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San Bernardino County

**SILVERWOOD LAKE STATE RECREATION AREA  
CLEGHORN WASTEWATER TREATMENT PLANT  
WASTEWATER TREATMENT SERVICE AGREEMENT**

This Wastewater Treatment Service Agreement ("Agreement") is made and entered into by and between the State of California, acting by and through the Department of Parks and Recreation, hereinafter called "State Parks" which includes its officers, agents, employees and contractors, and the Crestline Sanitation District, hereinafter called "CSD" which includes its officers, agents, employees and contractors, for the operation and service of wastewater treatment at Silverwood Lake State Recreation Area via the Cleghorn Wastewater Treatment Plant.

**Recitals**

WHEREAS, Cedar Springs Dam and Silverwood Lake Reservoir are a State Water Project under Chapter 1762, Statutes of 1959; and

WHEREAS, State Parks is authorized by Chapter 10, Part 3, Division 6, of Water Code, commonly referred to as the "Davis-Dolwig Act," and other provisions of law, to design, construct and operate and maintain public recreational facilities at State water projects; and

WHEREAS, State Parks may, under said Davis-Dolwig Act and other provisions of law, contract with local public agencies to design, construct, operate and maintain public recreation facilities at State water projects; and

WHEREAS, State Parks operates and manages the Silverwood Lake State Recreation Area at Silverwood Lake Reservoir; and

WHEREAS, CSD owns the Cleghorn Wastewater Treatment Plant building ("WWTP") and the force main and wastewater transport pipeline located on State Park property at Silverwood Lake State Recreation Area, and a disposal site located on CSD property north of Silverwood Lake State Recreation Area; and

WHEREAS, CSD is willing to provide wastewater treatment, transport, and disposal services for public recreation facilities at Silverwood Lake State Recreation Area; and

WHEREAS, CSD is willing to operate and maintain the WWTP; and

WHEREAS, State Parks and CSD desire to avail themselves of all provisions of law applicable to this Agreement and desire to exercise their powers as more fully set forth herein and in particular the power to provide wastewater treatment, transport and disposal services for Silverwood Lake State Recreation Area; and

WHEREAS, State Parks is authorized to enter into this Agreement pursuant to Section 5080.30 of the Public Resources Code and Section 6502 of the Government Code and CSD is authorized to enter into this Agreement by the provision of the Health and Safety Code Section 4700 et seq., Chapter 3, Part 3, Division 5;

### Covenants

NOW, THEREFORE, the parties hereto in order to effectuate the purposes hereinbefore set forth and in consideration of the covenants hereinafter contained do mutually covenant and agree as follows:

1. Operation and Maintenance of WWTP. CSD shall operate and maintain the WWTP, dedicated for the treatment of the wastewater from Silverwood Lake State Recreation Area. It is expressly understood and agreed that:
  - a. CSD shall operate and maintain in good repair and good working order the WWTP and shall accept and transport and treat in WWTP all wastewater up to the full plant design capacity of 200,000 gallons per day from Silverwood Lake State Recreation Area. CSD shall replace any portion of the WWTP necessitated by ordinary wear and tear or act or neglect on the part of CSD. CSD shall not be obligated to reconstruct the WWTP or any portion thereof except for cause as provided herein.
  - b. CSD shall undertake and be responsible for improvements and upgrades to the WWTP required by the State Regional Water Quality Control Board or otherwise. Furthermore, CSD shall undertake and be responsible for the planning (including environmental review under the California Environmental Quality Act), permitting, design, and construction of any

WWTP improvements or upgrades. Any such WWTP improvements or upgrades shall be approved by State Parks in writing prior to construction of such improvements or upgrades, which approval shall not be unreasonably withheld, delayed, or denied.

- c. Any improvements or upgrades to the WWTP shall become the property of CSD upon completion.
  - d. In the event the recreational lands in Silverwood Lake State Recreation Area are transferred out of State ownership, CSD's obligation to operate and maintain the WWTP shall terminate on the date of such transfer.
2. Costs to Operate and Maintain WWTP. State Parks shall compensate CSD for actual costs of the CSD's treatment of the wastewater from Silverwood Lake State Recreation Area as follows:
- a. There shall be two billing cycles for each State fiscal year. The billing cycles shall be July 1 through December 31 and January 1 through June 30.
  - b. CSD shall submit to State Parks a detailed and itemized invoice for each billing cycle. The invoice shall include the following items and each item shall include a detailed and itemized explanation of the costs:
    - i. Actual Labor Costs at labor hours X hourly rate (regular salary + benefits)
    - ii. Actual costs for Equipment
    - iii. Actual costs for Communications (ie. phone services)
    - iv. Actual costs for Maintenance Equipment
    - v. Actual costs for Maintenance Structures
    - vi. Actual costs for Utilities
    - vii. Actual costs for Special Department Expenses (ie. security, permits)
    - viii. Actual costs for Laboratory Work
    - ix. Actual costs for Maintenance, Repair, and/or Replacement of any portion of the WWTP
    - x. 20% of Actual costs of Labor (item i) and Equipment, Maintenance, Repair, Replacement, and Operation (items ii – ix) for CSD's Administration and Supervision costs.
  - c. State Parks may request further information or documentation on any item of the invoice.
  - d. State Parks shall submit payment to CSD within 90 days of receipt of an invoice submitted in accordance with this Agreement.

