report
May 21, 2018

Pending Receivables:

Total Pending Receivables **\$ 0**

Pending Payments:

EMWD (3/19/18)	\$191,824.12
LSG&K (4/13/18)	\$ 300.00
Water Resources Engineers (5/1/18)	\$ 14,336.21
Edgewood Partners Insurance (3/2618)	<u>\$ 3,102.00</u>

Total Pending Payments **\$209,562.33**

2017 Budget Items	Allocations	Revised Budget (Aug 28, 2017)	Commitments (As of April 30, 2018)
In-Lieu Program Agreement	\$ 189,000	\$ 189,000	\$191,824.12
EMWD/Watermaster Support Services			
Groundwater Monitoring Program	\$ 156,220	\$ 156,220	\$ 42,040.62
Video Inspection of Well Casings	\$ 60,000	\$ 60,000	
Soboba Gravel Pit Project			
Dewatering	\$ 57,600	\$ -	
Organization Operation & Management			
Financial Support Services	\$ 10,500	\$ 9,000	\$ 3,000.00
Legal Counsel Contract	\$ 35,000	\$ 30,000	\$ 17,276.00
Advisor Contract	\$ 170,000	\$ 165,000	\$163,805.12
Administrative Support	\$ 14,000	\$ 14,000	\$ 11,523.20
Insurance; Office Supplies & Other Direct Costs	\$ 7,500	\$ 7,500	\$ 6,514.57
Database/Mapping Application Maintenance	\$ 5,250	\$ 5,250	\$ 5,000.00
Additional Projects/Activities			
Storage Project Evaluation	\$ 100,000	\$ 85,000	
TOTALS	\$ 805,070	\$ 720,970	\$440,983.63

Treasurer Report
May 21, 2018

2018 Budget Items	Allocations	Commitments (As of April 30, 2018)
In-Lieu Program Agreement	\$ 211,000	
EMWD/Watermaster Support Services		
Groundwater Monitoring Program	\$ 156,220	
Soboba Gravel Pit Project		
Dewatering	\$ 57,600	
Organization Operation & Management		
Financial Support Services	\$ 8,500	\$ 500.00
Legal Counsel Contract	\$ 30,000	\$ 6,610.00
Advisor Contract	\$ 165,000	\$ 33,142.47
Administrative Support	\$ 14,000	\$ 2,392.00
Insurance; Office Supplies & Other Direct Costs	\$ 10,000	\$ 4,236.02
Database/Mapping Application Maintenance	\$ 5,250	\$ 5,000.00
Additional Projects/Activities		
TOTALS	\$ 657,570	\$ 51,880.49

Minutes
Hemet-San Jacinto Watermaster Board of Directors Meeting
Eastern Municipal Water District
February 26, 2018

The Watermaster Board of Directors met in Regular Session in the Board Room at EMWD Headquarters, 2270 Trumble Road, Perris, California, on *Monday, February 26, 2018*. The meeting was called to order by Vice - Chair Hoffman at 4:10 p.m.

Board Members Present: Rick Hoffman, Vice-Chair
 Phil Paule, Secretary/Treasurer
 Bruce, Scott, Board Member
 Russ Brown
 Russ Utz

Board Representative(s) Linda Krupa, Chair
 Absent: Andrew Kotyuk

Board Alternate (s) Present:

Watermaster Staff Present: Thomas Bunn, Legal Counsel (Lagerlof, Senecal, Gosney & Kruse)
 Behrooz Mortazavi, Advisor (Water Resources Engineers)
 Michelle Mayorga, Executive Assistant (Water Resources Engineers)

EMWD Staff Present: Paul Jones, General Manager
 Joe Mouawad, Assistant General Manager of Planning, Engineering and Construction
 Nick Kanetis, Deputy General Manager
 Kelley Gage, Senior Director of Planning and Regulatory Compliance
 Brian Powell, Director of Groundwater Management & Facilities Planning
 Khos Ghaderi, Director of Operations
 Rachel Gray, Water Resources Planning Manager

City of Hemet Staff Present: Kris Jensen, Public Works Director

City of San Jacinto Staff Present: Steve Johnson, Consultant

Lake Hemet Staff Present: Mike Gow, General Manager

Others Present: Ali Taghavi, RMC/Woodward & Curran
 Leslie Ward, CliftonLarsonAllen LLP
 Frank Coate, Soboba Tribe Representative

Pledge of Allegiance

The Pledge of Allegiance to the Flag was led by Mr. Russ Brown. Ms. Mayorga conducted the roll call. Cities of Hemet and San Jacinto were represented by their Alternate Board Members, Mr. Brown and Utz. All other Board Members were present.

I. PUBLIC COMMENTS –*Speakers are requested to limit comments to 3 minutes.*

None

II. ADDITIONS/DELETIONS TO AGENDA

None

III. REPORTS

A. Board Members Comments/Questions/Reports

- Rules and Regulations Committee Report

Ms. Gage reported that the Rules and Regulations committee had a meeting on February 20, 2018. The committee discussed the changes and edits to the Rules and Regulations Document. They were able to get through all the comments submitted by Legal Counsel and the Advisor. Final changes to the document are being updated and the document will be circulated one last time for review and comments. The final document will be brought to the May 21, 2018 Board Meeting for approval. There is an Exhibit A to the Rules and Regulations document that deals with Investment Policy and Procedure. Watermaster Legal Counsel will be updating this section and submitting it for review by the Reserves and Investments Committee. The second document that was reviewed by the Rules and Regulations committee was the Draft Records Retention Schedule. Currently the Watermaster does not have an official Records Retention Schedule. Comments by Legal Counsel and the Advisor were reviewed. Lastly, this committee reviewed the Professional Services Agreements for Legal Counsel and the Advisor. There was much discussion around these contracts. Both the Advisor and Legal Counsel will submit comments to the Committee.

Mr. Hoffman asked Ms. Gage if the Board will be able to vote on the Rules and Regulations document in May? Ms. Gage said yes. Mr. Paule thanked Ms. Gage for a very productive meeting and he agrees that the Rules and Regulations document will be ready for the May Board Meeting.

- Reserves and Investments Committee Report

B. Advisor Report

Mr. Mortazavi reported on recent Watermaster Activities. Attachment 1 shows the complete Advisor Report.

Mr. Mortazavi reported that coordination activities with EMWD has been related to the Annual Report and Monitoring Program Data Processing. Since January 2018, EMWD has recharged over 3,500 AF of the Soboba Imported Water at the Integrated Recharge and Recovery Project (IRRP) and Grand Avenue Ponds sites. EMWD will provide more information later under Item VI-C. There have been several conference calls between EMWD, Watermaster and Woodard Curran to discuss the Technical aspects of the proposed Water Banking and Conjunctive Use Study. Dr. Ali Taghavi will present the study overview and findings under Item VI-B. Responses to the technical questions previously raised by TAC members and the Soboba Tribe will be addressed in the Technical Memorandum (TM). TAC Members and the Soboba Tribe were asked to submit any additional questions after TAC presentation. There was only one question submitted by the Soboba Tribe.

The final invoices for the 2017 Administrative Assessments will be mailed out in early March. The 2017 Final Draft Financial Audit results and finding will be presented under Item V-A. and the Treasurer Report will be provided under Item III-D.

The Technical Advisory Committee had one regular meeting on February 12, 2018. The items discussed included, the 2017 Annual Report, status of the Revised Rules and Regulations Document; status of the Soboba Imported Water Recharge and a review of the February 26, 2018 Watermaster Board Meeting Agenda. TAC did not request any additional Board Meeting agenda items.

The 2017 Annual Report is being drafted. The data that will be included in this report will be presented under Item V-B. There was a staffing change at EMWD and as a result, this report has been delayed. TAC Members have reviewed the presentation but have not had a chance to review the full report. Mr. Mortazavi is recommending that this report be filed with the court subject to additional comments from Legal Counsel and TAC members. The reason for including this Item, is because information from the Annual Report needs to be submitted to the Department of Water Resources (DWR) before April 1, 2018. Any changes to this report after review, will be presented at the May 21, 2018 Board Meeting.

Mr. Mortazavi attended a DWR meeting on February 2, 2018 to discuss the changes that Watermasters need to comply with for their upcoming Adjudicated Basins filings with the State.

An overview presentation of Watermaster activities was provided at the City of San Jacinto Council Meeting on January 16, 2018. Mr. Bunn and Mr. Mortazavi attended the Rules and Regulations Committee meeting on February 20, 2018. A meeting to review the Draft Storage Agreement between EMWD and the Watermaster was attended by Mr. Bunn, Mr. Mortazavi, and EMWD Staff on February 22, 2018. Mr. Bunn will provide more information regarding this meeting under Item VI-A.

Mr. Mortazavi attended the Association of California Water Agencies (ACWA) Groundwater Committee Meeting on November 28, 2017 as well as a meeting with other Watermasters regarding the Sustainable Groundwater Management Act (SGMA) requirements. At this meeting, Watermasters discussed how the State plans to handle the unmanaged fringe areas that are not part of the adjudicated areas and compliance with SGMA requirements. There is not much clarity on how such regions will be handled. The next Ad-hoc committee meeting with the Soboba Tribal Council is scheduled for March 21, 2018. Mr. Mortazavi received information from the Western Riverside County Agricultural Coalition (WRCAC) Executive Director related to the dairy operations within the Management Area. This information can help improve the estimated groundwater production in the Management Area. The estimated productions currently used in the Annual Report may be missing production wells that are in the area and not accounted for. It is imported for the Watermaster to estimate full production in the Management Area. Behrooz met with EMWD staff on December 12, 2017 and jointly developed a work plan on how this deficiency can be resolved.

MWD has not confirmed delivery of the Soboba Imported Water beyond March of 2018. However, it is estimated that MWD would fulfill its full 2018 and half of 2019 obligations by then.

LHMWD is working on developing two new wells, one of these wells is a re-drill of Well 8. The City of Hemet is developing a Request for Proposal (RFP) for a wellhead treatment. The City of San Jacinto is working on its Water Management Plan update and looking at four potential sites for one new well. A summary of the State's Water Resources Conditions as of January 31, 2018 (prepared as part of the MWD General Manager's February 2018 Report to MWD Board) was reviewed.

There were no questions regarding the Advisor's Report.

C. Legal Counsel Report

Mr. Bunn provided more details regarding the unmanaged areas mentioned earlier by Mr. Mortazavi. Unmanaged Areas are an issue throughout the State because the Groundwater Basins in SGMA are defined as the Department of Water Resources Bulletin 118 Groundwater Basins. Whereas, the Adjudication basin boundaries are defined by the Courts. Although they are talking about the same groundwater basins, the boundaries are slightly different in almost every case. So, there may be small fringe areas at the boundaries that are different. There are 2 different approaches that the two State agencies that are involved with SGMA are taking with respect to these fringe areas. DWR says there is no flexibility in the statute, the entire basin must be managed as a whole or the entire basin is out of compliance. The State Water Board is the Agency that enforces SGMA and they do not want to use their resources to deal with the small fringe areas that don't have significant pumping. This issue is still being discussed. The potential for penalties for areas that are out of compliance is significant.

There were no questions for Mr. Bunn.

D. Treasurer Report

Mr. Paule and Mr. Mortazavi reviewed the Treasurer Report with the Board. Attachment 2 shows the complete Treasurer Report.

Mr. Mortazavi also reviewed the pending payments and receivables. The 2017 Budget is still included in the Treasurer Report to the Board because there are few items in the 2017 Budget that are not fully paid for or completed.

There were no questions regarding the Treasurer's Report.

IV. CONSENT CALENDAR

Accept Motion for approval of Consent Calendar

A. Approval of Meeting Minutes – November 27, 2017 Regular Board Meeting

Recommendation: Adopt a motion to approve the Consent Calendar.

Motion: Paule

Noes: None

Seconded: Scott

Abstain: Brown, Utz

Ayes: Hoffman

Motion Passes

Attachment 3 shows a copy of the November 27, 2017 Board Meeting Minutes.

V. ACTION ITEMS

A. 2017 Financial Audit

Ms. Ward, CPA from CliftonLarsonAllen, reviewed the key areas of the Financial Audit Report. The purpose of the audit is to get an opinion on the Financial Statement from an outside expert. It is the opinion of CliftonLarsonAllen, that the Financial Statement is unmodified, which is the best

opinion that can be provided by financial auditors. Ms. Ward pointed out that there is a prior year re-statement which is discussed in the emphasis of matter paragraph of the report. The Auditors corrected some expenses for 2016 that were previously shown in 2017 by the prior auditors. There was a finding on this year's report which states a lack of internal control for capturing accruals in the correct year. After communications with the Advisor, there is now a plan in place to correct that issue going forward.

Mr. Mortazavi explained that Watermaster currently uses an external Bookkeeping Service. To correct the lack of internal control for capturing accruals, Mr. Mortazavi will transfer the bookkeeping work to Water Resources Engineers, to be performed by Ms. Mayorga. Mr. Hoffman commented that he is confident this problem will be resolved when Mr. Mortazavi and Ms. Mayorga will be in charge of this work. Mr. Paule asked if the current process for having two signatures for all checks stay the same after this change? Mr. Mortazavi stated that process will not change, and the current requirement for having two signatures on all checks will stay the same as before.

There were no questions for the Auditor.

Attachment 4 shows the Draft Audit Report.

Recommendation: Adopt a motion to Receive and Submit the Draft 2017 Financial Audit Report as part of the Watermaster 2017 Annual Report to the Court

Motion: Paule

Noes: None

Seconded: Utz

Abstain: None

Ayes: Scott, Hoffman, Brown

Motion Passes Unanimously

B. 2017 Annual Report

Mr. Mortazavi reviewed the information that will be included in the 2017 Annual Report. This report is still a work in progress. The 2017 Report will also include correction to the 2016 Annual Report with regard to the Carry-over accounts. The most important table in the Annual Report is the 2017 Annual Demands (Table 4-1 of the Report). Total Groundwater Production for 2017, it was very similar to 2016. The total Demand in the Basin was also very similar to 2016. However, the groundwater production from Upper Pressure was about 2,000 AF less than the 2016 production. There was also 500 AF reduction in production from Hemet-South. These reductions were offset by increase of approximately 2,800 AF of production from Canyon Basin. River flow diversions for 2017 was approximately 8,300 AF, which is approximately 7,000 AF higher than 2016. In terms of Carry-Over credits, MWD has met all its past obligations plus a pre-delivery of 6,000 AF. The total Carry-over Credits as of December 31, 2017 was about 56,325 which was about 11,000 AF more than the Carry-over Credits at the end of 2016. The Carry-over Credits allows for the parties to pump 56,325 AF out of these basins without any replenishment into the Management Area.

There were no questions for the Advisor.

Attachment 5 shows complete Presentation

Recommendation: Adopt a motion to receive and file the Draft 2017 Annual Report with the Court and Department of Water Resources after accommodating any additional comments from Legal Counsel and Technical Advisory Committee.

Motion: Paule

Noes: None

Seconded: Brown

Abstain: None

Ayes: Hoffman, Scott, Utz

Motion Passes Unanimously

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

A. Status of the Draft Storage Agreement

Mr. Bunn explained that he and Mr. Mortazavi have reviewed and commented on couple of draft versions of the Storage Agreement. The parties had a very productive meeting on February 22, 2018. There are two big issues that as the Watermaster you should be concerned with in a Storage Agreement. One, is that there is sufficient storage space for the proposed project and the other, is that the proposed storage project, won't cause material harm to the basin or any other player in the basin.

Mr. Bunn reviewed the Dispute Resolution included in the draft agreement. The current Draft calls for meet and confer, and then going on to mediation and arbitration. Mr. Bunn would like to suggest an alternative to arbitration, which would be to go to Court. In an adjudicated basin where there is already a judgment, one can go to the Court very inexpensively and get a ruling faster with the advantage that the judge is familiar with the adjudication and the basin.

Mr. Paule stated it is his understanding that one of the larger items that still needs to be discussed, is water loss. Mr. Bunn agreed. Mr. Paule asked how will this item come back to the Watermaster if there is no agreement? Mr. Bunn said that the final decision will be by this Board. Each side will present their position and the Board will make the decision with a 4/5th vote. If this does not happen, then the parties can go to the Court and have the Judge make the decision. Mr. Bunn is optimistic that all parties will be able to come to an agreement and bring the Storage Agreement to the Board on May 21, 2018.

Mr. Bunn asked if EMWD had any questions that he could answer at this time? There were no questions.

Attachment 6 shows complete presentation.

B. Proposed EMWD Water Banking and Conjunctive Use Project

Dr. Taghavi, consultant with Woodard and Curran (RMC), reviewed the modeling work done for the proposed Water Banking and Conjunctive Use in San Jacinto Valley. The goals and objectives for the Banking and Conjunctive Use Program include: increase local supply reliability, create the ability to bank low cost supplies when available; overcome a water shortage for three consecutive drought years; and replenish over-draft and improve long term stability.

The Stakeholders issues and concerns include: impacts on San Jacinto River recharge during high flows; effects on long-term Groundwater storage in the Upper Pressure and Intake area, and in general in the Water Management Area; impacts on nearby Groundwater production wells during the production cycles; implications on Groundwater quality; and honoring existing agreements and MWD delivery priorities.

The Summary findings include: proposed project will benefit the overall water supply conditions in the Management Area; there is adequate Groundwater storage available in the Upper Pressure

area to accommodate proposed project without impacting existing agreements; over the 20-year agreement period, the proposed project will not adversely affect the overall groundwater storage in the Management Area; proposed project may result in short-term declines in production rates at some of the wells; and proposed project is not expected to adversely affect natural recharge from the river.

The project operational objectives were to utilize available aquifer space to store recharged water; minimize impacts on nearby production wells; minimize impacts on stream recharge during wet years; and honor previous agreements and priorities.

Dr. Taghavi said the proposed project based on their analysis has no significant impacts on: groundwater storage in the Upper Pressure; groundwater levels in nearby wells; groundwater quality on the Upper Pressure; San Jacinto River recharge potential on the three highly wet years; prior agreements (as far as the Soboba Recharge) and operations. Based on the study and evaluations that were done using the Groundwater Model, Dr. Taghavi's said that one scenario included an additional 2% recharge. He feels that 1% of additional recharge water is reasonable if the entire project is operated as a whole, which is the Water Banking and Conjunctive Use Project.

Mr. Utz asked if there would be a change in water quality on the north side versus the south side of the Upper Pressure Basin? Dr. Taghavi responded that typically the water quality in the northern area is poor, however, he thinks the quality of the water would improve. Mr. Hoffman asked if the data used in the model is based on historical data? Dr. Taghavi said yes. Mr. Hoffman commented that based on this information, there could be extremes one way or another that protentional change the model? Dr. Taghavi said that the model uses approximately 30 years of historical hydrology that showed the wet years, dry years, and normal years from 1984 to 2012. Mr. Brown asked if the model considers seismic activities? Dr. Taghavi said no.

Dr. Taghavi said the Draft Technical Memorandum is currently being reviewed by EMWD and the Watermaster.

Attachment 7 shows complete presentation.

C. Status of the Soboba Imported Water Recharge

Mr. Powell reviewed the total Soboba Settlement Recharge as of February 25, 2018. Soboba Recharge at Grant Ponds to date for 2018 is 775 AF with a goal of 5,200 AF. Soboba Recharge at IRRP Ponds to date is 2,805 AF with a goal of 18,130 AF. MWD has informed EMWD that they will not be able to provide any more water as of mid- March. EMWD was informed that there is a 90% change that State contractors will only get 10% allocation in 2018 on the State Water Project.

Attachment 8 shows complete presentation.

D. Future Agenda Items

None

VII. CLOSED SESSION

None

VIII. ADJOURNMENT

There being no further business to come before the Board; Mr. Hoffman adjourned the meeting at 6:00 p.m., to be reconvened on Monday May 21, 2018 at 4:00 p.m. (Adjourned Regular Meeting).

Carry-Over Credits as of December 2017

**Hemet-San Jacinto Watermaster
Board Meeting**

May 21, 2018

Public Agencies

Corrected Carry-Over Credits as of December 31, 2016

(All Values in AF)

Agency	Pre 2012 Recharge Rights as of Dec. 31, 2016	* Total Unused SbT Imported Water as of Dec 31, 2016	Total Unused Adjusted BPR (AF) as of Dec 31, 2016	Totals as of Dec 31, 2016	Future MWD Deliveries to Cover Obligations
City of Hemet	0	5,766	6,274	12,039	1,186
City of San Jacinto	0	3,894	4,331	8,225	756
EMWD	4,694	616	11,796	17,107	2,039
LHMWD	0	4,164	3,677	7,841	2,069
Totals	4,694	14,440	26,078	45,212	6,050

* Unused Soboba Tribe Imported Water include Soboba Tribe production from Soboba Golf Course wells.

BPR = Base Production Rights

SbT = Soboba Tribe

2017 MWD Water Deliveries

(All Values in AF)

Agency	MWD Obligations as of Dec. 2016	MWD Deliveries for 2017	MWD Pre-Deliveries For Future	Total MWD Deliveries
City of Hemet	1,185.9	1,470.0	1,202.6	3,858.5
City of San Jacinto	756.3	937.5	767.0	2,460.8
EMWD	2,038.9	2,527.5	2,067.8	6,634.2
LHMWD	2,069.2	2,565.0	2,098.5	6,732.7
Totals	6,050.3	7,500	6,135.9	19,686.2

**MWD Delivered 19686.2 AF of Soboba Water in 2017
(Reported by EMWD)**

2017 Unused Soboba Water

(All Values in AF)

Agency	Deliveries for 2017	2017 Imported Water Used by SbT *	2017 Unused SbT Imported Water
City of Hemet	1,470.0	67.6	1,402.4
City of San Jacinto	937.5	43.1	894.4
EMWD	2,527.5	116.3	2,411.2
LHMWD	2,565.0	118.0	2,447.0
Totals	7,500	345.1	7,154.9

* 2017 Soboba Tribe Production (1,845.07 AF total) was reported on Jan 16, 2018.
Includes Soboba Golf Course wells production.

2017 Public Agencies Groundwater Productions

(All Values in AF)

Agency	Adjusted BPR for 2017	Actual 2017 Productions	Production via Phase I Agreement Wells *	Excess Production Above Adjusted BPR	Unused Adjusted BPR
City of Hemet	4,898	3,562	228	0	1,336
City of San Jacinto	3,209	2,735	0	0	474
EMWD	8,043	6,497	3864	0	1,546
LHMWD	8,144	8,332	419	187	0
Totals	24,295	21,126	4,512	187	3,356

* Includes All Deliveries by EMWD to Other Agencies

BPR = Base Production Rights

Public Agencies Carry-Over Credits as of December 31, 2017 (All Values in AF)

Agency	Pre 2012 Recharge Rights as of Dec. 31, 2017	* Total Unused SbT Imported Water as of Dec 31, 2017	Total Unused Adjusted BPR (AF) as of Dec 31, 2017	Totals as of Dec 31, 2017	MWD Pr-Delivered for Future
City of Hemet	0	8,126	7,610	15,735	1,203
City of San Jacinto	0	5,545	4,805	10,350	767
EMWD	2,694	1,202	15,342	19,238	2,068
LHMWD	0	8074	3,677	11,751	2,098
Totals	2,694	22,947	31,433	57,074	6,136

* Unused Soboba Tribe Imported Water include Soboba Tribe production from Soboba Golf Course wells.

BPR = Base Production Rights

SbT = Soboba Tribe

Class B Participants Carry-Over Credits (as of December 31, 2017)

Legal Owner Name	Prorata Alloc.	Total Production Below Allocations as of December 2016	2017 Production	Total Prod. Below Allocations as of Dec. 2017
Cordero Family Trust	1398	3030	223	4205
Gless Trust Pt.	588	1598	74	2112
Gless Family Trust	1505	4088	189	5404
Olsen Robert D & Olsen Elva I.	14	13	7	19
Olsen Citrus LLC	37	34	20	52
Arlington Veterinary Laboratories Inc.	105	95	55	145
Oostdam Peter G & Jacoba M and Oostdam John P & Margie K.	259	734	90	903
Gm Gabrych Family Lp	596	2384	0	2980
Record Randolph A & Record Anne M.	46	171	0	217
Sybrandy Investment Co. LP	1182	3122	272	4032
Boersma Eric & D Family Trust	195	826	190	831
Curci San Jacinto Investors LLC	260	1040	0	1300

Class B Participants Carry-Over Credits

(as of December 31, 2017)

(Cont.)

Legal Owner Name	Prorata Alloc.	Total Production Below Allocations as of December 2016	2017 Production	Total Prod. Below Allocations as of Dec. 2017
Nuevo Dev Co. LLC	151	604	0	755
Lauda Family (Security Co. & Partnership & Bertrand & Erma – Combined) *	3447	1092	690	1190
Rancho Diamante Inv.	92	318	0	410
Diamante Rancho	50	173	0	223
San Jacinto Spice Ranch Inc.	265	991	0	1256
Scott Ag Property *	1755	1198	145	1909
Vandam Donald Dick and Vandam Frances L.	531	1209	144	1596
Vandam Glen A and Vandam Jennifer A.	139	415	59	496
Velde Children Trust & Pastime Lake Inv. (Combined)	357	114	365	106

* In-lieu Program Participants – Recycled water deliveries are considered in calculating the Carry-over Credits

Recommendation

**Receive and File the 2017 Carry-Over
Credit Accounts Summary Data**

Questions...

**Groundwater
Storage Change
Estimates
Spring 2016 to Spring 2017**

**Hemet-San Jacinto Watermaster
Board Meeting
May 21, 2018**

Storage Change Methodology

Uses the 2014 San Jacinto Groundwater Flow Model (SJFM-2014) information

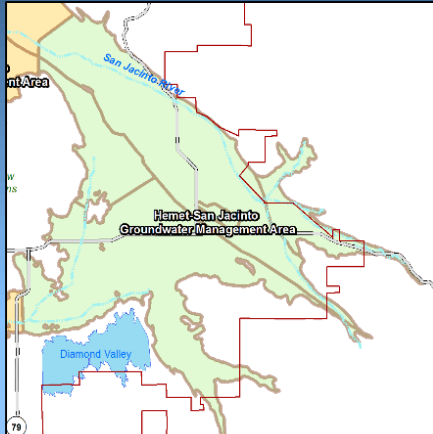
&

Water level data collected as part of the annual Monitoring Program

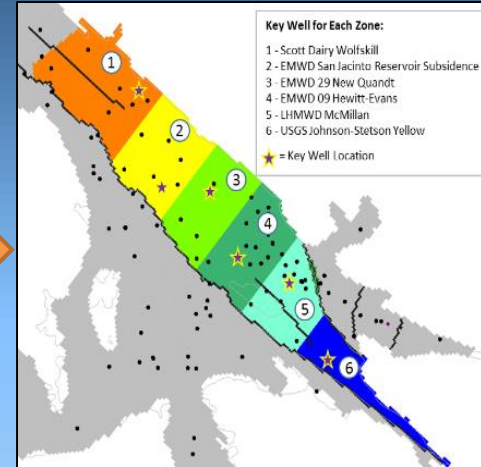
to

Calculate the storage change in the Hemet-San Jacinto Management Area

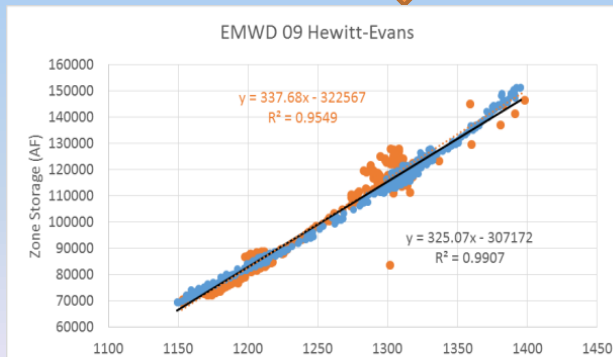
Procedure



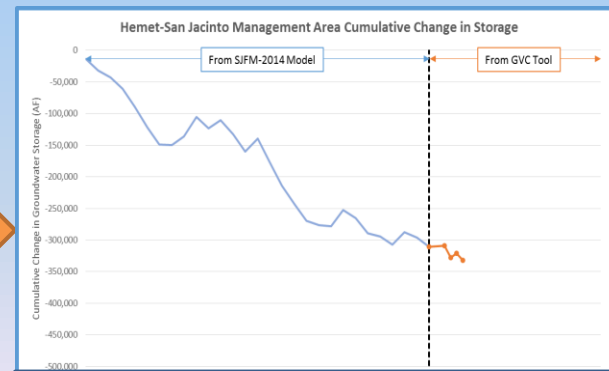
Groundwater Storage Volume Evaluated and 16 Subsections Established



Key Well(s) in Each Subsection Identified

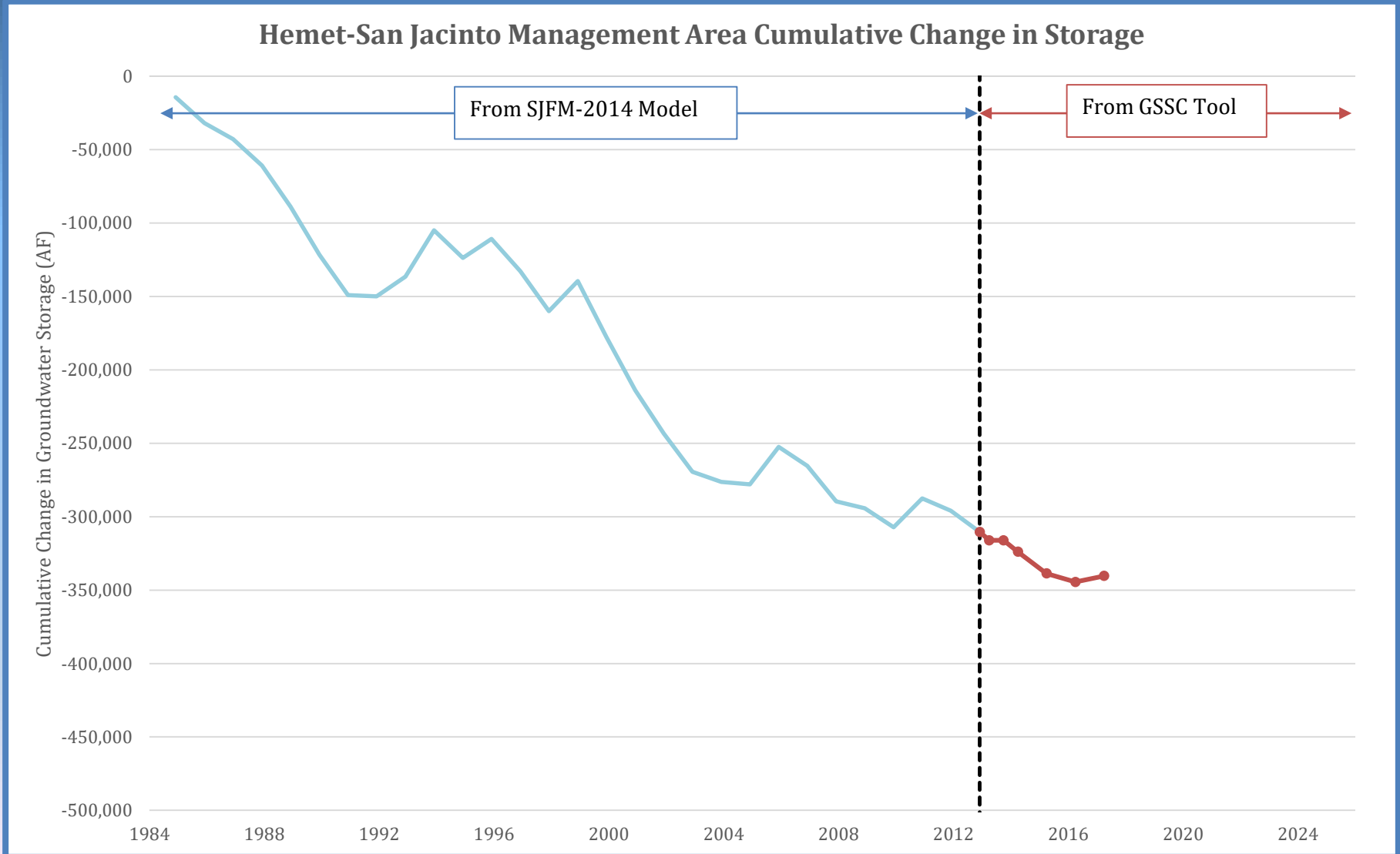


Develop Change in Storage Curves



Calculate Storage Change

Estimated Storage Changes 1984 - 2017



Estimated Storage Changes Using the Proposed Methodology

Area	Time Period	Estimated Storage Changes (AF)
Management Area	January 1984 - December 2012	- 310,458
Management Area	January 1984 – Spring 2017	- 340,414
Management Area	January 2013 – Spring 2017	- 29,956
Management Area	Spring 2016 – Spring 2017	4,037
San Jacinto Upper Pressure GMZ	Spring 2016 – Spring 2017	- 6,048
Hemet North GMZ	Spring 2016 – Spring 2017	988
Hemet South GMZ	Spring 2016 – Spring 2017	3,292
Canyon GMZ	Spring 2016 – Spring 2017	5,805

GMZ = Groundwater Management Zone

Recommendation

- **Include Storage Change estimates in the Annual Report filings with the Court.**
- **File the Annual Report Information (including Storage Changes) with DWR as part of the Sustainable Groundwater Management Act requirements.**

Questions...

HEMET-SAN JACINTO WATERMASTER

RULES AND REGULATIONS

~~—May 18, 2015~~ Revised May 21, 2018

ARTICLE I

GENERAL PROVISIONS

1.0 Title. This document shall be known and may be referred to as the “Watermaster Rules and Regulations” adopted pursuant to the Stipulated Judgment in the case of Eastern Municipal Water District v. City of Hemet, City of San Jacinto, Lake Hemet Municipal Water District, et al. (Riverside County Superior Court Case No. RIC 1207274) dated April 18, 2013 (“the Judgment”).

1.1 Definitions. Except as otherwise specially set forth in these Rules and Regulations, all terms, including any grammatical variations thereof as set forth in these Rules and Regulations shall have the same meanings as defined in the Judgment. In addition,

- a. “Board” refers to the Board of Directors of the Watermaster;
- b. “Director” refers to a member of the Board;
- c. “Watermaster” refers to the Hemet-San Jacinto Watermaster; ~~and~~, as identified in sections 1.45 and 9.1 of the Judgment;
- d. “Section” shall mean a section of these Rules and Regulations unless another source is specifically cited;
- e. “Parties” refers to City of Hemet, City of San Jacinto, Lake Hemet Municipal Water District, and Eastern Municipal Water District, and the other persons listed on Exhibit B to the Judgment (or their successors); and
- f. “Private Pumper” refers to private pumpers as defined in the Judgment.

1.2 Rules of Construction.

Unless the context clearly requires otherwise:

- a. The plural and singular forms include the other;
- b. “Shall,” “will,” and “must” are each mandatory;
- c. “May” is permissive;

- d. “Or” is not exclusive; and
- e. “Includes” and “including” are not limiting.
- f. The masculine gender shall include the feminine and neuter genders and vice versa.
- g. Reference to any agreement, document, instrument, or report means such agreement, document, instrument or report as amended or modified and in effect from time to time in accordance with the terms thereof.
- h. Except as specifically provided herein, reference to any law, statute, ordinance, regulation or the like means such law as amended, modified, codified or reenacted, in whole or part and in effect from time to time, including any rules and regulations promulgated thereunder.
- i. These Rules and Regulations shall be construed consistent with the Judgment. In the event of a conflict between these Rules and Regulations and the Judgment, the Judgment shall prevail.
- j. ~~These Rules and Regulations may only be amended by resolution adopted by the Watermaster Board.~~ Any amendment must be submitted to the Riverside County Superior Court for approval. (Jmt. § 9.6.7.)
- k. Any Watermaster ordinance, resolution, policy or procedure in conflict with these Rules and Regulations shall be automatically repealed upon the adoption of these or additional or replacement Watermaster Rules and Regulations.

ARTICLE II

BOARD OF DIRECTORS

2.0 Composition. Watermaster shall consist of a Board composed of a representative and one alternate appointed by each Public Agency, who shall both be elected officials of that Public Agency, as its representative and one Private Pumper representative and one alternate selected by the Class A and Class B Private Pumpers. (Jmt. § 9.1.)

2.1 Officers.

- a. Election/Appointment. The Board shall elect or appoint a Chairperson, Vice Chairperson, and Secretary-Treasurer from among its members during the first meeting held in each odd numbered year, and shall elect or appoint a replacement in the event of a vacancy in any office at the first opportunity to do so in a formal meeting.
- b. Duties.

- (1) Chairperson. The Chairperson shall serve as presiding officer.
- (2) Vice Chairperson. The Vice Chairperson shall serve as Parliamentarian and as presiding officer in the absence of the Chairperson.
- (3) Secretary-Treasurer. The Secretary-Treasurer is responsible for the following:
 - (a) The accuracy and availability of the Minutes of Board meetings and official record of all resolutions and motions passed or approved by the Board. The Secretary shall certify such passage or adoption and the official status, capacity and signature of all officers and Advisor and to all matters appearing of record in the files and records of the Watermaster.
 - (b) Reviewing and reporting to the Board on the financial affairs of the Watermaster.

2.2 Board Members (Including Officers).

- a. Terms. Each member of the Watermaster shall serve until replaced by the Public Agency or Private Pumpers that made the original appointment. (Jmt. § 9.2.)
- b. Compensation. The appointing entity shall be responsible for payment of compensation, if any, of its representative on the Watermaster Board.

ARTICLE III

WATERMASTER'S POWERS AND DUTIES

- 3.0 Watermaster's Powers and Duties. In order to implement the provisions of the Judgment, Watermaster shall have the following powers and duties:
 - a. Water Management Plan. Watermaster shall adopt a Water Management Plan ("Plan"), subject to approval by the Court, shall administer the provisions of the Judgment and shall submit additions to and modifications of the Water Management Plan as may from time to time be deemed appropriate by the Watermaster to the Court for approval. (Jmt. § 9.6.1.)
 - b. Appointment of Advisor. Pursuant to the Judgment, the ~~Watermaster~~ Board shall appoint an Advisor, who serves at the pleasure of the Board. The Advisor may exercise any duty or authority vested in the Watermaster as authorized by the

Watermaster Board and permitted by the Judgment and applicable law. ~~The Advisor shall serve at the pleasure of the Watermaster Board.~~ (Jmt. § 9.6.3.)

The Advisor may be an independent engineering firm or a qualified individual experienced in hydrology who is able to evaluate and analyze the data collected by Eastern Municipal Water District (“Eastern”), and any conclusions based thereon, and to make recommendations to the Watermaster. The Advisor shall also provide general coordination among Eastern, the Technical Advisory Committee (“TAC”), and Watermaster with respect to their respective functions, and perform such executive functions as Watermaster may direct. (Jmt. § 9.6.3.) The Advisor will perform all day to day administrative tasks, such as employee oversight, office management, accounting, and other ministerial tasks needed to implement the Water Management Plan. The Advisor shall bring decisions where the interpretation of the Judgment or these Rules and Regulations is uncertain or disputed to the Board for direction or approval. Furthermore, to the extent there are other matters related to other external agreements that affect the Water Management Plan, such as the Soboba Settlement, Phase 1 Facilities Agreement, the Canyon Operating Plan, or other similar agreements, the Advisor will advise the Board of these matters in a timely manner.

- c. General Counsel. The Watermaster shall retain general legal counsel to provide such legal services as Watermaster may direct. (Jmt. § 9.6.2.)
- d. Technical Advisory Committee. Each Party shall appoint and pay the costs of its own representatives to the Technical Advisory Committee. The Technical Advisory Committee shall provide such technical assistance as Watermaster may request. The Technical Advisory Committee shall make recommendations to Watermaster’s Advisor and to Watermaster on all matters requiring four (4) votes for Watermaster action, and shall receive from Eastern all data associated with such matters for its review and evaluation. The Technical Advisory Committee and its members shall also function as a way to keep the City Councils and Boards of Directors of the Public Agencies and participating Private Pumpers fully informed about the implementation of this Judgment. (Jmt. § 9.6.5.)
- e. Employment of Experts and Agents. Watermaster may employ or retain such administrative, engineering, geologic, accounting, legal or other specialized personnel or consultants as it may deem appropriate. Watermaster may maintain records for purposes of allocating costs as may be necessary or advisable.
- f. Investment of Funds. Watermaster Board may hold and invest all Watermaster funds in investments as set forth in ARTICLE XI “INVESTMENT POLICIES” below.

- g. Liability Insurance. Watermaster shall obtain and maintain such liability insurance, including Officers and Directors coverage, as Watermaster deems appropriate.
- h. Contracts. Watermaster may enter into contracts and agreements for the performance of any of its powers pursuant to the Judgment.
- i. Cooperation with Other Agencies. Watermaster may act jointly or cooperate with agencies of the United States of America, and the State of California or any political subdivisions, municipalities, districts or any person to the end that the purpose of Judgment may be fully and economically carried out.
- j. Studies. Watermaster may undertake relevant studies of hydrological conditions, both quantitative and qualitative, and operating aspects of the implementation of the Judgment.
- k. Demonstrated CEQA Compliance. Watermaster shall not approve any request made under the Judgment or these Rules and Regulations where the proposed action also constitutes a “project” within the meaning of CEQA unless the Watermaster finds that the person requesting Watermaster approval has demonstrated CEQA compliance. “CEQA” is defined as the California Environmental Quality Act as set forth in Public Resources Code Section 21000, et seq. and Title 14 California Code of Regulations Section 15000, et seq.
- l. Rules and Regulations. Watermaster may make such additional rules and regulations as appropriate for its own operations as well as for the operation of the Plan and the Judgment, and may amend these Rules and Regulations when and where appropriate, subject to Court approval. (Jmt. §§ 9.6.1, 9.6.7.)
- m. Reservation of Rights. Watermaster reserves the right to assume, on its own, any functions set forth in Section 9.6.4 of the Judgment, except as provided in Section 9.6.4.1 of the Judgment, and to undertake all other acts required to implement the Plan and the Judgment, so long as it is legally capable of performing such functions. Watermaster, if it should choose, may also act through or in conjunction with the other Public Agencies, or through a Joint Powers Agency composed of all the Public Agencies hereunder. Except as specifically provided in Section 9.6.4.1 of the Judgment with respect to Eastern’s facilities used in Phase I, Watermaster shall have no right to use or acquire the water facilities of any of the Parties, without their consent, provided that it is the intent of the Parties that their individual facilities will be available where appropriate to implement the Water Management Plan, upon terms equitable to all Parties, and consistent with their respective obligations to their own customers. (Jmt. § 9.6.6.)

ARTICLE IV

MEETINGS

4.0 Meetings. Meetings of the Watermaster shall be conducted pursuant to the following rules and procedures:

- a. Brown Act Compliance. The Watermaster Board meetings will be conducted in accordance with the applicable provisions of the Ralph M. Brown Act (“Brown Act”) found in California Government Code section 54950, et seq. (Jmt. § 9.6.7.)
- b. Regular Meetings. Regular meetings shall be held ~~at the principal office of the Watermaster pursuant to Watermaster policy at such time(s) as may be contained in the necessary notice(s) thereof. The initial principal place of business of the location at 2270 Trumble Rd., Perris, California, 92570. Regular meetings shall be held on a day and at a time and place designated by Resolution of the Board from time to time.~~ on a day and at a time and place designated by Resolution of the Board.
- c. Special Meetings. Special meetings may be called at any time by the Chairman or by a majority of the Watermaster Board by delivering notice thereof at least twenty-four (24) hours before the time of such meeting. The Watermaster Board shall ensure all special meetings are conducted in accordance with the applicable provisions of the Brown Act. Special meetings will be held at the same location as regular meetings unless a different location is specified in the notice of the special meeting.
- d. Notice. Notice of meetings shall be given in writing to all parties to the Judgment who have requested same and to any other person who has made a similar request, in either case, in writing. Such notice shall specify the time and place of the meeting and the business to be transacted at the meeting. The notice shall state that all analyses, studies, and any other materials supporting a recommendation of the Advisor on a matter to be considered by the Board are available on request from the Watermaster Advisor and posted on the Watermaster website upon approval by the Watermaster Board. Notice may be provided by either facsimile or electronic mail delivery if the party so consents to such delivery.
- e. Agenda. The Advisor shall prepare the Agenda. The Agenda shall meet the posting and content requirements of the Brown Act, and the posting shall be in a location freely accessible to the public. Agendas shall include an opportunity for the public to address the Board with respect to any item for which action is proposed to be taken and to address the Board on matters within the jurisdiction of the Watermaster that are not on the Agenda. Agendas shall also include an opportunity for members of the Technical Advisory Committee to address the Board on issues of concern to Technical Advisory Committee members. A Board member is entitled to have an item added to the Agenda by notifying the Board Chairperson, who will notify the Advisor of the addition. Technical Advisory Committee members may make a request to add an Agenda item through a request to the Advisor.

- f. Quorum. A majority of the Watermaster Board (i.e., three (3) members) shall be required for the transaction of business or affairs of the Watermaster, except as otherwise required by Subsection g of this Section 4.0.
- g. Voting Procedures. Each member of the Watermaster Board shall have one (1) vote. Subject to the exceptions set forth below, and subject to the terms of the Judgment, only action by affirmative vote of a majority of the Watermaster Board shall be effective. All actions may be adopted by voice vote. Four (4) affirmative votes shall be required in order to constitute Watermaster action on each of the following matters: (1) any change sought in the form of governance; (2) any change in voting requirements; (3) retaining the services of general legal counsel and Advisor; (4) establishing, levying, increasing or decreasing all assessment amounts; (5) adopting or amending an annual budget; (6) determining the extent of Overdraft and quantifying Safe Yield; (7) determining Adjusted Production Rights; (8) decisions regarding the financing of Supplemental Water or facilities, other than any financing provisions included in the Judgment as provided in Sections 5.3, 5.4, and 5.5 of the Judgment; (9) decisions regarding ownership of facilities, other than ownership of the Phase I facilities described in the Water Management Plan, which shall be owned by Eastern Municipal Water District, subject to a right of use by those Parties participating in the financing thereof; (10) policies for the management of the Management Area; and (11) any decision that involves a substantial commitment by Watermaster, including any contracts for conserved water. All other actions by the Watermaster shall require three (3) affirmative votes. ([Jmt. § 9.4.](#))
- h. Minutes. The Secretary of the Watermaster Board or designee shall cause the preparation and subscription of the minutes of each meeting and make available a copy thereof to each person who has filed a request for copies of all minutes or notices in writing in accordance with applicable law. The minutes shall constitute notice of all actions therein reported.
- i. Adjournment. Any meeting may be adjourned to a time and place specified in the order of adjournment. Less than a quorum may adjourn a regular or special meeting in the absence of a quorum; if no Board Member is present, the Advisor may declare the meeting adjourned; in either case, a copy of the notice of adjournment shall be conspicuously posted forthwith on or near the door of the place where the meeting was held within 24 hours after the time of the adjournment.

ARTICLE V

PHYSICAL SOLUTION/WATER MANAGEMENT PLAN

5.0 Stipulated Judgment The Physical Solution. The ~~Stipulated~~ Judgment imposes a Physical Solution on the Parties to the Judgment to ensure an adequate and reliable source of future water supply for the Management Area and to protect the rights of the Soboba Tribe through the adoption and implementation of the Water Management Plan. (Jmt. § 6.1.)

5.1 Water Management Plan. Watermaster has approved a Water Management Plan to enforce and implement the Physical Solution, and may modify such Plan as conditions require, subject to the provisions of the Settlement Agreement, and subject to approval by the Court. The Plan will also facilitate and accommodate the settlement of the water rights of the Soboba Tribe. The Parties agree that the Plan shall incorporate and serve to implement the following goals: (Jmt. § 6.5.)

- a. Groundwater levels within the Management Area have generally been declining for a number of years, and the Management Area is presently in a condition of Overdraft. The Watermaster shall calculate the Safe Yield of the Management Area on regular basis, at least until the Overdraft is substantially eliminated. The Plan will, within a reasonable period, eliminate Groundwater Overdraft and provide for excess production by implementing a combination of available water resources management elements. These elements include: reduction in natural Groundwater production; enhanced Recharge with native and/or Supplemental Water; increased use of Recycled Water; in-lieu replenishment; acquisition and development of Supplemental Water; and water conservation programs. (Jmt. § 6.5.1.)
- b. The Management Area is expected to experience residential, commercial, and industrial growth and development over the next decade. The estimated amount of Supplemental Water that will be necessary to provide for and adequately serve this new growth and development is 15,000 acre-feet per year. The Water Management Plan shall accommodate the orderly expansion of existing water production and service systems, and provide a clear planning process for meeting these projected growth trends. (Jmt. § 6.5.2.)
- c. The Plan should be implemented in a manner to protect and/or enhance Management Area water quality. (Jmt. § 6.5.3.)

5.2 Replenishment Program. The Groundwater replenishment program shall be administered by Watermaster. The program shall include: the acquisition of Supplemental Water; the collection and expenditure of Replenishment Assessments; the Recharge of the Management Area; and the construction and operation of all necessary facilities, including but not limited to, development of surface and subsurface percolation and injection facilities. In addition, a source of Recharge Water for agencies contributing to the Settlement Payment described in Section 5.3 of the Judgment will be Imported Water provided by Metropolitan under the Settlement Agreement, which is not used by the Soboba Tribe. (Jmt. § 6.6.)

- a. Priority for replenishment will be based on the factors and priorities set out in Section 6.6.1 of the Judgment. (Jmt. § 6.6.1.)

5.3 Recycled Water. Watermaster shall have a right of first refusal to purchase all Recycled Water produced from treatment facilities serving the Management Area, i.e., from the San Jacinto Regional Wastewater Reclamation Facility to the extent available, that is not subject to then existing contracts. Such Recycled Water may be used for Recharge or direct use within the Management Area, subject to compliance with existing laws and regulations. Each Public Agency may implement its own Recycled Water program, for direct use, subject to the availability of Recycled Water. The Public Agency shall be responsible for financing, operating and maintaining the facilities necessary for that program. Watermaster will support loan or grant applications, and the Public Agencies will work to integrate Recycled Water into the Water Management Plan, to the extent economically feasible while meeting regulatory standards. (Jmt. §§ 1.30, 6.8, 6.8.1, 9.6.4.3.)

ARTICLE VI

ADMINISTRATION AND OPERATIONS

6.0 Administration.

- a. Principal Office. The principal office of Watermaster shall be at the Eastern Municipal Water District, 2270 Trumble Road, Perris, California, 92750, or at such other location or locations as may be designated by action of the Watermaster from time to time by adoption of a resolution which shall then be approved by the Court. (Jmt. § 9.7.)
- b. Records. Watermaster's records shall be treated as public records under the Public Records Act. (California Government Code sections 6250 et seq.) (Jmt. § 9.7.) All records shall be maintained pursuant to the Records Management and Retention Policy adopted by the Board. Records may be kept at a location other than the principal office.
- c. Annual Administrative Budget. Watermaster shall prepare and adopt an annual administrative budget pursuant to the procedures set forth in ARTICLE X, Section ~~9.10.1~~10.1.
- d. Accounting. Generally and as addressed in greater detail elsewhere in these Rules and Regulations, Watermaster shall provide for the levy, billing, and collection of all assessments provided for under the Judgment, for the payment of costs and expenses of the Watermaster, and for the performance of such accounting and related functions as may be required in connection with those functions (“Accounting Functions”). All funds collected shall be held in a segregated account. All expenses and disbursements shall be separately accounted for.

Pursuant to the terms and conditions of a contract to be entered into between Eastern and the Watermaster, Eastern ~~shall~~ initially performed the Accounting Functions for Watermaster. The foregoing clause does not restrict the ability of the Watermaster to enter into other agreements with other members of the Watermaster and/or private firms and individuals to provide some or all of the Accounting Functions. (Jmt. § 9.6.4.5.1.)

6.1 Operations.

a. Facilities.

- (1) Phase 1 Facilities. The Phase I Facilities (including capital facilities and spreading basins, as more particularly defined in the Water Management Plan) are existing facilities of Eastern that have been expanded or improved as part of the Water Management Plan, or are new facilities that are integrated into Eastern's existing facilities and are owned by Eastern. Pursuant to the terms and conditions of contracts to be entered into between Eastern and the Watermaster, and Eastern and the other Public Agencies, Eastern has constructed, installed, and will continue to operate the Phase I Facilities consistent with the Water Management Plan. (Jmt. §§ 9.6.4.1.)
- (2) Other Facilities. The Water Management Plan anticipates the need for the construction and installation of other facilities in order to accomplish the goals of the Judgment. Such facilities may be constructed, installed and operated under contract with Watermaster, by a member of Watermaster or, in circumstances approved by Watermaster, by other responsible entities. (Jmt. §§ 9.6.4.2.)

- b. Purchase of Water for Groundwater Recharge. The Settlement Agreement requires Metropolitan to use its best efforts to deliver an average of 7500 acre-feet per year of Imported Water for Recharge of the Management Area. This supply is dedicated first to satisfy the rights of the Soboba Tribe as provided in the Settlement Agreement. Such portion of the supply that is not used by the Soboba Tribe will be available to those Parties who have participated in the cost thereof ~~on behalf of the participating Parties.~~ (Jmt. §§ 9.6.4.2.)

Eastern is the only Public Agency having the ability to secure the use of Metropolitan's facilities to import additional water supplies. Per Section 9.1(b), Per ARTICLE X, Section 10.1.b below, the Watermaster has a conditional right of first refusal to purchase such supplies. When such supplies and funds to purchase and import them are available, Watermaster shall work with Eastern to purchase and import such supplies. (Jmt. § 9.6.4.3.)

Eastern has entered into a contract with Metropolitan for the purchase and delivery of such Imported Water supply. Eastern shall also purchase as a member agency of Metropolitan, or otherwise acquire, such additional supplies of water as may be directed by the Watermaster to implement the Water Management Plan, subject to availability and transmission capacity. All

such water delivered by Metropolitan, or otherwise acquired by Eastern, and all Eastern facilities used to deliver, recharge and recapture such water, shall be subject to rights of use by the Parties entitled thereto. Such rights of use shall be confirmed in detail in written contracts with Eastern. [\(Jmt. § 9.6.4.3.\)](#)

Watermaster has the authority to purchase available recycled water for direct and indirect Groundwater Recharge in, or benefiting, the Management Area. [\(Jmt. § 9.6.4.3.\)](#)

Watermaster may use its funds, or funds provided by the Parties, to purchase Imported Water, Supplemental Water, or other water, including verifiably conserved water, and to fund in-lieu projects using recycled water. [\(Jmt. § 9.6.4.3.\)](#)

c. Monitoring and Data Collection.

- (1) Scope. Watermaster shall implement and conduct monitoring programs and activities as necessary to enforce the Judgment and these Rules and Regulations. Any such policies and procedures shall be adopted at regular or special meetings of Watermaster and reported in Watermaster's annual report. [\(Jmt. § 6.5.6.\)](#)
- (2) Measuring Devices. Watermaster may utilize gauges and electronic gauging stations within the Management Area in furtherance of its monitoring activities.
- (3) Additional Devices. Watermaster may direct, install or construct additional monitoring devices within the Management Area as necessary to administer and enforce the Judgment and these Rules and Regulations.
- (4) Data Collection. Watermaster shall provide for the collection and maintenance of all production, water level, water quality, and other technical data necessary and required by the Water Management Plan, [Sections 11.2, 11.3](#) ("Data"). Pursuant to the terms and conditions of a contract to be entered into between Eastern and Watermaster, Eastern shall collect and maintain all such Data and transmit such Data to Watermaster, its Advisor, and the Technical Advisory Committee as directed by the Watermaster. The foregoing clause does not restrict the ability of Watermaster to enter into other agreements with other members of Watermaster and/or private firms and individuals for the collection of Data. [\(Jmt. § 9.6.4.4.\)](#)

6.2 Legal Matters.

- a. Reports to Court. Watermaster shall file annually with the Court a report regarding its activities during the preceding year, including an audited statement of all accounts and financial activities. A notice of the filing of the annual report will be served on all Parties and a copy of the report itself made available to the Parties upon request. [\(Jmt. § 9.6.8.\)](#)

- b. Court Review. Any action by Watermaster, or any failure to act by virtue of insufficient votes, may be reviewed by the Court on motion by any Party, with notice to all other Parties. The Court's review shall be de novo, and the Court's decision shall constitute action by the Watermaster. The procedures for judicial review are further set forth below. (Jmt. § 9.5.)
- c. Notice of Litigation. Watermaster shall provide reasonable notice to the Parties to the Judgment of any existing litigation affecting the Watermaster or that challenges the legality, validity, or enforceability of the Judgment, the Rules and Regulations, or any decision of the Watermaster in connection therewith made pursuant to these Rules and Regulations, unless the complaining party has already given such notice.
- d. Defense of Judgment. Watermaster shall reasonably defend the Judgment, these Rules and Regulations and any decision of the Watermaster made pursuant to these Rules and Regulations against challenges brought by any person. Costs incurred by Watermaster in defending such actions shall be considered a Watermaster general administrative expense.

ARTICLE VII

PROCUREMENT OF SUPPLIES, EQUIPMENT, SERVICES AND CONSTRUCTION OR REPAIR OF WORKS OF IMPROVEMENT

7.0 Introduction. The procedures for the purchase of or arrangements for supplies, equipment, and services are as follows:

- a. Proposal by a Public Agency. The Watermaster may enter into an agreement for supplies, equipment and/or services, including construction services, with a Public Agency based on an informal proposal and/or budget submitted by the Public Agency without going out to formal bid.
- b. General Standards. In all other cases, purchases shall be awarded following open, competitive processes unless:
- (1) The procurement is necessary to address an emergency condition threatening the public health and safety;
 - (2) The product or service is only available from one source;
 - (3) A service provider has been prequalified by the Watermaster based on expertise and qualifications;
 - (4) The product or service cannot be described with enough detail to enable competitive practices;

- (5) Time constraints, special reasons, circumstances, or conditions make a competitive purchase infeasible;
- (6) The value of the product or service is less than the financial limits authorized by this ARTICLE VII; or
- (7) The purchase or expenditure is approved by the Board as an exception to the standard procurement procedures in this ARTICLE VII.

c. Financial Limits for Proposals Other Than by a Public Agency. The approval authority for purchases, arrangements, or contracts for construction, repair, or services is based on the estimated value thereof and is as follows:

- (1) Up to Ten Thousand Dollars (\$10,000.00): Bids, quotes, or proposals are not required;
- (2) Between Ten Thousand One Dollars (\$10,001.00) and up to Fifty Thousand Dollars (\$50,000.00): Three (3) quotes or proposals shall be requested without formal bidding; and
 - (a) If the item or service has been budgeted, the Advisor has authority to make the purchase or enter into the contract or other arrangement;
 - (b) If the item or service has not been budgeted, the Board must approve the purchase, award, contract, or other arrangement;
- (3) Over Fifty Thousand One Dollars (\$50,001.00): Requesting formal bids are required, and the Board must approve the purchase, award, contract or other arrangement.

d. Special Rules.

- (1) Reservation of Rights. The Watermaster reserves the right to waive or modify any of the financial limits or bidding or other requirements set forth in Subsection c of this Section 7.0 above and, as stated in Subsection a, may contract with a member Public Agency for supplies, equipment and/or services.
- (2) Professional Services Contracts. The Advisor shall report the Advisor's approval of any contract for professional services not approved by the Board, any change orders to such contract, and any other issue related to a professional services contract.

- (3) Change Orders. The Advisor may approve Change Orders that do not exceed the original authorization by more than Five Thousand Dollars (\$5,000.00), or Ten Percent (10%) of the original contract amount, whichever is greater. Change Orders in excess of these amounts and Change Orders reflecting a change in the scope or nature of the project shall be submitted to the Board for approval.
- e. Execution of Agreements by Advisor. The Advisor is authorized, on behalf of the Watermaster, to execute any agreement entered into with a Public Agency pursuant to Section 7.0-a above, or with any other person or entity pursuant to Subsection 7.0-b or c-(1) above where the agreement has been previously approved by the Watermaster.

ARTICLE VIII

WATER USE, ACCOUNTING, ASSESSMENTS AND CREDITS

8.0 Scope. This Article sets forth Watermaster's rules and procedures regarding water use accounting, assessments and credits.

8.1 Accounting for Water Use Storage and Transfers. The Watermaster shall account for all production by ~~Class A and~~ Class B Participants and Public Agencies using information reported or obtained for that purpose and may make adjustments to a Class B Participant's Base Production Rights pursuant to Sections 4.4.1.1 and 4.4.1.2 of the Judgment. The Watermaster shall also account for Carry-Over Credits, including the transfer thereof where authorized, and for the use and/or storage and/or transfers of Imported Water by Public Agencies. (Jmt. §§ 4.4.1.1, 4.4.1.2, 9.6.4.5.2)

8.2 Assessment Program. The accounting for the Assessment Program contemplated by the Water Management Plan and consisting of Administrative Assessments and Replenishment Assessments determined and levied by the Watermaster as described in Sections 1.2, 1.31, and 3.4, respectively, of the Judgment, ~~shall was~~ initially ~~be~~ performed by Eastern under a contract with Watermaster pursuant to the provisions of Section 9.6.4.5 of the Judgment. All Assessments shall be used for Replenishment Expenses and Administrative Expenses. Watermaster may enter into other agreements with any entity other than Eastern including private firms and individuals to provide some or all of the Accounting Functions as required under the Judgment. (Jmt. §§ 6.9, 6.9.1.)

- a. All Watermaster assessment invoices shall be payable to Watermaster within sixty (60) days of notice. Any delinquent assessments shall bear interest at a rate to be set by the Watermaster. Watermaster is entitled to recover its reasonable expenses in collecting any assessment, including attorney's fees and costs. (Jmt. § 6.9.3.)

- b. Watermaster is authorized to adjust assessments, where deemed appropriate, to provide incentives for production of Degraded Groundwater as described in Section 6.5.3 of the Judgment. ([Jmt. § 6.9.4.](#))

8.3 **Carry Over Credit.** As required by the Judgment, each Public Agency that produces less than its Adjusted Production Right and share of Imported Water, and any Class B Participant producing less than its Base Production Right, shall have Carry-Over Credits subject to the following provisions of Section 6.9.2 of the Judgment. ([Jmt. §§ 1.7, 6.9.2.](#))

- a. The Carry-Over Credit shall be the difference in acre-feet between a Public Agency's Adjusted Production Right and share of Imported Water and Supplemental Water, and the Public Agency's actual production in a calendar year, or the Class B Participant's Base Production Right and the Class B Participant's actual production in a calendar year. ([Jmt. § 6.9.2.1.](#))
- b. The Carry-Over Credit may be applied to reduce the amount of acre feet upon which a Public Agency or Class B Participant must pay a Replenishment Assessment either for the previous year or in any subsequent year. Carry-Over Credits are transferable by a Public Agency to the Watermaster or, subject to a right of first refusal by the Watermaster, to another Public Agency. Carry-Over Credits may be retained for more than one calendar year by Public Agencies and Class B Participants. The Public Agencies shall notify the Watermaster if a Carry-Over Credit is being transferred and shall provide information requested by the Watermaster regarding the transfer, as required by the Judgment, Section 6.9.2.2. ([Jmt. § 6.9.2.2.](#))
- c. The Watermaster shall keep an accounting of all Carry-Over Credits. ([Jmt. § 6.9.2.3.](#))

ARTICLE IX

STORAGE

9.0 **Storage Rights.** Unused storage capacity may exist in the Management Area, and this capacity will be managed by the Watermaster conjunctively with natural supplies and available Supplemental Water supplies. Subject to availability of assessment funds and unused storage capacity as determined by Watermaster, the Management Area may be recharged when water is available, to be drawn upon by the Parties in later years when such Supplemental Water may not be available. ([Jmt. §§ 6.7, 6.7.1.](#))

9.1 Unused Storage Capacity. Unused storage capacity, as determined by Watermaster, and pursuant to a Storage Agreement, may be used for “put and take” operations with Supplemental Water that is paid for by any Public Agency provided that: (Jmt. § 6.7.2.)

- a. Such operations do not interfere with the rights of any other pumper, or with the use of the storage capacity for Recharge and storage under the Water Management Plan. (Jmt. § 6.7.2.1.)
- b. Watermaster shall have the first right to purchase any water available for Recharge for use under the Plan (Jmt. §§ 6.7.2.2.). The Watermaster may, upon request of a Public Agency, enter into a Storage Agreement that will constitute an ongoing waiver of this first right of refusal during its term, if the Watermaster reasonably determines that implementation of the Storage Agreement will not significantly impact the implementation of the Plan and the availability of supplemental water supplies and/or interfere with ongoing Watermaster operations and/or ongoing operations pursuant to previously-approved Storage Agreements or production by the Public Agencies.
- c. Later recovery of Stored Water shall exclude losses, and shall not be subject to either Administrative or Replenishment Assessments. (Jmt. §§ 6.7.2.3.)
- d. Such recovered water may be used anywhere within the service area of the Party. (Jmt. §§ 6.7.2.4.)
- e. The rights to such Stored Water may be transferred while still in storage. (Jmt. § 6.7.2.5.)

9.2 Conjunctive Use or Water Banking Programs. Any conjunctive use or water ~~storage banking~~ programs proposed by one or more of the Parties within the Management Area for the benefit of territory outside of the Management Area shall be subject to the Watermaster’s approval and the governance provisions herein and as set forth in the Judgment. Any storage, conjunctive use or water banking programs by third parties, or in-lieu recharge programs financed with assessment funds, shall be subject to the Watermaster’s approval and the governance provisions herein and as set forth in the Judgment; provided that Metropolitan has the right under the Soboba Settlement Agreement to use up to 40,000 acre-feet of storage capacity in the San Jacinto Upper Pressure Subbasin for the pre-delivery of water required under Section 5.2 of the Judgment. All conjunctive use or water storage programs shall be subject to a Storage Agreement with the Watermaster, the approval of which shall not be unreasonably withheld. (Jmt. § 6.7.3.)

9.3 Contents of Storage Agreements. Each ~~groundwater~~ Storage Agreement shall include, but not be limited to, the following components:

- a. The quantities and terms of the storage right;
- b. A statement of the priorities of the storage right as against Safe Yield uses and other storage rights.
- c. The projected delivery rates, together with projected schedules and procedures for spreading, injection or in-lieu deliveries of Supplemental Water for direct use;
- d. The calculation of storage water losses and annual accounting for water in storage; and
- e. The establishment and administration of withdrawal schedules, locations and methods.

ARTICLE X

FINANCIAL PROVISIONS

10.0 Introduction. This ARTICLE X sets forth the Watermaster's procedures, authorizations, requirements and guidelines for the financial aspects of the Watermaster's operations. The Watermaster shall establish and maintain books of account consistent with generally-accepted accounting practices, including the Uniform System of Accounts prescribed by the State Controller and the Government Accounting Standards Board. Projects authorized by the Board shall be monitored and managed through an accounting system which accurately compares budget to actual expenditures. Financial results shall be reported regularly by the Advisor to the Board.

10.1 Budget. On or before ~~November 30~~ September 30 of each year, Watermaster shall cause the preparation of a proposed draft budget showing the amount of money estimated to be necessary to pay the costs of operation and the anticipated revenue. The draft budget will be distributed to the Board on or before September 30. A special Board budget workshop meeting date will be selected at the board's regular August Board meeting. The special budget workshop shall be held after September 30, but prior to the next regular Board meeting or at the discretion of the Board.

- a. Draft Budget Preparation. The Watermaster shall cause the Advisor to prepare a draft budget based on a calendar year accounting which shall be a reasonably detailed analysis of income and expenses based on the following estimates:
 - (1) Anticipated total groundwater production by the Public Agencies and B Participants;
 - (2) Anticipated total groundwater production by the Public Agencies and B Participants that will trigger replenishment charges;

- (3) Anticipated revenue from (a) replenishment assessments; (b) administrative assessments;
 - (4) Expenses related to (a) water purchases; (b) administration; and (c) operations;
 - (5) Increases in replenishment and administrative assessments if required to fund expenses.
- b. Draft Budget Revisions. The draft budget may be modified as necessary but should be provided to the Watermaster by ~~November 30~~ September 30 of each year.
 - c. Adoption of Final Budget. The Watermaster shall consider the draft budget at a regular or special meeting no later than December 31 of each year and shall adopt the Final Budget on or before December 31 of each year.
 - d. Budget Modification. The Advisor is authorized to approve changes within the operating budget that do not result in expenditures exceeding revenue. The Advisor shall recommend modifications of the budget as the need arises due to events occurring after approval of the budget, and the Board shall act on such recommendations.
 - e. Implementation of Approved or Revised Budget. The Advisor shall implement the approved or revised budget by making expenditures in accordance with approved purchasing procedures.

10.2 Assessments.

- a. Annual Determination of Assessments. Annually, the Advisor shall recommend to the Watermaster the replenishment and administrative assessment levels needed to support the draft budget and shall present this recommendation concurrently with the draft budget by November 30 of each year.
- b. Administrative Assessments. Watermaster shall levy administrative assessments on the Public Agencies pursuant to Sections 1.2 and 3.4.1 of the ~~Stipulated~~ Judgment. (Jmt. §§ 1.2, 3.4.1.)
 - (1) Invoicing Administrative Assessments. Watermaster shall submit an invoice to each Public Agency for an administrative assessment based on estimated and actual production by that Agency up to its Adjusted Production Right, plus any amount pumped pursuant to a Carry-Over Credit from a prior year, according to the following schedule. All administrative assessments shall be at the rate determined for the year pursuant to paragraph a.

25% of estimated annual production by July 15.

50% of estimated annual production by October 15.

Remaining actual production for the year by March 1 of the following year (reconciliation invoice).

- c. Replenishment Assessments. The Replenishment Assessment is a per-acre foot charge levied against each Public Agency for each acre-foot of groundwater pumped in excess of the Public Agency's Adjusted Production Rights, its share of Imported Water, Stored Water, Supplemental Water, and applicable Carry-Over Credits and Recharge Rights, and against each Class B Participant for pumping in excess of its Base Production Right. The rate of assessment shall be determined as part of the annual Watermaster Budget approved by the Watermaster each year and shall be based on the estimated cost of purchasing, importing and recharging replacement water, including operating, maintenance, repair and replacement expenses. (Jmt. §§ 1.3.1, 3.4.2.)

(1) Invoicing Replenishment Assessments.

(a) Replenishment Assessments shall be invoiced as follows:

- (i) Public Agencies. By May 1 of each year, Watermaster shall submit an invoice to each Public Agency with production in excess of its adjusted base production right during the preceding calendar year, subject to use of available Carry-Over Credits available to that Agency.
- (ii) Class B Participants. By May 1 of each year, the Watermaster shall submit an invoice to each Class B Participant based on that Participant's production in excess of that Participant's Base Production Right during the preceding calendar year.

d. Collection.

- (1) Delinquencies. All Watermaster assessment invoices shall be payable to Watermaster within sixty (60) days of notice. Any delinquent assessments shall bear interest at a rate to be set by the Watermaster. Watermaster is entitled to recover its reasonable expenses in collecting any assessment, including attorney's fees and costs.
- (2) Disputes. Disputes regarding the method of levying assessments or the amount thereof shall be subject to the Dispute Resolution Procedures set forth in ARTICLE ~~X~~XII of these Rules and Regulations. In the absence of a complaint to the Watermaster involving said procedures or upon failure to pay assessments determined to be due as a result of said procedures within thirty (30) days of final decision by the Watermaster, the Watermaster may direct the Watermaster's staff to pursue collection

through legal procedures.

10.3 Bank Accounts. The Watermaster shall establish one or more deposit and/or checking accounts with state or national banks or savings associations upon such terms and conditions as may be agreed upon. Any two of the following-named officials are authorized to establish and maintain and to sign checks on such accounts at one or more banks or other financial institutions as defined in EXHIBIT “A” of these Rules and Regulations:

Watermaster Board Chairperson;

Watermaster Board Vice-Chairperson;

Watermaster Board Secretary-Treasurer;

Advisor.

- a. Reporting. Financial transactions shall be reported to and reviewed by the Secretary-Treasurer, and presented to the Board at regular Board meetings.

10.4 Audits. An annual financial audit report shall be filed with the Court as part of the Annual Report to the Court. The Advisor shall present a post-audit review and report to the Technical Advisory Committee. ([Jmt. § 9.6.8.](#))

ARTICLE XI

INVESTMENT POLICIES

The policies, procedures, requirements and limitations regarding the investment of Watermaster funds are set forth in Exhibit “A” to these Rules and Regulations, [as they are amended from time to time](#).

ARTICLE XII

DISPUTE RESOLUTION PROCEDURES

12.1 Purpose. This Article sets forth the general Watermaster rules and procedures for administratively adjudicating requests, disputes, and complaints arising from any action, omission, or decision of the Watermaster.

12.2 Complaint to Watermaster. Any affected party may invoke the dispute resolution procedures set forth below by filing a Complaint objecting to or otherwise disputing any action, omission, or decision of Watermaster regarding the implementation of the Judgment or regarding billing and collection of assessments or other action or activity pursuant to these Rules and

Regulations within sixty (60) days of the action, omission, or decision. The Complainant shall use a complaint form supplied by Watermaster and shall contain the following information:

- a. The disputed action, omission, or decision of Watermaster staff, agent or designee;
- b. The grounds or basis for the Complaint, including copies of any reports, charts, maps, and other documentation; and
- c. The Complainant's requested relief.

12.3 Copy of Dispute Resolution Procedures. Upon receipt of the Complaint, the Watermaster shall provide the Complainant with a written notice of the Watermaster's dispute resolution procedures as set forth in this Article. Such notice shall be provided to the Complainant within ten (10) days of receipt of the Complaint by Watermaster.

12.4 Dispute Resolution Committee. Upon the Watermaster Board's receipt of a Complaint, a Dispute Resolution Committee shall be formed which shall be comprised of members appointed by the Chairman, but in cases involving Class B Participants, shall include the private pumpers' representative on the Watermaster Board. The Dispute Resolution Committee shall make a reasonable effort to schedule a hearing within sixty (60) business days from the date of Watermaster's receipt of the Complaint and shall provide the Complainant with at least ten (10) business days' prior written notice of the date, time and location of the hearing. At the conclusion of the public hearing, following a reasonable period of deliberation, if any is necessary, the Dispute Resolution Committee shall uphold or recommend modification or reversal of the Watermaster's decision, action or omission which is the basis of the Complaint.

12.5 Appeals. In the event the Complainant does not agree with the action or recommendation of the Dispute Resolution Committee, the Complainant may file a written notice of appeal with the Watermaster within ten (10) days of receipt of the Dispute Resolution Committee's decision on the matter.

12.6 Appeal to Watermaster Board. On receipt of a notice of appeal to the Dispute Resolution Committee's decision regarding a Complaint, the Watermaster Board shall schedule a public hearing regarding the matter. The public hearing shall be conducted during a regular meeting or a special meeting called for that purpose. The Watermaster Board shall make a reasonable effort to hold a public hearing within sixty (60) days from the date of notice of appeal. The Watermaster shall provide the Complainant with at least ten (10) days prior written notice of the date, time, and location of the hearing. The Watermaster Board may continue the public hearing from time to time, including, but not limited to, continuing the hearing for a reasonable time to obtain a legal or technical opinion. At the conclusion of the public hearing, the Watermaster Board shall uphold, modify, or reverse the Dispute Resolution Committee's decision regarding the Complaint. The decision of the Watermaster Board shall be considered the Watermaster's final decision regarding the Complaint. The Complainant may appeal this decision to the Court within thirty (30) days of the Watermaster Board's decision.

12.7 Failure to Appeal. Any Complainant that fails to appeal any decision of the Watermaster within the applicable deadlines as set forth in this Article shall be deemed to have waived its right to do so.

12.8 Conduct of Hearings. Any public hearing regarding a Complaint shall be conducted pursuant to the following procedures:

- a. Watermaster staff shall first present evidence of the basis for the Watermaster's decision or action. Upon the conclusion of the Watermaster staff's presentation, the Complainant shall then have the opportunity to present evidence supporting the modification or reversal of the Watermaster's decision or action.
- b. The Complainant or Watermaster staff may present witnesses, documents, and exhibits. The decision-making body shall not be bound by formal rules of evidence and will control the hearing, reserving the power to exclude testimony or exhibits deemed irrelevant.
- c. The decision-making body shall ensure that an adequate and appropriate record of the hearing is kept. Any party, at that party's sole expense, may have a court reporter present at the hearing.
- d. At the conclusion of the hearing, the decision-making body may uphold, modify, or reverse the applicable decision.
- e. Any notice provided to a Complainant pursuant to this Article shall be provided in accordance with the methods described in Section 4.0-d.

12.9 Judicial Review. Any action, decision, rule or procedure of Watermaster shall be subject to review by timely motion by any Party as follows:

- a. Effective Date of Watermaster Action. Any order, decision or action of Watermaster pursuant to the Judgment or these Rules and Regulations on noticed specific agenda items shall be deemed to have occurred on the date of the order, decision or action.
- b. Notice of Motion for Judicial Review. Any Party may, by a regularly noticed motion, petition the Court for review within 90 days of the action or decision by Watermaster, except motions for review of assessments under the Judgment shall be filed within 30 days of mailing of the notice of the assessment or, if a complaint is filed to trigger application of the Dispute Resolution Procedures, within thirty (30) days of the conclusion thereof. The motion shall be deemed to be filed and served when a copy, conformed as filed with the Court, has been delivered to Watermaster staff. Unless ordered by the Court, any petition or motion shall not operate to stay the effect of any Watermaster action or decision which is challenged.

- c. De Novo Nature of Proceeding. Upon filing of a motion or petition to review a Watermaster action, Watermaster shall notify the Parties of a date when the Court will take evidence and hear argument. The Court's review shall be de novo and the Watermaster decision or action shall have no evidentiary weight in such proceeding.

- d. Decision. The decision of the Court in such proceedings shall be an appealable Supplemental Order in this case. When it is final, it shall be binding upon Watermaster and the Parties.

EXHIBIT "A"

RULES AND REGULATIONS
ARTICLE XIINVESTMENT POLICIES, PROCEDURES,
REQUIREMENTS AND LIMITATIONS

11.0 Policy. This Statement of Investment Policy is intended to provide guidelines for the prudent investment of Watermaster's temporary idle cash, and outline the policies for maximizing the effectiveness and efficiency of Watermaster's cash management system. The goal is twofold: one is to preserve Watermaster's capital resources while maximizing investment earnings pursuant to the "Prudent Investor Standard", the second is to provide guidelines for authorized investments.

11.1 Scope. All monies entrusted to Watermaster shall be pooled in an actively managed portfolio. The Treasurer is authorized to invest funds using as guidelines California Government Code (CGC) Section 53600 et seq. This investment policy applies to all financial assets and investment activities of Watermaster. If ~~circumstances~~ absence prevents the Treasurer from actively investing on behalf of the Watermaster, the Advisor is authorized to invest during such period subject to the limitations described herein.

~~—————~~This policy, however, specifically excludes ~~the employees' retirement and deferred compensation funds and the retiree health benefit trust. Additionally,~~ monies held by a trustee or fiscal agent pledged to the payment or security of bonds or other indebtedness, which shall be held using CGC Section 53601 (~~Lm~~) as a guideline.

11.2 Prudence. Watermaster shall ~~comply with the use as guidelines the standards within the content of the P~~ prudent iInvestor sStandard as set forth in CGC Section 53600.3 ~~that which~~ states in part:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, ~~and or~~ managing public funds, a trustee shall act with care, skill, ~~and~~ prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims to safeguard the principal and maintain the liquidity needs of the agency."

11.3 Objective. Watermaster's cash management system is designed to monitor and forecast expenditures and revenues, thus enabling the agency to invest funds to the fullest extent possible. Watermaster attempts to obtain the highest yield available, while investments meet the criteria established for safety, liquidity, and yield, in that order of priority.

- a. Safety. Safety of principal is the foremost objective of the ~~agency~~ Watermaster. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, rating downgrades, broker-

dealer defaults, or erosion of market value. Watermaster shall seek the preservation of capital by mitigating two types of risk: credit risk and market risk.

- (1) Credit risk - is the risk of loss due to failure of the issuer and is mitigated by investing in safe securities, and diversifying the investment portfolio so the failure of one issuer would not materially affect the cash flow of the agency.
- (2) Market risk - is the risk of market value fluctuations due to changes in the general level of interest rates, and shall be mitigated by limiting the ~~average maturity of the agency's investment portfolio to three and one half years, and the~~ maximum maturity of any one security ~~to to~~ twelve (12) months~~five years~~. Market risk shall also be mitigated by structuring the portfolio so maturing securities match cash outflows, eliminating the need to sell securities prior to their maturity, and ~~to~~ avoid~~avoiding~~ taking positions in securities for the purpose of selling those securities within a short period of time in order to realize a short term profit. It is recognized that within a diversified portfolio, occasional measured losses are inevitable, and must be considered within the context of the overall return on the investment.

- b. Liquidity. Watermaster's investment portfolio will remain satisfactorily liquid, enabling the agency to meet all anticipated and operating cash flow requirements.
- c. Return On Investments. Watermaster's investment portfolio shall be designed to attain a market rate of return throughout economic cycles. Whenever possible with respect to budgetary and cash flow requirements, and consistent with risk limitations and prudent investment principles, the Treasurer shall seek to augment returns above the market rate of return.

11.4 Maximum Maturities. Watermaster will match its investments with anticipated cash flow requirements. Maximum maturities shall not exceed 12 months ~~five (5) years~~, without specific approval of the Watermaster Board. ~~The average maturity of funds should not exceed 1,275 days (3.5 years), and the cash flow requirements shall prevail at all times.~~

11.5 Performance Standards. Watermaster's investment portfolio will be designed to obtain a market ~~average~~ rate of return during budgetary and economic cycles, taking into account the agency's investment risk constraints and cash flow requirements.

Watermaster will operate in an active capacity in the investment strategy. The basis of the strategy used by the Treasurer to determine whether market yields are achieved shall be the State of California Local Agency Investment Fund (L.A.I.F.).

11.6 Delegation and Grants of Authority. Management responsibility for the investment program is delegated to the Treasurer, ~~(as provided by resolution annually adopted by the Watermaster Board) who shall establish written procedures and policies for the operation of the investment program consistent with this investment policy.~~

No person shall engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer.

In the absence of the Treasurer, the authority to direct investment transactions affecting Watermaster monies will be restricted to the Advisor as to maturity, investment instrument, and dollar size of the investment.

11.7 Investment Committee. The Watermaster Board shall act, or may appoint an ~~AD-Hoc~~ ad hoc or ~~s~~Standing cCommittee to act, as the investment committee to provide general oversight and guidance concerning the investment policy related to the management of Watermaster's investments. The ~~c~~Committee shall meet at least quarterly. Pursuant to an annual ~~Watermaster Board adopted~~ resolution adopted by the Watermaster Board, the Treasurer shall be responsible for the day-to-day investment-related tasks governed by this policy.~~investments of the agency.~~

11.8 Ethics and Conflict of Interest. The Treasurer and the Advisor shall refrain from personal business activity which could create a conflict with proper execution of the investment program, or which could impair the ability to execute impartial investment decisions. The Treasurer and Advisor shall disclose to Watermaster's legal counsel any material financial interests in financial institutions that conduct business within the jurisdiction, and shall disclose any material financial investment positions that could be related in a conflicting manner to the performance of the agency's investment portfolio.

11.9 Safekeeping and Custody Agreements. To protect against potential losses caused by collapse of individual securities dealers, all securities owned by Watermaster shall be kept in safekeeping by a third party bank trust department, acting as an agent for the agency under the terms of a custody agreement executed by the bank and the agency. All securities will be received and delivered using standard delivery versus payment procedures with the agency's custodial bank, and evidenced by safekeeping receipts. Custodial statements are reconciled against transaction schedules by the Treasurer on a monthly basis.

11.10 Internal Controls. Proper documentation obtained from confirmation and cash disbursement wire transfers is required for each investment transaction. Timely bank reconciliation is conducted by the Advisor to ensure proper handling of all transactions.

The investment portfolio and all related transactions ~~are~~ must be reviewed and balanced to appropriate general ledger accounts on a monthly basis.

An independent analysis by an external auditor shall be conducted annually to review internal control, account activity, and compliance with policies and procedures.

11.11 Financial Reporting. Using the provisions of Section 53646 of the CGC as a guide, the Treasurer shall render a report to the Watermaster Board meetings, providing the type of investment, financial institution from which the investment was purchased, the date of maturity, the date upon which the investment becomes subject to redemption provisions, amount (to include both par and book value) of the investment, and the current market value of all investments. The report shall also include rate of interest, and other data so required by the Watermaster Board. The report shall include a statement denoting Watermaster's ability to meet its expenditure requirements for the following six-month period, or an explanation as to why sufficient monies will not be available. Additionally, the Treasurer shall state whether the agency is in compliance with its investment policy by signature required on the Treasurers' Report.

11.12 Authorized Financial Dealers and Institutions. Watermaster shall transact business only with banks, savings and loan institutions, and registered investment securities dealers. The dealers should either be primary dealers authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York, or regional dealers qualifying under the Securities and Exchange Commission Rule 15C3-1.

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements
- Proof of National Association of Securities Dealers (NASD) certification
- Proof of California state registration
- Completed broker/dealer questionnaire
- Certification of having read and understood and agreeing to comply with the Hemet-San Jacinto Watermaster's Investment Policy

An annual review of financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the Treasurer.

11.13 Collateral Requirements. Collateralization is required for investments of public deposits in ~~c~~Certificates of ~~D~~deposits (in excess of the FDIC insured amount) and all Repurchase Agreements. In order to reduce market risk, the collateral level will be at least 110% of market value of principal and accrued interest of eligible securities for ~~C~~certificate of ~~d~~Deposit. The percentage of collateralization on repurchase agreements shall be determined using CGC Section 53601(j)(2)-(i)(2) as a guideline.

In order to conform with provisions of the Federal Bankruptcy Code, which provides for the liquidation of securities held as collateral for ~~R~~repurchase ~~A~~agreements, the only securities acceptable as collateral shall be eligible ~~N~~negotiable ~~C~~certificates of ~~D~~deposit, eligible ~~Banker's~~ bankers' ~~A~~acceptances, or securities that are fully guaranteed as to principal and interest by the United States or by any agency of the United States government. All securities held as collateral shall have a maximum maturity of ~~12 months~~.~~five (5) years~~.

Watermaster shall purchase bond insurance (sometimes referred to as financial guaranty insurance) when investing in corporate fixed-income securities.

11.14 Authorized and Acceptable Investments. The following investments are authorized and accepted as defined:

- a. United States Treasury ~~B~~ills, ~~N~~otes and ~~B~~bonds. There is no limitation as to the percentage of the portfolio that can be invested within this category.
- b. Obligations issued by the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA). Although there is no percentage limitation on “governmental agency” issues, the prudent investor standard shall apply for a single agency name.
- c. Negotiable ~~C~~ertificates of ~~D~~eposit (NCD) issued by a nationally or state-chartered bank or a state or federal savings and loan association, provided that the issuing institution is rated “A” or better by a nationally recognized statistical ratings organization (NRSRO).

Purchases of negotiable certificates of deposits may not exceed 30% of the market value of the portfolio. A maturity limitation of twelve (12) months ~~five (5) years~~ is applicable on NCDs. With federal deposit insurance limits up to \$250,000, no more than \$250,000 shall be invested in NCDs per financial institution.

- ~~d. Local Agency Investment Fund. The Agency may invest in the Local Agency Investment Fund (L.A.I.F.) established by the State Treasurer or Chief Financial Officer for the benefit of local agencies up to the maximum permitted by State law.~~
- d. Any other type of investment, provided that its issuing institution is rated “A” or better by a nationally recognized statistical rating organization (NRSRO).

11.15 Prohibited Investments. In accordance with CGC Section 53601.6, Watermaster will not invest any funds in inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages. Watermaster is expressly prohibited from investing in mortgage-backed securities, collateralized debt obligations, credit default swaps, futures contracts and other more exotic and high risk, or difficult risk assessment, investments. The agency may hold previously permitted but currently prohibited investments until their maturity dates.

11.16 Legislative Changes. Any State of California legislative action that further restricts allowable maturities, investment type, or percentage allocations for local agencies will be automatically incorporated into Watermaster’s Investment Policy, and supersede any and all previous applicable language.

11.17 Interest Earnings. All monies earned and collected from investments authorized in this policy shall be allocated on a quarterly basis to various fund accounts where required by law, or other agreement, based on the cash balance in each fund as a percentage of the respective pooled portfolio. However, fiduciary accounts requiring full liquidity will receive their proportional distribution of monies based on the lower of pooled or LAIF rates.

11.18 Limiting Market Value Erosion. The longer the maturity of securities, the greater the market price volatility. Therefore, it is the general policy of Watermaster to limit the potential effects from erosion in market values by adhering to the following guidelines:

- a. All immediate and anticipated liquidity requirements will be addressed prior to purchasing all investments.
- b. Maturity dates for longer-term investments will coincide with significant cash flow requirements where possible, to assist with short-term cash requirements at maturity.
- c. All longer-term securities will be purchased with the intent to hold all investments to maturity under then-prevailing economic conditions. However, economic or market conditions may change, making it in Watermaster's best interest to sell or trade a security prior to maturity.

11.19 Portfolio Management Activity. The investment program shall seek to augment returns consistent with the intent of this policy, identified risk limitations and prudent investment principles. The objectives will be achieved by use of the following strategies:

- a. Active Portfolio Management. Through active fund and cash flow management taking advantage of current economic and interest rate trends, the portfolio yield may be enhanced with limited and measurable increases in risk by extending the weighted maturity of the total portfolio (not to exceed 12 months).~~1,275 days~~.
- b. Portfolio Maturity Management. When structuring the maturity composition of the portfolio, the agency shall evaluate current and expected interest rate yields and necessary cash flow requirements. It is recognized that in normal market conditions longer maturities produce higher yields. However, the securities with longer maturities also experience greater price fluctuations when the level of interest rates change.
- c. Competitive Bidding. It is the policy of the Watermaster to require competitive bidding for investment transactions that are not classified as "new issue" securities. For the purchase of non-"new issue" securities, and the sale of all securities, at least three bidders must be contacted.

11.20 Timing of Investments and Maturities. All investments and maturities shall occur once per year, thirty (30) days after the date in which the Watermaster receives data on natural winter recharge and the availability of water for purchase. After this information is provided to the Watermaster, and subject to staff recommendation and Board approval, any reserves unused for water purchase shall be reinvested in a maturity. This process shall occur annually and shall be a governing policy utilized during the Board's budgeting process.

11.210 Investment Policy Review. This Sstatement of Hinvestment Ppolicy is intended to conform to all applicable statutes at the time of adoption. The Hinvestment Ppolicy shall be reviewed and approved annually by the Watermaster Board at a public meeting to ensure consistency with the overall objectives of the preservation of capital, liquidity, and return of the portfolio. The Hinvestment Ppolicy shall also be reviewed to ensure its compliance and relevance to the current law, financial and economic trends, and to meet the cash flow requirements of Watermaster. Watermaster's independent auditors shall audit the investment portfolio annually. The audit shall include a review for compliance with Watermaster's Sstatement of Hinvestment Ppolicy.

**Hemet-San Jacinto Watermaster
Records Retention Schedule**

Record Category	Record Type Description	Examples Include	Retention Requirement	Notes
Administrative / General				
General Correspondence	Correspondence with the Watermaster or the Advisor not covered by other provisions	Correspondence with Board members, pumpers, landowners, regulatory agencies and the public.	3 Years	
Contracts / Agreements	Records related to obligations under contracts, leases, and other agreements between the Company and outside parties.	Includes Union and Employee Contracts, Purchase Order Contracts, Leases, and other Legal Agreements. Records include the Contract or Agreement, Amendments, and Correspondence.	Expiration of Contract + 7 Years	
Project Documentation	Working Files relating to ongoing projects, including Construction Projects.	Include Project Plans, Schedules, Status Reports, Milestones, and Communications. *NOTE: Only includes project-related documentation; some documents created as part of a project will be retained according to other Record Types in this Schedule	Life of Project + 5 Years	
Accounting				
Journals / Ledgers	Records used to document transactions, transfer charges between accounts and summarize account information.	Includes General Ledger, Chart of Accounts, Journals, Journal Entries, Ledgers, Accruals, Adjustments, Account Reconciliations, Vehicle Timecards	General Ledger (Including Chart of Accounts) - Permanent Journal Entries -7 Years	
Banking and Cash Management	Records related to banking and cash management activities.	Includes Deposits, Checks, Statements, Reconciliations, Drafts, Cancelled Checks, Trial Balances, Automatic Deposit Plans, Check Registers, Wire Transfers, Disbursements, Consolidations	7 Years	
Engineering				
Planning Studies	Water Planning, Studies and Surveys for both District and Non-District Activities.	Includes Planning Studies, Reports, Master Plans, Water Plans, Well Logs and Reports, Strategic Plans, Feasibility Studies, Water Banking Studies, Preliminary Design Studies, Landscaping Plans, Residential Water Management Surveys, Sanitary Survey	10 Years	

**Hemet-San Jacinto Watermaster
Records Retention Schedule**

Executive				
Executive Board and Executive Committee Meeting Records	Records documenting proceedings of the Board, Technical Advisory Committee, committees reporting to the Board, and other legally required meetings.	Includes Agendas, Meeting Minutes, Adjournment Orders, Treasurer's Report, Change Orders to Specifications, Agreements Report, Check Reports, System Construction Orders, Financial Statements, Other Miscellaneous Documents.	Permanent	
Finance				
Budgets and Financial Forecasts	Records related to final budgets and financial forecasts, including supporting documentation.	Annual Operating Budget, Supporting Documents and Work papers, Cash Flow Projections, Budget Analysis and Data, Capital Budgets, Financial Plans, Forecasts, and Statements	10 Years	
Finance Grant Files	Records related to grants issued.	State and Federal Grants	Permanent	
Operations				
Water Operations Production Records	Records related to participant production.	Production records	7 Years	
Water Operations	Records related to monitoring, testing, and treating water for participants	Includes Pressure Charts, Daily and Monthly Water Operations Reports, Backflow Prevention Records, Backflow Device Data, Flow Charts, Alarm Records, Radio Log, Reclaimed Water Flow Records, Recycled Discharge Compliance Logs, Well Chemical Dosing Sheets, Digester Readings, Effluent Disposal Records, Groundwater Production Listing, Residuals, Electric Conductivity Records, Recycled Water Program Records	5 Years	Added exception for Discharge Monitoring Report
Water Operations Water Management Plan and Modification	Studies, TAC reports, Safe Yield Calculations			

**Hemet-San Jacinto Watermaster
Records Retention Schedule**

Legal				
Legal Litigation and Claim Files	Records related to claims made or litigation filed against the District, including commercial litigation, tort claims, or other legal claims.	Includes Investigation Files, Pleadings, Discovery, Release and Settlement Agreements, Judgments, and Communications.	Close of Case + 7 Years	
Legal Public Records and Subpoena Requests	Records reflecting the response to requests for District records from the public or in legal matters.	Includes Public Records Requests, Subpoenas, Summons, Records of Information Produced	3 Years	
Legal Legal Projects / Opinions	Legal work completed for or advice given to business functions within the District.	Includes Research, Memoranda, Opinions, Communications, Special Research Projects	Review After 5 Years	
Legal Compliance / Filings	State filings, and other records not covered elsewhere, related to the submission of documents required by law.	Includes annual reports filed with the Department of Water Resources. Secretary of State and Cal OSHA Certification Program, Post-Award Compliance Records	Permanent	
Legal Reporting	Annual Reports filed with the court	Reports on activities during previous year, including audited statement of account and other activities		
Purchasing / Warehouse				
Unsuccessful Bids	Records from projects bids that were not accepted.	Includes Bid Package, Correspondence	Close of Bid + 3 Years	
Standard Purchase Orders	Records reflecting purchase orders and services provided under those orders.	Purchase Orders, Correspondence, Invoices	10 Years	

From: Vail, Eric S.
To: behrooz@h2oengineers.com; [Kristen Jensen](#)
Cc: [Linda Krupa](#); [Russ Brown - Hemet City Council](#)
Subject: Change Requested to Draft EMWD Conservation and Storage Agreement
Date: Thursday, May 10, 2018 12:13:35 PM

Behrooz and Kris,

Here is the language changes we recommend to the Agreement shown in red / underline below:

2. Right to Store. Eastern has the right, as limited below, to store up to 21,000 AF for the exclusive use of Eastern to be drawn upon in later years (Jmt §6.7.1) and up to 7,000 AF per year for “put and take” operations (Jmt §6.7.2) under this Agreement. Eastern may at its own cost, acquire and recharge up to the full amount of 21,000 AF for storage and 7,000 AF for “put and take” operations. Supplemental Water conserved and stored by Eastern pursuant to this Agreement shall be deemed to have remained in the Basin for the benefit of Eastern, subject to losses as described below. Eastern acknowledges and agrees that its right to store Imported and/or Supplemental Water pursuant to this Agreement is limited by, and subordinate to, the prior and superior right of each member agency of the Watermaster to store its unused shares of existing and future Imported Water and carryover credits.

7. Water Quality. In accordance with the Stipulated Judgment (Jmt. §6.6.4), all water used to replenish any subbasin in the Management Area shall meet the Regional Water Quality Control Board, Santa Ana Region requirements, and the provisions of Article 4.2 of the Settlement Agreement, and may be used in any subbasin where such requirements are met. Eastern further agrees that shall be solely responsible for the cost and implementation of any mitigation or remediation measures required by the Regional Water Quality Control Board or other governmental entity of competent jurisdiction related to water recharged and/or stored pursuant to this Agreement.

Eric S. Vail | Partner
Chair, Public Law Practice Group
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Burke, Williams & Sorensen, LLP



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Conservation and Storage Agreement Overview

Hemet-San Jacinto Watermaster Board Meeting

May 21, 2018

Summary of the Model Results

- There is adequate storage in the basin for the proposed project.
- Proposed project has no significant impacts on:
 - Groundwater storage in the Upper Pressure Basin;
 - Groundwater levels in nearby wells; or
 - San Jacinto River recharge during wet years.
- Displaced water from Lower Pressure:
 - Water Banking Element – approximately 4%
 - Conservation (put and take) Element – Negligible

Agreement Highlights

- Project includes two elements:
 - Groundwater Storage (Water Banking) - up to 21,000 AF at any given time.
 - Conservation (put and take) - up to 7,000 AF per year.
- Total recharge could exceed 7,000 AF in any given year, but total extraction in any given year shall not exceed 7,000 AF.
- Water is recharged before extraction.
- Extracted water will be used within the Management Area.

3

Agreement Highlights (Cont.)

- Recharge occurs in the Upper Pressure Basin:
 - Mountain Ave. West and/or
 - existing IRRP Sites.
- Project uses existing Phase I Project pipeline for the delivery of recharge water, and EMWD will pay its pro-rata share for repairs and replacement of the pipeline.
- Groundwater Modeling results are used to determine water losses:
 - 4% losses for Storage (Water Banking) Element
 - No Losses for the Conservation (Put and Take) Element

4

Agreement Highlights (Cont.)

- Recharge of Soboba Settlement Water would remain at the highest priority
 - Agreement is subject to Phase I facilities fourth priority.
- Interference with other production will be handled directly between EMWD and affected party.
- Watermaster can reduce or modify project activities under adverse impacts to other producers.
- EMWD is responsible to meet all environmental and regulatory requirements during construction and operation of the project.

5

Agreement Highlights (Cont.)

- Watermaster has first right to purchase.
 - Price will include: water, conveyance, proportional capital recovery, and infrastructure replacement costs.
- Agreement Monitoring/Accounting:
 - Annual Reports projecting recharge and recovery for the upcoming year.
 - Quarterly Reports of Recharge, Losses, and Water in Storage.
 - Data from 8 shallow wells and 3 multi-depth wells.
- Contract duration is 20 years (Starting in 2020) and can be automatically renewed for another 20 years.

6

Recommendation

Approve the Conservation and Storage Agreement with EMWD

Questions...

From: Mike Gow
To: [Behrooz Mortazavi](#)
Subject: Storage Agreement
Date: Wednesday, May 16, 2018 10:36:26 AM

- 1) LH is concerned about new extraction wells in LH's service area and the impact to its existing wells. The 3 new wells are outside of LH service area but the potential boundary shown on Exhibit C encroached into LH area.
- 2) Address put and take water that remains longer than one year and when it would be converted/reclassified as banking.

Sent from my T-Mobile 4G LTE device



861 Village Oaks Drive, Suite 100 • Covina , California 91724
 Phone: (626) 967-6202 • FAX: (626) 331-7065 • Web site: www.stetsonengineers.com

Northern California • Southern California • Arizona • Colorado

Reply to: Covina

MEMORANDUM

TO: Dan Mudrovich and Arthur Mullen
 City of San Jacinto

CC: Robert Johnson, David Clayton, and Russ Utz

FROM: Stetson Engineers Inc.

SUBJECT: Draft Final Technical Memorandum
 Modeling Support Services for Groundwater Banking Agreement
 Draft Water Conservation and Storage Agreement

JOB NO.: 1935-10

DATE: May 14, 2018

Stetson Engineers Inc. (Stetson) has had the opportunity to participate in several meetings and presentations on the EWMD/Watermaster Water Conservation and Storage Project and Agreement.

In general, we are very supportive of efforts to bring additional water supply to the Hemet-San Jacinto groundwater basins. The City of San Jacinto (City) is reliant on the groundwater supply to meet the City's water demands and, therefore, fully supports active management of the groundwater basin.

It is understood the "Banking Project" will take place in the Upper San Jacinto Pressure Zone (Management Area). As you know, all of the City's water supply wells rely on this same Management Area for water supply. Therefore, while there are certainly positive effects associated with storing high-quality imported water, if any negative impacts occur, they will very likely impact the City's wells and water supply. We understand there are Agreement provisions and commitments by EMWD and the Watermaster to address negative impacts, if they are identified by the City. However, it would be preferable to see certain data and information collected and reported through the TAC on a regular basis, as a potential precaution for negative impacts.



We suggest asking the Watermaster to consider the following information and suggestions:

1. In many southern California groundwater basins, storage programs (both direct replenishment and in-lieu delivery) have been developed with the best management and intentions included. Some of these storage programs have resulted in “paper water” being documented in basin management. This can happen when the storage accounting (by direct replenishment and in-lieu imported delivery) only includes “input” to basin storage and does not clearly define actual “stored water” separately from the basin’s natural supply. In some cases, because the “stored water” has been documented as input to the basin, the available natural water can be significantly impacted, resulting in a water supply shortage.
2. It is understood the basin hydrogeology has been studied and basin modeling has been done. There are still concerns that under a new water storage program, unexpected losses from basin storage can occur, and impact this basin’s water supply.
3. It is requested the Watermaster (EMWD) determine the direct relationship of stored water in this basin, to the water levels in selected key wells, and present this information to the TAC for review. This accepted relationship should then be used to regularly report on the storage program using key well hydrographs showing stored water as one of the tools. This monitoring and reporting may be included in Section 6d of the draft Agreement.
4. It is requested the Watermaster (EMWD) include minimum water levels in the selected key wells, as “trigger water levels”. The storage program should include a provision where “no stored water may be extracted” if the minimum (trigger) water levels are exceeded. Accounting of stored water would continue, unless evidence shows stored water was lost from the basin. For accounting purposes, stored water should always float on-top, and be the first water lost, if losses occur. This “trigger” for minimum water levels may be included in Section 10 of the draft Agreement.
5. New storage programs can have unintended water quality impacts. While this imported water is high-quality State Water Project water, water quality data should be collected and time series graphs for the selected key wells provided to the TAC on a regular basis. Water quality impacts can result directly from the water supply, from comingling with native waters, and from displacement/migration of existing poor quality water. Water quality monitoring may be added to Section 7 of the draft Agreement.



STETSON ENGINEERS INC.

We do not intend to hold-up the Storage Program, or approval of the Storage Agreement. However, it would be helpful if the City could be assured that these suggestions will be addressed in the Storage Agreement.

These comments and suggestions are intended to help make the Storage Program a success for the Upper Pressure Zone Management Area. We continue to support the EMWD/Watermaster storage program, and are very supportive of the requirement that all pumped water from storage will be used within the Upper Pressure Zone-Management Area. EMWD should also continue to use all pumped native groundwater within this Management Area, to ensure return water flows benefit this basin.

Z:\Jobs\1935\10\San Jacinto Memo 051418.docx

Thu 5/10/2018 3:32 PM

Erick W. Miller <emiller@aspectconsulting.com>

Soboba Comment/Question on Priority

To: Behrooz Mortazavi <behrooz@h2oengineers.com>

CC: 'Powell, Brian' <powellb@emwd.org>; 'Ali Taghavi' <ataghavi@woodardcurran.com>; 'Reza Namvar' <rnamvar@woodardcurran.com>; fcoate@soboba-nsn.gov; kmclaughlin@soboba-nsn.gov; Michael Scrafford <mscrafford@aspectconsulting.com>

Behrooz – Thanks for the opportunity to provide comments on the water banking/ERRP project. I don't have any additional comments on the Draft Final Technical Memorandum; however I do have a comment/question regarding the delivery priority presented in Item 5 of the draft Agreement (see excerpt below). Currently the average 7500 AFY recharge obligation under the Settlement Agreement occurs to some extent through pre-deliveries. How will the choice be made in any given year as to whether available water is allocated as a pre-delivery to IRRP or for banking under the ERRP? Also if you have a pdf of the Phase 1 Facilities Agreement section referenced below you could forward to me that would be appreciated. Thanks, Erick

5. Priority. Supplemental Water recharged and stored by Eastern under this Agreement shall be subject to Phase 1 facilities fourth priority of imported water deliveries (Phase 1 Facilities Agreement §C.4.a(4)) which is for delivery of water purchased by or on behalf of Eastern, Lake Hemet, Hemet or San Jacinto.

Erick Miller | Aspect Consulting, LLC | Principal Hydrogeologist | Direct: 206.780-7715 | Cell: 206.718.0176

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From: Behrooz Mortazavi <behrooz@h2oengineers.com>

Sent: Monday, May 07, 2018 7:25 AM

To: Erick W. Miller <emiller@aspectconsulting.com>; fcoate@soboba-nsn.gov; kmclaughlin@soboba-nsn.gov

Cc: 'Powell, Brian' <powellb@emwd.org>; 'Ali Taghavi' <ataghavi@woodardcurran.com>; 'Reza Namvar' <rnamvar@woodardcurran.com>

Subject: RE: Hemet - San Jacinto Watermaster TAC Meeting - May 7, 2018 at 12:30

Good Morning Erick,

Please note the report is talking about model simulation results and not historical data.

Even though these wells are included as production or monitoring wells in our monitoring program, the annual report has summary data for the wells, and the report does not have individual wells' data. This statement in the draft report needs to be revised for the final draft.

However, I think Woodard Curran can provide simulated water level data for scenario runs at these locations for you to look at.

Reza – please make a note of my comment (above) for revising the draft. Also, would you please provide hydrographs to Erick to validate what the text (below) in the report is saying.

Thx!
Behrooz

From: Erick W. Miller <emiller@aspectconsulting.com>
Sent: Friday, May 4, 2018 4:05 PM
To: Behrooz Mortazavi <behrooz@h2oengineers.com>; fcoate@soboba-nsn.gov; kmclaughlin@soboba-nsn.gov
Cc: 'Michelle Mayorga' <michelle@h2oengineers.com>; 'Powell, Brian' <powellb@emwd.org>
Subject: RE: Hemet - San Jacinto Watermaster TAC Meeting - May 7, 2018 at 12:30

Behrooz – Do you have hydrographs (or send me a link) for the below referenced wells from the W and C report? On the EMWD web site I saw the 2016 Water Management Report but not the specifically listed well info. Thanks, Erick

5.7 Recharge Response

Recharge response is not immediate but rather is on the order of months to a year as could be observed at water levels in wells such as Well 14, M1, M2, M3, and M91 near the IRRP recharge ponds. These wells are included in the Annual Groundwater Management Report available from the Watermaster.

Erick Miller | Aspect Consulting, LLC | Principal Hydrogeologist | Direct: 206.780-7715 | Cell: 206.718.0176

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From: Behrooz Mortazavi <behrooz@h2oengineers.com>
Sent: Friday, May 04, 2018 11:53 AM
To: fcoate@soboba-nsn.gov; Erick W. Miller <emiller@aspectconsulting.com>; kmclaughlin@soboba-nsn.gov
Cc: 'Michelle Mayorga' <michelle@h2oengineers.com>; 'Powell, Brian' <powellb@emwd.org>
Subject: RE: Hemet - San Jacinto Watermaster TAC Meeting - May 7, 2018 at 12:30

Good Morning All,

You received the Draft EMWD-Watermaster Storage Agreement with the TAC meeting packet (previous email – below). This Agreement will be on the Watermaster Agenda for action on May 21st.

As we have discussed before, the technical aspects of that agreement is based on the findings of the attached Technical Memorandum (TM), which was developed by RMC (Woodard & Curran). You provided some feedback on the issues that you were interested to see addressed in this report. RMC has addressed your comments/questions in the following sections of the attached TM:

- Question 1 – Section 5.2

- Question 2 – Section 5.7
- Question 3 – Section 5.9

Our goal is to finalize this report by May 11, 2018 (one week from today), and request action on the proposed agreement at the upcoming Watermaster meeting on May 21st. Please provide any specific comments/changes that you may have on the TM to Brian and I before May 11, 2018.

Ali Taghavi will be at our Monday TAC meeting to review this TM.

Best Regards,
Behrooz

Proposed Water Banking and Conjunctive Use in San Jacinto Valley Technical Basis for a Storage Agreement



Updated Summary of Results

Presented to:
Watermaster Board

May 21, 2018



Agenda

1. Groundwater Banking Operation
2. Groundwater Banking Scenarios
3. Baseline & Scenario Model Runs
4. Summary

Program Goals and Objectives

Water Banking and Conjunctive Use Program:

- Replenish over-draft and improve long term Reliability
- Create the ability to bank low cost supplies when available
- Provide recharge and extraction capacity for other agencies



3

WM and EMWD Collaborative Process

Date	Meeting
October 27, 2016	EMWD Meeting
November 10, 2016	WM TAC Meeting
June 29, 2017	Project Kick-Off Meeting
August 3, 2017	EMWD Meeting
August 17, 2017	EMWD Meeting
August 24, 2017	EMWD Conference Call
September 28, 2017	EMWD Conference Call
October 5, 2017	EMWD Conference Call
October 19, 2017	EMWD Conference Call
November 13, 2017	WM TAC Meeting
February 26, 2018	WM Board Meeting
May 7, 2018	WM TAC Meeting
May 21, 2018	WM Board Meeting

- **20-Month Project Duration**
- 4 Meetings with WM and EMWD
- 3 WM TAC Meetings
- 4 Conference Calls
- Numerous email and individual calls for coordination
- 2 WM Board Meetings

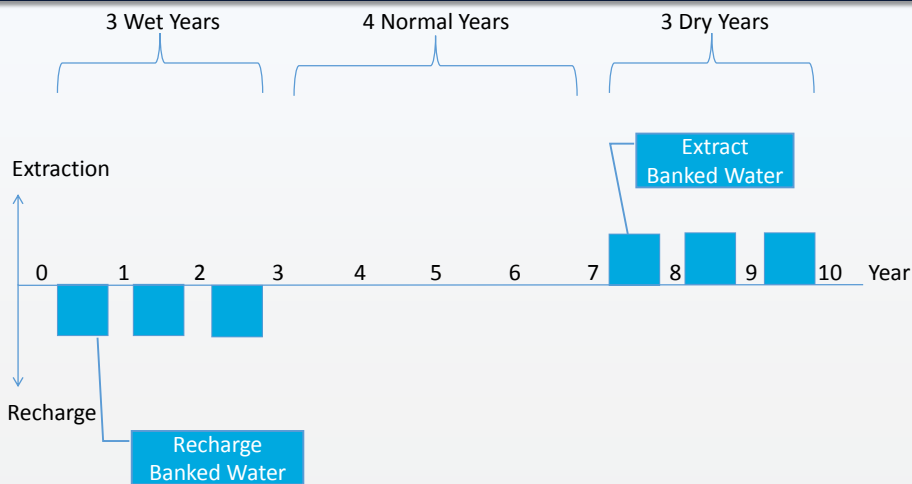
4

Project Operational Modes

1. Long-Term GW Banking
2. Short-Term Conjunctive Use
3. Full Project (GW Banking & Conjunctive Use)

5

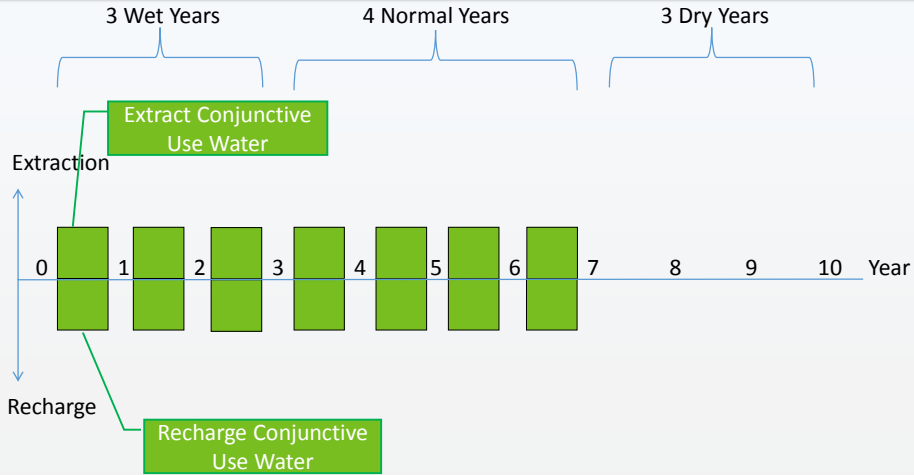
Proposal – Water Banking (10-year operation cycle)



6

Proposal – Conjunctive Use

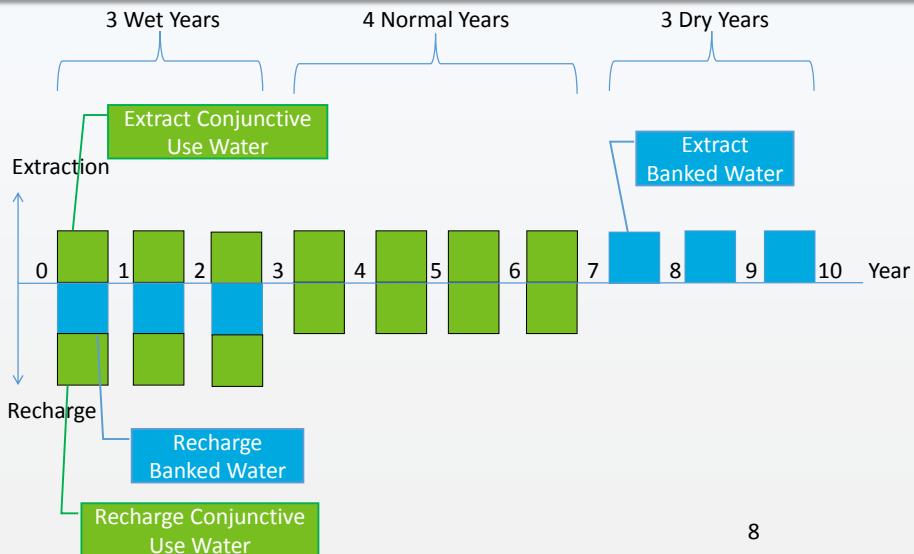
(10-year operation cycle)



7

Proposal – Full Project

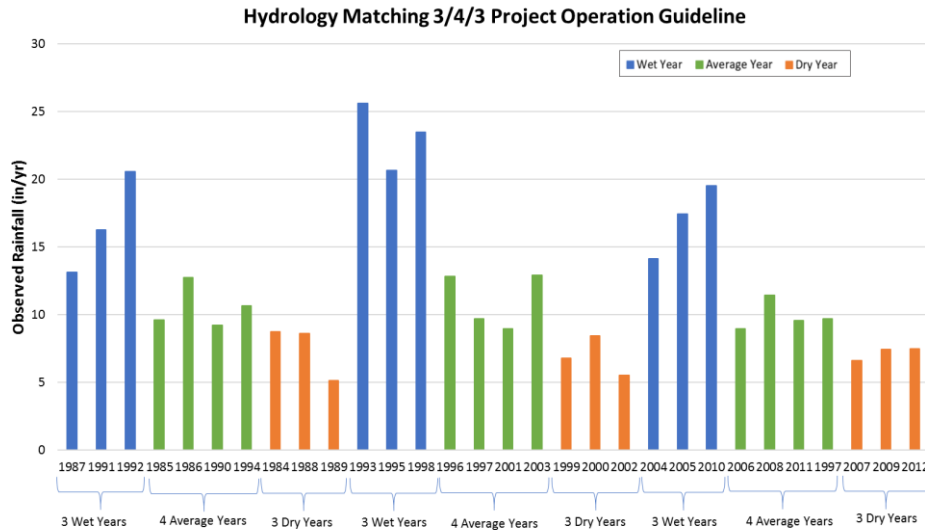
(10-year operation cycle)



8

Baseline GW Banking Hydrology

30-Year Cycle



Project Operational Objectives

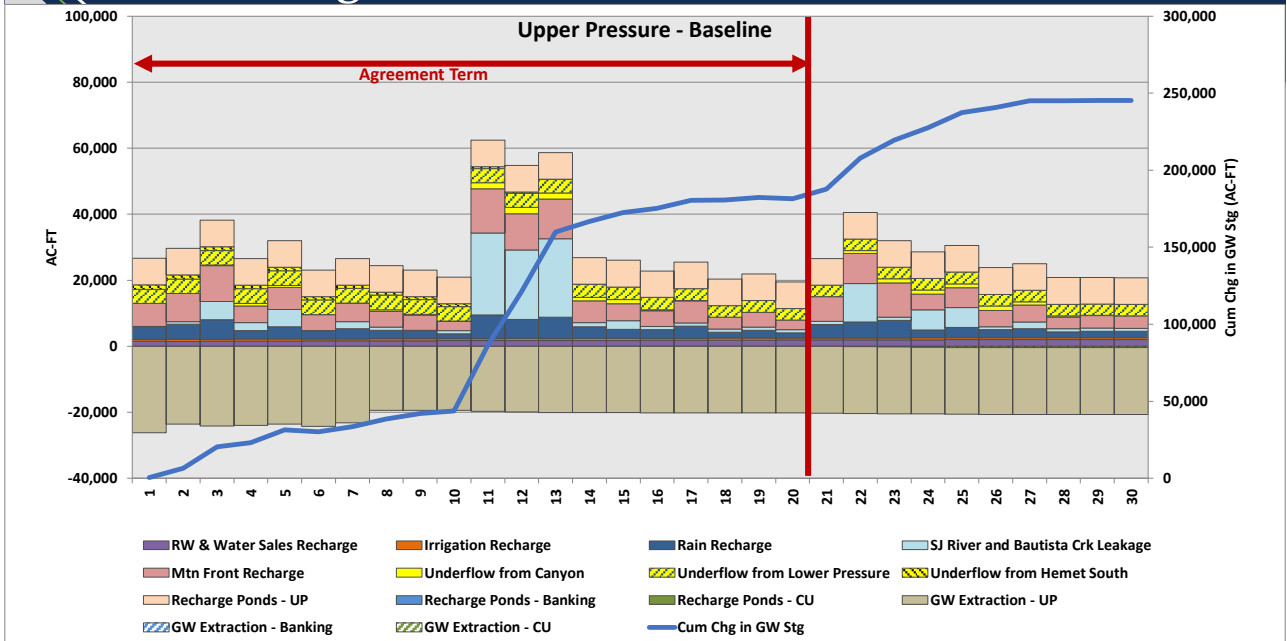
- **GW Storage:**
 - Utilize available aquifer space to store recharged water
 - Maximize extraction of previously stored water with no losses
 - **GW Levels:** Minimize impacts on nearby production wells
 - **GW Quality:** Minimize adverse water quality conditions
 - **Streamflow:** Minimize impacts on stream recharge during wet years
 - **Operations:** Honor previous Agreements and priorities
- **Note:**
 - Technical Analysis performed for a 30-Year Cycle
 - Agreement Terms is 20 years

Operational Assumptions

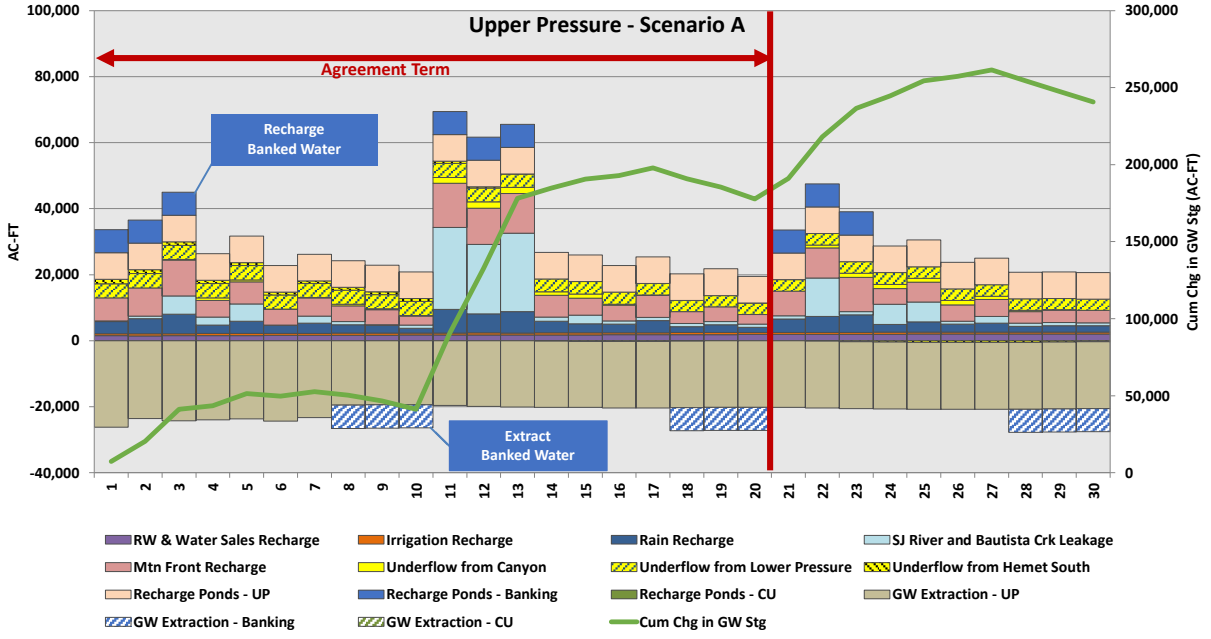
Schedule of Operation			GW Banking (A)	Full Project (B1)	Full Project (B2)	Conjunctive Use (C)
Recharge	Amount (AFY)	Wet Years	7,000	14,000	14,280	7,000
		Average Years	0	7,000	7,140	7,000
		Dry Years	0	0	0	0
	GW Banking		✓	✓	✓	
	Conjunctive Use			✓	✓	✓
	Offset				2%	
Extraction	Amount (AFY)	Wet Years	0	7,000	7,000	7,000
		Average Years	0	7,000	7,000	7,000
		Dry Years	7,000	7,000	7,000	0
	GW Banking		✓	✓	✓	
	Conjunctive Use			✓	✓	✓

11

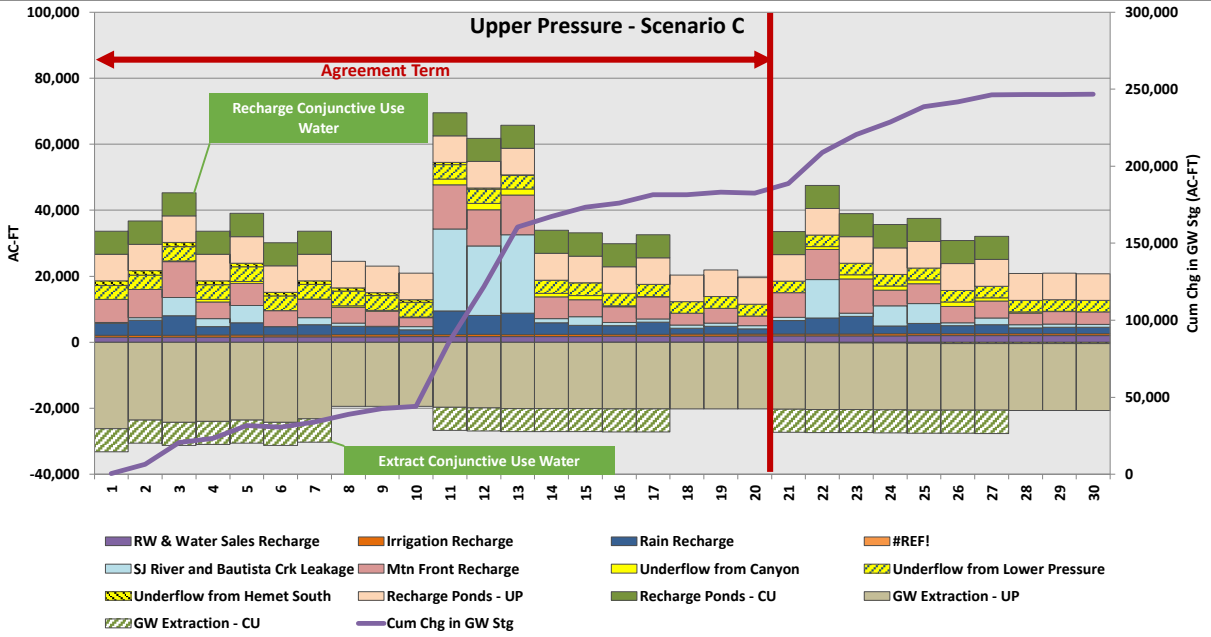
Water Budget: Baseline



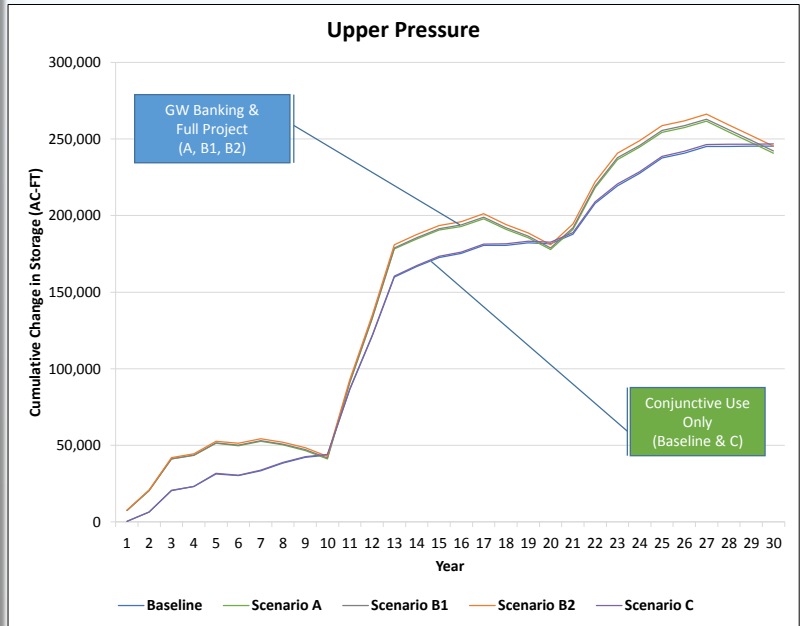
Water Budget: GW Banking Only (Scenario A)



Water Budget: Conjunctive Use Only (Scenario C)



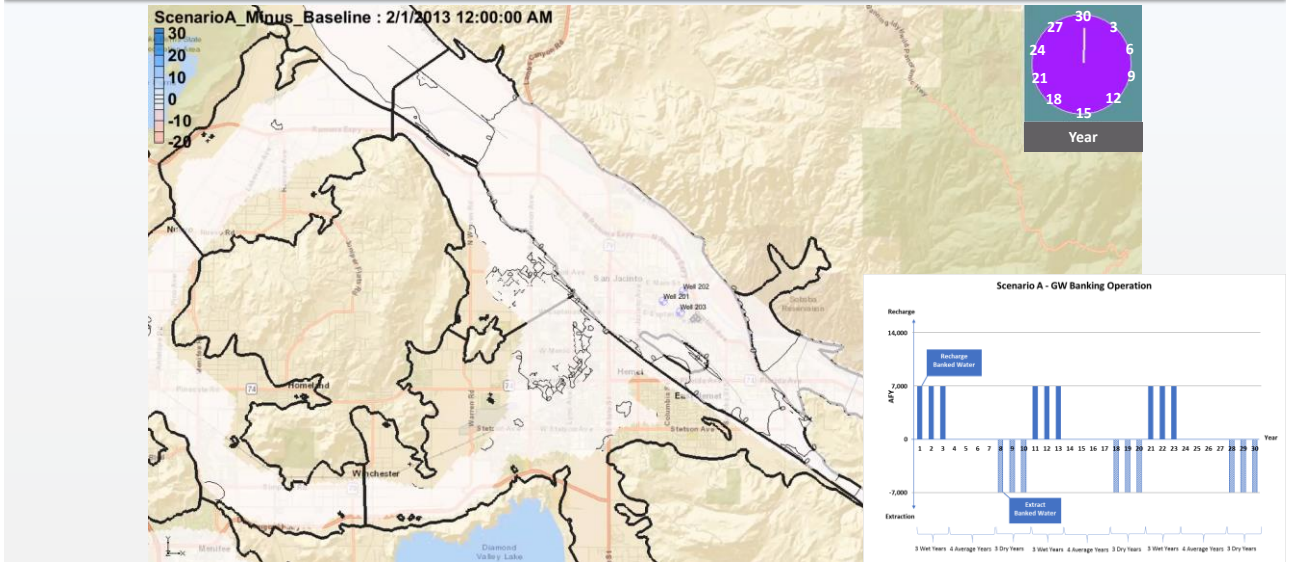
Long-Term Potential Change in GW Storage (Cumulative)



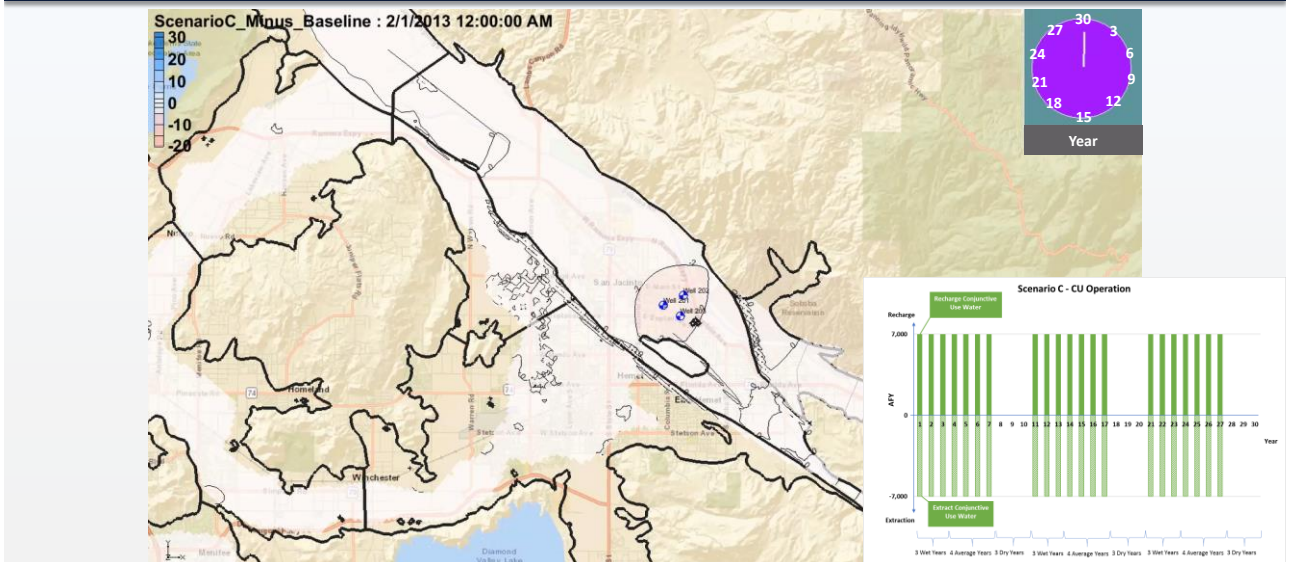
Project Effects on GW Storage in the WMA relative to the Baseline (Over 20-Year Agreement Term)

		Total Water Recharge (AFY)	Total Water Recovery (AFY)	GW Displaced from HSJ WMA (AFY)
AFY	GW Banking	42,000	42,000	1,741
	Full Project (B1)	140,000	140,000	1,144
	Full Project (B2)	142,800	140,000	1,334
	Conjunctive Use	98,000	98,000	-604
		Total Water Recharge (AFY)	Total Water Recovery (AFY)	GW Displaced from HSJ WMA (%)
%	GW Banking	42,000	42,000	4.15%
	Full Project (B1)	140,000	140,000	0.82%
	Full Project (B2)	142,800	140,000	0.93%
	Conjunctive Use	98,000	98,000	-0.62%

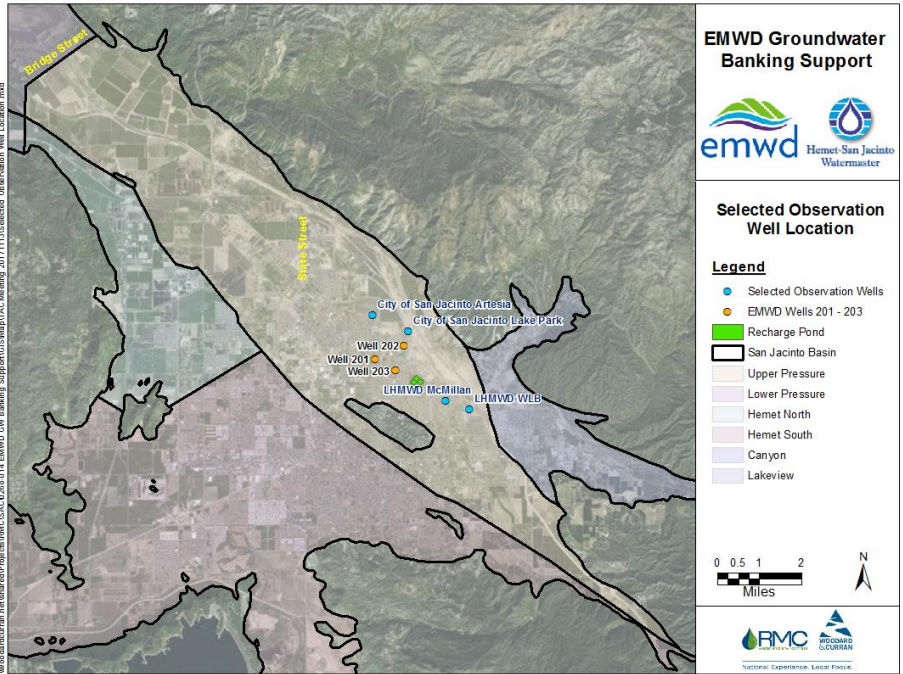
Head Difference Animation GW Banking Operations (A) vs. Baseline



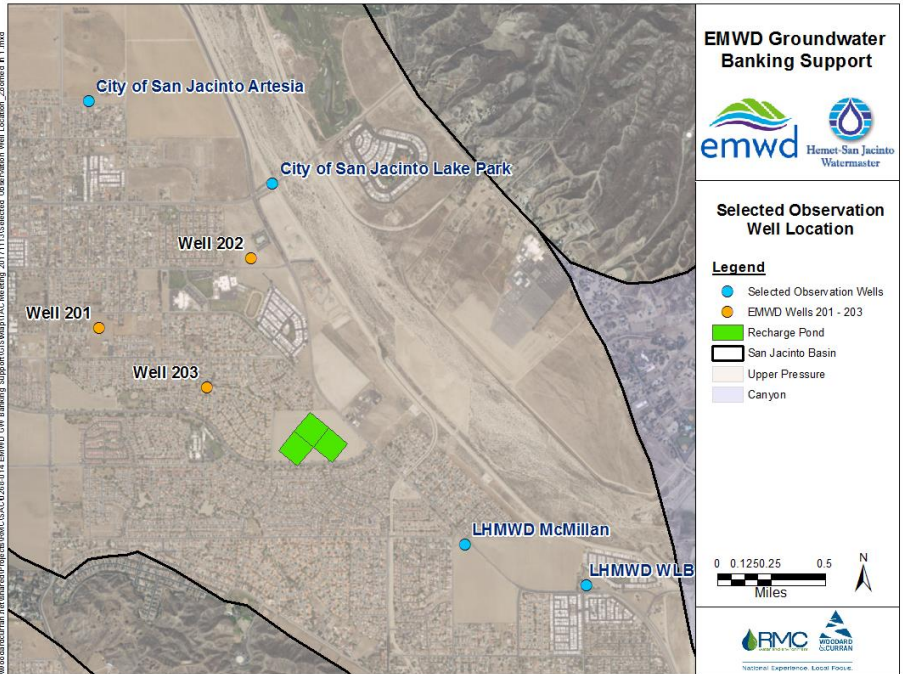
Head Difference Animation Conjunctive Use Operations (C) vs. Baseline



Selected Observation Well Location

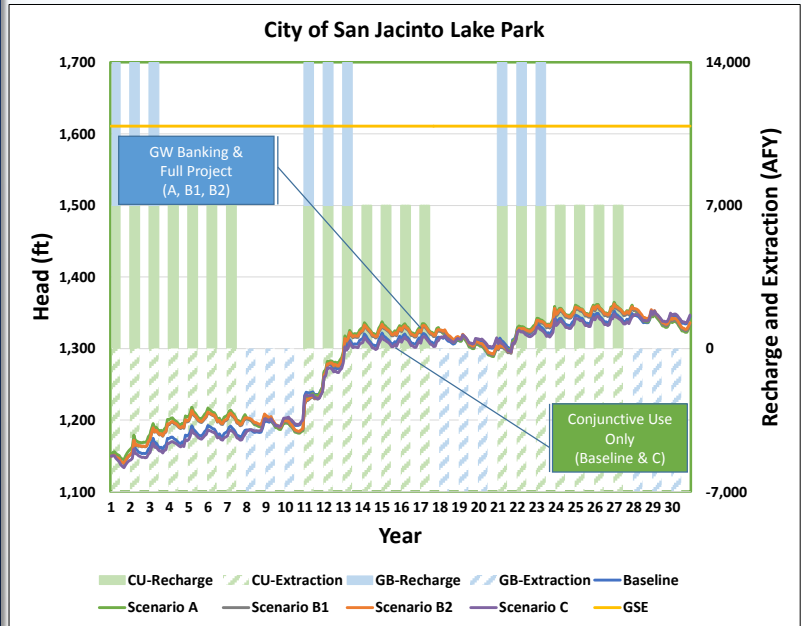


Selected Observation Well Location

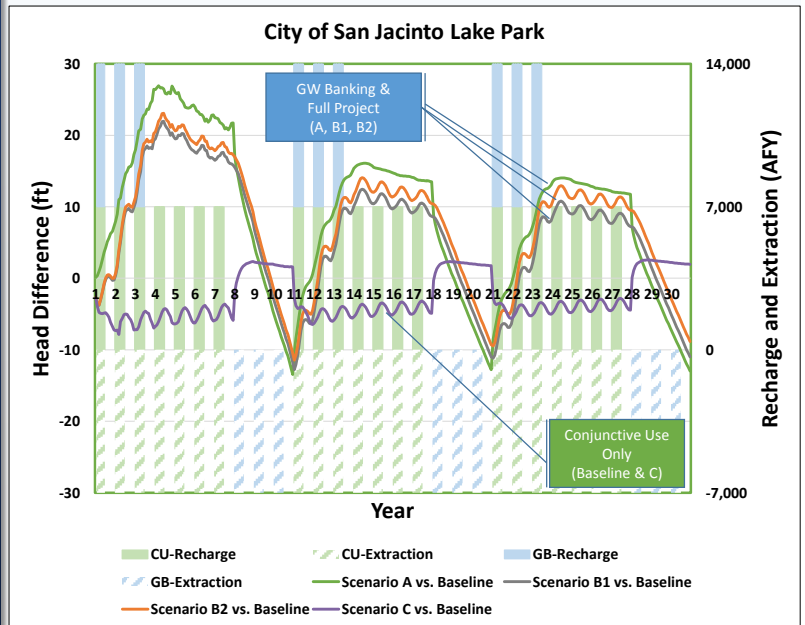


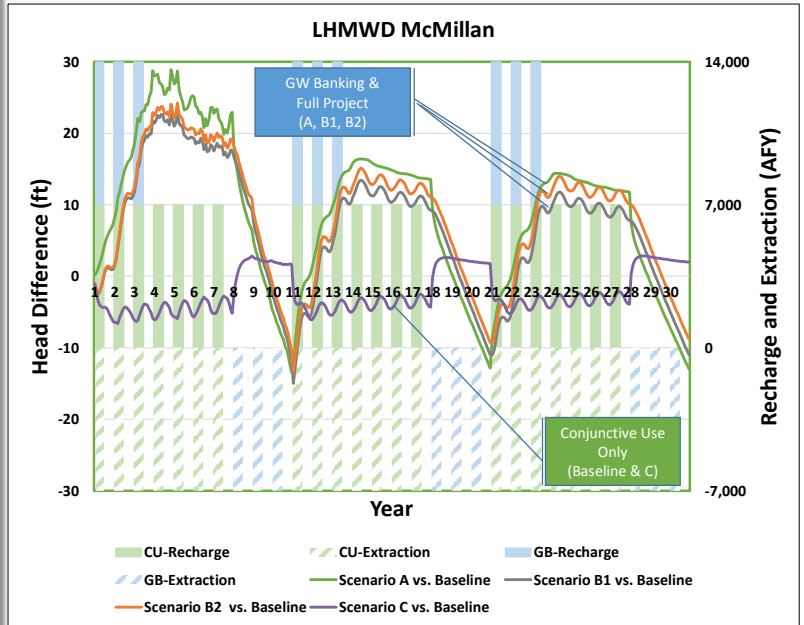
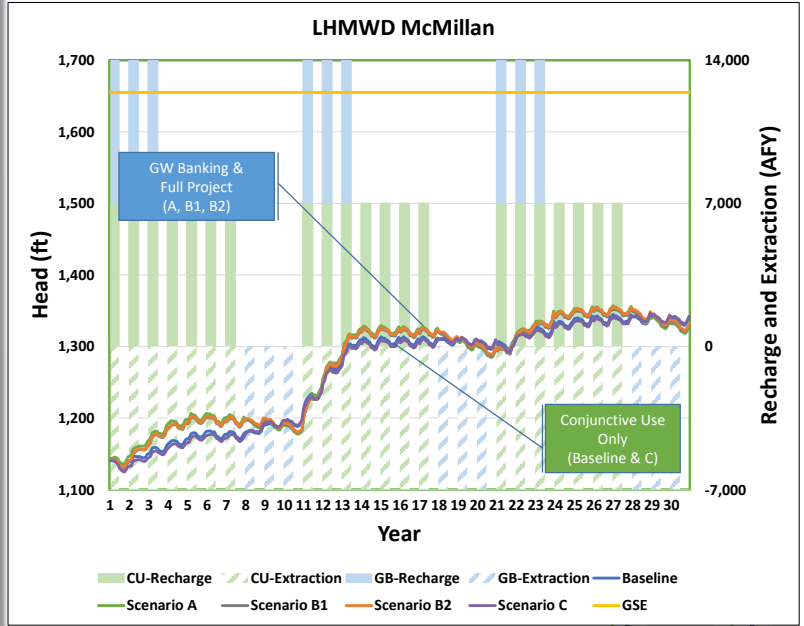


City of San Jacinto Lake Park

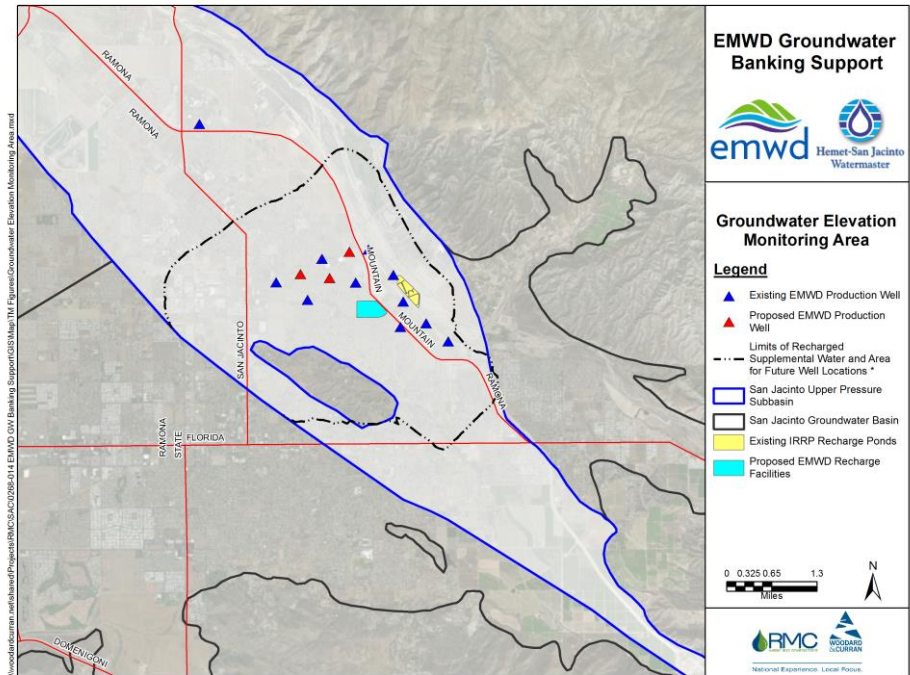


City of San Jacinto Lake Park





Groundwater Elevation Monitoring Area



Water Quality Implications

- Upper Pressure Ambient Water Quality:
 - TDS: ~ 350 mg/l
 - Nitrate: ~1.50 mg/l
- Imported Water for Proposed Project from State Water Project:
 - TDS: ~ 269 mg/l
 - Nitrate: ~0.6 mg/l
- Proposed Project does not adversely impact WQ in the WMA

Summary

- The groundwater basin has adequate available storage for Proposed GW Banking operations
- Proposed Project has no significant impacts on:
 - GW Storage in the UP and WMA
 - GW Levels in nearby wells
 - GW Quality on the UP or WMA
 - San Jacinto River Recharge Potential
 - Prior Agreements and operations
- Proposed Project Operational Water Displacement Over a 20-year Period:
 - GW Banking Only: 4% of Recharged Water
 - Conjunctive Use Only: Practically None
- Proposed Project will Benefit Alleviate Basin Overdraft and Provides Additional Long-term Water Supply Reliability

27

Questions?

