



2015 Urban Water Management Plan for the Atascadero Mutual Water Company

**Draft for Public Review
May 2016**

Prepared for:

Atascadero Mutual
Water Company
5005 El Camino Real,
Atascadero, CA 93422

Prepared by:

MKN & Associates
PO Box 1604
Arroyo Grande, CA 93421
www.mknassociates.us



WATER • WASTEWATER • REUSE

Table of Contents

SECTION 1	INTRODUCTION AND OVERVIEW	1-1
1.1	Background and Purpose	1-1
1.2	Urban Water Management Planning and the California Water Code	1-1
SECTION 2	PLAN PREPARATION	2-1
2.1	Basis for Preparing a Plan	2-1
2.2	Regional Planning	2-2
2.3	Individual or Regional Planning and Compliance	2-2
2.4	Fiscal or Calendar Year and Units of Measure	2-2
2.5	Coordination and Outreach	2-2
2.5.1	Wholesale and Retail Coordination	2-2
2.5.2	Coordination with Other Agencies and the Community	2-3
2.5.3	Notice to Cities and Counties	2-4
SECTION 3	SYSTEM DESCRIPTION	3-1
3.1	General Description	3-1
3.2	Service Area Boundary Maps	3-1
3.3	Service Area Climate	3-1
3.4	Service Area Population and Demographics	3-4
3.4.1	Other Demographic Factors	3-4
SECTION 4	SYSTEM WATER USE	4-1
4.1	Recycled versus Potable and Raw Water Demand	4-1
4.2	Water Uses by Sector	4-1
4.3	Future Water Uses by Sector	4-2
4.4	Distribution System Water Losses	4-2
4.5	Estimating Future Water Savings	4-3
4.6	Water Use for Lower Income Households	4-3
SECTION 5	SB X7-7 BASELINES AND TARGETS	5-1
5.1	Updating Calculations from 2010 UWMP	5-1

5.2	Baseline Periods	5-1
5.2.1	Determination of the 10-15 Year Baseline Period (Baseline GPCD)	5-1
5.2.2	Determination of the 5-Year Baseline Period (Target Confirmation)	5-2
5.3	Service Area Population	5-2
5.4	Gross Water Use	5-2
5.5	Baseline Daily Per Capita Water Use (GPCD)	5-3
5.6	2015 and 2020 Targets.....	5-3
5.6.1	5-Year Baseline-2020 Target Confirmation.....	5-3
5.7	2015 Compliance Daily per Capita Water Use (GPCD).....	5-3
SECTION 6	SYSTEM SUPPLIES	6-1
6.1	Purchased or Imported Water	6-1
6.2	Groundwater.....	6-1
6.2.1	Basin Description	6-1
6.2.2	Groundwater Management.....	6-3
6.2.3	Overdraft Conditions	6-4
6.2.4	Historical Groundwater Pumping	6-4
6.3	Surface Water	6-5
6.4	Stormwater	6-5
6.5	Wastewater and Recycled Water	6-5
6.5.1	Recycled Water Coordination.....	6-5
6.5.2	Wastewater Collection, Treatment, and Disposal	6-5
6.5.3	Recycled Water System	6-6
6.5.4	Planned Versus Actual Use of Recycled Water.....	6-7
6.5.5	Actions to Encourage and Optimize Future Recycled Water Use.....	6-7
6.6	Desalinated Water Opportunities.....	6-8
6.7	Exchange, Transfers or Emergency Interties.....	6-8
6.8	Future Water Projects.....	6-8
6.9	Summary of Existing and Planned Sources of Water	6-9
SECTION 7	WATER SUPPLY RELIABILITY ASSESSMENT	7-1

7.1	Constraints on Water Sources	7-1
7.1.1	Groundwater Reliability	7-1
7.1.2	Supplemental Water Reliability	7-1
7.2	Reliability by Type of Year	7-2
7.3	Supply and Demand Assessment	7-3
7.4	Regional Supply Reliability	7-4
SECTION 8	WATER SHORTAGE CONTINGENCY PLANNING.....	8-1
8.1	Stages of Action	8-1
8.2	Prohibitions on End Uses	8-1
8.3	Penalties, Charges, Other Enforcement of Prohibitions	8-2
8.4	Consumption Reduction Methods	8-3
8.5	Determining Water Shortage Reductions	8-3
8.6	Revenue and Expenditure Impacts	8-3
8.7	Resolution or Ordinance	8-4
8.8	Catastrophic Supply Interruption.....	8-4
8.9	Minimum Supply Next Three Years.....	8-5
SECTION 9	DEMAND MANAGEMENT MEASURES	9-1
9.1	Demand Management Measures for Retail Agencies	9-1
9.1.1	Water Waste Prevention Ordinances	9-3
9.1.2	Metering	9-5
9.1.3	Conservation Pricing	9-6
9.1.4	Public Education and Outreach	9-8
9.1.5	Programs to Assess and Manage Distribution System Real Loss.....	9-9
9.1.6	Water conservation program coordination and staffing support	9-10
9.1.7	Other Demand Management Measures.....	9-11
9.2	Implementation over the Past Five Years	9-15
9.3	Planned Implementation to Achieve Water Use Targets	9-16
9.4	Members of the California Urban Water Conservation Council	9-16
SECTION 10	PLAN ADOPTION, SUBMITTAL, AND IMPLEMENTATION	10-1

10.1	Inclusion of all 2015 Data.....	10-1
10.2	Notice of Public Hearing	10-1
10.2.1	Notice to Cities and Counties	10-1
10.2.2	Notice to the Public	10-1
10.3	Public Hearing and Adoption	10-2
10.3.1	Adoption	10-2
10.4	Plan Submittal	10-2
10.5	Public Availability	10-2

DRAFT

List of Tables

Table 1-1 Water Code Changes since 2010 UWMP.....	1-2
Table 2-1 Retail Only: Public Water Systems.....	2-1
Table 2-2: Plan Identification.....	2-2
Table 2-3: Agency Identification.....	2-2
Table 2-4 Retail: Water Supplier Information Exchange.....	2-3
Table 2-5 Agency Coordination.....	2-3
Table 3-0: Climate Conditions for Calendar Year 2015.....	3-1
Table 3-1 Retail: Population - Current and Projected.....	3-4
Table 4-1 Retail: Demands for Potable and Raw Water – Actual.....	4-1
Table 4-2 Retail: Demands for Potable and Raw Water – Projected.....	4-2
Table 4-3 Retail: Total Water Demands.....	4-2
Table 4-4 Retail: 12 Month Water Loss Audit Reporting.....	4-3
Table 4-5 Retail Only: Inclusion in Water Use Projections.....	4-3
Table 5-1 Baselines and Targets Summary.....	5-3
Table 5-2: 2015 Compliance.....	5-4
Table 6-1 Retail: Groundwater Volume Pumped.....	6-5
Table 6-2 Retail: Wastewater Collected Within Service Area in 2015.....	6-6
Table 6-3 Retail: Wastewater Treatment and Discharge Within Service Area in 2015.....	6-6
Table 6-4 Retail: Current and Projected Recycled Water Direct Beneficial Uses Within Service Area.....	6-7
Table 6-6 Retail: Methods to Expand Future Recycled Water Use.....	6-8
Table 6-8 Retail: Water Supplies — Actual.....	6-9
Table 6-9 Retail: Water Supplies — Projected.....	6-9
Table 7-1 Retail: Basis of Water Year Data.....	7-3
Table 7-2 Retail: Normal Year Supply and Demand Comparison.....	7-4
Table 7-3 Retail: Single Dry Year Supply and Demand Comparison.....	7-4
Table 7-4 Retail: Multiple Dry Years Supply and Demand Comparison.....	7-4
Table 8-1 Retail Stages of Water Shortage Contingency Plan.....	8-1
Table 8-2 Retail Only: Restrictions and Prohibitions on End Uses.....	8-2

Table 8-3a Catastrophic Supply Interruption Actions.....	8-2
Table 8-3 Retail Only: Stages of Water Shortage Contingency Plan - Consumption Reduction Methods.....	8-3
Table 8-4a Catastrophic Supply Interruption Actions.....	8-4
Table 8-4 Retail: Minimum Supply Next Three Years.....	8-5
Table 9-1 CUWCC BMPs and DWR DMMs.....	9-2
Table 9-2 Minimum Rate per Meter Size.....	9-7
Table 9-3 Charges for Water Consumed.....	9-8
Table 10-1 Retail: Notification to Cities and Counties.....	10-1

DRAFT

List of Figures

Figure 3-1: AMWC Location Map.....	3-2
Figure 3-2: AMWC Service Area Map.....	3-3
Figure 6-1: Paso Robles Groundwater Basin.....	6-2
Figure 7-1: Annual Rainfall.....	7-3

DRAFT

Appendices

Appendix A. 2015 UWMP Checklist

Appendix B. DWR Population Tool Data Results

Appendix C. American Water Works Association Water Audit Results

Appendix D. Wholesale Water Supply Agreement

Appendix E. AMWC Annual Water Quality Report for 2014

Appendix F. Draft Water Shortage Contingency Resolution

Appendix G. Notices of Preparation and Public Hearings

Appendix H. Adoption Resolution

DRAFT

Bibliography

The following reports, studies, and other material were reviewed during preparation of this Urban Water Management Plan update.

- 1) 2005 Urban Water Management Plan dated June 2006 and prepared by Atascadero Mutual Water Company.
- 2) Demand Study prepared by Atascadero Mutual Water Company.
- 3) San Luis Obispo County 2040 Population, Housing & Employment Forecast for San Luis Obispo Council of Governments dated August 11, 2011 and prepared by AECOM.
- 4) 2015 Urban Water Management Plans Guidebook for Urban Water Suppliers dated January 2016 and prepared by the California Department of Water Resources.
- 5) Memorandum of Understanding Regarding Urban Water Conservation in California January 4, 2016 and as amended by California Urban Water Conservation Council.
- 6) San Luis Obispo County Master Water Report dated May 2012 and prepared by Carollo Engineers.
- 7) Nacimiento Water Project Environmental Impact Report Final dated December 2003 and prepared by Marine Research Specialists.
- 8) Paso Robles Groundwater Basin Management Plan dated March 2011 and prepared by GEI Consultants.

List of Acronyms

AB - Assembly Bill

AF - Acre-Foot

BMP - Best Management Practice

CEHTP - California Environmental Health Tracking Program

CASGEM - California Statewide Groundwater Elevation Monitoring Program

CII - Commercial, Industrial, Institutional, water use sectors

CIMIS - California Irrigation Management Information System

CUWCC - California Urban Water Conservation Council

CWC - California Water Code

DMMs - Demand Management Measures

DOF - Department of Finance

DWR - Department of Water Resources

eARDWP - Electronic Annual Reports to the Drinking Water Program (SWRCB)

ETo - Reference Evapotranspiration

GIS - Geographic Information System

GPCD - Gallons per Capita per Day

IRWM - Integrated Regional Water Management

ITP - Independent Technical Panel

LAFCO - Local Agency Formation Commission

NOAA - National Oceanic and Atmospheric Administration

NPDES - National Pollutant Discharge Elimination System

PWS - Public Water System

RWQCB - Regional Water Quality Control Board

SB - Senate Bill

SB X7-7 - Senate Bill Seven of the Senate's Seventh Extraordinary Session of 2009

SGMA - Sustainable Groundwater Management Act

SWP - State Water Project

SWRCB - State Water Resources Control Board

RUWMP - Regional Urban Water Management Plan

UWMP - Urban Water Management Plan

WARN - Water/Wastewater Agency Response Network

WDR - Waste Discharge Requirement

WRR - Water Recycling Requirement

WSCP - Water Shortage Contingency Plan

DRAFT

SECTION 1 INTRODUCTION AND OVERVIEW

1.1 Background and Purpose

This report comprises the 2015 Urban Water Management Plan (UWMP) update for the Atascadero Mutual Water Company (AMWC). AMWC is a mutual water company that provides water within and around Atascadero, California, a city located in northern San Luis Obispo County with approximately 31,000 residents as of 2016. The water system is comprised of approximately 250 miles of pipeline ranging in size from 4 inches to 24 inches, with nine storage tanks that range in size from 120,000 gallons to 4.8 million gallons. There are 17 active wells, 8 booster stations, 5 treatment buildings, and 20 pressure-reducing stations located throughout the system. In addition, there are over 10,000 customer service connections, 3,700 valves, and 1,700 fire hydrants. Elevations in the system vary from 800 feet, at the well fields along the Salinas River, to 1,916 feet at the tank located in Summit Hills.

The purpose of the UWMP is to meet multiple planning goals:

- ☐ Comply with a statutory requirement of the California Water Code
- ☐ Provide a key source of information for Water Supply Assessments (WSAs) and Written Verifications of Water Supply required by SB 610 and SB 221
- ☐ Support regional long-range planning documents including City and County General Plans
- ☐ Provide a standardized methodology for water utilities to assess their water resource needs and availability
- ☐ Serve as a critical component of developing Integrated Regional Water Management Plans (IRWMPs)

1.2 Urban Water Management Planning and the California Water Code

As a part of the California Water Code, the California Urban Water Management Planning Act (UWMP Act) requires all urban water suppliers with more than 3,000 connections or distributing more than 3,000 acre feet per year (afy) to complete an UWMP every five years ending in '5' and '0'. The UWMP Act is administered by the California Department of Water Resources (DWR), which is responsible for developing guidance for preparation of the UWMPs, reviewing the submitted plans for completeness, compiling the data for statewide and regional analysis, and publishing the documents online for public access.

This UWMP update was prepared based on guidance from the final draft of the California Department of Water Resources (DWR) "2015 Urban Water Management Plan Guidebook for Urban Water Suppliers" dated January 2016 and following the recommended chapter format.

Table 1-1 provides an overview of the applicable changes to the Water Code since the 2010 UWMP, which have been included in this 2015 update.

Table 1-1 Water Code Changes since 2010 UWMP

Change Number	Topic	CWC Section	Legislative Bill	Summary	Guidebook Section
1	Demand Management Measures	10631 (f)(1) and (2)	AB 2067, 2014	Requires water suppliers to provide narratives describing their water demand management measures, as provided. Requires retail water suppliers to address the nature and extent of each water demand management measure implemented over the past 5 years and describe the water demand management measures that the supplier plans to implement to achieve its water use targets.	Chapter 9
2	Submittal Date	10621 (d)	AB 2067, 2014	Requires each urban water supplier to submit its 2015 plan to the Department of Water Resources by July 1, 2016.	Chapter 10
3	Electronic Submittal	10644 (a) (2)	SB 1420, 2014	Requires the plan, or amendments to the plan, to be submitted electronically to the department.	Chapter 10
4	Standardized Forms	10644 (a) (2)	SB 1420, 2014	Requires the plan, or amendments to the plan, to include any standardized forms, tables, or displays specified by the department.	CH 1, Section 1.4
5	Water Loss	10631 (e) (1) (J) and (e) (3) (A) and (B)	SB 1420, 2014	Requires a plan to quantify and report on distribution system water loss.	Appendix L
6	Estimating Future Water Savings	10631 (e) (4)	SB 1420, 2014	Provides for water use projections to display and account for the water savings estimated to result from adopted codes, standards, ordinances, or transportation and land use plans, when that information is available and applicable to an urban water supplier.	Appendix K
7	Voluntary Reporting of Energy Intensity	10631.2 (a) and (b)	SB 1036, 2014	Provides for an urban water supplier to include certain energy- related information, including, but not limited to, an estimate of the amount of energy used to extract or divert water supplies.	Appendix O
8	Defining Water Features	10632	AB 2409, 2010	Requires urban water suppliers to analyze and define water features that are artificially supplied with water, including ponds, lakes, waterfalls, and fountains, separately from swimming pools and spas.	CH 8, Section 8.2.4

SECTION 2 PLAN PREPARATION

2.1 Basis for Preparing a Plan

Law

CWC 10617

“Urban water supplier” means a supplier, either publicly or privately owned, providing water for municipal purposes either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually. An urban water supplier includes a supplier or contractor for water, regardless of the basis of right, which distributes or sells for ultimate resale to customers. This part applies only to water supplied from public water systems.

CWC 10620

(b) Every person that becomes an urban water supplier shall adopt an urban water management plan within one year after it has become an urban water supplier.

CWC 10621

(a) Each urban water supplier shall update its plan at least once every five years on or before December 31, in years ending in five and zero, except as provided in subdivision (d).

(d) Each urban water supplier shall update and submit its 2015 plan to the department by July 1, 2016.

CWC 10644

(a)(2) The plan, or amendments to the plan, submitted to the department ... shall include any standardized forms, tables, or displays specified by the department.

CWC 10608.52

(a) The department, in consultation with the board, the California Bay-Delta Authority or its successor agency, the State Department of Public Health, and the Public Utilities Commission, shall develop a single standardized water use reporting form to meet the water use information needs of each agency, including the needs of urban water suppliers that elect to determine and report progress toward achieving targets on a regional basis as provided in subdivision (a) of Section 10608.28.

(b) At a minimum, the form shall be developed to accommodate information sufficient to assess an urban water supplier’s compliance with conservation targets pursuant to Section 10608.24... The form shall accommodate reporting by urban water suppliers on an individual or regional basis as provided in subdivision (a) of Section

CWC 10608.28

California Health and Safety Code 116275

(h) “Public Water System” means a system for the provision of water for human consumption through pipes or other constructed conveyances that has 15 or more service connections or regularly serves at least 25 individuals daily at least 60 days out of the year.

AMWC is a public urban water supplier serving more than 31,000 customers. Table 2-1 provides a summary of the number of connections and total volume of water supplied by AMWC to their customers for calendar year 2015.

Table 2-1 Retail Only: Public Water Systems			
Public Water System Number	Public Water System Name	Number of Municipal Connections 2015	Volume of Water Supplied 2015 (MG)
410002	Atascadero Mutual Water Company	10,817	1,439
TOTAL		10,817	1,439

2.2 Regional Planning

AMWC has prepared an individual UWMP for the 2015 update as identified in Table 2-2.

Table 2-2: Plan Identification	
<input checked="" type="checkbox"/>	Individual UWMP
<input type="checkbox"/>	Regional UWMP (RUWMP)
Select One:	
<input type="checkbox"/>	RUWMP includes a Regional Alliance
<input type="checkbox"/>	RUWMP does not include a Regional Alliance

2.3 Individual or Regional Planning and Compliance

AMWC has developed an UWMP that reports solely on its service area. The individual UWMP addresses all requirements of the CWC. AMWC has notified and coordinated with appropriate regional agencies and constituents during the development of this UWMP update. Those agencies contacted are identified in Table 2-5.

2.4 Fiscal or Calendar Year and Units of Measure

Law

CWC 1608.20

(a)(1) Urban retail water suppliers...may determine the targets on a fiscal year or calendar year basis

AMWC has reported water-related information included in this UWMP based on calendar basis and all units are measured in million gallons (MG) as identified in Table 2-3.

Table 2-3: Agency Identification	
Type of Agency	
<input type="checkbox"/>	Agency is a wholesaler
<input checked="" type="checkbox"/>	Agency is a retailer
Fiscal or Calendar Year	
<input checked="" type="checkbox"/>	UWMP Tables Are in Calendar Years
<input type="checkbox"/>	UWMP Tables Are in Fiscal Years
Units of Measure Used in UWMP	
Unit	MG

2.5 Coordination and Outreach

2.5.1 Wholesale and Retail Coordination

Law

CWC 10631

(j) An urban water supplier that relies upon a wholesale agency for a source of water shall provide the wholesale agency with water use projections from that agency for that source of water in five-year increments to 20 years or as far as data is available. The wholesale agency shall provide information to the urban water supplier for inclusion in the urban water supplier's plan that identifies and quantifies, to the extent practicable, the existing and planned sources of water as required by subdivision (b), available from the wholesale agency to the urban water supplier over the same five-year increments, and during various water-year types in accordance with subdivision (c). An urban water supplier may rely upon water supply information provided by the wholesale agency in fulfilling the plan informational requirements of subdivisions (b) and (c).

AMWC has provided the San Luis Obispo County Flood Control and Water Conservation District, a regional wholesale supplier, with projected water demand in five-year increments for the next 20 years.

Table 2-4 Retail: Water Supplier Information Exchange	
The retail supplier has informed the following wholesale supplier(s) of projected water use in accordance with CWC 10631.	
Wholesale Water Supplier Name	
San Luis Obispo County Flood Control and Water Conservation District	

2.5.2 Coordination with Other Agencies and the Community

Law

CWC 10620

(d)(2) Each urban water supplier shall coordinate the preparation of its plan with other appropriate agencies in the area, including other water suppliers that share a common source, water management agencies, and relevant public agencies, to the extent practicable.

CWC 10642

Each urban water supplier shall encourage the active involvement of diverse social, cultural, and economic elements of the population within the service area prior to and during the preparation of the plan.

AMWC coordinated with multiple neighboring and stakeholder agencies in the preparation of this UWMP. The coordination efforts were conducted to: 1) inform the agencies of the activities of AMWC; 2) gather high quality data for use in developing this UWMP; and 3) coordinate planning activities with other related regional plans and initiatives. The coordination activities conducted by AMWC in preparation of this plan are summarized in Table 2-5.

Table 2-5 Agency Coordination							
Agency	Sent a notice of public hearing for draft UWMP	Commented on the draft	Attended public meetings	Contacted for assistance	Sent a copy of the draft plan	Sent a notice of intention to adopt	Notice of Plan Availability
California Department of Water Resources							
California Urban Water Conservation Council (CUWCC)							
County of San Luis Obispo	X				X	X	X
City of Atascadero	X			X	X	X	X

2.5.3 Notice to Cities and Counties

Law

CWC 10621 (b)

Every urban water supplier required to prepare a plan pursuant to this part shall, at least 60 days before the public hearing on the plan required by Section 10642, notify any city or county within which the supplier provides water supplies that the urban water supplier will be reviewing the plan and considering amendments or changes to the plan.

AMWC has notified the County of San Luis Obispo and City of Atascadero of the public hearing and this notification has been reported in Chapter 10 Table 10-1. A copy of the notification is included in Appendix G of this UWMP.

DRAFT

SECTION 3 SYSTEM DESCRIPTION

3.1 General Description

Law

CWC Section 10631

Describe the service area of the supplier.

The current AMWC UWMP service area boundary encompasses approximately 24,831 acres in the Atascadero area of northern San Luis Obispo County, and serves water to an estimated population of 29,870 (2015 DWR tool estimate). AMWC's service area is primarily residential land uses, with some light commercial and suburban residential comprising the downtown area.

3.2 Service Area Boundary Maps

Figure 3-1 illustrates the location of AMWC within the state of California and Figure 3-2 shows the extents of the current service area, Sphere of Influence (SOI) boundary and City of Atascadero Boundary.

3.3 Service Area Climate

Law

CWC Section 10631

Describe the service area of the supplier, including climate.

Monthly use in a summer month is typically three to four times the use in a winter month. The primary reason for this is the large amount of summer irrigation in Atascadero. The maximum summer use exceeds the maximum winter use by a factor of 3.1 to 3.9 times. There is a significant disparity in the "shoulder" months of spring and fall that can be explained by the great differences in weather patterns in the spring months of March thru June and the fall month of October. Daily weather variations can range from an afternoon high of 95 - 100 degrees, followed by late night and dawn temperatures in the 50's.

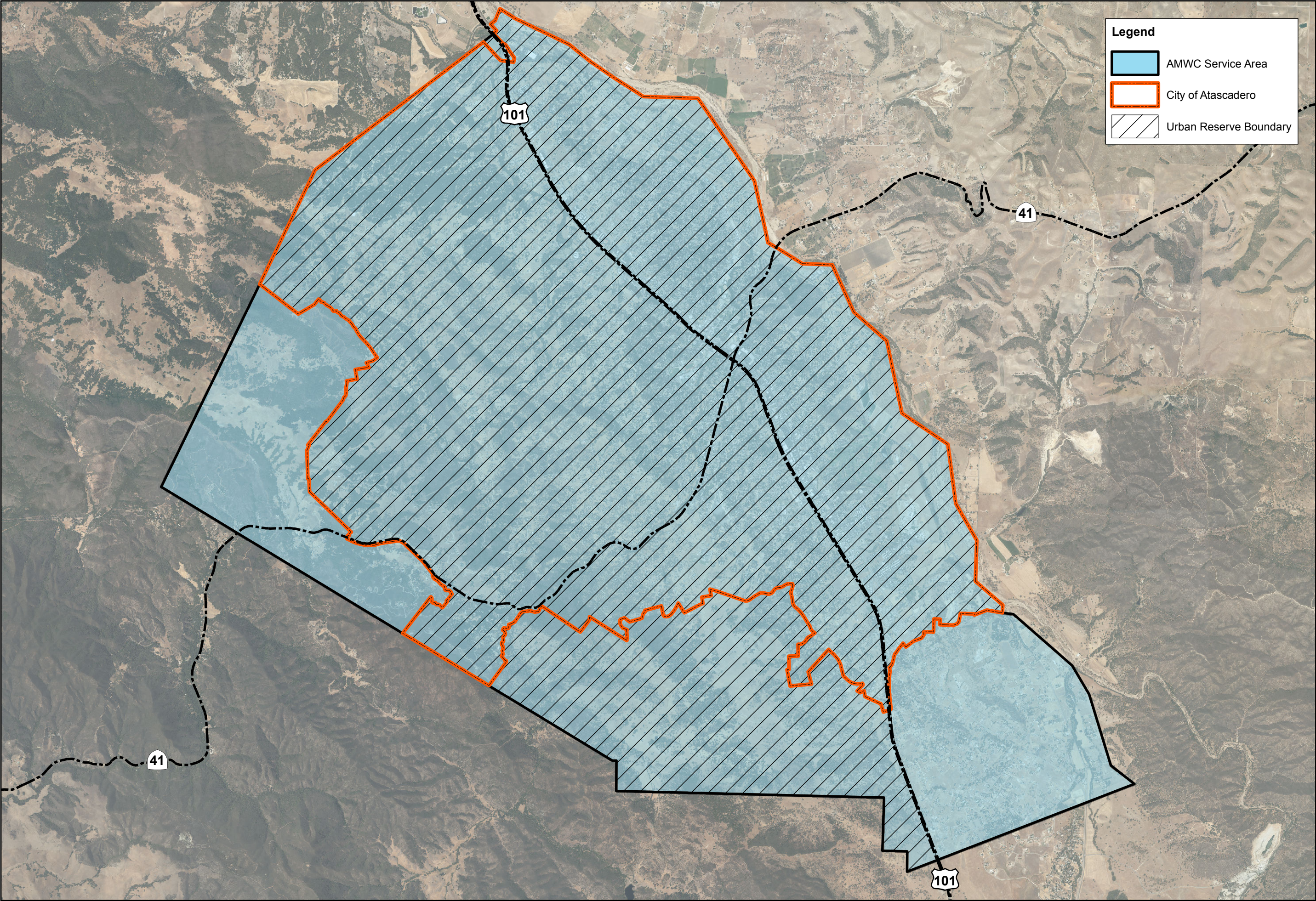
Table 3-0: Climate Conditions for Calendar Year 2015			
Month	Monthly Average ETo*	Monthly Rainfall*	Monthly Average Temperature*
	Inches		Fahrenheit
Jan	1.82	0.41	46.6
Feb	2.0	2.0	52.0
Mar	4.1	0.48	55.6
Apr	5.0	1.0	55.0
May	5.21	0.25	55.6
Jun	6.0	1.0	68.0
Jul	6.01	1.1	67.4
Aug	6.0	1.0	68.0
Sep	4.68	0.48	67.8
Oct	4.0	1.0	64.0
Nov	2.18	1.13	47.4
Dec	1.52	1.07	42.4
Annual	48.47	11.09	57.5
* Source – CIMIS Station #163 Atascadero Monthly Average Report for 2015			






Atascadero Mutual Water Company
2015 Urban Water Management Plan

Figure 3-1:
AMWC Location Map





Legend

-  AMWC Service Area
-  City of Atascadero
-  Urban Reserve Boundary



**Atascadero Mutual
Water Company**

**2015 Urban Water
Management Plan**

Figure 3-2:
AMWC
Service Area Map



Scale = NTS



3.4 Service Area Population and Demographics

Law

CWC Section 10631

Describe the service area of the supplier, including current and projected population ...The projected population estimates shall be based upon data from the state, regional, or local service agency population projections within the service area of the urban water supplier and shall be in five-year increments to 20 years or as far as data is available.

The City of Atascadero's "General Plan 2025" (updated June 23, 2004) projected a future growth rate of 1.25%¹ compounded per year through 2025. However current growth projections provided by the San Luis Obispo Council of Governments (SLOCOG) identifies a reduced growth rate of 0.7%² through 2040. For the purpose of estimating future population projections within the service area, AMWC is assuming a growth rate of 0.7% for future population growth and used this growth rate as part of their Demand Study. AMWC serves the City of Atascadero (95% of AMWC customers) with a portion of unincorporated County area outside of the City limits. Table 3-1 provides a summary of future population projections within the AMWC service area through 2040.

Table 3-1 Retail: Population - Current and Projected						
Population Served	2015	2020	2025	2030	2035	2040
	29,870	32,372	33,521	34,711	35,943	37,219
NOTES: 2015 population are based on DWR population tool and future population projections are based on AMWC Demand Study						

3.4.1 Other Demographic Factors

Total water use increases from year to year due to the growth within the service area. The direct relationship between growth and water consumption should increase at the same rate as population increases. Historically, low water rates and large residential lot sizes allowed for the irrigation of large landscaped areas at relatively low cost to the resident. Future water use patterns will be influenced by the implementation of a tiered rate structure, rate increases, conservation outreach, the City of Atascadero's Landscape Ordinance, and its "Smart Growth" policy that encourages infill of existing City land with higher density development.

¹ Prepared by Crawford Multari & Clark, Omni-Means & the City of Atascadero Community Development Department

² "Final Report San Luis Obispo County 2040 Population, Housing & Employment Forecast" report dated August 2011 and prepared by AECOM

SECTION 4 SYSTEM WATER USE

4.1 Recycled versus Potable and Raw Water Demand

Recycled water is addressed comprehensively in Section 6.5. However, a summary of recycled water demand is included in Table 4-3.

4.2 Water Uses by Sector

Law

CWC 10631

(e)(1) Quantify, to the extent records are available, past and current water use, over the same five-year increments described in subdivision (a), and projected water use, identifying the uses among water use sectors, including, but not necessarily limited to, all of the following uses:

(A) Single-family residential.

(B) Multifamily.

(C) Commercial.

(D) Industrial.

(E) Institutional and governmental.

(F) Landscape.

(G) Sales to other agencies.

(H) Saline water intrusion barriers, groundwater recharge, or conjunctive use, or any combination thereof.

(I) Agricultural

(2) The water use projections shall be in the same five-year increments described in subdivision (a).

Table 4-1 provides an overview of the existing water demands by use type within the AMWC service area for calendar year 2015.

Table 4-1 Retail: Demands for Potable and Raw Water - Actual		
Use Type	2015 Actual	
	Level of Treatment When Delivered	Volume (MG)
Commercial	Drinking Water	111
Industrial	Drinking Water	1
Landscape	Drinking Water	104
Multi-Family	Drinking Water	127
Single Family	Drinking Water	993
Other	Drinking Water	0.1
TOTAL (MG)		1,337
NOTES: From AMWC billing information		

4.3 Future Water Uses by Sector

The annual water demand was assumed to increase in proportion to the population projected by SLOCOG for the City of Atascadero and surrounding area. In addition, with the adoption of the Water Conservation Act of 2009, also known as the SB X7-7, the State is required to set a goal of reducing urban water use by 20 percent by the year 2020. The demand projections in Table 4-2 incorporate the required change in per-capita water use, per SB X7-7, for AMWC to meet the 20% reduction by 2020.

Table 4-2 Retail: Demands for Potable and Raw Water - Projected					
Use Type	Projected Water Use (MG)				
	2020	2025	2030	2035	2040
Commercial	133	140	144	149	155
Industrial	5	5	5	5	6
Landscape	40	42	44	45	47
Multi-Family	79	83	85	89	92
Single Family	1,726	1,816	1,874	1,942	2,012
Other	38	40	41	43	44
TOTAL (MG)	2,021	2,126	2,194	2,274	2,355
NOTES: Future demands based on AMWC Demand Study					

Table 4-3 summaries projected water demands through 2040 including potable/raw water and recycled water.

Table 4-3 Retail: Total Water Demands						
	2015	2020	2025	2030	2035	2040
Potable and Raw Water	1,337	2,021	2,126	2,194	2,274	2,355
Recycled Water Demand	112	112	112	112	112	112
TOTAL WATER DEMAND (MG)	1,449	2,133	2,238	2,306	2,386	2,467
NOTES: Future demands based on AMWC Demand Study and current deliveries of recycled water to Chalk Mountain Golf Course						

4.4 Distribution System Water Losses

Law

CWC 10631

(e)(1) Quantify, to the extent records are available, past and current water use over the same five-year increments described in subdivision (a), and projected water use, identifying the uses among water use sectors, including, but not necessarily limited to, all of the following uses:...

(J) Distribution system water loss

(3)(A) For the 2015 urban water management plan update, the distribution system water loss shall be quantified for the most recent 12-month period available. For all subsequent updates, the distribution system water loss shall be quantified for each of the five years preceding the plan update.

(B) The distribution system water loss quantification shall be reported in accordance with a worksheet approved or developed by the department through a public process. The water loss quantification worksheet shall be based on the water system balance methodology developed by the American Water Works Association.

Distribution system water losses (also known as “real losses”) are the physical water losses from the water distribution system and the supplier’s storage facilities, up to the point of customer consumption. This UWMP update includes distribution system water losses based on the American Water Works Association (AWWA) Method using the AWWA electronic Water Audit tool. The most recent water audit completed by AMWC was for calendar year 2015 and included

in Appendix C of this plan. Table 4-4 summarizes the real losses within the water distribution system for calendar year 2015.

Table 4-4 Retail: 12 Month Water Loss Audit Reporting	
Reporting Period Start Date	Volume of Water Loss (MG)
01/2015	84.013

4.5 Estimating Future Water Savings

Law

CWC 10631

(e)(4)(A) If available and applicable to an urban water supplier, water use projections may display and account for the water savings estimated to result from adopted codes, standards, ordinances, or transportation and land use plans identified by the urban water supplier, as applicable to the service area.

(B) To the extent that an urban water supplier reports the information described in subparagraph (A), an urban water supplier shall do both of the following: (i) Provide citations of the various codes, standards, ordinances, or transportation and land use plans utilized in making the projections. (ii) Indicate the extent that the water use projections consider savings from codes, standards, ordinances, or transportation and land use plans. Water use projections that do not account for these water savings shall be noted of that fact.

AMWC does not account for water savings from codes, standards, ordinances, or transportation and land use plans that are also known as “passive savings”. However, for new development within the City of Atascadero builders are required to implement water efficient landscape and irrigation per the City’s building code. These various factors generally decrease the water use for new and future customers, compared to historical customers.

4.6 Water Use for Lower Income Households

Law

CWC 10631.1

(a) The water use projections required by Section 10631 shall include projected water use for single-family and multifamily residential housing needed for lower income households, as defined in Section 50079.5 of the Health and Safety Code, as identified in the housing element of any city, county, or city and county in the service area of the supplier.

California Health and Safety Code 50079.5

(a) “Lower income households” means persons and families whose income does not exceed the qualifying limits for lower income families... In the event the federal standards are discontinued, the department shall, by regulation, establish income limits for lower income households for all geographic areas of the state at 80 percent of area median income, adjusted for family size and revised annually.

Lower income residential demands are included in AMWC’s future demand projections via housing projections by the City of Atascadero, who are required to plan for lower income residential units within the City limits.

Table 4-5 Retail Only: Inclusion in Water Use Projections	
Are Future Water Savings Included in Projections?	No
If "Yes" to above, state the section/page where citations of the codes, are found.	-
Are Lower Income Residential Demands Included In Projections?	Yes

SECTION 5 SB X7-7 BASELINES AND TARGETS

5.1 Updating Calculations from 2010 UWMP

With the adoption of the Water Conservation Act of 2009, also known as the SB X7-7, the State is required to set a goal of reducing urban water use by 20 percent by the year 2020. Each retail urban water supplier must determine baseline water use during their baseline period and also target water use for the years 2015 and 2020 in order to help the State achieve the 20 percent reduction. AMWC has updated their baseline water usage and goal of reducing urban water use by 20 percent by the year 2020.

Law

CWC 10608.20

(g) An urban retail water supplier may update its 2020 urban water use target in its 2015 urban water management plan required pursuant to Part 2.6 (commencing with Section 10610).

Methodologies DWR 2011, Methodology 2 Service Area Population

Page 27 - Water suppliers may revise population estimates for baseline years between 2000 and 2010 when 2010 census information becomes available. DWR will examine discrepancy between the actual population estimate and DOF's projections for 2010; if significant discrepancies are discovered, DWR may require some or all suppliers to update their baseline population estimates.

AMWC has determined the baseline water use during the selected baseline period and also the target water use for the years 2015 and 2020 in order to achieve the 20 percent reduction. Baseline water usage incorporated historical population estimates using the DWR population tool.

5.2 Baseline Periods

Law

CWC 10608.20

(e) An urban retail water supplier shall include in its urban water management plan due in 2010. . . the baseline daily per capita water use...along with the bases for determining those estimates, including references to supporting data.

(g) An urban retail water supplier may update its 2020 urban water use target in its 2015 urban water management plan required pursuant to Part 2.6 (commencing with Section 10610).

5.2.1 Determination of the 10-15 Year Baseline Period (Baseline GPCD)

Law

CWC 10608.12 (b)

"Base daily per capita water use" means any of the following:

(1) The urban retail water supplier's estimate of its average gross water use, reported in gallons per capita per day and calculated over a continuous 10-year period ending no earlier than December 31, 2004, and no later than December 31, 2010.

(2) For an urban retail water supplier that meets at least 10 percent of its 2008 measured retail water demand through recycled water that is delivered within the service area of an urban retail water supplier or its urban wholesale water supplier, the urban retail water supplier may extend the calculation described in paragraph (1) up to an additional five years to a maximum of a continuous 15-year period ending no earlier than December 31, 2004, and no later than December 31, 2010.

Per the SB X7-7 worksheets, since less than 10 percent of AMWC's 2008 water demand was served with recycled water, a 10-year baseline period from 1996-2005 was selected to calculate daily per capita water use for the 2015 UWMP.

5.2.2 Determination of the 5-Year Baseline Period (Target Confirmation)

Law

CWC 10608.12 (b)

(3) For the purposes of Section 10608.22, the urban retail water supplier's estimate of its average gross water use, reported in gallons per capita per day and calculated over a continuous five-year period ending no earlier than December 31, 2007, and no later than December 31, 2010.

The 5-year baseline period for this UWMP update included calendar years 2004 through 2008.

5.3 Service Area Population

Law

CWC 10608.20

(e) An urban retail water supplier shall include in its urban water management plan due in 2010...the baseline per capita water use,...along with the bases for determining those estimates, including references to supporting data.

(f) When calculating per capita values for the purposes of this chapter, an urban retail water supplier shall determine population using federal, state, and local population reports and projections.

CWC 10644

(a)(2) The plan...shall include any standardized forms, tables or displays specified by the department.

Since the AMWC service area extends outside the limits for the City of Atascadero, the DWR population tool and the AMWC service area boundaries for Census years 1990, 2000, and 2010 were used to estimate historical population.