- e. Any late payment penalties shall be calculated in accordance with the California Prompt Payment Act, Government Code Section 927 et seq.
3. Costs for Capital Improvements to the WWTP. For capital improvements and/or upgrades to the WWTP made in accordance with Paragraph 1.b. of this Agreement, State Parks shall compensate CSD for the actual costs of such capital improvements and/or upgrades to the WWTP as follows:
- a. CSD shall submit to State Parks a detailed and itemized invoice, separate from the invoice for operation and maintenance, for the capital improvements and/or upgrades. The invoice shall include the following items and each item shall include a detailed and itemized explanation of the costs:
    - i. Actual Labor Costs at labor hours X hourly rate (regular salary + benefits)
    - ii. Actual costs for Equipment
    - iii. Actual costs for Planning
    - iv. Actual costs for Environmental Review
    - v. Actual costs for Design
    - vi. Actual costs for Construction
    - vii. Actual costs for Special Department Expenses (ie., permits)
    - viii. Actual costs for Laboratory Work
    - ix. 20% of Actual costs of Labor (item i) and Equipment, Planning, Environmental Review, Design, Construction, Permitting, and Laboratory Work (items ii – viii) for CSD's Administration and Supervision costs.
  - b. State Parks may request further information or documentation on any item of the invoice.
  - c. State Parks shall submit payment to CSD within 90 days of receipt of an invoice submitted in accordance with this Agreement.
  - d. Any late payment penalties shall be calculated in accordance with the California Prompt Payment Act, Government Code Section 927 et seq.
4. Term of Agreement. This Agreement shall become effective when approved by an authorized representative of State Parks and the CSD's Board of Directors.

The term of this Agreement shall be for a period of 10 years from the effective date of this Agreement. State Parks and CSD shall have an option to renew said Agreement for an additional 10 years or portion thereof upon mutual agreement of both parties hereto.

5. Termination of Agreement. This Agreement may be terminated as provided herein. Either party, by written notice to the other party, may terminate this Agreement at any time and without cause by giving written notice to the other party of such termination, and specifying the effective date thereof, at least 90 days before the effective date of such termination. Upon termination, CSD shall be fully compensated for all services and charges for which compensation is authorized pursuant to this Agreement.
  
6. Limitations of Agreement. Nothing herein shall authorize CSD, without prior approval from State Parks, to install wastewater treatment or disposal facilities on any State or federal land. It is expressly understood that nothing in this Agreement shall be construed to include the right to use of Silverwood Lake State Recreation Area property.
  
7. Lands Served by WWTP. The lands to be served by the WWTP are those lands which encompass Silverwood Lake State Recreation Area.
  
8. No Taxes or Assessments. Nothing herein shall be construed as consent by State Parks to the levy of any tax or assessment on any land within Silverwood Lake State Recreation Area so long as said lands are State-owned. Private improvements, private possessory interests and other taxable interests in said land are expressly excepted from this prohibition.
  
9. CSD Waiver of Claims. CSD hereby waives all claims and recourse against State Parks including the right to contribution for loss or damage to persons or property arising from, growing out of or in any way connected with the actions incident to this Agreement except claims arising from the concurrent or sole negligence of State Parks, its officers, agents, and employees.

