

Agenda

Sacramento Suburban Water District Special Board Meeting

3701 Marconi Avenue, Suite 100
Sacramento, California 95821

Tuesday, June 7, 2016
11:00 a.m.

Where appropriate or deemed necessary, the Board may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District's Administrative Office at the address listed above.

The public may address the Board concerning an agenda item either before or during the Board's consideration of that agenda item. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to the General Manager. The President will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at (916) 679-3972. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Call to Order

Roll Call

Announcements

Item for Discussion and Action

1. Resolution No. 16-13 Amending Regulation No. 15 of the Regulations Governing Water Service
Consider adopting the subject resolution.

2. 2016 Water Conservation Program and Stage Declaration
Consider declaring a Normal Water Supply year.

- 3. Proposed 2016 Bureau of Reclamation Environmental Water Transfer
Discussion and possible direction to staff regarding pursuing a transfer of surface water to the U.S. Bureau of Reclamation at \$300 or more for supplementing Delta flows and water quality.

Closed Session (Closed Session Items are not opened to the public)

- 4. Conference with Legal Counsel – Existing Litigation, Government Code sections 54954.5(c) and 54956.9(d)(1). In re Municipal Derivatives Antitrust Litigation, Master Docket No. 08-02516 VM-GWG, MDL 1950 (Sacramento Suburban Water District, et al.) – Proposed Settlements Between District and Natixis Funding Corporation; PFM Asset Management and PFM Investment, LLC; Assured Guaranty Municipal Corp., Assured Guaranty US Holdings, Inc., and Dexia S.A.; UBS AG, UBS Financial Services, Inc., and UBS Securities, LLC; Piper Jaffray & Co.; and MBIA Inc.

Adjournment

Upcoming Meetings

Monday, June 13, 2016 at 4:00 p.m.. Finance and Audit Committee Meeting

Monday, June 20, 2016 at 6:30 p.m.. Regular Board Meeting

Thursday, June 23, 2016 at 4:00 p.m.. Facilities and Operations Committee Meeting

I certify that the foregoing agenda for the June 7, 2016 meeting of the Sacramento Suburban Water District Board of Directors was posted by June 3, 2016 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was freely available to the public.

Robert S. Roscoe
General Manager/Secretary
Sacramento Suburban Water District



Agenda Item: 1

Date: June 3, 2016

Subject: Resolution No. 16-13 Amending Regulation No. 15 of the Regulations Governing Water Service

Staff Contact: Greg Bundesen, Water Conservation Supervisor

Recommended Board Action:

Adopt Resolution No. 16-13 Amending Regulation No. 15 of the Regulations Governing Water Service.

Discussion:

The Regulations Governing Water Service is a District Ordinance that provides the direction for governance of the business related functions necessary to operate the various processes performed to serve water to our customers. Each year, staff reviews the ordinance and recommends changes for Board review and approval. These changes typically reflect updated information, clarity edits, updates to fees and rates, and incorporation of policy changes enacted by the Board. The proposed changes to the regulations have been reviewed by District Legal Counsel. A redline version of the changes to Regulation No. 15 is attached as Exhibit 1. An updated clean version of Regulation No. 15 is shown as Exhibit 2.

Staff is presenting Regulation No. 15 for public comment and Board approval. The Ordinance was adopted on July 19, 2004 and last updated on May 14, 2015. In May 2016 the State Water Resources Control Board (SWRCB) adopted new Emergency Regulations to prohibit some uses of water that were not included in previous versions of Regulation No. 15. Staff has also included some updates to Regulation No. 15 that reflect positive water use efficiency upgrades that customers have made to their systems.

Regulation No. 15 is amended to add the water use prohibitions adopted by the SWRCB and staff's additional recommendations. The following provides a summary of the edits to Regulation No. 15:

- Part A – Water Conservation Stage Declaration
 - Normal Water Supply Stage updated as follows:
 - Part 3 – Language added stating that customers can apply for a variance for property washing upon written request.
 - Part 4 – Added that customers watering food grown for personal use are exempt from any watering day restrictions in all Water Conservation Stages.

- Part 9 – Added language updating irrigation during or within 48 hours of measurable rainfall and that 1/8 of an inch shall be considered measureable.
- Part 15 – Added language regarding restaurants serving water only upon request.
- Part 16 – Added language prohibiting the watering of ornamental turf on street medians.
- Part 17 – Added language regarding the prohibition of irrigation systems installed outside of newly constructed homes in a manner inconsistent with regulations.
- Part 18 – Added language regarding hotels and motels allowing customers the option on not having their towels and linens laundered and the advertisement of such an option.
- Part 19 – Added language regarding allowing customers to register their Weather Based Irrigation Controllers. Customers with registered irrigation controllers will be exempt from any watering day restrictions during Normal Water Supply Conditions and any subsequent water conservation stages.
- Part 20 – Added language stating that customers utilizing a drip irrigation system for their landscape (subsurface drip for turf included) are exempt from the watering day schedules in all Water Conservation Stages.
- Normal Water Supply Recommendations updated as follows:
 - Part 4 – Removed recommended practice for restaurants serving water only on request which is now a prohibited practice in accordance with the SWRCB Emergency Regulations.
- Stage 1 – Water Alert updated as follows:
 - Part 3 – Added language requiring customers with registered WBICs set them to 80% of ET for the Sacramento Region.
 - Part 4 – Removed requirement for restaurant to serve water only upon request which was moved to Normal Water Supply Conditions.
- Stage 1 – Water Alert Recommendations updated as follows:
 - Part 2 – Removed WBIC suggestion.
- Stage 2 – Water Warning updated as follows:
 - Part 4 – Added language requiring customers with registered WBICs set them to 70% of ET for the Sacramento Region.
 - Part 6 – Move property washing restrictions to Normal Water Supply.
 - Part 8 – Removed requirement that decorative fountains be drained and left dry.
- Stage 2 – Water Warning Recommendations updated as follows:
 - Part 1 – Removed language regarding WBICs.
- Stage 3 – Water Crisis updated as follows:
 - Part 3 – Added language requiring customers with registered WBICs set them to 60% of ET for the Sacramento Region.

- Part 4 – Added language regarding the approval process for new or expanded landscaping.
- Part 5 – Removed the revoking of new or expanded turf or hydro-seeding projects.
- New Part 5 – Updated language regarding CII Landscape Irrigation customers.
- Stage 3 – Water Crisis Recommendations updated as follows:
 - Part 1 – Removed WBIC recommendation.
 - New Part 1 – Added language regarding using a commercial car washing facility.
- Stage 4 – Water Emergency updated as follows:
 - Part 2 – Removed and moved to Normal Water Supply conditions in accordance with the SWRCB Emergency Regulations.
- Enforcement
 - The Enforcement section was updated to include the regulations regarding leaks on a customer's property. Staff is recommending that the District provide a 7 day, 48 hour, and a 24 hour notice to repair leaks before a customer's service could be disconnected. Customers will have the option of having a Water-Wise House Call to evaluate the water use on the property, but the District will not perform in-depth leak detection services for a customer. Customers will also have the option to provide a written notification that the leak is scheduled to be repaired.

Fiscal Impact:

Fiscal impacts will depend on which Water Conservation Stage is declared in a particular year.

Strategic Plan Alignment:

Water Supply – 1.C. Continue to implement and support demand management strategies and water conservation that comply with federal, state and regional programs; support Water Forum Agreement goals and efficiently meet the needs of the District customers.

Facilities and Operations – 1.H. Implement water conservation programs that efficiently utilize potable water supplies.

Customer Service – 3.D. Provide effective customer and community relations by communicating, educating, and providing information on District operations, drinking water issues, resource sustainability and environmental stewardship.

The main changes to this Regulation address the mandatory actions required by the SWRCB. However, other key additions reward positive investments made by customers to improve their water use efficiency. The District hopes that more customers will be inspired to make positive investments (offset by the various rebate programs) to improve their water use efficiency and to take advantage of the water use restriction exclusions listed under Normal Water Supply conditions.

RESOLUTION NO. 16-13

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SACRAMENTO SUBURBAN WATER DISTRICT AMENDING REGULATIONS NO. 15 OF THE REGULATIONS GOVERNING WATER SERVICE

WHEREAS, on July 19, 2004, the Board enacted Ordinance 2004-03, entitled "An Ordinance of the Board of Directors of Sacramento Suburban Water District Adopting Regulations Governing Water Service";

WHEREAS, on May 31, 2016, the State Water Resources Control Board's amended water conservation regulations became effective and require that the District and other urban water suppliers adopted specified water conservation measures that currently are not included in Regulation No. 15 of the District's Regulations Governing Water Service;

WHEREAS, the Board now desires to amend Regulation No. 15 as described in this Resolution and to ensure that its water conservation requirements comply with the State Water Resources Control Board's updated water conservation regulations; and

WHEREAS, none of the described amendments to Regulation No. 15 are subject to Proposition 218's notice and hearing requirements as provided in Article XIII D, section 6 of the California Constitution.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sacramento Suburban Water District as follows:

1. Regulation No. 15 is hereby amended as shown in Exhibit 2, which is attached to and made a part of this Resolution.
2. The Board authorizes and directs the General Manager and staff to take all actions necessary to amend Regulation No. 15 and to enforce such amended regulation in accordance with the authority granted by this Resolution.
3. Except as modified by the terms of this Resolution, the provisions of the existing District Regulations Governing Water Service shall remain in full force and effect. Any provisions in the existing regulations that conflict with the amendments set forth in this Resolution are deemed superseded and of no further effect.
4. This Resolution shall take effect immediately.

PASSED AND ADOPTED by the Board of Directors of the Sacramento Suburban Water District on the 7th day of June 2016. by the following vote:

AYES:
NOES:
ABSENT:

By: _____
Kevin M. Thomas
President, Board of Directors
Sacramento Suburban Water District

I hereby certify that the foregoing resolution was duly and regularly adopted and passed by the Board of Directors of Sacramento Suburban Water District at a regular meeting hereof held on the 7th day of June 2016.

(SEAL)

By: _____
Robert S. Roscoe
General Manager/Secretary
Sacramento Suburban Water District

EXHIBIT 1

Regulation No. 15 Water Conservation Water Shortage Contingency Plan

Adopted: July 19, 2004

Amended: November 17, 2008; March 16, 2009; April 20, 2009;

December 21, 2009; April 19, 2010; December 20, 2010; May 14, 2015; June 7, 2016

A. Water Conservation Stage Declaration

Each year, the District Board of Directors shall determine, based on data in the California Department of Water Resource's (DWR) Bulletin #120 and present water conditions, the water stage applicable to the District. The declaration shall consist of "normal water supply", or one of the four (4) stages of varying water conservation measures. The applicable stage determined by the District shall be effective upon adoption by the Board of Directors each water year and shall remain in effect until changed by the Board based on updated data from DWR, past water usage within the District, and existing water supply and use conditions. The water year shall be defined as the period starting October 1 and lasting until September 30 of the following year.

Regardless of water supply availability or service conditions within the District, the Board of Directors reserves the right to set water conservation goals and modify stage declarations as necessary to align with regional or state water conservation policies, agreements or declarations, or legal requirements. All wasteful practices or unreasonable uses of District water, whether willful or negligent, are always prohibited. The General Manager, following the guidelines set forth in this Regulation and other relevant Board policies, state laws and regulations, shall determine what constitutes a wasteful practice or unreasonable use of water.

