AGENDA
IRVINE RANCH WATER DISTRICT
WATER BANKING COMMITTEE
WEDNESDAY, AUGUST 12, 2015

CALL TO ORDER **12:00 p.m.** Committee Room, Second Floor, District Office
15600 Sand Canyon Avenue, Irvine, California

ATTENDANCE Committee Chair: Peer Swan ______
Member: Douglas Reinhart ______

ALSO PRESENT

Paul Cook	______	Kellie Welch	______
Rob Jacobson	______	Patrick Sheilds	______
Ray Bennett	______	Paul Weghorst	______
Jo Ann Corey	______	Dane Johnson	______
Fiona Sanchez	______	Christine Compton	______
____________	______	____________	______

COMMUNICATIONS

1. Notes: Weghorst
2. Public Comments
3. Determine the need to discuss and/or take action on item(s) introduced that came to the attention of the District subsequent to the agenda being posted.
4. Determine which items may be approved without discussion.

INFORMATION

5. WATER BANKING PROJECT FACILITIES AND CAPACITIES OVERVIEW – JOHNSON, SANCHEZ/WEGHORST

   Recommendation: Receive and file.

6. WATER BANKING PROGRAM UPDATE – WELCH/SANCHEZ/ WEGHORST

   Recommendation: Staff recommends the Board authorize the General Manager to consent to the proposed one-for-one exchange with Dudley Ridge Water District through a letter from Dudley Ridge Water District to the Department of Water Resources.

ACTION

7. STOCKDALE INTEGRATED BANKING PROJECT ENVIRONMENTAL COMPLIANCE VARIANCE NO. 5 – COREY/WELCH/SANCHEZ/ WEGHORST

   Recommendation: That the Board approve an increase to the FY 2015-16 Capital Budget in the amount of $33,220 for Project 11645 (3766) for additional environmental compliance work; and authorize the General Manager to execute Variance No. 5 with ESA in the amount of $33,220.

8. STOCKDALE INTEGRATED BANKING PROJECT DRAFT OPERATING AGREEMENT – WELCH/SANCHEZ/WEGHORST

   Recommendation: That the Board authorize staff to work with legal counsel and Rosedale-Rio Bravo Water Storage District to finalize the draft Project Agreement for a Water Banking, Recovery and Exchange Program involving Stockdale West and Stockdale East for consideration by the full Board of Directors.

OTHER BUSINESS

9. A. Directors' Comments

   B. CLOSED SESSION CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Government Code Section 54956.8).
   Property: Sections 25, 26, 34, and 35 of T23S R19E MDB&M – lease and pipeline licenses
   Negotiating Parties: Sandridge Partners
   Agency Negotiator: Paul Cook, General Manager
   Purpose of Negotiations: Price and Terms of Payment

   C. Adjourn

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Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the above-named Committee in connection with a matter subject to discussion or consideration at an open meeting of the Committee are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Committee less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Committee Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available at the entrance of the meeting room at the District Office.

The Irvine Ranch Water District Committee Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in an alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

August 12, 2015
Prepared by: D. Johnson / K. Welch
Submitted by: F. Sanchez / P. Weghorst
Approved by: Paul Cook

WATER BANKING COMMITTEE

WATER BANKING PROJECT
FACILITIES AND CAPACITIES OVERVIEW

SUMMARY:

Staff has prepared a summary table of the storage, recharge and recovery capacities of existing and planned IRWD water banking projects including capacities available to IRWD in the Kern Water Bank. A table that provides a quarterly update on Strand Ranch recovery and recharge operations has also been prepared. These tables are provided as Exhibit "A" and Exhibit "B," respectively. In addition, staff has prepared a map depicting project wells and pipelines and a map showing Cross Valley Canal turn-out locations. These maps are provided as Exhibits "C" and "D", respectively. The four exhibits are provided for the Committee's reference.

At the Committee meeting staff will provide an update on Strand Ranch well pump settings, well performance and groundwater levels as part of the water banking project facilities overview.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Recharge, Storage and Recovery Capacities of Existing and Proposed Water Banking Projects
Exhibit "B" – Strand Ranch Storage, Recharge and Recovery Operations Update
Exhibit "C" – Map of Water Banking Project Wells and Pipelines
Exhibit "D" – Map of Cross Valley Canal Turnouts

Exhibit "A"

TABLE 1
Current and Anticipated Water Banking Projects
Recharge, Storage and Recovery Capacities
June 18, 2015

WATER BANKING PROJECT	OWNERSHIP AND WELL INFO			ALLOCATED CAPACITY (AF)					1st PRIORITY RECOVERY CONDITIONS (CFS)	
	IRWD OWNED	WELLS EXISTING	WELLS PROPOSED	TOTAL STORAGE CAPACITY	ANNUAL RECHARGE 1ST PRIORITY	ANNUAL RECHARGE 2ND PRIORITY	ANNUAL RECOVERY 1ST PRIORITY	ANNUAL RECOVERY 2ND PRIORITY	RECOVERY CAPACITY AS DESIGNED[1]	RECOVERY CAPACITY CURRENT STRAND CONDITIONS[2]
Strand Ranch	Yes	7	-	50,000	17,500	-	17,500	-	40.0	28.4
Stockdale West	Yes	-	3	26,000	27,100	-	11,250	-	16.5	16.5
Stockdale East	No	-	2	-	-	19,000	-	7,500	-	-
IRWD Acquired Storage Account[3]	No	-	-	50,000	-	-	-	-	-	-
Drought Relief Project Wells	No	-	3	-	-	-	-	-	16.5	16.5
Kern Water Bank Storage Account[5]	No	-	-	9,495	3,200	-	6,330	-	-	-
TOTALS		7	8	135,495	47,800	19,000	35,080	7,500	73.0	61.4

Partner Capacities[4]	38,000	-	-	12,667	-	35.5	35.5
IRWD Capacities	97,495	-	-	22,413	-	37.5	25.9

IRWD's recovery ***during*** 6 month partner recovery period (AF)	13,500	9,324
IRWD's recovery ***after*** 6 month partner recovery period (AF)	8,913	13,089
TOTALS (AF)	22,413	22,413

Number of months needed to recover IRWD's total AF after partners' recovery (Assumes IRWD has use of total recovery capacity after partners' recovery)	10.1	12.0

[1] Based on designed Strand recovery capacity assuming 370' bgs. Assumes 5.5 cfs for each of the Stockdale West and Drought Relief well. Assumes partners' water is recovered over 6 months.

[2] Current Conditions for Strand at 415' bgs. Assumes 5.5 cfs for each Stockdale West and Drought Relief well. Assumes partners' water is recovered over 6 months.

[3] IRWD has use of Acquired Storage and Drought Relief Project wells until January 12, 2039, unless the term of the agreement is extended.

[4] One half of storage capacity at Stockdale West and Strand Ranch will be allocated for partners.

[5] Kern Water Bank capacities based on 6.58% of Dudley Ridge Water District's 9.62% share of the Kern Water Bank. Annual recharge amount is based on an average of recharge rates for high and low groundwater level conditions.

EXHIBIT "B"

IRWD's Water Banking Storage, Recharge and Recovery Update

8/5/2015

Strand Ranch Recovery and Recharge Operations

Water Bank	IRWD SWP[1]	IRWD Non-SWP[2]	Buena Vista (BVWSD) Non-SWP	Carpinteria Valley Water (CVWD) SWP	Antelope Valley-East Kern (AVEK) SWP	Dudley Ridge Water District [3] SWP
	Beginning Water in Storage 2014 (AF)					
Strand Ranch	3,082	13,761	2,326	621	2,229	-
Strand - Stockdale Pilot	-	1,401	1,475	-	-	-
Stored Water at 1/1/14	3,082	15,162	3,801	621	2,229	-
	(Recovery) and Recharge in 2014 (AF)					
CVWD	-	-	-	(208)	-	-
AVEK	-	-	-	-	(2,229)	-
IRWD/Diamond Farming	-	(1,000)	-	-	-	-
IRWD/MWD Wheeling[4]	-	(1,000)	-	-	-	-
IRWD/MWD Exchange[5]		(4,000)	-	-	-	-
MWD Borrowing SWP[6]	(2,853)	-	-	-	-	
SWP Allocation (2013)[7]	423					423
Available Reserve Water end 2014[8]	20	513	540			
Total 2014 transactions	(2,410)	(5,487)	540	(208)	(2,229)	423
Total Held in MWD System[4,5]	5,423	-	-	-	-	423
Total Held in Kern County	3,102	9,675	4,341	413	-	-
Stored Water at 1/1/15	8,525	9,675	4,341	413	-	423
	Estimated (Recovery) and Recharge in 2015 (AF)					
CVWD	-	-	-	(413)	-	-
BVWSD	-	-	(4,341)	-	-	-
SWP Allocation (2014)[7]	51	-	-	-	-	51
SWP Allocation (2015)[7]	175					175
Total Estimated 2015 transactions	226	-	(4,341)	(413)	-	226
	Estimated End of Year Stored Water (Kern County and MWD System) 2015 (AF)					
Total Held in MWD System	5,649.00	-	-	-	-	649
Total Held in Kern County	3,102.00	9,675	-	-	-	-
Total Estimated Stored Water	8,751.00	9,674.50	-	-	-	649

Water in Storage has been adjusted to account for losses
MWD (Metropolitan Water District of Southern California)

(1) IRWD's SWP includes 229 AF from CVWD that stays in Kern County

(2) IRWD's Non-SWP total includes 2,842 AF of Kern County Water Agency Article 21 water

(3) DRWD water supply will be returned by MWD to IRWD's Jackson Ranch

(4) IRWD will reserve a portion of the wheeled water as extraordinary supply and consumptively use the remainder in 2015

(5) MWD will return the exchanged water as SWP to IRWD within 10 years

(6) MWD borrowed IRWD's SWP supplies and will replace it with an equivalent amount of MWD's stored water in Kern County.

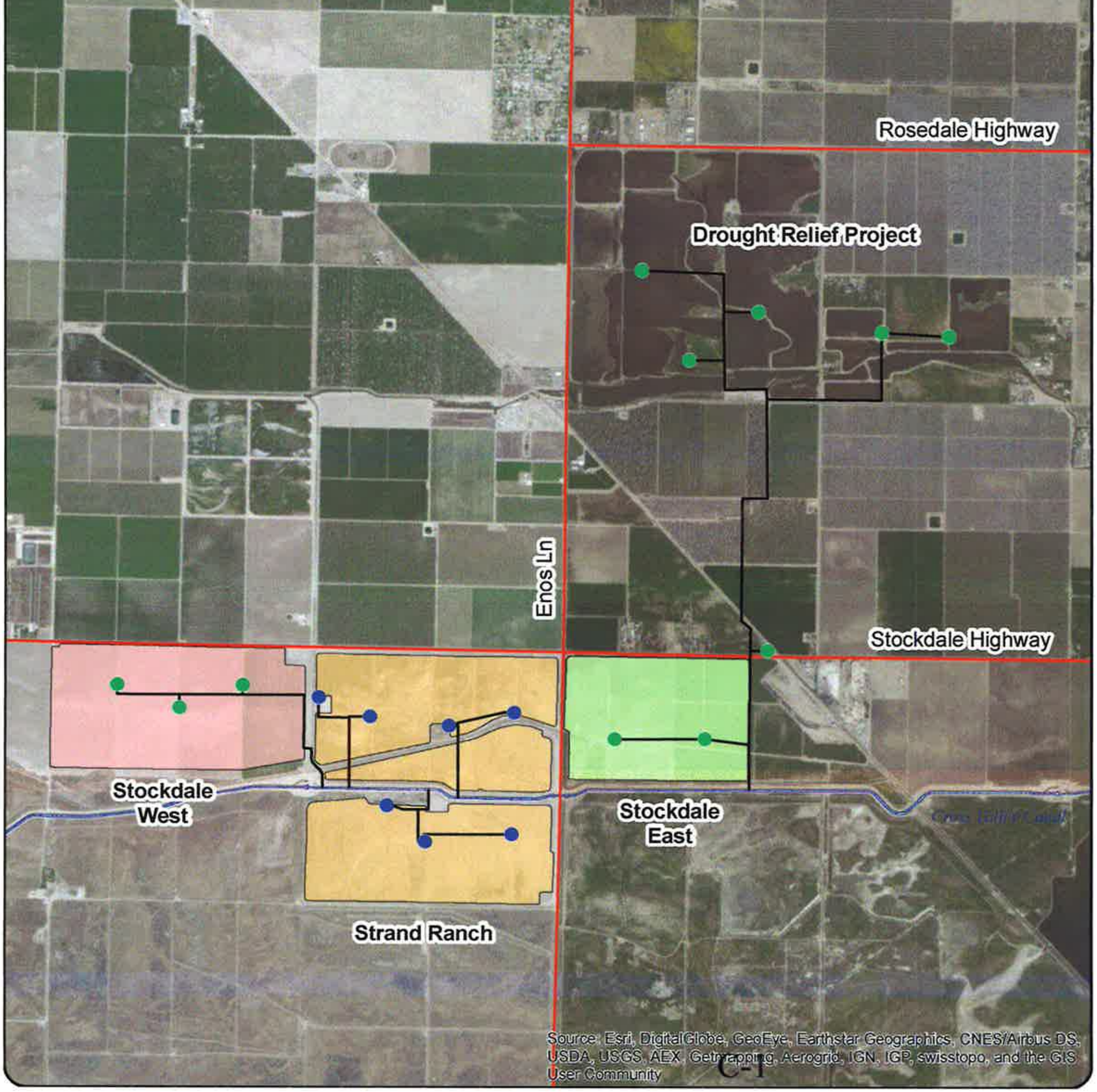
(7) MWD storing 2013 SWP allocation and assumes MWD will store 2014 and 2015 SWP allocation amounts in MWD's system and not Strand Ranch

(8) 4% of banked water is placed into a reserve to account for actual or potential losses. This reserve water may be purchased within 3 years following the end of the calendar year in which the water was banked. If the water is not purchased at the end of 3 years, it is made available for recovery.

