REGULAR BOARD MEETING /PUBLIC HEARING

June 10, 2020 - 5:30 PM
31111 Greenspot Road, Highland, CA 92346

In an effort to prevent the spread of COVID-19 and in accordance with Governor Newsom's Executive Order N-25-20 and N-29-20, this meeting is being conducted via teleconference. There will be no public location for attending this meeting in person. Members of the public may listen and provide public comment telephonically and/or submit a Speaker Card prior to the start of the meeting.

Anyone wishing to join the meeting may do so using the following information:

DIAL: 1-510-338-9438 and enter ACCESS CODE: 126 937 9513##
You may also join via webex.com: LINK
MEETING# 126 937 9513 and PASSWORD: EVWD2020

AGENDA

"In order to comply with legal requirements for posting of agenda, only those items filed with the District Clerk by 12:00 p.m. on Wednesday prior to the following Wednesday meeting not requiring departmental investigation, will be considered by the Board of Directors".

CALL TO ORDER
PLEDGE OF ALLEGIANCE
ROLL CALL OF BOARD MEMBERS

PUBLIC COMMENTS
Any person wishing to speak to the Board of Directors is asked to complete a Speaker Card and submit it to the District Clerk prior to the start of the meeting. Each speaker is limited to three (3) minutes, unless waived by the Chairman of the Board. Under the State of California Brown Act, the Board of Directors is prohibited from discussing or taking action on any item not listed on the posted agenda. The matter will automatically be referred to staff for an appropriate response or action and may appear on the agenda at a future meeting.

AGENDA - This agenda contains a brief general description of each item to be considered. Except as otherwise provided by law, no action shall be taken on any item not appearing on the following agenda unless the Board of Directors makes a determination
that an emergency exists or that a need to take immediate action on the item came to the attention of the District subsequent to the posting of the agenda.

1. Approval of Agenda

2. APPROVAL OF CONSENT CALENDAR

   All matters listed under the Consent Calendar are considered by the Board of Directors to be routine and will be enacted in one motion. There will be no discussion of these items prior to the time the board considers the motion unless members of the board, the administrative staff, or the public request specific items to be discussed and/or removed from the Consent Calendar.

   a. Approve Directors' fees and expenses for May 2020

DISCUSSION AND POSSIBLE ACTION ITEMS


4. Consider Ordinance 399, Revisions to Community Advisory Commission Policy, and Resolution 2020.18 - Establishing the number of Commissioners for the Community Advisory Commission; public hearing.


INFORMATIONAL ITEMS

6. Review Draft Budget for FY 2020-21

REPORTS

7. Board of Directors' Reports

8. General Manager/CEO Report

9. Legal Counsel Report

10. Board of Directors' Comments

ADJOURN

PLEASE NOTE:

Materials related to an item on this agenda submitted to the Board after distribution of the agenda packet are available for public inspection in the District's office located at 31111 Greenspot Rd., Highland, during normal business hours. Also, such documents are available on the District's website at www.eastvalley.org subject to staff's ability to post the documents before the meeting.

Pursuant to Government Code Section 54954.2(a), any request for a disability-related modification or accommodation, including auxiliary aids or services, that is sought in order to participate in the above-agendized public meeting should be directed to the District Clerk at (909) 885-4900 at least 72 hours prior to said meeting.
To:    Governing Board Members  
From: General Manager/CEO  

Subject: Approve Directors' fees and expenses for May 2020  

RECOMMENDATION:  
Staff recommends that the Board approve the Governing Board Members' Fees and Expenses for May 2020.  

BACKGROUND / ANALYSIS:  
The Board has instructed staff to list all director fees and expenses as a separate agenda item to show full fiscal transparency. Only after Board review and approval will the compensation and expenses be paid.  

AGENCY GOALS AND OBJECTIVES:  
Goal and Objectives II - Maintain a Commitment to Sustainability, Transparency, and Accountability  
a) Practice Transparent and Accountable Fiscal Management  

REVIEW BY OTHERS:  
This agenda item has been reviewed by the Administration department.  

FISCAL IMPACT  
The fiscal impact associated with this agenda item is $8,050 which is included in the current fiscal budget.
**ATTACHMENTS:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors' Expense Reports May 2020</td>
<td>Backup Material</td>
</tr>
</tbody>
</table>
**EAST VALLEY WATER DISTRICT**  
**LEADERSHIP • PARTNERSHIP • STEWARDSHIP**

**DIRECTOR EXPENSE / REIMBURSEMENT ACTIVITY SHEET**

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Meeting / Event Description</th>
<th>Mileage</th>
<th>Meeting Stipend</th>
<th>Report Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5 01</td>
<td>Conference call with Kelly Malloy re septic sewer</td>
<td>0</td>
<td>175</td>
<td>✅</td>
</tr>
<tr>
<td>2</td>
<td>5 04</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td>0</td>
<td>175</td>
<td>✅</td>
</tr>
<tr>
<td>3</td>
<td>5 05</td>
<td>Inland Action Meeting</td>
<td>0</td>
<td>175</td>
<td>✅</td>
</tr>
<tr>
<td>4</td>
<td>5 06</td>
<td>Call with Assemblyman Ramos</td>
<td>0</td>
<td>175</td>
<td>✅</td>
</tr>
<tr>
<td>5</td>
<td>5 12</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td>0</td>
<td>175</td>
<td>✅</td>
</tr>
<tr>
<td>6</td>
<td>5 13</td>
<td>Regular Board Meeting</td>
<td>0</td>
<td>175</td>
<td>✅</td>
</tr>
<tr>
<td>7</td>
<td>5 15</td>
<td>Call with CEO Mura</td>
<td>0</td>
<td>175</td>
<td>✅</td>
</tr>
<tr>
<td>8</td>
<td>5 20</td>
<td>Special Board Meeting</td>
<td>0</td>
<td>175</td>
<td>✅</td>
</tr>
<tr>
<td>9</td>
<td>5 21</td>
<td>North Fork Annual Meeting</td>
<td>0</td>
<td>175</td>
<td>✅</td>
</tr>
<tr>
<td>10</td>
<td>5 27</td>
<td>Regular Board Meeting</td>
<td>0</td>
<td>175</td>
<td>✅</td>
</tr>
<tr>
<td>11</td>
<td>5 27</td>
<td>Inland Action Meeting—No charge</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

**Subtotal Meetings' Stipend**  
(10) Meetings  
$1,750.00

| Mileage | 0.00 X 0.575/mi | $0.00 |

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Expense Type</th>
<th>Miscellaneous Reimbursement Description</th>
<th>Reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Subtotal**  
$0.00

**TOTAL PAYMENT**  
$1,750.00

I certify that the above is correct and accurate to the best of my knowledge.

**Date of Approval**

Chris Carrillo  
.Administration Signature
As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

<table>
<thead>
<tr>
<th></th>
<th>Meeting Date</th>
<th>Event Description</th>
<th>Brief Description of Meeting/Event Value to EVWD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5 1 / 2020</td>
<td>Conference call with Kelly Malloy re septic to sewer</td>
<td>Background on septic to sewer with Kelly Malloy and staff in preparation for call with Assemblyman Ramos.</td>
</tr>
<tr>
<td>2</td>
<td>5 4 / 2020</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td>Sterling Natural Resources Center tour with CEO Mura.</td>
</tr>
<tr>
<td>3</td>
<td>5 5 / 2020</td>
<td>Inland Action Meeting</td>
<td>Attended Inland Action Zoom meeting with guest speaker Sheriff McMahon.</td>
</tr>
<tr>
<td>4</td>
<td>5 6 / 2020</td>
<td>Call with Assemblyman Ramos</td>
<td>Briefed Assemblyman Ramos on septic to sewer bond proposal.</td>
</tr>
<tr>
<td>5</td>
<td>5 12 / 2020</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td>Call with CEO Mura to discuss upcoming board meeting.</td>
</tr>
</tbody>
</table>
As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

6 Meeting Date: 5 13 / 2020
Event Description: Regular Board Meeting
Brief Description of Meeting/Event Value to EVWD
Attended regular board meeting.

7 Meeting Date: 5 15 / 2020
Event Description: Call with CEO Mura
Brief Description of Meeting/Event Value to EVWD
Call to discuss district business with CEO Mura.

8 Meeting Date: 5 20 / 2020
Event Description: Special Board Meeting
Brief Description of Meeting/Event Value to EVWD
Attended special board meeting.

9 Meeting Date: 5 21 / 2020
Event Description: North Fork Annual Meeting
Brief Description of Meeting/Event Value to EVWD
Attended annual North Fork meeting.

10 Meeting Date: 5 27 / 2020
Event Description: Regular Board Meeting
Brief Description of Meeting/Event Value to EVWD
Attended regular board meeting.
<table>
<thead>
<tr>
<th>No.</th>
<th>Meeting Date</th>
<th>Event Description</th>
<th>Brief Description of Meeting/Event Value to EVWD</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# East Valley Water District

**Leadership • Partnership • Stewardship**

**Director Expense / Reimbursement Activity Sheet**

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Meeting / Event Description</th>
<th>Mileage</th>
<th>Meeting Stipend</th>
<th>Report Provided</th>
<th>Written</th>
<th>Oral</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5/05</td>
<td>San Bernardino Valley MWD</td>
<td></td>
<td>175</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>2</td>
<td>5/05</td>
<td>Phone call with CEO Mura</td>
<td></td>
<td>0</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>3</td>
<td>5/08</td>
<td>IEEP Leadership Class</td>
<td></td>
<td>175</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>4</td>
<td>5/12</td>
<td>SNRC visit</td>
<td></td>
<td>175</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>5</td>
<td>5/13</td>
<td>Regular Board Meeting</td>
<td></td>
<td>175</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>6</td>
<td>5/19</td>
<td>San Bernardino Valley MWD</td>
<td></td>
<td>175</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>7</td>
<td>5/20</td>
<td>Special Board Meeting</td>
<td></td>
<td>175</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>8</td>
<td>5/21</td>
<td>Phone call with CEO Mura/Northfork meeting</td>
<td></td>
<td>0</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>9</td>
<td>5/21</td>
<td>North Fork Stockholders Meeting</td>
<td></td>
<td>175</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>10</td>
<td>5/27</td>
<td>Phone call with CEO Mura</td>
<td></td>
<td>0</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>11</td>
<td>5/27</td>
<td>Regular Board Meeting</td>
<td></td>
<td>175</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>12</td>
<td>5/28</td>
<td>IEEP State of the Region</td>
<td></td>
<td>175</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>13</td>
<td>5/29</td>
<td>Highland CoC/SB County getting business back</td>
<td></td>
<td>175</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>14</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>16</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
</tbody>
</table>

**Subtotal Meetings' Stipend**

<table>
<thead>
<tr>
<th>(10) Meetings</th>
<th>Mileage</th>
<th>$1,750.00</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.00 X 0.575/mi</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Expense Type</th>
<th>Miscellaneous Reimbursement Description</th>
<th>Reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Subtotal**

$0.00

**TOTAL PAYMENT**

$1,750.00

I certify that the above is correct and accurate to the best of my knowledge.

Ronald L. Coats

Date of Approval

Administration Signature
As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

<table>
<thead>
<tr>
<th>Meeting Date</th>
<th>Event Description</th>
<th>Brief Description of Meeting/Event Value to EVWD</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 / 5 / 2020</td>
<td>San Bernardino Valley MWD</td>
<td>They approved the following contracts -- Gualco Group for State Government Relations services; Equipment purchase for material for the Central Feeder -- East Branch Extension Intertie Project; Scope enhancement with NLine Energy for engineering design services for the Cactus Connector pipeline; Procurement of Fixed Cone Valves for the Santa Ana Low Turnout Project</td>
</tr>
<tr>
<td>5 / 5 / 2020</td>
<td>Phone call with CEO Mura</td>
<td>Discussed district business and on-going projects</td>
</tr>
<tr>
<td>5 / 8 / 2020</td>
<td>IEEP Leadership Class</td>
<td>Held our monthly Leadership Class, virtually, with speakers from the Orange County Business Council</td>
</tr>
<tr>
<td>5 / 12 / 2020</td>
<td>SNRC visit</td>
<td>Made a visit to SNRC project to view construction progress</td>
</tr>
<tr>
<td>5 / 13 / 2020</td>
<td>Regular Board Meeting</td>
<td>See official board meeting minutes</td>
</tr>
<tr>
<td>Meeting Date</td>
<td>Event Description</td>
<td>Brief Description of Meeting/Event Value to EVWD</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>5 / 19 / 2020</td>
<td>San Bernardino Valley MWD</td>
<td>They approved the following: Accepting a grant from the US Fish &amp; Wildlife service for $875,000; spending up to $44,000 with NLine Energy for small hydropower plant divestiture by So Cal Edison; Engineering services for possible solar panels installation for their admin building, 154 panels</td>
</tr>
<tr>
<td>5 / 20 / 2020</td>
<td>Special Board Meeting</td>
<td>Reviewed revenue and expense forecast for fiscal year 2020-2021</td>
</tr>
<tr>
<td>5 / 21 / 2020</td>
<td>Phone call with CEO Mura/Northfork meeting</td>
<td>Discussed Northfork business and other district business and on-going projects</td>
</tr>
<tr>
<td>5 / 21 / 2020</td>
<td>North Fork Stockholders Meeting</td>
<td>Attended the annual shareholders and board of directors meetings for North Fork Water Company</td>
</tr>
<tr>
<td>5 / 27 / 2020</td>
<td>Phone call with CEO Mura</td>
<td>Discussed district business and on-going projects</td>
</tr>
</tbody>
</table>
As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

11 Meeting Date: 5/27/2020  
Event Description: Regular Board Meeting  
Brief Description of Meeting/Event Value to EVWD  
See official board meeting minutes

12 Meeting Date: 5/28/2020  
Event Description: IEEP State of the Region  
Brief Description of Meeting/Event Value to EVWD  
Attended the IEEP State of the Region meeting

13 Meeting Date: 5/29/2020  
Event Description: Highland Co/C/ SB County getting business back  
Brief Description of Meeting/Event Value to EVWD  
Attended the Highland Chamber of Commerce meeting. Topic was San Bernardino County Getting Back to Business. Speakers included Third District Supervisor Dawn Rowe

14 Meeting Date:  
Event Description:  
Brief Description of Meeting/Event Value to EVWD

15 Meeting Date:  
Event Description:  
Brief Description of Meeting/Event Value to EVWD
# DIRECTOR EXPENSE / REIMBURSEMENT

## ACTIVITY SHEET

**Name:** Phillip R. Goodrich  
**Month / Year:** May / 2020

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Meeting / Event Description</th>
<th>Mileage</th>
<th>Meeting Stipend</th>
<th>Report Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5 05</td>
<td>Anthesis WebEx Meeting</td>
<td></td>
<td>175</td>
<td>☑</td>
</tr>
<tr>
<td>2</td>
<td>5 07</td>
<td>Agenda Review</td>
<td></td>
<td>175</td>
<td>☑</td>
</tr>
<tr>
<td>3</td>
<td>5 07</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td></td>
<td>0</td>
<td>☑</td>
</tr>
<tr>
<td>4</td>
<td>5 08</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td></td>
<td>0</td>
<td>☑</td>
</tr>
<tr>
<td>5</td>
<td>5 13</td>
<td>Regular Board Meeting</td>
<td></td>
<td>175</td>
<td>☑</td>
</tr>
<tr>
<td>6</td>
<td>5 20</td>
<td>Special Board Meeting</td>
<td></td>
<td>175</td>
<td>☑</td>
</tr>
<tr>
<td>7</td>
<td>5 21</td>
<td>Agenda Review</td>
<td></td>
<td>0</td>
<td>☑</td>
</tr>
<tr>
<td>8</td>
<td>5 21</td>
<td>North Fork Stockholders Meeting</td>
<td></td>
<td>175</td>
<td>☑</td>
</tr>
<tr>
<td>9</td>
<td>5 22</td>
<td>Legislative &amp; Public Affairs Committee Meeting</td>
<td></td>
<td>175</td>
<td>☑</td>
</tr>
<tr>
<td>10</td>
<td>5 27</td>
<td>Regular Board Meeting</td>
<td></td>
<td>175</td>
<td>☑</td>
</tr>
<tr>
<td>11</td>
<td>5 29</td>
<td>Chamber of Commerce Event</td>
<td></td>
<td>175</td>
<td>☑</td>
</tr>
<tr>
<td>12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Subtotal Meetings' Stipend**: (8) Meetings $1,400.00

**Mileage**

<table>
<thead>
<tr>
<th>Mileage</th>
<th>Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td>0.575/mi</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

**Subtotal** $0.00

**TOTAL PAYMENT** $1,400.00

I certify that the above is correct and accurate to the best of my knowledge.

**Date of Approval**

Phillip R. Goodrich

Administration Signature
Name: Phillip R. Goodrich
Month / Year: May / 2020

As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

1. Meeting Date: 5 5 / 2020
   Event Description: Anthesis WebEx Meeting
   Brief Description of Meeting/Event Value to EVWD
   Anthesis annual meeting where the District received employer partner of the year via webex

2. Meeting Date: 5 7 / 2020
   Event Description: Agenda Review
   Brief Description of Meeting/Event Value to EVWD
   Agenda review with CEO and Chairman, update of District Affairs and current agenda

3. Meeting Date: 5 7 / 2020
   Event Description: Meeting with General Manager/CEO or Designee
   Brief Description of Meeting/Event Value to EVWD
   Toured the SNRC site West side of project well underway

4. Meeting Date: 5 8 / 2020
   Event Description: Meeting with General Manager/CEO or Designee
   Brief Description of Meeting/Event Value to EVWD
   Meet CEO for weekly Safety updates and some reopening plans

5. Meeting Date: 5 13 / 2020
   Event Description: Regular Board Meeting
   Brief Description of Meeting/Event Value to EVWD
   Attend regular board meeting
As part of the District’s commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director’s

<table>
<thead>
<tr>
<th>No.</th>
<th>Meeting Date:</th>
<th>Event Description:</th>
<th>Brief Description of Meeting/Event Value to EVWD</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>5/20/2020</td>
<td>Special Board Meeting</td>
<td>Attend Special board meeting, Budget workshop</td>
</tr>
<tr>
<td>7</td>
<td>5/21/2020</td>
<td>Agenda Review</td>
<td>Meet with CEO and Chairman to review current agenda</td>
</tr>
<tr>
<td>8</td>
<td>5/21/2020</td>
<td>North Fork Stockholders Meeting</td>
<td>Attend Annual shareholers and board meeting</td>
</tr>
<tr>
<td>9</td>
<td>5/22/2020</td>
<td>Legislative &amp; Public Affairs Committee Meeting</td>
<td>Attend committee meeting Received Dept. updates via webex</td>
</tr>
<tr>
<td>10</td>
<td>5/27/2020</td>
<td>Regular Board Meeting</td>
<td>Attend regular board meeting</td>
</tr>
</tbody>
</table>
As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

11 Meeting Date: 5 29 / 2020  
Event Description: Chamber of Commerce Event  
Brief Description of Meeting/Event Value to EVWD  
Attend monthly luncheon via webex updates from County supervisor Rowe

12 Meeting Date:  
Event Description:  
Brief Description of Meeting/Event Value to EVWD

13 Meeting Date:  
Event Description:  
Brief Description of Meeting/Event Value to EVWD

14 Meeting Date:  
Event Description:  
Brief Description of Meeting/Event Value to EVWD

15 Meeting Date:  
Event Description:  
Brief Description of Meeting/Event Value to EVWD
# DIRECTOR EXPENSE / REIMBURSEMENT ACTIVITY SHEET

**Name:** James Morales, Jr.  
**Month / Year:** May 2020

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Meeting / Event Description</th>
<th>Mileage</th>
<th>Meeting Stipend</th>
<th>Report Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4</td>
<td>ACWA Event</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>5</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td>175</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>8</td>
<td>East Valley Association of Realtors</td>
<td>175</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>12</td>
<td>San Bernardino Board of Water Commissioners</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>12</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td>175</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>13</td>
<td>Regular Board Meeting</td>
<td>175</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>14</td>
<td>ACWA Event</td>
<td>175</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>15</td>
<td>ACWA Event</td>
<td>175</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>20</td>
<td>Special Board Meeting</td>
<td>175</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>21</td>
<td>North Fork Stockholders Meeting</td>
<td>175</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>26</td>
<td>San Bernardino Board of Water Commissioners</td>
<td>175</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>27</td>
<td>Regular Board Meeting</td>
<td>175</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>28</td>
<td>CSDA Event</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>29</td>
<td>Highland Chamber of Commerce</td>
<td>0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Subtotal Meetings' Stipend:** (10 Meetings) = $1,750.00

**Mileage:** 0.00 X 0.575/mi = $0.00

**Subtotal:** $0.00  
**TOTAL PAYMENT:** $1,750.00

I certify that the above is correct and accurate to the best of my knowledge.

**Date of Approval**

James Morales, Jr.

Administration Signature
Name: James Morales, Jr.  
Month / Year: May / 2020

As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

<table>
<thead>
<tr>
<th>Meeting Date:</th>
<th>Event Description</th>
<th>Brief Description of Meeting/Event Value to EVWD</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 / 2020</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td>SNRC Site Visit.</td>
</tr>
<tr>
<td>12 / 2020</td>
<td>San Bernardino Board of Water Commissioners</td>
<td>No Charge. Agenda Review. More than 1 meeting on the day.</td>
</tr>
<tr>
<td>12 / 2020</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td>Agency operations Covid19.</td>
</tr>
</tbody>
</table>
EAST VALLEY WATER DISTRICT
LEADERSHIP • PARTNERSHIP • STEWARDSHIP

DIRECTOR EXPENSE / REIMBURSEMENT
ACTIVITY SHEET
AB 1234 SUPPLEMENTAL REPORT FORM

Name: James Morales, Jr. Month / Year: May / 2020

As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

6 Meeting Date: 13 / 2020
   Event Description: Regular Board Meeting
   Brief Description of Meeting/Event Value to EVWD
   Please refer to public agenda.

7 Meeting Date: 14 / 2020
   Event Description: ACWA Event
   Brief Description of Meeting/Event Value to EVWD
   Region 9 water legislation.

8 Meeting Date: 15 / 2020
   Event Description: ACWA Event
   Brief Description of Meeting/Event Value to EVWD
   Statewide legislative board meeting.

9 Meeting Date: 20 / 2020
   Event Description: Special Board Meeting
   Brief Description of Meeting/Event Value to EVWD
   Please refer to public agenda.

10 Meeting Date: 21 / 2020
    Event Description: North Fork Stockholders Meeting
    Brief Description of Meeting/Event Value to EVWD
    Please refer to public agenda.
As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

11 Meeting Date: 26 / 2020
Event Description: San Bernardino Board of Water Commissioners
Brief Description of Meeting/Event Value to EVWD
Board report assignment. Sewer and water budget presentation.

12 Meeting Date: 27 / 2020
Event Description: Regular Board Meeting
Brief Description of Meeting/Event Value to EVWD
Please refer to public agenda.

13 Meeting Date: 28 / 2020
Event Description: CSDA Event
Brief Description of Meeting/Event Value to EVWD

14 Meeting Date: 29 / 2020
Event Description: Highland Chamber of Commerce
Brief Description of Meeting/Event Value to EVWD
No Charge. More than 10 meetings. Third District update.

15 Meeting Date: 
Event Description: 
Brief Description of Meeting/Event Value to EVWD
# DIRECTOR EXPENSE / REIMBURSEMENT ACTIVITY SHEET

Name: David E. Smith

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Meeting / Event Description</th>
<th>Mileage</th>
<th>Meeting Stipend</th>
<th>Report Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5 / 05</td>
<td>EVWD Event</td>
<td></td>
<td>175</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>5 / 07</td>
<td>Agenda Review</td>
<td></td>
<td>175</td>
<td>✓</td>
</tr>
<tr>
<td>3</td>
<td>5 / 07</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td></td>
<td>0</td>
<td>✓</td>
</tr>
<tr>
<td>4</td>
<td>5 / 08</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>5 / 13</td>
<td>Regular Board Meeting</td>
<td></td>
<td>175</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>5 / 20</td>
<td>Special Board Meeting</td>
<td></td>
<td>175</td>
<td>✓</td>
</tr>
<tr>
<td>7</td>
<td>5 / 21</td>
<td>North Fork Stockholders/Board Meeting(s)</td>
<td></td>
<td>175</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>5 / 21</td>
<td>Agenda Review</td>
<td></td>
<td>0</td>
<td>✓</td>
</tr>
<tr>
<td>9</td>
<td>5 / 22</td>
<td>San Bernardino VWC District</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>5 / 22</td>
<td>Legislative &amp; Public Affairs Committee Meeting</td>
<td></td>
<td>175</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>5 / 27</td>
<td>Regular Board Meeting</td>
<td></td>
<td>175</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>5 / 29</td>
<td>Chamber of Commerce Event</td>
<td></td>
<td>175</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Subtotal Meetings’ Stipend</strong></td>
<td></td>
<td>(8) Meetings</td>
<td>$1,400.00</td>
</tr>
</tbody>
</table>

Mileage: 0.00 x 0.58/mi = $0.00

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Expense Type</th>
<th>Miscellaneous Reimbursement Description</th>
<th>Reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Subtotal: $0.00

TOTAL PAYMENT: $1,400.00

I certify that the above is correct and accurate to the best of my knowledge.

David E. Smith

Date of Approval

Administration Signature
As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

<table>
<thead>
<tr>
<th>Meeting Date</th>
<th>Event Description</th>
<th>Brief Description of Meeting/Event Value to EVWD</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 / 5 / 2020</td>
<td>EVWD Event</td>
<td>Attended Anthesis Partnership Award Ceremony. Mr. Mura received &quot;Partner of the Year Award&quot; for empowering adults with disabilities.</td>
</tr>
<tr>
<td>5 / 7 / 2020</td>
<td>Agenda Review</td>
<td>Agenda review with GM Mura and Vice Chairman Goodrich.</td>
</tr>
<tr>
<td>5 / 7 / 2020</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td>Toured SNRC facility. Observed pouring of foundation for Admin Building,</td>
</tr>
<tr>
<td>5 / 8 / 2020</td>
<td>Meeting with General Manager/CEO or Designee</td>
<td>Met with GM Mura and Vice Chairman Goodrich, more updates on COVID19 safety protocols, and reopening in conjunction with State and County guidelines.</td>
</tr>
<tr>
<td>5 / 13 / 2020</td>
<td>Regular Board Meeting</td>
<td></td>
</tr>
</tbody>
</table>
As part of the District's commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director's

<table>
<thead>
<tr>
<th>Meeting Date: 5/20/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Event Description: Special Board Meeting</td>
</tr>
<tr>
<td>Brief Description of Meeting/Event Value to EVWD</td>
</tr>
<tr>
<td>Review of Fiscal Year 2020-21 Revenue Projections.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Meeting Date: 5/21/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Event Description: North Fork Stockholders/Board Meeting(s)</td>
</tr>
<tr>
<td>Brief Description of Meeting/Event Value to EVWD</td>
</tr>
<tr>
<td>North Fork Shareholder and Board of Directors meetings.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Meeting Date: 5/21/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Event Description: Agenda Review</td>
</tr>
<tr>
<td>Brief Description of Meeting/Event Value to EVWD</td>
</tr>
<tr>
<td>Agenda review with GM Mura and Vice Chairman Goodrich.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Meeting Date: 5/22/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Event Description: San Bernardino VWC District</td>
</tr>
<tr>
<td>Brief Description of Meeting/Event Value to EVWD</td>
</tr>
<tr>
<td>Attended regular meeting of the San Bernardino Valley Water Conservation District.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Meeting Date: 5/22/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Event Description: Legislative &amp; Public Affairs Committee Meeting</td>
</tr>
<tr>
<td>Brief Description of Meeting/Event Value to EVWD</td>
</tr>
<tr>
<td>Covered: Emergency Response update; Legislative Update, most interesting was Septic-to-Sewer Funding legislation; Outreach update, including Social media updates; Community Group appointment process. Agenda review with GM Mura and Vice Chairman Goodrich.</td>
</tr>
</tbody>
</table>
As part of the District’s commitment to transparency, please provide a brief description of any meeting/event(s) that you will not be providing a report during the Board meeting at which your Director’s

<table>
<thead>
<tr>
<th>Meeting Date</th>
<th>Event Description</th>
<th>Brief Description of Meeting/Event Value to EVWD</th>
</tr>
</thead>
<tbody>
<tr>
<td>11 5/27/2020</td>
<td>Regular Board Meeting</td>
<td></td>
</tr>
<tr>
<td>12 5/29/2020</td>
<td>Chamber of Commerce Event</td>
<td>Featured a COVID19 update from County Supervisor Dawn Rowe.</td>
</tr>
<tr>
<td>13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
To: Governing Board Members  
From: General Manager/CEO  
Subject: Formation of Community Facilities District (CFD) 2020-1 (Highland Hills): consider approval of  
Resolution 2020.11, CFD 2020-1 Resolution 2020.01, CFD 2020-1 Resolution 2020.02, and CFD  
2020-1 Ordinance No. 1; public hearing.

RECOMMENDATION:

- Staff recommends that the Board of Directors (Board) adopt Resolution 2020.11 establishing CFD 2020-1 (Highland Hills) and approving a Funding, Construction and Acquisition Agreement
- Staff recommends that the Board of Directors, acting as the legislative body of the CFD, adopt CFD 2020-1 Resolutions 2020.01
- Staff recommends that the Board of Directors, acting as the legislative body of the CFD, adopt CFD 2020-1 Resolution 2020.02 certifying the results of the election
- Staff recommends that the Board of Directors, acting as the Legislative body of the CFD, adopt CFD 2020-1 Ordinance No. 1

BACKGROUND / ANALYSIS:

At two regular board meetings occurring earlier this year, the Board has 1) adopted Goals and Policies for Community Facilities Districts, 2) accepted a petition from First American Title Insurance Company, the Owner of the property known as the Highland Hills project, to form a Community Facilities District (CFD) for that project, 3) adopted resolutions of intention regarding the formation of a CFD and issuing CFD bonds, and 4) set the date of June 10, 2020 to hold a public hearing for consideration of forming a CFD.

A Public Report about CFD 2020-1 (attached) has been prepared by the District’s Special Tax Consultant, Koppel & Gruber, for entry into the record of the public hearing. The report includes:
- A description of the CFD and facilities financed
- A cost estimate of the facilities
- Boundaries of the CFD
- The method of levying special taxes within the CFD

If the Public Report is accepted, the Board is asked to complete the formation of Community Facilities District 2020-1 by approving/adopting a series of items attached hereto. The first is a resolution to be considered while acting as the Board of East Valley Water District:

Resolution 2020.11 – A Resolution of EVWD Establishing CFD No. 2020-1 and its Improvement Areas 1, 2,
and 3, authorizing the levy of a special tax, and calling for an election; approving the Public Report for CFD 2020-1; and approving the Funding, Construction and Acquisition Agreement:

1. **Funding, Construction & Acquisition Agreement** - this Agreement documents the understanding between EVWD and the Developer regarding responsibilities and obligations of each concerning CFD financial matters, construction of improvements, inspections, ownership of improvements, termination of agreement, and assignment of rights.

After Community Facilities District 2020-1 has been established by the Board of East Valley Water District, the following resolution will need to be passed by the Board acting as the legislative body of Community Facilities District No. 2020-1:

**CFD 2020-1 Resolution 2020.01** – A Resolution determining the necessity to incur bonded indebtedness within the CFD and Improvement Areas 1, 2, and 3 and calling of special elections:
- Describes purpose for issuing bonded indebtedness and sets maximum term
- Calls for special election to vote on three propositions for each Improvement Area. The propositions are, 1) to incur bonded indebtedness, 2) to set a special tax, and 3) to establish an appropriations limit

First American Title Co. (FATCO) is the only landowner within CFD Improvement Areas 1, 2, and 3, and the County has confirmed that there are no registered voters within the Improvement Areas. Therefore, FATCO is the only entity that can vote on the three propositions identified above. Ballots and voting instructions have been delivered to FATCO advising them of the date and time by which ballots must be returned to the District Secretary in order to be counted – the deadline is June 10, 2020 at 10:00 p.m. Assuming the ballots have been returned by the close of the public hearing and tallied by the Board Secretary, the Board, acting as the legislative body of the CFD is asked to certify the election by adopting the following:

**CFD 2020-1 Resolution 2020.02** – A Resolution certifying the results of the June 10, 2020 Special Tax and Bond elections.

After the elections have been certified, staff will need authorization from the Board, acting as the legislative body of the CFD, to determine the amount of special taxes needed each year, and to file the special tax assessment with the County Tax Assessor. Adoption of the following Ordinance will grant that authorization:

**CFD 2020-1 Ordinance No. 1** – authorizes the levy of a special tax within Community facilities District 2020-1 and Improvement Areas 1, 2, and 3.

Staff recommends approval of the CFD formation Resolutions / Ordinance discussed above.

**AGENCY GOALS AND OBJECTIVES:**

Goal and Objectives IV - Promote Planning, Maintenance and Preservation of District Resources

b) Enhance Planning Efforts that Respond to Future Demands

**REVIEW BY OTHERS:**

This agenda item has been reviewed by bond counsel and the District’s general counsel.
**FISCAL IMPACT**

There is no fiscal impact associated with this agenda item.

Recommended by:  
John Mura  
General Manager/CEO

Respectfully submitted:  
Brian Tompkins  
Chief Financial Officer

**ATTACHMENTS:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Report - Community Facilities District No. 2020-1 of the East Valley Water District</td>
<td>Backup Material</td>
</tr>
<tr>
<td>Resolution 2020.11</td>
<td>Resolution Letter</td>
</tr>
<tr>
<td>Funding, Construction, and Acquisition Agreement</td>
<td>Backup Material</td>
</tr>
<tr>
<td>CFD 2020-1 Resolution 2020.01</td>
<td>Resolution Letter</td>
</tr>
<tr>
<td>CFD 2020-1 Resolution 2020.02</td>
<td>Resolution Letter</td>
</tr>
<tr>
<td>CFD 2020-1 Ordinance No.1</td>
<td>Ordinance</td>
</tr>
</tbody>
</table>
COMMUNITY FACILITIES DISTRICT NO. 2020 -1
(HIGHLAND HILLS)
OF THE
EAST VALLEY WATER DISTRICT
PUBLIC REPORT
JUNE 10, 2020
EAST VALLEY WATER DISTRICT
BOARD OF DIRECTORS

DAVID E. SMITH, CHAIRMAN OF THE BOARD
PHILLIP R. GOODRICH, VICE CHAIRMAN OF THE BOARD
CHRIS CARRILLO, BOARD MEMBER
RONALD L. COATS, BOARD MEMBER
JAMES MORALES JR., BOARD MEMBER

GENERAL MANAGER
JOHN MURA

CHIEF FINANCIAL OFFICER
BRIAN TOMPKINS
# TABLE OF CONTENTS

INTRODUCTION .......................................................................................................................... 1  
A. DESCRIPTION OF CFD NO. 2020-1 .................................................................................. 1  
B. DESCRIPTION OF FACILITIES ......................................................................................... 2  
C. BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT .............................................. 3  
D. COST ESTIMATE ................................................................................................................... 4  
E. RATE AND METHOD OF APPORTIONMENT ......................................................................... 4  
F. GENERAL TERMS AND CONDITIONS .................................................................................... 4  
EXHIBIT A – BOUNDARY MAP .................................................................................................. A-1  
EXHIBIT B – COST ESTIMATES ............................................................................................... B-1  
EXHIBIT C – RATES AND METHODS OF APPORTIONMENT ................................................. C-1
Introduction

The Board of Directors of the East Valley Water District (the “Board”) did, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”), on April 22, 2020 adopt a resolution entitled “A Resolution of the Board of Directors of the East Valley Water District Declaring Its Intention to Establish Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District, and Improvement Area Nos. 1, 2 and 3 Therein, to Authorize the Levy of a Special Tax to Pay the Cost of Acquiring or Constructing Certain Public Facilities, and Paying for Certain Incidental Expenses and to Pay Debt Service on Bonded Indebtedness Proceedings” (the “Resolution of Intention”). In the Resolution of Intention the Board expressly ordered the preparation of a written Community Facilities District Report (the “Report”), for the proposed Community Facilities District No. 2020-1 (Highland Hills) of the East Valley Water District (the “CFD No. 2020-1”).

The Resolution of Intention ordering the Report did direct that the Report generally contain the following:

1. a brief description of the public facilities by type (“Authorized Facilities”) which are required to adequately meet the needs of CFD No. 2020-1; and

2. an estimate of the fair and reasonable cost of providing such public facilities and the incidental expenses to be incurred in connection therewith.

For particulars, reference is made to the Resolution of Intention (Resolution Number 2020.09) for CFD No 2020-1, as previously approved and adopted by Board.

Now, Therefore Koppel & Gruber Public Finance, the appointed responsible firm directed to prepare the Report, does hereby submit the following:

A. Description of CFD No. 2020-1

CFD No. 2020-1, is comprised of approximately 78.22 net taxable acres of residentially zoned land within three Improvement Areas (“IAs”). At the time of formation, the CFD is expected to include 586 single family residential units. A map showing the boundaries of Community Facilities District No. 2020-1 and each of the IAs is included in Exhibit “A” of this Report. Table 1 below shows the number of projected units, the taxable acreage, and the not to exceed bond amount for each IA within CFD No. 2020-1.
TABLE 1
No. of Units, Acreage and Bond Amount
By Improvement Area

<table>
<thead>
<tr>
<th>CFD No. 2020-1 Improvement Areas</th>
<th>No. of Projected Taxable Units</th>
<th>Minimum Taxable Acreage</th>
<th>Not To Exceed Bond Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>IA No. 1</td>
<td>331</td>
<td>29.79</td>
<td>$12,000,000</td>
</tr>
<tr>
<td>IA No. 2</td>
<td>106</td>
<td>14.48</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>IA No. 3</td>
<td>149</td>
<td>33.95</td>
<td>$7,000,000</td>
</tr>
<tr>
<td>Totals</td>
<td>586</td>
<td>78.22</td>
<td>$24,000,000</td>
</tr>
</tbody>
</table>

B. Description of Facilities

The purpose of CFD No. 2020-1 and the IAs is to provide for the cost of financing the construction of the Facilities to be constructed (as shown in detail and defined below), including the cost of planning and designing the Facilities, and the incidental expenses, related to financing, forming and administering CFD No. 2020-1.

Descriptions of the Authorized Facilities, which are defined in Attachment B of the Resolution of Intention, are as follows:

- The construction, purchase, modification, expansion, rehabilitation and/or improvement of water and sewer facilities of the East Valley Water District as well as the acquisition of capacity in the sewer system and/or water system of the East Valley Water District ("EVWD"), and all appurtenances, and appurtenant work in connection with the foregoing water and sewer facilities, including, without limitation, the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for such water and sewer facilities, and any other expenses incidental to the construction, acquisition, modification, rehabilitation, completion, inspection and financing of such facilities.

Incidental Expenses – CFD No. 2020-1 may also finance incidental expenses as described in Section 4 of the Resolution of Intention and may include but is not limited to the following:

- The costs of planning and designing the facilities; and
- the costs of forming CFD No. 2020-1 and each IA therein, issuing bonds, levying and collecting a special tax and the annual administration costs of CFD No. 2020-1 and each IA.
C. **Boundaries of the Community Facilities District**

A reduced map of the boundaries of CFD No. 2020-1 titled “Proposed Boundaries of Community Facilities District No. 2020-1 (Highland Hills) of the East Valley Water District” is included in Exhibit “A” and is incorporated herein. The boundaries include all the properties located in Improvement Areas 1, 2 and 3.

A full-scale map is on file with the Clerk of the East Valley Water District and was recorded with the County Recorder in the County of San Bernardino in Book 89 of Maps of Assessment and Community Facilities Districts, Page 19, Document Number 20200178864.
D. Cost Estimate

The maximum bonded indebtedness to finance the Authorized Facilities and Incidental Expenses as approved in the Resolution of Intention for CFD No. 2020-1 is $24,000,000 including $12,000,000 for IA No.1, $5,000,000 for IA No. 2 and $7,000,000 for IA No. 3. This bonded indebtedness is proposed to fund Facilities for CFD No. 2020-1. Bonds will be sold by CFD No. 2020-1 and the IAs in one or more series.

The estimated costs of the Facilities are shown in 2020 dollars. For particulars on the estimated cost of Facilities, reference is made to Exhibit “B” of this Report.

E. Rate and Method of Apportionment

The Rate and Method of Apportionment (the “RMA”) for each IA provides sufficient information to allow a property owner within CFD No. 2020-1 to estimate the Maximum Special Tax for his or her property. It also includes method of prepayment in full or prepayment in part and the procedure for prepayments.

For particulars on the rate and method of apportionment, reference is made to Exhibit “C” of this report.

F. General Terms and Conditions

The general terms and conditions of CFD No. 2020-1 are as follows:

- **Substitution of Facilities** – The description of the Authorized Facilities is general in nature. The final nature and location of improvements and Authorized Facilities will be determined upon the preparation of final plans and specifications. The final plans and specifications may show substitutes in lieu of, or modifications to, proposed work. Any such substitution shall not be a change or modification in the proceedings as long as the Facilities provide a service substantially similar to that as set forth in the Report.

- **Bonds** – In order to finance the Authorized Facilities set forth in this Report, it is necessary that bonds be issued pursuant to the terms, conditions and authorizations as set forth in the Act, commencing with Section 53311 thereof and specifically, Article 5 therein.
EXHIBIT A

BOUNDARY MAP FOR
COMMUNITY FACILITIES DISTRICT NO. 2020-1

A reduced copy of the Boundary Map follows. The original of such map is on file in the Office of the Clerk of the Board of Directors and in the records of the County Recorder, County of San Bernardino, State of California.
EXHIBIT B
COST ESTIMATES

The Estimated Costs of Authorized Facilities follows. The total costs for CFD No. 2020-1 are estimates only in 2020 dollars. Actual costs of the Authorized Facilities will be paid; however, CFD No. 2020-1 has the ability to reallocate amounts between line items as long as the total costs do not exceed the total authorized bonded amounts.

Authorized Facilities

<table>
<thead>
<tr>
<th>Description of Authorized Facilities</th>
<th>Estimated Cost in 2020$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EVWD Capacity Improvements</strong></td>
<td></td>
</tr>
<tr>
<td>Water Capacity Charge (Residential Units) (3/4&quot; Meter)</td>
<td>$4,235,608</td>
</tr>
<tr>
<td>Water Capacity Charge, Miscellaneous (3/4&quot; Meter)</td>
<td>72,608</td>
</tr>
<tr>
<td>Water Capacity Charge, Irrigation (1-1/2” Meter)</td>
<td>481,880</td>
</tr>
<tr>
<td>Sewer Capacity Charge, Residential Units</td>
<td>4,396,172</td>
</tr>
<tr>
<td>Sewer Capacity Charge, Miscellaneous</td>
<td>37,510</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>$9,223,778</td>
</tr>
<tr>
<td><strong>EVWD Improvements</strong></td>
<td></td>
</tr>
<tr>
<td>Water and sewer improvements that are required to serve the Project and are constructed by, or on behalf of the Developer, including, without limitation, in-tract and master-planned water and sewer transmission pipelines, lift station, pump stations, water reservoirs and all appurtenant improvements and soft costs.</td>
<td>$8,123,153</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>$8,123,153</td>
</tr>
</tbody>
</table>

**Total of Authorized Facilities**

$17,346,931

1. Estimated Cost is based on EVWD’s current fee amounts and the estimated number of dwelling units and equivalent dwelling units in the Project. The amount eligible to be funded for Capacity Improvements shall be based on the actual number of dwelling units and equivalent dwelling units for which such fees are charged and the applicable amount of the fees.

2. Individual, usable and completed EVWD Improvements shall be eligible to be financed and acquired at their total Actual Cost pursuant to the Funding Construction and Acquisition Agreement. In addition, for any EVWD Improvement with an estimated cost in excess of $1,000,000, the Developer and General Manager of the Water District may agree on discrete phases or portions of the EVWD Improvement for which the Actual Costs may be reimbursed prior to completion of the EVWD Improvement.
A Special Tax shall be levied on all Taxable Property (as defined below) within the boundaries of Improvement Area No. 1 (“IA No. 1”) Community Facilities District No. 2020-1 (Highland Hills), (“CFD No. 2020-1”) of the East Valley Water District (“Water District”) and collected each Fiscal Year commencing in Fiscal Year 2020/2021 in an amount determined by the Water District Board (as defined below), through the application of this Rate and Method of Apportionment of the Special Tax to the extent and in the manner herein provided.

1. DEFINITIONS

“Acreage” or “Acre” means the land area of an Assessor’s Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, parcel map, condominium plan, or other recorded County parcel map. An Acre means 43,560 square feet of land.


“Administrative Expenses” means the expenses incurred by the Water District on behalf of IA No. 1 related to the determination of the amount of the levy of Annual Special Taxes; the collection of Annual Special Taxes including, but not limited to, the expenses of collecting delinquencies; the administration of the Bonds; the payment of salaries and benefits of any employee of the Water District whose employment duties are directly related to the administration of IA No. 1; and the costs otherwise incurred in order to carry out authorized purposes of IA No. 1.

“Annual Special Tax” means any Special Tax actually levied in any Fiscal Year on any Assessor’s Parcel.

“Apartment Property” means all Assessor’s Parcels of Residential Property on which one or more apartment units are constructed for rental by the general public, not for sale to an end user, and under common management.
“Assessor” means the Assessor of the County.

“Assessor's Parcel” means a Lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel number.

“Assessor’s Parcel Map” means an official map of the County designating parcels by Assessor’s Parcel number.

“Assigned Special Tax” means the Special Tax for each Land Use Class, as determined in accordance with Section 3 below.

“Backup Special Tax” means the Special Tax amount applicable to each Assessor’s Parcel of Developed Property, as determined in accordance with Section 3.A (i) below.

“Bonds” means any obligation of IA No. 1 to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, secured in whole or in part by the levy of Special Taxes.

“Boundary Map” means that certain map entitled “Proposed Boundaries of Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District” recorded in the Official Records of the County that distinguishes the boundaries of IA No. 1 from the other two improvement areas.

“Building Permit” means a building permit for the construction of one or more Residential Units within IA No. 1 issued by the City, or another public agency in the event the City no longer issues building permits.

“Building Square Footage” means the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage of a Residential Unit shall be determined by reference to the Building Permit(s) for such Residential Unit and/or other information as may demonstrate that the Building Square Footage is specified incorrectly on the Building Permit(s).

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“CFD Administrator” means an authorized representative of the Water District, or designee thereof, responsible for determining the Special Tax Requirement, for preparing the Annual Special Tax roll and calculating the Backup Special Tax.

“CFD No. 2020-1” means Community Facilities District No. 2020-1 (Highland Hills) of the Water District.
“City” means the City of San Bernardino, California.

“County” means the County of San Bernardino, California.

“Debt Service” means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1 of such Fiscal Year.

“Developed Property” means for each Fiscal Year, all Assessor’s Parcels of Taxable Property, exclusive of Assessor’s Parcels of Provisional Undeveloped Property, for which a Building Permit was issued prior to May 1 of the previous Fiscal Year.

“Exempt Property” means Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section 8.

“Final Subdivision Map” means a subdivision of property created by recordation of a final map or parcel map, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 4200 et seq or lot line adjustment that creates individual lots or condominium units for which building permits may be issued without further subdivision.

“Fiscal Year” means the period starting on July 1 and ending the following June 30.

“General Manager” means the General Manager of the East Valley Water District or his/her designee.

“Improvement Area No. 1” or “IA No. 1” means Improvement Area No. 1 of CFD No. 2020-1, as identified on the Boundary Map for CFD No. 2020-1, as in effect on the date of formation of IA No. 1, and as may thereafter be amended in accordance with the Act.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Use Class” means any of the classes listed in Table 1 under Section 3 below.

“Lot” means an individual legal lot or condominium unit created by a Final Subdivision Map.

“Maximum Special Tax” means the Maximum Special Tax, determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.
“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit(s) was issued for non-residential use.

“Outstanding Bonds” mean all Bonds, which are deemed to be outstanding under the Indenture.

“Partial Prepayment Amount” means a prepayment of a portion of the Special Tax Obligation applicable to an Assessor’s Parcel of Taxable Property as set forth in Section 6.B below.

“Proportionately” or “Proportionate” means for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax, as applicable, per Acre is equal for all Assessor's Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property as described in Section 3 below.

“Provisional Undeveloped Property” means all Assessor’s Parcels of property that would otherwise be classified as Exempt Property pursuant to the provisions of Section 8, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section 8.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more Residential Units.

“Residential Unit” means each separate residential dwelling unit that comprises an independent facility available for sale to an end user or rental separate from adjacent residential dwelling units.

“Single Family Property” means all Assessor’s Parcels of Residential Property that are available for sale to an end user.

“Single Family Unit” means a Residential Unit of Single Family Property.

“Special Tax” means any special tax authorized to be levied within IA No. 1 pursuant to the Act and this Rate and Method of Apportionment.

“Special Tax Obligation” means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax for the remaining life of IA No. 1.

“Special Tax Requirement” means that amount required in any Fiscal Year to: (i) pay Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding
Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) the costs associated with the release of funds from an escrow account established in association with the Bonds; (vi) accumulate funds to pay directly for acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property or Provisional Undeveloped Property, and (vii) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (viii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

“State” means the State of California.

“Taxable Property” means all of the Assessor's Parcels within the boundaries of IA No. 1, which are not exempt from the levy of the Special Tax pursuant to law or Section 8 below.

“Trustee” means the trustee or fiscal agent under the Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property within the boundaries of IA No. 1 not classified as Developed Property or Provisional Undeveloped Property.

“Water District” means the East Valley Water District, California.

“Water District Board” means the Board of Directors of the East Valley Water District, acting as the legislative body of CFD No. 2020-1, or its designee.

2. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2020/2021, each Assessor’s Parcel within the boundaries of IA No. 1 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property within IA No. 1 shall be classified as Developed Property, Undeveloped Property or Provisional Undeveloped Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections 3 and 4 below. Furthermore, each Assessor’s Parcel of Developed Property which is a Residential Unit shall be classified as Single Family Property or Apartment Property and the Building Square Footage of each Single Family Unit or the Acreage for Apartment Property with each such Assessor’s Parcel shall be determined.

In the event a Building Permit is issued for a Lot prior to May 1 of the previous Fiscal Year and an Assessor’s Parcel Number has not yet been assigned to such Lot for the current Fiscal Year, the applicable parent Assessor’s Parcel may be classified as both Developed Property and Undeveloped Property. In such an instance, the Special
Taxes levied on such Assessor’s Parcel shall be the sum of the amount derived from the following (i) applying the Assigned Special Tax applicable to each Lot for which a Building Permit was issued prior to May 1 of the previous Fiscal Year and (ii) levying the acreage allocable to such actual or planned Lots for which a Building Permit has not been issued prior to May 1 of the previous Fiscal Year as Undeveloped Property; the allocable acreage shall be computed on a pro-rata basis based on the relative number of remaining Lots without a Building Permit to the total number of Lots entitled to be developed on such parent Assessor’s Parcel. The total number of Lots entitled to be developed on the applicable Assessor’s Parcel shall be determined from the recorded subdivision map, condominium map, condominium plan, applicable site plan, plot plan, or other appropriate records kept by the City as reasonably determined by the CFD Administrator.

Once classified as Developed Property, an Assessor’s Parcel may not be subsequently re-classified as Undeveloped Property or changed to Exempt Property without the Special Tax being paid off in full accordance with Section 6 below.

3. MAXIMUM SPECIAL TAX RATES

A. Developed Property

The Maximum Special Tax applicable to an Assessor’s Parcel classified as Developed Property in IA No. 1 for Fiscal Year 2020/2021 shall be the greater of (i) the Assigned Special Tax determined pursuant to Table 1 below or (ii) the amount derived by application of the Backup Special Tax.

Table 1
IA No. 1 Assigned Special Tax Rates
Fiscal Year 2020/2021
<table>
<thead>
<tr>
<th>Land Use Class</th>
<th>Taxable Unit</th>
<th>Building Square Footage</th>
<th>Assigned Special Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family Unit 1</td>
<td>DU</td>
<td>Less than 900 Sq. Ft.</td>
<td>$1,280 per Residential Unit</td>
</tr>
<tr>
<td>Single Family Unit 2</td>
<td>DU</td>
<td>900 to 1,100 Sq. Ft.</td>
<td>$1,388 per Residential Unit</td>
</tr>
<tr>
<td>Single Family Unit 3</td>
<td>DU</td>
<td>1,101 to 1,300 Sq. Ft.</td>
<td>$1,497 per Residential Unit</td>
</tr>
<tr>
<td>Single Family Unit 4</td>
<td>DU</td>
<td>1,301 to 1,500 Sq. Ft.</td>
<td>$1,541 per Residential Unit</td>
</tr>
<tr>
<td>Single Family Unit 5</td>
<td>DU</td>
<td>1,501 to 1,700 Sq. Ft.</td>
<td>$1,606 per Residential Unit</td>
</tr>
<tr>
<td>Single Family Unit 6</td>
<td>DU</td>
<td>1,701 to 1,900 Sq. Ft.</td>
<td>$1,840 per Residential Unit</td>
</tr>
<tr>
<td>Single Family Unit 7</td>
<td>DU</td>
<td>1,901 to 2,100 Sq. Ft.</td>
<td>$1,927 per Residential Unit</td>
</tr>
<tr>
<td>Single Family Unit 8</td>
<td>DU</td>
<td>2,101 to 2,300 Sq. Ft.</td>
<td>$2,455 per Residential Unit</td>
</tr>
<tr>
<td>Single Family Unit 9</td>
<td>DU</td>
<td>2,301 to 2,500 Sq. Ft.</td>
<td>$2,528 per Residential Unit</td>
</tr>
<tr>
<td>Single Family Unit 10</td>
<td>DU</td>
<td>2,501 to 2,700 Sq. Ft.</td>
<td>$2,789 per Residential Unit</td>
</tr>
<tr>
<td>Single Family Unit 11</td>
<td>DU</td>
<td>2,701 to 2,900 Sq. Ft.</td>
<td>$2,862 per Residential Unit</td>
</tr>
<tr>
<td>Single Family Unit 12</td>
<td>DU</td>
<td>2,901 to 3,100 Sq. Ft.</td>
<td>$2,935 per Residential Unit</td>
</tr>
<tr>
<td>Single Family Unit 13</td>
<td>DU</td>
<td>3,101 to 3,300 Sq. Ft.</td>
<td>$3,214 per Residential Unit</td>
</tr>
<tr>
<td>Single Family Unit 14</td>
<td>DU</td>
<td>Greater than 3,300 Sq. Ft.</td>
<td>$3,360 per Residential Unit</td>
</tr>
<tr>
<td>Apartment Property 15</td>
<td>Acreage</td>
<td>N/A</td>
<td>$18,493 per Acre or portion thereof</td>
</tr>
</tbody>
</table>

Each July 1, commencing July 1, 2021, the Assigned Special Tax for Developed Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

**B. Backup Special Tax and Undeveloped Property Maximum Special Tax**

The Backup Special Tax applicable to an Assessor’s Parcel classified as Developed Property or the Maximum Special Tax applicable to an Assessor’s Parcel of Undeveloped Property for Fiscal Year 2020/2021 shall be $19,354 per Acre or portion thereof.

Each July 1, commencing July 1, 2021, the Backup Special Tax for Developed Property and the Maximum Special Tax for Undeveloped Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

**C. Provisional Undeveloped Property**

The Maximum Special Tax for Provisional Undeveloped Property for Fiscal Year 2020/2021 shall be $19,354 per Acre or portion thereof.
Each July 1, commencing July 1, 2021, the Maximum Special Tax for Provisional Undeveloped Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

4. METHOD OF APPORTIONMENT

A. Special Tax

For each Fiscal Year, commencing Fiscal Year 2020/2021, the CFD Administrator shall calculate the Annual Special Tax on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax shall be levied Proportionately on each Assessor’s Parcel of Developed Property up to 100% of the applicable Assigned Special Tax as necessary to satisfy the Special Tax Requirement;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for Undeveloped Property;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to 100% of the Maximum Special Tax for each such Assessor's Parcel; and

Step 4: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax for Provisional Undeveloped Property.

Notwithstanding the above, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor’s Parcel of Developed Property for which an occupancy permit for private residential use has been issued be increased as a consequence of delinquency or default by the owner of any other Assessor’s Parcel within IA No. 1 by more than 10% of the amount that would have been levied in the Fiscal Year is the absence of such delinquency or default, except for those Assessor’s Parcels of Developed Property whose owners are also delinquent or in default on their Special Tax payments for one or more other properties within IA No. 1.
5. COLLECTON OF ANNUAL SPECIAL TAXES

Collection of the Annual Special Tax shall be by the County in the same manner as ordinary ad valorem property taxes are collected and the Annual Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Water District may provide for (i) other means of collecting the Annual Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes to meet the financial obligations of IA No. 1.

6. PREPAYMENT OF SPECIAL TAX OBLIGATION

Property owners may prepay and permanently satisfy the Special Tax Obligation by a cash settlement with the Water District as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

The following definitions apply to this Section 6:

“IA No. 1 Public Facilities Costs” means $8,169,950 in 2020 dollars, which shall increase by the Construction Inflation Index (as defined below) on July 1, 2021, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed under the authorized Mello-Roos financing program for IA No. 1, or (ii) shall be determined by the Water District concurrently with a covenant that it will not issue any more IA No. 1 Bonds (except refunding bonds) to be supported by Special Taxes.

“Construction Fund” means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities or pay fees.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year, which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the IA No. 1 Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other earmarked fund that are expected to be available to finance IA No. 1 Public Facilities Costs.

“Outstanding Bonds” means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year excluding Bonds to be redeemed at a later date with proceeds of prior prepayments of Maximum Special Taxes.
“Previously Issued Bonds” means all IA No. 1 Bonds that have been issued prior to the date of prepayment.

A. Prepayment in Full

The Special Tax Obligation applicable to an Assessor’s Parcel may be prepaid and the obligation of the Assessor’s Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor’s Parcel only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax Obligation shall provide the CFD Administrator with written notice of intent to prepay and the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount (as defined below) for such Assessor’s Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made more than sixty (60) days prior to any redemption date for the IA No. 1 Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the Water District.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

\[
\text{Total: equals Prepayment Amount} = \text{Bond Redemption Amount} + \text{Redemption Premium} + \text{Future Facilities Prepayment Amount} + \text{Defeasance Amount} + \text{Prepayment Administrative Fees and Expenses} - \text{Reserve Fund Credit} - \text{Capitalized Interest Credit}
\]

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:
Paragraph No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.

2. For an Assessor’s Parcel of Developed Property, determine the Maximum Special Tax. For an Assessor’s Parcel of Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax for that Assessor’s Parcel as though it was already designated as Developed Property, based upon the Building Permit(s) which has already been issued for that Assessor’s Parcel. For an Assessor’s Parcel of Undeveloped Property for which a Building Permit has not been issued, compute the Maximum Special Tax for that Assessor’s Parcel.

3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total estimated Maximum Special Tax for IA No. 1 based on the Developed Property Special Tax which could be levied in the current Fiscal Year on all expected development through build-out of IA No. 1 as determined by the CFD Administrator, excluding any Assessor’s Parcels for which the Special Tax Obligation has been prepaid.

4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the “Bond Redemption Amount”).

5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the “Redemption Premium”).

6. Compute the current Future Facilities Costs.

7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the “Future Facilities Prepayment Amount”).

8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Administrative Fees and Expenses from the
date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.

10. Take the amount computed pursuant to paragraph 8 and subtract the amount computed pursuant to paragraph 9 (the “Defeasance Amount”).

11. Verify the administrative fees and expenses of IA No. 1, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the “Prepayment Administrative Fees and Expenses”).

12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “Reserve Fund Credit”). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.

13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the “Capitalized Interest Credit”).

14. The Special Tax Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the “Prepayment Amount”).

15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, and 10, less the amounts computed pursuant to paragraphs 12, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by IA No. 1.

The Prepayment Amount may be sufficient to redeem an amount other than a $5,000 increment of Bonds. In such cases, the increment above $5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to redeem Bonds to be used with the next prepayment of Bonds.
The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel that is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Water District shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the Special Tax Obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the annual Debt Service on all Outstanding Bonds.

B. Partial Prepayment

The Special Tax on an Assessor’s Parcel of Developed Property or for Undeveloped Property for which a Building Permit has been issued may be partially prepaid. The Partial Prepayment Amount shall be calculated as in Section 6.A.; except that a partial prepayment shall be calculated according to the following formula:

$$ PP = (P_E - A) \times F + A $$

These terms have the following meaning:

- **PP** = the Partial Prepayment
- **P_E** = the Prepayment Amount calculated according to Section 6.A.
- **F** = the percentage by which the owner of the Assessor’s Parcel(s) is partially prepaying the Special Tax.
- **A** = The Administrative Fees and Expenses from Section 6.A.

The owner of any Assessor’s Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner’s intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor’s Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor’s Parcel that is partially prepaid, the Water District shall (i) distribute the funds remitted to it according to Section 6.A., and (ii) indicate in the records of IA No. 1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor’s
Parcel, equal to the outstanding percentage \((1.00 - F)\) of the remaining Maximum Special Tax, shall continue to be levied on such Assessor’s Parcel pursuant to Section 3.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Special Taxes \(A\) less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property, respectively, after the proposed partial prepayment is at least 1.1 times the annual Debt Service on all Outstanding Bonds.

7. **TERM OF SPECIAL TAX**

The Annual Special Tax shall be levied for a period of thirty-five (35) Fiscal Years after the last series of Bonds has been issued, provided that the Special Tax shall not be levied later than Fiscal Year 2070/2071.

8. **EXEMPTIONS**

The CFD Administrator shall classify as Exempt Property (i) Assessor’s Parcels owned by the State of California, Federal or other local governments, (ii) Assessor’s Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (iii) Assessor’s Parcels developed or planned to be developed exclusively for any type of Non-Residential Property use, (iv) Assessor’s Parcels with public utility easement by the restriction or other restriction, as determined reasonably by the CFD Administrator, provided that no such classification would reduce the sum of all Taxable Property within IA No. 1 to less than 29.79 Acres. Assessor’s Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in IA No. 1 to less than 29.79 Acres shall be classified as Provisional Undeveloped Property, and will continue to be subject to the Special Tax accordingly. Tax exempt status for this purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.

If the use of an Assessor’s Parcel of Exempt Property changes so that such Assessor’s Parcel is no longer classified as one of the uses set forth in the first paragraph of this Section 8 above that would make such Assessor’s Parcel eligible to be classified as Exempt Property, such Assessor’s Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

9. **APPEALS**

Any landowner who pays the Annual Special Tax and claims the amount of the Annual Special Tax levied on his or her Assessor’s Parcel is in error shall first consult with the CFD Administrator regarding such error not later than twelve (12) months after first having paid the first installment of the Annual Special Tax that is disputed. If following such consultation, the CFD Administrator determines that an error has occurred, the CFD Administrator may recommend changing the amount of the
Annual Special Tax levied on such Assessor’s Parcel. If following such consultation and action, if any by the CFD Administrator, the landowner believes such error still exists, such person may file a written notice with the General Manager appealing the amount of the Annual Special Tax levied on such Assessor’s Parcel. Upon the receipt of such notice, the General Manager may establish such procedures as deemed necessary to undertake the review of any such appeal. The General Manager thereof shall interpret this Rate and Method of Apportionment and make determinations relative to the administration of the Annual Special Tax and any landowner appeals. The decision of the General Manager shall be final and binding as to all persons.
COMMUNITY FACILITIES DISTRICT NO. 2020-1
(HIGHLAND HILLS)
IMPROVEMENT AREA NO. 2
OF THE EAST VALLEY WATER DISTRICT
RATE AND METHOD OF APPORTIONMENT

A Special Tax shall be levied on all Taxable Property (as defined below) within the boundaries of Improvement Area No. 2 (“IA No. 2”) Community Facilities District No. 2020-1 (Highland Hills), (“CFD No. 2020-1”) of the East Valley Water District (“Water District”) and collected each Fiscal Year commencing in Fiscal Year 2020/2021 in an amount determined by the Water District Board (as defined below), through the application of this Rate and Method of Apportionment of the Special Tax to the extent and in the manner herein provided.

1. DEFINITIONS

“Acreage” or “Acre” means the land area of an Assessor’s Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, parcel map, condominium plan, or other recorded County parcel map. An Acre means 43,560 square feet of land.


“Administrative Expenses” means the expenses incurred by the Water District on behalf of IA No. 2 related to the determination of the amount of the levy of Annual Special Taxes; the collection of Annual Special Taxes including, but not limited to, the expenses of collecting delinquencies; the administration of the Bonds; the payment of salaries and benefits of any employee of the Water District whose employment duties are directly related to the administration of IA No. 2; and the costs otherwise incurred in order to carry out authorized purposes of IA No. 2.

“Annual Special Tax” means any Special Tax actually levied in any Fiscal Year on any Assessor’s Parcel.

“Assessor” means the Assessor of the County.

“Assessor's Parcel” means a Lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel number.

“Assessor’s Parcel Map” means an official map of the County designating parcels by Assessor’s Parcel number.
“Assigned Special Tax” means the Special Tax for each Land Use Class, as determined in accordance with Section 3 below.

“Backup Special Tax” means the Special Tax amount applicable to each Assessor’s Parcel of Developed Property, as determined in accordance with Section 3.A (i) below.

“Bonds” means any obligation of IA No. 2 to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, secured in whole or in part by the levy of Special Taxes.

“Boundary Map” means that certain map entitled “Proposed Boundaries of Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District” recorded in the Official Records of the County that distinguishes the boundaries of IA No. 2 from the other two improvement areas.

“Building Permit” means a building permit for the construction of one or more Residential Units within IA No. 2 issued by the City, or another public agency in the event the City no longer issues building permits.

“Building Square Footage” means the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage of a Residential Unit shall be determined by reference to the Building Permit(s) for such Residential Unit and/or other information as may demonstrate that the Building Square Footage is specified incorrectly on the Building Permit(s).

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“CFD Administrator” means an authorized representative of the Water District, or designee thereof, responsible for determining the Special Tax Requirement, for preparing the Annual Special Tax roll and calculating the Backup Special Tax.

“CFD No. 2020-1” means Community Facilities District No. 2020-1 (Highland Hills) of the Water District.

“City” means the City of San Bernardino, California.

“County” means the County of San Bernardino, California.

“Debt Service” means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1 of such Fiscal Year.
“Developed Property” means for each Fiscal Year, all Assessor’s Parcels of Taxable Property, exclusive of Assessor’s Parcels of Provisional Undeveloped Property, for which a Building Permit was issued prior to May 1 of the previous Fiscal Year.

“Exempt Property” means Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section 8.

“Final Subdivision Map” means a subdivision of property created by recordation of a final map or parcel map, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 4200 et seq or lot line adjustment that creates individual lots or condominium units for which building permits may be issued without further subdivision.

“Fiscal Year” means the period starting on July 1 and ending the following June 30.

“General Manager” means the General Manager of the East Valley Water District or his/her designee.