5.4 Gross Water Use

Law

CWC 10608.12

(g) "Gross Water Use" means the total volume of water, whether treated or untreated, entering the distribution system of an urban retail water supplier, excluding all of the following:

(1) Recycled water that is delivered within the service area of an urban retail water supplier or its urban wholesale water supplier

(2) The net volume of water that the urban retail water supplier places into long term storage

(3) The volume of water the urban retail water supplier conveys for use by another urban water supplier

(4) The volume of water delivered for agricultural use, except as otherwise provided in subdivision (f) of Section 10608.24.

California Code of Regulations Title 23 Division 2 Chapter 5.1 Article

Section 596 (a) An urban retail water supplier that has a substantial percentage of industrial water use in its service area is eligible to exclude the process water use of existing industrial water customers from the calculation of its gross water use to avoid a disproportionate burden on another customer sector.

Historical gross water use for this UWMP was obtained from AWMC's Demand Study for years 1999-2008.

5.5 Baseline Daily Per Capita Water Use (GPCD)

The baseline daily per capita water use for AMWC for this UWMP update is shown in Table 5-1.

5.6 2015 and 2020 Targets

Law

CWC 10608.20

(e) An urban retail water supplier shall include in its urban water management plan due in 2010. . . urban water use target, interim urban water use target,...along with the bases for determining those estimates, including references to supporting data (10608.20(e)).

CWC 10608.20

(g) An urban retail water supplier may update its 2020 urban water use target in its 2015 urban water management plan...

Target Method 1 (80 percent of 10- to 15- Year Baseline GPCD per CWC 10608.20 (b) (1)) was selected to calculate the urban water use resulting from a 20 percent reduction by the year 2020. The 2020 Target GPCD is shown in Table 5-1.

5.6.1 5-Year Baseline-2020 Target Confirmation

Law

CWC 10608.22

Notwithstanding the method adopted by an urban retail water supplier pursuant to Section 10608.20, an urban retail water supplier's per capita daily water use reduction shall be no less than 5 percent of base daily per capita water use as defined in paragraph (3) of subdivision (b) of Section 10608.12. This section does not apply to an urban retail water supplier with a base daily per capita water use at or below 100 gallons per capita per day.

AMWC's 5-year baseline and confirmation of the 2020 Target GPCD for this UWMP update is included in Table 5-1.

Table 5-1 Baselines and Targets Summary					
Baseline Period	Start Year	End Year	Average Baseline GPCD*	2015 Interim Target *	Confirmed 2020 Target*
10-15 year	1996	2005	198	189	158
5 Year	2004	2005	189		
*All values are in Gallons per Capita per Day (GPCD)					

5.7 2015 Compliance Daily per Capita Water Use (GPCD)

Law

CWC 10608.12

(e) "Compliance daily per-capita water use" means the gross water use during the final year of the reporting period...

CWC 10608.24

(a) Each urban retail water supplier shall meet its interim urban water use target by December 31, 2015.

CWC 10608.20

(e) An urban retail water supplier shall include in its urban water management plan due in 2010 . . . compliance daily per capita water use, along with the bases for determining those estimates, including references to supporting data.

CWC 10608.24

(d)(1) When determining compliance daily per capita water use, an urban retail water supplier may consider the following factors:

(A) Differences in evapotranspiration and rainfall in the baseline period compared to the compliance reporting period.

(B) Substantial changes to commercial or industrial water use resulting from increased business output and economic development that have occurred during the reporting period.

(C) Substantial changes to institutional water use resulting from fire suppression services or other extraordinary events, or from new or expanded operations, that have occurred during the reporting period.

(2) If the urban retail water supplier elects to adjust its estimate of compliance daily per capita water use due to one or more of the factors described in paragraph (1), it shall provide the basis for, and data supporting, the adjustment in the report required by Section 10608.40.

Methodologies for Calculating Baseline and Compliance Urban Per Capita Water Use, Methodology 4

This section discusses adjustments to compliance-year GPCD because of changes in distribution area caused by mergers, annexation, and other scenarios that occur between the baseline and compliance years.

AMWC is in compliance with the 2015 Interim Target GPCD for this UWMP as shown in Table 5-2.

Table 5-2: 2015 Compliance								
Actual 2015 GPCD	2015 Interim Target GPCD	Optional Adjustments to 2015 GPCD Enter "0" for adjustments not used From Methodology 8					2015 GPCD	Did Supplier Achieve Targeted Reduction for 2015? Y/N
		Extraordinary Events	Economic Adjustment	Weather Normalization	TOTAL Adjustments	Adjusted 2015 GPCD		
132	189	0	0	0	0	132	132	Yes
*All values are in Gallons per Capita per Day (GPCD)								

SECTION 6 SYSTEM SUPPLIES

6.1 Purchased or Imported Water

The Nacimiento Water Project (NWP) regional raw water transmission facility delivers water from Lake Nacimiento to communities in San Luis Obispo County. The NWP includes 45 miles of pipeline ranging from 12 inches to 36 inches in diameter, an intake structure at Nacimiento Lake, three pump stations ranging from 1,200 horsepower (hp) to 3,500 hp, and three water storage tanks ranging from 300,000 gallons to 850,000 gallons. The NWP is designed to deliver 15,750 acre-feet of water per year (AFY) to participating agencies. Atascadero Mutual Water Company (AMWC) has contracted for 3,244 AFY, which will significantly improve its ability to meet the current and future water needs of its shareholders.

The San Luis Obispo County Flood Control and Water Conservation District (District) was the lead agency for the \$190 million NWP. In 2004, AMWC entered into a Delivery Entitlement Contract with the County for participation in the project, which is included in Appendix D of this UWMP. Other agencies currently participating in the project are the City of Paso Robles, Templeton Community Services District, and the City of San Luis Obispo. Construction of the project is complete, and AMWC began taking deliveries of water in the summer of 2012. Up to 2,000-3,000 acre feet per year is delivered to Atascadero Mutual Water Company (AMWC) for discharge into a 1.6 acre recharge basin over a 4 to 6 month period in summer/fall. Existing downstream wells draw a blend of recharged surface water and groundwater for AMWC customers.

6.2 Groundwater

AMWC pumps groundwater from two distinct yet interrelated groundwater sources, the Salinas River Underflow and the Atascadero Sub-basin of the Paso Robles Groundwater Basin. AMWC has eight wells pumping from Salinas River Underflow and seven wells pumping from the Atascadero Sub-basin. The AMWC service area and the Paso Robles Groundwater Basin are shown in Figure 6-1.

6.2.1 Basin Description

Law

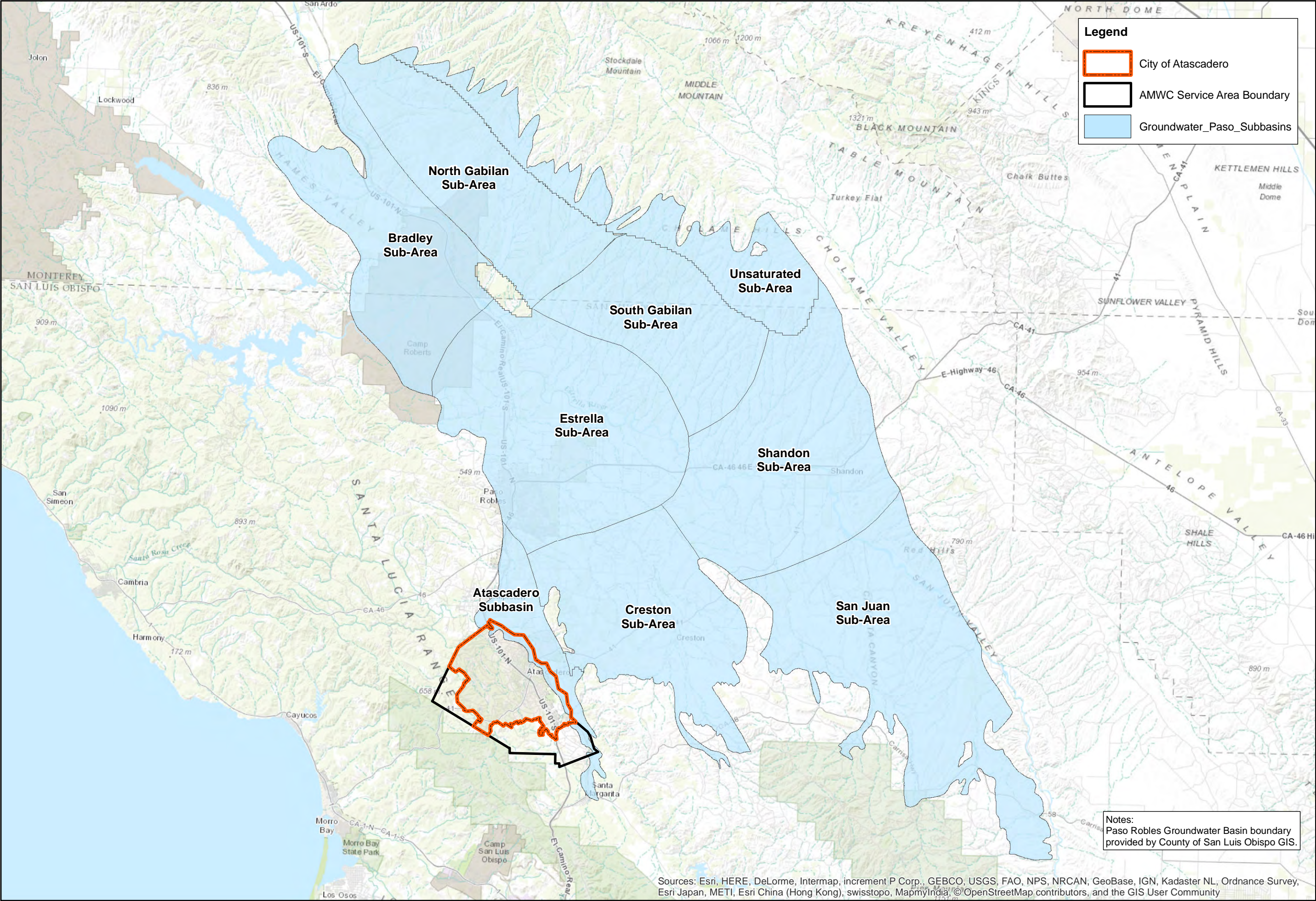
CWC 10631

(b) If groundwater is identified as an existing or planned source of water available to the supplier, all of the following information shall be included in the plan:

(2) A description of any groundwater basin or basins from which the urban water supplier pumps groundwater.

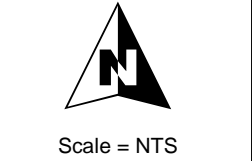
Master Water Report (Carollo, 2012) included the following discussion of the Atascadero Sub-basin:

The Atascadero Groundwater Sub-basin is a sub-basin within the Paso Robles Groundwater Basin. The northern boundary of the sub-basin is approximately the southern end of the City of Paso Robles and the southern sub-basin boundary is located just south of the community of Garden Farms. The eastern boundary of the sub-basin is the Rinconada fault. Because the fault displaces the Paso Robles Formation, the hydraulic connection between the aquifer across the Rinconada fault is sufficiently restricted to warrant the classification of this area as a distinct sub-basin. Therefore, the Atascadero Groundwater Sub-basin of the Paso Robles Groundwater Basin is defined as that portion of the basin west of the Rinconada fault. The Atascadero Groundwater Sub-basin includes the City of Atascadero and the communities of Templeton and Garden Farms. The Salinas River is the major hydrologic feature in the sub-basin. Outflow (primarily surface flow and Salinas River underflow) occurs in the northern direction from the sub-basin into the Estrella subarea of the Paso Robles Groundwater Basin. Pumping test data from wells in the sub-basin suggest the presence of three aquifer groups with distinctly different hydraulic characteristics:



**Atascadero Mutual
Water Company**
**2015 Urban Water
Management Plan**

Figure 6-1:
Paso Robles
Groundwater Basin



- 1) *Alluvium along the floodplain of the Salinas River: The Salinas River alluvium is an unconfined aquifer with a high hydraulic conductivity. The thickness of the alluvium ranges widely, with an estimated maximum thickness of 100 feet. Shallow wells up to 100 feet deep are located in the immediate vicinity of the Salinas River along its entire reach, typically tapping the younger alluvium and/or shallow Paso Robles Formation aquifer zones. Approximately half of the total pumping in the sub-basin is from these shallow, alluvial wells.*
- 2) *Paso Robles Formation deposits directly underlying the Salinas River alluvium: In the City of Atascadero area, the Paso Robles Formation underlies the younger Salinas River alluvium. Wells in the Paso Robles Formation in hydraulic communication with the overlying river alluvium tend to have higher hydraulic conductivity values when compared to wells that penetrate the portions of the Paso Robles Formation not in contact with the alluvium.*
- 3) *Paso Robles Formation deposits along the east side of the sub-basin that are not directly connected to the younger alluvium: Paso Robles Formation deposits east of the Salinas River comprise the largest portion of the sub-basin. The deepest part of the formation is the area between Templeton and the Rinconada fault. In general, deep wells reach several hundred feet deep and tap the Paso Robles Formation.*

The main source of recharge in the alluvium is the Salinas River. Recharge to the Paso Robles Formation occurs through the overlying Salinas River alluvium as well as the overlying channel deposits of the Santa Margarita, Atascadero, Graves, and Paso Robles creeks.

The major water purveyors overlying the groundwater basin in the Atascadero Mutual Water Company, Templeton Community Services District and Garden Farms Mutual Water Company. Additional water users in the basin include rural domestic residences and agricultural users.

6.2.2 Groundwater Management

Law

CWC 10631

(b) ...If groundwater is identified as an existing or planned source of water available to the supplier, all of the following information shall be included in the plan:

- (1) A copy of any groundwater management plan adopted by the urban water supplier...or any other specific authorization for groundwater management.*
- (2) ...For basins that a court or the board has adjudicated the rights to pump groundwater, a copy of the order or decree adopted by the court or the board and a description of the amount of groundwater the urban water supplier has the legal right to pump under the order or decree.*

AWMC has not adopted a groundwater management plan. However, AMWC does follow and implement the groundwater management strategies identified in the Paso Robles Groundwater Basin Management Plan which complies with AB 3030. The purpose and goals of the Paso Groundwater Management Plan included the following (GEI, 2011):

- ☐ *Build upon the existing organization of local water purveyors, agricultural interests, and individual stakeholders to develop a regional understanding of the groundwater setting and groundwater management opportunities in the Basin.*
- ☐ *Formulate groundwater management actions that lead to improved groundwater information gathering and data management within the Basin.*
- ☐ *Identify water supply and demand management projects and programs that can be implemented to improve long-term water supply reliability in the Basin.*

- ☐ Establish a regional and on-going approach to groundwater management that is accepted in the Basin and recognized by other local, State, and federal agencies and that can be used successfully to pursue grant funding to implement projects that support improved groundwater management.
- ☐ Alert stakeholders to the state of the Basin and the actions needed to keep this Basin in balance and avoid heading into the projected state of overdraft.
- ☐ Complete and adopt the GMP, particularly the Basin Management Objectives.
- ☐ Expand the existing groundwater monitoring program, consider additional monitoring efforts, and develop an annual reporting format for the Basin Plan area.
- ☐ Continue to coordinate recent land and water use analysis for the Basin with countywide planning efforts such as the Resource Capacity Study and implementation of the Conservation Element of the General Plan, which is led by the Planning Department, and County Master Water Plan, which is led by the Public Works Department.

A link to the Paso Robles Groundwater Basin - Groundwater Management Plan is included below:

- ☐ <http://www.slocountywater.org/site/Water%20Resources/Water%20Forum/AB3030/pdf/201103%20-%20Paso%20Basin%20Final%20GMP.pdf>

In addition, AMWC monitors groundwater levels in their production wells on a weekly basis and coordinates with the County of San Luis Obispo in the California Statewide Groundwater Elevation Monitoring Program (CASGEM).

6.2.3 **Overdraft Conditions**

Law

CWC 10631

(b)(2) For basins that have not been adjudicated, (provide) information as to whether the department has identified the basin or basins as overdrafted or has projected that the basin will become overdrafted if present management conditions continue, in the most current official departmental bulletin that characterizes the condition of the groundwater basin, and a detailed description of the efforts being undertaken by the urban water supplier to eliminate the long-term overdraft condition.

The Paso Robles Groundwater Basin (sub-basin 3-4.06 of the larger 3-4 Salinas Valley Groundwater Basin as identified by DWR) is considered a critically overdrafted basin as defined by DWR. AMWC will continue to implement the management strategies from the Groundwater Management Plan to help minimize long-term overdraft condition.

6.2.4 **Historical Groundwater Pumping**

Law

CWC 10631

(b) ...If groundwater is identified as an existing or planned source of water available to the supplier, all of the following information shall be included in the plan:

(3) A detailed description and analysis of the location, amount, and sufficiency of groundwater pumped by the urban water supplier for the past five years. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.

Table 6-1 provides an overview of the groundwater sources and the annual quantity pumped to meet the demands of the AMWC customers from 2011 to 2015.

Table 6-1 Retail: Groundwater Volume Pumped

<input type="checkbox"/>	Supplier does not pump groundwater. The supplier will not complete the table below.					
Groundwater Type	Location or Basin Name	2011	2012	2013	2014	2015
Alluvial Basin	Salinas River Underflow and the Atascadero Sub-basin of the Paso Robles Groundwater Basin	1,709	1,875	1,977	1,690	1,439
TOTAL (MG)		1,709	1,875	1,977	1,690	1,439

6.3 Surface Water

AMWC does not have a self-supplied surface water supply source, but does receive imported surface water from the County of San Luis Obispo as part of the Nacimiento Water Project as described in Section 6.1 and shown in Tables 6-8 and 6-9.

6.4 Stormwater

AMWC does not currently or intend to supplement water supply demands through the capture and reuse of stormwater.

6.5 Wastewater and Recycled Water

6.5.1 Recycled Water Coordination

Law

CWC 10633

The plan shall provide, to the extent available, information on recycled water and its potential for use as a water source in the service area of the urban water supplier. The preparation of the plan shall be coordinated with local water, wastewater, groundwater, and planning agencies that operate within the supplier's service area.

AMWC does not provide recycled water to customers within its service area. However, the City of Atascadero provides recycled water from the City's WRF to the Chalk Mountain Golf Course through an irrigation well.

6.5.2 Wastewater Collection, Treatment, and Disposal

Law

CWC 10633

a) (Describe) the wastewater collection and treatment systems in the supplier's service area, including a quantification of the amount of wastewater collected and treated and the methods of wastewater disposal.

CWC 10633

(b) (Describe) the quantity of treated wastewater that meets recycled water standards, is being discharged, and is otherwise available for use in a recycled water project.

AMWC does not provide wastewater collection, treatment or disposal services for its customers. Wastewater collection, treatment and disposal within the AMWC water service area is provided by the City of Atascadero or private onsite septic disposal systems. Tables 6-2 and 6-3 provide a summary of wastewater collection, treatment and disposal volumes for calendar by the City of Atascadero.

Table 6-2 Retail: Wastewater Collected Within Service Area in 2015

<input type="checkbox"/> There is no wastewater collection system. The supplier will not complete the table below.						
Wastewater Collection			Recipient of Collected Wastewater			
Name of Wastewater Collection Agency	Wastewater Volume Metered or Estimated?	Volume of Wastewater Collected in 2015	Name of Wastewater Treatment Agency Receiving Collected Wastewater	Treatment Plant Name	Is WWTP Located Within UWMP Area?	Is WWTP Operation Contracted to a Third Party?
City of Atascadero	Metered	404	City of Atascadero	City of Atascadero Water Reclamation Facility	Yes	No
Total Wastewater Collected from Service Area in 2015 (MG):		404				

Table 6-3 Retail: Wastewater Treatment and Discharge Within Service Area in 2015

<div><input type="checkbox"/></div> <div>No wastewater is treated or disposed of within the UWMP service area. The supplier will not complete the table below.</div>										
Wastewater Treatment Plant Name	Discharge Location Name or Identifier	Discharge Location Description	Wastewater Discharge ID Number	Method of Disposal	Does This Plant Treat Wastewater Generated Outside the Service Area?	Treatment Level	2015 volumes			
							Wastewater Treated	Discharged Treated Wastewater	Recycled Within Service Area	Recycled Outside of Service Area
City of Atascadero Water Reclamation Facility	Percolation ponds east of the Salinas River	Percolation ponds east of the Salinas River		Percolation ponds	No	Secondary, Undisinfected	404	404	112	0
Total (MG)							404	404	112	0

6.5.3 Recycled Water System

Law

CWC 10633

(c) (Describe) the recycled water currently being used in the supplier's service area, including, but not limited to, the type, place, and quantity of use.

AMWC does not provide recycled water to customers within its service area, however the City of Atascadero provides percolated recycled water from the City's WRF to the Chalk Mountain Golf Course through an irrigation well.

Law

CWC 10633

(d) (Describe and quantify) the potential uses of recycled water, including, but not limited to, agricultural irrigation, landscape irrigation, wildlife habitat enhancement, wetlands, industrial reuse, groundwater recharge, indirect potable reuse, and other appropriate uses, and a determination with regard to the technical and economic feasibility of serving those uses.

CWC 10633

(e) (Describe) the projected use of recycled water within the supplier's service area at the end of 5, 10, 15, and 20 years and a description of the actual use of recycled water in comparison to uses previously projected pursuant to this subdivision.

Recycled water use within the AMWC water service area is limited to the recycled water provided by City of Atascadero to the Chalk Mountain Golf Course for irrigation. Table 6-4 provides a summary of current and projected recycled water use within the golf course.

Table 6-4 Retail: Current and Projected Recycled Water Direct Beneficial Uses Within Service Area								
<input type="checkbox"/>	Recycled water is not used and is not planned for use within the service area of the supplier. The supplier will not complete the table below.							
Name of Agency Producing (Treating) the Recycled Water:			City of Atascadero					
Beneficial Use Type	General Description of 2015 Uses	Level of Treatment	2015	2020	2025	2030	2035	2040
Golf course irrigation	Golf course irrigation	Secondary, Undisinfected	112	112	112	112	112	112
Total (MG):			112	112	112	112	112	112

6.5.4 Planned Versus Actual Use of Recycled Water**Law**

CWC 10633

(e) (Provide) a description of the actual use of recycled water in comparison to uses previously projected pursuant to this subdivision.

AMWC did not prepare a 2010 UWMP and did not project 2015 recycled water use. However, actual 2015 recycled water usage from the City's WRF is identified in Table 6-4.

6.5.5 Actions to Encourage and Optimize Future Recycled Water Use**Law**

CWC 10633

(f) (Describe the) actions, including financial incentives, which may be taken to encourage the use of recycled water, and the projected results of these actions in terms of acre-feet of recycled water used per year.

CWC 10633

(g) (Provide a) plan for optimizing the use of recycled water in the supplier's service area, including actions to facilitate the installation of dual distribution systems, to promote recirculating uses, to facilitate the increased use of treated wastewater that meets recycled water standards, and to overcome any obstacles to achieving that increased use.

AMWC does not anticipate expanding recycled water use with the AMWC water service area since all wastewater indirectly recharges groundwater through percolation basins at the City Water Reclamation Facility, thereby benefitting groundwater supplies. This is identified in Table 6-6.

Table 6-6 Retail: Methods to Expand Future Recycled Water Use

<input checked="" type="checkbox"/>	Supplier does not plan to expand recycled water use in the future. Supplier will not complete the table below but will provide narrative explanation.		
Name of Action	Description	Planned Implementation Year	Expected Increase in Recycled Water Use
N/A	N/A	N/A	N/A
Total			0

6.6 Desalinated Water Opportunities

Law

CWC 10631

(h) Describe the opportunities for development of desalinated water, including, but not limited to, ocean water, brackish water, and groundwater, as a long-term supply

There are no opportunities for desalinated water projects to serve the AMWC service area.

6.7 Exchange, Transfers or Emergency Interties

Law

CWC 10631 (d)

Describe the opportunities for exchanges or transfers of water on a short-term or long-term basis.

AMWC does not anticipate any planned or potential future water exchanges or transfers. However, AMWC has an Emergency Water Supply Agreement with the County of San Luis Obispo to provide water from the AMWC system to County Service Area 23 and the Garden Farms Community Water District during emergency water shortage conditions. As of 2016, the County of San Luis Obispo has completed construction of an emergency intertie pipe between AMWC and Garden Farms Community Water District.

6.8 Future Water Projects

Law

CWC 10631

(g) ...The urban water supplier shall include a detailed description of expected future projects and programs... that the urban water supplier may implement to increase the amount of the water supply available to the urban water supplier in average, single-dry, and multiple-dry water years. The description shall identify specific projects and include a description of the increase in water supply that is expected to be available from each project. The description shall include an estimate with regard to the implementation timeline for each project or program.

AMWC does not anticipate being involved in any planned or potential future water projects or programs to increase its water supply over existing sources. AMWC will participate in groundwater sustainability projects with other stakeholders in the Atascadero basin. AMWC may participate in groundwater sustainability projects in the Paso Robles basin that would utilize its contracted water from the Nacimiento Water Project that is surplus to its needs.

6.9 Summary of Existing and Planned Sources of Water

Law

CWC 10631

(b) Identify and quantify, to the extent practicable, the existing and planned sources of water available to the supplier over the same five-year increments described in subdivision 10631(a).

(4) (Provide a) detailed description and analysis of the amount and location of groundwater that is projected to be pumped by the urban water supplier. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.

Table 6-8 provides an overview of the sources and volume of water delivered to AMWC customer for 2015.

Table 6-8 Retail: Water Supplies — Actual				
Water Supply	Additional Detail on Water Supply	2015		
		Actual Volume	Water Quality	Total Right or Safe Yield
Purchased or Imported Water	Nacimiento Water Project	949	Drinking Water	
Groundwater		490	Drinking Water	
Total (MG)		1,439		

Table 6-9 provides an overview of the projected groundwater and other water supplies available to serve AMWC.

Table 6-9 Retail: Water Supplies — Projected										
Water Supply	Projected Water Supply									
	2020		2025		2030		2035		2040	
	Reasonably Available Volume	Total Right or Safe Yield	Reasonably Available Volume	Total Right or Safe Yield	Reasonably Available Volume	Total Right or Safe Yield	Reasonably Available Volume	Total Right or Safe Yield	Reasonably Available Volume	Total Right or Safe Yield
Purchased or Imported Water	652		652		652		652		652	
Groundwater	1,481		1,586		1,654		1,734		1,815	
Total (MG)	2,133		2,238		2,306		2,386		2,467	

For the UWMP it is assumed that AMWC will receive 652 MGY (2,000 AFY) as needed from the Nacimiento Water Project to supplement/offset future groundwater pumping. However as stated previously, AMWC has contracted for 1,058 MGY (3,244 AFY) of water from the Nacimiento Water Project, which could be fully utilized as needed.

SECTION 7 WATER SUPPLY RELIABILITY ASSESSMENT**7.1 Constraints on Water Sources****Law****CWC 10631**

(c)(2) For any water source that may not be available at a consistent level of use, given specific legal, environmental, water quality, or climatic factors, describe plans to supplement or replace that source with alternative sources or water demand management measures, to the extent practicable.

CWC 10634

The plan shall include information, to the extent practicable, relating to the quality of existing sources of water available to the supplier over the same five-year increments as described in subdivision (a) of Section 10631, and the manner in which water quality affects water management strategies and supply reliability.

7.1.1 Groundwater Reliability

Sustainable management of its existing groundwater resources through water-use efficiency measures and use of NWP supplemental water will allow AMWC to serve existing and future water demands during normal years, single dry years, or multiple dry years. AMWC has never had a single normal year, single dry year, or multiple dry years in which it did not pump 100% of its demand, regardless of regional hydrology. There is no basis in the hydrologic record for reducing supply reliability based upon single and/or multiple dry year conditions. On this basis, AMWC's supply is presented as 100% reliable for single and multiple dry year periods.

7.1.2 Supplemental Water Reliability

For the purpose of this UWMP, the Nacimiento Water Project supply is assumed to be 100% reliable based on the findings from "Nacimiento Reservoir Reliability as a Water Source for San Luis Obispo County" dated October 2002 and prepared by Boyle Engineering Corporation. The findings from this report are included in the final Nacimiento Water Project Environmental Impact Report dated December 2003 and prepared by Marine Research Specialists, which states that the Nacimiento Water Project can be considered 100% reliable based on evaluation of historical usage and drought conditions impacting the Nacimiento Reservoir over the past 40 years. As a result of this analysis, AMWC plans on 100% of its supplemental water supply (from the NWP) to be available in single dry and multiple dry years. A website link to the final EIR for Nacimiento Water Project is provided below:

❑ http://www.slocounty.ca.gov/PW/NWP/General_Project_Information/reports/EIRFinal.htm

However, if temporary and/or permanent water shortage conditions exist the San Luis Obispo County Flood Control and Water Conservation District could impose the following requirements as stated in the agreement for Nacimiento deliveries:

"The District may temporarily discontinue or reduce the amount of Nacimiento Project Water to be furnished to the Participant during such time as the District is maintaining, repairing, replacing, investigating, or inspecting any of the portions of the Nacimiento Facilities necessary for the furnishing of water to the Participant. Insofar as it is feasible, the District shall give the Participant notice in advance of any such temporary discontinuance or reduction, except in the case of emergency, in which case no notice need be given. In the event of such discontinuance or reduction, the District will upon resumption of service, deliver, as nearly as may be feasible, the quantity of Nacimiento Project Water which would have been furnished to the Participant in the absence of such discontinuance or reduction. Notwithstanding the foregoing, under no circumstances shall the Participant be relieved of any obligation to make Contract Payments as a result of such temporary discontinuance or reduction of Nacimiento Project Water."

(A) Temporary Shortages. In any Water Year in which there may occur a shortage or interruption due to drought or other temporary cause in the supply of the Nacimiento Reservoir Water available for delivery by the District to the Participant, to the Other Participants and/or to the Reserve Water Customers, with the result that the amount of such supply is less than the total of: (i) the Delivery Entitlement and (ii) the Other Delivery Entitlements, plus (iii) the amount of the District's obligations to the Reserve Water Customers for that Water Year, the District shall calculate the amount of said reduced supply of water available to the District for use as Nacimiento Project Water and shall apportion the reduced supply.

(B) Permanent Shortages. In the event that there is a reduction in the supply of Nacimiento Reservoir Water provided to the District under the Master Water Contract, which notwithstanding the preventative or remedial measures taken by the Monterey Water Agency, threatens or causes a permanent shortage in the amount of Nacimiento Reservoir Water available to the District under the Master Water Contract, with the result that the District concludes such supply will, for an indefinite period extending beyond the current Water Year, be less than Seventeen Thousand Five Hundred (17,500) Acre-Feet, the District shall calculate and apportion the permanently reduced supply of water.³

7.2 Reliability by Type of Year

Law

CWC 10631

(c)(1) Describe the reliability of the water supply and vulnerability to seasonal or climatic shortage, to the extent practicable, and provide data for each of the following:

(A) an average water year,

(B) a single dry water year,

(C) multiple dry water years.

As described in Section 7.1, AMWC has never had a single year or multiple dry years in which it did not pump 100% of its demand, regardless of regional hydrology. However, to determine the average, single and multiple dry water years AMWC reviewed historical rainfall data from the precipitation gauge station at 6575 Sycamore Road located at the AMWC Corporation Yard. The results of the historical rainfall data review are presented in Figure 7-1.

³ Nacimiento Project Water Delivery Entitlement Contract with Atascadero Mutual Water Company

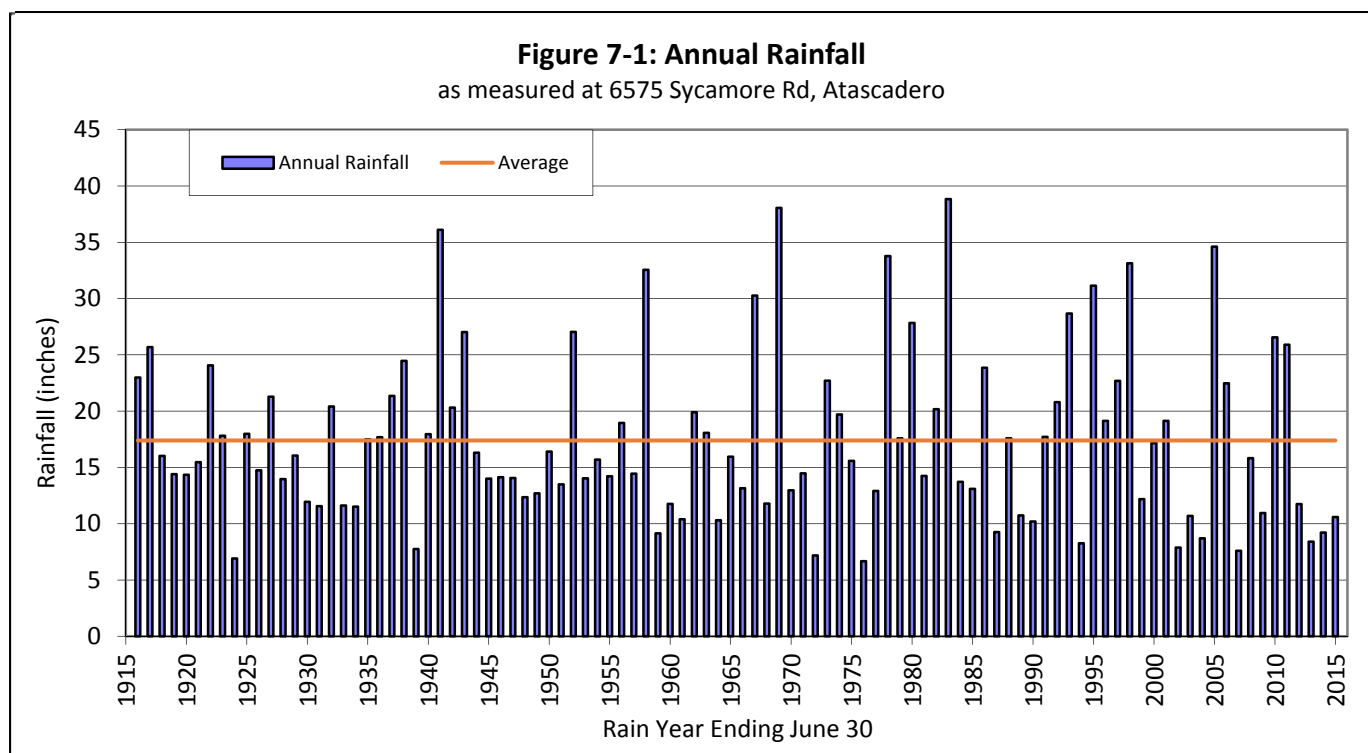


Table 7-1 identifies the basis of water year data as required by the UWMP for projecting supply available during single and multiple dry year conditions.

Table 7-1 Retail: Basis of Water Year Data			
Year Type	Base Year	Available Supplies if Year Type Repeats	
		Agency may provide volume only, percent only, or both	
		Volume Available (MG)	% of Average Supply
Average Year	2000	2,082	100%
Single-Dry Year	2012	1,875	100%
Multiple-Dry Years 1st Year	2012	1,875	100%
Multiple-Dry Years 2nd Year	2013	1,977	100%
Multiple-Dry Years 3rd Year	2014	1,690	100%
Agency may use multiple versions of Table 7-1 if different water sources have different base years and the supplier chooses to report the base years for each water source separately. If an agency uses multiple versions of Table 7-1, in the "Note" section of each table, state that multiple versions of Table 7-1 are being used and identify the particular water source that is being reported in each table.			

7.3 Supply and Demand Assessment

Law

CWC 10635

(a) Every urban water supplier shall include, as part of its urban water management plan, an assessment of the reliability of its water service to its customers during normal, dry, and multiple dry water years. This water supply and demand assessment shall compare the total water supply sources available to the water supplier with the total projected water use over the next 20 years, in five-year increments, for a normal water year, a single dry water year, and multiple dry water

years. The water service reliability assessment shall be based upon the information compiled pursuant to Section 10631, including available data from state, regional or local agency population projections within the service area of the urban water supplier.

Table 7-2 provides a summary of AMWC's projected supply and water demands through 2040. The future demand projections are based on future population projections as described in Section 3.4 with implementation of the required 20 percent reduction by 2020 as described in Section 5.6.1. The future supply projections are based on the reasonably available groundwater and imported water volumes as described in Section 6.9. Based on the analysis of AMWC's current/projected water supply sources AMWC has sufficient resources to serve future demands.

Table 7-2 Retail: Normal Year Supply and Demand Comparison					
	2020	2025	2030	2035	2040
Supply totals (MG)	2,133	2,238	2,306	2,386	2,467
Demand totals (MG)	2,133	2,238	2,306	2,386	2,467
Difference	0	0	0	0	0

AMWC has never had a single year or multiple dry years in which it did not pump 100% of its demand, regardless of regional hydrology. Therefore, there is no basis in the hydrologic record for reducing supply reliability based upon single and/or multiple dry year conditions when imported water supply is available in addition to historical groundwater production. On this basis, AMWC's supply is presented as 100% reliable for single and multiple dry year periods as summarized in the following sections. Table 7-3 provides a summary of AMWC's projected supply and demand through 2040 for a single dry year

Table 7-3 Retail: Single Dry Year Supply and Demand Comparison					
	2020	2025	2030	2035	2040
Supply totals (MG)	2,133	2,238	2,306	2,386	2,467
Demand totals (MG)	2,133	2,238	2,306	2,386	2,467
Difference	0	0	0	0	0

Table 7-4 provides a summary of AMWC's projected supply and demand through 2040 for multiple dry years.

Table 7-4 Retail: Multiple Dry Years Supply and Demand Comparison						
		2020	2025	2030	2035	2040
First year	Supply totals (MG)	2,133	2,238	2,306	2,386	2,467
	Demand totals (MG)	2,133	2,238	2,306	2,386	2,467
	Difference	0	0	0	0	0
Second year	Supply totals (MG)	2,133	2,238	2,306	2,386	2,467
	Demand totals (MG)	2,133	2,238	2,306	2,386	2,467
	Difference	0	0	0	0	0
Third year	Supply totals (MG)	2,133	2,238	2,306	2,386	2,467
	Demand totals (MG)	2,133	2,238	2,306	2,386	2,467
	Difference	0	0	0	0	0

7.4 Regional Supply Reliability

Law

CWC 10620

(f) An urban water supplier shall describe in the plan water management tools and options used by that entity that will maximize resources and minimize the need to import water from other regions.

AMWC coordinates closely with the City of Atascadero and the San Luis Obispo County Flood Control and Water Conservation District with respect to regional water resource management. AMWC has participated in the following regional water resource planning efforts:

- 1) 2003 Projected Water Supply and Demand Update – Based upon present studies, pumping records, land use designations and other information available to the public, this analysis is an update of a similar supply and demand study completed in 1997. The update was necessary at this time because of a change in the City of Atascadero’s General Plan, possible changes in water use patterns, additional information concerning AMWC’s water supply and pending decisions concerning supplemental water supplies, most notably the Nacimiento Water Project. The Water Supply and Demand Update provided the reasoning for AMWC participation in the Nacimiento Water Project to meet future peak water demand.
- 2) Paso Robles Groundwater Basin Study – Investigated the hydrogeologic conditions of the basin and quantified the water supply capacity of Paso Robles Groundwater Basin and the Atascadero Sub- Basin. The report is “intended to provide the San Luis Obispo County Public Works Department, North County public water agencies, and overlying landowners and water users a better understanding of the basin by answering questions related to the quantity of groundwater in the basin, the hydraulic movement of groundwater through the basin, sources and volumes of natural recharge, and trends in water quality issues that may affect users.” Provided the foundation the community needs to participate in water resource planning and consensus based decision-making process.
- 3) San Luis Obispo County 2012 Master Water Report – Master planning of regional water resources throughout the County of San Luis Obispo.
- 4) 2011 Paso Robles Groundwater Basin - Groundwater Management Plan.
- 5) California Statewide Groundwater Elevation Monitoring Program (CASGEM).