Exhibit "C"

IRVINE RANCH WATER DISTRICT

Location Map: IRWD Water Banking Projects Wells and Turnin Pipelines



MAP FEATURES

- Existing Extraction Well
- Planned Extraction Well
- Well Discharge Pipelines
- Stockdale East
- Stockdale West
- Strand Ranch

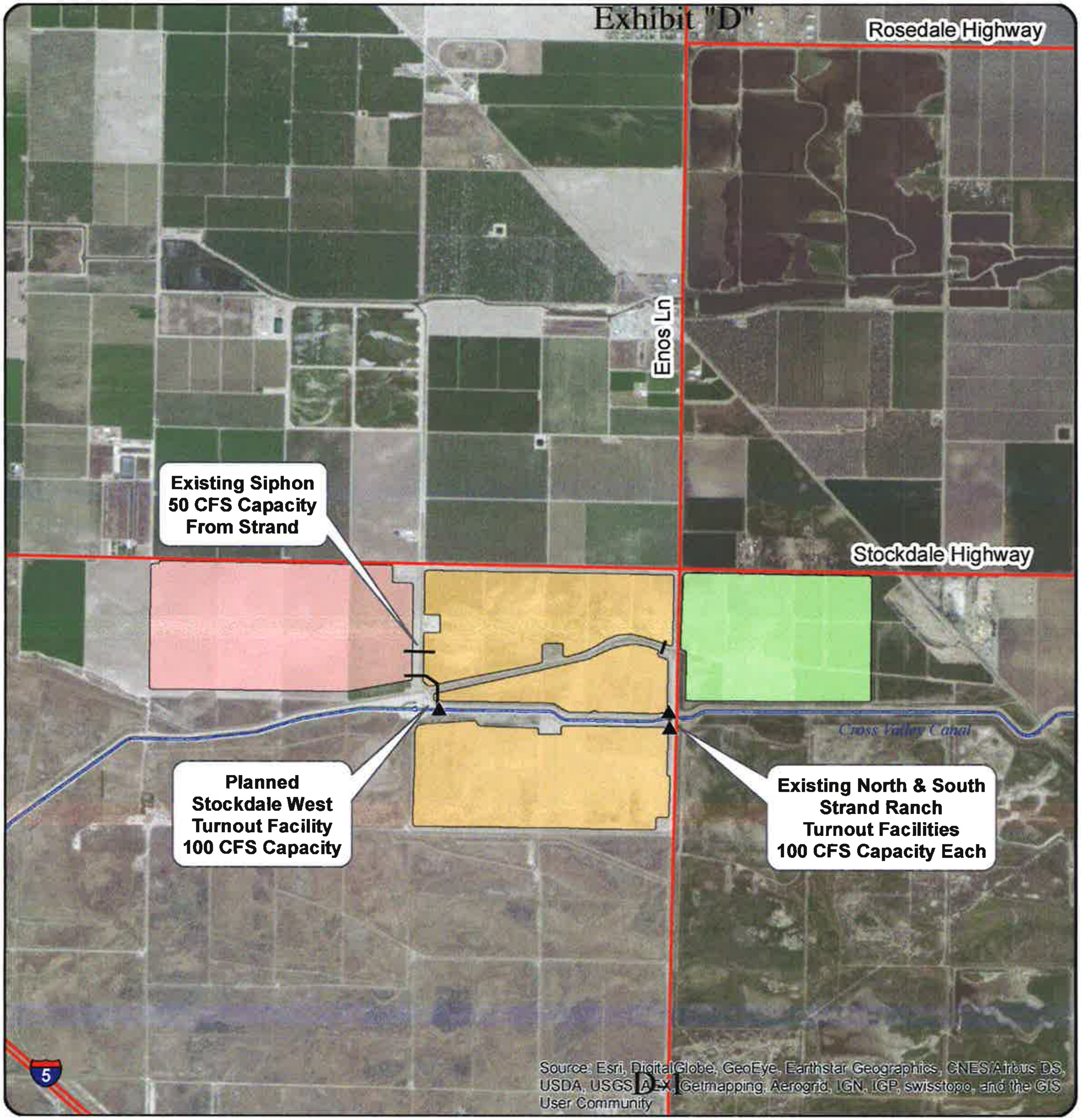
This figure shows the location of IRWD's water banking project sites as well as existing and proposed extraction wells.

0 0.25 0.5 1 Miles

N

NAD 83 State Plane Zone 5 (feet)
Central Meridian: -118

Exhibit "D"



IRVINE RANCH WATER DISTRICT

Location Map: IRWD Water Banking Projects Turnout Facilities

MAP FEATURES

- ▲ Turnouts
- Stockdale East
- Stockdale West
- Strand Ranch

This figure shows the location of existing and anticipated pipelines and turnout facilities.

N

0 0.25 0.5 1 Miles

NAD 83 State Plane Zone 5 (feet)
Central Meridian: -118

August 12, 2015
Prepared by: K. Welch
Submitted by: F. Sanchez/P. Weghorst PAW
Approved by: Paul Cook P. Cook

WATER BANKING COMMITTEE

WATER BANKING PROGRAM UPDATE

SUMMARY:

Staff will provide an update to the Water Banking Committee on the Rosedale Drought Relief Project, the proposed one-for-one exchange with Dudley Ridge Water District (DRWD) and other potential water supply opportunities. Staff recommends the Committee authorize the General Manager to consent to the proposed one-for-one exchange terms through a letter from DRWD to the California Department of Water Resources (DWR). Upon consent, staff will work with DRWD, Metropolitan Water District of Southern California (Metropolitan), Kern County Water Agency (KCWA) and DWR to expedite implementation of the exchange.

BACKGROUND:

Rosedale Drought Relief Project Update:

Best Drilling and Pump, Inc. is currently performing zone testing and water quality analyses at the Superior wells SUP-2 and SUP-6. The six Superior wells will be shared by IRWD and Castaic Lake Water Agency as part of the Rosedale Drought Relief Project. The pilot hole at SUP-2 was drilled to 1,150 feet and the pilot hole at SUP-6 was drilled to 1,400 feet. The results from the deep zones below 1,000 feet for well SUP-6 appear to have low yield and arsenic concentrations at 11 microgram/l (u/l) which may not allow well completion below this depth. The water quality from the upper zones of SUP-6 and all zones of SUP-2 are still being sampled and analyzed. Based on the final zone test results and well logs collected during the drilling process, staff will work with Rosedale and hydrogeologist Thomas Harder to determine a recommended casing and screen completion designs for the wells.

Dudley Ridge Water District One-for-One Exchange:

In May 2015, staff reviewed with the Committee a proposed water exchange concept involving IRWD, DRWD and Metropolitan. The exchange concept would allow IRWD to provide drought assistance to DRWD landowners through a one-for-one exchange of IRWD's stored High Flow Kern River water for State Water Project Table A water from DRWD. Based on input from the Committee, staff provided the exchange proposal shown in Exhibit "A" to DRWD.

DRWD supports the proposal and discussed the exchange concept with DWR which expressed its supports. Staff also held discussions with Metropolitan and KCWA about the proposal. KCWA also expressed its support and stated that it would allow a portion of the High Flow Kern River water to be exported to DRWD with the remainder of the water to be used by DRWD landowners in Kern County. Metropolitan is currently reviewing the proposal with its legal counsel. At the Committee meeting staff will provide an overview of any additional communications with Metropolitan and KCWA.

Based on input from KCWA, staff recommends delivering up to 1,786 AF to DRWD and 5,046 AF to DRWD landowners within Kern County for a total of 6,832 total acre feet. This represents all of the remaining High Flow Kern River water in IRWD's account in the Strand Ranch. Exhibit "B" contains a revised exchange proposal reflecting the recommended deliveries along with other non-substantive changes requested by DRWD.

It is anticipated that the exchange can be processed through IRWD's Coordinated Operating Agreement with Metropolitan and a separate point of delivery agreement to be prepared by DWR and executed by DWR, DRWD, Metropolitan and KCWA. Staff will work with Metropolitan to ensure that the delivery agreement protects IRWD interests. The District will benefit through this exchange by eliminating any perceived exportability issues associated with the High Flow Kern River water and providing dry year water supply reliability for IRWD through the Coordinated Operating Agreement. Staff recommends the Committee authorize the General Manager to consent to the proposed exchange terms through a letter from DRWD to DWR. The letter will then be provided to Metropolitan for its consent after which staff will work with the KCWA, DRWD, Metropolitan and the DWR to expedite the one-for-one exchange.

Water Supply Opportunities:

Staff continues to investigate water supply opportunities suitable to further enhance the District's water banking programs and long-term water supply reliability. Staff will provide the Committee with a verbal update on potential water supply opportunities for IRWD. Additionally, staff will update the Committee on new opportunities being considered by Metropolitan to enhance regional water supply reliability.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

A Final Environmental Impact Report (EIR) for the Strand Ranch Integrated Water Banking Project has been prepared, certified and the project approved, and a Final EIR for the Buena Vista Water Management Program has been prepared and certified. An Initial Study/Negative Declaration for the IRWD Jackson Ranch Water Allocation Project was prepared and circulated for public review. A Notice of Determination for the final Negative Declaration for the Project was filed by IRWD on January 14, 2010, and by DRWD on January 20, 2010. All projects were approved in compliance with the California Environmental Quality Act of 1970 (as amended), codified at California Public Resources Code Sections 21000 et. seq. and the State CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3.

RECOMMENDATION:

Staff recommends the Committee authorize the General Manager to consent to the proposed one-for-one exchange with Dudley Ridge Water District through a letter from Dudley Ridge Water District to the Department of Water Resources.

LIST OF EXHIBITS:

Exhibit "A" – IRWD Dry Year Supply Reliability Exchange Proposal, June 2015
Exhibit "B" – IRWD Dry Year Supply Reliability Exchange Proposal, August 2015

EXHIBIT "A"

Irvine Ranch Water District
Dry Year Supply Reliability
Exchange Proposal

June 2015

Irvine Ranch Water District (IRWD) proposes to offer dry year assistance to interested landowners within Dudley Ridge Water District (DRWD) in 2015. IRWD has developed the Strand Ranch Integrated Banking Project (Strand Ranch) in Kern County with associated storage, recharge and recovery capacities. IRWD operates the Strand Ranch facilities through its Water Banking and Exchange Program Agreement with Rosedale-Rio Bravo Water Storage District (Rosedale).

IRWD may have recovery capacity available beyond its requirements to potentially provide up to 6,800 acre-feet (AF) at an estimated rate of 24 cfs which may be made available for use by DRWD starting in July 2015.

Water Supply and Delivery:

The available water supply is IRWD's share of pre-1914 high flow Kern River water that was previously acquired under an unbalanced exchange agreement with Buena Vista Water Storage District (BVWSD). Under this agreement, IRWD is entitled to one-half of the total water delivered to Strand Ranch storage by BVWSD less banking losses. IRWD anticipates that up to 6,800 AF of its stored non-SWP water may be pumped and made available for use by DRWD. Starting in July 2015, IRWD anticipates being able to recover and deliver approximately 1,450 AF per month.

IRWD would utilize its available Strand Ranch recovery capacity to deliver the stored water to the Cross Valley Canal (CVC) at the three Strand Ranch Turn-ins (two north turn-ins and one south turn-in). The DRWD will take possession of the water at the Strand Ranch turn-ins in the CVC and will be responsible for conveying or exchanging the water.

DRWD and Metropolitan Water District of Southern California (Metropolitan) will enter into an exchange agreement with the Department of Water Resources to provide for the delivery and return of the water either to Strand Ranch with the concurrence of Kern County Water Agency (KCWA) or to Southern California without a requirement to use the water in DRWD.

In consideration of delivery of banked water in 2015, the DRWD shall:

1. Pay actual extraction costs, Rosedale administrative charge (approximately $2.65/AF) and any other fees that may be imposed by KCWA for the delivery of the recovered water to the CVC;
2. Arrange for the use of available CVC capacity and will accept any CVC losses;
3. Pay all costs associated with conveying the water to the final delivery point;
4. Following the cancelation or repeal of the Governor's 2015 Drought Declaration, DRWD shall return one-third of the water through DRWD Table A each year for the next three years.
5. Pay all costs associated delivering the return water to Metropolitan.

Exhibit "B"

Irvine Ranch Water District
Dry Year Supply Reliability
Exchange Proposal
August~~June~~ 2015

Irvine Ranch Water District (IRWD) proposes to offer dry year assistance to interested landowners within Dudley Ridge Water District (DRWD) in 2015 and/or 2016. IRWD has developed the Strand Ranch Integrated Banking Project (Strand Ranch) in Kern County with associated storage, recharge and recovery capacities. IRWD operates the Strand Ranch facilities through its Water Banking and Exchange Program Agreement with Rosedale-Rio Bravo Water Storage District (Rosedale).

IRWD may have recovery capacity available beyond its requirements to potentially provide up to 6,832~~00~~ acre-feet (AF) at an estimated rate of 24 cfs which may be made available for use by DRWD starting in August~~July~~ 2015. Up to 5,046 AF must be used within Kern County and up to 1,786 AF may be used inside DRWD.

Water Supply and Delivery:

The available water supply is IRWD's share of pre-1914 high flow Kern River water that was previously acquired under an unbalanced exchange agreement with Buena Vista Water Storage District (BVWSD). Under this agreement, IRWD is entitled to one-half of the total water delivered to Strand Ranch storage by BVWSD less banking losses. IRWD anticipates that up to 6,832~~00~~ AF of its stored non-SWP water may be pumped and made available for use by DRWD starting in August 2015.~~. Starting in July 2015, IRWD anticipates being able to recover and deliver approximately 1,450 AF per month.~~

IRWD would utilize its available Strand Ranch recovery capacity to deliver the stored water to the Cross Valley Canal (CVC) at the three Strand Ranch Turn-ins (two north turn-ins and one south turn-in). The DRWD will take possession of the water at the Strand Ranch turn-ins in the CVC and will be responsible for conveying or exchanging the water.

DRWD and Metropolitan Water District of Southern California (Metropolitan) will enter into an exchange agreement with the Department of Water Resources to provide for the delivery and return of the water either to Strand Ranch with the concurrence of Kern County Water Agency (KCWA) or to Southern California without a requirement to use the water in DRWD.

In consideration of delivery of banked water in 2015, the DRWD shall:

1. Pay actual extraction costs, Rosedale administrative charge (approximately $2.65/AF) and any other fees that may be imposed by KCWA for the delivery of the recovered water to the CVC;
2. Arrange for the use of available CVC capacity and will accept any CVC losses;
3. Pay all costs associated with conveying the water to the final delivery point;
4. Following the cancelation or repeal of the Governor's 2015 Drought Declaration, DRWD shall return one-third of the water through DRWD Table A over ~~each year for~~ the next three years.
5. Pay all costs associated delivering the return water to Reach 12E in the California Aqueduct.~~Metropolitan.~~

August 12, 2015
Prepared By: J. Corey/K. Welch
Submitted By: F. Sanchez/P. Weghorst
Approved By: Paul Cook

WATER BANKING COMMITTEE

STOCKDALE INTEGRATED BANKING PROJECT ENVIRONMENTAL COMPLIANCE VARIANCE NO. 5

SUMMARY:

On March 26, 2012, the Board authorized a Professional Services Agreement in the amount of $135,675 with Environmental Science Associates (ESA) to prepare an Environmental Impact Report (EIR) for the Stockdale Integrated Banking Project. Additional work is needed beyond the original budgeted scope of work to develop responses to complex comments that were received during public review of the Draft EIR. To accommodate this additional work, staff recommends that the Board approve an increase to the FY 2015-16 Capital Budget in the amount of $33,220 for Project 11645 (3766) and authorize the General Manager to execute Variance No. 5 to the Professional Services Agreement with ESA.