“Improvement Area No. 2” or “IA No. 2” means Improvement Area No. 1 of CFD No. 2020-1, as identified on the Boundary Map for CFD No. 2020-1, as in effect on the date of formation of IA No. 2, and as may thereafter be amended in accordance with the Act.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Use Class” means any of the classes listed in Table 1 under Section 3 below.

“Lot” means an individual legal lot or condominium unit created by a Final Subdivision Map.

“Maximum Special Tax” means the Maximum Special Tax, determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit(s) was issued for non-residential use.

“Outstanding Bonds” mean all Bonds, which are deemed to be outstanding under the Indenture.
“Partial Prepayment Amount” means a prepayment of a portion of the Special Tax Obligation applicable to an Assessor’s Parcel of Taxable Property as set forth in Section 6.B below.

“Proportionately” or “Proportionate” means for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax, as applicable, per Acre is equal for all Assessor's Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property as described in Section 3 below.

“Provisional Undeveloped Property” means all Assessor’s Parcels of property that would otherwise be classified as Exempt Property pursuant to the provisions of Section 8, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section 8.

“Residential Unit” means each separate residential dwelling unit that comprises an independent facility available for sale to an end user or rental separate from adjacent residential dwelling units.

“Special Tax” means any special tax authorized to be levied within IA No. 2 pursuant to the Act and this Rate and Method of Apportionment.

“Special Tax Obligation” means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax for the remaining life of IA No. 2.

“Special Tax Requirement” means that amount required in any Fiscal Year to: (i) pay Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) the costs associated with the release of funds from an escrow account established in association with the Bonds; (vi) accumulate funds to pay directly for acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property or Provisional Undeveloped Property, and (vii) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (viii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

“State” means the State of California.
“Taxable Property” means all of the Assessor's Parcels within the boundaries of IA No. 2, which are not exempt from the levy of the Special Tax pursuant to law or Section 8 below.

“Trustee” means the trustee or fiscal agent under the Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property within the boundaries of IA No. 2 not classified as Developed Property or Provisional Undeveloped Property.

“Water District” means the East Valley Water District, California.

“Water District Board” means the Board of Directors of the East Valley Water District, acting as the legislative body of CFD No. 2020-1, or its designee.

2. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2020/2021, each Assessor’s Parcel within the boundaries of IA No. 2 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property within IA No. 2 shall be classified as Developed Property, Undeveloped Property or Provisional Undeveloped Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections 3 and 4 below. Furthermore, each Assessor’s Parcel of Developed Property which is a Residential Unit shall be classified to a Land Use Class based on its Building Square Footage.

In the event a Building Permit is issued for a Lot prior to May 1 of the previous Fiscal Year and an Assessor’s Parcel Number has not yet been assigned to such Lot for the current Fiscal Year, the applicable parent Assessor’s Parcel may be classified as both Developed Property and Undeveloped Property. In such an instance, the Special Taxes levied on such Assessor’s Parcel shall be the sum of the amount derived from the following (i) applying the Assigned Special Tax applicable to each Lot for which a Building Permit was issued prior to May 1 of the previous Fiscal Year and (ii) levying the acreage allocable to such actual or planned Lots for which a Building Permit has not been issued prior to May 1 of the previous Fiscal Year as Undeveloped Property; the allocable acreage shall be computed on a pro-rata basis based on the relative number of remaining Lots without a Building Permit to the total number of Lots entitled to be developed on such parent Assessor’s Parcel. The total number of Lots entitled to be developed on the applicable Assessor’s Parcel shall be determined from the recorded subdivision map, condominium map, condominium plan, applicable site plan, plot plan, or other appropriate records kept by the City as reasonably determined by the CFD Administrator.
Once classified as Developed Property, an Assessor’s Parcel may not be subsequently re-classified as Undeveloped Property or changed to Exempt Property without the Special Tax being paid off in full accordance with Section 6 below.

3. **MAXIMUM SPECIAL TAX RATES**

   **D. Developed Property**

   The Maximum Special Tax applicable to an Assessor’s Parcel classified as Developed Property in IA No. 2 for Fiscal Year 2020/2021 shall be the greater of (i) the Assigned Special Tax determined pursuant to Table 1 below or (ii) the amount derived by application of the Backup Special Tax.

### Table 1
**IA No. 2 Assigned Special Tax Rates**
**Fiscal Year 2020/2021**

<table>
<thead>
<tr>
<th>Land Use Class</th>
<th>Taxable Unit</th>
<th>Building Square Footage</th>
<th>Assigned Special Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DU</td>
<td>Less than 900 Sq. Ft.</td>
<td>$1,280 per Residential Unit</td>
</tr>
<tr>
<td>2</td>
<td>DU</td>
<td>900 to 1,100 Sq. Ft.</td>
<td>$1,388 per Residential Unit</td>
</tr>
<tr>
<td>3</td>
<td>DU</td>
<td>1,101 to 1,300 Sq. Ft.</td>
<td>$1,497 per Residential Unit</td>
</tr>
<tr>
<td>4</td>
<td>DU</td>
<td>1,301 to 1,500 Sq. Ft.</td>
<td>$1,541 per Residential Unit</td>
</tr>
<tr>
<td>5</td>
<td>DU</td>
<td>1,501 to 1,700 Sq. Ft.</td>
<td>$1,606 per Residential Unit</td>
</tr>
<tr>
<td>6</td>
<td>DU</td>
<td>1,701 to 1,900 Sq. Ft.</td>
<td>$1,840 per Residential Unit</td>
</tr>
<tr>
<td>7</td>
<td>DU</td>
<td>1,901 to 2,100 Sq. Ft.</td>
<td>$1,927 per Residential Unit</td>
</tr>
<tr>
<td>8</td>
<td>DU</td>
<td>2,101 to 2,300 Sq. Ft.</td>
<td>$2,455 per Residential Unit</td>
</tr>
<tr>
<td>9</td>
<td>DU</td>
<td>2,301 to 2,500 Sq. Ft.</td>
<td>$2,528 per Residential Unit</td>
</tr>
<tr>
<td>10</td>
<td>DU</td>
<td>2,501 to 2,700 Sq. Ft.</td>
<td>$2,789 per Residential Unit</td>
</tr>
<tr>
<td>11</td>
<td>DU</td>
<td>2,701 to 2,900 Sq. Ft.</td>
<td>$2,862 per Residential Unit</td>
</tr>
<tr>
<td>12</td>
<td>DU</td>
<td>2,901 to 3,100 Sq. Ft.</td>
<td>$2,935 per Residential Unit</td>
</tr>
<tr>
<td>13</td>
<td>DU</td>
<td>3,101 to 3,300 Sq. Ft.</td>
<td>$3,214 per Residential Unit</td>
</tr>
<tr>
<td>14</td>
<td>DU</td>
<td>Greater than 3,300 Sq. Ft.</td>
<td>$3,360 per Residential Unit</td>
</tr>
</tbody>
</table>

Each July 1, commencing July 1, 2021, the Assigned Special Tax for Developed Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.
E. Backup Special Tax and Undeveloped Property Maximum Special Tax

The Backup Special Tax applicable to an Assessor’s Parcel classified as Developed Property or the Maximum Special Tax applicable to an Assessor’s Parcel of Undeveloped Property for Fiscal Year 2020/2021 shall be $14,548 per Acre or portion thereof.

Each July 1, commencing July 1, 2021, the Backup Special Tax for Developed Property and the Maximum Special Tax for Undeveloped Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

F. Provisional Undeveloped Property

The Maximum Special Tax for Provisional Undeveloped Property for Fiscal Year 2020/2021 shall be $14,548 per Acre or portion thereof.

Each July 1, commencing July 1, 2021, the Maximum Special Tax for Provisional Undeveloped Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

4. METHOD OF APPORTIONMENT

B. Special Tax

For each Fiscal Year, commencing Fiscal Year 2020/2021, the CFD Administrator shall calculate the Annual Special Tax on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax shall be levied Proportionately on each Assessor’s Parcel of Developed Property up to 100% of the applicable Assigned Special Tax as necessary to satisfy the Special Tax Requirement;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for Undeveloped Property;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned
Special Tax up to 100% of the Maximum Special Tax for each such Assessor's Parcel; and

Step 4: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax for Provisional Undeveloped Property.

Notwithstanding the above, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor’s Parcel of Developed Property for which an occupancy permit for private residential use has been issued be increased as a consequence of delinquency or default by the owner of any other Assessor’s Parcel within IA No. 2 by more than 10% of the amount that would have been levied in the Fiscal Year is the absence of such delinquency or default, except for those Assessor’s Parcels of Developed Property whose owners are also delinquent or in default on their Special Tax payments for one or more other properties within IA No. 2.

5. COLLECTON OF ANNUAL SPECIAL TAXES

Collection of the Annual Special Tax shall be by the County in the same manner as ordinary ad valorem property taxes are collected and the Annual Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Water District may provide for (i) other means of collecting the Annual Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes to meet the financial obligations of IA No. 2.

6. PREPAYMENT OF SPECIAL TAX OBLIGATION

Property owners may prepay and permanently satisfy the Special Tax Obligation by a cash settlement with the Water District as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

The following definitions apply to this Section 6:

“IA No. 2 Public Facilities Costs” means $2,581,054 in 2020 dollars, which shall increase by the Construction Inflation Index (as defined below) on July 1, 2021, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed under the authorized Mello-Roos financing program for IA No. 2, or (ii) shall be determined by the Water District concurrently with a covenant that it will not issue any more IA No. 2 Bonds (except refunding bonds) to be supported by Special Taxes.
“Construction Fund” means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities or pay fees.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year, which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the IA No. 2 Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other earmarked fund that are expected to be available to finance IA No. 2 Public Facilities Costs.

“Outstanding Bonds” means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year excluding Bonds to be redeemed at a later date with proceeds of prior prepayments of Maximum Special Taxes.

“Previously Issued Bonds” means all IA No. 2 Bonds that have been issued prior to the date of prepayment.

A. Prepayment in Full

The Special Tax Obligation applicable to an Assessor’s Parcel may be prepaid and the obligation of the Assessor’s Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor’s Parcel only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax Obligation shall provide the CFD Administrator with written notice of intent to prepay and the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount (as defined below) for such Assessor’s Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made more than sixty (60) days prior to any redemption date for the IA No. 2 Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the Water District.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

\[
\text{Bond Redemption Amount} + \text{Redemption Premium}
\]
As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

**Paragraph No.:**

3. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.

4. For an Assessor’s Parcel of Developed Property, determine the Maximum Special Tax. For an Assessor’s Parcel of Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax for that Assessor’s Parcel as though it was already designated as Developed Property, based upon the Building Permit(s) which has already been issued for that Assessor’s Parcel. For an Assessor’s Parcel of Undeveloped Property for which a Building Permit has not been issued, compute the Maximum Special Tax for that Assessor’s Parcel.

3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total estimated Maximum Special Tax for IA No. 2 based on the Developed Property Special Tax which could be levied in the current Fiscal Year on all expected development through build-out of IA No. 2 as determined by the CFD Administrator, excluding any Assessor’s Parcels for which the Special Tax Obligation has been prepaid.

4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the “Bond Redemption Amount”).

5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the “Redemption Premium”).

6. Compute the current Future Facilities Costs.

7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Prepayment Amount

\[ \text{Prepayment Amount} = \text{Future Facilities Prepayment Amount} + \text{Defeasance Amount} + \text{Prepayment Administrative Fees and Expenses} - \text{Reserve Fund Credit} - \text{Capitalized Interest Credit} \]

\[ \text{Total: equals Prepayment Amount} \]
Facilities Costs to be prepaid (the “Future Facilities Prepayment Amount”).

8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.

10. Take the amount computed pursuant to paragraph 8 and subtract the amount computed pursuant to paragraph 9 (the “Defeasance Amount”).

11. Verify the administrative fees and expenses of IA No. 2, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the “Prepayment Administrative Fees and Expenses”).

12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “Reserve Fund Credit”). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.

13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the “Capitalized Interest Credit”).

14. The Special Tax Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the “Prepayment Amount”).

15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, and 10, less the amounts computed pursuant to paragraphs 12, and 13 shall be deposited into the appropriate fund as
established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by IA No. 2.

The Prepayment Amount may be sufficient to redeem an amount other than a $5,000 increment of Bonds. In such cases, the increment above $5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to redeem Bonds to be used with the next prepayment of Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel that is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Water District shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor’s Parcel, and the Special Tax Obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the annual Debt Service on all Outstanding Bonds.

**B. Partial Prepayment**

The Special Tax on an Assessor’s Parcel of Developed Property or for Undeveloped Property for which a Building Permit has been issued may be partially prepaid. The Partial Prepayment Amount shall be calculated as in Section 6.A.; except that a partial prepayment shall be calculated according to the following formula:

\[ PP = (P_E - A) \times F + A \]

These terms have the following meaning:

- **PP** = the Partial Prepayment
- **P_E** = the Prepayment Amount calculated according to Section 6.A.
- **F** = the percentage by which the owner of the Assessor’s Parcel(s) is partially prepaying the Special Tax.
- **A** = The Administrative Fees and Expenses from Section 6.A.

The owner of any Assessor’s Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner’s intent to partially prepay the Special Tax,
(ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor’s Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor’s Parcel that is partially prepaid, the Water District shall (i) distribute the funds remitted to it according to Section 6.A., and (ii) indicate in the records of IA No. 2 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor’s Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax, shall continue to be levied on such Assessor’s Parcel pursuant to Section 3.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Special Taxes A less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property, respectively, after the proposed partial prepayment is at least 1.1 times the annual Debt Service on all Outstanding Bonds.

7. TERM OF SPECIAL TAX

The Annual Special Tax shall be levied for a period of thirty-five (35) Fiscal Years after the last series of Bonds has been issued, provided that the Special Tax shall not be levied later than Fiscal Year 2070/2071.

8. EXEMPTIONS

The CFD Administrator shall classify as Exempt Property (i) Assessor’s Parcels owned by the State of California, Federal or other local governments, (ii) Assessor’s Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (iii) Assessor’s Parcels developed or planned to be developed exclusively for any type of Non-Residential Property use, (iv) Assessor’s Parcels with public utility easement by the restriction or other restriction, as determined reasonably by the CFD Administrator, provided that no such classification would reduce the sum of all Taxable Property within IA No. 2 to less than 14.48 Acres. Assessor’s Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in IA No. 2 to less than 14.48 Acres shall be classified as Provisional Undeveloped Property, and will continue to be subject to the Special Tax accordingly. Tax exempt status for this purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.

If the use of an Assessor’s Parcel of Exempt Property changes so that such Assessor’s Parcel is no longer classified as one of the uses set forth in the first paragraph of this Section 8 above that would make such Assessor’s Parcel eligible to be classified as
Exempt Property, such Assessor’s Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

9. APPEALS

Any landowner who pays the Annual Special Tax and claims the amount of the Annual Special Tax levied on his or her Assessor’s Parcel is in error shall first consult with the CFD Administrator regarding such error not later than twelve (12) months after first having paid the first installment of the Annual Special Tax that is disputed. If following such consultation, the CFD Administrator determines that an error has occurred, the CFD Administrator may recommend changing the amount of the Annual Special Tax levied on such Assessor’s Parcel. If following such consultation and action, if any by the CFD Administrator, the landowner believes such error still exists, such person may file a written notice with the General Manager appealing the amount of the Annual Special Tax levied on such Assessor’s Parcel. Upon the receipt of such notice, the General Manager may establish such procedures as deemed necessary to undertake the review of any such appeal. The General Manager thereof shall interpret this Rate and Method of Apportionment and make determinations relative to the administration of the Annual Special Tax and any landowner appeals. The decision of the General Manager shall be final and binding as to all persons.
A Special Tax shall be levied on all Taxable Property (as defined below) within the boundaries of Improvement Area No. 3 (‘IA No. 3”) Community Facilities District No. 2020-1 (Highland Hills), (“CFD No. 2020-1”) of the East Valley Water District (“Water District”) and collected each Fiscal Year commencing in Fiscal Year 2020/2021 in an amount determined by the Water District Board (as defined below), through the application of this Rate and Method of Apportionment of the Special Tax to the extent and in the manner herein provided.

10. DEFINITIONS

“**Acreage**” or “**Acre**” means the land area of an Assessor’s Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, parcel map, condominium plan, or other recorded County parcel map. An Acre means 43,560 square feet of land.


“**Administrative Expenses**” means the expenses incurred by the Water District on behalf of IA No. 3 related to the determination of the amount of the levy of Annual Special Taxes; the collection of Annual Special Taxes including, but not limited to, the expenses of collecting delinquencies; the administration of the Bonds; the payment of salaries and benefits of any employee of the Water District whose employment duties are directly related to the administration of IA No. 3; and the costs otherwise incurred in order to carry out authorized purposes of IA No. 3.

“**Annual Special Tax**” means any Special Tax actually levied in any Fiscal Year on any Assessor’s Parcel.

“**Assessor**” means the Assessor of the County.

“**Assessor's Parcel**” means a Lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel number.

“**Assessor’s Parcel Map**” means an official map of the County designating parcels by Assessor’s Parcel number.
“Assigned Special Tax” means the Special Tax for each Land Use Class, as determined in accordance with Section 3 below.

“Backup Special Tax” means the Special Tax amount applicable to each Assessor’s Parcel of Developed Property, as determined in accordance with Section 3.A (i) below.

“Bonds” means any obligation of IA No. 3 to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, secured in whole or in part by the levy of Special Taxes.

“Boundary Map” means that certain map entitled “Proposed Boundaries of Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District” recorded in the Official Records of the County that distinguishes the boundaries of IA No. 3 from the other two improvement areas.

“Building Permit” means a building permit for the construction of one or more Residential Units within IA No. 3 issued by the City, or another public agency in the event the City no longer issues building permits.

“Building Square Footage” means the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage of a Residential Unit shall be determined by reference to the Building Permit(s) for such Residential Unit and/or other information as may demonstrate that the Building Square Footage is specified incorrectly on the Building Permit(s).

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“CFD Administrator” means an authorized representative of the Water District, or designee thereof, responsible for determining the Special Tax Requirement, for preparing the Annual Special Tax roll and calculating the Backup Special Tax.

“CFD No. 2020-1” means Community Facilities District No. 2020-1 (Highland Hills) of the Water District.

“City” means the City of San Bernardino, California.

“County” means the County of San Bernardino, California.

“Debt Service” means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1 of such Fiscal Year.
“Developed Property” means for each Fiscal Year, all Assessor’s Parcels of Taxable Property, exclusive of Assessor’s Parcels of Provisional Undeveloped Property, for which a Building Permit was issued prior to May 1 of the previous Fiscal Year.

“Exempt Property” means Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section 8.

“Final Subdivision Map” means a subdivision of property created by recordation of a final map or parcel map, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 4200 et seq or lot line adjustment that creates individual lots or condominium units for which building permits may be issued without further subdivision.

“Fiscal Year” means the period starting on July 1 and ending the following June 30.

“General Manager” means the General Manager of the East Valley Water District or his/her designee.

“Improvement Area No. 3” or “IA No. 3” means Improvement Area No. 1 of CFD No. 2020-1, as identified on the Boundary Map for CFD No. 2020-1, as in effect on the date of formation of IA No. 3, and as may thereafter be amended in accordance with the Act.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Use Class” means any of the classes listed in Table 1 under Section 3 below.

“Lot” means an individual legal lot or condominium unit created by a Final Subdivision Map.

“Maximum Special Tax” means the Maximum Special Tax, determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit(s) was issued for non-residential use.

“Outstanding Bonds” mean all Bonds, which are deemed to be outstanding under the Indenture.
“Partial Prepayment Amount” means a prepayment of a portion of the Special Tax Obligation applicable to an Assessor’s Parcel of Taxable Property as set forth in Section 6.B below.

“Proportionately” or “Proportionate” means for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax, as applicable, per Acre is equal for all Assessor's Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property as described in Section 3 below.

“Provisional Undeveloped Property” means all Assessor’s Parcels of property that would otherwise be classified as Exempt Property pursuant to the provisions of Section 8, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section 8.

“Residential Unit” means each separate residential dwelling unit that comprises an independent facility available for sale to an end user or rental separate from adjacent residential dwelling units.

“Special Tax” means any special tax authorized to be levied within IA No. 3 pursuant to the Act and this Rate and Method of Apportionment.

“Special Tax Obligation” means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax for the remaining life of IA No. 3.

“Special Tax Requirement” means that amount required in any Fiscal Year to: (i) pay Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) the costs associated with the release of funds from an escrow account established in association with the Bonds; (vi) accumulate funds to pay directly for acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property or Provisional Undeveloped Property, and (vii) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (viii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

“State” means the State of California.
“**Taxable Property**” means all of the Assessor's Parcels within the boundaries of IA No. 3, which are not exempt from the levy of the Special Tax pursuant to law or Section 8 below.

“**Trustee**” means the trustee or fiscal agent under the Indenture.

“**Undeveloped Property**” means, for each Fiscal Year, all Taxable Property within the boundaries of IA No. 3 not classified as Developed Property or Provisional Undeveloped Property.

“**Water District**” means the East Valley Water District, California.

“**Water District Board**” means the Board of Directors of the East Valley Water District, acting as the legislative body of CFD No. 2020-1, or its designee.

11. **LAND USE CLASSIFICATION**

Each Fiscal Year, beginning with Fiscal Year 2020/2021, each Assessor’s Parcel within the boundaries of IA No. 3 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property within IA No. 3 shall be classified as Developed Property, Undeveloped Property or Provisional Undeveloped Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections 3 and 4 below. Furthermore, each Assessor’s Parcel of Developed Property which is a Residential Unit shall be classified to a Land Use Class based on its Building Square Footage.

In the event a Building Permit is issued for a Lot prior to May 1 of the previous Fiscal Year and an Assessor’s Parcel Number has not yet been assigned to such Lot for the current Fiscal Year, the applicable parent Assessor’s Parcel may be classified as both Developed Property and Undeveloped Property. In such an instance, the Special Taxes levied on such Assessor’s Parcel shall be the sum of the amount derived from the following (i) applying the Assigned Special Tax applicable to each Lot for which a Building Permit was issued prior to May 1 of the previous Fiscal Year and (ii) levying the acreage allocable to such actual or planned Lots for which a Building Permit has not been issued prior to May 1 of the previous Fiscal Year as Undeveloped Property; the allocable acreage shall be computed on a pro-rata basis based on the relative number of remaining Lots without a Building Permit to the total number of Lots entitled to be developed on such parent Assessor’s Parcel. The total number of Lots entitled to be developed on the applicable Assessor’s Parcel shall be determined from the recorded subdivision map, condominium map, condominium plan, applicable site plan, plot plan, or other appropriate records kept by the City as reasonably determined by the CFD Administrator.
Once classified as Developed Property, an Assessor’s Parcel may not be subsequently re-classified as Undeveloped Property or changed to Exempt Property without the Special Tax being paid off in full according with Section 6 below.

12. MAXIMUM SPECIAL TAX RATES

G. Developed Property

The Maximum Special Tax applicable to an Assessor’s Parcel classified as Developed Property in IA No. 3 for Fiscal Year 2020/2021 shall be the greater of (i) the Assigned Special Tax determined pursuant to Table 1 below or (ii) the amount derived by application of the Backup Special Tax.

<table>
<thead>
<tr>
<th>Land Use Class</th>
<th>Taxable Unit</th>
<th>Building Square Footage</th>
<th>Assigned Special Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DU</td>
<td>Less than 900 Sq. Ft.</td>
<td>$1,280 per Residential Unit</td>
</tr>
<tr>
<td>2</td>
<td>DU</td>
<td>900 to 1,100 Sq. Ft.</td>
<td>$1,388 per Residential Unit</td>
</tr>
<tr>
<td>3</td>
<td>DU</td>
<td>1,101 to 1,300 Sq. Ft.</td>
<td>$1,497 per Residential Unit</td>
</tr>
<tr>
<td>4</td>
<td>DU</td>
<td>1,301 to 1,500 Sq. Ft.</td>
<td>$1,541 per Residential Unit</td>
</tr>
<tr>
<td>5</td>
<td>DU</td>
<td>1,501 to 1,700 Sq. Ft.</td>
<td>$1,606 per Residential Unit</td>
</tr>
<tr>
<td>6</td>
<td>DU</td>
<td>1,701 to 1,900 Sq. Ft.</td>
<td>$1,840 per Residential Unit</td>
</tr>
<tr>
<td>7</td>
<td>DU</td>
<td>1,901 to 2,100 Sq. Ft.</td>
<td>$1,927 per Residential Unit</td>
</tr>
<tr>
<td>8</td>
<td>DU</td>
<td>2,101 to 2,300 Sq. Ft.</td>
<td>$2,455 per Residential Unit</td>
</tr>
<tr>
<td>9</td>
<td>DU</td>
<td>2,301 to 2,500 Sq. Ft.</td>
<td>$2,528 per Residential Unit</td>
</tr>
<tr>
<td>10</td>
<td>DU</td>
<td>2,501 to 2,700 Sq. Ft.</td>
<td>$2,789 per Residential Unit</td>
</tr>
<tr>
<td>11</td>
<td>DU</td>
<td>2,701 to 2,900 Sq. Ft.</td>
<td>$2,862 per Residential Unit</td>
</tr>
<tr>
<td>12</td>
<td>DU</td>
<td>2,901 to 3,100 Sq. Ft.</td>
<td>$2,935 per Residential Unit</td>
</tr>
<tr>
<td>13</td>
<td>DU</td>
<td>3,101 to 3,300 Sq. Ft.</td>
<td>$3,214 per Residential Unit</td>
</tr>
<tr>
<td>14</td>
<td>DU</td>
<td>Greater than 3,300 Sq. Ft.</td>
<td>$3,360 per Residential Unit</td>
</tr>
</tbody>
</table>

Each July 1, commencing July 1, 2021, the Assigned Special Tax for Developed Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

H. Backup Special Tax and Undeveloped Property Maximum Special Tax
The Backup Special Tax applicable to an Assessor’s Parcel classified as Developed Property or the Maximum Special Tax applicable to an Assessor’s Parcel of Undeveloped Property for Fiscal Year 2020/2021 shall be $11,484 per Acre or portion thereof.

Each July 1, commencing July 1, 2021, the Backup Special Tax for Developed Property and the Maximum Special Tax for Undeveloped Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

I. Provisional Undeveloped Property

The Maximum Special Tax for Provisional Undeveloped Property for Fiscal Year 2020/2021 shall be $11,484 per Acre or portion thereof.

Each July 1, commencing July 1, 2021, the Maximum Special Tax for Provisional Undeveloped Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

13. METHOD OF APPORTIONMENT

C. Special Tax

For each Fiscal Year, commencing Fiscal Year 2020/2021, the CFD Administrator shall calculate the Annual Special Tax on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax shall be levied Proportionately on each Assessor’s Parcel of Developed Property up to 100% of the applicable Assigned Special Tax as necessary to satisfy the Special Tax Requirement;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for Undeveloped Property;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to 100% of the Maximum Special Tax for each such Assessor's Parcel; and
Step 4: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax for Provisional Undeveloped Property.

Notwithstanding the above, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor’s Parcel of Developed Property for which an occupancy permit for private residential use has been issued be increased as a consequence of delinquency or default by the owner of any other Assessor’s Parcel within IA No. 3 by more than 10% of the amount that would have been levied in the Fiscal Year is the absence of such delinquency or default, except for those Assessor’s Parcels of Developed Property whose owners are also delinquent or in default on their Special Tax payments for one or more other properties within IA No. 3.

14. COLLECTION OF ANNUAL SPECIAL TAXES

Collection of the Annual Special Tax shall be by the County in the same manner as ordinary ad valorem property taxes are collected and the Annual Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Water District may provide for (i) other means of collecting the Annual Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes to meet the financial obligations of IA No. 3.

15. PREPAYMENT OF SPECIAL TAX OBLIGATION

Property owners may prepay and permanently satisfy the Special Tax Obligation by a cash settlement with the Water District as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

The following definitions apply to this Section 6:

“IA No. 3 Public Facilities Costs” means $5,345,535 in 2020 dollars, which shall increase by the Construction Inflation Index (as defined below) on July 1, 2021, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed under the authorized Mello-Roos financing program for IA No. 3, or (ii) shall be determined by the Water District concurrently with a covenant that it will not issue any more IA No. 3 Bonds (except refunding bonds) to be supported by Special Taxes.

“Construction Fund” means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities or pay fees.
“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year, which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the IA No. 3 Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other earmarked fund that are expected to be available to finance IA No. 3 Public Facilities Costs.

“Outstanding Bonds” means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year excluding Bonds to be redeemed at a later date with proceeds of prior prepayments of Maximum Special Taxes.

“Previously Issued Bonds” means all IA No. 3 Bonds that have been issued prior to the date of prepayment.

A. Prepayment in Full

The Special Tax Obligation applicable to an Assessor’s Parcel may be prepaid and the obligation of the Assessor’s Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor’s Parcel only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax Obligation shall provide the CFD Administrator with written notice of intent to prepay and the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount (as defined below) for such Assessor’s Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made more than sixty (60) days prior to any redemption date for the IA No. 3 Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the Water District.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

Bond Redemption Amount
plus Redemtion Premium
plus Future Facilities Prepayment Amount
plus Defeasance Amount
plus Prepayment Administrative Fees and Expenses
less Reserve Fund Credit
less Capitalized Interest Credit

Total: equals Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

**Paragraph No.:**

5. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.

6. For an Assessor’s Parcel of Developed Property, determine the Maximum Special Tax. For an Assessor’s Parcel of Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax for that Assessor’s Parcel as though it was already designated as Developed Property, based upon the Building Permit(s) which has already been issued for that Assessor’s Parcel. For an Assessor’s Parcel of Undeveloped Property for which a Building Permit has not been issued, compute the Maximum Special Tax for that Assessor’s Parcel.

3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total estimated Maximum Special Tax for IA No. 3 based on the Developed Property Special Tax which could be levied in the current Fiscal Year on all expected development through build-out of IA No. 3 as determined by the CFD Administrator, excluding any Assessor’s Parcels for which the Special Tax Obligation has been prepaid.

4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the “Bond Redemption Amount”).

5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the “Redemption Premium”).

6. Compute the current Future Facilities Costs.

7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the “Future Facilities Prepayment Amount”).

8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date
following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.

10. Take the amount computed pursuant to paragraph 8 and subtract the amount computed pursuant to paragraph 9 (the “Defeasance Amount”).

11. Verify the administrative fees and expenses of IA No. 3, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the “Prepayment Administrative Fees and Expenses”).

12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “Reserve Fund Credit”). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.

13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the “Capitalized Interest Credit”).

14. The Special Tax Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the “Prepayment Amount”).

15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, and 10, less the amounts computed pursuant to paragraphs 12, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by IA No. 3.
The Prepayment Amount may be sufficient to redeem an amount other than a $5,000 increment of Bonds. In such cases, the increment above $5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to redeem Bonds to be used with the next prepayment of Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel that is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Water District shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor’s Parcel, and the Special Tax Obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the annual Debt Service on all Outstanding Bonds.

B. Partial Prepayment

The Special Tax on an Assessor’s Parcel of Developed Property or for Undeveloped Property for which a Building Permit has been issued may be partially prepaid. The Partial Prepayment Amount shall be calculated as in Section 6.A.; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E - A) \times F + A$$

These terms have the following meaning:

- **PP** = the Partial Prepayment
- **P_E** = the Prepayment Amount calculated according to Section 6.A.
- **F** = the percentage by which the owner of the Assessor’s Parcel(s) is partially prepaying the Special Tax.
- **A** = The Administrative Fees and Expenses from Section 6.A.

The owner of any Assessor’s Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner’s intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor’s Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this
service

With respect to any Assessor’s Parcel that is partially prepaid, the Water District shall (i) distribute the funds remitted to it according to Section 6.A., and (ii) indicate in the records of IA No. 3 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor’s Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax, shall continue to be levied on such Assessor’s Parcel pursuant to Section 3.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Special Taxes A less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property, respectively, after the proposed partial prepayment is at least 1.1 times the annual Debt Service on all Outstanding Bonds.

16. TERM OF SPECIAL TAX

The Annual Special Tax shall be levied for a period of thirty-five (35) Fiscal Years after the last series of Bonds has been issued, provided that the Special Tax shall not be levied later than Fiscal Year 2070/2071.

17. EXEMPTIONS

The CFD Administrator shall classify as Exempt Property (i) Assessor’s Parcels owned by the State of California, Federal or other local governments, (ii) Assessor’s Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (iii) Assessor’s Parcels developed or planned to be developed exclusively for any type of Non-Residential Property use, (iv) Assessor’s Parcels with public utility easement by the restriction or other restriction, as determined reasonably by the CFD Administrator, provided that no such classification would reduce the sum of all Taxable Property within IA No. 3 to less than 33.95 Acres. Assessor’s Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in IA No. 3 to less than 33.95 Acres shall be classified as Provisional Undeveloped Property, and will continue to be subject to the Special Tax accordingly. Tax exempt status for this purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.

If the use of an Assessor’s Parcel of Exempt Property changes so that such Assessor’s Parcel is no longer classified as one of the uses set forth in the first paragraph of this Section 8 above that would make such Assessor’s Parcel eligible to be classified as Exempt Property, such Assessor’s Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.
18. APPEALS

Any landowner who pays the Annual Special Tax and claims the amount of the Annual Special Tax levied on his or her Assessor’s Parcel is in error shall first consult with the CFD Administrator regarding such error not later than twelve (12) months after first having paid the first installment of the Annual Special Tax that is disputed. If following such consultation, the CFD Administrator determines that an error has occurred, the CFD Administrator may recommend changing the amount of the Annual Special Tax levied on such Assessor’s Parcel. If following such consultation and action, if any by the CFD Administrator, the landowner believes such error still exists, such person may file a written notice with the General Manager appealing the amount of the Annual Special Tax levied on such Assessor’s Parcel. Upon the receipt of such notice, the General Manager may establish such procedures as deemed necessary to undertake the review of any such appeal. The General Manager thereof shall interpret this Rate and Method of Apportionment and make determinations relative to the administration of the Annual Special Tax and any landowner appeals. The decision of the General Manager shall be final and binding as to all persons.
RESOLUTION NO. 2020.11

A RESOLUTION OF THE EAST VALLEY WATER DISTRICT ESTABLISHING COMMUNITY FACILITIES DISTRICT NO. 2020-1 (HIGHLAND HILLS) OF EAST VALLEY WATER DISTRICT AND IMPROVEMENT AREA NOS. 1, 2 AND 3 THEREIN, AUTHORIZING THE LEVY OF A SPECIAL TAX AND CALLING AN ELECTION THEREIN

WHEREAS, the Board of Directors (the “Board”) of East Valley Water District (the “District”), a county water district that is duly organized and existing under and by virtue of the laws of the State of California, has previously adopted Resolution No. 2020.09 on April 22, 2020 (the “Resolution of Intention”) stating its intention to form Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District (the “Community Facilities District”) and Improvement Area Nos. 1, 2 and 3 therein (each, an “Improvement Area” and collectively, the “Improvement Areas”), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Act”); and

WHEREAS, a copy of the Resolution of Intention setting forth a description of the proposed boundaries of the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein, the public facilities and the incidental expenses to be financed by the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein (the “Facilities” and “Incidental Expenses,” respectively) is on file with the Board Secretary, and the Resolution of Intention is incorporated herein by reference; and

WHEREAS, a combined notice of a public hearing (the “Hearing”) to be held on June 10, 2020 was published and mailed to all landowners of the land proposed to be included within the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein; and

WHEREAS, on June 10, 2020, the Board opened the Hearing as required by law; and

WHEREAS, at the Hearing there was filed with Board a report containing a description of the Facilities necessary to meet the needs of the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein and an estimate of the cost of such Facilities as required by Section 53321.5 of the Act (the “Community Facilities District Report”); and

WHEREAS, at the Hearing, all persons desiring to be heard on all matters pertaining to the proposed formation of the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein and the levy of the special taxes and the issuance of bonded indebtedness were heard and a full and fair hearing was held; and

WHEREAS, at the Hearing, evidence was presented to the Board on the matters before it, and the proposed formation of the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein and the levy of special taxes was not precluded by a majority protest of the type described in Section 53324 of the Act, and the Board at the conclusion of the hearing is fully advised as to all matters relating to the formation of the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein, the levy of the special taxes and the issuance of bonded indebtedness; and

WHEREAS, the Board has determined that there have been no registered voters residing within the proposed boundaries of the Community Facilities District and Improvement Area Nos. 1, 2
and 3 therein for the period of 90 days prior to the Hearing and that the qualified electors in the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein are the landowners within each Improvement Area; and

**WHEREAS**, on the basis of all of the foregoing, the Board has determined at this time to proceed with the establishment of the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein and with the calling of an election within the boundaries of each Improvement Area to authorize: (i) the levy of special taxes within each Improvement Area pursuant to the rate and method of apportionment of the special tax for such Improvement Area; (ii) the issuance of bonds by the Community Facilities District on behalf of each Improvement Area to finance the Facilities and Incidental Expenses; and (iii) the establishment of an appropriations limit for the Community Facilities District; and

**WHEREAS**, the property owners of all of the land in the Community Facilities District (the “Developer”) and the District desire to enter into a Funding, Construction and Acquisition Agreement (the “Acquisition Agreement”) in order to provide for the acquisition, construction and financing of the Facilities and Incidental Expenses within the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED:

SECTION 1. **Findings.** The Board hereby specifically finds and declares that each of the statements, findings and determinations of the District set forth in the above recitals and in the preambles of the documents approved herein are true and correct.

SECTION 2. **Formation.** The Community Facilities District to be designated “Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District, County of San Bernardino, State of California,” and Improvement Area Nos. 1, 2 and 3 therein, is hereby established pursuant to the Act. The Board hereby finds and determines that all prior proceedings taken with respect to the establishment of the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein were valid and in conformity with the requirements of law, including the Act. This finding is made in accordance with the provisions of Section 53325.1(b) of the Act.

SECTION 3. **Boundaries.** The boundaries of the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein are established as shown on the map designated “Boundary Map Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District, County of San Bernardino, State of California,” which map is on file in the office of the Board Secretary and was recorded pursuant to Sections 3111 and 3113 of the Streets and Highways Code in the County of San Bernardino Book of Assessments and Community Facilities Districts in the County Recorder’s Office in Book No. 89 at page 19 as Document No. 2020-0178864 on May 29, 2020.

SECTION 4. **Types of Facilities to be Financed by the Community Facilities District.** The types of Facilities and Incidental Expenses that are authorized to be provided for the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein are those set forth in the Resolution of Intention. The estimated costs of the Facilities and Incidental Expenses to be financed is set forth in the Community Facilities District Report, which estimates may change as the Facilities are designed and bid for construction and acquisition.
The District is authorized by the Act to contribute revenue to, or to construct or acquire the Facilities, all in accordance with the Act. The Board finds that the proposed Facilities are necessary to meet the increased demand that will be placed upon public infrastructure and the District as a result of new development within the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein.

SECTION 5. Special Taxes. The Board hereby adopts the rate and method of apportionment of special tax for each of the Improvement Areas attached to the Resolution of Intention as Exhibit C (each, the “Rate and Method” for the applicable Improvement Area) as the applicable rate and method of apportionment for the designated Improvement Area. Except where funds are otherwise available, it is the intention of the Board, subject to the approval of the eligible voters within each Improvement Area, to levy the proposed special taxes in each Improvement Area at the rates set forth in the applicable Rate and Method on all non-exempt property within the Improvement Area in order to pay: (i) the cost of the Facilities and the principal of and interest and other periodic costs on the bonds proposed to be issued by the Community Facilities District on behalf of the applicable Improvement Area to finance the Facilities and Incidental Expenses, including the establishment and replenishment of reserve funds, any remarketing, credit enhancement and liquidity facility fees (including such fees for instruments which serve as the basis of a reserve fund in lieu of cash) and other expenses of the type permitted by Section 53345.3 of the Act; and (ii) the Incidental Expenses.

The Community Facilities District expects to incur, and in certain cases has already incurred, Incidental Expenses in connection with the creation of the Improvement Areas, providing for the issuance of bonds, the levying and collecting of the special tax, the completion and inspection of the Facilities and the annual administration of the bonds and the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein.

The Rate and Method for each Improvement Area is described in detail in Exhibit C to the Resolution of Intention and incorporated herein by this reference, and the Board hereby finds that said Exhibit C contains sufficient detail to allow each landowner within each Improvement Area to estimate the maximum amount that may be levied against each parcel. As described in greater detail in the Community Facilities District Report, which is incorporated by reference herein, the special tax is based on the expected demand that each parcel of real property within each Improvement Area will place on the Facilities and, accordingly, is hereby determined to be reasonable. The special tax shall be levied on each assessor’s parcel in each Improvement Area pursuant to the applicable Rate and Method, but the special tax shall not be levied after Fiscal Year 2070-71. The special tax is apportioned to each parcel in each Improvement Area on the foregoing bases pursuant to Section 53325.3 of the Act and such special tax is not a tax on or a tax based upon the ownership of real property.

The District’s Chief Financial Officer will be responsible for preparing annually, or authorizing a designee to prepare, a current roll of special tax levy obligations by assessor’s parcel number and will be responsible for estimating future special tax levies pursuant to Section 53340.2 of the Act. The District’s Chief Financial Officer contact information is as follows: East Valley Water District, Attn: Chief Financial Officer, 31111 Greenspot Road, Highland, California 92346, (909) 889-9501.

SECTION 6. Public Hearing. In the event that a portion of the property within the Improvement Areas shall become for any reason exempt, wholly or partially, from the levy of the special tax specified in the applicable Rate and Method, the Board shall, on behalf of such Improvement Area, increase the levy to the extent necessary and permitted by law and these proceedings upon the remaining property within such Improvement Area which is not delinquent or
exempt in order to yield the required debt service payments on any outstanding bonds for such Improvement Area or to prevent the Community Facilities District from defaulting on any other obligations or liabilities for such Improvement Area; provided, however, that under no circumstances shall the Special Tax levied on Residential Property (as such term is defined in the Rates and Methods) in the Improvement Areas be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within the applicable Improvement Area by more than ten percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults in the applicable Improvement Area. The amount of the special tax will be set in accordance with the Rate and Method for the applicable Improvement Area.

SECTION 7. Lien of Special Taxes. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of the special tax shall attach to all non-exempt real property in each Improvement Area; and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the special tax by the Community Facilities District on behalf of the applicable Improvement Area ceases.

SECTION 8. Finding Related to Agricultural Land. Consistent with Section 53325.6 of the Act, the Board finds and determines that the land within the Improvement Areas, if any, devoted primarily to agricultural, timber or livestock uses and being used for the commercial production of agricultural, timber or livestock products is contiguous to other land within the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein and will be benefited by the Facilities proposed to be provided within the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein.

SECTION 9. No Other Taxes. It is hereby further determined that there is no ad valorem property tax currently being levied on property within the proposed Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein for the exclusive purpose of paying the principal of or interest on bonds or other indebtedness incurred to finance the construction of capital facilities which provide the same services to the territory of the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein as are proposed to be provided by the Facilities to be financed by the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein.

SECTION 10. No Protests. Written protests against the establishment of the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein have not been filed by one half or more of the registered voters within the boundaries of the Improvement Area or by the property owners of one half or more of the area of land within the boundaries of the Community Facilities District or Improvement Area Nos. 1, 2 and 3 therein. The Board hereby finds that the proposed special tax has not been precluded by a majority protest pursuant to Section 53324 of the Act.

SECTION 11. Elections. An election is hereby called within each Improvement Area on the propositions of levying the special tax on the property within each Improvement Area, establishing an appropriations limit for the Community Facilities District pursuant to Section 53325.7 of the Act and incurring bonded indebtedness for each Improvement Area pursuant to Section 53351 of the Act. The propositions to be placed on the ballot for each Improvement Area are attached hereto as Exhibit A.

The date of the elections within each Improvement Area shall be June 10, 2020, or such later date as is consented to by the Board Secretary and the landowners within the Improvement Areas. The Board Secretary shall conduct the elections. Except as otherwise provided by the Act, the elections shall be conducted by personally delivered or mailed ballot and, except as otherwise provided by the
Act, the elections shall be conducted in accordance with the provisions of law regulating elections of
the District insofar as such provisions are determined by the Board Secretary to be applicable.
Notwithstanding the foregoing, by unanimous consent of all landowners within the Improvement
Areas, analysis and arguments with respect to the matters set forth on the ballots are waived.

SECTION 12. No Registered Voters. It is hereby found that there are no registered voters
within the territory of any of the Improvement Areas, and, pursuant to Section 53326 of the Act, each
landowner who is the owner of record on the date hereof, or the authorized representative thereof, shall
have one vote for each acre or portion thereof that he, she or it owns within each Improvement Area.
The voters shall be the landowners of record within each Improvement Area as of June 10, 2020.

SECTION 13. Community Facilities District Report. The preparation of the Community
Facilities District Report is hereby ratified. The Community Facilities District Report, as submitted,
is hereby approved and made a part of the record of the Hearing regarding the formation of the
Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein, and is ordered to be kept
on file with the transcript of these proceedings and open for public inspection.

SECTION 14. Acquisition Agreement. The Acquisition Agreement in substantially the form
attached hereto is hereby approved. The President or Vice President of the Board or the General
Manager of the District or the designee thereof are authorized and directed to execute and deliver the
Acquisition Agreement with such changes, insertions and omissions as may be recommended by
General Counsel or Stradling Yocca Carlson & Rauth, the District’s Bond Counsel, and approved by
the person executing the same, said execution being conclusive evidence of such approval.

SECTION 15. Legislative Body. In accordance with the Act, the Board of the District shall
act as the governing board and legislative body of the Community Facilities District.

SECTION 16. Other Actions. The President or Vice President of the Board or the General
Manager or Chief Financial Officer of the District or the designee thereof and any other proper officers
of the District, acting singly, are hereby authorized and directed to do any and all things and to execute
and deliver any and all documents and certificates which such officers may deem necessary or
advisable in order to effectuate the purposes of this Resolution, and such actions previously taken by
such officers are hereby ratified and confirmed.

SECTION 17. Effect. This Resolution shall take effect immediately.

_________________________________________, President

Passed and adopted by the East Valley Water District Board of Directors on June 10, 2020, by
the following vote:

AYES: Directors

NOES: Directors

EXCUSED: Directors

_________________________________________, President
ATTEST:

________________________________, Secretary of the ___________________________________

By: ________________________________________________, Deputy Clerk
EXHIBIT A
SAMPLE BALLOTS

COMMUNITY FACILITIES DISTRICT NO. 2020-1
(HIGHLAND HILLS)
OF EAST VALLEY WATER DISTRICT
(IMPROVEMENT AREA NO. 1)

SPECIAL TAX AND SPECIAL BOND ELECTION

June 10, 2020

This ballot represents 29.79 votes.

To vote, write or stamp a cross (“+” or “X”) in the voting square after the word “YES” or after the word “NO”. All marks otherwise made are forbidden. All distinguishing marks are forbidden and make the ballot void.

If you wrongly mark, tear or deface this ballot, return it to the Secretary of East Valley Water District and obtain another.

PROPOSITION A: Shall Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District (the “Community Facilities District”), on behalf of Improvement Area No. 1 therein (the “Improvement Area”), incur an indebtedness and issue bonds for the Improvement Area in the maximum principal amount of $12,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Incidental Expenses described in Resolution No. 2020.09 of the Board of Directors of East Valley Water District?

YES □
NO □

PROPOSITION B: Shall a special tax with a rate and method of apportionment as provided in Resolution No. 2020.09 of the Board of Directors of East Valley Water District for the Improvement Area be levied to pay for the Facilities and Incidental Expenses and the principal of and interest on bonds issued to finance the Facilities and Incidental Expenses and the other purposes described in Resolution No. 2020.09?

YES □
NO □

PROPOSITION C: For each year commencing with Fiscal Year 2020-21, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIIIB of the California Constitution, for the Community Facilities District be an amount equal to $12,000,000?

YES □
NO □
COMMUNITY FACILITIES DISTRICT NO. 2020-1
(HIGHLAND HILLS)
OF EAST VALLEY WATER DISTRICT
(IMPROVEMENT AREA NO. 2)

SPECIAL TAX AND SPECIAL BOND ELECTION

June 10, 2020

This ballot represents 14.48 votes.

To vote, write or stamp a cross (“+” or “X”) in the voting square after the word “YES” or after the word “NO”. All marks otherwise made are forbidden. All distinguishing marks are forbidden and make the ballot void.

If you wrongly mark, tear or deface this ballot, return it to the Secretary of East Valley Water District and obtain another.

PROPOSITION A: Shall Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District (the “Community Facilities District”), on behalf of Improvement Area No. 2 therein (the “Improvement Area”), incur an indebtedness and issue bonds for the Improvement Area in the maximum principal amount of $5,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Incidental Expenses described in Resolution No. 2020.09 of the Board of Directors of East Valley Water District?

YES ☐

NO ☐

PROPOSITION B: Shall a special tax with a rate and method of apportionment as provided in Resolution No. 2020.09 of the Board of Directors of East Valley Water District for the Improvement Area be levied to pay for the Facilities and Incidental Expenses and the principal of and interest on bonds issued to finance the Facilities and Incidental Expenses and the other purposes described in Resolution No. 2020.09?

YES ☐

NO ☐

PROPOSITION C: For each year commencing with Fiscal Year 2020-21, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIIIB of the California Constitution, for the Community Facilities District be an amount equal to $5,000,000?

YES ☐

NO ☐
COMMUNITY FACILITIES DISTRICT NO. 2020-1
(HIGHLAND HILLS)
OF EAST VALLEY WATER DISTRICT
(IMPROVEMENT AREA NO. 3)
SPECIAL TAX AND SPECIAL BOND ELECTION

June 10, 2020

This ballot represents 33.95 votes.

To vote, write or stamp a cross (“+” or “X”) in the voting square after the word “YES” or after the word “NO”. All marks otherwise made are forbidden. All distinguishing marks are forbidden and make the ballot void.

If you wrongly mark, tear or deface this ballot, return it to the Secretary of East Valley Water District and obtain another.

PROPOSITION A: Shall Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District (the “Community Facilities District”), on behalf of Improvement Area No. 3 therein (the “Improvement Area”), incur an indebtedness and issue bonds for the Improvement Area in the maximum principal amount of $7,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Incidental Expenses described in Resolution No. 2020.09 of the Board of Directors of East Valley Water District?

YES □

NO □

PROPOSITION B: Shall a special tax with a rate and method of apportionment as provided in Resolution No. 2020.09 of the Board of Directors of East Valley Water District for the Improvement Area be levied to pay for the Facilities and Incidental Expenses and the principal of and interest on bonds issued to finance the Facilities and Incidental Expenses and the other purposes described in Resolution No. 2020.09?

YES □

NO □

PROPOSITION C: For each year commencing with Fiscal Year 2020-21, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIIIB of the California Constitution, for the Community Facilities District be an amount equal to $7,000,000?

YES □

NO □
COMMUNITY FACILITIES DISTRICT NO. 2020-1 (HIGHLAND HILLS)
OF EAST VALLEY WATER DISTRICT

FUNDING, CONSTRUCTION AND ACQUISITION AGREEMENT

THIS FUNDING CONSTRUCTION AND ACQUISITION AGREEMENT (this “Agreement”) is made and entered into as of the date set forth on the signature page below by and between EAST VALLEY WATER DISTRICT (the “Water District”), acting for and on behalf of itself and COMMUNITY FACILITIES DISTRICT NO. 2020-1 (HIGHLAND HILLS) OF EAST VALLEY WATER DISTRICT (the “CFD”) and FIRST AMERICAN TITLE INSURANCE COMPANY, a Nebraska corporation (the “Developer”), each individually a “Party” and collectively the “Parties.”

RECITALS

A. The Developer has requested that the Water District consider the formation of a community facilities district pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”), the designation of three improvement areas within the CFD, to be designated as Improvement Area Nos. 1, 2 and 3 (each, an “Improvement Area”) and the authorization of special taxes for each Improvement Area (the “Special Taxes”) and the issuance of bonded indebtedness in each Improvement Area (the “Bonds”) for the payment of the construction and/or acquisition of certain public improvements to be owned, operated or maintained by the Water District, including the acquisition of capacity in the Water District’s water and sewer systems and Incidental Expenses as defined by the Act.

B. In order to proceed in a timely manner with development of its property within the CFD which is described in Exhibit A (the “Developer Property”), the Developer desires to fund through the CFD: (i) the Water District’s acquisition or construction, if any, of certain public improvements that are to be owned, operated and maintained by the Water District (the “EVWD Improvements”); and (ii) improvements included in the Water District’s water and sewer connection and capacity fee programs (the “Capacity Improvements”), as more particularly set forth and described in the Description of Cost Estimates set forth in Exhibit B (collectively, the “Improvements”).

C. The Water District is authorized by the Act to form the CFD, to designate the Improvement Areas, to levy Special Taxes and to issue Bonds to fund the Improvements.

D. The Water District’s Board of Directors has adopted policies and procedures (as amended from time to time, the “Policy”) concerning the use of special district financing programs to finance water and/or sewer system facilities.

E. The purpose of this Agreement is to set forth a formal understanding between the Developer and the Water District (pursuant to the requirements of Government Code Section 53313.51 and other provisions of the Act and the Policy) concerning financial and other obligations and responsibilities related to the formation of the CFD and the Improvements to be financed by the CFD, when and if formed, to the extent that proceeds of Special Taxes and Bonds of each Improvement Area are available, and to set forth the conditions upon which: (1) the CFD will reimburse the Developer or its designee for: (a) the amounts advanced by the Developer to form the CFD; and (b) the cost of the EVWD Improvements constructed by or on behalf of the Developer; and (2) the CFD will fund
Capacity Improvements and the Water District will grant credit against applicable water and sewer capacity and connection fees.

AGREEMENT

SECTION 1. FEASIBILITY STUDY

At the Developer’s request, the Water District will undertake to analyze the propriety of forming the CFD to finance the Improvements. The Water District will retain, at the Developer’s expense, the necessary consultants to analyze the proposed formation thereof, including an engineer, special tax consultant, bond counsel, appraiser and other consultants which are deemed necessary by the Water District. In order to begin the process of analyzing the CFD’s formation, the Developer has entered into a Reimbursement Agreement Re Formation of Proposed Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District (the “Reimbursement Agreement”) pursuant to which the Developer has advanced to the Water District a sum of money to cover the costs of forming the CFD. The Reimbursement Agreement requires the Developer to make additional advances for such costs, as necessary. The amounts advanced by the Developer pursuant to the Reimbursement Agreement and, to the extent determined reasonable and appropriate by the Water District, expenses incurred by the Developer for engineering consultant costs in connection with the formation of the CFD and the issuance of Bonds, will be reimbursable to the Developer, without interest, from the proceeds of Bonds issued by the CFD when and if formed, and/or from the proceeds of Special Taxes collected within each Improvement Area. In the event that Bonds are not issued, or Special Taxes are not levied, to provide a source of reimbursement to the Developer, the Water District shall not have any liability to the Developer to reimburse it for any of the amounts which were previously advanced by the Developer and expended by the Water District.

The Developer will assist the Water District and its consultants, at no cost to the Water District, in completing all reasonably necessary technical, financial and legal preparations required to form the CFD. In the event that the Developer fails to fulfill its responsibilities under this Agreement prior to formation of the CFD, the Water District shall have the unequivocal right to terminate its obligations, receive payment of its full actual incurred cost, and terminate this Agreement.

SECTION 2. REIMBURSEMENT PROCEDURE

It is hereby agreed by the Parties that, if the qualified electors of each Improvement Area within the proposed CFD do not approve the proposed Special Tax to be levied within the Improvement Areas, the Water District shall return any funds which have been advanced by the Developer and have not been committed for any authorized purpose by the time of the election. It is the intention of the Parties to make eligible for reimbursement, without interest, to the extent permitted by law, any reasonable work undertaken, or expenses incurred, by or for the Developer with respect to the Improvements, to the extent determined reasonable and appropriate by the Water District. Any such reimbursement shall be payable only when and if the CFD is formed and Bonds are sold or Special Taxes are levied. Reimbursement for costs and incidental expenses of EVWD Improvements is conditional upon full compliance with the provisions of Sections 6 through 10 of this Agreement. The funding of the acquisition or construction of the EVWD Improvements from the proceeds of the Bonds shall not diminish any sewer and water capacity and connection fee credits which are available to the Developer as a result of such acquisition or construction, as provided in a Development Agreement for Water and Sewer Highland Hills, TTM No. 15731, to be entered into between the Water District and the Developer (the “Development Agreement”).
SECTION 3.  SALE OF BONDS

3.1 Water District Policies. The Water District’s Board of Directors has adopted the Policy setting forth the Water District’s policies and procedures concerning the use of special district financing programs to finance water and/or sewer system facilities. Pursuant to the Policy, the total annual amount of the Special Taxes to be collected with respect to property within an Improvement Area and all other taxes and assessments which will be collected with respect to such property must not exceed two percent (2%) of the projected initial sales price of a fully developed parcel. Also, the ratio of the value of all parcels of property within an Improvement Area for which the Bonds are being issued to the amount of outstanding community facilities district or assessment district bonds attributable to such parcels (the “Value-to-Lien Ratio”) may not be less than four-to-one (4:1) unless the Water District’s Board of Directors determines that a Value-to-Lien Ratio of less than 4:1 does not present any unusual credit risk. The fair market value of the property within each Improvement Area for purposes of determining such ratio will be determined based on the assessed value of the property or on the appraised value as determined by an appraisal made by an appraiser selected by the Water District with a valuation date within three (3) months of the issuance of the Bonds. Subject to satisfaction of applicable Water District policies and the requirements of this Agreement, the Water District shall use its best efforts to issue and sell the Bonds in one or more series for each Improvement Area in an amount that is sufficient to fund the Improvements.

3.2 Security for Payment of Special Taxes. Concurrently with the issuance and sale of each series of Bonds, the Water District shall determine the parcels of land within an Improvement Area for which Bonds are being issued that are owned by the Developer or any affiliate of the Developer (the “Account Party”) for which the Maximum Special Taxes (as defined in the Rate and Method of Apportionment of Special Tax for such Improvement Area, the “RMA”) are equal to or exceed, in the aggregate, 20% of the Maximum Special Taxes in the Improvement Area (the “Secured Parcels”). The Developer shall deliver to the Water District either: (i) a renewable, irrevocable instrument of credit from a financial institution (rated “A” or better); or (ii) cash in-lieu thereof (a “Security”) to secure the payment of the Special Taxes on the Secured Property. The Security shall be in an amount equal to 100% of the product of the maximum annual debt service on the Bonds multiplied by a fraction the numerator of which is the Maximum Special Taxes on the Secured Parcels and the denominator of which is the Maximum Special Taxes of all taxable property within the Improvement Area (the “Stated Amount”). The Security shall be maintained by the Account Party until the Secured Parcels owned by the Account Party are responsible for less than twenty percent (20%) of the Maximum Special Taxes which may be levied on all taxable property within the Improvement Area. The Stated Amount of such Security may be reduced from time to time based on the foregoing formula, as hereinafter provided in this Section 3.2. All costs and fees related to the establishment, maintenance and sizing of the Security in accordance with the terms of this Agreement, including, but not limited to any fees of a financial institution to establish or maintain any funds or accounts for such purposes, shall be borne by the Account Party. Notwithstanding the foregoing, the Security shall be released at the end of a fiscal year (being June 30 of each year) if in the following fiscal year, the CFD will not levy any Special Taxes on Secured Parcels owned by the Account Party.

The Security shall name the Water District, or its designee, as a beneficiary and shall provide that the Water District, or its designee, may draw an amount equal to any delinquencies in payment of semiannual installments of the Special Taxes levied on the Secured Parcels owned by the Account Party. The total amount to be drawn under the Security shall not exceed an amount that is equal to the Special Taxes levied on the Secured Parcels that are delinquent at the time that the draw is made. The amount drawn on the Security shall be applied in the same manner and for the same purposes as the
delinquent Special Taxes would have been applied; provided, however, that the payment of a draw under the Security will not be deemed to cure the delinquency in payment of the Special Taxes.

If, subsequent to a draw on the Security and prior to the satisfaction of any reimbursements due to the institution providing the Security (the “Security Provider”) pursuant to this Agreement, the Water District receives payment of all or a portion of the delinquent Special Taxes or the proceeds of a sale of delinquent real property pursuant to foreclosure proceedings (the “Delinquency Proceeds”) for a parcel for which the Security has been drawn, the Security Provider shall be reimbursed for such draws to the extent of Delinquency Proceeds net of the Water District’s costs of collection, provided that the Security is or has been concurrently reinstated to, or a Substitute Security (as defined below) provided for, the then applicable Stated Amount. The Security Provider is intended by the Parties to be a third party beneficiary of this Section 3.2.

The Security shall be renewed, or a substitute Security which is reasonably satisfactory to the Water District (a “Substitute Security”) shall be provided, not less than thirty (30) calendar days prior to the expiration of the Security or Substitute Security then in effect. If the Account Party provides a Substitute Security to the Water District, then the Water District or its designee shall return any existing Security on the effective date of the Substitute Security to the Security Provider.

If the Security is not renewed within thirty (30) days prior to its expiration date and the requirements for release or termination of the Security have not then been met, the full amount of the Security may be drawn by the Water District and deposited in an account established under the Indenture (as such term is defined herein) or in such account established with a financial institution selected by the Water District. Thereafter, amounts in such account shall be held as security, and if Special Taxes owed by the Account Party with respect to the Secured Parcels are not paid prior to delinquency, then such amounts in such account may be applied by the Water District to pay the delinquent Special Taxes owed by the Account Party with respect to such Secured Parcels on the same terms and conditions as are applicable hereunder to draws on the Security.

At such time as the Security is renewed, or a Substitute Security is accepted by the Water District, or the requirement for the Security has been terminated pursuant to this Section 3.2, the Water District or its designee shall release all amounts in the Security account to the Security Provider within ten (10) calendar days from the date of renewal or acceptance.

Following the sale or transfer by the Account Party of any property to a person other than the Account Party, or upon the prepayment of the Special Tax obligation for a parcel owned by the Account Party, the Account Party shall notify Water District of such event, in writing, and, if requested by the Account Party, the Stated Amount of the Security shall be reduced and be recalculated in accordance with this Section 3.2; provided, however, that Water District shall be required to recalculate such amount and reduce the Security a maximum of two times each calendar year and any costs associated with the recalculation and reduction shall be borne by the Account Party. The Security shall be terminated when: (1) the Maximum Special Taxes which are applicable to all Secured Parcels owned by the Account Party comprise less than twenty percent (20%) of the Maximum Special Taxes of all taxable property within the Improvement Area; (2) the Account Party has paid all Special Taxes on the Secured Parcels owned by the Account Party which are due in the current fiscal year and the Maximum Special Taxes on the Secured Parcels which are owned by the Account Party will be less than twenty percent (20%) of the Maximum Special Taxes which are applicable to all taxable property within the Improvement Area in the next fiscal year; or (3) the Account Party has paid all Special Taxes on the Secured Parcels owned by the Account Party which are due in the current fiscal year and, in the
following fiscal year, the CFD will not levy any Special Taxes on Secured Parcels owned by the Account Party.

Reduction or termination of a Security shall occur automatically upon submission to the Security Provider by the Water District of a “Certificate of Reduction or Termination.” The Water District shall deliver to the Security Provider such Certificate of Reduction or Termination promptly upon receipt from the Account Party of a certification which shall be made under penalty of perjury and which shall indicate: (A) the legal description of all land that is owned by the Account Party; and either (B) a recalculation of the new Stated Amount that the Account Party proposes be applicable to the Security; or (C) if termination of the Security is requested, a statement either: (x) that the Secured Parcels owned by the Account Party are responsible for less than twenty percent (20%) of the Maximum Special Taxes which are applicable to all taxable property within the Improvement Area in the current fiscal year; (y) the Account Party has paid all Special Taxes which are due in the current fiscal year and the Maximum Special Taxes applicable to Secured Parcels owned by the Account Party will be less than twenty percent (20%) of the Maximum Special Taxes applicable to all taxable property within the Improvement Area in the next fiscal year; or (z) in the following fiscal year, the CFD will not levy any Special Taxes on Secured Parcels owned by the Account Party.

The Account Party shall notify the Water District of any events that will result in a reduction of the Stated Amount of the Security and shall provide the Water District with verification of said events. The Account Party may provide the Water District with a Substitute Security in the reduced amount and the Water District shall release and return to the Security Provider the Security then in effect. The Parties expressly acknowledge that the Account Party’s failure to so notify the Water District or to reduce the Security at the times which are prescribed herein shall in no way effect or invalidate sale or transfer of property or recordation of maps on property.

If the Secured Parcels are sold or transferred by an Account Party with the result that the Secured Parcels which are owned by the transferee or any of its affiliates (each, a “Transferee”) are responsible for twenty percent (20%) or more of the Maximum Special Taxes of all taxable property within the Improvement Area in the current fiscal year, a Security on the same terms specified herein will be furnished by Transferee with respect to all Secured Parcels owned by such Transferee. Any applicable purchase and sale agreement and/or escrow instructions shall notify the Transferee of this Security requirement and obligate the Transferee to provide such Security, if applicable. The Security of the Account Party will not be reduced to reflect the sale or transfer of such Secured Parcels until a Security is furnished by the Transferee and accepted by the Water District. The issuing financial institution and the form and terms of said Security will be subject to reasonable prior approval by the Water District. All terms provided in this Section 3 are applicable to the Transferee by replacing the term “Account Party” at each place where it occurs in each section with the term “Transferee.” Each provider of a Security for a Transferee shall be an express third party beneficiary of the provisions of this Section 3.

Any costs related to holding or maintaining the Security, including any fees of a fiscal agent, trustee or other depository shall be borne by the Account Party.

3.3 Major Landowner Initial and Continuing Disclosure. An owner of land within an Improvement Area which is responsible for twenty percent (20%) or more of the Maximum Special Taxes within the Improvement Area (a “Major Landowner”) will be required to provide all information regarding the development of its property, including the financing plan for such development, which is necessary to ensure that each official statement for the Bonds complies with the
requirements of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”) and all other applicable federal and state securities laws. Additionally, the Developer acknowledges that, if it is a Major Landowner at the time of issuance of the Bonds, it will be necessary for the Developer to enter into a continuing disclosure agreement to provide such continuing disclosure pertaining to the development of the land which is owned by the Developer within the Improvement Area as necessary to assist the Bond underwriter in complying with the continuing disclosure requirements of the Rule.