10. State Parks Waiver of Claims. State Parks hereby waives all claims and recourse against CSD including the right to contribution for loss or damage to persons or property arising from, growing out of or in any way connected with the actions incident to this Agreement except claims arising from the concurrent or sole negligence of CSD, its officers, agents, and employees.
11. CSD Indemnification of State Parks. CSD shall indemnify, hold harmless, and defend State Parks, its officers, agents and employees against any and all claims, demands, damages, costs, expenses or liability arising from CSD acts or omissions arising out of or related to this Agreement, and for any costs or expenses incurred by State Parks on account of any claim therefore, except for liability arising out of the concurrent negligence or sole negligence of State Parks, its officers, agents or employees.
12. State Parks Indemnification of CSD. State Parks shall indemnify, hold harmless, and defend CSD, its officers, agents, and employees against any and all claims, demands, damages, costs, expenses or liability arising from State Parks acts or omissions arising out of or related to this Agreement, and for any costs or expenses incurred by CSD on account of any claim therefore, except for liability arising out of the concurrent negligence or sole negligence of CSD, its officers, agents, or employees.
13. Apportionment of Liability. In the event judgment is entered against State Parks and CSD because of the concurrent negligence of State Parks and CSD, their officers, agents or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Neither party shall request a jury apportionment.
14. Privileges and Immunities. Notwithstanding anything to the contrary in the Agreement, neither party waives any of the privileges and immunities from liability, exemptions from laws, ordinances, and rules, or any pension, relief, disability, worker's compensation, and/or other benefits which apply to the activity of officers, agents, or employees of either party.
15. No Assignment of Rights. No rights which State Parks or CSD has under this Agreement may be assigned to any other person, persons, corporation or entity without prior written approval of the other party. Any such transfer or assignment made in violation of this Section shall be void.

16. Complete Agreement. This Agreement contains the complete agreement of State Parks and CSD in regards to the subject matter of this Agreement and there are no other agreements, oral or written except as are included within the terms of this Agreement. Any amendments or clarifications to this Agreement must be in writing executed by both parties.
17. Severability. Should any provision of this Agreement be found to be void or unenforceable, it shall be severable from the rest of the Agreement and the remaining terms shall be enforced as if the unenforceable term had not existed.
18. Mutual Drafting. This Agreement shall be deemed to have been drafted by both parties, with each having equal say and status. In no event shall any term be interpreted more favorably as to one party or the other.
19. Interpretation of Agreement. This Agreement is made under and subject to the laws of the State of California in all respects as to interpretation, construction, operation, effect, and performance. Venue for any action that is brought in connection with this Agreement shall be in a state or federal court, as appropriate, located in the County of San Bernardino, State of California.
20. Compliance with Laws. The parties shall implement the actions in this Agreement in compliance with all applicable federal, state, and local laws and regulations.
21. No Third Party Beneficiaries. This Agreement does not confer any additional legal rights, liabilities or obligations between the parties or to third parties that do not already exist in law.

22. Independent Contractors. Each party shall perform its responsibilities and activities described herein as an independent contractor and not as an officer agent, servant, or employee of any of the other party hereto. Each party shall be solely responsible for the acts and omissions of its officers, agents, employees, contractors, and subcontractors, if any. Nothing herein shall be considered as creating a partnership or joint venture between the parties.

IN WITNESS WHEREOF, the parties have executed this Agreement effective 10/6/11, 2011.

CRESTLINE SANITATION DISTRICT

By Patty Whalen

Name/Title Patty Whalen, General Manager

Date 09/28/11

STATE OF CALIFORNIA  
DEPARTMENT OF PARKS AND RECREATION

By KA Weatherman

Name/Title District Superintendent

Date 10/6/11

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SILVERWOOD LAKE RESERVOIR PROJECT  
SEWERAGE AGREEMENT

THIS AGREEMENT, made and entered into this 10th day of July, 1971, by and between the STATE OF CALIFORNIA, acting through the DEPARTMENT OF PARKS AND RECREATION, hereinafter called "PARKS"; and the CRESTLINE SANITATION DISTRICT, hereinafter called "DISTRICT";

W I T N E S S E T H:

WHEREAS, Cedar Springs Dam and Silverwood Lake Reservoir are a State Water Project under Chapter 1762, Statutes of 1959; and

WHEREAS, PARKS is authorized by Chapter 10, Part 3, Division 6, of Water Code, commonly referred to as the "Davis-Dolwig Act", and other provisions of law, to design, construct and operate and maintain public recreational facilities at State water projects; and

WHEREAS, PARKS may, under said Davis-Dolwig Act and other provisions of law, contract with local public agencies to design, construct, operate and maintain public recreation facilities at State water projects; and

WHEREAS, DISTRICT plans to extend sewage disposal facilities from Crestline to an outfall north of Silverwood Lake; and

Post-it® Fax Note	7671	Date	6/7/75	# of pages	14
To	<i>Tina</i>	From	<i>Opil</i>		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #	760-962-1575	Fax #			

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W I T N E S S E T H:

WHEREAS, Cedar Springs Dam and Silverwood Lake Reservoir are a State Water Project under Chapter 1762, Statutes of 1959; and

WHEREAS, PARKS is authorized by Chapter 10, Part 3, Division 6, of Water Code, commonly referred to as the "Davis-Dolwig Act", and other provisions of law, to design, construct and operate and maintain public recreational facilities at State water projects; and

WHEREAS, PARKS may, under said Davis-Dolwig Act and other provisions of law, contract with local public agencies to design, construct, operate and maintain public recreation facilities at State water projects; and