BACKGROUND:

Staff has been working with Rosedale-Rio Bravo Water Storage District (Rosedale) to develop the Stockdale Integrated Banking Project that would utilize IRWD's Stockdale West Ranch and Rosedale's Stockdale East property located directly east of the Strand Ranch. A location map of these properties is provided as Exhibit "A". On March 26, 2012, the Board authorized a Professional Services Agreement in the amount of $135,675 with ESA to prepare an EIR for the project. The existing Development Agreement between Rosedale and IRWD for the project was also approved by the Board on March 26, 2012. This agreement calls for IRWD and Rosedale to equally share the cost of the preparation of the EIR and related technical studies, including hydrogeologic evaluations. IRWD agreed to initially fund the cost of the EIR and Rosedale agreed to initially fund the cost of the hydrogeologic evaluations. The overall costs will be reconciled and shared once all of the work has been completed.

Previous Variances:

Four prior variances to ESA's Professional Services Agreement have been approved as follows:

- In March 2013, the Board approved Variance No. 1 in the amount of $29,174, to include the programmatic level analysis of a potential third water banking property;
- In February 2014, the General Manager approved Variance No. 2 in the amount of $3,020 to include a Central Intake Canal in the project description and environmental analyses;
- In July 2014, the General Manager approved Variance No. 3 in the amount of $24,765 to include preparation of the third Screencheck Draft EIR and to provide assistance with the National Environmental Policy Act review process to facilitate federal grant funding for the project from the U. S. Bureau of Reclamation under its WaterSMART Program; and

- In December 2014, the General Manager approved Variance No. 4 in the amount of $34,435 to include the preparation of a fourth Screencheck Draft EIR including incorporation of a groundwater monitoring mitigation program and additional project-level assessment of the Central Intake Canal.

Variance No. 5 Work Items:

A fifth variance is needed to cover additional work that was not included in ESA's original scope of work. Following is a description of additional work to be accomplished through Variance No. 5:

- Substantial comments on Screencheck Draft EIR No. 4 were provided by Rosedale, Rosedale's legal counsel and IRWD staff. As a result, the preparation of the public Draft EIR was more complex and additional work was required beyond the scope of work.

- The volume and complexity of public comments received on the Draft EIR exceeded what was expected in the original scope of work. Additional time and resources are needed to respond to the comments and manage the development of the Final EIR. The effort to respond to comments will require close coordination with Rosedale and IRWD legal counsels. The current schedule for the completion of the Final EIR and presentation to the Board of Directors will be extended from April 2015 to November 2015.

Staff has negotiated ESA's request for additional budget in the amount of $33,220 and considers the request fair and reasonable. Staff recommends that the Board approve Variance No. 5. ESA's variance request, budget and revised schedule are attached as Exhibit "B".

FISCAL IMPACTS:

Project 11645 (3766), Stockdale Integrated Banking Project, is included in the FY 2015-16 Capital Budget. IRWD and Rosedale will equally share in the costs associated with the preparation of the EIR. The overall costs will be reconciled and shared after all work has been completed. The cost for ESA to perform the additional work under Variance No. 5 is $33,220. Staff requests an increase to the FY 2015/16 Capital Budget in the amount of $33,220 for Project 11645 (3766).

Project No.	Current Budget	Addition <Reduction>	Total Budget
11645 (3766)	$2,770,700	$33,220	$2,803,920

ENVIRONMENTAL COMPLIANCE:

The preparation of an EIR is necessary for the implementation of the proposed Stockdale Integrated Banking Project in compliance with the California Environmental Quality Act (CEQA) of 1970 (as amended), codified at California Public Resources Code Sections 21000 et. seq., and the State CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3.

Environmental compliance in accordance with the National Environmental Policy Act is required to receive federal grant funding for the project from the U. S. Bureau of Reclamation under the WaterSMART Program.

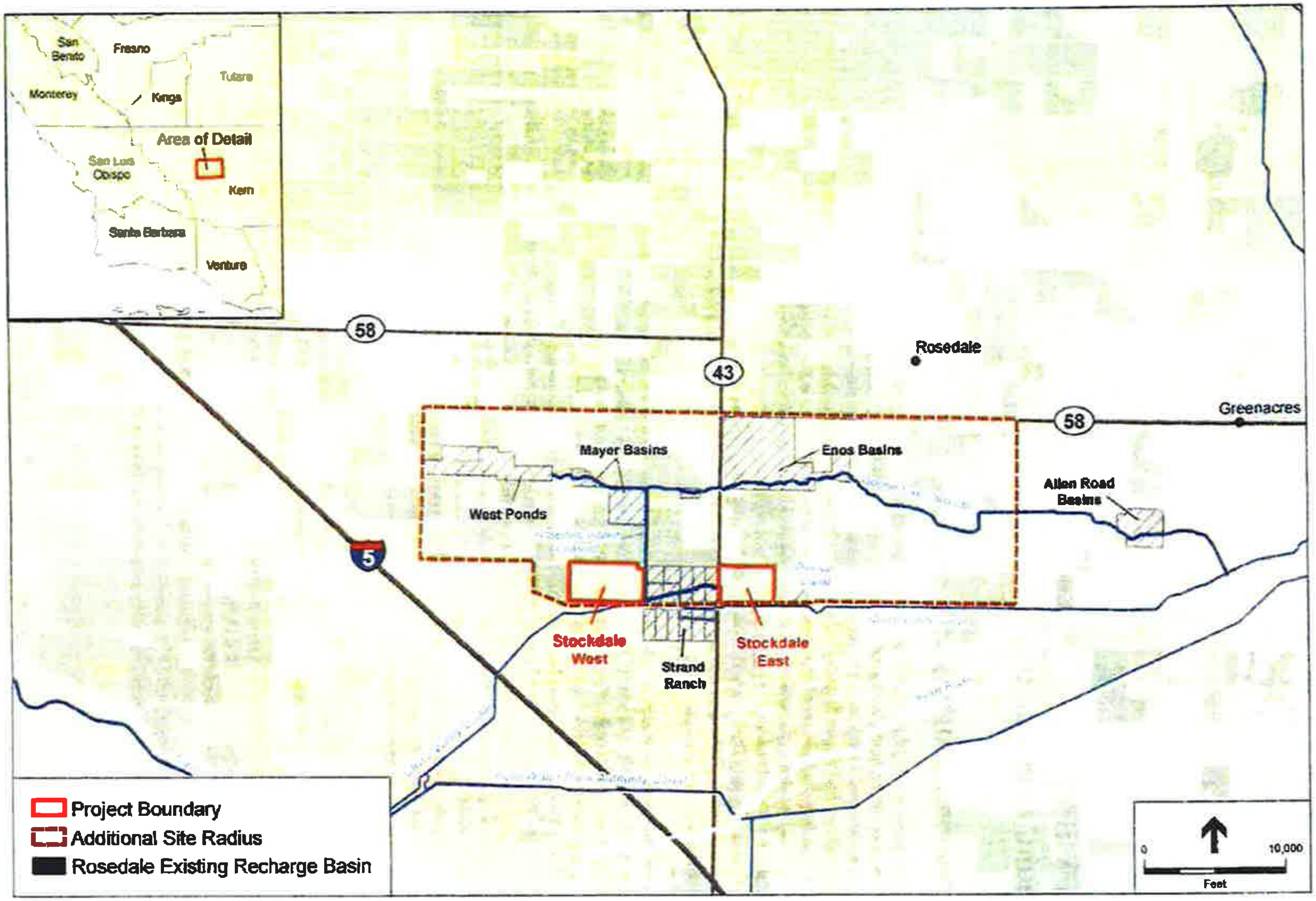
RECOMMENDATION:

That the Board approve an increase to the FY 2015-16 Capital Budget in the amount of $33,220 for Project 11645 (3766) for additional environmental compliance work and authorize the General Manager to execute Variance No. 5 with ESA in the amount of $33,220.

EXHIBITS:

Exhibit "A" – Location Map: Stockdale Integrated Banking Project
Exhibit "B" – Variance No. 5 with ESA Scope of Work, Budget, and Schedule

EXHIBIT "A"



SOURCE: ESRI 2013

Stockdale Integrated Banking Project . 211181

Figure 2-1

Project Location

Exhibit A

EXHIBIT "B"

IRVINE RANCH WATER DISTRICT
PROFESSIONAL SERVICES VARIANCE

Project Title: IRWD Stockdale Integrated Banking Project Environmental Impact Report

Project No.: 11645 (3766) (Task 1020.2) Date: 7/28/2015
Purchase Order No.: 508021 Variance No.: 5

Originator: [ ] IRWD [x] ENGINEER/CONSULTANT [ ] Other (Explain)

Description of Variance (*attach any back-up material*):
See attached letter with revised scope of work.

Engineering & Management Cost Impact:

Classification	Manhours	Billing Rate	Labor $	Direct Costs	Subcon. $	Total $
Modify tasks (see attached scope of work, cost estimate) related to preparation of Draft EIR and Responses to Comments/Final EIR due to comment letters received			$33,220			$33,220
					Total $ =	$33,220

Schedule Impact:

Task No.	Task Description	Original Schedule	Schedule Variance	New Schedule
9	Final EIR Certification	July 2015	4 months	November 2015
	(See also attached schedule)			

Required Approval Determination:

Total Original Contract $135,675 Previous Variances $91,394 This Variance $33,220 Total Sum of Variances $124,614 New Contract Amount $260,289 Percentage of Total Variances to Original Contract 91.85 %	[ ] Director: Cumulative total of Variances less than or equal to $50,000. [ ] Executive Director: Cumulative total of Variances less than or equal to $75,000. [ ] General Manager: Cumulative total of Variances less than or equal to $100,000. [ ] Board: Cumulative total of Variances greater than $100,000.

ENGINEER/CONSULTANT: ESA
Company Name

IRVINE RANCH WATER DISTRICT

Project Engineer/Manager Date

Engineer's/Consultant's Management Date

Department Director Date

General Manager/Board Date

IRVINE RANCH WATER DISTRICT

PROFESSIONAL SERVICES VARIANCE REGISTER

Project Title: IRWD Stockdale Integrated Banking Project Environmental Impact Report

Project No.: 11645 (3766) Project Manager: Kellie Welch

Variance No.	Description	Dates		Variance Amount
		Initiated	Approved	
1	Modify tasks to analyze additional property at a programmatic level to achieve CEQA compliance.	3/25/13		$29,174
2	Modify project description and EIR analysis to include Central Intake Canal.	2/13/14		$3,020
3	Modify tasks to include preparation of a third Screencheck Draft EIR and assistance with the NEPA process	7/31/14		$24,765
4	Modify tasks to include preparation of a fourth Screencheck Draft EIR, including groundwater monitoring mitigation program and project-level assessment of Central Intake	12/15/14		$34,435
5	Modify tasks related to preparation of Draft EIR and Responses to Comments/Final EIR due to comment letters received	7/28/15		$33,220

ESA Water

626 Wilshire Boulevard
Suite 1100
Los Angeles, CA 90017
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213.599.4301 fax

www.esassoc.com

July 27, 2015

Kellie Welch
Irvine Ranch Water District
15600 Sand Canyon Ave
Irvine, CA 92618-3102

Subject: Request for Variance No. 5 to the Scope of Work for the Stockdale Integrated Banking Project

Dear Kellie:

ESA is currently preparing the environmental documentation for the Stockdale Integrated Banking Project for Rosedale-Rio Bravo Water Storage District (Rosedale) and Irvine Ranch Water District (IRWD). The Project includes development of Stockdale East, Stockdale West, and a third Stockdale project site with groundwater banking facilities for integration with Rosedale's Conjunctive Use Program in Kern County. To-date, four iterations of the Screencheck Draft Environmental Impact Report (EIR) have been completed; the Draft EIR has been released for public review; and comments on the Draft EIR have been received.

Substantial comments on Screencheck Draft EIR No. 4 were provided by the Project team, including Rosedale's legal counsel, that exceeded the approved scope for purposes of revising and preparing the public Draft EIR for final team review. In addition, the volume of comments received on the Draft EIR exceeds that expected in the approved scope. This letter outlines the tasks required in addition to the previously-approved scope of work (as amended by Professional Service Variances Nos. 1-4) for the successful completion of the CEQA process for the Project. ESA is requesting approval of the proposed scope of work and associated cost estimate, which is included as **Table 1**.

Additional Scope of Work

Task 1. Project Management

The original scope of work assumed approximately eight (8) hours per month would be required for purposes of project management. Under Variance No. 4, the schedule for the CEQA process was extended through April 2014. The current projected schedule for the Project, as attached, estimates that the Final EIR will be certified in November 2015. Therefore, we request additional funds for purposes of project management through November 2015.

Task 6. Screencheck Draft EIR

ESA revised Screencheck Draft EIR No. 4 based on the comments provided by the Project team and prepared the final print-ready public Draft EIR for final review. The changes that were incorporated into this iteration of the Draft EIR were in response to comments made by the Project team per the teleconference held on March 20, 2015, and subsequent written comments that included legal counsel comments and required substantial revisions to the document, including additional analysis of the 2015 Drought Emergency Project as a cumulative project.

Task 9. Final EIR and Response to Comments

The comments received on the Draft EIR include substantial comments from the City of Bakersfield via their legal counsel, Duane Morris. This 32-page letter includes over 120 individual comments. Together with other comment letters, including those from Kern County Water Agency (KCWA) and the Kern Water Bank Authority (KWBA), there are over 180 individual comments that require responses. The effort to respond to comments will require special coordination with both Rosedale's and IRWD's legal counsel. Our scope assumes that up to three (3) team meetings lasting two (2) hours each via teleconference will be required in order to complete responses to comments. Currently both Rosedale and IRWD are scheduling meetings with the City, KCWA, and KWBA to discuss major issues prior to completing the responses to comments. The level of effort required to respond to comments will result in an extension of the schedule by two to three months. ESA is requesting additional budget associated with the increased level of effort required to complete the responses to comments.