3.4 Bond Issuance Parameters. The terms and conditions upon which each series of Bonds shall be issued and sold, the method of sale of the Bonds (including competitive sales, negotiated underwritings and private placements), the timing of sale of the Bonds and the pricing of the Bonds shall be determined solely by the Water District in its reasonable discretion in conformance with the requirements of Government Code Section 53313.5, the Act, the Policy, other Water District policies, including its debt management policy, and this Agreement. Each series of Bonds shall be issued with a term not to exceed 31 years. The proceeds of the Bonds shall be used in the following priority: (1) to fund a reserve fund for the payment of principal and interest with respect to the Bonds in an amount equal to the least of: (i) ten percent (10%) of the initial principal amount of the Bonds; (ii) maximum annual debt service on Bonds; or (iii) 125% of average annual debt service; (2) to fund up to eighteen (18) months of capitalized interest; (3) to pay for the costs of forming the CFD and/or to reimburse the Developer or its designee pursuant to the Reimbursement Agreement for formation and issuance costs which have not already been reimbursed to the Developer from collected Special Taxes; (4) to pay for costs of issuance of the Bonds, including, without limitation, underwriter’s discount, bond counsel and disclosure counsel fees, municipal advisor, appraisal and special tax consultant fees, printing fees and fiscal agent fees; (5) to pay up to one year of estimated priority administrative costs related to the administration of the CFD; and (6) to pay for the actual costs of the Improvements.

The CFD shall maintain records relating to the disbursements of proceeds of the sale of the Bonds. The Indenture or Resolution (the “Indenture”) under which the Bonds are issued shall establish an acquisition and construction fund or improvement fund (the “Improvement Fund”) into which shall be deposited initially the proceeds of the Bonds net of the amount of proceeds required to fund items (1) through (5) above. The Indenture shall also establish separate accounts of the Improvement Fund designated the “EVWD Improvements Account” and the “Capacity Improvements Account,” into which shall be deposited such portions of the Improvement Fund as directed by the Water District and in writing at or subsequent to the closing of the sale of the Bonds consistent with the following priorities:

(a) An amount that is sufficient to fund the reasonable, current estimated cost of the Capacity Improvements which are anticipated to be funded out of the Bonds being issued shall be deposited in the Capacity Improvements Account (any Special Taxes levied in the Improvement Area and collected by the CFD remaining after the payment of administrative expenses of the CFD and the reimbursement of the Developer for CFD formation and issuance costs pursuant to the Reimbursement Agreement shall be deposited into the Capacity Improvements Account at the time of Bond issuance, unless otherwise directed in writing by the Developer); and

(b) If applicable, an amount to be agreed upon between the Developer and the CFD prior to the issuance of Bonds which is sufficient to fund the reasonable, current estimated costs of the EVWD Improvements shall be deposited, or later transferred, to the EVWD Improvements Account.

Interest that is earned on moneys which are deposited in each of the Capacity Improvements Account and the EVWD Improvements Account shall remain in such accounts until such time as all
of the Improvements have been funded. Additionally, the Developer may direct the CFD to transfer excess moneys in any of the Capacity Improvements Account or the EVWD Improvements Account to another account. The Indenture shall provide that amounts remaining in the Improvement Fund after funding all proposed Improvements or sooner, as specified by the Water District, shall be deposited in the special tax fund or bond service fund and be applied to pay debt service on the Bonds and/or to call Bonds in advance of maturity. The Indenture shall also provide that amounts in the reserve fund for the Bonds in excess of the reserve requirement shall be deposited in the special tax fund or bond service fund and applied to pay debt service on the Bonds.

SECTION 4. LEVY AND ALLOCATION OF SPECIAL TAXES

Beginning in the first fiscal year in which a parcel within an Improvement Area is classified as “Developed Property” pursuant to the RMA, Special Taxes shall be levied on such parcel to pay administrative expenses of the CFD and to pay directly for Improvements. Such Special Taxes collected each fiscal year prior to the issuance of Bonds of the Improvement Area that are in excess of the amount required to fund such administrative expenses shall be held by the Water District in a discrete fund (the “Special Fund”) and disbursed to fund Improvements in the same priority as disbursements of the proceeds of Bonds from the Improvement Fund. Upon sale and delivery of the Bonds or sooner, as specified by the Water District, the Board of Directors of the Water District, as the legislative body of the CFD, shall annually levy a Special Tax in each Improvement Area as provided for in the RMA for each Improvement Area.

SECTION 5. NOTICE OF SPECIAL TAX

The Developer, or the Developer’s successors or assigns, shall provide written notice to all potential initial purchasers of lots advising of the Special Tax obligation which is applicable to the Developer Property in the form required by Section 53341.5 of the Government Code. A sample copy as prepared by the Developer is set forth in Exhibit C.

SECTION 6. DESIGN PLANS AND SPECIFICATIONS

The requirements of this Section 6 shall not apply to any EVWD Improvement that was complete (as determined by the Water District’s Board of Directors) prior to the adoption by the Water District’s Board of Directors of the resolution forming the CFD, but they shall apply to all other EVWD Improvements. All plans, specifications and bid documents for the EVWD Improvements (the “Plans”) which are constructed or to be constructed by the Developer shall be prepared by the Developer at the Developer’s initial expense, subject to approval by the applicable public agency. Costs for preparation of the Plans will be eligible for reimbursement, conditioned upon the final approval of the applicable public agency and the availability of moneys in the Special Fund or Improvement Fund (the “Authorized Funds”). Reimbursement of costs for plan revisions will be considered on a case by case basis. All EVWD Improvements to be acquired with Authorized Funds shall be bid in accordance with “public works” requirements of Section 7.4 to be eligible for reimbursement. The Developer shall not award bids for construction, or commence or cause commencement of construction, of an EVWD Improvement until the Plans and bidding documents have been approved by the Water District. The bid opening for EVWD Improvements shall be coordinated with and take place at the Water District’s offices, with Water District personnel in attendance.
SECTION 7. CONSTRUCTION OF IMPROVEMENTS

The requirements of this Section 7 shall not apply to any EVWD Improvement that was complete (as determined by the Water District’s Board of Directors) prior to the adoption by the Water District’s Board of Directors of the resolution forming the CFD, but they shall apply to all other EVWD Improvements.

7.1 Construction or Acquisition Election. Upon the approval of Plans for an EVWD Improvement, the Developer and the Water District shall determine whether the Developer will provide for construction of such EVWD Improvement in accordance with Sections 7.2, 7.4 and 8 of this Agreement (the “Acquisition Election”) or whether the Water District will provide for construction of such EVWD Improvement in accordance with Section 7.3 of this Agreement (the “Construction Election”). Sections 7.2, 7.4 and 8 specify the requirements for construction of the EVWD Improvements pursuant to the Acquisition Election which the Water District believes are necessary to ensure that such EVWD Improvements are constructed as if they had been constructed under the direction and supervision or under the authority of the Water District.

7.2 Acquisition Election. If the Acquisition Election is selected with respect to EVWD Improvements in accordance with the provisions of Section 8, a qualified engineering firm (the “Field Engineer”) shall be employed by the Developer to provide all field engineering surveys which are determined to be necessary by the Water District’s inspection personnel. The Field Engineer shall promptly furnish to Water District a complete set of grade sheets listing all locations, offsets, etc., in accordance with good engineering practices, and attendant data and reports resulting from the Field Engineer’s engineering surveys and/or proposed facility design changes. The Water District shall have the right, but not the obligation, to review, evaluate and analyze whether such results comply with applicable specifications.

A full-time soil-testing firm, approved by Water District, shall be employed by the Developer to conduct soil compaction testing and certification. The Developer shall promptly furnish results of all such compaction testing to the Water District for its review, evaluation and decision as to compliance with applicable specifications. In the event that the compaction is not in compliance with applicable specifications, the Developer shall be fully liable and responsible for the costs of achieving compliance. A final report certifying all required compaction in accordance with the specifications shall be a condition of final acceptance of facilities.

The costs of all surveying, testing and reports associated with the EVWD Improvements which are furnished and constructed by the Developer’s contractor(s) shall be eligible to be paid from Authorized Funds in the EVWD Improvements Account.

The Water District shall not be responsible for conducting any environmental, archaeological, biological or cultural studies or any mitigation requirements that may be requested by appropriate Federal, State, and/or local agencies. Any such work shall be paid for and conducted by the Developer and reimbursed out of the EVWD Improvements Account.

7.3 Construction Election. If the Construction Election is selected for an EVWD Improvement, upon the award of a construction contract for an EVWD Improvement to be constructed by the Water District, funds in the EVWD Improvements Account in an amount equal to the costs of the EVWD Improvement, shall be reserved for payments under such contract and shall not be available for the funding of other EVWD Improvements until all payments which are required by such contract
have been made. At the time of either or both: (i) the execution of a contract for the construction of an EVWD Improvement as to which the Construction Election has been made; and (ii) completion of construction of the EVWD Improvement, the Developer shall be entitled to reimbursement from Authorized Funds in the EVWD Improvements Account of any actual costs of such EVWD Improvements which were incurred by the Developer at that time.

If Bonds have not been issued or insufficient funds are reserved in the Improvement Fund, the Water District agrees to accept advances of funds from the Developer (if the Developer agrees to make such advances in its sole discretion) upon the Water District’s award of a construction contract for an EVWD Improvement to be constructed by the Water District in an amount equal to the difference between the amount of reserved funds and the contract amount. The amount of such advances shall be reimbursed to the Developer to the extent of Authorized Funds in the EVWD Improvements Account.

7.4 Public Works Requirements. In order that the EVWD Improvements as to which the Acquisition Election is made may be properly and readily acquired by the Water District, the Developer shall comply with all of the following requirements with respect to any such EVWD Improvements to be acquired with Authorized Funds, and the Developer shall provide such proof to the Water District as the Water District may reasonably require and at such intervals and in such form as the Water District may reasonably require, that the following requirements have been satisfied as to the construction of all such EVWD Improvements:

(a) The Developer shall prepare a bid package for review, comment and approval by the General Manager of the Water District or his or her designee (the “District Representative”).

(b) The Developer shall, after obtaining at least three sealed bids for the construction of the EVWD Improvements, submit to the Water District written evidence of such competitive bidding procedure, including evidence of the means by which bids were solicited, a listing of all responsive bids and their amounts, and the name or names of the contractor or contractors to whom the Developer proposes to award the contracts for such construction, which shall be the lowest responsible bidder.

(c) The District Representative shall attend the bid opening. If the District Representative is unable to attend the bid opening, the District Representative shall approve or disapprove of a contractor or contractors, in writing, within five (5) business days after receipt from the Developer of the name or names of such contractor or contractors which are recommended by the Developer. If the District Representative disapproves of any such contractor; the Developer shall select the next lowest responsible bidder from the competitive bids received which is acceptable to the District Representative.

(d) The specifications and bid and contract documents shall require all such contractors to pay prevailing wages and to otherwise comply with applicable provisions of the Labor Code, the Government Code and the Public Contract Code relating to public works projects and as required by the procedures and standards of the Water District with respect to the construction of its public works projects.

(e) The Developer shall submit faithful performance and payment bonds conforming in all respects to the requirements which are set forth in the Water District’s “Standard Water and/or Sewer Facilities and Service Agreement.” The following documents shall be submitted to the Water District along with the performance and payment bonds:
(i) The original, or a certified copy, of the unrevoked appointment, power of attorney, bylaws or other instrument entitling or authorizing the person who executed the bond to do so;

(ii) A certified copy of the certificate of authority of the insurer issued by the State of California’s Insurance Commissioner; and

(iii) Copies of the insurer’s most recent annual and quarterly statements filed with the Department of Insurance.

(f) The Developer and its contractor and subcontractors shall be required to provide proof of insurance coverage throughout the term of the construction of the EVWD Improvements, which they will construct in conformance with the Water District’s standard procedures and requirements. The Water District’s Insurance requirements are set out in Section 21.

(g) The Developer and all such contractors shall comply with such other requirements relating to the construction of the EVWD Improvements which the Water District may impose by written notification delivered to the Developer and each such contractor at the time either prior to the receipt of bids by the Developer for the construction of such EVWD Improvements or, to the extent required as a result of changes in applicable laws, during the progress of construction thereof; provided that such other requirements shall only be imposed to the extent that the Water District reasonably determines they are required in order to comply with applicable law. In accordance with Section 8, the Developer shall be deemed the awarding body and shall be solely responsible for compliance and enforcement of the provisions of the Labor Code, Government Code and Public Contract Code.

(h) A “Change Order” is an order from the Developer to a contractor authorizing a change in the work to be performed. The Developer shall receive comments from the District Representative prior to the Developer’s approval of any Change Order. The District Representative shall comment on or deny the Change Order request within five (5) business days of receipt of all necessary information. The Water District’s comments to a Change Order shall not be unreasonably delayed, conditioned or withheld. The Developer shall not be entitled to be compensated for costs associated with a Change Order that has not been approved by the District Representative.

The Developer shall provide proof to the Water District, at such intervals and in such form as the Water District may reasonably require, that the foregoing requirements have been satisfied as to all of the EVWD Improvements as to which the Acquisition Election has been made which are funded through Bond proceeds.

SECTION 8. INSPECTION; COMPLETION OF CONSTRUCTION

The requirements of this Section shall not apply to any EVWD Improvement that was complete (as determined by the Water District’s Board of Directors) prior to the adoption by the Water District’s Board of Directors of the resolution forming the CFD, but they shall apply to all other EVWD Improvements.

The Water District shall have primary responsibility for inspecting the EVWD Improvements to assure that the work is being accomplished in accordance with the Plans. Such inspection does not include inspection for compliance with safety requirements by the Developer’s contractor(s).
Water District’s personnel shall be granted access to each construction site at all reasonable times for the purpose of accomplishing such inspection. Upon satisfaction of the Water District’s inspectors, the Developer shall notify the Water District in writing that an EVWD Improvement has been completed in accordance with the Plans. Any actual costs reasonably incurred by the Water District for inspection which has not been previously paid by the Developer shall be reimbursed from Authorized Funds.

Within three (3) business days of receipt of written notification from EVWD inspectors that an EVWD Improvement has been completed in accordance with the Plans, the District Representative shall notify the Developer in writing that such EVWD Improvement has been satisfactorily completed. Upon receiving such notification, the Developer shall file a Notice of Completion with the County of San Bernardino Recorder’s Office, pursuant to the provisions of Section 3093 of the Civil Code. The Developer shall furnish to the Water District a duplicate copy of each such Notice of Completion showing thereon the date of filing with the County of San Bernardino (the “

SECTION 9. LIENS

With respect to any EVWD Improvement that was complete (as determined by the Water District’s Board of Directors) prior to the adoption by the Water District’s Board of Directors of the resolution forming the CFD, prior to any payment by the CFD to the Developer for such EVWD Improvement, the Developer shall provide to the Water District such evidence or proof as the Water District shall require that all persons, firms and corporations supplying work, labor, materials, supplies and equipment for the construction of the EVWD Improvements have been paid, and that no claims of liens have been recorded by or on behalf of any such person, firm or corporation. With respect to EVWD Improvements, upon the earlier of: (i) receipt of all applicable lien releases; or (ii) expiration of the time for the recording of claim of liens as prescribed by Sections 3115 and 3116 of the Civil Code, the Developer shall provide to the Water District such evidence or proof as the Water District shall require that all persons, firms and corporations supplying work, labor, materials, supplies and equipment for the construction of the EVWD Improvements have been paid and that no claims of liens have been recorded by or on behalf of any such person, firm or corporation.

SECTION 10. ACQUISITION; ACQUISITION PRICE; SOURCE OF FUNDS

The acquisition price of an EVWD Improvement that was complete (as determined by the Water District’s Board of Directors) prior to the adoption by the Water District’s Board of Directors of the resolution forming the CFD shall be its fair market value, as determined by the District Representative or his or her designee, as of the date of acquisition. The Water District shall consider input and data provided by the Developer prior to determining the final fair market value.

The costs eligible to be included in the acquisition price of an EVWD Improvement that is not described in the preceding paragraph (the “Actual Costs”) shall include:

(i) The actual hard costs for the construction of such EVWD Improvement as established by the Water District-approved construction contracts and approved Change Orders, including costs of payment, performance and maintenance bonds and insurance costs, pursuant to this Agreement;
(ii) The design and engineering costs of such EVWD Improvement including, without limitation, the costs incurred in preparing the Plans. Costs for Plan revisions will be considered on a case by case basis;

(iii) The costs of environmental evaluations and public agency permits and approvals which are attributable to the EVWD Improvement;

(iv) Costs incurred by the Developer for construction management and supervision of such EVWD Improvement, not to exceed five percent (5%) of the actual construction cost, subject to prior approval by the Water District of any construction management or supervision contract with respect to an EVWD Improvement;

(v) Professional costs associated with the EVWD Improvement such as engineering, inspection, construction staking, materials, testing and similar professional services; and

(vi) Costs approved by the Water District in accordance with the Act of acquiring any real property or interests therein required for the EVWD Improvement, including, without limitation, any water tank sites, temporary construction easements, temporary by-pass roads and maintenance easements.

Provided that the Developer has complied with the requirements of this Agreement, the Water District agrees to pay the acquisition price of a completed EVWD Improvement to the Developer or its designee within thirty (30) days after the Developer’s satisfaction of the preconditions to such payment stated herein, but only to the extent that there are sufficient Authorized Funds available. Except in the case of an EVWD Improvement which is described in the first paragraph of this Section 10, the acquisition price to be paid from Authorized Funds for the acquisition of an EVWD Improvement by the Water District shall be the least of: (1) the value of the EVWD Improvement; or (2) the total of the Actual Costs of the EVWD Improvement.

As a condition to the payment of the acquisition price, the ownership of the completed EVWD Improvement shall be transferred to the Water District by grant deed, bill of sale or such other documentation as such public agency may require free and clear of all taxes, liens, encumbrances and assessments, but subject to any exceptions which the Water District determines do not interfere with the actual or intended use of the land or interest therein (including the lien of a community facilities district so long as the subject property is exempt from taxation or is otherwise not taxable by such community facilities district). Upon the transfer of ownership of EVWD Improvements or any portion thereof to the Water District, the Water District shall be responsible for the maintenance of such EVWD Improvements or the portion transferred. Notwithstanding the foregoing, the acquisition price of an EVWD Improvement may be paid prior to transfer of ownership and acceptance of the EVWD Improvement if it is substantially completed at the time of payment. The EVWD Improvement shall be considered “substantially complete” when it has been reasonably determined by the Water District to be usable, subject to final completion of such items as are not essential to the primary use or operation of the EVWD Improvement.

For purposes of determining the acquisition price to be paid by the CFD for the acquisition of the EVWD Improvements by the Water District (other than EVWD Improvements described in the first paragraph of this Section 10), the value of such EVWD Improvements shall include the construction costs which are specified in the Water District-approved contracts and Water District-approved Change Orders conforming to Section 8. Water District approval is a condition prior to
initiation of contract work. However, if the Water District reasonably determines that the additional Actual Costs are excessive and that the value of the EVWD Improvements is less than the total amount of such Actual Costs and such construction costs, the price to be paid for the acquisition of the EVWD Improvements shall be the value thereof as determined by the District Representative; subject, however, to the Developer's right to appeal to the Water District's Board of Directors.

Upon completion of the construction of an EVWD Improvement, the Developer shall deliver or cause to be delivered to the Water District a Disbursement Request Form in substantially the form set forth in Exhibit D, copies of the contract(s) with the contractor(s) who have constructed the EVWD Improvement and other relevant documentation with regard to the payments made to such contractor(s) and each of them for the construction of the EVWD Improvement, documentation evidencing payment of prevailing wages, and invoices and purchase orders with respect to all equipment, materials and labor which were purchased for the construction of the EVWD Improvement. The District Representative shall complete its determination of the value of each EVWD Improvement as promptly as is reasonably possible.

Notwithstanding the preceding provisions of this Section 10, the source of funds for the acquisition of the EVWD Improvements or any portion thereof shall be Authorized Funds. If for any reason beyond the Water District’s control the proceedings for the formation of the CFD are not completed or Bonds are not sold, the Water District shall not be required to acquire the EVWD Improvements from the Developer, except to the extent of funds deposited into the Special Fund. In such event, the Developer shall complete the design and construction and offer to the Water District ownership of such portions of the EVWD Improvements as are required to be constructed by the Developer pursuant to the Development Agreement (but only at such times as required by such condition), but need not construct any portion of the EVWD Improvements which it is not so required to construct.

In addition to the foregoing, the Water District shall have the right to withhold payment for acquisition of an EVWD Improvement, if:

(a) the Developer or any of its affiliates is delinquent in the payment of any Special Taxes levied by the CFD on properties then owned by the Developer or any of its affiliates within the CFD; or

(b) the Developer is not then in substantial compliance with a condition or obligation imposed upon the Developer Property by the Water District, including but not limited to, payment of all applicable fees, dedication of all applicable rights-of-way or other property and construction requirements.

The Water District shall immediately provide written notice to the Developer of the decision to withhold any such payment and shall specify the reason for such decision. If the payment is withheld as a result of the delinquency in the payment of Special Taxes, the notice shall identify the delinquent parcels and the amount of such delinquency. If the payment is withheld as a result of substantial non-compliance with a condition or obligation, the notice shall specify such condition or obligation and what action will be necessary by the Developer to substantially comply with such condition or obligation. Upon receipt of evidence reasonably satisfactory to the Water District that the Developer has paid the delinquent Special Taxes or complied with the subject condition or obligation, the Water District shall forthwith make all payments which have been withheld pursuant to the provisions of this Section 10.
SECTION 11. EASEMENTS AND/OR FEE TITLE OWNERSHIP DEEDS

Without limiting the Developer’s right to reimbursement for such grants pursuant to Section 10 above, the Developer shall, at the time that the Water District acquires the EVWD Improvements as provided in Section 10, grant or cause to be granted to the Water District, by appropriate instruments prescribed by the Water District, all easements across private property and/or fee title ownership deeds which may be reasonably necessary for the proper operation and maintenance of such EVWD Improvements, or any part thereof, but only to the extent located within the Developer Property.

SECTION 12. PERMITS

The Developer shall be responsible for obtaining all necessary construction permits from the city within which the work is to be done, if any (the “City”) and/or the County (as appropriate) covering construction and installation of the EVWD Improvement as to which the Acquisition Election has been made. The Water District will request the City and/or County to issue an “operate and maintain permit” to the Water District, which will become effective upon the completion of the EVWD Improvements and acceptance of ownership therewith by the Water District.

SECTION 13. MAINTENANCE

Prior to the transfer of ownership of an EVWD Improvement by the Developer to the Water District, as provided in Section 10, the Developer shall be responsible for the maintenance thereof and shall require its contractor(s) to repair all facilities damaged by any party other than the Water District, prior to acceptance by the Water District and/or make corrections which are determined to be necessary by the Water District’s inspection personnel. The Water District shall not be permitted to place any EVWD Improvement in service prior to acceptance of the same, unless the Developer otherwise consents in writing.

SECTION 14. INSPECTION OF RECORDS

The Water District shall have the right to review all books and records of the Developer pertaining to the costs and expenses incurred by the Developer for the design and construction of the EVWD Improvements during normal business hours by making arrangements with the Developer. The Developer shall have the right to review all books and records of the Water District pertaining to costs and expenses incurred by the Water District for services of the Field Engineer by making arrangements with the Water District.

SECTION 15. OWNERSHIP OF IMPROVEMENTS

Notwithstanding the fact that some or all of the EVWD Improvements may be constructed in dedicated street rights-of-way or on property which has been or will be dedicated to the Water District, each EVWD Improvement shall be and remain the property of the Developer until acquired by the Water District as provided in this Agreement.

SECTION 16. MATERIALS AND WORKMANSHIP WARRANTY

The requirements of this Section 16 shall not apply to any EVWD Improvement that was complete (as determined by the Water District’s Board of Directors) prior to the adoption by the Water District’s Board of Directors of the resolution forming the CFD, but they shall apply to all other EVWD Improvements.
Upon the completion of the acquisition of an EVWD Improvement by the Water District, the performance bond related to such individual EVWD Improvement provided by the Developer pursuant to Section 7.4(e) shall be reduced by 90%, and the remaining 10% shall serve as a maintenance bond to guarantee that such EVWD Improvement will be free from defects due to faulty workmanship or materials for a period of one year. Release of performance and payment bonds is addressed in the Development Agreement.

SECTION 17. CAPACITY IMPROVEMENTS

Amounts deposited in the Capacity Improvements Account pursuant to Section 3.4 shall be disbursed at the written direction of the Water District upon the Developer’s submittal of a written payment request at the time or times that water and sewer connection or capacity fees are payable to the Water District. Upon receipt of the Developer’s request for disbursement, the Water District shall submit a written requisition for payment of the requested amount to the CFD Administrator (the “Administrator”), who shall directly pay the amount to the Water District, and the Developer shall receive credit against the applicable water and sewer connection or capacity fees. Pending the disbursement of said monies, the amounts in the Capacity Improvements Account shall be invested as directed in writing by the Water District and investment earnings shall either remain in such account or be transferred to the Improvement Fund to be used as provided in Section 3.4. The Water District shall expend any amounts disbursed to it from the Capacity Improvements Account on capital facilities. If the Developer is required to deposit security to assure payment of water and/or sewer connection or capacity fees of the Water District prior to the issuance of the Bonds or due to insufficient funds being on deposit in the Capacity Improvements Account, the Developer shall be reimbursed the full amount of deposit at such time as, and to the extent funds are subsequently available in the Capacity Improvements Account. The payment of a deposit as described in the preceding sentence shall not be construed as a dedication or gift of the water and/or sewer connection or capacity fees of the Water District or as a waiver of any right to reimbursement of such fees.

SECTION 18. [RESERVED].

SECTION 19. INDEPENDENT CONTRACTOR

In performing this Agreement, the Developer is an independent contractor and not the agent of the Water District. The Water District shall not have any responsibility for payment to any contractor or supplier of the Developer. It is not intended by the Parties that this Agreement create a partnership or joint venture among them and this Agreement shall not otherwise be construed.

SECTION 20. INDEMNIFICATION

The Developer shall assume the defense of, indemnify and save harmless, the Water District, its officers, employees and agents, and the CFD, its officers, employees and agents (each, an “Indemnified Party” and collectively, the “Indemnified Parties”), from and against all actions, damages, claims, losses or expenses of every type and description to which they may be subject or put, by reason of, or resulting from the Developer’s performance of its obligations under this Agreement, the issuance of the Bonds and the Developer’s construction of the EVWD Improvements for which an Acquisition Election is made pursuant to Section 7.2. No provision of this Agreement shall in any way limit the extent of the Developer’s responsibility for payment of damages resulting from the operations of the Developer and its contractors; provided, however, that the Developer shall not be required to assume the defense or indemnify and save harmless any Indemnified Party from and against any
actions, damages, claims, losses or expenses resulting from the breach of this Agreement by, or the negligence or willful misconduct of, an Indemnified Party.

SECTION 21. INSURANCE REQUIREMENTS

Neither the Developer nor its contractor shall commence work on an EVWD Improvement under this Agreement prior to obtaining all insurance required hereunder with a company or companies acceptable to the Water District, nor shall the Developer’s contractor allow any subcontractor to commence work on its subcontract until all insurance required of the subcontractor has been obtained.

The Developer shall, during the life of this Agreement, notify the Water District in writing of any incident giving rise to any potential bodily injury or property damage claim and any resultant settlements, whether in conjunction with this or any other project which may affect the limits of the required coverage, as soon as is reasonable and practical.

Both the Developer and its contractor shall conform in every respect to the requirement set forth in the Standard Water and/or Sewer Facilities and Service Agreement, by and between the Water District and the Developer.

SECTION 22. CONFLICT WITH OTHER AGREEMENTS

Except as specifically provided herein, nothing contained herein shall be construed as releasing the Developer from any condition of development or requirement imposed by any other agreement with Water District. In the event of a conflicting provision, such other agreement shall prevail unless such conflicting provision is specifically waived or modified in writing by Water District.

SECTION 23. TERMINATION

The provisions of this Agreement related to the acquisition and financing of the Improvements shall terminate and be of no further force or effect if the first series of Bonds for the CFD are not sold within 10 years from the date of this Agreement, unless this Agreement extended by the Parties. If the Water District is unable to sell the first series of Bonds for the CFD after diligent, commercially reasonable efforts to do so, this Agreement shall terminate and be of no further force and effect; provided, however, that in such event, any collected Special Taxes remaining after the payment of administrative expenses of the CFD and reimbursement to the Developer of CFD formation costs shall be used to pay for Improvements in accordance with this Agreement and the Developer shall receive a credit against fees otherwise payable to Water District in the amount so used to pay for any Capacity Improvements. Eligibility for capacity and construction fee credits as a result of the construction of the EVWD Improvements shall be pursuant to the Development Agreement.

SECTION 24. NOTICES

Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to either Party shall be deemed to have been received when either personally delivered or received through overnight delivery or seventy-two (72) hours following deposit of the same in any United States Post Office in California, registered or certified, postage prepaid. Any notice to the CFD or the Water District shall be addressed to East Valley Water District, 31111 Greenspot Road, Highland, CA 92346, Attention: General Manager. Any notice to the Developer shall be addressed to:
First American Title Insurance Company, One First American Way, Santa Ana, CA 92707, Attention: Joseph S. Tavarez, Senior Vice President.

Each Party may change its address for delivery of notice by delivering written notice of such change of address to the other Party hereto.

SECTION 25. NO GIFT OR WAIVER.

25.1 No Gift or Waiver for EVWD Improvements. The Developer and the Water District acknowledge that:

(a) The Developer or its predecessor may have constructed or may be constructing EVWD Improvements before Authorized Funds that will be used to acquire them are available with the expectation that the Developer will be reimbursed for such EVWD Improvements to the extent and in the manner set forth in this Agreement.

(b) The Water District may inspect EVWD Improvements and process Disbursement Request Forms even if Authorized Funds do not exist at the time of such inspection and processing or are not then sufficient to satisfy the Disbursement Request in full.

(c) The Developer may convey EVWD Improvements to the Water District and the Water District may accept such EVWD Improvements even if Authorized Funds do not exist at the time of such conveyance and acceptance or are not then sufficient to satisfy the Disbursement Request in full.

(d) If the Water District accepts EVWD Improvements before a Disbursement Request is paid in full, the unpaid balance of the Disbursement Request will be paid from time to time, in any number of installments and irrespective of the length of time that payment is deferred, as Authorized Funds become available.

(e) The Developer’s conveyance or dedication of EVWD Improvements to the Water District before the availability of Authorized Funds to acquire the EVWD Improvements is not, and shall not be deemed, a gift or a waiver of the Developer’s right to payment of the purchase price of such EVWD Improvements pursuant to this Agreement.

25.2 No Gift or Waiver for Capacity Fees. The Developer and the Water District acknowledge that:

(a) Prior to the availability of Authorized Funds, the Developer or its predecessor may have been or may be required to deposit funds to assure payment of water and/or sewer connection or capacity fees of the Water District.

(b) The Developer or its predecessor has deposited or will be depositing such funds with the expectation that the Developer will be reimbursed for these deposits to the extent and in the manner set forth in this Agreement.

(c) The reimbursement of such deposits pursuant to Section 17 may occur from time to time, in any number of installments and irrespective of the length of time that payment is deferred, as Authorized Funds become available.
(d) The Developer’s deposit of such funds to the Water District before the availability of Authorized Funds to reimburse the Developer is not, and shall not be deemed, a gift or a waiver of the Developer’s right to reimbursement of such deposits pursuant to this Agreement.

SECTION 26. GENERAL PROVISIONS

(a) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Water District and the Developer and their respective heirs, executors, legal representatives, successors, and authorized assigns.

(b) Amendment. This Agreement may be amended at any time but only in writing signed by each Party hereto.

(c) Entire Agreement. This Agreement, and the agreements referenced herein, contains the entire understanding and agreement between the Parties with respect to the matters that are provided for herein and supersedes all prior agreements and negotiations between the Parties with respect to the subject matter of this Agreement. There are no oral or written representations, understanding, undertakings or agreements which are not contained or expressly referred to herein, and any such representations, understandings or agreements are superseded by this Agreement. No evidence of any such representations, understandings or agreements shall be admissible in any proceeding of any kind or nature relating to the terms or conditions of this Agreement, its interpretation or breach. This Agreement shall be binding upon, and enforceable by and against the CFD upon the establishment of the CFD.

(d) Exhibits. All exhibits attached hereto are incorporated into this Agreement by reference.

(e) Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.

(f) Waiver. Failure by a Party to insist upon the strict performance of any of the provisions of this Agreement by the other Parties hereto, or the failure by a Party to exercise its rights upon the default of another Party, shall not constitute a waiver of such party’s right to insist and demand strict compliance by such other Parties with the terms of this Agreement thereafter.

(g) No Third Party Beneficiaries. Except as provided explicitly in this Agreement, no person or entity shall be deemed to be a third party beneficiary hereof, and nothing in this Agreement (either express or implied) is intended to confer upon any person or entity, other than the Water District, the CFD, and the Developer (and their respective successors and assigns), and the Security Provider (with respect to Section 3.2 only) any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(h) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute but one instrument.

(i) Assignment. The Developer may assign all or any of its rights pursuant to this Agreement to a purchaser of all or any portion of the Developer Property. Such a purchaser and assignee shall, as a condition to taking an assignment of such rights, enter into an assignment and
assumption agreement with the Water District and the Developer, in a form reasonably acceptable to
the Developer and the Water District, whereby such rights assigned are specified and such purchaser
agrees, except as may be otherwise specifically provided therein, to assume the obligations of the
Developer pursuant to this Agreement and to be bound thereby. A company that acquires all of the
assets of the Developer, including ownership of the Developer itself, shall be deemed a successor and
shall not require an assignment or assumption agreement to be bound by, and enjoy the benefits of,
this Agreement.

(j) **Governing Law.** This Agreement and any dispute arising hereunder shall be
governed by and interpreted in accordance with the laws of the State of California.

(k) **Construction of Agreement.** This Agreement has been reviewed by legal
counsel for both the Water District and the Developer and shall be deemed for all purposes to have
been jointly drafted by the Water District and the Developer. No presumption or rule that ambiguities
shall be construed against the drafting Party shall apply to the interpretation or enforcement of this
Agreement.

(l) **Attorneys’ Fees.** In the event of any action or proceeding, including an
arbitration or a reference pursuant to Section 638 *et seq.*, of the Code of Civil Procedure brought by
any Party against any other under this Agreement, the prevailing Party shall be entitled to recover its
actual attorneys’ fees and all fees, costs and expenses incurred for prosecution, defense, consultation
or advice in such action or proceeding. In addition to the foregoing, the prevailing Party shall be
entitled to its actual attorneys’ fees and all fees, costs and expenses incurred in any post-judgment
proceedings to collect or enforce the judgment. This provision is separate and several and shall survive
the merger of this Agreement into any judgment on this Agreement.

(m) **Venue and Forum.** Any action at law or in equity arising under this Agreement
brought by any Party hereto for the purpose of enforcing, construing or determining the validity of any
provision of this Agreement shall be filed and tried in the Superior Court of the County of San
Bernardino, State of California, and the Parties waive all provisions of law providing for the filing,
removal or change of venue to any other court.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]
IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year written below.

Dated: ____________, 2020

EAST VALLEY WATER DISTRICT

By: General Manager

FIRST AMERICAN TITLE INSURANCE COMPANY, a Nebraska corporation

By: ________________________________
Name: ______________________________
Title: ______________________________
LIST OF EXHIBITS

EXHIBIT A - DESCRIPTION OF DEVELOPER PROPERTY
EXHIBIT B - DESCRIPTION OF COST ESTIMATES OF THE IMPROVEMENTS
EXHIBIT C - NOTICE OF SPECIAL TAX (as prepared by Developer)
EXHIBIT D - DISBURSEMENT REQUEST FORM
EXHIBIT A
DESCRIPTION OF DEVELOPER PROPERTY

Real property located in the County of San Bernardino, State of California, City of San Bernardino described as follows:

COMMUNITY FACILITIES DISTRICT BOUNDARY:

ALL THAT PORTION OF THE SOUTH 1/2 OF SECTION 27 AND ALL THAT PORTION OF THE NORTHWEST 1/4 OF SECTION 34 AND ALL THAT PORTION OF THE SOUTHWEST 1/4 OF SECTION 26, TOWNSHIP 1 NORTH, RANGE 3 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 27; THENCE SOUTH 89 DEG. 54’ 09” WEST ALONG THE SOUTH LINE OF SAID SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 27, 900.00 FEET TO THE SOUTHWEST CORNER OF THAT PROPERTY DESCRIBED BY A DEED TO L.C. WAITE, ET AL., IN BOOK 255, PAGE 387, OF DEEDS, RECORDS OF SAID COUNTY; THENCE NORTH 00 DEG. 05’ 55” WEST, ALONG THE WEST LINE OF SAID WAITE PROPERTY, 44.00 FEET TO THE MOST SOUTHERLY CORNER OF THAT PROPERTY DESCRIBED IN A DEED TO THE STATE OF CALIFORNIA IN INSTRUMENT NO. 90-248587, OFFICIAL RECORDS OF SAID COUNTY; THENCE NORTHEASTERLY AND NORTHWESTERLY FOLLOWING THE EASTERLY LINE OF SAID STATE PROPERTY, NORTH 26 DEG. 32’ 20” EAST, 348.41 FEET; THENCE NORTH 35 DEG. 32’ 55” WEST, 15.25 FEET; THENCE LEAVING SAID EASTERLY LINE FOLLOWING THE EASTERLY LINE OF THAT PROPERTY DESCRIBED AS PARCEL 1 OF EXHIBIT “B” OF THAT CERTIFICATE OF COMPLIANCE RECORDED AS INSTRUMENT NO. 94-414166, OFFICIAL RECORDS OF SAID COUNTY, NORTH 00 DEG. 53’ 43” EAST, 143.13 FEET; THENCE NORTH 26 DEG. 29’ 16” EAST, 32.07 FEET; THENCE SOUTH 89 DEG. 55’ 10” EAST, 142.65 FEET; THENCE NORTH 29 DEG. 47” EAST, 76.27 FEET; THENCE NORTH 18 DEG. 03’ 10” EAST, 240.42 FEET; THENCE SOUTH 07 DEG. 30’ 31” EAST, 373.60 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 78.05 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 26 DEG. 12’ 28”; THENCE NORTHEASTERLY AND NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 228.08 FEET THROUGH A CENTRAL ANGLE OF 167 DEG. 32’ 28”; THENCE ON A NON-TANGENT BEARING, NORTH 89 DEG. 51’ 50” WEST, 66.09 FEET TO THE WEST LINE OF THAT CERTAIN “PARCEL 4” AS DESCRIBED IN A DEED TO RANCHO SAN ANDREAS COMPANY IN INSTRUMENT NO. 90-121848, OFFICIAL RECORDS OF SAID COUNTY; THENCE NORTH 03 DEG. 27’ 45” EAST ALONG SAID WEST LINE OF SAID “PARCEL 4”, 1275.72 FEET TO THE NORTH LINE OF THE SOUTHWEST 1/4 OF SAID SECTION 27; THENCE SOUTH 89 DEG. 55’ 10” WEST, 355.45 FEET; THENCE SOUTH 78 DEG. 35’ 55” EAST, 282.98 FEET; THENCE NORTH 37 DEG. 24’ 27” EAST, 272.93 FEET; THENCE SOUTH 89 DEG. 54’ 08” EAST, 973.55 FEET TO A POINT ON A NON-TANGENT CURVE, HAVING A RADIUS OF 225.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 88 DEG. 42’ 29” WEST; THENCE SOUTHERLY AND SOUTHEASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 196.64 FEET THROUGH A CENTRAL ANGLE
OF 50 DEG. 04’24”; THENCE TANGENT TO SAID CURVE, SOUTH 48 DEG. 46’53” EAST, 70.86 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORHERLY, HAVING A RADIUS OF 330.00 FEET; THENCE SOUTHEASTERLY AND NORTHEASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 408.55 FEET THROUGH A CENTRAL ANGLE OF 70 DEG. 56’02”; THENCE TANGENT TO SAID CURVE, NORTH 60 DEG. 17’05” EAST, 64.25 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY, HAVING A RADIUS OF 120.00 FEET; THENCE NORTHEASTERLY AND SOUTHEASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 212.19 FEET THROUGH A CENTRAL ANGLE OF 101 DEG. 18’50”; THENCE ON A NON-TANGENT BEARING, NORTH 69 DEG. 10’43” EAST, 60.04 FEET TO A POINT ON A NON-TANGENT CURVE, HAVING A RADIUS OF 10.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 70 DEG. 47’30” WEST; THENCE SOUTHEASTERLY AND EASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 16.47 FEET THROUGH A CENTRAL ANGLE OF 94 DEG. 23’32”; THENCE TANGENT TO SAID CURVE, NORTH 66 DEG. 23’58” EAST, 48.72 FEET; THENCE NORTH 37 DEG. 54’23” EAST, 41.98 FEET; THENCE NORTH 74 DEG. 14’49” EAST, 34.87 FEET; THENCE NORTH 75 DEG. 56’19” EAST, 183.42 FEET; THENCE NORTH 76 DEG. 40’51” EAST, 232.77 FEET; THENCE NORTH 84 DEG. 54’07” EAST, 226.46 FEET; THENCE NORTH 80 DEG. 23’01” EAST, 457.57 FEET; THENCE SOUTH 80 DEG. 28’59” EAST, 468.70 FEET; THENCE SOUTH 71 DEG. 36’45” EAST, 156.81 TO A POINT ON THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 27; THENCE CONTINUING SOUTH 71 DEG. 36’45” EAST, 27.81 FEET; THENCE SOUTH 23 DEG. 50’05” EAST, 207.36 FEET; THENCE SOUTH 88 DEG. 24’29” WEST, 67.13 FEET; THENCE SOUTH 55 DEG. 52’51” WEST, 40.54 FEET; THENCE NORTH 70 DEG. 34’04” WEST, 9.46 FEET TO A POINT ON THE EAST LINE OF SAID SECTION 27; THENCE CONTINUING NORTH 70 DEG. 34’04” WEST, 34.39 FEET; THENCE NORTH 82 DEG. 20’31” WEST, 86.75 FEET; THENCE SOUTH 74 DEG. 35’38” WEST, 107.21 FEET; THENCE NORTH 59 DEG. 44’14” WEST, 41.28 FEET; THENCE SOUTH 80 DEG. 01’44” WEST, 92.74 FEET; THENCE SOUTH 85 DEG. 05’40” WEST, 45.87 FEET; THENCE SOUTH 52 DEG. 09’56” WEST, 104.47 FEET; THENCE SOUTH 40 DEG. 15’13” WEST, 55.76 FEET; THENCE SOUTH 00 DEG. 43’26” WEST, 50.23 FEET; THENCE SOUTH 19 DEG. 14’33” EAST, 50.00 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE SOUTHERLY, HAVING A RADIUS OF 475.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 19 DEG. 14’33” WEST; THENCE EASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 104.91 FEET THROUGH A CENTRAL ANGLE OF 12 DEG. 39’15”; THENCE ON A NON-TANGENT BEARING, SOUTH 27 DEG. 54’56” EAST, 142.75 FEET; THENCE SOUTH 60 DEG. 25’11” EAST, 69.04 FEET; THENCE SOUTH 26 DEG. 30’04” EAST, 40.46 FEET; THENCE SOUTH 88 DEG. 33’35” EAST, 34.56 FEET; THENCE SOUTH 29 DEG. 42’51” EAST, 49.73 FEET; THENCE SOUTH 15 DEG. 55’30” EAST, 45.64 FEET; THENCE SOUTH 27 DEG. 26’13” WEST, 35.86 FEET; THENCE SOUTH 35 DEG. 20’59” EAST, 80.05 FEET; THENCE SOUTH 13 DEG. 50’51” WEST, 120.49 FEET; THENCE SOUTH 71 DEG. 15’34” EAST, 62.29 FEET; THENCE SOUTH 19 DEG. 17’02” EAST, 72.49 FEET; THENCE SOUTH 08 DEG. 43’03” WEST, 29.12 FEET; THENCE SOUTH 15 DEG. 49’23” EAST, 74.20 FEET; THENCE SOUTH 18 DEG. 08’46” WEST, 20.43 FEET; THENCE SOUTH 15 DEG. 21’31” EAST, 80.11 FEET; THENCE SOUTH 01 DEG. 32’07” EAST, 103.84 FEET; THENCE SOUTH 30 DEG. 28’42” WEST, 36.26 FEET; THENCE SOUTH 03 DEG. 45’38” WEST, 75.29 FEET; THENCE SOUTH 17 DEG. 32’19” WEST, 78.35 FEET; THENCE SOUTH 50 DEG. 10’11” WEST, 67.57 FEET; THENCE NORTH 87 DEG. 37’38” WEST, 70.09 FEET; THENCE SOUTH 48 DEG. 33’18” WEST, 202.83 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 175.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 52 DEG. 30’02” WEST; THENCE NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 12.57 FEET THROUGH A CENTRAL ANGLE OF 04 DEG. 06’54”;
THENCE ON A NON-TANGENT BEARING, SOUTH 56 DEG. 36'56” WEST, 50.00 FEET; THENCE SOUTH 34 DEG. 06’16” WEST, 158.02 FEET; THENCE SOUTH 48 DEG. 22’52” EAST, 51.60 FEET; THENCE SOUTH 59 DEG. 26’48” EAST, 50.00 FEET; THENCE SOUTH 26 DEG. 31’41” EAST, 5.44 FEET; THENCE SOUTH 61 DEG. 25’42” EAST, 44.72 FEET; THENCE NORTH 72 DEG. 12’59” EAST, 27.39 FEET; THENCE SOUTH 87 DEG. 11’59” EAST, 26.13 FEET; THENCE NORTH 81 DEG. 34’34” EAST, 51.82 FEET; THENCE SOUTH 83 DEG. 24’13” EAST, 49.72 FEET; THENCE SOUTH 42 DEG. 43’35” EAST, 50.80 FEET; THENCE SOUTH 16 DEG. 29’22” EAST, 113.21 FEET TO A POINT ON THE SOUTH LINE OF THE SOUTH 1/2 OF SAID SECTION 27; THENCE TANGENT TO SAID CURVE, NORTH 89 DEG. 55’06” WEST, 555.71 FEET TO THE NORTHWEST CORNER OF LOT 61, TRACT NO. 5299, SYCAMORE HEIGHTS ESTATES, AS PER PLAT RECORDED IN BOOK 76 OF MAPS, PAGES 74 AND 75, RECORDS OF SAID COUNTY; THENCE ALONG THE WESTERLY AND SOUTHWESTERLY BOUNDARY OF SAID TRACT NO. 5299 THE FOLLOWING: SOUTH 00 DEG. 30’45” EAST, 105.00 FEET; THENCE SOUTH 12 DEG. 21’07” EAST, 360.15 FEET; THENCE SOUTH 43 DEG. 16’19” EAST, 225.27 FEET TO THE SOUTHEASTERLY LINE OF THE LAND DESCRIBED IN THE DEED TO TITLE INSURANCE AND TRUST COMPANY, RECORDED AUGUST 11, 1961, IN BOOK 5507,
PAGE 397, OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID SOUTHEASTERLY AND SOUTHWESTERLY LINE THE FOLLOWING: SOUTH 46 DEG. 42'20" WEST, 273.77 FEET; THENCE NORTH 62 DEG. 34'19" WEST, 66.06 FEET; THENCE NORTH 59 DEG. 47'14" WEST, 233.22 FEET; THENCE NORTH 63 DEG. 44'53" WEST, 361.44 FEET TO A POINT ON THE WEST LINE OF SAID NORTHEAST 1/4 OF SAID SECTION 34; THENCE NORTH 00 DEG. 31'08" WEST, ALONG SAID WEST LINE, 98.92 FEET; THENCE NORTH 57 DEG. 46'39" WEST, 60.84 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 70.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 44 DEG. 46" EAST; THENCE SOUTHWESTERLY AND WESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 55.92 FEET THROUGH A CENTRAL ANGLE OF 45 DEG. 46"; THENCE TANGENT TO SAID CURVE, NORTH 88 DEG. 58'24" WEST, 95.09 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY, HAVING A RADIUS OF 68.00 FEET; THENCE WESTERLY AND SOUTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 71.41 FEET THROUGH A CENTRAL ANGLE OF 60 DEG. 10" TO A POINT OF REVERSE CURVE HAVING A RADIUS OF 8.00 FEET; THENCE SOUTHWESTERLY AND NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 12.57 FEET THROUGH A CENTRAL ANGLE OF 90 DEG. 00'00"; THENCE ON A NON-TANGENT BEARING, SOUTH 30 DEG. 51'33" WEST, 8.94 FEET TO A POINT ON THE NORTHEASTERLY LINE OF THAT PROPERTY DESCRIBED IN A DEED TO THE COUNTY OF SAN BERNARDINO, Recorded in Book 1555, Page 151, OFFICIAL RECORDS OF SAID COUNTY; THENCE FOLLOWING THE NORTHEASTERLY AND NORTHERLY LINE OF SAID COUNTY PROPERTY, NORTH 58 DEG. 58'32" WEST, 95.31 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY, HAVING A RADIUS OF 741.20 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 360.29 FEET THROUGH A CENTRAL ANGLE OF 27 DEG. 51'04"; THENCE TANGENT TO SAID CURVE, NORTH 86 DEG. 49'36" WEST, 36.93 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 206.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 186.84 FEET THROUGH A CENTRAL ANGLE OF 51 DEG. 58'03"; THENCE TANGENT TO SAID CURVE, NORTH 34 DEG. 51'33" WEST, 169.50 FEET TO THE BEGINNING OF TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 1121.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 164.86 FEET THROUGH A CENTRAL ANGLE OF 08 DEG. 25'35"; THENCE TANGENT TO SAID CURVE, NORTH 26 DEG. 25'58" WEST, 192.31 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 325.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 232.82 FEET THROUGH A CENTRAL ANGLE OF 41 DEG. 02'41" TO A POINT ON THE SOUTH LINE OF THE SOUTH 1/2 OF SAID SECTION 27; THENCE ON A NON-TANGENT BEARING, SOUTH 89 DEG. 54'09" WEST, ALONG SAID SOUTH LINE, 10.49 FEET TO THE POINT OF BEGINNING.

IMPROVEMENT AREA NO. 1:

ALL THAT PORTION OF THE SOUTH 1/2 OF SECTION 27 AND ALL THAT PORTION OF THE NORTHWEST 1/4 OF SECTION 34, TOWNSHIP 1 NORTH, RANGE 3 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:
BEGINNING AT THE SOUTHEAST CORNER OF SAID SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 27; THENCE SOUTH 89 DEG. 54’ 09” WEST ALONG THE SOUTH LINE OF SAID SOUTHWEST CORNER OF THAT PROPERTY DESCRIBED BY A DEED TO L.C. WAITE, ET AL., IN BOOK 255, PAGE 387, OF DEEDS, RECORDS OF SAID COUNTY; THENCE NORTH 00 DEG. 05’ 55” WEST, ALONG THE WEST LINE OF SAID WAITE PROPERTY, 44.00 FEET TO THE MOST SOUTHERLY CORNER OF THAT PROPERTY DESCRIBED IN A DEED TO THE STATE OF CALIFORNIA IN INSTRUMENT NO. 90-248587, OFFICIAL RECORDS OF SAID COUNTY; THENCE NORTHEASTERLY AND NORTHWesterLY FOLLOWING THE EASTERLY LINE OF SAID STATE PROPERTY, NORTH 26 DEG. 32’ 20” EAST, 348.41 FEET; THENCE NORTH 35 DEG. 32’ 55” WEST, 15.25 FEET; THENCE LEAVING SAID EASTERLY LINE FOLLOWING THE EASTERLY LINE OF THAT PROPERTY DESCRIBED AS PARCEL 1 OF EXHIBIT “B” OF THAT CERTIFICATE OF COMPLIANCE RECORDED AS INSTRUMENT NO. 94-414166, OFFICIAL RECORDS OF SAID COUNTY, NORTH 00 DEG. 53’ 43” EAST, 143.13 FEET; THENCE NORTH 26 DEG. 29’ 16” EAST, 32.07 FEET; THENCE SOUTH 89 DEG. 55’ 10” EAST, 142.65 FEET; THENCE NORTH 29 DEG. 55’ 47” EAST, 76.27 FEET; THENCE NORTH 00 DEG. 18 DEG. 03’ 10” EAST, 240.42 FEET; THENCE NORTH 07 DEG. 31” EAST, 373.60 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 78.05 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 12 DEG. 26’ 53” EAST; THENCE NORTHEASTERLY AND NORTHWesterLY ALONG SAID CURVE, AN ARC DISTANCE OF 228.08 FEET THROUGH A CENTRAL ANGLE OF 167 DEG. 32’ 28”; THENCE ON A NON-TANGENT BEARING, NORTH 89 DEG. 51’ 50” WEST, 66.09 FEET TO THE WEST LINE OF THAT CERTAIN “PARCEL 4” AS DESCRIBED IN A DEED TO RANCHO SAN ANDREAS COMPANY IN INSTRUMENT NO. 90-121848, OFFICIAL RECORDS OF SAID COUNTY; THENCE NORTH 03 DEG. 27’ 45” EAST ALONG SAID WEST LINE OF SAID “PARCEL 4”, 1275.72 FEET TO THE NORTH LINE OF THE SOUTHWEST 1/4 OF SAID SECTION 27; THENCE SOUTH 89 DEG. 36’39” EAST, 712.45 FEET; THENCE SOUTH 37 DEG. 24’ 27” WEST, 355.45 FEET; THENCE SOUTH 78 DEG. 55” EAST, 282.98 FEET; THENCE NORTH 37 DEG. 24’ 27” EAST, 272.93 FEET; THENCE SOUTH 89 DEG. 54’08” EAST, 50.62 FEET; THENCE SOUTH 00 DEG. 05’52” WEST, 1019.19 FEET; THENCE SOUTH 46 DEG. 10’12” WEST, 127.48 FEET; THENCE NORTH 48 DEG. 39’07” WEST, 83.47 FEET; THENCE SOUTH 46 DEG. 00 DEG. 08’10” WEST, 291.33 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 300.00 FEET; THENCE SOUTHWesterLY AND SOUTHEASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 440.60 FEET THROUGH A CENTRAL ANGLE OF 84 DEG. 08’57”; THENCE TANGENT TO SAID CURVE, SOUTH 00 DEG. 04’17” EAST, 652.99 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWesterLY, HAVING A RADIUS OF 350.00 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 67.12 FEET THROUGH A CENTRAL ANGLE OF 10 DEG. 59’15”; THENCE ON A NON-TANGENT BEARING, NORTH 88 DEG. 25’29” EAST, 748.39 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY, A RADIAL LINE TO SAID POINT BEARS NORTH 71 DEG. 26’02” WEST; THENCE SOUTHERLY ALONG SAID CURVE, AN ARC DISTANCE OF 123.91 FEET THROUGH A CENTRAL ANGLE OF 19 DEG. 05’06”; THENCE TANGENT TO SAID CURVE, SOUTH 00 DEG. 31’08” EAST, 174.85 FEET TO THE SOUTHEAST CORNER OF THE SOUTHWEST 1/4 OF SAID SECTION 27; THENCE CONTINUING SOUTH 00 DEG. 03’08” EAST, ALONG THE EAST LINE OF THE NORTHWEST 1/4 OF SECTION 34, TOWNSHIP 1 NORTH, RANGE 3 WEST, SAN BERNARDINO BASE AND MERIDIAN, 434.08 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 300.00 FEET; THENCE SOUTHERLY
ALONG SAID CURVE, AN ARC DISTANCE OF 101.02 FEET THROUGH A CENTRAL ANGLE OF 37 DEG. 13'08"; THENCE SOUTH 36 DEG. 42'01" WEST, 244.47 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 68.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 09 DEG. 08'23" WEST; THENCE SOUTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 59.35 FEET THROUGH A CENTRAL ANGLE OF 50 DEG. 00'13" TO A POINT OF REVERSE CURVE HAVING A RADIUS OF 8.00 FEET; THENCE SOUTHWESTERLY AND NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 12.57 FEET THROUGH A CENTRAL ANGLE OF 90 DEG. 00'00"; THENCE ON A NON-TANGENT BEARING, SOUTH 30 DEG. 51'24" WEST, 8.94 FEET TO A POINT ON THE NORTHEASTERLY LINE OF THAT PROPERTY DESCRIBED IN A DEED TO THE COUNTY OF SAN BERNARDINO, RECORDED IN BOOK 1555, PAGE 151, OFFICIAL RECORDS OF SAID COUNTY; THENCE FOLLOWING THE NORTHEASTERLY AND NORTHERLY LINE OF SAID COUNTY PROPERTY, NORTH 58 DEG. 32" WEST, 95.31 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY, HAVING A RADIUS OF 741.20 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 360.29 FEET THROUGH A CENTRAL ANGLE OF 27 DEG. 51'04"; THENCE TANGENT TO SAID CURVE, NORTH 86 DEG. 49'36" WEST, 36.93 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 206.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 186.84 FEET THROUGH A CENTRAL ANGLE OF 51 DEG. 58'03"; THENCE TANGENT TO SAID CURVE, NORTH 34 DEG. 51'33" WEST, 169.50 FEET TO THE BEGINNING OF TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 1121.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 164.86 FEET THROUGH A CENTRAL ANGLE OF 08 DEG. 25'35"; THENCE TANGENT TO SAID CURVE, NORTH 26 DEG. 25'58" WEST, 192.31 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 325.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 232.82 FEET THROUGH A CENTRAL ANGLE OF 41 DEG. 02'41" TO A POINT ON THE SOUTHEAST CORNER OF THE SOUTH 1/2 OF SAID SECTION 27; THENCE ON A NON-TANGENT BEARING, SOUTH 89 DEG. 54'09" WEST, ALONG SAID SOUTH LINE, 10.49 FEET TO THE POINT OF BEGINNING.

EXCLUDING THEREFROM THE RIGHT OF WAY ALONG HIGHLAND AVENUE, AS DESCRIBED IN INSTRUMENT NO. 90-248588, OFFICIAL RECORDS OF SAID COUNTY.

