

Inland Empire
UTILITIES AGENCY

Date: December 19, 2007

To: The Honorable Board of Directors

From: Richard W. Atwater *RWA*
Chief Executive Officer/General Manager

Subject: Revision of MWD DYY Consultant Team Professional Services Contract

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the Black and Veatch contract amendment, to remove the Wildermuth Environmental, Inc. (WEI) scope of work, and reduce the contract value to \$1,025,400;
 2. Approve an agreement with the Chino Basin Watermaster for the WEI scope of work for \$400,000; and
 3. Authorize the Chief Executive Officer/General Manager to execute the agreements.
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BACKGROUND

On August 15, 2007, the Inland Empire Utilities Agency Board of Directors approved the MWD DYY Conjunctive Use Expansion Project funding agreement with MWD, TVMWD, and Western MWD. Included in those agreements was the scope of work and budget for the consultant team (Black and Veatch, WEI, and Tom Dodson) for \$1.5 million. This scope of work is 100 percent reimbursable through MWD.

Black and Veatch is the primary consultant with WEI and Tom Dodson as sub-consultant under the Black and Veatch contract. The Black and Veatch professional services contract was approved by the Board on September 5, 2007.

On December 7, 2007, the Chino Basin Watermaster has requested that the WEI work (groundwater modeling) related to the MWD DYY Conjunctive Use Expansion Project be handled by a separate contract through the Chino Basin Watermaster. The separation of contracts will ensure the expert advisory role at Watermaster on WEI's work products.

Staff has revised the Black and Veatch contract to remove WEI scope of work and the associated fees, and created a new contract between IEUA and the Chino Basin Watermaster for said work. The contract with the Chino Basin Watermaster will be subject to MWD staff review and their

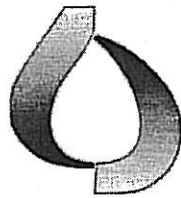
approval of the invoices consistent with the MWD/TVMWD/Western MWD and IEUA agreement. IEUA will receive the invoice for WEI's work, submit to MWD for review and approval, and upon MWD approval, IEUA will pay the Watermaster invoice.

PRIOR BOARD ACTION

On August 15, 2007, the Board approved the MWD Reimbursement agreement. The Board approved the Black and Veatch agreement on September 5, 2007.

IMPACT ON BUDGET

There is no impact on budget. All costs for the consultant invoices consistent with the scope of work approved by MWD staff (MWD's Board approved on June 12, 2007 a \$1.5 million budget) will be reimbursed .



Inland Empire
UTILITIES AGENCY

AMENDMENT NUMBER: 4600000047-001

FOR

DRY YEAR YIELD EXPANSION PROJECT

THIS AMENDMENT NUMBER 001, to Contract Number 4600000005, between the Inland Empire Utilities Agency and Black and Veatch, Corporation, of Irvine, California, shall revise the Contract as follows:

REVISE SECTION 4, SCOPE OF WORK, SCHEDULE AND SERVICES, TO DEDUCT:

Consultant's Scope of Work, Schedule, and Services shall be modified to deduct WEI work identified in the attached Table 1, titled "Inland Empire Utilities Agency/Chino Basin Watermaster, Metropolitan DDY Program Expansion Project Development Report," Scope and Fee Estimate [Rev. 7-30-07]; specifically, column 12, entitled "Total WEI."

REVISE SECTION 6, COMPENSATION, FOURTH PARAGRAPH TO READ:

In compensation for the work represented by this Contract, Agency shall pay Consultant's invoices up to a Total Authorized Amount of **\$1,025,400.00** for all services provided throughout the term of this Contract. Consultant shall not be paid for any amount exceeding the Total Authorized Amount, or for work completed beyond the expiration date without an Amendment to the Contract.

ALL OTHER PROVISIONS OF THIS CONTRACT REMAIN UNCHANGED.

The parties hereto have mutually covenanted and agreed as per the above amendment item(s), and in doing so have caused this document to become incorporated into the Contract documents.

INLAND EMPIRE UTILITIES AGENCY:

BLACK AND VEATCH, CORPORATION

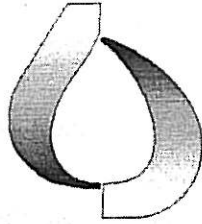
Richard W. Atwater
Chief Executive Officer
General Manager

(Date)



David Argo
Senior Vice President

12-12-07
(Date)



Inland Empire
UTILITIES AGENCY

AGREEMENT NUMBER: 4600000070

FOR

DRY YEAR YIELD EXPANSION PROJECT

THIS AGREEMENT (the "Agreement"), is made and entered into this ____ day of January 2008, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "Agency"), and, the Chino Basin Watermaster (hereinafter referred to as "Watermaster"), of Rancho Cucamonga, California, for professional environmental engineering services for the Dry Year Yield Expansion Project. Agency and Watermaster shall collectively be referred to as the Parties.

RECITALS

WHEREAS, in or about November, 2000, Agency entered into Metropolitan Water District Agreement No. 88734 entitled "Agreement for Groundwater Study, Preliminary Engineering Design and Environmental Costs for the Chino Basin Groundwater Storage Expansion Project (hereinafter referred to as "Master Agreement"). A copy of the Master Agreement is attached hereto as Exhibit "A" and incorporated herein by this reference; and

WHEREAS, Watermaster will benefit from the work conducted under the Master Agreement; and

WHEREAS, on or about September 5, 2007, in furtherance of performing its obligations under the Master Agreement, Agency entered into Contract No. 4600000005 for Dry Year Yield Expansion Project with Black and Veatch Corporation (hereinafter referred to as "Black and Veatch Agreement"). A copy of the Black and Veatch Agreement is attached hereto as Exhibit "B" and incorporated herein by this reference; and

WHEREAS, under the Black and Veatch Agreement, it was contemplated that Wildermuth Environmental, Inc. (hereinafter referred to as "WEI") would serve as a subcontractor to Black and Veatch; and

WHEREAS, the parties hereto agree that WEI shall serve as a consultant relative to the Dry Year Yield Expansion Project and shall provide its services through Watermaster;

COVENANTS

NOW, THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties agree as follows:

1. PROJECT MANAGER ASSIGNMENT: All technical direction related to this Contract shall come from the designated Project Manager. Details of the Agency's assignment are listed below:

Project Manager: Richard W. Atwater
Chief Executive Officer/General Manager
Inland Empire Utilities Agency
Address: 6075 Kimball Avenue, Bldg. A
Chino, California 91708
Telephone: (909) 993-1740
Facsimile: (909) 993-1985
Email: atwater@ieua.org

2. WATERMASTER ASSIGNMENT: Special inquiries related to this Contract and the effects of this Contract shall be referred to the following:

Watermaster: Kenneth R. Manning
Chief Executive Officer
Chino Basin Watermaster
Address: 9641 San Bernardino Road
Rancho Cucamonga, California 91730
Telephone: (909) 484-3888
Mobile: (909) 579-7185
Email: KManning@CBWM.ORG

3. ORDER OF PRECEDENCE: The documents referenced below represent the Contract Documents. Where any conflicts exist between the General Terms and Conditions, or addenda attached, then the governing order of precedence shall be as follows:

1. Amendments to Contract number No. 4600000070
2. Contract Number 4600000070, General Terms and Conditions.
3. Table 1, Scope of Work (attached hereto), specifically column 12, entitled "Total WEI".
4. MWD Agreement No. 88734.

4. SCOPE OF WORK, SCHEDULE AND SERVICES: Watermaster Scope of Work, Schedule, and Services shall be in accordance with WEI work identified in the attached Table 1, titled "Inland Empire Utilities Agency/Chino Basin Watermaster, Metropolitan DDY Program Expansion Project Development Report," Scope and Fee Estimate [Rev. 7-30-07]; specifically, column 12, entitled "Total WEI", and as more thoroughly

described in the Black and Veatch Agreement. Watermaster shall perform those services requested by Black and Veatch to be performed under the Black and Veatch Agreement.

5. TERM: The term of this Contract shall extend from the Notice to Proceed, and terminate on December 31, 2008, unless otherwise agreed to by both parties, reduced to writing, and amended to this Contract.
6. MASTER CONTRACT: Watermaster shall comply with all of the cost accounting, record keeping and reporting requirements which the Agency is required to perform under the terms and conditions of the Master Agreement.
7. COMPENSATION: Agency shall pay Watermaster's properly executed monthly invoice, approved by the Project Manager, after approval from MWD staff of the invoice. Payment will be withheld for any service, which does not meet the Master Agreement terms and conditions, Agency requirements or have proven unacceptable until such service is revised, the invoice resubmitted, and accepted by the Project Manager.

Watermaster monthly invoices shall include a cost breakdown by work date, task description, itemized material cost and reasonable and customary expenses in accordance with the enclosed Table 1, column 12 entitled "Total-WEI", and shall include the current monthly amount, and the cumulative amount invoiced to date. Material cost and reasonable expenses shall be submitted with receipts, and will be reimbursed at cost with no markup. Invoices must include the Contract Number 4600000070.

In compensation for the work performed hereunder, Agency shall pay Watermaster's invoices in accordance with the attached Table 1, and subject to MWD's staff review and approval, up to a Total Authorized Amount of **\$400,000.00**. Watermaster shall not be paid for any amount exceeding the Total Authorized Amount, or for work outside the scope identified herein without an Amendment to this Contract.

Agency may, at any time, make changes to the Scope of Work, including additions, reductions, and changes to any or all of the Work, as directed in writing by the Agency. Such changes shall be made by an Amendment to the Contract. The Total Authorized Amount and Term shall be equitably adjusted, if required, to account for such changes, and shall be set forth in the Amendment.

8. INSURANCE: During the term of this Contract, the Watermaster and its subcontractor personnel shall maintain at its sole expense, the following insurance.
 - A. Minimum Scope of Insurance:
 1. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number GL 0001-87 covering Comprehensive General Liability. If Commercial General

Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location, or the general aggregate limit shall be twice the required occurrence limit.

2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 87, covering Automobile Liability, including "any auto."
3. Workers' Compensation and Employers Liability: Workers' compensation limits as required by the Labor Code of the State of California and employers Liability limits of \$1,000,000 per accident.
4. Professional Liability insurance in the amount of \$1,000,000 per occurrence.

B. Deductibles and Self-Insured Retention: Any deductibles or self-insured retention must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agency, its officers, officials, employees and volunteers; or the Watermaster shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

C. Other Insurance Provisions: The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability and Automobile Liability Coverage
 - a. The Agency, its officers, officials, employees and volunteers are to be covered as insureds, endorsements GL 20 11 07 66, CG2010 1185 and/or CA 20 01 (Ed. 0178), as respects: liability arising out of activities performed by or on behalf of the Watermaster, products and completed operations of the Watermaster, premises owned, occupied or used by the Watermaster, or automobiles owned, leased, hired or borrowed by the Watermaster. The coverage shall contain no special limitations on the scope of protection afforded to the Agency, its officers, officials, employees or volunteers.
 - b. The Watermaster's insurance coverage shall be primary insurance as respects the Agency, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, or volunteers shall be excess of the Watermaster's insurance and shall not contribute with it.