Cost Estimate and Schedule

Table 1 shows the assumed level of effort corresponding to the additional scope of work described above. ESA is requesting approval for an increase in the Project budget by **$33,220,** for a total contract ceiling of **$260,289.**

TABLE 1: PRICING PROPOSAL

ESA Labor Detail and Expense Summary

		Professional Staff			Administrative Staff				
Task Number / Description		**Jacobus Sr MA**	**Spano Assoc III**	**Subtotal**	**J Nelsen Graphics**	**G. JaFolla Production**	**Subtotal**	**Total Hours**	**Total Labor Price**
	Hourly Billing Rate:	$175	$110		$ 105	$100			
Task 1	**Project Management (through October 2015)**	56		$ 9,800			$ -	56	$ 9,800
Task 6	**Comments on Screencheck DEIR No. 4**	10	16	$ 3,510	2	4	$ 610	32	$ 4,120
Task 9	**Final EIR and Response to Comments**	60	80	$ 19,300			$ -	140	$ 19,300
Total Hours		126	96		2	4		228	
Subtotals - Labor Costs		$ 22,050	$ 10,560	$ 32,610	$ 210	$ 400	$ 610		**$ 33,220**
Percent of Effort - Labor Hours Only		55.3%	42.1%		0.9%	1.8%		100.0%	
Percent of Effort - Total Project Cost		8.5%	4.1%		0.1%	0.2%			12.8%

TOTAL- Variance No. 5	**$ 33,220**
Previously-approved Budget Ceiling	**$ 227,069**
TOTAL REVISED PROJECT PRICE	**$ 260,289**

In addition, a revised schedule is also attached. The schedule reflects an expected certification date in November 2015 for the Final EIR. Please take a look at our level of effort and scope assumptions, which we are happy to discuss any time.

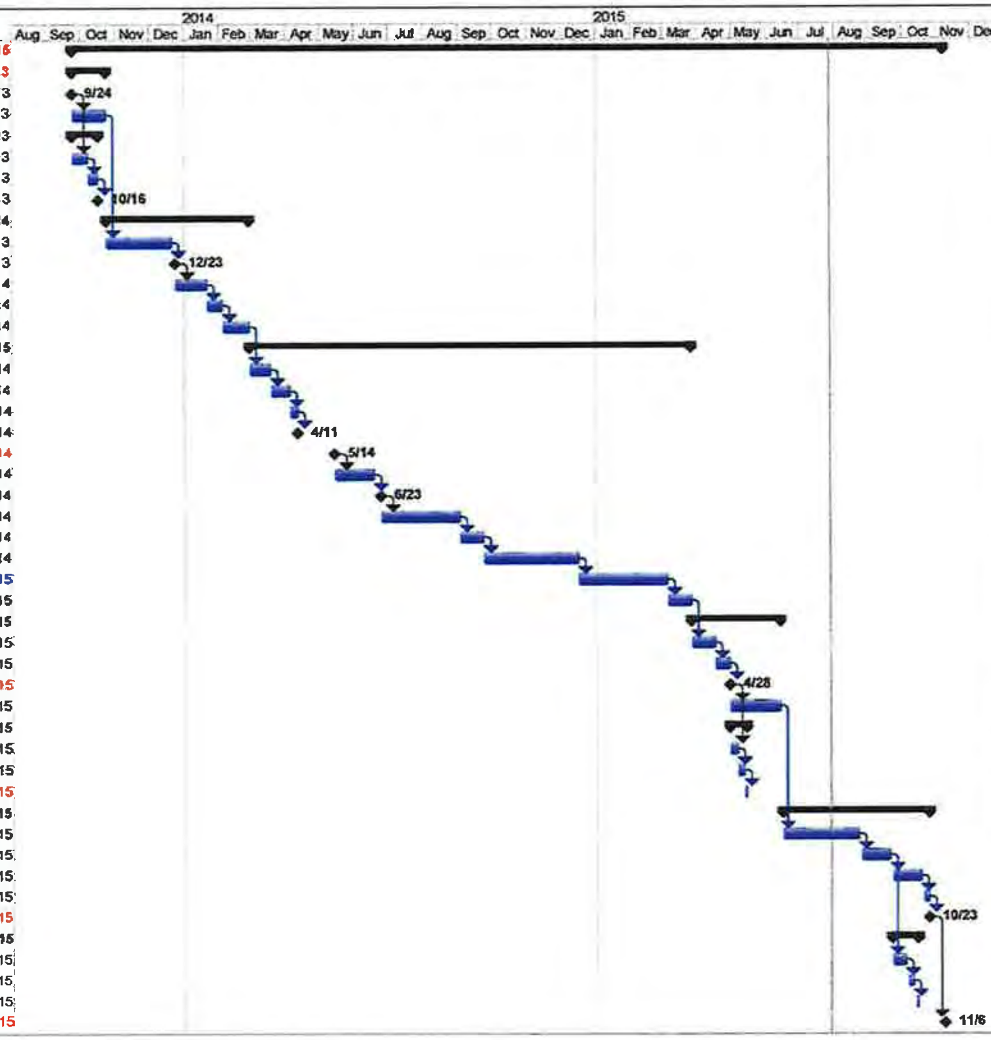
Sincerely,

Tom Barnes
Vice President and Director
ESA Southern California Water Practice

Jennifer Jacobus, PhD
Senior Managing Associate
ESA Southern California Water Practice

Rosedale/IRWD Stockdale Integrated Banking Project EIR
CEQA Documentation Schedule

ID	Task Name	Duration	Start	Finish
1	**CEQA Environmental Review Process**	554 days	Tue 9/24/13	Fri 11/6/15
2	**ESA Prepares a Notice of Preparation and Notice of Completion**	22 days	Tue 9/24/13	Thu 10/24/13
3	NOP Publication	0 days	Tue 9/24/13	Tue 9/24/13
4	Circulation of NOP for 30 days	30 edays	Tue 9/24/13	Thu 10/24/13
5	**Conduct Public Scoping Meeting**	17 days	Tue 9/24/13	Wed 10/16/13
6	ESA Prepares Meeting Presentation/Materials	2 wks	Tue 9/24/13	Mon 10/7/13
7	IRWD/Rosedale Reviews Meeting Presentation/Materials	7 days	Tue 10/8/13	Wed 10/16/13
8	Scoping Meeting	0 days	Wed 10/16/13	Wed 10/16/13
9	**ESA Prepares Administrative Draft EIR**	90.5 days	Thu 10/24/13	Thu 2/27/14
10	ESA Prepares Administrative Draft EIR	42 days	Thu 10/24/13	Fri 12/20/13
11	Submit ADEIR for Review	0 days	Mon 12/23/13	Mon 12/23/13
12	IRWD/Rosedale provides comments on Administrative Draft EIR	20 days	Tue 12/24/13	Mon 1/20/14
13	ESA Prepares Admin Draft EIR NO. 2	2 wks	Tue 1/21/14	Mon 2/3/14
14	IRWD/Rosedale provides comments on Administrative Draft EIR	3.5 wks	Tue 2/4/14	Thu 2/27/14
15	**ESA Prepares Screencheck Draft EIR**	279.5 days	Thu 2/27/14	Wed 3/25/15
16	ESA Prepares Screencheck Draft EIR	13 days	Thu 2/27/14	Tue 3/18/14
17	IRWD/Rosedale Review Screencheck Draft EIR	13 days	Tue 3/18/14	Fri 4/4/14
18	ESA resubmits Screencheck No. 2	1 wk	Fri 4/4/14	Fri 4/11/14
19	Screencheck Draft EIR No. 2 available for KWBA/KCWA	0 days	Fri 4/11/14	Fri 4/11/14
20	Meeting with KWB/KCWA (one week after receipt)	0 days	Wed 5/14/14	Wed 5/14/14
21	Receive comment letters from KWB/KCWA	5 wks	Wed 5/14/14	Tue 6/17/14
22	Follow-up mtg to discuss comments on Screencheck Draft EIR	0 days	Mon 6/23/14	Mon 6/23/14
23	Tom Harder prepare additional analysis and revise report	10 wks	Tue 6/24/14	Mon 9/1/14
24	ESA revises and resubmits Screencheck No. 3	3 wks	Tue 9/2/14	Mon 9/22/14
25	IRWD/Rosedale final review + ATTORNEY REVIEW	12 wks	Tue 9/23/14	Mon 12/15/14
26	ESA revises and resubmits Screencheck No. 4	11.4 wks	Tue 12/16/14	Wed 3/4/15
27	IRWD/Rosedale final review + ATTORNEY REVIEW	3 wks	Thu 3/5/15	Wed 3/25/15
28	**ESA Prepares Public Draft EIR, Notice of Availability, Notice of Completion**	57 days	Thu 3/26/15	Fri 6/12/15
29	ESA Finalizes Public Draft EIR	3 wks	Thu 3/26/15	Wed 4/15/15
30	Final Review, Notice, Printing, Mailing	9 days	Thu 4/16/15	Tue 4/28/15
31	Public Draft EIR Publication	0 days	Tue 4/28/15	Tue 4/28/15
32	45-Day Comment Period	45 edays	Tue 4/28/15	Fri 6/12/15
33	**Conduct Public Meeting for Draft EIR**	11 days	Wed 4/29/15	Wed 5/13/15
34	ESA Prepares Meeting Presentation/Materials	1 wk	Wed 4/29/15	Tue 5/5/15
35	IRWD/Rosedale Reviews Meeting Presentation/Materials	4 days	Wed 5/6/15	Mon 5/11/15
36	Public Meetings	2 days	Tue 5/12/15	Wed 5/13/15
37	**ESA Prepares Final EIR and Response to Comments**	95 days	Mon 6/15/15	Fri 10/23/15
38	Review of Comment Letters / Meetings with Agencies	10 wks	Mon 6/15/15	Fri 8/21/15
39	Preparation of Responses to Comments and Final EIR	4 wks	Mon 8/24/15	Fri 9/18/15
40	Review/Revision of Responses to Comments and Final EIR	4 wks	Mon 9/21/15	Fri 10/16/15
41	ESA Finalizes Final EIR and Responses to Comments	1 wk	Mon 10/19/15	Fri 10/23/15
42	Mailout Final EIR	0 days	Fri 10/23/15	Fri 10/23/15
43	**ESA Prepares MMRP, Findings, SOC, and NOD**	17 days	Mon 9/21/15	Tue 10/13/15
44	ESA Prepares MMRP, Findings, SOC, and NOD	2 wks	Mon 9/21/15	Fri 10/2/15
45	IRWD/Rosedale Review MMRP, Findings, SOC, and NOD	1 wk	Mon 10/5/15	Fri 10/9/15
46	ESA Finalizes MMRP, Findings, SOC, and NOD	2 days	Mon 10/12/15	Tue 10/13/15
47	**Final Certification by Rosedale and IRWD Boards**	0 days	Fri 11/6/15	Fri 11/6/15



Date: Tue 7/28/15

Task — Split — Milestone — Summary — Project Summary — External Tasks — External Milestone — Inactive Task — Inactive Milestone — Inactive Summary — Manual Task — Duration-only — Manual Summary Rollup — Manual Summary — Start-only — Finish-only — Progress — Deadline

August 12, 2015
Prepared By: K. Welch
Submitted By: F. Sanchez/P. Weghorst PAW
Approved By: Paul Cook

WATER BANKING COMMITTEE

STOCKDALE INTEGRATED BANKING PROJECT
DRAFT OPERATING AGREEMENT

SUMMARY:

On May 2014, staff reviewed with the Water Banking Committee a draft agreement between IRWD and Rosedale-Rio Bravo Water Storage District (Rosedale) for the operation of the proposed Stockdale Integrated Banking Project. The agreement specifies terms of a long-term water banking and exchange program for the integration of facilities at IRWD's Stockdale West Ranch and Rosedale's Stockdale East properties into Rosedale's Conjunctive Use Banking Program. Since then, staff has worked with legal counsel and Rosedale to finalize the agreement. Staff will review with the Committee the revisions made to the agreement since May 2014. Staff recommends the Committee authorize staff to work with legal counsel and Rosedale to finalize the Agreement for a Water Banking, Recovery and Exchange Program at the Stockdale West and Stockdale East Properties for consideration by the full Board of Directors.

BACKGROUND:

In January 2012, the Water Banking Ad-hoc Committee approved draft terms for a water banking and exchange project with Rosedale that would utilize IRWD's Stockdale West Ranch and the Stockdale East property owned by Rosedale. These terms were incorporated into a Development Agreement that calls for IRWD and Rosedale to share in the cost of the preparation of an Environmental Impact Report (EIR) and to cooperate in the development of a comprehensive long-term agreement for a Water Banking, Recovery and Exchange Project for the Stockdale West and Stockdale East properties (Operating Agreement). On March 26, 2012, the Board approved the Development Agreement which was executed in June 2012.

Draft Operating Agreement:

Staff reviewed a draft of the Operating Agreement with the Committee in May 2014. Since then, staff has worked with legal counsel and Rosedale in refining the draft agreement which is structured after the operating agreement for the Strand Ranch Integrated Banking Project and reflects all terms consistent with the Development Agreement. The draft Operating Agreement further clarifies the project terms and specifies IRWD and Rosedale responsibilities related to the operations, maintenance and administration of the project. The revised draft of the Operating Agreement is attached as Exhibit "A". At the Committee meeting, staff will present an overview of revisions that have been made to the agreement since May 2014.

Staff recommends the Committee authorize staff to work with legal counsel and Rosedale to finalize the Operating Agreement. Staff will present the Final EIR and Operating Agreement to the full Board of Directors following Rosedale's certification of the EIR. Rosedale is expected to certify the EIR in November 2015.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

The Draft Stockdale Integrated Banking Project EIR was prepared and circulated for public review by Rosedale as the Lead Agency and IRWD as a Responsible Agency. Staff is working with environmental consultants at ESA in preparing response to comments to the Draft EIR. This environmental document has been developed in compliance with the California Environmental Quality Act (CEQA) of 1970 (as amended), codified at California Public Resources Code Sections 21000 et. seq., and the State CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3.

RECOMMENDATION:

That the Board authorize staff to work with legal counsel and Rosedale-Rio Bravo Water Storage District to finalize the Agreement between Rosedale-Rio Bravo Water Storage District and Irvine Ranch Water District for a Water Banking, Recovery and Exchange Program at the Stockdale West and Stockdale East Properties for consideration by the full Board of Directors.

EXHIBITS:

Exhibit "A"– Draft Agreement between Rosedale-Rio Bravo Water Storage District and Irvine Ranch Water District for a Water Banking, Recovery and Exchange Program at the Stockdale West and Stockdale East Properties.

IRWD 08/10/15~~07/14/2015~~~~06/05/15~~ draft

AGREEMENT

ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT
AND
IRVINE RANCH WATER DISTRICT
FOR
A WATER BANKING, RECOVERY AND EXCHANGE PROGRAM
[Stockdale West and Stockdale East Properties]

THIS AGREEMENT ("Agreement") is made and entered into as of the Effective Date by and between the IRVINE RANCH WATER DISTRICT ("IRWD") and the ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT ("RRB"). RRB and IRWD are sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

A. RRB is a public agency organized in accordance with California Water Storage District Law (Division 14, commencing with §39000 of the California Water Code) for the purpose of acquiring, storing, distributing, and replenishing water supplies within its boundaries in Kern County, California.

