

AGREEMENT
REGARDING THE
CORONA - WESTERN PROMENADE CONNECTION

1. PARTIES

This Agreement Regarding the Corona – Western Promenade Connection (Agreement) is made this 1st day of October, 2008, between WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY (Western), a municipal water district, and the CITY OF CORONA (Corona), a municipal corporation.

2. ABBREVIATIONS

TDS. Total dissolved solids.
Mg/l. Milligrams per liter.
HGL. Hydraulic grade line.
SCADA. Supervisory control and data acquisition.

3. RECITALS

1. Western and Corona are hereinafter collectively referred to as the "Parties" and singularly as each "Party".
2. The Parties have been promoting integrated regional strategies for management of water resources by planning integrated projects with multiple benefits including improved local water supply reliability.
3. One such project is known as the Corona-Western Promenade Avenue two-way water interconnection (Promenade Connection) located in Promenade Avenue easterly of McKinley Street in the City of Corona as shown on attached Exhibit A incorporated herein by reference.
4. Multiple benefits will be realized when the Promenade Connection has been completed.
 - a. Western will have the capability of furnishing water to Corona from Western's Arlington Desalter using Western's 30 inch diameter, 930 HGL, Arlington Desalter Pipeline located in Promenade Avenue at McKinley Street; and Corona will have the ability to receive the water into its 30 inch diameter, 905 HGL Zone 2 pipeline located in Promenade Avenue at McKinley Street.

b. Corona will have the capability of furnishing water to Western from Corona's 24 inch diameter, 1060 HGL Zone 3 pipeline located in McKinley Street at Promenade Avenue, and Western will have the ability to receive the water into its 30 inch diameter, 930 HGL Arlington Desalter Pipeline.

c. Corona will realize water quality benefits by receiving Western's Arlington Desalter water with TDS of 350 Mg/l in lieu of Colorado River water with a TDS range of 600-700 Mg/l.

d. Western will have the capability, with Corona's concurrence, of wheeling Arlington Desalter water to Western's Mills Gravity Pipeline for supply to Western's Retail Service Areas during emergencies, and at other times as mutually agreed.

e. Both Parties will realize water supply reliability benefits when other water supply facilities are out of service for planned or unplanned maintenance.

7. Current and proposed facilities, including Corona's 30 inch, 905 HGL Zone 2 pipeline, Corona's 24 inch, 1060 HGL Zone 3 pipeline and Western's 30 inch, 930 HGL Arlington Desalter Pipeline, are shown on attached Exhibit "B" incorporated herein by reference

8. The Parties propose to connect Western's Arlington Desalter Pipeline to Corona's Zone 2 pipeline with a remote operating control valve and meter, and to connect Corona's Zone 3 pipeline to Western's Arlington Desalter Pipeline with a remote operating control valve, pressure reducing valve and meter. The location and description of said operating control valves and meters are set forth in Exhibit "B".

9. A SCADA system has been proposed at the Promenade Connection to provide both parties' real-time flow information and valve operation capability. The location and description of said SCADA system as set forth in exhibit "B".

10. This Agreement is intended to set forth terms and conditions and the Parties' respective responsibilities related to planning, design, environmental compliance, construction, ownership and maintenance of the Promenade Connection.

Now, therefore, in consideration of the mutual premises and covenants herein contained, it is agreed as follows:

4. COVENANTS

A. It is the intent of the Parties that all costs related to design drawings, specifications, contract documents and construction of the Promenade Connection be shared equally as set forth herein, except for those costs related to administrative tasks and the planning process as set forth herein. The design drawings, specifications, contract documents and construction of the Promenade Connection shall include all of the facilities as set forth in Exhibits "A" and "B".

B. Both Parties will be responsible for administrative and planning activities related to their obligations under this Agreement at their sole cost and expense. The Parties will contribute staff and consultant time for administrative and planning activities without reimbursement.

C. Corona will be responsible for preparation of design drawings, specifications and construction contract documents. Western will be afforded the opportunity to review and comment at significant progress milestones. Western shall provide Corona with any written comments or requested changes within 15 days from the receipt of the applicable documents from Corona. The parties shall then make reasonable good-faith efforts to resolve any objections regarding said documents, through informal discussions. Western will reimburse Corona 50% of the final design related costs upon project completion as follows:

(i) Corona shall provide a copy of the invoice for the final design related costs along with a calculation of the percentage amount due and owing by Western. Within thirty (30) days of the date Western receives said invoice, Western shall submit payment to Corona for Western's percentage share as set forth in this agreement.