- c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees or volunteers.
- d. The Watermaster'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.
- e. The Watermaster may satisfy the limit requirements in a single policy or multiple policies. Any Such additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.

2. Workers' Compensation and Employers Liability Coverage

The insurer shall agree to waive all rights of subrogation against the Agency, its officers, officials, employees and volunteers for losses arising from work performed by the Watermaster for the Agency. Watermaster shall provide waiver of subrogation on all policies, required herein, except, Professional Liability.

3. All Coverages

Each insurance policy required by this contract shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Agency.

- D. Acceptability of Insurers: With the exception of Professional Liability Insurance, all insurance is to be placed with insurers with a Best's rating of no less than A:VII, and who are admitted insurers in the State of California. Professional Liability Insurance is to be placed with insurers with a Best's rating of no less than B:VII, and who are admitted insurers in the State of California.
- E. Verification of Coverage: Watermaster shall furnish the Agency with certificates of insurance and with original endorsements effecting coverage required by the Agency for themselves and all subcontractors prior to commencing work or allowing any subcontractor to commence work under any subcontract. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be approved by the Agency before work commences. The Agency reserves the right to require complete, certified copies of all required insurance policies, at any time.

- F. Submittal of Certificates: Watermaster shall submit all required certificates and endorsements to the following:

Safety and Risk Manager
Attn: Jack Frazier
Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, California 91709

9. LEGAL RELATIONS AND RESPONSIBILITIES

- A. Professional Responsibility: The Watermaster or its subcontract personnel shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.
- B. Status of Watermaster: The Watermaster and or its subcontractor is retained as an independent Consultant only, for the sole purpose of rendering the services described herein, and is not an employee of the Agency.
- C. Observing Laws and Ordinances: The Watermaster and its subcontractor 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 conduct of any services or tasks performed under this Contract, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Watermaster and its subcontractor 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, the Agency, its officers, 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 the Watermaster or its employees.
- D. Subcontract Services: Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager.
- E. Indemnification: The Watermaster and its subcontractor agrees to protect, defend, indemnify and hold harmless the Agency, its officers, directors, agents, employees, servants, and volunteers free and harmless from any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (including employees of the Agency, Watermaster and WEI) and damage to property, directly or indirectly out of the obligations herein undertaken or out of the operations conducted by the Watermaster, its employees, agents, representatives or subcontractors under or in connection with this Contract, to the extent due to Watermaster's negligence or willful misconduct.

The Watermaster further agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands or suit at the sole expense of the Watermaster.

- F. Conflict of Interest: No official of the Agency who is authorized in such capacity and on behalf of the Agency to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Contract, or any subcontract relating to services or tasks to be performed pursuant to this Contract, shall become directly or indirectly personally interested in this Contract.
- G. Equal Opportunity: During the performance of this Contract, the Watermaster shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin.
- H. Non-Conforming Work and Warranty: Watermaster represents and warrants that the Work and Documentation shall be adequate to serve the purposes described in the Contract. For a period of not less than one (1) year after acceptance of the completed Work, Watermaster shall, at no additional cost to Agency, correct any and all errors in and shortcomings of the Work or Documentation, regardless of whether any such errors or shortcoming is brought to the attention of Watermaster by Agency, or any other person or entity. Any dispute that cannot be resolved between the Project Manager and Watermaster shall be resolved in accordance with the provisions of this Contract.
- I. Disputes: All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. Both parties agree that any and all disputes, claims, matter of controversy arising out of or in relation to this Contract shall be considered in good faith by each Party. Each Party shall *meet and confer* with the other Party in a timely matter (not to exceed 60 days from time of notice) to resolve any such dispute. Should negotiations between the Parties fail to produce settlement of the subject dispute, claim, or matter of controversy, each Party shall be entitled to exercise all available remedies as prescribed by law in the State of California, San Bernardino County Superior Court, for resolution.
- J. Attorneys' Fees: In the event an action is commenced by a party to this Contract against the other to enforce its rights or obligations arising from this Contract, the prevailing party in such action, in addition to any other relief and recovery ordered by the court or arbitration, shall be entitled to recover all statutory costs, plus reasonable attorneys' fees.
10. PUBLIC RECORDS POLICY: Information made available to the Agency may be subject to the California Public Records Act (Government Code Section 6250 et seq.) The Agency's use and disclosure of its records are governed by this Act. The Agency

shall use its best efforts to notify Watermaster of any requests for disclosure of any documents pertaining to Watermaster.

In the event of litigation concerning disclosure of information Watermaster considers exempt from disclosure; (e.g., Trade Secret, Confidential, or Proprietary) Agency shall act as a stakeholder only, holding the information until otherwise ordered by a court or other legal process. If Agency is required to defend an action arising out of a Public Records Act request for any of the information Watermaster has marked "Confidential," "Proprietary," or "Trade Secret," Watermaster shall defend and indemnify Agency from all liability, damages, costs, and expenses, including attorneys' fees, in any action or proceeding arising under the Public Records Act.

11. INFRINGEMENT: Watermaster represents and warrants that the Work and Documentation shall be free of any claim of trade secret, trade mark, trade name, copyright, or patent infringement or other violations of any Proprietary Rights of any person.

Watermaster shall defend, indemnify and hold harmless, Agency, its officers, directors, agents, employees, successors, assigns, servants, and volunteers free and harmless from any and all liability, damages, losses, claims, demands, actions, causes of action, and costs including reasonable attorney's fees and expenses arising out of any claim that use of the Work or Documentation infringes upon any trade secret, trade mark, trade name, copyright, patent, or other Proprietary Rights.

Watermaster shall, at its expense and at Agency's option, refund any amount paid by Agency under the Contract, or exert its best efforts to procure for Agency the right to use the Work and Documentation, to replace or modify the Work and Documentation as approved by Agency so as to obviate any such claim of infringement, or to put up a satisfactory bond to permit Agency's continued use of the Work and Documentation.

12. NOTICES: Any notice may be served upon either party by delivering it in person, or by depositing it in a United States Mail deposit box with the postage thereon fully prepaid, and addressed to the party at the address set forth below:

Agency: Cameron B. Langner
Manager of Contracts and Procurement
Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, California 91709

Watermaster: Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

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

13. SUCCESSORS AND ASSIGNS: All of the terms, conditions and provisions of this Contract shall inure to the benefit of and be binding upon the Agency, the Watermaster, and their respective successors and assigns. Notwithstanding the foregoing, no assignment of the duties or benefits of the Watermaster under this Contract may be assigned, transferred or otherwise disposed of without the prior written consent of the Agency; except that it may be assigned without such consent to a related entity, an affiliate or wholly owned subsidiary of Watermaster; and, any such purported or attempted assignment, transfer or disposal without the prior written consent of the Agency shall be null, void and of no legal effect whatsoever.
14. RIGHT TO AUDIT: The Agency reserves the right to review and/or audit all Watermaster's and subcontractor records related to the Work. The option to review and/or audit may be exercised during the term of the Contract, upon termination, upon completion of the Contract, or at any time thereafter up to twelve (12) months after final payment has been made to Watermaster. The Watermaster shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.
15. INTEGRATION: The Contract Documents represent the entire Contract of the Agency and the Watermaster as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by the Contract Documents. This Contract may not be modified, altered or amended except by written mutual agreement by the Agency and the Watermaster.
16. GOVERNING LAW: This Contract is to be governed by and constructed in accordance with the laws of the State of California, in the County of San Bernardino.
17. TERMINATION FOR CONVENIENCE: Either party has the right to suspend, cancel or terminate this Contract at any time upon thirty (30) days written notice to the other party. In the event of such termination, the Watermaster shall deliver all documentation and work products to Agency and Agency shall pay Watermaster for all authorized and Watermaster-invoiced services up to the date of such termination.
18. FORCE MAJEURE: Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters, etcetera.
19. NOTICE TO PROCEED: No services shall be performed or furnished under this Contract unless and until this document has been properly signed by all responsible parties and a Notice to Proceed order has been issued to the Watermaster.

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

INLAND EMPIRE UTILITIES AGENCY:

CHINO BASIN WATERMASTER

Richard W. Atwater
Chief Executive Officer
General Manager

(Date)

Kenneth R. Manning
Chief Executive Officer

(Date)

COPY

Metropolitan
Agreement No. 88734**Agreement for Groundwater Study, Preliminary Engineering Design and Environmental Costs for the Chino Basin Groundwater Storage Expansion Project**

The purpose of this Metropolitan Agreement No. 88734 (this "Agreement") is to provide funds to facilitate the efforts of the Inland Empire Utilities Agency ("Program Agency") in coordination with Three Valleys Municipal Water District ("TVMWD") and Western Municipal Water District ("WMWD") in preparing preliminary engineering design, operational studies, and environmental documents for the expansion of the Chino Basin Groundwater Storage Project pursuant to the California Environmental Quality Act, Cal Pub. Res. Code §§ 21000-21178 ("CEQA") and the National Environmental Policy Act, 42 U.S.C. §§ 4321-4370e ("NEPA") if applicable.

In June 2003, the Chino Basin Groundwater Storage agreement was executed between The Metropolitan Water District of Southern California ("Metropolitan"), Chino Basin Watermaster, TVMWD, and IEUA and Metropolitan agreed to fund \$27.5 million in facilities. Construction of these facilities will be completed by March 2008. Metropolitan, WMWD, TVMWD, IEUA and the Chino Basin Watermaster have proposed to expand the existing Chino Basin Groundwater Storage Program from 100,000 AF to 150,000 AF. The Dry Year Yield would be increased from 33,000 AFY to 50,000 AFY.

In June 2007, the Board of Directors of The Metropolitan Water District of Southern California ("Metropolitan") appropriated Metropolitan capital funds and authorized execution of an agreement with Program Agency, TVMWD and WMWD for completion of a study to expand the Chino Basin Groundwater Storage Project. This study is to be structured to meet the CEQA requirements for facilities and operational studies designed to increase the Metropolitan's dry year yield to 50,000 AFY.

Prior to Metropolitan's approval of the Program Agency's proposed groundwater storage project, the requirements of CEQA and NEPA, if applicable, shall be satisfied. Specifically, Program Agency must (1) complete the environmental review and assessment required under CEQA and any environmental review and assessment required under NEPA and (2) certify as the "lead agency" (as defined in Section 15368 of the CEQA Guidelines, 14 CCR § 15000 et seq.), that such environmental assessment has been completed in accordance with CEQA, approve the project and a file a Notice of Determination as required by Public Resources Code Section 21152 and NEPA, as applicable (collectively, the "Environmental Requirements.").

To facilitate the performance of the Environmental Requirements and Study, Metropolitan and Program Agency agree as follows:

1. Metropolitan will fund up to \$1,500,000 (the "ER Funds") for the costs and expenses to be incurred by Program Agency in performance of the Environmental Requirements and

Study (the "ER Costs"), provided however, this funding obligation is conditioned upon Metropolitan's prior written approval of the scope of work, schedule and budget for accomplishment of the Environmental Requirements. ER Costs are to include groundwater study, preliminary engineering and environmental documentation costs of all facilities to be funded by Metropolitan. ER Costs shall not include the costs or expenses of Program Agency personnel, outside legal counsel assisting Program Agency or Program Agency markups in completing the Environmental Requirements and Study.

