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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

CENTRAL AND WEST BASIN WATER
REPLENISHMENT DISTRICT, etc.,

Plaintiff,

vs.

CHARLES E. ADAMS, et al.,

Defendant

CITY OF LAKEWOOD, a municipal
corporation,

Cross-Complainant

vs.

CHARLES E. ADAMS, et al.,

Cross-Defendants.

Case No.: 786,656

THIRD AMENDED JUDGMENT

(Declaring and establishing
water rights in Central Basin,
enjoining extractions
therefrom in excess of
specified quantities
and providing for the storage and
extraction of stored water.)

Assigned for all purposes to
Hon. Abraham Khan
Dept. 51

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1 The original judgment in this action was entered on or about August 27, 1965. Pursuant
2 to the reserved and continuing jurisdiction of the court under the Judgment herein, certain
3 amendments to said Judgment and temporary orders have heretofore been made and entered.
4 Continuing jurisdiction of the court for this action is currently assigned to Hon. Abraham Khan.

5 The Motion of Plaintiff WATER REPLENISHMENT DISTRICT OF SOUTHERN
6 CALIFORNIA (which originally brought this action under its former name “Central and West
7 Basin Water Replenishment District”), and of defendants, City of Lakewood, City of Long
8 Beach, Golden State Water Company, California Water Service Company, City of Los Angeles,
9 City of Cerritos, City of Downey, City of Signal Hill, Pico Water District, Bellflower-Somerset
10 Mutual Water Company, LaHabra Heights County Water District, City of Norwalk, Orchard
11 Dale Water District, Montebello Land & Water Company, South Montebello Irrigation District,
12 Sativa Los Angeles County Water District, City of Vernon and Central Basin Municipal Water
13 District (“Moving Parties”) herein for further amendments to the Judgment, notice thereof and of
14 the hearing thereon having been duly and regularly given to all parties, came on for hearing in
15 Department 51 of the above-entitled court on December 18, 2013 at 9:00 a.m. before said Hon.
16 Abraham Khan. This “Third Amended Judgment” incorporates amendments and orders
17 heretofore made to the extent presently operable and amendments pursuant to said last
18 mentioned motion. To the extent this Amended Judgment is a restatement of the Judgment as
19 heretofore amended, it is for convenience in incorporating all matters in one document, is not a
20 readjudication of such matters and is not intended to reopen any such matters. As used
21 hereinafter the word “Judgment” shall include the original Judgment entered in this action as
22 amended to date, including this Third Amended Judgment.

23 There exists in the County of Los Angeles, State of California, an underground water
24 basin or reservoir known and hereinafter referred to as the “Central Basin” or “Basin” described
25 in Appendix “1” to this Judgment.

26 Within this Judgment, the following terms, words, phrases and clauses are used by the
27 Court with the following meanings:

28 “Adjudicated Storage Capacity” means 220,000 acre-feet of the Available Dewatered

1 Space which has been apportioned herein for Individual Storage Accounts and Community
2 Storage.

3 “Administrative Body” is defined in Section II(A).

4 “Administrative Year” means the twelve (12) month period beginning July 1 and ending
5 June 30.

6 “Allowed Pumping Allocation” is that quantity in acre feet which the Court adjudges to
7 be the maximum quantity which a party should be allowed to extract annually from Central
8 Basin as set forth in Part I hereof, which constitutes 80% of such party’s Total Water Right.

9 “Allowed Pumping Allocation for a particular Administrative Year” and “Allowed
10 Pumping Allocation in the following Administrative Year” and similar clauses, mean the
11 Allowed Pumping Allocation as increased in a particular Administrative Year by any authorized
12 carryovers pursuant to Section III(A) of this Judgment and as reduced by reason of any over-
13 extractions in a previous Administrative Year.

14 “Artificial Replenishment” is the replenishment of Central Basin achieved through the
15 spreading or injection of imported or recycled water for percolation thereof into Central Basin by
16 a governmental agency, including WRD.

17 “Artificial Replenishment Water” means water captured or procured by WRD to
18 replenish the Basin, either directly by percolating or injecting the water into the Basin, or
19 through in lieu replenishment by substituting surface water (or payment therefor) in lieu of
20 production and use of groundwater.

21 “Available Dewatered Space” means the total amount of space available to hold
22 groundwater within the Central Basin without causing Material Physical Harm, which space is
23 allocated between Adjudicated Storage Capacity and Basin Operating Reserve.

24 “Base Water Right” is the highest continuous extractions of water by a party from Central
25 Basin for a beneficial use in any period of five consecutive years after the commencement of
26 overdraft in Central Basin and prior to the commencement of this action, as to which there has
27 been no cessation of use by that party during any subsequent period of five consecutive years.
28 As employed in the above definition, the words “extractions of water by a party” and “cessation

1 of use by that party” include such extractions and cessations by any predecessor or predecessors
2 in interest.

3 “Basin Operating Reserve” means a total of 110,000 acre feet of Available Dewatered
4 Space available for Basin operations as provided in Section IV(L). The Basin Operating Reserve
5 added to the Adjudicated Storage Capacity equals the amount of Available Dewatered Space.

6 “Calendar Year” is the twelve month period commencing January 1 of each year and
7 ending December 31 of each year.

8 “Carryover” is defined in Section III(A).

9 “Carryover Conversion” means the process of transferring water properly held as
10 Carryover into Stored Water, or the water so converted to Stored Water.

11 “Central Basin” is the underground basin or reservoir underlying the Central Basin Area,
12 the exterior boundaries of which Central Basin are the same as the exterior boundaries of Central
13 Basin Area.

14 “Central Basin Area” is the territory described in Appendix “1” to this Judgment and is a
15 segment of the territory comprising Plaintiff District.

16 “Central Basin Water Rights Panel” means the constituent body of Watermaster
17 consisting of seven (7) Parties elected from among parties holding Allowed Pumping Allocations
18 as provided in Section II(B).

19 “CEQA” refers to the California Environmental Quality Act, Public Resources Code
20 §§ 21000 *et seq.*

21 “Community Storage Pool” is defined in Section IV(E).

22 “Declared Water Emergency” means a period commencing with the adoption of a
23 resolution of the Board of Directors of WRD declaring that conditions within the Central Basin
24 relating to natural and imported supplies of water are such that, without implementation of the
25 water emergency provisions of this Judgment, the water resources of the Central Basin risk
26 degradation. Such Declaration may be made as provided in Section III(A)(3).

27 “Disadvantaged Community” means any area that is served by a Water Purveyor and that
28 consists of one or more contiguous census tracts which, based upon the most-recent United

1 States Census data, demonstrates a median household income which is less than eighty percent
2 (80%) of the median household income for all Census Tracts within the state of California. The
3 identification of Disadvantaged Communities shall be made by Watermaster following each
4 decennial census.

5 “Extraction,” “extractions,” “extracting,” “extracted,” and other variations of the same
6 noun and verb, mean pumping, taking, diverting or withdrawing groundwater by any manner or
7 means whatsoever from Central Basin.

8 “Imported Water” means water brought into Central Basin Area from a non-tributary
9 source by a party and any predecessors in interest, either through purchase directly from
10 Metropolitan Water District of Southern California (“MWD”), the Central Basin Municipal
11 Water District (“CBMWD”), or any other MWD member agency and additionally, as to the
12 Department of Water and Power of the City of Los Angeles, water brought into the Central Basin
13 Area by that party by means of the Owens River Aqueduct. In the case of water imported for
14 storage by a party pursuant to this Judgment, “Imported Water” means water brought into the
15 Central Basin from any non-tributary source as one method for establishing storage in the
16 Central Basin.

17 “Imported Water Use Credit” is the annual amount, computed on a calendar year basis, of
18 Imported Water which any party and any predecessors in interest, who have timely made the
19 required filings under Water Code Section 1005.1, have imported into Central Basin Area in any
20 calendar year and subsequent to July 9, 1951, for beneficial use therein, but not exceeding the
21 amount by which that party and any predecessors in interest reduces his or their extractions of
22 groundwater from Central Basin in that calendar year from the level of his or their extractions in
23 the preceding calendar year, or in any prior calendar year not earlier than the calendar year 1950,
24 whichever is the greater.

25 “Individual Storage Allocation” is defined in Section IV(D).

26 “Majority Protest” means a written protest filed with the Administrative Body of
27 Watermaster within sixty (60) days following a protested event or decision, which evidences the
28 concurrence of a majority of the Allowed Pumping Allocations held within the Basin as of the

1 date thereof.

2 “Material Physical Harm” means material physical injury or a material diminution in the
3 quality or quantity of groundwater available within the Basin to support extraction of Total
4 Water Rights or Stored Water, that is demonstrated to be attributable to the placement, recharge,
5 injection, storage or recapture of Stored Water in the Central Basin, including, but not limited to,
6 degradation of water quality, liquefaction, land subsidence and other material physical injury
7 caused by elevated or lowered groundwater levels. Material Physical Harm does not include
8 “economic injury” that results from other than direct physical causes, including any adverse
9 effect on water rates, lease rates, or demand for water. Once fully mitigated, physical injury
10 shall no longer be considered to be material.

11 “Natural Replenishment” means and includes all processes other than “Artificial
12 Replenishment” by which water may become a part of the groundwater supply of Central Basin.

13 “Natural Safe Yield” is the maximum quantity of groundwater, not in excess of the long
14 term average annual quantity of Natural Replenishment, which may be extracted annually from
15 Central Basin without eventual depletion thereof or without otherwise causing eventual
16 permanent damage to Central Basin as a source of groundwater for beneficial use, said maximum
17 quantity being determined without reference to Artificial Replenishment.

18 “Outgoing Watermaster” is the State of California, Department of Water Resources, the
19 Watermaster appointed pursuant to the terms of the Judgment before this Third Amendment.

20 “Overdraft” is that condition of a groundwater basin resulting from extractions in any
21 given annual period or periods in excess of the long term average annual quantity of Natural
22 Replenishment, or in excess of that quantity which may be extracted annually without otherwise
23 causing eventual permanent damage to the basin.

24 “Party” means a party to this action. Whenever the term “party” is used in connection
25 with a quantitative water right, or any quantitative right, privilege or obligation, or in connection
26 with the assessment for the budget of the Watermaster, it shall be deemed to refer collectively to
27 those parties to whom are attributed a Total Water Right in Part I of this Judgment.

28 “Person” or “persons” include individuals, partnerships, associations, governmental

1 agencies and corporations, and any and all types of entities.

2 “Recycled Water” means water that has been reclaimed through treatment appropriate for
3 its intended use in compliance with applicable regulations.

4 “Regional Disadvantaged Communities Incentive Program” means a program to be
5 developed by Watermaster in the manner provided in Section II(H) of this Judgment, and
6 approved by the Court, whereby a portion of the Community Storage Pool is made available to
7 or for the benefit of Disadvantaged Communities, on a priority basis within the Central Basin.

8 “Replenishment Assessment” means the replenishment assessment imposed by WRD
9 upon each acre-foot of groundwater extracted from the Central Basin pursuant to WRD’s
10 enabling act, California Water Code §§ 60000 et seq.

11 “Small Water Producers Group” means a body consisting of parties holding no greater
12 than 5,000 acre-feet of Allowed Pumping Allocation, as set forth on Appendix 3 hereto and as
13 may be modified from time to time by the Group’s own procedures and the requirements set
14 forth in Appendix 3.

15 “Storage Panel” or “Central Basin Storage Panel” means a bicameral constituent body of
16 Watermaster consisting of (i) the Central Basin Water Rights Panel and (ii) the Board of
17 Directors of WRD.

18 “Storage Project” means an activity pertaining to the placement, recharge, injection,
19 storage, transfer, or recapture of Stored Water within the Basin, but does not include actions by
20 WRD undertaken in connection with its replenishment activities.

21 “Stored Water” means water, including Recycled Water, held within Available
22 Dewatered Space as a result of spreading, injection, in-lieu delivery, or Carryover Conversion,
23 where there is an intention to subsequently withdraw the water for reasonable and beneficial use
24 pursuant to this Judgment.

25 “Total Water Right” is the quantity arrived at in the same manner as in the computation
26 of “Base Water Right,” but including as if extracted in any particular year the Imported Water
27 Use Credit, if any, to which a particular party may be entitled.

28 “Water” includes only non-saline water, which is that having less than 1,000 parts of

1 chlorides to 1,000,000 parts of water.

2 “Water Augmentation Project” means pre-approved physical actions and management
3 activities that provide demonstrated appreciable increases in long-term annual groundwater yield
4 in the Basin that are initiated as provided in this Judgment after January 1, 2013.

5 “Water Purveyor” means a Party (and successors in interest) which sells water to the
6 public, whether a regulated public utility, mutual water company or public entity. As that term is
7 used in Section III(B)(6), “Water Purveyor,” in addition to the foregoing, means a Party which
8 has a connection or connections for the taking of Imported Water through the Metropolitan
9 Water District of Southern California (“MWD”), or through a MWD-member agency, or access
10 to such Imported Water through such connection, and which normally supplies at least a part of
11 its customers’ water needs with such Imported Water.

12 “Watermaster” is defined in Part II and is comprised of (i) the Administrative Body, (ii)
13 the Central Basin Water Rights Panel, and (iii) the Central Basin Storage Panel. Watermaster,
14 and the various constituent bodies of Watermaster, as designated in this Judgment, exist as a
15 special master pursuant to this Judgment and Watermaster serves at the pleasure of the Court.
16 Nothing herein shall be construed as creating an independent designation of “Watermaster” as a
17 public agency subject to the provisions of CEQA, nor does membership or participation as the
18 designated Watermaster expand any statutory, constitutional, or other powers of the members
19 serving as part of the Watermaster.

20 “West Coast Basin” is the groundwater basin adjacent to the Central Basin which is the
21 subject of a separate adjudication of groundwater rights in *California Water Service Company, et*
22 *al. v. City of Compton, et al.*, Los Angeles Superior Court Case No. 506806.

23 “WRD” or “Water Replenishment District” is the plaintiff herein, the Water
24 Replenishment District of Southern California, a special district of the State of California, which
25 brought this action under its former name, “Central and West Basin Water Replenishment
26 District.”

27 In those instances where any of the above-defined words, terms, phrases or clauses are
28 utilized in the definition of any of the other above-defined words, terms, phrases and clauses,

1 such use is with the same meaning as is above set forth.

2
3 NOW THEREFORE, IT IS ORDERED, DECLARED, ADJUDGED AND DECREED
4 WITH RESPECT TO THE ACTION AND CROSS-ACTION AS FOLLOWS:

5
6 I. DECLARATION AND DETERMINATION OF WATER RIGHTS OF
7 PARTIES; RESTRICTION ON THE EXERCISE THEREOF.¹

8 A. Determination of Rights of Parties.

9 (1) Each party, except defendants The City of Los Angeles and
10 Department of Water and Power of the City of Los Angeles, whose name is set
11 forth in Appendix 2 and by this reference made a part hereof, and after whose
12 name there appears under the column "Total Water Right" a figure other than "0,"
13 is the owner of and has the right to extract annually groundwater from Central
14 Basin for beneficial use in the quantity set forth after that party's name under said
15 column "Total Water Right" as of the close of the Administrative Year ending
16 June 30, 2012 in accordance with the Watermaster Reports on file with this Court
17 and the records of the Plaintiff. This tabulation does not take into account
18 additions or subtractions from any Allowed Pumping Allocation of a producer for
19 the 2012-2013 Administrative Year, nor other adjustments not representing
20 change in fee title to water rights, such as leases of water rights, nor does it
21 include the names of lessees of landowners where the lessees are exercising the
22 water rights. The exercise of all water rights is subject, however, to the
23 provisions of this Judgment as hereinafter contained. All of said rights are of the
24 same legal force and effect and are without priority with reference to each other.
25 Each party whose name is set forth in the tabulation in Appendix "2" of this

26
27 ¹ Headings in the Judgment are for purposes of reference and the language of said headings do not constitute, other
28 than for such purpose, a portion of this Judgment.

