GROUNDWATER RIGHTS
MANAGEMENT STRATEGY

BOARD OF DIRECTORS
JANUARY 22, 2020
**Premise:** MVWD & MVIC gain flexibility under the following conditions:

1. Elimination of replenishment supplies and/or pricing discounts from Metropolitan Water District of Southern California
   - **Response:** utilize stored water

2. Reduction in imported water supply available due to drought, system failures, environmental issues, or other factors
   - **Response:** utilize stored water

3. Meeting Basin desalter replenishment obligations shared, by agreement, among all Appropriative Pool producing parties
   - **Response:** transfer stored water
4. Enhancement of balance sheet and reduction in annual operating costs by pumping stored water
   - **Response**: utilize stored water

5. Appreciation of an asset (i.e. stored water) increasing at a significantly higher rate of return than cash reserves
   - **Response**: hold stored water
### Production Rights (Fiscal Year Ending 2020)

<table>
<thead>
<tr>
<th>Production Right Type in Acre-Feet (AF)</th>
<th>District</th>
<th>Company</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carryover</td>
<td>3,944.0</td>
<td>553.3</td>
<td>4,497.3</td>
</tr>
<tr>
<td>Operating Safe Yield</td>
<td>3,944.0</td>
<td>553.3</td>
<td>4,497.3</td>
</tr>
<tr>
<td>Ag Pool Reallocation</td>
<td>2,798.4</td>
<td>383.1</td>
<td>3,181.5</td>
</tr>
<tr>
<td>TOTAL in FYE 2020 Annual Production</td>
<td>10,686.4</td>
<td>1,489.7</td>
<td>12,176.1</td>
</tr>
<tr>
<td>Rights</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Water Held in Storage (beginning of FY)

<table>
<thead>
<tr>
<th>Category in AF</th>
<th>District</th>
<th>Company</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess Carryover</td>
<td>7,753.8</td>
<td>9,375.0</td>
<td>17,128.8</td>
</tr>
<tr>
<td>Local Supplemental Storage</td>
<td>3,380.5</td>
<td>5,453.9</td>
<td>8,834.4</td>
</tr>
<tr>
<td>TOTAL</td>
<td>11,134.3</td>
<td>14,828.9</td>
<td>25,963.2</td>
</tr>
</tbody>
</table>

### Desalter Replenishment Obligation (DRO)

<table>
<thead>
<tr>
<th>Desalter Replenishment Obligation thru 2030 in AF</th>
<th>District</th>
<th>Company</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>24,000</td>
<td>2,000</td>
<td>26,000</td>
</tr>
</tbody>
</table>
LEVEL OF WATER STORAGE IN 2030

Factors that influence level of groundwater held in storage:

1. Future safe yield resets
2. Availability of unpumped agricultural rights
3. Increase in stormwater & recycled water activities
4. Physical production by District groundwater facilities
5. Aquifer storage & recovery activity by District
6. Implementation of new groundwater treatment plants
7. Water rights leased by District or Company
8. Actual Chino Desalter Authority production
2012 LONG-RANGE WATER USAGE RIGHTS STRATEGY

- Combined usage of pumping rights by District & Company = 6,500 AF per year

- Hold three years pumping rights of 19,500 AF

- Projected future 2030 water held in storage level = 18,300 AF, near the stated 19,500 AF
STAFF RECOMMENDATION

- It is recommended the Board of Directors receive and file this item.
Proposed Water Facilities & Service Agreement

BOARD OF DIRECTORS

JANUARY 22, 2020
BACKGROUND

• District’s Ordinance 28 requires developer to submit application for proposed water facilities

• District Maintenance Superintendent reviews proposed facilities & provides will-serve letter with estimated costs

• Developer constructing facilities must transfer ownership to the District
PROPOSED AGREEMENT

• Currently, District does not have a standard Water Facilities & Service Agreement addressing new development

• Proposed agreement delineates obligations of District and party developing water facilities and requesting water service

• Spell out obligations for property owner and/or developer
In addition, the following is required:

1. The developer is responsible for selecting a contractor possessing a State of California Class “A” license. The contractor is responsible for purchasing, obtaining, and the installation of all water system materials including meters and backflow devices according to the most current 200-Series District Standard Drawing and Materials List. The District will provide construction and material inspection services for the new water facilities installation for this project during normal business hours. All waterline material will be inspected and approved by the District Inspector prior to the contractor’s installation. The selected contractor will be responsible for meeting all District requirements and any other in-field determinations the District Inspector feels is appropriate and in the best interest of the Monte Vista Water District.