2. Program Agency shall be responsible for all cost accounting record keeping for the Environmental Requirements and Study.
3. Metropolitan's reasons for approval or disapproval of the Environmental Requirements and Study budget shall be set forth in writing to Program Agency. With respect to any disapproved portions of such budget, Metropolitan and Program Agency shall promptly meet to resolve any disagreement and diligently seek to achieve a mutually acceptable budget.
4. Program Agency agrees to use the ER Funds solely for the payment of ER Costs.
5. Program Agency agrees to timely pay any ER Costs in excess of the ER Funds provided by Metropolitan under this agreement.

6. Metropolitan will disburse the ER Funds in accordance with the following procedure:
 - 6.1 Not more frequently than monthly and upon Metropolitan's approval of scope, budget and schedule, Program Agency may submit for Metropolitan's consideration and payment an invoice for ER Costs incurred. Each invoice shall set forth in reasonable detail those ER Costs that have been incurred since the submittal of the prior invoice and shall reference discrete tasks as outlined in the approved schedule and budget. Work accomplished on each task shall be briefly described and the percent complete shall be presented with the percent and actual amounts expended to date on each task. Metropolitan shall review and approve or disapprove (in part or in whole) the invoice and provide payment of ER Funds within 30 days of receipt. If Metropolitan disapproves any portion of an invoice, it shall state its reasons for such disapproval in writing and cooperate in good faith with Program Agency, to promptly achieve a mutually acceptable revision to the disallowed portion of the invoice.
 - 6.2 On or prior to the first day of every calendar month after the disbursement of ER Funds Program Agency shall deliver to Metropolitan a written report from Program Agency, which shall include discussion of the prior month's activities, and a reasonably detailed accounting of all expenditures of ER Funds for the prior month. The report shall be accompanied by reasonably satisfactory evidence of payment to third-parties for services or materials in connection with the Environmental Requirements and Study.

6.3 At least 30 days in advance of finalization and public review of any environmental documents, Program Agency shall deliver to Metropolitan, copies of any and all documents, reports, analytical findings or other information derived from the Environmental Requirements and Study (including any such information provided by consultants or other advisors and any public comments to draft environmental reports) and copies of any and all correspondence and any governmental authority with respect to the Environmental Requirements and Study.

7. Notwithstanding anything to the contrary herein, if (a) the environmental documents are not completed by December 31, 2008, or (b) if the Program Agency does not agree to implement the Chino Basin Groundwater Storage Expansion Project and the Program Agency implements a storage program that uses the groundwater studies or environmental documentation developed as part of this agreement, or (c) Metropolitan, as a "responsible agency" (as defined in Section 15381 of the CEQA Guidelines) determines that the environmental documents prepared by Program Agency are not adequate for its use (as set forth in Section 15096(e) of the CEQA Guidelines), then Metropolitan may at any time elect to exercise its right to terminate this Agreement under this Section 7 by sending a written notice thereof to Program Agency. If Metropolitan sends such a written notice, then:

7.1 Program agency shall promptly deliver to Metropolitan (a) a final report prepared in accordance with Paragraph 6.2 above covering any period of time elapsed since the prior report and (b) all unexpended ER Funds then in its possession;

7.2 Within ninety (90) days after the final report delivered pursuant to Paragraph 6.2 above, Program Agency shall reimburse Metropolitan for all ER Funds previously advanced by Metropolitan; and

7.3 Upon payment of the amounts owing by Program Agency as set forth in Paragraphs 7.1 and 7.2, this Agreement (including, without limitation, Metropolitan's funding obligations herein) shall terminate and be of no further force and effect.

8. If Metropolitan does not object to the adequacy of the environmental documents prepared by Program Agency and the Environmental Requirements and Study have been completed by December 31, 2008, then Metropolitan shall send Program Agency a written notice that the conditions of Section 6 have been satisfied. If Metropolitan sends Program Agency written notice that conditions of Section 6 have been satisfied, then:

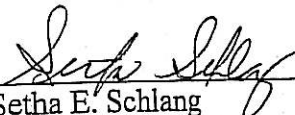
8.1 Program Agency shall reimburse Metropolitan for any unexpended ER Funds with Program Agency remaining after completion of the Environmental Requirements and Study;

8.2 Other than the reimbursement obligation in Paragraph 8.1 above, Program Agency will not otherwise be obligated to reimburse Metropolitan for any ER Funds, regardless of any future challenges to the adequacy of the environmental documents prepared by Program Agency; and

IN WITNESS WHEREOF, Metropolitan and Program Agency have caused this Agreement to be executed as of the date first set forth above.

APPROVED AS TO FORM


Karen Tachiki
General Counsel

By: 
Setha E. Schlang
Senior Deputy General Counsel

Date: 11/05/07

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

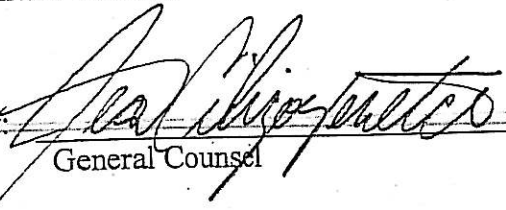
Jeffrey Kightlinger
General Manager

By: 
for Jeffrey Kightlinger
General Manager

Date: 11/09/07

APPROVED AS TO FORM


Jean Cihigoyenetché
General Counsel

By: 
General Counsel

Date: 11-1-07

INLAND EMPIRE UTILITIES AGENCY

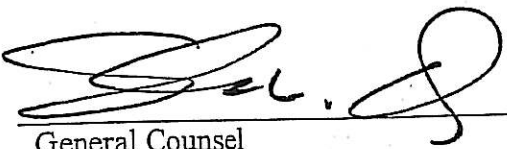
Richard Atwater
General Manager

By: 
General Manager

Date: 9/6/2007

APPROVED AS TO FORM


Steve Kennedy
General Counsel

By: 
General Counsel

Date: 10/17/07

THREE VALLEYS MUNICIPAL
WATER DISTRICT

Richard Hansen
General Manager

By: 
General Manager

Date: 10/2/07

APPROVED AS TO FORM

Jeffrey Ferre
General Counsel

By: Jeffrey F Ferre
General Counsel

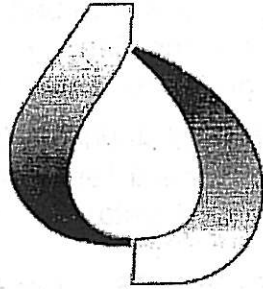
Date: 10/4/07

WESTERN MUNICIPAL WATER DISTRICT

John Rossi
General Manager

By: [Signature]
General Manager

Date: 10/3/07



Inland Empire
UTILITIES AGENCY

CONTRACT NUMBER: 4600000005

FOR

DRY YEAR YIELD EXPANSION PROJECT

THIS CONTRACT (the "Contract"), is made and entered into this 5th day of September 2007, by and between the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "Agency"), and, Black and Veatch, Corporation, of Irvine, California (hereinafter referred to as "Consultant"), for professional engineering services for the Dry Year Yield Expansion Project.

NOW, THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties agree as follows:

-
1. PROJECT MANAGER ASSIGNMENT: All technical direction related to this Contract shall come from the designated Project Manager. Details of the Agency's assignment are listed below:

Project Manager: Richard W. Atwater
 Chief Executive Manager/General Manager
 Inland Empire Utilities Agency
 Address: 6075 Kimball Avenue, Bldg. A
 Chino, California 91708
 Telephone: (909) 993-1740
 Facsimile: (909) 993-1985
 Email: atwater@ieua.org

2. CONSULTANT ASSIGNMENT: Special inquiries related to this Contract and the effects of this Contract shall be referred to the following:

Consultant: David Argo
 Senior Vice President
 Address: 6 Venture, Suite 315
 Irvine, California 92618-3317
 Telephone: (949) 753-0500
 Facsimile: (949) 753-1252
 Email: argodg@bv.com

3. ORDER OF PRECEDENCE: The documents referenced below represent the Contract Documents. Where any conflicts exist between the General Terms and Conditions, or addenda attached, then the governing order of precedence shall be as follows:
 1. Amendments to Contract number No. 4600000005
 2. Contract Number 4600000005, General Terms and Conditions.
 3. Exhibit A, Scope of Work (attached hereto).
4. SCOPE OF WORK, SCHEDULE AND SERVICES: Consultant Scope of Work, Schedule, and Services shall be in accordance with Exhibit A, attached hereto and made a part hereof, which tasks are specifically incorporated herein by this reference.
5. TERM: The term of this Contract shall extend from September 5, 2007, and terminate on December 31, 2008, unless agreed to by both parties, reduced to writing, and amended to this Contract.
6. COMPENSATION: Agency shall pay Consultant's properly executed monthly invoice, approved by the Project Manager, within thirty (30) days following receipt of the invoice. Payment will be withheld for any service, which does not meet Agency requirements or have proven unacceptable until such service is revised, resubmitted, and accepted by the Project Manager.

Consultant monthly invoices shall include a cost breakdown by work date, task description, itemized material cost and reasonable and customary expenses, and shall include the current monthly amount, and the cumulative amount invoiced to date. Material cost and reasonable expenses shall be submitted with receipts, and will be reimbursed ~~at cost with no markup.~~ Invoices shall not be submitted in advance and shall not be dated earlier than three days prior to submittal. Invoices must include the Contract Number 4600000005.

The Project Manger shall approve all labor, materials, equipment and/or services to be furnished by others not specifically identified in Consultant's proposal, in advance, of their use.

In compensation for the work represented by this Contract, Agency shall pay Consultant's invoices up to a Total Authorized Amount of **\$1,425,400.00** for all services provided throughout the term of this Contract. Consultant shall not be paid for any amount exceeding the Total Authorized Amount, or for work completed beyond the expiration date without an Amendment to the Contract.

Agency may, at any time, make changes to the Scope of Work, including additions, reductions, and changes to any or all of the Work, as directed in writing by the Agency. Such changes shall be made by an Amendment to the Contract. The Total Authorized Amount and Term shall be equitably adjusted, if required, to account for such changes, and shall be set forth in the Amendment.

7. CONTROL OF THE WORK: Consultant shall perform the Work in compliance with the approved task Work Schedule. If performance of the Work falls behind schedule, the Consultant shall accelerate the performance of the Work to comply with the Work Schedule as directed by the Project Manager. If the nature of the Work is such that Consultant is unable to accelerate the Work, Consultant shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised Work Schedule.

8. FITNESS FOR DUTY:

A. Fitness: Consultant's personnel on the Jobsite:

1. shall report for work in a manner fit to do their job;
2. shall not be under the influence of or in possession of any alcoholic beverages or of any controlled substance (except a controlled substance as prescribed by a physician so long as the performance or safety of the Work is not affected thereby); and
3. shall not have been convicted of any serious criminal offense which, by its nature, may have a discernible adverse impact on the business or reputation of Agency.

9. INSURANCE: During the term of this Contract, the Consultant shall maintain at Consultant's sole expense, the following insurance.

A. Minimum Scope of Insurance:

1. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number GL 0001-87 covering Comprehensive General Liability. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location, or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 87, covering Automobile Liability, including "any auto."
3. Workers' Compensation and Employers Liability: Workers' compensation limits as required by the Labor Code of the State of California and employers Liability limits of \$1,000,000 per accident.