(ii) If Western objects to any portion of the calculation, it shall provide written notice to Corona of said objections within ten (10) days from the date Western receives said invoice and the parties shall then engage in good faith efforts to resolve such issues through informal discussions. In the event Western does not submit such an objection to Corona within said ten (10) day period, Western will be deemed to have approved said invoice.

D. Western will be responsible for environmental compliance documentation including mitigation monitoring. Corona will be afforded the opportunity to review and comment at significant progress milestones. Corona shall provide Western with any written comments or requested changes within fifteen (15) days from the receipt of the applicable documents from Western. The parties shall then make reasonable good-faith efforts to resolve any objections regarding

said documents, through informal discussions. Corona will reimburse Western 50% of the final environmental related costs upon project completion as follows.

(i) Western shall provide a copy of the invoice for the final environmental related costs along with the calculation of the percentage amount due and owing by Corona. Within thirty (30) days of the date Corona receives said invoice, Corona shall submit payment to Western for Corona's percentage share as set forth in this Agreement.

(ii) If Corona objects to any portion of the calculation, it shall provide written notice to Western of said objections within 10 days from the date Corona receives said invoice and the Parties shall then engage in good faith efforts to resolve such issues through informal discussions. In the event Corona does not submit such an objection to Western within said ten (10) day period, Corona will be deemed to have approved said invoice.

E. Corona will be responsible for construction and construction management services including inspection. Western will be afforded the opportunity to inspect and comment at significant progress milestones. Western shall provide Corona with any written comments or requested changes within fifteen (15) days from receipt of the applicable documents from Corona. The Parties shall then make reasonable good-faith efforts to resolve any objections regarding said documents, through informal discussions. Corona may invoice Western 50% of the successful contractor's bid amount upon award of the construction contract, and Western will pay this amount within 30 days of the invoice date. Western will reimburse Corona 50% of all final construction related costs upon project completion for any balance remaining from the initial deposit made by Western as set forth herein or in the event no such deposit is requested, Western shall pay its percentage share of the construction related costs upon project completion. In the event that upon project completion the amount due and owing for Western's 50% share is less than the amount deposited in advance by Western, Corona shall promptly make payment to Western for said excess amount. Western shall make payments of its 50% share as follows:

(i) Corona shall provide a copy of the invoice for the construction related costs along with the calculation of the percentage amount due and owing by Western. Within thirty (30) days of the date Western receives said the invoice, Western shall submit payment to Corona for Western's percentage share as set forth in this agreement.

(ii) If Western objects to any portion of the calculation, it shall provide written notice to Corona of said objections within ten (10) days from the

date Western receives said notice and the Parties shall then engage in good faith efforts to resolve such issues through informal discussions. In the event Western does not submit such an objection to Corona within said ten (10) day period, Western will be deemed to have approved said invoice.

F. Each Party will obtain the other Party's written approval (which may be provided via e-mail) of the cost for each major element of work (design, environmental, construction) prior to proceeding with that work element. Said prior approval shall not constitute a waiver of the applicable Parties rights to review and approve documents and invoices as set forth in this agreement.

G. Upon completion and approval of the Promenade Connection by both Parties, Corona will retain ownership of its portion of the facilities and transfer clear title to Western for Western's portion of the facilities as set forth below and as further described in Exhibit "B".

(i) Regarding the pipe connection that allows Western to furnish water to Corona between Western's 30-inch 930 HGL Arlington Desalter Pipeline and Corona's 30-inch 905 HGL Zone 2 Pipeline, Western will own the meter, the associated SCADA system components, together with all pipes, valves and appurtenances upstream from the meter, and Corona will own all pipes, valves and appurtenances downstream from the meter including the Control Valve.