2. As part of the new development, any existing water service and/or fire hydrant connection previously serving the property to be developed and not proposed to be utilized in its current location or has been provided a credit toward total development fees, must be physically disconnected and control valve removed from the public’s water system, meter/hydrant returned to District, and all above-ground facilities removed by the developer’s contractor at the developer’s expense.

3. Reduced Pressure Backflow Devices are required on all service connections to protect the Public Water System as specified in the Health and Safety Code Title 17. These water service connections will not be activated until the devices have been installed and the developer has signed up for the services and the initial testing has been performed. Please contact Mr. Brandon Peterson at (909) 624-0035 extension 175 should you have any further questions.

4. These cost estimates are valid and binding upon the District for a period no longer than 90-days commencing from the date of this letter, providing there are no changes to the information from which this estimate was derived.

Should you have any further questions, please contact Hilton Saenz at (909) 624-0035 extension 112.

**Monte Vista Water District**

Ray L. Harton
Director of Finance and Administrative Services
OWNER/DEVELOPER COMPLIANCE

• Construction in accordance with District standards

E. Written notice shall be provided to MVWD upon completion of the Onsite Facilities ("Notice of Completion"). MVWD shall inspect the Onsite Facilities and review all work and services performed with respect thereto and may provide written notification affirming that the Onsite Facilities are approved as constructed, accepting the Onsite Facilities and Easements ("Final Acceptance").

• Dedicate easement areas to the District

A. Property Owner shall cause Onsite Facilities to be constructed and transferred to MVWD. The Onsite Facilities shall be constructed:

(i) at no expense to MVWD;

(ii) within the easement areas dedicated to MVWD on the face of the Map ("Easements"); and

(iii) in substantial conformance with the Onsite Facilities Plans approved by MVWD.
OWNER/DEVELOPER COMPLIANCE (continued)

• District to perform site inspections during construction

B. During construction, MVWD has the right to inspect the Onsite Facilities during normal business hours and upon reasonable advanced notice to Property Owner.

• District receives surety bond with one-year warranty

C. Prior to executing this Agreement, and at Property Owner’s sole expense, Property Owner shall furnish a surety bond to MVWD, which shall remain in effect from the date of acceptance of the Bill of Sale for a warranty period of one (1) year. The surety bond(s) shall be in an amount equal to one hundred (100) percent of the Engineer’s Estimate of the cost of construction of Onsite Facilities. MVWD shall review the Engineer’s Estimate and determine the amount of the surety bond. At the end of the one-year warranty period, MVWD will release the surety bond to the Property Owner. If defects in the Onsite Facilities are discovered within the warranty period, Property Owner shall remedy such defects.
OWNER/DEVELOPER COMPLIANCE (continued)

• Provide District rights to access, operate, and maintain onsite facilities within easements

D. Property Owner shall provide, in favor of MVWD, a Deed of Easement conveying to MVWD rights to access, operate, and maintain the Onsite Facilities within the Easements.

• Record Notice of Completion with County Recorder within 35 days of completion

F. Within 35 days after recording of the Notice of Completion with the County Recorder, Property Owner will execute and deliver a proper Bill of Sale, on the standard form of MVWD, of the Onsite Facilities to MVWD. It is understood and agreed when MVWD’s accepts the Bill of Sale, Property Owner disclaims in favor of MVWD all right, title and interest in and to the Onsite Facilities and Easements. Property Owner shall no longer own, operate, or maintain the Onsite Facilities following MVWD’s acceptance of the Bill of Sale.
OWNER/DEVELOPER COMPLIANCE (continued)

• Indemnify, hold harmless, and defend District from and against claims related to work

G. Property Owner shall indemnify, hold harmless, and defend MVWD (including its elected officials, officers, volunteers, agents, attorneys, and employees) and its affiliates, the Monte Vista Water District Financing Authority and the Monte Vista Water District Public Financing Corporation ("Affiliates"), from and against any and all claims (including all litigation, demands, damages, liabilities, costs, and expenses, including court costs and attorney’s fees) resulting or arising from Property Owner’s performance or non-performance (actual or alleged) of this Agreement (with the exception of the sole negligence, willful misconduct, or breach of this Agreement by MVWD, or its elected officials, officers, volunteers, agents and employees).
WATER FACILITIES AND SERVICE AGREEMENT
BEWEEN
MONTE VISTA WATER DISTRICT
AND
PROPERTY OWNER(S) NAME(S)

This WATER FACILITIES AND SERVICE AGREEMENT ("Agreement") is entered into on [DATE], 2019 ("Agreement Date"), by and between MONTE VISTA WATER DISTRICT ("MVWD") and [NAME(S) OF PROPERTY OWNER(S) WHO OWN(S) THE PROPERTY] ("Property Owner"). For purposes of this Agreement, MVWD and Property Owner may be referred to herein individually as a "Party" and collectively as the "Parties."