SECTION 8 WATER SHORTAGE CONTINGENCY PLANNING

Law

CWC 10632

(a) The plan shall provide an urban water shortage contingency analysis that includes each of the following elements that are within the authority of the urban water supplier.

8.1 Stages of Action

Law

CWC 10632

(a)(1) Stages of action to be undertaken by the urban water supplier in response to water supply shortages, including up to a 50 percent reduction in water supply, and an outline of specific water supply conditions which are applicable to each stage.

As of May 13, 2015 the Board of Directors of the Atascadero Mutual Water Company passed a resolution declaring a Stage 2 water shortage emergency condition within the area served by AMWC. The Water Shortage Response and Management Plan is based on four escalating stages of drought. In Stages 2 and 3 are targeted reductions in water use designed to protect long-term groundwater supplies. Stage 2 represents Severe Water Shortage Conditions and sets a goal of reducing service-wide water use by 35%. Table 8-1 summarizes the water shortage conditions and required supply reductions.

Table 8-1 Retail Stages of Water Shortage Contingency Plan		
Stage	Complete Both	
	Percent Supply Reduction*	Water Supply Condition
0	0%	Reserve production capability of 20% above the maximum daily demand
1	0-15%	Reserve production capability of 10% above the maximum daily demand
2	15%-35%	No reserve production capability
3	35%-50%	Less than 0% reserve production capability
*One stage in the Water Shortage Contingency Plan must address a water shortage of 50%.		

8.2 Prohibitions on End Uses

Law

CWC 10632

(a)(4) Additional, mandatory prohibitions against specific water use practices during water shortages, including, but not limited to, prohibiting the use of potable water for street cleaning.

(5) Consumption reduction methods in the most restrictive stages. Each urban water supplier may use any type of consumption reduction methods in its water shortage contingency analysis that would reduce water use, are appropriate for its area, and have the ability to achieve a water use reduction consistent with up to a 50 percent reduction in water supply.

Table 8-2 summarizes the restrictions and prohibitions on end uses during each stage of water shortage responses implemented by AMWC.

Table 8-2 Retail Only: Restrictions and Prohibitions on End Uses

Stage	Restrictions and Prohibitions on End Users	Penalty, Charge, or Other Enforcement?
2	Landscape - Restrict or prohibit runoff from landscape irrigation	Yes
2	Other - Prohibit use of potable water for washing hard surfaces	Yes
2	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	Yes
2	Other - Prohibit vehicle washing except at facilities using recycled or recirculating water	Yes
2	Landscape - Limit landscape irrigation to specific days	Yes
2	Landscape - Limit landscape irrigation to specific days	Yes
2	Water Features - Restrict water use for decorative water features, such as fountains	Yes
2	Landscape - Prohibit certain types of landscape irrigation	Yes
2	CII - Other CII restriction or prohibition	Yes
2	CII - Lodging establishment must offer opt out of linen service	Yes
3	Landscape - Restrict or prohibit runoff from landscape irrigation	Yes
3	Other - Prohibit use of potable water for washing hard surfaces	Yes
3	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	Yes
3	Other - Prohibit vehicle washing except at facilities using recycled or recirculating water	Yes
3	Landscape - Limit landscape irrigation to specific days	Yes
3	Landscape - Limit landscape irrigation to specific days	Yes
3	Water Features - Restrict water use for decorative water features, such as fountains	Yes
3	Landscape - Prohibit certain types of landscape irrigation	Yes
3	CII - Other CII restriction or prohibition	Yes
3	CII - Lodging establishment must offer opt out of linen service	Yes
3	Landscape - Prohibit all landscape irrigation	Yes
3	Other - Prohibit use of potable water for construction and dust control	Yes

8.3 Penalties, Charges, Other Enforcement of Prohibitions

Law

CWC 10632

(a)(6) Penalties or charges for excessive use, where applicable.

AMWC implements the following penalties and charges for excessive water use within its service areas:

Table 8-3a: Excessive Water Use Penalties and Charges

Stage	Violation	Notices and Surcharges
1	1st	Written and oral notice (door hanger and follow-up call) identifying the nature of violation
1	2nd	Written notice including notification of possible surcharge and the possible installation of flow restrictor
1	3rd	The third violation within one year of first violation will incur a 50% surcharge based on current month's water usage added to current month's water bill
1	4th and Subsequent	The fourth and subsequent violations within one year of the first violation will incur a 100% surcharge based on the current month's water usage added to the current month's water bill plus installation of a flow restrictor

8.4 Consumption Reduction Methods

Law

CWC 10632

(a)(5) Consumption reduction methods in the most restrictive stages. Each urban water supplier may use any type of consumption reduction methods in its water shortage contingency analysis that would reduce water use, are appropriate for its area, and have the ability to achieve a water use reduction consistent with up to a 50 percent reduction in water supply.

Table 8-3 summarizes the consumption reduction methods implemented by AMWC during the varying water shortage stages.

Table 8-3 Retail Only: Stages of Water Shortage Contingency Plan - Consumption Reduction Methods		
Stage	Consumption Reduction Methods by Water Supplier	Additional Explanation or Reference
0	Expand Public Information Campaign	Active conservation program
1	Other	Request voluntary reduction
2	Other	Alternate irrigation watering schedules
2	Other	Prohibition the washing of paved surfaces where sweeping would be an appropriate alternative
2	Other	Prohibition of the washing of vehicles and other activities involving the use of a hose without a shut off nozzle
3	Implement or Modify Drought Rate Structure or Surcharge	
3	Other	Prohibit landscape irrigation
3	Other	Interrupt irrigation services

8.5 Determining Water Shortage Reductions

Law

CWC 10632

(a)(9) A mechanism for determining actual reductions in water use pursuant to the urban water shortage contingency analysis.

Water shortage reductions within the AMWC water service area would be determined and measured by reviewing well production records (production) and customer water billing/meter information (consumption). Customers within the AMWC water service area are 100% metered.

8.6 Revenue and Expenditure Impacts

Law

CWC 10632

(a)(7) An analysis of the impacts of each of the actions and conditions described in paragraphs (1) to (6), inclusive, on the revenues and expenditures of the urban water supplier, and proposed measures to overcome those impacts, such as the development of reserves and rate adjustments.

Under Stage 2 and 3 water shortage conditions, additional time would be required to enforce and to administer consumption reduction measures. Successful implementation of Stage 2 and 3 measures would result in a reduction in

water revenues. A portion of the upper tiers of AMWC's increasing block tiered rate structure provides a contingency fund for revenue impacts resulting from water shortage conditions.

8.7 Resolution or Ordinance

Law

CWC 10632

(a)(8) A draft water shortage contingency resolution or ordinance.

A copy of AMWC's draft water shortage contingency resolution is included in Appendix F of this UWMP.

8.8 Catastrophic Supply Interruption

Law

CWC 10632

(a)(3) Actions to be undertaken by the urban water supplier to prepare for, and implement during, a catastrophic interruption of water supplies including, but not limited to, a regional power outage, an earthquake, or other disaster.

The UWMP Act requires a catastrophic supply interruption plan. This plan looks at the vulnerability of each source and distribution system to events such as wildfires, flooding, earthquakes, landslides, rockslides, other natural disasters, and unforeseen emergencies. The actions taken to address each catastrophe are presented in Table 8-4a below:

Table 8-4a Catastrophic Supply Interruption Actions	
Possible Catastrophe	Summary of Actions
Regional Power Outage	<p>AMWC would complete following:</p> <ul style="list-style-type: none"> • Assess the problem • Mobilize backup generators to booster stations • Start natural gas driven wells as required to meet potable water demands, check backup propane fuel supplies • Estimate potable water requirements and determine if needs can be met • Increase disinfection residual as precaution to potential contamination • Notify customers that water service may be disrupted and that restrictions may be necessary • Issue "Boil Water", "Do Not Drink", or "Do Not Use" orders and press releases as appropriate • Notify customers when it is safe to use drinking water again if orders issued
Earthquake/ Fault Rupture/ Liquefaction	<p>AMWC would complete following:</p> <ul style="list-style-type: none"> • Activate personnel accountability network to check for injury to staff • Inspect all structures, wells, tanks, and boosters for obvious cracks and damage • Remove from service any structures, wells, tanks, and boosters for obvious cracks and damage • Estimate potable water requirements and determine if needs can be met • Isolate main breaks • Increase disinfection residual as precaution to potential contamination • If power disrupted, refer to "Regional Power Outage" for recommended actions • Assess and prioritize repairs • Notify customers that water service may be disrupted and that restrictions may be necessary • Issue "Boil Water", "Do Not Drink", or "Do Not Use" orders and press releases as appropriate • Notify customers when it is safe to use drinking water again if orders issued

Flood	<p>AMWC would complete following:</p> <ul style="list-style-type: none"> • Disconnect electric power to wells • Remove RTU's from wells • Wrap large electric motors subject to flooding w/ plastic • Remove equipment and critical supplies from flood plain • Notify customers that water service may be disrupted and that restrictions may be necessary • Issue "Boil Water", "Do Not Drink", or "Do Not Use" orders and press releases as appropriate • Notify customers when it is safe to use drinking water again if orders issued
Contamination	<p>AMWC would complete following:</p> <ul style="list-style-type: none"> • Assess the problem • Confirm identity of contaminant • Identify contaminated area • Evaluate direction of movement • Isolate portion of system containing contaminant • Shut down system in area contaminant confirmed • Issue "Boil Water", "Do Not Drink", or "Do Not Use" orders and press releases as appropriate • Initiate Alternate Water Supply Plan • Develop and implement remediation and recovery plan • Notify customers when it is safe to use drinking water again if orders issued

8.9 Minimum Supply Next Three Years

Law

CWC 10632

(a)(2) An estimate of the minimum water supply available during each of the next three water years based on the driest three-year historic sequence for the agency's water supply.

Table 8-4 summarizes the anticipated minimum supply for the next three years based on available supply resources.

Table 8-4 Retail: Minimum Supply Next Three Years			
	2016	2017	2018
Available Water Supply	2,038	2,052	2,067
NOTES: Future demands based on AMWC Demand Study			

SECTION 9 DEMAND MANAGEMENT MEASURES

9.1 Demand Management Measures for Retail Agencies

Law

CWC 10631

(f)(A)... The narrative shall describe the water demand management measure that the supplier plans to implement to achieve its water use targets pursuant to Section 10608.20.

(B) The narrative pursuant to this paragraph shall include descriptions of the following water demand management measures:

(i) Water waste prevention ordinances.

(ii) Metering.

(iii) Conservation pricing.

(iv) Public education and outreach.

(v) Programs to assess and manage distribution system real loss.

(vi) Water conservation program coordination and staffing support.

(vii) Other demand management measures that have a significant impact on water use as measured in gallons per capita per day, including innovative measures, if implemented

The UWMP Act requires a discussion of Demand Management Measures (DMMs), including a description of each of the DMMs currently being implemented/scheduled for implementation, the schedule of implementation for all DMMs, and the methods, if any, AMWC will use to evaluate the effectiveness of DMMs.

The section of the CWC addressing DMMs was significantly modified in 2014, based on recommendations from the Independent Technical Panel (ITP) to the legislature. The ITP was formed by DWR to provide information and recommendations to DWR and the Legislature on new demand management measures, technologies and approaches to water use efficiency (see <http://www.water.ca.gov/wateruseefficiency/sb7/committees/urban/u2/>). In its report to the Legislature, the ITP recommended that the UWMP Act should be amended to simplify, clarify, and update the demand management measure reporting requirements. The ITP recommended, and the legislature enacted, streamlining the retail agency requirements from 14 specific measures to six (6) more general requirements plus an “other” category. These 14 specific measures correspond to the California Urban Water Conservation Council’s 14 BMPs. The BMPs/DMMs are examples of sound water management practices that have been found to be cost effective and practicable in most instances throughout California. DWR consulted with CUWCC and determined that DMMs will be equated with BMPs. Therefore, DMMs and BMPs are referred to interchangeably in this Plan.

Currently the 14 CUWCC BMPs are organized into five categories. Two categories, Utility Operations and Education, are “Foundational BMPs”, because they are considered to be essential water conservation activities by any utility and are adopted for implementation by all signatories to the MOU as ongoing practices with no time limits. The remaining BMPs are “Programmatic BMPs” and are organized into Residential, Commercial, Industrial, and Institutional (CII), and Landscape categories. Table 9-1 provides an overview of the previous CUWCC BMP naming convention, current organizational grouping and corresponding DMMs required for this UWMP update.

Table 9-1 CUWCC BMPs and DWR DMMs

Prior CUWCC BMP Number	Prior CUWCC BMP Name	CUWCC New BMP category	DWR DMM
1	Water Survey Programs for Single- Family Residential and Multi-Family Residential Customers	Programmatic: Residential	Other DMM
2	Residential Plumbing Retrofit	Programmatic: Residential	Other DMM
3	System Water Audits, Leak Detection and Repair	Foundational: Utility Operations – Water Loss Control	Programs to Assess and Manage Distribution System Real Loss
4	Metering with Commodity Rates for All New Connections and Retrofit of Existing Connections	Foundational: Utility Operations – Metering	Metering
5	Large Landscape Conservation Programs and Incentives	Programmatic: Landscape	Other DMM
6	High-Efficiency Clothes Washing Machine Financial Incentive Programs	Programmatic: Residential	Other DMM
7	Public Information Programs	Foundational: Education – Public Information Programs	Public Education and Outreach
8	School Education Programs	Foundational: Education – School Education Programs	Other DMM
9	Conservation Programs for Commercial, Industrial, and Institutional (CII) Accounts	Programmatic: Commercial, Industrial, and Institutional	Other DMM
10	Wholesale Agency Assistance Programs	Foundational: Utility Operations – Operations	Other DMM
11	Retail Conservation Pricing	Foundational: Utility Operations – Pricing	Conservation pricing
12	Conservation Coordinator	Foundational: Utility Operations – Operations	Water Conservation Program Coordination and Staffing Support
13	Water Waste Prohibition	Foundational: Utility Operations – Operations	Water Waste Prevention Ordinances
14	Residential ULFT Replacement Programs	Programmatic: Residential	Other DMM

9.1.1 Water Waste Prevention Ordinances

CUWCC BMP Category: Foundational: Utility Operations – Operations

Date of Implementation: 2000

CUWCC BMP Requirements:

Implementation shall consist of at least the following actions:

a) New development

Enact, enforce, or support legislation, regulations, ordinances, or terms of service that (1) prohibit water waste such as, but not limited to: single-pass cooling systems; conveyor and in bay vehicle wash and commercial laundry systems which do not reuse water; non-recirculating decorative water fountains and (2) address irrigation, landscape, and industrial, commercial, and other design inefficiencies.

b) Existing users

Enact, enforce, or support legislation, regulations, ordinances, or terms of service that prohibit water waste such as, but not limited to: landscape and irrigation inefficiencies, commercial or industrial inefficiencies, and other misuses of water.

c) Water shortage measures

Enact, enforce, or support legislation, regulations, ordinances, or terms of service that facilitate implementation of water shortage response measures.

AMWC's implementation of this BMP includes the following items:

- 1) Work with local government to prohibit frequent gutter flooding, single-pass cooling systems for new connections, non-recirculating systems in all new conveyor or car wash systems, non-recirculating systems in all new commercial laundry systems, non-recirculating systems in all new decorative fountains.
- 2) Work with local government to instate a landscape water ordinance as least as effective as the AB 325 Model Landscape Ordinance.
- 3) Work with local government to instate a water softener ordinance.
- 4) Provide information about Demand Initiated Regenerating and exchange-type water softeners in water quality and conservation outreach.
- 5) Develop a rebate program in conjunction with the city to replace less efficient water softener timer models with DIR or exchange-type models.

Upon declaration of a Stage 1 water shortage condition the following Wise and Beneficial Use of Water policy is adopted and the public water-awareness program is escalated. When the Board of Directors makes a Stage 2 declaration the Wise and Beneficial Use of Water policy is enacted and prohibitions and restrictions on the use of water are enforced.

Wasteful Use of Water - No water user shall waste any water supplied through the distribution facilities of AMWC or through any well under agreement with AMWC. The following uses of water constitute "waste" as used in this resolution:

- 1) The watering of grass, lawns, ground-cover, shrubbery, open ground, crops and trees, including agricultural irrigation, in a manner or to an extent which allows substantial amounts of excess water to run off the area being watered. Every water user is deemed to have under his control at all times his water distribution lines and facilities and to know the manner and extent of his water use and excess runoff.

- 2) The washing of sidewalks, walkways, driveways, parking lots and all other hard-surfaced areas by direct hosing, except as directed by governmental entities or agencies to eliminate matters and substances dangerous to the public health and safety.
- 3) The escape of water through breaks or leaks within the water users plumbing or distribution system for any substantial period of time within which such break or leak should reasonably have been discovered and corrected. It shall be presumed that a period of 24 hours after the water user discovers such leak or break, whichever occurs first, is a reasonable time within which to correct such leak or break.
- 4) The use of water by governmental entities or agencies for (1) routine water system flushing for normal maintenance, (2) routine sewer system flushing for normal maintenance, and (3) fire personnel training; except as approved in advance in writing by the AMWC Board of Directors.
- 5) The watering of grass, lawns, ground-cover, shrubbery, open ground, crops and trees, including agricultural irrigation between the hours of 7 a.m. and 7 p.m.
- 6) The watering of grass, lawns, ground-cover, shrubbery, open ground, crops and trees, including agricultural irrigation, on Mondays, Wednesdays, and Fridays for properties with odd-numbered street addresses and Tuesdays, Thursdays, and Saturdays for properties with even-numbered street addresses.
- 7) The watering of grass, lawns, ground-cover, shrubbery, open ground, crops and trees, including agricultural irrigation on Sundays on any property within the service area of AMWC.
- 8) The washing of vehicles and other activities involving the use of a hose without a shutoff nozzle.

Remedies - In the event any person, firm, partnership, association, corporation, or political entity is found by the Board of Directors to be in violation of any restriction or prohibition of this Resolution, the Board of Directors may impose a special water waste surcharge against such person's account and may temporarily or permanently discontinue or restrict, with a flow regulating device, water service to the affected property. Before taking such action, the Board of Directors shall give any such person reasonable notice and an opportunity to be heard and protest against the finding of such violation and the imposition of such measures. The Board may determine the terms and conditions of the discontinuance or restriction of service any may establish by Resolution, a schedule of the amount of such surcharges as in its sole discretion will reasonably compensate AMWC and its customers for all loss of water and other damages incurred and as will foster water conservation within the service area of AMWC.

Notices and Surcharges - The Board authorizes AMWC staff to issue notices and assess the surcharges listed below to shareholders in violation of any restriction or prohibition of this Resolution. The Board has determined that the surcharges listed below reasonably compensate AMWC and its customers for all loss of water and other damages incurred and as will foster water conservation within the service area of AMWC.

- 1st Violation - Written & oral notice (door hanger & follow-up call) identifying nature of violation
- 2nd Violation - Written notice including notification of possible surcharge & installation of flow restrictor
- 3rd Violation within one year of first violation - 50% surcharge based on current month's water usage added to current month's water bill
- 4th & Subsequent Violations within one year of first violation - 100% surcharge based on current month's water usage added to current month's water bill plus installation of flow restrictor

Emergency Staff Action - In unusual emergency circumstances where AMWC personnel observe substantial amounts of water being wasted in violation of this Resolution and where after reasonable efforts have been made to persuade the shareholder to terminate such waste, but have failed, the General Manager may authorize the immediate restriction of water service by installation of a flow regulating device or temporary discontinuation of service to the affected

property. A written notice of such action and the reasons therefore shall be delivered to the shareholder and any adult person present at the premises, or if none can be found, left in a conspicuous place on the property within twenty four hours of restriction or discontinuance of service. Any such person whose service has been discontinued may have water service promptly reinstated by applying at the AMWC office upon payment of a reconnection fee equal to the delinquent shut-off fee established by the Board. Notwithstanding any reinstatement, such person may still be cited for and subject to all other penalties for water wastage provide elsewhere in this Resolution.

Appeals - Any water user may appeal any decision or application of the provisions of this Resolution to the Board of Directors by filing a written appeal with the General Manager within ten days from the date of the decision or application of the provisions is made, and the Board of Directors will set the matter for a hearing at the next regular meeting, and may in its discretion thereafter affirm, reverse, or modify the General Manager's decision, and impose any conditions it deems just and proper.

9.1.2 Metering

Law

CWC 526

(a) Notwithstanding any other provisions of law, an urban water supplier that, on or after January 1, 2004, receives water from the federal Central Valley Project under a water service contract or subcontract... shall do both of the following:

(1) On or before January 1, 2013, install water meters on all service connections to residential and nonagricultural commercial buildings... located within its service area.

CWC 527

(a) An urban water supplier that is not subject to Section 526 shall do both the following:

(1) Install water meters on all municipal and industrial service connections located within its service area on or before January 1, 2025.

CUWCC BMP Category: Foundational: Utility Operations – Metering

Date of Implementation: 1913

CUWCC BMP Requirements:

Implementation shall consist of at least the following actions:

- 1) Require meters for all new service connections.*
- 2) Establish a program for retrofitting existing unmetered service connections.*
- 3) Read meters and bill customers by volume of use:*
 - a. Establish and maintain billing intervals that are no greater than bi-monthly (every two months) for all customers.*
 - b. For each metered connection, perform at least five actual meter readings (including remotely sensed) per twelve month period.*
- 4) Prepare a written plan, policy or program that includes:*
 - a. A census of all meters, by size, type, year installed, customer class served and manufacturer's warranty accuracy when new;*
 - b. A currently approved schedule of meter testing and repair, by size, type and customer class;*
 - c. A currently approved schedule of meter replacement, by size, type, and customer class; and*

- 5) *Identifying intra- and inter-agency disincentives or barriers to retrofitting mixed use commercial accounts with dedicated landscape meters, and conducting a feasibility study(s) to assess the merits of a program to provide incentives to switch mixed use accounts to dedicated landscape meters.*

AMWC's implementation of this BMP includes the following:

Requiring meters for all new connections and billing by volume of use. Metering of all water has been instituted since 1914. Dedicated irrigation meters are encouraged for commercial, industrial, institutional and multi-family common landscapes greater than 5000 square feet. AMWC Shareholders are billed with a commodity, a base and an increasing tiered rate structure.

9.1.3 Conservation Pricing

CUWCC BMP Category: Foundational: Utility Operations – Pricing

Date of Implementation: 1913

CUWCC BMP Requirements:

Implementation shall consist of at least the following actions:

- (a) *Conservation pricing provides economic incentives (a price signal) to customers to use water efficiently. Because conservation pricing requires a volumetric rate, metered water service is a necessary condition of conservation pricing. Unmetered water service is inconsistent with the definition of conservation pricing.*
- (b) *Conservation pricing requires volumetric rate(s). While this BMP defines a minimum percentage of water sales revenue from volumetric rates, the goal of this BMP is to recover the maximum amount of water sales revenue from volumetric rates that is consistent with utility costs (which may include utility long-run marginal costs), financial stability, revenue sufficiency, and customer equity.*

Part I. Retail Water Service Rates

In addition to volumetric rate(s), conservation pricing may also include one or more of the following other charges:

- 1) *Service connection charges designed to recover the separable costs of adding new customers to the water distribution system.*
- 2) *Monthly or bimonthly meter/service charges to recover costs unrelated to the volume of water delivered or new service connections and to ensure system revenue sufficiency.*
- 3) *Special rates and charges for temporary service, fire protection service, and other irregular services provided by the utility.*

The following volumetric rate designs are potentially consistent with the above definition:

- 1) *Uniform rate in which the volumetric rate is constant regardless of the quantity consumed.*
- 2) *Seasonal rates in which the volumetric rate reflects seasonal variation in water delivery costs.*
- 3) *Tiered rates in which the volumetric rate increases as the quantity used increases.*
- 4) *Allocation-based rates in which the consumption tiers and respective volumetric rates are based on water use norms and water delivery costs established by the utility.*

Adequacy of Volumetric Rate(s): A retail agency's volumetric rate(s) shall be deemed sufficiently consistent with the definition of conservation pricing when it satisfies at least one of the following two options.

Option 1: Let V stand for the total annual revenue from the volumetric rate(s) and M stand for total annual revenue from customer meter/service (fixed) charges, then:

$$V/V+M \geq 70\%$$

This calculation shall only include utility revenues from volumetric rates and monthly or bimonthly meter/service charges. It shall not include utility revenues from new service connection charges; revenue from special rates and charges for temporary service, fire protection, or other irregular services; revenue from grants or contributions from external sources in aid of construction or program implementation; or revenue from property or other utility taxes.

Option 2: Use the rate design model included with the Municipal Water and Wastewater Rate

*Manual published by the Canadian Water & Wastewater Association with the signatory's water system and cost information to calculate V', the uniform volume rate based on the signatory's long-run incremental cost of service, and M', the associated meter charge. *Let HCF be annual water delivery (in hundred cubic feet).+ A signatory's volumetric rate(s) shall be deemed sufficiently consistent with the definition of conservation pricing if:*

$$V/V+M \geq V'/V' + M'$$

Part II. Retail Wastewater Service Rates

Conservation pricing of sewer service provides incentives to reduce average or peak use, or both. Such pricing includes: rates designed to recover the cost of providing service, and billing for sewer service based on metered water use. Conservation pricing of sewer service is also characterized by one or more of the following components: rates in which the unit rate is the same across all units of service (uniform rates); rates in which the unit rate increases as the quantity of units purchased increases (increasing block rates); rates in which the unit rate is based upon the long-run marginal cost or the cost of adding the next unit of capacity to the sewer system. Rates that charge customers a fixed amount per billing cycle for sewer service regardless of the units of service consumed do not satisfy the definition of conservation pricing of sewer service. Rates in which the typical bill is determined by high fixed charges and low commodity charges also do not satisfy the definition of conservation pricing of sewer service.

AMWC's implementation of this BMP includes the following:

Continued conservation pricing and education of customers on conservation pricing. Table 9-2 and 9-3 summarizes AMWC's current water rate structure. AMWC does not provide sewer service. Sewer service is provided by the City of Atascadero for a limited number of users within the AMWC water service area.

Table 9-2 Minimum Rate per Meter Size	
Meter Size	Water Rates
5/8	\$20
3/4	\$20
1	\$25
2	\$30
3	\$50
4	\$175
5	\$220
6	\$350
Hydrant Meter	\$70

Table 9-3 Charges for Water Consumed		
Tier	Usage (1000 gal)	Rate (Per 1000 gal)
1	0 - 10	\$ 2.10
2	11 – 25	\$ 3.25
3	26 – 50	\$ 4.80
4	51 – 75	\$ 5.50
5	>75	\$6.00

In addition to the standard billing rates shown above properties in pumping-surge areas pay an additional 15% for water consumed.

9.1.4 Public Education and Outreach

CUWCC BMP Category: Foundational: Education – Public Information Programs

Date of Implementation: 1993

CUWCC BMP Requirements:

Implementation shall consist of at least the following actions:

- 1) *The program should include, when possible, but is not limited to, providing speakers to employees, community groups and the media; using paid and public service advertising; using bill inserts; providing information on customers' bills showing use for the last billing period compared to the same period the year before; providing public information to promote water conservation measures; and coordinating with other government agencies, industry groups, public interest groups, and the media.*
- 2) *The program should include, when possible, social marketing elements which are designed to change attitudes to influence behavior. This includes seeking input from the public to shape the water conservation message; training stakeholders outside the utility staff in water conservation priorities and techniques; and developing partnerships with stakeholders who carry the conservation message to their target markets.*
- 3) *When mutually agreeable and beneficial, the wholesale agency or another lead regional agency may operate all or part of the public information program. If the wholesale agency operates the entire program, then it may, by mutual consent with the retail agency, assume responsibility for CUWCC reporting for this BMP. Under this arrangement, a wholesale agency may aggregate all or portions of the reporting and coverage requirements of the retail agencies joining into the mutual consent.*

AMWC's implementation of this BMP includes the following:

- 1) Annual conservation newsletter to customers.
- 2) Annual Water-Wise Strategies workshops.
- 3) Providing information on customer's bills showing use in thousand gallons per month compared to previous year.
- 4) Providing conservation information on monthly water bill.
- 5) Sponsoring local Groundwater Guardian Program.
- 6) Participating in local Partners In Water Conservation activities and PSA's.
- 7) Providing seasonal information at local nurseries.

- 8) Conducting annual Water-Conserving Landscape Awards Contest.
- 9) Producing local Woodlands & Watershed Calendar.
- 10) Hosting annual Watershed Fest and organizing Conservation Celebration for local agencies to participate in.
- 11) Participating in Colony Days Tent City to share role and history of the water company in the community.
- 12) Water-conserving demonstration gardens on and off-site of AMWC property.
- 13) Sponsoring annual Salinas River and Atascadero Creek Clean-up.
- 14) Hosting Annual Autumn Garden Tour to showcase water-wise landscaping to the community.
- 15) Hosting watershed walk and well-field tours.

AMWC has had a strong public outreach program since the drought in the early 1990's. Articles on water conservation written by AMWC in the local news can be found back as early as 1916.

9.1.5 Programs to Assess and Manage Distribution System Real Loss

CUWCC BMP Category: Foundational: Utility Operations – Water Loss Control

Date of Implementation: 1992

CUWCC BMP Requirements:

Implementation shall consist of at least the following actions:

- 1) *Standard Water Audit and Water Balance. All agencies shall quantify their current volume of apparent and real water loss. Agencies shall complete the standard water audit and balance using the AWWA Water Loss software to determine their current volume of apparent and real water loss and the cost impact of these losses on utility operations at no less than annual intervals.*
- 2) *Validation. Agencies may use up to four years to develop a validated data set for all entries of their water audit and balance. Data validation shall follow the methods suggested by the AWWA Software to improve the accuracy of the quantities for real and apparent losses.*
- 3) *Economic Values. For purposes of this BMP, the economic value of real loss recovery is based upon the agency's avoided cost of water as calculated by the Council's adopted Avoided Cost Model or other agency model consistent with the Council's Avoided Cost Model.*
- 4) *Component Analysis. A component analysis is required at least once every four years and is defined as a means to analyze apparent and real losses and their causes by quantity and type. The goal is to identify volumes of water loss, the cause of the water loss and the value of the water loss for each component. The component analysis model then provides information needed to support the economic analysis and selection of intervention tools. An example is the Breaks and Background Estimates Model (BABE) which segregates leakage into three components: background losses, reported leaks and unreported leaks.*
- 5) *Interventions. Agencies shall reduce real losses to the extent cost-effective. Agencies are encouraged to refer to the AWWA's 3rd Edition M36 Publication, Water Audits and Loss Control Programs (2009) for specific methods to reduce system losses.*
- 6) *Customer Leaks. Agencies shall advise customers whenever it appears possible that leaks exist on the customer's side of the meter.*

AMWC's implementation of this BMP includes the following:

- 1) Complete a monthly water audit for leak detection and repairs.
 - a) Determine metered sales;
 - b) Determine other system verifiable uses'
 - c) Determine total supply into system;
 - d) Divide metered sales plus other verifiable uses by total supply into the system. If this quantity is less than 0.9, a full-scale system audit is indicated.
- 2) When indicated, the AMWC will complete a water audit of its distribution system using methodology consistent with that described in AWWA's Water Audit and Leak Detection Guidebook.
- 3) AMWC also: advises customers whenever it appears possible that leaks exist on the customer's side of the meter; performs distribution system leak detection when warranted and cost-effective; and repairs leaks when found.
- 4) Quantification all produced and sold water in the system and by zone, testing meters, verifying records and maps, field checking distribution controls and operating procedures.
- 5) "Leak Prevention" programs including corrosion control, quality control on materials and installations, and backflow device testing.

AMWC has a leak detection and repair program that surveys roughly 250 miles of service area pipe mains throughout the 38 square miles of service area. A yearly target of less than 7% losses is maintained. Should system losses exceed 9% a more detailed audit would be triggered. AMWC estimates half an acre-foot annually for known losses including main and hydrant flushing.

9.1.6 Water conservation program coordination and staffing support

CUWCC BMP Category: Foundational: Utility Operations – Operations

Date of Implementation: 1993

CUWCC BMP Requirements:

Implementation shall consist of at least the following actions:

Designate a person as the agency's responsible conservation coordinator for program management, tracking, planning, and reporting on BMP implementation.

AMWC's implementation of this BMP includes the following:

One Conservation Manager responsible for overseeing conservation program and one part-time Water Conservation specialist to assist Conservation Manager with home water surveys, rebates, and education and outreach programs.

9.1.7 Other Demand Management Measures

Other demand management measures that AWMC has implemented include the following:

School Education Program:

CUWCC BMP Category: Foundational: Education – School Education Programs

Date of Implementation: 1999

CUWCC BMP Requirements:

Implementation shall consist of at least the following actions:

- 1) *Implement a school education program to promote water conservation and water conservation-related benefits.*
- 2) *Programs shall include working with school districts and private schools in the water suppliers' service area to provide instructional assistance, educational materials, and classroom presentations that identify urban, agricultural, and environmental issues and conditions in the local watershed. Educational materials shall meet the state education framework requirements and grade-appropriate materials shall be distributed.*
- 3) *When mutually agreeable and beneficial, the wholesale agency or another lead regional agency will operate all or part of the education program; if the wholesale agency operates all or part of the retail agency's school education program, then it may, by mutual consent with the retail agency, assume responsibility for CUWCC reporting of this BMP; under this arrangement, a wholesale agency may aggregate all or portions of the reporting and coverage requirements of the retail agencies joining into the mutual consent.*

AMWC's implementation of this BMP includes the following:

- 1) Provide The Story of Our Water class presentations. This free 45-minute class presentation helps 3rd – 6th grade students understand the importance of water resources in Atascadero. The presentation is correlated to the Next Generation Science Standards. Interactive three-dimensional storyboards, called the water puzzle, are used to keep students focused and involved.
- 2) Provide a 90-minute Water Exploration field trip provides students with a terrific first-hand investigation of the Salinas River, and how this water source is managed to provide a safe, reliable water supply to residents of the Atascadero area. Students will see how water is produced and treated before being sent to homes. They will also learn about groundwater and how it is being managed. Students will also learn about the Nacimiento Water Project, and observe the water recharge basin that provides 2,000 acre feet of water each year to local residents. Participate in local Children's Day in the Park with water conservation and water cycle activities.
- 3) Assist in organizing and sponsoring local Conservation Celebration Earth Day event at the local zoo.
- 4) The program was implemented in 1999. The Story of Our Water reaches 3rd and 5th grade classes at six local schools. The interactive classroom presentation "The Story of Our Water" engages and involves students and meets science curriculum goals. Major concepts covered are the water cycle water treatment, water use and conservation, water reclamation and water recycling.

Water Survey Programs for Single- Family Residential and Multi-Family Residential Customers:

CUWCC BMP Category: Programmatic: Residential

Date of Implementation: 1994

CUWCC BMP Requirements:

Implementation shall consist of at least the following actions:

Provide site-specific leak detection assistance that may include, but is not limited to, the following: a water conservation survey, water efficiency suggestions, and/or inspection. Provide showerheads and faucet-aerators that meet the current water efficiency standard as stipulated in the WaterSense Specifications (WSS) as needed.

AMWC's implementation of this BMP includes the following:

- 1) Contact via letter or telephone single-family and multi-family residential customers.
- 2) Provide surveys to single-family and multi-family residential customers.
- 3) Check water pressure and identify presence of water pressure regulator.
- 4) Check for leaks, including toilets, faucets and showerheads.
- 5) Check showerhead and aerator flow rates, replacement included in bathroom retrofit incentive.
- 6) Check toilet flow rate and, when appropriate qualify customer for bathroom retrofit incentive.
- 7) Check irrigation system for efficiency and determine timer functioning and current schedule.
- 8) Develop revised irrigation schedule.
- 9) Provide customer with evaluation results, water saving recommendations and other information.
- 10) Recommend rebate programs to customers including:
 - a. Lawn to Garden turf conversion program
 - b. WSS Irrigation Controllers
 - c. Installation of Pressure Reducing Valve
 - d. Rainwater Harvesting rebate

Conservation staff solicits information on current water use practices and works with customers to increase water efficiency. Trained auditors execute interior audits for leaks in toilets, showerheads, and faucets and conduct an exterior landscape and irrigation audit when applicable. Customers are provided with information packets that include evaluation results and water saving recommendations. The landscape survey program began in 1994. The CUWCC's BMP Reporting Database is used to evaluate this measure's effectiveness. Actual water savings data is collected from the CUWCC report AMWC Water Savings (AFY) Detail Report for BMP 01. Residential survey programs are marketed through direct mailing, bill inserts, AMWC's Water Watch newsletter, the local newspaper, and flyers distributed at local events.

Residential Plumbing Retrofit:

CUWCC BMP Category: Programmatic: Residential

Date of Implementation: 1994

AMWC's implementation of this BMP includes the following:

- 1) The following conditions must be met in order to receive a rebate:
- 2) Track the location, number of retrofits completed and program costs.

AMWC's residential plumbing retrofit program began in 1994 and is implemented via the Bathroom Retrofit Rebate Program (BRP). The residential plumbing retrofit and marketing is included in AMWC's Bathroom Retrofit Rebate Program budget. Shower and aerator retrofits are reported in the BMP 2 database. Actual water savings data is collected from the CUWCC report AMWC Water Savings (AFY) Detail Report for BMP 2.

In recent years the state plumbing code requiring sale of low flow showerheads has naturally increased the saturation of low flow showerheads in bathrooms surveyed. The naturally high mineral content can degrade showerheads and aerators relatively quickly affecting the saturation and replacement rates of showerheads and aerators.

High-Efficiency Clothes Washing Machine Financial Incentives Programs

CUWCC BMP Category: Programmatic: Residential

Date of Implementation: 2007

CUWCC BMP Requirements:

Implementation shall consist of at least the following actions:

Provide incentives or institute ordinances requiring the purchase of high-efficiency clothes washing machines (HECWs) that meet an average water factor value of 5.0. If the WaterSense Specification is less than 5.0, then the average water factor value will decrease to that amount.

AMWC's implementation of this BMP includes the following:

In conjunction with the Council, support local, state, and federal legislation to improve efficiency standards for washing machines.

Water Sense Specification (Wss) Toilets

CUWCC BMP Category: Programmatic: Residential

Date of Implementation: 2007

CUWCC BMP Requirements:

Implementation shall consist of at least the following actions:

Provide incentives or ordinances requiring the replacement of existing toilets using 3.5 or more gpf (gallons per flush) with a toilet meeting WSS.

AMWC's implementation of this BMP includes the following:

- 1) Maintain an aggressive single family and multi-family ultra-low flow toilet rebate program.

- 2) Report ULFT program data to CUWCC's reporting database.

