

Appendix A –Resolution No. 11-2008

RESOLUTION OF THE BOARD OF DIRECTORS OF THE YUCAIPA VALLEY WATER DISTRICT ADOPTING A LONG-TERM WATER RESOURCE SUSTAINABILITY STRATEGY POLICY FOR THE AREA SERVED BY THE YUCAIPA VALLEY WATER DISTRICT

WHEREAS, water is a basic and essential need of every living creature, and, as such, the health, comfort, and standard of living of the citizens of the Yucaipa Valley Water District (the “District”) depend on an adequate and reliable long-term supply of potable water; and

WHEREAS, water resources are recognized as a limited and precious natural resource in Southern California; and

WHEREAS, the Yucaipa Valley Water District relies upon imported water as supplemental water supplies to meet the existing and future potable water demands of our customers; and

WHEREAS, declining groundwater levels and unreliable surface water supplies have made it necessary for the District to efficiently use its available potable water supplies and to fully develop all existing water resources in order to assure a sustainable supply of water resources for future generations; and

WHEREAS, the Yucaipa Valley Water District has determined that it is prudent, practical and sensible given the uncertainty of importing supplemental water to demonstrate the adequacy of water supply availability by physically receiving supplemental water prior to the issuance of building permits for new development; and

WHEREAS, it is in the best interest of the community to provide local solutions to the regional and statewide water issues that are anticipated on impacting the water resources we rely on for our economic prosperity and quality of life; and

WHEREAS, this resolution has been prepared based on the extensive review, discussion, and public input associated with the document entitled, *A Strategic Plan for a Sustainable Future - The Integration and Preservation of Resources* adopted on August 20, 2008 (the “Strategic Plan”).

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, that the Board of Directors of the Yucaipa Valley Water District does hereby order as follows:

SECTION 1. Concepts of Sustainability

- A. The document entitled, *A Strategic Plan for a Sustainable Future - The Integration and Preservation of Resources* adopted on August 20, 2008, is hereby adopted by the Board of Directors and posted to the District’s website to provide a basic foundation for the understanding of this Resolution.

- B. This Resolution has been drafted to provide the implementation strategy of the concepts contained within the *A Strategic Plan for a Sustainable Future - The Integration and Preservation of Resources*. This Strategic Plan makes known the uncertainty, unreliability and unpredictable nature of our imported water supplies while providing a route for navigating the future to protect the interests of our current and future customers. Therefore, while not a guarantee of future conditions or actions by the Board of Directors, this Resolution provides a mechanism to allow for the economic development and expansion of the region based on an understanding of the circumstances as they currently exist.
- C. In the future, when imported water supplies may become unambiguous and certain, the concepts of the Strategic Plan are intended to continue as sound policy for existing customers and new development.

SECTION 2. Planning and Development

- A. Financial Planning. To ensure the safety and reliability of our resources, it is important to ensure adequate finances are available to cover routine operational costs as well as the costs of maintaining and upgrading infrastructure.
 - 1. Financial plans shall be developed every five years and include a forecast of a ten-year period that will illustrate the District's anticipated financial position, financial operations and cash flow.
 - 2. When applicable, the District staff shall present water, wastewater and non-potable rate resolutions for consideration that provide a minimum five year projection of rates to allow customers the ability to plan accordingly for rate adjustments based on the information included in the financial plans.
 - 3. The District staff shall maintain a financial reserve policy outlining the objectives for adequately funding an operating reserve, a capital and equipment replacement reserve, a rate stabilization reserve, and a debt service reserve.
- B. Infrastructure Planning: The planning of infrastructure shall be based on the following general principles and strategies:
 - 1. The District staff shall implement planning tools necessary to reasonably forecast a fifty (50) year planning horizon for Urban Water Management Plans, infrastructure master plans, and other related resource planning documents to ensure long-term objectives are incorporated into the planning process.
 - 2. The District staff shall update infrastructure master planning documents every ten (10) years. Upon adoption of this Resolution, the District staff shall provide a recommendation to the Board of Directors for the completion of a master planning document.
- C. Development Planning. The goal of development planning is to support development based on a diverse portfolio of water resources in order to minimize impacts related to drought, contamination, and other potential source water problems. Common planning techniques may include the following sustainable planning and development strategies:

1. Long-term water resource planning that incorporates sustainable growth principles;
2. Cooperating with other regional governing agencies and water users in the development planning process;
3. Addressing water quality and quantity issues to provide long-term protection of our natural resources;
4. The District staff shall maximize the use of non-potable water for developments with the use of dual plumbing and other measures to provide for a more reliable water supply system.