28

Status of the Department of Water Resources Reporting Under Water Code 10720

**Hemet-San Jacinto Watermaster
Board Meeting
May 21, 2017**

State Requirement

Sustainable Groundwater Management Act

Water Code Section 10720

Watermaster shall provide the following information to the Department of Water Resource (DWR) on or before April 1st of each year:

- 1. Groundwater Elevation Data;**
- 2. Aggregated Groundwater Extraction Data;**
- 3. Surface Water Supply Data;**
- 4. Total Water Use Data;**
- 5. Change in Groundwater Storage; and**
- 6. The Annual Report.**

Information Provided to DWR

1 - Groundwater Elevation Data :

Submitted to DWR by EMWD as part of the Watermaster Monitoring Program and CASGEM Program.

2 - Aggregated Groundwater Extraction Data :

Extraction Data by Method Collected		
Metered	Estimated(by Landuse)	Total
33,586	5,100	38,686

Extraction by Water Use Sector	
Urban	25,638
Agriculture	11,203
Other (Soboba Tribe)	1,845
Total	38,686

Information Provided to DWR (cont.)

3 - Surface Water Supply Data :

Local Surface Water	Colorado River	State Water Project	Recycled Water	MWD Recharge Water (Other)	Total Surface Water Supply
4,763	330	3,460	12,084	19,686	40,323

4 – Total Water Use Data :

Water Use by Sector	
Urban	33,985
Agriculture	23,493
Other (Soboba Tribe)	1,845
Total	59,323

Water Use by Source	
Groundwater	38,686
Surface Water	8,553
Recycled Water	12,084
Total	59,323

Information Provided to DWR (cont.)

5 - Change in Groundwater Storage :

Time Period	Estimated Storage Change
April 9, 2016 – April 8, 2017	4,037

6 – The Annual Report :

2016 Annual Report was provided
&
2017 Annual Report will be provided in July

Questions...

2017 Annual Report Updated Information

Hemet-San Jacinto Watermaster Board Meeting

May 21, 2018

Updated Information

Updated Material:

- 1 - Annual Demand Table**
- 2 - Carry-over Credits Table**
- 3 - List of Agreements and Resolutions**

Reason for the Update:

- 1 - Portion of LHMWD river diversions went to storage and was not used to meet demand.**
- 2 - Calculation error**
- 3 - Typo error**

2017 Annual Demands (By Management Zone/Source of Supply – AFY)

		EMWD	LHMWD	City of Hemet	City of San Jacinto	Private Property Owners	Soboba Tribe	Totals
Ground-water	Canyon	1,989	2,894	0	0	1,005	1,294	7,181
	SJUP	4,509	5,150	351	2,735	5,444	551	18,585
	Hemet North	0	0	0	0	2,231	0	2,231
	Hemet South	0	287	3,212	0	2,524	0	6,023
Groundwater From IRRP Wells		3,864	419	228	0	0	0	4,512
Total Groundwater		10,362	8,751	3,790	2,735	11,203	1,845	38,686
Surface Water - SJ River		0	4,763	0	0	0	0	4,763
In-lieu Recharge		0	0	0	0	0	0	0
Imported Water Treated by EMWD		1,383	0	0	0	0	0	1,383
Imported Raw Water		125	2,076	0	0	205	0	2,406
Recycled Water		0	0	0	0	8,526	0	8,526
In-Lieu Recycled Water		0	0	0	0	3,558	0	3,558
Totals		11,870	15,590	3,790	2,735	23,493	1,845	59,323

2017 Unused Soboba Water & Carry-over Credits (as of December 31, 2017)

Agency	Pre 2012 Recharge Rights as of Dec. 31, 2016	* Total Unused SbT Imported Water as of Dec 31, 2017	Total Unused Adjusted BPR (AF) as of Dec 31, 2017	Totals as of Dec 31, 2017	MWD Pre-deliveries to Cover Future Obligations
City of Hemet	0	8,126	7,610	15,735	1,203
City of San Jacinto	0	5,545	4,805	10,350	767
EMWD	2,694	1,202	15,342	19,238	2,068
LHMWD	0	8,074	3,677	11,751	2,098
Totals	2,694	22,947	31,433	57,074	6,136

* Total Unused Soboba Imported Water calculations include Soboba Tribe Golf Course Production.

BPR = Base Production Rights
SbT = Soboba Tribe

2017 Watermaster Related Meetings and Agreements

Technical Advisory Committee Meetings:

- February 13, 2017
- May 8, 2017
- August 14, 2017
- November 13, 2017

Watermaster Board Meetings:

- February 27, 2017
- May 22, 2017
- August 28, 2017
- November 27, 2017

Watermaster Agreement(s):

- 2017-2019 Financial Audit Agreement with Clifton/Larson/Allen
- Hemet-San Jacinto Watermaster Support Services:
 - ✓ Task Order No. 9 – Water Resources Monitoring Program Support for 2017
 - ✓ Task Order No. 10 – Water Resources Well Video Program Support for 2017

2017 Watermaster Resolutions

- Resolution No. 1.4 – Amending Designation of Date, Time and Location of Regular Meetings
- Resolution No. 8.1 – Deferral of Replenishment Assessment
- Resolution No. 9.3 – Administrative Assessment for 2018
- Resolution No. 10.3 – Reduction in Adjusted Production Rights Starting May 2018

Questions...



Soboba Settlement Recharge Update

Brian J. Powell, P.E.
May 21, 2018

Total Soboba Settlement Recharge for 2018

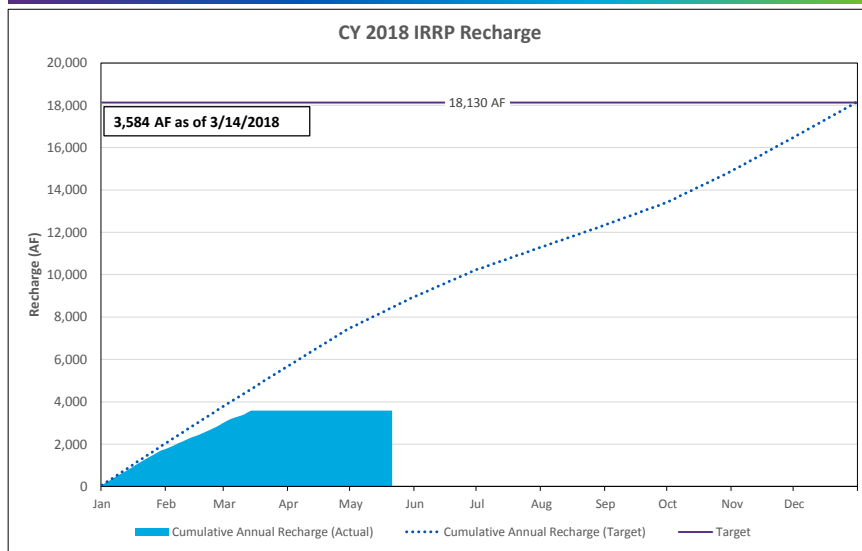
March End of Month (EOM) / Month to Date (MTD) Status Update				2018 End of Year (EOY) / Year to Date (YTD) Status Update			
	Grant	IRRP	Total		Grant	IRRP	Total
Previous MTD Recharge (AF)	208.4	338.5	547.0	Previous YTD Recharge (AF)	1,040.3	3,314.7	4,355.0
Weekly Total (AF)	158.7	268.8	427.5	Weekly Total (AF)	158.7	268.8	427.5
Current MTD Recharge (AF)	367.1	607.4	974.5	Current YTD Recharge (AF)	1,198.9	3,583.6	4,782.5
EDM Recharge Goal (AF)	400.0	1,850.0	2,250.0	EDY Recharge Goal (AF)	5,200.0	18,130.0	23,330.0
Recharge to EDM Goal (AF)	32.9	1,282.6	1,315.5	Recharge to EDY Goal (AF)	4,001.1	14,546.4	18,547.5
Avg Rate - Past Week (gpm)	5,128.9	8,691.0	13,819.9	Avg Rate - Past Week (gpm)	5,128.9	8,691.0	13,819.9
Avg Rate to Month Goal (gpm)	465.6	18,139.7	18,605.3	Avg Rate to Annual Goal (gpm)	3,111.3	11,311.5	14,422.8
Avg Rate - Past Week (cfs)	11.4	19.4	30.8	Avg Rate - Past Week (cfs)	11.4	19.4	30.8
Avg Rate to Month Goal (cfs)	1.0	40.4	41.5	Avg Rate to Annual Goal (cfs)	6.9	25.2	32.1

Daily Recharge Statistics							
	Fri (03/09)	Sat (03/10)	Sun (03/11)	Mon (03/12)	Tue (03/13)	Wed (03/14)	Thu (03/15)
IRRP South Recharge (AF)	12.5	16.0	19.6	28.9	23.6	21.6	0.0
IRRP South Avg Flow (gpm)	2,837.6	3,625.1	4,442.0	6,548.7	5,333.5	4,885.5	0.0
IRRP South Avg Flow (cfs)	6.3	8.1	9.9	14.6	11.9	10.9	0.0
IRRP North Recharge (AF)	16.8	19.7	23.3	34.3	27.6	24.9	0.0
IRRP North Avg Flow (gpm)	3,801.6	4,457.8	5,261.1	7,759.3	6,254.5	5,630.0	0.0
IRRP North Avg Flow (cfs)	8.5	9.9	11.7	17.3	13.9	12.5	0.0
Grant Recharge (AF)	22.7	21.7	22.8	28.6	31.6	31.2	0.0
Grant Avg Flow (gpm)	5,143.5	4,912.2	5,152.5	6,474.0	7,146.1	7,069.2	0.0
Grant Avg Flow (cfs)	11.5	11.0	11.5	14.4	15.9	15.8	0.0
Total Recharge (AF)	52.1	57.5	65.7	91.8	82.8	77.7	0.0
Total Average Flow (gpm)	11,782.7	13,000.1	14,855.6	20,782.1	18,734.2	17,584.6	0.0
Total Average Flow (cfs)	26.3	29.0	33.1	46.3	41.7	39.2	0.0
High / Low Temp (°F)	77/53	69/57	65/75	69/72	72/52	69/45	59/40
Weather conditions	Sunny/Clear	Light Rain/Cloudy	Overcast/Clear	Overcast/Clear	Sunny/Clear	Light Rain/Cloudy	Light Rain/Overcast

Raw Water Pipeline Supplies / Demands							
	Fri (03/09)	Sat (03/10)	Sun (03/11)	Mon (03/12)	Tue (03/13)	Wed (03/14)	Thu (03/15)
EM-14 (cfs)	44.3	44.0	45.0	45.7	44.8	42.5	16.5
EM-14 (% of Capacity)	93%	93%	95%	96%	94%	93%	35%
HWFP Finished Water (cfs)	6.1	6.1	6.1	5.9	5.9	0.0	6.0
LHMWD - Marshall St (cfs)	9.2	7.5	4.4	0.0	0.0	0.0	0.0



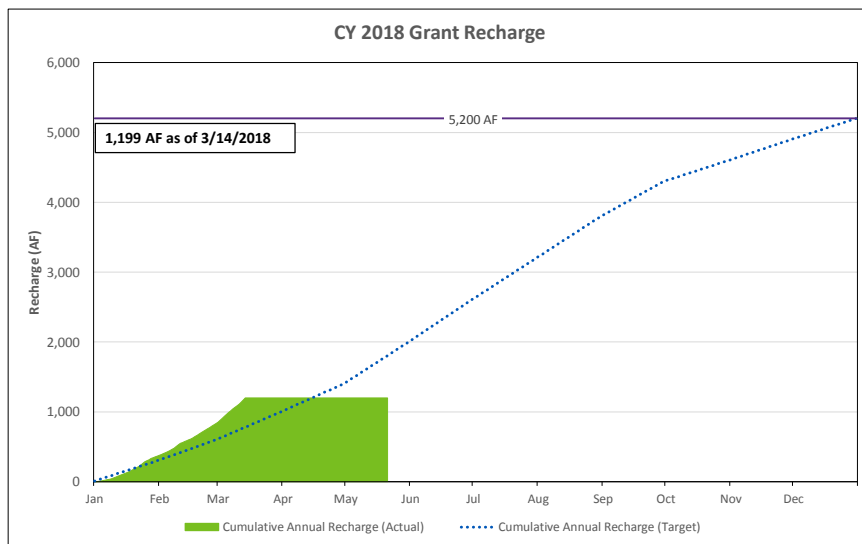
Soboba Recharge at IRRP Ponds for 2018



3 | emwd.org



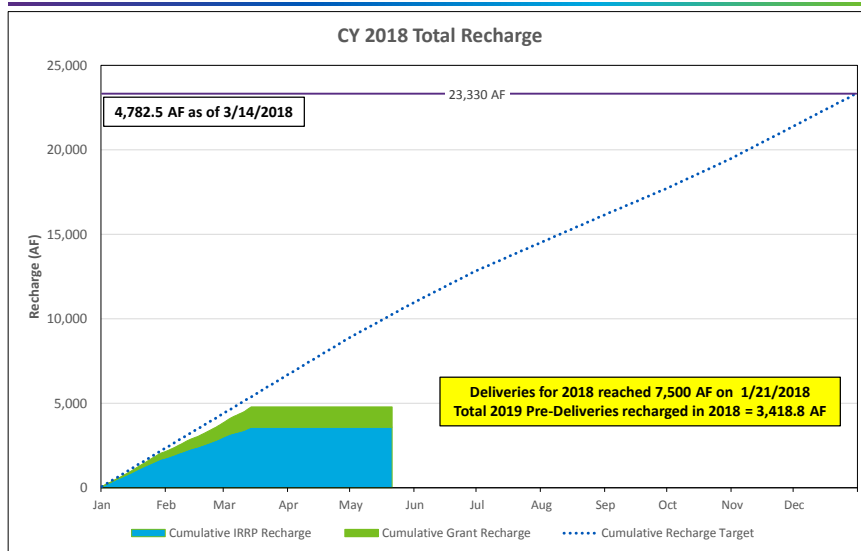
Soboba Recharge at Grant Ponds for 2018



4 | emwd.org



Total Soboba Recharge for 2018



5 | emwd.org



2018 Deliveries

Projected EM-14 Deliveries (AF) for CY 2018					
	Hemet Water Filtration Plant	Agricultural Customers	Lake Hemet Municipal Water District	Estimated Soboba Recharge for 2018	TOTAL
January *	300	0	0	2,300	2,600
February *	300	0	0	2,050	2,350
March *	300	10	0	2,290	2,600
April *	300	10	0	2,210	2,520
May	300	20	200	2,000	2,600
June	300	40	300	1,700	2,520
July	400	40	500	1,700	2,600
August	400	50	500	1,700	2,600
September	400	50	500	1,700	2,520
October	400	40	400	1,700	2,600
November *	300	20	300	1,700	2,520
December *	300	20	300	1,980	2,600
TOTAL	4,000	300	3,000	23,330	30,630

* = Recharge may be a lower amount due to wet weather

Actual EM-14 Deliveries for CY 2018 (AF)					
	Hemet Water Filtration Plant	Agricultural Customers	Lake Hemet Municipal WD	Recharge	Total
January	275.2	0.5	220.8	2,112.5	2,609.0
February	350.4	2.8	400.5	1,695.5	2,449.2
March	362.5	1.5	134.8	974.5	1,473.3
April	465.8	8.2	223.9	0.0	697.9

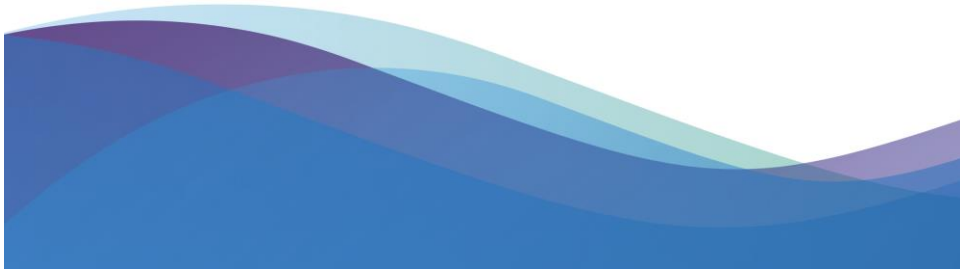
6 | emwd.org

Total 2018 Recharge = 4,782.5





Photos



Recharge at Grant Ponds



January – March 2018 Recharge



Recharge at Grant Ponds



9 | emwd.org



Grant Ponds – No Recharge Activity



10 | emwd.org



Grant Ponds – No Recharge Activity



11 | emwd.org



Recharge at IRRP Ponds



12 | emwd.org



IRRP North Pond



13 | emwd.org



IRRP South Pond



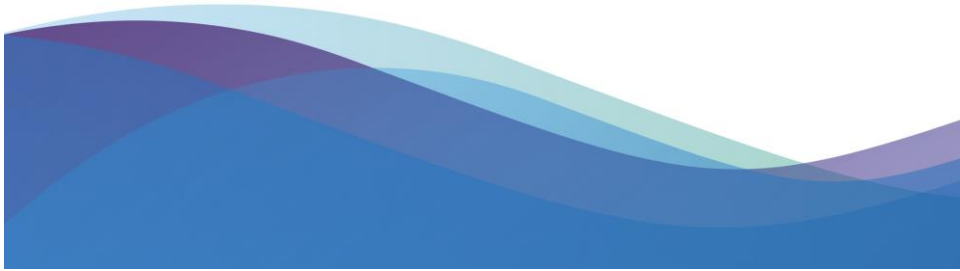
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Contact Information

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Director of Groundwater Management and Facilities Planning
(951) 928-3777 Ext. 4278
powellb@emwd.org



TASK ORDER NO. 11

HEMET-SAN JACINTO WATERMASTER SUPPORT SERVICES 2018 Water Resources Monitoring Program Support

This Task Order is issued by the Hemet-San Jacinto Watermaster (“Watermaster”), a judicial creation of the Superior Court of the State of California in and for the County of Riverside through the Judgment entered on April 18, 2013, and accepted by EASTERN MUNICIPAL WATER DISTRICT (“EMWD”), a California municipal water district pursuant to the mutual covenants and conditions contained in the AGREEMENT between the above named parties dated August 27, 2018 in connection with the Hemet-San Jacinto Watermaster Support Services.

PURPOSE

The purpose of this Task Order is to describe EMWD’s 2018 Water Resources Monitoring Program Support services, time of performance, payment, and effective date to provide such services for the Watermaster.

SCOPE OF SERVICES

The purpose of the Water Resources Monitoring Program (“Monitoring Program”) is to collect, analyze, and compile groundwater level, water quality, and groundwater production data to meet the reporting requirements of the Judgment. The Monitoring Program provides the information necessary for a comprehensive view of the groundwater management zones and includes the following elements:

- Groundwater Extraction Monitoring
- Groundwater Level Monitoring
- Water Quality Monitoring
- Inactive Well Capping and Sealing
- Meter Installation, Repair, and Replacement
- Data Management, Documentation, and Reporting

Groundwater level and groundwater extraction data will be used to quantify basin stresses and to provide data for estimation of overdraft conditions within any given year and to provide the basis for replenishment in the following year. Water quality information will be used to track basin water quality trends. Such data allows for characterization of basin hydrology, evaluation of groundwater flow conditions, and monitoring of water quality improvement or degradation. In addition, inactive or unused wells will be capped and sealed as they are potential sources of groundwater contamination and present hazardous conditions. The groundwater level and extraction monitoring will allow for a more accurate estimation of the amount of groundwater in storage, changes in storage, and the identification of overdraft conditions. The information gained from these efforts will be used to support the Watermaster Board decisions.

In conjunction with existing and planned groundwater level and quality monitoring, accurate monitoring of groundwater extraction will allow participants to understand how groundwater conditions are changing and make informed decisions on how best to manage and replenish the groundwater resources. To improve the records of pumped groundwater, meters will be replaced on the private wells that are no longer working.

Data management, documentation, and reporting are also key elements. All water level and groundwater extraction data collected will be recorded on Field Data Sheets by EMWD field staff. The Field Data Sheets will be provided to the Watermaster Advisor ("Advisor") at the end of each calendar month and contain data collected during the preceding month (may be rounded to the nearest week). The field data shall be read from the Field Data Sheets and entered into EMWD's Data Entry Form by Watermaster consultants after performing various quality assurance/quality control ("QA/QC") checks on the data. The completed Data Entry Form shall be returned to EMWD for upload into EMWD's Regional Water Resources Database ("RWRD") after performing various quality assurance/quality control ("QA/QC") checks on the data. Watermaster consultants shall return the completed Data Entry Form (with the field data entered and checked) to EMWD staff within two (2) weeks of receipt of the Field Data Sheets and Data Entry Form. All of the data will be made accessible to the Watermaster. An annual report will summarize the monitoring activities and results of the analyses of the monitoring data, as well as provide other pertinent information regarding activities in the local groundwater management zones.

By undertaking an extensive data gathering effort, all parties involved in the Watermaster can be assured that operational yield estimates are based on the best available information. Continuation of the current monitoring effort will augment the database used in decisions made by the Watermaster and contribute to successful management of the groundwater management zones.

TASK 1.0 – Groundwater Extraction Monitoring Program

Groundwater extraction monitoring involves metering of wells producing 25 or more acre-feet of groundwater per year. In conjunction with groundwater level and water quality monitoring, accurate metering of groundwater extraction will allow for a better understanding of how groundwater conditions are changing and can be used by the Watermaster to quantify basin stresses.

The program participants must provide permission for meter installation and access to their wells. EMWD staff will work closely with the private well owners' representatives to acquire necessary permissions from the existing private well owners in the Management Plan area to install and maintain meters and to read the meters. All meter installation activities will be scheduled at the convenience of the well owner. Installed meters shall remain the property of EMWD as a representative of the Watermaster. Meters are to be read monthly and EMWD will periodically schedule meter maintenance and calibration with the well owner. Such activities will be at the well owners' convenience and will not impact agricultural operations.

Well owners wishing to maintain their own meters may do so. Upon the request of the well owner, EMWD will consider providing maintenance and calibration of privately owned meters, contingent upon the needs of the program and the availability of funding.

When installation of a meter on a well is not physically possible, or when a well cannot be metered for other reasons, groundwater production from that well will be estimated using one or more of the following: acreage, crop type, number of animals in the case of dairies, or electricity usage. These estimates will be compared with metered groundwater usage at sites of similar size with similar usage as a QA/QC measure.

Extraction data from sixty (60) wells with meters installed by EMWD will be monitored monthly by EMWD under this Task Order.

Extraction data from forty-three (43) wells will be monitored monthly by other entities and reported to EMWD under this Task Order.

Extraction data for thirty-nine (39) wells will be estimated monthly by EMWD under this Task Order.

All data collected will be entered by Watermaster consultants after performing various QA/QC checks on the data and forwarded to EMWD for various QA/QC checks and upload into EMWD's RWRD.

TASK 2.0 – Groundwater Level Monitoring Program

Groundwater levels are to be measured twice a year, during the spring and fall, to capture the high and low groundwater levels and to determine seasonal effects on groundwater levels. The measurements will be taken prior to warm weather when groundwater production is low, and following warm weather when groundwater production is high. General steps that are required for measuring groundwater levels are as follows:

- A site inspection for potential hazards including open drive shafts, automatic machinery, and motor operations including farm equipment is conducted
- The status of the well pump, i.e., pumping or static, is confirmed. The well should have been in static mode (non-operational) for at least 12 hours, preferably 24 hours, prior to measuring the level
- The depth to groundwater is measured using an electric water level indicator
- The measured depth to groundwater is recorded with the status of the pump
- If the well pump is running and cannot be turned off, then no level is recorded and collection of the level may be attempted at another time
- The recorded depth is compared with previous levels for data quality control
- A final site inspection is performed

Three-hundred seventy-two (372) groundwater levels will be measured by EMWD from one-hundred eighty-six (186) wells semi-annually following the above protocol under this Task Order.

Six-hundred twelve (612) groundwater levels will be measured by other entities from fifty-one (51) wells monthly and reported to EMWD following the above protocol under this Task Order.

Selected static level data collected will be entered by Watermaster consultants after performing various QA/QC checks on the data and forwarded to EMWD for various QA/QC checks and upload into EMWD's RWRD.

TASK 3.0 –Water Quality Monitoring Program

Water quality samples are to be collected once a year from the groundwater management zones within the San Jacinto Basin, generally in the warmer months when the wells are operating. Constituents to be routinely monitored include total dissolved solids and nitrate as nitrogen as described in Table 1.

Table 1: Constituents Tested in a Typical Water Quality Sample

Type	Constituent:	Type	Constituent:
Cations	Calcium (Ca)	Metals	Boron (B)
	Magnesium (Mg)		Copper (Cu)
	Potassium (K)		Iron (Fe)
	Silica (SiO ₃)		Manganese (Mn)
	Sodium (Na)		Zinc (Zn)
Anions	Hardness (Calculated from Ca/Mg)	Alkalinity	Bicarbonate (HCO ₃)
	Chloride (Cl)		Carbonate (CO ₃)
	Fluoride (F)		Hydroxide (OH)
	Nitrate as Nitrogen (NO ₃ -N)		Total Alkalinity as Ca CO ₃
	Sulfate (SO ₄)	Misc.	Electrical Conductance (EC)
Nitrogen	Ammonia as Nitrogen (NH ₃ -N)		Temperature at Collection
	Nitrite as Nitrogen (NO ₂ -N)		pH
			Total Dissolved Solids (TDS)

The procedures for taking water quality samples differ depending on whether the well has existing pumping equipment or not. The sampling procedure is lengthier and more complicated if the well does not have an existing pump.

TASK 3.1 – Water Quality Sampling of Operating Wells

When the well to be sampled has a pump and is operating, the sampling procedure will be as follows:

- A site inspection for potential hazards including open drive shafts, automatic machinery, and motor operations including farm equipment is conducted
- The status of the well, i.e., pumping or static, is confirmed. If the well is not operating, it is turned on with the permission of the well owner
- The sampling port on the well is located, opened, and flushed or purged

- The water sample is taken using standard methods and proper protocol for the constituents to be sampled
- A final site inspection is conducted

Eighty-nine (89) water quality samples will be taken by EMWD from wells with existing pumping equipment following the above protocol and analyzed by EMWD's Laboratory under this Task Order.

Twenty-nine (29) water quality samples will be taken by other entities from wells with existing pumping equipment following the above protocol and delivered to EMWD for analysis by EMWD's Laboratory under this Task Order.

All data collected will be entered after various QA/QC checks into EMWD's RWRD from the EMWD LIMS system.

TASK 3.2 – Water Quality Sampling of Non-operating Wells

When the well does not have an existing pump, a mobile pump must be set in the well and the procedure is as follows:

- A site inspection for potential hazards including open drive shafts, automatic machinery, and motor operations including farm equipment is conducted
- The depth to groundwater in the well is measured to determine the pump setting depth
- The water volume in the casing is calculated to determine the length of time necessary to purge the well for a minimum of three full well volumes
- The pump is set using either continuous reel or column pipe and all electrical and discharge lines connected
- The well is purged a minimum of three well volumes
- The water sample is taken using standard methods and proper protocol for the constituents being sampled
- Electrical and discharge lines are disconnected and the pump is pulled
- The well is closed or sealed
- A final site inspection is conducted

Forty-five (45) water quality samples will be taken by EMWD from wells without existing pumping equipment following the above protocol and analyzed by EMWD's Laboratory under this Task Order.

All data collected will be entered after various QA/QC checks into EMWD's RWRD from the EMWD LIMS system.

TASK 4.0 – Inactive Well Capping and Sealing Program

The purpose of this program is to prevent groundwater contamination and eliminate hazards by capping and sealing inactive and/or unused wells. Open casings are especially vulnerable to contamination from surface flows or vandalism, such as the dumping of oil or other waste products. Large open casings, 16 to 18 inches in

diameter, also present a hazard to small children and animals. It is not known how many open casings or unused wells exist in the area. To protect groundwater supplies, EMWD staff will use available monitoring program funds to cap and seal inactive wells or open casings at no charge to the well owner. Priority will be given to those wells that are potentially dangerous open holes to small children and animals, 16 to 18 inches in diameter, or those located in areas where flooding resulting from precipitation might carry manure, fertilizers, or other contaminants into the well. These wells may still be used for water level and, in some cases, water quality monitoring.

Two (2) wells are estimated to be capped and sealed by EMWD under this Task Order.

TASK 5.0 – Meter Installation, Repair, and Replacement

The program participants must provide permission for meter installation and access to their wells. EMWD staff works closely with the private well owners' representatives to acquire necessary permissions from the existing private well owners in the Management Plan area to install and maintain the meters. All meter installation activities will be scheduled at the convenience of the well owner. Installed meters shall remain the property of EMWD as a representative of the Watermaster. The procedure for meter installation and replacement by EMWD will be as follows:

- Well owner's permission for meter installation is verified
- A preliminary site inspection is conducted to review piping and well configuration to determine equipment and supplies needed
- An installation design is prepared and a meeting is held with the well owner for approval/acceptance of the design
- As much as possible, off-site fabrication is prepared to minimize inconvenience to the owner's operation of the well
- The installation is approved by the well owner and scheduled for a time that is convenient to the well owner
- The meter is installed and all piping appurtenances are returned to normal operation
- A final site inspection is conducted

Seven (7) meters are estimated to be replaced by EMWD under this Task Order.

TASK 6.0 – Data Management, Documentation, and Reporting

Combined with existing available data, new data generated by the Monitoring Program will be used by the Watermaster to analyze how conditions are changing in local groundwater management zones. All data collected will be used in the 2018 Annual Report. The data may be used in the following ways:

- Trend analyses of the relationship between groundwater pumping, groundwater levels, and water quality
- Analysis of the volume of groundwater contained in local groundwater management zones and determination of the rate of natural recharge of these management zones

- Preparation of mathematical models of groundwater systems for use in analyzing management alternatives
- Development of accurate water consumption figures for agricultural land use
- Protection of private water rights through the documentation of individual groundwater use
- Quantification of replenishment requirements for the following year

TASK 6.1 – 2018 Annual Report

Data reporting by EMWD to the Watermaster will include the 2018 Annual Report documenting groundwater level and water quality trends, and groundwater extraction quantities for each groundwater management zone. The 2018 Annual Report will contain the results of regional analyses performed on data collected during calendar year 2018 and a summation of any issues noted. The 2018 Annual Report will serve as the report required by the Judgment.

TASK 6.2 – Annual Well Owners' Reports

EMWD shall prepare and distribute Annual Well Owners' Reports to all private well owners participating in the Monitoring Program. These Annual Well Owners' Reports will include copies of water quality analyses, groundwater level measurements, and groundwater extraction amounts for their wells. Recordation of groundwater extraction with the State is a fundamental means of protecting private groundwater rights and all well owners are encouraged to participate.

TIME OF PERFORMANCE

EMWD shall prepare and distribute one (1) electronic copy of the Draft 2018 Annual Report to the Advisor by February 1, 2019 for review and comment. The Advisor shall provide comments on the Draft 2018 Annual Report to EMWD by February 8, 2019. EMWD shall prepare and distribute ten (10) hard copies of the Draft 2018 Annual Report to the Watermaster Board and Technical Advisory Committee (TAC) that addresses comments received from the Advisor by February 15, 2019. The TAC shall provide comments on the Draft 2018 Annual Report to EMWD by March 8, 2019. EMWD shall prepare twenty (20) copies of the Final 2018 Annual Report that addresses comments received from the TAC and Advisor by March 22, 2019 for filing with the Department of Water Resources and the Court. Backup information and files for the Final 2018 Annual Report will also be provided to the Advisor as part of this Task Order.

INVOICING

The costs of this Task Order will be borne by the Administrative Assessments of the Watermaster. The annual cost of the Monitoring Program is estimated at One-Hundred Fifty-Six Thousand Two-Hundred Eighteen Dollars (\$156,218) based on the Fee Schedule (Exhibit A) and Estimated Work Effort (Exhibit B). Payment for the work under this Task Order shall be based on Table 2 which shall not exceed without prior written authorization from Watermaster. Invoices should show expenditures for each one of the categories shown on Table 2.

Table 2: Estimated Monitoring Program Costs

Category	Costs
1 – Groundwater Extraction Monitoring	\$ 20,328
2 – Groundwater Level Monitoring	\$ 19,376
3 – Water Quality Monitoring	\$ 78,622
4 – Inactive Well Capping and Sealing	\$ 3,450
5 – Meter Installation, Repair, and Replacement	\$ 16,625
6 – Data Management, Documentation, and Reporting	\$ 17,817
Total Monitoring Program Costs	\$156,218

TERMINATION

Either Party may terminate this Task Order at any time by giving the other party thirty (30) days written notice. Upon termination, EMWD shall be paid for that portion of the work performed through termination of the Task Order.

EFFECTIVE DATE

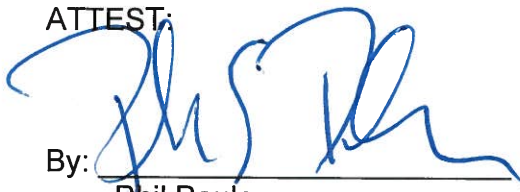
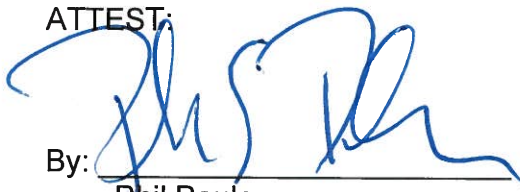
This Task Order No. 11 is effective as of January 1, 2018.

IN WITNESS WHEREOF, duly authorized representatives of the Watermaster and of the EMWD have executed this Task Order No. 11 evidencing its issuance by Watermaster and acceptance by EMWD.


Hemet-San Jacinto Watermaster

By: 
Linda Krupa
Chairperson

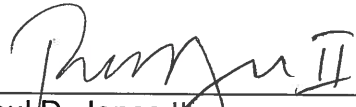
ATTEST:


By: 
Phil Paule
Board Secretary-Treasurer

Approved as to Form:

By: 
Thomas Bunn
General Counsel

EASTERN MUNICIPAL WATER DISTRICT

By: 
Paul D. Jones II
General Manager

ATTEST:

Approved as to Form:

By: 
Sheila Zelaya
Board Secretary

By: 
Steven O'Neil
General Counsel

**EASTERN MUNICIPAL WATER DISTRICT/HEMET-SAN JACINTO WATERMASTER
HEMET/SAN JACINTO WATER MANAGEMENT PLAN AREA
ESTIMATED 2018 WATER RESOURCES MONITORING PROGRAM COSTS**

Description	Cost	Unit	No.	Units	Sub-Totals
1 - Groundwater Extraction Monitoring					
1.1 Data Collection					
1.1.1 Private Well Meters (1 man, 2 days per month) (60 wells - monthly)	\$1,400.00	per month	12	months	\$16,800.00
1.1.2 Private Well Estimates (39 wells - monthly)	\$98.00	per hour	12	hours	\$1,176.00
1.2 Data Entry					
1.2.1 Private Well Meters (60 wells - monthly)	(1)				
1.2.2 Subagency Wells (43 wells - monthly)	(1)				
1.2.3 Private Well Estimates (39 wells - monthly)	\$98.00	per hour	12	hours	\$1,176.00
1.3 Data Review, QA/QC, and Variance Resolution	\$98.00	per hour	12	hours	\$1,176.00
Annual Groundwater Extraction Monitoring Total Cost					\$20,328.00
2 - Groundwater Level Monitoring					
2.1 Data Collection					
2.1.1 Private Wells (15 wells per day - semi-annually) (190 wells)	\$700.00	per day for 1	26	days	\$18,200.00
2.2 Data Entry					
2.2.1 Private Wells (186 wells - semi-annually)	(1)				
2.2.2 Subagency Wells (51 wells - monthly)	(1)				
2.3 Data Review, QA/QC, and Variance Resolution	\$98.00	per hour	12	hours	\$1,176.00
Annual Groundwater Level Monitoring Total Cost					\$19,376.00
3 - Water Quality Monitoring					
3.1 Sample Collection					
3.1.1 Private Well Grab Samples (5 samples per day) (89 wells - annually)	\$700.00	per day for 1	18	days	\$12,600.00
3.1.2 Private Well Mobile Pump Samples (2 samples per day) (45 wells - annually)	\$700.00	per day for 1	23	days	\$16,100.00
3.2 Water Quality Laboratory Analysis					
3.2.1 Private Well Grab Samples	\$355.00	per sample	89	samples	\$31,595.00
3.2.2 Private Well Mobile Pump Samples	\$355.00	per sample	45	samples	\$15,975.00
3.3 Data Export from LIMS and Import to RWRD	\$98.00	per hour	12	hours	\$1,176.00
3.4 Data Review, QA/QC, and Variance Resolution	\$98.00	per hour	12	hours	\$1,176.00
Annual Water Quality Monitoring Total Cost					\$78,622.00
4 - Inactive Well Capping and Sealing					
4.1 Scheduling and Coordination of Installation (2 hours per well)	\$87.50	per hour	4	hours	\$350.00
4.2 Fabrication and Material	\$150.00	per well	2	wells	\$300.00
4.3 Installation (8 hours per well)	\$1,400.00	per day for 2	2	days	\$2,800.00
Annual Inactive Well Capping and Sealing Total Cost					\$3,450.00
5 - Meter Installation, Repair, and Replacement					
5.1 Schedule and Coordination of Installation (2 hours per well)	\$87.50	per hour	14	hours	\$1,225.00
5.2 Meter Replacement Cost (\$863-\$1239 per meter)	\$1,000.00	per meter	7	meters	\$7,000.00
5.3 Fabrication and Material	\$500.00	per well	7	wells	\$3,500.00
5.4 Labor (4 hours per meter)	\$175.00	per hour for 2	28	hours	\$4,900.00
Annual Meter Repair and Replacement Total Cost					\$16,625.00
6 - Data Management, Documentation, and Reporting					
6.1 Annual Report Data Compilation	\$98.00	per hour	40	hours	\$3,920.00
6.2 Annual Report Map and Graphic Generation	\$98.00	per hour	20	hours	\$1,960.00
6.3 Annual Report Preparation					
6.3.1 Prepare Draft Annual Report	\$149.33	per hour	20	hours	\$2,986.67
6.3.2 Address Review Comments from EMWD, TAC, and Watermaster Advisor	\$149.33	per hour	10	hours	\$1,493.33
6.3.3 Prepare Final Annual Report	\$149.33	per hour	10	hours	\$1,493.33
6.4 Annual Report Printing and Distribution (EMWD's XEROX Service)	\$12.00	0.08 per page * 150	35	reports	\$420.00
6.5 Annual Well Owners' Reports	\$98.00	per hour	20	hours	\$1,960.00
6.6 Meetings and Public Participation	\$149.33	per hour	24	hours	\$3,584.00
Annual Data Management, Documentation, and Reporting Total Cost					\$17,817.00
Annual Monitoring Program Total Cost					\$156,218.00

**EXHIBIT A
EASTERN MUNICIPAL WATER DISTRICT
FEE SCHEDULE**

(This fee schedule is subject to annual revisions due to labor adjustments.)

	<u>Hourly Rate</u>
MANAGERIAL	
Deputy General Manager (02002-DGM)	\$ 277.00
Assistant General Manager (02005-AGM)	258.00
Director (02030-97)	167.00
ENGINEERS/TECHNICAL	
Senior Civil Engineer (22007-96)	156.00
Senior Engineering Geologist (28011-96)	156.00
Civil Engineer I/II (22027-94)	135.00
Water Res Planning Manager (28007-93)	125.00
Civil Engineering Associate I/II (22010-91)	109.00
Water Resources Technician III (28018-89)	94.00
Sr. Engineering Technician (22013-88)	87.00
Water Resources Technician II (28016-87)	81.00
FINANCIAL	
Accounting Supervisor (06003-91)	109.00
Senior Accountant (06004-89)	94.00
Accountant (06005-88)	87.00
Accounting Operations Spvr (06007-86)	76.00
Accounting Technician I/II (06009-83)	66.00
ADMINISTRATIVE	
Executive Assistant (18005-86)	76.00
Administrative Assistant I/II (18006-84)	69.00
DIRECT EXPENSES	
Direct Costs	at cost

Legend: Position Title (Job Code-Salary Range)

Hourly Rate = (Annual Salary[max range]) * (1.82 fully burdened) / (1,700 hrs/yr)

2018 Updated Budget

Hemet-San Jacinto Watermaster
Board Meeting

August 27, 2018

Estimated 2018 Administrative Assessments

(Presented on November 27, 2017)

Agency	2018 Adjusted BPR (AFY)	Projected 2018 Production (AF) *	Est. Prod. Subject to Admin. Assmt. (AF) **	2018 Est. Admin. Assmt. (\$) ***
City of Hemet	4,613	3,523	2,623	\$78,685
City of San Jacinto	3,044	2,572	1,672	\$50,160
EMWD	7,470	6,563	4,563	\$136,889
LHMWD	7,563	7,999	7,563	\$226,897
Totals	22,691	20,657	16,421	\$492,631

AF = Acre-feet
Assmt. = Assessment
Est. = Estimated

AFY = Acre-feet per year
BPR = Base Production Rights
Prod. = Production

* 2018 Production Projections are based on Jan-Sept 2017 and Oct-Dec 2016 productions.
** The Cities of Hemet and San Jacinto can produce 900 AFY without any Admin. Assessment payment and EMWD is expected to use Pre-2012 recharge credits.
*** Based on Admin. Assessment rate of \$30/AF

Approved 2018 Budget

(Presented on November 27, 2017)

Budget Items	Proposed Draft 2018 Budget
Agreements	
In-Lieu Program Agreement	\$ 211,000
Coordinated Efforts with EMWD	
Groundwater Monitoring Program	\$ 156,220
Video Inspection of Well Casings	-
Gravel Pit Cleanup Project	
Dewatering	\$ 57,600
Organization Operations & Management	
Financial Support Services	\$ 8,500
Legal Counsel Services	\$ 30,000
Advisor Services	\$ 165,000
Administrative Support Services	\$ 14,000
Insurance; Office Supplies; and Other Direct Costs	\$ 10,000
Database/Mapping Application Maintenance	\$ 5,250
Additional Projects/Activities	
None	-
TOTALS	\$657,570

2018 Budget Actions & Assumptions

(Updated August 2018)

- **Public Agencies Adjusted Base Production Rights were reduced by 7.2% starting May 2018.**
- **2017 Replenishment recharge water was not required. Therefore, 2018 Replenishment Assessment will not be required.**
- **Administrative Assessment estimates for 2018 are updated based on more recent groundwater production data.**
- **Coordinated projects with EMWD:**
 - Groundwater Monitoring Program.
 - Video Inspection of Well Casings.
 - Completion of the EMWD's Storage and Conservation Agreement.
 - Basin Boundaries Modification with DWR.
- **Continued operation from the Corona office.**

Estimated 2018 Administrative Assessments

(Updated August 2018)

Agency	2018 Adjusted BPR (AFY)	Projected 2018 Production (AF) *	Est. Prod. Subject to Admin. Assmt. (AF) **	2018 Est. Admin. Assmt. (\$) ***
City of Hemet	4,613	3,207	2,307	\$69,205
City of San Jacinto	3,044	3,004	2,104	\$63,120
EMWD	7,470	6,260	4,260	\$127,796
LHMWD	7,563	8,955	7,563	\$226,897
Totals	22,691	21,426	16,234	\$487,019

AF = Acre-feet
Assmt. = Assessment
Est. = Estimated

AFY = Acre-feet per year
BPR = Base Production Rights
Prod. = Production

* 2018 Production Projections are based on Jan-June 2018 and July-Dec 2017 productions.
** The Cities of Hemet and San Jacinto can produce 900 AFY without any Admin. Assessment payment and EMWD is expected to use Pre-2012 recharge credits.
*** Based on Admin. Assessment rate of \$30/AF

2018 Budget

(Updated August 2018)

Budget Items	2018 Approved Budget	Projected * Updated 2018 Expenditures
Agreements		
In-Lieu Program Agreement	\$211,000	\$211,000
Coordinated Efforts with EMWD		
Groundwater Monitoring Program	\$156,220	\$156,220
Gravel Pit Cleanup Project		
Dewatering	\$ 57,600	\$ -
Organization Operations & Management		
Financial Support Services	\$ 8,500	\$ 7,000
Legal Counsel Services	\$ 30,000	\$ 20,000
Advisor Services	\$165,000	\$165,000
Insurance; Office Supplies; and Other Direct Costs	\$ 10,000	\$ 10,000
Administrative Support Services	\$ 14,000	\$ 12,000
Database/Mapping Application Maintenance	\$ 5,250	\$ 5,000
Additional Projects/Activities		
None		
TOTALS	\$657,570	\$586,220

* EMWD coordinated effort estimates did not change. Updated Dewatering costs based on more recent information.

Reserve Funds Impact

Revenue/Expenditures	Totals
2018 Estimated Updated Budget	\$ 586,220
2018 Estimated Updated Administrative Assessments	\$ 487,019
Estimated Budget Shortfall for 2018 (Updated)	\$ 99,201
Previous Estimated Budget Shortfall for 2018	\$ 164,939
Estimated Assets after 2018 expenditures	\$ 1,100,000

2018 Assessments Payment Schedule

- **2018 Administrative Assessment Invoicing:**
 - 25% of estimated total was invoiced on July 13, 2018.
 - 50% of estimated total will be invoiced by October 15, 2018.
 - The remaining balance will be reconciled and invoiced by March 1, 2019.
- **Replenishment Assessment Invoicing was not needed.**



Draft 2019 Annual Budget

**Watermaster Board Meeting
August 27, 2018**

2019 Budget Assumptions

- **The Public Agencies' Adjusted Base Production Rights will remain at the levels set by Resolution 10.3 on August 28, 2017.**
- **Carry-over accounts will be used to offset any excess production in 2018 - No Replenishment Assessments will be collected in 2019.**
- **Replenishment Assessment will be set in early 2019 (if required to offset Private Pumpers' over production).**
- **Preliminary 2019 Administrative Assessments are estimated based on actual 2017/2018 production data.**
- **Coordinated projects with EMWD:**
 - **Groundwater Monitoring Program.**
 - **Video Inspection of Well Casings (continued from 2017).**
 - **Soboba Gravel Pit Dewatering (if needed).**
- **Continued operation from the Corona office.**

Estimated 2019 Administrative Assessments

Agency	2019 Adjusted BPR (AFY)	Projected 2019 Production (AF) *	Est. Prod. Subject to Admin. Assmt. (AF) **	2019 Est. Admin. Assmt. (\$) ***
City of Hemet	4,542	3,207	2,307	\$69,205
City of San Jacinto	3,004	3,004	2,104	\$63,116
EMWD	7,303	6,260	5,566	\$166,976
LHMWD	7,434	8,955	7,434	\$223,013
Totals	22,283	21,426	17,410	\$522,310

AF = Acre-feet
Assmt. = Assessment
Est. = Estimated

AFY = Acre-feet per year
BPR = Base Production Rights
Prod. = Production

* 2019 Production Projections are based on Jan-June 2018 and July-Dec 2017 productions.

** The Cities of Hemet and San Jacinto can produce 900 AFY without any Admin. Assessment payment and EMWD is expected to use Pre-2012 recharge credits.

*** Based on Admin. Assessment rate of \$30/AF

Estimated Replenishment for 2018

Agency	Modified BPR for 2018 (AFY)	Estimated 2018 Production	Estimated 2018 Prod. Above/(Below) Adjusted BPR	Estimated 2019 Repl. (AF)
City of Hemet	4,613	3,207	(1406.19)	0
City of San Jacinto	3,044	3,004	(40.34)	0
EMWD	7,470	6,260	(1210.38)	0
LHMWD	7,563	8,955	1391.64	0
Totals	22,691	21,426	(1265.26)	0

AF = Acre-feet
BPR = Base Production Rights
Repl. = Replenishment

AFY = Acre-feet per year
Prod. = Production

Estimated 2019 Total Assessments

Agency	2019 Est. Admin. Assessments *	2019 Est. Replenishment Assessments	2019 Est. Total Assessments
City of Hemet	\$69,205	\$0	\$69,205
City of San Jacinto	\$63,116	\$0	\$63,116
EMWD	\$166,976	\$0	\$166,976
LHMWD	\$223,013	\$0	\$223,013
Totals	\$522,310	\$0	\$522,310

• Based on Admin. Assessment rate of \$30/AF

Est. = Estimated

2019 Activities/Projects

- Complete the 2018 Financial Audit plus Annual Report and file them with the Court.
- File the required 2018 information with DWR as part of the Sustainable Groundwater Management Act requirements.
- Review and update the property owners list.
- If required, set and initiate collection of Replenishment Assessment from the Parties.
- Coordinated activities with EMWD/TAC:
 - 2018 Annual Report;
 - Evaluation of Video Inspection of well casings and Groundwater Monitoring Program Enhancement; and
 - Initiate Gravel Pit dewatering project (if required).

Draft 2019 Budget Line Items

- In-Lieu Program Agreement.
- Groundwater Monitoring Program.
- Soboba Gravel Pit Dewatering.
- Financial Support Services.
- Legal Counsel Services.
- Advisor Services.
- Administrative Support Services.
- Insurance; Office Supplies; and Other Direct Costs.

In-lieu Program Agreement Estimate

- Watermaster provides Subsidies to offset cost differences between EMWD's summer and winter recycled water rates.

Description	Cost
Estimated cost difference between summer and winter rates in 2019	\$58.90/AF
Estimated recycled water deliveries in Summer	4,150 AF
Estimated subsidies	\$244,435

Groundwater Monitoring Program Estimate

- EMWD provides support services for collecting water levels, quality samples plus laboratory analysis, and report preparation.
- Billing rates used for the EMWD Staff is between \$87 - \$153.67/hr.

Activity	Hours	Cost Estimates
Extraction monitoring (60 wells plus 39 wells estimations)	228	\$20,430
Water level monitoring (190 wells)	220	\$19,340
Water quality monitoring (110 wells)	336	\$68,680
Inactive well capping (2 wells)	20	\$3,430
Meter installation/repair (7 meters)	42	\$16,590
Annual Report	155	\$14,850
Totals	1,001	\$143,320

Gravel Pit Dewatering Estimate

- If needed, EMWD provides resources and equipment to mobilize and dewater Soboba Gravel Pit site.
- Project is cost shared between Watermaster and Soboba Tribe.
- Estimate is based on 21 days of pumping.
- Billing rate for EMWD Staff estimated at \$90/hour to \$135/hour.

Activity	Hours	Cost Estimates
Rental equipment (pipe and pumps)	-	\$11,200
Rental equipment (bulldozer)	-	\$ 5,500
Fuel for pumps and bulldozer	-	\$ 3,500
Labor	210	\$23,000
Totals	210	\$43,200

Financial Support Services Estimate

- Bookkeeping services is provided by Water Resources Engineers (estimated based on July 2017-June 2018 actual expenses).
- 2019 Audit will be conducted by the new CPA firm (Vicenti, Lloyd & Stutzman LLP).

Activity	Cost Estimates
Book keeping Services	\$2,300
External audit (Vicenti, Lloyd & Stutzman LLP)	\$4,900
Contingency	\$800
Totals	\$8,000

Legal Counsel Services Estimate

- 2019 estimate is based on actual July 2017-June 2018 charges (below)
- Billing rates during this period was \$300 per hour.

Activity	Hours	Cost
Legal Counsel (Lagerlof, Senecal, Gosney & Krause)	66	\$19,900
Contingency	17	\$5,100
Totals	83	\$25,000

Advisor Services Estimate

- 2019 estimate is based on actual July 2017-June 2018 charges (below)
- Billing rate during this period was \$150 per hour.

Activity	Hours	Cost
Communication/Coordination with all parties	120	\$ 18,000
Budget development and oversight	80	\$ 12,000
Contract management	48	\$ 7,200
Misc. technical/admin activities	15	\$ 2,200
TAC and Board meeting activities	241	\$ 36,150
Outreach activities	81	\$ 12,150
Special projects/technical activities	565	\$ 84,750
Travel/mileage expense	-	\$ 4,870
Storage Agreement effort	-100	\$ 15,000
Contingency	18	\$ 2,680
Totals	1,068	\$ 165,000

Administrative Support Services Estimate

- 2019 estimate is based on actual July 2017-June 2018 charges (below)
- Billing rate at \$41.60 per hour.

Activity	Hours	Cost
Administrative services	276	\$11,460
Contingency	13	\$ 540
Totals	289	\$12,000

Insurance; Office Supplies, and Other Direct Costs Estimate

- 2019 estimate is based on actual July 2017-June 2018 charges (below).

Activity	Cost
Insurance	\$3,100
Rent	\$6,000
Miscellaneous/Postage plus outside services	\$430
Contingency	\$470
Totals	\$10,000

Database/Mapping Application Maintenance Estimate

- 2019 estimate is based on existing contract with Spatial Wave Inc. for \$5,250 per year to maintain Watermaster database on Cloud storage and periodically update the database with new monitoring data.

Draft 2019 Budget

Budget Items	Proposed Draft 2019 Budget	2018 Budget (Approved on Nov 27, 2017)	Projected Updated 2018 Expenditures (Aug 27, 2018)
Agreements			
In-Lieu Program Agreement	\$244,500	\$211,000	\$211,000
Coordinated Efforts with EMWD			
Groundwater Monitoring Program	\$143,400	\$156,220	\$156,220
Gravel Pit Cleanup Project			
Dewatering	\$21,600	\$57,600	\$0
Organization Operations & Management			
Financial Support Services	\$8,000	\$8,500	\$7,000
Legal Counsel Services	\$25,000	\$30,000	\$20,000
Advisor Services	\$165,000	\$165,000	\$165,000
Administrative Support Services	\$12,000	\$14,000	\$12,000
Insurance; Office Supplies; and Other Direct Costs	\$10,000	\$10,000	\$10,000
Database/Mapping Application Maintenance	\$5,250	\$5,250	\$5,000
Additional Projects/Activities			
None	-	-	-
TOTALS	\$634,750	\$657,570	\$586,220

Reserve Funds Impact

Revenue/Expenditures	Totals
Proposed 2019 Budget	\$ 634,750
2018 Estimated Administrative Assessments (Based on \$30/AF)	\$ 522,310
Budget Shortfall	\$ 112,440

Proposed Payment Schedule

- **2019 Administrative Assessment Invoicing:**
 - 25% of total by July 15, 2019.
 - 50% of total by October 15, 2019.
 - The remaining balance will be reconciled and invoiced by March 1, 2020.
- **2019 Replenishment Assessment Invoicing (if required - for 2018 excessive production):**
 - Full 100% will be invoiced by May 1, 2019.

Recommendation

- **Set Administrative Assessment at \$30/acre-foot for 2019.**
- **Consider approving the 2019 Budget at the November Board meeting.**
- **Consider using reserve funds to offset excess expenditures proposed under 2019 Budget.**
- **Consider authorizing the Advisor at the November Board meeting to:**
 - **Invoice participating agencies in accordance with the proposed schedule.**



AGENDA

HEMET – SAN JACINTO WATERMASTER BOARD OF DIRECTORS

November 26, 2018
4:00 pm
EMWD - Board Room
2270 Trumble Road, Perris, CA 92750

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

I. PUBLIC COMMENTS

Any person may address the Board on any subject within the Watermaster's jurisdiction which is not on the agenda. However, any non-agenda matter that requires action will be referred to staff for a report and action at a subsequent Board meeting. Any person may also address the Board on any agenda matter at the time that matter is discussed, prior to Board action.

II. ADDITIONS/DELETIONS TO THE AGENDA

III. REPORTS

The following agenda items are reports. They are placed on the agenda to provide information to the Board and public. There is no action called for in these items.

A. Board Member Comments/Questions/Reports

B. Advisor Report

C. Legal Counsel Report

D. Treasurer Report

IV. CONSENT CALENDAR

A. Approval of Minutes – August 27, 2018 Regular Board Meeting.

Recommendation: Adopt a motion to approve the Consent Calendar.

Consent Calendar items are expected to be routine and non-controversial and are to be acted upon by the Board at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it will be removed from the Consent Calendar for separate action.

V. ACTION ITEMS

The following items call for discussion and possible action by the Board. These items are placed on the Agenda so that the Board may discuss and possibly take action on the items if the Board desires.

- A. Election of Vice Chairperson - Election of Vice Chair due to vacancy per Rules & Regulations Section 2.1a.
- B. Consultants Compensation Adjustment Requests – Summary of the requests.
Recommendation: None.
- C. Consideration to Adopt 2019 Annual Budget - 2019 Budget presentation.
Recommendation: Adopt a motion to Approve Proposed 2019 Annual Budget and Authorize Advisor to initiate proposed activities and invoice participating agencies in accordance with the proposed payment schedule.
- D. Consideration to Adopt Resolution 9.4 RE Administrative Assessment for 2019 – Per Section 3.4.1 of the Stipulated Judgment, Watermaster shall set the Administrative Assessment for 2019.
Recommendation: Adopt a motion to Approve Resolution 9.4 setting the Administrative Assessment for 2019 at \$30 per acre-foot.
- E. EMWD and City of San Jacinto Carry-Over Credits Transfer Request – Summary of the request and the Carry-Over Credits status.
Recommendation: Adopt a motion to decline the offer from the City of San Jacinto to purchase 5,500 acre-feet of their Carry-Over Credits.

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

- A. Canyon Operating Plan Report Overview – EMWD.
- B. Future Agenda Items - If Board Members have items for consideration at a future Board Meeting, please state the agenda item to provide direction to the Advisor.

VII. CLOSED SESSION – NONE

VIII. ADJOURNMENT

Next Regular Board of Directors Meeting
February 25, 2019 at 4:00 pm at:
Eastern Municipal Water District Board Room
2270 Trumble Road, Perris, CA 92750

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans With Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such a request to the Watermaster Executive Assistant at 714-707-4787, at least 48 hours before the meeting, if possible.

Pursuant to Government Code Section 54957.5, any writing that (a) is a public record; (b) relates to an agenda item for an open session of a regular meeting of the Watermaster Board of Directors; and (c) is distributed less than 72 hours prior to that meeting, will be made available for public inspection at the time the writing is distributed to the Board of Directors. Any such writing will be available for public inspection at Watermaster's office located at 2270 Trumble Road, Perris, CA 92750.

Minutes
Hemet-San Jacinto Watermaster Board of Directors Meeting
Eastern Municipal Water District
November 26, 2018

The Watermaster Board of Directors met in Regular Session in the Board Room at EMWD Headquarters, 2270 Trumble Road, Perris, California, on *Monday, November 26, 2018*. The meeting was called to order by Chair Krupa at 4:00 p.m.

Board Members Present: Linda Krupa, Chair
 Phil Paule, Secretary/Treasurer
 Bruce, Scott, Board Member
 Frank Douglas Marshall III, Board Member
 Russ Utz, Alternate Board Member (4:05 pm)

Board Representative(s)
Absent: Andrew Kotyuk, Board Member

Board Alternate (s) Present: Russ Brown, Alternte

Watermaster Staff Present: Thomas Bunn, Legal Counsel (Lagerlof, Senecal, Gosney & Kruse)
 Behrooz Mortazavi, Advisor (Water Resources Engineers)
 Michelle Mayorga, Executive Assistant (Water Resources Engineers)

EMWD Staff Present: Paul Jones, General Manager
 Joe Mouawad, Assistant General Manager of Planning, Engineering
 and Construction
 Rachel Gray, Water Resources Planning Manager

City of Hemet Staff Present:
City of San Jacinto Staff Bob Brady, Interim General Manager
Present:

Lake Hemet Staff Present: Mike Gow, General Manager

Others Present:

Pledge of Allegiance

The Pledge of Allegiance to the Flag was led by Mr. Marshall. Ms. Mayorga conducted the roll call. The City of San Jacinto was represented by Alternate Board Member, Mr. Utz. All other Board Members were present.

I. PUBLIC COMMENTS –*Speakers are requested to limit comments to 3 minutes.*

None

II. ADDITIONS/DELETIONS TO AGENDA

None

III. REPORTS

A. Board Members Comments/Questions/Reports

None

B. Advisor Report

Mr. Mortazavi reported on recent Watermaster Activities. Attachment 1 shows the complete Advisor Report.

Mr. Mortazavi reported that most of the coordination activities with EMWD have been limited to the monitoring program data processing.

The second set of invoices for the 2018 Administrative Assessments were mailed out on October 15, 2018, and three of the Parties have already paid their invoices. The third set of invoices will be mailed out in March of 2019. The Treasurer Report will be provided under Item III-D.

The Technical Advisory Committee had one regular meeting on November 5, 2018. The major items discussed were:

- City of San Jacinto Carry-Over Credits Transfer Request – Item V-E;
- Consultants Compensation Adjustment Request – Item V-B;
- Proposed 2019 Annual Budget – Item V-C; and
- Review of the November 26, 2018, Watermaster Board meeting agenda.

TAC Members reviewed the above items and did not request any additional changes.

TAC was informed that there will be a hearing on December 6, 2018 requesting the Court to approve the Amended Rules and Regulations.

There were three technical presentations at the TAC Meeting. Santa Ana Watershed Project Authority (SAWPA) staff shared information on a tool that calculates water demand and determines expected conservation for individual residential properties. Public Agencies can use SAWPA's tool at not cost. EMWD staff discussed the basin boundary modification request filed with Department of Water Resources and is expecting a response to this proposed modification request before the end of this year. EMWD also provided an overview of the recent groundwater level data monitoring related to the Canyon Operating Plan. EMWD and LHMWD in coordination with the Soboba Tribe, have completed the Canyon Basin Operation Plan Report, and EMWD Staff will provide a briefing of this report at today's meeting under item VI-A. TAC did not request any changes or additions to the Watermaster Board Agenda.

Mr. Mortazavi has been using the CoreLogic database to obtain more accurate updates for the legal Class B parcel ownership information.

Mr. Scott and Mr. Mortazavi have been coordinating on arranging an information meeting with the Class B Participants in January 2019 for selection of the Local Producers' Technical Advisory Committee Representative and the Alternate Board Member.

There have been communications with UCR researchers on Watermaster governance structure and activities.

MWD has informed EMWD that they are planning to deliver the balance of the Soboba Imported Water for 2019 (about 4,000 AF) in April or May of 2019. EMWD is communicating with MWD to receive that water now, if possible. EMWD has selected contractors to drill wells 201, 202, and 203. These wells are part of EMWD's Storage Program. Drilling of EMWD Well 205 (Well 80 replacement) is complete. Well 90 (part of the IRRP Program) has been rehabbed. EMWD has also received proposals from consulting firms to develop a Groundwater Sustainability Plan (GSP) for the western portion of the San Jacinto watershed, west of the Hemet-San Jacinto Management Plan area.

Soboba Tribe, EMWD and LHMWD have completed de-silting of the Gravel Pit and have removed about 40,000 cubic yards of silt.

LHMWD did not receive any potable water from EMWD during the Summer of 2018. LHMWD is considering changing the existing LHMWD 5 Tiers rate structure to 3 Tiers.

The City of Hemet has drilled a test well at Gibbel Park. Bids for equipping Well 10A are currently being reviewed by City Staff.

The City of San Jacinto's Grand Well is not in use. The City is receiving Soboba Imported Water from EMWD to offset reduced production from the Grand Well. The City is also continuing to work on their rate structure study.

A summary of the State's water resources conditions as of October 31, 2018 (prepared as part of the MWD General Manager's November 2018 Report to MWD Board) is attached.

The Board Members had no questions regarding the Advisor's Report.

C. Legal Counsel Report

Mr. Bunn stated that there have been no comments or oppositions regarding the Amended Rules and Regulations Document, and he expects the Judge to approve the Rules and Regulations document without a Court hearing. If the Judge has any questions, Mr. Bunn will be notified the day before the scheduled hearing and he will go to Court to answer any questions that the Judge may have.

Mr. Bunn reported that the groundwater levels in the San Gabriel Valley are the lowest ever recorded, which is due to both supply and demand conditions in that region.

D. Treasurer Report

Mr. Paule and Mr. Mortazavi reviewed the Treasurer Report with the Board. Attachment 2 shows the complete Treasurer Report.

Mr. Mortazavi also reviewed the pending payments and receivables. He stated there was a 10-cent discrepancy on the August 2018 Treasure Report that was corrected on the current report. The 2017 Budget expenditures are still included on the Treasurer Report to the Board because there are few items in the 2017 Budget that are not fully paid for or the work is not fully complete.

The Board Members had no questions regarding the Treasurer's Report.

IV. CONSENT CALENDAR

Accept Motion for approval of Consent Calendar

A. Approval of Meeting Minutes – August 27, 2018 Regular Board Meeting

Recommendation: Adopt a motion to approve the Consent Calendar.

Motion: Paule

Noes: None

Seconded: Scott

Abstain:

Ayes: Krupa, Utz, Marshall

Motion Passes

Attachment 3 shows a copy of the August 27, 2018 Board Meeting Minutes.

V. ACTION ITEMS

A. Election of Vice Chairperson

Mr. Mortazavi indicated that there is a vacancy for the Vice-Chair position on the Watermaster Board. Ms. Krupa requested a nomination for this position. Mr. Utz informed the Board that he will now be the City of San Jacinto Representative and that Mr. Kotyuk will be the Alternate. With this change, he would like to volunteer to be the Vice-Chair. There were no objections.

Mr. Utz said that the City of San Jacinto will provide the Watermaster with a letter acknowledging this change.

Mr. Mortazavi explained that per Judgment requirement at the February 2019 Board Meeting, there will be an election for all the officers.

B. Consultants Compensation Adjustment Request

Mr. Mortazavi provided a background of the Watermaster Advisor Agreement. The Rate Schedule included in the Agreement sets the Principal and the Senior Executive Assistant rates at \$150 per hour and \$48 per hour, respectively. Rates have not been adjusted since 2014. In addition, the Senior Executive Assistant services have always been charged at \$41.60/hour instead of \$48/hour. The Agreement states that the rates shall be adjusted each year based on consumer price index (CPI-Urban) for LA/Riverside/Orange County region, but the rates have not been adjusted since 2014. At the August 2018 Board Meeting, the Watermaster Board requested the Advisor to provide a new compensation adjustment for the 2019 Budget. Mr. Mortazavi reviewed the Consumer Price Index (CPI) Changes from January 2014 through July 2018 and stated

that based on the CPI changes, the Principal and Senior Executive rates need to be adjusted to \$166/hour and \$53/hour, respectively.

Rates for the Watermaster Attorney's Services have not been increased since 2014. There is a current request from Lagerlof, Senecal, Gosney & Kruse to increase the firm's rates from \$300 per hour for a Team Member/Partner to \$360 per hour; and for an Associate, from \$250 per hour to \$300 per hour. The impacted line items on the Draft 2019 Budget are: Financial Support Services; Legal Counsel Services; Advisor Services; and Administrative Support Services. Mr. Mortazavi reviewed each line item and how these changes will impact the 2019 Budget. The net change to the 2019 Budget will be approximately three percent (3%) compared to the Draft Budget that was presented at the August Watermaster meeting.

Mr. Utz asked if this increase in the budget will change the existing \$30 per acre-foot Administrative Assessment? Mr. Mortazavi said the current Administrative Assessment will not change and the shortfall is proposed to be offset by the reserve funds. Mr. Paule would like to make sure that the Advisor continues to make the necessary changes to his rates each year to avoid this situation in the future.

There were no other questions for the Advisor.

Recommendation was made by Ms. Krupa to: Adopt a motion to increase Consultant's Compensation for the Water Resources Engineers Inc. per existing Agreement requirements.

Motion: Utz

Noes: None

Seconded: Marshall

Abstain: None

Ayes: Krupa, Paule, Scott

Motion Passes

Recommendation was made by Ms. Krupa to: Adopt a motion to increase Consultant's Compensation for the Lagerlof, Senecal, Gosney & Kruse LLP as requested.

Motion: Scott

Noes: None

Seconded: Marshall

Abstain: None

Ayes: Krupa, Paule, Utz

Motion Passes

Attachment 4 shows complete presentation.

C. Consideration to Adopt 2019 Annual Budget

Mr. Mortazavi reviewed the \$656,750 proposed 2019 Annual Budget. He indicated that the budget assumptions include: the Public Agencies' Adjusted Base Production Rights to remain at the levels set by Resolution 10.3 on August 28, 2017; the Carry-Over credits be used to offset any excess production in 2018; and no Replenishment Assessments be collected in 2019. Preliminary 2019 Administrative Assessments are estimated based on actual 2017/2018 production data.

Coordinated Projects with EMWD include: Groundwater Monitoring Program, Video Inspection of Well Casings (continued from 2017), and Soboba Gravel Pit Dewatering (if needed).

The estimated 2019 Administrative Assessment is \$522,310 and the shortfall to be funded using reserve funds is estimated to be approximately \$134,440. Even though reserve funds will be used, the Watermaster is still expected to meet the goal of having approximately \$1 Million of reserve funds. Therefore, it is the Advisor's recommendation to the Watermaster to keep the 2019 Administrative Assessment rate at \$30 per acre-foot, and to consider approving the proposed 2019 Budget, with the understanding that reserve funds will be used to offset excess 2019 expenditures. Also, the Advisor is asking the Watermaster to authorize him to initiate the proposed activities/projects, and to invoice participating agencies in accordance with the proposed schedule.

There were no questions for the Advisor.

Recommendation: Adopt a motion to approve Proposed 2019 annual Budget and authorize Advisor to initiate proposed activities and invoice participating agencies in accordance with the proposed payment schedule.

Motion: Paule

Noes: None

Seconded: Marshall

Abstain: None

Ayes: Krupa, Utz, Scott

Motion Passes

Attachment 5 shows complete presentation.

D. Consideration to Adopt Resolution 9.4 RE Administrative Assessment for 2019

There were no questions for the Advisor.

Recommendation: Adopt a motion to approve Resolution 9.4 setting the Administrative Assessment for 2019 at \$30 per acre-foot.

Motion: Utz

Noes: None

Seconded: Scott

Abstain: None

Ayes: Krupa, Paule, Marshall

Motion Passes

Attachment 6 shows complete presentation.

E. EMWD and City of San Jacinto Carry-over Credits Transfer Request

Mr. Mortazavi explained that Stipulated Judgement Section 6.9.2.2 states "... Carry-Over Credits are transferable by a Public Agency to the Watermaster or, subject to a right of first refusal by the Watermaster, to another Public Agency...The Public Agency shall notify the Watermaster if a Carry-Over Credit is being transferred and shall provide information requested by the Watermaster regarding the transfer." Mr. Mortazavi has received a letter from the City of San Jacinto and EMWD stating "...the Watermaster exercise its option to either acquire or turn down the 5,500 AF of Carry-Over Credits..." and "...Should the Watermaster choose not to acquire the City's Carry-Over credits, the 5,500 AF will... be transferred... to EMWD's account...". In reviewing the Carry-Over Credit accounts, there is currently an abundance water in the Public Agencies' Carry-Over Accounts, and Mr. Mortazavi does not expect Watermaster to purchase Replenishment Water on behalf of the Parties in the coming two years. Therefore, the Advisor's

recommendation is for the Watermaster to decline the offer from the City of San Jacinto to purchase 5,500 acre-feet of their Carry-Over Credits.

There were no questions for the Advisor.

Recommendation: Adopt a motion to decline the offer from the City of San Jacinto to purchase 5,500 acre-feet of their Carry-Over Credits.

Motion: Scott
Seconded: Paule
Ayes: Krupa, Utz, Marshall

Noes: None
Abstain: None

Motion Passes

Attachment 7 shows complete presentation.

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

A. Canyon Operating Plan Report Overview

Ms. Gray, EMWD Water Resources Planning Manager, provided an update on the Canyon Operating Plan. The objective of the Plan is to manage the Canyon Subbasin in a manner that minimizes groundwater storage changes that would limit the Soboba Tribe's ability to meet their annual water supply demands from their wells located in the Canyon Subbasin. This is a collaborative effort between EMWD, LHMWD and the Soboba Tribe. In 2017 there was a decline in groundwater storage. The Canyon Subbasin was in a Near Critical Status (as set by the Canyon Operating Plan). However, with mitigation efforts, in the fall of 2017, there was a small increase in groundwater storage. In 2018, there was additional rise in groundwater levels causing additional increase in groundwater storage putting the basin at Responsive Status (as set by the Canyon Operating Plan). The fall of 2018 condition was very close to Responsive Status. Both EMWD and LHMWD have agreed to reduce their groundwater production to 4,101 AF to remain in the Responsive Status. The 2018 net projected groundwater production is 5,609.84 AF to meet the Canyon Operating Plan requirements. The next steps are to monitor the groundwater projection in the Canyon Subbasin relative to the 2018 groundwater production, coordinate Spring 2019 water level measurements, and to prepare the draft 2019 Annual Report for the Canyon Operating Plan.

Attachment 8 shows complete presentation.

B. Future Agenda Items

None

VII. CLOSED SESSION

None

VIII. ADJOURNMENT

There being no further business to come before the Board; Ms. Krupa adjourned the meeting at 4:55 p.m., to be reconvened on Monday, February 25, 2019 at 4:00 p.m. (Adjourned Regular Meeting).

Watermaster Advisor Report November 26, 2018

EMWD Related Coordination/Activities:

- Coordination activities with EMWD have been limited to the monitoring program data processing.

Budget/Accounting Related Activities:

- The second set of invoices for the 2018 Administrative Assessments were mailed out on October 15, 2018, and three of the Parties have already paid their invoices.
- The third set of invoices will be mailed out in March of 2019.
- The Treasurer Report will be reviewed under Item III-D.

Board & Technical Advisory Committee (TAC) Coordination/Activities:

- TAC had one regular meeting on November 5, 2018, and major discussion items at the meeting were:
 - City of San Jacinto Carry-Over Credits Transfer Request – Item V-E;
 - Consultants Compensation Adjustment Requests – Item V-B;
 - Proposed 2019 Annual Budget – Item V-C; and
 - Review of the November 26, 2018, Watermaster Board meeting agenda.

TAC Members reviewed above items and did not request any additional changes.

TAC was informed that on December 6, 2018, Watermaster will request the Court to approve the Amended Rules and Regulations.

Couple of technical presentations were also made at the TAC meeting. Santa Ana Watershed Project Authority (SAWPA) staff shared information on a tool that calculates water demand and determines expected conservation for individual residential properties. Public Agencies can use SAWPA's tool at no cost. EMWD staff discussed the basin boundary modification status and expecting Department of Water Resources to respond to the proposed modification request before the end of this year. In addition, EMWD staff provided an overview of the recent groundwater level data related to the Canyon Operating Plan, which will be presented today under item VI-A.

TAC did not request any changes or additions to the Watermaster Board Agenda.

Special Projects:

- Completed the Carry-over credit transfer request evaluation.

- Have been using the CoreLogic database to update legal Class B parcel ownership.

Municipal/Private Pumpers Coordination/Activity:

- Mr. Scott and I have been working on arranging an information meeting with the Class B Participants in early January, and for the participants to select their Technical Advisory Committee Representative and an Alternate Board Member.

Outreach/Grant Activity:

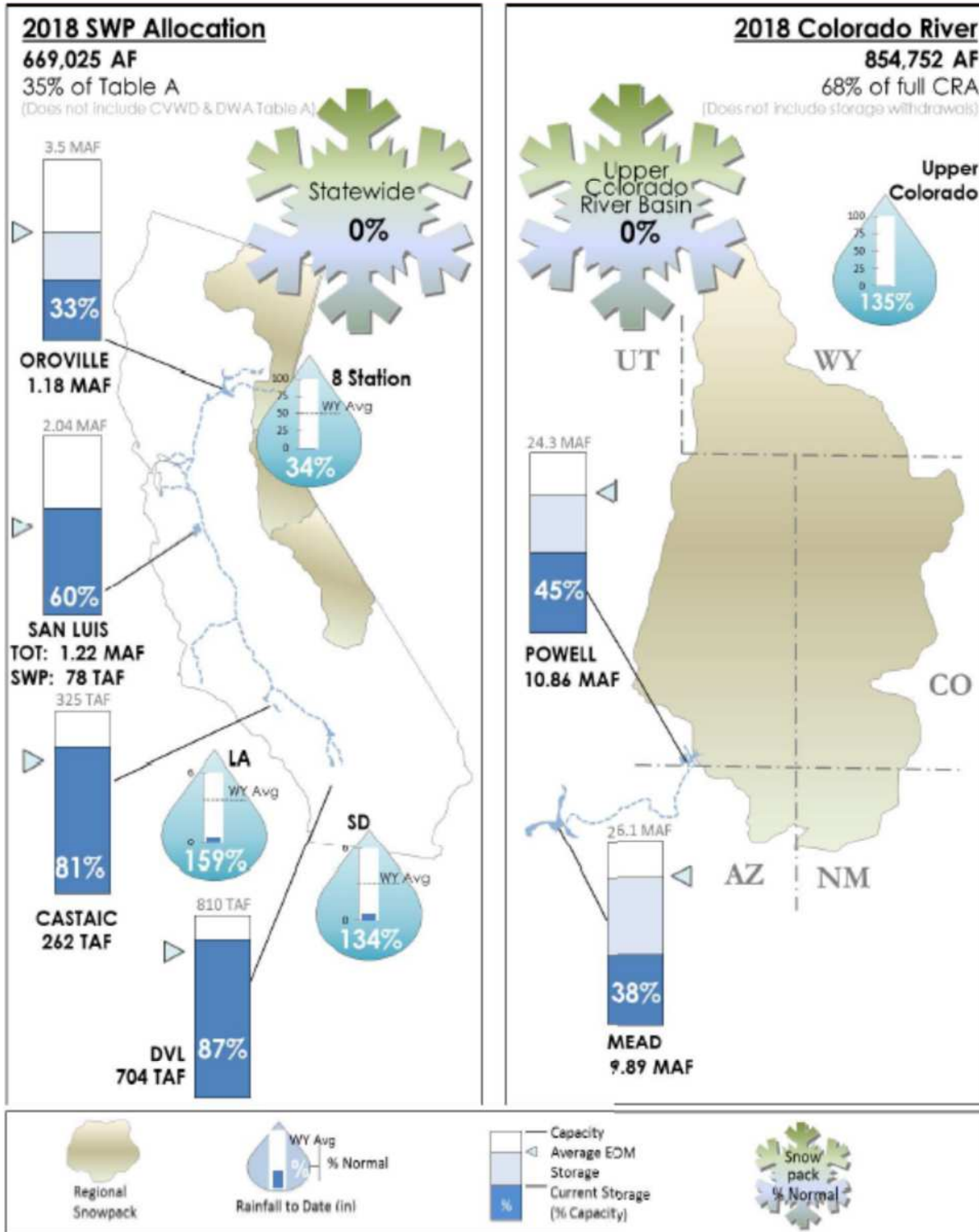
- I have had couple of communications with UCR researchers on Watermaster governance structure and activities.

Miscellaneous Activities/Information:

- MWD has informed EMWD that they are planning to deliver the balance of the Soboba Imported Water for 2019 (about 4,000 AF) in April or May of 2019. EMWD is trying to receive that water now, if possible.
- EMWD has selected contractors to drill wells 201, 202, and 203. These wells are part of EMWD's Storage Program. Drilling of Well 205 (Well 80 replacement) is complete. Well 90 (part of the IRRP Program) has been rehabbed.
- EMWD has received proposals from consulting firms to develop a Groundwater Sustainability Plan (GSP) for the western portion of the San Jacinto watershed, west of the Hemet-San Jacinto Management Plan area.
- EMWD and LHMWD in coordination with Soboba Tribe have completed the Canyon Basin Operation Plan Report, and EMWD Staff will provide a briefing of this report at today's meeting.
- EMWD and LHMWD with Soboba Tribe's cooperation completed de-silting of the Gravel Pit and removed about 40,000 cubic yards of silt.
- LHMWD did not receive any potable water from EMWD during Summer of 2018.
- LHMWD is considering changing their Tiered rate structure from 5 Tiers to 3 Tiers.
- City of Hemet has drilled a test well at Gibbel Park. The bids for equipping of Well 10A are being reviewed by the Staff.
- City of San Jacinto's Grand Well is not used anymore. The City is receiving Soboba Imported Water from EMWD to offset reduced production from the Grand Well.
- The City of San Jacinto is continuing to work on their Rate Structure Study.

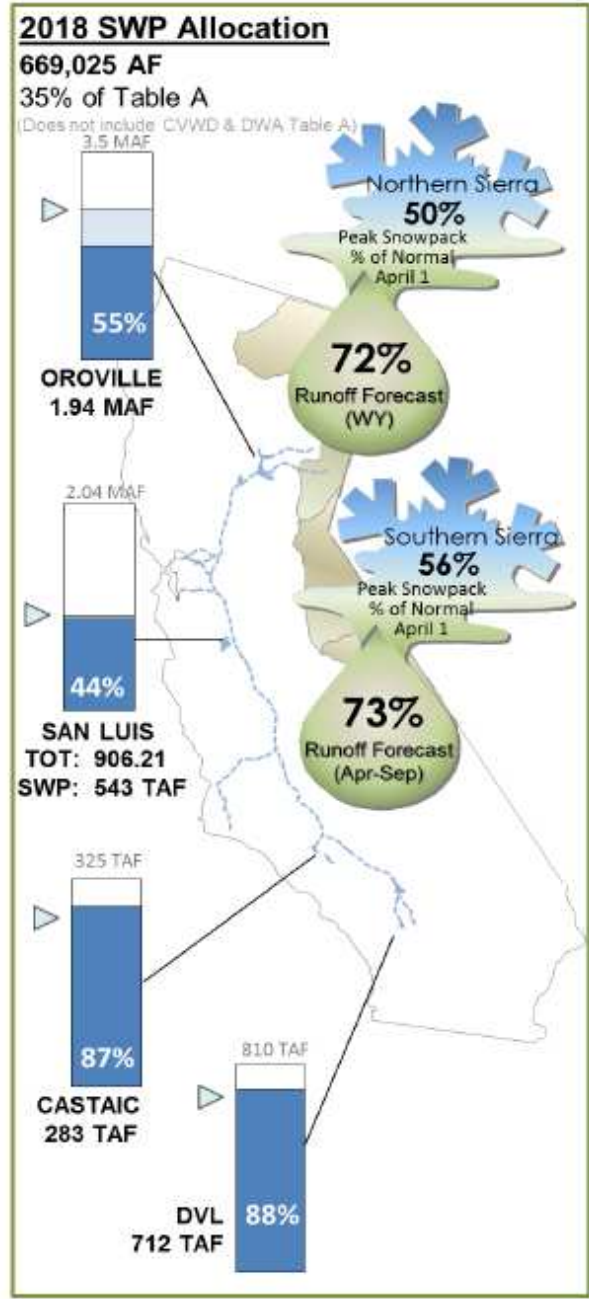
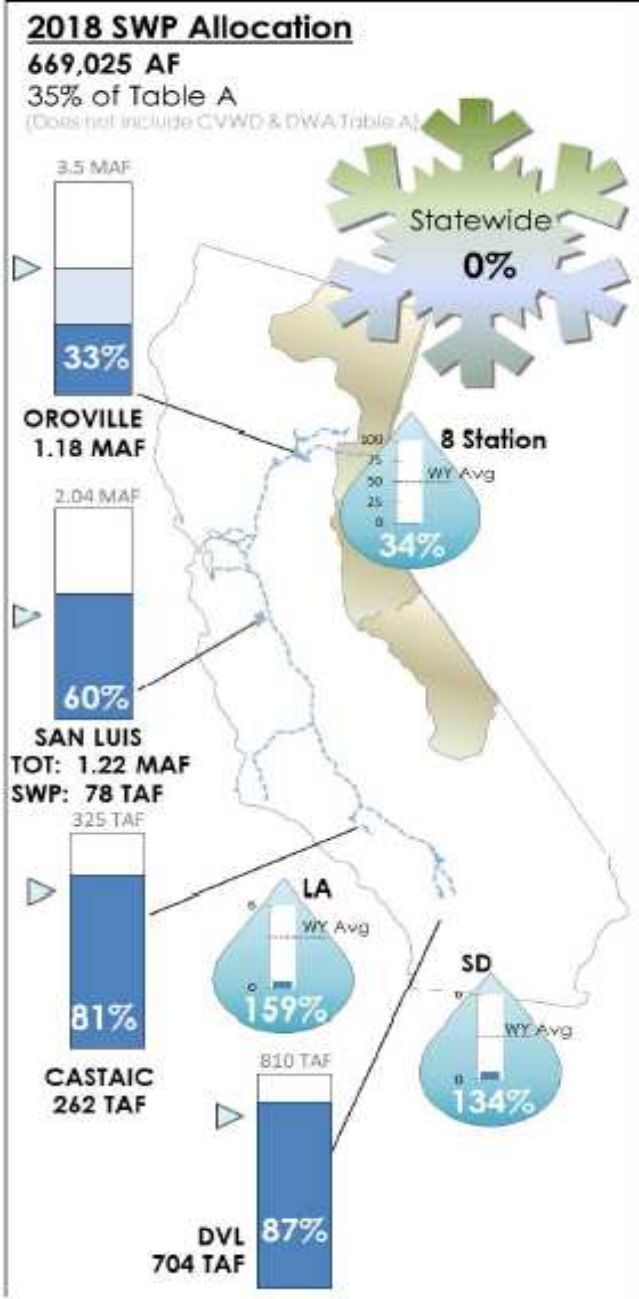
- A summary of State's water resources conditions as of October 31, 2018 (prepared as part of the MWD General Manager's November 2018 Report to MWD Board) is attached.

WATER SUPPLY CONDITIONS AS OF OCTOBER 31, 2018



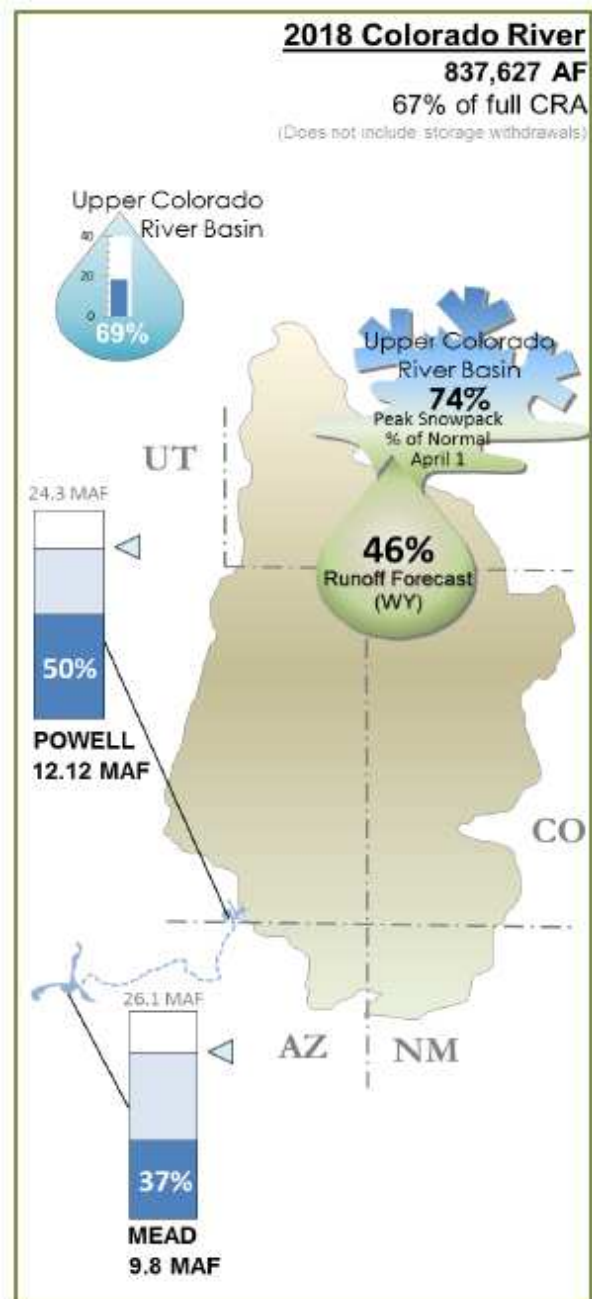
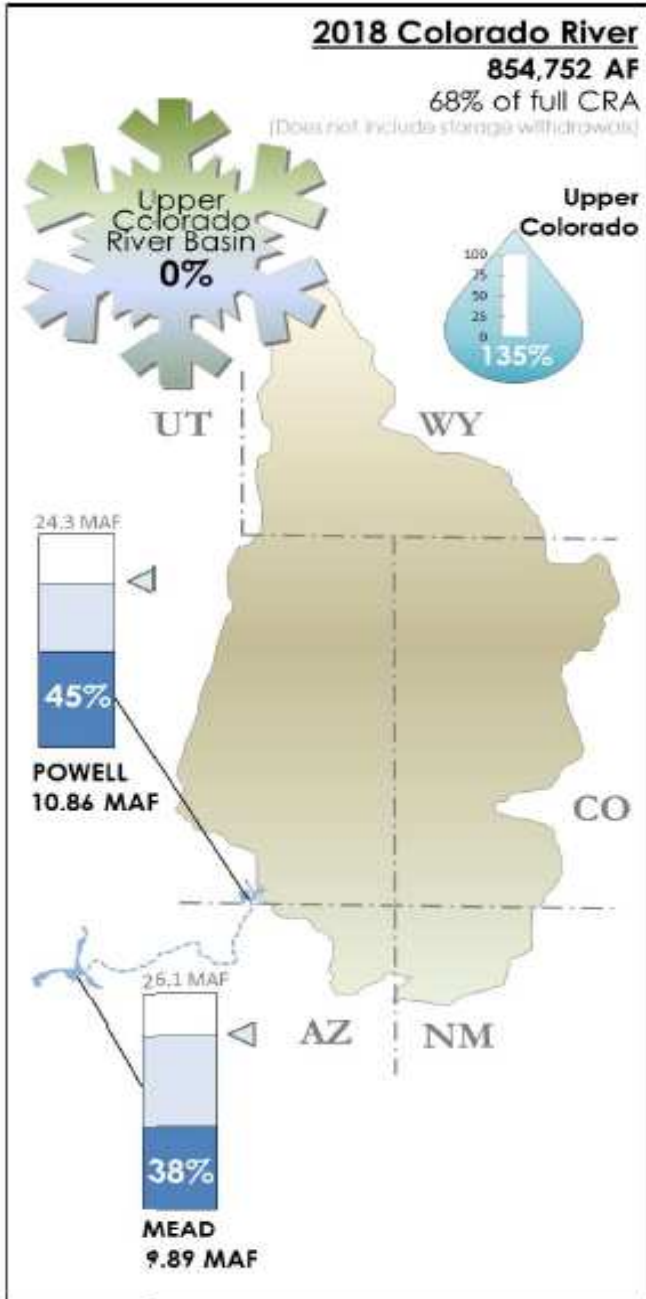
Water Supply Conditions as of October 31, 2018

Water Supply Conditions as of July 31, 2018



Water Supply Conditions as of October 31, 2018

Water Supply Conditions as of July 31, 2018





1295 Corona Pointe Court, Suite 104, Corona CA 92879 • Telephone: (714) 707-4787

Watermaster Board To: Hemet-San Jacinto Watermaster Board of Directors

Chair
Linda Krupa From: Board Treasurer

Vice-Chair
Vacant Date: November 26, 2018

Secretary-Treasurer
Philip E. Paule

Board Members
Andrew Kotyuk
Bruce Scott
Frank Douglas Marshall
III

Board Alternates
Russ Brown
Todd Foutz
Scott Miller
Randy A. Record
Russ Utz

Advisor
Behrooz Mortazavi

Legal Counsel
Lagerlof, Senecal,
Gosney & Kruse

The Board Treasurer has reviewed and approved the following account information:

Total Cash and Investments as of July 31, 2018 **\$ 1,136,324.68**

Revenues for August 1, 2018 – October 31, 2018:

EMWD ((10/10/18)	\$ 29,799.98
City of Hemet (8/14/18)	\$ 19,967.56
City of San Jacinto (8/14/18)	\$ 13,762.50
LHMWD (8/14/18)	\$ 56,724.36

Total Received **\$ 120,254.40**

Payments for August 1, 2018 – October 31, 2018:

Water Resources Engineers (6/6/18 & 7/17/18)	\$ 25,671.33
L, S, G &K (5/25/18 & 7/17/18)	\$ 2,010.00
EMWD (8/28/2018)	\$ 48,769.78

Total Payments **\$ 76,451.11**

Cash Flow for August 1, 2018 – October 31, 2018: **\$ 43,803.29**

Other Income/Expense for August 1, 2018 – October 31, 2018:

Savings Interest	\$ 363.98
Other Expense/Fees	\$ <u>0.00</u>

Total Other Income/Expense **\$363.98**

Total Cash and Investments as of October 31, 2018 **\$ 1,180,491.95**

Treasurer Report
November 26, 2018

Pending Receivables:

City of Hemet	\$ 39,935.12
City of San Jacinto	\$ 27,525.00
EMWD	\$ 67,462.13
LHMWD	<u>\$113,448.72</u>

Total Pending Receivables **\$248,370.97**

Pending Payments:

L, S, G & K (10/18/18)	\$ 990.00
Water Resources Engineers(9/30/18 & 10/31/18)	<u>\$ 27,382.98</u>

Total Pending Payments **\$ 28,372.98**

2017 Budget Items	Allocations	Revised Budget (Aug 28, 2017)	Commitments (As of October 31, 2018)
In-Lieu Program Agreement	\$ 189,000	\$ 189,000	\$191,824.12
EMWD/Watermaster Support Services			
Groundwater Monitoring Program	\$ 156,220	\$ 156,220	\$ 90,810.40
Video Inspection of Well Casings	\$ 60,000	\$ 60,000	
Soboba Gravel Pit Project			
Dewatering	\$ 57,600	\$ -	
Organization Operation & Management			
Financial Support Services	\$ 10,500	\$ 9,000	\$ 7,500.00
Legal Counsel Contract	\$ 35,000	\$ 30,000	\$ 17,276.00
Advisor Contract	\$ 170,000	\$ 165,000	\$163,805.12
Administrative Support	\$ 14,000	\$ 14,000	\$ 11,523.20
Insurance; Office Supplies & Other Direct Costs	\$ 7,500	\$ 7,500	\$ 6,514.57
Database/Mapping Application Maintenance	\$ 5,250	\$ 5,250	\$ 5,000.00
Additional Projects/Activities			
Storage Project Evaluation	\$ 100,000	\$ 85,000	
TOTALS	\$ 805,070	\$ 720,970	\$494,253.41

2018 Budget Items	Allocations	Revised Budget (Aug 27, 2018)	Commitments (As of October 31, 2018)
In-Lieu Program Agreement	\$ 211,000	\$ 211,000	
EMWD/Watermaster Support Services			
Groundwater Monitoring Program	\$ 156,220	\$ 156,220	
Soboba Gravel Pit Project			
Dewatering	\$ 57,600	\$ -	
Organization Operation & Management			
Financial Support Services	\$ 8,500	\$ 7,000	\$ 1,061.60
Legal Counsel Contract	\$ 30,000	\$ 20,000	\$ 14,290.00
Advisor Contract	\$ 165,000	\$ 165,000	\$124,196.95
Administrative Support	\$ 14,000	\$ 12,000	\$ 7,779.20
Insurance; Office Supplies & Other Direct Costs	\$ 10,000	\$ 10,000	\$ 7,968.31
Database/Mapping Application Maintenance	\$ 5,250	\$ 5,000	\$ 5,000.00
Additional Projects/Activities			
None	\$ -	\$ -	\$ -
TOTALS	\$ 657,570	\$ 586,220	\$160,296.06

Minutes
Hemet-San Jacinto Watermaster Board of Directors Meeting
Eastern Municipal Water District
August 27, 2018

The Watermaster Board of Directors met in Regular Session in the Board Room at EMWD Headquarters, 2270 Trumble Road, Perris, California, on *Monday, August 27, 2018*. The meeting was called to order by Chair Krupa at 4:03 p.m.

Board Members Present: Linda Krupa, Chair
Phil Paule, Secretary/Treasurer
Bruce, Scott, Board Member
Frank Douglas Marshall III, Board Member
Russ Utz, Alternate Board Member

Board Representative(s) Absent: Andrew Kotyuk, Board Member

Board Alternate (s) Present:

Watermaster Staff Present: Thomas Bunn, Legal Counsel (Lagerlof, Senecal, Gosney & Kruse)
Behrooz Mortazavi, Advisor (Water Resources Engineers)
Michelle Mayorga, Executive Assistant (Water Resources Engineers)

EMWD Staff Present: Paul Jones, General Manager
Joe Mouawad, Assistant General Manager of Planning, Engineering and Construction
Nick Kanetis, Deputy General Manager
Kelley Gage, Senior Director of Planning and Regulatory Compliance
Brian Powell, Director of Groundwater Management & Facilities Planning
Khos Ghaderi, Director of Operations
Rachel Gray, Water Resources Planning Manager
Kevin Pearson,

City of Hemet Staff Present: Charley Russell, Refuse Superintendent

City of San Jacinto Staff Present: Bob Brady, Interim General Manager
Steve Johnson, Consultant

Lake Hemet Staff Present: Mike Gow, General Manager

Others Present: Frank Coate, Soboba Tribe Representative

Pledge of Allegiance

The Pledge of Allegiance to the Flag was led by Mr. Paule. Ms. Mayorga conducted the roll call. The City of San Jacinto was represented by Alternate Board Member, Mr. Utz. All other Board Members were present.

I. PUBLIC COMMENTS –*Speakers are requested to limit comments to 3 minutes.*

None

II. ADDITIONS/DELETIONS TO AGENDA

None

III. REPORTS

A. Board Members Comments/Questions/Reports

- Rules and Regulations Committee Report
- Reserves and Investments Committee Report

B. Advisor Report

Mr. Mortazavi reported on recent Watermaster Activities. Attachment 1 shows the complete Advisor Report.

Mr. Mortazavi reported that most of the coordination activities with EMWD have been limited to the monitoring program data processing and the Basin Boundary Modification request to Department of Water Resources (DWR) by EMWD.

The first set of invoices for the 2018 Administrative Assessments were mailed on July 13, 2018 and 3 Members have already paid their assessments. The second set of invoices will be mailed out mid-October. The Treasurer Report will be provided under Item III-D.

The Technical Advisory Committee had one regular meeting on August 13, 2018. The major items discussed were:

- The Updated 2018 Annual Budget – Item VI-A;
- The Draft 2019 Annual Budget – Item VI-B;
- Gravel Pit Maintenance Cost/Benefit Analysis. A presentation by Soboba Tribe Consultants;
- Phase I Facilities Agreement Approach to Rate Analysis. A presentation by EMWD; and
- Department of Water Resources Reporting Under Water Code 10720;
- Review of the August 27, 2018 Watermaster Board meeting agenda.

TAC members reviewed the updated 2018 annual budget, the draft 2019 annual budget, and did not request any additional changes to the presentations that were provided today.

The Soboba Tribe consultant reviewed the past desilting efforts at the gravel pit site and asked if any of the Watermaster members are interested to financially participate in another desilting effort this year before the next potential river flow at the pit site. EMWD and LHMWD were interested to meet with Soboba regarding this potential project.

EMWD consultant reviewed how EMWD calculates the cost of Soboba Imported Water deliveries, and how the District calculates the cost of pumping and delivering water from the IRRP wells to the parties. EMWD has hired Carollo Engineers to do this rate study which is expected to be completed by the end of this year. EMWD will let the parties know what the new rates will be after the completion of this study.

CD's containing the 2017 Annual Report have been distributed to the Class B Participants. The 2019 Administrative Assessments estimates have been updated using the more recent production data from the first six months of 2018. The technical memorandum related to the Modeling support services for the Conservation and Storage Agreement between EMWD and the Watermaster was finalized in late May.

Handling of the unmanaged fringe areas that are not part of the adjudicated areas and yet must comply with Sustainable Groundwater Management Act (SGMA) requirements is a major concern throughout the entire State. EMWD Conducted a public meeting on May 31, 2018 prior to filing for the Basin Boundary Modification request with DWR in late June. The boundary modifications that EMWD is proposing, if accepted by DWR, will redraw the basin boundaries in the San Jacinto Basin. This change will eliminate most of the unmanaged fringe areas to the east and south of the Hemet-San Jacinto Watermaster area.

The Board Ad-Hoc Committee meeting met with the Soboba Tribal Council on June 27, 2018. A copy of the meeting agenda is attached

Vice Chair Hoffman has moved out of the Management Area and is no longer a LHMWD Board Member. LHMWD has appointed Mr. Frank Douglas Marshall III to the Watermaster Board. This change requires the Watermaster Board to elect a new Vice Chair, which will be on the November Board Agenda. Mr. Pastor has been appointed by LHMWD to replace Mr. Hoffman on the LHMWD Board. This appointment requires Mr. Pastor to resign his position on the Watermaster Board as the Participating Pumpers' Alternate Board Member. Mr. Pastor was also the TAC representative for the Participating Pumpers. The Advisor is working with Mr. Scott to arrange for the Class A and B Participants to meet and select a new Alternate Board Member.

EMWD and LHMWD in coordination with Soboba Tribe are expecting to complete the Canyon Basin Operation Plan Report by the end of August. EMWD will provide a briefing of this report at the November Board Meeting. EMWD will hire a consulting firm to develop a Groundwater Sustainability Plan (GSP) for the western portion of the San Jacinto watershed, west of the Hemet-San Jacinto Management Plan area. The EIR for the EMWD Storage program has been certified by the EMWD Board of Directors. EMWD is planning to drill wells 201 and 203 later this year. Well 205 (well 80 replacement) is under construction. EMWD's Mountain Avenue West Pond is at 80% design stage. LHMWD is continuing to develop Well 8. The City of Hemet has an RFP for Well 10A pumping equipment. The City of San Jacinto Grant Well has not been used since April 2018. It is also looking for a new well site. A summary of the State's water resources conditions as of July 31, 2018 (prepared as part of the MWD General Manager's July 2018 Report to MWD Board) is attached.

There were no questions regarding the Advisor's Report.

C. Legal Counsel Report

Mr. Bunn did not have anything to report.

D. Treasurer Report

Mr. Paule and Mr. Mortazavi reviewed the Treasurer Report with the Board. Attachment 2 shows the complete Treasurer Report.

Mr. Mortazavi also reviewed the pending payments and receivables. There were revenues that were collected, however, they were received after July 31, 2018. The 2017 Budget is still included in the Treasurer Report to the Board because there are few items in the 2017 Budget that are not fully paid for or completed.

There were no questions regarding the Treasurer's Report.

IV. CONSENT CALENDAR

Accept Motion for approval of Consent Calendar

A. Approval of Meeting Minutes – May 21, 2018 Regular Board Meeting

Recommendation: Adopt a motion to approve the Consent Calendar.

Motion: Paule

Noes: None

Seconded: Scott

Abstain: Doug Marshall

Ayes: Krupa, Utz

Motion Passes

Attachment 3 shows a copy of the May 21, 2018 Board Meeting Minutes.

V. ACTION ITEMS

A. Consideration to Approve 2018 Water Resources Monitoring Program Support Services Task Order with EMWD

Mr. Mortazavi reviewed a summary of the 2018 Water Resources Monitoring Program support services and the agreement highlights.

It is his recommended that the Board approve the Task Order with EMWD for the 2018 Water Resources Monitoring Program Support Services Task Order with EMWD.

There were no questions for the Advisor.

Attachment 4 shows copy of Task Order 11.

Recommendation: Adopt a motion to approve EMWD Water Resources Monitoring Support Services Task Order Number 11 for an amount not-to-exceed \$156,220.00

Motion: Scott

Noes: None

Seconded: Marshall

Abstain: None

Ayes: Krupa, Paule, Utz

Motion Passes

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

A. Updated 2018 Annual Budget

Mr. Mortazavi reviewed the updated 2018 Budget. The actions & assumptions for the 2018 Budget include:

- Public Agencies Adjusted Base Production Rights were reduced by 7.2% starting May 2018.
- 2017 Replenishment recharge water was not required. Therefore, 2018 Replenishment Assessment will not be required.
- Administrative estimates for 2018 are updated based on more recent groundwater production data.
- Coordinated projects with EMWD:
 - Groundwater Monitoring Program
 - Video Inspection of Well Casings
 - Completion of the EMWD's Storage and Conservation Agreement
 - Basin Boundaries Modification with DWR
- Continued operation from the corona office.

The estimated 2018 Administrative Assessments were updated to \$487,019 which is less than originally estimated based on the production data related to the 2018 production.

The updated 2018 Budget shows a difference of \$71,350. Mr. Mortazavi adjusted \$57,600 for the Dewatering, \$1,500 for Financial Support Services, \$10,000 for Legal Counsel Services, \$2,000 for Administrative Support Services and \$250 for Database/Mapping Application Maintenance.

Mr. Mortazavi explained that the estimated Assets after the 2018 expenditures will be approximately \$1,100,000 based on the \$30 Assessment Fee.

The 25% of estimated Administrative Assessment was invoiced on July 13, 2018. 50% will be invoiced by October 15, 2018 and the remaining balance will be reconciled and invoiced by March 1, 2019. Replenishment Assessment Invoicing was not needed.

Attachment 5 shows complete presentation.

B. Draft 2019 Annual Budget

Mr. Mortazavi reviewed the Draft 2019 Annual Budget. Rules and Regulations require a Budget Workshop to be conducted by September 30, 2018. Instead of having a Special Meeting, Mr. Mortazavi is providing the Draft 2019 Annual Budget at the Regular August Board Meeting.

The 2019 Budget Assumptions:

- The Public Agencies' Adjusted Base Production Rights will remain at the levels set by Resolution 10.3 on August 28, 2018,
- Carry-over accounts will be used to offset any excess production in 2018 – No Replenishment assessments will be collected in 2019,
- Replenishment Assessment will be set in early 2019 (if required to offset Private Pumpers' over production),

- Preliminary 2019 Administrative Assessments are estimated based on actual 2017/2018 production date,
- Coordinated projects with EMWD include:
 - Groundwater Monitoring Program.
 - Video Inspection of Well Casings (continued from 2017).
 - Soboba Gravel pit Dewatering (if needed).
- Continued operation from the Corona office.

Mr. Paule asked how is it determined when or if the Soboba Gravel Pit Dewatering is needed? Mr. Mortazavi said it is determined by the amount of rainfall and how much water is in the Pit that year. The Pit is monitored for percolation and once it is determined that there is no more percolation then pumping of the Pit will begin if necessary. The Pumping is usually done in June or July.

The estimated 2019 Administrative Assessments are based on the \$30 Assessment. The Adjusted Base Production Rights are lower than 2018. The estimates based on the data shown, the parties will not be pumping their full allocation. Estimated projection will be approximately 17,410 AF with the 2019 Estimated Administrative Assessment of \$522,310. Mr. Mortazavi does not anticipate that any party will be using their replenishment assessment.

2019 Activities/Projects include:

- Complete the 2018 Financial Audit plus Annual Report and file them with the Court.
- File the required 2018 information with DWR as part of the Sustainable Groundwater Management Act requirements.
- Review and update the property owners list.
- If required, set and initiate collection of Replenishment Assessment from the Parties.
- Coordinated activities with EMWD/TAC:
 - 2018 Annual Report;
 - Evaluation of Video Inspection of well casings and Groundwater Monitoring Program Enhancement; and
 - Initiate Gravel Pit Dewatering Project (if required).

Mr. Mortazavi reviewed each line item including: In-Lieu Program Agreement, Groundwater Monitoring Program, Soboba Gravel pit Dewatering, Financial support Services, Legal Counsel services, Advisor Services, Administrative Support Services, and Insurance; Office Supplies and other Direct Costs.

The proposed Draft 2019 Budget is \$634,750. He also reviewed what the Draft 2018 Budget was to compare what the revised 2018 Budget was. With the estimated 2018 Administrative Assessments (based on \$30/AF) of \$522,310 and the proposed 2019 Budget amount of \$634,750, there will be a Budget Shortfall of \$112,440.

The proposed payment schedule for the 2019 Administrative Assessment Invoicing will be:

- 25% of total by July 15, 2019.
- 50% of total by October 15, 2019.
- The remaining balance will be reconciled and invoices by March 1, 2020.
- 2019 Replenishment Assessment Invoice (if required – for 2018 excessive production):
- Full 100% will be invoiced by May 1, 2019.

It is Mr. Mortazavi recommendation to:

- Set Administrative Assessment at \$30/Acre-foot for 2019.
- Consider approving the 2019 Budget at the November Board Meeting.
- Consider using reserved funds to offset excess expenditures proposed under 2019 Budget.
- Consider authorizing the Advisor at the November Board Meeting to:
 Invoice participating agencies in accordance with the proposed schedule.

Mr. Utz asked for clarification for the cost of Dewatering? Mr. Mortazavi explained that previously the number of days was estimated to be 68 verses 21 days. Mr. Mortazavi also explained that this Services is cost shared with EMWD.

Attachment 6 shows complete presentation.

C. Future Agenda Items

None

VII. CLOSED SESSION

A. Employee Performance Evaluation (Government Code Section 54957) Title: Advisor

Mr. Bunn reported that the Board conducted an evaluation of Mr. Mortazavi and indicated that they will consider a compensation adjustment. This will be done at the November 26, 2018 Board Meeting under closed session.

VIII. ADJOURNMENT

There being no further business to come before the Board; Ms. Krupa adjourned the meeting at 5:07 p.m., to be reconvened on Monday, November 26, 2018 at 4:00 p.m. (Adjourned Regular Meeting).

Consultants Compensation Adjustments

**Watermaster Board Meeting
November 26, 2018**

Background

- **Watermaster Advisor Agreement includes:**
 - ✓ **Rate Schedule (as of January 2014):**
 - **Principal** \$150/hour.
 - **Senior Executive Assistant** \$48/hour.
 - ✓ **The rates shall be adjusted each year based on consumer price index (CPI-Urban) for LA/Riverside/Orange County region.**
- **Rates have not been adjusted since 2014. In addition, Senior Executive Assistant services have always been charged at \$41.60/hour.**
- **At the August Board Meeting, Watermaster Board asked Advisor to provide new compensation adjustment for the 2019 Budget.**

Consumer Price Index Changes January 2014 – July 2018

Year	CPI-U Change *	Revised Rate Principal	Revised Rate Sr. Exec. Assist.
Jan 2014- Jan 2015	-0.1%	\$ 149.92	\$ 47.97
Jan 2015 - Jan 2016	3.1%	\$ 154.56	\$ 49.46
Jan 2016 - Jan 2017	2.1%	\$ 157.83	\$ 50.50
Jan 2017 - Jan 2018	3.5%	\$ 163.37	\$ 52.28
Jan 2018 - July 2018	1.8%	\$ 166.35	\$ 53.23

* CPI-U information provided by EMWD

Proposed Rates to be considered:

- Principal \$166/hour.
- Sr. Exec. Assistant \$53/hour.

Lagerlof, Senecal, Gosney & Kruse Request

- Watermaster Attorney Agreement includes:
 - ✓ Fee Proposal:
 - Team Members/Partners \$300/hour.
 - Associates \$250/hour.
 - ✓ These rates will not be increased without prior Watermaster approval.
- Rates have not been adjusted since 2014. The Firm charges have always been below the annual budget allocations.
- On October 12, 2018, Mr. Bunn requested an increase in the hourly rates starting January 2019:
 - Team Members/Partners \$360/hour.
 - Associates \$300/hour.

Draft 2019 Budget Line Items Impacted

- Financial Support Services.
- Legal Counsel Services.
- Advisor Services.
- Administrative Support Services.