IMPROVEMENT AREA NO. 2:

ALL THAT PORTION OF THE SOUTH 1/2 OF SECTION 27, TOWNSHIP 1 NORTH, RANGE 3 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF THE SOUTHWEST 1/4 OF SAID SECTION 27; THENCE NORTH 00 DEG. 31'08" WEST, ALONG THE EAST LINE OF SAID SOUTHWEST 1/4, 174.85 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 372.00 FEET; THENCE NORTHERTHERLY ALONG SAID CURVE, AN ARC DISTANCE OF 123.91 FEET THROUGH A CENTRAL ANGLE OF 19 DEG. 05'06" TO THE TRUE POINT OF BEGINNING, A RADIAL LINE TO SAID POINT BEARS NORTH 71 DEG. 26'02" WEST; THENCE CONTINUING NORTHERLY AND NORTHEASTERLY ALONG SAID CURVE HAVING A RADIUS OF 372.00 FEET, AN ARC DISTANCE OF 367.12 FEET THROUGH
A CENTRAL ANGLE OF 56 DEG. 32’37” TO A POINT OF REVERSE CURVE, HAVING A RADIUS OF 2500.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 400.81 FEET THROUGH A CENTRAL ANGLE OF 09 DEG. 11’09” TO A POINT OF REVERSE CURVE, HAVING A RADIUS OF 1500.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 226.97 FEET THROUGH A CENTRAL ANGLE OF 08 DEG. 40’10” TO A POINT OF REVERSE CURVE, HAVING A RADIUS OF 650.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 61.48 FEET THROUGH A CENTRAL ANGLE OF 03 DEG. 31’20”; THENCE ON A NON-TANGENT BEARING, NORTH 20 DEG. 52’25” WEST, 120.03 FEET; THENCE NORTH 03 DEG. 15’46” EAST, 58.15 FEET; THENCE NORTH 54 DEG. 50’36” EAST, 3.21 FEET; THENCE NORTH 01 DEG. 06’59” EAST, 42.38 FEET; THENCE NORTH 05 DEG. 34’25” EAST, 6.56 FEET; THENCE NORTH 45 DEG. 45’12” WEST, 46.98 FEET; THENCE NORTH 03 DEG. 10’45” EAST, 9.57 FEET; THENCE NORTH 53 DEG. 21’46” WEST, 47.15 FEET; THENCE NORTH 09 DEG. 08’55” WEST, 9.16 FEET; THENCE NORTH 61 DEG. 45’55” WEST, 46.53 FEET; THENCE NORTH 19 DEG. 32’26” WEST, 7.93 FEET; THENCE NORTH 67 DEG. 22’30” WEST, 49.15 FEET; THENCE NORTH 23 DEG. 39’33” WEST, 4.98 FEET; THENCE NORTH 64 DEG. 01’10” WEST, 58.48 FEET; THENCE 16 DEG. 06’47” WEST, 3.80 FEET; THENCE NORTH 58 DEG. 14’39” WEST, 58.67 FEET; THENCE 10 DEG. 54’35” WEST, 3.24 FEET; THENCE NORTH 52 DEG. 36’44” WEST, 50.34 FEET; THENCE SOUTH 78 DEG. 08’32” WEST, 30.42 FEET; THENCE SOUTH 67 DEG. 29’25” WEST, 104.64 FEET; THENCE NORTH 69 DEG. 51’44” WEST, 315.45 FEET; THENCE SOUTH 88 DEG. 41’06” WEST, 484.95 FEET; THENCE SOUTH 02 DEG. 41’26” WEST, 100.66 FEET; THENCE SOUTH 03 DEG. 10’24” EAST, 61.49 FEET; THENCE SOUTH 25 DEG. 11’54” EAST, 177.44 FEET; THENCE SOUTH 31 DEG. 38’37” WEST, 10.94 FEET; THENCE SOUTH 08 DEG. 19’33” EAST, 2.01 FEET; THENCE SOUTH 81 DEG. 40’27” WEST, 46.09 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 331.00 FEET; THENCE WESTERLY AND NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 310.58 FEET THROUGH A CENTRAL ANGLE OF 53 DEG. 45’39”; THENCE TANGENT TO SAID CURVE, NORTH 44 DEG. 34’42” WEST, 67.56 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 1039.00 FEET, THENCE NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 93.82 FEET THROUGH A CENTRAL ANGLE OF 05 DEG. 10’25”; THENCE TANGENT TO SAID CURVE, NORTH 49 DEG. 45’06” WEST, 101.44 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 4961.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 95.24 FEET THROUGH A CENTRAL ANGLE OF 01 DEG. 06’00”; THENCE TANGENT TO SAID CURVE, NORTH 48 DEG. 39’07” WEST, 228.50 FEET; THENCE SOUTH 46 DEG. 08’10” WEST, 291.33 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 300.00 FEET; THENCE SOUTHWESTERLY AND SOUTHEASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 440.60 FEET THROUGH A CENTRAL ANGLE OF 84 DEG. 08’57”; THENCE TANGENT TO SAID CURVE, SOUTH 38 DEG. 00’47” EAST, 652.99 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 350.00 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 67.12 FEET THROUGH A CENTRAL ANGLE OF 10 DEG. 59’15”; THENCE ON A NON-TANGENT BEARING, NORTH 88 DEG. 25’29” EAST, 748.39 FEET TO THE TRUE POINT OF BEGINNING.
IMPROVEMENT AREA NO. 3:

ALL THAT PORTION OF THE SOUTH 1/2 OF SECTION 27 AND ALL THAT PORTION OF THE SOUTHWEST 1/4 OF SECTION 26 AND ALL THAT PORTION OF THE NORTH 1/2 OF SECTION 34, TOWNSHIP 1 NORTH, RANGE 3 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF THE SOUTHWEST 1/4 OF SAID SECTION 27; THENCE NORTH 00 DEG. 31'08" WEST, ALONG THE EAST LINE OF SAID SOUTHWEST 1/4, 174.85 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 372.00 FEET; THENCE NORTHERLY AND NORTHEASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 491.03 FEET THROUGH A CENTRAL ANGLE OF 75 DEG. 37'43" TO A POINT OF REVERSE CURVE, HAVING A RADIUS OF 2500.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 400.81 FEET THROUGH A CENTRAL ANGLE OF 09 DEG. 40'10" TO A POINT OF REVERSE CURVE, HAVING A RADIUS OF 650.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 61.48 FEET THROUGH A CENTRAL ANGLE OF 03 DEG. 31'20"; THENCE ON A NON-TANGENT BEARING, NORTH 20 DEG. 52'25" WEST, 120.03 FEET; THENCE NORTH 03 DEG. 15'46" EAST, 58.15 FEET; THENCE NORTH 54 DEG. 50'36" EAST, 3.21 FEET; THENCE NORTH 01 DEG. 06'59" EAST, 42.38 FEET; THENCE NORTH 05 DEG. 34'25" EAST, 6.56 FEET; THENCE NORTH 45 DEG. 45'12" WEST, 46.98 FEET; THENCE NORTH 03 DEG. 10'45" EAST, 9.57 FEET; THENCE NORTH 53 DEG. 21'46" WEST, 47.15 FEET; THENCE NORTH 09 DEG. 08'55" WEST, 9.16 FEET; THENCE NORTH 61 DEG. 45'55" WEST, 46.53 FEET; THENCE NORTH 19 DEG. 32'26" WEST, 7.93 FEET; THENCE NORTH 67 DEG. 22'30" WEST, 49.15 FEET; THENCE NORTH 23 DEG. 39'33" WEST, 4.98 FEET; THENCE NORTH 64 DEG. 01'10" WEST, 58.48 FEET; THENCE 16 DEG. 06'47" WEST, 3.80 FEET; THENCE NORTH 58 DEG. 14'39" WEST, 58.67 FEET; THENCE 10 DEG. 54'35" WEST, 3.24 FEET; THENCE NORTH 52 DEG. 36'44" WEST, 50.34 FEET; THENCE SOUTH 78 DEG. 08'32" WEST, 30.42 FEET; THENCE SOUTH 67 DEG. 29'25" WEST, 104.64 FEET; THENCE NORTH 69 DEG. 51'44" WEST, 315.45 FEET; THENCE SOUTH 88 DEG. 41'06" WEST, 484.95 FEET; THENCE SOUTH 02 DEG. 41'26" WEST, 100.66 FEET; THENCE SOUTH 03 DEG. 10'24" EAST, 61.49 FEET; THENCE SOUTH 25 DEG. 11'54" EAST, 177.44 FEET; THENCE SOUTH 31 DEG. 38'37" WEST, 10.94 FEET; THENCE SOUTH 08 DEG. 19'33" EAST, 2.01 FEET; THENCE SOUTH 81 DEG. 40'27" WEST, 46.09 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 331.00 FEET; THENCE WESTERLY AND NORTHWesterLY ALONG SAID CURVE, AN ARC DISTANCE OF 310.58 FEET THROUGH A CENTRAL ANGLE OF 53 DEG. 45'39"; THENCE TANGENT TO SAID CURVE, NORTH 44 DEG. 34'42" WEST, 67.56 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 1039.00 FEET, THENCE NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 93.82 FEET THROUGH A CENTRAL ANGLE OF 05 DEG. 10'25"; THENCE TANGENT TO SAID CURVE, NORTH 49 DEG. 45'06" WEST, 101.44 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 4961.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 95.24 FEET THROUGH A CENTRAL ANGLE OF 01 DEG. 06'00"; THENCE TANGENT TO SAID CURVE, NORTH 48
DEG. 39°07” WEST, 145.03 FEET; THENCE NORTH 46 DEG. 10’12” EAST, 127.48 FEET; THENCE NORTH 00 DEG. 05’52” EAST, 1019.19 FEET; THENCE SOUTH 89 DEG. 54’08” EAST, 922.93 FEET TO A POINT ON A NON-TANGENT CURVE, HAVING A RADIUS OF 225.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 88 DEG. 42’29” WEST; THENCE SOUTHERLY AND SOUTHEASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 196.64 FEET THROUGH A CENTRAL ANGLE OF 50 DEG. 04’24” ; THENCE TANGENT TO SAID CURVE, SOUTH 48 DEG. 46’53” EAST, 70.86 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 330.00 FEET; THENCE SOUTHEASTERLY AND NORTHEASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 408.55 FEET THROUGH A CENTRAL ANGLE OF 70 DEG. 56’02”; THENCE TANGENT TO SAID CURVE, NORTH 60 DEG. 17’05” EAST, 64.25 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY, HAVING A RADIUS OF 120.00 FEET; THENCE NORTHEASTERLY AND SOUTHEASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 212.19 FEET THROUGH A CENTRAL ANGLE OF 101 DEG. 18’50”; THENCE ON A NON-TANGENT BEARING, NORTH 69 DEG. 10’43” EAST, 60.04 FEET TO A POINT ON A NON-TANGENT CURVE, HAVING A RADIUS OF 10.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 70 DEG. 47’30” WEST; THENCE SOUTHEASTERLY AND EASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 16.47 FEET THROUGH A CENTRAL ANGLE OF 94 DEG. 23’32”; THENCE TANGENT TO SAID CURVE, NORTH 66 DEG. 23’58” EAST, 48.72 FEET; THENCE NORTH 37 DEG. 54’23” EAST, 41.98 FEET; THENCE NORTH 74 DEG. 14’49” EAST, 34.87 FEET; THENCE NORTH 25 DEG. 56’19” EAST, 183.42 FEET; THENCE NORTH 76 DEG. 40’51” EAST, 232.77 FEET; THENCE NORTH 84 DEG. 54’07” EAST, 226.46 FEET; THENCE NORTH 80 DEG. 23’01 EAST, 457.57 FEET; THENCE SOUTH 80 DEG. 28’59” EAST, 126.70 FEET; THENCE SOUTH 71 DEG. 36’45” EAST, 156.81 TO A POINT ON THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 27; THENCE CONTINUING SOUTH 71 DEG. 36’45” EAST, 27.81 FEET; THENCE SOUTH 23 DEG. 50’05” EAST, 207.36 FEET; THENCE SOUTH 88 DEG. 24’29” WEST, 67.13 FEET; THENCE SOUTH 55 DEG. 52’51” WEST, 40.54 FEET; THENCE NORTH 70 DEG. 34’04” WEST, 9.46 FEET TO A POINT ON THE EAST LINE OF SAID SECTION 27; THENCE CONTINUING NORTH 70 DEG. 34’04” WEST, 34.39 FEET; THENCE NORTH 82 DEG. 20’31” WEST, 86.75 FEET; THENCE SOUTH 74 DEG. 35’38” WEST, 107.21 FEET; THENCE NORTH 59 DEG. 44’14” WEST, 41.28 FEET; THENCE SOUTH 80 DEG. 01’44” WEST, 92.74 FEET; THENCE SOUTH 85 DEG. 05’40” WEST, 45.87 FEET; THENCE SOUTH 52 DEG. 09’56” WEST, 104.47 FEET; THENCE SOUTH 40 DEG. 15’13” WEST, 55.76 FEET; THENCE SOUTH 00 DEG. 43’26” WEST, 50.23 FEET; THENCE SOUTH 19 DEG. 14’33” EAST, 50.00 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE SOUTHERLY, HAVING A RADIUS OF 475.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 19 DEG. 14’33” WEST; THENCE EASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 104.91 FEET THROUGH A CENTRAL ANGLE OF 12 DEG. 39’15”; THENCE ON A NON-TANGENT BEARING, SOUTH 27 DEG. 54’56” EAST, 142.75 FEET; THENCE SOUTH 60 DEG. 25’11” EAST, 69.04 FEET; THENCE SOUTH 26 DEG. 30’04” EAST, 40.46 FEET; THENCE SOUTH 88 DEG. 33’35” EAST, 34.56 FEET; THENCE SOUTH 29 DEG. 42’51” EAST, 49.73 FEET; THENCE SOUTH 15 DEG. 55’30 EAST, 45.64 FEET; THENCE SOUTH 27 DEG. 26’13” WEST, 35.86 FEET; THENCE SOUTH 35 DEG. 20’59” EAST, 80.05 FEET; THENCE SOUTH 13 DEG. 50’51” WEST, 120.49 FEET; THENCE SOUTH 71 DEG. 15’34” EAST, 62.29 FEET; THENCE SOUTH 19 DEG. 17’02” EAST, 72.49 FEET; THENCE SOUTH 08 DEG. 43’03” WEST, 29.12 FEET; THENCE SOUTH 15 DEG. 49’23” EAST, 74.20 FEET; THENCE SOUTH 18 DEG. 08’46” WEST, 20.43 FEET; THENCE SOUTH 15 DEG. 21’31” EAST, 80.11 FEET; THENCE SOUTH 01 DEG. 32’07” EAST, 103.84 FEET; THENCE SOUTH 30 DEG. 28’42” WEST, 36.26 FEET; THENCE SOUTH 03 DEG. 45’38” WEST, 75.29 FEET; THENCE SOUTH 17 DEG. 32’19”
WEST, 78.35 FEET; THENCE SOUTH 50 DEG. 10'11" WEST, 67.57 FEET; THENCE NORTH 87 DEG. 37'38" WEST, 70.09 FEET; THENCE SOUTH 48 DEG. 33'18" WEST, 202.83 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 175.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 52 DEG. 30'02" WEST; THENCE NORTHWesterLY ALONG SAID CURVE, AN ARC DISTANCE OF 12.57 FEET THROUGH A CENTRAL ANGLE OF 04 DEG. 06"54"; THENCE ON A NON-TANGENT BEARING, SOUTH 56 DEG. 36'56" WEST, 50.00 FEET; THENCE SOUTH 34 DEG. 06'16" WEST, 158.02 FEET; THENCE SOUTH 48 DEG. 22'52" EAST, 51.60 FEET; THENCE SOUTH 59 DEG. 26'48" EAST, 52.30 FEET; THENCE SOUTH 26 DEG. 31'41" EAST, 57.44 FEET; THENCE SOUTH 61 DEG. 25'42" EAST, 44.72 FEET; THENCE NORTH 72 DEG. 12'59" EAST, 37.20 FEET; THENCE SOUTH 64 DEG. 45'13" EAST, 37.09 FEET; THENCE NORTH 89 DEG. 22'45" EAST, 55.93 FEET; THENCE SOUTH 80 DEG. 40'34" EAST, 27.39 FEET; THENCE SOUTH 87 DEG. 11'59" EAST, 26.13 FEET; THENCE NORTH 81 DEG. 36'34" EAST, 51.82 FEET; THENCE SOUTH 83 DEG. 24'13" EAST, 49.72 FEET; THENCE SOUTH 42 DEG. 43'53" EAST, 50.80 FEET; THENCE SOUTH 69 DEG. 05'29" EAST, 31.92 FEET; THENCE NORTH 39 DEG. 51'53" EAST, 11.96 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 375.06 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 41'09" EAST; THENCE SOUTHERLY ALONG SAID CURVE, AN ARC DISTANCE OF 141.54 FEET THROUGH A CENTRAL ANGLE OF 21 DEG. 37'19" TO A POINT ON THE EAST LINE OF THE SOUTH 1/2 OF SAID SECTION 27, SAID POINT ALSO BEING THE NORTHEAST CORNER OF THAT PROPERTY DESCRIBED IN A DEED TO JACK D. VANDERWOODE IN INSTRUMENT NO. 88-451867, OFFICIAL RECORDS OF SAID COUNTY, AND AS SHOWN ON A RECORD OF SURVEY FILED IN BOOK 84 OF RECORDS OF SURVEY, PAGE 32, RECORDS OF SAID COUNTY; THENCE ALONG THE WESTERLY AND NORTHERLY LINE OF SAID PROPERTY AS FOLLOWS: ON A NON-TANGENT BEARING, SOUTH 82 DEG. 22'47" WEST, 182.66 FEET; THENCE SOUTH 50 DEG. 03'45" WEST, 168.61 FEET; THENCE SOUTH 73 DEG. 33'55" WEST, 322.13 FEET; THENCE SOUTH 42 DEG. 57'05" WEST, 37.59 FEET; THENCE SOUTH 16 DEG. 29'22" EAST, 113.21 FEET TO A POINT ON THE SOUTH LINE OF THE SOUTH 1/2 OF SAID SECTION 27; THENCE NORTH 89 DEG. 55'06" WEST, ALONG SAID SOUTH LINE, 855.66 FEET TO THE NORTHEAST CORNER OF THAT CERTAIN “PARCEL 2” AS DESCRIBED IN A DEED TO THE COUNTY OF SAN BERNARDINO, RECORDED IN BOOK 5057, PAGE 321, OFFICIAL RECORDS OF SAID COUNTY; THENCE NORTH 68 DEG. 39'06" WEST, ALONG THE NORTH LINE OF SAID “PARCEL 2”, 39.53 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY, HAVING A RADIUS OF 230.00 FEET; THENCE WEstERLY ALONG SAID CURVE, AN ARC DISTANCE OF 43.18 FEET THROUGH A CENTRAL ANGLE OF 21 DEG. 15'59"; THENCE TANGENT TO SAID CURVE, NORTH 89 DEG. 55'06" WEST, 569.72 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY, HAVING A RADIUS OF 520.00 FEET; THENCE WEstERLY ALONG SAID CURVE, AN ARC DISTANCE OF 64.83 FEET THROUGH A CENTRAL ANGLE OF 14 DEG. 12'48" TO THE POINT OF A REVERSE CURVE, HAVING A RADIUS OF 460.00 FEET; THENCE WEstERLY ALONG SAID CURVE, AN ARC DISTANCE OF 114.11 FEET THROUGH A CENTRAL ANGLE OF 14 DEG. 12'48" TO A POINT ON THE SOUTH LINE OF THE SOUTH 1/2 OF SAID SECTION 27; THENCE TANGENT TO SAID CURVE, NORTH 89 DEG. 55'06" WEST, ALONG SAID SOUTH LINE, 264.22 FEET TO THE POINT OF BEGINNING.

ALSO COMMENCING AT THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF SAID SECTION 34; THENCE SOUTH 00 DEG. 31'08" EAST, ALONG THE WEST LINE OF SAID NORTHEAST 1/4, 428.09 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 89 DEG. 29'15" EAST, ALONG THE SOUTH LINE OF TERRACE DRIVE, BEING 66.00 FEET
WIDE, 555.71 FEET TO THE NORTHWEST CORNER OF LOT 61, TRACT NO. 5299, SYCAMORE HEIGHTS ESTATES, AS PER PLAT RECORDED IN BOOK 76 OF MAPS, PAGES 74 AND 75, RECORDS OF SAID COUNTY; THENCE ALONG THE WESTERLY AND SOUTHWESTERLY BOUNDARY OF SAID TRACT NO. 5299 THE FOLLOWING: SOUTH 00 DEG. 30'45" EAST, 105.00 FEET; THENCE SOUTH 12 DEG. 21'07" EAST, 360.15 FEET; THENCE SOUTH 43 DEG. 16'19" EAST, 225.27 FEET TO THE SOUTHEASTERLY LINE OF THE LAND DESCRIBED IN THE DEED TO TITLE INSURANCE AND TRUST COMPANY, RECORDED AUGUST 11, 1961, IN BOOK 5507, PAGE 397, OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID SOUTHEASTERLY AND SOUTHWESTERLY LINE THE FOLLOWING: SOUTH 46 DEG. 42'20" WEST, 273.77 FEET; THENCE NORTH 62 DEG. 34'19" WEST, 66.06 FEET; THENCE NORTH 59 DEG. 47'14" WEST, 233.22 FEET; THENCE NORTH 63 DEG. 44'53" WEST, 361.44 FEET TO A POINT ON THE WEST LINE OF SAID NORTHEAST 1/4 OF SAID SECTION 34; THENCE NORTH 00 DEG. 31'08" WEST, ALONG SAID WEST LINE, 98.92 FEET; THENCE NORTH 57 DEG. 46'39" WEST, 60.84 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 70.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 44 DEG. 44'46" EAST; THENCE SOUTHWESTERLY AND WESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 55.92 FEET THROUGH A CENTRAL ANGLE OF 45 DEG. 22'; THENCE TANGENT TO SAID CURVE, NORTH 88 DEG. 58'24" WEST, 95.09 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY, HAVING A RADIUS OF 68.00 FEET; THENCE WESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 12.07 FEET THROUGH A CENTRAL ANGLE OF 10 DEG. 09'59"; THENCE ON A NON-TANGENT BEARING, NORTH 36 DEG. 42'01" EAST, 244.47 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 300.00 FEET; THENCE NORTHERLY ALONG SAID CURVE, AN ARC DISTANCE OF 194.88 FEET THROUGH A CENTRAL ANGLE OF 37 DEG. 13'08" TO A POINT ON THE WEST LINE OF THE NORTHEAST 1/4 OF SAID SECTION 34; THENCE TANGENT TO SAID CURVE, NORTH 00 DEG. 31'08" WEST, 5.99 FEET TO THE TRUE POINT OF BEGINNING.
EXHIBIT B
DESCRIPTION OF COST ESTIMATES OF THE IMPROVEMENTS

The Improvements consist of the Capacity Improvements and the EVWD Improvements, as described below.

I. CAPACITY IMPROVEMENTS.

Water and sewer facilities included in EVWD’s water and sewer capacity and connection fee programs used to finance expansion projects, exclusive of in-tract facilities constructed by a property owner, but including and not limited to the following: water and sewer transmission pipelines, sewer treatment plants, disposal ponds, pumping plants, lift stations, and water reservoirs, including all costs of site acquisition, planning, design, engineering, legal services, materials testing, coordination, surveying, construction staking, construction inspection and any and all appurtenant facilities and appurtenant work relating to the foregoing.

### Estimated Cost of the Capacity Improvements

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Capacity Charge (Residential Units - ¾” Meter)</td>
<td>$4,235,608</td>
</tr>
<tr>
<td>Water Capacity Charge (Miscellaneous - ¾” Meter)</td>
<td>72,608</td>
</tr>
<tr>
<td>Water Capacity Charge (Irrigation - 1½” Meter)</td>
<td>481,880</td>
</tr>
<tr>
<td>Sewer Capacity Charge (Residential Units)</td>
<td>4,396,172</td>
</tr>
<tr>
<td>Sewer Capacity Charge (Miscellaneous)</td>
<td>37,510</td>
</tr>
<tr>
<td>Total Fees</td>
<td>$9,223,778</td>
</tr>
</tbody>
</table>

II. EVWD IMPROVEMENTS.

### Estimated Cost of the EVWD Improvements

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water and sewer improvements that are required to serve the development and are constructed by, or on behalf of the Developer, including, without limitation, in-tract and master planned water and sewer transmission pipelines, lift station, pump stations, water reservoirs and all appurtenant improvements and soft costs.</td>
<td>$8,123,153</td>
</tr>
</tbody>
</table>

---

1 Estimated Cost is based on the Water District’s current fees and the estimated number of dwelling units and equivalent dwelling units in the development. The amount eligible to be funded for Capacity Improvements shall be based on the actual number of dwelling units and equivalent dwelling units for which such fees are charged and the applicable amount of the fees.

2 Individual, usable and completed EVWD Improvements shall be eligible to be financed and acquired at their total Actual Cost pursuant to this Agreement. In addition, for any EVWD Improvement with an estimated cost in excess of $1,000,000, the Developer and General Manager of the Water District may agree on discrete phases or portions of the EVWD Improvement for which the Actual Costs may be reimbursed prior to completion of the EVWD Improvement.
EXHIBIT C
NOTICE OF SPECIAL TAX

NOTICE OF SPECIAL TAX
COMMUNITY FACILITIES DISTRICT NO. 2020-1 (HIGHLAND HILLS)
OF THE EAST VALLEY WATER DISTRICT
COUNTY OF SAN BERNARDINO, CALIFORNIA

TO THE PROSPECTIVE PURCHASER OF THE REAL PROPERTY KNOWN AS:
TRACT NO. ______, LOT NO.: ________

[TO COME FROM DEVELOPER]
Buyer: _______________________________  Dated: ________________
Buyer: _______________________________  Dated: ________________
EXHIBIT D
DISBURSEMENT REQUEST FORM

1. Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District (the “CFD”) is hereby requested to pay from the EVWD ______________________ Account, or any applicable account or sub-account thereof, established by the CFD in connection with its 20__ Special Tax Bonds (the “Bonds”) to East Valley Water District (the “Water District”) as payee, the sum set forth below:

$_____________________ (the Requested Amount”)

2. The Requested Amount represents the payment of EVWD Fees for ___ lot(s) within the boundaries of the CFD (the “Property”).

(Tract No. __________, Lot Nos. ________________).

Or, EVWD Improvements as supported by attached documentation.

3. The Requested Amount is due and payable, has not formed the basis of any prior request or disbursement.

4. The Water District, as payee, is hereby directing payment of the Requested Amount be payable to [__], a [__] (the “Developer”), pursuant to the wiring instructions attached hereto.

5. The Requested Amount is authorized and payable pursuant to the terms of the certain Funding, Construction and Acquisition Agreement (the “Agreement”), by and between the Water District, acting for and on behalf of itself and the CFD, and the Developer.

6. Capitalized undefined terms used herein shall have the meaning ascribed to them in the Agreement.
[___], a [___]

By: ______________________________________
Name: ______________________________________
Title: ______________________________________

Dated:______________________________  EAST VALLEY WATER DISTRICT

By: ______________________________________
Its: ______________________________________

[ATTACH WIRING INSTRUCTIONS]
A RESOLUTION OF THE BOARD OF DIRECTORS OF EAST VALLEY WATER DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2020-1 (HIGHLAND HILLS) OF EAST VALLEY WATER DISTRICT, DETERMINING THE NECESSITY TO INCUR BONDED INDEBTEDNESS WITHIN THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NOS. 1, 2 AND 3 THEREIN AND CALLING ELECTIONS THEREIN

WHEREAS, the Board of Directors (the “Board”) of East Valley Water District (the “District”), a county water district that is duly organized and existing under and by virtue of the laws of the State of California, has previously adopted Resolution No. 2020.09 on April 22, 2020 (the “Resolution of Intention”) stating its intention to form Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District (the “Community Facilities District”) and Improvement Area Nos. 1, 2 and 3 therein (each, an “Improvement Area” and collectively, the “Improvement Areas”), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Act”); and

WHEREAS, on April 22, 2020, the Board also adopted Resolution No. 2020.10 stating its intention to incur bonded indebtedness within the proposed Community Facilities District in an amount not to exceed: (a) $12,000,000 for Improvement Area No. 1; (b) $5,000,000 for Improvement Area No. 2; and (c) $7,000,000 for Improvement Area No. 3 to finance: (1) the purchase, construction, expansion, improvement or rehabilitation of public improvements identified in Exhibit B to the Resolution of Intention, including all furnishings, equipment and supplies related thereto (collectively, the “Facilities”); and (2) the incidental expenses to be incurred in financing the Facilities and forming and administering the Community Facilities District and the Improvement Areas therein (the “Incidental Expenses”); and

WHEREAS, a combined notice of a public hearing (the “Hearing”) to be held on June 10, 2020 was published and mailed to all landowners of the land proposed to be included within the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein, which Hearing relates to the intention of the Board to form the proposed Community Facilities District and the Improvement Areas therein and to incur bonded indebtedness for the Improvement Areas; and

WHEREAS, on June 10, 2020, the Board opened the Hearing to determine whether it should proceed to form the Community Facilities District and the Improvement Areas therein, issue bonds to pay for the Facilities and Incidental Expenses and authorize a rate and method of apportionment of a special tax for each Improvement Area to be levied within each Improvement Area for the purposes described in the Resolution of Intention; and

WHEREAS, at the Hearing, all persons desiring to be heard on all matters pertaining to the formation of the Community Facilities District and the Improvement Areas therein, the levy of a special tax and the issuance of bonds to pay for the cost of the proposed Facilities and Incidental Expenses were heard, and a full and fair hearing was held; and

WHEREAS, subsequent to such Hearing, the Board adopted a resolution establishing the Community Facilities District and the Improvement Areas therein (the “Resolution of Formation”); and
WHEREAS, the Board desires to make the necessary findings to incur bonded indebtedness for the Community Facilities District and the Improvement Areas therein, to declare the purpose for said indebtedness and to authorize the submittal of certain propositions to the voters of each Improvement Area, being the owners of land within the Improvement Areas, all as authorized and required by law;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED:

SECTION 1. Findings. The Board hereby specifically finds and declares that each of the statements, findings and determinations set forth in the above recitals are true and correct.

SECTION 2. Necessity of Incurring Bonded Indebtedness. It is necessary to incur bonded indebtedness of the Community Facilities District in a maximum aggregate principal amount not to exceed: (a) $12,000,000 for Improvement Area No. 1; (b) $7,000,000 for Improvement Area No. 2; and (c) $5,000,000 for Improvement Area No. 3.

SECTION 3. Purposes of Indebtedness. The indebtedness is to be incurred for the purposes of financing the costs of purchasing, constructing, modifying, expanding, improving or rehabilitating the Facilities, as described in the Resolution of Intention and the Resolution of Formation, financing the Incidental Expenses and carrying out the powers and purposes of the Community Facilities District on behalf of the Improvement Areas, including, but not limited to, financing the costs of selling the bonds, establishing and replenishing bond reserve funds and paying remarketing, credit enhancement and liquidity facility fees (including such fees for instruments which serve as the basis of a reserve fund in lieu of cash), administrative expenses and other expenses of the type authorized by Section 53345.3 of the Act.

SECTION 4. Payment of Bonded Indebtedness. The whole of the property within the Improvement Areas, other than property exempted from the special tax pursuant to the provisions of the rate and method of apportionment for each Improvement Area attached to the Resolution of Intention as Exhibit C, shall pay for the bonded indebtedness of the applicable Improvement Area pursuant to the levy of the special tax in such Improvement Area authorized by the Resolution of Formation.

SECTION 5. Maximum Term. The maximum term of the bonds to be issued shall in no event exceed thirty-one (31) years from the September 1 next following the date of issuance of the bonds of such series, or such longer term as is then permitted by law.

SECTION 6. Interest Rates. The bonds shall bear interest at the rate or rates not to exceed the maximum interest rate permitted by law, payable annually or semiannually, or in part annually and in part semiannually, except that the first interest payment may be for a period of less than six months, with the actual rate or rates and times of payment to be determined at the time or times of sale thereof. The bonds may bear a variable or fixed interest rate, provided that such variable rate or fixed rate shall not exceed the maximum rate permitted by Section 53531 of the California Government Code, or any other applicable provision of law limiting the maximum interest rate on the bonds.

SECTION 7. Calling of Special Elections. Pursuant to Section 53351 of the Act, a special election is hereby called for each Improvement Area on the proposition of incurring the bonded
indebtedness for such Improvement Area. The proposition relative to incurring bonded indebtedness for each Improvement Area shall be in the forms set forth in Exhibit A to the Resolution of Formation. The elections in the Improvement Areas on the proposition of incurring bonded indebtedness shall be consolidated with the elections on the propositions to levy a special tax and to establish an appropriations limit for the Community Facilities District, which propositions shall be in the forms set forth in Exhibit A to the Resolution of Formation.

SECTION 8. Conduct of Elections. The date of the consolidated special elections for the Improvement Areas shall be June 10, 2020, or such later date as is consented to by the Board Secretary of the District and the owners of land within each Improvement Area. The elections shall be conducted by the Board Secretary of the District. Except as otherwise provided by the Act, the elections shall be conducted in accordance with the provisions of law regulating elections of the District insofar as such provisions are determined by the Board Secretary to be applicable. The Board Secretary is authorized to conduct the elections following the adoption of the Resolution of Formation and this resolution; and all ballots shall be received by, and the Board Secretary shall close the elections by 10:00 p.m. on the election day; provided that the elections shall be closed at such earlier time as all qualified electors have voted as provided in Section 53326(d) of the Act. It is hereby found that there are no registered voters within the territory of any of the Improvement Areas and, pursuant to Section 53351(j) of the Act, the ballots for the special elections shall be distributed in person or by mail with return postage prepaid to the landowners of record within each Improvement Area as of the close of the June 10, 2020 Hearing regarding the formation of the Community Facilities District and the Improvement Areas therein. Each landowner shall have one vote for each acre or portion thereof that he, she or it owns within each Improvement Area, as provided in Section 53326 of the Act.

SECTION 9. Effect. This Resolution shall take effect immediately.

Passed and adopted by the East Valley Water District Board of Directors on June 10, 2020, by the following vote:

AYES: Directors

NOES: Directors

EXCUSED: Directors

_________________________________________, President

ATTEST:

________________________________, Secretary of the ___________________________________

By: ________________________________________________, District Clerk
CFD 2020-1 RESOLUTION NO. 2020.02

A RESOLUTION OF THE BOARD OF DIRECTORS OF EAST VALLEY WATER DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2020-1 (HIGHLAND HILLS) OF EAST VALLEY WATER DISTRICT, CERTIFYING THE RESULTS OF THE JUNE 10, 2020 SPECIAL TAX AND BOND ELECTIONS

WHEREAS, the Board of Directors (the “Board”) of East Valley Water District (the “District”), a county water district that is duly organized and existing under and by virtue of the laws of the State of California, acting as the legislative body of Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District (the “Community Facilities District”), called and duly held elections on June 10, 2020 within the boundaries of Improvement Area Nos. 1, 2 and 3 of the Community Facilities District (each an “Improvement Area,” and, collectively, the “Improvement Areas”) pursuant to resolutions adopted on the date hereof for the purpose of presenting to the qualified electors within each Improvement Area the propositions which are attached hereto as Exhibit A; and

WHEREAS, there has been presented to the Board a certificate of the Board Secretary canvassing the results of the elections, a copy of which is attached hereto as Exhibit B;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED:

SECTION 1. Findings. The Board hereby specifically finds and declares that each of the statements, findings and determinations set forth in the above recitals are true and correct.

SECTION 2. Propositions Approved. Propositions A, B and C presented to the qualified electors of each Improvement Area on June 10, 2020 were approved by more than two-thirds of the votes cast at the election held for each such Improvement Area, and each of Propositions A, B and C for each Improvement Area has carried. The Board is hereby authorized to levy on the land within each Improvement Area the special tax described in Proposition B for the applicable Improvement Area for the purposes described therein and to take the necessary steps to levy the special tax authorized by Proposition B for the applicable Improvement Area and to issue bonds in an amount not to exceed $12,000,000 for Improvement Area No. 1, $5,000,000 for Improvement Area No. 2 and $7,000,000 for Improvement Area No. 3 as specified in each Proposition A.

SECTION 3. Recordation of Notice of Special Tax Lien. The Board Secretary is hereby directed to record in the Office of the County Recorder within fifteen days of the date hereof a notice of special tax lien for each Improvement Area which Bond Counsel to the Community Facilities District shall prepare in the form required by Streets and Highways Code Section 3114.5.

SECTION 4. Effect. This Resolution shall take effect immediately.

Passed and adopted by the East Valley Water District Board of Directors on June 10, 2020, by the following vote:
AYES: Directors

NOES: Directors

EXCUSED: Directors

_________________________________________, President

ATTEST:

_________________________________________, Secretary of the ________________

By: ____________________________________________, Deputy Clerk
EXHIBIT A

SAMPLE BALLOTS

COMMUNITY FACILITIES DISTRICT NO. 2020-1
(HIGHLAND HILLS)
OF EAST VALLEY WATER DISTRICT
(IMPROVEMENT AREA NO. 1)

SPECIAL TAX AND SPECIAL BOND ELECTION

June 10, 2020

This ballot represents 29.79 votes.

To vote, write or stamp a cross (“+” or “X”) in the voting square after the word “YES” or after the word “NO”. All marks otherwise made are forbidden. All distinguishing marks are forbidden and make the ballot void.

If you wrongly mark, tear or deface this ballot, return it to the Secretary of East Valley Water District and obtain another.

PROPOSITION A: Shall Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District (the “Community Facilities District”), on behalf of Improvement Area No. 1 therein (the “Improvement Area”), incur an indebtedness and issue bonds for the Improvement Area in the maximum principal amount of $12,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Incidental Expenses described in Resolution No. 2020.09 of the Board of Directors of East Valley Water District?

YES ☐
NO ☐

PROPOSITION B: Shall a special tax with a rate and method of apportionment as provided in Resolution No. 2020.09 of the Board of Directors of East Valley Water District for the Improvement Area be levied to pay for the Facilities and Incidental Expenses and the principal of and interest on bonds issued to finance the Facilities and Incidental Expenses and the other purposes described in Resolution No. 2020.09?

YES ☐
NO ☐

PROPOSITION C: For each year commencing with Fiscal Year 2020-21, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIIIB of the California Constitution, for the Community Facilities District be an amount equal to $12,000,000?

YES ☐
NO ☐
COMMUNITY FACILITIES DISTRICT NO. 2020-1
(HIGHLAND HILLS)
OF EAST VALLEY WATER DISTRICT
(IMPROVEMENT AREA NO. 2)

SPECIAL TAX AND SPECIAL BOND ELECTION

June 10, 2020

This ballot represents 14.48 votes.

To vote, write or stamp a cross (“+” or “X”) in the voting square after the word “YES” or after the word “NO”. All marks otherwise made are forbidden. All distinguishing marks are forbidden and make the ballot void.

If you wrongly mark, tear or deface this ballot, return it to the Secretary of East Valley Water District and obtain another.

PROPOSITION A: Shall Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District (the “Community Facilities District”), on behalf of Improvement Area No. 2 therein (the “Improvement Area”), incur an indebtedness and issue bonds for the Improvement Area in the maximum principal amount of $5,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Incidental Expenses described in Resolution No. 2020.09 of the Board of Directors of East Valley Water District?

YES ☐
NO ☐

PROPOSITION B: Shall a special tax with a rate and method of apportionment as provided in Resolution No. 2020.09 of the Board of Directors of East Valley Water District for the Improvement Area be levied to pay for the Facilities and Incidental Expenses and the principal of and interest on bonds issued to finance the Facilities and Incidental Expenses and the other purposes described in Resolution No. 2020.09?

YES ☐
NO ☐

PROPOSITION C: For each year commencing with Fiscal Year 2020-21, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIIIB of the California Constitution, for the Community Facilities District be an amount equal to $5,000,000?

YES ☐
NO ☐
COMMUNITY FACILITIES DISTRICT NO. 2020-1
(HIGHLAND HILLS)
OF EAST VALLEY WATER DISTRICT
(IMPROVEMENT AREA NO. 3)

SPECIAL TAX AND SPECIAL BOND ELECTION

June 10, 2020

This ballot represents 33.95 votes.

To vote, write or stamp a cross (“+” or “X”) in the voting square after the word “YES” or after the word “NO”. All marks otherwise made are forbidden. All distinguishing marks are forbidden and make the ballot void.

If you wrongly mark, tear or deface this ballot, return it to the Secretary of East Valley Water District and obtain another.

PROPOSITION A: Shall Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District (the “Community Facilities District”), on behalf of Improvement Area No. 3 therein (the “Improvement Area”), incur an indebtedness and issue bonds for the Improvement Area in the maximum principal amount of $7,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Incidental Expenses described in Resolution No. 2020.09 of the Board of Directors of East Valley Water District?

YES □

NO □

PROPOSITION B: Shall a special tax with a rate and method of apportionment as provided in Resolution No. 2020.09 of the Board of Directors of East Valley Water District for the Improvement Area be levied to pay for the Facilities and Incidental Expenses and the principal of and interest on bonds issued to finance the Facilities and Incidental Expenses and the other purposes described in Resolution No. 2020.09?

YES □

NO □

PROPOSITION C: For each year commencing with Fiscal Year 2020-21, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIIIB of the California Constitution, for the Community Facilities District be an amount equal to $7,000,000?

YES □

NO □
EXHIBIT B

CERTIFICATE OF THE BOARD SECRETARY
AS TO THE RESULTS OF THE CANVASS OF THE ELECTION RETURNS

I, ______________________, Secretary of the East Valley Water District, do hereby certify that I have examined the returns of the Special Tax and Bond Elections for Improvement Area No. 1, Improvement Area No. 2 and Improvement Area No. 3 of Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District (the “Improvement Areas”). The elections were held in the boardroom of East Valley Water District at 31111 Greenspot Road, Highland, California 92346, on June 10, 2020. I caused to be delivered a ballot to the authorized representative of each qualified elector within each Improvement Area. One (1) ballot was returned for Improvement Area No. 1, one (1) ballot was returned for Improvement Area No. 2 and one (1) ballots was returned for Improvement Area No. 3.

I further certify that the results of said elections and the number of votes cast for and against Propositions A, B and C for each Improvement Area are as follows:

IMPROVEMENT AREA NO. 1

<table>
<thead>
<tr>
<th>PROPOSITION A</th>
<th>PROPOSITION B</th>
<th>PROPOSITION C</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES:</td>
<td>YES:</td>
<td>YES:</td>
</tr>
<tr>
<td>NO:</td>
<td>NO:</td>
<td>NO:</td>
</tr>
<tr>
<td>TOTAL: 29.79</td>
<td>TOTAL: 29.79</td>
<td>TOTAL: 29.79</td>
</tr>
</tbody>
</table>

IMPROVEMENT AREA NO. 2

<table>
<thead>
<tr>
<th>PROPOSITION A</th>
<th>PROPOSITION B</th>
<th>PROPOSITION C</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES:</td>
<td>YES:</td>
<td>YES:</td>
</tr>
<tr>
<td>NO:</td>
<td>NO:</td>
<td>NO:</td>
</tr>
<tr>
<td>TOTAL: 14.48</td>
<td>TOTAL: 14.48</td>
<td>TOTAL: 14.48</td>
</tr>
</tbody>
</table>
## IMPROVEMENT AREA NO. 3

<table>
<thead>
<tr>
<th>PROPOSITION A</th>
<th>PROPOSITION B</th>
<th>PROPOSITION C</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES:</td>
<td>YES:</td>
<td>YES:</td>
</tr>
<tr>
<td>NO:</td>
<td>NO:</td>
<td>NO:</td>
</tr>
<tr>
<td>TOTAL: 33.95</td>
<td>TOTAL: 33.95</td>
<td>TOTAL: 33.95</td>
</tr>
</tbody>
</table>

Dated this 10th day of June, 2020.

Secretary  
East Valley Water District
CFD 2020-1 ORDINANCE NO. 1

AN ORDINANCE OF THE BOARD OF DIRECTORS OF EAST VALLEY WATER DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2020-1 (HIGHLAND HILLS) OF EAST VALLEY WATER DISTRICT, AUTHORIZING THE LEVY OF A SPECIAL TAX WITHIN THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NOS. 1, 2 AND 3 THEREIN

THE BOARD OF DIRECTORS OF EAST VALLEY WATER DISTRICT DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Findings.

(a) On April 22, 2020, the Board of Directors (the “Board”) of East Valley Water District (the “District”) adopted Resolution No. 2020.09 declaring its intention to form Community Facilities District No. 2020-1 (Highland Hills) of East Valley Water District (the “Community Facilities District”) and Improvement Area Nos. 1, 2 and 3 therein (each an “Improvement Area” and, collectively, the “Improvement Areas”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Act”), and adopted Resolution No. 2020.10 declaring its intention to incur bonded indebtedness of the Community Facilities District on behalf of each Improvement Area.

(b) On June 10, 2020, after providing all notice required by the Act, the Board opened a public hearing required by the Act relative to the formation of the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein, the proposed levy of a special tax within each Improvement Area to finance certain public improvements described in Resolution No. 2020.09 and to secure the payment of any bonded indebtedness of the Community Facilities District on behalf of each Improvement Area, and the proposed issuance of up to $12,000,000 of bonded indebtedness on behalf of Improvement Area No. 1, $5,000,000 of bonded indebtedness on behalf of Improvement Area No. 2, and $7,000,000 of bonded indebtedness on behalf of Improvement Area No. 3.

(c) At the public hearing, all persons desiring to be heard on all matters pertaining to the formation of the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein, the proposed levy of the special tax within each Improvement Area to finance the public facilities and incidental expenses described in Resolution No. 2020.09 and the proposed issuance of bonded indebtedness of the Community Facilities District on behalf of each Improvement Area were heard and a full and fair hearing was held.

(d) On June 10, 2020, following the close of the public hearing, the Board adopted a resolution establishing the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein (the “Resolution of Formation”) and a resolution determining the necessity to incur bonded indebtedness of the Community Facilities District on behalf of each Improvement Area (the “Resolution to Incur Bonded Indebtedness”), each of which called a consolidated special election on June 10, 2020 within each Improvement Area on three propositions relating to the levying of a special tax, the incurring of bonded indebtedness and the establishment of an appropriations limit for the Community Facilities District.
(e) On June 10, 2020, a special election was held within each Improvement Area at which the qualified electors approved by more than a two-thirds vote Propositions A, B and C authorizing the levy of a special tax within each Improvement Area for the purposes described in Resolution No. 2020.09 and the Resolution of Formation and the issuance of bonded indebtedness for each Improvement Area as described in the Resolution to Incur Bonded Indebtedness.

SECTION 2. Ordinance Authorizing the Levy of a Special Tax within the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein.

(a) The above Findings are true and correct.

(b) By the passage of this Ordinance, the Board authorizes the levy of a special tax within the Community Facilities District and Improvement Area Nos. 1, 2 and 3 therein at the maximum rates and in accordance with the rates and methods of apportionment set forth in Exhibit C to Resolution No. 2020.09 adopted on April 22, 2020, which rate and method of apportionment for each Improvement Area are incorporated by reference herein (each the “Rate and Method” for the applicable Improvement Area).

(c) The Chief Financial Officer of the District is hereby further authorized and directed, on or before August 10 of each year, or such later date as is permitted by law, to determine the specific special tax rates and amounts to be levied for the next ensuing tax year for each parcel of real property and the amount to be levied on each parcel of land in each Improvement Area pursuant to the applicable Rate and Method. The special tax rate to be levied pursuant to the applicable Rate and Method shall not exceed the applicable maximum rates set forth therein, but the special tax may be levied at a lower rate.

(d) Properties or entities of the state, federal or other local governments shall be exempt from the special tax, except as otherwise provided in Sections 53317.3 and 53317.5 of the Act and the applicable Rate and Method. No other properties or entities are exempt from the special tax unless the properties or entities are expressly exempted in the Resolution of Formation, or in a resolution of consideration to levy a new special tax or special taxes or to alter the rate or method of an existing special tax as provided in Section 53334 of the Act.

(e) All of the collections of the special tax pursuant to the applicable Rate and Method shall be used as provided for in the Act and the Resolution of Formation. The special tax shall be levied within each Improvement Area only so long as needed for the purposes described in the Resolution of Formation.

(f) The special tax levied pursuant to each Rate and Method shall be collected in the same manner as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem taxes (which such procedures include the exercise of all rights and remedies permitted by law to make corrections, including, but not limited to, the issuance of amended or supplemental tax bills), as such procedure may be modified by law or by the Board from time to time.

(g) As a cumulative remedy, if any amount levied as a special tax for payment of the interest or principal of any bonded indebtedness of the Community Facilities District on behalf of an Improvement Area, together with any penalties and other charges accruing under this Ordinance, are not paid when due, the Board may, not later than four years after the due date of the last installment of
principal on the bonds issued by the Community Facilities District on behalf of such Improvement Area, order that the same be collected by an action brought in the superior court to foreclose the lien of such special tax.

(h) The specific authorization for adoption of this Ordinance is pursuant to the provisions of Section 53340 of the Act.

(i) The Board Secretary is hereby authorized to transmit a certified copy of this Ordinance to the San Bernardino County Assessor and Treasurer-Tax Collector, and to perform all other acts which are required by the Act, this Ordinance or by law in order to accomplish the purpose of this Ordinance.

SECTION 3. Compliance with California Environmental Quality Act. The Board finds that this Ordinance is not subject to the California Environmental Quality Act (“CEQA”) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the State CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly. Further, if the activity is deemed a project, the Board finds that this Ordinance is exempt pursuant to Section 15061(b)(3) of the State CEQA Guidelines.

SECTION 4. Severability. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. The Board hereby declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof.

SECTION 5. Publication. The Board Secretary shall certify to the adoption of this Ordinance and cause it, or a summary of it, to be published in a newspaper of general circulation printed and published within the City of Highland, pursuant to all legal requirements.

SECTION 6. Effect. This Ordinance shall take effect 30 days from the date of its adoption.

Passed and adopted by the East Valley Water District Board of Directors on June 10, 2020, by the following vote:

AYES: Directors __________________________________________________

NOES: Directors __________________________________________________

EXCUSED: Directors _______________________________________________

________________________________________, President

ATTEST:
________________________________, Secretary of the ________________________________

By: ________________________________________________, Deputy Clerk
Agenda Item #4.
Meeting Date: June 10, 2020
Public Hearing

To: Governing Board Members
From: General Manager/CEO

Subject: Consider Ordinance 399, Revisions to Community Advisory Commission Policy, and Resolution 2020.18 - Establishing the number of Commissioners for the Community Advisory Commission; public hearing.

RECOMMENDATION:

Staff recommends that the Board consider adopting Ordinance 399, replacing Ordinance 397; approve revisions to the Community Advisory Commission Policy; and adopt Resolution 2020.18, establishing the number of Commissioners for the Community Advisory Commission.

BACKGROUND / ANALYSIS:

The District values active engagement of the community and puts significant effort in sharing information regarding projects and programs. With this effort in mind, the District has maintained the Community Advisory Commission (Commission) as an opportunity to foster dialogue with residents.

Originally formed as the Water Conservation Commission, the Community Advisory Commission serves as both an advisory group for the development of policies, programs, and projects along with the ability to serve as a forum to hear water conservation appeals. While the District has not issued punitive penalties relating to water conservation, the Water Shortage Contingency Plan calls for the mechanism to remain in place. Additionally, the group provides valuable input on topics such as the annual budget development, the facility use program, and the Sterling Natural Resource Center.

Staff has prepared draft revisions to the policy which reflect enhancements to the structure and clarification to the purpose including:

- Reorganization of the functions to clarify the advisory capacity and the appeals hearing.
- Allowing for maximum flexibility to establish the size of the Community Advisory Commission by resolution of the Board of Directors.
- Incorporation of term limits totaling a maximum of four years.

Currently, there are two vacancies on the Commission. Following the consideration of the recommended policy changes, the District will promote the vacancies and an application process as approved by the General Manager/CEO. The Governing Board would then be presented with recommendations for appointments at a future Board Meeting. If the proposed changes are approved, then the process would allow for up to four new
community members to be selected for the group. Given the high degree of commitment displayed to date, the three current Commissioners would not be required to submit an application, rather they would need to express an interest in continuing participation in the group and would then be limited to a maximum of 6 years of service on the Commission.

**AGENCY GOALS AND OBJECTIVES:**

Goal and Objectives II - Maintain a Commitment to Sustainability, Transparency, and Accountability

d) Provide Quality Information to Encourage Community Engagement

Goal and Objectives III - Deliver Public Service with Purpose While Embracing Continuous Growth

d) Embrace an Environment of Active Learning and Knowledge Sharing

**REVIEW BY OTHERS:**

This item has been reviewed by the Legislative and Public Affairs Committee and the Community Advisory Commission.

**FISCAL IMPACT**

There is no fiscal impact associated with this item.

Recommended by: John Mura
General Manager/CEO

Respectfully submitted: Kelly Malloy
Director of Strategic Services

**ATTACHMENTS:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ord 399 to Replace 397</td>
<td>Ordinance</td>
</tr>
<tr>
<td>Ord 399 to Replace 397_redline</td>
<td>Ordinance</td>
</tr>
<tr>
<td>Resolution 2020.18 CAC Revisions</td>
<td>Resolution Letter</td>
</tr>
<tr>
<td>Draft_Community Advisory Commission Policy_redline</td>
<td>Backup Material</td>
</tr>
<tr>
<td>Draft_Community Advisory Commission Policy</td>
<td>Backup Material</td>
</tr>
<tr>
<td>Draft Community Advisory Commission Application</td>
<td>Backup Material</td>
</tr>
</tbody>
</table>
ORDINANCE NO. 399

AN ORDINANCE OF THE EAST VALLEY WATER DISTRICT RESCINDING ORDINANCE NO. 397 ENTITLED "AN ORDINANCE ESTABLISHING RULES AND REGULATIONS FOR WATER SERVICE, ESTABLISHING A WATER DEPARTMENT, PROVIDING FOR INSTALLATION AND CONNECTION TO DISTRICT WATER MAINS, REGULATING CROSS CONNECTION CONTROL"

SECTION 1. INDEX

Section 1  Index  1
Section 2  General Provisions  2
Section 3  Definitions  4
Section 4  Water Department  8
Section 5  General Rules  9
Section 6  Application for Water Service  15
Section 7  Temporary Service  20
Section 8  Fire Protection  22
Section 9  Cross Connection Control  24
Section 10  Customer Billing Procedures  33
Section 11  Complaints and Disputed Bills  40
Section 12  Disconnection for Nonpayment  41
Section 13  Adding Delinquent Charges to Tax Roll  43
Section 14  Charges and Deposits  44
Section 15  Water Conservation  48
Section 16  Effective Date  57
SECTION 2. GENERAL PROVISIONS

2.01 Short Title - This Ordinance may be cited as the "East Valley Water District Water Regulations and Service Ordinance".

2.02 Purpose - This Ordinance is intended to provide rules and regulations applicable to the administration and operational activities of the District. This Ordinance may be amended from time to time by action of the Board of Directors of the East Valley Water District.

2.03 Enabling Statutes - This Ordinance is adopted pursuant to the applicable provisions of Division 12 of the Water Code and Division 5, Chapter 7, Title 5, Division 2 of the Government Code, and further pursuant to the Constitution of the State of California. The District is further authorized by Water Code Section 31027 to prescribe and define by Ordinance those restrictions, prohibitions and exclusions it may determine to be necessary pursuant to the California Constitution Article X, Section 2 and Water Code Sections 31026 and 350 et seq. to restrict the use of District water during threatened or existing water shortages. It is therefore the intent of the Board of Directors to establish by this Ordinance those procedures and policies necessary to the orderly administration of a water conservation program to prohibit waste and to restrict the use of water during a water shortage or emergency.

2.04 Application - This Ordinance shall apply to all water facilities constructed, maintained, and operated by the District.

2.05 Enterprise - The District will furnish and/or make available, a system, plant, works, and undertaking used for and useful in, the delivery of water for the District's service area, including all annexations thereto, lands, easements, rights in land, contract rights and franchises.

2.06 Separability - If any section, subsection, sentence, clause, phrase, or portion of this Ordinance or the application thereof to any person or circumstances are for any reason held to be unconstitutional or invalid by any court of competent
jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the application of such provision to other persons or circumstances. The governing body hereby declares that it would have passed this Ordinance or any section, sub-section, sentence, clause or phrase hereof irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases be declared to be unconstitutional.

2.07 Words and Phrases - For the purpose of this Ordinance all words used herein in the present tense shall include the future; all words in the plural number shall include the singular number; and all words in the singular number shall include the plural number.

2.08 Posting - Upon adoption, this Ordinance shall be entered in the minutes of the governing body and certified copies hereof shall be posted in three (3) public places and/or published in a newspaper of general circulation in the District service area within ten (10) days following its passage.

2.09 Means of Enforcement - The District hereby declares that the procedures contained herein are established as a means of enforcement of the terms and conditions of its ordinances, rules and regulations and not as a penalty.

2.10 Notices - Whenever a notice is required to be given under this Ordinance, unless different provisions are specifically made herein, such notice may be made either by personal delivery thereof to the person to be notified or by deposit in the U.S. mail in a sealed envelope, postage prepaid, addressed to such person at his last known business or residence address as the name appears in public records or other records pertaining to the matter to which the notice is directed. Service by mail shall be deemed to have been completed at the time of deposit in the post office.

Proof of giving any notice may be made by the certificate of any officer or employee of the District or by affidavit of any person over the age of eighteen years, which shows service in conformity with the Ordinance or other provisions of law applicable to the subject matter concerned.
2.11 Effect of Heading - The title, division or section headings contained in this Ordinance shall not be deemed to govern, limit or modify in any manner the scope, meaning or intent of any section or subsection of this Ordinance.

SECTION 3. DEFINITIONS

3.01 Applicant - The person making application hereunder who must be either (a) the owner of the subject premises, (b) the agent or customer authorized in writing to make application hereunder on behalf of the owner of the subject premises or, (c) a licensed plumber or contractor authorized in writing to make application hereunder for the subject premises.

3.02 Approved Backflow Prevention Assembly - A device deterring the reversal of flow of water or mixtures of water and other liquids, gasses, and/or other substances into the distribution pipes of the District’s potable supply of water through any Cross-Connection. Said device must have been investigated and approved for use as either an Air-gap separation, Double Check Valve Assembly, or Reduced Pressure Principle Backflow Prevention Device by the Foundation for Cross-Connection Control and Hydraulic Research of the University of Southern California, or by any other laboratory having equivalent capabilities for both the laboratory evaluation and field evaluation thereof.

3.03 Board - The Board of Directors of the East Valley Water District.

3.04 Commercial - Any service not covered by the residential description. This shall include, but not be limited to, apartments, trailer parks, schools, dry cleaners, laundries and businesses.

3.05 Connection - The pipeline and appurtenant facilities such as the curb stop, meter and meter box, all used to extend water service from the main to the premises, the laying thereof and the tapping of the main. Where services are divided at the curb or property line to serve several customers, each such branch service shall be deemed a separate service.
3.06 **Cost** - The cost of labor, materials, transportation, supervision, engineering, and all other necessary overhead expenses.

3.07 **County** - The County of San Bernardino, California.

3.08 **Cross Connection** - An unprotected actual or potential connection between a potable water system used to supply water for drinking purposes and any source or system containing unapproved water or a substance that is not or cannot be approved a safe, wholesome and potable. By-pass arrangements, jumper connections, removable sections, swivel or changeover devices, or other devices through which backflow could occur, shall be considered to be cross-connections.

3.09 **Customer** - Any person (as defined) supplied or entitled to be supplied with water service by the District.

3.10 **Customer’s Service Valve** - A valve independent of the District’s facilities located in the customer’s piping as close to the meter as practicable, the operation of which will control the entire water supply from the meter.

3.11 **District** - The East Valley Water District, San Bernardino County, California.

3.12 **District Engineer** - A Registered Civil Engineer of the State of California.

3.13 **Engineering Services** - The engineering services provided by the District to include technical and procedural guidance, professional consultant services, project coordination and plan checking.

3.14 **Financial Officer** - The Treasurer appointed by the Board of Directors.

3.15 **Fire Hydrant - Short Side**: The case where the water main and the hydrant are on the same side of the street's centerline. **Long Side**: The case where the water main and the hydrant are on the opposite sides of the street's centerline.

3.16 **General Manager** - The General Manager of the District.

3.17 **Governing Body** - The Board of Directors of the East Valley Water District.
3.18 **Inspector** - The person who shall perform the work of inspecting water facilities under the jurisdiction or control of the District.

3.19 **Main** - A water line in a street, highway, alley or easement used for public and private fire protection and for the general distribution of water.

3.20 **Owner** - The person owning in fee title, or in whose name the legal title to the property appears, by deed duly recorded in the County Recorder’s office, or the person in possession of the property or buildings under claim of, or exercising acts of ownership over same for himself or, as executor, administrator, guardian or trustee of the owner.

3.21 **Permit** - Any written authorization required pursuant to this or any other regulation of the District.

3.22 **Person** - Any human being, individual, firm, company, partnership, association and private, public or municipal corporation, the United States of America, the State of California, a district and any political subdivision, or governmental agency.

3.23 **Premises** - A lot or parcel of real property under one ownership, except where there are well defined boundaries or partitions such as fences, hedges or other restrictions preventing the common use of the property by several tenants, in which case each portion shall be deemed separate premises. Apartment houses and office buildings may be classified as single premises.

3.24 **Private Fire Protection Service** - Water service and facilities for building sprinkler systems, hydrants, hose reels and other facilities installed on private property for fire protection and the water available therefor.

3.25 **Public Fire Protection Service** - The service and facilities of the entire water supply, storage and distribution system of the District, including the fire hydrants affixed thereto, and the water available for fire protection, excepting house service connections and appurtenances thereto.
3.26 **Regular Water Service** - Water service and facilities rendered for normal domestic, commercial and industrial purposes on a permanent basis, and the water available therefor.

3.27 **Residential** - Any single, duplex or triplex family unit not requiring licensing for occupancy and operation.

3.28 **Secretary** - The Secretary to the Governing Body.

3.29 **Temporary Water Service** - Water service and facilities rendered for construction work and other uses of limited duration, and the water available therefor.

3.30 **Waste** - Any unreasonable method or non-beneficial use of water, including, but not limited to, the specific uses prohibited and restricted by this Ordinance as hereinafter set forth.

3.31 **Water Department** - The Board of Directors of the District performing functions related to the District's water service, together with the General Manager, the District Engineer, the Financial Officer and any other duly authorized representative.

3.32 **Water Supply Shortage** - Any water shortage caused by drought or any other threatened or existing water shortage, disaster or facility failure, earthquake, loss of electrical power, pipeline breakage, or other condition which results in or threatens to result in the District's inability to meet the water demands of its customers.

3.33 **Water User** - Any person, firm, partnership, association, corporation or political entity using water obtained from the water system of the District.

3.34 **Water** - That water supplied by the East Valley Water District.
SECTION 4. WATER DEPARTMENT

4.01 Creation - A Water Department is hereby created comprised of the Directors, the General Manager, the Financial Officer and District Engineer and such other employees and assistants as may be hired therefor.

4.02 General Manager - The General Manager, as provided for in the Water Code Section 30580, shall have full charge and control of the maintenance, operation and construction of the water works and water distribution system of the District.

4.03 District Engineer - The position of District Engineer is hereby created. The District Engineer shall regularly inspect all physical facilities related to the District water system, to see that they are in good repair and proper working order, and to note and report violations of any ordinances or water regulations.

4.04 Violation, Repairs - The District Engineer shall promptly report any violation or disrepair to the General Manager. If the work required is in the nature of an emergency, he/she shall take whatever steps necessary to maintain service to the consumers pending action by the General Manager.

4.05 Supervision - The District Engineer shall supervise all repair or construction work authorized by the Board or General Manager and perform any other duties prescribed by the Board or General Manager.

4.06 Performance of Duties - The foregoing duties of the District Engineer may be performed by the General Manager or by an additional employee or employees as designated by the District Engineer and/or General Manager.

4.07 The Financial Officer - The Financial Officer shall install and maintain a system of auditing and accounting that shall completely and at all times show the financial condition of the District. Furthermore the Financial Officer shall compute, prepare and mail bills as hereinafter prescribed, make and deposit collections, maintain proper books of account, collect, account for, refund deposits, and do whatever else is necessary or directed by the General Manager to set up and maintain an efficient and
economical accounting system and perform any other duties now and hereafter prescribed by the Board of Directors.

SECTION 5. GENERAL RULES

5.01 Standards - The Governing Body may, from time to time, adopt standard requirements for the design, construction, repair and maintenance, or connection to the District’s water system.

5.02 Violation Unlawful - Following the effective date of this Ordinance, it shall be unlawful for any person to connect to, construct, install, provide, maintain or use any other means of water facilities from any building in the area serviced with water by said District except by connection to water facilities in the manner as provided for in this Ordinance. Any violation of this Ordinance will be subject to the provisions of this Section at the discretion of the General Manager, Financial Officer, or District Engineer.

5.03 Notice - Wherever, and whenever, practicable under the particular circumstances of the situation, and pursuant to the discretion of the General Manager, Financial Officer, or District Engineer, any person found to be violating any provisions of this or any other ordinance, resolution, rule or regulation of the District shall be served by the Inspector or other authorized person with written notice stating the nature of the violation and providing a reasonable time limit for the satisfactory correction thereof. Said time limit shall be not less than two, nor more than seven working days. The offender shall, within the period of time stated in such notice, permanently cease all violations. All persons shall be held strictly responsible for any and all acts of agents or employees done under the provisions of this Ordinance or any other rule or regulation of the District.

5.04 Protection from Damage - No person shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface or tamper with any structure,
Any person violating this provision shall be subject to the penalties provided by law.

5.05 **Investigation Powers** - The officers, inspectors, managers, and any duly authorized employees or agents of the District shall carry evidence establishing their position as an authorized representative of the District and, upon exhibiting the proper credentials and identification, shall be permitted to enter in and upon any and all buildings, industrial facilities and properties to which the District is furnishing water, or has been requested to furnish water for the purpose of inspection, re-inspection, observation, measurement, sampling, testing or otherwise performing such duties as may be necessary in the enforcement of the provisions of the ordinances, resolutions, rules and regulations of the District pursuant to the authorization contained in the required application for water service.

5.06 **Noncompliance with Regulations** - As an alternative method of enforcing the provisions of this or any ordinance, resolution, rule or regulation of the District, the District shall have the power to disconnect the user or subdivision water service from the water mains of the District.

5.07 **Liability for Violation** - Any person violating any of the provisions of the ordinances, rules or regulations of the District shall become liable to the District for any expense, loss or damage, occasioned by the District by reason of such violation.

5.08 **Relief on Application** - When any person, by reason of special circumstances, is of the opinion that any provision of the ordinances, rules or regulations of the District is unjust or inequitable as applied to his/her premises, that person may make written application to the Governing Body stating the special circumstances, citing the provision complained of and requesting suspension or modification of that provision as applied to his/her premises. If such application is approved, the Governing Body may, by resolution, suspend or modify the provision.
complained of, as applied to such person or premises, to be effective as of the date of the application and continuing during the period of the special circumstances.

5.09 **Relief on Own Motion** - The Governing Body may, on its own motion, find that by reason of special circumstances, any provisions of its ordinances, rules or regulations should be suspended or modified as applied to a particular person or premises and may, by resolution, order such suspension or modification for such premise or person during the period of such special circumstances or any part thereof.

5.10 **Maintenance of Water Pressure and Pressure Conditions** - The Board shall not accept any responsibility for the maintenance of pressure and it reserves the right to discontinue service while making emergency repairs, or other work required on the water system as determined by the General Manager and/or the District Engineer. Consumers dependent upon a continuous supply of water should provide emergency storage. All applicants for service connections or water service shall be required to accept such conditions of pressure and service as are provided by the distribution system at the location of the proposed service connection, and to hold the District harmless for any damages arising out of low pressure or high pressure conditions or interruptions of service.

5.11 **Tampering with District Property** - Except as otherwise specifically authorized by the General Manager, no one, except an employee or representative of the District shall at any time, in any manner, operate the curb cocks or valves, main cocks, gates or valves of the District’s system or interfere with meters or their connections, street mains or other parts of the water system.

5.12 **Remedies for Violation** - Failure of a customer to comply with any part of this Ordinance, or any other ordinance, resolution, rule, or regulation of the District, shall result in the District’s discontinuance and/or refusal to provide water service to said customer’s premises and in the exercise by the District in its lawful discretion of any and all other rights and remedies that are available to the District under the law.
5.13 **Water System** - The District will furnish a system, plant, works and undertakings used for and useful in obtaining, conserving and disposing of water for public and private uses, including all parts of the Enterprise, all appurtenances to it, lands, easements, rights in land, water rights, contract rights, franchises, and other water supply, storage and distribution facilities and equipment.

5.14 **Number of Services per Premises** - The applicant may apply for as many services as may be reasonably required for their premises provided that the pipeline system for each service be independent of the others and that they not be interconnected.

5.15 **Water Waste** - No customer shall knowingly permit leaks or waste of water. Where water is wastefully or negligently used on a customer’s premises, seriously affecting the general service, the District may discontinue the service if such conditions are not corrected after giving notice of violation as provided in Section 5.03 herein.

5.16 **Responsibility for Equipment on Customer Premises** - All facilities installed by the District on private property for the purpose of rendering water service shall remain the property of the District and may be maintained, repaired or replaced by the Water Department without consent or interference of the owner or occupant of the property. The property owner shall use reasonable care in the protection of the facilities.

5.17 **Damage to Water Facilities** - The customer shall be liable for any damage to the service facilities when such damage is from causes originating on the premises by an act of the customer or his tenants, agents, employees, contractors, licensees or permittees, including the breaking or destruction of locks by the customer or others on, or near, a meter, and any damage to a meter that may result from hot water or steam from a boiler, or heater, on the customer’s premises. The District shall be promptly reimbursed for any such damage upon presentation of a bill to the customer.
5.18 **Ground Wire Attachments** - All individuals or business organizations are forbidden to attach any ground wire, or wires, to any plumbing which is, or may be, connected to a service connection or main belonging to the District. The District will hold the customer liable for any damage to its property occasioned by such ground wire attachments.

5.19 **Control Valve on Customer Property** - The customer shall provide a valve on his/her side of the service installation as close to the meter location as practicable to control the flow of water to the piping on his/her premises. The customer shall not use the service curb stop to turn water on and off for his/her convenience.

5.20 **Unsafe Apparatus** - Water service may be refused or discontinued to any premises where apparatus or appliances are in use which might endanger or disturb the service to other customers.

5.21 **Cross Connections** - Water service may be refused or discontinued to any premises where there exists a cross connection as defined in Section 9 of this Ordinance.

5.22 **Fraud or Abuse** - Service may be discontinued, if necessary, to protect the District against fraud or abuse.

5.23 **Interruption in Service** - The District shall not be liable for damage which may result from an interruption in service from a cause beyond the control of the Water Department.

5.24 **Ingress and Egress** - All duly authorized employees, agents, and representatives of the District shall have the right of ingress and egress to the customer’s premises at reasonable hours for any purpose reasonably connected with the furnishing of water service.

5.25 **Installation of Services** - Only duly authorized employees, agents, and representatives of the District shall install service connections to the District’s water system. All service connections shall comply with the specifications of the District. Meters will be installed in the public right of way, or within an acceptable easement,
and shall be owned by the District. No rent or other charge will be paid by the District for a meter or other facilities, including connections. All meters will be sealed by the District at the time of installation and no seal shall be altered or broken except by one of the District's authorized employees or agents.

5.26 Change in Location of Meters - Meters moved for the convenience of the customer will be relocated at the customer's expense. Meters moved to protect the District's property will be moved at District expense.

5.27 Size and Location - The District reserves the right to determine the size of service connections and their location with respect to the boundaries of the premises to be served. Service installations will be made only to property abutting on distribution mains as have been constructed in public streets, alleys or easements or to extensions thereof as herein provided. Services installed in new subdivisions prior to the construction of streets, in advance of street improvements, must be accepted by the applicant in the installed location.

5.28 Curb Cock - Each service connection installed by the District shall be equipped with a curb cock, or wheel valve, on the inlet side of the meter. Such valve, or curb cock, is intended for the exclusive use of the District in controlling the water supply through the service connection pipe. If the curb cock, or wheel valve, is damaged by the customer's use to an extent requiring replacement, such replacement shall be at the customer's expense.

5.29 Access to Meters - The District reserves the right to enter upon the applicant's premises for the purpose of reading, repairing or replacing the water service meter. The applicant shall be solely responsible for the control of all animals which may pose a potential threat to District employees and shall be liable for any injury to District employees resulting from unrestrained animals. Should an applicant for new service fail to properly restrain animals present on his property, the District may, upon written notice, refuse to install or turn on service until such time as the District
determines that a threat to its employees no longer exists. When there is an ostensive risk to employees at an established service due to the presence of unrestrained animal(s) or other hazard(s), the employee will not be required to read the meter, etc. The customer will be notified of the situation and the bill will be estimated based upon an average of the most recently recorded six (6) month’s consumption until a personal risk by the District’s employee is no longer an issue. Upon verification that the premises no longer appears to be a threat to the safety of the employee, the meter will be read in the presence of the customer, or someone of his/her choosing, and the billing will be adjusted accordingly.

SECTION 6. APPLICATION FOR WATER SERVICE

6.01 Application for Water Service - The property owner or his/her agent designated in writing shall make application for regular water service by personally signing an Application for Water Service form provided by the District and pay the necessary fee for connection to the District's facilities as prescribed in the latest Resolution and Schedule of Rates and Charges adopted by the Board of Directors.

6.02 Water Service to Customers other than Property Owners - Water Service to other than property owners shall be made as follows:

6.02.01 Property Owner’s Signature - If the Property owner rents the premises to a tenant, the tenant may have water service and other services instituted in the tenant’s name, provided that reasonable efforts are made to secure the property owner’s signature on the application for service and the tenant provides the District with a copy of the rental agreement. In any event, the tenant must provide the District with the property owner’s name, mailing address and telephone number.

6.02.02 Owner Responsibility - Whether or not a property owner signs the District’s application for water service form, the property owner is not relieved of his or her responsibility for unpaid water charges for the subject property as provided in this ordinance and pursuant to California Water Code Section 31701.5, et..seq.
6.03 Payment of Delinquent Charges - As a precondition to receiving water service from the District, the applicant for service shall pay any and all unpaid charges that have accrued on any closed accounts previously held by the applicant with the District as well as pay any and all delinquent charges that have accrued on any open accounts currently held by the applicant with the District.

6.04 Security Deposit - A security deposit for each single family residential unit, commercial or retail unit, or multi-unit complex shall be deposited at the time application for water service is made. The District may, at its sole election, include the required security deposit on the customer’s first billing invoice.

6.04.01 Single Family Residential - A security deposit for a single family residential unit may not be required if the person requesting service is a new residential applicant who is determined by the District to be creditworthy. The determination of an applicant’s creditworthiness shall be based solely upon criteria developed by the District and may be appealed in the manner set forth in Section 11 herein. However, during the life of the account, the District may, in its sole discretion, require any customer, regardless of whether he or she was previously found to be creditworthy, to post a full security deposit with the District any time there are three (3) delinquencies within any consecutive six (6) month period, or as a precondition to reinstatement of service anytime after being disconnected for nonpayment.

6.04.02 Security Deposit Refund - Refunds of security deposits will be performed in the manner set forth below. Such refunds will be credited to any account held by the customer with the District in lieu of a refund check. Interest on the security deposits shall remain the sole property of the District and will not be included in any refund.

6.04.02.01 Single Family Residential - The District shall refund each security deposit to a residential customer as follows:
a. Where funds have been on deposit for one year in a customer’s account and there have been no delinquency payments on any of the customer’s accounts with the District during that year. However, the District may, at its sole option, require any customer to post a full security deposit with the District any time there are three (3) delinquencies within any consecutive six (6) month period, or as a precondition to reinstatement of service anytime after being locked off for nonpayment.

b. Within thirty (30) days after the applicant provides written notice to terminate water services, or when a new property owner tenders a full deposit for the same property, in which case the refunded deposit shall first be applied toward the unpaid balances in any account held by the customer with the District before the remaining sum, if any, is refunded to the customer.