SECTION 3. Surface Water Supplies

- A. Storm Water Capture. The District staff is encouraged to coordinate with local planning agencies to develop consistent guidelines for managing storm water on properties in such a manner to maximize recharge and minimize pollution.

SECTION 4. Groundwater Supplies

- A. Groundwater Supplies. It is in the best interested of the District to maintain groundwater withdrawals in existing wells by:
 1. Avoiding pumping of existing well fields beyond long-term recharge capability; and
 2. Cooperating on a regional level in safe sustainable groundwater withdrawal.
- B. Local Water Banks. The District will implement local groundwater banks (“Groundwater Banks”) to store water for existing customers and new development. The Groundwater Banks shall be used in conjunction with the dual-plumbed requirements to ensure sufficient water supplies exist to serve the needs of all new development during normal, single dry, and multiple dry water years. The location of the proposed Groundwater Banks may include, but not be limited to: the Yucaipa Management Zone, Beaumont Management Zone, San Timoteo Management Zone or any other location that provides similar benefits.
 1. Existing Customer Groundwater Deposits. It shall be a priority of the District to secure additional imported water supplies when available to meet the needs of existing customers. Therefore, the District shall collect sufficient funds necessary to obtain an additional 15% of the total annual potable water for future use. Funds collected for this program shall be used solely for the purchase of imported supplemental water to augment the groundwater basins for future groundwater extraction, which includes, but is not limited to: direct groundwater recharge; groundwater injection; in lieu groundwater recharge; or any other form of supplemental water deposited into a groundwater basin for future potable use.
 2. New Development Groundwater Requirements. For provisions related to the requirements of new development, see Section 9.

SECTION 5. Recycled (Non-Potable) Water

- A. Non-Potable Water. The District shall strive to maximize the use of non-potable water for beneficial reuse and prioritize non-potable water use over potable water use where regulations permit. This shall be accomplished by:
1. Enhancing the Wochholz Regional Water Recycling Facility to maintain an exceptional quality of recycled water to maximize the beneficial use of the water resource.
 2. Developing a strategy to expand the District's existing non-potable water distribution system to provide for cost-effective delivery of non-potable water.
 3. Aggressively develop and market the use of recycled water as a substitute for potable water where regulations permit.
 4. The District staff shall maximize the use of non-potable water for developments with the use of dual plumbing and other measures to provide for a more reliable water supply system.

SECTION 6. Water Conservation and Use Efficiency

- A. Water Use Efficiency. The District shall develop and maintain policies that reduce peak seasonal water demands and encourages the reduction of per capita/per day consumption of potable water through:
1. The use of non-potable water for residential, commercial, institutional and agricultural irrigation demands;
 2. Educational programs;
 3. Rate structures;
- B. Statewide Conservation Efforts. The District shall participate in the California Urban Water Conservation Council and implement those best management practices (BMPs) that provide the District with a reasonable cost : benefit relationship.
- C. Conservation Programs. The District shall develop and implement water conservation tools that focus on education based programs that can be implemented at the local schools and information campaigns for our current customers.

