

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

BOARD MEETING
AGENDA

April 14, 2010 - 1:30 p.m.

Location--1630 West Redlands Boulevard, Suite A, Redlands, California

Note: Copies of staff reports and other documents relating to the items on this agenda are on file at the District offices and are available for public review during normal District business hours. New information relating to agenda topics listed, received, or generated by the District after the posting of this agenda, but before the meeting, will be made available upon request at the District offices.

CALL TO ORDER
PLEDGE OF ALLEGIANCE
ROLL CALL

1. PUBLIC PARTICIPATION

Members of the public may address the Board of Directors on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) Section 54954.2 of the Government Code.

2. ADDITIONS/DELETIONS TO AGENDA

Section 54954.2 provides that a legislative body may take action on items of business not appearing on the posted agenda under the following conditions: (1) an emergency situation exists, as defined in Section 54956.5; (2) a need to take immediate action and the need for action came to the attention of the District subsequent to the agenda being posted; and (3) the item was posted for a prior meeting occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

3. PUBLIC MEETING RELATED TO ADOPTION OF GROUNDWATER CHARGE

Article 1, Section 75560 of the California Water Code requires that a Water Conservation District that proposes to levy a groundwater charge "...shall annually cause to be made an engineering investigation and report upon groundwater conditions of the District." District staff will present the annual Bunker Hill Engineering Investigation Report and

It is the intention of the San Bernardino Valley Water Conservation District to comply with the Americans with Disabilities Act (ADA) in all respects. If you need special assistance with respect to the agenda or other written materials forwarded to the members of the Board for consideration at the public meeting, or if as an attendee or a participant at this meeting you will need special assistance, the District will attempt to accommodate you in every reasonable manner. Please contact Ms. Samantha Brown (909-793-2503) at least 48 hours prior to the meeting to inform her of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.

review the Groundwater Replenishment Program annual budget. District staff is recommending to the District's Board of Directors to raise the current amount of the groundwater charge of \$2.18 per acre-foot for groundwater production for agricultural purposes to \$2.51, and raise the current amount of \$7.85 per acre-foot for groundwater production for non-agricultural purposes to \$9.05, for the ensuing year (July 1, 2010 to June 30, 2011). The purpose of the groundwater charge is to fund the District's continuing groundwater replenishment efforts. District staff will present any written comments received and hear oral comments.

4. **CONSENT CALENDAR**

- Approval of the Board Meeting Minutes, March 24, 2010

5. **REPORTS AND INFORMATION ITEMS:**

- A. Monthly Activity Reports, and/or Comments by Board Members
- B. Board Committee Reports
 - i. Administrative Committee
- C. Finance Supervisor's Report (Samantha Brown)
- D. Assistant General Manager's Report (Claud Seal)
- E. General Manager's Report (Robert Neufeld)
- F. Information Items
 - i. California Strategies Contract
 - ii. Report from Special Meeting on Strategic Plan
- G. Future Agenda Items and Staff Tasks

6. **ACTION ITEMS AND NEW BUSINESS:**

- A. DISCUSS AND CONSIDER ADOPTION OF ORDINANCE 2010-1, AN AMENDMENT TO ORDINANCE 95-1
- B. DISCUSS AND CONSIDER ADOPTION OF RESOLUTION NO. 457
- C. DISCUSS AND CONSIDER SPONSORING LOMA LINDA CHAMBER OF COMMERCE AND ADDING IT TO THE 2010-2011 BUDGET
- D. DISCUSS AND CONSIDER OFFICIAL VOTE FOR THE REGULAR SPECIAL DISTRICT MEMBER AND THE ALTERNATE SPECIAL DISTRICT MEMBER OF THE LOCAL AGENCY FORMATION COMMISSION (LAFCO)
- E. DISCUSS AND CONSIDER AN AMENDMENT TO MCMULLAN AND ASSOCIATES CONTRACT
- F. CONSIDER APPROVAL OF THE FORMS FOR CONTRACTS FOR AGGREGATE MINING

7. **UPCOMING MEETINGS:**

1. April 16, 2010 - State Legislative Committee Meeting, Sacramento, California. 12:00 p.m.
2. April 16, 2010 - California's Comprehensive Water Package Informational Forum, Rancho Cucamonga, CA 8:30 a.m.
3. April 19, 2010 - Association of the San Bernardino County Special Districts Dinner, Rancho Cucamonga, California. 6:00 p.m.
4. April 21, 2010 - Mayor's Breakfast, at the Loma Linda Senior Center, Loma Linda, CA. 7:00 a.m.
5. April 22, 2010 - Santa Ana Water Shed Conference 2010, at the Disneyland Hotel, Anaheim, CA. 9:15 a.m.
6. April 29, 2010 - Redlands Chamber of Commerce at San Manuel Indian Bingo & Casino, San Bernardino, California. 8:00 a.m.
7. May 4-7, 2010 - ACWA Spring Conference and Exhibition, Monterey, California
8. May 11-12, 2010 - Special Districts Legislative Days, Sacramento, California
Board Approval required

8. **CLOSED SESSION**

Under the authority of Government Code Section 54957(b), the Board may recess to Closed Session regarding a personnel matter;

and/or

Under the authority of Government Code Section 54956.9(c), the Board may recess to Closed Session to consider whether to initiate litigation;

and/or

Under the authority of Government Code Section 54956.9(b)(3)(a), and Section 54956.9(c), and Section 54956.9(b)(1), the Board may recess to Closed Session to confer with legal counsel regarding significant exposure to litigation in one case.

9. **ADJOURN MEETING.** The next regular Board meeting will be on April 28, 2010 at 1:30 p.m., at District Headquarters, 1630 W. Redlands Blvd., Suite A, Redlands, CA.

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

MINUTES OF THE BOARD MEETING OF
March 24, 2010
1:30 P.M.

President Clare Henry Day called the Board Meeting of the Board of Directors to order at 1:30 p.m. All present stood for the pledge of allegiance, led by President Day.

ROLL CALL:

BOARD MEMBERS PRESENT:

Clare Henry Day, President
Manuel Aranda, Director
Arnold Wright, Director
John Longville, Director (1:36 p.m.)
Richard Corneille, Director
David E. Raley, Director

BOARD MEMBERS ABSENT:

Melody McDonald, Vice President

GENERAL COUNSEL PRESENT:

David Cosgrove, Rutan & Tucker, LLP

STAFF PRESENT:

R. Robert Neufeld, General Manager
Samantha Brown, Finance Supervisor
Lisa Pierce, GIS Coordinator

GUESTS PRESENT:

Christine Goeyvarts, Robertson's Ready Mix

1. PUBLIC PARTICIPATION

President Day announced this as the time for any persons present, who so desire, to make an oral presentation to the Board of Directors. Hearing none, the meeting proceeded with the published agenda items.

2. ADDITIONS/DELETIONS TO AGENDA

Mr. Neufeld requested 2 (two) items be added to the open session portion of the agenda.

Ms. Brown distributed material for the requested open session item additions.

Mr. Neufeld stated that both items came in after the posting of the agenda Friday at 5:00 p. m. One is a letter of requests from Director Raley and the other is a letter from Wash Plan consultant D. Burnell Cavendar requesting termination of his contract.

Mr. Cosgrove stated staff is requesting an additional item be added under closed session. It is a proposal in regards to the easement agreement with San Bernardino Valley Municipal Water District (Valley District) under Government Code 54956.8 relative to real property negotiations with Doug Headrick of Valley District, and John Rossi of Western Municipal Water District proposal.

It was moved by Director Corneille and seconded by Director Aranda to add Director Raley's letter of requests and Wash Plan consultant D. Burnell Cavendar contract as 5C and 5D, respectively, to open session and the Easement agreement to closed session. The motion carried 6-0, with Director McDonald noted absent.

3. CONSENT CALENDAR

Approval of the Board Meeting Minutes, February 10, 2010

It was moved by Director Corneille and seconded by Director Wright to approve the Minutes of the February 10, 2010 Board meeting. The motion carried 6-0, with Director McDonald noted absent.

Approval of the Board Meeting Minutes, March 3, 2010

It was moved by Director Corneille and seconded by Director Raley to approve the Minutes of the March 3, 2010 Board meeting, with minor revisions. The motion carried 6-0, with Director McDonald noted absent.

Approval of the Board Meeting Minutes, March 10, 2010

It was moved by Director Longville and seconded by Director Aranda to approve the Minutes of the March 10, 2010 Board meeting, with

minor revisions. The motion carried 6-0, with Director McDonald noted absent.

Approval of the Un-Audited Financial Reports for February, 2010.

It was moved by Director Longville and seconded by Director Aranda to approve the un-audited Financial Reports for February 2010. The motion carried 6-0. With Director McDonald noted absent.

4. REPORTS AND INFORMATION ITEMS

A. Monthly Activity Reports, and/or Comments by Board Members

Director Corneille reported that he will not be at the April 14th, 2010 Regular Board of Directors Meeting, as he will be out of state.

Director Raley reported attending Redlands Conservancy and Outreach Committee Meeting.

Director Aranda reported attending the Outreach Committee Meeting, California Special Districts Association Dinner, and the ACWA legislative symposium, where they discussed desalination.

Director Longville reported attending the Outreach Committee Meeting, and the ACWA legislative symposium, where he attended the formal program, as well as was able to visit with several legislators in the area.

B. Board Committee Reports

As the Chair of the Outreach Committee Director Aranda summarized the Outreach Committee Meeting that took place on March 22, 2010. The main discussion focused on the concern of what is it going to cost the district to educate the public. Director Aranda discussed how the ACWA Communications Committee and other programs could help. Outreach Committee will be requesting a budget of \$15,000; \$10,000 for grant writing and \$5000 on other expenditures. Director Longville summarized grants and revenue discussed in the committee meeting.

Discussion ensued regarding potential grant revenue.

C. Financial Report

Ms. Brown reported about the Brown Act Reimbursement for Special Districts deadline has been extended to May, also Staff is working on the 2010-2011 Budget. Ms. Brown answered questions asked by the Board of Directors.

D. Assistant General Manager's Report

In Mr. Seal's absence Mr. Neufeld reported that the Final Engineering Investigation is completed and each Board member has a bound copy. Mr. Neufeld answered questions asked by the Board regarding the Engineering Investigation.

Discussion ensued regarding the groundwater income and charges based on the Engineering Investigation.

Discussion continued regarding the Bunker Hill Basin maintenance.

E. General Manager's Report

Mr. Neufeld gave an update on the Field Supervisor Randy Carisle's condition, as he is on disability and had surgery. He also reported participating in several meetings: a conference call with Senator Feinstein's office environmentalist Leah Russin about the Critical Habitat Designation for the Santa Ana Sucker, which included many other representatives from the local area as well as from the San Gabriel Basin, Ms. Russin informed the callers that the US Army Corp Of Engineers is being delayed in the release of their ongoing studies of water quality behind the Seven Oaks Dam until US Fish and Wildlife Service due to changing priorities. Mr. Neufeld further reported about the meeting with the Department of Water Resources that took place at the District headquarters regarding the East Branch Extension Phase II development, which consisted of a presentation of the design documents and potential construction schedule. In addition during the construction stage there will be weekly construction meetings and monthly manager meetings when the project is passing through our District.

Mr. Neufeld distributed a handout from the Legislative Analyst's office on how to improve management of the State's Groundwater resources; he felt it was would be very informative.

Mr. Neufeld also briefly explained the two (2) additional items to come back to the Regular Board meeting on April 14th, 2010 are: on Wednesday April 21, 2010 at the Loma Linda Senior Center the Loma Linda Chamber of Commerce is sponsoring the Mayor's breakfast and the final vote for the LAFCO commissioners Special District is due by April 19th to the LAFCO offices.

F. Information Items

i. Groundwater Financial Information

Mr. Neufeld stated that this is an information item; the Groundwater Financial Information, as requested by the Board, which is also presented in the Engineering Investigation.

ii. News Release: Prepare for Natural Disaster

Mr. Neufeld summarized the News Release, which provides information on how to prepare for a natural disaster and the resources that are available from the County of San Bernardino.

iii. Review Ordinance for Board Member Compensation

Mr. Cosgrove introduced Ordinance 2010-1 and explained the requirements the Board must follow to pass this item at the next Board of Directors meetings, as well as summarized proposed changes to the Ordinance.

Discussion ensued regarding the Ordinance 2010-1.

G.Future Agenda Items and Staff Tasks

None to report at this time.

5. ACTION ITEMS, NEW BUSINESS, FYI

A. Discuss City of Redlands proposed Solid Waste Rate Increase

Mr. Neufeld requested that the Board of Directors provide staff with direction on how to proceed with the City of Redlands proposed Solid Waste Fee Increase.

It was moved by Director Corneille and seconded by Director Raley to take no opposing action to the Solid Waste increase. The motion carried 6-0, with Director McDonald noted absent.

B. Discuss and Consider Participation in WESTCAS at the Request of Director Aranda

Director Aranda summarized his involvement in WESTCAS and its importance. He also requested the District continue membership with WESTCAS.

Discussion ensued regarding WESTCAS events and financial obligations.

It was moved by Director Wright and seconded by Director Longville to direct General Manager to approve compensation for WESTCAS thru June 2010 and thereafter any attendance would require special Board approval. The motion carried 6-0, with Director McDonald noted absent.

C. Director Raley's requests

Director Raley presented his concerns and the handout given to the Board of Directors. He proposed that the Board adopt the following recommendations: a hiring freeze to be implemented until such time as a detailed personnel plan can be developed, establish an ad-hoc personnel committee to be appointed to develop and prepare job descriptions, salary ranges, and benefits for minimum staffing levels for the next two years, an ad-hoc budget committee be appointed consisting of 3 staff members and 2 directors, the ad-hoc committee to report recommendations to the Administrative Committee within 30 days of appointment and the ad-hoc budget committee be directed to present a one and two year budget that will maintain the unreserved fund balance at or above \$1 million at the end of 2 years (June 30, 2012).

It was moved by Director Raley and seconded by Director Corneille to approve Director Raley's request for the purpose of discussion.

Discussion ensued regarding funding and spending.

Mr. Neufeld summarized the different circumstances regarding the proposed requests. Mr. Neufeld stated staff is opposed to some of these requests, as all as the requests of Director Raley to establish an ad-hoc committee as these tasks are already assigned to the Administrative Committee.

Discussion continued on the proposed recommendations.

Director Raley and Director Corneille withdrew their motions.

It was moved by Director Longville and seconded by Director Wright to refer to the Administrative Committee the request to present a one and two year budget that will maintain the unreserved fund balance at or above \$1 million at the end of 2 years (June 30, 2012) with direction for staff to take a specific look at what the District can do to achieve this goal.

The motion carried 6-0, with Director McDonald noted absent.

D. Wash Plan Consultant D. Burnell Cavendar Contract

Mr. Neufeld presented a letter from Mr. Cavendar requesting termination of his contract effective 30 days from the date of the letter, March 11th, 2010.

It was moved by Director Corneille and seconded by Director Longville to approve request for termination of D. Burnell Cavender's

contract effective April 11th, 2010. The motion carried 6-0, with Director McDonald noted absent.

6. UPCOMING EVENTS

Director Raley requested approval to attend the Santa Ana Water Shed Conference in Anaheim, California.

It was moved by Director Longville and seconded by Director Aranda to approve Director Raley to attend the Santa Ana Water Shed Conference . The motion carried 6-0, with Director McDonald noted absent.

7. CLOSED SESSION

At 3:55 p.m., it was moved by Director Longville and seconded by Director Wright to adjourn to Closed Session with approval for Finance Supervisor Samantha Brown to participate, under Government Code Section 54956.9(c), consider whether to initiate litigation and Government Code Section 54956.9(b)(3)(a), and Section 54956.0(c), and Section 54956.0(b)(1), confer with legal counsel regarding significant exposure to litigation in one case. The motion carried 6-0 with Director McDonald noted absent.

The Closed Session adjourned at 5:31 p.m., and the regular meeting reconvened, with no reportable action under Government Code 54957.1.

8. ADJOURN MEETING

At 5:32 p.m., the meeting adjourned to the Special Board Meeting scheduled for April 7, 2010, at 8:00 a.m., 1630 W. Redlands Blvd., Redlands, CA.

R. Robert Neufeld
Secretary of the Board



SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

Established 1932

1630 West Redlands Boulevard, Suite A
Redlands, CA 92373-8032
(909) 793-2503
Fax: (909) 793-0188

P.O. Box 1839
Redlands, CA 92373-0581
Email: info@sbvwcd.dst.ca.us
www.sbvwd.dst.ca.us

To: Board of Directors

Prepared by: Samantha Brown, Finance Supervisor

Date: April 14th, 2010

Subject: Information Item: California Strategies Contract

BACKGROUND

The Directors approved a 6 month contract with California Strategies at \$8,000 per month that began in November 2009.

About California Strategies:

We thrive on difficult public policy challenges at all levels of government, and have earned our reputation devising successful public policy results that benefit our clients and the public.

We offer strategic consulting, public policy analysis, issue management, crisis communications, communications planning and implementation, and media relations.

Our principals are as diverse as the state:

- *Republicans, Democrats and Independents.*
- *Based in the power centers of the state.*
- *Seasoned experts in infrastructure, transportation, energy, land use, water, health care, communications, and the broad umbrella known as the environment.*
- *Politically astute and experienced in issue development, refinement and management at every level of government in California.*
- *Steeped in a campaign orientation that is results-oriented, and comfortable using sophisticated media relations, community organization, and communications approaches to support strategic initiatives.*
- *Collegial and available to pool skills for the benefit of clients with complex needs.*

California Strategies, LLC serves prominent and respected organizations around the state, country and the world that have a serious public policy goal somewhere in California. These include corporations, governmental entities, industry associations, political committees, and not-for-profits.

Additionally, California Strategies and Advocacy, a sister corporation, is a government relations and advocacy firm created to provide hands-on executive, legislative and regulatory lobbying.

BOARD
OF
DIRECTORS

Richard W. Corneille
Clare Henry Day

Arnold L. Wright
John Longville

David E. Raley
Melody McDonald
Manuel Aranda, Jr.

GENERAL
MANAGER

R. Robert Neufeld

DISCUSSION

California Strategies has consulted and assisted in developing the strategy that led to the victory at LAFCO on the consolidation effort in 2009, they have consulted and assisted in the development of the Strategic Plan as it relates to the political areas we work in and they have provided Counsel and Advice on the political workings within our District and the Inland Empire. In addition they have facilitated meetings with various County Supervisors and Government Agencies throughout the County of San Bernardino.

Their Contract with the District currently is due to expire unless the Board of Directors gives staff direction to bring back to April 28th, 2010 meeting to extend contract.



SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

Established 1932

1630 West Redlands Boulevard, Suite A
Redlands, CA 92373-8032
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P.O. Box 1839
Redlands, CA 92373-0581
Email: info@sbvwcd.dst.ca.us
www.sbvwd.dst.ca.us

To: Board of Directors

Prepared by: Robert Neufeld, General Manager

Date: April 14th, 2010

Subject: Information Item: Report from Special Meeting on Strategic Plan

The attached Power Point is the revised version. The revisions are based upon the comments and critiques from the public and Directors comments from last Wednesday's meeting. The document has been revised by Will Mc Mullan and has been reviewed by Dave Cosgrove and the General Manager. Additional comments are forthcoming from Jim Brulte and John Withers and will be incorporated into the staff report presented to the Board at the meeting on April 14, 2010. In addition we are preparing a list of Frequently Asked Questions (FAQ's) that will be handed out prior to the meeting. It is our intent to have the final report ready for distribution on this coming Monday. At that time copies will be forwarded to all interested parties for their review and comments at the meeting on April 28, 2010 when we will have a formal discussion on this and ask the Board to adopt the Strategic Plan.

BOARD
OF
DIRECTORS

Richard W. Corneille
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GENERAL
MANAGER

R. Robert Neufeld

San Bernardino Valley Water Conservation District

Preliminary

Strategic Framework **Presentation**

A Preliminary 5-Year, High-Level Framework for Board Consideration



Preliminary Draft for Review by Board of Directors

Forward

This document presents a preliminary draft, high-level overview of San Bernardino Valley Water Conservation District's strategic direction for the next 5-years. Its purpose is to summarize the general, concepts and framework for the District's proposed vision and future direction, its long-term goals and approach.

The content of this preliminary document is based on inputs from and summary of: 1) Board Director, Staff and third-party responses obtained from a 2009 Planning Survey, 2) working information and meeting inputs provided by District Board of Directors and Staff, 3) existing District reports and documentation, and 4) authorized input from other sources familiar with the District and its operation. All inputs and contributions to the planning effort have been accepted as valid without further research or verification.

At this stage of the planning process, the accompanying preliminary document was intended to serve as a preliminary draft for review and discussion by the District's Board of Directors on April 7, 2010.

Comments on this preliminary draft document are welcomed from the District Board of Directors and the public prior to and during the forthcoming April 28, 2010 review meeting.



Preliminary Draft for Review by Board of Directors

Executive Summary

The San Bernardino Valley Water Conservation District (SBVWCD or District) is responsible for capturing and recharging local runoff to replenish local groundwater supplies. Originally organized as a Water Conservation Association in 1910, the SBVWCD became a Water Conservation District in the 1930's under the Water Conservation Act of 1931. Since that time, the SBVWCD has operated as a Special District with the primary goal of conserving water via recharge facilities located in two areas near the Santa Ana River and Mill Creek.

Recently however, the District has experienced financial and other difficulties following a long but successful defense against consolidation under LAFCO 3076. The District now finds itself in a challenging period with an uncertain future regarding its role in local water affairs and its contribution to the San Bernardino Valley community which it serves. In response to these challenges, the District has undertaken a strategic planning process to define its future goals and direction, and to create a vision for how it will serve the community over the next 5 years. This preliminary document is a result of the District's vision and efforts to plan effectively for its future service to the community.

The District is unique among other agencies in the region in that it controls significant parcels of land, in addition to performing various services that help conserve water in a densely populated region and State beleaguered by extended drought. The District also holds significant water rights as part of its original charter formation. It is this combination of water and land assets, together with a clear vision for the future that defines how it plans to serve the inhabitants of the San Bernardino Valley Watershed.

The District's vision entails an expanded organization that makes full use of its assets to benefit the community. Its current status is that of a small Water Conservation District focused on groundwater recharge of local runoff. Its historic contribution to the Valley's water supply is not obvious to most citizens, and its existence and value added is relatively unknown. The District however, sees things differently. Its new vision for the future is to use the District's unique land and water assets to provide the community with a much broader array of benefits. They envision a Resource Management and Water Conservation Authority that not only provides expanded services in water resource management, but that also provides environmental conservation and recreation resource opportunities for the Region by using its unique land assets and the vision of its stakeholders.

Six areas of strategic focus and their respective long-term goals are proposed by the District:

- o **Secure Organizational Foundation**
 - A renewed, financially viable District organization with a secure foundation to better serve the community
- o **Water Resource Conservation and Management**
 - Increased, enhanced contribution to Basin water resource conservation and management
- o **Environmental Conservation and Sustainability**
 - District-managed lands under effective stewardship for environmental conservation, habitat preservation and mitigation
- o **Water Use Conservation**
 - Programs and services to improve non-retail, outdoor water use efficiency and conservation in the Valley Watershed
- o **Community Recreation Resources**
 - New recreation, park, open space, and trail opportunities for the San Bernardino Valley community
- o **Integrated Resource Management**
 - Serve as regional model for integrated land/water environmental conservation and management of natural resources.