6.04.02.02 Commercial, Retail or Industrial - The District shall refund the security deposit for commercial, retail or industrial connections as follows:

a. Where funds have been on deposit for one year in a customer’s account and there has been no delinquency payment on any of the customer’s accounts with the District during that year and upon the customer’s request, one-half of the deposit will be refunded to the customer by means of a credit on the account. However, if the customer is delinquent on any payment thereafter, the District may, at its sole option, charge back the credited amount.

b. Within thirty (30) days after the applicant provides written notice to terminate water services, or when a new property owner tenders a full deposit for the same property, in which case the refunded deposit shall first be applied toward the unpaid balances in any account held by the customer with the District before the remaining sum is refunded to the customer.

6.05 Change in Customer’s Equipment - Customers who make any material change in the size, character of, extent of the equipment or operations utilizing water service, or whose change in operations results in a significant increase in the use of
water shall immediately give the District written notice of the nature of the change and, if necessary, amend their application.

6.06 **Domestic, Commercial and Industrial Service Connections** - It shall be unlawful to maintain a connection excepting in conformity with the following:

6.06.01 **Multiple Building** - Multiple houses or buildings under one ownership and on the same lot or parcel of land may be supplied through the same service connection, provided that the service connection shall be of such size to adequately serve said houses or buildings.

6.06.02 **Single Service Connection** - Not more than one service connection for domestic or commercial supply shall be installed for one building, except when authorized by the District.

6.06.03 **Separate Service Connection** - A service connection shall not be used to supply any adjoining property, or property across a street, alley or easement. Each service connection shall serve only one property or individual parcel.

6.06.04 **Divided Property** - When property provided with a service connection is divided, the service connection shall be considered as belonging to the lot or parcel of land which it directly enters.

6.07 **Service Connection Maintenance** - The service connection extending from the water main to the meter, meter box and curb cock or wheel valve, shall be maintained by the District. All pipes and fixtures extending or lying beyond the meter box shall be installed and maintained by the owner of the property.

6.08 **Damage through Leaking Pipes and Fixtures** - When requested to turn on the water supply to a house or property, the District will make a reasonable attempt to ascertain if water is running on the inside of the building. If such is found to be the case, the water will be left shut off at the curb cock or the private shutoff. The District's jurisdiction and responsibility ends at the customer's side of the meter.
box and the Board will in no case be liable for damages occasioned by water running from open or faulty fixtures, or from broken or damaged pipes beyond the meter box.

6.09 **Damage to Meters** - The District reserves the right to set and maintain a meter on any service connection. The water customer shall be held liable for any damage to the meter due to customer’s negligence or carelessness.

6.10 **Main Extension Required** - The District may provide for all main extensions upon application for service and payment of required charges. Customer may elect to extend mains according to agreements between the customer and the District providing the work meets District standards.

6.10.01 **Application** - Any owner of one or more lots, parcels, or a subdivider of a tract of land desiring the extension of one or more water mains to serve such property, shall make written application therefor to the District. Said application shall contain the legal description of the property to be served, tract number, and any additional information which may be required by the District, and shall be accompanied by a map showing the location of the proposed connections.

6.10.02 **Investigation** - Upon receipt of the application requesting the District to install facilities, the District shall make an investigation and survey of the proposed extension and estimate the cost thereof.

6.10.03 **Dead-end Lines** - No dead-end lines shall be permitted, except at the discretion of the General Manager, and in cases where circulation lines are necessary they shall be designed and installed by the District as part of the main extension.

6.10.04 **Specifications and Construction** - The size, type and quality of materials and location of the lines shall be specified and approved by the District.

6.10.05 **Property of District** - Upon completion of such installation as approved by the District, the facilities shall be dedicated to and become property of the District.
6.10.06 **Connections** - The applicant shall, at his cost, provide all connections to buildings and private water systems, as herein provided.

**SECTION 7. TEMPORARY SERVICE**

7.01 **Duration of Service** - Temporary service connections shall be disconnected and terminated within six months after installation unless an extension of time is granted in writing by the General Manager, Financial Officer, or District Engineer.

7.02 **Security Deposit** - The applicant shall deposit, in advance, the estimated cost of the temporary service. Upon discontinuance of service, the actual cost shall be determined and an adjustment made as an additional charge, refund or credit.

7.03 **Installation and Operation** - All facilities for the temporary service to the customer shall be made and operated in accordance with District instructions. The District may, at its discretion, restrict or terminate the service at any time.

7.04 **Responsibility for Meters and Installations** - The customer shall use all possible care to prevent damage to the meter, or to any other loaned facilities of the District, which are involved in furnishing the temporary service from the time they are installed until they are removed. If the meter or other facilities are damaged, the cost of making repairs shall be paid by the customer. The customer shall give notice to the District in writing at least forty eight (48) hours prior to the time the customer or other person is through with the meter, or meters, and the installation.

7.05 **Supply from Fire Hydrant** - An applicant for temporary use of water from a fire hydrant must apply for a temporary water service and pay a hydrant meter deposit. The applicant shall also pay for water used in accordance with the meter readings, at the rates prescribed by the Board.

7.06 **Unauthorized Use of Hydrants** - Tampering with any fire hydrant for the unauthorized use of water therefrom or for any other purpose is subject to a fine, per occurrence, as may be set by the Board.
7.07 Meter Availability - As prescribed by the District, the applicant shall make the hydrant meter available for reading on a monthly basis for actual water usage. If the hydrant meter is not available for the monthly reading as prescribed by the District, a supplementary fee of $100 will be charged for each month the meter is not read to cover the expense required for corrections to billing records.

7.08 Pools and Tanks - When an abnormally large quantity of water is desired for filling a swimming pool or for other purposes, arrangements must be made with the District prior to taking such water. Permission to take water in unusual quantities will be given only if it can be safely delivered through the District’s facilities and if other consumers are not inconvenienced thereby.

7.09 Responsibility for Equipment - The customer shall, at his own risk and expense, furnish, install and keep in good and safe condition all equipment that may be required for receiving, controlling, applying and utilizing water, and the District shall not be responsible for any loss or damage caused by the improper installation of such equipment, or the negligence or wrongful act of the customer or any of his tenants, agents, employees, contractors, licensees or permitees in installing, maintaining, operating or interfering with such equipment. The District shall not be responsible for damage to property caused by faucets, valves and other equipment which are open when water is turned on at the meter, either originally or after a temporary shutdown.

SECTION 8. FIRE PROTECTION

8.01 Public Fire Protection - The following pertains to the use of District facilities for public fire protection:

8.01.01 Use of Fire Hydrants - Fire Hydrants are for use by the District or by organized fire protection agencies pursuant to contract with the District. Other parties desiring to use fire hydrants for any purpose must obtain prior written permission from the Water Department and shall operate the hydrant in accordance
with instructions issued by the Water Department. Unauthorized use of hydrants will be prosecuted according to law.

8.01.02 Moving of Fire Hydrants - When a fire hydrant has been installed in the location specified by the proper authority, the District has fulfilled its obligation. If a property owner or other party desires a change in the size, type or location of the hydrant, they shall bear all costs of such changes without refund. Any change in the location of a fire hydrant must be approved by the proper authority.

8.02 Private Fire Protection Service - The following pertains to the use of District facilities for private fire protection systems:

8.02.01 Payment of Cost - The applicant for private fire protection service shall pay the total actual cost of installation of the service from the distribution main to the service location including the cost of a detector check meter or other suitable and equivalent device, valve and meter box, said installation will become the property of the District.

8.02.02 No Connection to Other Systems - Unless authorized and under special circumstances, there shall be no connection between the fire protection system and any other water distribution system on the premises.

8.02.03 Use - There shall be no water used through the fire protection service except to extinguish fires and for testing the fire fighting equipment.

8.02.04 Charges for Water Used - Any consumption recorded on the meter will be charged as provided in District Resolutions, except that no charge will be made for water used to extinguish fires reported to the fire department.

8.02.05 Monthly Rates - The monthly rates for private fire protection shall be established by Resolution of the Board of Directors.

8.02.06 Water for Fire Storage Tanks - Occasionally water may be obtained from a private fire service for filling a tank connected with the fire service,
but only if written permission is secured in advance from the District and an approved means of measurement is available.

8.02.07 **Violation of Agreement** - If water is used from a private fire service in violation of the agreement or this Ordinance, the District may, at its option, discontinue and remove the service.

8.02.08 **Valve** - When a fire service connection is installed, the valve governing same will be closed and sealed and remain so until a written order is received from the owner of the premises to have the water turned on.

8.02.09 **Meter** - If the District does not require a meter, and if water is used through a fire service connection for any other purpose than extinguishing fires, the District shall have the right to place a meter on the fire service connection at the owners expense and assess the appropriate capacity fees, or shut off the entire water supply from such premises.

8.02.10 **Additional Service** - The District shall have the right to take a domestic, commercial or industrial service connection from the fire service connection at the curb to supply the same premises as those to which the fire service connection belongs. The Board shall also have the right to determine the proportion of the installation costs properly chargeable to each service connection, if such segregation of costs shall become necessary.

8.02.11 **Check Valve** - The Board reserves the right to install on all fire service connections a check valve of a type approved by the National Board of Fire Underwriters and to equip the same with a by-pass meter at the expense of the owner of the property.

**SECTION 9. CROSS CONNECTION CONTROL**

9.01 **Purpose** - The purpose and intent of this Section:
a. To comply with the requirements imposed upon the District pursuant to Sections 7583-7605 of the California Code of Regulations ("Title 17") and all other applicable regulations regarding Cross-Connection Control.

b. To protect the public potable water supply of this District from the possibility of contamination or pollution by isolating within the customer’s internal distribution system(s), or the customer’s private water system(s), such contaminants or pollutants which could backflow into the District’s public water system(s); and

c. To promote the elimination or control of existing cross-connections, actual or potential, between the customer’s potable water system(s) and non-potable water system(s), plumbing fixtures and industrial systems; and

d. To provide for the maintenance of a continuing Cross-Connection Control Program which will systematically and effectively minimize the potential for contamination or pollution of the potable water system.

9.02 Application - The provisions of Title 17 and all other regulations regarding Cross-Connections that are adopted by the State of California Department of Health Services pursuant to California Water Code Sections 100205, 100275, and 116375(c), all as the same may be amended from time to time, are hereby adopted by the District, incorporated herein by this reference, and made a part hereof as though set forth in full.

9.03 Definitions - In addition to the definitions in Title 17, the following terms are defined for the purpose of this chapter:

9.03.01 Approved Water Supply - The term “Approved Water Supply” shall mean a water supply whose potability is regulated by the Department of Health Services.

9.03.02 Auxiliary Water Supply - Any water supply, other than the District's, which is either on or available to the property will be considered as an auxiliary water supply. These auxiliary waters may include water from another public
potable water supply or from any natural source(s) such as a well, river, stream or used water. These waters may be contaminated, polluted or constitute an unacceptable water source over which the District does not have sanitary control.

9.03.03 Backflow - The term “backflow” shall mean the undesirable reversal of flow of water or mixtures of water and other liquids, gasses or substances into the distribution pipes of the District’s potable supply of water from any source or sources.

9.03.04 Backpressure - The term “backpressure” shall mean any elevation of pressure in the downstream piping system above the supply pressure at the point of consideration which would cause, or tend to cause, a reversal of the normal direction of flow.

9.03.05 Backsiphonage - The term “backsiphonage” shall mean a form of backflow due to a reduction in system pressure which causes a sub-atmospheric pressure to exist at a point in the water system.

9.03.06 Backflow Preventer - An assembly or means designed to prevent a reverse flow condition created by a difference in water pressures.

9.03.07 Backflow Prevention Devices - The actual types of devices that may be required and are acceptable for use in the District are as follows:

a. Air Gap - The term “Air Gap” shall mean a physical separation between the free flowing discharge end of a potable water supply pipeline and an open or non-pressure receiving vessel.

b. Reduced Pressure Principle Backflow Prevention (RPP) Assembly - The term “RPP Assembly” shall mean an assembly containing two independently acting approved check valves together with a hydraulically operating, mechanically independent, pressure differential relief valve located between the check valves. The unit shall include properly located resilient seated test cocks and tightly closing resilient seated shutoff valves at each end of the assembly.
c. **Double Check Valve Backflow Prevention (DC) Assembly** - The term “DC Assembly” shall mean an assembly composed of two independently acting approved check valves including tightly closing resilient seated shutoff valves attached at each end of the assembly and fitted with properly located resilient seated test cocks.

9.03.08 **Contamination** - The term “contamination” shall mean an impairment of the quality of the water which creates an actual hazard to the public health through poisoning or through the spread of disease by bacteria, virus, sewage, industrial fluids, or other toxic substances.

9.03.09 **Cross-Connections, Controlled** - A connection between a potable and non-potable water system with an approved backflow prevention assembly properly installed and maintained so that it will continuously afford the proper protection.

9.03.10 **Cross-Connection Control by Containment** - The term “cross-connection control by containment (service protection)” shall mean the appropriate type or method of backflow protection at the service connection.

9.03.11 **Degree of Hazard** - The term “degree of hazard” shall mean either a contamination (health), plumbing, pollutional (non-health) or system hazard. Listed in order of severity, each is defined as follows:

a. **Health Hazard** - The term “health hazard” shall mean an actual or potential threat of contamination of a physical or toxic nature to the District’s water system or the consumer’s potable water system that would be a danger to health.

b. **Plumbing Hazard** - The term “plumbing hazard” shall mean an internal or plumbing type cross-connection in a consumer’s potable water system that may be either a pollutional or contamination type hazard. This includes, but is not limited to, cross-connections to toilets, sinks, lavatories, wash basins, swimming pool plumbing systems, and lawn sprinkler systems. If permitted to exist, “plumbing hazard” must be properly protected by an appropriate type of backflow prevention assembly.
c. **Pollutional Hazard** - The term “pollutional hazard” shall mean the actual, or potential, threat to the physical properties of the water system or the potability of the system but which would not constitute a health or system hazard, as defined. The potable water system would be degraded, depending on the degree or intensity of pollution, to the point where it becomes a nuisance, aesthetically objectionable, or cause minor damage to the system or its appurtenances.

d. **System Hazard** - The term “system hazard” shall mean an actual, or potential, threat of severe danger to the physical properties of the District’s or consumer’s potable water system which could have a delayed effect on the quality of the potable water in the system.

9.03.12 **Industrial Fluids** - The term “industrial fluids” shall mean any fluid or solution which may be chemically, biologically, or otherwise contaminated or polluted in a form or concentration which would constitute a health, system, pollutional, or plumbing hazard if introduced into an approved water supply system.

9.03.13 **Pollution** - The term “pollution” shall mean an impairment of the quality of the water to a degree which does not create a hazard to the public’s health, but which does adversely affect the aesthetic qualities of such waters for domestic work.

9.03.14 **Potential** - The term “potential” shall mean something perceived that can develop into or become actual.

9.03.15 **Service Connection** - The term “service connection” shall mean the downstream end of the water meter. This is the point of delivery to the customer’s water system where the District loses jurisdiction and sanitary control of the water.

9.03.16 **Water, Potable** - The term “potable water” shall mean any public/private water supply that has been investigated and approved for human consumption.
9.03.17 Water, Non-Potable - The term “non potable water” shall mean a water supply that has not been approved for human consumption.

9.03.18 Water, Used - The term “used water” shall mean any water supplied by the District from a public potable water system to a customer’s water system after it has passed through the service connection and is no longer under the control of the District.

9.04 Determination - The District shall conduct surveys to identify Water User Premises where Cross-Connections are likely to occur and evaluate the degree to potential health hazard to the Water which may be created as a result of conditions existing on a Water User’s Premises. At a minimum, the evaluation shall consider the factors identified in Section 7585 of the California Code of Regulations. However, notwithstanding anything herein to the contrary, the District shall not be legally responsible for the abatement of any Cross-Connection which may be found to exist within a Water User’s Premises.

9.05 Notice - Upon determination by the District that a Cross-Connection exists within the scope of this Section, the District shall give written notice to the affected Customer to install an Approved Backflow Prevention Assembly of a type and quality, and at a specific location, deemed appropriate by the District. The Customer shall immediately cause such device to be installed at his or her expense, and in the manner prescribed by the District, which thirty (30) days of the issuance of said notice.

9.06 Installation - The location of any Approved Backflow Prevention Assembly installed pursuant to this Section shall be at the Customer’s point of connection to the district’s Water, or within the Customer’s Premises, or both, as determined by the District in the exercise of its discretion. If an approved Backflow Prevention Assembly is required on the Customer’s connection to the District’s Water, it shall be located at or near the property line of the Premises or immediately outside the building being
served, but, in all cases, at a place deemed acceptable to the District that is before
the first branch line leading off the service line.

9.06.01 Typical Installations - Conditions where an approved backflow
prevention assembly is required on each service connection shall include, but not be
limited to, the following:

a. In the case of any property having an auxiliary water supply, or one
that is being fed by another outside water source, the public water system shall be
protected against backflow from the premises by installing an approved Air Gap or RPP
device.

b. In the case of any property on which toxic chemicals, pollutants,
industrial fluids, or any other objectionable substances are handled, or stored, in such
a fashion as to create an actual or potential hazard to the District’s system, the public
water system shall be protected against backflow from the premises by installing an
approved Air Gap or RPP device.

c. In the case of any property having internal cross-connections that
cannot be permanently corrected or protected against, or intricate plumbing and piping
arrangements or where entry to all portions of the premises is not readily accessible
for inspection purposes, making it impracticable or impossible to ascertain whether or
not dangerous cross-connections exist. The public water system shall be protected
against backflow from the property by installing an approved RPP device.

d. In the case of any property being served by two or more water
services, water and fire services, water and irrigation services, or any combination
thereof, the public water system shall be protected against backflow from the premises
by installing an approved RPP device on each service connection.

e. In the case of any property having solar heating systems of a heat ex-
changer type that utilize a recirculating pump, air conditioning units with chemical injection pots, or coolers with recirculating pumps, the public water system shall be protected against backflow from the premises by installing an approved RPP device.

f. In the case of any agricultural property, dairy, poultry farm, or any other farm, or hobby type operation, where fecal bacteria has the potential to contaminate the water supply, or operations injecting chemicals into the on-site water lines, the public water system shall be protected against backflow from the property by installing, at a minimum, an approved RPP device.

g. In the case of any property on which there is water or a substance that would be objectionable but not hazardous to health if introduced into the public water system, the public water system shall be protected against backflow from the premises by installing an approved double check valve.

h. In the case of any single family or multi-family residential property where known health hazards exist, the public water system shall be protected against backflow from the premises by installing an approved RPP device.

9.06.02 Typical Facilities - Typical facilities where the District requires the installation of approved backflow prevention assemblies:

- Apartments - 8 or more units - RPP
- Bottling plants - RPP
- Buildings- Commercial, Industrial - RPP
- Buildings- Hotels, Motels - RPP
- Buildings, multi-storied (three or more floor levels) - RPP
- Car wash facilities - RPP
- Cleaners - RPP
- Commercial buildings - RPP
- Cooling towers - RPP
- Fire systems (not interconnected, interconnected) - RPP, DC
Hospitals- Medical buildings, Mortuaries, Autopsy Facilities, Nursing and Convalescent Homes, and Clinics - RPP

Irrigation systems- Premises having separate systems:

Parks, Playgrounds, Cemeteries, Golf Courses, Schools,

Estates, and Ranches - RPP
Laundries and Dye works - RPP
Mobile home parks - RPP
Multiple rental buildings - that are master metered - RPP
Plating plants - RPP
Sand and Gravel Plants - RPP
Schools - RPP
Sewage lift stations - RPP
Sewage treatment plants - AG, RPP
Sprinkling systems (chemically entrained) - RPP
Steam facilities - RPP
Public Swimming Pools, and Pools at Apartments,
Condominiums, Home Owner Associations, City Parks,
Trailer Parks, and Mobile Home Parks - RPP

9.07 Inspection, Testing and Maintenance - The Customer shall cause a field test to be performed by a licensed plumbing contractor certified to test and repair Approved Backflow Prevention Assemblies at the time of installation and at least once per year thereafter. In those instances deemed necessary by the District, testing of Approved Backflow Prevention Assemblies may be required at more frequent intervals. In the event that an Approved Backflow Prevention Assembly is found to be defective, the Customer shall cause the necessary repairs and/or replacement thereof to be made. The Customer shall have an acceptance test performed after such repair and/or replacement to ensure proper operation of the Approved Backflow Prevention Assembly. All costs associated with the inspection, testing, repair, and maintenance of Approved Backflow Prevention Assemblies shall be borne by the Customer. The results of each test and records of all inspection, replacement, and repairs performed on an Approved Backflow Prevention Assembly by the Customer shall be maintained by the Customer and reported to the District in a manner deemed acceptable to the District.

9.08 Enforcement - The District may discontinue or refuse to supply water and/or sewer service to any Premises that is not in strict compliance with the terms of this Section, or if it is found that an Approved Backflow Prevention Device has been removed or bypassed, or if unprotected Cross-Connections otherwise exist on the Premises. The District may also disconnect water and/or sewer service to any Premises if the health and safety of any Person is immediately threatened by a Cross-Connection. The District may refuse to restore such service to the Premises until the Cross-Connection is
remedied and an Approved Backflow Prevention Device is installed and operated in accordance with the Section.

9.09 **Administration** - The District shall appoint at least one (1) person trained in Cross-connection control to administer the provisions of this section.

**SECTION 10. CUSTOMER BILLING PROCEDURES**

10.01 **Charges** - Water charges shall commence when a water service connection is installed and the meter is set. The customer requesting service and whose name is on the water service account will be responsible for all water charges incurred by such service. The District may transfer to the account, any delinquent and/or unpaid charges from other closed or open accounts which are held by the customer and/or property owner within the District.

10.02 **Tiered Water Use** - The District charges for potable water use in three separate pricing tiers. Tier 1 is an estimate of indoor water use. Tier 2 is an estimate of efficient outdoor use. Tier 1 and 2 are considered a customer’s water budget. Tier 3 represents water use greater than 100% of the customer’s individualized water budget.

10.03 **Water Budgets** - A water budget is defined as the quantity of water required for an efficient level of water use by an individual customer site. The District’s water budget calculation accounts for indoor, outdoor, and business process needs where applicable. Water budgets are determined by the individual needs of the customer using site-specific factors including, but not limited to, persons per household, irrigated area, weather (expressed as Evapotranspiration rate), plant factor, and days of service. Water budgets are calculated differently for residential, dedicated irrigation (landscape), and commercial mixed-use (indoor and outdoor) water service accounts. Water budgets are considered the combination of Tier 1 and/or Tier 2 water use in all customer classes subject to water budget rates. Customer classes are: Residential, Multi-Family, Irrigation, and Non-Residential.
10.04 **Evapotranspiration (ET) Rate** - Evapotranspiration is a measure of water transpired through plant tissue and evaporated from the soil in the planted area over a period of time. The unit of measure is expressed in inches of ET. ET measurements are obtained from weather station(s) situated in the District’s service area; each station provides the data to be applied for specific zones within the District. The weather stations are calibrated on a monthly basis by a certified CIMIS (California Irrigation Management Information System) professional. Weather data is gathered on a daily basis and accumulated for each billing period.

10.05 **Monthly Plant Factor** - The monthly plant factor is used to more clearly define the needs of plant material. The District’s monthly plant factor comes from the University of California - Riverside’s research on the water needs of cool-season turf grass. The plant factors (shown in Row A of the table below), when averaged over the entire calendar year, match the annual ET Adjustment factors listed in the State of California Model Water Efficient Landscape Ordinance (AB 1881). Monthly Plant factors for special landscapes are shown in Row B of the table. Special landscapes are served by a dedicated irrigation meter and include: registered historical sites, cemeteries, parks, golf courses, sport complexes/ball fields, and school yards.

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Annual Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>0.61</td>
<td>0.64</td>
<td>0.75</td>
<td>1.04</td>
<td>0.95</td>
<td>0.88</td>
<td>0.94</td>
<td>0.86</td>
<td>0.74</td>
<td>0.75</td>
<td>0.69</td>
<td>0.60</td>
<td>0.8</td>
</tr>
<tr>
<td>B.</td>
<td>0.76</td>
<td>0.80</td>
<td>0.93</td>
<td>1.30</td>
<td>1.20</td>
<td>1.10</td>
<td>1.20</td>
<td>1.10</td>
<td>0.92</td>
<td>0.93</td>
<td>0.86</td>
<td>0.75</td>
<td>1</td>
</tr>
</tbody>
</table>

10.06 **Residential Indoor Water Budget** - A residential indoor water budget is calculated by multiplying the number of persons per household by 60 gallons for every day by the number of dwelling units by the drought factor in a billing period. For example, if there are 4 persons in a single-unit residence, the daily water budget would be 240 gallons (4 persons x 1 unit x 1 drought factor x 60 gallons). If there are 28 days
in a billing period the total indoor water budget would be 6,720 gallons (240 gallon/day x 28 days = 6,720 gallons) or 8.98 billing units (6,720 gallons ÷ 748 gallons per billing unit).

10.07 **Residential Outdoor Water Budget** - A residential daily outdoor water budget is calculated by multiplying the irrigated square footage associated with the water service account by the monthly Evapotranspiration rate adjusted by the monthly plant factor by the drought factor, multiplying by the conversion factor of 0.62 (square feet to gallons), and then dividing by 748 to arrive at the daily water budget in billing units. (Irrigable Square Footage x Monthly Evapotranspiration Rate x Monthly Plant Factor x drought factor x 0.62 ÷ 748 = Monthly Outdoor Budget in billing units.

10.08 **Dedicated Landscape (Irrigation) Water Budget** - Water budgets for dedicated irrigation accounts are calculated using the same methodology that is used for Residential Outdoor Water Budgets (described above). Dedicated Landscape accounts receive no Tier 1 allocation.

10.09 **Non-Residential Mixed Use Water Budgets** - Non-Residential mixed-use water budgets are based on historic use. The District calculates an average water demand for each billing period based on the water demand for the same billing periods of the prior two years. The commercial water budget may be adjusted, at the District’s discretion, to accommodate changes in business processes or to allow for business growth.

10.10 **Water Budget Drought Factor** - Water budgets can be adjusted in times of threatened water supply availability in order to reduce water allocations for customers through the use of the drought factor. When drought factors are implemented, indoor and/or outdoor water budgets can be reduced by a designated percentage, causing Tier 1 and/or Tier 2 allocations to be reduced, and Tier 3 ‘Inefficient Usage’ charges to become effective at lower consumption levels.
Drought factors can also be adjusted upward to reflect improved water supplies but not above 100%. Changes in drought factors will be established by Resolution of the District Board of Directors.

10.11 Water Budget Adjustments - Water budgets can also be adjusted to reflect a significant change in a customer’s unique efficient water needs. Adjustment forms are available for customers on the District’s website or at the District Headquarters. Rules pertaining to applicable water budget adjustments are outlined on the water budget adjustment form.

10.12 Leak Credit - In cases where a pipe break or sprinkler malfunction leads to water use in excess of an individual water budget during one or more billing periods, the District will remove the inefficient use rate increment (difference between Tier 3 and Tier 2 rates) for up to a maximum of two concurrent billing periods ending in the billing period in which a verified repair or corrective measure was conducted. In addition, all of the following conditions must be satisfied for a Leak Credit to be issued:

- The customer’s water use was in excess of their water budget at the time of the repair;
- The customer has completed a leak credit form with the required documentation showing a repair was performed;
- The customer has returned to in-budget water use in the billing period immediately following the billing period during which the repair was completed;
- The customer has not applied for a leak credit within the last 12 consecutive billing periods.

The District will remove the tier 3 incremental charge by recalculating the impacted water bill(s) for all of the customer’s water use, including water use as a result of the
leak or malfunction, at the applicable Tier 2 pricing. A leak credit form may be obtained on the District website, or by visiting the District Administrative Offices.

10.13 Liens for Unpaid Bills - All unpaid bills will be made a lien against the property pursuant to these rules, regulations and California Water Code Section 31701.5 et.seq. Interest at the legal rate may accrue and be applied on all delinquent bills. The property owner remains responsible for all charges owed to the District whether or not the property owner actually lives on the premises or signs the application for water service.

10.14 Owner Liability - The property owner remains responsible for all charges owed to the District whether or not the property owner actually lives on the premises or signs the application for water service.

10.15 Meter Reading, Billing Period, and Due Date - The billing will be based on the periodic meter readings which will normally range between 26 and 35 days. If a meter fails to register during any period, or is known to register inaccurately, the customer shall be charged based on estimated usage. The billings for water service are mailed approximately, five days after the meter readings. Current charges are due when mailed and become past due if not paid on or before the due date. The due date shall be 20 days after the billing date. All billings are considered delivered upon mailing and the District is not responsible for non-receipt or non-delivery once mailed. Any payment envelope received by the District without a payment enclosed, or with an unsigned check, shall be considered non-payment. Checks received on payment of account and later returned by the bank unpaid shall also be considered as non-payment, and a returned check charge will be assessed. Accents with one or more returned checks may be required to make future payments by cash, money order, or charge card only.

10.16 Reactivation - If payment is not made, as stipulated above, and charges remain unpaid on the shut-off date stated on the delinquent billing notice, water
service shall be discontinued, a disconnection charge assessed, and a deposit required. If an account has been disconnected for non-payment, the original bill, delinquent and disconnection charges, and a deposit must be paid before service will be reestablished. Payment for charges on an account that has been disconnected must be made in cash, money order, or charge card.

10.17 **Past Due Accounts** - Rates and charges which are not paid on or before the due dates shall be subject to interest charges. Interest will be calculated at a rate of one and one-half percent (1 1/2 %) on all amounts that remain unpaid at the end of each billing cycle. The District may secure unpaid charges by filing liens on real property, as provided by law or by any other method available to the District. In the event that legal action is brought to collect unpaid charges, the District shall be entitled to the payment of all costs, including attorney’s fees. Defendant shall pay all costs associated with litigation rendered in favor of the District.

10.18 **Billing of Separate Meters not Combined** - Separate bills will be rendered for each meter installation. The District may, for its own convenience, consider each register of compound meters as a separate service and bill each as provided for herein. For its own convenience, the District may combine multiple services on one bill.

10.19 **Opening and Closing Bills** - Opening and closing bills for less than the normal billing period shall consist of charges for actual water consumption and a proration of the availability charge.

10.20 **Delinquency Notice and Disconnection for Non-Payment** - A delinquency notice shall be mailed to customers whose accounts are delinquent, warning that service is subject to disconnection. Residential accounts will have sixty (60) calendar days from the date of the mailing of the notice before the account will be disconnected for non-payment in accordance with the District’s Policy for Discontinuation of Residential Water Service. Non-residential accounts (commercial, irrigation) will have
fifteen (15) calendar days from the date of the mailing of the notice before the account will be disconnected. The delinquency notice will contain all the following:

- the name and address of the customer;
- the amount of the delinquency;
- the date by which payment arrangements must be made in order to avoid discontinuation of service;
- the procedure by which the customer may initiate a complaint or request an investigation or appeal concerning service or charges;
- a description of the procedure by which the customer may request an alternative payment arrangement, including an extension, amortization, alternative payment schedule, or payment reduction;
- the procedure for the customer to obtain information on financial assistance, if applicable; and
- the telephone number where the customer may request a payment arrangement or receive additional information from the District.

Notice of any delinquency in a tenant’s account shall also be sent to the owner of the property.

10.21 Removal of Delinquency - At the end of each calendar year, the District shall remove one delinquency from the record of each account that has one or more delinquencies.

10.22 Suit - All unpaid rates, charges and penalties herein provided may be collected by suit.

10.23 Costs - Defendant shall pay all costs of suit in any judgment rendered in favor of the District, including reasonable attorney's fees.

10.24 Discontinuing Service - Customers desiring to discontinue service should so notify the District in writing three (3) business days prior to vacating the premises.
Tenants shall be liable for on-going charges whether or not any water is used, up to the time of requested discontinuance of service. Owners shall be liable for on-going charges between tenancy, and in the event of sale, up to the date title to the property is transferred to a new owner. Owners shall also be responsible for charges incurred by a tenant, but that remain unpaid after the tenant has vacated the property. Upon notice, the District will seal off the meter and take a closing reading.

SECTION 11. COMPLAINTS AND DISPUTED BILLS

11.01 Right to Meet - The customer has the right to meet with the Financial Officer or General Manager to present any evidence supporting a complaint with regard to water service, District rules, regulations, resolutions or ordinances, or to dispute the accuracy of a bill for service or other charges.

11.02 Arrangement of Meeting - To arrange such a meeting, the customer shall contact the District office, either in writing or by telephone during normal business hours.

11.03 Presentation of Evidence - The customer may be accompanied by a friend, attorney, or other representative to meet with the Financial Officer or General Manager and may present any evidence they may have to support their position.

11.04 Unresolved Disputes - If the customer is unable to resolve his dispute with the Financial Officer or General Manager, he/she may submit the complaint in writing along with a full and detailed explanation to the Board of Directors for resolution.

11.05 Appearances Before the Board of Directors - The customer may appear before the Board of Directors at the next regularly scheduled Board meeting by notifying the District Clerk, in writing, prior to the Board meeting of the date he/she wishes to attend and what the dispute regards. The customer may then present the complaint and any evidence in support of his/her position and ask for a decision by the Board.
11.06 **Delays on Action** - The Board shall act promptly to resolve the dispute, but may delay a resolution of the dispute to the time of its next regular meeting in order to investigate the dispute or receive special reports related to the dispute.

11.07 **Further Delays** - Any further delays must be freely and willingly agreed to by the customer.

11.08 **Decision of the Board** - The decision of the Board of Directors shall be final. Should the Board not render a decision within sixty (60) days of application to the Board, this failure to act shall be deemed a denial of the requested action, unless both parties have agreed to extend the resolution period.

11.09 **Discontinuance of Service** - No water or other service shall be discontinued pending the final resolution of a dispute.

11.10 **Adjustment for Fast Meter Errors** - If a meter tested at the request of a customer is found to be more than five percent (5%) fast, the excess charges for the time service was rendered the customer, or excess charges for a period of six months, whichever shall be the lesser, shall be refunded to the customer.

11.11 **Adjustment for Slow Meter Errors** - If a meter tested at the request of a customer is found to be more than ten percent (10%) slow and shows evidence of tampering, the District may bill the customer for the amount of the undercharge based upon corrected meter readings for the period, not exceeding six months, that the meter was in use.

11.12 **Non-Registering Meters** - If a meter is found to be not registering, the charges for service shall be based on the estimated consumption. Such estimates shall be made from previous consumption for a comparable period, or by such other method as is determined by the District, and its decision shall be final.

**SECTION 12. DISCONNECTION FOR NONPAYMENT**

12.01 **Disconnection for Non-Payment** - Residential water service shall be discontinued if payment for water service is not made within sixty (60) calendar days
of the date of mailing the delinquent notice. All other notifications and communication required in the District’s Policy on Discontinuation of Residential Water Service shall be delivered prior to disconnection. Non-residential water service shall be discontinued if payment for service is not made within fifteen (15) calendar days.

12.01.01 Tenant Accounts - If water and other services to an account, where the tenant is shown as the Customer of Record, are discontinued for non-payment, the account can be revised, at the discretion of the District, to show the owner as primary Customer of Record. The owner will continue to be shown as primary Customer of Record for as long as they own the property. Tenants may be shown as an additional Customer of Record with the consent of the property owner, or in the event that an account in the property owners name is subject to disconnection.

12.02 Complaint Procedures for Disconnection - Service disconnection for non-payment of bills or for violation of any of the District's rules, regulations, ordinances or resolutions is subject to the complaint procedures specified in Section 11 herein.

12.03 Refusal or Neglect to Pay Debt - Any amount due is a debt to the District and any person, firm or corporation failing, neglecting, or refusing to pay this debt may be subject to a civil action for the amount due in a court of competent jurisdiction.

12.04 Lien Against Property for Non-Payment - Any unpaid debt will be deemed a lien against the real property to which service is rendered as specified herein and California Water Code Section 31701.5 et.seq.

12.05 Service Charges for Violations - If water service is discontinued for violation of any of the District's rules, regulations, resolutions or ordinances, service shall not be re-instituted until the violations have been corrected and all applicable service charges and fees as provided for herein are paid in full by cash, money order, or cashier’s check.

12.06 Partial Payments - A partial payment of a delinquent account may be accepted and credited to a customer’s account, but such partial payment shall not be
cause for removing the account from a delinquent status and shall not preclude the 
meter from being turned off for delinquency.

12.07 Authorization for Continuance of Service for Delinquent Accounts - The 
General Manager or his designee may authorize continuation of service to a delinquent 
account if financial arrangements satisfactory to the District have been established.

SECTION 13. ADDING DELINQUENT CHARGE TO TAX ROLL

13.01 Report of Delinquent and Unpaid Charges - A report of delinquent and 
unpaid charges for water and other services which remain unpaid and delinquent for 
sixty (60) days or more on July 1st of each year shall be prepared and submitted to the 
Board for consideration as tax liens. The unpaid delinquent charges listed in said report 
for each parcel of property shall be fixed at the amount listed in said report.

13.02 Adoption and Filing of Report - The Secretary shall file with the County 
Assessor of the County of San Bernardino and the Board of Supervisors of the County of 
San Bernardino, in the time and manner specified by the County Assessors and Board of 
Supervisors, a copy of such written report with a statement endorsed thereon over the 
signature of the Secretary, that such a report has been adopted and approved by the 
Board of Directors and that the County Assessor shall enter the amount of such charges 
against the respective lots or parcels of land as they appear on the current assessment 
roll.

13.03 Collection of Delinquent and Unpaid Charges - The amount of any 
charges for water and/or other services included in the report prepared and submitted 
pursuant to Sections 13.01 and 13.02 above shall be added to and become a part of the 
annual taxes next levied upon the property upon which the water for which the charges 
are unpaid was used, and upon the property subject to the charges for any other District 
services, and shall constitute a lien on that property as of the same time and in the 
same manner as does the tax lien securing such annual taxes as provided in Section 
12.04 above.
SECTION 14. CHARGES AND DEPOSITS

14.01 Adoption - The amount of all charges and deposits described herein shall be adopted by Board resolution.

14.02 Consumption Charge - The consumption charge is the charge per hundred cubic feet for all water registered by the water service meter.

14.03 Delinquency Charges - A delinquent charge shall be added to each delinquent account at the time any amount becomes delinquent, provided that no delinquent charge shall be made on any account which at the time has no delinquencies of record. When a delinquent charge is made, such charge shall be added to the delinquent account as of the date the account becomes delinquent and the charge shall become an inseparable part of the amount due as of that time.

14.04 Disconnect Notice Charge - The disconnect notice charge is the charge which covers reasonable District costs to notify customers that their water service is subject to impending termination.

14.05 Disconnect/Reconnect Charge - The disconnect/reconnect charge is the charge which covers the reasonable District costs for disconnection and reconnection of service connections which are in violation of the provisions contained herein.

14.06 Fire Hydrant Installation Charge - The charge for installation of fire hydrants as may be required.

14.07 Fire Service Connection Charge - The charge for installation of fire services as may be required.

14.08 Fire Service Standby Charge - The fire service standby charge is the monthly standby charge per inch diameter of the District fire service meter. Water use through this service is limited to emergency fire requirements only.

14.09 Inspection Charge - Where a customer service connection or facility requires inspection by District personnel, the customer shall be charged for such inspection.
14.10 **Meter Test Charge** - The meter test charge is the charge which covers the District costs for removing, bench testing, and reinstalling the water meter to be tested.

14.11 **Security Deposit** - The Security deposit insures payment of minimum District charges. Upon discontinuance of service the security deposit shall be applied to reduce any outstanding charges on any accounts held by the customer with the District. The amount of deposit shall be established by the Board of Directors in the resolution on fees. The security deposit shall be refunded to the customer as provided in Section 6.04.02 herein.

14.12 **Special Facility Charge** - A special facility charge shall be for the development of a limited service area whenever special facilities including, but not limited to, booster stations, hydropneumatic stations and pressure regulators are required. The charge to be made to a developer or owner of land that is considered by the District to be within a limited service area shall be based upon the developer’s or landowner’s proportionate share of the cost of the installation of such special facility. Such proportionate share to be borne by the developer or landowner shall be based on the percentage of such development to the entire limited service area to be served by the special facilities and the difference between the cost of facilities to serve the same number of acres or area under normal conditions and the cost of facilities to serve the acreage or area under special conditions at a higher cost.

14.13 **Water System Charge** - The system charge is the monthly availability charge applicable to all metered services, and shall apply whether or not premises served by the meter are occupied.

14.14 **Unauthorized Use of Water Charge** - The unauthorized use of water charge shall be charged to any person, organization or agency for each unauthorized use of District water, or for tampering in any manner with any meter belonging to the District, in which tampering shall affect the accuracy of such meter. Where the
Unauthorized use of water or tampering results in the District’s action to remove the meter, there shall be a charge for the removal and re-installation.

14.15 **Front Footage Charge** - The front footage charge is a one-time reimbursement to the District for previously constructed water mains adjacent to all sides of an unimproved property to be served.

14.16 **Water Main Extension Charge** - The water main extension charge is for the construction of a water main extending to the far side of the property to be served. This charge shall be based on the prevailing rates of time and material per District approved plans. The customer shall be responsible to provide the plans and for all applicable Engineering Services charges described in Section 14.18.

14.17 **Water Service Connection Charge** - The water service connection charge is the charge for the type and size of water service connection desired. Such regular charge shall be paid in advance by the applicant. The water service connection charge shall consist of an installation charge and a capacity charge. Where there is no regular charge, the District reserves the right to require the applicant to deposit an amount equal to the estimated cost of such service connection.

14.17.01 **Installation Charge** - The installation charge shall represent the District’s cost to furnish and install the specified service.

14.17.02 **Capacity Charge** - The capacity charge is a fee for that incremental portion of the entire water system and District facilities that will be used by a new service.

14.18 **Water System Design Charge** - A non-refundable water system design charge shall be required for all main extensions, service connection and/or special facilities requiring the preparation of engineering plans and drawings.

14.19 **Engineering Services Charge** - The Engineering Services charge is a fee for the District's time and effort spent on assisting customers who have a requirement to construct water main extensions, or other water facilities, that must meet District
needs and conform to District standards. This fee includes time and effort the District spends on plan checking, plan and easement development, and all other related work. Prior to submission of any documents requiring work by the District, a non-refundable minimum charge in the amount of 7.5% of the engineer's estimated cost for the project shall be submitted to the District. The work will be accomplished on a time and effort basis. Should the District use more funds than the original charge, the additional billed costs must be paid prior to allowing water service to the project.

14.20 **Construction Water Charge** - The construction water charge is a temporary flat rate water charge. It is only available during the construction phase of a new building for services 1" in diameter or less. It is available for a period not exceeding six months.

14.21 **Fire Flow Test Charge** - The fire flow test charge is a flat rate to cover the District's time and effort for testing parts of the water system to obtain fire flow test data and calculate results as requested.

14.22 **Valve Deposit** - The valve deposit is a refundable charge that is used to insure all valve cans and caps are constructed to final grade before a water system construction project is complete. The District will accept a guarantee bond in lieu of a cash deposit. The fee will be returned or the bond released when valve cans and caps are constructed to final grade by the developer's contractor and verified by the District.

14.23 **Service Initiation Charge** - The service initiation charge is a non-refundable charge which covers the reasonable District costs for initiating water service.

14.24 **Returned Check Charge** - A returned check charge is a charge which covers the reasonable administrative cost and banking charges for processing a returned check.
14.25 **Temporary Service Charge** - A temporary service is available through the use of a fire hydrant. A customer deposit for the temporary service will be required. All other applicable service charges shall apply.

14.26 **Charges and Deposits** - All rates, charges, fees, penalties, fines, deposits, and other methods of assessment are set by the District’s Board of Directors. The current rates and charges are set forth in Exhibit A to this current rate resolution and may be revised from time to time pursuant to the District’s procedures and applicable law. The General Manager/CEO, or appointed designee, may approve adjustment to any charges, late penalties, past due account fees or service deposits pursuant to the District’s procedures and applicable law.

**SECTION 15. WATER CONSERVATION**

15.01 **Waste or Nuisance Water and Other Substances** - It is unlawful for any person, firm or corporation to deposit, drain, wash, or allow to run or divert water, mud or sand into, or upon, any public road, highway, street, alley, drainage ditch, storm drain, flood control channel owned or controlled by any public agency within the District. When a written application is filed with the District, and approved by the General Manager, a permit may be granted with terms and conditions and applicable fees as it may deem appropriate to impose to such person. For purposes of enforcement of this section, the owner of the meter, or property, which is the source of the “waste or nuisance water and other substances” as defined herein will be considered the responsible party. Any violations cited hereunder, and defined as being detrimental to public health, safety or welfare, will be borne by the responsible party.

15.02 **Conservation Measures - Stage No.1 Normal Conditions: Permanent Conservation Measures** - Stage No. 1 Normal conditions shall be in effect when the District is able to meet all the water demands of its customers in the immediate future. During these normal conditions all water users should continue to use water wisely, to
prevent the waste or unreasonable use of water, and to reduce water consumption to that necessary for ordinary domestic and commercial purposes.

15.02.01 **Excessive Irrigation and Related Waste** - No property within the East Valley Water District service area shall cause or permit the use of water for irrigation of landscaping or other outdoor vegetation, to exceed the amount required to provide reasonable irrigation, and shall not cause or permit any unreasonable or excessive waste of water from said irrigation activities or from watering devices or systems.

15.02.02 **Run-off** - The free flow of water away from a meter service area shall be presumptively considered excessive irrigation and waste as defined in Section 3 herein.

15.02.03 **Wash-down** - No water provided by the District shall be used for the purposes of wash-down of impervious areas, without specific written authorization of the General Manager.

15.02.04 **Vehicle Washing** - The washing of cars, trucks or other vehicles is not permitted, except with a hose equipped with an automatic shut-off device, or a commercial facility.

15.02.05 **Decorative Features** - Water fountains or other decorative water features must re-circulate water.

15.02.06 **Irrigation After Measurable Rainfall** - The application of potable water to outdoor landscape for irrigation purposes during or after 48 hours of measurable rainfall is prohibited.

15.02.07 **Drinking Water Provided by Restaurants** - Restaurants are requested not to provide drinking water to patrons except by request.

15.02.08 **Hotel and Motel** - Hotels and motels must offer their guests the option to not have their linens and towels laundered daily, and must prominently display this option in each room.
15.02.09 Domestic Irrigation - The District may determine that the irrigation of exterior vegetation shall be conducted only during specified hours and/or days, and may impose other restrictions on the use of water for such irrigation. Irrigation done with a weather based irrigation controller is exempt from specified irrigation day.

15.02.10 Irrigation of Medians - Medians located within the right-of-way are prohibited from using potable water to irrigate turf or other high water use plant material as identified by the Water Use Classifications of Landscaping Species (WUCOLS) Guide. The continued irrigation and preservation of trees is encouraged.

15.02.11 Bordering Parkways - Bordering parkways located within the right-of-way are prohibited from using potable water to irrigate turf or other high water use plant material as identified by the Water Use Classifications of Landscaping Species (WUCOLS) Guide. Bordering parkways are considered the strips of non-functional ornamental turf adjacent to the street. The continued irrigation and preservation of trees is encouraged.

15.03 Stage No. 2 - Threatened Water Supply Shortage - In the event of a threatened water supply shortage which could affect the District’s ability to provide water for ordinary domestic and commercial uses, the Board of Directors shall hold a public hearing at which consumers of the water supply shall have the opportunity to protest and to present their respective needs to the District. The Board may then, by resolution, declare a water shortage condition to prevail, and the following conservation measures shall be in effect in addition to the permanent conservation measures in Stage No. 1:

15.03.01 Exterior Landscape Plans - Exterior landscape plans for all new development shall be in compliance with the State Model Water Efficient Landscape Ordinance. Such plans shall be presented to and approved by the District prior to issuance of a water service letter.
15.03.02 **Leaks or Breaks**, Excessive loss or water use through breaks or leaks from either indoor or outdoor plumbing fixtures must be repaired within seven (7) days after discovery.

15.03.03 **Agricultural Irrigation** - Persons receiving water from the District who are engaged in commercial agricultural practices, whether for the purpose of crop production or growing of ornamental plants shall provide, maintain and use irrigation equipment and practices which are the most efficient possible. Upon the request of the General Manager, these persons may be required to prepare a plan describing their irrigation practices and equipment, including but not limited to, an estimate of the efficiency of the use of water on their properties.

15.03.04 **Commercial Facilities** - Commercial and industrial facilities shall, upon request of the General Manager, provide the District with a plan to conserve water at their facilities. The District will provide these facilities with information regarding the average monthly water use by the facility for the last two year period, or the State of California approved conservation base year. The facility will be expected to provide the District with a plan to conserve or reduce the amount of water used by that percentage deemed by the Board of Directors to be necessary under the circumstances. After review and approval by the General Manager, the water conservation plan shall be considered subject to inspection and enforcement by the District.

15.03.05 **Parks, Golf Courses and School Grounds** - Public and private parks, golf courses, and school grounds which use water provided by the District shall use water for irrigation within a designated watering schedule, which may include specific hours and/or day(s).

15.03.06 **Swimming Pools** - All residential, public and recreational swimming pools, of all size, shall use evaporation resistant covers and shall re-circulate water.
15.03.07 General Manager Emergency Authority - The Board of Directors appoints the General Manager/CEO the authority, to implement and enforce measures necessary to remain in compliance with emergency statewide mandatory conservation measures. Actions taken by the General Manager/CEO in accordance with State regulations outside of those listed in this Ordinance must be reported to the Board at the next regularly scheduled meeting.

15.04 Stage No.3 - Water Shortage Emergency: Mandatory Conservation Measures - In the event of a water shortage emergency in which the District may be prevented from meeting the water demands of its customers, the Board of Directors shall, if possible, given the time and circumstances, immediately hold a public hearing at which customers of the District shall have the opportunity to protest and to present their respective needs to the Board. No public hearing shall be required in the event of a breakage or failure of a pump, pipeline, or conduit causing an immediate emergency. The General Manager is empowered to declare a water shortage emergency, subject to the ratification of the Board of Directors within 72 hours of such declaration, and the following rules and regulations shall be in effect immediately following such declarations:

15.04.01 Prohibition - Watering of parks, school grounds, golf courses, lawn water, landscape irrigation, washing down of driveways, parking lots or other impervious surfaces, washing of vehicles, except when done by commercial car wash establishments using only recycled or reclaimed water, filling or adding water to swimming pools, wading pools, spas, ornamental ponds, fountains and artificial lakes are prohibited.

15.04.02 Construction Meters - No new construction meter permits shall be issued by the District. All existing construction meters shall be removed and/or locked.
15.04.03 Commercial Nurseries and Livestock - Commercial nurseries shall discontinue all watering and irrigation. Watering of livestock is permitted as necessary.

15.05 Implementation and Termination of Mandatory Compliance Stages - The General Manager of the District shall monitor the supply and demand for water on a daily basis to determine the level of conservation required by the implementation or termination of the Water Conservation Plan Stages and shall notify the Board of Directors of the necessity for the implementation, or termination, of each stage. Each declaration of the Board of Directors implementing, or terminating, a water conservation stage shall be published at least once in a newspaper of general circulation, and shall be posted at the District offices. Each declaration shall remain in effect until the Board of Directors otherwise declares, as provided herein.

15.06 Exceptions - Application for Exception Permits - The General Manager may grant permits for uses of water otherwise prohibited under the provisions of this Ordinance if he finds and determines that restrictions herein would either:

15.06.01 Hardship - Cause an unnecessary and undue hardship to the water user or the public; or

15.06.02 Emergency - Cause an emergency condition affecting the health, sanitation, fire protection or safety of the water use or of the public.

15.06.03 Exemptions Granted - Such exceptions may be granted only upon written application therefor. Upon granting such exception permit, the General Manager may impose any conditions he determines to be just and proper.

15.07 Enforcement, Inspection - Authorized employees of the District, after proper identification may, during reasonable hours, inspect any facility having a water conservation plan, and may enter onto private property for the purpose of observing the operation of any water conservation device, irrigation equipment or water facility.
Employees of the District may also observe the use of water or irrigation equipment within the District from public rights-of-way.

15.08 Criminal Penalties for Violation - Water Code Section 31029 makes any violation of this Ordinance a misdemeanor and upon conviction thereof, the violator shall be punished by imprisonment, fine or by both fine and imprisonment as may be allowed by law.

15.09 Civil Penalties for Violation - In addition to criminal penalties, violators of the mandatory provisions of this Ordinance shall be subject to civil action initiated by the District as follows:

15.09.01 First Violation: For a first violation, the District shall issue a written notice of violation to the water user violating the provisions of this Ordinance. The notice shall be given pursuant to the requirements of Section 15.10 below.

15.09.02 Second Violation: $100.00 Surcharge - For a second violation of this Ordinance within a 12 month period, or failure to comply with the notice of violation within 30 days after notice of imposition, a surcharge of $100.00 is hereby imposed for the meter through which the wasted water was supplied.

15.09.03 Third Violation: $300.00 Surcharge - For a third violation of this ordinance within a 12 month period, or for continued failure to comply within 30 days after notice of an imposition of second violation sanctions, a one month penalty surcharge in the amount of $300.00 is hereby imposed for the meter through which the wasted water was supplied.

15.09.04 Fourth Violation: $500.00 Surcharge - For a fourth violation of this ordinance within a 12 month period, or for continued failure to comply within 30 days after notice of an imposition of third violation sanctions, a one month penalty surcharge in the amount of $500.00 is hereby imposed for the meter through which the wasted water was supplied.
15.09.05 **Fifth Violation: $500.00 Surcharge and/or Installation of a Flow Restrictor** - For a fifth violation of this ordinance within a 12 month period, or for continued failure to comply within 30 days after notice of an imposition of fourth violation sanctions, a one month penalty surcharge in the amount of $300.00 is hereby imposed for the meter through which the wasted water was supplied. In addition to the surcharge, the District may, at its discretion, install a flow-restricting device at such meter with a one-eighth inch (1/8") orifice for services up to one and one half (1-1/2") inch size, and comparatively sized restrictors for larger services, on the service of the customer at the premises at which the violation occurred for a period of not less than forty-eight (48) hours. The charge to the customer for installing a flow-restricting device shall be based upon the size of the meter and the actual cost of installation but shall not be less than that provided in the District's Rules and Regulations. The charge for removal of the flow-restricting device and restoration of normal service shall be as provided in the District's Rules and Regulations.

15.09.06 **Subsequent Violations: Discontinuance of Service** - For any subsequent violation of this Ordinance, while in Stage No. 3, within the twenty-four (24) calendar months after a first violation as provided in Section 15.09.01 hereof, the penalty surcharge provided in Section 15.09.05 hereof shall be imposed and the District may discontinue water service to that customer at the premises or to the meter where the violation occurred. The charge for reconnection and restoration of normal service shall be as provided in the Rules and Regulations of the District. Such restoration of service shall not be made until the General Manager of the District as determined that the water user has provided reasonable assurances that future violations of this Ordinance by such user will not occur.

15.10 **Notice - First Violation** - For a first violation, written notice shall be given to the customer and/or property owner personally or by regular mail.
15.10.01 **Subsequent Violations** - If the penalty assessed is a surcharge for a second, third, fourth, fifth, or subsequent violation, notice may be given by regular mail.

15.10.02 **Violations Involving Installation of Flow-Restrictors or Discontinuance of Water Service** - If the penalty assessed is, or includes, the installation of a flow restrictor or the discontinuance of water service to the customer for any period of time, notice of the violation shall be given in the following manner:

a. **Personal Service** - By giving written notice thereof to the occupant and/or property owner personally; or if the occupant and/or property owner is absent from his/her place of residence and from his/her assumed place of business, by leaving a copy with some person of suitable age and discretion at either place, and sending a copy through the United States mail addressed to the occupant and/or owner at his/her place of business or residence; or

b. **Posting** - If such place of residence and business cannot be ascertained, or a person of suitable age or discretion cannot be located, then by affixing a copy in a conspicuous place on the property where the failure to comply is occurring and also by delivering a copy to a person there residing, if such person can be found, and also sending a copy through the United States mail addressed to the occupant at the place where the property is situated and the owner if different.

15.10.03 **Form of Notice** - All notices provided for in this Section shall contain, in addition to the facts of the violation, a statement of the possible penalties for each violation and a statement informing the occupant/owner of his/her right to hearing on the violation.

15.11 **Community Advisory Commission** - The District may establish a Community Advisory Commission (Commission) consisting of District customers appointed by the Board of Directors to serve in the capacity as herein described. The number of commissioners shall be determined by resolution of the Board of Directors.
Commission is authorized to hear appeals from enforcement decisions made by the General Manager for violations of the water conservation measures provided in Section 15 of this ordinance. The Commission shall serve as an advisory body to the Board of Directors. The Board of Directors shall consider the recommendations of the Commission but will not be bound thereby.

15.11.01 Hearings - Any customer or property owner against whom a penalty is levied pursuant to this ordinance (Appellant) shall have a right to a hearing, in the first instance by the General Manager, with the right to appeal to the Commission. Within 15 days of the date of the alleged violation, the Appellant shall submit a written request for a hearing to the District Clerk. The hearing shall be conducted by the General Manager within 30 days from the date of the written request submitted to the District Clerk. The General Manager shall issue his ruling in writing. The Appellant may appeal the ruling of the General Manager within 10 days thereof by filing written notice of appeal with the District Clerk. At the next regularly scheduled Commission meeting, the Appellant may appear and present evidence in support of his appeal. The Commission will issue a written recommendation to the Board of Directors who will issue a final determination of the appeal. The Board of Directors may issue its final determination based upon the recommendation of the Commission, or may call for an additional hearing. The ruling of the Board of Directors shall be final and binding upon the Appellant and the District.
SECTION 16. EFFECTIVE DATE

This Ordinance shall take effect and replace Ordinance 399 as of the 11th day of June 2020.

Adopted this 10th day of June 2020

ROLL CALL:
Ayes:
Noes:
Absent:
Abstain:

_____________________________
David E. Smith, Board President

ATTEST: _______________________
John Mura, Secretary
ORDINANCE NO. 397399

AN ORDINANCE OF THE EAST VALLEY WATER DISTRICT RESCINDING
ORDINANCE NO. 396-397 ENTITLED “AN ORDINANCE ESTABLISHING RULES AND
REGULATIONS FOR WATER SERVICE, ESTABLISHING A WATER DEPARTMENT,
PROVIDING FOR INSTALLATION AND CONNECTION TO DISTRICT WATER MAINS,
REGULATING CROSS CONNECTION CONTROL”

SECTION 1. INDEX

<table>
<thead>
<tr>
<th>Section</th>
<th>Index</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 1</td>
<td>Index</td>
<td>1</td>
</tr>
<tr>
<td>Section 2</td>
<td>General Provisions</td>
<td>2</td>
</tr>
<tr>
<td>Section 3</td>
<td>Definitions</td>
<td>4</td>
</tr>
<tr>
<td>Section 4</td>
<td>Water Department</td>
<td>8</td>
</tr>
<tr>
<td>Section 5</td>
<td>General Rules</td>
<td>9</td>
</tr>
<tr>
<td>Section 6</td>
<td>Application for Water Service</td>
<td>15</td>
</tr>
<tr>
<td>Section 7</td>
<td>Temporary Service</td>
<td>20</td>
</tr>
<tr>
<td>Section 8</td>
<td>Fire Protection</td>
<td>22</td>
</tr>
<tr>
<td>Section 9</td>
<td>Cross Connection Control</td>
<td>24</td>
</tr>
<tr>
<td>Section 10</td>
<td>Customer Billing Procedures</td>
<td>33</td>
</tr>
<tr>
<td>Section 11</td>
<td>Complaints and Disputed Bills</td>
<td>40</td>
</tr>
<tr>
<td>Section 12</td>
<td>Disconnection for Nonpayment</td>
<td>41</td>
</tr>
<tr>
<td>Section 13</td>
<td>Adding Delinquent Charges to Tax Roll</td>
<td>43</td>
</tr>
<tr>
<td>Section 14</td>
<td>Charges and Deposits</td>
<td>44</td>
</tr>
<tr>
<td>Section 15</td>
<td>Water Conservation</td>
<td>48</td>
</tr>
<tr>
<td>Section 16</td>
<td>Effective Date</td>
<td>57</td>
</tr>
</tbody>
</table>
SECTION 2. GENERAL PROVISIONS

2.01 **Short Title** - This Ordinance may be cited as the "East Valley Water District Water Regulations and Service Ordinance".

2.02 **Purpose** - This Ordinance is intended to provide rules and regulations applicable to the administration and operational activities of the District. This Ordinance may be amended from time to time by action of the Board of Directors of the East Valley Water District.

2.03 **Enabling Statutes** - This Ordinance is adopted pursuant to the applicable provisions of Division 12 of the Water Code and Division 5, Chapter 7, Title 5, Division 2 of the Government Code, and further pursuant to the Constitution of the State of California. The District is further authorized by Water Code Section 31027 to prescribe and define by Ordinance those restrictions, prohibitions and exclusions it may determine to be necessary pursuant to the California Constitution Article X, Section 2 and Water Code Sections 31026 and 350 et seq. to restrict the use of District water during threatened or existing water shortages. It is therefore the intent of the Board of Directors to establish by this Ordinance those procedures and policies necessary to the orderly administration of a water conservation program to prohibit waste and to restrict the use of water during a water shortage or emergency.

2.04 **Application** - This Ordinance shall apply to all water facilities constructed, maintained, and operated by the District.

2.05 **Enterprise** - The District will furnish and/or make available, a system, plant, works, and undertaking used for and useful in, the delivery of water for the District's service area, including all annexations thereto, lands, easements, rights in land, contract rights and franchises.

2.06 **Separability** - If any section, subsection, sentence, clause, phrase, or portion of this Ordinance or the application thereof to any person or circumstances are for any reason held to be unconstitutional or invalid by any court of competent
jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the application of such provision to other persons or circumstances. The governing body hereby declares that it would have passed this Ordinance or any section, sub-section, sentence, clause or phrase hereof irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases be declared to be unconstitutional.

2.07 **Words and Phrases** - For the purpose of this Ordinance all words used herein in the present tense shall include the future; all words in the plural number shall include the singular number; and all words in the singular number shall include the plural number.

2.08 **Posting** - Upon adoption, this Ordinance shall be entered in the minutes of the governing body and certified copies hereof shall be posted in three (3) public places and/or published in a newspaper of general circulation in the District service area within ten (10) days following its passage.

2.09 **Means of Enforcement** - The District hereby declares that the procedures contained herein are established as a means of enforcement of the terms and conditions of its ordinances, rules and regulations and not as a penalty.

2.10 **Notices** - Whenever a notice is required to be given under this Ordinance, unless different provisions are specifically made herein, such notice may be made either by personal delivery thereof to the person to be notified or by deposit in the U.S. mail in a sealed envelope, postage prepaid, addressed to such person at his last known business or residence address as the name appears in public records or other records pertaining to the matter to which the notice is directed. Service by mail shall be deemed to have been completed at the time of deposit in the post office.

Proof of giving any notice may be made by the certificate of any officer or employee of the District or by affidavit of any person over the age of eighteen years, which shows service in conformity with the Ordinance or other provisions of law applicable to the subject matter concerned.
2.11 **Effect of Heading** - The title, division or section headings contained in this Ordinance shall not be deemed to govern, limit or modify in any manner the scope, meaning or intent of any section or subsection of this Ordinance.

**SECTION 3. DEFINITIONS**

3.01 **Applicant** - The person making application hereunder who must be either (a) the owner of the subject premises, (b) the agent or customer authorized in writing to make application hereunder on behalf of the owner of the subject premises or, (c) a licensed plumber or contractor authorized in writing to make application hereunder for the subject premises.

3.02 **Approved Backflow Prevention Assembly** - A device deterring the reversal of flow of water or mixtures of water and other liquids, gasses, and/or other substances into the distribution pipes of the District’s potable supply of water through any Cross-Connection. Said device must have been investigated and approved for use as either an Air-gap separation, Double Check Valve Assembly, or Reduced Pressure Principle Backflow Prevention Device by the Foundation for Cross-Connection Control and Hydraulic Research of the University of Southern California, or by any other laboratory having equivalent capabilities for both the laboratory evaluation and field evaluation thereof.

3.03 **Board** - The Board of Directors of the East Valley Water District.

3.04 **Commercial** - Any service not covered by the residential description. This shall include, but not be limited to, apartments, trailer parks, schools, dry cleaners, laundries and businesses.

3.05 **Connection** - The pipeline and appurtenant facilities such as the curb stop, meter and meter box, all used to extend water service from the main to the premises, the laying thereof and the tapping of the main. Where services are divided at the curb or property line to serve several customers, each such branch service shall be deemed a separate service.
3.06 **Cost** - The cost of labor, materials, transportation, supervision, engineering, and all other necessary overhead expenses.

3.07 **County** - The County of San Bernardino, California.

3.08 **Cross Connection** - An unprotected actual or potential connection between a potable water system used to supply water for drinking purposes and any source or system containing unapproved water or a substance that is not or cannot be approved a safe, wholesome and potable. By-pass arrangements, jumper connections, removable sections, swivel or changeover devices, or other devices through which backflow could occur, shall be considered to be cross-connections.

3.09 **Customer** - Any person (as defined) supplied or entitled to be supplied with water service by the District.

3.10 **Customer's Service Valve** - A valve independent of the District's facilities located in the customer's piping as close to the meter as practicable, the operation of which will control the entire water supply from the meter.

3.11 **District** - The East Valley Water District, San Bernardino County, California.

3.12 **District Engineer** - A Registered Civil Engineer of the State of California.

3.13 **Engineering Services** - The engineering services provided by the District to include technical and procedural guidance, professional consultant services, project coordination and plan checking.

3.14 **Financial Officer** - The Treasurer appointed by the Board of Directors.

3.15 **Fire Hydrant** - **Short Side**: The case where the water main and the hydrant are on the same side of the street's centerline. **Long Side**: The case where the water main and the hydrant are on the opposite sides of the street's centerline.

3.16 **General Manager** - The General Manager of the District.

3.17 **Governing Body** - The Board of Directors of the East Valley Water District.
3.18 **Inspector** - The person who shall perform the work of inspecting water facilities under the jurisdiction or control of the District.

3.19 **Main** - A water line in a street, highway, alley or easement used for public and private fire protection and for the general distribution of water.

3.20 **Owner** - The person owning in fee title, or in whose name the legal title to the property appears, by deed duly recorded in the County Recorder's office, or the person in possession of the property or buildings under claim of, or exercising acts of ownership over same for himself or, as executor, administrator, guardian or trustee of the owner.

3.21 **Permit** - Any written authorization required pursuant to this or any other regulation of the District.

3.22 **Person** - Any human being, individual, firm, company, partnership, association and private, public or municipal corporation, the United States of America, the State of California, a district and any political subdivision, or governmental agency.

3.23 **Premises** - A lot or parcel of real property under one ownership, except where there are well defined boundaries or partitions such as fences, hedges or other restrictions preventing the common use of the property by several tenants, in which case each portion shall be deemed separate premises. Apartment houses and office buildings may be classified as single premises.

