Appendix N-1

EMWD/WMWD Interagency Agreement
for Intertie to Serve March ARB

INTERAGENCY AGREEMENT
FOR
EASTERN/WESTERN INTERTIE CONNECTION
TO SERVE MARCH AIR RESERVE BASE AREA

This Agreement is made and entered into this 9th day of NOVEMBER 2015 of, by, and between **EASTERN MUNICIPAL WATER DISTRICT** ("Eastern") and **WESTERN MUNICIPAL WATER DISTRICT** ("Western"), both public agencies duly formed and operating under the Municipal Water District Law of the State of California. Eastern and Western are sometimes individually referred to herein as "Party" and collectively as the "Parties".

RECITALS

WHEREAS, Western is the Water and Sewer service provider to the March Air Reserve Base (MARB) Area located within Western's General District Boundaries;

The March Joint Powers Authority ("MJPA") received property conveyed from the United States Government upon which is located the March Air Reserve Base ("MARB"). The MARB is located within WMWD's service area. The MJPA conveyed to WMWD certain real and personal property, including various pipelines, pumps, treatment systems, capacity rights in EMWD's water system, and other utility facilities (collectively referred to as "Facilities") for the provision of water and sewer service within and outside the boundaries of MARB.

WHEREAS, the Parties entered into that certain Interagency Agreement, dated April 6, 1983, which provides that the Air Force, the predecessor of March Joint Powers Authority ("MJPA"), will participate financially in an Eastern pipeline in order to provide capacity to MARB for water service. Since MARB is located within Western's service area, all water delivered to MARB through the Eastern pipeline must be sold by Eastern to Western on a wholesale basis, for retail resale by Western.

WHEREAS, EMWD provides wholesale water to MARB through EMWD owned and operated MARB Service Connections listed below; all water provided through these service connections is sold by EMWD to WMWD on a wholesale basis, for retail resale to MARB by WMWD. The MARB Service Connections are shown on the attached **"Exhibit A",** which is attached hereto, and shall be referred to in this agreement as follows:

- Service Connection No. 1 – Alessandro/Barton
- Service Connection No. 2 – Westgate (Cactus Avenue)
- Service Connection No. 3 – Eastgate (Heacock Street and John F. Kennedy Drive)
- Service Connection No. 4 – Phillips (at March Global Port)
- Service Connection No. 5 – March Global Port (Heacock Street and San Michele Road);
- Service Connection No. 6 – March Life Care (Cactus Avenue and Riverside Avenue) and

WHEREAS, Western currently has the capacity to serve approximately 5 cubic feet per second (cfs) of potable water to MARB through an existing 14-inch diameter pipeline from its 1837 pressure zone (PZ);

WHEREAS, Western currently owns and maintains 5 cfs of supply capacity to the MARB Area

via a 14-inch diameter pipeline under the I-215 immediately north of Van Buren Blvd;

WHEREAS, based on the Western's 2014 MARB Area Water Supply Master Plan and actual 2014 water demands by MARB Area tenants, the MARB Area's ultimate water demand (maximum day demand plus fire flow) is estimated to be approximately 18.4 cfs;

WHEREAS, Western has the immediate planning need for up to 13.4 cfs (maximum day demand plus fire flow) of additional potable water supply to serve MARB Area at ultimate build-out;

WHEREAS, Eastern owns and operates potable water facilities hydraulically capable to supply the MARB Area and has indicated that Western could utilize capacity in some of the Eastern-owned potable water facilities for benefit of the MARB Area conditioned upon payment of equitable amounts to Eastern for the value of the benefit Western receives from those facilities;

WHEREAS, Western owns a 10 cfs conveyance right in Eastern's 54-inch diameter pipeline in Cactus Avenue and proposes to convey that conveyance right to Eastern as part of the consideration of payments to Eastern for use of Eastern-owned potable water facilities;

WHEREAS, Western's existing service connections as indicated herein shall be subsequently abandoned after construction has been completed on the new intertie connection and after the first exercise of the incremental purchase of water capacity;

WHEREAS, Western desires to accept deliveries of purchased potable water from Eastern at the location shown and depicted on "**Exhibit A**", which are attached hereto, and incorporated herein; and

WHEREAS, significant savings can be realized benefiting both parties as well as the future customers within the MARB Area through the use of Eastern's facilities to serve ultimate MARB Area water demand;

WHEREAS, the parties desire to enter into this Agreement in order to provide for the delivery and receipt of water supplies to MARB Area on a routine and continuous basis made through incremental purchases of water capacity;

NOW THEREFORE, in consideration of the provisions herein contained, the parties agree as follows:

AGREEMENT

I. INCORPORATION OF RECITALS

The Recitals set forth above are incorporated into and are a part of this Interagency Agreement.

II. AGREEMENT TERM

1. The term of this Agreement shall begin on the fully executed date and shall continue for a period of Ten (10) years, unless extended in writing by mutual agreement or sooner terminated as provided for herein. Following the first exercise of the purchase of incremental water capacity, the Agreement term shall be permanent unless terminated for cause.

2. Upon mutual consent, the parties will consider re-negotiation of terms of this

agreement every 5 years from the first exercise of incremental water capacity.

III. FACILITIES

1. Eastern, hereby, agrees to provide potable water service to Western at the active location(s) described herein, identified in "**Exhibit A**", which is attached hereto, and pursuant to the terms and conditions provided, herein.

2. Western shall, at all times, comply with all current Eastern, local, State, and Federal regulatory agency rules and regulations pertaining to the use of potable water.

3. Western will construct, or cause to be constructed at Western's sole expense, an intertie capable of delivering up to 18.4 cfs (up to 13.4 cfs initially and 5 cfs reserve for future use) of potable water between Eastern's existing potable water system and the MARB Area. This facility will be located at the intersection of Cactus Avenue and Riverside Avenue in the City of Moreno Valley and shall generally consist of a meter, pressure reducing station, pipelines, and related appurtenances to connect Eastern's 1764 PZ with MARB's 1698 PZ. Eastern and Western will review and approve easements and plans for the intertie. Western will initiate preparation of plans and specifications for the proposed intertie for review and final approval in writing from Eastern. Ownership responsibilities will be detailed in the plans. Completion will be defined by filing of the Notice of Completion (NOC) with the County. Eastern will review and approve NOC prior to recordation.