Commercial, Industrial, and Institutional

CUWCC BMP Category: Programmatic: Commercial, Industrial, and Institutional

Date of Implementation: 2003

CUWCC BMP Requirements:

Implementation shall consist of at least the following actions:

Implementation shall consist of item 1) or 2) or both in order to reach the agency's water savings goals.

- 1) *Implement measures on the CII list with well-documented savings that have been demonstrated for the purpose of documentation and reporting. The full list and their associated savings are included in the "Demonstrated Savings Measure List" in Section E below.*
- 2) *Implement unique conservation measures to achieve the agency's water savings goals. Sample measures include, but are not limited to: industrial process water use reduction, industrial laundry retrofits, car wash recycling systems, water-efficient commercial dishwashers, and wet cleaning. Water use reduction shall be calculated on a case-by-case basis. Agencies will be required to document how savings were realized and the method and calculations for estimating savings. See the CII Flex Track Menu list in the attachment to Exhibit 1, as updated in the MOU Compliance Policy and BMP Guidebook.*

AMWC's implementation of this BMP includes the following:

- 1) Provide interior water surveys to commercial and industrial accounts.
- 2) AMWC categorizes institutional customers into commercial and industrial accounts.

Landscape

CUWCC BMP Category: Programmatic: Landscape

Date of Implementation: 2003

CUWCC BMP Requirements:

Implementation shall consist of at least the following actions:

Agencies shall provide non-residential customers with support and incentives to improve their landscape water use efficiency. Credit for prior activities, as reported through the BMP database, will be given for documented water savings achieved through 2008. This support shall include, but not be limited to, the following:

- 1) *Accounts with Dedicated Irrigation Meters*
 - a. *Identify accounts with dedicated irrigation meters and assign ETo-based water use budgets equal to no more than an average of 70% of ETo (reference evapotranspiration) of annual average local ETo per square foot of landscape area in accordance with the schedule below.*

Recreational areas (portions of parks, playgrounds, sports fields, golf courses, or school yards in public and private projects where turf provides a playing surface or serves other high-use recreational purposes) and areas permanently and solely dedicated to edible plants, such as orchards and vegetable gardens, may require water in addition to the water use budget. (These areas will be referred to as "recreational" below.) The water agency must provide a statement designating those portions of the landscape to be used for such purposes and specifying any additional water needed above the water use budget, which may not exceed 100% of ETo on an annual basis.

If the California Model Water Efficient Landscape Ordinance is revised to reduce the water allowance, this BMP will be revised automatically to reflect that change.

- b. Provide notices each billing cycle to accounts with water use budgets showing the relationship between the budget and actual consumption.*
 - c. Offer site-specific technical assistance to reduce water use to those accounts that are 20% over budget in accordance with the schedule given in Section B; agencies may choose not to notify customers whose use is less than their water use budget.*
- 2) *Commercial/Industrial/Institutional (CII) Accounts without Meters or with Mixed-Use Meters*
- a. Develop and implement a strategy targeting and marketing large landscape water use surveys to commercial/industrial/institutional (CII) accounts with mixed-use meters.*
 - b. In un-metered service areas, actively market landscape surveys to existing accounts with large landscapes, or accounts with landscapes which have been determined by the purveyor not to be water efficient.*
 - c. Offer financial incentives to support 1) and 2) above.*

AMWC's implementation of this BMP includes the following:

- 1) Provide non-residential customers with support, education, and incentives to improve their landscape water use efficiency.
- 2) Provide new large landscape customers with guidance on appropriate landscaping for the conservation of the community's finite resources while insuring the aesthetic, environmental and societal benefits of sustainable landscaped projects.
- 3) AMWC offers a rebate for upgrading to Water Sense Specification Irrigation Controllers.

Designated landscape meters are currently 1.70% of AMWC's total services using close to 6% of the annual usage. The Cachuma Resource Conservation District through the Cachuma Mobile Lab has historically surveyed and provided water audits and budgets for the local school district and Atascadero city park and recreation facilities. Landscape water use analysis surveys are offered to non-residential users through direct mailing. Follow-up water use results and materials are provided via mail or site visit where appropriate. The Cachuma RCD conducted school, park, and cemetery irrigation audits in 1999, 2005, and 2010.

9.2 Implementation over the Past Five Years

Law

CWC 10631

(f) Provide a description of the supplier's water demand management measures. This description shall include all of the following:

(1)(A) ... a narrative description that addresses the nature and extent of each water demand management measure implemented over the past five years.

AMWC has implemented the required DMMs per CWC 10631 to achieve its water use targets pursuant to Section 10608.20 and described in section 5.

9.3 Planned Implementation to Achieve Water Use Targets

Law

CWC 10631

(f) Provide a description of the supplier's water demand management measures. This description shall include all of the following:

(1)(A) ...The narrative shall describe the water demand management measures that the supplier plans to implement to achieve its water use targets pursuant to Section 10608.20.

AMWC has implemented the required DMM per CWC 10631 to achieve its water use targets pursuant to Section 10608.20. Baseline and target 2020 GPCD are described in section 5 of the UWMP. No additional DMMs are proposed to be implemented by AMWC.

9.4 Members of the California Urban Water Conservation Council

Law

CWC 10631

(i) For purposes of this part, urban water suppliers that are members of the California Urban Water Conservation Council shall be deemed in compliance with the requirements of subdivision (f) by complying with all the provisions of the "Memorandum of Understanding Regarding Urban Water Conservation in California," dated December 10, 2008, as it may be amended, and by submitting the annual reports required by Section 6.2 of that memorandum.

AMWC is a member of the CUWCC, but is not in full compliance with the CUWCC's Memorandum of Understanding (MOU). AMWC has described the Best Management Practice (BMP) currently implemented and are in the process of completing the online reporting requirements for 2009 through 2015.

SECTION 10 PLAN ADOPTION, SUBMITTAL, AND IMPLEMENTATION

10.1 Inclusion of all 2015 Data

This 2015 UWMP update includes water use and planning data for the entire 2015 calendar year.

10.2 Notice of Public Hearing

10.2.1 Notice to Cities and Counties

Law

CWC 10621 (b) Every urban water supplier required to prepare a plan shall... at least 60 days prior to the public hearing on the plan ... notify any city or county within which the supplier provides water supplies that the urban water supplier will be reviewing the plan and considering amendments or changes to the plan.

CWC 10642 ...The urban water supplier shall provide notice of the time and place of hearing to any city or county within which the supplier provides water supplies. A privately owned water supplier shall provide an equivalent notice within its service area...

The Notice of the public hearing, held June 1, 2016 at the AMWC office, was sent to the City of Atascadero and County of San Luis Obispo on April 1, 2016. A copy of the letters from AMWC to the City and County are included in Appendix H of this UWMP.

Table 10-1 Retail: Notification to Cities and Counties		
City Name	60 Day Notice	Notice of Public Hearing
City of Atascadero	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
County Name	60 Day Notice	Notice of Public Hearing
San Luis Obispo County	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

10.2.2 Notice to the Public

Law

CWC 10642

...Prior to adopting a plan, the urban water supplier shall make the plan available for public inspection...Prior to the hearing, notice of the time and place of hearing shall be published within the jurisdiction of the publicly owned water supplier pursuant to Section 6066 of the Government Code...

Government Code 6066

Publication of notice pursuant to this section shall be once a week for two successive weeks. Two publications in a newspaper published once a week or oftener, with at least five days intervening between the respective publication dates not counting such publication dates, are sufficient. The period of notice commences upon the first day of publication and terminates at the end of the fourteenth day, including therein the first day.

The public hearing was noticed in the local newspaper as prescribed in Government Code 6066. This notice included time and place of hearing, as well as the location where the plan is available for public inspection. A copy of the newspaper notice is included in Appendix G.

10.3 Public Hearing and Adoption

Law

CWC 10642

...Prior to adopting a plan, the urban water supplier shall hold a public hearing thereon.

CWC 10608.26

(a) In complying with this part, an urban retail water supplier shall conduct at least one public hearing to accomplish all of the following:

(1) Allow community input regarding the urban retail water supplier's implementation plan for complying with this part.

(2) Consider the economic impacts of the urban retail water supplier's implementation plan for complying with this part.

(3) Adopt a method, pursuant to subdivision (b) of Section 10608.20 for determining its urban water use target.

10.3.1 Adoption

Law

CWC 10642

...After the hearing, the plan shall be adopted as prepared or as modified after the hearing.

The 2015 UWMP was adopted on June 1, 2016 as resolution XXXXX. A copy of the resolution is included in Appendix H of this UWMP.

10.4 Plan Submittal

Law

CWC 10621

(d) An urban water supplier shall update and submit its 2015 plan to the department by July 1, 2016.

CWC 10644

(a)(1) An urban water supplier shall submit to the department, the California State Library, and any city or county within which the supplier provides water supplies a copy of its plan no later than 30 days after adoption.

CWC 10635

(b) The urban water supplier shall provide that portion of its urban water management plan prepared pursuant to this article to any city or county within which it provides water supplies no later than 60 days after the submission of its urban water management plan.

The 2015 UWMP was submitted to DWR, the State library, and the County of San Luis Obispo as required by CWC 10621 and 10644.

10.5 Public Availability

Law

CWC 10645

Not later than 30 days after filing a copy of its plan with the department, the urban water supplier and the department shall make the plan available for public review during normal business hours.

The adopted 2015 UWMP is available on AMWC's website at www.amwc.us and at AMWC's office at 5005 El Camino Real, Atascadero between the hours of 9 AM and 4 PM Monday through Friday.

Appendix A. 2015 UWMP Checklist

Checklist Arranged by Subject				
CWC Section	UWMP Requirement	Subject	Guidebook Location	UWMP Location
10620(b)	Every person that becomes an urban water supplier shall adopt an urban water management plan within one year after it has become an urban water supplier.	Plan Preparation	Section 2.1	2-1
10620(d)(2)	Coordinate the preparation of its plan with other appropriate agencies in the area, including other water suppliers that share a common source, water management agencies, and relevant public agencies, to the extent practicable.	Plan Preparation	Section 2.5.2	2-3
10642	Provide supporting documentation that the water supplier has encouraged active involvement of diverse	Plan Preparation	Section 2.5.2	2-3
10631(a)	Describe the water supplier service area.	System Description	Section 3.1	3-1
10631(a)	Describe the climate of the service area of the supplier.	System Description	Section 3.3	3-1
10631(a)	Provide population projections for 2020, 2025, 2030, and 2035.	System Description	Section 3.4	3-4
10631(a)	Describe other demographic factors affecting the supplier's water management planning.	System Description	Section 3.4	3-6
10631(a)	Indicate the current population of the service area.	System Description and Baselines and Targets	Sections 3.4 and 5.4	3-4
10631(e)(1)	Quantify past, current, and projected water use, identifying the uses among water use sectors.	System Water Use	Section 4.2	4-1
10631(e)(3)(A)	Report the distribution system water loss for the most recent 12-month period available.	System Water Use	Section 4.3	4-3
10631.1(a)	Include projected water use needed for lower income housing projected in the service area of the supplier.	System Water Use	Section 4.5	4-4
10608.20(b)	Retail suppliers shall adopt a 2020 water use target using one of four methods.	Baselines and Targets	Section 5.7 and App E	5-3
10608.20(e)	Retail suppliers shall provide baseline daily per capita water use, urban water use target, interim urban water use target, and compliance daily per capita water use, along with the bases for determining those estimates, including references to supporting data.	Baselines and Targets	Chapter 5 and App E	5-3
10608.22	Retail suppliers' per capita daily water use reduction shall be no less than 5 percent of base daily per capita water use of the 5 year baseline. This does not apply is the suppliers base GPCD is at or below 100.	Baselines and Targets	Section 5.7.2	5-3
10608.24(a)	Retail suppliers shall meet their interim target by December 31, 2015.	Baselines and Targets	Section 5.8 and App E	5-4
1608.24(d)(2)	If the retail supplier adjusts its compliance GPCD using weather normalization, economic adjustment, or extraordinary events, it shall provide the basis for, and data supporting the adjustment.	Baselines and Targets	Section 5.8.2	5-4
10608.36	Wholesale suppliers shall include an assessment of present and proposed future measures, programs, and policies to help their retail water suppliers achieve targeted water use reductions.	Baselines and Targets	Section 5.1	NA
10608.40	Retail suppliers shall report on their progress in meeting their water use targets. The data shall be reported using a standardized form.	Baselines and Targets	Section 5.8 and App E	5-4
10631(b)	Identify and quantify the existing and planned sources of water available for 2015, 2020, 2025, 2030, and 2035.	System Supplies	Chapter 6	6-9

10631(b)	Indicate whether groundwater is an existing or planned source of water available to the supplier.	System Supplies	Section 6.2	6-1
10631(b)(1)	Indicate whether a groundwater management plan has been adopted by the water supplier or if there is any other specific authorization for groundwater management. Include a copy of the plan or authorization.	System Supplies	Section 6.2.2	6-1
10631(b)(2)	Describe the groundwater basin.	System Supplies	Section 6.2.1	6-1
10631(b)(2)	Indicate if the basin has been adjudicated and include a copy of the court order or decree and a description of the amount of water the supplier has the legal right to pump.	System Supplies	Section 6.2.2	6-2
10631(b)(2)	For unadjudicated basins, indicate whether or not the department has identified the basin as overdrafted, or projected to become overdrafted. Describe efforts by the supplier to eliminate the long-term overdraft condition.	System Supplies	Section 6.2.3	NA
10631(b)(3)	Provide a detailed description and analysis of the location, amount, and sufficiency of groundwater pumped by the urban water supplier for the past five years.	System Supplies	Section 6.2.4	6-3
10631(b)(4)	Provide a detailed description and analysis of the amount and location of groundwater that is projected to be pumped.	System Supplies	Sections 6.2 and 6.9	6-9
10631(d)	Describe the opportunities for exchanges or transfers of water on a short-term or long-term basis.	System Supplies	Section 6.7	6-8
10631(g)	Describe the expected future water supply projects and programs that may be undertaken by the water supplier to address water supply reliability in average, single-dry, and multiple-dry years.	System Supplies	Section 6.8	6-8
10631(i)	Describe desalinated water project opportunities for long-term supply.	System Supplies	Section 6.6	6-7
10631(j)	Retail suppliers will include documentation that they have provided their wholesale supplier(s) – if any - with water use projections from that source.	System Supplies	Section 2.5.1	2-3
10631(j)	wholesale suppliers will include documentation that they have provided their urban water suppliers with identification and quantification of the existing and planned sources of water available from the wholesale to the urban supplier during various water year types.	System Supplies	Section 2.5.1	NA
10633	For wastewater and recycled water, coordinate with local water, wastewater, groundwater, and planning agencies that operate within the supplier's service area.	System Supplies (Recycled Water)	Section 6.5.1	6-4
10633(a)	Describe the wastewater collection and treatment systems in the supplier's service area. Include quantification of the amount of wastewater collected and treated and the methods of wastewater disposal.	System Supplies (Recycled Water)	Section 6.5.2	6-4
10633(b)	Describe the quantity of treated wastewater that meets recycled water standards, is being discharged, and is otherwise available for use in a recycled water project.	System Supplies (Recycled Water)	Section 6.5.2.2	6-5
10633(c)	Describe the recycled water currently being used in the supplier's service area.	System Supplies (Recycled Water)	Section 6.5.3 and 6.5.4	6-5
10633(d)	Describe and quantify the potential uses of recycled water and provide a determination of the technical and economic feasibility of those uses.	System Supplies (Recycled Water)	Section 6.5.4	6-6
10633(e)	Describe the projected use of recycled water within the supplier's service area at the end of 5, 10, 15, and 20 years, and a description of the actual use of recycled water in comparison to uses previously projected.	System Supplies (Recycled Water)	Section 6.5.4	6-6

10633(f)	Describe the actions which may be taken to encourage the use of recycled water and the projected results of these actions in terms of acre-feet of recycled water used per year.	System Supplies (Recycled Water)	Section 6.5.5	6-6
10633(g)	Provide a plan for optimizing the use of recycled water in the supplier's service area.	System Supplies (Recycled Water)	Section 6.5.5	6-6
10620(f)	Describe water management tools and options to maximize resources and minimize the need to import water from other regions.	Water Supply Reliability Assessment	Section 7.4	7-5
10631(c)(1)	Describe the reliability of the water supply and vulnerability to seasonal or climatic shortage.	Water Supply Reliability Assessment	Section 7.1	7-4
10631(c)(1)	Provide data for an average water year, a single dry water year, and multiple dry water years	Water Supply Reliability Assessment	Section 7.2	7-1
10631(c)(2)	For any water source that may not be available at a consistent level of use, describe plans to supplement or replace that source.	Water Supply Reliability Assessment	Section 7.1	7-1
10634	Provide information on the quality of existing sources of water available to the supplier and the manner in which water quality affects water management strategies and supply reliability	Water Supply Reliability Assessment	Section 7.1	7-4
10635(a)	Assess the water supply reliability during normal, dry, and multiple dry water years by comparing the total water supply sources available to the water supplier with the total projected water use over the next 20 years.	Water Supply Reliability Assessment	Section 7.3	7-4
10632(a) and 10632(a)(1)	Provide an urban water shortage contingency analysis that specifies stages of action and an outline of specific water supply conditions at each stage.	Water Shortage Contingency Planning	Section 8.1	8-1
10632(a)(2)	Provide an estimate of the minimum water supply available during each of the next three water years based on the driest three- year historic sequence for the agency.	Water Shortage Contingency Planning	Section 8.9	8-6
10632(a)(3)	Identify actions to be undertaken by the urban water supplier in case of a catastrophic interruption of water supplies.	Water Shortage Contingency Planning	Section 8.8	8-5
10632(a)(4)	Identify mandatory prohibitions against specific water use practices during water shortages.	Water Shortage Contingency Planning	Section 8.2	8-2
10632(a)(5)	Specify consumption reduction methods in the most restrictive stages.	Water Shortage Contingency Planning	Section 8.4	8-4
10632(a)(6)	Indicated penalties or charges for excessive use, where applicable.	Water Shortage Contingency Planning	Section 8.3	8-4
10632(a)(7)	Provide an analysis of the impacts of each of the actions and conditions in the water shortage contingency analysis on the revenues and expenditures of the urban water supplier, and proposed measures to overcome those impacts.	Water Shortage Contingency Planning	Section 8.6	8-5
10632(a)(8)	Provide a draft water shortage contingency resolution or ordinance.	Water Shortage Contingency Planning	Section 8.7	8-5
10632(a)(9)	Indicate a mechanism for determining actual reductions in water use pursuant to the water shortage contingency analysis.	Water Shortage Contingency Planning	Section 8.5	8-4
10631(f)(1)	Retail suppliers shall provide a description of the nature and extent of each demand management measure implemented over the past five years. The description will address specific measures listed in code.	Demand Management Measures	Sections 9.2 and 9.3	9-3
10631(f)(2)	Wholesale suppliers shall describe specific demand management measures listed in code, their distribution system asset management program, and supplier	Demand Management Measures	Sections 9.1 and 9.3	NA

10631(j)	CUWCC members may submit their 2013- 2014 CUWCC BMP annual reports in lieu of, or in addition to, describing the DMM implementation in their UWMPs. This option is only allowable if the supplier has been found to be in full compliance with the CUWCC MOU.	Demand Management Measures	Section 9.5	9-11
10608.26(a)	Retail suppliers shall conduct a public hearing to discuss adoption, implementation, and economic impact of water use targets.	Plan Adoption, Submittal, and Implementation	Section 10.3	10-2
10621(b)	Notify, at least 60 days prior to the public hearing, any city or county within which the supplier provides water that the urban water supplier will be reviewing the plan and considering amendments or changes to the plan.	Plan Adoption, Submittal, and Implementation	Section 10.2.1	10-1
10621(d)	Each urban water supplier shall update and submit its 2015 plan to the department by July 1, 2016.	Plan Adoption, Submittal, and Implementation	Sections 10.3.1 and 10.4	10-2
10635(b)	Provide supporting documentation that Water Shortage Contingency Plan has been, or will be, provided to any city or county within which it provides water, no later than 60 days after the submission of the plan to DWR.	Plan Adoption, Submittal, and Implementation	Section 10.4.4	NA
10642	Provide supporting documentation that the urban water supplier made the plan available for public inspection, published notice of the public hearing, and held a public hearing about the plan.	Plan Adoption, Submittal, and Implementation	Sections 10.2.2, 10.3, and 10.5	10-2
10642	The water supplier is to provide the time and place of the hearing to any city or county within which the supplier provides water.	Plan Adoption, Submittal, and Implementation	Sections 10.2.1	10-2
10642	Provide supporting documentation that the plan has been adopted as prepared or modified.	Plan Adoption, Submittal, and Implementation	Section 10.3.1	10-2
10644(a)	Provide supporting documentation that the urban water supplier has submitted this UWMP to the California State Library.	Plan Adoption, Submittal, and Implementation	Section 10.4.3	10-2
10644(a)(1)	Provide supporting documentation that the urban water supplier has submitted this UWMP to any city or county within which the supplier provides water no later than 30 days after adoption.	Plan Adoption, Submittal, and Implementation	Section 10.4.4	10-2
10644(a)(2)	The plan, or amendments to the plan, submitted to the department shall be submitted electronically.	Plan Adoption, Submittal, and Implementation	Sections 10.4.1 and 10.4.2	10-2
10645	Provide supporting documentation that, not later than 30 days after filing a copy of its plan with the department, the supplier has or will make the plan available for public review during normal business hours.	Plan Adoption, Submittal, and Implementation	Section 10.5	10-2

Appendix B. DWR Population Tool Data Results

DWR Population Tool Data Results										
Persons Per SF MF/GQ Connection										
Year	Block Group SF Pop	Block Group Total Pop	Block Group % Pop in SF	Block Service Area Pop	Block Pop in SF	Block Pop in MF/GQ	# SF Connections	# MF/GQ Connections	Persons Per SF Connection	Persons Per MF/GQ Connection
1990	17,040	23,470	72.60%	25,425	18,459	6,966	6211	283	2.97	24.61
1991									2.97	24.2
1992									2.96	23.8
1993									2.96	23.39
1994									2.95	22.99
1995									2.95	22.58
1996									2.95	22.17
1997									2.94	21.77
1998									2.94	21.36
1999									2.93	20.96
2000	20,217	26,688	75.75%	28,220	21,378	6,842	7305	333	2.93	20.55
2001									2.9	20.28
2002									2.88	20.01
2003									2.85	19.75
2004									2.83	19.48
2005									2.8	19.21
2006									2.77	18.94
2007									2.75	18.67
2008									2.72	18.41
2009									2.7	18.14
2010	22,112	28,867	76.60%	30,393	23,281	7,112	8725	398	2.67	17.87
2015									2.54	16.53
Population Using Persons-per-Connection										
	Year	# SF Connections	# MF/GQ Connections	Persons Per SF Connection	Persons Per MF/GQ Connection	SF Population	MF/GQ Population	Total Population		
10 to 15 Year Baseline Population Calculations										
Year 1	1996	6693	305	2.95	22.17	19,718	6,763	26,481		
Year 2	1997	6809	310	2.94	21.77	20,032	6,748	26,780		
Year 3	1998	6930	316	2.94	21.36	20,360	6,750	27,111		
Year 4	1999	7030	321	2.93	20.96	20,626	6,727	27,353		
Year 5	2000	7305	333	2.93	20.55	21,378	6,842	28,220		
Year 6	2001	7383	337	2.9	20.28	21,440	6,835	28,275		
Year 7	2002	7563	345	2.88	20.01	21,766	6,905	28,671		
Year 8	2003	7733	353	2.85	19.75	22,055	6,970	29,025		
Year 9	2004	7931	362	2.83	19.48	22,413	7,051	29,464		
Year 10	2005	8145	371	2.8	19.21	22,806	7,127	29,933		
5 Year Baseline Population Calculations										
Year 1	2006	8482	387	2.77	18.94	23,529	7,331	30,860		
Year 2	2007	8645	394	2.75	18.67	23,756	7,358	31,114		
Year 3	2008	8673	395	2.72	18.41	23,608	7,270	30,878		
Year 4	2009	8690	396	2.7	18.14	23,428	7,183	30,611		
Year 5	2010	8725	398	2.67	17.87	23,281	7,112	30,393		
2015 Compliance Year Population Calculations										
	2015	9078	414	2.54	16.53	23,027	6,843	29,870		

Appendix C. American Water Works Association Water Audit Results



AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0
American Water Works Association
Copyright © 2014, All Rights Reserved.

?	Click to access definition
+	Click to add a comment

Water Audit Report for: **Atascadero Mutual Water Co. (4010002)**
Reporting Year: **2015** **1/2015 - 12/2015**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

WATER SUPPLIED

Volume from own sources: **+** **?** **7** **1,439.000** MG/Yr
Water imported: **+** **?** **n/a** MG/Yr
Water exported: **+** **?** **n/a** MG/Yr

WATER SUPPLIED: **1,439.000** MG/Yr

Master Meter and Supply Error Adjustments

Pcnt: **+** **?** **1.25%** Value: **+** **?** **0.000** MG/Yr
+ **?** **0.000** MG/Yr
+ **?** **0.000** MG/Yr

Enter negative % or value for under-registration
Enter positive % or value for over-registration

AUTHORIZED CONSUMPTION

Billed metered: **+** **?** **9** **1,337.000** MG/Yr
Billed unmetered: **+** **?** **n/a** **0.000** MG/Yr
Unbilled metered: **+** **?** **n/a** **0.000** MG/Yr
Unbilled unmetered: **+** **?** **17.988** MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

AUTHORIZED CONSUMPTION: **1,354.988** MG/Yr

Click here: **?** for help using option buttons below
Pcnt: **1.25%** Value: **0.000** MG/Yr
Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

84.013 MG/Yr

Apparent Losses

Unauthorized consumption: **+** **?** **3.598** MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies: **+** **?** **6** **0.000** MG/Yr
Systematic data handling errors: **+** **?** **3.343** MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

Apparent Losses: **6.940** MG/Yr

Pcnt: **0.25%** Value: **0.000** MG/Yr
0.25% **0.000** MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **?** **77.073** MG/Yr

WATER LOSSES: **84.013** MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: **?** **102.000** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: **+** **?** **8** **240.0** miles
Number of active AND inactive service connections: **+** **?** **8** **10,626**
Service connection density: **?** **44** conn./mile main

Are customer meters typically located at the curbstop or property line? **Yes**

Average length of customer service line: **+** **?**

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: **+** **?** **7** **110.0** psi

(length of service line, beyond the property boundary, that is the responsibility of the utility)

COST DATA

Total annual cost of operating water system: **+** **?** **9** **\$4,760,160** \$/Year
Customer retail unit cost (applied to Apparent Losses): **+** **?** **8** **\$37.30** \$/1000 gallons (US)
Variable production cost (applied to Real Losses): **+** **?** **5** **\$608.00** \$/Million gallons ☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 70 out of 100 *****

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Volume from own sources

2: Variable production cost (applied to Real Losses)

3: Customer metering inaccuracies

Appendix D. Wholesale Water Supply Agreement

**NACIMIENTO PROJECT WATER
DELIVERY ENTITLEMENT CONTRACT**

ATASCADERO MUTUAL WATER COMPANY

TABLE OF CONTENTS

	<u>PAGE</u>
ARTICLE 1: DEFINITIONS.....	1
ARTICLE 2: TERM OF CONTRACT; RESCISSION.....	9
ARTICLE 3: CONSTRUCTION OF THE NACIMIENTO FACILITIES	11
ARTICLE 4: OWNERSHIP, OPERATION AND MAINTENANCE OF NACIMIENTO FACILITIES	12
ARTICLE 5: EXISTING OBLIGATIONS: MASTER WATER CONTRACT AND PRIOR COMMITMENT WATER.....	13
ARTICLE 6: DELIVERY ENTITLEMENT	14
ARTICLE 7: WATER YEAR DELIVERY AMOUNTS AND SCHEDULE	15
ARTICLE 8: PLACE OF DELIVERY	15
ARTICLE 9: MEASUREMENT OF DELIVERY ENTITLEMENT AND SURPLUS WATER.....	16
ARTICLE 10: NO RESPONSIBILITY	16
ARTICLE 11: WATER QUALITY	16
ARTICLE 12: SURPLUS WATER.....	17
ARTICLE 13: CURTAILMENT OF DELIVERY	19
ARTICLE 14: NACIMIENTO PROJECT WATER SHORTAGES	19
ARTICLE 15: LIMITATIONS ON OBLIGATION TO FURNISH WATER.....	21
ARTICLE 16: OBLIGATIONS FOR NACIMIENTO PROJECT COSTS	21
ARTICLE 17: CONTRACT PAYMENTS	25
ARTICLE 18: USE OF TOTAL PARTICIPANT CONTRACT PAYMENTS.....	27
ARTICLE 19: OBLIGATION TO "TAKE-OR-PAY"	28
ARTICLE 20: PARTICIPANT'S PLEDGE AND COVENANTS.....	28
ARTICLE 21: WATER ENTERPRISE OPERATION AND MAINTENANCE.....	29
ARTICLE 22: COVENANTS OF THE DISTRICT AND THE PARTICIPANT; SPECIAL TAX COVENANTS	30
ARTICLE 23: NO OUTSIDE SERVICE.....	35
ARTICLE 24: FAILURE TO LEVY, SET OR COLLECT TAXES, RATES AND CHARGES; ESTABLISHMENT OF COVERAGE ACCOUNT.....	35
ARTICLE 25: PARTICIPANT'S OBLIGATIONS SEVERAL AND NOT JOINT; STEP-UP PROVISIONS AND REIMBURSEMENT	36

TABLE OF CONTENTS

	<u>PAGE</u>
ARTICLE 26: EVENTS OF DEFAULT; DISTRICT'S REMEDIES	37
ARTICLE 27: CHANGES IN ORGANIZATION	39
ARTICLE 28: ADDITIONAL CAPITAL PROJECTS.....	39
ARTICLE 29: USE OF RESERVE WATER.....	40
ARTICLE 30: USE OF RESERVED CAPACITY	42
ARTICLE 31: UNIFORM CONTRACTS	43
ARTICLE 32: AMENDMENTS TO CONTRACT	43
ARTICLE 33: ESTABLISHMENT OF NACIMIENTO PROJECT COMMISSION.....	44
ARTICLE 34: OPINIONS AND DETERMINATIONS; GOOD FAITH	45
ARTICLE 35: WAIVER OF CONTRACT RIGHTS	45
ARTICLE 36: NOTICES.....	45
ARTICLE 37: ASSIGNMENT.....	46
ARTICLE 38: INSPECTION OF BOOKS AND RECORDS	46
ARTICLE 39: SEVERABILITY	46
ARTICLE 40: WATER RIGHTS.....	47
ARTICLE 41: GOVERNING LAW.....	47
ARTICLE 42: VALIDATION.....	47
ARTICLE 43: COUNTERPARTS	47
EXECUTION:	48

EXHIBIT A: UNIT DESCRIPTIONS

EXHIBIT B: ENVIRONMENTAL IMPACT REPORT ENTITIES

**NACIMIENTO PROJECT WATER
DELIVERY ENTITLEMENT CONTRACT**

~~August~~^{17th} This Water Delivery Entitlement Contract (the "Contract"), made this ~~7th~~^{17th} day of ~~July~~^{August}, 2004, by and between the San Luis Obispo County Flood Control and Water Conservation District, a Flood Control and Water Conservation District duly established and existing under the San Luis Obispo County Flood Control and Water Conservation District Act, Act 7205 of the Uncodified Acts of the California Water Code (the "District"), and Atascadero Mutual Water Company, a California mutual water company (the "Participant"), as follows:

WITNESSETH:

WHEREAS, the lands and inhabitants within the jurisdiction of the Participant are in need of water; and

WHEREAS, the District has certain rights to water stored in the Nacimiento Reservoir located in the northwest corner of the County of San Luis Obispo (the "County") and the District is willing to provide a portion of said water to the Participant and to other public water distribution agencies within the District; and

WHEREAS, the Participant desires to contract with the District for the supply of additional water for the use and benefit of the lands and inhabitants served by the Participant; and

WHEREAS, the Participant and the District desire to join with other public water distribution entities within the District to have the District finance, construct and operate a water system which will convey the District's waters from the Nacimiento Reservoir to the Participant and to the other public water distribution entities all on the terms and conditions hereinafter set forth;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED by and between the Participant and the District as follows:

**ARTICLE 1:
DEFINITIONS**

(A) Unless the context otherwise requires, the terms defined in this Article shall, for all purposes of this Water Delivery Entitlement Contract, have the meanings set forth in the Recitals hereof or hereunder specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Defined terms used herein without capitalization shall have the same meanings as the corresponding capitalized defined terms but do not refer to the specific Participant hereunder.

"Additional Capital Project" shall mean one or more capital projects related to the Nacimiento Facilities, or other improvements or repairs to the Nacimiento Facilities, undertaken

from time to time by the District in addition to the Nacimiento Project, which is an Approved Additional Project, an Emergency Project or a Required Additional Project.

"Additional Capital Project Costs" shall mean costs expended or incurred by the District for Additional Capital Projects and not attributable to, financed by or included in Capital Projects Installment Debt Service.

"Additional Debt" shall mean, as to the Participant and its Water Enterprise, and as to the Water Enterprises, individually, of the respective Other Participants, such debt or similar obligations to be payable from the revenues of such Water Enterprise, as may be permitted under the terms of the Legal Documents.

"Approved Additional Project" shall mean a capital improvement to the Nacimiento Facilities that has been agreed to by the Participant and/or certain Other Participants, and that will be paid by that group within All Participants which has requested or agreed to such capital improvement.

"All Participants" shall mean those public or private entities then participating in the Nacimiento Pipeline by the purchase of Project Water under this Contract or a Like-Contract.

"Board of Supervisors" shall mean the Board of Supervisors of San Luis Obispo County acting as the governing board of the County Flood Control and Water Conservation District.

"Calendar Quarter" shall mean each three (3)-month period commencing on January 1, April 1, July 1, and October 1 of each year.

"Calendar Year" shall mean each twelve (12)-month period commencing January 1 and ending December 31, both dates inclusive.

"Capital Projects" shall mean and include the following terms, each of which is separately defined herein: Additional Capital Projects; Approved Additional Projects; Required Additional Projects; Emergency Projects and the Nacimiento Project.

"Capital Projects Installment Debt Service" shall mean payments on debt or similar obligations incurred by the District for the Nacimiento Facilities consisting of, in the aggregate, (a) principal and interest (or mandatory sinking fund payments, installments or lease or similar payments due) with respect to all Municipal Obligations at the time outstanding in accordance with their terms, *provided* that capitalized interest funded from the proceeds of Municipal Obligations need not be taken into account, (b) annual costs of administering the Municipal Obligations, including the annual fees of any trustee or paying agent therefor, and (c) the costs, if any, of annual credit enhancement for the Municipal Obligations, whether or not based on a derivative structure as provided in Section 5922(a) of the Government Code. In the event, and to the extent that, any Additional Capital Project is financed by means of the issuance of a series of additional Municipal Obligations, then the payments and costs associated with the additional Municipal Obligations shall become a part of the Capital Projects Installment Debt Service.

"Capital Reserve Costs" shall mean the District's annual costs of maintaining Capital Reserves, determined by the District and budgeted annually by the District as provided for in

Article 4(C) hereof, to be apportioned among All Participants as provided for in Article 16(C)(1) hereof.

"Capital Reserves" shall mean those reserves established and maintained by the District for (i) Scheduled Maintenance or (ii) for anticipated costs of a Required Additional Project imposed, or likely to be imposed, by a Governmental Authority (an "External Requirement") in order for the District to continue to operate the Nacimientto Facilities, *provided* however, that the District shall not expend any portion of the Capital Reserves for any External Requirement until and unless such External Requirement becomes a final order of such Governmental Authority, not subject to further appeal. Such Capital Reserves may be established either, (i) on a year-to-year basis by the District in its annual budgets, copies of which shall be supplied to the Participant promptly following adoption, or (ii) on a multi-year basis by the District through the development and promulgation to the Participant of a long-term capital improvement plan of the District; *provided*, however, that no Approved Additional Projects shall be funded from the Capital Reserves.

"Commission" or "Nacimientto Project Commission" shall mean the commission formed of a representative of the Participant, each Other Participant and the Board of Supervisors, to operate as provided under Article 33 hereof.

"Construction Bids" shall mean the bids for construction of the Nacimientto Project, as further described in Article 2(B).

"Construction Phase" shall mean the period of time following the opening of the final Construction Bid, during which the District shall apply the proceeds of the Municipal Obligations to pay the Nacimientto Project Costs.

"Consultants" shall mean contractors, environmental specialists, engineers, financial advisors, underwriters, attorneys, accountants and similar consultants under contract with the District to perform services related to the Nacimientto Project or the Nacimientto Facilities.

"Contract Payments" shall mean those payments due from the Participant to the District, representing the Participant's pro rata share of Nacimientto Project Costs.

"Costs" shall include the following terms, each of which is separately defined herein: Additional Capital Project Costs; Contract Costs; Nacimientto Project Construction Costs; Master Water Contract Costs; Nacimientto Project Costs; Reserve Water Costs; and Variable Energy Costs.

"County Treasury Pool" shall mean the Treasury Pool of the County of San Luis Obispo, California.

"Coverage Account" shall mean an account established for the Participant either with the District or with a Depository, as provided in Article 24 hereof.

"Coverage Factor" shall mean one hundred twenty-five percent (125%) of Participant's pro rata share of Capital Projects Installment Debt Service, determined in accordance with Article 20(C) hereof, calculated for each Fiscal Year.

"CPA" shall mean a certified public accountant or firm of certified public accountants.

"Debt Service Shortfall" shall mean the aggregate amount of Delinquent Debt Service Payments due from Defaulting Participants on the Due Date in question.

"Delinquent Debt Service Payment" shall mean those payments of Capital Projects Installment Debt Service due under this Contract or any Like-Contract that are not, in fact, paid on its Due Date.

"Delinquent Participant" shall mean any of the Participant or any Other Participant which fails to meet its obligation for payment for Nacimientto Project Water hereunder or under any Like-Contract, as further described in Article 25(A) hereof.

"Delivery Entitlement" shall mean the quantity of Nacimientto Project Water which the Participant is entitled to have delivered by the District to the Participant under this Contract in any given Water Year, as set forth in Article 6(A) herein.

"Delivery Entitlement Share" shall mean the proportion of the Delivery Entitlement as compared to the Total Delivery Entitlement Obligation in any given Water Year.

"Depository" shall mean a financial institution designated for the deposit and administration of the Participant's Coverage Account, as and when appointed in accordance with Article 24 hereof.

"Design Phase" shall mean the period of time during which the proceeds of the Notes are being expended to finance the costs of design, engineering and planning for the construction of the Nacimientto Project. The Design Phase shall conclude with the opening of the final construction bid for the Nacimientto Project.

"Due Date" shall mean the date upon which each payment of Capital Projects Installment Debt Service is required to be made by the Participant or any Other Participant hereunder or under a Like-Contract.

"Effective Date" shall mean the date upon which all Initial Participants have executed and delivered this Contract and the Like-Contracts to the District, and the District has executed each of this Contract and such Like-Contracts.

"Emergency Projects" shall mean those Additional Capital Projects undertaken by the District without notice to or consultation with the Participant, any Other Participant, or the Commission, whenever the District determines that there is a substantial risk of harm to the Nacimientto Facilities or to the operation of the Nacimientto Facilities which requires immediate remedy.