In addition to Normal Water Supply Conditions, the following four stages, including their conservation requirements, shall be observed by all water users within the District:

NORMAL WATER SUPPLY

Water supply conditions are adequate to meet the demands of the District's Customers. The goal of this stage is the use of water efficiently in conformance with the water conservation Best Management Practices (BMPs) specified in the District's Urban Water Management Plan. Requirements specified in this stage are applicable to and in force at all times and in all other stages of this regulation. The following requirements shall be in force during Normal Water Supply and in all subsequent stage declarations unless the Board modifies or adds to these restrictions:

1. Water must not be permitted to discharge, flow, or run to waste into any gutter, sanitary sewer, water course, or storm drain, or to any adjacent lot, from any tap, hose, faucet, pipe, sprinkler, or nozzle. In the case of irrigation, "discharge," "flow," or "run to waste" means that the earth intended to be irrigated has been saturated with water to the point that excess water flows over the earth to waste. In the case of washing, "discharge," "flow," or "run to waste" means the water in excess of that which is necessary to wash, wet or clean the dirty or dusty object, such as an automobile or boat, flows to waste;
2. The washing of vehicles is permitted only with the use of a water saver nozzle equipped with automatic shut-off and bucket, provided minimal runoff occurs on sidewalks or street;
3. The use of water for washing down sidewalks, walkways, driveways, parking lots, homes or buildings is prohibited except as necessary for health, sanitary, or fire protection purposes. A Customer desiring a variance may submit a written request to the District which will be reviewed by the Water Conservation Supervisor and submitted to the General Manager or his designee for approval or denial;
4. Customers watering food grown for personal consumption are exempt from any watering day restrictions in all Water Conservation Stages;
5. All water hoses or filling apparatus shall be equipped with a control nozzle capable of completely shutting off the flow of water except when positive pressure to the nozzle is applied;
6. All water fixtures or heating or cooling devices must not be allowed to leak or discharge. All known leaks must be repaired within seven (7) days or less depending on the severity of the leak.
7. The operation of an irrigation system that applies water to an impervious surface (example: concrete or asphalt) or that is in disrepair is prohibited;
8. Water during cooler morning and evening hours to reduce evaporation and avoid peak energy demand times. Outdoor watering from 12:00 noon to 8:00 p.m. during the months of May - August is prohibited; & watering from 12:00 noon to 6:00 p.m. during the months of September – April is prohibited;
9. Irrigation of landscaping during and within 48 hours after measurable rainfall is prohibited. Measurable rainfall shall be defined as any rainfall equal to or greater than 1/8 of an inch;
10. Backwashing or overfilling, so as to discharge water to waste, swimming pools, decorative basins, or ponds in excess of the frequency reasonably necessary to maintain the clarity or cleanliness of the water is prohibited. Pool draining and refilling will be allowed only for health or structural maintenance/repair considerations upon submittal of a written report by a health official or pool professional and approved by the Water Conservation Supervisor;
11. All pools, spas, decorative or ornamental fountains, ponds and waterways must be equipped with a recirculation pump and must be constructed to be leak-proof;

12. The use of water from a fire hydrant without the expressed written permission from the District is prohibited;
13. The use of water in new conveyer car washes and new commercial laundry systems that do not use a recirculation system shall be prohibited;
14. Customers enrolled in the Large Irrigation Services Customer (LISC) program will adhere to the LISC Agreement, as signed by both the customer and the District;
15. The serving of water other than upon request in eating or drinking establishments, including but not limited to restaurants, hotels, cafes, cafeterias, bars, or other public places where food or drink are served and/or purchased is prohibited;
16. The irrigation of any ornamental turf located in a street median is prohibited;
17. The irrigation of landscapes outside of newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community Development is prohibited;
18. To promote water conservation, operators of hotels and motels shall provide guests with the option of choosing not to have towels and linens laundered daily. The hotel or motel shall prominently display notice of this option in each guestroom using clear and easily understood language;
19. Customers may register their Weather Based Irrigation Controllers (WBIC) with the District for consideration in subsequent Water Conservation Stages. Customers with a registered WBIC shall be exempt from any watering schedule in any subsequent Water Conservation Stage, provided the WBIC is in good repair and set to operate off of its intended weather based operating instructions. Customers with a registered WBIC can allow the controller to operate with 100% of evapotranspiration (ET) settings for the Sacramento area in Normal Water Supply conditions; and.
20. Customers utilizing a drip irrigation system to irrigate their landscape (including subsurface drip irrigation systems for turf/lawn areas) are exempt from any watering day restrictions listed or determined by the Board in all subsequent Water Conservation Stages.

The following are recommended practices for Normal Water Supply conditions:

1. Watering three (3) days or less per week is encouraged:
 - a. Customers whose address ends with an odd number are encouraged to only water on Tuesdays, Thursdays and Saturdays.
 - b. Customers whose address ends with an even number are encouraged to only water on Sundays, Wednesdays and Fridays.
 - c. Watering on Mondays is not recommended.
2. Pool covers for swimming pools and spas are recommended to reduce evaporation;
3. Customers are encouraged to wash only full loads of laundry and dishes; and.

~~Restaurants are encouraged to service water only upon customer request.~~

4. District Customers are encouraged to take advantage of the District's conservation programs and rebates.
5. Customers with WBIC are recommended to operate their controller using 80% of ET for the Sacramento region.

STAGE 1 – WATER ALERT

Water supply conditions may be impeded by lack of available sources including surface water supplies conjunctively used by the District, regional circumstances or statewide climate influences. The goal of this stage is to reduce District-wide consumption of water by up to 20% in order to meet the needs of District Customers, comply with State mandates, cooperate with regional programs and/or comply with County regulations declaring water shortages. The following requirements shall be in force during Stage 1 and all subsequent increases in Stage Declarations:

1. All requirements of Normal Water Supply Conditions shall continue to be enforced unless modified below.
2. The District will make mandatory and will enforce the following watering schedule:
 - a. Three (3) day per week Odd/Even outdoor watering shall be followed.
 - i. Odd addresses water on Tuesday, Thursday, and Saturday.
 - ii. Even addresses water on Wednesday, Friday, and Sunday.
 - iii. Watering on Monday is prohibited.
3. Customers with registered WBIC shall set their controllers to operate at 80% of ET for the Sacramento Region.

~~Restaurants shall serve water only upon customer request.~~

The following are recommended practices for Stage 1 – Water Alert:

1. All recommendations of Normal Water Supply Conditions unless modified to mandatory requirements listed above; and.

~~District Customers with “smart” irrigation timers are encouraged to set their controllers to achieve watering efficiency equal to no more than 80% of the evapotranspiration (ET) rate for the Sacramento area.~~

2. New or expanded landscaping should be limited to drought tolerant trees, shrubs and ground cover. The planting of new turf or grass, whether hydro-seeded or laid, is discouraged.

STAGE 2 – WATER WARNING

Water supply conditions may be impeded by lack of available sources including surface water supplies conjunctively used by the District, regional circumstances or statewide climate influences. The goal of this stage is to reduce District-wide consumption of water by up to 30% in order to meet the needs of District Customers, comply with State mandates, cooperate

with regional programs and/or comply with County regulations declaring water shortages. The following requirements shall be in force during Stage 2 and all subsequent increases in stage declarations:

1. All requirements of the previous stages unless further modified below;
2. Outdoor watering shall be limited to no more than two days per week, as determined by the Board of Directors at the time of a Stage 2 declaration;
3. Hydrant permits for construction water will be issued only with the approval of the General Manager. A construction water use plan must be submitted to the District for review that addresses how impacts to existing water users will be mitigated (such as dust control);
4. Customers with a registered WBIC shall set their controller to operate at 70% of the ET rate for the Sacramento region; and,
~~A County or State health official must verify all health and emergency conditions requiring potable water use for the purpose of any washing of sidewalks, walkways, streets, parking lots, driveways. An industry professional must verify all health and emergency conditions requiring potable water use for the purpose of any washing of buildings.~~
5. New or expanded landscaping shall be limited to drought tolerant trees, shrubs and ground cover. No new turf or grass shall be planted, hydro-seeded or laid without prior approval of the General Manager via written request.
~~Decorative fountains that use potable water will be drained and kept dry.~~

The following are recommended practices for Stage 2 – Water Warning:

1. All recommendations of the previous stages unless modified to requirements.

~~District Customers with “smart” irrigation timers are encouraged to set their controllers to achieve watering efficiency equal to no more than 75% of the evapotranspiration (ET) rate for the Sacramento area.~~

2. Washing of vehicles and other mobile equipment are recommended to be conducted at commercial establishments that use recycled water.

STAGE 3 – WATER CRISIS

Water supply conditions are significantly impeded by interruption of available sources, a regional emergency, a county emergency or state mandates. The goal of this stage is to reduce District-wide consumption of water by up to 40% in order to meet the needs of District Customers. A declaration of this stage will be in conformance with the activation of the District’s Emergency Response Plan and/or Water Shortage Contingency Plan. The

following requirements shall be in force during Stage 3 and any subsequent increase in stage declaration:

1. All requirements of the previous stages unless further modified below;
2. Outdoor landscape irrigation shall be limited to one day per week, as determined by the Board of Directors at the time of a Stage 3 declaration;
3. Customer with a registered WBIC shall set their controller to operate at 60% of the ET rate for the Sacramento region;
4. Watering day variances for the planting of new or expanded landscaping is prohibited shall be considered if the project can demonstrate that the new or expanded landscaping will result in a decrease in water use. Variance requests are subject to the approval of the General Manager via written request; and,

~~Watering restriction exemptions for new turf or hydro-seed will be revoked.~~

5. Except where non-potable water is used, all Large Landscape Irrigation Customers (Commercial Industrial, and Institutional) must cease all ornamental turf irrigation. Non-ornamental turf areas, such as the active playing surfaces of sports fields or outdoor classrooms may be irrigated and maintained to a level that will ensure the safety of those using it, provided the overall system water use is reduced by 40%. Customers irrigating non-ornamental turf areas for the purposes outlined above shall be exempt from the watering day schedule unless a 40% reduction in overall water use is not achieved.

~~Car washing is only permitted using a commercial carwash that recirculates water or by high pressure/low volume wash systems.~~

The following are recommended practices for Stage 3 – Water Crisis:

1. All recommendations of the previous stages unless modified to requirements.

~~District Customers with “smart” irrigation timers are encouraged to set their controllers to achieve watering efficiency equal to no more than 70% of the evapotranspiration (ET) rate for the Sacramento area.~~

2. Washing of vehicles and other mobile equipment is recommended to be conducted at commercial establishments that use recycled water.

STAGE 4 – WATER EMERGENCY (Public Health and Safety Only)

Water supply conditions are significantly impeded by interruption of available sources, a regional emergency, a county emergency or state mandates. The goal of this stage is to reduce District-wide consumption of water by greater than 50% in order to meet the needs of District Customers. A declaration of this stage will be in conformance with the activation of the District’s Emergency Response Plan. The following requirements shall be in force during Stage 4:

1. All requirements of the previous stages unless further modified below;

~~Any use of water for washing down sidewalks and driveways is prohibited. Unless a condition of health and/or safety is verified by a Sacramento County Health Official.~~

2. Use of District water for filling pools, ponds, or spas is prohibited;

3. Outdoor landscape irrigation is prohibited;

4. All washing of vehicles and other mobile equipment is prohibited unless conducted at a commercial establishment that utilizes recycled water;

5. All metered services will be subject to additional tiered rates approved by the District Board of Directors; and,

6. No commitments will be provided for new water service connections until the District has returned, at a minimum, to Stage 3 restrictions. The District reserves the right to limit or refuse new service connections until Stage 2 conditions exist.

Recommended practices identified in previous stages are not applicable in Stage 4.

WATER USE PERMITTED

Water used for the following purposes is considered essential for public health and safety and is therefore permitted during all stage declarations:

- A. Water use for firefighting or routine inspection of fire hydrants or from fire training activities;
- B. Water applied to abate spills of flammable or other hazardous materials, where water is an appropriate abatement methodology; and,
- C. Water applied to prevent or abate imminent health, safety, or accident hazards when alternate methods are not available.

B. ENFORCEMENT

Enforcement of any violation of the water conservation requirements provided in this Regulation No. 15, as they may be amended from time to time by the District Board of Directors, is provided in this section. Service charges will be assessed for a violation of the District's conservation rules in accordance with the following provisions. A Customer will be notified when violations may result in service charges. The service charges that may be assessed are provided in Section L of Regulation No. 3. In cases of tenant occupancy, landowners retain full responsibility for the use of water by their tenants, including payment of any service charges imposed for violations of this Regulation No. 15.

Enforcement of the requirements of each water conservation stage will be conducted in a progressive manner and may ultimately lead to termination of service in cases where a violator refuses to discontinue activities constituting water waste. The enforcement steps are as follows:

Notice of Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of the existence of a violation, the District shall request Customer compliance with this Regulation via a notice of violation delivered in person.

Warning Notice of Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of the existence of a violation, the District shall request Customer compliance with this Regulation via a Warning Notice of Violation delivered in person.

First Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of the existence of the next violation after a Warning was issued, the District shall request Customer compliance with this Regulation via a notice delivered in person by District personnel, and/or by certified mail to the billing address of the Parcel upon which the 1st violation has occurred.

The first violation charged to a Parcel will begin the District's monitoring of that Parcel for water waste. Should there be no additional violations on the Parcel prior to the conclusion of the current water year, then that Parcel's violation from the previous year will be expunged and the Parcel will be deemed to be free of violations and the counting of any violations incurred in the new water year will begin on a clean record. The District shall keep on file copies of all violations of the District's water conservation requirements that were incurred in the same water year.

For one time only, and upon customer request, a customer may participate in a Water-Wise House Call to remove a First Violation from the customer's record for the current water year.

Second Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of a second water conservation violation of any kind on the same Parcel, the Customer and Landowner shall be notified of the 2nd violation in writing at the established billing address by District personnel and/or via certified mail. The District will assess a service charge for the violation, which will be added to the Customer's next bill. The second violation service charge will be billed in accordance with Regulation No. 3, Section L.1.

If a second violation occurs at a Stage 2 or higher Water Conservation Stage in this Regulation on any non-metered service, the District shall install a permanent water meter on any existing Service Connection on the Parcel where the violation occurred and/or the District may impose an additional service charge as approved by the District Board of Directors. Metered rate billing will be initiated on the account at the next billing period following the meter installation.

A Customer may avoid paying a service charge for a Second Violation by attending a water conservation awareness workshop at the customer's expense and participating in a Water-Wise House Call if not completed following the first violation.

Third Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of a third water conservation violation of any kind on the same Parcel, the Customer and Landowner shall be notified of the violation in writing at the established billing address by District personnel and/or via certified mail. The District will assess a service charge for the violation, which will be added to Customer's next bill in accordance to Regulation 3, Section L.2. The notice of violation also will state that a subsequent violation may result in disconnection or reduction of service.