4. Professional Liability insurance in the amount of \$1,000,000 per occurrence.

B. Deductibles and Self-Insured Retention: Any deductibles or self-insured retention must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Agency, its officers, officials, employees and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

C. Other Insurance Provisions: The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability and Automobile Liability Coverage

- a. The Agency, its officers, officials, employees and volunteers are to be covered as insureds, endorsements GL 20 11 07 66, CG2010 1185 and/or CA 20 01 (Ed. 0178), as respects: liability arising out of activities performed by or on behalf of the Consultant, products and completed operations of the Consultant, premises owned, occupied or used by the Consultant, or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the Agency, its officers, officials, employees or volunteers.
- b. The Consultant's insurance coverage shall be primary insurance as respects the Agency, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Agency, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
- c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Agency, its officers, officials, employees or volunteers.
- d. The Consultant'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.
- e. The Consultant may satisfy the limit requirements in a single policy or multiple policies. Any Such additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.

2. Workers' Compensation and Employers Liability Coverage

The insurer shall agree to waive all rights of subrogation against the Agency, its officers, officials, employees and volunteers for losses arising

from work performed by the Consultant for the Agency. Consultant shall provide waiver of subrogation on all policies, required herein, except, Professional Liability.

3. All Coverages

Each insurance policy required by this contract shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Agency.

D. Acceptability of Insurers: With the exception of Professional Liability Insurance, all insurance is to be placed with insurers with a Best's rating of no less than A:VII, and who are admitted insurers in the State of California. Professional Liability Insurance is to be placed with insurers with a Best's rating of no less than B:VII, and who are admitted insurers in the State of California.

E. Verification of Coverage: Consultant shall furnish the Agency with certificates of insurance and with original endorsements effecting coverage required by the Agency for themselves and all subcontractors prior to commencing work or allowing any subcontractor to commence work under any subcontract. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be approved by the Agency before work commences. The Agency reserves the right to require complete, certified copies of all required insurance policies, at any time.

F. Submittal of Certificates: Consultant shall submit all required certificates and endorsements to the following:

Safety and Risk Manager
Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, California 91709

10. LEGAL RELATIONS AND RESPONSIBILITIES

A. Professional Responsibility: The Consultant shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.

B. Status of Consultant: The Consultant is retained as an independent Consultant only, for the sole purpose of rendering the services described herein, and is not an employee of the Agency.

C. Observing Laws and Ordinances: The Consultant 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 conduct of any services or tasks performed under this Contract, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Consultant 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, the Agency, its officers, 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 the Consultant or its employees.

- D. Subcontract Services: Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager.
- E. Indemnification: The Consultant agrees to protect, defend, indemnify and hold harmless the Agency, its officers, directors, agents, employees, servants, and volunteers free and harmless from any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (including employees of the Agency and the Consultant) and damage to property, directly or indirectly out of the obligations herein undertaken or out of the operations conducted by the Consultant, its employees, agents, representatives or subcontractors under or in connection with this Contract, to the extent due to Consultant's negligence or willful misconduct.

The Consultant further agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands or suit at the sole expense of the Consultant.

- F. Conflict of Interest: No official of the Agency who is authorized in such capacity and on behalf of the Agency to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Contract, or any subcontract relating to services or tasks to be performed pursuant to this Contract, shall become directly or indirectly personally interested in this Contract.
- G. Equal Opportunity: During the performance of this Contract, the Consultant shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin.
- H. Non-Conforming Work and Warranty: Consultant represents and warrants that the Work and Documentation shall be adequate to serve the purposes described in the Contract. For a period of not less than one (1) year after acceptance of the completed Work, Consultant shall, at no additional cost to Agency, correct any and all errors in and shortcomings of the Work or Documentation, regardless of whether any such errors or shortcoming is brought to the attention of Consultant by Agency, or any other person or entity. Consultant shall within five

(5) calendar days, correct any error or shortcoming that renders the Work or Documentation dysfunctional or unusable and shall correct other errors within thirty (30) calendar days after Consultant's receipt of notice of the error. Upon request of Agency, Consultant shall correct any such error deemed important by Agency in its sole discretion to Agency's continued use of the Work or Documentation within seven (7) calendar days after Consultant's receipt of notice of the error. If the Project Manager rejects all or any part of the Work or Documentation as unacceptable and agreement to correct such Work or Documentation cannot be reached without modification to the Contract, Consultant shall notify the Project Manager, in writing, detailing the dispute and reason for the Consultant's position. Any dispute that cannot be resolved between the Project Manager and Consultant shall be resolved in accordance with the provisions of this Contract.

I. Disputes:

1. All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Consultant shall pursue the work to completion in accordance with the instruction of the Agency's Project Manager notwithstanding the existence of dispute. By entering into this Contract, both parties are obligated, and hereby agree, to submit all disputes arising under or relating to the Contract which remain unresolved after the exhaustion of the procedures provided herein, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Sections 1280, et seq, or their successor.
2. Any and all disputes during the pendency of the work shall be subject to resolution by the Agency Project Manager and the Consultant shall comply, pursuant to the Agency Project Manager instructions. If the Consultant is not satisfied with any such resolution by the Agency Project Manager, they may file a written protest with the Agency Project Manager within seven (7) calendar days after receiving written notice of the Agency's decision. Failure by Consultant to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Agency Project Manager's resolution. The Agency's Project Manager shall submit the Consultant's written protests to the General Manager, together with a copy of the Agency Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of said protest(s). The General Manager shall make his or her determination with respect to each protest filed with the Agency Project Manager within ten (10) calendar days after receipt of said protest(s). If Consultant is not satisfied with any such resolution by the General Manager, they may file a written request for arbitration with the Project Manager within seven (7) calendar days after receiving written notice of the General Manager's decision.

3. In the event of arbitration, the parties hereto agree that there shall be a single neutral Arbitrator who shall be selected in the following manner:
 - a. The Demand for Arbitration shall include a list of five names of persons acceptable to the Consultant to be appointed as Arbitrator. The Agency shall determine if any of the names submitted by Consultant are acceptable and, if so, such person will be designated as Arbitrator.
 - b. In the event that none of the names submitted by Consultant are acceptable to Agency, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Agency shall submit to Consultant a list of five names of persons acceptable to the Agency for appointment as Arbitrator. The Consultant shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.
 - c. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration, including but not limited to reasonable attorneys' fees, shall be recoverable by the party prevailing in the arbitration. If this arbitration is appealed to a court pursuant to the procedure under California Code of Civil Procedure Section 1294, et. seq., or their successor, the costs of arbitration shall also include court costs associated with such appeals, including but not limited to reasonable attorneys' fees which shall be recoverable by the prevailing party.
4. Joinder in Mediation/Arbitration: The Agency may join the Consultant in mediation or arbitration commenced by a contractor on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such joinder shall be initiated by written notice from the Agency's representative to the Consultant.

J. Attorneys' Fees: In the event an action is commenced by a party to this Contract against the other to enforce its rights or obligations arising from this Contract, the prevailing party in such action, in addition to any other relief and recovery ordered by the court or arbitration, shall be entitled to recover all statutory costs, plus reasonable attorneys' fees.

11. OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY: The Agency retains ownership of any and all partial or complete reports, drawings, plans, notes, computations, lists, and/or other materials, documents, information, or data prepared by the Consultant and/or the Consultant's subcontractor(s) pertaining to this Contract.

12. PUBLIC RECORDS POLICY: Information made available to the Agency may be subject to the California Public Records Act (Government Code Section 6250 et seq.) The Agency's use and disclosure of its records are governed by this Act. The Agency shall use its best efforts to notify Consultant of any requests for disclosure of any documents pertaining to Consultant.

In the event of litigation concerning disclosure of information Consultant considers exempt from disclosure; (e.g., Trade Secret, Confidential, or Proprietary) Agency shall act as a stakeholder only, holding the information until otherwise ordered by a court or other legal process. If Agency is required to defend an action arising out of a Public Records Act request for any of the information Consultant has marked "Confidential," "Proprietary," or "Trade Secret," Consultant shall defend and indemnify Agency from all liability, damages, costs, and expenses, including attorneys' fees, in any action or proceeding arising under the Public Records Act.

13. TITLE AND RISK OF LOSS:

- A. Documentation: Title to the Documentation (Work Products) shall pass to Agency when prepared; however, a copy may be retained by Consultant for its records and internal use. Consultant shall retain such Documentation in a controlled access file, and shall not reveal, display or disclose the contents of the Documentation to others without the prior written authorization of Agency or for the performance of Work related to the Project.

The Work Products shall not be changed or used for purposes other than those set forth in the Contract without the prior written approval of Consultant. If Agency releases the Work Products to a third party without Consultant's prior written consent, or changes or uses the Work Products other than as intended hereunder, Agency shall do so at its sole risk and discretion, and Consultant shall not be liable for any claims and/or damages resulting from or connected with the release of or any third party's use of the Work Products.

- B. Material: Title to all Material, field or research equipment, and laboratory models, procured or fabricated under the Contract shall pass to Agency when procured or fabricated, and such title shall be free and clear of any and all encumbrances. Consultant shall have risk of loss of any Material or Agency-owned equipment of which it has custody.
- C. Disposition: Consultant shall dispose of items to which Agency has title as directed in writing by the Agreement Administrator and/or Agency.

14. PROPRIETARY RIGHTS:

- A. Rights and Ownership: Agency's rights to inventions, discoveries, trade secrets, patents, copyrights, and other intellectual property, including the Information and

Documentation, and revisions thereto (hereinafter collectively referred to as "Proprietary Rights"), used or developed by Consultant in the performance of the Work, shall be governed by the following provisions:

1. Proprietary Rights conceived, developed, or reduced to practice by Consultant in the performance of the Work shall be the property of Agency, and Consultant shall cooperate with all appropriate requests to assign and transfer same to Agency.
2. If Proprietary Rights conceived, developed, or reduced to practice by Consultant prior to the performance of the Work are used in and become integral with the Work or Documentation, or are necessary for Agency to have complete enjoyment of the Work or Documentation, Consultant shall grant to Agency a non-exclusive, irrevocable, royalty-free license, as may be required by Agency for the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation.
3. If the Work or Documentation includes the Proprietary Rights of others, Consultant shall procure, at no additional cost to Agency, all necessary licenses regarding such Proprietary Rights so as to allow Agency the complete enjoyment of the Work and Documentation, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and Documentation and grant sublicenses to others with respect to the Work and Documentation. All such licenses shall be in writing and shall be irrevocable and royalty-free to Agency.

B. No Additional Compensation: Nothing Set forth in this Contract shall be deemed to require payment by Agency to Consultant of any compensation specifically for the assignments and assurances required hereby, other than the payment of expenses as may be actually incurred by Consultant in complying with this Contract.

15. INFRINGEMENT: Consultant represents and warrants that the Work and Documentation shall be free of any claim of trade secret, trade mark, trade name, copyright, or patent infringement or other violations of any Proprietary Rights of any person.

Consultant shall defend, indemnify and hold harmless, Agency, its officers, directors, agents, employees, successors, assigns, servants, and volunteers free and harmless from any and all liability, damages, losses, claims, demands, actions, causes of action, and costs including reasonable attorney's fees and expenses arising out of any claim

that use of the Work or Documentation infringes upon any trade secret, trade mark, trade name, copyright, patent, or other Proprietary Rights.