1 Judgment, and after whose name there appears under the column “Total Water
2 Right” the figure “0,” owns no rights to extract any groundwater from Central
3 Basin, and has no right to extract any groundwater from Central Basin.

4 (2) Defendant The City of Los Angeles is the owner of the right to
5 extract fifteen thousand (15,000) acre feet per annum of groundwater from
6 Central Basin, but it has the right and ability to purchase or lease additional rights
7 to extract groundwater and increase its Allowed Pumping Allocation. Defendant
8 Department of Water and Power of the City of Los Angeles has no right to extract
9 groundwater from Central Basin except insofar as it has the right, power, duty or
10 obligation on behalf of defendant The City of Los Angeles to exercise the water
11 rights in Central Basin of defendant The City of Los Angeles. The exercise of
12 said rights is subject, however, to the provisions of this Judgment hereafter
13 contained, including but not limited to, sharing with other parties in any
14 subsequent decreases or increases in the quantity of extractions permitted from
15 Central Basin, pursuant to continuing jurisdiction of the Court, on the basis that
16 fifteen thousand (15,000) acre feet (and any increase in its Allowed Pumping
17 Allocation) bears to the Allowed Pumping Allocations of the other parties.

18 (3) No party to this action is the owner of or has any right to extract
19 groundwater from Central Basin except as herein affirmatively determined.

20 B. Parties Enjoined as to Quantities of Extractions.

21 (1) Each party, other than The State of California and The City of Los
22 Angeles and Department of Water and Power of The City of Los Angeles, is
23 enjoined and restrained in any Administrative Year commencing after the date
24 this Judgment becomes final from extracting from Central Basin any quantity of
25 Water greater than the party’s Allowed Pumping Allocation as hereinafter set
26 forth next to the name of the party in the tabulation appearing in Appendix 2 at
27 the end of this Judgment, subject to further provisions of this Judgment. Subject
28 to such further provisions, the officials, agents and employees of The State of

1 California are enjoined and restrained in any such Administrative Year from
2 extracting from Central Basin collectively any quantity of water greater than the
3 Allowed Pumping Allocation of The State of California as hereinafter set forth
4 next to the name of that party in the same tabulation. Each party adjudged and
5 declared above not to be the owner of and not to have the right to extract
6 groundwater from Central Basin is enjoined and restrained in any Administrative
7 Year commencing after the date this Judgment becomes final from extracting any
8 groundwater from Central Basin, except as may be hereinafter permitted to any
9 such party under this Judgment.

10 (2) The total extraction right for each party includes a party's Allowed
11 Pumping Allocation (to the extent not transferred by agreement or otherwise), any
12 contractual right acquired through lease or other agreement to extract or use the
13 rights of another party, and any right to extract Stored Water or Carryover as
14 provided in this Judgment. No party may extract in excess of 140% of the sum of
15 (i) the party's Allowed Pumping Allocation and (ii) the party's leased water,
16 except upon prior approval by the applicable body of Watermaster as required
17 pursuant to Section IV(J) as provided herein. Upon application, the body specified
18 in Section IV(J) shall approve a party's request to extract water in excess of such
19 limit, provided there is no Material Physical Harm. Requests to extract water in
20 excess of such limit shall be reviewed and either approved or denied within thirty
21 (30) days of such request.

22 (3) Defendant The City of Los Angeles is enjoined and restrained in
23 any Administrative Year commencing after the date this Judgment becomes final
24 from extracting from Central Basin any quantity of water greater than fifteen
25 thousand (15,000) acre feet or its Allowed Pumping Allocation, as recognized by
26 the Watermaster, if it acquires additional rights to pump groundwater through
27 purchase or lease, subject to further provisions of this Judgment, including but not
28 limited to, sharing with other parties in any subsequent decreases or increases in

1 the quantity of extractions permitted from Central Basin by parties, pursuant to
2 continuing jurisdiction of the Court, on the basis that fifteen thousand (15,000)
3 acre feet (or the adjusted Allowed Pumping Allocation if additional rights are
4 acquired) bears to the Allowed Pumping Allocations of the other parties.
5 Defendant Department of Water and Power of The City of Los Angeles is
6 enjoined and restrained in any Administrative Year commencing after the date
7 this Judgment becomes final from extracting from Central Basin any quantity of
8 water other than such as it may extract on behalf of defendant The City of Los
9 Angeles, and which extractions, along with any extractions by said City, shall not
10 exceed that quantity permitted by this Judgment to that City in any Administrative
11 Year. Whenever in this Judgment the term “Allowed Pumping Allocation”
12 appears, it shall be deemed to mean as to defendant The City of Los Angeles the
13 quantity of fifteen thousand (15,000) acre feet unless the City of Los Angeles has
14 acquired through purchase or lease right to extract additional groundwater. The
15 limit on extraction as provided in the preceding Section I(B)(1) shall also apply to
16 The City of Los Angeles.

17 (4) Any rights decreed and adjudicated herein may be transferred,
18 assigned, licensed or leased by the owner thereof provided, however, that no such
19 transfer shall be complete until compliance with the appropriate notice procedures
20 established by Watermaster.

21 (5) Unless a party elects otherwise, production of water from the Basin
22 for the use or benefit of the parties hereto shall be counted against the party’s total
23 extraction right in the following order: (i) Increased extractions by certain
24 qualified water rights holders pursuant to Section IV(K), (ii) Exchange Pool
25 production, (iii) production of Carryover water, (iv) production of leased water, ,
26 (v) production of Allowed Pumping Allocation, (vi) production of Stored Water,
27 (vii) production of Drought Carryover (according to Watermaster’s Rules), and
28 (viii) production of water under an agreement with WRD during a period of

1 emergency pursuant to Section III(B)(6).

2 C. Parties Enjoined as to Export of Extractions.

3 Except as expressly authorized herein, or upon further order of the Court, all
4 parties are enjoined and restrained from transporting water extracted from the Central
5 Basin outside the boundaries of the Central Basin Area. For purposes of this Section,
6 water supplied by a Water Purveyor to its customers located within any of its service
7 areas contiguous to the Central Basin or within WRD's service area shall be exempt from
8 the export prohibition of this Section provided that the Water Purveyor also provides
9 water to a service area that overlies the Basin in whole or in part. The foregoing
10 exemption is not made, nor is it related to, a determination of an underflow between the
11 basins, a cost or benefit allocation, or any other factor relating to the allocation of the
12 Replenishment Assessment by WRD. Further, this injunction and restriction does not
13 apply to export of water that will take place pursuant to contractual obligations
14 specifically identified on Appendix 4, nor does it apply to export of Stored Water not
15 having its origin in Carryover Conversion. The export identified on Appendix 4 may
16 continue to the extent that any such extraction does not violate any other provisions of
17 this Judgment, provided however that no such export identified on Appendix 4 shall
18 exceed 5,000 acre-feet in any Year.

19
20 II. APPOINTMENT OF WATERMASTER; WATERMASTER ADMINISTRATION
21 PROVISIONS.

22 The particular bodies specified below are, jointly, hereby appointed Watermaster,
23 for an indefinite term, but subject to removal by the Court, to administer this Judgment. Such
24 bodies, which together shall constitute the "Watermaster," shall have restricted powers, duties
25 and responsibilities as specified herein, it being the court's intention that particular constituent
26 bodies of Watermaster have only limited and specified powers over certain aspects of the
27 administration of this Judgment. The Outgoing Watermaster will exercise reasonable diligence
28 in the complete transition of Watermaster duties and responsibilities within a reasonable time

1 following entry of this order, and to make available to the new Watermaster all records
2 concerning Watermaster activities. The chair of the Central Basin Water Rights Panel (defined
3 below) shall thereafter represent the Watermaster before the Court.

4 A. The Administrative Body.

5 Plaintiff Water Replenishment District of Southern California (“WRD”) is
6 appointed the Administrative Body of the Central Basin Watermaster (“Administrative
7 Body”). In order to assist the Court in the administration of the provisions of this
8 Judgment and to keep the Water Rights Panel and the Court fully advised in the
9 premises, the Administrative Body shall have the following duties, powers and
10 responsibilities:

11 (1) To Require Reports, Information and Records.

12 In consultation with the Water Rights Panel, the Administrative Body
13 shall require the parties to furnish such reports, information and records as may be
14 reasonably necessary to determine compliance or lack of compliance by any party
15 with the provisions of this Judgment.

16 (2) Storage Projects.

17 The Administrative Body shall exercise such powers as may be
18 specifically granted to it under this Judgment with regard to Stored Water.

19 (3) Annual Report.

20 The Administrative Body shall prepare, on or before the 15th day of the
21 fourth month following the end of the preceding Administrative Year, an annual
22 report for the consideration of the Water Rights Panel. The Chair of the Water
23 Rights Panel shall submit to the Court either (1) the annual report prepared by the
24 Administrative Body, following the adoption by the Water Rights Panel, or (2) an
25 annual report separately prepared and adopted by the Water Rights Panel. The
26 annual report prepared by the Administrative Body shall be limited to the
27 following, unless otherwise required by the Court:

28 (a) Groundwater extractions

- 1 (b) Storage Accounts maintained by each party
- 2 (c) Status of the Regional Disadvantaged Community
- 3 Incentive Program, if approved by the Court
- 4 (d) Exchange Pool operation
- 5 (e) Use of Imported Water
- 6 (f) Violations of this Judgment and corrective action taken by
- 7 bodies of Watermaster having jurisdiction as provided in this
- 8 Judgment
- 9 (g) Change of ownership of Total Water Rights
- 10 (h) Watermaster administration costs
- 11 (i) Water spread or imported into the Basin
- 12 (j) Water Augmentation Projects
- 13 (k) Whether the Administrative Body has become aware of the
- 14 development of a Material Physical Harm, or imminent threat of the
- 15 development of a Material Physical Harm, as required pursuant to
- 16 Section IV(B) of this Judgment
- 17 (l) Other matters as agreed with the Water Rights Panel
- 18 (m) Recommendations, if any.

19 In consultation with the Water Rights Panel, the Administrative Body shall
20 provide reasonable notice to all parties of all material actions or determinations by
21 Watermaster or any constituent body thereof, and as otherwise provided by this
22 Third Amended Judgment.

23 (4) Annual Budget and Appeal Procedure in Relation Thereto.

24 By April 1 of each Administrative Year, the Administrative Body shall
25 prepare a proposed administrative budget for the subsequent year stating the
26 anticipated expense for performing the administrative functions specified in this
27 Judgment (the “Administrative Budget”). The Administrative Body shall mail a
28 copy of the proposed Administrative Budget to each of the Parties at least 60 days

1 before the beginning of each Administrative Year. The Administrative Budget
2 mailed to the Parties shall provide sufficient detail in the Administrative Budget
3 to demonstrate a separation in accounting between the Administrative Budget and
4 WRD's Replenishment Assessment and operating budget. For the first
5 Administrative Year of operation under this Third Amended Judgment, if the
6 Administrative Body is unable to meet the above time requirement, the
7 Administrative Body shall mail said copies as soon as possible. The first year the
8 Administrative Budget is prepared, the amount of that budget shall not exceed an
9 amount equal to fifty percent (50%) of the 2012-2013 charge for Watermaster
10 service for the Central Basin collected from Parties by the California Department
11 of Water Resources. At all times, the Administrative Body shall maintain a
12 separation in accounting between the Administrative Budget and WRD's
13 Replenishment Assessment and operating budget. All increases in future budgets
14 for the Administrative Body above the amount set forth above shall be subject to
15 approval by the Water Rights Panel following a public meeting to be held prior to
16 the beginning of the Administrative Year, provided that the approved budget shall
17 not be less than the amount of the first-year budget for the Administrative Body,
18 except upon further order of the Court. Any administrative function by WRD
19 already paid for by the Replenishment Assessment shall not be added as an
20 expense in the Administrative Budget. Similarly, any expense paid for by the
21 Administrative Budget shall not be added to WRD's operating budget, or
22 otherwise added to the calculation of the Replenishment Assessment. While WRD
23 may approve the proposed Administrative Budget at the same meeting in which
24 WRD adopts its annual Replenishment Assessment or annual budget, the
25 Administrative Body's budget shall be separate and distinct from the
26 Replenishment Assessment imposed pursuant to Water Code §60317 and WRD's
27 operating budget.

28 If approval by the Water Rights Panel is required pursuant to the

1 foregoing, the Water Rights Panel shall act upon the proposed budget within 15
2 calendar days after the public meeting. If the Water Rights Panel does not
3 approve the budget prior to such deadline, the matter may be appealed to the
4 Court within sixty (60) days. If any Party hereto has any objection to the
5 Administrative Budget, it shall present the same in writing to Watermaster within
6 15 days after the date of mailing of said tentative budget by the Administrative
7 Body. The Parties shall make the payments otherwise required of them to the
8 Administrative Body even though an appeal of such budget may be pending.
9 Upon any revision by the Court, the Administrative Body shall either remit to the
10 Parties their pro rata portions of any reduction in the budget, or shall credit their
11 accounts with respect to their budget assessments for the next ensuing
12 Administrative Year, as the Court shall direct.

13 The amount of the Administrative Budget to be assessed to each party
14 shall be determined as follows: If that portion of the final budget to be assessed to
15 the Parties is equal to or less than \$20.00 per party then the cost shall be equally
16 apportioned among the Parties. If that portion of the final budget to be assessed to
17 Parties is greater than \$20.00 per party then each Party shall be assessed a
18 minimum of \$20.00. The amount of revenue expected to be received through the
19 foregoing minimum assessments shall be deducted from that portion of the final
20 budget to be assessed to the Parties and the balance shall be assessed to the Parties
21 having Allowed Pumping Allocation, such balance being divided among them
22 proportionately in accordance with their respective Allowed Pumping Allocation.

23 Payment of the assessment provided for herein, subject to adjustment by
24 the Court as provided, shall be made by each such party prior to beginning of the
25 Administrative Year to which the assessment relates, or within 40 days after the
26 mailing of the tentative budget, whichever is later. If such payment by any Party
27 is not made on or before said date, the Administrative Body shall add a penalty of
28 5% thereof to such party's statement. Payment required of any Party hereunder

1 may be enforced by execution issued out of the Court, or as may be provided by
2 order hereinafter made by the Court, or by other proceedings by the Watermaster
3 or by any Party on the Watermaster’s behalf.

4 Any money unexpended at the end of any Administrative Year shall be
5 applied to the budget of the next succeeding Administrative Year. The
6 Administrative Body shall maintain no reserves.

7 Notwithstanding the above, no part of the budget of the Administrative
8 Body shall be assessed to WRD or to any Party who has not extracted water from
9 Central Basin for a period of two successive Administrative Years prior to the
10 Administrative Year in which the tentative budget should be mailed by the
11 Administrative Body under the provisions of this subparagraph (4).

12 (5) Rules.

13 The Administrative Body may adopt, and amend from time to time, rules
14 consistent with this Judgment as may be reasonably necessary to carry out duties
15 under the provisions of this Judgment within its particular area of responsibility.
16 The Body shall adopt its first set of rules and procedures within three (3) months
17 following entry of this Third Amended Judgment. The rules shall be effective on
18 such date after the mailing thereof to the Parties as is specified by the Body, but
19 not sooner than thirty (30) days after such mailing.