4. Western will abandon, or cause to be abandoned at Western's sole expense, the following existing service connections including related facilities and appurtenances :

   - Service Connection No. 1 – Alessandro/Barton
   - Service Connection No. 2 – Westgate (Cactus Avenue)
   - Service Connection No. 3 – Eastgate (Heacock Street and John F. Kennedy Drive)

   Western will initiate preparation of abandonment plans and specifications for above noted connections for review and final approval in writing from Eastern. Completion will be defined by filing of the Notice of Completion (NOC) with the County. Eastern will review and approve NOC prior to recordation.

   Said connections shall be subsequently abandoned after construction has been completed for the proposed intertie connection (Connection No. 6). Service connection abandonments must be completed within one (1) year of completion (one year from date of filed notice of completion) of the proposed intertie connection (Connection No. 6). The only active connections that shall remain after this agreement will be the Phillips Connection (Service Connection No. 4), the March Global Port Connection (Service Connection No. 5) as amended and the proposed MARB Area intertie (Service Connection No. 6).

5. Western shall be responsible for ensuring backflow prevention consisting, at a minimum, of a double check valve assembly. No cost or expense, of any kind, relating to the installation, inspection, testing, and/or repair or replacement of a backflow prevention device shall be paid by or the responsibility of Eastern.

6. Eastern will provide up to 4.5 cfs maximum day demand (MDD) on a continuous basis at the intertie.

7. Eastern will provide up to 8.9 cfs fire flow or other emergency flow in addition to the MDD flow as needed at the intertie.

8. Eastern will provide up to 3.2 million gallons (MG) of storage in its 1764 PZ for use by MARB for MDD and fire flow purposes.

9. Western will purchase the following infrastructure rights for ultimate water demands in accordance with the costs detailed in Table 1 herein and under the purchase conditions further discussed in this agreement.

   - MDD and Fire Flow Storage – up to 3.2 MG
   - Pumping Conveyance in Cactus Booster Pumping Station – up to 4.5 cfs
   - Conveyance Capacity in Cactus Feeder – Western will grant its10 cfs right to Eastern in exchange for a 9.5 cfs right in the existing Cactus II Feeder. Only 4.5 cfs of the transferred right is being utilized at this time. Therefore, 5 cfs of the exchanged capacity will remain dormant at this time. The purchased capacity in the Cactus Booster Pumping Station shall always match the purchased capacity in the Cactus Feeder. The remaining dormant capacity may be activated upon approval in writing at the discretion of Eastern's General Manager.
   - Fire Flow or other emergency conveyance capacity from storage – up to 13.4 cfs

   Said capacity rights will be conveyed to Western upon payment to Eastern.

   Western will own, operate and maintain the intertie facility, except as delineated on the final approved plans. Western will provide Eastern necessary easements to access and maintain Eastern's meter on Western's property. Western will prepare easements and complete recordation of the same prior to initiation of service at the proposed intertie (Connection No. 6).

10. Western is aware, and acknowledges, that delivery pressure may vary within Eastern's potable water distribution system. Western shall be responsible for providing facilities and appurtenances to provide adequate pressure downstream of the intertie.

IV. CAPACITY TRANSFER AND PURCHASE

Within 30 days of completion of intertie connection:

1. Western will transfer its 10 cfs capacity in Eastern's 54-inch diameter water pipeline (1680 PZ) along Cactus Avenue to Eastern at a ratio of 0.95 to 1.0 (i.e., equivalent to 9.5 cfs) to offset purchase of transmission rights in the Cactus Feeder (4.5 cfs will be activated immediately and 5 cfs will remain dormant as described above).
2. Eastern and Western will continue to utilize the emergency connection (Interagency Agreement dated April 6, 1983 as amended in 2005) at the civil airport facility on the southeast side of the MARB Area known as Global Port (Service Connection No. 5).
3. Eastern will provide Western with 4.5 cfs in capacity in its 48-inch diameter transmission pipeline along Cactus Avenue in the 1764 PZ (Cactus Feeder) at no cost.

4. Western will purchase MDD capacity up to 4.5 cfs in Eastern's Cactus Booster Pumping Station facility incrementally.

5. Western will purchase up to 8.9 cfs (4,000 gpm) fire flow capacity in Eastern's Box Springs conveyance system in addition to the MDD flow as needed at the intertie.

6. Western will purchase up to 3.2 MG of storage from the existing Box Springs storage tanks (1764 PZ storage) to the point of delivery at the intertie incrementally.

7. Upon the decision to purchase capacity, Western will submit, in writing a request to purchase capacity and the amount to be purchased. The purchase of capacity is limited to the capacities as indicated herein. An amendment to this agreement is required if a purchase of capacity is desired above and beyond the limits of this agreement.

8. Eastern, upon receipt of capacity purchase request from Western, will confirm availability of capacity, calculate capacity purchase cost and submit calculations to Western for concurrence prior to finalization of billing invoice for such purchase.

9. Eastern will present final billing invoice to Western and payments for capacity purchases are due upon presentation of the statement, and become delinquent if not paid within thirty (30) days from the date of such billing. Delinquent accounts are subject to Eastern's standard late penalty charges and disconnect procedures in effect at the time of the delinquency.

V. CAPACITY PURCHASE CAPS

For planning purposes, the following limits shall apply in regards to maximum capacity purchases under this agreement:

- 4.5 cfs pumping capacity in the Cactus Booster Pumping Station
- 4.5 cfs conveyance capacity in the Cactus Feeder
- 3.2 MGD Storage in the Box Springs Storage Tanks (1764 PZ)
- 13.4 cfs MDD and fire flow capacity in Box Springs System

Restricted Water Supply or Delivery Capabilities. Western hereby expressly acknowledges and agrees that Eastern's ability to deliver water from and through the proposed intertie to Western for resale to and delivery to the MARB Area shall be subject to the availability of water from Metropolitan Water District (MWD) and other factors or conditions not within the control of Eastern. Therefore, the parties hereby agree that if and when, for any reason, MWD cannot or does not make sufficient quantities of water available to Eastern through EM-23, or the proposed intertie has been damaged by, for example, a natural disaster, or other conditions occur which limit Eastern's ability to deliver water from and through the proposed intertie, the maximum delivery of water to Western for resale and delivery to the MARB Area shall be limited to the quantities of water at the discretion of and as determined by Eastern. In the event fire flows occur simultaneously within each District, Eastern shall have priority over Western for use of the fire flow and/or Eastern will opt to relinquish the priority to Western in writing at the discretion of Eastern's General Manager.