3.24 **Private Fire Protection Service** - Water service and facilities for building sprinkler systems, hydrants, hose reels and other facilities installed on private property for fire protection and the water available therefor.

3.25 **Public Fire Protection Service** - The service and facilities of the entire water supply, storage and distribution system of the District, including the fire hydrants affixed thereto, and the water available for fire protection, excepting house service connections and appurtenances thereto.
3.26 **Regular Water Service** - Water service and facilities rendered for normal domestic, commercial and industrial purposes on a permanent basis, and the water available therefor.

3.27 **Residential** - Any single, duplex or triplex family unit not requiring licensing for occupancy and operation.

3.28 **Secretary** - The Secretary to the Governing Body.

3.29 **Temporary Water Service** - Water service and facilities rendered for construction work and other uses of limited duration, and the water available therefor.

3.30 **Waste** - Any unreasonable method or non-beneficial use of water, including, but not limited to, the specific uses prohibited and restricted by this Ordinance as hereinafter set forth.

3.31 **Water Department** - The Board of Directors of the District performing functions related to the District's water service, together with the General Manager, the District Engineer, the Financial Officer and any other duly authorized representative.

3.32 **Water Supply Shortage** - Any water shortage caused by drought or any other threatened or existing water shortage, disaster or facility failure, earthquake, loss of electrical power, pipeline breakage, or other condition which results in or threatens to result in the District's inability to meet the water demands of its customers.

3.33 **Water User** - Any person, firm, partnership, association, corporation or political entity using water obtained from the water system of the District.

3.34 **Water** - That water supplied by the East Valley Water District.
SECTION 4. WATER DEPARTMENT

4.01 Creation - A Water Department is hereby created comprised of the Directors, the General Manager, the Financial Officer and District Engineer and such other employees and assistants as may be hired therefor.

4.02 General Manager - The General Manager, as provided for in the Water Code Section 30580, shall have full charge and control of the maintenance, operation and construction of the water works and water distribution system of the District.

4.03 District Engineer - The position of District Engineer is hereby created. The District Engineer shall regularly inspect all physical facilities related to the District water system, to see that they are in good repair and proper working order, and to note and report violations of any ordinances or water regulations.

4.04 Violation, Repairs - The District Engineer shall promptly report any violation or disrepair to the General Manager. If the work required is in the nature of an emergency, he/she shall take whatever steps necessary to maintain service to the consumers pending action by the General Manager.

4.05 Supervision - The District Engineer shall supervise all repair or construction work authorized by the Board or General Manager and perform any other duties prescribed by the Board or General Manager.

4.06 Performance of Duties - The foregoing duties of the District Engineer may be performed by the General Manager or by an additional employee or employees as designated by the District Engineer and/or General Manager.

4.07 The Financial Officer - The Financial Officer shall install and maintain a system of auditing and accounting that shall completely and at all times show the financial condition of the District. Furthermore the Financial Officer shall compute, prepare and mail bills as hereinafter prescribed, make and deposit collections, maintain proper books of account, collect, account for, refund deposits, and do whatever else is necessary or directed by the General Manager to set up and maintain an efficient and
economical accounting system and perform any other duties now and hereafter prescribed by the Board of Directors.

SECTION 5. GENERAL RULES

5.01 **Standards** - The Governing Body may, from time to time, adopt standard requirements for the design, construction, repair and maintenance, or connection to the District's water system.

5.02 **Violation Unlawful** - Following the effective date of this Ordinance, it shall be unlawful for any person to connect to, construct, install, provide, maintain or use any other means of water facilities from any building in the area serviced with water by said District except by connection to water facilities in the manner as provided for in this Ordinance. Any violation of this Ordinance will be subject to the provisions of this Section at the discretion of the General Manager, Financial Officer, or District Engineer.

5.03 **Notice** - Wherever, and whenever, practicable under the particular circumstances of the situation, and pursuant to the discretion of the General Manager, Financial Officer, or District Engineer, any person found to be violating any provisions of this or any other ordinance, resolution, rule or regulation of the District shall be served by the Inspector or other authorized person with written notice stating the nature of the violation and providing a reasonable time limit for the satisfactory correction thereof. Said time limit shall be not less than two, nor more than seven working days. The offender shall, within the period of time stated in such notice, permanently cease all violations. All persons shall be held strictly responsible for any and all acts of agents or employees done under the provisions of this Ordinance or any other rule or regulation of the District.

5.04 **Protection from Damage** - No person shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface or tamper with any structure,
appurtenances or equipment which is a part of the District’s water works. Any person violating this provision shall be subject to the penalties provided by law.

5.05 **Investigation Powers** - The officers, inspectors, managers, and any duly authorized employees or agents of the District shall carry evidence establishing their position as an authorized representative of the District and, upon exhibiting the proper credentials and identification, shall be permitted to enter in and upon any and all buildings, industrial facilities and properties to which the District is furnishing water, or has been requested to furnish water for the purpose of inspection, re-inspection, observation, measurement, sampling, testing or otherwise performing such duties as may be necessary in the enforcement of the provisions of the ordinances, resolutions, rules and regulations of the District pursuant to the authorization contained in the required application for water service.

5.06 **Noncompliance with Regulations** - As an alternative method of enforcing the provisions of this or any ordinance, resolution, rule or regulation of the District, the District shall have the power to disconnect the user or subdivision water service from the water mains of the District.

5.07 **Liability for Violation** - Any person violating any of the provisions of the ordinances, rules or regulations of the District shall become liable to the District for any expense, loss or damage, occasioned by the District by reason of such violation.

5.08 **Relief on Application** - When any person, by reason of special circumstances, is of the opinion that any provision of the ordinances, rules or regulations of the District is unjust or inequitable as applied to his/her premises, that person may make written application to the Governing Body stating the special circumstances, citing the provision complained of and requesting suspension or modification of that provision as applied to his/her premises. If such application is approved, the Governing Body may, by resolution, suspend or modify the provision
complained of, as applied to such person or premises, to be effective as of the date of the application and continuing during the period of the special circumstances.

5.09 Relief on Own Motion - The Governing Body may, on its own motion, find that by reason of special circumstances, any provisions of its ordinances, rules or regulations should be suspended or modified as applied to a particular person or premises and may, by resolution, order such suspension or modification for such premise or person during the period of such special circumstances or any part thereof.

5.10 Maintenance of Water Pressure and Pressure Conditions - The Board shall not accept any responsibility for the maintenance of pressure and it reserves the right to discontinue service while making emergency repairs, or other work required on the water system as determined by the General Manager and/or the District Engineer. Consumers dependent upon a continuous supply of water should provide emergency storage. All applicants for service connections or water service shall be required to accept such conditions of pressure and service as are provided by the distribution system at the location of the proposed service connection, and to hold the District harmless for any damages arising out of low pressure or high pressure conditions or interruptions of service.

5.11 Tampering with District Property - Except as otherwise specifically authorized by the General Manager, no one, except an employee or representative of the District shall at any time, in any manner, operate the curb cocks or valves, main cocks, gates or valves of the District's system or interfere with meters or their connections, street mains or other parts of the water system.

5.12 Remedies for Violation - Failure of a customer to comply with any part of this Ordinance, or any other ordinance, resolution, rule, or regulation of the District, shall result in the District’s discontinuance and/or refusal to provide water service to said customer’s premises and in the exercise by the District in its lawful discretion of any and all other rights and remedies that are available to the District under the law.
5.13 Water System - The District will furnish a system, plant, works and undertakings used for and useful in obtaining, conserving and disposing of water for public and private uses, including all parts of the Enterprise, all appurtenances to it, lands, easements, rights in land, water rights, contract rights, franchises, and other water supply, storage and distribution facilities and equipment.

5.14 Number of Services per Premises - The applicant may apply for as many services as may be reasonably required for their premises provided that the pipeline system for each service be independent of the others and that they not be interconnected.

5.15 Water Waste - No customer shall knowingly permit leaks or waste of water. Where water is wastefully or negligently used on a customer’s premises, seriously affecting the general service, the District may discontinue the service if such conditions are not corrected after giving notice of violation as provided in Section 5.03 herein.

5.16 Responsibility for Equipment on Customer Premises - All facilities installed by the District on private property for the purpose of rendering water service shall remain the property of the District and may be maintained, repaired or replaced by the Water Department without consent or interference of the owner or occupant of the property. The property owner shall use reasonable care in the protection of the facilities.

5.17 Damage to Water Facilities - The customer shall be liable for any damage to the service facilities when such damage is from causes originating on the premises by an act of the customer or his tenants, agents, employees, contractors, licensees or permittees, including the breaking or destruction of locks by the customer or others on, or near, a meter, and any damage to a meter that may result from hot water or steam from a boiler, or heater, on the customer’s premises. The District shall be promptly reimbursed for any such damage upon presentation of a bill to the customer.
5.18 **Ground Wire Attachments** - All individuals or business organizations are forbidden to attach any ground wire, or wires, to any plumbing which is, or may be, connected to a service connection or main belonging to the District. The District will hold the customer liable for any damage to its property occasioned by such ground wire attachments.

5.19 **Control Valve on Customer Property** - The customer shall provide a valve on his/her side of the service installation as close to the meter location as practicable to control the flow of water to the piping on his/her premises. The customer shall not use the service curb stop to turn water on and off for his/her convenience.

5.20 **Unsafe Apparatus** - Water service may be refused or discontinued to any premises where apparatus or appliances are in use which might endanger or disturb the service to other customers.

5.21 **Cross Connections** - Water service may be refused or discontinued to any premises where there exists a cross connection as defined in Section 9 of this Ordinance.

5.22 **Fraud or Abuse** - Service may be discontinued, if necessary, to protect the District against fraud or abuse.

5.23 ** Interruption in Service** - The District shall not be liable for damage which may result from an interruption in service from a cause beyond the control of the Water Department.

5.24 **Ingress and Egress** - All duly authorized employees, agents, and representatives of the District shall have the right of ingress and egress to the customer’s premises at reasonable hours for any purpose reasonably connected with the furnishing of water service.

5.25 **Installation of Services** - Only duly authorized employees, agents, and representatives of the District shall install service connections to the District’s water system. All service connections shall comply with the specifications of the District. Meters will be installed in the public right of way, or within an acceptable easement,
and shall be owned by the District. No rent or other charge will be paid by the District for a meter or other facilities, including connections. All meters will be sealed by the District at the time of installation and no seal shall be altered or broken except by one of the District's authorized employees or agents.

5.26 Change in Location of Meters - Meters moved for the convenience of the customer will be relocated at the customer's expense. Meters moved to protect the District's property will be moved at District expense.

5.27 Size and Location - The District reserves the right to determine the size of service connections and their location with respect to the boundaries of the premises to be served. Service installations will be made only to property abutting on distribution mains as have been constructed in public streets, alleys or easements or to extensions thereof as herein provided. Services installed in new subdivisions prior to the construction of streets, in advance of street improvements, must be accepted by the applicant in the installed location.

5.28 Curb Cock - Each service connection installed by the District shall be equipped with a curb cock, or wheel valve, on the inlet side of the meter. Such valve, or curb cock, is intended for the exclusive use of the District in controlling the water supply through the service connection pipe. If the curb cock, or wheel valve, is damaged by the customer's use to an extent requiring replacement, such replacement shall be at the customer's expense.

5.29 Access to Meters - The District reserves the right to enter upon the applicant's premises for the purpose of reading, repairing or replacing the water service meter. The applicant shall be solely responsible for the control of all animals which may pose a potential threat to District employees and shall be liable for any injury to District employees resulting from unrestrained animals. Should an applicant for new service fail to properly restrain animals present on his property, the District may, upon written notice, refuse to install or turn on service until such time as the District
determines that a threat to its employees no longer exists. When there is an ostensive risk to employees at an established service due to the presence of unrestrained animal(s) or other hazard(s), the employee will not be required to read the meter, etc. The customer will be notified of the situation and the bill will be estimated based upon an average of the most recently recorded six (6) month’s consumption until a personal risk by the District’s employee is no longer an issue. Upon verification that the premises no longer appears to be a threat to the safety of the employee, the meter will be read in the presence of the customer, or someone of his/her choosing, and the billing will be adjusted accordingly.

SECTION 6. APPLICATION FOR WATER SERVICE

6.01 Application for Water Service - The property owner or his/her agent designated in writing shall make application for regular water service by personally signing an Application for Water Service form provided by the District and pay the necessary fee for connection to the District’s facilities as prescribed in the latest Resolution and Schedule of Rates and Charges adopted by the Board of Directors.

6.02 Water Service to Customers other than Property Owners - Water Service to other than property owners shall be made as follows:

6.02.01 Property Owner’s Signature - If the Property owner rents the premises to a tenant, the tenant may have water service and other services instituted in the tenant’s name, provided that reasonable efforts are made to secure the property owner’s signature on the application for service and the tenant provides the District with a copy of the rental agreement. In any event, the tenant must provide the District with the property owner’s name, mailing address and telephone number.

6.02.02 Owner Responsibility - Whether or not a property owner signs the District’s application for water service form, the property owner is not relieved of his or her responsibility for unpaid water charges for the subject property as provided in this ordinance and pursuant to California Water Code Section 31701.5, et seq.
6.03 Payment of Delinquent Charges - As a precondition to receiving water service from the District, the applicant for service shall pay any and all unpaid charges that have accrued on any closed accounts previously held by the applicant with the District as well as pay any and all delinquent charges that have accrued on any open accounts currently held by the applicant with the District.

6.04 Security Deposit - A security deposit for each single family residential unit, commercial or retail unit, or multi-unit complex shall be deposited at the time application for water service is made. The District may, at its sole election, include the required security deposit on the customer’s first billing invoice.

6.04.01 Single Family Residential - A security deposit for a single family residential unit may not be required if the person requesting service is a new residential applicant who is determined by the District to be creditworthy. The determination of an applicant’s creditworthiness shall be based solely upon criteria developed by the District and may be appealed in the manner set forth in Section 11 herein. However, during the life of the account, the District may, in its sole discretion, require any customer, regardless of whether he or she was previously found to be creditworthy, to post a full security deposit with the District any time there are three (3) delinquencies within any consecutive six (6) month period, or as a precondition to reinstatement of service anytime after being disconnected for nonpayment.

6.04.02 Security Deposit Refund - Refunds of security deposits will be performed in the manner set forth below. Such refunds will be credited to any account held by the customer with the District in lieu of a refund check. Interest on the security deposits shall remain the sole property of the District and will not be included in any refund.

6.04.02.01 Single Family Residential - The District shall refund each security deposit to a residential customer as follows:
a. Where funds have been on deposit for one year in a customer’s account and there have been no delinquency payments on any of the customer’s accounts with the District during that year. However, the District may, at its sole option, require any customer to post a full security deposit with the District any time there are three (3) delinquencies within any consecutive six (6) month period, or as a precondition to reinstatement of service anytime after being locked off for nonpayment.

b. Within thirty (30) days after the applicant provides written notice to terminate water services, or when a new property owner tenders a full deposit for the same property, in which case the refunded deposit shall first be applied toward the unpaid balances in any account held by the customer with the District before the remaining sum, if any, is refunded to the customer.

6.04.02.02 Commercial, Retail or Industrial - The District shall refund the security deposit for commercial, retail or industrial connections as follows:

a. Where funds have been on deposit for one year in a customer’s account and there has been no delinquency payment on any of the customer’s accounts with the District during that year and upon the customer’s request, one-half of the deposit will be refunded to the customer by means of a credit on the account. However, if the customer is delinquent on any payment thereafter, the District may, at its sole option, charge back the credited amount.

b. Within thirty (30) days after the applicant provides written notice to terminate water services, or when a new property owner tenders a full deposit for the same property, in which case the refunded deposit shall first be applied toward the unpaid balances in any account held by the customer with the District before the remaining sum is refunded to the customer.

6.05 Change in Customer’s Equipment - Customers who make any material change in the size, character of, extent of the equipment or operations utilizing water service, or whose change in operations results in a significant increase in the use of
water shall immediately give the District written notice of the nature of the change and, if necessary, amend their application.

6.06 Domestic, Commercial and Industrial Service Connections - It shall be unlawful to maintain a connection excepting in conformity with the following:

6.06.01 Multiple Building - Multiple houses or buildings under one ownership and on the same lot or parcel of land may be supplied through the same service connection, provided that the service connection shall be of such size to adequately serve said houses or buildings.

6.06.02 Single Service Connection - Not more than one service connection for domestic or commercial supply shall be installed for one building, except when authorized by the District.

6.06.03 Separate Service Connection - A service connection shall not be used to supply any adjoining property, or property across a street, alley or easement. Each service connection shall serve only one property or individual parcel.

6.06.04 Divided Property - When property provided with a service connection is divided, the service connection shall be considered as belonging to the lot or parcel of land which it directly enters.

6.07 Service Connection Maintenance - The service connection extending from the water main to the meter, meter box and curb cock or wheel valve, shall be maintained by the District. All pipes and fixtures extending or lying beyond the meter box shall be installed and maintained by the owner of the property.

6.08 Damage through Leaking Pipes and Fixtures - When requested to turn on the water supply to a house or property, the District will make a reasonable attempt to ascertain if water is running on the inside of the building. If such is found to be the case, the water will be left shut off at the curb cock or the private shutoff. The District's jurisdiction and responsibility ends at the customer's side of the meter.
box and the Board will in no case be liable for damages occasioned by water running from open or faulty fixtures, or from broken or damaged pipes beyond the meter box.

6.09 **Damage to Meters** - The District reserves the right to set and maintain a meter on any service connection. The water customer shall be held liable for any damage to the meter due to customer’s negligence or carelessness.

6.10 **Main Extension Required** - The District may provide for all main extensions upon application for service and payment of required charges. Customer may elect to extend mains according to agreements between the customer and the District providing the work meets District standards.

6.10.01 **Application** - Any owner of one or more lots, parcels, or a subdivider of a tract of land desiring the extension of one or more water mains to serve such property, shall make written application therefor to the District. Said application shall contain the legal description of the property to be served, tract number, and any additional information which may be required by the District, and shall be accompanied by a map showing the location of the proposed connections.

6.10.02 **Investigation** - Upon receipt of the application requesting the District to install facilities, the District shall make an investigation and survey of the proposed extension and estimate the cost thereof.

6.10.03 **Dead-end Lines** - No dead-end lines shall be permitted, except at the discretion of the General Manager, and in cases where circulation lines are necessary they shall be designed and installed by the District as part of the main extension.

6.10.04 **Specifications and Construction** - The size, type and quality of materials and location of the lines shall be specified and approved by the District.

6.10.05 **Property of District** - Upon completion of such installation as approved by the District, the facilities shall be dedicated to and become property of the District.
6.10.06 **Connections** - The applicant shall, at his cost, provide all connections to buildings and private water systems, as herein provided.

**SECTION 7. TEMPORARY SERVICE**

7.01 **Duration of Service** - Temporary service connections shall be disconnected and terminated within six months after installation unless an extension of time is granted in writing by the General Manager, Financial Officer, or District Engineer.

7.02 **Security Deposit** - The applicant shall deposit, in advance, the estimated cost of the temporary service. Upon discontinuance of service, the actual cost shall be determined and an adjustment made as an additional charge, refund or credit.

7.03 **Installation and Operation** - All facilities for the temporary service to the customer shall be made and operated in accordance with District instructions. The District may, at its discretion, restrict or terminate the service at any time.

7.04 **Responsibility for Meters and Installations** - The customer shall use all possible care to prevent damage to the meter, or to any other loaned facilities of the District, which are involved in furnishing the temporary service from the time they are installed until they are removed. If the meter or other facilities are damaged, the cost of making repairs shall be paid by the customer. The customer shall give notice to the District in writing at least forty eight (48) hours prior to the time the customer or other person is through with the meter, or meters, and the installation.

7.05 **Supply from Fire Hydrant** - An applicant for temporary use of water from a fire hydrant must apply for a temporary water service and pay a hydrant meter deposit. The applicant shall also pay for water used in accordance with the meter readings, at the rates prescribed by the Board.

7.06 **Unauthorized Use of Hydrants** - Tampering with any fire hydrant for the unauthorized use of water therefrom or for any other purpose is subject to a fine, per occurrence, as may be set by the Board.
7.07 **Meter Availability** - As prescribed by the District, the applicant shall make the hydrant meter available for reading on a monthly basis for actual water usage. If the hydrant meter is not available for the monthly reading as prescribed by the District, a supplementary fee of $100 will be charged for each month the meter is not read to cover the expense required for corrections to billing records.

7.08 **Pools and Tanks** - When an abnormally large quantity of water is desired for filling a swimming pool or for other purposes, arrangements must be made with the District prior to taking such water. Permission to take water in unusual quantities will be given only if it can be safely delivered through the District’s facilities and if other consumers are not inconvenienced thereby.

7.09 **Responsibility for Equipment** - The customer shall, at his own risk and expense, furnish, install and keep in good and safe condition all equipment that may be required for receiving, controlling, applying and utilizing water, and the District shall not be responsible for any loss or damage caused by the improper installation of such equipment, or the negligence or wrongful act of the customer or any of his tenants, agents, employees, contractors, licensees or permittees in installing, maintaining, operating or interfering with such equipment. The District shall not be responsible for damage to property caused by faucets, valves and other equipment which are open when water is turned on at the meter, either originally or after a temporary shutdown.

**SECTION 8. FIRE PROTECTION**

8.01 **Public Fire Protection** - The following pertains to the use of District facilities for public fire protection:

8.01.01 **Use of Fire Hydrants** - Fire Hydrants are for use by the District or by organized fire protection agencies pursuant to contract with the District. Other parties desiring to use fire hydrants for any purpose must obtain prior written permission from the Water Department and shall operate the hydrant in accordance
with instructions issued by the Water Department. Unauthorized use of hydrants will be prosecuted according to law.

8.01.02 Moving of Fire Hydrants - When a fire hydrant has been installed in the location specified by the proper authority, the District has fulfilled its obligation. If a property owner or other party desires a change in the size, type or location of the hydrant, they shall bear all costs of such changes without refund. Any change in the location of a fire hydrant must be approved by the proper authority.

8.02 Private Fire Protection Service - The following pertains to the use of District facilities for private fire protection systems:

8.02.01 Payment of Cost - The applicant for private fire protection service shall pay the total actual cost of installation of the service from the distribution main to the service location including the cost of a detector check meter or other suitable and equivalent device, valve and meter box, said installation will become the property of the District.

8.02.02 No Connection to Other Systems - Unless authorized and under special circumstances, there shall be no connection between the fire protection system and any other water distribution system on the premises.

8.02.03 Use - There shall be no water used through the fire protection service except to extinguish fires and for testing the fire fighting equipment.

8.02.04 Charges for Water Used - Any consumption recorded on the meter will be charged as provided in District Resolutions, except that no charge will be made for water used to extinguish fires reported to the fire department.

8.02.05 Monthly Rates - The monthly rates for private fire protection shall be established by Resolution of the Board of Directors.

8.02.06 Water for Fire Storage Tanks - Occasionally water may be obtained from a private fire service for filling a tank connected with the fire service,
but only if written permission is secured in advance from the District and an approved means of measurement is available.

8.02.07 Violation of Agreement - If water is used from a private fire service in violation of the agreement or this Ordinance, the District may, at its option, discontinue and remove the service.

8.02.08 Valve - When a fire service connection is installed, the valve governing same will be closed and sealed and remain so until a written order is received from the owner of the premises to have the water turned on.

8.02.09 Meter - If the District does not require a meter, and if water is used through a fire service connection for any other purpose than extinguishing fires, the District shall have the right to place a meter on the fire service connection at the owners expense and assess the appropriate capacity fees, or shut off the entire water supply from such premises.

8.02.10 Additional Service - The District shall have the right to take a domestic, commercial or industrial service connection from the fire service connection at the curb to supply the same premises as those to which the fire service connection belongs. The Board shall also have the right to determine the proportion of the installation costs properly chargeable to each service connection, if such segregation of costs shall become necessary.

8.02.11 Check Valve - The Board reserves the right to install on all fire service connections a check valve of a type approved by the National Board of Fire Underwriters and to equip the same with a by-pass meter at the expense of the owner of the property.

SECTION 9. CROSS CONNECTION CONTROL

9.01 Purpose - The purpose and intent of this Section:
a. To comply with the requirements imposed upon the District pursuant to Sections 7583-7605 of the California Code of Regulations ("Title 17") and all other applicable regulations regarding Cross-Connection Control.

b. To protect the public potable water supply of this District from the possibility of contamination or pollution by isolating within the customer’s internal distribution system(s), or the customer’s private water system(s), such contaminants or pollutants which could backflow into the District’s public water system(s); and

c. To promote the elimination or control of existing cross-connections, actual or potential, between the customer’s potable water system(s) and non-potable water system(s), plumbing fixtures and industrial systems; and

d. To provide for the maintenance of a continuing Cross-Connection Control Program which will systematically and effectively minimize the potential for contamination or pollution of the potable water system.

9.02 Application - The provisions of Title 17 and all other regulations regarding Cross-Connections that are adopted by the State of California Department of Health Services pursuant to California Water Code Sections 100205, 100275, and 116375(c), all as the same may be amended from time to time, are hereby adopted by the District, incorporated herein by this reference, and made a part hereof as though set forth in full.

9.03 Definitions - In addition to the definitions in Title 17, the following terms are defined for the purpose of this chapter:

9.03.01 Approved Water Supply - The term “Approved Water Supply” shall mean a water supply whose potability is regulated by the Department of Health Services.

9.03.02 Auxiliary Water Supply - Any water supply, other than the District’s, which is either on or available to the property will be considered as an auxiliary water supply. These auxiliary waters may include water from another public
potable water supply or from any natural source(s) such as a well, river, stream or used water. These waters may be contaminated, polluted or constitute an unacceptable water source over which the District does not have sanitary control.

9.03.03 Backflow - The term “backflow” shall mean the undesirable reversal of flow of water or mixtures of water and other liquids, gasses or substances into the distribution pipes of the District’s potable supply of water from any source or sources.

9.03.04 Backpressure - The term “backpressure” shall mean any elevation of pressure in the downstream piping system above the supply pressure at the point of consideration which would cause, or tend to cause, a reversal of the normal direction of flow.

9.03.05 Backsiphonage - The term “backsiphonage” shall mean a form of backflow due to a reduction in system pressure which causes a sub-atmospheric pressure to exist at a point in the water system.

9.03.06 Backflow Preventer - An assembly or means designed to prevent a reverse flow condition created by a difference in water pressures.

9.03.07 Backflow Prevention Devices - The actual types of devices that may be required and are acceptable for use in the District are as follows:

a. Air Gap - The term “Air Gap” shall mean a physical separation between the free flowing discharge end of a potable water supply pipeline and an open or non-pressure receiving vessel.

b. Reduced Pressure Principle Backflow Prevention (RPP) Assembly - The term “RPP Assembly” shall mean an assembly containing two independently acting approved check valves together with a hydraulically operating, mechanically independent, pressure differential relief valve located between the check valves. The unit shall include properly located resilient seated test cocks and tightly closing resilient seated shutoff valves at each end of the assembly.
c. **Double Check Valve Backflow Prevention (DC) Assembly** - The term “DC Assembly” shall mean an assembly composed of two independently acting approved check valves including tightly closing resilient seated shutoff valves attached at each end of the assembly and fitted with properly located resilient seated test cocks.

9.03.08 **Contamination** - The term “contamination” shall mean an impairment of the quality of the water which creates an actual hazard to the public health through poisoning or through the spread of disease by bacteria, virus, sewage, industrial fluids, or other toxic substances.

9.03.09 **Cross-Connections, Controlled** - A connection between a potable and non-potable water system with an approved backflow prevention assembly properly installed and maintained so that it will continuously afford the proper protection.

9.03.10 **Cross-Connection Control by Containment** - The term “cross-connection control by containment (service protection)” shall mean the appropriate type or method of backflow protection at the service connection.

9.03.11 **Degree of Hazard** - The term “degree of hazard” shall mean either a contamination (health), plumbing, pollutational (non-health) or system hazard. Listed in order of severity, each is defined as follows:

a. **Health Hazard** - The term “health hazard” shall mean an actual or potential threat of contamination of a physical or toxic nature to the District’s water system or the consumer’s potable water system that would be a danger to health.

b. **Plumbing Hazard** - The term “plumbing hazard” shall mean an internal or plumbing type cross-connection in a consumer’s potable water system that may be either a pollutational or contamination type hazard. This includes, but is not limited to, cross-connections to toilets, sinks, lavatories, wash basins, swimming pool plumbing systems, and lawn sprinkler systems. If permitted to exist, “plumbing hazard” must be properly protected by an appropriate type of backflow prevention assembly.
c. **Pollutional Hazard** - The term “pollutional hazard” shall mean the actual, or potential, threat to the physical properties of the water system or the potability of the system but which would not constitute a health or system hazard, as defined. The potable water system would be degraded, depending on the degree or intensity of pollution, to the point where it becomes a nuisance, aesthetically objectionable, or cause minor damage to the system or its appurtenances.

d. **System Hazard** - The term “system hazard” shall mean an actual, or potential, threat of severe danger to the physical properties of the District’s or consumer’s potable water system which could have a delayed effect on the quality of the potable water in the system.

9.03.12 **Industrial Fluids** - The term “industrial fluids” shall mean any fluid or solution which may be chemically, biologically, or otherwise contaminated or polluted in a form or concentration which would constitute a health, system, pollutional, or plumbing hazard if introduced into an approved water supply system.

9.03.13 **Pollution** - The term “pollution” shall mean an impairment of the quality of the water to a degree which does not create a hazard to the public’s health, but which does adversely affect the aesthetic qualities of such waters for domestic work.

9.03.14 **Potential** - The term “potential” shall mean something perceived that can develop into or become actual.

9.03.15 **Service Connection** - The term “service connection” shall mean the downstream end of the water meter. This is the point of delivery to the customer’s water system where the District loses jurisdiction and sanitary control of the water.

9.03.16 **Water, Potable** - The term “potable water” shall mean any public/private water supply that has been investigated and approved for human consumption.
9.03.17 **Water, Non-Potable** - The term “non potable water” shall mean a water supply that has not been approved for human consumption.

9.03.18 **Water, Used** - The term “used water” shall mean any water supplied by the District from a public potable water system to a customer’s water system after it has passed through the service connection and is no longer under the control of the District.

9.04 **Determination** - The District shall conduct surveys to identify Water User Premises where Cross-Connections are likely to occur and evaluate the degree to potential health hazard to the Water which may be created as a result of conditions existing on a Water User’s Premises. At a minimum, the evaluation shall consider the factors identified in Section 7585 of the California Code of Regulations. However, notwithstanding anything herein to the contrary, the District shall not be legally responsible for the abatement of any Cross-Connection which may be found to exist within a Water User’s Premises.

9.05 **Notice** - Upon determination by the District that a Cross-Connection exists within the scope of this Section, the District shall give written notice to the affected Customer to install an Approved Backflow Prevention Assembly of a type and quality, and at a specific location, deemed appropriate by the District. The Customer shall immediately cause such device to be installed at his or her expense, and in the manner prescribed by the District, which thirty (30) days of the issuance of said notice.

9.06 **Installation** - The location of any Approved Backflow Prevention Assembly installed pursuant to this Section shall be at the Customer’s point of connection to the district’s Water, or within the Customer’s Premises, or both, as determined by the District in the exercise of its discretion. If an approved Backflow Prevention Assembly is required on the Customer’s connection to the District’s Water, it shall be located at or near the property line of the Premises or immediately outside the building being
served, but, in all cases, at a place deemed acceptable to the District that is before the first branch line leading off the service line.

**9.06.01 Typical Installations** - Conditions where an approved backflow prevention assembly is required on each service connection shall include, but not be limited to, the following:

   a. In the case of any property having an auxiliary water supply, or one that is being fed by another outside water source, the public water system shall be protected against backflow from the premises by installing an approved Air Gap or RPP device.

   b. In the case of any property on which toxic chemicals, pollutants, industrial fluids, or any other objectionable substances are handled, or stored, in such a fashion as to create an actual or potential hazard to the District’s system, the public water system shall be protected against backflow from the premises by installing an approved Air Gap or RPP device.

   c. In the case of any property having internal cross-connections that cannot be permanently corrected or protected against, or intricate plumbing and piping arrangements or where entry to all portions of the premises is not readily accessible for inspection purposes, making it impracticable or impossible to ascertain whether or not dangerous cross-connections exist. The public water system shall be protected against backflow from the property by installing an approved RPP device.

   d. In the case of any property being served by two or more water services, water and fire services, water and irrigation services, or any combination thereof, the public water system shall be protected against backflow from the premises by installing an approved RPP device on each service connection.

   e. In the case of any property having solar heating systems of a heat ex-
changer type that utilize a recirculating pump, air conditioning units with chemical injection pots, or coolers with recirculating pumps, the public water system shall be protected against backflow from the premises by installing an approved RPP device.

f. In the case of any agricultural property, dairy, poultry farm, or any other farm, or hobby type operation, where fecal bacteria has the potential to contaminate the water supply, or operations injecting chemicals into the on-site water lines, the public water system shall be protected against backflow from the property by installing, at a minimum, an approved RPP device.

g. In the case of any property on which there is water or a substance that would be objectionable but not hazardous to health if introduced into the public water system, the public water system shall be protected against backflow from the premises by installing an approved double check valve.

h. In the case of any single family or multi-family residential property where known health hazards exist, the public water system shall be protected against backflow from the premises by installing an approved RPP device.

9.06.02 Typical Facilities - Typical facilities where the District requires the installation of approved backflow prevention assemblies:

- Apartments - 8 or more units - RPP
- Bottling plants - RPP
- Buildings- Commercial, Industrial - RPP
- Buildings- Hotels, Motels - RPP
- Buildings, multi-storied (three or more floor levels) - RPP
- Car wash facilities - RPP
- Cleaners - RPP
- Commercial buildings - RPP
- Cooling towers - RPP
- Fire systems (not interconnected, interconnected) - RPP, DC
Hospitals- Medical buildings, Mortuaries, Autopsy Facilities, Nursing and Convalescent Homes, and Clinics - RPP

Irrigation systems- Premises having separate systems:

Parks, Playgrounds, Cemeteries, Golf Courses, Schools, Estates, and Ranches - RPP

Laundries and Dye works - RPP

Mobile home parks - RPP

Multiple rental buildings - that are master metered - RPP

Plating plants - RPP

Sand and Gravel Plants - RPP

Schools - RPP

Sewage lift stations - RPP

Sewage treatment plants - AG, RPP

Sprinkling systems (chemically entrained) - RPP
Steam facilities - RPP

Public Swimming Pools, and Pools at Apartments, Condominiums, Home Owner Associations, City Parks, Trailer Parks, and Mobile Home Parks - RPP

9.07 Inspection, Testing and Maintenance - The Customer shall cause a field test to be performed by a licensed plumbing contractor certified to test and repair Approved Backflow Prevention Assemblies at the time of installation and at least once per year thereafter. In those instances deemed necessary by the District, testing of Approved Backflow Prevention Assemblies may be required at more frequent intervals. In the event that an Approved Backflow Prevention Assembly is found to be defective, the Customer shall cause the necessary repairs and/or replacement thereof to be made. The Customer shall have an acceptance test performed after such repair and/or replacement to ensure proper operation of the Approved Backflow Prevention Assembly. All costs associated with the inspection, testing, repair, and maintenance of Approved Backflow Prevention Assemblies shall be borne by the Customer. The results of each test and records of all inspection, replacement, and repairs performed on an Approved Backflow Prevention Assembly by the Customer shall be maintained by the Customer and reported to the District in a manner deemed acceptable to the District.

9.08 Enforcement - The District may discontinue or refuse to supply water and/or sewer service to any Premises that is not in strict compliance with the terms of this Section, or if it is found that an Approved Backflow Prevention Device has been removed or bypassed, or if unprotected Cross-Connections otherwise exist on the Premises. The District may also disconnect water and/or sewer service to any Premises if the health and safety of any Person is immediately threatened by a Cross-Connection. The District may refuse to restore such service to the Premises until the Cross-Connection is
remedied and an Approved Backflow Prevention Device is installed and operated in accordance with the Section.

9.09 Administration - The District shall appoint at least one (1) person trained in Cross-connection control to administer the provisions of this section.

SECTION 10. CUSTOMER BILLING PROCEDURES

10.01 Charges - Water charges shall commence when a water service connection is installed and the meter is set. The customer requesting service and whose name is on the water service account will be responsible for all water charges incurred by such service. The District may transfer to the account, any delinquent and/or unpaid charges from other closed or open accounts which are held by the customer and/or property owner within the District.

10.02 Tiered Water Use - The District charges for potable water use in three separate pricing tiers. Tier 1 is an estimate of indoor water use. Tier 2 is an estimate of efficient outdoor use. Tier 1 and 2 are considered a customer’s water budget. Tier 3 represents water use greater than 100% of the customer’s individualized water budget.

10.03 Water Budgets - A water budget is defined as the quantity of water required for an efficient level of water use by an individual customer site. The District’s water budget calculation accounts for indoor, outdoor, and business process needs where applicable. Water budgets are determined by the individual needs of the customer using site-specific factors including, but not limited to, persons per household, irrigated area, weather (expressed as Evapotranspiration rate), plant factor, and days of service. Water budgets are calculated differently for residential, dedicated irrigation (landscape), and commercial mixed-use (indoor and outdoor) water service accounts. Water budgets are considered the combination of Tier 1 and/or Tier 2 water use in all customer classes subject to water budget rates. Customer classes are: Residential, Multi-Family, Irrigation, and Non-Residential.
10.04 **Evapotranspiration (ET) Rate** - Evapotranspiration is a measure of water transpired through plant tissue and evaporated from the soil in the planted area over a period of time. The unit of measure is expressed in inches of ET. ET measurements are obtained from weather station(s) situated in the District’s service area; each station provides the data to be applied for specific zones within the District. The weather stations are calibrated on a monthly basis by a certified CIMIS (California Irrigation Management Information System) professional. Weather data is gathered on a daily basis and accumulated for each billing period.

10.05 **Monthly Plant Factor** - The monthly plant factor is used to more clearly define the needs of plant material. The District’s monthly plant factor comes from the University of California - Riverside’s research on the water needs of cool-season turf grass. The plant factors (shown in Row A of the table below), when averaged over the entire calendar year, match the annual ET Adjustment factors listed in the State of California Model Water Efficient Landscape Ordinance (AB 1881). Monthly Plant factors for special landscapes are shown in Row B of the table. Special landscapes are served by a dedicated irrigation meter and include: registered historical sites, cemeteries, parks, golf courses, sport complexes/ball fields, and school yards.

<table>
<thead>
<tr>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Annual Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>0.61</td>
<td>0.64</td>
<td>0.75</td>
<td>1.04</td>
<td>0.95</td>
<td>0.88</td>
<td>0.94</td>
<td>0.86</td>
<td>0.74</td>
<td>0.75</td>
<td>0.69</td>
<td>0.60</td>
</tr>
<tr>
<td>B.</td>
<td>0.76</td>
<td>0.80</td>
<td>0.93</td>
<td>1.30</td>
<td>1.20</td>
<td>1.10</td>
<td>1.20</td>
<td>1.10</td>
<td>0.92</td>
<td>0.93</td>
<td>0.86</td>
<td>0.75</td>
</tr>
</tbody>
</table>

10.06 **Residential Indoor Water Budget** - A residential indoor water budget is calculated by multiplying the number of persons per household by 60 gallons for every day by the number of dwelling units by the drought factor in a billing period. For example, if there are 4 persons in a single-unit residence, the daily water budget would be 240 gallons (4 persons x 1 unit x 1 drought factor x 60 gallons). If there are 28 days
in a billing period the total indoor water budget would be 6,720 gallons (240 gallon/day × 28 days = 6,720 gallons) or 8.98 billing units (6,720 gallons ÷ 748 gallons per billing unit).

10.07 **Residential Outdoor Water Budget** - A residential daily outdoor water budget is calculated by multiplying the irrigated square footage associated with the water service account by the monthly Evapotranspiration rate adjusted by the monthly plant factor by the drought factor, multiplying by the conversion factor of 0.62 (square feet to gallons), and then dividing by 748 to arrive at the daily water budget in billing units. (Irrigable Square Footage × Monthly Evapotranspiration Rate × Monthly Plant Factor × drought factor × 0.62 ÷ 748 = Monthly Outdoor Budget in billing units.

10.08 **Dedicated Landscape (Irrigation) Water Budget** - Water budgets for dedicated irrigation accounts are calculated using the same methodology that is used for Residential Outdoor Water Budgets (described above). Dedicated Landscape accounts receive no Tier 1 allocation.

10.09 **Non-Residential Mixed Use Water Budgets** - Non-Residential mixed-use water budgets are based on historic use. The District calculates an average water demand for each billing period based on the water demand for the same billing periods of the prior two years. The commercial water budget may be adjusted, at the District’s discretion, to accommodate changes in business processes or to allow for business growth.

10.10 **Water Budget Drought Factor** - Water budgets can be adjusted in times of threatened water supply availability in order to reduce water allocations for customers through the use of the drought factor. When drought factors are implemented, indoor and/or outdoor water budgets can be reduced by a designated percentage, causing Tier 1 and/or Tier 2 allocations to be reduced, and Tier 3 ‘Inefficient Usage’ charges to become effective at lower consumption levels.
Drought factors can also be adjusted upward to reflect improved water supplies but not above 100%. Changes in drought factors will be established by Resolution of the District Board of Directors.

10.11 **Water Budget Adjustments** - Water budgets can also be adjusted to reflect a significant change in a customer’s unique efficient water needs. Adjustment forms are available for customers on the District’s website or at the District Headquarters. Rules pertaining to applicable water budget adjustments are outlined on the water budget adjustment form.

10.12 **Leak Credit** - In cases where a pipe break or sprinkler malfunction leads to water use in excess of an individual water budget during one or more billing periods, the District will remove the inefficient use rate increment (difference between Tier 3 and Tier 2 rates) for up to a maximum of two concurrent billing periods ending in the billing period in which a verified repair or corrective measure was conducted. In addition, all of the following conditions must be satisfied for a Leak Credit to be issued:

- The customers water use was in excess of their water budget at the time of the repair;
- The customer has completed a leak credit form with the required documentation showing a repair was performed;
- The customer has returned to in-budget water use in the billing period immediately following the billing period during which the repair was completed;
- The customer has not applied for a leak credit within the last 12 consecutive billing periods.

The District will remove the tier 3 incremental charge by recalculating the impacted water bill(s) for all of the customer’s water use, including water use as a result of the
leak or malfunction, at the applicable Tier 2 pricing. A leak credit form may be obtained on the District website, or by visiting the District Administrative Offices.

**10.13 Liens for Unpaid Bills** - All unpaid bills will be made a lien against the property pursuant to these rules, regulations and California Water Code Section 31701.5 et.seq. Interest at the legal rate may accrue and be applied on all delinquent bills. The property owner remains responsible for all charges owed to the District whether or not the property owner actually lives on the premises or signs the application for water service.

**10.14 Owner Liability** - The property owner remains responsible for all charges owed to the District whether or not the property owner actually lives on the premises or signs the application for water service.

**10.15 Meter Reading, Billing Period, and Due Date** - The billing will be based on the periodic meter readings which will normally range between 26 and 35 days. If a meter fails to register during any period, or is known to register inaccurately, the customer shall be charged based on estimated usage. The billings for water service are mailed approximately, five days after the meter readings. Current charges are due when mailed and become past due if not paid on or before the due date. The due date shall be 20 days after the billing date. All billings are considered delivered upon mailing and the District is not responsible for non-receipt or non-delivery once mailed. Any payment envelope received by the District without a payment enclosed, or with an unsigned check, shall be considered non-payment. Checks received on payment of account and later returned by the bank unpaid shall also be considered as non-payment, and a returned check charge will be assessed. Accents with one or more returned checks may be required to make future payments by cash, money order, or charge card only.

**10.16 Reactivation** - If payment is not made, as stipulated above, and charges remain unpaid on the shut-off date stated on the delinquent billing notice, water
service shall be discontinued, a disconnection charge assessed, and a deposit required. If an account has been disconnected for non-payment, the original bill, delinquent and disconnection charges, and a deposit must be paid before service will be reestablished. Payment for charges on an account that has been disconnected must be made in cash, money order, or charge card.

10.17 Past Due Accounts - Rates and charges which are not paid on or before the due dates shall be subject to interest charges. Interest will be calculated at a rate of one and one-half percent (1 1/2 %) on all amounts that remain unpaid at the end of each billing cycle. The District may secure unpaid charges by filing liens on real property, as provided by law or by any other method available to the District. In the event that legal action is brought to collect unpaid charges, the District shall be entitled to the payment of all costs, including attorney’s fees. Defendant shall pay all costs associated with litigation rendered in favor of the District.

10.18 Billing of Separate Meters not Combined - Separate bills will be rendered for each meter installation. The District may, for its own convenience, consider each register of compound meters as a separate service and bill each as provided for herein. For its own convenience, the District may combine multiple services on one bill.

10.19 Opening and Closing Bills - Opening and closing bills for less than the normal billing period shall consist of charges for actual water consumption and a proration of the availability charge.

10.20 Delinquency Notice and Disconnection for Non-Payment - A delinquency notice shall be mailed to customers whose accounts are delinquent, warning that service is subject to disconnection. Residential accounts will have sixty (60) calendar days from the date of the mailing of the notice before the account will be disconnected for non-payment in accordance with the District’s Policy for Discontinuation of Residential Water Service. Non-residential accounts (commercial, irrigation) will have
fifteen (15) calendar days from the date of the mailing of the notice before the account will be disconnected. The delinquency notice will contain all the following:

- the name and address of the customer;
- the amount of the delinquency;
- the date by which payment arrangements must be made in order to avoid discontinuation of service;
- the procedure by which the customer may initiate a complaint or request an investigation or appeal concerning service or charges;
- a description of the procedure by which the customer may request an alternative payment arrangement, including an extension, amortization, alternative payment schedule, or payment reduction;
- the procedure for the customer to obtain information on financial assistance, if applicable; and
- the telephone number where the customer may request a payment arrangement or receive additional information from the District.

Notice of any delinquency in a tenant’s account shall also be sent to the owner of the property.

10.21 **Removal of Delinquency** - At the end of each calendar year, the District shall remove one delinquency from the record of each account that has one or more delinquencies.

10.22 **Suit** - All unpaid rates, charges and penalties herein provided may be collected by suit.

10.23 **Costs** - Defendant shall pay all costs of suit in any judgment rendered in favor of the District, including reasonable attorney’s fees.

10.24 **Discontinuing Service** - Customers desiring to discontinue service should so notify the District in writing three (3) business days prior to vacating the premises.
Tenants shall be liable for on-going charges whether or not any water is used, up to the time of requested discontinuance of service. Owners shall be liable for on-going charges between tenancy, and in the event of sale, up to the date title to the property is transferred to a new owner. Owners shall also be responsible for charges incurred by a tenant, but that remain unpaid after the tenant has vacated the property. Upon notice, the District will seal off the meter and take a closing reading.

SECTION 11. COMPLAINTS AND DISPUTED BILLS

11.01 Right to Meet - The customer has the right to meet with the Financial Officer or General Manager to present any evidence supporting a complaint with regard to water service, District rules, regulations, resolutions or ordinances, or to dispute the accuracy of a bill for service or other charges.

11.02 Arrangement of Meeting - To arrange such a meeting, the customer shall contact the District office, either in writing or by telephone during normal business hours.

11.03 Presentation of Evidence - The customer may be accompanied by a friend, attorney, or other representative to meet with the Financial Officer or General Manager and may present any evidence they may have to support their position.

11.04 Unresolved Disputes - If the customer is unable to resolve his dispute with the Financial Officer or General Manager, he/she may submit the complaint in writing along with a full and detailed explanation to the Board of Directors for resolution.

11.05 Appearances Before the Board of Directors - The customer may appear before the Board of Directors at the next regularly scheduled Board meeting by notifying the District Clerk, in writing, prior to the Board meeting of the date he/she wishes to attend and what the dispute regards. The customer may then present the complaint and any evidence in support of his/her position and ask for a decision by the Board.
11.06 Delays on Action - The Board shall act promptly to resolve the dispute, but may delay a resolution of the dispute to the time of its next regular meeting in order to investigate the dispute or receive special reports related to the dispute.

11.07 Further Delays - Any further delays must be freely and willingly agreed to by the customer.

11.08 Decision of the Board - The decision of the Board of Directors shall be final. Should the Board not render a decision within sixty (60) days of application to the Board, this failure to act shall be deemed a denial of the requested action, unless both parties have agreed to extend the resolution period.

11.09 Discontinuance of Service - No water or other service shall be discontinued pending the final resolution of a dispute.

11.10 Adjustment for Fast Meter Errors - If a meter tested at the request of a customer is found to be more than five percent (5%) fast, the excess charges for the time service was rendered the customer, or excess charges for a period of six months, whichever shall be the lesser, shall be refunded to the customer.

11.11 Adjustment for Slow Meter Errors - If a meter tested at the request of a customer is found to be more than ten percent (10%) slow and shows evidence of tampering, the District may bill the customer for the amount of the undercharge based upon corrected meter readings for the period, not exceeding six months, that the meter was in use.

11.12 Non-Registering Meters - If a meter is found to be not registering, the charges for service shall be based on the estimated consumption. Such estimates shall be made from previous consumption for a comparable period, or by such other method as is determined by the District, and its decision shall be final.

SECTION 12. DISCONNECTION FOR NONPAYMENT

12.01 Disconnection for Non-Payment - Residential water service shall be discontinued if payment for water service is not made within sixty (60) calendar days
of the date of mailing the delinquent notice. All other notifications and communication required in the District’s Policy on Discontinuation of Residential Water Service shall be delivered prior to disconnection. Non-residential water service shall be discontinued if payment for service is not made within fifteen (15) calendar days.

12.01.01 Tenant Accounts - If water and other services to an account, where the tenant is shown as the Customer of Record, are discontinued for non-payment, the account can be revised, at the discretion of the District, to show the owner as primary Customer of Record. The owner will continue to be shown as primary Customer of Record for as long as they own the property. Tenants may be shown as an additional Customer of Record with the consent of the property owner, or in the event that an account in the property owners name is subject to disconnection.

12.02 Complaint Procedures for Disconnection - Service disconnection for non-payment of bills or for violation of any of the District’s rules, regulations, ordinances or resolutions is subject to the complaint procedures specified in Section 11 herein.

12.03 Refusal or Neglect to Pay Debt - Any amount due is a debt to the District and any person, firm or corporation failing, neglecting, or refusing to pay this debt may be subject to a civil action for the amount due in a court of competent jurisdiction.

12.04 Lien Against Property for Non-Payment - Any unpaid debt will be deemed a lien against the real property to which service is rendered as specified herein and California Water Code Section 31701.5 et.seq.

12.05 Service Charges for Violations - If water service is discontinued for violation of any of the District’s rules, regulations, resolutions or ordinances, service shall not be re-instituted until the violations have been corrected and all applicable service charges and fees as provided for herein are paid in full by cash, money order, or cashier’s check.

12.06 Partial Payments - A partial payment of a delinquent account may be accepted and credited to a customer’s account, but such partial payment shall not be
cause for removing the account from a delinquent status and shall not preclude the meter from being turned off for delinquency.

12.07 Authorization for Continuance of Service for Delinquent Accounts - The General Manager or his designee may authorize continuation of service to a delinquent account if financial arrangements satisfactory to the District have been established.

SECTION 13. ADDING DELINQUENT CHARGE TO TAX ROLL

13.01 Report of Delinquent and Unpaid Charges - A report of delinquent and unpaid charges for water and other services which remain unpaid and delinquent for sixty (60) days or more on July 1st of each year shall be prepared and submitted to the Board for consideration as tax liens. The unpaid delinquent charges listed in said report for each parcel of property shall be fixed at the amount listed in said report.

13.02 Adoption and Filing of Report - The Secretary shall file with the County Assessor of the County of San Bernardino and the Board of Supervisors of the County of San Bernardino, in the time and manner specified by the County Assessors and Board of Supervisors, a copy of such written report with a statement endorsed thereon over the signature of the Secretary, that such a report has been adopted and approved by the Board of Directors and that the County Assessor shall enter the amount of such charges against the respective lots or parcels of land as they appear on the current assessment roll.

13.03 Collection of Delinquent and Unpaid Charges - The amount of any charges for water and/or other services included in the report prepared and submitted pursuant to Sections 13.01 and 13.02 above shall be added to and become a part of the annual taxes next levied upon the property upon which the water for which the charges are unpaid was used, and upon the property subject to the charges for any other District services, and shall constitute a lien on that property as of the same time and in the same manner as does the tax lien securing such annual taxes as provided in Section 12.04 above.
SECTION 14. CHARGES AND DEPOSITS

14.01 Adoption - The amount of all charges and deposits described herein shall be adopted by Board resolution.

14.02 Consumption Charge - The consumption charge is the charge per hundred cubic feet for all water registered by the water service meter.

14.03 Delinquency Charges - A delinquent charge shall be added to each delinquent account at the time any amount becomes delinquent, provided that no delinquent charge shall be made on any account which at the time has no delinquencies of record. When a delinquent charge is made, such charge shall be added to the delinquent account as of the date the account becomes delinquent and the charge shall become an inseparable part of the amount due as of that time.

14.04 Disconnect Notice Charge - The disconnect notice charge is the charge which covers reasonable District costs to notify customers that their water service is subject to impending termination.

14.05 Disconnect/Reconnect Charge - The disconnect/reconnect charge is the charge which covers the reasonable District costs for disconnection and reconnection of service connections which are in violation of the provisions contained herein.

14.06 Fire Hydrant Installation Charge - The charge for installation of fire hydrants as may be required.

14.07 Fire Service Connection Charge - The charge for installation of fire services as may be required.

14.08 Fire Service Standby Charge - The fire service standby charge is the monthly standby charge per inch diameter of the District fire service meter. Water use through this service is limited to emergency fire requirements only.

14.09 Inspection Charge - Where a customer service connection or facility requires inspection by District personnel, the customer shall be charged for such inspection.
14.10 **Meter Test Charge** - The meter test charge is the charge which covers the District costs for removing, bench testing, and reinstalling the water meter to be tested.

14.11 **Security Deposit** - The Security deposit insures payment of minimum District charges. Upon discontinuance of service the security deposit shall be applied to reduce any outstanding charges on any accounts held by the customer with the District. The amount of deposit shall be established by the Board of Directors in the resolution on fees. The security deposit shall be refunded to the customer as provided in Section 6.04.02 herein.

14.12 **Special Facility Charge** - A special facility charge shall be for the development of a limited service area whenever special facilities including, but not limited to, booster stations, hydropneumatic stations and pressure regulators are required. The charge to be made to a developer or owner of land that is considered by the District to be within a limited service area shall be based upon the developer’s or landowner’s proportionate share of the cost of the installation of such special facility. Such proportionate share to be borne by the developer or landowner shall be based on the percentage of such development to the entire limited service area to be served by the special facilities and the difference between the cost of facilities to serve the same number of acres or area under normal conditions and the cost of facilities to serve the acreage or area under special conditions at a higher cost.

14.13 **Water System Charge** - The system charge is the monthly availability charge applicable to all metered services, and shall apply whether or not premises served by the meter are occupied.

14.14 **Unauthorized Use of Water Charge** - The unauthorized use of water charge shall be charged to any person, organization or agency for each unauthorized use of District water, or for tampering in any manner with any meter belonging to the District, in which tampering shall affect the accuracy of such meter. Where the
Unauthorized use of water or tampering results in the District’s action to remove the meter, there shall be a charge for the removal and re-installation.

14.15 Front Footage Charge - The front footage charge is a one-time reimbursement to the District for previously constructed water mains adjacent to all sides of an unimproved property to be served.

14.16 Water Main Extension Charge - The water main extension charge is for the construction of a water main extending to the far side of the property to be served. This charge shall be based on the prevailing rates of time and material per District approved plans. The customer shall be responsible to provide the plans and for all applicable Engineering Services charges described in Section 14.18.

14.17 Water Service Connection Charge - The water service connection charge is the charge for the type and size of water service connection desired. Such regular charge shall be paid in advance by the applicant. The water service connection charge shall consist of an installation charge and a capacity charge. Where there is no regular charge, the District reserves the right to require the applicant to deposit an amount equal to the estimated cost of such service connection.

14.17.01 Installation Charge - The installation charge shall represent the District’s cost to furnish and install the specified service.

14.17.02 Capacity Charge - The capacity charge is a fee for that incremental portion of the entire water system and District facilities that will be used by a new service.

14.18 Water System Design Charge - A non-refundable water system design charge shall be required for all main extensions, service connection and/or special facilities requiring the preparation of engineering plans and drawings.

14.19 Engineering Services Charge - The Engineering Services charge is a fee for the District’s time and effort spent on assisting customers who have a requirement to construct water main extensions, or other water facilities, that must meet District
needs and conform to District standards. This fee includes time and effort the District spends on plan checking, plan and easement development, and all other related work. Prior to submission of any documents requiring work by the District, a non-refundable minimum charge in the amount of 7.5% of the engineer's estimated cost for the project shall be submitted to the District. The work will be accomplished on a time and effort basis. Should the District use more funds than the original charge, the additional billed costs must be paid prior to allowing water service to the project.

14.20 Construction Water Charge - The construction water charge is a temporary flat rate water charge. It is only available during the construction phase of a new building for services 1” in diameter or less. It is available for a period not exceeding six months.

14.21 Fire Flow Test Charge - The fire flow test charge is a flat rate to cover the District's time and effort for testing parts of the water system to obtain fire flow test data and calculate results as requested.

14.22 Valve Deposit - The valve deposit is a refundable charge that is used to insure all valve cans and caps are constructed to final grade before a water system construction project is complete. The District will accept a guarantee bond in lieu of a cash deposit. The fee will be returned or the bond released when valve cans and caps are constructed to final grade by the developer’s contractor and verified by the District.

14.23 Service Initiation Charge - The service initiation charge is a non refundable charge which covers the reasonable District costs for initiating water service.

14.24 Returned Check Charge - A returned check charge is a charge which covers the reasonable administrative cost and banking charges for processing a returned check.
14.25 **Temporary Service Charge** - A temporary service is available through the use of a fire hydrant. A customer deposit for the temporary service will be required. All other applicable service charges shall apply.

14.26 **Charges and Deposits** - All rates, charges, fees, penalties, fines, deposits, and other methods of assessment are set by the District’s Board of Directors. The current rates and charges are set forth in Exhibit A to this current rate resolution and may be revised from time to time pursuant to the District’s procedures and applicable law. The General Manager/CEO, or appointed designee, may approve adjustment to any charges, late penalties, past due account fees or service deposits pursuant to the District’s procedures and applicable law.

**SECTION 15. WATER CONSERVATION**

15.01 **Waste or Nuisance Water and Other Substances** - It is unlawful for any person, firm or corporation to deposit, drain, wash, or allow to run or divert water, mud or sand into, or upon, any public road, highway, street, alley, drainage ditch, storm drain, flood control channel owned or controlled by any public agency within the District. When a written application is filed with the District, and approved by the General Manager, a permit may be granted with terms and conditions and applicable fees as it may deem appropriate to impose to such person. For purposes of enforcement of this section, the owner of the meter, or property, which is the source of the “waste or nuisance water and other substances” as defined herein will be considered the responsible party. Any violations cited hereunder, and defined as being detrimental to public health, safety or welfare, will be borne by the responsible party.

15.02 **Conservation Measures - Stage No. 1 Normal Conditions: Permanent Conservation Measures** - Stage No. 1 Normal conditions shall be in effect when the District is able to meet all the water demands of its customers in the immediate future. During these normal conditions all water users should continue to use water wisely, to
prevent the waste or unreasonable use of water, and to reduce water consumption to that necessary for ordinary domestic and commercial purposes.

15.02.01 Excessive Irrigation and Related Waste - No property within the East Valley Water District service area shall cause or permit the use of water for irrigation of landscaping or other outdoor vegetation, to exceed the amount required to provide reasonable irrigation, and shall not cause or permit any unreasonable or excessive waste of water from said irrigation activities or from watering devices or systems.

15.02.02 Run-off- The free flow of water away from a meter service area shall be presumptively considered excessive irrigation and waste as defined in Section 3 herein.

15.02.03 Wash-down- No water provided by the District shall be used for the purposes of wash-down of impervious areas, without specific written authorization of the General Manager.

15.02.04 Vehicle Washing - The washing of cars, trucks or other vehicles is not permitted, except with a hose equipped with an automatic shut-off device, or a commercial facility.

15.02.05 Decorative Features - Water fountains or other decorative water features must re-circulate water.

15.02.06 Irrigation After Measurable Rainfall - The application of potable water to outdoor landscape for irrigation purposes during or after 48 hours of measurable rainfall is prohibited.

15.02.07 Drinking Water Provided by Restaurants - Restaurants are requested not to provide drinking water to patrons except by request.

15.02.08 Hotel and Motel - Hotels and motels must offer their guests the option to not have their linens and towels laundered daily, and must prominently display this option in each room.
15.02.09 **Domestic Irrigation** - The District may determine that the irrigation of exterior vegetation shall be conducted only during specified hours and/or days, and may impose other restrictions on the use of water for such irrigation. Irrigation done with a weather based irrigation controller is exempt from specified irrigation day.

15.02.10 **Irrigation of Medians** - Medians located within the right-of-way are prohibited from using potable water to irrigate turf or other high water use plant material as identified by the Water Use Classifications of Landscaping Species (WUCOLS) Guide. The continued irrigation and preservation of trees is encouraged.

15.02.11 **Bordering Parkways** - Bordering parkways located within the right-of-way are prohibited from using potable water to irrigate turf or other high water use plant material as identified by the Water Use Classifications of Landscaping Species (WUCOLS) Guide. Bordering parkways are considered the strips of non-functional ornamental turf adjacent to the street. The continued irrigation and preservation of trees is encouraged.

15.03 **Stage No. 2 - Threatened Water Supply Shortage** - In the event of a threatened water supply shortage which could affect the District’s ability to provide water for ordinary domestic and commercial uses, the Board of Directors shall hold a public hearing at which consumers of the water supply shall have the opportunity to protest and to present their respective needs to the District. The Board may then, by resolution, declare a water shortage condition to prevail, and the following conservation measures shall be in effect in addition to the permanent conservation measures in Stage No. 1:

15.03.01 **Exterior Landscape Plans** - Exterior landscape plans for all new development shall be in compliance with the State Model Water Efficient Landscape Ordinance. Such plans shall be presented to and approved by the District prior to issuance of a water service letter.
15.03.02 Leaks or Breaks, Excessive loss or water use through breaks or leaks from either indoor or outdoor plumbing fixtures must be repaired within seven (7) days after discovery.

15.03.03 Agricultural Irrigation - Persons receiving water from the District who are engaged in commercial agricultural practices, whether for the purpose of crop production or growing of ornamental plants shall provide, maintain and use irrigation equipment and practices which are the most efficient possible. Upon the request of the General Manager, these persons may be required to prepare a plan describing their irrigation practices and equipment, including but not limited to, an estimate of the efficiency of the use of water on their properties.

15.03.04 Commercial Facilities - Commercial and industrial facilities shall, upon request of the General Manager, provide the District with a plan to conserve water at their facilities. The District will provide these facilities with information regarding the average monthly water use by the facility for the last two year period, or the State of California approved conservation base year. The facility will be expected to provide the District with a plan to conserve or reduce the amount of water used by that percentage deemed by the Board of Directors to be necessary under the circumstances. After review and approval by the General Manager, the water conservation plan shall be considered subject to inspection and enforcement by the District.

15.03.05 Parks, Golf Courses and School Grounds - Public and private parks, golf courses, and school grounds which use water provided by the District shall use water for irrigation within a designated watering schedule, which may include specific hours and/or day(s).

15.03.06 Swimming Pools - All residential, public and recreational swimming pools, of all size, shall use evaporation resistant covers and shall re-circulate water.
15.03.07 General Manager Emergency Authority - The Board of Directors appoints the General Manager/CEO the authority, to implement and enforce measures necessary to remain in compliance with emergency statewide mandatory conservation measures. Actions taken by the General Manager/CEO in accordance with State regulations outside of those listed in this Ordinance must be reported to the Board at the next regularly scheduled meeting.

15.04 Stage No.3 - Water Shortage Emergency: Mandatory Conservation Measures - In the event of a water shortage emergency in which the District may be prevented from meeting the water demands of its customers, the Board of Directors shall, if possible, given the time and circumstances, immediately hold a public hearing at which customers of the District shall have the opportunity to protest and to present their respective needs to the Board. No public hearing shall be required in the event of a breakage or failure of a pump, pipeline, or conduit causing an immediate emergency. The General Manager is empowered to declare a water shortage emergency, subject to the ratification of the Board of Directors within 72 hours of such declaration, and the following rules and regulations shall be in effect immediately following such declarations:

15.04.01 Prohibition - Watering of parks, school grounds, golf courses, lawn water, landscape irrigation, washing down of driveways, parking lots or other impervious surfaces, washing of vehicles, except when done by commercial car wash establishments using only recycled or reclaimed water, filling or adding water to swimming pools, wading pools, spas, ornamental ponds, fountains and artificial lakes are prohibited.

15.04.02 Construction Meters - No new construction meter permits shall be issued by the District. All existing construction meters shall be removed and/or locked.
15.04.03 **Commercial Nurseries and Livestock** - Commercial nurseries shall discontinue all watering and irrigation. Watering of livestock is permitted as necessary.

15.05 **Implementation and Termination of Mandatory Compliance Stages** - The General Manager of the District shall monitor the supply and demand for water on a daily basis to determine the level of conservation required by the implementation or termination of the Water Conservation Plan Stages and shall notify the Board of Directors of the necessity for the implementation, or termination, of each stage. Each declaration of the Board of Directors implementing, or terminating, a water conservation stage shall be published at least once in a newspaper of general circulation, and shall be posted at the District offices. Each declaration shall remain in effect until the Board of Directors otherwise declares, as provided herein.

15.06 **Exceptions - Application for Exception Permits** - The General Manager may grant permits for uses of water otherwise prohibited under the provisions of this Ordinance if he finds and determines that restrictions herein would either:

15.06.01 **Hardship** - Cause an unnecessary and undue hardship to the water user or the public; or

15.06.02 **Emergency** - Cause an emergency condition affecting the health, sanitation, fire protection or safety of the water use or of the public.

15.06.03 **Exemptions Granted** - Such exceptions may be granted only upon written application therefor. Upon granting such exception permit, the General Manager may impose any conditions he determines to be just and proper.

15.07 **Enforcement, Inspection** - Authorized employees of the District, after proper identification may, during reasonable hours, inspect any facility having a water conservation plan, and may enter onto private property for the purpose of observing the operation of any water conservation device, irrigation equipment or water facility.
Employees of the District may also observe the use of water or irrigation equipment within the District from public rights-of-way.

15.08 Criminal Penalties for Violation - Water Code Section 31029 makes any violation of this Ordinance a misdemeanor and upon conviction thereof, the violator shall be punished by imprisonment, fine or by both fine and imprisonment as may be allowed by law.