Financial Support Services Revised Estimate

Activity	Estimates *	Revised Estimates
Book keeping Services	\$2,300	\$2,930
External audit (Vicenti, Lloyd & Stutzman LLP)	\$4,900	\$4,900
Contingency	\$ 800	\$ 170
Totals	\$8,000	\$8,000

* Estimates based on actual July 2017-June 2018 expenses - presented at the August 27, 2018 Board Meeting

Legal Counsel Services Estimate

Activity	Hours	Estimates *	Revised Estimates
Legal Counsel (Lagerlof, Senecal, Gosney & Kruse)	66	\$19,900	\$23,760
Contingency		\$ 5,100	\$ 3,240
Totals	66	\$25,000	\$27,000

* Estimates based on actual July 2017-June 2018 expenses - presented at the August 27, 2018 Board Meeting

Advisor Services Revised Estimate

Activity	Hours	Estimates *	Revised Estimates
Communication/Coordination with parties	120	\$ 18,000	\$ 19,920
Budget development and oversight	80	\$ 12,000	\$ 13,280
Contract management	48	\$ 7,200	\$ 7,970
Misc. technical/admin activities	15	\$ 2,200	\$ 2,490
TAC and Board meeting activities	241	\$ 36,150	\$ 40,000
Outreach activities	81	\$ 12,150	\$ 13,440
Special projects/technical activities	565	\$ 84,750	\$ 93,790
Travel/mileage expense	-	\$ 4,870	\$ 4,870
Storage Agreement effort		\$ 15,000	\$ 15,000
Contingency		\$ 2,680	\$ 1,240
Totals	1,050	\$ 165,000	\$ 182,000

** Estimates based on actual July 2017-June 2018 expenses - presented at the August 27, 2018 Board Meeting

Administrative Support Services Revised Estimate

Activity	Hours	Estimates *	Revised Estimates
Administrative services	276	\$11,460	\$14,600
Contingency		\$ 540	\$ 400
Totals	276	\$12,000	\$15,000

* Estimates based on actual July 2017-June 2018 expenses - presented at the August 27, 2018 Board Meeting

Draft 2019 Budget

Budget Items	Proposed Adjusted Draft 2019 Budget	2018 Budget (Approved on Nov 27, 2017)	Draft 2019 Budget Aug 27, 2018 Presentation
Reimbursements			
In-Lieu Program Agreement	\$244,500	\$211,000	\$ 244,500
Coordinated Efforts with EMWD			
Groundwater Monitoring Program	\$143,400	\$156,220	\$ 143,400
Gravel Pit Cleanup Project			
Dewatering	\$ 21,600	\$ 57,600	\$ 21,600
Organization Operations & Management			
Financial Support Services	\$ 8,000	\$ 8,500	\$ 8,000
Legal Counsel Services	\$ 27,000	\$ 30,000	\$ 25,000
Advisor Services	\$182,000	\$165,000	\$165,000
Administrative Support Services	\$ 15,000	\$ 14,000	\$ 12,000
Insurance; Office Supplies; and Other Direct Costs	\$ 10,000	\$ 10,000	\$ 10,000
Database/Mapping Application Maintenance	\$ 5,250	\$ 5,250	\$ 5,250
Additional Projects/Activities			
None	-	-	-
TOTALS	\$656,750	\$657,570	\$634,750

Request

**Revise
Water Resources Engineers Inc.
plus
Lagerlof, Senecal, Gosney & Kruse LLP
billing rates
starting January 2019**

Proposed 2019 Annual Budget

**Watermaster Board Meeting
November 26, 2018**

2019 Budget Assumptions

- **The Public Agencies' Adjusted Base Production Rights will remain at the levels set by Resolution 10.3 on August 28, 2017.**
- **Carry-over accounts will be used to offset any excess production in 2018 - No Replenishment Assessments will be collected in 2019.**
- **Replenishment Assessment will be set in early 2019 (if required to offset Private Pumpers' over production).**
- **Preliminary 2019 Administrative Assessments are estimated based on actual 2017/2018 production data.**
- **Coordinated projects with EMWD:**
 - **Groundwater Monitoring Program.**
 - **Video Inspection of Well Casings (continued from 2017).**
 - **Soboba Gravel Pit Dewatering (if needed).**
- **Continued operation from the Corona office.**

Estimated 2019 Administrative Assessments

Agency	2019 Adjusted BPR (AFY)	Projected 2019 Production (AF) *	Est. Prod. Subject to Admin. Assmt. (AF) **	2019 Est. Admin. Assmt. (\$) ***
City of Hemet	4,542	3,207	2,307	\$69,205
City of San Jacinto	3,004	3,004	2,104	\$63,116
EMWD	7,303	6,260	5,566	\$166,976
LHMWD	7,434	8,955	7,434	\$223,013
Totals	22,283	21,426	17,410	\$522,310

AF = Acre-feet AFY = Acre-feet per year
 Assmt. = Assessment BPR = Base Production Rights
 Est. = Estimated Prod. = Production

* 2019 Production Projections are based on Jan-June 2018 and July-Dec 2017 productions.
 ** The Cities of Hemet and San Jacinto can produce 900 AFY without any Admin. Assessment payment and EMWD is expected to use Pre-2012 recharge credits.
 *** Based on Admin. Assessment rate of \$30/AF

Estimated Replenishment for 2019

Agency	Modified BPR for 2018 (AFY)	Estimated 2018 Production	Estimated 2018 Prod. Above/(Below) Adjusted BPR	Estimated 2019 Repl. (AF)
City of Hemet	4,613	3,207	(1406.19)	0
City of San Jacinto	3,044	3,004	(40.34)	0
EMWD	7,470	6,260	(1210.38)	0
LHMWD	7,563	8,955	1391.64	0
Totals	22,691	21,426	(1265.26)	0

AF = Acre-feet AFY = Acre-feet per year
 BPR = Base Production Rights Prod. = Production
 Repl. = Replenishment

Estimated 2019 Total Assessments

Agency	2019 Est. Admin. Assessments *	2019 Est. Replenishment Assessments	2019 Estimated Total Assessments
City of Hemet	\$69,205	\$0	\$69,205
City of San Jacinto	\$63,116	\$0	\$63,116
EMWD	\$166,976	\$0	\$166,976
LHMWD	\$223,013	\$0	\$223,013
Totals	\$522,310	\$0	\$522,310

• Based on Admin. Assessment rate of \$30/AF

Proposed Payment Schedule

- **2019 Administrative Assessment Invoicing:**
 - ✓ 25% of estimated total by July 15, 2019.
 - ✓ 50% of estimated total by October 15, 2019.
 - ✓ The remaining balance will be reconciled and invoiced by March 1, 2020.

- **2019 Replenishment Assessment Invoicing (if required - for 2018 excessive production):**
 - ✓ Full 100% will be invoiced by May 1, 2019.

2019 Activities/Projects

- Complete the 2018 Financial Audit plus Annual Report and file them with the Court.
- File 2018 information with DWR as part of the Sustainable Groundwater Management Act requirements.
- Review and update property owners list.
- If required, set and initiate collection of Replenishment Assessment from the Parties.
- Coordinated activities with EMWD/TAC:
 - Drafting/editing of the 2018 Annual Report;
 - Evaluation of Video Inspection of well casings and Groundwater Monitoring Program Enhancement; and
 - Initiating Gravel Pit dewatering project (if required).

Proposed 2019 Budget

Budget Items	Proposed Adjusted Draft 2019 Budget	2018 Budget (Approved on Nov 27, 2017)	Projected Updated 2018 Expenditures (Aug 27, 2018)
Agreements			
In-Lieu Program Agreement	\$244,500	\$211,000	\$ 211,000
Coordinated Efforts with EMWD			
Groundwater Monitoring Program	\$143,400	\$156,220	\$ 156,220
Gravel Pit Cleanup Project			
Dewatering	\$ 21,600	\$ 57,600	\$ 0
Organization Operations & Management			
Financial Support Services	\$ 8,000	\$ 8,500	\$ 7,000
Legal Counsel Services	\$ 27,000	\$ 30,000	\$ 20,000
Advisor Services	\$182,000	\$165,000	\$165,000
Administrative Support Services	\$ 15,000	\$ 14,000	\$ 12,000
Insurance; Office Supplies; and Other Direct Costs	\$ 10,000	\$ 10,000	\$ 10,000
Database/Mapping Application Maintenance	\$ 5,250	\$ 5,250	\$ 5,000
Additional Projects/Activities			
None	-	-	-
TOTALS	\$656,750	\$657,570	\$586,220

Reserve Funds Impact

Revenue/Expenditures	Totals
Proposed 2019 Budget	\$ 656,750
2018 Estimated Administrative Assessments (Based on \$30/AF)	\$ 522,310
Budget Shortfall	\$ 134,440

Recommendation

- Set the 2019 Administrative Assessment at \$30/acre-foot.
- Consider approving the proposed 2019 Budget.
- Use reserve funds to offset excess expenditures proposed under 2019 Budget.
- Authorize Advisor to:
 - Initiate the proposed activities/projects.
 - Invoice participating agencies in accordance with the proposed schedule.

Questions

**HEMET-SAN JACINTO WATERMASTER
RESOLUTION NO. 9.4**

**RESOLUTION OF THE WATERMASTER BOARD
RE ADMINISTRATIVE ASSESSMENT FOR 2019**

WHEREAS, the Judgment in Eastern Municipal Water District vs. City of Hemet, et al., requires the Watermaster to set the Administrative Assessment rate annually;

WHEREAS, the Watermaster has adopted a budget for 2019, and an Administrative Assessment of \$30.00 is needed to support the budget;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

The Administrative Assessment is set at \$30.00 per acre-foot of a Party's Adjusted Production Right pumping during 2019.

ADOPTED THIS 26th day of November 2018.



Linda Krupa, Chairperson

ATTEST:



Philip E. Paule, Secretary

**Carry-Over Credits
Transfer Request
EMWD-San Jacinto**

Watermaster Board Meeting

November 26, 2018

**Stipulated Judgment
Section 6.9.2.2.**

"...Carry-Over Credits are transferable by a Public Agency to the Watermaster or, subject to a right of first refusal by the Watermaster, to another Public Agency... The Public Agency shall notify the Watermaster if a Carry-Over Credit is being transferred and shall provide information requested by the Watermaster regarding the transfer."

City of San Jacinto & EMWD October 5, 2018 Letter

"...the Watermaster exercise its option to either acquire or turn down the 5,500 AF of Carry-Over Credits..."

"...should the Watermaster choose not to acquire the City's Carry-Over Credits, the 5,500 AF will..be transferred...to EMWD's account..."

Public Agencies Carry-Over Credits as of December 31, 2017 (All Values in AF)

Agency	Pre 2012 Recharge Rights as of Dec. 31, 2017	* Total Unused SbT Imported Water as of Dec 31, 2017	Total Unused Adjusted BPR as of Dec 31, 2017	Totals as of Dec 31, 2017	MWD Pre-Delivered for Future
City of Hemet	0	8,126	7,610	15,735	1,203
City of San Jacinto	0	5,545	4,805	10,350	767
EMWD	2,694	1,202	15,342	19,238	2,068
LHMWD	0	8074	3,671	11,751	2,098
Totals	2,694	22,947	31,433	57,074	6,136

* Unused Soboba Tribe Imported Water include Soboba Tribe production from Soboba Golf Course wells.

BPR = Base Production Rights
SbT = Soboba Tribe

Class B Participants Carry-Over Credits (as of December 31, 2017) (Cont.)

Legal Owner Name	Prorata Alloc.	2017 Production	Total Prod. Below Allocations as of Dec. 2017
Nuevo Dev Co. LLC	151	0	755
Lauda Family (Security Co. & Partnership & Bertrand & Erma – Combined) *	3447	690	1190
Rancho Diamante Inv.	92	0	410
Diamante Rancho	50	0	223
San Jacinto Spice Ranch Inc.	265	0	1256
Scott Ag Property *	1755	145	1909
Vandam Donald Dick and Vandam Frances L.	531	144	1596
Vandam Glen A and Vandam Jennifer A.	139	59	496
Velde Children Trust & Pastime Lake Inv. (Combined)	357	365	106

* In-lieu Program Participants – Recycled water deliveries are considered in calculating the Carry-over Credits

Recommendation

Decline the offer from the City of San Jacinto to purchase 5,500 acre-feet of their Carry-Over Credits.



October 5, 2018

Behrooz Mortazavi
Water Resources Engineers, Inc.
1295 Corona Pointe Court, Suite 104
Corona, CA 92879

Subject: Transfer of Groundwater Carry-Over Credits

Dear Mr. Mortazavi:

The City of San Jacinto (City) and Eastern Municipal Water District (EMWD) recently reached agreement for the transfer of 5,500 acre-feet (AF) of the City's accrued groundwater Carry-Over Credits in the Hemet-San Jacinto Basin to EMWD. The City Council and EMWD's Board of Directors have each approved the attached Memorandum of Understanding and Interagency Agreement providing the terms and conditions for the transfer. Per Stipulated Judgement, parties to the judgment are authorized to transfer any portion of their Carry-Over Credits to another party, subject to a right of first refusal by the Hemet-San Jacinto Groundwater Basin Watermaster (Watermaster).

The purpose of this letter is to request the Watermaster exercise its option to either acquire or turn down the 5,500 AF of Carry-Over Credits being made available by the City. The financial terms for the acquisition are described in the Interagency Agreement approved by the City and EMWD. We ask that the Watermaster take such action on or before its next regularly scheduled meeting of November 26, 2018.

Should the Watermaster choose not to acquire the City's Carry-Over Credits, the City and EMWD will complete the transaction and the 5,500 AF will need to be transferred by the Watermaster from City's Carry-Over Credit account to EMWD's account. A separate notice to the Watermaster will be provided documenting the completion of the transaction and requesting an update of City's and EMWD's Carry-Over Credits accounts to reflect subject transfer.

Board of Directors

David J. Slawson, *President* Ronald W. Sullivan, *Vice President* Joseph J. Kuebler, CPA, *Treasurer* Philip E. Paule Randy A. Record

2270 Trumble Road • P.O. Box 8300 • Perris, CA 92572-8300

T 951.928.3777 • F 951.928.6177 www.emwd.org

Transfer of Groundwater Carry-Over Credits

October 5, 2018

Page 2

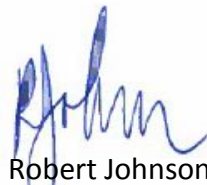
The City may elect to offer future additional groundwater Carry-Over Credits for transfer to EMWD. The Watermaster will be advised of any such future transfers, as these transfers would also be subject to the Watermaster's right of first refusal.

We will be contacting you and the Watermaster's legal counsel shortly to schedule a meeting to discuss the details of this pending transfer. We appreciate the Watermaster's consideration of our request and please let us know if you need any additional information from the City or EMWD regarding this matter.

Regards,



Paul D. Jones II, P.E.
General Manager,
Eastern Municipal Water District



Robert Johnson
City Manager,
City of San Jacinto

Enclosures

c: Mr. Tom Bunn, Counsel
Hemet-San Jacinto Watermaster

MEMORANDUM OF UNDERSTANDING BETWEEN EASTERN MUNICIPAL WATER
DISTRICT AND THE CITY OF SAN JACINTO FOR THE
PURCHASE OF GROUNDWATER CARRY-OVER CREDITS

This Memorandum of Understanding (“Memorandum” or “MOU”) is entered into this _____ day of _____, 2018, by and between **EASTERN MUNICIPAL WATER DISTRICT** (“Eastern” or “District”), a California Municipal Water District, and the **CITY OF SAN JACINTO**, a California General Law City (“City”) to plan for the potential purchase or transfer of groundwater carry-over credits existing pursuant to the Hemet-San Jacinto Watermaster (“Watermaster”) rules and regulations and the underlying stipulated judgment. Eastern and City may singularly be referred to as a “Party” or collectively be referred to as “Parties.”

RECITALS

WHEREAS, the Parties are participants in and party to the Stipulated Judgment entered in the matter *Eastern Municipal Water District v. City of Hemet, et al.* on April 18, 2013 (Riverside County Superior Court Case No. RIC 1207274) (“Stipulated Judgment” or “Judgment”) to resolve groundwater disputes within the Hemet and San Jacinto Groundwater Management Area; and

WHEREAS, all parties to the Stipulated Judgment have individual rights to groundwater within the Hemet and San Jacinto Groundwater Management Area resulting from natural recharge (“Adjusted Base Production Right” (Jmt. §1.1)); and

WHEREAS, among other conditions, the Stipulated Judgment requires the Parties to participate in the purchase, delivery and recharge of “Imported Water” (Jmt. §1.14); and

WHEREAS, a “Carry-Over Credit” is defined by the Judgment as a Public Agency’s credit against the Replenishment Assessment in a Fiscal Year, based on the Agency’s Adjusted or Base Production Right or Share of Imported Water not produced in prior calendar years, as those terms are defined in the Stipulated Judgment (Jmt. §1.7); and

WHEREAS, the unused groundwater production of each party to the Judgment that is less than the total of their individual Adjusted Base Production Right accrues to such party and is reconciled annually by the Watermaster in each party’s Carry-Over Credit account; and

WHEREAS, pursuant to the Judgment each Party’s unused Imported Water also accrues to such party and shall be reconciled annually by the Watermaster in each Party’s Carry-Over Credit account; and

WHEREAS, pursuant to the Judgment, the Parties are authorized to sell, lease, or otherwise transfer any portion of their Carry-Over Credits; and

WHEREAS, City has accrued excess water in its Carry-Over Credit account and anticipates such accrual in the future due to its unused Adjusted Base Production Rights and unused delivered quantities of Imported Water exceeding City's actual production in a calendar year; and

WHEREAS, it is in the best interest of the Parties to plan for Eastern's potential purchase of a portion of City's Carry-Over Credits and to set forth the current understanding of the Parties in this Memorandum.

NOW THEREFORE, the Parties agree as follows:

SECTION 1. UNDERSTANDING OF THE PARTIES

1.1 Sale of Carry-Over Credits

City may, from time-to-time, and upon mutual agreement of the Parties, elect to sell Eastern a portion of City's existing or future Carry-Over Credits. The terms and conditions of each such purchase shall be agreed to by the Parties through a separate and binding agreement prepared by Eastern and submitted to City for approval ("Interagency Agreement"), standard form attached hereto as "Exhibit A".

1.2 Watermaster Right of First Refusal

Any such purchase shall be contingent upon compliance with Section 6.9.2.2 of the Stipulated Judgment, which provides that a public agency may transfer Carry-Over Credits to another public agency subject to a right of first refusal by the Watermaster. Prior to the execution of an Interagency Agreement, the Parties will notify the Watermaster of the potential sale of Carry-Over Credits. If the Watermaster does not exercise its right of first refusal to purchase those Carry-Over Credits, the Parties may proceed with executing an Interagency Agreement.

1.3 Pricing and Payment

The price paid by Eastern for the purchase of City's Carry-Over Credit water shall be set forth in the Interagency Agreement. The Parties intend the price to be the Metropolitan Water District's then-current rate for Imported Water (e.g., 2018 rate of \$548 per acre-foot) plus Eastern's then-current acre-foot charge for delivery (e.g., 2018 rate of \$73 per acre-foot). Such payment by Eastern shall be made directly to City within thirty (30) calendar days of the execution date of the Interagency Agreement.

1.4 Entitlements

The City acknowledges and agrees that all entitlements to ownership associated with the Carry-Over Credit water it sells to Eastern through Interagency Agreement shall be for the benefit of, and shall be retained by Eastern.

1.5 Accounting

The Parties agree to work cooperatively to provide the Watermaster with the evidence and documentation of each Carry-Over Credit transaction as may be required by the Watermaster for purposes of accounting (Jmt. 6.9.2.3).

1.6 No Intent to Convey Water Rights

The Parties agree that, by entering into the MOU and any subsequent Interagency Agreement entered into pursuant to this MOU, City does not intend to, and does not, convey any part of its water rights adjudicated pursuant to the Stipulated Judgment.

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SECTION 2. GENERAL PROVISIONS

By signing this Memorandum of Understanding, Parties agree that the following provisions contained in this Section 2. will constitute a legally binding and enforceable agreement between the Parties. In consideration of the significant expenses that the Parties will incur in pursuing an Interagency Agreement for the sale and purchase of Carry-Over Credits as described in this MOU and the mutual undertakings described, the Parties agree as follows:

2.1 Term

This MOU will become effective as of the effective date and shall remain in effect until terminated by either Party in its sole discretion and upon written notice to the other Party. However, any outstanding purchase transaction pursuant to a fully executed Interagency Agreement shall be fully and finally completed prior to termination. Following termination, neither Party shall have any obligations under this MOU.

2.2 Construction of Terms.

This MOU is for the sole benefit of the Parties and does not grant rights to any non-party or impose obligations on a Party in favor of any non-party.

2.3 Good Faith

Each Party shall use reasonable efforts and work in good faith for the expeditious completion of the purposes and goals of this MOU and the satisfactory performance of its terms.

2.4 Expenses

Each Party shall be solely responsible for expenses it incurs in connection with the pursuit of the purposes described in this MOU.

2.5 Binding Effect

This MOU is intended to be a confirmation of interest between the Parties in pursuing Interagency Agreements based on the terms herein described and, except for the paragraphs contained in this Section 2., shall not constitute a binding agreement between the Parties. Neither Party intends, by setting forth in this MOU the provisions of a possible transaction, to create for itself or any other person, any legally binding obligation of liability. No subsequent oral agreement or conduct of the Parties, including partial performance, shall be deemed to impose such obligation or liability. No agreement shall be binding unless and until each Party has reviewed and approved (in its sole discretion) a definitive written Interagency Agreement incorporating all the terms, conditions, and obligations of the Parties; has had such Agreement reviewed by legal counsel; and has duly executed and delivered such Agreement. The legal rights and obligations of each Party shall be only those that are set forth in the Interagency Agreement.

2.6 Mutual Indemnification and Hold Harmless

Each Party (the "Indemnitor") shall indemnify, defend, and hold harmless the other Party and its directors, officers, employees, and agents (collectively, the "Indemnified Party") from and against any and all claims, demands, causes of action, liability, loss, damage, or injury to property or persons, including wrongful death (collectively, "Claims"), whether imposed by a court of law or by administrative action of any federal, state, or local governmental body or agency, arising out of or in any way related to the Indemnitor's performance or non-performance, or in any way associated with this Agreement; provided, however, that the Indemnitor's obligations shall not cover Claims to the extent due to the gross negligence or intentional acts of the Indemnified Parties. Each Party's indemnification obligations under this section shall survive the expiration or termination of this MOU.

2.7. Amendments to This Agreement

This MOU may be modified only by a subsequent written amendment executed by the Parties.

2.8 Entire Agreement

This Memorandum 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.

2.9 Notices

Any notice required by this Memorandum to be given or delivered to any Party shall be deemed to have been received when personally delivered or deposited in the United States mail addressed as follows:

<u>Eastern</u>	Eastern Municipal Water District Post Office Box 8300 Perris, Ca. 92572-8300 Attn: General Manager
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<u>City</u>	City of San Jacinto 595 S. San Jacinto Ave. San Jacinto, Ca. 92583 Attn: City Manager
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2.10 Disputes

In the event that any dispute between the Parties arises under this Memorandum, the Parties shall first attempt to resolve such dispute at the management level. If the dispute is not resolved at this level within a mutually acceptable period of time (not to exceed ninety (90) calendar days from the date written notice of such dispute is delivered by any Party), the Parties shall attempt to resolve the dispute at the senior management level. If this process and the involvement of senior management does not result in resolution of the dispute within 90 days from the date of referral to senior management, then the dispute shall be referred to and finally resolved through legal proceedings. The use of the foregoing procedure is a condition precedent to the commencement of any legal proceedings hereunder.

2.11 Governing Law and Venue

This Memorandum of Understanding shall be governed by and enforced in accordance with the laws of the State of California. Venue of any action brought hereunder will be in Riverside County, California, and the parties hereto consent to the exercise of personal jurisdiction over them by any such court for purposes of any such action or proceeding.

2.12 Agreement Enforcement

In the event any action is commenced by a Party to this Memorandum against another to enforce its rights or obligations thereunder, the prevailing party(s) in such action, in addition to any other relief and recovery ordered by the court, shall be entitled to recover all litigation and collection expenses, witness fees, court costs, plus reasonable attorneys' fees.

2.13 Partial Invalidity

If any provision of this Memorandum is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force and effect without being impaired or invalidated.

2.14 Other Instruments

The Parties hereto covenant and agree that they will execute each such other and further instruments and documents as are or may become reasonably necessary or convenient to effectuate and carry out the purposes of this MOU.

2.15 Preparation of this MOU

This Memorandum shall not be construed against the drafting Party, but shall be construed as though drafted jointly by both Parties.

2.16 Authority to Enter Agreement:

Each Party warrants that the individuals who have signed this MOU have the legal power, right, and authority to make this agreement and bind each respective Party.

///
///

IN WITNESS WHEREOF, the Parties hereto have caused this Memorandum of Understanding to be effective as of the day and year last executed.

CITY OF SAN JACINTO

EASTERN MUNICIPAL WATER DISTRICT

By: _____
Robert A. Johnson, City Manager

By: _____
Paul D. Jones II, P.E., General
Manager

Dated: _____

Dated: _____

APPROVED AS TO FORM:

<p><u>Dated: _____, 2018</u></p>	<p><u>Olivarez Madruqa Lemieux O'Neill</u></p> <hr/> <p><u>By: _____</u> <u>Counsel for Eastern Municipal Water District</u></p>
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<p><u>Dated: _____, 2018</u></p>	<p><u>Best Best & Krieger LLP</u></p> <hr/> <p><u>By: Michael J. Maurer, City Attorney</u></p>
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EXHIBIT A

INTERAGENCY AGREEMENT BETWEEN EASTERN MUNICIPAL WATER DISTRICT AND THE CITY OF SAN JACINTO FOR THE [XXXX YEAR] PURCHASE OF GROUNDWATER CARRY-OVER CREDITS

This Interagency Agreement ("Agreement") is entered into this _____ day of _____, 20__, ("Effective Date") by and between **EASTERN MUNICIPAL WATER DISTRICT** ("Eastern" or "District"), a California Municipal Water District, and the **CITY OF SAN JACINTO**, a California General Law City ("City"), for the purchase of **[X number]** acre-feet of City's groundwater Carry-Over credits existing pursuant to the Hemet-San Jacinto Watermaster ("Watermaster") rules and regulations and the underlying stipulated judgment. Eastern and City may singularly be referred to as a "Party" or collectively be referred to as "Parties."

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties agree as follows:

SECTION 1. PURPOSE AND GOALS

On _____, 2018, the Parties entered a Memorandum of Understanding ("Memorandum") (Attached as Exhibit "A") setting forth their plan for the potential sale of City's "Carry-Over Credits" to Eastern as provided for in the Stipulated Judgment filed in the Superior Court of Riverside, California on April 18, 2013 (Riverside County Superior Court Case No. RIC 1207274) ("Stipulated Judgment" or "Judgment") to resolve groundwater disputes within the Hemet and San Jacinto Groundwater Management Area.

The Judgment defines "Carry-Over Credit" (at Jmt. §1.7) as the difference in acre-feet between a public agency's Adjusted Base Production Right plus its share of "Imported Water" (defined at Jmt. §1.14) and the public agency's actual production in a calendar year.

Consistent with the understanding and intentions stated in that Memorandum, this Agreement sets forth the terms and conditions for the sale and transfer of **[X number]** acre-feet of City's existing Carry-Over Credits to Eastern.

SECTION 2. AGREEMENT

- 2.1 The Parties hereby confirm that all requirements of Section 6.9.2.2 of the Judgment regarding the Watermaster's right of first refusal to the purchase of City's Carry-Over Credits have been complied with and that such compliance is a condition precedent to the validity of this Agreement.
- 2.2 City hereby agrees to sell **[X number]** acre-feet of Carry-Over Credits to Eastern. The purchase price shall be **[X dollar]** per acre-foot of Carry-Over Credit, which total represents the Metropolitan Water District's current Imported Water rate of **[X dollar]**, plus Eastern's current recharge and delivery rate of **[X dollar]** per acre-foot, totaling **[X dollar]** for **[X number]** acre-feet.

- 2.3 Payment shall be made within 30 days of execution of this document and transaction shall be completed within 30 days of payment.
- 2.4 All entitlements to ownership associated with the **[X number]** acre-feet of Carry-Over Credit purchased under this Agreement shall be for the benefit of and shall be retained by Eastern.
- 2.5 Eastern shall submit notice to the Watermaster of this transaction in the form of a copy of this executed Agreement.

SECTION 3. GENERAL PROVISIONS

3.1 Indemnification. Parties shall hold harmless, immediately defend at its own expense, and indemnify each Party, its officers, employees, and agents against any and all liability, claims, losses, damages, or expenses, including reasonable attorneys' fees, to the extent arising from all acts or omissions to act in the performance of this Agreement; excluding, however, such liability, claims, losses, damages, or expenses arising from another Party's active negligence or willful acts. This Indemnification Section of the Agreement shall survive the termination of this Agreement and the completion of its terms.

3.2 Amendments. This Agreement may be amended or modified only by written consent of both Parties.

3.3 Time is of the Essence. Time is of the essence in the performance of this Agreement.

3.4 Notices. Any notice required by this Agreement to be given or delivered to any Party shall be deemed to have been received when personally delivered or mailed in the United States mail addressed as follows:

<u>Eastern</u>	Eastern Municipal Water District Post Office Box 8300 Perris, Ca. 92572-8300 Attn: General Manager
----------------	---

<u>City</u>	City of San Jacinto 595 S. San Jacinto Ave. San Jacinto, Ca. 92583 Attn: City Manager
-------------	--

3.5 Dispute Resolution. In the event that any dispute between the Parties arises under this Agreement, the Parties shall first attempt to resolve such dispute at the management level. If the dispute is not resolved at this level within a mutually acceptable period of

time (not to exceed ninety (90) calendar days from the date written notice of such dispute is delivered by any Party), the Parties shall attempt to resolve the dispute at the senior management level. If this process and the involvement of senior management does not result in resolution of the dispute within 90 days from the date of referral to upper management, then the dispute shall be referred to and finally resolved through legal proceedings. The use of the foregoing procedure is a condition precedent to the commencement of any legal proceedings hereunder.

- 3.6 Governing Law and Venue. This Agreement shall be governed by and enforced in accordance with the laws of the State of California. Venue of any action brought hereunder will be in Riverside County, California, and the Parties consent to the exercise of personal jurisdiction over them by any such courts for purposes of any such action or proceeding.
- 3.7 Agreement Enforcement. In the event any action is commenced by a Party to this Memorandum against another to enforce its rights or obligations hereunder, the prevailing party in such action, in addition to any other relief and recovery ordered by the court, shall be entitled to recover all litigation and collection expenses, witness fees, court costs, plus reasonable attorneys' fees.
- 3.8 Partial Invalidity. If any provision of this Agreement is determined to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force and effect without being impaired or invalidated.
- 3.9 Other Instruments. The Parties agree to execute each such other instruments and documents as are or may become reasonably necessary or convenient to effectuate and carry out the performance of this Agreement.

///
///

The Parties are signing this Agreement as of the dates below their respective signatures.

CITY OF SAN JACINTO

EASTERN MUNICIPAL WATER DISTRICT

By: _____
[Name], City Manager

By: _____
[Name], General Manager

Dated: _____

Dated: _____

**INTERAGENCY AGREEMENT BETWEEN EASTERN MUNICIPAL WATER DISTRICT AND
THE CITY OF SAN JACINTO FOR THE
2018 PURCHASE OF GROUNDWATER CARRY-OVER CREDITS**

This Interagency Agreement ("Agreement") is entered into this _____ day of _____, 2018, ("Effective Date") by and between **EASTERN MUNICIPAL WATER DISTRICT** ("Eastern" or "District"), a California Municipal Water District, and the **CITY OF SAN JACINTO**, a California General Law City ("City"), for the purchase of five thousand five hundred (5,500) acre-feet of City's groundwater Carry-Over credits existing pursuant to the Hemet-San Jacinto Watermaster ("Watermaster") rules and regulations and the underlying stipulated judgment. Eastern and City may singularly be referred to as a "Party" or collectively be referred to as "Parties."

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties agree as follows:

SECTION 1. PURPOSE AND GOALS

On _____, 2018, the Parties entered a Memorandum of Understanding ("Memorandum") (Attached as Exhibit "A") setting forth their plan for the potential sale of City's "Carry-Over Credits" to Eastern as provided for in the Stipulated Judgment filed in the Superior Court of Riverside, California on April 18, 2013 (Riverside County Superior Court Case No. RIC 1207274) ("Stipulated Judgment" or "Judgment") to resolve groundwater disputes within the Hemet and San Jacinto Groundwater Management Area.

The Judgment defines "Carry-Over Credit" (at Jmt. §1.7) as the difference in acre-feet between a public agency's Adjusted Base Production Right plus its share of "Imported Water" (defined at Jmt. §1.14) and the public agency's actual production in a calendar year.

Consistent with the understanding and intentions stated in that Memorandum, this Agreement sets forth the terms and conditions for the sale and transfer of five thousand five hundred (5,500) acre-feet of City's existing Carry-Over Credits to Eastern.

SECTION 2. AGREEMENT

- 2.1 The Parties hereby confirm that all requirements of Section 6.9.2.2 of the Judgment regarding the Watermaster's right of first refusal to the purchase of City's Carry-Over Credits have been complied with and that such compliance is a condition precedent to the validity of this Agreement.
- 2.2 City hereby agrees to sell five thousand five hundred (5,500) acre-feet of Carry-Over Credits to Eastern. The purchase price shall be six hundred twenty-one dollars (\$621)

per acre-foot of Carry-Over Credit, which total represents the Metropolitan Water District's current 2018 Imported Water rate of \$548 per acre-foot, plus Eastern's current 2018 recharge and delivery rate of \$73 per acre-foot, totaling three million \$3,415,500 for 5,500 acre-feet.

- 2.3 This 5,500 acre-foot Carry-Over Credit transaction shall include a credit for Eastern's outstanding invoices (Eastern Invoice Numbers 28040 and 28180) (Attached as Exhibit "B") issued by Eastern to the City that total two hundred seven thousand two hundred twenty-seven dollars and seventy cents (\$207,227.70) ("Invoice Amount").
- 2.4 Eastern shall pay City the purchase price minus Invoice Amount which amounts to a final adjusted purchase price for City's 5,500 acre-feet of Carry-Over Credit totaling three million two hundred eight thousand two hundred seventy-two and thirty cents (\$3,208,272.30).
- 2.5 Payment shall be made within 30 days of execution of this document and transaction shall be completed within 30 days of payment.
- 2.6 All entitlements to ownership associated with the 5,500 acre-feet of Carry-Over Credit purchased under this Agreement shall be for the benefit of and shall be retained by Eastern.
- 2.7 Eastern shall submit notice to the Watermaster of this transaction in the form of a copy of this executed Agreement.

SECTION 3. GENERAL PROVISIONS

- 3.1 Indemnification. Parties shall hold harmless, immediately defend at its own expense, and indemnify each Party, its officers, employees, and agents against any and all liability, claims, losses, damages, or expenses, including reasonable attorneys' fees, to the extent arising from all acts or omissions to act in the performance of this Agreement; excluding, however, such liability, claims, losses, damages, or expenses arising from another Party's active negligence or willful acts. This Indemnification Section of the Agreement shall survive the termination of this Agreement and the completion of its terms.
- 3.2 Amendments. This Agreement may be amended or modified only by written consent of both Parties.
- 3.3 Time is of the Essence. Time is of the essence in the performance of this Agreement.
- 3.4 Notices. Any notice required by this Agreement to be given or delivered to any Party

shall be deemed to have been received when personally delivered or mailed in the United States mail addressed as follows:

Eastern Eastern Municipal Water District
Post Office Box 8300
Perris, Ca. 92572-8300
Attn: General Manager

City City of San Jacinto
595 S. San Jacinto Ave.
San Jacinto, Ca. 92583
Attn: City Manager

- 3.5 Dispute Resolution. In the event that any dispute between the Parties arises under this Agreement, the Parties shall first attempt to resolve such dispute at the management level. If the dispute is not resolved at this level within a mutually acceptable period of time (not to exceed ninety (90) calendar days from the date written notice of such dispute is delivered by any Party), the Parties shall attempt to resolve the dispute at the senior management level. If this process and the involvement of senior management does not result in resolution of the dispute within 90 days from the date of referral to upper management, then the dispute shall be referred to and finally resolved through legal proceedings. The use of the foregoing procedure is a condition precedent to the commencement of any legal proceedings hereunder.
- 3.6 Governing Law and Venue. This Agreement shall be governed by and enforced in accordance with the laws of the State of California. Venue of any action brought hereunder will be in Riverside County, California, and the Parties consent to the exercise of personal jurisdiction over them by any such courts for purposes of any such action or proceeding.
- 3.7 Agreement Enforcement. In the event any action is commenced by a Party to this Memorandum against another to enforce its rights or obligations hereunder, the prevailing party in such action, in addition to any other relief and recovery ordered by the court, shall be entitled to recover all litigation and collection expenses, witness fees, court costs, plus reasonable attorneys' fees.
- 3.8 Partial Invalidity. If any provision of this Agreement is determined to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force and effect without being impaired or invalidated.

3.9 Other Instruments. The Parties agree to execute each such other instruments and documents as are or may become reasonably necessary or convenient to effectuate and carry out the performance of this Agreement.

///
///

The Parties are signing this Agreement as of the dates below their respective signatures.

CITY OF SAN JACINTO

EASTERN MUNICIPAL WATER DISTRICT

By: _____
Robert A. Johnson, City Manager

By: _____
Paul D. Jones II, P.E., General Manager

Dated: _____

Dated: _____



EASTERN MUNICIPAL WATER DISTRICT
 POST OFFICE BOX 8300
 PERRIS, CA 92572-8300
 TELEPHONE (951) 928-3777 EXT 4225

Invoice

Invoice Number: 28040
 Date: MARCH 14, 2018

Bill To: CITY OF SAN JACINTO
 PO BOX 488
 SAN JACINTO, CA 92583

Customer Number	Term	Due Date	Invoice Type
1769	30 NET	APRIL 13, 2018	SOBOBA SETTLMT WATER
Description	Amount		
FEBRUARY 2018 - 211.9 AF x \$548.00	116,121.20		
FEBRUARY 2018 - O&M DELIVERY CHARGE 211.9 AF x \$73.00	15,468.70		
Total			\$131,589.90

2019 PRE-DELIVERY RECHARGE-SOBOBA SETTLEMENT PURCHASED WATER COSTS AND ASSOCIATED O&M DELIVERY CHARGES IN ACCORDANCE WITH EXHIBIT "A", AGREEMENT SECTION D2, (PAGE 18), OF THE AGREEMENT REGARDING PHASE 1, FACILITIES CONSTRUCTION COST AND USE, "AMOUNTS NOT PAID WITHIN THIRTY (30) DAYS OF THE DATE OF MAILING THE INVOICE SHALL BEAR INTEREST AT THE LEGAL RATE". AMOUNTS UNPAID, AFTER THE DUE DATE, SHALL ACCRUE INTEREST AT A RATE OF 1.5% PER MONTH.

INVOICES ARE SUBJECT TO A 1.5% PER MONTH LATE CHARGE ON ALL PAST DUE BALANCES

REMIT TO:
 EASTERN MUNICIPAL WATER DISTRICT
 ATTENTION: FINANCE DEPARTMENT
 P O BOX 8300
 PERRIS, CA 92572-8300



EASTERN MUNICIPAL WATER DISTRICT
 POST OFFICE BOX 8300
 PERRIS, CA 92572-8300
 TELEPHONE (951) 928-3777 EXT 4225

Invoice

Invoice Number: 28180
 Date: APRIL 11, 2018

Bill To: CITY OF SAN JACINTO
 PO BOX 488
 SAN JACINTO, CA 92583

Customer Number	Term	Due Date	Invoice Type
1769	30 NET	MAY 11, 2018	SOBOBA SETTLMT WATER
Description	Amount		
MARCH 2018 - 121.8 AF x \$548.00	66,746.40		
MARCH 2018 - O&M DELIVERY CHARGE 121.8 AF x \$73.00	8,891.40		
Total			\$75,637.80

2019 PRE-DELIVERY RECHARGE-SOBOBA SETTLEMENT PURCHASED WATER COSTS AND ASSOCIATED O&M DELIVERY CHARGES IN ACCORDANCE WITH EXHIBIT "A", AGREEMENT SECTION D2, (PAGE 18), OF THE AGREEMENT REGARDING PHASE 1, FACILITIES CONSTRUCTION COST AND USE, "AMOUNTS NOT PAID WITHIN THIRTY (30) DAYS OF THE DATE OF MAILING THE INVOICE SHALL BEAR INTEREST AT THE LEGAL RATE". AMOUNTS UNPAID, AFTER THE DUE DATE, SHALL ACCRUE INTEREST AT A RATE OF 1.5% PER MONTH.

INVOICES ARE SUBJECT TO A 1.5% PER MONTH LATE CHARGE ON ALL PAST DUE BALANCES

REMIT TO:
 EASTERN MUNICIPAL WATER DISTRICT
 ATTENTION: FINANCE DEPARTMENT
 P O BOX 8300
 PERRIS, CA 92572-8300



EASTERN MUNICIPAL WATER DISTRICT
 POST OFFICE BOX 8300
 PERRIS, CA 92572-8300
 TELEPHONE (951) 928-3777 EXT 4225

Invoice Number: 28180
 Date: APRIL 11, 2018

Invoice

Bill To: CITY OF SAN JACINTO
 PO BOX 488
 SAN JACINTO, CA 92583

Customer Number	Term	Due Date	Invoice Type
1769	30 NET	MAY 11, 2018	SOBOBA SETTLMT WATER
Description			Amount
MARCH 2018 - 121.8 AF x \$548.00			66,746.40
MARCH 2018 - O&M DELIVERY CHARGE 121.8 AF x \$73.00			8,891.40
Total			\$75,637.80

MARCH 2018 RECHARGE-SOBOBA SETTLEMENT PURCHASED WATER COSTS AND ASSOCIATED O&M DELIVERY CHARGES IN ACCORDANCE WITH EXHIBIT "A", AGREEMENT SECTION D2, (PAGE 18), OF THE AGREEMENT REGARDING PHASE 1, FACILITIES CONSTRUCTION COST AND USE, "AMOUNTS NOT PAID WITHIN THIRTY (30) DAYS OF THE DATE OF MAILING THE INVOICE SHALL BEAR INTEREST AT THE LEGAL RATE". AMOUNTS UNPAID, AFTER THE DUE DATE, SHALL ACCRUE INTEREST AT A RATE OF 1.5% PER MONTH.

INVOICES ARE SUBJECT TO A 1.5% PER MONTH LATE CHARGE
 ON ALL PAST DUE BALANCES

REMIT TO:
 EASTERN MUNICIPAL WATER DISTRICT
 ATTENTION: FINANCE DEPARTMENT
 P O BOX 8300
 PERRIS, CA 92572-8300

Mar-18	<u>AF</u>	<u>\$Amount</u>	<u>O&M Delivery</u>	<u>GRANT O&M AF</u>	<u>GRANT O&M Deliv</u>	<u>Total Billing</u>
Recharge	974.5	\$548.00	\$73.00	367.10	\$17.00	
EMWD	328.4	\$179,963.20	\$23,973.20	122.40	\$2,080.80	\$206,017.20
LHMWD	333.3	\$182,648.40	\$24,330.90	244.70	\$4,159.90	\$211,139.20
Hemet	191.0	\$104,668.00	\$13,943.00			\$118,611.00
San Jacinto	121.8	\$66,746.40	\$8,891.40			\$75,637.80
		\$354,062.80	\$47,165.30		\$6,240.70	\$405,388.00



Canyon Operating Plan - 2018 Update

Brian Powell, P.E.
Rachel M. Gray
November 26, 2018

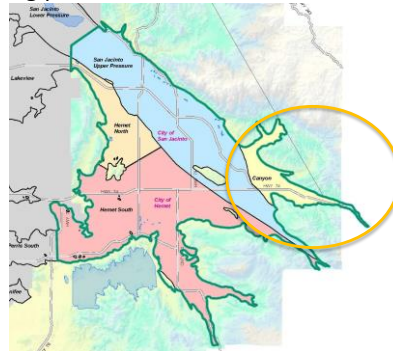
Canyon Operating Plan – 2018 Update

- Agenda
 - Objective
 - Summary of 2017 Status (Last Year)
 - Summary of 2018 Status (Current Year)
 - Additional Monitoring of Key Wells
 - Next Steps



Canyon Operating Plan Objective

- Manage the Canyon Subbasin in a manner that minimizes groundwater conditions that would limit the Soboba Tribe's ability to meet their annual water supply demands from their wells located in the Canyon Subbasin.
- Collaborative effort among the following parties:
 - Eastern Municipal Water District
 - Lake Hemet Municipal Water District
 - Soboba Band of Luiseño Indians



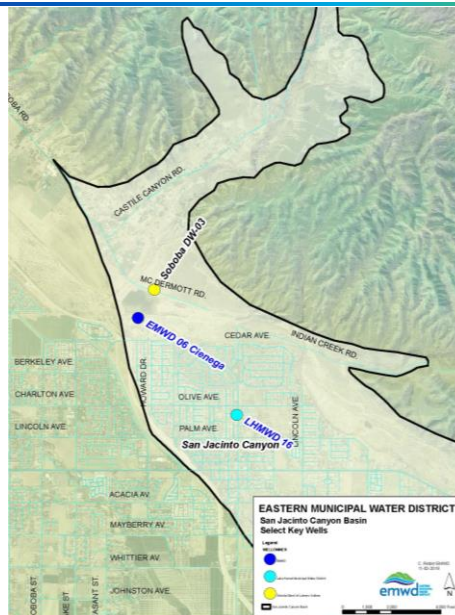
3 | emwd.org



Key Wells - Sampling

Sampling Frequency:

- Spring
- Fall



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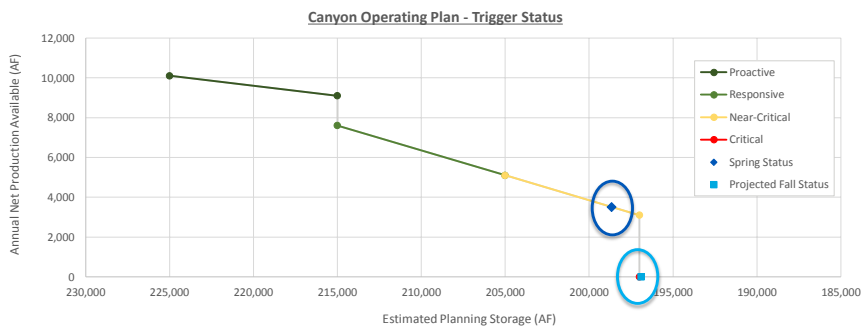
Summary of 2017 (Last Year) Status



Canyon Operating Plan – 2017 Status Summary

- Static Water Levels Measured in Key Wells on April 4, 2017

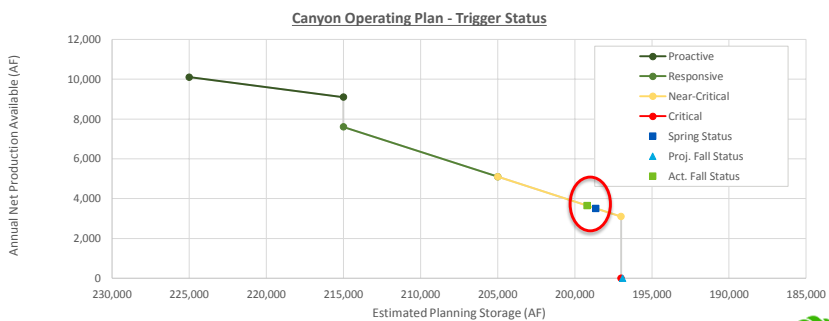
Well Name	Reference Point (ft/MSL)	Depth to Water (ft from RP)	Groundwater Elevation (ft / MSL)	Estimated Planning Storage (AF)
Soboba DW-03	1,681.94	243.00	1,438.94	194,173.00
Cienega 06	1,667.70	170.00	1,497.70	208,441.00
LHMWD 16	1,744.00	202.20	1,541.80	197,796.00
Weighted Average Planning Storage (AF)				198,646.00



Canyon Operating Plan – 2017 Status Summary

- Estimated Change in Planning Storage 2017

Key Well	Spring 2017 Storage Estimate (AF)	Fall 2017 Storage Estimate (AF)	Actual Change in Planning Storage (AF)
EMWD Cienega 06	208,441	208,858	+ 560
LHMWD 16	197,796	196,955	
Soboba DW-03	194,173	195,505	
	198,646	199,206	



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Status: Sub-Basin Trigger Status is "Near-Critical" for 2017



Canyon Operating Plan 2018 Annual Report (Current Year)



Canyon Operating Plan – 2018 Annual Report

- Static Water Levels Measured in Key Wells on April 3, 2018

Well Name	Reference Point (ft/MSL)	Depth to Water (ft from RP)	Groundwater Elevation (ft / MSL)	Estimated Planning Storage (AF)
Soboba DW-03	1,681.94	168.00	1,513.94	210,824
Cienega 06	1,667.70	152.40	1,515.30	212,307
LHMWD 16	1,744.00	171.30	1,572.70	208,621
Weighted Average Planning Storage (AF)				210,644

- Change in Key Well Groundwater Elevations from Spring 2017 to Spring 2018

Well Name	April 2017 Groundwater Elevation (ft/MSL)	April 2018 Groundwater Elevation (ft/MSL)	Change in Groundwater Elevation (ft)
Soboba DW-03	1,438.94	1,513.94	+ 75.00
Cienega 06	1,497.70	1,515.30	+ 17.60
LHMWD 16	1,541.80	1,572.70	+ 30.90

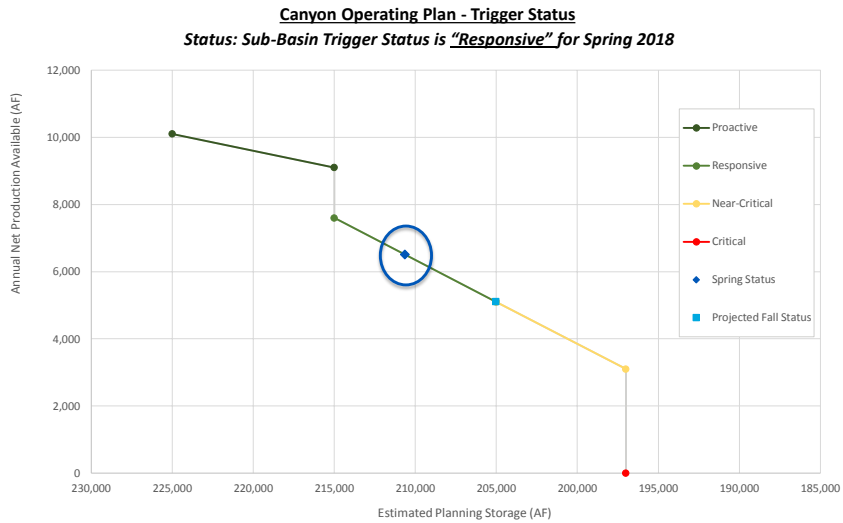


Canyon Operating Plan – 2018 Annual Report

2018 Canyon Operating Plan Calculations								Current Trigger Status (Spring 2018)		
Key Well	Weight	2017 Water Level (ft MSL)	2018 Water Level (ft MSL)	Δ (ft MSL)	2017 Storage Estimate (AF)	2018 Storage Estimate (AF)	Δ (AF)	Parameter	Value	Unit
EMWD Cienega 06	1	1,497.70	1,515.30	17.60	208,441	212,307	3,866	Spring Trigger Stage	Responsive	NA
LHMWD 16	1	1,541.80	1,572.70	30.90	197,796	208,621	10,825	Available Net Prod	6,511	AF
Soboba DW-03	2	1,438.94	1,513.94	75.00	194,173	210,824	16,651	Est. Net Production	5,610	AF
Weighted Average Storage Estimate:					198,646	210,644	11,998	Δ	901	AF
End of Pumping Season Projections (Fall 2018)								Projected Trigger Status (Fall 2018)		
Key Well	Weight	Spring Water Level (ft MSL)	Fall Water Level (ft MSL)	Δ (ft MSL)	Spring Storage Estimate (AF)	Fall Storage Estimate (AF)	Δ (AF)	Parameter	Value	Unit
EMWD Cienega 06	1	1,515.30	1,510.75	-4.55	212,307	211,307	-1,000	Plan / Est. Pumping	6,810	AF
LHMWD 16	1	1,572.70	1,566.42	-6.28	208,621	206,421	-2,200	Planned Recharge	1,200	AF
Soboba DW-03	2	1,513.94	1,503.09	-10.85	210,824	208,414	-2,410	Est. Net Prod (Fall)	5,108	AF
Average Storage Estimate:					210,644	205,034	-5,610	Fall Trigger Stage	Responsive	NA



Canyon Operating Plan – 2018 Annual Report



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Canyon Operating Plan – 2018 Annual Report

- Historical Groundwater Production and Artificial Recharge by LHMWD and EMWD

Year	Annual Trigger Status	Available Trigger Production (AF)	EMWD Production (AF)	LHMWD Production (AF)	Production Sub-Total (AF)	Artificial Recharge (AF)	Adjusted Production Sub-Total (AF)	Carry-Over Deficit Production (AF)
2015	Critical	0.000	0.000	510.937	- 510.937	0.000	- 510.937	- 510.937
2016	Critical	0.000	977.113	1,197.915	- 2,175.028	3,514.060	1,339.032	0
2017	Near-Critical	1,068.850	1,988.590	2,894.220	- 4,882.810	5,208.600	325.790	0
2018	Responsive	4,101.098						

- Soboba Tribe and Private Historical Groundwater Production

Year	Soboba Tribe Production (AF)	Private Production (AF)	Production Sub-Total (AF)
2015	1,049.120	1,006.666	2,055.786
2016	1,126.488	1,006.667	2,133.155
2017	1,293.590	1,005.020	2,298.600

Available to LHMWD & EMWD

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Canyon Operating Plan – 2018 Annual Report

- 2018 Basin Groundwater Production Projection

Entity	2018 Projected Groundwater Production (AF)	2018 Projected Imported Water Recharge (AF)	2018 Net Projected Groundwater Production (AF)	Groundwater Production (YTD* AF)	Remaining Groundwater Production (AF)
EMWD	1,600.000	600.000	1,000.00	1,460.067	1,600.000
LHMWD	2,800.000	600.000	2,200.00	2,365.123	1,654.248
Private	1,043.270	-	1,043.270	806.334	1,041.549
Soboba Tribe	1,366.570	-	1,366.570		1,266.374
Total	6,809.840	1,200.000	5,609.840		5,562.171

* Groundwater Production as of October 31, 2018.

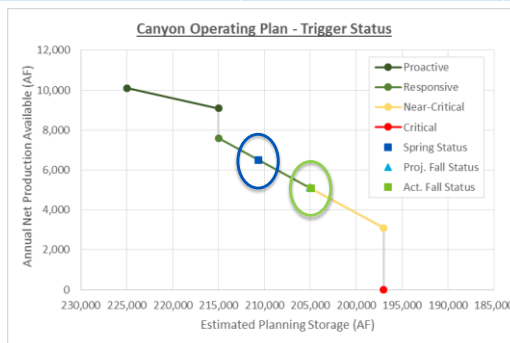
Projected Trigger – Responsive Status

Planned Production

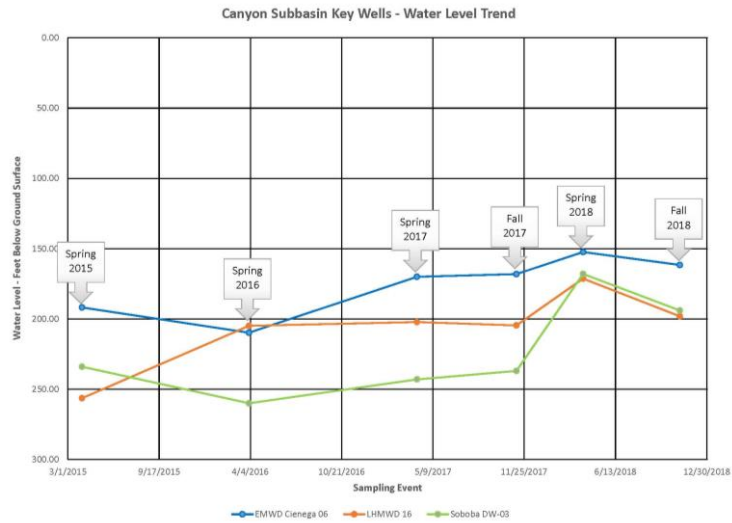


Canyon Operating Plan – Additional Monitoring

Well Name	Groundwater Elevation Spring 2018 (ft/msl)	Groundwater Elevation Fall 2018 (ft/msl)	Change in Groundwater Elevation (ft)
Soboba DW-03	1,513.94	1,487.94	-26.00
EMWD Cienega 06	1,515.30	1,506.10	-9.20
LHMWD 16	1,572.70	1,545.90	-26.80



Canyon Operating Plan – Groundwater Level Trend



Canyon Operating Plan

- **Next Steps:**
 - Parties to monitor groundwater production in the Canyon Subbasin relative to the 2018 allotted groundwater production.
 - Co-ordinate Spring 2019 Sampling Event.
 - Prepare draft 2019 Annual Report for the Canyon Operating Plan





Contact Information

Brian Powell, P.E.
Director of Groundwater Management
and Facilities Planning
Phone Number (951) 928-3777 Ext. 4278

Email: powellb@emwd.org

Rachel M. Gray
Water Resources Planning Manager
Phone Number (951) 928-3777 Ext. 4514

Email: grayr@emwd.org





10 Appendices

10.1 Watermaster Board Meeting Minutes

10.2 Technical Advisory Committee Meeting Notes

10.3 Watermaster Agreements

10.4 Resolutions

10.5 Task Orders

10.6 Independent Auditor's Report

10.7 References

**Hemet-San Jacinto Watermaster
Technical Advisory Committee (TAC) AGENDA
February 12, 2018
EMWD – 12:30 p.m.**

- I. Agency Reports:
 - A. EMWD
 - B. LHMWD
 - C. City of Hemet
 - D. City of San Jacinto

- II. Watermaster Advisor Update:
 - A. Draft February 26, 2018 Board Agenda.
 - B. 2017 Annual Report

- III. Revised Rules and Regulations Document – Status

- IV. Soboba Imported Water Recharge – Status Report by EMWD

- V. Other Items Per TAC Members Request.

- VI. Next Meeting May 7, 2018.

**Technical Advisory Committee (TAC) Meeting
Meeting Notes
February 12, 2018**

TAC Members Present

EMWD Staff Present: Joe Mouawad, Assistant General Manager of Planning,
Engineering and Construction
Nick Kanetis, Deputy General Manager
Kelley Gage, Senior Director of Water Resources Planning
Khos Ghaderi, Director of Water Operations
Brian Powell, Director of Groundwater Management & Facilities
Planning
Rachel Gray, Water Resources Planning Manager

City of Hemet Staff Present: Kris Jensen, Public Works Director
Ron Proze, Water/Wastewater Superintendent

City of San Jacinto Staff Present: Dan Mudrovich, Utilities Superintendent
Arthur Mullen, Production Operator 11
Steve Johnson, Consultant

Lake Hemet Staff Present: Mike Gow, General Manager

Private Producers Steve Pastor, Private Pumpers Representative

Watermaster Staff Present: Behrooz Mortazavi, Michelle Mayorga (Water Resources
Engineers)

Others Present:

I. AGENCY REPORTS

A. EMWD Status Report

Mr. Powell reported EMWD will be going out to construction for re-drilling of well 80 with replacement well 205.

B. LHMWD Status Report

Mr. Gow reported that LHMWD is working on developing two new wells in their system. One of these wells is the re-drilling of Well 8.

C. Hemet Status Report

Mr. Proze reported that that they are working on a wellhead treatment RFP. The City is in negotiations with EMWD for an inter-tie.

D. San Jacinto Status Report

Mr. Mudrovich reported that the City is working on its Water Management Plan Update; and looking at four potential sites for one new well site.

II. WATERMASTER ADVISOR UPDATE

A. Draft February 26, 2018 Board Agenda

Mr. Mortazavi presented the draft agenda for the February 26, 2018 Board Meeting. The Rules and Regulations Committee will have a meeting prior to the next Watermaster Board Meeting.

There are two Action Items; 2017 Financial Audit and 2017 Annual Report.

The Informational Items on the agenda include the status of the Draft Storage Agreement; proposed EMWD Water Banking and Conjunctive Use Project; status of the Soboba Imported Water Recharge; and Future Agenda Items. Mr. Mortazavi explained that a meeting to discuss the Draft Storage Agreement is currently being set up for next week. At the request of the Watermaster Board, Woodard & Curran will be presenting a review of the technical data and model results related to the proposed EMWD Storage Project. The Board also requested a performance evaluation of Mr. Mortazavi, however since Ms. Krupa will not be at the Board Meeting, this item will be deferred until May. Mr. Mortazavi asked TAC if anyone wanted to add or delete any items. There were no additions or deletions from TAC.

See Attachment 1 for draft agenda related to this item.

B. 2018 Annual Report

Mr. Mortazavi reviewed the different sections that are in the Annual Report. There will be 1 correction in the Corrections and Errata Section for 2016. There were 2 numbers for EMWD

and LHMWD that were transposed in the Carry-Over Credit Accounts Section. The most important table in the Annual Report is the 2017 Annual Demands (Table 4-1 of the Report). Mr. Mortazavi asked each agency to please check these numbers for accuracy. Total Groundwater Production for 2017, it was very similar to 2016. The Total Demand in the Basin was also very similar to 2016. However, the groundwater production from Upper Pressure was about 2,000 AF less than the 2016 production. There was also 500 AF reduction in production from Hemet-South. These reductions were offset by the increase of approximately 2,800 AF of production from Canyon Basin. There were 94 water quality samples measured in 2017, which is 23 less than 2016. River flow diversions for 2017 was approximately 8,300 AF, which is approximately 7,000 AF higher than 2016. In terms of Carry-Over credits, MWD has met all its past obligations plus a pre-delivery of 6,000 AF. The total Carry-over Credits as of December 31, 2017 was about 56,325 which was about 11,000 AF more than the Carry-over Credits at the end of 2016. The Carry-over Credits allow for the parties to pump 56,325 AF out of these basins without any replenishment into the Management Area. Mr. Mortazavi asked TAC if anyone wanted to add or delete any items. There were no additions or deletions from TAC.

See Attachment 2 for presentation related to this item.

III. REVISED RULES AND REGULATIONS DOCUMENTS - STATUS

Mr. Mortazavi reported that the Rules and Regulations Committee is scheduled to meet before the February 26, 2018 Board Meeting.

IV. SOBOBA IMPORTED WATER RECHARGE – STATUS REPORT BY EMWD

Mr. Powell summarized recharge for 2017. 6,050 AF was catch-up for 2016, 7,500 AF of delivered water for 2017 and 6,136 AF of pre-delivered water for 2018 for a total water delivery in 2017 of 19,686 AF. Currently, EMWD has received 1,364 balance for 2018, pre-delivered water as of February 11, 2018 of 1,409 AF for a total of 2,773 AF total water delivery in 2018. Mr. Ghaderi reported that he has been in communication with MWD to see how long water will be available to EMWD. MWD has indicated that they are hesitant to make a long-term commitment and are committed until the end of March. Mr. Powell reviewed the Recharge totals at IRRP and Grant Avenue thru the week ending February 11, 2018. Ms. Gage reported that EMWD has been in communication with the parties here and feel that they are all able to make the payments for 2019 in 2018, before June 30, 2018. 2020 was the year in question as it would be after the July 1, 2018 budget.

V. OTHER ITEMS PER TAC MEMBERS REQUEST

None

VI. NEXT MEETING MAY 7, 2018

AGENDA

HEMET – SAN JACINTO WATERMASTER BOARD OF DIRECTORS

February 26, 2018
4:00 pm
EMWD - Board Room
2270 Trumble Road, Perris, CA 92750

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

I. PUBLIC COMMENTS

Any person may address the Board on any subject within the Watermaster's jurisdiction which is not on the agenda. However, any non-agenda matter that requires action will be referred to staff for a report and action at a subsequent Board meeting. Any person may also address the Board on any agenda matter at the time that matter is discussed, prior to Board action.

II. ADDITIONS/DELETIONS TO THE AGENDA

III. REPORTS

The following agenda items are reports. They are placed on the agenda to provide information to the Board and public. There is no action called for in these items.

A. Board Member Comments/Questions/Reports

- Rules and Regulations Committee.

B. Advisor Report

C. Legal Counsel Report

D. Treasurer Report

IV. CONSENT CALENDAR

A. Approval of Minutes – November 27, 2017 Regular Board Meeting.

Recommendation: Adopt a motion to approve item A on the Consent Calendar.

Consent Calendar items are expected to be routine and non-controversial and are to be acted upon by the Board at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it will be removed from the Consent Calendar for separate action.

V. ACTION ITEMS

The following items call for discussion and possible action by the Board. These items are placed on the Agenda so that the Board may discuss and possibly take action on the items if the Board desires.

- A. 2017 Financial Audit – Presentation by CliftonLarsonAllen Certified Public Accountants and Financial Advisors Summarizing 2017 Audit Findings and Recommendations.
Recommendation: Adopt a motion to Receive and submit the 2017 Financial Audit Report as part of the Watermaster 2017 Annual Report to the Court.
- B. 2017 Annual Report – Presentation to summarize 2017 Annual Report.
Recommendation: Adopt a motion to receive and file the 2017 Annual Report with the Court and Department of Water Resources after accommodating any additional comments from Legal Counsel and Technical Advisory Committee.

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

- A. Status of the Draft Storage Agreement - Presentation by Legal Counsel on the status of the Draft Storage Agreement.
- B. Proposed EMWD Water Banking and Conjunctive Use Project - Presentation by Woodard & Curran (RMC) to review the technical data and model results related to the proposed EMWD Storage Project.
- C. Status of the Soboba Imported Water Recharge - Presentation by EMWD, on the status of the Soboba Imported Water deliveries and recharge at the Grant Avenue and IRRP ponds.
- D. Future Agenda Items - If Board Members have items for consideration at a future Board Meeting, please state the agenda item to provide direction to the Advisor.

VII. CLOSED SESSION - NONE

VIII. ADJOURNMENT

Next Regular Board of Directors Meeting

May 21, 2018 at 4:00 pm at:
Eastern Municipal Water District Board Room
2270 Trumble Road, Perris, CA 92750

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans With Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such a request to the Watermaster Executive Assistant at 714-707-4787, at least 48 hours before the meeting, if possible.

Pursuant to Government Code Section 54957.5, any writing that (a) is a public record; (b) relates to an agenda item for an open session of a regular meeting of the Watermaster Board of Directors; and (c) is distributed less than 72 hours prior to that meeting, will be made available for public inspection at the time the writing is distributed to the Board of Directors. Any such writing will be available for public inspection at Watermaster's office located at 2270 Trumble Road, Perris, CA 92750.

Hemet-San Jacinto Groundwater Management Area 2017 Annual Report

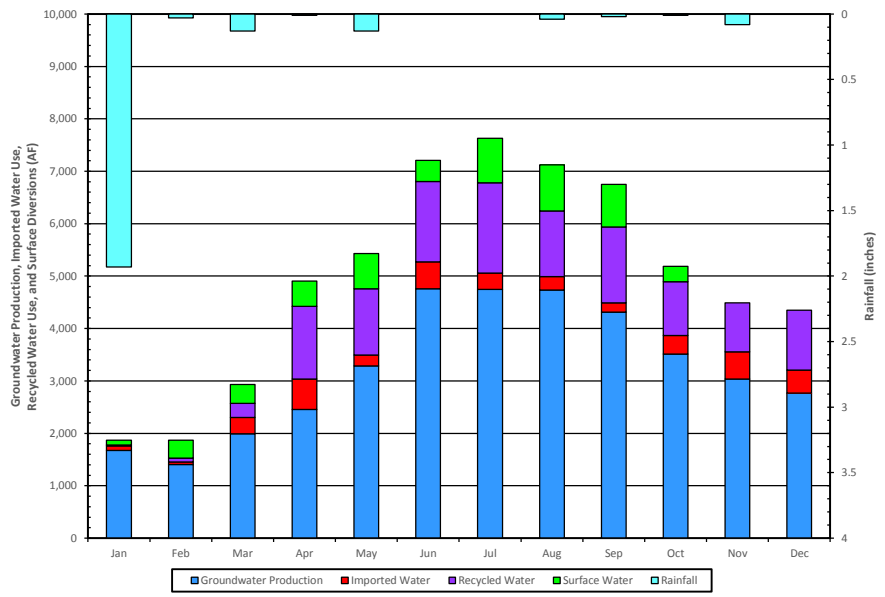
Hemet-San Jacinto Watermaster TAC Meeting

February 12, 2018

2017 Annual Report Table of Contents

- Executive Summary
- Introduction
- Management Plan Activities
- Current Water Supply
- Projected Demands Update
- Monitoring, Data Compilation, and Evaluation
- 2017 Financial Considerations
- Corrections and Errata
- Tables/Figures/Maps
- Appendices
 - Board Minutes, and TAC Meeting Notes
 - Agreements/Resolutions/Task Orders
 - References

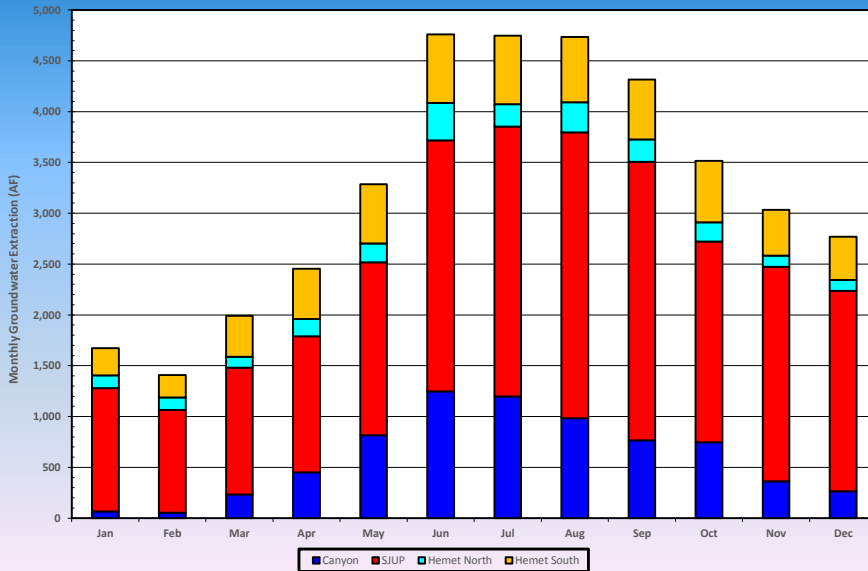
2017 Monthly Demands (By Source - AF)



2017 Annual Demands (By Management Zone/Source of Supply - AFY)

2016		EMWD	LHMWD	City of Hemet	City of San Jacinto	Private Property Owners	Soboba Tribe	Totals
Ground-water	Canyon	1,989	2,894	0	0	1,005	1,294	7,181
	SJUP	4,509	5,150	351	2,735	5,444	551	18,585
	Hemet North	0	0	0	0	2,231	0	2,231
	Hemet South	0	287	3,212	0	2,524	0	6,023
Groundwater From IRRP Wells		3,864	419	228	0	0	0	4,512
Total Groundwater		10,362	8,751	3,790	2,735	11,203	1,845	38,686
Surface Water - SJ River		0	5,186	0	0	0	0	5,186
In-lieu Recharge		0	0	0	0	0	0	0
Imported Water Treated by EMWD		1,383	0	0	0	0	0	1,383
Imported Raw Water		125	2,076	0	0	205	0	2,406
Recycled Water		0	0	0	0	8,526	0	8,526
In-Lieu Recycled Water		0	0	0	0	3,558	0	3,558
Totals		11,870	16,013	3,790	2,735	23,493	1,845	59,746

2017 Groundwater Production (By Management Zone - AF)



Growth Projections (By Entity - AFY)

Entity / Year	2020	2025	2030	2035	2040
EMWD	13,000	14,400	15,700	17,000	18,200
LHMWD	16,475	16,969	17,486	18,035	N/A
City of Hemet	4,860	4,960	5,040	5,110	5,150
City of San Jacinto	3,113	3,271	3,438	3,614	3,792
Totals	37,448	39,600	41,664	43,759	N/A

2017 Monitoring Program Results (By Management Zone)

Management Zone	Number of Wells Measured Spring	Number of Wells Measured Fall	Minimum Depth to Water (ft)	Maximum Depth to Water (ft)
Canyon	27	24	5.1	320.4
S.J. Upper Pressure	84	89	29.8	612.0
Hemet North (partial)	22	20	156.3	265.1
Hemet South	59	54	13.3	480.2
Totals	192	187	5.1	612.0

Management Zone	No. of Wells Sampled	TDS (mg/L)		NO ₃ -N (mg/L)	
		High	Low	High	Low
Canyon	13	1,200	200	5.8	< 0.10
S.J. Upper Pressure	41	2,600	170	28.0	< 0.10
Hemet North (partial)	23	1,100	340	11.0	< 0.10
Hemet South	17	1,400	190	39.0	< 0.10
Summary	94	2,600	170	39.0	<0.1

2017 Monitoring Program Other Related Information (River Diversion)

Agency	Diversion Points	Diversions (AF)
LHMWD	Lake Hemet	2,919
	South Fork	15
	North Fork	1,914
	Strawberry Creek	338
EMWD	Grant Avenue	3,150
	Total	8,336

2017 Budget & Revenues

Description	Original Budget	Revised Budget
Agreements (In-lieu Program)	\$189,000	\$189,000
EMWD Support (Groundwater Monitoring Program)	\$156,220	\$156,220
Video Inspection of Well Casings	\$60,000	\$60,000
Gravel Pit Dewatering Project	\$57,600	\$ -
Organization Operations & Management	\$ 242,250	\$ 230,750
Financial Support Services	\$10,500	\$9,000
Legal Counsel Services	\$35,000	\$ 30,000
Advisor Services	\$170,000	\$165,000
Insurance; Office Supplies; and Other Direct Costs	\$7,500	\$7,500
Administrative Support Services	\$14,000	\$14,000
Database/Mapping Application Maintenance	\$5,250	\$5,250
Additional Projects/Activities	\$100,000	\$ 85,000
Storage Project Evaluation	\$100,000	\$ 85,000
Total Budget	\$805,070	\$720,970

	Adjusted Base Production Rights (AF)	Actual Productions * (AF)	Production subject to Assessment (AF)	Total Assessment (\$)
City of Hemet	4,898	3,562	2,662	\$ 79,870
City of San Jacinto	3,209	2,735	1,835	\$ 55,050
EMWD	8,043	6,497	4,497	\$ 134,924
LHMWD	8,144	8,332	8,144	\$ 244,320
Totals	24,294	21,127	17,139	\$ 514,164

* Actual Production does not include IRRP Productions

2017 Unused Soboba Water & Carry-over Credits (as of December 31, 2017)

Agency	Pre 2012 Recharge Rights as of Dec. 31, 2016	* Total Unused SbT Imported Water as of Dec 31, 2017	Total Unused Adjusted BPR (AF) as of Dec 31, 2017	Totals as of Dec 31, 2017	MWD Pre-deliveries to Cover Future Obligations
City of Hemet	-	8,126	7,610	15,735	1,203
City of San Jacinto	-	5,545	4,805	10,350	767
EMWD	2,694	555	15,342	18,591	2,068
LHMWD	-	7,973	3,677	11,649	2,098
Totals	2,694	22,199	31,433	56,325	6,136

* Total Unused Soboba Imported Water calculations include Soboba Tribe Golf Course Production.

BPR = Base Production Rights
SbT = Soboba Tribe

Recycled Water & In-lieu Program Activities

In-Lieu Program Participants	Pre 2017 Deliveries (AF)	2017 Recycled Water Deliveries (AF)	2017 In-lieu Deliveries with Subsidy (AF)	Cost for In-lieu Program for 2016
Scott Brothers Dairy	16,162	1,393	899	\$48,478
Rancho Casa Loma	29,473	3,894	2,659	\$143,346
Totals	45,635	5,287	3,558	\$191,824

Management Zone	Recycled Water Use (AF)
Canyon	0
S.J. Upper Pressure	6,769
Hemet North (partial)	2,620
Hemet South	2,695
Totals	12,084

Class B Participants Carry-Over Credits (as of December 31, 2017)

Legal Owner Name	Prorata Alloc.	Total Production Below Allocations as of December 2016	2017 Prod.	Total Prod. Below Allocations as of Dec. 2017
Cordero Family Trust	1398	3030	223	4205
Gless Trust Pt.	588	1598	74	2112
Gless Family Trust	1505	4088	189	5404
Olsen Robert D & Olsen Elva I.	14	13	7	19
Olsen Citrus LLC	37	34	20	52
Arlington Veterinary Laboratories Inc.	105	95	55	145
Oostdam Peter G & Jacoba M and Oostdam John P & Margie K.	259	734	90	903
Gm Gabrych Family Lp	596	2384	0	2980
Record Randolph A & Record Anne M.	46	171	0	217
Sybrandy Investment Co. LP	1182	3122	272	4032
Boersma Eric & D Family Trust	195	826	190	831
Curci San Jacinto Investors LLC	260	1040	0	1300

Class B Participants Carry-Over Credits (as of December 31, 2017) (Cont.)

Legal Owner Name	Prorata Alloc.	Total Production Below Allocations as of December 2016	2017 Prod.	Total Prod. Below Allocations as of Dec. 2017
Nuevo Dev Co. LLC	151	604	0	755
Security Title Insurance Co. (part of Lauda Properties)	1.0	0	0	0
Lauda Family Ltd Partnership	3299	1045	660	1139
Lauda Bertrand & Lauda Erma J.	147	47	30	51
Rancho Diamante Inv.	92	318	0	410
Diamante Rancho	50	173	0	223
San Jacinto Spice Ranch Inc.	265	991	0	1256
Scott Ag Property	1755	1198	145	1909
Vandam Donald Dick and Vandam Frances L.	531	1209	144	1596
Vandam Glen A and Vandam Jennifer A.	139	415	59	496
Velde Children Trust & Pastime Lake Inv. (Combined)	357	114	365	106

2017 Watermaster Related Meetings and Agreements

Technical Advisory Committee Meetings:

- February 13, 2017
- May 8, 2017
- August 14, 2017
- November 13, 2017

Watermaster Board Meetings:

- February 27, 2017
- May 22, 2017
- August 28, 2017
- November 27, 2017

Watermaster Agreement(s):

- Hemet-San Jacinto Watermaster Support Services:
 - ✓ Task Order No. 9 – Water Resources Monitoring Program Support for 2017
 - ✓ Task Order No. 10 – Water Resources Well Video Program Support for 2017

2017 Watermaster Resolutions

- **Resolution No. 1.4 – Amending Designation of Date, Time and Location of Regular Meetings**
- **Resolution No. 8.1 – Deferral of Replenishment Assessment**
- **Resolution No. 9.3 – Administrative Assessment for 2017**
- **Resolution No. 10.3 – Reduction in Adjusted Production Rights Starting May 2018**

Recommendation

**Receive and File the 2017 Annual Report
with the Court after accommodating
comments from Technical Advisory
Committee**

**Hemet-San Jacinto Watermaster
Technical Advisory Committee (TAC) AGENDA
May 7, 2018
EMWD – 12:30 p.m.**

- I. Agency Reports:
 - A. EMWD
 - B. LHMWD
 - C. City of Hemet
 - D. City of San Jacinto

- II. Watermaster Advisor Update:
 - A. Draft May 21, 2018 Board Agenda.
 - B. 2017 Carry-Over Credit Accounts
 - C. Groundwater Storage Change Calculations
 - D. Department of Water Resources Reporting Under Water Code 10720
 - E. Updated Information on the 2017 Annual Report

- III. Proposed EMWD Conservation and Storage Project – Review of Technical Data and Updated Model Results – Woodard & Curran (RMC)

- IV. EMWD/Watermaster Conservation and Storage Agreement – TAC Recommendation

- V. Revised Rules and Regulations Document – TAC Recommendation

- VI. Soboba Imported Water Recharge – Status Report by EMWD

- VII. Other Items Per TAC Members Request.
 - A. SGMA Stakeholders Meeting – May 31, 2018 at 3:00 pm – EMWD

- VIII. Next Meeting August 13, 2018.

**Technical Advisory Committee (TAC) Meeting
Meeting Notes
May 7, 2018**

TAC Members Present

EMWD Staff Present: Nick Kanetis, Deputy General Manager
Joe Mouawad, Assistant General Manager of Planning,
Engineering and Construction
Kelley Gage, Senior Director of Water Resources Planning
Khos Ghaderi, Director of Water Operations
Brian Powell, Director of Groundwater Management & Facilities
Planning
Rachel Gray, Water Resources Planning Manager

City of Hemet Staff Present: Kris Jensen, Public Works Director

City of San Jacinto Staff Present: Arthur Mullen, Production Operator II
Steve Johnson, Consultant

Lake Hemet Staff Present: Mike Gow, General Manager

Private Producers Bruce Scott, Private Pumpers Representative

Watermaster Staff Present: Behrooz Mortazavi, Michelle Mayorga (Water Resources
Engineers)

Others Present: Dr. Ali Taghavi, Woodward & Curran
Eric Miller, Aspect Consulting (via Telecon)

I. AGENCY REPORTS

A. EMWD Status Report

Mr. Powell reported EMWD will be re-drilling Well 80 (replacement Well 205). Mountain Avenue West recharge site is currently at 75% design. EMWD is recalculating the new cost for Phase I project water delivery and recharge.

B. LHMWD Status Report

Mr. Gow reported that LHMWD is conducting a rate study, and re-drilling Well 8.

C. Hemet Status Report

Ms. Jensen reported that the City is using more of its Phase I water due to water quality issues at two wells. Currently the City is running Wells 2A and 12. The City is also working on its Conservation Rate Structure.

D. San Jacinto Status Report

Mr. Mullen reported that the City is rehabbing its Grant Well.

II. WATERMASTER ADVISOR UPDATE

A. Draft May 21, 2018 Board Agenda

Mr. Mortazavi presented the draft agenda for the May21, 2018 Board Meeting.

There are four actions items: 2017 Carry-Over Credit Accounts; Groundwater Storage Change Calculations; Revised Rules and Regulations Document; and Consideration to Approve Conservation and Storage agreement with EMWD.

Informational items are: proposed EMWD Conservation and Storage Project; Department of Water Resources Reporting under Water Code 10720; Insurance Agreement with Edgewood Partners Insurance Center; updated information on the 2017 Annual Report; status of the Soboba Imported Water Recharge; and future agenda items.

Ms. Gage suggested a language change to include the Records and Retentions Schedule. She will send language to the Advisor for this change. There were no other changes to the Agenda.

See Attachment 1 for draft agenda related to this item.

B. 2017 Carry-Over Credit Accounts

Mr. Mortazavi began by reviewing the Carry-Over Account at the beginning of 2017 which showed that MWD was approximately 6,050 AF short, with 45,212 AF in the Carry-Over Account. During 2017, EMWD recharged approximate 19,686.2 AF. This included 6,050.3 AF of MWD obligations, 7,500 AF of MWD 2017 deliveries and 6,135.9 of MWD pre-delivery for 2018; and 1,845.07 AF was pumped by the Soboba Tribe in 2017. This amount includes the Soboba Golf Course well production. In 2017, the total adjusted base production right

was approximately 24,295 AF. The parties pumped approximately 21,126 AF, and 4,512 AF was pumped from the Phase I Agreement Wells. This left approximately 3,356 AF of unused adjusted base production. At the end of 2017, the Carry-Over accounts reflected 6,136 AF of MWD Pre-Delivery for future use. Mr. Mortazavi asked TAC members to please check these amounts to verify accuracy of his calculations. All Class B Participants were under their allocated production amounts. It is his recommendation to Receive, and File the 2017 Carry-Over Credit Account summary data TAC members did not have any objection to his recommendation.

C. Groundwater Storage Change Calculations

Mr. Mortazavi reviewed the storage change estimates from Spring 2016 to Spring 2017 using the 2014 San Jacinto Groundwater Flow Model (SJFM-2014) information and the water level information that is collected every year. The procedure for this calculation splits the management area into 16 sub-sections. Each sub-section has a key well, this key well has a curve that correlates water level change with the storage change. Since the formation of the Watermaster, approximately 30,000 AF of groundwater production has been from basin storage. From the Spring of 2016 to Spring of 2017, the management area has recovered approximately 4,037 AF. It is Mr. Mortazavi's recommendation to include the storage change estimates in the Annual Report filings with the Count and to report this information to DWR as part of the Sustainable Groundwater Management Act requirements. TAC members did not have any objection to this recommendation. See Attachment 3 for presentation related to this item.

D. Department of Water Resources Reporting Under Water Code 10720

Mr. Mortazavi reviewed the status of the Department of Water Resources (DWR) Reporting under Water Code 10720. The information provided to DWR showed that the Groundwater Elevation Data was submitted to DWR by EMWD as part of the Watermaster Monitoring Program and CASGEM Program. A total of 38,686 aggregated groundwater extraction; total of 40,323 AF of surface water supply; total water use for 2017 was 59,323 AF; and change in groundwater storage was 4,037 AF. The 2016 Annual Report was submitted by the April 1, 2018, deadline and will be replaced with the updated final 2017 Annual Report when that report is filed.

See Attachment 4 for presentation related to this item.

E. Updated Information on the 2017 Annual Report

Mr. Mortazavi reviewed the corrections to 2017 Annual Report. The updated information includes: Annual Demand Table; Carry-over Credits Table; and the list of Agreements and Resolutions. The reason for the update to the Annual Report was that a portion of LHMWD's river diversion went to storage and was not used to meet their demands on the Annual Demand table; there was a calculation error on the Carry-over Credits table; the addition of the 2017 – 2019 Financial Audit Agreement with Clifton/Larson/Allen; and a typo under the 2017 Watermaster Resolutions section.

Mr. Powell asked if there have been corrections made to the 2016 Annual Reports? Mr. Mortazavi said Chapter 8 of the Annual Report include Corrections and Errata related to the

2016 Annual Report. That section was already included in the previous version of the report, and there were no updates in that section.

See Attachment 5 for presentation related to this item.

III. PROPOSED EMWD CONSERVATION AND STORAGE PROJECT

Mr. Powell asked TAC Member to provide comments on the Draft Report prepared by Woodard & Curran and the Draft Storage Agreement by May 11, 2018. Mr. Gow asked what is the urgency to approve the Storage Agreement at this time? Mr. Powell said that EMWD is getting close to committing to construction of some of the facilities, and EMWD wants to make sure the Storage Agreement is in place before any construction. Mr. Gow asked when will construction begin? Mr. Powell said sometime this year. Ms. Gage said that EMWD will be certifying the final EIR in June and they need the Water Storage Agreement in place to move forward with construction contracts.

Mr. Taghavi presented the modeling results where they conducted a new scenario. EMWD is proposing to have 7,000 AF of storage a year for 3 years as banking operation. At the same time, EMWD is looking at putting in 7,000 AF of water every year and extracting that water in the same year. Initially, the thought was to use 3 dedicated extraction wells for this operation but now EMWD is looking at extracting from more wells. The water banking operation is simulated by considering 3 years of banking (recharge), then 4 years of idle (no recharge or extraction), and then 3 years of extraction, whereas during the put and take (conjunctive use) operation, the recharge and extraction would happen in the same year over the course of 7 years and then 3 years of idle. The Model uses 30 years of Hydrology to analyze the impacts of the project. However, the proposed agreement between EMWD and the Watermaster is for 20 years.

The project objectives for groundwater storage was to utilize aquifer space to store recharged water; to maximize extraction of previously stored water with no losses; to minimize impacts on nearby production wells; to minimize adverse water quality conditions; to minimize impacts on stream recharge during wet years; and to honor previous agreements and priorities.

There were 4 scenarios that were looked at. Scenario A looks at only banking operations. Banking would be done during the wet years. There would be 7,000 AFY of recharge for 3 years for a total of 21,000 AF. Extracting of 7,000 AFY would take place during dry years. Scenario C is the newly conducted scenario. This scenario is only looking at Conjunctive Use, which would be put and take during the same year. During wet years and average years, 7,000 AFY would be recharged, and extraction would take place during the same year. Scenario B1 is the combination of Conjunctive Use and Banking operation. Because Scenario B1 had some adverse impacts, model runs trying to minimize adverse impacts were considered, so an additional 2% of recharge was added without that additional water being extracted. Mr. Powell added that under Scenario B2, even though the model added 2% of additional recharge, only 1% loss was observed.

Mr. Miller said the report has a reference to a Dudek Report that conducted some drilling work in the proposed Recharge Pond Area, what soil material was found in the sub-surface area? Were there any restrictive soil layers found? Mr. Powell responded that the results found at the Mountain Avenue West pond area were very similar to the soils at IRRP, and

with the monitoring wells that are at IRRP, a fairly quick response from those wells are observed when recharge takes place at the IRRP ponds. Mr. Mortazavi asked during the simulation, was recharge considered in the first 6 months and extraction in the second 6 months? Mr. Taghavi said that during the Conjunctive Use, Scenario C, recharge is simulated in the first 6 months and extraction is during the entire year. Mr. Mortazavi asked Mr. Taghavi to make sure that the final report reflects that there is enough storage in the basin to accommodate for the project.

In summary, the proposed project does not have any significant impacts on:

- Groundwater Storage in the Upper Pressure Basin and/or the Water Management Area,
- The groundwater levels in the nearby wells,
- The groundwater quality in the Upper Pressure Basin,
- The San Jacinto River recharge potential, and
- Prior agreements and operations.

Mr. Taghavi said he would like to receive all comments by May 15th.

IV. EMWD/WATERMASTER CONSERVATION AND STORAGE AGREEMENT

Mr. Mortazavi reviewed summary of the model results that is of importance to the agreement and reiterated that the proposed project has no significant impacts on: the groundwater storage in the upper pressure basin; the groundwater levels in the nearby wells; or San Jacinto river recharge during wet years. He also stated, model results show the displaced water from lower pressure to be approximately 4% for the water banking element, and negligible for the conservation (put and take) element.

The agreement highlights recognize the Water Banking which allows EMWD to use up to 21,000 AF of groundwater storage at any given time. Under Conjunctive Use (put and take), EMWD can extract up to 7,000 AFY, while recharge could exceed 7,000 AFY in any given year depending on how much water EMWD can purchase from MWD. Under the Conjunctive Use operation, extraction is limited to 7,000 AFY, but no specific limits are set for the recharge. However, water must be recharged before extraction; and extracted water will only be used within the Management Area. All recharge proposed under this agreement will be in the Upper Pressure Basin. The recharge can be at the new facility that EMWD will be constructing at Mountain Avenue West or at the existing IRRP site.

This project uses existing Phase I pipeline for the delivery of water to the recharge sites, and EMWD will pay its pro-rata share related to this agreement for repairs and replacement of the pipeline. Groundwater Modeling results are used to determine water losses: The agreement requires 4% losses for Storage (Water Banking) element, while not losses are considered for the Conservation (Put and Take) element. The recharge of the Soboba Settlement water would remain at the highest priority. Mr. Miller asked if it's 21,000 AF plus 4% that is allowed? Mr. Powell said that EMWD would have to recharge an additional 4% in order to get 21,000 AF of water in storage.

In the agreement, Watermaster has the first right to purchase, and the price will be set based on the cost of: water, conveyance, proportional capital recovery, and infrastructure replacement costs.

As part of the reporting, EMWD will provide Annual Reports projecting recharge and recovery for the upcoming year; Quarterly Reports of recharge, losses and water in storage; and data from 8 shallow wells and 3 multi-depth wells. The agreement is for 20 years beginning in 2020 and can be automatically renewed for another 20 years. Mr. Miller mentioned Item 10 in the Draft Agreement, which states EMWD will not extract Supplemental Water in a manner which interferes with the operation of wells managed by other parties in the Stipulated Agreement, and asked if there will be triggers to identify these interferences? Mr. Mortazavi said that the Agreement does not have a trigger mechanism and does not require model simulations on annual basis. However, the Watermaster has used the model in the past to evaluate status of the basin. The operational aspect of the project may vary from the simulations presented today. With respect to individual wells, each agency knows what the best water levels for their wells are, and if the agency sees that their well is significantly impacted, then the best thing would be to discuss this issue directly with EMWD, or through TAC. Ms. Gage said that EMWD is currently doing this. Mr. Mouawad added that Item 4 on the agreement talks about Limitations on Right to Store. He pointed out that cessation, reduction or other modification of conservation and storage activities by the Watermaster is authorized by this Agreement. He also wanted to point out that under Item 13 of the agreement EMWD will be the lead agency acquiring all the permits and environmental documentation. Mr. Powell wanted to clarify that 21,000 AF limit is for water that can be stored, which is different from the 7,000 AFY annual put and take limit.

Mr. Mortazavi will be recommending the approval of the Conservation and Storage Agreement with EMWD at the upcoming Watermaster Board meeting. He asked TAC members to provide any comments that they may have within the next week, and he will present TAC comments (if any) during his presentation to the Watermaster.

V. REVISED RULES AND REGULATIONS DOCUMENT – TAC RECOMMENDATION

Ms. Gage distributed and reviewed the marked-up version of the Rules and Regulations document showing the edits that were made including any references that were made to the Stipulated Judgement. This document is an Administrative Document that shows how the Watermaster operates. Page 2 section J is marked for deletion by mistake and that section will stay in the document. Ms. Gage reviewed a change that the Draft Budget will be distributed to the Board on or before September 30th of each year. A special Board budget workshop meeting date will be selected at the Board's regular August Board meeting. The special budget workshop shall be held after September 30th, but prior to the next regular Board meeting. Mr. Mortazavi requested this section be revised to allow for the Board budget workshop be conducted in concurrence with the August Regular Board Meeting. Mr. Mouawad suggested new language for the last sentence to read as: "shall be held after September 30th but prior to the next Board Meeting or at the discretion of the Watermaster Board". TAC members agreed to the change requested by Mr. Mortazavi.

VI. SOBOBA IMPORTED WATER RECHARGE – STATUS REPORT BY EMWD

This item was not presented at TAC, but Mr. Powell will have a summary of the recharge status for the Watermaster Board Meeting.

VII. OTHER ITEMS PER TAC MEMBERS REQUEST

A. SGMA Stakeholders Meeting – May 31, 2018 At 3:00pm - EMWD

VIII. Ms. Gray reported that EMWD is working on the basin boundary modifications for the San Jacinto Groundwater Basin. EMWD will be sending out notification to the stakeholders for this meeting. The proposed stakeholder meeting date is May 31, 2018. EMWD have been in close communication with DWR, and the proposed boundary modifications will be presented at the stakeholder meeting. The deadline for the basin boundary modifications submittal to DWR is June 30, 2018.

IX. NEXT MEETING AUGUST 13, 2018

AGENDA

HEMET – SAN JACINTO WATERMASTER BOARD OF DIRECTORS

May 21, 2018

4:00 pm

EMWD - Board Room
2270 Trumble Road, Perris, CA 92750

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

I. PUBLIC COMMENTS

Any person may address the Board on any subject within the Watermaster's jurisdiction which is not on the agenda. However, any non-agenda matter that requires action will be referred to staff for a report and action at a subsequent Board meeting. Any person may also address the Board on any agenda matter at the time that matter is discussed, prior to Board action.

II. ADDITIONS/DELETIONS TO THE AGENDA

III. REPORTS

The following agenda items are reports. They are placed on the agenda to provide information to the Board and public. There is no action called for in these items.

A. Board Member Comments/Questions/Reports

- Rules and Regulations Committee.
- Reserves and Investments Committee.

B. Advisor Report

C. Legal Counsel Report

D. Treasurer Report

IV. CONSENT CALENDAR

A. Approval of Minutes – February 26, 2018 Regular Board Meeting.

Recommendation: Adopt a motion to approve item A on the Consent Calendar.

Consent Calendar items are expected to be routine and non-controversial and are to be acted upon by the Board at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it will be removed from the Consent Calendar for separate action.

V. ACTION ITEMS

The following items call for discussion and possible action by the Board. These items are placed on the Agenda so that the Board may discuss and possibly take action on the items if the Board desires.

- A. 2017 Carry-Over Credit Accounts – Summary of the Carry-Over Credit Accounts as of December 31, 2017.
Recommendation: Receive and File Carry-over Credit Account Balances.
- B. Groundwater Storage Change Calculations – Presenting estimated groundwater storage changes between 2016 and 2017 using the methodology used in the previous year.
Recommendation: Receive and file estimated storage change between the years 2016 and 2017.
- C. Revised Rules and Regulations Document – The Rules and Regulations document was adopted on September 23, 2013 and amended on May 18, 2015. The proposed revised document was prepared by two Board Committees (the Rules & Regulations plus the Reserves & Investments). The revised document provides more clarification and includes a records retention attachment.
Recommendation: Adopt a motion to Approve the Revised Rules and Regulations and file the document with the Court.
- D. Consideration to Approve Conservation and Storage Agreement with EMWD – Summary of the proposed Agreement.
Recommendation: Adopt a motion to approve Conservation and Storage Agreement with EMWD.

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

- A. Proposed EMWD Conservation and Storage Project - Presentation by Woodard & Curran (RMC) to review the technical data and updated model results related to the proposed EMWD Storage Project.
- B. Department of Water Resources Reporting Under Water Code 10720 – Summary of the information that was provided to DWR as part of the Sustainable Groundwater Management Act requirements.
- C. Insurance Agreement with Edgewood Partners Insurance Center – Renewed insurance agreement effective April 1, 2018 - March 31, 2019 for commercial general liability, public officials and management liability, and commercial excess liability coverage with Allied World Assurance Company for \$3,102 per year.
- D. Updated Information on the 2017 Annual Report – Presentation to summarize changes/comments that were included on the 2017 Annual Report after Board's approval of the report on February 26, 2017.

- E. Status of the Soboba Imported Water Recharge - Presentation by EMWD, on the status of the Soboba Imported Water deliveries and recharge at the Grant Avenue and IRRP ponds.
- F. Future Agenda Items - If Board Members have items for consideration at a future Board Meeting, please state the agenda item to provide direction to the Advisor.

VII. CLOSED SESSION – NONE

VIII. ADJOURNMENT

Next Regular Board of Directors Meeting

August 27, 2018 at 4:00 pm at:

Eastern Municipal Water District Board Room

2270 Trumble Road, Perris, CA 92750

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans With Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such a request to the Watermaster Executive Assistant at 714-707-4787, at least 48 hours before the meeting, if possible.

Pursuant to Government Code Section 54957.5, any writing that (a) is a public record; (b) relates to an agenda item for an open session of a regular meeting of the Watermaster Board of Directors; and (c) is distributed less than 72 hours prior to that meeting, will be made available for public inspection at the time the writing is distributed to the Board of Directors. Any such writing will be available for public inspection at Watermaster's office located at 2270 Trumble Road, Perris, CA 92750.

Carry-Over Credits as of December 2017

Hemet-San Jacinto Watermaster
TAC Meeting

May 7, 2018

Public Agencies Corrected Carry-Over Credits as of December 31, 2016

(All Values in AF)

Agency	Pre 2012 Recharge Rights as of Dec. 31, 2016	* Total Unused SbT Imported Water as of Dec 31, 2016	Total Unused Adjusted BPR (AF) as of Dec 31, 2016	Totals as of Dec 31, 2016	Future MWD Deliveries to Cover Obligations
City of Hemet	0	5,766	6,274	12,039	1,186
City of San Jacinto	0	3,894	4,331	8,225	756
EMWD	4,694	616	11,796	17,107	2,039
LHMWD	0	4,164	3,677	7,841	2,069
Totals	4,694	14,440	26,078	45,212	6,050

* Unused Soboba Tribe Imported Water include Soboba Tribe production from Soboba Golf Course wells.

BPR = Base Production Rights

SbT = Soboba Trib

2017 MWD Water Deliveries

(All Values in AF)

Agency	MWD Obligations as of Dec. 2016	MWD Deliveries for 2017	MWD Pre-Deliveries For Future	Total MWD Deliveries
City of Hemet	1,185.9	1,470.0	1,202.6	3,858.5
City of San Jacinto	756.3	937.5	767.0	2,460.8
EMWD	2,038.9	2,527.5	2,067.8	6,634.2
LHMWD	2,069.2	2,565.0	2,098.5	6,732.7
Totals	6,050.3	7,500	6,135.9	19,686.2

**MWD Delivered 19686.2 AF of Soboba Water in 2017
(Reported by EMWD)**

2017 Unused Soboba Water

(All Values in AF)

Agency	Deliveries for 2017	2017 Imported Water Used by SbT *	2017 Unused SbT Imported Water
City of Hemet	1,470.0	67.6	1,402.4
City of San Jacinto	937.5	43.1	894.4
EMWD	2,527.5	116.3	2,411.2
LHMWD	2,565.0	118.0	2,447.0
Totals	7,500	345.1	7,154.9

* 2017 Soboba Tribe Production (1,845.07 AF total) was reported on Jan 16, 2018.
Includes Soboba Golf Course wells production.

2017 Public Agencies Groundwater Productions

(All Values in AF)

Agency	Adjusted BPR for 2017	Actual 2017 Productions	Production via Phase I Agreement Wells *	Excess Production Above Adjusted BPR	Unused Adjusted BPR
City of Hemet	4,898	3,562	228	0	1,336
City of San Jacinto	3,209	2,735	0	0	474
EMWD	8,043	6,497	3864	0	1,546
LHMWD	8,144	8,332	419	288	0
Totals	24,295	21,126	4,512	288	3,356

* Includes All Deliveries by EMWD to Other Agencies

BPR = Base Production Rights

Public Agencies Carry-Over Credits as of December 31, 2017

(All Values in AF)

Agency	Pre 2012 Recharge Rights as of Dec. 31, 2017	* Total Unused SbT Imported Water as of Dec 31, 2017	Total Unused Adjusted BPR (AF) as of Dec 31, 2017	Totals as of Dec 31, 2017	MWD Pr-Delivered for Future
City of Hemet	0	8,126	7,610	15,735	1,203
City of San Jacinto	0	5,545	4,805	10,350	767
EMWD	2,694	1,202	15,342	19,238	2,068
LHMWD	0	7,973	3,677	11,649	2,098
Totals	2,694	22,846	31,433	56,972	6,136

• Unused Soboba Tribe Imported Water include Soboba Tribe production from Soboba Golf Course wells.

BPR = Base Production Rights

SbT = Soboba Tribe

Class B Participants Carry-Over Credits (as of December 31, 2017)

Legal Owner Name	Prorata Alloc.	Total Production Below Allocations as of December 2016	2017 Production	Total Prod. Below Allocations as of Dec. 2017
Cordero Family Trust	1398	3030	223	4205
Gless Trust Pt.	588	1598	74	2112
Gless Family Trust	1505	4088	189	5404
Olsen Robert D & Olsen Elva I.	14	13	7	19
Olsen Citrus LLC	37	34	20	52
Arlington Veterinary Laboratories Inc.	105	95	55	145
Oostdam Peter G & Jacoba M and Oostdam John P & Margie K.	259	734	90	903
Gm Gabrych Family Lp	596	2384	0	2980
Record Randolph A & Record Anne M.	46	171	0	217
Sybrandy Investment Co. LP	1182	3122	272	4032
Boersma Eric & D Family Trust	195	826	190	831
Curci San Jacinto Investors LLC	260	1040	0	1300

Class B Participants Carry-Over Credits (as of December 31, 2017) (Cont.)

Legal Owner Name	Prorata Alloc.	Total Production Below Allocations as of December 2016	2017 Production	Total Prod. Below Allocations as of Dec. 2017
Nuevo Dev Co. LLC	151	604	0	755
Lauda Family (Security Co. & Partnership & Bertrand & Erma – Combined) *	3447	1092	690	1190
Rancho Diamante Inv.	92	318	0	410
Diamante Rancho	50	173	0	223
San Jacinto Spice Ranch Inc.	265	991	0	1256
Scott Ag Property *	1755	1198	145	1909
Vandam Donald Dick and Vandam Frances L.	531	1209	144	1596
Vandam Glen A and Vandam Jennifer A.	139	415	59	496
Velde Children Trust & Pastime Lake Inv. (Combined)	357	114	365	106

* In-lieu Program Participants – Recycled water deliveries are considered in calculating the Carry-over Credits

Recommendation

**Receive and File the 2017 Carry-Over
Credit Accounts Summary Data**

Questions...

Storage Change Estimates Spring 2016 to Spring 2017

Hemet-San Jacinto Watermaster
TAC Meeting
May 7, 2018

Storage Change Methodology

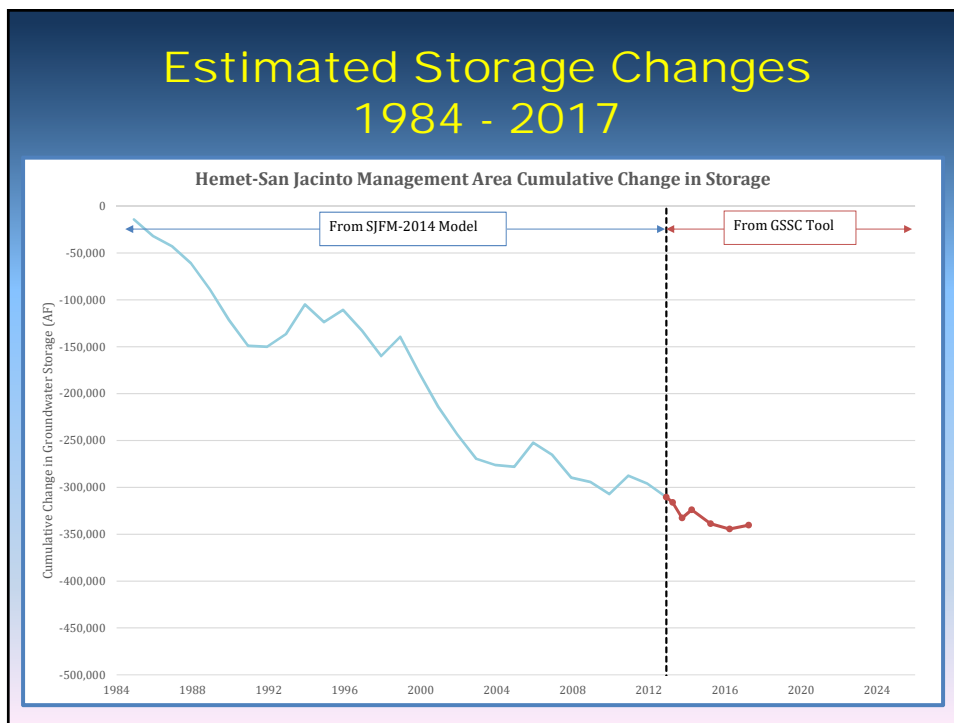
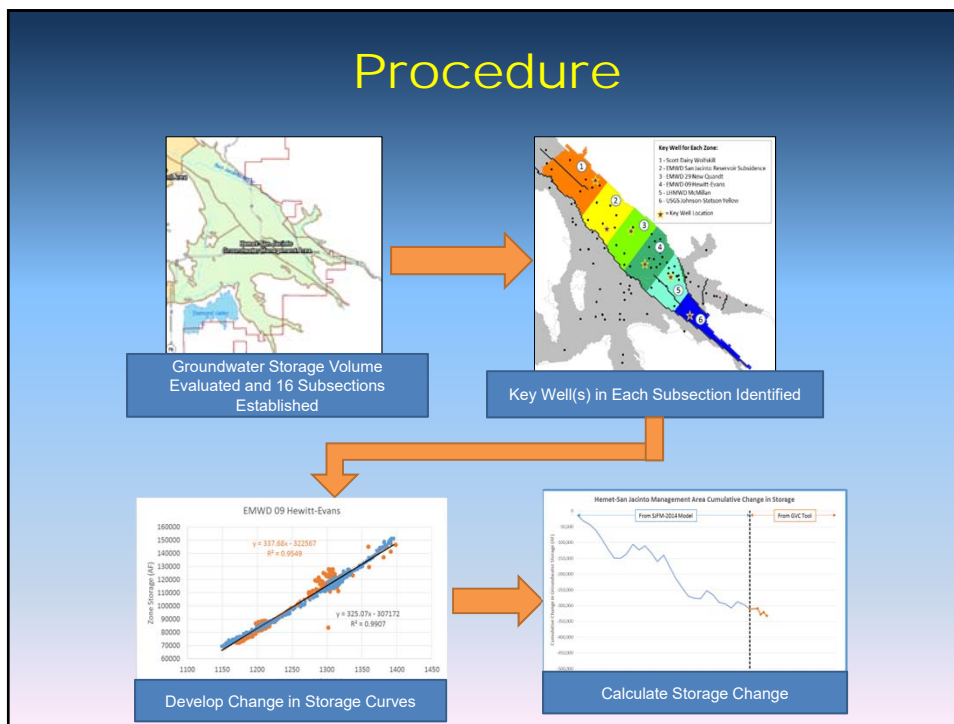
**Uses the 2014 San Jacinto Groundwater Flow
Model (SJFM-2014) information**

&

**Water level data collected as part of the annual
Monitoring Program**

to

**Calculate the storage change in the Hemet-San
Jacinto Management Area**



Estimated Storage Changes Using the Proposed Methodology

Area	Time Period	Estimated Storage Changes (AF)
Management Area	January 1984 - December 2012	- 310,458
Management Area	January 1984 – Spring 2017	- 340,414
Management Area	January 2013 – Spring 2017	- 29,956
Management Area	Spring 2016 – Spring 2017	4,037
San Jacinto Upper Pressure GMZ	Spring 2016 – Spring 2017	- 6,048
Hemet North GMZ	Spring 2016 – Spring 2017	988
Hemet South GMZ	Spring 2016 – Spring 2017	3,292
Canyon GMZ	Spring 2016 – Spring 2017	5,805

GMZ = Groundwater Management Zone

Recommendation

- **Include Storage Change estimates in the Annual Report filings with the Court.**
- **File the Annual Report Information (including Storage Changes) with DWR as part of the Sustainable Groundwater Management Act requirements.**



Status of the Department of Water Resources Reporting Under Water Code 10720

Hemet-San Jacinto Watermaster
TAC Meeting
May 7, 2017

State Requirement

Sustainable Groundwater Management Act
Water Code Section 10720

Watermaster shall provide the following information to the Department of Water Resource (DWR) on or before April 1st of each year:

- 1. Groundwater Elevation Data;**
- 2. Aggregated Groundwater Extraction Data;**
- 3. Surface Water Supply Data;**
- 4. Total Water Use Data;**
- 5. Change in Groundwater Storage; and**
- 6. The Annual Report.**

Information Provided to DWR

1 - Groundwater Elevation Data :

Submitted to DWR by EMWD as part of the Watermaster Monitoring Program and CASGEM Program.

2 - Aggregated Groundwater Extraction Data :

Extraction Data by Method Collected		
Metered	Estimated(by Landuse)	Total
33,586	5,100	38,686

Extraction by Water Use Sector	
Urban	25,638
Agriculture	11,203
Other (Soboba Tribe)	1,845
Total	38,686

CASGEM = California Statewide Groundwater Elevation Monitoring

Information Provided to DWR (cont.)

3 - Surface Water Supply Data :

Local Surface Water	Colorado River	State Water Project	Recycled Water	MWD Recharge Water (Other)	Total Surface Water Supply
4,763	330	3,460	12,084	19,686	40,323

4 - Total Water Use Data :

Water Use by Sector	
Urban	33,985
Agriculture	23,493
Other (Soboba Tribe)	1,845
Total	59,323

Water Use by Source	
Groundwater	38,686
Surface Water	8,553
Recycled Water	12,084
Total	59,323

Information Provided to DWR (cont.)

5 - Change in Groundwater Storage :

Time Period	Estimated Storage Change
April 9, 2016 – April 8, 2017	4,037

6 – The Annual Report :

**2016 Annual Report was provided
&
2017 Annual Report will be provided in July**

Questions...

2017 Annual Report Updated Information

Hemet-San Jacinto Watermaster
TAC Meeting

May 7, 2018

Updated Information

Updated Material:

- 1 - Annual Demand Table
- 2 - Carry-over Credits Table
- 3 - List of Agreements and Resolutions

Reason for the Update:

- 1 - Portion of LHMWD river diversions went to storage and was not used to meet demand.
- 2 - Calculation error
- 3 - Typo error

2017 Annual Demands (By Management Zone/Source of Supply – AFY)

		EMWD	LHMWD	City of Hemet	City of San Jacinto	Private Property Owners	Soboba Tribe	Totals
Ground-water	Canyon	1,989	2,894	0	0	1,005	1,294	7,181
	SJUP	4,509	5,150	351	2,735	5,444	551	18,585
	Hemet North	0	0	0	0	2,231	0	2,231
	Hemet South	0	287	3,212	0	2,524	0	6,023
Groundwater From IRRP Wells		3,864	419	228	0	0	0	4,512
Total Groundwater		10,362	8,751	3,790	2,735	11,203	1,845	38,686
Surface Water - SJ River		0	4,763	0	0	0	0	4,763
In-lieu Recharge		0	0	0	0	0	0	0
Imported Water Treated by EMWD		1,383	0	0	0	0	0	1,383
Imported Raw Water		125	2,076	0	0	205	0	2,406
Recycled Water		0	0	0	0	8,526	0	8,526
In-Lieu Recycled Water		0	0	0	0	3,558	0	3,558
Totals		11,870	15,590	3,790	2,735	23,493	1,845	59,323

2017 Unused Soboba Water & Carry-over Credits (as of December 31, 2017)

Agency	Pre 2012 Recharge Rights as of Dec. 31, 2016	* Total Unused SbT Imported Water as of Dec 31, 2017	Total Unused Adjusted BPR (AF) as of Dec 31, 2017	Totals as of Dec 31, 2017	MWD Pre-deliveries to Cover Future Obligations
City of Hemet	0	8,126	7,610	15,735	1,203
City of San Jacinto	0	5,545	4,805	10,350	767
EMWD	2,694	1,202	15,342	19,238	2,068
LHMWD	0	7,973	3,677	11,649	2,098
Totals	2,694	22,846	31,433	56,972	6,136

* Total Unused Soboba Imported Water calculations include Soboba Tribe Golf Course Production.