WHEREAS, DISTRICT plans to extend sewage disposal facilities from Crestline to an outfall north of Silverwood Lake; and

Post-It® Fax Note	7671	Date	6/7/75	# of pages	14
To	Jana	From	Jacil		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #	760-962-1575	Fax #			

1. WHEREAS, DISTRICT is willing to incorporate into its design  
2 and construction the capacity and facilities necessary to provide  
3 sewage treatment and disposal service for public recreation  
4 facilities at the Silverwood Lake Reservoir Project, and desires  
5 to enter into a contract for such work; and

6  
7 WHEREAS, DISTRICT is willing to own, operate and maintain  
8 said sewerage facilities; and

9  
10 WHEREAS, PARKS and DISTRICT desire to avail themselves of  
11 all provisions of law applicable to this agreement and desire to  
12 jointly exercise their powers as more fully set forth herein and  
13 in particular the power in common to provide sewage disposal  
14 facilities for Silverwood Lake Reservoir Project; and

15  
16 WHEREAS, PARKS is authorized to enter into this contract  
17 pursuant to Section 5003 of the Public Resources Code and Chapter 5,  
18 Division 7, Title 1, Section 6504 of the Government Code of the  
19 State of California and DISTRICT is authorized to enter into this  
20 contract by the provision of the Health and Safety Code 4700, et  
21 seq., Chapter 3, Part 3, Division 5, and the aforementioned Chapter  
22 5 of the Government Code;

23  
24 NOW, THEREFORE, the parties hereto in order to effectuate  
25 the purposes hereinbefore set forth and in consideration of the  
26 covenants hereinafter contained do covenant and agree as follows:

27 ---

1           2.   DISTRICT shall construct the said sewerage facilities so  
2 that a complete facility will be available for treating and disposing  
3 of the sewage from the recreation facilities by March 30, 1973.

4  
5           PARKS has designed and will contract for and diligently  
6 pursue to completion the construction of a sewer system within the  
7 recreation area which will deliver sewage to the Silverwood treatment  
8 plant upon the completion of said plant.

9  
10          3.   PARKS will make advance payments to DISTRICT as provided  
11 hereinafter aggregating of:

12  
13           a.   An amount not to exceed TWO HUNDRED TWO THOUSAND DOLLARS  
14               (\$202,000.00) for the construction of a 200,000 gallon  
15               per day treatment plant to treat the sewage from the  
16               recreation development at Silverwood Lake Reservoir  
17               Project and a pumping plant with force main to pump the  
18               effluent into the effluent line referred to in "b" next  
19               below.

20  
21           b.   An amount not to exceed TWO HUNDRED THOUSAND DOLLARS  
22               (\$200,000.00) for the inclusion in the DISTRICT'S  
23               effluent line and disposal facilities of capacity to  
24               handle the effluent from said treatment plant. Said  
25               capacity shall be 200,000 gallons per day in addition  
26               to the capacities required by the other users of the  
27               effluent line and disposal facilities.

1 1. DISTRICT will, without cost to PARKS except for the  
 2 payments herein expressly provided for, plan and design, supply  
 3 labor, material, equipment and land and rights of way for, and  
 4 construct and install the sewage treatment and disposal facilities  
 5 as shown on Exhibit A attached, which exhibit is by reference  
 6 incorporated herein for all purposes, and are hereinafter referred  
 7 to as "said sewerage facilities" necessary to treat sewage from the  
 8 Silverwood Lake Reservoir Project development and transport the  
 9 effluent therefrom to a disposal site outside the watershed tributary  
 10 to the reservoir. Said sewerage facilities are to become the  
 11 property of DISTRICT upon the completion thereof.

12  
 13 Said sewerage facilities are to be constructed and held to  
 14 be in two parts:

15  
 16 a. The first shall be a treatment plant of 200,000 gallons  
 17 per day capacity to serve the recreational facilities at  
 18 Silverwood Lake Reservoir Project and a pumping station  
 19 to pump the effluent from said plant into the effluent  
 20 line noted in "b" next below.

21  
 22 b. The second shall be a treated sewage effluent line to  
 23 carry effluent to a disposal area as hereinbefore noted.

24 \_\_\_\_\_  
 25 \_\_\_\_\_  
 26 \_\_\_\_\_  
 27 \_\_\_\_\_

1           In the event the capacity of said treatment plant or  
2 effluent lines are increased for sewage from outside the land to be  
3 served under this agreement as shown on Exhibit A, PARKS shall not  
4 share in the cost of capacity in excess of 200,000 gallons per day.  
5

6           The payments provided for under preceding subparagraphs  
7 "a" and "b" of this article will be made to the DISTRICT not more  
8 than once each month in an amount to be estimated by the DISTRICT  
9 as necessary to prevent a deficit balance in the project financing.

