

DISCUSSION POINTS FOR DRAFT PRINCIPLES OF AGREEMENT

Purpose of MOU: While this MOU does not define, assign, or otherwise acknowledge or make a determination of water rights within the Reche Basin Management area, this MOU does attempt to provide for a reasonable settlement of an allowance for pumping of water from the basin and obligations of each party to work cooperatively to avoid basin overdraft and to provide for mitigating measures to bring the basin into balance should overdraft occur. Parties are identified as Bighorn Desert View Water Agency, Hi-Desert Water Agency, and County of San Bernardino Service Area 70.

Boundary for Reche Basin Management Area: ~~Attached as Exhibit A~~ *Not completed as of 8/16/2010*

Baseline Usage: The Baseline Usage amount was calculated based on prior usage beginning with calendar year 2003 and ending in calendar year 2008. The pumping averages shall apply to wells commonly referred to as 24E for the High Desert Water Agency, wells 1, 2 and 3 from the County, and 2, 3, 4, 6, 7, 8 and 9 for Bighorn Desert View Water Agency. Verification of well production can be in the form of meter readings, if available, or pumping data verified through energy usage data from the pumps.

Based on production data provided by the County of San Bernardino, Hi-Desert Water District and the Bighorn Desert View Water Agency, the Baseline Usage is established as:

	<u>Baseline Amount</u>
• CSA 70 IZ W -1 (Landers)	230 acre-feet
• CSA 70 IZ W -4 (Pioneer Town)	-0- acre-feet
• Hi-Desert Water District	703 acre-feet
• Bighorn Desert View Water Agency	<u>641 acre-feet</u>
○ Total Baseline Usage Amount	1,571 acre feet

Administration and Verification: Each agency agrees to supply MWA no later than July 10th each year the meter readings and/or pumping data for all wells within the boundary for the prior twelve months (July 1st to June 30th). In order to ensure recovery of the basin and still allow for withdrawals, the Baseline Usage amount may be reduced by an across the board percentage deemed to be necessary to allow for recovery. This amount will be determined every five years by the General Manager's of the parties to this agreement after an analysis of the basin levels through a monitoring program managed by the Mojave Water Agency (MWA). The monitoring program will consist of the monitoring wells mentioned in the 1991 Ames Agreement at a minimum. Additional monitoring wells may be added to increase the completeness of the monitoring network in the Reche basin. MWA will include the appropriate monitoring wells into their monitoring network and their staff will take ground water level measurements on a schedule determined by MWA.

Storage Accounts: Each agency agrees to the following:

- Each agency shall have the right to withdraw from the basin the Baseline Usage amounts. Amounts withdrawn above the Baseline Usage amount must be mitigated by importing State Water Project water from the Mojave Water Agency via the Morongo Basin pipeline or purchasing unused Baseline Usage amount or excess storage from one of the other parties to this agreement.
- Each agency's Storage Account will be tracked by Mojave Water Agency and reported to each agency on an annual basis. Storage may go negative, depending upon the availability of imported water.
- Each agency may pre-store water for future use
- Amounts withdrawn below the Baseline Usage amount may be carried over for a maximum of two years.
- 5% of all water stored will accrue to the Bighorn Desert View Water Agency.

Construction and Maintenance of Recharge Facilities: The Mojave Water Agency will construct, maintain and operate the recharge facilities at a cost not to exceed \$ 1 million for the construction costs. In exchange, Mojave Water Agency may store water in the basin without accruing system water losses. The ownership of the land will remain with BDVWA. The facilities will reside with MWA.

Replacement of 1991 Agreement: This Principles of Agreement, when finalized as a formal agreement, will replace the 1991 agreement and amendments between Hi-Desert Water District and the Bighorn Desert View Water Agency. Neither the County of San Bernardino nor the Mojave Water Agency will become a party to the court filings as a result of this agreement.

MOJAVE WATER AGENCY WATER BANKING POLICY

Adopted by Board of Directors
December 14, 2006

Purpose. It is the intent of the Mojave Water Agency to utilize this policy to guide the Agency in determining where water will be “banked” (as defined below).

1. The Agency defines “water banking” as the purchase of imported State Water Project water for storage in the various ground water basins within the MWA for future use. This water is in excess to the annual water demand that the Agency is/will be required to meet under the various current and future water supply obligations of the Agency.
2. Water supply obligations of the Agency currently include:
 - Entitlement transfers to the Antelope Valley-East Kern Water Agency for delivery to an existing customer within the MWA
 - Replacement Water and Makeup Water Obligations under the Judgment for the Mojave Basin Area (Riverside County Superior Court Case No. 208568)
 - Ordinance No. 9 annual water sales
 - Water sales under the “Agreement for Construction, Operation and Financing of the Morongo Basin Pipeline Project”
3. The MWA has established a fund to purchase water for storage within the groundwater basins within the Agency.
 - The funds available will be used when favorable water availability, system capacity and fiscal circumstances indicate that it will be advantageous to purchase water for storage in the ground water basins within the MWA
 - MWA staff will seek approval from the Board of Directors prior to making purchases under this Policy.
4. When recommending purchases and banking locations to the Board, staff will consider the potential for the banked water to be purchased from the Agency in the future and the needs of the area where water is proposed to be banked.
5. Banking targets (maximums) have been established for each ground water basin where banking may occur under this Policy to assist determination of where available water will be banked. The targets are generally based upon the calculation of three times the non-agricultural water demand (production) within the Subarea. The targets are as follows:
 - Alto Subarea – 261,000 acre-feet
 - Centro Subarea – 33,000 acre-feet
 - Baja Subarea – 31,000 acre-feet
 - Este Subarea – 5,000 acre-feet
 - Oeste Subarea – 6,000 acre-feet
 - Morongo Basin - 21,000 acre-feet
6. The MWA will update the targets in this Policy every 3 years, or sooner if circumstances warrant (significant changes to demand patterns, availability of new delivery capability, changes to local hydrology, etc.).