

RESOLUTION NO. 2007-10-5

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE RANCHO CALIFORNIA WATER DISTRICT,
RIVERSIDE COUNTY, CALIFORNIA, ADOPTING A
MANDATORY RECYCLED AND RAW WATER USE
POLICY**

WHEREAS, the Rancho California Water District (the "District") is organized and operated pursuant to the California Water District Law Division 13 commencing with Section 34000 of the California Water Code; and

WHEREAS, the District is dependant upon import water for a significant portion of its domestic, agricultural, and industrial uses, and said import water is considered limited and its future reliability is uncertain; and

WHEREAS, the current annual demand for potable water of approximately 80,000 acre-feet within the District's service area is projected to grow to 112,000 acre-feet in 2030 and 142,000 acre-feet in 2050; and

WHEREAS, the District's adopted Integrated Resource Plan calls for the increased development of a balanced portfolio of water supply options, including advanced treatment of recycled water for use in west-side agriculture and conversion of east-side agriculture to raw water to meet growing demands; and

WHEREAS, the use of recycled water and/or untreated raw water instead of import or local domestic supply increases the availability of treated domestic supplies for other beneficial uses; and

WHEREAS, the California Department of Health Services has declared the use of recycled water safe and has approved its use for the irrigation of food crops, parks, playgrounds, school yards, residential landscaping, common areas, nurseries, freeway landscaping, golf courses, and pastures for animals; as well as for non-residential toilet and urinal flushing, industrial processes, and commercial cooling tower applications and air-conditioning uses; and

WHEREAS, the California Water Code proclaims that the use of potable domestic water for approved non-potable uses, including but not limited to irrigation of agriculture and landscapes, flushing of non-residential toilets and urinals, commercial air-conditioning, and industrial processes a waste or an unreasonable use of potable water if recycled water is available which meets the standards in Title 22 of the California Code of Regulations; and

WHEREAS, the District currently operates and maintains a recycled water distribution system capable of providing recycled water throughout the service area; and

WHEREAS, the District's Board of Directors adopted its current regulations for the use of recycled water on June 11, 1993 by adoption of Resolution No. 93-6-12; and

WHEREAS, the District plans to expand its non-potable water distribution opportunities to include new tertiary-treated recycled water users as well as agricultural customers applying either raw water or recycled water using advanced treatment technologies.

NOW, THEREFORE, be it resolved, determined and ordered by the Rancho California Water District Board of Directors as follows:

Section 1. Policy

Recycled, raw or non-potable water shall be used whenever its use is economically justified, financially and technically feasible, and consistent with legal requirements, preservation of public health, safety and welfare, and the environment.

Section 2. Definitions

Non-potable water • water that has not been treated for, or is not acceptable for human consumption in conformance with Federal, State and local drinking water standards.

Offsite facilities • existing or proposed facilities under the control of the District, or other public agency, from the source of supply to the point of connection with the customer's onsite facilities, normally up to and including the District's meter and the meter box.

Onsite facilities • existing or proposed facilities within the property under the control of the user, normally downstream of the District's meter.

Potable water • Water that conforms with Federal, State and local drinking water standards.

Raw water • untreated imported water (see also non-potable water).

Recycled water • water, which as a result of treatment of wastewater, is suitable for use in the irrigation of food crops, parks, schoolyards, landscape and golf courses; as well as for non-residential toilet and urinal flushing, industrial processes, and commercial cooling tower applications and air-conditioning uses

Section 3. Recycled and Raw Water Use

Mandatory Use: When the criteria set forth in Section 1 hereof are met, the following land uses shall be required to use recycled or raw water: agricultural irrigation; construction use; all landscape, park, schoolyard and golf course irrigation; landscape and/or aesthetic impoundments, and wildlife habitat. These uses are "mandatory" uses. The only exceptions to the requirement to use recycled or raw water on "mandatory" uses shall be determinations by the District on the basis of specific health concerns or pursuant to the adopted appeals process set forth in Section 5 hereof, whereby a waiver for recycled and/or raw water service is obtained by the prospective user(s).

Non-mandatory Use: When the criteria set forth in Section 1 hereof are met, the following types of uses may require recycled or raw water: commercial use, (including air-conditioning and toilet flushing), industrial process, these being called "non-mandatory" types of use.

Permitting: Regardless of type of condition of use, all prospective users shall successfully complete the permit application process detailed in the District's Water Reclamation Program Regulations (see Article 4, Application Procedure) prior to receiving recycled or raw water.

Section 4. Funding Requirements

The various offsite and onsite recycled and raw water facilities require capital and operating expenditures. The District shall seek the most advantageous financing for the construction of offsite facilities and, in its discretion, develop fiscally responsible programs to assist existing potable users with financing plans to finance the construction of required onsite facilities construction or conversion. The District shall pursue operation and maintenance options which are the most economically feasible for users and which will maximize and encourage conservation practices.

Section 5. Procedures for Determining Mandated Recycled or Raw Water Service

New Construction: All requests for water service for new projects submitted to the District shall be evaluated for potential non-potable water use. All projects located over groundwater basins suited for recycled water use and within one (1) mile of existing (or proposed) recycled water facilities shall be considered for mandatory recycled water use. The District reserves the right to require customers to use recycled or raw water in lieu of potable water for all approved uses.

Existing Customers: Existing District customers who have water service connections serving existing developed property with annual landscape water use of 10 acre feet per year (AFY) or more of potable water, which property is immediately adjacent (within 500 feet) to a recycled water pipeline, will be required to retrofit said property to accommodate recycled water and utilize recycled water in said dedicated landscape water service connections.