BPR = Base Production Rights
SbT = Soboba Tribe

2017 Watermaster Related Meetings and Agreements

Technical Advisory Committee Meetings:

- February 13, 2017
- May 8, 2017
- August 14, 2017
- November 13, 2017

Watermaster Board Meetings:

- February 27, 2017
- May 22, 2017
- August 28, 2017
- November 27, 2017

Watermaster Agreement(s):

- 2017-2019 Financial Audit Agreement with Clifton/Larson/Allen
- Hemet-San Jacinto Watermaster Support Services:
 - ✓ Task Order No. 9 – Water Resources Monitoring Program Support for 2017
 - ✓ Task Order No. 10 – Water Resources Well Video Program Support for 2017

2017 Watermaster Resolutions

- Resolution No. 1.4 – Amending Designation of Date, Time and Location of Regular Meetings
- Resolution No. 8.1 – Deferral of Replenishment Assessment
- Resolution No. 9.3 – Administrative Assessment for 2018
- Resolution No. 10.3 – Reduction in Adjusted Production Rights Starting May 2018



Proposed Water Banking and Conjunctive Use in San Jacinto Valley Technical Basis for a Storage Agreement



Summary of Results

Presented to:

Watermaster TAC

May 7, 2018



Agenda

1. Groundwater Banking Operation
2. Baseline Hydrology
3. Groundwater Banking Scenarios
4. Baseline & Scenario Model Runs
5. Summary & Next Steps
6. Questions

Program Goals and Objectives

Water Banking and Conjunctive Use Program:

- Increase local supply reliability
- Create the ability to bank low cost supplies when available
- Overcome a water shortage for three consecutive drought years
- Replenish over-draft and improve long term stability
- Integrate different programs and opportunities including salt balance
- Provide recharge and extraction capacity for other agencies



3

Proposed Facilities

Phase 1 Facilities

- Develop Mountain Avenue West site
- Construct 3 production wells

Proposed GW Bank Size:

- 7,000 afy x 3 years = 21,000 af

Extraction Capacity:

- 3 wells x 2,333 gpm = 7,000 afy

Recharge Capacity:

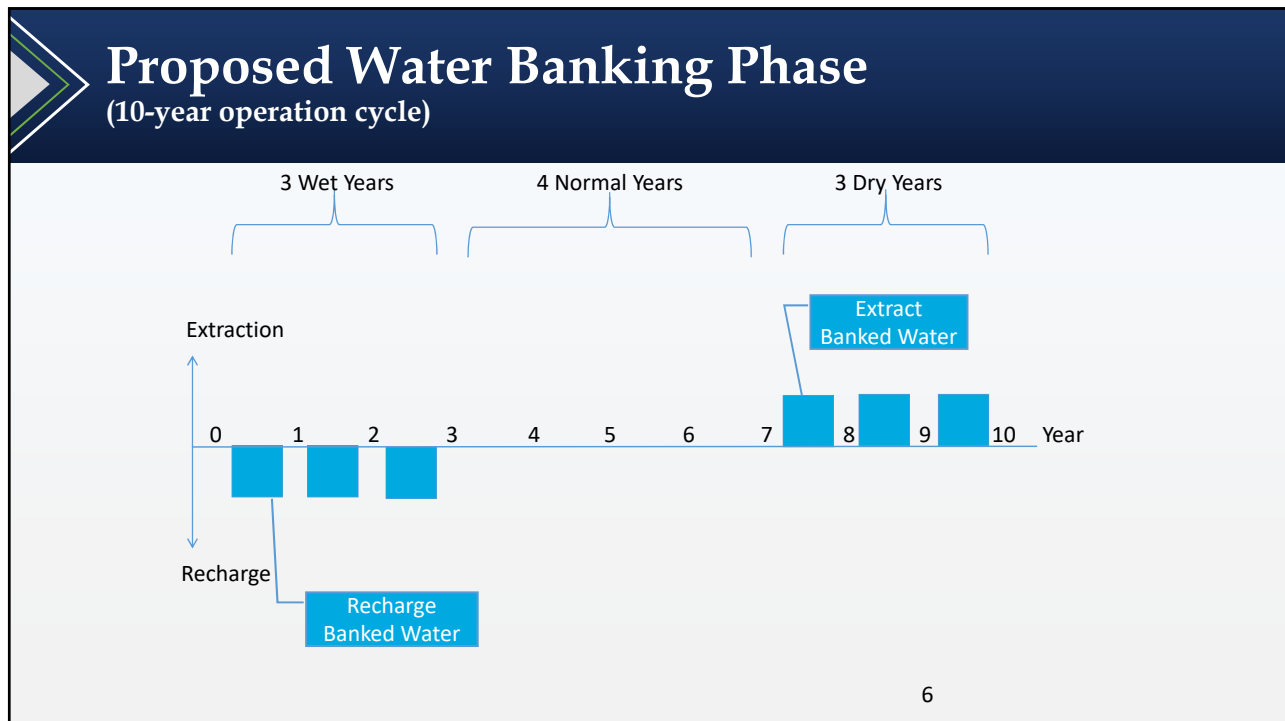
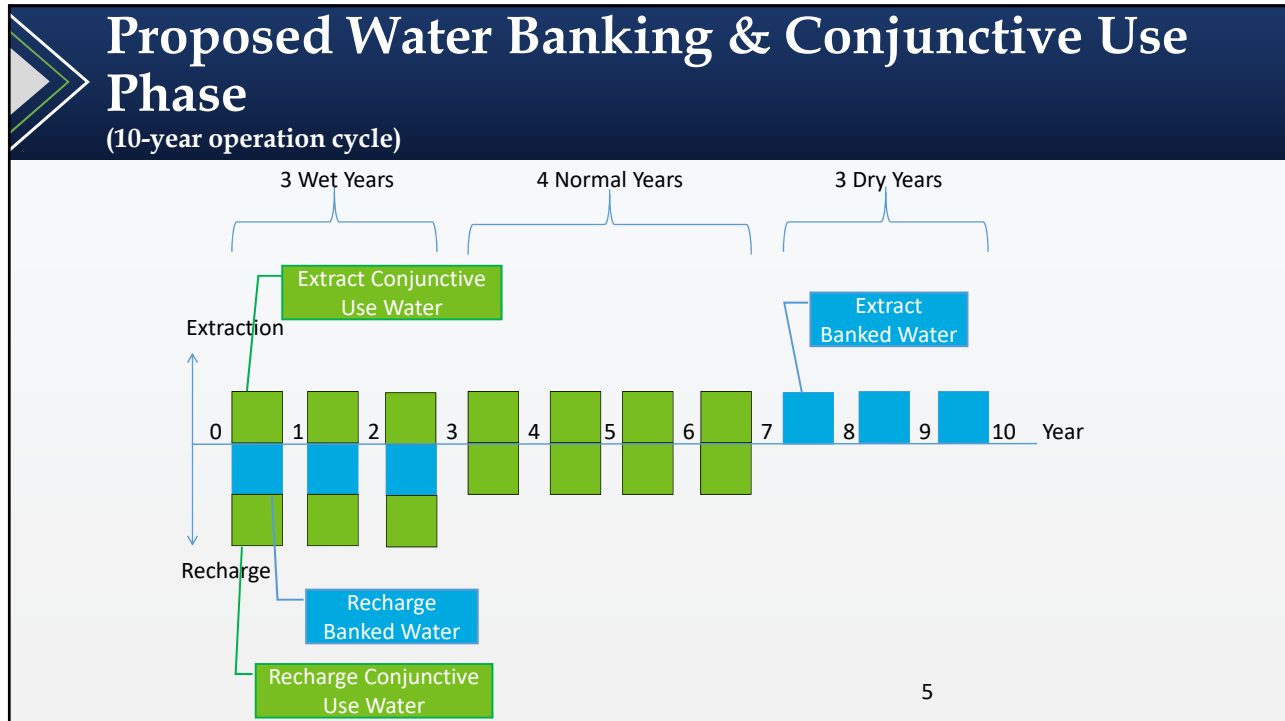
- Minimum 7,000 afy

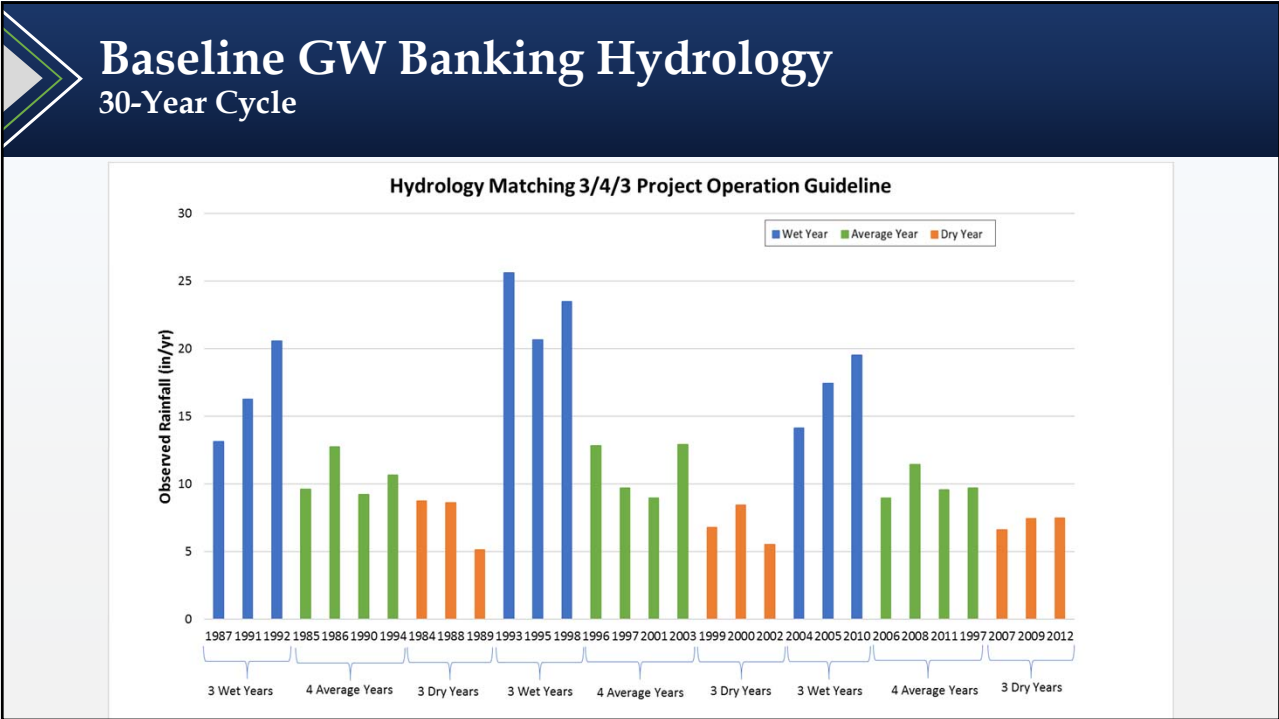
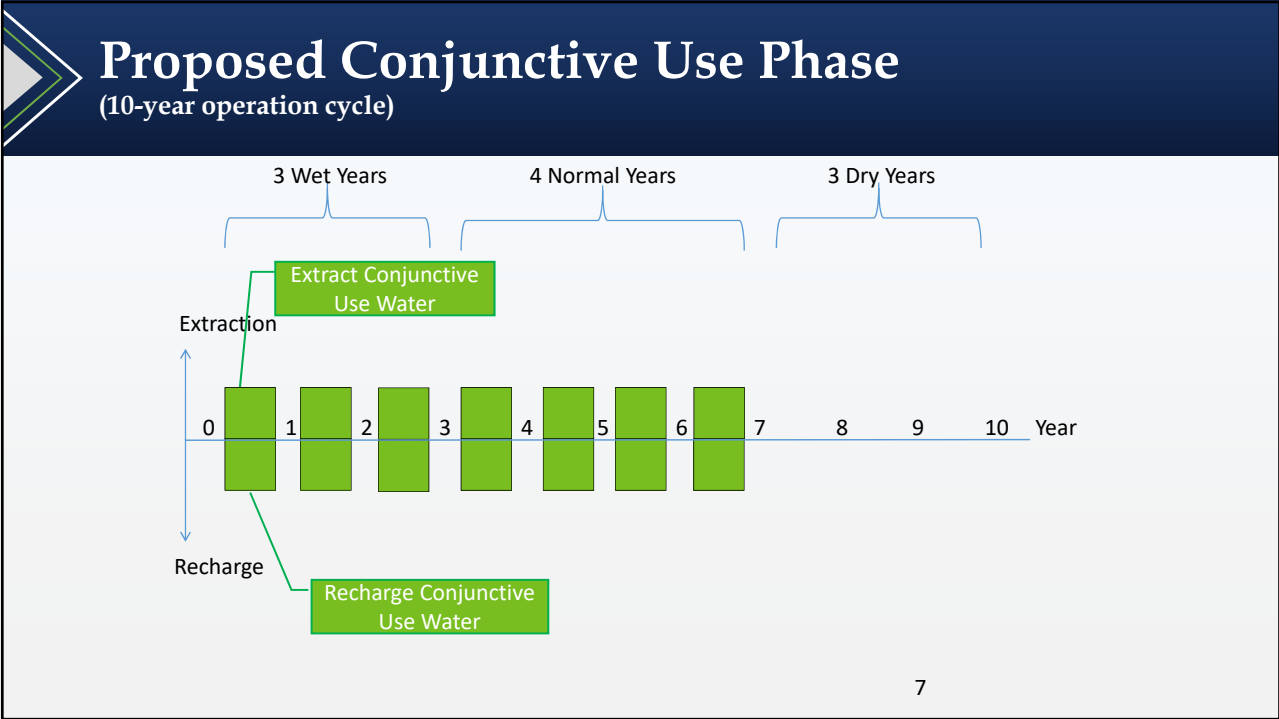


San Jacinto Upper Pressure Subbasin

- Mountain Ave West Recharge Facilities
- 3 Production Wells (sites being investigated)

4





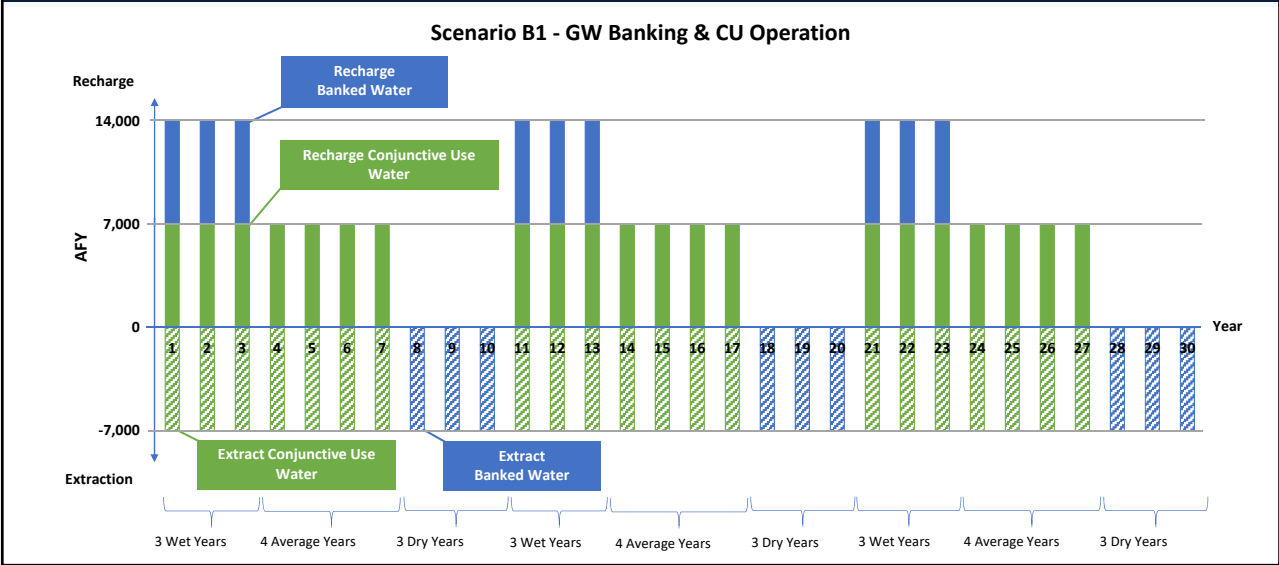
Project Operational Objectives

- **GW Storage:**
 - Utilize available aquifer space to store recharged water
 - Maximize extraction of previously stored water with no losses
- **GW Levels:** Minimize impacts on nearby production wells
- **GW Quality:** Minimize adverse water quality conditions
- **Streamflow:** Minimize impacts on stream recharge during wet years
- **Operations:** Honor previous Agreements and priorities

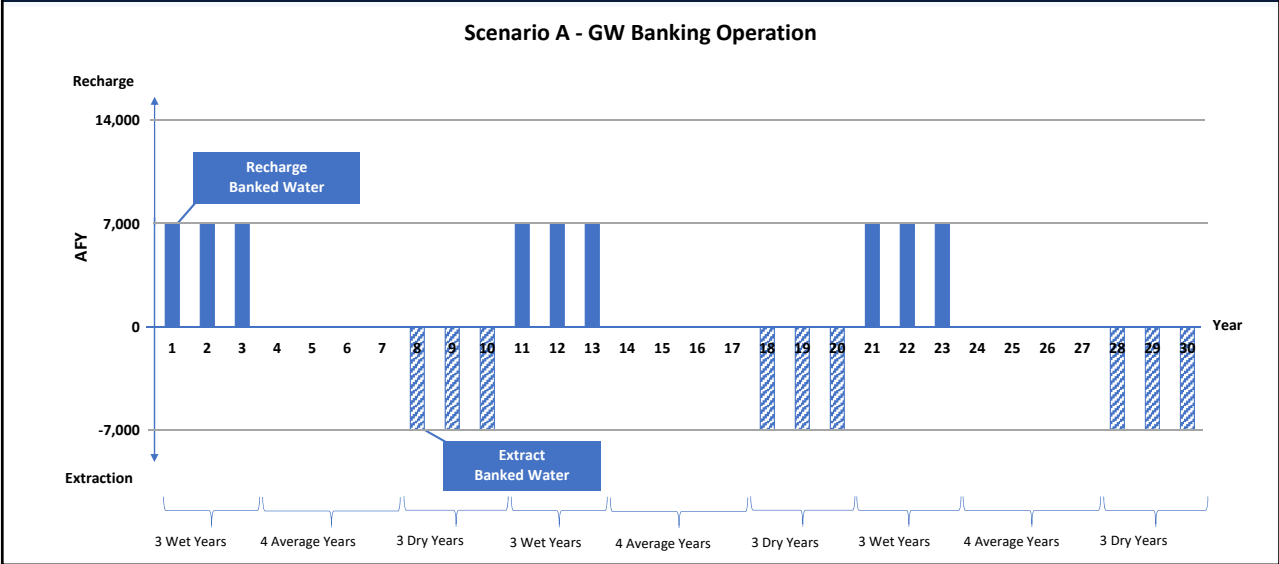
Scenarios Considered for Detail Analysis

Schedule of Operation			Scenario A	Scenario B1	Scenario B2	Scenario C
Recharge	Amount (AFY)	Wet Years	7,000	14,000	14,280	7,000
		Average Years	0	7,000	7,140	7,000
		Dry Years	0	0	0	0
	GW Banking		✓	✓	✓	
	Conjunctive Use			✓	✓	✓
	Offset				2%	
Extraction	Amount (AFY)	Wet Years	0	7,000	7,000	7,000
		Average Years	0	7,000	7,000	7,000
		Dry Years	7,000	7,000	7,000	0
	GW Banking		✓	✓	✓	
	Conjunctive Use			✓	✓	✓

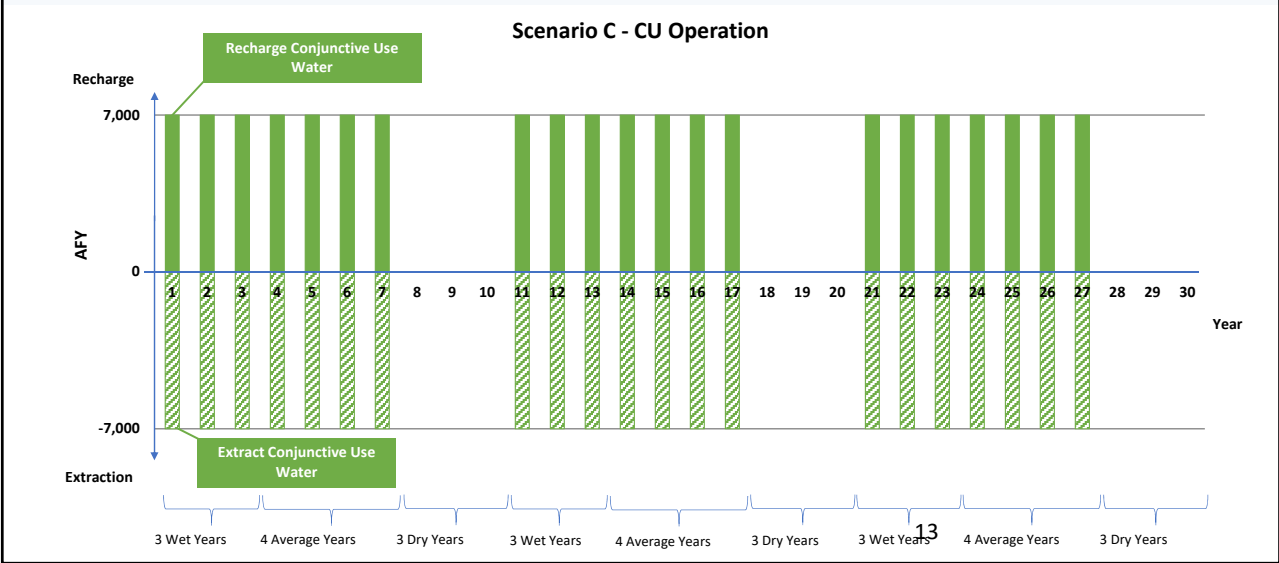
Scenario B1 GW Banking & Conjunctive Use Operation



Scenario A GW Banking Operation

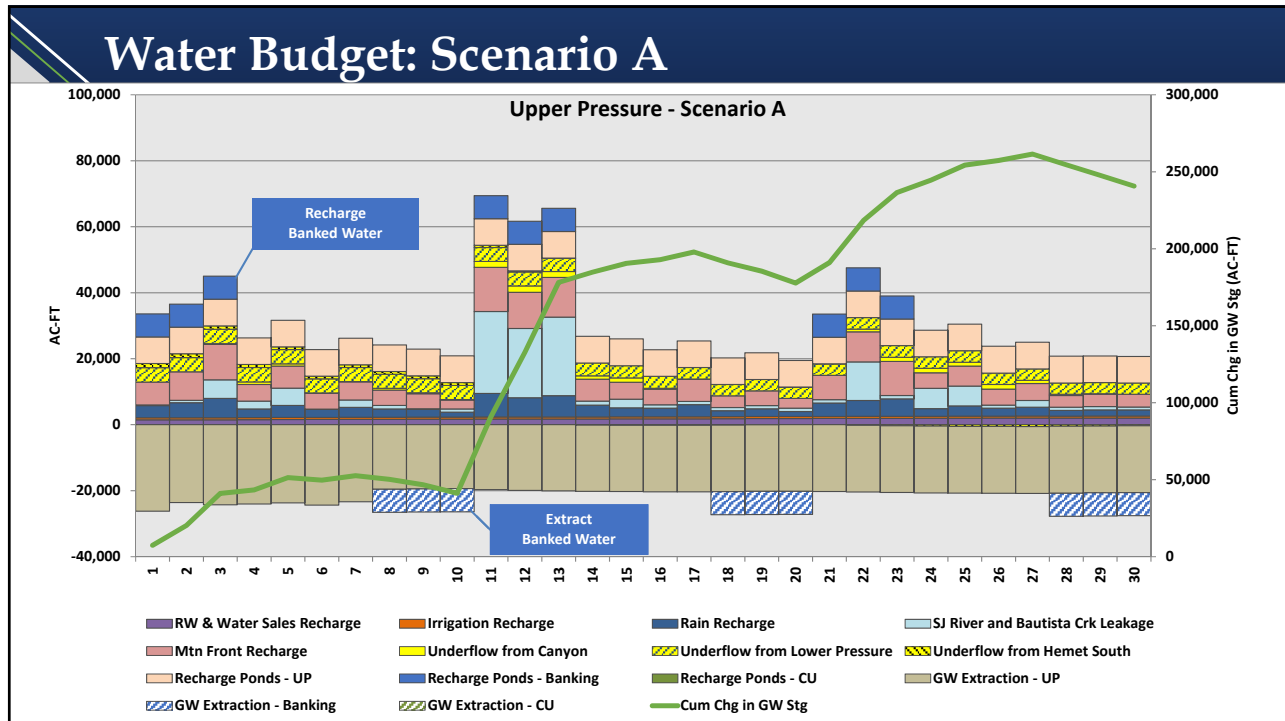
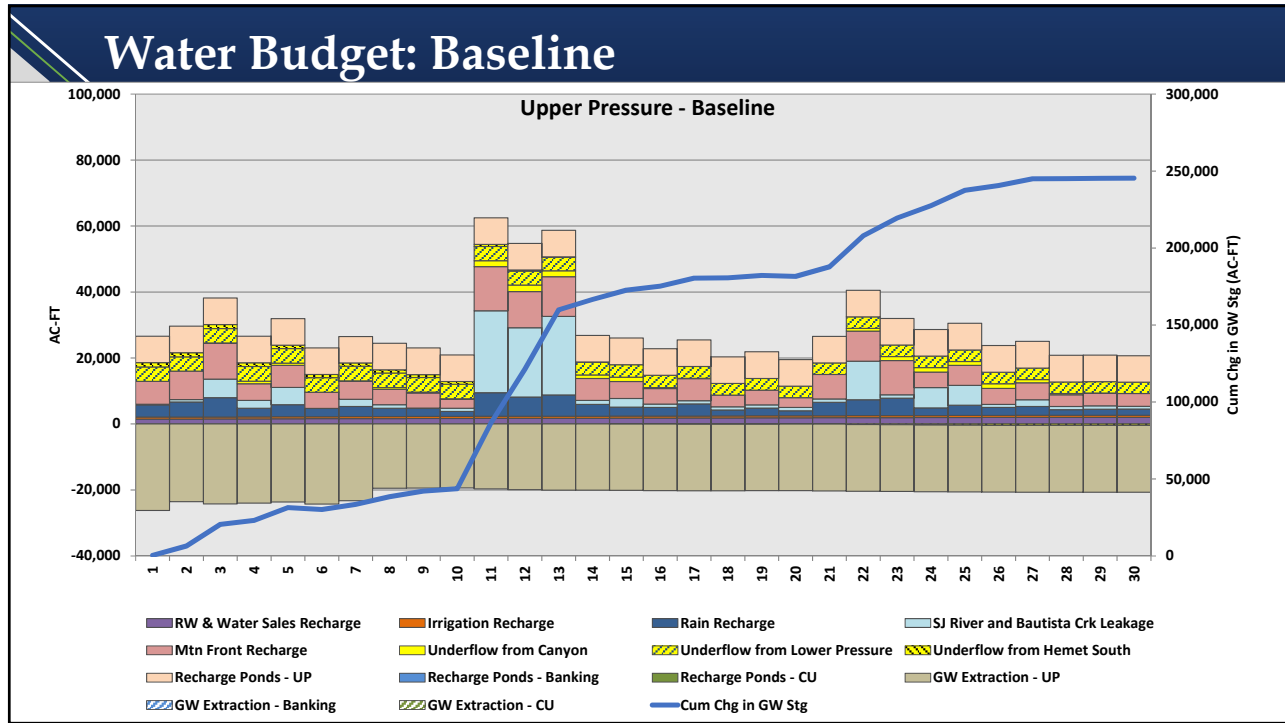


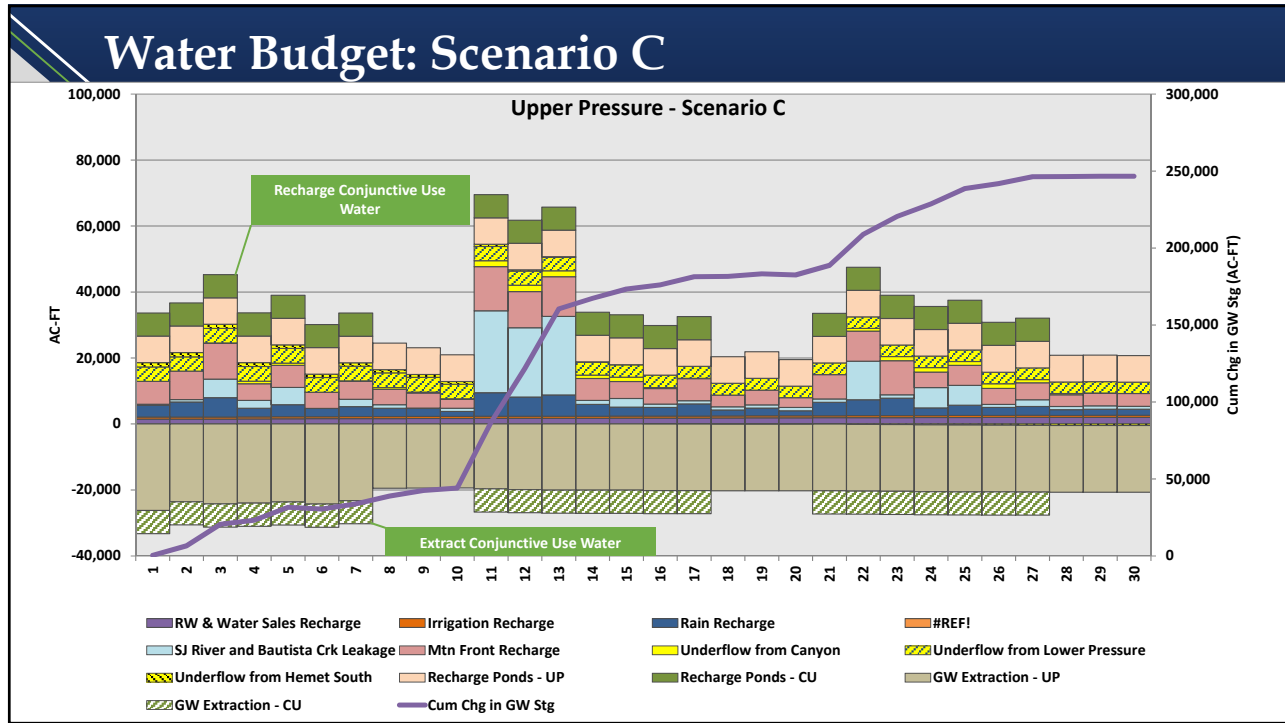
Scenario C: Conjunctive Use Operation



Basin GW Budget & Storage

Basin GW Budget & Storage

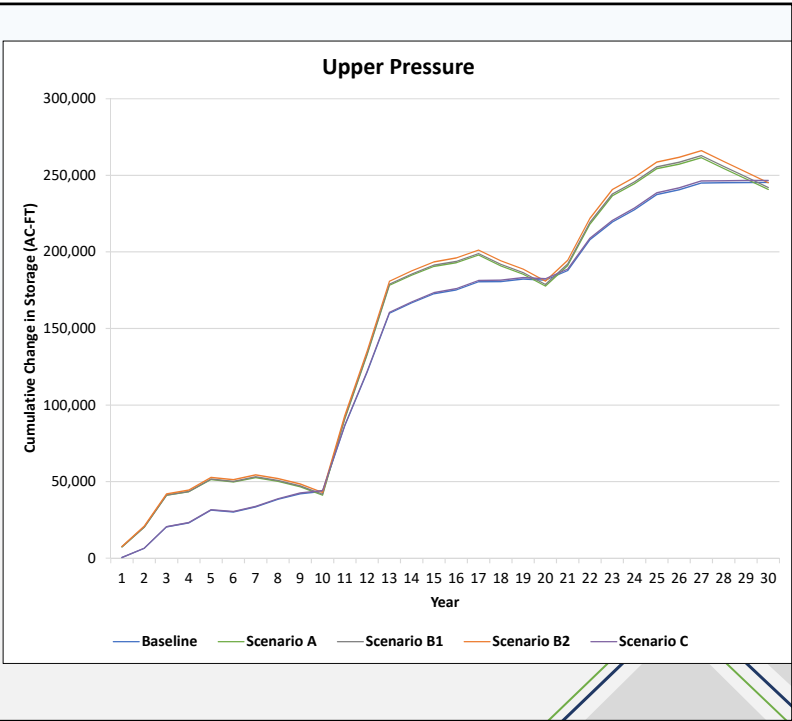




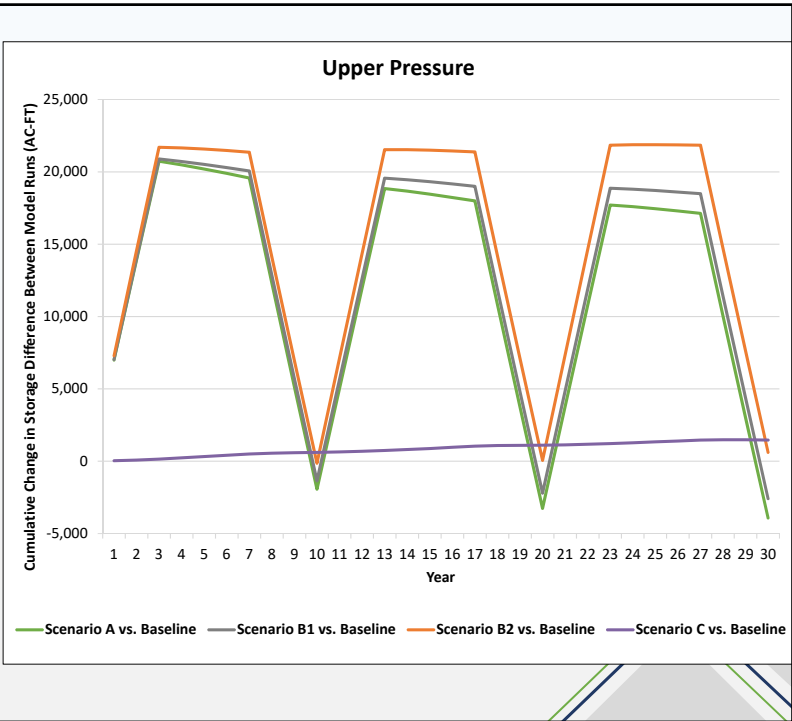
Effects of Each Scenario on GW Storage in the WMA relative to the Baseline

		Total Water Recharge (AFY)	Total Water Recovery (AFY)	HSJ WMA GW Storage Change (AFY)	GW Displaced from HSJ WMA (AFY)	Total Change in GW Storage (AFY)
AFY	Scenario A	42000	42000	-1,686	1,741	55
	Scenario B1	140000	140000	-1,049	1,144	95
	Scenario B2	142800	140000	1,424	1,334	2,759
	Scenario C	98000	98000	568	-604	-36
		Total Water Recharge (AFY)	Total Water Recovery (AFY)	HSJ WMA GW Storage Change (%)	GW Displaced from HSJ WMA (%)	Total Change in GW Storage (%)
%	Scenario A	42000	42000	-4.01%	4.15%	0.13%
	Scenario B1	140000	140000	-0.75%	0.82%	0.07%
	Scenario B2	142800	140000	1.00%	0.93%	1.93%
	Scenario C	98000	98000	0.58%	-0.62%	-0.04%

Cumulative Change in Storage Comparison



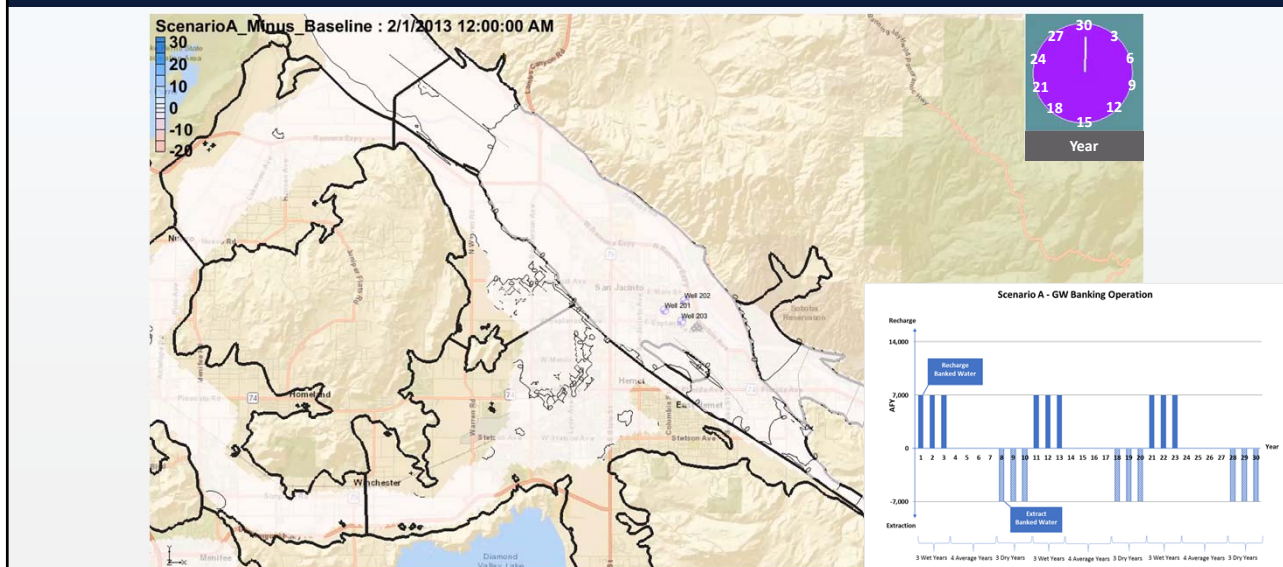
Scenarios - Cumulative Change in Storage Difference



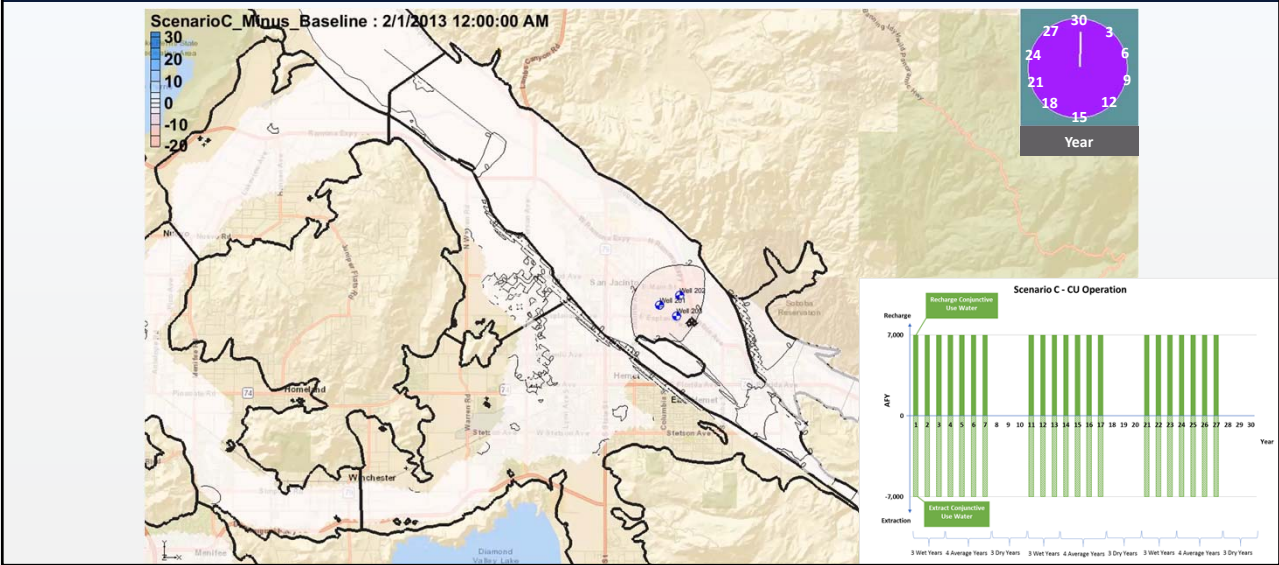
Groundwater Levels

21

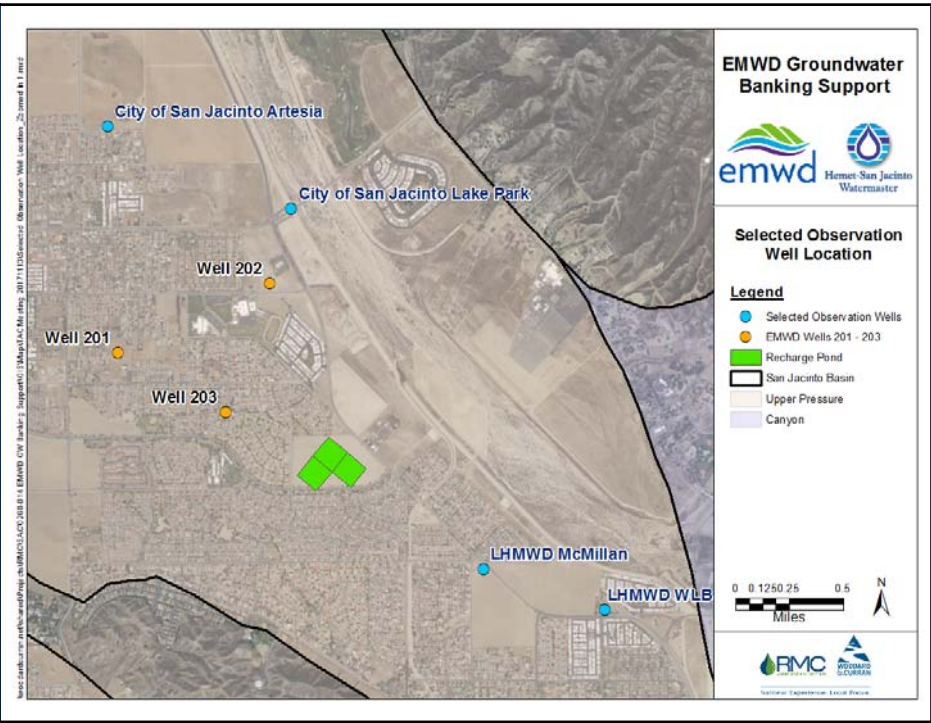
Head Difference Animation Scenario A vs. Baseline

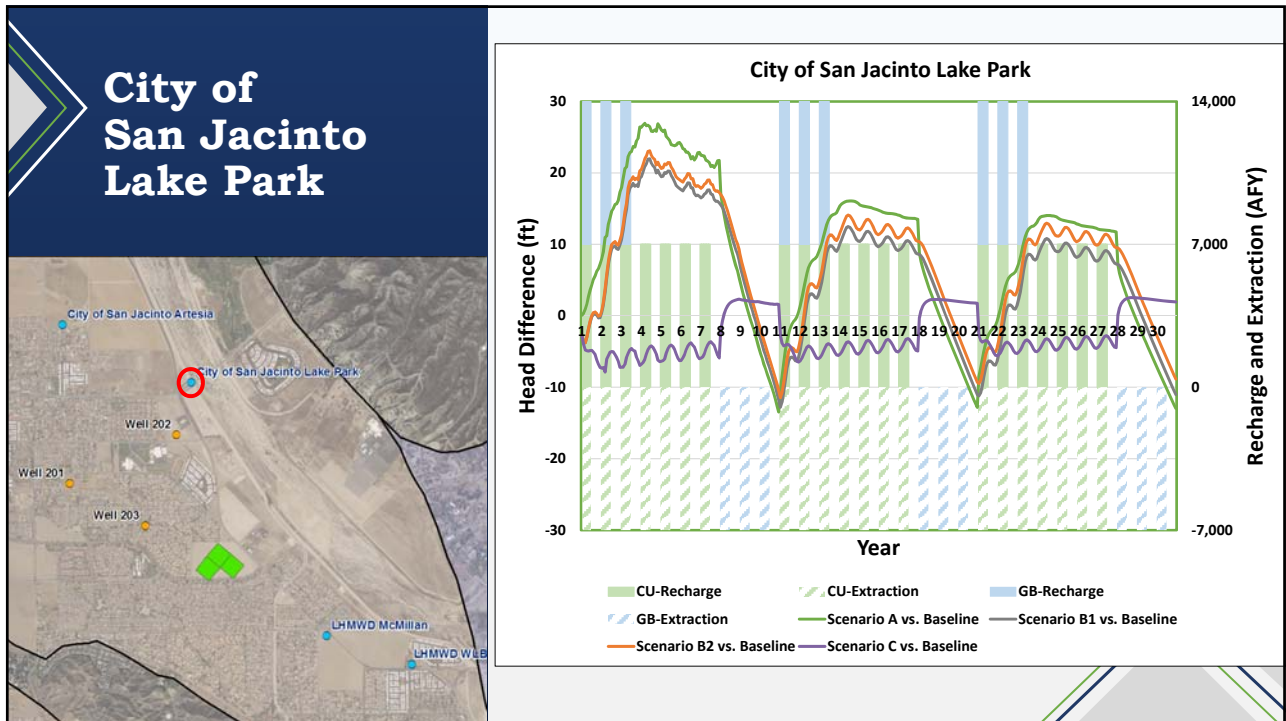
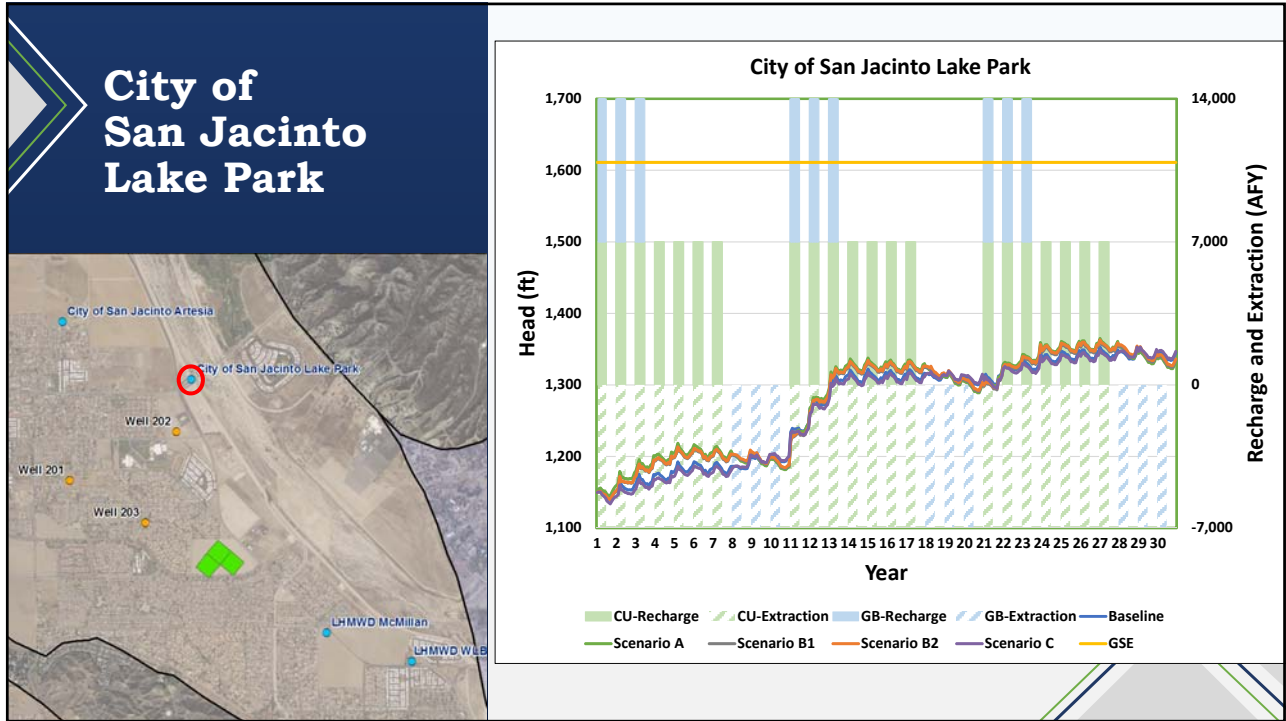


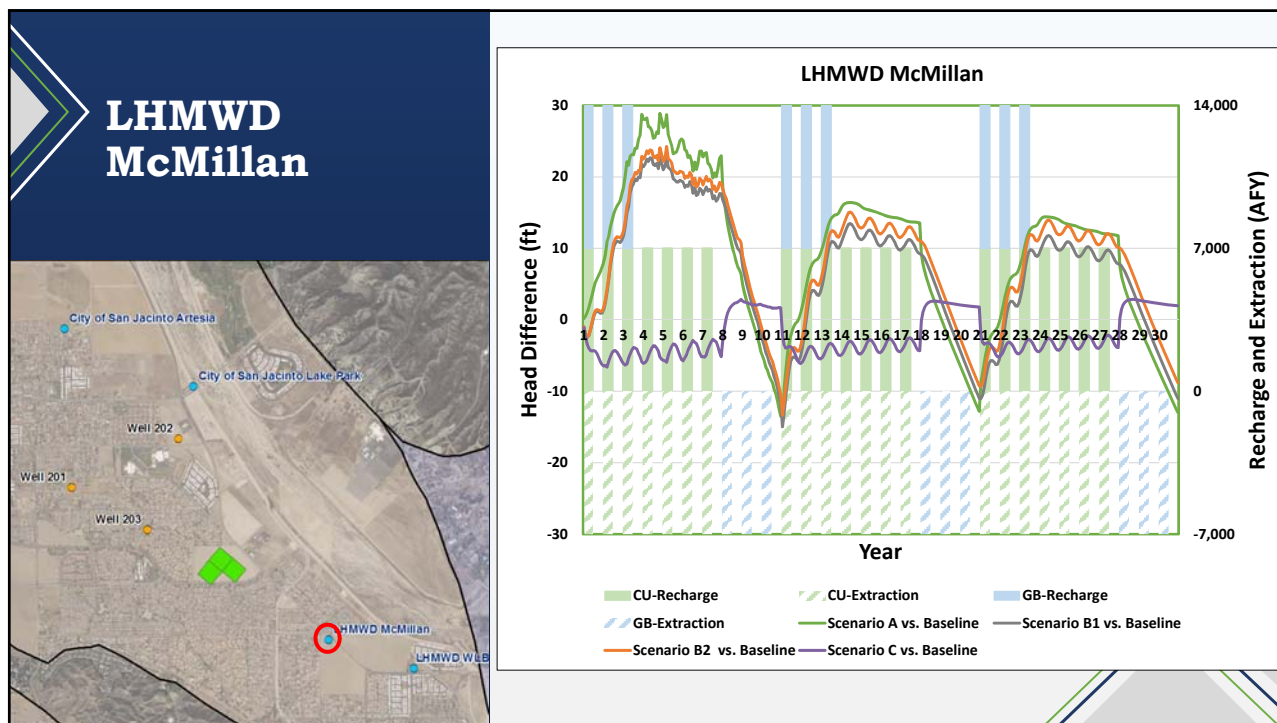
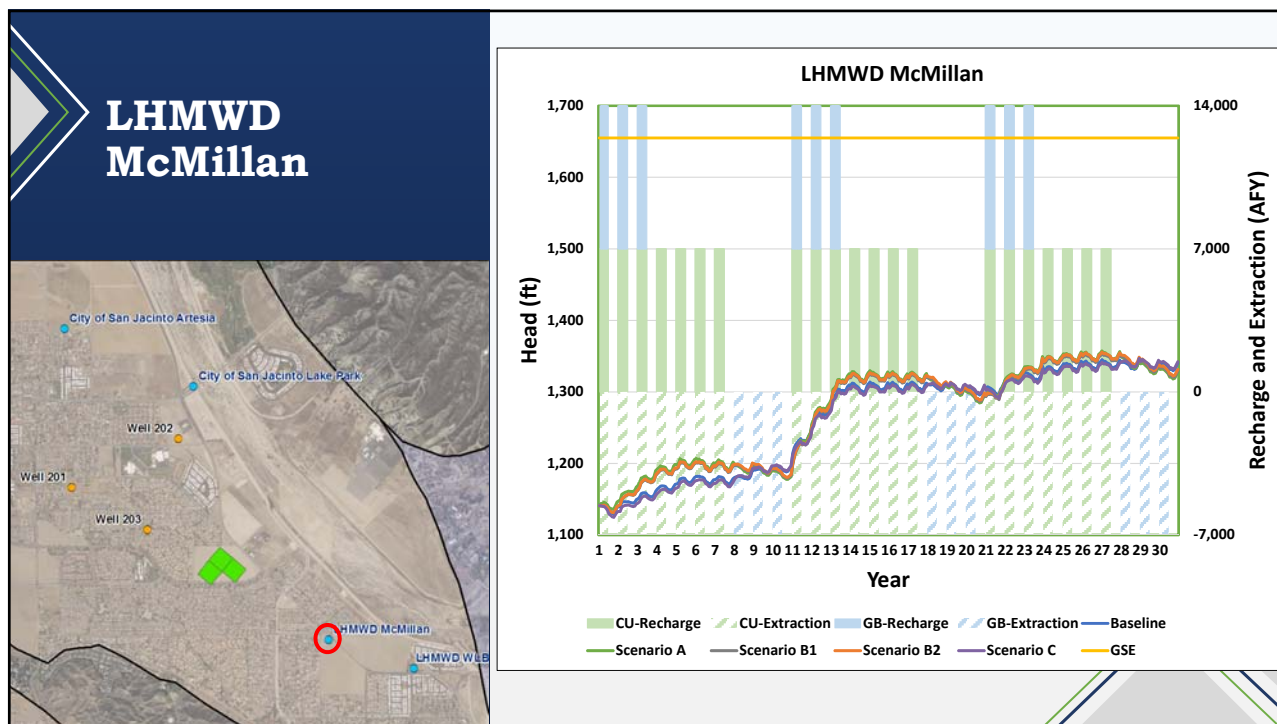
Head Difference Animation Scenario C vs. Baseline



Selected Observation Well Location



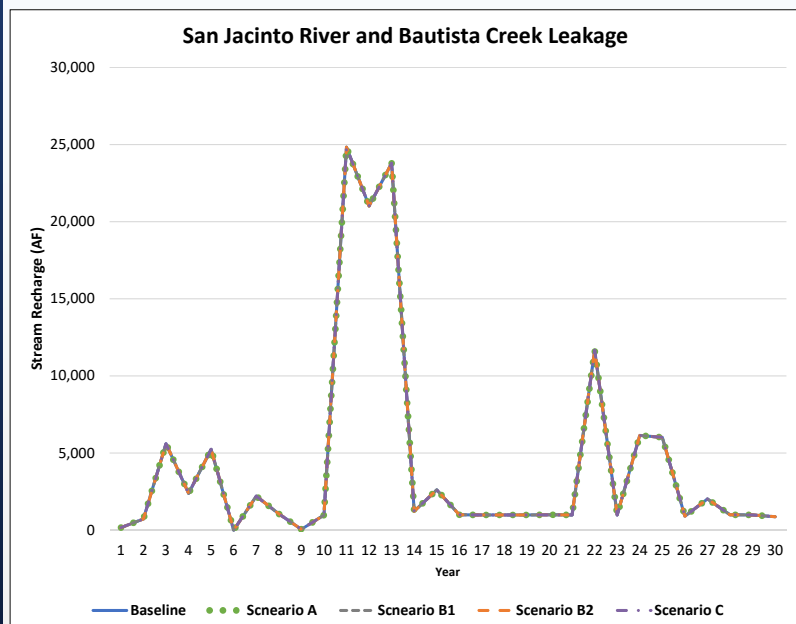




River Recharge

29

Impact on River/ Stream Recharge



Summary

- Proposed Project has no significant impacts on:
 - GW Storage in the UP and/or WM Area
 - GW Levels in nearby wells
 - GW Quality on the UP
 - San Jacinto River Recharge Potential
 - Prior Agreements and operations
- Estimated Water Displaced from WMA due to Project Operations:
 - GW Banking Only: ~4% of Recharged Water
 - Conjunctive Use Only: None
 - Combined Project: ~1% of Recharged Water

31

Next Steps

- Draft TM is available for your review
- Comments Monday 5/15/2018
- Final TM Monday 5/21/2018
- Provide Support to Finalize GW Banking Agreement

32



Questions?

33

Conservation and Storage Agreement Overview

Hemet-San Jacinto Watermaster
TAC Meeting

May 7, 2018

Summary of the Model Results

- **Proposed Project has no significant impacts on:**
 - Groundwater storage in the Upper Pressure Basin;
 - Groundwater levels in nearby wells; or
 - San Jacinto River recharge during wet years.
- **Displaced water from Lower Pressure:**
 - Water Banking Element – approximately 4%
 - Conservation (put and take) Element – Negligible

Agreement Highlights

- **Project includes two elements:**
 - **Groundwater Storage (Water Banking) - up to 21,000 AF at any given time.**
 - **Conservation (put and take) - up to 7,000 AF per year.**
- **Total recharge could exceed 7,000 af in any given year, but total extraction in any given year shall not exceed 7,000 AF.**
- **Water is recharged before extraction.**
- **Extracted water will be used within the Management Area.**
- **Recharge occurs in the Upper Pressure Basin:**
 - **Mountain Ave. West and/or**
 - **existing IRRP Sites.**

3

Agreement Highlights (Cont.)

- **Project uses existing Phase I Project pipeline for the delivery of recharge water, and EMWD will pay its pro-rata share for repairs and replacement of the pipeline.**
- **Groundwater Modeling results are used to determine water losses:**
 - **4% losses for Storage (Water Banking) Element**
 - **No Losses for the Conservation (Put and Take) Element**
- **Recharge of Soboba Settlement Water would remain at the highest priority**
 - **Agreement is subject to Phase I facilities fourth priority.**

4

Agreement Highlights (Cont.)

- **First right to purchase.**
 - Price will include: water, conveyance, proportional capital recovery, and infrastructure replacement costs.
- **Agreement Monitoring/Accounting:**
 - Annual Reports projecting recharge and recovery for the upcoming year.
 - Quarterly Reports of Recharge, Losses, and Water in Storage.
 - Data from 8 shallow wells and 3 multi-depth wells.
- **Contract duration is 20 years (Starting in 2020) and can be automatically renewed for another 20 years.**

5

Recommendation

Approve the Conservation and Storage Agreement with EMWD



WATER CONSERVATION AND STORAGE AGREEMENT

This Water Conservation and Storage Agreement is entered into the ___ day of _____, 2018, between Hemet-San Jacinto Watermaster (“Watermaster”) and Eastern Municipal Water District (“Eastern”). Watermaster and Eastern, for purposes of this Agreement, shall be referenced as “Parties”. Such reference is not intended to be a reference to the Stipulated Judgment described below or any other agreement.

RECITALS

A. The Stipulated Judgment entered on April 18, 2013 (Riverside County Superior Court Case No. RIC 1207274) (“Stipulated Judgment”) declared the individual rights of Eastern Municipal Water District (Eastern), Lake Hemet Municipal Water District (Lake Hemet), City of Hemet (Hemet), City of San Jacinto (San Jacinto) and other private groundwater pumpers to groundwater in the Canyon Subbasin, the San Jacinto Upper Pressure Subbasin downstream to Bridge Street and the Hemet Subbasin. The basins mentioned above are collectively called the Management Area. The Management Area encompasses approximately 90 square miles and is located in the western portion of Riverside County within the San Jacinto River Watershed and includes the Cities of San Jacinto and Hemet, as well as the unincorporated areas of Winchester, Valle Vista, and Cactus Valley.

B. Watermaster is a judicial creation of the Stipulated Judgment, and is governed by a board composed of one elected official and one alternate selected by each of the following agencies: Eastern, Lake Hemet Municipal Water District, City of San Jacinto, and City of Hemet; and a representative and one alternate selected by the participating Private Pumpers identified in the Stipulated Judgment.

C. After the entry of the Stipulated Judgment, the Watermaster adopted “Watermaster Rules and Regulations” designed to implement the provisions of the Stipulated Judgment. The Stipulated Judgment (Jmt. §6.7) and Watermaster Rules and Regulations (§9.0) recognize that unused storage capacity may exist in the Management Area, and that, subject to availability of unused storage capacity, the Management Area may be recharged by a party to the Stipulated Judgment, to be drawn upon by such party at a later date.

D. Pursuant to the Stipulated Judgment, Watermaster has adopted and is implementing a Water Management Plan to enforce and implement the Physical Solution for the San Jacinto Basin.

E. “Imported Water” is an average of 7,500 acre feet annually of water sold by the Metropolitan Water District of Southern California to Eastern pursuant to Section 4.4 of the Soboba Band of Luiseño Indians Settlement Agreement. (Jmt. §1.14)

F. “Supplemental Water” is nontributary water imported into the Management Area, including imported water (i.e., other than or in addition to Imported Water), recycled water, in-lieu water, and other nonpotable water. (Jmt. §1.40)

G. Eastern operates and manages an Integrated Recharge and Recovery Program (“IRRP”) as part of the Physical Solution of the Stipulated Judgment (Jmt. §6.0) and Phase 1 capital facilities (Jmt. §6.11) pursuant to which Eastern on behalf of the Watermaster augments groundwater supplies by allowing Imported Water to percolate into the groundwater aquifer. The Parties intend that any water stored by Eastern pursuant to this Agreement be considered an activity separate and distinct from Eastern’s IRRP related activities.

H. Operational and capital replacement cost for the Phase I capital facilities will be apportioned between the parties to the Phase 1 Facilities Agreement based on the cumulative volume use totals by each of the parties to the Phase 1 Facilities Agreement, starting from the execution date of the Phase I Facilities Agreement, February 28, 2012.

I. For the purpose of quantifying losses to be applied to Stored Water as described in the Stipulated Judgment (Jmt. §6.7.2.3) the Watermaster and Eastern have jointly commissioned a groundwater modeling study conducted by the firm Woodard & Curran. The methodology utilized and results of this technical study are documented in a technical memorandum entitled: “Modeling Support Services for Groundwater Banking Agreement”, dated May 2018, and have been utilized to determine losses applicable to conserved Supplemental Water recharged and stored under this Agreement.

AGREEMENTS

1. Purpose of Agreement. This water conservation and storage agreement is a Storage Agreement as defined in the Stipulated Judgment (Jmt. §1.37) and pursuant to the Stipulated Judgment (Jmt. §6.7) and Article IX of the Watermaster Rules and Regulations.
2. Right to Store. Eastern has the right to store up to 21,000 AF for the exclusive use of Eastern to be drawn upon in later years (Jmt §6.7.1) and up to 7,000 AF per year for “put and take” operations (Jmt §6.7.2) under this Agreement. Eastern may at its own cost, acquire and recharge up to the full amount of 21,000 AF for storage and 7,000 AF for “put and take” operations. Supplemental Water conserved and stored by Eastern pursuant to this Agreement shall be deemed to have remained in the Basin for the benefit of Eastern, subject to losses as described below.

3. Finding of Available Storage Capacity. Watermaster has considered the availability of unused storage capacity in each basin and finds that capacity is available for conserved Supplemental Water to be stored pursuant to this Agreement. Eastern's conservation and storage of Supplemental Water in an amount of up to 21,000 AF to be drawn upon in later years and up to 7,000 AF per year for "put and take" operations pursuant to this Agreement are separate and apart from, and will not displace, the 40,000 AF of storage identified in the Stipulated Judgment for the benefit of Metropolitan, as set forth in Paragraph 4.4.G and 4.4.I of the Soboba Settlement Agreement.
4. Limitations on Right to Store. Eastern may store and thereby conserve Supplemental Water for future use pursuant to this Agreement unless the storage and operations interfere with the rights of any other party to the Stipulated Judgment, or with the use of the storage capacity for recharging and storing conserved waters under the policies and provisions of the Water Management Plan. If the Watermaster documents material, detrimental and adverse impacts to other producers caused by Eastern's conservation and storage of water under this Agreement, the Watermaster may consider such information and take action requiring the cessation, reduction or other modification of conservation and storage activities authorized by this Agreement.
5. Priority. Supplemental Water recharged and stored by Eastern under this Agreement shall be subject to Phase 1 facilities fourth priority of imported water deliveries (Phase 1 Facilities Agreement §C.4.a(4)) which is for delivery of water purchased by or on behalf of Eastern, Lake Hemet, Hemet or San Jacinto.
6. Accounting. Eastern will be responsible for monitoring and accounting for all Supplemental Water deposited into and extracted from the Management Area pursuant to this Agreement. Eastern will provide the Watermaster with quarterly reports of such activity as defined below:
 - a. The amount of Supplemental Water to be recharged and extracted will be measured by using appropriate meter(s) located onsite at the recharge and extraction facilities (see Exhibit A). Eastern will provide meter readings to Watermaster on a quarterly basis, and will calibrate relevant meters in conformity with calibration standards set forth by the American Water Works Association.
 - b. Eastern shall prepare an Annual Operating Plan for Supplemental Water conserved and stored pursuant to this Agreement by January 30th of each year for the upcoming calendar year. The annual operating plan will project

recharge and recovery for the upcoming calendar year, and will identify the location of recharge and recovery activities. In the event supply or hydrologic conditions change, Eastern will submit an updated plan to the Watermaster Technical Advisory Committee (“TAC”).

- c. In conformance with the Annual Operating Plan for the upcoming calendar year, by the 30th day of the month succeeding the end of the relevant quarter, i.e., January 30, April 30, July 30 and October 30, Eastern will submit a written report to Watermaster which will include the following:
 - i. The amount of Supplemental Water that Eastern placed into or withdrew from storage under the Agreement during the relevant quarter;
 - ii. Losses of Supplemental Water stored pursuant to Paragraph 11.1 of this Agreement; and
 - iii. Cumulative Stored Water balance, after accounting for losses, at the beginning and end of the relevant quarter;
 - d. Eight shallow monitoring wells and three multi-depth monitoring wells will be installed as part of Eastern’s facilities for water stored and conserved pursuant to this Agreement (see Exhibit B). Data will be collected from subject wells and included in the Annual Operating Plan as defined in Section 6.b. of this Agreement.
7. Water Quality. In accordance with the Stipulated Judgment (Jmt. §6.6.4), all water used to replenish any subbasin in the Management Area shall meet the Regional Water Quality Control Board, Santa Ana Region requirements, and the provisions of Article 4.2 of the Settlement Agreement, and may be used in any subbasin where such requirements are met.
 8. First Right to Purchase. The Stipulated Judgment (§6.7.2.2) provides that Watermaster shall have the first right to purchase any water available for Recharge under the Water Management Plan. In the event the Watermaster wishes to purchase available Supplemental Water for recharge under this Agreement, the purchase price for the sale of such water to Watermaster shall be calculated and paid to Eastern when the recharge is done. The price shall be equal to the cost of the Supplemental Water supply, conveyance costs, a proportional capital recovery component, pumping costs, and infrastructure, refurbishment and replacement costs.

9. Recharge Facilities. Recharge of Supplemental Water to be stored under this Agreement will be through Eastern's utilization of the existing Phase 1 capital facilities within the San Jacinto Upper Pressure Management Zone (Jmt. §6.11) and new facilities to be constructed, owned, and operated by Eastern.
10. Extraction of Stored Water. Extraction of Supplemental Water stored under this Agreement will be through the use of existing and new production wells owned and operated by Eastern, not to exceed an extraction capacity of 7,000 AFY. All recharge facilities and wells used for the extraction of Stored Water under this Agreement shall be located exclusively within the area shown on Exhibit C. Extraction is limited to 7,000 AFY, in conformance with the Annual Operating Plan described in Paragraph 6 of this Agreement. Despite section 6.7.2.4 of the Stipulated Judgment, Supplemental Water extracted pursuant to the terms of this Agreement will only be used within the Management Area. Eastern will not extract stored Supplemental Water in a manner which interferes with the operation of wells managed by other parties to the Stipulated Judgment, and will collect and maintain all necessary data to ensure such interference is avoided. In the event a claim of interference is made, Eastern will work with the affected agency to resolve the issue.
11. Calculation of Storage Water Losses. The Stipulated Judgment states that later recovery of Stored Water shall exclude losses, and shall not be subject to either Administrative or Replenishment Assessments (Jmt. §6.7.2.3) The following types of losses will be recognized:

11.1. Outside Management Area Losses

Based on the Woodard & Curran (2018) study, a four percent (4%) groundwater displacement from the Management Area has been determined to be an unrecoverable loss and shall be applied on a one-time basis to each acre foot of Supplemental Water conserved and stored by Eastern to be drawn upon in later years under this Agreement. The losses are calculated on the total amount of recharge needed to reach the target net amount of up to 21,000 AF [Calculation: Recharge Volume = Target Volume/0.96]. Therefore, under the 21,000 AF maximum storage amount authorized under this Agreement, Eastern would be required to recharge 21,875 AF to account for the four percent loss to reach the total net amount of 21,000 AF of Supplemental Water conserved and stored by Eastern. Amounts less than the 21,000 AF maximum conserved Supplemental Water storage amount stored by Eastern under this Agreement are subject to the same applied four percent (4%) unrecoverable loss factor.

Results of the Woodard & Curran (2018) study also determined that no groundwater displaced from the Management Area will occur as a result of the “put and take” operations of up to 7,000 AFY. Therefore, no losses shall be applied to any recharge associated with the “put and take” operations alone, or applied to the recharge of any “put and take” water being conducted concurrent with the conserved Supplemental Water storage operations.

11.2. Future outside Management Area Losses

Any losses calculated and applied in future conservation and storage agreements by Eastern or other parties shall be exclusive to such future agreements.

12. Transfers. The rights to such stored Supplemental Water under this Agreement, while still in storage, may be transferred to any party or parties to the Stipulated Judgment (Jmt. §6.7.2.5).

13. Permits and Environmental Documentation. Eastern will be the lead agency under the California Environmental Quality Act for any new facilities needed to recharge and extract stored water under this Agreement.

Any authorizations, consents, licenses, permits and approvals from any governmental authority or person as may be required by applicable law to construct and operate the storage of Supplemental Water under this Agreement is the responsibility of Eastern, and shall be obtained by Eastern.

All environmental reviews and supporting documentation required to implement the storage of Supplemental Water under this Agreement are the responsibility of Eastern. In addition, Eastern is responsible to resolve any challenges to these documents and/or certifications at its own cost.

All such authorizations, licenses, permits and approvals shall be in conformity with the requirements of this Agreement.

Eastern shall provide a copy of all such authorizations, licenses, permits and approvals to the Watermaster within thirty (30) days from the date such approvals are received.

Eastern shall ensure that all construction and operation activities in connection with this Agreement complies with all applicable federal, state and local laws, rules and regulations, including, without limitation, environmental, procurement and safety laws, rules, regulations and ordinances.

14. Term. This Agreement will be effective on January 1, 2020, and terminate January 1, 2040, and will automatically renew for another 20 year term unless either Party provides notice (to the addresses set forth below in Section 22) of intent to terminate at least 12 months prior to January 1, 2040. At termination or expiration of the Agreement, Eastern shall have up to ten years to extract any remaining stored water under this Agreement.
15. Governing Law. This Agreement is made under, and will be governed by, the laws of the State of California.
16. Amendments. This Agreement may be amended or modified only by written mutual consent of the Parties.
17. Assignment. This Agreement may not be assigned. All obligations and covenants made under this Agreement shall bind and inure to the benefit of any successor to a Party, whether or not expressly assumed by such successor.
18. Force Majeure/Change in Law. The Parties shall perform the requirements of this Agreement except to the extent performance is prevented or delayed by events that constitute force majeure. "Force majeure" is defined as any event arising from causes which are beyond the control of a Party and which cannot be overcome with due diligence, and includes but is not limited to war, terrorism, riots, strikes and other labor issues, severe weather, legal action by private citizens or organizations that result in injunction, and acts of God, to the extent the event results in delays.
19. Joint Drafting. This Agreement shall be construed as if all Parties prepared it.
20. Authority. Each Party signing this agreement represents and warrants that it has the requisite power and authority to enter into the terms of this agreement. Parties represent and warrant that all required actions to be taken to make, deliver, and carry out the terms of this Agreement have been duly and properly taken, and that no further consent of any person or governing body is required in connection with the execution and delivery of or performance of obligations under this Agreement. Any individual signing this Agreement on behalf of any person or entity represents and warrants that he or she has full power and authority to do so.

21. No Third-Party Beneficiaries. No third-party beneficiaries are created by this Agreement. None of the provisions in this Agreement shall be for the benefit of, or enforceable by, any such third party.
22. Severability. The provisions of this Agreement are severable, and the invalidity, illegality, or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provisions. If any provision of this Agreement is found to be invalid, illegal, or unenforceable, the Parties shall endeavor to modify that clause in a manner which gives effect to the intent of the Parties in entering into this Agreement.
23. Notices. Notices shall be in writing and sent by first-class mail, email and facsimile transmission and addressed as follows:

If to EMWD:

Attn: General Manager

P.O. Box 8300

Perris, CA 92572-8300

Tel.: (951) 928-3777

Fax: (951) 928-6177

With a Copy to:

Steven O'Neill, Esq.

Olivarez, Madruga, Lemieux O'Neill

4165 E. Thousand Oaks Blvd, Suite 350

Westlake Village, CA 91362

Tel: (805) 495-4770

Fax: (805) 495-2787

If to Watermaster:

Behrooz Mortazavi

1295 Corona Pointe Court, Suite 104

Corona, CA 92879

Tel: (714) 794-5520

With a Copy to:

Tom Bunn, Esq.

301 N. Lake Avenue, 10th Floor

Pasadena 91101-5123

Tel: (626) 793-9400

24. Indemnity. Eastern shall defend, indemnify and hold Watermaster, including its directors, employees and contractors (collectively, the “Indemnified Parties”), harmless from any and all damages, costs, expenses, fees (including attorneys’ fees), penalties, obligations, liabilities and judgments, incurred or imposed as a result of any claim, complaint or cause of action made or asserted by any third party against Watermaster that relates to or arises from or concerns Eastern’s performance of, or failure to perform, its obligations under this Agreement, including but not limited to Eastern’s, its employees’ or its independent contractor’s negligence, whether passive or active, in performing, or failing to perform, any of the acts contemplated by this Agreement.
25. Dispute Resolution. This section shall govern all disputes, claims and controversies between the Parties arising from or relating to this Agreement (“Disputes”).
- a. Meet and Confer
In the event of a Dispute, the Parties agree to meet and confer in person to attempt to reach resolution. A Party may initiate the meet and confer process by service of a written notice by first-class mail and email to the relevant representatives listed in Section 23 referencing this section, describing the nature of the Dispute and requesting a meeting. The meeting shall thereafter be held by the Boards of the Parties at a mutually agreeable date and time, but in no, event more than thirty (30) calendar days after the date of the foregoing notice.
- b. Mediation and Arbitration
- (i) If the Parties are unable to resolve a Dispute after following the procedures set forth in Section 25 a., above, the Parties shall mediate the Dispute pursuant to the following process: The Parties shall select a neutral arbitrator acceptable to each Party within seven (7) calendar days. If the Parties cannot agree upon a mediator, then the American Arbitration Association (“AAA”) shall select the mediator. The mediation will be a one-day session held in Riverside County. If the mediation does not resolve the Dispute, then the mediator shall provide a written recommendation to the Parties. The entire mediation process shall be completed within sixty (60) calendar days.
- (ii) If the Parties do not unequivocally accept the mediator’s recommendations within ten (10) calendar days, then the Dispute shall be resolved by binding arbitration pursuant to the following process: The

Parties shall select a neutral arbitrator acceptable to each Party within seven (7) calendar days. If the Parties cannot agree upon an arbitrator, then AAA shall select the arbitrator. The arbitration shall be conducted in accordance with the AAA's then prevailing rules for commercial arbitration. The arbitration shall be held in Riverside County. The arbitrator shall provide his or her decision in writing.

(iii) While the Parties are engaged in mediation and arbitration of a Dispute, each Party's duties and obligations pursuant to this Agreement remain in full force and effect. Each Party shall bear their own attorneys' fees and costs. Each Party shall pay one-half of the mediator's fees and arbitrator's fees.

- 26. Headings. The paragraph headings herein are for the convenience of the Parties, and shall not be considered in construing this Agreement.
- 27. Definitions. Capitalized terms used in this Agreement, which are defined in the Stipulated Judgment, have the same meanings as in the Stipulated Judgment.

EASTERN MUNICIPAL WATER DISTRICT

By: _____
Paul D. Jones II, General Manager

HEMET-SAN JACINTO WATERMASTER

By: _____
Linda Krupa, Chair

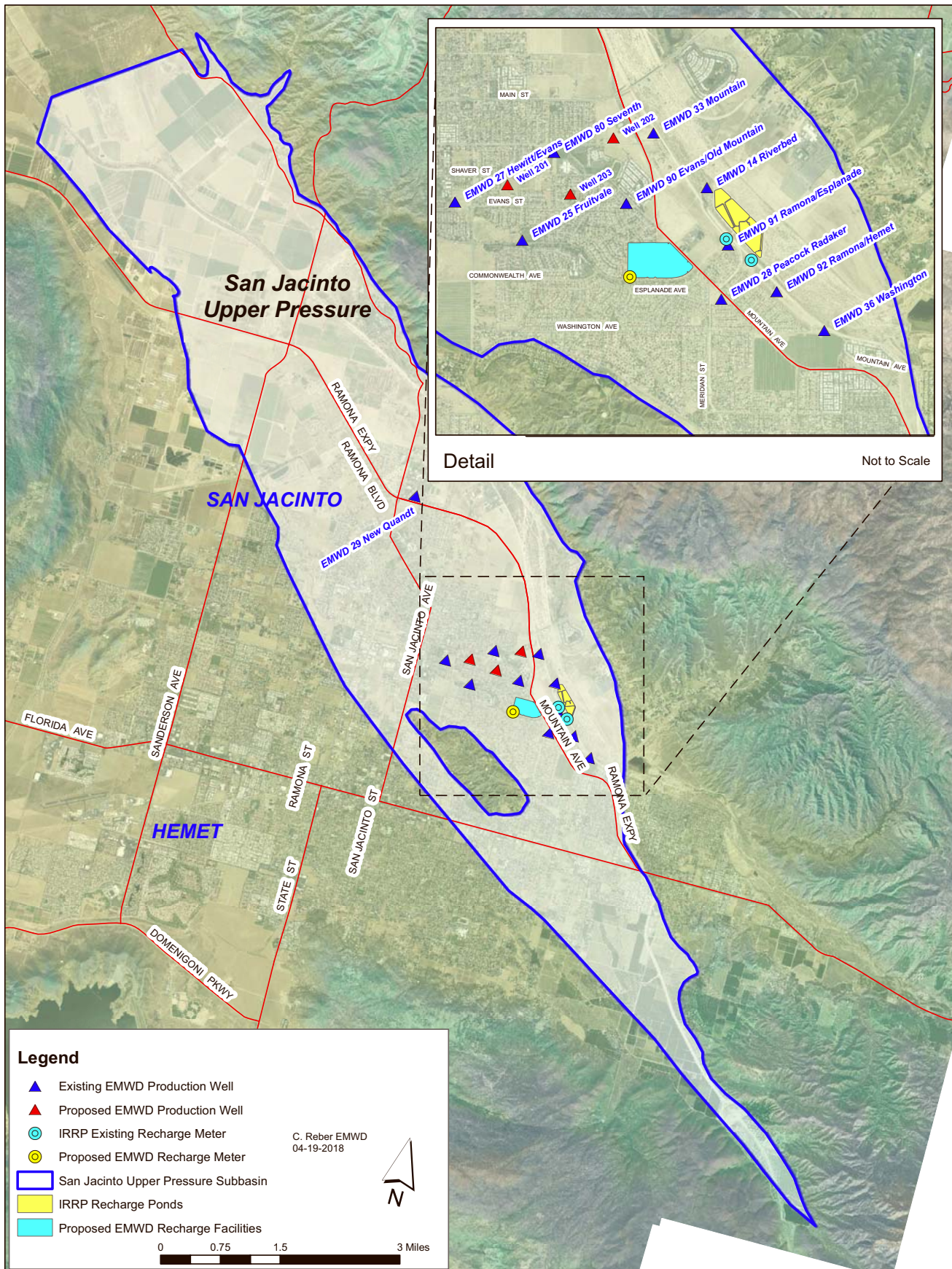


EXHIBIT A
 Recharge & Extraction Facilities within
 the San Jacinto Upper Pressure Subbasin



EXHIBIT B
Proposed EMWD Mountain Avenue West Recharge Facilities

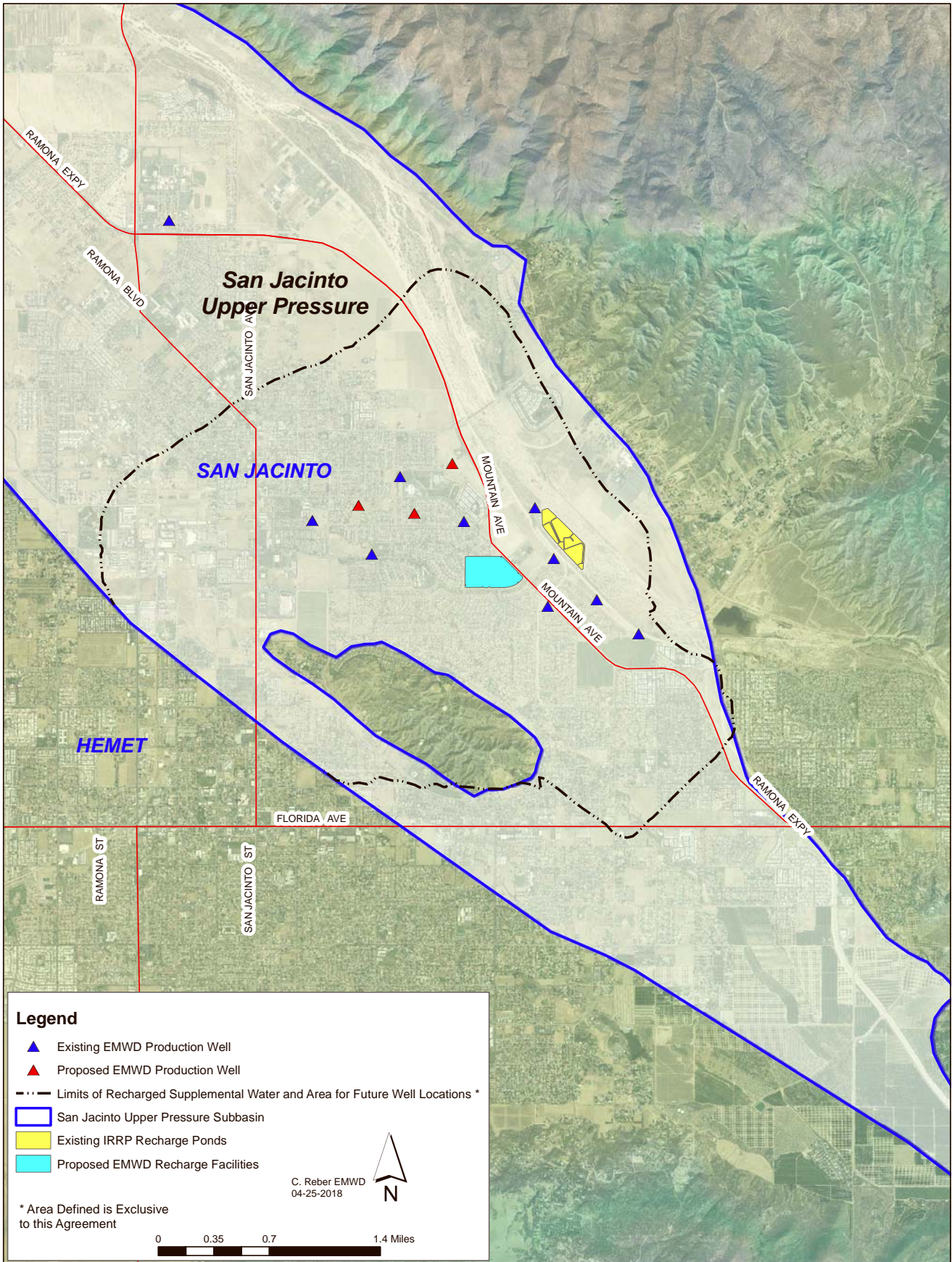


EXHIBIT C
Area for Future Well Locations

HEMET-SAN JACINTO WATERMASTER

RULES AND REGULATIONS

~~—May 18, 2015~~ Revised May 21, 2018

ARTICLE I

GENERAL PROVISIONS

1.0 Title. This document shall be known and may be referred to as the “Watermaster Rules and Regulations” adopted pursuant to the Stipulated Judgment in the case of Eastern Municipal Water District v. City of Hemet, City of San Jacinto, Lake Hemet Municipal Water District, et al. (Riverside County Superior Court Case No. RIC 1207274) dated April 18, 2013 (“the Judgment”).

1.1 Definitions. Except as otherwise specially set forth in these Rules and Regulations, all terms, including any grammatical variations thereof as set forth in these Rules and Regulations shall have the same meanings as defined in the Judgment. In addition,

- a. “Board” refers to the Board of Directors of the Watermaster;
- b. “Director” refers to a member of the Board;
- c. “Watermaster” refers to the Hemet-San Jacinto Watermaster; ~~and~~, as identified in sections 1.45 and 9.1 of the Judgment;
- d. “Section” shall mean a section of these Rules and Regulations unless another source is specifically cited;
- e. “Parties” refers to City of Hemet, City of San Jacinto, Lake Hemet Municipal Water District, and Eastern Municipal Water District, and the other persons listed on Exhibit B to the Judgment (or their successors); and
- f. “Private Pumper” refers to private pumpers as defined in the Judgment.

1.2 Rules of Construction.

Unless the context clearly requires otherwise:

- a. The plural and singular forms include the other;
- b. “Shall,” “will,” and “must” are each mandatory;
- c. “May” is permissive;

- d. “Or” is not exclusive; and
- e. “Includes” and “including” are not limiting.
- f. The masculine gender shall include the feminine and neuter genders and vice versa.
- g. Reference to any agreement, document, instrument, or report means such agreement, document, instrument or report as amended or modified and in effect from time to time in accordance with the terms thereof.
- h. Except as specifically provided herein, reference to any law, statute, ordinance, regulation or the like means such law as amended, modified, codified or reenacted, in whole or part and in effect from time to time, including any rules and regulations promulgated thereunder.
- i. These Rules and Regulations shall be construed consistent with the Judgment. In the event of a conflict between these Rules and Regulations and the Judgment, the Judgment shall prevail.

~~j. These Rules and Regulations may only be amended by resolution adopted by the Watermaster Board. Any amendment must be submitted to the Riverside County Superior Court for approval. (Jmt. § 9.6.7.)~~

- ~~kj.~~ Any Watermaster ordinance, resolution, policy or procedure in conflict with these Rules and Regulations shall be automatically repealed upon the adoption of these or additional or replacement Watermaster Rules and Regulations.

ARTICLE II

BOARD OF DIRECTORS

2.0 Composition. Watermaster shall consist of a Board composed of a representative and one alternate appointed by each Public Agency, who shall both be elected officials of that Public Agency, as its representative and one Private Pumper representative and one alternate selected by the Class A and Class B Private Pumpers. (Jmt. § 9.1.)

2.1 Officers.

- a. Election/Appointment. The Board shall elect or appoint a Chairperson, Vice Chairperson, and Secretary-Treasurer from among its members during the first meeting held in each odd numbered year, and shall elect or appoint a replacement in the event of a vacancy in any office at the first opportunity to do so in a formal meeting.

- b. Duties.
- (1) Chairperson. The Chairperson shall serve as presiding officer.
 - (2) Vice Chairperson. The Vice Chairperson shall serve as Parliamentarian and as presiding officer in the absence of the Chairperson.
 - (3) Secretary-Treasurer. The Secretary-Treasurer is responsible for the following:
 - (a) The accuracy and availability of the Minutes of Board meetings and official record of all resolutions and motions passed or approved by the Board. The Secretary shall certify such passage or adoption and the official status, capacity and signature of all officers and Advisor and to all matters appearing of record in the files and records of the Watermaster.
 - (b) Reviewing and reporting to the Board on the financial affairs of the Watermaster.

2.2 Board Members (Including Officers).

- a. Terms. Each member of the Watermaster shall serve until replaced by the Public Agency or Private Pumpers that made the original appointment. (Jmt. § 9.2.)
- b. Compensation. The appointing entity shall be responsible for payment of compensation, if any, of its representative on the Watermaster Board.

ARTICLE III

WATERMASTER'S POWERS AND DUTIES

- 3.0 Watermaster's Powers and Duties. In order to implement the provisions of the Judgment, Watermaster shall have the following powers and duties:
- a. Water Management Plan. Watermaster shall adopt a Water Management Plan ("Plan"), subject to approval by the Court, shall administer the provisions of the Judgment and shall submit additions to and modifications of the Water Management Plan as may from time to time be deemed appropriate by the Watermaster to the Court for approval. (Jmt. § 9.6.1.)
 - b. Appointment of Advisor. Pursuant to the Judgment, the ~~Watermaster~~ Board shall appoint an Advisor, who serves at the pleasure of the Board. The Advisor may exercise any duty or authority vested in the Watermaster as authorized by the

Watermaster Board and permitted by the Judgment and applicable law. ~~The Advisor shall serve at the pleasure of the Watermaster Board.~~ (Jmt. § 9.6.3.)

The Advisor may be an independent engineering firm or a qualified individual experienced in hydrology who is able to evaluate and analyze the data collected by Eastern Municipal Water District (“Eastern”), and any conclusions based thereon, and to make recommendations to the Watermaster. The Advisor shall also provide general coordination among Eastern, the Technical Advisory Committee (“TAC”), and Watermaster with respect to their respective functions, and perform such executive functions as Watermaster may direct. (Jmt. § 9.6.3.) The Advisor will perform all day to day administrative tasks, such as employee oversight, office management, accounting, and other ministerial tasks needed to implement the Water Management Plan. The Advisor shall bring decisions where the interpretation of the Judgment or these Rules and Regulations is uncertain or disputed to the Board for direction or approval. Furthermore, to the extent there are other matters related to other external agreements that affect the Water Management Plan, such as the Soboba Settlement, Phase 1 Facilities Agreement, the Canyon Operating Plan, or other similar agreements, the Advisor will advise the Board of these matters in a timely manner.

- c. General Counsel. The Watermaster shall retain general legal counsel to provide such legal services as Watermaster may direct. (Jmt. § 9.6.2.)
- d. Technical Advisory Committee. Each Party shall appoint and pay the costs of its own representatives to the Technical Advisory Committee. The Technical Advisory Committee shall provide such technical assistance as Watermaster may request. The Technical Advisory Committee shall make recommendations to Watermaster’s Advisor and to Watermaster on all matters requiring four (4) votes for Watermaster action, and shall receive from Eastern all data associated with such matters for its review and evaluation. The Technical Advisory Committee and its members shall also function as a way to keep the City Councils and Boards of Directors of the Public Agencies and participating Private Pumpers fully informed about the implementation of this Judgment. (Jmt. § 9.6.5.)
- e. Employment of Experts and Agents. Watermaster may employ or retain such administrative, engineering, geologic, accounting, legal or other specialized personnel or consultants as it may deem appropriate. Watermaster may maintain records for purposes of allocating costs as may be necessary or advisable.
- f. Investment of Funds. Watermaster Board may hold and invest all Watermaster funds in investments as set forth in ARTICLE XI “INVESTMENT POLICIES” below.

- g. Liability Insurance. Watermaster shall obtain and maintain such liability insurance, including Officers and Directors coverage, as Watermaster deems appropriate.
- h. Contracts. Watermaster may enter into contracts and agreements for the performance of any of its powers pursuant to the Judgment.
- i. Cooperation with Other Agencies. Watermaster may act jointly or cooperate with agencies of the United States of America, and the State of California or any political subdivisions, municipalities, districts or any person to the end that the purpose of Judgment may be fully and economically carried out.
- j. Studies. Watermaster may undertake relevant studies of hydrological conditions, both quantitative and qualitative, and operating aspects of the implementation of the Judgment.
- k. Demonstrated CEQA Compliance. Watermaster shall not approve any request made under the Judgment or these Rules and Regulations where the proposed action also constitutes a “project” within the meaning of CEQA unless the Watermaster finds that the person requesting Watermaster approval has demonstrated CEQA compliance. “CEQA” is defined as the California Environmental Quality Act as set forth in Public Resources Code Section 21000, et seq. and Title 14 California Code of Regulations Section 15000, et seq.
- l. Rules and Regulations. Watermaster may make such additional rules and regulations as appropriate for its own operations as well as for the operation of the Plan and the Judgment, and may amend these Rules and Regulations when and where appropriate, subject to Court approval. (Jmt. §§ 9.6.1, 9.6.7.)
- m. Reservation of Rights. Watermaster reserves the right to assume, on its own, any functions set forth in Section 9.6.4 of the Judgment, except as provided in Section 9.6.4.1 of the Judgment, and to undertake all other acts required to implement the Plan and the Judgment, so long as it is legally capable of performing such functions. Watermaster, if it should choose, may also act through or in conjunction with the other Public Agencies, or through a Joint Powers Agency composed of all the Public Agencies hereunder. Except as specifically provided in Section 9.6.4.1 of the Judgment with respect to Eastern’s facilities used in Phase I, Watermaster shall have no right to use or acquire the water facilities of any of the Parties, without their consent, provided that it is the intent of the Parties that their individual facilities will be available where appropriate to implement the Water Management Plan, upon terms equitable to all Parties, and consistent with their respective obligations to their own customers. (Jmt. § 9.6.6.)

ARTICLE IV

MEETINGS

4.0 Meetings. Meetings of the Watermaster shall be conducted pursuant to the following rules and procedures:

- a. Brown Act Compliance. The Watermaster Board meetings will be conducted in accordance with the applicable provisions of the Ralph M. Brown Act (“Brown Act”) found in California Government Code section 54950, et seq. (Jmt. § 9.6.7.)
- b. Regular Meetings. Regular meetings shall be held ~~at the principal office of the Watermaster pursuant to Watermaster policy at such time(s) as may be contained in the necessary notice(s) thereof. The initial principal place of business of the location at 2270 Trumble Rd., Perris, California, 92570. Regular meetings shall be held on a day and at a time and place designated by Resolution of the Board from time to time.~~ on a day and at a time and place designated by Resolution of the Board.
- c. Special Meetings. Special meetings may be called at any time by the Chairman or by a majority of the Watermaster Board by delivering notice thereof at least twenty-four (24) hours before the time of such meeting. The Watermaster Board shall ensure all special meetings are conducted in accordance with the applicable provisions of the Brown Act. Special meetings will be held at the same location as regular meetings unless a different location is specified in the notice of the special meeting.
- d. Notice. Notice of meetings shall be given in writing to all parties to the Judgment who have requested same and to any other person who has made a similar request, in either case, in writing. Such notice shall specify the time and place of the meeting and the business to be transacted at the meeting. The notice shall state that all analyses, studies, and any other materials supporting a recommendation of the Advisor on a matter to be considered by the Board are available on request from the Watermaster Advisor and posted on the Watermaster website upon approval by the Watermaster Board. Notice may be provided by either facsimile or electronic mail delivery if the party so consents to such delivery.
- e. Agenda. The Advisor shall prepare the Agenda. The Agenda shall meet the posting and content requirements of the Brown Act, and the posting shall be in a location freely accessible to the public. Agendas shall include an opportunity for the public to address the Board with respect to any item for which action is proposed to be taken and to address the Board on matters within the jurisdiction of the Watermaster that are not on the Agenda. Agendas shall also include an opportunity for members of the Technical Advisory Committee to address the Board on issues of concern to Technical Advisory Committee members. A Board member is entitled to have an item added to the Agenda by notifying the Board Chairperson, who will notify the Advisor of the addition. Technical Advisory Committee members may make a request to add an Agenda item through a request to the Advisor.

- f. Quorum. A majority of the Watermaster Board (i.e., three (3) members) shall be required for the transaction of business or affairs of the Watermaster, except as otherwise required by Subsection g of this Section 4.0.
- g. Voting Procedures. Each member of the Watermaster Board shall have one (1) vote. Subject to the exceptions set forth below, and subject to the terms of the Judgment, only action by affirmative vote of a majority of the Watermaster Board shall be effective. All actions may be adopted by voice vote. Four (4) affirmative votes shall be required in order to constitute Watermaster action on each of the following matters: (1) any change sought in the form of governance; (2) any change in voting requirements; (3) retaining the services of general legal counsel and Advisor; (4) establishing, levying, increasing or decreasing all assessment amounts; (5) adopting or amending an annual budget; (6) determining the extent of Overdraft and quantifying Safe Yield; (7) determining Adjusted Production Rights; (8) decisions regarding the financing of Supplemental Water or facilities, other than any financing provisions included in the Judgment as provided in Sections 5.3, 5.4, and 5.5 of the Judgment; (9) decisions regarding ownership of facilities, other than ownership of the Phase I facilities described in the Water Management Plan, which shall be owned by Eastern Municipal Water District, subject to a right of use by those Parties participating in the financing thereof; (10) policies for the management of the Management Area; and (11) any decision that involves a substantial commitment by Watermaster, including any contracts for conserved water. All other actions by the Watermaster shall require three (3) affirmative votes. (Jmt. § 9.4.)
- h. Minutes. The Secretary of the Watermaster Board or designee shall cause the preparation and subscription of the minutes of each meeting and make available a copy thereof to each person who has filed a request for copies of all minutes or notices in writing in accordance with applicable law. The minutes shall constitute notice of all actions therein reported.
- i. Adjournment. Any meeting may be adjourned to a time and place specified in the order of adjournment. Less than a quorum may adjourn a regular or special meeting in the absence of a quorum; if no Board Member is present, the Advisor may declare the meeting adjourned; in either case, a copy of the notice of adjournment shall be conspicuously posted forthwith on or near the door of the place where the meeting was held within 24 hours after the time of the adjournment.

ARTICLE V

PHYSICAL SOLUTION/WATER MANAGEMENT PLAN

5.0 Stipulated Judgment The Physical Solution. The ~~Stipulated~~ Judgment imposes a Physical Solution on the Parties to the Judgment to ensure an adequate and reliable source of future water supply for the Management Area and to protect the rights of the Soboba Tribe through the adoption and implementation of the Water Management Plan. (Jmt. § 6.1.)

5.1 Water Management Plan. Watermaster has approved a Water Management Plan to enforce and implement the Physical Solution, and may modify such Plan as conditions require, subject to the provisions of the Settlement Agreement, and subject to approval by the Court. The Plan will also facilitate and accommodate the settlement of the water rights of the Soboba Tribe. The Parties agree that the Plan shall incorporate and serve to implement the following goals: (Jmt. § 6.5.)

- a. Groundwater levels within the Management Area have generally been declining for a number of years, and the Management Area is presently in a condition of Overdraft. The Watermaster shall calculate the Safe Yield of the Management Area on regular basis, at least until the Overdraft is substantially eliminated. The Plan will, within a reasonable period, eliminate Groundwater Overdraft and provide for excess production by implementing a combination of available water resources management elements. These elements include: reduction in natural Groundwater production; enhanced Recharge with native and/or Supplemental Water; increased use of Recycled Water; in-lieu replenishment; acquisition and development of Supplemental Water; and water conservation programs. (Jmt. § 6.5.1.)
- b. The Management Area is expected to experience residential, commercial, and industrial growth and development over the next decade. The estimated amount of Supplemental Water that will be necessary to provide for and adequately serve this new growth and development is 15,000 acre-feet per year. The Water Management Plan shall accommodate the orderly expansion of existing water production and service systems, and provide a clear planning process for meeting these projected growth trends. (Jmt. § 6.5.2.)
- c. The Plan should be implemented in a manner to protect and/or enhance Management Area water quality. (Jmt. § 6.5.3.)

5.2 Replenishment Program. The Groundwater replenishment program shall be administered by Watermaster. The program shall include: the acquisition of Supplemental Water; the collection and expenditure of Replenishment Assessments; the Recharge of the Management Area; and the construction and operation of all necessary facilities, including but not limited to, development of surface and subsurface percolation and injection facilities. In addition, a source of Recharge Water for agencies contributing to the Settlement Payment described in Section 5.3 of the Judgment will be Imported Water provided by Metropolitan under the Settlement Agreement, which is not used by the Soboba Tribe. (Jmt. § 6.6.)

- a. Priority for replenishment will be based on the factors and priorities set out in Section 6.6.1 of the Judgment. (Jmt. § 6.6.1.)

5.3 Recycled Water. Watermaster shall have a right of first refusal to purchase all Recycled Water produced from treatment facilities serving the Management Area, i.e., from the San Jacinto Regional Wastewater Reclamation Facility to the extent available, that is not subject to then existing contracts. Such Recycled Water may be used for Recharge or direct use within the Management Area, subject to compliance with existing laws and regulations. Each Public Agency may implement its own Recycled Water program, for direct use, subject to the availability of Recycled Water. The Public Agency shall be responsible for financing, operating and maintaining the facilities necessary for that program. Watermaster will support loan or grant applications, and the Public Agencies will work to integrate Recycled Water into the Water Management Plan, to the extent economically feasible while meeting regulatory standards. (Jmt. §§ 1.30, 6.8, 6.8.1, 9.6.4.3.)

ARTICLE VI

ADMINISTRATION AND OPERATIONS

6.0 Administration.

- a. Principal Office. The principal office of Watermaster shall be at the Eastern Municipal Water District, 2270 Trumble Road, Perris, California, 92750, or at such other location or locations as may be designated by action of the Watermaster from time to time by adoption of a resolution which shall then be approved by the Court. (Jmt. § 9.7.)
- b. Records. Watermaster's records shall be treated as public records under the Public Records Act. (California Government Code sections 6250 et seq.) (Jmt. § 9.7.) All records shall be maintained pursuant to the Records Management and Retention Policy adopted by the Board. Records may be kept at a location other than the principal office.
- c. Annual Administrative Budget. Watermaster shall prepare and adopt an annual administrative budget pursuant to the procedures set forth in ARTICLE X, Section ~~9~~10.1.
- d. Accounting. Generally and as addressed in greater detail elsewhere in these Rules and Regulations, Watermaster shall provide for the levy, billing, and collection of all assessments provided for under the Judgment, for the payment of costs and expenses of the Watermaster, and for the performance of such accounting and related functions as may be required in connection with those functions (“Accounting Functions”). All funds collected shall be held in a segregated account. All expenses and disbursements shall be separately accounted for.

Pursuant to the terms and conditions of a contract to be entered into between Eastern and the Watermaster, Eastern ~~shall~~ initially performed the Accounting Functions for Watermaster. The foregoing clause does not restrict the ability of the Watermaster to enter into other agreements with other members of the Watermaster and/or private firms and individuals to provide some or all of the Accounting Functions. (Jmt. § 9.6.4.5.1.)

6.1 Operations.

a. Facilities.

- (1) Phase 1 Facilities. The Phase I Facilities (including capital facilities and spreading basins, as more particularly defined in the Water Management Plan) are existing facilities of Eastern that have been expanded or improved as part of the Water Management Plan, or are new facilities that are integrated into Eastern's existing facilities and are owned by Eastern. Pursuant to the terms and conditions of contracts to be entered into between Eastern and the Watermaster, and Eastern and the other Public Agencies, Eastern has constructed, installed, and will continue to operate the Phase I Facilities consistent with the Water Management Plan. (Jmt. §§ 9.6.4.1.)
- (2) Other Facilities. The Water Management Plan anticipates the need for the construction and installation of other facilities in order to accomplish the goals of the Judgment. Such facilities may be constructed, installed and operated under contract with Watermaster, by a member of Watermaster or, in circumstances approved by Watermaster, by other responsible entities. (Jmt. §§ 9.6.4.2.)

- b. Purchase of Water for Groundwater Recharge. The Settlement Agreement requires Metropolitan to use its best efforts to deliver an average of 7500 acre-feet per year of Imported Water for Recharge of the Management Area. This supply is dedicated first to satisfy the rights of the Soboba Tribe as provided in the Settlement Agreement. Such portion of the supply that is not used by the Soboba Tribe will be available to those Parties who have participated in the cost thereof ~~on behalf of the participating Parties.~~ (Jmt. §§ 9.6.4.2.)

Eastern is the only Public Agency having the ability to secure the use of Metropolitan's facilities to import additional water supplies. Per Section 9.1(b), Per ARTICLE X, Section 10.1.b below, the Watermaster has a conditional right of first refusal to purchase such supplies. When such supplies and funds to purchase and import them are available, Watermaster shall work with Eastern to purchase and import such supplies. (Jmt. § 9.6.4.3.)

Eastern has entered into a contract with Metropolitan for the purchase and delivery of such Imported Water supply. Eastern shall also purchase as a member agency of Metropolitan, or otherwise acquire, such additional supplies of water as may be directed by the Watermaster to implement the Water Management Plan, subject to availability and transmission capacity. All

such water delivered by Metropolitan, or otherwise acquired by Eastern, and all Eastern facilities used to deliver, recharge and recapture such water, shall be subject to rights of use by the Parties entitled thereto. Such rights of use shall be confirmed in detail in written contracts with Eastern. [\(Jmt. § 9.6.4.3.\)](#)

Watermaster has the authority to purchase available recycled water for direct and indirect Groundwater Recharge in, or benefiting, the Management Area. [\(Jmt. § 9.6.4.3.\)](#)

Watermaster may use its funds, or funds provided by the Parties, to purchase Imported Water, Supplemental Water, or other water, including verifiably conserved water, and to fund in-lieu projects using recycled water. [\(Jmt. § 9.6.4.3.\)](#)

c. Monitoring and Data Collection.

- (1) Scope. Watermaster shall implement and conduct monitoring programs and activities as necessary to enforce the Judgment and these Rules and Regulations. Any such policies and procedures shall be adopted at regular or special meetings of Watermaster and reported in Watermaster's annual report. [\(Jmt. § 6.5.6.\)](#)
- (2) Measuring Devices. Watermaster may utilize gauges and electronic gauging stations within the Management Area in furtherance of its monitoring activities.
- (3) Additional Devices. Watermaster may direct, install or construct additional monitoring devices within the Management Area as necessary to administer and enforce the Judgment and these Rules and Regulations.
- (4) Data Collection. Watermaster shall provide for the collection and maintenance of all production, water level, water quality, and other technical data necessary and required by the Water Management Plan, [Sections 11.2, 11.3](#) ("Data"). Pursuant to the terms and conditions of a contract to be entered into between Eastern and Watermaster, Eastern shall collect and maintain all such Data and transmit such Data to Watermaster, its Advisor, and the Technical Advisory Committee as directed by the Watermaster. The foregoing clause does not restrict the ability of Watermaster to enter into other agreements with other members of Watermaster and/or private firms and individuals for the collection of Data. [\(Jmt. § 9.6.4.4.\)](#)

6.2 Legal Matters.

- a. Reports to Court. Watermaster shall file annually with the Court a report regarding its activities during the preceding year, including an audited statement of all accounts and financial activities. A notice of the filing of the annual report will be served on all Parties and a copy of the report itself made available to the Parties upon request. [\(Jmt. § 9.6.8.\)](#)

- b. Court Review. Any action by Watermaster, or any failure to act by virtue of insufficient votes, may be reviewed by the Court on motion by any Party, with notice to all other Parties. The Court's review shall be de novo, and the Court's decision shall constitute action by the Watermaster. The procedures for judicial review are further set forth below. (Jmt. § 9.5.)
- c. Notice of Litigation. Watermaster shall provide reasonable notice to the Parties to the Judgment of any existing litigation affecting the Watermaster or that challenges the legality, validity, or enforceability of the Judgment, the Rules and Regulations, or any decision of the Watermaster in connection therewith made pursuant to these Rules and Regulations, unless the complaining party has already given such notice.
- d. Defense of Judgment. Watermaster shall reasonably defend the Judgment, these Rules and Regulations and any decision of the Watermaster made pursuant to these Rules and Regulations against challenges brought by any person. Costs incurred by Watermaster in defending such actions shall be considered a Watermaster general administrative expense.

ARTICLE VII

PROCUREMENT OF SUPPLIES, EQUIPMENT, SERVICES AND CONSTRUCTION OR REPAIR OF WORKS OF IMPROVEMENT

7.0 Introduction. The procedures for the purchase of or arrangements for supplies, equipment, and services are as follows:

- a. Proposal by a Public Agency. The Watermaster may enter into an agreement for supplies, equipment and/or services, including construction services, with a Public Agency based on an informal proposal and/or budget submitted by the Public Agency without going out to formal bid.
- b. General Standards. In all other cases, purchases shall be awarded following open, competitive processes unless:
- (1) The procurement is necessary to address an emergency condition threatening the public health and safety;
 - (2) The product or service is only available from one source;
 - (3) A service provider has been prequalified by the Watermaster based on expertise and qualifications;
 - (4) The product or service cannot be described with enough detail to enable competitive practices;

- (5) Time constraints, special reasons, circumstances, or conditions make a competitive purchase infeasible;
- (6) The value of the product or service is less than the financial limits authorized by this ARTICLE VII; or
- (7) The purchase or expenditure is approved by the Board as an exception to the standard procurement procedures in this ARTICLE VII.

c. Financial Limits for Proposals Other Than by a Public Agency. The approval authority for purchases, arrangements, or contracts for construction, repair, or services is based on the estimated value thereof and is as follows:

- (1) Up to Ten Thousand Dollars (\$10,000.00): Bids, quotes, or proposals are not required;
- (2) Between Ten Thousand One Dollars (\$10,001.00) and up to Fifty Thousand Dollars (\$50,000.00): Three (3) quotes or proposals shall be requested without formal bidding; and
 - (a) If the item or service has been budgeted, the Advisor has authority to make the purchase or enter into the contract or other arrangement;
 - (b) If the item or service has not been budgeted, the Board must approve the purchase, award, contract, or other arrangement;
- (3) Over Fifty Thousand One Dollars (\$50,001.00): Requesting formal bids are required, and the Board must approve the purchase, award, contract or other arrangement.

d. Special Rules.

- (1) Reservation of Rights. The Watermaster reserves the right to waive or modify any of the financial limits or bidding or other requirements set forth in Subsection c of this Section 7.0 above and, as stated in Subsection a, may contract with a member Public Agency for supplies, equipment and/or services.
- (2) Professional Services Contracts. The Advisor shall report the Advisor's approval of any contract for professional services not approved by the Board, any change orders to such contract, and any other issue related to a professional services contract.

- (3) Change Orders. The Advisor may approve Change Orders that do not exceed the original authorization by more than Five Thousand Dollars (\$5,000.00), or Ten Percent (10%) of the original contract amount, whichever is greater. Change Orders in excess of these amounts and Change Orders reflecting a change in the scope or nature of the project shall be submitted to the Board for approval.
- e. Execution of Agreements by Advisor. The Advisor is authorized, on behalf of the Watermaster, to execute any agreement entered into with a Public Agency pursuant to Section 7.0-a above, or with any other person or entity pursuant to Subsection 7.0-b or c-(1) above where the agreement has been previously approved by the Watermaster.

ARTICLE VIII

WATER USE, ACCOUNTING, ASSESSMENTS AND CREDITS

8.0 Scope. This Article sets forth Watermaster's rules and procedures regarding water use accounting, assessments and credits.

8.1 Accounting for Water Use Storage and Transfers. The Watermaster shall account for all production by ~~Class A and~~ Class B Participants and Public Agencies using information reported or obtained for that purpose and may make adjustments to a Class B Participant's Base Production Rights pursuant to Sections 4.4.1.1 and 4.4.1.2 of the Judgment. The Watermaster shall also account for Carry-Over Credits, including the transfer thereof where authorized, and for the use and/or storage and/or transfers of Imported Water by Public Agencies. (Jmt. §§ 4.4.1.1, 4.4.1.2, 9.6.4.5.2)

8.2 Assessment Program. The accounting for the Assessment Program contemplated by the Water Management Plan and consisting of Administrative Assessments and Replenishment Assessments determined and levied by the Watermaster as described in Sections 1.2, 1.31, and 3.4, respectively, of the Judgment, ~~shall was~~ initially ~~be~~ performed by Eastern under a contract with Watermaster pursuant to the provisions of Section 9.6.4.5 of the Judgment. All Assessments shall be used for Replenishment Expenses and Administrative Expenses. Watermaster may enter into other agreements with any entity other than Eastern including private firms and individuals to provide some or all of the Accounting Functions as required under the Judgment. (Jmt. §§ 6.9, 6.9.1.)

- a. All Watermaster assessment invoices shall be payable to Watermaster within sixty (60) days of notice. Any delinquent assessments shall bear interest at a rate to be set by the Watermaster. Watermaster is entitled to recover its reasonable expenses in collecting any assessment, including attorney's fees and costs. (Jmt. § 6.9.3.)

- b. Watermaster is authorized to adjust assessments, where deemed appropriate, to provide incentives for production of Degraded Groundwater as described in Section 6.5.3 of the Judgment. ([Jmt. § 6.9.4.](#))

8.3 Carry Over Credit. As required by the Judgment, each Public Agency that produces less than its Adjusted Production Right and share of Imported Water, and any Class B Participant producing less than its Base Production Right, shall have Carry-Over Credits subject to the following provisions of Section 6.9.2 of the Judgment. ([Jmt. §§ 1.7, 6.9.2.](#))

- a. The Carry-Over Credit shall be the difference in acre-feet between a Public Agency's Adjusted Production Right and share of Imported Water and Supplemental Water, and the Public Agency's actual production in a calendar year, or the Class B Participant's Base Production Right and the Class B Participant's actual production in a calendar year. ([Jmt. § 6.9.2.1.](#))
- b. The Carry-Over Credit may be applied to reduce the amount of acre feet upon which a Public Agency or Class B Participant must pay a Replenishment Assessment either for the previous year or in any subsequent year. Carry-Over Credits are transferable by a Public Agency to the Watermaster or, subject to a right of first refusal by the Watermaster, to another Public Agency. Carry-Over Credits may be retained for more than one calendar year by Public Agencies and Class B Participants. The Public Agencies shall notify the Watermaster if a Carry-Over Credit is being transferred and shall provide information requested by the Watermaster regarding the transfer, as required by the Judgment, Section 6.9.2.2. ([Jmt. § 6.9.2.2.](#))
- c. The Watermaster shall keep an accounting of all Carry-Over Credits. ([Jmt. § 6.9.2.3.](#))

ARTICLE IX

STORAGE

9.0 Storage Rights. Unused storage capacity may exist in the Management Area, and this capacity will be managed by the Watermaster conjunctively with natural supplies and available Supplemental Water supplies. Subject to availability of assessment funds and unused storage capacity as determined by Watermaster, the Management Area may be recharged when water is available, to be drawn upon by the Parties in later years when such Supplemental Water may not be available. ([Jmt. §§ 6.7, 6.7.1.](#))

9.1 Unused Storage Capacity. Unused storage capacity, as determined by Watermaster, and pursuant to a Storage Agreement, may be used for “put and take” operations with Supplemental Water that is paid for by any Public Agency provided that: (Jmt. § 6.7.2.)

- a. Such operations do not interfere with the rights of any other pumper, or with the use of the storage capacity for Recharge and storage under the Water Management Plan. (Jmt. § 6.7.2.1.)
- b. Watermaster shall have the first right to purchase any water available for Recharge for use under the Plan (Jmt. §§ 6.7.2.2.). The Watermaster may, upon request of a Public Agency, enter into a Storage Agreement that will constitute an ongoing waiver of this first right of refusal during its term, if the Watermaster reasonably determines that implementation of the Storage Agreement will not significantly impact the implementation of the Plan and the availability of supplemental water supplies and/or interfere with ongoing Watermaster operations and/or ongoing operations pursuant to previously-approved Storage Agreements or production by the Public Agencies.
- c. Later recovery of Stored Water shall exclude losses, and shall not be subject to either Administrative or Replenishment Assessments. (Jmt. §§ 6.7.2.3.)
- d. Such recovered water may be used anywhere within the service area of the Party. (Jmt. §§ 6.7.2.4.)
- e. The rights to such Stored Water may be transferred while still in storage. (Jmt. § 6.7.2.5.)

9.2 Conjunctive Use or Water Banking Programs. Any conjunctive use or water storagebanking programs proposed by one or more of the Parties within the Management Area for the benefit of territory outside of the Management Area shall be subject to the Watermaster’s approval and the governance provisions herein and as set forth in the Judgment. Any storage, conjunctive use or water banking programs by third parties, or in-lieu recharge programs financed with assessment funds, shall be subject to the Watermaster’s approval and the governance provisions herein and as set forth in the Judgment; provided that Metropolitan has the right under the Soboba Settlement Agreement to use up to 40,000 acre-feet of storage capacity in the San Jacinto Upper Pressure Subbasin for the pre-delivery of water required under Section 5.2 of the Judgment. All conjunctive use or water storage programs shall be subject to a Storage Agreement with the Watermaster, the approval of which shall not be unreasonably withheld. (Jmt. § 6.7.3.)

9.3 Contents of Storage Agreements. Each groundwater Storage Agreement shall include, but not be limited to, the following components:

- a. The quantities and terms of the storage right;
- b. A statement of the priorities of the storage right as against Safe Yield uses and other storage rights.
- c. The projected delivery rates, together with projected schedules and procedures for spreading, injection or in-lieu deliveries of Supplemental Water for direct use;
- d. The calculation of storage water losses and annual accounting for water in storage; and
- e. The establishment and administration of withdrawal schedules, locations and methods.

ARTICLE X

FINANCIAL PROVISIONS

10.0 Introduction. This ARTICLE X sets forth the Watermaster's procedures, authorizations, requirements and guidelines for the financial aspects of the Watermaster's operations. The Watermaster shall establish and maintain books of account consistent with generally-accepted accounting practices, including the Uniform System of Accounts prescribed by the State Controller and the Government Accounting Standards Board. Projects authorized by the Board shall be monitored and managed through an accounting system which accurately compares budget to actual expenditures. Financial results shall be reported regularly by the Advisor to the Board.

10.1 Budget. On or before ~~November 30~~ September 30 of each year, Watermaster shall cause the preparation of a proposed draft budget showing the amount of money estimated to be necessary to pay the costs of operation and the anticipated revenue. The draft budget will be distributed to the Board on or before September 30. A special Board budget workshop meeting date will be selected at the board's regular August Board meeting. The special budget workshop shall be held after September 30, but prior to the next regular Board meeting.

- a. Draft Budget Preparation. The Watermaster shall cause the Advisor to prepare a draft budget based on a calendar year accounting which shall be a reasonably detailed analysis of income and expenses based on the following estimates:
 - (1) Anticipated total groundwater production by the Public Agencies and B Participants;
 - (2) Anticipated total groundwater production by the Public Agencies and B Participants that will trigger replenishment charges;
 - (3) Anticipated revenue from (a) replenishment assessments; (b)

administrative assessments;

- (4) Expenses related to (a) water purchases; (b) administration; and (c) operations;
 - (5) Increases in replenishment and administrative assessments if required to fund expenses.
- b. Draft Budget Revisions. The draft budget may be modified as necessary but should be provided to the Watermaster by ~~November 30~~ September 30 of each year.
 - c. Adoption of Final Budget. The Watermaster shall consider the draft budget at a regular or special meeting no later than December 31 of each year and shall adopt the Final Budget on or before December 31 of each year.
 - d. Budget Modification. The Advisor is authorized to approve changes within the operating budget that do not result in expenditures exceeding revenue. The Advisor shall recommend modifications of the budget as the need arises due to events occurring after approval of the budget, and the Board shall act on such recommendations.
 - e. Implementation of Approved or Revised Budget. The Advisor shall implement the approved or revised budget by making expenditures in accordance with approved purchasing procedures.

10.2 Assessments.

- a. Annual Determination of Assessments. Annually, the Advisor shall recommend to the Watermaster the replenishment and administrative assessment levels needed to support the draft budget and shall present this recommendation concurrently with the draft budget by November 30 of each year.
- b. Administrative Assessments. Watermaster shall levy administrative assessments on the Public Agencies pursuant to Sections 1.2 and 3.4.1 of the ~~Stipulated~~ Judgment. (Jmt. §§ 1.2, 3.4.1.)
 - (1) Invoicing Administrative Assessments. Watermaster shall submit an invoice to each Public Agency for an administrative assessment based on estimated and actual production by that Agency up to its Adjusted Production Right, plus any amount pumped pursuant to a Carry-Over Credit from a prior year, according to the following schedule. All administrative assessments shall be at the rate determined for the year pursuant to paragraph a.

25% of estimated annual production by July 15.

50% of estimated annual production by October 15.
 Remaining actual production for the year by March 1 of the following year
 (reconciliation invoice).

- c. Replenishment Assessments. The Replenishment Assessment is a per-acre foot charge levied against each Public Agency for each acre-foot of groundwater pumped in excess of the Public Agency's Adjusted Production Rights, its share of Imported Water, Stored Water, Supplemental Water, and applicable Carry-Over Credits and Recharge Rights, and against each Class B Participant for pumping in excess of its Base Production Right. The rate of assessment shall be determined as part of the annual Watermaster Budget approved by the Watermaster each year and shall be based on the estimated cost of purchasing, importing and recharging replacement water, including operating, maintenance, repair and replacement expenses. (Jmt. §§ 1.3.1, 3.4.2.)

(1) Invoicing Replenishment Assessments.

(a) Replenishment Assessments shall be invoiced as follows:

- (i) Public Agencies. By May 1 of each year, Watermaster shall submit an invoice to each Public Agency with production in excess of its adjusted base production right during the preceding calendar year, subject to use of available Carry-Over Credits available to that Agency.
- (ii) Class B Participants. By May 1 of each year, the Watermaster shall submit an invoice to each Class B Participant based on that Participant's production in excess of that Participant's Base Production Right during the preceding calendar year.

d Collection.

- (1) Delinquencies. All Watermaster assessment invoices shall be payable to Watermaster within sixty (60) days of notice. Any delinquent assessments shall bear interest at a rate to be set by the Watermaster. Watermaster is entitled to recover its reasonable expenses in collecting any assessment, including attorney's fees and costs.
- (2) Disputes. Disputes regarding the method of levying assessments or the amount thereof shall be subject to the Dispute Resolution Procedures set forth in ARTICLE ~~X~~XII of these Rules and Regulations. In the absence of a complaint to the Watermaster involving said procedures or upon failure to pay assessments determined to be due as a result of said procedures within thirty (30) days of final decision by the Watermaster, the Watermaster may direct the Watermaster's staff to pursue collection through legal procedures.

10.3 Bank Accounts. The Watermaster shall establish one or more deposit and/or checking accounts with state or national banks or savings associations upon such terms and conditions as may be agreed upon. Any two of the following-named officials are authorized to establish and maintain and to sign checks on such accounts at one or more banks or other financial institutions as defined in EXHIBIT “A” of these Rules and Regulations:

Watermaster Board Chairperson;

Watermaster Board Vice-Chairperson;

Watermaster Board Secretary-Treasurer;

Advisor.

- a. Reporting. Financial transactions shall be reported to and reviewed by the Secretary-Treasurer, and presented to the Board at regular Board meetings.

10.4 Audits. An annual financial audit report shall be filed with the Court as part of the Annual Report to the Court. The Advisor shall present a post-audit review and report to the Technical Advisory Committee. ([Jmt. § 9.6.8.](#))

ARTICLE XI

INVESTMENT POLICIES

The policies, procedures, requirements and limitations regarding the investment of Watermaster funds are set forth in Exhibit “A” to these Rules and Regulations, [as they are amended from time to time](#).

ARTICLE XII

DISPUTE RESOLUTION PROCEDURES

12.1 Purpose. This Article sets forth the general Watermaster rules and procedures for administratively adjudicating requests, disputes, and complaints arising from any action, omission, or decision of the Watermaster.

12.2 Complaint to Watermaster. Any affected party may invoke the dispute resolution procedures set forth below by filing a Complaint objecting to or otherwise disputing any action, omission, or decision of Watermaster regarding the implementation of the Judgment or regarding billing and collection of assessments or other action or activity pursuant to these Rules and Regulations within sixty (60) days of the action, omission, or decision. The Complainant shall use a complaint form supplied by Watermaster and shall contain the following information:

- a. The disputed action, omission, or decision of Watermaster staff, agent or designee;
- b. The grounds or basis for the Complaint, including copies of any reports, charts, maps, and other documentation; and
- c. The Complainant's requested relief.

12.3 Copy of Dispute Resolution Procedures. Upon receipt of the Complaint, the Watermaster shall provide the Complainant with a written notice of the Watermaster's dispute resolution procedures as set forth in this Article. Such notice shall be provided to the Complainant within ten (10) days of receipt of the Complaint by Watermaster.

12.4 Dispute Resolution Committee. Upon the Watermaster Board's receipt of a Complaint, a Dispute Resolution Committee shall be formed which shall be comprised of members appointed by the Chairman, but in cases involving Class B Participants, shall include the private pumpers' representative on the Watermaster Board. The Dispute Resolution Committee shall make a reasonable effort to schedule a hearing within sixty (60) business days from the date of Watermaster's receipt of the Complaint and shall provide the Complainant with at least ten (10) business days' prior written notice of the date, time and location of the hearing. At the conclusion of the public hearing, following a reasonable period of deliberation, if any is necessary, the Dispute Resolution Committee shall uphold or recommend modification or reversal of the Watermaster's decision, action or omission which is the basis of the Complaint.

12.5 Appeals. In the event the Complainant does not agree with the action or recommendation of the Dispute Resolution Committee, the Complainant may file a written notice of appeal with the Watermaster within ten (10) days of receipt of the Dispute Resolution Committee's decision on the matter.

12.6 Appeal to Watermaster Board. On receipt of a notice of appeal to the Dispute Resolution Committee's decision regarding a Complaint, the Watermaster Board shall schedule a public hearing regarding the matter. The public hearing shall be conducted during a regular meeting or a special meeting called for that purpose. The Watermaster Board shall make a reasonable effort to hold a public hearing within sixty (60) days from the date of notice of appeal. The Watermaster shall provide the Complainant with at least ten (10) days prior written notice of the date, time, and location of the hearing. The Watermaster Board may continue the public hearing from time to time, including, but not limited to, continuing the hearing for a reasonable time to obtain a legal or technical opinion. At the conclusion of the public hearing, the Watermaster Board shall uphold, modify, or reverse the Dispute Resolution Committee's decision regarding the Complaint. The decision of the Watermaster Board shall be considered the Watermaster's final decision regarding the Complaint. The Complainant may appeal this decision to the Court within thirty (30) days of the Watermaster Board's decision.

12.7 Failure to Appeal. Any Complainant that fails to appeal any decision of the Watermaster within the applicable deadlines as set forth in this Article shall be deemed to have waived its right to do so.

12.8 Conduct of Hearings. Any public hearing regarding a Complaint shall be conducted pursuant to the following procedures:

- a. Watermaster staff shall first present evidence of the basis for the Watermaster's decision or action. Upon the conclusion of the Watermaster staff's presentation, the Complainant shall then have the opportunity to present evidence supporting the modification or reversal of the Watermaster's decision or action.
- b. The Complainant or Watermaster staff may present witnesses, documents, and exhibits. The decision-making body shall not be bound by formal rules of evidence and will control the hearing, reserving the power to exclude testimony or exhibits deemed irrelevant.
- c. The decision-making body shall ensure that an adequate and appropriate record of the hearing is kept. Any party, at that party's sole expense, may have a court reporter present at the hearing.
- d. At the conclusion of the hearing, the decision-making body may uphold, modify, or reverse the applicable decision.
- e. Any notice provided to a Complainant pursuant to this Article shall be provided in accordance with the methods described in Section 4.0-d.

12.9 Judicial Review. Any action, decision, rule or procedure of Watermaster shall be subject to review by timely motion by any Party as follows:

- a. Effective Date of Watermaster Action. Any order, decision or action of Watermaster pursuant to the Judgment or these Rules and Regulations on noticed specific agenda items shall be deemed to have occurred on the date of the order, decision or action.
- b. Notice of Motion for Judicial Review. Any Party may, by a regularly noticed motion, petition the Court for review within 90 days of the action or decision by Watermaster, except motions for review of assessments under the Judgment shall be filed within 30 days of mailing of the notice of the assessment or, if a complaint is filed to trigger application of the Dispute Resolution Procedures, within thirty (30) days of the conclusion thereof. The motion shall be deemed to be filed and served when a copy, conformed as filed with the Court, has been delivered to Watermaster staff. Unless ordered by the Court, any petition or motion shall not operate to stay the effect of any Watermaster action or decision which is challenged.
- c. De Novo Nature of Proceeding. Upon filing of a motion or petition to review a Watermaster action, Watermaster shall notify the Parties of a date when the Court will take evidence and hear argument. The Court's review shall be de novo and the Watermaster decision or action shall have no evidentiary weight in such proceeding.

- d. Decision. The decision of the Court in such proceedings shall be an appealable Supplemental Order in this case. When it is final, it shall be binding upon Watermaster and the Parties.

EXHIBIT "A"

RULES AND REGULATIONS
ARTICLE XIINVESTMENT POLICIES, PROCEDURES,
REQUIREMENTS AND LIMITATIONS

11.0 Policy. This Statement of Investment Policy is intended to provide guidelines for the prudent investment of Watermaster's temporary idle cash, and outline the policies for maximizing the effectiveness and efficiency of Watermaster's cash management system. The goal is twofold: one is to preserve Watermaster's capital resources while maximizing investment earnings pursuant to the "Prudent Investor Standard", the second is to provide guidelines for authorized investments.

11.1 Scope. All monies entrusted to Watermaster shall be pooled in an actively managed portfolio. The Treasurer is authorized to invest funds using as guidelines California Government Code (CGC) Section 53600 et seq. This investment policy applies to all financial assets and investment activities of Watermaster. If ~~circumstances~~ absence prevents the Treasurer from actively investing on behalf of the Watermaster, the Advisor is authorized to invest during such period subject to the limitations described herein.

~~—————~~This policy, however, specifically excludes ~~the employees' retirement and deferred compensation funds and the retiree health benefit trust. Additionally,~~ monies held by a trustee or fiscal agent pledged to the payment or security of bonds or other indebtedness, which shall be held using CGC Section 53601 (~~Lm~~) as a guideline.

11.2 Prudence. Watermaster shall ~~comply with the use as guidelines the standards within the content of the Prudent Investor Standard as set forth in CGC Section 53600.3 that which~~ states in part:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, ~~and or~~ managing public funds, a trustee shall act with care, skill, ~~and~~ prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims to safeguard the principal and maintain the liquidity needs of the agency."

11.3 Objective. Watermaster's cash management system is designed to monitor and forecast expenditures and revenues, thus enabling the agency to invest funds to the fullest extent possible. Watermaster attempts to obtain the highest yield available, while investments meet the criteria established for safety, liquidity, and yield, in that order of priority.

- a. Safety. Safety of principal is the foremost objective of the ~~agency~~ Watermaster. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, rating downgrades, broker-

dealer defaults, or erosion of market value. Watermaster shall seek the preservation of capital by mitigating two types of risk: credit risk and market risk.

- (1) Credit risk - is the risk of loss due to failure of the issuer and is mitigated by investing in safe securities, and diversifying the investment portfolio so the failure of one issuer would not materially affect the cash flow of the agency.
- (2) Market risk - is the risk of market value fluctuations due to changes in the general level of interest rates, and shall be mitigated by limiting the ~~average maturity of the agency's investment portfolio to three and one-half years, and the~~ maximum maturity of any one security ~~to~~ twelve (12) months~~five years~~. Market risk shall also be mitigated by structuring the portfolio so maturing securities match cash outflows, eliminating the need to sell securities prior to their maturity, and ~~to~~ avoid~~avoiding~~ taking positions in securities for the purpose of selling those securities within a short period of time in order to realize a short term profit. It is recognized that within a diversified portfolio, occasional measured losses are inevitable, and must be considered within the context of the overall return on the investment.

- b. Liquidity. Watermaster's investment portfolio will remain satisfactorily liquid, enabling the agency to meet all anticipated and operating cash flow requirements.
- c. Return On Investments. Watermaster's investment portfolio shall be designed to attain a market rate of return throughout economic cycles. Whenever possible with respect to budgetary and cash flow requirements, and consistent with risk limitations and prudent investment principles, the Treasurer shall seek to augment returns above the market rate of return.

11.4 Maximum Maturities. Watermaster will match its investments with anticipated cash flow requirements. Maximum maturities shall not exceed 12 months ~~five (5) years~~, without specific approval of the Watermaster Board. ~~The average maturity of funds should not exceed 1,275 days (3.5 years), and the cash flow requirements shall prevail at all times.~~

11.5 Performance Standards. Watermaster's investment portfolio will be designed to obtain a market ~~average~~ rate of return during budgetary and economic cycles, taking into account the agency's investment risk constraints and cash flow requirements.

Watermaster will operate in an active capacity in the investment strategy. The basis of the strategy used by the Treasurer to determine whether market yields are achieved shall be the State of California Local Agency Investment Fund (L.A.I.F.).

11.6 Delegation and Grants of Authority. Management responsibility for the investment program is delegated to the Treasurer. ~~(as provided by resolution annually adopted by the Watermaster Board) who shall establish written procedures and policies for the operation of the investment program consistent with this investment policy.~~

No person shall engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer.

In the absence of the Treasurer, the authority to direct investment transactions affecting Watermaster monies will be restricted to the Advisor as to maturity, investment instrument, and dollar size of the investment.

11.7 Investment Committee. The Watermaster Board shall act, or may appoint an ~~AD-Hoc~~ ad hoc or ~~s~~Standing cCommittee to act, as the investment committee to provide general oversight and guidance concerning the investment policy related to the management of Watermaster's investments. The ~~c~~Committee shall meet at least quarterly. Pursuant to an annual ~~Watermaster Board adopted~~ resolution adopted by the Watermaster Board, the Treasurer shall be responsible for the day-to-day investment-related tasks governed by this policy.~~investments of the agency.~~

11.8 Ethics and Conflict of Interest. The Treasurer and the Advisor shall refrain from personal business activity which could create a conflict with proper execution of the investment program, or which could impair the ability to execute impartial investment decisions. The Treasurer and Advisor shall disclose to Watermaster's legal counsel any material financial interests in financial institutions that conduct business within the jurisdiction, and shall disclose any material financial investment positions that could be related in a conflicting manner to the performance of the agency's investment portfolio.

11.9 Safekeeping and Custody Agreements. To protect against potential losses caused by collapse of individual securities dealers, all securities owned by Watermaster shall be kept in safekeeping by a third party bank trust department, acting as an agent for the agency under the terms of a custody agreement executed by the bank and the agency. All securities will be received and delivered using standard delivery versus payment procedures with the agency's custodial bank, and evidenced by safekeeping receipts. Custodial statements are reconciled against transaction schedules by the Treasurer on a monthly basis.

11.10 Internal Controls. Proper documentation obtained from confirmation and cash disbursement wire transfers is required for each investment transaction. Timely bank reconciliation is conducted by the Advisor to ensure proper handling of all transactions.

The investment portfolio and all related transactions ~~are~~ must be reviewed and balanced to appropriate general ledger accounts on a monthly basis.

An independent analysis by an external auditor shall be conducted annually to review internal control, account activity, and compliance with policies and procedures.

11.11 Financial Reporting. Using the provisions of Section 53646 of the CGC as a guide, the Treasurer shall render a report to the Watermaster Board meetings, providing the type of investment, financial institution from which the investment was purchased, the date of maturity, the date upon which the investment becomes subject to redemption provisions, amount (to include both par and book value) of the investment, and the current market value of all investments. The report shall also include rate of interest, and other data so required by the Watermaster Board. The report shall include a statement denoting Watermaster's ability to meet its expenditure requirements for the following six-month period, or an explanation as to why sufficient monies will not be available. Additionally, the Treasurer shall state whether the agency is in compliance with its investment policy by signature required on the Treasurers' Report.

11.12 Authorized Financial Dealers and Institutions. Watermaster shall transact business only with banks, savings and loan institutions, and registered investment securities dealers. The dealers should either be primary dealers authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York, or regional dealers qualifying under the Securities and Exchange Commission Rule 15C3-1.

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements
- Proof of National Association of Securities Dealers (NASD) certification
- Proof of California state registration
- Completed broker/dealer questionnaire
- Certification of having read and understood and agreeing to comply with the Hemet-San Jacinto Watermaster's Investment Policy

An annual review of financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the Treasurer.

11.13 Collateral Requirements. Collateralization is required for investments of public deposits in ~~c~~Certificates of ~~D~~deposits (in excess of the FDIC insured amount) and all Repurchase Agreements. In order to reduce market risk, the collateral level will be at least 110% of market value of principal and accrued interest of eligible securities for ~~C~~certificate of ~~d~~Deposit. The percentage of collateralization on repurchase agreements shall be determined using CGC Section 53601(j)(2)-(i)(2) as a guideline.

In order to conform with provisions of the Federal Bankruptcy Code, which provides for the liquidation of securities held as collateral for ~~R~~repurchase ~~A~~agreements, the only securities acceptable as collateral shall be eligible ~~N~~negotiable ~~C~~certificates of ~~D~~deposit, eligible ~~Banker's~~ bankers' ~~A~~acceptances, or securities that are fully guaranteed as to principal and interest by the United States or by any agency of the United States government. All securities held as collateral shall have a maximum maturity of ~~12 months~~.~~five (5) years~~.

Watermaster shall purchase bond insurance (sometimes referred to as financial guaranty insurance) when investing in corporate fixed-income securities.

11.14 Authorized and Acceptable Investments. The following investments are authorized and accepted as defined:

- a. United States Treasury ~~B~~ills, ~~N~~otes and ~~B~~bonds. There is no limitation as to the percentage of the portfolio that can be invested within this category.
- b. Obligations issued by the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA). Although there is no percentage limitation on “governmental agency” issues, the prudent investor standard shall apply for a single agency name.
- c. Negotiable ~~C~~ertificates of ~~D~~eposit (NCD) issued by a nationally or state-chartered bank or a state or federal savings and loan association, provided that the issuing institution is rated “A” or better by a nationally recognized statistical ratings organization (NRSRO).

Purchases of negotiable certificates of deposits may not exceed 30% of the market value of the portfolio. A maturity limitation of twelve (12) months ~~five (5) years~~ is applicable on NCDs. With federal deposit insurance limits up to \$250,000, no more than \$250,000 shall be invested in NCDs per financial institution.

- ~~d. Local Agency Investment Fund. The Agency may invest in the Local Agency Investment Fund (L.A.I.F.) established by the State Treasurer or Chief Financial Officer for the benefit of local agencies up to the maximum permitted by State law.~~
- d. Any other type of investment, provided that its issuing institution is rated “A” or better by a nationally recognized statistical rating organization (NRSRO).

11.15 Prohibited Investments. In accordance with CGC Section 53601.6, Watermaster will not invest any funds in inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages. Watermaster is expressly prohibited from investing in mortgage-backed securities, collateralized debt obligations, credit default swaps, futures contracts and other more exotic and high risk, or difficult risk assessment, investments. The agency may hold previously permitted but currently prohibited investments until their maturity dates.

11.16 Legislative Changes. Any State of California legislative action that further restricts allowable maturities, investment type, or percentage allocations for local agencies will be automatically incorporated into Watermaster’s Investment Policy, and supersede any and all previous applicable language.

11.17 Interest Earnings. All monies earned and collected from investments authorized in this policy shall be allocated on a quarterly basis to various fund accounts where required by law, or other agreement, based on the cash balance in each fund as a percentage of the respective pooled portfolio. However, fiduciary accounts requiring full liquidity will receive their proportional distribution of monies based on the lower of pooled or LAIF rates.

11.18 Limiting Market Value Erosion. The longer the maturity of securities, the greater the market price volatility. Therefore, it is the general policy of Watermaster to limit the potential effects from erosion in market values by adhering to the following guidelines:

- a. All immediate and anticipated liquidity requirements will be addressed prior to purchasing all investments.
- b. Maturity dates for longer-term investments will coincide with significant cash flow requirements where possible, to assist with short-term cash requirements at maturity.
- c. All longer-term securities will be purchased with the intent to hold all investments to maturity under then-prevailing economic conditions. However, economic or market conditions may change, making it in Watermaster's best interest to sell or trade a security prior to maturity.

11.19 Portfolio Management Activity. The investment program shall seek to augment returns consistent with the intent of this policy, identified risk limitations and prudent investment principles. The objectives will be achieved by use of the following strategies:

- a. Active Portfolio Management. Through active fund and cash flow management taking advantage of current economic and interest rate trends, the portfolio yield may be enhanced with limited and measurable increases in risk by extending the weighted maturity of the total portfolio (not to exceed 12 months).~~1,275 days~~.
- b. Portfolio Maturity Management. When structuring the maturity composition of the portfolio, the agency shall evaluate current and expected interest rate yields and necessary cash flow requirements. It is recognized that in normal market conditions longer maturities produce higher yields. However, the securities with longer maturities also experience greater price fluctuations when the level of interest rates change.
- c. Competitive Bidding. It is the policy of the Watermaster to require competitive bidding for investment transactions that are not classified as "new issue" securities. For the purchase of non-"new issue" securities, and the sale of all securities, at least three bidders must be contacted.

11.20 Timing of Investments and Maturities. All investments and maturities shall occur once per year, thirty (30) days after the date in which the Watermaster receives data on natural winter recharge and the availability of water for purchase. After this information is provided to the Watermaster, and subject to staff recommendation and Board approval, any reserves unused for water purchase shall be reinvested in a maturity. This process shall occur annually and shall be a governing policy utilized during the Board's budgeting process.

11.210 Investment Policy Review. This Sstatement of Investment Ppolicy is intended to conform to all applicable statutes at the time of adoption. The Investment Ppolicy shall be reviewed and approved annually by the Watermaster Board at a public meeting to ensure consistency with the overall objectives of the preservation of capital, liquidity, and return of the portfolio. The Investment Ppolicy shall also be reviewed to ensure its compliance and relevance to the current law, financial and economic trends, and to meet the cash flow requirements of Watermaster. Watermaster's independent auditors shall audit the investment portfolio annually. The audit shall include a review for compliance with Watermaster's Sstatement of Investment Ppolicy.

**Hemet-San Jacinto Watermaster
Records Retention Schedule**

Record Category	Record Type Description	Examples Include	Retention Requirement	Notes
Administrative / General				
General Correspondence	Correspondence with the Watermaster or the Advisor not covered by other provisions	Correspondence with Board members, pumpers, landowners, regulatory agencies and the public.	3 Years	
Contracts / Agreements	Records related to obligations under contracts, leases, and other agreements between the Company and outside parties.	Includes Union and Employee Contracts, Purchase Order Contracts, Leases, and other Legal Agreements. Records include the Contract or Agreement, Amendments, and Correspondence.	Expiration of Contract + 7 Years	
Project Documentation	Working Files relating to ongoing projects, including Construction Projects.	Include Project Plans, Schedules, Status Reports, Milestones, and Communications. *NOTE: Only includes project-related documentation; some documents created as part of a project will be retained according to other Record Types in this Schedule	Life of Project + 5 Years	
Accounting				
Journals / Ledgers	Records used to document transactions, transfer charges between accounts and summarize account information.	Includes General Ledger, Chart of Accounts, Journals, Journal Entries, Ledgers, Accruals, Adjustments, Account Reconciliations, Vehicle Timecards	General Ledger (Including Chart of Accounts) - Permanent Journal Entries -7 Years	
Banking and Cash Management	Records related to banking and cash management activities.	Includes Deposits, Checks, Statements, Reconciliations, Drafts, Cancelled Checks, Trial Balances, Automatic Deposit Plans, Check Registers, Wire Transfers, Disbursements, Consolidations	7 Years	
Engineering				
Planning Studies	Water Planning, Studies and Surveys for both District and Non-District Activities.	Includes Planning Studies, Reports, Master Plans, Water Plans, Well Logs and Reports, Strategic Plans, Feasibility Studies, Water Banking Studies, Preliminary Design Studies, Landscaping Plans, Residential Water Management Surveys, Sanitary Survey	10 Years	

**Hemet-San Jacinto Watermaster
Records Retention Schedule**

Executive				
Executive Board and Executive Committee Meeting Records	Records documenting proceedings of the Board, Technical Advisory Committee, committees reporting to the Board, and other legally required meetings.	Includes Agendas, Meeting Minutes, Adjournment Orders, Treasurer's Report, Change Orders to Specifications, Agreements Report, Check Reports, System Construction Orders, Financial Statements, Other Miscellaneous Documents.	Permanent	
Finance				
Budgets and Financial Forecasts	Records related to final budgets and financial forecasts, including supporting documentation.	Annual Operating Budget, Supporting Documents and Work papers, Cash Flow Projections, Budget Analysis and Data, Capital Budgets, Financial Plans, Forecasts, and Statements	10 Years	
Finance Grant Files	Records related to grants issued.	State and Federal Grants	Permanent	
Operations				
Water Operations Production Records	Records related to participant production.	Production records	7 Years	
Water Operations	Records related to monitoring, testing, and treating water for participants	Includes Pressure Charts, Daily and Monthly Water Operations Reports, Backflow Prevention Records, Backflow Device Data, Flow Charts, Alarm Records, Radio Log, Reclaimed Water Flow Records, Recycled Discharge Compliance Logs, Well Chemical Dosing Sheets, Digester Readings, Effluent Disposal Records, Groundwater Production Listing, Residuals, Electric Conductivity Records, Recycled Water Program Records	5 Years	Added exception for Discharge Monitoring Report
Water Operations Water Management Plan and Modification	Studies, TAC reports, Safe Yield Calculations			

**Hemet-San Jacinto Watermaster
Records Retention Schedule**

Legal				
Legal Litigation and Claim Files	Records related to claims made or litigation filed against the District, including commercial litigation, tort claims, or other legal claims.	Includes Investigation Files, Pleadings, Discovery, Release and Settlement Agreements, Judgments, and Communications.	Close of Case + 7 Years	
Legal Public Records and Subpoena Requests	Records reflecting the response to requests for District records from the public or in legal matters.	Includes Public Records Requests, Subpoenas, Summons, Records of Information Produced	3 Years	
Legal Legal Projects / Opinions	Legal work completed for or advice given to business functions within the District.	Includes Research, Memoranda, Opinions, Communications, Special Research Projects	Review After 5 Years	
Legal Compliance / Filings	State filings, and other records not covered elsewhere, related to the submission of documents required by law.	Includes annual reports filed with the Department of Water Resources. Secretary of State and Cal OSHA Certification Program, Post-Award Compliance Records	Permanent	
Legal Reporting	Annual Reports filed with the court	Reports on activities during previous year, including audited statement of account and other activities		
Purchasing / Warehouse				
Unsuccessful Bids	Records from projects bids that were not accepted.	Includes Bid Package, Correspondence	Close of Bid + 3 Years	
Standard Purchase Orders	Records reflecting purchase orders and services provided under those orders.	Purchase Orders, Correspondence, Invoices	10 Years	

**Hemet-San Jacinto Watermaster
Technical Advisory Committee (TAC) AGENDA
August 13, 2018
EMWD – 12:30 p.m.**

- Agency Reports:
 - A. EMWD
 - B. LHMWD
 - C. City of Hemet
 - D. City of San Jacinto

- Watermaster Advisor Update:
 - A. Updated 2018 Annual Budget;
 - B. Draft 2019 Annual Budget; and
 - C. Draft August 27, 2018 Board Agenda.