B. IRWD is a public agency organized in accordance with the California Water District Law (Division 13, commencing with §34000 of the California Water Code) to provide water services and certain other services. IRWD's powers and purposes include the acquisition within or without the district in the State of all necessary property, water and water rights for the production, storage, transmission and distribution of water for irrigation, domestic, industrial and municipal purposes and to provide and sell such water at wholesale and retail to customers within its boundaries in Orange County, California.

C. In 1959 RRB was formed to develop a groundwater recharge program to offset overdraft. The construction of the initial phases of the recharge program was completed in early 1962, and the facilities placed in operation shortly thereafter. Additional improvements to program recharge facilities have since been made, and RRB has acquired fee title to the properties on which the program facilities are located. The physical features of the recharge program include facilities to divert waters from the Kern River and the Cross Valley Canal facilities ("CVC") and RRB properties into the Goose Lake Slough and adjacent recharge basins. A map of existing recharge facilities is attached and incorporated herein as Exhibit A.

D. To improve its water supplies, generate increased recharge capability and provide operational flexibility, RRB has developed a program for the banking, storage, exchange, and direct delivery of water pursuant to the exercise of its powers (the "RRB Conjunctive Use Program"). The RRB Conjunctive Use Program involves the banking of imported water by customers ("RRB Program Participants") in the groundwater basin for later delivery to said customers by way of exchange delivery through SWP facilities for RRB's State Water Project ("SWP") rights to water or by way of extraction delivery of banked water through the CVC to the SWP facilities at its junction with an intake and turnout facility near the town of Tupman, California ("Tupman Turnout"). RRB has developed and approved the RRB Conjunctive Use Program through various agreements and documents including, without limitation, a master EIR ("Master EIR") which was certified by RRB on July 17, 2001, and subsequent addenda thereto, pursuant to the California Environmental Quality Act ("CEQA").

E. In 2004 IRWD acquired 611 acres of real property in Kern County, California, sometimes referred to as the "Strand Ranch property", lying adjacent to the southerly boundary of RRB. On January 13, 2009 RRB and IRWD entered into an "Agreement For A Water Banking and Exchange Program," as amended by Amendment No. 1, entered into on or about February 27, 2015 (collectively, the "Strand Ranch Agreement") providing for the development and operation of a groundwater banking program on IRWD's Strand Ranch property, and the operation and integration of such program within the RRB Conjunctive Use Program (the "Strand Ranch Integrated Banking Project").

F. Since 2004 RRB has acquired an additional 230 acres of real property lying adjacent to the easterly boundary of the Strand Ranch property ("Stockdale East property"), and IRWD has acquired an additional 323 acres of real property lying adjacent to the westerly boundary of the Strand Ranch property ("Stockdale West property"). A map showing the location of each property (i.e., the Strand Ranch property, the Stockdale East property, and the Stockdale West property) is attached and incorporated herein as Exhibit B.

G. All of the properties described herein, as well as RRB itself, overlie the Kern County Sub-Basin of the San Joaquin Valley Groundwater Basin ("Groundwater Basin").

H. IRWD and RRBWSD desire to develop a program and agreement for a ~~new,~~ joint water banking project using the Stockdale West and Stockdale East properties, together with other available facilities, to augment the RRB Conjunctive Use Program and the Strand Ranch Integrated Banking Project and to provide IRWD with a means for acquiring and regulating, through Groundwater Basin storage, water supplies to improve the reliability and diversification of its water supplies ("Stockdale Integrated Banking Project").

I. Pursuant to a letter agreement dated August 15, 2011 and its incorporated terms and conditions, the parties provided for the implementation of a one-year pilot augmentation banking project on IRWD's Stockdale West property to test the feasibility of developing a banking project on such property. The results of the one-year pilot augmentation banking project indicate that a long-term banking project would be successful, and the parties have determined that it would be mutually beneficial to develop the same as part of the Stockdale Integrated Banking Project.

J. On or about June 29, 2012, the Parties entered into an agreement entitled "Agreement Between Rosedale-Rio Bravo Water Storage District and Irvine Ranch Water District for Development of Water Banking Project for Stockdale West and Enos Lane [Stockdale East] Properties" ("Development Agreement"). The Development Agreement contains the principal intended terms of the proposed development of the Stockdale East and Stockdale West properties and provides for the preparation of the detailed terms to be set forth in a final project agreement. Certain obligations that are already in the process of being carried out between the parties regarding payment, deposit and use of funds may be carried over to this Agreement from the Development Agreement. The Parties intend that this Agreement shall serve as the final project agreement contemplated in the Development Agreement and that this Agreement shall supersede and replace the Development Agreement.

K. On ________________ RRB certified an environmental impact report ("Project EIR") for the Stockdale Integrated Banking Project and subsequently on ___________ IRWD approved the Project EIR as a responsible agency.[DR1]

L. IRWD, with RRB's assistance, cooperation, and due diligence as needed, may make separate contractual water supply arrangements with other entities such as, but not limited to, water districts, water purveyors, and land owners located anywhere in the State of California and with the concurrence and/or approval as necessary of local, state and federal agencies, for the purchase, transfer, and/or exchange of water for recharge into storage on behalf of IRWD using IRWD's recharge and storage rights and obligations as set forth in this agreement. Subject to Section 12.H of this Agreement, such contractual arrangements may result in IRWD's assigning in whole or in part its Stockdale West Property recharge and recovery rights and obligations to other contracting entities outside of Kern County.

M. IRWD, with RRB's assistance, cooperation and due diligence as needed, has and/or will make separate contractual arrangements with The Metropolitan Water District of Southern California ("MWD") and/or the Kern County Water Agency ("KCWA"), both State Water Project ("SWP") contractors, as convenient and necessary for the exchange and delivery of recovered water from the point of delivery specified herein to IRWD's service area.

N. RRB has executed a memorandum of understanding for banking ("MOU") with adjacent water districts that places restrictions on the use of the Groundwater Basin and establishes water losses described herein (see Section 3.B) and is imposed on the Parties by this Agreement. The MOU was amended as of December 9, 2008, to include the Strand Ranch Integrated Banking Program. RRB has entered into the "Interim Project Recovery Operations Plan Regarding Kern Water Bank Authority (KWB) and Rosedale-Rio Bravo Water Storage District (Rosedale) Projects," the "Interim Project Recovery Operations Plan Regarding Pioneer and Rosedale-Rio Bravo Water Storage District (Rosedale) Projects," and has adopted a "Long Term Project Recovery Operations Plan Regarding Rosedale-Rio Bravo Water Storage District Projects," ~~implementing~~all of which implement the provisions of the MOU. The term "MOU" shall include such implementing documents and any amendments thereto or replacements thereof. With or without formal amendment, it is understood that the MOU also includes the Stockdale Integrated Banking Project.

NOW, THEREFORE, IN CONSIDERATION of the payment of money and the promises of the Parties as set forth herein, it is agreed as follows:

AGREEMENT

1. **Description of Project Facilities.**

A. **Stockdale East Property.** The Stockdale East property will be developed for recharge by constructing recharge basins of varying shape, size, and depth, with berms, in, over and upon up to approximately 160 acres (or 70%) of the Stockdale East property. The Stockdale East Property will be developed for recovery by constructing wells, the number and location of which will be determined based on modeling of subsurface conditions at the site. The facilities constructed on the Stockdale East property, including the Acquired Storage Account Wells (defined below), are herein referred to as "Stockdale East Facilities".

B. **Stockdale West Property.** The Stockdale West property will be developed for recharge by constructing recharge basins of varying shape, size, and depth, with berms, in, over and upon up to approximately 265 acres (or 82%) of the Stockdale West property. The Stockdale West Property will be developed for recovery by constructing wells the number and location of which will be determined based on modeling of subsurface conditions at the site. The facilities constructed on the Stockdale West property are herein referred to as "Stockdale West Facilities".

C. **Other Facilities.** RRB and IRWD agree to cooperate and equally fund the study of infrastructure improvements that would benefit the Stockdale Integrated Banking Project ("Other Facilities"). Improvements to be studied could include (but are not limited to) modification of existing CVC turnouts, the design and construction of diversions from the Pioneer Canal and the design and construction of improvements to facilities that would improve the ability to deliver Kern River water to the properties. RRB and IRWD will also cooperate in the evaluation of the need to secure additional CVC capacity for the joint benefit of IRWD and RRB. The Parties also agree to cooperate and equally fund the identification of a third Stockdale Integrated Banking Project site as described in the EIR, and the study of Other Facilities that would integrate the third Project site into the Stockdale Integrated Banking Project. Funding for the design and construction, as well as use of, Other Facilities will be established by separate agreement or by amendment to this Agreement. ~~The parties acknowledge that the oversizing of the Central Intake Pipeline, which will benefit the Stockdale Integrated Banking Project, has been addressed in that certain Drought Relief Project Cost Sharing Agreement, dated as of March 9, 2015, among the parties and Castaic Lake Water Agency (the "DRP Agreement").~~ [A2]

D. Project Facilities Defined. The phrase "Project Facilities" as used herein refers to all facilities constructed pursuant to the Stockdale Integrated Banking Project including, without limitation, the Stockdale East Facilities, the Stockdale West Facilities, Other Facilities, and "Additional Work" (see Section 4A).

2. Use of Project Facilities.

A. Priority Rights/Unused Capacity. Except as provided in Section 2.B. below:

(1) IRWD shall have the priority right to use all recharge and recovery capacity of the Stockdale West Facilities for Project purposes. RRB shall have the right to use any and all recharge and recovery capacity of the Stockdale West Facilities when not being used by IRWD.

(2) RRB shall have the priority right to use all recharge and recovery capacity of the Stockdale East Facilities for RRB Conjunctive Use Program purposes. IRWD shall have the right to use any and all recharge and recovery capacity of the Stockdale East Facilities when not being used by RRB._In addition, RRB shall provide IRWD ~~shall have the right to use~~capacity within the RRB Conjunctive Use Program ~~equivalent maximum recharge and recovery capacity provided by RRB~~ pursuant to paragraph C(~~2~~1) below.

~~(3) The first and second priority rights referred to in this Section 2(A) shall be usable up to the extent of the recharge and recovery capacity provided in the applicable CEQA documentation.~~[A3]

B. High Flow Kern River Water.

(1) IRWD has entered into an agreement with Buena Vista Water Storage District, dated December 22, 2010, for acquisition of high flow Kern River water made available through the Buena Vista Management Program ("BV/IRWD Agreement"). Nothing in this Agreement shall prohibit IRWD from amending the BV/IRWD Agreement to include deliveries of exchange water to the Stockdale West property consistent with the 2-for-1 terms of said agreement. The terms of the existing BV/IRWD Agreement allow BVWSD to deliver exchange water to the Strand Ranch when the hydrology of the Kern River for the April-July runoff is at 125% of normal or higher. Under separate agreement with BVWSD, IRWD and RRB may relinquish their first priority recharge rights on the Stockdale West and/or Stockdale East properties to BVWSD to spread regulated Kern River high flows when available provided that such water is recharged simultaneously on all Project Facilities. RRB and IRWD acknowledge that the foregoing arrangements require a separate agreement among BVWSD, RRB and IRWD, as well as an amendment of the BV/IRWD Agreement. The Parties agree to cooperate to diligently pursue such amendments in good faith.

(2) Except as provided in Section 2.B.(1) above, during times that "Kern River flood water" is available (e.g. when the Kern River Watermaster offers water to all takers willing to sign a "Notice/Order", or the Kern River Watermaster offers water to the California Aqueduct/Kern River Intertie, such water is expected to flood farmed acreage in Buena Vista Lake, or is expected to be delivered into the Kern River Flood Channel for delivery out-of-county), RRB shall have a first priority right to use all Project Facilities for recharge of Kern River flood water; provided, however, any Kern River flood water banked using Stockdale West Facilities will be shared between RRB and IRWD on an equal basis.

C. Physical Limitations.

(1) RRB and IRWD have conducted hydrogeologic studies to determine the recharge, storage and recovery limitations of both the Stockdale West property and the Stockdale East property. The physical limitations of the Stockdale West Property shall be the "Project Limitations." The physical limitations of the Stockdale West property are currently expected to be 27,100 acre-feet per year (AFY) of recharge based on an estimated infiltration rate of 0.28 feet per day for 365 days, 11,250 AFY of recovery capacity, and 26,000 acre-feet (AF) of storage plus 50,000 AF of storage in the Acquired Storage Account. Subject to Section 2.D(2), RRB shall have and retain exclusive right to any storage capacity identified with the Stockdale East property. IRWD shall have and retain exclusive right to any storage capacity identified with the Stockdale West property[JA4] ~~(1) RRB and IRWD shall cooperate with each other and equally fund hydrogeologic studies to determine the recharge, storage and recovery limitations of both the Stockdale West property and the Stockdale East property (the "Project Limitations"). Subject to Section 2.D(2), RRB shall have and retain exclusive right to any storage capacity identified with the Stockdale East property. IRWD shall have and retain exclusive right to any storage capacity identified with the Stockdale West property~~.[A5]

(2~~2~~~~1~~) Provided RRB has unused capacity available in the RRB Conjunctive Use Program after meeting its obligations, RRB will provide ~~make available to provide~~ IRWD the use of~~use ofto~~ capacity from RRB Conjunctive Use Program facilities in an amount equivalent to the maximum recharge and recovery capacity as established by the Project Limitations for the Stockdale West property to assist IRWD in delivering its water in and out of storage up to the Project Limitations for the Stockdale West property.

D. Storage Accounts.

(1) Water banked by RRB pursuant to the Stockdale Integrated Banking Project, regardless of the facilities used for that purpose, will be stored in any storage account available to RRB. Water banked by IRWD pursuant to the Stockdale Integrated Banking Project, regardless of the facilities used for that purpose, will be stored in any storage account available to IRWD under the Strand Ranch Integrated Banking Project or the Stockdale Integrated Banking Project.

(2) IRWD will fund the cost, not to exceed $1,500,000, for RRB's drilling, construction and equipping of two groundwater extraction wells, ~~with a mutually agreed upon design,~~ on the Stockdale East Property (the "Acquired Storage Account Wells"). In exchange, RRB will provide IRWD access to a 50,000 AF storage account in the RRB Conjunctive Use Program ("Acquired Storage Account")~~-~~, which shall be in addition to the storage account IRWD is entitled to under the Strand Ranch Agreement. The Acquired Storage Account shall be available for IRWD's use over the term of this Agreement. IRWD may use the Acquired Storage Account to store any water recharged at the Strand Ranch Integrated Banking Project, the Stockdale Integrated Banking Project, or by in-lieu means. RRB owns sites for and shall construct the Acquired Storage Account Wells and pay any cost thereof in excess of the $1,500,000 funded by IRWD. The parties acknowledge that the certain Drought Relief Project Cost Sharing Agreement, dated as of March 9, 2015, among the parties and Castaic Lake Water Agency~~DRP Agreement~~ provides terms and conditions governing ~~for~~ the construction and payment for the Acquired Storage Account Wells and connecting pipelines.

