



San Bernardino Valley Municipal Water District

1350 SOUTH "E" STREET - P. O. BOX 5906 - SAN BERNARDINO, CALIFORNIA 92412-5906 -(909) 387-9200
FAX (909) 387-9247

April 25, 2005

Mr. Douglas Headrick, Chief of Water Resources
City of Redlands
Box 3005
Redlands, CA 92373

Dear Mr. Headrick:

The Board of Directors of the San Bernardino Valley Municipal Water District (District) has considered your request to use the District's San Bernardino Avenue Well. The Board agrees to assist the City of Redlands (City) by supplying water from the well to the City under the following terms and conditions.

PLEASE NOTE that the District reserves the right to use the well for any purpose including, but not limited to providing "exchange water" and "in lieu" water. City's use of the well shall be limited to times that are acceptable to District.

1. City shall be responsible for any and all costs necessary to connect the supply to the City's distribution system.
2. City shall be responsible for any and all permits required in connection with providing water from this well into the City's domestic supply.
3. City shall obtain District's review and approval prior to any modifications to District owned facilities.
4. City shall be responsible for operating the Well pursuant to the District's operating procedures. Further City shall be responsible for any consequential damages as a result of operating the well and shall save and indemnify District from any claims or liability, including attorneys' fees, arising out of City's operation or use of the Well.
5. District shall invoice the City each month based upon the following:
 - a) A standby fee equal to the Southern California Edison minimum fee for maintaining service availability to the pump at the well. In the event that water is produced for both the City and District said standby fee charged to the City shall be reduced based upon a factor, the numerator of which is the quantity of water pumped for the District and whose denominator is the total quantity of water produced in the month.
 - b) Actual energy costs to pump the well for the water produced on behalf of City.
 - c) San Bernardino Valley Water Conservation District's "Pump Tax" based on the current charges.

Directors and Officers

EDWARD B. KILLGORE
Division I

GEORGE A. AGUILAR
Division II

PAT MILLIGAN
Division III

MARK BULOT
Division IV

STEVE COPELAN
Division V

ROBERT L. REITER
General Manager
and Chief Engineer

- d) An administrative fee equal to 13% of all costs.
6. City shall pay the District within 30 days of the receipt of an invoice.
7. District shall be responsible for the annual filing of production from this well with the State Water Resources Control Board.
8. This agreement shall terminate on December 31, 2010.



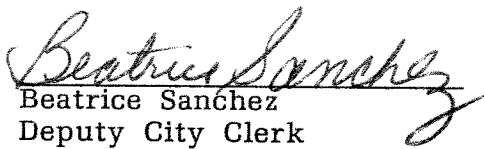
Robert L. Reiter
General Manager and
Chief Engineer

Accepted this 17th of May, 2005:



City of Redlands
Susan Peppler, Mayor

Attest:



Beatrice Sanchez
Deputy City Clerk