VI. PHASING

1. As development occurs within the MARB Area, MDD and fire flow demand will be calculated and Western will purchase from Eastern the required transmission,

pumping, and storage capacity in a minimum of whole MG and CFS increments using the capacity unit costs identified in Section VII Conveyance Costs, Table 1 herein. Any remaining fractional capacity (after whole MG or CFS purchases are completed) will be purchased at the full remaining fractional increment (i.e. if 0.6 MG is remaining, the complete 0.6 MG is to be purchased without further division).

2. Projected demands and existing supplies of the MARB Area shall be calculated before new projects in the MARB Area are approved by Western. Such project demand calculations shall be reviewed and approved by both Western and Eastern and shall be appended to, and incorporated into, this agreement.

3. Increase in capacity participation in one facility component (example: pumping station) requires a prorated increase (1 cfs to 1.5 MG ratio) in capacity participation in all facilities (i.e., storage, pipelines, pumping stations, etc.) as identified in Section VII Conveyance Costs, Table 1 herein.

VII. CONVEYANCE COSTS

The following cost will go into effect up on the first exercise of the incremental purchase of water capacity:

1. CAPACITY PURCHASE PRICE - Unit pricing for transmission pumping, and storage capacities will be calculated in accordance with the following table:

Table 1
Eastern Capacity Unit Costs

Description	Escalated*
Storage	$1,662,751/MG
Cactus Booster Pumping Station Capacity	$197,999/cfs
Cactus Feeder Capacity	$250,507/cfs
Conveyance Capacity from Box Springs Storage to Intertie	$192,943/cfs

Note: *Escalated as of May 2015

2. These costs are applicable as of the fully executed date of this agreement and will be revised on July 1 of each succeeding year by applying the Engineering News Record (ENR) Construction Cost Index for Los Angeles.

3. DELIVERY OF WATER - Eastern will report on a monthly basis the amount of potable water deliveries made during the preceding month based on the meter reading made by Eastern at the Intertie, other active connections, and netted with deliveries at the existing MARB Area connection(s). For billing purposes, the offset netted from the existing MARB Area connection(s) cannot exceed the delivery amount at the new Intertie. Metered flow will be billed out of the EM-23 connection (Cactus Avenue), netted with the existing MARB Area connection(s), multiplied by a standard water loss factor of 1.06, and then transferred to Western's bill from MWD.

Any fees, penalties, or costs that exceed Eastern's capacity for EM-23 shall be Western's responsibility. Western's take, including amounts needed for fire flow and emergency response, shall be counted against Western's MWD Tier 1 total allocation and Eastern's MWD Tier 1 total allocation shall remain unaffected.

4. VOLUMETRIC DELIVERY CHARGE - Eastern shall charge the current MARB Area volumetric delivery charge to Western on a per acre foot basis. The delivery charge will be based upon the previous year's actual direct costs per acre foot of water delivered to EM-23 to operate the following MARB Area assets: Cactus Booster Pumping Station, the Cactus Feeder, the Box Springs Storage system and the Box Springs conveyance system and adjusted for inflation as determined by the most recently available year-over-year Annual Consumer Price Index (CPI). The Operating costs shall include but not be limited to that of: materials, miscellaneous supplies including chemicals, electricity and labor costs associated with operation of the MARB Area assets. The delivery charge shall be computed by Eastern annually in December and will become effective January 1st. This computation will be made available to Western. This delivery charge will be $111.20 per acre foot if capacity were purchased prior to January 2016.

5. MONTHLY FIXED RATE - Eastern shall charge a monthly fixed rate to Western. This fixed rate shall consist of the following components:

    a. Capacity Unit Component – The capacity unit component of the monthly fixed rate shall be computed as the prior year's actual direct costs to maintain the MARB Area assets divided by the maximum capacity of the assets multiplied by the purchased capacity of the assets divided by 12 months. The MARB Area assets are: (1) the Cactus Booster Pumping Station and Cactus Feeder, (2) the Box Springs Storage system, and (3) the Box Springs Conveyance. The fixed costs shall be equal to the direct operating costs less energy associated with the operation of the MARB Area assets and calculated on a per capacity unit basis. This capacity unit component of the monthly fixed rate will be $707.32 per month if one capacity unit of each asset were purchased prior to January 2016.

    b. Applicable Indirect Cost Component - The applicable indirect cost component of the monthly fixed rate shall be calculated as the total amount of applicable indirect cost assigned to the MARB Area assets divided by the maximum capacity of the MARB Area assets multiplied by the purchased capacity of the MARB Area assets divided by 12 months. The assigned applicable indirect cost will be computed on an annual basis by Eastern each year using the method illustrated in Exhibit B-4 and divided by 12 months. The monthly applicable indirect cost component of the monthly fixed rate is computed per increment of capacity and will be $728.01 per month if one capacity unit of each asset were purchased prior to January 2016.

    The monthly fixed rate will be adjusted for inflation as determined by the most recently available year-over-year Annual Consumer Price Index (CPI). The monthly fixed rate shall be computed by Eastern annually and be made available to Western in December and will become effective January 1st. The total monthly fixed rate will be $1,435.33 per month if one capacity unit of each asset were purchased prior to January 2016.