20 B. The Central Basin Water Rights Panel.

21 The Central Basin Water Rights Panel of the Central Basin Watermaster (“Water Rights
22 Panel”) shall consist of seven (7) members, each of which is a Party. The term of each member
23 of the Panel, with the exception of the seat held by the Small Water Producers Group, as
24 provided herein, shall be limited to four years. The Court will make the initial appointments to
25 the Central Basin Water Rights Panel upon motion by Parties consistent with the categories set
26 forth below at or about the time of entry of this Third Amended Judgment, and shall establish a
27 procedure for the staggered terms of such members. Thereafter, elections of members of the
28 Panel shall be held as provided herein. One (1) such member of the Water Rights Panel shall be

1 elected by vote of the Small Water Producers Group conducted in accordance with its own
2 procedures, provided such Group, as of the date of the election, consists of at least five (5)
3 members who are Water Purveyors. One (1) such member of the Water Rights Panel shall be
4 elected by vote of Parties with Allowed Pumping Allocation of less than 5,000 acre-feet who are
5 not members of the Small Water Producers Group or, if the Small Water Producers Group does
6 not then qualify following a continuous six-month period of non-qualification as provided
7 herein, then two (2) such members shall be so selected. One (1) such member of the Water
8 Rights Panel shall be elected by vote of Parties with Allowed Pumping Allocation of at least
9 5,000 acre-feet but less than 10,000 acre-feet. Three (3) such members of the Water Rights
10 Panel shall be elected by vote of Parties with Allowed Pumping Allocation of 10,000 acre-feet or
11 greater. One (1) such member of the Water Rights Panel shall be elected by a vote of all holders
12 of Allowed Pumping Allocations, with each such holder being entitled to one vote, such member
13 to be elected by a plurality of the votes cast, following a nomination procedure to be established
14 in the Water Rights Panel's rules. In the event of a tie, the seventh member shall be determined
15 as may be provided in the Water Rights Panel's rules, or otherwise by the court. Except as
16 otherwise provided in this Section, each such rights holder shall have the right to cast a total
17 number of votes equal to the number of acre-feet of its Allowed Pumping Allocation (rounded to
18 the next highest whole number). With the exception of voting for the seventh member, Parties
19 shall be entitled to vote only for candidates within the category(ies) that represent that Party's
20 Allowed Pumping Allocation. For example, parties who are members of the Small Water
21 Producers Group are entitled to vote only for the Small Water Producer Group member and the
22 seventh member of the Water Rights Panel, and so on. Parties are not permitted to split votes.
23 The results of such election shall be reported to the Court for confirmation of each member's
24 appointment to the Water Rights Panel of Watermaster. The elected members of the Water
25 Rights Panel shall be those candidates receiving the highest vote total in their respective
26 categories. The Water Rights Panel shall hold its first meeting within thirty (30) days of the date
27 this Third Amended Judgment becomes final. The Water Rights Panel shall develop rules for its
28 operation consistent with this Judgment. The Water Rights Panel shall take action, including the

1 election of its Chair, by majority vote of its members. Election of the Chair shall occur every
2 two years, with no Party serving as Chair for consecutive terms. Members of the Water Rights
3 Panel shall serve without compensation. All references to Annual Pumping Allocation, as used
4 herein, are as determined by the last published Watermaster report.

5 (1) The Water Rights Panel shall have the following duties and
6 responsibilities:

7 (a) Enforcement of Adjudicated Rights. As against the other
8 bodies of Watermaster, the Water Rights Panel shall have exclusive
9 authority to move the Court to take such action as may be necessary to
10 enforce the terms of the Judgment with regard to the extraction of
11 Allowed Pumping Allocation and the maintenance of adjudicated
12 groundwater extraction rights as provided in this Judgment.

13 (b) Requirement of Measuring Devices. The Water Rights
14 Panel shall require all parties owning or operating any facilities for the
15 extraction of groundwater from Central Basin to install and maintain at
16 all times in good working order at such party's own expense,
17 appropriate measuring devices at such times and as often as may be
18 reasonable under the circumstances and to calibrate or test such
19 devices.

20 (c) Inspections by Watermaster. The Water Rights Panel may
21 make inspections of groundwater production facilities, including
22 aquifer storage and recovery facilities, and measuring devices at such
23 times and as often as may be reasonable under the circumstances and
24 to calibrate or test such devices.

25 (d) Reports. Annually, the Water Rights Panel, in cooperation
26 with the Administrative Body, shall report to the Court, concerning
27 any or all of the following:

28 (i) Groundwater extractions

- (ii) Exchange Pool operation
- (iii) Status of the Regional Disadvantaged Community Incentive Program, if approved by the Court
- (iv) Violations of this Judgment and corrective action taken or sought
- (v) Change of ownership of Total Water Rights
- (vi) Assessments made by the Water Rights Panel and any costs incurred
- (vii) Whether the Water Rights Panel has become aware of the development of a Material Physical Harm, or imminent threat of the development of a Material Physical Harm, as required pursuant to Section IV(B) of this Judgment
- (viii) Recommendations, if any.

As provided in Section II.A(3), the Water Rights Panel may adopt the annual report prepared by the Administrative Body, and submit the same to the Court, or the Water Rights Panel may prepare, adopt and submit to the Court a separate report. The Chair of the Water Rights Panel shall be responsible for reporting to the Court concerning adjudicated water rights issues in the Basin.

(2) Assessment. The Water Rights Panel shall assess holders of water rights within the Central Basin an annual amount not to exceed \$1.00 per acre-foot of Allowed Pumping Allocation, by majority vote of the members of the Water Rights Panel. The body may assess a higher amount, subject to being overruled by Majority Protest. The assessment is intended to cover any costs associated with reporting responsibilities, any Judgment enforcement action, and the review of storage projects as a component of the “Storage Panel” as provided below. It is anticipated that this body will rely on the Administrative Body’s staff for the functions related to the Administrative Body’s responsibilities, but the

1 Water Rights Panel may engage its own staff if required in its reasonable
2 judgment. Assessments will constitute a lien on the water right assessed,
3 enforceable as provided in this Judgment.

4 (3) Rules. The Water Rights Panel may adopt and amend from time to
5 time, at an open meeting of that Panel, rules consistent with this Judgment as may
6 be reasonably necessary to carry out duties under the provisions of this Judgment
7 within its particular area of responsibility. The Panel shall adopt its first set of
8 rules and procedures within three (3) months following entry of this Third
9 Amended Judgment. The rules shall be effective on such date after the mailing
10 thereof to the Parties as is specified by the Panel, but not sooner than thirty (30)
11 days after such mailing.

12 C. The Storage Panel.

13 The Storage Panel of the Central Basin Watermaster (“Storage Panel”) shall be a
14 bicameral body consisting of (i) the Water Rights Panel and (ii) the Board of Directors of
15 WRD. Action by the Storage Panel shall require separate action by a majority of each of
16 its constituent bodies. The Storage Panel shall have the duties and responsibilities
17 specified with regard to the Provisions for the Storage and Extraction of Stored
18 Groundwater as set forth in Part IV and the other provisions of this Judgment.

19 D. Use of Facilities and Data Collected by Other Governmental Agencies.

20 Where practicable, the three bodies constituting the Central Basin Watermaster
21 should not duplicate the collection of data relative to conditions of the Central Basin
22 which is then being collected by one or more governmental agencies, but where
23 necessary each such body may collect supplemental data. Where it appears more
24 economical to do so, the Watermaster and its constituent bodies are directed to use such
25 facilities of other governmental agencies as are available to it under either no cost or cost
26 agreements with respect to the receipt of reports, billings to parties, mailings to parties,
27 and similar matters.

28 E. Appeal from Watermaster Decisions.

1 Appeals concerning the budget proposed by the Administrative Body shall be
2 governed by Section II(A)(4) of this Judgment. Appeals concerning decisions by the
3 Storage Panel shall be governed by Section IV(P) of this Judgment. With respect to all
4 other objections by a Party to any action or decision by the Watermaster, such objections
5 will be governed by this Section II(E). Any party interested therein who objects to any
6 rule, determination, order or finding made by the Watermaster or any constituent body
7 thereof, may object thereto in writing delivered to the Administrative Body within 30
8 days after the date the Watermaster, or any constituent body thereof, mails written notice
9 of the making of such rule, determination, order or finding. Within 30 days after such
10 delivery the Watermaster, or the affected constituent body thereof, shall consider said
11 objection and shall amend or affirm his rule, determination, order or finding and shall
12 give notice thereof to all parties. Any such party may file with the Court within 60 days
13 from the date of said notice any objection to such rule, determination, order or finding of
14 the Watermaster, or any constituent body thereof, and bring the same on for hearing
15 before the Court at such time as the Court may direct, after first having served said
16 objection upon all other parties. The Court may affirm, modify, amend or overrule any
17 such rule, determination, order or finding of the Watermaster or its affected constituent
18 body. Any objection under this paragraph shall not stay the rule, determination, order or
19 finding of the Watermaster. However, the Court, by *ex parte* order, may provide for a
20 stay thereof on application of any interested party on or after the date that any such party
21 delivers to the Watermaster any written objection.

22 F. Effect of Non-Compliance by Watermaster With Time Provisions.

23 Failure of the Watermaster to perform any duty, power or responsibility set forth
24 in this Judgment within the time limitation herein set forth shall not deprive the
25 Watermaster or its applicable constituent body of authority to subsequently discharge
26 such duty, power or responsibility, except to the extent that any such failure by the
27 Watermaster may have rendered some otherwise required act by a party impossible.

28 G. Limitations on Administrative Body.

1 WRD shall not acquire Central Basin water rights, nor lease Central Basin water
2 or water rights to or from any Party or third party. However, the foregoing shall (i) not be
3 interpreted to restrict WRD's ability or authority to acquire water from any source for
4 purposes of Artificial or Natural Replenishment or for water quality activities, and (ii)
5 not restrict WRD's authority under California Water Code Section 60000 et seq. to
6 develop reclaimed, recycled or remediated water for groundwater replenishment
7 activities.

8 H. Regional Disadvantaged Communities Incentive Program.

9 The Water Rights Panel, acting through the General Manager of WRD, shall
10 develop a Regional Disadvantaged Communities Incentive Program, pursuant to which a
11 portion of the Community Storage Pool is reserved for the benefit of Disadvantaged
12 Communities within the Central Basin. Nothing in this Judgment, nor the establishment
13 of such a program, shall diminish the rights otherwise granted to Parties under this
14 Judgment, including but not limited to the right to place water in storage in the
15 Community Storage Pool. The Water Rights Panel shall meet within thirty (30) days of
16 its formation to identify and consider potential third-party independent consultants who
17 may be retained to design the program, including those recommended by the General
18 Manager of WRD. The Water Rights Panel shall select a consultant within thirty (30)
19 days thereafter. In the event the General Manager of WRD objects to the selected
20 consultant, in writing, then the Water Rights Panel and the General Manager of WRD
21 shall exchange a list of no more than two (2) consultants each for further consideration.
22 If the Water Rights Panel and the General Manager of WRD are unable to agree to a
23 consultant within an additional thirty (30) days, then the Chair of the Water Rights Panel
24 shall file a request with the Court for an order appointing a consultant. Upon selection of
25 a third-party independent consultant, whether through the Water Rights Panel process or
26 the court process identified herein, the consultant shall design a detailed program and
27 deliver it to the Water Rights Panel within ninety (90) days of the consultant's retention.
28 All costs associated with design of the program shall be paid for out of the Water Rights

1 Panel’s assessment, as provided in Section II.B(2). The Water Rights Panel shall present
2 the program to the Court for its review and approval within one year of entry of this
3 Third Amended Judgment. If approved by the Court, the Water Rights Panel, acting
4 through the General Manager of WRD, shall be responsible for administration of the
5 Regional Disadvantaged Communities Incentive Program, including insuring that any
6 funds generated through the program benefit Disadvantaged Communities. Any Storage
7 Project established pursuant to this Program shall have priority to use up to 23,000 acre-
8 feet of Available Storage within the Community Storage Pool, as further provided in
9 Section IV.E(2). Watermaster shall report to the Court concerning such program as a
10 part of its annual report.
11

12 III. PROVISIONS FOR PHYSICAL SOLUTION TO MEET THE WATER
13 REQUIREMENTS IN CENTRAL BASIN.

14 In order to provide flexibility to the injunction set forth in Part I of the Judgment, and to
15 assist in a physical solution to meet water requirements in Central Basin, the injunction so set
16 forth is subject to the following provisions.

17 A. Carryover of Portion of Allowed Pumping Allocation.

18 (1) Amount of Carryover.

19 Each party adjudged to have a Total Water Right or water rights and who,
20 during a particular Administrative Year, does not extract from Central Basin a
21 total quantity equal to such party’s Allowed Pumping Allocation for the particular
22 Administrative Year, less any allocated subscriptions by such party to the
23 Exchange Pool, or plus any allocated requests by such party for purchase of
24 Exchange Pool water, is permitted to carry over (the “One Year Carryover”) from
25 such Administrative Year the right to extract from Central Basin in the next
26 succeeding Administrative Year so much of said total quantity as it did not extract
27 in the particular Administrative Year, not to exceed (i) the Applicable Percentage
28 of such party’s Allowed Pumping Allocation for the particular Administrative

1 Year, or 20 acre-feet, whichever of said percentage or 20 acre-feet is the larger,
2 less (ii) the total quantity of water then held in that party's combined Individual
3 and Community Storage accounts, as hereinafter defined, but in no event less than
4 20% of the party's Allowed Pumping Allocation for the particular Administrative
5 Year. For purposes of this Section, the "Applicable Percentage" shall be as
6 follows for the years indicated:

7		
8	For the Administrative Year in which this	
9	Third Amended Judgment becomes final:	30%
10	For the next Administrative Year:	40%
11	For the next Administrative Year:	50%
12	For the next Administrative Year and years	
13	following:	60%

14 (2) Conversion of Carryover to Stored Water.

15 A party having Carryover may, from time to time, elect to convert all or
16 part of such party's Carryover to Stored Water as authorized herein ("Carryover
17 Conversion") upon payment of the Replenishment Assessment to WRD. Such
18 Stored Water shall be assigned to that party's Individual Storage Allocation, if
19 available, and otherwise to the Community Storage Pool.

20 (3) Declared Water Emergency.

21 The Board of Directors of WRD may, from time to time, declare a water
22 emergency upon a determination that conditions within the Central Basin relating
23 to natural and imported water supplies are such that, without implementation of
24 the Declared Water Emergency provisions of this subsection, the water resources
25 of the Central Basin risk degradation. In making such declaration, the Board of
26 Directors shall consider any information and requests provided by water
27 producers, purveyors and other affected entities and shall, for that purpose, hold a
28 public hearing in advance of such declaration. A Declared Water Emergency

1 shall extend to the end of the Administrative Year during which such resolution is
2 adopted, unless sooner ended by similar resolution.

3 (4) Drought Carryover.