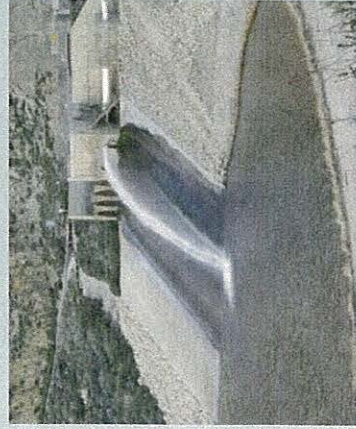
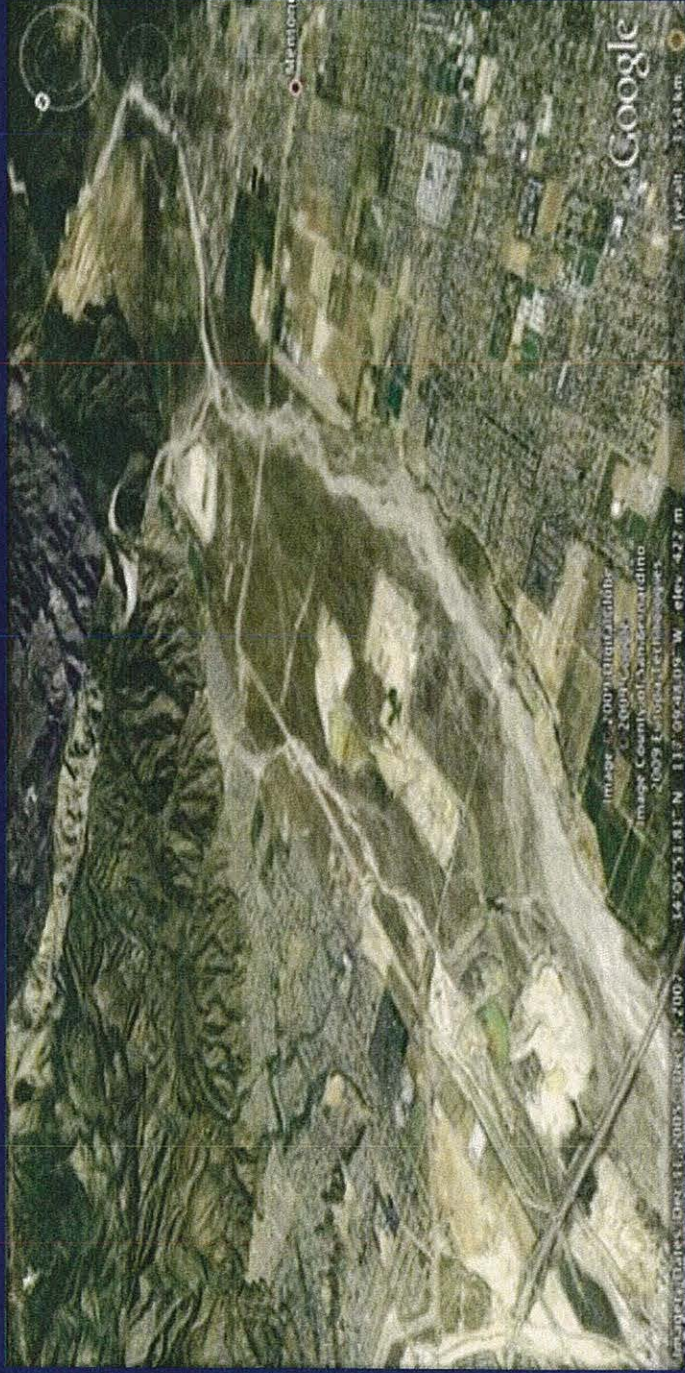
The District plans a three-phase, structured strategic effort: 1) Fix and preserve - its core functions and financial/organizational viability, 2) Initial progress - to expand its water and land activities through partnership with other entities, organizations, and the community at large, and 3) Careful evolution - developing new initiatives, services and benefits for the community consistent with the long-term strategy. Central to the District's proposed strategy is a purposeful shift towards external affairs; outreach, collaboration, partnership, and joint cooperation with others. It is the District's view that water and environmental issues in California have evolved to a point of complexity where individual initiatives and solutions are less effective, and greater community benefit can be achieved through cooperative efforts.

The accompanying preliminary "Strategic Framework" document summarizes the District's general approach to achieving its goals over the next 5 years. This is a preliminary draft document meant for review and discussion by the District Board of Directors on April 07, 2010.



Preliminary Draft for Review by Board of Directors

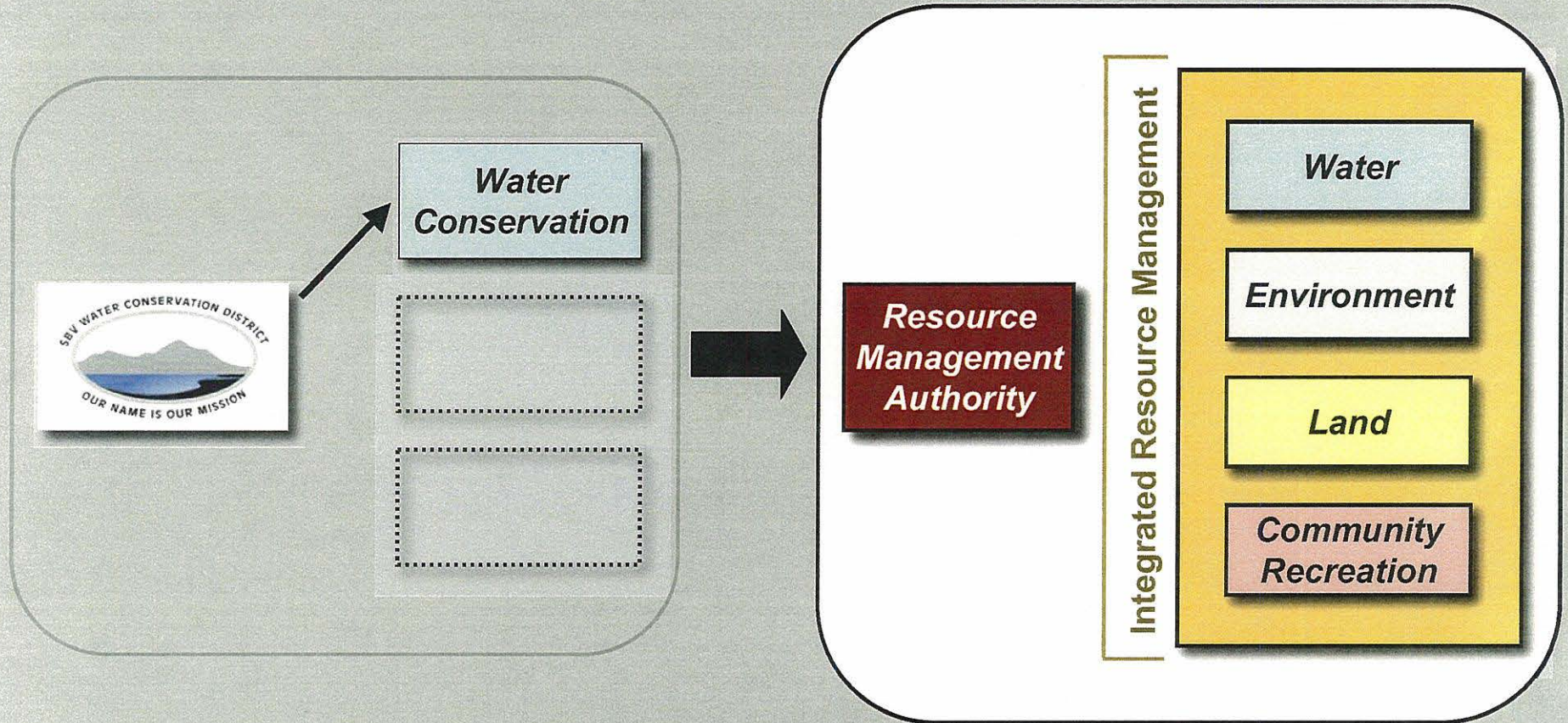
Seeing Things Differently.....



The District Has Chosen a Future Direction Involving Expanded Service and Stewardship for the Community

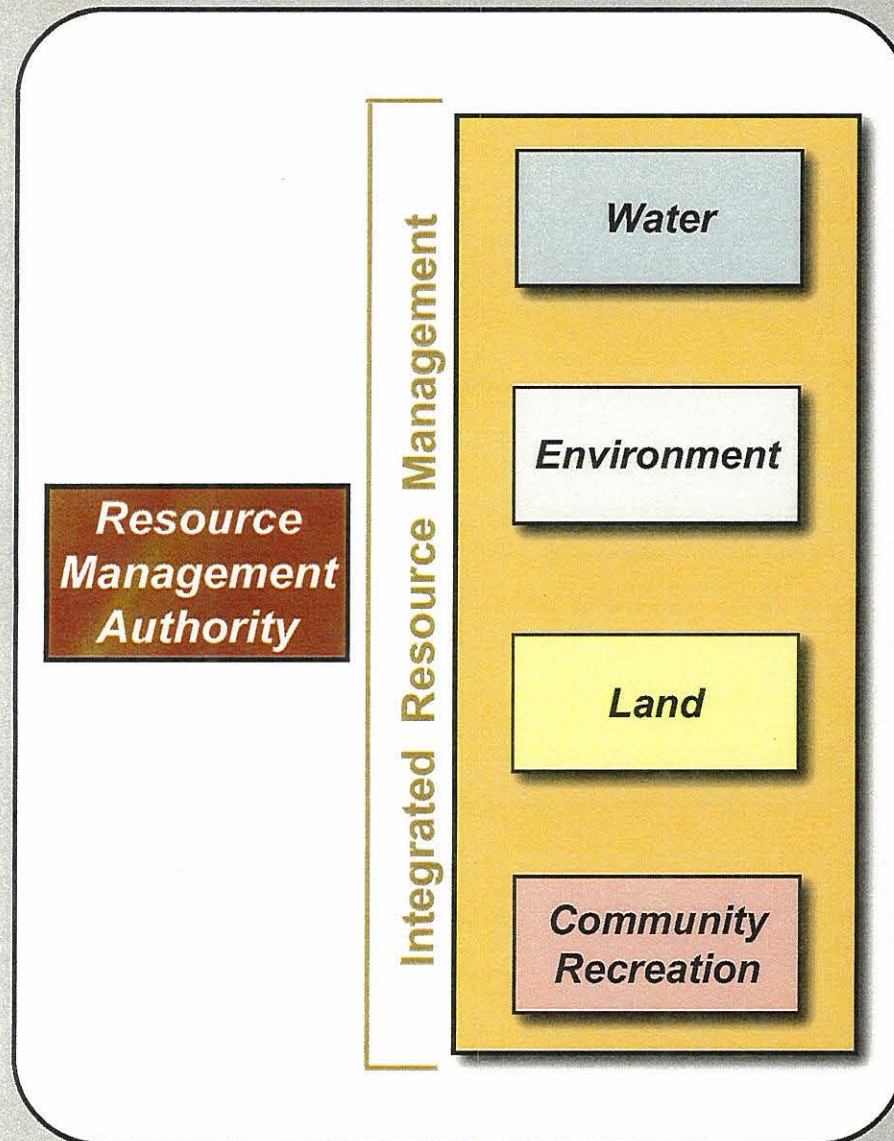
From

To



Preliminary Draft for Review by Board of Directors

The New Organization's Purpose Would be Bound by Common Threads



Conservation Water Resources

Stewardship

Sustainability

Innovation

Education

*Community-
Building*



Preliminary Draft for Review by Board of Directors

The District's Proposed Mission Will Change - Broadening in Scope and Role

The Resource Management and Water Conservation Authority, as trustee, develops, integrates, and manages natural resources for the inhabitants of the San Bernardino Valley Watershed to maximize their use in an environmentally and economically responsible manner.



Proposed District Goals Reflect Short-Term Realities and Long-Term Vision and Intention

Short-Term (1 year or <)

- ☐ Reliability of GW Charges
 ☐ Wetlands Plans Approved
 ☐ Obtain Seven Oaks Dam Property
 ☐ Balance the Budget
 ☐ Clarify District Water Rights
 ☐ Charge for aggregate

Plan Elements and Long-Term Goals (3-5 years)

| | |
|--|---|
| Secure Organization Foundation | <i>A renewed, financially viable District organization with secure foundation to better serve the community</i> |
| Water Resource Conservation & Management | <i>Increased/enhanced contribution to Basin water resource conservation and management</i> |
| Environmental Conservation & Sustainability | <i>Effective stewardship of District-managed lands for environmental conservation, habitat preservation, and mitigation</i> |
| Water Use Conservation | <i>Programs and services to improve non-retail, outdoor water use efficiency and conservation in the Valley watershed</i> |
| Community Recreation Resources | <i>New recreation, park, open-space, and trail opportunities for the Valley community</i> |
| Integrated Resource Management | <i>Serve as a regional model for integrated land/water/environmental conservation and management of natural resources</i> |



Major Assumptions Underlie the Strategy

The District entity is no longer viable or sustainable in its current form and there is an urgent need to transform the organization

District has flexibility to devote its assets to support implementation of the strategy and long-term operation

Consolidation with another agency is still a serious possibility

District will verify actual needs of the community and adjust strategic goals/plans/priorities accordingly

District land, water and other assets are integrated with regional management mechanisms within 12 months of plan approval

LAFCO approval of new District authorities will be obtained no later than December 2011

The District Board of Directors will adopt the strategic plan April, 2010 and authorize staff to proceed with dispatch

All potential revenue mechanisms will be available to the District



Phased Approach for the District's Chosen Strategic Direction

Fix/Preserve Foundation

Act quickly to "stabilize" the District's current situation. Rebuild financial foundation with goal of creating secure platform for renewal & progress

Examples:

- o Stabilize finances - control costs
- o Generate short-term income
- o Wash plan implemented or re-tooled
- o Adopt strategic plan
- o Lay groundwork for key strategic initiatives/future revenue streams
- o Initiate legal/legislative process to re-charter District
- o Build support, identify partners
- o Secure District land/water assets



Initial Progress

Begin initial migration toward desired niche. Target high-payoff/low-risk strategic activities that add more value for community and that yield financial, support base, capability, and image gains.

Examples:

- o Engage partners (non-compete)
- o Initiate early projects in water resource, environmental conservation and recreation
- o Continue to secure organization foundation
- o Reorganize as appropriate
- o Upgrade/expand facilities
- o Add capability



Careful Evolution

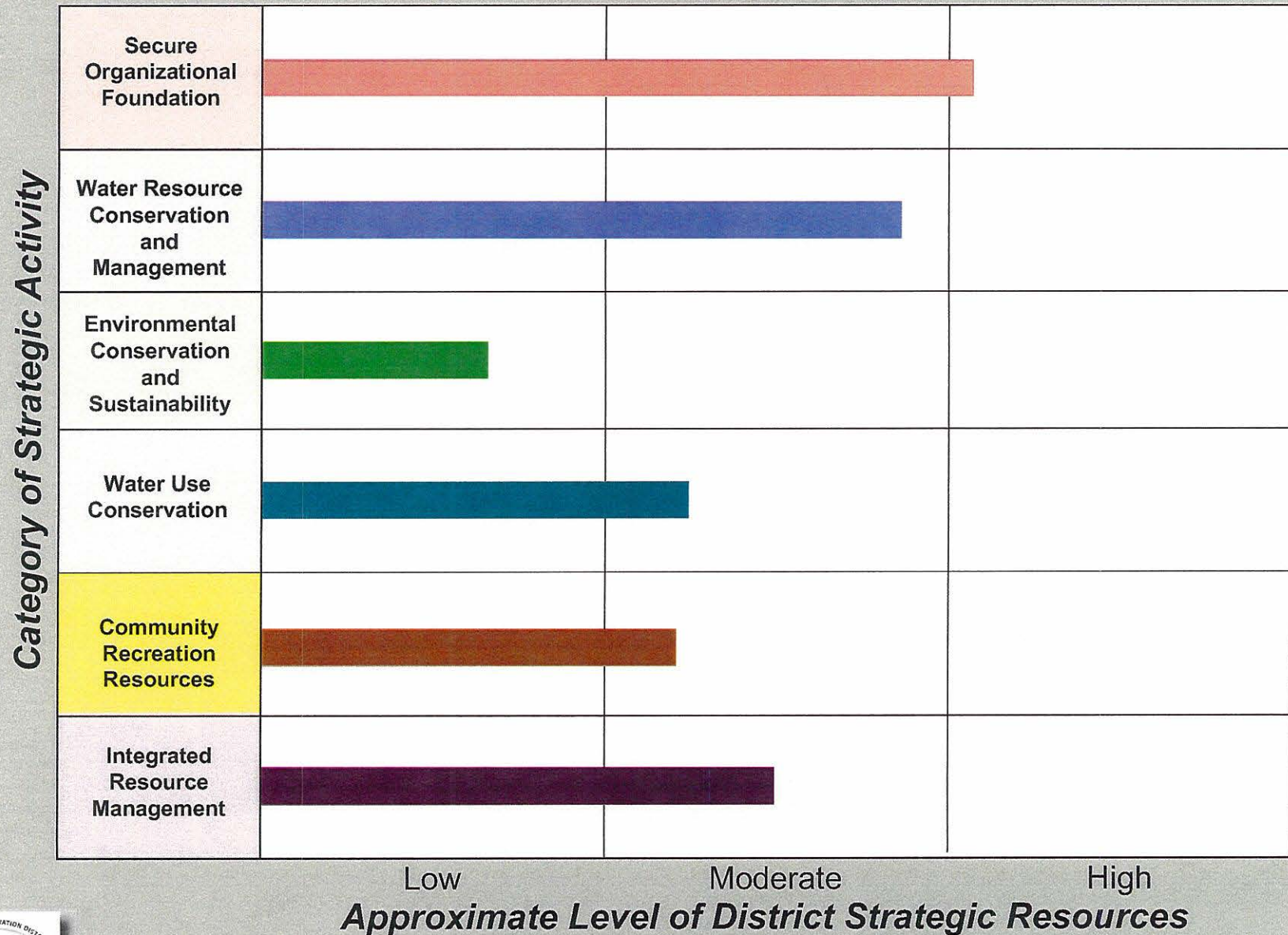
Lead, facilitate, or collaborate on key initiatives in water, environmental conservation and recreation resources consistent with new charter, role, mission, vision.

Examples:

- o Wetlands treatment
- o Recycled water marketing
- o Recreation areas
- o Environmental mitigation
- o Form new partnerships
- o Expand role and services



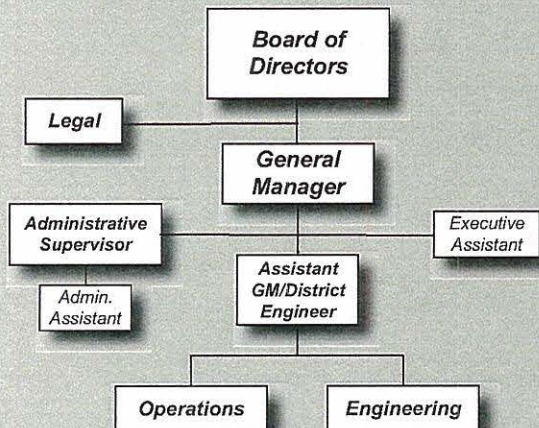
The District is Affected by the Wash Plan Level of Resources



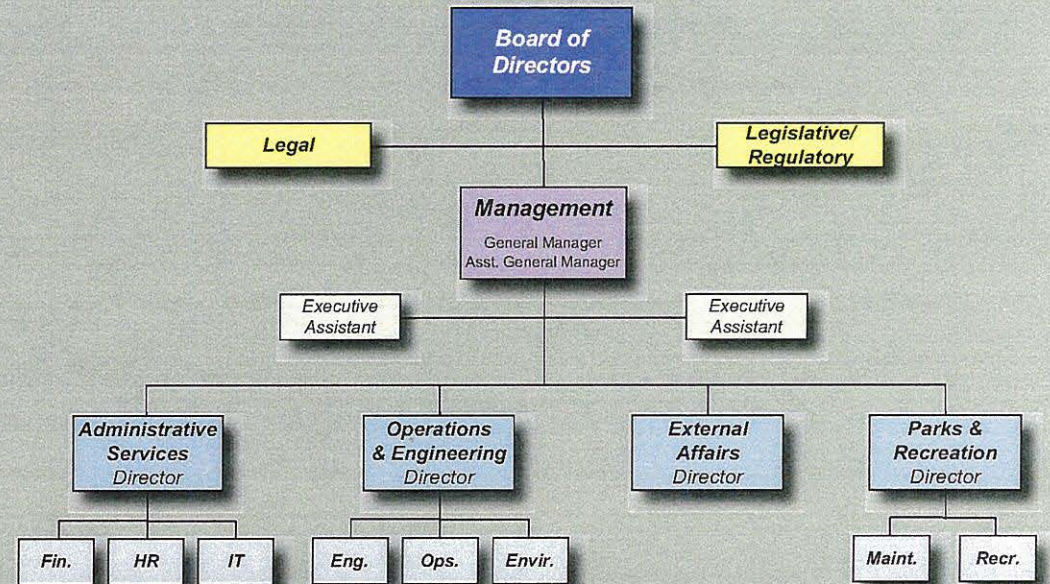
Preliminary Draft for Review by Board of Directors

The District Would Evolve to a New Organization Structure

Current



Potential



- o As District activity levels and finances expand, so would need for additional staff and capabilities.
- o Staffing growth would still occur if Wash Plan is implemented, but in different technical areas and at a potentially reduced level
- o Staffing increases would be subject to prior approval by Board of Directors



Preliminary Draft for Review by Board of Directors

Revenues Would be Derived Primarily From Water, Resource Development and Possibly, Environmental Mitigation Activities

Secure Organizational Foundation

- o Increased reliability of groundwater charge
- o Aggregate mining charges/mining fees/mining lease income
- o Retail aggregate sales yard
- o Sale of treated water from wetlands created on District property
- o Property sale
- o Income development of District property
- o Investment portfolio income
- o Special use fees (e.g. special use recreation)
- o Property access fees for small-scale aggregate mining
- o Grant and other funding

Water Resource Conservation & Management

- o Groundwater recharge services for other agencies/municipalities
- o Sale of treated water from wetlands created on District property
- o Groundwater storage banking/withdrawal charges
- o O&M/Management of recharge facilities owned by other agencies
- o Funding contributions from partners on joint projects/initiatives
- o Groundwater charge (may be temporary)
- o Water management & operation of transmission facilities
- o Grant and other funding

Environmental Conservation and Sustainability

- o Environmental mitigation land banking using District property
- o Grant and other funding

Water Use Conservation

- o Grant and other funding
- o Fees from landscaper water use conservation certification programs
- o Fees from outdoor water conservation training and workshops
- o Revenues generated by the other plan elements and activities