- Soboba Gravel Pit Maintenance Cost/Benefit Analysis – Erick Miller, Aspect consulting (Soboba Tribe Consultants)

- Other Items Per TAC Members Request.
 - A. Phase I Facilities Agreement Approach to Rate Analysis – EMWD

- Next Meeting November 5, 2018.

**Technical Advisory Committee (TAC) Meeting
Meeting Notes
August 13, 2018**

TAC Members Present

EMWD Staff Present: Nick Kanetis, Deputy General Manager
Joe Mouawad, Assistant General Manager of Planning,
Engineering and Construction
Jeff Wall Assistant General Manager, Operations and
Maintenance
Charles Turner, Director of Finance
Marc Serna, Director of Engineering
Kelley Gage, Senior Director of Water Resources Planning
Khos Ghaderi, Director of Water Operations
Brian Powell, Director of Groundwater Management & Facilities
Planning
Rachel Gray, Water Resources Planning Manager
Gary Molin, Financial Analyst III

City of Hemet Staff Present: Ron Proze, Water/Wastewater Superintendent

City of San Jacinto Staff Present: Bob Brady, General Manager
Arthur Mullen, Production Operator II
Steve Johnson, Consultant

Lake Hemet Staff Present: Mike Gow, General Manager

Private Producers Steve Pastor, Private Pumpers Representative

Watermaster Staff Present: Behrooz Mortazavi, Michelle Mayorga (Water Resources
Engineers)

Others Present: Erick Miller, Aspect Consulting
Frank Coate, Soboba Tribe Representative
Ken McLaughlin, Soboba Tribe Representative
Mark Panny, Carollo Engineers

I. AGENCY REPORTS

A. EMWD Status Report

Mr. Powell reported EMWD met with LHMWD and the Soboba Tribe to discuss the Canyon Operating Plan for the Canyon basin. Every year since the Canyon Operating Plan has been initiated, the water levels have been improving. EMWD is waiting for comments from LHMWD and Soboba Tribe before finalizing the report by the end of the month.

EMWD is preparing a Request for Proposal (RFP) to develop a Groundwater Sustainability Plan for the western portion of the San Jacinto watershed, west of the Hemet-San Jacinto Management area.

The EIR for the EMWD Storage Program has been certified by the EMWD Board of Directors. EMWD Well 205 (well 80 replacement) is under construction, and wells 201 and 203 will be drilled later this year. The Mountain Avenue Recharge Facility is at the 90% design stage and is expected to be in construction in early 2019.

Mr. Mortazavi asked Mr. Powell if he could present the results of Canyon Operation Plan at the November Board Meeting. Mr. Powell agreed to make the presentation.

B. LHMWD Status Report

Mr. Gow thanked EMWD staff for their help with the Canyon Operating Plan. He stated, it is very imported for LHMWD to use its wells in the Canyon basin since 50% of LHMWD's well capacity is in the Canyon basin. LHMWD is continuing to develop Well 8.

Mr. Gow reported that Mr. Hoffman has moved out of state and is no longer LHMWD representative on the Watermaster Board. LHMWD Board has selected Mr. Doug Marshall to be the new LHMWD representative on the Watermaster Board.

C. Hemet Status Report

Mr. Proze reported that the City is in the process of receiving proposals for Well 10A pumping equipment.

D. San Jacinto Status Report

Mr. Mullen reported that the City is rehabbing its Grant Well, which has not been used since April 2018. The City is also looking for a new well site.

II. WATERMASTER ADVISOR UPDATE

A. Updated 2018 Annual Budget

Mr. Mortazavi reviewed the updated 2018 Budget.

The estimated 2018 Administrative Assessments revenue is updated to \$487,019 which is based on the 2018 production data, which is less than the original estimate.

The updated 2018 Budget is lowered by \$71,350, due to the lack of Gravel Pit Dewatering, and adjustments to Financial Support Services, Legal Counsel Services, Administrative Support Services, and the Database/Mapping Application Maintenance estimates.

Mr. Mortazavi estimates the total Watermaster Assets after the 2018 expenditures to be approximately \$1,100,000.

The 25% of estimated Administrative Assessments were invoiced on July 13, 2018. 50% will be invoiced by October 15, 2018 and the remaining balance will be reconciled and invoiced by March 1, 2019. Replenishment Assessment Invoicing for 2018 is not needed.

There were no questions on the presentation.

See Attachment 1 for complete presentation.

B. Draft 2019 Annual Budget

Mr. Mortazavi reviewed the Draft 2019 Annual Budget. The Watermaster Rules and Regulations require a Board Budget Workshop be conducted by September 30, 2018. Instead of having a Special Board Meeting, Mr. Mortazavi is providing the Draft 2019 Annual Budget at the Regular August Board Meeting.

The 2019 Budget Assumptions are:

- The Public Agencies' Adjusted Base Production Rights will remain at the levels set by Resolution 10.3 on August 28, 2017.
- Carry-over accounts are expected to be used to offset any excess production in 2019. Therefore, no Replenishment Assessments is expected to be collected in 2019.
- Replenishment Assessments will be set in early 2019 (if required to offset Private Pumpers' over production).
- Preliminary 2019 Administrative Assessments are estimated based on actual 2017/2018 production data.
- Coordinated projects with EMWD include:
 - Groundwater Monitoring Program.
 - Video Inspection of Well Casings (continued from 2017).
 - Soboba Gravel Pit Dewatering (if needed).
- Advisor is expected to continue Watermaster operation from the Corona office.

The estimated 2019 Administrative Assessments are based on \$30 per acre-feet Assessment, while the Adjusted Base Production Rights in 2019 are lower than 2018. In addition, the projections based on 2017/2018 production data show the Parties may not be pumping their full allocation. Total projected productions subject to the Administrative Assessments is estimated to be approximately 17,410 AF to generate \$522,310 revenue for the Watermaster. Mr. Mortazavi does not expect any need for the replenishment water purchase, and for Watermaster to be required to collect any Replenishment Assessments.

The 2019 Activities/Projects to be completed by the Watermaster include:

- Complete the 2018 Financial Audit, publication of the Annual Report, and filing of the Report with the Court.

- Filing of the required 2018 information with DWR as part of the Sustainable Groundwater Management Act requirements
- Review, research, and update of the property owners list.
- If required, set and initiate collection of Replenishment Assessment from the Parties.
- Coordinated activities with EMWD/TAC:
 - 2018 Annual Report;
 - Evaluation of Video Inspection of well casings and Groundwater Monitoring Program Enhancement; and
 - Initiate Gravel Pit Dewatering Project (if required).

The In-Lieu Program Agreement provides the cost difference between EMWD and summer/winter recycled water rates. The estimated cost difference between the summer and winter rate, is \$58.90 per acre-foot. The estimated recycled water delivery in the summer is approximately 4,150 AF, for an estimated subsidized amount of \$244,435.

The Groundwater Monitoring Program rates used by EMWD Staff is between \$87 - \$153.67 per hour. This program is broken down by activities and the cost estimate for 1,001 hours of work is budgeted at \$143,320.

The Gravel Pit Dewatering is a shared project with the Soboba Tribe. The billing rate for EMWD Staff is between \$90 - \$135 per hour. If this project is needed, the current cost estimate to cover Watermaster's share of the project is \$43,200 for 210 hours of work.

Financial Support Services has been provided by Water Resources Engineers since April of 2018, to correct some deficiencies outlined by the financial auditors after the 2017 audit. The budget for financial support services is estimated at \$8,000. This includes bookkeeping services and the external audit that is provided by Vicenti, Lloyd & Stutzman LLP.

Legal Counsel Services budget for 2019 is estimated at \$25,000. The current billing rate for Mr. Bunn is \$300 per hour for approximately 66 hours plus 17 hours of contingency.

The Advisor Services budget is estimated at \$165,000 for approximately 1,068 hours of work with a billing rate of \$150 per hour. Mr. Mortazavi indicated that he keeps track of his hourly services for different categorizes of work. For the past several years, he has tried to stay within the estimated annual budgets by not charging for all of his hours.

Administrative Support services budget for 2019 is estimated at \$12,000 based on a billing rate of \$41.60 per hour.

Insurance, office supplies and other direct cost budget is estimated at \$10,000. This line item includes expenses such as office rent, liability insurance for the Watermaster Board Members, postage, and other miscellaneous expenses.

The Database/Mapping Application Maintenance services are provided by Spatial Wave Inc. This service is to maintain storage of the Watermaster's database on a Cloud server. The cost estimate for this line item is \$5,250 per year.

Including all the above line items will bring the proposed 2019 budget to \$634,750. Based on expected revenues from the Administrative Assessments and proposed budget expenditures, the reserve funds are estimated to be reduced by approximately \$112,440.

Mr. Mortazavi recommendation to the Watermaster Board at the November Board meeting will be to set Administrative Assessment at \$30/ AF, consider approving the proposed 2019 Budget, consider using reserve funds to offset excess expenditures, and consider authorizing the Advisor to invoice participating agencies in accordance with the proposed schedule.

Mr. Pastor asked if the reserved funds are expected to be used each year in the future? Mr. Mortazavi said that Watermaster has used the reserve funds for the last couple of years to cover budget shortfalls at approximately \$100,000 per year. His suggestion is for the Watermaster to continue using the reserves until the funds reduce to about \$800,000 before Watermaster and TAC discusses how to proceed. Mr. Powell added year 2019 is the last year EMWD can use its pre-2012 Carry-over account, and he expects EMWD to produce more groundwater from its Adjusted Base Production share, which will increase the Administrative Assessment collected by the Watermaster. Mr. Mortazavi said that construction of monitoring wells is something that needs to be looked at in the future, which would cost approximately \$100,000 per well, and that may require discussions on increasing Administrative Assessments.

There were no further questions.

See Attachment 2 for complete presentation.

C. Draft August 27, 2018 Board Agenda

Mr. Mortazavi presented the draft agenda for the May 21, 2018 Board Meeting.

There is one action item: Consideration to Approve 2018 Water Resources Monitoring Program Support services (Task Order Number 11) for an amount not-to-exceed \$156,220.

Informational items are: updated 2018 Annual Budget; Draft 2019 Annual Budget; and future agenda items.

See Attachment 3 for draft agenda.

III. SOBOBA GRAVEL PIT MAINTENANCE COST/BENEFIT ANALYSIS

Mr. Mortazavi introduced Mr. Miller from Aspect Consulting (Soboba Tribe Consultant.) Mr. Miller said in the past they have worked with EMWD and LHMWD to desilt the gravel pit as routine maintenance to maintain recharge. He would like to review the benefits of the water balance and historic infiltration estimates, water value, pit maintenance/costs and cost/benefit summary as part of this presentation.

The gravel pit is approximately 43 acres, and 30 feet deep, which is located at the Cienega portion of the Canyon Groundwater Basin. The inflows to the Canyon Basin are the San Jacinto River, Indian Creek and minor stormwater. The outflows are the EMWD Grant Avenue Ponds, riverbed infiltration, gravel pit infiltration, river flow spills from the gravel pit, and evaporation. Mr. Miller reviewed the estimates of recharged water through the gravel

pit infiltration from 2008 to 2017 and stated the gravel pit infiltration is declining. The infiltration estimates are one foot per day and 0.3 foot per day for 2008 and 2017, respectively.

The water infiltrated in 2017 was estimated to be about 5,500 AF. EMWD has indicated the cost for untreated water from MWD is approximately \$660 per AF. Using these estimates, Mr. Miller approximates the value of the gravel pit recharge during 2017 to be about \$3.6 million.

Mr. Miller said that silt settling in the gravel pit limits infiltration. Without maintenance, the gravel pit floor will be covered with silt, limiting infiltration. The proposed Soboba Tribe long-term maintenance objective is to maintain silt free conditions for the gravel pit floor, allow for sand at the delta to expand, and prioritize silt removal at the gravel pit area.

The maintenance cost for 2011 was \$276,572 which included dewatering, desilting and ripping. Mr. Miller stated that the 2011 maintenance cost is approximately \$39,510 annually if spread between 2011 and 2018.

Mr. Miller said that the estimated annual cost, excluding monitoring would be approximately \$40,000 with an estimated annual total benefit of \$1,631,143. He stated, having recharge at the gravel pit has a value of 40 times greater than maintenance costs for it.

Mr. Mouawad asked if the estimated desilting cost includes stock pile or haul away of the removed silt? Mr. Miller said based on past efforts, it is based on stock piling at the Reservation, and does not include haul away of the silt. Mr. Wall asked, if it is stock piled, what efforts are made to keep it there, and for the silt not to wash back into the gravel pit. Mr. Miller said the previous stock pile hasn't moved. Mr. Coates said that at the present time, Soboba Tribe is looking to move the silt and clean up the old silt piles off the Reservation. Mr. Kanetis asked if there is a significant amount of water flowing, would you need to desilt every year? Mr. Miller said if there are flows into the gravel pit, it would need to be desilted. Mr. Mortazavi said that Watermaster participated in cost sharing with the Tribe for the desilting and dewatering in the earlier years. However, Watermaster Board decided to limit the operation to dewatering only. Because Watermaster was concerned whether or not all parties were benefiting from this operation. In addition, Watermaster was concerned with the liability aspect of the silt that was stock piled at the Reservation. Mr. Mouawad asked Mr. Miller to prepare his proposal for discussion with EMWD. In addition, EMWD and LHMWD will have a separate conference call to discuss this proposal.

See Attachment 4 for complete presentation.

IV. OTHER ITEMS PER TAC MEMBERS REQUEST

Mr. Turner introduced Mr. Panny from Corollo Engineers to report on the Phase I Facilities Agreement and Rate Analysis.

Mr. Panny said that this analysis is based on the 2012 Phase I Facilities Agreement between EMWD, LHMWD, and the Cities of Hemet and San Jacinto. The agreement requires the agencies to pay EMWD for the cost to deliver Soboba Imported Water conveyed in Phase I Facilities.

Untreated MWD water comes through that pipeline, goes to the Commonwealth Booster Station and then goes to the IRRP Ponds. Groundwater production takes place at Wells 90, 91 and 92. From there, the water enters EMWD's distribution system where it is delivered to the individual agencies. The goal of this study is to develop a rate to cover groundwater pumping and recharge operations related to the Phase I Agreement. The rate components include: Operations & Maintenance (O&M), and Repair & Replacement (R&R). Currently, the rates are split between E207 and E208 rate codes in EMWD's rate structure. E207 covers groundwater pumping and delivery at \$155 per AF. E208 covers recharge operations at \$73 per AF. Both rates include a \$1/AF for repair and replacement, which will be analyzed as part of this study.

The Phase I Agreement includes two different activities. The Import Water conveyance and recharge, which includes: EM-14 Pipeline, two pump stations and the Integrated Recharge and Recovery site. The second activity includes the groundwater pumping and distribution facilities, which include: Groundwater wells No. 90, 91 and 92, plus potable distribution system.

The rates to be evaluated are split into two analyses, one covering recharge, and the other covering groundwater production. Task 1 will be determining Imported Water conveyance and recharge rate; and Task 2 will be for the groundwater pumping and distribution rate.

This analysis will capture O&M and R&R cost for each one of Phase I Agreement activities. The O&M is preliminarily based on the three-year average cost for each facility. This should help with the rate planning in the future for all member agencies. The R&R cost is still being determined. The adjusted annual depreciation is one potential approach and that is useful proxy that captures the cost of the assets repair and replacement for the end of its useful life.

The Phase I Agreement sets two different approaches. The first is the Prorata approach that is useful when it's a contained system where the costs can be directly associated with usage of the system. The Postage Stamp is the second approach which is a useful approach for an integrated system, where the costs cannot be tied directly to usage based on assets used.

The next steps of the study are to finalize the analysis and review calculations with EMWD staff and deliver the results to TAC for review.

Mr. Mortazavi pointed out that some of the text shown on slides related to the Phase I Agreement have been amended and is not reflecting the amended language. Mr. Powell asked if the cost for R&R will be a cost per year or cost per acre foot? Mr. Turner said that Phase I Agreement requires cost per acre foot calculations.

See Attachment 5 for complete presentation.

V. NEXT MEETING NOVEMBER 5, 2018

2018 Updated Budget

Hemet-San Jacinto Watermaster
TAC Meeting

August 13, 2018

Estimated 2018 Administrative Assessments

(Presented on November 27, 2017)

Agency	2018 Adjusted BPR (AFY)	Projected 2018 Production (AF) *	Est. Prod. Subject to Admin. Assmt. (AF) **	2018 Est. Admin. Assmt. (\$) ***
City of Hemet	4,613	3,523	2,623	\$78,685
City of San Jacinto	3,044	2,572	1,672	\$50,160
EMWD	7,470	6,563	4,563	\$136,889
LHMWD	7,563	7,999	7,563	\$226,897
Totals	22,691	20,657	16,421	\$492,631

AF = Acre-feet
Assmt. = Assessment
Est. = Estimated

AFY = Acre-feet per year
BPR = Base Production Rights
Prod. = Production

* 2018 Production Projections are based on Jan-Sept 2017 and Oct-Dec 2016 productions.

** The Cities of Hemet and San Jacinto can produce 900 AFY without any Admin. Assessment payment and EMWD is expected to use Pre-2012 recharge credits.

*** Based on Admin. Assessment rate of \$30/AF

Approved 2018 Budget

(Presented on November 27, 2017)

Budget Items	Proposed Draft 2018 Budget
Agreements	
In-Lieu Program Agreement	\$ 211,000
Coordinated Efforts with EMWD	
Groundwater Monitoring Program	\$ 156,220
Video Inspection of Well Casings	-
Gravel Pit Cleanup Project	
Dewatering	\$ 57,600
Organization Operations & Management	
Financial Support Services	\$ 8,500
Legal Counsel Services	\$ 30,000
Advisor Services	\$ 165,000
Administrative Support Services	\$ 14,000
Insurance; Office Supplies; and Other Direct Costs	\$ 10,000
Database/Mapping Application Maintenance	\$ 5,250
Additional Projects/Activities	
None	-
TOTALS	\$657,570

2018 Budget Actions & Assumptions

(Updated August 2018)

- **Public Agencies Adjusted Base Production Rights were reduced by 7.2% starting May 2018.**
- **2017 Replenishment recharge water was not required. Therefore, 2018 Replenishment Assessment will not be required.**
- **Administrative Assessment estimates for 2018 are updated based on more recent groundwater production data.**
- **Coordinated projects with EMWD:**
 - Groundwater Monitoring Program.
 - Video Inspection of Well Casings.
 - Completion of the EMWD's Storage and Conservation Agreement.
 - Basin Boundaries Modification with DWR.
- **Continued operation from the Corona office.**

Estimated 2018 Administrative Assessments (Updated August 2018)

Agency	2018 Adjusted BPR (AFY)	Projected 2018 Production (AF) *	Est. Prod. Subject to Admin. Assmt. (AF) **	2018 Est. Admin. Assmt. (\$) ***
City of Hemet	4,613	3,207	2,307	\$69,205
City of San Jacinto	3,044	3,004	2,104	\$63,120
EMWD	7,470	6,260	4,260	\$127,796
LHMWD	7,563	8,955	7,563	\$226,897
Totals	22,691	21,426	16,234	\$487,019

AF = Acre-feet
Assmt. = Assessment
Est. = Estimated

AFY = Acre-feet per year
BPR = Base Production Rights
Prod. = Production

* 2018 Production Projections are based on Jan-June 2018 and July-Dec 2017 productions.
** The Cities of Hemet and San Jacinto can produce 900 AFY without any Admin. Assessment payment and EMWD is expected to use Pre-2012 recharge credits.
*** Based on Admin. Assessment rate of \$30/AF

2018 Budget (Updated August 2018)

Budget Items	2018 Approved Budget	Projected * Updated 2018 Expenditures
Agreements		
In-Lieu Program Agreement	\$211,000	\$211,000
Coordinated Efforts with EMWD		
Groundwater Monitoring Program	\$156,220	\$156,220
Gravel Pit Cleanup Project		
Dewatering	\$ 57,600	\$ -
Organization Operations & Management		
Financial Support Services	\$ 8,500	\$ 7,000
Legal Counsel Services	\$ 30,000	\$ 20,000
Advisor Services	\$165,000	\$165,000
Insurance; Office Supplies; and Other Direct Costs	\$ 10,000	\$ 10,000
Administrative Support Services	\$ 14,000	\$ 12,000
Database/Mapping Application Maintenance	\$ 5,250	\$ 5,000
Additional Projects/Activities		
None		
TOTALS	\$657,570	\$586,220

* EMWD coordinated effort estimates did not change. Updated Dewatering costs based on more recent information.

Reserve Funds Impact

Revenue/Expenditures	Totals
2018 Estimated Updated Budget	\$ 586,220
2018 Estimated Updated Administrative Assessments	\$ 487,019
Estimated Budget Shortfall for 2018 (Updated)	\$ 99,201
Previous Estimated Budget Shortfall for 2018	\$ 164,939
Estimated Assets after 2018 expenditures	\$ 1,100,000

2018 Assessments Payment Schedule

- **2018 Administrative Assessment Invoicing:**
 - 25% of estimated total was invoiced on July 13, 2018.
 - 50% of estimated total will be invoiced by October 15, 2018.
 - The remaining balance will be reconciled and invoiced by March 1, 2019.
- **Replenishment Assessment Invoicing was not needed.**



Draft 2019 Annual Budget

Watermaster TAC Meeting
August 13, 2018

2019 Budget Assumptions

- **The Public Agencies' Adjusted Base Production Rights will remain at the levels set by Resolution 10.3 on August 28, 2017.**
- **Carry-over accounts will be used to offset any excess production in 2018 - No Replenishment Assessments will be collected in 2019.**
- **Replenishment Assessment will be set in early 2019 (if required to offset Private Pumpers' over production).**
- **Preliminary 2019 Administrative Assessments are estimated based on actual 2017/2018 production data.**
- **Coordinated projects with EMWD:**
 - Groundwater Monitoring Program.
 - Video Inspection of Well Casings (continued from 2017).
 - Soboba Gravel Pit Dewatering (if needed).
- **Continued operation from the Corona office.**

Estimated 2019 Administrative Assessments

Agency	2019 Adjusted BPR (AFY)	Projected 2019 Production (AF) *	Est. Prod. Subject to Admin. Assmt. (AF) **	2019 Est. Admin. Assmt. (\$) ***
City of Hemet	4,542	3,207	2,307	\$69,205
City of San Jacinto	3,004	3,004	2,104	\$63,116
EMWD	7,303	6,260	5,566	\$166,976
LHMWD	7,434	8,955	7,434	\$223,013
Totals	22,283	21,426	17,410	\$522,310

AF = Acre-feet
Assmt. = Assessment
Est. = Estimated

AFY = Acre-feet per year
BPR = Base Production Rights
Prod. = Production

* 2019 Production Projections are based on Jan-June 2018 and July-Dec 2017 productions.
** The Cities of Hemet and San Jacinto can produce 900 AFY without any Admin. Assessment payment and EMWD is expected to use Pre-2012 recharge credits.
*** Based on Admin. Assessment rate of \$30/AF

Estimated Replenishment for 2018

Agency	Modified BPR for 2018 (AFY)	Estimated 2018 Production	Estimated 2018 Prod. Above/(Below) Adjusted BPR	Estimated 2019 Repl. (AF)
City of Hemet	4,613	3,207	(1406.19)	0
City of San Jacinto	3,044	3,004	(40.34)	0
EMWD	7,470	6,260	(1210.38)	0
LHMWD	7,563	8,955	1391.64	0
Totals	22,691	21,426	(1265.26)	0

AF = Acre-feet
BPR = Base Production Rights
Repl. = Replenishment

AFY = Acre-feet per year
Prod. = Production

Estimated 2019 Total Assessments

Agency	2019 Est. Admin. Assessments *	2019 Est. Replenishment Assessments	2019 Est. Total Assessments
City of Hemet	\$69,205	\$0	\$69,205
City of San Jacinto	\$63,116	\$0	\$63,116
EMWD	\$166,976	\$0	\$166,976
LHMWD	\$223,013	\$0	\$223,013
Totals	\$522,310	\$0	\$522,310

• Based on Admin. Assessment rate of \$30/AF

Est. = Estimated

2019 Activities/Projects

- **Complete the 2018 Financial Audit plus Annual Report and file them with the Court.**
- **File the required 2018 information with DWR as part of the Sustainable Groundwater Management Act requirements.**
- **Review and update the property owners list.**
- **If required, set and initiate collection of Replenishment Assessment from the Parties.**
- **Coordinated activities with EMWD/TAC:**
 - 2018 Annual Report;
 - Evaluation of Video Inspection of well casings and Groundwater Monitoring Program Enhancement; and
 - Initiate Gravel Pit dewatering project (if required).

Draft 2019 Budget Line Items

- **In-Lieu Program Agreement.**
- **Groundwater Monitoring Program.**
- **Soboba Gravel Pit Dewatering.**
- **Financial Support Services.**
- **Legal Counsel Services.**
- **Advisor Services.**
- **Administrative Support Services.**
- **Insurance; Office Supplies; and Other Direct Costs.**

In-lieu Program Agreement Estimate

- **Watermaster provides Subsidies to offset cost differences between EMWD's summer and winter recycled water rates.**

Description	Cost
Estimated cost difference between summer and winter rates in 2019	\$58.90/AF
Estimated recycled water deliveries in Summer	4,150 AF
Estimated subsidies	\$244,435

Groundwater Monitoring Program Estimate

- EMWD provides support services for collecting water levels, quality samples plus laboratory analysis, and report preparation.
- Billing rates used for the EMWD Staff is between \$87 - \$153.67/hr.

Activity	Hours	Cost Estimates
Extraction monitoring (60 wells plus 39 wells estimations)	228	\$20,430
Water level monitoring (190 wells)	220	\$19,340
Water quality monitoring (110 wells)	336	\$68,680
Inactive well capping (2 wells)	20	\$3,430
Meter installation/repair (7 meters)	42	\$16,590
Annual Report	155	\$14,850
Totals	1,001	\$143,320

Gravel Pit Dewatering Estimate

- If needed, EMWD provides resources and equipment to mobilize and dewater Soboba Gravel Pit site.
- Project is cost shared between Watermaster and Soboba Tribe.
- Estimate is based on 21 days of pumping.
- Billing rate for EMWD Staff estimated at \$90/hour to \$135/hour.

Activity	Hours	Cost Estimates
Rental equipment (pipe and pumps)	-	\$11,200
Rental equipment (bulldozer)	-	\$ 5,500
Fuel for pumps and bulldozer	-	\$ 3,500
Labor	210	\$23,000
Totals	210	\$43,200

Financial Support Services Estimate

- Bookkeeping services is provided by Water Resources Engineers (estimated based on July 2017-June 2018 actual expenses).
- 2019 Audit will be conducted by the new CPA firm (Vicenti, Lloyd & Stutzman LLP).

Activity	Cost Estimates
Book keeping Services	\$2,300
External audit (Vicenti, Lloyd & Stutzman LLP)	\$4,900
Contingency	\$800
Totals	\$8,000

Legal Counsel Services Estimate

- 2019 estimate is based on actual July 2017-June 2018 charges (below)
- Billing rates during this period was \$300 per hour.

Activity	Hours	Cost
Legal Counsel (Lagerlof, Senecal, Gosney & Krause)	66	\$19,900
Contingency	17	\$5,100
Totals	83	\$25,000

Advisor Services Estimate

- 2019 estimate is based on actual July 2017-June 2018 charges (below)
- Billing rate during this period was \$150 per hour.

Activity	Hours	Cost
Communication/Coordination with all parties	120	\$ 18,000
Budget development and oversight	80	\$ 12,000
Contract management	48	\$ 7,200
Misc. technical/admin activities	15	\$ 2,200
TAC and Board meeting activities	241	\$ 36,150
Outreach activities	81	\$ 12,150
Special projects/technical activities	565	\$ 84,750
Travel/mileage expense	-	\$ 4,870
Storage Agreement effort	-100	\$ 15,000
Contingency	18	\$ 2,680
Totals	1,068	\$ 165,000

Administrative Support Services Estimate

- 2019 estimate is based on actual July 2017-June 2018 charges (below)
- Billing rate at \$41.60 per hour.

Activity	Hours	Cost
Administrative services	276	\$11,460
Contingency	13	\$ 540
Totals	289	\$12,000

Insurance; Office Supplies, and Other Direct Costs Estimate

- 2019 estimate is based on actual July 2017-June 2018 charges (below).

Activity	Cost
Insurance	\$3,100
Rent	\$6,000
Miscellaneous/Postage plus outside services	\$430
Contingency	\$470
Totals	\$10,000

Database/Mapping Application Maintenance Estimate

- 2019 estimate is based on existing contract with Spatial Wave Inc. for \$5,250 per year to maintain Watermaster database on Cloud storage and periodically update the database with new monitoring data.

Draft 2019 Budget

Budget Items	Proposed Draft 2019 Budget	2018 Budget (Approved on Nov 27, 2017)	Projected Updated 2018 Expenditures (Aug 27, 2018)
Agreements			
In-Lieu Program Agreement	\$244,500	\$211,000	\$211,000
Coordinated Efforts with EMWD			
Groundwater Monitoring Program	\$143,400	\$156,220	\$156,220
Gravel Pit Cleanup Project			
Dewatering	\$21,600	\$57,600	\$0
Organization Operations & Management			
Financial Support Services	\$8,000	\$8,500	\$7,000
Legal Counsel Services	\$25,000	\$30,000	\$20,000
Advisor Services	\$165,000	\$165,000	\$165,000
Administrative Support Services	\$12,000	\$14,000	\$12,000
Insurance; Office Supplies; and Other Direct Costs	\$10,000	\$10,000	\$10,000
Database/Mapping Application Maintenance	\$5,250	\$5,250	\$5,000
Additional Projects/Activities			
None	-	-	-
TOTALS	\$634,750	\$657,570	\$586,220

Reserve Funds Impact

Revenue/Expenditures	Totals
Proposed 2019 Budget	\$ 634,750
2018 Estimated Administrative Assessments (Based on \$30/AF)	\$ 522,310
Budget Shortfall	\$ 112,440

Proposed Payment Schedule

- **2019 Administrative Assessment Invoicing:**
 - 25% of total by July 15, 2019.
 - 50% of total by October 15, 2019.
 - The remaining balance will be reconciled and invoiced by March 1, 2020.
- **2019 Replenishment Assessment Invoicing (if required - for 2018 excessive production):**
 - Full 100% will be invoiced by May 1, 2019.

Recommendation

- **Set Administrative Assessment at \$30/acre-foot for 2019.**
- **Consider approving the 2019 Budget at the November Board meeting.**
- **Consider using reserve funds to offset excess expenditures proposed under 2019 Budget.**
- **Consider authorizing the Advisor at the November Board meeting to:**
 - **Invoice participating agencies in accordance with the proposed schedule.**



Questions...

AGENDA

HEMET – SAN JACINTO WATERMASTER BOARD OF DIRECTORS

August 27, 2018

4:00 pm

EMWD - Board Room
2270 Trumble Road, Perris, CA 92750

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

I. PUBLIC COMMENTS

Any person may address the Board on any subject within the Watermaster's jurisdiction which is not on the agenda. However, any non-agenda matter that requires action will be referred to staff for a report and action at a subsequent Board meeting. Any person may also address the Board on any agenda matter at the time that matter is discussed, prior to Board action.

II. ADDITIONS/DELETIONS TO THE AGENDA

III. REPORTS

The following agenda items are reports. They are placed on the agenda to provide information to the Board and public. There is no action called for in these items.

A. Board Member Comments/Questions/Reports

- Rules and Regulations Committee.
- Reserves and Investments Committee.

B. Advisor Report

C. Legal Counsel Report

D. Treasurer Report

IV. CONSENT CALENDAR

A. Approval of Minutes – May 21, 2018 Regular Board Meeting.

Recommendation: Adopt a motion to approve item A on the Consent Calendar.

Consent Calendar items are expected to be routine and non-controversial and are to be acted upon by the Board at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it will be removed from the Consent Calendar for separate action.

V. ACTION ITEMS

The following items call for discussion and possible action by the Board. These items are placed on the Agenda so that the Board may discuss and possibly take action on the items if the Board desires.

- A. Consideration to Approve 2018 Water Resources Monitoring Program Support Services Task Order with EMWD – Oral summary of the proposed Task Order.
Recommendation: Adopt a motion to approve EMWD Water Resources Monitoring Support Services Task Order Number 11 for an amount not-to-exceed \$156,220.

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

- A. Updated 2018 Annual Budget – Presentation to summarize updates to the 2018 Annual Budget.
- B. Draft 2019 Annual Budget – Draft 2019 Annual Budget presentation as part of the Budget Workshop.
- C. Future Agenda Items - If Board Members have items for consideration at a future Board Meeting, please state the agenda item to provide direction to the Advisor.

VII. CLOSED SESSION –

- A. Employee Performance Evaluation (Government Code Section 54957)
 Title: Advisor

VIII. ADJOURNMENT

Next Regular Board of Directors Meeting
 November 26, 2018 at 4:00 pm at:
 Eastern Municipal Water District Board Room
 2270 Trumble Road, Perris, CA 92750

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans With Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such a request to the Watermaster Executive Assistant at 714-707-4787, at least 48 hours before the meeting, if possible.

Pursuant to Government Code Section 54957.5, any writing that (a) is a public record; (b) relates to an agenda item for an open session of a regular meeting of the Watermaster Board of Directors; and (c) is distributed less than 72 hours prior to that meeting, will be made available for public inspection at the time the writing is distributed to the Board of Directors. Any such writing will be available for public inspection at Watermaster's office located at 2270 Trumble Road, Perris, CA 92750.



Soboba Gravel Pit Maintenance Cost/Benefit Analysis

August 13, 2018

Presented by
Erick Miller, CHG



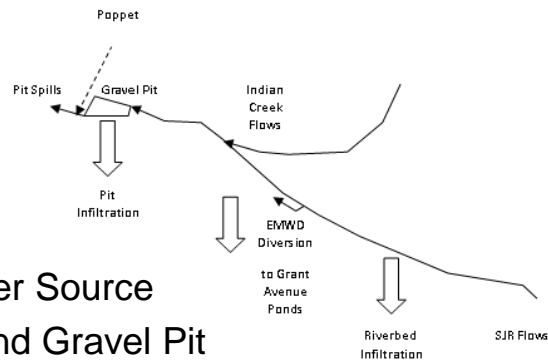
earth+water

Presentation Outline

- Water Balance and Historic Infiltration Estimates
- Water Value
- Pit Maintenance and Costs
- Cost/Benefit Summary

earth+water

Conceptual Flow & Infiltration Model



- San Jacinto River Source
- Soboba Sand and Gravel Pit
 - 45 acres by 30 feet deep
- Infiltration received in the Cienega Portion of the Canyon Groundwater SubBasin

earth+water

Inflows = Outflows + Change in Storage

■ Inflows

- San Jacinto River
- Indian Creek
- Minor Stormwater



■ Outflows

- EMWD Grant Avenue Ponds
- Riverbed Infiltration Upstream of the Pit
- Pit Infiltration
- Spills from the Pit
- Evaporation

earth+water

Estimates of Recharged Water through Pit Infiltration

2008	5,400 acre-feet
2009	400 acre-feet
2010	4,700 acre-feet
2011	11,800 acre-feet
2012	Minor infiltration*
2013	Minor infiltration*
2014	Minor infiltration*
2015	Minor infiltration*
2016	Minor infiltration*
2017	5,500 acre-feet

*Minor infiltration (<250 AF) may have occurred during these years.
By water year.

earth+water

Pit Infiltration Declining

- 2008 Pit Infiltration Rate = 1 ft/day at pit stage of 20 ft
- 2017 Pit infiltration Rate = 0.3 ft/day at pit stage of 20 ft

earth+water

Presentation Outline

- Water Balance and Historic Infiltration Estimates
- **Water Value**
- Pit Maintenance and Costs
- Cost/Benefit Summary

earth+water

Value of Stored Water \$\$

- For WY 2017, Pit recharge was estimated at 5500 acre feet (AF)
- Eastern Municipal Water District (EWMD) has indicated the cost for untreated water from MWD is approximately \$660/AF.
- Applying this unit cost, the value of Pit recharge during WY 2017 is estimated at **\$3.6 million**.

**The value of the recharged water was estimated based on Metropolitan Water District of Southern California (MWD) untreated, imported water.

earth+water

Presentation Outline

- Water Balance and Historic Infiltration Estimates
- Water Value
- Pit Maintenance and Costs
- Cost/Benefit Summary

earth+water

Silt and Sand Management

- Silt settles out in pit, limiting infiltration
- “Ripping” the pit floor not effective beyond ~3.5 ft
- Without maintenance, pit will infill with silt, limiting infiltration through floor and sidewalls



earth+water

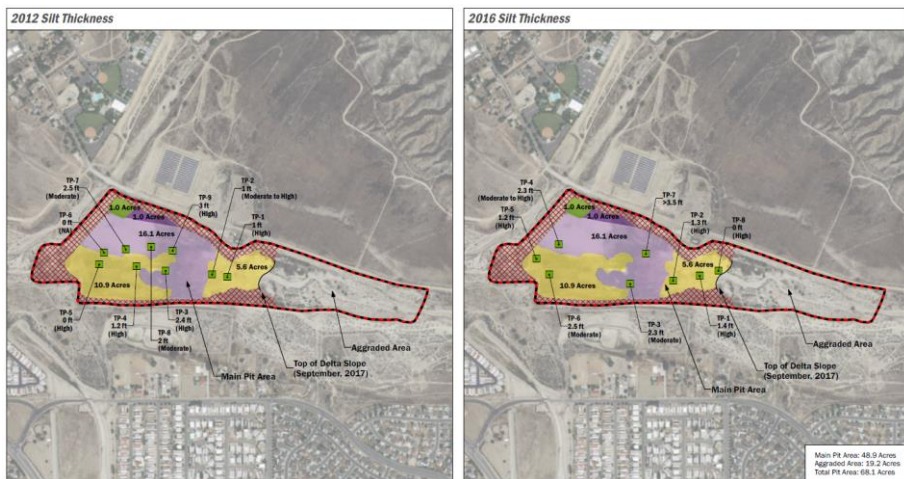
Long Term Maintenance Objective

- Maintain silt free condition for sand in-fill
- Sand delta prograding into pit.
- Prioritize silt removal in delta front area



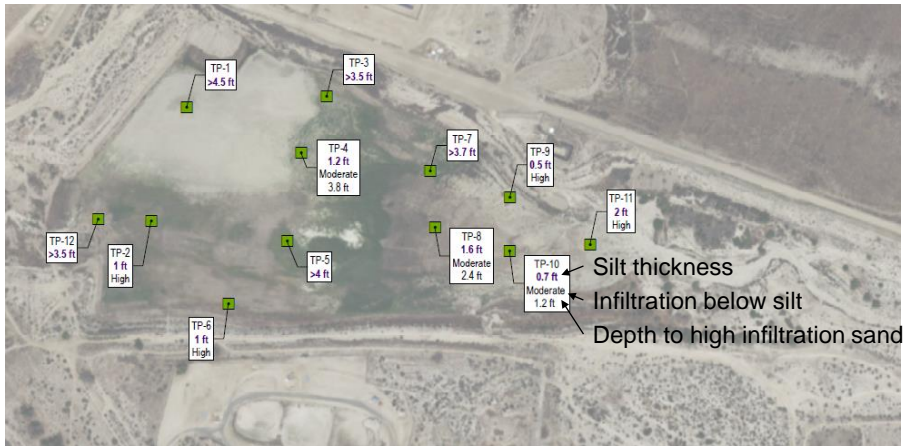
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2012 and 2016 Silt Thickness



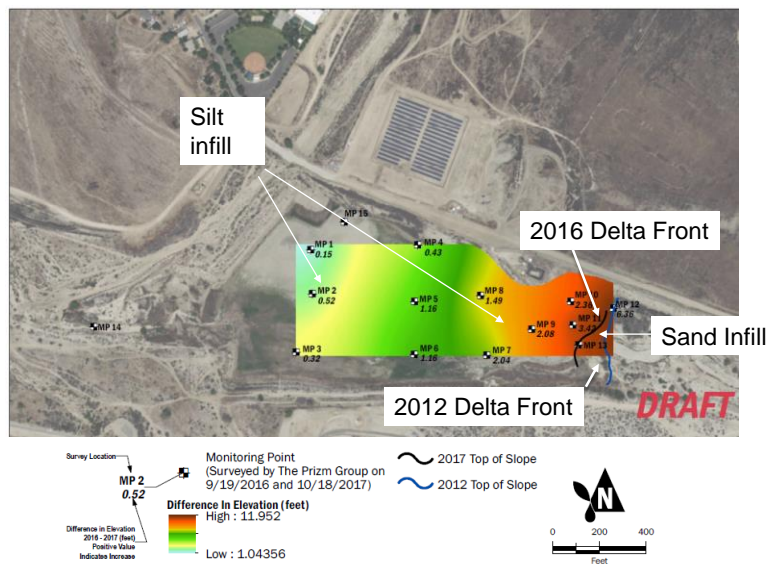
earth+water

2017 Silt Thickness



earth+water

Pit Infill during WY 2016/2017



earth+water

Pit Maintenance Costs since 2011

Water Year	Infiltrated Volume (AF)	Maintenance Costs Activity		
2011	11800	\$142,700	Dewatering + Desilting	
2012	~0	-		
2013	~0	\$95,872	Desilting	
2014	~0	-		
2015	~0	-		
2016	~0	\$19,000	Ripping	
2017	5500	\$19,000	Ripping	
Total	17300	\$276,572		
Annual Average	2471	\$ 39,510		

earth+water

Gravel Pit Silt Removal Costs

Year	Dewatering Volume (AF)	Dewatering Cost	Silt Removed (cu. yds)	Desilting Cost	Desilting Cost/Cu. Yard	Total Cost
2011	223	\$ 30,000	69,000	\$ 112,700	\$ 1.63	\$ 142,700
2013	None	None	30,000	\$ 95,872	\$ 3.20	\$ 95,872

Silt removal costs from bids received from 2011 to 2017 ranged from \$1.69 to \$8.28/cu. yard averaged \$3.93.

- **\$180/AF dewatering planning value** (\$30,000/223 adjusted for inflation and 20% contingency)
- **\$4.40/yard desilting planning value** (\$3.20 adjusted for inflation and 20% contingency)

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Presentation Outline

- Water Balance and Historic Infiltration Estimates
- Water Value
- Pit Maintenance and Costs
- **Cost/Benefit Summary**

earth+water

Soboba Pit Maintenance Cost/Benefit Summary

Estimated Annual Total Costs	(Excludes monitoring Costs)	\$ 39,510
Estimated Annual Total Benefits	(Average Acre-feet of Recharge * \$660)	\$ 1,631,143

Conclusion: Recharge benefit has value 40 times greater than maintenance costs.

earth+water



earth+water

Questions?



Erick Miller, CHG

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Phase I Facilities Agreement Rate Analysis

Eastern Municipal Water District

August 13, 2018

WATER
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OUR BUSINESS
OUR PASSION

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Phase I Facilities Agreement - Background

- In 2012, the Agencies agreed to the Stipulated Judgment and the Phase I Facilities Agreement.
 - Lake Hemet MWD
 - City of Hemet
 - City of San Jacinto
 - EMWD
- Agencies agreed to repay EMWD for construction of ponds and wells (30-year repayment of capital investment)
- Agencies also agreed to pay EMWD for the cost to deliver water conveyed in Phase I Facilities.

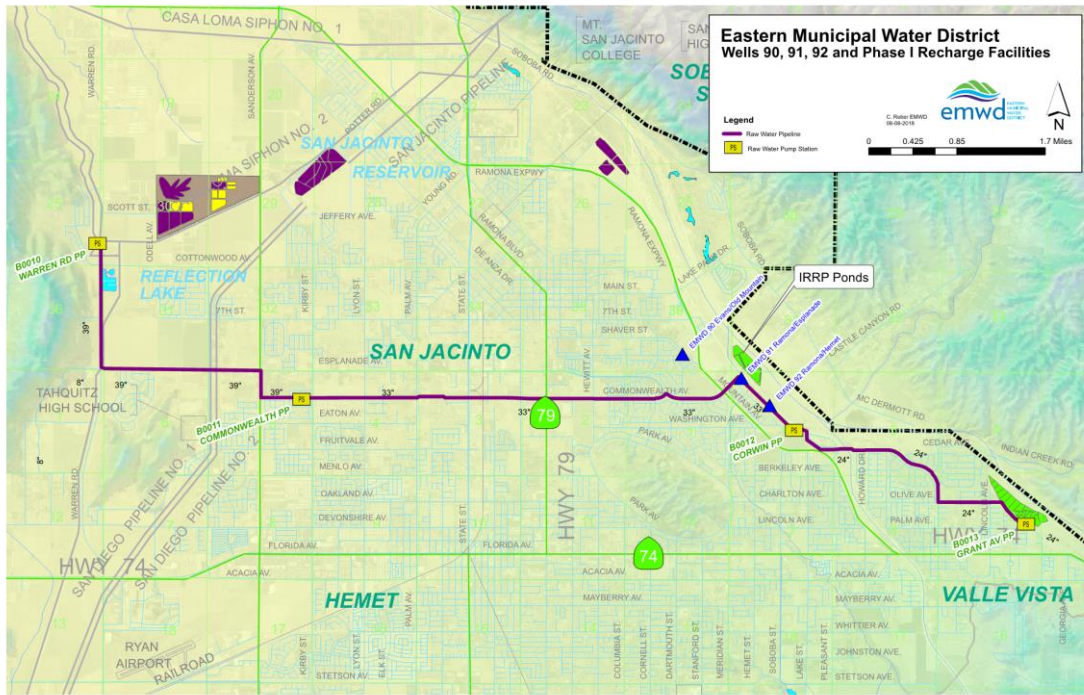
AGREEMENT REGARDING PHASE I FACILITIES CONSTRUCTION COST AND USE; COST AND USE OF UNUSED TRIBAL WATER

This Agreement is entered into this 22nd day of February, 2012, between the Eastern Municipal Water District ("EMWD"), the Lake Hemet Municipal Water District ("LHMWD"), the City of Hemet ("HEMET"), and the City of San Jacinto ("SAN JACINTO"), sometimes collectively referred to as the "Public Agencies" or "Agencies" or "Parties."

RECITALS

1. Within the Hemet/San Jacinto Valley, there are a series of groundwater basins, i.e., the Canyon, Intake, Upper Pressure and Hemet Subbasins, that are the subject of a groundwater management plan ("WMP") being developed by EMWD, LHMWD, the Cities of Hemet ("HEMET") and San Jacinto ("SAN JACINTO"), and a number of private pumpers (all of whom produce groundwater from one or more of these basins) to address the problem of overdraft. It is anticipated that demands of growing populations will result in increased production of groundwater by EMWD, LHMWD, and the two Cities ("Public Agencies") that will exacerbate the overdraft if not addressed.
2. The Soboba Band of Luiseno Indians ("the Tribe") has asserted a claim of senior rights to the surface flows of the San Jacinto River and to the groundwaters of the Canyon Sub-basin and Intake portion of the Upper Pressure Sub-basin. In addition, the Tribe has asserted claims for money damages against (a) the Metropolitan Water District of Southern California ("MWD") for the alleged wrongful diversion of surface and groundwaters away from the Tribe's reservation as the result of the construction of the San Jacinto tunnel portion of the

-3-



Goal: Develop a rate to cover groundwater pumping and recharge operations related to Phase I agreement

- System Components
 - Recharge facilities
 - Recharge water conveyance
 - Groundwater wells
 - Distribution system
- Rate Components
 - Operations & maintenance
 - Repair & replacement of newer Phase I facilities

Phase I Facilities Agreement – Current Rates

EMWD Rate Code	Service	2019 \$/AF
E207	Delivery of groundwater (use of production rights) through Phase I facilities pursuant to the terms of the Soboba Band of Luiseno Indians Settlement Act of 2008 and represents the O&M cost EMWD incurs to operate such facilities in behalf of the parties.	\$155
E208	Delivery of imported settlement water for recharge pursuant to the terms of the Soboba Band of Luiseno Indians Settlement Act of 2008 and represents the O&M cost EMWD incurs to deliver and recharge such water in behalf of the parties.	\$73
Total		\$228

Both rates include \$1 / AF allocated to repair and replacement, which will be analyzed as part of this study.

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Phase I agreement outlines the costs to be apportioned and the approach to be used

Import Conveyance & Recharge Facilities

(1) Import Conveyance and Recharge Facilities

The Watermaster will invoice each Party for its prorata

share of operational, maintenance, repair and replacement costs based on a long-term average of 7,500 acre-feet per year, with such periodic adjustments as the Watermaster deems necessary. In the event that a Party uses excess capacity in the Phase I Facilities per Subparagraphs C.4.a.(4) and C.4.b.(1)(b) above, Watermaster shall invoice that Party for a charge that the Watermaster determines to be adequate to recover the operational, maintenance, repair and replacement costs on a per-acre-foot basis. Payment shall be made directly to EMWD upon receipt of the invoice by the Watermaster.

Facilities include:

- EM-14 Pipeline
- 2 pump stations
- Integrated Recharge & Recovery Program

Groundwater Pumping & Distribution Facilities

(2) Phase I Recovery Facilities and EMWD's Distribution System

The Watermaster shall establish a per-acre-foot "postage

stamp" rate or charge each year, based on the budget submitted by EMWD, which rate or charge shall be sufficient to cover the estimated operational, maintenance, repair and replacement costs and Watermaster shall invoice each Party based on water delivered to that Party through the Phase I recovery facilities and the EMWD distribution system. Payment shall be made directly to EMWD upon receipt of the invoice by the Watermaster.

EMWD shall maintain a separate account for the portions of payments

received that are attributable to repair and replacement of the facilities.

Facilities include:

- Groundwater wells (#90, 91, and 92)
- Potable distribution system

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Phase I rate is split into two analyses, with one covering recharge, and the other covering groundwater production

Task 1

Phase I Import Conveyance and Recharge Rate

- O&M and R&R for:
 - EM-14 pipeline for recharge
 - IRRP facilities

Task 2

Groundwater Pumping and Distribution Rate

- O&M and R&R for:
 - Groundwater wells
 - Distribution system rate

File:enr017

The rate-setting approach in this analysis will capture O&M and R&R costs for each Phase I facility

- O&M is preliminarily based on the three-year average for each facility
 - Rolling average smooths out fluctuations
- R&R approach is still being determined
 - Adjusted annual depreciation is one potential approach
 - Useful proxy that captures the cost to repair and replace the asset by the end of its useful life

$$Annual\ Depreciation = \frac{Asset\ Original\ Cost}{Expected\ Years\ of\ Useful\ Life}$$

$$Adj.\ Annual\ Depr. = Annual\ Depr. \times \frac{ENR\ Index\ Today}{ENR\ Index\ at\ Installation\ Date}$$

File:enr018

Two different rate calculation approaches were used based on the assets involved

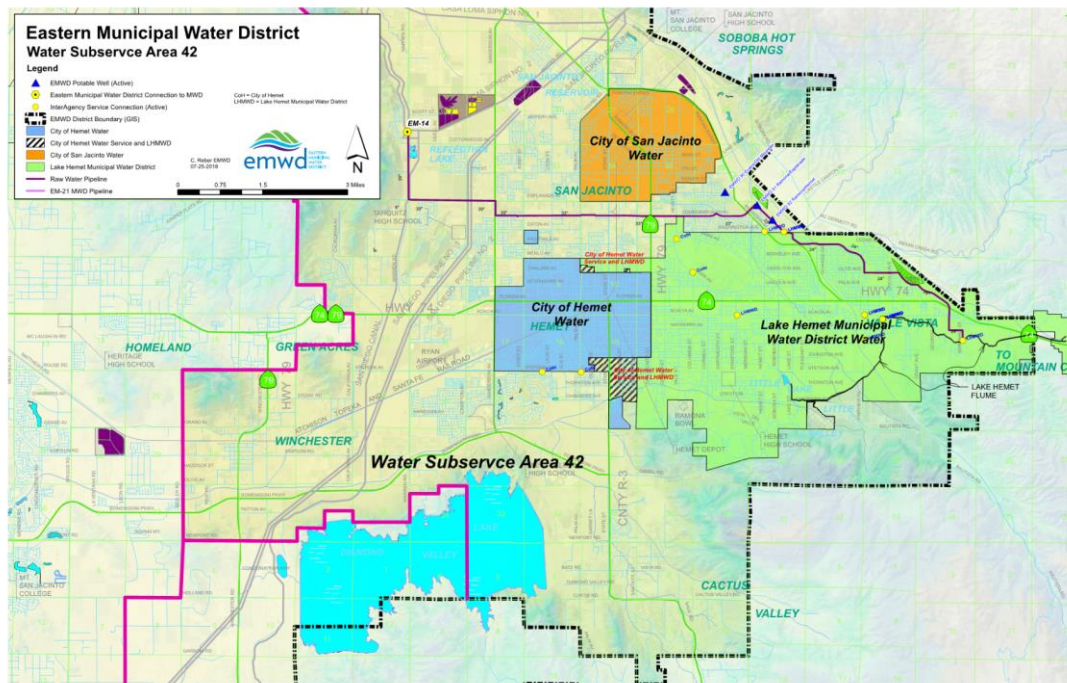
Prorata Approach

- Useful approach for a contained system, where costs can be tied to system usage
- Applied to rates for:
 - Import conveyance pump stations
 - Only paying for pump stations used
 - Import conveyance pipelines

Postage Stamp Approach

- Useful approach for an integrated system, where costs *cannot* be tied directly to usage based on assets used
- Applied to rates for:
 - Distribution
 - Groundwater wells

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Postage Stamp Example: Groundwater Recovery Rate (pumping O&M only)

Rate Component	O&M Cost	R&R Cost	Total
	<i>FYE 2016-18 Average</i>		
Well 90	\$264,467		\$264,467
Well 91	\$205,058		\$205,058
Well 92	\$184,623		\$184,623
Total	\$654,148	To be calculated	\$654,148
		AF Produced	5,476
		\$ / AF	\$119.46

- *Costs and AF are not yet finalized*
- *Does not include any capital costs for pumping, or system distribution*

File:msppt11

Prorata Example: Import Conveyance Rate (pump station and pipeline O&M only)

Rate Component	O&M Cost	R&R Cost	Total	AF	\$ / AF
	<i>FYE 2016-18 Average</i>				
Warren Road Booster	\$787,563		\$787,563	20,421	\$38.57
Commonwealth Booster	\$475,995		\$475,995	15,018	\$31.70
Pipelines	\$41,620		\$41,620	20,421	\$2.04
Total	\$1,305,178	To be calculated	\$1,305,178		\$72.30
				MWD \$/AF	\$548.00
					\$620.30

- *Costs and AF are not yet finalized*
- *Does not include any capital costs*

File:msppt12

Next Steps

Timeline	Milestone
This month	Finalize analysis and review calculations with staff
September/October	Deliver results to TAC for review
November/December	Deliver final report outlining calculations and recommendations

Questions?

Mark Panny
Carollo Engineers, Inc.
(714) 593-5119
mpanny@carollo.com

**Hemet-San Jacinto Watermaster
Technical Advisory Committee (TAC)**

AGENDA

November 5, 2018

EMWD – 12:30 p.m.

- Agency Reports:
 - A. EMWD
 - B. LHMWD
 - C. City of Hemet
 - D. City of San Jacinto

- Watermaster Advisor Update:
 - A. Motion for Approval of Amended Rules and Regulations;
 - B. City of San Jacinto Carry-Over Credits Transfer Request;
 - C. Consultants Compensation Adjustment Requests;
 - D. 2019 Annual Budget; and
 - E. Draft November 26, 2018 Board Agenda.

- SAWPA/ESRI Conservation Tool Overview - SAWPA

- Canyon Operating Plan - Report Overview – EMWD

- Basin Boundary Modification – DWR Application Status - EMWD

- Other Items Per TAC Members Request.
 - A. Phase I Facilities Agreement Rate Analysis – EMWD

- Next Meeting February 11, 2019.

**Technical Advisory Committee (TAC) Meeting
Meeting Notes
November 5, 2018**

TAC Members Present

EMWD Staff Present: Nick Kanetis, Deputy General Manager
Joe Mouawad, Assistant General Manager of Planning,
Engineering and Construction
Jeff Wall Assistant General Manager, Operations and
Maintenance
Khos Ghaderi, Director of Water Operations
Brian Powell, Director of Groundwater Management & Facilities
Planning
Rachel Gray, Water Resources Planning Manager

City of Hemet Staff Present: Kris Jensen, Public Works Director
Ron Proze, Water/Wastewater Superintendent

City of San Jacinto Staff Present: Bob Brady, Acting General Manager
Arthur Mullen, Production Operator II

Lake Hemet Staff Present: Mike Gow, General Manager

Private Producers Bruce Scott, Private Pumper
Susie Esquire, Private Pumper

Watermaster Staff Present: Behrooz Mortazavi, Michelle Mayorga (Water Resources
Engineers)

Others Present: Rick Whetsel, SAWPA
Dean Unger, SAWPA
Pete Vitt, SAWPA

I. AGENCY REPORTS

A. EMWD Status Report

Mr. Powell reported EMWD's Well 205 (Well 80 replacement) has been drilled and the casing has been set. Wells 201, 202 and 203 are out for bid to select a contractor and will go to the EMWD Board for approval of the selected contractor this week. Well 90 (part of the IRRP Program) has been rehabbed.

MWD has informed EMWD that they are planning to deliver the balance of the Soboba Imported Water for 2019 (about 4,000) in April or May of 2019. There will be a follow up call sometime in January with MWD to discuss this issue again. Mr. Mouawad said that there could be a possibility that MWD pre-deliver 2020 water and he would like to make sure all agencies have this potential expenditure in their budget. EMWD will come back to TAC with a proposal in case one of the participants doesn't have adequate funding for pre-deliveries.

EMWD has received proposals from consulting firms to develop a Groundwater Sustainability Plan (GSP) for the western portion of the San Jacinto watershed, west of the Hemet-San Jacinto Management Plan area.

EMWD and LHMWD with Soboba Tribe's cooperation completed de-silting of the Gravel Pit and removed about 40,000 cubic yards of silt.

B. LHMWD Status Report

Mr. Gow reported that LHMWD did not receive any potable water from EMWD during the summer of 2018.

LHMWD is considering changing their Tiered Billing from 5 Tiers to 3 Tiers.

Well 8 is having some challenges. There is a possibility that the well has been drilled into two different basins.

C. Hemet Status Report

Mr. Proze reported that the City of Hemet has drilled a test well at Gobble Park, and is waiting for the water quality test results.

Bids for Well 10A pump equipment are being reviewed by City Staff.

Storage Tank No. 3 is due for a warranty inspection.

D. San Jacinto Status Report

Mr. Mullen reported that the City of San Jacinto's Grand Well is not in use.

The City Staff is in the preliminary stages of identifying a site for a new well.

The City is receiving some of its Soboba Imported Water from EMWD.

The Lake Park Well is being rehabbed.

The city is continuing to work on its Rate Structure Study.

II. WATERMASTER ADVISOR UPDATE

A. Motion for Approval of Amended Rules and Regulations

Mr. Mortazavi reviewed the upcoming Proposed order on the Watermaster's motion for approval of amended Rules and Regulations. There is a court date set for December 6, 2018 at 8:30 am in Department 06 of the Riverside County Courthouse. If there is no opposition to this order, the Judge will sign off on this motion without a hearing. Mr. Bunn will be available to attend this hearing if necessary.

See Attachment 1 for Court Order.

B. City of San Jacinto Carry-Over Credits Transfer Request

Mr. Mortazavi stated he has received a letter from EMWD and the City of San Jacinto requesting 5,500 acre-feet (AF) of the City's Carry-Over Credits be transferred to EMWD. Per Stipulated Judgment, parties to the judgment are authorized to transfer any portion of their Carry-Over Credits to another party, subject to a right of first refusal by the Watermaster. The letter asked the Watermaster to either acquire or turn down the option to purchase the Carry-Over credits from the City of San Jacinto. Also stated in the letter, if the Watermaster does not acquire the credit, 5,500 AF will be transferred to EMWD's account. Mr. Mortazavi stated in reviewing the Carry-Over Accounts of all agencies and the Class B Participants, all parties seem to have enough water in their accounts to meet their needs. Therefore, there is not a need for Watermaster to purchase any replenishment water or use of the proposed Carry-Over Credits. Mr. Mortazavi asked Mr. Scott to communicate with Marie TaValde regarding Pastime Lake (a Class B Participant) and to make sure they will stay within their allocation limits. This Participant is the only Party that in 2017 produced more water than their allowed allocation and may need to purchase some replenishment water to offset their excess consumption. It is Mr. Mortazavi's recommendation to the Watermaster to decline the offer from the City of San Jacinto to purchase 5,500 AF of their Carry-Over Credit.

Mr. Scott asked if the Soboba Tribe or their representatives need to be contacted? Mr. Mortazavi said they are informed by receiving a copy of all TAC/Board meeting notices/agenda and information.

TAC Members had no objection to the Advisor's recommendation.

See Attachment 2 for complete presentation.

C. Consultants Compensation Adjustment Request

At the August 27, 2018, Watermaster Board requested Mr. Mortazavi present a compensation adjustment at the next Watermaster Board meeting. The Advisors Agreement (2014) includes a rate schedule with a rate of \$150/hour for the Principal and \$48/hour for the Senior Executive Assistant services. The Agreement also requires rates be adjusted each year based on Consumer Price Index changes. These rates have not been adjusted over the years, and

the Senior Executive Assistant services has always been billed at a rate of \$41.60 per hour instead of \$48/hour. Mr. Mortazavi reviewed the Consumer Price Index changes from January 2014 to July 2018, and proposed rates of \$166/hour and \$53/hour be considered for the Principle and Senior Executive Assistant, respectively.

In addition to the Watermaster Board request mentioned above, in October 2018, Mr. Mortazavi received a letter from Mr. Bunn, attorney to the Watermaster, requesting a rate increase. Mr. Bunn requested the Team Member/Partners rate to increase from \$300/hour to \$350/hour; and the Associates rates to increase from \$250/hour to \$300/hour. The billing rates on the Attorney's Agreement have not been increased since 2014.

There are four line items on the Draft 2019 Budget that will be impacted by these requested increases: Financial Support Services, Legal Counsel Services, Advisor Services, and Administrative Support Services. These revisions will increase the Draft 2019 Budget that was presented at the August Watermaster Board Meeting by approximately three percent (3%). TAC Members had no objections to these rate increases and had no questions. Mr. Mortazavi will request the Watermaster Board to consider revising Water Resources Engineers Inc. and Lagerlof, Senecal, Gosney & Krause, LLP billing rates starting January 2019.

See Attachment 3 for Complete Presentation.

D. 2019 Annual Budget

At the Watermaster Board meeting, Mr. Mortazavi will present the Proposed 2019 Annual Budget with revisions reflecting the Consultants compensation adjustments requested. Mr. Mortazavi reviewed the 2019 Budget assumptions, estimated 2019 Administrative Assessments, estimated 2019 total Assessments, proposed payment schedule, 2019 activities/projects, the proposed 2019 Budget and its impact on the Reserve Funds.

Mr. Mortazavi recommends the 2019 Administrative Assessment to remain at \$30/acre-foot, and will ask the Board to consider approving the proposed 2019 Budget for \$656,750, use reserve funds to offset excess expenditures proposed under 2019 Budget and authorize the Advisor to initiate the proposed activities/projects and invoice participating agencies in accordance with the proposed schedule.

Mr. Ghaderi asked if the Attorney's billing rate will continue to increase? Mr. Mortazavi said the increase requested by Mr. Bunn is an increase implemented at the entire Legal Firm, not just an increase for the Watermaster services. Mr. Ghaderi also asked if the Watermaster Board had a discussion on how much should be in the Reserve Funds account for future use? Mr. Mortazavi said that the Watermaster has set a goal of a million dollars; however, the Board has set this as a goal, and the Reserves can drop below the million dollars. Mr. Powell also commented that EMWD will run out of pre-2012 credits in 2019, which will require EMWD to pay more in Assessments once these credits run out.

TAC Members had no objections to the proposed budget and had no other questions.

See Attachment 4 for Complete Presentation.

E. Draft November 26, 2018 Board Agenda

Mr. Mortazavi presented the draft agenda for the November 26, 2018 Board Meeting.

The action items are: election of Vice Chair; consultant's compensation adjustment request; consideration to adopt 2019 annual Budget; consideration to adopt Resolution 9.4 RE Administrative Assessments for 2019; and EMWD and City of San Jacinto Carry-Over Credit transfer request.

Informational items are: Canyon Operating Plan report overview; Basin Boundary Modification; and future agenda items.

TAC Members did not ask for any additional items be added to the Draft Agenda.

See Attachment 5 for draft agenda.

III. SAWPA/ESRI CONSERVATION TOOL OVERVIEW

Mr. Mortazavi introduced Mr. Whetsal, Project Manager from SWAPA who provided a brief demonstration on some tools at SAWPA that may be useful to agencies and water customers in the Watershed.

Mr. Whetsal said Proposition 84 funded all the aerial imagery and related water use efficiency tools for this project. This tool was also intended to provide support to retail water agencies to comply with the new Legislation requirements under SB 606 and AB 1668.

Mr. Unger provided the data overview of the tool. The tool is developed to measure the irrigated and recently irrigated areas in residential parcels for the purpose of calculating the outdoor water budget. The tool also provides Aerial Photography, County Parcels lines and landuse categories which show turf, trees/shrubs, swimming pools and dead vegetation. The cost for SAWPA was \$0.59 per Parcel with grant providing \$880,000 of the total cost. The emphasis on the tool is on residential parcels. However, all parcels in the watershed are included. The tool includes 4 Terabytes of data which can be accessed in 3 ways: physical drive, web spatial services (ESRI) and SAWPA web application(tool). This data also includes the license that is needed for using the tool. The aerial photography was done in 3-inch Band digital imagery from June thru July of 2015. The data was processed by looking at approximately 80 spectral classes (the color of grass the color of trees, the color band) and then put the area into 4 categories to determine percentages of grass, etc. The probability is summed against the modified parcel area to identify areas including parkways and canopy areas. The Display Probability Model is colored by the range of values.

Mr. Vitt demonstrated how the tool works. It can be viewed at the data or at parcel levels. If the agencies already have a license, they will only need the log-in information from SAWPA to access this data. This data can also be exported into excel. This tool is developed for smaller agencies that don't have a GIS Department, but the tool is not available to the public. Assessor Parcel Numbers (APN) and addresses can also be exported from the tool.

The potential use of this tool is to help with residential customer support, and to provide residential customer with water budget information.

SAWPA Staff contact information was provided to TAC members on how to get data/support for use of this tool.

See Attachment 6 for complete presentation.

IV. CANYON OPERATING PLAN

Ms. Gray reviewed the 2018 update of the Canyon Operating Plan. The Plan objective is to manage the Canyon Subbasin in a manner that minimizes groundwater level declines that would limit the Soboba Tribe's ability to meet their annual water supply demands from their wells located in the Canyon Subbasin. The participating parties are EMWD, LHMWD and Soboba. This program includes semi-annual groundwater level monitoring of key wells during the Spring and Fall of each year. Based on the 2017 data, the Canyon Subbasin status was Near Critical (as defined by the Plan). At the time, the projections for 2018 was that it would be in a critical status. However, there was a slight change in storage as was observed by the monitoring program which changed the status to become Near Critical instead of Critical.

In Spring of 2018, the water levels were measured. There was an increase in groundwater levels which meant an increase in groundwater stored. To remain in Responsive status, the parties have agreed to limit pumping and to increase recharge of Soboba Imported Water, subject to availability of water from MWD. In order for the Canyon Subbasin to remain in the Responsive status (as defined by the Plan), the amount of groundwater available for production by LHMWD and EMWD was limited to 4,100 AF. Measured fall groundwater levels for 2018 were close to the projected levels, and the Canyon Subbasin is in Responsive status (as defined by the Plan).

The next steps are to monitor groundwater projection in the Canyon Subbasin relative to the 2018 allotted groundwater production, coordinate Spring 2019 sampling event, and prepare the draft 2019 Annual report for the Canyon Operating Plan.

See Attachment 7 for complete presentation.

V. BASIN BOUNDARY MODIFICATION

Ms. Gray reviewed the basin areas as defined by DWR and Bulletin 118, plus the areas that EMWD has requested be removed from the basins based on scientific justification. They are currently working with DWR on these changes. EMWD is hoping to get feed back from DWR within the next month. EMWD will have 30 days for rebuttal to DWR, if there are any disagreements.

VI. OTHER ITEMS PER TAC MEMBERS REQUEST

None

VII. NEXT MEETING FEBRUARY 11, 2019

1 Thomas S. Bunn III (CSB # 89502)
2 Dominic J. Nunneri (CSB # 300465)
3 LAGERLOF, SENECAL, GOSNEY & KRUSE, LLP
4 301 North Lake Avenue, Suite 1000
5 Pasadena, California 91101-5123
6 (626) 793-9400
7 Fax (626) 793-5900

8 Attorneys for Watermaster

9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
10 **FOR THE COUNTY OF RIVERSIDE**

11 EASTERN MUNICIPAL WATER DISTRICT,
12 A California Municipal Water District

13 Petitioner and Plaintiff,

14 vs.

15 CITY OF HEMET; CITY OF SAN JACINTO;
16 LAKE HEMET MUNICIPAL WATER
17 DISTRICT; DOES 1 through 1,000, inclusive

18 Respondents and Defendants.

Case No.: RIC 1207274

**MOTION FOR APPROVAL OF AMENDED
RULES AND REGULATIONS;
MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT THEREOF;
DECLARATION OF THOMAS S. BUNN III
IN SUPPORT THEREOF**

Date: December 6, 2018 [RES83446]
Time: 8:30 a.m.
Dept: 06

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23 PLEASE TAKE NOTICE, that on December 6, 2018, at 8:30 a.m., in Department 06 of this
24 court located at 4050 Main Street, Riverside, CA 92501, the Watermaster will move the Court for an
25 order approving the amended Hemet-San Jacinto Watermaster rules and regulations, as required by the
26 stipulated judgment entered on April 18, 2013.

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1 The motion will be based on the attached Memorandum in Support, the Declaration of Thomas
2 S. Bunn III, and the records and files of this action.

3 Dated: September 26, 2018

LAGERLOF, SENEAL, GOSNEY & KRUSE, LLP

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5
6 By: Thomas S. Bunn III

7 Thomas S. Bunn III
8 Dominic J. Nunneri
9 Attorneys for Watermaster

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MEMORANDUM OF POINTS AND AUTHORITIES

I. STATEMENT OF FACTS

This case adjudicated groundwater rights in portions of the Hemet-San Jacinto groundwater basin ("Management Area"). (Judgment 9:13-14, 12:22.) The parties stipulated to a judgment, which was approved by this court in 2013. The judgment sets forth guidelines which are required to be followed by water rights holders in the Management Area in order to maximize the reasonable beneficial use of water ("Physical Solution"). (*Id.* 23-31.) To enforce and implement the Physical Solution, and administer the judgment generally, the court created a board ("Watermaster") tasked with approving and implementing a water management plan. (*Id.* 32-37.) The Watermaster may adopt and amend rules and regulations it deems necessary to administer the judgment. (*Id.* 37:1-4.)

At a regular noticed meeting of the Hemet-San Jacinto Watermaster Board of Directors, amendments to the Watermaster's rules and regulations were unanimously approved. (Declaration of Thomas S. Bunn III ¶ 4.) There was no opposition or controversy surrounding these amendments. (*Id.* ¶ 5.)

II. LEGAL ANALYSIS

Parties to pending litigation may enter into a written settlement agreement, and the court may, upon motion, enter judgment under the terms of that agreement. (Code Civ. Proc., § 664.6.) The parties may also request that the court retain jurisdiction over them to enforce the agreement. (*Id.*) Here, this court has retained jurisdiction over the parties. (Judgment 32:1-12.)

The Watermaster must obtain this court's approval after any amendments to its rules and regulations have been adopted. (Judgment 37:3.) The amendments were uncontroversial and unopposed, and thus, this court should approve them.

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1 **III. CONCLUSION**

2 The rules and regulations, as amended, should be approved by this court.

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4 Dated: September 26, 2018

LAGERLOF, SENECA, GOSNEY & KRUSE, LLP

5
6 By: Thomas S. Bunn III

7 Thomas S. Bunn III
8 Dominic J. Nunneri
9 Attorneys for Watermaster

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SERVICE LIST**EASTERN MUNICIPAL WATER DISTRICT****vs.****CITY OF HEMET; CITY OF SAN JACINTO; LAKE HEMET MUNICIPAL WATER DISTRICT****SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF RIVERSIDE****CASE NO. RIC 1207274**

<p>8 Steven P. O'Neill LEMIEUX & O'NEILL 9 4165 E. Thousand Oaks Bl., Suite 350 Westlake Village, CA 91362</p> <p>10 <i>Attorneys for Plaintiff Eastern Municipal Water</i> 11 <i>District</i></p>	<p>Eric & D. Boersma Family Trust 1281 N. State Street #A236 San Jacinto, CA 92583</p>
<p>12 Jeffrey F. Ferre BEST, BEST & KRIEGER 13 3390 University Ave., 5th Floor P.O. Box 1028 14 Riverside, CA 92502</p> <p>15 <i>Attorneys for Defendant Lake Hemet Municipal</i> 16 <i>Water District</i></p>	<p>Curci San Jacinto Investors, LLC P.O. Box 1549 Newport Beach, CA 92659</p>
<p>17 Robert W. Hargreaves BEST, BEST & KRIEGER 18 P.O. Box 13650 Palm Desert, CA 92255-3650</p> <p>19 <i>Attorneys for Defendant City of San Jacinto</i></p>	<p>John J. Gless & Janet A. Gless John J. Demshki & Betsy Demshki John and Jennifer Gless Trust 1441 Ravenswood Lane Riverside, CA 92506</p>
<p>20 Eric S. Vail 21 BURKE, WILLIAMS & SORENSEN 1600 Iowa Ave., Suite 250 22 Riverside, CA 92507-7426</p> <p>23 <i>Attorneys for Defendant City of Hemet</i></p>	<p>Dick Vandam Dairy 3180 Cottonwood Avenue San Jacinto, CA 92582</p>
<p>24 Glen & Jennifer Vandam 3190 Cottonwood Avenue 25 San Jacinto, CA 92582</p>	<p>Ignacio Cordero, Trustee of Cordero Family Trust El Tigre Holding – Choi Family Trust 28265 Rawlings Road Hemet, CA 92544</p>
<p>27 El Tigre Holding Corp. LLC 1481 N. Sanderson Avenue 28 Hemet, CA 92545</p>	<p>Sidney & Anne Sybrandy Trust P.O. Box 580 San Jacinto, CA 92581</p>

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2	El Tigre Holding – Choi Family Trust 3646 Ocean Ranch Blvd. Oceanside, CA 92056	Bertrand & Erma Lauda Lauda Family Ltd. Partnership 35750 Ramona Expressway San Jacinto, CA 92582
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5	Nuevo Development Company, LLC c/o W. Bradford Francke Peter & Rita Gayle Boersma Family Trust Julie Ann Boersma Eric John Boersma 1156 N. Mountain Avenue Upland, CA 91786	Olsen Citrus Farm/Arlington Vet Labs 26208 Olsenview Court Hemet, CA 92544
6		
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8		
9	Robert and Elva Olsen 3142 E. Grove Avenue Visalia, CA 93292	Peter & Jacoba Oostdam 1970 N. Warren Road San Jacinto, CA 92582
10		
11	Velde J & T Children's Trust (Pastime Lakes Investments Co.) 34450 Ramona Expressway Lakeview, CA 92567	Velde J & S T Children's Trust c/o Phillips George 800 Wilshire Blvd., #1500 Los Angeles, CA 90017
12		
13		
14	Rancho Diamante Investments, LLC 4370 La Jolla Village Drive #960 San Diego, CA 92122	Randolph & Anne Record P.O. Box 1539 San Jacinto, CA 92581
15		
16	Steve Pastor San Jacinto Spice Ranch 44390 Mayberry Avenue Hemet, CA 92544	Bruce & Stanley Scott Scott Ag Property 18051 Gilman Springs Road Moreno Valley, CA 92555
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18		
19	John T. and Sheryl Te Velde Children's Trust c/o Marie Velde 34450 Ramona Expressway Lakeview CA 92567	Sherry Olsen 26208 Olsenview Court Hemet, CA 92544
20		
21	GM Gabrych Family LP 2006 Old Highway 395 Fallbrook, CA 92028	Behrooz Mortazavi P.O. Box 27475 Anaheim, CA 92809
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23		<i>Watermaster Advisor</i>
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Carry-Over Credits Transfer Request EMWD-San Jacinto

Hemet-San Jacinto TAC Meeting

November 5, 2018

Stipulated Judgment Section 6.9.2.2.

"...Carry-Over Credits are transferable by a Public Agency to the Watermaster or, subject to a right of first refusal by the Watermaster, to another Public Agency...The Public Agency shall notify the Watermaster if a Carry-Over Credit is being transferred and shall provide information requested by the Watermaster regarding the transfer."

City of San Jacinto & EMWD October 5, 2018 Letter

"...the Watermaster exercise its option to either acquire or turn down the 5,500 AF of Carry-Over Credits..."

"...should the Watermaster choose not to acquire the City's Carry-Over Credits, the 5,500 AF will..be transferred...to EMWD's account..."

Public Agencies Carry-Over Credits as of December 31, 2017 (All Values in AF)

Agency	Pre 2012 Recharge Rights as of Dec. 31, 2017	* Total Unused SbT Imported Water as of Dec 31, 2017	Total Unused Adjusted BPR as of Dec 31, 2017	Totals as of Dec 31, 2017	MWD Pre-Delivered for Future
City of Hemet	0	8,126	7,610	15,735	1,203
City of San Jacinto	0	5,545	4,805	10,350	767
EMWD	2,694	1,202	15,342	19,238	2,068
LHMWD	0	8074	3,671	11,751	2,098
Totals	2,694	22,947	31,433	57,074	6,136

* Unused Soboba Tribe Imported Water include Soboba Tribe production from Soboba Golf Course wells.

BPR = Base Production Rights
SbT = Soboba Tribe

Class B Participants Carry-Over Credits (as of December 31, 2017) (Cont.)

Legal Owner Name	Prorata Alloc.	2017 Production	Total Prod. Below Allocations as of Dec. 2017
Nuevo Dev Co. LLC	151	0	755
Lauda Family (Security Co. & Partnership & Bertrand & Erma – Combined) *	3447	690	1190
Rancho Diamante Inv.	92	0	410
Diamante Rancho	50	0	223
San Jacinto Spice Ranch Inc.	265	0	1256
Scott Ag Property *	1755	145	1909
Vandam Donald Dick and Vandam Frances L.	531	144	1596
Vandam Glen A and Vandam Jennifer A.	139	59	496
Velde Children Trust & Pastime Lake Inv. (Combined)	357	365	106

* In-lieu Program Participants – Recycled water deliveries are considered in calculating the Carry-over Credits

Recommendation

Decline the offer from the City of San Jacinto to purchase 5,500 acre-feet of their Carry-Over Credits.



October 5, 2018

Behrooz Mortazavi
 Water Resources Engineers, Inc.
 1295 Corona Pointe Court, Suite 104
 Corona, CA 92879

Subject: Transfer of Groundwater Carry-Over Credits

Dear Mr. Mortazavi:

The City of San Jacinto (City) and Eastern Municipal Water District (EMWD) recently reached agreement for the transfer of 5,500 acre-feet (AF) of the City's accrued groundwater Carry-Over Credits in the Hemet-San Jacinto Basin to EMWD. The City Council and EMWD's Board of Directors have each approved the attached Memorandum of Understanding and Interagency Agreement providing the terms and conditions for the transfer. Per Stipulated Judgement, parties to the judgment are authorized to transfer any portion of their Carry-Over Credits to another party, subject to a right of first refusal by the Hemet-San Jacinto Groundwater Basin Watermaster (Watermaster).

The purpose of this letter is to request the Watermaster exercise its option to either acquire or turn down the 5,500 AF of Carry-Over Credits being made available by the City. The financial terms for the acquisition are described in the Interagency Agreement approved by the City and EMWD. We ask that the Watermaster take such action on or before its next regularly scheduled meeting of November 26, 2018.

Should the Watermaster choose not to acquire the City's Carry-Over Credits, the City and EMWD will complete the transaction and the 5,500 AF will need to be transferred by the Watermaster from City's Carry-Over Credit account to EMWD's account. A separate notice to the Watermaster will be provided documenting the completion of the transaction and requesting an update of City's and EMWD's Carry-Over Credits accounts to reflect subject transfer.

Board of Directors

David J. Slawson, *President* Ronald W. Sullivan, *Vice President* Joseph J. Kuebler, CPA, *Treasurer* Philip E. Paule Randy A. Record

2270 Trumble Road • P.O. Box 8300 • Perris, CA 92572-8300

T 951.928.3777 • F 951.928.6177 www.emwd.org

Transfer of Groundwater Carry-Over Credits

October 5, 2018

Page 2

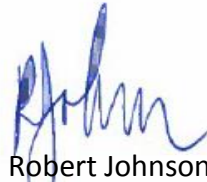
The City may elect to offer future additional groundwater Carry-Over Credits for transfer to EMWD. The Watermaster will be advised of any such future transfers, as these transfers would also be subject to the Watermaster's right of first refusal.

We will be contacting you and the Watermaster's legal counsel shortly to schedule a meeting to discuss the details of this pending transfer. We appreciate the Watermaster's consideration of our request and please let us know if you need any additional information from the City or EMWD regarding this matter.

Regards,



Paul D. Jones II, P.E.
General Manager,
Eastern Municipal Water District



Robert Johnson
City Manager,
City of San Jacinto

Enclosures

c: Mr. Tom Bunn, Counsel
Hemet-San Jacinto Watermaster

MEMORANDUM OF UNDERSTANDING BETWEEN EASTERN MUNICIPAL WATER
DISTRICT AND THE CITY OF SAN JACINTO FOR THE
PURCHASE OF GROUNDWATER CARRY-OVER CREDITS

This Memorandum of Understanding (“Memorandum” or “MOU”) is entered into this _____ day of _____, 2018, by and between **EASTERN MUNICIPAL WATER DISTRICT** (“Eastern” or “District”), a California Municipal Water District, and the **CITY OF SAN JACINTO**, a California General Law City (“City”) to plan for the potential purchase or transfer of groundwater carry-over credits existing pursuant to the Hemet-San Jacinto Watermaster (“Watermaster”) rules and regulations and the underlying stipulated judgment. Eastern and City may singularly be referred to as a “Party” or collectively be referred to as “Parties.”

RECITALS

WHEREAS, the Parties are participants in and party to the Stipulated Judgment entered in the matter *Eastern Municipal Water District v. City of Hemet, et al.* on April 18, 2013 (Riverside County Superior Court Case No. RIC 1207274) (“Stipulated Judgment” or “Judgment”) to resolve groundwater disputes within the Hemet and San Jacinto Groundwater Management Area; and

WHEREAS, all parties to the Stipulated Judgment have individual rights to groundwater within the Hemet and San Jacinto Groundwater Management Area resulting from natural recharge (“Adjusted Base Production Right” (Jmt. §1.1)); and

WHEREAS, among other conditions, the Stipulated Judgment requires the Parties to participate in the purchase, delivery and recharge of “Imported Water” (Jmt. §1.14); and

WHEREAS, a “Carry-Over Credit” is defined by the Judgment as a Public Agency’s credit against the Replenishment Assessment in a Fiscal Year, based on the Agency’s Adjusted or Base Production Right or Share of Imported Water not produced in prior calendar years, as those terms are defined in the Stipulated Judgment (Jmt. §1.7); and

WHEREAS, the unused groundwater production of each party to the Judgment that is less than the total of their individual Adjusted Base Production Right accrues to such party and is reconciled annually by the Watermaster in each party’s Carry-Over Credit account; and

WHEREAS, pursuant to the Judgment each Party’s unused Imported Water also accrues to such party and shall be reconciled annually by the Watermaster in each Party’s Carry-Over Credit account; and

WHEREAS, pursuant to the Judgment, the Parties are authorized to sell, lease, or otherwise transfer any portion of their Carry-Over Credits; and

WHEREAS, City has accrued excess water in its Carry-Over Credit account and anticipates such accrual in the future due to its unused Adjusted Base Production Rights and unused delivered quantities of Imported Water exceeding City's actual production in a calendar year; and

WHEREAS, it is in the best interest of the Parties to plan for Eastern's potential purchase of a portion of City's Carry-Over Credits and to set forth the current understanding of the Parties in this Memorandum.

NOW THEREFORE, the Parties agree as follows:

SECTION 1. UNDERSTANDING OF THE PARTIES

1.1 Sale of Carry-Over Credits

City may, from time-to-time, and upon mutual agreement of the Parties, elect to sell Eastern a portion of City's existing or future Carry-Over Credits. The terms and conditions of each such purchase shall be agreed to by the Parties through a separate and binding agreement prepared by Eastern and submitted to City for approval ("Interagency Agreement"), standard form attached hereto as "Exhibit A".

1.2 Watermaster Right of First Refusal

Any such purchase shall be contingent upon compliance with Section 6.9.2.2 of the Stipulated Judgment, which provides that a public agency may transfer Carry-Over Credits to another public agency subject to a right of first refusal by the Watermaster. Prior to the execution of an Interagency Agreement, the Parties will notify the Watermaster of the potential sale of Carry-Over Credits. If the Watermaster does not exercise its right of first refusal to purchase those Carry-Over Credits, the Parties may proceed with executing an Interagency Agreement.

1.3 Pricing and Payment

The price paid by Eastern for the purchase of City's Carry-Over Credit water shall be set forth in the Interagency Agreement. The Parties intend the price to be the Metropolitan Water District's then-current rate for Imported Water (e.g., 2018 rate of \$548 per acre-foot) plus Eastern's then-current acre-foot charge for delivery (e.g., 2018 rate of \$73 per acre-foot). Such payment by Eastern shall be made directly to City within thirty (30) calendar days of the execution date of the Interagency Agreement.

1.4 Entitlements

The City acknowledges and agrees that all entitlements to ownership associated with the Carry-Over Credit water it sells to Eastern through Interagency Agreement shall be for the benefit of, and shall be retained by Eastern.

1.5 Accounting

The Parties agree to work cooperatively to provide the Watermaster with the evidence and documentation of each Carry-Over Credit transaction as may be required by the Watermaster for purposes of accounting (Jmt. 6.9.2.3).

1.6 No Intent to Convey Water Rights

The Parties agree that, by entering into the MOU and any subsequent Interagency Agreement entered into pursuant to this MOU, City does not intend to, and does not, convey any part of its water rights adjudicated pursuant to the Stipulated Judgment.

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SECTION 2. GENERAL PROVISIONS

By signing this Memorandum of Understanding, Parties agree that the following provisions contained in this Section 2. will constitute a legally binding and enforceable agreement between the Parties. In consideration of the significant expenses that the Parties will incur in pursuing an Interagency Agreement for the sale and purchase of Carry-Over Credits as described in this MOU and the mutual undertakings described, the Parties agree as follows:

2.1 Term

This MOU will become effective as of the effective date and shall remain in effect until terminated by either Party in its sole discretion and upon written notice to the other Party. However, any outstanding purchase transaction pursuant to a fully executed Interagency Agreement shall be fully and finally completed prior to termination. Following termination, neither Party shall have any obligations under this MOU.

2.2 Construction of Terms.

This MOU is for the sole benefit of the Parties and does not grant rights to any non-party or impose obligations on a Party in favor of any non-party.

2.3 Good Faith

Each Party shall use reasonable efforts and work in good faith for the expeditious completion of the purposes and goals of this MOU and the satisfactory performance of its terms.

2.4 Expenses

Each Party shall be solely responsible for expenses it incurs in connection with the pursuit of the purposes described in this MOU.

2.5 Binding Effect

This MOU is intended to be a confirmation of interest between the Parties in pursuing Interagency Agreements based on the terms herein described and, except for the paragraphs contained in this Section 2., shall not constitute a binding agreement between the Parties. Neither Party intends, by setting forth in this MOU the provisions of a possible transaction, to create for itself or any other person, any legally binding obligation of liability. No subsequent oral agreement or conduct of the Parties, including partial performance, shall be deemed to impose such obligation or liability. No agreement shall be binding unless and until each Party has reviewed and approved (in its sole discretion) a definitive written Interagency Agreement incorporating all the terms, conditions, and obligations of the Parties; has had such Agreement reviewed by legal counsel; and has duly executed and delivered such Agreement. The legal rights and obligations of each Party shall be only those that are set forth in the Interagency Agreement.

2.6 Mutual Indemnification and Hold Harmless

Each Party (the "Indemnitor") shall indemnify, defend, and hold harmless the other Party and its directors, officers, employees, and agents (collectively, the "Indemnified Party") from and against any and all claims, demands, causes of action, liability, loss, damage, or injury to property or persons, including wrongful death (collectively, "Claims"), whether imposed by a court of law or by administrative action of any federal, state, or local governmental body or agency, arising out of or in any way related to the Indemnitor's performance or non-performance, or in any way associated with this Agreement; provided, however, that the Indemnitor's obligations shall not cover Claims to the extent due to the gross negligence or intentional acts of the Indemnified Parties. Each Party's indemnification obligations under this section shall survive the expiration or termination of this MOU.

2.7. Amendments to This Agreement

This MOU may be modified only by a subsequent written amendment executed by the Parties.

2.8 Entire Agreement

This Memorandum 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.

2.9 Notices

Any notice required by this Memorandum to be given or delivered to any Party shall be deemed to have been received when personally delivered or deposited in the United States mail addressed as follows:

<u>Eastern</u>	Eastern Municipal Water District Post Office Box 8300 Perris, Ca. 92572-8300 Attn: General Manager
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<u>City</u>	City of San Jacinto 595 S. San Jacinto Ave. San Jacinto, Ca. 92583 Attn: City Manager
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2.10 Disputes

In the event that any dispute between the Parties arises under this Memorandum, the Parties shall first attempt to resolve such dispute at the management level. If the dispute is not resolved at this level within a mutually acceptable period of time (not to exceed ninety (90) calendar days from the date written notice of such dispute is delivered by any Party), the Parties shall attempt to resolve the dispute at the senior management level. If this process and the involvement of senior management does not result in resolution of the dispute within 90 days from the date of referral to senior management, then the dispute shall be referred to and finally resolved through legal proceedings. The use of the foregoing procedure is a condition precedent to the commencement of any legal proceedings hereunder.

2.11 Governing Law and Venue

This Memorandum of Understanding shall be governed by and enforced in accordance with the laws of the State of California. Venue of any action brought hereunder will be in Riverside County, California, and the parties hereto consent to the exercise of personal jurisdiction over them by any such court for purposes of any such action or proceeding.

2.12 Agreement Enforcement

In the event any action is commenced by a Party to this Memorandum against another to enforce its rights or obligations thereunder, the prevailing party(s) in such action, in addition to any other relief and recovery ordered by the court, shall be entitled to recover all litigation and collection expenses, witness fees, court costs, plus reasonable attorneys' fees.

2.13 Partial Invalidity

If any provision of this Memorandum is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force and effect without being impaired or invalidated.

2.14 Other Instruments

The Parties hereto covenant and agree that they will execute each such other and further instruments and documents as are or may become reasonably necessary or convenient to effectuate and carry out the purposes of this MOU.

2.15 Preparation of this MOU

This Memorandum shall not be construed against the drafting Party, but shall be construed as though drafted jointly by both Parties.

2.16 Authority to Enter Agreement:

Each Party warrants that the individuals who have signed this MOU have the legal power, right, and authority to make this agreement and bind each respective Party.

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IN WITNESS WHEREOF, the Parties hereto have caused this Memorandum of Understanding to be effective as of the day and year last executed.

CITY OF SAN JACINTO

EASTERN MUNICIPAL WATER DISTRICT

By: _____
Robert A. Johnson, City Manager

By: _____
Paul D. Jones II, P.E., General
Manager

Dated: _____

Dated: _____

APPROVED AS TO FORM:

<p><u>Dated:</u> _____, 2018</p>	<p><u>Olivarez Madruqa Lemieux O'Neill</u></p> <hr/> <p><u>By:</u> _____ <u>Counsel for Eastern Municipal Water District</u></p>
---	---

<p><u>Dated:</u> _____, 2018</p>	<p><u>Best Best & Krieger LLP</u></p> <hr/> <p><u>By: Michael J. Maurer, City Attorney</u></p>
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EXHIBIT A

INTERAGENCY AGREEMENT BETWEEN EASTERN MUNICIPAL WATER DISTRICT AND THE CITY OF SAN JACINTO FOR THE [XXXX YEAR] PURCHASE OF GROUNDWATER CARRY-OVER CREDITS

This Interagency Agreement ("Agreement") is entered into this _____ day of _____, 20__, ("Effective Date") by and between **EASTERN MUNICIPAL WATER DISTRICT** ("Eastern" or "District"), a California Municipal Water District, and the **CITY OF SAN JACINTO**, a California General Law City ("City"), for the purchase of **[X number]** acre-feet of City's groundwater Carry-Over credits existing pursuant to the Hemet-San Jacinto Watermaster ("Watermaster") rules and regulations and the underlying stipulated judgment. Eastern and City may singularly be referred to as a "Party" or collectively be referred to as "Parties."

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties agree as follows:

SECTION 1. PURPOSE AND GOALS

On _____, 2018, the Parties entered a Memorandum of Understanding ("Memorandum") (Attached as Exhibit "A") setting forth their plan for the potential sale of City's "Carry-Over Credits" to Eastern as provided for in the Stipulated Judgment filed in the Superior Court of Riverside, California on April 18, 2013 (Riverside County Superior Court Case No. RIC 1207274) ("Stipulated Judgment" or "Judgment") to resolve groundwater disputes within the Hemet and San Jacinto Groundwater Management Area.

The Judgment defines "Carry-Over Credit" (at Jmt. §1.7) as the difference in acre-feet between a public agency's Adjusted Base Production Right plus its share of "Imported Water" (defined at Jmt. §1.14) and the public agency's actual production in a calendar year.

Consistent with the understanding and intentions stated in that Memorandum, this Agreement sets forth the terms and conditions for the sale and transfer of **[X number]** acre-feet of City's existing Carry-Over Credits to Eastern.

SECTION 2. AGREEMENT

- 2.1 The Parties hereby confirm that all requirements of Section 6.9.2.2 of the Judgment regarding the Watermaster's right of first refusal to the purchase of City's Carry-Over Credits have been complied with and that such compliance is a condition precedent to the validity of this Agreement.
- 2.2 City hereby agrees to sell **[X number]** acre-feet of Carry-Over Credits to Eastern. The purchase price shall be **[X dollar]** per acre-foot of Carry-Over Credit, which total represents the Metropolitan Water District's current Imported Water rate of **[X dollar]**, plus Eastern's current recharge and delivery rate of **[X dollar]** per acre-foot, totaling **[X dollar]** for **[X number]** acre-feet.

- 2.3 Payment shall be made within 30 days of execution of this document and transaction shall be completed within 30 days of payment.
- 2.4 All entitlements to ownership associated with the **[X number]** acre-feet of Carry-Over Credit purchased under this Agreement shall be for the benefit of and shall be retained by Eastern.
- 2.5 Eastern shall submit notice to the Watermaster of this transaction in the form of a copy of this executed Agreement.

SECTION 3. GENERAL PROVISIONS

3.1 Indemnification. Parties shall hold harmless, immediately defend at its own expense, and indemnify each Party, its officers, employees, and agents against any and all liability, claims, losses, damages, or expenses, including reasonable attorneys' fees, to the extent arising from all acts or omissions to act in the performance of this Agreement; excluding, however, such liability, claims, losses, damages, or expenses arising from another Party's active negligence or willful acts. This Indemnification Section of the Agreement shall survive the termination of this Agreement and the completion of its terms.

3.2 Amendments. This Agreement may be amended or modified only by written consent of both Parties.

3.3 Time is of the Essence. Time is of the essence in the performance of this Agreement.

3.4 Notices. Any notice required by this Agreement to be given or delivered to any Party shall be deemed to have been received when personally delivered or mailed in the United States mail addressed as follows:

<u>Eastern</u>	Eastern Municipal Water District Post Office Box 8300 Perris, Ca. 92572-8300 Attn: General Manager
----------------	---

<u>City</u>	City of San Jacinto 595 S. San Jacinto Ave. San Jacinto, Ca. 92583 Attn: City Manager
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3.5 Dispute Resolution. In the event that any dispute between the Parties arises under this Agreement, the Parties shall first attempt to resolve such dispute at the management level. If the dispute is not resolved at this level within a mutually acceptable period of

time (not to exceed ninety (90) calendar days from the date written notice of such dispute is delivered by any Party), the Parties shall attempt to resolve the dispute at the senior management level. If this process and the involvement of senior management does not result in resolution of the dispute within 90 days from the date of referral to upper management, then the dispute shall be referred to and finally resolved through legal proceedings. The use of the foregoing procedure is a condition precedent to the commencement of any legal proceedings hereunder.

- 3.6 Governing Law and Venue. This Agreement shall be governed by and enforced in accordance with the laws of the State of California. Venue of any action brought hereunder will be in Riverside County, California, and the Parties consent to the exercise of personal jurisdiction over them by any such courts for purposes of any such action or proceeding.
- 3.7 Agreement Enforcement. In the event any action is commenced by a Party to this Memorandum against another to enforce its rights or obligations hereunder, the prevailing party in such action, in addition to any other relief and recovery ordered by the court, shall be entitled to recover all litigation and collection expenses, witness fees, court costs, plus reasonable attorneys' fees.
- 3.8 Partial Invalidity. If any provision of this Agreement is determined to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force and effect without being impaired or invalidated.
- 3.9 Other Instruments. The Parties agree to execute each such other instruments and documents as are or may become reasonably necessary or convenient to effectuate and carry out the performance of this Agreement.

///
///

The Parties are signing this Agreement as of the dates below their respective signatures.

CITY OF SAN JACINTO

EASTERN MUNICIPAL WATER DISTRICT

By: _____
[Name], City Manager

By: _____
[Name], General Manager

Dated: _____

Dated: _____

**INTERAGENCY AGREEMENT BETWEEN EASTERN MUNICIPAL WATER DISTRICT AND
THE CITY OF SAN JACINTO FOR THE
2018 PURCHASE OF GROUNDWATER CARRY-OVER CREDITS**

This Interagency Agreement ("Agreement") is entered into this _____ day of _____, 2018, ("Effective Date") by and between **EASTERN MUNICIPAL WATER DISTRICT** ("Eastern" or "District"), a California Municipal Water District, and the **CITY OF SAN JACINTO**, a California General Law City ("City"), for the purchase of five thousand five hundred (5,500) acre-feet of City's groundwater Carry-Over credits existing pursuant to the Hemet-San Jacinto Watermaster ("Watermaster") rules and regulations and the underlying stipulated judgment. Eastern and City may singularly be referred to as a "Party" or collectively be referred to as "Parties."

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties agree as follows:

SECTION 1. PURPOSE AND GOALS

On _____, 2018, the Parties entered a Memorandum of Understanding ("Memorandum") (Attached as Exhibit "A") setting forth their plan for the potential sale of City's "Carry-Over Credits" to Eastern as provided for in the Stipulated Judgment filed in the Superior Court of Riverside, California on April 18, 2013 (Riverside County Superior Court Case No. RIC 1207274) ("Stipulated Judgment" or "Judgment") to resolve groundwater disputes within the Hemet and San Jacinto Groundwater Management Area.

The Judgment defines "Carry-Over Credit" (at Jmt. §1.7) as the difference in acre-feet between a public agency's Adjusted Base Production Right plus its share of "Imported Water" (defined at Jmt. §1.14) and the public agency's actual production in a calendar year.

Consistent with the understanding and intentions stated in that Memorandum, this Agreement sets forth the terms and conditions for the sale and transfer of five thousand five hundred (5,500) acre-feet of City's existing Carry-Over Credits to Eastern.

SECTION 2. AGREEMENT

- 2.1 The Parties hereby confirm that all requirements of Section 6.9.2.2 of the Judgment regarding the Watermaster's right of first refusal to the purchase of City's Carry-Over Credits have been complied with and that such compliance is a condition precedent to the validity of this Agreement.
- 2.2 City hereby agrees to sell five thousand five hundred (5,500) acre-feet of Carry-Over Credits to Eastern. The purchase price shall be six hundred twenty-one dollars (\$621)

per acre-foot of Carry-Over Credit, which total represents the Metropolitan Water District's current 2018 Imported Water rate of \$548 per acre-foot, plus Eastern's current 2018 recharge and delivery rate of \$73 per acre-foot, totaling three million \$3,415,500 for 5,500 acre-feet.

- 2.3 This 5,500 acre-foot Carry-Over Credit transaction shall include a credit for Eastern's outstanding invoices (Eastern Invoice Numbers 28040 and 28180) (Attached as Exhibit "B") issued by Eastern to the City that total two hundred seven thousand two hundred twenty-seven dollars and seventy cents (\$207,227.70) ("Invoice Amount").
- 2.4 Eastern shall pay City the purchase price minus Invoice Amount which amounts to a final adjusted purchase price for City's 5,500 acre-feet of Carry-Over Credit totaling three million two hundred eight thousand two hundred seventy-two and thirty cents (\$3,208,272.30).
- 2.5 Payment shall be made within 30 days of execution of this document and transaction shall be completed within 30 days of payment.
- 2.6 All entitlements to ownership associated with the 5,500 acre-feet of Carry-Over Credit purchased under this Agreement shall be for the benefit of and shall be retained by Eastern.
- 2.7 Eastern shall submit notice to the Watermaster of this transaction in the form of a copy of this executed Agreement.

SECTION 3. GENERAL PROVISIONS

- 3.1 Indemnification. Parties shall hold harmless, immediately defend at its own expense, and indemnify each Party, its officers, employees, and agents against any and all liability, claims, losses, damages, or expenses, including reasonable attorneys' fees, to the extent arising from all acts or omissions to act in the performance of this Agreement; excluding, however, such liability, claims, losses, damages, or expenses arising from another Party's active negligence or willful acts. This Indemnification Section of the Agreement shall survive the termination of this Agreement and the completion of its terms.
- 3.2 Amendments. This Agreement may be amended or modified only by written consent of both Parties.
- 3.3 Time is of the Essence. Time is of the essence in the performance of this Agreement.
- 3.4 Notices. Any notice required by this Agreement to be given or delivered to any Party

shall be deemed to have been received when personally delivered or mailed in the United States mail addressed as follows:

Eastern Eastern Municipal Water District
Post Office Box 8300
Perris, Ca. 92572-8300
Attn: General Manager

City City of San Jacinto
595 S. San Jacinto Ave.
San Jacinto, Ca. 92583
Attn: City Manager

- 3.5 Dispute Resolution. In the event that any dispute between the Parties arises under this Agreement, the Parties shall first attempt to resolve such dispute at the management level. If the dispute is not resolved at this level within a mutually acceptable period of time (not to exceed ninety (90) calendar days from the date written notice of such dispute is delivered by any Party), the Parties shall attempt to resolve the dispute at the senior management level. If this process and the involvement of senior management does not result in resolution of the dispute within 90 days from the date of referral to upper management, then the dispute shall be referred to and finally resolved through legal proceedings. The use of the foregoing procedure is a condition precedent to the commencement of any legal proceedings hereunder.
- 3.6 Governing Law and Venue. This Agreement shall be governed by and enforced in accordance with the laws of the State of California. Venue of any action brought hereunder will be in Riverside County, California, and the Parties consent to the exercise of personal jurisdiction over them by any such courts for purposes of any such action or proceeding.
- 3.7 Agreement Enforcement. In the event any action is commenced by a Party to this Memorandum against another to enforce its rights or obligations hereunder, the prevailing party in such action, in addition to any other relief and recovery ordered by the court, shall be entitled to recover all litigation and collection expenses, witness fees, court costs, plus reasonable attorneys' fees.
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3.9 Other Instruments. The Parties agree to execute each such other instruments and documents as are or may become reasonably necessary or convenient to effectuate and carry out the performance of this Agreement.

///
///

The Parties are signing this Agreement as of the dates below their respective signatures.

CITY OF SAN JACINTO

EASTERN MUNICIPAL WATER DISTRICT

By: _____
Robert A. Johnson, City Manager

By: _____
Paul D. Jones II, P.E., General Manager

Dated: _____

Dated: _____



EASTERN MUNICIPAL WATER DISTRICT
 POST OFFICE BOX 8300
 PERRIS, CA 92572-8300
 TELEPHONE (951) 928-3777 EXT 4225

Invoice

Invoice Number: 28040
 Date: MARCH 14, 2018

Bill To: CITY OF SAN JACINTO
 PO BOX 488
 SAN JACINTO, CA 92583

Customer Number	Term	Due Date	Invoice Type
1769	30 NET	APRIL 13, 2018	SOBOBA SETTLMT WATER
Description	Amount		
FEBRUARY 2018 - 211.9 AF x \$548.00	116,121.20		
FEBRUARY 2018 - O&M DELIVERY CHARGE 211.9 AF x \$73.00	15,468.70		
Total			\$131,589.90

2019 PRE-DELIVERY RECHARGE-SOBOBA SETTLEMENT PURCHASED WATER COSTS AND ASSOCIATED O&M DELIVERY CHARGES IN ACCORDANCE WITH EXHIBIT "A", AGREEMENT SECTION D2, (PAGE 18), OF THE AGREEMENT REGARDING PHASE 1, FACILITIES CONSTRUCTION COST AND USE, "AMOUNTS NOT PAID WITHIN THIRTY (30) DAYS OF THE DATE OF MAILING THE INVOICE SHALL BEAR INTEREST AT THE LEGAL RATE". AMOUNTS UNPAID, AFTER THE DUE DATE, SHALL ACCRUE INTEREST AT A RATE OF 1.5% PER MONTH.

INVOICES ARE SUBJECT TO A 1.5% PER MONTH LATE CHARGE ON ALL PAST DUE BALANCES

REMIT TO:
 EASTERN MUNICIPAL WATER DISTRICT
 ATTENTION: FINANCE DEPARTMENT
 P O BOX 8300
 PERRIS, CA 92572-8300



EASTERN MUNICIPAL WATER DISTRICT
 POST OFFICE BOX 8300
 PERRIS, CA 92572-8300
 TELEPHONE (951) 928-3777 EXT 4225

Invoice

Invoice Number: 28180
 Date: APRIL 11, 2018

Bill To: CITY OF SAN JACINTO
 PO BOX 488
 SAN JACINTO, CA 92583

Customer Number	Term	Due Date	Invoice Type
1769	30 NET	MAY 11, 2018	SOBOBA SETTLMT WATER
Description	Amount		
MARCH 2018 - 121.8 AF x \$548.00	66,746.40		
MARCH 2018 - O&M DELIVERY CHARGE 121.8 AF x \$73.00	8,891.40		
Total			\$75,637.80

2019 PRE-DELIVERY RECHARGE-SOBOBA SETTLEMENT PURCHASED WATER COSTS AND ASSOCIATED O&M DELIVERY CHARGES IN ACCORDANCE WITH EXHIBIT "A", AGREEMENT SECTION D2, (PAGE 18), OF THE AGREEMENT REGARDING PHASE 1, FACILITIES CONSTRUCTION COST AND USE, "AMOUNTS NOT PAID WITHIN THIRTY (30) DAYS OF THE DATE OF MAILING THE INVOICE SHALL BEAR INTEREST AT THE LEGAL RATE". AMOUNTS UNPAID, AFTER THE DUE DATE, SHALL ACCRUE INTEREST AT A RATE OF 1.5% PER MONTH.

INVOICES ARE SUBJECT TO A 1.5% PER MONTH LATE CHARGE
 ON ALL PAST DUE BALANCES

REMIT TO:
 EASTERN MUNICIPAL WATER DISTRICT
 ATTENTION: FINANCE DEPARTMENT
 P O BOX 8300
 PERRIS, CA 92572-8300



EASTERN MUNICIPAL WATER DISTRICT
 POST OFFICE BOX 8300
 PERRIS, CA 92572-8300
 TELEPHONE (951) 928-3777 EXT 4225

Invoice Number: 28180
 Date: APRIL 11, 2018

Invoice

Bill To: CITY OF SAN JACINTO
 PO BOX 488
 SAN JACINTO, CA 92583

Customer Number	Term	Due Date	Invoice Type
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Description			Amount
MARCH 2018 - 121.8 AF x \$548.00			66,746.40
MARCH 2018 - O&M DELIVERY CHARGE 121.8 AF x \$73.00			8,891.40
Total			\$75,637.80

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INVOICES ARE SUBJECT TO A 1.5% PER MONTH LATE CHARGE
 ON ALL PAST DUE BALANCES

REMIT TO:
 EASTERN MUNICIPAL WATER DISTRICT
 ATTENTION: FINANCE DEPARTMENT
 P O BOX 8300
 PERRIS, CA 92572-8300

Mar-18	<u>AF</u>	<u>\$Amount</u>	<u>O&M Delivery</u>	<u>GRANT O&M AF</u>	<u>GRANT O&M Deliv</u>	<u>Total Billing</u>
Recharge	974.5	\$548.00	\$73.00	367.10	\$17.00	
EMWD	328.4	\$179,963.20	\$23,973.20	122.40	\$2,080.80	\$206,017.20
LHMWD	333.3	\$182,648.40	\$24,330.90	244.70	\$4,159.90	\$211,139.20
Hemet	191.0	\$104,668.00	\$13,943.00			\$118,611.00
San Jacinto	121.8	\$66,746.40	\$8,891.40			\$75,637.80
		\$354,062.80	\$47,165.30		\$6,240.70	\$405,388.00

Consultants Compensation Adjustments

**Watermaster TAC Meeting
November 5, 2018**

Background

- **Watermaster Advisor Agreement includes:**
 - ✓ **Rate Schedule (as of January 2014):**
 - **Principal** \$150/hour.
 - **Senior Executive Assistant** \$48/hour.
 - ✓ **The rates shall be adjusted each year based on consumer price index (CPI-Urban) for LA/Riverside/Orange County region.**
- **Rates have not been adjusted since 2014. In addition, Senior Executive Assistant services have always been charged at \$41.60/hour.**
- **At the August Board Meeting, Watermaster Board asked Advisor to provide new compensation adjustment for the 2019 Budget.**

Consumer Price Index Changes January 2014 – July 2018

Year	CPI-U Change *	Revised Rate Principal	Revised Rate Sr. Exec. Assist.
Jan 2014- Jan 2015	-0.1%	\$ 149.92	\$ 47.97
Jan 2015 - Jan 2016	3.1%	\$ 154.56	\$ 49.46
Jan 2016 - Jan 2017	2.1%	\$ 157.83	\$ 50.50
Jan 2017 - Jan 2018	3.5%	\$ 163.37	\$ 52.28
Jan 2018 - July 2018	1.8%	\$ 166.35	\$ 53.23

* CPI-U information provided by EMWD

Proposed Rates to be considered:

- Principal \$166/hour.
- Sr. Exec. Assistant \$53/hour.

Lagerlof, Senecal, Gosney & Kruse Request

- Watermaster Attorney Agreement includes:
 - ✓ Fee Proposal:
 - Team Members/Partners \$300/hour.
 - Associates \$250/hour.
 - ✓ These rates will not be increased without prior Watermaster approval.
- Rates have not been adjusted since 2014. The Firm charges have always been below the annual budget allocations.
- On October 12, 2018, Mr. Bunn requested an increase in the hourly rates starting January 2019:
 - Team Members/Partners \$360/hour.
 - Associates \$300/hour.

Draft 2019 Budget Line Items Impacted

- Financial Support Services.
- Legal Counsel Services.
- Advisor Services.
- Administrative Support Services.

Financial Support Services Revised Estimate

Activity	Estimates *	Revised Estimates
Book keeping Services	\$2,300	\$2,930
External audit (Vicenti, Lloyd & Stutzman LLP)	\$4,900	\$4,900
Contingency	\$ 800	\$ 170
Totals	\$8,000	\$8,000

* Estimates based on actual July 2017-June 2018 expenses - presented at the August 27, 2018 Board Meeting

Legal Counsel Services Estimate

Activity	Hours	Estimates *	Revised Estimates
Legal Counsel (Lagerlof, Senecal, Gosney & Krause)	66	\$19,900	\$23,760
Contingency		\$ 5,100	\$ 3,240
Totals	66	\$25,000	\$27,000

* Estimates based on actual July 2017-June 2018 expenses - presented at the August 27, 2018 Board Meeting

Advisor Services Revised Estimate

Activity	Hours	Estimates *	Revised Estimates
Communication/Coordination with parties	120	\$ 18,000	\$ 19,920
Budget development and oversight	80	\$ 12,000	\$ 13,280
Contract management	48	\$ 7,200	\$ 7,970
Misc. technical/admin activities	15	\$ 2,200	\$ 2,490
TAC and Board meeting activities	241	\$ 36,150	\$ 40,000
Outreach activities	81	\$ 12,150	\$ 13,440
Special projects/technical activities	565	\$ 84,750	\$ 93,790
Travel/mileage expense	-	\$ 4,870	\$ 4,870
Storage Agreement effort		\$ 15,000	\$ 15,000
Contingency		\$ 2,680	\$ 1,240
Totals	1,050	\$ 165,000	\$ 182,000

** Estimates based on actual July 2017-June 2018 expenses - presented at the August 27, 2018 Board Meeting

Administrative Support Services Revised Estimate

Activity	Hours	Estimates *	Revised Estimates
Administrative services	276	\$11,460	\$14,600
Contingency		\$ 540	\$ 400
Totals	276	\$12,000	\$15,000

* Estimates based on actual July 2017-June 2018 expenses - presented at the August 27, 2018 Board Meeting

Draft 2019 Budget

Budget Items	Proposed Adjusted Draft 2019 Budget	2018 Budget (Approved on Nov 27, 2017)	Draft 2019 Budget Aug 27, 2018 Presentation
Reimbursements			
In-Lieu Program Agreement	\$244,500	\$211,000	\$ 244,500
Coordinated Efforts with EMWD			
Groundwater Monitoring Program	\$143,400	\$156,220	\$ 143,400
Gravel Pit Cleanup Project			
Dewatering	\$ 21,600	\$ 57,600	\$ 21,600
Organization Operations & Management			
Financial Support Services	\$ 8,000	\$ 8,500	\$ 8,000
Legal Counsel Services	\$ 27,000	\$ 30,000	\$ 25,000
Advisor Services	\$182,000	\$165,000	\$165,000
Administrative Support Services	\$ 15,000	\$ 14,000	\$ 12,000
Insurance; Office Supplies; and Other Direct Costs	\$ 10,000	\$ 10,000	\$ 10,000
Database/Mapping Application Maintenance	\$ 5,250	\$ 5,250	\$ 5,250
Additional Projects/Activities			
None	-	-	-
TOTALS	\$656,750	\$657,570	\$634,750

Request

**Revise
Water Resources Engineers Inc.
plus
Lagerlof, Senecal, Gosney & Krause LLP
billing rates
starting January 2019**

Proposed 2019 Annual Budget

**Watermaster TAC Meeting
November 5, 2018**

2019 Budget Assumptions

- **The Public Agencies' Adjusted Base Production Rights will remain at the levels set by Resolution 10.3 on August 28, 2017.**
- **Carry-over accounts will be used to offset any excess production in 2018 - No Replenishment Assessments will be collected in 2019.**
- **Replenishment Assessment will be set in early 2019 (if required to offset Private Pumpers' over production).**
- **Preliminary 2019 Administrative Assessments are estimated based on actual 2017/2018 production data.**
- **Coordinated projects with EMWD:**
 - **Groundwater Monitoring Program.**
 - **Video Inspection of Well Casings (continued from 2017).**
 - **Soboba Gravel Pit Dewatering (if needed).**
- **Continued operation from the Corona office.**

Estimated 2019 Total Assessments

Agency	2019 Est. Admin. Assessments *	2019 Est. Replenishment Assessments	2019 Estimated Total Assessments
City of Hemet	\$69,205	\$0	\$69,205
City of San Jacinto	\$63,116	\$0	\$63,116
EMWD	\$166,976	\$0	\$166,976
LHMWD	\$223,013	\$0	\$223,013
Totals	\$522,310	\$0	\$522,310

• Based on Admin. Assessment rate of \$30/AF

Proposed Payment Schedule

- **2019 Administrative Assessment Invoicing:**
 - ✓ 25% of estimated total by July 15, 2019.
 - ✓ 50% of estimated total by October 15, 2019.
 - ✓ The remaining balance will be reconciled and invoiced by March 1, 2020.

- **2019 Replenishment Assessment Invoicing (if required - for 2018 excessive production):**
 - ✓ Full 100% will be invoiced by May 1, 2019.

2019 Activities/Projects

- Complete the 2018 Financial Audit plus Annual Report and file them with the Court.
- File 2018 information with DWR as part of the Sustainable Groundwater Management Act requirements.
- Review and update property owners list.
- If required, set and initiate collection of Replenishment Assessment from the Parties.
- Coordinated activities with EMWD/TAC:
 - Drafting/editing of the 2018 Annual Report;
 - Evaluation of Video Inspection of well casings and Groundwater Monitoring Program Enhancement; and
 - Initiating Gravel Pit dewatering project (if required).

Proposed 2019 Budget

Budget Items	Proposed Adjusted Draft 2019 Budget	2018 Budget (Approved on Nov 27, 2017)	Projected Updated 2018 Expenditures (Aug 27, 2018)
Agreements			
In-Lieu Program Agreement	\$244,500	\$211,000	\$ 211,000
Coordinated Efforts with EMWD			
Groundwater Monitoring Program	\$143,400	\$156,220	\$ 156,220
Gravel Pit Cleanup Project			
Dewatering	\$ 21,600	\$ 57,600	\$ 0
Organization Operations & Management			
Financial Support Services	\$ 8,000	\$ 8,500	\$ 7,000
Legal Counsel Services	\$ 27,000	\$ 30,000	\$ 20,000
Advisor Services	\$182,000	\$165,000	\$165,000
Administrative Support Services	\$ 15,000	\$ 14,000	\$ 12,000
Insurance; Office Supplies; and Other Direct Costs	\$ 10,000	\$ 10,000	\$ 10,000
Database/Mapping Application Maintenance	\$ 5,250	\$ 5,250	\$ 5,000
Additional Projects/Activities			
None		-	-
TOTALS	\$656,750	\$657,570	\$586,220

Reserve Funds Impact

Revenue/Expenditures	Totals
Proposed 2019 Budget	\$ 656,750
2018 Estimated Administrative Assessments (Based on \$30/AF)	\$ 522,310
Budget Shortfall	\$ 134,440

Recommendation

- Set the 2019 Administrative Assessment at \$30/acre-foot.
- Consider approving the proposed 2019 Budget.
- Use reserve funds to offset excess expenditures proposed under 2019 Budget.
- Authorize Advisor to:
 - Initiate the proposed activities/projects.
 - Invoice participating agencies in accordance with the proposed schedule.

Questions

AGENDA

HEMET – SAN JACINTO WATERMASTER BOARD OF DIRECTORS

November 26, 2018
4:00 pm
EMWD - Board Room
2270 Trumble Road, Perris, CA 92750

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

I. PUBLIC COMMENTS

Any person may address the Board on any subject within the Watermaster’s jurisdiction which is not on the agenda. However, any non-agenda matter that requires action will be referred to staff for a report and action at a subsequent Board meeting. Any person may also address the Board on any agenda matter at the time that matter is discussed, prior to Board action.

II. ADDITIONS/DELETIONS TO THE AGENDA

III. REPORTS

The following agenda items are reports. They are placed on the agenda to provide information to the Board and public. There is no action called for in these items.

- A. Board Member Comments/Questions/Reports
- B. Advisor Report
- C. Legal Counsel Report
- D. Treasurer Report

IV. CONSENT CALENDAR

- A. Approval of Minutes – August 27, 2018 Regular Board Meeting.

Recommendation: Adopt a motion to approve the Consent Calendar.

Consent Calendar items are expected to be routine and non-controversial and are to be acted upon by the Board at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it will be removed from the Consent Calendar for separate action.

V. ACTION ITEMS

The following items call for discussion and possible action by the Board. These items are placed on the Agenda so that the Board may discuss and possibly take action on the items if the Board desires.

- A. Election of Vice Chairperson - Election of Vice Chair due to vacancy per Rules & Regulations Section 2.1a.
- B. Consultants Compensation Adjustment Requests – Summary of the requests.
Recommendation: None.
- C. Consideration to Adopt 2019 Annual Budget - 2019 Budget presentation.
Recommendation: Adopt a motion to Approve Proposed 2019 Annual Budget and Authorize Advisor to initiate proposed activities and invoice participating agencies in accordance with the proposed payment schedule.
- D. Consideration to Adopt Resolution 9.4 RE Administrative Assessment for 2019 – Per Section 3.4.1 of the Stipulated Judgment, Watermaster shall set the Administrative Assessment for 2019.
Recommendation: Adopt a motion to Approve Resolution 9.4 setting the Administrative Assessment for 2019 at \$30 per acre-foot.
- E. EMWD and City of San Jacinto Carry-Over Credits Transfer Request – Summary of the request and the Carry-Over Credits status.
Recommendation: Adopt a motion to decline the offer from the City of San Jacinto to purchase 5,500 acre-feet of their Carry-Over Credits.

VI. INFORMATIONAL ITEMS/CORRESPONDENCE

- A. Canyon Operating Plan Report Overview – EMWD.
- B. Future Agenda Items - If Board Members have items for consideration at a future Board Meeting, please state the agenda item to provide direction to the Advisor.

VII. CLOSED SESSION – NONE

VIII. ADJOURNMENT

Next Regular Board of Directors Meeting

February 25, 2019 at 4:00 pm at:
Eastern Municipal Water District Board Room
2270 Trumble Road, Perris, CA 92750

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans With Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such a request to the Watermaster Executive Assistant at 714-707-4787, at least 48 hours before the meeting, if possible.

Pursuant to Government Code Section 54957.5, any writing that (a) is a public record; (b) relates to an agenda item for an open session of a regular meeting of the Watermaster Board of Directors; and (c) is distributed less than 72 hours prior to that meeting, will be made available for public inspection at the time the writing is distributed to the Board of Directors. Any such writing will be available for public inspection at Watermaster's office located at 2270 Trumble Road, Perris, CA 92750.

DRAFT



OUTDOOR WATER BUDGET WORKSHOP

DATA LAYERS AND
TOOLS AVAILABLE
TO DETERMINE
CUSTOMER
OUTDOOR WATER
BUDGETS



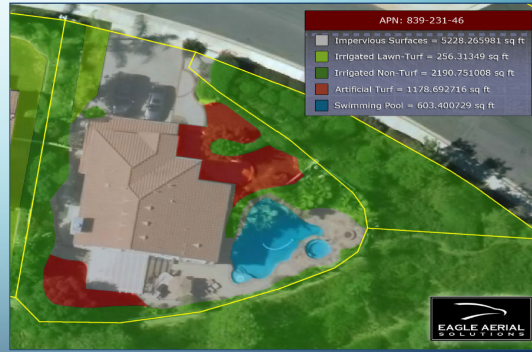
OVERVIEW

- Legislation
- Data
- Demo
- Purpose
- Getting Started

PROPOSITION 84 FUNDED AERIAL IMAGERY AND RELATED WATER USE EFFICIENCY TOOLS

SAWPA 's technology based Program to Support Water Use Efficiency

- Watershed Wide Aerial Mapping
- ESRI GIS Web Application
- Water Meter and NAICS CII Geocoding
- Conservation Based Rate Structures



RECOGNIZING THE IMPORTANCE OF NEW REGULATIONS



SB 606 and AB 1668 require reporting based on budgets and possible fines starting in 2027.

Level of Severity	Earliest Action Can Take Place	State Water Board Action	Required Remedy or Penalty
↑	Nov 2023	Informational Orders	No action required; no penalties
↑	Nov 2024	Notices of Failure to Meet Objective	May request retailer to address areas of concern in its next annual report; no penalties
↑	Nov 2025	Conservation Order	May include measures designed to assist a provider in reaching its objective; no penalties
↓	Nov 2027	Orders and Regulations	May be liable for fines of \$1,000 per day and up to \$10,000 per day if the violation occurs during emergency drought conditions



Provided by WaterNow Alliance analysis; author Caroline Koch.