6. MONTHLY REPLACEMENT RESERVE CONTRIBUTION - Eastern shall charge a monthly replacement reserve contribution rate to Western. This replacement reserve contribution shall be computed as the current replacement value of the assets divided by the maximum capacity of the assets multiplied by the purchased capacity of the assets The MARB Area assets are: (1) the Cactus Booster Pumping Station and the Cactus Feeder, (2) the Box Springs Storage system, and (3) the Box Springs conveyance system; assets are amortized over 50 years on a straight-line monthly basis. The current replacement value of the MARB assets will be calculated each year based on the most recently available Engineering News Record Construct Cost Index – Los Angeles, CA (ENR-CCI-LA) index applied to the original asset cost basis. The original asset cost of the MARB assets will be adjusted as future asset replacements and retirements occur. The monthly replacement reserve contribution shall be computed by Eastern annually and be made available to Western in December and will become effective January 1st. This replacement reserve rate is $2,682.14 per month for all MARB Area assets if one capacity unit of each asset were purchased prior to January 2016. No additional contribution will be assessed for replacements beyond the monthly contribution.

7. The calculations for the delivery charge, the monthly fixed rate and the replacement reserve contribution are subject to revision based on any future cost studies that identify changes in cost elements.

8. Billings are due upon presentation of the statement, and become delinquent if not paid within thirty (30) days from the date of such billing. Delinquent accounts are subject to Eastern's standard late penalty charges and disconnect procedures in effect at the time of the delinquency.

9. **"Exhibits B-1, B-2, B-3, B-4, B-5 and B-6"**, which are attached hereto, provide for sample calculations for above noted costs.

VIII. REQUESTS FOR SERVICE TO BE TURNED ON/OFF

To request the meter service and/or billing service be turned on or off for an extended period of time, such as for seasonal down times, Western must call Eastern's Integrated Operations Center ("I.O.C.") at (951) 928-3777, extension 6265, and provide its name, account number, and meter number. Western accounts affected by these requests will be charged an administration/operations fee as set forth in Eastern's Consolidated Schedule of Rates, Fees, and Charges, which is subject to periodic adjustment.

Unauthorized turn on, turn off, or flow adjustments by Western shall be subject to a fee of $100.00 per occurrence, or the currently applicable charge per Eastern's Consolidated Schedule of Rates, Fees, and Charges, as determined by Eastern's Operations staff.

IX. HOLD HARMLESS

Each Party ("Indemnitor") shall defend, indemnify, and hold the other Party, its officers, directors and Representatives ("Indemnitees"), harmless from and against any all claims, costs, liabilities, debts, demands, suits, actions, causes of action, proceedings, damages, judgments, liens, expenses or obligations including attorneys' fees and charges and the costs of all other professional and court or arbitration or other dispute resolution costs (collectively "Costs") which

may be made against the Indemnitees arising out of or in connection with (a) this Agreement; (b) any breach by the Indemnitor of its obligations under this Agreement; and (c) any enforcement by Indemnitees of any provision of this Agreement. The foregoing indemnity shall not apply to the extent any such Costs are ultimately established by a court of competent jurisdiction to have been caused by the sole negligence or willful misconduct of the Indemnitees or any of them. Indemnitees shall make all decisions with respect to its representation in any legal proceeding concerning this section. If Indemnitor fails to do so, Indemnitees shall have the right, but not the obligation, to defend the same and charge all of the direct or incidental Costs of such defense, including fees and costs, to Indemnitor and to recover the same from Indemnitor. The term 'Representative' shall mean employees, representatives, agents, contractors, subcontractors or any other person directly or indirectly employed by one of the foregoing or reasonably under the control of any of the foregoing or for whose acts any of the foregoing may be liable.

X. TERMINATION

A. Prior to the first exercise of the incremental purchase of water capacity: For Convenience, Western or Eastern may have the right to terminate this Agreement at any time, with no financial liability, by giving the counter party ninety (90) days written notice. Upon such termination, this Agreement shall become null and void and Western's basic allocation shall be forfeited and re-allocated at Eastern's sole discretion.

B. For Cause in the event that either Party is in default ("Defaulting Party") as a result of failing to perform any of its obligations under this Agreement and fails to cure such default within ninety (90) days of written notice of default from the other Party ("Non-Defaulting Party"), the Non-Defaulting Party may immediately terminate this Agreement.

C. In case of termination, Western's 10 cfs conveyance right in Eastern's 54-inch diameter pipeline in Cactus Avenue will remain owned by Western.

XI. PREPARATION OF THIS AGREEMENT

This Agreement shall not be construed against the party preparing it, but shall be construed as if both parties prepared it.

XII. PURPOSE OF CAPTIONS

Captions to paragraphs are for convenience purposes only and are not part of this Agreement.

XIII. BINDING PROVISION

This Agreement is binding on the heirs, representatives, successors and assigns of the parties hereto.

XIV. AMENDMENTS

It is understood that any alteration or variation of the terms of this Agreement will not be valid unless made in writing and signed by both parties, and that this Agreement constitutes the entire agreement between both parties.

XV. PARTIAL INVALIDITY

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force and effect without being impaired or invalidated.

XVI. NOTICES

Any notice required by this Agreement to be given or delivered to any Party shall be deemed to have been received when personally delivered or mailed in the United States mail addressed as follows:

Eastern:
Eastern Municipal Water District
Post Office Box 8300
Perris, Ca. 92572-8300
Attn: General Manager

Western:
Western Municipal Water District
14205 Meridian Parkway
Riverside, Ca. 92518
Attn: General Manager

XVII. ENTIRE AGREEMENT

This Agreement is intended by the Parties as a complete and exclusive statement of the terms of their agreement and it supersedes all prior agreements, written or oral, as to this subject matter.

XVIII. AUTHORITY TO SIGN AGREEMENT

The undersigned individuals hereby warrant and represent that they each have full legal authority to sign this Agreement and bind the parties hereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

EASTERN MUNICIPAL WATER DISTRICT

By: _____
Paul D. Jones II, P.E. General Manager

Dated: 11.9.15

WESTERN MUNICIPAL WATER DISTRICT

By: _____
John Rossi, General Manager

Dated: 10/22/15

Exhibit A

Interagency Agreement for Eastern/Western Intertie Connection to Serve MARB Area

Y:\March Healthcare - Agreements\Exhibit\EMWD_WMWD_Exhibit A 051215a mrd Map revised 5/13/2015

Sources: WMWD, Jan. 2012; EMWD, 2014; MARB 2014 Water Master Plan; Riverside Co. GIS, 2014; Eagle Aerial, 2012.