Fourth Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of a fourth water conservation violation of any kind on the same Parcel, the Customer and Landowner shall be notified of the violation in writing at the established billing address by District personnel or via certified mail. The District will assess a charge for the fourth violation as follows:

Flat Rate Services: Upon the fourth water conservation violation of a non-metered account, the District may discontinue or reduce the water supply to the Parcel where the violation occurred. The District shall, in its sole discretion, decide whether to terminate or reduce service based on all of the facts and circumstances of the violation and the Customer's past water use history. The Landowner shall be notified in writing by District personnel and/or via certified mail of the violation that a water meter shall be installed on that Parcel. The Landowner shall bear the cost of installing the meter, which shall be based on the cost of the District's time and materials. The installation of this meter shall cause the billing for the Parcel to be changed from a flat rate to a metered rate. The monthly charge for a metered service will be computed on the current metered rate as more specifically set forth in the District's Regulation No. 3 and any additional tiered water conservation rates adopted by the Board. The installation of this Meter shall be deemed permanent.

Metered Services: Upon the fourth water conservation violation on an existing metered service, the District will notify the Landowner of the violation in writing at the established billing address by District personnel and/or via certified mail. The Landowner will be informed that an additional charge for servicing the violation will be included in his/her next billing. The amount of the charge is as follows:

- (i) 1-inch or smaller service: 25% of the amount of the water bill for the month in which the violation occurs.
- (ii) 1½ inch or larger service: 50% of the amount of the water bill for the month in which the violation occurs.

In addition, the District may discontinue or reduce the water supply to the Parcel where the violation occurred. The District shall, in its sole discretion, decide whether to terminate or reduce service based on all of the facts and circumstances of the violation and the Customer's past water use history. To restore service or full flow capabilities, the affected Customer will be required to request a hearing of the

District Board of Directors, where the Customer may present evidence to the Board concerning the violation and request the restoration of water service. At its next regular meeting after the hearing, the District Board shall enter into the record its findings and decision concerning the service restoration request and each issue there under. The Board's decision will be final. The Secretary of the Board will mail the Board's written findings and decision to the Customer within thirty days (30) after the date that the Board renders its decision.

Where compliance with the requirements of this Regulation No. 15 are beyond the control of the Customer or Landowner and written justification and supporting evidence has been provided by the Customer or Landowner and verified by a District representative, the General Manager may excuse the violation. Approval of such a variance by the General Manager shall be conditioned on the Customer's or Landowner's cooperation with the District in resolving the violation.

Where a water conservation violation occurs on a Parcel improved with multiple family units, and it is not practical to determine which unit is responsible for the violation, the District will assess the service charge described above for existing metered rates.

Where water is wastefully or negligently used on a water user's premises to the extent that the violation seriously affects the District's general service capability, the District may discontinue service to the premises if the water waste conditions causing the general service disruption are not corrected within twenty-four (24) hours after the District provides the water user with the violation notice. A door hanger (notice) shall be deemed sufficient written notice for this purpose.

When encountered in the course of routine daily activity, District personnel have the responsibility and authority to control leaks on any Premises at the point of connection or at the valve controlling the Customer's System. When water is shut off for control of a leak, the District will provide the Customer with notice of the condition.

When a leak is discovered on a customer's property and it is verified that the leak is occurring from the customer's side of the Point of Connection, the District shall require the following:

1. The District will provide written notification via mail and/or notice left at the location that the customer has 7 days to make the repairs necessary to abate the leak in question.
 - a. The District will offer the customer a Water-Wise House Call to evaluate the water use at the location. The location's water use will be surveyed and evaluated;

however, the District will not perform any kind in-depth water leak detection services.

- b. The customer can extend the 7 day period by providing a written verification that the leak has been scheduled to be repaired.
2. If the leak in question is not repaired at the end of the 7 day period, the District shall issue the customer a 48 hour (business hours) notice to repair by either mail and/or notice left at the location.
 - a. The customer can extend the 48 hour period by providing a written verification that the leak has been scheduled to be repaired within the 48-hour extension.
3. If the leak in question had not been repaired at the end of the 48 hour period, the District shall issue a 24 hour (business hours) to repair by either mail or notice left at the location.
 - a. The customer can extend the 24 hour period by providing a written verification that the leak has been scheduled to be repaired.
4. If the leak in question has not been repaired at the end of the 24 hour period, and the customer has not provided the District with a written verification that the leak is scheduled for immediate repair, the District may discontinue service to the location until all necessary repairs to abate the leak have been demonstrated as complete or scheduled to be completed.

EXHIBIT 2

Regulation No. 15 Water Conservation Water Shortage Contingency Plan

Adopted: July 19, 2004

Amended: November 17, 2008; March 16, 2009; April 20, 2009;
December 21, 2009; April 19, 2010; December 20, 2010; May 14, 2015; June 7, 2016

A. Water Conservation Stage Declaration

Each year, the District Board of Directors shall determine, based on data in the California Department of Water Resource's (DWR) Bulletin #120 and present water conditions, the water stage applicable to the District. The declaration shall consist of "normal water supply", or one of the four (4) stages of varying water conservation measures. The applicable stage determined by the District shall be effective upon adoption by the Board of Directors each water year and shall remain in effect until changed by the Board based on updated data from DWR, past water usage within the District, and existing water supply and use conditions. The water year shall be defined as the period starting October 1 and lasting until September 30 of the following year.

Regardless of water supply availability or service conditions within the District, the Board of Directors reserves the right to set water conservation goals and modify stage declarations as necessary to align with regional or state water conservation policies, agreements or declarations, or legal requirements. All wasteful practices or unreasonable uses of District water, whether willful or negligent, are always prohibited. The General Manager, following the guidelines set forth in this Regulation and other relevant Board policies, state laws and regulations, shall determine what constitutes a wasteful practice or unreasonable use of water.

In addition to Normal Water Supply Conditions, the following four stages, including their conservation requirements, shall be observed by all water users within the District:

NORMAL WATER SUPPLY

Water supply conditions are adequate to meet the demands of the District's Customers. The goal of this stage is the use of water efficiently in conformance with the water conservation Best Management Practices (BMPs) specified in the District's Urban Water Management Plan. Requirements specified in this stage are applicable to and in force at all times and in all other stages of this regulation. The following requirements shall be in force during Normal Water Supply and in all subsequent stage declarations unless the Board modifies or adds to these restrictions:

1. Water must not be permitted to discharge, flow, or run to waste into any gutter, sanitary sewer, water course, or storm drain, or to any adjacent lot, from any tap, hose, faucet, pipe, sprinkler, or nozzle. In the case of irrigation, "discharge," "flow," or "run to waste" means that the earth intended to be irrigated has been saturated with water to the point that excess water flows over the earth to waste. In the case of washing, "discharge," "flow," or "run to waste" means the water in excess of that which is necessary to wash, wet or clean the dirty or dusty object, such as an automobile or boat, flows to waste;
2. The washing of vehicles is permitted only with the use of a water saver nozzle equipped with automatic shut-off and bucket, provided minimal runoff occurs on sidewalks or street;
3. The use of water for washing down sidewalks, walkways, driveways, parking lots, homes or buildings is prohibited except as necessary for health, sanitary, or fire protection purposes. A Customer desiring a variance may submit a written request to the District which will be reviewed by the Water Conservation Supervisor and submitted to the General Manager or his designee for approval or denial;
4. Customers watering food grown for personal consumption are exempt from any watering day restrictions in all Water Conservation Stages;
5. All water hoses or filling apparatus shall be equipped with a control nozzle capable of completely shutting off the flow of water except when positive pressure to the nozzle is applied;
6. All water fixtures or heating or cooling devices must not be allowed to leak or discharge. All known leaks must be repaired within seven (7) days or less depending on the severity of the leak.
7. The operation of an irrigation system that applies water to an impervious surface (example: concrete or asphalt) or that is in disrepair is prohibited;
8. Water during cooler morning and evening hours to reduce evaporation and avoid peak energy demand times. Outdoor watering from 12:00 noon to 8:00 p.m. during the months of May - August is prohibited; & watering from 12:00 noon to 6:00 p.m. during the months of September – April is prohibited;
9. Irrigation of landscaping during and within 48 hours after measurable rainfall is prohibited. Measurable rainfall shall be defined as any rainfall equal to or greater than 1/8 of an inch;
10. Backwashing or overfilling, so as to discharge water to waste, swimming pools, decorative basins, or ponds in excess of the frequency reasonably necessary to maintain the clarity or cleanliness of the water is prohibited. Pool draining and refilling will be allowed only for health or structural maintenance/repair considerations upon submittal of a written report by a health official or pool professional and approved by the Water Conservation Supervisor;
11. All pools, spas, decorative or ornamental fountains, ponds and waterways must be equipped with a recirculation pump and must be constructed to be leak-proof;

12. The use of water from a fire hydrant without the expressed written permission from the District is prohibited;
13. The use of water in new conveyer car washes and new commercial laundry systems that do not use a recirculation system shall be prohibited;
14. Customers enrolled in the Large Irrigation Services Customer (LISC) program will adhere to the LISC Agreement, as signed by both the customer and the District;
15. The serving of water other than upon request in eating or drinking establishments, including but not limited to restaurants, hotels, cafes, cafeterias, bars, or other public places where food or drink are served and/or purchased is prohibited;
16. The irrigation of any ornamental turf located in a street median is prohibited;
17. The irrigation of landscapes outside of newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community Development is prohibited;
18. To promote water conservation, operators of hotels and motels shall provide guests with the option of choosing not to have towels and linens laundered daily. The hotel or motel shall prominently display notice of this option in each guestroom using clear and easily understood language;
19. Customers may register their Weather Based Irrigation Controllers (WBIC) with the District for consideration in subsequent Water Conservation Stages. Customers with a registered WBIC shall be exempt from any watering schedule in any subsequent Water Conservation Stage, provided the WBIC is in good repair and set to operate off of its intended weather based operating instructions. Customers with a registered WBIC can allow the controller to operate with 100% of evapotranspiration (ET) settings for the Sacramento area in Normal Water Supply conditions; and.
20. Customers utilizing a drip irrigation system to irrigate their landscape (including subsurface drip irrigation systems for turf/lawn areas) are exempt from any watering day restrictions listed or determined by the Board in all subsequent Water Conservation Stages.

The following are recommended practices for Normal Water Supply conditions:

1. Watering three (3) days or less per week is encouraged;
 - a. Customers whose address ends with an odd number are encouraged to only water on Tuesdays, Thursdays and Saturdays.
 - b. Customers whose address ends with an even number are encouraged to only water on Sundays, Wednesdays and Fridays.
 - c. Watering on Mondays is not recommended.
2. Pool covers for swimming pools and spas are recommended to reduce evaporation;
3. Customers are encouraged to wash only full loads of laundry and dishes; and,

4. District Customers are encouraged to take advantage of the District's conservation programs and rebates.
5. Customers with WBIC are recommended to operate their controller using 80% of ET for the Sacramento region.

STAGE 1 – WATER ALERT

Water supply conditions may be impeded by lack of available sources including surface water supplies conjunctively used by the District, regional circumstances or statewide climate influences. The goal of this stage is to reduce District-wide consumption of water by up to 20% in order to meet the needs of District Customers, comply with State mandates, cooperate with regional programs and/or comply with County regulations declaring water shortages. The following requirements shall be in force during Stage 1 and all subsequent increases in Stage Declarations:

1. All requirements of Normal Water Supply Conditions shall continue to be enforced unless modified below.
2. The District will make mandatory and will enforce the following watering schedule:
 - a. Three (3) day per week Odd/Even outdoor watering shall be followed.
 - i. Odd addresses water on Tuesday, Thursday, and Saturday.
 - ii. Even addresses water on Wednesday, Friday, and Sunday.
 - iii. Watering on Monday is prohibited.
3. Customers with registered WBIC shall set their controllers to operate at 80% of ET for the Sacramento Region.

The following are recommended practices for Stage 1 – Water Alert:

1. All recommendations of Normal Water Supply Conditions unless modified to mandatory requirements listed above; and.
2. New or expanded landscaping should be limited to drought tolerant trees, shrubs and ground cover. The planting of new turf or grass, whether hydro-seeded or laid, is discouraged.

STAGE 2 – WATER WARNING

Water supply conditions may be impeded by lack of available sources including surface water supplies conjunctively used by the District, regional circumstances or statewide climate influences. The goal of this stage is to reduce District-wide consumption of water by up to 30% in order to meet the needs of District Customers, comply with State mandates, cooperate with regional programs and/or comply with County regulations declaring water shortages. The following requirements shall be in force during Stage 2 and all subsequent increases in stage declarations:

1. All requirements of the previous stages unless further modified below;

2. Outdoor watering shall be limited to no more than two days per week, as determined by the Board of Directors at the time of a Stage 2 declaration;
3. Hydrant permits for construction water will be issued only with the approval of the General Manager. A construction water use plan must be submitted to the District for review that addresses how impacts to existing water users will be mitigated (such as dust control);
4. Customers with a registered WBIC shall set their controller to operate at 70% of the ET rate for the Sacramento region; and.
5. New or expanded landscaping shall be limited to drought tolerant trees, shrubs and ground cover. No new turf or grass shall be planted, hydro-seeded or laid without prior approval of the General Manager via written request.

The following are recommended practices for Stage 2 – Water Warning:

1. All recommendations of the previous stages unless modified to requirements.
2. Washing of vehicles and other mobile equipment are recommended to be conducted at commercial establishments that use recycled water.