"Fiscal Year" shall mean the twelve (12)-month period from July 1 of a Calendar Year to June 30 of the immediately following Calendar Year, both dates inclusive or such other dates constituting the designated fiscal year of the Participant as shall be determined by the governing board of the Participant.

"Governing Board" shall mean the legislative body which at the time in question governs the Participant and is responsible for the administration and operation of its Water Enterprise.

"Governmental Authority" shall mean any State of California, federal or local government authority having jurisdiction or authority over the District or the Nacimientto Facilities, or any portion thereof, empowered to regulate or control any aspect of its or their operations.

"Initial Participant" shall mean the Participant and the following Other Participants, each of which has executed a Like-Contract as of the Effective Date: City of San Luis Obispo, the Templeton Community Services District and City of Paso Robles.

"Legal Documents" shall mean any legal documents entered into by or on behalf of the District with respect to the Municipal Obligations.

"Long-Term Project Debt" shall mean those Municipal Obligations, whether Tax-Exempt or Taxable as to their interest component, whose proceeds are to be expended for the costs of the Construction Phase of the Nacimientto Project.

"Master Water Contract" shall mean that certain Agreement, entered into by and between the District and the Monterey Water Agency (the "Monterey Water Agency"), successor to the Monterey County Flood Control and Water Conservation District, on October 19, 1959.

"Master Water Contract Costs" shall mean those amounts that the District is obligated to pay under the Master Water Contract and which are attributable to the 15,750 acre-feet per year of Nacimientto Project Water.

"Municipal Obligations" shall mean all the Taxable Obligations and the Tax-Exempt Obligations, in the form of bonds, notes, certificates or similar securities, sold by or on behalf of the District to finance all or a portion of the Nacimientto Facilities or an Additional Capital Project, and specifically includes the Notes and Long-Term Project Debt.

"Nacimientto Facilities" shall mean all those facilities comprising the water delivery and treatment facilities bringing water from the Nacimientto Reservoir to the Participants, to be purchased hereunder, including without limitation, the Nacimientto Project, any Additional Capital Project, the land underlying the same and any easements or similar rights associated therewith or appurtenant thereto, as they may exist from time to time.

"Nacimientto Project" shall mean the project described in the Nacimientto Water Project Environmental Impact Report SCH # 2001061022 certified January 2004.

"Nacimientto Project Construction Costs" shall mean the costs of constructing any portion of the Nacimientto Project, including design, engineering, planning, environmental mitigation, equipping new facilities and/or construction efforts, accounting services, project administration and management, installation, grading, razing and building the Nacimientto Project, and includes the elements defined in Article 16(C)(3).

"Nacimientto Project Costs" shall mean the sum of (i) the Nacimientto Project Construction Costs; and (ii) all other costs of operating and maintaining the Nacimientto Facilities and of all Additional Capital Projects.

"Nacimientto Project Water" shall mean, in each Water Year, the Total Delivery Entitlement Obligation plus the Reserve Water, but not more than Fifteen Thousand Seven-Hundred (15,750) Acre-Feet of Nacimientto Reservoir Water. Nacimientto Project Water is the source of the Delivery Entitlement, Surplus Water and Reserve Water.

"Nacimientto Reservoir Water" shall mean the Seventeen Thousand Five Hundred (17,500) Acre-Feet of water which the District has the right to take from the Nacimientto Reservoir pursuant to the Master Water Contract in each Water Year.

"Nacimientto Water Fund" shall mean the separate fund established and maintained by the District within the County Treasury Pool, into which the District shall deposit all Net Revenues and all payments received by the District under this Contract and each Like-Contract.

"Net Revenues" shall mean the sum of (a) the proceeds of sale by the District of Surplus Water, (b) revenues received by the District from Wheeling Customers, and (c) revenues received by the District from the sale of Reserve Water, less the costs of making such sales and collecting said revenues.

"New Participant" shall mean and include each Other Participant which executes a Like-Contract after the Effective Date, in accordance with Article 29(C) hereof.

"Non-Delinquent Participant" shall mean any of the Participant or any Other Participant which at the time is then complying with its obligations to pay for Nacimientto Project Water hereunder or under its Like-Contract, as set forth in Article 25(A) hereof.

"Notes" shall mean those short-term notes to be issued by the District after the Effective Date, whether Tax-Exempt or Taxable as to their interest component, whose proceeds are to be expended for the costs of design, engineering and planning for the construction of the Nacimientto Project.

"Operation and Maintenance Costs" shall mean the reasonable and necessary current expenses of maintaining, repairing and operating the Nacimientto Facilities, including District administrative expenses directly attributable to the Nacimientto Facilities, but excluding the Capital Reserve Costs and the Capital Projects Installment Debt Service, all computed in accordance with generally accepted accounting principles applicable to enterprise funds of government agencies.

"Opt-out Date" shall mean the date following the Effective Date upon which the Participant may elect to opt out of the Construction Phase of the Nacimientto Project and cease to accrue obligations under this Contract, as further described in Article 2(B).

"Other Delivery Entitlement" shall mean the quantity of Nacimientto Project Water which any Other Participant is entitled to have delivered by the District under its Water Delivery Entitlement Contract in any given Water Year.

"Other Delivery Entitlement Share" shall mean the proportion of the Other Delivery Entitlement of each Other Participant as compared to the Total Delivery Entitlement Obligation in any given Water Year.

"Other Participant" shall mean any other water-distributing public agency of the State of California, city, mutual water company or other entity established under the laws of the State of California, which, having the legal power to do so, executes a Water Delivery Entitlement Contract substantially identical to this Contract for the delivery of water from the Nacimientto Facilities (a "Like-Contract"), except for Participant information, dates, Unit Participations, Participant's Unit Percentage Share and Delivery Entitlement Share, other than for the purpose of purchasing Surplus Water.

"Parity Debt" shall mean, as to the Participant and its Water Enterprise, and as to the Water Enterprises, individually, of the respective Other Participants, all Additional Debt that, by its terms, is payable on a parity with the obligations of the Participant under this Contract.

"Participant Revenue Fund" shall mean that special segregated fund established with or by the District for the deposit of amounts collected from the Participant hereunder as its portion of Capital Projects Installment Debt Service.

"Participations" include the following types of participation in the purchase of Project Water, each of which is separately defined herein: All Participants; Delinquent Participant; Initial Participants; New Participants; Non-Delinquent Participants; Other Participants and Participant.

"Participant's Capital Share" shall mean the portion of the Total Nacimientto Project Construction Costs to be borne by the Participant, and as set forth in Article 16(C)(3).

"Prior Commitment Water" shall mean 1,750 acre-feet of Project Water available to the District each Water Year from the Nacimientto Reservoir under the terms of the Master Water Contract that has been committed to persons and entities other than the Participant and the Other Participants.

"Required Additional Project" shall mean any capital improvement to the Nacimientto Facilities that the District has determined to be necessary in order to keep the Nacimientto Facilities in good repair and operating condition and to maintain the water supply at the quality required hereunder, or which has been ordered or directed by a Governmental Authority.

"Reserved Capacity" shall mean that part of the capacity of the Nacimientto Facilities which is not needed by the District for the delivery of the Total Delivery Entitlement Obligation.

"Reserve Pool Water" shall mean the portion of Reserve Water remaining, if any, after the District applies and delivers the Reserve Water in accordance with the priorities set forth in Article 29(A) hereof.

"Reserve Water" shall mean that part of the Nacimientto Reservoir Water remaining after the subtraction of the Prior Commitment Water and the Total Delivery Entitlement Obligation.

"Reserve Water Customer" shall mean any person or entity that is a party to a contract with the District pursuant to which that person or entity is obligated to purchase Reserve Water from the District.

"Scheduled Maintenance" shall mean the maintenance tasks for the Nacimientto Facilities which are required to be accomplished less frequently than annually, a portion of the costs of which shall be set aside in each annual budget of the District in anticipation of such requirement.

"Surplus Water" shall mean, beginning with the first Water Year during which Nacimientto Project Water is delivered to the Participant, and in each Water Year thereafter, the sum of (i) the Reserve Water for such Water Year, if any, plus (ii) the Turn-Back Pool Water for such Water Year, if any.

"Taxable Obligations" shall mean those certain obligations of the District under an indenture of trust or evidenced by an installment purchase agreement or similar instrument whose proceeds are used in whole or in part to pay the costs of the Nacimientto Project, any Approved Additional Project or any Required Additional Project, the interest on which is included in gross income pursuant to federal income tax law.

"Tax-Exempt Obligations" shall mean those certain obligations of the District under an indenture of trust or evidenced by an installment purchase agreement or similar instrument whose proceeds are used in whole or in part to pay the costs of the Nacimientto Project, any Approved Additional Project, or any Required Additional Contract, the interest on which is excluded from gross income for federal income tax purposes.

"Total Delivery Entitlement Obligation" shall mean, subject to the Master Water Contract, the total amount of Nacimientto Project Water which the District shall make available in each Water Year as Delivery Entitlements to the Participant and Other Delivery Entitlements to the Other Participants under this Contract and under all the other Like-Contracts, and which total shall not exceed the Nacimientto Reservoir Water, less the Prior Commitment Water and less the Reserve Water.

"Total Nacimientto Project Construction Costs" shall mean the costs and expenses incurred by the District in the acquisition and construction of the Nacimientto Facilities.

"Total Participant Contract Payments" shall mean all of the payments due from the Participant and the Other Participants pursuant to Articles 16 and 17 hereof and the corresponding Articles of the Like-Contracts with the Other Participants.

"Turn-Back Pool Water" shall mean that part of the Delivery Entitlement which the Participant does not request be delivered for the Water Year in question in accordance with Article 7 hereof, together with those portions of the Other Delivery Entitlements which are not requested to be so delivered under the correlative provisions of the affected Like-Contracts.

"Unit" shall mean those facilities, which collectively make up the operating segments of the Nacimientto Facilities, delineated as provided in Exhibit A.

"Unit Percentage Share" shall mean the Participant's pro rata share of the Capital Reserve Costs, the Operation and Maintenance Costs and All Other Construction Costs Component for each Unit and as set forth in Article 16(C)(1) and (3)(c) herein; or, in the context of a Like-Contract with any Other Participant, the term "Unit Percentage Share" shall mean and refer to the correlative pro rata share of such Other Participant or Participants.

"Variable Energy Costs" shall mean the actual Nacimientto Facilities pumping energy costs incurred by the District in conveying and delivering: (i) the Delivery Entitlement and Surplus Water to the Participant and (ii) the respective Other Delivery Entitlements and surplus water to the Other Participants as defined under their respective Like-Contracts and as set forth in Article 16(C)(2) hereof.

"Water Delivery Entitlement Contracts" shall mean this Contract and the other Nacimientto Project Water Delivery Entitlement Contracts entered into by and between the District and the Other Participants.

"Water Enterprise" shall mean the water system operated and to be operated by the Participant for sales of water to its customers or to the general public within the Participant's jurisdiction.

"Water Enterprise Charges" shall mean the rates and charges imposed and collected by the Participant for the provision of water through its Water Enterprise.

"Water Rights" shall mean (a) water rights, (b) claims to water rights or (c) agreements concerning water rights, including, but not limited to, overlying, prescriptive, appropriative, riparian or pueblo rights.

"Water Year" shall mean the twelve (12)-month period from October 1 of a each year to and including September 30 of next following year.

"Wheeling Customer" shall mean any person or entity to which the District conveys water, other than Nacimientto Project Water, through any Unit.

ARTICLE 2: TERM OF CONTRACT; RESCISSION

(A) Term. This Contract shall become effective on the Effective Date and shall remain in effect throughout the term provided by Section 3 of the Master Water Contract; *provided*, that if and when, through no fault of the District, one or more provisions of the Master Water Contract shall be terminated or suspended in the manner and for a cause specified in the Master Water Contract, the District's obligations to the Participant and to the Other Participants under this Contract and under Like-Contracts shall likewise be terminated or suspended; *provided*, however, that this Contract may not be terminated, suspended or rescinded so long as there remain outstanding any Municipal Obligations issued by the District for the Nacimientto Facilities.

(B) Implementation of the Design Phase and Construction Bidding. The parties hereto acknowledge that the total Nacimientto Project Construction Costs are estimated to be \$150,000,000 as of the Effective Date; the parties hereto further acknowledge that the actual total costs of construction of the Nacimientto Project will be determined through a competitive bid process applicable to the District at the conclusion of the Design Phase (collectively, the "Construction Bids"). The District covenants and agrees to provide All Participants with a summary report of the Construction Bids, not less than two (2) Business Days following the date upon which the last of such bids is received. In the event that the District finds it necessary or advisable to divide the Construction Phase into two or more subphases, it shall provide a summary report to All Participants of those Construction Bids it deems sufficient to begin the Nacimientto Project (which shall include Construction Bids on no less than thirty percent (30%) of the total estimated Nacimientto Project Construction Costs) and a sound estimate (which shall then be current and shall be based, as appropriate, on construction bids received) of total Nacimientto Project Costs, and shall so state and so estimate in its report to All Participants. The thirtieth (30th) calendar day following the date upon which such report is received by the Participant is referred to as the "Opt-out Date." It is understood and agreed by the parties hereto that the District will incur certain costs and expenses for the Design Phase, which it intends to pay for, in large part, from the proceeds of sale of the Notes. The Construction Bids can only be developed as a result of planning to be accomplished during the Design Phase, by the end of which, the District anticipates that all of the proceeds of the Notes will have been expended. The Participant expressly understands and agrees that the use of the Notes to finance the costs of the Design Phase is an expenditure for the shared benefit of its Water Enterprise and the Water Enterprise of each Other Participant. The District shall not award any construction contracts for the Nacimientto Project until such time as the District shall have consulted with All Participants as to whether to proceed with the Nacimientto Project, and in no event shall any award of a Construction Bid be made, nor shall any Long-Term Project Debt be issued, prior to the Opt-out Date.

(C) Termination of Participation in Nacimientto Facilities by Participant after Effective Date. Subject to the provisions of subparagraph (A) above, the Participant may withdraw from this Contract (and any Other Participant may withdraw from any Like-Contract) following the Effective Date and on or prior to the Opt-out Date, but only if the total Nacimientto Project Construction Costs shall exceed the figure given in paragraph (B) above. In order to withdraw from participation hereunder, the Participant shall provide written notice to the District and to each Other Participant that it elects to opt out of the Construction Phase.

(D) Obligations of District, of All Participants and of Participant in the Event of Opting Out. The Participant agrees with the District and all Other Participants that the Initial Participants shall share the costs of the Design Phase by the expedient of remaining obligated for the repayment in full of the principal of and interest on the Notes, whether or not the Participant should subsequently take advantage of the forgoing provisions to opt out of the remaining term of this Contract. Should the Participant elect to withdraw from this Contract on the Opt-out Date, it shall nonetheless repay to the District its pro rata share (in proportion to its Delivery Entitlement Share) of the principal of and interest on the Notes by a date no later than one (1) year following the Opt-out Date. The Participant understands and agrees that the District shall not be obligated to pay any portion of the expenses for the Design Phase or the Municipal Obligations, which shall instead be the pro rata obligations of the Participant and the Other

Participants which will benefit from the Nacimiento Project, and that, in the absence of the Participant's having withdrawn on an Opt-out Date, the Participant and the Other Participants then remaining shall pay to the District pro rata (in proportion to their respective Delivery Entitlement Share or Other Delivery Entitlement Shares) the amount necessary to pay or redeem any outstanding Municipal Obligations. The provisions of this Article shall survive the rescission of this Contract.

(E) Rescission Following Construction of the Nacimiento Project. Subject to the provisions of subparagraph (A) above, this Contract may be rescinded by the unanimous written consent of the District, the Participant and all Other Participants.

ARTICLE 3: CONSTRUCTION OF THE NACIMIENTO FACILITIES

(A) District's Authority to Enter Contracts, to Engage Consultants and to Finance the Nacimiento Facilities. The Participant understands and agrees that the District will finance the acquisition and construction of the Nacimiento Facilities by means of the issuance and sale of Municipal Obligations and the Participant agrees that the District shall, and is hereby authorized to cause the execution and delivery of the Municipal Obligations on terms and conditions favorable to the District, to the Participant and to the Other Participants, and which terms and conditions will be established by the market conditions at the time of the sale of the Municipal Obligations. In particular, the Participant acknowledges and agrees that:

(1) The District shall contract for the public works comprising the Nacimiento Facilities on such terms as the District, in its sound business judgment may deem in the best interests of the District, the Participant and the Other Participants, but only following consultation with the Nacimiento Project Commission; and

(2) The District may engage Consultants as may be necessary and/or convenient in order to plan, finance, acquire and construct the Nacimiento Facilities and to issue and sell the Municipal Obligations, on such terms and conditions as the District shall determine, *provided*, however, that the District and the Participant hereby agree that all such contracts already in place as of the effective date of this Contract shall be deemed valid and the costs thereof to the District shall be deemed appropriate costs and expenses of the District in the acquisition and construction of the Nacimiento Facilities ; and

(3) The District may authorize and sell at either public or private sale, and cause to be executed and delivered, the Municipal Obligations at any time, or times, following the effective date hereof, to provide for the financing or reimbursement to the District of the costs of the acquisition and construction of the Nacimiento Facilities, to pay capitalized interest on the Municipal Obligations, to establish a reserve fund for the Municipal Obligations and to pay the costs of delivery thereof; and

(4) The Participant shall execute and provide such instruments, certificates, agreements and opinions of counsel as may be necessary in order for the District to deliver the Municipal Obligations, including, without limitation, information for inclusion in the disclosure document for the Municipal Obligations and a continuing

disclosure agreement to permit compliance with Rule 15c2-12 of the Securities and Exchange Commission, respecting the Participant's financial condition and operations, and certificates and agreements evidencing compliance with the covenants set forth in Article 22 hereof; and

(5) The Participant will cooperate with the District and its Consultants in connection with the planning, acquisition and construction of the Nacimiento Facilities and the authorization and delivery of the Municipal Obligations.

(B) Commencement of Construction. The District will use its best efforts to cause or accomplish the construction and financing of the Nacimiento Facilities, the obtaining of all necessary authority and rights, and the performance of all things necessary and convenient therefor. The District will commence the acquisition and construction of the Nacimiento Facilities on any date after the Effective Date and when the following conditions have been met:

(1) The District determines such acquisition and commencement of construction is permitted under the Master Water Contract and state, federal and local law; and

(2) The District has received from the District's Consulting Engineer a certification that, based on contracts awarded by the District for the acquisition and construction of the Nacimiento Facilities, and based upon the Consulting Engineer's estimates of the costs of the portions of the Nacimiento Facilities for which contracts have not been awarded, the District has sufficient moneys from (i) the proceeds of the Municipal Obligations, together with (ii) estimated proceeds to be derived from any other authorized but unissued Municipal Obligations, and (iii) moneys on deposit with the District and legally available to complete the Nacimiento Facilities.

ARTICLE 4: OWNERSHIP, OPERATION AND MAINTENANCE OF NACIMIENTO FACILITIES

(A) District Ownership of the Nacimiento Facilities. The Nacimiento Facilities and all of its pumps, machinery, conduits, apparatus, fixtures, fittings and equipment of any kind, real property (including rights-of-way) and capacity are and shall be, owned by the District and shall be held and operated and maintained by the District as provided for herein.

(B) District's Objectives and Covenants. The parties hereto acknowledge and agree that the primary goal of the District under this Contract shall be to deliver Nacimiento Project Water to the Participant and to the Other Participants, subject to cost considerations, as to which the District shall be expected to exercise sound business judgment. In this regard, the District covenants and agrees that it will operate and maintain the Nacimiento Facilities in accordance with the Master Water Contract, all governmental laws, ordinances, approvals, rules, regulations and requirements, including, without limitation, such zoning, sanitary, pollution, environmental and safety ordinances and laws and such rules and regulations thereunder as may be binding upon the District. The District further covenants and agrees that it will maintain and operate the Nacimiento Facilities in good repair, working order and condition, and that it will from time to time inspect and test all Nacimiento Facilities against then-current water supply industry

standards, and that the District will pursue all necessary and proper replacement, repairs, renewals and improvements thereto. In its operation of the Nacimientto Project, the District shall have as an objective the maximum beneficial use of the Nacimientto Project Water and its conservation. The District, the Participant and the Other Participants agree that they shall individually and collectively cooperate and work towards this objective. The District, the Participant and the Other Participants, individually and collectively, agree further that, to the extent feasible, all revenues received from the Nacimientto Facilities shall be used for the sole benefit of the Nacimientto Facilities and that all parties shall pay their respective shares of Nacimientto Project Costs for Nacimientto Project Water received.

The District further covenants and agrees that it will take any and all action necessary to enforce the rights vested in the District by this Contract and the Master Water Contract as the District deems most appropriate. However, in the event the District fails to enforce any such rights, the Participant may assert such rights on behalf of the District by such means as the Participant deems most appropriate. Nothing in this Contract shall impair or otherwise affect, in any manner, the Participant's right to assert, defend, enforce or otherwise protect any and all rights vested in the Participant by this Contract.

(C) District's Capital Reserves; Annual Budgets to Be Prepared by the District. In order to satisfy its covenants set forth in this Article, the District shall determine the amount of Capital Reserves necessary for the Nacimientto Facilities for the upcoming Water Year and shall prepare its draft annual budget by no later than March 1 to reflect such Capital Reserves. The District shall provide copies of each such budget to the Nacimientto Project Commission, the Participant and the Other Participants for review and comment prior to the distribution of the draft annual budget to the Board of Supervisors, and shall, if deemed necessary or advisable, develop and promulgate to the Nacimientto Project Commission, the Participant and the Other Participants a multi-year improvement plan for the Nacimientto Facilities reflecting the annual requirements for the Capital Reserves.

ARTICLE 5:

EXISTING OBLIGATIONS: MASTER WATER CONTRACT AND PRIOR COMMITMENT WATER

(A) Primacy of Master Water Contract. The obligations of the District under this Contract and the obligations of the District under each and every Like-Contract with the Other Participants, shall be subject to the provisions of the Master Water Contract and should the provisions of the Master Water Contract restrict, impair or prohibit the District from the performance of any or all of the District's obligations under this Contract and/or the Like-Contracts with the Other Participants, then the District shall, to the extent that the District is so restricted, impaired or prohibited, be relieved of its said performance obligations to the Participant under this Contract. This Contract does not create in the Participant any right, rights or interest in or to the Master Water Contract. The Participant has been provided with a copy of the Master Water Contract for review. On advice of counsel, the Participant has reviewed the Master Water Contract and determined that the terms of the Master Water Contract do not conflict with the terms of this Contract or the Participant's obligations hereunder.

(B) Prior-Commitment Water. No part of the Prior-Commitment Water shall be used by the District to satisfy any of the District's obligations under this Contract with the Participant, Like-Contracts with Other Participants or the District's agreements with Reserve Water Customers or third parties.

ARTICLE 6: DELIVERY ENTITLEMENT

(A) Amount of Delivery Entitlement. Subject to the provisions of Article 14(D), and so long as water is made available to the District under the Master Water Contract, the District shall make available to the Participant, in each Water Year, the Delivery Entitlement of Two Thousand (2,000) acre-feet of Nacimientto Project Water. Notwithstanding the foregoing:

(1) The Total Delivery Entitlement Obligation available under this Contract and under the Like-Contracts with the Other Participants may be reduced, following written notice given to the Participant from the District, for any of the conditions or reasons set forth in Articles 13, 14 and 15 hereof; and

(2) Under this Contract and all Like-Contracts, the District shall not be obligated to deliver to the Participant or to any Other Participants, nor shall said Participants have any rights in or to, any of the District's Prior-Commitment Water.

(B) Limit on Rate of Deliveries of Water to Participant. In no event shall the District be obligated to deliver the Delivery Entitlement and/or Surplus Water through any delivery structure of the Nacimientto Facilities at a total combined instantaneous rate of flow exceeding 3.0 cubic feet per second. The maximum amount of said water to be delivered by the District to the Participant from the Nacimientto Facilities in any one month of any year shall not exceed 183 acre-feet. While the District is not required to deliver more than 183 acre-feet of water to the Participant in any one month of any year, and while the District is not obligated to deliver the Delivery Entitlement and/or Surplus Water through any delivery structure of the Nacimientto Facilities at a total combined instantaneous rate of flow exceeding 3.0 cubic feet per second, in the event deliveries required to be made by the District to the Other Participants do permit a higher monthly rate of delivery to the Participant, then the District shall have the discretion temporarily to exceed the maximum monthly deliveries provided for herein.

In the event that the Participant shall desire to have the Nacimientto Project constructed in such a manner as to allow the District to deliver the Delivery Entitlement through any delivery structure of the Nacimientto Project at a total combined instantaneous rate of flow exceeding 3.0 cubic feet per second, the Participant shall notify the District in writing prior to the time that the District shall have completed the final design of the Nacimientto Project. At the time the District receives said request, the District shall determine the additional costs of the Nacimientto Project which are attributable to the Participant's desired increased rate of flow. The Commission shall review the District's determination of the aforesaid additional costs and report the additional costs to the Participant. The Participant agrees that the Participant shall be solely responsible for and shall pay to the District the additional costs of construction of the Nacimientto Project which are attributable to the increased rate of flow.

(C) No District Obligation to Deliver at Particular Head or Pressure. The District is under no obligation to the Participant to deliver the Delivery Entitlement at any particular head or pressure; however, the Nacimiento Project shall be designed to deliver water to the Participant's turnout at a hydraulic grade line of 1,020 feet.

(D) Participant's Right to Acquire Additional Delivery Entitlement. To the extent that the District has available Reserved Water, Participant shall have the right to apply to, and acquire from, the District, additional delivery entitlement as provided for in Article 29 herein.

ARTICLE 7: WATER YEAR DELIVERY AMOUNTS AND SCHEDULE

The amounts, times and rates of delivery of the Delivery Entitlement to the Participant during any Water Year shall be in accordance with a water delivery schedule determined by the District in the following manner:

(A) Preliminary Water Delivery Schedule. On or before October 1 of each Calendar Year, the Participant shall submit in writing to the District a preliminary water delivery schedule which sets forth the amounts, rates and times of the conveyance and delivery of the Delivery Entitlement as is desired by the Participant for each month of the next succeeding three (3) Water Years.

(B) Coordination with Other Participant Preliminary Schedules. Upon receipt of the Participant's preliminary water delivery schedule, the District will consider the Participant's requested schedule, and the preliminary water delivery schedules submitted to the District by the Other Participants, and, after consultation with the Participant, the District shall make such modifications in the Participant's preliminary water delivery schedule as will allow the District to schedule the amounts, times and rates of the conveyance and delivery of the Delivery Entitlement, and those of the Other Participants, so that the requests of the respective Participants will match as closely as possible their respective requests but in a manner which is consistent with the efficient and economical operation of the Nacimiento Facilities.

(C) Amendment of Schedules. The Participant's water delivery schedule may be amended, from time to time, upon the written request of the Participant to the District, subject to the pre-existing obligations of the District under the water delivery schedules of Other Participants for the same period of time.

ARTICLE 8: PLACE OF DELIVERY

(A) Place of Delivery. All of the Delivery Entitlement and all Surplus Water furnished to the Participant shall be delivered to the Participant at Unit T6 (the "Place of Delivery").

(B) Request for Change in Place of Delivery during First Half of Design Phase. If the Participant shall desire to change its Place of Delivery at any time prior to the time that the Design phase is half completed, the Participant may do so, *provided*, the Participant shall be

solely responsible for any and all costs of design, construction or operation attributable to the change in Place of Delivery. No request during the Design Phase for a change in the place of delivery will be granted if such change would cause a material delay in either the Design Phase or the Construction Phase or would require the District to prepare an environmental impact report.

(C) Request for Change in Place of Delivery at any Time. If the Participant shall desire at any time during the term of this Contract to change the Place of Delivery, or to request an additional place(s) of delivery, the Participant may do so, *provided*, the new or additional place of delivery will not interfere with, or restrict, or impair, the conveyance or delivery of the delivery entitlement of any Other Participant and, *provided* that the Participant shall furnish to the District all of the costs and expenses which the District shall incur in the acquisition and construction of the new or additional place of delivery for the Participant.

ARTICLE 9: MEASUREMENT OF DELIVERY ENTITLEMENT AND SURPLUS WATER

All of the Delivery Entitlement and all Surplus Water furnished to the Participant pursuant to this Contract shall be measured by the District by means of the District's measuring device(s) located at the place(s) of delivery established for the Participant under Article 8 of this Contract. Upon the request of the Participant, the District shall investigate the accuracy of the District's measurements, and the District, in writing, shall deliver the findings of the District to the Participant. Any error discovered in the course of such an investigation shall be cause for an adjustment in the amounts charged the Participant. The Participant may, at the Participant's expense, and after reasonable notice to the District, inspect the District's measuring equipment for the purpose of determining the accuracy of the equipment.

ARTICLE 10: NO RESPONSIBILITY

After the Delivery Entitlement or any portion thereof, and/or after the Surplus Water or any portion thereof, shall have passed the place(s) of delivery established for the Participant under Article 8 of this Contract, neither the District nor its officers, agents or employees shall be liable for the control, carriage, conveyance, handling, use, disposal, distribution or changes occurring in the quality or quantity of such water, or for any claim or damages of any nature whatsoever, including, but not limited to, property damage or personal injury or death arising out of or connected with the control, carriage, conveyance, handling, use, disposal, distribution or changes occurring in the quality or quantity of such water beyond such place(s) of delivery. The Participant shall defend, indemnify and hold harmless the District and its officers, agents and employees from and against any such damages or claims of damage.

ARTICLE 11: WATER QUALITY

When the District shall deliver the Delivery Entitlement and/or any Surplus Water to the Participant from the Nacimientto Project Water, said water shall be at a quality that is

substantially the same as the quality of said water at the time it was taken from the Nacimientto Reservoir by the District. The District shall assume no further or additional responsibility for the quality of the water delivered to the Participant under this Contract and the District does not warrant the quality of any such water for any particular use. The Participant shall be responsible for the treatment of all such water to the minimum water quality standards for water for domestic use as may be established from time to time by the State of California and/or by the federal government and the Participant shall defend, indemnify and hold harmless the District from and against any and all claims, damages, costs, expenses, judgments, attorney fees or other liability to any person or entity asserting that said water does not meet or has not met said domestic use water quality standards.

ARTICLE 12: SURPLUS WATER

(A) District Determination of Amount of Surplus Water; Reserve Pool; Turn-Back. The District shall notify All Participants of the total amount of Surplus Water, if any, available for a Water Year on or about the first day of the then-current Water Year, and once so declared by the District, said amount shall not be changed without first obtaining the consent of All Participants. Surplus Water purchased by the Participant will be delivered to the Participant in the same manner provided for the delivery of the Participant's Delivery Entitlement and to the extent that all of said Surplus Water purchased is not in fact taken by the Participant by the end of the Water Year in question, then such undelivered amount of Surplus Water shall revert to the District and shall not thereafter be available to the Participant.

(B) Sale of Surplus Water by District; Rates. From the Surplus Water held by the District, the District shall first sell any and all of the Reserve Pool Water portion of the Surplus Water. No Turn-Back Pool Water shall be sold by the District so long as any Reserve Pool Water remains unsold.

(1) Sale of Reserve Pool Water. The District shall offer the Reserve Pool Water to the Participant and to Other Participants pro rata in proportion to their respective Delivery Entitlement Share and Other Delivery Entitlement Shares. Any amounts of Reserve Pool Water not purchased by an Other Participant shall be re-offered to the Participant, if it purchased its pro rata share of Reserve Pool Water, and the Other Participants purchasing Reserve Pool Water pro rata according to their respective Delivery Entitlement Share and Other Delivery Entitlement Shares until all of the Reserve Pool Water has been sold.

(a) Price for Reserve Pool Water. For Reserve Pool Water, the Participant shall pay to the District the sum of the following:

(1) The portion of the Operation and Maintenance Costs attributable to the Reserve Pool Water and incurred by the District in the immediately preceding Water Year per acre-foot; plus

(2) The Variable Energy Costs incurred by the District for the delivery of the Reserve Pool Water as calculated in Article 16(C)(2) hereof.

(b) Revenues from Sale of Reserve Pool Water. All revenues derived by the District from the sale of Reserve Pool Water shall be applied as a credit against the obligations of the Participant and the Other Participants in proportion to the Delivery Entitlement Share and the Other Delivery Entitlement Shares of the Participant and the Other Participants, respectively.

(2) Sale of Turn-Back Pool Water. The District shall offer the Turn-Back Pool Water to the Participant and to the Other Participants pro rata in proportion to their Delivery Entitlement Share and Other Delivery Entitlement Shares, respectively.

(a) Price for Turn-Back Pool Water. For the Turn-Back Pool Water, the Participant shall pay to the District the sum of the following:

(1) The average of the Operation and Maintenance Costs incurred by the District in the immediately preceding Water Year per acre-foot for the delivery of the Delivery Entitlement and the Other Delivery Entitlements to the Participant and to the Other Participants, respectively; plus

(2) The Variable Energy Costs incurred by the District for the delivery of the Turn-Back Pool Water as calculated in Article 16(C)(2) hereof.

(b) Revenues from Sale of Turn-Back Pool Water. All revenues derived by the District from the sale of Turn-Back Pool Water shall be applied as a credit against the obligations of those Participants contributing to the Turn-Back Pool Water and in the proportion to the amount each Participant contributes to the Turn-Back Pool Water in the Water Year, if at all.

(C) If the Participant shall commit in writing to purchase such Surplus Water from the District, the Participant shall be obligated to pay for such Surplus Water, whether or not the Participant accepts delivery of the Surplus Water, so long as such Surplus Water was available for the period in question. Neither the Participant nor any Other Participant shall resell Surplus Water on a wholesale basis at any time to persons or entities not a party to this Contract or to Like-Contracts, without the prior written consent of the District and all Other Participants; provided, however, that this provision is not intended to limit the sales of Surplus Water to the end customers of the Participant.

(D) The District may offer to sell and deliver any Surplus Water not purchased by the Participant or the Other Participants to any other prospective purchaser without right of renewal, in a manner and at prices which will return to the District the largest Net Revenue practicable for the benefit of the Nacimientto Facilities, but in no event at prices less than those at which such Surplus Water is offered to the Participant, unless the Participant is first tendered such Surplus Water by the District at the lower price in writing, and in each case, attempting to recapture the

Operation and Maintenance Costs, the Variable Energy Costs and the Capital Projects Installment Debt Service attributable to the volume of Surplus Water actually purchased by such third parties, at the highest price the market will then bear.

ARTICLE 13: CURTAILMENT OF DELIVERY

The District may temporarily discontinue or reduce the amount of Nacimientto Project Water to be furnished to the Participant during such time as the District is maintaining, repairing, replacing, investigating, or inspecting any of the portions of the Nacimientto Facilities necessary for the furnishing of water to the Participant. Insofar as it is feasible, the District shall give the Participant notice in advance of any such temporary discontinuance or reduction, except in the case of emergency, in which case no notice need be given. In the event of such discontinuance or reduction, the District will upon resumption of service, deliver, as nearly as may be feasible, the quantity of Nacimientto Project Water which would have been furnished to the Participant in the absence of such discontinuance or reduction. Notwithstanding the foregoing, under no circumstances shall the Participant be relieved of any obligation to make Contract Payments as a result of such temporary discontinuance or reduction of Nacimientto Project Water.

ARTICLE 14: NACIMIEN TO PROJECT WATER SHORTAGES

(A) Temporary Shortages. In any Water Year in which there may occur a shortage or interruption due to drought or other temporary cause in the supply of the Nacimientto Reservoir Water available for delivery by the District to the Participant, to the Other Participants and/or to the Reserve Water Customers, with the result that the amount of such supply is less than the total of: (i) the Delivery Entitlement and (ii) the Other Delivery Entitlements, plus (iii) the amount of the District's obligations to the Reserve Water Customers for that Water Year, the District shall calculate the amount of said reduced supply of water available to the District for use as Nacimientto Project Water and shall apportion the reduced supply of water as follows:

(1) Subject to the provisions of paragraph (D) below, from the reduced amount of Nacimientto Reservoir Water available to the District under the Master Water Contract in the Water Year in question, the District will subtract One Thousand Seven Hundred Fifty (1,750) Acre-Feet of the Prior-Commitment Water and the result shall be the reduced supply of Nacimientto Reservoir Water available to the District for use as Nacimientto Project Water under this Contract and under the Like-Contracts with Other Participants, and for the District's obligations to Reserve Water Customers; and

(2) For the Water Year in question, the District shall first apply the said reduced supply of Nacimientto Project Water to satisfy the Delivery Entitlement and the Other Delivery Entitlements, and then, to the satisfaction of the District's obligations to Reserve Water Customers. In the event that the said reduced supply of Nacimientto Project Water is insufficient to meet, in full, the Delivery Entitlement and the Other Delivery Entitlements, then the District (i) shall make no deliveries to Reserved Water Customers for that Water Year, and (ii) shall reduce the delivery of water to All

Participants pro rata according to the Delivery Entitlement Share or Other Delivery Entitlement Shares of the Participant and each Other Participant, respectively. In the event that said reduced supply of Nacimientto Project Water is sufficient to meet the Delivery Entitlement and the Other Delivery Entitlements, but not the full amount then due to Reserve Water Customers, the District shall reduce the delivery of Reserve Water among the Reserve Water Customers pro rata, according to the amounts they have contracted for during the Water Year in question.

(B) Permanent Shortages. In the event that there is a reduction in the supply of Nacimientto Reservoir Water provided to the District under the Master Water Contract, which notwithstanding the preventative or remedial measures taken by the Monterey Water Agency, threatens or causes a permanent shortage in the amount of Nacimientto Reservoir Water available to the District under the Master Water Contract, with the result that the District concludes such supply will, for an indefinite period extending beyond the current Water Year, be less than Seventeen Thousand Five Hundred (17,500) Acre-Feet, the District shall calculate and apportion the permanently reduced supply of water as follows:

(1) Subject to the provisions of paragraph (D) below, from the reduced supply of Nacimientto Reservoir Water available to the District under the Master Water Contract, the District will subtract One Thousand Seven Hundred Fifty (1,750) Acre-Feet of Prior-Commitment Water and the result shall be the amount of Nacimientto Reservoir Water available to the District for use as the reduced Nacimientto Project Water under this Contract, the Like-Contracts with Other Participants and for the District's obligations to Reserve Water Customers; and

(2) For future Water Years, the District shall first apply the reduced supply of Nacimientto Project Water to satisfy the District's obligations to the Participant under this Contract and to the Other Participants under Like-Contracts, and then to the satisfaction of the District's obligations to Reserve Water Customers. In the event that the reduced Nacimientto Project Water is insufficient to meet, in full, the District's obligations to the Participant under this Contract and to the Other Participants under the Like-Contracts, the District shall permanently reduce the delivery of water to All Participants pro rata, in proportion to the Participant's Delivery Entitlement Share and the Other Participants' Other Delivery Entitlement Shares. In the event that the reduced Nacimientto Project Water is sufficient to meet the District's obligations to All Participants under this Contract and the Like-Contracts, but not the full amount then due to Reserve Water Customers then the District shall reduce the delivery of Reserve Water to Reserve Customers pro rata, according to the amounts contracted for during the most recent Water Year completed.