Exhibit B-1
Recap of Rates for Water Service Interconnection between
Eastern Municipal Water District (EMWD) and Western Municipal Water District (WMWD)
For March Air Reserve Base Area

Volumetric Delivery Charge per Acre Foot	$ 111.20

Per Increment [1]:

	Monthly	Annual
Total Fixed Charge	$ 1,435.33	$ 17,224.02
Replacement Reserve Contribution	$ 2,682.14	$ 32,185.73
Total Fixed Cost	$ 4,117.48	$ 49,409.75

Maximum Capacity (if purchased now)[2]:

	Monthly	Annual
Total Fixed Charge	$ 4,978.55	$ 59,742.59
Replacement Reserve Contribution	$ 9,820.96	$ 117,851.49
Total Fixed Cost	$ 14,799.51	$ 177,594.08

Notes:
(1) Increment is 1.0 cfs for conveyance and 1.5 MG for storage up to the maximum.
(2) Maximum Capacity is 4.5 cfs for conveyance and 3.2 MG for storage.

Exhibit B-2

Rate Calculation for Water Service Interconnection between

Eastern Municipal Water District (EMWD) and Western Municipal Water District (WMWD)

For March Air Reserve Base Area

Cactus Pumping Plant & Feeder Maximum Capacity		70
Maximum Western CFS Participation	6.4%	4.50
Box Springs Storage Maximum Capacity		12
Maximum Western MG Participation	26.7%	3.20
Box Springs Conveyance Maximum Capacity		35
Maximum Western CFS Participation FF only	25.4%	8.9
Maximum Western CFS Participation MDD only	12.9%	4.50

Escalation by Latest CPI Year over Year:	
CPI May 2015	246.093
CPI May 2014	243.362
CPI Index Factor	1.011221966

Rates Effective Next January 1

		Actual Cost Fiscal Year 2013-14	Escalated Cost per AF
A.	**VOLUMETRIC DELIVERY CHARGE:**		
	Delivery Rate Calculation		
	Cactus Pumping Plant - Energy	$ 244,084	
	Cactus Pumping Plant - Non-Energy	$ 24,634	
	Total Cactus Pumping Plant & Feeder	$ 268,718	
	Box Springs Storage	$ 29,265	
	Box Springs Conveyance	$ 153,428	
	Total Direct O&M Costs	$ 451,411	
	AF Delivery to EM-23	4,105.0	
	Direct Delivery Cost per AF	$ 109.97	$ 111.20

Note: Delivery Cost is applied to commodity after the water loss factor is added to the connection meter read

			Actual Cost Fiscal Year 2013-14	Monthly Cost per Capacity Unit Purchased	Annual Cost per Capacity Unit Purchased	Monthly Cost at Maximum Participation	Annual Cost at Maximum Participation
B.	**MONTHLY FIXED RATE:**						
1.	**Fixed Rate Calculation:**			Escalated Cost through May 2015			
	a. Cactus Pumping Plant & Feeder						
	Total Direct O&M Costs		$ 268,718				
	Less: Energy		$ (244,084)				
	Fixed Portion of Direct O&M Costs		$ 24,634				
	Total CFS Capacity		70				
	Annual Fixed Cost per CFS		$ 351.91				
	Monthly Fixed Cost per CFS		$ 29.33	$ 29.66	$ 355.86	$ 133.45	$ 1,601.39
	b. Box Springs Storage						
	Fixed Direct O&M Costs		$ 29,265				
	Total MG Capacity		12				
	Annual Fixed Cost per MG		$ 2,438.75				
	Monthly Fixed Cost per MG		$ 203.23			$ 657.63	$ 7,891.58
	MG to CFS Conversion Factor	1.5	$ 304.84	$ 308.26	$ 3,699.18		
	c. Box Springs Conveyance						
	Fixed Direct O&M Costs		$ 153,428				
	Total CFS Capacity		35				
	Annual Fixed Cost per CFS MDD only		$ 4,383.65				
	Monthly Fixed Cost per CFS MDD only		$ 365.30	$ 369.40	$ 4,432.84	$ 1,662.32	$ 19,947.79
	a+b+c Total Capacity Unit Component			$ 707.32	$ 8,487.88	$ 2,453.40	$ 29,440.75
	d. Applicable Indirect Cost			$ 728.01	$ 8,736.14	$ 2,525.15	$ 30,301.84
	Total Fixed Rate Charge			**$ 1,435.33**	**$ 17,224.02**	**$ 4,978.55**	**$ 59,742.59**
2.	**Replacement Reserve Contribution:**			Indexed as of May 2015			
	a. Cactus Pumping & Feeder						
	Current Replacement Cost		$ 29,177,512				
	Annual Amortization over 50 years		$ 583,550				
	Total CFS Capacity		70				
	Annual Replacement Reserve Contribution per CFS		$ 8,336.43		$ 8,336.43		$ 37,513.94
	Monthly Replacement Reserve Contribution per CFS		$ 694.70	$ 694.70		$ 3,126.16	
	b. Box Springs Storage						
	Current Replacement Cost		$ 12,454,287				
	Annual Amortization over 50 years		$ 249,086				
	Total MG Capacity		12				
	Annual Replacement Reserve Contribution per MG		$ 20,757.15		$ 20,757.15		$ 66,422.87
	Monthly Replacement Reserve Contribution per MG		$ 1,729.76	$ 1,729.76		$ 5,535.24	
	c. Box Springs Conveyance						
	Current Replacement Cost		$ 5,411,265				
	Annual Amortization over 50 years		$ 108,225				
	Total CFS Capacity		35				
	Annual Replacement Reserve Contribution per CFS		$ 3,092.15		$ 3,092.15		$ 13,914.68
	Monthly Replacement Reserve Contribution per CFS		$ 257.68	$ 257.68		$ 1,159.56	
	Total Replacement Reserve Contribution			**$ 2,682.14**	**$ 32,185.73**	**$ 9,820.96**	**$ 117,851.49**
	Total Fixed Charge			**$ 4,117.48**	**$ 49,409.75**	**$ 14,799.51**	**$ 177,594.08**