10 Payments will be made contingent upon the following conditions:

11  
12       (1) The project must have been certified for federal and  
13 state funding participation by the State Water Resources  
14 Control Board and a satisfactory grant offer must have  
15 been made under the Federal Water Pollution Control Act  
16 33USC466 et seq. and accepted by DISTRICT.

17  
18       (2) Plans must have been approved by PARKS.

19  
20       (3) A contract for construction of facilities described in  
21 paragraph 1 herein must have been approved by PARKS and  
22 awarded to the lowest responsible bidder.

23  
24       (4) An invoice for payment must have been signed by a  
25 responsible DISTRICT official and submitted to PARKS.  
26  
27



1 DISTRICT shall be fully reimbursed by PARKS for costs  
2 incurred by the DISTRICT for reengineering of previously designed  
3 facilities necessitated by changes requested by PARKS except for  
4 any portion of such costs covered by State or federal grants.

5  
6 The DISTRICT shall be reimbursed by PARKS in total for  
7 additional construction costs which are not reimbursed in part  
8 by state or federal grants incurred as a result of changes made at  
9 the request of PARKS.

10  
11 DISTRICT will provide engineering services as necessary  
12 to review PARKS' designs and plans of collection systems and pump  
13 stations in the Silverwood Lake recreation area to be served by  
14 proposed 200,000 gallon per day treatment plant.

15  
16 In any event, payment by State hereunder shall not exceed the  
17 sum of \$402,000.

18  
19 Any excess of payments made by PARKS as determined by the  
20 procedures set forth herein shall be repaid forthwith.

21  
22 5. Upon completion of performance by DISTRICT as required  
23 under section 1 hereof, title to said coverage facilities shall  
24 be vested in DISTRICT, subject to operation, maintenance and  
25 repair under the terms of this agreement and to the right of PARKS  
26 to discharge up to 200,000 gallons per day of sewage into said  
27 facilities from Silverwood Lake Reservoir Project.

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6. It is expressly understood and agreed that:

a. All connections to the Grastline Sanitation District line and the sewage treatment plant built to serve the recreation development shall be in accordance with plans approved by the DISTRICT.

b. DISTRICT shall, without cost to PARKS except as herein expressly provided for, operate and maintain in good repair and good working order said sewerage facilities and shall accept and transport through said sewerage facilities and treat in said plant all sewage up to a total of 200,000 gallons per day from Silverwood Lake Reservoir Project. DISTRICT shall replace any portion of said sewerage facilities necessitated by ordinary wear and tear or act or neglect of the DISTRICT. DISTRICT shall not be obligated to reconstruct said sewerage facilities or any portion thereof except for cause as provided herein.

c. PARKS agrees to pay annually in arrears on or before September 1 of each year a proportionate share of the cost necessarily incurred by DISTRICT in the acceptance, transportation, treatment and disposal of said sewage through the operation, maintenance and repair of said sewerage facilities upon receipt of an invoice therefor.

1 d. PARKS' proportionate share of the annual cost for operation,  
2 maintenance and repair of said sewage treatment plant,  
3 and said pumping station shall be based upon the ratio  
4 of the amount of sewage discharged or disposed from  
5 facilities in Silverwood Lake Reservoir Project into  
6 said sewage treatment plant to the total amount of  
7 sewage discharged from said sewage treatment plant. Said  
8 sewage treatment plant facilities shall be designed to  
9 accommodate such metering devices as are necessary to  
10 determine the respective flows noted. The cost of devices  
11 to meter sewage flows from the recreation development will  
12 be borne by PARKS subject to the limitations of section 4  
13 hereunder. All other metering devices shall be paid for by  
14 DISTRICT or dischargers of other sewage flows.

15  
16 e. PARKS' proportionate share of the annual cost for operation,  
17 maintenance and repair of said effluent line and disposal  
18 area shall be based upon the ratio of the amount of sewage  
19 discharged or disposed from facilities in Silverwood Lake  
20 Reservoir Project into said sewage treatment plant to the  
21 total amount of sewage discharged from said effluent line  
22 into said disposal area.

23  
24 f. In any event PARKS' share of the annual cost for operation,  
25 maintenance and repair of said sewage facilities as  
26 determined under subparagraphs "d" and "e" hereof shall not  
27 be less than \$600.00 per month.

1 g. It is expressly understood that in determining the cost  
 2 incurred by DISTRICT for operation, maintenance and  
 3 repair of said sewerage facilities that such cost shall  
 4 not include any cost of financing any part of said  
 5 facility or repayment of any loan or bonded indebtedness,  
 6 nor shall attorney's fees or interest or other such  
 7 costs be included.