DATA OVERVIEW

- PURPOSE
- INFO
- STATS
- AERIAL PHOTOS
- LANDCOVER ANALYSIS
- GIS TOOL



DATA PURPOSE

- To measure the irrigated and recently irrigated areas in residential parcels for the purpose of coming up with a outdoor water budget



DATA INFO

- Aerial Photography
- County Parcels
- Categories



+



+

- TURF
- TREES/SHRUBS
- POOLS
- DEAD VEG



DATA STATISTICS

- Cost \$0.59 per Parcel : \$880,000 / 1,497,804 Parcels
- 4 Terabytes
- Delivered in 3 ways
 - Physical Drive
 - Web Spatial Service
 - Web Application (Tool)



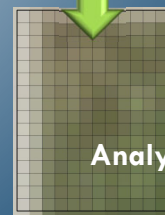
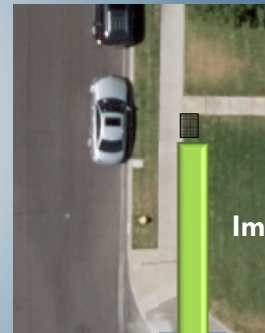
AERIAL PHOTOGRAPHY

- 3 inch 4 Band digital imagery
- 2015 JUNE THRU JULY



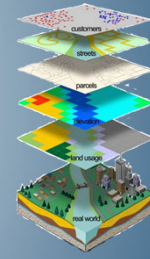
LAND COVER ANALYSIS

- Probability Model
- 80 approximate spectral classes
- 4 categories
- Probability is summed against the modified parcel area to get land cover areas
- Modified parcel area includes parkway and canopy area
- Display Probability Model is colored by range of values



USING GIS TOOL

- Parcel boundaries over layered on to Imagery Model
- 2 kilometer grid spatial CIMIS for ET
- 6 inch contours to adjust model for slope



**Outdoor
Water Budget
Formula**
(Gallons)

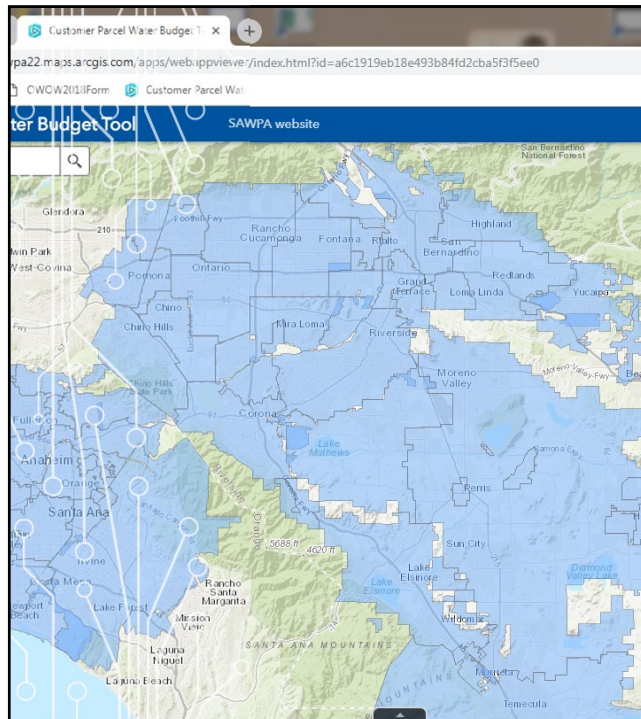


AREA
Irrigable Area
(Square Feet)



WATER NEEDS


Weather Data
(Gallons per
Square Foot)



DEMO

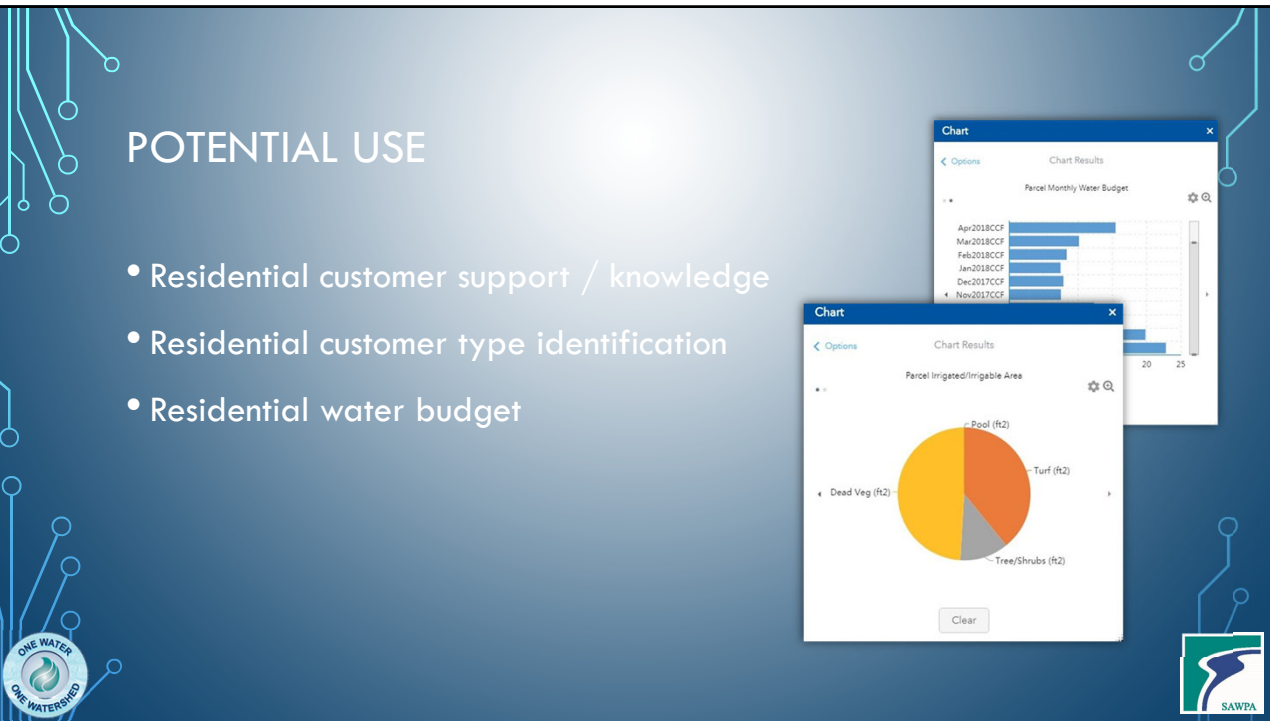

BUDGET TOOL / PETE VITT

[TOOL LINK](#)





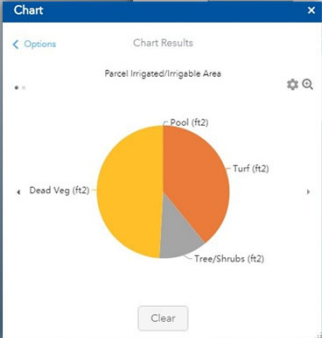
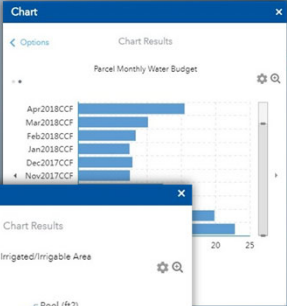
PURPOSE AND NEXT STEPS

HOW TO / ACCESS / FUTURE



POTENTIAL USE

- Residential customer support / knowledge
- Residential customer type identification
- Residential water budget



FUTURE

- NAICS Codes
- Aerial Photography
 - SCAG
 - Over 70 retail water agencies in SAWPA area purchase aerial imagery
 - Goal of every 3 to 5 years
 - DWR using State-wide 2018 aerial imagery (1 foot resolution)
- Watershed Image analysis



HOW TO GET DATA / ACCESS / SUPPORT

- Data – Rick rwhetsel@sawpa.org / Pete pvitt@sawpa.org
- ArcGIS Tool – Dean dunger@sawpa.org / Pete pvitt@sawpa.org
- Spatial Imagery Service – Dean dunger@sawpa.org
- Support – Rick, Dean or Pete

(951) 354 - 4220





AVAILABLE WATER USE EFFICIENCY TOOLS

How Are SAWPA's Water Use Efficiency Tools Helpful to Agencies?

The tools help water agencies with the following:

- 1 Identify inefficient water users who would benefit from agency programs and outreach.
- 2 Improve water resource demand forecasts.
- 3 Comply with regulations on agency-wide water budgets as required by SB 606 and AB 1668.
- 4 Respond to customer billing inquiries.
- 5 Provide measurements of irrigated areas for water audits.



What is the new "Making Water Conservation a California Way of Life" legislation? (SB 606 and AB 1668)

Senate Bill 606 and Assembly Bill 1668 were enacted in May 2018 to implement permanent water use reporting and agency-wide targets for urban water suppliers. Tools developed by SAWPA through the Proposition 84 Drought Grant Round can help agencies comply with these regulations.



Aerial Imagery Program: In 2015, with the support of Proposition 84 grant funding, SAWPA collected high resolution aerial imagery for 2,400 square miles of the urbanized Santa Ana River Watershed to support retail water agencies in estimating outdoor water budgets. Aerial Imagery was used to conduct an analysis of vegetated landscapes at the parcel level. **Contact SAWPA for the data.**



Water Meter and Business Type Geocoding: SAWPA has partnered with Miller Spatial Services to help water agencies to digitally link their customer's account information to parcel data. This includes linking NAICS business codes to Commercial, Institutional, and Industrial customer parcel data.

Contact
SAWPA by
February
2019



Customer Parcel Water Budget Tool: SAWPA has partnered with ESRI to create an interactive web tool to examine parcel level landscape and water budget data. This tool provides water managers easy access to over 14 terabytes of GIS spatial data without the need of GIS software, GIS expertise, or space for computer storage. **Contact SAWPA to get the tool.**



Conservation-Based Water Rates: SAWPA has Proposition 84 grant funds available to assist water agencies in the Santa Ana River Watershed with the cost of studying and implementing a conservation-based water rate structure, also known as budget-based rates.

Partner with
SAWPA by
Summer
2019



Updated Aerial Imagery: SAWPA is working with its partners to develop an updated aerial dataset to update customer budgets in the watershed.



Ongoing Tool Updates: SAWPA will continue to engage with the State and fine tune tools as specific standards are developed.



Future Compliance: Tools can help agencies avoid potential fines if agencies do not meet their water use objective starting in 2027.

Need more information?

Navigate to www.sawpa.org for info on how to use these free tools for your agency. Questions? Contact Ian Achimore at IAchimore@sawpa.org



Canyon Operating Plan - 2018 Update

Brian Powell, P.E.
Rachel M. Gray
November 5, 2018

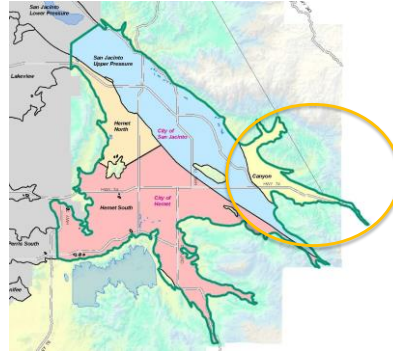
Canyon Operating Plan – 2018 Update

- Agenda
 - Objective
 - Summary of 2017 Status (Last Year)
 - Summary of 2018 Status (Current Year)
 - Additional Monitoring of Key Wells
 - Next Steps



Canyon Operating Plan Objective

- Manage the Canyon Subbasin in a manner that minimizes groundwater conditions that would limit the Soboba Tribe's ability to meet their annual water supply demands from their wells located in the Canyon Subbasin.
- Collaborative effort among the following parties:
 - Eastern Municipal Water District
 - Lake Hemet Municipal Water District
 - Soboba Band of Luiseño Indians



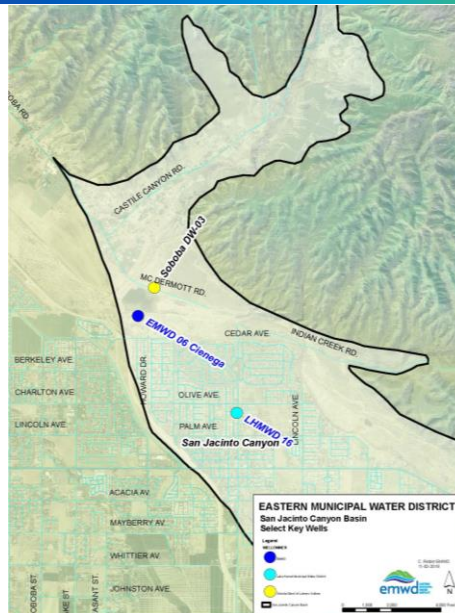
3 | emwd.org



Key Wells - Sampling

Sampling Frequency:

- Spring
- Fall



4 | emwd.org





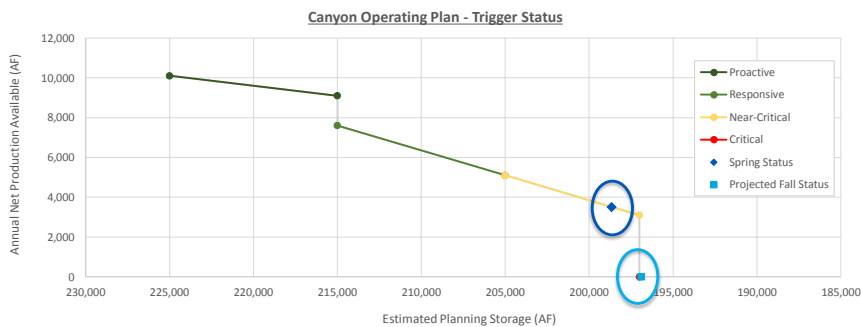
Summary of 2017 (Last Year) Status



Canyon Operating Plan – 2017 Status Summary

- Static Water Levels Measured in Key Wells on April 4, 2017

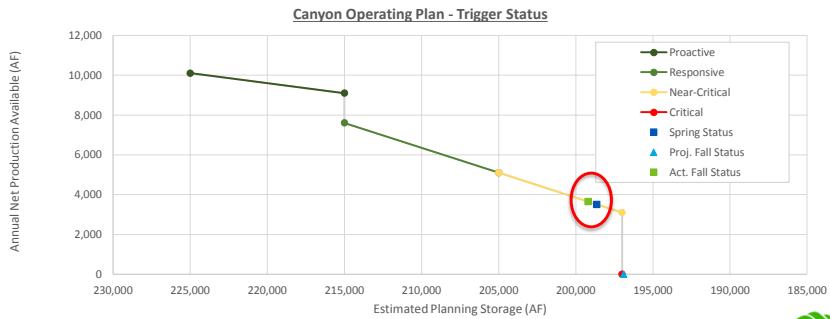
Well Name	Reference Point (ft/MSL)	Depth to Water (ft from RP)	Groundwater Elevation (ft / MSL)	Estimated Planning Storage (AF)
Soboba DW-03	1,681.94	243.00	1,438.94	194,173.00
Cienega 06	1,667.70	170.00	1,497.70	208,441.00
LHMWD 16	1,744.00	202.20	1,541.80	197,796.00
Weighted Average Planning Storage (AF)				198,646.00



Canyon Operating Plan – 2017 Status Summary

- Estimated Change in Planning Storage 2017

Key Well	Spring 2017 Storage Estimate (AF)	Fall 2017 Storage Estimate (AF)	Actual Change in Planning Storage (AF)
EMWD Cienega 06	208,441	208,858	+ 560
LHMWD 16	197,796	196,955	
Soboba DW-03	194,173	195,505	
	198,646	199,206	



7 | emwd.org

Status: Sub-Basin Trigger Status is "Near-Critical" for 2017



Canyon Operating Plan 2018 Annual Report (Current Year)



Canyon Operating Plan – 2018 Annual Report

- Static Water Levels Measured in Key Wells on April 3, 2018

Well Name	Reference Point (ft/MSL)	Depth to Water (ft from RP)	Groundwater Elevation (ft / MSL)	Estimated Planning Storage (AF)
Soboba DW-03	1,681.94	168.00	1,513.94	210,824
Cienega 06	1,667.70	152.40	1,515.30	212,307
LHMWD 16	1,744.00	171.30	1,572.70	208,621
Weighted Average Planning Storage (AF)				210,644

- Change in Key Well Groundwater Elevations from Spring 2017 to Spring 2018

Well Name	April 2017 Groundwater Elevation (ft/MSL)	April 2018 Groundwater Elevation (ft/MSL)	Change in Groundwater Elevation (ft)
Soboba DW-03	1,438.94	1,513.94	+ 75.00
Cienega 06	1,497.70	1,515.30	+ 17.60
LHMWD 16	1,541.80	1,572.70	+ 30.90

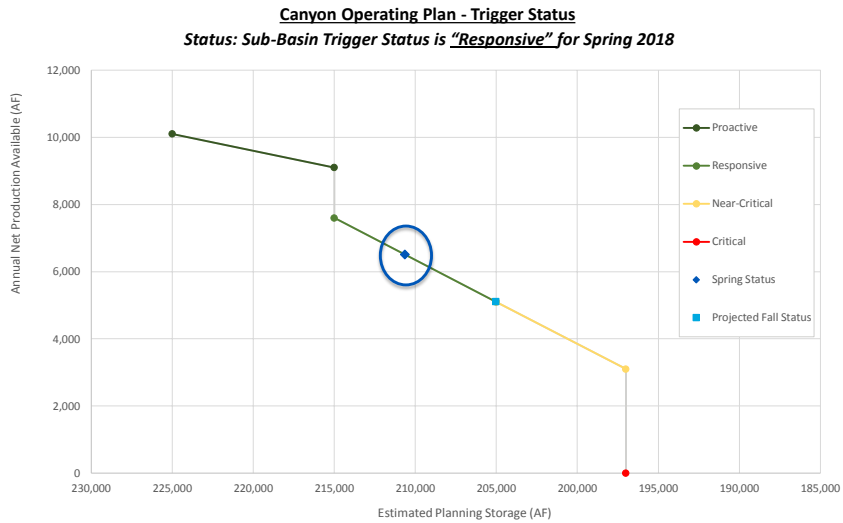


Canyon Operating Plan – 2018 Annual Report

2018 Canyon Operating Plan Calculations								Current Trigger Status (Spring 2018)		
Key Well	Weight	2017 Water Level (ft MSL)	2018 Water Level (ft MSL)	Δ (ft MSL)	2017 Storage Estimate (AF)	2018 Storage Estimate (AF)	Δ (AF)	Parameter	Value	Unit
EMWD Cienega 06	1	1,497.70	1,515.30	17.60	208,441	212,307	3,866	Spring Trigger Stage	Responsive	NA
LHMWD 16	1	1,541.80	1,572.70	30.90	197,796	208,621	10,825	Available Net Prod	6,511	AF
Soboba DW-03	2	1,438.94	1,513.94	75.00	194,173	210,824	16,651	Est. Net Production	5,610	AF
Weighted Average Storage Estimate:					198,646	210,644	11,998	Δ	901	AF
End of Pumping Season Projections (Fall 2018)								Projected Trigger Status (Fall 2018)		
Key Well	Weight	Spring Water Level (ft MSL)	Fall Water Level (ft MSL)	Δ (ft MSL)	Spring Storage Estimate (AF)	Fall Storage Estimate (AF)	Δ (AF)	Parameter	Value	Unit
EMWD Cienega 06	1	1,515.30	1,510.75	-4.55	212,307	211,307	-1,000	Plan / Est. Pumping	6,810	AF
LHMWD 16	1	1,572.70	1,566.42	-6.28	208,621	206,421	-2,200	Planned Recharge	1,200	AF
Soboba DW-03	2	1,513.94	1,503.09	-10.85	210,824	208,414	-2,410	Est. Net Prod (Fall)	5,108	AF
Average Storage Estimate:					210,644	205,034	-5,610	Fall Trigger Stage	Responsive	NA



Canyon Operating Plan – 2018 Annual Report



Canyon Operating Plan – 2018 Annual Report

- Historical Groundwater Production and Artificial Recharge by LHMWD and EMWD

Year	Annual Trigger Status	Available Trigger Production (AF)	EMWD Production (AF)	LHMWD Production (AF)	Production Sub-Total (AF)	Artificial Recharge (AF)	Adjusted Production Sub-Total (AF)	Carry-Over Deficit Production (AF)
2015	Critical	0.000	0.000	510.937	- 510.937	0.000	- 510.937	- 510.937
2016	Critical	0.000	977.113	1,197.915	- 2,175.028	3,514.060	1,339.032	0
2017	Near-Critical	1,068.850	1,988.590	2,894.220	- 4,882.810	5,208.600	325.790	0
2018	Responsive	4,101.098						

- Soboba Tribe and Private Historical Groundwater Production

Available to LHMWD & EMWD

Year	Soboba Tribe Production (AF)	Private Production (AF)	Production Sub-Total (AF)
2015	1,049.120	1,006.666	2,055.786
2016	1,126.488	1,006.667	2,133.155
2017	1,293.590	1,005.020	2,298.600



Canyon Operating Plan – 2018 Annual Report

- 2018 Basin Groundwater Production Projection

Entity	2018 Projected Groundwater Production (AF)	2018 Projected Imported Water Recharge (AF)	2018 Net Projected Groundwater Production (AF)	Groundwater Production (YTD* AF)	Remaining Groundwater Production (AF)
EMWD	1,600.000	600.000	1,000.00	1,460.067	1,600.000
LHMWD	2,800.000	600.000	2,200.00	2,365.123	1,654.248
Private	1,043.270	-	1,043.270	806.334	1,041.549
Soboba Tribe	1,366.570	-	1,366.570		1,266.374
Total	6,809.840	1,200.000	5,609.840		5,562.171

* Groundwater Production as of October 31, 2018.

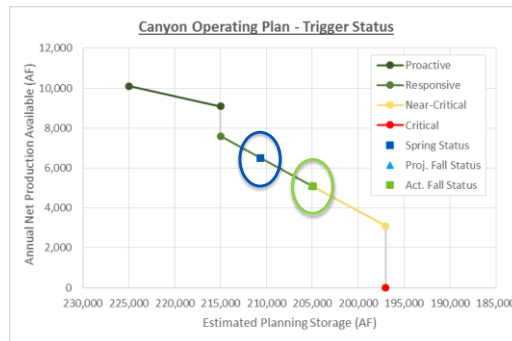
Projected Trigger – Responsive Status

Planned Production

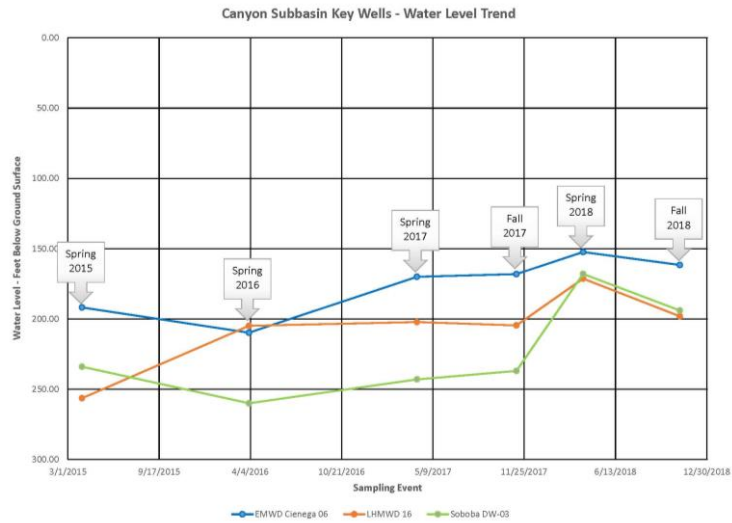


Canyon Operating Plan – Additional Monitoring

Well Name	Groundwater Elevation Spring 2018 (ft/msl)	Groundwater Elevation Fall 2018 (ft/msl)	Change in Groundwater Elevation (ft)
Soboba DW-03	1,513.94	1,487.94	-26.00
EMWD Cienega 06	1,515.30	1,506.10	-9.20
LHMWD 16	1,572.70	1,545.90	-26.80



Canyon Operating Plan – Groundwater Level Trend



Canyon Operating Plan

- **Next Steps:**
 - Parties to monitor groundwater production in the Canyon Subbasin relative to the 2018 allotted groundwater production.
 - Co-ordinate Spring 2019 Sampling Event.
 - Prepare draft 2019 Annual Report for the Canyon Operating Plan





Contact Information

Brian Powell, P.E.
Director of Groundwater Management
and Facilities Planning
Phone Number (951) 928-3777 Ext. 4278

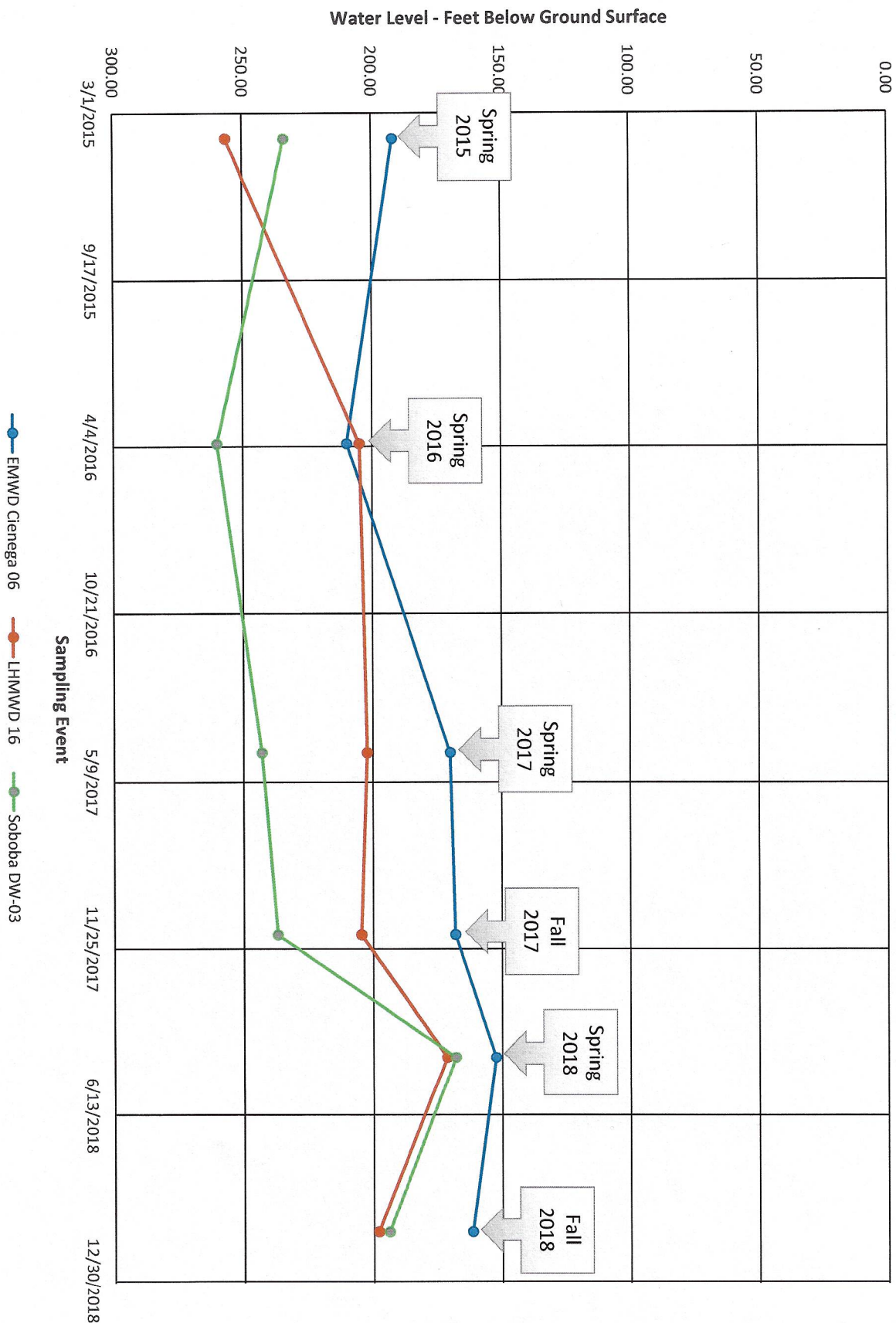
Email: powellb@emwd.org

Rachel M. Gray
Water Resources Planning Manager
Phone Number (951) 928-3777 Ext. 4514

Email: grayr@emwd.org



Canyon Subbasin Key Wells - Water Level Trend





10 Appendices

10.1 Watermaster Board Meeting Minutes

10.2 Technical Advisory Committee Meeting Notes

10.3 Watermaster Agreements

10.4 Resolutions

10.5 Task Orders

10.6 Independent Auditor's Report

10.7 References

WATER CONSERVATION AND STORAGE AGREEMENT

This Water Conservation and Storage Agreement is entered into the 20th day of June, 2018, between Hemet-San Jacinto Watermaster ("Watermaster") and Eastern Municipal Water District ("Eastern"). Watermaster and Eastern, for purposes of this Agreement, shall be referenced as "Parties". Such reference is not intended to be a reference to the Stipulated Judgment described below or any other agreement.

RECITALS

A. The Stipulated Judgment entered on April 18, 2013 (Riverside County Superior Court Case No. RIC 1207274) ("Stipulated Judgment") declared the individual rights of Eastern Municipal Water District (Eastern), Lake Hemet Municipal Water District (Lake Hemet), City of Hemet (Hemet), City of San Jacinto (San Jacinto) and other private groundwater pumpers to groundwater in the Canyon Subbasin, the San Jacinto Upper Pressure Subbasin downstream to Bridge Street and the Hemet Subbasin. The basins mentioned above are collectively called the Management Area. The Management Area encompasses approximately 90 square miles and is located in the western portion of Riverside County within the San Jacinto River Watershed and includes the Cities of San Jacinto and Hemet, as well as the unincorporated areas of Winchester, Valle Vista, and Cactus Valley.

B. Watermaster is a judicial creation of the Stipulated Judgment, and is governed by a board composed of one elected official and one alternate selected by each of the following agencies: Eastern, Lake Hemet Municipal Water District, City of San Jacinto, and City of Hemet; and a representative and one alternate selected by the participating Private Pumpers identified in the Stipulated Judgment.

C. After the entry of the Stipulated Judgment, the Watermaster adopted "Watermaster Rules and Regulations" designed to implement the provisions of the Stipulated Judgment. The Stipulated Judgment (Jmt. §6.7) and Watermaster Rules and Regulations (§9.0) recognize that unused storage capacity may exist in the Management Area, and that, subject to availability of unused storage capacity, the Management Area may be recharged by a party to the Stipulated Judgment, to be drawn upon by such party at a later date.

D. Pursuant to the Stipulated Judgment, Watermaster has adopted and is implementing a Water Management Plan to enforce and implement the Physical Solution for the San Jacinto Basin.

E. "Imported Water" is an average of 7,500 acre feet annually of water sold by the Metropolitan Water District of Southern California to Eastern pursuant to Section 4.4 of the Soboba Band of Luiseño Indians Settlement Agreement. (Jmt. §1.14)

F. "Supplemental Water" is nontributary water imported into the Management Area, including imported water (i.e., other than or in addition to Imported Water), recycled water, in-lieu water, and other nonpotable water. (Jmt. §1.40)

G. Eastern operates and manages an Integrated Recharge and Recovery Program ("IRRP") as part of the Physical Solution of the Stipulated Judgment (Jmt. §6.0) and Phase 1 capital facilities (Jmt. §6.11) pursuant to which Eastern on behalf of the Watermaster augments groundwater supplies by allowing Imported Water to percolate into the groundwater aquifer. The Parties intend that any water stored by Eastern pursuant to this Agreement be considered an activity separate and distinct from Eastern's IRRP related activities.

H. Operational and capital replacement cost for the Phase I capital facilities will be apportioned between the parties to the Phase 1 Facilities Agreement based on the cumulative volume use totals by each of the parties to the Phase 1 Facilities Agreement, starting from the execution date of the Phase I Facilities Agreement, February 28, 2012.

I. For the purpose of quantifying losses to be applied to Stored Water as described in the Stipulated Judgment (Jmt. §6.7.2.3) the Watermaster and Eastern have jointly commissioned a groundwater modeling study conducted by the firm Woodard & Curran. The methodology utilized and results of this technical study are documented in a technical memorandum entitled: "Modeling Support Services for Groundwater Banking Agreement", dated May 2018, and have been utilized to determine losses applicable to conserved Supplemental Water recharged and stored under this Agreement.

AGREEMENTS

1. Purpose of Agreement. This water conservation and storage agreement is a Storage Agreement as defined in the Stipulated Judgment (Jmt. §1.37) and pursuant to the Stipulated Judgment (Jmt. §6.7) and Article IX of the Watermaster Rules and Regulations.
2. Right to Store. Eastern has the right, as limited below, to store up to 21,000 AF for the exclusive use of Eastern to be drawn upon in later years (Jmt §6.7.1) and up to 7,000 AF per year for "put and take" operations (Jmt §6.7.2) under this Agreement. Eastern may at its own cost, acquire and recharge up to the full amount of 21,000 AF for storage and 7,000 AF for "put and take" operations. Supplemental Water conserved and stored by Eastern pursuant to this Agreement shall be deemed to have remained in the Basin for the benefit of Eastern, subject to losses as described below. Eastern acknowledges and agrees that its right to store Imported and/or Supplemental Water pursuant to this Agreement is limited

by, and subordinate to, the prior and superior right of each member agency of the Watermaster to store its unused shares of existing and future Imported Water and carryover credits.

3. Finding of Available Storage Capacity. Watermaster has considered the availability of unused storage capacity in each basin and finds that capacity is available for conserved Supplemental Water to be stored pursuant to this Agreement. Eastern's conservation and storage of Supplemental Water in an amount of up to 21,000 AF to be drawn upon in later years and up to 7,000 AF per year for "put and take" operations pursuant to this Agreement are separate and apart from, and will not displace, the 40,000 AF of storage identified in the Stipulated Judgment for the benefit of Metropolitan, as set forth in Paragraph 4.4.G and 4.4.I of the Soboba Settlement Agreement.
4. Limitations on Right to Store. Eastern may store and thereby conserve Supplemental Water for future use pursuant to this Agreement unless the storage and operations interfere with the rights of any other party to the Stipulated Judgment, or with the use of the storage capacity for recharging and storing conserved waters under the policies and provisions of the Water Management Plan. If the Watermaster documents material, detrimental and adverse impacts to other producers caused by Eastern's conservation and storage of water under this Agreement, the Watermaster may consider such information and take action requiring the cessation, reduction or other modification of conservation and storage activities authorized by this Agreement.
5. Priority. Supplemental Water recharged and stored by Eastern under this Agreement shall be subject to Phase 1 facilities fourth priority of imported water deliveries (Phase 1 Facilities Agreement §C.4.a(4)) which is for delivery of water purchased by or on behalf of Eastern, Lake Hemet, Hemet or San Jacinto.
6. Accounting. Eastern will be responsible for monitoring and accounting for all Supplemental Water deposited into and extracted from the Management Area pursuant to this Agreement. Eastern will provide the Watermaster with quarterly reports of such activity as defined below:
 - a. The amount of Supplemental Water to be recharged and extracted will be measured by using appropriate meter(s) located onsite at the recharge and extraction facilities (see Exhibit A). Eastern will provide meter readings to Watermaster on a quarterly basis, and will calibrate relevant meters in conformity with calibration standards set forth by the American Water Works Association.

- b. Eastern shall prepare an Annual Operating Plan for Supplemental Water conserved and stored pursuant to this Agreement by January 30th of each year for the upcoming calendar year. The annual operating plan will project recharge and recovery for the upcoming calendar year, and will identify the location of recharge and recovery activities. In the event supply or hydrologic conditions change, Eastern will submit an updated plan to the Watermaster Technical Advisory Committee ("TAC").
 - c. In conformance with the Annual Operating Plan for the upcoming calendar year, by the 30th day of the month succeeding the end of the relevant quarter, i.e., January 30, April 30, July 30 and October 30, Eastern will submit a written report to Watermaster which will include the following:
 - i. The amount of Supplemental Water that Eastern placed into or withdrew from storage under the Agreement during the relevant quarter;
 - ii. Losses of Supplemental Water stored pursuant to Paragraph 11.1 of this Agreement; and
 - iii. Cumulative Stored Water balance, after accounting for losses, at the beginning and end of the relevant quarter;
 - d. Eight shallow monitoring wells and three multi-depth monitoring wells will be installed as part of Eastern's facilities for water stored and conserved pursuant to this Agreement (see Exhibit B). Data will be collected from subject wells and included in the Annual Operating Plan as defined in Section 6.b. of this Agreement.
7. Water Quality. In accordance with the Stipulated Judgment (Jmt. §6.6.4), all water used to replenish any subbasin in the Management Area shall meet the Regional Water Quality Control Board, Santa Ana Region requirements, and the provisions of Article 4.2 of the Settlement Agreement, and may be used in any subbasin where such requirements are met. Eastern further agrees that Eastern shall be solely responsible for the cost and implementation of any mitigation or remediation measures required by the Regional Water Quality Control Board or other governmental entity of competent jurisdiction related to water recharged and/or stored pursuant to this Agreement.
8. First Right to Purchase. The Stipulated Judgment (§6.7.2.2) provides that Watermaster shall have the first right to purchase any water available for Recharge under the Water Management Plan. In the event the Watermaster

wishes to purchase available Supplemental Water for recharge under this Agreement, the purchase price for the sale of such water to Watermaster shall be calculated and paid to Eastern when the recharge is done. The price shall be equal to the cost of the Supplemental Water supply, conveyance costs, a proportional capital recovery component, pumping costs, and infrastructure, refurbishment and replacement costs.

9. Recharge Facilities. Recharge of Supplemental Water to be stored under this Agreement will be through Eastern's utilization of the existing Phase 1 capital facilities within the San Jacinto Upper Pressure Management Zone (Jmt. §6.11) and new facilities to be constructed, owned, and operated by Eastern.
10. Extraction of Stored Water. Extraction of Supplemental Water stored under this Agreement will be through the use of existing and new production wells owned and operated by Eastern, not to exceed an extraction capacity of 7,000 AFY. All recharge facilities and wells used for the extraction of Stored Water under this Agreement shall be located exclusively within the area shown on Exhibit C. Extraction is limited to 7,000 AFY, in conformance with the Annual Operating Plan described in Paragraph 6 of this Agreement. Despite section 6.7.2.4 of the Stipulated Judgment, Supplemental Water extracted pursuant to the terms of this Agreement will only be used within the Management Area. Eastern will not extract stored Supplemental Water in a manner which interferes with the operation of wells managed by other parties to the Stipulated Judgment, and will collect and maintain all necessary data to ensure such interference is avoided. In the event a claim of interference is made, Eastern will work with the affected agency to resolve the issue.
11. Calculation of Storage Water Losses. The Stipulated Judgment states that later recovery of Stored Water shall exclude losses, and shall not be subject to either Administrative or Replenishment Assessments (Jmt. §6.7.2.3) The following types of losses will be recognized:

11.1. Outside Management Area Losses

Based on the Woodard & Curran (2018) study, a four percent (4%) groundwater displacement from the Management Area has been determined to be an unrecoverable loss and shall be applied on a one-time basis to each acre foot of Supplemental Water conserved and stored by Eastern to be drawn upon in later years under this Agreement. The losses are calculated on the total amount of recharge needed to reach the target net amount of up to 21,000 AF [Calculation: Recharge Volume = Target Volume/0.96]. Therefore, under the 21,000 AF

maximum storage amount authorized under this Agreement, Eastern would be required to recharge 21,875 AF to account for the four percent loss to reach the total net amount of 21,000 AF of Supplemental Water conserved and stored by Eastern. Amounts less than the 21,000 AF maximum conserved Supplemental Water storage amount stored by Eastern under this Agreement are subject to the same applied four percent (4%) unrecoverable loss factor.

Results of the Woodard & Curran (2018) study also determined that no groundwater displaced from the Management Area will occur as a result of the "put and take" operations of up to 7,000 AFY. Therefore, no losses shall be applied to any recharge associated with the "put and take" operations alone, or applied to the recharge of any "put and take" water being conducted concurrent with the conserved Supplemental Water storage operations.

11.2. Future outside Management Area Losses

Any losses calculated and applied in future conservation and storage agreements by Eastern or other parties shall be exclusive to such future agreements.

12. Transfers. The rights to such stored Supplemental Water under this Agreement, while still in storage, may be transferred to any party or parties to the Stipulated Judgment (Jmt. §6.7.2.5).
13. Permits and Environmental Documentation. Eastern will be the lead agency under the California Environmental Quality Act for any new facilities needed to recharge and extract stored water under this Agreement.

Any authorizations, consents, licenses, permits and approvals from any governmental authority or person as may be required by applicable law to construct and operate the storage of Supplemental Water under this Agreement is the responsibility of Eastern, and shall be obtained by Eastern.

All environmental reviews and supporting documentation required to implement the storage of Supplemental Water under this Agreement are the responsibility of Eastern. In addition, Eastern is responsible to resolve any challenges to these documents and/or certifications at its own cost.

All such authorizations, licenses, permits and approvals shall be in conformity with the requirements of this Agreement.

Eastern shall provide a copy of all such authorizations, licenses, permits and approvals to the Watermaster within thirty (30) days from the date such approvals are received.

Eastern shall ensure that all construction and operation activities in connection with this Agreement complies with all applicable federal, state and local laws, rules and regulations, including, without limitation, environmental, procurement and safety laws, rules, regulations and ordinances.

14. Term. This Agreement will be effective on January 1, 2020, and terminate January 1, 2040, and will automatically renew for another 20 year term unless either Party provides notice (to the addresses set forth below in Section 22) of intent to terminate at least 12 months prior to January 1, 2040. At termination or expiration of the Agreement, Eastern shall have up to ten years to extract any remaining stored water under this Agreement.
15. Governing Law. This Agreement is made under, and will be governed by, the laws of the State of California.
16. Amendments. This Agreement may be amended or modified only by written mutual consent of the Parties.
17. Assignment. This Agreement may not be assigned. All obligations and covenants made under this Agreement shall bind and inure to the benefit of any successor to a Party, whether or not expressly assumed by such successor.
18. Force Majeure/Change in Law. The Parties shall perform the requirements of this Agreement except to the extent performance is prevented or delayed by events that constitute force majeure. "Force majeure" is defined as any event arising from causes which are beyond the control of a Party and which cannot be overcome with due diligence, and includes but is not limited to war, terrorism, riots, strikes and other labor issues, severe weather, legal action by private citizens or organizations that result in injunction, and acts of God, to the extent the event results in delays.
19. Joint Drafting. This Agreement shall be construed as if all Parties prepared it.
20. Authority. Each Party signing this agreement represents and warrants that it has the requisite power and authority to enter into the terms of this agreement. Parties represent and warrant that all required actions to be taken to make, deliver, and carry out the terms of this Agreement have been duly and properly

taken, and that no further consent of any person or governing body is required in connection with the execution and delivery of or performance of obligations under this Agreement. Any individual signing this Agreement on behalf of any person or entity represents and warrants that he or she has full power and authority to do so.

21. No Third-Party Beneficiaries. No third-party beneficiaries are created by this Agreement. None of the provisions in this Agreement shall be for the benefit of, or enforceable by, any such third party.
22. Severability. The provisions of this Agreement are severable, and the invalidity, illegality, or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provisions. If any provision of this Agreement is found to be invalid, illegal, or unenforceable, the Parties shall endeavor to modify that clause in a manner which gives effect to the intent of the Parties in entering into this Agreement.
23. Notices. Notices shall be in writing and sent by first-class mail, email and facsimile transmission and addressed as follows:

If to EMWD:
Attn: General Manager
P.O. Box 8300
Perris, CA 92572-8300
Tel.: (951) 928-3777
Fax: (951) 928-6177
With a Copy to:

Steven O'Neill, Esq.
Olivarez, Madruga, Lemieux O'Neill
4165 E. Thousand Oaks Blvd, Suite 350
Westlake Village, CA 91362
Tel: (805) 495-4770
Fax: (805) 495-2787

If to Watermaster:
Behrooz Mortazavi
1295 Corona Pointe Court, Suite 104
Corona, CA 92879
Tel: (714) 794-5520

With a Copy to:

Tom Bunn, Esq.
301 N. Lake Avenue, 10th Floor
Pasadena 91101-5123
Tel: (626) 793-9400

24. Indemnity. Eastern shall defend, indemnify and hold Watermaster, including its directors, employees and contractors (collectively, the "Indemnified Parties"), harmless from any and all damages, costs, expenses, fees (including attorneys' fees), penalties, obligations, liabilities and judgments, incurred or imposed as a result of any claim, complaint or cause of action made or asserted by any third party against Watermaster that relates to or arises from or concerns Eastern's performance of, or failure to perform, its obligations under this Agreement, including but not limited to Eastern's, its employees' or its independent contractor's negligence, whether passive or active, in performing, or failing to perform, any of the acts contemplated by this Agreement.
25. Dispute Resolution. This section shall govern all disputes, claims and controversies between the Parties arising from or relating to this Agreement ("Disputes").
- a. Meet and Confer
In the event of a Dispute, the Parties agree to meet and confer in person to attempt to reach resolution. A Party may initiate the meet and confer process by service of a written notice by first-class mail and email to the relevant representatives listed in Section 23 referencing this section, describing the nature of the Dispute and requesting a meeting. The meeting shall thereafter be held by the Boards of the Parties at a mutually agreeable date and time, but in no, event more than thirty (30) calendar days after the date of the foregoing notice.
- b. Mediation and Arbitration
(i) If the Parties are unable to resolve a Dispute after following the procedures set forth in Section 25 a., above, the Parties shall mediate the Dispute pursuant to the following process: The Parties shall select a neutral arbitrator acceptable to each Party within seven (7) calendar days. If the Parties cannot agree upon a mediator, then the American Arbitration Association ("AAA") shall select the mediator. The mediation will be a one-

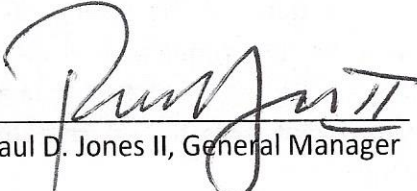
day session held in Riverside County. If the mediation does not resolve the Dispute, then the mediator shall provide a written recommendation to the Parties. The entire mediation process shall be completed within sixty (60) calendar days.

(ii) If the Parties do not unequivocally accept the mediator's recommendations within ten (10) calendar days, then the Dispute shall be resolved by binding arbitration pursuant to the following process: The Parties shall select a neutral arbitrator acceptable to each Party within seven (7) calendar days. If the Parties cannot agree upon an arbitrator, then AAA shall select the arbitrator. The arbitration shall be conducted in accordance with the AAA's then prevailing rules for commercial arbitration. The arbitration shall be held in Riverside County. The arbitrator shall provide his or her decision in writing.


(iii) While the Parties are engaged in mediation and arbitration of a Dispute, each Party's duties and obligations pursuant to this Agreement remain in full force and effect. Each Party shall bear their own attorneys' fees and costs. Each Party shall pay one-half of the mediator's fees and arbitrator's fees.

26. Headings. The paragraph headings herein are for the convenience of the Parties, and shall not be considered in construing this Agreement.
27. Definitions. Capitalized terms used in this Agreement, which are defined in the Stipulated Judgment, have the same meanings as in the Stipulated Judgment.

EASTERN MUNICIPAL WATER DISTRICT

By: 
Paul D. Jones II, General Manager

HEMET-SAN JACINTO WATERMASTER

By: 
Linda Krupa, Chair

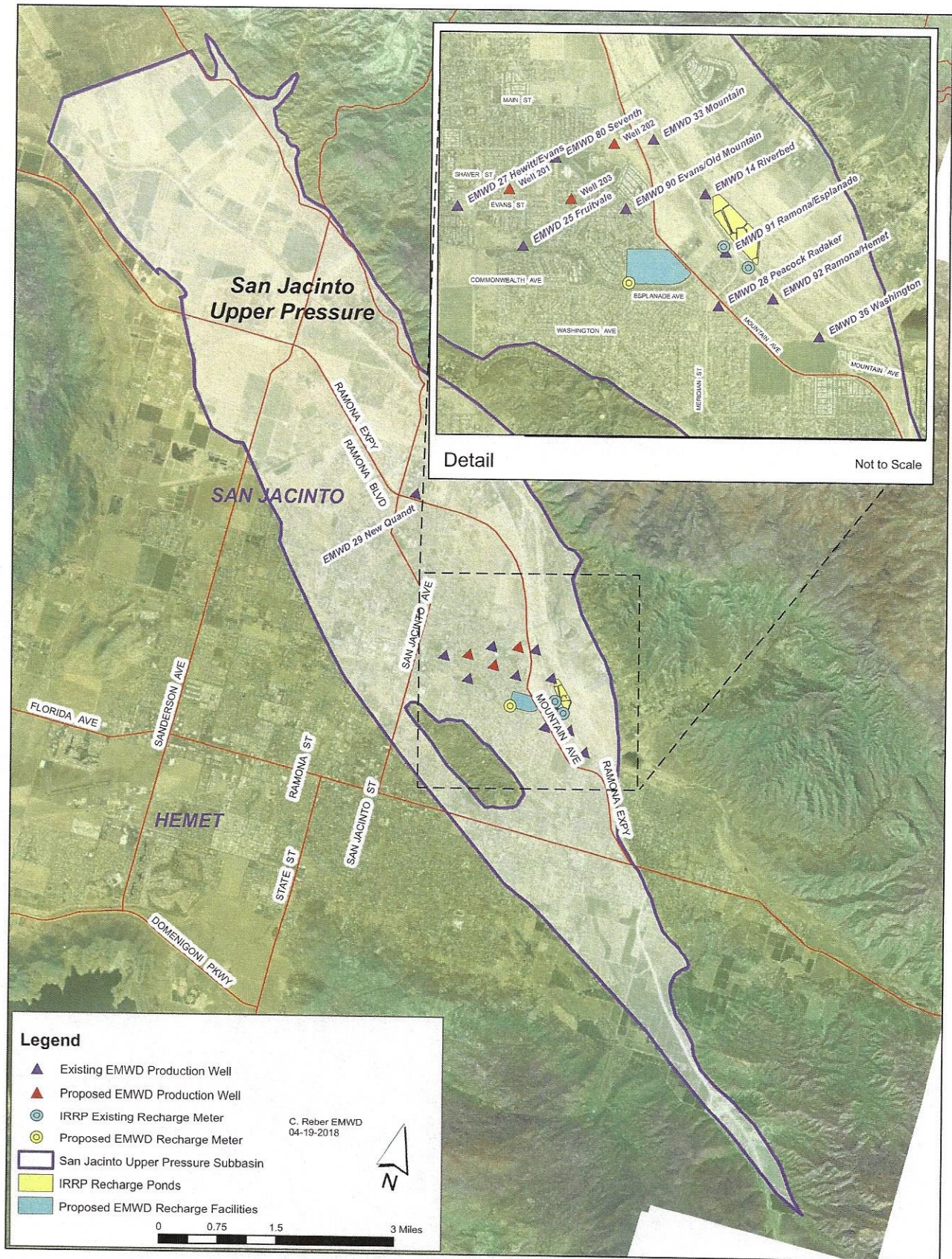


EXHIBIT A
Recharge & Extraction Facilities within
the San Jacinto Upper Pressure Subbasin

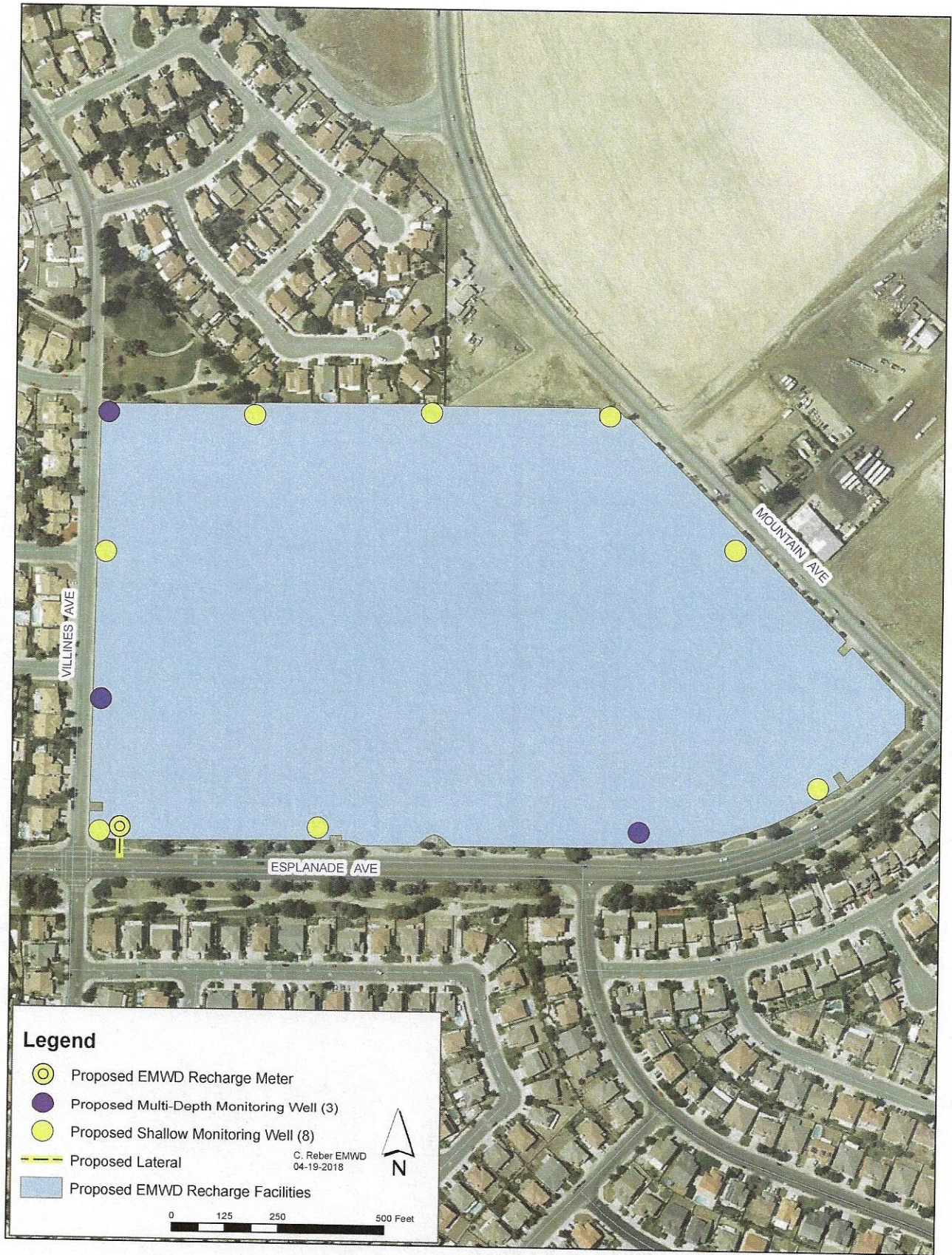


EXHIBIT B
Proposed EMWD Mountain Avenue West Recharge Facilities

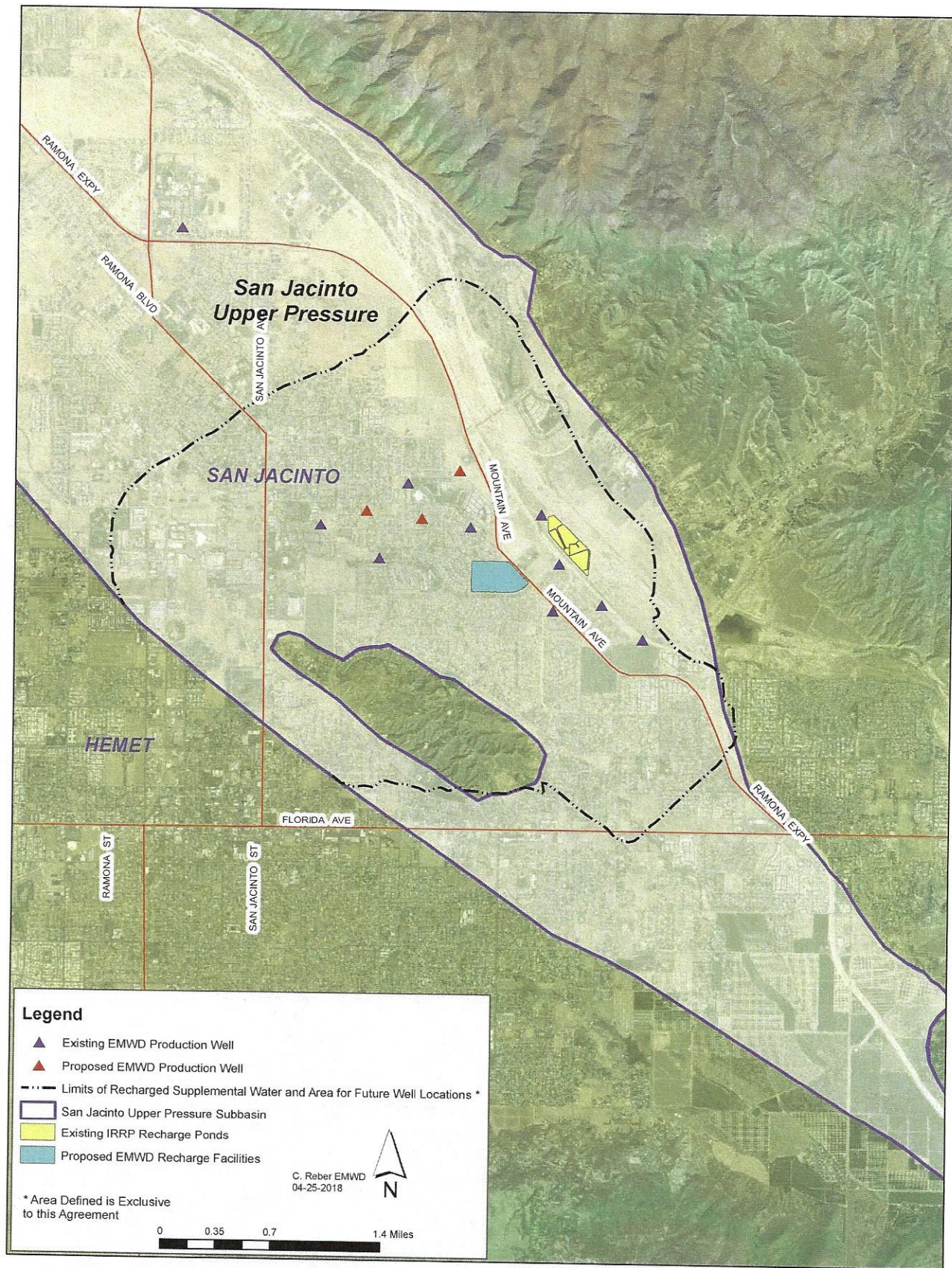


EXHIBIT C
Area for Future Well Locations



10 Appendices

10.1 Watermaster Board Meeting Minutes

10.2 Technical Advisory Committee Meeting Notes

10.3 Watermaster Agreements

10.4 Resolutions

10.5 Task Orders

10.6 Independent Auditor's Report

10.7 References

**HEMET-SAN JACINTO WATERMASTER
RESOLUTION NO. 9.4**

**RESOLUTION OF THE WATERMASTER BOARD
RE ADMINISTRATIVE ASSESSMENT FOR 2019**

WHEREAS, the Judgment in Eastern Municipal Water District vs. City of Hemet, et al., requires the Watermaster to set the Administrative Assessment rate annually;

WHEREAS, the Watermaster has adopted a budget for 2019, and an Administrative Assessment of \$30.00 is needed to support the budget;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

The Administrative Assessment is set at \$30.00 per acre-foot of a Party's Adjusted Production Right pumping during 2019.

ADOPTED THIS 26th day of November 2018.


Linda Krupa, Chairperson

ATTEST:


Philip E. Paule, Secretary



10 Appendices

10.1 Watermaster Board Meeting Minutes

10.2 Technical Advisory Committee Meeting Notes

10.3 Watermaster Agreements

10.4 Resolutions

10.5 Task Orders

10.6 Independent Auditor's Report

10.7 References

TASK ORDER NO. 11

HEMET-SAN JACINTO WATERMASTER SUPPORT SERVICES 2018 Water Resources Monitoring Program Support

This Task Order is issued by the Hemet-San Jacinto Watermaster (“Watermaster”), a judicial creation of the Superior Court of the State of California in and for the County of Riverside through the Judgment entered on April 18, 2013, and accepted by EASTERN MUNICIPAL WATER DISTRICT (“EMWD”), a California municipal water district pursuant to the mutual covenants and conditions contained in the AGREEMENT between the above named parties dated _____, 2018 in connection with the Hemet-San Jacinto Watermaster Support Services.

PURPOSE

The purpose of this Task Order is to describe EMWD’s 2018 Water Resources Monitoring Program Support services, time of performance, payment, and effective date to provide such services for the Watermaster.

SCOPE OF SERVICES

The purpose of the Water Resources Monitoring Program (“Monitoring Program”) is to collect, analyze, and compile groundwater level, water quality, and groundwater production data to meet the reporting requirements of the Judgment. The Monitoring Program provides the information necessary for a comprehensive view of the groundwater management zones and includes the following elements:

- Groundwater Extraction Monitoring
- Groundwater Level Monitoring
- Water Quality Monitoring
- Inactive Well Capping and Sealing
- Meter Installation, Repair, and Replacement
- Data Management, Documentation, and Reporting

Groundwater level and groundwater extraction data will be used to quantify basin stresses and to provide data for estimation of overdraft conditions within any given year and to provide the basis for replenishment in the following year. Water quality information will be used to track basin water quality trends. Such data allows for characterization of basin hydrology, evaluation of groundwater flow conditions, and monitoring of water quality improvement or degradation. In addition, inactive or unused wells will be capped and sealed as they are potential sources of groundwater contamination and present hazardous conditions. The groundwater level and extraction monitoring will allow for a more accurate estimation of the amount of groundwater in storage, changes in storage, and the identification of overdraft conditions. The information gained from these efforts will be used to support the Watermaster Board decisions.

In conjunction with existing and planned groundwater level and quality monitoring, accurate monitoring of groundwater extraction will allow participants to understand how groundwater conditions are changing and make informed decisions on how best to manage and replenish the groundwater resources. To improve the records of pumped groundwater, meters will be replaced on the private wells that are no longer working.

Data management, documentation, and reporting are also key elements. All water level and groundwater extraction data collected will be recorded on Field Data Sheets by EMWD field staff. The Field Data Sheets will be provided to the Watermaster Advisor (“Advisor”) at the end of each calendar month and contain data collected during the preceding month (may be rounded to the nearest week). The field data shall be read from the Field Data Sheets and entered into EMWD’s Data Entry Form by Watermaster consultants after performing various quality assurance/quality control (“QA/QC”) checks on the data. The completed Data Entry Form shall be returned to EMWD for upload into EMWD’s Regional Water Resources Database (“RWRD”) after performing various quality assurance/quality control (“QA/QC”) checks on the data. Watermaster consultants shall return the completed Data Entry Form (with the field data entered and checked) to EMWD staff within two (2) weeks of receipt of the Field Data Sheets and Data Entry Form. All of the data will be made accessible to the Watermaster. An annual report will summarize the monitoring activities and results of the analyses of the monitoring data, as well as provide other pertinent information regarding activities in the local groundwater management zones.

By undertaking an extensive data gathering effort, all parties involved in the Watermaster can be assured that operational yield estimates are based on the best available information. Continuation of the current monitoring effort will augment the database used in decisions made by the Watermaster and contribute to successful management of the groundwater management zones.

TASK 1.0 – Groundwater Extraction Monitoring Program

Groundwater extraction monitoring involves metering of wells producing 25 or more acre-feet of groundwater per year. In conjunction with groundwater level and water quality monitoring, accurate metering of groundwater extraction will allow for a better understanding of how groundwater conditions are changing and can be used by the Watermaster to quantify basin stresses.

The program participants must provide permission for meter installation and access to their wells. EMWD staff will work closely with the private well owners’ representatives to acquire necessary permissions from the existing private well owners in the Management Plan area to install and maintain meters and to read the meters. All meter installation activities will be scheduled at the convenience of the well owner. Installed meters shall remain the property of EMWD as a representative of the Watermaster. Meters are to be read monthly and EMWD will periodically schedule meter maintenance and calibration with the well owner. Such activities will be at the well owners’ convenience and will not impact agricultural operations.

Well owners wishing to maintain their own meters may do so. Upon the request of the well owner, EMWD will consider providing maintenance and calibration of privately owned meters, contingent upon the needs of the program and the availability of funding.

When installation of a meter on a well is not physically possible, or when a well cannot be metered for other reasons, groundwater production from that well will be estimated using one or more of the following: acreage, crop type, number of animals in the case of dairies, or electricity usage. These estimates will be compared with metered groundwater usage at sites of similar size with similar usage as a QA/QC measure.

Extraction data from sixty (60) wells with meters installed by EMWD will be monitored monthly by EMWD under this Task Order.

Extraction data from forty-three (43) wells will be monitored monthly by other entities and reported to EMWD under this Task Order.

Extraction data for thirty-nine (39) wells will be estimated monthly by EMWD under this Task Order.

All data collected will be entered by Watermaster consultants after performing various QA/QC checks on the data and forwarded to EMWD for various QA/QC checks and upload into EMWD's RWRD.

TASK 2.0 – Groundwater Level Monitoring Program

Groundwater levels are to be measured twice a year, during the spring and fall, to capture the high and low groundwater levels and to determine seasonal effects on groundwater levels. The measurements will be taken prior to warm weather when groundwater production is low, and following warm weather when groundwater production is high. General steps that are required for measuring groundwater levels are as follows:

- A site inspection for potential hazards including open drive shafts, automatic machinery, and motor operations including farm equipment is conducted
- The status of the well pump, i.e., pumping or static, is confirmed. The well should have been in static mode (non-operational) for at least 12 hours, preferably 24 hours, prior to measuring the level
- The depth to groundwater is measured using an electric water level indicator
- The measured depth to groundwater is recorded with the status of the pump
- If the well pump is running and cannot be turned off, then no level is recorded and collection of the level may be attempted at another time
- The recorded depth is compared with previous levels for data quality control
- A final site inspection is performed

Three-hundred seventy-two (372) groundwater levels will be measured by EMWD from one-hundred eighty-six (186) wells semi-annually following the above protocol under this Task Order.

Six-hundred twelve (612) groundwater levels will be measured by other entities from fifty-one (51) wells monthly and reported to EMWD following the above protocol under this Task Order.

Selected static level data collected will be entered by Watermaster consultants after performing various QA/QC checks on the data and forwarded to EMWD for various QA/QC checks and upload into EMWD's RWRD.

TASK 3.0 –Water Quality Monitoring Program

Water quality samples are to be collected once a year from the groundwater management zones within the San Jacinto Basin, generally in the warmer months when the wells are operating. Constituents to be routinely monitored include total dissolved solids and nitrate as nitrogen as described in Table 1.

Table 1: Constituents Tested in a Typical Water Quality Sample

Type	Constituent:	Type	Constituent:
Cations	Calcium (Ca)	Metals	Boron (B)
	Magnesium (Mg)		Copper (Cu)
	Potassium (K)		Iron (Fe)
	Silica (SiO ₃)		Manganese (Mn)
	Sodium (Na)		Zinc (Zn)
	Hardness (Calculated from Ca/Mg)		
Anions	Chloride (Cl)	Alkalinity	Bicarbonate (HCO ₃)
	Fluoride (F)		Carbonate (CO ₃)
	Nitrate as Nitrogen (NO ₃ -N)		Hydroxide (OH)
	Sulfate (SO ₄)		Total Alkalinity as Ca CO ₃
Nitrogen	Ammonia as Nitrogen (NH ₃ -N)	Misc.	Electrical Conductance (EC)
	Nitrite as Nitrogen (NO ₂ -N)		Temperature at Collection
			pH
			Total Dissolved Solids (TDS)

The procedures for taking water quality samples differ depending on whether the well has existing pumping equipment or not. The sampling procedure is lengthier and more complicated if the well does not have an existing pump.

TASK 3.1 – Water Quality Sampling of Operating Wells

When the well to be sampled has a pump and is operating, the sampling procedure will be as follows:

- A site inspection for potential hazards including open drive shafts, automatic machinery, and motor operations including farm equipment is conducted
- The status of the well, i.e., pumping or static, is confirmed. If the well is not operating, it is turned on with the permission of the well owner
- The sampling port on the well is located, opened, and flushed or purged

- The water sample is taken using standard methods and proper protocol for the constituents to be sampled
- A final site inspection is conducted

Eighty-nine (89) water quality samples will be taken by EMWD from wells with existing pumping equipment following the above protocol and analyzed by EMWD's Laboratory under this Task Order.

Twenty-nine (29) water quality samples will be taken by other entities from wells with existing pumping equipment following the above protocol and delivered to EMWD for analysis by EMWD's Laboratory under this Task Order.

All data collected will be entered after various QA/QC checks into EMWD's RWRD from the EMWD LIMS system.

TASK 3.2 – Water Quality Sampling of Non-operating Wells

When the well does not have an existing pump, a mobile pump must be set in the well and the procedure is as follows:

- A site inspection for potential hazards including open drive shafts, automatic machinery, and motor operations including farm equipment is conducted
- The depth to groundwater in the well is measured to determine the pump setting depth
- The water volume in the casing is calculated to determine the length of time necessary to purge the well for a minimum of three full well volumes
- The pump is set using either continuous reel or column pipe and all electrical and discharge lines connected
- The well is purged a minimum of three well volumes
- The water sample is taken using standard methods and proper protocol for the constituents being sampled
- Electrical and discharge lines are disconnected and the pump is pulled
- The well is closed or sealed
- A final site inspection is conducted

Forty-five (45) water quality samples will be taken by EMWD from wells without existing pumping equipment following the above protocol and analyzed by EMWD's Laboratory under this Task Order.

All data collected will be entered after various QA/QC checks into EMWD's RWRD from the EMWD LIMS system.

TASK 4.0 – Inactive Well Capping and Sealing Program

The purpose of this program is to prevent groundwater contamination and eliminate hazards by capping and sealing inactive and/or unused wells. Open casings are especially vulnerable to contamination from surface flows or vandalism, such as the dumping of oil or other waste products. Large open casings, 16 to 18 inches in

diameter, also present a hazard to small children and animals. It is not known how many open casings or unused wells exist in the area. To protect groundwater supplies, EMWD staff will use available monitoring program funds to cap and seal inactive wells or open casings at no charge to the well owner. Priority will be given to those wells that are potentially dangerous open holes to small children and animals, 16 to 18 inches in diameter, or those located in areas where flooding resulting from precipitation might carry manure, fertilizers, or other contaminants into the well. These wells may still be used for water level and, in some cases, water quality monitoring.

Two (2) wells are estimated to be capped and sealed by EMWD under this Task Order.

TASK 5.0 – Meter Installation, Repair, and Replacement

The program participants must provide permission for meter installation and access to their wells. EMWD staff works closely with the private well owners' representatives to acquire necessary permissions from the existing private well owners in the Management Plan area to install and maintain the meters. All meter installation activities will be scheduled at the convenience of the well owner. Installed meters shall remain the property of EMWD as a representative of the Watermaster. The procedure for meter installation and replacement by EMWD will be as follows:

- Well owner's permission for meter installation is verified
- A preliminary site inspection is conducted to review piping and well configuration to determine equipment and supplies needed
- An installation design is prepared and a meeting is held with the well owner for approval/acceptance of the design
- As much as possible, off-site fabrication is prepared to minimize inconvenience to the owner's operation of the well
- The installation is approved by the well owner and scheduled for a time that is convenient to the well owner
- The meter is installed and all piping appurtenances are returned to normal operation
- A final site inspection is conducted

Seven (7) meters are estimated to be replaced by EMWD under this Task Order.

TASK 6.0 – Data Management, Documentation, and Reporting

Combined with existing available data, new data generated by the Monitoring Program will be used by the Watermaster to analyze how conditions are changing in local groundwater management zones. All data collected will be used in the 2018 Annual Report. The data may be used in the following ways:

- Trend analyses of the relationship between groundwater pumping, groundwater levels, and water quality
- Analysis of the volume of groundwater contained in local groundwater management zones and determination of the rate of natural recharge of these management zones

- Preparation of mathematical models of groundwater systems for use in analyzing management alternatives
- Development of accurate water consumption figures for agricultural land use
- Protection of private water rights through the documentation of individual groundwater use
- Quantification of replenishment requirements for the following year

TASK 6.1 – 2018 Annual Report

Data reporting by EMWD to the Watermaster will include the 2018 Annual Report documenting groundwater level and water quality trends, and groundwater extraction quantities for each groundwater management zone. The 2018 Annual Report will contain the results of regional analyses performed on data collected during calendar year 2018 and a summation of any issues noted. The 2018 Annual Report will serve as the report required by the Judgment.

TASK 6.2 – Annual Well Owners’ Reports

EMWD shall prepare and distribute Annual Well Owners’ Reports to all private well owners participating in the Monitoring Program. These Annual Well Owners’ Reports will include copies of water quality analyses, groundwater level measurements, and groundwater extraction amounts for their wells. Recordation of groundwater extraction with the State is a fundamental means of protecting private groundwater rights and all well owners are encouraged to participate.

TIME OF PERFORMANCE

EMWD shall prepare and distribute one (1) electronic copy of the Draft 2018 Annual Report to the Advisor by February 1, 2019 for review and comment. The Advisor shall provide comments on the Draft 2018 Annual Report to EMWD by February 8, 2019. EMWD shall prepare and distribute ten (10) hard copies of the Draft 2018 Annual Report to the Watermaster Board and Technical Advisory Committee (TAC) that addresses comments received from the Advisor by February 15, 2019. The TAC shall provide comments on the Draft 2019 Annual Report to EMWD by March 8, 2019. EMWD shall prepare twenty (20) copies of the Final 2018 Annual Report that addresses comments received from the TAC and Advisor by March 22, 2019 for filing with the Department of Water Resources and the Court. Backup information and files for the Final 2018 Annual Report will also be provided to the Advisor as part of this Task Order.

INVOICING

The costs of this Task Order will be borne by the Administrative Assessments of the Watermaster. The annual cost of the Monitoring Program is estimated at One-Hundred Fifty-Six Thousand Two-Hundred Eighteen Dollars (\$156,218) based on the Fee Schedule (Exhibit A) and Estimated Work Effort (Exhibit B). Payment for the work under this Task Order shall be based on Table 2 which shall not exceed without prior written authorization from Watermaster. Invoices should show expenditures for each one of the categories shown on Table 2.

Table 2: Estimated Monitoring Program Costs

Category	Costs
1 – Groundwater Extraction Monitoring	\$ 20,328
2 – Groundwater Level Monitoring	\$ 19,376
3 – Water Quality Monitoring	\$ 78,622
4 – Inactive Well Capping and Sealing	\$ 3,450
5 – Meter Installation, Repair, and Replacement	\$ 16,625
6 – Data Management, Documentation, and Reporting	\$ 17,817
Total Monitoring Program Costs	\$156,218

TERMINATION

Either Party may terminate this Task Order at any time by giving the other party thirty (30) days written notice. Upon termination, EMWD shall be paid for that portion of the work performed through termination of the Task Order.

EFFECTIVE DATE

This Task Order No. 11 is effective as of January 1, 2018.

IN WITNESS WHEREOF, duly authorized representatives of the Watermaster and of the EMWD have executed this Task Order No. 11 evidencing its issuance by Watermaster and acceptance by EMWD.

Hemet-San Jacinto Watermaster

By: _____
Linda Krupa
Chairperson

ATTEST:

Approved as to Form:

By: _____
Phil Paule
Board Secretary-Treasurer

By: _____
Thomas Bunn
General Counsel

EASTERN MUNICIPAL WATER DISTRICT

By: _____
Paul D. Jones II
General Manager

ATTEST:

Approved as to Form:

By: _____
Sheila Zelaya
Board Secretary

By: _____
Steven O'Neil
General Counsel

**EASTERN MUNICIPAL WATER DISTRICT/HEMET-SAN JACINTO WATERMASTER
HEMET/SAN JACINTO WATER MANAGEMENT PLAN AREA
ESTIMATED 2018 WATER RESOURCES MONITORING PROGRAM COSTS**

Description	Cost	Unit	No.	Units	Sub-Totals
1 - Groundwater Extraction Monitoring					
1.1 Data Collection					
1.1.1 Private Well Meters (1 man, 2 days per month) (60 wells - monthly)	\$1,400.00	per month	12	months	\$16,800.00
1.1.2 Private Well Estimates (39 wells - monthly)	\$98.00	per hour	12	hours	\$1,176.00
1.2 Data Entry					
1.2.1 Private Well Meters (60 wells - monthly)	(1)				
1.2.2 Subagency Wells (43 wells - monthly)	(1)				
1.2.3 Private Well Estimates (39 wells - monthly)	\$98.00	per hour	12	hours	\$1,176.00
1.3 Data Review, QA/QC, and Variance Resolution	\$98.00	per hour	12	hours	\$1,176.00
Annual Groundwater Extraction Monitoring Total Cost					\$20,328.00
2 - Groundwater Level Monitoring					
2.1 Data Collection					
2.1.1 Private Wells (15 wells per day - semi-annually) (190 wells)	\$700.00	per day for 1	26	days	\$18,200.00
2.2 Data Entry					
2.2.1 Private Wells (186 wells - semi-annually)	(1)				
2.2.2 Subagency Wells (51 wells - monthly)	(1)				
2.3 Data Review, QA/QC, and Variance Resolution	\$98.00	per hour	12	hours	\$1,176.00
Annual Groundwater Level Monitoring Total Cost					\$19,376.00
3 - Water Quality Monitoring					
3.1 Sample Collection					
3.1.1 Private Well Grab Samples (5 samples per day) (89 wells - annually)	\$700.00	per day for 1	18	days	\$12,600.00
3.1.2 Private Well Mobile Pump Samples (2 samples per day) (45 wells - annually)	\$700.00	per day for 1	23	days	\$16,100.00
3.2 Water Quality Laboratory Analysis					
3.2.1 Private Well Grab Samples	\$355.00	per sample	89	samples	\$31,595.00
3.2.2 Private Well Mobile Pump Samples	\$355.00	per sample	45	samples	\$15,975.00
3.3 Data Export from LIMS and Import to RWRD	\$98.00	per hour	12	hours	\$1,176.00
3.4 Data Review, QA/QC, and Variance Resolution	\$98.00	per hour	12	hours	\$1,176.00
Annual Water Quality Monitoring Total Cost					\$78,622.00
4 - Inactive Well Capping and Sealing					
4.1 Scheduling and Coordination of Installation (2 hours per well)	\$87.50	per hour	4	hours	\$350.00
4.2 Fabrication and Material	\$150.00	per well	2	wells	\$300.00
4.3 Installation (8 hours per well)	\$1,400.00	per day for 2	2	days	\$2,800.00
Annual Inactive Well Capping and Sealing Total Cost					\$3,450.00
5 - Meter Installation, Repair, and Replacement					
5.1 Schedule and Coordination of Installation (2 hours per well)	\$87.50	per hour	14	hours	\$1,225.00
5.2 Meter Replacement Cost (\$863-\$1239 per meter)	\$1,000.00	per meter	7	meters	\$7,000.00
5.3 Fabrication and Material	\$500.00	per well	7	wells	\$3,500.00
5.4 Labor (4 hours per meter)	\$175.00	per hour for 2	28	hours	\$4,900.00
Annual Meter Repair and Replacement Total Cost					\$16,625.00
6 - Data Management, Documentation, and Reporting					
6.1 Annual Report Data Compilation	\$98.00	per hour	40	hours	\$3,920.00
6.2 Annual Report Map and Graphic Generation	\$98.00	per hour	20	hours	\$1,960.00
6.3 Annual Report Preparation					
6.3.1 Prepare Draft Annual Report	\$149.33	per hour	20	hours	\$2,986.67
6.3.2 Address Review Comments from EMWD, TAC, and Watermaster Advisor	\$149.33	per hour	10	hours	\$1,493.33
6.3.3 Prepare Final Annual Report	\$149.33	per hour	10	hours	\$1,493.33
6.4 Annual Report Printing and Distribution (EMWD's XEROX Service)	\$12.00	0.08 per page * 150	35	reports	\$420.00
6.5 Annual Well Owners' Reports	\$98.00	per hour	20	hours	\$1,960.00
6.6 Meetings and Public Participation	\$149.33	per hour	24	hours	\$3,584.00
Annual Data Management, Documentation, and Reporting Total Cost					\$17,817.00
Annual Monitoring Program Total Cost					\$156,218.00

**EXHIBIT A
EASTERN MUNICIPAL WATER DISTRICT
FEE SCHEDULE**

(This fee schedule is subject to annual revisions due to labor adjustments.)

	<u>Hourly Rate</u>
MANAGERIAL	
Deputy General Manager (02002-DGM)	\$ 277.00
Assistant General Manager (02005-AGM)	258.00
Director (02030-97)	167.00
 ENGINEERS/TECHNICAL	
Senior Civil Engineer (22007-96)	156.00
Senior Engineering Geologist (28011-96)	156.00
Civil Engineer I/II (22027-94)	135.00
Water Res Planning Manager (28007-93)	125.00
Civil Engineering Associate I/II (22010-91)	109.00
Water Resources Technician III (28018-89)	94.00
Sr. Engineering Technician (22013-88)	87.00
Water Resources Technician II (28016-87)	81.00
 FINANCIAL	
Accounting Supervisor (06003-91)	109.00
Senior Accountant (06004-89)	94.00
Accountant (06005-88)	87.00
Accounting Operations Spvr (06007-86)	76.00
Accounting Technician I/II (06009-83)	66.00
 ADMINISTRATIVE	
Executive Assistant (18005-86)	76.00
Administrative Assistant I/II (18006-84)	69.00
 DIRECT EXPENSES	
Direct Costs	at cost

Legend: Position Title (Job Code-Salary Range)
 Hourly Rate = (Annual Salary[max range]) * (1.82 fully burdened) / (1,700 hrs/yr)



10 Appendices

10.1 Watermaster Board Meeting Minutes

10.2 Technical Advisory Committee Meeting Notes

10.3 Watermaster Agreements

10.4 Resolutions

10.5 Task Orders

10.6 Independent Auditor's Report

10.7 References

HEMET- SAN JACINTO WATERMASTER

REPORT ON AUDIT OF FINANCIAL STATEMENTS

December 31, 2018



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HEMET- SAN JACINTO WATERMASTER

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December 31, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hemet-San Jacinto Watermaster
Corona, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Hemet-San Jacinto Watermaster (the "Watermaster") as of and for the year ended December 31 2018, and the related notes to the financial statements, which collectively comprise the Watermaster's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the policies and procedures of the *State Controller's Office of Local Government Fiscal Affairs Minimum Audit Requirements for California Special Districts*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Watermaster's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Watermaster's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Watermaster as of December 31, 2018, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2019 on our consideration of the Watermaster's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Watermaster's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Watermaster's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP
Glendora, California
February 28, 2019

BOARD OF DIRECTORS

HEMET-SAN JACINTO WATERMASTER

BOARD OF DIRECTORS

December 31, 2018

Linda Krupa

Philip E. Paule

Bruce Scott

Frank Douglass Marshall III

Andrew Kotyuk

Chair

Secretary/Treasurer

Member

Member

Member

HEMET- SAN JACINTO WATERMASTER

MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2018

This discussion and analysis of Hemet-San Jacinto Watermaster's (the "Watermaster") financial performance provides an overview of the Watermaster's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the Watermaster's financial statements, which immediately follow this section.

Introduction and Background

The Hemet-San Jacinto Watermaster (Watermaster) was formed on April 18, 2013 in a judgement by the Riverside County Superior Court (case number 1207274). The function of the Watermaster is to monitor groundwater production, levy replenishment assessments, monitor water transfers, and establish future same yields to ensure one long-term sustainability of the basins within the Management area. The participating municipal agencies are the Eastern Municipal Water District, the Lake Hemet Municipal Water District, and the cities of Hemet and San Jacinto. The stipulated judgement establishes and prioritizes water rights, provides a physical way to eliminate overdrafts, and protects the water rights of the Soboba Band of Luiseño Indians.

The Watermaster, established by the Stipulated Judgment, is a board composed of one elected official and one alternate selected by each of the Public Agencies and one Private Pumper representative and one alternate selected by the participating Private Pumpers. The Stipulated Judgment also provides for a Technical Advisory Committee (TAC) composed of such managerial and technical representatives from the individual parties. Day to day activities are managed by the Advisor to Watermaster (Advisor). The Advisor is responsible for the administration and operations of the Management Plan Area under the provisions of the Stipulated Judgment and evaluates and analyzes data collected in the Management Area, develops conclusions based thereon, and makes recommendations to the Watermaster Board. The Watermaster retains independent legal counsel to provide such legal series as the Watermaster may direct.

The powers and duties of the Watermaster include making rules and regulations necessary for its own operations as well as for the operation of the Water Management Plan (Plan) and the Stipulated Judgment; the implementation of the Physical Solution; development and implementation of the Plan; planning and constructing facilities to accomplish the goals of the Stipulated Judgment; purchase of water for recharge; data collection; levying, billing and collection of all assessments provided for under the Stipulated Judgment; record keeping; and reporting to the Court.

Financial Highlights

- Total assets decreased as of December 31, 2018 by \$13,401 compared to 2017 and consisted of cash and accounts receivable.
- Total liabilities increased as of December 31, 2018 by \$88,661 compared to 2017 and consisted of accounts payable and accrued expenses.
- The Watermaster ended the year with a net position of \$882,118, a decrease from 2017 of \$102,062.

HEMET- SAN JACINTO WATERMASTER

MANAGEMENT DISCUSSION AND ANALYSIS December 31, 2018

- Current year assessments were \$459,221 compared to \$468,103 in the prior year.
- Operating expenses were \$562,727 compared to \$701,718 in the prior year.
- For the year ended December 31, 2018, the Watermaster recorded a decrease in net position of \$102,062 compared to a decrease in net position of \$232,172 for the year ended December 31, 2017.
- In the prior fiscal year ended December 31, 2017, the Watermaster recorded a prior year adjustment to net position which increased beginning net position by \$45,133.

Financial Management and Control

The Watermaster is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for preparation of financial statements in conformity with US generally accepted accounting principles (US GAAP).

CliftonLarsonAllen LLP, Certified Public Accountants, performs an independent audit examination of the financial statements in accordance with generally accepted auditing standards (GAAS).

Basic Financial Statements

Financial statements are prepared in conformity with US GAAP and include amounts based upon reliable estimates and judgments. The financial statements include the Statement of Net Position; Statement of Revenues, Expenses and Change in Net Position; and the Statement of Cash Flows. The statements are accompanied by footnotes to clarify unique accounting policies and other financial information and required supplementary information. The assets, liabilities, revenues, and expenses are reported on a full-accrual basis.

The **Statement of Net Position** presents information on all assets and liabilities, with the difference between the two representing net position. Assets and Liabilities are classified as current or non-current. Changes within the year in total net position as presented on the Statement of Net Position are based on the activity presented on the Statement of Revenues, Expenses and Change in Net Position.

The **Statement of Revenues, Expenses and Change in Net Position** presents information showing total revenues versus total expenses and how net position changed during the fiscal year. All revenues earned and expenses incurred during the year are required to be classified as either “operating” or “non-operating.” For the current year, all expenses incurred are considered to be operating. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in the disbursement or collection of cash during future fiscal years (e.g., the expense associated with changes in claim liability involving cash transactions beyond the date of the financial statements).

HEMET- SAN JACINTO WATERMASTER
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2018

The **Statement of Cash Flows** presents the changes in the cash and cash equivalents during the fiscal year. This statement is prepared using the direct method of cash flow. The statement breaks the sources and uses of cash and cash equivalents into two categories:

- Operating activities
- Investing activities

The routine activities appear in the operating activities, while receipts from investments comprise the investing activities.

The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of operations and significant accounting policies as well as clarify unique financial information.

Condensed Financial Statements

Condensed Statement of Net Position

	2018	2017	Change
Total Assets	\$ 1,457,665	\$ 1,471,066	\$ (13,401)
Total Liabilities	\$ 575,547	\$ 486,886	\$ 88,661
Net Position			
Unrestricted	\$ 882,118	\$ 984,180	\$ (102,062)
Total Net Position	\$ 882,118	\$ 984,180	\$ (102,062)

Total assets increased by \$13,401 primarily due to a decrease in accounts receivable that was offset by an increase in cash. Total liabilities increased \$88,661, primarily due to an increase in accrued liabilities for expenses related to the ongoing study of the Storage Program Evaluation project as well as accruals for In-Lieu Monitoring Program Support and Groundwater Monitoring Program.

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Watermaster, assets of the Watermaster exceeded liabilities by \$882,118 for the year ended December 31, 2018, reflecting a decrease in net position of \$102,062 compared to 2017.

HEMET- SAN JACINTO WATERMASTER
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2018

Condensed Statements of Revenues Expenses and Change in Net Position

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Operating revenues	\$ 459,221	\$ 514,165	\$ (54,944)
Prior year assessment credits	-	(46,062)	46,062
Non-operating revenues-interest	<u>1,444</u>	<u>1,443</u>	<u>1</u>
Total Revenues	460,665	469,546	(8,881)
Total Operating Expenses	<u>562,727</u>	<u>701,718</u>	<u>(138,991)</u>
Change in Net Position	<u>(102,062)</u>	<u>(232,172)</u>	<u>130,110</u>
Net Position - Beginning of Year			
Before restatement	984,180	1,171,219	(187,039)
Prior year restatement	<u>-</u>	<u>45,133</u>	<u>(45,133)</u>
Net Position - Beginning of Year as restated	<u>984,180</u>	<u>1,216,352</u>	<u>(232,172)</u>
Net Position - End of Year	<u><u>\$ 882,118</u></u>	<u><u>\$ 984,180</u></u>	<u><u>\$ (102,062)</u></u>

As of December 31, 2018, the Watermaster's total operating expenses exceeded its total revenues, resulting in a decrease in net position of \$102,062, primarily due to increases in expenses related to the In-Lieu Monitoring Program Support and Groundwater Monitoring Program. In addition, the Watermaster experienced a decrease in assessment revenues due to a decrease in water produced.

Operating Revenues:

Operating revenues for the Watermaster come from municipal agencies based on an administrative assessment. Each municipal agency contributes a \$30 per acre-foot charge levied for each acre-foot of adjusted Base Production Rights pumped.

Non-operating Revenues:

Non-operating revenues consist of interest earned on cash held by a financial institution.

Operating Expenses:

Operating expenses consist of costs incurred in connection with the monitoring and in-lieu program agreements and advisory services incurred in the operations of the Watermaster as well as other related studies. In addition, the Watermaster incurs general administrative, professional

HEMET- SAN JACINTO WATERMASTER
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2018

and legal services related to the ongoing activities of the Watermaster which are not part of the advisory services.

Budgetary Highlights

The Board of Directors approves the budget and establishes the administrative assessment. The preliminary budget is brought to the February board meeting. Any subsequent changes in assumptions or projections are incorporated in the final budget.

The following summary shows the comparative information and variance of budget versus actual revenues and expenses.

	Revised /Final Budget	Actual	Variance Favorable/ Unfavorable
Operating Revenues			
Assessments	\$ 519,110	\$ 459,221	\$ (59,889)
Total Operating Revenues	<u>519,110</u>	<u>459,221</u>	<u>(59,889)</u>
Operating Expenses			
In-Lieu program	211,000	213,824	2,824
Groundwater monitoring	156,220	137,481	18,739
Advisor	165,000	164,492	508
Dewatering	57,600	-	57,600
Database/ mapping	5,250	5,000	250
Legal services	30,000	16,645	13,355
Financial support services	8,500	5,937	2,563
Administrative support	14,000	9,881	4,119
Insurance, supplies and other	10,000	9,467	533
Total Operating Expenses	<u>657,570</u>	<u>562,727</u>	<u>100,491</u>
Net operating loss	<u>(138,460)</u>	<u>(103,506)</u>	<u>34,954</u>
Non operating revenues			
Interest	<u>-</u>	<u>1,444</u>	<u>1,444</u>
Change in net position	<u>(138,460)</u>	<u>(102,062)</u>	<u>36,398</u>
Net position, beginning of period	984,180	984,180	-
Net position, end of period	<u>\$ 845,720</u>	<u>\$ 882,118</u>	<u>\$ 36,398</u>

HEMET- SAN JACINTO WATERMASTER

MANAGEMENT DISCUSSION AND ANALYSIS

December 31, 2018

Description of Facts or Conditions that are expected to have a Significant Effect on Financial Position or Results of Operations

Management is unaware of any facts or conditions which could have a significant impact on the Watermaster's current financial position or foreseeable operating results. The Watermaster is currently recording operating expenses in excess of assessment revenues and is utilizing reserve funds to meet its obligations. In addition, the Watermaster will continue to evaluate the feasibility of various monitoring and program studies in order to commit resources in line with assessment revenue.

Contacting the Watermaster Financial Management

The financial report contained herein is designed to provide a general overview of the finances, activities and operations of the Watermaster. To obtain additional information, please feel free to contact the Hemet- San Jacinto Watermaster at (714) 794-5520.

FINANCIAL SECTION

HEMET- SAN JACINTO WATERMASTER

**STATEMENT OF NET POSITION
December 31, 2018**

ASSETS

	<u>2018</u>
Current Assets	
Cash and cash equivalents	\$ 1,371,015
Accounts receivable	<u>86,650</u>
Total Assets	<u><u>\$ 1,457,665</u></u>

LIABILITIES AND NET POSITION

Current Liabilities	
Accounts payable	\$ 35,400
Accrued liabilities	<u>540,147</u>
Total Liabilities	<u><u>575,547</u></u>
Net Position	
Unrestricted	<u>882,118</u>
Total Net Position	<u><u>882,118</u></u>
Total Liabilities and Net Position	<u><u>\$ 1,457,665</u></u>

See accompanying notes to the financial statements.

HEMET- SAN JACINTO WATERMASTER

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION For the Year Ended December 31, 2018

	<u>2018</u>
Operating Revenues	
Assessments	\$ 459,221
Total Operating Revenues	<u>459,221</u>
Operating Expenses	
In-Lieu program	213,824
Groundwater monitoring	137,481
Advisor	164,492
Database/ mapping	5,000
Legal services	16,645
Financial support services	5,937
Administrative support	9,881
Insurance, supplies and other	9,467
Total Operating Expenses	<u>562,727</u>
Net operating loss	<u>(103,506)</u>
Non operating revenues	
Interest	<u>1,444</u>
Change in net position	(102,062)
Net position, beginning of period	<u>984,180</u>
Net position, end of period	<u><u>\$ 882,118</u></u>

See accompanying notes to the financial statements.

HEMET-SAN JACINTO WATERMASTER

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2018

	<u>2018</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 604,563
Payment to suppliers and vendors	(474,066)
Net cash provided by operating activities	<u>130,497</u>
Cash Flows from Investing Activities	
Interest Received	1,447
Net cash provided by investing activities	<u>1,447</u>
Net increase in cash	131,944
Cash and cash equivalents, beginning of period	<u>1,239,071</u>
Cash and cash equivalents, end of period	<u><u>\$ 1,371,015</u></u>
Reconciliation of net operating loss to net cash used by operating activities	
Net operating loss	\$ (103,506)
Adjustments:	
Decrease in accounts receivable	145,342
Decrease in accounts payable	(3,309)
Increase in accrued expenses	91,970
Net cash provided by operating activities	<u><u>\$ 130,497</u></u>

See accompanying notes to the financial statements.

HEMET-SAN JACINTO WATERMASTER

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2018

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Hemet-San Jacinto Watermaster (Watermaster) was formed on April 18, 2013 in a judgement by the Riverside County Superior Court (case number 1207274). The function of the Watermaster is to monitor groundwater production, levy replenishment assessments, monitor water transfers, and establish future same yields to ensure one long-term sustainability of the basins within the Management area. The participating municipal agencies are the Eastern Municipal Water District, the Lake Hemet Municipal Water District, and the cities of Hemet and San Jacinto. The stipulated judgement establishes and prioritizes water rights, provides a physical way to eliminate overdrafts, and protects the water rights of the Soboba Band of Luiseño Indians.

Basis of Accounting and Measurement Focus

The Watermaster reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as Watermaster assessments result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal values. The principal operating revenues of the Watermaster are regulatory assessments to participating municipal water right holders.

Fund Accounting

The accounts of the Watermaster are organized on the basis of an enterprise fund, the operations of which are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenditures. The Watermaster's resources are allocated to and accounted for based upon the purpose for which they are spent and the means by which spending activities are controlled. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment In Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category. By order of the Stipulated Judgment, the Watermaster may not invest in any infrastructure. As of December 31, 2018, the Watermaster did not have any net investment in capital assets.

HEMET-SAN JACINTO WATERMASTER

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2018

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. As of December 31, 2018, the Watermaster did not have any restricted net position.

Unrestricted Net Position - This category represents net position of the Watermaster, not restricted for any project or other purpose.

The Watermaster considers restricted amounts to have first been spent when an expenditure is incurred for purposes for which both restricted and unrestricted net position are available.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents at December 31, 2018 consisted of cash deposited with a financial institution.

Accounts Receivable

The Watermaster considers accounts receivable to be fully collectible. Receivables are assessments due from participating municipal agencies.

Classification of Revenues

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues.

Operating revenues consist of administrative assessment fees from municipal agencies. Each municipal agency currently contributes \$30 per acre-foot charge levied for each acre-foot of adjusted Base Production Rights pumped.

Non- operating revenues consist of interest earned.

Operating expenses are those expenses that are essential to the primary operations of the fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

HEMET-SAN JACINTO WATERMASTER

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

NOTE 2: CASH AND INVESTMENTS

On December 31, 2018, the Watermaster had cash held in deposit accounts in a financial institution of \$1,400,731. Cash and investments are presented in the accompanying basic financial statements as cash and cash equivalents of \$1,371,015.

Investments Authorized by the California Government Code and the Watermaster's Investment Policy

The table shown herein identifies the investment types that are authorized by the Watermaster in accordance with the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate, credit risk and concentration of credit risk.

Authorized Maximum Investment type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S Treasury Obligations	5 years	None	None
U.S Agency Securities	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	\$ 250,000
California Local Agency Investments Fund (LAIF)	N/A	None	None

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that the GASB requires or permits in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of December 31, 2018, the Watermaster had no investments subject to fair value measurements under the fair value hierarchy as described above.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Watermaster's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits.

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by

HEMET-SAN JACINTO WATERMASTER

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2018

a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balances, up to \$250,000 as of December 31, 2018 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Watermaster's name. As of December 31, 2018, the Watermaster was fully compliant with the code and its internal investment policy.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-leader) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the Watermaster's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Local Agency Investment Fund).

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Watermaster may manage its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide cash flow requirements and liquidity needed for operations.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the Watermaster contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total Watermaster's investments.

HEMET-SAN JACINTO WATERMASTER

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2018

NOTE 3: TRANSACTIONS WITH RELATED PARTY

The function of the Watermaster is to monitor groundwater production, levy replenishment assessments, monitor water transfers, and establish future same yields to ensure one long-term sustainability of the basins within the Management area. One of the participating municipal agencies is the Eastern Municipal Water District (EMWD). In July 2013, the Watermaster entered into an agreement with EMWD wherein EMWD agreed to provide services including administrative, financial and technical support services (the Support Services Agreement). Prior to the establishment of the Watermaster through the Stipulated Judgment entered on April 18, 2013, EMWD had previously entered into agreements with municipal groundwater producers currently parties to the stipulated judgment to provide groundwater and surface water monitoring in the Hemet-San Jacinto Management Area for the years 2004 through 2013.

The Support Services Agreement provides that support services requested by the Watermaster shall be set forth in Task Orders and that compensation for the Task Orders shall be based on a Rate Schedule provided by EMWD setting forth the time and material rates and charges then in effect for services provided by EMWD and /or subcontractors. The Agreement terminates on December 31, 2018 and management believes the Agreement will be extended by the mutual consent of the Watermaster and EMWD.

The Watermaster may utilize other providers for the services currently provided by EMWD. During the year ended December 31, 2018, the Watermaster had accrued expenses of \$351,305 for In-Lieu program and groundwater monitoring services from EMWD. The liability to EMWD is included in accrued expenses reported in the financial statements.

OTHER INDEPENDENT AUDITORS' REPORT



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Hemet-San Jacinto Watermaster
Corona, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Hemet-San Jacinto Watermaster (the Watermaster), as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Watermaster's basic financial statements, and have issued our report thereon dated February 28, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Watermaster's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Watermaster's internal control. Accordingly, we do not express an opinion on the effectiveness of the Watermaster's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

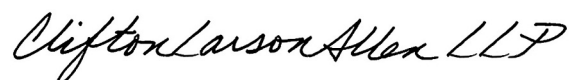
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Watermaster's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Watermaster's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP
Glendora, California
February 28, 2019

FINDINGS AND RESPONSES

HEMET-SAN JACINTO WATERMASTER
SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2018

There were no findings related to the basic financial statements for the year ended December 31, 2018.

HEMET-SAN JACINTO WATERMASTER

STATUS OF PRIOR YEAR FINDINGS

December 31, 2018

2017-001 RECONCILIATION AND CLOSING PROCESS

Finding: Our audit procedures revealed the lack of a systematic method wherein complete monthly closing procedures take place to ensure that revenues and expenses are accrued into the proper reporting period. A lack of specific closing procedures to ensure proper accruals may ultimately cause significant errors in the financial records and statements as well as allow possible irregularities, including fraud, to exist and continue without notice. We noted the following deficiencies:

- The accounts receivable balances were not properly identified as of December 31, 2017 and December 31, 2016, resulting in incorrect revenue recognition for 2017 and a prior year restatement for 2016. As a result, accounts receivable balances were not properly recorded.
- The accounts payable balances were not properly identified as of December 31, 2017 and the December 31, 2016 accounts payable balances were not properly reversed, resulting in expense recognition in the wrong periods. As a result, accounts payable balances were not properly recorded.

This condition resulted in a prior year restatement of net position and correction of misstatements in the current year financial statements.

Recommendation: Establish a system of closing procedures to ensure revenue and expenses are recorded in the proper period in order to prepare financial statements in accordance with US generally accepted accounting principles that are free from material misstatement.

Status:

Implemented.



10 Appendices

10.1 Watermaster Board Meeting Minutes

10.2 Technical Advisory Committee Meeting Notes

10.3 Watermaster Agreements

10.4 Resolutions

10.5 Task Orders

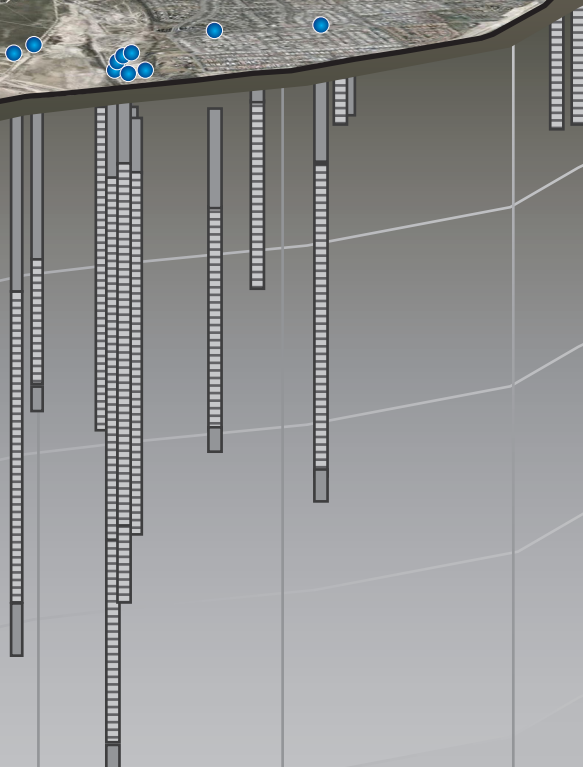
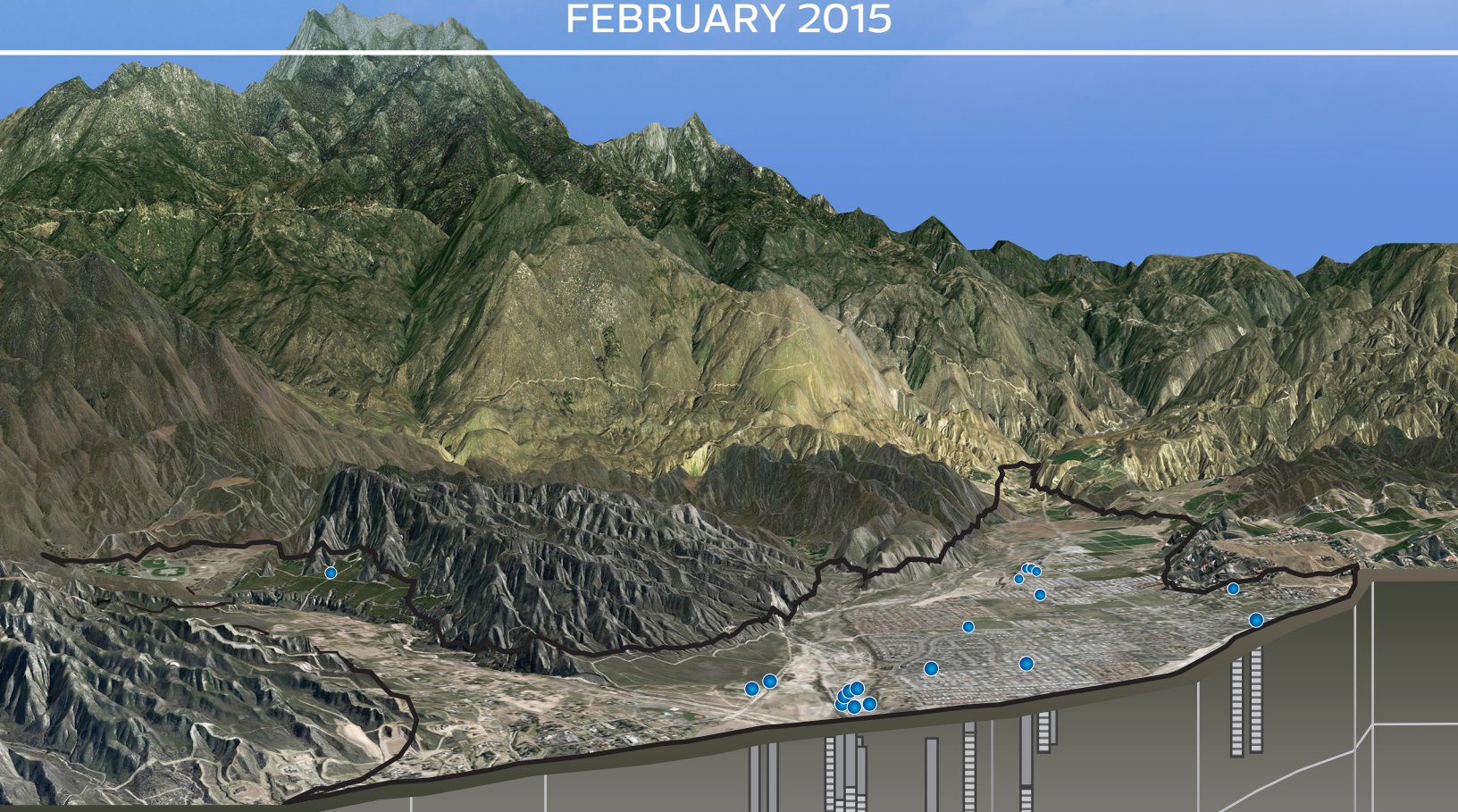
10.6 Independent Auditor's Report

10.7 References



CANYON OPERATING PLAN

FEBRUARY 2015



Prepared by:





Canyon Operating Plan Report

Prepared by:



February 2015

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Appendix

Appendix A -	Memorandum of Understanding
Appendix B -	Meeting Attendees
Appendix C -	Example Net Production Calculation

List of Abbreviations and Acronyms

AF	acre feet
AFY	acre feet per year
Basin Plan	Water Quality Control Plan for the Santa Ana River Basin
bgs	below ground surface
Canyon Sub-Basin	Canyon Groundwater Management Zone
CAM	Consultants, Attorneys, and Managers Committee
CASGEM	California Statewide Groundwater Elevation Monitoring
CDPH	California Department of Public Health
cfs	cubic feet per second
DWR	California Department of Water Resources
EMWD	Eastern Municipal Water District
ft	Feet
Judgment	Stipulated Judgment and Complaint
LHMWD	Lake Hemet Municipal Water District
Management Area	Hemet / San Jacinto Groundwater Management Area
MCL	maximum contaminant level
mg/l	milligrams per liter
MOU	Memorandum of Understanding - Operating Plan for the Canyon Sub-Basin
msl	mean sea level
OWTS	onsite wastewater treatment system
PC	Policy Committee
Plan	Canyon Operating Plan
RCFCWCD	Riverside County Flood Control and Water Conservation District
RWRD	Regional Water Resources Database
Santa Ana RWQCB	Santa Ana Regional Water Quality Control Board
SMCL	secondary maximum contaminant level
Soboba Tribe	Soboba Band of Luiseño Indians
State Water Board	State Water Resources Control Board
TAC	Technical Advisory Committee
TDS	total dissolved solids
USGS	United States Geological Survey
Watermaster	Hemet-San Jacinto Watermaster

Executive Summary

The Canyon Groundwater Management Zone (Canyon Sub-Basin) is located in the southeastern portion of the San Jacinto Basin of Riverside County, California (Figure ES-1). The groundwater resources of the Canyon Sub-Basin are utilized for beneficial uses by numerous stakeholders: the Soboba Band of Luiseño Indians (Soboba Tribe), Lake Hemet Municipal Water District (LHMWD), Eastern Municipal Water District (EMWD), and private pumpers. The need to develop the Canyon Operating Plan (Plan) came as a result of the Memorandum of Understanding - Operating Plan for the Canyon Sub-Basin (MOU) that is related to the Settlement Agreement between the Soboba Tribe and the local municipal agencies.

The Settlement Agreement established the Soboba Tribe groundwater production rights at 9,000 acre-feet per year (AFY) from Intake (as defined in the Settlement Agreement, generally the southern portion of the Upper Pressure Sub-Basin, including the portion adjacent to the Canyon Sub-Basin) and Canyon Sub-Basins (both within the Hemet/San Jacinto Groundwater Management Area), of which at least 3,000 AFY must be made available for production directly from the Canyon Sub-Basin. If the Canyon Sub-Basin supplies are inadequate to meet the Soboba Tribe's annual production allocation, then EMWD and LHMWD will be required to provide a supplemental water supply directly to the Soboba Tribe to satisfy production rights demands.

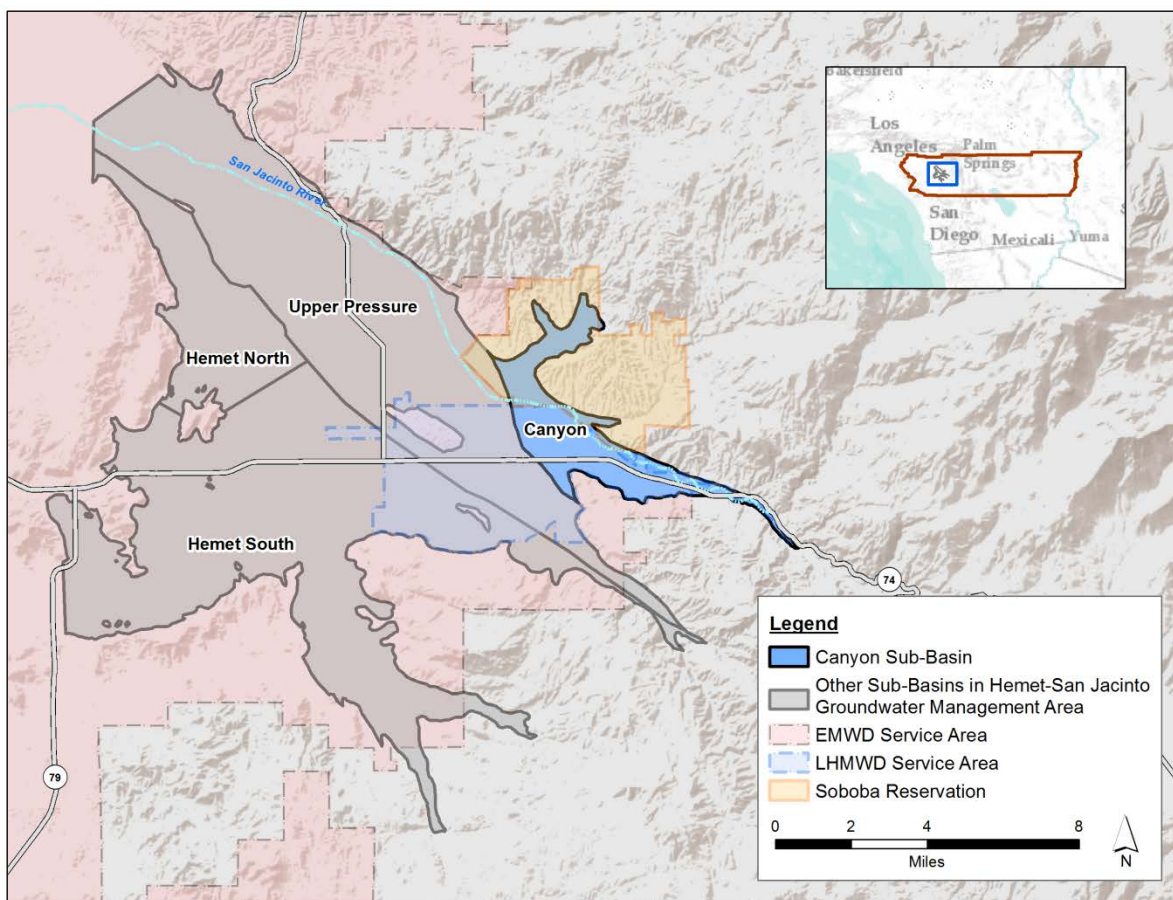


Figure ES-1: Location of Canyon Sub-Basin within the Hemet/San Jacinto Groundwater Management Area

In accordance with the requirements, EMWD, LHMWD, and the Soboba Tribe have a MOU to jointly develop this Canyon Operating Plan (see Appendix A). This plan was generated to meet the following goals.

- Guide and support responsible and sustainable water management
- Facilitate beneficial use of the basin and avoid shortages
- Document and analyze historical trends
- Provide trigger points and potential responses to low water levels in the basin
- Provide safe yield and storage curves
- Create a forum for open exchange of data between participants

In the event of conflict between the documents, this Plan is governed by the MOU and the Settlement Agreement between the Soboba Tribe and the local municipal agencies.

ES-1 Hydrology

Three surface water courses flow through the Canyon Sub-Basin and are important components of groundwater recharge. Poppet Creek and Indian Creek both feed into the San Jacinto River, which is the main water course in the Canyon Sub-Basin, flowing from the southeastern portion of the basin to the northwestern corner. The river is intermittent, generally flowing during the winter and spring months. Additional recharge occurs at the Soboba Pit, with water from the San Jacinto River system, and the Grant Avenue Ponds, with water from the State Water Project or the San Jacinto River system. The location of the Canyon Sub-Basin and the major hydrologic features are shown on Figure ES-2.

The Canyon Sub-Basin generally behaves as a closed groundwater basin, with the Claremont Fault a significant barrier to flow between the Canyon Sub-Basin and the Upper Pressure Sub-Basin until groundwater levels reach approximately 60 feet below grade. Significant flow can occur across the Claremont Fault when water levels are within 40 to 60 feet of the surface. Such conditions have historically occurred during wet periods when the Canyon Sub-Basin is fully saturated.

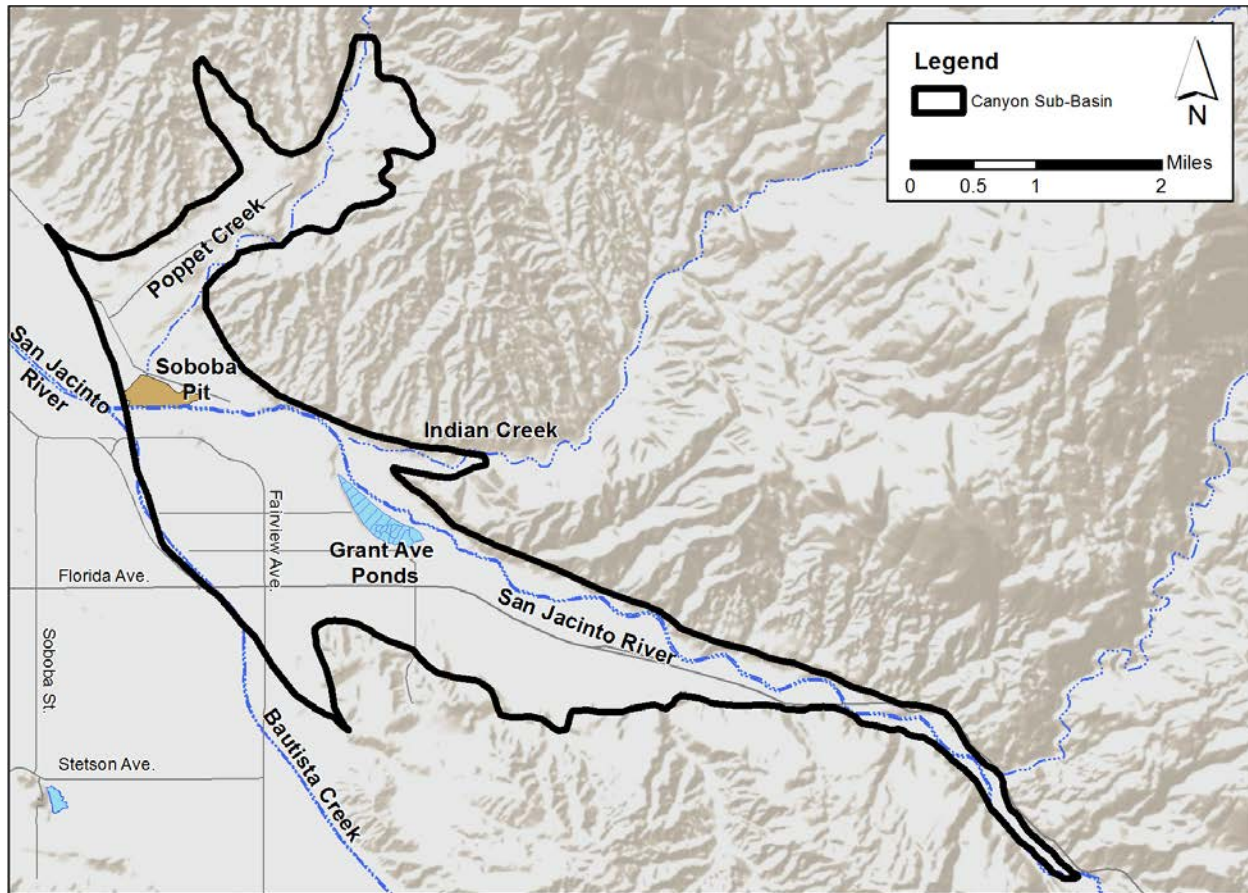


Figure ES - 2: Canyon Sub-Basin and Major Hydrologic Features

ES-2 Planning Yield

Planning Yield was developed for the sole purpose of managing groundwater in the Canyon Sub-Basin through this Plan. Planning Yield was defined by the Plan participants as:

A planning-level value representing the long term, average quantity of water supply in the Canyon Sub-Basin that can be produced without causing undesirable results, including the gradual reduction of natural groundwater in storage over long-term hydrologic cycles.

Based on this definition, Planning Yield was estimated through a water balance approach. The estimation considered each of the following inflows to and outflows from the groundwater system:

- Inflows
 - Precipitation Recharge
 - San Jacinto River Recharge
 - San Jacinto River Tributaries Recharge
 - Artificial Recharge (only water of local origin from the San Jacinto River, which occurs at Grant Avenue Ponds, was included in the analysis)
 - Agricultural Applied Water Recharge, including areas served by LHMWD and the Soboba Tribe

- Municipal and Industrial (M&I) Use Recharge, including sewerage areas served by LHMWD and areas with onsite wastewater treatment systems (OWTS or septic tanks) served by LHMWD and the Soboba Tribe
- Outflows
 - Groundwater Production
 - Subsurface Flow between Canyon and Upper Pressure

The change in groundwater in storage was estimated for each year within the recent, hydrologically balanced period of 1990 – 2012 by subtracting the volume of all outflows from the volume of all inflows. Annual Planning Yield estimates were then developed as the sum of the change in storage and the groundwater production during that year, as represented by the bars on Figure ES-3. Based on the definition and process above, the long-term estimate of Planning Yield was developed as the average value of the Annual Planning Yield estimates across the 1990 – 2012 time period: 10,100 AFY, as represented by the dashed line on Figure ES-3.

In addition to the long-term estimate of 10,100 AFY, the Annual Planning Yield estimates for the historical dry period of 1999 – 2002 were averaged to develop an estimate of dry period Planning Yield of 2,500 AFY, which was used to assist in defining the Critical Trigger, as discussed in ES-4.

Details of the analysis indicated that the bulk of recharge occurs from the San Jacinto River system (Figure ES-4) and the annual Planning Yield values were highly variable from year to year (Figure ES-3).

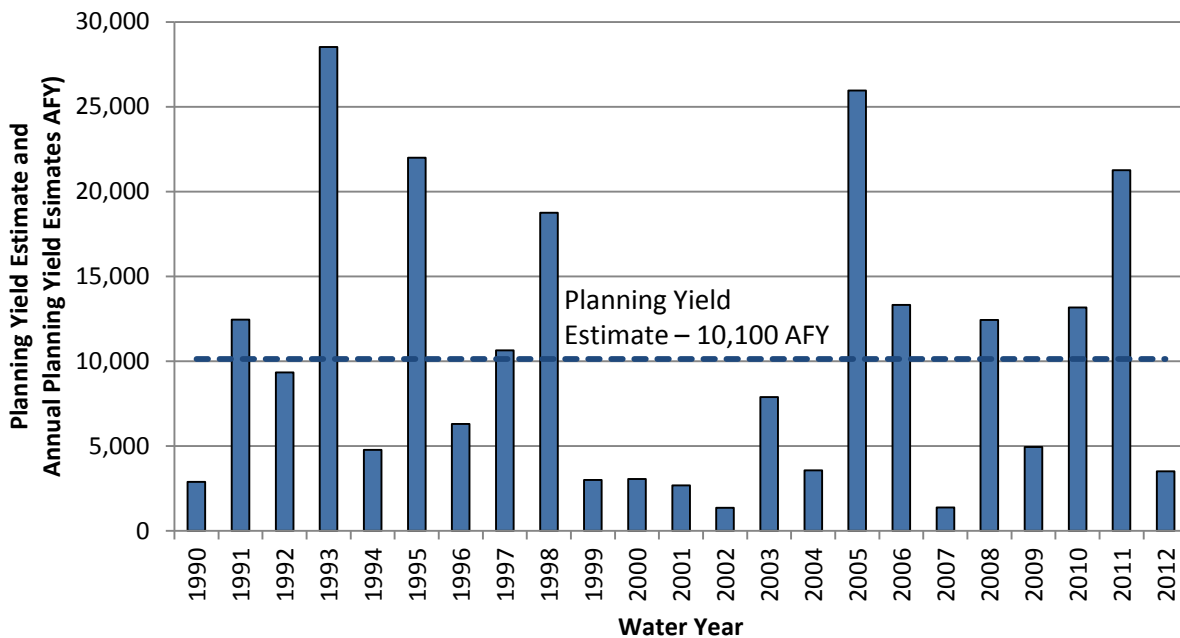


Figure ES - 3: Annual Variability within Planning Yield Estimate

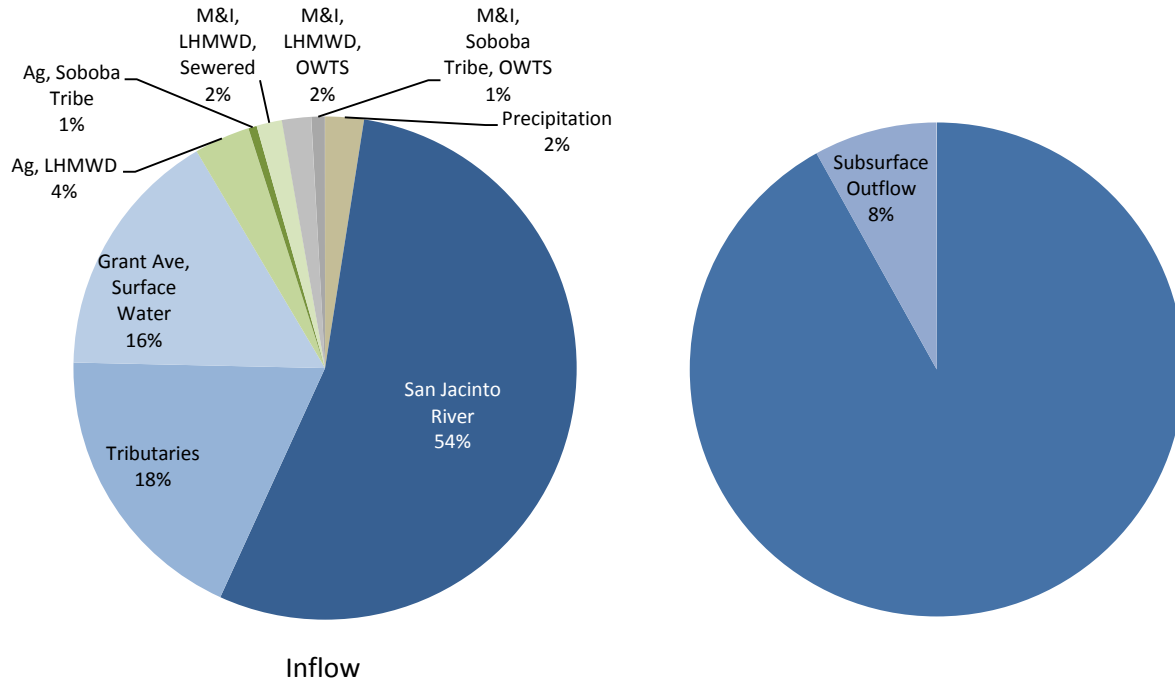


Figure ES - 4: Inflow and Outflow Components of Planning Yield

ES-3 Key Wells

To implement this Plan, three Key Wells were identified and will be monitored each spring for groundwater elevation. These Key Wells are the Soboba Tribe’s DW-03, EMWD’s Cienega 6, and LHMWD 16 (Figure ES-4). The three Key Wells were selected based on data availability and based on the historical relationship between groundwater elevations in the well and estimates of Planning Storage.

Every year on the first workday in April, the groundwater elevations at each Key Well will be measured and will be the basis to estimate basinwide Planning Storage in the Canyon Sub-basin for that year. The Planning Storage represents an estimate of groundwater in storage in the portion of the Canyon Sub-Basin aquifer that is readily accessible to groundwater wells. The groundwater elevation at each Key Well is related to an estimate of Planning Storage using a Planning Storage Curve. Basinwide Planning Storage is then estimated using a weighted average of the Planning Storage values at each of the three Key Wells, with a 50% weight for DW-03 and 25% weight for both Cienega 6 and LHMWD 16. The Planning Storage will be compared to the triggers defined herein that identify actions by the Participants.

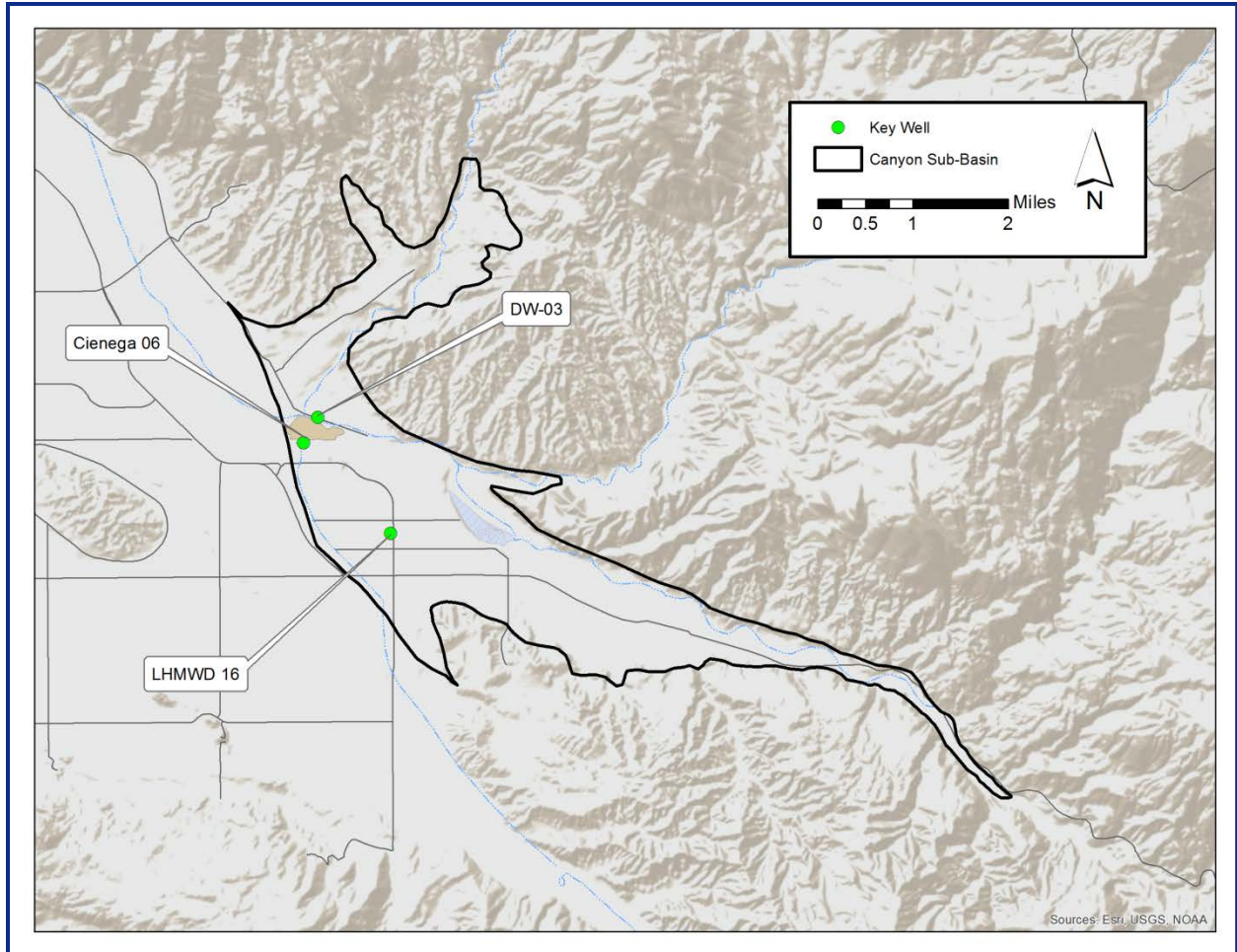


Figure ES - 5: Location of Key Wells

ES-4 Triggers and Actions

Triggers were developed to be protective of groundwater production for the Soboba Tribe wells, and other wells in the basin, while minimizing the operational impacts to EMWD and LHMWD, who would be required to reduce production, increase recharge, or supply supplemental water directly to the Tribe as a result of triggered actions. As an action level is triggered, EMWD and LHMWD may respond by reducing groundwater production or increasing recharge, or a combination of both. The result would be a change in Basinwide Net Production, which is defined as the difference between production and artificial recharge with imported water. Basinwide Net Production includes all artificial recharge by imported water, regardless of entity, and production by all wells, including private and Soboba Tribe wells. Actions to meet Basinwide Net Production trigger actions as part of this Plan will be taken by EMWD and LHMWD.

Triggers were developed for four different levels, resulting in increasingly aggressive responses should storage levels decline, and a more moderate response when storage levels are higher, as shown in Table ES-1 and Figure ES-5. As shown in Table ES-1, each trigger has an associated Planning Storage, which is estimated in April as described in section ES-3. The action was developed based on the Planning Yield Estimate and a planned recovery period. Moderate responses at relatively higher storage levels of the Proactive trigger were defined by using a Basinwide Net Production formula that would return the basin to 225,000 AF of Planning Storage over a 10-year period, given normal hydrology. More aggressive responses were defined for the Responsive and Near-Critical triggers by using a Basinwide Net Production formula that would return the basin to 225,000 AF of Planning Storage over a 4-year period, given normal hydrology. At the Critical trigger, there would be no Net Production of groundwater by EMWD and LHMWD from Canyon Sub-Basin, subject to certain limitations discussed below.

The ability to meet limitations defined through the trigger actions may not be possible at times due to insufficient available recharge water for the Canyon Sub-Basin and practical limits of the ability of agencies to shift to other alternative water sources. In situations where trigger actions cannot be met, the Participants would convene to discuss and coordinate options to optimize production for the Canyon Sub-Basin. Note that all recharge water must comply with Section 4.2 of the Settlement Agreement.

Table ES - 1: Triggers and Actions

Trigger Name	Planning Storage Trigger (AF)	Planned Recovery Period (Years)	Trigger Action: Basinwide Net Production (AF)
none	> 225,000	n/a	Unrestricted
Proactive	225,000 – 215,000	10	$10,100 - \left(\frac{225,000 - \text{Planning Storage}}{10} \right)$
Responsive	215,000 – 205,000	4	$10,100 - \left(\frac{225,000 - \text{Planning Storage}}{4} \right)$
Near Critical	205,000 – 197,000		
Critical	< 197,000	n/a	No Net Production of groundwater by EMWD and LHMWD from the Canyon Sub-basin, except as discussed in Subsection 6.3.3.5.