(3) Any water that IRWD transfers into its Acquired Storage Account that is in excess of 50,000 AF shall be considered a spill into the RRB Conjunctive Use Program where water may be stored, subject to space availability, for up to 3 years (with RRB retaining ten percent (10%) of the spilled water as a fee for each year that the water is stored in the RRB Conjunctive Use Program beyond 3 years). IRWD may transfer balances of water held in the RRB Conjunctive Use Program back to its Acquired Storage Account or to any other storage account available to IRWD under the Strand Ranch Integrated Banking Project or the Stockdale Integrated Banking Project, as space is available.

~~(4) Subject to mutual agreement, IRWD may fund other facilities for RRB in exchange for recharge, storage and recovery rights.~~[DR6]

3. Operation of Project Facilities.

A. RRB to Operate Project Facilities. RRB shall operate, maintain and control all Project Facilities for the term of this Agreement, including implementation of applicable CEQA mitigation measures and incorporated environmental commitments, subject to cost sharing as provided in Section 9 below. Subject to the terms hereof, RRB will have sole and exclusive right to use all recharge and recovery capacity of the Project Facilities for any lawful district purpose. RRB agrees to operate and maintain the Project Facilities in sound operating condition subject to cost sharing as provided in Section 9 below.

B. Applicability of MOU; Losses. IRWD and RRB agree that Stockdale Integrated Banking Project operations shall be consistent with the applicable terms and provisions of the MOU referred to in Recital N hereof among RRB and adjoining entities and with applicable CEQA mitigation measures and incorporated environmental commitments. Water banked by IRWD pursuant to the Stockdale Integrated Banking Project is subject to eleven percent (11%) one-time losses, pursuant to the MOU. The current calculation for loss factors under the MOU ranges from eleven percent (11%) to fifteen percent (15%). The Parties will share equally in the proceeds from the sale of the four percent (4%) difference between the 11% and the 15% as applied to water banked by IRWD, its assignees and licensees, including compensation to RRB for the administrative expenses of the sale.

C. Quality of Water. Water delivered to Project Facilities for recharge shall be of a quality not less than would be acceptable for conveyance in the SWP. IRWD and RRB agree that project operations shall be consistent with the water quality provisions of the MOU referred to in Recital N hereof among RRB and adjoining entities and with applicable CEQA mitigation measures and incorporated environmental commitments. RRB is not required to return to IRWD water recovered from Stockdale West, Stockdale East, or any other RRB Conjunctive Use Facility, ~~if requested by IRWD~~ ~~Project Facilities~~ that is of better quality than the groundwater underlying the property from which it is recovered ~~Stockdale West or Strand Ranch properties~~ ~~under lying the Stockdale West property~~ at the time of recovery~~, and RRB is not required to return to IRWD water recovered from Stockdale East Facilities that is of better quality than the groundwater underlying the Stockdale East~~; provided, however, that RRB agrees to exercise its best efforts with due diligence, subject to applicable MOU and CEQA requirements, to return water to IRWD that will meet SWP pump-in requirements by prioritizing the use of the various wells according to available screened depths, blending water extracted from Project Facilities, and other operational practices as necessary, except that the foregoing shall not require treatment or capital expenditures unless provided by IRWD at its expense.

D. Supply of Water.

(1) IRWD will supply water for banking purposes. IRWD will also receive~~RRB~~ ~~will may also provide~~ water ~~to IRWD~~ under Kern River flood conditions to the extent~~as~~ described in Section 2.B~~.~~(2) above. ~~, and~~ RRB, at its discretion and with concurrence of IRWD, may also acquire other water on behalf of IRWD.

(2) Provided that it does not adversely impact the RRB Conjunctive Use Program, RRB will support IRWD's pursuit of water supply programs with Friant 215 water suppliers. IRWD has priority right to utilize the Stockdale West property for recharge of such Friant 215 water. Subject to RRB's determination that IRWD's use of Friant 215 is not adversely impact its own water supply and management programs, RRB will assist and cooperate with IRWD in the exchange of Friant 215 water for exportable water for delivery into IRWD's service area.

E. Point of Delivery of Water For Recharge. The point of delivery for water delivered by IRWD for recharge and banking shall be at (i) the Tupman Turnout (Reach 13B) on the easterly side of the SWP facilities, (ii) the Strand Ranch Turnouts in Reach 2 of the Cross Valley Canal, or (iii) any point or points where such water enters transportation facilities owned or operated by RRB. RRB shall select a point of delivery from the list above for each block of water delivered by IRWD for recharge and banking and IRWD shall be responsible for all costs and transportation losses to the selected point(s) of delivery specified by RRB.

F. Point of Delivery of Recovered Water. The preferred delivery of recovered water will be through SWP entitlement exchange (in-lieu) to the extent practical as determined in good faith by RRB in consideration of its other obligations, operational requirements and best interests. The point(s) of delivery for water delivered by RRB for return to IRWD will be (i) the point of discharge into the CVC for water recovered by extraction from the Project Facilities or (ii) at the Tupman Turnout for water delivered through SWP entitlement exchange (in-lieu). IRWD is responsible for all actual costs and transportation losses from the point(s) of delivery identified herein to the place of use for water delivered through SWP entitlement exchange. IRWD is responsible for all costs and transportation losses from the Groundwater Basin to the place of use for water recovered by extraction from the Project Facilities.

G. Delivery Schedule. IRWD will supply RRB with a preliminary delivery schedule for water to be recharged or recovered for IRWD and any IRWD assignees and licensees from the Project Facilities. Absent consent of RRB, annual delivery schedules for recharge shall not exceed the Project Limitations for the Stockdale West property~~, with monthly deliveries for recharge not exceeding _____ AF/month~~[A7]~~. Delivery schedules for recovery shall not exceed _____ AFY or _____ AF/month~~. The delivery schedules submitted under this Agreement will be submitted as part of the schedules to be submitted pursuant to Section 1.B.(10) of the Strand Ranch Agreement. All of the provisions of Section 1.B.(10) of the Strand Ranch Agreement shall govern the submission, processing and implementation of delivery schedules submitted under this Agreement as though incorporated herein, except that the limitations set forth in the second sentence of this paragraph shall apply in lieu of the corresponding limitations on the Strand Ranch Agreement Onsite and Offsite Project Facilities delivery schedules set forth in said Section 1.B.(10).

H. Water Available to be Recovered. IRWD must have a positive groundwater bank account, equaling or exceeding the amount sought to be recovered, in order to recover banked water. Banked water shall be available for recovery at any time following banking, subject to completion of all approvals and environmental review.

I. Measurement; Inspection; Records. Water banked by direct delivery shall be measured through the turnout meters at the CVC, as reported by KCWA in the monthly CVC delivery summaries. Water recovered by exchange delivery shall be measured by DWR at Reach 13B at the Tupman Turnout. Water recovered by extraction delivery shall be measured by RRB through the meter(s) on the recovery pipeline(s) delivering water to the CVC. IRWD shall be entitled to inspect all measuring devices upon two (2) days written notice to RRB. Records of IRWD's recharge, recovery, and banked water and supporting banking books and records, in such form and content as customarily maintained by RRB or as mutually agreed by the Parties, shall be provided to IRWD by RRB at such intervals as reasonably requested by IRWD.

J. Approvals. RRB will exercise its best efforts and due diligence as reasonably required to assist to obtain approval from KCWA, DWR and any other local, state and federal agencies for all actions and matters necessary to carry out this Agreement as contemplated herein, including without limitation the direct delivery of groundwater into the CVC and the California Aqueduct and the delivery of water supplies obtained by IRWD through separate contractual arrangements into storage pursuant to the Stockdale Integrated Banking Project.

4. Construction of Project Facilities.

A. Stockdale West Facilities. IRWD shall, at its sole cost and expense, design and construct the Stockdale West Facilities, including without limitation (i) recovery wells, (ii) recharge ponds, (iii) conveyance channels and pipelines, and (iv) applicable construction-related CEQA mitigation measures and incorporated environmental commitments. IRWD agrees to include other recovery and appurtenant facilities reasonably requested by RRB ("RRB Additional Work") to be added to IRWD's design and construction contracts for the Stockdale West Facilities. The RRB Additional Work shall be priced using separate scope or bid items, and RRB shall reimburse IRWD, through separate reimbursement agreement(s), for the RRB Additional Work included in each IRWD contract on an incremental basis such that the cost paid by IRWD under the contract is no greater than it would have been without the RRB Additional Work. RRB shall cooperate and execute all documents necessary to plan, design, process, construct, and operate the Stockdale West Facilities. The selection of the engineers and consultants to be used by IRWD to process such facilities shall be subject to the prior review of RRB. The construction of the facilities shall be pursuant to public bidding, unless otherwise agreed. The plans, specifications, construction contracts, and award of same shall be subject to review by RRB. \RRB and its officers, agents, and employees shall not be liable for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with the design and/or construction of the Stockdale West Facilities. IRWD shall indemnify and hold harmless RRB, its officers, agents, and employees from any such damages or claims of damages as set out in Section 6 of this Agreement. IRWD and its officers, agents, and employees shall not be liable for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with the design and/or construction of the RRB Additional Work. RRB shall indemnify and hold harmless IRWD, its officers, agents, and employees from any such damages or claims of damages as set out in Section 6 of this Agreement. IRWD shall cause RRB, its officers, agents and employees to be included as additional insureds in any liability insurance that IRWD requires its contractors and design consultants to provide under the design and/or construction contracts.

B. Stockdale East Facilities. RRB shall, at its sole cost and expense, design and construct the Stockdale East Facilities, including without limitation (i) the Acquired Storage Account Wells and other recovery wells, (ii) recharge ponds, (iii) conveyance channels and pipelines, and (iv) applicable construction-related CEQA mitigation measures and incorporated environmental commitments. RRB agrees to include other recovery and appurtenant facilities reasonably requested by IRWD ("IRWD Additional Work") to be added to RRB's design and construction contracts for the Stockdale East Facilities. The

IRWD Additional Work shall be priced using separate scope or bid items, and IRWD shall reimburse RRB, through separate reimbursement agreement(s), for the IRWD Additional Work included in each RRB contract on an incremental basis such that the cost paid by RRB under the contract is no greater than it would have been without the IRWD Additional Work. IRWD shall cooperate and execute all documents necessary to plan, design, process, construct, and operate the Stockdale East Facilities. The selection of the engineers and consultants to be used by RRB to process such facilities shall be subject to the prior review of IRWD. The construction of the facilities shall be pursuant to public bidding, unless otherwise agreed. The plans, specifications, construction contracts, and award of same shall be subject to review by IRWD. IRWD and its officers, agents, and employees shall not be liable for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with the design and/or construction of the Stockdale East Facilities. RRB shall indemnify and hold harmless IRWD, its officers, agents, and employees from any such damages or claims of damages as set out in Section 6 of this Agreement. RRB and its officers, agents, and employees shall not be liable for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with the design and/or construction of the IRWD Additional Work. IRWD shall indemnify and hold harmless RRB, its officers, agents, and employees from any such damages or claims of damages as set out in Section 6 of this Agreement. RRB shall cause IRWD, its officers, agents and employees to be included as additional insureds in any liability insurance that RRB requires its contractors and design consultants to provide under the design and/or construction contracts.

5. Title to Project Facilities.

A. Title; Easements. IRWD shall own the Stockdale West Facilities and any appurtenances located on the Stockdale West property. RRB shall own the Stockdale East Facilities and any appurtenances located on the Stockdale East property. RRB shall own the Acquired Storage Account Wells (and any related appurtenances and facilities) even though the same were constructed with funds provided by IRWD. Easements for pipelines shall be as mutually agreed to by the Parties consistent with the intended use of the Project Facilities. Notwithstanding the foregoing, each Party shall have the right to use and operation of the Project Facilities as provided for in this agreement.

B. Entry. To carry out the water banking activities contemplated by this Agreement, including the operation of the Project Facilities, RRB shall have for the term of this Agreement the right to enter upon the Stockdale West property and all Project Facilities. The foregoing right of entry is subject to the conditions set forth in Exhibit C attached hereto and incorporated herein by this reference.

C. Non-Banking Uses. The Stockdale West ~~properties~~ property and recharge basins thereon may, with the mutual agreement of the Parties, be leased to lessees from time to time for purposes such as grazing, organic farming or other uses compatible with banking operations or at such times as banking operations are not active. With respect to any such lease, ~~the owner of the leased property~~ IRWD shall receive the lease rental revenue, costs and overdraft correction obligation, if any. ~~The owner of the leased property~~IRWD shall indemnify and hold harmless ~~the other Party~~RRB, its officers, agents and employees from any damages or claims resulting from the non-banking use of the leased property as set out in Section 6 of this Agreement. Further, ~~the other PartyRRB~~RRB shall not be responsible for non-performance in the event ~~the owner of the leased propertyIRWD~~IRWD utilizes Project Facilities for purposes other than for the recharge and recovery of water, as specified herein, and such uses preclude ~~the other PartyRRB~~RRB from utilizing Project Facilities to meet its obligations under this Agreement.

6. Indemnity; Insurance.

A. RRB Indemnity.

(1) RRB shall at all times indemnify, defend and save IRWD, its Board of Directors, officers, representatives, consultants, contractors, agents and employees free and harmless from, and pay in full, any and all claims, demands, losses, damages or expenses, including reasonable attorney fees and costs that IRWD, its Board of Directors, officers, representatives, consultants, contractors, agents and/or employees may sustain or incur in any manner relating to RRB's performance under this Agreement, ~~including claims made by groundwater pumpers in the RRB service area,~~ excepting any loss, damage or expense and claims for loss, damage or expense resulting in any manner from the negligent act or acts of IRWD, its Board of Directors, officers, representatives, consultants, contractors, agents or employees, and further excepting any claims made or paid to landowners within RRB's service area pursuant to obligations under the MOU as defined herein.

(2) IRWD and its officers, agents, and employees shall not be liable for the control, carriage, handling, use, disposal, or distribution of water, nor for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with such control, carriage, handling, use, disposal or distribution of water (i) upstream of the point of delivery to IRWD with respect to water RRB delivers to IRWD pursuant to this Agreement and (ii) downstream from the point of delivery to RRB with respect to water IRWD delivers to RRB for banking pursuant to this Agreement. RRB shall indemnify and hold harmless IRWD, its officers, agents, and employees from any such damages or claims of damages.