(3) In the event and to the extent that the permanent shortage is ameliorated and some or all of the reduced Nacimientto Reservoir Water is later restored to the District, the restored amount of water shall be allocated to the Participant and the Other Participants in proportion to the Delivery Entitlement Share and the Other Delivery Entitlement Shares, respectively.

(C) No Liability for Shortages. Neither the District nor any of its officers, agents, or employees shall be liable for any damage, direct or indirect, arising from shortages in the amount of Nacimientto Project Water to be made available to the Participant under this Contract caused by the non-availability of water to the District under the Master Water Contract or caused by drought, operation of the Nacimientto Reservoir, operation of area of origin laws, or any other cause beyond the control of the District.

(D) Equitable Sharing of Shortages with Prior-Commitment Water. To the extent that the District is able to do so under the District's contractual obligations to the persons and entities entitled to Prior-Commitment Water, the District will, during times of shortage, endeavor to reduce the amounts of Prior-Commitment Water extracted from the District's 17,500 acre-feet of water from the Nacimientto Reservoir in proportion to the ratio of 1,750 to 17,500.

ARTICLE 15: LIMITATIONS ON OBLIGATION TO FURNISH WATER

(A) Limited District Obligations. Notwithstanding any provisions of this Contract to the contrary, the obligation of the District to furnish Nacimientto Project Water hereunder shall be limited to the times and to the extent that water from the Nacimientto Reservoir and the facilities necessary for furnishing the same are available to the District pursuant to the Master Water Contract.

(B) District Not Liable for Monterey Water Agency Failure to Perform Master Water Contract. The District shall not be liable for its failure to perform any part of this Contract to the extent that such failure is caused by the wrongful failure of the Monterey Water Agency to perform any obligation imposed on the Monterey Water Agency by the Master Water Contract; *provided*, that the District shall diligently and promptly pursue all rights and remedies available to the District to enforce the rights of the District against the Monterey Water Agency under the Master Water Contract relative to such failure to perform and *provided* further, that the costs and expenses incurred by the District in the enforcement or attempted enforcement of said rights under the Master Water Contract shall be considered to be a part of the Operation and Maintenance Costs under this Contract.

ARTICLE 16: OBLIGATIONS FOR NACIMIENTO PROJECT COSTS

(A) Participant's Obligations to Pay. The Participant shall pay its Contract Payments to the District, in the manner provided below

(B) District's Determination of Nacimientto Project Costs for each Fiscal Year. On or before April 1 of each Calendar Year, the District shall estimate the new or additional Nacimientto Project Costs for the Fiscal Year commencing on the immediately following July 1 and the result shall comprise the Total Participant Contract Payments due, collectively, from the Participant hereunder and from the Other Participants under their respective Like-Contracts for the said Fiscal Year. Nacimientto Project Costs shall include:

- (1) Nacimientto Project Construction Costs;

- (2) Additional Capital Project Costs;
- (3) Capital Projects Installment Debt Service;
- (4) Master Water Contract Costs incurred following the first date upon which an allocation of *ad valorem* property taxes under Article 17(B)(5);
- (5) Capital Reserve Costs;
- (6) Operation and Maintenance Costs;
- (7) Variable Energy Costs;
- (8) Reserved Capacity Costs;
- (9) Environmental mitigation costs; and
- (10) Other annual or incidental costs associated with the Nacimientos Facilities.

(C) District's Allocation of District's Nacimientos Project Costs. Nacimientos Project Costs shall be allocated by the District among the Participant and all Other Participants as follows:

(1) The District shall allocate Capital Reserve Costs and Operation and Maintenance Costs to the Participant on the basis of the Unit Percentage Share of Capital Reserve Costs and Operation and Maintenance Costs attributable to the Units used by the District to deliver the Delivery Entitlement to the Participant. As of the date of execution of this Contract, there is apportioned to the Participant the following proportional share of the said costs (expressed as a percentage) for each of the Units used to deliver water to the Participant:

<u>Project Segment</u>	<u>Participant's Unit Percentage Share</u>
Systemwide Operating Cost	20.768%
Unit No. A	20.768
Unit No. A1	20.768
Unit No. B	20.768
Unit No. C	20.768
Unit No. C1	20.768
Unit No. D	35.524
Unit No. E	37.175
Unit No. F	0.000
Unit No. F1	20.768
Unit No. F2	0.000
Unit No. G	0.000
Unit No. G1	0.000
Unit No. G2	0.000
Unit No. H	0.000
Unit No. H1	0.000
Unit No. T6	100.000

The Participant shall pay such amounts allocated to the Participant under this paragraph in the manner provided for in Article 17(A)(1) and (2) below.

(2) For each Calendar Quarter, Variable Energy Costs shall be determined by the District and shall be allocated to the Participant and to the Other Participants as follows:

(a) Variable Energy Costs for the Calendar Quarter in question shall be divided by the total acre-feet of Nacimientto Project Water delivered by the District during such Calendar Quarter to the Participant and to all Other Participants pursuant to this Contract and Like-Contracts; and,

(b) The result in subsection (a) shall be multiplied by the number of acre-feet of Nacimientto Project Water delivered by the District to the Participant during such Calendar Quarter, which result shall be allocated to the Participant. The District shall notify the Participant in writing of the amount of Variable Energy Costs allocated to the Participant by a date no later than the forty-fifth (45th) day following the end of each Calendar Quarter for the variable costs attributable to the Calendar Quarter most recently concluded. The Participant shall pay such amounts allocated to the Participant under this paragraph in the manner provided for in Article 17(A)(3) below.

(3) The District shall allocate Nacimientto Project Construction Costs as follows:

The Nacimientto Project Construction Costs shall have three components:

(a) The costs attributable to environmental mitigation requirements (the "Environmental Mitigation Construction Cost Component"). The Environmental Mitigation Construction Cost Component shall be allocated pro rata to the Participant and to the Other Participants on the basis of the Delivery Entitlement Share and the Other Delivery Entitlement Shares, respectively. As of the date of execution of this Contract, there is apportioned to the Participant Twenty and 768/1000 (20.768%) of the Environmental Mitigation Construction Cost Component.

(b) The costs attributable to the District's Reserved Capacity (the "Reserved Capacity Construction Cost Component"). The Reserved Capacity Construction Cost Component shall be allocated pro rata to the Participant and to the Other Participants on the basis of the Delivery Entitlement Share and the Other Delivery Entitlement Shares, respectively. As of the Effective Date, there is apportioned to the Participant Twenty and 768/1000 percent (20.768%) of the Reserved Capacity Construction Cost Component.

(c) The costs attributable to all other construction costs (the "All Other Construction Costs Component"). The All Other Construction Costs Component shall be allocated on a Unit Percentage Share basis. As of the date of execution of

this Contract, there is apportioned to the Participant the following proportional share of All Other Construction Costs Components (expressed as a percentage) for each of the Units used to deliver water to the Participant:

<u>Project Segment</u>	<u>Participant's Unit Percentage Share</u>
Unit No. A	20.768%
Unit No. A1	20.768
Unit No. B	20.768
Unit No. C	20.768
Unit No. C1	20.768
Unit No. D	28.146
Unit No. E	28.972
Unit No. F	10.384
Unit No. F1	20.768
Unit No. F2	10.384
Unit No. G	10.384
Unit No. G1	10.384
Unit No. G2	10.384
Unit No. H	10.384
Unit No. H1	10.384
Unit No. T6	100.000

The Participant shall pay such amounts allocated to the Participant under this paragraph in the manner provided for in Article 17(A)(1) and (2) below.

(4) The District shall allocate Capital Projects Installment Debt Service among All Participants, pro rata, according to the proportion of Nacimientto Project Construction Costs paid by the Participant and the Other Participants, as they may be adjusted for cash contributions under Article 17(B); *provided, however*, that the Capital Projects Installment Debt Service shall further be allocated into a component representing debt service on Tax-Exempt Obligations (the "Tax-Exempt Debt Service") and a component representing the debt service on Taxable Obligations (the "Taxable Debt Service"). If the Participant is eligible to borrow on a tax-exempt basis under the Tax Code, then the Participant and the Other Participants who are also so eligible shall be allocated their pro rata shares of Tax-Exempt Debt Service; if the Participant is not eligible to borrow on a tax-exempt basis under the Tax Code, then the Participant and any Other Participants who are also ineligible to so borrow shall be allocated their pro rata shares of Taxable Debt Service.

(5) The District shall allocate all other Nacimientto Project Costs not otherwise provided for above, including Master Water Contract Costs, to the Participant and to all of the Other Participants pro rata on the basis of the Delivery Entitlement Share for the Participant and the Other Delivery Entitlement Shares for the Other Participants. As of the date of execution of this Contract, there is apportioned to the Participant Twenty and 768/1000 percent (20.768%) of the District's said remaining costs, including the Required Additional Project Costs and Master Water Contract Costs. The Participant

shall pay such amounts allocated to the Participant under this paragraph in the manner provided for in Article 17(A)(4) below.

(6) The foregoing allocations shall be calculated by the District each Fiscal Year for the Participant and for each Other Participant and the calculations of said allocations shall be made available to the Participant.

(7) No more frequently than annually, the District shall retain a CPA with the approval of the Commission. The CPA shall be responsible for reviewing and confirming the District's allocation of the Participant's portion of Nacimientos Project Costs and reporting the same to the Participant, the District and each Other Participant.

(8) The obligations of the Participant, if any, for any Approved Additional Project will be established at the time of and by the agreement for each such Approved Additional Project.

ARTICLE 17: CONTRACT PAYMENTS

(A) Time and Amount of Contract Payments. Except as established under Paragraph (C) below as to Capital Projects Installment Debt Service, the Contract Payments to the District shall commence no later than the first Fiscal Year during which the Delivery Entitlement is made available to the Participant hereunder, and in any event, promptly following receipt by the Participant of an invoice from the District. The Contract Payments shall be determined by the District as provided in Article 16 of this Contract and shall be paid by the Participant to the District in accordance with the further provisions of this Article, except and to the extent the Participant shall, in accordance with paragraph (B) below, be entitled to an offsetting credit.

(1) On or before July 1 of each Fiscal Year, the Participant shall pay a sum equal to sixty percent (60%) of the Participant's Allocation of Capital Reserve Costs, and Operation and Maintenance Costs as calculated and allocated under Article 16(C)(1) above; and

(2) On the immediately following January 1 within each Fiscal Year, the Participant shall pay a sum equal to forty percent (40%) of the Participant's Allocation of Capital Reserve Costs and Operation and Maintenance Costs as calculated and allocated under Article 16(C)(1) above; and

(3) On or before the thirtieth (30th) day following its receipt of an invoice from the District under Article 16(C)(2), the Participant shall pay Variable Energy Costs as calculated and allocated under Article 16(C)(2) above, for the Calendar Quarter most recently concluded; and

(4) On or before July 1 of each Fiscal Year, the Participant shall pay a sum equal to the Participant's Allocation of Capital Projects Installment Debt Service as calculated and allocated under Article 16(C)(3) above.

(5) On or before July 1 of each Fiscal Year, the Participant shall pay a sum equal to the Participant's allocation of remaining Nacimientto Project Costs, including Additional Capital Project Costs and Master Water Contract Costs as calculated and allocated under Article 16(C)(4) above.

(B) Participant Credits against Contract Payments. The following shall constitute credits against the Contract Payments to the District:

(1) If, prior to the date upon which the District causes the Municipal Obligations to be sold, the Participant shall contribute to the District, in cash, a sum as and for the Participant's Capital Share of the District's estimate of the Total Nacimientto Project Construction Costs, or any portion of the Participant's Capital Share of said construction costs, then the amount of Capital Projects Installment Debt Service allocated to the Participant under Article 16(C)(3) above shall be reduced accordingly, but in no event to less than zero; and

(2) If the Participant shall, following the date of delivery of the Municipal Obligations, successfully implement a financing plan within its jurisdiction to fund all or a portion of the Participant's Contract Payments, during the term of the Municipal Obligations, by means of a levy of *ad valorem* property taxes, special assessments or special taxes, then all or a portion of the amount of Capital Projects Installment Debt Service to be allocated to the Participant under Article 16(C)(3) above, shall be credited to the Participant from amounts paid under such levy as though such amounts were paid directly by the Participant hereunder, subject to the prior approval of each rating agency then rating the Municipal Obligations and any bond insurer then providing insurance therefor; provided however, that, to the extent legally permissible, the District shall be made a third-party beneficiary of any pledge of such alternate source of revenues, with the power to enforce collection thereof, in the event that the Participant should fail to do so; and

(3) The Participant shall be entitled to a credit against the Participant's obligations to the District hereunder in the form of a share of the Net Revenues the District shall have received during the Fiscal Year in question. In determining the amount of such credits against the obligations of the Participant hereunder, the District shall apportion the District's net revenues from the foregoing sources; (i) first, against the obligations allocated to the Participant and to the Other Participants for the Reserved Capacity Construction Cost Component and in the same amount as the percentage allocation set forth for the Participant in Article 16(C)(3)(a) herein, and then (ii) against the obligations allocated to the Participant and to the Other Participants for the All Other Construction Costs Component and in the same amount as the percentage allocation set forth for the Participant in Article 16(C)(3)(c) herein.

(4) On or before December 1 of each year, the District shall deliver to the Participant a statement as to the actual Operation and Maintenance Costs and Capital Reserve charges incurred or imposed during the Fiscal Year most recently concluded, and shall set forth in such statement the District's determination as to whether the Contract Payments theretofore paid by the Participant were in excess of or less than the

Participant's allocated share of the actual costs incurred by the District for said items. If the Participant shall have paid less than the Participant's actual Unit Percentage Share for said items for such Fiscal Year, the Participant shall remit the difference to the District within one hundred eighty (180) days of the date upon which the Participant receives such a statement from the District. If the Participant shall have paid more than the Participant's actual Unit Percentage Share for such items for such Fiscal Year, the District shall credit the difference against the Participant's future Contract Payments to the District.

(5) If, in any Fiscal Year, the Nacimiento Water Fund of the District receives its allocated portion of the *ad valorem* taxes levied on the real property within the County of San Luis Obispo under the authority of Article XIII A, Section 1(a) of the California Constitution, then the District shall apply said apportioned amount received by the District to the reduction of Reserved Capacity Construction Cost Component and the District shall continue to do so in each Fiscal Year in which the District receives such apportioned amounts up to and until the said Reserved Capacity Construction Cost Component is paid. The District shall credit to the Participant the Unit Percentage Share of said apportioned tax proceeds received by the Nacimiento Water Fund of the District, less any amounts (i) which the District is obligated to pay under the terms of the Master Water Contract and/or (ii) any amounts which are not received or retained by the District because of the operation of the Community Redevelopment Law (California Health and Safety Code Sections 33000 *et seq.*) or any other applicable law.

(C) Participant's Election Regarding Capitalized Interest. The District and the Participant understand and agree that the Participant's share of Capital Projects Installment Debt Service will be lower in the event that the Municipal Obligations attributable to the Participant are marketed and sold without capitalized interest. Accordingly, each Participant shall be entitled, by delivering written notice to the District no later than three (3) business days prior to the pricing of any Municipal Obligations issued, to elect to commence making its portion of Capital Projects Installment Debt Service during the first Bond Year as defined in that certain Indenture of Trust by and between SLO County Financing Authority and BNY Western Trust Company to be entered into in connection with the issuance of the Municipal Obligations, without regard to the date upon which delivery of Nacimiento Project Water is first made to the Participant. If no such election is received from the Participant, the District shall be entitled to include a capitalized interest component in the Municipal Obligations attributable to the Participant, to apportion said capitalized interest to the Participant and to include the costs of same in the Participant's portion of Capital Projects Installment Debt Service.

ARTICLE 18: USE OF TOTAL PARTICIPANT CONTRACT PAYMENTS

During the term of this Contract and the Like-Contracts with Other Participants, the District shall proceed with due diligence to collect Total Participant Contract Payments as and when due, and shall deposit amounts collected into the Participant Revenue Fund promptly upon receipt, and shall apply all other amounts comprising Total Participant Contract Payments in the following order of priority:

- (A) To the payment of Master Water Contract Costs;
- (B) To the payment of Operation and Maintenance Costs;
- (C) To the payment of Variable Energy Costs;
- (D) To the payment of Additional Capital Project Costs; and
- (E) To the replenishment of Capital Reserves for the Nacimiento Project.

ARTICLE 19: OBLIGATION TO "TAKE-OR-PAY"

Neither the Participant's failure or refusal to accept delivery of water from the Nacimiento Facilities to which the Participant is entitled under this Contract nor the District's failure to deliver said water shall in any way relieve the Participant of its obligations to make payments to the District as provided for herein. Commencing on the first date that debt service payments are due under the Municipal Obligations provided for herein, the Participant shall pay all amounts due hereunder, including, without limitation, those due under Article 17 hereof, without reduction or offset of any kind, whether or not the Nacimiento Facilities or any part thereof is then operating or operable or its service is suspended, interfered with, reduced or curtailed or terminated in whole or in part, due to any of the reasons set forth in Articles 6(A), 13, 14 and 15, or otherwise, and such Participant's Contract Payments shall not be conditional upon the performance or nonperformance by any party to this Contract, or to the Like-Contracts, for any cause whatsoever; provided, however, that any savings from non-operation of the Nacimiento Facilities shall be apportioned among the Participant and the Other Participants in accordance with their respective percentages of the Participant's and each Other Participant's Unit Percentage Share.

The Participant's obligations to make Contract Payments and other payments required to be made hereunder are incurred by the Participant for the benefit of future holders of Municipal Obligations, and shall be absolute and unconditional. Such payments shall be absolutely net, free of any deductions, and are not subject to any reduction, whether by offset, recoupment, counterclaim or others. The Participant shall make all such payments notwithstanding the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to the Nacimiento Facilities, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California, or any political subdivision or either of these.

ARTICLE 20: PARTICIPANT'S PLEDGE AND COVENANTS

The Participant, unless it shall have paid cash as the Participant's portion of the Total Nacimiento Project Construction Costs as provided in Article 16 hereof, hereby pledges the gross water sales revenues of the Participant's Water Enterprise to the Participant's obligations under this Contract, and covenants and agrees to establish, fix and collect rates and charges from the

customers of Participant's Water Enterprise at levels sufficient to produce revenues from the Participant's Water Enterprise which are at least equal to:

- (A) The costs of operating and maintaining the Participant's Water Enterprise; plus
- (B) The Contract Payments, calculated in accordance with Article 16 hereof, including the amounts allocated to the Participant as the Participant's share of Capital Projects Installment Debt Service under Article 16(C)(3) hereof; plus
- (C) The Coverage Factor for the amounts allocated to the Participant as the Participant's share of Capital Projects Installment Debt Service under Article 16(C)(3) hereof; and
- (D) Under certain circumstances, that the Participant understands and agrees that the provisions of Article 25(B) hereof may impose upon the Participant a surcharge following the occurrence of any payment default by the Participant.

ARTICLE 21: WATER ENTERPRISE OPERATION AND MAINTENANCE

(A) No Sale, Lease or Disposing of Participant's Water Enterprise. The Participant covenants and agrees not to sell, lease or otherwise dispose of its Water Enterprise or any part thereof essential to the proper operation thereof or to the earning or collection of the gross revenues of the Participant's Water Enterprise, nor to enter into any agreement or lease which would impair the operation of the Participant's Water Enterprise, or any part thereof necessary in order to secure adequate revenues for the payment of amounts due under this Contract; *provided*, however, that any real or personal property which has become nonfunctional or obsolete or which is not needed for the efficient operation of the Participant's Water Enterprise may be sold or disposed of if such disposition will not have the effect of reducing revenues of the Participant's Water Enterprise below the levels required under this Contract.

(B) Participant to Maintain Participant's Water Enterprise. The Participant covenants and agrees to maintain and preserve the Participant's Water Enterprise in good repair and working order at all times, to operate the same in an efficient and economical manner and to pay all operation and maintenance costs of the Participant's Water Enterprise as they become due, all in accordance with the best business judgment of the Participant.

(C) Participant's Budgets. The Participant covenants and agrees to adopt and deliver a budget to the District approved by the Participant's governing body setting forth the amounts budgeted to be paid under this Contract no later than the first day of each Fiscal Year.

(D) Participant's Covenants. The Participant covenants and agrees to comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by the Participant contained in all contracts for the use of the Participant's Water Enterprise and all contracts affecting or involving the Participant's Water Enterprise to the extent that the Participant is a party thereto.

(E) No Superior Liens or Payments. The Participant covenants and agrees not to create or allow any lien on or payment from the revenues of the Participant's Water Enterprise or any part thereof prior to, or superior to, the Participant's obligations to amounts payable under this Contract.

(F) Participant to Insure Water Enterprise. The Participant covenants and agrees to procure and maintain insurance relating to the Participant's Water Enterprise which the Participant shall deem advisable or necessary to protect its interests. Such insurance shall afford protection in such amounts and against such risks as are usually covered in connection with similar water enterprises in the State of California; provided, that the Participant shall not be required to procure or maintain any such insurance unless such insurance is commercially available at reasonable cost; and provided further, that any such insurance may be maintained under a self-insurance program, so long as such self-insurance program is maintained in accordance with standards and in such amounts as are then usually maintained for similar water enterprises in the State of California.

(G) Participant to Pay Obligations; Observe Laws. The Participant covenants and agrees to pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Participant's Water Enterprise or any part thereof when the same shall become due and to duly observe and conform to all valid regulations and requirements of any governmental authority relative to the operation of the Participant's Water Enterprise that are not being contested by the Participant in good faith.

(H) Eminent Domain. The Participant covenants and agrees that if all or any material part of the Participant's Water Enterprise shall be taken by eminent domain proceedings, or if the Participant receives any insurance proceeds resulting from a casualty loss to any material portion of the Participant's Water Enterprise, the proceeds thereof shall be used by the Participant to construct or install replacements for the condemned or destroyed components of the Participant's Water Enterprise or to prepay the Participant's share of Capital Projects Installment Debt Service under Article 16(C)(3) of this Contract.

ARTICLE 22: COVENANTS OF THE DISTRICT AND THE PARTICIPANT; SPECIAL TAX COVENANTS

(A) Punctual Payment; Compliance with Documents. The District shall punctually pay or cause to be paid the interest and principal to become due with respect to all of the Municipal Obligations, but solely from amounts paid to the District under this Contract and the Like-Contracts, and the Participant shall punctually pay or cause to be paid the Capital Projects Installment Debt Service, in strict conformity with the terms of the Municipal Obligations, this Contract and the Legal Documents and will faithfully observe and perform all of the conditions, covenants and requirements of this Contract and the Legal Documents including any and all supplements thereto.

(B) Extension of Payment of Municipal Obligations. Neither the District nor the Participant shall directly or indirectly extend or assent to the extension of the maturity of any of the Municipal Obligations or the time of payment of any claims for interest by the purchaser or

owner of such Municipal Obligations or by any other arrangement, and in case the maturity of any of the Municipal Obligations or the time of payment of any such claims for interest shall be extended, such Municipal Obligations or claims for interest shall not be entitled, in case of any default under the Legal Documents, to the benefits of this Contract, except subject to the prior payment in full of the principal of all of the Municipal Obligations then outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Article shall be deemed to limit the right of the District to issue obligations or cause obligations to be issued for the purpose of refunding any outstanding Municipal Obligations, and such issuance shall not be deemed to constitute an extension of maturity of the affected Municipal Obligations.

(C) Against Encumbrances. Neither the District nor the Participant shall create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the revenues and other assets pledged under this Contract while any of the Municipal Obligations are outstanding, except the pledge created by the Legal Documents and this Contract, any Additional Debt and any pledge, lien, charge or other encumbrance which is subordinate to the obligations under this Contract. Subject to this limitation, the District expressly reserves the right to enter into one or more indentures or trust agreements for any of its corporate purposes, and reserves the right to issue other obligations or cause them to be issued for such purposes.

(D) Covenants to Maintain Tax-Exempt Status of Tax-Exempt Obligations. In the event that any Tax-Exempt Obligations attributable in whole or in part, to the Participant are issued and outstanding, the Participant covenants and agrees as follows:

(1) Definitions. When used in this Section, the following terms have the following meanings:

"Bond Counsel" means Fulbright & Jaworski L.L.P.

"Bond Year" means the period of one year established in the Legal Documents, during which the Tax-Exempt Obligations are outstanding, for purposes of the Code; provided, that either the first Bond Year or the final Bond Year may be a period shorter than twelve calendar months.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Tax-Exempt Obligations or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Tax-Exempt Obligations, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Computation Date" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Gross Proceeds" means any proceeds as defined in section 1.148-1(b) of the Tax Regulations, and any replacement proceeds as defined in section 1.148-1(c) of the Tax Regulations, of the Tax-Exempt Obligations.

"Investment" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Nonpurpose Investment" means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of Tax-Exempt Obligations are invested and that is not acquired to carry out the governmental purposes of such Tax-Exempt Obligations.

"Rebate Amount" has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Yield" of

(1) any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations; and

(2) the Tax-Exempt Obligations has the meaning set forth in section 1.148-4 of the Tax Regulations.

"Tax Regulations" means temporary and permanent regulations promulgated under or with respect to section 103 of the Code.

(2) Not to Cause Interest to Become Taxable. Neither the District nor the Participant shall use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property, the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, would cause the interest on any of the Tax-Exempt Obligations to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the District and the Participant receive a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on any Tax-Exempt Obligation, the District and the Participant shall comply with each of the specific covenants in this Section.

(3) No Private Use or Private Payments. Except as would not cause any Tax-Exempt Obligation to become a "private activity bond" within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the District and the Participant shall at all times prior to the last maturity date of the Tax-Exempt Obligations:

(a) require that one or more state or local governmental agencies exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Tax-Exempt Obligations, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or

entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(b) not permit the direct or indirect imposition of any charge or other payment on or by any person or entity who is treated as using Gross Proceeds of the Tax-Exempt Obligations or any property, the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the boundaries of the Participant or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(4) No Private Loan. Except as would not cause any Tax-Exempt Obligation to become a "private activity bond" within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, neither the District nor the Participant shall use or permit the use of the Gross Proceeds of the Tax-Exempt Obligations to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction that is the economic equivalent of a loan.

(5) Not to Invest at Higher Yield. Except as would not cause the Tax-Exempt Obligations to become "arbitrage bonds" within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, neither the District nor the Participant shall at any time prior to the final maturity of the Tax-Exempt Obligations directly or indirectly invest or permit the investment of Gross Proceeds in any Investment, if as a result of such investment the Yield on Investments acquired with Gross Proceeds, whether then held or previously disposed of, materially exceeds the Yield of the Tax-Exempt Obligations within the meaning of said section 148. For purposes of this paragraph, Yield on Investments shall be determined in accordance with the provisions of section 1.148-5 of the Tax Regulations (which, under certain circumstances, requires Yield to be determined on less than all such Investments).

(6) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Tax Regulations and rulings thereunder, neither the District nor the Participant shall take or omit to take, or permit, any action that would cause any Tax-Exempt Obligations to be treated as "federally guaranteed" within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(7) Information Report. The District shall timely file or cause to be filed any information required by section 149(e) of the Code with respect to the Tax-Exempt

Obligations with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(8) Rebate. Except to the extent otherwise provided in section 148(f) of the Code and the Tax Regulations and rulings thereunder:

(a) The District shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Tax-Exempt Obligation is retired. However, to the extent permitted by law, the District may commingle Gross Proceeds of Tax-Exempt Obligations with other money of the District, provided that the District separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(b) Not less frequently than each Computation Date, the District shall calculate or caused to be calculated the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Tax Regulations and rulings thereunder, which calculation the District shall maintain with its official transcript of proceedings relating to the issuance of the Tax-Exempt Obligations until six years after the final Computation Date.

(c) In order to assure the excludability of the interest on Tax-Exempt Obligations from the gross income of the owners thereof for federal income tax purposes, the District shall make rebate payments at the times and in the amounts as are or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, which payments shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder; *provided, however*, that the District and the Participant agree that liability of the District to make any such payments shall be limited to amounts received by it for such purpose pursuant to this Contract and the Like-Contracts.

(d) The District shall cause the exercise of reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under section 1.148-3(h) of the Tax Regulations.

(9) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, the District shall not enter into any transaction that reduces the amount required to be paid to the United States pursuant to section 148(f) of the Code because such transaction results in a smaller

profit or a larger loss than would have resulted if the transaction had been at arm's length and the Yield of the Tax-Exempt Obligations had been irrelevant to each party.

(10) Tax-Exempt Obligations Not Hedge Bonds. The District represents that the Tax-Exempt Obligations will not be structured so as to comprise "hedge bonds" within the meaning of section 149(g) of the Code.

(11) Elections. The Participant hereby directs and authorizes any authorized representative of the District to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such authorized representative of the District (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Tax-Exempt Obligations.

ARTICLE 23: NO OUTSIDE SERVICE

Neither the Delivery Entitlement nor the Participant's Surplus Water, nor any portion of either, shall be sold or delivered or otherwise disposed of by the Participant outside the boundaries of the District.

ARTICLE 24: FAILURE TO LEVY, SET OR COLLECT TAXES, RATES AND CHARGES; ESTABLISHMENT OF COVERAGE ACCOUNT

(A) Participant's Failure to Establish Taxes, Rates and Charges; Establishing Coverage Account. If the Participant for any reason shall fail or refuse to establish or levy taxes or rates and charges sufficient to satisfy the requirements of Article 20 hereof, or if the Participant shall be precluded from establishing rates and charges at the levels required by said Article 20, then the Participant shall promptly notify the District of such fact in writing, and shall establish a Coverage Account either with the District or with a Depository designated by the Participant to the District in writing. The Participant shall deposit to the Coverage Account, from the first lawfully available funds therefor, an amount equal to one year's Coverage Factor for the amounts allocated to the Participant as the Participant's Capital Projects Installment Debt Service share under Article 16(C)(3) hereof. The Coverage Account shall be invested in accordance with applicable provisions of the Government Code, subject to any limitations established pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, applicable to surplus moneys of the Participant and shall be made and remain available to the Participant and to the District as a source of funds to remedy any failure of the Participant to make its Contract Payments hereunder. The Coverage Account shall be pledged to the District for the purposes described herein, and the Participant covenants and agrees to execute such instruments as may be necessary in order to effect a pledge of amounts on deposit in the Coverage Account, acknowledging and agreeing as well to follow the advice of special tax counsel to the District in connection with the pledge and investment of the Coverage Account, as may be necessary or advisable in order to maintain the tax status of the Tax-Exempt Obligations.

(B) Release of Coverage Account. If at any time following the establishment of the Coverage Account hereunder, the Participant shall again be able to and does collect rates and

charges as required under Article 20 hereof, the Coverage Account may be released to the credit and name of the Participant for any lawful purpose thereof, upon delivery to the District of satisfactory evidence that (1) the Participant has successfully levied rates and charges for the Participant's Water Enterprise at the appropriate levels for at least one full Fiscal or Water Year since the Coverage Account was first created, and (2) the Participant is then current on all payments due under this Contract; whereupon, the District shall either release the Coverage Account to the Participant or shall direct the Depository to do so, free from the lien described herein; subject, however to any contrary requirements of rating agencies or credit providers providing security for any of the outstanding Municipal Obligations.

**ARTICLE 25:
PARTICIPANT'S OBLIGATIONS SEVERAL AND NOT JOINT; STEP-UP
PROVISIONS AND REIMBURSEMENT**

(A) Participant Not Responsible for Failures of Other Participants; Exception. Except as provided in paragraph (B) of this Article, the Participant shall be solely responsible and liable for performance under this Contract and shall not be responsible for any failures of any Other Participant to perform such Other Participant's obligations under any other Like-Contract. The obligations to the District to make payments under this Contract and under the other Like-Contracts are expressly recognized by the District as several, and not joint, and no default on the part of one, or more, of the Other Participants shall, in and of itself, create an event of default under this Contract. The Coverage Account of the Participant, if any is established hereunder, shall not be available for any failure of any Other Participant to make payments under any of the other Like-Contracts between the District and the Other Participants, unless otherwise directed or approved in writing by the Participant.

(B) Participant's "Step-Up" Obligations. If for any reason the Participant or any Other Participant shall fail to pay its share of Capital Projects Installment Debt Service hereunder or under its Like-Contract, the amount of the resulting Debt Service Shortfall shall be paid, collectively, by all Non-Delinquent Participants. If there is more than one Delinquent Participant, the amount of the Debt Service Shortfall shall be the sum of the unpaid amounts for each Delinquent Participant. When such a Debt Service Shortfall occurs, the Participant shall be required to increase its Contract Payments for the particular Water Year by an amount equal to its pro rata share of the Debt Service Shortfall; *provided*, however, that each Other Participant who is not a Delinquent Participant shall be required by the Other Participant's Like-Contract to also contribute to the Debt Service Shortfall so that the Participant, and all of the Other Participants who are not Delinquent Participants, shall each contribute to the Debt Service Shortfall in a proportion determined by dividing each said Non-Delinquent Participant's Capital Projects Installment Debt Service share (under Article 16(C)(3) of this Contract and the Like-Contracts) by the aggregate of all the Participant's Installment Debt Service shares of all Non-Delinquent Participants, including the Participant; and *provided* further, that the Participant in no event shall be required under this paragraph to contribute to the Debt Service Shortfall by an amount in any Water Year exceeding the amount which is twenty-five percent (25%) of the share of Capital Projects Installment Debt Service allocated to the Participant under Article 16(C)(3) hereof.

(C) Repayment to Participant by Delinquent Participant(s). If payments are made by the Participant as a Non-Delinquent Participant during any Water Year under the foregoing paragraph (B), the District shall, beginning on the first Due Date when a Debt Service Shortfall is created by a Delinquent Participant, declare a default as to such Delinquent Participant under the Delinquent Participant's Like-Contract and the District shall be entitled to suspend deliveries of the Delivery Entitlement established for such Delinquent Participant under its Like-Contract; notwithstanding the foregoing, by the terms of its Like-Contract, such Delinquent Participant shall nonetheless continue to be obligated for amounts paid on its behalf by the Non-Delinquent Participants, until the Defaulting Participant has reimbursed each Non-Defaulting Participant in full for the amounts they have previously paid in as their pro rata shares of the Debt Service Shortfall. Reimbursement of amounts advanced by the Participant and the Other Participants as Non-Delinquent Participants (or, in the case of multiple Delinquent Participants, the proportionate share thereof) is immediately due and payable to the District by the responsible Delinquent Participant or Participants, and, if not so paid, and notwithstanding the provisions of Article 26(C) of the Delinquent Participant's Like-Contract, shall incur interest on the unpaid portion until paid in full at a rate per annum equal to the average rate for the County Treasury Pool, plus two percent (2%) per annum, for the month for which the County Treasury Pool rate was most recently calculated, based on a 360-day year of twelve 30-day months; *provided*, however, that payments to be made as reimbursements by a Delinquent Participant are deemed and understood to be subordinate to the obligations of the Delinquent Participant to pay the amounts allocated to the Delinquent Participant as the Delinquent Participant's share of the District's Capital Projects Installment Debt Service under Article 16(C)(3) of the Delinquent Participant's Like-Contract.

(D) "Step-Up" to Be Exhausted before Recourse to Debt Service Reserve Fund/Surety Bond. Shortfalls in Total Participant Contract Payments shall be remedied under this Article prior to the District's making any withdrawal from any debt service reserve fund established, or under the reserve surety bond posted, for the Municipal Obligations, if any are then outstanding. Drawings on or under the debt service reserve fund or reserve surety bond shall be delayed until and unless insufficient moneys are available from Non-Defaulting Participants hereunder.

(E) District's Covenant to Owners of Municipal Obligations. The District covenants and agrees to enforce the provisions of this Contract with due diligence, including, without limitation, the provisions of this Article for the benefit of the owners, from time to time, of the Municipal Obligations.

ARTICLE 26: EVENTS OF DEFAULT; DISTRICT'S REMEDIES

(A) Events of Default by Participant. The following shall constitute events of default hereunder:

(1) The Participant shall fail to make timely payments in full of all amounts due from the Participant under the terms of this Contract; or

(2) The Participant shall fail to establish or collect, or cause to be collected, all rates and charges, and other sums, necessary to enable Participant to make the

payments required hereunder, as provided in Article 20 hereof, and, following thirty (30) days written notice from the District to the Participant, the Participant shall fail to remedy such failure to the satisfaction of the District; or

(3) The Participant shall fail to perform any other obligation or covenant hereunder and shall fail to remedy such failure to the satisfaction of the District within thirty (30) days following the Participant's receipt of written notice from the District, or for such additional time as is reasonably required, in the sole discretion of the District, to correct the same; or

(4) The Participant shall file any petition or institute any proceedings under any act or acts, State or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendments to such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby the Participant seeks or prays to be adjudicated a bankrupt or is to be discharged from any or all of its debts or obligations, or offers a reorganization of its obligations for the benefit of creditors, or asks for similar relief.

(B) District's Remedies. Upon the occurrence of an event of default hereunder, the District shall be entitled to protect and enforce the rights vested in the District by this Contract by appropriate judicial proceedings as the District may deem most effective or convenient, either in equity or law. The use by the District of any remedy specified herein for the enforcement of this Contract is not exclusive and shall not deprive the District of, or limit the application of, any other remedy provided hereunder or by law or by equity. Without limiting the generality of the foregoing, the District shall be entitled to pursue any of the following remedies:

(1) The District may suspend the delivery to the Participant of water hereunder during the period when the Participant is delinquent in its payments or other obligations to the District hereunder, but only following notice to the Participant and the imposition of such remedy following a formal hearing conducted by the Board of Supervisors, unless such failure to pay is as described in subparagraph (5) below;

(2) The District may compel the Participant, or its governing board, by action in any court of competent jurisdiction to account to the District as the trustee of an express trust;

(3) The District may pursue an action in any court of competent jurisdiction to enjoin any acts or things which may be unlawful or in violation of the rights of the District hereunder; and

(4) The District may proceed in mandamus or other suit, action or proceeding at law or in equity to enforce its rights against the Participant (and its governing board, officers, agents and employees) and to compel the Participant to perform and carry out its duties and obligations under the law and its covenants and obligations as set forth herein.

(5) If the Participant shall fail to make timely payments in full of all amounts due from the Participant under the terms of this Contract, and if, as a result, payments are made by any Non-Delinquent Participant during any Water Year under Article 25(B)

hereof, then the District shall, beginning on the first Due Date, declare a default as to the Participant and the District shall be entitled to suspend deliveries of the Delivery Entitlement without referring the matter to the Board of Supervisors for a hearing; notwithstanding the foregoing, by the terms of this Contract, the Participant shall nonetheless continue to be obligated for amounts paid on its behalf by the Non-Delinquent Participants, until such time as the Participant has reimbursed each Non-Defaulting Participant in full. Said amounts advanced by the Non-Delinquent Participants are immediately due and payable by the Participant, and, if not so paid, and notwithstanding the provisions of paragraph (C) of this Article, shall incur interest on the unpaid amounts until paid in full at a rate per annum equal to the average rate for the County Treasury Pool, plus two percent (2%) per annum, for the month for which the County Treasury Pool rate was most recently calculated, based on a 360-day year of twelve 30-day months; *provided*, however, that payments to be made as reimbursements under this paragraph are deemed and understood to be subordinate to the obligations of the Participant to pay the amounts allocated to the Participant as the Participant's share of the District's Capital Projects Installment Debt Service under Article 16(C)(3) of this Contract.