STAGE 3 – WATER CRISIS

Water supply conditions are significantly impeded by interruption of available sources, a regional emergency, a county emergency or state mandates. The goal of this stage is to reduce District-wide consumption of water by up to 40% in order to meet the needs of District Customers. A declaration of this stage will be in conformance with the activation of the District's Emergency Response Plan and/or Water Shortage Contingency Plan. The following requirements shall be in force during Stage 3 and any subsequent increase in stage declaration:

1. All requirements of the previous stages unless further modified below;
2. Outdoor landscape irrigation shall be limited to one day per week, as determined by the Board of Directors at the time of a Stage 3 declaration;
3. Customer with a registered WBIC shall set their controller to operate at 60% of the ET rate for the Sacramento region;
4. Watering day variances for the planting of new or expanded landscaping is ~~prohibited~~ shall be considered if the project can demonstrate that the new or expanded landscaping will result in a decrease in water use. Variance requests are subject to the approval of the General Manager via written request; and.
5. Except where non-potable water is used, all Large Landscape Irrigation Customers (Commercial Industrial, and Institutional) must cease all ornamental turf irrigation. Non-ornamental turf areas, such as the active playing surfaces of sports fields or outdoor classrooms may be irrigated and maintained to a level that will ensure the safety of those using it, provided the overall system water use is reduced by 40%. Customers irrigating

non-ornamental turf areas for the purposes outlined above shall be exempt from the watering day schedule unless a 40% reduction in overall water use is not achieved.

The following are recommended practices for Stage 3 – Water Crisis:

1. All recommendations of the previous stages unless modified to requirements.
2. Washing of vehicles and other mobile equipment is recommended to be conducted at commercial establishments that use recycled water.

STAGE 4 – WATER EMERGENCY (Public Health and Safety Only)

Water supply conditions are significantly impeded by interruption of available sources, a regional emergency, a county emergency or state mandates. The goal of this stage is to reduce District-wide consumption of water by greater than 50% in order to meet the needs of District Customers. A declaration of this stage will be in conformance with the activation of the District’s Emergency Response Plan. The following requirements shall be in force during Stage 4:

1. All requirements of the previous stages unless further modified below:
2. Use of District water for filling pools, ponds, or spas is prohibited;
3. Outdoor landscape irrigation is prohibited;
4. All washing of vehicles and other mobile equipment is prohibited unless conducted at a commercial establishment that utilizes recycled water;
5. All metered services will be subject to additional tiered rates approved by the District Board of Directors; and,
6. No commitments will be provided for new water service connections until the District has returned, at a minimum, to Stage 3 restrictions. The District reserves the right to limit or refuse new service connections until Stage 2 conditions exist.

Recommended practices identified in previous stages are not applicable in Stage 4.

WATER USE PERMITTED

Water used for the following purposes is considered essential for public health and safety and is therefore permitted during all stage declarations:

- A. Water use for firefighting or routine inspection of fire hydrants or from fire training activities;
- B. Water applied to abate spills of flammable or other hazardous materials, where water is an appropriate abatement methodology; and,
- C. Water applied to prevent or abate imminent health, safety, or accident hazards when alternate methods are not available.

B. ENFORCEMENT

Enforcement of any violation of the water conservation requirements provided in this Regulation No. 15, as they may be amended from time to time by the District Board of Directors, is provided in this section. Service charges will be assessed for a violation of the District's conservation rules in accordance with the following provisions. A Customer will be notified when violations may result in service charges. The service charges that may be assessed are provided in Section L of Regulation No. 3. In cases of tenant occupancy, landowners retain full responsibility for the use of water by their tenants, including payment of any service charges imposed for violations of this Regulation No. 15.

Enforcement of the requirements of each water conservation stage will be conducted in a progressive manner and may ultimately lead to termination of service in cases where a violator refuses to discontinue activities constituting water waste. The enforcement steps are as follows:

Notice of Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of the existence of a violation, the District shall request Customer compliance with this Regulation via a notice of violation delivered in person.

Warning Notice of Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of the existence of a violation, the District shall request Customer compliance with this Regulation via a Warning Notice of Violation delivered in person.

First Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of the existence of the next violation after a Warning was issued, the District shall request Customer compliance with this Regulation via a notice delivered in person by District personnel, and/or by certified mail to the billing address of the Parcel upon which the 1st violation has occurred.

The first violation charged to a Parcel will begin the District's monitoring of that Parcel for water waste. Should there be no additional violations on the Parcel prior to the conclusion of the current water year, then that Parcel's violation from the previous year will be expunged and the Parcel will be deemed to be free of violations and the counting of any violations incurred in the new water year will begin on a clean record. The District shall keep on file copies of all violations of the District's water conservation requirements that were incurred in the same water year.

For one time only, and upon customer request, a customer may participate in a Water-Wise House Call to remove a First Violation from the customer's record for the current water year.

Second Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of a second water conservation violation of any kind on the same

Parcel, the Customer and Landowner shall be notified of the 2nd violation in writing at the established billing address by District personnel and/or via certified mail. The District will assess a service charge for the violation, which will be added to the Customer's next bill. The second violation service charge will be billed in accordance with Regulation No. 3, Section L.1.

If a second violation occurs at a Stage 2 or higher Water Conservation Stage in this Regulation on any non-metered service, the District shall install a permanent water meter on any existing Service Connection on the Parcel where the violation occurred and/or the District may impose an additional service charge as approved by the District Board of Directors. Metered rate billing will be initiated on the account at the next billing period following the meter installation.

A Customer may avoid paying a service charge for a Second Violation by attending a water conservation awareness workshop at the customer's expense and participating in a Water-Wise House Call if not completed following the first violation.

Third Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of a third water conservation violation of any kind on the same Parcel, the Customer and Landowner shall be notified of the violation in writing at the established billing address by District personnel and/or via certified mail. The District will assess a service charge for the violation, which will be added to Customer's next bill in accordance to Regulation 3, Section L.2. The notice of violation also will state that a subsequent violation may result in disconnection or reduction of service.

Fourth Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of a fourth water conservation violation of any kind on the same Parcel, the Customer and Landowner shall be notified of the violation in writing at the established billing address by District personnel or via certified mail. The District will assess a charge for the fourth violation as follows:

Flat Rate Services: Upon the fourth water conservation violation of a non-metered account, the District may discontinue or reduce the water supply to the Parcel where the violation occurred. The District shall, in its sole discretion, decide whether to terminate or reduce service based on all of the facts and circumstances of the violation and the Customer's past water use history. The Landowner shall be notified in writing by District personnel and/or via certified mail of the violation that a water meter shall be installed on that Parcel. The Landowner shall bear the cost of installing the meter, which shall be based on the cost of the District's time and materials. The installation of this meter shall cause the billing for the Parcel to be changed from a flat rate to a metered rate. The monthly charge for a metered service will be computed on the current metered rate as more specifically set forth in the

District's Regulation No. 3 and any additional tiered water conservation rates adopted by the Board. The installation of this Meter shall be deemed permanent.

Metered Services: Upon the fourth water conservation violation on an existing metered service, the District will notify the Landowner of the violation in writing at the established billing address by District personnel and/or via certified mail. The Landowner will be informed that an additional charge for servicing the violation will be included in his/her next billing. The amount of the charge is as follows:

- (i) 1-inch or smaller service: 25% of the amount of the water bill for the month in which the violation occurs.
- (ii) 1½ inch or larger service: 50% of the amount of the water bill for the month in which the violation occurs.

In addition, the District may discontinue or reduce the water supply to the Parcel where the violation occurred. The District shall, in its sole discretion, decide whether to terminate or reduce service based on all of the facts and circumstances of the violation and the Customer's past water use history. To restore service or full flow capabilities, the affected Customer will be required to request a hearing of the

District Board of Directors, where the Customer may present evidence to the Board concerning the violation and request the restoration of water service. At its next regular meeting after the hearing, the District Board shall enter into the record its findings and decision concerning the service restoration request and each issue there under. The Board's decision will be final. The Secretary of the Board will mail the Board's written findings and decision to the Customer within thirty days (30) after the date that the Board renders its decision.

Where compliance with the requirements of this Regulation No. 15 are beyond the control of the Customer or Landowner and written justification and supporting evidence has been provided by the Customer or Landowner and verified by a District representative, the General Manager may excuse the violation. Approval of such a variance by the General Manager shall be conditioned on the Customer's or Landowner's cooperation with the District in resolving the violation.

Where a water conservation violation occurs on a Parcel improved with multiple family units, and it is not practical to determine which unit is responsible for the violation, the District will assess the service charge described above for existing metered rates.

Where water is wastefully or negligently used on a water user's premises to the extent that the violation seriously affects the District's general service capability, the District may discontinue service to the premises if the water waste conditions causing the general service disruption are not corrected within twenty-four (24) hours after the District provides the water user with the

violation notice. A door hanger (notice) shall be deemed sufficient written notice for this purpose.

When encountered in the course of routine daily activity, District personnel have the responsibility and authority to control leaks on any Premises at the point of connection or at the valve controlling the Customer's System. When water is shut off for control of a leak, the District will provide the Customer with notice of the condition.

When a leak is discovered on a customer's property and it is verified that the leak is occurring from the customer's side of the Point of Connection, the District shall require the following:

1. The District will provide written notification via mail and/or notice left at the location that the customer has 7 days to make the repairs necessary to abate the leak in question.
 - a. The District will offer the customer a Water-Wise House Call to evaluate the water use at the location. The location's water use will be surveyed and evaluated; however, the District will not perform any kind in-depth water leak detection services.
 - b. The customer can extend the 7 day period by providing a written verification that the leak has been scheduled to be repaired.
2. If the leak in question is not repaired at the end of the 7 day period, the District shall issue the customer a 48 hour (business hours) notice to repair by either mail and/or notice left at the location.
 - a. The customer can extend the 48 hour period by providing a written verification that the leak has been scheduled to be repaired within the 48-hour extension.
3. If the leak in question had not been repaired at the end of the 48 hour period, the District shall issue a 24 hour (business hours) to repair by either mail or notice left at the location.
 - a. The customer can extend the 24 hour period by providing a written verification that the leak has been scheduled to be repaired.
4. If the leak in question has not been repaired at the end of the 24 hour period, and the customer has not provided the District with a written verification that the leak is scheduled for immediate repair, the District may discontinue service to the location until all necessary repairs to abate the leak have been demonstrated as complete or scheduled to be completed.



Agenda Item: 2

Date: June 3, 2016

Subject: 2016 Water Conservation Program and Stage Declaration

Staff Contact: Greg Bundesen, Water Conservation Supervisor

Recommended Board Action:

1. Staff is recommending that the District declare a Normal Water Supply with the associated enforcement actions listed under Normal Water Supply Regulation No. 15 as updated by Resolution No. 16-13.
2. To continue the message that water conservation and use efficiency remain a priority for the District, set a non-mandatory District-wide Water Conservation Goal of 10%.
3. Direct staff to implement the two items listed as mandatory actions by the SWRCB.

Discussion

On May 9, 2016 the Governor of California issued an Executive Order that directs the SWRCB to adjust and extend its emergency water conservation regulations through the end of January 2017 in recognition of the differing water supply conditions for many communities around the state. On May 18, 2016 the SWRCB adopted new Emergency Regulations updating State Water Code Section 864 End-User Requirements in Promotion of Water Conservation. The changes to the State Water Code that the SWRCB adopted can be found in the underlined portions of Exhibit 1.

Staff has made updates to the District's Regulation No. 15 to reflect the newly adopted mandatory actions by urban water suppliers under Section 865 of the Water Code as adopted by the SWRCB on May 18, 2016, as well as recommendations that staff feel are necessary to reward customers for making water efficient upgrades to their properties, encourage customers to make positive water efficient changes to their properties, and ensure compliance with all federal, state and local water use prohibitions. The Water Conservation Stage recommendation below is being made under the assumption that Regulation No. 15 was updated without changes as found in Agenda Item 1, Resolution No. 16-13.

The District's Self Certified Water Conservation Standard

In accordance with the newly adopted regulations in the California Water Code Section 864.5 Self-Certification of Supply Reliability, urban water utilities can self-certify their conservation standard based on local water supply conditions and the utilities ability to meet customer demand if the state experiences three additional years of drought conditions. The drought condition assumptions made by the SWRCB for the self certification process are that water years 2017, 2018, and 2019 will mirror water years 2013, 2014, and 2015 and that no change orders for additional water supplies will be issued for the next three years. A SWRCB example calculation can be found in Exhibit 2.

Figure 1 shows the calculation that District staff is planning to submit for the SWRCB's Self Certification Process:

Figure 1: SWRCB Self-Certification Calculation

Calculation of Urban Water Supplier's Conservation Standard Supply Reliability of Three Additional Years of Drought				
Step 1: Determine Total Potable Water Demand (Used in Step 3)				
Potable Water Production in Calendar Year 2013		38,554	Acre Feet	
Potable Water Production in Calendar Year 2014		32,561	Acre Feet	
Total Potable Water Demand [(38,554 + 32,561)]/2		35,558	Acre Feet	
Example Calculation 1: Sufficiency Supply				
Step 2: Calculate Total Potable Water Supply				
Potable Water Supply		Year 1	Year 2	Year 3
Local Surface Water	City of Sacramento (Hodge)	11,049	1,596	3,560
	PCWA (Middle Fork Proj.)	0	0	0
Imported Water	None	0	0	0
Ground Water	Sustainable Pumping Target (SGA)	35,035	35,035	35,035
	Basin Sustainability Balance (SGA)	4,827	4,827	4,827
	Exchangeable Water Balance (SGA)	1,173	1,173	1,173
Total Potable Water Supply [Local Surface Water]+[Imported Water]+[Groundwater]		52,084	42,631	44,595
Step 3: Calculate Conservation Standard				
Total Potable Water Demand (from Step 1)		35,558	Acre Feet	
Total Potable Water Supply in Year 3 (from Step 2)		44,595	Acre Feet	
Supply Shortfall in Year 3 (negative amount indicates a surplus)		-9,038	Acre Feet	
Conservation Standard with Self-Certification of Supply Reliability [Shortfall in Year 3] + [Total Potable Water Demand]*			-25%	
[-9,037 AF] + [35,558 AF]				
*There is no shortfall in Year 3, the Conservation Standard is 0%.				

