

<p>RANCHO PAUMA MUTUAL WATER COMPANY</p> 	<p>BOARD POLICIES</p>	<p>Section 7.0</p>
<p>WATER CONSERVATION POLICY</p>		<p>Revision Date: 7/21/14, 12/12/14, 1/12/15, 4/11/16</p>

7.1 ESTABLISHMENT OF THE CONSERVATION POLICY

- A. Whereas prudent management of available water supplies is essential to public health, safety and welfare, Rancho Pauma Mutual Water Company (RPMWC) hereby, pursuant to Section III.2.2 of its Bylaws, establishes this Water Conservation Policy (Policy).
- B. This Policy establishes five levels of water usage management, with increasing restrictions on water use in response to decreasing available underground water supplies or other factors.
- C. This Policy supports the water laws of the State of California and RPMWC's belief that wasteful water practices should not be tolerated under any climatic conditions or circumstances.

7.2 NON-APPLICABILITY OF THIS POLICY TO CERTAIN ACTIVITIES

- A. No provisions of this Policy shall apply to fire hydrants, fire mains, sprinkler systems, or other equipment used solely for fire protection purposes.
- B. No provisions of this Policy shall apply to any health care, convalescent, or any similar facility, provided that this Policy shall apply to the grounds, yard and parking areas of such facilities.

7.3 DETERMINATION AND DECLARATION BY BOARD OF DIRECTORS OF WATER SUPPLY CONDITIONS

- A. Based upon data provided by the RPMWC Administrator and the RPMWC Consultant, the RPMWC Board of Directors (Board) shall from time to time determine and declare the state and condition of RPMWC's water supply and/or distribution system, and the total amount of water that is expected to be supplied to its shareholders in a then following period.
- B. Based upon the amount of water that the Board expects to supply to its shareholders as established pursuant to Paragraph A, the Board may:
- Break the total amount of water down into further sub-periods (e.g. months);
 - Determine to allocate water to and among shareholders based upon their ownership of shares in RPMWC; and
 - Establish tiered pricing structures for potable and agricultural customers.
- C. Notice of the determinations (Customer Notice/Water Supply Notice) made pursuant to Paragraphs A and B shall be posted in the lobby of RPMWC's offices, posted on the company website, and a copy thereof mailed to its shareholders.
- D. In the event that cost of acquisition or distribution of water shall increase above that of the then adopted budget, the Board shall determine a temporary Excess Levy, if any, to recover the amount of such increase in costs.

7.4 STATE OF WATER SUPPLY CONDITIONS

In issuing a Customer Notice/Water Supply Notice, the Board shall select one of the following Stages:

STAGE 0 – WATER AWARE: RPMWC anticipates being able to meet historical levels of water consumption. Shareholders are asked to practice wise water use.

STAGE I - WATER WISE: RPMWC anticipates being able to meet the annual average daily water demands of its shareholders but not the peak water demands over a period. Shareholders are asked for enhanced awareness and a voluntary reduction in water use from historic levels.

STAGE II - WATER WARNING: RPMWC anticipates not being able to meet the demands of its shareholders for Stage I reduced daily water over a period and/or the annual average daily water demands of its shareholders. Shareholders will be required to follow mandatory requirements for reductions in water use from historic levels.

STAGE III - WATER ALERT: RPMWC anticipates not being able to meet the Stage II reduced daily water demands of its shareholders over the period without or with the purchase of imported water, if such is available. Shareholders will be required to follow additional mandatory requirements for reductions in water usage.

STAGE IV - WATER EMERGENCY: RPMWC anticipates not being able to meet the Stage III reduced daily water demands of its shareholders over the period (even with the purchase of imported water, if such is available) due to (i) a failure of the supply, storage or distribution infrastructure, or (ii) the depletion of the aquifer level. Shareholders will be required to follow additional mandatory requirements for reductions in water usage, possibly including to a degree of extreme restriction or prohibition.

Upon the issuance of a Customer Notice/Water Supply Notice, the Water Conservation Measures and Enforcement and Penalty Provisions for the applicable Stage shall apply until the issuance of a subsequent Customer Notice/Water Supply Notice.

7.5 WATER CONSERVATION MEASURES

Upon the posting of a Customer Notice/Water Supply Notice, the water conservation measures provided below shall apply to all RPMWC water services until the posting of a subsequent Customer Notice/Water Supply Notice. The term "historic levels" shall mean the usage in the comparable calendar period calculated over the period of July 2011 to June 2014. This period represents the 36 months immediately prior to the initiation of formal water conservation actions by RPMWC.

STAGE 0 - WATER AWARE: Shareholders should practice prudent management of their water use to ensure that there is no unnecessary use. Examples of such prudent use include ensuring that areas not requiring irrigation are not irrigated, pipe and faucet leaks are promptly repaired, and other common sense measures. We shall always be classified as being in Stage 0 until otherwise posted by a Customer Notice/Water Supply Notice.

STAGE I - WATER WISE: Shareholders are asked to achieve a voluntarily ten percent (10%) reduction in water usage from historic levels. Shareholders shall ensure that best efforts are used in (i) avoiding water leaving the property by draining onto adjacent properties or public or private

roadways, (ii) ensuring that all irrigation is on timers or by hand watering, and (iii) that the timers are set at, or the hand watering is for, the shortest period necessary for maintenance of landscape. RPMWC staff will monitor water usage and may issue a Notice of Violation to those of its shareholders not practicing the above measures.