Consultant shall, at its expense and at Agency's option, refund any amount paid by Agency under the Contract, or exert its best efforts to procure for Agency the right to use the Work and Documentation, to replace or modify the Work and Documentation as approved by Agency so as to obviate any such claim of infringement, or to put up a satisfactory bond to permit Agency's continued use of the Work and Documentation.

16. NOTICES: Any notice may be served upon either party by delivering it in person, or by depositing it in a United States Mail deposit box with the postage thereon fully prepaid, and addressed to the party at the address set forth below:

Agency: Cameron B. Langner,
Manager of Contracts and Procurement
Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, California 91709

Consultant: Brad Hemken, P.E.
Project Manager
2850 E. Camelback Road, Ste. 240
Phoenix, AZ 85016

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

17. SUCCESSORS AND ASSIGNS: All of the terms, conditions and provisions of this Contract shall inure to the benefit of and be binding upon the Agency, the Consultant, and their respective successors and assigns. Notwithstanding the foregoing, no assignment of the duties or benefits of the Consultant under this Contract may be assigned, transferred or otherwise disposed of without the prior written consent of the Agency; except that it may be assigned without such consent to a related entity, an affiliate or wholly owned subsidiary of Consultant; and, any such purported or attempted assignment, transfer or disposal without the prior written consent of the Agency shall be null, void and of no legal effect whatsoever.
18. RIGHT TO AUDIT: The Agency reserves the right to review and/or audit all Consultant's records related to the Work. The option to review and/or audit may be exercised during the term of the Contract, upon termination, upon completion of the Contract, or at any time thereafter up to twelve (12) months after final payment has been made to Consultant. The Consultant shall make all records and related documentation available within three (3) working days after said records are requested by the Agency.
19. INTEGRATION: The Contract Documents represent the entire Contract of the Agency and the Consultant as to those matters contained herein. No prior oral or written under-

standing shall be of any force or effect with respect to those matters covered by the Contract Documents. This Contract may not be modified, altered or amended except by written mutual agreement by the Agency and the Consultant.

20. GOVERNING LAW: This Contract is to be governed by and constructed in accordance with the laws of the State of California, in the County of San Bernardino.
21. TERMINATION FOR CONVENIENCE: Either party has the right to suspend, cancel or terminate this Contract at any time upon thirty (30) days written notice to the other party. In the event of such termination, the Consultant shall deliver all documentation and work products to Agency and Agency shall pay Consultant for all authorized and Consultant-invoiced services up to the date of such termination.
22. FORCE MAJEURE: Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters, etcetera.
23. NOTICE TO PROCEED: No services shall be performed or furnished under this Contract unless and until this document has been properly signed by all responsible parties and a Notice to Proceed order has been issued to the Consultant.

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

INLAND EMPIRE UTILITIES AGENCY:

BLACK AND VEATCH, CORPORATION

Richard W. Atwater
Richard W. Atwater
Chief Executive Officer
General Manager

9/5/2007
(Date)

David Argo
David Argo
Senior Vice President

8-30-07
(Date)

EXHIBIT A

Scope of Work and Budget for Preparation of the Metropolitan DYY Program Expansion Project Development Report

The Scope of Services for the Project will be performed by Black & Veatch (Consultant), with subconsulting services from Wildermuth Environmental, Inc. (WEI) and Tom Dodson and Associates (TDA), under a contract with the Inland Empire Utilities Agency (IEUA). The work will also be coordinated with other Program Partners including the Metropolitan Water District of Southern California (Metropolitan), Western Municipal Water District (WMWD), Three Valleys Municipal Water District (TVMWD), and the Chino Basin Watermaster (Watermaster).

This exhibit provides: (1) a Scope of Work for the project and (2) an estimated budget to perform the work.

SCOPE OF WORK

PHASE 1 CHARACTERIZE DYY PROGRAM OBJECTIVES AND BASIN CAPABILITIES

Phase 1 tasks will focus on establishing the program objectives and capabilities of the Basin, Appropriators, and local agencies. The asset inventory from the initial DYY Program will be updated and revised to reflect new facilities and changes in water quality. The information developed in Phase 1 will be used to prepare an operations plan for the expanded DYY Program.

Task 1 Conduct Project Meetings

Project coordination and information gathering meetings will be conducted under this task. ~~Two meetings will be held with each of eight Appropriators (total of 16 meetings). These meetings~~ will focus on determining the level of interest in participating as a shift partner in the expanded program. Also, any current or future issues that may prohibit participation in the expanded program will be discussed. Finally, the asset inventory from the previous DYY Program will be updated through information gathered in the meetings.

This task also includes two meetings with WMWD and TVMWD (total of additional meetings). Similar items as developed above for the Appropriators will be discussed at these meetings. The asset inventory will be updated to include the appurtenant facility assets for the two potential partnering agencies.

Finally, this task includes monthly coordination meetings to be held with Metropolitan, IEUA, and Watermaster staff to discuss project updates.

A summary of the subtasks to be conducted under this task are as follows:

- 1.1 Meetings with Basin Appropriators to determine level of interest and changes to asset inventory (16 meetings).
- 1.2 Meetings with TVMWD and WMWD to determine level of interest and develop asset inventory (4 meetings).
- 1.3 Meetings with Metropolitan, IEUA, and Watermaster staff (monthly meetings).

Task 2 Define Available and Required Assets

This task will focus on updating and developing the asset inventory that was initially prepared during the first DYY Program. Information gathered from Task 1 will be used to refine the asset inventory and update existing facility and water quality mapping for the Basin. Water supply plans for each of the participating Appropriators and agencies will be updated and included in the asset inventory.

This information will be used to evaluate the feasibility of conducting wet water recharge, in-lieu exchange (shift), direct export, and aquifer storage and recovery (ASR) deliveries into the Basin. An evaluation of the current and planned wet water recharge capacity will be conducted to further refine the put capabilities of the Basin, should in-lieu shifting be limited or puts be accomplished by non-Basin agencies (i.e., WMWD, and TVMWD).

A summary of the subtasks to be conducted under this task are as follows:

- 2.1 Update DYY Program asset inventory schedule and mapping.
- 2.2 Refine Basin and UWMP 25-year water supply plan projections (including drought-planning activities).
- 2.3 Review and evaluate available wet water recharge capacity in the Basin.
- 2.4 Review current in-lieu exchange (shift) capacity of Basin Appropriators.
- 2.5 Review direct export opportunities for WMWD and TVMWD.
- 2.6 Review ASR opportunities for Basin Appropriators, WMWD, and TVMWD.

Task 3 Define DYY Program Size, Constraints, and Institutional Arrangements

Upon evaluation of the Basin capabilities from Task 2, this task will focus on confirming the size of the DYY Program expansion and put-take mechanisms for which to conduct the program. This task will also focus on addressing any water quality issues associated with using existing or planned transmission mains for water deliveries in addition to the proposed institutional arrangements required to deliver water between agencies and Program Partners. This task will be the first step in confirming the required facilities to conduct the expanded DYY Program, both on the put and take side.

An additional task to be conducted includes an evaluation of the Program participants' ability to manage peak and summer-time shift deliveries from the East Branch and Rialto pipelines. During Task 1, the interest and capabilities of the participants to participate in a peaking program will be addressed. The in-lieu exchange capabilities developed from Task 2 will play a major role in determining the feasibility of the Basin agencies and Program partners to conduct additional shift from Metropolitan during the summer months. This task will focus on the feasibility of conducting summer-time shift while Task 11 will address the value for agencies to manage peaking and summer-time shift deliveries from Metropolitan.

A summary of the subtasks to be conducted under this task are as follows:

- 3.1 Confirm and define size of DYY Program.
- 3.2 Define put/take mechanisms (in-lieu, wet water recharge, or ASR).
- 3.3 Define water quality constraints when using WMWD and TVMWD facilities for direct export.
- 3.4 Define institutional arrangements required to include WMWD and TVMWD as participants.
- 3.5 Determine facilities required to wheel water to MWWD and TVMWD.
- 3.6 Determine ability to manage peak and summer-time shift deliveries from East Branch and Rialto Pipeline.

Task 4 Develop Program Operations Plan

This task will focus on development of an annual and seasonal delivery schedule for which to use as a basis for modeling and facilities development. (The delivery schedule will show a reduction in firm Tier 1 and 2 deliveries when a DYY call is made by Metropolitan.) Current and projected Basin pumping and imported deliveries for all Program participants will be reviewed and summarized. A preliminary put/take schedule will be developed for the expanded program.

Current DYY Program commitments as well as other storage and recovery program participation will be reviewed for each participant. This information will be compiled and entered into the DYY Program facility model that was developed for the initial program. The model will be used to confirm put and take facility requirements for the participants. The final product of this task will be development of a Basin Operations Plan that will be specific to the DYY Program.

A summary of the specific subtasks to be conducted under this task are as follows:

- 4.1 Review seasonal pumping and imported water deliveries for Basin Appropriators.
- 4.2 Review current DYY Program commitments and constraints on system, if any.
- 4.3 Develop preliminary put/take schedule for DYY Program.
- 4.4 Use updated DYY Program facility model to determine preliminary facility requirements.
- 4.5 Develop program-specific Basin operations plan.

Task 5 Conduct Basin Modeling and confirm Required Facilities

In 2002, WEI in conjunction with Black and Veatch conducted engineering and scientific investigations to evaluate the impacts of the 100,000 acre-ft DYY Program. In that work, WEI developed a high-resolution groundwater flow model for the Chino Basin that was subsequently used to evaluate Metropolitan's DYY program alternatives and that was eventually used in the subsequent California Environmental Quality Act of 1970 findings. Since that time, the complexity of the management issues in the Chino Basin and the magnitude of new hydrogeologic information require that the Watermaster, IEUA and Metropolitan develop a new

groundwater model. The new model will be used to investigate the effects of the revised OBMP, the incremental impact that will occur from the superposition of Metropolitan's proposed DYY expansion and other storage programs.

The model will be used to answer the following two fundamental questions:

- What are the short and long term changes in groundwater levels, subsidence in MZ-1, storage, storage losses, riparian habitat, and safe yield that will result from the planned future changes in groundwater pumping, recharge and storage management plans that are included in the OBMP and the 2007 revisions to the OBMP?
- What are the incremental short and long term changes that will occur when groundwater storage programs are superimposed on the OBMP and the 2007 revisions to the OBMP?

The flowing management concepts will be incorporated into modeling alternatives to answer these questions:

- Re-Operation Scheduling
- Desalter Well Field Location and Pumping
- Expanded Replenishment and Recharge Requirements and Capacities
- Long-term Subsidence Management Plan Constraints
- Management of Contaminant Plumes
- Development of Future Monitoring

Re-Operation will reduce the groundwater storage in the Basin by 400,000 acre-ft. Essentially, the replenishment obligation for the desalter program will be forgiven until the cumulative replenishment reaches 400,000 acre-ft. At that point, the Watermaster will re-determine safe yield and desalter replenishment will start. A long planning period will be required to estimate the new safe yield when the 400,000 acre-ft threshold is reached and to evaluate the long-term yield and basin levels after full replenishment is reinstated. The planning period will be at least through 2070. This longer planning period requires the model calibration period to be expanded. The model calibration period should be comparable to the planning period and no less than about half the planning period in length. In the 2002 groundwater model, the planning period was 26 years and the calibration was 11 years. The model being developed herein will have a 60-year planning period (2006-07 through 2065-66) and a 46-year calibration period (1960-61 through 2005-06).