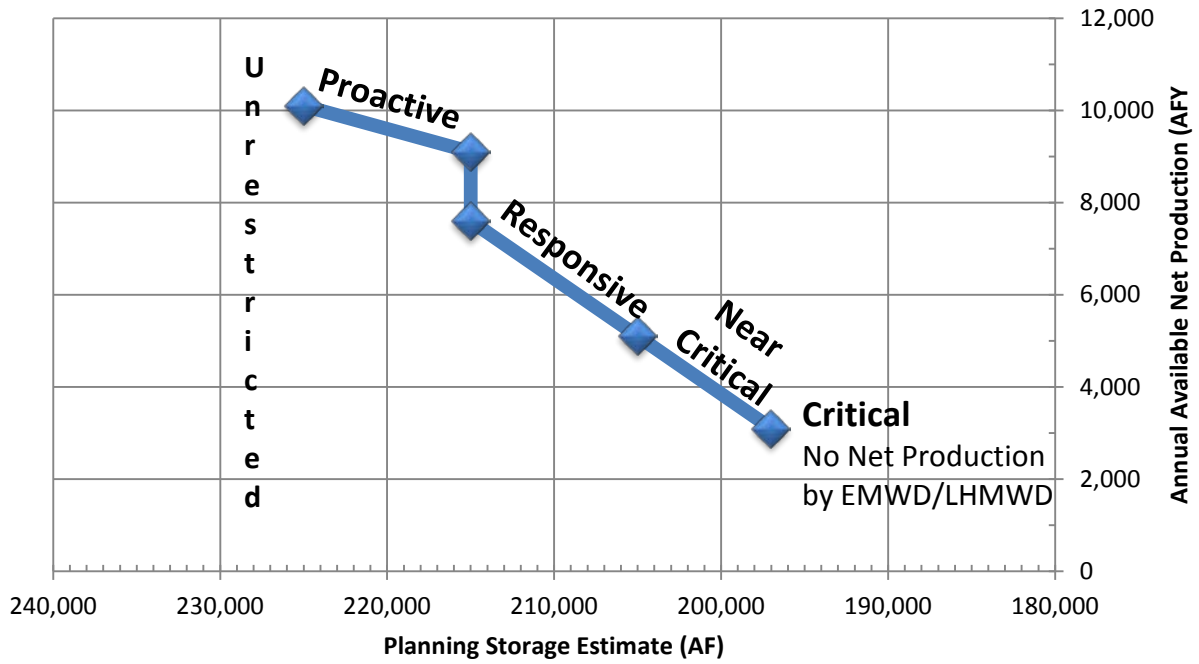


Figure ES - 6: Summary of Trigger Stages

ES-5 Plan Management

Management of the Plan includes regular monitoring, reporting, and updates of technical information and the Plan itself. Monitoring will be performed by the well owners and reported to the Reporting Entity, which is a working group of the Plan participants, led by EMWD. The Reporting Entity will be responsible for:

- Compiling data from the Key Well owners
- Circulating data to the Plan participants for confirmation
- Performing calculations to determine trigger status
- Identifying the trigger actions
- Documenting the above activities
- Documenting previous year's trigger actions, production, and recharge
- Circulating the documentation for review and comment
- Coordinating meetings and the sharing of the information with all Plan participants

It is anticipated that the plan itself will be updated periodically to ensure that the Canyon Sub-Basin is managed to provide the maximum benefit possible to the participants while still being protective of its long-term sustainability.

Section 1 Introduction

The Canyon Groundwater Management Zone (Canyon Sub-Basin) is located in the southeastern portion of the San Jacinto Basin of Riverside County, California. The groundwater resources of the Canyon Sub-Basin are utilized for beneficial uses by numerous stakeholders: the Soboba Band of Luiseño Indians (Soboba Tribe), Lake Hemet Municipal Water District (LHMWD), Eastern Municipal Water District (EMWD), and private pumpers. The need to develop the Canyon Operating Plan (Plan) came as a result of the Memorandum of Understanding - Operating Plan for the Canyon Sub-Basin (MOU) that is related to the Settlement Agreement between the Soboba Tribe and the local municipal agencies (see Appendix A).

The Settlement Agreement establishes the Soboba Tribe groundwater production rights at 9,000 acre-feet per year (AFY) from Intake (as defined in the Settlement Agreement, generally the southern portion of the Upper Pressure Sub-Basin, including the portion adjacent to the Canyon Sub-Basin) and Canyon Sub-Basins (both within the Hemet/San Jacinto Groundwater Management Area), of which at least 3,000 AFY must be made available for production directly from the Canyon Sub-Basin. If the Canyon Sub-Basin supplies are inadequate to meet the Soboba Tribe's annual production allocation, then EMWD and LHMWD will be required to provide a supplemental water supply directly to the Soboba Tribe. The more recent stipulated judgment between EMWD and the other basin rights holders allocates the remaining water rights in accordance with both the Hemet/San Jacinto Groundwater Management Area Water Management Plan and the Settlement Agreement.

In accordance with the requirements established in these documents, EMWD, LHMWD, and the Soboba Tribe have a MOU to jointly develop this Canyon Operating Plan. This Plan was generated to meet the following goals.

- Guide and support responsible and sustainable water management
- Facilitate beneficial use of the basin and avoid shortages
- Document and analyze historical trends
- Provide trigger points and potential responses to low water levels in the basin
- Provide safe yield and storage curves
- Create a forum for open exchange of data between participants

The development of the Plan was a collaborative process, with seven meetings attended by representatives of the Soboba Tribe, LHMWD, EMWD, and the Hemet-San Jacinto Watermaster (Watermaster). Meeting attendees are shown in Appendix B.

This Plan is intended to provide a framework for operating the Canyon Sub-Basin in a manner to avoid significant impacts to wells, including the Soboba Tribe wells, thus avoiding the costs associated with supplemental water delivery to the Soboba Tribe. Active management is intended to meet this goal while minimizing the impacts to EMWD, LHMWD, and their ratepayers. Minimization of impacts includes utilization of imported water from the State Water Project to be recharged in the Canyon Sub-Basin at the Grant Avenue Ponds. This usage of imported water for recharge to meet the goals of the Plan is particularly important to LHMWD, whose approval of the Plan is contingent on this ability to recharge. EMWD will support making such recharge at Grant Avenue Ponds a viable and low cost method of sustaining Canyon groundwater levels.

In the event of conflict between the documents, this Plan is governed by the MOU and the Settlement Agreement between the Soboba Tribe and the local municipal agencies.

Section 2 Basin Description

A brief introduction to the legal and institutional setting and the conceptual geology is provided below for background purposes.

2.1 Legal and Institutional Setting

2.1.1 Hemet/San Jacinto Groundwater Management Area

The Canyon Sub-Basin is located within the Hemet/San Jacinto Groundwater Management Area (Management Area), which is in the western portion of Riverside County, California, within the San Jacinto River Watershed, and includes the Cities of San Jacinto and Hemet, as well as the unincorporated areas of Winchester, Valle Vista, and Cactus Valley. The Management Area encompasses approximately 90 square miles and overlies four groundwater management zones: the Canyon, San Jacinto Upper Pressure, Hemet South, and the Hemet North portion of Lakeview/Hemet North. The location of the Canyon Sub-Basin within the larger Management Area is shown in Figure 2-1. (EMWD, 2014).

In June 2001, a memorandum of understanding between the California Department of Water Resources (DWR) and the local agencies was executed to cooperatively formulate a comprehensive water management plan for the Management Area. A Groundwater Policy Committee (PC) comprised of elected officials representing the Cities of Hemet and San Jacinto, LHMWD, EMWD, and representatives

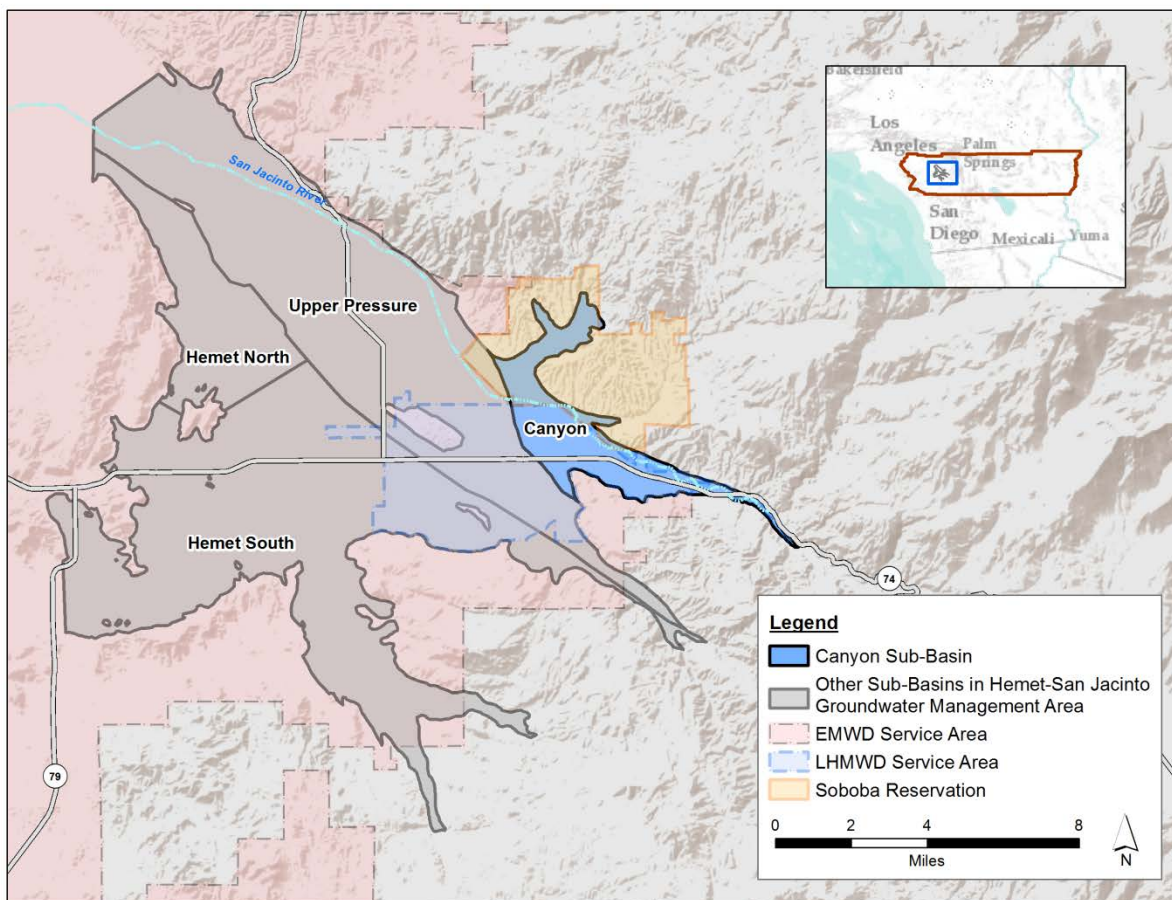


Figure 2-1: Location of Canyon Sub-Basin within the Hemet/San Jacinto Groundwater Management Area

of the private groundwater producers was formed. To evaluate available information, the PC formed a Technical Advisory Committee (TAC) to compile, share, interpret, and reach agreement on data; define problems; and provide guidance. The PC also formed the Consultants, Attorneys, and Managers (CAM) Committee to develop contractual agreements, side agreements, and memorandums of understanding; evaluate the financial impacts on the community; and provide administrative or policy recommendations to the PC. DWR acted as a facilitator for the PC and brought in an outside consultant to assist the TAC and CAM.

Through a collaborative effort, the TAC developed the data set that provided the basis for understanding the area's hydrology and identified potentially feasible initiatives, programs, and projects to enhance the dependable yield of the groundwater management zones. The PC and CAM analyzed, discussed, and debated issues of concern that had been on the table for half a century without resolution. The Water Management Plan was released in November 2007.

The Water Management Plan, adopted by the governing bodies of the Water Management Plan participants, has eight primary goals:

- Address groundwater production overdraft and declining groundwater levels
- Provide for Soboba Band of Luiseño Indians' prior and paramount water rights
- Ensure reliable water supply
- Provide for planned urban growth
- Protect and enhance water quality
- Develop cost-effective water supply
- Provide adequate monitoring for water supply and water quality
- Supersede the Fruitvale Judgment and Decree

The groundwater safe yield of the Management Area was estimated to be 40,000 to 45,000 AFY as reported in the Water Management Plan (WRIME, 2007). The estimate was partially based on a study of Operational Yield (WRIME, 2003), which was defined as the long-term withdrawal from the groundwater basin not exceeding natural and artificial recharge to the basin. The Water Management Plan also estimated the long-term basin overdraft to be at least 10,000 acre feet (AF).

In April 2013, a Stipulated Judgment (Judgment), Case Number RIC 1207274, was entered with the Superior Court of the State of California for the County of Riverside, creating the Watermaster. The Watermaster Board replaced the PC as the governing body for the Management Area and is comprised of elected officials representing the Cities of Hemet and San Jacinto, LHMWD, EMWD, and a representative for the private groundwater producers. The Watermaster adopted the Water Management Plan at the April 22, 2013 meeting of the Watermaster Board.

2.1.2 Water Quality Control Plan for the Santa Ana River Basin

The Canyon Sub-Basin is located within the jurisdiction of the Santa Ana Regional Water Quality Control Board (Santa Ana RWQCB), whose Water Quality Control Plan for the Santa Ana River Basin (Basin Plan) sets water quality standards for the ground and surface waters of the region. For Canyon Sub-Basin groundwater, these standards include water quality objectives for total dissolved solids (TDS) of 230 mg/l and for nitrate (as nitrogen) of 2.5 mg/l (Santa Ana RWQCB, 2011). These water quality objectives are lower than elsewhere in the Management Area and reflect the high quality of groundwater in the Canyon Sub-Basin.

2.1.3 California Statewide Groundwater Elevation Monitoring Program

DWR's Bulletin 118 includes the Canyon Sub-Basin within the San Jacinto Groundwater Basin. DWR administers the California Statewide Groundwater Elevation Monitoring (CASGEM) program, which mandates a statewide groundwater elevation monitoring program to track seasonal and long-term trends in groundwater elevations in California's groundwater basins. This monitoring is performed through

collaboration between local monitoring entities and DWR. EMWD is the designated monitoring entity for the San Jacinto Basin, meaning that it has voluntarily taken responsibility for coordinating groundwater level monitoring and data reporting for the CASGEM program.

2.2 Conceptual Geology

The Canyon Sub-Basin is bounded on the west by the Claremont Fault and is otherwise bounded by the San Jacinto Mountains. The Claremont Fault is a significant barrier to flow between the Canyon Sub-Basin and the Upper Pressure Sub-Basin until groundwater levels reach approximately 60 feet below grade, with groundwater levels typically more than 200 feet higher in the Canyon Sub-Basin than in the Upper Pressure Sub-Basin. The fault is not a barrier to flow in the more recent deposits within approximately the upper 40 to 60 feet of the subsurface. Historically, the area in the Canyon Sub-Basin above the Claremont Fault was subject to rising water caused by the low-conductivity fault and the significant recharge from the San Jacinto River above the fault. These conditions resulted in the area being termed the “ciénega,” or “swamp” in Spanish. Alluvium from the San Jacinto River and its tributaries are the primary water-bearing materials in the basin, with the deeper Bautista Formation yielding lower volumes of water. The maximum depth of the alluvial basin is not known, as bedrock has not been encountered in any of the wells in the central portion of the basin. Significant faulting and folding complicates the basin geology, particularly within the Bautista Formation, as shown in Figure 2-2 and Figure 2-3 (with location information shown in Figure 2-4), represented by Onderdonk (2012). This faulting and folding is thought to result in rising groundwater in portions of the alluvial aquifer, noted by increases in riparian vegetation along the San Jacinto River.

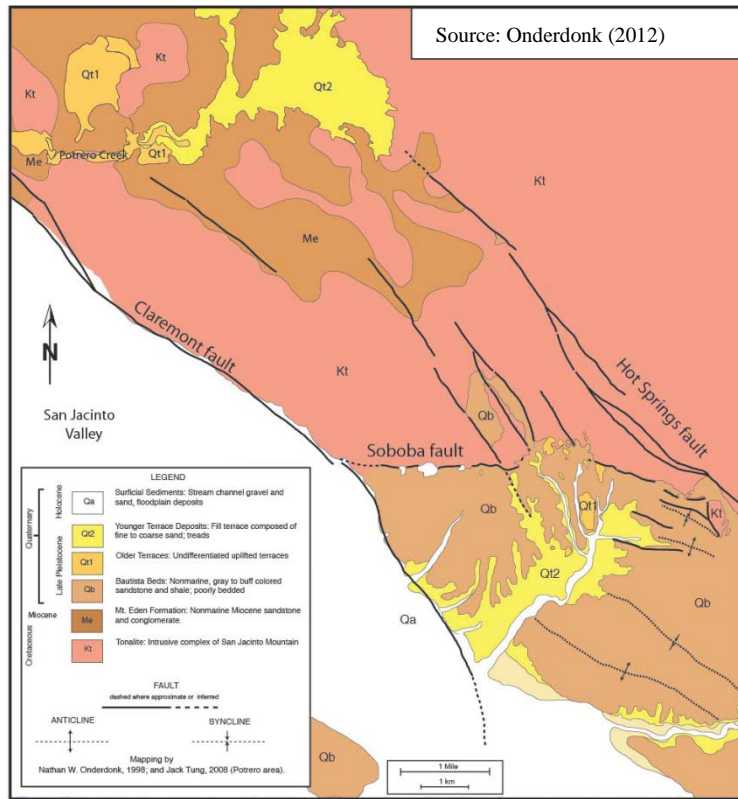


Figure 2-2: Canyon Sub-Basin Area Geologic Map, Northwestern Portion

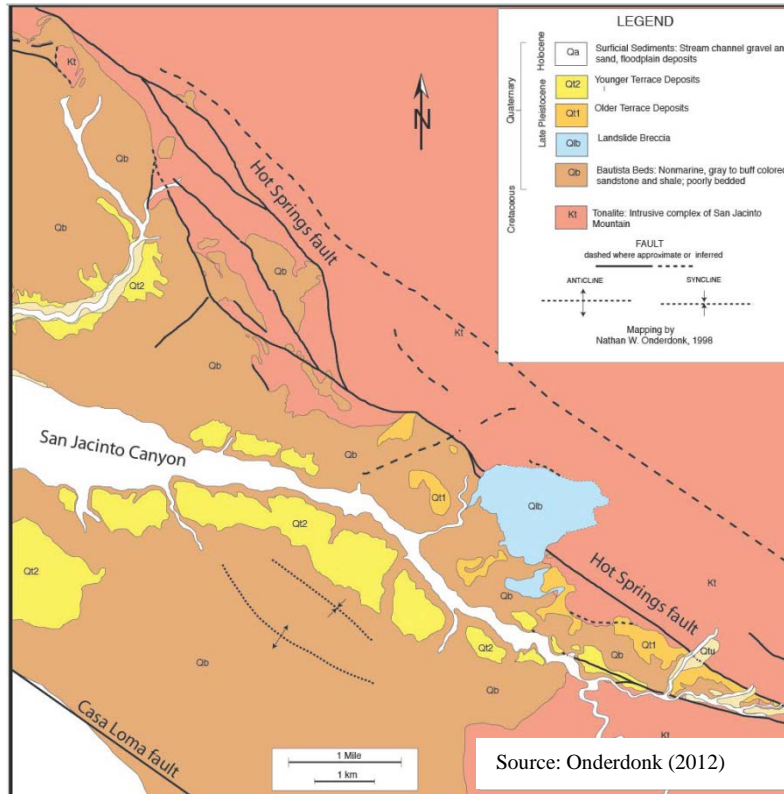


Figure 2-3: Canyon Sub-Basin Area Geologic Map, Southeastern Portion

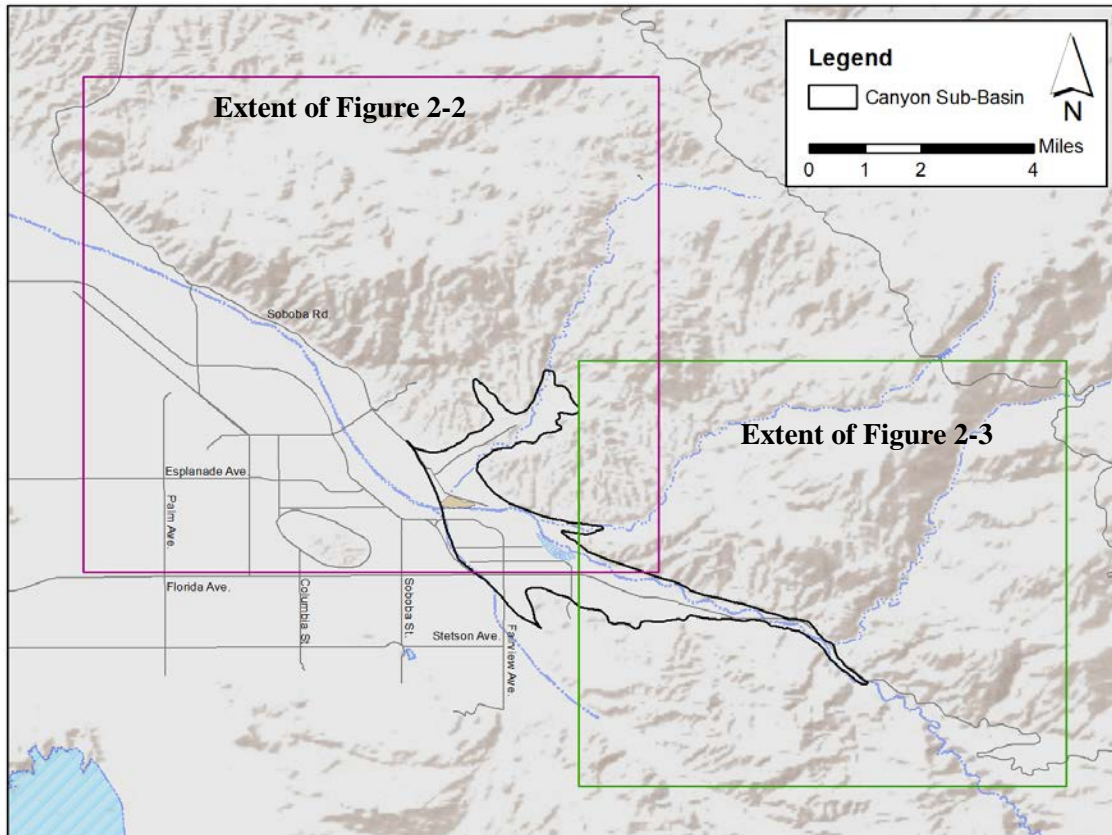


Figure 2-4: Location of Geologic Maps

Section 3 Current and Historical Conditions

A description of current and historical conditions is provided below for surface hydrology, groundwater production, groundwater levels, and groundwater quality. Data are presented for the full period of record for surface water flow, precipitation, and groundwater elevation. Data for groundwater production and groundwater quality are presented for 1984 - 2013 as these local data sources are generally of higher quality and of higher frequency during this period. Additionally, the 1984 – 2013 time period includes the “Near-Term Average” time period utilized in a previous study of Operational Yield (WRIME, 2003), 1984 – 2001.

3.1 Surface Hydrology

3.1.1.1 Rivers and Streams

Three surface water courses flow through the Canyon Sub-Basin and are important components of groundwater recharge. Poppet Creek and Indian Creek both feed into the San Jacinto River (see Figure 3-1), which is the main water course in the Canyon Sub-Basin, flowing from the southeastern portion of the basin to the northwestern corner. The river is intermittent, generally flowing during the winter and spring months. Both LHMWD and EMWD retain surface water diversion rights from the San Jacinto River.

Streamflow has been measured on the San Jacinto River at two locations in and near the Canyon Sub-Basin: an upstream location at the Cranston Gauge (United States Geological Survey [USGS] Gauge Number 11069500) and a downstream location at the State Street Gauge (USGS Gauge Number 11070150). Details of these gauges are provided in Table 3-1, and the locations are shown in Figure 3-2. Photographs of the Cranston Gauge and the State Street Gauge are shown in Figure 3-3 and Figure 3-4, respectively. Gauges have also measured streamflow at several locations over time on Bautista Creek, which is slightly outside of the Canyon Sub-Basin and is tributary to the San Jacinto River upstream of the State Street Gauge.

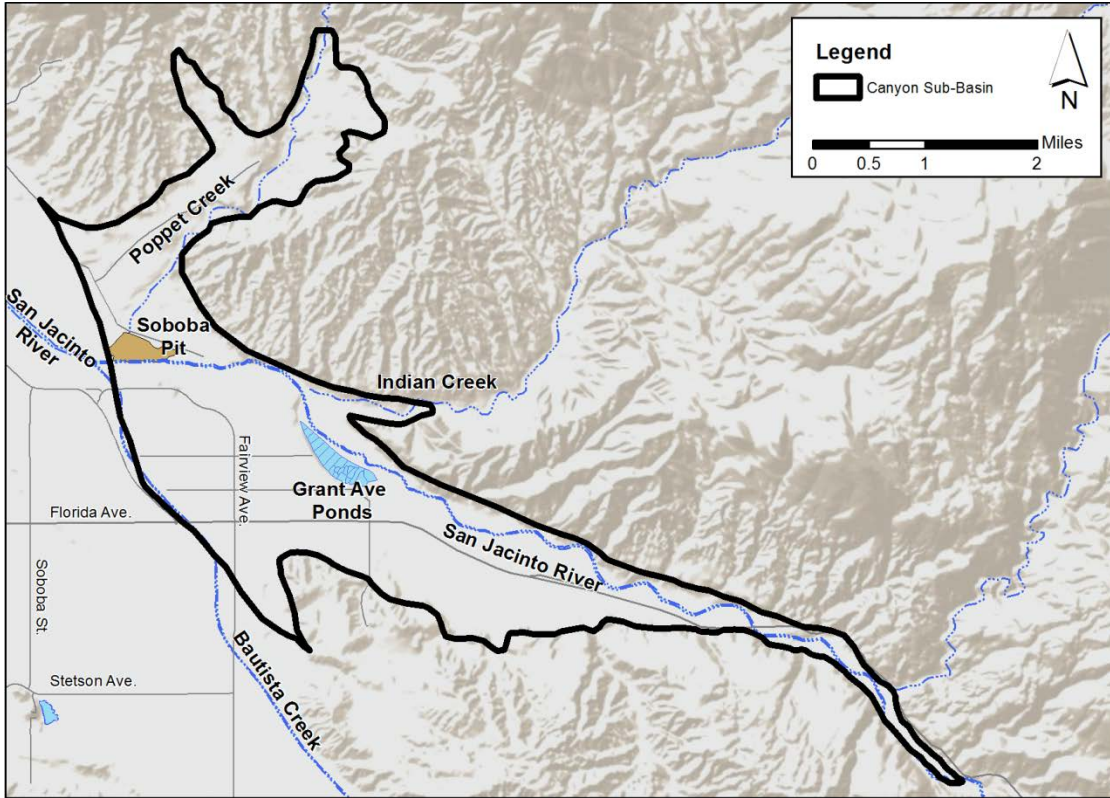


Figure 3-1: Major Hydrologic Features

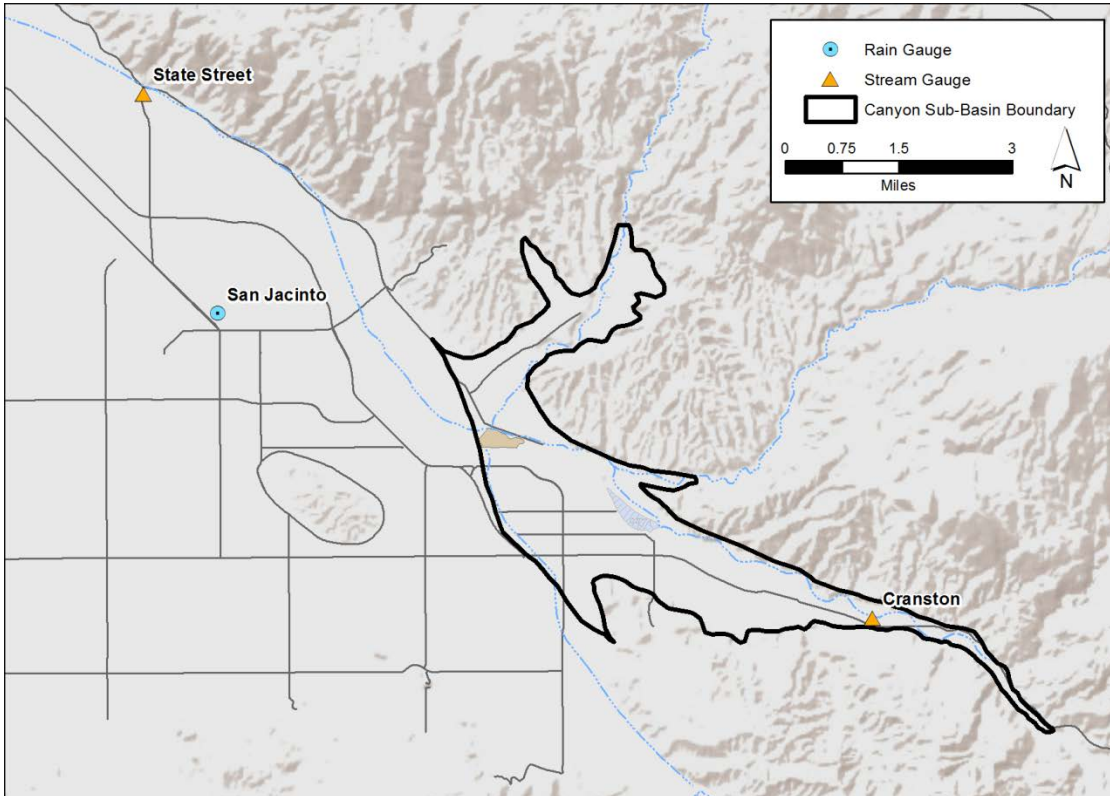


Figure 3-2: Streamflow and Rain Gauge Locations

Table 3-1: Canyon Sub-Basin Area Streamflow Gauges

USGS Gauge Number	USGS Gauge Name	Local Name	Period of Record, Stream Discharge
11069500	SAN JACINTO R NR SAN JACINTO	Cranston Gauge	October 1920 to September 1991, October 1996 to current year.
11070150	SAN JACINTO R AB STATE STREET NR SAN JACINTO CA	State Street Gauge	October 1996 to September 2006, October 2006 to current year, stage only



Figure 3-3: Cranston Gauge



Figure 3-4: State Street Gauge

Streamflow measured at the Cranston Gauge is highly variable, both seasonally and from year-to-year. Figure 3-5 shows this variability, with significantly higher streamflows in the spring, little streamflow in the fall, and variability between years. While the Cranston Gauge is the best available source of streamflow data in this area, the USGS (2014) indicates that the records are poor and the Plan participants question the accuracy of the data.

Streamflow in the San Jacinto River is significantly lower downstream of the Canyon Sub-Basin. This is shown through flows recorded at the upstream (Cranston Gauge) and downstream (State Street Gauge) gauges, particularly during low-flow conditions, as presented in Figure 3-6 based on data from the USGS (2014). In the ten year shared period of record, only 4 months recorded total flows above 10 cubic feet per second (cfs) at the State Street Gauge, while during the same period the Cranston Gauge recorded 26 months above 10 cfs. This is the case even though the State Street Gauge also captures flow from the Bautista Creek watershed. Much of the streamflow seen at the Cranston Gauge recharges groundwater prior to reaching the State Street Gauge, largely within the Canyon Sub-Basin streambed or in the Soboba Pit. The Soboba Pit captures all but the highest flows and allows for this water to recharge groundwater. The location of the Soboba Pit is shown in Figure 3-1 and a photograph of the pit during dry periods (January 2014) is shown in Figure 3-7.

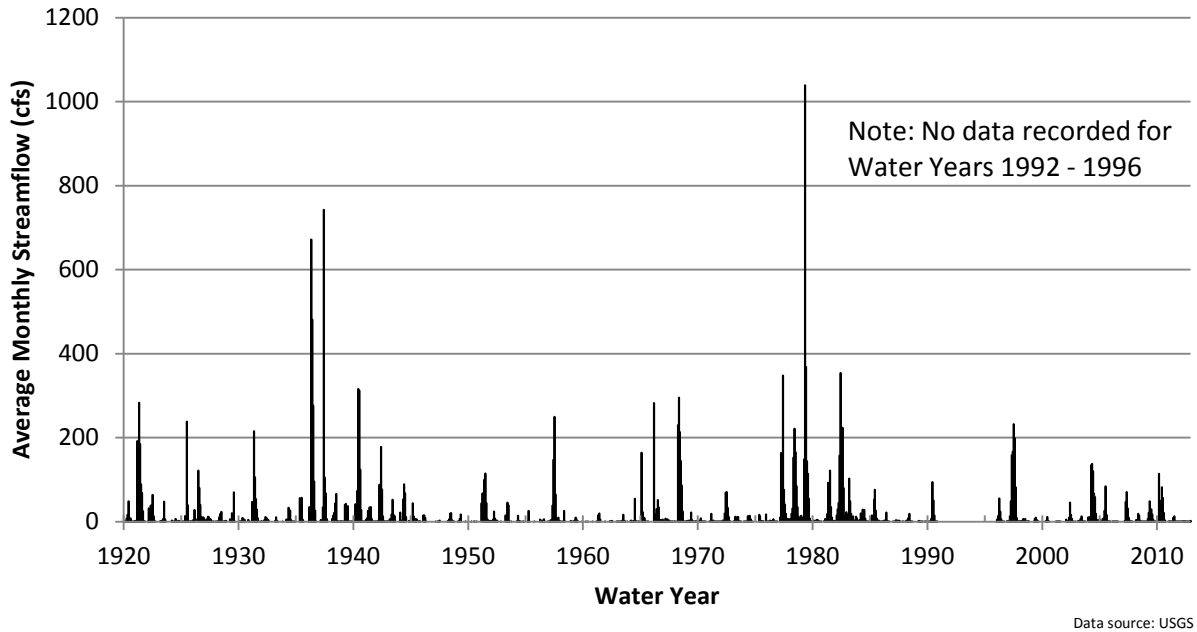


Figure 3-5: Historical San Jacinto River Streamflow, Cranston Gauge, 1920 – 1991 and 1997 - 2013

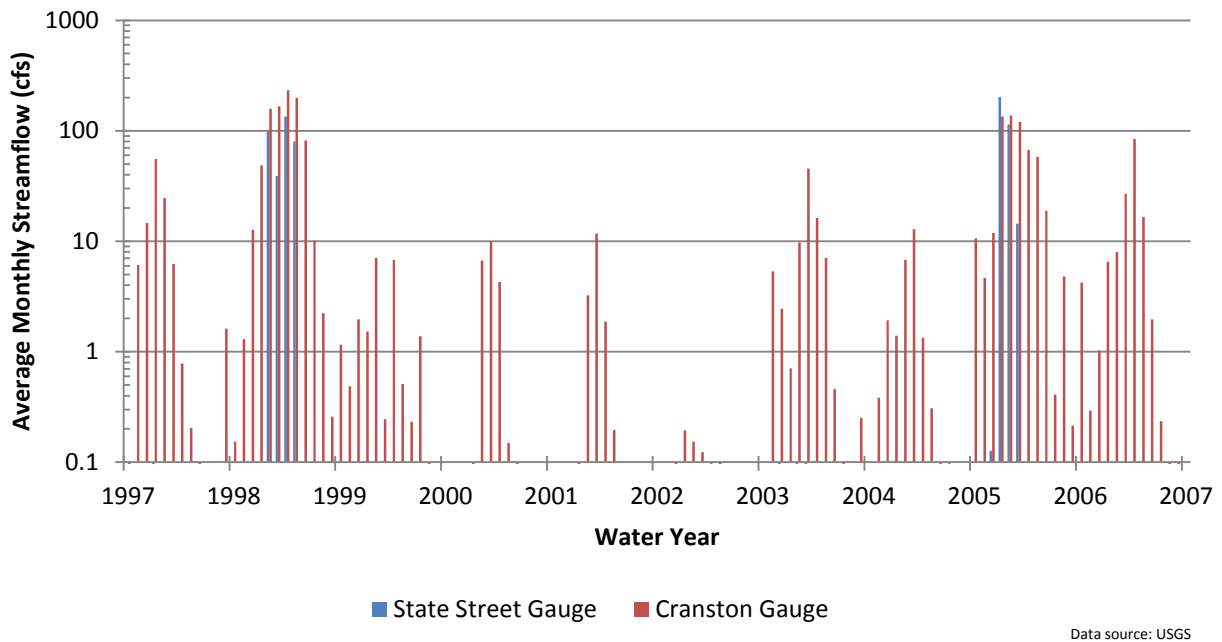


Figure 3-6: Historical San Jacinto River Streamflow, State Street Gauge, 1997 - 2006



Figure 3-7: Soboba Pit

3.1.1.2 Precipitation

Like much of Riverside County, Canyon Sub-Basin is a semi-arid environment, with a long-term average rainfall of 12.8 inches per year as recorded at the Riverside County Flood Control and Water Conservation District's (RCFCWCD) San Jacinto gauge (#186) (see Figure 3-2). Due to orographic influences, precipitation on the valley floor within the Canyon Sub-Basin is likely somewhat lower than that recorded at the San Jacinto gauge and precipitation in the mountainous watershed is significantly higher (see Figure 3-8). This higher level of precipitation in the upper watershed contributes to the importance of stream recharge to the groundwater system. Precipitation is variable from year to year, and recent years have been generally dry, with 8 years out of the 10 year period from 2004 – 2013 recording rainfall below the long-term average (see Figure 3-9).

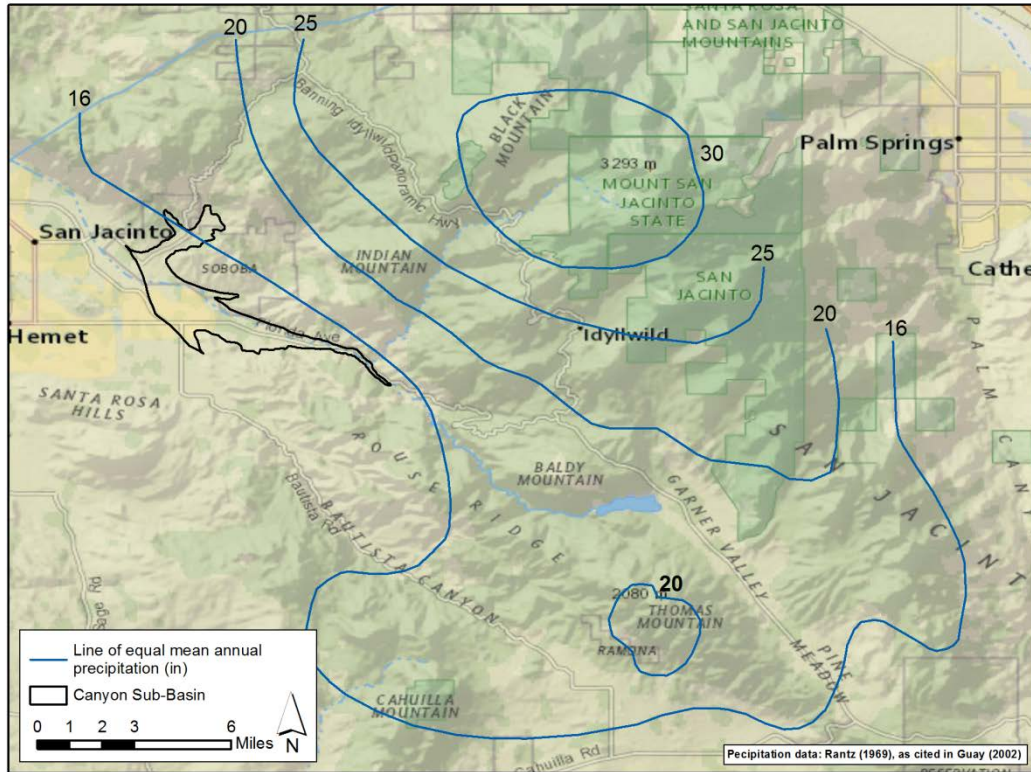


Figure 3-8: Distribution of Average Annual Precipitation

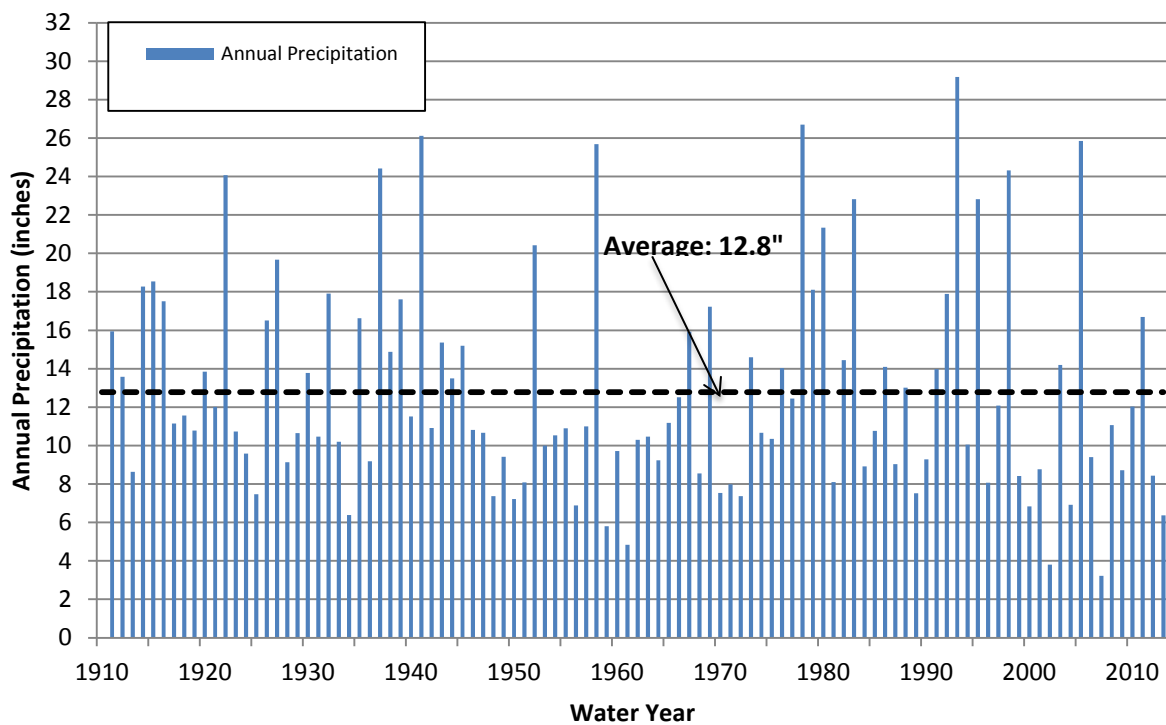


Figure 3-9: Annual Precipitation, San Jacinto Gauge

3.1.1.3 Recharge

The primary source of recharge to the Canyon Sub-Basin is through natural recharge from streams and precipitation and return flows from agricultural and municipal users. At times, artificial recharge at the Grant Avenue Recharge Ponds has also contributed to the basin. EMWD retains surface water diversion rights from the San Jacinto River and periodically diverts water to the Grant Avenue Ponds. Imported water can also be recharged at the ponds, although this resource is not always available due to limited supplies. Water is not recharged at the basins every year, as shown in Figure 3-10. The location of the Grant Avenue Ponds is shown on Figure 3-1.

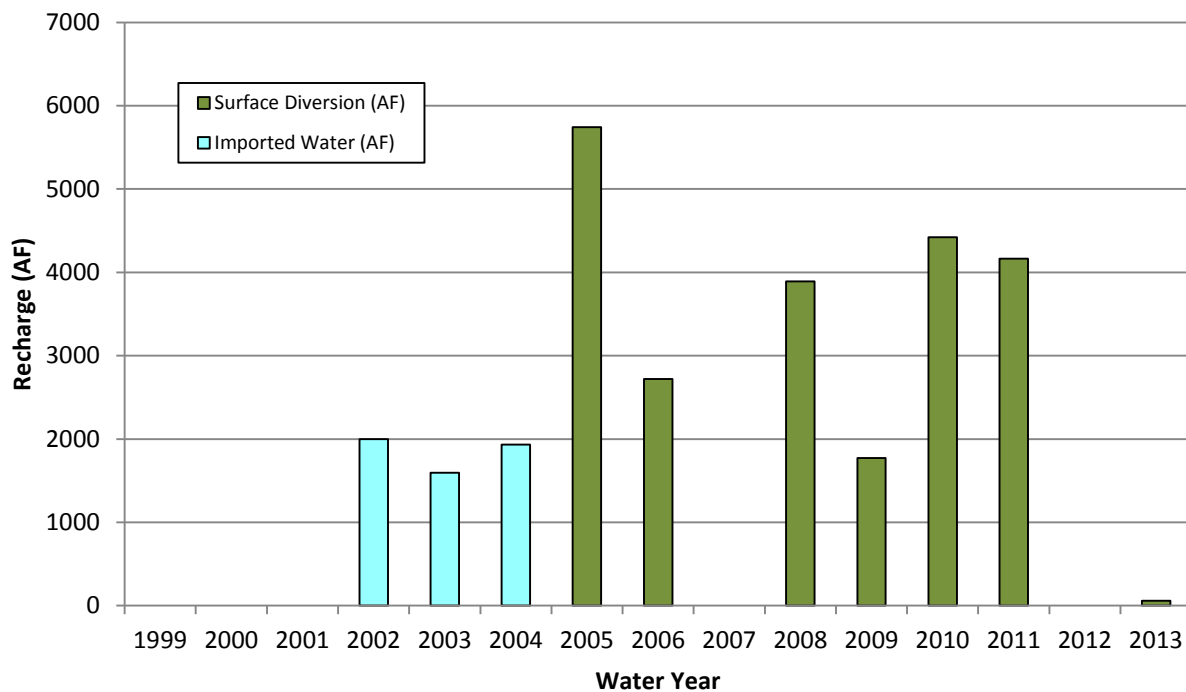


Figure 3-10: Recharge to Grant Avenue Ponds (1999 - 2013)

3.2 Groundwater Production

The Canyon Sub-Basin has four major groundwater producers with a combined 24 production wells active during the 1984 – 2013 period, as shown in Figure 3-11. Figure 3-12 shows the production and monitoring wells in the basin. These wells are owned and operated by EMWD, LHMWD, the Soboba Tribe, and several private pumpers. Groundwater production rates in the basin have fluctuated over time, with peak production rates occurring during water years 1986, 1997, and 2006, and subsequent reduction in production, as seen in Figure 3-13. With the exception of the year 2013, groundwater production in the basin has been declining since 2006. The production values may continue to decrease as EMWD and LHMWD are required by stipulated judgment to reduce Adjusted Production Rights¹ of native water by up to 10% per year until the estimated safe yield levels are achieved within the overall Management Area.

¹ Adjusted Production Rights are water rights of a Public Agency or participant as set forth in the stipulated judgment.

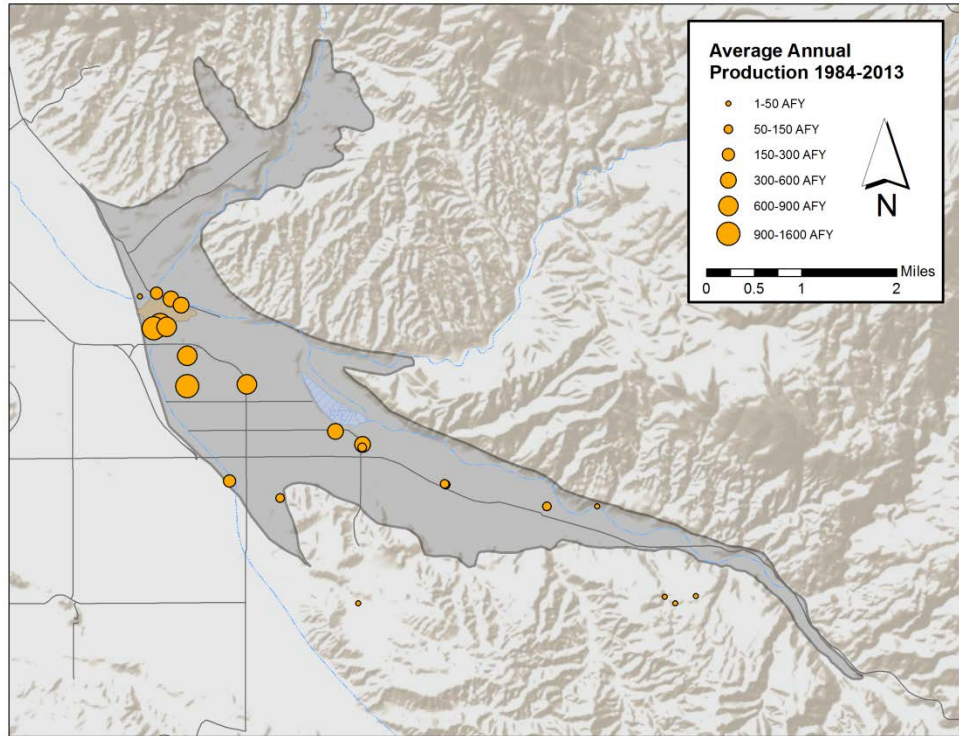


Figure 3-11: Groundwater Production Wells in Canyon Sub-Basin

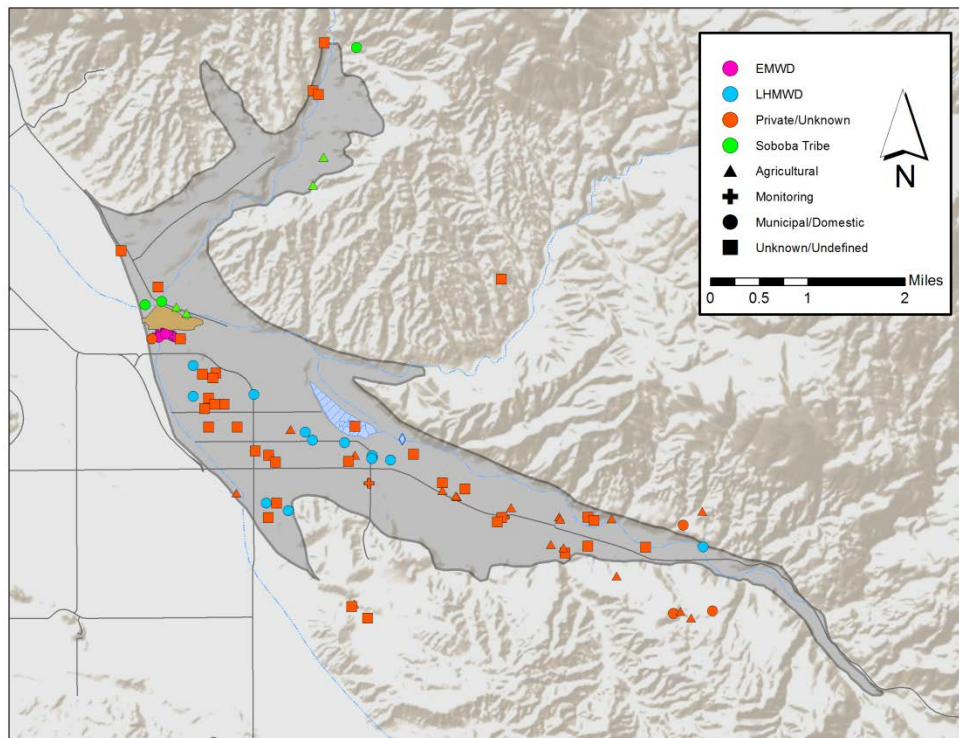


Figure 3-12: Groundwater Wells in Canyon Sub-Basin

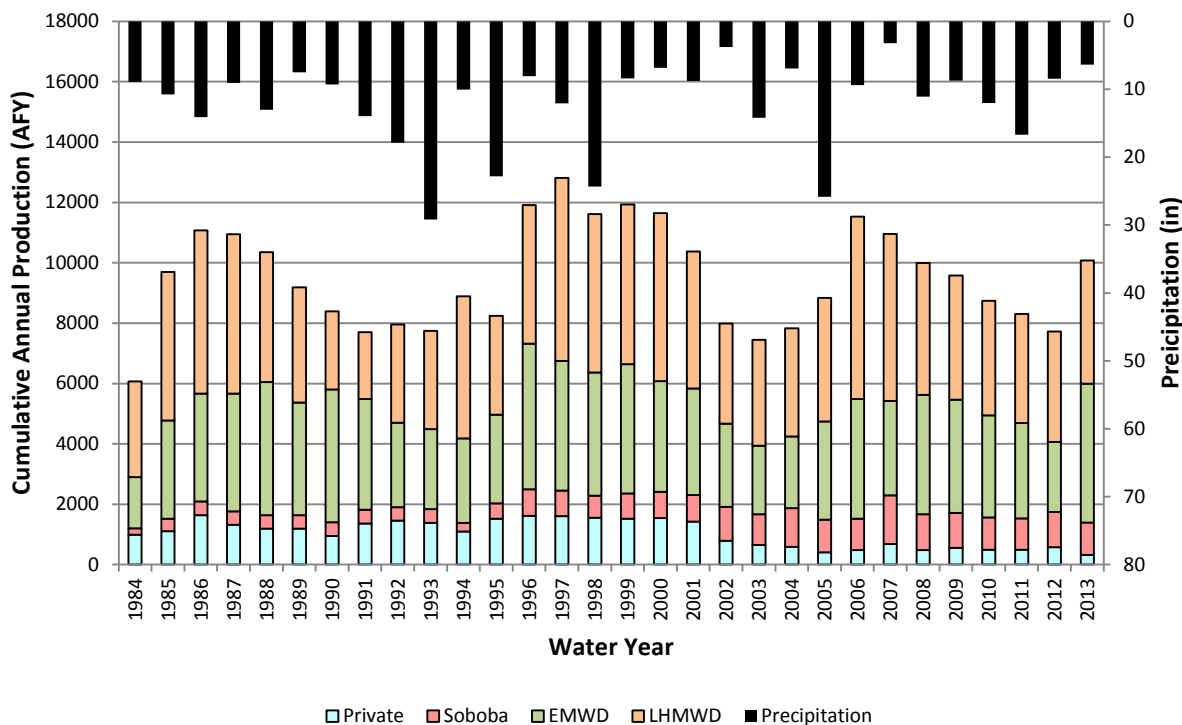


Figure 3-13: Historical Production in the Canyon Sub-Basin (1984 - 2013)

On average, EMWD and LHMWD produce the majority of the groundwater from the basin, averaging approximately 3,400 AFY and 4,200 AFY, respectively, over the 1984 to 2013 period. This amounts to approximately 80% of the average groundwater produced in the basin. From 1984 to 2013, EMWD and LHMWD production volumes have remained generally constant, while the Soboba production has increased over time, based on statistical analysis using the Mann-Kendall test². Private pumpers displayed the opposite trend with decreasing production during this time.

Typically, all producers have higher production rates during the summer months when water demands are high and decrease production during the winter months. Table 3-2 provides average production rates in the basin from 1984 to 2013. The 1984 to 2013 time period is presented due to the significantly better data record for groundwater production available starting around 1984.

Table 3-2: Groundwater Production Wells and Average Production Rates, 1984 - 2013

Producer	Wells	Average Production from 1984 - 2013 (AFY)
EMWD	3	3,448
LHMWD	7	4,240
Soboba Tribe	4	770
Private Pumpers	10	1,033
Total	24	9,491

² Mann-Kendall analysis is a data trend analysis tool to determine if the values of a variable generally increase or decrease over a period of time in statistical terms (Helsel & Hirsch, 1992). Parametric or non-parametric statistical tests can be used to decide whether there is a statistically significant trend.

3.3 Groundwater Elevation

Groundwater elevations within Canyon Sub-Basin respond rapidly to changing hydrologic conditions in the basin. Trend analysis over the 1984 – 2013 time period was performed for 30 wells with sufficient groundwater elevation data using the Mann-Kendall test, with results presented Table 3-3. Eleven wells displayed a negative trend, all of which were EMWD or LHMWD wells. Thirteen wells exhibited no trend, and six wells showed an increasing trend. The Soboba and private pumper wells typically had no trends in water elevation data or recorded an increase in elevations. In general, these wells had shorter historical periods and may not capture the full hydrologic conditions for 1984 – 2013.

Hydrographs are presented in Figure 3-14 and Figure 3-15, which generally show groundwater levels decreasing from 1987 to 1992, when California was experiencing a drought, followed by a recovery back to near the elevations prior to the drought period. However, many wells show groundwater elevations declining again with the next dry period, starting around 1999.

Table 3-3: Groundwater Elevation Trends in Canyon Sub-Basin Wells, 1984 - 2013

Decreasing Elevations	No Trend	Increasing Elevations
EMWD 05 Cienega	EMWD 07 Cienega	EMWD 34 Cienega
EMWD 06 Cienega	EMWD 17 Cienega	LHMWD 15
EMWD 08 Cienega	LHMWD 01	Soboba DW 03
EMWD 26 Cienega	LHMWD 01A	Soboba DW 04
LHMWD 02	LHMWD Georgiana	McMillan Acacia
LHMWD 03	Soboba DW 01	Washburn Pepper Tree
LHMWD 04	Soboba IW 02	
LHMWD 05	Fruitvale MWC	
LHMWD 06	Howard, G. S.	
LHMWD 10	Lindquist, R.	
LHMWD 14	Lypps	
	McMillan Bee Canyon	
	Washburn Grant/Florida	

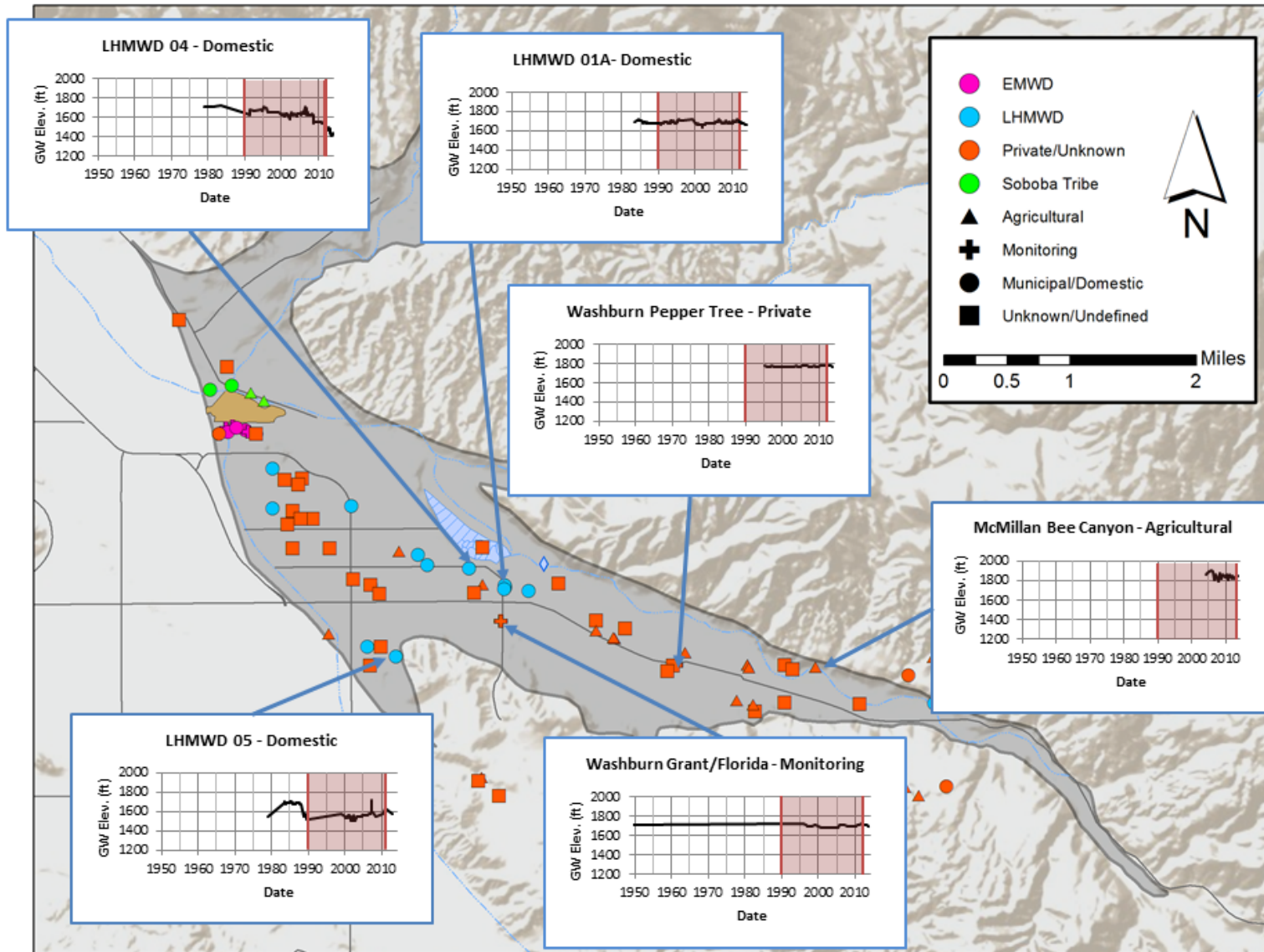


Figure 3-14: Hydrographs for Select Wells in the Canyon Sub-Basin (1 of 2)

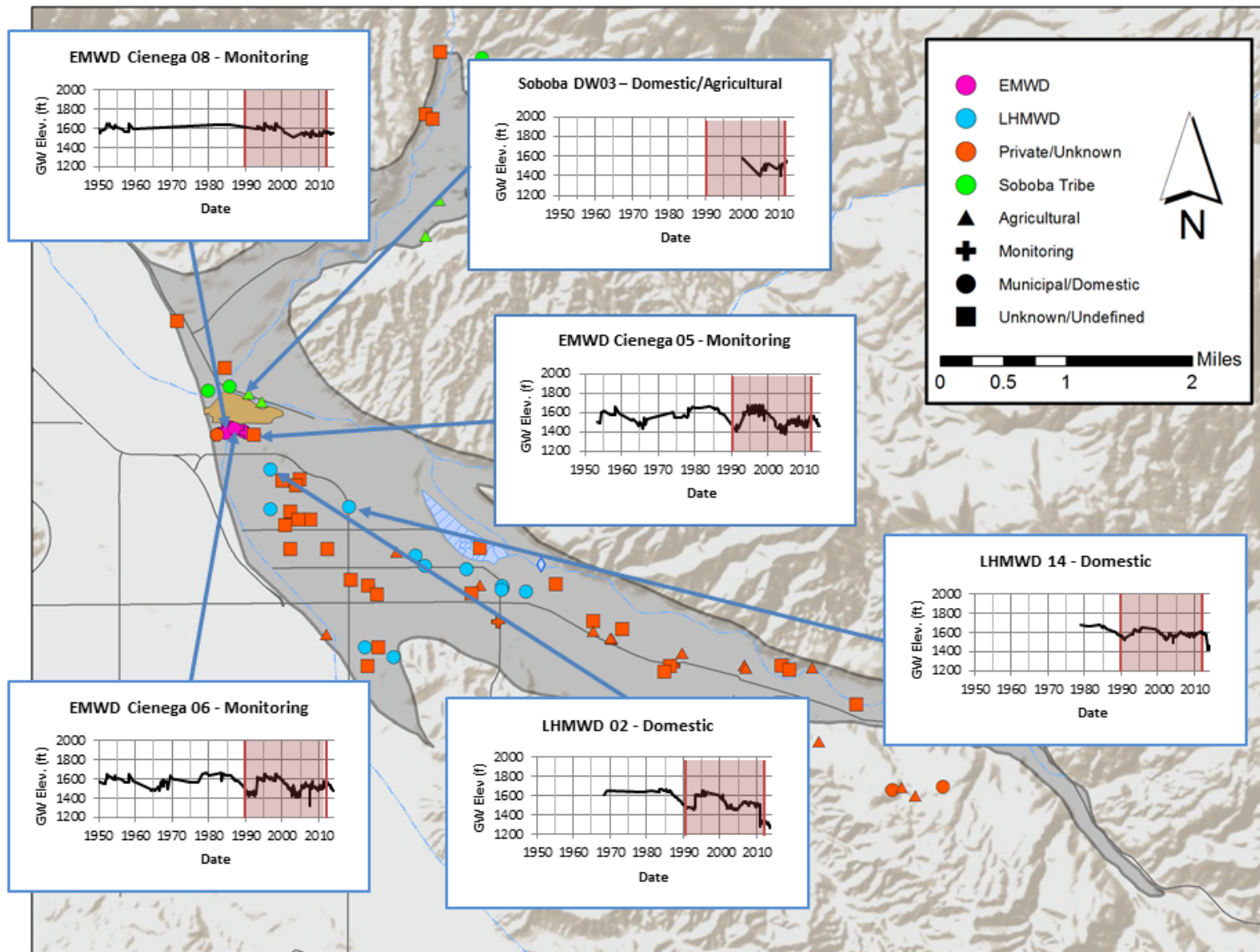


Figure 3-15: Hydrographs for Select Wells in the Canyon Sub-Basin (2 of 2)

3.4 Groundwater Quality

While groundwater quality in the Canyon Sub-Basin is generally of very high quality, there are areas of groundwater quality concerns. Maintaining the high quality of groundwater limits the sources of water for artificial recharge. The primary constituents of concern in the Canyon Sub-Basin are total dissolved solids (TDS) and nitrate. Groundwater quality is impacted at times in a few wells by these constituents, exceeding thresholds set by the Division of Drinking Water Program at the State Water Resources Control Board (State Water Board), formerly part of the California Department of Public Health (CDPH).

Note that values presented in this section are for raw water and are not necessarily indicative of delivered water quality. Additionally, a single detection of a contaminant may not indicate contamination, and the State Water Board would not consider a single detection of a contaminant, if unconfirmed with a follow-up detection, to be an actual finding. Finally, raw water may be treated or blended prior to delivery, or may not be used for drinking water supply purposes. Water quality information is presented here to summarize aquifer conditions for the 1984 – 2012 period; information on delivered water quality can be obtained from EMWD or LHMWD through their annual Water Quality Reports.

3.4.1.1 Total Dissolved Solids (TDS)

California's secondary maximum contaminant level (SMCL) for TDS is divided into three different levels:

- Recommended Level: 500 milligrams per liter (mg/L)
- Upper Level: 1,000 mg/L
- Short Term Use Level: 1,500 mg/L

SMCLs address esthetics such as taste and odor, and do not necessarily indicate health concerns at concentrations above the threshold.

EMWD, LHMWD, and Soboba Tribe wells have good groundwater quality in regards to TDS, with only one instance with a sampled concentration greater than the 500 mg/L Recommended SMCL during the 1984 – 2012 period. No wells showed concentrations above the Upper SMCL of 1,000 mg/l. Private wells have had the highest TDS concentrations in the basin, especially the Washburn Pepper Tree well, which has consistently reported concentrations of 500 mg/L or more, which is above the Recommended SMCL, but below the Upper SMCL. Historical TDS concentrations in the basin can be found in Figure 3-16.

3.4.1.2 Nitrate

The State Water Board has set a primary drinking water maximum contaminant level (MCL) for nitrate (as NO_3) at 45 mg/L for public water systems. MCLs are health protective drinking water standards to be met by public water systems. MCLs take into account not only chemicals' health risks but also factors such as their detectability and treatability, as well as costs of treatment (CDPH, 2014).

Three of 28 wells with data have at least one measurement above the MCL during the 1984 – 2012 period. The only wells with consistently elevated nitrate concentrations are private wells. The Washburn Grant/Florida well has recorded nitrate concentrations ranging from 47 to 68 mg/L and averaged over 50 mg/L during this time. Figure 3-17 shows the historical nitrate concentrations for each well owner.

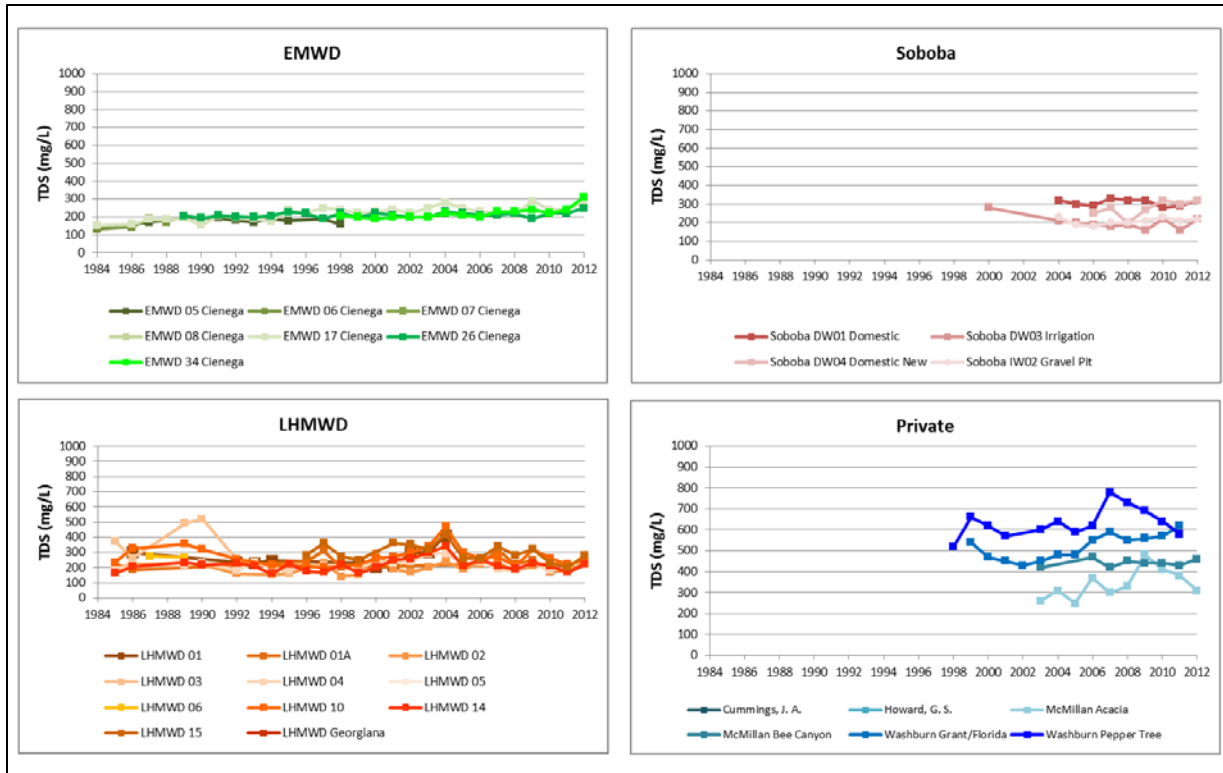


Figure 3-16: Historical TDS Concentrations

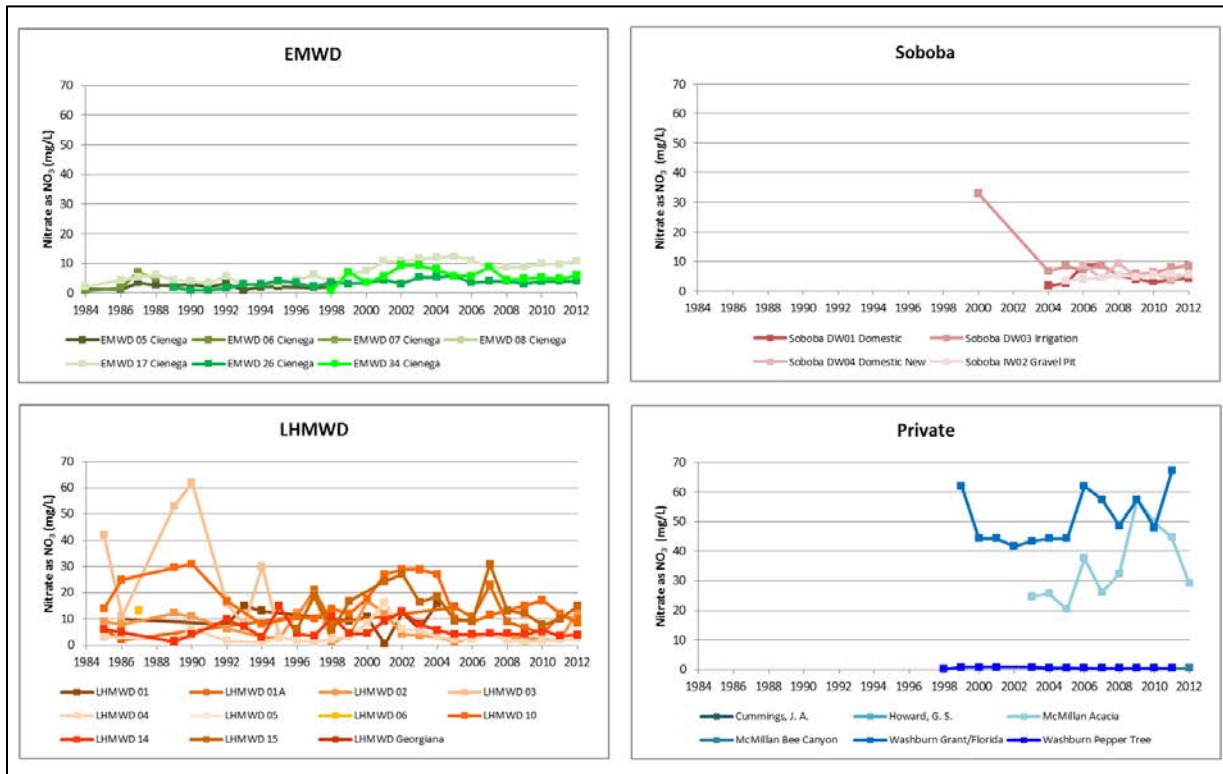


Figure 3-17: Historical Nitrate Concentrations

Section 4 Planning Storage Estimates

Planning Storage estimates were developed to relate groundwater elevations in the Canyon Sub-Basin to overall Planning Storage. Planning Storage refers to the estimate of groundwater in storage in the portion of the Canyon Sub-Basin aquifer that is readily accessible to groundwater wells. As the Planning Storage does not represent total groundwater in storage, the values are relevant only to this Plan and are not necessarily applicable to other storage studies.

4.1 Planning Time Period

A time period of 1990 – 2012 was selected for the analyses in this Plan, including the estimate of Planning Yield and the development of Planning Storage estimates. The 1990 – 2012 time period was selected based on three criteria: high quality data, reflective of long-term hydrologic conditions, and reflective of existing basin conditions. Data quantity and quality were generally higher in more recent years as data collection efforts have increased. Also, basin conditions were more similar to today in more recent years due to changes in land uses. Thus, the analysis to identify a period that was reflective of long-term hydrologic conditions focused on the more recent time period.

Identification of a period indicative of long-term hydrologic conditions was performed through analysis of long-term precipitation records for the Canyon Sub-Basin area. Figure 4-1 shows the annual precipitation and cumulative departure from mean precipitation at RCFCWCD's San Jacinto gauge (#186). This gauge was selected for analysis of historical hydrology as it had a longer and more complete period of record than other nearby gauges. The average precipitation at San Jacinto over the 1911 – 2013 time period was 12.8 inches per year. Individual dry years and wet years can be easily seen as plotting below or above the average annual precipitation, respectively. Long-term trends are best seen through the cumulative departure from mean precipitation. The cumulative departure line adds the difference between a year's precipitation and the average precipitation to the sum of the prior years' differences. In this way, the cumulative departure displays wet periods with upwards slopes and dry periods with downwards slopes. Figure 4-1 shows:

- Wet periods: 1911 – 1916, 1937 – 1945, 1978 – 1983, 1991 – 1998
- Normal periods: 1917 – 1936
- Dry periods: 1946 – 1977, 1984 – 1990, 1999 – 2013

The time period was selected to be representative of long-term normal conditions. This would be presented in the cumulative departure from mean precipitation line as a period where the starting cumulative precipitation and ending cumulative precipitation are similar. The time period may include wet, dry, and normal periods which, when taken together, provide average annual precipitation near the long-term (1911 – 2013) average. 1990 – 2012 is such a time period and was selected, with an average annual precipitation the same as the long-term average: 12.8 inches per year.

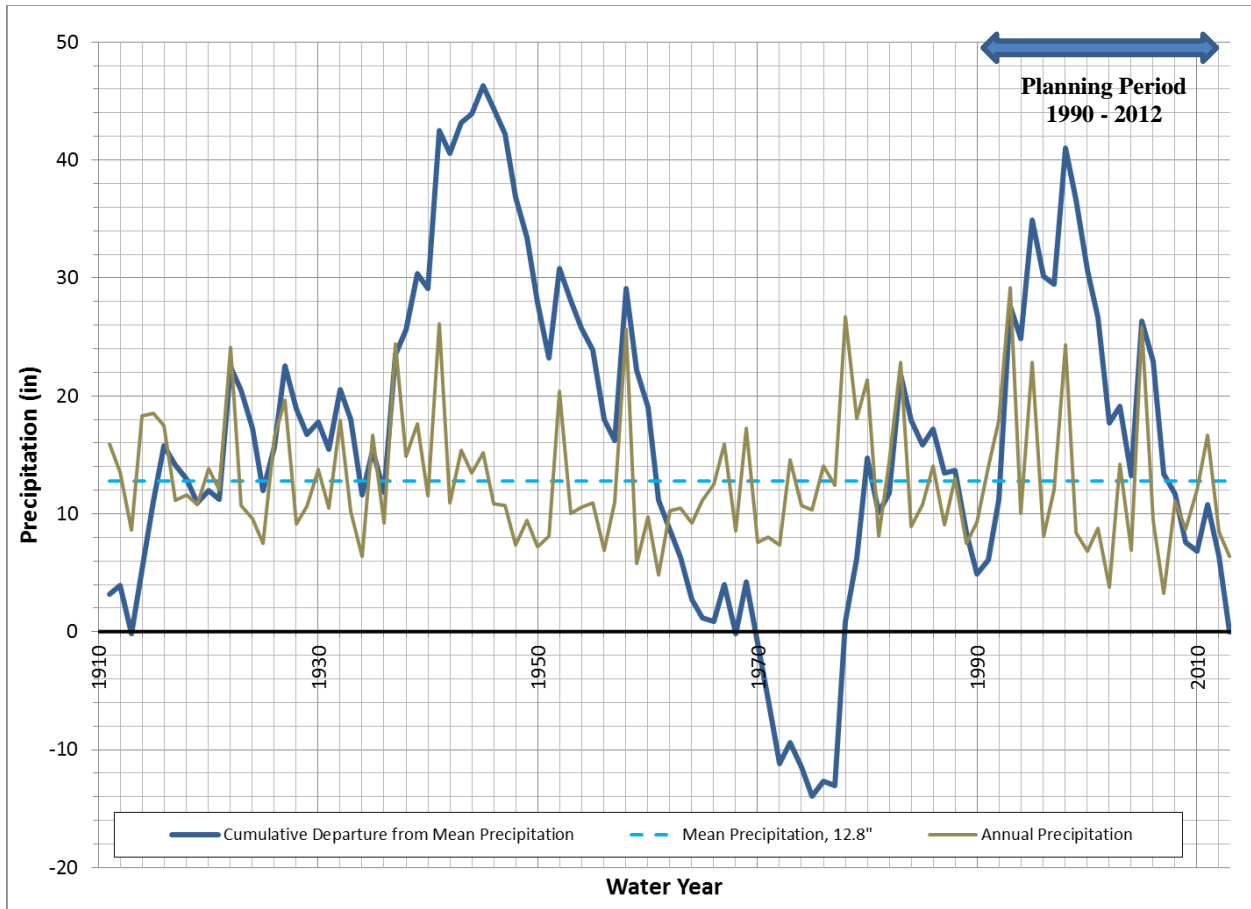


Figure 4-1: Annual Precipitation, San Jacinto

4.2 Methodology

The development of the Planning Storage estimates included defining the extent of the basin for planning purposes, developing contours, estimating specific yield, and calculating the estimate of Planning Storage for each spring from 1990 – 2012, as well as for hypothetical dry years.

Storage estimates were developed for the portion of the basin that generally contains groundwater elevation data and that is generally used for water supply. Not included in the estimates were areas up Poppet Creek, Indian Creek, and the upper portions of the San Jacinto River (upstream of well data). These areas were included in the storage estimate through a constant value (19,500 AF) developed based on uniform depth-to-water extending up each arm of the basin. Also not included in the estimate was the portion of the aquifer deeper than the water supply wells. The total depth of the aquifer was not known and thus this value could not be estimated. As several components of total basin storage were not included in the estimates, this value is termed “Planning Storage” and is not an estimate of overall groundwater in storage in the basin.

Contours were developed to define the upper surface of the aquifer. The contours were based on available existing contour maps and historical groundwater elevation data. Contour maps developed by EMWD for each year from 2007 – 2012 were reviewed and updated to include additional groundwater elevation data provided by the Soboba Tribe. For the years prior to 2007, with no existing contour maps available, new contours were developed based on existing historical groundwater elevation data. Contour maps were developed to be as consistent as possible with the historical data and the contour maps for the previous and subsequent years. This methodology was intended to allow for consistent estimates across years, even though there was variability in data available from year to year.

Contour maps were also developed for hypothetical low groundwater elevation conditions to develop information for groundwater conditions that were lower than what had been experienced during the 1990 – 2012 time period. Contours from the year with the lowest groundwater elevations (1991) were adjusted downward. The adjustment was developed based on four potential critical groundwater elevations at Soboba Tribe wells. The exact groundwater elevations were not critical for this purpose, as these values were used to develop storage curves rather than individual data points. Near the Soboba wells, the contoured levels were reduced to the lower groundwater elevation. Farther from the wells, the contours were reduced by the same amount, but multiplied by an adjustment factor that relates how groundwater levels had historically declined. The adjustment factor was a ratio of wet period groundwater elevations (1996) to dry year groundwater elevations (1991), and allowed for greater reductions in groundwater elevations in the Cienega area compared to the rest of the basin (Figure 4-2). This is consistent with historical conditions as the Cienega area has both focused production and focused recharge, resulting in higher variability in groundwater elevations.

The volume of saturated aquifer, again, for the portion of the basin that generally contains groundwater elevation data and that is generally used for water supply, was then calculated. The calculations were performed using the grid and basin geometry defined in the Soboba Tribe groundwater model (Aspect Consulting, 2008). For each model grid cell, the area of the cell was multiplied by the difference between the contour elevation and the elevation of the bottom of the model. The values for each cell were added to estimate the volume of saturated aquifer.

Specific yield is the amount of water that can drain freely from a unit volume of aquifer. This value is used to estimate the amount of groundwater in storage based on the volume of saturated aquifer. A value of 0.15 was used for specific yield, which is consistent with previous estimates for the EMWD groundwater model (0.15) and the Soboba Tribe groundwater model (0.12 – 0.16). An estimate of Planning Storage was developed for each year by multiplying the saturated aquifer volume by the specific yield estimate.

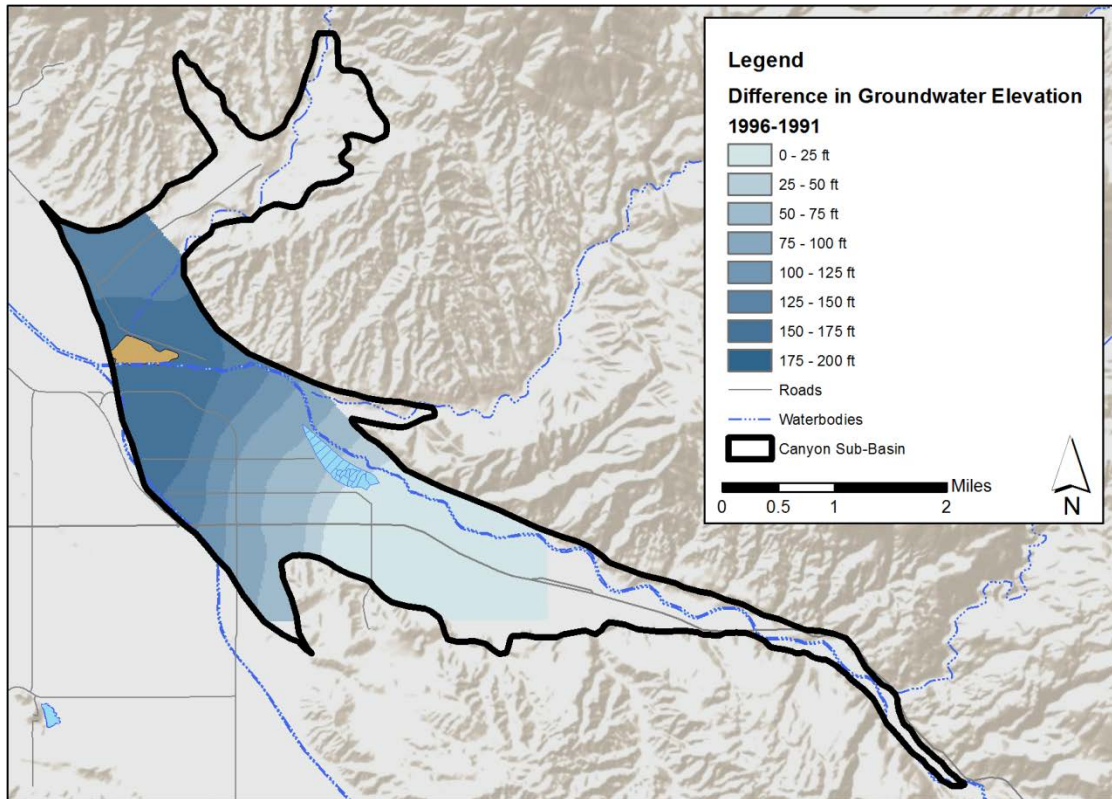


Figure 4-2: Difference in Groundwater Elevations, 1996 – 1991

4.3 Results

Planning Storage estimates were developed for each spring from 1990 – 2012 and for hypothetical low groundwater level conditions. The annual Planning Storage estimates are shown in Figure 4-3. These values were used to develop Planning Storage Curves to relate Key Well groundwater levels to Planning Storage estimates (see Section 6.2) and to relate critical groundwater levels to storage-based trigger levels (see Section 6.3).

The estimates showed that, during the 1990 – 2012 time period, historical Planning Storage varied from a low of 201,000 AF to a high of 236,000 AF, representing a range of 35,000 AF.

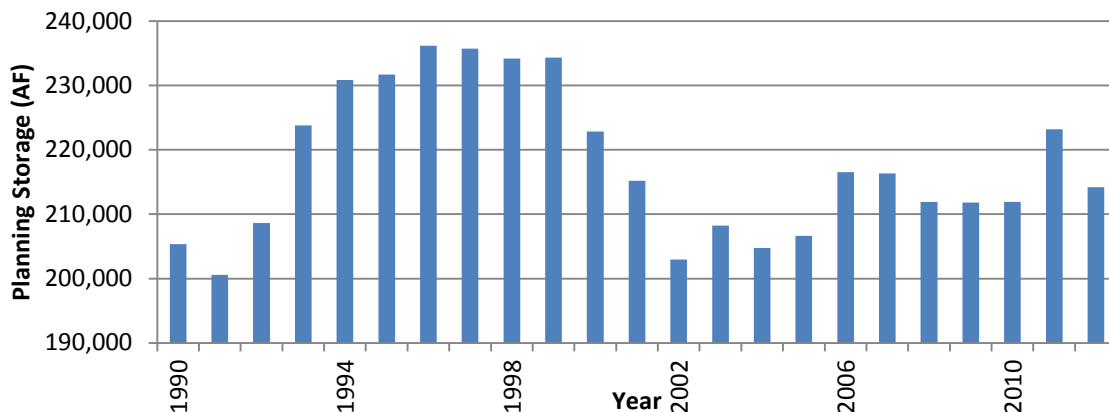


Figure 4-3: Estimates of Historical Planning Storage

Section 5 Planning Yield Estimate

Planning Yield was developed for the sole purpose of managing groundwater in the Canyon Sub-Basin through this Plan. While the Planning Yield has its basis in the concepts of Safe Yield and Sustainable Yield, it was not intended to meet the broader needs of those terms. Planning Yield was defined by the Plan participants as:

A planning-level value representing the long term, average quantity of water supply in the Canyon Sub-Basin that can be produced without causing undesirable results, including the gradual reduction of natural groundwater in storage over long-term hydrologic cycles.

The methodology and results are provided in the following sections.

5.1 Methodology

Based on the definition above, Planning Yield was estimated through a water balance over a long-term, recent, hydrologically-balanced period (See Section 4.1). For each year, an annual estimate of Planning Yield was developed by adding the estimated change in groundwater in storage for that year to that year's estimated groundwater production. These annual estimates were averaged over the 23-year hydrologic sequence (1990 – 2012) to develop the estimate of Planning Yield, as shown in Equation 1, below.

$$\text{Planning Yield} = \frac{\sum_{i=1990}^{2012} (\text{Change in Groundwater in Storage}_i + \text{Groundwater Production}_i)}{23} \quad [1]$$

Not included in the change in storage was the artificial recharge of imported water, as this is a management decision which may or may not occur in the future.

5.1.1 Change in Storage

Change in groundwater in storage was estimated through a water balance. The water balance approach estimated inflows and outflows from the basin and then subtracted those values to estimate the change in storage. This method also allowed for a better understanding of the relative importance of inflow and outflow components which helps support management efforts.

The water balance approach to estimation of change in groundwater in storage contained numerous components. These components are listed below and shown graphically in Figure 5-1. Data sources and assumptions for each item are provided in the following subsections.

- Inflows
 - Precipitation Recharge
 - San Jacinto River Recharge
 - San Jacinto River Tributaries Recharge
 - Artificial Recharge (only water of local origin from the San Jacinto River, which occurs at Grant Avenue Ponds, was included in the analysis)
 - Agricultural Applied Water Recharge, including areas served by LHMWD and the Soboba Tribe
 - Municipal and Industrial (M&I) Use Recharge, including sewerage areas served by LHMWD and areas with onsite wastewater treatment systems (OWTS or septic tanks) served by LHMWD and the Soboba Tribe
- Outflows
 - Groundwater Production
 - Subsurface Flow between Canyon and Upper Pressure

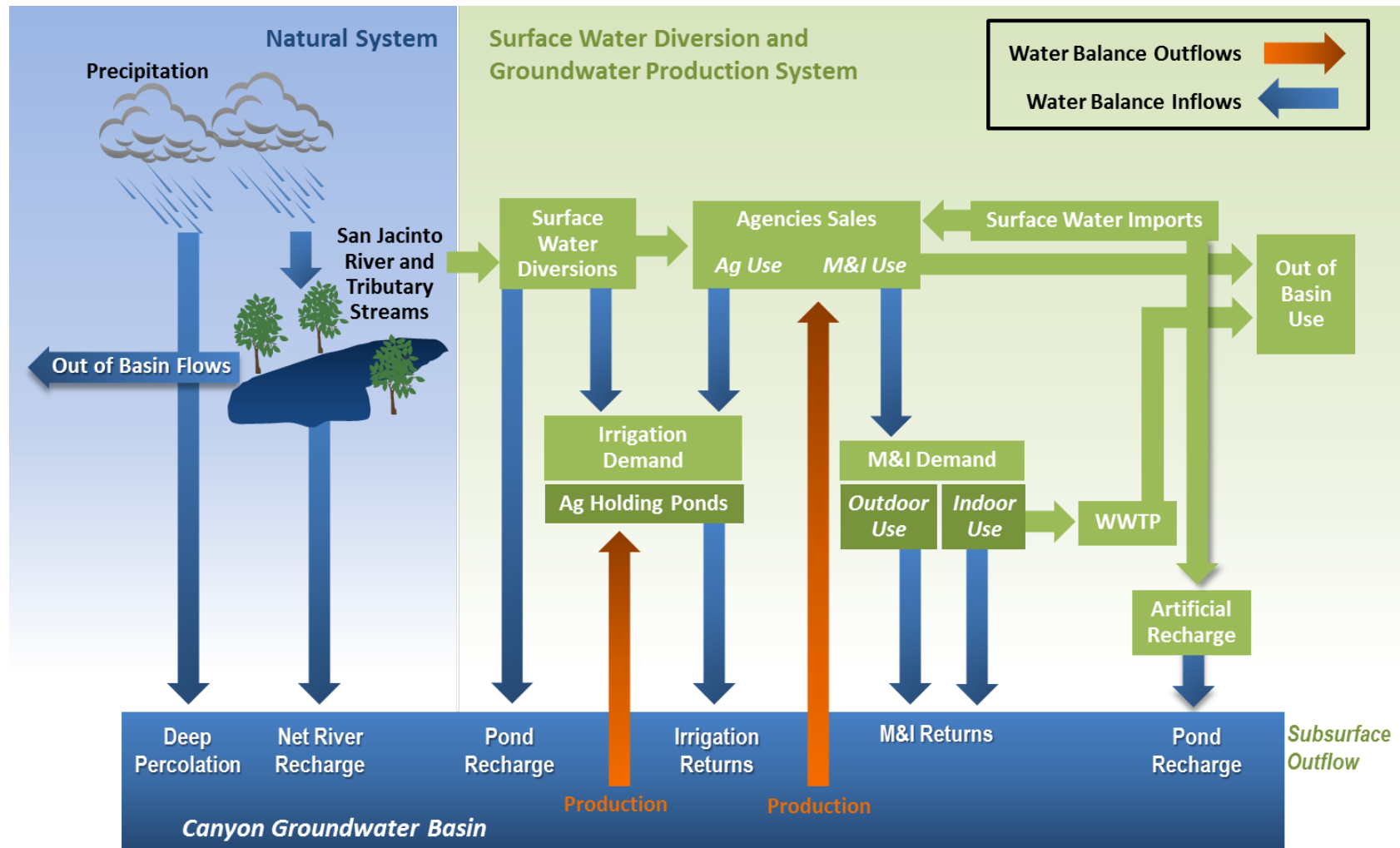


Figure 5-1: Schematic Water Balance for the Canyon Sub-Basin

A second method, analyzing the change in groundwater elevation, was also developed in coordination with the Storage Curve development (Section 4) and was used as a verification for the water balance-based estimate. Figure 5-2 compares the two estimates of storage and also compares to groundwater elevations in the Canyon Sub-Basin. The figure highlights groundwater elevations from Cienega-area wells and shows close correlation between the two methods and with groundwater elevation trends. The storage estimates also matched well with other groundwater elevations in the basin after adjusting for magnitude differences.

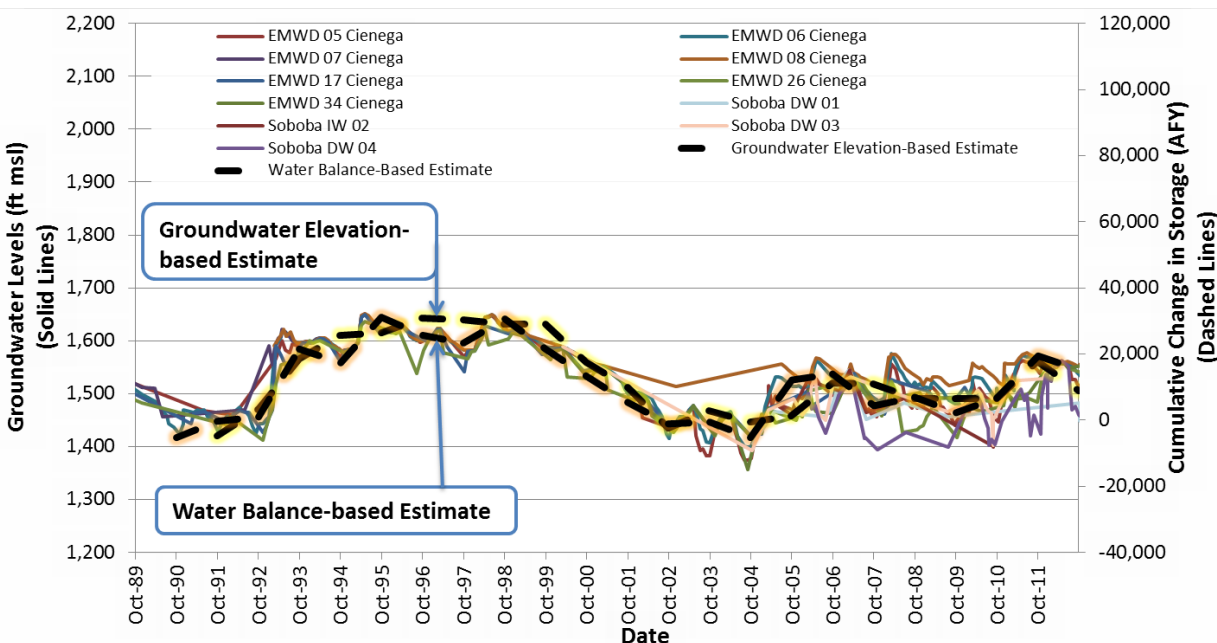


Figure 5-2: Quality Control Comparison of Cumulative Change in Storage Estimates Using Planning Yield and Planning Storage Methodologies, and Groundwater Elevation at Cienega-Area Wells

5.1.2 Inflows

5.1.2.1 Precipitation Recharge

Estimates of recharge from deep percolation of precipitation were developed using information from Guay (2002). That report contains estimates of infiltration from precipitation reported for three areas that cover the Canyon Sub-Basin area (see Figure 5-3). Estimates were scaled to reflect the proportion of recharge that would occur only within the Canyon Sub-Basin. This scaling was performed separately for each area and was based on the percentage of land surface with a slope of less than 10% (see Figure 5-4). The 10% assumption was based on focusing infiltration on the relatively flat valley floor where runoff will be generally slower and soils are generally deeper. Based on this analysis, the following proportions of recharge from the three areas were included in the estimate of recharge from precipitation for the Canyon Sub-Basin.

- Area 1: 30%
- Area 2: 58%
- Area 3: 33%

These percentages resulted in an annual average recharge from precipitation of 270 AFY, with annual values varying from a high of 1,300 AFY (1993) to a low of 20 AFY (1990). The low levels of recharge from precipitation indicated that a majority of the precipitation runs off to surface water courses, evaporates, or is transpired by plants, which is consistent with the semi-arid environment.

Estimates from Guay covered the 1950 – 1998 time period on a monthly basis. Estimates of monthly recharge from precipitation for 1999 – 2012 were derived from a linear least squares regression of monthly recharge from precipitation on precipitation at RCFCWCD’s San Jacinto gauge, streamflow at the USGS Cranston Gauge, the square of precipitation at RCFCWCD’s San Jacinto gauge, and the square of streamflow at the USGS Cranston Gauge for the period of 1951 to 1991. The relationship between the Guay-based monthly precipitation recharge estimate and the regression-based monthly precipitation recharge estimate is shown in Figure 5-5.

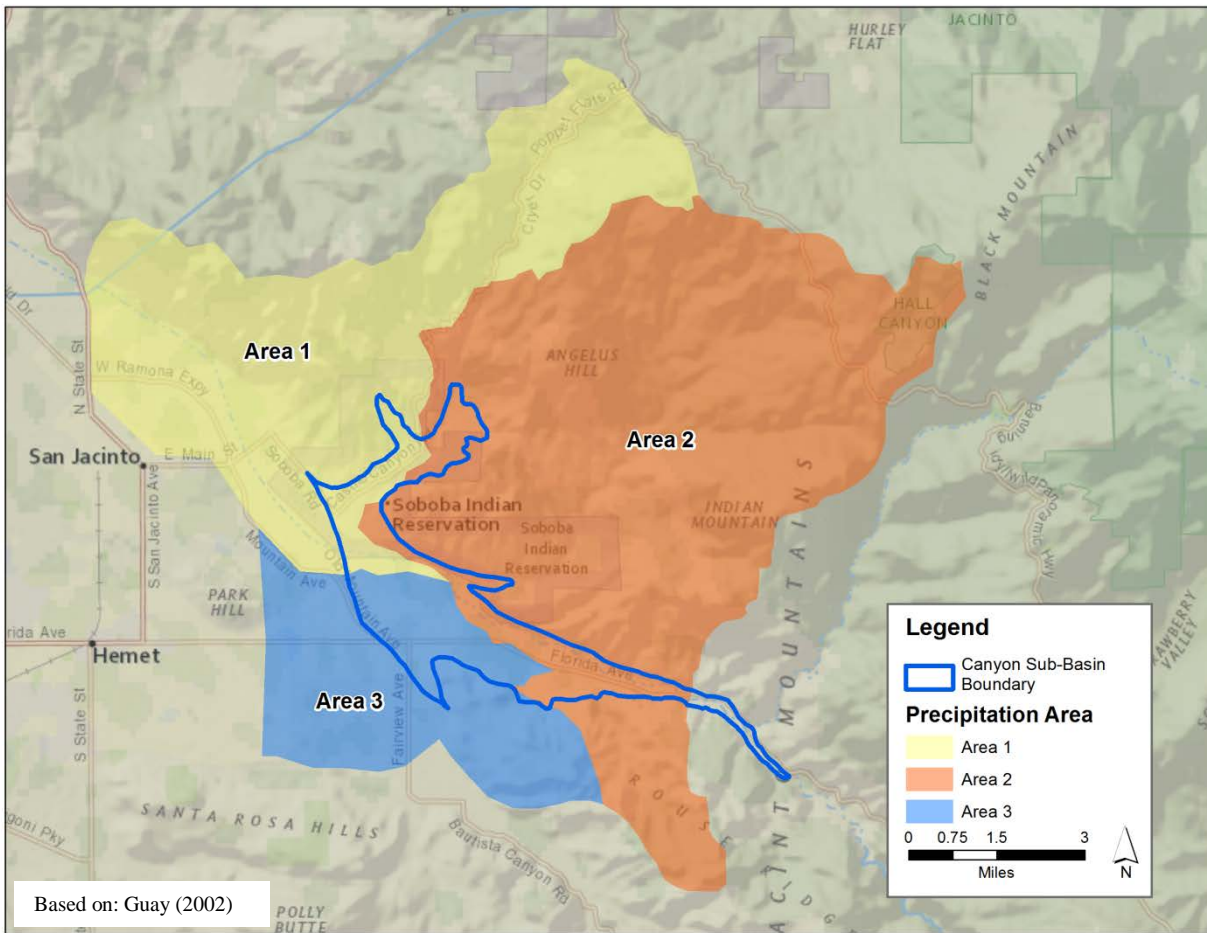


Figure 5-3: Guay (2002) Precipitation Areas Overlaying the Canyon Sub-Basin

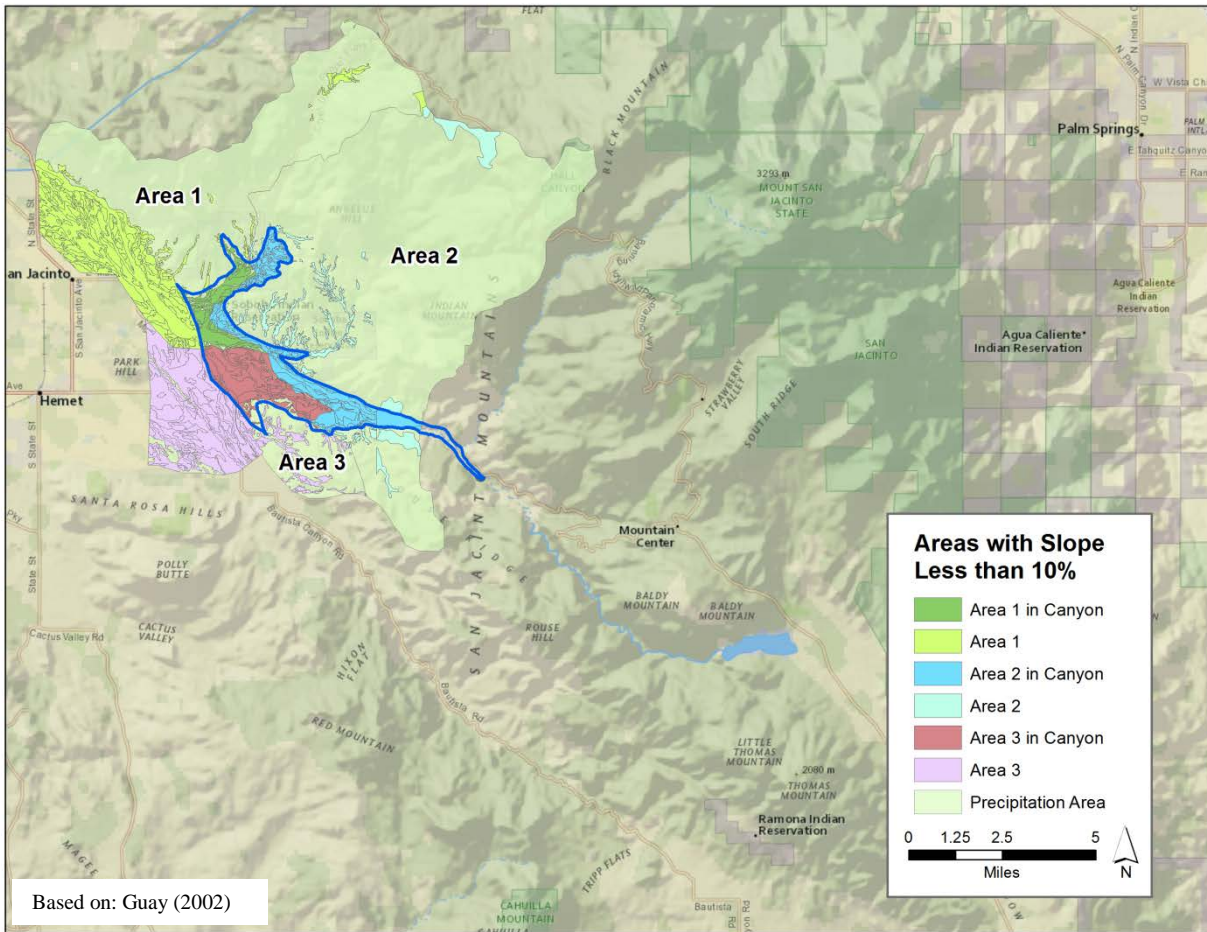


Figure 5-4: Land Surfaces with Slopes Less than Ten Percent

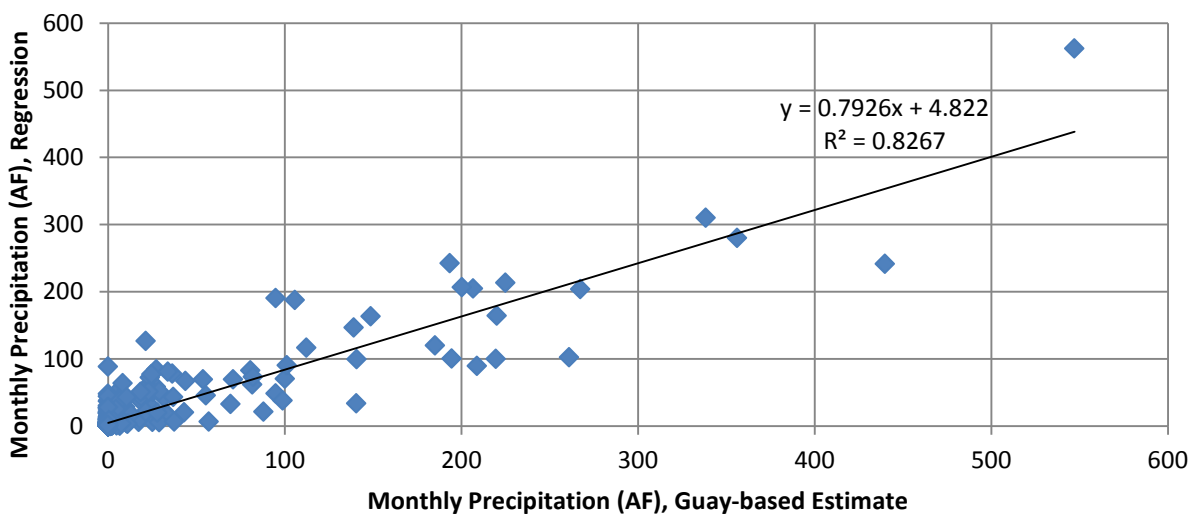


Figure 5-5: Relationship between Guay-based Monthly Precipitation Recharge and Regression-based Monthly Precipitation Recharge Estimate

5.1.2.2 San Jacinto River Recharge

Estimates of recharge from the San Jacinto River were developed using information from Guay (2002). That report contains estimates of infiltration from the San Jacinto River reported for five reaches, two of which cover the Canyon Sub-Basin area. Reach 2 is wholly within the Canyon Sub-Basin, while 28% of Reach 5 is within the sub-basin.

Estimates from Guay covered the 1950 – 1998 time period on a monthly basis. Estimates of monthly recharge from the San Jacinto River for 1999 – 2012 were derived from a linear least squares regression of recharge from the San Jacinto River on precipitation at RCFCWCD’s San Jacinto gauge, streamflow at the USGS Cranston Gauge, the square of precipitation at RCFCWCD’s San Jacinto gauge, and the square of streamflow at the USGS Cranston Gauge. The relationship between the Guay-based monthly San Jacinto River recharge estimate and the regression-based monthly San Jacinto River recharge estimate is shown in Figure 5-6.

75% of channel infiltration was assumed to recharge the basin. The reduced amount was based on calibration with more recent data developed by Aspect Consulting (2014) and as consistent with the previous groundwater model calibration (TechLink Environmental, 2002) which required reduction of the channel recharge volume. Grant Avenue Ponds diversions were removed from the recharge volume estimate to avoid double counting, as these diversions occur below the Cranston Gauge.

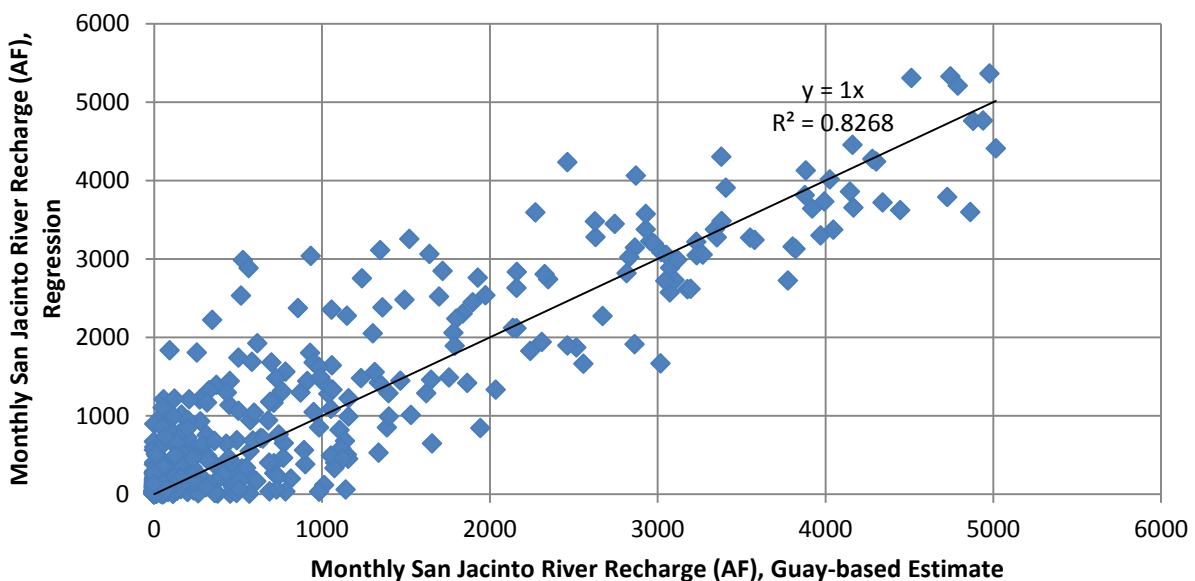
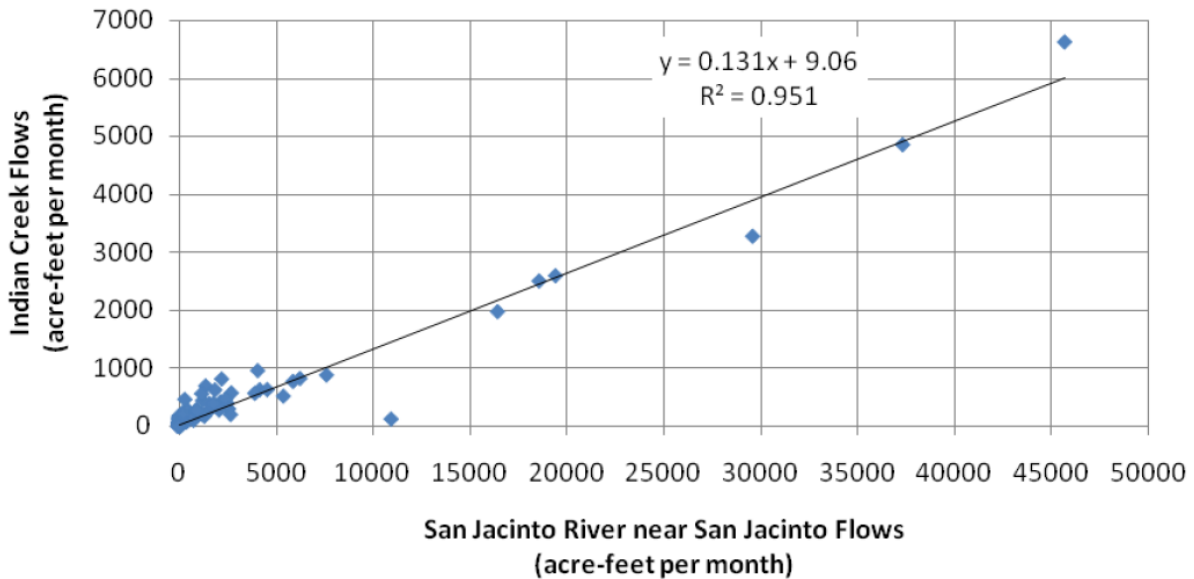


Figure 5-6: Relationship between Guay-based Monthly San Jacinto River Recharge and Regression-Based Monthly San Jacinto River Recharge Estimate

5.1.2.3 San Jacinto River Tributaries Recharge

Little data were available for flow on the San Jacinto River tributaries within the Canyon Sub-Basin. Indian Creek and Poppet Creek are the primary tributaries. Estimates of flow for Indian Creek were based on a correlation between San Jacinto River flow and Indian Creek flow (see Figure 5-7) developed by Aspect Consulting (2014). Correlation between the San Jacinto River recharge estimates was used to fill data gaps caused by the incomplete data record for the Cranston Gauge. Flow estimates for Poppet Creek were estimated as 45% of the Indian Creek flow, based on previous analysis by Schwartz (1967).

Low flows from Indian Creek and Poppet Creek were assumed to generally recharge the aquifer. However, periods of high flows were likely to result in outflow from the basin. An analysis of Indian Creek estimated streamflow and State Street measured streamflow (downstream of the Canyon Sub-Basin) indicated that outflow conditions exists generally when Indian Creek streamflow is greater than 800 AF/month (see Figure 5-8). Thus, the first 800 AF/month of Indian Creek flow were assumed to recharge the aquifer, with flows above that level assumed to leave the basin as surface water flows. Similarly, the first 360 AF/month of Poppet Creek flow (45% of the 800 AF/month on Indian Creek) were assumed to recharge the aquifer, with flows above that level assumed to leave the basin as surface water flows.



Source: Aspect Consulting 2014

Figure 5-7: Relationship between Streamflow on the San Jacinto River and in Indian Creek

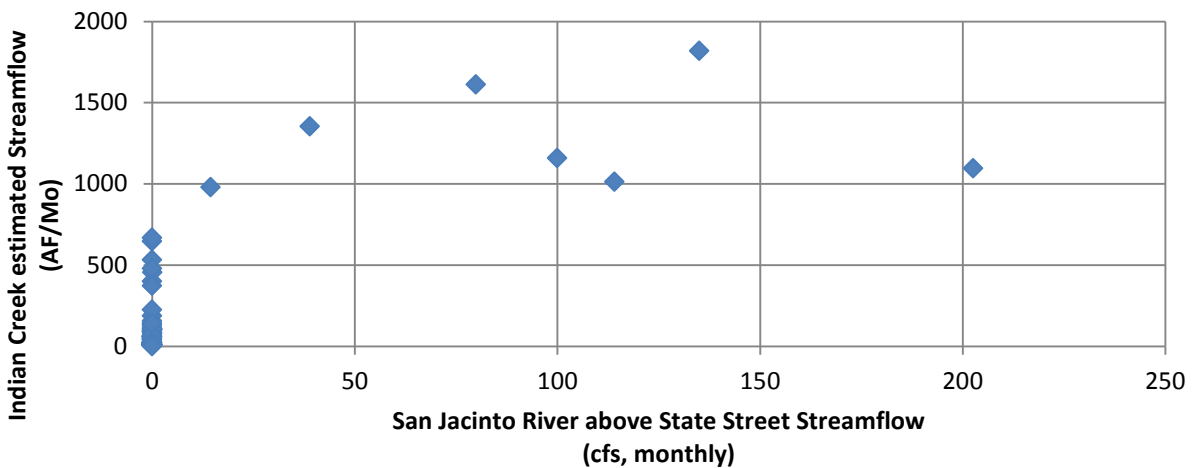


Figure 5-8: Relationship between Streamflow in the San Jacinto River above State Street and in Indian Creek

5.1.2.4 Agricultural Applied Water Recharge

Agricultural water use was assumed to result in 15% of applied water recharging the aquifer. The estimate of 15% was based on previous analysis of drip and micro-spray irrigation on citrus crops in the Temecula Valley (Rancho California Water District, 2014). The study included estimates of crop evapotranspiration, leaching fractions, and irrigation efficiency.

5.1.2.5 Domestic Use Recharge

Domestic use included assumptions on the percent sewerage, percent of outdoor use, and the percent of water that recharges the aquifer.

Domestic use within the Soboba Tribe was assumed to be served by OWTS. LHMWD's service area is partially sewerage, with 75% assumed to be served by a sewer based on the ratio of sewerage to total parcels within Canyon Sub-Basin. Sewerage parcels were assumed to have no recharge to groundwater from indoor use. Parcels served by OWTS were assumed to have 90% of indoor use recharged to groundwater with the remaining 10% lost to plants through transpiration.

Outdoor use was assumed to be 60% (Santa Ana Watershed Project Authority, 2012). 25% of outdoor use is assumed to recharge the aquifer, based on previous analysis of turfgrass irrigation in the Temecula Valley (Rancho California Water District, 2014).

5.1.2.6 Artificial Recharge

Data from historical artificial recharge at the Grant Avenue Ponds of diverted San Jacinto River flow and imported water were included for historical comparisons. Recharge of imported water was not included in the final estimation of Planning Yield as such artificial recharge may or may not occur in the future.

5.1.3 Outflows

5.1.3.1 Groundwater Production

Historical groundwater production data from the Regional Water Resources Database (RWRD), which is maintained by EMWD, were utilized to represent groundwater production in the Canyon Sub-Basin. Groundwater production data from the RWRD included municipal and agricultural production by EMWD, LHMWD, the Soboba Tribe, and private groundwater producers. Data were provided by the well owners as part of the adjudication process or through private reporting to the State Water Resources Control Board in compliance with Water Code Sections 4999 et seq., which requires filing, with few exceptions, by persons who extract more than 25 AF of groundwater from wells in Riverside, San Bernardino, Los Angeles, or Ventura Counties. Such reporting is performed through the local cooperating agency, which in this case is EMWD.

5.1.3.2 Subsurface Flow

Subsurface flow was limited as the Claremont Fault forms a significant barrier to flow until groundwater levels reach approximately 60 feet below grade. Flow was assumed to occur across the Claremont Fault only when groundwater is within 40 to 60 feet of the surface. Such conditions have historically occurred during wet periods when the Canyon Sub-Basin is fully saturated. The volume of water was estimated based on cross sectional area with groundwater elevations above the 60-foot threshold, gradient across the fault developed using groundwater level data, and an estimate of hydraulic conductivity.

5.2 Planning Yield Estimate Results

Based on the above data, assumptions, and analysis, the Planning Yield was estimated to be 10,100 AFY. Table 5-1 provides details on the components of the Planning Yield, which are shown graphically as inflows and outflows in Figure 5-9. Figure 5-10 shows the annual variability within the Planning Yield, which is an estimate based on the 1990 - 2012 long-term average, and Figure 5-11 compares the Planning Yield estimate to historical groundwater production in the Canyon Sub-Basin.

Table 5-1: Planning Yield Components

Item	Notes	Water Year																				Average			
		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		2010	2011	2012
Inflow																									
Precipitation	1	18	345	60	1,348	34	929	99	314	767	37	60	55	29	154	181	616	144	44	208	84	481	234	46	273
San Jacinto River	2	1,903	7,787	6,772	16,701	3,605	13,341	5,041	9,417	14,177	1,609	1,552	1,240	47	5,628	1,834	12,949	7,565	45	5,310	1,440	5,424	11,738	2,014	5,953
Tributaries	3	216	2,112	1,283	6,999	337	6,220	1,701	1,407	6,550	396	398	353	165	1,162	445	5,630	1,873	164	2,032	670	1,932	4,233	478	2,033
Agricultural Use																									
LHMWD		381	287	265	412	412	375	421	454	345	428	449	424	436	367	355	335	398	466	424	415	371	389	444	394
Soboba Tribe		60	60	60	60	12	37	81	70	60	69	65	58	93	33	53	43	58	63	71	74	63	52	60	59
Domestic Use																									
LHMWD, Sewered	5	143	145	150	152	150	141	164	179	152	176	198	192	215	212	232	202	212	223	198	191	177	168	177	180
LHMWD, OWTS	6	162	165	170	172	170	159	186	203	173	199	225	218	244	240	263	228	240	253	224	216	200	190	201	204
Soboba Tribe, OWTS	6	17	17	17	17	69	90	101	110	90	88	123	145	140	103	213	205	112	125	87	89	93	82	89	97
Artificial Recharge																									
Surface Water	7	0	1,534	567	2,663	0	4,471	2,124	2,252	4,432	0	0	0	0	0	0	5,741	2,718	0	3,890	1,772	4,423	4,165	0	1,772
Imported Water	8	0	0	0	0	0	0	0	0	0	0	0	2,000 *	1,594 *	1,933 *	0	0	0	0	0	0	0	0	0	0
Subtotal, Inflow	9	2,899	12,452	9,343	28,523	4,788	25,764	9,919	14,406	26,745	3,003	3,070	2,685	1,369	7,899	3,576	25,949	13,320	1,383	12,444	4,952	13,164	21,251	3,509	10,975
Outflow																									
Pumping	10	8,390	7,702	7,960	7,747	8,885	8,238	11,906	12,812	11,611	11,930	11,645	10,369	7,990	7,451	7,826	8,838	11,526	10,953	9,996	9,577	8,743	8,308	7,725	9,484
Subsurface Flow	11	0	0	0	0	0	3,769	3,618	3,769	7,991	0	0	0	0	0	0	0	0	0	0	0	0	0	0	833
Subtotal, Outflow	12	8,390	7,702	7,960	7,747	8,885	12,007	15,524	16,581	19,602	11,930	11,645	10,369	7,990	7,451	7,826	8,838	11,526	10,953	9,996	9,577	8,743	8,308	7,725	10,316
Change in Storage	13	-5,491	4,750	1,383	20,776	-4,097	13,756	-5,606	-2,175	7,143	-8,927	-8,575	-7,684	-6,620	448	-4,250	17,111	1,794	-9,570	2,449	-4,625	4,420	12,943	-4,217	658
Annual Planning Yield Estimate	14	2,899	12,452	9,343	28,523	4,788	21,994	6,300	10,636	18,754	3,003	3,070	2,685	1,369	7,899	3,576	25,949	13,320	1,383	12,444	4,952	13,164	21,251	3,509	10,142

- Notes
- * Not included in estimate of Planning Yield. See note 7.
 - 1. Estimates of recharge from deep percolation of precipitation were developed using information from Guay (2002), scaled based on the percent of low slope (<10%) land area within the Canyon Basin.
 - 2. Values are based on Guay (2002). Assumes 28% of Reach 5 and 100% of Reach 1 are located within the study area. 75% of channel infiltration is assumed to recharge the basin. The reduced amount is based on calibration with more recent data developed by Aspect Consulting (draft 2014) and is consistent with previous model calibration which required reduction of the channel recharge volume. Grant Avenue Ponds diversions are removed from the recharge volume estimate to avoid double counting.
 - 3. Values are based on a correlation between San Jacinto River flow and Indian Creek flow developed by Aspect Consulting (draft 2014). Correlation between the San Jacinto River recharge estimates were used to fill data gaps caused by the incomplete data record for the Cranston gage Poppet Creek added based on relationship between Poppet Creek and Indian Creek presented in Schwartz 1967, Poppet flow = 45% of Indian Creek flow
 - 4. Fraction of water use recharged to aquifer: 0.15
 - 5. Assumes
 - 0.75 fraction sewered
 - 0.6 fraction outdoor use
 - 0.25 fraction of outdoor use to aquifer
 - 0 fraction of sewered indoor use to aquifer
 - 0.9 fraction of OWTS use to aquifer
 - 6. Assumes
 - 0 fraction sewered
 - 0.6 fraction outdoor use
 - 0.25 fraction of outdoor use to aquifer
 - 0.9 fraction of OWTS use to aquifer
 - 7. Data from historical artificial recharge at the Grant Avenue Ponds of diverted San Jacinto River flow
 - 8. Data from historical artificial recharge at the Grant Avenue Ponds of imported water are included for historical comparisons. Recharge of imported water is not included in the final estimation of Planning Yield as such artificial recharge may or may not occur in the future.
 - 9. Subtotal of the above inflow items, except for the Artificial Recharge of Imported Water, as discussed in note 8.
 - 10. Data from EMWD database
 - 11. Assumes flow across Claremont Fault only when within 60 feet of the surface. Volume estimated based on cross sectional area greater than 50 feet and gradient across the fault, developed using groundwater level data, and estimates of K
 - 12. Subtotal of the above outflow items.
 - 13. Inflow minus Outflow
 - 14. Change in Storage plus Pumping. The 1990 - 2012 average of 10,100 represents the final Planning Yield estimate.