4 Following the declaration of a Declared Water Emergency and until the
5 Declared Water Emergency ends either by expiration or by resolution of the
6 Board of Directors of WRD, each party adjudged to have a Total Water Right or
7 water rights and who, during a particular Administrative Year, does not extract
8 from Central Basin a total quantity equal to such party's Allowed Pumping
9 Allocation for the particular Administrative Year, less any allocated subscriptions
10 by such party to the Exchange Pool, or plus any allocated requests by such party
11 for purchase of Exchange Pool water, is permitted to carry over (the "Drought
12 Carryover") from such Administrative Year the right to extract from Central
13 Basin so much of said total quantity as it did not extract during the period of the
14 Declared Water Emergency, to the extent such quantity exceeds the One Year
15 Carryover, not to exceed an additional 35% of such party's Allowed Pumping
16 Allocation, or additional 35 acre feet, whichever of said 35% or 35 acre feet is the
17 larger, less the amount of such party's Stored Water. Carryover amounts shall
18 first be allocated to the One Year Carryover and any remaining carryover amount
19 for that year shall be allocated to the Drought Carryover.

20 (5) Accumulated Drought Carryover.

21 No further amounts shall be added to the Drought Carryover following the
22 end of the Declared Water Emergency, provided however that in the event
23 another Declared Water Emergency is declared, additional Drought Carryover
24 may be added, to the extent such additional Drought Carryover would not cause
25 the total Drought Carryover to exceed the limits set forth above. The Drought
26 Carryover shall be supplemental to and shall not affect any previous drought
27 carryover acquired by a party pursuant to previous order of the court.

28 B. When Over-Extractions May be Permitted.

1 (1) Underestimation of Requirements for Water.

2 Any party hereto without Stored Water, having an Allowed Pumping
3 Allocation, and not in violation of any provision of this Judgment may extract in
4 an Administrative Year an additional quantity of water not to exceed: (a) 20% of
5 such party's Allowed Pumping Allocation or 20 acre feet, whichever is greater,
6 and (b) any amount in addition thereto which may be approved in advance by the
7 Water Rights Panel of Watermaster.

8 (2) Reductions in Allowed Pumping Allocations in Succeeding Years
9 to Compensate for Permissible Overextractions.

10 Any such party's Allowed Pumping Allocation for the following
11 Administrative Year shall be reduced by the amount over-extracted pursuant to
12 paragraph 1 above, provided that if the Water Rights Panel determines that such
13 reduction in the party's Allowed Pumping Allocation in one Administrative Year
14 will impose upon such a party an unreasonable hardship, the said reduction in said
15 party's Allowed Pumping Allocation shall be prorated over a period of five (5)
16 Administrative Years succeeding that in which the excessive extractions by the
17 party occurred. Application for such relief to the Water Rights Panel must be
18 made not later than the 40th day after the end of the Administrative Year in which
19 such excessive pumping occurred. The Water Rights Panel shall grant such relief
20 if such over-extraction, or any portion thereof, occurred during a period of
21 Declared Water Emergency.

22 (3) Reductions in Allowed Pumping Allocations for the Next
23 Succeeding Administrative Year to Compensate for Overpumping.

24 Whenever, pursuant to Section III(B)(1), a party over-extracts in excess of
25 such party's Allowed Pumping Allocation plus that party's available One-Year
26 Carryover and any Stored Water held by that party, and such excess has not been
27 approved in advance by the Water Rights Panel, then such party's Allowed
28 Pumping Allocation for the following Administrative Year shall be reduced by an

1 amount equivalent to its total over-extractions in the particular Administrative
2 Year in which it occurred.

3 (4) Reports of Certain Over-extractions to the Court.

4 Whenever a party over-extracts in excess of 20% of such party's Allowed
5 Pumping Allocation for the particular Administrative Year plus that party's
6 available One-Year Carryover and any Stored Water held by that party, without
7 having obtained prior approval of the Water Rights Panel, such shall constitute a
8 violation of the Judgment and the Water Rights Panel shall make a written report
9 to the Court for such action as the Court may deem necessary. Such party shall be
10 subject to such injunctive and other processes and action as the Court might
11 otherwise take with regard to any other violation of such Judgment.

12 (5) Effect of Over-extractions on Rights.

13 Any party who over-extracts from Central Basin in any Administrative
14 Year shall not acquire any additional rights by reason of such over-extractions;
15 nor shall any required reductions in extractions during any subsequent years
16 reduce the Total Water Right or water rights of any party to the extent said over-
17 extractions are in compliance with paragraph 1 above.

18 (6) Pumping Under Agreement With Plaintiff During Periods of
19 Emergency.

20 Plaintiff WRD overlies Central Basin and engages in activities of
21 replenishing the groundwaters thereof. Plaintiff by resolution has appropriated
22 for use during emergencies the quantity of 17,000 acre feet of imported and
23 reclaimed water replenished by it into Central Basin, and pursuant to such
24 resolution Plaintiff reserves the right to use or cause the use of such quantity
25 during such emergency periods for the benefit of Water Purveyors.

26 (a) Notwithstanding any other provision of this Judgment,
27 parties who are Water Purveyors (including successors in interest) are
28 authorized to enter into agreements with Plaintiff for extraction of a

1 portion of Plaintiff's 17,000 acre-feet of appropriated water, in excess
2 of their respective Allowed Pumping Allocations for the particular
3 Administrative Year when the following conditions are met:

4 (i) Plaintiff is in receipt of a resolution of the
5 Board of Directors of the Metropolitan Water District of
6 Southern California ("MWD") that there is an actual or
7 immediately threatened temporary shortage of MWD's
8 imported water supply compared to MWD's needs, or a
9 temporary inability to deliver MWD's imported water
10 supply throughout its area, which will be alleviated by
11 overpumping from Central Basin.

12 (ii) The Board of Directors of both Plaintiff and
13 Central Basin Municipal Water District by resolutions
14 concur in the resolution of MWD's Board of Directors, and
15 the Board of Directors of Plaintiff finds in its resolution
16 that the average minimum elevation of water surface
17 among those wells in the Montebello Forebay of the
18 Central Basin designated as Los Angeles County Flood
19 Control District Wells Nos. 1601T, 1564P, 1615P, and
20 1626L, is at least 43.7 feet above sea level. This
21 computation shall be based upon the most recent "static
22 readings" taken, which shall have been taken not more than
23 four weeks prior. Should any of the wells designated above
24 become destroyed or otherwise be in a condition so that
25 readings cannot be made, or should the owner prevent their
26 use for such readings, the Board of Directors of the
27 Plaintiff may, upon appropriate engineering
28 recommendation, substitute such other well or wells as it

1 may deem appropriate.

2 (iii) In said resolution, Plaintiff's Board of
3 Directors sets a public hearing, and notice of the time, place
4 and date thereof (which may be continued from time to
5 time without further notice) is given by First Class Mail to
6 the current designees of the Parties, filed and served in
7 accordance with Section VI(C) of this Judgment. Said
8 notice shall be mailed at least five (5) days before the
9 scheduled hearing date.

10 (iv) At said public hearing, parties (including
11 successors in interest) are given full opportunity to be
12 heard, and at the conclusion thereof the Board of Directors
13 of Plaintiff by resolution decides to proceed with
14 agreements under this Section III(B)(6).

15 (b) All such agreements shall be subject to the following
16 requirements, and such others as Plaintiff's Board of Directors shall
17 require:

18 (i) They shall be of uniform content except as
19 to quantity involved, and any special provisions considered
20 necessary or desirable with respect to local hydrological
21 conditions or good hydrologic practice.

22 (ii) They shall be offered to all Water
23 Purveyors, excepting those which Plaintiff's Board of
24 Directors determines should not overpump because such
25 overpumping would occur in undesirable proximity to a sea
26 water barrier project designed to forestall sea water
27 intrusion, or within or in undesirable proximity to an area
28 within Central Basin wherein groundwater levels are at an

1 elevation where overpumping is under all the
2 circumstances then undesirable.

3 (iii) The maximum terms for the agreements
4 shall be four (4) months, which agreements shall
5 commence on the same date and end on the same date (and
6 which may be executed at any time within the four-month
7 period), unless an extension thereof is authorized by the
8 Court, under Part V of this Judgment.

9 (iv) They shall contain provisions requiring that
10 the Water Purveyor executing the agreement pay to the
11 Plaintiff a price in addition to the applicable replenishment
12 assessment determined on the following formula. The
13 normal price per acre-foot of Central Basin Municipal
14 Water District's (CBMWD) treated domestic and municipal
15 water, as "normal" price of such category of water is
16 defined in Section III(C)(10) (price to be paid for Exchange
17 Pool Water) as of the beginning of the contract term less
18 the deductions set forth in said paragraph 10 for the
19 Administrative Year in which the contract term
20 commences. The agreement shall provide for adjustments
21 in the first of said components for any proportional period
22 of the contract term during which the CBMWD said normal
23 price is changed, and if the agreement straddles two
24 administrative years, the said deductions shall be adjusted
25 for any proportionate period of the contract term in which
26 the amount thereof or of either subcomponent changes for
27 purposes of said paragraph 10. Any price for a partial acre-
28 foot shall be computed pro rata. Payments shall be due and

1 payable on the principle that over extractions under the
2 agreement are of the last water pumped in the
3 Administrative Year, and shall be payable as the agreement
4 shall provide.

5 (v) They shall contain provisions that: (1) All
6 of such agreements (but not less than all) shall be subject to
7 termination by Plaintiff if, in the Judgment of Plaintiff's
8 Board of Directors, the conditions or threatened conditions
9 upon which they were based have abated to the extent over
10 extractions are no longer considered necessary; and (2) that
11 any individual agreement or agreements may be terminated
12 if the Plaintiff's Board of Directors finds that adverse
13 hydrologic circumstances have developed as a result of
14 over extractions by any Water Purveyor(s) which have
15 executed said agreements, or for any other reason that
16 Plaintiff's Board of Directors finds good and sufficient.

17 (c) Other matters applicable to such agreements and
18 overpumping thereunder are as follows, without need for express
19 provisions in the agreements;

20 (i) The quantity of overpumping permitted shall
21 be additional to that which the Water Purveyor could
22 otherwise overpump under this Judgment.

23 (ii) The total quantity of permitted overpumping
24 under all said agreements during said four months shall not
25 exceed seventeen thousand (17,000) acre feet, but the
26 individual Water Purveyor shall not be responsible or
27 affected by any violation of this requirement. That total is
28 additional to over extractions otherwise permitted under

1 this Judgment.

2 (iii) Only one four month period may be utilized
3 by Plaintiff in entering into such agreements, as to any one
4 emergency or continuation thereof declared by MWD's
5 Board of Directors under Section III(B)(6)(a).

6 (iv) If any party claims it is being damaged or
7 threatened with damage by the over extractions by any
8 party to such an agreement, the first party or the Water
9 Rights Panel may seek appropriate action of the Court for
10 termination of any such agreement upon notice of hearing
11 to the party complaining, to the party to said agreement, to
12 the plaintiff, and to any parties who have filed a request for
13 special notice. Any termination shall not affect the
14 obligation of the party to make payments under the
15 agreement for over extractions which did occur thereunder.

16 (v) Plaintiff shall maintain separate accounting
17 of the proceeds from payments made pursuant to
18 agreements entered into under this Part. Said fund shall be
19 utilized solely for purposes of replenishment in
20 replacement of waters in Central Basin and West Basin.
21 Plaintiff shall as soon as practicable cause replenishment in
22 Central Basin by the amounts to be overproduced pursuant
23 to this Paragraph 6, whether through spreading, injection,
24 or in lieu agreements.

25 (vi) Over extractions pursuant to the agreements
26 shall not be subject to the "make up" provisions of the
27 Judgment as amended, provided that if any party fails to
28 make payments as required by the agreement, Plaintiff may

1 require such “make up” under Section III(B)(3) of this
2 Judgment.

3 (vii) A Water Purveyor under any such
4 agreement may, and is encouraged to enter into appropriate
5 arrangements with customers who have water rights in
6 Central Basin under or pursuant to this Judgment whereby
7 the Water Purveyor will be assisted in meeting the
8 objectives of the agreement.

9 (7) Exemption for Extractors of Contaminated Groundwater.

10 Any party herein may petition WRD for a Non-consumptive Water Use
11 Permit as part of a project to remedy or ameliorate groundwater contamination. If
12 the petition is granted as set forth in this paragraph, the petitioner may extract the
13 groundwater as permitted hereinafter, without the production counting against the
14 petitioner’s production rights.

15 (a) If the Board of WRD determines by Resolution that there is
16 a problem of groundwater contamination that a proposed program will
17 remedy or ameliorate, an operator may make extractions of
18 groundwater to remedy or ameliorate that problem without the
19 production counting against the petitioner’s production rights if the
20 water is not applied to beneficial surface use, its extractions are made
21 in compliance with all the terms and conditions of the Board
22 Resolution, and the Board has determined in the Resolution either of
23 the following:

24 (i) The groundwater to be extracted is unusable and
25 cannot be economically treated or blended for use with
26 other water.

27 (ii) The proposed program involves extraction of usable
28 water in the same quantity as will be returned to the

1 underground without degradation of quality.

2 (b) The Resolution may provide those terms and conditions the
3 Board deems appropriate, including, but not limited to, restrictions on
4 the quantity of the extractions to be so exempted, limitations on time,
5 periodic reviews, requirement of submission of test results from a
6 Board-approved laboratory, and any other relevant terms or conditions.

7 (c) Upon written notice to the operator involved, the Board
8 may rescind or modify its Resolution. The rescission or modification
9 of the Resolution shall apply to groundwater extractions occurring
10 more than ten (10) days after the rescission or modification. Notice of
11 rescission or modification shall be either mailed first class mail,
12 postage prepaid, at least two weeks prior to the meeting of the Board at
13 which the rescission or modification will be made to the address of
14 record of the operator or personally delivered two weeks prior to the
15 meeting.

16 (d) The Board's decision to grant, deny, modify or revoke a
17 permit or to interrupt or stop a permitted project may be appealed to
18 this court within thirty days of the notice thereof to the applicant and
19 upon thirty days' notice to the designees of all parties herein.

20 (e) WRD shall monitor and periodically inspect the project for
21 compliance with the terms and conditions for any permit issued
22 pursuant to these provisions.

23 (f) No party shall recover costs from any other party herein in
24 connection with determinations made with respect to this Part.

25 (8) “Call” on Carryover Converted to Stored Water.

26 Where any Party has elected, as permitted by Section III(A)(2), to convert
27 Carryover to Stored Water, any other Party which has not, within the previous ten
28 (10) years, been granted approval to extract Carryover Conversion under this

1 Section III(B)(8) more than five (5) times, may apply to the Storage Panel for the
2 right to extract all or a portion of that Carryover Conversion in the year such
3 Conversion occurs. The Storage Panel shall grant such request, providing there is
4 no Material Physical Harm, if it determines that leased groundwater to meet the
5 applicant's needs within the Basin cannot be obtained for less than forty-five
6 percent (45%) of MWD's Imported Water rate for delivery of untreated water to
7 the Central Basin spreading facilities (which rate is presently MWD's "Full
8 Service Untreated Volumetric Cost, Tier 1"), and that the applicant will fully
9 extract its Allowed Pumping Allocation, Carryover, and Stored Water, if any, in
10 addition to its permitted overextraction under Section III(B)(1), prior to accessing
11 such Carryover Conversion.