Western Calc based on March CPI

Exhibit B-3
DIRECT COST OF CACTUS PUMPING PLANT AND BOX SPRINGS TANKS

	Cactus PP Capacity (CFS)		**70.00**	
	Western Ultimate Participation in Cactus PP (CFS)		**4.50**	**6.4%**
	Box Springs Storage Capacity (MG)		**12.00**	
	Western Ultimate Participation in Box Springs Storage (MG)		**3.20**	**26.7%**
	Fiscal Year AF Deliveries through EM-23 per Met Invoices		**4,105.0**	
Ref	CFS Deliveries through EM-23 (based 1 CFS = 723.91 AFY)		5.7	

Cactus Pumping Plant (EM-23) & Feeder

Annual Cost		Company Fund	101
		Actual Flag	A
		Fiscal Year Ending Jun 30	2014
Cost Category	Location Code	Account	Net Amount
	52	48 53150	10,574
	52	48 54120	1,339
	52	48 54140	1,618
	52	48 54244	
	52	48 55170 Pumping Energy	244,084
	52	48 56160	35
	52	48 56177	5,057
	52	48 57133	6,011
	52	48 57235	

A	**Total Direct Pumping & Feeder Annual O&M Cost**		**268,718**
A1	**Energy Cost Portion**		**244,084**
A2	**Fixed Cost Portion**		**24,634**
	AF Cost for Total Cost	$	65.46
	AF Cost for Energy Cost	$	59.46
	AF Cost for Fixed Cost	$	6.00

Box Springs Storage

Tank I,II,III,IV		Company Fund	41
Annual Cost		Actual Flag	A
		Fiscal Year Ending Jun 30	2014
Cost Category	Location Code	Account	Net Amount
	55	17 53150	5,785
	55	17 54120	14
	55	17 54140	1,139
	55	17 55170	323
	55	17 55472	332
	55	17 56160	32
	55	17 57133	1,404
	55	17 **Total**	9,029
	55	48 53150	4,483
	55	48 54120	31
	55	48 54140	120
	55	48 56160	4,347
	55	48 56178	
	55	48 57133	799
	55	48 57235	
	55	48 **Total**	9,780
	55	49 53150	3,772
	55	49 54120	31
	55	49 54140	39
	55	49 56160	4,347
	55	49 56181	97
	55	49 **Total**	8,286
	55	50 53150	766
	55	50 56160	
	55	50 57133	1,404
	55	50 **Total**	2,170

B	**Total Direct Storage Annual O&M Cost**		**29,265**
	AF Cost for Total Cost	$	7.13

Direct Cost Box Springs Conveyance Operating & Maintenance

	District Total Pipeline O&M	$	7,272,179
	Less: Meter Maintenance, Cross Connection, Inspection Costs	$	(3,739,118)
	Adjusted Pipeline O&M	$	3,533,061
	District Total AF Sales		94,528
	District average cost applied to AF out of EM-23	$	37.38
C	**Direct Conveyance Annual O&M Cost**		**153,428**

For Delivery Rate Calculation:

D = A+B+C	**Total Direct Pumping, Storage, and Conveyance Annual O&M Cost**		**451,411**
E	**AF Cost**	$	**109.97**
	Escalated AF Cost	$	**111.20**

For Fixed Rate Calculation:

D-A1	**Total Direct Cost without Energy**	**207,327**

Exhibit B-4
MARB Area Assets Indirect Cost
Fiscal Year Ending June 30, 2014

	a	b	c a/b	d	e c*d	f	g	h e*f	j e*g
						Western's Share of MARB Asset Indirect Cost			
MARB Delivery Assets portion of total District O&M	MARB Area Asset O&M	District Total O&M	MARB Asset O&M Share of District O&M	Applicable Indirect Costs * Allocated To Direct Cost Centers	MARB Asset Share of Applicable Indirect Costs	Per Increment	Maximum Participation	**Per Increment**	**Maximum Participation**
O&M Cost for Cactus Pumping Plant	**$ 24,634**	$ 2,835,527	0.87%	$ 2,918,461	$ 25,354	1.4%	6.4%	**$ 362.21**	**$ 1,629.93**
O&M Cost for Box Springs Storage	**$ 29,265**	$ 544,216	5.38%	$ 560,133	$ 30,121	12.5%	26.7%	**$ 3,765.12**	**$ 8,032.25**
O&M Cost for Box Springs Conveyance	**$ 153,428**	$ 3,533,061	4.34%	$ 3,636,397	$ 157,915	2.9%	12.9%	**$ 4,511.86**	**$ 20,303.39**
Annual Total	**$ 207,327**	$ 6,912,804	3.00%	$ 7,114,991	$ 213,391	4.0%	14.0%	**$ 8,639.19**	**$ 29,965.57**

District Total Indirect Costs	$ 24,655,150	CPI Index to May 2015	1.01122	1.01122
Applicable Share of Indirect Costs	29%	**Annual Cost Escalated**	**$ 8,736.14**	**$ 30,301.84**
		Monthly Cost Escalated	**$ 728.01**	**$ 2,525.15**

* Indirect Costs are the overhead expenses associated with the following functions:
Water operations administration, operations crew supervision, planning and scheduling, electrical and SCADA systems, facilities maintenance group, pipeline crew, central control group, mechanical services, and regulatory and laboratory.

