

**AGREEMENT BETWEEN  
ORANGE COUNTY WATER DISTRICT AND  
CITY OF RIVERSIDE CONCERNING WATER RIGHTS**

THIS AGREEMENT, dated as of July 24, 2006 is by and between ORANGE COUNTY WATER DISTRICT ("OCWD") and CITY OF RIVERSIDE ("CITY") (collectively, the "Parties").

**EXPLANATORY RECITALS**

- A. In 1969, the Orange County Superior Court entered a stipulated judgment in *Orange County Water District v. City of Chino, et al.*, Orange County Superior Court No. 117628 (the "1969 Judgment") declaring rights in the Santa Ana River Watershed as between the water users located in the area shown on Exhibit A to the 1969 Judgment which lies upstream from Prado Dam (the "Upper Area") and the water users located in the area shown on Exhibit A to the 1969 Judgment which lies downstream from Prado Dam (the "Lower Area")(the areas shown on Exhibit A to the 1969 Judgment constitute the "Watershed"). OCWD and the City were parties in that case and to certain stipulations that led to the 1969 Judgment.
- B. Pursuant to the 1969 Judgment and the stipulations leading to it, "water users and other entities in Lower Area have rights, as against all Upper Area claimants, to receive an average annual supply of 42,000 acre feet of Base Flow at Prado, together with the right to all Storm Flow reaching Prado Reservoir. Water users and other entities in Upper Area have rights in the aggregate, as against all Lower Area claimants, to divert, pump, extract, conserve, store and use all surface and ground water supplies originating within Upper Area without interference or restraint by Lower Area claimants, so long as Lower Area receives the water to which it is entitled under this Judgment and there is compliance with all of its provisions."
- C. In addition, pursuant to the 1969 Judgment and the stipulations leading to it, "OCWD and the Lower Area Users are enjoined and restrained from pumping, producing and exporting or directly or indirectly causing water to flow from Upper to Lower Area, except as to salvage of evapo-transpiration losses . . . . The acquisition by Upper Districts or other Upper Area entities of Lower Area water rights shall in no way affect or reduce Lower Area's entitlement; and the acquisition of Upper Area water rights by OCWD or other Lower Area entities shall be deemed to be included within the aggregate entitlement of Lower Area and shall not increase said entitlement."
- D. Further, pursuant to the 1969 Judgment and the stipulations leading to it, "[i]nsofar as Lower Area claimants are concerned, Upper Area water users and other entities may engage in unlimited water conservation activities, including spreading, impounding and other methods, in the area above Prado Reservoir, so long as Lower Area receives the water to which it is entitled under the Judgment and there is compliance with all of its provisions. Lower Area water users and other entities may make full conservation use of Prado Dam and reservoir, subject only to flood control use."

- E. Further pursuant to the Stipulation for Judgment filed concurrently with the 1969 Judgment, "Water quality requirements, objectives and policy are a function of the Santa Ana River Basin Regional Water Quality Control Board and such other governmental agencies now in existence or as may be hereafter created or vested with such regulatory power. The provisions in the Judgment relating to quality are not to be construed or deemed to affect, or in any way detract from the right of any party hereto to urge such Board or other appropriate agency to take action designed to change or enforce water quality requirements, objectives and policy."

"Any of the undersigned defendants who participate directly in the management or control of sewage or other water treatment facilities agree that any water or effluent deposited by them into the Santa Ana River or its stream bed will not be of a lesser quality than will meet the present requirements of Santa Ana River Basin Regional Water Quality Control Board."

- F. On September 3, 1999, OCWD petitioned the State Water Resources Control Board ("SWRCB") to modify the Declaration of Fully Appropriated Stream Status to allow the SWRCB to accept a water right application, later numbered Application 31174, that had been submitted previously by OCWD to the SWRCB (the "OCWD Application"). After evidentiary hearings on September 21, 2000, the SWRCB issued Order WR 2000-12, *In the Matter of the Petitions to Revise Declaration of Fully Appropriated Streams to Allow Processing of Specified Applications to Appropriate Water From the Santa Ana River*. That Order amended the Declaration of Fully Appropriated Streams, as adopted by SWRCB Order WR 98-08, to allow for processing of the OCWD Application and other applications. On January 11, 2002, the SWRCB thereupon publicly noticed the OCWD Application. The City protested the OCWD Application, alleging *inter alia* that in the application OCWD sought water rights in contravention of the 1969 Judgment. On August 9, 2002, the SWRCB accepted the City's protest and on October 18, 2002 OCWD responded to the City's protest. OCWD contends and the City disputes that the OCWD Application is consistent with the rights and obligations declared under the 1969 Judgment.
- G. In furtherance of the OCWD Application, OCWD drafted an Environmental Impact Report ("OCWD's EIR"), which was circulated for public comment. In response to comments it received, OCWD revised its EIR and on March 30, 2006 recirculated the revised EIR for public comment.
- H. The City is currently preparing a Programmatic EIR for its Recycled Water Master Plan ("PEIR"). This Recycled Water Master Plan is described in the City's PEIR. As part of its Recycled Water Master Plan, the City anticipates using treated effluent that is currently discharged into the Santa Ana River in excess of the City's obligation to discharge 15,250 afy into the River. The City represents that the PEIR and the Recycled Water Master Plan recognize and are consistent with the City's obligation to continue discharging 15,250 afy into the River and its other obligations under the 1969 Judgment.