As noted in Step 3 of Figure 1, the District's Conservation Standard is self-certified as 0% based on the surplus of water available for District customers in Year 3.

2016 Water Conservation Stage Declaration

Staff recognizes the incredible efforts that the District's customers undertook in 2014 and 2015 to meet the 32% reduction standard of SWRCB. Staff implemented the approved 2015 Drought Response Plan with expanded customer outreach and expanded District programs and was successful in achieving a level of conservation that did not draw adverse attention to the District from the SWRCB.

The recommended Water Conservation Stage Declaration is being proposed by staff is on the assumption that Resolution No.16-13 has been adopted by the Board as recommended by staff.

Normal Water Supply conditions do not call for any level of mandatory conservation, only the efficient use of water and the prohibition of water waste (see Exhibit 3, Regulation No. 15). Staff is recommending that the Board declare Normal Water Supply conditions and implement all of the enforcement measures under Normal Water Supply conditions based on the District's ability to meet 100% of customer demand and the water SWRCB conservation standard self-certification of 0%. If conditions change, staff will inform the Board of any and all mandatory actions required by the SWRCB, and make any and all necessary recommended changes to the Water Conservation Stage Declaration as required. Staff has included all but two of the current mandatory actions required by the SWRCB as part of Resolution No.16-13.

The only mandatory actions the SWRCB is requiring that were not included in Resolution No. 16-13 are the following:

1. Section 865.g.2 – Urban water suppliers shall submit a report by December, 15, 2016, on a form provided by the SWRCB, that identifies total potable water production, by month, from December 2015 through November 2016, total potable water production by month for the same months in 2013; and,
2. Any actions taken by the supplier to encourage or require its customers to conserve water.

Staff is recommending that the Board Adopt the above two items as part of the Water Conservation Stage Declaration.

Staff is also recommending that the Board adopt a non-mandatory District wide Water Conservation Goal of 10% to continue the message of the importance of water use efficiency. The 10% goal does not carry any alternate compliance actions not listed under Normal Water Supply in Regulation No. 15. Customers willing to participate in the 10% goal will have the option of following the Normal Water Supply Recommended Practices in Regulation No. 15. The Normal Water Supply Recommended Practices will not be enforced while Normal Water Supply Conditions have been declared and will only be used as a guide to help customers willing to achieve the 10% conservation goal.

Fiscal Impacts:

1. Staff budgeted for Normal Water Supply Conditions in CY2016.
2. Declaring a Normal Water Supply will not affect the District's projected expenses or revenue for the remainder of the year.
3. Impacts to revenue while under Stage 3 – Water Crisis conditions since January 1, 2016 to date were approximately \$200,000 less than projected (about 25% in water production or 2,700 AF).
4. Staff is anticipating some level of revenue reduction for the remainder of the year based on customers making permanent changes to their water use habits over the last three years, but those impacts will not be realized until the end of the calendar year.
5. Additional revenue that may be realized from customers who do not comply with the mandatory water use restrictions associated with Normal Water Supply conditions are not known at this time.

6. There are no fiscal impacts for additional staffing levels for Normal Water Supply Conditions as none are being requested at this time.

Strategic Plan Alignment:

Water Supply – 1.C. Continue to implement and support demand management strategies and water conservation that comply with federal, state and regional programs; support Water Forum Agreement goals and efficiently meet the needs of the District customers.

Facilities and Operations – 1.H. Implement water conservation programs that efficiently utilize potable water supplies.

Customer Service – 3.D. Provide effective customer and community relations by communicating, educating, and providing information on District operations, drinking water issues, resource sustainability and environmental stewardship.

By declaring Normal Water Supply Conditions the District is acknowledging its customer's extraordinary efforts to reach a water conservation target of 32% and providing sufficient data to the SWRCB of the District's ability to serve its customers up to and beyond 100% of their water demand for the comparison period and beyond. Customer will be able to water their yards and revive their plant life while keeping water use efficiency in mind.

ADOPTED TEXT OF EMERGENCY REGULATION

Article 22.5. Drought Emergency Water Conservation.

Sec. 863. Findings of Drought Emergency.

(a) The State Water Resources Control Board finds as follows:

(1) On January 17, 2014, the Governor issued a proclamation of a state of emergency under the California Emergency Services Act based on drought conditions:

(2) On April 25, 2014, the Governor issued a proclamation of a continued state of emergency under the California Emergency Services Act based on continued drought conditions:

(3) On April 1, 2015, the Governor issued an Executive Order that, in part, directs the State Board to impose restrictions on water suppliers to achieve a statewide 25 percent reduction in potable urban usage through February, 2016; require commercial, industrial, and institutional users to implement water efficiency measures; prohibit irrigation with potable water of ornamental turf in public street medians; and prohibit irrigation with potable water outside newly constructed homes and buildings that is not delivered by drip or microspray systems:

(4) On November 13, 2015, the Governor issued an Executive Order that directs the State Board to, if drought conditions persist through January 2016, extend until October 31, 2016 restrictions to achieve a statewide reduction in potable usage:

(5) On May 9, 2016, the Governor issued an Executive Order that directs the State Board to adjust and extend its emergency water conservation regulations through the end of January 2017 in recognition of the differing water supply conditions for many communities:

(56) The drought conditions that formed the basis of the Governor's emergency proclamations continue to exist; and

(67) The drought conditions will likely continue for the foreseeable future and additional action by both the State Water Resources Control Board and local water suppliers will likely be necessary to prevent waste and unreasonable use of water and to further promote conservation.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 102, 104, 105, and 275, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

Sec. 864. End-User Requirements in Promotion of Water Conservation.

(a) To prevent the waste and unreasonable use of water and to promote water conservation, each of the following actions is prohibited, except where necessary to address an immediate health and safety need or to comply with a term or condition in a permit issued by a state or federal agency:

- (1) The application of potable water to outdoor landscapes in a manner that causes runoff such that water flows onto adjacent property, non-irrigated areas, private and public walkways, roadways, parking lots, or structures;
- (2) The use of a hose that dispenses potable water to wash a motor vehicle, except where the hose is fitted with a shut-off nozzle or device attached to it that causes it to cease dispensing water immediately when not in use;
- (3) The application of potable water to driveways and sidewalks;
- (4) The use of potable water in a fountain or other decorative water feature, except where the water is part of a recirculating system;
- (5) The application of potable water to outdoor landscapes during and within 48 hours after measurable rainfall;
- (6) The serving of drinking water other than upon request in eating or drinking establishments, including but not limited to restaurants, hotels, cafes, cafeterias, bars, or other public places where food or drink are served and/or purchased;
- (7) The irrigation with potable water of ornamental turf on public street medians; and
- (8) The irrigation with potable water of landscapes outside of newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community Development.

(b) To promote water conservation, operators of hotels and motels shall provide guests with the option of choosing not to have towels and linens laundered daily. The hotel or motel shall prominently display notice of this option in each guestroom using clear and easily understood language.

(c) ~~Immediately upon~~ Upon this subdivision taking effect, all commercial, industrial and institutional properties that use a water supply, any portion of which is from a source other than a water supplier subject to section 864.5 or 865 of this article, shall either:

(1) Limit outdoor irrigation of ornamental landscapes or turf with potable water to no more than two days per week; or

(2) Target potable water use reductions commensurate with those required of the nearest urban water supplier under section 864.5 or, if applicable, section 865. Where this option is chosen, these properties shall implement the reductions on or before July 1, 2016.

~~(2) Reduce potable water usage supplied by sources other than a water supplier by 25 percent for the months of June 2015 through October 2016 as compared to the amount used from those sources for the same months in 2013.~~

(d) The taking of any action prohibited in subdivision (a) or (e), or the failure to take any action required in subdivision (b) or (c), is an infraction punishable by a fine of up to five hundred dollars (\$500) for each day in which the violation occurs. The fine for the infraction is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

(e)(1) To prevent the waste and unreasonable use of water and to promote water conservation, any homeowners' association or community service organization or similar entity is prohibited from:

(A) Taking or threatening to take any action to enforce any provision of the governing documents or architectural or landscaping guidelines or policies of a common interest development where that provision is void or unenforceable under section 4735, subdivision (a) of the Civil Code; or

(B) Imposing or threatening to impose a fine, assessment, or other monetary penalty against any owner of a separate interest for reducing or eliminating the watering of vegetation or lawns during a declared drought emergency, as described in section 4735, subdivision (c) of the Civil Code.

(2) As used in this subdivision:

(A) "Architectural or landscaping guidelines or policies" includes any formal or informal rules other than the governing documents of a common interest development.

(B) "Homeowners' association" means an "association" as defined in section 4080 of the Civil Code.

(C) "Common interest development" has the same meaning as in section 4100 of the Civil Code.

(D) "Community service organization or similar entity" has the same meaning as in section 4110 of the Civil Code.

(E) "Governing documents" has the same meaning as in section 4150 of the Civil Code.

(F) "Separate interest" has the same meaning as in section 4185 of the Civil Code.

(3) If a disciplinary proceeding or other proceeding to enforce a rule in violation of subdivision (e)(1) is initiated, each day the proceeding remains pending shall constitute a separate violation of this regulation.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 4080, 4100, 4110, 4150, 4185, and 4735, Civil Code; Sections 102, 104, 105, 275, 350, and 10617, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

Sec. 864.5. Self-Certification of Supply Reliability for Three Additional Years of Drought.

(a) To prevent the waste and unreasonable use of water and to meet the requirements of the Governor's May 9, 2016 Executive Order, each urban water supplier shall:

(1) Identify and report no later than June 22, 2016, on a form provided by the Board, the conservation standard that the supplier will be required to meet under this section;

(2) Identify and report no later than June 22, 2016, on a form provided by the Board, the data and underlying analysis relied upon by the supplier to determine the conservation standard reported pursuant to this subdivision including, but not limited to identification of each source of supply the supplier intends to rely on and the quantity of water available under that source of supply given the assumptions of this section;

(3) Certify, no later than June 22, 2016, that the conservation standard reported pursuant to this subdivision is based on the information and assumptions identified in this section;

(4) Post, within two weeks of submittal to the board, the data and underlying analysis relied upon by the supplier to determine the conservation standard reported pursuant to this subdivision to a publicly-accessible webpage; and

(5) Beginning June 1, 2016, reduce its total potable water production by the percentage identified as its conservation standard in this section each month, compared to the amount used in the same month in 2013.

(b) Each urban water supplier's conservation standard pursuant to this section shall be the percentage by which the supplier's total potable water supply is insufficient to meet the total potable water demand in the third year after this section takes effect under the following assumptions:

(1) The next three years' precipitation is the same as it was in water years 2013-2015;

(2) No temporary change orders that increase the availability of water to any urban water supplier are issued in the next three years;

(3) The supplier's total potable water demand for each of the next three years will be the supplier's average annual total potable water production for the years 2013 and 2014;

(4) The supplier's total potable water supply shall include only water sources of supply available to the supplier that could be used for potable drinking water purposes;

(5) Each urban water supplier's conservation standard shall be calculated as a percentage and rounded to the nearest whole percentage point.

(c) The Board will reject conservation standards that do not meet the requirements of this section.

(d) Beginning June 1, 2016, each urban water supplier shall comply with the conservation standard it identifies and reports pursuant to this section.

(e) Compliance with the conservation standard reported pursuant to this section shall be measured monthly and assessed on a cumulative basis through January 2017.

(f) If a wholesaler and all of its urban water supplier customers agree, in a legally-binding document, those suppliers and wholesaler may submit to the board, in lieu of the individualized self-certified conservation standard applicable pursuant to section 864.5 or section 865, an aggregated conservation standard, with all supporting documentation required for individualized self-certified conservation standards by section 864.5.

(g) Each urban water wholesaler shall calculate, to the best of its ability, and no later than June 8, 2016, the volume of water that it expects it would deliver to each urban water supplier in each of the next three years under the assumptions identified in subdivision (b), and post that calculation, and the underlying analysis, to a publicly-accessible webpage.

(h) Submitting any information pursuant to this section that the person who submits the information knows or should have known is materially false is a violation of this regulation, punishable by civil liability of up to five hundred dollars (\$500) for each day in which the violation occurs. Every day that the error goes uncorrected constitutes a separate violation. Civil liability for the violation is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

(i) Any urban water supplier that does not comply with this section shall comply with the applicable conservation standard identified in section 865.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 102, 104, 105, 275, 350, 1846, 10617 and 10632, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

Sec. 865. Mandatory Actions by Water Suppliers.