Community Recreation Resources

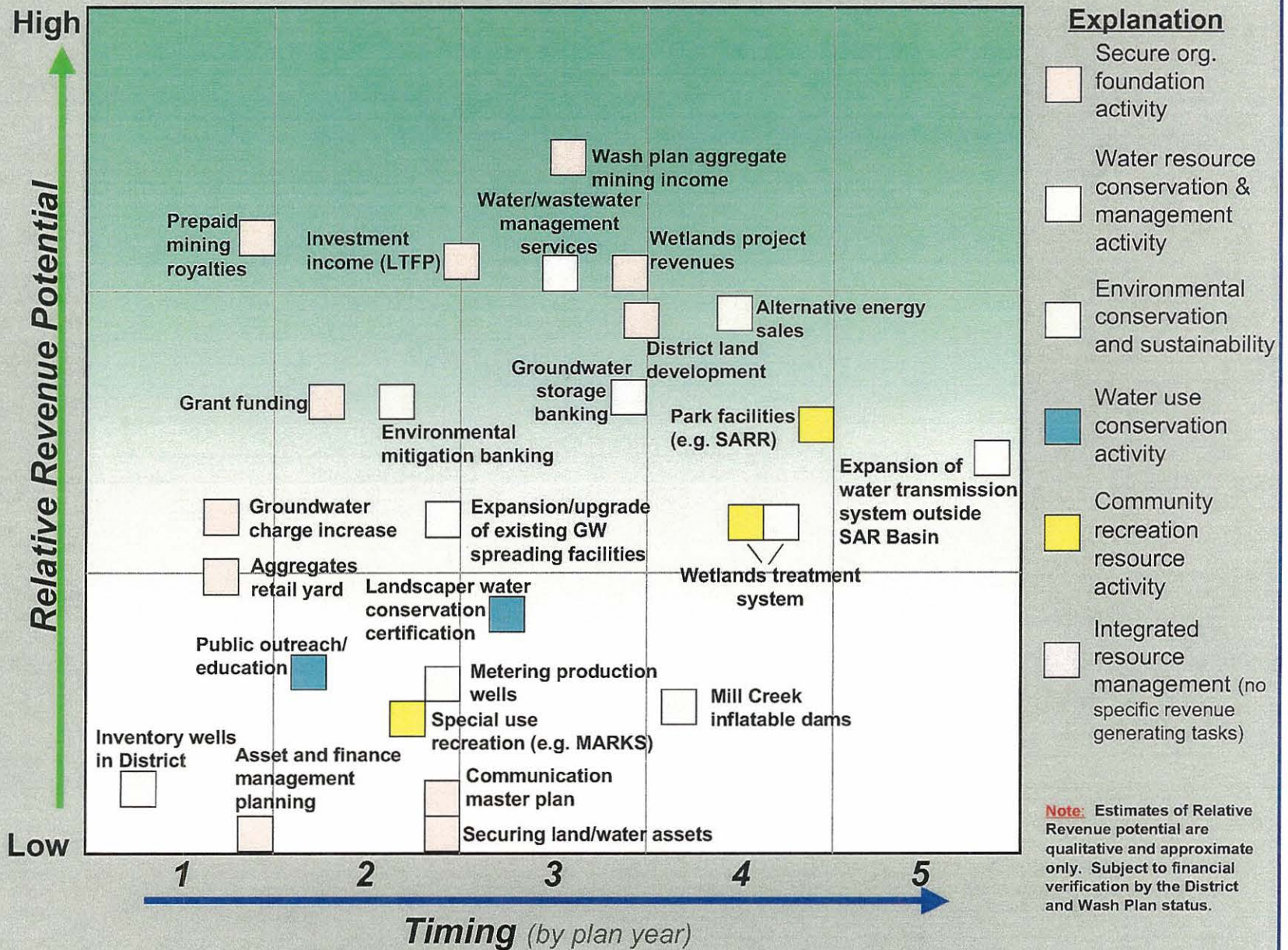
- o Park/facility user and access fees
- o Tax or other revenues derived under new District powers
- o Contractual fees/revenues for lease/use of District property by other entities for park or recreation use
- o Grant and other funding

Integrated Resource Management

- o Grant and other funding
- o Revenues generated by the other plan elements and activities
- o No other revenue sources identified



Relative Revenue Potential of Strategic Projects During Implementation*



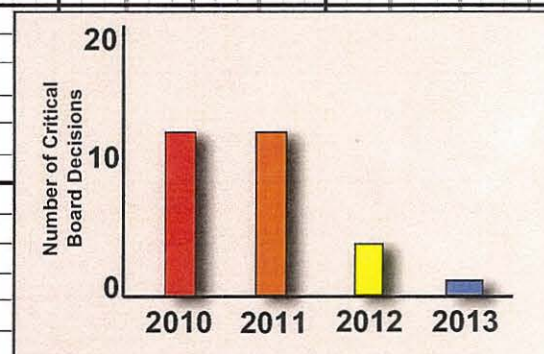
Preliminary Draft for Review by Board of Directors

Many Critical Board Decisions Occur Early in the Plan

| Strategic Category | Critical Board Decisions | Year Qtr. Mo. | 2010 | | | | 2011 | | | | 2012 | | | | 2013 | | | | 2014 | | | | | | |
|--|---|---------------------|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|---|---|---|
| | | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | |
| | | | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N |
| Secure Organizational Foundation | Adoption of strategic plan | | | ▲ | | | | | | | | | | | | | | | | | | | | | |
| | Decision on Wash Plan | | | ▲ | | | | | | | | | | | | | | | | | | | | | |
| | Approval of proposed District mission | | | ▲ | | | | | | | | | | | | | | | | | | | | | |
| | Approval of GM/AGM hires and staffing plans | | | | | | | | | | ▲ | | | | | | | | | | | | | | |
| | Approval of LAFCO application & legislation | | | | ▲ | | | | | | ▲ | | | ▲ | | | | | | | | | | | |
| | Approval of wetland recycled water plans | | | | | | | | | ▲ | | | | | | | | | | | | | | | |
| | Approval of asset management plan | | | | | | ▲ | | | | | | | | | | | | | | | | | | |
| | Approval of stakeholder agreements for water-spreading, etc. | | | | | | | ▲ | | | | | | | | | | | | | | | | | |
| | Approval of wetlands treatment agrmt./funding | | | | | | | | ▲ | | | | | | | | | | | | | | | | |
| Water Resource Conservation & Management | Adoption of District facilities management plan | | | | ▲ | | | | | | | | | | | | | | | | | | | | |
| | Adopt agreements to manage & operate all GW spreading-basins (services to other agencies) | | | | | | | ▲ | | | | | | | | | | | | | | | | | |
| | Approval to solicit wastewater contracts | | | | | | | | ▲ | | | | | | | | | | | | | | | | |
| | Adoption of all funding agreements | | | | | | | | | | ▲ | | | | | | | | | | | | | | |
| Environmental Conservation/ Sustainability | Decide land use designations - District parcels | | | | | ▲ | | | | | | | | | | | | | | | | | | | |
| | Approval of environmental plans for lands | | | | | | | | ▲ | | | | | | | | | | | | | | | | |
| | Approval to partner with environmental groups | | | | | | | | ▲ | | | | | | | | | | | | | | | | |
| Water Use Conservation | Approve water conservation plan | | | | | | | | | | ▲ | | | | | | | | | | | | | | |
| | Approvals to contract for consulting services | | | | | | | ▲ | | | | | | | | | | | | | | | | | |
| | Approvals to form agreements with key environmental groups | | | | | | | ▲ | | | | | | | | | | | | | | | | | |
| | Approve funding for conservation initiatives | | | | | | | | | | | | | | ▲ | | | | | | | | | | |
| | Approve contract for educational facilities | | | | | | | | | | | | | | | | ▲ | | | | | | | | |
| Community Recreation Resources | Approval to hire consultant to develop recreational plan for District | | | | ▲ | | | | | | | | | | | | | | | | | | | | |
| | Authorize relocation of MARKS to Mill Creek | | | | | | ▲ | | | | | | | | | | | | | | | | | | |
| | Approve formation of Parks Dept. within District | | | | | | | | | | | ▲ | | | | | | | | | | | | | |
| | Approve construction funding for SARR Park | | | | | | | | | | | ▲ | | | | | | | | | | | | | |
| Integrated Resource Mgmt. | Approval for District SCADA system | | | | | | | | | | | | | | ▲ | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |

Number of Critical Board Decisions

| Year | Number of Critical Board Decisions |
|------|------------------------------------|
| 2010 | 12 |
| 2011 | 12 |
| 2012 | 3 |
| 2013 | 1 |



Accountability for Implementation Rests With the Board and GM

| Groups/ Individuals Category of Plan-Related Activity | Governance | | | Management | | | Legal | Prof. Services | | | Stakeholders | | | |
|---|-----------------------|------------|--|--------------------|------------------------------|-------------------------|------------------|----------------|---------------------------|-------|--------------------|---------------------|-----------|--------|
| | Board of Directors | Committees | | General Manager | Assistant General Manager | Financial Supervisor | Legal Counsel | Technical | Political/ Legislative | Other | Water Community | Project Partners | Producers | Public |
| Plan Adoption | A/R | | | R | R | C | C | | C | | C | C | C | C |
| Manage/Implement Tasks | | | | A/R | R | R | I | R | R | | | R | | |
| Progress Monitoring | | | | A/R | R | R | | | | | I | I | I | I |
| Status Reporting | I | | | A/R | R | R | | | | | | | | |
| Plan Budgeting | A/C | C | | R | R | R | | | | | | | | |
| Risk Management | A | | | R | C | C | C | C | C | C | | | | |
| Expenditure Authorization | A | | | R | C | C | | | | | | | | |
| Change Approvals | A/C | C | | R | C | C | C | | | | | | | |
| Contractor Coordination | | | | A/R | R | R | I | | | | | | | |
| Recommendations | I | C/I | | A/R | C | C | C | | | | | | | |
| Legal Matters | A | | | R | I | I | R/C | | | | | | | |
| Contractual Agreements | A | | | R | I | C | C | | | | | C/I | | |
| External Commun./Coord. | | | | A/R | R/C | | | | | | I | I | I | I |
| "Technical" Execution | | | | A/R | R/C | | C | R | R | | | I | I | |
| District Re-Chartering | A | | | R | C | C | R | | C/R | | | | | C |
| District Reorganization | A/C | C | | R | R | C | C | | C/R | | | | | C |
| External Communications | A/C | C | | R | R/C | | C | | | | I | I | I | I |
| Regulatory Affairs | I | | | A/R | C | | C | | C | | | | | |
| Legislative Affairs | A/C | C | | R | C | | | | C | | | | | |
| Financial Supervision | | | | A/R | R/C | R | | | | | | | | |

R = Responsible for executing the task A = Accountable for the results C = Consulted prior to action or decision I = Informed



Preliminary Draft for Review by Board of Directors

Preliminary Plan Milestones

2014

- o District infrastructure expanded
- o GW storage banking initiated
- o Alternative energy powers ops.

2013

- o Wetlands operational
- o Construct optimization study facilities
- o Operations optimized - SCADA in-place

2012

- o Wetland funding arrangements in-place
- o District serving as SBBA recharge/ops agency
- o First park recreation facility open to public

2011

- o All District land/water assets harmonized
- o Legislature/LAFCO approves reorganization
- o Wetlands recycled water plans approved
- o First environmental mitigation agreement signed

2010

- o Strategic framework adopted by Board of Directors
- o District finances stabilized
- o Wash Plan implemented or re-tooled
- o Coordinate with LAFCO on activation of latent powers



Next Steps in the District's Planning Process

- ☒ ***Issue summary draft of high-level strategic framework for Board review/comment***
- ☐ ***Discuss and consider adoption at April 7th Board workshop***
 - *A public meeting to discuss the preliminary framework will be held on April 28, 2010*
- ☐ ***Staff revises/finalizes preliminary strategic framework sections per Board feedback***
- ☐ ***Staff continues early implementation of activities when approved by Board***
- ☐ ***Final preliminary draft strategic framework issued to Board by Staff***
- ☐ ***Staff begins implementation of preliminary strategic framework activities***
- ☐ ***Staff reports progress/status regularly to Board and Committees***
- ☐ ***Staff adjusts/amends preliminary strategic framework as appropriate with Board approval during implementation period as conditions change and/or new information emerges***
- ☐ ***Preliminary strategic framework and progress reviewed annually with Board of Directors at conclusion of each fiscal year***





SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

Established 1932

1630 West Redlands Boulevard, Suite A
Redlands, CA 92373-8032
(909) 793-2503
Fax: (909) 793-0188

P.O. Box 1839
Redlands, CA 92373-0581
Email: info@sbvwcd.dst.ca.us
www.sbvwd.dst.ca.us

TO: The Board of Directors, San Bernardino Valley Water Conservation District
FROM: David B. Cosgrove, General Counsel
DATE: April 6, 2010
RE: Ordinance 2010-1 – Ordinance re Directors' Compensation; Resolution No. 457

RECOMMENDATIONS:

A. Following receipt of comment and testimony at the public hearing, approve and adopt Ordinance 2010-1, relating to establishment of policies for compensation and expense reimbursements to Directors, for services performed on behalf of the District.

B. If that Ordinance is passed, consider and adopt Resolution No. 457, implementing various cost-cutting measures authorized by the ordinance.

BACKGROUND:

Water Code sections 20201 et seq. lay out procedures applicable to all water districts for the rates and eligibility for per-diem compensation of Directors, when performing services on behalf of the District. In light of the District's recent budget pressures, the Board directed staff to analyze existing policies on such reimbursements and compensation, and directed staff to come back with an ordinance allowing the Board to lower certain of these expenses. A preliminary draft of the ordinance was reviewed by the Board at its regular meeting of March 24, 2010, and is now presented for public comment and consideration by the Board for adoption.

Water Code section 20201 requires the form of Board action on this to be an ordinance. The Conservation District Board of Directors is authorized to pass ordinances under its general powers, conferred by Water Code section 74650. Water Code section 20203 requires a public hearing on the ordinance, and specifies that notice must be published pursuant to Government Code 6066, which requires published notice once a week for two consecutive weeks. Here, notice of the public hearing on the ordinance was published in the San Bernardino Sun on March 29 and April 5, 2010. If passed, the ordinance is effective immediately, but must be published, in its entirety, in a newspaper of general circulation (Water Code section 74651).

The following are the most salient features of the ordinance now before the Board:

1. The ordinance modifies prior District policies regarding the automatic increase in compensation. Water Code section 20202 permits an automatic increase of up to five percent

BOARD
OF
DIRECTORS

Richard W. Corneille
Clare Henry Day

Arnold L. Wright
John Longville

David E. Raley
Melody McDonald
Manuel Aranda, Jr.

GENERAL
MANAGER

R. Robert Neufeld

(5%) each calendar year, which the District implemented in 1995. Ordinance 2010-1 retains this feature, but provides an annual review, in December of each year, in which the Board can decide to accept the increase, reject it, or accept some modified, lesser amount.

2. The per-diem rate of compensation is set at One Hundred Ninety-Seven Dollars (\$197.00). This is the rate effective for 2009. This rate is consistent with the Board's 1995 ordinance on this subject, which set compensation at One Hundred Five Dollars (\$105.00) per meeting, and has been subject to a five percent (5%) automatic increase ever since. The \$197 figure is the result of application of those 5% increases over the years.

3. Water Code section 20202 also provides a maximum of ten (10) days per month that a Director can be paid for attendance at meetings or other services of the District. Ordinance 2010-1 permits the Board, by resolution from time to time, to set a lower number.

4. The annual review of the five percent (5%) increase, and the mechanism for setting the maximum number of compensable meetings per month, have been set up to be able to be amended by resolution of the Board. This would allow the Board the flexibility to respond to future financial pressures, by allowing quicker reductions in Board compensation and eligible meetings, without the need to observe all the formalities of ordinance publication and adoption. In no event, however, does the ordinance permit the Board to set compensation or eligibility for days of compensation above that previously authorized by State law.

As a separate agenda item, staff is submitting a companion resolution to this ordinance, Resolution No. 457. This resolution will carry out prior direction from the Board, to forego the five percent (5%) increase for calendar year 2010, from and after the date the resolution may be adopted. It also sets the maximum number of compensable meetings at nine (9).

This resolution is dependent upon passage of Ordinance 2010-1, which authorizes the Board to set such matters by resolution. If Ordinance 2010-1 is not passed, therefore, action on the proposed Resolution No. 457 should therefore be tabled, in favor of a future amendment to existing Ordinance 95-1.

ORDINANCE NO. 2010-1

**ORDINANCE OF THE BOARD OF DIRECTORS OF THE
SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
AMENDING DISTRICT POLICY
REGARDING COMPENSATION TO DISTRICT DIRECTORS AND
STAFF FOR SERVICES ON BEHALF OF THE DISTRICT**

WHEREAS, California Water Code Sections 74208 *et seq.* provide that each director of the San Bernardino Valley Water Conservation District ("District") may receive compensation for each day's attendance at meetings of the Board or for each day's service rendered as a director by request of the Board, as authorized or permitted by law, together with allowed expenses incurred in the performance of his or her duties required or authorized by the Board; and

WHEREAS, California Water Code Sections 20201 *et seq.* authorize a water district to provide, by ordinance, that the number of days for which each director may receive compensation may be set to a number not to exceed 10 days per month; and

WHEREAS, the District's Board of Directors previously passed Ordinance 95-1 relating to policies of compensation to Directors for attendance at Board meetings, and reimbursement of expenses; and

WHEREAS, that Ordinance fixed compensation for Directors at one hundred five dollars (\$105.00) per meeting, and provided for an automatic yearly increase in such amount, as authorized by California Water Code sections 20201 *et seq.*; and

WHEREAS, given such annual increases since Ordinance 95-1 was passed, that amount is now one hundred ninety-seven dollars (\$197.00); and

WHEREAS, the District's Board of Directors now wishes to modify those policies; and

WHEREAS, after notice published pursuant to Government Code section 6066, the District's Board of Directors held a public hearing to consider adoption of this Ordinance; and to hear and consider public comment thereon;

NOW, THEREFORE, the Board of Directors of the San Bernardino Valley Water Conservation District does hereby ordain as follows:

Section 1: The following compensation shall be paid to each director for attendance at meetings of or at the request of the Board of Directors:

- a) Each director shall receive compensation in an amount of one hundred ninety-seven dollars (\$197.00) per day for attendance at each regular, adjourned or special meeting of the Board of Directors.
- b) Each director shall receive compensation in an amount of one hundred ninety-seven dollars (\$197.00) per day for attendance at each authorized

meeting of a committee of the Board of Directors, conference, or other authorized meeting.

- c) The designation of the meetings for which attendance is reimbursable shall be set forth in the Board Policy Manual, which may be amended by resolution of the Board.
- d) The amount of compensation stated in Sections 1(a) and 1(b) above shall be automatically increased each year by five percent (5%) of the rate for the immediately preceding year, effective January 1. Notwithstanding such automatic increase, the Board shall, each year following the effective date of this Ordinance, no later than at its regular meeting in December, place on the agenda for open session a consideration of whether to receive the five percent (5%) increase for that year, accept a lesser amount of increase, or forego receipt of the increase. Such determination shall be made by resolution of the Board, which must be adopted by no less than a majority of the then-sitting members of the Board. In the event such resolution is passed to forego the increase, the compensation for the ensuing year shall be paid at the rate specified in the resolution, which shall be no greater than the amount of the automatic increase. No such resolution shall be binding for more than one year, nor shall it affect the amount of the automatic increases, year to year.
- e) In order to receive payment for meetings authorized under Subsections 1 a) and 1 b) above, each director shall submit a written report listing the date of attendance, type of meeting attended, and expenses incurred, consistent with procedures set out on the Board Policy Manual, which may be amended by resolution of the Board.

Section 2: The following compensation and expense reimbursement policies shall apply to each Director and authorized staff member attending authorized conferences, seminars and other meetings as a director or representative of the District at the request of the Board of Directors:

- a) Each director and authorized staff member shall receive reimbursement for actual expenses incurred for lodging and meals in connection with attendance at such conferences, seminars or meetings together with registration fees.
- b) Each director and authorized staff member shall receive reimbursement for transportation to and from such conference, seminar or meeting, as actually incurred by each director and authorized staff member. Where travel is by personal automobile, the director or authorized staff member shall be reimbursed for miles driven in their personal automobile at the then current rate set by the Internal Revenue Service. In the event that two or more directors and/or staff members travel in the same automobile, only the director or staff member providing the automobile shall receive

mileage reimbursement. In no event shall reimbursement for travel expenses exceed the cost of standard round-trip coach airfare from Ontario, California to the location of the conference, seminar or meeting, plus round-trip ground transportation between the airport and the actual site of the conference, seminar or meeting.

- c) Each director or authorized staff member shall receive reimbursement for the actual cost incurred in connection with rental car transportation or other ground transportation at the location of the conference, seminar or meeting if needed.
- d) In order to receive reimbursement as outlined in subdivisions 2 a) through 2 c) above, each director or authorized staff member shall submit to the Board of Directors a written expense report consistent with the policies stated in the Board Policy Manual. Such expense report shall explain in detail the reimbursement sought, the reason for incurring the expense(s), and contain relevant bills and/or receipts documenting the expenses(s). Any request for reimbursement of gratuities shall not exceed fifteen percent (15%).
- e) In the event that a director or authorized staff member of the District is an employee or board member of another public agency and attends a conference or meeting at the request of both the Board of Directors of the San Bernardino Valley Water Conservation District and the other public agency, the District shall reimburse costs for travel, lodging, and other approved expenses, and pay director's fees at the rate of fifty percent (50%) of the compensation authorized hereinabove.

Section 3: Notwithstanding the provisions of Sections 1 and 2 above, compensation for each person can be earned for only one (1) meeting per calendar day, or one conference per calendar day. No director shall be authorized to receive compensation for attendance or services rendered for more than a total of ten (10) days in any calendar month. Notwithstanding the foregoing, the District's Board of Directors may, by resolution, from time to time, establish the total days per month eligible for compensation at a number less than ten (10) days. Any such resolution must be adopted by a vote of not less than a majority of then-sitting Directors.

Section 4: Payment of compensation for attendance at the approved meetings or conferences will be processed pursuant to procedures specified in the Board Policy Manual, which may be amended by resolution of the Board.

Section 5: This Ordinance supersedes and rescinds all previously adopted resolutions and ordinances or promulgated by the Board of Directors regarding compensation, reimbursement, or per diem payment to directors and authorized staff members in connection with attendance at meetings of the Board of Directors or its committees, or conferences, seminars or other approved meetings attended at the request or authorization of the Board of Directors.