Since the 2002 model was built, there are two new sources of data that must be included in the new model – high resolution geophysical logs and lithologic logs from over 40 new wells; and construction and operation of the new recharge facilities of the Chino Basin Facilities Improvement Program. These new information must be included in the model for the model to be up to date.

Finally the subsidence issues in the Chino Management Zone 1 requires a one-dimensional compaction sub model to be coupled to the new groundwater flow model to realistically answer the questions posed above.

Computer modeling will be used to determine the impact, if any, on current Basin operations upon inclusion of the expanded DYY Program. The asset inventory information developed in Tasks 1 and 2 and the facilities development from Task 4 will be used to model the expanded program. Any impacts to hydraulic control and management of the Basin will be addressed in this task. Upon review of the Basin modeling results, the final facilities selection or locations of facilities may be adjusted to meet the Basin operations plan and management objectives. All changes in facilities will be summarized before moving forward to Phase 2.

A summary of the subtasks to be performed under this task are as follows:

- 5.1 Update Basin model with asset and production information.
- 5.2 Run model to determine yield impacts/benefits of put/take schedule.
- 5.3 Review Basin modeling results.
- 5.4 Determine facility changes, if any, required for optimal Basin management (i.e., hydraulic control).
- 5.5 Update DYY Program facility model to reflect any facility changes.
- 5.6 Summarize and confirm facilities requirements to move forward to Phase 2.

PHASE 2 CONDUCT FACILITIES DEVELOPMENT AND CONCEPTUAL DESIGN

Phase 2 tasks will focus on conceptual design of the put and take facilities identified in Phase 1. A summary of impacts, if any, to Basin water resources will also be provided under this phase.

Task 6 Prepare Conceptual Design for Put Facilities (recharge basins, ASR wells)

This task includes the conceptual design for the put facilities identified in Phase 1. Local water quality and hydrogeologic criteria that may impact design will be considered. Design criteria and spatial layouts for all put facilities will be developed. Land requirements and preliminary site selection for the facilities will also be addressed. Sufficient detail will be developed for the conceptual design drawings to confirm facility requirements and preliminary cost estimates.

A summary of the subtasks to be performed under this task are as follows:

- 6.1 Define water quality and hydrogeologic criteria.
- 6.2 Develop design criteria and prepare conceptual design.
- 6.3 Determine land requirements and develop preliminary site selection.
- 6.4 Prepare conceptual facility drawings and Basin mapping.

Task 7 Prepare Conceptual Design for Take Facilities (wells, ASR wells, treatment facilities)

Similar to Task 6 above, this task includes development of the conceptual design of the take facilities identified in Phase 1. These facilities will include production wells, ASR wells, and treatment facilities. Local water quality and hydrogeologic design criteria will be developed and summarized for inclusion in the conceptual facility design. Spatial layouts and land requirements for all facilities will be developed. In addition, design criteria for new or connections to existing regional brine conveyance pipelines will be developed. Potential brine pipeline alignments will also be reviewed. Sufficient level of design will be prepared to develop design criteria to move forward to preliminary design and to develop conceptual-level cost estimates.

A summary of the subtasks to be performed under this task are as follows:

- 7.1 Define water quality and hydrogeologic criteria.
- 7.2 Prepare water quality and treatment technologies assessment.
- 7.3 Develop design criteria and prepare conceptual design.
- 7.4 Determine land requirements and develop preliminary site selection.
- 7.5 Determine water and/or brine conveyance requirements.
- 7.6 Prepare conceptual facility drawings and Basin mapping.

Task 8 Prepare Conceptual Design for Interagency Conveyance Facilities (WMWD and TVMWD)

This task includes development of the conveyance facilities required to move water to and from Program participants that are outside of the Basin boundaries including, WMWD and TVMWD. Alternative projects have already been brainstormed and are ready for preliminary screening and conceptual design. These alternatives are listed in the subtasks below. The feasibility of implementing each of the alternatives will be considered in addition to the required facilities and estimated construction costs. Four alternative conveyance alternatives will be considered for TVMWD and two alternatives will be developed for WMWD.

A summary of the subtasks to be performed under this task are as follows:

- 8.1 Develop raw water replenishment connection from San Gabriel Valley Water District (SGVWD) Azusa-Devil Cyn. Pipeline to San Antonio Ck Channel (TVMWD).
- 8.2 Develop new wells in Six Basins area and potential connections to Pomona-Walnut-Rowland (PWR) pipeline (TVMWD).
- 8.3 Develop new treated water connection between Water Facilities Authority (WFA) and Miramar WTPs (TVMWD).
- 8.4 Develop raw water replenishment connection into San Antonio Spreading Grounds (TVMWD).

- 8.5 Develop facilities required to convey water from Management Zone 3 (MZ3) to new Riverside-Corona Feeder (WMWD).
- 8.6 Develop facilities required to convey water from MZ3 and Chino Desalter Authority (CDA) Facilities to Arlington Desalter Pipeline (WMWD).

Task 9 Define Basin Water Resources Impacts or Benefits

This task serves as a summary of the water resources impacts, if any, of conducting the Basin operating plan for the DYY Program. This task will also provide a summary of the Basin modeling task that was conducted to confirm hydraulic control and to ensure all other Basin management objectives are being met with implementation of the expanded Program.

The following two subtasks will be performed:

- 9.1 Summarize modeling criteria and assumptions.
- 9.2 Summarize modeling results for final facilities selection.

PHASE 3 PREPARE CEQA DOCUMENTATION

Phase 3 work will incorporate all California Environmental Quality Act (CEQA) documentation deliverables for the expanded DYY Program. The CEQA documentation will cover any new facilities and may also include Basin re-operation due to the expanded Program. Since the facilities will most likely include facilities outside of the Basin, it is recommended to move forward with a Negative Declaration that tiers off the existing Optimum Basin Management Program (OBMP) Program Environmental Impact Report (PEIR). This will ensure that all facilities implemented under the Program will be consistent with the OBMP PEIR management objectives.

Task 10 Prepare Initial Study and Negative Declaration

This task assumes that the data justify adoption of a Negative Declaration as the appropriate CEQA environmental determination. If not, an Environmental Impact Report (EIR) would be prepared, most likely with a narrow focus of evaluation. TDA will serve as CEQA consultant for the project and will review and summarize the findings from the OBMP PEIR and the subsequent DYY environmental document which lead to a finding of consistency between the initial DYY Program and the OBMP PEIR. This will provide the background and setting for consideration of the proposed DYY Program Expansion Project.

A project description will be created that describes all of the proposed DYY Program facilities and operations. Using existing and new data for site specific impacts (biological and cultural) and the updated hydrology data, an Initial Study will be prepared that will be used to determine whether a Negative Declaration or EIR is the appropriate CEQA environmental determination. The Initial Study will be prepared in the context of the OBMP PEIR, but due to the age of this document, it must be a stand alone environmental document. A draft for internal review will be provided to all review parties. The Initial Study will be finalized, and a Notice of Intent to adopt a Negative Declaration will be distributed for a 30 day public review and comment period. At the end of this period we will respond to any comments and finalize the Negative Declaration for

adoption by the IEUA Board. We will attend a public meeting before the IEUA Board for adoption of the Negative Declaration (most probably with mitigation measures) and filing of Notice of Determination. This will close the review period except for the 30 day statute of limitations for someone to file litigation.

A summary of the subtasks to be performed under this task are as follows:

- 10.1 Review CEQA conducted for initial DYY Program facilities.
- 10.2 Summarize facility requirements for Program expansion.
- 10.3 Prepare Initial Study.
- 10.4 Prepare Negative Declaration (tier off OBMP).
- 10.5 Coordinate submission and review of CEQA documents.

PHASE 4 DEVELOP PROJECT IMPLEMENTATION PLAN

Phase 4 tasks will focus on development of DYY Program costs, schedule, and preparation of the Project Report. These tasks together will comprise the implementation plan for the Program.

Task 11 Determine Program Costs

The DYY Program facilities cost model will be updated and used to determine conceptual-level cost estimates for the Program facilities. The cost evaluation will also address the value of participation in a summer-time peaking program with Metropolitan. The costs developed under this phase will be used for final negotiation of funding from Metropolitan.

A summary of the subtasks to be performed under this task are as follows:

- 11.1 Use DYY Program facility/cost model to determine capital and Operation and Maintenance (O&M) costs for required assets.
- 11.2 Determine value of reducing summer peaking off Metropolitan facilities.
- 11.3 Determine unit water cost for program(s).

Task 12 Develop Program Implementation Schedule

Program scheduling milestones will be identified and the coordination with other Basin management activities will be addressed. Milestones include facility design, construction and startup deadlines. Scheduling will also include a detailed coordination schedule with other Basin management projects including desalter operations, hydraulic control, etc.

A summary of the subtasks to be performed under this task are as follows:

- 12.1 Summarize Metropolitan program schedule requirements.
- 12.2 Review schedule for other Basin management projects.
- 12.3 Develop design, construction, and operations schedule for Program facilities.

Task 13 Develop Project Report

This task will focus on development of a Draft and Final Project Development Report. All of the information and alternatives developed in the tasks above will be summarized and presented in a report. A Draft Report will be prepared for review by all Program partners and participating agencies. All comments received on the Draft Report will be reviewed and incorporated into the Final Report. Ten (10) hard copies of both the Draft and Final Project Development Reports will be provided for distribution by IEUA staff. A CD containing a photo-ready electronic copy of the Draft and Final reports will also be provided should additional copies be required by IEUA staff.

