



**AGREEMENT NUMBER 4600001351
BETWEEN
INLAND EMPIRE UTILITY AGENCY AND JURUPA COMMUNITY SERVICES DISTRICT
FOR
RECHARGE OF RECYCLED WATER IN THE CHINO BASIN MANAGEMENT ZONE 3 (MZ-3)**

This Agreement is made and entered into by and between the INLAND EMPIRE UTILITIES AGENCY, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California, (hereinafter referred to as "IEUA") and THE JURUPA COMMUNITY SERVICES DISTRICT, a Special District, organized and existing in the County of Riverside (hereinafter referred to as "JCSD") for the purchase of recycled water for groundwater recharge within MZ-3. IEUA and JCSD shall collectively be referred to as "the parties;" and singularly as "the party."

RECITALS

WHEREAS, IEUA produces Title 22, tertiary treated water, also known as recycled water, at IEUA's wastewater recycling facilities for delivery to its member agencies and neighboring customers; and,

WHEREAS, IEUA has designed a distribution pipeline system (Regional Recycled Water Distribution System) for the delivery of recycled water to its member agencies and customers; and,

WHEREAS, use of recycled water for irrigation, farming, commercial operations, groundwater recharge and other purposes will reduce the use of more costly imported potable water and assist to drought-proof the region; and,

WHEREAS, The Chino Basin Optimum Basin Management Program (OBMP) identified five management zones in which groundwater recharge would be beneficial and facilitated; and,

WHEREAS, IEUA AND JCSD mutually developed and executed an agreement titled "Principles of Agreement" in June 2002, outlining the principles for recharge of recycled water in Management Zone 3 (MZ-3); and,

WHEREAS, IEUA and JCSD recognize the benefit to the Chino Basin and the parties in identifying and developing additional groundwater recharge in MZ-3, specially through the Wineville Recycled Water Pipeline Project; and,

WHEREAS, IEUA has a Capital Improvement Program which includes construction of the Wineville Recycled Water Pipeline Project; to deliver approximately 5,000 acre-feet per year (AFY) of recycled water to MZ-3 for groundwater recharge by calendar year 2015; and,

WHEREAS, upon the completion of the Wineville Recycled Water Pipeline Project, IEUA shall on average recharge 10,000 AFY from various water sources within the MZ-3, to include approximately 5,000 AFY of recycled water.

WHEREAS, JCSD has most recently purchased approximately 750 AF of recycled water during fiscal year 2011/12 as allowed by the existing 2002 Agreement; and,

WHEREAS, JCSD shall have the right to purchase their maximum allocation of recycled water at the IEUA adopted wholesale cost plus twenty-five percent.

NOW THEREFORE, the parties agree as follows:

COVENANT

1. The parties agree that in consideration of the construction of the Wineville Recycled Water Pipeline Project and promotion of additional groundwater recharge in MZ-3, the 2002 "Principles of Agreement", shall be terminated in its entirety and superseded by this Agreement. However, the parties agree that if the Wineville Recycled Water Pipeline Project is not completed in accordance with the terms herein, then this Agreement shall be null and void and of no consequence whatsoever, unless agreed to by both parties, reduced to writing and amended hereto.
2. The term of this Agreement shall commence upon initiation of recycled water deliveries from the Wineville Recycled Water Pipeline Project into IEUA's RP-3 recharge basins in Fontana, California and remain in effect for ten years, unless otherwise agreed to by both parties, reduced to writing and amended hereto.
3. JCSD shall have the right to purchase up to 20% of the recycled water recharged in MZ-3. Regardless of the volume of recycled water recharged in MZ-3, the volume available to JCSD to purchase will be capped at no more than 950 AFY, unless reduced as indicated below.
4. The cap identified above can be reduced down to 750 AFY in the event that new groundwater recharge projects are completed (following the execution of this Agreement) within MZ-3 (which are not specifically mandated through San Bernardino County MS4 compliance). Based on new groundwater recharge (imported or stormwater) recorded by Watermaster for the prior fiscal year, the 950 AFY cap will be reduced proportionally on an acre-foot (AF) by AF basis, but never less than 750 AFY. For example, if 4,000 AF of recycled water is recharged within MZ-3 in one year and 200 AF of new stormwater was recharged in MZ-3 during the prior year, the maximum recycled water available to JCSD to purchase would be 750 AF (800 AF - 200 AF, but not less than 750 AF).

5. JCSD shall have the right to purchase up to their annual maximum allocation of recycled water at the IEUA adopted wholesale rate plus twenty-five percent. Recycled water shall be invoiced to JCSD on a quarterly basis. Failure to remit payment as defined within the invoice will result in JCSD's forfeiture of rights to such recycled water and corresponding reduction in such annual maximum allocation of recycled water recharge. The foregoing shall not limit IEUA's rights to pursue its remedies for nonpayment.
6. The parties agree to execute any further documents, and take any further actions, as may be reasonable and appropriate in order to carry out the purpose and intent of this Agreement.
7. All disputes arising out of or in relation to this Agreement shall be determined in accordance with this section. Both parties agree to make every effort to resolve any disputes collectively, and in a mutually beneficial manner, prior to submitting disputes to Arbitration. However, by entering into this Agreement, both parties are obligated, and hereby agree, to submit all disputes arising under or relating to this Agreement that remain unresolved after ninety (90) days from the initial time of notice, and after the exhaustion of attempts to mutually resolve, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Section 1280, et. seq, or their successor
8. Any notice may be served upon either party by delivering it in person, or by depositing it in United States Mail deposit box with the postage thereon fully prepaid, and addressed to the party at the address set forth below:

IEUA: Inland Empire Utilities Agency
Attn: General Manager
6075 Kimball Avenue
Chino Hills, California 91708

JCSD: Jurupa Community Services District
Attn: General Manager
11201 Harrel Street,
Jurupa Valley, CA 91752

Any notice given hereunder shall be deemed effective in the case of personal delivery, upon receipt thereof, or, in the case of mailing, at the moment of deposit in the course of transmission with the United States Postal Service.

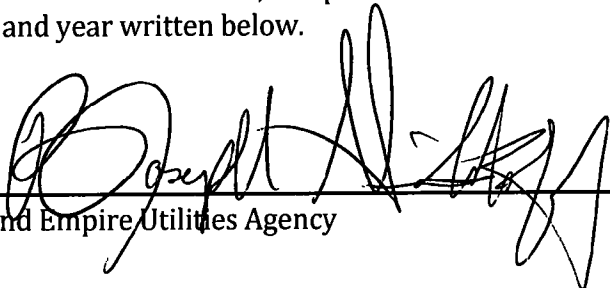
9. All of the terms, conditions and provisions of this Agreement shall inure to the benefit of and be binding upon the IEUA, JCSD, and their respective successors and assigns. Notwithstanding the foregoing, none of the duties or benefits of JCSD under this Agreement may be assigned transferred or otherwise disposed of without the prior written consent of IEUA; and any such purported assignment, transfer or disposal without the prior written consent of IEUA shall be null, void, and of no legal effect whatsoever.

10. The Agreement Documents represent the entire Agreement of IEUA and JCSD as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the Agreement Documents. This Agreement may not be modified, altered or amended except by written mutual agreement by IEUA and JCSD.

11. This Agreement is to be governed by the laws of the State of California and under the jurisdiction of the Superior Court of the State of California located in San Bernardino County.

12. Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters.

IN WITNESS WHEREOF, the parties hereto have caused the Agreement to be entered as of the day and year written below.



Inland Empire Utilities Agency

2/6/13
Date



Jurupa Community Service District

01/30/13
Date