15.09 Civil Penalties for Violation - In addition to criminal penalties, violators of the mandatory provisions of this Ordinance shall be subject to civil action initiated by the District as follows:

15.09.01 First Violation: For a first violation, the District shall issue a written notice of violation to the water user violating the provisions of this Ordinance. The notice shall be given pursuant to the requirements of Section 15.10 below.

15.09.02 Second Violation: $100.00 Surcharge - For a second violation of this Ordinance within a 12 month period, or failure to comply with the notice of violation within 30 days after notice of imposition, a surcharge of $100.00 is hereby imposed for the meter through which the wasted water was supplied.

15.09.03 Third Violation: $300.00 Surcharge - For a third violation of this ordinance within a 12 month period, or for continued failure to comply within 30 days after notice of an imposition of second violation sanctions, a one month penalty surcharge in the amount of $300.00 is hereby imposed for the meter through which the wasted water was supplied.

15.09.04 Fourth Violation: $500.00 Surcharge - For a fourth violation of this ordinance within a 12 month period, or for continued failure to comply within 30 days after notice of an imposition of third violation sanctions, a one month penalty surcharge in the amount of $500.00 is hereby imposed for the meter through which the wasted water was supplied.
15.09.05 Fifth Violation: $500.00 Surcharge and/or Installation of a Flow Restrictor - For a fifth violation of this ordinance within a 12 month period, or for continued failure to comply within 30 days after notice of an imposition of fourth violation sanctions, a one month penalty surcharge in the amount of $300.00 is hereby imposed for the meter through which the wasted water was supplied. In addition to the surcharge, the District may, at its discretion, install a flow-restricting device at such meter with a one-eighth inch (1/8") orifice for services up to one and one half (1-1/2") inch size, and comparatively sized restrictors for larger services, on the service of the customer at the premises at which the violation occurred for a period of not less than forty-eight (48) hours. The charge to the customer for installing a flow-restricting device shall be based upon the size of the meter and the actual cost of installation but shall not be less than that provided in the District's Rules and Regulations. The charge for removal of the flow-restricting device and restoration of normal service shall be as provided in the District's Rules and Regulations.

15.09.06 Subsequent Violations: Discontinuance of Service - For any subsequent violation of this Ordinance, while in Stage No. 3, within the twenty-four (24) calendar months after a first violation as provided in Section 15.09.01 hereof, the penalty surcharge provided in Section 15.09.05 hereof shall be imposed and the District may discontinue water service to that customer at the premises or to the meter where the violation occurred. The charge for reconnection and restoration of normal service shall be as provided in the Rules and Regulations of the District. Such restoration of service shall not be made until the General Manager of the District as determined that the water user has provided reasonable assurances that future violations of this Ordinance by such user will not occur.

15.10 Notice - First Violation - For a first violation, written notice shall be given to the customer and/or property owner personally or by regular mail.
15.10.01 **Subsequent Violations** - If the penalty assessed is a surcharge for a second, third, fourth, fifth, or subsequent violation, notice may be given by regular mail.

15.10.02 **Violations Involving Installation of Flow-Restrictors or Discontinuance of Water Service** - If the penalty assessed is, or includes, the installation of a flow restrictor or the discontinuance of water service to the customer for any period of time, notice of the violation shall be given in the following manner:

a. **Personal Service** - By giving written notice thereof to the occupant and/or property owner personally; or if the occupant and/or property owner is absent from his/her place of residence and from his/her assumed place of business, by leaving a copy with some person of suitable age and discretion at either place, and sending a copy through the United States mail addressed to the occupant and/or owner at his/her place of business or residence; or

b. **Posting** - If such place of residence and business cannot be ascertained, or a person of suitable age or discretion cannot be located, then by affixing a copy in a conspicuous place on the property where the failure to comply is occurring and also by delivering a copy to a person there residing, if such person can be found, and also sending a copy through the United States mail addressed to the occupant at the place where the property is situated and the owner if different.

15.10.03 **Form of Notice** - All notices provided for in this Section shall contain, in addition to the facts of the violation, a statement of the possible penalties for each violation and a statement informing the occupant/owner of his/her right to hearing on the violation.

15.11 **Community Advisory Commission** - The District may establish a Community Advisory Commission (Commission) consisting of 5 District customers appointed by the Board of Directors to serve in the capacity as herein described. The number of commissioners shall be determined by resolution of the Board of Directors. The
Commission is authorized to hear appeals from enforcement decisions made by the General Manager for violations of the water conservation measures provided in Section 15 of this ordinance. The Commission shall serve as an advisory body to the Board of Directors. The Board of Directors shall consider the recommendations of the Commission but will not be bound thereby.

15.11.01 Hearings - Any customer or property owner against whom a penalty is levied pursuant to this ordinance (Appellant) shall have a right to a hearing, in the first instance by the General Manager, with the right to appeal to the Commission. Within 15 days of the date of the alleged violation, the Appellant shall submit a written request for a hearing to the District Clerk. The hearing shall be conducted by the General Manager within 30 days from the date of the written request submitted to the District Clerk. The General Manager shall issue his ruling in writing. The Appellant may appeal the ruling of the General Manager within 10 days thereof by filing written notice of appeal with the District Clerk. At the next regularly scheduled Commission meeting, the Appellant may appear and present evidence in support of his appeal. The Commission will issue a written recommendation to the Board of Directors who will issue a final determination of the appeal. The Board of Directors may issue its final determination based upon the recommendation of the Commission, or may call for an additional hearing. The ruling of the Board of Directors shall be final and binding upon the Appellant and the District.
SECTION 16. EFFECTIVE DATE

This Ordinance shall take effect and replace Ordinance 396-399 as of the 1st-11th day of January-June 2020.

Adopted this 11th 10th day of December-June 201920

ROLL CALL:
Ayes:
Noes:
Absent:
Abstain:

David E. Smith, Board President

ATTEST: _______________________
John Mura, Secretary
RESOLUTION 2020.18

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST VALLEY WATER DISTRICT ESTABLISHING THE NUMBER OF COMMISSIONERS FOR THE COMMUNITY ADVISORY COMMISSION

BE IT HEREBY RESOLVED, by the Board of Directors of the East Valley Water District, as follows:

WHEREAS, the Community Advisory Commission (Commission) is authorized to receive updates on District activities and provide constructive input.

WHEREAS, the Commission is authorized to hear appeals from enforcement decisions made by the General Manager/CEO for violations of the water conservation measures provided regarding water conservation measures.

WHEREAS, the Commission serves as an advisory body to the Board of Directors.

WHEREAS, the Board of Directors shall consider the recommendations of the Commission but will not be bound thereby.

NOW THEREFORE, BE IT HEREBY RESOLVED, the Community Advisory Commission shall consist of up to seven (7) eligible individuals selected through a process developed by the General Manager/CEO.

* * * * *

The foregoing resolution was duly adopted at a meeting of the Board of Directors of the East Valley Water District, upon motion duly made, seconded and carried on June 10, 2020.

ADOPTED this 10th day of June 2020.

Ayes:  
Noes:  
Absent:  
Abstain:

EAST VALLEY WATER DISTRICT

________________________________
David E. Smith
Board President
June 10, 2020

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution 2020.18 adopted by the Board of Directors of East Valley Water District at its Regular Meeting held June 10, 2020.

____________________________________
John Mura,
Board Secretary
Purpose

The purpose of this policy is to establish guidelines and instructions for establishing a Community Advisory Commission authorized to receive updates on District activities and provide constructive input. The Commission is also established to hear appeal requests for water supply shortage violations and make recommendations on their enforcement to the Board of Directors.

Definitions

A. For the purpose of this policy, the following definitions shall apply:

1. District: East Valley Water District

2. Board: A member of the East Valley Water District Board of Directors

3. Commission: The Community Advisory Commission


3.5. Staff: East Valley Water District employee or staff member

4.6. Applicant: Customer or property owner appealing a penalty levied pursuant to the Water Supply Contingency Plan

Policy

A. The Commission may be presented with District projects and programs as a means of community engagement to garner feedback at various stages of implementation.

A. The Commission does not have the authority to implement or cancel District projects or programs.

B. Commission members shall serve on a voluntary basis, with no compensation, stipend, or benefits.

C.
C. A member of the Commission moving outside the District shall constitute a resignation from the Commission effective upon the date the member fails to no longer meet the appointment criteria;

D. Commission members must inform the designated staff member of any anticipated absence and notification shall be made immediately after receipt of the agenda. Absences due to sickness, death, or other emergencies of a like nature shall be regarded as approved absences and shall not affect the member’s status on the Commission; except that in the event of a long illness or other such case for prolonged absence the member may be replaced;

E. A District staff member shall serve as liaison to the Committee, attend all meetings of the Commission, and participate in any discussions, but shall not have the right to vote on any matter before the Commission.

Water Conservation Appeal Consideration

1. A District staff member shall serve as liaison to the Committee, attend all meetings of the Commission, and participate in any discussions, but shall not have the right to vote on any matter before the Commission.

2. A Commission Chair shall be appointed by the Board for a one (1) year term of office to preside over all Commission meetings and shall be eligible to vote on any matter before the Commission.

3. Applicants shall have a right to a hearing, in the first instance by the General Manager/CEO, with the right of appeal to the Commission, and ultimately to the Board, pursuant to the procedures hereinafter set forth in the District’s adopted Water Shortage Contingency Plan, Ordinance 396.

F. A majority of the Commission members shall constitute a quorum. A quorum shall be present for the Commission to take any official action.

G. Commission members shall serve on a voluntary basis, with no compensation, stipend, or benefits.

H. Commission membership shall require the following:
a. A Commission Chair shall be appointed by the Board for a one (1) year term of office to preside over all Commission meetings and shall be eligible to vote on any matter before the Commission;

b. A member of the Commission moving outside the District shall constitute a resignation from the Commission effective upon the date the member fails to meet appointment criteria;

c. Commission members must inform the designated staff member of any anticipated absence and notification shall be made immediately after receipt of the agenda. Absences due to sickness, death, or other emergencies of a like nature shall be regarded as approved absences and shall not affect the member’s status on the Commission; except that in the event of a long illness or other such care for prolonged absence the member may be replaced;

d. A District staff member shall serve as liaison to the Committee, attend all meetings of the Commission, and participate in any discussions, but shall not have the right to vote on any matter before the Commission; and

Commission Appointment Criteria

The Commission shall consist of up to five (5) up to seven (7) District customers members of the public recommended by the General Manager/CEO, appointed by the consensus of the Board, meeting the following appointment criteria:

A. Customer of the District and that resides within the District boundary;

B. Non-governing Board Member, employee, or Community Group Member of the District;

C. Able to serve a two-year term, for a maximum of with no two term limits at the pleasure of the Board;

D. Able to participate in monthly regular meetings, as needed;
E. Meet the selection process criteria as established by the General Manager/CEO; and

F. Appointment may be revoked by the Board of Directors at any time.

Meeting Schedule

The Commission shall establish a recurring meeting date and time to hear authorized appeal requests for water supply shortage violations. Meetings may be cancelled in the absence of appeal requests.

Meeting Procedures

A. Meetings shall be conducted in a manner that is consistent with state and local laws.

B. Given the public nature of the Commission, meetings shall be held in compliance with the Ralph M. Brown Act.

Attachments

A. Water Supply Contingency Plan (Ordinance 396)
Purpose

The purpose of this policy is to establish guidelines and instructions for establishing a Community Advisory Commission (Commission) authorized to receive updates on District activities and provide constructive input. The Commission is also established to hear appeal requests for water supply shortage violations and make recommendations on their enforcement to the Board of Directors.

Definitions

A. For the purpose of this policy, the following definitions shall apply:

1. District: East Valley Water District
2. Board: A member of the East Valley Water District Board of Directors
3. Commission: The Community Advisory Commission
4. Staff: East Valley Water District employee or staff member
5. Applicant: Customer or property owner appealing a penalty levied pursuant to the Water Supply Contingency Plan

Policy

A. The Commission may be presented with District projects and programs as a means of community engagement to garner feedback at various stages of implementation.
B. The Commission does not have the authority to implement or cancel District projects or programs.
C. Commission members shall serve on a voluntary basis, with no compensation, stipend, or benefits.
D. A member of the Commission moving outside the District shall constitute a resignation from the Commission effective upon the date the member fails to meet appointment criteria;
E. Commission members must inform the designated staff member of any anticipated absence and notification shall be made immediately after receipt of the agenda. Absences due to sickness, death, or other emergencies of a like nature shall be regarded as approved absences and shall not affect the member’s status on the Commission; except that in the event of a long illness or other such case for prolonged absence the member may be replaced;

F. Water Conservation Appeal Consideration

1. A District staff member shall serve as liaison to the Committee, attend all meetings of the Commission, and participate in any discussions, but shall not have the right to vote on any matter before the Commission;

A Commission Chair shall be appointed by the Board for a one (1) year term of office to preside over all Commission meetings and shall be eligible to vote on any matter before the Commission;

Applicants shall have a right to a hearing, in the first instance by the General Manager, with the right of appeal to the Commission, and ultimately to the Board, pursuant to the procedures hereinafter set forth in the District’s adopted Water Shortage Contingency Plan.

Commission Appointment Criteria

The Commission shall consist of up to seven (7) District customers recommended by the General Manager/CEO, appointed by the consensus of the Board, meeting the following appointment criteria:

A. Customer of the District and reside within the District boundary;

B. Non-governing Board Member, employee, or Community Group Member of the District;

C. Able to serve a two-year term, for a maximum of two-terms at the pleasure of the Board;

D. Able to participate in regular meetings, as needed;

E. Meet the selection process criteria as established by the General Manager/CEO; and
F. Appointment may be revoked by the Board of Directors at any time.

Meeting Schedule

The Commission shall establish a recurring meeting date and time to hear authorized appeal requests for water supply shortage violations.

Meeting Procedures

A. Meetings shall be conducted in a manner that is consistent with state and local laws.

B. Given the public nature of the Commission, meetings shall be held in compliance with the Ralph M. Brown Act.

Attachments

A. Water Supply Contingency Plan (Ordinance 396)
OPEN APPLICATION PERIOD
Congratulations on taking a step towards getting involved with your water district. Applications to join the East Valley Water District Community Advisory Commission will be accepted by the Public Affairs Office from May 1 - June 1, 2020.

ELIGIBILITY REQUIREMENTS
- Reside within the District’s boundary
- Non-governing Board Member
- Able to serve a two-year term
- Able to participate in quarterly meetings

APPOINTMENT APPLICATION
Please submit your completed application to East Valley Water District for consideration to serve in the Community Advisory Commission. You may also include copies of your resume, transcripts, certificates or any documents that you believe support your application. Appointments will be determined by the East Valley Water District Board Directors with official notification provided to all applicants of the final decision.

APPLICANT INFORMATION

<table>
<thead>
<tr>
<th>APPLICANT NAME</th>
<th>EVWD ACCOUNT NUMBER</th>
<th>PHONE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EMAIL ADDRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STREET ADDRESS (residence)</th>
<th>CITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MAILING ADDRESS (if different)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CITY, STATE, ZIP CODE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

STATEMENT OF PARTICIPATION

PLEASE PROVIDE A BRIEF EXPLANATION OF WHY YOU WANT TO PARTICIPATE ON THIS COMMISSION:


I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. By signing below, I attest to the ability to meet all guidelines, requirements and procedures defined in the District’s Community Advisory Commission Policy.

<table>
<thead>
<tr>
<th>APPLICANT SIGNATURE</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SUBMIT APPLICATION
Completed applications can be mailed to East Valley Water District Attn: Public Affairs Office, 31111 Greenspot Road, Highland, CA 92346 or emailed to publicaffairs@eastvalley.org.
Agenda Item #5.
Meeting Date: June 10, 2020
Public Hearing

To: Governing Board Members
From: Legal Counsel

Subject: Consider and approve Resolution 2020.15 - a Resolution of Necessity Authorizing Eminent Domain Proceedings to Acquire Property; public hearing.

RECOMMENDATION:

Staff recommends that the Board of Directors review and approve Resolution of Necessity (Resolution 2020.15) and adopt the findings therein including:

1. That the public interest requires the project.
2. That the project was planned in a manner most compatible with the greatest public good and the least private injury.
3. That the property sought is necessary for the project.

BACKGROUND / ANALYSIS:

On December 11, 2019, the Board of Directors authorized the initiation of eminent domain proceedings for two small parcels of property located adjacent to the Sterling Natural Resource Center (SNRC) project site. The properties are more thoroughly described in exhibit A to the Resolution of Necessity submitted herewith. There are no improvements upon the properties, and they are vacant lots.

The properties are currently owned by Judd K. Payne (deceased) and Marilyn Eadie Russel, a.k.a. Marilyn Eadie Rock, each owning an undivided one-half interest as tenants-in-common. Mr. Payne’s estate is currently going through probate and the heirs have agreed to sell their interest in the property to the District. The probate court has approved the sale.

Ms. Russell (Rock) has refused to discuss the issue with representatives from the District despite numerous attempts to communicate with her. The District’s real estate broker and private investigator have attempted to communicate with her. She is elderly and refuses to answer her door and will not sign for delivery of certified mail. She rarely answers her telephone. On one occasion when she did answer, she spoke briefly to the District’s investigator who advised her that the contact was made relative to property she owned in Highland, California. In that conversation, she acknowledged having received letters from the offices of General Counsel, then stated she wanted nothing to do with the transaction and abruptly hung up the phone. Subsequent phone calls have gone unanswered and messages have not been replied to. Accordingly, the district has been forced to exercise its power of eminent domain.
These small parcels of property are being acquired as part of the SNRC project and will provide needed access to the site. On March 15, 2016, an environmental impact report for the SNRC project was certified. If the property is not acquired and incorporated into the SNRC it will result in these small parcels being bordered to the south by Fifth Avenue and surrounded on the west, north and east side by the SNRC.

On January 20, 2020 an appraisal of the property was conducted by Stephen R Smith, MSREA, MAI, SRA. In his appraisal report he concludes the property, in total, to have a value of $22,000 with the one-half interest belonging to Ms. Russell (Rock) valued at $11,000. On February 4, 2020, an offer of just compensation to purchase the property for $11,000 was mailed to Ms. Russell (Rock). Additionally, a copy of the letter was personally delivered to her residence on February 6, 2020. To date, she has not responded.

**AGENCY GOALS AND OBJECTIVES:**

Goal and Objectives II - Maintain a Commitment to Sustainability, Transparency, and Accountability

a) Practice Transparent and Accountable Fiscal Management

Goal and Objectives IV - Promote Planning, Maintenance and Preservation of District Resources

a) Develop Projects and Programs to Ensure Safe and Reliable Services
b) Enhance Planning Efforts that Respond to Future Demands

**REVIEW BY OTHERS:**

This agenda item has been reviewed by legal counsel.

**FISCAL IMPACT**

The fiscal impact of this agenda item will likely result in legal fees in the amount of approximately $30,000, which will be paid out of legal fees budgeted in the FY 19/20 and FY 20/21 budget.

Recommended by:

Jean Cihigoyenetche
Legal Counsel

**ATTACHMENTS:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resolution 2020.15</td>
<td>Resolution Letter</td>
</tr>
<tr>
<td>Exhibit &quot;A&quot;</td>
<td>Exhibit</td>
</tr>
</tbody>
</table>
RESOLUTION 2020.15

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EAST VALLEY WATER DISTRICT,
SAN BERNARDINO COUNTY, CALIFORNIA,
DESCRIBING A CERTAIN PROJECT; MAKING STATEMENT OF THE
PUBLIC USE FOR WHICH CERTAIN PROPERTIES ARE TO BE TAKEN AND
REFERENCE TO STATUTORY AUTHORITY TO ACQUIRE SAID
PROPERTIES BY EMINENT DOMAIN; DESCRIBING GENERAL LOCATION
AND EXTENT OF SAID PROPERTIES TO BE TAKEN; DECLARING
FINDINGS AND DETERMINATIONS OF PUBLIC INTEREST AND
NECESSITY FOR SAID PROPERTIES; AUTHORIZING AND DIRECTING
EMINENT DOMAIN PROCEEDINGS TO BE COMMENCED IN SUPERIOR
COURT TO ACQUIRE SAID PROPERTIES INCLUDING APPLICATION FOR
POSSESSION OF SAID PROPERTIES PRIOR TO JUDGMENT; AND MAKING
OTHER DETERMINATIONS

WHEREAS, the East Valley Water District (hereinafter the “District”), is a
County Water District organized and existing pursuant to the laws of the State of
California and vested with statutory authority to exercise the power of eminent domain to
acquire certain properties for public purposes; and

WHEREAS, the Board of Directors has undertaken a certain project for public
purposes, known as the Sterling Natural Resource Center (“Project”) for the treatment of
municipal wastewater and production of recycled water. An environmental impact report
for the Project was certified on March 15, 2016; and

WHEREAS, in order to accomplish the Project, this Board of Directors believes
that it is necessary to acquire by eminent domain certain properties, hereinafter
collectively called “Subject Property;” and

WHEREAS, pursuant to Section 1245.235 of the Code of Civil Procedure, this
Board of Directors has fixed a time and place for public hearing on the matters referred to
in Section 1240.030 of the Code of Civil Procedure; and

WHEREAS, the Board of Directors has given each person who owns or claims a
right in the Subject Property proposed to be acquired by eminent domain and whose
name and address appears on the last equalized county assessment roll notice and a
reasonable opportunity to be heard in the time, form and manner required by Section
1245.235 of the Code of Civil Procedure; and

East Valley Water District
Resolution 2020.15
Page 1 of 6
WHEREAS, at the public hearing, this Board of Directors did hear and consider all testimony, written and oral, to the matters referred to in Section 1240.030 of the Code of Civil Procedure:

NOW, THEREFORE, the Board of Directors of District does hereby RESOLVE, DETERMINE AND ORDER as follows:

Section 1. That the above recitals are true and correct.

Section 2. That the Subject Property to be taken by eminent domain is for a public use.

Section 3. That the District is authorized and empowered to commence eminent domain proceedings to acquire the Subject Property, pursuant to Section 31040 of the Water Code; and Eminent domain law, being Title 7, Part III of the Code of Civil Procedure.

Section 4. That a description of the general location and extent of the Subject Property to be taken by eminent domain are set forth in Exhibit “A”, attached hereto and made a part of hereof.

Section 5. That this Board of Directors does find, determine and declare as follows:

(a) That, to the extent acquisition of the Subject Property results in a remnant or remnants, such remnant(s) shall be acquired by eminent domain herein, pursuant to Section 1240.410 of the Code of Civil Procedure.

(b) That, to the extent the Subject Property or interest herein are already appropriated to a public use, the use proposed herein will not unreasonably interfere with or impair the continuance of the public use as they presently exist or may be expected to exist in the future, pursuant to Section 1240.510 of the Code of Civil Procedure; and

(c) That, to the extent the Subject Property or interest therein is already appropriated to a public use, the use proposed herein is a more necessary public use than the use to which the Subject
Property is presently appropriated, pursuant to Section 1240.610 of the Code of Civil Procedure, or, in the alternative, the use proposed herein is a compatible public use which will not unreasonably interfere with the continuance of the existing public use, pursuant to Section 1240.630(a) of the Code of Civil Procedure.

Section 6. The Board of Directors further finds, determines and declares as follows:

(a) That the public interest and necessity require the Project;

(b) That the Project is planned or located in the manner that will be most compatible with the greatest good and the least private injury;

(c) That the Subject Property sought to be acquired is necessary for said Project; and

(d) That a written offer of just compensation has been made to the owners of record of the Subject Property in the time, form and manner required by Section 7267.2 of the Government Code.

Section 7. That the District shall retain counsel who is hereby authorized and directed to commence an action in the Superior Court of the State of California, for the County of San Bernardino, in the name and on behalf of the District, against those persons who appear on record or who are known to have a claim or interest in the Subject Property described in Exhibit “A” for the purpose of acquiring the Subject Property by eminent domain for the public use described herein and to make application for possession of the Subject Property prior to judgment.

Section 8. That the offices of the District are hereby authorized and directed to withdraw necessary sums to deposit with the Superior Court as the probable amount of compensation that will be awarded in the eminent domain proceedings to acquire the Subject Property described in Exhibit “A”.

East Valley Water District
Resolution 2020.15
Page 3 of 6
Section 9. That the officers of the District are hereby authorized and directed to take any appropriate action consistent with the purposes of this Resolution.

**ADOPTED** this 10\(^{th}\) day of June 2020.

David E. Smith  
Board President

Attest:

John Mura,  
Board Secretary/CEO

STATE OF CALIFORNIA  )  
COUNTY OF SAN BERNARDINO )

I, John Mura, Secretary of the East Valley Water District, DO HEREBY CERTIFY that the foregoing Resolution being No. ____________, was adopted at a regular meeting on ________________, 2020, of said District by the following vote:

AYES:
NOYES:
ABSTAIN:
ABSENT:

___________________________________  
Secretary, John Mura
EXHIBIT “A”

A one-half interest as tenant in common to the following:

APN 0279-211-18 consisting of approximately .02 acres (900 square feet).
APN 0279-211-19 consisting of approximately .08 acres (3570 square feet).
To: Governing Board Members  
From: General Manager/CEO  
Subject: Review Draft Budget for FY 2020-21  

RECOMMENDATION: 

The proposed FY 2020-21 Operating and Capital Budgets are presented for information only.

BACKGROUND / ANALYSIS: 

Presented for the Board of Directors (Board) review is the proposed budget for Fiscal Year 2020-21 (FY), which has been developed to continue to provide high quality water delivery and wastewater collection services to District ratepayers.

In developing the fiscal plan for next year, staff remained cognizant of the District’s responsibilities as a leader in efforts to enhance the quality of life in our community through the services we provide, and as a regional partner in water resource and conservation planning. At the same time, staff ensured that expenditures directly correlate to Agency Goals and Objectives. The operating budget is presented by program, each having stated goals and objectives for the upcoming FY that align with Agency Goals, and each accompanied by funding requests in support of those objectives. The Capital Budget specifically identifies equipment scheduled for replacement or upgrade, and projects from the Capital Improvement Program (CIP) designated as high priority due to age and condition, or having insufficient capacity to meet anticipated growth.

Revenues: As discussed in the teleconference Board workshop on May 20, 2020, revenue projections for FY 2020-21 are based on conservative assumptions about water usage, backed by historical data, multiplied by existing rates. Water usage estimates were increased by 1% to 7,094,000 Hundred Cubic Feet, and projected sales are $16,868,000.

System (meter) charge revenue projections have been adjusted upward 0.2% to $9,020,000 to account for some of the meter charges collected from temporary (e.g. Construction) meter accounts. This projection does not contemplate increasing meter charges to amounts authorized in the March 2015 public hearing which, as in the past two years, saves ratepayers approximately $0.6 million for the upcoming fiscal year.

Revenue projections for the wastewater collection system include a 0.2% increase to $4,656,000, to account for higher water projected consumption by commercial customers whose bills are partially based on water consumption.
Other income / fees include delinquent fees and other collection charges, investment income, and miscellaneous revenue. Other income is expected to decrease by 27% to $735,000 due primarily to implementing the Discontinuation of Residential Water Service Policy required by SB 998 and the impact the pandemic has on Disconnection/Reconnection charges collected during the delinquency collection process. Facility Rentals decreased by half due to the uncertainty the pandemic may have on public use of District facilities. Investment Income has decreased to $255,000 down $45,000. The Investment Income decline is due to loss of time between the withdrawals for paying SNRC construction invoices and the time it takes to re-deposit reimbursement checks from SRF loan proceeds and grant funds.

**Expenses:** All operating expenses are budgeted at the program level. This ensures that operating expenses are closely monitored by a Program Manager who is invested in the budget’s development, and in the success of the program. Each program is evaluated for effectiveness based on the achievement of program goals and objectives which were presented to the Board in April.

Following are the funding requests by each program to accomplish those goals:

<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>WATER</th>
<th>WASTEWATER</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 - Governing Board</td>
<td>$179,900</td>
<td>$77,100</td>
<td>$257,000</td>
</tr>
<tr>
<td>2000 - General Administration</td>
<td>912,600</td>
<td>389,400</td>
<td>1,302,000</td>
</tr>
<tr>
<td>2100 - HR/Risk Management</td>
<td>1,079,500</td>
<td>245,500</td>
<td>1,325,000</td>
</tr>
<tr>
<td>2200 - Public Affairs</td>
<td>1,162,400</td>
<td>426,600</td>
<td>1,589,000</td>
</tr>
<tr>
<td>2300 - Conservation</td>
<td>624,000</td>
<td>-</td>
<td>624,000</td>
</tr>
<tr>
<td>3000 - Finance</td>
<td>890,700</td>
<td>381,300</td>
<td>1,272,000</td>
</tr>
<tr>
<td>3200 - Information Technology</td>
<td>711,100</td>
<td>261,900</td>
<td>973,000</td>
</tr>
<tr>
<td>3300 - Customer Service</td>
<td>1,107,900</td>
<td>399,100</td>
<td>1,507,000</td>
</tr>
<tr>
<td>3400 - Meter Services</td>
<td>290,000</td>
<td>-</td>
<td>290,000</td>
</tr>
<tr>
<td>4000 - Engineering</td>
<td>1,080,800</td>
<td>463,200</td>
<td>1,544,000</td>
</tr>
<tr>
<td>5000 - Water Production Admin</td>
<td>600,000</td>
<td>-</td>
<td>600,000</td>
</tr>
<tr>
<td>5000-51 - Source of Supply</td>
<td>2,679,000</td>
<td>-</td>
<td>2,679,000</td>
</tr>
<tr>
<td>5000-52 - Pumps &amp; Boosters</td>
<td>663,000</td>
<td>-</td>
<td>663,000</td>
</tr>
<tr>
<td>5000-54 - Trans &amp; Distribution</td>
<td>551,000</td>
<td>-</td>
<td>551,000</td>
</tr>
<tr>
<td>5100 - Water Treatment</td>
<td>905,000</td>
<td>-</td>
<td>905,000</td>
</tr>
<tr>
<td>5200 - Water Quality</td>
<td>480,000</td>
<td>-</td>
<td>480,000</td>
</tr>
<tr>
<td>6000 - Maintenance Admin</td>
<td>390,600</td>
<td>43,400</td>
<td>434,000</td>
</tr>
<tr>
<td>6100 - Water Maintenance</td>
<td>2,485,000</td>
<td>-</td>
<td>2,485,000</td>
</tr>
<tr>
<td>6200 - Wastewater Maintenance</td>
<td>-</td>
<td>803,000</td>
<td>803,000</td>
</tr>
<tr>
<td>6300 - Wastewater Treatment</td>
<td>-</td>
<td>8,586,000</td>
<td>8,586,000</td>
</tr>
<tr>
<td>7000 - Facilities Maintenance</td>
<td>824,500</td>
<td>197,500</td>
<td>1,022,000</td>
</tr>
<tr>
<td>7100 - Fleet Maintenance</td>
<td>450,000</td>
<td>50,000</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$18,067,000</strong></td>
<td><strong>$12,324,000</strong></td>
<td><strong>$30,391,000</strong></td>
</tr>
</tbody>
</table>

**Capital Outlay:** The Capital Outlay Budget is an effort to plan for the replacement of vehicles and equipment. The objective is to standardize the replacement process in order to create a managed system of purchasing and funding capital equipment, thereby allowing the District to accurately plan and budget for future needs. Staff has scheduled replacements in intervals on an annual basis to reduce capital, operating, and maintenance costs in order to maximize the safety and efficiency of the District’s equipment.
The FY 2020-21 Capital Outlay Budget totals $1,630,000 with a summary of proposed acquisitions as follows:

- $240,000 for Computer Hardware/Software
- $40,000 for Storage Tank Mixers
- $50,000 for Wastewater Cost of Service Analysis
- $20,000 for Server Room Exhaust Fan
- $100,000 for Regional UWMP/SAR Watershed Survey
- $200,000 for SCADA Master Plan/Radio Upgrades
- $30,000 for Upgrade HVAC at Various Plants
- $275,000 for Backhoe/Trailer Jetter/Asphalt Grinder
- $250,000 for CCTV Truck
- $375,000 for Service Trucks, Crew Truck
- $50,000 for Sewer Overflow Sensors

Of the total cost for these acquisitions, $1,195,000 will be paid for by Water Fund operating revenue, and $435,000 will be paid for by Wastewater Fund revenue.

**Capital Improvement Program:** This year’s proposed Capital Improvement Plan Budget totals $85,365,000. The focus of this year’s projects includes continuing the construction of the SNRC, Improvements to Plant 134 treatment process and site security, rehabilitation of storage tanks and reservoirs, and conducting in-house pipeline replacement projects in low traffic areas in order to expose new staff to larger projects.

The projects on the water fund side of the Capital Improvement Program include:

- Advanced Metering Infrastructure (AMI) Project has been an ongoing project for the past four years. The FY 2020-21 budget includes $450,000 to install the remaining meters. This project will be funded by water operating revenue.
- Plant 134 Improvement and Membrane Replacement - three separate projects will be used to 1) enhance security and communications, 2) assess treatment options for source water quality issues and enhance sludge removal processes, and 3) continue the phased replacement of treatment modules at the District's surface water treatment plant. Current year budgeted costs are $1,950,000 to be paid out of water fund operating revenue and State Revolving Fund grants and/or loans, if approved.
- East Side Surface Water Treatment Plant - this project will add operational efficiency, flexibility, and redundancy to the District’s water production and distribution system. Current year budgeted costs for a preliminary design report are $175,000 and will be funded by water operating revenue.
- Storage Tank Rehabilitation - involves systematic rehabilitation of existing tanks in order to ensure their dependability and years of future service. Current year costs are $850,000 and will be funded by water operating revenue.
- Water Main Replacements - the District has scheduled the replacement of approximately 750 linear feet of a main that is undersized. Planned expenditures during FY 2020-21 on these mains are $200,000, and will be funded by water operating revenue.
- Wastewater Main Replacements - the District has scheduled the rehabilitation of a sewer main pipeline, rated as high priority due to the number of structural defects noted during video logging of the pipeline. Planned expenditures during FY 2020-21 on these mains are $200,000, and will be funded by wastewater operating revenue.
- General Facilities Rehabilitation/Relocation- these line items involve various projects such as security upgrades and improving the aesthetics of buildings at plant sites; provides a budget for relocating facilities in conjunction with City street or storm drain improvement projects. Planned expenditures for FY 2020-21 are $345,000 and will be funded by water operating revenue.
• Sterling Natural Resource Center water recycling facility - this project will capture and treat District wastewater flows at an elevation high enough to recharge the Bunker Hill Groundwater basin, rather than releasing treated water into the Santa Ana River for use downstream. Planned expenditures in FY 2020-21 are $81,195,000, and will be funded by operating revenue, a State Revolving Fund low interest loan, and grants.

Water CIP projects will be funded by operating revenue of $3,070,000 and $900,000 from grants or loans if approved. Wastewater CIP projects will be funded by operating revenue of $395,000, and $81,000,000 will be funded by a combination of a State Revolving Fund low interest loan and grants.

Debt Service: The 2020-21 budget for debt service is $4,379,000, which will allow the District to make timely debt service payments on all outstanding debt issues.

Conclusion: Staff has dedicated a significant amount of time to carefully evaluate revenue and program expenditures, in order to develop a budget that will provide funding to meet the needs of the community. Throughout the coming year, staff will closely monitor revenue versus program spending, and propose adjustments to the Board, as necessary, at the mid-year budget review.

AGENCY GOALS AND OBJECTIVES:

Goal and Objectives II - Maintain a Commitment to Sustainability, Transparency, and Accountability

a) Practice Transparent and Accountable Fiscal Management

REVIEW BY OTHERS:

This agenda item has been reviewed by the Administration, Finance and Public Affairs Departments, and the Community Advisory Commission.

FISCAL IMPACT

The proposed budget for FY 2020-21 has encumbered all projected revenue, fees, and charges, totaling $39.9 million, toward operating expenses, capital expenditures, and debt service.

Recommended by: John Mura General Manager/CEO
Respectfully submitted: Brian Tompkins Chief Financial Officer

ATTACHMENTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presentation</td>
<td>Presentation</td>
</tr>
<tr>
<td>FY 2020-21 Budget Reports</td>
<td>Backup Material</td>
</tr>
</tbody>
</table>
OPERATING & CAPITAL BUDGETS

Fiscal Year 2020-21

June 10, 2020
## DISTRICT-WIDE GOALS

### Optimize Infrastructure
- Continue Analysis For The Potential Construction of an Additional Surface Water Treatment Plant
- Proceed With Efforts To Complete The Consolidation Of Mutual Water Companies in Progress

### Financial Stability With Full Understanding Of Operational Complexities
- Evaluate The Benefits Of Restructuring Current Bonds To Take Advantage of The Financial Market
- Initiate The Cost Of Service Analysis For Wastewater Collection And Treatment In Preparation For The Operations Of The Sterling Natural Resource Center (SNRC)

### Protect Organizational Investments
- Update The District's Succession Plan To Better Understand Potential Organization Changes and Growth
- Develop Internal Efforts to Communicate The District’s Brand and The Importance of Protecting The High Expectations That it Includes

### Maximize The District's Position
- Complete The Installation Of Smart Meters Throughout The District
- Begin Developing Operational Plans And Identifying Contract Services Necessary For The Sterling Natural Resource Center

### Have Others See The District As A Premier Agency
- Initiate Efforts To Establish Contractual Relationships Regarding High Stream Food-Waste To Prepare For Energy Generation At The SNRC
- Increase District Engagement With Regional And Industry Activities To Share The Success Experienced Through The District's Vision
## BUDGET SUMMARY

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>WATER FUND</th>
<th>WASTEWATER FUND</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales &amp; Services</td>
<td>$25,888,000</td>
<td>$13,242,000</td>
<td>$39,130,000</td>
</tr>
<tr>
<td>Other Charges</td>
<td>285,000</td>
<td>195,000</td>
<td>480,000</td>
</tr>
<tr>
<td>Interest &amp; Miscellaneous Revenue</td>
<td>225,000</td>
<td>30,000</td>
<td>255,000</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>$26,398,000</td>
<td>$13,467,000</td>
<td>$39,865,000</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>$18,067,000</td>
<td>$12,324,000</td>
<td>$30,391,000</td>
</tr>
<tr>
<td>Debt Service</td>
<td>4,066,000</td>
<td>313,000</td>
<td>4,379,000</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>4,265,000</td>
<td>830,000</td>
<td>5,095,000</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>$26,398,000</td>
<td>$13,467,000</td>
<td>$39,865,000</td>
</tr>
</tbody>
</table>
DISTRIBUTIVE WIDE REVENUES

REVENUE CONSIDERATIONS

Water
- Rates Used from Last Rate Increase, Effective January 2020
- Consumption Based on FY 2018-19
- No Change to Meter Charge

Wastewater
- No Change to Wastewater Collection and Treatment Rates

Other Income
- Decreased Interest Rates Earned on Investments
- Decreased Disconnection Charges Due to Senate Bill 998 and the COVID-19 Pandemic

FISCAL YEAR 2020-21 TOTAL REVENUES = $39,895,000
DISTRICT-WIDE EXPENSES FUNDED BY OPERATING REVENUE

EXPENSE CONSIDERATIONS

- Acceleration of AMI Installations
- In-House Pipeline Replacements
- Rehabilitation of Existing Water Tanks
- Amortization of Long-Term Pension Obligations
- SNRC Consulting and Compliance

FISCAL YEAR 2020-21 TOTAL EXPENSES = $39,895,000
PROGRAM OVERVIEW
## BUDGET SUMMARY BY PROGRAM

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>WATER FUND</th>
<th>WASTEWATER FUND</th>
<th>TOTAL</th>
<th>FY 2019-20 BUDGETED</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 - Governing Board</td>
<td>$179,900</td>
<td>$77,100</td>
<td>$257,000</td>
<td>$257,000</td>
<td>0%</td>
</tr>
<tr>
<td>2000 - General Administration</td>
<td>912,600</td>
<td>389,400</td>
<td>1,302,000</td>
<td>1,304,000</td>
<td>0%</td>
</tr>
<tr>
<td>2100 - HR/Risk Management</td>
<td>1,079,500</td>
<td>245,500</td>
<td>1,325,000</td>
<td>1,024,000</td>
<td>29%</td>
</tr>
<tr>
<td>2200 - Public Affairs</td>
<td>1,162,400</td>
<td>426,600</td>
<td>1,589,000</td>
<td>1,440,000</td>
<td>10%</td>
</tr>
<tr>
<td>2300 - Conservation</td>
<td>624,000</td>
<td></td>
<td>624,000</td>
<td>589,000</td>
<td>6%</td>
</tr>
<tr>
<td>3000 - Finance</td>
<td>890,700</td>
<td>381,300</td>
<td>1,272,000</td>
<td>1,249,000</td>
<td>2%</td>
</tr>
<tr>
<td>3200 - Information Technology</td>
<td>711,100</td>
<td>261,900</td>
<td>973,000</td>
<td>932,000</td>
<td>4%</td>
</tr>
<tr>
<td>3300 - Customer Service</td>
<td>1,107,900</td>
<td>399,100</td>
<td>1,507,000</td>
<td>1,615,000</td>
<td>-7%</td>
</tr>
<tr>
<td>3400 - Meter Services</td>
<td>290,000</td>
<td></td>
<td>290,000</td>
<td>295,000</td>
<td>2%</td>
</tr>
<tr>
<td>4000 - Engineering</td>
<td>1,080,800</td>
<td>463,200</td>
<td>1,544,000</td>
<td>1,551,000</td>
<td>0%</td>
</tr>
<tr>
<td>5000 - Water Production</td>
<td>4,493,000</td>
<td></td>
<td>4,493,000</td>
<td>4,493,000</td>
<td>0%</td>
</tr>
<tr>
<td>5100 - Water Treatment</td>
<td>905,000</td>
<td></td>
<td>905,000</td>
<td>870,000</td>
<td>4%</td>
</tr>
<tr>
<td>5200 - Water Quality</td>
<td>480,000</td>
<td></td>
<td>480,000</td>
<td>461,000</td>
<td>4%</td>
</tr>
<tr>
<td>6000 - Maintenance Admin</td>
<td>390,600</td>
<td>43,400</td>
<td>434,000</td>
<td>435,000</td>
<td>0%</td>
</tr>
<tr>
<td>6100 - Water Maintenance</td>
<td>2,485,000</td>
<td></td>
<td>2,485,000</td>
<td>2,617,000</td>
<td>-5%</td>
</tr>
<tr>
<td>6200 - Wastewater Maintenance</td>
<td>-</td>
<td>803,000</td>
<td>803,000</td>
<td>814,000</td>
<td>-1%</td>
</tr>
<tr>
<td>6300 - Wastewater Treatment</td>
<td>-</td>
<td>8,586,000</td>
<td>8,586,000</td>
<td>8,665,000</td>
<td>-1%</td>
</tr>
<tr>
<td>7000 - Facilities Maintenance</td>
<td>824,500</td>
<td>197,500</td>
<td>1,022,000</td>
<td>998,000</td>
<td>2%</td>
</tr>
<tr>
<td>7100 - Fleet Maintenance</td>
<td>450,000</td>
<td>50,000</td>
<td>500,000</td>
<td>586,000</td>
<td>-15%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$18,067,000</strong></td>
<td><strong>$12,324,000</strong></td>
<td><strong>$30,391,000</strong></td>
<td><strong>$30,195,000</strong></td>
<td><strong>1%</strong></td>
</tr>
</tbody>
</table>
GOVERNING BOARD

Provide Organizational Direction and Set Expectations through Policy Decisions

• Conduct General Manager/CEO annual evaluation, including establishment of FY 2019-20 Goals
• Consider actions related to the North Fork Water Company consolidation
• Conduct Board Member evaluations and establish Board leadership positions

Address Policy Related Decisions Related to the Sterling Natural Resource Center (SNRC)

• Consider agenda items related to on-going construction of the SNRC
• Evaluate staffing plan and program proposals related to the operation of the SNRC
• Participate in activities that encourage community engagement for the SNRC

Make Financial Decisions that Result in Stability and Understanding Operational Complexities

• Evaluate and consider agenda items related to water/wastewater rate studies
• Support development of a resource list for the implementation of the 5-Year Work Plan
• Consider a Memorandum of Understanding with the East Valley Water District Employee Partnership

<table>
<thead>
<tr>
<th></th>
<th>FY 2019-20 BUDGETED</th>
<th>FY 2020-21 PROPOSED</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluation Budget</td>
<td>$ 257,000</td>
<td>$ 257,000</td>
<td>0%</td>
</tr>
</tbody>
</table>
GENERAL ADMINISTRATION

Complete Reaccreditation Process for SDLF District Transparency Certificate of Excellence and District of Distinction Accreditation
- Update and post required information to the District’s website
- Complete and submit an application and the required documents for approval

Complete Consolidation/Dissolution of North Fork Water Company
- Continue acquiring remaining shares of North Fork Water Company
- Coordinate with legal counsel to determine how North Fork Water Company will operate in the future

Develop Agenda Policy and Procedures to Standardize Business Processes
- Evaluate and identify industry best practices to be included in the new policy
- Prepare draft policy to include comments and suggestions received from staff
- Finalize and implement approved policy

Finalize Preliminary Design of Community Heritage and Education Foundation (CHEF) Building
- Resolve administrative challenges related to the CHEF building site
- Continue efforts to develop a fundraising plan and financial goals

% of Total Operating Budget

<table>
<thead>
<tr>
<th>FY 2019-20 BUDGETED</th>
<th>FY 2020-21 PROPOSED</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 1,304,000</td>
<td>$ 1,302,000</td>
<td>0%</td>
</tr>
</tbody>
</table>
HUMAN RESOURCES

Initiate Programs in Support of the SNRC Workforce Needs

• Amend District organizational chart to include new job classifications, job descriptions, and pay scales for the identified classifications
• Develop an action plan for a Wastewater Operator-in-Training program to prepare internal candidates for future employment opportunities at the SNRC
• Develop a marketing strategy to attract quality candidates for SNRC employment opportunities

Promote a Positive Organizational Culture that Maintains a Supportive and Encouraging Work Environment

• Update the District’s Succession Plan to identify organizational growth and provide development opportunities for staff
• Develop pre-retirement transition plans to assist retirees in preparing for retirement and provide the District with the opportunity to capture institutional knowledge
• Conduct a comprehensive compensation analysis and update the District’s compensation policy

Promote Regional Involvement to Provide Workforce Experience and Educational Opportunities

• Work with San Bernardino City Unified School District on elevating the Water and Resource Management Pathway Program
• Partner with Generation Go, the Workforce Development Department’s work-based learning program, to provide internship opportunities to high school students
• Update the District’s Volunteer Program to include SNRC related volunteer opportunities

% of Total Operating Budget

<table>
<thead>
<tr>
<th></th>
<th>FY 2019-20 BUDGETED</th>
<th>FY 2020-21 PROPOSED</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 1,024,000</td>
<td>$ 1,325,000</td>
<td>29%</td>
</tr>
</tbody>
</table>
PUBLIC AFFAIRS

Advance Construction of the SNRC and Prepare for Facility Operations

- Begin developing operational plans and identifying contract services necessary for the Administration Center for the SNRC
- Coordinate with outside Government agencies for necessary approvals and review of relevant subject matter relating to the SNRC
- Oversee construction of the Administration Center within allocated scope of the Guaranteed Maximum Price
- Maintain community engagement including weekly social media posts, regular print advertisements, and internal communications to share critical project information
- Begin quarterly meetings of the SNRC Community Group

Utilize Communication Methods that Enhance the District’s Brand

- Develop proposition notices and outreach material to inform customers of proposed rate changes for water and wastewater services
- Develop door hangers and project notices for all current year CIP projects (English/Spanish)
- Develop a monthly report to highlight internal communications efforts and assess the effectiveness of the tools
- Develop and implement an outreach effort to increase customers’ understanding of budget-based rates through social media posts, community events, and bill redesign

Advance the District’s Emergency Preparedness Program to Effectively Respond in an Emergency

- Conduct quarterly emergency preparedness trainings for staff
- Complete necessary reporting requirements related to the COVID-19 local state of emergency
- Finalize the updated Emergency Response Plan and Hazard Mitigation Plan as required by FEMA and the EPA
- Evaluate and assess the District’s current Department Operations Center for needed enhancements to infrastructure and equipment
- Implement a quarterly campaign to improve the District’s customer contact database

% of Total Operating Budget

5%

<table>
<thead>
<tr>
<th>FY 2019-20 BUDGETED</th>
<th>FY 2020-21 PROPOSED</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,440,000</td>
<td>$1,589,000</td>
<td>10%</td>
</tr>
</tbody>
</table>
Coordinate with District Programs/Departments to Complete Necessary Conservation Reporting

- Gather information necessary to update the District’s Drought Risk Assessment within the required timeline
- Draft the District’s Water Shortage Contingency Plan and work with Engineering for data collection to meet SWRCB requirements for the Regional Urban Water Management Plan
- Remain in compliance with the State’s monthly reporting requirements
- Facilitate the annual water audit submittal, develop an action item list, and track results

Evaluate Rebate Program Success and Implement Program Enhancements

- Work with IT to build GIS maps that display rebate program participation
- Hold four conservation workshops in English (2) and in Spanish (2)
- Develop a program to identify customers with inefficient water use for participation in the District’s rebate programs
- Understand and adopt industry standards or best practices for gathering conservation data information

Engage in the Legislative Process as it Relates to Changes in Regulations

- Actively participate in the regulatory and legislative process as new conservation guidelines are considered
- Develop tracking measures to highlight financial impact on operations should affordable-rate regulations be considered
- Provide quarterly updates to the Legislative Committee and Semi-Annual to the Governing Board to ensure they are informed of the changing conservation requirements and other legislative issues

<table>
<thead>
<tr>
<th>FY 2019-20 BUDGETED</th>
<th>FY 2020-21 PROPOSED</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$589,000</td>
<td>$624,000</td>
<td>6%</td>
</tr>
</tbody>
</table>

% of Total Operating Budget 2%
Financial Stability with Full Understanding of Operational Complexities

- Work with Bond Council to restructure current bonds to take advantage of the financial market and record the debt in accordance with GAAP
- Coordinate Public Hearing and noticing efforts with Public Affairs to comply with Proposition 218 requirements and implement adopted rates in District’s utility billing software
- Identify the financial impact with affordable-rate regulation consideration working in collaboration with Conservation and Public Affairs

Fully Understand the Cost Associated with the SNRC Operations

- Develop a listing of vendors and contract services based on recommendations from Engineering and regional wastewater agencies
- Develop a comprehensive salaries and benefits analysis based on the staffing schedule for the SNRC and the District
- Develop an allocation plan to determine each funds’ proportionate share of the SNRC operating and capital costs

Link Fixed Asset Information in Tyler Accounting System to Digitized Maps in Geographical Information System (GIS) Program

- Hold a series of meetings with Engineering and Information Technology staff to fully understand linkage between Tyler and GIS
- Develop plan for estimating costs in Tyler for old assets and for distributing costs in GIS

4% of Total Operating Budget

<table>
<thead>
<tr>
<th>FY 2019-20</th>
<th>FY 2020-21</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUDGETED</td>
<td>PROPOSED</td>
<td>CHANGE</td>
</tr>
<tr>
<td>$1,249,000</td>
<td>$1,272,000</td>
<td>2%</td>
</tr>
</tbody>
</table>
INFORMATION TECHNOLOGY

Fortify IT Infrastructure for Reliability and Expand Services for HQ, SNRC, and Plant 134

- Broaden network server infrastructure by upgrading End-of-Life Cisco servers and VMware licensing to support the SNRC and Plant 134
- Work with Operations to enhance SCADA infrastructure and improve radio communication at each site
- Expand hardware needs for operations staff and simplify staff processes through mobile devices

Proactively Improve Systems and Cybersecurity Measures for Internal and Emergency Response Functions

- Engage staff with cybersecurity training and monthly Phishing emails to mitigate security risk
- Heighten IT staff knowledge and skills through professional development for IT standards
- Assess and enhance remote capabilities for staff and EOC operations
- Implement imaging software to allow image and recovery of computer systems to minimize downtime

Analyze Current Systems to Enhance Reporting and Automate Processes

- Work with consultant to enhance reporting and business analytics through Microsoft BI
- Assist Finance with GIS and Tyler integration
- Expand DocuSign E-form capability to streamline internal processes and create another outlet for customer and District engagement
- Work with Operations to select an asset management system
- Assess Cityworks and current GIS infrastructure with Engineering to fit the organizational needs recommended through the IT strategic plan

% of Total Operating Budget

<table>
<thead>
<tr>
<th>FY 2019-20 BUDGETED</th>
<th>FY 2020-21 PROPOSED</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 932,000</td>
<td>$ 973,000</td>
<td>4%</td>
</tr>
</tbody>
</table>
CUSTOMER SERVICE

Develop Strategies to Address Organizational Service Needs

- Work with Field and IT to Re-Evaluate Cityworks and attend product demonstrations for alternate work order system if scheduled
- Develop SNRC action plan and, if necessary, prepare justification for an additional full-time employee
- Work with IT to activate autopay with credit card while remaining PCI compliant
- Work with the Business Services Manager to update physical/digital access where needed

Modify Processes to Comply with Changes in Legislation While Maintaining Financial Stability

- Meet quarterly with Public Affairs for updates on proposed/pending legislation
- Reassess written policy and departmental procedures related to SB 998
- Assist with preparation of Customer Service talking points to address customer inquiries related to proposed Water Tax legislation
- Review and propose changes to Miscellaneous Fee Schedule related to Customer Accounts

Work with Engineering and IT to Complete AMI Installations and Fully Utilize Smart Meter Capabilities

- Estimate water saved, log all leak notifications, and contact customers to minimize water losses
- Work with Public Affairs to create customer educational materials about Smart Meter Portal and setting up alerts
- Review routes and billing dates for possible changes to accommodate timing of bills to customers on fixed incomes

% of Total Operating Budget

5%

<table>
<thead>
<tr>
<th>FY 2019-20</th>
<th>FY 2020-21</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUDGETED</td>
<td>PROPOSED</td>
<td>-7%</td>
</tr>
<tr>
<td>$ 1,615,000</td>
<td>$ 1,507,000</td>
<td></td>
</tr>
</tbody>
</table>
METER SERVICES

• Identify needed vault lid replacements and create prioritized replacement schedule
• Visually inspect all meter boxes in routes included in Phase I of AMI implementation

Develop Inspection Program for Facilities in AMI Areas No Longer Read Manually

• Verify meter lid sizes, meter size, and lay length in preparation for future AMI Phases
• Install AMI meters at accounts bypassed by the AMI Contractor due to special issues or concerns

Collect Information on Remaining Manual-Read Meters to Facilitate Early Completion of AMI Implementation Project

• Conduct an audit of 10% of large meters for accuracy to ensure compliance with AWWA standards

Continue Meter Testing Programs in Compliance with State Water Audits Best Practices

<table>
<thead>
<tr>
<th>FY 2019-20 BUDGETED</th>
<th>FY 2020-21 PROPOSED</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 295,000</td>
<td>$ 290,000</td>
<td>-2%</td>
</tr>
</tbody>
</table>

% of Total Operating Budget

1%
ENGINEERING

Develop and Implement the District’s Capital Improvement Program to Address Rehabilitation and Maintenance Needs While Also Preparing for New Development

- Issue design and construction contract for rehabilitation of reservoir at Plant 108
- Complete rehabilitation of Plant 101
- Facilitate completion of design for main replacement projects identified in CIP for FY 2020-21
- Support the development of CFD for the Highland Hills development
- Continue to lead AMI implementation

Develop Plans to Optimize District Utilization of Local and Imported Surface Water

- Complete pre-design report for the Water Treatment Plant at the east-end of the District’s service area
- Initiate contract for design-build of process improvements related to disinfection byproduct control at Plant 134
- Install meter facilities and reporting tools to document North Fork water going to surface spreading

Support the Steps Necessary for Advancement of the SNRC

- Lead development of facility start-up plans
- Support construction efforts by facilitating any documentation or decisions necessary
- Continue working with regulatory agencies to receive needed approvals and permits

% of Total Operating Budget

- 5%

<table>
<thead>
<tr>
<th>FY 2019-20</th>
<th>FY 2020-21</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUDGETED</td>
<td>PROPOSED</td>
<td></td>
</tr>
<tr>
<td>$1,551,000</td>
<td>$1,544,000</td>
<td>0%</td>
</tr>
</tbody>
</table>
WATER PRODUCTION

Support Engineering and the Contractor Assigned to Plant 108 Tank/Reservoir Rehabilitation Projects

• Develop a pumping plan to rehabilitate tank 108
• Identify and isolate all valves required to drain and rehabilitate tank
• After construction fill, sample, and bring the tank back online

Implement Improvements to Enhance the SCADA System

• Collaborate with consultants to develop RFP for the SCADA masterplan
• Work with IT to identify scope of work and complete phase three to upgrade SCADA radios
• Move forward and assign staff to assist with radio contractors’ recommendations

Transition Remaining NFWC and Bear Valley Mutual Water Company Shareholders from the North Fork Canal/Pipeline to Alternative Metered Connections

• Determine size and flow requirements and install water meters at the properties
• Abandon weirs and other facilities made unnecessary by shareholder agreements

Bring Plant 120 Online to Produce 600-800 Gallons Per Minute

• Hire a SCADA contractor and electrician to install the necessary equipment to control the Plant
• Clean and rehabilitate the forebay downstream of the well
• Inspect and make necessary repairs to the boosters on site
WATER TREATMENT

Support Anticipated Design Build Efforts at Plant 134 for Granular Activated Carbon (GAC) and Sludge Removal Capital Projects Per SWRCB Recommendations

- Understand recommendations for additional treatment processes needed to maintain high water quality
- Assist in capital planning for new treatment processes

Complete Plant 134 Membrane Replacements Using a Five-Phase Replacement Plan and Replace Air Control Valves for Trains

- Identify the modules to be replaced in Phase 4
- Procure the needed membrane modules from the manufacturer in accordance with the District’s purchasing policy
- Coordinate and schedule the in-house installation of the new membranes
- Hire contractor to install air control valves

Replace All 5 Chlorine Generation Cells at Plant 134

- Purchase proper cells
- Coordinate and schedule installation

% of Total Operating Budget

3%

<table>
<thead>
<tr>
<th>FY 2019-20</th>
<th>FY 2020-21</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUDGETED</td>
<td>PROPOSED</td>
<td></td>
</tr>
<tr>
<td>$870,000</td>
<td>$905,000</td>
<td>4%</td>
</tr>
</tbody>
</table>
WATER QUALITY

Evaluate Water Quality Regulations and Improve Process Efficiencies to Enhance Water Quality Compliance

- Develop sampling programs to maximize treatment process efficiencies
- Support efforts to assist in treatment process improvements at Plant 134
- Contract for installation of tank mixing equipment in District reservoirs at Plant 129

Implement In-House Environmental Controls and Compliance Program Improvements

- Develop Fats, Oil and Grease (FOG) program language for incorporation into the District's Sewer Use Ordinance
- Analyze and report to management the effect of SB 998 on District's ability to enforce compliance with annual backflow testing

% of Total Operating Budget

<table>
<thead>
<tr>
<th>FY 2019-20 BUDGETED</th>
<th>FY 2020-21 PROPOSED</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 461,000</td>
<td>$ 480,000</td>
<td>4%</td>
</tr>
</tbody>
</table>
WATER MAINTENANCE

Prioritize Preventative Maintenance Schedules to Ensure Equipment Readiness for Emergency Response

- Exercise all gate valves between Boulder Avenue on the east, and Central Avenue on the west
- Work with Production to perform inspection and operation of critical valves at 12 plants
- Inspect and, if necessary, paint 1,500 hydrants

Complete Two In-House Water Main Projects

- Replace 550 linear feet of 4” with new 8” water main on 14th St
- Replace 250 linear feet of 3” with new 6” water main on Mirada St

Complete Evaluation of Existing Technology/Software and Requisition Upgrades/Replacements if Necessary

- Identify weaknesses of existing software programs
- Conduct needs-assessment
- Coordinate with IT to hold product demonstrations
- Work with IT to ensure all Field Staff is equipped with appropriate mobile devices
- Collaborate with IT to fix data connectivity issue

% of Total Operating Budget

FY 2019-20 BUDGETED: $3,052,000
FY 2020-21 PROPOSED: $2,919,000
CHANGE: -4%

10%
WASTEWATER MAINTENANCE

Continue Wastewater Collection System Maintenance and Management

- Video inspect and assess all District mains between the northern and southern District boundaries, and between Del Rosa and Victoria
- Clean a minimum of 110 miles of wastewater main

Implement Procedures to Enhance Monitoring of High-Flow Sewer Mains

- Contract for video inspection of recently acquired East Trunk sewer main south of Baseline (33,000 ft)
- Install flow sensors in manholes of five selected mains

Update Staff Training to Include Enhanced Functions of New Equipment

- Train all field staff on the new vactor
- Train all field staff on lateral launcher and new CCTV truck

% of Total Operating Budget

<table>
<thead>
<tr>
<th>FY 2019-20 BUDGETED</th>
<th>FY 2020-21 PROPOSED</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 9,479,000</td>
<td>$ 9,389,000</td>
<td>-1%</td>
</tr>
</tbody>
</table>
FACILITIES MAINTENANCE

Complete Long-Term Site Improvements for Plant 134
- Work with IT to complete security system and digital access at Plant 134
- Remodel laboratory at Plant 134 to include restroom, flooring, and cabinetry

Complete Systematic Upgrades and Rehabilitation of District Facilities
- Develop a comprehensive site improvement project list
- Replace fence and repair asphalt driveway at Plant 34 and 141
- Paint existing building at Plant 33
- Complete upgrades on HVAC systems at Plants 129 and 142

Develop a Facilities Maintenance Program to Track and Anticipate Future Costs Associated with All District Facilities
- Collaborate with IT and other departments in selecting an asset management program that suits maintenance program needs
- Complete incorporating facilities data into selected Facilities Maintenance Program
- Implement a consistent tracking program and help provide training for staff

% of Total Operating Budget
- 3%

<table>
<thead>
<tr>
<th>FY 2019-20 BUDGETED</th>
<th>FY 2020-21 PROPOSED</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 998,000</td>
<td>$ 1,022,000</td>
<td>2%</td>
</tr>
</tbody>
</table>
FLEET MAINTENANCE

Remain Current on Air Quality and Highway Safety Regulations

- Continue quarterly inspections with air quality consultant for Air Quality Management District and California Air Resources Board
- Schedule semi-annual-site employee safety training for vehicles and equipment
- Transmit emissions data to the Bureau of Automotive Repair using new Network Fleet devices

Enhance Vendor-Managed Fleet Maintenance Program

- Collaborate with IT to maximize on vendor reporting capabilities
- Work with vendor to refine list of pre-approved work to mitigate delays on safety repairs
- Contract with vendor to provide detailing for specialized equipment

<table>
<thead>
<tr>
<th>FY 2019-20 BUDGETED</th>
<th>FY 2020-21 PROPOSED</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 586,000</td>
<td>$ 500,000</td>
<td>-15%</td>
</tr>
</tbody>
</table>

% of Total Operating Budget 2%
CAPITAL BUDGET
## CAPITAL OUTLAY

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wastewater Enterprise Cost of Service Analysis</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>vSphere Enterprise Plus (Virtualization and Licensing)</td>
<td>70,000</td>
</tr>
<tr>
<td>Hardware Replacements (5 Servers)</td>
<td>33,000</td>
</tr>
<tr>
<td>UCS Mini (Server Chassis)</td>
<td>70,000</td>
</tr>
<tr>
<td>Microsoft Server Licensing</td>
<td>32,000</td>
</tr>
<tr>
<td>Device Replacements</td>
<td>25,000</td>
</tr>
<tr>
<td>Switches (2)</td>
<td>10,000</td>
</tr>
<tr>
<td>Regional Urban Water Management Plan</td>
<td>50,000</td>
</tr>
<tr>
<td>SCADA Masterplan</td>
<td>150,000</td>
</tr>
<tr>
<td>SCADA Radios</td>
<td>50,000</td>
</tr>
<tr>
<td>Santa Ana River Watershed Survey</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td><strong>$ 590,000</strong></td>
</tr>
<tr>
<td>DESCRIPTION</td>
<td>AMOUNT</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Tank Mixers - Plant 129</td>
<td>$40,000</td>
</tr>
<tr>
<td>Asphalt Grinding Tool</td>
<td>25,000</td>
</tr>
<tr>
<td>Trailer Mounted Jetter for Manholes</td>
<td>50,000</td>
</tr>
<tr>
<td>CCTV Truck</td>
<td>250,000</td>
</tr>
<tr>
<td>Sewer Overflow Sensors</td>
<td>50,000</td>
</tr>
<tr>
<td>Server Room Exhaust Fan</td>
<td>20,000</td>
</tr>
<tr>
<td>HVAC Upgrades (Plants 56, 59, 129, and another)</td>
<td>30,000</td>
</tr>
<tr>
<td>Backhoe</td>
<td>200,000</td>
</tr>
<tr>
<td>Crew Truck</td>
<td>150,000</td>
</tr>
<tr>
<td>Light Duty Trucks</td>
<td>225,000</td>
</tr>
<tr>
<td><strong>SUBTOTAL FROM PREVIOUS PAGE</strong></td>
<td>$590,000</td>
</tr>
<tr>
<td><strong>TOTAL CAPITAL OUTLAY COSTS</strong></td>
<td>$1,630,000</td>
</tr>
</tbody>
</table>

All Capital Outlay Is Funded By Operating Revenue
### Capital Improvement Projects – Water Fund

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMI Meter Replacement Program</td>
<td>$450,000</td>
</tr>
<tr>
<td>Plant 134 - Process Improvements</td>
<td>900,000</td>
</tr>
<tr>
<td>Plant 134 - Sludge Management</td>
<td>100,000</td>
</tr>
<tr>
<td>Plant 134 - Site Improvements</td>
<td>600,000</td>
</tr>
<tr>
<td>Plant 134 - Membrane Replacement / Valves</td>
<td>350,000</td>
</tr>
<tr>
<td>Tank / Reservoir Rehabilitation - Plant 108</td>
<td>600,000</td>
</tr>
<tr>
<td>Plant 120 - Forebay Repair / SCADA Installation</td>
<td>100,000</td>
</tr>
<tr>
<td>Plant 101 - Rehabilitate Hydro System</td>
<td>100,000</td>
</tr>
<tr>
<td>Water Mains - 14th Street, Mirada Street</td>
<td>200,000</td>
</tr>
<tr>
<td>Facility Relocations</td>
<td>100,000</td>
</tr>
<tr>
<td>Facility Rehabilitations - Plant 34</td>
<td>245,000</td>
</tr>
<tr>
<td>Well &amp; Booster Improvements / Rehabilitations</td>
<td>50,000</td>
</tr>
<tr>
<td>East Surface Water Treatment Plant (Preliminary Design Report)</td>
<td>175,000</td>
</tr>
<tr>
<td><strong>Total Project Costs</strong></td>
<td><strong>$3,970,000</strong></td>
</tr>
</tbody>
</table>

