

**AGREEMENT REGARDING RECHARGE FACILITIES IMPROVEMENTS
MATCHING FUNDS COST SHARING AGREEMENT**

**between
INLAND EMPIRE UTILITIES AGENCY
and
CHINO BASIN WATERMASTER**

March, 2006

WHEREAS, the Program Element 2 of the Optimum Basin Management Program calls for the implementation of the Recharge Master Plan to enhance the physical recharge capacity in the Chino Basin.

WHEREAS, grant funding in combination with funding from Inland Empire Utilities Agency ("IEUA") and the Chino Basin Watermaster ("Watermaster") financed the first phase of implementation of the Recharge Master Plan.

WHEREAS, the local share of the funding for the first phase of implementation of the Recharge Master Plan was shared equally between IEUA and Watermaster.

WHEREAS, additional funding has been obtained by IEUA from the Department of Water Resources ("DWR") that can be used to implement further portions of the Recharge Master Plan.

WHEREAS, IEUA is willing to make this grant funding available to Watermaster under the same cost sharing arrangement that was utilized for the local share of implementation of the first phase of the Recharge Master Plan.

NOW THEREFORE IT IS AGREED THAT:

1. IEUA will make \$5,250,000 of DWR grant money ("Grant Money") available for project construction costs.
2. The Grant Money shall be used to construct projects as described in Exhibit "A" to this agreement.
3. The total cost of all projects proposed for construction under Exhibit "A" is anticipated to be approximately \$10,500,000. Any changes to the proposed list of projects or to the anticipated total cost of all projects shall require agreement by both IEUA and Watermaster.
4. Watermaster's share of the total cost of the projects proposed for construction on Exhibit "A" shall be one half of the total cost that is not paid with the Grant Money. For example, if the total cost is \$10,500,000, then \$5,250,000 of that total will be paid with the Grant Money, and Watermaster's share of the remaining cost will be \$2,625,000.

5. Watermaster shall reimburse IEUA for Watermaster's share of the total cost over a period of three years according to the following schedule:

- A. End of FY 2005-2006: \$ 1,000,000
- B. End of FY 2006-2007 \$ 1,000,000
- C. End of FY 2007-2008 Remainder of Watermaster share.

Reimbursements by Watermaster under this schedule shall be paid by the 31st of January following the end of the fiscal year.


6. So long as changes to the proposed list of projects or to the cost of such projects do not cause Watermaster's share of the total costs to increase by a cumulative total of 10%, then approval of such changes may be made in writing by the Watermaster CEO. If Watermaster's share of the total costs increases by more than 10%, then any further changes shall require approval by the Watermaster Board after consideration by the Pools and the Advisory Committee.

7. This agreement shall be specifically enforceable in the Court maintaining continuing jurisdiction over the case *Chino Basin Municipal Water District v. City of Chino*, San Bernardino Superior Court Case No. RCV 51010. In any dispute under this agreement, each party shall bear its own legal costs and expenses.

Signed:



For Chino Basin Watermaster



For Inland Empire Utilities Agency

Exhibit "A"

Summary of DWR Grant Funding Phases

DWR Grant \$15.5 M		Agency	Grant	Total
		Phase 1	IEUA Recycled Water Conveyance Facilities	\$ 9,789,100
Phase 2	Recharge Basin Improvements	\$ 8,627,200	\$ 5,250,000	\$ 13,877,200
Phase 3	VOC Removal at CDA Well No. 3	\$ 250,000	\$ 250,000	\$ 500,000
Phase 4	Wellhead Treatment Projects	\$ 4,860,000	\$ 500,000	\$ 5,360,000
Subtotal		\$ 23,526,300	\$ 15,500,000	\$ 39,026,300

Phase 2	Recharge Basin Improvements	Agency	Grant	Total
2A	Monitoring Wells, Lysimeters, Recycled Water Connection	\$ 84,456	\$ 1,530,544	\$ 1,615,000
2B	SCADA System Improvements	\$ 427,353	\$ 382,647	\$ 810,000
2C	New MWD Turnout/Pipeline to 8th Street Basin	\$ 1,111,912	\$ 699,588	\$ 1,811,500
2E	MWD Turnout Expansions	\$ 760,000	\$ 240,000	\$ 1,000,000
2F	Berm Heighten and Harden	\$ 958,500	\$ 2,307,221	\$ 3,265,721
2G	Montclair Basins Dual Inlet	\$ 1,157,779	\$ 90,000	\$ 1,247,779
2H	Wet Basin Cleaning Vehicle Development	\$ 750,000	\$ -	\$ 750,000
Subtotal		\$ 5,250,000	\$ 5,250,000	\$ 10,500,000