Section 6: This Ordinance shall become effective 60 days after its date of passage. The Board Secretary is authorized and directed to publish notice of adoption of this Ordinance in the manner prescribed by Water Code Section 20201 and 74651 and as otherwise required by law.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Board of Directors of the San Bernardino Valley Water Conservation District this ___ day of _____, 2010, by the following roll-call vote:

YES: DIRECTORS

NO: DIRECTORS

ABSTAIN: DIRECTORS

ABSENT: DIRECTORS

Clare Henry Day, President

ATTEST:

R. Robert Neufeld
Board Secretary

RESOLUTION NO. 457

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT IMPLEMENTING VARIOUS POLICIES SET BY ORDINANCE NO. 2010-1 RELATING TO COMPENSATION TO DISTRICT DIRECTORS FOR SERVICES ON BEHALF OF THE DISTRICT

WHEREAS, the Board of Directors of San Bernardino Valley Water Conservation District has published notice of a public hearing for consideration of Ordinance No. 2010-1, relating to compensation to District directors and staff for services rendered on behalf of the District; and

WHEREAS, that Ordinance, if passed, authorizes the Board of the San Bernardino Valley Water Conservation District to establish certain policies and practices relative to compensation for services performed by District directors and staff on behalf of the District; and

WHEREAS, the Board of Directors of the San Bernardino Valley Water Conservation District now wishes to establish, by resolution, and consistent with authorization to be provided by Ordinance 2010-1, regarding the five percent (5%) increase in compensation authorized under California Water Code sections 20201 et seq., and the number of meetings per month that the members of the Board of Directors will be eligible to receive compensation for, for services rendered on behalf of the District.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. For the remainder of the calendar year 2010, and pursuant to Section 1, Subsection (d) of Ordinance 2010-1; the Board of Directors elects to forego the five percent (5%) increase in the per-meeting rate of compensation to be paid to Directors for services rendered on behalf of the District. The rate of compensation to be paid to Directors shall therefore remain fixed for the remainder of calendar year 2010 at the amount of One Hundred Ninety-Seven Dollars (\$197.00) per meeting.

Section 2. Pursuant to authority granted in Section 3 of Ordinance No. 2010-1, the Board hereby sets the maximum number of meetings that any one Director can be compensated for in any given month at nine (9) meetings. This nine (9) meeting per month limit shall remain in effect until otherwise modified by resolution of the Board.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Board of Directors of the San Bernardino Valley Water Conservation District this 14th day of April 2010, by the following roll-call vote:

| | |
|----------|------------|
| YES: | DIRECTORS: |
| NO: | DIRECTORS: |
| ABSTAIN: | DIRECTORS: |
| ABSENT: | DIRECTORS: |

ATTEST:

Clare Henry Day, President

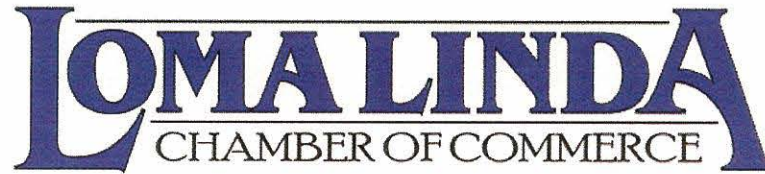
R. Robert Neufeld, Secretary



Your instant connection to the business community!

**25541 Barton Rd., P.O. Box 343, Loma Linda, Ca 92354
(909) 799-2828**

**2010 CORPORATE
SPONSORSHIP PROPOSAL**



JANUARY 2010

TO WHOM IT MAY CONCERN:

The Loma Linda Chamber of Commerce would like to request support from your business as a Sponsor for our events that are held throughout the year in the City of Loma Linda and other supporting cities throughout the Inland Empire.

Striving for excellence in the support of its members is of utmost importance to the Chamber. Sponsorship contributions from caring businesses such as yours, is vital, as it allows us to meet the growing demands of a growing and thriving community. They also serve not only as a promotional tool in the marketing of your business, but also in the expansion of your community outreach. This year we hope to have more attendees than at our previous year's events. And we can't emphasize enough how the support from your business allows us the opportunity to further evolve, develop and enhance the quality of these events.

For your review, enclosed is a Sponsorship Proposal, which includes an overview of each event along with promotional opportunities in exchange for your contribution.

As indicated in the Golf Tournament section of our Sponsorship Proposal, when you become a Titanium Sponsor or a \$10,000 Hole-In-One Contest Sponsor, or a Million Dollar Hole-In-One Contest Sponsor, we will customize the benefits with your organization based on what your needs are. We are very supportive and focus on your vision and goals.

If you have any questions or ideas that you think may be helpful to get the most from your sponsorship, I would be more than happy to sit down and discuss them with you. I believe when you place your trust in our Chamber by supporting us in our endeavors, the least we can do is support you in your promotional needs.

Once again, thank you for your time and consideration. I look forward to hearing from you soon.

Sincerely,

A handwritten signature in blue ink, appearing to read "Phil Carlisle". The signature is fluid and cursive, with a long horizontal stroke at the end.

Phil Carlisle

CEO

Loma Linda Chamber of Commerce

SPONSORSHIP LEVELS

■ COMMUNITY AWARDS AND INSTALLATION DINNER

BENEFACTOR \$800.00: Includes Table of 8 with Benefactor's name on table, listing on banner to be prominently displayed at the Dinner, prominent listing in the printed program, recognition of your company or organization at the Dinner, follow-up inclusion as a Benefactor in the Loma Linda Report (distribution of 10,000 to all residences and businesses in Loma Linda) and in all other publicity connected with the event, and inclusion on the Chamber Honor Roll listing in the Loma Linda Report throughout the Year 2009.

PATRON \$600.00: Includes listing on Banner to be prominently displayed at the Dinner, prominent listing in the printed program, recognition of your company or organization at the Dinner, follow-up inclusion as a Patron in the Loma Linda Report (distribution 10,000 to all residences and business in Loma Linda) and in all other publicity connected with the event.

SPONSOR \$300.00: Includes listing in program, recognition of your company or organization at the Dinner, follow-up inclusion as a Patron in the Loma Linda Report (distribution to all residences and businesses in Loma Linda).

■ **BUSINESS EXPO:**

GOLD \$450.00: Includes booth space, recognition in all advertising, listing on program, listing on banner and special recognition in the Loma Linda Report throughout the year.

SILVER \$300.00: Includes listing on program, recognition in the May/June Loma Linda Report, general recognition in all advertising and publicity.

BRONZE \$150.00: Includes listing on the program as a Bronze Sponsor.

■ **GOLF TOURNAMENT:**

TITANIUM SPONSOR \$ 1000.00 – Includes customized benefits to be discussed based on organization's marketing goals.

\$10,000 HOLE-IN-ONE CONTEST SPONSOR \$1500.00 – Includes customized benefits to be discussed based on organization's marketing goals.

■ COMMUNITY PARADE

BENEFACTOR \$1000.00: Two weeks of underwriting credits on LLBN TV Channel 17, a minimum of 28 30-second exposures (2 per day), includes preparation of spots including company and organization name, address, phone, and photo, 2 week listing on Channel 17 website billboard on home page (average 1500 hits per day) www.llbn.tv, coverage includes Loma Linda and portions of surrounding cities, parade entry fee waived, fair booth fee waived, Banner promoting your business or organization carried at the front of parade, prominent listing on the printed program (circulation 1500), follow-up inclusion as a Benefactor Sponsor in the Loma Linda Report (distribution to all residences and businesses in Loma Linda, circulation 10,000 copies), recognition throughout the year in Loma Linda Report's Chamber Honor Roll.

GOLD \$500.00: Parade entry fee waived, fair booth fee waived, Banner promoting your business or organization carried at the front of parade, prominent listing on the printed program (circulation 1500), follow-up inclusion as a Gold Sponsor in the Loma Linda Report (distribution to all residences and businesses in Loma Linda, circulation 10,000 copies), recognition throughout the year in Loma Linda Report's Chamber Honor Roll.

SILVER \$300.00: Parade entry fee waived, Banner promoting your business or organization carried at the front of parade, prominent listing on the printed program (circulation 1500), follow-up inclusion as a Silver Sponsor in the Loma Linda Report (distribution to all residences and businesses in Loma Linda, circulation 10,000 copies).

UNDERWRITER \$175.00: Parade entry fee waived, listing on the printed program (circulation 1500), follow-up inclusion as an Underwriter in the Loma Linda Report (distribution to all residences and businesses in Loma Linda, circulation 10,000 copies).

■ **STATE OF THE COMMUNITY LUNCHEON**

PLATINUM \$350.00: Includes Table of 6 with sponsor sign on table, listing on Banner to be prominently displayed at the Luncheon, listing on the printed program, recognition of your company or organization at the Luncheon, follow-up inclusion in the Jan/Feb edition of the Loma Linda Report (distribution to all residences and businesses in the Loma Linda area: circulation 10,000 copies) and in all other publicity, listing on the Chamber Honor Roll throughout the year 2011 in the Loma Linda Report.

GOLD \$200.00: Includes listing on Banner to be prominently displayed at the Luncheon, listing in the printed program, recognition of your company or organization at the Luncheon, follow-up inclusion in the Jan/Feb edition of the Loma Linda Report (distribution to all residences and businesses in the Loma Linda area: circulation 10,000 copies) and in all other publicity, listing in the Chamber Honor Roll throughout the year 2009 in the Loma Linda Report.

SILVER \$100.00: Listing in the printed program, recognition of your company or organization at the Luncheon, follow-up inclusion in the Jan/Feb edition of the Loma Linda Report (distribution to all residences and businesses in the Loma Linda area: circulation 10,000 copies).



LOCAL AGENCY FORMATION COMMISSION

215 North "D" Street, Suite 204 • San Bernardino, CA 92415-0490

(909) 383-9900 • Fax (909) 383-9901

E-mail: lafco@lafco.sbcounty.gov • www.sbclafco.org

Established by the State of California to serve the Citizens, Cities, Special Districts and the County of San Bernardino

March 18, 2010

COMMISSIONERS

PAUL BIANE
Board of Supervisors

KIMBERLY COX
Special District

JAMES V. CURATALO
Special District

LARRY McCALLON
City Member

BRAD MITZELFELT, Vice Chair
Board of Supervisors

MARK NUAIMI, Chair
City Member

RICHARD P. PEARSON
Public Member

ALTERNATES

JIM BAGLEY
Public Member

NEIL DERRY
Board of Supervisors

ROBERT W. SMITH
Special District

DIANE WILLIAMS
City Member

STAFF

KATHLEEN ROLLINGS-McDONALD
Executive Officer

SAMUEL MARTINEZ
Senior LAFCO Analyst

MICHAEL TUERPE
LAFCO Analyst

Vacant
Clerk to the Commission

ANGELA M. SCHELL
Deputy Clerk to the Commission

REBECCA LOWERY
Deputy Clerk to the Commission

LEGAL COUNSEL

CLARK H. ALSOP

**TO: Presidents of the Boards of Directors of the
Independent Special Districts in San Bernardino County**

**SUBJECT: Special Districts Selection Election for Regular LAFCO
Member and Alternate LAFCO Member**

By distribution of this letter, the official voting process for the Regular Special District Member and the Alternate Special District Member of the Local Agency Formation Commission shall commence. Attached are the ballots for the selection of these positions. Pursuant to the provisions of Government Code Section 56332, the voting period will be for 32 days, commencing as of today's date and ending on **Monday, April 19, 2010**. The voting instructions for these selections are as follows:

1. Each District may vote for one candidate only per position. The vote shall be cast as directed by the Board of Directors of the District through consideration at a Board Hearing and a roll call vote. A copy of the information provided by the candidates is included for your information.
2. The signed original ballot, with the name of each voting Board Member outlined, must be received in the LAFCO Office by 5:00 p.m. on **April 19, 2010**. If a faxed copy of the ballot is provided by the April 19 deadline, the original signed copy must be received by 5:00 p.m. on April 26, or the ballot will be declared invalid.
3. Twenty-six (26) ballots are required to be received for selection of the Special District positions.

The completed ballot is to be mailed to:

Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
215 N. D Street, Suite 204
San Bernardino, CA 92415

If you are faxing a copy of the ballot, the LAFCO fax number is (909) 383-9901. As outlined in Item #2 above, if the ballot is faxed to the LAFCO office, the original signed copy of the ballot will need to be mailed to the above address and received by 5:00 p.m. on April 26, 2010 to be considered in the election.

Please let me know if you have any questions concerning this selection process. You may contact me at the address listed above, by e-mail at lafoo@lafoo.sbcounty.gov, or by phone at (909) 383-9900.

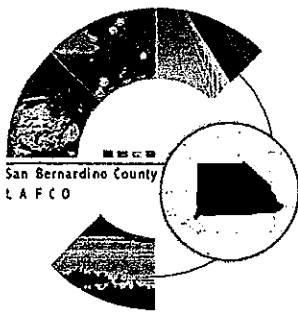
Sincerely,

A handwritten signature in cursive script, appearing to read 'Kathleen Rollings-McDonald'.

KATHLEEN ROLLINGS-McDONALD
Executive Officer

KRM/MT

Enclosures



LOCAL AGENCY FORMATION COMMISSION

215 North "D" Street, Suite 204 • San Bernardino, CA 92415-0490

(909) 383-9900 • Fax (909) 383-9901

E-mail: lafco@lafco.sbcounty.gov • www.sbclafco.org

Established by the State of California to serve the Citizens, Cities, Special Districts and the County of San Bernardino

March 24, 2010

Sent Via E-mail and U.S. Mail

COMMISSIONERS

PAUL BIANE
Board of Supervisors

KIMBERLY COX
Special District

JAMES V. CURATALO
Special District

LARRY McCALLON
City Member

BRAD MITZELFELT, Vice Chair
Board of Supervisors

MARK NUAIMI, Chair
City Member

RICHARD P. PEARSON
Public Member

ALTERNATES

JIM BAGLEY
Public Member

NEIL DERRY
Board of Supervisors

ROBERT W. SMITH
Special District

DIANE WILLIAMS
City Member

STAFF

KATHLEEN ROLLINGS-McDONALD
Executive Officer

SAMUEL MARTINEZ
Senior LAFCO Analyst

MICHAEL TUERPE
LAFCO Analyst

Vacant
Clerk to the Commission

ANGELA M. SCHELL
Deputy Clerk to the Commission

REBECCA LOWERY
Deputy Clerk to the Commission

LEGAL COUNSEL

CLARK H. ALSOP

**TO: Presidents of the Boards of Directors of the
Independent Special Districts in San Bernardino
County**

SUBJECT: Special Districts Election for Regular LAFCO Member

This letter provides a Revised Ballot for Regular Special District Member of the Local Agency Formation Commission. The revision is the removal of Ms. Linda DeLuca as a candidate for the position. LAFCO staff has learned that Ms. DeLuca is ineligible for the position as she is not a member of the board of directors of an Independent Special District in the County.

Due to the revision, the voting period will be extended one week to Monday, April 26, 2010 for the **Regular Special District Member**. No change in the process for Alternate Special District Member has been made. The signed original ballot, with the name of each voting Board Member outlined, must be received in the LAFCO Office by 5:00 p.m. on **April 26, 2010**. If a faxed copy of the ballot is provided by the April 26 deadline, the original signed copy must be received by 5:00 p.m. on May 3, or the ballot will be declared invalid.

My apologies for any inconvenience this revision has caused the Districts. Please let me know if you have any questions concerning this revised selection process. You may contact me at the address listed above, by e-mail at lafco@lafco.sbcounty.gov, or by phone at (909) 383-9900.

Sincerely,

KATHLEEN ROLLINGS-McDONALD
Executive Officer

BALLOT - REVISED

**REGULAR SPECIAL DISTRICT MEMBER
OF THE LOCAL AGENCY FORMATION COMMISSION**

The _____
(Name of District)

hereby votes for the marked candidate as indicated below:

REGULAR MEMBER OF LAFCO:

_____ **JAMES CURATALO (Member of the Board of Directors of
Cucamonga Valley Water District)**

_____ **SARAH EVINGER (Member of the Board of Directors of
Chino Valley Independent Fire District)**

I, _____, do hereby certify that at its regularly-
scheduled meeting of _____, the Board of Directors voted to elect
the above-marked candidate as the Regular Special District Member of the Local Agency
Formation Commission of San Bernardino County, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

District President/Authorized Board Member

Dated: _____

ELECT
James V. Curatalo, Jr.
For LAFCO Special District Voting Member

Dear Special District Colleges:

My name is Jim Curatalo and I am seeking the Special District Voting Member vacancy on the San Bernardino County Local Agency Formation Commission (LAFCO). For the past six years I have served on LAFCO as the Special District Representative which has provided me with a depth of knowledge and experience in addressing governance issues as it pertains to special districts. As your representative I have worked to ensure the integrity and scope of special district governance is preserved and effective not only for special district organizations, but for the constituents that we serve. I would like to continue my representation of LAFCO by serving as your Special District Voting Member.



I truly believe the special district form of government provides one of the most effective, accessible, and accountable forms of delivery of local services. I have learned a great deal about the governance of San Bernardino County through the evaluation of numerous service reviews of public agencies that have come before the Commission. With this gained knowledge I hope to continue to provide quality representation as a member of the special district community. California's political landscape, and in particular the role LAFCO plays statewide, is changing and requires that the San Bernardino LAFCO have representation that will provide leadership, direction and a common sense approach to managing local government.

My political involvement includes serving on the Board of Directors of the Cucamonga Valley Water District for the past 12 years. I have previously served as President and Vice-President of the Board and I also serve as the Chairman of the Legislative and Public Affairs and Water Resources Committees, as well as a member of the Personnel Committee.

My commitment to community service and local government is demonstrated by my extensive experience as a fire safety employee for the City of Rancho Cucamonga Fire Protection District. While employed I have served as a firefighter/engineer, fire captain and battalion chief. My experience in working with the Fire Protection District has solidified my belief that local self-governance is the cornerstone of democracy and is the most responsive form of government for the people.

From what I have experienced on the job, and through my experience as a policy-maker, I firmly believe in the special district approach to local government and the need to have effective representation on the LAFCO Board. If elected as the Special District Voting Member I want you to know that I will serve the organization to the best of my ability and for the betterment of all special districts. **I look forward to your support!**

James V. Curatalo, Jr.

BALLOT

ALTERNATE SPECIAL DISTRICT MEMBER OF THE LOCAL AGENCY FORMATION COMMISSION

The _____
(Name of District)

hereby votes for the marked candidate as indicated below:

ALTERNATE MEMBER OF LAFCO:

_____ STEVEN FARRELL (Member of the Board of Directors of
Crestline Village Water District)

_____ RAY MARQUEZ (Member of the Board of Directors of
Chino Valley Independent Fire District)

_____ BOB SMITH (Member of the Board of Directors of
Yermo Community Services District)

I, _____, do hereby certify that at its regularly-
scheduled meeting of _____, the Board of Directors voted to elect
the above-marked candidate as the Alternate Special District Member of the Local Agency
Formation Commission of San Bernardino County, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

District President/Authorized Board Member

Dated: _____



PO Box 3347, 777 Cottonwood Drive, Crestline, CA 92325-3347
Telephone: (909) 338-1727 <=> FAX: (909) 338-4080

March 10, 2010

Special District Members,

I am pleased to again accept the nomination of the Crestline Village Water District to serve as a Commission Alternate Special Districts member.

I hope that you will recognize and support our desire (and of course, LAFCO's policy) of striving for balanced regional representation on the Commission between the desert, valley and mountain areas. The work and role of the Commission is critical to good government and incorporating our County's diversity of perspectives and experiences will only enhance the quality of LAFCO's efforts.

I intend to serve LAFCO's mandate for ensuring the orderly growth and the effective, efficient delivery of local government services not only with a full appreciation of the interests of the independent special district, but also an understanding of the perspective and challenges of our San Bernardino mountain areas.

As an Alternate, I will be committed to staying informed of all the issues that come before the Commission and will always be prepared to vote responsibly when it may be required.

I am grateful that last year, I received unanimous support from the districts in the west mountain area where I am most actively involved in local government and service issues. In this election I earnestly ask for similar support from the Big Bear Valley districts as well as those valley and desert districts that recognize the value and importance of a balanced LAFCO Commission.

For the last 8 years I have used the analytical skills I learned from a 25-year career in IT management and consulting to extensively participate as a private citizen in many of our area's local government processes (including LAFCO actions and the County's recent General Plan Update). I regularly attend the board meetings of multiple agencies. These experiences have given me a unique and valuable education in Special District and service issues. Now, as a Vice-President and second-term member of a district board myself, I am ready to more directly contribute to County planning as a member of LAFCO itself.

I strive for excellence and will always act and represent Special Districts fairly, thoughtfully and well.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven Farrell", written over a horizontal line.

Steven Farrell
Vice-President
Crestline Village Water District



Ray Marquez

Candidate for

LAFCO Alternate Special District Member

Ray Marquez is currently a Board of Director for the Chino Valley Fire District after being elected in 2006. He has served in the capacity of Vice President and President. He has over 28 years of experience in the Fire Service with the City of Santa Fe Springs. He retired from the Santa Fe Springs Fire Department in July of 2009.

Currently, Ray Marquez's community involvement and affiliations include serving on the CIW Citizen Advisory Commission, CSDA Legislative Committee, CSDA Fiscal Committee, CSDA Special District Task Force, Y.M.C.A Board of Managers, Chino Centennial Advisory Committee and the Carbon Canyon Fire Safety Council.

Ray Marquez has also served as a City of Chino Hills Parks and Recreation Commissioner, a City of Chino Hills Planning Commissioner, Salvation Army TLC Advisory Board Member, President of the Canyon Hills Little League for three years, Head Coach for A.Y.S.O, and AD for Junior All American Football. He has also been a member of the Ayala High School Wrestling Booster Club, served on the Chino Hills Citizen Patrol and was part of the Incorporation Committee for Chino Hills.

Ray Marquez understands the importance of LAFCO's role in providing effective leadership and direction in representing special districts in the San Bernardino County. He is committed to special district governance and the delivery of quality services by local government.

RECEIVED
MAR 15 2010

LAFCO
San Bernardino County



Robert W. Smith

Candidate

ALTERNATE SPECIAL DISTRICTS MEMBER OF LAFCO

"He has proven experience and a strong public service background to get the job done"

Brad Mitzelfelt-LAFCO Vice-Chair

P.O. Box 1209, Yermo, CA 92398-1209 Ph: (760) 508-0607 (c)

Email: bobsmith@san.rr.com

Website: <http://electbobsmith.com>

I have enjoyed the privilege of serving as the Special Districts Alternate Commissioner for the San Bernardino LAFCO since May of 2009. I am very aware of the needs and challenges of special districts going into my second term as a Board President for our CSD. I am looking forward to entering this next full term with the experience I have gained in the past year with the goal of tackling some very demanding issues ahead.

Thank you for your district support going into my second term. Please don't hesitate to call my cell: 760-508-0607 or email me: bobsmith@san.rr.com with any questions.

