

MEMORANDUM OF UNDERSTANDING
Salinity Management in the San Bernardino Basin Area

This Memorandum of Understanding for Salinity Management in the San Bernardino Basin Area (**MOU**) is entered into and effective this 26th day of October, 2016 by and among City of Riverside, Public Utilities (**RPU**), East Valley Water District (**EVWD**), and San Bernardino Valley Municipal Water District (**Valley District**). RPU, EVWD and Valley District are each sometimes referred to herein as a "**Party**" and collectively are sometimes referred to herein as the "**Parties**."

Recitals

A. RPU and Valley District are parties to the so-called *Western* Judgment, which was entered into in 1969. Under the terms of that judgment, Valley District, together with Western Municipal Water District of Riverside County (**Western**), is responsible for managing the San Bernardino Basin Area (**SBBA**) so as to ensure Plaintiff Parties as defined in that judgment, including RPU, can extract and support certain quantities of water from the SBBA for municipal purposes.

B. Since 1969, RPU and Valley District, together with a number of other public agencies, including EVWD, have worked cooperatively to replenish the SBBA and ensure that there are reliable sources of water for the residents of the San Bernardino Valley and the City of Riverside. Among those efforts were the 2007 agreement among RPU, Valley District and Western relating to the diversion of water from the Santa Ana River system; the many cost-sharing agreements among RPU, Valley District and Western for the Seven Oaks Dam blanket drain, the "Enhanced Recharge Project," the "Active Recharge Project; and the agreement for institutional controls for the Newmark and Muscoy groundwater contamination plumes. Throughout these many efforts, RPU and Valley District have been able to resolve questions relating to the potential effects of proposed projects on groundwater resources amicably, to the benefit of their respective ratepayers.

C. Presently, Valley District and EVWD are collaborating on the proposed Sterling Natural Resource Center (**SNRC**) project, which would provide tertiary treatment for 6 million gallons per day of wastewater originating within EVWD's service area. Valley District will build and operate the SNRC project and, as part of the regulatory permitting process that includes a number of agencies and approvals, has petitioned the State Water Resources Control Board for a permit under Water Code section 1211. RPU has filed a protest to that 1211 petition, expressing concern that the SNRC project may have an adverse effect on the quality of water that RPU extracts from the SBBA from its wells, particularly at the Gage wells.

D. The Parties wish to collaborate on a series of projects that benefit groundwater quantity and quality in the SBBA and wish to memorialize their understandings by means of this MOU.

Understandings

1. *Workshops on Effects of the SNRC Project at the Gage Wells and Other RPU Wells.* The Final EIR for the SNRC project (at pages 11-33 to 11-39) fully analyzed the potential impacts of the SNRC project on RPU's Gage wells, as well as other wells used by RPU.

a. The Final EIR acknowledged that, as the SNRC project proceeds through the regulatory permitting process, there will likely be additional limitations placed on the discharge of treated wastewater for groundwater replenishment purposes by the State Water Resources Control Board's Division of Drinking Water and/or by the Regional Water Quality Control Board in order to ensure that the replenishment of the SBBA by the SNRC project will not have any adverse effect on drinking water wells.

b. Among the extensive suite of mitigation measures adopted and required by the Final EIR, the mitigation measure identified as HYDRO-2 obligates Valley District to prepare and implement a groundwater monitoring program that includes installation of an array of groundwater monitoring wells sufficient to characterize the effects of the discharge on local groundwater quality. If monitoring shows that beneficial uses of the groundwater may become adversely affected by the discharge, the monitoring program would require either modifications to treatment, modification of the well screened area by sealing the affected portion of the screen in the impacted groundwater bearing zone, or compensation for adversely affected groundwater wells through replacement of the affected well or through providing replacement water.

c. To communicate more effectively and to provide assurances to RPU, Valley District and EVWD will, no later than November 15, 2016, conduct a workshop/briefing for RPU staff during which Valley District, EVWD and their technical consultants will describe the anticipated effects of the SNRC project on RPU's wells and will also describe the then-current status of the regulatory permitting process. In the course of that workshop, Valley District and EVWD will further present the technical details of the modeling contained in the Final EIR so that RPU technical staff can evaluate those data for themselves. As the regulatory permitting continues, Valley District and EVWD will conduct quarterly briefings for RPU technical staff on the status of that permitting process. Finally, once the necessary permits are issued, Valley District and EVWD will conduct a final briefing for RPU technical staff to enable them to understand the final regulatory requirements and the manner in which those regulatory requirements will protect RPU's wells from elevated concentrations of TDS or other constituents.

2. *Collaboration on Salinity Management.* The Parties agree that it is in their individual and mutual interest to collaborate to ensure increased replenishment of the SBBA in full compliance with all applicable state and federal regulatory requirements.

a. Sustainable groundwater management and replenishment programs may take a number of forms, including but not limited to: the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP), the Bunker Hill Conjunctive Use Project (BHCUP),

enhanced programs for the purchase of "wet year" water from Northern California, enhanced programs for stormwater capture (or the accelerated implementation of existing programs), enhanced management of groundwater, further development of recycled water projects as called for in the regional recycled water study prepared in 2015, the development of a "maximum benefit" program that would facilitate the recharge of treated wastewater in the SBBA, and the like.

b. The Parties will collaborate to develop a "menu" of options for such sustainable salinity management and provide a report to their respective governing boards no later than June 30, 2017. The goal of this "menu" will be to identify programs that, individually or collectively, will maximize replenishment of the SBBA while not negatively impacting RPU's existing wells and fully complying with all state and federal water quality requirements at the least cost that is feasible.

c. The Parties will meet at least annually through the life of the SNRC to review current and projected future impacts from SNRC and other basin management projects to the groundwater basin and individual wells. The Parties will implement projects from the "menu" of options identified under Paragraph 2.b. of this agreement or other such projects identified by the Parties subsequent to the execution of this agreement in order to mitigate such impacts.

d. The Parties agree that they will cooperate and coordinate with regard to any meetings or communications with local, state and federal regulatory agencies in connection with the SNRC, as follows:

- (1) From the date of the execution of this MOU through December 31, 2018, the Parties will:
 - (i) Provide reasonable notice (via e-mail or telephone call) to the other Parties prior to any meetings with local, state or federal regulatory agencies relating to water quality impacts on groundwater resulting from the construction or operation of the SNRC.
 - (ii) Meet at least quarterly to discuss the permitting required by the SNRC as well as the status of SNRC construction. During those quarterly meetings, all Parties will provide each other with: (i) a summary of their respective meetings/communications with local, state and federal regulatory agencies concerning the SNRC; and (ii) copies of any letters, e-mails or other written communications to such agencies relating to the SNRC.
- (2) After January 1, 2019 and thereafter for the life of the SNRC facility, the Parties shall meet at least annually to provide each other with a summary of the previous year's meetings/communications with local, state and federal regulatory agencies concerning the SNRC.

- (3) Nothing in this MOU shall be construed to require a Party to provide information to another Party that has already been presented to the HCP partners or to provide information that is privileged, confidential or otherwise not subject to disclosure pursuant to the Public Records Act.

CITY OF RIVERSIDE, PUBLIC UTILITIES

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Deputy General Manager

APPROVED AS TO FORM
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