12 Upon such approval, the applicant may thereafter extract such water as
13 provided herein. A Party so extracting groundwater shall fully restore such
14 extracted water (either through under-extraction of its rights or through importing
15 water) during the five-year period following the Year in which the extraction
16 under this Section occurs. Otherwise, the extracting Party shall pay to the
17 Watermaster an amount equal to 100% of MWD's Imported Water rate for
18 purchase and delivery of untreated water to the Central Basin spreading facilities
19 (which rate is presently MWD's "Full Service Untreated Volumetric Cost, Tier
20 1") whether or not such water is available that year, for the year during which is
21 the fifth anniversary of the year during which such Carryover Conversion
22 extraction occurs, multiplied by the amount of Carryover Conversion so extracted
23 and not restored during such five-year period. Payment shall be made within
24 thirty (30) days of demand by Watermaster. No Replenishment Assessment shall
25 be due on Carryover Conversion so extracted. However, the Party must deposit
26 with the Watermaster an amount equal to the Replenishment Assessment that
27 would otherwise be imposed by WRD upon such extraction. If the party restores
28 the water within the 5-year repayment period, then the Watermaster shall

1 promptly return the deposit to the Party, without interest. If the Party does not
2 restore the water within the 5-year repayment period, the deposit shall be credited
3 towards the Party's obligation to pay 100% of MWD's Imported Water rate as
4 required herein.

5 Should there be multiple requests to so extract Carryover Conversion in
6 the same year, the Storage Panel shall allocate such extraction right such that each
7 requesting party may extract a pro rata portion of the available Carryover
8 Conversion for that year. No party may extract in excess of 2,500 acre feet of
9 groundwater pursuant to this Section III(B)(8) in a single Year. Amounts paid to
10 Watermaster hereunder shall be used by WRD solely for purchase of water for
11 replenishment in the Basin. Watermaster, through the Storage Panel, shall give
12 reasonable notice to the Parties of any application to so extract Carryover
13 Conversion in such manner as the Storage Panel shall determine, including,
14 without limitation, notice by electronic mail or by website posting, at least ten
15 (10) days prior to consideration of any such application.

16 C. Exchange Pool Provisions.

17 (1) Definitions.

18 For purposes of these Exchange Pool provisions, the following words and
19 terms have the following meanings:

20 (a) "Exchange Pool" is the arrangement hereinafter set forth
21 whereby certain of the parties, ("Exchangees") may, notwithstanding
22 the other provisions of the Judgment, extract additional water from
23 Central Basin to meet their needs, and certain other of the parties
24 ("Exchangors"), reduce their extractions below their Allowed Pumping
25 Allocations in order to permit such additional extractions by others.

26 (b) "Exchangor" is one who offers, voluntarily or otherwise,
27 pursuant to subsequent provisions, to reduce its extractions below its
28 Allowed Pumping Allocation in order to permit such additional

1 extractions by others.

2 (c) “Exchangee” is one who requests permission to extract
3 additional water from Central Basin.

4 (d) “Undue hardship” means unusual and severe economic or
5 operational hardship, other than that arising (i) by reason of any
6 differential in quality that might exist between water extracted from
7 Central Basin and water available for importation or (ii) by reason of
8 any difference in cost to a party in subscribing to the Exchange Pool
9 and reducing its extractions of water from Central Basin in an
10 equivalent amount as opposed to extracting any such quantity itself.

11 (2) Parties Who May Purchase Water Through the Exchange Pool.

12 Any party not having existing facilities for the taking of imported water as
13 of the beginning of any Administrative Year, and any party having such facilities
14 as of the beginning of any Administrative Year who is unable, without undue
15 hardship, to obtain, take, and put to beneficial use, through its distribution system
16 or systems existing as of the beginning of the particular Administrative Year,
17 imported water in a quantity which, when added to its Allowed Pumping
18 Allocation for that particular Administrative Year, will meet its estimated needs
19 for that particular Administrative Year, may purchase water from the Exchange
20 Pool, subject to the limitations contained in this Section III(C) (Subpart “C”
21 hereinafter).

22 (3) Procedure for Purchasing Exchange Pool Water.

23 Not later than the 40th day following the commencement of each
24 Administrative Year, each such party desiring to purchase water from the
25 Exchange Pool shall file with the Watermaster a request to so purchase, setting
26 forth the amount of water in acre feet that such party estimates that it will require
27 during the then current Administrative Year in excess of the total of:

28 (a) Its Allowed Pumping Allocation for that particular

1 Administrative Year; and

2 (b) The imported water, if any, which it estimates it will be
3 able, without undue hardship, to obtain, take and put to beneficial use,
4 through its distribution system or systems existing as of the beginning
5 of that particular Administrative Year.

6 Any party who as of the beginning of any Administrative Year has
7 existing facilities for the taking of imported water and who makes a request to
8 purchase from the Exchange Pool must provide with such request substantiating
9 data and other proof which, together with any further data and other proof
10 requested by the Water Rights Panel, establishes that such party is unable without
11 undue hardship, to obtain, take and put to beneficial use through its said
12 distribution system or systems a sufficient quantity of imported water which,
13 when added to its said Allowed Pumping Allocation for the particular
14 Administrative Year, will meet its estimated needs. As to any such party, the
15 Water Rights Panel shall make a determination whether the party has so
16 established such inability, which determination shall be subject to review by the
17 court under the procedure set forth in Part II of this Judgment. Any party making
18 a request to purchase from the Exchange Pool shall either furnish such
19 substantiating data and other proof, or a statement that such party had no existing
20 facilities for the taking of imported water as of the beginning of that
21 Administrative Year, and in either event a statement of the basis for the quantity
22 requested to be purchased.

23 (4) Subscriptions to Exchange Pool.

24 (a) Required Subscription. Each party having existing
25 facilities for the taking of imported water as of the beginning of any
26 Administrative Year hereby subscribed to the Exchange Pool for
27 purposes of meeting Category (a) requests thereon, as more
28 particularly defined in paragraph 5 of this Subpart C, twenty percent

1 (20%) of its Allowed Pumping Allocation, or the quantity of imported
2 water which it is able, without undue hardship, to obtain, take and put
3 to beneficial use through its distribution system or systems existing as
4 of the beginning of the particular Administrative Year in addition to
5 such party's own estimated needs for imported water during that
6 Administrative Year, whichever is the lesser. A party's subscription
7 under this subparagraph (a) and subparagraph (b) of this paragraph 4 is
8 sometimes hereinafter referred to as a "required subscription."

9 (b) Report to Watermaster Water Rights Panel by Parties with
10 Connections and Unable to Subscribe 20%. Any party having existing
11 facilities for the taking of imported water and estimating that it will be
12 unable, without undue hardship, in that Administrative Year to obtain,
13 take and put to beneficial use through its distribution system or
14 systems existing as of the beginning of that Administrative Year,
15 sufficient imported water to further reduce its extractions from the
16 Central Basin by twenty percent (20%) of its Allowed Pumping
17 Allocation for purposes of providing water to the Exchange Pool must
18 furnish not later than the 40th day following the commencement of
19 such Administrative Year substantiating data and other proof which,
20 together with any further data and other proof requested by the Water
21 Rights Panel, establishes said inability or such party shall be deemed
22 to have subscribed twenty percent (20%) of its Allowed Pumping
23 Allocation for the purpose of providing water to the Exchange Pool.
24 As to any such party so contending such inability, the Water Rights
25 Panel shall make a determination whether the party has so established
26 such inability, which determination shall be subject to review by the
27 Court under the procedure set forth in Part II of this Judgment.

28 (c) Voluntary Subscriptions. Any party, whether or not having

1 facilities for the taking of imported water, who desires to subscribe to
2 the Exchange Pool a quantity or further quantity of its Allowed
3 Pumping Allocation, may so notify the Water Rights Panel in writing
4 of the quantity of such offer on or prior to the 40th day following the
5 commencement of the particular Administrative Year. Such
6 subscriptions are referred to hereinafter as “voluntary subscriptions.”
7 Any Exchangor who desires that any part of its otherwise required
8 subscription not needed to fill Category (a) requests shall be available
9 for Category (b) requests may so notify the Water Rights Panel in
10 writing on or prior to said 40th day. If all of that Exchangor’s
11 otherwise required subscription is not needed in order to fill Category
12 (a) requests, the remainder of such required subscription not so used,
13 or such part thereof as such Exchangor may designate, shall be deemed
14 to be a voluntary subscription.

15 (5) Limitations on Purchases of Exchange Pool Water and Allocation
16 of Requests to Purchase Exchange Pool Water Among Exchangors.

17 (a) Categories of Requests. Two categories of Exchange Pool
18 requests are established as follows:

19 (i) Category (a) requests. The quantity requested by
20 each Exchangee, whether or not that Exchangee has an
21 Allowed Pumping Allocation, which quantity is not in
22 excess of 150% of its Allowed Pumping Allocation, if any,
23 or 100 acre feet, whichever is greater. Requests or portions
24 thereof within the above criteria are sometimes hereinafter
25 referred to as “Category (a) requests.”

26 (ii) Category (b) requests. The quantity requested by
27 each Exchangee having an Allowed Pumping Allocation to
28 the extent the request is in excess of 150% of that Allowed

1 Pumping Allocation or 100 acre feet, whichever is greater,
2 and the quantity requested by each Exchangee having no
3 Allowed Pumping Allocation to the extent the request is in
4 excess of 100 acre feet. Portions of requests within the
5 above criteria are sometimes hereinafter referred to as
6 “Category (b) requests.”

7 (b) Filling of Category (a) Requests. All Exchange Pool
8 subscriptions, required and voluntary, shall be available to fill
9 Category (a) requests. Category (a) requests shall be filled first from
10 voluntary subscriptions, and if voluntary subscriptions should be
11 insufficient to fill all Category (a) requests required subscriptions shall
12 be then utilized to fill Category (a) requests. All Category (a) requests
13 shall be first filled before any Category (b) requests are filled.

14 (c) Filling of Category (b) Requests. To the extent that
15 voluntary subscriptions have not been utilized in filling Category (a)
16 requests, Category (b) requests shall be filled only out of any
17 remaining voluntary subscriptions. Required subscriptions will then
18 be utilized for the filling of any remaining Category (b) requests.

19 (d) Allocation of Requests to Subscriptions When Available
20 Subscriptions Exceed Requests. In the event the quantity of
21 subscriptions available for any category of requests exceeds those
22 requests in that category, or exceeds the remainder of those requests in
23 that category, such requests shall be filled out of such subscriptions
24 proportionately in relation to the quantity of each subscription.

25 (e) Allocation of Subscriptions to Category (b) Requests in the
26 Event of Shortage of Subscriptions. In the event available
27 subscriptions are insufficient to meet Category (b) requests, available
28 subscriptions shall be allocated to each request in the proportion that

1 the particular request bears to the total requests of the particular
2 category.

3 (6) Additional Voluntary Subscriptions.

4 If subscriptions available to meet the requests of Exchangees are
5 insufficient to meet all requests, additional voluntary subscriptions may be
6 solicited and received from parties by the Water Rights Panel. Such additional
7 subscriptions shall be allocated first to Category (a) requests to the extent unfilled,
8 and next to Category (b) requests to the extent unfilled. All allocations are to be
9 otherwise in the same manner as earlier provided in paragraph 5 (a) through 5 (e)
10 inclusive.

11 (7) Effect if Category (a) Requests Exceed Available Subscriptions,
12 Both Required and Voluntary.

13 In the event that the quantity of subscriptions available to fill Category (a)
14 requests is less than the total quantity of such requests, the Exchangees may,
15 nonetheless, extract the full amount of their Category (a) requests otherwise
16 approved by the Water Rights Panel as if sufficient subscriptions were available.
17 The amounts received by the Water Rights Panel on account of that portion of the
18 approved requests in excess of the total quantities available from Exchangors
19 shall be paid by the Water Rights Panel to WRD in trust for the purpose of
20 purchasing imported water and spreading the same in Central Basin for
21 replenishment thereof. Thereafter WRD may, at any time, withdraw said funds or
22 any part thereof so credited in trust for the aforesaid purpose, or may by the 40th
23 day of any Administrative Year utilize all or any portion of said funds for the
24 purchase of water available from subscriptions by Exchangors in the event the
25 total quantity of such subscriptions exceeds the total quantity of approved
26 requests by parties to purchase Exchange Pool water. To the extent that there is
27 such an excess of available subscriptions over requests and to the extent that the
28 existing credit in favor of WRD is sufficient to purchase such excess quantity at

1 the price established for Exchange Pool purchases during that Administrative
2 Year, the money shall be paid to the Exchangors in the same manner as if another
3 party had made such purchase as an Exchangee. WRD shall not extract any such
4 Exchange Pool water so purchased.

5 (8) Additional Pumping by Exchangees Pursuant to Exchange Pool
6 Provisions.

7 An Exchangee may extract from Central Basin in addition to its Allowed
8 Pumping Allocation for a particular Administrative Year that quantity of water
9 which it has requested to purchase from the Exchange Pool during that
10 Administrative Year and which has been allocated to it pursuant to the provisions
11 of paragraphs 5, 6 and 7. The first pumping by an Exchangee in any
12 Administrative Year shall be deemed to be pumping of the party's allocation of
13 Exchange Pool water.

14 (9) Reduction in Pumping by Exchangors.

15 Each Exchangor shall in each Administrative Year reduce its extractions
16 of water from Central Basin below its Allowed Pumping Allocation for the
17 particular year in a quantity equal to the quantity of Exchange Pool requests
18 allocated to it pursuant to the provisions of paragraphs 4, 5, 6 and 7 of this
19 Subpart C.

20 (10) Price to be Paid for Exchange Pool Water.

21 The price to be paid by Exchangees and to be paid to Exchangors per acre
22 foot for required and voluntary subscriptions of Exchangors utilized to fill
23 requests on the Exchange Pool by Exchangees shall be the dollar amount
24 computed as follows by the Water Rights Panel for each Administrative Year.
25 The "normal" price as of the beginning of the Administrative Year charged by
26 Central Basin Municipal Water District (CBMWD) for treated MWD
27 (Metropolitan Water District of Southern California) water used for domestic and
28 municipal purposes shall be determined, and if on that date there are any changes

1 scheduled during that Administrative Year in CBMWD’s “normal” price for such
2 category of water, the weighted daily “normal” CBMWD price shall be
3 determined and used in lieu of the beginning such price; and there shall be
4 deducted from such beginning or weighted price, as the case may be, the
5 “incremental cost of pumping water in Central Basin” at the beginning of the
6 Administrative Year and any then current rate or rates, of assessments levied on
7 the pumping of groundwater in Central Basin by Plaintiff District and any other
8 governmental agency. The “normal” price charged by CBMWD shall be the
9 highest price of CBMWD for normal service excluding any surcharge or higher
10 rate for emergency deliveries or otherwise failing to comply with CBMWD rates
11 and regulations relating to earlier deliveries. The “incremental cost of pumping
12 water in Central Basin” as of the beginning of the Administrative Year shall be
13 deemed to be the Southern California Edison Company Schedule No. PA-1 rate
14 per kilowatt-hour, including all adjustments and all uniform authorized additions
15 to the basic rate, multiplied by 560 kilowatt-hours per acre-foot, rounded to the
16 nearest dollar (which number of kilowatt-hours has been determined to represent
17 the average energy consumption to pump an acre-foot of water in Central Basin).
18 In applying said PA-1 rate the charge per kilowatt-hour under the schedule shall
19 be employed and if there are any rate blocks then the last rate block shall be
20 employed. Should a change occur in Edison schedule designations, the Water
21 Rights Panel shall employ that applicable to motors used for pumping water by
22 municipal utilities.

23 (11) Carry-over of Exchange Pool Purchases by Exchangees.