- 27 years with the San Bernardino County Sheriff's Department
 - Deputy / Detective / Watch Commander
- 7 years with San Bernardino County Board of Supervisors
 - Field Representative / Sr. Field Representative / District Director
 - Numerous committees and Boards
 - Morongo Transit Authority
 - Victorville Economic Development
 - Victorville Transit Authority
 - Barstow Police Chief Advisory Board
- 2 years with California State Assembly
 - Field Representative / Sr. Field Representative
 - Specialized Training through California Assembly Capitol Institute:
 - Legislative Services
 - Field Representation
 - Constituent Casework
 - Legislative Process
 - Bill Tracking
 - Budget Process
- Currently: Retired?
- Currently: President of the Yermo Community Service Board

ENDORSEMENT BY LAFCO MEMBERS & SPECIAL DISTRICTS

- Brad Mitzelfelt
LAFCO VICE CHAIR
- Kimberly Cox
LAFCO SPECIAL DIST
COMMISSIONER
- Larry McCallon
LAFCO
COMMISSIONER
- Richard Pearson
LAFCO
COMMISSIONER
- Jim Ventura
Mojave Water Agency
- Doug Shumway
Mojave Water Agency
- Paul A. Courtney
Barstow Fire Protection
- Chuck Bell
Mojave Desert RCD
- Craig Schneider
Helendale CSD
- Art Bishop
Mojave Water Agency
- Daryl Schendel
Barstow Heights CSD
- Tim Silva
Odessa Water CSD
- Pete Lounsbury
Mojave Desert RCD
- Geoff Berner
Yermo CSD
- Sandy Haas
Helendale CSD
- Bob Dunn
Yucca Valley Airport
- Julie Hackbarth
Barstow Mayor Pro-
Tem

PARTIAL
ENDORSEMENT LIST



SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

Established 1932

1630 West Redlands Boulevard, Suite A
Redlands, CA 92373-8032
(909) 793-2503
Fax: (909) 793-0188

P.O. Box 1839
Redlands, CA 92373-0581
Email: info@sbvwcd.dst.ca.us
www.sbvwd.dst.ca.us

To: Board of Directors

Prepared by: Samantha Brown, Finance Supervisor

Date: April 14, 2009

Subject: Amendment to McMullan's Contract

RECOMMENDATION

Staff recommends that the Board of Directors approves an amendment to Mr. McMullan's contract to increase his labor cost by \$10,000 and expenses by \$2,000. This request is to accommodate any additional visits the Board feels is necessary from Mr. McMullan and any additional time needed to revise the Strategic Plan with the Public and Board of Directors comments.

BACKGROUND

On September 23rd, 2009 the Board of Directors approved the Strategic Planning Contract with W. McMullan & Associates in the amount of \$35,455. Also October 2009 and December 2009 the Board of Directors approved both Amendments 1, 2 and 3, summaries are included for review.

AMENDMENT #1

The First Amendment in W. McMullan & Associates contract is that, at the request of the District, Mr. McMullan would attend the October 14th, 2009 Board Meeting which was not originally specified on the contract. Therefore the minimum cost of the Contract Limit would increase by \$1200.00 to \$36,655.00, to accommodate the District's request of half day of Mr. McMullan's time.

AMENDMENT #2

The Second Amendment in W. McMullan & Associates contract is that, at the request of the District and Directors, the meetings for Strategic Planning be changed from 2 consecutive dates to 2 separate dates, which would increase the project's budgeted reimbursable expenses. This will increase the Contract's upper limit up by \$1120.00 to \$37,775.00, to accommodate the expenses of an extra round trip. As well as change the estimated project ending dates from December 2009 to an estimated March 2010.

BOARD
OF
DIRECTORS

Richard W. Corneille
Clare Henry Day

Arnold L. Wright
John Longville

David E. Raley
Melody McDonald
Manuel Aranda, Jr.

GENERAL
MANAGER

R. Robert Neufeld

AMENDMENT #3

The Third Amendment in W. McMullan & Associates contract is that, at the request of the Board of Directors attended at the workshop dated November 23rd, 2009, there be a 3rd meeting date with the Directors and Staff with Mr. McMullan. This will increase the contract by \$8223.00 to \$43,823.00, due to the extra meeting date and extra time preparation requested by Mr. McMullan.

DISCUSSION

On April 7th, 2010 the Board of Directors tabled the adoption of the Strategic Plan until the April 28th, 2010 regular Board of Directors as which time the Board felt that they could receive more responses from the Public regarding the Strategic Plan. Mr. McMullan's contract was met its financial limit, therefore for any additional work of visits his contract would need to be amended.



SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

Established 1932

1630 West Redlands Boulevard, Suite A
Redlands, CA 92373-8032
(909) 793-2503
Fax: (909) 793-0188

P.O. Box 1839
Redlands, CA 92373-0581
Email: info@sbvwcd.dst.ca.us
www.sbvwd.dst.ca.us

To: Board of Directors

From: Claud Seal, Jr., AGM/District Engineer

Date: April 14, 2010

Subject: Proposed Implementation of Three New Property Contracts

RECOMMENDATION

Approval to allow SBVWCD to begin using three new contract forms for:

1. Excavation Contract
2. Removal, Processing Contract
3. Property Occupancy Contract

BACKGROUND

District desires to implement a royalty rate for payment of the sale of any rock, sand, or aggregate materials from any of its properties. There exist potential situations where one contractor may be hired to clean a spreading basin and remove the coated rock and aggregates (District pays the contractor). Another contractor may agree to process and sell the now-stockpiled rock (District is paid a royalty). While processing the materials may take place on someone else's property, the probability is that the contractor will want to use our property to set up equipment and stockpile finished aggregates. This takes up District property which is worth money and District charges for the acreage used, per month (District is paid). The District would like to implement these contracts to begin earning royalties and controlling activities on its properties.

FISCAL IMPACT

A change in this policy will define the rules and standards for occupying and working on our properties, and define the royalty rates that the District receives for its natural rock and aggregate products. Additionally the contracts will define safety, quality control, environmental and management rules and aid in earning revenues for the District. It will allow directed selected mining, and will allow the District to establish sales values and prices on any of its saleable rock and aggregates assets. Market demand exists, even now during the recession. District will initiate pricing at 1.00 \$/ton. San Bernardino County Flood Control District currently charges 0.82 \$/ton. A rough estimate of potential earnings from both Mill Creek and SAR Borrow Pit operational areas is \$50,000 to \$100,000 per year.

BOARD
OF
DIRECTORS

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Clare Henry Day

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GENERAL
MANAGER

R. Robert Neufeld

AMPLIFYING INFORMATION

As the market develops for the District's aggregates, specialty rock sizes, boulders, landscape sized materials, etc., the District will be increasing its pricing so the profit margin will be enlarged. These contracts will give all contractors wishing to remove rock and aggregates from the District's properties the guiding rules of how we will allow our property to be used and how we will be paid for that use.

EXCAVATION AND MAINTENANCE AGREEMENT

THIS EXCAVATION AND MAINTENANCE AGREEMENT ("Agreement") is made and entered into as of _____, 2010, by and between the SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT, a special governmental district formed and operating under the Water Conservation District Law of 1931, Water Code Section 74000, *et seq.* ("District"), and _____ ("Contractor").

NOW THEREFORE, the parties hereto agree as follows:

SECTION ONE: EXCAVATION SERVICES

1.1 Content of the Work. During the term of this Agreement, Contractor shall provide the excavation and maintenance services set forth in Exhibit "A" attached hereto and incorporated herein by this reference (the "Work")

1.2 Scope of Services. Contractor shall equip itself with all necessary labor, equipment and materials to perform the Work and services specified in this Agreement. Contractor warrants that all services will be performed in a competent, professional and satisfactory manner in accordance with the standards prevalent in the industry for such services.

1.3 Defective Work. All Work, material, or equipment that is unsatisfactory, faulty, incomplete, or does not conform to this Agreement, or does not meet the requirements of any inspection, test, or approval, is defective. If the Work or any part thereof is found to be defective, whether or not overlooked or accepted by the District, the Contractor shall, promptly and in accordance with the written instructions of the District, correct such defective Work. The Contractor shall bear all costs for the correction and all additional direct and indirect costs the District may incur on account of defective Work, including, but not limited to, the costs of additional administrative, professional, consultant, inspection, testing, and other services. If such additional costs are incurred by the District prior to the making of final payment, a Change Order will be issued to effect a reduction in the Contract price in the amount of the District's additional costs; otherwise, the Contractor shall pay the amount to the District. The Contractor shall also bear all costs of making good all Work and the work and property of separate contractors, the District, and others that is destroyed or damaged by the Contractor's correction or removal and replacement of its defective Work.

1.4 Warranty of Title. Upon completion of all Work, Contractor shall deliver the premises to the District free from and clear of any claims, liens, encumbrances or charges. Contractor further agrees that neither it nor any person, firm or corporation furnishing any material or labor for any Work covered by the Contract shall have any right to a lien upon the premises or any improvement or appurtenance thereon. Nothing contained in this paragraph, however, shall defeat or impair the right of such person furnishing materials or labor under any bond given by the Contractor for their protection of any right under any law permitting such persons to look to funds due the Contractor, in the hands of the District.

1.5 Work Hours. All excavation activities at the site of the Work shall be performed during regular working hours, and the Contractor shall not permit overtime work or the performance of work on Saturday, Sunday or any legal holiday without the written consent of the Engineer. Unless otherwise specified, the Contractor shall prosecute the Work only between the hours of 7:00 a.m. and 6:00 p.m. Should the Contractor choose to work outside normal working hours, upon the consent of the Engineer, all District inspections required by the Contractor on holidays, weekends or during hours requiring overtime shall be accomplished at the sole expense of the Contractor by issuance of a deductive Change Order.

SECTION TWO: COMMENCEMENT; SUBSTANTIAL COMPLETION

2.1 Commencement Date. This Agreement shall commence as of the later of (a) the date first written above, or (b) the date on which Contractor has furnished to the District the certificates and endorsements of insurance pursuant to Section 5 below ("Commencement Date").

2.2 Completion. Contractor shall prosecute the Work diligently to completion and in all events shall substantially complete the Work within the time provided in the Scope of Work, attached in Exhibit A. ("Contract Time"). Contractor shall perform its Work in strict accordance with any completion schedule, construction schedule or project milestones developed by the District. Such schedules or milestones may be included as part of Exhibit "A" attached hereto, or may be provided separately in writing to the Contractor.

SECTION THREE: AUTHORITY OF THE ENGINEER.

3.1 _____ is hereby designated as the representative of the District (the "Engineer"). The Engineer shall decide any and all questions which may arise as to the quality or acceptability of materials furnished and work performed, and as to the manner of performance and rate of progress of the Work. The Engineer shall further decide all questions which may arise as to the acceptable fulfillment of this Agreement on the part of the Contractor; and all questions as to claims and compensations.

3.2 The Engineer's decisions shall be final, and the Engineer shall have authority to enforce and make effective such decisions and to order that the Contractor carry out such decisions promptly.

SECTION FOUR: COMPENSATION.

4.1 Compensation will be determined according to the schedule and/or amounts set forth in Exhibit "C," Schedule of Compensation.

4.2 The Contractor shall, on a regular basis, and no less frequently than monthly, provide the Engineer with a progress payment request describing in detail the services performed and materials supplied in connection with the construction of the Work.

4.3 Upon receipt of each monthly progress payment request and certification of such record by the Engineer, the District will, within thirty (30) days after receipt of such request, pay to the Contractor the certified sums in accordance with Exhibit "C."

4.4 Pursuant to Public Contract Code Section 20104.50, as may be amended, whenever the Contractor properly files a request for payment, and the validity of the claim is not disputed or has been settled or agreed upon, payment of the claim by the District shall include interest at the legal rate set forth pursuant to Section 685.010 of the Code of Civil Procedure if payment has not been made by the thirtieth (30th) day after the proper submission of the claim. If a request for payment has not been properly filed at an earlier date, then the request shall be deemed to be properly filed on the next business day after the Contractor provides written notification to the District or Engineer that the Contractor accepts the final estimate as prepared by the District.

SECTION FIVE: INSURANCE.

5.1 Without limiting Contractor's indemnification obligations, Contractor shall not enter or occupy the Premises until Contractor has obtained all of the insurance required herein from a company or companies acceptable to District, and Contractor shall maintain all such insurance in full force and effect at all times during the term of this License and any extension or renewal thereof. Insurance shall be placed with insurers having a current A.M. Best rating of no less than A-:VII or equivalent or as otherwise approved by District.

5.2 At all times this Agreement is in effect, Contractor shall take out and maintain the following insurance:

5.2.1. Workers' Compensation and Employer's Liability Insurance: Contractor shall cover or insure under the applicable laws relating to workers' compensation insurance all of its employees working on or about the Premises, in accordance with the "Workers' Compensation and Insurance Act," Division IV of the Labor Code of the State of California and any Acts amendatory thereof, as may be amended. Contractor shall provide worker's compensation insurance and employer's liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence, One Million Dollars (\$1,000,000) disease policy limit, and One Million Dollars (\$1,000,000) disease each employee. Such policy of workers compensation insurance shall contain the following separate endorsements:

(a) "Insurer waives all rights of subrogation against the San Bernardino Valley Water Conservation District, its officers, directors, employees, representatives and volunteers."

(b) "This insurance policy shall not be suspended, voided, reduced in coverage or in limits, cancelled, limited, non-renewed or materially changed for any reason by the insurer until thirty (30) days after receipt by the San Bernardino Valley Water Conservation District of a written notice of such cancellation, limitation or reduction of coverage."

5.2.2. Commercial General Liability Insurance providing coverage in the following minimum limits:

(a) Combined single limit of Two Million Dollars (\$2,000,000) per occurrence for Bodily Injury, Personal Injury or Death and Property.

(b) Damage Coverage shall be at least as broad as Insurance Services Office (ISO) Commercial General Liability coverage (occurrence Form CG 0001).

(c) If Commercial General Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503 or ISO CG 2504, or insurer's equivalent endorsement provided to District), or the general aggregate limit shall be twice the required occurrence limit.

5.2.3. Comprehensive Automobile Liability Insurance, including owned, non-owned, leased, hired, and borrowed automobiles and similar vehicles, providing the following minimum limits:

(a) Combined single limit of One Million Dollars (\$1,000,000) per occurrence for Bodily Injury or Death and Property Damage.

(b) Coverage shall be at least as broad as Insurance Services Office (ISO) Business and Auto Coverage (Form CA 0001) covering any auto.

5.2.4. Builder's Risk Insurance: Until the completion and final acceptance by the District of all the work under and implied by this agreement, the work shall be under the Contractor's responsible care and charge. The Contractor shall rebuild, repair, restore and make good all injuries, damages, re-erections, and repairs occasioned or rendered necessary by causes of any nature whatsoever. The Contractor shall provide and maintain builder's risk insurance (or installation floater) covering all risks of direct physical loss, damage or destruction to the work in the amount specified in the General Conditions, to insure against such losses until final acceptance of the work by the District. Such insurance shall insure at least against the perils of fire and extended coverage, theft, vandalism and malicious mischief, and collapse. The District, its directors, officers, employees, and authorized volunteers shall be named insureds on any such policy. The making of progress payments to the Contractor shall not be construed as creating an insurable interest by or for the District or be construed as relieving the contractor or his/her subcontractors of responsibility for loss from any direct physical loss, damage or destruction occurring prior to final acceptance of the work by the District.

5.3 Endorsements: The policies of liability insurance provided for in Paragraphs 6.2.2 through 6.2.4 shall specify that this specific Agreement is insured and that coverage for injury to participants resulting from Contractor's activities is not excluded, and shall be in a form satisfactory to District and contain the following separate endorsements:

(a) "The San Bernardino Valley Water Conservation District, its officers, directors, employees, representatives and volunteers, are declared to be additional insureds on all of the above policies with respects to the operations and activities of the named insured at or from the premises of the San Bernardino Valley Water Conservation District. The coverage shall contain no special limitations on the scope of protection afforded to the San Bernardino Valley Water Conservation District, its officers, directors, employees, representatives and volunteers."

(b) "This insurance policy shall not be suspended, voided, reduced in coverage or in limits, canceled, limited, non-renewed, or materially changed for any reason until thirty (30) days after receipt by the San Bernardino Valley Water Conservation District of a written notice of such cancellation, limitation or reduction of coverage."

(c) "This insurance policy is primary insurance and no insurance held or owned by the designated additional insureds shall be called upon or looked to cover a loss under said policy; the San Bernardino Valley Water Conservation District shall not be liable for the payment of premiums or assessments on this policy."

(d) "Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the San Bernardino Valley Water Conservation District, its officers, directors, employees, representatives, or volunteers."

(e) "This insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability."

5.4 Evidence of Coverage: Contractor shall at the time of the execution of the Agreement present to District the original policies of insurance required by this Section 5 or a certificate of the insurance, with separate endorsements (Insurance Services Office Form CG 2026, or equivalent), showing the issuance of such insurance and the additional insured and other provisions and endorsements required herein and copies of all endorsements signed by the insurer's representative. All policies shall contain the Contractor's name and location of the Premises on the certificate. At least thirty (30) days prior to the expiration of any such policy, a signed complete certificate of insurance, with all endorsements provided herein, showing that such insurance coverage has been renewed or extended, shall be filed with District. Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

5.5 Review of Coverage: District shall have the right at any time to review the coverage, form, and limits of insurance required under this Agreement. If, in the sole and absolute discretion of District, the insurance provisions in this Agreement do not provide adequate protection for District, District shall have the right to require Contractor to obtain insurance sufficient in coverage, form and limits to provide adequate protection and Contractor shall promptly comply with any such requirement. District's requirements shall not be unreasonable, but shall be adequate in the sole opinion of District to protect against the kind and extent of risks which may exist at the time a change of insurance is required, or thereafter.

5.6 Deductibles: Any and all deductibles must be declared and approved by District prior to execution of this Agreement.

5.7 Agreement Contingent Upon Coverage: Notwithstanding any other provision of this Agreement, this Agreement shall be null and void at all times when the above-referenced original policies of insurance or Certificate of Insurance or Renewal Certificates or Endorsements are not on file with District.

5.8 Workers' Compensation Insurance. By his/her signature hereunder, Contractor certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code, as may be amended, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and he/she will comply with such provisions before commencing the performance of the work of this Agreement. Contractors and subcontractors will keep Workers' Compensation Insurance for their employees in effect during all work covered by this Agreement. In the event Contractor has no employees requiring Contractor to provide Workers' Compensation Insurance, Contractor shall so certify to the District in writing prior to the District's execution of this Agreement. The District shall not be responsible for any claims in law or equity occasioned by failure of the Contractor to comply with this section or with the provisions of law relating to Worker's Compensation.

SECTION SIX: LIABILITY AND INDEMNIFICATION.

6.1 District Not Liable. The District and District Personnel shall not be answerable or accountable in any manner, either individually or collectively, for any loss or damage that may happen to the Work or any part thereof, or for any of the materials or other things used or employed in performing the Work, or for injury or damage to any person or persons, either workers, employees of Contractor or its subcontractors or the public, or for damage to adjoining or other property, from any cause whatsoever arising out of or in connection with the performance of the Work. The Contractor shall be responsible for any damage or injury to any person or property resulting from defects or obstructions or from any cause whatsoever arising out of or in connection with the performance of the Work, except the sole active negligence or willful misconduct of District, its agents, servants or independent contractors who are directly responsible to District.

6.2 Contractor Indemnity. The Contractor shall indemnify, defend, and hold the District and District Personnel harmless from and against any and all actions, suits, claims, demands, judgments, attorneys' fees, costs, damages to persons or property, losses, penalties, obligations, expenses or liabilities (hereinafter, collectively, "Claims") that may be asserted or claimed by any person or entity arising out of the willful or negligent acts, errors or omissions of the Contractor, its employees, agents, representatives or subcontractors in the performance of any tasks or services for or on behalf of the District, whether or not there is concurrent active or passive negligence on the part of District and/or District Personnel, but excluding such Claims arising from the sole active negligence or willful misconduct of the District and/or District Personnel. In connection therewith:

6.2.1. The Contractor shall defend any action or actions filed in connection with any such Claims, and shall pay all costs and expenses, including attorneys' fees incurred in connection therewith.

6.2.2. The Contractor shall promptly pay any judgment rendered against the District and/or District Personnel for any such Claims.

6.2.3. In the event the District and/or District Personnel is made a party to any action or proceeding filed or prosecuted for any such Claims arising out of or in connection with the negligent performance or a failure to perform the work or activities of the Contractor, the Contractor shall pay to the District any and all costs and expenses incurred by the District and/or

District Personnel in such action or proceeding, including but not limited to reasonable attorneys' fees and expert witness fees.

SECTION SEVEN: LEGAL RELATIONS AND RESPONSIBILITIES.

7.1 Observing Laws and Ordinances. The Contractor shall keep itself fully informed of all existing and future state and federal laws and all city, county and District ordinances and regulations which in any manner affect the conduct of the Work, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over same. Unless otherwise specifically provided to the contrary in the description of the Work provided in Exhibit "A", Contractor shall pay prevailing wage for all construction activity undertaken hereunder, and shall assume full responsibility to assure subcontractors and all other persons working by or through Contractor do the same. If any discrepancy or inconsistency is discovered in this Agreement in relation to any such law, ordinance, regulation, order or decree, the Contractor shall forthwith report the same to the Engineer in writing. The Contractor shall at all times observe and comply with and shall cause all its agents and employees to observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees, and shall protect, indemnify and defend the District and District Personnel, and all of their respective officers, employees, and representatives against any claim or assertion of liability, or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by the Contractor or by its agents, representatives, employees, or Subcontractors.

7.2 Taxes. The Contractor shall pay all applicable payroll, business license, possessory, interest and sales and use and all other applicable taxes assessed by Federal, State and local authorities on materials furnished by Contractor or in any way connected with or arising out of Contractor's in performance of the Work. Changes in such taxes shall not be justification for an adjustment to the compensation due Contractor under this Agreement.

7.3 Assignment Prohibited. The Contractor shall not assign, hypothecate, or otherwise transfer this Agreement or any portion hereof, without first obtaining the written consent of the District. If any such assignment, hypothecation, or transfer is made or attempted by the Contractor, the assignment, hypothecation, or transfer shall be void; and the District, at its sole option, may terminate this Agreement upon written notice to the Contractor.

7.4 Performance. If the Contractor should neglect to prosecute the Work properly, or fail to perform any provision of this Agreement, the District, after five (5) days written notice to the Contractor, may without prejudice to any other remedy the District may have, make good such deficiencies and may deduct the cost thereof from the payment then or thereafter due the Contractor, provided, however, that the Engineer shall approve such action and certify the amount thereof to be charged to the Contractor.

7.5 Permits and Licenses. Unless otherwise specified in the Agreement, the Contractor shall procure all permits and licenses, pay all charges and fees, and give all notice necessary and incident to the due and lawful prosecution of the Work. The Contractor shall comply with all provisions of all permits whether obtained by the District or by the Contractor. Fines, fees or penalties incurred by the Contractor due to violation of any permit shall not be justification for an adjustment to the Agreement.

7.6 Contractor is Independent Contractor. It is expressly understood and agreed that the Contractor herein named in the furnishing of all services, labor, materials and equipment and performing the work as provided in this Agreement is acting as an independent contractor and not as an agent, servant or employee of the District.

7.7 Non-liability of District Officers and Employees. No officer or employee of the District shall be personally liable to the Contractor, or any successor in interest, in the event of any default or breach by the District or for any amount that may become due to the Contractor or to its successor, or for breach of any obligation of the terms of this Agreement.

7.8 California Law. This Agreement shall be construed and interpreted both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of San Bernardino, State of California, or any other appropriate court in such county, and Contractor covenants and agrees to submit to the personal jurisdiction of such court in the event of such action.