SECTION 7. Allocation of Imported Supplemental Water

- A. Allocation of Supplemental Water Resources. Due to the limitations on imported supplemental water as the result of drought conditions, lawsuits, environmental regulations and possibly climate change, the District will hereby allocate supplemental water resources as follows:



1. Priority One - Direct Delivery for Existing Customers. The highest priority for supplemental water shall be for the direct delivery of filtered water delivered to our customers from the Yucaipa Valley Regional Water Filtration Facility. Upon fulfilling this priority, any remaining available supplemental water shall be allocated to the next priority.
2. Priority Two - Groundwater Adjudication Obligations. The second highest priority for supplemental water shall be for the replenishment obligations associated with any groundwater adjudication. This priority shall generally be achieved with the production of water from the Yucaipa Valley Regional Water Filtration Facility. Upon fulfilling this priority, any remaining available supplemental water shall be allocated to the next priority.
3. Priority Three - Groundwater Banking for Future Reliability. Existing residential, business and institutional customers above shall contribute 15% of their potable water consumption to the Water Bank for the next year. Delivery of this water shall be based on the ability of District staff to fulfill this priority within the following calendar year. This priority shall be required of all existing water customers and begin immediately upon establishment of water service for new customers. Upon fulfilling this priority, any remaining available supplemental water shall be allocated to the next priority.
4. Priority Four - Parcel Development Process. The Parcel Development Process is a component of the Water Resource Validation Program which accomplishes the objectives of (A) demonstrating that sufficient water supplies exist for development to occur; and (B) providing sufficient water to enhance the resource reliability and sustainability of new development. This Program requires the deposit of supplemental water to the Water Bank prior to the issuance of a building permit. The provisions for the Parcel Development Process are included below as part of the Water Resource Validation Program.

SECTION 8. Compatibility with Water Shortage Response Stages

- A. Water Shortage Response Stages. The 2005 Urban Water Management Plan provides for voluntary and mandatory levels of progressively more aggressive water demand reduction requirements. The triggers for these stages will likely be those affecting imported water sources, provided the Yucaipa, Beaumont and San Timoteo Management Zones continues to be managed in a safe yield condition over the long-term. The response stages may also be invoked during an emergency to handle short-term events, such as earthquake damage, pipeline ruptures, and water quality issues.

The Board of Directors will determine the appropriate state of implementation, with authority hereby delegated to the General Manager for the implementation of Stage 1 and Stage 2 Water Shortage Response Stages.

The following Water Use Restrictions have been modified from the 2005 Urban Water Management Plan to more accurately incorporate the operation of the filtration facility and include anticipated impacts on new development based upon consideration and implementation of Water Shortage Response Stages 3, 4 and 5 by the Board of

Directors. The implementation of Water Shortage Response Stages 3, 4 and 5 shall explicitly state the allowable uses of water and impacts on new developments. The Board reserves the right to modify and implement any number of water curtailment activities based on the actual conditions at the time.

	<i>Program Type</i>	<i>Water Use Restrictions</i>	<i>Overall Goal</i>	<i>Anticipated Impact on New Development</i>
Stage 1	Voluntary	Up to a 10% Reduction from Selected Areas	--	No anticipated impacts to new development.
Stage 2	Voluntary	Up to 10% District-wide	10% Reduction	New applicants for the Crystal Development Program may not be accepted under Stage 2.
Stage 3	Mandatory	Up to 20% District-wide	20% Reduction	Previously secured Crystal developments may proceed. New applicants for the Crystal Development Program may not be accepted under State 3.
Stage 4	Mandatory	Up to 35% District-wide	35% Reduction	Crystal Standard developments may be restricted. New applicants for the Crystal Development Program may not be accepted.
Stage 5	Mandatory	Up to 50% District-wide	50% Reduction	No new standard developments of Crystal development projects.

SECTION 9. Growth and Development

A. Dual Plumbing for New Developments. Each new residential, commercial, industrial and institutional development shall design and construct infrastructure sufficient to provide potable drinking water and non-potable irrigation water to each lot.

1. At a minimum, each new home shall be constructed with the necessary on-site improvements to receive potable water and non-potable water from two separate water meters. These two water service connections shall be installed per District standards and regulations to allow for non-potable irrigation service and potable water service to each property. In cases where non-potable water unavailable, the non-potable irrigation meter shall be supplied potable water in the interim.
2. For developments of ten units or more, the District shall require on-site improvements as provided above, in addition to in tract non-potable infrastructure to support the non-potable irrigation system.
3. The District staff shall consider the size of the development, the proximity to existing non-potable infrastructure, and other pertinent information when off-site non-potable water infrastructure is required as part of a development agreement.