**Funding Sources for Water Projects**

- **Grants/Loans**: $900,000
- **Current Operating Revenue**: $3,070,000
- **Replacement Reserves**: $0
## Funding Sources for Wastewater Projects

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wastewater Main Rehabilitation - Lillian Lane, 11th Street</td>
<td>$200,000</td>
</tr>
<tr>
<td>Sterling Natural Resource Center (SNRC)</td>
<td>81,195,000</td>
</tr>
<tr>
<td><strong>TOTAL PROJECT COSTS</strong></td>
<td><strong>$81,395,000</strong></td>
</tr>
</tbody>
</table>

Grants / Loans / Other Funding: $81,000,000

Wastewater Operating Revenue: $395,000
AUTHORIZED POSITIONS

• Total Full-Time Positions: 66
• Part-Time Positions: 2
• Position Changes:
  • Customer Service Rep I
    • Transitioned Part-Time to Full-Time
  • Senior Engineer
    • Sr. Engineering Technician Retired
    • Engineering Technician II Retired
  • Creative Services Representative
    • Filled by Consultant
DRAFT
2020 21
Fiscal Year Proposed Budget
Building Partnerships
HIGHLAND, CALIFORNIA
## East Valley Water District
### Water Fund Proposed Budget

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4100 - Water Sales</td>
<td>15,746,654</td>
<td>15,900,000</td>
<td>15,777,000</td>
<td>16,868,000</td>
</tr>
<tr>
<td>4200 - Meter Charges</td>
<td>9,009,881</td>
<td>8,980,000</td>
<td>9,009,881</td>
<td>9,020,000</td>
</tr>
<tr>
<td>4301 - Late Payment Fee</td>
<td>89,493</td>
<td></td>
<td>78,267</td>
<td>40,000</td>
</tr>
<tr>
<td>4303 - Disconnect Notice Charge</td>
<td>475,772</td>
<td>360,000</td>
<td>295,138</td>
<td>155,000</td>
</tr>
<tr>
<td>4605 - Other Operating Charge</td>
<td>111,279</td>
<td>111,000</td>
<td>136,392</td>
<td>56,000</td>
</tr>
<tr>
<td>4701 - Interest Income</td>
<td>446,720</td>
<td>250,000</td>
<td>283,289</td>
<td>225,000</td>
</tr>
<tr>
<td>4703 - Energy Incentives/Rebates</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4704 - Miscellaneous Revenue</td>
<td>624,378</td>
<td>34,000</td>
<td>251,702</td>
<td>34,000</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>26,504,177</td>
<td>25,635,000</td>
<td>25,831,669</td>
<td>26,398,000</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SOURCE OF SUPPLY/WELLS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>407,631</td>
<td>284,000</td>
<td>461,018</td>
<td>295,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>10,656</td>
<td>32,000</td>
<td>15,873</td>
<td>13,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>112,559</td>
<td>152,000</td>
<td>157,060</td>
<td>148,000</td>
</tr>
<tr>
<td>6101 - Purchased Water</td>
<td>306,513</td>
<td>500,000</td>
<td>440,716</td>
<td>400,000</td>
</tr>
<tr>
<td>6102 - Groundwater Replenishment</td>
<td>98,406</td>
<td>445,000</td>
<td>111,625</td>
<td>304,000</td>
</tr>
<tr>
<td>6103 - Water Assessment</td>
<td>123,547</td>
<td>122,000</td>
<td>50,716</td>
<td>122,000</td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>39,992</td>
<td>61,000</td>
<td>51,997</td>
<td>61,000</td>
</tr>
<tr>
<td>6204 - Chemicals</td>
<td>72,400</td>
<td>150,000</td>
<td>96,676</td>
<td>150,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>76,851</td>
<td>40,000</td>
<td>71,430</td>
<td>40,000</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>109</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6403 - Electricity</td>
<td>1,125,950</td>
<td>1,150,000</td>
<td>1,138,829</td>
<td>1,250,000</td>
</tr>
<tr>
<td>6405 - Permits</td>
<td>63,210</td>
<td>100,000</td>
<td>70,405</td>
<td>100,000</td>
</tr>
<tr>
<td>6504 - Meetings</td>
<td>264</td>
<td>1,000</td>
<td>526</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>SOURCE OF SUPPLY TOTAL</strong></td>
<td>2,508,701</td>
<td>3,313,000</td>
<td>2,995,975</td>
<td>3,160,000</td>
</tr>
<tr>
<td><strong>PUMPS &amp; BOOSTERS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>91,428</td>
<td>95,000</td>
<td>34,503</td>
<td>74,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>3,491</td>
<td>10,000</td>
<td>4,970</td>
<td>4,970</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>32,515</td>
<td>52,000</td>
<td>34,116</td>
<td>38,000</td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>4,750</td>
<td>23,000</td>
<td>18,019</td>
<td>23,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>64,956</td>
<td>81,000</td>
<td>(5,083)</td>
<td>81,000</td>
</tr>
<tr>
<td>6311 - Landscape Services</td>
<td>24,097</td>
<td>35,000</td>
<td>19,419</td>
<td>35,000</td>
</tr>
<tr>
<td>6403 - Electricity</td>
<td>352,486</td>
<td>400,000</td>
<td>343,310</td>
<td>400,000</td>
</tr>
<tr>
<td><strong>PUMPS &amp; BOOSTERS TOTAL</strong></td>
<td>549,626</td>
<td>696,000</td>
<td>448,981</td>
<td>655,000</td>
</tr>
<tr>
<td><strong>TREATMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>289,958</td>
<td>242,000</td>
<td>288,472</td>
<td>252,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>38,117</td>
<td>25,000</td>
<td>46,420</td>
<td>39,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>99,017</td>
<td>139,000</td>
<td>145,338</td>
<td>150,000</td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>54,543</td>
<td>23,000</td>
<td>65,536</td>
<td>23,000</td>
</tr>
<tr>
<td>6204 - Chemicals</td>
<td>101,467</td>
<td>150,000</td>
<td>138,305</td>
<td>150,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>73,531</td>
<td>249,000</td>
<td>106,751</td>
<td>249,000</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>-</td>
<td>2,000</td>
<td>1,854</td>
<td>2,000</td>
</tr>
<tr>
<td>6311 - Landscape Services</td>
<td>24,097</td>
<td>14,000</td>
<td>20,347</td>
<td>14,000</td>
</tr>
<tr>
<td>6401 - Utilities</td>
<td>1,265</td>
<td>10,000</td>
<td>2,517</td>
<td>10,000</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>3,112</td>
<td></td>
<td>1,836</td>
<td></td>
</tr>
<tr>
<td>6403 - Electricity</td>
<td>117,177</td>
<td>150,000</td>
<td>108,462</td>
<td>150,000</td>
</tr>
<tr>
<td>6405 - Permits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TREATMENT TOTAL</strong></td>
<td>802,284</td>
<td>1,004,000</td>
<td>925,838</td>
<td>1,039,000</td>
</tr>
</tbody>
</table>
## East Valley Water District
### Water Fund Proposed Budget

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TRANSMISSION &amp; DISTRIBUTION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>1,239,703</td>
<td>1,229,000</td>
<td>1,326,467</td>
<td>1,302,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>228,311</td>
<td>163,000</td>
<td>248,392</td>
<td>236,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>506,917</td>
<td>681,000</td>
<td>654,715</td>
<td>681,000</td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>245,771</td>
<td>305,000</td>
<td>407,582</td>
<td>305,000</td>
</tr>
<tr>
<td>6202 - Tools</td>
<td>17,312</td>
<td>26,000</td>
<td>44,866</td>
<td>26,000</td>
</tr>
<tr>
<td>6204 - Chemicals</td>
<td>53,651</td>
<td>50,000</td>
<td>35,226</td>
<td>50,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>172,592</td>
<td>125,000</td>
<td>186,733</td>
<td>165,000</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>15,838</td>
<td>40,000</td>
<td>27,909</td>
<td>40,000</td>
</tr>
<tr>
<td>6310 - Street Services</td>
<td>323,336</td>
<td>325,000</td>
<td>506,433</td>
<td>325,000</td>
</tr>
<tr>
<td>6405 - Permits</td>
<td>13,500</td>
<td>-</td>
<td>18,132</td>
<td>-</td>
</tr>
<tr>
<td>6406 - Postage</td>
<td>2,062</td>
<td>2,000</td>
<td>486</td>
<td>2,000</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>85</td>
<td>2,000</td>
<td>175</td>
<td>2,000</td>
</tr>
<tr>
<td>6503 - Education Assistance</td>
<td>90</td>
<td>3,000</td>
<td>-</td>
<td>3,000</td>
</tr>
<tr>
<td>6504 - Meetings</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TRANS &amp; DIST TOTAL</strong></td>
<td>2,819,168</td>
<td>2,951,000</td>
<td>3,457,116</td>
<td>3,137,000</td>
</tr>
<tr>
<td><strong>CUSTOMER SERVICE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>510,638</td>
<td>427,800</td>
<td>449,093</td>
<td>433,500</td>
</tr>
<tr>
<td>5102 - Temporary Labor</td>
<td>18,102</td>
<td>-</td>
<td>17,284</td>
<td>-</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>9,452</td>
<td>13,500</td>
<td>7,983</td>
<td>10,900</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>236,634</td>
<td>230,000</td>
<td>218,931</td>
<td>266,300</td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>962</td>
<td>5,500</td>
<td>1,932</td>
<td>5,500</td>
</tr>
<tr>
<td>6202 - Tools</td>
<td>2,924</td>
<td>3,000</td>
<td>2,353</td>
<td>3,000</td>
</tr>
<tr>
<td>6203 - Office Supplies</td>
<td>961</td>
<td>2,800</td>
<td>2,054</td>
<td>2,800</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>111,111</td>
<td>98,800</td>
<td>45,987</td>
<td>98,800</td>
</tr>
<tr>
<td>6302 - Banking Services</td>
<td>182,921</td>
<td>214,200</td>
<td>167,012</td>
<td>187,300</td>
</tr>
<tr>
<td>6303 - Printing &amp; Publishing</td>
<td>6,570</td>
<td>7,000</td>
<td>5,139</td>
<td>7,000</td>
</tr>
<tr>
<td>6304 - Legal Services</td>
<td>-</td>
<td>3,500</td>
<td>-</td>
<td>3,500</td>
</tr>
<tr>
<td>6306 - Rents &amp; Leases</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>4,549</td>
<td>5,800</td>
<td>4,427</td>
<td>5,800</td>
</tr>
<tr>
<td>6308 - Billing Services</td>
<td>28,742</td>
<td>36,400</td>
<td>29,560</td>
<td>36,400</td>
</tr>
<tr>
<td>6309 - Shut Off Notice Services</td>
<td>344,665</td>
<td>359,000</td>
<td>139,406</td>
<td>195,000</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>4,904</td>
<td>6,200</td>
<td>5,168</td>
<td>10,000</td>
</tr>
<tr>
<td>6406 - Postage</td>
<td>89,457</td>
<td>107,100</td>
<td>73,212</td>
<td>107,100</td>
</tr>
<tr>
<td>6501 - Memberships &amp; Dues</td>
<td>-</td>
<td>1,400</td>
<td>-</td>
<td>700</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>1,803</td>
<td>9,800</td>
<td>1,249</td>
<td>10,500</td>
</tr>
<tr>
<td>6503 - Education Assistance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6504 - Meetings</td>
<td>452</td>
<td>1,400</td>
<td>936</td>
<td>2,000</td>
</tr>
<tr>
<td>6703 - Cash Over/Short</td>
<td>183</td>
<td>-</td>
<td>358</td>
<td>700</td>
</tr>
<tr>
<td>6704 - Bad Debt Expense</td>
<td>2,413</td>
<td>-</td>
<td>2,083</td>
<td>11,100</td>
</tr>
<tr>
<td><strong>CUSTOMER SERVICE TOTAL</strong></td>
<td>1,557,343</td>
<td>1,533,200</td>
<td>1,174,165</td>
<td>1,397,900</td>
</tr>
</tbody>
</table>
## East Valley Water District
### Water Fund Proposed Budget

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ADMINISTRATION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>2,690,604</td>
<td>2,769,100</td>
<td>2,786,487</td>
<td>2,977,900</td>
</tr>
<tr>
<td>5102 - Temporary Labor</td>
<td>11,467</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>48,134</td>
<td>47,800</td>
<td>34,130</td>
<td>56,300</td>
</tr>
<tr>
<td>5104 - Standby</td>
<td>31,198</td>
<td>33,000</td>
<td>32,027</td>
<td>33,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>1,182,256</td>
<td>1,510,300</td>
<td>1,393,633</td>
<td>1,608,000</td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>287,323</td>
<td>201,400</td>
<td>196,328</td>
<td>199,500</td>
</tr>
<tr>
<td>6202 - Tools</td>
<td>10,890</td>
<td>15,800</td>
<td>9,851</td>
<td>16,900</td>
</tr>
<tr>
<td>6203 - Office Supplies</td>
<td>19,586</td>
<td>28,900</td>
<td>20,974</td>
<td>28,500</td>
</tr>
<tr>
<td>6205 - Conservation Rebates</td>
<td>711,436</td>
<td>195,000</td>
<td>156,412</td>
<td>145,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>1,623,521</td>
<td>1,149,800</td>
<td>1,002,932</td>
<td>1,475,950</td>
</tr>
<tr>
<td>6302 - Banking Services</td>
<td>6,165</td>
<td>14,000</td>
<td>5,699</td>
<td>14,000</td>
</tr>
<tr>
<td>6303 - Printing &amp; Publishing</td>
<td>156,362</td>
<td>215,300</td>
<td>141,196</td>
<td>303,400</td>
</tr>
<tr>
<td>6304 - Legal Services</td>
<td>141,589</td>
<td>175,000</td>
<td>87,718</td>
<td>127,000</td>
</tr>
<tr>
<td>6306 - Rents &amp; Leases</td>
<td>22,572</td>
<td>10,500</td>
<td>19,615</td>
<td>11,250</td>
</tr>
<tr>
<td>6311 - Landscape Services</td>
<td>45,489</td>
<td>39,200</td>
<td>30,470</td>
<td>42,000</td>
</tr>
<tr>
<td>6312 - Janitorial Services</td>
<td>74,850</td>
<td>93,400</td>
<td>93,206</td>
<td>100,400</td>
</tr>
<tr>
<td>6314 - Litigation Services</td>
<td>-</td>
<td>35,000</td>
<td>14,231</td>
<td>28,000</td>
</tr>
<tr>
<td>6401 - Utilities</td>
<td>18,143</td>
<td>9,800</td>
<td>20,286</td>
<td>10,500</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>42,749</td>
<td>113,400</td>
<td>47,236</td>
<td>119,600</td>
</tr>
<tr>
<td>6403 - Electricity</td>
<td>63,282</td>
<td>84,000</td>
<td>59,382</td>
<td>90,000</td>
</tr>
<tr>
<td>6404 - Fuel</td>
<td>84,390</td>
<td>112,500</td>
<td>94,455</td>
<td>112,500</td>
</tr>
<tr>
<td>6405 - Permits</td>
<td>38,700</td>
<td>135,100</td>
<td>48,992</td>
<td>135,100</td>
</tr>
<tr>
<td>6406 - Postage</td>
<td>15,541</td>
<td>32,100</td>
<td>17,015</td>
<td>74,100</td>
</tr>
<tr>
<td>6501 - Memberships &amp; Dues</td>
<td>62,503</td>
<td>83,900</td>
<td>67,342</td>
<td>92,400</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>57,152</td>
<td>132,500</td>
<td>64,266</td>
<td>130,650</td>
</tr>
<tr>
<td>6503 - Education Assistance</td>
<td>3,500</td>
<td>4,000</td>
<td>1,989</td>
<td>9,100</td>
</tr>
<tr>
<td>6505 - Employee Recognition</td>
<td>12,976</td>
<td>22,205</td>
<td>22,205</td>
<td>30,400</td>
</tr>
<tr>
<td>6701 - General Insurance</td>
<td>170,051</td>
<td>147,000</td>
<td>205,890</td>
<td>379,300</td>
</tr>
<tr>
<td>6702 - Insurance Claims</td>
<td>210</td>
<td>7,000</td>
<td>7,529</td>
<td>7,000</td>
</tr>
<tr>
<td>6704 - Bad Debt Expense</td>
<td>-</td>
<td>1,000</td>
<td>571</td>
<td>1,000</td>
</tr>
<tr>
<td>6705 - OPEB Retirees</td>
<td>157,144</td>
<td>203,000</td>
<td>215,663</td>
<td>269,300</td>
</tr>
<tr>
<td><strong>ADMINISTRATION TOTAL</strong></td>
<td>7,825,102</td>
<td>7,676,900</td>
<td>6,941,324</td>
<td>8,678,100</td>
</tr>
</tbody>
</table>

## TOTAL OPERATING EXPENSES

16,062,224 | 17,174,100 | 15,943,399 | 18,067,000 |

## OTHER USES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7101 - Debt Principal</td>
<td>2,496,000</td>
<td>2,496,000</td>
<td>2,496,000</td>
<td>2,565,000</td>
</tr>
<tr>
<td>7102 - Debt Interest</td>
<td>1,684,986</td>
<td>1,550,000</td>
<td>1,550,000</td>
<td>1,501,000</td>
</tr>
<tr>
<td>7500 - Reserve Contribution</td>
<td>3,331,981</td>
<td>308,900</td>
<td>1,736,269</td>
<td>-</td>
</tr>
<tr>
<td>8101 - Capital Outlay</td>
<td>333,059</td>
<td>931,000</td>
<td>931,000</td>
<td>1,195,000</td>
</tr>
<tr>
<td>8999 - Capital Improvement Program</td>
<td>2,595,927</td>
<td>3,175,000</td>
<td>3,175,000</td>
<td>3,070,000</td>
</tr>
<tr>
<td><strong>TOTAL OTHER USES</strong></td>
<td>10,441,953</td>
<td>8,460,900</td>
<td>9,888,269</td>
<td>8,331,000</td>
</tr>
</tbody>
</table>

## SUMMARY

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>26,504,177</td>
<td>25,635,000</td>
<td>25,831,669</td>
<td>26,398,000</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>16,062,224</td>
<td>17,174,100</td>
<td>15,943,399</td>
<td>18,067,000</td>
</tr>
<tr>
<td>Total Other Expenses</td>
<td>10,441,953</td>
<td>8,460,900</td>
<td>9,888,269</td>
<td>8,331,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>26,504,177</td>
<td>25,635,000</td>
<td>25,831,668</td>
<td>26,398,000</td>
</tr>
</tbody>
</table>

**NET**
## East Valley Water District
### Wastewater Fund Proposed Budget

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4301 - Late Payment Fee</td>
<td>41,775</td>
<td>200,000</td>
<td>37,102</td>
<td>193,000</td>
</tr>
<tr>
<td>4400 - WW Collection Charges</td>
<td>4,643,732</td>
<td>4,648,000</td>
<td>4,747,462</td>
<td>4,656,000</td>
</tr>
<tr>
<td>4500 - WW Treatment Charges</td>
<td>8,592,950</td>
<td>8,665,000</td>
<td>8,501,530</td>
<td>8,586,000</td>
</tr>
<tr>
<td>4605 - Other Operating Charge</td>
<td>480,885</td>
<td>2,000</td>
<td>6,263</td>
<td>2,000</td>
</tr>
<tr>
<td>4701 - Interest Income</td>
<td>124,815</td>
<td>50,000</td>
<td>26,724</td>
<td>30,000</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>13,884,157</td>
<td>13,565,000</td>
<td>13,319,081</td>
<td>13,467,000</td>
</tr>
</tbody>
</table>

| **OPERATING EXPENSES** | | | | |
| **TREATMENT** | | | | |
| 6305 - Treatment Services | 8,592,950 | 8,665,000 | 7,932,758 | 8,586,000 |
| **TREATMENT TOTAL** | 8,592,950 | 8,665,000 | 7,932,758 | 8,586,000 |

| **TRANSMISSION & DISTRIBUTION** | | | | |
| 5101 - Regular Labor | 201,992 | 313,000 | 262,205 | 335,000 |
| 5103 - Overtime | 8,168 | 45,000 | 6,974 | 9,000 |
| 5200 - Benefits | 101,066 | 173,000 | 148,188 | 176,000 |
| 6201 - Materials & Supplies | 29,432 | 31,000 | 12,006 | 31,000 |
| 6202 - Tools | 2,496 | 5,000 | 2,925 | 5,000 |
| 6301 - Contract Services | 355,833 | 243,000 | 351,830 | 243,000 |
| 6307 - Uniforms | 1,520 | 4,000 | 2,078 | 4,000 |
| **TRANS & DIST TOTAL** | 700,507 | 814,000 | 786,206 | 803,000 |

| **CUSTOMER SERVICE** | | | | |
| 5101 - Regular Labor | 116,079 | 103,200 | 95,106 | 178,500 |
| 5102 - Temporary Labor | 7,758 | - | 7,407 | - |
| 5103 - Overtime | 1,901 | 1,500 | 2,165 | 2,100 |
| 5200 - Benefits | 69,857 | 63,000 | 63,045 | 47,700 |
| 6201 - Materials & Supplies | 287 | 1,500 | 704 | 1,500 |
| 6202 - Tools | - | - | - | - |
| 6203 - Office Supplies | 412 | 1,200 | 880 | 1,200 |
| 6301 - Contract Services | 46,511 | 40,200 | 18,446 | 40,200 |
| 6302 - Banking Services | 78,395 | 91,800 | 71,576 | 51,700 |
| 6303 - Printing & Publishing | 2,816 | 3,000 | 2,202 | 3,000 |
| 6304 - Legal Services | - | 1,500 | - | 1,500 |
| 6306 - Rents & Leases | - | - | - | - |
| 6307 - Uniforms | 714 | 1,200 | 722 | 1,200 |
| 6308 - Billing Services | 12,318 | 15,600 | 12,669 | 15,600 |
| 6402 - Telephone | 1,589 | 1,800 | 1,697 | - |
| 6406 - Postage | 38,339 | 45,900 | 31,376 | 45,900 |
| 6501 - Memberships & Dues | - | 600 | - | 300 |
| 6502 - Professional Development | 773 | 4,200 | 535 | 4,500 |
| 6503 - Education Assistance | - | - | - | - |
| 6703 - Cash Over/Short | 79 | - | 154 | 300 |
| 6704 - Bad Debt Expense | 1,034 | - | 893 | 3,900 |
| **CUSTOMER SERVICE TOTAL** | 378,862 | 376,200 | 309,579 | 399,100 |
# East Valley Water District
## Wastewater Fund Proposed Budget

### ADMINISTRATION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5101 - Regular Labor</td>
<td>992,862</td>
<td>1,127,500</td>
<td>999,116</td>
<td>1,029,100</td>
</tr>
<tr>
<td>5102 - Temporary Labor</td>
<td>4,915</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>17,904</td>
<td>14,200</td>
<td>12,954</td>
<td>17,700</td>
</tr>
<tr>
<td>5104 - Standby</td>
<td>6,795</td>
<td>2,000</td>
<td>7,023</td>
<td>2,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>439,149</td>
<td>573,700</td>
<td>513,126</td>
<td>526,000</td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>110,250</td>
<td>113,600</td>
<td>77,647</td>
<td>65,500</td>
</tr>
<tr>
<td>6202 - Tools</td>
<td>3,061</td>
<td>3,200</td>
<td>3,619</td>
<td>3,100</td>
</tr>
<tr>
<td>6203 - Office Supplies</td>
<td>5,335</td>
<td>9,100</td>
<td>6,451</td>
<td>8,500</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>674,313</td>
<td>413,200</td>
<td>406,866</td>
<td>388,050</td>
</tr>
<tr>
<td>6302 - Banking Services</td>
<td>2,642</td>
<td>6,000</td>
<td>2,443</td>
<td>6,000</td>
</tr>
<tr>
<td>6303 - Printing &amp; Publishing</td>
<td>29,989</td>
<td>101,700</td>
<td>32,565</td>
<td>44,600</td>
</tr>
<tr>
<td>6304 - Legal Services</td>
<td>57,615</td>
<td>76,000</td>
<td>35,382</td>
<td>54,000</td>
</tr>
<tr>
<td>6306 - Rents &amp; Leases</td>
<td>17,904</td>
<td>14,200</td>
<td>12,954</td>
<td>17,700</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>6,795</td>
<td>2,000</td>
<td>7,023</td>
<td>2,000</td>
</tr>
<tr>
<td>6311 - Landscape Services</td>
<td>19,495</td>
<td>16,800</td>
<td>13,058</td>
<td>14,000</td>
</tr>
<tr>
<td>6312 - Janitorial Services</td>
<td>32,078</td>
<td>40,600</td>
<td>39,946</td>
<td>33,600</td>
</tr>
<tr>
<td>6314 - Litigation Services</td>
<td>16,586</td>
<td>57,900</td>
<td>20,997</td>
<td>57,900</td>
</tr>
<tr>
<td>6401 - Utilities</td>
<td>7,775</td>
<td>4,200</td>
<td>8,994</td>
<td>3,500</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>14,686</td>
<td>30,600</td>
<td>16,535</td>
<td>27,400</td>
</tr>
<tr>
<td>6403 - Electricity</td>
<td>27,121</td>
<td>36,000</td>
<td>25,449</td>
<td>30,000</td>
</tr>
<tr>
<td>6404 - Fuel</td>
<td>36,167</td>
<td>12,500</td>
<td>40,481</td>
<td>12,500</td>
</tr>
<tr>
<td>6405 - Permits</td>
<td>16,586</td>
<td>57,900</td>
<td>20,997</td>
<td>57,900</td>
</tr>
<tr>
<td>6406 - Postage</td>
<td>6,039</td>
<td>10,900</td>
<td>5,638</td>
<td>15,900</td>
</tr>
<tr>
<td>6501 - Memberships &amp; Dues</td>
<td>25,224</td>
<td>32,100</td>
<td>27,611</td>
<td>32,600</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>22,337</td>
<td>51,500</td>
<td>23,590</td>
<td>46,350</td>
</tr>
<tr>
<td>6503 - Education Assistance</td>
<td>1,500</td>
<td>4,000</td>
<td>853</td>
<td>3,900</td>
</tr>
<tr>
<td>6504 - Meetings</td>
<td>8,475</td>
<td>15,100</td>
<td>9,219</td>
<td>11,600</td>
</tr>
<tr>
<td>6505 - Employee Recognition</td>
<td>5,661</td>
<td>7,500</td>
<td>8,155</td>
<td>8,100</td>
</tr>
<tr>
<td>6701 - General Insurance</td>
<td>72,430</td>
<td>63,000</td>
<td>88,238</td>
<td>19,700</td>
</tr>
<tr>
<td>6702 - Insurance Claims</td>
<td>90</td>
<td>3,000</td>
<td>3,227</td>
<td>3,000</td>
</tr>
<tr>
<td>6704 - Bad Debt Expense</td>
<td>-</td>
<td>-</td>
<td>245</td>
<td>-</td>
</tr>
<tr>
<td>6705 - OPEB Retirees</td>
<td>67,347</td>
<td>87,000</td>
<td>92,427</td>
<td>49,700</td>
</tr>
</tbody>
</table>

**ADMINISTRATION TOTAL**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,722,261</td>
<td>2,939,700</td>
<td>2,540,723</td>
<td>2,535,900</td>
</tr>
</tbody>
</table>

**TOTAL OPERATING EXPENSES**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12,394,580</td>
<td>12,794,900</td>
<td>11,569,266</td>
<td>12,324,000</td>
</tr>
</tbody>
</table>

**OTHER USES**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7101 - Debt Principal</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>7102 - Debt Interest</td>
<td>193,267</td>
<td>212,000</td>
<td>212,000</td>
<td>213,000</td>
</tr>
<tr>
<td>7500 - Reserve Contribution</td>
<td>410,745</td>
<td>(374,900)</td>
<td>604,815</td>
<td>-</td>
</tr>
<tr>
<td>8101 - Capital Outlay</td>
<td>118,946</td>
<td>633,000</td>
<td>633,000</td>
<td>435,000</td>
</tr>
<tr>
<td>8999 - Capital Improvement Program</td>
<td>666,619</td>
<td>200,000</td>
<td>200,000</td>
<td>395,000</td>
</tr>
</tbody>
</table>

**TOTAL OTHER USES**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,489,577</td>
<td>770,100</td>
<td>1,749,815</td>
<td>1,143,000</td>
</tr>
</tbody>
</table>

**SUMMARY**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>13,884,157</td>
<td>13,565,000</td>
<td>13,319,081</td>
<td>13,467,000</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>12,394,580</td>
<td>12,794,900</td>
<td>11,569,266</td>
<td>12,324,000</td>
</tr>
<tr>
<td>Total Other Expenses</td>
<td>1,489,577</td>
<td>770,100</td>
<td>1,749,815</td>
<td>1,143,000</td>
</tr>
<tr>
<td>Transfer from Reserves</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**TOTAL**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13,884,157</td>
<td>13,565,000</td>
<td>13,319,081</td>
<td>13,467,000</td>
</tr>
</tbody>
</table>

**NET**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
East Valley Water District
Governing Board

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERSONNEL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>$77,373</td>
<td>$105,000</td>
<td>$74,930</td>
<td>$105,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>68,753</td>
<td>85,000</td>
<td>82,979</td>
<td>80,000</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td></td>
<td>1,000</td>
<td>1,684</td>
<td>1,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>18,933</td>
<td>10,000</td>
<td>17,500</td>
<td>30,000</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>544</td>
<td>1,000</td>
<td>544</td>
<td>1,000</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>23,527</td>
<td>55,000</td>
<td>21,686</td>
<td>40,000</td>
</tr>
<tr>
<td><strong>GOVERNING BOARD TOTAL</strong></td>
<td>$189,580</td>
<td>$257,000</td>
<td>$199,323</td>
<td>$257,000</td>
</tr>
<tr>
<td>---------------------</td>
<td>-----------------</td>
<td>----------------</td>
<td>-------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td><strong>PERSONNEL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>$468,624</td>
<td>$517,000</td>
<td>$516,418</td>
<td>$525,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>2,745</td>
<td>3,000</td>
<td>3,062</td>
<td>3,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>257,718</td>
<td>324,000</td>
<td>293,356</td>
<td>332,000</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>1,030</td>
<td>2,000</td>
<td>3,579</td>
<td>2,000</td>
</tr>
<tr>
<td>6203 - Office Supplies</td>
<td>2,170</td>
<td>4,000</td>
<td>1,943</td>
<td>3,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>187,283</td>
<td>162,000</td>
<td>123,052</td>
<td>166,000</td>
</tr>
<tr>
<td>6303 - Printing &amp; Publishing</td>
<td>85</td>
<td>1,000</td>
<td>1,126</td>
<td>1,000</td>
</tr>
<tr>
<td>6304 - Legal Services</td>
<td>80,725</td>
<td>125,000</td>
<td>78,550</td>
<td>100,000</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>655</td>
<td>1,000</td>
<td>397</td>
<td>1,000</td>
</tr>
<tr>
<td>6314 - Litigation Services</td>
<td>-</td>
<td>50,000</td>
<td>20,330</td>
<td>40,000</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>3,068</td>
<td>3,000</td>
<td>2,499</td>
<td>3,000</td>
</tr>
<tr>
<td>6406 - Postage</td>
<td>367</td>
<td>-</td>
<td>20</td>
<td>-</td>
</tr>
<tr>
<td>6501 - Membership &amp; Dues</td>
<td>74,642</td>
<td>77,000</td>
<td>76,904</td>
<td>91,000</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>12,041</td>
<td>20,000</td>
<td>7,699</td>
<td>20,000</td>
</tr>
<tr>
<td>6503 - Education Assistance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6504 - Meetings</td>
<td>12,268</td>
<td>15,000</td>
<td>10,236</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>GENERAL ADMIN TOTAL</strong></td>
<td>$1,103,421</td>
<td>$1,304,000</td>
<td>$1,139,171</td>
<td>$1,302,000</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-----------------</td>
<td>----------------</td>
<td>-------------------</td>
<td>------------------</td>
</tr>
<tr>
<td><strong>PERSONNEL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>$226,623</td>
<td>$228,000</td>
<td>$231,927</td>
<td>$243,000</td>
</tr>
<tr>
<td>5102 - Temporary Labor</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>2,716</td>
<td>3,000</td>
<td>1,970</td>
<td>3,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>102,904</td>
<td>139,000</td>
<td>157,069</td>
<td>151,000</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>3,598</td>
<td>8,000</td>
<td>1,371</td>
<td>8,000</td>
</tr>
<tr>
<td>6203 - Office Supplies</td>
<td>1,169</td>
<td>2,000</td>
<td>910</td>
<td>2,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>47,575</td>
<td>67,000</td>
<td>55,321</td>
<td>125,000</td>
</tr>
<tr>
<td>6303 - Printing &amp; Publishing</td>
<td>532</td>
<td>1,000</td>
<td>713</td>
<td>1,000</td>
</tr>
<tr>
<td>6304 - Legal Services</td>
<td>18,155</td>
<td>20,000</td>
<td>4,166</td>
<td>15,000</td>
</tr>
<tr>
<td>6406 - Postage</td>
<td>111</td>
<td>1,000</td>
<td>22</td>
<td>1,000</td>
</tr>
<tr>
<td>6501 - Membership &amp; Dues</td>
<td>728</td>
<td>5,000</td>
<td>4,123</td>
<td>5,000</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>6,265</td>
<td>10,000</td>
<td>11,681</td>
<td>11,000</td>
</tr>
<tr>
<td>6504 - Meetings</td>
<td>2,559</td>
<td>5,000</td>
<td>5,080</td>
<td>5,000</td>
</tr>
<tr>
<td>6505 - Employee Recognition</td>
<td>18,537</td>
<td>25,000</td>
<td>27,183</td>
<td>27,000</td>
</tr>
<tr>
<td>6701 - General Insurance</td>
<td>242,930</td>
<td>210,000</td>
<td>294,128</td>
<td>399,000</td>
</tr>
<tr>
<td>6702 - Insurance Claims</td>
<td>300</td>
<td>10,000</td>
<td>10,756</td>
<td>10,000</td>
</tr>
<tr>
<td>6705 - Retiree Benefits</td>
<td>224,482</td>
<td>290,000</td>
<td>308,090</td>
<td>319,000</td>
</tr>
<tr>
<td><strong>HUMAN RESOURCES TOTAL</strong></td>
<td>$899,194</td>
<td>$1,024,000</td>
<td>$1,114,510</td>
<td>$1,325,000</td>
</tr>
</tbody>
</table>
### Personnel Expenses

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5101 - Regular Labor</td>
<td>$414,462</td>
<td>$554,000</td>
<td>$454,390</td>
<td>$532,000</td>
</tr>
<tr>
<td>5102 - Temporary Labor</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>15,998</td>
<td>7,000</td>
<td>7,859</td>
<td>17,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>143,556</td>
<td>256,000</td>
<td>197,807</td>
<td>269,000</td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>149,792</td>
<td>163,000</td>
<td>52,744</td>
<td>113,000</td>
</tr>
<tr>
<td>6203 - Office Supplies</td>
<td>1,764</td>
<td>3,000</td>
<td>610</td>
<td>3,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>274,811</td>
<td>185,000</td>
<td>214,754</td>
<td>329,000</td>
</tr>
<tr>
<td>6303 - Printing &amp; Publishing</td>
<td>98,297</td>
<td>198,000</td>
<td>103,279</td>
<td>223,000</td>
</tr>
<tr>
<td>6304 - Legal Services</td>
<td>1,075</td>
<td>5,000</td>
<td>60</td>
<td>5,000</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>1,383</td>
<td>3,000</td>
<td>1,447</td>
<td>2,000</td>
</tr>
<tr>
<td>6312 - Janitorial Services</td>
<td>-</td>
<td>2,000</td>
<td>2,970</td>
<td>2,000</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>2,154</td>
<td>3,000</td>
<td>2,420</td>
<td>5,000</td>
</tr>
<tr>
<td>6406 - Postage</td>
<td>19,350</td>
<td>20,000</td>
<td>17,944</td>
<td>50,000</td>
</tr>
<tr>
<td>6501 - Membership &amp; Dues</td>
<td>2,645</td>
<td>5,000</td>
<td>2,691</td>
<td>6,000</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>7,186</td>
<td>15,000</td>
<td>4,407</td>
<td>15,000</td>
</tr>
<tr>
<td>6503 - Education Assistance</td>
<td>5,000</td>
<td>8,000</td>
<td>2,842</td>
<td>8,000</td>
</tr>
<tr>
<td>6504 - Meetings</td>
<td>9,331</td>
<td>13,000</td>
<td>8,746</td>
<td>10,000</td>
</tr>
</tbody>
</table>

**Public Affairs Total**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,146,804</td>
<td>$1,440,000</td>
<td>$1,074,970</td>
<td>$1,589,000</td>
</tr>
</tbody>
</table>
## East Valley Water District
### Conservation

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERSONNEL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>$136,014</td>
<td>$101,000</td>
<td>$141,520</td>
<td>$107,000</td>
</tr>
<tr>
<td>5102 - Temporary Labor</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>6,235</td>
<td>3,000</td>
<td>3,831</td>
<td>7,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>33,798</td>
<td>30,000</td>
<td>34,461</td>
<td>36,000</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>27,159</td>
<td>25,000</td>
<td>14,479</td>
<td>20,000</td>
</tr>
<tr>
<td>6203 - Office Supplies</td>
<td>760</td>
<td>3,000</td>
<td>559</td>
<td>2,000</td>
</tr>
<tr>
<td>6205 - Conservation Rebates</td>
<td>711,436</td>
<td>195,000</td>
<td>156,412</td>
<td>145,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>23,690</td>
<td>88,000</td>
<td>21,609</td>
<td>140,000</td>
</tr>
<tr>
<td>6303 - Printing &amp; Publishing</td>
<td>86,388</td>
<td>110,000</td>
<td>65,211</td>
<td>116,000</td>
</tr>
<tr>
<td>6304 - Legal Services</td>
<td>680</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>697</td>
<td>1,000</td>
<td>743</td>
<td>1,000</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>1,066</td>
<td>2,000</td>
<td>1,331</td>
<td>2,000</td>
</tr>
<tr>
<td>6406 - Postage</td>
<td>1,449</td>
<td>20,000</td>
<td>3,861</td>
<td>37,000</td>
</tr>
<tr>
<td>6501 - Membership &amp; Dues</td>
<td>2,313</td>
<td>6,000</td>
<td>2,660</td>
<td>6,000</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>252</td>
<td>3,000</td>
<td>683</td>
<td>3,000</td>
</tr>
<tr>
<td>6504 - Meetings</td>
<td>218</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>CONSERVATION TOTAL</strong></td>
<td>$1,032,155</td>
<td>$589,000</td>
<td>$447,360</td>
<td>$624,000</td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------</td>
<td>----------------</td>
<td>-------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td><strong>PERSONNEL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>$673,175</td>
<td>$678,000</td>
<td>$694,849</td>
<td>$716,000</td>
</tr>
<tr>
<td>5102 - Temporary Labor</td>
<td>16,382</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>12,733</td>
<td>5,000</td>
<td>5,931</td>
<td>13,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>300,935</td>
<td>376,000</td>
<td>359,923</td>
<td>385,000</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6203 - Office Supplies</td>
<td>9,322</td>
<td>11,000</td>
<td>12,390</td>
<td>11,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>212,587</td>
<td>66,000</td>
<td>52,082</td>
<td>67,000</td>
</tr>
<tr>
<td>6302 - Banking Services</td>
<td>8,806</td>
<td>20,000</td>
<td>8,142</td>
<td>20,000</td>
</tr>
<tr>
<td>6303 - Printing &amp; Publishing</td>
<td>844</td>
<td>1,000</td>
<td>2,479</td>
<td>1,000</td>
</tr>
<tr>
<td>6304 - Legal Services</td>
<td>22,479</td>
<td>60,000</td>
<td>16,800</td>
<td>20,000</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>1,830</td>
<td>2,000</td>
<td>1,386</td>
<td>2,000</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>2,129</td>
<td>3,000</td>
<td>1,623</td>
<td>3,000</td>
</tr>
<tr>
<td>6406 - Postage</td>
<td>303</td>
<td>1,000</td>
<td>806</td>
<td>1,000</td>
</tr>
<tr>
<td>6501 - Membership &amp; Dues</td>
<td>3,316</td>
<td>4,000</td>
<td>3,480</td>
<td>4,000</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>6,571</td>
<td>17,000</td>
<td>8,527</td>
<td>19,000</td>
</tr>
<tr>
<td>6503 - Education Assistance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,000</td>
</tr>
<tr>
<td>6504 - Meetings</td>
<td>2,243</td>
<td>4,000</td>
<td>2,731</td>
<td>4,000</td>
</tr>
<tr>
<td>6704 - Bad Debt</td>
<td>14</td>
<td>1,000</td>
<td>815</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>FINANCE TOTAL</strong></td>
<td>$1,273,669</td>
<td>$1,249,000</td>
<td>$1,171,964</td>
<td>$1,272,000</td>
</tr>
</tbody>
</table>
### PERSONNEL EXPENSES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5101 - Regular Labor</td>
<td>$327,448</td>
<td>$344,000</td>
<td>$258,012</td>
<td>$338,000</td>
</tr>
<tr>
<td>5102 - Temporary Labor</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>89,684</td>
<td>101,000</td>
<td>77,926</td>
<td>120,000</td>
</tr>
</tbody>
</table>

### OPERATING EXPENSES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>69,935</td>
<td>37,000</td>
<td>52,955</td>
<td>42,000</td>
</tr>
<tr>
<td>6203 - Office Supplies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>497,207</td>
<td>427,000</td>
<td>394,910</td>
<td>449,000</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>795</td>
<td>1,000</td>
<td>358</td>
<td>1,000</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>5,927</td>
<td>5,000</td>
<td>5,686</td>
<td>6,000</td>
</tr>
<tr>
<td>6501 - Membership &amp; Dues</td>
<td>932</td>
<td>7,000</td>
<td>3,096</td>
<td>1,000</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>6,430</td>
<td>9,000</td>
<td>1,366</td>
<td>14,000</td>
</tr>
<tr>
<td>6503 - Education Assistance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6504 - Meetings</td>
<td>-</td>
<td>1,000</td>
<td>721</td>
<td>1,000</td>
</tr>
</tbody>
</table>

### INFORMATION TECHNOLOGY TOTAL

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>INFORMATION TECHNOLOGY TOTAL</td>
<td>$998,358</td>
<td>$932,000</td>
<td>$795,030</td>
<td>$973,000</td>
</tr>
</tbody>
</table>
##东谷水资源委员会

### 2018-19 2019-20 2019-20 2020-21

<table>
<thead>
<tr>
<th></th>
<th>ACTUALS</th>
<th>BUDGET</th>
<th>PROJECTED</th>
<th>PROPOSED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERSONNEL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>$386,931</td>
<td>$344,000</td>
<td>$317,021</td>
<td>$415,000</td>
</tr>
<tr>
<td>5102 - Temporary Labor</td>
<td>25,860</td>
<td>-</td>
<td>24,691</td>
<td>-</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>6,336</td>
<td>5,000</td>
<td>7,218</td>
<td>7,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>232,858</td>
<td>210,000</td>
<td>210,151</td>
<td>242,000</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>958</td>
<td>5,000</td>
<td>2,347</td>
<td>5,000</td>
</tr>
<tr>
<td>6203 - Office Supplies</td>
<td>1,373</td>
<td>4,000</td>
<td>2,934</td>
<td>4,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>141,871</td>
<td>134,000</td>
<td>61,487</td>
<td>134,000</td>
</tr>
<tr>
<td>6302 - Banking Services</td>
<td>261,315</td>
<td>306,000</td>
<td>238,588</td>
<td>239,000</td>
</tr>
<tr>
<td>6303 - Printing &amp; Publishing</td>
<td>9,385</td>
<td>10,000</td>
<td>7,341</td>
<td>10,000</td>
</tr>
<tr>
<td>6304 - Legal Services</td>
<td>-</td>
<td>5,000</td>
<td>-</td>
<td>5,000</td>
</tr>
<tr>
<td>6306 - Rents &amp; Leases</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>2,381</td>
<td>4,000</td>
<td>2,406</td>
<td>4,000</td>
</tr>
<tr>
<td>6308 - Billing Services</td>
<td>41,060</td>
<td>52,000</td>
<td>42,229</td>
<td>52,000</td>
</tr>
<tr>
<td>6309 - Shut Off Notice Services</td>
<td>344,565</td>
<td>359,000</td>
<td>199,151</td>
<td>195,000</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>5,297</td>
<td>6,000</td>
<td>5,656</td>
<td>8,000</td>
</tr>
<tr>
<td>6406 - Postage</td>
<td>127,795</td>
<td>153,000</td>
<td>104,588</td>
<td>153,000</td>
</tr>
<tr>
<td>6501 - Membership &amp; Dues</td>
<td>-</td>
<td>2,000</td>
<td>-</td>
<td>1,000</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>2,576</td>
<td>14,000</td>
<td>1,784</td>
<td>15,000</td>
</tr>
<tr>
<td>6503 - Education Assistance</td>
<td>-</td>
<td>-</td>
<td>1,337</td>
<td>2,000</td>
</tr>
<tr>
<td>6504 - Meetings</td>
<td>646</td>
<td>2,000</td>
<td>512</td>
<td>1,000</td>
</tr>
<tr>
<td>6703 - Cash Over/Short</td>
<td>248</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6704 - Bad Debt</td>
<td>3,447</td>
<td>-</td>
<td>2,976</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>CUSTOMER SERVICE TOTAL</strong></td>
<td>$1,594,902</td>
<td>$1,615,000</td>
<td>$1,232,417</td>
<td>$1,507,000</td>
</tr>
</tbody>
</table>
East Valley Water District
Meter Services

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERSONNEL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>$239,786</td>
<td>$187,000</td>
<td>$227,178</td>
<td>$197,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>5,016</td>
<td>10,000</td>
<td>2,930</td>
<td>6,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>73,633</td>
<td>83,000</td>
<td>71,825</td>
<td>72,000</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>292</td>
<td>2,000</td>
<td>289</td>
<td>2,000</td>
</tr>
<tr>
<td>6202 - Tools</td>
<td>2,924</td>
<td>3,000</td>
<td>2,353</td>
<td>3,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>2,584</td>
<td>5,000</td>
<td>2,946</td>
<td>5,000</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>2,882</td>
<td>3,000</td>
<td>2,743</td>
<td>3,000</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>1,197</td>
<td>2,000</td>
<td>1,209</td>
<td>2,000</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>METER SERVICES TOTAL</strong></td>
<td>$328,314</td>
<td>$295,000</td>
<td>$311,473</td>
<td>$290,000</td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------</td>
<td>----------------</td>
<td>-------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td><strong>PERSONNEL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>$ 717,139</td>
<td>$ 702,000</td>
<td>$ 680,868</td>
<td>$ 735,000</td>
</tr>
<tr>
<td>5102 - Temporary Labor</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>1,846</td>
<td>2,000</td>
<td>969</td>
<td>3,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>251,526</td>
<td>304,000</td>
<td>280,984</td>
<td>263,000</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>2,458</td>
<td>9,000</td>
<td>5,713</td>
<td>9,000</td>
</tr>
<tr>
<td>6202 - Tools</td>
<td>1,369</td>
<td>7,000</td>
<td>1,236</td>
<td>7,000</td>
</tr>
<tr>
<td>6203 - Office Supplies</td>
<td>2,634</td>
<td>7,000</td>
<td>4,076</td>
<td>7,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>545,731</td>
<td>240,000</td>
<td>174,131</td>
<td>240,000</td>
</tr>
<tr>
<td>6303 - Printing &amp; Publishing</td>
<td>206</td>
<td>6,000</td>
<td>953</td>
<td>6,000</td>
</tr>
<tr>
<td>6304 - Legal Services</td>
<td>69,615</td>
<td>40,000</td>
<td>18,364</td>
<td>40,000</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>2,001</td>
<td>3,000</td>
<td>2,899</td>
<td>3,000</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>2,059</td>
<td>2,000</td>
<td>2,071</td>
<td>2,000</td>
</tr>
<tr>
<td>6405 - Permits</td>
<td>55,286</td>
<td>193,000</td>
<td>69,989</td>
<td>193,000</td>
</tr>
<tr>
<td>6406 - Postage</td>
<td>-</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
</tr>
<tr>
<td>6501 - Membership &amp; Dues</td>
<td>426</td>
<td>4,000</td>
<td>886</td>
<td>4,000</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>9,220</td>
<td>28,000</td>
<td>5,315</td>
<td>28,000</td>
</tr>
<tr>
<td>6504 - Meetings</td>
<td>54</td>
<td>3,000</td>
<td>373</td>
<td>3,000</td>
</tr>
<tr>
<td><strong>ENGINEERING TOTAL</strong></td>
<td>$ 1,661,570</td>
<td>$ 1,551,000</td>
<td>$ 1,248,827</td>
<td>$ 1,544,000</td>
</tr>
</tbody>
</table>
## Administration

### Personnel Expenses

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5101 - Regular Labor</td>
<td>224,304</td>
<td>234,000</td>
<td>228,825</td>
<td>248,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>122</td>
<td>1,000</td>
<td>74</td>
<td>1,000</td>
</tr>
<tr>
<td>5104 - Standby</td>
<td>15,342</td>
<td>15,000</td>
<td>15,640</td>
<td>15,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>123,778</td>
<td>185,000</td>
<td>161,879</td>
<td>191,000</td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>2,914</td>
<td>-</td>
<td>673</td>
<td>-</td>
</tr>
<tr>
<td>6202 - Tools</td>
<td>3,749</td>
<td>5,000</td>
<td>1,408</td>
<td>6,000</td>
</tr>
<tr>
<td>6203 - Office Supplies</td>
<td>6,378</td>
<td>4,000</td>
<td>5,364</td>
<td>4,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>26,433</td>
<td>101,000</td>
<td>31,968</td>
<td>101,000</td>
</tr>
<tr>
<td>6304 - Legal Services</td>
<td>6,475</td>
<td>-</td>
<td>5,160</td>
<td>-</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>3,312</td>
<td>10,000</td>
<td>11,637</td>
<td>10,000</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>7,416</td>
<td>14,000</td>
<td>7,324</td>
<td>14,000</td>
</tr>
<tr>
<td>6405 - Permits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6501 - Membership &amp; Dues</td>
<td>1,335</td>
<td>3,000</td>
<td>255</td>
<td>3,000</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>4,780</td>
<td>6,000</td>
<td>8,539</td>
<td>6,000</td>
</tr>
<tr>
<td>6503 - Education Assistance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6504 - Meetings</td>
<td>209</td>
<td>1,000</td>
<td>694</td>
<td>1,000</td>
</tr>
</tbody>
</table>

### Administration Total

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>426,547</td>
<td>579,000</td>
<td>479,440</td>
<td>600,000</td>
</tr>
</tbody>
</table>

## Source of Supply/Wells

### Personnel Expenses

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5101 - Regular Labor</td>
<td>319,672</td>
<td>196,000</td>
<td>372,741</td>
<td>203,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>6,147</td>
<td>25,000</td>
<td>14,675</td>
<td>7,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>71,636</td>
<td>111,000</td>
<td>113,666</td>
<td>103,000</td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6101 - Purchased Water</td>
<td>306,513</td>
<td>500,000</td>
<td>440,716</td>
<td>400,000</td>
</tr>
<tr>
<td>6102 - Groundwater Replenishment</td>
<td>98,406</td>
<td>445,000</td>
<td>111,625</td>
<td>304,000</td>
</tr>
<tr>
<td>6103 - Water Assessment</td>
<td>123,547</td>
<td>122,000</td>
<td>50,716</td>
<td>122,000</td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>18,000</td>
<td>45,000</td>
<td>36,767</td>
<td>45,000</td>
</tr>
<tr>
<td>6204 - Chemicals</td>
<td>72,400</td>
<td>150,000</td>
<td>96,676</td>
<td>150,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>21,026</td>
<td>150,000</td>
<td>194,936</td>
<td>150,000</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>109</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6403 - Electricity</td>
<td>1,125,950</td>
<td>1,150,000</td>
<td>1,138,829</td>
<td>1,250,000</td>
</tr>
<tr>
<td>6405 - Permits</td>
<td>63,210</td>
<td>100,000</td>
<td>70,405</td>
<td>100,000</td>
</tr>
</tbody>
</table>

### Source of Supply Total

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,226,616</td>
<td>2,994,000</td>
<td>2,641,752</td>
<td>2,834,000</td>
</tr>
</tbody>
</table>
## EAST VALLEY WATER DISTRICT

### WATER PRODUCTION

#### BOOSTING AND PUMPING

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERSONNEL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>$91,428</td>
<td>$95,000</td>
<td>$34,503</td>
<td>$74,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>3,491</td>
<td>10,000</td>
<td>4,697</td>
<td>4,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>32,515</td>
<td>52,000</td>
<td>34,116</td>
<td>38,000</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>2,667</td>
<td>20,000</td>
<td>16,776</td>
<td>20,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>56,326</td>
<td>75,000</td>
<td>(11,326)</td>
<td>75,000</td>
</tr>
<tr>
<td>6403 - Electricity</td>
<td>352,486</td>
<td>400,000</td>
<td>343,310</td>
<td>400,000</td>
</tr>
<tr>
<td><strong>BOOSTING &amp; PUMPING TOTAL</strong></td>
<td>$538,913</td>
<td>$652,000</td>
<td>$422,076</td>
<td>$611,000</td>
</tr>
</tbody>
</table>

#### TRANSMISSION AND DISTRIBUTION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERSONNEL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>$181,581</td>
<td>$184,000</td>
<td>$157,715</td>
<td>$198,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>9,514</td>
<td>25,000</td>
<td>6,674</td>
<td>10,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>74,359</td>
<td>113,000</td>
<td>96,283</td>
<td>120,000</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>25,742</td>
<td>25,000</td>
<td>63,817</td>
<td>25,000</td>
</tr>
<tr>
<td>6204 - Chemicals</td>
<td>53,651</td>
<td>50,000</td>
<td>35,226</td>
<td>50,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>53,478</td>
<td>45,000</td>
<td>56,854</td>
<td>45,000</td>
</tr>
<tr>
<td><strong>TRANSMISSION &amp; DISTRIBUTION TOTAL</strong></td>
<td>$398,325</td>
<td>$442,000</td>
<td>$416,569</td>
<td>$448,000</td>
</tr>
</tbody>
</table>

**TOTAL WATER PRODUCTION**  
$3,590,401  
$4,667,000  
$3,959,837  
$4,493,000
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERSONNEL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>$289,958</td>
<td>$242,000</td>
<td>$288,472</td>
<td>$252,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>38,117</td>
<td>25,000</td>
<td>46,420</td>
<td>39,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>99,017</td>
<td>139,000</td>
<td>145,338</td>
<td>150,000</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>51,705</td>
<td>15,000</td>
<td>55,777</td>
<td>15,000</td>
</tr>
<tr>
<td>6204 - Chemicals</td>
<td>101,467</td>
<td>150,000</td>
<td>138,305</td>
<td>150,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>73,531</td>
<td>147,000</td>
<td>91,347</td>
<td>147,000</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>947</td>
<td>2,000</td>
<td>1,854</td>
<td>2,000</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>3,112</td>
<td>-</td>
<td>1,836</td>
<td>-</td>
</tr>
<tr>
<td>6403 - Electricity</td>
<td>117,177</td>
<td>150,000</td>
<td>108,462</td>
<td>150,000</td>
</tr>
<tr>
<td>6405 - Permits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>WATER TREATMENT TOTAL</strong></td>
<td>$775,031</td>
<td>$870,000</td>
<td>$877,811</td>
<td>$905,000</td>
</tr>
</tbody>
</table>
## Water Quality

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERSONNEL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>$ 87,960</td>
<td>$ 88,000</td>
<td>$ 88,277</td>
<td>$ 92,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>4,509</td>
<td>7,000</td>
<td>1,198</td>
<td>6,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>40,923</td>
<td>41,000</td>
<td>43,394</td>
<td>45,000</td>
</tr>
<tr>
<td><strong>SOURCE OF SUPPLY WELLS OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>18,889</td>
<td>13,000</td>
<td>13,256</td>
<td>13,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>55,587</td>
<td>115,000</td>
<td>115,982</td>
<td>115,000</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>849</td>
<td>4,000</td>
<td>1,299</td>
<td>4,000</td>
</tr>
<tr>
<td>6504 - Meetings</td>
<td>264</td>
<td>1,000</td>
<td>526</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>TRANSMISSION AND DISTRIBUTION PERSONNEL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>112,868</td>
<td>88,000</td>
<td>113,184</td>
<td>92,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>323</td>
<td>8,000</td>
<td>835</td>
<td>7,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>44,650</td>
<td>41,000</td>
<td>37,699</td>
<td>45,000</td>
</tr>
<tr>
<td><strong>TRANSMISSION AND DISTRIBUTION OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>257</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6202 - Tools</td>
<td>4,522</td>
<td>5,000</td>
<td>4,556</td>
<td>5,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>43,573</td>
<td>43,000</td>
<td>32,047</td>
<td>48,000</td>
</tr>
<tr>
<td>6406 - Postage</td>
<td>2,062</td>
<td>2,000</td>
<td>486</td>
<td>2,000</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>85</td>
<td>2,000</td>
<td>175</td>
<td>2,000</td>
</tr>
<tr>
<td>6503 - Education Assistance</td>
<td>90</td>
<td>3,000</td>
<td>-</td>
<td>3,000</td>
</tr>
<tr>
<td><strong>WATER QUALITY TOTAL</strong></td>
<td>$ 417,411</td>
<td>$ 461,000</td>
<td>$ 452,914</td>
<td>$ 480,000</td>
</tr>
</tbody>
</table>
### East Valley Water District

#### Water Maintenance

<table>
<thead>
<tr>
<th>Field Maintenance Total</th>
<th>ACTUALS</th>
<th>BUDGET</th>
<th>PROJECTED</th>
<th>PROPOSED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personnel Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>$186,338</td>
<td>$189,000</td>
<td>$180,335</td>
<td>$200,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>1,370</td>
<td>20,000</td>
<td>24</td>
<td>2,000</td>
</tr>
<tr>
<td>5104 - Standby</td>
<td>22,652</td>
<td>20,000</td>
<td>23,410</td>
<td>20,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>129,991</td>
<td>138,000</td>
<td>118,059</td>
<td>144,000</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6203 - Office Supplies</td>
<td>720</td>
<td>3,000</td>
<td>1,467</td>
<td>3,000</td>
</tr>
<tr>
<td>6303 - Printing &amp; Publishing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>2,665</td>
<td>1,000</td>
<td>1,879</td>
<td>1,000</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>16,586</td>
<td>41,000</td>
<td>23,248</td>
<td>41,000</td>
</tr>
<tr>
<td>6501 - Membership &amp; Dues</td>
<td>1,390</td>
<td>2,000</td>
<td>858</td>
<td>2,000</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>3,216</td>
<td>19,000</td>
<td>17,906</td>
<td>19,000</td>
</tr>
<tr>
<td>6503 - Education Assistance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6504 - Meetings</td>
<td>1,795</td>
<td>2,000</td>
<td>2,843</td>
<td>2,000</td>
</tr>
<tr>
<td><strong>Administration Total</strong></td>
<td>$366,723</td>
<td>$435,000</td>
<td>$370,029</td>
<td>$434,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personnel Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>$945,254</td>
<td>$957,000</td>
<td>$1,055,568</td>
<td>$1,012,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>218,474</td>
<td>130,000</td>
<td>240,883</td>
<td>219,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>387,908</td>
<td>527,000</td>
<td>520,733</td>
<td>516,000</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>219,772</td>
<td>280,000</td>
<td>343,765</td>
<td>280,000</td>
</tr>
<tr>
<td>6202 - Tools</td>
<td>12,790</td>
<td>21,000</td>
<td>40,310</td>
<td>21,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>75,542</td>
<td>37,000</td>
<td>97,832</td>
<td>72,000</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>14,891</td>
<td>40,000</td>
<td>27,909</td>
<td>40,000</td>
</tr>
<tr>
<td>6310 - Street Services</td>
<td>323,336</td>
<td>325,000</td>
<td>506,433</td>
<td>325,000</td>
</tr>
<tr>
<td>6405 - Permits</td>
<td>13,500</td>
<td>-</td>
<td>18,132</td>
<td>-</td>
</tr>
<tr>
<td><strong>Transmission &amp; Distribution Total</strong></td>
<td>$2,211,467</td>
<td>$2,317,000</td>
<td>$2,851,565</td>
<td>$2,485,000</td>
</tr>
<tr>
<td><strong>Water Maintenance Total</strong></td>
<td>$2,578,190</td>
<td>$2,752,000</td>
<td>$3,221,594</td>
<td>$2,919,000</td>
</tr>
</tbody>
</table>

---

Page 20 of 23
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERSONNEL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>$201,992</td>
<td>$313,000</td>
<td>$262,205</td>
<td>$335,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>8,168</td>
<td>45,000</td>
<td>6,974</td>
<td>9,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>101,066</td>
<td>173,000</td>
<td>148,188</td>
<td>176,000</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>29,432</td>
<td>31,000</td>
<td>12,006</td>
<td>31,000</td>
</tr>
<tr>
<td>6202 - Tools</td>
<td>2,496</td>
<td>5,000</td>
<td>2,925</td>
<td>5,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>355,833</td>
<td>243,000</td>
<td>351,830</td>
<td>243,000</td>
</tr>
<tr>
<td>6305 - Treatment Services</td>
<td>8,592,950</td>
<td>8,665,000</td>
<td>7,932,758</td>
<td>8,586,000</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>1,520</td>
<td>4,000</td>
<td>2,078</td>
<td>4,000</td>
</tr>
<tr>
<td><strong>WASTEWATER MAINTENANCE TOTAL</strong></td>
<td>$9,293,457</td>
<td>$9,479,000</td>
<td>$8,718,964</td>
<td>$9,389,000</td>
</tr>
</tbody>
</table>
## East Valley Water District
### Facilities Maintenance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERSONNEL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>$144,697</td>
<td>$160,000</td>
<td>$158,137</td>
<td>$168,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>20,181</td>
<td>15,000</td>
<td>21,797</td>
<td>22,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>75,044</td>
<td>93,000</td>
<td>95,487</td>
<td>102,000</td>
</tr>
<tr>
<td><strong>ADMINISTRATION OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>59,320</td>
<td>40,000</td>
<td>71,703</td>
<td>40,000</td>
</tr>
<tr>
<td>6202 - Tools</td>
<td>2,517</td>
<td>2,000</td>
<td>107</td>
<td>2,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>84,572</td>
<td>37,000</td>
<td>63,178</td>
<td>37,000</td>
</tr>
<tr>
<td>6306 - Rents &amp; Leases</td>
<td>32,245</td>
<td>15,000</td>
<td>28,022</td>
<td>15,000</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>2,578</td>
<td>1,000</td>
<td>5,582</td>
<td>11,000</td>
</tr>
<tr>
<td>6311 - Landscape Services</td>
<td>106,024</td>
<td>56,000</td>
<td>82,767</td>
<td>56,000</td>
</tr>
<tr>
<td>6312 - Janitorial Services</td>
<td>106,928</td>
<td>132,000</td>
<td>130,182</td>
<td>132,000</td>
</tr>
<tr>
<td>6313 - Facilities Repair</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6401 - Utilities</td>
<td>27,183</td>
<td>24,000</td>
<td>22,576</td>
<td>14,000</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>15,985</td>
<td>70,000</td>
<td>16,786</td>
<td>70,000</td>
</tr>
<tr>
<td>6403 - Electricity</td>
<td>90,403</td>
<td>120,000</td>
<td>84,831</td>
<td>120,000</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>-</td>
<td>1,000</td>
<td>47</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>SOURCE OF SUPPLY/WELLS OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>3,103</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>70,851</td>
<td>11,000</td>
<td>11,000</td>
<td>11,000</td>
</tr>
<tr>
<td>6311 - Landscape Services</td>
<td>-</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
</tr>
<tr>
<td><strong>PUMPS AND BOOSTERS OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>2,083</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>8,630</td>
<td>6,000</td>
<td>6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>6311 - Landscape Services</td>
<td>29,812</td>
<td>35,000</td>
<td>35,000</td>
<td>35,000</td>
</tr>
<tr>
<td><strong>TREATMENT OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>4,055</td>
<td>8,000</td>
<td>8,000</td>
<td>8,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>30,604</td>
<td>102,000</td>
<td>102,000</td>
<td>102,000</td>
</tr>
<tr>
<td>6311 - Landscape Services</td>
<td>24,097</td>
<td>14,000</td>
<td>14,000</td>
<td>14,000</td>
</tr>
<tr>
<td>6401 - Utilities</td>
<td>1,265</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>FACILITIES MAINTENANCE TOTAL</strong></td>
<td>$942,177</td>
<td>$998,000</td>
<td>$1,013,202</td>
<td>$1,022,000</td>
</tr>
<tr>
<td>------------------</td>
<td>----------------</td>
<td>---------------</td>
<td>-------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td><strong>PERSONNEL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5101 - Regular Labor</td>
<td>$82,475</td>
<td>$84,000</td>
<td>$80,522</td>
<td>$90,000</td>
</tr>
<tr>
<td>5103 - Overtime</td>
<td>2,093</td>
<td>3,000</td>
<td>1,567</td>
<td>3,000</td>
</tr>
<tr>
<td>5200 - Benefits</td>
<td>43,718</td>
<td>53,000</td>
<td>46,829</td>
<td>61,000</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6201 - Materials &amp; Supplies</td>
<td>80,917</td>
<td>30,000</td>
<td>68,050</td>
<td>30,000</td>
</tr>
<tr>
<td>6202 - Tools</td>
<td>6,316</td>
<td>5,000</td>
<td>10,719</td>
<td>5,000</td>
</tr>
<tr>
<td>6203 - Office Supplies</td>
<td>555</td>
<td>1,000</td>
<td>106</td>
<td>1,000</td>
</tr>
<tr>
<td>6301 - Contract Services</td>
<td>294,102</td>
<td>180,000</td>
<td>189,165</td>
<td>180,000</td>
</tr>
<tr>
<td>6307 - Uniforms</td>
<td>849</td>
<td>-</td>
<td>1,058</td>
<td>-</td>
</tr>
<tr>
<td>6402 - Telephone</td>
<td>588</td>
<td>1,000</td>
<td>346</td>
<td>1,000</td>
</tr>
<tr>
<td>6404 - Fuel</td>
<td>120,557</td>
<td>125,000</td>
<td>134,936</td>
<td>125,000</td>
</tr>
<tr>
<td>6501 - Membership &amp; Dues</td>
<td>-</td>
<td>3,000</td>
<td>-</td>
<td>3,000</td>
</tr>
<tr>
<td>6502 - Professional Development</td>
<td>-</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>FLEET MAINTENANCE TOTAL</strong></td>
<td>$632,170</td>
<td>$486,000</td>
<td>$533,298</td>
<td>$500,000</td>
</tr>
</tbody>
</table>