7.9 Waiver. No delay or omission in the exercise of any right or remedy of a non defaulting party on any default shall impair such right or remedy or be construed as a waiver. District's consent or approval of any act by Contractor requiring District's consent or approval shall not be deemed to waive or render unnecessary District's consent to or approval of any subsequent act of Contractor. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

7.10 Rights and Remedies are Cumulative. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

7.11 Attorney's Fees. If either party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees, whether or not the matter proceeds to judgment.

SECTION EIGHT: SAFETY.

8.1 The Contractor shall execute and maintain his/her work so as to avoid injury or damage to any person or property. The Contractor shall comply with the requirements of the specifications relating to safety measures applicable in particular operations or kinds of work.

8.2 In carrying out his/her work, the Contractor shall at all times exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed, and be in compliance with all applicable federal, state and local statutory and regulatory requirements including California Department of Industrial Relations

(Cal/OSHA) regulations; and the U.S. Department of Transportation Omnibus Transportation Employee Testing Act.

8.3 The Contractor shall be responsible for the safeguarding of all utilities. At least two working days before beginning any required grading, trenching, excavation, or digging work, the Contractor shall call the Underground Service Alert (USA) in order to determine the location of sub-structures. The Contractor shall immediately notify the District and the utility owner if he/she disturbs, disconnects, or damages any utility.

8.4 In accordance with Section 6705 of the California Labor Code, as may be amended, the Contractor shall submit to the District specific plans to show details of provisions for worker protection from caving ground during excavations of trenches of five feet or more in depth. The excavation/trench safety plan shall be submitted to and accepted by the District prior to starting excavation.

SECTION NINE: TERMINATION OF THE AGREEMENT.

9.1 Termination by District for Cause. If the Contractor defaults or persistently fails or neglects to carry out the Work in accordance with this Agreement, the District may give written notice that the District intends to terminate this Agreement. If the Contractor fails to correct the defaults, failure or neglect within seven (7) days after being given written notice, the District may then give a second written notice and, after an additional seven (7) days, the District may without prejudice to any other remedy make good such deficiencies and may deduct the cost thereof from the payment due the Contractor or, at the District's option, may terminate the employment of the Contractor and take possession of the site and of all materials, equipment, tools and construction equipment and machinery thereon and finish the Work by whatever method the District may deem expedient. The District further may seek recourse against the Faithful Performance Bond issued by the Contractor and its surety.

9.2 Termination by District Without Cause. In addition to termination under Article 9.1, District may terminate this Agreement without cause upon thirty (30) days written notice to Contractor. Upon such termination, District shall reimburse the Contractor for any unpaid portions of the Contract Price due it under Section 4 for the Work to date of termination including all reasonable costs of demobilization. In addition, District shall also pay to the Contractor fair compensation, either by purchase or rental at the election of the District, for any equipment retained.

SECTION TEN: LABOR CODE OF CALIFORNIA.

The Contractor's attention is directed to Division 2, Part 7, Chapter 1 of the Labor Code of the State of California and especially to Article 2 (Wages) and Article 3 (Working Hours) thereof. This work requires the payment of prevailing wages in accordance with Labor Code section 1720 *et seq.*, as may be amended.

SECTION ELEVEN: CHANGES IN THE PROJECT.

11.1 Change Orders. Any Work not contained in Exhibit "A," Scope of Work, shall be a change and shall be performed by Contractor only pursuant to a written Change Order to this Agreement, signed by the District and Contractor. Such a Change Order may increase or decrease the Work within the general scope of this Agreement. If this Change Order causes an increase in the cost of the Work, or of the time required for the performance of the Work, Contractor shall be paid a lump sum acceptable to both parties and/or granted an extension of the schedule.

11.2 In the event the District requests Contractor to develop information necessary for the consideration of a change in the Project, and such a change is not adopted, the District shall reimburse Contractor for the costs which Contractor incurs in connection with such efforts.

11.3 Differing Site Conditions. Pursuant to Section 7104 of the California Public Contract Code, as may be amended, the provisions of this paragraph shall apply whenever the Work involves digging trenches or other excavations that extend deeper than four (4) feet below the surface.

11.3.1. The Contractor shall promptly, on the date of discovery (verbally) and within one (1) day (in writing), and before the following conditions are disturbed, notify the District, in writing, of any:

(a) Material that the Contractor believes may be material that is hazardous waste, as defined in Section 25117 of the Health and Safety Code, that is required to be removed to a Class I, Class II, or Class III disposal site in accordance with the provisions of existing law;

(b) Subsurface or latent physical conditions at the site differing from those indicated; or

(c) Unknown physical conditions at the site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in the contract.

11.3.2. The District shall promptly investigate the conditions, and if it finds that the conditions do materially so differ, or do involve hazardous waste, and cause a decrease or increase in the Contractor's cost of, or the time required for, performance of any part of the Work, shall issue a change order under the procedures described in this Agreement.

11.3.3. In the event that a dispute arises between the District and the Contractor whether the conditions materially differ, or involve hazardous waste, or cause a decrease or increase in the Contractor's cost of, or time required for, performance of any part of the Work, the Contractor shall not be excused from any scheduled completion date provided for by this Agreement, but shall proceed with all work to be performed under the Agreement. The Contractor shall retain any and all rights provided either by this Agreement or by law, which pertain to the resolution of disputes and protests between the contracting parties.

11.3.4. If the Contractor intends to assert a claim for equitable adjustment under this paragraph, it must, within twenty (20) days after receipt of a determination from the Engineer as to whether a differing site condition exists, submit a written statement setting forth the nature and monetary extent of such claim and all factual grounds. Failure to comply with the notice requirement shall be deemed waiver of claim by the Contractor. The Contractor shall, within forty five (45) days after overcoming the differing site condition, file with the Engineer its complete claim, including all costs and all time requested.

11.3.5. No claim of the Contractor under this section shall be allowed if asserted after final payment under this contract.

SECTION TWELVE: MISCELLANEOUS

12.1 Notices. Any notice, demand, request, consent, approval, communication either party desires or is required to give the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail to the address set forth below. Either party may change its address by notifying the other party of the change of address in writing. Notices personally delivered or delivered by a document delivery service shall be effective upon receipt. Notices delivered by mail shall be effective at 5:00 p.m. on the second calendar day following dispatch.

To District: San Bernardino Valley Water Conservation District
 Attention: District Engineer
 1630 West Redlands Blvd., Suite A
 P.O. Box 1839
 Redlands, California 92373

To Contractor: _____

12.2 Severability. If any portion of this Agreement is held by a court of competent jurisdiction to be invalid, void, illegal, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way affect, impair, or invalidate any other term, covenant, or condition, or provision contained in this Agreement.

12.3 Integration; Amendment. This Agreement contains the entire understanding of the parties herein and supersedes any and all other written or oral understandings as to those matters contained herein, and no prior oral or written understanding shall be of any force or effect with respect to those matters covered thereby. No amendment, change or modification of this Agreement shall be valid unless in writing, stating that it amends, changes or modifies this Agreement, and signed by all the parties hereto.

12.4 Statutory References. All references in this Agreement to particular statutes, regulations, ordinances, or resolutions of the United States, the State of California, or the County of San Bernardino shall be deemed to include the same statute, regulation, ordinance or resolution as hereafter amended or renumbered, or if repealed, to such other provisions as may thereafter govern the same subject.

12.5 Special Provisions. Any special provisions applicable to this Agreement are set forth in Exhibit "B", attached hereto and incorporated herein by this reference. In the event of any discrepancy between the provisions of this Agreement and the Special Provisions, Special Provisions shall take precedence and prevail.

[SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first written above.

DISTRICT:

**SAN BERNARDINO VALLEY WATER
CONSERVATION DISTRICT**

APPROVED AS TO FORM

By: _____

General Counsel, San Bernardino
Valley Water Conservation District

By: _____

President, Board of Directors

CONTRACTOR:

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT A

CONTENT OF THE WORK

Contractor shall excavate material from District's existing water spreading basis and stockpile on areas within the Premises as follows:

[NEED TO SPECIFY EXCAVATION WORK TO BE PERFORMED AND AMOUNT TO BE COMPENSATED FOR SAID WORK]

Contractor's activities shall be limited to excavations within District's existing spreading basins, designated as follows:

[ATTACH MAP OR OTHER DESCRIPTION/DEPICTION OF BASINS OR OTHER AREAS TO BE EXCAVATED]

All of the Work performed by Contractor hereunder shall be consistent with District's specifications and maintenance program for such basins. The basins' surface dimensions shall not be enlarged or expanded, although they may be deepened or otherwise contoured as a result of the removal of rock, silt, sediment, or other debris. Stockpile areas shall be subject to the prior written approval of District, and shall not impede or otherwise interfere with District's water conservation activities on the Premises. Contractor shall have the right of reasonable ingress or egress from the premises to perform its activities authorized hereunder, and to bring on such equipment as Licensee, in its reasonable discretion, determines is required for the effective and efficient accomplishment of same.

Contractor's Work shall be completed in accordance with the following Schedule:

[SPECIFY WORK SCHEDULE, INCLUDING FINISH DATE AND ANY MILESTONE DATES OF PERFORMANCE]

District shall have and at all times retain title to, and full ownership of, all sand, gravel, rock, silt, and other material excavated as a result of the Work to be performed by Contractor pursuant to this Agreement. Only such material as is previously identified by District for disposal or removal shall be taken by Contractor from the areas of the Work. All other materials shall be stockpiled or otherwise placed on areas as designated by the District. Except for such materials designated by District for disposal by Contractor, in no event shall any material from the Work to be performed hereunder be processed, sold, bartered, traded for value, donated or given away, or otherwise taken by Contractor.

EXHIBIT B

SPECIAL PROVISIONS

1. Contractor shall at all times control the dust created during Contractor's use of the Premises. Dust control shall be by watering the area where dust is created and Contractor shall have a water truck on the Premises at all times to carry out the intent of this paragraph.
2. Contractor shall not deposit material or dirt on any public roadway(s) and shall be responsible for cleaning such roadway(s) of any such material or dirt. In the event that Contractor fails to comply with this paragraph and the responsible City or the County of San Bernardino requires the District to remove said material or dirt, a Change Order will be issued to effect a reduction in the Contract price in the amount of the cost incurred plus 10% for administrative cost; otherwise, the Contractor shall pay the amount to the District.
3. Excavated and stockpiled material on the Premises shall remain the property of District unless otherwise agreed in writing.

MATERIAL PROCESSING LICENSE

THIS MATERIAL PROCESSING LICENSE ("License") is made and entered into as of _____, ("Effective Date"), by and between the SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT, a California water conservation district formed and operating under the Water Conservation District Law of 1931, Water Code Section 74000, *et seq.* ("District") and _____ ("Licensee").

SECTION ONE: FUNDAMENTAL LICENSE TERMS

1.1 **License:** District hereby issues to Licensee a License to enter upon those portions of real property owned or controlled by District as depicted on the map included as Section 4 hereto and incorporated herein by this reference ("Premises"), for the purpose or activity specified in Paragraph 1.2.

1.2 **Use of Premises:** For and during the term of this License, and any extension or renewal thereof, Licensee shall use the Premises for the following purpose(s) or activity(ies): for the crushing, cleaning, sorting, stockpiling, and processing of, and sale of, previously excavated sand and gravel material located on the Premises. Such uses may include Licensee bringing such equipment on the Premises as is necessary to accomplish the purposes of the License, provided, however, that any construction of structures, roadways, improvements, or fixtures, apart from transportable and removable equipment or personal property, shall require the prior, written approval of the District.

1.3 **Term:** This License shall commence on _____, 2010 ("Commencement Date") and subject to the provisions of paragraph 1.4 below, shall continue to and terminate at 11:59 p.m. local time on _____, 2011 ("Expiration Date"). This License and the Licensee's rights hereunder may not be extended beyond the Expiration Date unless such extension is set forth in writing and signed by both District and the Licensee. Notwithstanding the foregoing or any other provision of this License, either District or Licensee may terminate this License with or without cause, or for any reason, at any time, by giving the other party a ten (10) days written notice of termination.

BY PLACING ITS INITIALS HERE, LICENSEE ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS THE PROVISIONS OF THIS LICENSE THAT ALLOW DISTRICT TO TERMINATE THIS LICENSE AT ANY TIME WITH OR WITHOUT CAUSE AS SET FORTH HEREINABOVE.

Licensee: _____

1.4 **License Consideration:** As consideration for the issuance of this License, Licensee shall pay to District a monthly fee for the occupancy of the Premises in the amount set forth in Section Five hereunder. In addition, Licensee shall pay to District a Tonnage License Fee, which fee shall be paid on a per-ton basis for all sand, gravel, or aggregate material sold from the Premises, or from any sale of sand, gravel, aggregate, or other material processed on or

from the Premises. The Tonnage License Fee shall be paid on a monthly basis, and shall be calculated based on the removal of all sand, gravel, aggregate, or other material processed on the Premises, whether such material originated on the Premises or not, and whether such material was sold directly from the Premises, or exported from the Premises for sale elsewhere. Licensee shall keep accurate records of any material removed from the Premises, and shall remit the tally of all such material removed, and the corresponding Tonnage License Fee, to District, in writing, and signed under penalty of perjury. District shall have the right at all times, to audit the books and records of Licensee to confirm the accuracy of the tallies of material removed from the Premises, and shall likewise at all times have the right, at its own expense, to have the inspectors or other personnel on site on the Premises during Licensee's operations, to monitor Licensee for compliance with the terms of this License, and for confirmation of the accuracy of the tallies provided by Licensee. The Monthly Fee for Occupancy of the Premises and the Tonnage License Fee, are collectively referred to herein as the "License Fee."

1.5 Notices and Payments: All payments, notices and other writings required to be delivered under this License to either party shall be delivered in accordance with the provisions of Section Two ("General Provisions") to District at the address set forth in Section Two, and to Licensee at the address set forth in this Section One.

1.6 Attachments: This License incorporates by reference the following Attachments to this License:

- Section One: Fundamental License Terms
- Section Two: General License Provisions
- Section Three: Special License Provisions
- Section Four: Map of the Premises

1.7 Integration: This License represents the entire understanding of District and Licensee as to the License and all other matters contained herein. No prior oral or written understanding shall be of any force or effect with regard to those matters covered by this License. This License supersedes and cancels any and all previous negotiations, arrangements, agreements or understandings, if any, between the parties, and none shall be used to interpret this License.

IN WITNESS WHEREOF, the parties have executed and entered into this License as of the date first set forth above.

**SAN BERNARDINO VALLEY WATER
CONSERVATION DISTRICT**

By: _____

President, Board of Directors

APPROVED AS TO FORM:
RUTAN & TUCKER, LLP.

General Counsel, San Bernardino Valley Water
Conservation District

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Licensee Information:

Address for Notices:

SECTION TWO:
GENERAL LICENSE PROVISIONS

2.1 Payment of License Fee

2.1.1. Transmittal of Payments: Licensee shall make all License Fee payments on a monthly basis, and pay all other sums due under this License, in lawful money of the United States, by check payable to "SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT," and shall personally deliver or mail all payments without any notice or demand to District at the address set forth in Paragraph 2.8.1 below. Licensee assumes all risk of loss or late payment if any payment is made by mail.

2.1.2. No Offsets: All License Fees and other sums due under this License shall be paid without offset or deduction, and shall be deemed payments on account. Neither the payment by Licensee nor the acceptance by District of any License Fee or other sum in an amount which is less than the amount due and payable pursuant to this License, nor the issuance of any statement showing as due and payable an amount less than is properly due and payable pursuant to the terms of this License, shall constitute an agreement by District modifying this License or a waiver of District's right to receive all sums provided for in this License. No endorsement or statement on any check or any letter accompanying any check or payment shall be deemed an accord or satisfaction, and District shall accept all checks and payments from Licensee without prejudice to District's right to recover the balance of the amount due or to pursue any other remedy in this License or otherwise provided by law.

2.2 Charges for Delinquent Payment of License Fee

2.2.1. If any payment of any License Fee or any other sum due District is not received by District within ten (10) days after the due date, Licensee shall be deemed delinquent in its License Fee payment and a late charge of one and one-half percent (1.5%) of the delinquent amount, plus the sum of One Hundred Dollars (\$100.00), shall become immediately due and payable to District. An additional charge of one and one-half percent (1.5%) of such delinquent License Fee payment (excluding late charges) shall be added for each additional calendar month (or portion thereof) that the delinquent sum remains unpaid.

2.2.2. Licensee and District hereby acknowledge and agree that such late charges do not represent and shall not be deemed to be an interest payment, but that such late charges represent a fair and reasonable estimate of the costs and expenses that District will incur by reason of Licensee's late payment.

2.2.3. Acceptance by District of any delinquent License Fee payment or late charge shall in no way constitute a waiver of Licensee's default with respect to such overdue and delinquent payment, or in any way impair, prevent or restrict District from exercising any of its rights or remedies set forth in this License or otherwise provided at law.

2.3 Use of Premises

2.3.1. Conditions of Use: For and during the term of this License, and any extension or renewal thereof, Licensee's use of the Premises shall be subject to the following conditions, covenants and restrictions:

2.3.1.1 Except as provided in this License, the Premises shall be used only for the purposes specified in Paragraph 1.2 above, and the Premises shall not be used for any other use or purpose whatsoever, without the prior written consent of District.

2.3.1.2 Licensee shall not cause, permit or suffer any "hazardous material," "hazardous waste," or "hazardous chemicals" as those terms are used in CERCLA (42 U.S.C. § 9061(14)) or SARA (42 U.S.C. § 11021(E)) or any Federal, State or local environmental law, statute, ordinance, regulation or order, or otherwise determined by District, to be brought upon, left, used or abandoned on the Premises.

2.3.1.3 Licensee shall not maintain, commit or permit the maintenance or commission of any waste or any nuisance (as defined in California Civil Code section 3479) on the Premises, and Licensee shall not use or permit the use of the Premises for any unlawful purpose.

2.3.1.4 District or its authorized representative shall have the right at all reasonable times to enter upon the Premises and inspect the general condition of the Premises to determine if Licensee is complying with the terms, conditions, requirements and provisions of this License.

2.3.2. Utilities and Services: Licensee shall be solely responsible for obtaining all required utility service and for the payment of all utility charges, including but not limited to water and power, supplied to the Premises.

2.3.3. Permits and Approvals: Licensee shall obtain at its own sole cost and expense, any and all governmental permits, approvals, licenses or other authorizations which may be required in connection with the use of the Premises as set forth in this License, including but not limited to approvals for business licenses, use permits, or any approvals that may be required under the California Environmental Quality Act, Surface Mining and Reclamation Act, any rules or restrictions relating to environmental protection or protection of endangered species, or other provision of law. No approval or consent given under this License by District shall affect or limit Licensee's obligations hereunder, nor shall any approvals or consents given by District, in its capacity as a party to this License, be deemed to be approval as to compliance or conformance with any applicable governmental codes, laws, orders, rules or regulations.

2.4 Insurance: Without limiting Licensee's indemnification obligations, Licensee shall not enter or occupy the Premises until Licensee has obtained all of the insurance required herein from a company or companies acceptable to District, and Licensee shall maintain all such insurance in full force and effect at all times during the term of this License and any extension or renewal thereof. Insurance shall be placed with insurers having a current A.M. Best rating of no less than A-:VII or equivalent or as otherwise approved by District.

2.4.1. Licensee shall at a minimum take out and maintain the following insurance:

2.4.1.1 Workers' Compensation and Employer's Liability Insurance: Licensee shall cover or insure under the applicable laws relating to workers' compensation insurance all of its employees working on or about the Premises, in accordance with the "Workers' Compensation and Insurance Act," Division IV of the Labor Code of the State of California and any Acts amendatory thereof. Licensee shall provide worker's compensation insurance and employer's liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence, One Million Dollars (\$1,000,000) disease policy limit, and One Million Dollars (\$1,000,000) disease each employee. Such policy of workers compensation insurance shall contain the following separate endorsements:

(a) "Insurer waives all rights of subrogation against the San Bernardino Valley Water Conservation District, its officers, directors, employees, representatives and volunteers."

(b) "This insurance policy shall not be suspended, voided, reduced in coverage or in limits, cancelled, limited, non-renewed or materially changed for any reason by the insurer until thirty (30) days after receipt by the San Bernardino Valley Water Conservation District of a written notice of such cancellation, limitation or reduction of coverage."

2.4.1.2 Commercial General Liability Insurance providing coverage in the following minimum limits:

(a) Combined single limit of One Million Dollars (\$1,000,000) per occurrence for Bodily Injury, Personal Injury or Death and Property.

(b) Damage Coverage shall be at least as broad as Insurance Services Office (ISO) Commercial General Liability coverage (occurrence Form CG 0001).

(c) If Commercial General Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503 or ISO CG 2504, or insurer's equivalent endorsement provided to District), or the general aggregate limit shall be twice the required occurrence limit.

2.4.1.3 Comprehensive Automobile Liability Insurance, including owned, non-owned, leased, hired, and borrowed automobiles and similar vehicles, providing the following minimum limits:

(a) Combined single limit of One Million Dollars (\$1,000,000) per occurrence for Bodily Injury or Death and Property Damage.

(b) Coverage shall be at least as broad as Insurance Services Office (ISO) Business and Auto Coverage (Form CA 0001) covering any auto.

2.4.2. Endorsements: The policies of liability insurance provided for in Paragraphs 2.4.1.2 and 2.4.1.3 shall specify that this specific License is insured and that coverage for injury to participants resulting from Licensee's activities is not excluded, and shall be in a form satisfactory to District and contain the following separate endorsements:

(a) "The San Bernardino Valley Water Conservation District, its officers, directors, employees, representatives and volunteers, are declared to be additional insureds on all of the above policies with respects to the operations and activities of the named insured at or from the premises of the San Bernardino Valley Water Conservation District. The coverage shall contain no special limitations on the scope of protection afforded to the San Bernardino Valley Water Conservation District, its officers, directors, employees, representatives and volunteers."

(b) "This insurance policy shall not be suspended, voided, reduced in coverage or in limits, canceled, limited, non-renewed, or materially changed for any reason until thirty (30) days after receipt by the San Bernardino Valley Water Conservation District of a written notice of such cancellation, limitation or reduction of coverage."

(c) "This insurance policy is primary insurance and no insurance held or owned by the designated additional insureds shall be called upon or looked to cover a loss under said policy; the San Bernardino Valley Water Conservation District shall not be liable for the payment of premiums or assessments on this policy."

(d) "Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the San Bernardino Valley Water Conservation District, its officers, directors, employees, representatives, or volunteers."

(e) "This insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability."