(a) As used in this ~~section~~ article:

(1) "Distributor of a public water supply" has the same meaning as under section 350 of the Water Code, except it does not refer to such distributors when they are functioning solely in a wholesale capacity, but does apply to distributors when they are functioning in a retail capacity.

(2) "R-GPCD" means residential gallons per capita per day.

(3) "Total potable water production" means all potable water that enters into a water supplier's distribution system, excluding water placed into storage and not withdrawn for use during the reporting period, or water exported outside the supplier's service area.

(4) "Urban water supplier" means a supplier that meets the definition set forth in Water Code section 10617, except it does not refer to suppliers when they are functioning solely in a wholesale capacity, but does apply to suppliers when they are functioning in a retail capacity.

(5) "Urban water wholesaler" means a wholesaler of water to more than one urban water supplier.

(6) "Water year" means the period from October 1 through the following September 30. Where a water year is designated by year number, the designation is by the calendar year number in which the water year ends.

(b) In furtherance of the promotion of water conservation each urban water supplier shall:

(1) Provide prompt notice to a customer whenever the supplier obtains information that indicates that a leak may exist within the end-user's exclusive control.

(2) Prepare and submit to the State Water Resources Control Board by the 15th of each month a monitoring report on forms provided by the Board. The monitoring report shall include the amount of potable water the urban water supplier produced, including water provided by a wholesaler, in the preceding calendar month and shall compare that amount to the amount produced in the same calendar month in 2013. The monitoring report shall specify the population served by the urban water supplier, the percentage of water produced that is used for the residential sector, descriptive statistics on water conservation compliance and enforcement efforts, the number of days that outdoor irrigation is allowed, and monthly commercial, industrial and institutional sector use. The monitoring report shall also estimate the gallons of water per person per day used by the residential customers it serves.

(c)(1) To prevent the waste and unreasonable use of water and to meet the requirements of the Governor's ~~November 13, 2015~~ May 9, 2016 Executive Order, each urban water supplier that fails to identify a conservation standard as required under section 864.5, or that has a conservation standard rejected by the Board under section

864.5, shall reduce its total potable water production by the percentage identified as its conservation standard in this ~~subdivision~~section. Each urban water supplier's conservation standard considers its service area's relative per capita water usage.

~~(2) Each urban water supplier whose source of supply does not include groundwater or water imported from outside the hydrologic region in which the water supplier is located, and that has a minimum of four years' reserved supply available, may submit to the Executive Director for approval a request that, in lieu of the reduction that would otherwise be required under paragraphs (3) through (10), the urban water supplier shall reduce its total potable water production by 4 percent for each month as compared to the amount used in the same month in 2013. Any such request shall be accompanied by information showing that the supplier's sources of supply do not include groundwater or water imported from outside the hydrologic region and that the supplier has a minimum of four years' reserved supply available.~~

(32) Each urban water supplier whose average July-September 2014 R-GPCD was less than 65 shall reduce its total potable water production by 8 percent for each month as compared to the amount used in the same month in 2013.

(43) Each urban water supplier whose average July-September 2014 R-GPCD was 65 or more but less than 80 shall reduce its total potable water production by 12 percent for each month as compared to the amount used in the same month in 2013.

(54) Each urban water supplier whose average July-September 2014 R-GPCD was 80 or more but less than 95 shall reduce its total potable water production by 16 percent for each month as compared to the amount used in the same month in 2013.

(65) Each urban water supplier whose average July-September 2014 R-GPCD was 95 or more but less than 110 shall reduce its total potable water production by 20 percent for each month as compared to the amount used in the same month in 2013.

(76) Each urban water supplier whose average July-September 2014 R-GPCD was 110 or more but less than 130 shall reduce its total potable water production by 24 percent for each month as compared to the amount used in the same month in 2013.

(87) Each urban water supplier whose average July-September 2014 R-GPCD was 130 or more but less than 170 shall reduce its total potable water production by 28 percent for each month as compared to the amount used in the same month in 2013.

(98) Each urban water supplier whose average July-September 2014 R-GPCD was 170 or more but less than 215 shall reduce its total potable water production by 32 percent for each month as compared to the amount used in the same month in 2013.

~~(109) Each urban water supplier whose average July-September 2014 R-GPCD was 215 or more shall reduce its total potable water production by 36 percent for each month as compared to the amount used in the same month in 2013.~~

(d)(1) Beginning June 1, 2015, each urban water supplier that does not submit a self-certification in compliance with section 864.5 shall comply with the conservation standard specified in subdivision (c), with any modifications to the conservation standard pursuant to subdivision (f) applying beginning March 1, 2016.

(2) Compliance with the requirements of this subdivision shall be measured monthly and assessed on a cumulative basis through ~~October 2016~~January 2017.

(e)(1) Each urban water supplier that provides potable water for commercial agricultural use meeting the definition of Government Code section 51201, subdivision (b), may subtract the amount of water provided for commercial agricultural use from its

potable water production total, provided that any urban water supplier that subtracts any water provided for commercial agricultural use from its total potable water production shall:

(A) Impose reductions determined locally appropriate by the urban water supplier, after considering the applicable urban water supplier conservation standard specified in subdivision (c), for commercial agricultural users meeting the definition of Government Code section 51201, subdivision (b) served by the supplier;

(B) Report its total potable water production pursuant to subdivision (b)(2) of this section, the total amount of water supplied for commercial agricultural use, and shall identify the reduction imposed on its commercial agricultural users and each recipient of potable water for commercial agricultural use;

(C) Certify that the agricultural uses it serves meet the definition of Government Code section 51201, subdivision (b); and

(D) Comply with the Agricultural Water Management Plan requirement of paragraph 12 of the April 1, 2015 Executive Order for all commercial agricultural water served by the supplier that is subtracted from its total potable water production.

(2) Submitting any information pursuant to subdivision (e)(1)(B) or (C) of this section that is found to be materially false by the Board is a violation of this regulation, punishable by civil liability of up to five hundred dollars (\$500) for each day in which the violation occurs. Every day that the error goes uncorrected constitutes a separate violation. Civil liability for the violation is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

(f) In consideration of the differences in climate affecting different parts of the state, growth experienced by urban areas and significant investments that have been made by some suppliers towards creating new, local, drought-resilient sources of potable water supply, an urban water supplier's conservation standard identified in subdivision (c) shall be reduced by an amount, not to exceed eight (8) percentage points total, as follows:

(1) For an urban water supplier whose service area evapotranspiration (ET_o) for the months of July through September exceeds the statewide average evapotranspiration, as determined by the Board, for the same months by five (5) percent or more, the supplier's conservation standard identified in subdivision (c) shall be reduced:

(A) By two (2) percentage points if the supplier's service area evapotranspiration exceeds the statewide average by five (5) percent or more but less than ten (10) percent;

(B) By three (3) percentage points if the supplier's service area evapotranspiration exceeds the statewide average by ten (10) percent or more but less than twenty (20) percent;

(C) By four (4) percentage points if the supplier's service area evapotranspiration exceeds the statewide average by twenty (20) percent or more.

(D) Statewide average evapotranspiration is calculated as the arithmetic mean of all urban water suppliers' service area default evapotranspiration values for the months of July through September. Default service area evapotranspiration will be based on the California Irrigation Management System (CIMIS) ET_o Zones Map zone for which the supplier's service area has the greatest area of overlap. In lieu of applying its default service area evapotranspiration, a supplier may use specific data from CIMIS stations within its service area that have at least a five-year period of record, or a three year continuous period of record, to identify a more specifically-applicable evapotranspiration

for its service area. If no CIMIS station exists within the supplier's service area, a weather station of comparable accuracy, meeting the preceding period of record requirements, may be used. To qualify for the in-lieu climate adjustment, the supplier shall submit the following data to the Board by March 15, 2016 for each station: station ID; station location; and monthly average evapotranspiration, in inches per month, for July, August, and September for either the five-year period of record or the three-year continuous period of record.

(2) To account for water efficient growth experienced in the state since 2013, urban water suppliers' conservation standards shall be reduced by the product of the percentage change in potable water production since 2013 and the percentage reduction in potable water use required pursuant to subdivision (c), rounded to the nearest whole percentage point. Change in potable water production since 2013 shall be calculated as the sum of the following:

(A) The number of additional permanent residents served since January 1, 2013, multiplied by the average residential water use per person for that supplier's service area during the months of February through October, 2015, in gallons; and

(B) The number of new commercial, industrial and institutional connections since January 1, 2013, multiplied by the average commercial, industrial and institutional water use per connection for that supplier's service area during the months of February through October, 2015, in gallons.

(C) To qualify for the growth credit the supplier shall submit to the Board the following data by March 15, 2016: the number of additional permanent residents served since January 1, 2013 and the number of new commercial, industrial and institutional connections since January 1, 2013.

(3) For an urban water supplier that supplies, contracts for, or otherwise financially invests in, water from a new local, drought-resilient source of supply, the use of which does not reduce the water available to another legal user of water or the environment, the conservation standard identified in subdivision (c) shall be reduced:

(A) By one (1) percentage point if the supplier's qualifying source of supply is one (1) percent or more but less than two (2) percent of the supplier's total potable water production;

(B) By two (2) percentage points if the supplier's qualifying source of supply is two (2) percent or more but less than three (3) percent of the supplier's total potable water production;

(C) By three (3) percentage points if the supplier's qualifying source of supply is three (3) percent or more but less than four (4) percent of the supplier's total potable water production;

(D) By four (4) percentage points if the supplier's qualifying source of supply is four (4) percent or more but less than five (5) percent of the supplier's total potable water production;

(E) By five (5) percentage points if the supplier's qualifying source of supply is five (5) percent or more but less than six (6) percent of the supplier's total potable water production;

(F) By six (6) percentage points if the supplier's qualifying source of supply is six (6) percent or more but less than seven (7) percent of the supplier's total potable water production;

(G) By seven (7) percentage points if the supplier's qualifying source of supply is seven (7) percent or more but less than eight (8) percent of the supplier's total potable water production;

(H) By eight (8) percentage points if the supplier's qualifying source of supply is eight (8) percent or more of the supplier's total potable water production.

(I) To qualify for this reduction the supplier must certify, and provide documentation to the Board upon request demonstrating, the percent of its total potable water production that comes from a local, drought-resilient source of supply developed after 2013, the supplier's investment in that local, drought-resilient source of supply, and that the use of that supply does not reduce the water available to another legal user of water or the environment. To qualify for this reduction an urban water supplier shall submit the required certification to the Board by March 15, 2016.

(J) Certifications that do not meet the requirements of subdivision (f)(3)(I), including certifications for which documentation does not support that the source of supply is a local, drought-resilient source of supply, the use of which does not reduce the water available to another legal user of water or the environment, will be rejected. Submitting a certification or supporting documentation pursuant to subdivision (f)(3)(I) that is found to be materially false by the Board is a violation of this regulation, punishable by civil liability of up to five hundred dollars (\$500) for each day in which the violation occurs. Every day that the error goes uncorrected constitutes a separate violation. Civil liability for the violation is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

(4) No urban water supplier's conservation standard pursuant to this section shall drop below eight (8) percent as a consequence of the reductions identified in this subdivision. ~~No reduction pursuant to this subdivision shall be applied to any urban water supplier whose conservation standard is four (4) percent based on subdivision (e)(2).~~

~~(g)(4)~~ To prevent waste and unreasonable use of water and to promote water conservation, each distributor of a public water supply that is not an urban water supplier shall take one or more of the following actions:

(1) Provide prompt notice to a customer whenever the supplier obtains information that indicates that a leak may exist within the end-user's exclusive control; and

(A) Limit outdoor irrigation of ornamental landscapes or turf with potable water by the persons it serves to no more than two days per week; or

(B) Reduce by 25 percent its total potable water production relative to the amount produced in 2013.

(2) Each distributor of a public water supply that is not an urban water supplier shall submit a report by September December 15, 2016, on a form provided by the Board, that either confirms compliance with subdivision (g)(1)(A) or identifies total potable water production, by month, from December, 2015 through August November, 2016, and total potable water production, by month, for the same months in 2013, and any actions taken by the supplier to encourage or require its customers to conserve water.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 102, 104, 105, 275, 350, 1846, 10617 and 10632, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

Sec. 866. Additional Conservation Tools.

(a)(1) To prevent the waste and unreasonable use of water and to promote conservation, when a water supplier does not meet its conservation standard required by section 864.5 or section 865 the Executive Director, or the Executive Director's designee, may issue conservation orders requiring additional actions by the supplier to come into compliance with its conservation standard.

(2) A decision or order issued under this article by the Board or an officer or employee of the Board is subject to reconsideration under article 2 (commencing with section 1122) of chapter 4 of part 1 of division 2 of the Water Code.

(b) The Executive Director, or his designee, may issue an informational order requiring water suppliers, or commercial, industrial or institutional properties that receive any portion of their supply from a source other than a water supplier subject to section 864.5 or 865, to submit additional information relating to water production, water use or water conservation. The failure to provide the information requested within 30 days or any additional time extension granted is a violation subject to civil liability of up to \$500 per day for each day the violation continues pursuant to Water Code section 1846.

(c) Orders issued under previous versions of this ~~subdivision~~section shall remain in effect and shall be enforceable as if adopted under this version. Changes in the requirements of this article do not operate to void or excuse noncompliance with orders issued before those requirements were changed.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 100, 102, 104, 105, 174, 186, 187, 275, 350, 1051, 1122, 1123, 1825, 1846, 10617 and 10632, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.