24 An Exchangee who does not extract from Central Basin in a particular
25 Administrative Year a quantity of water equal to the total of (a) its Allowed
26 Pumping Allocation for that particular Administrative Year, reduced by any
27 authorized amount of carryover into the next succeeding Administrative Year
28 pursuant to the provisions of Section III(A) of this Judgment, and (b) the quantity

1 that it purchased from the Exchange Pool for that particular Administrative Year,
2 may carry over into the next succeeding Administrative Year the right to extract
3 from Central Basin a quantity equal to the difference between said total and the
4 quantity actually extracted in that Administrative Year, but not exceeding the
5 quantity purchased from the Exchange Pool for that Administrative Year. Any
6 such carryover shall be in addition to that provided in said Section III(A).

7 If the "Basinwide Average Exchange Pool Price" in the next succeeding
8 Administrative Year exceeds the "Exchange Pool Price" in the previous
9 Administrative Year any such Exchangee exercising such carryover rights
10 hereinabove provided shall pay to the Watermaster, forthwith upon the
11 determination of the "Exchange Pool Price" in said succeeding Administrative
12 Year, and as a condition to such carryover rights, an additional amount
13 determined by multiplying the number of acre feet of carryover by the difference
14 in "Exchange Pool Price" as between the two Administrative Years. Such
15 additional payment shall be miscellaneous income to the Watermaster which shall
16 be applied by it against that share of the Watermaster's Administrative Body's
17 budget to be paid by the parties to this Agreement for the second Administrative
18 Year succeeding that in which the Exchange Pool water was so purchased. For
19 purposes of this paragraph, the term Basinwide Average Exchange Pool Price
20 means the average price per acre foot paid for Exchange Pool water produced
21 within the Central Basin during the year for which such determination is to be
22 made, taking into account all Exchange Pool transactions consummated during
23 that year.

24 (12) Notification by Watermaster to Exchangors and Exchangees of
25 Exchange Pool Requests and Allocations Thereof and Price of Exchange Pool
26 Water.

27 Not later than the 65th day after the commencement of each
28 Administrative Year, the Administrative Body of Watermaster shall determine

1 and notify all Exchangors and Exchangees of the total of the allocated requests for
2 Exchange Pool water and shall provide a schedule divided into categories of
3 requests showing the quantity allocated to each Exchangee and a schedule of the
4 allocation of the total Exchange Pool requirements among the Exchangors. Such
5 notification shall also advise Exchangors and Exchangees of the prices to be paid
6 to Exchangors for subscriptions utilized and the Exchange Pool Price for that
7 Administrative Year as determined by the Water Rights Panel. The
8 determinations of the Watermaster in this regard shall be subject to review by the
9 Court in accordance with the procedure set forth in Part II of this Judgment.

10 (13) Payment by Exchangees.

11 Each Exchangee shall, on or prior to last day of the third month of each
12 Administrative Year, pay to the Watermaster one-quarter of said price per acre-
13 foot multiplied by the number of acre feet of such party's approved request and
14 shall, on or before the last day of each of the next succeeding three months, pay a
15 like sum to the Watermaster. Such amounts must be paid by each Exchangee
16 regardless of whether or not it in fact extracts or uses any of the water it has
17 requested to purchase from the Exchange Pool.

18 (14) Payments to Exchangors.

19 As soon as possible after receipt of moneys from Exchangees, the
20 Watermaster shall remit to the Exchangors their pro rata portions of the amount so
21 received in accordance with the provisions of paragraph 10 above.

22 (15) Delinquent Payments.

23 Any amounts not paid on or prior to any due date above shall carry interest
24 at the rate of 1% per month or any part of a month. Any amounts required to be
25 so paid may be enforced by the equitable powers of the Court, including, but not
26 limited to, the injunctive process of the Court. In addition thereto, the
27 Watermaster, as Trustee for the Exchangors and acting through the Water Rights
28 Panel, may enforce such payment by any appropriate legal action, and shall be

1 entitled to recover as additional damages reasonable attorneys' fees incurred in
2 connection therewith. If any Exchangee shall fail to make any payments required
3 of it on or before 30 days after the last payment is due, including any accrued
4 interest, said party shall thenceforward not be entitled to purchase water from the
5 Exchange Pool in any succeeding Administrative Year except upon order of the
6 Court, upon such conditions as the Court may impose.

7
8 IV. PROVISIONS FOR THE STORAGE OF WATER AND THE EXTRACTION
9 OF STORED WATER.

10 A. Adjudication of Available Dewatered Space, Storage Capacity and
11 Storage Apportionment.

12 There exists within the Basin a substantial amount of available space which has
13 not been optimally utilized for basin management and for storage of native and imported
14 waters. The Court finds and determines that (i) there is 330,000 acre feet of Available
15 Dewatered Space in the Basin; (ii) use of this Available Dewatered Space will increase
16 reasonable and beneficial use of the Basin by permitting the more efficient procurement
17 and management of Replenishment Water, conjunctive use, and for direct and in-lieu
18 recharge, thereby increasing the prudent storage and recovery of Stored Water for later
19 use by parties to this Judgment, conservation of water and reliability of the water supply
20 available to all Parties; and (iii) use of the Available Dewatered Space pursuant to the
21 terms and conditions of this Judgment will not result in Material Physical Harm.

22 B. Avoidance of Material Physical Harm.

23 It is essential that the use of the Available Dewatered Space be undertaken for the
24 greatest public benefit pursuant to uniform, certain, and transparent regulation that
25 encourages the conservation of water and reliability of the water supply, avoids Material
26 Physical Harm, and promotes the reasonable and beneficial use of water. Accordingly,
27 in the event Watermaster becomes aware of the development of a Material Physical
28 Harm, or imminent threat of the development of a Material Physical Harm, relating to the

1 use of the Available Dewatered Space, Watermaster shall, within thirty (30) days
2 thereafter, notice a hearing before the Court and concurrently file a report with the Court,
3 served on all parties, which shall explain the relevant facts then known to Watermaster
4 relating to the Material Physical Harm, or imminent threat thereof, including without
5 limitation, the location of the occurrence, the source or cause, existing and potential
6 physical impacts or consequences of the identified or threatened material Physical Harm,
7 and any recommendations to remediate the identified or threatened Material Physical
8 Harm.

9 C. Apportionment of Available Dewatered Space.

10 To fairly balance the needs of the divergent interests of parties having water rights
11 in the Basin, on the one hand, and the replenishment functions of WRD on the other
12 hand, and in consideration of the shared desire and public purpose of removing
13 impediments to the voluntary conservation, storage, exchange and transfer of water, all
14 of the Available Dewatered Space is hereby adjudicated and apportioned into
15 complimentary classifications of Stored Water and a Basin Operating Reserve as set
16 forth in this Part IV. The apportionment contemplates flexible administration of storage
17 capacity where use is apportioned among competing needs, while allowing all Available
18 Dewatered Space to be used from time to time on a “space available” basis, subject to the
19 priorities specified in this Judgment, and as further defined in Section IV(I) of this
20 Judgment. The Court further finds and determines that, of the Available Dewatered
21 Space, there is 220,000 acre-feet of storage capacity in the Central Basin which is
22 presently available (“Adjudicated Storage Capacity”). The use of Adjudicated Storage
23 Capacity as provided in this Judgment will not adversely affect the efficient operation of
24 the Basin or the recharge of water necessary for the production of the parties’ respective
25 Allowed Pumping Allocations. The apportionment of Adjudicated Storage Capacity as
26 provided herein will allow for flexible administration of groundwater storage within the
27 Basin. The Adjudicated Storage Capacity is hereby assigned to Individual Storage
28 Allocations and Community Storage as provided herein, provided however that if all

1 space in a particular classification is fully occupied then, on a “space available” basis, to
2 available space within the other classifications of Adjudicated Storage Capacity and,
3 only then, to available space within Basin Operating Reserve.

4 The Court further finds and determines that, out of the Available Dewatered
5 Space, there is 110,000 acre feet that should be set aside for use by WRD as a Basin
6 Operating Reserve, provided in Section IV(L), and subject to temporary occupancy by
7 Stored Water as permitted hereunder.

8 No storage of water shall occur in the Basin except in conformity with this
9 Judgment.

10 D. Individual Storage Allocation.

11 Each Party having an adjudicated groundwater extraction right hereunder shall
12 have a priority right to store water in an Individual Storage Account, through conversion
13 of Carryover to Stored Water as provided herein, or by any means authorized by this
14 Judgment, up to a maximum of 50% of such party’s Allowed Pumping Allocation. The
15 cumulative quantity of Adjudicated Storage Capacity subject to individual storage
16 allocation is 108,750 acre-feet. In recognition of prior importation of water which was
17 introduced into the Basin as Stored Water, and which has not yet been extracted, the
18 Court finds and determines that, as of the date of this Order, the following Parties have
19 occupied a portion of their respective Individual Storage Allocations and have all
20 associated rights therein, as follows:

21	City of Long Beach:	13,076.8 acre-feet
22	City of Lakewood:	500 acre-feet
23	City of Downey:	500 acre-feet
24	City of Cerritos	500 acre-feet

25 E. Community Storage; Regional Disadvantaged Communities Incentive
26 Program.

27 In addition to Individual Storage Allocation, a Party that has fully occupied its
28 Individual Storage allocation may, on a first in time, first in right basis (subject to the

1 limits expressed below) place water into storage in the “Community Storage Pool.” The
2 cumulative quantity of Adjudicated Storage Capacity allocated to Community Storage
3 shall be 111,250 acre-feet. So long as there is available capacity in the Community
4 Storage Pool, any Party may store water in the Community Storage Pool through
5 conversion of Carryover to Stored Water as provided herein, or by any other means
6 authorized by this Judgment, provided such Party has first fully occupied that party’s
7 available Individual Storage Allocation.

8 (1) Parties to this Judgment which, as of January 1, 2013, held
9 Allowed Pumping Allocation of not greater than 5,000 acre-feet shall have a first
10 priority right to occupy, in the aggregate, up to 10,000 acre-feet of storage space
11 within the Central Basin Community Storage Pool, on the basis of first in time,
12 first in right.

13 (2) Water stored pursuant to the Regional Disadvantaged
14 Communities Incentive Program shall have a second priority right to occupy up to
15 23,000 acre-feet within the Community Storage Pool, on such terms as shall be
16 determined by the Court.

17 (3) Any further storage in excess of the maximum quantity of
18 Community Storage will be on a “space-available” interim basis. From time to
19 time, and on a “space-available” basis, the total quantity of water available for
20 storage is permitted to exceed Adjudicated Storage Capacity for the Community
21 Storage Pool on an interim basis. This interim storage may occur if storage
22 capacity exists as a result of unused Adjudicated Storage Capacity within other
23 classifications, or available space exists in the Basin Operating Reserve. Such
24 interim storage, however, is subject to priority rights to such Dewatered Space as
25 provided in this Judgment. A party that seeks to convert the water temporarily
26 held in interim storage to a more firm right, may contract for the use of another
27 party’s Individual Storage Allocation, or may add such water to the Community
28 Storage Pool once space therein becomes available.

1 (4) After a party occupies available storage capacity within the
2 Community Storage Pool and then withdraws water from the Community Storage
3 Pool, the storing party will be allowed a period of twenty-four (24) months to
4 refill the evacuated storage before the capacity will be determined excess and
5 available for use by other parties. Once the Basin's Community Storage Pool has
6 been filled for the first time, a party may exercise its twenty-four (24) month refill
7 priority only once, and then only provided there is then capacity available to
8 permit that party to refill the vacated space. Except to the extent Community
9 Storage space may be subject to such priority right to re-fill, all space therein shall
10 be occupied on a first in time, first in right basis.

11 (5) A party that has occupied storage in the Community Storage Pool
12 for ten (10) consecutive years shall be deemed to extract its Stored Water first in
13 subsequent years (notwithstanding the order of water production set forth in
14 Section I(B)(3)) until its entire Community Storage account has been extracted,
15 but thereafter may again make use of Community Storage on the same terms
16 available to other parties on a first in time, first in right, space-available basis.

17 (6) Any quantity of water held in the Community Storage Pool for a
18 term greater than ten (10) consecutive years shall be assessed an annual water loss
19 equal to 5% of the lowest quantity of water held within the party's Community
20 Storage Pool account at any time during the immediately preceding ten-year
21 period. The lowest quantity means the smallest amount of water held by the Party
22 in the Community Storage Pool during any of the preceding ten (10) years, with a
23 new loss calculation being undertaken every year. Water subject to the loss
24 assessment will be deemed dedicated to the Basin Operating Reserve in
25 furtherance of the physical solution without compensation. Water lost to the
26 Basin shall constitute water replenished into the Central Basin for the benefit of
27 all parties

28 F. Limit on Storage.

1 Irrespective of the category of storage utilized, each party to this Judgment may
2 not cumulatively have in storage at any time Stored Water totaling more than two
3 hundred percent (200%) of that party's Allowed Pumping Allocation. Subject to the
4 foregoing, the right to produce Stored Water may be freely transferred to another party to
5 this Judgment, or as otherwise permitted herein.

6 G. Extractions of Stored Water; Exemption from Replenishment Assessment.

7 The Court finds and declares that the extraction of Stored Water as permitted
8 hereunder does not constitute "production of groundwater" within the meaning of Water
9 Code Section 60317 and that no Replenishment Assessment shall be levied on the
10 extraction of Stored Water. WRD has stipulated to the same. This determination reflects
11 the practical application of certain provisions of this Judgment concerning storage of
12 water, including, without limitation, understanding the following: (1) payment of the
13 Replenishment Assessment is required upon the conversion of Carryover Water into
14 storage, and; (2) developed water introduced into the Basin for storage by or on behalf of
15 a Party through spreading or injection need not be replenished by WRD and should not
16 be subject to the Replenishment Assessment.

17 H. Storage Procedure.

18 The Administrative Body shall (i) prescribe forms and procedures for the orderly
19 reporting of Stored Water, (ii) maintain records of all water stored in the Basin, and (iii)
20 undertake monitoring and modeling of Stored Water as may be reasonably required. As
21 to any Storage Projects that will require review and approval by the Storage Panel, the
22 Administrative Body shall provide appropriate applications, and shall work with project
23 applicants to complete the application documents for presentation to the Storage Panel.
24 The Administrative Body shall be responsible for conducting any groundwater modeling
25 necessary to evaluate a proposed Storage Project. The proponent of a proposed project
26 will bear all costs associated with the review of the application for approval of the project
27 and all costs associated with its implementation. Nothing in this Judgment shall alter the
28 applicant(s) duty to comply with CEQA or to meet other legal requirements as to any

1 proposed Storage Project. Within thirty (30) days after final submission of the storage
2 application documents, the Administrative Body shall provide notice of the storage
3 application (either by electronic mail or U.S. postal mail), together with a copy of the
4 application documents, to all parties possessing an Allowed Pumping Allocation, and to
5 any other person requesting notice thereof. Following notice, any necessary hearings
6 before the Storage Panel shall be conducted as provided in Section IV(O) of this
7 Judgment.

8 I. Loss of Stored Water/Relative Priority.

9 To balance the need to protect priority uses of storage and to encourage the full
10 utilization of Adjudicated Storage Capacity and Basin Operating Reserve where it can be
11 accommodated without interference with priority uses, and except as otherwise provided
12 in this Judgment, no water held in any authorized storage account will be deemed lost
13 from that storage account unless the cumulative quantity of water held as Stored Water
14 plus the quantity of water held within the Basin Operating Reserve exceeds 330,000
15 acre-feet. Where all Adjudicated Storage Capacity and Basin Operating Reserve has
16 been occupied, the first Stored Water to be deemed lost shall be the last water stored as
17 Community Storage. Upon receipt of a bona fide request by another use entitled to
18 priority hereunder, Watermaster shall issue a notice requiring the other parties to
19 evacuate their Stored Water. Any Stored Water that is not evacuated shall be deemed
20 dedicated to the Basin Operating Reserve in furtherance of the physical solution without
21 compensation and accounted for accordingly.