B. Elimination of Septic Systems. The stringent water quality objectives established by the Regional Water Quality Control Board requires the Yucaipa Valley Water District to minimize the salinity impacts to the groundwater supplies in the Yucaipa Management Zone, the San Timoteo Management Zone and the Beaumont Management Zone. See Section 12 for the pollution prevention requirements associated with new development.

C. Groundwater Deposits for New Development. The District provides potable water based



on a long-term average of approximately 50% groundwater and 50% imported supplemental water to our existing customers. This average will fluctuate based on the water resource management strategies of the District.

Any supplemental imported water provided during the entitlement process shall become the property of the District at the time building permits are issued.

1. All New Developments. For all building permits issued after July 1, 2009, new development shall be required to appropriately fund the purchase of seven (7) acre feet of imported supplemental water prior to the issuance of a grading or building permit. The rate for this supplemental imported water shall be based on the anticipated imported water delivery rate charged by the State Water Project Contractor providing service to the location of the new development. The District shall accommodate the early payment of this fee for any parcel proposed to be developed.

In response to water shortage conditions, the Board of Directors may at any time cease the authorization of grading or building permits based on the implementation of certain Water Shortage Response Stages. Based on information at the time this Resolution was prepared, the District staff anticipates recommending that the Board of Directors cease the authorization of grading and building permits for Standard Developments during Water Shortage Response Stages 3, 4 and 5, except as provided below.

2. Achieving a Crystal Status Development. Any new development may achieve the status of a Crystal Development by securing the physical delivery of 15.68 acre feet of imported supplemental water per Equivalent Dwelling Unit (EDU). The rate for this supplemental imported water shall be based on the charges to the District by the respective State Water Project Contractor.

In response to water shortage conditions, the Board of Directors may at any time cease the authorization of grading or building permits based on the implementation of certain Water Shortage Response Stages. Based on information at the time this Resolution was prepared, the District staff anticipates recommending that the Board of Directors cease the authorization of grading and building permits for Crystal Developments during Water Shortage Response Stage 5 with possible restrictions impacting development during Water Shortage Response Stage 4.

- a. The developer shall submit an application for each parcel within the proposed development (by Assessor's Parcel Number) and deposits sufficient funds for the purchase and delivery of imported supplemental water.
- b. The District staff will assign a completed application to the appropriate processing bin for supplemental imported water deliveries based on the availability of supply and facilities required to deposit (by recharge or injection) the supplemental water into the Groundwater Bank.
- c. The availability of supplemental imported water to fulfill the requests associated with the Crystal Status Development Program shall be based on the priorities provided in the *Allocation of Supplemental Water Resources* provisions above.

- d. Based on the total size of the tract, parcel map, or planning area (not including phased portions of developments), the District staff shall deposit (by recharge or injection) imported supplemental water into the Water Bank equally from each of the following categories based on the completed applications:
 - i. Residential Development - 1 lot development
 - ii. Residential Development - 2-10 lot development
 - iii. Residential Development - 11-50 lot development
 - iv. Residential Development - 51-100 lot development
 - v. Residential Development - 101-150 lot development
 - vi. Residential Development - 151-200 lot development
 - vii. Residential Development - 200 or more lot development
 - viii. Commercial Development
 - ix. Institutional Development
 - e. The District shall charge the developer for any additional costs related to the deposit (by recharge or injection) of supplemental water into the Water Bank and payment shall be received prior to issuing the Crystal Status Achievement for the project.
 - f. Upon completing the deposit (by recharge or injection) of imported supplemental water into the Groundwater Bank, the District shall issue a Notice of Crystal Status Development. This Notice provides documentation of achieving one component of the development process by the District and does not relieve the developer from completing any other requirements established by the District.
 - g. The Board of Directors may elect to consider other creative conservation measures to be used to achieve the status of a Crystal Development. Upon adoption of a subsequent resolution that provides quantifiable comparable benefits this program may be expanded to include automatic meter reading, existing home retrofits, landscape retrofits, etc..
3. Parcel Boundary Changes (Splits and Divisions). Imported supplemental water previously paid and delivered as part of the standard development process or a Crystal Status Development shall be allocated equally to all new parcels in the event of a realignment of the parcel boundary or a division of the parcel. This may change the compliance of properties, whereby additional funds will be needed for compliance with this section. In the event new parcels results in an excess of groundwater supply, the property owner shall provide a written request for reimbursement at the cost previously paid to secure the imported supplemental water.