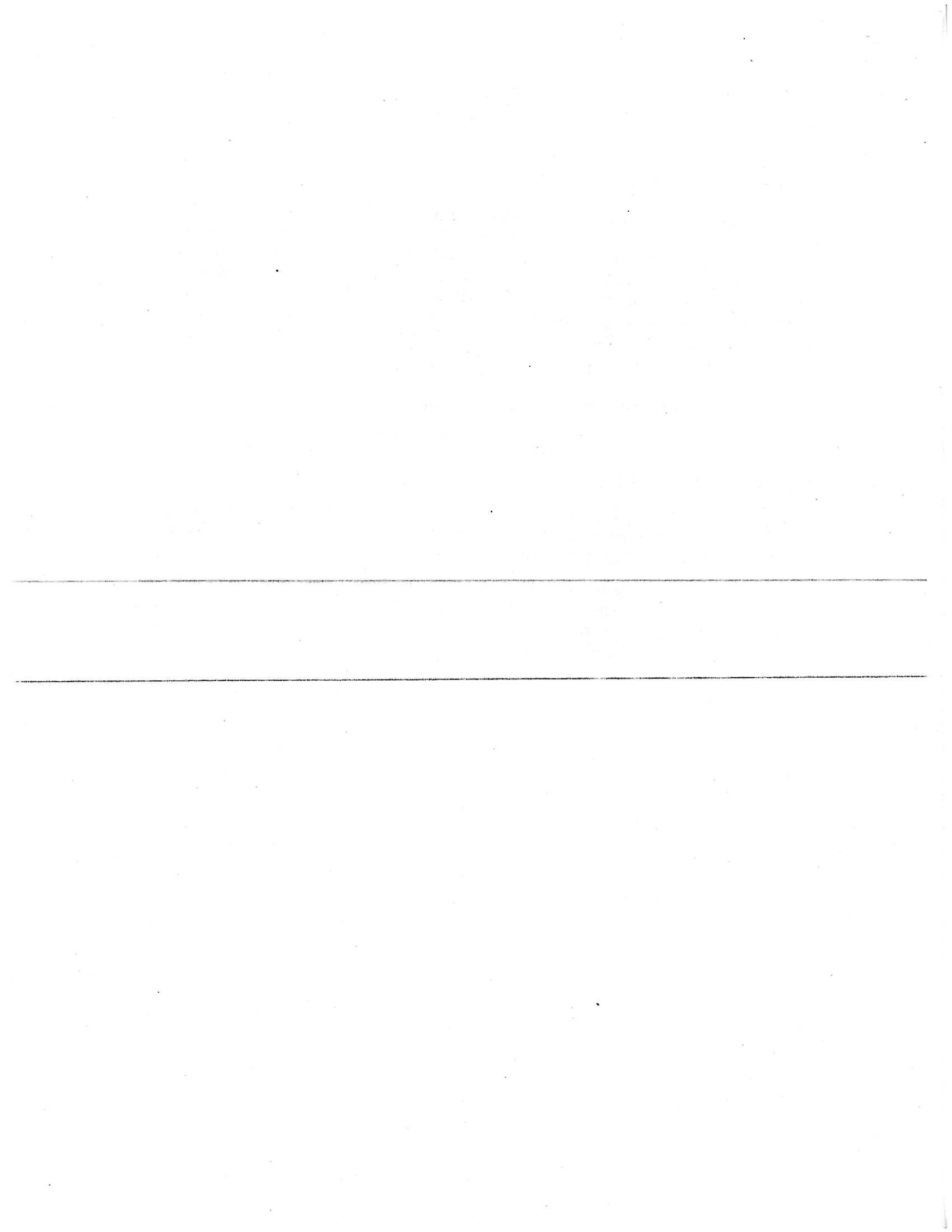
A summary of the subtasks to be performed under this task are as follows:

- 13.1 Prepare Draft Project Development Report.
- 13.2 Incorporate comments and prepare Final Project Development Report.

BUDGET AND SCHEDULE

Table 1 on the following page provides a detailed summary of the tasks and corresponding budget. As shown in the table, the total estimated not-to-exceed fee is \$1,425,400. Billing rate schedules for all Team members are available upon request.

A Preliminary Project Schedule is also included following Table 1. This schedule includes the estimated start and completion dates for all primary project tasks. As summarized in the schedule, we anticipate completion of the Final Project Development Report by the end of July 2008 and completion of all CEQA documentation by October 2008.



INLAND EMPIRE UTILITIES AGENCY/CHINO BASIN WATERMASTER
METROPOLITAN DYY PROGRAM EXPANSION PROJECT DEVELOPMENT REPORT

Scope and Fee Estimate
(Rev. 7-30-07)

| Task | Project Director | Project Manager | Senior Engineer | Project Engineer | Staff Engineer | CAD Tech | Clerical | Total Hours | Total Labor | Total Expenses | Total WEI | Total Dodson | Total Cost |
|--|------------------|-----------------|-----------------|------------------|----------------|------------|------------|--------------|----------------|----------------|----------------|----------------|--------------------|
| | 250 | 160 | 150 | 130 | 120 | 110 | 90 | | | 6,75 | | | |
| Task 7 - Prepare Conceptual Design for Take Facilities (wells, ASR wells, treatment facilities) | | | | | | | | | | | | | |
| 7.1 Define water quality and hydrologic criteria. | 8 | 16 | 16 | 24 | 40 | | 4 | 108 | 15,240 | 960 | 5,000 | | \$251,500 |
| 7.2 Prepare water quality and treatment technologies assessment. | 8 | 20 | 40 | 40 | 40 | | 24 | 212 | 28,160 | 1,940 | | | 21,200 |
| 7.3 Develop design criteria and prepare conceptual design. | 16 | 60 | 64 | 200 | 300 | | 48 | 688 | 89,520 | 6,000 | | | 30,100 |
| 7.4 Determine land requirements and develop preliminary site selection. | 8 | 20 | 4 | 4 | 80 | | 24 | 216 | 27,160 | 1,940 | | | 95,600 |
| 7.5 Determine water analysis and conveyance requirements. | 8 | 20 | 24 | 40 | 64 | | 24 | 180 | 23,840 | 1,660 | | | 28,100 |
| 7.6 Prepare conceptual facility drawings and basin mapping. | 8 | 20 | 32 | 64 | 80 | | 8 | 292 | 37,440 | 2,560 | 10,000 | | 25,400 |
| | | | | | | | | | | | | | 50,000 |
| | | | | | | | | | | | | | \$146,500 |
| | | | | | | | | | | | | | 21,900 |
| | | | | | | | | | | | | | 33,300 |
| Task 8 - Prepare Conceptual Design for Interagency Conveyance Facilities (WAWD and TVMWD) | | | | | | | | | | | | | |
| 8.1 Develop raw water replenishment connection from SISWWD House-Devi Cyn Pipeline to San Antonio Ck Channel (TVMWD) | 4 | 16 | 12 | 32 | 64 | | 16 | 144 | 18,640 | 1,260 | 2,000 | | 19,900 |
| 8.2 Develop new wells in Six Basins area and potential connections to PWR pipeline (TVMWD) | 4 | 24 | 24 | 48 | 80 | | 24 | 204 | 26,440 | 1,860 | 5,000 | | 21,900 |
| 8.3 Develop new treated water connection between WFA and Miramar WTPs (TVMWD) | 4 | 16 | 12 | 32 | 64 | | 16 | 144 | 18,640 | 1,260 | 2,000 | | 19,900 |
| 8.4 Develop raw water replenishment connection into San Antonio Spreading Grounds (TVMWD) | 4 | 16 | 12 | 32 | 64 | | 16 | 144 | 18,640 | 1,260 | 2,000 | | 19,900 |
| 8.5 Develop facilities required to convey water from MZ3 to new Riverside-Corona Feeder (WAWD) | 4 | 24 | 20 | 48 | 80 | | 24 | 200 | 25,840 | 1,760 | 2,000 | | 29,600 |
| 8.6 Develop facilities required to convey water from MZ3 and CDA Facilities to Arlington Desalter Pipeline (WAWD) | 4 | 16 | 12 | 32 | 64 | | 16 | 144 | 18,640 | 1,260 | 2,000 | | 21,900 |
| | | | | | | | | | | | | | \$28,800 |
| | | | | | | | | | | | | | 14,400 |
| | | | | | | | | | | | | | 14,400 |
| Task 9 - Define Basin Water Resources Impacts or Benefits | | | | | | | | | | | | | |
| 9.1 Summarize modeling criteria and assumption. | 4 | 4 | 4 | 8 | 16 | | 8 | 44 | 5,820 | 480 | 8,000 | | 14,400 |
| 9.2 Summarize modeling results for final facilities selection. | 4 | 4 | 4 | 8 | 16 | | 8 | 44 | 5,820 | 480 | 8,000 | | 14,400 |
| | | | | | | | | | | | | | |
| PHASE 3 - PREPARE CEQA DOCUMENTATION | | | | | | | | | | | | | |
| Task 10 - Prepare Initial Study and Negative Declaration | | | | | | | | | | | | | |
| 10.1 Review CEQA conducted for Initial DYY Program facilities. | 2 | 4 | 4 | 8 | 16 | | 4 | 34 | 4,460 | 340 | 5,000 | | 9,800 |
| 10.2 Summarize facility requirements for Program expansion. | 2 | 4 | 4 | 8 | 16 | | 4 | 34 | 4,460 | 340 | 5,000 | | 9,800 |
| 10.3 Prepare Initial Study. | 2 | 4 | 4 | 8 | 16 | | 4 | 34 | 4,460 | 340 | 5,000 | | 9,800 |
| 10.4 - Prepare Negative Declaration (for off OBMP) | 2 | 4 | 4 | 8 | 16 | | 4 | 34 | 4,460 | 340 | 5,000 | | 9,800 |
| 10.5 Coordinate submission and review of CEQA documents. | 2 | 4 | 4 | 8 | 16 | | 4 | 34 | 4,460 | 340 | 5,000 | | 9,800 |
| | | | | | | | | | | | | | \$147,400 |
| | | | | | | | | | | | | | 8,800 |
| | | | | | | | | | | | | | 10,000 |
| | | | | | | | | | | | | | 25,600 |
| | | | | | | | | | | | | | 64,800 |
| | | | | | | | | | | | | | 23,900 |
| | | | | | | | | | | | | | \$13,000 |
| | | | | | | | | | | | | | 27,800 |
| | | | | | | | | | | | | | 9,800 |
| | | | | | | | | | | | | | 5,300 |
| | | | | | | | | | | | | | \$32,500 |
| Task 12 - Develop Program Implementation Schedule | | | | | | | | | | | | | |
| 12.1 Summarize Metropolitan program schedule requirements. | 4 | 8 | 8 | 12 | 24 | | 4 | 44 | 6,120 | 480 | 6,500 | | 11,900 |
| 12.2 Review schedule for other Basin management projects. | 2 | 4 | 4 | 8 | 16 | | 2 | 20 | 2,460 | 160 | 3,000 | | 14,000 |
| 12.3 Develop design, construction and operations schedule for Program facilities. | 4 | 8 | 8 | 12 | 24 | | 4 | 44 | 6,120 | 480 | 6,500 | | 11,900 |
| | | | | | | | | | | | | | 33,200 |
| Task 13 - Develop Project Report | | | | | | | | | | | | | |
| 13.1 Prepare Draft Project Development Report. (4) | 8 | 24 | 24 | 40 | 60 | | 40 | 196 | 25,440 | 4,260 | 3,500 | | 33,200 |
| 13.2 Incorporate comments and prepare Final Project Development Report. (4) | 4 | 16 | 16 | 24 | 40 | | 20 | 116 | 15,080 | 3,520 | 1,500 | | 20,100 |
| | | | | | | | | | | | | | 120,000 |
| Total | 310 | 820 | 428 | 1,532 | 2,328 | 212 | 716 | 6,946 | 839,180 | 66,216 | 400,000 | 120,000 | \$1,425,400 |

Notes:
 (1) Assumes 2 meetings with each of 8 Appropriators (total 16 meetings).
 (2) Assumes 2 meetings each with WAWD and TVMWD (total 4 meetings).
 (3) Assumes one meeting per month over the estimated 12-month project duration.
 (4) Ten hard copies of the draft and final reports will be provided. A photo-ready electronic copy will also be provided.