Notice: After reviewing applications for water service or other relevant information concerning the potential requirement to use recycled or raw water service, the District shall make a determination whether the user or prospective user shall be required to utilize recycled or raw water service. The District shall provide the user or prospective user with written notice of its determination ("Notice of Determination"). Such Notice of Determination shall include at a minimum: descriptive information about the recycled/raw water system, user responsibilities under these regulations, current recycled/raw water pricing, descriptive information about onsite facilities required to convert to recycled or raw water service, and the opportunity for objection.

Objections, Appeals, Waivers: The user(s) or prospective user(s) who receives the District's Notice of Determination may file an objection ("Notice of Objection") with the District within thirty (30) days after the Notice of Determination is delivered or mailed to the prospective user(s), which may request reconsideration of the determination or modification of the proposed conditions or schedule for conversion. The Notice of Objection must be in writing and specify the reason for the objection. The preliminary determination shall be final if the prospective user(s) does (do) not file a timely objection. Upon receipt of a Notice of Objection, staff shall review the Notice of Objection and shall confirm, modify, or abandon the preliminary determination. Within thirty (30) days of the staff's final determination, the prospective user(s) may appeal the determination to the General Manager of the District. The General Manager shall consider the Appeal and rule on the Appeal. The General Manager's decision shall be final. In the absence of a timely Appeal, or upon final decision by the General Manager, the District shall send the user(s) a Notice of Final Determination. The District shall issue a waiver to the prospective user(s) where its Notice of Objection or Appeal is successful.

Recycled or Raw Water Use Permit Process: Upon a final determination by the District that a user(s) is required to use Recycled or Raw Water, the prospective user(s), owner or applicant, shall obtain a Recycled or Raw water use permit in accordance with the application process detailed in the District Recycled Water Regulations.

Temporary Use of Potable Water for New Construction: At the discretion of the District, potable water may be made available on a temporary basis until recycled or raw water is made available. Temporary potable water will be billed at a rate equal to the District's price for Tier 2 imported water. Before the applicant receives recycled or raw water, a recycled/raw water use permit must be obtained for the onsite service; an inspection of the onsite facilities will be conducted to verify that the facilities have been maintained and are in compliance with the recycled/raw water use permit and current requirements for service. Upon verification of compliance, recycled or raw water shall be served to the parcel for the intended use. If the facilities are not in compliance, the applicant shall be notified of the corrective actions necessary and shall have forty-five (45) days to take such actions prior to initiation of enforcement proceedings.

Section 6. Costs of Conversion to Recycled or Raw Water Service

New Water Use Sites: For a site with new water use, regardless of whether the site was previously developed or is a newly developing site, the cost of those facilities required to accommodate recycled or raw water shall be borne by the potential user(s).

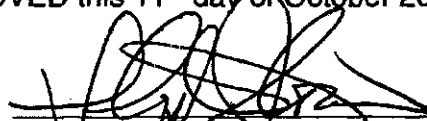
Existing Water Use Sites: The cost of all modifications or additions to facilities which are required to convert from potable to recycled or raw water shall be borne entirely by the potential user(s). The cost for those modified or additional facilities not necessitated by conversion from potable to recycled or raw water use shall be borne by the potential user(s).

Section 7. Sanctions and Penalties

New Water Use Sites: For a site with new water use, regardless of whether the site was previously developed or is a newly developing site, failure to comply with any provision of this policy will result in the rejection of the Engineering Services Application for project plan review and approval.

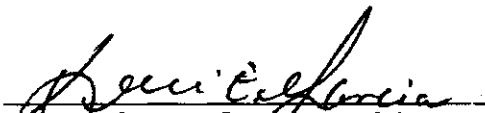
Existing Water Use Sites: In the event that a prospective user has not completed the required onsite work within one hundred and eighty (180) days from the date of the District's Notice of Final Determination under Section 4, the District shall modify the base water use rate to match the District's cost of Tier 2 imported water for all onsite potable water use where recycled or raw water was required.

ADOPTED, SIGNED AND APPROVED this 11th day of October 2007.



Stephen J. Corona, President of the
Board of Directors of the
Rancho California Water District

ATTEST:

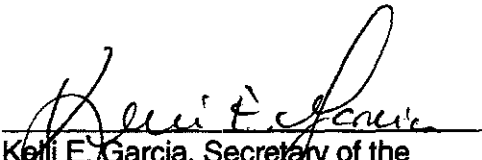


Kelli E. Garcia, Secretary of the
Board of Directors of the
Rancho California Water District

STATE OF CALIFORNIA)
)ss.
COUNTY OF RIVERSIDE)

I, KELLI E. GARCIA, Secretary of the Board of Directors of the Rancho California Water District, do hereby certify that the foregoing Resolution No. 2007-10-5 was duly adopted by the Board of Directors of said District at a regular meeting thereof held on the 11th day of October, and that it was so adopted by the following vote:

AYES:	DIRECTORS:	Corona, Drake, Herman, Hoagland, McMillan, Plummer
NOES:	DIRECTORS:	None
ABSENT:	DIRECTORS:	Daily
ABSTAIN:	DIRECTORS:	None



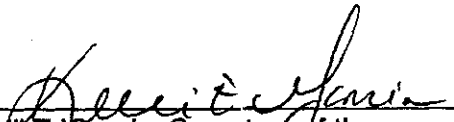
Kelli E. Garcia, Secretary of the
Board of Directors of the
Rancho California Water District

(SEAL)

STATE OF CALIFORNIA)
)ss.
COUNTY OF RIVERSIDE)

I, KELLI E. GARCIA, Secretary of the Board of Directors of the Rancho California Water District, do hereby certify that the above and foregoing is a full, true, and correct copy of Resolution No. 2007-10-5 of said Board, and that the same has not been amended or repealed.

DATED: October 11, 2007


Kelli E. Garcia, Secretary of the
Board of Directors of the
Rancho California Water District

(SEAL)