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RECHARGE FACILITIES IMPROVEMENTS - GRANT FUNDED PROJECTS
 BASED ON IEUA/CBWM PROJECT REVIEW AND EQUAL SPLIT OF MATCHING FUNDS TO DWR \$5,250,000 GRANT

DWR GRANT PHASE 2A

Monitoring Wells, Lysimeters, and Recycled Water Connections

Total Grantee & Grantor Funding					\$ 1,615,000
Facility	Description	Status	Completion Schedule	Estimated Cost	
Banana	Lysimeter Cluster	Completed		\$ 50,000	
Hickory	Lysimeter Cluster, two sets	Completed		\$ 100,000	
Banana-Hickory	Monitoring Well	Completed		\$ 180,000	
Turner 1	Monitoring Well	Completed		\$ 180,000	
Turner 1	Lysimeter Cluster	Completed		\$ 50,000	
Turner 4	Monitoring Well	Completed		\$ 180,000	
Turner 4	Lysimeter Cluster	Completed		\$ 50,000	
RP3	Monitoring Well	Pending	Summer 2006	\$ 180,000	
RP3	Lysimeter Cluster	Pending	Spring 2007	\$ 50,000	
Declez	Monitoring Well	Pending	Summer 2006	\$ 200,000	
Declez	Lysimeter Cluster	Pending	Spring 2007	\$ 50,000	
Ely	Lysimeter Cluster (Replacement)	Pending	Spring 2007	\$ 50,000	
Eighth	Lysimeter Cluster	Pending	Spring 2007	\$ 50,000	
Eighth	Monitoring Well	Pending	Summer 2006	\$ 200,000	
All Sites	Completion - Data Report - Asbuilts	Pending	Fall 2007/2007	\$ 45,000	

DWR GRANT - PHASE 2B

SCADA IMPROVEMENTS

Total Grantee & Grantor Funding					\$ 810,000
Rank	Facility	Description	Status	Completion Schedule	Estimated Cost
1a	San Sevaine 5	Add level transmitter, mechanical actuator, and SCADA control to outlet gate	Pending	Fall 2007	\$ 130,000
1b	San Sevaine 1 & 2	Add level transmitter, mechanical actuator, and SCADA control to interbasin gate	Pending	Fall 2007	\$ 130,000
2a	Montclair 1	Add level transmitter to wet well and report flow rate per flume curve	Pending	Fall 2006	\$ 20,000
2b	Montclair 1	Add mechanical actuator and SCADA control inlet gate	Pending	Fall 2006	\$ 30,000
3	Various	DCS programming, security package, and bandwidth expansion	Pending	Fall 2007	\$ 150,000
4	Lower Day 3	Add mechanical actuator and SCADA control to outlet gate	Pending	Fall 2006	\$ 50,000
5	Upland	Add a level transmitter to basin	Pending	Fall 2006	\$ 20,000
6	Brooks	Add mechanical actuator and SCADA control to inlet gate on West State Street Storm Drain	Pending	Fall 2007	\$ 70,000
7	Turner	Add level transmitter to Turner 3 and mechanical actuator and SCADA control to Turner 1 to 2 interbasin gate	Pending	Fall 2007	\$ 70,000
8	RP3	Add level transmitters, mechanical actuator, and SCADA control to two diversion channel gates	Pending	Fall 2007	\$ 70,000
9	Montclair 1 & 2	Add mechanical actuator and SCADA control to interbasin gate	Pending	Fall 2007	\$ 70,000
10	8th Street N & S	Add mechanical actuator and SCADA control to interbasin gate	Pending	As funding allows	\$ 70,000

DWR GRANT - PHASE 2C

NEW MWD TURNOUT/8TH STREET BASIN PIPELINE

Total Grantee & Grantor Funding					\$ 1,811,500
Facility	Description	Status	Completion Schedule	Estimated Cost	
New MWD Turnout	Add a new turnout to Rialto Feeder for 8th Str Basin (and Ely Basins), add short pipeline to route water to storm drain feeding West Cucamonga Channel, add GWR SCADA Controlled Valve and metering.	Discussing with MWD and RFP preparation	Fall 2007	\$ 1,811,500	