8  
 9 h. PARKS' obligation to pay a share of the cost of operation,  
 10 maintenance and repair of said sewage facilities is subject  
 11 to the availability of funds for this purpose and to the  
 12 limitation that PARKS' obligation to make such payment  
 13 shall terminate on the date the recreational lands in said  
 14 Silverwood Lake Reservoir Project are transferred out of  
 15 State ownership.

16  
 17 DISTRICT may suspend service if any invoice for service  
 18 charges remain unpaid after ninety (90) days of receipt thereof by  
 19 PARKS. The provision terminating PARKS' obligations to pay service  
 20 charges is not intended to relieve PARKS' successor of the obligation  
 21 to pay the reasonable value for sewer services.

22  
 23 7. DISTRICT before commencing construction and installation of  
 24 each phase of said sewerage facilities shall submit to PARKS for their  
 25 approval the plans and specifications therefor. For each phase PARKS  
 26 reserves the right to disapprove any such plan or specification. All  
 27 construction of sewerage facilities shall be performed by DISTRICT only  
 28 in accordance with the approved plans and specifications.

JMT PAPER  
 7501 CALIFORNIA  
 1113 INDIAN WELLS  
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1           8. This agreement shall become effective when approved by the  
 2 State Department of General Services. The term of this contract shall  
 3 be for a period of twenty-five (25) years from the date first above  
 4 written. PARKS shall have an option to renew said agreement for an  
 5 additional twenty-five (25) years or portion thereof. It is further  
 6 agreed that said agreement may be amended by mutual consent of the  
 7 parties hereto, their successors or assigns, and that the terms hereof  
 8 and amendments hereto shall be made binding on the successors or assigns  
 9 of PARKS and DISTRICT except that the period of contract of 25 years  
 10 with renewal option of 25 years shall be subject to a separate  
 11 agreement with DISTRICT and successors or assigns of PARKS and  
 12 Section 6 stipulating operating and maintenance covenants shall be  
 13 subject to a separate agreement with DISTRICT and successors or  
 14 assigns of PARKS.

15  
 16           9. Nothing herein shall authorize DISTRICT to install said  
 17 sewerage facilities in any public road or on any state or federal  
 18 land. It is expressly understood that nothing in this agreement shall  
 19 be construed to include the right to use of State project land at or  
 20 for Silverwood Lake Reservoir Project. Said rights as are required  
 21 by DISTRICT shall be subject to a separate agreement under which the  
 22 Department of Water Resources shall act for the State.

23  
 24           10. The lands to be served by said sewerage facilities are those  
 25 lands which are shown on Exhibit A.

26 ---  
 27 ---

1 11. Nothing herein shall be construed as consent by PARKS to  
 2 the levy of any tax or assessment on any land within Silverwood Lake  
 3 Reservoir Project so long as said lands are state-owned. Private  
 4 improvements, private possessory interests and other taxable interests  
 5 in said land are expressly excepted from this prohibition.

6  
 7 12. The attached fair employment practices addendum Standard  
 8 Form 3 (4/65) is incorporated herein for all purposes and made a  
 9 part hereof and for the purpose of this agreement the term contractor  
 10 shall mean DISTRICT.

11  
 12 13. DISTRICT hereby waives all claims and recourse against PARKS  
 13 including the right to contribution for loss or damage to persons or  
 14 property arising from, growing out of or in any way connected with or  
 15 incident to this agreement except claims arising from the concurrent  
 16 or sole negligence of PARKS, its officers, agents and employees.

17  
 18 DISTRICT shall indemnify, hold harmless, and defend PARKS,  
 19 its officers, agents and employees against any and all claims, demands,  
 20 damages, costs, expenses or liability costs arising out of the  
 21 acquisition, development, construction, operation or maintenance of  
 22 the property described herein which claims, demands or causes of  
 23 action arise under Government Code Section 895.2 or otherwise except  
 24 for liability arising out of the concurrent or sole negligence of  
 25 PARKS, its officers, agents or employees.

26 ---  
 27 ---

FAIR EMPLOYMENT PRACTICES ADDENDUM

1. In the performance of this contract, the Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, ancestry, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, ancestry, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the State setting forth the provisions of this Fair Employment Practices section.

2. The Contractor will permit access to his records of employment, employment advertisements, application forms, and other pertinent data and records by the State Fair Employment Practice Commission, or any other agency of the State of California designated by the awarding authority, for the purposes of investigation to ascertain compliance with the Fair Employment Practices section of this contract.

3. Remedies for Willful Violation:

(a) The State may determine a willful violation of the Fair Employment Practices provision to have occurred upon receipt of a final judgment having that effect from a court in an action to which Contractor was a party, or upon receipt of a written notice from the Fair Employment Practices Commission that it has investigated and determined that the Contractor has violated the Fair Employment Practices Act and has issued an order, under Labor Code Section 1426, which has become final, or obtained an injunction under Labor Code Section 1429.