B. IRWD Indemnity.

(1) IRWD shall at all times indemnify, defend and save RRB, its Board of Directors, officers, representatives, consultants, contractors, agents and employees free and harmless from, and pay in full, any and all claims, demands, losses, damages or expenses, including reasonable attorney fees and costs that RRB, its Board of Directors, officers, representatives, consultants, contractors, agents and/or employees may sustain or incur in any manner resulting from or related to IRWD's performance under this Agreement, including claims made by landowners in the IRWD service area, excepting any

loss, damage or expense and claims for loss, damage or expense resulting in any manner from the negligent act or acts of RRB, its Board of Directors, officers, representatives, consultants, contractors, agents or employees.

(2) RRB and its officers, agents, and employees shall not be liable for the control, carriage, handling, use, disposal, or distribution of water, nor for any claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with such control, carriage, handling, use, disposal or distribution of water (i) upstream of the point of delivery to RRB with respect to water IRWD delivers to RRB for banking pursuant to this Agreement and (ii) downstream from the point of delivery to IRWD with respect to water RRB delivers to IRWD pursuant to this Agreement. IRWD shall indemnify and hold harmless RRB its officers, agents, and employees from any such damages or claims of damages.

C. Insurance. RRB ~~maintains and~~ shall ~~continue to~~ maintain property and casualty insurance covering the RRB Facilities and shall include within said coverage the Stockdale East Property~~,~~ and the Stockdale East Facilities ~~and the Offsite Wells~~. RRB shall on execution of this Agreement provide IRWD with a copy of such policies and instruct the insurance companies to send IRWD any notices from the insurance company including notices of non-payment of premium or non-renewal of the policies. IRWD shall maintain property and casualty insurance covering the Stockdale West property and the Stockdale West Facilities. IRWD shall on execution of this Agreement provide RRB with a copy of such policies and instruct the insurance companies to send RRB any notices from the insurance company including notices of non-payment of premium or non-renewal of the policies.

7. Representations and Reliance.

A. RRB represents and warrants, as of the Effective Date, as follows:

(1) RRB has title to Stockdale East property Ranch and has the authority to enter into and to perform under the terms of this Agreement.

(2) To RRB's knowledge, neither the Master EIR nor the Stockdale Integrated Banking Project EIR, nor any addenda or changes thereto, have been challenged, and the time within which to bring any such challenges has expired.[DR8]

(3) There is no pending or threatened litigation involving the RRB Conjunctive Use Program.

B. IRWD Reliance. IRWD has relied on the forgoing representations as a material inducement to execute this Agreement, and should any representation not be correct or true, it shall constitute a material breach of this Agreement.

C. IRWD represents and warrants, as of the Effective Date, as follows:

(1) IRWD has title to Stockdale West property Ranch and has the authority to enter into and to perform under the terms of this Agreement.

D. RRB Reliance. RRB has relied on the forgoing representations as a material inducement to execute this Agreement, and should any representation not be correct or true, it shall constitute a material breach of this Agreement.

8. Term.

A. Initial Term and Extensions. Unless this Agreement is earlier terminated pursuant to Section 10, the initial term of this Agreement shall to and including January 12, 2039. The term of the Agreement may be extended in fifteen year increments by written agreement. Negotiations for any extension shall be initiated by either party by giving written notice to the other party of an extension request, which written notice shall be given not less than twelve (12) months in advance of the expiration of the then current initial or extended term.

B. Banked Water. If this Agreement is terminated for any reason, including expiration of the original and/or any extended term, IRWD shall own its banked water on behalf of itself and its assignees and licensees.

C. Ownership of Property, Facilities and Other Assets; Reimbursement. If this Agreement is terminated for any reason, including expiration of the original and/or any extended term, then such termination shall automatically terminate the entry right described in Section 5.B., and IRWD will retain, and RRB will concurrently relinquish in favor of IRWD any right, title or interest it may have or it may claim to have in and to: (i) the Stockdale West property; and (ii) the Stockdale West Facilities.

9. Payment and Charges.

A. Water Acquisition Costs. If RRB is able and willing to acquire water for IRWD, IRWD shall pay all costs associated with such acquisition, plus 10% thereof (but not less than \$5.00/AF) payable to RRB. The foregoing does not apply to water acquired under Section 2.B(2).

B. [INTENTIONALLY OMITTED~~ (OR CHANGE THE FOLLOWING LETTERS IN THIS SECTION)~~]

C. IRWD Banking Costs. IRWD shall be responsible for all costs and transportation losses to the selected point(s) of delivery specified by RRB. IRWD shall pay all costs actually incurred by RRB in connection with the transportation, recharge and storage of water delivered for banking by IRWD. Said costs include, without limitation, (i) IRWD's proportionate share of CVC annual operating costs billed to RRB by KCWA, (ii) an administrative charge, and (iii) operation, maintenance, energy and replacement ("OME&R") of the CVC and Project Facilities. By way of example and not limitation:

(1) RRB shall bill IRWD for CVC costs billed to RRB by KCWA attributable to the 4.87 cfs of New Canal Capacity available to IRWD. If RRB makes use of the 4.87 cfs of New Canal Capacity available to IRWD, or if IRWD makes use of other CVC capacity available to RRB, each shall pay to the other a proportionate share of annual operating costs billed to RRB by KCWA attributable to the capacity so used.

(2) RRB shall bill IRWD for all CVC pumping/lift costs incurred by RRB for transportation of IRWD water delivered to RRB at Tupman Turnout for storage (currently estimated at Six Dollars and Fifty Cents ($6.50) per acre-foot).

(3) RRB shall bill IRWD for OME&R as provided in Section 4.E. below.

(4) RRB shall bill IRWD an Administrative Charge as provided in Section 4.F. below per acre-foot of water recharged.

D. IRWD Recovery Costs. IRWD shall pay all costs actually incurred by RRB in connection with the recovery and transportation of banked water. "Recovery" includes return of banked water to IRWD by way of SWP entitlement exchange using RRB's SWP entitlement or another person's SWP entitlement that RRB has a contractual right to use or cause to be used for said purpose, but does not include exchange delivery to IRWD, its assignees and licensees using an SWP entitlement or other water supplies contractually committed to IRWD, its assignees and licensees by or through any person, including, without limitation, an agency to which IRWD has assigned rights under Section 12.H hereof. Said costs include, without limitation, CVC transportation charges, OME&R of the CVC and Project Facilities and an Administrative Charge per acre foot of water recovered. By way of example and not limitation:

(1) RRB shall bill IRWD for all actual pumping/lift costs incurred by RRB for the recovery and transportation of IRWD banked water to the point(s) of delivery for water delivered by extraction. If water is delivered to IRWD by way of SWP entitlement exchange and not by extraction because the wells are not in operation, IRWD shall be responsible for all costs for such water delivered through the SWP downstream of the point of delivery and any chargeable costs upstream of the point of delivery as determined in accordance with Exhibit D, attached hereto and incorporated herein by this reference, using interpolation to derive the costs for values between the values listed in said Exhibit. On July 1 of each year, the cost amounts in Exhibit D shall be increased in an amount equal to the percentage change, if any (but not less than zero), in the Consumer Price Index (All Items) for the West, published by the United States Department of Labor, Bureau of Labor Statistics, or if the same shall no longer be published, the most nearly equivalent official index published by said Bureau or its successor or equivalent government agency (the "Index"), over the Index that was in effect at the commencement of the immediately preceding twelve-month period.

(2) RRB shall bill IRWD for OME&R as provided in Section 4.E. below.

(3) RRB shall bill IRWD an Administrative Charge as provided in Section 4.F. below per acre-foot of water recovered.

E. OME&R Costs. For the Project Facilities, IRWD's share of operation and maintenance costs shall be invoiced to and paid by IRWD on a quarterly basis. Electrical and replacement costs shall be invoiced monthly, as incurred. Such costs shall be shared by IRWD and RRB as follows:

(1) Variable OME&R costs of wells and recovery pipeline facilities shall be paid by IRWD and RRB pro rata based on the Parties' actual use of the facilities. Pro rata shares of Variable OME&R costs for recovery facilities shall be based on metered flow. Fixed OME&R costs for recovery facilities shall be divided equally.

(2) Variable OME&R costs for recharge facilities shall be paid by IRWD and RRB pro rata based on acre feet recharged. Fixed OME&R costs for recharge facilities shall be divided equally.

(3) For purposes of the foregoing clauses (1) and (2), "Variable OME&R" costs shall mean OME&R costs that are attributable to use of, including wear and tear on, the facilities. "Fixed OME&R" costs are costs that are incurred irrespective of use. By way of example and not limitation, Exhibit E, attached hereto and incorporated herein by this reference, lists types of costs that are characterized as Fixed and Variable. Water quality analysis to meet pump-in water quality requirements shall be considered a Variable OME&R. Title 22 water quality analysis required for the initial approval of the project(s) and every three (3) years thereafter shall be considered Fixed OME&R.

(4) OME&R costs for IRWD Project compliance and oversight, as listed in Section 3 of Exhibit E, shall be paid by IRWD.

(5) Costs associated with IRWD use of Project Facilities for any purpose other than the recharge and recovery of water shall be the sole responsibility of IRWD.

Annually, RRB shall reconcile all costs to actual and shall adjust, to reflect any credits or additional amounts owed, the subsequent July 1 bill to reflect such reconciliation.

F. Administrative Charge. The Administrative Charge shall initially equal Two Dollars and Seventy-five~~Fifty~~ Cents ($2.75~~2.50~~) per acre-foot. On July 1 of each year, [A9]the Administrative Charge shall be increased in an amount equal to the percentage change, if any (but not less than zero), in the Index, over the Index that was in effect at the commencement of the immediately preceding twelve-month period.

[A10]

G. Payment of Charges. IRWD shall pay all charges billed by RRB within forty-five (45) days of receipt of a written invoice specifying such charge per acre-foot. Annual charges shall be billed on or before February first of each year. Except as otherwise specified herein, other charges shall be billed as they are incurred, but not more often than monthly. Records and data sufficient to track the charges invoiced, including without limitation CVC charges, use of New Canal Capacity and other CVC capacity, and charges representing pro rata sharing of OME&R costs, shall be provided upon the reasonable request of IRWD. Payments of undisputed amounts not received within the 45 days shall be assessed a late fee of X and shall accrue interest at X%

H. Permit Costs. IRWD shall be responsible for any and all regulatory and permitting fees and permitting costs, including compliance with the MOU, associated with development and use of the Stockdale West Facilities for banking and recovery purposes. IRWD shall be responsible for any and all regulatory and permitting fees and permitting costs associated with IRWD's acquisition, exchange, transfer or conveyance of water for banking and/or recovery. RRB shall be responsible for any and all regulatory and permitting fees and permitting costs, including compliance with the MOU, associated with development and use of the Stockdale East Facilities for banking and recovery purposes. RRB shall be responsible for any and all regulatory and permitting fees and permitting costs associated with RRB's acquisition, exchange, transfer or conveyance of water for banking and/or recovery. IRWD shall be responsible for any and all costs of compliance with the MOU as it pertains to the IRWD's recharge rights under this Agreement and/or the Stockdale Integrated Banking Project. IRWD shall be responsible for its proportionate share of any and all costs of compliance with the MOU in proportion to its use of the recovery facilities included within the Project Facilities for IRWD or its banking partners. RRB shall be responsible for its proportionate share of any and all costs of compliance with the MOU in proportion to RRB's use of the recovery facilities included within the Project Facilities for RRB or its other RRB Program Participants.

I. Fees and Expenses. Each party shall be responsible for its own fees and expenses incurred in connection with the negotiation and execution of this Agreement, or of related agreements, or in connection with negotiating and obtaining necessary approvals of third parties.

J. Studies and CEQA Costs. RRB and IRWD will equally fund the hydrogeologic studies referred to in Section 2.C.1 hereof. RRB and IRWD will equally fund the Project EIR, including all technical studies necessary to support the Project EIR, and agree to equally fund any litigation expenses associated with the CEQA compliance work for the Stockdale Integrated Banking Project.

10. Material Default. In the event that either IRWD or RRB is in material default of this Agreement, the non-defaulting Party shall provide written notice to the defaulting Party, identifying with reasonable specificity the nature of the claimed default. A material default includes IRWD failing to pay charges or RRB failing to bank water for or deliver water to IRWD. If the defaulting Party has not cured the event(s) of material default which is (are) identified in the notice required by this Section within ten (10) business days of receipt of such written notice, the non-defaulting Party shall be entitled to any and all remedies which may be available to it at law or in equity. Furthermore, in the event of material breach by RRB wherein RRB fails or otherwise refuses to bank or deliver water pursuant to the terms of this Agreement, IRWD shall be entitled to the remedy of specific performance against RRB. If termination is sought by a Party, disputed issues of whether a material default has occurred or other condition precedent to the termination has been satisfied shall be determined in accordance with Section 11.

11. Dispute Resolution. For matters involving a dispute under this Agreement, the following provisions shall apply:

A. Mediation. The Parties agree that any and all disputes, claims or controversies arising under this Agreement, whether for breach, enforcement, or interpretation thereof, shall be submitted to mediation in a mutually agreeable venue and if the matter is not resolved through mediation, then it may be submitted for final and binding arbitration as provided in Section 11.B below. Either Party may commence mediation by providing to the other Party a written request for mediation, setting forth the subject of the dispute and the relief requested. The Parties shall cooperate with one another in selecting a mediator and in scheduling the mediation proceedings. The Parties covenant that they shall participate in the mediation in good faith, and that they shall share equally in costs charged by the mediator. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any Party, its agents, employees, experts or attorneys, or by the mediator or any of the mediator's employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any arbitration or other proceeding involving the Parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. A Party may request arbitration with respect to the matters submitted to mediation by filing a written request for arbitration at any time following the initial mediation session or 45 days after the date of filing the written request for mediation, whichever occurs first. The mediation may continue after the commencement of arbitration if the Parties so desire. Unless otherwise agreed by the Parties, the mediator shall be disqualified from serving as arbitrator in the case. The provisions of this Section 11.A may be enforced by any Court of competent jurisdiction, and the Party seeking such enforcement shall be entitled to an award of all costs, fees and expenses, including attorneys' fees, to be paid by the Party against whom such enforcement is ordered.

B. Arbitration. Any dispute, claim or controversy arising under this Agreement, whether for breach, enforcement, or interpretation thereof, including the determination of the scope or applicability of this Agreement to arbitrate, which could not be resolved through the mediation process set forth above, may be determined by arbitration and, with the agreement of both Parties, shall be determined by arbitration before a sole arbitrator, in accordance with the laws of the State of California for agreements made in and to be performed in that State. Judgment on the award may be entered in any court having jurisdiction. The arbitrator shall, in the award, allocate all of the costs of the arbitration (and the mediation, if applicable), including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing Party, against the Party who did not prevail.