22 J. Limits on Extraction.

23 Anything in this Judgment to the contrary notwithstanding, no party shall extract
24 greater than 140% of the sum of (i) the party's Allowed Pumping Allocation and (ii) the
25 party's leased water, except upon prior approval by the Water Rights Panel. For this
26 purpose, a party's total extraction right for a particular year shall include that party's
27 Allowed Pumping Allocation and any contractual right through lease or other means to
28 utilize the adjudicated rights of another party. Where such proposed extraction would

1 occur within the Central Basin Pressure Area as defined by Watermaster consistent with
2 historical records, the Water Rights Panel shall submit such request for review by the
3 Board of WRD. The Water Rights Panel shall not approve any request for over-
4 extraction within the Pressure Area without a written finding by the Board of WRD that
5 such over-extraction will not cause Material Physical Harm. The role of the Board of
6 WRD in this process shall not be read to expand or restrict WRD's statutory authority.
7 Consideration shall be on an expedited basis.

8 K. Increased Extractions in the Central Basin for Certain Water Purveyors.

9 (1) This Court also maintains continuing jurisdiction over the West
10 Coast Basin, which bounds the Central Basin to the west.

11 (2) Certain Water Purveyors are parties to both this Amended
12 Judgment and the judgment governing the West Coast Basin and serve
13 communities overlying both the Central Basin and the West Coast Basin.

14 (3) Certain Water Purveyors may exceed their Allowed Pumping
15 Allocation in any Administrative Year, subject to all of the following conditions:

16 (a) The Water Purveyor is one of the following eligible Parties:

17 (i) City of Los Angeles

18 (ii) Golden State Water Company

19 (iii) California Water Service Company.

20 (b) Increased extractions pursuant to this Section shall not
21 exceed 5,000 acre-feet per Water Purveyor for the particular
22 Administrative Year.

23 (c) Increased extractions pursuant to this Section shall not
24 exceed the Water Purveyor's unused "Adjudicated Rights" in the West
25 Coast Basin.

26 (d) Increased extractions pursuant to this Section shall not
27 result in Material Physical Harm.

28 (4) Notwithstanding the foregoing, nothing herein permits extraction

1 of water within the Central Basin in excess of 140% of Allowed Pumping
2 Allocation for the particular Administrative Year, except as otherwise permitted
3 under this Judgment.

4 (5) Replenishment of any water extracted from the Central Basin
5 pursuant to this Section shall occur exclusively in the Central Basin.

6 (6) The benefits of this Section are made available only to the certain
7 Water Purveyors that serve communities overlying the Central Basin and
8 communities overlying the West Basin, in recognition of the management of
9 water resources by those Water Purveyors to serve such overlying communities.
10 It is not made, nor is it related to, a determination of an underflow between the
11 basins, a cost or benefit allocation, or any other factor relating to the allocation of
12 the Replenishment Assessment.

13 L. Special Provisions for Temporary Storage within Community Storage
14 Pool.

15 The Central Basin Municipal Water District (“CBMWD”) shall take such action
16 as may be necessary to reduce its Allowed Pumping Allocation to five (5) acre-feet or
17 fewer by December 31, 2018, and has agreed, by stipulation, not to acquire any
18 additional Central Basin water rights. Upon application by CBMWD, the Storage Panel
19 may, after making each of the findings required in this subsection, approve storage of
20 water by CBMWD within the Community Storage Pool subject to the stated conditions.
21 The Storage Panel may only authorize such storage after finding each of the following to
22 be true as of the date of such approval:

23 (1) CBMWD (a) then owns five (5) acre-feet or fewer of Allowed
24 Pumping Allocation, and (b) has not produced water utilizing any extraction
25 rights it holds within the Basin but has only engaged in the sale or leasing of those
26 rights to others.

27
28 (2) There is available space for Storage within the Community Storage

1 Pool.

2
3 (3) CBMWD has identified a source of imported water that may be
4 brought into the Basin and stored underground.

5 (4) The water identified for storage (a) is unlikely to be acquired by
6 other parties through surface delivery for use within the Basin, and (b) was
7 offered to WRD to purchase for replenishment purposes at the same price that
8 CBMWD otherwise sells imported water to WRD and WRD declined to purchase
9 said water, within a reasonable period of time.

10
11 (5) There will be no Material Physical Harm associated with the
12 introduction of the water into storage, or its extraction, in the manner approved by
13 the Storage Panel.

14 The condition expressed in Section IV(L)(1)(a) above shall not be operative until
15 January 1, 2019, or upon reduction of CBMWD's Allowed Pumping Allocation
16 to five (5) acre-feet or fewer, whichever first occurs. CBMWD may not extract
17 the Stored Water, and may instead only transfer that Stored Water to a party
18 having extraction rights, or to WRD for replenishment purposes only. Such
19 Stored Water not so transferred within three (3) years following its storage may
20 be purchased by WRD, at its option, for replenishment purposes only, at a price
21 not exceeding the actual cost incurred by CBMWD in importing and storing the
22 water in the first instance, plus a reasonable administrative charge for overhead
23 not exceeding five percent (5%) of the price paid by CBMWD for the water with
24 no other fees or markups imposed by CBMWD. Except as otherwise permitted in
25 this Section, any such Stored Water held by CBMWD for a term greater than
26 three (3) years shall be assessed an annual water loss equal to 10% of the amount
27 of such Stored Water at the end of each year. Water subject to the loss
28

1 assessment will be deemed dedicated to the Basin Operating Reserve in
2 furtherance of the physical solution without further compensation. The Storage
3 Panel shall grant CBMWD one or more extensions of such term, not exceeding
4 total extensions of three (3) additional years, following public hearing, if the
5 Storage Panel determines that the Stored Water has been actively marketed by
6 CBMWD for transfer to Parties on reasonable terms in the previous year. The
7 Storage Panel may impose such additional reasonable conditions as it determines
8 to be appropriate. Any review by the Storage Panel hereunder shall only occur at
9 a public hearing held following at least 15 days' (but not more than 30 days')
10 mailed notice to all Parties to this Judgment, at which hearing an opportunity for
11 public comment shall be afforded in advance of any such decision. However, the
12 Storage Panel may consider an application on shorter notice under exigent
13 circumstances, including the potential loss of the water proposed to be stored if
14 action is not taken sooner. CBMWD shall have the right to appeal any action or
15 inaction by the Storage Panel to this court. The storage and extraction of Stored
16 Water hereunder shall otherwise be subject to all other provisions of this
17 Judgment. The court finds and declares that this subsection constitutes a "court
18 order issued by a court having jurisdiction over the adjudication of groundwater
19 extraction rights within the groundwater basin where storage is sought" within the
20 meaning of Water Code §71610(b)(2)(B). Nothing in this provision impedes
21 CBMWD's ability to store water pursuant to a contract with an adjudicated
22 groundwater extraction rights holder as permitted by Water Code
23 § 71610(b)(2)(A) and otherwise in accordance with this Judgment.

24 M. Basin Operating Reserve.

25 It is in the public interest and in furtherance of the physical solution for WRD to
26 prudently exercise its statutory discretion to purchase, spread, and inject Replenishment
27 Water, to provide for in-lieu replenishment, and otherwise to fulfill its replenishment
28 function within the Basin as provided in Water Code Section 60000 et. seq. Hydrologic,

1 regulatory and economic conditions now prevailing within the State require that WRD be
2 authorized to exercise reasonable discretion and have flexibility in the accomplishment
3 of its replenishment function. Accordingly, WRD may pre-purchase or defer the
4 purchase of Replenishment Water, and may otherwise purchase and manage available
5 sources of Replenishment Water under the most favorable climatic and economic
6 conditions as it may determine reasonable and prudent under the circumstances. It is the
7 intent of the parties to preserve space for such replenishment activities, including capture
8 of natural inflows during wet years, recapture of water when possible, and artificial
9 replenishment when water is available at discounted rate, for the benefit of the Basin and
10 the parties to the Judgment. The Basin Operating Reserve is intended to allow WRD to
11 meet its replenishment needs to make APA available for extraction by all water rights
12 holders. Accordingly, WRD shall have a priority right to occupy up to 110,000 acre-feet
13 of the Available Dewatered Space as the “Basin Operating Reserve” for the acquisition
14 and replenishment of water, or to ensure space remains available in the Basin to capture
15 natural inflows during wet years for the benefit of the parties to the Judgment, to offset
16 over-production. The priority right is not intended to allow WRD to sell or lease stored
17 water, storage, or water rights. To the extent WRD does not require the use of all of such
18 Basin Operating Reserve, that portion of the Basin Operating Reserve that is not then
19 being used shall be available to other Parties to store water on a temporary and space-
20 available basis. No Party may use any portion of the Basin Operating Reserve for space-
21 available storage unless that Party has already maximized its allowed Storage pursuant to
22 its Individual Storage Allocation and all available Community Storage is already in use.
23 WRD’s failure to use any portion of its Basin Operating Reserve shall not cause
24 forfeiture or create a limitation of its right to make use of the designated space in the
25 future. WRD’s first priority right to this category of space shall be absolute. To the
26 extent that there is a conflict between WRD and a third party regarding the availability of
27 and desire to use any portion of the space available for replenishment up to the maximum
28 limits set forth in this section, the interests of WRD will prevail. If a party other than

1 WRD is using the Basin Operating Reserve space on a “space available” basis and a
2 conflict develops between WRD and the storing party, the storing party will, upon notice
3 from WRD, evacuate the Stored Water within ninety (90) days thereafter. In such event,
4 temporary occupancy within the Basin Operating Reserve shall be first in time, first in
5 right, and the last Party to store water shall be required to evacuate first until adequate
6 space shall be made available within the Basin Operating Reserve to meet WRD’s needs.
7 The storing party or parties assume all risks of waste, spill and loss regardless of the
8 hardship. Stored Water that is not evacuated following WRD’s notice of intent to occupy
9 the Basin Operating Reserve will be deemed dedicated to the Basin Operating Reserve in
10 furtherance of the physical solution without compensation and accounted for
11 accordingly. Nothing herein shall permit WRD to limit or encumber, by contract or
12 otherwise, its right to use the Basin Operating Reserve for Replenishment purposes for
13 any reason, or to make space therein available to any person by any means.
14 Notwithstanding the foregoing, to the extent excess space is available, water evacuated
15 from the Basin Operating Reserve as provided in this Section shall be deemed added to
16 available space within the Individual Storage Allocations and Community Storage Pool,
17 subject to the priority rights otherwise provided in this Judgment.

18 N. Water Augmentation.

19 The parties, in coordination with WRD, may undertake projects that add to the
20 long-term reliable yield of the Basin. Innovations and improvements in practices that
21 increase the conservation and maximization of the reasonable and beneficial use of water
22 should be promoted. To the extent that Parties to the Judgment, in coordination with
23 WRD, implement a project that provides additional long-term reliable water supply to the
24 Central Basin, the annual extraction rights in the Central Basin will be increased
25 commensurately in an amount to be determined by the Storage Panel to reflect the actual
26 yield enhancement associated with the project. Augmented supplies of water resulting
27 from such a project may be extracted or stored as permitted in this Judgment in the same
28 manner as other water. Participation in any Water Rights Augmentation Project shall be

1 voluntary. A party may elect to treat a proposed project as a Water Augmentation
2 Project (for the purpose of seeking an increase in that party's Allowed Pumping
3 Allocation) or may elect to treat such a project as a Storage Project under the other
4 provisions of this Judgment. The terms of participation in any Water Augmentation
5 Project will be at the full discretion of the participating parties. All Water Augmentation
6 Projects will be approved by the Storage Panel.

7 (1) Participating Parties.

8 Parties who propose a Water Augmentation Project ("Project Leads") may
9 do so in their absolute discretion, upon such terms as they may determine. All
10 other parties to this Judgment will be offered an opportunity to participate in the
11 Water Augmentation Project on condition that they share proportionally in
12 common costs and benefits, and assume the obligation to bear exclusively the cost
13 of any improvements that are required to accommodate their individual or
14 particular needs. Notice shall be provided which generally describes the project
15 and the opportunity to participate with sufficient time for deliberation and action
16 by any of these parties who could potentially participate. Disputes over the
17 adequacy of notice shall be referred to the Storage Panel, and then to the Court
18 under its continuing jurisdiction. Parties who elect to participate ("Project
19 Participants") may do so provided they agree to offer customary written and
20 legally binding assurances that they will bear their proportionate costs attributable
21 to the Water Rights Augmentation Project, or provide other valuable
22 consideration deemed sufficient by the Project Leads and the Project Participants.

23 (2) Determination of Additional Extraction Rights.

24 The amount of additional groundwater extraction as a result of a Water
25 Augmentation project will be determined by the Storage Panel, subject to review
26 by the Court. The determination will be based upon substantial evidence which
27 supports the finding that the Water Augmentation project will increase the long-
28 term sustainable yield of the respective Basin by an amount at least equal to the

1 proposed increase in extraction rights.

2 (3) Increase in Extraction Rights.

3 A party that elects to participate and pays that party's full pro-rata share of
4 costs associated with any Water Augmentation Project and/or reaches an
5 agreement with other participants based upon other valuable consideration
6 acceptable to the Project Leads and Project Participants, will receive a
7 commensurate increase in extraction rights. Non-participating parties will not
8 receive an increase or a decrease in extraction rights. Any party that elects not to
9 participate will not be required to pay any of the costs attributable to the particular
10 Water Augmentation Project, whether directly or indirectly as a component of the
11 WRD Replenishment Assessment.

12 (4) Nominal Fluctuations.

13 Because water made available for Water Rights Augmentation will be
14 produced annually, fluctuations in groundwater levels will be temporary, nominal
15 and managed within the Basin Operating Reserve.

16 (5) Availability of New Water.

17 The amount of additional groundwater extraction established as a result of
18 a Water Augmentation Project shall be equal to the quantity of new water in the
19 Basin that is attributable to that Water Augmentation Project. No extraction shall
20 occur and no extraction right shall be established until new water has been
21 actually introduced into the Basin as a result of the Project. Any approval for a
22 Water Augmentation Project shall include provisions (a) requiring regular
23 monitoring to determine the actual amount of such new water made available, (b)
24 requiring make-up water or equivalent payment therefor to the extent that actual
25 water supply augmentation does not meet projections, and (c) adjusting extraction
26 rights attributable to the Water Augmentation Project to match the actual water
27 created. The right to extract augmented water from the Basin resulting from a
28 party's participation in a Water Augmentation Project shall be accounted for

1 separately and shall not be added to a party's Allowed Pumping Allocation. No
2 Replenishment Assessment shall be levied against the extraction of augmented
3 water.

4 (6) Limitation.

5 Notwithstanding the foregoing, WRD will not obtain any water rights or
6 extraction rights under this Judgment by virtue of its participation in a Water
7 Augmentation Project. If WRD participates in a Water Rights Augmentation
8 Project through funding or other investments, its allocation of new water from the
9 project shall be used to offset its replenishment responsibilities.