DWR GRANT - PHASE 2E					
MWD TURNOUT EXPANSION					
Total Grantee & Grantor Funding				\$	1,000,000
Facility	Description	Status	Completion Schedule	Estimated Cost	
CB13T and CB14T	Increase capacity at MWD Turnouts CB14T and CB13T on Rialto Pipeline, add piping, metering, and valving for option of routing CB14 flows to Etiwanda Channel and Victoria Basin. Automate with SCADA.	Discussing with MWD, preparing RFP	Fall 2007	\$ 1,000,000	

DWR GRANT - PHASE 2F						
BERM HEIGHTENING AND HARDENING						
Total Grantee & Grantor Funding					\$	3,265,721
Rank	Facility	Description	Status	Fail 2006 to Fail 2007	Estimated Cost	
1	Hickory	Conservation berm harden	Design hardened wide spill over point for all basins and heightening of rest of berm. Build those berm improvements for allowable budget. Feasibility Study completed. RFP in prep.	Fall 2006	\$ 600,000	
2	Ely	Outlet berms to Basins 1 and 2 harden and heighten		Fall 2006	\$ 300,000	
3	Eighth	Internal Berm Harden		Fall 2006	\$ 300,000	
4	Declez	Internal Berm Harden		Fall 2007	\$ 600,000	
5	Jurupa	Conservation Berm Harden (soil berm not yet constructed)		Fall 2007	\$ 600,000	
6	San Sevaine	Conservation Berm Harden		Fall 2007	\$ 600,000	
7	Victoria	Internal Berm Harden		As funding allows	\$ 300,000	
8	Lower Day	Internal Berm Harden		As funding allows	\$ 600,000	
9	Etiwanda SG	Outlet Berms Harden (basin not yet constructed)		As funding allows	\$ 600,000	

DWR GRANT - PHASE 2G					
MONTCLAIR BASINS DUAL INLET					
Total Grantee & Grantor Funding				\$	1,247,779
Facility	Description	Status	Completion Schedule	Estimated Cost	
San Antonio Ch	In San Antonio Channel, build a new inlet (drop or rubber dam)	Preparing scope for RFP	Fall 2007	\$ 1,247,779	
Montclair 2	Build inlet pipe and vault with gates and flowmeter, inlet to basin, add inlet controls, gates and flow meter to GWR SCADA				
Montclair 3	Build a transfer pipe under City street and inlet to basin				

DWR GRANT - PHASE 2G					
WET BASIN CLEANING VEHICLE DEVELOPMENT					
Total Grantee & Grantor Funding				\$	750,000
Facility	Description	Status	Completion Schedule	Estimated Cost	
Various	Develop portable Hood and Clarifier devices for testing wet basin cleaning	Conceptual Development	Fall 2007	\$ 750,000	

Total of All Projects				\$	10,500,000
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FIRST AMENDMENT
to
AGREEMENT REGARDING RECHARGE FACILITIES IMPROVEMENTS
MATCHING FUNDS COST SHARING AGREEMENT
between
INLAND EMPIRE UTILITIES AGENCY
and
CHINO BASIN WATERMASTER

February, 2007

WHEREAS, Chino Basin Watermaster ("Watermaster") and Inland Empire Utilities Agency ("IEUA") entered in to an Agreement Regarding Recharge Facilities Improvements Matching Funds Cost Sharing ("Agreement") in order to share the costs associated with the second phase of recharge facilities improvements in the Chino Basin.

WHEREAS, that Agreement was approved by IEUA on April 5, 2006, and by Watermaster on March 23, 2006.


WHEREAS, the parties wish to amend that Agreement to adjust the reimbursement schedule under which Watermaster provides its share of the costs to IEUA.

NOW THEREFORE IT IS AGREED THAT:

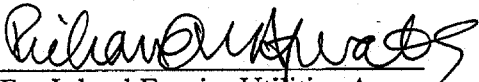
1. Section 5 of the Agreement shall be revised to read:
 5. Watermaster shall reimburse IEUA for Watermaster's share of the total cost over a period of three years according to the following schedule:

A.	January 31, 2007:	\$ 750,000
B.	January 31, 2008:	\$ 750,000
C.	January 31, 2009:	\$ 750,000
D.	Construction Completion:	Remainder of Watermaster share

Signed:



For Chino Basin Watermaster



For Inland Empire Utilities Agency