C. Selection of Mediator/Arbitrator. The Parties shall first attempt to mutually agree to a mediator or arbitrator. If the Parties fail to agree on the mediator or arbitrator, the Parties shall each nominate and exchange with each other the names of three persons to resolve the dispute. From this group of nominated mediators or arbitrators, the Parties shall select the Mediator or Arbitrator. If each of the Parties selects the same Mediator or Arbitrator, that person shall be the Mediator or Arbitrator. In the event two or more same persons are selected by the Parties, the person whose name precedes the other alphabetically shall be the Mediator or Arbitrator. If the Parties do not select the same person, then each Party shall eliminate two of the other's selection and the remaining names shall be randomly drawn in order by either Party. The first drawn shall be the Mediator or Arbitrator unless there is a conflict of interest or the mediator or arbitrator cannot serve because of scheduling conflicts. In that case, the second name drawn shall be the Mediator or Arbitrator. No Mediator or Arbitrator shall be nominated or selected if they have any actual or perceived conflict of interest. If necessary, this process can be repeated to nominate or select a mediator or arbitrator if the final two selected Mediators or Arbitrators have any actual or perceived conflict of interest.

12. <u>Miscellaneous</u>.

A. Notices. All written notices required to be given pursuant to the terms hereof shall be either (i) personally delivered, (ii) deposited in the United States express mail or first class mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by overnight courier service, or (iv) delivered by e-mail or facsimile transmission, provided that the original of such notice is sent by certified United States mail, postage prepaid, no later than one (1) business day following such facsimile transmission. All such notices shall be deemed delivered upon actual receipt (or upon first attempt at delivery pursuant to the methods specified in clauses (i), (ii) or (iii) above if the intended recipient refuses to accept delivery). All such notices shall be delivered to the following addresses or to such other address as the receiving Party may from time to time specify by written notice to the other Party:

To IRWD:	To RRB:
Irvine Ranch Water District 15600 Sand Canyon Avenue P.O. Box 57000 Irvine, California 92619-7000 Attn: General Manager Telephone No. (949) 453-5300 Fax No. (949) 453-1228	Rosedale-Rio Bravo Water Storage District P. O. Box 867 Bakersfield, California 93302-0867 Attn: General Manager Telephone No. (661) 589-6045 Fax No. (661) 589-1867

B. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument. Signatures sent by facsimile shall be deemed originals and treated in all respects as originals. As may be necessary for any alternative dispute resolution required or permitted under this Agreement, a copy of this Agreement shall be deemed to be an original for the purposes of satisfying the California and/or Federal Rules of Evidence.

C. Approval. RRB and IRWD each acknowledges that execution of this Agreement by each of them is conditioned upon any necessary approval of the terms of the Agreement by its respective governing body.

D. Authority. In signing below, each Party represents and warrants to the other Party that it is a duly organized or constituted entity, with all requisite power to carry out its obligations under this Agreement, and that the execution, delivery and performance of this Agreement have been duly authorized by all necessary action of the board of directors or other governing body of such representing Party, and shall not result in a violation of such Party's organizational documents.

E. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

F. Amendments. No amendment of this Agreement shall be binding upon the Parties unless it is in writing and executed by both of the Parties.

G. Further Action. The Parties agree to and shall take such further action and execute and deliver such additional documents as may be reasonably required to effectuate the terms and conditions of this Agreement and to the extent consistent with the terms hereof.

H. Assignment. IRWD will have the right to assign its recharge and/or recovery rights under this Agreement and the Stockdale Integrated Banking Project, in whole or in part, to other entities provided: (i) such other entities are located wholly outside the boundaries of the County of Kern; (ii) such other entities shall be sub-contractors of IRWD, having no direct contractual relationship with RRB; (iii) IRWD will not be relieved of any of its duties and obligations under the agreement, including without limitation the payment of fees and costs; (iv) IRWD will be the lead agency for CEQA review of any such assignment; and (v) IRWD will bear all fees, costs and charges associated with such assignment. Except as provided herein, no Party shall assign or otherwise transfer its rights or obligations under this Agreement without the prior written consent of the other Party.

I. Joint Drafting and Negotiation. This Agreement has been jointly negotiated and drafted. The language of this Agreement shall be construed as a whole according to its fair meaning and without regard to or aid of Civil Code Section 1654 or similar judicial rules of construction. Each Party acknowledges that it has had the opportunity to seek the advice of experts and legal counsel prior to executing this Agreement and that it is fully aware of and understands all of its terms and the legal consequences thereof.

J. Headings. Headings used in this Agreement are for reference only and shall not affect the construction of this Agreement.

K. No Third Party Beneficiaries. No third party shall be entitled to claim or enforce any rights under this Agreement.

L. Severability. In the event that any provision of this Agreement is determined by a court to be invalid, the court shall reform the provision in a manner that is both consistent with the terms of this Agreement taken as a whole and legally valid. The remainder of this Agreement shall not be affected thereby.

M. Successors and Permitted Assigns. All covenants and agreements contained in this Agreement by or on behalf of any of the Parties shall bind and inure to the benefit of their respective successors and permitted assigns whether so expressed or not.

N. Entire Agreement; Development Agreement Superseded. The executory provisions of the Development Agreement have been incorporated into and restated in this Agreement, and the Development Agreement is superseded by this Agreement. This Agreement, including the Exhibits described herein, constitutes the entire agreement between the Parties pertaining to the subject matter hereof, and the final, complete and exclusive expression of the terms and conditions thereof. All prior representations, negotiations and understandings of the parties hereto, oral or written, express or implied, pertaining to the subject matter hereof are hereby superseded and merged herein.

O. Force Majeure. All obligations of the Parties, other than payment of accrued monetary obligations, shall be suspended for so long as and to the extent the performance thereof is prevented, directly or indirectly, by earthquakes, fires, tornadoes, facility failures, floods, strikes, other casualties, acts of God, orders of court or governmental agencies having competent jurisdiction, compliance with applicable statutes, laws and ordinances, or other events, conditions or causes beyond the control of the non-performing Party. In no event shall any liability accrue against a non-performing Party, its officers, agents or employees, for any claim of damage arising out of or connected with a suspension of performance pursuant hereto.

~~**P. Obligations Incorporated From Development Agreement.** The provisions in this Section 12.P are intended by the Parties to incorporate and restate certain executory provisions of the Development Agreement, namely:~~ ____________________~~.~~

IN WITNESS WHEREOF, each Party has executed this Agreement on the date set forth below opposite its signature, said Agreement to be effective on the later of the two dates, i.e., when both Parties have signed this Agreement (the "Effective Date").

Date: ____________________

IRVINE RANCH WATER DISTRICT

By: __________________________

Title: ________________________

Date: ____________________

ROSEDALE-RIO BRAVO WATER STORAGE DISTRICT

By: __________________________

Title: ________________________

Exhibit A

[depiction of existing RRB Facilities]

Exhibit B

[depiction of properties]

Exhibit C

Entry Conditions [Section 5.B]

RRB shall comply and shall cause its employees, officers, contractors, consultants, agents, representatives, invitees and any other persons entering the Stockdale West property and Stockdale West Facilities (together, the "Property") under this right of entry (collectively "RRB's Representatives") to comply with the following:

1. Each person entering upon the Property shall be under the personal supervision and control of a duly authorized representative of RRB and/or its contractor. All such persons shall enter the Property at their own risk and shall not light any fires, shall not carry fire arms onto the Property, and shall otherwise comply with all applicable laws, ordinances and regulations and any and all instructions and directions of the authorized agents of RRB.

2. IRWD shall have no duty to inspect the Property and no duty to warn any person of any latent or patent defect, condition or risk that might be incurred in the exercise of the rights granted herein. RRB has inspected or will inspect the Property and hereby accepts the Property "AS IS."

3. The Property and access roadways are not maintained, and are in varying states of repair/disrepair. Irregular surfaces and loose dirt/gravel may exist on the Property and access roadways. In addition, slippery conditions will exist during and after storms. The Property is in a natural condition and as with any unimproved land, certain risks exist. For example, the Property is known to be home to rattlesnakes.

4. RRB hereby agrees to be liable for and to pay to IRWD the cost of any damage of any kind whatsoever to fences, gates, improvements and any other property of IRWD, including loss of use thereof, arising from or in any way related to (i) the acts or omissions of RRB or RRB's Representatives, or (ii) any breach by RRB of any of its obligations under this right of entry, unless and to the extent any of the foregoing are held by a court of competent jurisdiction to have been caused by the negligence or willful misconduct of IRWD.

5. IRWD and the other "Indemnitees" (described below) shall not be liable for any damage of any kind whatsoever to the property belonging to or used by RRB or any persons entering upon the Property under this right of entry, including loss of use of any such property, or for any injury of any kind whatsoever to any person entering upon the Property under this right of entry, arising from any cause whatsoever, and RRB hereby waives all claims and demands relating thereto. RRB agrees to indemnify, defend and hold IRWD and its employees, officers, directors, agents and representatives and its and their respective successors and assigns (collectively, the "Indemnities") harmless from and against any and all claims, losses, liabilities, costs and expenses, including attorney's fees (collectively, the "Claims") for damage to real, personal, tangible or intangible property, including loss of use of

any such property, and all Claims for bodily injury, sickness, disease or death of any person, arising from or in any way related to (i) any act, omission or entry upon the Property or other activity under this right of entry by RRB or RRB's Representatives (including but not limited to any Claim by any insurance company which has paid a claim and is subrogated to the rights of the claimant), or (ii) any breach by RRB of its obligations under this right of entry; provided, however, that no Indemnitee shall be entitled to indemnification hereunder to the extent any Claim is held by a court of competent jurisdiction to have been caused by the negligence or willful misconduct of such Indemnitee.

6. Prior to any entry under this right of entry, IRWD must be furnished with a policy or certificate of comprehensive general liability and automobile (including non-owned auto) insurance carried by RRB and/or its construction contractor, covering all operations of RRB and RRB's Representatives under this right of entry, endorsed to include IRWD, its employees, officers, directors, agents and representatives, as additional insureds and including a thirty (30) day notice to IRWD in the event of cancellation or any material change in coverage. In addition, this insurance policy shall reflect that the policy is primary insurance as respects any claim, loss or liability arising directly or indirectly from RRB's operations, and any other insurance maintained by IRWD shall be considered noncontributing. This liability insurance must be in a form satisfactory to IRWD and written with limits of liability not less than $2,000,000 combined single limit bodily injury and property damage liability per occurrence. IRWD will not be responsible for any costs of premiums or other charges for such insurance. If RRB carries greater liability and automobile insurance than the minimum amount required above, the certificate or policy delivered to IRWD must evidence this greater amount. In addition, RRB shall provide worker's compensation and employer's liability insurance coverage with a waiver of subrogation agreement by the insurance carrier as respects IRWD. Failure by IRWD to obtain from RRB evidence of any insurance required hereunder shall not constitute a waiver of the requirement for such insurance. Nothing in this subparagraph shall limit RRB's obligations under the other provisions of this right of entry.

7. RRB's rights under this right of entry shall not be assigned and any attempted assignment or sublicense shall be void and of no effect.

8. The accrued obligations and liabilities of RRB under this right of entry shall survive the termination or expiration of this right of entry, and shall not be affected by or diminished in any way by the existence (or lack thereof) of other entry permits or entry agreements covering all or a portion of the Property.

9. No "hazardous or toxic wastes, substances or materials," as such terms are or may from time to time be defined by Federal, state, county or municipal laws, ordinances, orders or regulations applicable to the use and enjoyment of the Property (which regulated materials are collectively hereinafter referred to as "Hazardous Wastes") shall be placed or used or allowed to be placed or used on the

Property. In the event any such Hazardous Waste is discovered or known to exist on the Property or in the groundwater beneath the Property or otherwise to have escaped or emanated from the Property as a result of the activities of RRB or RRB's Representatives, RRB shall at its cost diligently arrange for and complete the immediate removal thereof and all clean-up and remedial measures ordered by any applicable governmental agency. RRB shall promptly report to IRWD in writing any unusual or potentially important "incidents" involving Hazardous Waste, including spills, fires, revocation of permits and receipts of notices of violation.

10. RRB shall lock each access gate after each access and shall secure all gates at the end of each working day.

Exhibit D

Chargeable Costs Upstream of the Point of Delivery
Associated with Recovery for IRWD by In-Lieu Entitlement Exchanges
[Section 9.D(1)]

IRWD Recovery Through In-Lieu Entitlement Exchange (af)	Chargeable Cost ($/af)[1]
1,000	1.00
2,000	1.00
3,000	1.00
4,000	1.00
5,000	1.50
6,000	1.50
7,000	2.00
8,000	2.50
9,000	2.50
10,000	3.00
11,000	3.00
12,000	3.50
13,000	3.50
14,000	4.00
15,000	4.50
16,000	4.50
17,000	5.00
17,500	5.00

[1] Costs to be adjusted per Index under Section 4.D(1)

Exhibit E

ANNUAL PROJECT OPERATIONS, MAINTENANCE, ENERGY AND REPLACEMENT COSTS (OME&R)

1. Recharge OME&R:

Fixed: (minimum fixed costs paid by RRB and IRWD equally in all years)

A. Standard road, levee and canal maintenance.
B. Weed and rodent control.

Variable: (Paid by RRB and IRWD based upon pro-rata use of Project Facilities).

C. Schedule and coordinate recharge operations.
D. Maintain records of water deliveries etc.
E. Maintain levees/roads/canals related to recharge areas in recharge years (includes related rodent, insect and weed control).
F. Replacement cost of control structures (only collected in recharge years). Replacement cost ($/af recharged) to be set annually by the Parties during the development of the annual budget.
G. Monitoring water levels as specified in the MOU.

2. Recovery OME&R:

Fixed: (minimum fixed costs paid by RRB and IRWD equally in all years)

A. Standard maintenance of wells, well pads, ~~and~~ related appurtenances and annual renewal of Mission Communications service.

Variable: (Paid by RRB and IRWD based upon pro-rata use of Project Facilities)

B. Schedule and coordinate operations; prepare and maintain records; pay bills.
C. Operate wells, measure discharge, measure, collect and analyze water levels and quality.
D. Maintain wells, well pads and related appurtenances in recovery years.
E. Outside services (well equipment etc.).
F. Replacement costs (only collected in recovery years to cover cost of motor or well failure resulting in a recovery year or as the result of recovery operations). Replacement cost ($/af recovered) to be set annually by the Parties during the development of the annual budget.
G. Actual power costs attributable to recovery operations (including any increased electrical standby/readiness charge attributable to the operations of the wells).
H. Measure water levels as specified in the MOU.

3. Project Compliance/Oversight: (Paid by IRWD in all years)

A. Measure water levels except as provided for in 1G and 2H of this Exhibit.
B. Maintenance of security and maintenance of fencing (as required).
C. Basic electrical standby/readiness charge attributable to electrical service for recovery wells unless covered pursuant to 2G of this Exhibit.