SECTION 10. Watershed Management

- A. Management Zone Protection. Develop programs for the Yucaipa Management Zone and the Beaumont Management Zone that maintain the water quality and quantity in a manner that protects the local water supplies and is consistent with the 2004 Basin Plan adopted by the Regional Water Quality Control Board.
- B. Sanitary Surveys. Conduct a routine sanitary survey of the Yucaipa Management Zone and develop a sanitary survey that identifies active and potential points of pollution.
- C. Pollution Prevention. Develop methods for eliminating pollution sources related to the contribution of salinity in excess of the objectives set by the Regional Water Quality Control Board for the Yucaipa

SECTION 11. Energy Management

- A. Energy Conservation. Research methods to utilize less power at District facilities and lessen dependence of bundled power generators.

SECTION 12. Pollution Prevention

- A. Basin Plan Objectives. The District staff shall develop methods for eliminating pollution sources related to the contribution of salinity in excess of the objectives set by the Regional Water Quality Control Board for the Yucaipa, Beaumont and San Timoteo Management Zone in the 2004 Basin Plan.
- B. Sanitary Survey. The District staff shall conduct a routine sanitary survey of the Yucaipa Management Zone and develop a sanitary survey that identifies active and potential points of pollution as required by the Department of Public Health.
- C. Requirement to Connect to the Sewer System. In order to protect the Yucaipa and Beaumont Groundwater Management Zones in a manner consistent with Section 12, paragraph A above, the District shall require new developments consisting of five or more Equivalent Dwelling Units within 1,000 feet of any existing or previously agreed upon sewage collection facility must extend the public sewer line to serve said development.
- D. Dry Sewer Collection System. In order to protect the groundwater quality as required by the Basin Plan adopted by the Santa Ana Regional Water Quality Control Board, the District shall require new developments to install dry sewer collection systems if existing active sewer collection facilities are not available.
 - 1. Construction of One to Four Units or Development on Five Acres or More. Developments consisting of one to four Equivalent Dwelling Units, or a development on more than five acres (average gross) per lot shall not be required to install dry sewers or connect to the sewer collection system unless any portion of the property being developed is within 500 feet from the sewer system which could serve the parcel.

2. Installation of Dry Sewer Collection Infrastructure. The installation of a dry sewer collection system shall extend the full length of the property to the property boundary generally upstream of the parcel/development. The dry sewer collection system shall also be extended downstream offsite of the subject property a distance of 100 feet per Equivalent Dwelling Unit (EDU) after the first EDU. For example, a development of five EDUs shall extend the dry sewer collection system 400 feet downstream toward the existing sewer collection system.

- E. Sewer Septic System Offset Program. Any new development not connected to an active sewer collection system shall be required to participate in a Sewer Septic System Offset Program to mitigate the pollution created by the addition of a new septic system. This Program requires the conversion/connection of existing septic systems to the sewer in the service area of the Yucaipa Valley Water District. Participation in this program does not relieve the property owner from future participation in the construction of sewer infrastructure when available or paying current fees for the property receiving the septic system offset.

SECTION 13. Infrastructure Management

- A. Implement a program of sufficient detail to record the procurement, maintenance, management, and disposal of assets related to the divisions of the District.

- B. Propose operating budgets and price structures that maintain full cost pricing of services provided while maintaining full depreciation funding of assets.

ADOPTED this 20th day of August 2008.

/s/ Tom Shalhoub, President of the Board of Directors

/s/ Joseph B. Zoba, Secretary of the Board of Directors