10 O. Limits on Watermaster Review.

11 It shall not be necessary for Watermaster, or any constituent body thereof, to
12 review or approve any of the following before the affected Party may proceed: (i)
13 exercise of adjudicated water rights consistent with this Judgment, except for extraction
14 above 140% of a Party's extraction right as set out in Section IV(J) of this Judgment; (ii)
15 replenishment of the Basin with Replenishment Water by WRD consistent with Water
16 Code Section 60000 et seq., including replenishment of water produced by water rights
17 holders through the exercise of adjudicated water rights; (iii) WRD's operations within
18 the Basin Operating Reserve; (iv) Carryover Conversion or other means of the filling of
19 the Individual Storage Accounts and the Community Storage Pool, as provided in this
20 Judgment, as long as existing water production, spreading, or injection facilities are used;
21 and (v) individual transfers of the right to produce Stored Water as permitted in Section
22 IV(F). All other Storage Projects and all Water Augmentation Projects shall be subject
23 to review and approval as provided herein, including (i) material variances to substantive
24 criteria governing projects exempt from the review and approval process, (ii)
25 modifications to previously approved Storage Projects and agreements, (iii) a party's
26 proposal for Carryover Conversion in quantities greater than the express apportionment
27 of Adjudicated Storage Capacity on a non-priority, space-available, interim basis, and
28 (iv) Storage, by means other than Carryover Conversion, when new production,

1 spreading, or injection facilities are proposed to be utilized.

2 P. Hearing Process For Watermaster Review.

3 The following procedures shall be followed by Watermaster where Watermaster
4 review of storage or extraction of Stored Water is required or permitted under this
5 Judgment:

6 (1) No later than thirty (30) days after notice has been issued for the
7 storage application, the matter shall be set for hearings before the Storage Panel.
8 A staff report shall be submitted by WRD staff in conjunction with the completed
9 storage application documents and the Water Rights Panel may prepare an
10 independent staff report, if it elects to do so.

11 (2) The Board of WRD and the Water Rights Panel (sitting jointly as
12 the Storage Panel) shall conduct a joint hearing concerning the storage
13 application.

14 (3) All Watermaster meetings shall be conducted in the manner
15 prescribed by the applicable Rules and Regulations. The Rules shall provide that
16 all meetings of Watermaster shall be open to water rights holders and that
17 reasonable notice shall be given of all meetings.

18 (4) The Board of WRD and the Water Rights Panel shall each adopt
19 written findings explaining its decision on the proposed Storage Project, although
20 if both entities reach the same decision on the Storage Project, they shall work
21 together to adopt a uniform set of findings.

22 (5) Unless both the Board of WRD and the Water Rights Panel
23 approve the Storage Project, the Storage Project application shall be deemed
24 denied (a "Project Denial"). If both the Board of WRD and the Water Rights
25 Panel approve the Storage Project, the Storage Project shall be deemed approved
26 (a "Project Approval").

27 Q. Trial Court Review

28 (1) The applicant may seek the Storage Panel's reconsideration of a

1 Project Denial. However, there shall be no process for mandatory reconsideration
2 or mediation of a Project Approval or a Project Denial either before the
3 Administrative Body, or before the Water Rights Panel.

4 (2) Any Party may file an appeal from a Project Approval or Project
5 Denial with this Court, as further described in Section II(F).

6 (3) In order to (a) promote the full presentation of all relevant
7 evidence before the Storage Panel in connection with its consideration of any
8 proposed Storage Project, (b) achieve an expeditious resolution of any appeal to
9 the Court, and (c) accord the appropriate amount of deference to the expertise of
10 the Storage Panel, the appeal before the Court shall be based solely on the
11 administrative record, subject only to the limited exception in California Code of
12 Civil Procedure section 1094.5(e).

13 (4) If both the WRD Board and the Water Rights Panel each vote to
14 deny or approve a proposed Storage Project, it shall be an action by the Storage
15 Panel and that decision shall be accorded by the Court deference according to the
16 substantial evidence test. If one of the reviewing bodies votes to approve the
17 proposed Storage Project and the other reviewing body votes to deny the proposed
18 storage project, then the Court's review shall be *de novo*, although still restricted
19 to the administrative record. In the case of any *de novo* Trial Court review, the
20 findings made by the respective Watermaster bodies shall not be accorded any
21 weight independent of the evidence supporting them.

22 R. Space Available Storage, Relative Priority, and Dedication of "Spilled"
23 Water.

24 To balance the need to protect priority uses of storage and to encourage the full
25 utilization of Available Dewatered Space within the Adjudicated Storage Capacity and
26 the Basin Operating Reserve, any Party may make interim, temporary use of then
27 currently unused Available Dewatered Space within any category of Adjudicated Storage
28 Capacity, and then if all Adjudicated Storage Capacity is being fully used for Stored

1 Water within the Basin Operating Reserve (“Space-Available Storage”), subject to the
2 following criteria:

3 (1) Any Party may engage in Space-Available Storage without prior
4 approval from Watermaster provided that the storing Party or Parties shall assume
5 all risks of waste, spill, and loss regardless of the hardship. Whenever the Storage
6 Panel determines that a Party is making use of excess Available Dewatered Space
7 for Space-Available Storage, the Storage Panel shall issue written notice to the
8 Party informing them of the risk of spill and loss.

9 (2) Whenever the Available Dewatered Space is needed to
10 accommodate the priority use within a respective category of Adjudicated Storage
11 Capacity, or WRD seeks to make use of its priority right to the Basin Operating
12 Reserve to fulfill its replenishment function, the Storage Panel shall issue a notice
13 to evacuate the respective category of Adjudicated Storage Capacity or Basin
14 Operating Reserve, as applicable, within the time-periods set forth within this
15 Amended Judgment. To the extent the Stored Water is not timely evacuated such
16 Stored Water will be placed into any other excess Available Dewatered Space,
17 first within the Adjudicated Storage Capacity, if available, and then if all
18 Adjudicated Storage Capacity is being fully used for Stored Water within the
19 Basin Operating Reserve. If no excess Available Dewatered Space is available
20 within the Basin Operating Reserve, then the Stored Water shall be deemed
21 spilled and will be deemed dedicated to the Basin Operating Reserve in
22 furtherance of the physical solution without compensation and accounted for
23 accordingly. A Party that seeks to convert the Stored Water temporarily held in
24 interim storage as Space-Available Storage to a more firm right, may in its
25 discretion, contract for the use of another Party’s Individual Storage Allocation,
26 or may add such water to the Community Storage Pool once space therein
27 becomes available.

28 (3) No Stored Water will be deemed abandoned unless the cumulative

1 quantity of water held as Stored Water plus the quantity of water held in the Basin
2 Operating Reserve exceeds 330,000 (three hundred and thirty thousand) acre-feet
3 in the Central Basin.
4

5 V. CONTINUING JURISDICTION OF THE COURT.

6 The Court hereby reserves continuing jurisdiction and upon application of any interested
7 party, or upon its own motion, may review and redetermine the following matters and any
8 matters incident thereto:

9 A. Its determination of the permissible level of extractions from Central
10 Basin in relation to achieving a balanced basin and an economic utilization of Central
11 Basin for groundwater storage, taking into account any then anticipated artificial
12 replenishment of Central Basin by governmental agencies for the purpose of alleviating
13 what would otherwise be annual overdrafts upon Central Basin and all other relevant
14 factors.

15 B. Whether in accordance with applicable law any party has lost all or any
16 portion of his rights to extract groundwater from Central Basin and, if so, to ratably
17 adjust the Allowed Pumping Allocations of the other parties and ratably thereto any
18 remaining Allowed Pumping Allocation of such party.

19 C. To remove any Watermaster or constituent body appointed from time to
20 time and appoint a new Watermaster; and to review and revise the duties, powers and
21 responsibilities of the Watermaster or its constituent bodies and to make such other and
22 further provisions and orders of the Court that may be necessary or desirable for the
23 adequate administration and enforcement of the Judgment.

24 D. To revise the price to be paid by Exchangees and to Exchangors for
25 Exchange Pool purchases and subscriptions.

26 E. In case of emergency or necessity, to permit extractions from Central
27 Basin for such periods as the Court may determine: (i) ratably in excess of the Allowed
28 Pumping Allocations of the parties; or (ii) on a non-ratable basis by certain parties if

1 either compensation or other equitable adjustment for the benefit of the other parties is
2 provided. Such overextractions may be permitted not only for emergency and necessity
3 arising within Central Basin area, but to assist the remainder of the areas within The
4 Metropolitan Water District of Southern California in the event of temporary shortage or
5 threatened temporary shortage of its imported water supply, or temporary inability to
6 deliver the same throughout its area, but only if the court is reasonably satisfied that no
7 party will be irreparably damaged thereby. Increased energy cost for pumping shall not
8 be deemed irreparable damage. Provided, however, that the provisions of this
9 subparagraph will apply only if the temporary shortage, threatened temporary shortage,
10 or temporary inability to deliver was either not reasonably avoidable by the Metropolitan
11 Water District, or if reasonably avoidable, good reason existed for not taking the steps
12 necessary to avoid it.

13 F. To review actions of the Watermaster.

14 G. To assist the remainder of the areas within The Metropolitan Water
15 District of Southern California within the parameter set forth in subparagraph (e) above.

16 H. To provide for such other matters as are not contemplated by the Judgment
17 and which might occur in the future, and which if not provided for would defeat any or
18 all of the purposes of this Judgment to assure a balanced Central Basin subject to the
19 requirements of Central Basin Area for water required for its needs, growth and
20 development.

21 The exercise of such continuing jurisdiction shall be after 30 days' notice to the parties,
22 with the exception of the exercise of such continuing jurisdiction in relation to subparagraphs E
23 and G above, which may be *ex parte*, in which event the matter shall be forthwith reviewed
24 either upon the Court's own motion or the motion of any party upon which 30 days' notice shall
25 be so given. Within ten (10) days of obtaining any *ex parte* order, the party so obtaining the
26 same shall mail notice thereof to the other parties. If any other party desires Court review
27 thereof, the party obtaining the *ex parte* order shall bear the reasonable expenses of mailing
28 notice of the proceedings, or may in lieu thereof undertake the mailing. Any contrary or

1 modified decision upon such review shall not prejudice any party who relied on said *ex parte*
2 order.

3
4 VI. GENERAL PROVISIONS.

5 A. Judgment Constitutes Inter Se Adjudication.

6 This Judgment constitutes an inter se adjudication of the respective rights of all
7 parties, except as may be otherwise specifically indicated in the listing of the water rights
8 of the parties of this Judgment, or in Appendix “2” hereof. All parties to this Judgment
9 retain all rights not specifically determined herein, including any right, by common law
10 or otherwise, to seek compensation for damages arising out of any act or omission of any
11 person. This Judgment constitutes a “court order” within the meaning of Water Code
12 Section 71610(B)(2)(b).

13 B. Assignment, Transfer, Etc., of Rights.

14 Subject to the other provision of this Judgment, and any rules and regulations of
15 the Watermaster requiring reports relative thereto, nothing herein contained shall be
16 deemed to prevent any party hereto from assigning, transferring, licensing or leasing all
17 or any portion of such water rights as it may have with the same force and effect as
18 would otherwise be permissible under applicable rules of law as exist from time to time.

19 C. Service Upon and Delivery to Parties of Various Papers.

20 Service of the Judgment on those parties who have executed that certain
21 Stipulation and Agreement for Judgment or who have filed a notice of election to be
22 bound by the Exchange Pool provisions shall be made by first class mail, postage
23 prepaid, addressed to the designee and at the address designated for that purpose in the
24 executed and filed Counterpart of the Stipulation and Agreement for Judgment or in the
25 executed and filed “Notice of Election to be Bound by Exchange Pool Provisions,” as the
26 case may be, or in any substitute designation filed with the Court.

27 Each party who has not heretofore made such a designation shall, within 30 days
28 after the Judgment shall have been served upon that party, file with the Court, with proof

1 of service of a copy upon the Watermaster, a written designation of the person to whom
2 and the address at which all future notices, determinations, requests, demands, objections,
3 reports and other papers and processes to be served upon that party or delivered to that
4 party are to be so served or delivered.

5 A later substitute designation filed and served in the same manner by any party
6 shall be effective from the date of filing as to the then future notices, determinations,
7 requests, demands, objections, reports and other papers and processes to be served upon
8 or delivered to that party.

9 Delivery to or service upon any party by the Watermaster, by any other party, or
10 by the Court, or any item required to be served upon or delivered to a party under or
11 pursuant to the Judgment may be by deposit in the mail, first class, postage prepaid,
12 addressed to the designee and at the address in the latest designation filed by that party.

13 D. Judgment Does Not Affect Rights, Powers, Etc., of Plaintiff District.

14 Nothing herein constitutes a determination or adjudication which shall foreclose
15 Plaintiff District from exercising such rights, powers, privileges and prerogatives as it
16 may now have or may hereafter have by reason of provisions of law.

17 E. Continuation of Order under Interim Agreement.

18 The order of Court made pursuant to the “Stipulation and Interim Agreement and
19 Petition for Order” shall remain in effect through the Administrative Year in which this
20 Judgment shall become final (subject to the reserved jurisdiction of the Court).

21 F. Effect of Extractions by Exchangees; Reductions in Extractions.

22 With regard to Exchange Pool purchases, the first extractions by each Exchangee
23 shall be deemed the extractions of the quantities of water which that party is entitled to
24 extract pursuant to his allocation from the Exchange Pool for that Administrative Year.
25 Each Exchangee shall be deemed to have pumped his Exchange Pool request so allocated
26 for and on behalf of each Exchangor in proportion to each Exchangor’s subscription to
27 the Exchange Pool which is utilized to meet Exchange Pool requests. No Exchangor
28 shall ever be deemed to have relinquished or lost any of its rights determined in this

1 Judgment by reason of allocated subscriptions to the Exchange Pool. Each Exchangee
2 shall be responsible as between Exchangors and that Exchangee, for any tax or
3 assessment upon the production of groundwater levied for replenishment purposes by
4 WRD or by any other governmental agency with respect to water extracted by such
5 Exchangee by reason of Exchange Pool allocations and purchases. No Exchangor or
6 Exchangee shall acquire any additional rights, with respect to any party to this action, to
7 extract waters from Central Basin pursuant to Water Code Section 1005.1 by reason of
8 the obligations pursuant to and the operation of the Exchange Pool.

9 G. Judgment Binding on Successors, Etc.

10 This Judgment and all provisions thereof are applicable to and binding upon not
11 only the parties to this action, but as well to their respective heirs, executors,
12 administrators, successors, assigns, lessees, licensees and to the agents, employees and
13 attorneys in fact of any such persons.

14 H. Costs.

15 No party shall recover its costs herein as against any other party.

16 I. Intervention of Successors in Interest and New Parties.

17 Any person who is not a party (including but not limited to successors or parties
18 who are bound by this Judgment) and who proposes to produce water from the Basin,
19 store water in the Basin, or exercise water rights of a predecessor may seek to become a
20 party to this Judgment through a Stipulation in Intervention entered into with the
21 Plaintiff. Plaintiff may execute said Stipulation on behalf of the other parties herein, but
22 such Stipulation shall not preclude a party from opposing such intervention at the time of
23 the court hearing thereon. Said Stipulation for Intervention must thereupon be filed with
24 the Court, which will consider an order confirming said intervention following thirty (30)
25 days' notice to the parties. Thereafter, if approved by the Court, such intervenor shall be
26 a party bound by this Judgment and entitled to the rights and privileges accorded under
27 the physical solution herein.

28 J. Effect of this Amended Judgment on Orders Filed Herein.

1 This Third Amended Judgment shall not abrogate such rights of additional
2 carryover of unused water rights as may otherwise exist pursuant to orders herein filed
3 June 2, 1977 and September 29, 1977.

4
5 THE CLERK WILL ENTER THIS THIRD AMENDED JUDGMENT FORTHWITH.

6
7 DATED: _____

8
9
10 _____
11 Judge of the Superior Court