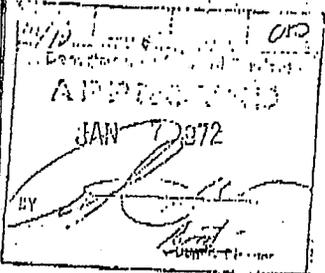
(b) For willful violation of this Fair Employment Practices provision, the State shall have the right to terminate this contract either in whole or in part, and any loss or damage sustained by the State in securing the goods or services hereunder shall be borne and paid for by the Contractor and by his surety under the performance bond, if any, and the State may deduct from any moneys due or that thereafter may become due to the Contractor, the difference between the price named in the contract and the actual cost thereof to the State.

1 In the event PARKS is named as codefendant under the  
 2 provisions of the Government Code, Section 825, et seq., the DISTRICT  
 3 shall notify PARKS of such fact and shall represent PARKS in such  
 4 legal action unless PARKS undertakes to represent itself as codefendant  
 5 in such legal action in which event PARKS shall bear its own litigation  
 6 costs, expenses and attorney's fees.

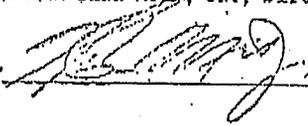
7  
 8 In the event judgment is entered against PARKS and DISTRICT  
 9 because of the concurrent negligence of PARKS and DISTRICT, their  
 10 officers, agents or employees, an apportionment of liability to pay  
 11 such judgment shall be made by a court of competent jurisdiction.  
 12 Neither party shall request a jury apportionment.

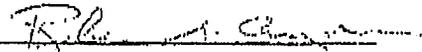
13  
 14 14. The DISTRICT certifies and warrants that the prices, wages,  
 15 or salaries required to be paid under this contract by the State to the  
 16 DISTRICT are not higher than those permitted under Executive Order  
 17 No. 11615 executed by the President of the United States on August 15,  
 18 1971.

19  
 20 IN WITNESS WHEREOF, the parties have executed this agreement  
 21 on the date first above appearing.

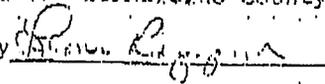
22 

STATE OF CALIFORNIA  
 DEPARTMENT OF PARKS AND RECREATION  
 WILLIAM FERRIS HOLT, JR., Director

23  
 24  
 25  
 26 By   
 27 CRESTLINE SANITATION DISTRICT

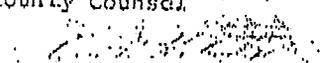
By   
 RUBEN S. AYALA, Chairman  
 Board of Supervisors of San Bernardino County as Governing  
 Body of the Crestline Sanitation District

LEONA RAPAPORT, Clerk of  
 the Board of Supervisors  
 of San Bernardino County

By 

Approved as to form this  
 9th day of January  
 1971

Stanford D. Harlick  
 County Counsel

By   
 Deputy County Counsel

(REAL)

COURT PAPER  
 STATE OF CALIFORNIA  
 STD. 113 (REV. 11-70)  
 CREATED BY 2000 17 00P

**AGREEMENT  
BETWEEN  
CRESTLINE SANITATION DISTRICT  
AND  
RANCHO LAS FLORES LLC**

This Agreement is made and entered into this 28<sup>th</sup> day of November, 2011, by and between CRESTLINE SANITATION DISTRICT ("District"), a public district governed by the District's Board of Directors, and RANCHO LAS FLORES LLC ("Ranch"), a Delaware limited liability company. This Agreement supersedes all previous agreements between these parties regarding the subject matter hereof.

**1. RECITALS**

WHEREAS, it is to the mutual benefit of the Ranch and the District for the Ranch to allow the use of certain of its lands for the disposal of treated wastewater (effluent) and for the Ranch to irrigate its land with said effluent; and

WHEREAS, the District will grant a license to the Ranch for ingress and egress by vehicle across District property and allow the flow of water from the State Water Project flowing to Lake Silverwood via the dissipater box to cross District property to irrigate Ranch lands; and

WHEREAS, the District wishes to continue flowing effluent onto Ranch lands.

NOW, THEREFORE, the District and the Ranch agree as follows:

**2. GENERAL PROVISIONS**

(A) The District will provide effluent that will meet the discharge requirement of Board Order No. 6-94-57, Revised Reclamation Requirements, as adopted by the California Regional Water Quality Control Board (Lahontan Region) on June 30, 1994, and all subsequent revisions.

(B) The District has provided and will continue to maintain four (4) monitoring wells to insure against contamination of the groundwater in the area. The Ranch will grant to the District the right of access across Ranch property to maintain and operate the District's monitoring wells.