Cactus PP	=1 /70	=4.5 /70
BS Storage	=1.5 /12	=3.2 /12
BS Conveyance	=1 /35	=4.5 /35

Exhibit B-5
MARB Area Assets

From Fixed Asset Everything Report at 6/30/14

EMWD FA Info All
EASTERN MUNICIPAL WATER DIST.
Functional Currency: USD
AS OF 6/30/14

Box Springs Reliable Storage Capacity = 12.0 MG

Tag	Asset Number	Description	Date Placed In Service	Category	Life Years	Tag Number	Period	Company Location	Cost	ESTIMATE Index at 5/31/15 10,995.27 CCI-LA ENR INDEX	Current ESTIMATED REPLACEMENT COST	Cactus Booster & Feeder 70 CFS Capacity	Storage Assets 12 MG Capacity	Storage Conveyance 35 CFS Capacity
B	101694	#0014 WATER FACILITIES BOX SPRINGS ROAD	1-Jul-72	PIPELINES.N/A.67 YEARS		67 CO 1308	14-Jun	100 GD	17,920	1,965.82	100,230		100,230	
B	103184	#021 WATER FACILITIES-BOX SPRINGS ROAD	1-Jul-84	PIPELINES.N/A.40 YEARS		40 JE17310	14-Jun	10 SA41	32,262	5,259.93	67,441		67,441	
B	103178	#018 BOX SPRINGS RESERVOIR SUPPLY PIPELINE	1-Jul-85	PIPELINES.N/A.40 YEARS		40 JE22510	14-Jun	10 SA41	25,498	5,446.69	51,473		51,473	
B	103180	#019 WATER FACILITIES BOX SPRINGS TANK	1-Jul-85	PIPELINES.N/A.40 YEARS		40 JE21390	14-Jun	10 SA41	21,624	5,446.69	43,652		43,652	
B	101495	#002 BOX SPRINGS RESERVOIR - 2 MILLION GALLONS	1-Jul-87	STORAGE TANKS.N/A.30 YEARS		30 CO 22710	14-Jun	3 SA41	596,297	5,474.14	1,197,713		1,197,713	
B	102262	#0110 WATER FAC - MORENO VALLEY WEST FEEDER FACILITY 30" TRANSMISSION LINE	1-Jul-87	PIPELINES.N/A.40 YEARS		40 CO 22980	14-Jun	3 SA41	752,182	5,474.14	1,510,820		1,510,820	
B	113682	#001 23.3 ACRES FOR BOX SPRINGS TANKS	1-Jul-88	FEE, TITLE:LAND.N/A.05 YEARS		5	14-Jun	10 SA41	880,853	5,770.84			-	
B	101619	#020 BOX SPRINGS TANK #2 SITE GRADING	1-Jul-91	STORAGE TANKS.N/A.30 YEARS		30 CO 40100	14-Jun	3 SA41	545,751	6,090.12	985,314		985,314	
B	101620	#021 BOX SPRINGS TANK #3 STIE GRADING	1-Jul-91	STORAGE TANKS.N/A.30 YEARS		30 CO 40100A	14-Jun	3 SA41	545,505	6,090.12	984,870		984,870	
B	101622	#022 INCREASE WATER STORAGE BOX SPRINGS TANK #2	1-Jul-91	STORAGE TANKS.N/A.30 YEARS		30 CO 43540	14-Jun	3 SA41	1,167,979	6,090.12	2,108,701		2,108,701	
B	101624	#023 INCREASE WATER STORAGE BOX SPRINGS TANK #3	1-Jul-91	STORAGE TANKS.N/A.30 YEARS		30 CO 44120	14-Jun	3 SA41	1,222,750	6,090.12	2,207,586		2,207,586	
B	101626	#024 INCREASE SOIL STABILITY BOX SPRINGS TANK #2	1-Jul-91	STORAGE TANKS.N/A.30 YEARS		30 CO 44920	14-Jun	3 SA41	36,147	6,090.12	65,260		65,260	
B	101628	#025 INCREASE SOIL STABILITY BOX SPRINGS TANK #3	1-Jul-91	STORAGE TANKS.N/A.30 YEARS		30 CO 44920A	14-Jun	3 SA41	36,147	6,090.12	65,260		65,260	
B	101638	#031 ONSITE PIPING BOX SPRINGS TANK #3 INCL 42" TRANSMISSION	1-Jul-93	STORAGE TANKS.N/A.30 YEARS		30 CO 45820	14-Jun	3 SA41	154,545	6,477.84	262,320		262,320	
B	101639	#032 ONSITE PIPING BOX SPRINGS TANK #1 INCL 42" TRANSMISSION	1-Jul-93	STORAGE TANKS.N/A.30 YEARS		30 CO 45820A	14-Jun	3 SA41	154,545	6,477.84	262,320		262,320	
B	101640	#033 ONSITE PIPING BOX SPRINGS TANK #2 INCL 42" TRANSMISSION	1-Jul-93	STORAGE TANKS.N/A.30 YEARS		30 CO 45820B	14-Jun	3 SA41	154,545	6,477.84	262,320		262,320	
B	101641	#034 BOX SPRINGS #1 TANK SITE GRADING	1-Jul-93	STORAGE TANKS.N/A.30 YEARS		30 CO 40100B	14-Jun	3 SA41	544,960	6,477.84	924,997		924,997	
B	101642	#035 BOX SPRINGS #4 TANK SITE GRADING	1-Jul-93	STORAGE TANKS.N/A.30 YEARS		30 CO 40100C	14-Jun	3 SA41	545,505	6,477.84	925,923		925,923	
B	101643	#036 INCREASE SOIL STABILITY BOX SPRINGS TANK #4	1-Jul-93	STORAGE TANKS.N/A.30 YEARS		30 CO 44920B	14-Jun	3 SA41	36,300	6,477.84	61,615		61,615	
B	101644	#037 BOX SPRINGS TANK #4 FINISH SITE WORK & PIPING & APP. 42" TRANSM	1-Jul-93	STORAGE TANKS.N/A.30 YEARS		30 CO 45820C	14-Jun	3 SA41	154,665	6,477.84	262,524		262,524	
B	101645	#038 INCREASE SOIL STABILITY BOX SPRINGS TANK #1	1-Jul-93	STORAGE TANKS.N/A.30 YEARS		30 CO 44920C	14-Jun	3 SA41	36,300	6,477.84	61,615		61,615	
B	102978	#0715 BOX SPRINGS TRANSMISSION MAIN - PH 1 - SPEC 482W	1-Jul-93	PIPELINES.N/A.40 YEARS		40 CO 46380	14-Jun	3 SA41	2,036,275	6,477.84	3,456,305			3,456,305
B	102979	#0716 BOX SPRINGS TRANSMISSION MAIN PH II - SPEC 553W	1-Jul-93	PIPELINES.N/A.40 YEARS		40 CO 50260	14-Jun	3 SA41	765,458	6,477.84	1,299,263			1,299,263
B	102991	#0728 BOX SPRINGS CONST. PH II	1-Jul-93	PIPELINES.N/A.40 YEARS		40 CO 49200	14-Jun	3 SA41	376,705	6,477.84	639,406			639,406
B	113863	#001 EASEMENTS - BOX SPRINGS TRANS MAIN PHASE I	1-Jul-93	FEE, TITLE EASEMENTS.N/A.05 YEARS		5 CO 46380A	14-Jun	3 SA41	1,853	6,477.84				
B	101960	#002 RADIO TELEMETRY EQUIPMENT @ BOX SPRINGS I TANK	1-Jul-96	TELEMETRY EQUIP WATER.N/A.30 YEARS		30 CO 55330	14-Jun	10 SA41	5,240	6,558.44	8,786		8,786	
W	116768	WMWD EASTRIDGE 12" CONNECTION AT BOX SPRINGS	30-Sep-01	PIPELINES.N/A.40 YEARS		40 CO 64126	14-Jun	10 SA41	10,708	7,226.92	16,291			16,291
B	117348	BOX SPRINGS II TANK SCADA SYSTEM FIELD RTU INSTALLATION 54148	31-May-02	TELEMETRY EQUIP WATER.N/A.07 YEARS		7 CO 63772	14-Jun	10 SA41	13,648	7,402.75	20,271		20,271	
B	123436	ELSWORTH STREET 30" POTABLE WATER TRANSMISSION PIPELINE, PHASE 2	31-Dec-06	PIPELINES.N/A.40 YEARS		40 CO 65735	14-Jun	3 SA41	3,182,328					
B	125630	INTRAC RADIO REPLACEMENT PHASE II BOX SPRINGS TANK #1 54117	31-Oct-08	WATER PUMPING PLANTS.N/A.10 YEARS		10 CO 67313A	14-Jun	13 SA41	11,948	9,894.94	13,277		13,277	
X	126797	PERRIS VALLEY PIPELINE/CACTUS AVE FEEDER - LAND	30-Jun-10	FEE, TITLE:LAND.N/A.05 YEARS		5 CO 67600A	14-Jun	100 GD	535,264	9,962.19				
X	126798	CACTUS AVENUE PUMP STATION - LAND	30-Jun-10	FEE, TITLE:LAND.N/A.05 YEARS		5 CO 67601A	14-Jun	100 GD	854,293	9,962.19				
X	126810	CACTUS AVENUE PUMP STATION	30-Jun-10	WATER PUMPING PLANTS.N/A.40 YEARS		40 CO 67601	14-Jun	100 GD	11,361,939	9,962.19	12,540,173	12,540,173		
X	126820	PERRIS VALLEY PIPELINE/CACTUS AVENUE FEEDER	30-Jun-10	PIPELINES.N/A.40 YEARS		40 CO 67600	14-Jun	100 GD	15,008,700	9,962.19	16,565,103	16,565,103		
X	127221	CACTUS DERCETO S/W ENERGY OPTIMIZATION PROGRAM	31-Jan-11	COMPUTER EQUIPMENT.N/A.05 YEARS		5 CO 68121	14-Jun	100 GD	65,700	10,000.30	72,237	72,237		
									41,892,338	1.1229515	47,043,065	29,177,512	12,454,287	5,411,265