STAGE II - WATER WARNING: Each shareholder shall endeavor to attain a twenty percent (20%) reduction in water usage from historic levels. RPMWC staff will monitor compliance with (i) the water conservation practices outlined in Stages 0, and I, and (ii) the restrictions set forth immediately below, and may issue a Notice of Violation and take action set forth herein in the event that such practices and restrictions are not complied with.

1. There shall be no washing down of drive ways or hardscape, except when it is absolutely necessary to alleviate safety or health hazards.
2. There shall be no inefficient landscape irrigation, such as runoff, overspray, water flows onto non-targeted areas (such as adjacent property, non-irrigated areas, hardscapes, roadways or structures).
3. There shall be no irrigating during or for a set number of days following a rainstorm. Irrigation should be delayed by one day for each 1/10th inch of rainfall received.
4. Irrigation of residential landscape may take place only between the hours of 6:00 p.m. and 8:00 a.m. Irrigation of golf courses, commercial nurseries, and commercial growers may take place at any time but only with drip type irrigation or water efficient rotators.
5. Any washing of vehicles, trucks, RVs, boat, trailers, aircraft, or the like shall be done using a bucket-no hoses permitted.
6. No RPMWC supplied water shall be used to operate ornamental fountains, water features, or the like (other than swimming pools and ornamental ponds with aquatic life), unless the water is re-circulated or retained in the system.
7. No RPMWC supplied water shall be used for earthwork or road construction purposes, and RPMWC will not issue new construction meters.
8. Restaurants shall not serve water to customers unless specifically requested and then only by using disposable cups.

STAGE III - WATER ALERT: Each shareholder shall endeavor to attain a thirty percent (30%) reduction in water usage from historic levels. RPMWC staff will monitor compliance with (i) the water conservation practices outlined in Stages 0, I, and II, and (iii) the restrictions set forth immediately below and may issue a Notice of Violation and take action set forth herein in the event that such practices and restrictions are not complied with.

1. Residential lawn watering and landscape irrigation shall be limited to no more than three assigned days per week on the schedule contained in the Customer Notice/Water Supply Notice.
2. Residential lawn watering and landscape irrigation shall be limited to no more than ten (10) minutes per watering station per permitted day.
3. Irrigation of golf courses, commercial nurseries, and commercial growers may take place at any time but shall be such as to decrease water consumption by thirty percent (30%) from historic levels.
4. There shall be no draining and refilling of swimming pools. Adding water to swimming pools to compensate for low water levels is allowed only to prevent damage to the pool plaster or if the pool is equipped with a full area cover to reduce evaporation.
5. There shall be no filling or re-filling of ornamental ponds with aquatic life except to the extent needed to sustain such life, provided that such life is of significant value and has been actively managed prior to the Customer Notice/Water Supply Notice for this Stage.

6. No RPWMC supplied water shall be used for the washing of vehicles, trucks, RVs, boat, trailers, aircraft, or the like.

STAGE IV - WATER EMERGENCY: Each shareholder shall achieve the required reductions and observe any restrictions set forth in the Customer Notice/Water Supply Notice, reflective of the particular situation(s) which caused the emergency. RPMWC staff will monitor compliance with (i) the Customer Notice/Water Supply Notice and the reductions and restrictions and water conservation practices outlined in Stages 0, I, II, and III, and (ii) the restrictions set forth immediately below and may issue a Notice of Violation and take action set forth herein in the event that all such are not complied with.

- a. Other than as set forth in the Customer Notice/Water Supply Notice, there shall be no watering or irrigation of (i) residential lawns and landscaping, (ii) golf course fairways and roughs, commercial nurseries, and commercial growers, unless such watering or irrigation is absolutely necessary for (a) the maintenance of existing landscaping necessary for fire protection as identified by the local fire protection agency, (b) the maintenance of existing landscaping for erosion control, or (c) the watering of livestock and domestic animals.

7.6 ENFORCEMENT AND PENALTY PROVISIONS

STAGE 0 - WATER AWARE: RPMWC staff shall draw to the attention of a shareholder any meaningful opportunities for improvement in water management that such staff observe in the water usage pattern of that shareholder.

STAGE I – WATER WISE: A Notice of Violation may be issued by RPMWC staff upon any sighting of non-compliance with the Stage I restrictions. Subsequent to having received a specific violation notice, a shareholder may be fined \$50 for each day the specific violation occurs.

STAGE II - WATER WARNING: A Notice of Violation may be issued by RPMWC staff upon any sighting of non-compliance with the Stage II restrictions. Subsequent to having received a specific violation notice, a shareholder may be fined \$50 for each day the specific violation occurs.

STAGE III - WATER ALERT: A Notice of Violation may be issued by RPMWC staff upon any sighting of non-compliance with the Stage III restrictions. Subsequent to having received a specific violation notice, a shareholder may be fined \$50 for each day the specific violation occurs.

STAGE IV - WATER EMERGENCY: A Notice of Violation may be issued by RPMWC staff upon any sighting of non-compliance with the Stage IV restrictions and immediately upon such issuance, the meter shall be shut off and locked by Staff. All water used by any shareholder in the billing period that includes the shut off, shall be charged at two times the then applicable Tier III pricing. The customary service restart fee shall be charged upon commitment satisfactory to the RPMWC Administrator that the shareholder will subsequently be in compliance.

OVER ALLOCATION USE: Effective June 1, 2016, a Penalty Assessment of \$5 per unit will be assessed for all domestic water use that exceeds three (3) times the shareholder's current month allocation.