2.4.3. Evidence of Coverage: Licensee shall at the time of the execution of the License present to District the original policies of insurance required by this Paragraph 2.4 or a certificate of the insurance, with separate endorsements (Insurance Services Office Form CG 2026, or equivalent), showing the issuance of such insurance and the additional insured and other provisions and endorsements required herein and copies of all endorsements signed by the insurer's representative. All policies shall contain the Licensee's name and location of the Premises on the certificate. At least thirty (30) days prior to the expiration of any such policy, a signed complete certificate of insurance, with all endorsements provided herein, showing that such insurance coverage has been renewed or extended, shall be filed with District. Licensee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

2.4.4. Review of Coverage: District shall have the right at any time to review the coverage, form, and limits of insurance required under this License. If, in the sole and

absolute discretion of District, the insurance provisions in this License do not provide adequate protection for District, District shall have the right to require Licensee to obtain insurance sufficient in coverage, form and limits to provide adequate protection and Licensee shall promptly comply with any such requirement. District's requirements shall not be unreasonable, but shall be adequate in the sole opinion of District to protect against the kind and extent of risks which may exist at the time a change of insurance is required, or thereafter.

2.4.5. Deductibles: Any and all deductibles must be declared and approved by District prior to execution of this License.

2.4.6. License Contingent Upon Coverage: Notwithstanding any other provision of this License, this License shall be null and void at all times when the above-referenced original policies of insurance or Certificate of Insurance or Renewal Certificates or Endorsements are not on file with District.

2.5 Indemnification

2.5.1. District Not Liable: District shall not be liable at any time for any loss, damage or injury whatsoever to the person or property of any person or entity whatsoever, including but not limited to any employee, agent or contractor of Licensee, resulting from or arising out of any act or omission of Licensee or of any person or entity holding under Licensee, or the occupancy or use of the Premises or any part thereof by or under Licensee, the physical condition or state of the Premises, or any act or omission in the exercise of any right or the performance of any obligation under this License, or directly or indirectly from any state or condition of the Premises, or any part thereof.

2.5.2. Indemnification: Irrespective of any insurance carried by Licensee for the benefit of District, and notwithstanding any other provision or statement of precedence of this License to the contrary, Licensee shall indemnify and hold District, its officers, directors, employees, representatives and volunteers (collectively "District Personnel") harmless from and against any and all actions, claims, demands, judgments, attorneys fees, costs, damages to persons or property, penalties, obligations, expenses or liabilities of any kind that may be asserted or claimed by any person or entity (including, but not limited to, any employee, agent or contractor of Licensee) in any way arising out of or in connection with this License, the operations carried on by Licensee on the Premises or any lands to which Licensee has access hereunder, or the occupation or use of the Premises by Licensee or any person or entity holding under Licensee (collectively, "Claims"), whether or not there is concurrent active or passive negligence on the part of District, and/or acts for which the District would be held strictly liable, but excluding the sole active negligence or willful misconduct of District. In connection therewith:

2.5.2.1 Licensee shall defend and hold District and District Personnel harmless from any and all Claims, whether caused in whole or in part by District's active or passive negligence, and/or acts for which District and/or District Personnel would be held strictly liable, but excluding any Claim that results from the sole active negligence or willful misconduct of District or District Personnel; and Licensee shall pay all expenses and costs, including attorneys' fees, incurred in connection therewith.

2.5.2.2 Licensee shall promptly pay any judgment rendered against Licensee or District covering any Claim, and hold and save District and District Personnel harmless therefrom, whether such Claim was caused in whole or in part by District and/or District Personnel's active or passive negligence, and/or acts for which District and/or District Personnel would be held strictly liable, but excluding the sole active negligence and willful misconduct of District and/or District Personnel.

2.5.2.3 In the event District is made a party to any action or proceeding filed or prosecuted for or arising out of or in connection with any Claim, Licensee shall pay to District any and all costs and expenses incurred by District in any such action or proceeding, together with reasonable attorneys' fees.

2.5.2.4 All of the indemnity obligations of Licensee under this Paragraph 2.5.2, or as otherwise set forth in this License, shall survive the expiration or earlier termination of this License.

2.6 Legal Relations and Responsibilities

2.6.1. Nature of Relationship: District and Licensee understand and agree that the only relationship between them created by this License is that of Licensor and Licensee, and that this License is a license and not a lease, profit a prendre, or any other interest in the Premises, and does not create, and shall not be construed to create, any agency, partnership, joint venture, landlord-tenant or other relationship between District and Licensee.

2.6.2. Compliance with Laws: Licensee shall keep itself fully informed of all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the activities of Licensee under this License, or the possession or use of the Premises by Licensee, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. Licensee shall at all times observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, District, its officers, directors, employees and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by Licensee or any person or entity holding under Licensee.

2.6.3. Assignment: The License granted hereby is personal to Licensee and any assignment of said License by Licensee, voluntarily or by operation of law, shall automatically terminate this License, unless Licensee has obtained the prior written consent of District, which may be withheld, in its sole and absolute discretion, for any reason or no reason at all.

2.6.4. Acknowledgment of District's Title: Licensee hereby acknowledges the title of District in and to the Premises, including the real property fixtures and improvements existing or erected thereon, and Licensee hereby covenants and promises never to assail, contest or resist District's title to the Premises.

2.6.5. Liens: Licensee shall maintain the Premises free from and clear of any claims, obligations, liabilities, liens, encumbrances and charges, including but not limited to any claims, liens or charges arising out of or in connection with the furnishing of materials or the performance of labor on the Premises. Licensee further shall protect and indemnify District and

the Premises from and hold them, and each of them, harmless against any and all such claims, obligations, liabilities, liens, encumbrances and charges.

2.6.6. Taxation: A possessory interest subject to property taxation may be created by this License. It is understood and agreed that if such a possessory interest is created, Licensee shall be responsible for the payment of all property taxes levied on such interest, and that District shall have no responsibility therefor. Licensee shall be solely responsible for any second allotted taxes or charges that may be revised or imposed on Licensee's activities taken hereunder, including any severance or other taxes.

2.6.7. Condemnation. In the event the Premises or any portion of the Premises is acquired under the power of eminent domain, or transferred by way of negotiated agreement in lieu of, or under threat of eminent domain, District shall receive and be entitled to all just compensation that may be awarded for the taking, including but not limited to just compensation for the property taken, any damage for injury to the remainder, and damage for any loss of business goodwill, excepting only damages or compensation specifically awarded for any relocation benefits that may be available to Licensee, and any compensation for tangible personal property losses or improvements pertaining to the realty owned by Licensee, all of which shall be recoverable by Licensee.

2.6.8. District's Reservations

2.6.8.1 District hereby reserves the right to grant easements and rights-of-way for pole or tower lines for transmission of electricity, and easements, leases and rights-of-way for telephone, telegraph, telecommunication facilities, gas, water, sewer and oil lines, for roads and highways, and for other similar uses over and across the Premises at any location or locations within the Premises. In the event Licensee determines that the granting or exercise of any such easement, lease, or right-of-way significantly interferes with Licensee's possession or use of the Premises, Licensee's only remedy shall be to terminate this License upon no less than ten (10) days written notice to District, without further damage claim or other remedy against District. Licensee shall not interfere with any easements or rights-of-way pertaining to or affecting the Premises.

2.6.8.2 District hereby reserves the right to sell, transfer or otherwise dispose of any portion of the Premises at any time. In the event of such sale, transfer or disposition, and notwithstanding any other provision of this License, this License shall, upon the close of escrow or the conveyance of title, terminate as to the portions of the Premises sold, transferred or disposed of, and Licensee shall release the same from the terms of this License and from any encumbrance which results from this License, and immediately remove all of Licensee's equipment or improvement thereon, and shall promptly quit the Premises, in accordance with Sections 2.6.9 and 2.6.10 below.

2.6.8.3 District reserves the right unto itself to perform any and all work involved in protecting, replenishing and/or conserving the basin groundwater supply and any other work necessary to the functions or purposes of District, as set forth in the Water Conservation District Law of 1931, as amended, Water Code Section 74000, *et seq.*, upon any portion, or all, of the Premises, at any time. Such work may be performed without incurring any

liability of any nature whatsoever to Licensee and Licensee hereby releases District from, and covenants not to sue District for, any such liability. District further reserves unto itself the rights of ingress and egress over all or any portion of the Premises.

2.6.8.4 This License is nonexclusive. A portion or all of the Premises may be subject to preexisting licenses or other encumbrances, and the District hereby reserves the right to issue licenses to third parties for joint usage of any portion of the Premises for any period of time during the term of this License. The District may issue such licenses without incurring any liability of any nature whatsoever to Licensee and Licensee hereby releases District from, and covenants not to sue District for, any such liability. In the event Licensee determines that the granting or exercise of any said license significantly interferes with Licensee's possession or use of the Premises, Licensee's only remedy shall be to terminate this License upon no less than ten (10) days written notice to District.

2.6.9. Surrender of Possession: At the expiration or termination of this License, whether with or without cause, Licensee shall promptly quit and surrender the Premises in a good state of repair, and shall remove any and all fixtures, structures, equipment, or fixtures placed on the Premises by Licensee, at Licensee's sole cost and expense.

2.6.10. Disposition of Abandoned Property: If Licensee abandons or quits the Premises or is dispossessed thereof by process of law or otherwise, title to any personal property left on the Premises for fifteen (15) or more days after such event shall at District's option, be deemed to have been abandoned and transferred to District. District shall have the right to remove and dispose of any and all such property without liability therefor to Licensee or to any person or entity claiming under Licensee, and District shall have no duty to account for such property. Licensee agrees to reimburse District for any and all costs associated with District transferring or disposing of Licensee's personal property pursuant to this Section.

2.6.11. Premises "As-Is": Licensee acknowledges that the Premises are being provided to Licensee on an "as-is" basis, and Licensee takes and occupies the Premises without reliance upon any representation by District, or any of its officers, employees, agents or representatives, or any other person, concerning the Premises, its state of title or fitness for Licensee's intended use or any other particular purpose of use, their income-producing history, potential or capabilities, their value, or any other promise, representation or inducement not expressly set forth in this License.

2.6.12. Disputes: In the event that any action is commenced by a party to this License against the other to enforce its rights or obligations arising from this License or seeking to interpret this License, the prevailing party in such action, in addition to any other relief and recovery ordered by the court, shall be entitled to recover all statutory costs, plus reasonable attorneys' fees. Should District be named in any suit brought by any third party against Licensee in connection with or in any way arising out of Licensee's occupancy or use of the Premises under this License, Licensee shall pay to District its costs and expenses incurred in such suit, including reasonable attorneys' fees.

2.6.13. No Obligation to Third Parties: Execution and issuance of this License shall not be deemed to confer any rights upon, directly, indirectly or by way of subrogation, nor obligate either of the parties hereto to, any person or entity other than District and Licensee.

2.6.14. Waiver: Any waiver by any party of a breach of any provision of this License shall not be deemed a continuing waiver or a waiver of any subsequent breach whether of the same or of another provision hereof.

2.6.15. District's Liability on Termination: Licensee hereby waives all damages or claims for damage that may be caused by any action of District in terminating this License (either with or without cause), or taking possession of the Premises as provided in this License or at law, and Licensee waives all claims for damages to or loss of such property of Licensee as may be in or upon the Premises upon the termination of this License.

2.7 Miscellaneous

2.7.1. Notices: Any notice, payment or instrument required or permitted to be given or delivered by this License may be given or delivered by personal delivery or by depositing the same in any United States mail depository, first class postage prepaid, and addressed as follows:

If to District: SAN BERNARDINO VALLEY WATER
 CONSERVATION DISTRICT
 1630 West Redlands Blvd., Suite A
 P.O. Box 1839
 Redlands, California 92373
 Attn: General Manager

If to Licensee: To such name and address set forth for Licensee in Part I of
 this License,

or such other person or address as either party may direct in writing to the other; provided, however, that such new or different person or address shall not become effective until acknowledged in writing by the party to who directed. Except where service is by personal delivery or by registered or certified mail, return receipt requested, service of any instrument or writing shall be deemed completed forty-eight (48) hours after deposit in a United States mail depository.

2.7.2. Warranty of Authority: Each officer of District and Licensee affixing his or her signature to this License warrants and represents by such signature that he or she has the full legal authority to bind his or her respective party to all of the terms, conditions and provisions of this License, that his or her respective party has the full legal right, power, capacity and authority to enter into this License and perform all of its provisions and obligations, and that no other approvals or consents are necessary in connection therewith.

2.7.3. Headings: The titles and headings of Sections and Paragraphs of this License, as herein set forth, have been inserted for the sake of convenience only, and are not to

be taken, deemed or construed to be any part of the terms, covenants or conditions of this License, or to control, limit or modify any of the terms, covenants or conditions hereof.

2.7.4. Time of Essence: Time is of the essence of this License. Failure to comply with any requirement, including but not limited to any time requirement, of this License shall constitute a material breach of this License.

2.7.5. Construction and Amendment: This License shall be construed, interpreted, governed and enforced in all respects according to the laws of the State of California and as if drafted by both District and Licensee. No amendment, change or modification of this document shall be valid unless in writing, stating that it amends, changes or modifies this License, and signed by all of the parties hereto.

2.7.6. Successors: Subject to the provisions of Paragraph 2.6.3 above, this License, and all of the terms, conditions and provisions herein, shall inure to the benefit of, and be binding upon, District, Licensee, and their respective successors and assigns.

2.7.7. Partial Invalidity: If any term, covenant, condition or provision of this License is held by a court of competent jurisdiction to be invalid, void, illegal, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way affect, impair, or invalidate any other term, covenant, condition or provision contained in this License.

2.7.8. Further Assurances: Each of the parties hereto shall execute and deliver any and all additional papers, documents and other assurances and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder and to carry out the intent of the parties hereto.

2.7.9. Precedence: In the event of any conflict between Parts of this License, Part I shall prevail over Parts II, III and IV, and Part III shall prevail over Part II.

[END GENERAL LICENSE PROVISIONS]

SECTION THREE:
SPECIAL LICENSE PROVISIONS

3.1 Processed material and/or aggregate on the Premises shall remain the property of District until such time as it is sold or exported from the Premises, in such a way as to be subject to the Tonnage License Fee.

3.2 Licensee shall furnish its own equipment for the processing of material from the Premises.

3.3 Licensee shall at all times control the dust created during Licensee's use of the Premises. Dust control shall be by watering the area where dust is created and Licensee shall have a water truck on the Premises at all times to carry out the intent of this paragraph. Licensee is responsible for obtaining its own water supply at its own cost and expense.

3.4 Licensee shall not deposit material or aggregates, including sand gravel and rock, on any public roadway(s) or District maintenance roads, and shall be responsible for cleaning such roadway(s) of any such material or aggregates. In the event that Licensee fails to comply with this paragraph and the responsible City or the County of San Bernardino requires the District to remove said material or aggregates, District shall invoice Licensee for any cost incurred plus 10% for administrative cost.

3.5 Licensee may only process material between the hours of 6:00 a.m. to 6 p.m., Monday through Friday, excluding holidays.

3.6 Licensee shall only process excavated and stockpiled materials from designated areas at surface grade level. Licensee shall not enter the basins to process any materials.

SECTION FOUR:
MAP OF THE PREMISES

[END MAP OF THE PREMISES]

SECTION FIVE:
SCHEDULE OF LICENSE FEES

1. Monthly Fee for Occupancy of Premises: \$ _____
2. Tonnage License Fee for Material: \$ _____/ton.

TEMPORARY ACCESS LICENSE AGREEMENT

THIS LICENSE AGREEMENT ("License") is made and entered into as of _____, 2010, by and between the SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT, a special governmental district formed and operating under the Water Conservation District Law of 1931, Water Code Section 74000, *et seq.* ("District"), and _____, a *(insert legal entity such as "a sole proprietorship" or "a California corporation")* ("Licensee").

SECTION ONE: FUNDAMENTAL LICENSE TERMS

1.1 **License:** District hereby issues to Licensee a License to enter upon real property located at _____, as shown on the map attached hereto as Section Four and incorporated herein by this reference ("Premises"), for the purpose or activity specified in Paragraph 1.2.

1.2 **Use of Premises:** For and during the term of this License, and any extension or renewal thereof, Licensee shall use the Premises solely and exclusively for the following purpose(s) or activity(ies) as described and delineated in Section Five hereto and incorporated herein by this reference ("Scope of Work") and for ingress and egress to the Premises from the closest public street for such activities.

1.3 **Term:** This License shall commence on _____ ("Commencement Date") and shall continue to and terminate at 11:59 p.m. local time on _____ ("Expiration Date"). This License and the Licensee's rights hereunder may not be extended beyond the Expiration Date unless such extension is set forth in writing and signed by both District and the Licensee. Notwithstanding the foregoing or any other provision of this License, either District or Licensee may terminate this License with or without cause, or for any reason, at any time, by giving the other party a ten (10) days written notice of termination.

BY PLACING ITS INITIALS HERE, LICENSEE ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS THE PROVISIONS OF THIS LICENSE THAT ALLOW DISTRICT TO TERMINATE THIS LICENSE AT ANY TIME WITH OR WITHOUT CAUSE AS SET FORTH HEREINABOVE.

Licensee: _____

1.4 **License Consideration:** As consideration for the issuance of this License, Licensee shall pay to District a License Fee specified in Section Six hereunder, in accordance with the procedures set out in Section Two (General Provisions).

1.5 **Notices and Payments:** All payments, notices and other writings required to be delivered under this License to either party shall be delivered in accordance with the provisions of Section Two ("General Provisions"), to District at the address set forth in Section Two, and to Licensee at the address set forth in this Section One.

1.6 **Attachments:** This License incorporates by reference the following Attachments to this License:

Section One: Fundamental License Terms
Section Two: General License Provisions
Section Three: Special License Provisions
Section Four: Map of the Premises
Section Five: Scope of Work
Section Six: License Fee Schedule

1.7 **Integration:** This License represents the entire understanding of District and Licensee as to the License and all other matters contained herein. No prior oral or written understanding shall be of any force or effect with regard to those matters covered by this License. This License supersedes and cancels any and all previous negotiations, arrangements, agreements or understandings, if any, between the parties, and none shall be used to interpret this License.

IN WITNESS WHEREOF, the parties have executed and entered into this License as of the date first set forth above.

| | |
|--|--|
| SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT | (LICENSEE'S NAME) |
| By: _____ President, Board of Directors | By: _____ Name: _____ Title: _____ |
| APPROVED AS TO FORM: RUTAN & TUCKER, LLP. | By: _____ Name: _____ Title: _____ |
| _____ General Counsel, San Bernardino Valley Water Conservation District | Licensee Information: Address for Notices: _____ |

SECTION TWO:
GENERAL LICENSE PROVISIONS

2.1 Payment of License Fee

2.1.1. Transmittal of Payments: Licensee shall make all License Fee payments, and pay all other sums due under this License, in lawful money of the United States, by check payable to "SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT," and shall personally deliver or mail all payments without any notice or demand to District at the address set forth in Paragraph 2.8.1 below. Licensee assumes all risk of loss or late payment if any payment is made by mail.

2.1.2. No Offsets: All License Fees and other sums due under this License shall be paid without offset or deduction, and shall be deemed payments on account. Neither the payment by Licensee nor the acceptance by District of any License Fee or other sum in an amount which is less than the amount due and payable pursuant to this License, nor the issuance of any statement showing as due and payable an amount less than is properly due and payable pursuant to the terms of this License, shall constitute an agreement by District modifying this License or a waiver of District's right to receive all sums provided for in this License. No endorsement or statement on any check or any letter accompanying any check or payment shall be deemed an accord or satisfaction, and District shall accept all checks and payments from Licensee without prejudice to District's right to recover the balance of the amount due or to pursue any other remedy in this License or otherwise provided by law.

2.2 Charges for Delinquent Payment of License Fee

2.2.1. If any payment of any License Fee or any other sum due District is not received by District within ten (10) days after the due date, Licensee shall be deemed delinquent in its License Fee payment and a late charge of one and one-half percent (1.5%) of the delinquent amount, plus the sum of One Hundred Dollars (\$100.00), shall become immediately due and payable to District. An additional charge of one and one-half percent (1.5%) of such delinquent License Fee payment (excluding late charges) shall be added for each additional calendar month (or portion thereof) that the delinquent sum remains unpaid.

2.2.2. Licensee and District hereby acknowledge and agree that such late charges do not represent and shall not be deemed to be an interest payment, but that such late charges represent a fair and reasonable estimate of the costs and expenses that District will incur by reason of Licensee's late payment.

2.2.3. Acceptance by District of any delinquent License Fee payment or late charge shall in no way constitute a waiver of Licensee's default with respect to such overdue and delinquent payment, or in any way impair, prevent or restrict District from exercising any of its rights or remedies set forth in this License or otherwise provided at law.

2.3 Use of Premises

2.3.1. Conditions of Use: For and during the term of this License, and any extension or renewal thereof, Licensee's use of the Premises shall be subject to the following conditions, covenants and restrictions:

2.3.1.1 Except as provided in this License, the Premises shall be used only for the purposes specified in Paragraph 1.2 above and Section Five hereunder, and the Premises shall not be used for any other use or purpose whatsoever, without the prior written consent of District.

2.3.1.2 Lessee shall not cause, permit or suffer any Hazardous Material to be brought upon, left, used or abandoned on the Premises. For purposes of this paragraph, the term "Hazardous Material" shall mean: (i) any chemical, pollutant, contaminant, pesticide, petroleum or petroleum product or by product, radioactive substance, solid waste (hazardous or extremely hazardous), special, dangerous or toxic waste, hazardous or toxic substance, chemical or material regulated, listed, referred to, limited or prohibited under any Environmental Law, including without limitation: (i) friable or damaged asbestos, asbestos-containing material, polychlorinated biphenyls ("PCBs"), chlorinated solvents and waste oil; (ii) any "hazardous substance" or "hazardous waste" as defined under the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. §§ 9601 et seq.), as amended ("CERCLA"); or the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (42 U.S.C. §§6901 et seq.), as amended ("RCRA") or any Environmental Law of the State of California; and (iii) even if not prohibited, listed, limited or regulated by an Environmental Law, all pollutants, contaminants, hazardous, dangerous or toxic chemical materials, wastes or any other substances, including without limitation, any petroleum material or fractions thereof or additives thereto, any industrial process or pollution control waste (whether or not hazardous within the meaning of RCRA) which pose a hazard to the environment, or the health and safety of any person or impair the use or value of any portion of the Property. The term "Environmental Law" shall mean all applicable past, present or future federal, state and local statutes, regulations, directives, ordinances, rules, court orders, judicial and administrative decrees, arbitration awards and the common law, which pertain to environmental matters, contamination of any type whatsoever, or health and safety matters, as such have been amended, modified or supplemented from time to time (including any present and future amendments thereto and re-authorizations thereof), including, without limitation, those relating to: (i) the manufacture, processing, use, distribution, treatment, storage, disposal, generation or transportation of Hazardous Materials; (ii) air, soil, surface, subsurface, surface water and groundwater; (iii) Releases; (iv) protection of wildlife, endangered species, wetlands or natural resources; (v) the operation and closure of underground storage tanks; (vi) health and safety of employees and other persons; and (vii) notification and record keeping requirements relating to the foregoing. Without limiting the above, Environmental Laws also include the following: (i) CERCLA; (ii) RCRA; (iii) the Emergency Planning and Community Right to Know Act of 1986 (42 U.S.C. §§ 11001 et seq.), as amended; (iv) the Clean Air Act (42 U.S.C. §§ 7401 et seq.), as amended; (v) the Clean Water Act (33 U.S.C. §§1251 et seq.), as amended; (vi) the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), as amended; (vii) the Hazardous Materials Transportation Act (49 U.S.C. §§ 1801 et seq.), as amended; (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. §§ 136 et seq.), as amended; (ix) the Federal Safe

Drinking Water Act (42 U.S.C. §§ 300f et seq.), as amended; (x) the Federal Radon and Indoor Air Quality Research Act (42 U.S.C. §§ 7401 et seq.); (xi) the Occupational Safety and Health Act (29 U.S.C. §§ 651 et seq.), as amended; and (xii) any state, county, municipal or local statutes, laws or ordinances similar or analogous to (including counterparts of) any of the statutes listed above.