(ii) Regarding the pipe connection that allows Corona to furnish water to Western between Corona's 24-inch 1060 Zone 3 Pipeline and Western's 30-inch 930 HGL Arlington Desalter Pipeline, Corona will own the meter, the associated SCADA system components together with all pipes, valves and appurtenances upstream from the meter, and Western will own all pipes, valves and appurtenances downstream from the meter including the Control Valve, Pressure Relief Valve and its associated pressure relief piping to the Corona storm drain.

(iii) Each Party will maintain the pipe, meter, valves and appurtenances it owns unless other written arrangements are made.

(iv) The Parties will jointly own the SCADA cabinet, vault and manhole access, and will jointly be responsible for maintenance. Corona will take the lead role in determining SCADA cabinet, vault and manhole maintenance requirements. The Parties will share equally the cost of SCADA cabinet, vault and manhole maintenance.

(v) Corona will retain ownership of any real property needed for the Promenade Connection and will not unreasonably deny Western's access for monitoring, operation and maintenance purposes.

H. Operational criteria, water deliveries, cost of water and billing arrangements will be defined by a separate agreement between the Parties.

5. GENERAL CONDITIONS

A. The Recitals and Covenants of this Agreement shall be binding upon the successors and assigns of the Parties. The Recitals are incorporated herein and made an operative part of this Agreement.

B. Indemnification. Each Party hereby agrees to defend, indemnify and hold free and harmless the other Party from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever arising from or connected with the indemnifying Party's activities under this agreement, whether such claims, damages, liabilities, costs and/or judgments are based upon alleged negligence, a dangerous condition of public property, or any other theory of liability. The indemnifying Party's duty to identify the other party shall survive the expiration or other termination of this Agreement as to any injuries, occurrences or claims occurring or alleged to have occurred prior to its expiration or termination.

C. This Agreement contains the entire agreement between the Parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred between the Parties relating to the subject matter hereof. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

D. If either Party commences an action against the other Party arising out of or in connection with this Agreement, the prevailing Party in such action shall be entitled to have and recover from the non-prevailing Party (or the Party found to have breached this Agreement) reasonable attorneys' fees and costs.

E. All parties have all requisite power and authority to execute, deliver, and perform the Agreement. All Parties warrant that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

F. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language shall be construed simply, according to its fair

meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days or calendar weeks, and not work days. All references to either Party shall include their respective directors, elected officials, officers, employees, agents and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

G. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

H. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

I. This Agreement shall be governed by the laws of the State of California. Any action to interpret or enforce this agreement shall be maintained in Riverside County.

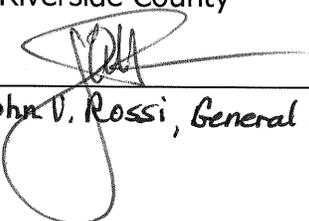
J. Time is of the essence of each and every provision of this Agreement.

K. This Agreement may be signed in counterparts, each of which shall constitute an original.

IN WITNESS WHEREOF, the parties have executed this Agreement, to be effective on the date written above.

City of Corona


Jonathan Daly, General Manager
Department of Water & Power

Western Municipal Water District
of Riverside County


John V. Rossi, General Manager

ATTEST:


Cathie M. LaCay, Deputy
City Clerk

APPROVED AS TO FORM:

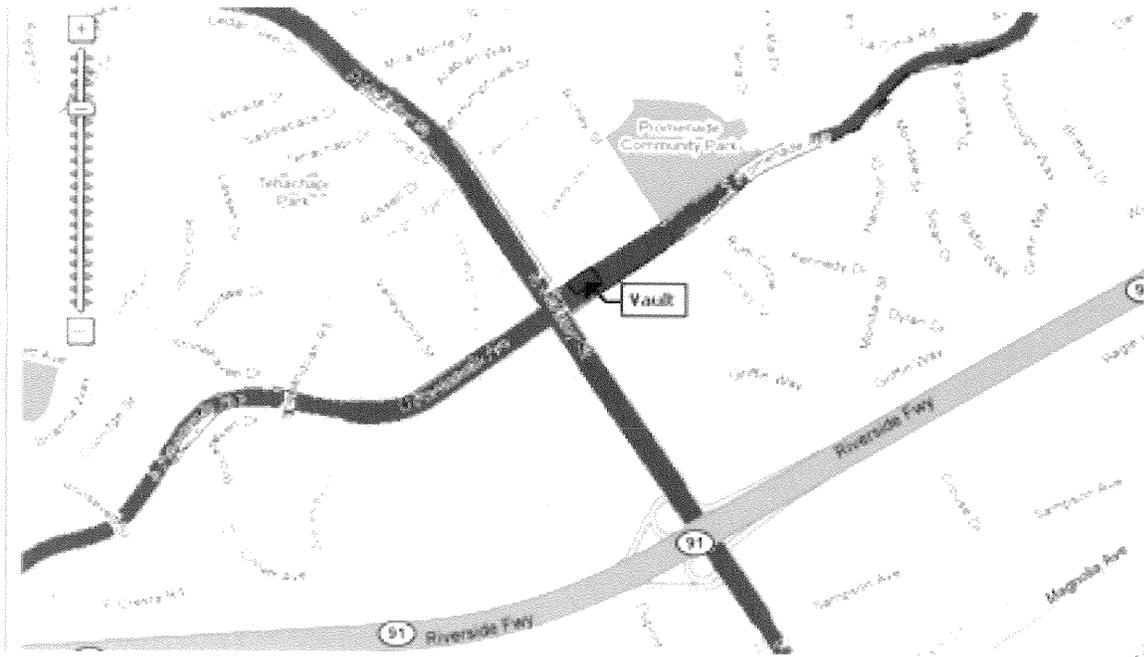


Best Best & Krieger LLP
City Attorney

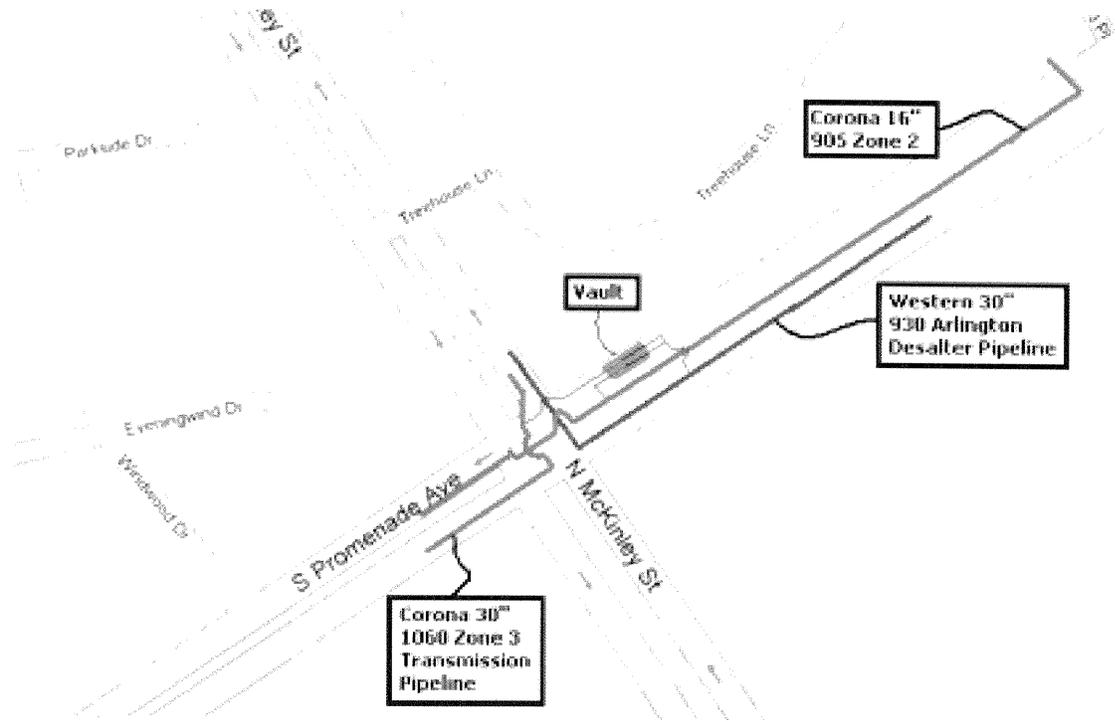
EXHIBIT A

Re: The Corona - Western Promenade Connection

Vicinity Map



Location Map



REVIEWED BY:

Jonathan Daly
General Manager

PREPARED BY:

Kerry Eden
Assistant General Manager