(C) The District will grant a license for ingress and egress to the Ranch, thirty feet (30') in width across District property, to permit access by vehicle for the purpose of pipe repair and access to Ranch property, said license to terminate upon termination of this Agreement. The District shall have the right to approve any construction or improvements to the access road.

(D) The District will permit Silverwood Lake water from the Department of Water Resources dissipater box to be piped across District property.

(E) The Ranch will accept all of the effluent produced by the District. The Ranch shall not acquire water rights to the effluent.

(F) Under discharge requirements issued by the California Regional Water Quality Control Board (Lahontan Region), Order # 6-96-24, for the use and disposal of the effluent, the Ranch will allow the flow of effluent onto Ranch property. Said effluent is to be used in a beneficial manner, including recharge to the groundwater basin through percolation.

### 3. INDEMNIFICATION

(A) The Ranch agrees to indemnify, defend, and hold harmless the District and its directors, agents, officers, and employees against any and all actions or causes of action, claims, demands, liabilities, and damages arising from the use of the access road, the water channel, or pipelines across District property by the Ranch and/or its agents, officers, or employees.

(B) The District agrees to indemnify, defend, and hold harmless the Ranch and its agents, officers, and employees against any and all actions or causes of action, claims, demands liabilities, and damages arising from the use of the access road, the water channel, or pipelines across District property by the District and/or its agents, officers, or employees.

(C) The District agrees to indemnify, defend, and hold harmless the Ranch and its agents, officers, and employees against any and all actions or causes of action, claims, demands, liabilities, and damages arising from the acts or omission of the District and/or its agents, officers, or employees in connection with the percolation of and/or flow of effluent onto or across the Ranch properties.

(D) The Ranch agrees to indemnify, defend, and hold harmless the District and its directors, agents, officers, and employees against any and all actions or causes of action, claims, demands, liabilities, and damages arising from the acts or omissions of the Ranch and/or its agents, officers, or employees in connection with the percolation of and/or flow of effluent onto or across the Ranch properties.

### 4. TERM

This Agreement shall remain in full force and effect until December 31, 2012, and may be extended, by mutual consent of the parties, for a period of not less than one year or until this Agreement is superseded and replaced by a new agreement negotiated between these parties. Termination may occur sooner if both parties agree.

5. SUCCESSION

This Agreement shall inure to the benefit of and be binding upon the heirs, successors, executors, administrators, and assigns of the parties hereto.

6. AUTHORITY

The District and the Ranch warrant that all necessary approvals for the execution of this Agreement have been obtained and that the undersigned representatives have the authority to execute this Agreement.

DISTRICT

RANCH

By: Matthew Phillippe  
Matthew Phillippe  
Chairman, Board of Directors  
Crestline Sanitation District

By: D.W. Hutchings  
D.W. Hutchings  
Chairman  
Rancho Las Flores LLC

Dated: 12/16/10

Dated: 12/13/11

# Rancho Las Flores

REC'D CRESTLINE SANITATION 14 JAN 11 AM 09:44

January 12, 2011

Kathy Whalen  
Crestline Sanitation District  
PO Box 3395  
Crestline, CA 92325-3395

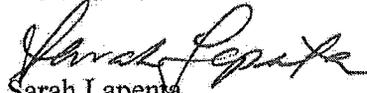
Re: Agreement between Crestline Sanitation District and Rancho Las Flores, LLC

Kathy:

Enclosed is the Agreement between Crestline Sanitation District and Rancho Las Flores, LLC, dated December 9, 2010, and signed by Donald Hutchings.

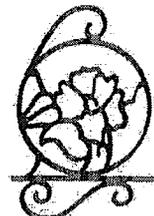
Please let us know if you need anything else.

Thank you,



Sarah Lapenta  
Office Manager  
Rancho Las Flores, LLC

Cc: Bill Betterley



**AGREEMENT  
BETWEEN  
CRESTLINE SANITATION DISTRICT  
AND  
RANCHO LAS FLORES LLC**

This Agreement is made and entered into this 9<sup>th</sup> day of December, 2010, by and between CRESTLINE SANITATION DISTRICT ("District"), a public district governed by the District's Board of Directors, and RANCHO LAS FLORES LLC ("Ranch"), a Delaware limited liability company. This Agreement supersedes all previous agreements between these parties regarding the subject matter hereof.

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DISTRICT

RANCH

By: Matthew Phillippe  
Matthew Phillippe  
Chairman, Board of Directors  
Crestline Sanitation District

By: D.W. Hutchings, Chairman  
D.W. Hutchings  
Chairman  
Rancho Las Flores LLC

Dated: 12/9/10

Dated: 1/11/2011