(C) Rate of Interest. Upon each charge to be paid by the Participant to the District pursuant to this Contract which remains unpaid after the time the same shall have become due and payable, interest shall accrue at an annual rate equal to that earned by the County Treasury Pool as provided in California Government Code at Section 16480 *et seq.*, calculated monthly on the amount of such delinquent payment from time to time after the due date when the same becomes due until paid, and the Participant hereby agrees to pay such interest; *provided*, that no interest shall be charged to or paid by the Participant unless such delinquency continues for more than thirty (30) days. The Participant hereby agrees to pay such interest to the District, whether or not the District shall pursue any of the remedies specified in this Article. In no event shall said default interest be compounded.

ARTICLE 27: CHANGES IN ORGANIZATION

The Participant shall furnish the District with maps showing the boundaries of the Participant and showing the service area or areas of the Participant's water distribution system. Throughout the term of this Contract, the Participant shall promptly notify the District of any changes in said boundaries and in said service area or areas occasioned either by addition or by removal of territory. So long as there are outstanding any Municipal Obligations, the Participant shall take no action to remove any lands from the Participant or its service areas without the prior written consent of the District.

ARTICLE 28: ADDITIONAL CAPITAL PROJECTS

(A) Required Additional Projects. At any time, and from time to time, without the consent of the Participant or any Other Participant, the District shall have the authority to undertake the construction or equipping of any Required Additional Project, *provided* that,

before a Required Additional Project may be commenced by the District pursuant to direction or order of a competent Governmental Authority, the Participant and the Other Participants shall be afforded notice by the District of said direction or order and each shall have the opportunity to oppose the imposition of such requirement before a court of competent jurisdiction. Only if a final judgment is thereafter rendered in favor of such direction or order of the said Governmental Authority, or if no such opposition is filed, shall the directed or ordered project be undertaken by the District. It is the intention of the parties hereto that the District shall, as and when necessary, be deemed to assign its rights to pursue opposition to the creation of any obligations hereunder by a Governmental Authority to the Participant and/or the Other Participants as third party beneficiaries hereof and real parties in interest. The District shall allocate the costs of each Additional Capital Project among All Participants pro rata according to the Delivery Entitlement Share and the Other Delivery Entitlement Shares, respectively, unless the Commission shall determine that some other manner of cost allocation is more equitable in which case the Commission's determination shall be final.

(B) Approved Additional Projects. An Approved Additional Project may be undertaken at any time, and from time to time, by the District in accordance with the terms of the specific agreements between the District and the Participant and the Other Participants, *provided* that, funding for an Approved Additional Project will not be from Capital Reserves but from a new and separate capital fund established by the District as a part of the agreement establishing each Approved Additional Project.

(C) Emergency Projects. Emergency Projects, including emergency repairs to the Nacimiento Project, may, notwithstanding the above, be made by the District without notice to, or consultation with, the Participant or the Nacimiento Project Commission or with any Other Participant. The District shall then allocate the costs of each Emergency Project among All Participants pro rata according to the Delivery Entitlement Share and the Other Delivery Entitlement Shares, respectively, unless the Commission shall determine that some other manner of cost allocation is more equitable, in which case the Commission's determination shall be final.

ARTICLE 29: USE OF RESERVE WATER

The District may use the District's Reserve Water as follows:

(A) Priorities. The District shall use the District's Reserve Water in the following order of priority:

(1) For the alleviation of any permanent water shortage described in Article 14(B) hereof;

(2) For the alleviation of any temporary water shortage described in Article 14(A) hereof;

(3) For the satisfaction of the District's obligations to each of the Reserve Water Customers;

(4) For adding to and supplementing the Delivery Entitlements for the Participant and/or the Other Delivery Entitlements for the Other Participants who are Initial Participants as provided for by Article 6(D) herein;

(5) For additional and New Participants (defined in paragraph (C) below) who were not Initial Participants;

(6) For such other purposes as the District deems useful and beneficial to the Nacimientto Project.

(B) District's Sale of Reserve Water/Reserved Capacity by Amending Participant's Contract and/or the Like-Contracts of Other Participants who were Initial Participants. In the event that the Participant, or any Other Participant who was an Initial Participant, desires to purchase additional capacity in the Nacimientto Facilities and additional rights to have a portion of Reserve Water conveyed and delivered to the Participant and to the extent that the amount of Reserve Water and Reserved Capacity is sufficient to do so, the District and the Participant may amend this Contract (or, in the case of an Other Participant, the Like-Contract), *provided* that the District shall not enter into any such amendment which provides terms more favorable than those presently existing in this Contract, and in each Like-Contract, and *provided* that the Participant shall, in addition to the payments required under the Like Contract, pay to the District a fee (the "Purchase of Reserve Water Delivery Entitlement and Reserved Capacity Fee") amounting to a sum which will reasonably compensate the District for the Participant's Unit Percentage Share of the Total Nacimientto Project Construction Costs plus the costs of any Additional Capital Projects which are necessary or convenient for the conveyance and/or delivery of the Delivery Entitlement. The District shall apply the Purchase of Reserve Water Delivery Entitlement and Reserved Capacity Fee as a credit to the obligations of the Participant and the Other Participants based on their respective Unit Percentage Share. However, the District shall not so amend this Contract without having first provided sixty (60) days written notice to each Other Participant of the fact that the Participant has applied to the District for such an amendment to this Contract and providing each such Other Participant an opportunity to likewise apply for an additional Delivery Entitlement of Reserve Water/Reserved Capacity. In the event that Other Participants shall also apply to the District at the time of Participant's application for additional Delivery Entitlements of Reserve Water, then to the extent that there is not sufficient Reserve Water or Reserved Capacity to satisfy all of the applications for additional Delivery Entitlements, the Participant and all Other Participants applying for additional Delivery Entitlements shall be granted additional Delivery Entitlements in proportion to their respective Delivery Entitlements existing at the time of the applications.

(C) District's Contract(s) for All or a Portion of Reserve Water and Reserved Capacity by Execution of Like-Contracts with New Participants who were Not Initial Participants. In the event that an entity desires to become a New Participant, acquiring rights to capacity in the Nacimientto Facilities and rights to have conveyed and delivered to the New Participant a portion of Reserve Water, and to the extent that the amount of Reserve Water and the District's Reserved Capacity is sufficient to do so, then the District, after consulting with the Nacimientto Project Commission, and after receiving the written approval from that portion of All Participants holding, in the aggregate, at least fifty-five percent (55%) of the total of all delivery entitlements to Nacimientto Project Water existing at that time, may enter into a Like-

Contract with such New Participant, *provided* that said New Participant shall, in addition to the payments required under the Like-Contract, pay to the District a Purchase of Reserve Water Delivery Entitlement and Reserved Capacity Fee as described above herein. However, notwithstanding the foregoing sentence, each entity listed on Exhibit B hereto shall have the right to become a New Participant, and the District may enter into a Like-Contract with such New Participant, on any day after the last day of the Design Phase without consultation with the Commission or written approval from any portion of All Participants, *provided*, that said New Participant shall, in addition to the payments required under its Like-Contract, pay to the District a Purchase of Reserve Water Delivery Entitlement and Reserved Capacity Fee as described above herein. The District shall apply the Purchase of Reserve Water Delivery Entitlement and Reserved Capacity Fee received from any New Participant as a proportionate credit to the obligations of the Participant and the Other Participants (excluding the New Participant) based on the Participant's and the Other Participants' Unit Percentage Shares. Notwithstanding the foregoing, or any other provision of this Contract, the District shall not execute a Like-Contract with a New Participant if such execution would result in any of the Tax-Exempt Obligations being treated as an obligation not described in Section 103(a) of the Internal Revenue Code of 1986, as amended, by reason of classification of such Tax-Exempt Obligation as a "private activity bond" within the meaning of Section 141 of said Code.

(D) District's Sale of Reserve Water to Reserve Water Customers.

(1) The District may enter into an agreement to deliver all or a part of Reserve Water to Reserve Water Customers under the following conditions:

(a) There is Reserve Water and Reserved Capacity available in any year after application of the priorities set forth above herein;

(b) The agreement cannot be for a period of time in excess of five years; and

(c) The price charged by the District to any Reserve Water Customer for the delivery of said Reserve Water may not be less than the greater of: (i) rates that the District would charge for Surplus Water under Article 12 of this Contract delivered to that Participant geographically nearest the place where the Reserve Water Customer takes delivery of Reserve Water; or, (ii) the charges resulting from the application of the provisions of Article 30(A) hereof.

(2) The District's revenues from an agreement for the temporary delivery of Reserve Water to Reserve Water Customers shall be applied by the District to effect a credit under Article 17(B)(3) hereof ("Credit for Participant's Portion of Any of District's Surplus/Wheeling/District Customer Revenues").

**ARTICLE 30:
USE OF RESERVED CAPACITY**

The District shall use its best efforts to temporarily lease the Reserved Capacity of the Nacimiento Facilities.

(A) District's Use of Capacity in the Nacimientto Facilities for the Delivery of Reserve Water through the Nacimientto Facilities to a Reserve Water Customer. If at any time during the term of this Contract, the District conveys Reserve Water through any Unit to a Reserve Water Customer, the Reserve Water Customer shall be required to pay the District for such conveyance and delivery service in a manner and at prices which will return to the District the largest net revenue practicable, but in no event shall such conveyance be effected at charges less than those applicable to the conveyance of Delivery Entitlement through the same Unit or Units. In determining the appropriate charges for water conveyed and delivered for a Reserve Water Customer, the District shall take into account the particular Unit or Units through which conveyance of such water occurs, shall compare the Operation and Maintenance Costs and Capital Projects Installment Debt Service apportionable to such Unit or Units with Nacimientto Project Costs, and shall further compare the amount of water conveyed for Reserve Water Customers through such Unit or Units with the amount of Nacimientto Project Water conveyed for the Participant and for the Other Participants through such Unit or Units for the same period of time.

(B) Wheeling of Water. If at any time during the term of this Contract, the District conveys water to any Wheeling Customer, said Wheeling Customer shall be required to pay the District for such conveyance and delivery service in a manner and at prices which will return to the District the largest net revenue practicable, but in no event shall such conveyance be effected at charges less than those applicable to the conveyance of Delivery Entitlement through the same Unit or Units. In determining the appropriate charges for water conveyed and delivered for a Wheeling Customer, the District shall take into account the particular Unit or Units through which conveyance of such water occurs, shall compare the Operation and Maintenance Costs and Capital Projects Installment Debt Service apportionable to such Unit or Units with Nacimientto Project Costs, and shall further compare the amount of water conveyed for Wheeling Customers through such Unit or Units with the amount of Nacimientto Project Water conveyed for the Participant and for the Other Participants through such Unit or Units for the same period of time. The District hereby covenants and agrees not to enter into any contract with a Wheeling Customer for the conveyance of water with a term to exceed one (1) year.

ARTICLE 31: UNIFORM CONTRACTS

Nacimientto Project Water Delivery Entitlement Contracts executed by the District with the Other Participants (or with any New Participant) shall be substantially uniform with respect to basic terms and conditions when compared with this Contract, but shall provide for different dates and quantities of water to be conveyed and delivered, the places of water delivery, each delivery entitlement share and each unit percentage share and the payment amounts for each participant.

ARTICLE 32: AMENDMENTS TO CONTRACT

This Contract shall be subject to amendment at any time by mutual agreement of the parties hereto, except insofar as any proposed amendments are in any way contrary to applicable

law, or would have a material adverse effect upon the owners of any of the Municipal Obligations. As a condition to any amendment to this Contract or to the Like-Contracts with the Other Participants, the District shall first have received written confirmation from the rating agency or agencies then providing a rating for the Municipal Obligations, to the effect that the proposed amendments will not adversely affect the rating of the Municipal Obligations and, in the event that the Municipal Obligations, or any portion thereof, shall be covered by municipal bond insurance, the District shall have received prior written consent to such proposed amendments from the provider of such bond insurance. Amendments to this Contract and to the Like Contracts of the Other Participants shall occur only after the written and unanimous consent of the District, the Participant and all Other Participants, except, that the following Additional Projects may be effected without said unanimous consent and upon the following conditions:

(A) Approved Additional Projects. Subject to the provisions of Article 28 hereof, and upon the request of the Participant or of any Other Participant, the District may enter into an amendment of this Contract, and/or of Like-Contracts, in order to undertake the acquisition and construction of an Approved Additional Project; *provided*, however, the Participant and/or Other Participants desiring such Project shall first demonstrate that said Approved Additional Project will be economically feasible with the financial support of only the Participant and/or the Other Participants participating in said Approved Additional Project.

(B) Required Additional Project/Emergency Project. The undertaking of a Required Additional Project or of any Emergency Project by the District shall not require the consent of the Participant or of any Other Participant nor the amendment of this Contract or of any Like-Contract(s).

(C) Approval of Amendments by Participant. The Participant covenants and agrees to act in good faith to approve or reject any proposed amendments hereto within a reasonable period of time. The failure to either approve or reject any such proposed amendment within sixty (60) days from the date of adoption by the Board of a resolution approving such proposed amendment shall constitute a lack of good faith.

ARTICLE 33: ESTABLISHMENT OF NACIMIENTO PROJECT COMMISSION

In connection with its approval of this Contract, the Participant has appointed a representative of the Participant to sit on the Nacimiento Project Commission. The District covenants and agrees to call a first organizational meeting of the Commission within thirty (30) days of the Effective Date, in accordance with law and, particularly, the provisions of the Ralph M. Brown Act. The Commission shall meet at such intervals and at such places as it shall determine. The total number of votes that may be cast on any issue or proposition considered by the Commission shall be the sum of the number of Commissioners. The Commission member representing the District shall be entitled to vote in proportion to the number of Commissioners. The Commissioners representing the Participant and the Other Participants shall share the remaining votes in proportion to the Delivery Entitlement of the Participant and of each of the Other Participants.

The purpose of the Commission shall be to review and approve all substantive matters pertaining to the construction and operations of the Nacimiento Facilities, including the annual budget; provided, however, that the Commission shall have no authority to contract, employ persons, or make expenditures. The Board of Supervisors may approve, alter, or return any said approval of the Commission. Furthermore, in every case that the Board alters or returns to the Commission any item or proposition approved by the Commission, the Board shall set forth in writing its findings that caused the Board to alter or return said item or proposition and shall do so only after holding a public hearing at which time the Commissioners shall have the right to appear and address the Board of Supervisors.

**ARTICLE 34:
OPINIONS AND DETERMINATIONS; GOOD FAITH**

Where the terms of this Contract provide for action to be based upon opinion, judgment, approval, review or determination of either party hereto, such terms are not intended to be and shall never be construed as permitting such opinion, judgment, approval, review, or determination to be arbitrary, capricious, or unreasonable.

**ARTICLE 35:
WAIVER OF CONTRACT RIGHTS**

Any waiver at any time by either party to this Contract of the party's rights with respect to a default or any other matter arising in connection with this Contract shall not be deemed to be a waiver with respect to any other default or matter.

**ARTICLE 36:
NOTICES**

All notices that are required either expressly or by implication to be given by any party to the other under this Contract shall be signed for the District and for the Participant by such officers as they may, from time to time, authorize to so act. All such notices shall be deemed to have been given and delivered if delivered personally or if enclosed in a properly addressed envelope and deposited with the United States Postal Service for delivery by registered or certified mail. Unless and until formally notified otherwise, all notices shall be addressed to the parties as follows:

To the Participant: Atascadero Mutual Water Company
 P.O. Box 6075
 5005 El Camino Real
 Atascadero, California 93423
 Attention: Chief Executive Officer

To the District: Department of Public Works
County of San Luis Obispo
County Government Center
San Luis Obispo, CA 93408
Attention: Director of Public Works

ARTICLE 37: ASSIGNMENT

The provisions of this Contract shall apply to and bind the successors and assigns of the respective parties, but no assignment or transfer of this Contract, or any part hereof or interest herein, shall be valid until and unless approved by the District. The District shall not approve any such assignment or transfer to any person or entity that is not one or more of the Initial Participants, or a then-existing New Participant, unless and until the proposed assignment or transfer of this Contract has been offered to and refused in writing by all said Participants. The offer of any such assignment or transfer of this Contract shall be on the same basis to all Participants and if more than one of the said Participants desires to accept the offer, this Contract or portion thereof to be assigned or transferred shall be prorated among them in proportion to their respective unit percentage share in the facilities involved in the assignment or transfer. The foregoing notwithstanding, no assignment or transfer of this Contract or any part hereof or interest herein shall be valid until such time as the District has received assurances from each rating agency then rating the Municipal Obligations, to the effect that such assignment or transfer will not adversely affect the rating on the Municipal Obligations, and, so long as any Municipal Obligations are then being insured by a municipal bond insurance company, until such time as the District has received the written consent from such bond insurer as to such assignment or transfer. The Participant understands and acknowledges that the District may pledge amounts received and to be received hereunder and under the other Like-Contracts to a financial institution and/or Joint Exercise of Powers Authority as further support for the District's obligations under the Municipal Obligations.

ARTICLE 38: INSPECTION OF BOOKS AND RECORDS

The authorized officers of the Participant shall have full and free access at all reasonable times to the account books and official records of the District insofar as the same pertain to the matters and services provided for in this Contract, with the right at any time during regular business hours of the District to make copies thereof at the Participant's expense, and the authorized officers of the District shall have similar rights in respect to the account books and records of the Participant for its Water Enterprise.

ARTICLE 39: SEVERABILITY

Any provision of this Contract that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition,

unenforceability or nonauthorization without invalidating the remaining provisions hereof affecting the validity, enforceability or legality of such provision in any other jurisdiction.

ARTICLE 40: WATER RIGHTS

The parties hereto acknowledge and agree that this Contract is an agreement for service, and only contractual rights are created by this Contract. This Contract does not create an entitlement to nor does it convey to the Participant any property right or interest in the Master Water Contract. Except as to rights associated with imported water discussed in this Article, no provision of this Contract shall be considered, interpreted or applied in any fashion to derogate or otherwise diminish, reduce or detrimentally affect, in any fashion, any parties' existing or subsequently developed or acquired Water Rights. This Contract shall not be considered, interpreted nor applied in any fashion to result in any relinquishment or adjustment of any such Water Rights. In particular, no provision of this Contract shall be considered, interpreted or applied in any fashion to diminish, reduce or detrimentally affect, in any fashion, any party's rights pursuant to Water Code Section 1005.1 or Section 1005.2. Notwithstanding anything to the contrary set forth herein, the parties to this Contract acknowledge that the water delivered to the Participant pursuant to this Contract constitutes "imported water." The District agrees to support any effort of the Participant to establish that the water delivered to the Participant pursuant to this Contract constitutes "imported water." The parties further acknowledge that any rights to water which may arise from the importation and/or use by the Participant of the water delivered pursuant to this Contract (including, but not limited to the use, storage, capture, recapture and/or reuse of such water) are held exclusively by the Participant and no other party.

ARTICLE 41: GOVERNING LAW

This contract shall be interpreted, governed and enforced in accordance with the laws of the State of California applicable to contracts made and performed in such State.

ARTICLE 42: VALIDATION

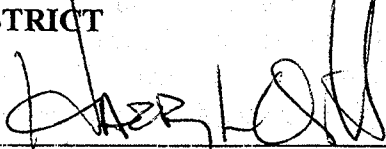
Either the District, the Participant or any Other Participant may file and diligently prosecute to a final decree in a court of competent jurisdiction a proceeding in mandamus or other appropriate proceeding or action for the judicial examination, approval, and confirmation of the proceedings had for the organization of the District and for the participation of the Participant in the Nacimiento Facilities hereunder, or for the validation of the agreement(s) which is the basis for the Municipal Obligations, or any of them, or the proceedings of the governing body of the Participant leading up to and including the making of this Contract and the validity of the provisions thereof and hereof.

**ARTICLE 43:
COUNTERPARTS**

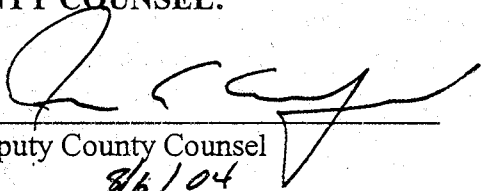
This Contract may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the date first above written.

**SAN LUIS OBISPO COUNTY FLOOD
CONTROL AND WATER CONSERVATION
DISTRICT**

By 
Chairperson, Board of Supervisors

**APPROVED AS TO FORM:
COUNTY COUNSEL:**

By 
Deputy County Counsel

**ATTEST:
JULIE L. RODEWALD, COUNTY CLERK**

By 
Deputy County Clerk

ATASCADERO MUTUAL WATER COMPANY

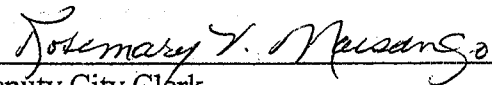
By  - President
Authorized Representative

**APPROVED AS TO FORM:
CITY ATTORNEY**

By _____

By _____
Deputy City Clerk

**ATTEST:
~~CITY CLERK~~ CORPORATE SECRETARY**

By 
Deputy City Clerk
Corporate Secretary

**ARTICLE 43:
COUNTERPARTS**

This Contract may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the date first above written.

**SAN LUIS OBISPO COUNTY FLOOD
CONTROL AND WATER CONSERVATION
DISTRICT**

By _____
Chairperson, Board of Supervisors

**APPROVED AS TO FORM:
COUNTY COUNSEL:**

By _____
Deputy County Counsel

**ATTEST:
JULIE L. RODEWALD, COUNTY CLERK**

By _____
Deputy County Clerk

ATASCADERO MUTUAL WATER COMPANY

By _____
Authorized Representative

**APPROVED AS TO FORM:
~~CITY~~ ATTORNEY**

602
ELLIS & COLLINS
By *Samuel D. Ellis*
Samuel D. Ellis, Esq.

**ATTEST:
CITY CLERK**

By _____
Deputy City Clerk

By _____
Deputy City Clerk

EXHIBIT A

UNIT DESCRIPTIONS

Unit A - Lake Nacimiento Intake and Pump Station to Camp Roberts West Property Line: Shall consist of the raw water intake structure including multiport tower, pumps, piping, surge control facilities, access road, screens, gates, valves, controls, electrical service, instrumentation, grounds, fencing, and appurtenances; and pipeline from the intake to the Camp Roberts west property line, including road crossings, controls, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances

Unit A1 - Camp Roberts West Property Line to Camp Roberts Tank and Pump Station Inlet: Shall consist of the pipeline from the Camp Roberts west property line to the inlet connection of the Camp Roberts Pump Station including road crossings, the Nacimiento River crossing, controls, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances; and Camp Roberts Tank including piping and valves, connections to the main pipeline, controls, instrumentation, corrosion control and coatings, access roads, grounds, fencing, and appurtenances.

Unit B - Camp Roberts Pump Station: Shall consist of the Camp Roberts Pump Station from the inlet connection to the discharge connection, including pumps, piping, connections to the main pipeline, surge control facilities, access road, valves, controls, instrumentation, grounds, fencing, and appurtenances.

Unit C - Camp Roberts Pump Station Discharge to Monterey Rd / Wellsona: Shall consist of the pipeline from the Camp Roberts Pump Station discharge connection to the intersection of Old Highway 101 and Monterey Road, including the highway crossing, road crossings, controls, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

Unit C1 - Monterey Rd / Wellsona to Paso Robles Turnout: Shall consist of the pipeline from the intersection of Old Highway 101 and Monterey Road to the mainline connection for the Paso Robles Turnout, including the Salinas River crossing, railroad crossing, road crossings, controls, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

Unit D - Paso Robles Turnout to Templeton CSD Turnout: Shall consist of the pipeline from the mainline connection for the Paso Robles Turnout to the mainline connection for the Templeton CSD turnout, including surge control, microtunneling through Santa Ysabel Ranch, road crossings, controls, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

Unit E - Templeton CSD Turnout to Atascadero MWC Turnout: Shall consist of the pipeline from the mainline connection for the Templeton CSD turnout to the mainline connection for the Atascadero MWC turnout, including road crossings, controls, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

Unit F – Atascadero MWC Turnout to Rocky Canyon Tank Inlet: Shall consist of the pipeline from the mainline connection for the Atascadero MWC turnout to the inlet flange of the Rocky Canyon Tank, including road crossings, controls, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

Unit F1 – Rocky Canyon Tank: Shall consist of the Rocky Canyon Tank from the inlet flange of the tank through to the inlet connection to the Rocky Canyon Pump Station, including piping and valves, connections to the main pipeline, controls, instrumentation, corrosion control and coatings, access roads, grounds, fencing, and appurtenances.

Unit F2 – Rocky Canyon Pump Station: Shall consist of the Rocky Canyon Pump Station from the pump station inlet connection through to the discharge connection, including pumps, piping, connections to the main pipeline, surge control facilities, access road, valves, controls, instrumentation, grounds, fencing, and appurtenances.

Unit G – Rocky Canyon Pump Station Discharge to Route 58/Maria Avenue: Shall consist of the pipeline from the discharge connection of the Rocky Canyon Pump Station to the intersection of Maria Avenue and Route 58 in Santa Margarita, including a Salinas River Crossing, road crossings, controls, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

Unit G1 – Route 58/Maria Avenue to Cuesta Tank Inlet: Shall consist of the pipeline from the intersection of Maria Avenue and Route 58 in Santa Margarita to the inlet flange of the Cuesta Tunnel Tank, including railroad and road crossings, controls, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

Unit G2 – Cuesta Tunnel Tank: Shall consist of the Cuesta Tunnel Tank from the inlet flange of the tank through the north portal inlet flange of the existing Cuesta Tunnel pipeline, including piping and valves, connections to the main pipeline, controls, instrumentation, corrosion control and coatings, access roads, grounds, fencing, and appurtenances.

Unit H – Cuesta Tunnel: Shall consist of the existing Nacimiento Pipeline in Cuesta Tunnel from the existing north portal inlet flange through the south portal outlet flange, including controls, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

Unit H1 – Cuesta Tunnel to San Luis Obispo WTP: Shall consist of the pipeline from the south portal outlet flange of the Nacimiento Pipeline in Cuesta Tunnel to the San Luis Obispo City Water Treatment Plant on Stenner Creek Road, including railroad crossings, road crossings, controls, instrumentation, air release structures, blowoffs, valves, vaults, corrosion control, and appurtenances.

Unit T6 – Atascadero Mutual Water Company Turnout. Shall consist of the piping, instrumentation and appurtenant facilities connecting the Nacimiento Facilities to the Atascadero Mutual Water Company water system facilities along Templeton Road approximately 5,500 feet Southeast of the intersection with Vineyard Street.

EXHIBIT B
ENVIRONMENTAL IMPACT REPORT
ENTITIES

California Army National Guard

County of San Luis Obispo Service Area No. 10A, 22 and 23

Edna Valley Mutual Water Company

Fiero Lane Water Company

Lewis C. Pollard Family Trust

Morrow Rock Mutual Water Company

San Miguel Community Services District

Santa Margarita Ranch Mutual Water Company

NWP Delivery Entry Sheet
Contract Amendment No. 1
24 May 2005
Atascadero MW

RESOLUTION NO. 2005-0401

**RESOLUTION OF THE BOARD OF DIRECTORS, IN CONNECTION WITH THE
FINANCING OF THE NACIMIENTO WATER PROJECT DESIGN PHASE AND
DECLARING ITS INTENT TO REIMBURSE CERTAIN EXPENDITURES FROM
BOND ANTICIPATION NOTE PROCEEDS**

WHEREAS, the Atascadero Mutual Water Company ("Company") has heretofore entered into a Nacimeinto Project Water Delivery Entitlement Contract (the "Contract") with the San Luis Obispo County Flood Control and Water Conservation District (the "District"), pursuant to which, among other things, the Company has agreed to pay its pro rata share of the costs of construction of a water pipeline from Lake Nacimiento to the Company (the "Project"); and

WHEREAS, the District now desires to commence the design and engineering phase of the Project (the "Design Phase") and the Company and the District wish to provide for the advancement of funds, from time to time, by the Company to pay the Company's pro rata share of the Design Phase costs (the "Reimbursable Expenditures"); and

WHEREAS, the District has advised the Company that it intends to cause to be issued certain bond anticipation notes (the "Notes") or revenue bonds (the "Bonds") to reimburse the Company among others for the Reimbursable Expenditures and to pay for additional Design Phase and/or Project expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Board to declare its reasonable official intent to reimburse such Reimbursable Expenditures for the Project with proceeds of such Notes which the Company reasonably expects will be issued to finance the costs of the Design Phase incurred prior to the date of issuance of the Notes and that certain of the proceeds of such Notes or Bonds (collectively, the "Obligations") in the amount of not to exceed \$ 4,708,000 will be used to reimburse the Reimbursable Expenditures;

NOW, THEREFORE, BE IT HEREBY RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF ATASCADERO MUTUAL WATER COMPANY, AS FOLLOWS:

Section 1. Recitals. The foregoing recitals are true and correct.

Section 2. Intention to Reimburse. The Board hereby declares its reasonable official intention to use a portion of the proceeds of the Notes to reimburse itself for the Reimbursable Expenditures.

File A.7.3

Atascadero mwc
Ref: Contract Amendment No. 1
(a.k.a. mou)

Section 3. Intention to Issue Obligations. The District presently intends and reasonably expects to issue or cause to be issued the Obligations on behalf of the Company within 18 months of the date of the expenditure of moneys on the Design Phase or the date upon which the Project is placed in service or abandoned, whichever is later (but in no event more than 3 years after the date of the original expenditure of such moneys), and to allocate an amount of not to exceed \$ 4,708,000 of the proceeds thereof to the Reimbursable Expenditures in connection with the Project. All of the Reimbursable Expenditures covered by this Resolution were made not earlier than 60 days prior to the date of this Resolution.

Section 4. Compliance with Treasury Regulations. This Resolution is adopted for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations.

Section 5. Official Actions. The President, the Treasurer and the Secretary of the Company (the "Authorized Representatives") are hereby authorized and directed to take all actions and do all things necessary or desirable hereunder in connection with the financing of the Design Phase, including but not limited to the execution and delivery of any and all related agreements, filings, instruments and other documents which they, or any of them, may deem necessary or desirable and not inconsistent with the purposes of this Resolution.

Section 6. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED by the Board of Directors of Atascadero Mutual Water Company, at a [regular] meeting of said Board of Directors held on April 13, 2005, by the following vote:

AYES: 5

NOES: 0

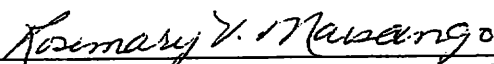
ABSENT: 0



Title: President

(SEAL)

ATTEST:



[Secretary of Atascadero Mutual Water Company]

SECRETARY'S CERTIFICATE

I, Rosemary V. Marsango, Secretary of the Board of Directors of Atascadero Mutual Water Company, hereby certify as follows:

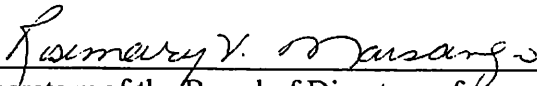
The foregoing is a full, true and correct copy of a resolution duly adopted at a [regular/special] meeting of the Board of Directors of Atascadero Mutual Water Company, duly and regularly and legally held at the regular meeting place thereof on April 13, 2005, of which meeting all of the members of the Board of Directors of Atascadero Mutual Water Company had due notice and at which a quorum was present.

An agenda of said meeting was posted at least seventy-two (72) hours before said meeting at 5005 El Camino Real, Atascadero, California, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: April 13, 2005.


Secretary of the Board of Directors of
Atascadero Mutual Water Company

[Seal]

MEMORANDUM OF UNDERSTANDING

(First Amendment to Nacimiento Project Water Delivery Entitlement Contract)

This Memorandum of Understanding (the "MOU") is entered into by and between the San Luis Obispo County Flood Control and Water Conservation District, a Flood Control and Water Conservation District duly established and existing under the San Luis Obispo County Flood Control and Water Conservation Act, Act 7205 of the Uncodified Acts of the California Water Code (the "District"), and Atascadero Mutual Water Company, a California mutual water company (the "Participant"), is undertaken with regard to the following facts:

RECITALS:

WHEREAS, the Participant has contracted with the District pursuant to that certain Nacimiento Project Water Delivery Entitlement Contract, approved by the District on August 17, 2004 (as originally executed, the "Original Contract" and as amended hereby, the "Contract") regarding the financing, construction and operation of a water pipeline project intended to reach from Lake Nacimiento to the Participant (the "Project") for the delivery of additional water for the use and benefit of the lands and inhabitants served by the Participant; and

WHEREAS, the Contract requires the Participant to make semiannual payments with respect to the Participant's allocation of costs accumulated in connection with the financing and later operation of the Project;

WHEREAS, notwithstanding such payment schedule in the Contract, the Participant and the District desire to follow a separate payment schedule with respect to the initial financing of the preliminary, planning and design costs of the Project;

WHEREAS, the Participant and the District now wish to use this MOU to effect an amendment to the Contract to reflect an additional option available to the Participant for its share of such costs; and

WHEREAS, in compliance with Article 32 of the Contract, all Other Participants (as defined in the Contract) are also being provided with a Memorandum of Understanding (First Amendment to Nacimiento Project Water Delivery Entitlement Contract) (each, an "Other MOU"), all of which shall be executed by the respective Other Participants as a condition to the effectiveness hereof;

NOW, THEREFORE, be it agreed and understood by the parties hereto, as follows:

Section 1. Recitals; Defined Terms. The foregoing recitals are true and correct. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Contract.

Section 2. Amended and Added Definitions. The following definitions shall replace the definitions of "Design Phase" and "Construction Phase" in the Original Contract:

*Atascadero mwc contract
Ref: BOS Mtg. 5.24.05, Resolution
No. 2005-143*

"Design Phase" shall mean that period of time preceding the Construction Phase during which the design, engineering and/or planning for the construction of the Nacimiento Project are being undertaken. The Design Phase shall conclude with the opening of the first group of Construction Bids resulting in the award of a construction contract for all, or a sub-phase of, the Nacimiento Project. Any costs incurred for the design, engineering, and/or planning of the Nacimiento Project after the Design Phase still constitute part of the Nacimiento Project Construction Costs.

"Construction Phase" shall mean the period of time following the opening of the first group of Construction Bids resulting in the award of a construction contract for all, or a sub-phase of, the Nacimiento Project. During the Construction Phase, the District shall apply the proceeds of the Municipal Obligations to pay the Nacimiento Project Costs.

The following new definitions shall be added to the Original Contract:

"Cash Contribution" shall mean the cash payment(s) made to the District by the Participant towards its *pro rata* share of Design Phase Costs pursuant to Article 2.5. Proceeds of Notes do not constitute the payment of a Cash Contribution.

"Design Phase Costs" shall mean the costs and expenses incurred by or on behalf of the District, the Participant or any Other Participant in connection with the design, engineering and/or planning of the Nacimiento Project during the Design Phase.

Section 3. Correction of Clerical Error in Article 2(D). The words "on the Opt-out Date" and "on an Opt-out Date" in the second and third sentences respectively of paragraph (D) of Article 2 of the Original Contract are hereby both corrected and replaced with the words "by the Opt-out Date."

Section 4. Addition of New Article to Contract. A new Article is hereby added to the Contract, to be inserted between Article 2 and Article 3 of the Contract, and to read in its entirety as follows:

ARTICLE 2.5

ALTERNATE FINANCING OF DESIGN PHASE COSTS

(A) Financing Design Phase Costs. The Participant is obligated to pay to the District its *pro rata* share of the Design Phase Costs. The parties have determined that the Design Phase Costs may be financed initially with Cash Contributions from the Participant and from some or all the Other Participants and/or from the proceeds of certain Tax-Exempt and/or taxable Notes to be issued by the District or by the SLO County Financing Authority on behalf of the Participant and/or Other Participant(s). To the extent that the Participant elects to make Cash Contributions towards its *pro rata* share of Design Phase Costs, such Cash Contributions shall be calculated and become due in accordance with this MOU.

(B) Notice of Election. In order to make Cash Contributions under this Article, the Participant shall provide the District with its written election to make Cash Contributions towards Design Phase Costs by a date no later than 30 days following the effective date of this MOU, as described in Section 7 of this MOU. In the event the Participant does not elect to make

a Cash Contribution, or in the event that the Cash Contributions described herein do not completely cover the Participant's *pro rata* share of all Design Phase Costs, the Participant confirms and ratifies the authorization of the District to issue or cause to be issued Notes on behalf of the Participant.

(C) Cash Contribution Amount. If the Participant elects to use the Cash Contribution method described in this Article, the amount of said Cash Contributions is hereby established as follows:

(i) *Current Cash Contribution Amount.* The amount of the Participant's Cash Contribution is set forth in the attached Exhibit A, which is incorporated herein by this reference, and made a part hereof. Exhibit A also sets forth the District's current estimate of the total Design Phase Costs and the Participant's and each Other Participant's *pro rata* share of that estimate. Participant shall pay its Cash Contribution to the District pursuant to the payment schedule set forth on Exhibit A.

(ii) *Methodology for Calculating Any Additional Cash Contributions.* The Parties understand and agree that the amount of the current Cash Contribution is based upon a District estimate of the cost of the various services and tasks needed to complete the Design Phase, and that the actual Design Phase Costs may actually be higher or lower than these estimates. In the event the Design Phase Costs exceed the District's original estimates, additional Cash Contributions may be necessary to pay for the total Design Phase Costs. The exact amount of any such additional Cash Contributions will depend upon (1) the actual Design Phase Costs incurred to date, (2) any anticipated additional Design Phase Costs need to complete the Design Phase, and (3) whether any Notes have or will be issued to finance Design Phase Costs. Any such additional Cash Contributions shall be evidenced by a revised Exhibit A to this MOU which will reflect the increases in Design Phase Costs calculated by the District. Any such revised Exhibit A shall be submitted by the District to the Nacimientto Project Commission ("NPC") for the NPC's approval. No revision to Exhibit A will be presented to the NPC until after the District has provided written notice of such revision to the Participants. Once approved by the NPC and delivered by the District to the Participant, the amount of any additional Cash Contributions set forth in the revised Exhibit A shall be binding upon the Participant. Only one revision of Exhibit A is allowed under this paragraph.

Regardless of whether any additional Cash Contribution(s) are required of Participant under this Article, the Participant is still obligated to pay its *pro rata* share of the total Design Phase Costs. In the event the NPC should fail to approve future revisions to Exhibit A, any Design Phase Costs not paid through Cash Contribution(s) shall be financed as provided in the Contract. In such event, the Participant understands and agrees that it may not be possible to complete the Design Phase unless the District issues or causes to be issued Notes in the name and on behalf of one or more of the Participants in order to fund the remaining Design Phase Costs not covered by Exhibit A.

(D) Participant's Access to Information. At Participant's request, the District shall provide the Participant with any and all updated engineering or design information, contract terms and other information relating to the Project which supports the District's calculation of the Cash Contribution.

(E) Payment Schedule. The Participant covenants and agrees that, in the event it elects to make a Cash Contribution, it will make installment payments to the District pursuant to the payment schedule included on Exhibit A. The payment schedule for any additional Cash Contributions shall be set forth in any further revision to Exhibit A. The Participant understands that, unless it has opted out under the provisions of Article 2(B) of the Contract, its Cash Contribution(s), if any, may (at the option of the Participant, and only to the extent covered by the terms of a resolution adopted by the governing body of the Participant in compliance with U.S. Treasury Regulation Section 1.150-2) be reimbursed to the Participant from the proceeds of the Notes and/or the Revenue Bonds. The parties understand and agree that any payment schedule for the Notes and/or the Revenue Bonds shall be dictated by financial market conditions on such date of issuance and that payments due from the Participant in connection with its proportionate share of the Notes and/or the Revenue Bonds may be made more frequently, or less frequently, and in larger or smaller amounts than the Participant's payments hereunder.