The table below shows two examples for how the new conservation standards would be calculated under the proposed regulation.

Example Calculations of Urban Water Supplier's Conservation Standard Supply Reliability for Three Additional Years of Drought				
Step 1: Determine Total Potable Water Demand (used in Step 3)				
Potable Water Production in Calendar Year 2013				40 thousand acre-feet
Potable Water Production in Calendar Year 2014				30 thousand acre-feet
Total Potable Water Demand = ([40 thousand acre-feet] + [30 thousand acre-feet]) / 2				35 thousand acre-feet
Example Calculation 1: Sufficient Supply				
Step 2: Calculate Total Potable Water Supply				
Potable Water Supply	Year	Year 2	Year 3	
Local Surface Water (thousand acre-feet)	10	9	8	
Imported Water (thousand acre-feet)	9	8	8	
Groundwater (thousand acre-feet)	15	17	20	
Total Potable Water Supply (thousand acre-feet) = [Local Surface Water] + [Imported Water] + [Groundwater]	34	34	36	
Step 3: Calculate Conservation Standard				
Total Potable Water Demand (from Step 1)	35	thousand acre-feet		
Total Potable Water Supply in Year 3 (from Step 2)	36	thousand acre-feet		
Supply Shortfall in Year 3 (negative amount indicates a surplus) = [35 thousand acre feet] - [36 thousand acre feet]	-1	thousand acre-feet		
Conservation Standard with Self-Certification of Supply Reliability [Shortfall in Year 3]/[Total Potable Water Demand]*				0%

* There is no shortfall in Year 3, the conservation standard is 0%.

Example Calculation 2: Insufficient Supply				
Step 2: Calculate Total Potable Water Supply				
Potable Water Supply	Year 1	Year 2	Year 3	
Local Surface Water (thousand acre-feet)	10	9	8	
Imported Water (thousand acre-feet)	10	9	8	
Groundwater (thousand acre-feet)	20	18	16	
Total Potable Water Supply (thousand acre-feet) = [Local Surface Water] + [Imported Water] + [Groundwater]	40	36	32	
Step 3: Calculate Conservation Standard				
Total Potable Water Demand (from Step 1)	35	thousand acre-feet		
Total Potable Water Supply in Year 3 (from Step 2)	32	thousand acre-feet		
Supply Shortfall in Year 3 (negative amount indicates a surplus) = [35 thousand acre feet] - [32 thousand acre feet]	3	thousand acre-feet		
Conservation Standard with Self-Certification of Supply Reliability [Shortfall in Year 3] / [Total Potable Water Demand] = [3] / [35 thousand acre feet]				0.09 or 9%

EXHIBIT 3

Regulation No. 15 Water Conservation Water Shortage Contingency Plan

Adopted: July 19, 2004

Amended: November 17, 2008; March 16, 2009; April 20, 2009;
December 21, 2009; April 19, 2010; December 20, 2010; May 14, 2015; June 7, 2016

A. Water Conservation Stage Declaration

Each year, the District Board of Directors shall determine, based on data in the California Department of Water Resource's (DWR) Bulletin #120 and present water conditions, the water stage applicable to the District. The declaration shall consist of "normal water supply", or one of the four (4) stages of varying water conservation measures. The applicable stage determined by the District shall be effective upon adoption by the Board of Directors each water year and shall remain in effect until changed by the Board based on updated data from DWR, past water usage within the District, and existing water supply and use conditions. The water year shall be defined as the period starting October 1 and lasting until September 30 of the following year.

Regardless of water supply availability or service conditions within the District, the Board of Directors reserves the right to set water conservation goals and modify stage declarations as necessary to align with regional or state water conservation policies, agreements or declarations, or legal requirements. All wasteful practices or unreasonable uses of District water, whether willful or negligent, are always prohibited. The General Manager, following the guidelines set forth in this Regulation and other relevant Board policies, state laws and regulations, shall determine what constitutes a wasteful practice or unreasonable use of water.

In addition to Normal Water Supply Conditions, the following four stages, including their conservation requirements, shall be observed by all water users within the District:

NORMAL WATER SUPPLY

Water supply conditions are adequate to meet the demands of the District's Customers. The goal of this stage is the use of water efficiently in conformance with the water conservation Best Management Practices (BMPs) specified in the District's Urban Water Management Plan. Requirements specified in this stage are applicable to and in force at all times and in all other stages of this regulation. The following requirements shall be in force during Normal Water Supply and in all subsequent stage declarations unless the Board modifies or adds to these restrictions:

1. Water must not be permitted to discharge, flow, or run to waste into any gutter, sanitary sewer, water course, or storm drain, or to any adjacent lot, from any tap, hose, faucet, pipe, sprinkler, or nozzle. In the case of irrigation, "discharge," "flow," or "run to waste" means that the earth intended to be irrigated has been saturated with water to the point that excess water flows over the earth to waste. In the case of washing, "discharge," "flow," or "run to waste" means the water in excess of that which is necessary to wash, wet or clean the dirty or dusty object, such as an automobile or boat, flows to waste;
2. The washing of vehicles is permitted only with the use of a water saver nozzle equipped with automatic shut-off and bucket, provided minimal runoff occurs on sidewalks or street;
3. The use of water for washing down sidewalks, walkways, driveways, parking lots, homes or buildings is prohibited except as necessary for health, sanitary, or fire protection purposes. A Customer desiring a variance may submit a written request to the District which will be reviewed by the Water Conservation Supervisor and submitted to the General Manager or his designee for approval or denial;
4. Customers watering food grown for personal consumption are exempt from any watering day restrictions in all Water Conservation Stages;
5. All water hoses or filling apparatus shall be equipped with a control nozzle capable of completely shutting off the flow of water except when positive pressure to the nozzle is applied;
6. All water fixtures or heating or cooling devices must not be allowed to leak or discharge. All known leaks must be repaired within seven (7) days or less depending on the severity of the leak.
7. The operation of an irrigation system that applies water to an impervious surface (example: concrete or asphalt) or that is in disrepair is prohibited;
8. Water during cooler morning and evening hours to reduce evaporation and avoid peak energy demand times. Outdoor watering from 12:00 noon to 8:00 p.m. during the months of May - August is prohibited; & watering from 12:00 noon to 6:00 p.m. during the months of September – April is prohibited;
9. Irrigation of landscaping during and within 48 hours after measurable rainfall is prohibited. Measurable rainfall shall be defined as any rainfall equal to or greater than 1/8 of an inch;
10. Backwashing or overfilling, so as to discharge water to waste, swimming pools, decorative basins, or ponds in excess of the frequency reasonably necessary to maintain the clarity or cleanliness of the water is prohibited. Pool draining and refilling will be allowed only for health or structural maintenance/repair considerations upon submittal of a written report by a health official or pool professional and approved by the Water Conservation Supervisor;
11. All pools, spas, decorative or ornamental fountains, ponds and waterways must be equipped with a recirculation pump and must be constructed to be leak-proof;

12. The use of water from a fire hydrant without the expressed written permission from the District is prohibited;
13. The use of water in new conveyer car washes and new commercial laundry systems that do not use a recirculation system shall be prohibited;
14. Customers enrolled in the Large Irrigation Services Customer (LISC) program will adhere to the LISC Agreement, as signed by both the customer and the District;
15. The serving of water other than upon request in eating or drinking establishments, including but not limited to restaurants, hotels, cafes, cafeterias, bars, or other public places where food or drink are served and/or purchased is prohibited;
16. The irrigation of any ornamental turf located in a street median is prohibited;
17. The irrigation of landscapes outside of newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community Development is prohibited;
18. To promote water conservation, operators of hotels and motels shall provide guests with the option of choosing not to have towels and linens laundered daily. The hotel or motel shall prominently display notice of this option in each guestroom using clear and easily understood language;
19. Customers may register their Weather Based Irrigation Controllers (WBIC) with the District for consideration in subsequent Water Conservation Stages. Customers with a registered WBIC shall be exempt from any watering schedule in any subsequent Water Conservation Stage, provided the WBIC is in good repair and set to operate off of its intended weather based operating instructions. Customers with a registered WBIC can allow the controller to operate with 100% of evapotranspiration (ET) settings for the Sacramento area in Normal Water Supply conditions; and,
20. Customers utilizing a drip irrigation system to irrigate their landscape (including subsurface drip irrigation systems for turf/lawn areas) are exempt from any watering day restrictions listed or determined by the Board in all subsequent Water Conservation Stages.

The following are recommended practices for Normal Water Supply conditions:

1. Watering three (3) days or less per week is encouraged:
 - a. Customers whose address ends with an odd number are encouraged to only water on Tuesdays, Thursdays and Saturdays.
 - b. Customers whose address ends with an even number are encouraged to only water on Sundays, Wednesdays and Fridays.
 - c. Watering on Mondays is not recommended.
2. Pool covers for swimming pools and spas are recommended to reduce evaporation;
3. Customers are encouraged to wash only full loads of laundry and dishes; and.

4. District Customers are encouraged to take advantage of the District's conservation programs and rebates.
5. Customers with WBIC are recommended to operate their controller using 80% of ET for the Sacramento region.

STAGE 1 – WATER ALERT

Water supply conditions may be impeded by lack of available sources including surface water supplies conjunctively used by the District, regional circumstances or statewide climate influences. The goal of this stage is to reduce District-wide consumption of water by up to 20% in order to meet the needs of District Customers, comply with State mandates, cooperate with regional programs and/or comply with County regulations declaring water shortages. The following requirements shall be in force during Stage 1 and all subsequent increases in Stage Declarations:

1. All requirements of Normal Water Supply Conditions shall continue to be enforced unless modified below.
2. The District will make mandatory and will enforce the following watering schedule:
 - a. Three (3) day per week Odd/Even outdoor watering shall be followed.
 - i. Odd addresses water on Tuesday, Thursday, and Saturday.
 - ii. Even addresses water on Wednesday, Friday, and Sunday.
 - iii. Watering on Monday is prohibited.
3. Customers with registered WBIC shall set their controllers to operate at 80% of ET for the Sacramento Region.

The following are recommended practices for Stage 1 – Water Alert:

1. All recommendations of Normal Water Supply Conditions unless modified to mandatory requirements listed above; and.
2. New or expanded landscaping should be limited to drought tolerant trees, shrubs and ground cover. The planting of new turf or grass, whether hydro-seeded or laid, is discouraged.

STAGE 2 – WATER WARNING

Water supply conditions may be impeded by lack of available sources including surface water supplies conjunctively used by the District, regional circumstances or statewide climate influences. The goal of this stage is to reduce District-wide consumption of water by up to 30% in order to meet the needs of District Customers, comply with State mandates, cooperate with regional programs and/or comply with County regulations declaring water shortages. The following requirements shall be in force during Stage 2 and all subsequent increases in stage declarations:

1. All requirements of the previous stages unless further modified below;

2. Outdoor watering shall be limited to no more than two days per week, as determined by the Board of Directors at the time of a Stage 2 declaration;
3. Hydrant permits for construction water will be issued only with the approval of the General Manager. A construction water use plan must be submitted to the District for review that addresses how impacts to existing water users will be mitigated (such as dust control);
4. Customers with a registered WBIC shall set their controller to operate at 70% of the ET rate for the Sacramento region; and,
5. New or expanded landscaping shall be limited to drought tolerant trees, shrubs and ground cover. No new turf or grass shall be planted, hydro-seeded or laid without prior approval of the General Manager via written request.

The following are recommended practices for Stage 2 – Water Warning:

1. All recommendations of the previous stages unless modified to requirements.
2. Washing of vehicles and other mobile equipment are recommended to be conducted at commercial establishments that use recycled water.

STAGE 3 – WATER CRISIS

Water supply conditions are significantly impeded by interruption of available sources, a regional emergency, a county emergency or state mandates. The goal of this stage is to reduce District-wide consumption of water by up to 40% in order to meet the needs of District Customers. A declaration of this stage will be in conformance with the activation of the District's Emergency Response Plan and/or Water Shortage Contingency Plan. The following requirements shall be in force during Stage 3 and any subsequent increase in stage declaration:

1. All requirements of the previous stages unless further modified below;
2. Outdoor landscape irrigation shall be limited to one day per week, as determined by the Board of Directors at the time of a Stage 3 declaration;
3. Customer with a registered WBIC shall set their controller to operate at 60% of the ET rate for the Sacramento region;
4. Watering day variances for the planting of new or expanded landscaping ~~is prohibited~~ shall be considered if the project can demonstrate that the new or expanded landscaping will result in a decrease in water use. Variance requests are subject to the approval of the General Manager via written request; and,
5. Except where non-potable water is used, all Large Landscape Irrigation Customers (Commercial Industrial, and Institutional) must cease all ornamental turf irrigation. Non-ornamental turf areas, such as the active playing surfaces of sports fields or outdoor classrooms may be irrigated and maintained to a level that will ensure the safety of those using it, provided the overall system water use is reduced by 40%. Customers irrigating

non-ornamental turf areas for the purposes outlined above shall be exempt from the watering day schedule unless a 40% reduction in overall water use is not achieved.

The following are recommended practices for Stage 3 – Water Crisis:

1. All recommendations of the previous stages unless modified to requirements.
2. Washing of vehicles and other mobile equipment is recommended to be conducted at commercial establishments that use recycled water.