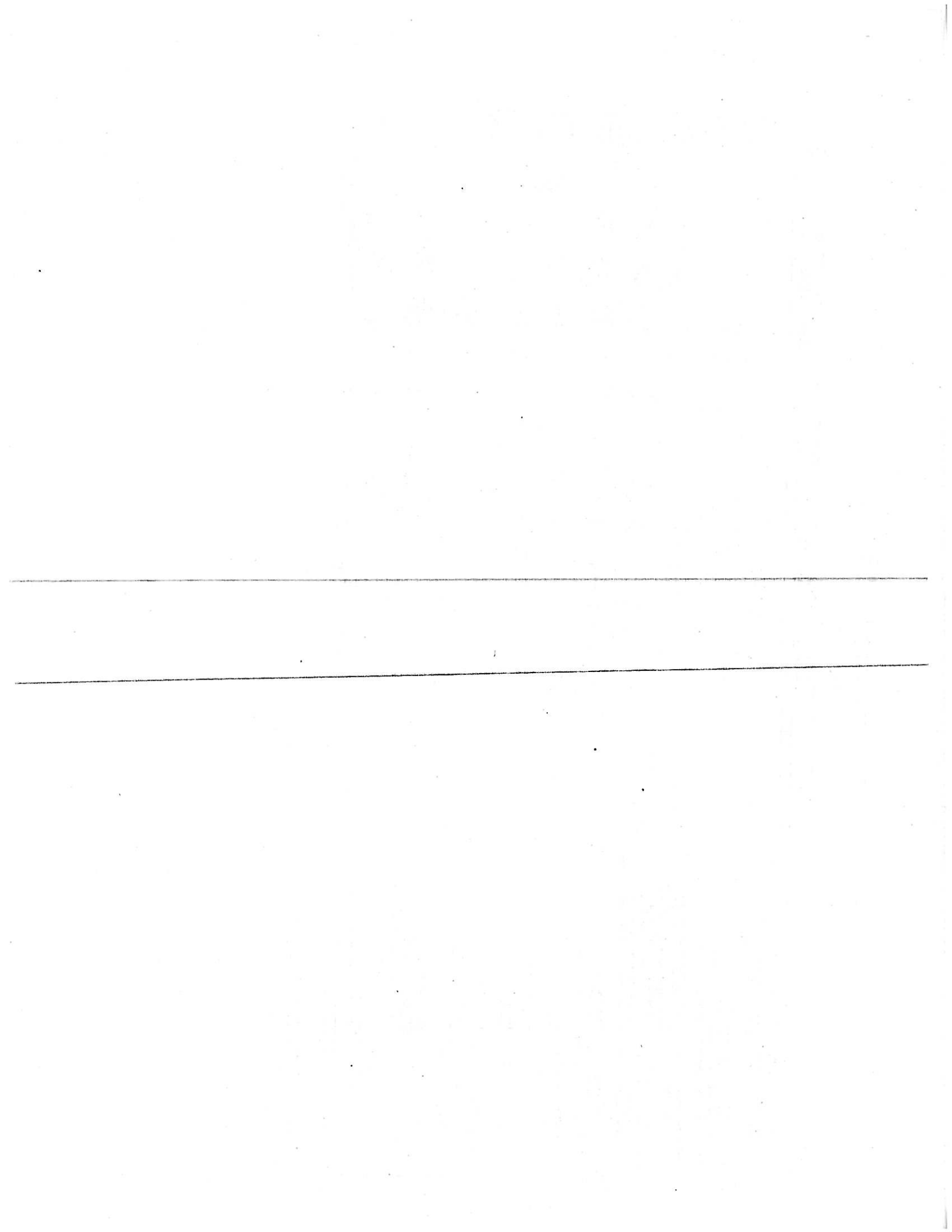


TABLE 1
 INLAND EMPIRE UTILITIES AGENCY/CHINO BASIN WATERMASTER
 METROPOLITAN DYY PROGRAM EXPANSION PROJECT DEVELOPMENT REPORT
 Scope and Fee Estimate
 (Rev. 7-30-07)

| Task | Project Director | Project Manager | Senior Engineer | Project Engineer | Staff Engineer | CAD Tech | Clerical | Total Hours | Total Labor | Total Expenses | Total WEI | Total Decision | Total Cost |
|--|------------------|-----------------|-----------------|------------------|----------------|----------|----------|-------------|-------------|----------------|-----------|----------------|------------|
| | 250 | 160 | 150 | 130 | 120 | 110 | 90 | | | 8.75 | | | |
| | Billing Rate | | | | | | | | | | | | |
| PHASE 1-CHARACTERIZE DYY PROGRAM OBJECTIVES AND BASIN CAPABILITIES | | | | | | | | | | | | | |
| Task 1-Conduct Project Meetings. | | | | | | | | | | | | | |
| 1.1 Meetings with Basin Appropriators to determine level of interest and changes to asset inventory. (1) | 32 | 64 | | 64 | | | 32 | 192 | 29,440 | 3,360 | 15,000 | | \$93,800 |
| 1.2 Meetings with WAWWD and TVMWD to determine level of interest and develop asset inventory. (2) | 8 | 16 | | 16 | | | 20 | 60 | 8,160 | 960 | 2,000 | | 47,600 |
| 1.3 Meetings with Metropolitan, IEUA and Watermaster staff. (3) | 24 | 48 | | 48 | | | 24 | 144 | 22,080 | 2,520 | 10,000 | | 34,600 |
| | | | | | | | | | | | | | \$11,100 |
| Task 2-Define Available and Required Assets | | | | | | | | | | | | | |
| 2.1 Update DYY Program asset inventory schedule and mapping. | 4 | 16 | | 40 | 80 | | 16 | 180 | 22,440 | 1,680 | 15,000 | | 29,100 |
| 2.2 Refine Basin and UWAP 25-year water supply plan projections (including drought-planning activities). | 4 | 16 | | 24 | 40 | | 12 | 66 | 12,560 | 840 | 1,000 | | 14,400 |
| 2.3 Review and evaluate available water recharge capacity in Basin. | 4 | 16 | | 24 | 40 | | 12 | 66 | 12,560 | 840 | 2,000 | | 15,400 |
| 2.4 Review current In-lieu exchange (chill) capacity of Basin Appropriators. | 4 | 16 | | 24 | 40 | | 12 | 66 | 12,560 | 840 | | | 13,400 |
| 2.5 Review direct export opportunities for WAWWD and TVMWD. | 4 | 16 | | 24 | 40 | | 12 | 66 | 12,560 | 840 | 2,000 | | 15,400 |
| 2.6 Review ASR export opportunities for Basin Appropriators, WAWWD, and TVMWD. | 4 | 16 | | 24 | 40 | | 12 | 66 | 12,560 | 840 | | | 15,400 |
| | | | | | | | | | | | | | \$58,100 |
| Task 3-Define DYY Program Size, Constraints, and Institutional Arrangements | | | | | | | | | | | | | |
| 3.1 Confirm and define size of DYY Program. | 4 | 4 | | 8 | 16 | | 4 | 36 | 4,960 | 340 | | | 5,300 |
| 3.2 Define put-back mechanisms (if-then, wet water recharges, or ASR). | 4 | 4 | | 12 | 18 | | 4 | 40 | 5,480 | 420 | | | 5,900 |
| 3.3 Define water quality constraints when using WAWWD and TVMWD facilities for direct export. | 4 | 8 | | 16 | 24 | | 8 | 76 | 10,360 | 740 | | | 11,100 |
| 3.4 Define institutional arrangements required to include WAWWD and TVMWD as participants. | 4 | 8 | | 12 | 20 | | 8 | 52 | 6,960 | 540 | | | 7,500 |
| 3.5 Determine facilities required to wheel water to WAWWD and TVMWD | 4 | 8 | | 16 | 24 | | 8 | 60 | 7,960 | 540 | | | 8,500 |
| 3.6 Determine ability to manage peak and summer-time shift deliveries from East Branch and Filio Pipeline. | 8 | 16 | | 16 | 24 | | 20 | 124 | 16,660 | 1,120 | | | 17,800 |
| | | | | | | | | | | | | | \$58,700 |
| Task 4-Develop Program Operations Plan | | | | | | | | | | | | | |
| 4.1 Review seasonal pumping and imported water deliveries for Basin Appropriators. | 4 | 8 | | 16 | 24 | | 8 | 60 | 7,960 | 540 | 4,000 | | 12,500 |
| 4.2 Review annual DYY program commitments and constraints on system, if any. | 4 | 4 | | 12 | 16 | | 8 | 44 | 5,840 | 460 | | | 6,300 |
| 4.3 Develop preliminary pumpback schedule for DYY program. | 4 | 4 | | 12 | 20 | | 8 | 48 | 6,320 | 480 | 4,000 | | 10,800 |
| 4.4 Use updated DYY Program facility model to determine preliminary facility requirements. | 4 | 8 | | 24 | 40 | | 8 | 84 | 10,920 | 780 | | | 11,700 |
| 4.5 Develop program-specific Basin operations plan. | 4 | 12 | | 24 | 40 | | 8 | 88 | 11,560 | 840 | 5,000 | | 17,400 |
| | | | | | | | | | | | | | \$316,200 |
| Task 5-Conduct Basin Modeling and Confirm Required Facilities | | | | | | | | | | | | | |
| 5.1 Update Basin model with asset and production information. | 8 | 8 | | 16 | 20 | | 8 | 52 | 6,480 | 520 | 100,000 | | 107,000 |
| 5.2 Run model to determine yield impacts/benefits of putback activities. | 8 | 8 | | 16 | 20 | | 8 | 52 | 6,480 | 520 | 120,000 | | 127,000 |
| 5.3 Review Basin modeling results. | 4 | 12 | | 24 | 24 | | 8 | 60 | 8,080 | 620 | 50,000 | | 58,700 |
| 5.4 Determine facility changes, if any, required for optimal Basin management (i.e., hydraulic control). | 4 | 8 | | 16 | 16 | | 8 | 52 | 7,000 | 500 | | | 7,500 |
| 5.5 Update DYY Program facility model to reflect any facility changes. | 4 | 8 | | 16 | 20 | | 8 | 56 | 7,480 | 520 | | | 8,000 |
| 5.6 Summarize and confirm facility requirements to move forward to Phase 2. | 4 | 8 | | 16 | 20 | | 8 | 56 | 7,480 | 520 | | | 8,000 |
| | | | | | | | | | | | | | \$84,500 |
| PHASE 2-CONDUCT FACILITIES DEVELOPMENT AND CONCEPTUAL DESIGN | | | | | | | | | | | | | |
| Task 6-Prepare Conceptual Design for Put Facilities (recharge basins, ASR wells) | | | | | | | | | | | | | |
| 6.1 Define water quality and hydrogeologic criteria. | 4 | 12 | | 16 | 16 | | 4 | 76 | 10,640 | 760 | 5,000 | | 16,400 |
| 6.2 Develop design criteria and prepare conceptual design. | 8 | 16 | | 16 | 40 | | 16 | 176 | 23,200 | 1,600 | | | 24,800 |
| 6.3 Determine land requirements and develop preliminary site selection. | 4 | 12 | | 4 | 24 | | 4 | 108 | 14,000 | 1,000 | | | 15,000 |
| 6.4 Prepare conceptual facility drawings and Basin mapping. | 4 | 16 | | 16 | 24 | | 40 | 148 | 19,000 | 1,300 | 8,000 | | 28,300 |