Notes:
1 Update this schedule when replacements occur.
2 Add new asset information
3 Retire old asset information
4 This is not an all-inclusive list but represents best effort to capture the major system assets.
5 These Fixed Asset Costs are historical purchased costs that have been rolled forward to current values using the ENR CCI-LA Index.
6 These values are used to estimate a replacement reserve contribution and do not represent cost to build new.
7 This is not to be confused with the calculated purchase price per CFS or MG as described in the agreement and which are entirely different.

Annual Amortization over 50 years		$ 583,550	$ 249,086	$ 108,225
MG or CFS Capacity		70.0	12.0	35.0
Annual Capital Replacement Reserve Charge per MG or CFS	$ 32,185.73	$ 8,336.43	$ 20,757.15	$ 3,092.15
Monthly Capital Replacement Reserve Charge per MG or CFS	$ 2,682.14	$ 694.70	$ 1,729.76	$ 257.68
Maximum Western Participation		4.5	3.2	4.5
Percent of Participation		6.4%	26.7%	12.9%
Annual Capital Replacement Reserve Charge at Maximum Participation	$ 117,851.49	$ 37,513.94	$ 66,422.87	$ 13,914.68
Monthly Capital Replacement Reserve Charge at Maximum Participation	$ 9,820.96	$ 3,126.16	$ 5,535.24	$ 1,159.56

Exhibit B-6

Water Deliveries to Cactus Pumping Plant

As per Metropolitan Invoices for EM-23

DELIVERIES		Cal 2009	Cal 2010	Cal 2011	Cal 2012	Cal 2013	Cal 2014
EM-23	Jan	-	181.4	245.9	328.9	265.3	121.5
	Feb	-	124.7	66.7	287.8	110.7	254.2
	Mar	35.7	76.3	231.2	351.3	405.1	749.3
	Apr	159.2	252.0	219.6	490.3	573.3	548.9
	May	491.3	360.0	272.6	670.3	785.7	532.3
	Jun	245.8	967.3	422.2	779.7	602.6	422.4
	Jul	390.4	332.6	604.8	696.3	512.1	
	Aug	289.3	784.6	606.6	764.2	216.7	
	Sep	88.9	408.6	569.9	594.3	331.2	
	Oct	43.5	91.3	336.4	139.4	121.3	
	Nov	293.7	126.0	291.2	191.0	97.7	
	Dec	208.0	104.3	402.7	158.1	197.4	
	Calendar Year Total	2,245.8	3,809.1	4,269.8	5,451.6	4,219.1	2,628.6
	Fiscal Year Total		3,275.5	3,305.6	5,719.9	5,286.0	**4,105.0**