STAGE 4 – WATER EMERGENCY (Public Health and Safety Only)

Water supply conditions are significantly impeded by interruption of available sources, a regional emergency, a county emergency or state mandates. The goal of this stage is to reduce District-wide consumption of water by greater than 50% in order to meet the needs of District Customers. A declaration of this stage will be in conformance with the activation of the District's Emergency Response Plan. The following requirements shall be in force during Stage 4:

1. All requirements of the previous stages unless further modified below;
2. Use of District water for filling pools, ponds, or spas is prohibited;
3. Outdoor landscape irrigation is prohibited;
4. All washing of vehicles and other mobile equipment is prohibited unless conducted at a commercial establishment that utilizes recycled water;
5. All metered services will be subject to additional tiered rates approved by the District Board of Directors; and,
6. No commitments will be provided for new water service connections until the District has returned, at a minimum, to Stage 3 restrictions. The District reserves the right to limit or refuse new service connections until Stage 2 conditions exist.

Recommended practices identified in previous stages are not applicable in Stage 4.

WATER USE PERMITTED

Water used for the following purposes is considered essential for public health and safety and is therefore permitted during all stage declarations:

- A. Water use for firefighting or routine inspection of fire hydrants or from fire training activities;
- B. Water applied to abate spills of flammable or other hazardous materials, where water is an appropriate abatement methodology; and,
- C. Water applied to prevent or abate imminent health, safety, or accident hazards when alternate methods are not available.

B. ENFORCEMENT

Enforcement of any violation of the water conservation requirements provided in this Regulation No. 15, as they may be amended from time to time by the District Board of Directors, is provided in this section. Service charges will be assessed for a violation of the District's conservation rules in accordance with the following provisions. A Customer will be notified when violations may result in service charges. The service charges that may be assessed are provided in Section L of Regulation No. 3. In cases of tenant occupancy, landowners retain full responsibility for the use of water by their tenants, including payment of any service charges imposed for violations of this Regulation No. 15.

Enforcement of the requirements of each water conservation stage will be conducted in a progressive manner and may ultimately lead to termination of service in cases where a violator refuses to discontinue activities constituting water waste. The enforcement steps are as follows:

Notice of Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of the existence of a violation, the District shall request Customer compliance with this Regulation via a notice of violation delivered in person.

Warning Notice of Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of the existence of a violation, the District shall request Customer compliance with this Regulation via a Warning Notice of Violation delivered in person.

First Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of the existence of the next violation after a Warning was issued, the District shall request Customer compliance with this Regulation via a notice delivered in person by District personnel, and/or by certified mail to the billing address of the Parcel upon which the 1st violation has occurred.

The first violation charged to a Parcel will begin the District's monitoring of that Parcel for water waste. Should there be no additional violations on the Parcel prior to the conclusion of the current water year, then that Parcel's violation from the previous year will be expunged and the Parcel will be deemed to be free of violations and the counting of any violations incurred in the new water year will begin on a clean record. The District shall keep on file copies of all violations of the District's water conservation requirements that were incurred in the same water year.

For one time only, and upon customer request, a customer may participate in a Water-Wise House Call to remove a First Violation from the customer's record for the current water year.

Second Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of a second water conservation violation of any kind on the same

Parcel, the Customer and Landowner shall be notified of the 2nd violation in writing at the established billing address by District personnel and/or via certified mail. The District will assess a service charge for the violation, which will be added to the Customer's next bill. The second violation service charge will be billed in accordance with Regulation No. 3, Section L.1.

If a second violation occurs at a Stage 2 or higher Water Conservation Stage in this Regulation on any non-metered service, the District shall install a permanent water meter on any existing Service Connection on the Parcel where the violation occurred and/or the District may impose an additional service charge as approved by the District Board of Directors. Metered rate billing will be initiated on the account at the next billing period following the meter installation.

A Customer may avoid paying a service charge for a Second Violation by attending a water conservation awareness workshop at the customer's expense and participating in a Water-Wise House Call if not completed following the first violation.

Third Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of a third water conservation violation of any kind on the same Parcel, the Customer and Landowner shall be notified of the violation in writing at the established billing address by District personnel and/or via certified mail. The District will assess a service charge for the violation, which will be added to Customer's next bill in accordance to Regulation 3, Section L.2. The notice of violation also will state that a subsequent violation may result in disconnection or reduction of service.

Fourth Violation: Upon observation by authorized District personnel, or demonstrated to the District's satisfaction, of a fourth water conservation violation of any kind on the same Parcel, the Customer and Landowner shall be notified of the violation in writing at the established billing address by District personnel or via certified mail. The District will assess a charge for the fourth violation as follows:

Flat Rate Services: Upon the fourth water conservation violation of a non-metered account, the District may discontinue or reduce the water supply to the Parcel where the violation occurred. The District shall, in its sole discretion, decide whether to terminate or reduce service based on all of the facts and circumstances of the violation and the Customer's past water use history. The Landowner shall be notified in writing by District personnel and/or via certified mail of the violation that a water meter shall be installed on that Parcel. The Landowner shall bear the cost of installing the meter, which shall be based on the cost of the District's time and materials. The installation of this meter shall cause the billing for the Parcel to be changed from a flat rate to a metered rate. The monthly charge for a metered service will be computed on the current metered rate as more specifically set forth in the

District's Regulation No. 3 and any additional tiered water conservation rates adopted by the Board. The installation of this Meter shall be deemed permanent.

Metered Services: Upon the fourth water conservation violation on an existing metered service, the District will notify the Landowner of the violation in writing at the established billing address by District personnel and/or via certified mail. The Landowner will be informed that an additional charge for servicing the violation will be included in his/her next billing. The amount of the charge is as follows:

- (i) 1-inch or smaller service: 25% of the amount of the water bill for the month in which the violation occurs.
- (ii) 1½ inch or larger service: 50% of the amount of the water bill for the month in which the violation occurs.

In addition, the District may discontinue or reduce the water supply to the Parcel where the violation occurred. The District shall, in its sole discretion, decide whether to terminate or reduce service based on all of the facts and circumstances of the violation and the Customer's past water use history. To restore service or full flow capabilities, the affected Customer will be required to request a hearing of the

District Board of Directors, where the Customer may present evidence to the Board concerning the violation and request the restoration of water service. At its next regular meeting after the hearing, the District Board shall enter into the record its findings and decision concerning the service restoration request and each issue there under. The Board's decision will be final. The Secretary of the Board will mail the Board's written findings and decision to the Customer within thirty days (30) after the date that the Board renders its decision.

Where compliance with the requirements of this Regulation No. 15 are beyond the control of the Customer or Landowner and written justification and supporting evidence has been provided by the Customer or Landowner and verified by a District representative, the General Manager may excuse the violation. Approval of such a variance by the General Manager shall be conditioned on the Customer's or Landowner's cooperation with the District in resolving the violation.

Where a water conservation violation occurs on a Parcel improved with multiple family units, and it is not practical to determine which unit is responsible for the violation, the District will assess the service charge described above for existing metered rates.

Where water is wastefully or negligently used on a water user's premises to the extent that the violation seriously affects the District's general service capability, the District may discontinue service to the premises if the water waste conditions causing the general service disruption are not corrected within twenty-four (24) hours after the District provides the water user with the

violation notice. A door hanger (notice) shall be deemed sufficient written notice for this purpose.

When encountered in the course of routine daily activity, District personnel have the responsibility and authority to control leaks on any Premises at the point of connection or at the valve controlling the Customer's System. When water is shut off for control of a leak, the District will provide the Customer with notice of the condition.

When a leak is discovered on a customer's property and it is verified that the leak is occurring from the customer's side of the Point of Connection, the District shall require the following:

1. The District will provide written notification via mail and/or notice left at the location that the customer has 7 days to make the repairs necessary to abate the leak in question.
 - a. The District will offer the customer a Water-Wise House Call to evaluate the water use at the location. The location's water use will be surveyed and evaluated; however, the District will not perform any kind in-depth water leak detection services.
 - b. The customer can extend the 7 day period by providing a written verification that the leak has been scheduled to be repaired.
2. If the leak in question is not repaired at the end of the 7 day period, the District shall issue the customer a 48 hour (business hours) notice to repair by either mail and/or notice left at the location.
 - a. The customer can extend the 48 hour period by providing a written verification that the leak has been scheduled to be repaired within the 48-hour extension.
3. If the leak in question had not been repaired at the end of the 48 hour period, the District shall issue a 24 hour (business hours) to repair by either mail or notice left at the location.
 - a. The customer can extend the 24 hour period by providing a written verification that the leak has been scheduled to be repaired.
4. If the leak in question has not been repaired at the end of the 24 hour period, and the customer has not provided the District with a written verification that the leak is scheduled for immediate repair, the District may discontinue service to the location until all necessary repairs to abate the leak have been demonstrated as complete or scheduled to be completed.



Agenda Item: 3

Date: June 3, 2016

Subject: Proposed 2016 Bureau of Reclamation Environmental Water Transfer

Staff Contact: Dan York, Assistant General Manager

Recommended Board Action:

Authorize the General Manager to enter into an agreement for an environmental water transfer with Bureau of Reclamation (Reclamation), subject to approval by District legal counsel of any non-substantive changes to such agreement, along with guidelines, which are listed below:

1. Utilize revenue received from water transfers to purchase future surface water at a rate lower than revenues received from water transfers.
2. General Manager to enter into agreement for water transfer at a rate no less than \$300 per acre feet (af).

Background:

The topic of potential 2016 water transfers was brought before the Board of Directors as an Action Item at the March 21, 2016 regular Board meeting. The Board voted 3-2 against any water transfers in 2016. The Board subsequently voted 3-2 in favor of bringing the water transfer opportunities before the Ad Hoc Water Banking and Transfer Committee (Committee). The Board gave the Committee authority to direct the General Manager to enter into water transfer agreements. In addition, the Committee directed staff to prepare guidelines for the General Manager to follow when considering entering into an agreement with a buyer. One of the guidelines was that the General Manager could not enter into an agreement for a water transfer at a rate less than \$400 per af.

The Committee chose to proceed with groundwater substitution transfer with Placer County Water Agency (PCWA) and the City of Sacramento at a range of \$500 to \$550 per af. Upon approving the subject transfers, the Committee directed staff to develop a strategy to utilize revenues received from water transfers to purchase future surface water supplies at a rate lower than the water was sold to a buyer. At that time Santa Clara Valley Water District and San Luis and Delta-Mendota Water Authority were looking for water and expressing a preference for groundwater substitution supplies. However, there was a fear that there wouldn't be Delta export capacity. On April 21, 2016, staff received an email from the State Water Project Contractors that based on an updated hydrology assessment, the studies indicated that there will not be any capacity to export water transfers in 2016. Therefore, the buyers decided to conclude any 2016 water transfers.

Discussion:

On June 1, 2016, District staff was contacted by Reclamation regarding an Environmental Water Transfer. Reclamation stated they are looking for approximately 150,000 af of water delivered into Folsom Reservoir for project purposes, which include Delta outflow and wildlife enhancement. They are currently working internally to determine if such a transfer will occur. Reclamation will make a decision by June 10, 2016 on whether or not they will proceed with the subject water transfer. The agencies currently in discussion with Reclamation are SSWD, PCWA, El Dorado Irrigation District and Forest Hill Public Utility District. Between the four agencies, Reclamation is hoping to obtain 35,000 af during the period of July 1, 2016 through September 15, 2016.

The District could transfer approximately 8,000 af of its Middle Fork Project (MFP) water during the water transfer period. During price negotiations for the potential 2016 water transfer with PCWA, the District was going to pay them \$100 per af from the \$500-\$550 per af received from the buyer. Reclamation has set the price for a water transfer at \$300 per af. Staff contacted PCWA and has mutually agreed to set the payment at \$60 per af of water transferred. If Reclamation were to proceed with the subject water transfer, staff estimates that the District could net approximately \$1,900,000.

Timing is of essence for Reclamation. They are requesting firm confirmation from the agencies that are willing to participate in the water transfer in order to meet the initial delivery of July 1, 2016.

Operationally, the District has been on surface water in the North Service Area (NSA) since February 2016, utilizing approximately 2,500 af of its MFP water. If the water transfer proceeds, the District would turn off its groundwater wells prior to July 1, 2016 and once the water transfer period concludes on September 15, 2016, would potentially restore surface water in the NSA.

Fiscal Impact:

The purchase price for the potential water transfer is \$300 per af. The amount of water forecast to be transferred with Reclamation is approximately 8,000 af. Staff estimates that the District could net approximately \$1,900,000 from this water transfer.

Strategic Plan Alignment:

Finance (C) – Combine sound and efficient business procedures with regular and simple reporting, ensuring proper handling and reporting of all District financial processes. Securing a water transfer agreement will provide revenue to assist in reducing District debt service.

Leadership – 5.C. Participate in regional water management partnerships. Participation in the 2009 Drought Water Bank requires the District to partner with several agencies and work through Sacramento Groundwater Authority and Regional Water Authority in the process as well as the State of California, Department of Water Resources.

The District's ratepayers will benefit from a water transfer as it will generate additional revenues that can be used by the District for purchase of surface water in-lieu of groundwater pumping, water system maintenance, replacements and upgrades or other purposes without any impacts on service.