Section 5. Governing Law. This MOU shall be governed by the provisions of the laws of the State of California applicable to contracts made and performed in such State.

Section 6. Counterparts. This MOU may be executed in counterparts, each of which shall, together, constitute an entire document.

Section 7. Effective Date. This MOU shall become effective as of the last date upon which the District, the Participant, and the Other Participants shall execute this MOU or one of the Other MOUs, in accordance with Article 32 of the Contract.

Section 8. Ratification. In all other respects, the provisions of the Original Contract are confirmed and ratified.

IN WITNESS WHEREOF, the parties have each executed this MOU by their duly authorized representatives as of the first date set forth above:

ATASCADERO MUTUAL WATER COMPANY

By

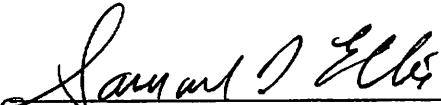

Authorized Representative

Date

April 13, 2005

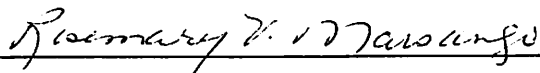
**APPROVED AS TO FORM:
[PARTICIPANT ATTORNEY]**

By



**ATTEST:
[PARTICIPANT CLERK]**

By



**SAN LUIS OBISPO COUNTY FLOOD
CONTROL AND WATER CONSERVATION
DISTRICT**

By SHIRLEY BIANCHI
Chairperson, Board of Supervisors

Date MAY 24 2005

**APPROVED AS TO FORM:
COUNTY COUNSEL:**

By 
Deputy County Counsel

Date 3/10/05

**ATTEST:
JULIE L. RODEWALD, COUNTY CLERK**

By C.M. CHRISTENSEN
Deputy County Clerk

Date MAY 27 2005

EXHIBIT A

ESTIMATED DESIGN PHASE COSTS AND CASH CONTRIBUTIONS

The current estimated total Design Phase Costs of the Project are \$18,890,000, within which the District calculates the following numbers as the Cash Contributions of various Participants:

<u>Participant</u>	<u>Total Estimated Cash Contribution</u>
City of San Luis Obispo	\$ 6,630,202
City of Paso Robles	7,846,339
Templeton CSD	490,384
Atascadero MWC	<u>3,923,075</u>
Total	\$18,890,000

Payment Schedule

<u>Installment No.</u>	<u>Participant</u>	<u>Due Date</u>	<u>Amount</u>
1	SLO City	April 1, 2005	\$816,964
	Paso Robles	April 1, 2005	\$966,815
	Templeton	April 1, 2005	\$60,425
	AMWC	April 1, 2005	\$483,396
2	SLO City	July 1, 2005	\$616,514
	Paso Robles	July 1, 2005	\$729,597
	Templeton	July 1, 2005	\$45,599
	AMWC	July 1, 2005	\$364,790
3	SLO City	October 1, 2005	\$681,447
	Paso Robles	October 1, 2005	\$806,441
	Templeton	October 1, 2005	\$50,401
	AMWC	October 1, 2005	\$403,211
4	SLO City	January 1, 2006	\$659,510
	Paso Robles	January 1, 2006	\$780,480
	Templeton	January 1, 2006	\$48,779
	AMWC	January 1, 2006	\$390,231

Payment Schedule Continued

<u>Installment No.</u>	<u>Participant</u>	<u>Due Date</u>	<u>Amount</u>
5	SLO City	April 1, 2006	\$922,753
	Paso Robles	April 1, 2006	\$1,092,008
	Templeton	April 1, 2006	\$68,249
	AMWC	April 1, 2006	\$545,990
6	SLO City	July 1, 2006	\$1,473,526
	Paso Robles	July 1, 2006	\$1,743,806
	Templeton	July 1, 2006	\$108,985
	AMWC	July 1, 2006	\$871,882
7	SLO City	October 1, 2006	\$1,459,487
	Paso Robles	October 1, 2006	\$1,727,192
	Templeton	October 1, 2006	\$107,947
	AMWC	October 1, 2006	\$863,575
Total			\$18,890,000

RESOLUTION OF THE BOARD OF DIRECTORS OF THE ATASCADERO MUTUAL WATER COMPANY, IN CONNECTION WITH THE NACIMIENTO WATER PROJECT, APPROVING CERTAIN DISCLOSURES REGARDING ATASCADERO MUTUAL WATER COMPANY AND APPROVING AN AMENDMENT TO THE WATER SUPPLY CONTRACT WITH THE SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

WHEREAS, this Board of Directors (the "Board") has heretofore entered into a Nacimiento Project Water Delivery Entitlement Contract (the "Delivery Contract") with the San Luis Obispo County Flood Control and Water Conservation District (the "District"), in connection with the Nacimiento Water Project (the "Project") for the supply of additional water for the use and benefit of the lands and inhabitants served by Atascadero Mutual Water Company ("AMWC"); and

WHEREAS, the District and the SLO County Financing Authority (the "Authority") are ready to proceed with the financing of the Project in the municipal bond markets (the "Bond Issue") through the issuance and sale of Municipal Obligations (as defined in the Delivery Contract); and

WHEREAS, in connection with the financing of the Project, the Board has been presented with a form of Preliminary Official Statement, together with an appendix containing statistical and other descriptive information regarding AMWC (the "Appendix") and a form of Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"); and

WHEREAS, the District has proposed that AMWC would benefit from certain amendments to the Delivery Contract, having the effect of reducing the annual rate levels for water sales by AMWC and, to that end, this Board has been presented with an amendment to the Delivery Contract (the "Delivery Contract Amendment"), and wishes to approve such amended terms;

NOW, THEREFORE, the Board of Directors of Atascadero Mutual Water Company does hereby resolve and determine as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. UBS Securities LLC, as underwriter for the Authority (the "Underwriter") is authorized to use a Preliminary Official Statement and Official Statement, each containing an Appendix A (or a revised form thereof) describing certain statistical and other information of AMWC in the marketing and sale of the Authority's Revenue Bonds (the "Bonds"), based upon information provided and to be provided by AMWC, with such changes from the form of Preliminary Official Statement submitted to this Board as the Board President, General Manager, or a designee thereof (each, an "Authorized Representative") may determine to be in the best interests of AMWC. AMWC shall be responsible for notifying the Authority and the Underwriter should any information regarding AMWC in said Appendix materially change from the time of submission to the closing date of the Bond Issue.

Section 3. The form of Continuing Disclosure Agreement presented to and reviewed by this meeting of the Board is hereby approved, and the Authorized Representative of AMWC is

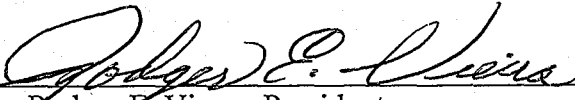
hereby authorized and directed to execute and deliver a Continuing Disclosure Agreement, substantially in the form presented to and approved at this meeting of the Board, with such changes therein as the Authorized Representative, AMWC Counsel, and the District may approve, such approval to be evidenced by the signature of said Authorized Representative.

Section 4. The terms and provisions of the Delivery Contract Amendment, as presented to and reviewed by this meeting of the Board of Directors, are hereby approved, and the Authorized Representative is hereby authorized and directed to execute the amendment to the Contract in the name and on behalf of AMWC, in substantially the form presented to and approved at this meeting of the Board, with such changes therein as the Authorized Representative, the AMWC Counsel and the SLO County Financing Authority may approve, such approval to be evidenced by the signature of said Authorized Representative.

Section 5. The Board President or General Manager of AMWC is hereby authorized and directed, for and in the name and on behalf of AMWC, to do or cause to be done any and all things and take any and all other actions in support of the issuance of the Municipal Obligations, including, without limitation, the execution of certificates and ancillary documents and the delivery of opinions on behalf of AMWC as may be reasonably required by the District, which they, or any of them, deem necessary or advisable in order to consummate the purposes described herein.

Section 6. This resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED at the regular meeting of the Board of Directors held at Atascadero, California, on August 8, 2007.

By: 
Rodger E. Vierra, President

ATTEST:

By: 
Cheryl J. Powers, Corporate Secretary

Appendix E. AMWC Annual Water Quality Report for 2014

ANNUAL WATER QUALITY REPORT

WATER TESTING PERFORMED IN 2014



Presented By
**Atascadero Mutual
Water Company**

There When You Need Us

We are pleased to present our annual water quality report covering all testing performed between January 1 and December 31, 2014. AMWC's highly competent staff is constantly seeking the best approaches to delivering the highest-quality water possible to you and is dedicated to producing drinking water that meets all state and federal standards. We are committed to meeting the state's water source protection, water conservation, and community education goals, and serving the needs of all our water users.

AMWC Wants to Share What We Do

Need a guest speaker? If your group would like to learn more about AMWC water resources, topics include:

- The 100+ year history of AMWC
- Water production, treatment facilities, and the Nacimiento recharge basin
- Water conservation
- Appropriate plants for Atascadero gardens

Tours

AMWC can schedule tours of its facilities for interested shareholders. These tours last approximately 2 hours. On the tour, you will visit wells, treatment facilities, the Nacimiento Water Project recharge basin, and AMWC's corporate yard, booster stations, and tanks. To arrange a tour, call John Neil at 464-5351.

Activities for Kids

- The Story of Our Water, a 45-minute presentation for 3rd and 5th grade classes, is open to all schools in Atascadero
- Water Cycle or Conservation bracelet activity for children's organizations, troops, and daycare facilities

Call 464-5347 or email jhendrickson@amwc.us to schedule your presentation, talk, or tour (free of charge).



Substances That Could Be in Water

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity.

In order to ensure that tap water is safe to drink, the U.S. Environmental Protection Agency (U.S. EPA) and the State Water Resources Control Board (State Board) prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. State Board regulations also establish limits for contaminants in bottled water that must provide the same protection for public health. Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk.

Contaminants that may be present in source water include:

Microbial Contaminants, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife;

Inorganic Contaminants, such as salts and metals, that can be naturally occurring or can result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming;

Pesticides and Herbicides, that may come from a variety of sources such as agriculture, urban stormwater runoff, and residential uses;

Organic Chemical Contaminants, including synthetic and volatile organic chemicals, which are by-products of industrial processes and petroleum production, and which can also come from gas stations, urban stormwater runoff, agricultural applications, and septic systems;

Radioactive Contaminants, that can be naturally occurring or can be the result of oil and gas production and mining activities.

More information about contaminants and potential health effects can be obtained by calling the U.S. EPA's Safe Drinking Water Hotline at (800) 426-4791.

Important Health Information

Some people may be more vulnerable to contaminants in drinking water than the general population. Immunocompromised persons such as those with cancer undergoing chemotherapy, those who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants may be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. The U.S. EPA/CDC (Centers for Disease Control and Prevention) guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline at (800) 426-4791 or <http://water.epa.gov/drink/hotline>.

Community Participation

AMWC holds monthly board meetings, typically on the second Wednesday of each month. The meetings are held at the AMWC business office at 5005 El Camino Real, Atascadero, at 5:30 p.m. Please call (805) 466-2428 or check our website (www.amwc.us) to confirm the date. Agendas are available at the meetings and on our website. Public comment is welcome.



What's the Source of My Water?

AMWC's water sources are the groundwater found in the Atascadero Basin, the underflow of the Salinas River, and Nacimiento Lake. The water resides in the pore spaces of the sand and gravel that make up these geologic formations and is naturally filtered, clean, and clear. AMWC pumps the groundwater from 17 active wells, one of which is currently on standby status, into various portions of its distribution system.

The watershed that replenishes the Atascadero Basin encompasses a 247-square-mile area along the Salinas River, extending to its headwaters. Of that area, only a small percentage (about 550 acres) is owned by AMWC. The majority of the watershed is comprised of open space and residential/commercial development.

Water Conservation

Did you know that 5 percent of AMWC's customers use over 25 percent of the water produced? You can play a role in conserving water (and save yourself money in the process!) by being conscious of the amount of water your household is using and by looking for ways to use less whenever you can. It is not hard to conserve water. Here are a few tips:

- Automatic dishwashers use 15 gallons for every cycle, regardless of how many dishes are loaded, so get a run for your money and load it to capacity.
- Turn off the tap when brushing your teeth.
- Check every faucet in your home for leaks. Just a slow drip can waste 15 to 20 gallons a day. Fix it and you can save almost 6,000 gallons per year.
- Check your toilets for leaks by putting a few drops of food coloring in the tank, and watch it for a few minutes to see if the color shows up in the bowl. It is not uncommon to lose up to 100 gallons a day from an invisible toilet leak. Fix it and you can save more than 30,000 gallons a year.
- Use your water meter to detect hidden leaks. Simply turn off all taps and water-using appliances, and then check the meter after 15 minutes. If it moved, you have a leak.

QUESTIONS?

Should you ever have questions regarding this report or the quality of your drinking water, please call Mike Stephens, AMWC's Chief Operator, at (805) 466-2428.

Drinking Water Source Assessment and Protection Program

Drinking Water Source Assessment Plans (DWSAP) assess the area around a drinking water source through which contaminants might move and reach that drinking water supply. They include an inventory of possible contaminating activities (PCAs) that might lead to the release of microbiological or chemical contaminants within the delineated area, and a determination of the PCAs to which the drinking water source is most vulnerable.

According to the DWSAPs, our water system has a physical barrier effectiveness rating of low to moderate, with the low ratings being associated with wells pumping from the Salinas River underflow. If you would like to review the DWSAPs, please feel free to contact our office during regular business hours.

About Our Drinking Water Violations

During this testing period, AMWC was in violation of a drinking water requirement due to missing a sampling deadline. The violation did not result in a water quality issue, as AMWC's previous testing for this contaminant revealed its level was far below the state's MCL, but as our customers, you have a right to know what happened and what we did to correct it.

On July 1, 2014, the State of California established a maximum contaminate level (MCL) of 10 ppb for Hexavalent Chromium (Chrom VI). Once the MCL was established, AMWC had six months to complete the initial sampling from our active wells. Unfortunately, the testing was not completed until February 2015, missing the January 1, 2015 deadline. AMWC was not able to obtain a sample from one of its wells due to a low water level; that sample will be collected when the well water level returns to an adequate elevation.

The results from all of the wells that have been sampled for Chrom VI were below the detection level of 10 ppb or considered non-detectable (ND) at that level.

AMWC's June 2014 in-home sampling results for copper indicated that more than 10% of the first-draw samples were above the action level of 1,300 ppb, which is a violation of the EPA's Lead and Copper Rule. AMWC water contains very low levels of copper, but it is aggressive and may contribute to the corrosion of the copper plumbing after it sits in the pipes for an extended time. To prevent this, AMWC adds 1 ppm of zinc orthophosphate as a corrosion inhibitor to the water. Less than 10% of the December 2014 in-home samples were above the action level.

Copper is an essential nutrient, but some people who drink water containing copper in excess of the action level over a relatively short amount of time may experience gastrointestinal distress. Some people who drink water containing copper in excess of the action level over many years may suffer liver or kidney damage. People with Wilson's Disease should consult their personal doctors.

Lead in Home Plumbing

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. AMWC is responsible for providing high-quality drinking water, but we cannot control the variety of materials used in household plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information regarding lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at www.epa.gov/safewater/lead.



Sampling Results

During the past year, we have taken hundreds of water samples in order to determine the presence of any radioactive, biological, inorganic, volatile organic, or synthetic organic contaminants. The tables below show only those contaminants that were detected in the water. The state requires us to monitor for certain substances less often than once per year because the concentrations of these substances do not change frequently. In these cases, the most recent sample data are included, along with the year in which the sample was taken.

We participated in the EPA's Unregulated Contaminant Monitoring Rule 3 (UCMR3) program by performing additional tests on our drinking water. UCMR3 benefits the public health by providing the EPA with data on the occurrence of contaminants suspected to be in drinking water, in order to determine if the EPA needs to introduce new regulatory standards to improve drinking water quality.

PRIMARY SUBSTANCES							
SUBSTANCE (UNIT OF MEASURE)	YEAR SAMPLED	MCL [MRDL]	PHG (MCLG) [MRDLG]	AMOUNT DETECTED	RANGE LOW-HIGH	VIOLATION	TYPICAL SOURCE
Arsenic (ppb)	2013	10	0.004	0.24	ND–2.6	No	Erosion of natural deposits; runoff from orchards; glass and electronics production wastes
Chlorine (ppm)	2014	[4.0 (as Cl ₂)]	[4.0 (as Cl ₂)]	0.88	0.71–0.96	No	Disinfectant added to control microbes
Chromium (ppb)	2013	50	(100)	0.25	ND–0.31	No	Discharge from steel and pulp mills and chrome plating; erosion of natural deposits
Ethylbenzene (ppb)	2014	300	300	0.55	NA	No	Discharge from petroleum refineries; industrial chemical factories
Fluoride (ppm)	2013	2.0	1	0.23	0.16–0.31	No	Erosion of natural deposits; water additive that promotes strong teeth; discharge from fertilizer and aluminum factories
Gross Alpha Particle Activity (pCi/L)	2014	15	(0)	12.23	10.9–25.8	No	Erosion of natural deposits
Haloacetic Acids–Stage 2 (ppb)	2014	60	NA	16.9	2.7–21.7	No	By-product of drinking water disinfection
Nitrate [as nitrate] (ppm)	2014	45	45	5.0	ND–16	No	Runoff and leaching from fertilizer use; leaching from septic tanks and sewage; erosion of natural deposits
Nitrate + Nitrate [as N] (ppm)	2013	10	10	1.54	ND–2.9	No	Runoff and leaching from fertilizer use; leaching from septic tanks and sewage; erosion of natural deposits
Radium 226 (pCi/L)	2014	5	0.05	0.19	0.13 –0.25	No	Erosion of natural deposits
Radium 228 (pCi/L)	2014	5	0.019	0.62	0.47–0.77	No	Erosion of natural deposits
Selenium (ppb)	2013	50	30	0.08	ND–9.2	No	Discharge from petroleum, glass, and metal refineries; erosion of natural deposits; discharge from mines and chemical manufacturers; runoff from livestock lots (feed additive)
Total Xylenes (ppb)	2014	1,750	1,800	2.7	NA	No	Erosion of natural deposits; discharge from mines and chemical manufacturers
TTHMs [Total Trihalomethanes]–Stage 2 (ppb)	2014	80	NA	42.3	18–47.7	No	By-product of drinking water disinfection
Uranium (pCi/L)	2014	20	0.43	4.1	2.2–7.2	No	Erosion of natural deposits
Distribution System Bacteriological Substances							
CONTAMINANT	HIGHEST NO. OF DETECTIONS	NO. OF MONTHS IN VIOLATION		MCL		MCLG	TYPICAL SOURCE
Total Coliform Bacteria (# positive samples)	1	0		More than 1 positive monthly sample		0	Naturally present in the environment
Fecal Coliform or <i>E.coli</i> (# positive samples)	0	0		A routine sample and a repeat sample are total Coliform positive, and one is also fecal Coliform or <i>E. coli</i> positive.		0	Human or animal fecal waste
Tap water samples were collected for lead and copper analyses from sample sites throughout the community.							
SUBSTANCE (UNIT OF MEASURE)	YEAR SAMPLED	AL	PHG (MCLG)	AMOUNT DETECTED (90TH%TILE)	SITES ABOVE AL/ TOTAL SITES	VIOLATION	TYPICAL SOURCE
Copper (ppm)	2014	1.3	0.3	1.4	7/60	Yes	Internal corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives

SECONDARY SUBSTANCES

SUBSTANCE (UNIT OF MEASURE)	YEAR SAMPLED	SMCL	PHG (MCLG)	AMOUNT DETECTED	RANGE LOW-HIGH	VIOLATION	TYPICAL SOURCE
Chloride (ppm)	2014	500	NS	138	10–220	No	Runoff/leaching from natural deposits; seawater influence
Specific Conductance (micromhos)	2014	1,600	NS	764	610–1,100	No	Substances that form ions when in water; seawater influence
Sulfate (ppm)	2013	500	NS	108	65–170	No	Runoff/leaching from natural deposits; industrial wastes
Total Dissolved Solids (ppm)	2014	1,000	NS	703	260–910	No	Runoff/leaching from natural deposits
Turbidity (NTU)	2014	5	NS	0.16	0.1–0.37	No	Soil runoff
Zinc (ppm)	2013	5.0	NS	0.0065	ND–0.071	No	Runoff/leaching from natural deposits; industrial wastes

UNREGULATED SUBSTANCES

SUBSTANCE (UNIT OF MEASURE)	YEAR SAMPLED	AMOUNT DETECTED	RANGE LOW-HIGH	TYPICAL SOURCE
1,4-Dioxane ¹ (ppb)	2013	0.09	ND–0.114	Industrial discharges
Alkalinity [Total, as CaCO₃] (ppm)	2014	234	190–310	Naturally occurring
Bicarbonate [HCO₃] (ppm)	2013	299.1	190–380	Naturally occurring
Boron (ppm)	2013	31.8	ND–200	Naturally occurring
Calcium (ppm)	2014	72.9	53–98	Erosion of natural deposits
Chlorate ¹ (ppb)	2013	191	64–410	Disinfection by-product
Hardness (grains/gal)	2013	20.4	12.9–29.8	The sum of the polyvalent cations present in the water, generally, magnesium and calcium. The cations are usually naturally occurring.
Magnesium (ppm)	2013	36.5	25–52	Erosion of natural deposits
Molybdenum ¹ (ppb)	2013	4.53	2.8–6.5	Substances that form ions when in water
o-Phosphate [as PO₄] (ppm)	2014	1.2	1.1–1.6	Added as a corrosion inhibitor
Perfluorooctanoic Acid ¹ (ppb)	2013	0.028	ND–0.028	Industrial manufacturing; persistent in the environment
Potassium (ppm)	2013	1.75	1.3–2.7	Erosion of natural deposits
Sodium (ppm)	2013	45.9	28–97	Refers to the salt present in the water and is generally naturally occurring
Strontium ¹ (ppb)	2013	353	280–510	Naturally occurring in the environment
Vanadium ¹ (ppm)	2013	3.94	ND–6.4	Naturally occurring

¹UCMR3 Sampling Results

Definitions

AL (Regulatory Action Level): The concentration of a contaminant which, if exceeded, triggers treatment or other requirements that a water system must follow.

grains/gal (grains per gallon): Grains of compound per gallon of water.

MCL (Maximum Contaminant Level): The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs (SMCLs) are set to protect the odor, taste and appearance of drinking water.

MCLG (Maximum Contaminant Level Goal): The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the U.S. EPA.

micromhos: A measure of electrical conductance.

MRDL (Maximum Residual Disinfectant Level): The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

MRDLG (Maximum Residual Disinfectant Level Goal): The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.

NA: Not applicable

ND (Not detected): Indicates that the substance was not found by laboratory analysis.

NS: No standard

NTU (Nephelometric Turbidity Units): Measurement of the clarity, or turbidity, of water. Turbidity in excess of 5 NTU is just noticeable to the average person.

pCi/L (picocuries per liter): A measure of radioactivity.

PDWS (Primary Drinking Water Standard): MCLs and MRDLs for contaminants that affect health along with their monitoring and reporting requirements, and water treatment requirements.

PHG (Public Health Goal): The level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California EPA.

ppb (parts per billion): One part substance per billion parts water (or micrograms per liter).

ppm (parts per million): One part substance per million parts water (or milligrams per liter).

Appendix F. Draft Water Shortage Contingency Resolution

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
ATASCADERO MUTUAL WATER COMPANY**

**Revised Declaration of a Stage 2 Water Shortage Condition
and
Prohibitions on the Wasteful Use of Water**

WHEREAS, Atascadero Mutual Water Company (AMWC) is the provider of water meeting public safe drinking water standards within its service area; and

WHEREAS, due to the local and persistent drought and historically dry conditions, the ordinary demands and requirements of the AMWC's shareholders may not be satisfied over the long term without depleting the available water supply; and,

WHEREAS, the Governor of the State of California has mandated that AMWC reduce water consumption by 28% compared to 2013 levels; and,

WHEREAS, the water use reductions achieved by AMWC in 2014 under the prohibitions and restrictions adopted by the Board in February 2014 under the resolution of a Stage 2 water shortage condition are below the 28% reduction being required by the Governor's mandate;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors hereby declares a revised Stage 2 water shortage emergency condition to prevail within the area served by AMWC.

BE IT FURTHER RESOLVED by the Board of Directors as follows:

Wasteful Use of Water - No water user shall waste any water supplied through the distribution facilities of AMWC or through any well under agreement with AMWC. The following requirements, restrictions, and prohibitions on the use of water are in effect under this resolution:

- A. *Run-off from landscaped surfaces:* The watering of grass, lawns, ground-cover, shrubbery, open ground, crops and trees, including agricultural irrigation, in a manner or to an extent which allows substantial amounts of excess water to run off the area being watered is prohibited. Every water user is deemed to have under his control at all times his water distribution lines and facilities and to know the manner and extent of his water use and excess runoff.
- B. *Washing of hard-surfaced areas:* The washing of sidewalks, walkways, driveways, parking lots and all other hard-surfaced areas by direct hosing is prohibited, except as directed by governmental entities or agencies to eliminate matters and substances dangerous to the public health and safety.
- C. *Plumbing leaks:* The escape of water through breaks or leaks within the water user's plumbing or distribution system for any substantial period of time within which such break or leak should reasonably have been discovered and corrected is prohibited. It shall be

presumed that a period of 24 hours after the water user discovers such leak or break, whichever occurs first, is a reasonable time within which to correct such leak or break.

- D. *Maintenance flushing*: The use of water by governmental entities or agencies is prohibited for (1) routine water system flushing for normal maintenance, (2) routine sewer system flushing for normal maintenance, and (3) fire personnel training; except as approved in advance in writing by the AMWC Board of Directors.
- E. *Washing of Vehicles*: The washing of vehicles and other activities involving the use of a hose without a shutoff nozzle is prohibited.
- F. *Outdoor Watering Hours*: The overhead watering of grass, lawns, ground-cover, shrubbery, open ground, crops, and trees, including agricultural irrigation, between the hours of 10 a.m. and 5 p.m. is prohibited. Overhead watering is hereby defined as any method of irrigation in which water is sprayed under pressure through the air to the ground surface, including but not limited to the use of devices such as sprinklers.
- G. *Outdoor Watering Days*: The overhead watering of grass, lawns, ground-cover, shrubbery, open ground, crops, and trees, including agricultural irrigation, shall be limited to Tuesdays and Saturdays for properties with even-numbered street addresses, and Wednesdays and Sundays for properties with odd-numbered street addresses. The overhead watering of grass, lawns, ground-cover, shrubbery, open ground, crops, and trees, including agricultural irrigation, on Mondays, Thursdays, and Fridays on any property within the service area of AMWC is prohibited.
- H. *Decorative Water Features*: The use of potable water in decorative water features that do not recirculate the water is prohibited.
- I. *Irrigation after rain event*: Outdoor irrigation during and 48 hours following measurable precipitation is prohibited.
- J. *Restaurants Serving Water*: Restaurants and other food service establishments are prohibited from serving water to customers unless requested.
- K. *Irrigation of Median Turf*: Irrigation with potable water of ornamental turf on public street medians is prohibited.
- L. *New Construction Irrigation*: Irrigation with potable water outside of newly constructed homes and buildings that is not delivered by drip or microspray systems is prohibited.
- M. *Hotel Laundry*: Hotels and motels must provide guests with the option of not having towels and linens laundered daily.
- N. *Commercial Water Use Reduction*: Commercial, industrial, and institutional properties are to immediately implement water efficiency measures to reduce potable water use by 28%;

Drought Water Rates – The Board recognizes that due to billing software limitations it is not feasible to efficiently administer a program that would apply a surcharge to single-family residential (SFR) accounts that have water use for a given month in 2015 exceeding the water use for the same month in 2013, since there is the potential that nearly 3,000 water bills would need to be manually processed for these accounts each month. Therefore, the Board hereby adopts the drought water rates shown on Table 1 to be applied to all SFR accounts to encourage the shareholders holding these accounts to reduce their outdoor water use. The drought rates become effective with the billing period beginning on or about June 15, 2015. The rate adjustments are to generate the revenue needed to cover the additional costs that AMWC will incur for conforming to the Governor’s mandate and supplying water. These additional costs include, but are not limited to: the hiring of a part-time water conservation technician; additional outreach and education; additional state reporting; additional monitoring of water use to gage the effectiveness of compliance efforts; responding to shareholder inquiries and complaints; investigating and monitoring of violations of watering restrictions and prohibitions; and increased facilities, pumping, and utility costs.

TABLE 1					
Current Water Rates			Drought Water Rates		
Tier	Use (1,000 gal)	Rate	Tier	Use (1,000 gal)	Rate
Base	0 – 2	\$18.00	Base	0 – 2	\$18.00
1	3 – 12	\$ 2.10	1	3 – 12	\$ 2.10
2	13 – 25	\$ 3.25	2	13 – 25	\$ 3.25
3	26 – 50	\$ 4.80	3	26 – 50	\$ 5.25
4	51 – 75	\$ 5.50	4	51 – 75	\$ 6.50
5	>75	\$6.00	5	75 - 100	\$8.00
			6	>100	\$10.00
Notes:					
1. Base rate is for a 5/8" or ¾" water meter					
2. Rates do not include 15% pumping surcharge					

Commercial, Industrial, Multi-Family Residential, and Landscape Surcharges – The Board hereby adopts a water use surcharge that will apply to all shareholders that have commercial, industrial, multi-family residential, and landscape accounts. The surcharge will become effective with the billing period beginning on or about June 15, 2015. A surcharge will be added to the shareholder’s water account if the water use for a given month in 2015 is greater than the water use for the same month in 2013. The surcharge will be equal to the difference between the water use for a given month in 2015 and the water use for the same month in 2013 multiplied by the highest tier rate used in calculating the water bill for the given month in 2015. The surcharge will be added to the water bill immediately following the given month. Table 2 provides an example of how the surcharge will be calculated.

Table 2		
Year	Given Month	Use (1,000 gal)
2015	July	33
2013	July	25
Difference		8
Highest tier rate in given month, 2015		\$4.80
Surcharge		\$38.40

Remedies - In the event any person, firm, partnership, association, corporation, or political entity is found by the Board of Directors to be in violation of any restriction or prohibition of this Resolution, the Board of Directors may impose a special water waste surcharge against such person's account and may temporarily or permanently discontinue or restrict, with a flow regulating device, water service to the affected property.

Before taking such action, the Board of Directors shall give any such person thirty (30) days written notice and an opportunity to be heard and protest against the finding of such violation and the imposition of such measures.

The Board may determine the terms and conditions of the discontinuance or restriction of service and may establish, by Resolution, a schedule of the amount of such surcharges as in its sole discretion will reasonably compensate AMWC and its customers for all loss of water and other damages incurred.

Notices and Surcharges - The Board authorizes AMWC staff to issue the notices and assess the surcharges listed below to shareholders in violation of any restriction or prohibition of this Resolution. The Board has determined that the surcharges listed below reasonably compensate AMWC and its customers for all loss of water and other damages incurred and as will foster water conservation within the service area of AMWC.

- ❑ 1st Violation - Written and verbal notice (door hanger & follow-up call) identifying nature of violation
- ❑ 2nd Violation - \$50 surcharge added to the shareholder's water account.
- ❑ 3rd Violation within a six-month period – \$100 surcharge added to shareholder's account.
- ❑ 4th and Subsequent Violations within a six-month period – \$500 surcharge for the fourth and each subsequent violation added to the shareholder's water account

Emergency Staff Action - In unusual emergency circumstances where AMWC personnel observe substantial amounts of water being wasted in violation of this Resolution, and when reasonable efforts to persuade the shareholder to terminate such waste have failed, the General Manager may authorize the immediate restriction of water service by installation of a flow-regulating device or temporary discontinuation of service to the affected property. A

written notice of such action, and the reasons therefore, shall be delivered to the shareholder and any adult person residing at the premises; if no resident can be found, the notice will be left in a conspicuous place on the property within twenty-four hours after the restriction or discontinuance of service.

Any such person whose service has been discontinued may have water service promptly reinstated upon payment of a reconnection fee equal to the delinquent shut-off fee established by the Board. Notwithstanding any reinstatement, such person may still be cited for and subject to all other penalties for water wastage provided elsewhere in this Resolution.

Appeals - Any shareholder connected to AMWC's water distribution system may appeal any application of the provisions of this Resolution to the General Manager by filing a written appeal with the General Manager within ten days from the date of the application of the provisions being made. The General Manager will review the matter and render a decision on the application of the provisions. Any such shareholder may appeal the General Manager's decision by filing a written appeal to the Board of Directors within ten days from the date of the General Manager's decision. Written appeals to the Board must be received by the General Manager at least ten days before a regularly scheduled Board meeting in order to be placed on the agenda for the meeting. The Board in its discretion may thereafter affirm, reverse, or modify the General Manager's decision and impose any conditions it deems just and proper.

Exceptions - The Board of Directors may, in its discretion, grant exceptions to the terms of this Resolution if it finds and determines that: (1) the restrictions herein would cause an undue hardship or emergency condition, or (2) the granting of the exception will not adversely affect the water supply or service to other existing shareholders. Such exceptions may be granted only upon application and review of the matter at a regular meeting of the Board of Directors, except that the Board of Directors may, in its discretion, dispense with the writing and meeting requirements if it finds that an emergency condition requiring immediate action exists. Upon granting any such exception, the Board of Directors may impose any conditions it determines to be just and proper. The terms of any exception shall be set forth in writing, the original to be kept on file with AMWC and a copy to be furnished to the shareholder.

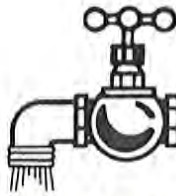
Severability - If any section, sub-section, sentence, clause, or phrase of this Resolution is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of the Resolution. The Board of Directors hereby declares that it would have passed this Resolution and each section, sub-section, sentence, clause, or phrase thereof irrespective of the fact that any one or more sections, sub-sections, sentences, clauses, or phrases be invalid.

Board Findings - The Board of Directors of AMWC finds and determines that the provisions hereof will conserve the water supply for the greatest benefit of its shareholders, with particular regard to domestic use, sanitation, and fire protection, that all uses of water prohibited or restricted hereby are non-essential, and that the prohibitions and restrictions on use are reasonable and necessary.

PASSED, ADOPTED, and becomes effective this thirteenth day of May 2015.

Jackie M. Lerno, President

Appendix G. Notices of Preparation and Public Hearings



5005 EL CAMINO REAL • P.O. BOX 6075 • ATASCADERO, CA 93423 • (805) 466-2428

Atascadero Mutual Water Company

ESTABLISHED 1913

April 1, 2016

Mr. Dan Buckshi
San Luis Obispo County Administrator
County Government Center
1055 Monterey Street
San Luis Obispo, CA 93408

Subject: Urban Water Master Plan Update

Dear Mr. Buckshi:

Atascadero Mutual Water Company (AMWC) is currently in the process of reviewing and updating its Urban Water Management Plan (UWMP). The Department of Water Resources requires water suppliers to update their UWMP every five years. Among other things, the UWMP will evaluate current and projected water supplies and demands within AMWC's service area over a 20-year planning horizon.

AMWC encourages local agencies, the public, and other interested parties in its service area to participate in the update process. A draft copy of the UWMP is currently scheduled to be available for review on May 16, 2016. The plan will be available for review on AMWC's website, www.amwc.us, or at its administrative office, 5005 El Camino Real, Atascadero, Monday through Friday, 8 a.m. – 4 p.m.

Please send comments to: Mike Nunley, PE
MKN & Associates, Inc.
PO Box 1604
Arroyo Grande, CA 93421
(805) 904-6530 x102
mnunley@mknassociates.us

AMWC will review and may take action on the updated UWMP at its June 2016 Board meeting (date to be determined). Additional notice regarding the date and time of the June 2016 Board meeting will be published before the meeting.

Sincerely,

John B. Neil
General Manager



5005 EL CAMINO REAL • P.O. BOX 6075 • ATASCADERO, CA 93423 • (805) 466-2428

Atascadero Mutual Water Company

ESTABLISHED 1913

April 1, 2016

Ms. Rachelle Rickard
City of Atascadero
6500 Palma Ave
Atascadero, CA 93422

Subject: Urban Water Master Plan Update

Dear Ms. Rickard:

Atascadero Mutual Water Company (AMWC) is currently in the process of reviewing and updating its Urban Water Management Plan (UWMP). The Department of Water Resources requires water suppliers to update their UWMP every five years. Among other things, the UWMP will evaluate current and projected water supplies and demands within AMWC's service area over a 20-year planning horizon.

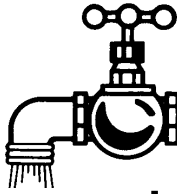
AMWC encourages local agencies, the public, and other interested parties in its service area to participate in the update process. A draft copy of the UWMP is currently scheduled to be available for review on May 16, 2016. The plan will be available for review on AMWC's website, www.amwc.us, or at its administrative office, 5005 El Camino Real, Atascadero, Monday through Friday, 8 a.m. – 4 p.m.

Please send comments to: Mike Nunley, PE
MKN & Associates, Inc.
PO Box 1604
Arroyo Grande, CA 93421
(805) 904-6530 x102
mnunley@mknassociates.us

AMWC will review and may take action on the updated UWMP at its June 2016 Board meeting (date to be determined). Additional notice regarding the date and time of the June 2016 Board meeting will be published before the meeting.

Sincerely,

John B. Neil
General Manager



5005 EL CAMINO REAL • P.O. BOX 6075 • ATASCADERO, CA 93423 • (805) 466-2428

Atascadero Mutual Water Company

ESTABLISHED 1913

FOR IMMEDIATE RELEASE

Date: May 20, 2016

Contact: John Neil, General Manager

Atascadero Mutual Water Company

5005 El Camino Real, Atascadero, CA 93422

Phone: (805) 464-5351 – Email: jneil@amwc.us

2015 Urban Water Management Plan (UWMP)

Atascadero Mutual Water Company (AMWC) is currently in the process of developing its Urban Water Management Plan (UWMP).

Every five years, the California Department of Water Resources (DWR) requires that water suppliers like AMWC, update its Urban Water Management Plan (UWMP). Every urban water supplier that either provides over 3,000 acre-feet of water annually, or serves more than 3,000 urban connections is required to assess the reliability of its water sources over a 20-year planning horizon, and report its progress towards a 20% reduction in per-capita urban water consumption by the year 2020. DWR staff then reviews the submitted plans to make sure they have completed the requirements and submits a report to the Legislature summarizing the status of the plans.

UWMPs are prepared by California's urban water suppliers to support their long-term resource planning, and ensure adequate water supplies are available to meet existing and future water demands.

AMWC has enlisted the professional engineering services of Michael K. Nunley (MKN) & Associates, Inc. and partnered with local agencies to prepare the Plan. Preparation of the Plan includes analysis of projected population growth, current and future water demands, as well as water supply and pumping data.

AMWC Board will take action on the plan at its June 1, 2016, Regular Board meeting.

A public draft is currently available for review at AMWC's Administration office at 5005 El Camino Real, Atascadero, and on its website at www.amwc.us.

For more information please contact AMWC at 466-2428, or visit www.amwc.us.

Appendix H. Adoption Resolution