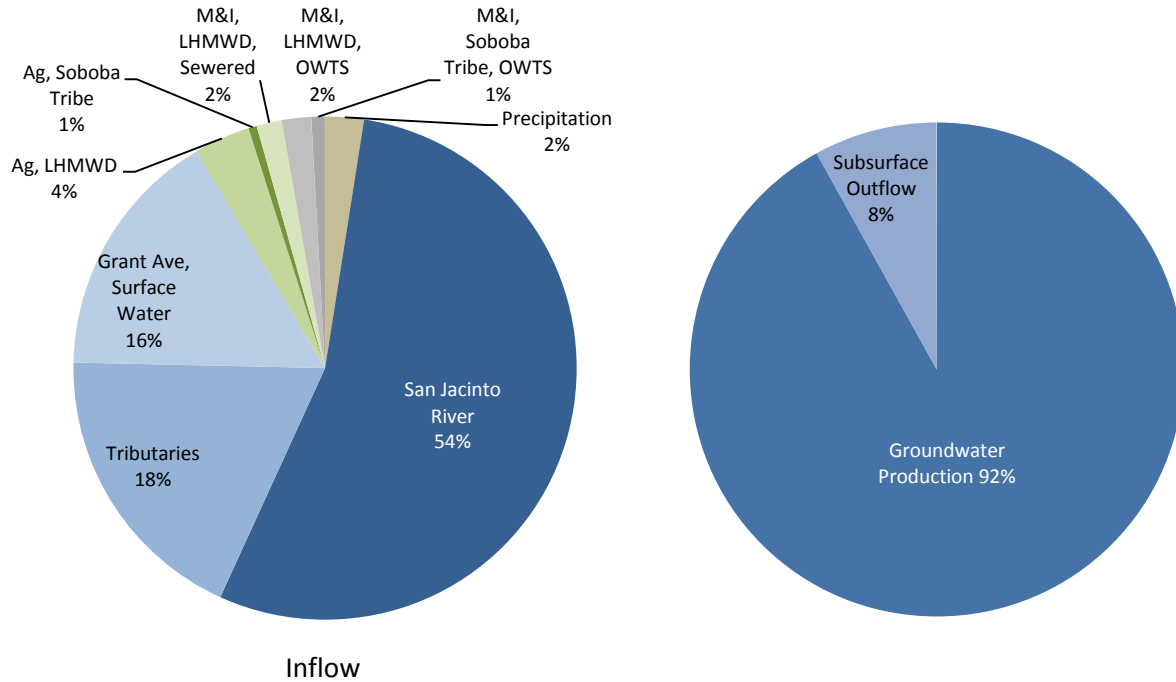


Figure 5-9: Inflow and Outflow Components of Planning Yield

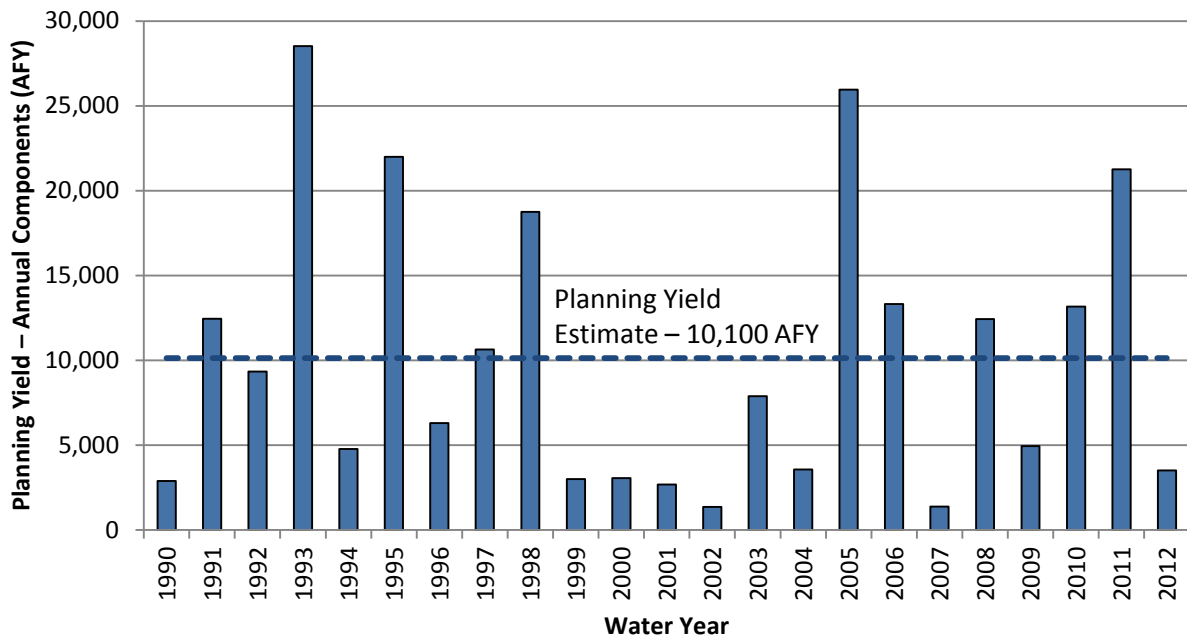


Figure 5-10: Annual Variability within Planning Yield Estimate

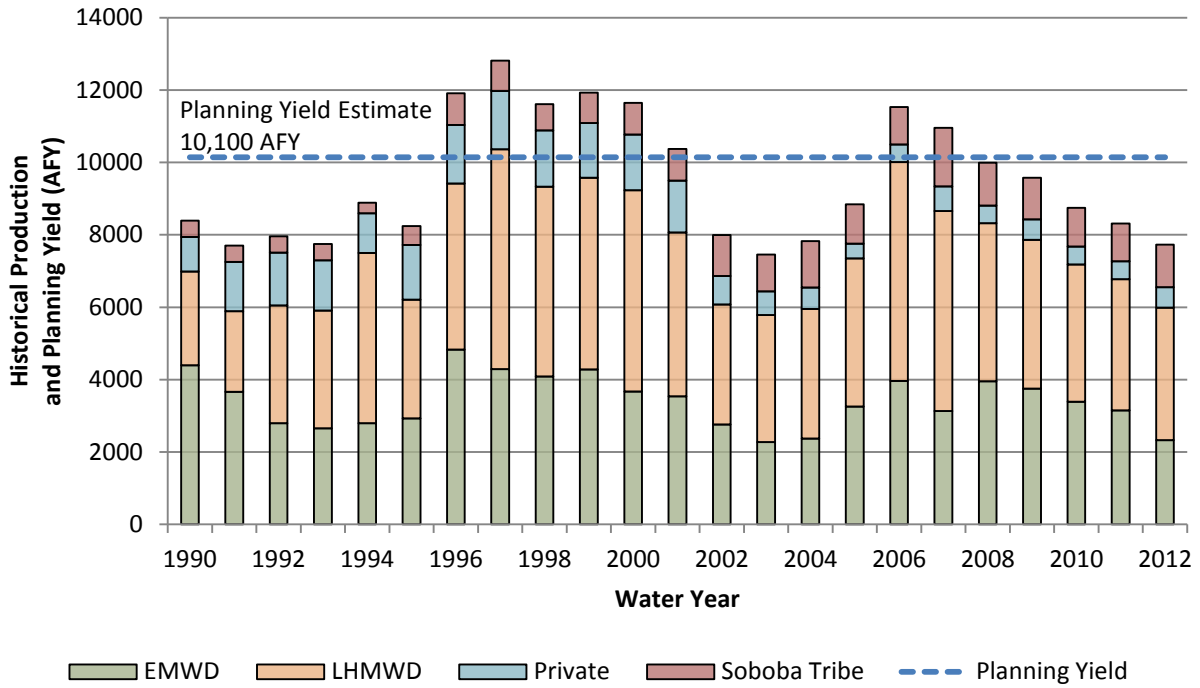


Figure 5-11: Planning Yield in Comparison to Historical Groundwater Production

Section 6 Operating Plan

Management of groundwater in the Canyon Sub-Basin through this Plan is based on four main components:

- Monitoring of groundwater elevations at Key Wells
- Relating those elevations to a Planning Storage value using the Planning Storage Curves
- Comparing Planning Storage to defined triggers, which are based on critical groundwater elevations in the basin, and implementing defined actions based on trigger status
- Managing the Plan through reporting on new and prior actions; data sharing and communication; and comprehensive monitoring to verify or improve triggers and actions presented in this Plan, as well as to support other management needs.

The major technical components the Plan are presented below.

6.1 Key Wells

To support this Plan, the Key Wells will be monitored twice annually, in spring and fall, for groundwater elevation, with additional measurements as needed to improve basin understanding and support the annual measurement. The spring groundwater elevations taken on the first workday in April will be converted to estimates of Planning Storage using the Planning Storage Curve for each of the Key Wells. The estimates of Planning Storage will then be averaged and compared to the triggers; based on the trigger status, defined actions will be taken.

6.1.1 Selection of Key Wells

Key Wells are identified wells that are monitored to provide information on the level of storage in the basin. Key Wells were selected based on:

- Availability of data on well construction and lithology
- Anticipated longevity of the well
- Ability of groundwater elevations at the well to track overall basin Planning Storage
- Participant (i.e., EMWD, LHMWD, or Soboba Tribe) ownership to facilitate long-term access

Initially, Canyon Sub-Basin wells were screened to identify candidate wells for more detailed analysis. This screening process identified wells with:

- Construction and lithology information
- Groundwater elevation measurements with a period of record extending minimally from 1990 to present
- Reasonably consistent monthly measurements

This initial screening resulted in the identification of six candidate wells. Two Soboba Tribe wells were added into consideration, as protection of water levels at this area is a key driver for the overall Plan. Additionally, EMWD's Cienega 6 and LHMWD's LHMWD 16 were added into consideration based on recommendations as being more suitable than different wells proposed from that same well owner in a similar location. The candidate wells considered are shown in Figure 6-1.

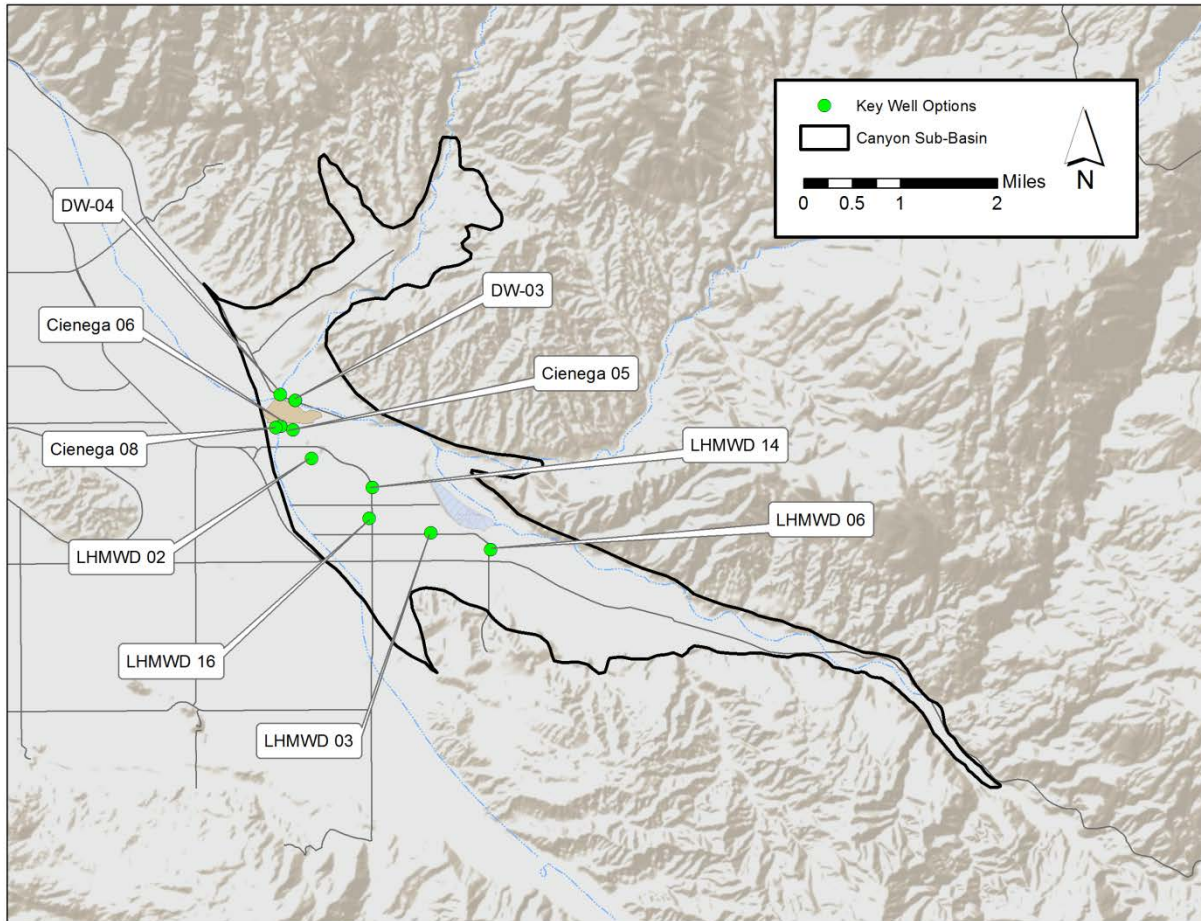


Figure 6-1: Candidate Wells Considered for Key Wells

Further study was conducted on the candidate wells to determine the relationship between groundwater elevation and Planning Storage estimates at each of the wells, both for contour-based groundwater elevation and for measurement-based groundwater elevation. This effort identified wells that were better able to track Planning Storage using groundwater elevation data at that individual well. The study was augmented with discussions with the well owners to incorporate unusual circumstances related to individual wells, such as recent inability to measure groundwater elevations at LHMWD 14 and the related suggestion to utilize the nearby newly constructed LHMWD 16.

Based on this additional analysis, Key Wells were identified, as shown in Table 6-1 and Figure 6-2.

Table 6-1: Key Wells

Key Well	Use	Owner	Location ¹	Ground Surface Elevation (ft msl)	Monitoring Point Elevation (ft msl)	Perforated Interval(s) (ft bgs)
DW-03	Production Well	Soboba Tribe	6362733, 2223727	1679.98	1681.94	335-415 490-510 510-535 570-630 660-690 745-890 925-970 1045-1080 1130-1160
Cienega 6	Monitoring Well	EMWD	6362078, 2222576	1668.8	1667.7	50-503
LHMWD 16	Production Well	LHMWD	6366077, 2218389	1744	1744	480-980

Notes: 1. Coordinates are presented as easting and northing, NAD 83, California State Plane VI, feet
 ft: feet
 msl: mean sea level
 bgs: below ground surface
 EMWD: Eastern Municipal Water District
 LHMWD: Lake Hemet Municipal Water District

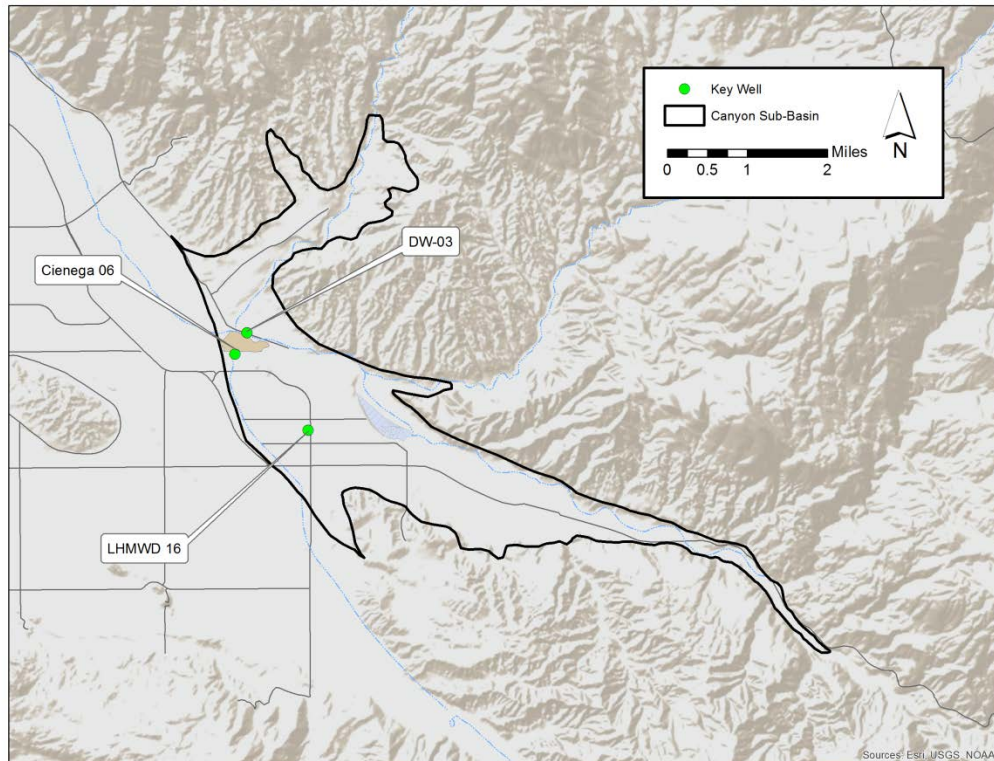


Figure 6-2: Key Wells

The Planning Storage Curves in the following subsection show the extent to which the groundwater elevations are capable of representing basinwide Planning Storage.

Basinwide Planning Storage is estimated using a weighted average with a 50% weight for DW-03 and 25% weight for both Cienega 6 and LHMWD 16. This 50% weight for DW-03 is intended to reflect the goal of being protective of groundwater elevations in the vicinity of the Soboba wells. The inclusion of Cienega 6 and LHMWD 16 assists in representing basinwide conditions, and the use of multiple wells is intended to smooth potential anomalous water level measurements that may occur.

6.2 Planning Storage Curves

Planning Storage Curves relate groundwater elevations at a specific well to the Planning Storage estimate, based on spring groundwater conditions. The Planning Storage Curves were developed based on the contoured historical groundwater elevations and the hypothetical low groundwater elevations conditions, as discussed in Section 4.1. Using these contours, a groundwater elevation was developed for each year and paired with the estimate of Planning Storage. The Planning Storage Curve was then developed as a linear trend line to these data.

Planning Storage Curves were required for each Key Well so that each spring groundwater elevation measurement can be converted into an estimate of Planning Storage, which can then be averaged with the other Key Wells and compared to the triggers to determine the appropriate trigger action.

Planning Storage Curves are presented below for the three Key Wells, including the equation for use in estimating Planning Storage based on groundwater elevation data.

- DW-03 (Figure 6-3)
- Cienega 6 (Figure 6-4)
- LHMWD 16 (Figure 6-5)

Additionally, Planning Storage Curves were also required to convert critical groundwater elevations at Soboba Tribe wells into Planning Storage-based triggers. Planning Storage Curves are presented below for two additional Soboba Tribe wells, including the equation for use in estimating Planning Storage based on groundwater elevation data.

- DW-04 (Figure 6-6)
- IW-02 (Figure 6-7)

Soboba Tribe well DW-01 had insufficient measured spring groundwater elevations to perform this analysis.

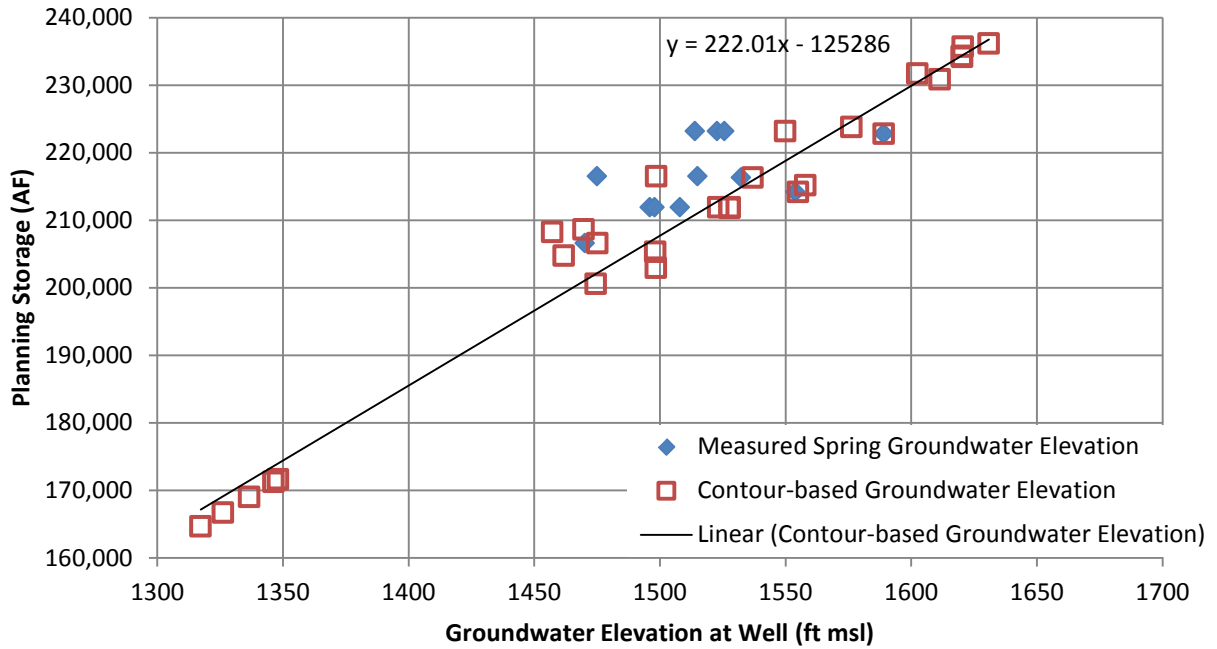


Figure 6-3: Planning Storage Curve: DW-03

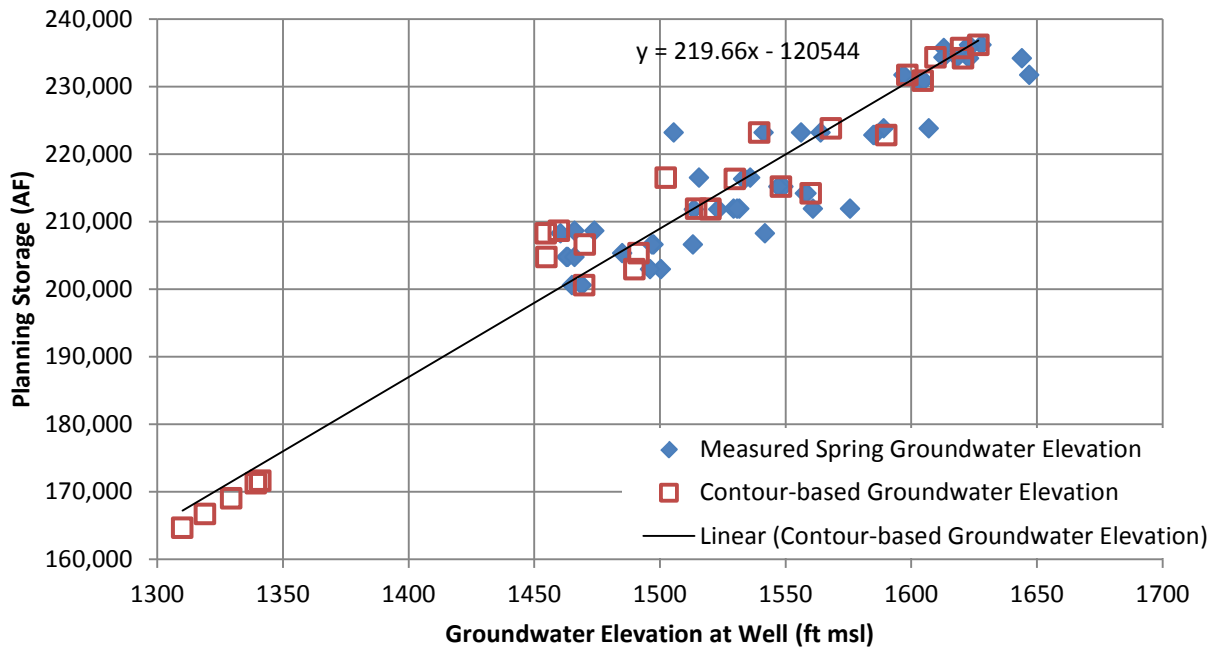


Figure 6-4: Planning Storage Curve: Cienega 6

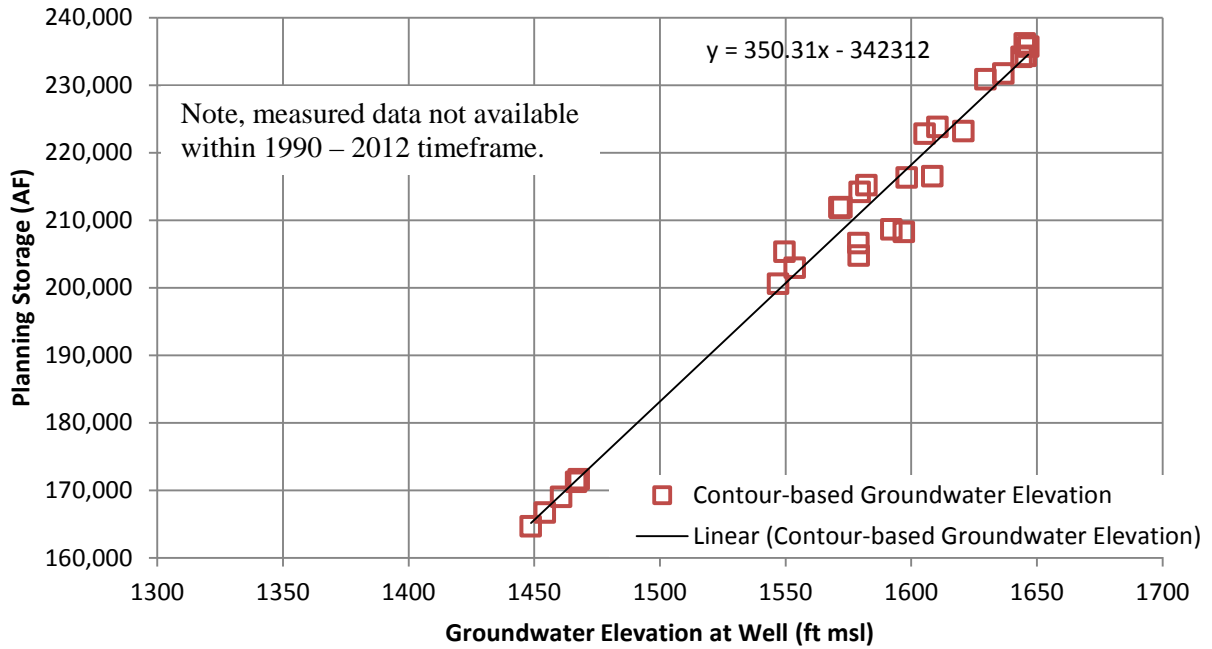


Figure 6-5: Planning Storage Curve: LHMWD 16

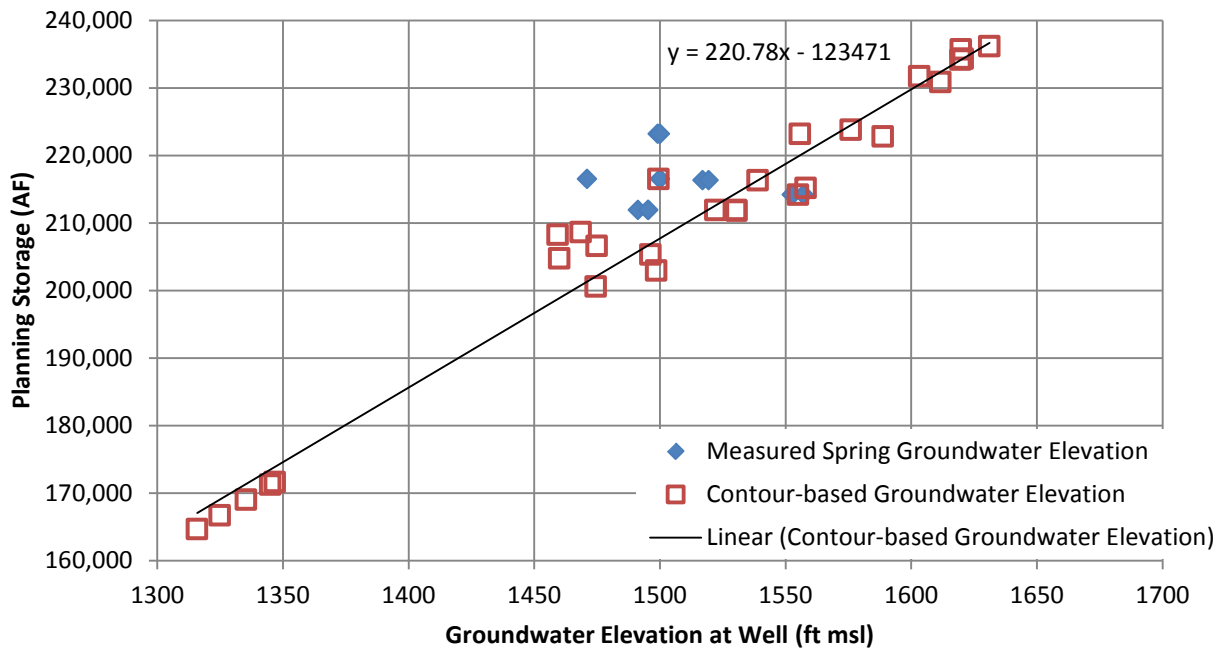


Figure 6-6: Planning Storage Curve: DW-04

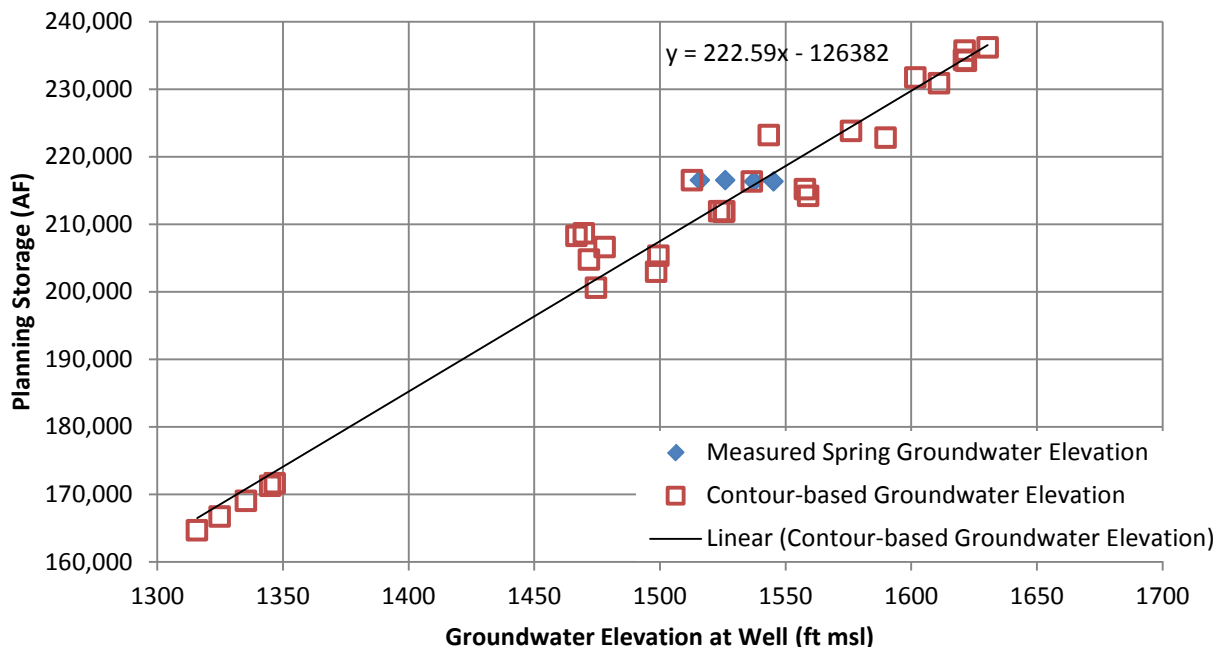


Figure 6-7: Planning Storage Curve: IW-02

6.3 Triggers and Actions

Triggers were developed to be protective of groundwater production from the Soboba Tribe wells, and other wells in the basin, while minimizing the operational impacts to EMWD and LHMWD, who would be required to reduce groundwater production, increase recharge, or supply supplemental water directly to the Soboba Tribe as a result of triggered actions. Note that all recharge water must comply with Section 4.2 of the Settlement Agreement.

The triggers were developed based on groundwater elevations at the Soboba wells and converted to Planning Storage based on Planning Storage Curves for the Soboba Tribe wells.

Triggers were developed for four different levels:

- Proactive trigger
 - Early response (higher groundwater elevation conditions)
 - Reduced impact (longer time period to return to trigger)
- Responsive trigger
 - Later response (lower groundwater elevation conditions)
 - Higher impact (shorter time period to return to trigger)
- Near-Critical trigger
 - Same response as Responsive Trigger
 - Acts as a warning that groundwater elevations are nearing the Critical trigger
- Critical trigger
 - Critical levels (lowest groundwater elevation conditions)

- Highest impact (most severe production restrictions or recharge requirements)

6.3.1 Trigger Groundwater Elevations

Groundwater elevations that were used to develop the triggers are described below for the four different trigger levels.

6.3.1.1 Proactive Management Groundwater Elevations

Proactive management of groundwater storage is desired to minimize the severity of limitations on groundwater production by EMWD and LHMWD. Proactive management was developed to allow for action when groundwater levels are below levels where the basin is thought to have subsurface flow across the Claremont Fault into the San Jacinto Upper Pressure Management Zone (between 40 and 60 feet bgs) and below levels that are conducive to liquefaction (50 feet bgs). Historical analysis of groundwater levels indicated such shallow groundwater level conditions occurred in 1995, 1996, 1997, and 1998 near the Cienega wellfield, as shown in Figure 6-8. Uncertainty in the estimate and the need to be protective against liquefaction that could occur with subsequent wet periods suggested the need to include a contingency. Thus, the Proactive Management Groundwater Elevation was set at 70 feet below ground surface near the Cienega wellfield.

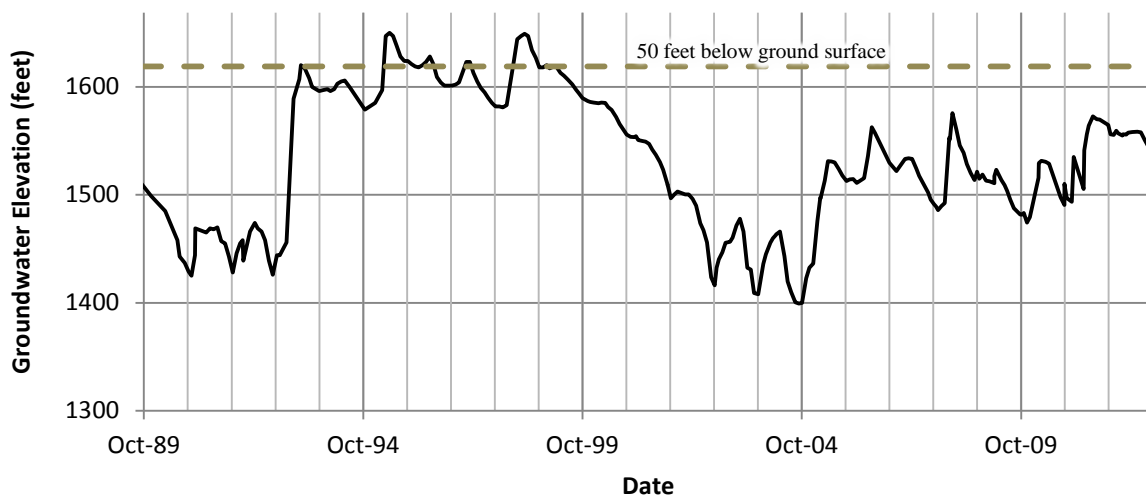


Figure 6-8: Groundwater Elevation, Relative to 50 Feet below Ground Surface, Cienega 6

6.3.1.2 Responsive Management Groundwater Elevations

An additional trigger was developed for groundwater elevations between the Proactive and Near-Critical levels. This Responsive trigger is not based on a specific elevation, but is rather based on volume and the time that would result in critical conditions in the basin. The development of this trigger is described in the Trigger Planning Storage section.

6.3.1.3 Near-Critical Groundwater Elevations

The Near-Critical trigger was developed for conditions nearing critical levels. Like the Responsive trigger, this trigger was not based on a specific elevation. Instead, the Near-Critical trigger was based on production volume that would result in minimal available Net Production for LHMWD and EMWD. The development of this trigger is described in the Trigger Planning Storage section.

6.3.1.4 Critical Groundwater Elevations

The Critical groundwater elevation trigger was established to identify when the groundwater elevations in the basin are nearing the point where the Soboba Tribe may be unable to meet its supply needs for

Canyon Sub-Basin groundwater within the context of the Soboba Agreement. The methodology for developing this trigger elevation included an analysis of estimated critical water levels for Soboba Tribe wells. The critical water levels were developed by the Soboba Tribe in Aspect Consulting (2014) and are described below based on that information.

Three potential issues associated with lower groundwater levels were used in the analysis:

- Pump Intake Submergence – Groundwater levels within 10 feet of the pump intake results in the potential for entrainment of air and damage to the pump.
- Minimum Flow – Reduced groundwater levels reduce the flow rate of the pump and results in the potential for increased wear and reduced pump life. Manufacturers set a minimum recommended continuous flow for each model.
- Well Yield – Reduced groundwater levels can result in production capacity exceeding the flow through the screen, resulting in potential entrainment of air and damage to the pump.

Analysis required assumptions for specific capacity at groundwater levels that were below what has been experienced historically. These specific capacity estimates were necessary to convert pumping water levels (where critical conditions exist) to static water levels (which will be monitored), and to estimate the volume of water that could be produced at the wells. Uncertainty existed as to how to extrapolate these data. Monitoring of specific capacity under this Plan is included to allow for adjustments to the trigger should the original extrapolation be found to be not sufficiently accurate.

The results of the Aspect Consulting (2014) analysis are shown in Table 6-2, which shows the shallowest critical groundwater elevation at IW-02 with a static water level at 1,405 ft msl. Three wells, including IW-02, are limited by well yield, while the fourth well, DW-04, is limited by submergence. Figure 6-9 relates the groundwater elevation to groundwater production capacity at each well and for the combined wells, assuming a 75% run duration. It was estimated that the Soboba Tribe would be capable of producing the 3,000 AFY from the Canyon Sub-Basin discussed in the Settlement Agreement when groundwater levels are greater than 1,400 ft msl. Current (2013) Soboba groundwater production from the Canyon is approximately 1,000 AFY, with increased production anticipated in the future. The current level of production was estimated to be achievable with groundwater levels at 1,330 ft msl (Aspect Consulting, 2014).

Given the anticipated growth of the Soboba Tribe's water demands and the desire for long-term groundwater management, the Critical trigger for this Plan was based on avoiding groundwater levels below 1,420 ft msl at the Soboba wells, which corresponds to the groundwater elevation where 3,000 AFY can be produced from the Canyon Sub-Basin by the Soboba Tribe wells at this time, with the addition of a 20 foot contingency to account for uncertainties. As discussed below and in Section 6.3.2.3, the spring adjustment for 1,420 ft msl results in a spring equivalent groundwater elevation of 1,450 ft msl.

Table 6-2: Critical Groundwater Elevations, Soboba Tribe Wells

Item	IW-02	DW-01	DW-03	DW-04
Pump Model	American Marsh 11LC	Goulds 9RCHC	American Marsh 13MC	Goulds 11CHC
Pump Setting ¹ (ft, bgs)	405	460	468	470
WL at Minimum Pump Submergence (ft, bgs)	395	450	458	460
Minimum Recommended Continuous Flow (gpm)	425	160	780	775
Minimum Operational SWL Elevation (ft)	1405	1335	1345	1325
SWL Elevation corresponding to 3000 AFY Production (ft)	1400			
with 20 ft contingency (ft)	1420			
SWL Elevation corresponding to 2013 Production (1036 AF) (ft)	1330			
with 20 ft contingency (ft)	1350			

Notes: 1. At effective date of Settlement Agreement.
 Assumes 75% pumping duration
 bgs: below ground surface
 ft: feet
 gpm: gallons per minute
 SWL: static water level
 WL: water level

Source: Aspect Consulting, 2014.

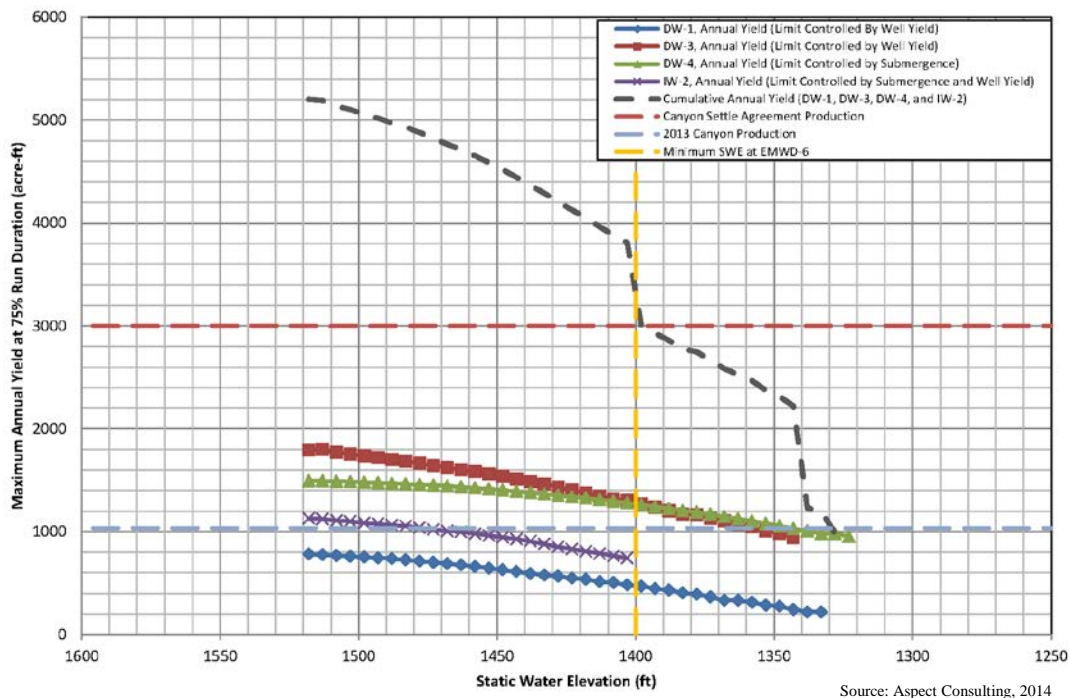


Figure 6-9: Well Yield and Static Groundwater Elevations

These critical water levels are most likely to occur in the late summer and fall, following the period of highest demand and lowest recharge. Monitoring is best performed in the spring, as that time period captures the bulk of wintertime recharge, which is a large component of overall recharge and is highly variable. To address this spring-to-fall time gap between monitoring and potential critical levels, a spring adjusted critical water level was developed for use as the trigger.

The spring adjustment was developed based on historical data at the Soboba Tribe wells, which indicated that from spring to fall there is typically a decline in groundwater levels between 90 and 125 feet. One hundred feet was selected as the spring adjustment, recognizing that this was based on historical levels of groundwater production. The spring adjustment was scaled based on the proposed reduction in production (or increase in recharge) using the Proactive or Responsive action levels, compared to the long-term historical groundwater production of 9,500 AFY. That is, if production were to be reduced (or recharge increased) by 25% based on the trigger action at that level, then the spring adjustment would be reduced by 25% to 75 feet.

The spring adjustment is performed only once, to define the Critical Trigger, as described in the following sub-section. Future spring monitoring, as part of implementation of this Plan, is then compared to the Proactive, Responsive, Near-Critical, and Critical trigger, all of which relate to spring groundwater levels. No further spring adjustments are necessary.

6.3.2 Trigger Planning Storage

Triggers were based on Planning Storage to allow for monitoring via multiple Key Wells to meet groundwater elevation needs at the Soboba Tribe wells. A description of the development of the Proactive trigger, Responsive trigger, Near-Critical trigger, and Critical trigger is provided below, based on the groundwater elevation information in Section 6.3.1.

Planning Storage below the triggers results in actions to increase Planning Storage, with actions described in Section 6.3.3.

6.3.2.1 Proactive Trigger

The Proactive trigger was set at a storage level near where outflow conditions across the fault are thought to have occurred in the past and below levels where liquefaction is thought to become an issue. As described in Section 6.3.1, this level was set at 50 feet below ground surface, plus a 20 foot contingency, resulting in a level of 70 feet below ground surface. The estimated Planning Storage at Cienega 6 at this level (1,599 ft) is 231,000 AF, based on the Planning Storage Curve (see Section 6.2). This value was adjusted to 225,000 AF for the final trigger to avoid nearing levels of potential liquefaction and outflow across the Claremont Fault.

6.3.2.2 Responsive Trigger

The Responsive trigger was set at 10,000 AF below the Proactive trigger, 215,000 AF. This level provides 18,000 AF of Planning Storage between the Responsive trigger and the Critical trigger. Under drought conditions similar to 1999 – 2002, the defined trigger levels and associated actions described under Section 6.3.3 will allow for eight years of incrementally reduced production (based on Responsive trigger actions described in Section 6.3.3) before reaching the Critical trigger.

6.3.2.3 Near-Critical Trigger

The Near-Critical trigger was set as water levels approach the critical water level for the Soboba Tribe wells and was designed to provide a warning that water levels are approaching the Critical trigger. The Planning Storage of 205,000 AF is the Near-Critical Trigger, acting as a warning rather than a change in management actions. Using the Responsive trigger action formula in Section 6.3.3, a Planning Storage of 205,000 AF results in a Basinwide Net Production of 5,100 AFY. Given the Soboba Tribe's ability of the Soboba Tribe to pump 3,000 AFY from the Canyon Sub-Basin and the presence of Private Pumpers that

produced approximately 1,000 AFY from 1984 – 2013, there would potentially be very little Basinwide Net Production available to EMWD or LHMWD at this or lower levels of Planning Storage.

6.3.2.4 Critical Trigger

The Critical trigger was set based on the critical groundwater elevations indicated by analysis of the Soboba Tribe wells. The Planning Storage that triggers this action was developed based on the critical water level of 1,420 ft msl, as discussed in Section 6.3.1. The spring adjustment for this value results in a spring equivalent groundwater elevation of 1,450 ft msl. The Planning Storage Curves, averaged for the DW-03, DW-04, and IW-02, show an associated Planning Storage of 197,000 AF, which is the Critical trigger.

6.3.3 Trigger Actions

Planning Storage below the triggers results in actions to slow or reverse the decline in Planning Storage. Actions were based on either reduced production or increased recharge, with quantities developed based on the specific trigger. The difference between production and artificial recharge with imported water is termed Basinwide Net Production, which can be reduced through less production or more recharge. Basinwide Net Production includes all artificial recharge by imported water, regardless of entity, and production by all wells, including private and Soboba Tribe wells.

Trigger actions are described below, and summarized in Figure 6-10. Note that entities may at any time take voluntary actions beyond what is called for by the trigger actions.

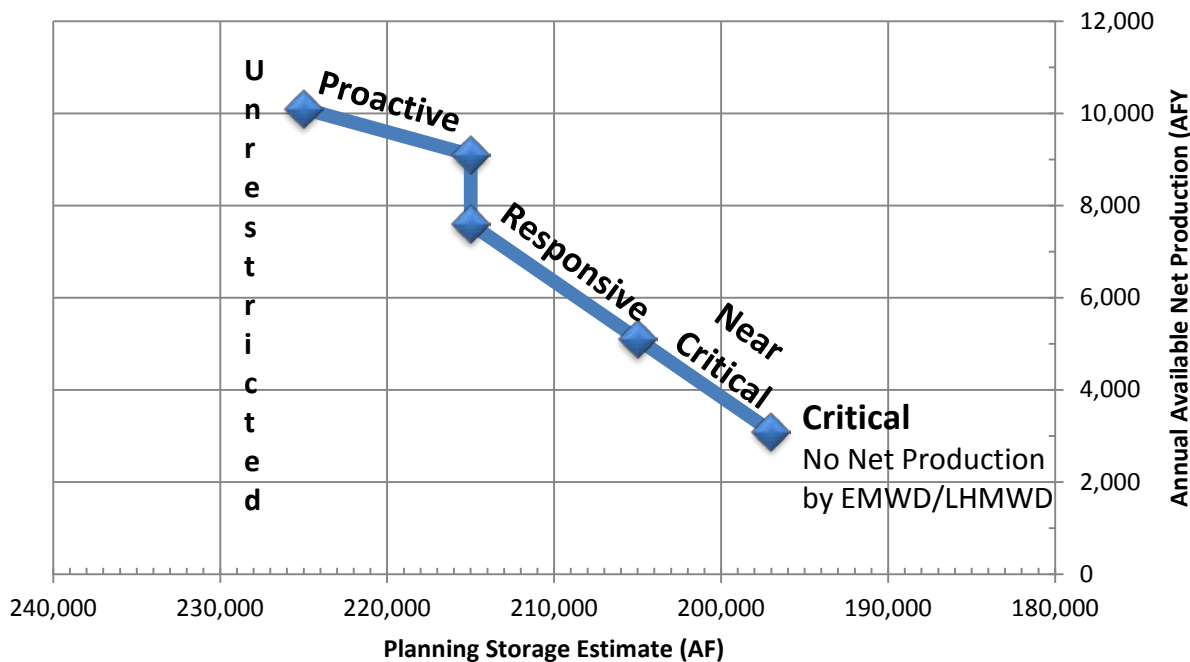


Figure 6-10: Summary of Trigger Levels and Net Production Limits

6.3.3.1 Proactive Trigger

The Proactive trigger was designed to allow for actions to benefit the basin at a scale that can be more easily achieved by the water purveyors. The Proactive trigger was set at a storage level below where

outflow conditions across the fault are thought to have occurred in the past and below levels where liquefaction is thought to become an issue. As described in Section 6.3.2, the Proactive trigger was set at 225,000 AF. Storage above this trigger results in unrestricted production (subject to overall limitations by the Watermaster). This unrestricted production was intended to encourage continued natural recharge of the Canyon Sub-Basin as well as to guard against liquefaction. Storage below the Proactive trigger was intended to result in an early response to groundwater level declines that are not considered onerous by either LHMWD or EMWD. For the Proactive trigger, the quantity of water that is needed to bring the basin back to the uppermost threshold is divided by 10 to arrive at the required annual reduction in production or increase in recharge, allowing for a relatively modest response to declining water levels that is considered appropriate for these higher water levels (see Equation 2). With this response, groundwater levels would be expected to return to a Planning Storage of 225,000 AF given 10 years of average hydrology.

$$\text{Basinwide Net Production} = 10,100 - \left(\frac{225,000 - \text{Planning Storage}}{10} \right) \quad [2]$$

6.3.3.2 Responsive Trigger

The Responsive trigger was designed to allow for a stronger response to lower groundwater levels. The Planning Storage of 215,000 AF triggers an action of limiting Basinwide Net Production based on Equation 3. The Responsive trigger formula was designed to move the basin towards the 225,000 AF in Planning Storage within a four-year period, should normal hydrology occur.

$$\text{Basinwide Net Production} = 10,100 - \left(\frac{225,000 - \text{Planning Storage}}{4} \right) \quad [3]$$

6.3.3.3 Near-Critical Trigger

The Near-Critical trigger is set as water levels approach the critical water level for the Soboba Tribe wells and is designed to provide a warning that water levels are approaching the Critical Trigger. The Planning Storage of 205,000 AF is the upper bound of the Near-Critical Trigger. Acting as a warning rather than a change in management actions, actions of limiting Basinwide Net Production under the Near-Critical trigger are defined using the same formula as defined for the Responsive trigger (see Equation 3).

6.3.3.4 Critical Trigger

The Critical trigger is set near the critical water level for the Soboba Tribe wells and is designed to minimize the risk from variability in precipitation by setting the response at a level consistent with the dry period planning yield. The dry period Planning Yield is estimated as 2,500 AFY, which is based on the average of the four driest consecutive years within the 1990 – 2012 period analyzed for the Planning Yield: 1999 – 2002. Future Soboba Tribe and private groundwater production are anticipated to exceed 2,500 AFY. As this Plan does not require reduction in groundwater production by the Soboba Tribe or private pumpers, Planning Storage of 197,000 AF triggers an action of no Net Production of groundwater by EMWD and LHMWD from the Canyon Sub-basin except as discussed in Subsection 6.3.3.5.

6.3.3.5 Limitations to Meeting Trigger Actions

The ability to meet limitations defined through the trigger actions may not be possible at times due to insufficient available recharge water for the Canyon Sub-Basin and practical limits of the ability of agencies to shift to other alternative water sources. In situations where trigger actions cannot be met, the Participants would convene to discuss and coordinate options to optimize production for the Canyon Sub-Basin.

6.4 Plan Management

Management of the Plan includes regular monitoring, reporting, and updates of technical information and the plan itself.

6.4.1 Monitoring

Monitoring is critical to the success of the Plan and serves two primary purposes: implementing the Plan and improving the Plan.

Plan implementation requires monitoring of the Key Wells to establish trigger status and implement the defined actions. This requires manual water level measurements on the first workday in April.

Plan improvement is a broader category and involves additional monitoring needed to provide a more reliable analysis for future updates of this Plan. As summarized in Table 6-3, this includes:

- Daily transducer readings at the Key Wells and at Soboba wells IW-02, DW-03, and DW-04 to develop a better understanding of seasonal trends as well as to support other analysis, including impacts of well operations, storm events, and recharge activities, among others. Soboba well DW-01 does not have an access port or sounding tube suitable for transducer installation; an access tube and transducer may be installed as part of a future rehabilitation, if feasible. The transducer measurements must be supported by semiannual manual measurements for quality assurance. Semiannual manual measurements to occur at the spring reporting period and a period six months later.
- Semiannual (or more frequent) groundwater elevation monitoring at all accessible Canyon Sub-Basin wells to support future groundwater elevation contours, supporting estimates of basin storage, groundwater model calibration, and the general understanding of flow conditions. Monitoring to occur minimally at the spring reporting period and a period six months later.
- Installation of new monitoring wells, which would also be monitored at least semiannually and would fill gaps in the existing well network, including areas of Poppet Creek, Indian Creek, and upper portions of the San Jacinto River. Dedicated monitoring wells may also be installed in the central portions of the basin. After sufficient water level data has been collected, these dedicated monitoring wells may be considered as future Key Wells, with the benefit of less influence from groundwater production. Switching Key Wells from what is in this Plan to new dedicated monitoring wells will require development of new storage curves used in estimation of the Planning Storage. This will, however, not impact the triggers or trigger levels.

Table 6-3: Groundwater Monitoring

Well	Monitoring	Objective: Plan Implementation	Objective: Plan Improvement
Key Wells Soboba Wells	Transducer (daily)		Seasonal trends Support analysis
	Manual (semiannual ² , or more frequent)	Determine trigger status and related actions ¹	Verify transducer readings
All Other Canyon Wells	Semiannual ² , or more frequent		Support future analysis of groundwater elevations
New Wells	Semiannual ² , or more frequent		Fill data gaps Potential future Key Wells

Notes:

1. Implementation requires only the April measurement.
2. Semiannual measurements to be taken on the first workday of April and October

In addition to the groundwater monitoring, there are several other key monitoring needs to improve the Plan in the future:

- Streamflow monitoring is needed for both upstream and downstream locations. Improvements to the Cranston Gauge are needed to improve reliability and acceptance of these data. Streamflow data downstream of the Canyon Sub-Basin are needed to better quantify recharge from streamflow. This may include outflow from the Soboba Pit or other downstream flow location. The existing State Street Gauge is valuable, but a gauge closer to the Canyon Sub-Basin boundary would provide a better estimate of recharge into the Canyon.
- Precipitation monitoring should continue to support estimates of areal recharge and streamflow recharge.
- Groundwater production, surface water deliveries, and location of septic users should continue to be monitored.
- Specific capacity monitoring should be performed on Soboba Tribe wells to improve the trigger values, particularly during periods of lower groundwater elevation.

Finally, the ability of the Soboba Tribe to pump 3,000 AFY from the Canyon Sub-Basin is a function of both groundwater conditions and Soboba Tribe's groundwater facilities. Monitoring of these facilities is necessary to manage the continued ability to produce groundwater and to identify impacts that are the result of groundwater conditions as opposed to the result of groundwater facilities. Monitoring should include:

- Static water level measurements, at least semiannually. Note that the ability to sound Soboba well DW-01 for groundwater levels is difficult and there is a potential for loss of the probe down the well, which would prohibit future groundwater level measurements until the pump is pulled.
- Specific capacity testing, computed semiannually utilizing static water level measurements.
- Video surveys, when wells are rehabilitated.

All monitoring data should be incorporated into the RWRD and be made available to all participants and the Watermaster.

6.4.2 Annual Monitoring and Reporting

Annual monitoring and reporting will be performed as described below. The Reporting Entity is a working group of the Plan participants, led by EMWD. The Reporting Entity will be responsible for:

- Compiling data from the Key Well owners
- Circulating data to the Plan participants for confirmation
- Performing calculations to estimate trigger status
- Identifying the trigger actions
- Documenting the above activities
- Documenting previous year's trigger actions, production, and recharge
- Circulating the documentation for review and comment
- Coordinating meetings and the sharing of the information with all Plan participants

It is anticipated that the plan itself will be updated periodically to ensure that the Canyon Sub-Basin is managed to provide the maximum benefit possible to the participants while still being protective of its long-term sustainability.

6.4.2.1 Monitoring

Monitoring, as described in Section 6.4.1, will be performed by the well owner. Monitoring of Key Wells for identification of trigger status is required on the first workday in April. Monitoring data is to be provided to the Reporting Entity and to the Plan participants within one week of measurement and will include the manual groundwater elevation measurement as well as manual and transducer measurements for the previous year.

The Reporting Entity or any of the Plan participants may request a supplemental manual groundwater elevation measurement within 1 week of receipt of the data, if the initial measurement is thought to be anomalous. The supplemental measurement will be made within 1 week of the request and will be provided to the Reporting Entity and to the Plan participants within one week of measurement, including the manual groundwater elevation measurement as well as manual and transducer measurements for the previous year. The decision on the use of the initial or the supplemental groundwater elevation measurement will be made through consensus among the Plan participants.

6.4.2.2 Analysis

The Reporting Entity will analyze the data through the following process. A hypothetical example is provided in Appendix C.

- For each of the three wells, convert the elevation data into a Planning Storage Estimate by using the linear regression formula identified on the Planning Storage Curve figure in Section 6.2. The groundwater elevation would be inserted as “x” and the Planning Storage would be the result, “y”.
- Develop a weighted average of the resulting Planning Storage estimates. Add the estimate for Cienega 6, LHMWD 16, and two times the estimate for DW-03. Then, divide the estimate by four.
- Identify the trigger level.
 - If the Planning Storage estimate is greater than 225,000 AF, then there is unrestricted production as related to this Plan.
 - If the Planning Storage estimate is between 215,000 and 225,000 AF, the basin is within the Proactive trigger.
 - If the Planning Storage estimate is between 205,000 and 215,000 AF, the basin is within the Responsive trigger.
 - If the Planning Storage estimate is between 197,000 and 205,000 AF, the basin is within the Near-Critical trigger.
 - If the Planning Storage less than 197,000 AF, the basin is within the Critical trigger.
- Identify the trigger action.
 - Proactive trigger.

$$\text{Basinwide Net Production} = 10,100 - \left(\frac{225,000 - \text{Planning Storage}}{10} \right)$$
 - Responsive and Near-Critical triggers.

$$\text{Basinwide Net Production} = 10,100 - \left(\frac{225,000 - \text{Planning Storage}}{4} \right)$$
 - Critical trigger.

No Net Production by LHMWD and EMWD within the Canyon Sub-Basin, subject to certain limitations discussed in Subsection 6.3.3.5.

- Estimate groundwater production by the Soboba Tribe and private pumpers by using the average of the past five-years. Subtract this value from the Basinwide Net Production to identify the volume available to EMWD and LHMWD.
- Coordinate with EMWD and LHMWD to identify individual actions to meet the Basinwide Net Production levels. EMWD and LHMWD will coordinate to develop these actions and to define cost sharing, which will be based on the level of benefits received.

6.4.2.3 Reporting

The Reporting Entity will compile the monitoring data and prepare a draft report by May 1. The draft report will include:

- Summary of activities for the previous two years
- Soboba groundwater supply status, including
 - Groundwater elevation data
 - Groundwater production data
 - Well status
- Canyon Sub-Basin groundwater conditions
 - Groundwater production by entity
 - Artificial recharge
 - Key Well groundwater elevation
 - Estimated Planning Storage
 - Trigger status
 - Trigger actions

The draft will be circulated to EMWD, LHMWD, and the Soboba Tribe. Comments will be provided by May 15. The final report will be developed by June 1. Actions resulting from the report will cover the period July 1 – June 30.

6.4.3 Data Sharing and Communication

Data sharing and communication between EMWD, LHMWD, and the Soboba Tribe are critical for the success of the Plan. This includes sharing data, holding meetings, and as-needed communication through primary contacts for each participant.

6.4.3.1 Data Sharing

The Reporting Entity will facilitate data sharing through the development and maintenance of an ftp site and coordination for the continued maintenance of the RWRD, with access available to all participants. The ftp site and RWRD will allow participants to provide new data and reports and access existing data and reports.

6.4.3.2 Meetings

Meetings are necessary to maintain proper communication between the Plan participants, allowing for timely action on groundwater-related issues including potential future impacts or potential early actions. Meetings will be coordinated by the Reporting Entity and will be held at least annually, coinciding with the release of the draft report in May. Additional meetings will be held when the basin is below the Responsive trigger, with meetings at least quarterly.

6.4.3.3 Primary Contact

Additional communication will be facilitated through the establishment of a primary contact or contacts. Each participant will establish a primary contact or contacts for activities related to this Plan and will

provide contact information, including email, telephone, mail, and a physical address. As desired by each participant, multiple contacts may be provided to serve certain functions, such as a contact for policy issues and a contact for data or technical issues.

6.4.4 Updates

This Plan may be updated or modified in the future jointly by the plan participants to refine the technical analysis, refine the management process, or incorporate the use of alternative supplies.

6.4.4.1 Planning Yield Update

Updating the Planning Yield may be necessary to

- Incorporate improved data and relevant analyses for updating the water balance
- Capture changes that occur over time to the hydrologic system due to development, water use practices, and climate change

Future data collection efforts should focus on improving the accuracy of measurements at the Cranston Gauge and on data collection to capture both upstream (Cranston Gauge) and downstream (State Street Gauge, Soboba Pit outflow, or other location) streamflow. Such streamflow data are critical as the San Jacinto River system contributes nearly 90% of the inflow to the groundwater system.

The impact of changes over time to the hydrologic system will vary depending on the changes in land use practices. Periods of intensive urbanization or significant changes in agricultural practices may accelerate the need for updating the Planning Yield. However, as noted above, the San Jacinto River system is the primary driver for the Planning Yield estimate resulting in the estimate being less sensitive to changes in other components of the hydrologic system.

6.4.4.2 Management Process Update

The Plan participants may decide to review the validity of the assumptions and methodology of this Plan. The participants could then direct a review that may include:

- Review of Planning Storage Curves through estimates of Planning Storage beyond 2012 and incorporation of new groundwater elevation data.
- Review of the Critical trigger level through incorporation of new estimates of specific capacity at Soboba Tribe wells
- Incorporation of other new data sources

As LHMWD 16 is a new well, monitoring will be required to ensure that the measured water levels track with the Planning Storage Curve. If future measured groundwater levels at LHMWD 16, or at the other Key Wells, show significant deviation from the Storage Curve then replacement with alternate wells, reduction in the number of Key Wells, or revision of the Storage Curves may be considered.

6.4.4.3 Document Update

It is likely that an update to the technical analysis or the management process will require revision to the Plan. A decision on the need for updates to the Plan will be made by the participants after 5 years, at which point a decision will be made for the frequency of future updates. Should the Plan participants desire to modify various aspects of the Plan, including but not limited to the technical analysis, management process, or the incorporation of alternative supplies, the Plan may be updated at any time by mutual agreement of the participants.

6.4.5 Supply Alternative Planning

The monitoring, analysis, and reporting implemented by this Plan may lead to reduced groundwater production and increased recharge. Additionally, supplemental water may be provided to the Soboba

Tribe as an alternative method to manage the basin and achieve the objectives of the Plan. Decisions on which method to select may require additional coordination, technical work, or planning activities.

6.4.5.1 Groundwater Production

Groundwater production may be reduced by EMWD and LHMWD to reduce outflows and comply with trigger actions. Such reduction may be achieved through conservation or through delivery of alternate water supplies (in-lieu recharge). Reduced groundwater production may require changes to infrastructure to meet customer demand with different supply mixes. EMWD and LHMWD may choose to investigate infrastructure needs and potential costs.

6.4.5.2 Groundwater Recharge

Groundwater recharge may be utilized by EMWD and LHMWD to augment water supplies and comply with trigger actions. Artificial recharge activities require appropriate permits from the Santa Ana RWQCB which would generally involve modeling, monitoring, water quality sampling, and analysis to ensure that groundwater quality in the Canyon Sub-Basin is not significantly impacted by the recharge. EMWD is signatory to *Cooperative Agreement to Protect Water Quality and Encourage the Conjunctive Use of Imported Water in the Santa Ana River Basin*, which likely allows for recharge of State Water Project water in the Canyon Sub-Basin. Groundwater recharge in the Canyon will need to be consistent with Section 6.6.4 of the Stipulated Judgment, Section 4.2 of the Settlement Agreement, and the Cooperative Agreement. State Water Project water has been deemed acceptable in the past and is assumed to be acceptable in the future. Water of lesser quality (e.g., Colorado River Aqueduct water) could potentially be recharged after discussion with Participants, prior written approval by the Soboba Tribe, and regulatory approval. This Plan assumes that the recharge of water from the San Jacinto River and from the State Water Project can occur at the Grant Avenue Ponds, and LHMWD's approval of this Plan is contingent on the ability to recharge State Water Project water at the Grant Avenue Ponds.

LHMWD may consider coordinating with the Santa Ana RWQCB and potentially becoming part of the Cooperative Agreement to allow for LHMWD to recharge State Water Project water in the Canyon Sub-Basin, or may work through EMWD to recharge the basin in accordance with the Cooperative Agreement. EMWD remains committed to working with LHMWD and the Tribe to pursue viable and low cost methods of sustaining Canyon groundwater levels, including potential recharge of water at the Grant Avenue Ponds. Additionally, EMWD and LHMWD may consider estimating the cost of recharging water at Grant Avenue to assist in the decision between reducing production or increasing recharge to meet trigger action requirements.

6.4.5.3 Supplemental Water

As previously stated, the Settlement Agreement establishes the Soboba Tribe production rights at 9,000 AFY from Intake (as defined in the Settlement Agreement, generally the southern portion of the Upper Pressure Sub-Basin, including the portion adjacent to the Canyon Sub-Basin) and Canyon Sub-Basins (within the Hemet/San Jacinto Groundwater Management Area); however, at least 3,000 AFY must be made available for production directly from the Canyon Sub-Basin. If the Canyon Sub-Basin supplies are inadequate to meet the Soboba Tribe's 3,000 AF annual production allocation and demands, then EMWD and LHMWD will be required to provide a supplemental water supply directly to the Soboba Tribe to satisfy production rights demands. Among other goals, this Plan is developed to support responsible and sustainable water management that will allow for the continued ability of the Soboba Tribe to produce 3,000 AFY from the Canyon Sub-Basin, consistent with the implementation of the Settlement Agreement.

The Plan participants may, at some point, decide that it is more advantageous for managing the basin through shortage conditions or to allow for more recharge capture for EMWD and LHMWD to provide a supplemental water supply directly to the Soboba Tribe to satisfy production rights demands. The

provision for supplemental water is also included in the Settlement Agreement. Additional information is required to make an informed decision on supplemental water delivery, including:

- The existing cost of groundwater production by the Soboba Tribe;
- Daily flow rate required to satisfy the 3,000 AFY production allocation in the Settlement Agreement;
- The water quality of the proposed supplemental supply; and
- Costs for providing supplemental water, including capital costs and operations and maintenance costs.

The Plan participants may collectively or individually investigate these items to make informed decisions regarding the delivery of supplemental water. Any proposal to supply supplemental water will be coordinated among the Plan participants and may be incorporated into the Plan as a management element, subject to mutual approval by the participants.

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Appendix A - Memorandum of Understanding

MEMORANDUM OF UNDERSTANDING

OPERATING PLAN FOR THE CANYON SUB-BASIN

This Memorandum of Understanding ("MOU") is by and between the Soboba Band of Luiseño Indians (the "Tribe"), the Eastern Municipal Water District ("EMWD"), and the Lake Hemet Municipal Water District ("LHMWD"). The latter two entities are sometimes collectively referred to as the "Two Agencies," and the Two Agencies and the Tribe are collectively referred to as "the Parties".

RECITALS

A. In the water rights negotiations involving the Tribe, the United States, EMWD, LHMWD, and the Metropolitan Water District of Southern California ("MWD") that led to the Soboba Band of Luiseño Indians Settlement Agreement ("Settlement Agreement"), the Tribe and the United States sought limits on production from the Canyon Sub-Basin ("CSB") by non-Indian parties but ultimately agreed to forego such limits in return for (1) an obligation on the part of EMWD and LHMWD, under paragraph 4.1.C of the Settlement Agreement, to deliver water to the Tribe under certain circumstances, and (2) the requirement that the Tribe and the United States, under paragraph 4.8.A of the Settlement Agreement, must approve the Water Management Plan ("WMP") prepared by the Two Agencies and others before it can become effective. The WMP is to be the physical solution adopted by the Court pursuant to a Stipulated Judgment ("Stipulated Judgment") in an action filed by EMWD to adjudicate various water rights in a described Management Area, of which the CSB is a part. The WMP is to be implemented and operated by a Watermaster ("WM"), appointed by the Court and consisting of one representative of each of the Two Agencies, the Cities of Hemet and San Jacinto and one representing all private pumpers.

B. The Tribe's willingness to forego pumping limits was based on a limit on pumping from the CSB imposed on EMWD by the Fruitvale Judgment of 4,500 afa when the static water level in the CSB is 25 feet or more below ground level in a specifically described well ("Fruitvale Limit").

C. The WMP provides that the WMP supersedes the Fruitvale Judgment, thereby eliminating the Fruitvale Limit.

D. The Tribe is willing to approve the WMP and to recommend that the United States approve the WMP if the Two Agencies will commit to the prompt development of an operating plan for the CSB ("Operating Plan") designed to help avoid shortages that would result in involuntary pumping restrictions on one or more of the Two Agencies, using each of the elements set forth on Attachment 1 that is determined by the Parties to be reasonably, economically, practically, legally and environmentally achievable and funded through a cost-sharing arrangement based on benefits received.

E. Each of the Two Agencies is willing to make such a commitment and to develop such an Operating Plan as quickly as reasonably possible as set forth herein in order that approvals of the WMP by the Tribe and the United States can be obtained.

IT IS THEREFORE AGREED,

1. The Two Agencies will each commit to do what is necessary in the shortest time reasonably possible to cooperatively develop an Operating Plan for the CSB based on, among other things, the elements described on Attachment 1 attached hereto and incorporated herein by reference which are determined by the Tribe and each of the Two Agencies to be reasonably, economically, practically, legally and environmentally achievable and funded through a cost-sharing arrangement based on benefits received. To the extent that projects or elements proposed would have regional benefits as opposed to benefiting one or more of the Parties to this MOU, the Two Agencies will request that the WM participate in the implementation of the element or project. In the absence of the WM's participation, the element or project shall be scaled back so as to benefit only one or more of the Parties. The Parties acknowledge that this MOU does not obligate them to include any or all of these elements in the final Operating Plan for the CSB.
2. The Parties agree that EMWD shall direct the WM to recharge in the CSB, from EMWD's share of the Imported Water supplied by MWD pursuant to the Settlement Agreement, in addition to any other recharge already or normally scheduled for the CSB, an amount of water equal to production from the CSB by EMWD that exceeds the Fruitvale Limit on terms and conditions established by the WM. The additional recharge shall occur in the same year as said excess production by EMWD or as soon thereafter as reasonably possible, to the extent EMWD's share of Imported Water supplied by MWD is available. If EMWD's share of Imported Water supplied by MWD is not available to supply all or part of the additional recharge, EMWD shall make up the balance of the excess production by comparable production cuts within the three subsequent water years. The Parties further agree that the requirements of this paragraph constitute a component of the WMP for the Canyon Management Zone referenced in Section 8.9 of the WMP and acknowledge that the Stipulated Judgment gives EMWD the right to direct the WM to undertake the recharge required herein.
3. The Tribe agrees based on the foregoing to approve the WMP and recommend to the United States that it also approve the WMP.
4. Execution of this MOU may be *via* facsimile or electronic means. Given the governmental character of the Parties, all Parties understand and agree that this MOU can only be effective and binding between and among them provided that the Tribal Council and the Districts' Boards of Directors approve the MOU and authorize its execution. This MOU will be executed in counterparts, each of which will be deemed an original, but all of which constitute one and the same instrument. This MOU shall become effective upon the date the last Party executes it.
5. Each person executing this MOU on a Party's behalf is duly authorized and empowered to do so.

6. All notices or communications required or permitted hereunder shall be in writing and shall be either personally delivered (which shall include delivery by means of professional overnight courier service which confirms receipt in writing [such as Federal Express or UPS]), sent by telecopier or facsimile ("Fax") machine capable of confirming transmission and receipt, or sent by certified or registered mail, return receipt requested, postage prepaid to the following Parties at the addresses or numbers below:

To the Soboba Tribe

Chairperson
SOBOBA BAND OF LUISEÑO INDIANS
P.O. Box 487
San Jacinto, CA 92581
Telephone (951) 654-2765
Fax (951) 654-4198

With Copy to

LUEBBEN JOHNSON & BARNHOUSE LLP
Karl E. Johnson
7424 4th St., NW
Los Ranchos de Albuquerque, NM 87107
Telephone (505) 842-6123
Fax (505) 842-6124

To EMWD

General Manager
EASTERN MUNICIPAL WATER DISTRICT
P.O. Box 8300
Perris, CA 92572-8300
Telephone (951) 928-3777
Fax (951) 928-6112

With Copy to

REDWINE AND SHERRILL
Gerald D. Shoaf
1950 Market St.
Riverside, CA 92501
Telephone (951) 684-2520
Fax (951) 684-9583

To LHMWD

General Manager
LAKE HEMET MUNICIPAL WATER DISTRICT
P.O. Box 5039
Hemet, CA 92544
Telephone (951) 658-3241
Fax (951) 766-7031

With Copy to

BEST, BEST & KRIEGER, LLP
Bradley E. Neufeld
P.O. Box 1028
Riverside, CA 92502-1028
Telephone (951) 686-1450
Fax (951) 686-3083

7. Each of the Parties agrees to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the terms and conditions of this MOU, including the execution of any additional documents that may be necessary.

IN WITNESS WHEREOF, each of the Parties has executed this MOU on the day and year written below.

DATED: Feb. 19, 2009

SOBOBA BAND OF LUISEÑO INDIANS

By: Rosemary Morillo

APPROVED AS TO FORM:

LUEBBEN JOHNSON & BARNHOUSE, LLP

By: _____
Karl E. Johnson

DATED: April 1, 2009

EASTERN MUNICIPAL WATER DISTRICT

By: [Signature]

APPROVED AS TO FORM:

REDWINE, AND SHERRILL

By: Gerald D. Shoaf
Gerald D. Shoaf

DATED: April 1, 2009

LAKE HEMET MUNICIPAL WATER DISTRICT

By: _____

APPROVED AS TO FORM:

BEST, BEST & KRIEGER

By: _____
Bradley E. Neufeld

Elements of a Canyon Sub-Basin Operating Plan

Among the elements that will be considered for inclusion in the Operating Plan for the Canyon Sub-Basin are the following.

1. **Artificial Recharge**
 - a. **Maximize recharge of stormwater runoff by coordinating management of Eastern's diversion rights at the Grant Street ponds with the ongoing reclamation of the Soboba gravel pit.**
 - b. **Prioritize use of imported State Water Project water to keep seasonal static water level variations in the Cienega area of the Canyon Sub-basin within recorded historic limits subject to refinement upon completion of modeling and agreement by all Parties.**
 - c. **Permit and construct facilities to implement artificial recharge in the Cienega area. Options include the Fairview Ponds and the Soboba gravel pit (subject to environmental limitations and constraints).**
2. **Monitoring**
 - a. **Implement continuous stream gauging of Indian and Poppet Creeks on the Soboba Reservation.**
 - b. **The Tribe may provide the sites and gauging structures, and the Two Agencies and/or the Water Master may contract with and pay the U.S. Geological Survey for operation and maintenance.**
3. **Pumping Restrictions**
 - a. **Implementation of artificial recharge as described above is designed to minimize a need for pumping restrictions in droughts of moderate duration (e.g., those occurring from 1985 – 2007).**
 - b. **In the event of extended drought conditions (e.g., those occurring from the late 1940s to the mid-1960s), the Two Agencies and/or the Water Master may consider proactively limiting pumping to avoid severe shortages.**
4. **Soboba Gravel Pit Reclamation**
 - a. **Removal of fine sediment to promote recharge while the pit aggrades back to a natural floodplain may be continued, with costs shared by the Tribe and the Two Agencies and/or the Water Master.**
 - b. **The Tribe and the Two Agencies, and/or the Water Master, may cooperate and cost share in permitting and constructing grade control structures and/or other measures on the San Jacinto River to reclaim the natural channel upstream of the pit, and to help address erosion and diversion problems in the Grant Street ponds vicinity.**

- c. **The Parties may explore permitting the reclamation-related actions described above by incorporating them into the U.S. Army Corps of Engineers San Jacinto River Restoration Project or other cooperative projects.**

Appendix B - Meeting Attendees



CANYON OPERATING PLAN KICK-OFF MEETING

January 13, 2014
 Conference Room 218
 11:00 am – 12:00 pm

PRINT NAME	E-MAIL ADDRESS	SIGNATURE
FRANK COATE	FCOATE@SOBOBA-NSN.GOV	
Erick Miller	emiller@aspectconsulting.com	
Jim Blanke	jblanke@rmcwater.com	
Ali Tashavi	atashavi@rmcwater.com	
Jayne Joy	jjoy joyj@emwd.org	
John Dotinga	dotingaj@emwd.org	
Gordon Ng	ngg@emwd.org	
John DAVENIN	DAVENINJ@EMWD.ORG	
BRIAN POWELL	POWELLB@EMWD.ORG	
TOM WAGONER	twagoner@LHMWD.ORG	Tom Wagoner
Mike Gow	mgow@lhmwd.org	
CBachmann	bachmannc@emwd.org	

Meeting Sign-In Sheet



EMWD Canyon Operating Plan Project

Subject: 1st Monthly Meeting
Date/Time: February 10th 2014, 10:30 – 12:30 pm
Location: EMWD, Room 101 (Community Room)
 2270 Trumble Road, Perris

Name	Signature	Entity	Title	Email	Telephone
Charlie Bachmann		EMWD	Assistant General Manager	bachmannc@emwd.org	(951) 928-3777 x ____
Jim Blanke		RMC	Senior Hydrogeologist	jblanke@rmcwater.com	(916) 999-8762
Frank Coate	PHONE	Soboba Tribe		fcoate@soboba-nsn.gov	(951) ____ - ____
John Daverin		EMWD	Senior Engineering Geologist	daverinj@emwd.org	(951) 928-3777 x4584
John Dotinga		EMWD	Water Production Manager	dotingaj@emwd.org	(951) 928-3777 x7301
Khos Ghaderi		EMWD	Director of Water Operations	ghaderik@emwd.org	(951) 928-3777 x ____
Mike Gow		LHMWD	Asst. General Manager, Chief Engineer	mgow@lhmwd.org	(951) 658-3241 x 238
Jayne Joy		EMWD	Director, Environ. & Regulatory Compliance	joyj@emwd.org	(951) 928-3777 x ____
Kenneth McLaughlin		Soboba Tribe	Director of Public Works	kmclaughlin@soboba-nsn.gov	(951) ____ - ____
Erick Miller	PHONE	Soboba Tribe (Aspect Consulting)	Senior Associate Hydrogeologist	emiller@aspectconsulting.com	(206) 780-7715
Behrooz Mortazavi		Watermaster	Advisor	bmortazavi@msn.com	(951) ____ - ____
Gordon Ng		EMWD	Civil Engineering Associate I	ngg@emwd.org	(951) 928-3777 x4512
Brian Jack Powell		EMWD	Director of Planning	powellb@emwd.org	(951) 928-3777 x4278
Ali Taghavi		RMC	Principal	ataghavi@rmcwater.com	(916) 999-8760
Tom Wagoner		LHMWD	General Manager	twagoner@lhmwd.org	(951) 658-3241 x240
Ac Javin		EMWD	ENV. SVCS. MGR.	JAVIN@emwd.org	x 6327

Meeting Sign-In Sheet



EMWD Canyon Operating Plan Project

Subject: 4th Monthly Meeting
Date/Time: May 12th 2014, 10 am – 2 pm
Location: EMWD, Room 218
 2270 Trumble Road, Perris

Name	Signature	Entity	Title	Email	Telephone
Charlie Bachmann	<i>[Signature]</i>	EMWD	Assistant General Manager	bachmannc@emwd.org	(951) 928-3777 x _____
Jim Blanke	<i>[Signature]</i>	RMC	Senior Hydrogeologist	jblanke@rmcwater.com	(916) 999-8762
Frank Coate	<i>[Signature]</i>	Soboba Tribe	Natural Resources Manager / Water	fcoate@soboba-nsn.gov	(951) 663-8332
John Daverin	<i>[Signature]</i>	EMWD	Senior Engineering Geologist	daverinj@emwd.org	(951) 928-3777 x4584
John Dotinga	<i>[Signature]</i>	EMWD	Water Production Manager	dotingaj@emwd.org	(951) 928-3777 x7301
Khos Ghaderi	<i>[Signature]</i>	EMWD	Director of Water Operations	ghaderik@emwd.org	(951) 928-3777 x _____
Mike Gow	<i>[Signature]</i>	LHMWD	Asst. General Manager, Chief Engineer	mgow@lhmwd.org	(951) 658-3241 x238
Al Javier	<i>[Signature]</i>	EMWD	Environmental Services Manager	javier@emwd.org	(951) 928-3777 x6327
Jayne Joy	<i>[Signature]</i>	EMWD	Director, Environ. & Regulatory Compliance	joyj@emwd.org	(951) 928-3777 x _____
Nick Kanetis	present	EMWD	Deputy General Manager	kanetisn@emwd.org	(951) 928-3777 x _____
Kenneth McLaughlin	<i>[Signature]</i>	Soboba Tribe	Director of Public Works	kmclaughlin@soboba-nsn.gov	(951) _____ - _____
Erick Miller	<i>[Signature]</i>	Soboba Tribe (Aspect Consulting)	Senior Associate Hydrogeologist	emiller@aspectconsulting.com	(206) 780-7715
Behrooz Mortazavi	<i>[Signature]</i>	Watermaster	Advisor	behrooz@H2Oengineers.com	(714) 794-5520
Gordon Ng	<i>[Signature]</i>	EMWD	Civil Engineering Associate I	ngg@emwd.org	(951) 928-3777 x4512
Brian Jack Powell	<i>[Signature]</i>	EMWD	Director of Planning	powellb@emwd.org	(951) 928-3777 x4278
Ali Taghavi	<i>[Signature]</i>	RMC	Principal	ataghavi@rmcwater.com	(916) 999-8760
Tom Wagoner	<i>[Signature]</i>	LHMWD	General Manager	twagoner@lhmwd.org	(951) 658-3241 x240
MIKE NUSSE	<i>[Signature]</i>	EMWD	WATER RESOURCES PLANNING MANAGER	NUSSE@EMWD.ORG	x4514
Jeff Wall	<i>[Signature]</i>	EMWD	AGM / O&M	wallj@emwd.org	x 6255
Nick Kanetis	<i>[Signature]</i>	EMWD	DEM	kanetisn@emwd.org	x6161
Ryan Brownee	by phone	Soboba Tribe Aspect Consulting		rbrownlee@aspectconsulting.com	

Meeting Sign-In Sheet



EMWD Canyon Operating Plan Project

Subject: 5th Monthly Meeting
Date/Time: June 23rd 2014, 2 pm – 3:30 pm
Location: EMWD, Room 218
 2270 Trumble Road, Perris

Name	Signature	Entity	Title	Email	Telephone
Charlie Bachmann		EMWD	Assistant General Manager	bachmanncc@emwd.org	(951) 928-3777 x_____
Jim Blanke		RMC	Senior Hydrogeologist	jblanke@rmcwater.com	(916) 999-8762
Frank Coate	present	Soboba Tribe	Natural Resources Manager/Water	fcoate@soboba-nsn.gov	(951) 663-8332
John Daverin		EMWD	Senior Engineering Geologist	daverinj@emwd.org	(951) 928-3777 x4584
John Dotinga		EMWD	Water Production Manager	dotingaj@emwd.org	(951) 928-3777 x7301
Khos Ghaderi		EMWD	Director of Water Operations	ghaderik@emwd.org	(951) 928-3777 x_____
Mike Gow	present	LHMWD	Asst. General Manager, Chief Engineer	mgow@lhmwd.org	(951) 658-3241 x238
Al Javier		EMWD	Environmental Services Manager	javier@emwd.org	(951) 928-3777 x6327
Jayne Joy		EMWD	Director, Environ. & Regulatory Compliance	joyj@emwd.org	(951) 928-3777 x_____
Nick Kanetis	present	EMWD	Deputy General Manager	kanetisn@emwd.org	(951) 928-3777 x6161
Kenneth McLaughlin		Soboba Tribe	Director of Public Works	kmclaughlin@soboba-nsn.gov	(951) _____ - _____
Erick Miller	present	Soboba Tribe (Aspect Consulting)	Senior Associate Hydrogeologist	emiller@aspectconsulting.com	(206) 780-7715
Behrooz Mortazavi		Watermaster	Advisor	behrooz@H2Oengineers.com	(714) 794-5520
Gordon Ng		EMWD	Civil Engineering Associate I	ngg@emwd.org	(951) 928-3777 x4512
Mike Nusser		EMWD	Water Resources Planning Manager	nusserm@emwd.org	(951) 928-3777 x4514
Brian Jack Powell		EMWD	Director of Planning	powellb@emwd.org	(951) 928-3777 x4278
Ali Taghavi		RMC	Principal	ataghavi@rmcwater.com	(916) 999-8760
Tom Wagoner		LHMWD	General Manager	twagoner@lhmwd.org	(951) 658-3241 x240
Jeff Wall	present	EMWD	Asst. General Manager, O&M	wallj@emwd.org	(951) 928-3777 x6255
Scott Goldman		RMC	Principal	sgoldman@rmcwater.com	(949) 420-5314

Meeting Sign-In Sheet



EMWD Canyon Operating Plan Project

Subject: Participants Comment Meeting
Date/Time: November 18th, 2014, 10 am – noon
Location: EMWD, Room 218
 2270 Trumble Road, Perris

Name	Signature	Entity	Title	Email	Telephone
Charlie Bachmann		EMWD	Assistant General Manager	bachmannc@emwd.org	(951) 928-3777 x4461
Jim Blanke	<i>J. Blanke</i>	RMC	Senior Hydrogeologist	jblanke@rmcwater.com	(916) 999-8762
Frank Coate	<i>Frank Coate</i>	Soboba Tribe	Natural Resources Manager/Water	fcoate@soboba-nsn.gov	(951) 663-8332
John Daverin	<i>John Daverin</i>	EMWD	Senior Engineering Geologist	daverinj@emwd.org	(951) 928-3777 x4584
John Dotinga		EMWD	Water Production Manager	dotingaj@emwd.org	(951) 928-3777 x7301
Khos Ghaderi		EMWD	Director of Water Operations	ghaderik@emwd.org	(951) 928-3777 x_____
Mike Gow	<i>telephone</i>	LHMWD	Asst. General Manager, Chief Engineer	mgow@lhmwd.org	(951) 658-3241 x238
Al Javier		EMWD	Environmental Services Manager	javiera@emwd.org	(951) 928-3777 x6327
Jayne Joy		EMWD	Director, Environ. & Regulatory Compliance	joyj@emwd.org	(951) 928-3777 x6241
Nick Kanetis		EMWD	Deputy General Manager	kanetisn@emwd.org	(951) 928-3777 x6161
Kenneth McLaughlin		Soboba Tribe	Director of Public Works	kmclaughlin@soboba-nsn.gov	(951) _____ - _____
Erick Miller	<i>Erick Miller</i>	Soboba Tribe (Aspect Consulting)	Senior Associate Hydrogeologist	emiller@aspectconsulting.com	(206) 780-7715
Behrooz Mortazavi		Watermaster	Advisor	behrooz@H2Oengineers.com	(714) 794-5520
Gordon Ng	<i>Gordon Ng</i>	EMWD	Civil Engineering Associate I	ngg@emwd.org	(951) 928-3777 x4512
Mike Nusser		EMWD	Water Resources Planning Manager	nusserm@emwd.org	(951) 928-3777 x4514
Brian Jack Powell	<i>Brian Powell</i>	EMWD	Director of Planning	powellb@emwd.org	(951) 928-3777 x4278
Ali Taghavi	<i>Ali Taghavi</i>	RMC	Principal	ataghavi@rmcwater.com	(916) 999-8760
Tom Wagoner	<i>telephone</i>	LHMWD	General Manager	twagoner@lhmwd.org	(951) 658-3241 x240
Jeff Wall	<i>JW</i>	EMWD	Asst. General Manager, O&M	wallj@emwd.org	(951) 928-3777 x6255
Tim FLYNN	<i>Tim Flynn</i>	Soboba (Aspect Consulting)	Principal Hydrogeologist	tfflynn@aspectconsulting.com	206-780-7730

Appendix C - Example Net Production Calculation

The following is an example of how to calculate Net Production using hypothetical groundwater elevations, based on the steps included in Section 6.4.2.2.

- Hypothetical measured groundwater elevations, recorded April 1:
 - **DW-03: 1529.9'**
 - **Cienega 6: 1520.1'**
 - **LHMWD 16: 1569.0'**
- For each of the three wells, convert the elevation data into a Planning Storage Estimate by using the linear regression formula identified of the Planning Storage Curve figure in Section 6.2. The groundwater elevation would be inserted as “x” and the Planning Storage would be the result, “y”.
 - **DW-03: $y = (222.01 * 1529.9) - 125,286 = 214,367$ AF**
 - **Cienega 6: $y = (219.66 * 1520.1) - 120,544 = 213,361$ AF**
 - **LHMWD 16: $y = (350.31 * 1569.0) - 342,312 = 207,324$ AF**
- Develop a weighted average of the resulting Planning Storage estimates. Add the estimate for Cienega 6, LHMWD 16, and two times the estimate for DW-03. Then, divide the estimate by four.
 - ***Planning Storage* = $\frac{(214,367 * 2) + 213,361 + 207,324}{4} = 212,355$ AF**
- Identify the trigger level.
 - If the Planning Storage estimate is greater than 225,000 AF, then there is unrestricted groundwater production as related to this Plan.
 - If the Planning Storage estimate is between 215,000 and 225,000 AF, the basin is within the Proactive trigger.
 - **If the Planning Storage estimate is between 205,000 and 215,000 AF, the basin is within the Responsive trigger.**
 - If the Planning Storage estimate is between 197,000 and 205,000 AF, the basin is within the Near-Critical trigger.
 - If the Planning Storage less than 197,000 AF, the basin is within the Critical trigger.
 - **Trigger level is Responsive**
- Identify the trigger action.
 - Proactive trigger.

$$\text{Basinwide Net Production} = 10,100 - \left(\frac{225,000 - \text{Planning Storage}}{10} \right)$$
 - **Responsive and Near-Critical triggers.**

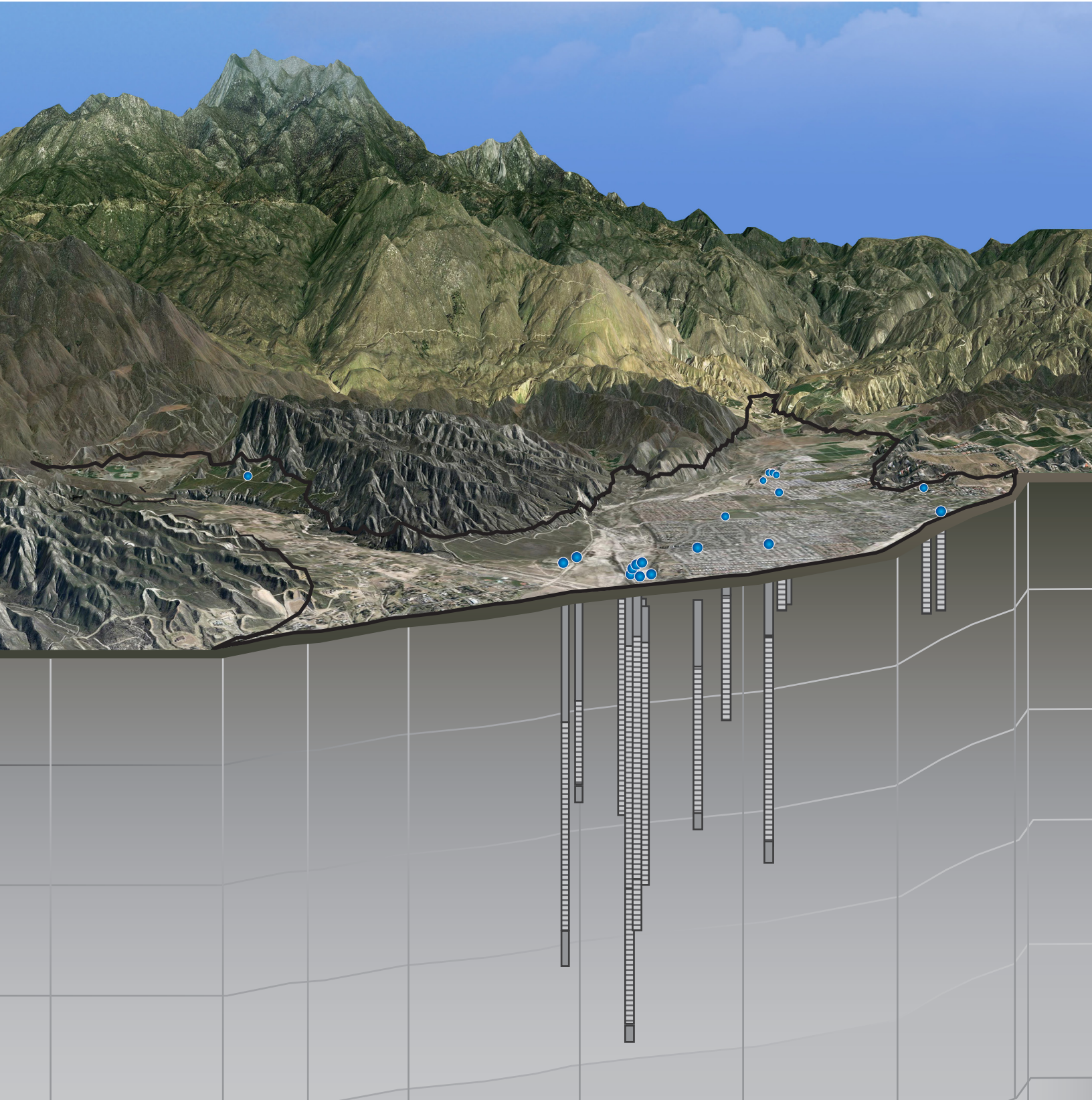
$$\text{Basinwide Net Production} = 10,100 - \left(\frac{225,000 - \text{Planning Storage}}{4} \right)$$
 - Critical trigger.

No Net Production by LHMWD and EMWD within the Canyon Sub-Basin, subject to certain limitations discussed in Subsection 6.3.3.5.

- **Trigger action: *Basinwide Net Production* = $10,100 - \left(\frac{225,000-212,355}{4}\right) = 6,939 \text{ AFY}$**
- Estimate groundwater production by the Soboba Tribe and private pumpers by using the average of the past five-years. Subtract this value from the Basinwide Net Production to identify the volume available to EMWD and LHMWD.
 - **Hypothetical average production over the past five years, Soboba Tribe: 1,100 AFY**
 - **Hypothetical average production over the past five years, private pumpers: 489 AFY**
 - **Net Production available to EMWD and LHMWD = $6,939 - (1,100+489) = 5,350 \text{ AFY}$**
- Coordinate with EMWD and LHMWD to identify individual actions to meet the Basinwide Net Production levels. EMWD and LHMWD will coordinate to develop these actions and to define cost sharing, which will be based on the level of benefits received.



15510-C Rockfield Blvd., Suite 200
Irvine, CA 92618
T: 949.420.5300
rmcwater.com



TECHNICAL MEMORANDUM

Groundwater Management & Facilities Planning Department



DATE: August 22, 2018

PREPARED FOR: Canyon Operating Plan Participants

PREPARED BY: Eastern Municipal Water District

SUBJECT: Canyon Operating Plan – Final 2018 Annual Report

EXECUTIVE SUMMARY

The Canyon Operating Plan (Plan) was created by a collaborative effort between the Eastern Municipal Water District (EMWD), the Lake Hemet Municipal Water District (LHMWD), and the Soboba Band of Luiseno Indians (Soboba Tribe) as part of the 2008 Soboba Settlement Agreement (2008 Agreement) that recognizes an annual groundwater production right of at least 3,000 acre-feet (AF) in the Canyon Sub-Basin to the Soboba Tribe. The goal of the Plan is to manage the Canyon Sub-Basin in a manner that minimizes groundwater conditions that would limit the Soboba Tribe's ability to meet their annual water supply demands (of at least 3,000 AF) from their wells located within the Canyon Sub-Basin.

Central to the Plan are pre-set trigger points that prompt restrictions on net groundwater pumping by EMWD and LHMWD based on the results of annual monitoring by the three entities. The result of the April 2018 monitoring indicates that the Canyon Sub-Basin is in the "Responsive" stage, which limits EMWD and LHMWD to a net pumping of 4,101 AF. The Responsive condition of the Canyon Sub-Basin is summarized in Appendix 1. Continued monitoring of water levels in the Canyon Sub-basin this year is recommended to continue monitoring the health of the basin.

INTRODUCTION

The Canyon Operating Plan 2018 Annual Report (Annual Report) was prepared by EMWD as the "reporting entity" under Section 6.4.2.3 of the Canyon Operating Plan with additional data collection and review provided by the other participating agencies in the Plan (LHMWD and the Soboba Tribe). The Plan was jointly developed through a collaborative effort between the Participants (EMWD, LHMWD and the Soboba Tribe) as agreed upon in a 2009 Memorandum of Understanding (2009 MOU) executed by the Parties in 2009 (copy in Appendix A of the Canyon Operating Plan). Under the 2008 Agreement, the Soboba Tribe has an annual groundwater production right of at least 3,000 AF in the Canyon Sub-Basin. Should groundwater conditions in the Canyon Sub-Basin decline to a point where the pumping from the Soboba Tribe's wells in the Canyon Sub-Basin is insufficient to meet their demands (up to 3,000 AFY), EMWD and LHMWD are obligated to supply the Soboba Tribe with supplemental water up to their annual production right in the Canyon Sub-Basin (3,000 AF less any amount actually pumped from the Canyon Sub-basin). The goal of the Plan, therefore, is to provide for the management of the Canyon Sub-Basin in such a manner as to minimize water shortages. This goal is achieved through annual monitoring of the Canyon Sub-Basin and evaluation of the encountered conditions against various pre-set trigger points (based on storage curves) that may prompt restrictions on net pumping by EMWD and LHMWD.

This is the fourth annual report to document the activities under the Plan and generally covers events occurring in calendar year 2017. As outlined in Section 6.4.2.3 of the Plan, this report includes the following sections:

- Summary of activities for the previous three years
- Soboba groundwater supply status, including:
 - Groundwater elevation data
 - Groundwater production data
 - Well status
- Canyon Sub-basin groundwater conditions
 - Groundwater production by entity
 - Artificial recharge
 - Key Well groundwater elevations
 - Estimated Planning Storage
 - Trigger status
 - Trigger actions (and recommendations)

Actions and recommendations from this report will generally be in effect from May 2018 through the end of 2018. A subsequent annual report will be prepared for the following year.

SUMMARY OF PLAN ACTIVITIES

2015

In February of 2015, the final Plan was completed and presented by RMC for implementation by the Participants. Key well monitoring as prescribed in the Plan was completed and the information distributed to EMWD, the designated reporting entity, during the first week of April. The data were then distributed to the Participants on April 9, 2015 via email consistent with the Plan. The data and subsequent analyses are documented in this report. The participants recognize the need to conserve groundwater in the Canyon Sub-Basin and therefore have implanted the following steps:

Planned recharge activities in the Canyon Sub-Basin during 2015 as discussed during the April 22, 2015 meeting of the Participants:

- MWD has indicated that they do not have State Water Project water available for recharge at least until September
- EMWD to continue diversions into Grant Avenue Ponds if river flow is available during its allotted diversion period (November through June)

Production related changes/activities in the Canyon Sub-Basin during 2015 as discussed during the April 22, 2015 meeting of the Participants:

- State-mandated water conservation may curtail demands on the Canyon Sub-Basin groundwater
- Due to low water levels in the Canyon Sub-Basin, EMWD suspended pumping activities beginning in 2014
- LHMWD has produced a small amount from the Basin early in the year then suspended pumping activities in early 2015
- LHMWD has undergone several construction projects to increase its capacity to purchase and convey imported water, however if needed, LHMWD will pump from the Canyon Sub-Basin in the summer months to meet its demands and recharge an equal or

greater volume of water when available from MWD to meet the “no net pumping” provision

- In the event LHMWD determines it needs to pump from the Canyon Sub-Basin in 2015 a meeting will be scheduled to discuss and coordinate options to optimize production consistent with Section 6.3.3.5 of the Plan

2016

Key well monitoring as prescribed in the Plan was completed on Friday, April 1, 2016 and the information distributed to EMWD. The data were then distributed to the Participants and the data and subsequent analysis are documented in this report.

The Participants recognize the need to conserve groundwater in the Canyon Sub-Basin and discussed the following topics at the April 20, 2016 meeting of the Participants:

- Continued “Critical” status of the Canyon Sub-Basin and no net pumping for EMWD and LHMWD
- Implementation of current year vs. previous year comparison in Annual Report
- Planned pumping from the Canyon Sub-Basin in 2016
 - Discussed status of the Tribe’s wells and their ability to pump projected demands of 1,100 AF from the Canyon Sub-Basin in 2016
 - EMWD plans to pump 1,000 AF of production from the Canyon Sub-Basin in 2016
 - LHMWD plans to pump 2,000 AF of production from the Canyon Sub-Basin in 2016
- Recharge activities in the Canyon Sub-Basin in 2016
 - MWD indicated that State Water Project water is available for recharge. MWD has also indicated intent to not only deliver 7,500 AF for 2016, but would also like to deliver additional water in 2016 to reduce the current 11,000 AF delivery obligation
 - EMWD and LHMWD intend to recharge 3,500 AF of imported water at the Grant Avenue ponds to offset pumping
 - EMWD to continue diversions into Grant Avenue Ponds if river flow is available during its allotted diversion period (November through June)
- Key well monitoring as prescribed in the Plan should also additionally be conducted the first week of November each year

2017

Key well monitoring as prescribed in the Plan was completed on Tuesday, April 4, 2017 and the information distributed to EMWD. The data were then distributed to the Participants and the data and subsequent analysis are documented in this report.

The Participants recognize the need to conserve groundwater in the Canyon Sub-Basin and discussed the following topics at the May 2, 2017 meeting of the Participants:

- New “Near-Critical” status of the Canyon Sub-Basin and limited net pumping for EMWD and LHMWD
- Planned pumping from the Canyon Sub-Basin in 2017
 - Discussed status of the Tribe’s wells and their ability to pump projected demands of 1,200 AF from the Canyon Sub-Basin in 2017

- EMWD plans to pump 2,000 AF of production from the Canyon Sub-Basin in 2017
- LHMWD plans to pump 2,500 AF of production from the Canyon Sub-Basin in 2017
- Recharge activities in the Canyon Sub-Basin in 2017
 - MWD indicated that State Water Project water is available for recharge. MWD has also indicated intent to not only deliver 7,500 AF for 2017, but would also like to deliver additional water in 2017 to reduce the current 6,050 AF delivery obligation
 - EMWD and LHMWD intend to recharge 5,200 AF of imported water at the Grant Avenue ponds to offset pumping
 - EMWD to continue diversions into Grant Avenue Ponds if river flow is available during its allotted diversion period (November through June)
- Key well monitoring as prescribed in the Plan should also additionally be conducted the first week of November each year

2018

Key well level monitoring as prescribed in the Plan was completed on Tuesday, April 3, 2018 and the information was provided to EMWD. The data were then distributed to the Participants and the resulting analysis is documented in this report.

The Participants recognize the need to conserve groundwater in the Canyon Sub-Basin and discussed the following topics at the August 2, 2018 meeting of the Participants:

- New “Responsive” status of the Canyon Sub-Basin and limited net pumping for EMWD and LHMWD
- Planned pumping from the Canyon Sub-Basin in 2018
 - Discussed status of the Tribe’s wells and their ability to pump projected demands of 1,300 AF from the Canyon Sub-Basin in 2018
 - EMWD plans to pump 1,600 AF of production from the Canyon Sub-Basin in 2018
 - LHMWD plans to pump 2,800 AF of production from the Canyon Sub-Basin in 2018
- Recharge activities in the Canyon Sub-Basin in 2018
 - MWD stopped deliveries of Soboba Settlement deliveries on March 14, 2018
 - EMWD and LHMWD recharged approximately 1,200 AF of imported water into the Canyon Sub-basin at the Grant Avenue ponds. This recharge value could be the final recharge total for the year at the Grant Avenue Ponds
 - EMWD to continue diversions into Grant Avenue Ponds if river flow is available during its allotted diversion period (November through June)
- Key well monitoring as prescribed in the Plan should also be conducted the first week of November each year

Anticipated pumping from the Canyon Sub-Basin for 2018 is presented in Table 1 below.

Table 1: 2018 Canyon Sub-Basin Pumping and Recharge Projections by Entity

Entity	2018 Projected Groundwater Production (AF)	Groundwater Production (YTD* AF)	Remaining Groundwater Production (AF)	2018 Projected Imported Water Recharge (AF)	2018 Net Projected Groundwater Production (AF)
EMWD	1,600.000	0.000	1,600.000	600.000	1,000.000
LHMWD	2,800.000	1,145.752	1,654.248	600.000	1,054.248
Private	1,043.270	1.721	1,041.549	-	1,041.549
Soboba Tribe	1,366.570	100.196	1,266.374	-	1,266.374
Total	6,809.840	1,247.669	5,562.171	1,200.000	4,362.171

* Groundwater Production as of June 30, 2018.

SOBOBA GROUNDWATER SUPPLY STATUS

GROUNDWATER ELEVATION DATA

The water levels provided by the Soboba Tribe for the Plan are documented in Table 2 below. All levels were taken on April 3, 2018, as prescribed in Section 6.4.1 of the Plan.

Table 2: 2018 Soboba Tribe Groundwater Elevation Data

Well Name	Depth to Water (ft below RP)	Reference Point (RP) (ft/MSL)	Groundwater Elevation (ft/MSL)
DW-04	179.00	1,678.29	1,499.29
DW-03	168.00	1,681.94	1,513.94
IW-02	159.00	1,675.82	1,516.82

WELL STATUS

All of the Soboba Tribe's wells in the Canyon Sub-Basin were reported by email as operational on April 3, 2018. The projected total pumping for calendar year 2018 is estimated at 1,300 AF, with 100.26 AF already pumped through the end of March 2018.

CANYON SUB-BASIN GROUNDWATER CONDITIONS

GROUNDWATER PRODUCTION BY ENTITY

The 2017 calendar year groundwater production values in the Canyon Sub-Basin as recorded by EMWD are shown in Table 3 below.

Table 3: 2017 Canyon Sub-basin Groundwater Production by Entity

Entity	2017 Total Production (AF)
EMWD	1,988.59
LHMWD	2,894.22
Private	1,005.02
Soboba Tribe	1,293.58
Total	7,181.41

ARTIFICIAL RECHARGE

EMWD maintains a diversion right to the San Jacinto River of up to 5,760 acre-feet per year (AFY) into the Grant Avenue Ponds. In 2017, EMWD diverted 3,002.31 AF of river water into the Grant Avenue Ponds.

MWD notified EMWD that State Water Project water was available for recharge in 2017. MWD also indicated intent to not only deliver 7,500 AF for 2017, but would also like to deliver additional water in 2018 to reduce the current obligation. During 2017, 5,208.6 AF of imported water was recharged into the Canyon Sub-Basin to improve the health of the basin and offset pumping by EMWD and LHMWD. In the first quarter of 2018, roughly 1,200 AF of imported water was recharged into the Canyon Sub-Basin before the flow of imported was cancelled by MWD.

KEY WELL GROUNDWATER ELEVATIONS

As prescribed in the Plan, Participants collected manual static measurements of the groundwater level in their respective Key Wells during the first week of April 2018 as shown in Table 4 below. The change in groundwater elevation from April 2017 to April 2018 is shown in Table 5 below.

Table 4: Key Well Groundwater Elevations and Estimated Planning Storage Spring 2018

Well Name	Reference Point (ft/MSL)	Depth to Water (ft from RP)	Groundwater Elevation (ft / MSL)	Estimated Planning Storage (AF)
Soboba DW-03	1,681.94	168.00	1,513.94	210,824
Cienega 06	1,667.70	152.40	1,515.30	212,307
LHMWD 16	1,744.00	171.30	1,572.70	208,621
Weighted Average Planning Storage (AF)				210,644

Table 5: Change in Key Well Groundwater Elevations from Spring 2017 to Spring 2018

Well Name	April 2017 Groundwater Elevation (ft/MSL)	April 2018 Groundwater Elevation (ft/MSL)	Change in Groundwater Elevation (ft)
Soboba DW-03	1,438.94	1,513.94	+ 75.00
Cienega 06	1,497.70	1,515.30	+ 17.60
LHMWD 16	1,541.80	1,572.70	+ 30.90

CALCULATION OF ESTIMATED PLANNING STORAGE FOR SPRING 2018

The estimated planning storage available in the Canyon Sub-Basin was calculated individually for each Key Well using following storage curves generated by RMC:

$$y = 222.01x - 125286 \quad (\text{Eq. 1: DW-03 Storage Curve})$$

$$y = 219.66x - 120544 \quad (\text{Eq. 2: Cienega 06 Storage Curve})$$

$$y = 350.31x - 342312 \quad (\text{Eq. 3: LHMWD 16 Storage Curve})$$

where x is the groundwater elevation of a given well (in feet) and y is the estimated volume of planning storage (in Acre-feet).

Graphs of the individual well storage curves and their respective current conditions are included in Appendix 2.

An overall planning storage value, used to identify the applicable trigger stage, is calculated by a weighted average of the individual estimates, with DW-03 having twice the weight of the EMWD and LHMWD key wells. Based on 2018 Spring Levels, the overall planning storage available in the Canyon Sub-Basin is 210,644 AF as shown in Table 4 above. The change in estimated planning storage from April 2017 to April 2018 is shown in Table 6 below.

Table 6: Change in Key Well Estimated Planning Storage from Spring 2017 to Spring 2018

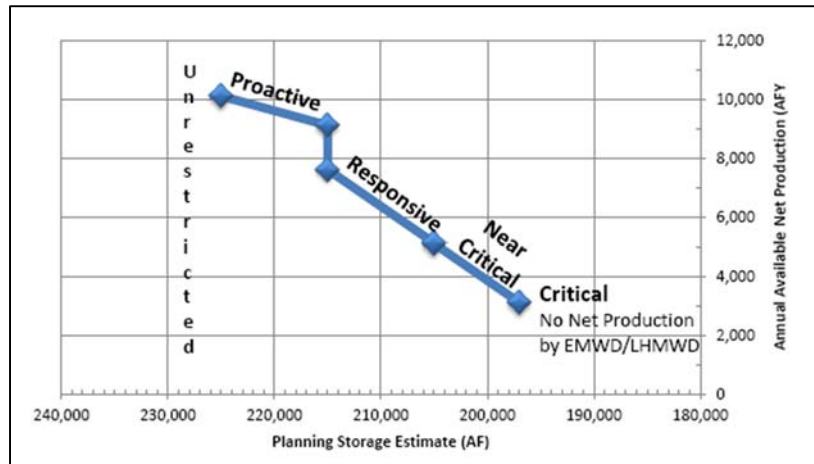
Well Name	April 2017 Estimated Planning Storage (AF)	April 2018 Estimated Planning Storage (AF)	Change in Estimated Planning Storage (AF)
Soboba DW-03	194,173	210,824	16,651
Cienega 06	208,441	212,307	3,866
LHMWD 16	197,796	208,621	10,825
Weighted Average Planning Storage (AF)	198,646	210,644	+ 11,998

TRIGGER STATUS

An overall planning storage value between 205,000 AF and 215,000 AF indicates the Canyon Sub-Basin is in Responsive condition. Figure 1 represents the trigger stages documented as Figure 6.10 of the Plan. A graph of the current planning storage (210,644 AF), relative to the trigger stages is also included in Appendix 1. Based on this estimate of planning storage,

6,511 AF of net production is available in 2018 for use by the Soboba Tribe, private pumpers, LHMWD, and EMWD.

Figure 1: Trigger Levels (Canyon Operating Plan Figure 6-10)



TRIGGER ACTIONS AND RECOMMENDATIONS

Due to the Canyon Sub-Basin's trigger status of Responsive, the following actions are in place for 2018 to maintain a Responsive status:

- Limited net pumping by EMWD and LHMWD to 4,101 AF consistent with Section 6.3.3.3 of the Plan.
 - Section 6.3.3.2 states the following:
The Responsive trigger was designed to allow for a stronger response to lower groundwater levels. The Planning Storage of 215,000 AF triggers an action of limiting Canyon Sub-Basin Net Production based on Equation 3. The Responsive trigger formula was designed to move the Canyon Sub-Basin towards the 225,000 AF in Planning Storage within a four-year period, should normal hydrology occur.

Equation 3:

$$\text{Canyon Sub - Basin Net Production} = 10,100 - \left(\frac{225,000 - \text{Planning Storage}}{4} \right)$$

- EMWD has projected 1,600 AF, and LHMWD has projected 2,800 AF, of production from the Canyon Sub-Basin during 2018, to maintain Section 6.3.3.2 of the Plan (defined above). However, it is possible that Section 6.3.3.5 of the Plan may come into effect.
 - Section 6.3.3.5 states the following:
The ability to meet limitations defined through the trigger actions may not be possible at times due to insufficient available recharge water for the Canyon Sub-Basin and practical limits of the ability of agencies to shift to other alternative water sources. In situations where trigger actions cannot be met, the

Participants would convene to discuss and coordinate options to optimize production for the Canyon Sub-Basin.

- EMWD has been notified that Soboba Settlement Water will be not available for recharge for the remainder of 2018, and approximately 1,200 AF of imported water has been recharged to date in the Canyon Sub-Basin. As a result, Section 6.4.5.1 of the Plan may come into effect.
 - Section 6.4.5.1 states the following:

Groundwater production may be reduced by EMWD and LHMWD to reduce outflows and comply with trigger actions. Such reduction may be achieved through conservation or through delivery of alternate water supplies (in-lieu recharge). Reduced groundwater production may require changes to infrastructure to meet customer demand with different supply mixes. EMWD and LHMWD may choose to investigate infrastructure needs and potential costs.
- Regular meetings between Plan Participants to manage production from the Canyon Sub-Basin
- Evaluate and establish a “portfolio” of potential projects to enhance groundwater availability in the Canyon Sub-Basin. These potential projects include:
 - Improvement of the Soboba Tribe’s groundwater production ability by deepening wells or lowering pump bowls
 - Investigate a shift in production to the Intake Area of the San Jacinto Upper Pressure Management Zone by the Soboba Tribe in exchange for increased agency pumping in the Canyon Sub-Basin
 - Improve river diversion points (reduce headward San Jacinto River erosion)
 - Investigate recycled water availability for the Soboba Tribe
 - Establish an emergency intertie between the Soboba Tribe and EMWD near the Lake Park Drive bridge

PROJECTIONS AND ACTUAL GROUNDWATER PRODUCTION FOR 2017

From the 2017 Canyon Operating Plan Annual Report, the projected pumping from the Canyon Sub-Basin was estimated at 6,943 AF. The actual pumping from the Canyon Sub-Basin for 2017 was reported as 7,181 AF (2017 Hemet-San Jacinto Annual Report). Therefore, the actual pumping was about 3.4% higher than projected.

PROJECTIONS AND ACTUAL STORAGE ESTIMATED IN THE CANYON SUB-BASIN FOR FALL 2017

From the 2017 Canyon Operating Plan Annual Report, the planning storage estimated for Fall 2017 was 196,903 AF, which was a decrease from the Spring 2017 storage of 1,743 AF. The actual storage based on water levels collected in Fall 2017 demonstrated a net increase in storage of 2,303 AF. This increase was likely due to precipitation and the resulting river flows.

Table 7: Estimated Change in Planning Storage 2017

Key Well	Projected Estimated Planning Storage (AF)	Actual Fall Storage (AF)	Actual Change in Planning Storage (AF)
EMWD Cienega 06	206,698	208,858	+ 2,303
LHMWD 16	196,053	196,955	
Soboba DW-03	192,430	195,505	
	196,903	199,206	

PROJECTIONS FOR THE END OF PUMPING SEASON FOR 2018

Consistent with the net available production calculations described in the Plan, the production from the private pumpers was estimated by an average of private groundwater production over the last 5 year period (2013 – 2017), which comes out to 1,043 AF. The calculation for estimating Soboba Tribe production is also a 5-year average. To keep the projections conservative, the annual report will use either the Soboba Tribe's projected production, or the 5-year average, whichever is greater. For 2018, the greater value is the 5-year projection, which comes out to 1,367 AF. EMWD estimates 1,600 AF of production, and 600 AF of imported water artificial recharge, for a net production of 1,000 AF from the Canyon Sub-Basin in 2018. LHMWD estimates 2,800 AF of production, and 600 AF of imported water artificial recharge, for a net production of 2,200 AF from the Canyon Sub-Basin in 2018. A total of 6,511 AF of net pumping production is available between the Plan Participants and private pumpers, whereas, a total of 5,610 AF of net pumping production is estimated to occur from the Canyon Sub-Basin in 2018 by all the entities.

Projected static water levels from the Key Wells for the Fall of 2018 were estimated based on reducing the Planning Storage by the estimated 5,610 AF of net pumping. The results are presented in Table 8 below.

Table 8: Projected Fall 2018 Key Well Levels

Key Well	Projected Water Level (ft/MSL)	Projected Change in Water Level (ft)	Projected Estimated Planning Storage (AF)	Projected Changed in Estimated Planning Storage (AF)
EMWD Cienega 06	1,510.8	-4.55	211,307	- 5,610
LHMWD 16	1,566.4	-6.28	206,421	
Soboba DW-03	1,503.1	-10.85	208,414	
Weighted Average Planning Storage (AF)			205,034	

GROUNDWATER ELEVATIONS AND STORAGE CURVES

The storage curve estimates show Soboba DW-03 at a groundwater elevation of 1,488.7 feet, which is above the critical elevation of about 1,350 feet (to produce 2018 estimated production of 1,367 AF) documented in Table 6-2 of the Plan as shown in Figure 2 below. Based on Figure

6-9 of the Plan, shown as Figure 3 below, it is expected that the Soboba Tribe will be able to produce their projected 1,367 AF of demands from the Canyon Sub-Basin in 2018.

Figure 2: Critical Groundwater Elevations (Canyon Operating Plan Table 6-2)

Table 6-2: Critical Groundwater Elevations, Soboba Tribe Wells

Item	IW-02	DW-01	DW-03	DW-04
Pump Model	American Marsh 11LC	Goulds 9RCHC	American Marsh 13MC	Goulds 11CHC
Pump Setting ¹ (ft, bgs)	405	460	468	470
WL at Minimum Pump Submergence (ft, bgs)	395	450	458	460
Minimum Recommended Continuous Flow (gpm)	425	160	780	775
Minimum Operational SWL Elevation (ft)	1405	1335	1345	1325
SWL Elevation corresponding to 3000 AFY Production (ft)	1400			
with 20 ft contingency (ft)	1420			
SWL Elevation corresponding to 2013 Production (1036 AF) (ft)	1330			
with 20 ft contingency (ft)	1350			

Notes: 1. At effective date of Settlement Agreement.
Assumes 75% pumping duration
bgs: below ground surface
ft: feet
gpm: gallons per minute
SWL: static water level

Figure 3: Soboba Tribe Well Yield (Canyon Operating Plan Figure 6-9)

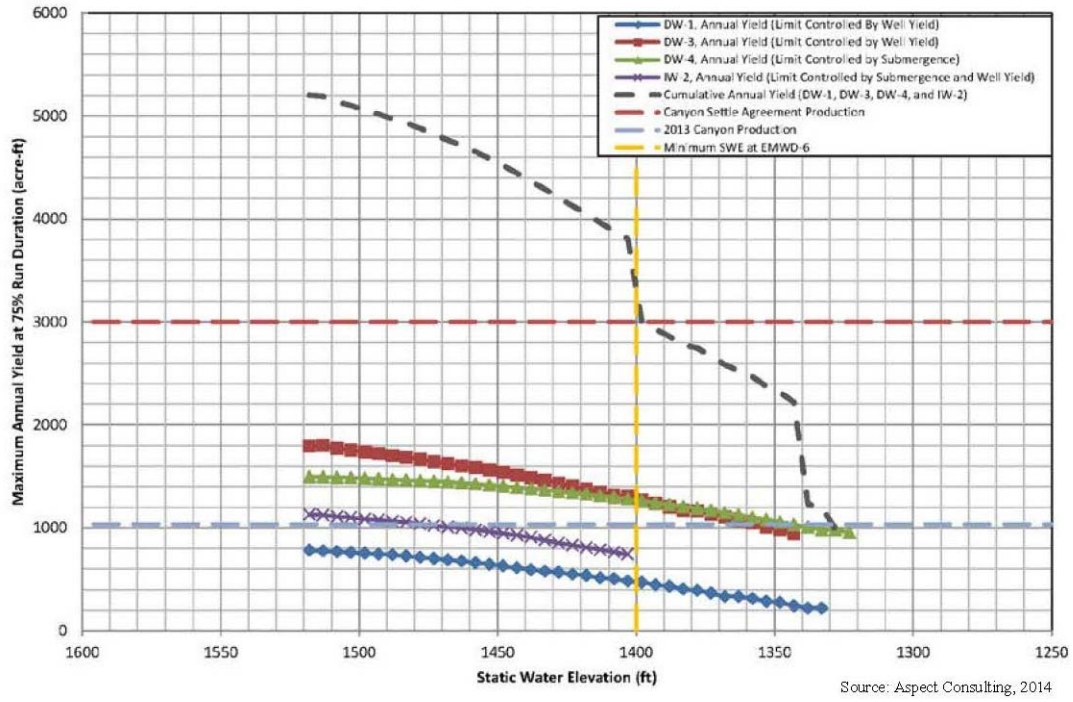


Figure 6-9: Well Yield and Static Groundwater Elevations

Historical EMWD and LHMWD groundwater production, and artificial recharge are documented in Table 9 below.

Table 9: EMWD and LHMWD Historical Groundwater Production and Artificial Recharge

	Annual Trigger Status	Available Trigger Production (AF)	EMWD Production (AF)	LHMWD Production (AF)	Production Sub-Total (AF)	Artificial Recharge (AF)	Adjusted Production Sub-Total (AF)	Carry-Over Deficit Production (AF)
2015	Critical	0.000	0.000	510.937	- 510.937	0.000	- 510.937	- 510.937
2016	Critical	0.000	977.113	1,197.915	- 2,175.028	3,514.060	1,339.032	0
2017	Near-Critical	1,068.850	1,988.590	2,894.220	- 4,882.810	5,208.600	325.790	0
2018	Responsive	4,101.098						

Historical Soboba Tribe and private groundwater production is documented in Table 10 below.

Table 10: Soboba Tribe and Private Historical Groundwater Production

	Soboba Tribe Production (AF)	Private Production (AF)	Production Sub-Total (AF)
2015	1,049.120	1,006.666	2,055.786
2016	1,126.488	1,006.667	2,133.155
2017	1,293.590	1,005.020	2,298.600

Appendix 1: 2018 Canyon Operating Plan Storage Estimates and Trigger Status

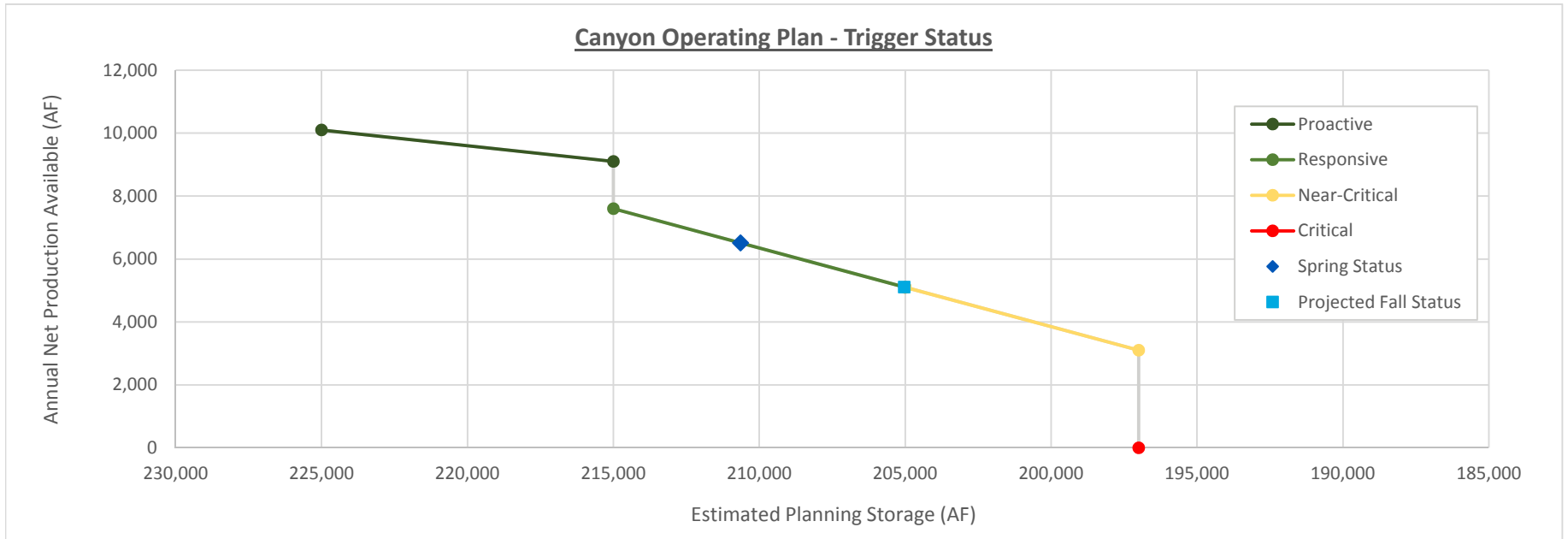
2018 Canyon Operating Plan Calculations							
Key Well	Weight	2017 Water Level (ft MSL)	2018 Water Level (ft MSL)	Δ (ft MSL)	2017 Storage Estimate (AF)	2018 Storage Estimate (AF)	Δ (AF)
EMWD Cienega 06	1	1,497.70	1,515.30	17.60	208,441	212,307	3,866
LHMWD 16	1	1,541.80	1,572.70	30.90	197,796	208,621	10,825
Soboba DW-03	2	1,438.94	1,513.94	75.00	194,173	210,824	16,651
Weighted Average Storage Estimate:					198,646	210,644	11,998

Current Trigger Status (Spring 2018)		
Parameter	Value	Unit
Spring Trigger Stage	Responsive	NA
Available Net Prod	6,511	AF
Est. Net Production	5,610	AF
Δ	901	AF

End of Pumping Season Projections (Fall 2018)							
Key Well	Weight	Spring Water Level (ft MSL)	Fall Water Level (ft MSL)	Δ (ft MSL)	Spring Storage Estimate (AF)	Fall Storage Estimate (AF)	Δ (AF)
EMWD Cienega 06	1	1,515.30	1,510.75	-4.55	212,307	211,307	-1,000
LHMWD 16	1	1,572.70	1,566.42	-6.28	208,621	206,421	-2,200
Soboba DW-03	2	1,513.94	1,503.09	-10.85	210,824	208,414	-2,410
Average Storage Estimate:					210,644	205,034	-5,610

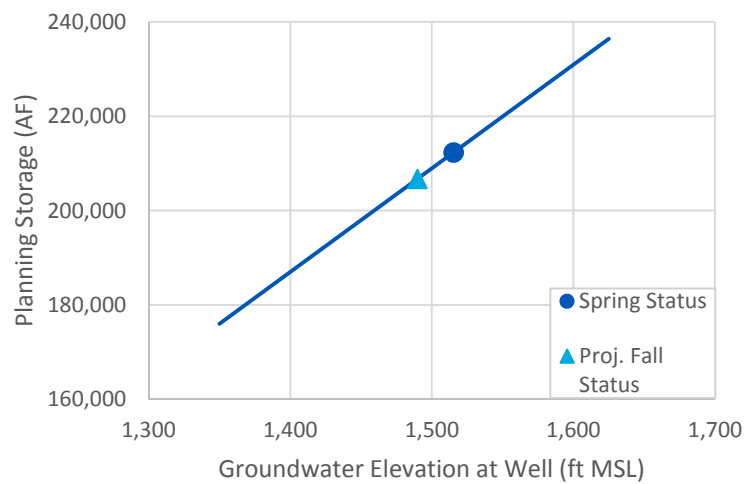
Projected Trigger Status (Fall 2018)		
Parameter	Value	Unit
Plan / Est. Pumping	6,810	AF
Planned Recharge	1,200	AF
Est. Net Prod (Fall)	5,108	AF
Fall Trigger Stage	Responsive	NA

* assumes negligible recharge from rainfall, etc. in the Canyon Sub-Basin

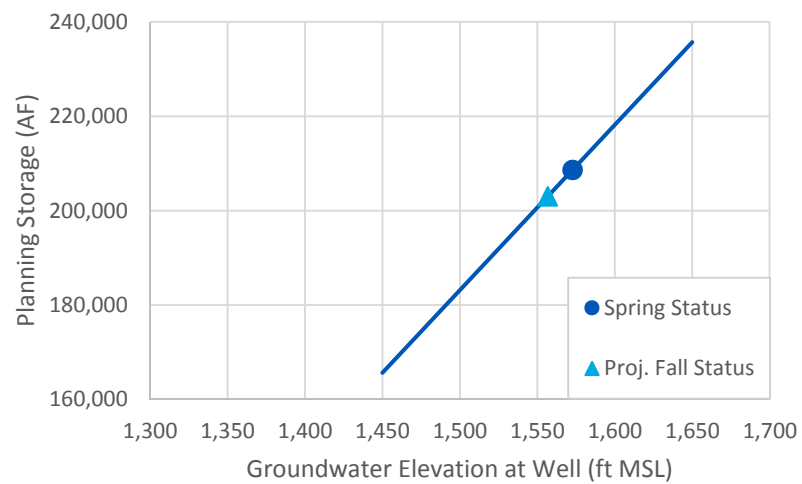


Appendix 2: Key Well Storage Curves

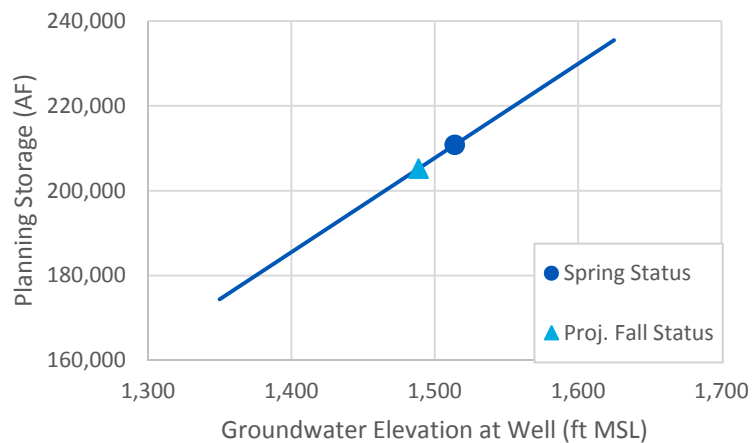
Planning Storage Curve: EMWD Cienega 06



Planning Storage Curve: LHMWD 16



Planning Storage Curve: Soboba DW-03



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