2.3.1.3 Licensee shall not maintain, commit or permit the maintenance or commission of any waste or any nuisance (as defined in California Civil Code section 3479) on the Premises, and Licensee shall not use or permit the use of the Premises for any unlawful purpose.

2.3.1.4 District or its authorized representative shall have the right at all reasonable times to enter upon the Premises and inspect the general condition of the Premises to determine if Licensee is complying with the terms, conditions, requirements and provisions of this License.

2.3.2. Utilities and Services: Licensee shall be solely responsible for obtaining all utility service and for the payment of all utility charges, including but not limited to water and power, supplied to the Premises.

2.3.3. Permits and Approvals: Licensee shall obtain at its own sole cost and expense, any and all governmental permits, approvals, licenses or other authorizations which may be required in connection with the use of the Premises as set forth in this License, including but not limited to approvals for business licenses, zoning or use permits, or any approvals that may be required under the California Environmental Quality Act, Surface Mining Second Reclamation Act, any rules or restrictions relating to environmental protection or protection of endangered species, or other provisions of law. No approval or consent given under this License by District shall affect or limit Licensee's obligations hereunder, nor shall any approvals or consents given by District, in its capacity as a party to this License, be deemed to be approval as to compliance or conformance with any applicable governmental codes, laws, orders, rules or regulations.

2.4 Insurance: Without limiting Licensee's indemnification obligations, Licensee shall not enter or occupy the Premises until Licensee has obtained all of the insurance required herein from a company or companies acceptable to District, and Licensee shall maintain all such insurance in full force and effect at all times during the term of this License and any extension or renewal thereof. Insurance shall be placed with insurers having a current A.M. Best rating of no less than A:VII or equivalent or as otherwise approved by District.

2.4.1. Licensee shall take out and maintain the following insurance:

2.4.1.1 Workers' Compensation and Employer's Liability Insurance: Licensee shall cover or insure under the applicable laws relating to workers' compensation insurance all of its employees working on or about the Premises, in accordance with the "Workers' Compensation and Insurance Act," Division IV of the Labor Code of the State of California and any Acts amendatory thereof. Licensee shall provide worker's compensation insurance and employer's liability insurance with limits not less than One Million Dollars

(\$1,000,000) each occurrence, One Million Dollars (\$1,000,000) disease policy limit, and One Million Dollars (\$1,000,000) disease each employee. Such policy of workers compensation insurance shall contain the following separate endorsements:

(a) "Insurer waives all rights of subrogation against the San Bernardino Valley Water Conservation District, its officers, directors, employees, representatives and volunteers."

(b) "This insurance policy shall not be suspended, voided, reduced in coverage or in limits, cancelled, limited, non-renewed or materially changed for any reason by the insurer until thirty (30) days after receipt by the San Bernardino Valley Water Conservation District of a written notice of such cancellation, limitation or reduction of coverage."

2.4.1.2 Commercial General Liability Insurance providing coverage in the following minimum limits:

(a) Combined single limit of Two Million Dollars (\$2,000,000) per occurrence for Bodily Injury, Personal Injury or Death and Property.

(b) Damage Coverage shall be at least as broad as Insurance Services Office (ISO) Commercial General Liability coverage (occurrence Form CG 0001).

(c) If Commercial General Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503 or ISO CG 2504, or insurer's equivalent endorsement provided to District), or the general aggregate limit shall be twice the required occurrence limit.

2.4.1.3 Comprehensive Automobile Liability Insurance, including owned, non-owned, leased, hired, and borrowed automobiles and similar vehicles, providing the following minimum limits:

(a) Combined single limit of One Million Dollars (\$1,000,000) per occurrence for Bodily Injury or Death and Property Damage.

(b) Coverage shall be at least as broad as Insurance Services Office (ISO) Business and Auto Coverage (Form CA 0001) covering any auto.

2.4.2. Endorsements: The policies of liability insurance provided for in Paragraphs 2.4.1.2 and 2.4.1.3 shall specify that this specific License is insured and that coverage for injury to participants resulting from Licensee's activities is not excluded, and shall be in a form satisfactory to District and contain the following separate endorsements:

(a) "The San Bernardino Valley Water Conservation District, its officers, directors, employees, representatives and volunteers, are declared to be additional insureds on all of the above policies with respects to the operations and

activities of the named insured at or from the premises of the San Bernardino Valley Water Conservation District. The coverage shall contain no special limitations on the scope of protection afforded to the San Bernardino Valley Water Conservation District, its officers, directors, employees, representatives and volunteers.”

(b) “This insurance policy shall not be suspended, voided, reduced in coverage or in limits, canceled, limited, non-renewed, or materially changed for any reason until thirty (30) days after receipt by the San Bernardino Valley Water Conservation District of a written notice of such cancellation, limitation or reduction of coverage.”

(c) “This insurance policy is primary insurance and no insurance held or owned by the designated additional insureds shall be called upon or looked to cover a loss under said policy; the San Bernardino Valley Water Conservation District shall not be liable for the payment of premiums or assessments on this policy.”

(d) “Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the San Bernardino Valley Water Conservation District, its officers, directors, employees, representatives, or volunteers.”

(e) “This insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer’s liability.”

2.4.3. Evidence of Coverage: Licensee shall at the time of the execution of the License present to District the original policies of insurance required by this Paragraph 2.4 or a certificate of the insurance, with separate endorsements (Insurance Services Office Form CG 2026, or equivalent), showing the issuance of such insurance and the additional insured and other provisions and endorsements required herein and copies of all endorsements signed by the insurer’s representative. All policies shall contain the Licensee’s name and location of the Premises on the certificate. At least thirty (30) days prior to the expiration of any such policy, a signed complete certificate of insurance, with all endorsements provided herein, showing that such insurance coverage has been renewed or extended, shall be filed with District. Licensee’s insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer’s liability.

2.4.4. Review of Coverage: District shall have the right at any time to review the coverage, form, and limits of insurance required under this License. If, in the sole and absolute discretion of District, the insurance provisions in this License do not provide adequate protection for District, District shall have the right to require Licensee to obtain insurance sufficient in coverage, form and limits to provide adequate protection and Licensee shall promptly comply with any such requirement. District’s requirements shall not be unreasonable, but shall be adequate in the sole opinion of District to protect against the kind and extent of risks which may exist at the time a change of insurance is required, or thereafter.

2.4.5. Deductibles: Any and all deductibles must be declared and approved by District prior to execution of this License.

2.4.6. License Contingent Upon Coverage: Notwithstanding any other provision of this License, this License shall be null and void at all times when the above-referenced original policies of insurance or Certificate of Insurance or Renewal Certificates or Endorsements are not on file with District.

2.5 Indemnification

2.5.1. District Not Liable: District shall not be liable at any time for any loss, damage or injury whatsoever to the person or property of any person or entity whatsoever, including but not limited to any employee, agent or contractor of Licensee, resulting from or arising out of any act or omission of Licensee or of any person or entity holding under Licensee, the physical condition or state of the Premises, or the occupancy or use of the Premises or any part thereof by or under Licensee, or any act or omission in the exercise of any right or the performance of any obligation under this License, or directly or indirectly from any state or condition of the Premises, or any part thereof.

2.5.2. Indemnification: Irrespective of any insurance carried by Licensee for the benefit of District, and notwithstanding any other provision or statement of precedence of this License to the contrary, Licensee shall indemnify and hold District, its officers, directors, employees, representatives and volunteers (collectively "District Personnel") harmless from and against any and all actions, claims, demands, judgments, attorneys fees, costs, damages to persons or property, penalties, obligations, expenses or liabilities of any kind that may be asserted or claimed by any person or entity (including, but not limited to, any employee, agent or contractor of Licensee) in any way arising out of or in connection with this License, the operations carried on by Licensee on the Premises or any lands to which Licensee has access hereunder, or the occupation or use of the Premises by Licensee or any person or entity holding under Licensee (collectively, "Claims"), whether or not there is concurrent active or passive negligence on the part of District, and/or acts for which the District would be held strictly liable, but excluding the sole active negligence or willful misconduct of District. In connection therewith:

2.5.2.1 Licensee shall defend and hold District and District Personnel harmless from any and all Claims, whether caused in whole or in part by District's active or passive negligence, and/or acts for which District and/or District Personnel would be held strictly liable, but excluding any Claim that results from the sole active negligence or willful misconduct of District or District Personnel; and Licensee shall pay all expenses and costs, including attorneys' fees, incurred in connection therewith.

2.5.2.2 Licensee shall promptly pay any judgment rendered against Licensee or District covering any Claim, and hold and save District and District Personnel harmless therefrom, whether such Claim was caused in whole or in part by District and/or District Personnel's active or passive negligence, and/or acts for which District and/or District Personnel would be held strictly liable, but excluding the sole active negligence and willful misconduct of District and/or District Personnel.

2.5.2.3 In the event District is made a party to any action or proceeding filed or prosecuted for or arising out of or in connection with any Claim, Licensee shall pay to District any and all costs and expenses incurred by District in any such action or proceeding, together with reasonable attorneys' fees.

2.5.2.4 All of the indemnity obligations of Licensee under this Paragraph 2.5.2, or as otherwise set forth in this License, shall survive the expiration or earlier termination of this License.

2.6 Legal Relations and Responsibilities

2.6.1. Nature of Relationship: District and Licensee understand and agree that the only relationship between them created by this License is that of Licensors and Licensee, and that this License is a license and not a lease, profit a prendre, or any other interest in the Premises, and does not create, and shall not be construed to create, any agency, partnership, joint venture, landlord-tenant or other relationship between District and Licensee.

2.6.2. Compliance with Laws: Licensee shall keep itself fully informed of all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the activities of Licensee under this License, or the possession or use of the Premises by Licensee, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. Licensee shall at all times observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, District, its officers, directors, employees and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by Licensee or any person or entity holding under Licensee.

2.6.3. Assignment: The License granted hereby is personal to Licensee and any assignment of said License by Licensee, voluntarily or by operation of law, shall automatically terminate this License, unless Licensee has obtained the prior written consent of District, which may be withheld, in its sole and absolute discretion, for any reason or no reason at all.

2.6.4. Acknowledgment of District's Title: Licensee hereby acknowledges the title of District in and to the Premises, including the real property fixtures and improvements existing or erected thereon, and Licensee hereby covenants and promises never to assail, contest or resist District's title to the Premises.

2.6.5. Liens: Licensee shall maintain the Premises free from and clear of any claims, obligations, liabilities, liens, encumbrances and charges, including but not limited to any claims, liens or charges arising out of or in connection with the furnishing of materials or the performance of labor on the Premises. Licensee further shall protect and indemnify District and the Premises from and hold them, and each of them, harmless against any and all such claims, obligations, liabilities, liens, encumbrances and charges.

2.6.6. Taxation: A possessory interest subject to property taxation may be created by this License. It is understood and agreed that if such a possessory interest is created, Licensee shall be responsible for the payment of all property taxes levied on such interest, and that District shall have no responsibility therefor. Licensee shall be solely responsible for any

second allotted taxes or charges that may be revised or imposed on Licensee's activities taken hereunder, including any severance or other taxes.

2.6.7. Condemnation. In the event the Premises or any portion of the Premises is acquired under the power of eminent domain, or transferred by way of negotiated agreement in lieu of, or under threat of eminent domain, District shall receive and be entitled to all just compensation that may be awarded for the taking, including but not limited to just compensation for the property taken, any damage for injury to the remainder, and damage for any loss of business goodwill, excepting only damages or compensation specifically awarded for any relocation benefits that may be available to Licensee, and any compensation for tangible personal property losses or improvements pertaining to the realty owned by Licensee, all of which shall be recoverable by Licensee.

2.6.8. District's Reservations

2.6.8.1 District hereby reserves the right to grant easements and rights-of-way for pole or tower lines for transmission of electricity, and easements, leases and rights-of-way for telephone, telegraph, telecommunication facilities, gas, water, sewer and oil lines, for roads and highways, and for other similar uses over and across the Premises at any location or locations within the Premises. In the event Licensee determines that the granting or exercise of any such easement, lease, or right-of-way significantly interferes with Licensee's possession or use of the Premises, Licensee's only remedy shall be to terminate this License upon thirty (30) days written notice to District. Licensee shall not interfere with any easements or rights-of-way pertaining to or affecting the Premises.

2.6.8.2 District hereby reserves the right to sell, transfer or otherwise dispose of any portion of the Premises at any time. In the event of such sale, transfer or disposition, and notwithstanding any other provision of this License, this License shall, upon the close of escrow or the conveyance of title, terminate as to the portions of the Premises sold, transferred or disposed of, and Licensee shall release the same from the terms of this License and from any encumbrance which results from this License, and shall promptly quit the Premises, in accordance with Sections 2.6.10 and 2.6.11 below.

2.6.8.3 District reserves the right unto itself to perform any and all work involved in protecting, replenishing and/or conserving the basin groundwater supply and any other work necessary to the functions or purposes of District, as set forth in the Water Conservation District Law of 1931, as amended, Water Code Section 74000, *et seq.*, upon any portion, or all, of the Premises, at any time. Such work may be performed without incurring any liability of any nature whatsoever to Licensee and Licensee hereby releases District from, and covenants not to sue District for, any such liability. District further reserves unto itself the rights of ingress and egress over all or any portion of the Premises.

2.6.9. Waiver of Claims: As a material part of the consideration to District under the License, Licensee hereby waives any and all claims that it may have against District during the term of this License, or any extension or renewal thereof, for any damage to goods, wares and merchandise upon or about the Premises, and for any injury to Licensee, its

employees, agents, invitees, or to third parties in or about the Premises, from any cause arising at any time.

2.6.10. Surrender of Possession: At the expiration or termination of this License, whether with or without cause, Licensee shall promptly quit and surrender the Premises in a good state of repair.

2.6.11. Disposition of Abandoned Property: If Licensee abandons or quits the Premises or is dispossessed thereof by process of law or otherwise, title to any personal property left on the Premises for fifteen (15) or more days after such event shall at District's opinion, be deemed to have been abandoned and transferred to District. District shall have the right to remove and dispose of any and all such property without liability therefor to Licensee or to any person or entity claiming under Licensee, and District shall have no duty to account for such property. Licensee agrees to reimburse District for any and all costs associated with District transferring or disposing of Licensee's personal property pursuant to this Section.

2.6.12. Premises "As-Is": Licensee acknowledges that the Premises are being provided to Licensee on an "as-is" basis, and Licensee takes and occupies the Premises without reliance upon any representation by District, or any of its officers, employees, agents or representatives, or any other person, concerning the Premises, their fitness for Licensee's intended use or any other particular purpose of use, the Premises' state of title, their income-producing history, potential or capabilities, their value, or any other promise, representation or inducement not expressly set forth in this License.

2.6.13. No Representation or Warranty Concerning Premises: Licensee acknowledges that neither District, nor any of its officers, employees, agents or representatives, has made any written or oral representation, promise, or warranty, expressed or implied, concerning the Premises, their fitness for Licensee's intended use or any other purpose or use, their income producing history, potential or capabilities, their value, or any other matter not expressly set forth in this License.

2.6.14. Disputes: In the event that any action is commenced by a party to this License against the other to enforce its rights or obligations arising from this License or seeking to interpret this License, the prevailing party in such action, in addition to any other relief and recovery ordered by the court, shall be entitled to recover all statutory costs, plus reasonable attorneys' fees. Should District be named in any suit brought by any third party against Licensee in connection with or in any way arising out of Licensee's occupancy or use of the Premises under this License, Licensee shall pay to District its costs and expenses incurred in such suit, including reasonable attorneys' fees.

2.6.15. Security Measures: Licensee acknowledges that the Premises are licensed to and accepted by Licensee in an "as-is" condition, and that the License Payments and other sums payable from Licensee to District hereunder do not include the cost of any site preparation or security guard or any other security services or measures. Licensee further acknowledges that District makes no representation or warranty, express or implied, regarding the security of the Premises or the need for or propriety of any security measures at the Premises; and Licensee further acknowledges that District shall have no obligation whatsoever to provide guard service

or any other security measures. Licensee expressly assumes all responsibility for the protection and security of the Premises, Licensee, its agents, employees, invitees and property within the Premises from any and all acts of any third party.

2.6.16. No Obligation to Third Parties: Execution and issuance of this License shall not be deemed to confer any rights upon, directly, indirectly or by way of subrogation, nor obligate either of the parties hereto to, any person or entity other than District and Licensee.

2.6.17. Waiver: Any waiver by any party of a breach of any provision of this License shall not be deemed a continuing waiver or a waiver of any subsequent breach whether of the same or of another provision hereof.

2.6.18. District's Liability on Termination: Licensee hereby waives all damages or claims for damage that may be caused by any action of District in terminating this License (either with or without cause), or taking possession of the Premises as provided in this License or at law, and Licensee waives all claims for damages to or loss of such property of Licensee as may be in or upon the Premises upon the termination of this License.

2.6.19. Copies of Reports. Licensee shall provide to District copies of all surveys, engineering information, analysis, environmental reports, tests and studies and any other information obtained or generated by Licensee in connection with Licensee's use of the Premises.

2.7 Maintenance and Repair of Premises

2.7.1. Licensee's Obligation to Maintain Premises: Licensee shall at all times during the term of this License, and any extension or renewal thereof, at its sole cost and expense, remove all trash and debris from the Premises. Licensee shall also keep and maintain in good condition and in substantial repair (all to the satisfaction of District in its sole discretion), the Premises and all appurtenances and every part thereof, including improvements of any kind erected, installed or made on or within the Premises. Licensee shall at all times in the maintenance and use of the Premises and the buildings, structures, facilities, improvements and equipment thereon, comply with all laws, ordinances and regulations pertaining thereto, and all conditions and restrictions set forth herein. Licensee expressly agrees to maintain the Premises in a safe, clean, wholesome, and sanitary condition and free of trash and debris, to the complete satisfaction of District and in compliance with all applicable laws.

2.7.2. Licensee's Default of its Maintenance Duties: In the event that Licensee fails, neglects or refuses to remove trash or debris deposited by Licensee or its invitees on the Premises or to maintain or make repairs or replacements as required by this License, District shall notify Licensee in writing of such failure or refusal. Should Licensee fail or refuse to correct such default within ten (10) days of receipt of such written notice from District, District may, but shall not be required to, itself or by contract, undertake the necessary maintenance, repair or replacements; and the cost thereof, including but not limited to the cost of labor, materials and equipment and procurement of insurance, plus an administrative fee in the amount of fifteen percent (15%) of the sum of such costs, shall be paid by Licensee to District within ten (10) days of Licensee's receipt of a statement of such costs from District. Any such

maintenance, repair or replacement by or on behalf of District shall not be deemed to be a waiver of Licensee's default under this License, and shall not in any way impair, prevent or restrict District from exercising any of its rights or remedies set forth in this License or otherwise provided at law.

2.8 Miscellaneous

2.8.1. Notices: Any notice, payment or instrument required or permitted to be given or delivered by this License may be given or delivered by personal delivery or by depositing the same in any United States mail depository, first class postage prepaid, and addressed as follows:

If to District: SAN BERNARDINO VALLEY WATER
 CONSERVATION DISTRICT
 1630 West Redlands Blvd., Suite A
 P.O. Box 1839
 Redlands, California 92373
 Attn: General Manager

If to Licensee: To such name and address set forth for Licensee in Section
 One of this License,

or such other person or address as either party may direct in writing to the other; provided, however, that such new or different person or address shall not become effective until acknowledged in writing by the party to who directed. Except where service is by personal delivery or by registered or certified mail, return receipt requested, service of any instrument or writing shall be deemed completed forty-eight (48) hours after deposit in a United States mail depository.

2.8.2. Warranty of Authority: Each officer of District and Licensee affixing his or her signature to this License warrants and represents by such signature that he or she has the full legal authority to bind his or her respective party to all of the terms, conditions and provisions of this License, that his or her respective party has the full legal right, power, capacity and authority to enter into this License and perform all of its provisions and obligations, and that no other approvals or consents are necessary in connection therewith.

2.8.3. Headings: The titles and headings of Sections and Paragraphs of this License, as herein set forth, have been inserted for the sake of convenience only, and are not to be taken, deemed or construed to be any part of the terms, covenants or conditions of this License, or to control, limit or modify any of the terms, covenants or conditions hereof.

2.8.4. Time of Essence: Time is of the essence of this License. Failure to comply with any requirement, including but not limited to any time requirement, of this License shall constitute a material breach of this License.

2.8.5. Construction and Amendment: This License shall be construed, interpreted, governed and enforced in all respects according to the laws of the State of California and as if drafted by both District and Licensee. No amendment, change or modification of this

document shall be valid unless in writing, stating that it amends, changes or modifies this License, and signed by all of the parties hereto.

2.8.6. Successors: Subject to the provisions of Paragraph 2.6.3 above, this License, and all of the terms, conditions and provisions herein, shall inure to the benefit of, and be binding upon, District, Licensee, and their respective successors and assigns.

2.8.7. Re-Entry: No entry or re-entry into the Premises by District shall be construed as an election to terminate this License, unless prior thereto or concurrently therewith written notice of intent to terminate is given by District to Licensee. District's entry into possession of the Premises without having elected to terminate shall not prevent District from making such an election and giving Licensee notice thereof.

2.8.8. Partial Invalidity: If any term, covenant, condition or provision of this License is held by a court of competent jurisdiction to be invalid, void, illegal, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way affect, impair, or invalidate any other term, covenant, condition or provision contained in this License.

2.8.9. Further Assurances: Each of the parties hereto shall execute and deliver any and all additional papers, documents and other assurances and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder and to carry out the intent of the parties hereto.

2.8.10. Precedence: In the event of any conflict between Section of this License, Section One shall prevail over Sections Two, Three and Four, and Section Three shall prevail over Section Two.

2.8.11. Statutory References. All references in this Agreement to particular statutes, regulations, ordinances, or resolutions of the United States, the State of California, or the County of San Bernardino shall be deemed to include the same statute, regulation, ordinance or resolution as hereafter amended or renumbered, or if repealed, to such other provisions as may thereafter govern the same subject.

[END GENERAL LICENSE PROVISIONS]

SECTION THREE:
SPECIAL LICENSE PROVISIONS

[END SPECIAL LICENSE PROVISIONS]

SECTION FOUR:
MAP OF THE PREMISES

[END MAP OF THE PREMISES]

SECTION FIVE:
SCOPE OF WORK

[END SCOPE OF WORK]

SECTION SIX
LICENSE FEE SCHEDULE

[END OF LICENSE FEE SCHEDULE]