- I. The Parties have discussed their claims of right to divert, extract, use, conserve, store, or sell waters, including reclaimed waters. The Parties intend by this Agreement to resolve the City's protest to the OCWD Application.
- J. The Parties agree that conjunctive use of water and utilization of reclaimed water to the maximum extent feasible within the SAR Watershed are important measures to maximize beneficial use of the water resources of the People of California.

## AGREEMENTS

**NOW THEREFORE** the Parties agree as follows:

### 1. AFFIRMATION OF THE 1969 JUDGMENT

The Parties each acknowledge and affirm their respective rights and obligations, and those of the other Party, as set forth in the 1969 Judgment. Nothing in this Agreement is intended to diminish or abridge those rights and obligations.

OCWD also represents that nothing in the OCWD Application is intended to diminish rights of the Upper Area parties as they are set forth in the 1969 Judgment and OCWD agrees that it will not seek to compel City to continue to release flows in excess of those required under the 1969 Judgment. OCWD agrees that it will comply with all applicable provisions of the 1969 Judgment.

The Parties will ask the SWRCB to incorporate the entire 1969 Judgment into any permit/license to divert water resulting from its application.

The City represents that nothing in its Recycled Water Master Plan is intended to diminish rights of the Lower Area entities as they are set forth in the 1969 Judgment. The City agrees that it will comply with all applicable provisions of the 1969 Judgment.

### 2. DISMISSAL OF CITY'S PROTEST

Within 21 days after the effective date of this Agreement, the City will notify the SWRCB that the City withdraws its protest to the OCWD Application, subject to the request that the SWRCB's final order on the OCWD Application and any permit or license issued pursuant thereto incorporate the 1969 Judgment and this Agreement.

### 3. PEIR

Without waiving OCWD's rights to protect water quality of the water reaching Prado Dam, as long as the City is in material compliance with this agreement, OCWD will not bring, or join in, or assist in any protest before the SWRCB related to the City's Application No. 31372 to Appropriate Water from the Santa Ana River and/or any Change Petition(s) related to the subject of that Application (i.e., the City's appropriation of its treated effluent) nor will OCWD bring, or join in, or assist in any court or administrative action to challenge the City's PEIR, subject to the express condition that the City will not contend in any forum, now or in the future, that OCWD's

forbearance on the PEIR operates to bar, preclude or otherwise undermine OCWD's position that native water shall not be exported from the Watershed. Nothing herein prevents OCWD from challenging future environmental documentation or future projects. The parties will timely meet and confer in good faith with respect to any such challenges.

4. OCWD'S EIR

As long as OCWD is in material compliance with this Agreement, City will not bring or join in or assist in any court or administrative action to challenge OCWD's recirculated EIR, and the City will not make any other comments on OCWD's EIRs, draft or final, for projects covered by OCWD's Application.

5. NO CHALLENGE TO CITY'S CONSERVATION EFFORTS

Without waiving OCWD's rights to protect water quality of the water reaching Prado Dam, OCWD will not object to or bring, join in, or assist in any court or administrative action to challenge the City on projects to conserve and use recycled water within the Watershed, as long as such projects are consistent with the 1969 Judgment.

6. SPECIFIC ENFORCEMENT

The Parties agree that violation of the provisions of this Agreement cannot be adequately compensable in damages, and that the Parties lack an adequate remedy at law, and therefore agree that in any action to enforce this Agreement, this Agreement may be specifically enforced by any court of competent jurisdiction and any violation or threatened violation thereof may be enjoined.

The undersigned covenant and represent that they are duly and properly authorized to execute this Agreement and thereby bind the Party for whom they sign.

ORANGE COUNTY WATER DISTRICT

CITY OF RIVERSIDE

By: Philip L. Anthony  
Philip L. Anthony, President  
Date: 6-7-06

By: Michael Beck  
Michael Beck, Assistant City Manager  
Date: July 24, 2006

By: Virginia Grebbien  
Virginia Grebbien, General Manager  
Date: 6-13-06

Attest  
By: [Signature]  
City Clerk  
Date: July 24, 2006

APPROVED AS TO FORM  
By: [Signature]  
General Counsel for  
Orange County Water District

APPROVED AS TO FORM  
CITY ATTORNEY'S OFFICE  
[Signature]  
Deputy City Attorney