RECOLALS

A. Property Owner owns and controls real property located at [ADDRESS] ("Property"), which is to be developed with a [single-family residential dwelling along with onsite water facility improvements] (the "Project"). Property Owner has also applied to MVWD for water service for this Property.

B. MVWD provides retail municipal water service to land within its boundaries. The Parties intend, by this Agreement, to provide access to water service through MVWD for the benefit of the Project. At its sole expense, Property Owner will construct onsite water facilities as part of the Project and convey the onsite water facilities described below to MVWD.

AGREEMENT

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged and accepted, the Parties agree as follows:

In addition to complying with the requirements as stated in MVWD’s fee letter (Exhibit “A”), the Property Owner shall also comply with the obligations below.

1. Onsite Facilities

   A. The onsite water facility improvements to be constructed by Property Owner as part of the Project are the water service connection(s) on the "MVWD side" of the water meter, which extends from, and includes, the water meter to MVWD’s water main ("Onsite Facilities"). The Onsite Facilities are shown on Property Owner’s improvement plans ("Onsite Facilities Plans"). The Onsite Facilities Plans are to be approved by MVWD, maintained on file with MVWD, and are attached hereto as Exhibit “B”.

2. Parties’ Obligations for Onsite Facilities

   A. Property Owner shall cause Onsite Facilities to be constructed and transferred to MVWD. The Onsite Facilities shall be constructed:

      (i) at no expense to MVWD;

      (ii) within the easement areas dedicated to MVWD on the face of the Map ("Easements"); and

      (iii) in substantial conformance with the Onsite Facilities Plans approved by MVWD.

B. During construction, MVWD has the right to inspect the Onsite Facilities during normal business hours and upon reasonable advanced notice to Property Owner.

C. Prior to executing this Agreement, and at Property Owner’s sole expense, Property Owner shall furnish a surety bond to MVWD, which shall remain in effect from the date of acceptance of the Bill of Sale for a warranty period of one (1) year. The surety bond shall be in an amount equal to one hundred (100) percent of the Engineer’s Estimate of the cost of construction of Onsite Facilities. MVWD shall review the Engineer’s Estimate and determine the amount of the surety bond. At the end of the one-year warranty period, MVWD will release the surety bond to the Property Owner. If defects in the Onsite Facilities are discovered within the warranty period, Property Owner shall remedy such defects.

D. Property Owner shall provide, in favor of MVWD, a Deed of Easement conveying to MVWD rights to access, operate, and maintain the Onsite Facilities within the Easements.

E. Written notice shall be provided to MVWD upon completion of the Onsite Facilities ("Notice of Completion"). MVWD shall inspect the Onsite Facilities and review all work and services performed with respect thereto and may provide written notification affirming that the Onsite Facilities are approved as constructed, accepting the Onsite Facilities and Easements ("Final Acceptance").

F. Within 35 days after recording of the Notice of Completion with the County Recorder, Property Owner will execute and deliver a proper Bill of Sale, on the standard form of MVWD, of the Onsite Facilities to MVWD. It is understood and agreed when MVWD’s accepts the Bill of Sale, Property Owner disclaims in favor of MVWD all right, title and interest in and to the Onsite Facilities and Easements. Property Owner shall no longer own, operate, or maintain the Onsite Facilities following MVWD’s acceptance of the Bill of Sale.

G. Property Owner shall indemnify, hold harmless, and defend MVWD (including its elected official, officers, volunteers, agents, attorneys, and employees) and its affiliates, the Monte Vista Water District Financing Authority and the Monte Vista Water District Public Financing Corporation ("Affiliates"), from and against any and all claims (including all litigation, demands, damages, liabilities, costs, and expenses, including court costs and attorney’s fees) resulting or arising from Property Owner’s performance or non-performance (actual or alleged) of this Agreement (with the exception of the sole negligence, willful misconduct, or breach of this Agreement by MVWD, or its elected officials, officers, volunteers, agents and employees).

H. Property Owner shall procure, maintain, and keep in force and effect, for one year following MVWD’s Final Acceptance, the insurance coverage described in Exhibit
STAFF RECOMMENDATION:

It is recommended that the Board of Directors approve a proposed *Water Facilities and Service Agreement* that will allow the District to enter into an agreement with property owners for water facilities that will be transferred to the District.